

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

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

Statement by Officer-in-Charge

In accordance with the requirements of Bank Negara Malaysia's Guideline on 'Risk-Weighted Capital Adequacy Framework ('Basel II') – Disclosure Requirements ('Pillar 3'), and on behalf of the Board and Senior Management of RHB Investment Bank Berhad, I am pleased to provide an attestation that the Basel II Pillar 3 Quantitative Disclosures of RHB Investment Bank Berhad as at 30 June 2013 are accurate and complete.

CHAN CHEONG YUEN
Officer-in-Charge
RHB Investment Bank Berhad

Pillar 3 Quantitative Disclosure Contents

	Page
Statement By Officer-in-Charge	2
Introduction	4
Scope of Application	4
List of Tables	
Table No	Description
Table 1	Capital Adequacy Ratios
Table 2	Risk-Weighted Assets ('RWA') by Risk Types
Table 3	Risk-Weighted Assets by Risk Types and Minimum Capital Requirements
Table 4	Capital Structure
Tables 5a & 5b	Summary of Credit Exposures with CRM by Asset Class and Capital Requirement (On & Off-Balance Sheet Exposures)
Tables 6a & 6b	Exposures on Off-Balance Sheet and Counterparty Credit Risk (After Credit Risk Mitigation)
Tables 7a & 7b	Credit Risk Exposures (Before Credit Risk Mitigation) by Geographical Distribution
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	Portfolios under the Standardised Approach by Risk-Weights
Tables 11a & 11b	Rated Exposures According to Ratings by ECAIs
Tables 12a & 12b	Credit Risk Mitigation of Portfolios under the Standardised Approach
Tables 13a & 13b	Impaired and Past Due Loans & Allowances for Impairment by Industry Sector
Table 14	Charges/(Write-back) and Write-Offs for Impairment by Industry Sector
Tables 15a & 15b	Impaired and Past Due Loans & Allowances for Impairment by Geographical Distribution
Table 16	Reconciliation of Changes to Loan Impairment Allowances
Table 17	Disclosure on Securitisation Exposures in the Banking Book
Tables 18a & 18b	Securitisation under the Standardised Approach for Banking Book Exposures
Tables 19a & 19b	Market Risk-Weighted Assets and Capital Charge
Table 20	Equity Exposures in the Banking Book
Tables 21a & 21b	Interest Rate Risk / Rate of Return Risk in the Banking Book
Table 22	Operational Risk-Weighted Assets and Capital Charge

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

INTRODUCTION

This document discloses RHB Investment Bank's quantitative disclosure 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').

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

SCOPE OF APPLICATION

With effect from 1 January 2013, the total capital and capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework (Basel II - Risk-weighted Assets) dated 28 November 2012. In line with the transitional arrangements under BNM's Capital Adequacy Framework (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.

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

As of 13 April 2013, the merger of RHB Investment Bank and OSK Investment Bank was legally completed. This document therefore covers the quantitative information as at 30 June 2013 on post-merger basis. The pre-merger positions of the preceding six-month results as at 31 December 2012 of RHB Investment Bank are nevertheless provided mainly for reference.

The Group's capital requirements are generally based on the principles of consolidation adopted in the preparation of its financial statements. For the deductions under Common Equity Tier 1 Capital, it is computed based on BNM's Capital Adequacy Framework (Capital Components) dated 28 November 2012.

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

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

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

Table 1: Capital Adequacy Ratios

	RHB Investment Bank Group		RHB Investment Bank	
	As at 30.06.2013	As at 31.12.2012	As at 30.06.2013	As at 31.12.2012
<u>Before proposed dividends</u>				
CET I capital ratio	26.147%	NA	25.334%	NA
Tier I capital ratio	26.732%	29.446%	25.334%	31.403%
Total capital ratio	37.176%	42.589%	25.334%	39.928%
<u>After proposed dividends</u>				
CET I capital ratio	26.147%	NA	25.334%	NA
Tier I capital ratio	26.732%	28.353%	25.334%	30.251%
Total capital ratio	37.176%	40.949%	25.334%	38.201%

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

Risk Types	RHB Investment Bank Group		RHB Investment Bank	
	As at 30.06.2013	As at 31.12.2012	As at 30.06.2013	As at 31.12.2012
	RM'000	RM'000	RM'000	RM'000
Credit RWA	3,995,833	911,953	2,966,053	885,313
Market RWA	935,954	204,925	891,523	204,925
Operational RWA	580,696	438,993	454,000	386,394
Total	5,512,483	1,555,871	4,311,576	1,476,632

Table 3a: Risk-Weighted Assets by Risk Types and Minimum Capital Requirements as at 30 June 2013

Risk Types	RWA		Minimum Capital Requirements at 8%	
	RHB Investment Bank Group	RHB Investment Bank	RHB Investment Bank Group	RHB Investment Bank
	RM'000	RM'000	RM'000	RM'000
Credit Risk				
<i>Under Standardised Approach</i>	3,995,833	2,966,053	319,667	237,284
Market Risk				
<i>Under Standardised Approach</i>	935,954	891,523	74,876	71,322
Operational Risk				
<i>Under Basic Indicator Approach</i>	580,696	454,000	46,456	36,320
Total	5,512,483	4,311,576	440,999	344,926

Table 3b: Risk-Weighted Assets by Risk Types and Minimum Capital Requirements as at 31 December 2012

Risk Types	RWA		Minimum Capital Requirements at 8%	
	RHB Investment Bank Group	RHB Investment Bank	RHB Investment Bank Group	RHB Investment Bank
	RM'000	RM'000	RM'000	RM'000
Credit Risk				
<i>Under Standardised Approach</i>	911,953	885,313	72,956	70,825
Market Risk				
<i>Under Standardised Approach</i>	204,925	204,925	16,394	16,394
Operational Risk				
<i>Under Basic Indicator Approach</i>	438,993	386,394	35,119	30,912
Total	1,555,871	1,476,632	124,469	118,131

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

Table 4: Capital Structure

	RHB Investment Bank Group		RHB Investment Bank	
	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
<u>Tier I Capital</u>				
Paid-up ordinary share capital	818,646	263,646	818,646	263,646
Share premium resulting from the issue of ordinary share	1,515,150	-	1,515,150	-
Retained profits	148,061	101,299	91,641	85,112
Other reserves	283,254	272,034	278,549	278,549
AFS reserves	1,161	-	(617)	-
Less:				
Goodwill	(1,287,742)	(172,844)	(1,274,178)	(159,280)
Other intangibles	(33,645)	-	(28,798)	-
55% of cumulative gains on AFS securities	(639)	-	-	-
Securitisation exposure subject to deductions	(2,471)	-	(2,471)	-
Other deductions	(442)	-	(442)	-
Deferred tax assets	-	(5,988)	-	(4,325)
Deduction Applied to Tier 1 due to insufficient Tier 2 capital (Investment in affiliate)	-	-	(305,197)	-
Common Equity Tier I Capital ('CET I Capital')	1,441,333	458,147	1,092,283	463,702
Qualifying minority interest recognised as Tier 1 Capital	32,278	-	-	-
Total Tier I Capital	1,473,611	458,147	1,092,283	463,702
<u>Tier II Capital</u>				
Subordinated obligations (subject to gradual phase-out) [#]	607,235	229,074	607,235	231,851
Qualifying minority interest recognised as Tier 2 Capital	6,454	-	-	-
Collective impairment allowance [^]	7,513	34	7,513	34
Less:				
Investment in affiliate	(45,505)	(18,967)	(614,748)	(100,333)
Securitisation exposure subject to deductions	-	(4,879)	-	(4,879)
Other deductions	-	(782)	-	(782)
Total Tier II Capital	575,697	204,480	-	125,891
Total Capital	2,049,308	662,627	1,092,283	589,593

[#] Subordinated obligations that are recognised as Tier II capital instruments are subject to gradual phase-out treatment effective from 1 January 2013 as prescribed under paragraph 36 of the BNM Guidelines Capital Adequacy Framework (Capital Components).

[^] Excludes collective assessment impairment allowance attributable to loans, advances, and financing classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on 'Classification and Impairment Provisions for Loans/Financing'.

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

Table 5a: Summary of Credit Exposures with CRM by Asset Class and Capital Requirement (On & Off-Balance Sheet Exposures) as at 30 June 2013

RHB Investment Bank Group	Gross Exposures / EAD before CRM	Net Exposures / EAD after CRM	Risk-Weighted Assets	Minimum Capital Requirement at 8%
<u>Exposure Class</u>	RM'000	RM'000	RM'000	RM'000
<u>Exposures under the Standardised Approach (SA)</u>				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	1,730,549	1,730,549	13,605	1,088
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions & MDBs	3,827,279	3,827,279	960,282	76,822
Insurance Cos, Securities Firms & Fund Managers	1,815,801	1,815,801	363,160	29,053
Corporates	3,389,804	2,130,466	1,103,331	88,267
Regulatory Retail	518	518	388	31
Residential Mortgages	2,248	2,248	846	68
Higher Risk Assets	34	34	51	5
Other Assets	1,656,565	1,656,565	652,875	52,230
Specialised Financing/Investment	-	-	-	-
Securitisation Exposures	-	-	-	-
Equity Exposures	63,499	63,499	63,499	5,080
Defaulted Exposures	302,280	267,280	352,513	28,201
Total On-Balance Sheet Exposures	12,788,577	11,494,239	3,510,550	280,845
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	801	801	203	16
Credit Derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	524,435	524,435	485,080	38,806
Defaulted Exposures	-	-	-	-
Total Off-Balance Sheet Exposures	525,236	525,236	485,283	38,822
Total On and Off-Balance Sheet Exposures	13,313,813	12,019,475	3,995,833	319,667

Table 5b: Summary of Credit Exposures with CRM by Asset Class and Capital Requirement (On & Off-Balance Sheet Exposures) as at 31 December 2012

RHB Investment Bank Group	Gross Exposures / EAD before CRM	Net Exposures / EAD after CRM	Risk-Weighted Assets	Minimum Capital Requirement at 8%
<u>Exposure Class</u>	RM'000	RM'000	RM'000	RM'000
<u>Exposures under the Standardised Approach (SA)</u>				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	1,274,014	1,274,014	-	-
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions & MDBs	1,811,091	1,811,091	362,218	28,977
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
Corporates	556,644	556,644	148,505	11,880
Regulatory Retail	1,751	1,751	1,313	105
Residential Mortgages	1,102	1,102	386	31
Higher Risk Assets	34	34	51	5
Other Assets	363,499	363,499	340,082	27,206
Specialised Financing/Investment	-	-	-	-
Securitisation Exposures	-	-	-	-
Equity Exposures	19,251	19,251	19,251	1,540
Defaulted Exposures	21,605	21,605	8,373	670
Total On-Balance Sheet Exposures	4,048,991	4,048,991	880,179	70,414
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	29,624	29,624	5,925	474
Credit Derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	37,515	37,515	25,849	2,068
Defaulted Exposures	-	-	-	-
Total Off-Balance Sheet Exposures	67,139	67,139	31,774	2,542
Total On and Off-Balance Sheet Exposures	4,116,130	4,116,130	911,953	72,956

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

Table 6a: Exposures for Off-Balance Sheet and Counterparty Credit Risk (After Credit Risk Mitigation) as at 30 June 2013

RHB Investment Bank Group	Principal / Notional Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
<u>Nature of Item</u>	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	1,000		1,000	1,000
Transaction-related contingent items	1,053		527	159
Assets sold with recourse	-		-	-
NIFs & obligations under underwriting agreement	225,382		112,691	112,691
Foreign exchange related contracts	760,527	2,080	15,323	5,824
1 year or less	618,306	2,080	6,791	4,117
Over 1 year to 5 years	142,221	-	8,532	1,707
Over 5 years	-	-	-	-
Interest/profit rate related contracts	2,975,000	7,428	36,866	7,373
1 year or less	1,370,000	1,124	3,612	722
Over 1 year to 5 years	1,590,000	5,034	31,234	6,247
Over 5 years	15,000	1,270	2,020	404
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	23,834		801	203
Other commitments, such as formal standby facilities & credit lines, with original maturity of over 1 year	124,374		62,187	62,192
Other commitments, such as formal standby facilities & credit lines, with original maturity of up to 1 year	1,479,203		295,841	295,841
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	5,590,373	9,508	525,236	485,283

Table 6b: Exposures for Off-Balance Sheet and Counterparty Credit Risk (After Credit Risk Mitigation) as at 31 December 2012

RHB Investment Bank Group	Principal / Notional Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
<u>Nature of Item</u>	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	1,000		1,000	1,000
Transaction-related contingent items	1,053		527	159
Assets sold with recourse	-		-	-
NIFs & obligations under underwriting agreement	40,000		20,000	10,000
Foreign exchange related contracts	-	-	-	-
1 year or less	-	-	-	-
Over 1 year to 5 years	-	-	-	-
Over 5 years	-	-	-	-
Interest/profit rate related contracts	1,870,000	9,380	29,624	5,925
1 year or less	1,055,000	3,853	5,846	1,169
Over 1 year to 5 years	800,000	3,987	21,488	4,298
Over 5 years	15,000	1,540	2,290	458
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	-		-	-
Other commitments, such as formal standby facilities & credit lines, with original maturity of over 1 year	22		11	16
Other commitments, such as formal standby facilities & credit lines, with original maturity of up to 1 year	79,886		15,977	14,674
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	1,991,961	9,380	67,139	31,774

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

Table 7a: Credit Risk Exposures (Before Credit Risk Mitigation) by Geographical Distribution as at 30 June 2013

RHB Investment Bank Group

<u>Exposure Class</u>	<u>Malaysia</u>	<u>Singapore</u>	<u>Thailand</u>	<u>Hong Kong</u>	<u>Indonesia</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Exposures under Standardised Approach</u>						
Sovereigns & Central Banks	1,730,549	-	-	-	-	1,730,549
Public Sector Entities	-	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	3,700,932	16,350	36,617	62,836	60,101	3,876,836
Insurance Cos, Securities Firms & Fund Managers	303,016	1,374,669	29,861	60,172	48,083	1,815,801
Corporates	3,287,978	288,817	184,645	47,061	356,781	4,165,282
Regulatory Retail	520	-	-	-	-	520
Residential Mortgages	2,248	-	-	-	-	2,248
Higher Risk Assets	42	-	-	-	-	42
Other Assets	869,154	540,210	61,854	132,912	52,435	1,656,565
Specialised Financing/Investment	-	-	-	-	-	-
Total	9,894,439	2,220,046	312,977	302,981	517,400	13,247,843

Table 7b: Credit Risk Exposures (Before Credit Risk Mitigation) by Geographical Distribution as at 31 December 2012

RHB Investment Bank Group

<u>Exposure Class</u>	<u>Malaysia</u>	<u>Singapore</u>	<u>Thailand</u>	<u>Hong Kong</u>	<u>Indonesia</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Exposures under Standardised Approach</u>						
Sovereigns & Central Banks	1,274,014	-	-	-	-	1,274,014
Public Sector Entities	-	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	1,840,715	-	-	-	-	1,840,715
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-
Corporates	605,661	-	-	-	-	605,661
Regulatory Retail	6,965	-	-	-	-	6,965
Residential Mortgages	1,102	-	-	-	-	1,102
Higher Risk Assets	44	-	-	-	-	44
Other Assets	363,499	-	-	-	-	363,499
Specialised Financing/Investment	-	-	-	-	-	-
Total	4,092,000	-	-	-	-	4,092,000

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

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

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

RHB Investment Bank Group												
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	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	-	-	-	-	-	-	-	191,035	1,539,514	-	-	1,730,549
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	-	3,876,836	-	-	-	3,876,836
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	1,815,801	-	-	-	1,815,801
Corporates	120,285	26,476	105,153	142,228	411,648	105,126	154,128	1,883,068	103,746	868,729	244,695	4,165,282
Regulatory Retail	-	-	-	-	-	-	-	-	-	520	-	520
Residential Mortgages	-	-	-	-	-	-	-	-	-	2,248	-	2,248
Higher Risk Assets	-	-	-	-	-	-	-	-	-	42	-	42
Other Assets	-	-	-	-	-	-	-	457,779	-	-	1,198,786	1,656,565
Specialised Financing/Investment	-	-	-	-	-	-	-	-	-	-	-	-
Total	120,285	26,476	105,153	142,228	411,648	105,126	154,128	8,224,519	1,643,260	871,539	1,443,481	13,247,843

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

RHB Investment Bank Group												
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	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	-	-	-	-	-	-	-	282,897	991,117	-	-	1,274,014
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	-	1,840,715	-	-	-	1,840,715
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	-	-	-	-
Corporates	-	-	189,617	153,092	26,233	-	40,799	148,291	-	-	47,629	605,661
Regulatory Retail	-	-	-	-	-	-	-	-	-	6,965	-	6,965
Residential Mortgages	-	-	-	-	-	-	-	-	-	1,102	-	1,102
Higher Risk Assets	-	-	-	-	-	-	-	-	-	44	-	44
Other Assets	-	-	-	-	-	-	-	346,516	1,004	-	15,979	363,499
Specialised Financing/Investment	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	189,617	153,092	26,233	-	40,799	2,618,419	992,121	8,111	63,608	4,092,000

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

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

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

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	88,728	359,434	1,282,387	1,730,549
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions & MDBs	3,245,976	514,505	116,355	3,876,836
Insurance Cos, Securities Firms & Fund Managers	1,815,801	-	-	1,815,801
Corporates	2,279,564	1,132,153	753,565	4,165,282
Regulatory Retail	49	295	176	520
Residential Mortgages	-	61	2,187	2,248
Higher Risk Assets	-	-	42	42
Other Assets	1,509,880	-	146,685	1,656,565
Specialised Financing/Investment	-	-	-	-
Total	8,939,998	2,006,448	2,301,397	13,247,843

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

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	282,897	45,892	945,225	1,274,014
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions & MDBs	1,710,812	82,903	47,000	1,840,715
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
Corporates	124,465	357,858	123,338	605,661
Regulatory Retail	6,738	-	227	6,965
Residential Mortgages	-	-	1,102	1,102
Higher Risk Assets	-	-	44	44
Other Assets	344,115	-	19,384	363,499
Specialised Financing/Investment	-	-	-	-
Total	2,469,027	486,653	1,136,320	4,092,000

Note: Table 9a & 9b exclude equity and securitisation exposures

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

Table 10a: Portfolios under the Standardised Approach by Risk-Weights as at 30 June 2013

RHB Investment Bank Group <u>Exposure Class</u>	Exposure After Credit Risk Mitigation Risk Weight (%)							Deduction from Capital Base RM'000	Total Exposures RM'000
	0%	20%	35%	50%	75%	100%	150%		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Exposures under Standardised Approach									
Sovereigns & Central Banks	1,662,523	68,026	-	-	-	-	-	-	1,730,549
Public Sector Entities	-	-	-	-	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	-	3,227,230	-	649,606	-	-	-	-	3,876,836
Insurance Cos, Securities Firms & Fund Managers	-	1,815,801	-	-	-	-	-	-	1,815,801
Corporates	-	1,262,856	-	58,373	-	1,350,369	199,346	-	2,870,944
Regulatory Retail	-	-	-	-	520	-	-	-	520
Residential Mortgages	-	-	1,851	397	-	-	-	-	2,248
Higher Risk Assets	-	-	-	-	-	-	42	-	42
Other Assets	865,020	173,338	-	-	-	618,207	-	-	1,656,565
Specialised Financing/Investment	-	-	-	-	-	-	-	-	-
Securitisation	-	-	-	-	-	-	-	2,471	2,471
Equity Exposures	-	-	-	-	-	63,499	-	-	63,499
Total Exposures after Credit Risk Mitigation	2,527,543	6,547,251	1,851	708,376	520	2,032,075	199,388	2,471	12,019,475
Total Risk-Weighted Assets	-	1,309,450	648	354,188	390	2,032,075	299,082	-	3,995,833

Table 10b: Portfolios under the Standardised Approach by Risk-Weights as at 31 December 2012

RHB Investment Bank Group <u>Exposure Class</u>	Exposure After Credit Risk Mitigation Risk Weight (%)							Deduction from Capital Base RM'000	Total Exposures RM'000
	0%	20%	35%	50%	75%	100%	150%		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Exposures under Standardised Approach									
Sovereigns & Central Banks	1,274,014	-	-	-	-	-	-	-	1,274,014
Public Sector Entities	-	-	-	-	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	-	1,840,715	-	-	-	-	-	-	1,840,715
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	-
Corporates	241,025	200,730	-	68,092	-	78,222	17,592	-	605,661
Regulatory Retail	-	-	-	-	6,965	-	-	-	6,965
Residential Mortgages	-	-	1,102	-	-	-	-	-	1,102
Higher Risk Assets	-	-	-	-	-	-	44	-	44
Other Assets	17,891	6,908	-	-	-	338,700	-	-	363,499
Specialised Financing/Investment	-	-	-	-	-	-	-	-	-
Securitisation	-	-	-	-	-	-	-	4,879	4,879
Equity Exposures	-	-	-	-	-	19,251	-	-	19,251
Total Exposures after Credit Risk Mitigation	1,532,930	2,048,353	1,102	68,092	6,965	436,173	17,636	4,879	4,116,130
Total Risk-Weighted Assets	-	409,670	386	34,046	5,224	436,173	26,454	-	911,953

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

Table 11a: Rated Exposures According to Ratings by ECAs as at 30 June 2013

RHB Investment Bank Group

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	
Exposure Class	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	
On & Off - Balance Sheet Exposures	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	
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	1,815,801	
Corporates		1,298,910	45,135	100,254	-	1,426,645	
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
Exposure Class	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
On & Off - Balance Sheet Exposures	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 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
Sovereigns & Central Banks		-	1,730,549	-	-	-	-
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
Exposure Class	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
On & Off - Balance Sheet Exposures	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 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
Banks, Development Financial Institutions & MDBs		1,575,987	1,478,889	217,831	-	-	604,129

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

Table 11b: Rated Exposures According to Ratings by ECAIs as at 31 December 2012

RHB Investment Bank Group

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	
<u>On & Off - Balance Sheet Exposures</u>							
Corporates		334,693	52,188	17,582	-	201,198	
Ratings of Sovereigns and Central Banks by Approved ECAIs							
<u>Exposure Class</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
	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 & Off - Balance Sheet Exposures</u>							
Sovereigns & Central Banks		-	1,274,014	-	-	-	-
Ratings of Banking Institutions by Approved ECAIs							
<u>Exposure Class</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
	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 & Off - Balance Sheet Exposures</u>							
Banks, Development Financial Institutions & MDBs		516,827	1,323,888	-	-	-	-

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

Table 12a: Credit Risk Mitigation of Portfolios under the Standardised Approach as at 30 June 2013

RHB Investment Bank Group	Exposures Before Credit Risk Mitigation	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral
<u>Exposure Class</u>	RM'000	RM'000	RM'000
<u>On-Balance Sheet Exposures</u>			
Sovereigns/Central Banks	1,730,549	-	-
Public Sector Entities	-	-	-
Banks, Development Financial Institutions & MDBs	3,827,279	-	-
Insurance Cos, Securities Firms & Fund Managers	1,815,801	-	-
Corporates	3,389,804	-	1,259,338
Regulatory Retail	518	-	-
Residential Mortgages	2,248	-	-
Higher Risk Assets	34	-	-
Other Assets	1,656,565	-	-
Securitisation Exposures	-	-	-
Equity Exposures	63,499	-	-
Defaulted Exposures	302,280	-	35,000
Total On-Balance Sheet Exposures	12,788,577	-	1,294,338
<u>Off-Balance Sheet Exposures</u>			
OTC Derivatives	801	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	524,435	-	-
Defaulted Exposures	-	-	-
Total Off-Balance Sheet Exposures	525,236	-	-
Total On and Off-Balance Sheet Exposures	13,313,813	-	1,294,338

Table 12b: Credit Risk Mitigation of Portfolios under the Standardised Approach as at 31 December 2012

RHB Investment Bank Group	Exposures Before Credit Risk Mitigation	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral
<u>Exposure Class</u>	RM'000	RM'000	RM'000
<u>On-Balance Sheet Exposures</u>			
Sovereigns/Central Banks	1,274,014	-	-
Public Sector Entities	-	-	-
Banks, Development Financial Institutions & MDBs	1,811,091	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	-
Corporates	556,644	10,240	291
Regulatory Retail	1,751	-	-
Residential Mortgages	1,102	-	-
Higher Risk Assets	34	-	-
Other Assets	363,499	-	-
Securitisation Exposures	-	-	-
Equity Exposures	19,251	-	-
Defaulted Exposures	21,605	-	-
Total On-Balance Sheet Exposures	4,048,991	10,240	291
<u>Off-Balance Sheet Exposures</u>			
OTC Derivatives	29,624	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	37,515	-	-
Defaulted Exposures	-	-	-
Total Off-Balance Sheet Exposures	67,139	-	-
Total On and Off-Balance Sheet Exposures	4,116,130	10,240	291

Table 13a: Impaired, Past Due Loans / Financing and Allowances for Impairment by Industry Sector as at 30 June 2013

RHB Investment Bank Group	Impaired Loans and Advances / Financing	Past Due Loans / Financing	Individual Impairment Allowances	Collective Impairment Allowances
<u>Industry Sector</u>	RM'000	RM'000	RM'000	RM'000
Agriculture	-	-	-	109
Mining & Quarrying	-	-	-	1
Manufacturing	35,000	-	-	-
Electricity, Gas & Water Supply	-	-	-	-
Construction	-	-	-	465
Wholesale, Retail Trade, Restaurants & Hotels	-	-	-	455
Transport, Storage & Communication	-	-	-	289
Finance, Insurance, Real Estate & Business	203,316	-	16,224	5,686
Education, Health & Others	-	-	-	-
Household	-	-	-	45
Others	1,563	-	982	-
Total	239,879	-	17,206	7,050

Table 13b: Impaired, Past Due Loans / Financing and Allowances for Impairment by Industry Sector as at 31 December 2012

RHB Investment Bank Group	Impaired Loans and Advances / Financing	Past Due Loans / Financing	Individual Impairment Allowances	Collective Impairment Allowances
<u>Industry Sector</u>	RM'000	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	350	-	340	-
Others	-	-	-	-
Total	350	-	340	-

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

RHB Investment Bank Group	Six Months Period Ended 30.06.2013		Twelve Months Period Ended 30.12.2012	
	Charges/(Write-back) for Individual		Charges/(Write-back) for Individual	
	Impairment Allowances	Write-Offs	Impairment Allowances	Write-Offs
<u>Industry Sector</u>	RM'000	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	(7,122)	-	-	-
Education, Health & Others	-	-	-	-
Household	-	-	-	172
Others	591	-	-	-
Total	(6,531)	-	-	172

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

Table 15a: Impaired, Past Due Loans and Allowances for Impairment by Geographical Distribution as at 30 June 2013

RHB Investment Bank Group	Impaired Loans and Advances / Financing	Past Due Loans / Financing	Individual Impairment Allowances	Collective Impairment Allowances
<u>Geographical Distribution</u>	RM'000	RM'000	RM'000	RM'000
Malaysia	239,717	-	17,044	7,050
Singapore	-	-	-	-
Thailand	162	-	162	-
Hong Kong	-	-	-	-
Indonesia	-	-	-	-
Total	239,879	-	17,206	7,050

Table 15b: Impaired, Past Due Loans and Allowances for Impairment by Geographical Distribution as at 31 December 2012

RHB Investment Bank Group	Impaired Loans and Advances / Financing	Past Due Loans / Financing	Individual Impairment Allowances	Collective Impairment Allowances
<u>Geographical Distribution</u>	RM'000	RM'000	RM'000	RM'000
Malaysia	350	-	340	-
Singapore	-	-	-	-
Thailand	-	-	-	-
Hong Kong	-	-	-	-
Indonesia	-	-	-	-
Total	350	-	340	-

Table 16: Reconciliation of Changes to Loan Impairment Allowances

RHB Investment Bank Group	Individual Impairment Allowances		Collective Impairment Allowances	
	As at 30.06.2013	As at 31.12.2012	As at 30.06.2013	As at 31.12.2012
<u>Impairment Allowances Details</u>	RM'000	RM'000	RM'000	RM'000
Balance as at the beginning of financial period/year	340	584	-	-
Effect of predecessor accounting on RHBIB-OSKIB's Merger & Acquisition	23,397	-	4,971	-
Net Allowance made during the period/year	(6,531)	-	2,079	-
Amount Recovered	-	(72)	-	-
Amount Written-Off	-	(172)	-	-
Balance as at the end of financial period/year	17,206	340	7,050	-

Table 17: Disclosure on Securitisation Exposure in the Banking Book

RHB Investment Bank Group	Total Exposures Securitised		Impaired	
	As at 30.06.2013	As at 31.12.2012	As at 30.06.2013	As at 31.12.2012
<u>Underlying Assets</u>	RM'000	RM'000	RM'000	RM'000
Traditional Securitisation (Banking Book Exposure)				
Originated by the Bank				
Collateralised Loan Obligation (Corporate Loans)	2,471	4,879	57,440	55,800
Securitisation of Third Party exposures where the Bank Acts only as a Sponsor	-	-	-	-
Assets-Backed Securities (Personal Loans)	-	-	-	-
Total	2,471	4,879	57,440	55,800

Table 18a: Securitisation under the Standardised Approach for Banking Book Exposures as at 30 June 2013

RHB Investment Bank Group <u>Type of Securitisation Exposures</u>	Net Exposure after CRM RM'000	Deduction from Capital		Risk weights of the Securitisation Exposures		Risk Weighted Assets RM'000
		Rated	Unrated	20%	50%	
		RM'000	RM'000	RM'000	RM'000	
<u>Traditional Securitisation</u>						
Non-Originated Banking Institution						
Most Senior	-	-	-	-	-	-
Originating Banking Institution						
Most Senior	2,471	2,471	-	-	-	-
Mezzanine	-	-	-	-	-	-
Total	2,471	2,471	-	-	-	-

Table 18b: Securitisation under the Standardised Approach for Banking Book Exposures as at 31 December 2012

RHB Investment Bank Group <u>Type of Securitisation Exposures</u>	Net Exposure after CRM RM'000	Deduction from Capital		Risk weights of the Securitisation Exposures		Risk Weighted Assets RM'000
		Rated	Unrated	20%	50%	
		RM'000	RM'000	RM'000	RM'000	
<u>Traditional Securitisation</u>						
Non-Originated Banking Institution						
Most Senior	-	-	-	-	-	-
Originating Banking Institution						
Most Senior	4,879	4,879	-	-	-	-
Mezzanine	-	-	-	-	-	-
Total	4,879	4,879	-	-	-	-

Note:

1. The Bank did not have any exposure to synthetic securitisation as at 30 June 2013 and 31 December 2012.
2. The Bank also did not have any securitisation exposure in its trading books.

Table 19a: Market Risk-Weighted Assets and Capital Charge as at 30 June 2013

RHB Investment Bank Group <u>Market Risk</u>	Long Position RM'000	Short Position RM'000	Risk-Weighted Assets RM'000	Capital Charge RM'000
Interest Rate Risk	2,322,256	921,743	448,504	35,880
Equity Position Risk	302,592	2,352,490	32,371	2,590
Foreign Currency Risk	72,169	-	152,742	12,219
Options Risk	379,615	-	302,337	24,187
Total			935,954	74,876

Table 19b: Market Risk-Weighted Assets and Capital Charge as at 31 December 2012

RHB Investment Bank Group <u>Market Risk</u>	Long Position RM'000	Short Position RM'000	Risk-Weighted Assets RM'000	Capital Charge RM'000
Interest Rate Risk	2,189,639	1,870,000	199,635	15,971
Foreign Currency Risk	5,290	-	5,290	423
Options Risk	-	-	-	-
Total			204,925	16,394

Note:

As at 30 June 2013 and 31 December 2012, RHB Investment Bank Group did not have any exposures under Commodity or Inventory Risk.

Table 20: Equity Exposures in the Banking Book

RHB Investment Bank Group <u>Equity Type</u>	Gross Credit Exposures (RM'000)		Risk Weighted Assets (RM'000)	
	As at 30.06.2013 RM'000	As at 31.12.2012 RM'000	As at 30.06.2013 RM'000	As at 31.12.2012 RM'000
	Publicly traded			
- Holdings of equity investments	-	775	-	775
Privately held				
- For socio-economic purposes	18,016	18,016	18,016	18,016
- For non socio-economic purpose	45,483	460	45,483	460
Total	63,499	19,251	63,499	19,251

Note:

As at 30 June 2013 and 31 December 2012, The Bank did not make any material gains or losses from the sale or liquidation of the equity exposures.

Table 21a: Interest Rate Risk / Rate of Return Risk in the Banking Book as at 30 June 2013

RHB Investment Bank Group	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
<u>Currency</u>	RM'000	RM'000	RM'000	RM'000
MYR - Malaysian Ringgit	(4,304)	4,304	(106,241)	106,241
USD - US Dollar	365	(365)	(9,452)	9,452
Others ¹	(107)	107	(11,391)	11,391
Total	(4,046)	4,046	(127,084)	127,084

Note:

1. Inclusive of GBP, EUR, SGD, etc

Table 21b: Interest Rate Risk / Rate of Return Risk in the Banking Book as at 31 December 2012

RHB Investment Bank Group	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
<u>Currency</u>	RM'000	RM'000	RM'000	RM'000
MYR - Malaysian Ringgit	(11,437)	11,437	(54,831)	54,831
USD - US Dollar	120	(120)	(5)	5
Others ¹	-	-	-	-
Total	(11,317)	11,317	(54,836)	54,836

Note:

1. Inclusive of GBP, EUR, SGD, etc

Table 22: Operational Risk-Weighted Assets and Capital Charge

<u>Operational Risk</u>	RHB Investment Bank Group		RHB Investment Bank	
	As at 30.06.2013	As at 31.12.2012	As at 30.06.2013	As at 31.12.2012
	RM'000	RM'000	RM'000	RM'000
Risk-Weighted Assets	580,696	438,993	454,000	386,394
Risk Capital Charge	46,456	35,119	36,320	30,912