



RHB Capital Berhad 312952-H  
 Level 10, Tower One, RHB Centre, Jalan Tun Razak,  
 50400 Kuala Lumpur, Malaysia  
 TEL +603 9285 2233 FAX +603 2142 7568

**ANNOUNCEMENT OF AUDITED RESULTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

The Board of Directors of RHB Capital Berhad ("The Board") wishes to announce that the audited results of the Group and the Company for the financial year ended 31 December 2011 are as follows:

**INCOME STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	Note	4th quarter ended		Twelve months ended	
		31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
		RM'000	RM'000	RM'000	RM'000
<b>Group</b>					
Interest income	A8	1,471,630	1,338,667	5,564,328	4,772,001
Interest expense	A9	(762,784)	(599,503)	(2,776,995)	(2,098,777)
Net interest income		708,846	739,164	2,787,333	2,673,224
Other operating income	A10	283,172	279,530	1,081,499	1,043,307
		992,018	1,018,694	3,868,832	3,716,531
Income from Islamic Banking business		144,406	89,447	438,918	333,762
Net operating income		1,136,424	1,108,141	4,307,750	4,050,293
Other operating expenses	A11	(507,537)	(448,730)	(1,903,286)	(1,639,648)
Operating profit before allowances		628,887	659,411	2,404,464	2,410,645
Allowance for impairment on loans, financing and other losses	A12	(95,124)	(65,489)	(327,486)	(415,572)
Impairment losses on other assets		(65,640)	(70,254)	(77,277)	(96,588)
		468,123	523,668	1,999,701	1,898,485
Share of results of an associate		-	-	-	12
Share of results of a joint venture		140	225	427	792
<b>Profit before taxation</b>		468,263	523,893	2,000,128	1,899,289
Taxation	B5	(119,564)	(143,121)	(496,470)	(470,744)
<b>Net profit for the financial period/year</b>		348,699	380,772	1,503,658	1,428,545
Attributable to:					
- Equity holders of the Company		348,392	380,145	1,501,539	1,420,258
- Non-controlling interests		307	627	2,119	8,287
		348,699	380,772	1,503,658	1,428,545
<b>Earnings per share (sen)</b>					
- Basic	B12	15.8	17.7	68.9	66.0
- Diluted	B12	15.8	17.7	68.9	66.0

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.



**RHB CAPITAL BERHAD (312952 – H)**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	4th quarter ended		Twelve months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Net profit for the financial period/year	<b>348,699</b>	380,772	<b>1,503,658</b>	1,428,545
Other comprehensive income/(loss):				
Currency translation differences	(13,741)	3,249	18,022	(68,600)
Financial investments available-for-sale ('AFS')				
- Unrealised net gain/(loss) on revaluation	35,977	(84,988)	166,914	180,131
- Net transfer to income statements on disposal or impairment	(52,464)	(15,295)	(86,934)	(84,805)
Gain on fair valuation of property arising from acquisition of a subsidiary	-	-	-	20,265
Income tax relating to components of other comprehensive income/(loss)	4,231	25,076	(20,215)	(24,771)
Other comprehensive income/(loss), net of tax, for the financial period/year	(25,997)	(71,958)	77,787	22,220
Total comprehensive income for the financial period/year	<b>322,702</b>	308,814	<b>1,581,445</b>	1,450,765
Total comprehensive income attributable to:				
- Equity holders of the Company	322,397	308,182	1,579,343	1,442,423
- Non-controlling interests	305	632	2,102	8,342
	<b>322,702</b>	308,814	<b>1,581,445</b>	1,450,765

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.



**RHB CAPITAL BERHAD (312952 – H)**  
**INCOME STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	Note	4th quarter ended		Twelve months ended	
		31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
<u>Company</u>		RM'000	RM'000	RM'000	RM'000
Interest income	A8	594	1,037	2,472	1,246
Interest expense	A9	(36,703)	(37,648)	(144,361)	(145,663)
Net interest expense		(36,109)	(36,611)	(141,889)	(144,417)
Other operating income/(loss)	A10	(34)	13,931	434,257	593,674
Net operating income/(loss)		(36,143)	(22,680)	292,368	449,257
Other operating expenses	A11	(6,906)	(4,868)	(26,114)	(18,630)
<b>Operating profit/(loss) before allowances</b>		<b>(43,049)</b>	<b>(27,548)</b>	<b>266,254</b>	<b>430,627</b>
Impairment losses on investments in subsidiaries		-	(683)	-	(683)
<b>Profit/(loss) before taxation</b>		<b>(43,049)</b>	<b>(28,231)</b>	<b>266,254</b>	<b>429,944</b>
Taxation	B5	10,111	6,559	(71,537)	(108,508)
<b>Net profit/(loss) for the financial period/year</b>		<b>(32,938)</b>	<b>(21,672)</b>	<b>194,717</b>	<b>321,436</b>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.



**RHB CAPITAL BERHAD (312952 – H)**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	4th quarter ended		Twelve months ended	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
<b><u>Company</u></b>				
Net profit/(loss) for the financial period/year	<u>(32,938)</u>	<u>(21,672)</u>	<u>194,717</u>	<u>321,436</u>
Other comprehensive income, net of tax, for the financial period/year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the financial period/year	<u><u>(32,938)</u></u>	<u><u>(21,672)</u></u>	<u><u>194,717</u></u>	<u><u>321,436</u></u>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.



**RHB CAPITAL BERHAD (312952 – H)**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2011**

	Note	As at 31 Dec 2011 RM'000	As at 31 Dec 2010 RM'000
<b>Group</b>			
<b>ASSETS</b>			
Cash and short-term funds		20,358,496	14,754,516
Securities purchased under resale agreements		142,291	276,407
Deposits and placements with banks and other financial institutions		1,133,213	1,023,526
Financial assets held-for-trading	A13	1,501,758	772,254
Financial investments AFS	A14	10,706,781	13,374,857
Financial investments held-to-maturity	A15	14,093,909	10,869,550
Loans, advances and financing	A16	94,823,514	81,228,093
Clients' and brokers' balances		232,676	421,127
Other assets	A17	691,965	589,156
Derivative assets		237,658	310,905
Statutory deposits		3,282,559	459,554
Tax recoverable		232,957	129,371
Deferred tax assets		17,598	261,105
Investments in a joint venture		24,956	25,044
Property, plant and equipment		1,106,503	1,023,170
Goodwill		3,806,860	3,806,860
Total assets		<u>152,393,694</u>	<u>129,325,495</u>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	A18/B7(a)	115,860,584	94,433,828
Deposits and placements of banks and other financial institutions	A19/B7(a)	10,031,575	10,066,157
Bills and acceptances payable		3,764,155	3,536,140
Clients' and brokers' balances		562,393	610,360
Other liabilities	A20	1,582,693	1,527,724
Derivative liabilities		248,188	253,704
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		1,161,814	818,503
Taxation liabilities		5,748	172,595
Deferred tax liabilities		6,598	4,514
Borrowings	B7(b)	3,603,334	4,064,323
Subordinated obligations	B7(c)	3,515,747	3,264,284
Hybrid Tier-1 Capital Securities	B7(d)	600,558	600,393
Total liabilities		<u>140,943,387</u>	<u>119,352,525</u>
Share capital		2,204,819	2,153,475
Reserves		<u>9,233,566</u>	<u>7,808,682</u>
		11,438,385	9,962,157
Non-controlling interests		11,922	10,813
Total equity		<u>11,450,307</u>	<u>9,972,970</u>
Total liabilities and equity		<u>152,393,694</u>	<u>129,325,495</u>
Commitments and contingencies	A25(a)	<u>74,161,318</u>	<u>70,521,648</u>
Net assets per share attributable to equity holders of the Company (RM)		<u>5.19</u>	<u>4.63</u>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.



**RHB CAPITAL BERHAD (312952 – H)  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2011**

<u>Company</u>	Note	As at 31 Dec 2011 RM'000	As at 31 Dec 2010 RM'000
<b>ASSETS</b>			
Cash and short term funds		27,528	346,009
Deposits and placements with banks and other financial institutions		919	891
Other assets	A17	154,199	153,347
Amounts due from subsidiaries		18,188	35,787
Tax recoverable		90,476	113,009
Investments in subsidiaries		8,691,602	8,691,602
Property, plant and equipment		635	757
Total assets		<u>8,983,547</u>	<u>9,341,402</u>
<b>LIABILITIES AND EQUITY</b>			
Other liabilities	A20	3,315	4,611
Amounts due to subsidiaries		8,626	6,146
Deferred tax liabilities		45	25
Borrowings	B7(b)	3,147,101	3,597,762
Total liabilities		<u>3,159,087</u>	<u>3,608,544</u>
Share capital		2,204,819	2,153,475
Reserves		3,619,641	3,579,383
Total equity		<u>5,824,460</u>	<u>5,732,858</u>
Total liabilities and equity		<u>8,983,547</u>	<u>9,341,402</u>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.



**RHB CAPITAL BERHAD (312952 – H)**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	← Attributable to equity holders of the Company →							Sub-total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Reserve funds RM'000	Other reserves RM'000	AFS reserves RM'000	Translation reserves RM'000	Retained profits RM'000			
<b>Group</b>										
<b>Balance as at 1 January 2011</b>	2,153,475	2,352,093	2,603,964	27,815	153,872	(76,854)	2,747,792	9,962,157	10,813	9,972,970
Net profit for the financial year	-	-	-	-	-	-	1,501,539	1,501,539	2,119	1,503,658
Currency translation differences	-	-	-	-	-	18,022	-	18,022	-	18,022
Financial investments AFS										
- Unrealised net gain on revaluation	-	-	-	-	166,904	-	-	166,904	10	166,914
- Net transfer to income statements on disposal or impairment	-	-	-	-	(86,901)	-	-	(86,901)	(33)	(86,934)
Income tax relating to components of other comprehensive income/(loss)	-	-	-	-	(20,221)	-	-	(20,221)	6	(20,215)
Other comprehensive income/(loss), net of tax, for the financial year	-	-	-	-	59,782	18,022	-	77,804	(17)	77,787
Total comprehensive income for the financial year	-	-	-	-	59,782	18,022	1,501,539	1,579,343	2,102	1,581,445
Transfer in respect of statutory requirements	-	-	412,640	-	-	-	(412,640)	-	-	-
Ordinary dividends	-	-	-	-	-	-	(476,825)	(476,825)	(993)	(477,818)
Shares issued pursuant to Dividend Reinvestment Plan ('DRP')	51,344	322,366	-	-	-	-	-	373,710	-	373,710
<b>Balance as at 31 December 2011</b>	<b>2,204,819</b>	<b>2,674,459</b>	<b>3,016,604</b>	<b>27,815</b>	<b>213,654</b>	<b>(58,832)</b>	<b>3,359,866</b>	<b>11,438,385</b>	<b>11,922</b>	<b>11,450,307</b>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.



**RHB CAPITAL BERHAD (312952 – H)**  
**STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	← Attributable to equity holders of the Company →							Sub-total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Reserve funds RM'000	Other reserves RM'000	AFS reserves RM'000	Translation reserves RM'000	Retained profits RM'000			
<b>Group</b>										
<b>Balance as at 1 January 2010</b>	2,153,475	2,352,093	2,246,611	8,563	82,359	(8,254)	2,047,478	8,882,325	32,441	8,914,766
Net profit for the financial year	-	-	-	-	-	-	1,420,258	1,420,258	8,287	1,428,545
Currency translation differences	-	-	-	-	-	(68,600)	-	(68,600)	-	(68,600)
Financial investments AFS										
- Unrealised net gain on revaluation	-	-	-	-	179,676	-	-	179,676	455	180,131
- Net transfer to income statements on disposal or impairment	-	-	-	-	(84,424)	-	-	(84,424)	(381)	(84,805)
Gain on fair valuation of property arising from acquisition of a subsidiary	-	-	-	20,265	-	-	-	20,265	-	20,265
Income tax relating to components of other comprehensive income	-	-	-	(1,013)	(23,739)	-	-	(24,752)	(19)	(24,771)
Other comprehensive income/(loss), net of tax, for the financial year	-	-	-	19,252	71,513	(68,600)	-	22,165	55	22,220
Total comprehensive income/(loss) for the financial year	-	-	-	19,252	71,513	(68,600)	1,420,258	1,442,423	8,342	1,450,765
Transfer in respect of statutory requirements	-	-	357,353	-	-	-	(357,353)	-	-	-
Ordinary dividends	-	-	-	-	-	-	(362,591)	(362,591)	(770)	(363,361)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	(29,200)	(29,200)
<b>Balance as at 31 December 2010</b>	<u>2,153,475</u>	<u>2,352,093</u>	<u>2,603,964</u>	<u>27,815</u>	<u>153,872</u>	<u>(76,854)</u>	<u>2,747,792</u>	<u>9,962,157</u>	<u>10,813</u>	<u>9,972,970</u>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.





**RHB CAPITAL BERHAD (312952 – H)  
STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	<u>Share capital</u> RM'000	<u>Non- distributable Share premium</u> RM'000	<u>Distributable Retained profits</u> RM'000	<u>Total</u> RM'000
<b><u>Company</u></b>				
<b>Balance as at 1 January 2011</b>	2,153,475	2,352,093	1,227,290	5,732,858
Net profit for the financial year	-	-	194,717	194,717
Ordinary dividends	-	-	(476,825)	(476,825)
Shares issued pursuant to DRP	51,344	322,366	-	373,710
<b>Balance as at 31 December 2011</b>	<u>2,204,819</u>	<u>2,674,459</u>	<u>945,182</u>	<u>5,824,460</u>
<b>Balance as at 1 January 2010</b>	2,153,475	2,352,093	1,268,445	5,774,013
Net profit for the financial year	-	-	321,436	321,436
Ordinary dividends	-	-	(362,591)	(362,591)
<b>Balance as at 31 December 2010</b>	<u>2,153,475</u>	<u>2,352,093</u>	<u>1,227,290</u>	<u>5,732,858</u>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.



**RHB CAPITAL BERHAD (312952 – H)**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	Twelve months ended	
	31 Dec 2011	31 Dec 2010
	RM'000	RM'000
<b>Group</b>		
<b>Cash flows from operating activities</b>		
Profit before taxation	2,000,128	1,899,289
Adjustments for:		
Allowance for impairment on loans, financing and other losses	659,931	577,029
Property, plant and equipment		
- depreciation	100,052	98,951
- impairment loss	-	24,945
- gain on disposal	(5,057)	(6,841)
- written off	27	10
Impairment loss on financial investments AFS and held-to-maturity	77,411	68,138
Accretion of discounts for borrowings and subordinated obligations	9,547	4,690
Share of results of an associate	-	(12)
Share of results of a joint venture	(427)	(792)
Interest income from financial assets held-for-trading, financial investments		
AFS and held-to-maturity	(858,726)	(857,401)
Investment income from financial assets held-for-trading, financial investments		
AFS and held-to-maturity	(128,378)	(110,333)
Net gain arising from sale/redemption of financial assets held-for-trading, financial investments AFS and held-to-maturity	(146,302)	(129,729)
Unrealised loss/(gain) on revaluation of financial assets held-for-trading and derivatives	65,686	(77,194)
Unrealised foreign exchange gain	(11,095)	(21,310)
Accretion of discount less amortisation of premium	(23,323)	46,093
Gross dividend income from financial assets held-for-trading, financial investments AFS and held-to-maturity	(25,566)	(10,843)
Operating profit before working capital changes	<u>1,713,908</u>	1,504,690
(Increase)/decrease in operating assets:		
Securities purchased under resale agreements	140,182	1,317,803
Deposits and placements with banks and other financial institutions	(109,687)	1,195,744
Financial assets held-for-trading	(644,988)	138,880
Loans, advances and financing	(14,252,820)	(14,823,650)
Clients' and brokers' balances	188,451	(171,460)
Other assets	(81,335)	244,561
Statutory deposits	(2,823,005)	(149,398)
	<u>(17,583,202)</u>	<u>(12,247,520)</u>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.



**RHB CAPITAL BERHAD (312952 – H)**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	Twelve months ended	
	31 Dec 2011	31 Dec 2010
	RM'000	RM'000
<b>Group</b>		
<b>Cash flows from operating activities (continued)</b>		
(Increase)/decrease in operating liabilities:		
Deposits from customers	21,426,756	9,592,763
Deposits and placements with banks and other financial institutions	(34,582)	2,650,132
Bills and acceptances payable	228,015	(266,382)
Clients' and brokers' balances	(47,967)	208,503
Other liabilities	56,595	(215,385)
Recourse obligations on loans sold to Cagamas	343,311	(350,323)
	<u>21,972,128</u>	<u>11,619,308</u>
Cash generated from operations	6,102,834	876,478
Taxation paid	(600,494)	(453,834)
Taxation refunded	59,591	2,230
Net cash generated from operating activities	<u>5,561,931</u>	<u>424,874</u>
<b>Cash flows from investing activities</b>		
Net purchase of financial investments AFS and held-to-maturity	(459,407)	(3,945,083)
Purchase of property, plant and equipment	(180,787)	(143,111)
Interest received from financial assets held-for-trading, financial investments AFS and held-to-maturity	861,639	729,590
Investment income received from financial assets held-for-trading, financial investments AFS and held-to-maturity	118,314	104,438
Proceeds from disposal of property, plant and equipment	5,523	15,693
Dividend income received from financial assets held-for-trading, financial investments AFS and held-to-maturity	25,548	10,483
Acquisition of subsidiaries	-	(37,861)
Acquisition of additional interest in a subsidiary	-	(45,125)
Net cash generated from/(used in) investing activities	<u>370,830</u>	<u>(3,310,976)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of subordinated notes	250,000	1,005,000
Proceeds from shares issued pursuant to DRP	373,710	-
Drawdown of borrowings	263,250	560,210
Repayment of borrowings	(737,941)	(235,135)
Dividends paid to equity holders of the Company	(476,825)	(362,591)
Dividends paid to non-controlling interests in a subsidiary	(993)	(770)
Net cash (used in)/generated from financing activities	<u>(328,799)</u>	<u>966,714</u>
Net increase/(decrease) in cash and cash equivalents	5,603,962	(1,919,388)
Cash and cash equivalents		
- at the beginning of the financial year	<u>14,754,516</u>	<u>16,673,904</u>
- at the end of the financial year	<u>20,358,478</u>	<u>14,754,516</u>
Cash and cash equivalents comprise the following:		
Cash and short term funds	20,358,496	14,754,516
Overdrafts	(18)	-
	<u>20,358,478</u>	<u>14,754,516</u>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.



**RHB CAPITAL BERHAD (312952 – H)  
CONDENSED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	Twelve months ended	
	31 Dec 2011	31 Dec 2010
	RM'000	RM'000
<b>Company</b>		
<b>Cash flows from operating activities</b>		
Profit before taxation	266,254	429,944
Adjustments for:		
Interest expense	144,361	145,663
Unrealised foreign exchange loss/(gain)	49	(648)
Property, plant and equipment		
- depreciation	220	158
- gain on disposal	(91)	-
Impairment loss on other assets	-	683
Dividend income	(434,215)	(593,026)
Interest income	(2,472)	(1,246)
Operating loss before working capital changes	(25,894)	(18,472)
Increase in deposits and placements with banks and other financial institutions	(38)	(31)
Decrease/(increase) in inter-company balances	21,346	(34,476)
Increase in other assets	(896)	(434)
Decrease in other liabilities	(1,296)	(1,430)
Cash used in operations	(6,778)	(54,843)
Taxation refunded	59,570	-
Net cash generated from/(used in) operating activities	52,792	(54,843)
<b>Cash flows from investing activities</b>		
Dividend income received from subsidiaries	325,661	445,270
Interest income received	1,209	409
Purchase of property, plant and equipment	(98)	(585)
Proceeds from disposal of property, plant and equipment	91	-
Acquisition of additional interest in a subsidiary	-	(45,125)
Net cash generated from investing activities	326,863	399,969
<b>Cash flows from financing activities</b>		
Proceeds from shares issued pursuant to DRP	373,710	-
Drawdown of borrowings	280,290	620,100
Repayment of borrowings	(724,650)	(187,300)
Interest expense paid	(150,679)	(168,888)
Dividends paid to equity holders of the Company	(476,825)	(362,591)
Net cash used in financing activities	(698,154)	(98,679)
Net (decrease)/increase in cash and cash equivalents	(318,499)	246,447
Cash and cash equivalents		
- at the beginning of the financial year	346,009	99,562
- at the end of the financial year	27,510	346,009
Cash and cash equivalents comprise the following:		
Cash and short term funds	27,528	346,009
Overdrafts	(18)	-
	27,510	346,009

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**A1. Basis of Preparation**

The condensed financial statements are audited and has been prepared in compliance with Financial Reporting Standard ('FRS') 134, 'Interim Financial Reporting' issued by the Malaysian Accounting Standards Board ('MASB') and should be read in conjunction with the audited financial statements of the Group and the Company for the last financial year ended 31 December 2010.

The accounting policies and presentation adopted by the Group and the Company for the condensed financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2010, except for the adoption of the following relevant accounting standards, amendments to published accounting standards and interpretations to existing accounting standards which are effective from 1 January 2011:

Revised FRS 1	First-Time Adoption of FRS
Revised FRS 3	Business Combinations
Revised FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 7	Financial Instruments: Disclosure - Improving Disclosures About Financial Instruments
Amendments to FRS 1	First-Time Adoption of FRS
Amendments to FRS 132	Financial Instruments: Presentation - Classification of Right Issues
IC Interpretation 4	Determining Whether an Arrangement Contains A Lease
IC Interpretation 17	Distributions of Non-Cash Assets to Owners
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
Improvements to FRSs (2010)	

The revised FRS 3 'Business Combinations' (effective prospectively from 1 July 2010) continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

The revised FRS 127 'Consolidated and Separate Financial Statements' (applies prospectively to transactions with non-controlling interests from 1 July 2010) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. When this standard is effective, all earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attributable losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attributable to non-controlling interests for prior years is not restated. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured at fair value, and a gain or loss is recognised in profit or loss.

The adoption of the above accounting standards, amendments to published accounting standards and interpretations to existing accounting standards does not give rise to any material financial effects to the Group and the Company.



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**A2. Auditors' Report**

The auditors' report for the financial year ended 31 December 2010 was not subject to any qualification.

**A3. Seasonal or Cyclical Factors**

The business operations of the Group and the Company have not been affected by any material seasonal or cyclical factors.

**A4. Exceptional or Unusual Items**

There were no exceptional or unusual items for the financial year ended 31 December 2011.

**A5. Changes in Estimates**

There were no material changes in estimates of amount reported in prior financial years that have a material effect in the current financial year.

**A6. Changes in Debt and Equity Securities**

During the financial year ended 31 December 2011, the Company increased its issued and paid up share capital from:

- (a) RM2,153,474,695 to RM2,191,916,339 via issuance of 38,441,644 new ordinary shares of RM1.00 each arising from DRP, as stated in note B6(c), relating to the final dividend of 21.38% less 25% tax in respect of financial year ended 31 December 2010 on 23 May 2011; and
- (b) RM2,191,916,339 to RM2,204,818,717 via issuance of 12,902,378 new ordinary shares of RM1.00 each arising from DRP, as stated in note B6(c), relating to the interim dividend of 8.00% less 25% tax in respect of financial year ended 31 December 2011 on 16 November 2011.

The new ordinary shares issued during the financial year rank *pari passu* in all respects with the existing shares of the Company.

Other than the above, there were no share cancellations, share buy-backs, shares held as treasury shares, resale of treasury shares and repayment of debt and equity securities by the Company.

**A7. Dividends Paid**

During the financial year ended 31 December 2011, the Company has paid the following dividends:

- (a) a final dividend of 21.38% less 25% income tax amounting to RM345.3 million in respect of the financial year ended 31 December 2010 on 20 May 2011. The reinvestment rate subsequent to the completion of DRP was 84.17%.
- (b) an interim dividend of 8.00% less 25% income tax amounting to RM131.5 million in respect of the financial year ended 31 December 2011 on 15 November 2011. The reinvestment rate subsequent to the completion of DRP was 63.20%.



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	4th quarter ended		Twelve months ended	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
<b>A8. Interest Income</b>				
<b><u>Group</u></b>				
Loans, advances and financing	<b>1,147,778</b>	1,021,832	<b>4,360,990</b>	3,648,803
Money at call and deposits and placements with banks and other financial institutions	<b>102,743</b>	62,651	<b>331,854</b>	297,233
Securities purchased under resale agreements	<b>1,040</b>	206	<b>5,510</b>	6,857
Financial assets held-for-trading	<b>4,384</b>	3,373	<b>21,468</b>	19,913
Financial investments AFS	<b>78,840</b>	107,004	<b>362,258</b>	365,091
Financial investments held-to-maturity	<b>135,375</b>	141,036	<b>475,000</b>	418,858
Others	<b>1,470</b>	2,565	<b>7,248</b>	15,246
	<b><u>1,471,630</u></b>	<u>1,338,667</u>	<b><u>5,564,328</u></b>	<u>4,772,001</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<b><u>4,051</u></b>	<u>(4,312)</u>	<b><u>19,674</u></b>	<u>25,433</u>
<b><u>Company</u></b>				
Money at call and deposits and placements with banks and other financial institutions	<b>333</b>	273	<b>1,154</b>	273
Others	<b>261</b>	764	<b>1,318</b>	973
	<b><u>594</u></b>	<u>1,037</u>	<b><u>2,472</u></b>	<u>1,246</u>



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	4th quarter ended		Twelve months ended	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
<b>A9. Interest Expense</b>				
<b><u>Group</u></b>				
Deposits and placements of banks and other financial institutions	67,154	39,215	199,545	129,101
Deposits from customers	583,727	445,005	2,138,315	1,522,873
Borrowings	35,138	36,453	137,808	143,365
Subordinated obligations	44,244	42,429	170,180	151,476
Hybrid Tier-1 Capital Securities	11,354	11,349	45,035	44,950
Recourse obligation on loans sold to Cagamas	8,098	12,184	32,424	52,022
Others	13,069	12,868	53,688	54,990
	<u>762,784</u>	<u>599,503</u>	<u>2,776,995</u>	<u>2,098,777</u>
<b><u>Company</u></b>				
Borrowings	<u>36,703</u>	<u>37,648</u>	<u>144,361</u>	<u>145,663</u>





**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	4th quarter ended		Twelve months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
<b>A10. Other Operating Income</b>				
<b>Group</b>				
<b>Fee income</b>				
- Service charges and fees	46,858	50,521	191,262	166,876
- Commission	30,301	27,238	112,175	110,620
- Guarantee fees	10,600	9,530	36,482	35,572
- Commitment fees	11,766	13,203	49,910	52,896
- Net brokerage	16,301	24,656	87,796	83,353
- Fund management fees	5,035	9,668	20,127	24,345
- Corporate advisory fees	4,460	4,130	11,985	16,604
- Underwriting and arrangement fees	2,418	6,333	19,064	34,481
- Unit trust fee income	571	791	3,196	1,190
- Other fee income	9,745	7,594	36,652	28,084
	<b>138,055</b>	<b>153,664</b>	<b>568,649</b>	<b>554,021</b>
<b>Net gain arising from financial assets held-for-trading</b>				
- net gain on disposal	6,491	8,392	47,604	39,119
- unrealised gain on revaluation	10,860	679	2,045	8,847
- gross dividend income	704	710	3,660	2,348
	<b>18,055</b>	<b>9,781</b>	<b>53,309</b>	<b>50,314</b>
<b>Net (loss)/gain on revaluation of derivatives</b>	<b>(12,113)</b>	<b>18,601</b>	<b>(65,848)</b>	<b>39,643</b>
<b>Net gain arising from financial investments AFS</b>				
- net gain on disposal	38,531	12,394	66,839	79,159
- gross dividend income	9,227	2,692	21,906	8,450
	<b>47,758</b>	<b>15,086</b>	<b>88,745</b>	<b>87,609</b>
<b>Net gain arising from financial investments held-to-maturity</b>				
- net gain on redemption	7	2,264	3,906	3,644
- gross dividend income	-	-	-	45
	<b>7</b>	<b>2,264</b>	<b>3,906</b>	<b>3,689</b>



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	4th quarter ended		Twelve months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
<b>A10. Other Operating Income (continued)</b>				
<b>Other income</b>				
- Foreign exchange gain/(loss)				
- realised	(40,305)	40,956	287,642	166,143
- unrealised	110,001	5,306	11,095	21,310
- Insurance underwriting surplus before management expenses	3,749	14,020	64,035	60,440
- Rental income	1,113	771	3,150	2,822
- Net gain on disposal of property, plant and equipment	-	5,901	5,057	6,841
- Other operating income	15,854	12,448	54,876	47,064
- Other non-operating income	998	732	6,883	3,411
	<u>91,410</u>	<u>80,134</u>	<u>432,738</u>	<u>308,031</u>
	<u>283,172</u>	<u>279,530</u>	<u>1,081,499</u>	<u>1,043,307</u>
<b>Company</b>				
<b>Gross dividend income from:</b>				
- Subsidiaries	-	14,000	434,215	593,026
<b>Other income</b>				
- Foreign exchange (loss)/gain				
- unrealised	(34)	(69)	(49)	648
- Net gain on disposal of property, plant and equipment	-	-	91	-
	<u>(34)</u>	<u>(69)</u>	<u>42</u>	<u>648</u>
	<u>(34)</u>	<u>13,931</u>	<u>434,257</u>	<u>593,674</u>



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	4th quarter ended		Twelve months ended	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
<b>A11. Other Operating Expenses</b>				
<b>Group</b>				
<b>Personnel costs</b>				
- Salaries, bonus, wages and allowances	225,457	195,549	914,366	765,860
- Defined contribution plan	34,375	29,339	138,927	115,511
- Other staff related costs	48,473	30,490	129,088	79,394
	<b>308,305</b>	<b>255,378</b>	<b>1,182,381</b>	<b>960,765</b>
<b>Establishment costs</b>				
- Property, plant and equipment				
- Depreciation	16,791	29,546	100,052	98,951
- Written off	2	-	27	10
- Information technology expenses	29,269	32,861	113,882	112,436
- Repair and maintenance	6,106	2,589	23,675	20,253
- Security and escorting charges	10,027	11,298	35,861	28,345
- Rental of premises	22,053	10,658	61,308	44,158
- Water and electricity	6,145	5,644	24,263	20,708
- Rental of equipment	2,024	2,380	9,399	9,901
- Insurance	1,234	(8,263)	2,973	13,043
- Others	1,985	2,325	9,224	8,645
	<b>95,636</b>	<b>89,038</b>	<b>380,664</b>	<b>356,450</b>
<b>Marketing expenses</b>				
- Sales commission	6,365	4,000	23,731	9,959
- Advertisements and publicity	34,300	30,820	76,570	56,678
- Dealers' handling and warranty fees	-	62	-	62
- Others	9,213	16,155	45,582	64,891
	<b>49,878</b>	<b>51,037</b>	<b>145,883</b>	<b>131,590</b>
<b>Administration and general expenses</b>				
- Communication expenses	28,344	20,494	101,493	83,865
- Legal and professional fee	4,679	5,428	10,448	15,839
- Others	20,695	27,355	82,417	91,139
	<b>53,718</b>	<b>53,277</b>	<b>194,358</b>	<b>190,843</b>
	<b>507,537</b>	<b>448,730</b>	<b>1,903,286</b>	<b>1,639,648</b>



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	4th quarter ended		Twelve months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
<b>A11. Other Operating Expenses (continued)</b>				
<b><u>Company</u></b>				
<b>Personnel costs</b>				
- Salaries, bonus, wages and allowances	1,998	2,044	10,475	9,022
- Defined contribution plan	375	317	1,725	1,437
- Other staff related costs	743	393	2,054	1,469
	<b>3,116</b>	<b>2,754</b>	<b>14,254</b>	<b>11,928</b>
<b>Establishment costs</b>				
- Rental of premises	298	276	1,196	1,151
- Depreciation of property, plant and equipment	58	80	220	158
- Repair and maintenance	63	55	189	224
- Security and escorting charges	8	9	34	35
- Rental of equipment	5	14	31	46
- Water and electricity	51	17	111	71
- Information technology expenses	-	5	3	11
- Insurance	-	-	3	2
	<b>483</b>	<b>456</b>	<b>1,787</b>	<b>1,698</b>
<b>Marketing expenses</b>				
- Advertisements and publicity	304	35	1,502	637
- Others	98	34	358	274
	<b>402</b>	<b>69</b>	<b>1,860</b>	<b>911</b>
<b>Administration and general expenses</b>				
- Communication expenses	109	101	350	325
- Legal and professional fee	2,615	1,272	4,851	2,815
- Others	181	216	3,012	953
	<b>2,905</b>	<b>1,589</b>	<b>8,213</b>	<b>4,093</b>
	<b>6,906</b>	<b>4,868</b>	<b>26,114</b>	<b>18,630</b>



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	4th quarter ended		Twelve months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
<b>A12. Allowance for Impairment on Loans, Financing and Other Losses</b>				
<b><u>Group</u></b>				
Allowance for impaired loans and financing:				
- Individual impairment allowance made	69,885	115	112,087	183,114
- Collective impairment allowance made	112,300	105,346	544,135	418,963
Impaired loans and financing recovered	(88,478)	(39,869)	(332,445)	(182,786)
Allowance made/(write back) for impairment on other assets	1,417	(103)	3,709	(3,719)
	<u>95,124</u>	<u>65,489</u>	<u>327,486</u>	<u>415,572</u>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	Group	
	As at 31 Dec 2011 RM'000	As at 31 Dec 2010 RM'000
<b>A13. Financial Assets Held-for-trading</b>		
<b>At fair value</b>		
<b><u>MONEY MARKET INSTRUMENTS:</u></b>		
Malaysian government securities	21,119	-
Malaysian government investment issues	144,220	45,621
Bank Negara Malaysia ('BNM') monetary notes	808,374	366,768
Negotiable instruments of deposits	-	51,502
Singapore government treasury bills	275,519	119,367
Thailand government bonds	-	10,216
Wakala global sukuk	16,495	-
Khazanah bonds	53,767	-
<b><u>QUOTED SECURITIES:</u></b>		
<b>In Malaysia</b>		
Shares	67,981	69,896
Unit trusts	3,451	1,059
<b>Outside Malaysia</b>		
Shares	2,524	2,457
<b><u>UNQUOTED SECURITIES:</u></b>		
<b>In Malaysia</b>		
Private debt securities	108,308	105,368
	<u>1,501,758</u>	<u>772,254</u>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	Group	
	As at 31 Dec 2011 RM'000	As at 31 Dec 2010 RM'000
<b>A14. Financial Investments Available-for-sale</b>		
<b>At fair value</b>		
<b><u>MONEY MARKET INSTRUMENTS:</u></b>		
Malaysian government securities	1,666,771	4,520,680
Malaysian government investment issues	2,907,749	3,080,615
Cagamas bonds	82,056	591,416
Khazanah bonds	12,638	11,984
Negotiable instruments of deposits	-	108,163
Banker's acceptances and Islamic accepted bills	-	93,868
Singapore government securities	232,275	128,445
Singapore government treasury bills	73,155	26,258
Thailand government bonds	85,870	112,140
1 Malaysia sukuk	291,592	86,032
Wakala global sukuk	115,164	-
<b><u>QUOTED SECURITIES:</u></b>		
<b>In Malaysia</b>		
Corporate loan stocks	15,434	15,408
Shares	4,503	4,310
<b>Outside Malaysia</b>		
Shares	23	17
<b><u>UNQUOTED SECURITIES:</u></b>		
<b>In Malaysia</b>		
Private debt securities	4,384,508	3,910,065
Shares	406,680	360,862
Corporate loan stocks	127,875	129,634
Unit trusts	278,883	168,495
Redeemable convertible preference shares	15,130	13,980
<b>Outside Malaysia</b>		
Private debt securities	5,901	11,921
Corporate loan stocks	574	564
	<b>10,706,781</b>	<b>13,374,857</b>

As at 31 December 2011, the carrying value of financial investments available-for-sale which was transferred from financial assets held-for-trading in previous financial years amounted to RM580,456,000 (2010: RM1,512,298,000).



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	Group	
	As at 31 Dec 2011 RM'000	As at 31 Dec 2010 RM'000
<b>A15. Financial Investments Held-to-maturity</b>		
<b>At amortised cost</b>		
<b><u>MONEY MARKET INSTRUMENTS:</u></b>		
Malaysian government securities	2,814,685	2,993,642
Malaysian government investment issues	3,304,614	1,371,160
Cagamas bonds and Cagamas Mudharabah bonds	1,963,279	773,645
Khazanah bonds	63,418	52,631
Negotiable instruments of deposits	1,005,545	1,103,432
Singapore government securities	123,462	120,730
Thailand government securities	240,210	223,230
Sukuk (Brunei) Incorporation	53,682	23,873
Singapore government treasury bills	-	9,549
Bankers' acceptances	271,632	-
Wakala global sukuk	203,078	-
<b><u>UNQUOTED SECURITIES:</u></b>		
<b>In Malaysia</b>		
Private debt securities	3,207,217	2,420,343
Corporate loan stocks	56,283	81,107
Bonds	883	883
Prasarana bonds	990,911	1,860,387
<b>Outside Malaysia</b>		
Private debt securities	19,063	18,520
Structured notes	-	32,564
	<b>14,317,962</b>	11,085,696
Accumulated impairment losses	<b>(224,053)</b>	(216,146)
	<b>14,093,909</b>	10,869,550

As at 31 December 2011, the carrying value of financial investments held-to-maturity which was transferred from financial assets held-for-trading in previous financial years amounted to RM19,063,000 (2010: RM26,038,000). The fair value of the financial investments as at 31 December 2011 amounted to RM20,643,000 (2010: RM27,350,000).





**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	Group	
	As at 31 Dec 2011 RM'000	As at 31 Dec 2010 RM'000
<b>A16. Loans, Advances and Financing</b>		
<b>At amortised cost</b>		
Overdrafts	5,692,203	6,092,693
Term loans/financing		
- housing loans/financing	20,048,347	18,277,357
- syndicated term loans/financing	2,923,017	2,033,985
- hire-purchase receivables	12,946,664	10,956,570
- lease receivables	116,243	146,399
- other term loans/financing	42,945,799	33,530,820
Bills receivable	1,644,601	1,507,021
Trust receipts	382,657	343,170
Claims on customers under acceptance credits	4,740,650	4,632,725
Staff loans/financing	316,813	350,587
Credit/charge cards receivables	1,780,088	1,644,995
Revolving credits/financing	3,757,981	4,193,922
Gross loans, advances and financing	<u>97,295,063</u>	<u>83,710,244</u>
Allowance for impaired loans, advances and financing		
- individual impairment allowance	(813,086)	(855,782)
- collective impairment allowance	(1,658,463)	(1,626,369)
Net loans, advances and financing	<u>94,823,514</u>	<u>81,228,093</u>

Included in term loans are housing loans sold to Cagamas with recourse amounting to RM1,161,814,000 (2010: RM818,503,000).



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	Group	
	As at 31 Dec 2011 RM'000	As at 31 Dec 2010 RM'000
<b>A16. Loans, Advances and Financing (continued)</b>		
<b>(a) By type of customer</b>		
Domestic non-bank financial institutions		
- others	937,008	315,707
Domestic business enterprises		
- small medium enterprises	11,526,250	11,044,473
- others	23,974,436	22,141,219
Government and statutory bodies	11,148,102	9,204,927
Individuals	43,863,302	36,474,819
Other domestic entities	10,651	8,324
Foreign entities	5,835,314	4,520,775
	<u>97,295,063</u>	<u>83,710,244</u>
<b>(b) By geographical distribution</b>		
In Malaysia	92,738,540	80,067,443
Outside Malaysia		
- Singapore operations	4,211,647	3,191,218
- Thailand operations	232,363	297,308
- Brunei operations	112,513	154,275
	<u>97,295,063</u>	<u>83,710,244</u>
<b>(c) By interest/profit rate sensitivity</b>		
Fixed rate		
- housing loans/financing	1,611,848	1,523,367
- hire-purchase receivables	12,946,664	10,956,595
- other fixed rate loans/financing	16,523,187	14,207,886
Variable rate		
- base lending/financing rate plus	38,671,366	32,736,627
- cost-plus	23,119,640	19,946,768
- other variable rates	4,422,358	4,339,001
	<u>97,295,063</u>	<u>83,710,244</u>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	Group	
	As at 31 Dec 2011 RM'000	As at 31 Dec 2010 RM'000
<b>A16. Loans, Advances and Financing (continued)</b>		
<b>(d) By purpose</b>		
Purchase of securities	6,981,579	4,007,645
Purchase of transport vehicles	11,736,487	9,567,623
Purchase of landed property:		
- residential	20,518,413	18,841,064
- non-residential	5,277,215	4,761,379
Purchase of property, plant and equipment other than land and building	3,237,824	3,336,170
Personal use	4,951,590	3,535,354
Credit card	1,780,088	1,644,995
Purchase of consumer durables	43,477	54,295
Construction	3,024,166	2,593,596
Working capital	20,317,631	20,693,990
Merger and acquisition	4,200,239	2,432,562
Other purpose	15,226,354	12,241,571
	<u>97,295,063</u>	<u>83,710,244</u>
<b>(e) By remaining contractual maturities</b>		
Maturity within one year	30,817,572	28,641,800
One year to three years	6,144,125	4,692,466
Three years to five years	10,377,475	10,023,354
Over five years	49,955,891	40,352,624
	<u>97,295,063</u>	<u>83,710,244</u>



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	Group	
	As at 31 Dec 2011 RM'000	As at 31 Dec 2010 RM'000
<b>A16. Loans, Advances and Financing (continued)</b>		
<b>(f) Impaired loans, advances and financing</b>		
<b>(i) Movements in impaired loans, advances and financing</b>		
Balance as at the beginning of the financial year	3,672,175	4,637,568
Classified as impaired	3,711,482	3,881,193
Reclassified as non-impaired	(2,823,223)	(2,789,193)
Amount recovered	(609,133)	(961,325)
Amount written off	(604,997)	(1,084,148)
Exchange difference	4,802	(11,920)
Balance as at the end of the financial year	<u>3,351,106</u>	<u>3,672,175</u>
<b>(ii) By purpose</b>		
Purchase of securities	86,656	83,475
Purchase of transport vehicles	262,927	241,331
Purchase of landed property:		
- residential	1,037,375	1,163,245
- non-residential	197,116	251,257
Purchase of property, plant and equipment other than land and building	142,397	203,251
Personal use	72,931	90,835
Credit card	89,000	78,954
Purchase of consumer durables	1,989	2,983
Construction	235,040	174,628
Working capital	1,200,665	1,370,284
Other purpose	25,010	11,932
	<u>3,351,106</u>	<u>3,672,175</u>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	Group	
	As at 31 Dec 2011 RM'000	As at 31 Dec 2010 RM'000
<b>A16. Loans, Advances and Financing (continued)</b>		
<b>(f) Impaired loans, advances and financing (continued)</b>		
<b>(iii) By geographical distribution</b>		
In Malaysia	3,254,540	3,516,560
Outside Malaysia		
- Singapore operations	66,581	127,892
- Thailand operations	22,440	22,371
- Brunei operations	7,545	5,352
	<u>3,351,106</u>	<u>3,672,175</u>
<b>(iv) Movements in allowance for impaired loans, advances and financing</b>		
<u>Individual impairment allowance</u>		
Balance as at the beginning of the financial year	855,782	1,351,202
Allowance made	139,376	256,823
Amount recovered	(27,289)	(73,709)
Amount written off	(155,738)	(672,014)
Exchange difference	955	(6,520)
Balance as at the end of the financial year	<u>813,086</u>	<u>855,782</u>
<u>Collective impairment allowance</u>		
Balance as at the beginning of the financial year	1,626,369	1,614,354
Allowance made	740,820	677,250
Amount recovered	(196,685)	(258,287)
Amount written off	(513,619)	(403,105)
Exchange difference	1,578	(3,843)
Balance as at the end of the financial year	<u>1,658,463</u>	<u>1,626,369</u>



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	Group		Company	
	As at	As at	As at	As at
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
<b>A17. Other Assets</b>				
Other debtors, deposits and prepayments	417,075	322,193	41,684	40,832
Reinsurance assets	162,375	154,448	-	-
Deposit for proposed acquisition of PT Bank Mestika Dharma (refer to Note B6(a))	112,515	112,515	112,515	112,515
	<u>691,965</u>	<u>589,156</u>	<u>154,199</u>	<u>153,347</u>

	Group	
	As at	As at
	31 Dec 2011	31 Dec 2010
	RM'000	RM'000
<b>A18. Deposits from Customers</b>		
<b>(a) By type of deposits</b>		
Demand deposits	21,435,927	19,523,082
Savings deposits	6,359,910	5,832,118
Fixed/investment deposits	87,946,325	68,829,333
Negotiable instruments of deposits	118,422	249,295
	<u>115,860,584</u>	<u>94,433,828</u>
<b>(b) By type of customer</b>		
Government and statutory bodies	12,738,623	8,424,043
Business enterprises	65,868,672	54,623,226
Individuals	31,171,620	27,507,468
Others	6,081,669	3,879,091
	<u>115,860,584</u>	<u>94,433,828</u>
<b>(c) By maturity structure of fixed/investment deposits and negotiable instruments of deposits</b>		
Due within six months	71,800,822	58,855,201
Six months to one year	14,779,575	9,744,919
One year to three years	1,440,291	449,560
Three years to five years	44,059	28,948
	<u>88,064,747</u>	<u>69,078,628</u>



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	Group	
	As at	As at
	31 Dec 2011	31 Dec 2010
	RM'000	RM'000
<b>A19. Deposits and Placements of Banks and Other Financial Institutions</b>		
Licensed banks	6,173,594	5,228,464
Licensed Islamic banks	73,654	-
Licensed investment banks	423,382	153,442
BNM	1,273,358	2,197,885
Other financial institutions	2,087,587	2,486,366
	<u>10,031,575</u>	<u>10,066,157</u>

	Group		Company	
	As at	As at	As at	As at
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
<b>A20. Other Liabilities</b>				
Other creditors and accruals	826,194	841,486	1,361	2,218
General insurance contract liabilities	433,933	379,176	-	-
Short term employee benefits	163,241	150,461	1,954	2,393
Lessee deposits	54,756	65,050	-	-
Prepaid instalment	79,774	77,670	-	-
Remisiers' trust deposits	9,306	10,016	-	-
Amount due to Danaharta	1,804	1,796	-	-
Amount payable for creation of units due to funds	13,685	2,069	-	-
	<u>1,582,693</u>	<u>1,527,724</u>	<u>3,315</u>	<u>4,611</u>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**A21. Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is the person or group that allocates resources to and assesses the performance of the operating segments of an entity.

For the current financial year, the Group's business segments can be organised into the following main segments reflecting the Group's internal reporting structure:

(a) Corporate and Investment Banking

Corporate and Investment Banking caters to funding or lending needs of corporate customers including public listed corporations and its related entities, multinational corporations (including Japanese), financial institutions and Government and state owned entities. Included under Corporate Banking are offshore banking activities carried out by RHB Bank (L) Ltd whose borrowing and lending facilities are offered in major currencies mainly to corporate customers.

Investment banking provides services for advisory, fund raising in the structuring and issuance of debt securities and capital market instruments, corporate and debt restructuring, mergers and acquisitions, private placements, underwriting and structuring of bilateral lending, project financing, loans syndication, infrastructure financing, initial public offerings of equity related instruments, private placements and underwriting. This segment also covers facilities for equity share trading in local and foreign markets, share margin financing, futures broking products and services, custodian and nominees services, investment cash management and unit trust funds.

(b) Retail Banking

Retail Banking focuses on providing products and services to individual customers. The products and services offered to customers include credit facilities (mortgages, hire purchase financing, study loans, lease financing and personal loans), credit cards, remittance services, deposit collection and investment products.

(c) Business Banking

Business Banking caters to funding or lending needs to small and medium sized enterprises.

(d) Group Treasury

Group Treasury operations are involved in proprietary trading in fixed income securities and foreign exchange, derivatives trading and structuring, managing customer-based foreign exchange and money market transactions, funding and investments in ringgit and foreign currencies.

(e) Islamic Banking business

Islamic Banking business focuses on providing a full range of commercial banking products and services in accordance with the principles of Shariah to individual customers, corporate clients, government and state owned entities as well as small and medium sized enterprises.

(f) Global Financial Banking

Global Financial Banking focuses on providing banking related products and services tailored to the specific needs in foreign countries. Currently, the Group has established foreign operations in Singapore, Thailand and Brunei.





**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**A21. Segment Reporting (continued)**

For the current financial year, the Group's business segments can be organised into the following main segments reflecting the Group's internal reporting structure: (continued)

(g) Support center and others

Support center and others comprise of results from other business segments in the Group (nominee services, property investment and rental, dormant operations and other related financial services), funding center of the commercial banking subsidiary and investment holding company, whose results are not material to the Group and therefore do not render separate disclosure in the financial statements and thus, have been reported in aggregate.

The business segment results are prepared based on the Group's internal management reporting, which reflects the organisation's management reporting structure. Internal allocation of costs for example back office support, centralised cost, funding centre and the application of transfer pricing, where appropriate, has been used in preparing the segmental reporting.

In line with the revision in the Group's internal management reporting framework during the financial year, the significant modification or revision on the basis of preparation and measurement of segment results are as follows:

- (i) Excluding the results of funding center from 'Group Treasury' segment; and
- (ii) Allocation of head office and back office support cost, which were previously classified as unallocated cost, to the respective business segments.

Following the change in the composition of the reportable segments, the Group has restated the corresponding items of segment information for previous financial year.

During the financial year, no one group of related customers accounted for more than 10% of the Group's revenue.



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**A21. Segment Reporting (continued)**

**Segment Analysis**

<b>2011</b>	<b>Corporate &amp; Investment Banking</b>	<b>Retail Banking</b>	<b>Business Banking</b>	<b>Group Treasury</b>	<b>Islamic Banking Business</b>	<b>Global Financial Banking</b>	<b>Support Center and Others</b>	<b>Inter-segment Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
External revenue	773,649	1,945,311	672,862	557,738	356,441	214,867	(213,118)	-	4,307,750
Inter-segment revenue	18,169	16,804	-	76,865	(72,868)	3,418	28,931	(71,319)	-
Segment revenue	791,818	1,962,115	672,862	634,603	283,573	218,285	(184,187)	(71,319)	4,307,750
Overhead expenses	(289,397)	(851,247)	(365,002)	(85,264)	(146,417)	(149,216)	(88,062)	71,319	(1,903,286)
Including:									
Depreciation of property, plant and equipment	(6,345)	(60,639)	(13,778)	(4,186)	(4,232)	(4,308)	(6,564)	-	(100,052)
Allowance (made)/write back for impairment on loans, financing and other losses	(25,296)	(286,541)	27,722	-	(57,808)	3,112	11,325	-	(327,486)
Impairment (losses)/write back on other assets	(5,082)	761	1,297	(74,253)	-	-	-	-	(77,277)
	472,043	825,088	336,879	475,086	79,348	72,181	(260,924)	-	1,999,701
Share of results of a joint venture									427
Profit before taxation									2,000,128
Taxation									(496,470)
Net profit for the financial year									1,503,658

The basis of measurement of segment profit & loss is consistent with those in previous financial year.



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**A21. Segment Reporting (continued)**

**Segment Analysis (continued)**

<u>2011</u>	<b>Corporate &amp; Investment Banking</b>	<b>Retail Banking</b>	<b>Business Banking</b>	<b>Group Treasury</b>	<b>Islamic Banking Business</b>	<b>Global Financial Banking</b>	<b>Support Center and Others</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Segment assets	31,496,244	42,780,775	10,827,108	42,740,862	13,675,266	9,045,978	476,934	151,043,167
Investments in a joint venture								24,956
Tax recoverable								232,957
Deferred tax assets								17,598
Unallocated assets								1,075,016
Total assets								<u><u>152,393,694</u></u>



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**A21. Segment Information (continued)**

**Segment Analysis (continued)**

<b>2010</b>	<b>Corporate &amp; Investment Banking RM'000</b>	<b>Retail Banking RM'000</b>	<b>Business Banking RM'000</b>	<b>Group Treasury RM'000</b>	<b>Islamic Banking Business RM'000</b>	<b>Global Financial Banking RM'000</b>	<b>Support Center and Others RM'000</b>	<b>Inter-segment Elimination RM'000</b>	<b>Total RM'000</b>
External revenue	796,305	1,645,533	662,567	593,550	267,548	186,487	(101,697)	-	4,050,293
Inter-segment revenue	14,085	14,411	-	13,213	(9,167)	2,711	24,683	(59,936)	-
Segment revenue	810,390	1,659,944	662,567	606,763	258,381	189,198	(77,014)	(59,936)	4,050,293
Overhead expenses	(272,222)	(711,671)	(326,237)	(88,220)	(133,305)	(112,345)	(55,584)	59,936	(1,639,648)
Including:									
Depreciation of property, plant and equipment	(8,810)	(55,765)	(12,371)	(3,882)	(8,371)	(4,050)	(5,702)	-	(98,951)
Allowance (made)/write back for impairment on loans, financing and other losses	28,593	(282,451)	(86,638)	-	(67,379)	(7,697)	-	-	(415,572)
Impairment (losses)/write back on other assets	(5,187)	(210)	150	(86,660)	(24,945)	20,264	-	-	(96,588)
	561,574	665,612	249,842	431,883	32,752	89,420	(132,598)	-	1,898,485
Share of results of an associate									12
Share of results of a joint venture									792
Profit before taxation									1,899,289
Taxation									(470,744)
Net profit for the financial year									1,428,545



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**A21. Segment Information (continued)**

**Segment Analysis (continued)**

<b><u>2010</u></b>	<b>Corporate &amp; Investment Banking RM'000</b>	<b>Retail Banking RM'000</b>	<b>Business Banking RM'000</b>	<b>Group Treasury RM'000</b>	<b>Islamic Banking Business RM'000</b>	<b>Global Financial Banking RM'000</b>	<b>Support Center and Others RM'000</b>	<b>Total RM'000</b>
Segment assets	27,635,657	36,728,049	10,596,481	35,871,671	9,108,128	7,672,544	443,903	128,056,433
Investments in a joint venture								25,044
Tax recoverable								129,371
Deferred tax assets								261,105
Unallocated assets								853,542
Total assets								<u>129,325,495</u>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**A22. Valuation of Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

**A23. Material Events Subsequent to the Balance Sheet Date**

There were no material events subsequent to the balance sheet date that have not been reflected in the financial statements.

**A24. Changes in Composition of the Group**

There were no significant changes in the composition of the Group for the financial year ended 31 December 2011.



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**A25. Changes In Contingent Liabilities Since The Last Annual Balance Sheet Date**

**(a) Commitments and Contingencies**

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. Apart from the allowance for commitments and contingencies already made in the interim financial statements, no material losses are anticipated as a result of these transactions.

The commitments and contingencies comprise the following:

<b>Group</b>	<b>As at 31 Dec 2011</b>			<b>As at 31 Dec 2010</b>		
	<b>Principal amount</b>	<b>Credit equivalent amount*</b>	<b>Risk weighted amount</b>	<b>Principal amount</b>	<b>Credit equivalent amount*</b>	<b>Risk weighted amount</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Direct credit substitutes	1,507,861	1,437,755	1,217,657	2,366,972	2,301,345	2,575,444
Transaction-related contingent items	2,190,162	1,070,872	870,820	1,905,733	929,964	963,854
Short term self-liquidating trade-related contingencies	902,010	178,398	97,424	825,269	162,953	125,968
Obligations under underwriting agreements	329,500	164,750	125,500	206,762	103,381	44,300
Other assets sold with recourse and commitments with certain drawdown	-	-	-	4,718	4,718	-
Irrevocable commitments to extend credit						
- maturity not exceeding one year	10,214,616	1,978,589	1,316,754	31,965,921	1,582,218	955,370
- maturity exceeding one year	25,028,693	5,197,837	3,604,762	4,492,386	1,302,303	1,079,919
Foreign exchange related contracts						
- less than one year	13,558,443	377,570	175,414	14,267,825	306,554	157,387
- one year to less than five years	1,767,969	536,076	296,040	1,183,447	564,225	300,962
Interest rate related contracts						
- less than one year	4,325,536	9,854	2,843	2,676,825	11,996	3,173
- one year to less than five years	13,651,528	356,432	113,262	9,980,957	316,358	77,240
- more than five years	685,000	67,359	17,992	530,000	50,241	10,048
Commodity contracts						
- less than one year	-	-	-	17,628	-	-
Others	-	-	-	97,205	-	-
	<b>74,161,318</b>	<b>11,375,492</b>	<b>7,838,468</b>	<b>70,521,648</b>	<b>7,636,256</b>	<b>6,293,665</b>

\* The credit equivalent amount is arrived at using the credit conversion factors as per BNM's guidelines. Foreign exchange, interest rate and commodity related contracts are subject to market risk and credit risk.



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**A25. Changes In Contingent Liabilities Since The Last Annual Balance Sheet Date (continued)**

**(a) Commitments and Contingencies (continued)**

The credit equivalent amount ('CE') and risk weighted amount ('RWA') of the Group are an aggregate of CE and RWA of:

- (i) its commercial banking subsidiary, which is computed in accordance with BNM's Guidelines on Risk Weighted Capital Adequacy Framework: Internal Ratings Based ('IRB') Approach for Credit Risk, Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk (Basel II);
- (ii) its Islamic banking subsidiary, which is computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks ('CAFIB'): Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk (Basel II); and
- (iii) its investment banking subsidiary, which is computed in accordance with BNM's Guidelines on Risk Weighted Capital Adequacy Framework: Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

RHB Bank Berhad ('RHB Bank') has given a continuing guarantee to BNM to meet the liabilities and financial obligations and requirements of its subsidiary, RHB Bank (L) Ltd, arising from its offshore banking business in the Federal Territory of Labuan.

RHB Bank has also given a guarantee to the Ministry of Finance of Negara Brunei Darussalam to undertake any liabilities which may be incurred in respect of its branch in Brunei. In addition, RHB Bank has issued a guarantee to Bank of Thailand to provide support to meet any legal liabilities which may be incurred in respect of its branch in Bangkok.





**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**A25. Changes In Contingent Liabilities Since The Last Annual Balance Sheet Date (continued)**

**(b) Guarantees Issued**

As at balance sheet date, the Company has extended unsecured guarantees of RM68,000,000 (2010: RM68,000,000) for performance guarantees of one of its subsidiary companies.

**(c) Other Contingent Liabilities**

**(i) The Company**

On 19 October 2001, the Company filed a suit against Carta Bintang Sdn Bhd ('CBSB'), the vendor of SJ Securities Sdn Bhd ('SJ Securities'), for the recovery of the deposit of RM32,800,000 ('Deposit') paid by the Company pursuant to the sale and purchase agreement dated 7 November 2000 between CBSB and the Company for the sale and purchase of 60 million shares in SJ Securities. CBSB subsequently filed a counterclaim of RM258,688,153.42 together with interest thereon and costs (refer to Note B10(a) 'Material Litigation' for further details).

The suit is still ongoing and based on available documents, the solicitors for the Company are of the opinion that the chances of successfully recovering the Deposit are good, the prospects of successfully defending the counterclaim filed by CBSB against the Company are good and that the said counterclaim is unlikely to succeed.

In view of the above, the Company has not made any provision in relation to the said counterclaim, in the financial year ended 31 December 2011.

**A26. Capital Commitments**

	<b>Group</b>	
	<b>As at 31 Dec 2011</b>	<b>As at 31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Capital expenditure for property, plant and equipment:		
- authorised and contracted for	<b>72,783</b>	71,673
- authorised but not contracted for	<b>130,741</b>	103,668
	<b>203,524</b>	175,341
Proposed acquisition of PT Bank Mestika Dharma (refer to Note B6(a))	<b>1,050,611</b>	1,050,611
	<b>1,254,135</b>	1,225,952



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**A27. Capital Adequacy Ratio**

BNM guidelines on capital adequacy requires RHB Bank, RHB Investment Bank Berhad ('RHB Investment Bank') and RHB Islamic Bank Berhad ('RHB Islamic Bank') to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations. The capital adequacy ratio is computed based on the eligible capital in relation to the total risk-weighted assets as determined by BNM.

The capital ratios of RHB Bank are computed based on BNM's Guidelines on Risk Weighted Capital Adequacy Framework: IRB Approach for Credit Risk, Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk (Basel II). The capital ratios of RHB Investment Bank are computed based on BNM's Guidelines on Risk Weighted Capital Adequacy Framework: Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk (Basel II). The capital ratios of RHB Islamic Bank are computed based on BNM's Capital Adequacy Framework for Islamic Banks ('CAFIB'): Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

(a) The capital adequacy ratios of RHB Bank, RHB Investment Bank and RHB Islamic Bank are as follows:

	<b>RHB Bank<sup>®</sup></b>		<b>RHB Investment Bank</b>		<b>RHB Islamic Bank</b>	
	<b>As at 31 Dec 2011 RM'000</b>	<b>As at 31 Dec 2010 RM'000</b>	<b>As at 31 Dec 2011 RM'000</b>	<b>As at 31 Dec 2010 RM'000</b>	<b>As at 31 Dec 2011 RM'000</b>	<b>As at 31 Dec 2010 RM'000</b>
<b>Tier I capital</b>						
Paid-up ordinary share capital	<b>3,318,085</b>	3,318,085	<b>263,646</b>	263,646	<b>773,424</b>	523,424
Hybrid Tier-1 Capital Securities	<b>597,475</b>	597,227	-	-	-	-
Share premium	<b>8,563</b>	8,563	-	-	-	-
Retained profits	<b>3,338,769</b>	2,492,142	<b>53,198</b>	93,912	<b>271,298</b>	222,371
Other reserves (exclude AFS reserves)	<b>3,042,860</b>	2,673,342	<b>278,549</b>	278,549	<b>280,411</b>	231,484
Less: Deferred tax assets	<b>(62,951)</b>	(265,300)	<b>(3,365)</b>	(1,315)	<b>(9,105)</b>	(33,269)
Goodwill	<b>(905,519)</b>	(905,519)	<b>(159,280)</b>	(159,280)	-	-
Total Tier I capital	<b>9,337,282</b>	7,918,540	<b>432,748</b>	475,512	<b>1,316,028</b>	944,010
<b>Tier II capital</b>						
Subordinated obligations	<b>3,250,000</b>	3,000,000	<b>216,374</b>	237,756	-	-
Collective impairment allowance <sup>^</sup>	<b>376,254</b>	263,786	<b>893</b>	1,117	<b>135,113</b>	103,037
Total Tier II capital	<b>3,626,254</b>	3,263,786	<b>217,267</b>	238,873	<b>135,113</b>	103,037

<sup>®</sup> The capital adequacy ratios of RHB Bank consist of capital base and risk-weighted assets derived from RHB Bank and its wholly-owned offshore banking subsidiary, RHB Bank (L) Ltd.

<sup>^</sup> Excludes collective 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' issued on 8 January 2010 and subsequently updated on 26 January 2010 and 17 December 2010.



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**A27. Capital Adequacy Ratio (continued)**

(a) The capital adequacy ratios of RHB Bank, RHB Investment Bank and RHB Islamic Bank are as follows: (continued)

	<b>RHB Bank<sup>®</sup></b>		<b>RHB Investment Bank</b>		<b>RHB Islamic Bank</b>	
	<b>As at 31 Dec 2011</b>	<b>As at 31 Dec 2010</b>	<b>As at 31 Dec 2011</b>	<b>As at 31 Dec 2010</b>	<b>As at 31 Dec 2011</b>	<b>As at 31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Less:</b>						
Investments in subsidiaries	<b>(872,656)</b>	(622,656)	<b>(84,970)</b>	(84,970)	-	-
Investments in a joint venture	-	-	<b>(21,463)</b>	(27,399)	-	-
Securitisation exposures subject to deductions <sup>#</sup>	-	-	<b>(7,781)</b>	(1,086)	-	-
Excess of total expected loss over total eligible provision under the IRB approach	<b>(178,986)</b>	(199,127)	-	-	-	-
Other deductions*	<b>(3,787)</b>	(3,190)	<b>(440)</b>	(336)	<b>(24)</b>	(102)
Eligible Tier II Capital	<b>2,570,825</b>	2,438,813	<b>102,613</b>	125,082	<b>135,089</b>	102,935
<b>Total capital base</b>	<b>11,908,107</b>	10,357,353	<b>535,361</b>	600,594	<b>1,451,117</b>	1,046,945
<u>Before deducting proposed dividends</u>						
Core capital ratio	<b>12.76%</b>	10.79%	<b>36.43%</b>	32.47%	<b>12.65%</b>	12.23%
Risk-weighted capital adequacy ratio	<b>16.27%</b>	14.11%	<b>45.07%</b>	41.02%	<b>13.95%</b>	13.56%
<u>After deducting proposed dividends</u>						
Core capital ratio	<b>12.28%</b>	10.46%	<b>33.97%</b>	27.69%	<b>12.65%</b>	12.23%
Risk-weighted capital adequacy ratio	<b>15.79%</b>	13.79%	<b>41.37%</b>	33.85%	<b>13.95%</b>	13.56%

<sup>®</sup> The capital adequacy ratios of RHB Bank consist of capital base and risk-weighted assets derived from RHB Bank and its wholly-owned offshore banking subsidiary, RHB Bank (L) Ltd.

<sup>#</sup> Pursuant to Risk-Weighted Capital Adequacy Framework (Basel II - Risk Weighted Assets Computation), banking institutions that retain their own-originated securitisation positions rated below investment grade must deduct all of such exposures from its regulatory capital.

<sup>\*</sup> Pursuant to the Basel II Market Risk para 5.19 & 5.20 - Valuation Adjustments/Reserves, the Risk-Weighted Capital Ratio ('RWCR') computation shall account for the ageing, liquidity and holding back adjustments/reserves on its trading portfolio.



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**A27. Capital Adequacy Ratio (continued)**

(b) The breakdown of risk-weighted assets in the various categories of risk-weights are as follows:

	<b>RHB Bank<sup>®</sup></b>		<b>RHB Investment Bank</b>		<b>RHB Islamic Bank</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Credit risk	<b>64,345,943</b>	65,571,292	<b>658,111</b>	887,428	<b>9,226,700</b>	7,124,858
Market risk	<b>1,884,914</b>	1,232,084	<b>126,884</b>	161,901	<b>565,103</b>	30,513
Operational risk	<b>6,939,645</b>	6,559,217	<b>402,937</b>	414,976	<b>608,028</b>	566,538
Total risk-weighted assets	<b><u>73,170,502</u></b>	<u>73,362,593</u>	<b><u>1,187,932</u></b>	<u>1,464,305</u>	<b><u>10,399,831</u></b>	<u>7,721,909</u>

<sup>®</sup> The capital adequacy ratios of RHB Bank consist of capital base and risk-weighted assets derived from RHB Bank and its wholly-owned offshore banking subsidiary, RHB Bank (L) Ltd.



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	Group	
	As at 31 Dec 2011 RM'000	As at 31 Dec 2010 RM'000
<b>A28. Operations of Islamic Banking</b>		
<b>(a) Statement of Financial Position as at 31 December 2011</b>		
<b>ASSETS</b>		
Cash and short-term funds	5,613,844	1,076,367
Deposits and placements with banks and other financial institutions	70,077	40,062
Financial assets held-for-trading	433,531	218,928
Financial investments AFS	1,673,683	1,787,265
Financial investments held-to-maturity	1,398,138	1,073,159
Financing and advances	12,720,722	8,713,761
Other assets	87,194	41,538
Statutory deposits	606,455	105,140
Deferred tax assets	6,737	30,854
Tax recoverable	13,232	-
Property, plant and equipment	21,241	21,547
<b>Total assets</b>	<b>22,644,854</b>	<b>13,108,621</b>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>		
Deposits from customers	17,038,324	9,946,582
Deposits and placements of banks and other financial institutions	2,325,231	1,538,052
Bills and acceptances payable	13,773	12,124
Other liabilities	60,704	52,715
Taxation liabilities	-	170
<b>Total liabilities</b>	<b>19,438,032</b>	<b>11,549,643</b>
Islamic Banking Funds	3,206,822	1,558,978
<b>Total liabilities and Islamic Banking Funds</b>	<b>22,644,854</b>	<b>13,108,621</b>
Commitments and contingencies	4,630,857	3,519,220



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	4th quarter ended		Twelve months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000

**A28. Operations of Islamic Banking (continued)**

**(b) Income Statement for the financial year ended 31 December 2011**

**Group**

Income derived from investment of depositors' funds	<b>253,709</b>	150,682	<b>772,437</b>	492,413
Income derived from investment of shareholder's funds	<b>16,174</b>	5,157	<b>63,848</b>	53,685
Allowance for impairment on financing and advances	<b>(21,591)</b>	(6,866)	<b>(57,808)</b>	(67,379)
Impairment losses on other assets	-	(24,945)	-	(24,945)
Profit equalisation reserve	<b>10,047</b>	1,718	<b>(2,725)</b>	(201)
Total distributable income	<b>258,339</b>	125,746	<b>775,752</b>	453,573
Income attributable to depositors	<b>(135,525)</b>	(68,110)	<b>(394,642)</b>	(212,135)
	<b>122,814</b>	57,636	<b>381,110</b>	241,438
Personnel expenses	<b>(15,309)</b>	(14,734)	<b>(62,687)</b>	(59,058)
Other overheads and expenditures	<b>(25,331)</b>	(20,957)	<b>(93,095)</b>	(86,372)
Profit before taxation	<b>82,174</b>	21,945	<b>225,328</b>	96,008
Taxation	<b>(13,535)</b>	(5,769)	<b>(35,406)</b>	(23,136)
Net profit for the financial period/year	<b>68,640</b>	16,176	<b>189,922</b>	72,872



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	4th quarter ended		Twelve months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000

**A28. Operations of Islamic Banking (continued)**

**(c) Statement of Comprehensive Income for the financial year ended 31 December 2011**

<u>Group</u>				
Net profit for the financial period/year	<b>68,640</b>	16,176	<b>189,922</b>	72,872
Other comprehensive income/(loss):				
Financial investments AFS				
- Unrealised net gain/(loss) on revaluation	<b>3,823</b>	(8,644)	<b>19,136</b>	6,040
- Net transfer to income statement on disposal or impairment	<b>(13,305)</b>	(2,883)	<b>(19,467)</b>	(5,676)
Income tax relating to components of other comprehensive income/(loss)	<b>2,370</b>	2,877	<b>47</b>	(107)
Other comprehensive income/(loss), net of tax, for the financial period/year	<b>(7,112)</b>	(8,650)	<b>(284)</b>	257
Total comprehensive income for the financial period/year	<b>61,528</b>	7,526	<b>189,638</b>	73,129



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	<b>Group</b>	
	<b>As at</b>	<b>As at</b>
	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A28. Operations of Islamic Banking (continued)</b>		
<b>(d) Financing and Advances</b>		
<b>At amortised cost</b>		
Cashline	119,196	116,123
Term financing		
- housing financing	2,736,928	2,368,625
- syndicated term financing	656,743	898,904
- hire purchase receivables	3,545,712	1,625,598
- other term financing	5,207,851	2,902,392
Bills receivable	523,632	546,820
Trust receipts	19,708	17,994
Staff financing	10,067	11,404
Credit/charge cards receivables	47,891	530
Revolving financing	174,486	547,639
Gross financing and advances	<u>13,042,214</u>	<u>9,036,029</u>
Less: Allowance for impaired financing and advances		
- individual impairment allowance	(130,724)	(163,440)
- collective impairment allowance	(190,768)	(158,828)
Net financing and advances	<u><u>12,720,722</u></u>	<u><u>8,713,761</u></u>





**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	Group	
	As at	As at
	31 Dec 2011	31 Dec 2010
	RM'000	RM'000
<b>A28. Operations of Islamic Banking (continued)</b>		
<b>(d) Financing and Advances (continued)</b>		
<b>(i) Movements in impaired financing and advances</b>		
Balance as at the beginning of the financial year	628,251	478,412
Classified as impaired	280,102	486,779
Reclassified as non-impaired	(225,653)	(293,671)
Amount recovered	(81,975)	(43,269)
Amount written off	(57,649)	-
Balance as at the end of the financial year	<u>543,076</u>	<u>628,251</u>
<b>(ii) Movements in allowance for impaired financing and advances</b>		
<u>Individual impairment allowance</u>		
Balance as at the beginning of the financial year	163,440	107,035
Allowance made	17,313	69,456
Amount recovered	(7,087)	(12,546)
Amount written off	(42,942)	(505)
Balance as at the end of the financial year	<u>130,724</u>	<u>163,440</u>
<u>Collective impairment allowance</u>		
Balance as at the beginning of the financial year	158,828	140,427
Allowance made	55,494	18,401
Amount written off	(23,554)	-
Balance as at the end of the financial year	<u>190,768</u>	<u>158,828</u>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	Group	
	As at	As at
	<u>31 Dec 2011</u>	<u>31 Dec 2010</u>
	RM'000	RM'000
<b>A28. Operations of Islamic Banking (continued)</b>		
<b>(e) Other Assets</b>		
Deposits and prepayments	945	682
Sundry deposits debtors	1,240	1,251
Other debtors	85,009	39,605
	<u>87,194</u>	<u>41,538</u>
<b>(f) Deposits from Customers</b>		
<u>Non-Mudharabah Funds</u>		
Demand deposits	1,635,227	1,376,008
Savings deposits	638,101	569,786
Negotiable Islamic Debt Certificates	-	4,976
Commodity Murabahah	3,105,452	754,650
	<u>5,378,780</u>	<u>2,705,420</u>
<u>Mudharabah Funds</u>		
Demand deposits	405,040	378,321
Savings deposits	12,712	3,123
General investment deposits accounts	682,066	1,280,190
Special investment deposits accounts	10,559,726	5,579,528
	<u>17,038,324</u>	<u>9,946,582</u>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**B1. Review of Group Results**

**(a) Current Financial Year vs Previous Financial Year**

For the financial year ended 31 December 2011, the Group recorded a pre-tax profit of RM2.0 billion, 5.3% higher than the previous year of RM1.90 billion. The higher pre-tax profit was attributable to higher net interest income, higher other operating income, higher income from Islamic Banking business, lower loan loss provisioning and lower impairment losses on other assets, partly offset by higher other operating expenses.

Net interest income improved by 4.3% to RM2.8 billion on the back of strong loans and financing assets growth of 16.2%. However, margins were affected by stiffer competition in pricing of both loans and deposits, as well as the relatively lower yielding credit risk free public sector loans and financing on book. The increase in overnight policy rate ('OPR') in May 2011 and the flow through effects of past OPR hikes in 2010, coupled with several increases in Statutory Reserve Requirement ('SRR') during the year have also contributed to the lower net interest income.

Other operating income grew by 3.7% from previous year to RM1.1 billion, mainly due to higher foreign exchange gains and higher service charges and fees, partially offset by higher revaluation loss on derivatives which was undertaken to economically hedge a specific portfolio of fixed rate loans and financing.

The Group recorded a significant improvement in income from Islamic Banking business, 31.5% higher compared to RM333.8 million achieved in previous year. This was mainly due to higher net funding income on the back of strong Islamic financing growth of 44.3% and higher net gains on disposal of financial assets/investments portfolio.

In support of business growth, other operating expenses rose 16.1% year-on-year to RM1.9 billion mainly in the form of higher personnel costs, establishment costs and marketing expenses. This was attributed to the continuous investment into human capital, technology and infrastructure upgrade and expansion to underpin future growth and to further enhance the competitiveness of its franchise.

Asset quality of the Group continued to show improvement, with charge-off rate at 0.34%, reflecting our disciplined approach in credit risk management and collection processes. Allowance for loan impairment decreased by 21.2% to RM327.5 million, mainly due to higher bad debts recovery and lower individual allowances, offset by higher collective allowances set aside in tandem with the loans and financing assets growth.

Performance by Operating Segment

**Corporate and Investment Banking**

Segment profit was lower by 15.9% to RM472.0 million, this is mainly due to lower segment revenue with lower net interest income and capital market related fee income, higher overheads and higher impairment allowance for loans.

**Retail Banking**

Retail banking segment profit was higher by 24.0% to RM825.1 million, driven mainly by higher net interest income on the back of broad based increase in retail loan assets, key segment being in ASB financing, hire purchase and loans for the purchase of residential properties. Retail segment overhead cost, mainly in the form of human resources and marketing expenses increased in tandem with business volume.

**Business Banking**

Segment profit increased by 34.8% to RM336.9 million, mainly attributed to lower allowance for impairment of loans, higher bad debt recoveries, partly offset by higher overhead expenses.

**Group Treasury**

Segment profit was higher by 10.0% to RM475.1 million, attributable mainly to higher net foreign exchange gain and lower impairment allowance required for other assets.

**Islamic Banking business**

Segment profit increased by over 100% to RM79.3 million, mainly attributable to higher net profit income on the back of strong financing asset growth of 44.3%, impairment allowance on other asset made in 2010 of RM24.9 million that is not repeated, partly offset by revaluation loss on derivatives undertaken to economically hedge a specific portfolio of fixed rate financing.

**Global Financial Banking**

Segment profit was lower by 19.3% at RM72.2 million, mainly attributable to higher establishment and marketing costs for Singapore operations with the set up of 15 Bureau De Change in the Changi airport, Singapore, branch premises upgrade and branding cost. Also included in 2010 was a write back of impairment allowance of other assets of RM20.3 million that is not repeated.



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**B2. Current Quarter vs Previous Quarter**

For the current financial quarter ended 31 December 2011, the Group recorded a pre-tax profit of RM468.3 million, 4.8% lower as compared to the preceding quarter. The lower pre-tax profit was mainly attributed to higher impairment on loans and other assets, partly offset by higher other operating income and higher income from Islamic Banking business. Impairment on other assets was higher by RM44.0 million as compared to the previous quarter, this was partly negated by a lower revaluation loss on derivatives by RM42.2 million during the quarter under review.

**B3. Prospects for 2012**

The global economic environment remains fragile driven by the Eurozone's sovereign debt crisis, the Malaysian economy is expected to register lower growth in 2012, estimated at 3.7% GDP growth as compared to 5.1% in 2011.

We expect the Malaysian banking sector to remain resilient given the strong fundamentals. The Group is committed in our drive to continuously build our core businesses and develop leadership positions in targeted markets and product segments.

The Group will focused on concluding our proposed acquisitions of PT Bank Mestika Dharma in Indonesia and OSK Investment Bank, which when completed, will provide us access to all the key South East Asian markets and move us closer to realising our regionalisation aspirations.

Barring unforeseen circumstances, the Group expect to record a satisfactory performance for the financial year 2012.

**B4. Variance of Actual Profit from Forecast Profit and Profit Guarantee**

There were no profit forecast or profit guarantee issued by the Group and the Company.



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**B5. Taxation**

	4th quarter ended		Twelve months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Income tax based on profit for the financial period/year				
- Malaysian income tax	133,551	168,995	545,905	524,812
- Overseas tax	1,117	2,256	2,022	3,001
Deferred tax	(14,763)	(44,129)	(45,457)	(68,232)
	<u>119,905</u>	<u>127,122</u>	<u>502,470</u>	<u>459,581</u>
Under/(over) provision in respect of prior years				
- Taxation	(94)	15,999	(277,151)	11,163
- Deferred tax	(247)	-	271,151	-
	<u>119,564</u>	<u>143,121</u>	<u>496,470</u>	<u>470,744</u>

The effective tax rate of the Group for the fourth quarter and the financial year ended 31 December 2011 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.

	4th quarter ended		Twelve months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
<b>Company</b>				
Income tax based on profit for the financial period/year				
- Malaysian income tax	(10,131)	(6,603)	68,750	108,439
Deferred tax	20	44	20	44
	<u>(10,111)</u>	<u>(6,559)</u>	<u>68,770</u>	<u>108,483</u>
Under provision in respect of prior years	-	-	2,767	25
	<u>(10,111)</u>	<u>(6,559)</u>	<u>71,537</u>	<u>108,508</u>

The effective tax rate of the Company for the fourth quarter ended 31 December 2011 was lower than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.

The effective tax rate of the Company for the financial year ended 31 December 2011 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**B6. Status of Corporate Proposals**

**(a) Proposed acquisition of 80% of the issued and paid-up share capital in PT Bank Mestika Dharma ('Bank Mestika')**

On 19 October 2009, RHB Investment Bank had on behalf of the Company, announced that the Company will undertake the following proposals subject to relevant regulatory authorities' approval:

- (i) proposed acquisition of 80% of the issued and paid up share capital in Bank Mestika for a total cash consideration of Indonesian Rupiah ('RP') 3,118,300 million (or equivalent to approximately RM1,163 million) ('Proposed Acquisition');
- (ii) proposed put and call option for 9% of the issued and paid-up share capital in Bank Mestika ('Proposed Options');
- (iii) proposed renounceable rights issue of new ordinary shares of RM1.00 each in RHB Capital ('Shares') to raise gross proceeds of approximately RM1.3 billion ('Proposed Rights Issue'); and
- (iv) proposed increase in the authorised share capital of the Company from RM2,500,000,000 comprising 2,500,000,000 RHB Capital shares to RM5,000,000,000 comprising 5,000,000,000 RHB Capital shares ('Proposed Increase In Authorised Share Capital').

In the same announcement, the Company also announced that RHB Venture Capital Sdn Bhd ('RHBVC'), a wholly-owned subsidiary of the Company, had been identified as the entity to hold the investment in Bank Mestika on behalf of the Company pursuant to the Proposed Acquisition and Proposed Options. Accordingly, on 23 October 2009, the Company had assigned all of its rights, title, interest, benefit and entitlement and novated all of its obligations and liabilities as follows to RHBVC:

- (i) the conditional sale and purchase agreement dated 19 October 2009 with PT Mestika Benua Mas ('Vendor') ('CSPA') in relation to the Proposed Acquisition;
- (ii) the escrow agreement dated 19 October 2009 with the Vendor and The Hongkong and Shanghai Banking Corporation Limited (Jakarta Office), acting as the escrow agent, to facilitate the deposit of an amount equal to 10% of the purchase consideration for the Proposed Acquisition by the Company; and
- (iii) the agreement dated 19 October 2009 with the Vendor in relation to the Proposed Options.

BNM had on 4 January 2010 granted its approval for the Company to acquire up to 89% of the issued and paid-up capital of Bank Mestika, subject to the following conditions:

- (i) the Company is to obtain written confirmation from its auditors on the compliance with Financial Reporting Standards in arriving at the impairment methodology adopted and in respect of any change in equity interest in Bank Mestika; and
- (ii) the sources of funding and funding cost for the additional capital required by Bank Mestika post-acquisition should not exert pressure on the Company and its subsidiaries' capital and financial soundness.



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**B6. Status of Corporate Proposals (continued)**

**(a) Proposed acquisition of 80% of the issued and paid-up share capital in PT Bank Mestika Dharma (continued)**

Subsequently, on 9 April 2010, RHB Investment Bank on behalf of the Company had announced on the proposed revision to the utilisation of proceeds arising from the Proposed Rights Issue to among others, repay the borrowings to finance the Proposed Acquisition in view of the Proposed Acquisition is likely to be completed prior to the completion of the Proposed Rights Issue.

As announced on 22 April 2010, Bursa Malaysia Securities Bhd ('Bursa Securities') had, vide its letter dated 20 April 2010, approved the listing and quotation of new ordinary shares of RM1.00 each in the Company, up to the gross proceeds of approximately RM1.3 billion, to be issued pursuant to the Proposed Rights Issue subject to the condition as stated therein. Bursa Securities had further on 9 May 2011, granted the Company an extension of time until 19 October 2011 to complete the implementation of the Proposed Rights Issue. Bursa Securities had on 21 October 2011, granted the Company a further extension of time of six (6) months from 20 October 2011 until 19 April 2012 to complete the implementation of the Proposed Rights Issue.

The shareholders of the Company had also at the Extraordinary General Meeting of the Company held on 19 May 2010, approved the Proposed Rights Issue and the Proposed Increase In Authorised Share Capital.

RHBVC had further on 17 December 2010 assigned and novated the same to RHB Bank, which become the new acquirer for the Proposed Acquisition.

As announced on 19 April 2011, RHB Bank and the Vendor had subsequently on 18 April 2011, by way of an exchange of letter, mutually agreed to further extend the period to satisfy or waive the condition precedent based on the terms of the CSPA to 31 December 2011. The extension of the CSPA is conditional upon, inter-alia, permission and approval from RHB Bank for Bank Mestika to distribute dividend to the Vendor no later than 19 May 2011, pending which, the CSPA will only be extended until 19 May 2011 ('Initial Extension Period'). In the event the Initial Extension Period lapses, the CSPA will be deemed automatically terminated.

RHB Bank has subsequently agreed to give its permission and approval for Bank Mestika to distribute dividend out of the retained earnings accumulated subsequent to the financial year ended 31 December 2008 to the Vendor and the dividend distribution will not have any impact on the purchase consideration for the Proposed Acquisition or the price-to-book ratio represented by the purchase consideration for the Proposed Acquisition.

On 21 December 2011, RHB Investment Bank on behalf of the Company, announced that RHB Bank and the Vendor had on 16 December 2011, by way of exchange of letters, mutually agreed to further extend the period to satisfy or waive the conditions precedent of the CSPA for the Proposed Acquisition to 29 February 2012. However, on 24 February 2012, the Company and the Vendor has mutually agreed to further extend such period to 30 June 2012.

None of the Directors, major shareholders and/or persons connected with them have any interest, direct or indirect, in the Proposals save for their respective entitlements as shareholders under the Proposed Rights Issue and their rights to apply for excess Rights Shares which are also available to all other shareholders of the Company.

The Proposed Acquisition, Proposed Rights Issue and Proposed Options did not have any material effect on the earnings of the Group for the financial year ended 31 December 2011. The Proposed Acquisition is expected to contribute positively to the future revenue and earnings of the Group.



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**B6. Status of Corporate Proposals (continued)**

**(b) Member's Voluntary Winding-Up of Indirect Wholly-Owned Subsidiaries**

On 21 February 2011, the Company announced that the following wholly-owned subsidiaries of RHB Bank and RHB Investment Bank, which in turn are wholly-owned subsidiaries of the Company, had commenced members' voluntary winding-up on 16 February 2011 pursuant to Section 254(1) of the Companies Act, 1965:

Subsidiaries of RHB Bank:

- (i) Utama Gilang Sdn Bhd ('Utama Gilang'); and
- (ii) RHB Delta Sdn Bhd ('RHB Delta');

Subsidiary of RHB Investment Bank:

- (i) RHB Marketing Services Sdn Bhd ('RHB Marketing Services').

Utama Gilang, RHB Delta and RHB Marketing Services are companies incorporated in Malaysia and are presently dormant.

The winding-up of Utama Gilang, RHB Delta and RHB Marketing Services will not have any material effect on the Group's performance for the financial year ended 31 December 2011.

**(c) Dividend Reinvestment Plan of RHB Capital Berhad**

On 1 March 2011, RHB Investment Bank on behalf of the Company, announced that as part of the Company's capital management plan and to enhance the Company's shareholders' value, the Company has proposed to undertake a dividend reinvestment plan that provides the shareholders the option to elect to reinvest their cash dividend declared by the Company (whether interim, final, special or any other cash dividend) ('Dividend') into new ordinary shares of RM1.00 each in the Company ('RHB Capital Shares') (hereinafter referred to as 'Dividend Reinvestment Plan'). Approval from shareholders for the Dividend Reinvestment Plan and the issuance of New Shares arising from the Dividend Reinvestment Plan was obtained at the Extraordinary General Meeting held on 6 April 2011.

The Dividend Reinvestment Plan further provides that whenever a cash dividend (either an interim, final, special or other dividend) ('Dividend') is proposed, the Board may, in its absolute discretion, determine that the Dividend Reinvestment Plan to be applied to the whole or a portion of the cash Dividend and where applicable, any remaining portion of the Dividend will be paid in cash.

**(d) Proposed Multi-Currency Euro Medium Term Note Programme ('EMTN Programme') of up to USD500 Million Nominal Value (or its Equivalent in Other Currencies) for RHB Bank**

As announced by the Company on 11 May 2011, the Securities Commission ('SC') had on 9 May 2011, approved RHB Bank's application for the EMTN Programme, under which RHB Bank may issue up to USD500 million in nominal value (or its equivalent in other currencies) of senior medium term notes, pursuant to the deemed approval under Section 212(5) of the Capital Markets & Services Act 2007.

The proceeds raised from the EMTN Programme will be utilised by RHB Bank and its subsidiaries for general working capital and other corporate purposes, including but not limited to the provision of advances of such proceeds or part thereof by RHB Bank to any of its subsidiaries, and repayment of borrowings (if applicable).

RHB Bank has yet to issue the said EMTN as at to date.





**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**B6. Status of Corporate Proposals (continued)**

**(e) Proposed Senior Notes and/or Subordinated Notes under a Multi-Currency Medium Term Note Programme of up to RM3.0 Billion in Nominal Value (or its Equivalent in Other Currencies) ('MCMTN Programme') by RHB Bank**

The Company announced on 7 July 2011 that RHB Bank has obtained approval from the SC on 5 July 2011 for the establishment of MCMTN Programme and the issue of senior notes and/or subordinated notes ('Subordinated Notes').

In addition, the approval from BNM for the issuance of Subordinated Notes has also been obtained on 27 May 2011 (upon terms and conditions therein contained). The Subordinated Notes issued under the MCMTN Programme will qualify as Tier 2 capital of RHB Bank subject to compliance with the requirements as specified in the Risk Weighted Capital Adequacy Framework and Capital Adequacy Framework for Islamic Banks (General Requirements and Capital Component) by BNM.

The Company announced on 2 November 2011 that its wholly-owned subsidiary, RHB Bank had, on 31 October 2011, issued RM250.0 million of Subordinated Notes under the MCMTN Programme. The Subordinated Notes, rated AA3 by RAM Rating Services Berhad, are issued for a tenure of 10 non-callable 5 years, due on 29 October 2021, with a fixed coupon of 4.25% per annum, payable semi-annually throughout the entire tenure.

**(f) Proposal to Commence Negotiations for a Merger of Businesses**

On 29 September 2011, RHB Investment Bank on behalf of the Company, announced that the Company has submitted an application to BNM for approval to commence negotiations with OSK Investment Bank Berhad, OSK Holdings Berhad ('OSKH') and the major shareholders of OSKH for a possible merger of businesses ('Proposed Merger Negotiations').

As announced on 14 October 2011 by RHB Investment Bank on behalf of the Company, BNM has, vide its letter dated 13 October 2011 stated that it has no objection in principle for the Company to commence the Proposed Merger Negotiations for three (3) months from the date of BNM's letter.

On 11 January 2012, RHB Investment Bank on behalf of the Company, announced that the Company has submitted an application to BNM on 11 January 2012 for approval of BNM and the Minister Of Finance (through BNM) for the proposed merger of the businesses of the RHB Banking Group and the OSK Investment Bank Group.



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**B7. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings, Subordinated Obligations and Hybrid Tier-1 Capital Securities**

	Group	
	As at	As at
	31 Dec 2011	31 Dec 2010
	RM'000	RM'000
<b>(a) Deposits from customers and placements of banks and other financial institutions</b>		
Deposits from customers		
- one year or less	114,376,234	93,955,320
- more than one year	1,484,350	478,508
	<u>115,860,584</u>	<u>94,433,828</u>
Deposits and placements of banks and other financial institutions		
- one year or less	9,623,953	9,481,671
- more than one year	407,622	584,486
	<u>10,031,575</u>	<u>10,066,157</u>

	Group		Company	
	As at	As at	As at	As at
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
<b>(b) Borrowings</b>				
Unsecured:				
Revolving credits	706,225	724,422	747,067	815,449
Overdrafts	18	-	18	-
Term loans - RM	800,780	800,807	1,062,725	1,062,581
Term loan - USD	759,020	819,362	-	-
RM600 million 6 years				
Serial Fixed Rate Bonds	-	310,238	-	310,238
RM350 million				
Fixed Rate Bonds	355,908	354,111	355,908	354,111
RM150 million 7 years				
Commercial Papers/Medium				
Term Notes	-	74,000	-	74,000
RM1.1 billion 7 years				
Commercial Papers/Medium				
Term Notes	981,383	981,383	981,383	981,383
	<u>3,603,334</u>	<u>4,064,323</u>	<u>3,147,101</u>	<u>3,597,762</u>
Schedule repayment of borrowings:				
Within one year	1,768,521	1,496,088	1,966,101	1,765,712
One year to three years	1,037,050	1,682,477	831,000	1,482,050
Three years to five years	556,050	550,428	350,000	350,000
Over five years	241,713	335,330	-	-
	<u>3,603,334</u>	<u>4,064,323</u>	<u>3,147,101</u>	<u>3,597,762</u>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**B7. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings, Subordinated Obligations and Hybrid Tier-1 Capital Securities (continued)**

	Group	
	As at 31 Dec 2011 RM'000	As at 31 Dec 2010 RM'000
<b>(c) Subordinated obligations</b>		
5.0% RM1,300 million Tier II subordinated notes 2007/2017	1,305,699	1,305,699
5.5% RM700 million Tier II subordinated notes 2007/2022	703,375	703,375
5.3% RM200 million Tier II subordinated notes 2007/2017	200,581	200,639
5.5% RM45 million Tier II subordinated notes 2008/2018	45,488	45,488
5.0% RM700 million Tier II subordinated notes 2010/2020	705,945	706,137
5.6% RM300 million Tier II subordinated notes 2010/2025	302,854	302,946
4.25% RM250 million Tier II subordinated notes 2011/2021	251,805	-
	<u>3,515,747</u>	<u>3,264,284</u>

The subordinated obligations constitute unsecured liabilities of the commercial bank and investment bank subsidiaries and are subordinated to the senior indebtedness in accordance with their respective terms and conditions of issuance and qualify as Tier II capital for the purpose of determining the capital adequacy ratios of the respective subsidiaries.

**(d) Hybrid Tier-1 Capital Securities**

	Group	
	As at 31 Dec 2011 RM'000	As at 31 Dec 2010 RM'000
RM370 million 8.00% Hybrid Tier-1 Capital Securities due in 2039, callable with step-up coupon rate at 9.00% in 2019	377,542	374,769
RM230 million 6.75% Hybrid Tier-1 Capital Securities due in 2039, callable with step-up coupon rate at 7.75% in 2019	223,016	225,624
	<u>600,558</u>	<u>600,393</u>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**B8. Derivative Financial Instruments**

Details of derivative financial instruments outstanding are as follows:

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts

<u>Group</u>	<u>As at 31 Dec 2011</u>			<u>As at 31 Dec 2010</u>		
	<u>Contract/ Notional Amount</u>	<u>Fair Value</u>		<u>Contract/ Notional Amount</u>	<u>Fair Value</u>	
		<u>Assets</u>	<u>Liabilities</u>		<u>Assets</u>	<u>Liabilities</u>
<u>By type</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Foreign exchange related contracts						
- forwards	6,110,511	56,146	27,922	3,333,922	23,043	80,647
- swaps	5,942,497	29,632	35,596	7,666,945	135,533	65,471
- options	123,118	276	229	190,715	797	760
- spots	1,710,426	2,135	1,823	3,014,188	1,048	1,922
- cross-currency	1,439,860	19,078	16,518	1,245,502	12,860	11,121
Subtotal	<u>15,326,412</u>	<u>107,267</u>	<u>82,088</u>	<u>15,451,272</u>	<u>173,281</u>	<u>159,921</u>
Interest rate related contracts						
- futures	-	-	-	140,000	-	793
- swaps	18,662,064	130,391	166,100	13,047,782	137,624	92,990
Subtotal	<u>18,662,064</u>	<u>130,391</u>	<u>166,100</u>	<u>13,187,782</u>	<u>137,624</u>	<u>93,783</u>
Commodity contracts						
- forwards	-	-	-	17,628	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,628</u>	<u>-</u>	<u>-</u>
Total	<u>33,988,476</u>	<u>237,658</u>	<u>248,188</u>	<u>28,656,682</u>	<u>310,905</u>	<u>253,704</u>



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**B8. Derivative Financial Instruments (continued)**

Details of derivative financial instruments outstanding are as follows: (continued)

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts

<u>Group</u>	<u>As at 31 Dec 2011</u>			<u>As at 31 Dec 2010</u>		
	<u>Contract/ Notional Amount</u>	<u>Fair Value</u>		<u>Contract/ Notional Amount</u>	<u>Fair Value</u>	
		<u>Assets</u>	<u>Liabilities</u>		<u>Assets</u>	<u>Liabilities</u>
<b>By remaining period to maturity/next re-pricing date</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Foreign exchange related contracts						
- Less than 1 year	13,558,443	81,771	63,097	14,267,825	160,899	148,912
- 1 year to 3 years	1,213,395	12,980	2,934	61,850	402	-
- More than 3 years	554,574	12,516	16,057	1,121,597	11,980	11,009
Subtotal	<u>15,326,412</u>	<u>107,267</u>	<u>82,088</u>	<u>15,451,272</u>	<u>173,281</u>	<u>159,921</u>
Interest rate related contracts						
- Less than 1 year	4,325,536	9,317	11,513	2,676,825	32,201	9,093
- 1 year to 3 years	9,045,878	50,768	59,223	6,488,460	59,758	47,788
- More than 3 years	5,290,650	70,306	95,364	4,022,497	45,665	36,902
Subtotal	<u>18,662,064</u>	<u>130,391</u>	<u>166,100</u>	<u>13,187,782</u>	<u>137,624</u>	<u>93,783</u>
Commodity contracts						
- Less than 1 year	-	-	-	17,628	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,628</u>	<u>-</u>	<u>-</u>
Total	<u>33,988,476</u>	<u>237,658</u>	<u>248,188</u>	<u>28,656,682</u>	<u>310,905</u>	<u>253,704</u>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**B8. Derivative Financial Instruments (continued)**

ii) Related accounting policies

Derivative financial instruments and hedge accounting

Derivative financial instruments are initially recognised at fair values on the date on which derivative contracts are entered into and are subsequently remeasured at their fair values. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge); or (2) hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge).

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain and loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item will affect profit and loss (for example, when the forecast sale that is hedged takes place).

(c) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the profit and loss.



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**B9. Supplementary Information Disclosed Pursuant to Bursa Malaysia Securities Berhad Listing Requirements**

The following analysis of realised and unrealised profits or losses of the Group and the Company is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The breakdown of retained profits of the Group is as follows:

<b>Group</b>	<b>As at 31 Dec 2011</b>		
	<b>Realised Profits/ (Losses) RM'000</b>	<b>Unrealised Profits RM'000</b>	<b>Total RM'000</b>
Operating subsidiaries	4,704,863	330,358	5,035,221
Dormant subsidiaries*	(7,929,473)	-	(7,929,473)
Total retained profits/(losses) of the Group	(3,224,610)	330,358	(2,894,252)
Total share of retained profits from a joint venture	1,576	-	1,576
	<u>(3,223,034)</u>	<u>330,358</u>	<u>(2,892,676)</u>
Less: Consolidation adjustments			6,252,542
Total Group retained profits			<u><u>3,359,866</u></u>

<b>Group</b>	<b>As at 31 Dec 2010</b>		
	<b>Realised Profits/ (Losses) RM'000</b>	<b>Unrealised Profits RM'000</b>	<b>Total RM'000</b>
Operating subsidiaries	3,791,337	630,775	4,422,112
Dormant subsidiaries*	(7,929,534)	-	(7,929,534)
Total retained profits/(losses) of the Group	(4,138,197)	630,775	(3,507,422)
Total share of retained profits from a joint venture	1,149	-	1,149
	<u>(4,137,048)</u>	<u>630,775</u>	<u>(3,506,273)</u>
Less: Consolidation adjustments			6,254,065
Total Group retained profits			<u><u>2,747,792</u></u>

\* The realised losses relate mainly to dormant subsidiaries which are currently in the process of being liquidated.



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**B9. Supplementary Information Disclosed Pursuant to Bursa Malaysia Securities Berhad Listing Requirements (continued)**

The breakdown of retained profits of the Company is as follows:

<u>Company</u>	<u>As at 31 Dec 2011 RM'000</u>	<u>As at 31 Dec 2010 RM'000</u>
Total retained profits of the Company:		
- Realised profits	945,227	1,227,315
- Unrealised losses	(45)	(25)
	<u>945,182</u>	<u>1,227,290</u>

The disclosure of realised and unrealised profits/(losses) above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.

On 20 December 2010, the Malaysian Institute of Accountants issued Guidance on Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements. Accordingly, the Group views translation gains or losses on monetary items as realised as it is incurred in the ordinary course of business.

The disclosure above does not affect or alter the existing divisible profit rule in Malaysia. Likewise, this shall not be applied to address or interpret any legal matters regarding the availability of profit for distribution to shareholders. Listed corporations are required to observe the existing requirements in the Malaysia legal framework in dealing with matters related to distribution of profits to shareholders.





**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**B10. Material Litigation**

**(a) Carta Bintang Sdn Bhd**

On 19 October 2001, the Company filed a Writ of Summons at the High Court of Malaya in Kuala Lumpur ('High Court') against CBSB, the vendor of SJ Securities, for the recovery of the deposit of RM32,800,000 ('Deposit') paid by the Company pursuant to the sale of shares agreement dated 7 November 2000 in respect of 60 million shares in SJ Securities ('Sale Shares').

On 26 November 2001, CBSB's solicitors served the Defence and Counterclaim on the Company's solicitors. The overall amount claimed by CBSB in the Counterclaim is RM258,688,153.42 together with interest thereon and costs. The Company filed its reply to the Defence and a Defence to the Counterclaim on 19 December 2001.

On 22 November 2002, the Deputy Registrar of the High Court granted a summary judgment in favour of the Company for CBSB to return the Deposit to the Company and a summary judgment in favour of CBSB for the Company to return the share certificates and transfer forms in respect of the Sale Shares to CBSB. However, CBSB's claim for damages was dismissed.

Both parties had subsequently filed their respective appeals against the decision of the Deputy Registrar and on 7 August 2003, the Learned High Court Judge dismissed the respective appeals of the Company and CBSB and affirmed the Deputy Registrar's decision.

Thereafter, both parties have filed their respective appeals to the Court of Appeal against the decision of the Learned High Court Judge (refer to Note A25(c)(i) 'Other Contingent Liabilities' for the Company's solicitors' opinion on the above suit and counterclaim). On 22 May 2009, the Court of Appeal had dismissed CBSB's appeal against the High Court decision in respect of the return of the Deposit and claim for damages. The Court of Appeal had also dismissed the Company's appeal in respect of the return of share certificates and transfer forms.

Both CBSB and the Company had filed their respective applications for leave to appeal to the Federal Court. The Federal Court had on 12 May 2010 allowed the applications for leave to appeal filed by both parties. During the hearing of the appeals at the Federal Court on 18 January 2011, the Federal Court had directed that the CBSB's appeal against the High Court decision dismissing the summary judgment application on the claim for damages and the Company's appeal against the High Court decision on the return of share certificates and transfer forms be re-heard by the Court of Appeal and further directed that CBSB's appeal to the Federal Court against the Court of Appeal decision on the return of the Deposit to be kept in abeyance until then.

On 22 June 2011, the Court of Appeal recorded the agreement of both the Company and CBSB that the High Court order in respect of the dismissal of CBSB's summary judgment application for their counterclaim and the High Court order on the return of share certificates and transfer forms are set aside. The Court of Appeal also directed that CBSB's counterclaim be referred to the High Court for trial.

On 15 December 2011, the Federal Court had allowed CBSB's appeal against the Court of Appeal's decision on the return of the Deposit. The matter is now remitted to the High Court for trial. Both the Company's claim and CBSB's counterclaim are now fixed for Case Management on 29 February 2012. (refer to Note A25(c)(i) 'Other Contingent Liabilities' for the Company's solicitors' opinion on the above suit and counterclaim.)

The above material litigation is not expected to have any material adverse effect on the financial results of the Group.



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**B11. Dividends**

- (a) A proposed gross final dividend as show below for the financial year ended 31 December 2011 has been proposed by the Directors:
- (i) Amount per share:
    - gross dividend of 11.82% less 25% tax; and
    - single-tier dividend of 5.59%
  - (ii) Previous corresponding quarter: Final dividend of 21.38% less 25% income tax
  - (iii) Entitlement date: To be determined and announced later
  - (iv) Payment date: To be determined and announced later
- (b) The total gross dividend per share for the current financial year:
- (i) Interim dividend of 8.00% less 25% income tax
  - (ii) Proposed final dividend of:
    - gross dividend of 11.82% less 25% tax; and
    - single-tier dividend of 5.59%

Subject to the relevant regulatory approvals being obtained and shareholders' approval on the renewal of the DRP at the forthcoming Annual General Meeting, the Board of Directors, in its absolute discretion, recommends that the shareholders' of the Company be given an option to elect to reinvest the entire proposed final dividend into new ordinary shares of RM1.00 each in the Company in accordance with the DRP.

**B12. Earnings per Share**

	<b>4th quarter ended</b>		<b>Twelve months ended</b>	
	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
<b>Basic/diluted earnings per share</b>				
Profit attributable to equity holders of the Company (RM'000)	<b>348,392</b>	380,145	<b>1,501,539</b>	1,420,258
Weighted average number of ordinary shares in issue ('000)	<b>2,198,368</b>	2,153,475	<b>2,178,587</b>	2,153,475
Basic/diluted earnings per share (sen)	<b>15.8</b>	17.7	<b>68.9</b>	66.0



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**B12. Earnings per Share (continued)**

The diluted Earning Per Share ('EPS') of the Group is calculated by dividing the net profit attributable to equity holders of the Company for the quarter and the financial year ended 31 December 2011 by the weighted average number of ordinary shares in issue and adjusted for the number of shares that could have been issued under the DRP as detailed in Note B6(c).

In the diluted EPS calculation, it has been assumed that 100% of the electable portion of the proposed final dividend payment under the DRP will be exercised into new ordinary shares of RM1.00 each in the Company. The new Company's shares will be issued at an assumed price which is equivalent to the 5-day volume weighted average price of the Company's shares as at 31 December 2011 after applying a discount of not more than 10%. These calculations serve to determine the number of dilutive shares to be added to the weighted average ordinary shares in issue for the purpose of computing the dilution. No adjustment has been made to the net profit attributable to the equity holders of the Company for the quarter and the financial year ended 31 December 2011.

The dilution effect on the basic EPS arising from the DRP is estimated to be immaterial. As a result, the diluted EPS is equal to the basic EPS for the quarter and the financial year ended 31 December 2011.

Other than the above, there were no other dilutive potential ordinary shares outstanding as at 31 December 2011.

**BY ORDER OF THE BOARD**

**AZMAN SHAH MD YAMAN**  
(Licence No. LS0006901)

Company Secretary  
28 February 2012