



RHB Capital Berhad 312952-H
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**ANNOUNCEMENT OF AUDITED RESULTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

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 2012 are as follows:

**INCOME STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	Note	4th quarter ended		Twelve months ended	
		Audited 31.12.2012 RM'000	Restated 31.12.2011 RM'000	Audited 31.12.2012 RM'000	Restated 31.12.2011 RM'000
Group					
Interest income	A8	1,635,961	1,487,378	6,153,232	5,630,183
Interest expense	A9	(861,707)	(762,784)	(3,193,134)	(2,776,995)
Net interest income		774,254	724,594	2,960,098	2,853,188
Other operating income	A10	452,193	283,172	1,379,437	1,081,499
		1,226,447	1,007,766	4,339,535	3,934,687
Net income from Islamic Banking business		139,565	150,763	490,057	441,462
Net operating income		1,366,012	1,158,529	4,829,592	4,376,149
Other operating expenses	A11	(717,054)	(507,537)	(2,293,726)	(1,903,286)
Operating profit before allowances		648,958	650,992	2,535,866	2,472,863
Change in allowance made for impairment on loans, financing and other losses	A12	(97,287)	(16,794)	(148,492)	(146,135)
Impairment losses write back/(made) on other assets		8,061	(65,640)	(3,871)	(77,277)
		559,732	568,558	2,383,503	2,249,451
Share of results of associates		294	-	294	-
Share of results of joint ventures		294	140	826	427
Profit before taxation		560,320	568,698	2,384,623	2,249,878
Taxation	B5	(149,291)	(145,842)	(594,854)	(559,846)
Net profit for the financial period/year		411,029	422,856	1,789,769	1,690,032
Attributable to:					
- Equity holders of the Company		407,864	422,549	1,784,742	1,687,913
- Non-controlling interests		3,165	307	5,027	2,119
		411,029	422,856	1,789,769	1,690,032
Earnings per share (sen)					
- Basic	B12	17.1	19.2	79.0	77.5
- Diluted	B12	17.1	19.2	79.0	77.5

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.



**RHB CAPITAL BERHAD (312952 – H)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	4th quarter ended		Twelve months ended	
	Audited 31.12.2012	Restated 31.12.2011	Audited 31.12.2012	Restated 31.12.2011
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period/year	411,029	422,856	1,789,769	1,690,032
Other comprehensive (loss)/income:				
Currency translation differences	3,347	(13,691)	(10,742)	18,072
Financial investments available-for-sale ('AFS')				
- Unrealised net gain on revaluation	34,192	35,977	122,936	166,914
- Net transfer to income statements on disposal or impairment	(19,890)	(52,464)	(94,011)	(86,934)
Share of reserves in an associate	18	-	18	-
Actuarial losses on defined benefit plan in a subsidiary	381	-	381	-
Income tax relating to components of other comprehensive (income)/loss	(3,888)	4,231	(7,495)	(20,215)
Other comprehensive (loss)/income, net of tax, for the financial period/year	14,160	(25,947)	11,087	77,837
Total comprehensive income for the financial period/year	425,189	396,909	1,800,856	1,767,869
Total comprehensive income attributable to:				
- Equity holders of the Company	421,360	396,604	1,795,164	1,765,767
- Non-controlling interests	3,829	305	5,692	2,102
	425,189	396,909	1,800,856	1,767,869

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.



**RHB CAPITAL BERHAD (312952 – H)
INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	Note	4th quarter ended		Twelve months ended	
		Audited 31.12.2012 RM'000	Audited 31.12.2011 RM'000	Audited 31.12.2012 RM'000	Audited 31.12.2011 RM'000
<u>Company</u>					
Interest income	A8	992	594	2,966	2,472
Interest expense	A9	(32,755)	(36,703)	(141,061)	(144,361)
Net interest expense		<u>(31,763)</u>	<u>(36,109)</u>	<u>(138,095)</u>	<u>(141,889)</u>
Other operating income/(loss)	A10	385	(34)	756,574	434,257
Net operating income/(loss)		<u>(31,378)</u>	<u>(36,143)</u>	<u>618,479</u>	<u>292,368</u>
Other operating expenses	A11	(34,282)	(6,906)	(69,475)	(26,114)
Profit/(loss) before taxation		<u>(65,660)</u>	<u>(43,049)</u>	<u>549,004</u>	<u>266,254</u>
Taxation	B5	9,448	10,111	(148,200)	(71,537)
Net profit/(loss) for the financial period/year		<u><u>(56,212)</u></u>	<u><u>(32,938)</u></u>	<u><u>400,804</u></u>	<u><u>194,717</u></u>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.



**RHB CAPITAL BERHAD (312952 – H)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	4th quarter ended		Twelve months ended	
	Audited 31.12.2012	Audited 31.12.2011	Audited 31.12.2012	Audited 31.12.2011
	RM'000	RM'000	RM'000	RM'000
Company				
Net profit/(loss) for the financial period/year	<u>(56,212)</u>	<u>(32,938)</u>	<u>400,804</u>	<u>194,717</u>
Other comprehensive income, net of tax, for the financial period/year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the financial period/year	<u>(56,212)</u>	<u>(32,938)</u>	<u>400,804</u>	<u>194,717</u>
Total comprehensive income attributable to:				
- Equity holders of the Company	<u>(56,212)</u>	<u>(32,938)</u>	<u>400,804</u>	<u>194,717</u>
- Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(56,212)</u>	<u>(32,938)</u>	<u>400,804</u>	<u>194,717</u>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.



**RHB CAPITAL BERHAD (312952 – H)
STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012**

	Note	Audited As at 31.12.2012 RM'000	Restated As at 31.12.2011 RM'000	Restated As at 1.1.2011 RM'000
Group				
ASSETS				
Cash and short-term funds		23,974,020	20,032,582	14,547,667
Securities purchased under resale agreements		676,858	142,291	276,407
Deposits and placements with banks and other financial institutions		3,638,529	1,133,213	1,023,526
Financial assets held-for-trading	A13	2,739,650	1,501,758	772,254
Financial investments available-for-sale	A14	15,154,931	10,706,781	13,374,857
Financial investments held-to-maturity	A15	18,945,036	14,093,909	10,869,550
Loans, advances and financing	A16	109,276,880	95,058,670	81,213,637
Clients' and brokers' balances		2,986,878	236,265	424,005
Other assets	A17	1,086,165	691,965	589,155
Derivative assets		275,441	237,658	310,905
Statutory deposits		3,883,445	3,282,559	459,554
Tax recoverable		142,912	232,957	129,371
Deferred tax assets		15,115	14,630	265,645
Investments in associates and joint ventures		36,589	24,956	25,044
Property, plant and equipment		1,042,318	988,737	913,275
Goodwill and other intangible assets		5,202,798	3,924,626	3,916,755
TOTAL ASSETS		189,077,565	152,303,557	129,111,607
LIABILITIES AND EQUITY				
Deposits from customers	A18/B7(a)	138,224,225	115,860,584	94,433,828
Deposits and placements of banks and other financial institutions	A19/B7(a)	13,450,129	10,031,575	10,066,157
Obligations on securities sold under repurchase agreements		240,010	-	-
Obligations on securities borrowed		119,905	-	-
Bills and acceptances payable		3,636,886	3,764,155	3,536,140
Clients' and brokers' balances		2,731,695	238,007	404,603
Other liabilities	A20	1,890,459	1,583,419	1,528,361
Derivative liabilities		320,363	248,188	253,704
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		2,445,361	1,161,814	818,503
Taxation liabilities		145,280	5,748	172,595
Deferred tax liabilities		60,547	63,108	5,157
Borrowings and senior debt securities	B7(b)	5,151,932	3,603,334	4,064,323
Subordinated obligations	B7(c)	4,719,221	3,515,747	3,264,284
Hybrid Tier-1 Capital Securities	B7(d)	601,072	600,558	600,393
TOTAL LIABILITIES		173,737,085	140,676,237	119,148,048
Share capital		2,494,208	2,204,819	2,153,475
Reserves		12,623,007	9,410,579	7,799,271
		15,117,215	11,615,398	9,952,746
Non-controlling interests		223,265	11,922	10,813
TOTAL EQUITY		15,340,480	11,627,320	9,963,559
TOTAL LIABILITIES AND EQUITY		189,077,565	152,303,557	129,111,607
COMMITMENTS AND CONTINGENCIES	A25(a)	83,160,389	74,161,318	70,521,648
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)		6.06	5.27	4.62

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.



**RHB CAPITAL BERHAD (312952 – H)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012**

	Note	Audited As at 31.12.2012 RM'000	Audited As at 31.12.2011 RM'000	Audited As at 1.1.2011 RM'000
<u>Company</u>				
ASSETS				
Cash and short term funds		36,247	27,528	346,009
Deposits and placements with banks and other financial institutions		951	919	891
Other assets	A17	155,667	154,199	153,347
Amounts due from subsidiaries		9,785	18,188	35,787
Tax recoverable		102,314	90,476	113,009
Deferred tax assets		1,022	-	-
Investments in subsidiaries		10,809,016	8,691,602	8,691,602
Property, plant and equipment		486	635	757
TOTAL ASSETS		11,115,488	8,983,547	9,341,402
LIABILITIES AND EQUITY				
Other liabilities	A20	61,459	3,315	4,611
Amounts due to subsidiaries		11,772	8,626	6,146
Deferred tax liabilities		-	45	25
Borrowings	B7(b)	3,106,434	3,147,101	3,597,762
Total liabilities		3,179,665	3,159,087	3,608,544
Share capital		2,494,208	2,204,819	2,153,475
Reserves		5,441,615	3,619,641	3,579,383
TOTAL EQUITY		7,935,823	5,824,460	5,732,858
TOTAL LIABILITIES AND EQUITY		11,115,488	8,983,547	9,341,402

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.



**RHB CAPITAL BERHAD (312952 – H)
STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

Note	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			
Group										
Balance as at 1 January 2012										
- As previously reported	2,204,819	2,674,459	3,016,604	27,815	213,654	(58,832)	3,359,866	11,438,385	11,922	11,450,307
- Effect of full adoption of MFRS 139	-	-	-	-	-	19	176,994	177,013	-	177,013
- As restated	2,204,819	2,674,459	3,016,604	27,815	213,654	(58,813)	3,536,860	11,615,398	11,922	11,627,320
Net profit for the financial year	-	-	-	-	-	-	1,784,742	1,784,742	5,027	1,789,769
Currency translation differences	-	-	-	-	-	(10,660)	-	(10,660)	(82)	(10,742)
Financial investments AFS	-	-	-	-	-	-	-	-	-	-
- Unrealised net gain on revaluation	-	-	-	-	122,189	-	-	122,189	747	122,936
- Net transfer to income statements on disposal or impairment	-	-	-	-	(94,011)	-	-	(94,011)	-	(94,011)
Share of reserves in an associate	-	-	-	-	-	-	18	18	-	18
Actuarial losses on defined benefit plan in a subsidiary	-	-	-	381	-	-	-	381	-	381
Income tax relating to components of other comprehensive income	-	-	-	-	(7,495)	-	-	(7,495)	-	(7,495)
Other comprehensive income/(loss), net of tax, for the financial year	-	-	-	381	20,683	(10,660)	18	10,422	665	11,087
Total comprehensive income/(loss) for the financial year	-	-	-	381	20,683	(10,660)	1,784,760	1,795,164	5,692	1,800,856
Transfer in respect of statutory requirements	-	-	477,793	-	-	-	(477,793)	-	-	-
Amount arising from acquisition of subsidiaries	-	-	-	-	-	-	-	-	210,703	210,703
Acquisition of additional shares from non-controlling interest	-	-	-	-	-	-	(3,906)	(3,906)	(4,059)	(7,965)
Ordinary dividends	-	-	-	-	-	-	(452,973)	(452,973)	(993)	(453,966)
Shares issued pursuant to:										
- Dividend Reinvestment Plan ('DRP')	44,389	244,893	-	-	-	-	-	289,282	-	289,282
- Acquisition of subsidiaries	245,000	1,629,250	-	-	-	-	-	1,874,250	-	1,874,250
Balance as at 31 December 2012	2,494,208	4,548,602	3,494,397	28,196	234,337	(69,473)	4,386,948	15,117,215	223,265	15,340,480

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.



RHB CAPITAL BERHAD (312952 – H)
STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

Note	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			
Group										
Balance as at 1 January 2011										
- As previously reported	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
- Effect of full adoption of MFRS 139	-	-	-	-	-	(31)	(9,380)	(9,411)	-	(9,411)
- As restated	2,153,475	2,352,093	2,603,964	27,815	153,872	(76,885)	2,738,412	9,952,746	10,813	9,963,559
Net profit for the financial year	-	-	-	-	-	-	1,687,913	1,687,913	2,119	1,690,032
Currency translation differences	-	-	-	-	-	18,072	-	18,072	-	18,072
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	18,072	-	77,854	(17)	77,837
Total comprehensive income for the financial year	-	-	-	-	59,782	18,072	1,687,913	1,765,767	2,102	1,767,869
Transfer in respect of statutory requirements	-	-	412,640	-	-	-	(412,640)	-	-	-
Ordinary dividends	-	-	-	-	-	-	(476,825)	(476,825)	(993)	(477,818)
Shares issued pursuant to DRP	51,344	322,366	-	-	-	-	-	373,710	-	373,710
Balance as at 31 December 2011	2,204,819	2,674,459	3,016,604	27,815	213,654	(58,813)	3,536,860	11,615,398	11,922	11,627,320

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.



**RHB CAPITAL BERHAD (312952 – H)
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	Note	Share capital RM'000	Non- distributable Share premium RM'000	Distributable Retained profits RM'000	Total RM'000
<u>Company</u>					
Balance as at 1 January 2012		2,204,819	2,674,459	945,182	5,824,460
Net profit for the financial year		-	-	400,804	400,804
Ordinary dividends		-	-	(452,973)	(452,973)
Shares issued pursuant to:					
- DRP		44,389	244,893	-	289,282
- Acquisition of subsidiaries	A24(a)	245,000	1,629,250	-	1,874,250
Balance as at 31 December 2012		<u>2,494,208</u>	<u>4,548,602</u>	<u>893,013</u>	<u>7,935,823</u>
Balance as at 1 January 2011		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
Balance as at 31 December 2011		<u>2,204,819</u>	<u>2,674,459</u>	<u>945,182</u>	<u>5,824,460</u>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.



RHB CAPITAL BERHAD (312952 – H)
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Twelve months ended	
	Audited 31.12.2012	Restated 31.12.2011
	RM'000	RM'000
Group		
Cash flows from operating activities		
Profit before taxation	2,384,623	2,249,878
Adjustments for:		
Allowance for impairment on loans, financing and other losses	611,784	478,580
Property, plant and equipment		
- depreciation	96,419	66,109
- gain on disposal	(1,328)	(5,057)
- written off	7	26
Intangible assets		
- amortisation	32,052	34,033
- written off	-	1
Impairment losses on financial investments AFS and held-to-maturity	1,062	77,411
Impairment loss on a joint venture	5,936	-
Accretion of discounts for borrowings and subordinated obligations	2,381	9,547
Share of results of associates and joint ventures	(1,120)	(427)
Interest income from financial assets held-for-trading, financial investments		
AFS and held-to-maturity	(864,600)	(858,726)
Investment income from financial assets held-for-trading, financial investments		
AFS and held-to-maturity	(143,658)	(128,378)
Net gain arising from sale/redemption of financial assets held-for-trading, financial investments AFS and held-to-maturity	(183,477)	(146,302)
Net unrealised loss on revaluation of financial assets held-for-trading and derivatives	5,545	65,865
Net gain on fair value hedges	(1,474)	-
Unrealised net foreign exchange loss/(gain)	12,767	(11,095)
Accretion of discount less amortisation of premium - net	29,089	(23,323)
Gross dividend income from financial assets held-for-trading, financial investments AFS and held-to-maturity	(21,523)	(25,566)
Gain arising from acquisition of a subsidiary	(1,638)	-
Operating profit before working capital changes	1,962,847	1,782,576
(Increase)/decrease in operating assets:		
Securities purchased under resale agreements	(530,823)	140,182
Deposits and placements with banks and other financial institutions	(2,373,028)	(109,687)
Financial assets held-for-trading	(668,980)	(671,547)
Loans, advances and financing	(12,772,638)	(14,322,733)
Clients' and brokers' balances	(217,223)	187,740
Other assets	(184,928)	(137,280)
Statutory deposits	(361,047)	(2,823,005)
	(17,108,667)	(17,736,330)

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.



**RHB CAPITAL BERHAD (312952 – H)
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	Note	Twelve months ended	
		Audited	Restated
		31.12.2012	31.12.2011
		RM'000	RM'000
Group			
Cash flows from operating activities (continued)			
Increase/(decrease) in operating liabilities:			
Deposits from customers		16,215,824	21,426,756
Deposits and placements with banks and other financial institutions		2,554,470	(34,582)
Obligations on securities sold under repurchase agreements		(95,617)	-
Obligations on securities borrowed		119,905	-
Bills and acceptances payable		(127,554)	228,015
Clients' and brokers' balances		263,129	(166,596)
Other liabilities		96,103	114,331
Recourse obligation on loans sold to Cagamas Berhad		1,283,547	343,311
		<u>20,309,807</u>	<u>21,911,235</u>
Cash generated from operations		5,163,987	5,957,481
Net tax paid		(350,569)	(540,903)
Net cash generated from operating activities		<u>4,813,418</u>	<u>5,416,578</u>
Cash flows from investing activities			
Net purchase of financial investment AFS and held-to-maturity		(4,658,017)	(459,409)
Property, plant and equipment:			
- Purchase		(84,743)	(136,860)
- Proceeds from disposal		11,376	5,523
Purchase of software license		(42,318)	(43,927)
Financial investments AFS and held-to-maturity:			
- Interest received		733,887	883,107
- Investment income received		129,242	123,226
- Dividend income received		21,308	25,548
Acquisition of subsidiaries	A24(a)	1,082,745	-
Acquisition of additional interest in a subsidiary	A24(b)	(7,965)	-
Net cash (used in)/generated from investing activities		<u>(2,814,485)</u>	<u>397,208</u>
Cash flows from financing activities			
Net proceeds from issuance of USD Senior Debt Securities		1,535,591	-
Net proceeds from issuance of RM subordinated notes		2,292,706	250,000
Repayment of RM subordinated notes		(1,500,000)	-
Repayment of bonds		(350,000)	-
Proceeds from shares issued pursuant to DRP		289,282	373,710
Drawdown of borrowings		691,568	263,250
Repayment of borrowings		(511,043)	(737,941)
Dividends paid to equity holders of the Company		(452,973)	(476,825)
Dividends paid to non-controlling interests in a subsidiary		(993)	(993)
Net cash generated from/(used in) financing activities		<u>1,994,138</u>	<u>(328,799)</u>
Net increase in cash and cash equivalents		3,993,071	5,484,987
Effects of exchange rate differences		(51,685)	-
Cash and cash equivalents			
- at the beginning of the financial year		20,032,564	14,547,667
- at the end of the financial year		<u>23,973,950</u>	<u>20,032,654</u>
Cash and cash equivalents comprise the following:			
Cash and short term funds		23,974,020	20,032,582
Overdrafts		(70)	(18)
		<u>23,973,950</u>	<u>20,032,564</u>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.



**RHB CAPITAL BERHAD (312952 – H)
CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	Twelve months ended	
	Audited 31.12.2012 RM'000	Audited 31.12.2011 RM'000
Company		
Cash flows from operating activities		
Profit before taxation	549,004	266,254
Adjustments for:		
Interest expense	141,061	144,361
Unrealised foreign exchange loss	115	49
Property, plant and equipment		
- depreciation	245	220
- gain on disposal	(190)	(91)
Dividend income	(756,499)	(434,215)
Interest income	(2,966)	(2,472)
Operating loss before working capital changes	(69,230)	(25,894)
Increase in deposits and placements with banks and other financial institutions	(32)	(38)
Decrease in inter-company balances	12,670	21,346
Increase in other assets	(1,468)	(896)
Increase/(decrease) in other liabilities	58,142	(1,296)
Cash generated from/(used in) operations	82	(6,778)
Tax refunded	27,902	59,570
Net cash generated from operating activities	<u>27,984</u>	<u>52,792</u>
Cash flows from investing activities		
Dividend income received from subsidiaries	567,021	325,661
Interest income received	2,203	1,209
Purchase of property, plant and equipment	(96)	(98)
Acquisition of subsidiaries	A24(a) (235,199)	-
Acquisition of additional interest in a subsidiary	A24(b) (7,965)	-
Proceeds from disposal of property, plant and equipment	190	91
Net cash generated from investing activities	<u>326,154</u>	<u>326,863</u>
Cash flows from financing activities		
Drawdown of borrowings	405,000	280,290
Repayment of borrowings	(459,590)	(724,650)
Interest expense paid	(127,190)	(150,679)
Dividends paid to equity holders of the Company	(452,973)	(476,825)
Proceeds from shares issued pursuant to DRP	289,282	373,710
Net cash used in financing activities	<u>(345,471)</u>	<u>(698,154)</u>
Net increase/(decrease) in cash and cash equivalents	8,667	(318,499)
Cash and cash equivalents		
- at the beginning of the financial year	27,510	346,009
- at the end of the financial year	<u>36,177</u>	<u>27,510</u>
Cash and cash equivalents comprise the following:		
Cash and short term funds	36,247	27,528
Overdrafts	(70)	(18)
	<u>36,177</u>	<u>27,510</u>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements 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 2012**

A1. Basis of Preparation

The Malaysian Accounting Standards Board ('MASB') has announced on 19 November 2011 that Malaysian reporting entities are required to comply with the new International Financial Reporting Standards ('IFRS') compliant framework, Malaysian Financial Reporting Standards ('MFRS') for financial year commencing on or after 1 January 2012.

The Group and the Company revised its accounting policies on 1 January 2012 to enable the preparation of financial statements that comply with MFRS. This condensed financial statements is the Group's and Company's first financial report prepared in accordance with MFRS and MFRS 1: 'First Time Adoption of Malaysia Financial Reporting Standard', and has been applied retrospectively as if the requirements of MFRSs have always been applied by the Group and the Company from the transition date of 1 January 2011. The Group and the Company has elected to apply certain mandatory exceptions and optional exceptions provided in MFRS 1 for first time adoption of MFRS.

The condensed financial statements are audited and has been prepared in compliance with Malaysian Financial Reporting Standard ('MFRS') 134, 'Interim Financial Reporting' issued by MASB and should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 31 December 2011.

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 2011, 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 2012:

MFRS 1	First Time Adoption of Malaysian Financial Reporting Standards
MFRS 139	Financial Instruments: Recognition and Measurement
Revised MFRS 124	Related Party Disclosures
Amendment to MFRS 112	Income Taxes
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendment to MFRS 1	First Time Adoption on Fixed Dates and Hyperinflation
Amendment to MFRS 7	Financial Instruments: Disclosures on Transfers of Financial Assets
Amendment to MFRS 101	Presentation of Items of Other Comprehensive Income
FRSIC18	Monies Held In Trust by Participating Organisation of Bursa Malaysia Securities Berhad

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 impact to the Group and the Company, except for (i) the transition from Financial Reporting Standard ('FRS') to MFRS arising from adoption of MFRS1 and (ii) the change in accounting policies arising from adoption of MFRS 139, FRSIC 18 and reclassification of software license to intangible assets.

(A) Transition from FRS to MFRS Arising From Adoption of MFRS 1

The Group and the Company does not take advantage on certain mandatory exceptions and optional exceptions provided in MFRS 1 for first time adoption of MFRS, except those mentioned below.

(a) MFRS 1 mandatory exceptions

(i) Estimates

MFRS estimates as at transition date is consistent with the estimates as at the same date made in conformity with FRS.

(i) Hedge Accounting

Hedge accounting can only be applied prospectively from the transition date to a hedging relationship that qualifies for hedge accounting under MFRS 139 'Financial instruments: Recognition and measurement' at that date. Hedging relationships cannot be designated retrospectively.

(b) MFRS 1 exemption options

(i) Exemption for business combination

MFRS 1 provides the option to apply MFRS 3 'Business combinations' prospectively for business combination that occurred from the transition date or from a designated date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date or a designated date prior to the transition date. The Group elected to apply MFRS 3 prospectively to business combinations that occurred after 1 January 2012. Business combinations that occurred prior to 1 January 2012 have not been restated. In addition, the Group has also applied MFRS 127 'Consolidated and separate financial statements' from the same date.

The above transition from FRS to MFRS had no effect on the reported equity, total comprehensive income and cash flow for prior years. As such, no reconciliations to explain the effects of transition from FRS to MFRS are disclosed in these financial statements.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

A1. Basis of Preparation (continued)

(B) Change in Accounting Policies Arising From Adoption of MFRS 139, FRSIC 18 and Reclassification of Software Licence to Intangible Assets

Previously, the Group applied the Amendment to FRS 139, which included an additional transitional arrangement for financial sectors, whereby Bank Negara Malaysia ('BNM') may prescribed the use of an alternative basis for collective assessment of impairments on loans, advances and financing. This transitional arrangement is prescribed in BNM's Guidelines on Classification and Impairment Provisions for Loans/Financing issued on 8 January 2010 and subsequently updated on 26 January 2010 and 17 December 2010, whereby banking institutions are required to maintain collective allowances of at least 1.5% of total outstanding loans/financing, net of individual impairment allowances under the transitional provisions in the guidelines.

With effect from 1 January 2012, BNM has removed the transitional provision for banking institution on collective evaluation of loan impairment assessment and loan loss provisioning to comply with MFRS 139 requirements. Exposures not individually known to be impaired are placed into pools of similar assets with similar risk characteristics to be collectively assessed for losses that have been incurred but not identified yet. The required loan loss allowance is estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the collective pool. The historical loss experience is adjusted based on current observable data.

Previously, when a collectively assessed loans and receivables is deemed impaired, the Group reversed out the interest income recognised in income statements and set off against the interest receivable in the statements of financial position. Upon the adoption of MFRS 139, with effect from 1 January 2012, once a collectively assessed loans and receivables has been written down as a result of an impairment loss, interest income is thereafter recognised using the original effective interest rate in the income statements.

According to FRSIC 18, although a participating organisation is required by Capital Markets and Services Act ('CMSA'), 2007 and Bursa Securities Rules to maintain the trust account, it does not have any contractual or statutory obligation to its clients on the money deposited in the trust account that would result in an outflow of resources embodying economic benefits from the participating organisation. In addition, a participating organisation is prohibited under the provisions contained in Section 113 of CMSA 2007 to utilise the monies either for its own economic benefits or settlement of its own liability. The monies are also not available for distribution in the event the participating organisation is liquidated. As such, a participating organisation does not have any control over the trust monies to obtain the future economic benefits embodied in the trust monies. Accordingly, the trust monies should not be recognised as part of the participating organisation's asset with a corresponding liability.

Previously, monies held in trust forms part of the assets in the financial statements with a corresponding liability. Upon adoption of FRSIC 18, the monies held in trust are no longer included in the assets with corresponding liabilities in the financial statements of the Group.

Previously, software licences were classified under property, plant and equipment. Upon the full adoption of MFRS, software licenses are now reclassified to other intangibles.

The change in accounting policies mentioned above have been accounted for retrospectively by re-measuring the relevant financial assets and financial liabilities, as appropriate, and recording any adjustments to the previous carrying amounts to the Group's opening retained profits. As such, comparatives have been restated to conform with current year's presentation. The principal effects of the changes in accounting policies arising from the adoption of these standards are disclosed in Note A29.

A2. Auditors' Report

The auditors' report for the financial year ended 31 December 2011 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 2012.

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.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

A6. Changes in Debt and Equity Securities

(i) Change in equity securities

During the financial year, the Company has:

- (a) increased the share issued and paid-up share capital of the Company to 2,235,763,288 via issuance of 30,944,571 new ordinary shares of RM1.00 each arising from DRP, as stated in note B6(c), relating to the final dividend of 11.82% less 25% tax and single-tier dividend of 5.59% in respect of financial year ended 31 December 2011, on 11 June 2012;
- (b) increased the share issued and paid-up share capital of the Company to 2,480,763,288 via issuance of 245,000,000 new ordinary shares of RM1.00 each arising from acquisition of OSK Investment Bank Berhad ('OSKIB'), as stated in note A24(a) and note B6(f), on 8 November 2012; and
- (c) increased the share issued and paid-up share capital of the Company to 2,494,207,802 via issuance of 13,444,514 new ordinary shares of RM1.00 each arising from DRP, as stated in note B6(c), relating to the single-tier interim dividend of 6.00% in respect of financial year ended 31 December 2012, on 27 November 2012.

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

(ii) Change in debt securities

Debt securities issuances and repayments by the Group during the financial year are as follows:

- (a) via RHB Bank Berhad, its commercial banking subsidiary, are as follows:
 - (i) issuance RM750.0 million nominal value of Subordinated Notes, being part of the RM3.0 billion in nominal value (or its equivalent in other currencies) under a MCMTN Programme on 7 May 2012;
 - (ii) issuance USD300.0 million nominal value of Senior Notes, being part of the USD500.0 million in nominal value under the EMTN Programme on 11 May 2012;
 - (iii) issuance USD200.0 million nominal value of Senior Notes, being the remaining balance of the USD500.0 million in nominal value under the EMTN Programme on 28 September 2012;
 - (iv) issuance RM1.3 billion nominal value of Subordinated Notes, being part of the RM3.0 billion in nominal value (or its equivalent in other currencies) under a MCMTN Programme on 30 November 2012; and
 - (v) redemption of RM1.3 billion in nominal value of its existing Subordinated Notes, on 30 November 2012.
- (b) via RHB Investment Bank Berhad, its investment banking subsidiary, are as follows:
 - (i) issuance of One-Time RM245.0 million in nominal value of Tier II Subordinated Notes, on 10 December 2012; and
 - (ii) redemption of RM200.0 million in nominal value of its existing Subordinated Notes, on 10 December 2012.

Other than the above, there were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period under review.

A7. Dividends Paid

During the financial year ended 31 December 2012, the Company has paid the following dividends:

- (a) a final dividend of 11.82% less 25% tax amounting to RM195.5 million and single-tier final dividend of 5.59% amounting to RM123.3 million in respect of the financial year ended 31 December 2011, on 11 June 2012. The reinvestment rate subsequent to the completion of DRP was 63.29%.
- (b) a single-tier interim dividend of 6.00% amounting to RM134.1 million in respect of the financial year ended 31 December 2012, on 27 November 2012. The reinvestment rate subsequent to the completion of DRP was 65.25%.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	Note	4th quarter ended		Twelve months ended	
		Audited	Restated	Audited	Restated
		31.12.2012	31.12.2011	31.12.2012	31.12.2011
		RM'000	RM'000	RM'000	RM'000
A8. Interest Income					
<u>Group</u>					
Loans, advances and financing		1,287,420	1,163,526	4,846,075	4,426,845
Money at call and deposits and placements with banks and other financial institutions		97,044	102,743	436,001	331,854
Securities purchased under resale agreements		184	1,040	401	5,510
Financial assets held-for-trading		11,932	4,384	32,892	21,468
Financial investments AFS		89,267	78,840	305,825	362,258
Financial investments held-to-maturity		146,194	135,375	525,883	475,000
Others		3,920	1,470	6,155	7,248
		1,635,961	1,487,378	6,153,232	5,630,183
Of which:					
Interest income accrued on impaired loans, advances and financing		33,962	35,055	148,120	136,474
<u>Company</u>					
Money at call and deposits and placements with banks and other financial institutions		819	333	2,202	1,154
Others		173	261	764	1,318
		992	594	2,966	2,472



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	4th quarter ended		Twelve months ended	
	Audited	Audited	Audited	Audited
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
A9. Interest Expense				
<u>Group</u>				
Deposits and placements of banks and other financial institutions	52,484	67,154	216,754	199,545
Deposits from customers	672,879	583,727	2,462,901	2,138,315
Borrowings and senior debt securities	44,386	35,138	161,224	137,808
Subordinated obligations	57,238	44,244	204,900	170,180
Hybrid Tier-1 Capital Securities	11,359	11,354	45,179	45,035
Recourse obligation on loans sold to Cagamas	11,951	8,098	54,084	32,424
Others	11,410	13,069	48,092	53,688
	861,707	762,784	3,193,134	2,776,995
<u>Company</u>				
Borrowings	32,755	36,703	141,061	144,361



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	4th quarter ended		Twelve months ended	
	Audited	Audited	Audited	Audited
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income				
Group				
Fee income				
- Service charges and fees	51,821	46,858	225,012	191,262
- Commission	29,348	30,301	118,087	112,175
- Guarantee fees	15,071	10,600	47,608	36,482
- Commitment fees	11,793	11,766	46,151	49,910
- Net brokerage	54,014	16,301	111,677	87,796
- Fund management fees	6,810	5,035	21,607	20,127
- Corporate advisory fees	6,333	4,460	13,373	11,985
- Underwriting and arrangement fees	25,082	2,418	61,054	19,064
- Unit trust fee income	12,371	571	17,175	3,196
- Other fee income	15,047	9,745	42,258	36,652
	227,690	138,055	704,002	568,649
Net gain arising from financial assets held-for-trading				
- net gain on disposal	10,268	6,491	69,158	47,604
- unrealised net gain on revaluation	9,528	10,860	5,221	2,045
- gross dividend income	1,114	704	3,508	3,660
	20,910	18,055	77,887	53,309
Net (loss)/gain on revaluation of derivatives	(7,851)	(12,113)	13,598	(65,848)
Net gain on fair value hedges	986	-	1,474	-
Net gain arising from financial investments AFS				
- net gain on disposal	16,201	38,531	76,260	66,839
- gross dividend income	5,669	9,227	18,015	21,906
	21,870	47,758	94,275	88,745
Net gain arising from financial investments held-to-maturity				
- net gain on redemption	12	7	2,997	3,906
	12	7	2,997	3,906



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	Note	4th quarter ended		Twelve months ended	
		Audited	Audited	Audited	Audited
		31.12.2012	31.12.2011	31.12.2012	31.12.2011
		RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income (continued)					
Other income					
- Net foreign exchange gain/(loss)					
- realised		111,031	(40,305)	326,633	287,642
- unrealised		13,575	110,001	(12,767)	11,095
- Insurance underwriting surplus before management expenses		38,019	3,749	88,000	64,035
- Rental income		1,235	1,113	3,692	3,150
- Net gain on disposal of property, plant and equipment		-	-	1,321	5,057
- Other operating income		20,100	15,854	71,801	54,876
- Other non-operating income		1,557	998	3,465	6,883
- Gain arising from deemed disposal of an associate to a subsidiary		1,421	-	1,421	-
- Gain arising from acquisition of a subsidiary	A24(a)	1,638	-	1,638	-
		<u>188,576</u>	<u>91,410</u>	<u>485,204</u>	<u>432,738</u>
		<u>452,193</u>	<u>283,172</u>	<u>1,379,437</u>	<u>1,081,499</u>
Company					
Gross dividend income from:					
- Subsidiaries		<u>471</u>	<u>-</u>	<u>756,499</u>	<u>434,215</u>
Other income					
- Net foreign exchange loss					
- unrealised		(86)	(34)	(115)	(49)
- Net gain on disposal of property, plant and equipment		-	-	190	91
		<u>(86)</u>	<u>(34)</u>	<u>75</u>	<u>42</u>
		<u>385</u>	<u>(34)</u>	<u>756,574</u>	<u>434,257</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	4th quarter ended		Twelve months ended	
	Audited	Audited	Audited	Audited
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses				
Group				
Personnel costs				
- Salaries, bonus, wages and allowances	303,007	225,457	1,072,794	914,366
- Defined contribution plan	43,437	34,375	160,427	138,927
- Other staff related costs	41,387	48,473	107,043	129,088
	387,831	308,305	1,340,264	1,182,381
Establishment costs				
- Property, plant and equipment				
- depreciation	35,872	8,307	96,419	66,019
- written off	6	1	7	26
- Intangible assets				
- amortisation	8,013	8,484	32,052	34,033
- written off	-	1	-	1
- Information technology expenses	34,363	29,269	121,493	113,882
- Repair and maintenance	9,176	6,106	26,325	23,675
- Security and escorting charges	10,746	10,027	41,932	35,861
- Rental of premises	29,746	22,053	100,415	61,308
- Water and electricity	7,735	6,145	27,281	24,263
- Rental of equipment	2,029	2,024	6,864	9,399
- Insurance	3,414	1,234	11,119	2,973
- Others	1,520	1,985	7,847	9,224
	142,620	95,636	471,754	380,664
Marketing expenses				
- Sales commission	23,042	6,365	51,419	23,731
- Advertisements and publicity	42,208	34,300	91,778	76,570
- Others	30,608	9,213	85,724	45,582
	95,858	49,878	228,921	145,883
Administration and general expenses				
- Communication expenses	32,645	28,344	106,111	101,493
- Legal and professional fee	31,555	4,679	52,201	10,448
- Others	26,545	20,695	94,475	82,417
	90,745	53,718	252,787	194,358
	717,054	507,537	2,293,726	1,903,286



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	4th quarter ended		Twelve months ended	
	Audited	Audited	Audited	Audited
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses (continued)				
<u>Company</u>				
Personnel costs				
- Salaries, bonus, wages and allowances	3,383	1,998	15,438	10,475
- Defined contribution plan	547	375	2,450	1,725
- Other staff related costs	651	743	2,074	2,054
	4,581	3,116	19,962	14,254
Establishment costs				
- Rental of premises	392	298	1,208	1,196
- Depreciation of property, plant and equipment	64	58	245	220
- Repair and maintenance	68	63	161	189
- Security and escorting charges	9	8	35	34
- Rental of equipment	4	5	35	31
- Water and electricity	26	51	106	111
- Information technology expenses	3	-	10	3
- Insurance	1	-	3	3
	567	483	1,803	1,787
Marketing expenses				
- Advertisements and publicity	95	304	1,676	1,502
- Others	44	98	260	358
	139	402	1,936	1,860
Administration and general expenses				
- Communication expenses	73	109	336	350
- Legal and professional fee	26,933	2,615	42,905	4,851
- Others	1,989	181	2,533	3,012
	28,995	2,905	45,774	8,213
	34,282	6,906	69,475	26,114



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	4th quarter ended		Twelve months ended	
	Audited	Restated	Audited	Restated
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
A12. Change in Allowance for Impairment on Loans, Financing and Other Losses				
<u>Group</u>				
Allowance for impaired loans and financing:				
- Individual impairment allowance made	(91,726)	(38,611)	(267,911)	(110,301)
- Collective impairment allowance (made)/write back	(26,874)	5,676	(119,712)	(143,615)
Impaired loans and financing recovered	98,290	88,478	463,292	332,445
Bad debts written off	(75,212)	(70,225)	(223,157)	(221,304)
Allowance made for impairment on other assets	(1,765)	(2,112)	(1,004)	(3,360)
	<u>(97,287)</u>	<u>(16,794)</u>	<u>(148,492)</u>	<u>(146,135)</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	Audited As at 31.12.2012 RM'000	Group Audited As at 31.12.2011 RM'000	Audited As at 1.1.2011 RM'000
A13. Financial Assets Held-for-trading			
At fair value			
<u>MONEY MARKET INSTRUMENTS:</u>			
Malaysian government securities	323,779	21,119	-
Malaysian government investment issues	181,998	144,220	45,621
Malaysian government treasury bills	52,869	-	-
BNM monetary notes	598,073	808,374	366,768
Negotiable instruments of deposits	-	-	51,502
Cagamas bonds	250,324	-	-
Singapore government treasury bills	227,634	275,519	119,367
Thailand government bonds	-	-	10,216
Wakala Global Sukuk	7,144	16,495	-
Khazanah bonds	-	53,767	-
1 Malaysia Sukuk	20,183	-	-
<u>QUOTED SECURITIES:</u>			
In Malaysia			
Shares, exchange traded funds and warrants	129,944	67,981	69,896
Unit trusts	5,790	3,451	1,059
Outside Malaysia			
Shares, exchange traded funds and warrants	58,517	2,524	2,457
Unit trusts	25,034	-	-
<u>UNQUOTED SECURITIES:</u>			
In Malaysia			
Private debt securities	717,367	108,308	105,368
Outside Malaysia			
Private debt securities	140,994	-	-
	2,739,650	1,501,758	772,254



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A13. Financial Assets Held-for-trading (continued)

In 2008, the Group reclassified a portion of their financial assets held-for-trading ('HFT') into financial investments available-for-sale ('AFS') and financial investments held-to-maturity ('HTM'). The reclassifications have been accounted for in accordance with BNM's circular on "Reclassification of securities under specific circumstances" dated 17 October 2008, which is effective from 1 July 2008 until 31 December 2009.

The effect of reclassification on the income statement for the period from the date of reclassification to 31 December 2012 and the gains and losses relating to these assets recorded in income statement for the year ended 31 December 2012 were as follows:

	Audited As at 31.12.2012 RM'000	Group Audited As at 31.12.2011 RM'000	Audited As at 1.1.2011 RM'000
<u>Carrying amount</u>			
Reclassified from HFT to AFS - Debt securities	111,191	588,099	1,568,927
Reclassified from HFT to HTM - Debt securities	18,425	19,063	26,038
	129,616	607,162	1,594,965
<u>Fair value</u>			
Reclassified from HFT to AFS - Debt securities	110,549	583,059	1,537,378
Reclassified from HFT to HTM - Debt securities	19,724	20,643	27,350
	130,273	603,702	1,564,728
Fair value gains/(losses) that would have been recognised if the financial assets HFT had not been reclassified	657	(3,460)	



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	Audited As at 31.12.2012 RM'000	Group Audited As at 31.12.2011 RM'000	Audited As at 1.1.2011 RM'000
A14. Financial Investments Available-for-sale			
At fair value			
<u>MONEY MARKET INSTRUMENTS:</u>			
Malaysian government securities	806,960	1,666,771	4,520,680
Malaysian government investment issues	2,745,906	2,907,749	3,080,615
BNM Monetary Notes	205,859	-	-
Cagamas bonds and Cagamas Mudharabah bonds	117,158	82,056	591,416
Khazanah bonds	49,116	12,638	11,984
Singapore government securities	135,081	232,275	128,445
Singapore government treasury bills	25,032	73,155	26,258
Thailand government bonds	106,295	85,870	112,140
1 Malaysia Sukuk	307,928	291,592	86,032
Wakala Global Sukuk	95,029	115,164	-
Bankers' acceptances and Islamic acceptable bills	412,555	-	93,868
Negotiable instrument of deposits	409,161	-	108,163
Sukuk Perumahan Kerajaan	101,363	-	-
<u>QUOTED SECURITIES:</u>			
In Malaysia			
Corporate loan stocks	8,627	15,434	15,408
Shares and warrants	7,630	4,503	4,310
Unit trusts	5,247	-	-
Outside Malaysia			
Shares and warrants	3,415	23	17
Unit trusts	20,197	-	-
<u>UNQUOTED SECURITIES:</u>			
In Malaysia			
Private debt securities	7,731,780	4,384,508	3,910,065
Shares and warrants	379,135	406,680	360,862
Corporate loan stocks	121,637	127,875	129,634
Unit trusts	344,217	278,883	168,495
Redeemable convertible preference shares	-	15,130	13,980
Outside Malaysia			
Private debt securities	994,761	5,901	11,921
Corporate loan stocks	460	574	564
Shares	20,382	-	-
	15,154,931	10,706,781	13,374,857

Included in financial investments available-for-sale are private debts securities outside Malaysia, which are pledged as collateral for obligations on securities sold under repurchase agreements amounted to RM239,126,000.(31.12.2011: NIL; 1.1.2011: NIL).



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A15. Financial Investments Held-to-maturity			
At amortised cost			
<u>MONEY MARKET INSTRUMENTS:</u>			
Malaysian government securities	2,461,736	2,814,685	2,993,642
Malaysian government investment issues	6,038,528	3,304,614	1,371,160
Cagamas bonds and Cagamas Mudharabah bonds	2,391,005	1,963,279	773,645
Khazanah bonds	66,290	63,418	52,631
Negotiable instruments of deposits	2,126,329	1,005,545	1,103,432
Singapore government securities	126,795	123,462	120,730
Thailand government securities	264,011	240,210	223,230
Sukuk (Brunei) Incorporation	57,594	53,682	23,873
Singapore government treasury bills	-	-	9,549
Bankers' acceptances and Islamic acceptable bills	389,176	271,632	-
Wakala Global Sukuk	212,524	203,078	-
<u>UNQUOTED SECURITIES:</u>			
In Malaysia			
Private debt securities	4,216,113	3,207,217	2,420,343
Corporate loan stocks	55,196	56,283	81,107
Bonds	883	883	883
Prasarana bonds	794,309	990,911	1,860,387
Outside Malaysia			
Private debt securities	50,020	19,063	18,520
Structured notes	-	-	32,564
	19,250,509	14,317,962	11,085,696
Accumulated impairment losses	(305,473)	(224,053)	(216,146)
	18,945,036	14,093,909	10,869,550



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	Audited	Group	Restated
	As at	As at	As at
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
A16. Loans, Advances and Financing			
At amortised cost			
Overdrafts	5,895,676	5,713,718	6,109,661
Term loans/financing			
- housing loans/financing	21,706,306	20,083,314	18,328,572
- syndicated term loans/financing	2,521,254	2,603,854	2,055,287
- hire-purchase receivables	12,581,965	12,958,064	10,967,557
- lease receivables	75,650	116,243	146,399
- other term loans/financing	52,579,442	43,135,262	33,587,420
Bills receivable	1,574,283	1,645,017	1,507,021
Trust receipts	469,017	383,406	345,620
Claims on customers under acceptance credits	5,257,978	4,757,731	4,643,119
Staff loans/financing	286,116	316,812	350,875
Credit/charge cards receivables	1,926,638	1,783,094	1,648,863
Revolving credits/financing	6,599,744	3,941,393	4,196,214
Gross loans, advances and financing	<u>111,474,069</u>	<u>97,437,908</u>	<u>83,886,608</u>
Fair value changes arising from fair value hedges	6,252	-	-
	<u>111,480,321</u>	<u>97,437,908</u>	<u>83,886,608</u>
Allowance for impaired loans, advances and financing			
- individual impairment allowance	(801,495)	(813,086)	(855,782)
- collective impairment allowance	(1,401,946)	(1,566,152)	(1,817,189)
Net loans, advances and financing	<u><u>109,276,880</u></u>	<u><u>95,058,670</u></u>	<u><u>81,213,637</u></u>



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	Audited	Group	Restated
	As at	As at	As at
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
A16. Loans, Advances and Financing (continued)			
(a) By type of customer			
Domestic non-bank financial institutions			
- others	1,502,696	937,008	315,831
Domestic business enterprises			
- small medium enterprises	12,649,350	11,539,573	11,063,211
- others	30,406,205	23,989,635	22,184,642
Government and statutory bodies	10,989,382	11,148,102	9,210,030
Individuals	47,909,866	43,979,280	36,581,880
Other domestic entities	10,240	10,674	8,325
Foreign entities	8,006,330	5,833,636	4,522,689
	<u>111,474,069</u>	<u>97,437,908</u>	<u>83,886,608</u>
(b) By geographical distribution			
In Malaysia	104,661,562	92,881,385	80,243,807
Outside Malaysia			
- Singapore operations	5,863,486	4,211,647	3,191,218
- Thailand operations	468,613	232,363	297,308
- Brunei operations	86,886	112,513	154,275
- Indonesia operations	18,274	-	-
- Hong Kong operations	100,444	-	-
- Cambodia operations	274,804	-	-
	<u>111,474,069</u>	<u>97,437,908</u>	<u>83,886,608</u>
(c) By interest/profit rate sensitivity			
Fixed rate			
- housing loans/financing	1,358,745	1,612,129	1,524,513
- hire-purchase receivables	12,581,965	12,958,064	10,967,084
- other fixed rate loans/financing	19,996,461	16,528,417	14,214,493
Variable rate			
- base lending/financing rate plus	42,244,830	38,793,599	32,892,316
- cost-plus	30,120,920	23,122,176	19,949,127
- other variable rates	5,171,148	4,423,523	4,339,075
	<u>111,474,069</u>	<u>97,437,908</u>	<u>83,886,608</u>



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	Audited	Group	Restated
	As at	As at	As at
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
A16. Loans, Advances and Financing (continued)			
(d) By purpose			
Purchase of securities	10,250,484	6,983,242	4,009,277
Purchase of transport vehicles	11,448,099	11,742,988	9,575,916
Purchase of landed property:			
- residential	22,154,545	20,604,412	18,928,151
- non-residential	5,730,126	5,282,037	4,768,354
Purchase of property, plant and equipment other than land and building	3,249,719	3,241,052	3,338,395
Personal use	5,758,114	4,960,882	3,544,058
Credit card	1,926,638	1,783,094	1,648,863
Purchase of consumer durables	37,282	43,750	54,645
Construction	3,653,747	3,024,994	2,594,313
Working capital	26,520,291	20,359,900	20,744,300
Merger and acquisition	3,702,442	4,200,239	2,432,562
Other purpose	17,042,582	15,211,318	12,247,774
	111,474,069	97,437,908	83,886,608
(e) By remaining contractual maturities			
Maturity within one year	39,436,353	30,866,562	28,795,411
One year to three years	8,971,576	6,148,234	4,692,908
Three years to five years	9,495,981	10,384,652	10,027,816
Over five years	53,570,159	50,038,460	40,370,473
	111,474,069	97,437,908	83,886,608



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	Note	Audited As at 31.12.2012 RM'000	Group Restated As at 31.12.2011 RM'000
A16. Loans, Advances and Financing (continued)			
(f) Impaired loans, advances and financing			
(i) Movements in impaired loans, advances and financing			
Balance as at the beginning of the financial year			
- As previously reported		3,351,106	3,672,175
- Effect of full adoption of MFRS 139	A29	142,845	176,364
- As restated		3,493,951	3,848,539
Amount arising from acquisition of subsidiaries		286,081	-
Classified as impaired		3,900,918	3,711,482
Reclassified as non-impaired		(2,746,513)	(2,856,741)
Amount recovered		(784,440)	(609,133)
Amount written off		(811,448)	(604,997)
Exchange difference		(912)	4,801
Balance as at the end of the financial year		3,337,637	3,493,951

	Audited As at 31.12.2012 RM'000	Group Restated As at 31.12.2011 RM'000	Restated As at 1.1.2011 RM'000
(ii) By purpose			
Purchase of securities	335,314	91,503	85,109
Purchase of transport vehicles	260,414	267,936	250,879
Purchase of landed property:			
- residential	965,098	1,085,031	1,262,419
- non-residential	158,072	211,948	258,690
Purchase of property, plant and equipment other than land and building	66,981	146,184	206,369
Personal use	137,178	125,496	126,095
Credit card	39,379	43,394	56,840
Purchase of consumer durables	2,058	2,154	3,356
Construction	160,267	244,774	175,969
Working capital	1,126,095	1,249,521	1,410,669
Other purpose	86,781	26,010	12,144
	3,337,637	3,493,951	3,848,539



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	Audited As at 31.12.2012 RM'000	Group Restated As at 31.12.2011 RM'000	Restated As at 1.1.2011 RM'000
A16. Loans, Advances and Financing (continued)			
(f) Impaired loans, advances and financing (continued)			
(iii) By geographical distribution			
In Malaysia	3,238,073	3,397,385	3,692,924
Outside Malaysia			
- Singapore operations	69,055	66,581	127,892
- Thailand operations	21,905	22,440	22,371
- Brunei operations	8,604	7,545	5,352
	3,337,637	3,493,951	3,848,539
(iv) Movements in allowance for impaired loans, advances and financing			
	Note	Group Audited As at 31.12.2012 RM'000	Restated As at 31.12.2011 RM'000
<u>Individual impairment allowance</u>			
Balance as at the beginning of the financial year		813,086	855,782
Amount arising from acquisition of subsidiaries		21,043	-
Net allowance made		267,911	110,301
Amount written off		(288,550)	(155,738)
Reclassified (to)/from collective impairment allowance		(10,895)	1,786
Transfer to allowance of impairment of financial investments HTM		(643)	-
Exchange differences		(457)	955
Balance as at the end of the financial year		801,495	813,086
<u>Collective impairment allowance</u>			
Balance as at the beginning of the financial year			
- As previously reported		1,658,463	1,626,369
- Effect of full adoption of MFRS 139	A29	(92,311)	190,820
- As restated		1,566,152	1,817,189
Amount arising from acquisition of subsidiaries		6,463	-
Net allowance made		119,712	143,615
Amount written off		(300,584)	(394,391)
Reclassified from/(to) individual impairment allowance		10,895	(1,786)
Exchange differences		(692)	1,525
Balance as at the end of the financial year		1,401,946	1,566,152



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	Audited As at 31.12.2012 RM'000	Group Audited As at 31.12.2011 RM'000	Audited As at 1.1.2011 RM'000
A17. Other Assets			
Other debtors	501,114	308,159	239,634
Deposits	105,292	68,679	54,366
Prepayments	54,788	40,237	28,192
Reinsurance assets	191,147	162,375	154,448
Amount due from reverse repo transactions	121,309	-	-
Deposit for proposed acquisition of PT Bank Mestika Dharma (refer to Note B6(a))	112,515	112,515	112,515
	1,086,165	691,965	589,155
		Company Audited As at 31.12.2011 RM'000	Audited As at 1.1.2011 RM'000
Other debtors	8	1	1
Deposits	35,015	32,847	32,800
Prepayments	8,129	8,836	8,031
Deposit for proposed acquisition of PT Bank Mestika Dharma (refer to Note B6(a))	112,515	112,515	112,515
	155,667	154,199	153,347



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	Audited As at 31.12.2012 RM'000	Group Audited As at 31.12.2011 RM'000	Audited As at 1.1.2011 RM'000
A18. Deposits from Customers			
(a) By type of deposits			
Demand deposits	22,504,610	21,435,927	19,523,082
Savings deposits	6,932,789	6,359,910	5,832,118
Fixed/investment deposits	108,696,573	87,946,325	68,829,333
Negotiable instruments of deposits	90,253	118,422	249,295
	138,224,225	115,860,584	94,433,828
(b) By type of customer			
Government and statutory bodies	15,358,856	12,738,623	8,424,043
Business enterprises	85,321,693	65,868,672	54,623,226
Individuals	32,807,510	31,171,620	27,507,468
Others	4,736,166	6,081,669	3,879,091
	138,224,225	115,860,584	94,433,828
(c) By maturity structure of fixed/investment deposits and negotiable instruments of deposits			
Due within six months	89,643,980	71,800,822	58,855,201
Six months to one year	18,225,877	14,779,575	9,744,919
One year to three years	879,712	1,440,291	449,560
Three years to five years	37,257	44,059	28,948
	108,786,826	88,064,747	69,078,628
A19. Deposits and Placements of Banks and Other Financial Institutions			
Licensed banks	7,788,585	6,173,594	5,228,464
Licensed Islamic banks	1,148,524	73,654	-
Licensed investment banks	907,280	423,382	153,442
BNM	1,149,572	1,273,358	2,197,885
Other financial institutions	2,456,168	2,087,587	2,486,366
	13,450,129	10,031,575	10,066,157



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	Audited As at 31.12.2012 RM'000	Group Restated As at 31.12.2011 RM'000	Restated As at 1.1.2011 RM'000
A20. Other Liabilities			
Other creditors and accruals	961,494	826,920	842,123
General insurance contract liabilities	517,285	433,933	379,176
Short term employee benefits	226,185	163,241	150,461
Lessee deposits	30,689	54,756	65,050
Prepaid instalment	77,984	79,774	77,670
Remisiers' trust deposits	51,911	9,306	10,016
Amount due to Danaharta	1,827	1,804	1,796
Amount payable for creation of units due to funds	23,084	13,685	2,069
	1,890,459	1,583,419	1,528,361
		Company	
	Audited As at 31.12.2012 RM'000	Audited As at 31.12.2011 RM'000	Audited As at 1.1.2011 RM'000
Other creditors and accruals	57,857	1,361	2,218
Short term employee benefits	3,602	1,954	2,393
	61,459	3,315	4,611



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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 and OSK Investment Bank (Labuan) 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 primarily focuses on providing commercial banking related products and services tailored to the specific needs in foreign countries. With the acquisition of OSK Investment Bank Berhad, this segment also offered stockbroking and investment banking products and services to our regional customers. The Group has established its commercial banking business in Singapore, Cambodia, Thailand and Brunei, while the Group's regional stockbroking and investment banking business operates from Singapore, Hong Kong, Indonesia and Thailand.



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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 center and the application of transfer pricing, where appropriate, has been used in preparing the segmental reporting.

Arising from the adoption of MFRS 139 and FRSIC 18 as mentioned in Note A1, certain comparatives have been restated to conform with current period's presentation.



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A21. Segment Reporting (continued)

Segment Profit and Loss for the Year Ended 31 December 2012

	Corporate & Investment Banking	Retail Banking	Business Banking	Group Treasury	Islamic Banking Business	Global Financial Banking	Support Center and Others	Inter-segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	946,962	2,110,708	703,393	640,416	410,967	309,246	(292,100)	-	4,829,592
Inter-segment revenue	28,182	24,394	-	39,268	(30,499)	3,304	29,408	(94,057)	-
Segment revenue	975,144	2,135,102	703,393	679,684	380,468	312,550	(262,692)	(94,057)	4,829,592
Overhead expenses	(361,320)	(1,005,483)	(391,639)	(107,789)	(165,317)	(234,515)	(121,720)	94,057	(2,293,726)
Including:									
Depreciation of property, plant and equipment	(8,406)	(60,941)	(7,223)	(2,417)	(5,855)	(5,059)	(6,518)	-	(96,419)
Amortisation of intangible assets	(4,228)	(15,009)	(7,240)	(3,292)	(230)	(2,051)	(2)	-	(32,052)
Change in allowance (made)/write back for impairment on loans, financing and other losses	136,134	(159,307)	(54,015)	(9)	(78,202)	(2,596)	9,503	-	(148,492)
Impairment (losses)/write back on other assets	1,816	27	119	(6,266)	-	433	-	-	(3,871)
	751,774	970,339	257,858	565,620	136,949	75,872	(374,909)	-	2,383,503
Share of results of associates									294
Share of results of joint ventures									826
Profit before taxation									2,384,623
Taxation									(594,854)
Net profit for the financial year									1,789,769



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A21. Segment Information (continued)

Segment Profit and Loss for the Year Ended 31 December 2011 (Restated)

	Corporate & Investment Banking	Retail Banking	Business Banking	Group Treasury	Islamic Banking Business	Global Financial Banking	Support Center and Others	Inter-segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	793,836	1,987,582	693,971	548,224	361,883	214,867	(224,214)	-	4,376,149
Inter-segment revenue	19,055	16,466	-	78,880	(75,765)	3,418	28,878	(70,932)	-
Segment revenue	812,891	2,004,048	693,971	627,104	286,118	218,285	(195,336)	(70,932)	4,376,149
Overhead expenses	(289,396)	(854,515)	(365,002)	(85,264)	(137,014)	(149,216)	(93,811)	70,932	(1,903,286)
Including:									
Depreciation of property, plant and equipment	(3,993)	(39,859)	(6,027)	(1,825)	(4,233)	(3,519)	(6,563)	-	(66,019)
Amortisation of intangible assets	(3,359)	(19,513)	(7,662)	(2,710)	-	(789)	-	-	(34,033)
Change in allowance (made)/write back for impairment on loans, financing and other losses	(58,268)	(206,908)	79,574	-	12,885	15,257	11,325	-	(146,135)
Impairment (losses)/write back on other assets	(5,082)	761	1,297	(74,253)	-	-	-	-	(77,277)
	460,145	943,386	409,840	467,587	161,989	84,326	(277,822)	-	2,249,451
Share of results of a joint venture									427
Profit before taxation									2,249,878
Taxation									(559,846)
Net profit for the financial year									1,690,032



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A21. Segment Reporting (continued)

Segment Assets as at 31 December 2012

	Corporate & Investment Banking	Retail Banking	Business Banking	Group Treasury	Islamic Banking Business	Global Financial Banking	Support Center and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	39,296,064	44,765,381	11,924,133	58,354,571	16,583,407	15,042,992	1,756,091	187,722,639
Investments in associates and joint ventures								36,589
Tax recoverable								142,912
Deferred tax assets								15,115
Unallocated assets								1,160,310
Total assets								189,077,565



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A21. Segment Information (continued)

Segment Assets as at 31 December 2011 (Restated)

	Corporate & Investment Banking	Retail Banking	Business Banking	Group Treasury	Islamic Banking Business	Global Financial Banking	Support Center and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	31,335,449	42,881,173	10,873,578	42,631,186	13,753,092	9,045,978	515,883	151,036,339
Investments in a joint venture								24,956
Tax recoverable								232,957
Deferred tax assets								14,630
Unallocated assets								994,675
Total assets								<u>152,303,557</u>



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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 this condensed 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 2012, other than as summarised below:

(a) Acquisition of subsidiaries

On 9 November 2012, the Company has completed the acquisitions of the following companies:

- (i) 660,000,000 ordinary shares of RM1.00 each in OSK Investment Bank Berhad (“OSK Investment Bank” or “OSKIB”) or 100% equity interest in OSKIB from OSK Holdings Berhad (‘OSKH’) for a purchase consideration of RM2,070.15 million satisfied by RM195.9 million in cash and the issuance of 245,000,000 new ordinary shares of RM1.00 each in RHB Capital at fair value of RM7.65 per share (“share issue”);
- (ii) 22,000 ordinary shares of RM10.00 each in Malaysian Trustees Berhad (‘MTB’) or the remaining 20% equity interest in MTB not held by the OSKIB Group from OSKH for a purchase consideration of RM3.3 million satisfied wholly in cash;
- (iii) 240,000 ordinary shares of RM10.00 each in OSK Trustees Berhad (‘OSKT’) or the remaining 20% equity interest in OSKT not held by the OSKIB Group from OSKH for a purchase consideration of RM1.9 million to satisfied wholly in cash; and
- (iv) 4,811,000 ordinary shares of USD1.00 each in OSK Investment Bank (L) Ltd (‘OSKL’) or 100% equity interest in OSKL from OSKH for a purchase consideration of RM21.6 million satisfied wholly in cash.

On 14 November 2012, the Company has completed the acquisition of 6,811,111 ordinary shares of RM1.00 each in Finexasia.com Sdn Bhd (‘Finexasia’) or the remaining of approximately 59.95% equity interest in Finexasia not held by OSKIB from OSK Venture Equities Sdn Bhd for a purchase consideration of RM12.5 million satisfied wholly in cash.

The initial provisional fair values of the identifiable assets and liabilities assumed arising from the above acquisitions are as follows:

	OSKIB, OSKT and MTB RM'000	OSKL RM'000	Finexasia RM'000
Cash and short-term funds	1,314,845	3,034	66
Deposits and placements with banks	112,697	-	19,584
Securities portfolio	4,781,704	6,054	-
Derivatives financial assets	20,176	-	-
Loans, advances and financing	1,888,344	60,294	-
Clients’ and brokers’ balances	2,533,390	-	-
Tax recoverable	36,612	13	-
Other assets	220,086	42	1,051
Statutory reserve deposits	235,377	-	-
Deferred tax assets	3,990	-	-
Investment in associated companies and a jointly controlled entity	25,314	-	-
Property, plant and equipment	71,350	29	287
Intangible assets	32,985	-	34
Total assets acquired	11,276,870	69,466	21,022



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A24. Changes in Composition of the Group (continued)

(a) Acquisition of subsidiaries (continued)

The initial provisional fair values of the identifiable assets and liabilities assumed arising from the above acquisitions are as follows: (continued)

	OSKIB, OSKT and MTB RM'000	OSKL RM'000	Finexasia RM'000
Less: Total liabilities assumed			
Deposits from customers	(5,997,703)	-	-
Deposits and placements of banks and other financial institutions	(850,719)	-	-
Obligation on securities sold under repurchase agreements	(335,627)	-	-
Clients' and brokers' balances	(2,230,559)	-	-
Derivative financial liabilities	(45,449)	-	-
Other liabilities	(180,979)	(233)	(3,009)
Taxation liabilities	(8,836)	-	(713)
Deferred tax liabilities	(7,486)	-	-
Borrowings	(160,774)	(45,995)	-
Subordinated notes	(405,355)	-	-
Provisional fair value of the identifiable assets and liabilities acquired	1,053,383	23,238	17,300
Add/(less):			
Goodwill arising from consolidation	1,232,670	-	3,551
Gain arising from consolidation	-	(1,638)	-
Fair value of existing interests	-	-	(8,351)
	2,286,053	21,600	12,500
Non-controlling interest	(210,703)	-	-
Total acquisition cost	2,075,350	21,600	12,500
Less:			
-Issuance of shares	(1,874,250)	-	-
-Cash and cash equivalents of subsidiaries acquired	(1,314,845)	(3,034)	(66)
Net cash (inflow)/outflow on acquisition	(1,113,745)	18,566	12,434

Acquisition-related costs of RM19.8 million has been charged to administrative and general expenses in the consolidated and Company's income statement for the financial year ended 31 December 2012.

The fair value of the 245,000,000 new ordinary shares issued as part of the consideration was based on the published share price on 9 November 2012.

The effects of the acquisitions on the Group's financial results for the current financial year are as follows:

	Date of acquisition to 31.12.2012			
	OSKIB, OSKT and MTB RM'000	OSKL RM'000	Finexasia RM'000	Total RM'000
Revenue	123,868	1,786	1,712	127,366
Profit before tax	18,935	1,590	1,157	21,682
Net profit attributable to shareholders	14,965	1,592	1,107	17,664



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A24. Changes in Composition of the Group (continued)

(a) Acquisition of subsidiaries (continued)

Had the acquisition of OSKIB and its ancillary acquisitions been effected on 1 January 2012, the financial results contributed to the Group by the following companies for the current financial year would have been:

	From 1.1.2012 to 31.12.2012			
	OSKIB, OSKT and MTB RM'000	OSKL RM'000	Finexasia RM'000	Total RM'000
Revenue	706,902	6,609	9,810	723,321
Profit before tax	54,218	5,335	6,310	65,863
Net profit attributable to shareholders	35,515	5,335	4,750	45,600

Goodwill arising from consolidation

The goodwill arising from the acquisition of OSKIB and its ancillary acquisitions is based on management's best estimates as at 31 December 2012. As the acquisition of OSKIB and its ancillary acquisitions were completed close to the financial year ended 31 December 2012, the initial accounting for a business combination is incomplete as at 31 December 2012. The fair valuation exercise of the identifiable assets acquired, liabilities and contingent liabilities assumed arising from these acquisitions are still in progress.

Based on the initial provisional fair values of identifiable assets acquired and liabilities assumed, the goodwill arising from such acquisition is estimated to be approximately RM1.24 billion. As allowed by MFRS 3 'Business Combination', the Group will recognise any adjustments to the provisional goodwill amount recognised as a result of completing the initial accounting within the measurement period, which shall not exceed twelve months from the acquisition date.

Goodwill impairment testing will be performed upon completion of the initial accounting for the business combination and allocation of the goodwill to CGU.

(b) Transaction with non-controlling interest

On 28 December 2012, the Company acquired 2.02% out of the remaining 2.59% of the issued shares of OSK Securities (Thailand) Public Company Limited ('OSK Thailand') not yet held by OSKIB Group for a purchase consideration of THB75,848,406.61 equivalent to RM7,965,083. As at year end, The Group now holds 99.43% of the equity shares of OSK Thailand. The carrying amount of the non-controlling interests in OSK Thailand on the date of acquisition was RM4,058,647.

For acquisition of additional shares from non-controlling interests, the difference between purchase consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired of RM3,906,440 is deducted from equity.



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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 financial statements, no material losses are anticipated as a result of these transactions.

The commitments and contingencies comprise the following:

<u>Group</u>	Audited As at 31.12.2012			Audited As at 31.12.2011		
	Principal amount	Credit equivalent amount*	Risk weighted amount	Principal amount	Credit equivalent amount*	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	2,181,636	2,144,725	1,426,061	1,507,861	1,437,755	1,217,657
Transaction-related contingent items [#]	2,496,866	1,225,275	881,715	2,190,162	1,070,872	870,820
Short term self-liquidating trade-related contingencies [#]	1,009,851	199,301	128,967	902,010	178,398	97,424
Obligations under underwriting agreements	151,971	75,986	65,986	329,500	164,750	125,500
Over-the-counter ('OTC') derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	38,719	2,305	538	-	-	-
Irrevocable commitments to extend credit						
- maturity not exceeding one year	12,036,947	5,834,978	3,710,736	10,214,616	1,978,589	1,316,754
- maturity exceeding one year	24,718,743	11,661,549	7,865,628	25,028,693	5,197,837	3,604,762
Foreign exchange related contracts [^]						
- less than one year	10,766,174	182,006	112,935	13,558,443	377,570	175,414
- one year to less than five years	5,213,212	922,498	275,190	1,767,969	536,076	296,040
Equity related contracts [^]						
- less than one year	4,423	4,423	4,423	-	-	-
Interest rate related contracts [^]						
- less than one year	8,728,637	28,174	10,030	4,325,536	9,854	2,843
- one year to less than five years	15,198,210	468,334	240,991	13,651,528	356,432	113,262
- more than five years	615,000	55,316	53,484	685,000	67,359	17,992
	83,160,389	22,804,870	14,776,684	74,161,318	11,375,492	7,838,468

[^] These derivatives are revalued on gross position basis and the unrealised gains or losses has been reflected in the income statement and statement of financial position as derivatives assets or derivatives liabilities

[#] Included in transaction-related contingent items and short term self liquidating trade-related contingencies are financial guarantee contract of RM2,033,671,000 and RM1,265,827,000 as at 31 Dec 2012 and 31 Dec 2011 respectively, of which fair value at the time of issuance is zero.

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



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

(a) Commitments and Contingencies (continued)

The commitments and contingencies comprise the following: (continued)

<u>Group</u>	Audited As at 1.1.2011		
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
Direct credit substitutes	2,366,972	2,301,345	2,575,444
Transaction-related contingent items [#]	1,905,733	929,964	963,854
Short term self-liquidating trade-related contingencies [#]	825,269	162,953	125,968
Obligations under underwriting agreements	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	31,965,921	1,582,218	955,370
- maturity exceeding one year	4,492,386	1,302,303	1,079,919
Foreign exchange related contracts [^]			
- less than one year	14,267,825	306,554	157,387
- one year to less than five years	1,183,447	564,225	300,962
- more than five years			
Interest rate related contracts [^]			
- less than one year	2,676,825	11,996	3,173
- one year to less than five years	9,980,957	316,358	77,240
- more than five years	530,000	50,241	10,048
Commodity contracts [^]			
- less than one year	17,628	-	-
Others	97,205	-	-
	<u>70,521,648</u>	<u>7,636,256</u>	<u>6,293,665</u>

[^] These derivatives are revalued on gross position basis and the unrealised gains or losses has been reflected in the income statement and statement of financial position as derivatives assets or derivatives liabilities

[#] Included in transaction-related contingent items and short term self liquidating trade-related contingencies are financial guarantee contract of RM1,788,207,000 as at 1 January 2011, of which fair value at the time of issuance is zero.

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



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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 subsidiaries, 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).

The commercial banking subsidiary, RHB Bank Berhad, 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.

The commercial banking subsidiary, RHB Bank Berhad, 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.



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

(b) Guarantees Issued by Group and Company

	Audited As at 31.12.2012 RM'000	Audited As at 31.12.2011 RM'000	Audited As at 1.1.2011 RM'000
Group			
Bank guarantee in favour of Bursa Malaysia Clearing Sdn. Bhd provided by a subsidiary	946	-	-
Bank guarantee in favour of Hong Kong Future Exchange and Clearing Corporation Limited provided by a subsidiary	1,973	-	-
Bank guarantee in favour of PT. Kliring Penjaminan Efek Indonesia provided by a subsidiary	31,700	-	-
Bank guarantee for lease of premises provided by a subsidiary	1,490	-	-
Corporate guarantees provided to licensed banks for credit facilities granted to subsidiaries	95,680	-	-
Corporate guarantee in favour of client's trading facilities granted by a subsidiary	68,000	68,000	68,000
	199,789	68,000	68,000
Company			
Corporate guarantees provided to licensed banks for credit facilities granted to subsidiaries	95,680	-	-
Corporate guarantee in favour of client's trading facilities granted by a subsidiary	68,000	68,000	68,000
	68,000	68,000	68,000



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

(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, 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 condensed financial statements for the financial year ended 31 December 2012.

A26. Capital Commitments

	Audited As at 31.12.2012 RM'000	Group Audited As at 31.12.2011 RM'000	Audited As at 1.1.2011 RM'000
Capital expenditure for property, plant and equipment:			
- authorised and contracted for	67,570	72,783	71,673
- authorised but not contracted for	175,290	130,741	103,668
	242,860	203,524	175,341
Proposed acquisition of PT Bank Mestika Dharma (refer to Note B6(a))	538,620	1,050,611	1,050,611
	781,480	1,254,135	1,225,952



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A27. Capital Adequacy Ratio

BNM guidelines on capital adequacy requires RHB Bank, RHB Islamic Bank Berhad ('RHB Islamic Bank'), RHB Investment Bank Berhad ('RHB Investment Bank') and OSK Investment Bank Berhad ('OSK Investment 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 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).

The capital ratios of RHB Investment Bank and OSK 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).

OSK Indochina Bank Limited, a wholly owned subsidiary of OSK Investment Bank and OSK Investment Bank Labuan, a wholly owned subsidiary of the Company, are subject to National Bank of Cambodia and Labuan Financial Services Authority's capital adequacy requirements.

Currently, the Group is not required to maintain any capital adequacy ratio requirements.

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

	Audited	RHB Bank[®]	Restated
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Tier I capital			
Paid-up ordinary share capital	3,318,085	3,318,085	3,318,085
Hybrid Tier-1 Capital Securities	597,744	597,475	597,227
Share premium	8,563	8,563	8,563
Retained profits	4,235,058	3,504,750	2,526,857
Other reserves (exclude AFS reserves)	3,446,935	3,042,879	2,673,311
Less: Deferred tax assets	(21,742)	(7,145)	(254,500)
Goodwill	(905,519)	(905,519)	(905,519)
Total Tier I capital	10,679,124	9,559,088	7,964,024
Tier II capital			
Subordinated obligations	3,996,781	3,250,000	3,000,000
Collective impairment allowance [^]	278,703	320,334	230,712
Total Tier II capital	4,275,484	3,570,334	3,230,712
Less:			
Investments in subsidiaries	(1,072,656)	(872,656)	(622,656)
Excess of total expected loss over total eligible provision under the IRB approach	(372,197)	(194,906)	(136,189)
Other deductions*	(5,701)	(3,787)	(3,190)
Eligible Tier II Capital	2,824,930	2,498,985	2,468,677
Total capital base	13,504,054	12,058,073	10,432,701
<u>Before deducting proposed dividends</u>			
Core capital ratio	12.15%	13.07%	10.86%
Risk-weighted capital adequacy ratio	15.36%	16.49%	14.22%
<u>After deducting proposed dividends</u>			
Core capital ratio	11.88%	12.59%	10.53%
Risk-weighted capital adequacy ratio	15.09%	16.01%	13.90%

[®] 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.

[^] 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.

* 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.



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A27. Capital Adequacy Ratio (continued)

	Audited	RHB Islamic Bank	
	As at	As at	As at
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Tier I capital			
Paid-up ordinary share capital	973,424	773,424	523,424
Retained profits	358,151	280,203	176,348
Other reserves (exclude AFS reserves)	358,359	280,411	231,484
Less: Deferred tax assets	(2,175)	(6,137)	(48,610)
Total Tier I capital	1,687,759	1,327,901	882,646
Tier II capital			
Collective impairment allowance [^]	87,435	108,500	146,929
Total Tier II capital	87,435	108,500	146,929
Less:			
Other deductions*	(5,091)	(24)	(102)
Eligible Tier II Capital	82,344	108,476	146,827
Total capital base	1,770,103	1,436,377	1,029,473
<u>Before deducting proposed dividends</u>			
Core capital ratio	14.06%	12.88%	11.51%
Risk-weighted capital adequacy ratio	14.74%	13.93%	13.43%
<u>After deducting proposed dividends</u>			
Core capital ratio	14.06%	12.88%	11.51%
Risk-weighted capital adequacy ratio	14.74%	13.93%	13.43%

[^] 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.

* 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.



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A27. Capital Adequacy Ratio (continued)

	RHB Investment Bank		
	Audited	Restated	Restated
	As at	As at	As at
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Tier I capital			
Paid-up ordinary share capital	263,646	263,646	263,646
Retained profits	85,112	55,307	95,839
Other reserves (exclude AFS reserves)	278,549	278,549	278,549
Less: Deferred tax assets	(4,325)	(2,662)	(673)
Goodwill	(159,280)	(159,280)	(159,280)
Total Tier I capital	463,702	435,560	478,081
Tier II capital			
Subordinated obligations	231,851	217,780	239,041
Collective impairment allowance [^]	34	14	62
Total Tier II capital	231,885	217,794	239,103
Less:			
Investments in subsidiaries	(84,970)	(84,970)	(84,970)
Investments in a joint venture	(15,363)	(21,463)	(27,399)
Securitisation exposures subject to deductions [#]	(4,879)	(7,781)	(1,086)
Other deductions*	(782)	(440)	(336)
Eligible Tier II Capital	125,891	103,140	125,312
Total capital base	589,593	538,700	603,393
<u>Before deducting proposed dividends</u>			
Core capital ratio	31.40%	36.67%	32.56%
Risk-weighted capital adequacy ratio	39.93%	45.35%	41.09%
<u>After deducting proposed dividends</u>			
Core capital ratio	30.25%	34.20%	27.79%
Risk-weighted capital adequacy ratio	38.20%	41.66%	33.94%

[^] 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.

[#] 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.

^{*} 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)
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A27. Capital Adequacy Ratio (continued)

	OSK Investment Bank[#] Audited As at 31.12.2012 RM'000
Tier I capital	
Paid-up ordinary share capital	660,000
Retained profits	(74,878)
Other reserves (exclude AFS reserves)	262,830
Total Tier I capital	<u>847,952</u>
Tier II capital	
Subordinated obligations	400,000
Collective impairment allowance [^]	<u>5,153</u>
Total Tier II capital	<u>405,153</u>
Less:	
Investments in subsidiaries	<u>(857,629)</u>
Eligible Tier II Capital	<u>(452,476)</u>
Total capital base	<u><u>395,476</u></u>
<u>Before deducting proposed dividends</u>	
Core capital ratio [#]	11.49%
Risk-weighted capital adequacy ratio	11.49%
<u>After deducting proposed dividends</u>	
Core capital ratio [#]	11.49%
Risk-weighted capital adequacy ratio	11.49%

[#] In accordance with Section 7.3 of Guidelines on Risk Weighted Capital Adequacy Framework (General Requirement and Capital Components) issued by BNM, if deduction from Total Capital (i.e investment in subsidiary companies of the Bank) is more than eligible Tier II capital, the core capital ratio will be equal to the risk-weighted capital adequacy ratio.

[^] 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.



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A27. Capital Adequacy Ratio (continued)

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

	RHB Bank[@] RM'000	RHB Islamic Bank RM'000	RHB Investment Bank RM'000	OSK Investment Bank RM'000
<u>31.12.2012</u>				
Credit risk	77,934,597	11,053,722	885,313	2,323,359
Market risk	2,676,807	265,386	204,925	515,089
Operational risk	7,283,570	689,105	386,394	602,549
Total risk-weighted assets	<u>87,894,974</u>	<u>12,008,213</u>	<u>1,476,632</u>	<u>3,440,997</u>
<u>31.12.2011</u>				
Credit risk	64,303,739	9,136,385	658,003	
Market risk	1,884,914	565,103	126,884	
Operational risk	6,939,645	608,028	402,937	
Total risk-weighted assets	<u>73,128,298</u>	<u>10,309,516</u>	<u>1,187,824</u>	
<u>1.1.2011</u>				
Credit risk	65,571,292	7,068,476	891,581	
Market risk	1,232,084	30,513	161,901	
Operational risk	6,559,217	566,538	414,976	
Total risk-weighted assets	<u>73,362,593</u>	<u>7,665,527</u>	<u>1,468,458</u>	

[@] 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.



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A27. Capital Adequacy Ratio (continued)

The OSK Indochina Bank Limited, a wholly owned subsidiary of OSK Investment Bank and the OSK Investment Bank Labuan, the wholly owned subsidiary of the Company, are subject to National Bank of Cambodia and Labuan Financial Services Authority's capital adequacy requirements.

(a) OSK Indochina Bank Limited

	Audited As at 31.12.2012 RM'000
Before deducting proposed dividends:	
Core capital ratio	#
Solvency ratio	38.29%
After deducting proposed dividends:	
Core capital ratio	#
Solvency ratio	38.29%

The Solvency Ratio of OSK Indochina Bank Limited ('OSKIBL') is the nearest equivalent regulatory compliance ratio in Cambodia computed in accordance with Prakas B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived as OSKIBL's net worth divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory solvency ratio requirement in Cambodia is 15%.

No equivalent ratio in Cambodia.

(b) OSK Investment Bank (Labuan) Limited

	Audited As at 31.12.2012 RM'000
Before deducting proposed dividends:	
Core capital ratio	25.60%
Risk-weighted capital adequacy ratio	25.60%
After deducting proposed dividends:	
Core capital ratio	25.60%
Risk-weighted capital adequacy ratio	25.60%

The capital adequacy ratios of OSKL for capital compliance on a standalone basis are computed in accordance with the Guidelines on Risk-weighted Capital Adequacy issued by the Labuan Financial Services Authority (Labuan FSA), which is based on the Basel I capital accord. The minimum regulatory capital adequacy requirements are 4.0% and 8.0% for the Tier I capital ratio and risk-weighted capital ratio respectively.



**RHB CAPITAL BERHAD (312952 – H)
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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	Audited As at 31.12.2012 RM'000	Group Restated As at 31.12.2011 RM'000	Restated As at 1.1.2011 RM'000
A28. Operations of Islamic Banking			
(a) Statement of Financial Position as at 31 December 2012			
ASSETS			
Cash and short-term funds	3,094,540	5,613,844	1,076,367
Deposits and placements with banks and other financial institutions	1,988,635	70,077	40,062
Financial assets held-for-trading	439,382	433,531	218,928
Financial investments AFS	2,463,371	1,673,683	1,787,265
Financial investments held-to-maturity	2,332,615	1,398,138	1,073,159
Financing and advances	15,999,574	12,732,595	8,652,397
Other assets	67,462	87,194	41,538
Statutory deposits	718,423	606,455	105,140
Deferred tax assets	981	3,769	46,195
Tax recoverable	-	13,232	-
Property, plant and equipment	13,221	13,781	15,938
Intangible assets	9,832	7,460	5,609
Total assets	27,128,036	22,653,759	13,062,598
LIABILITIES			
Deposits from customers	18,656,721	17,038,324	9,946,582
Deposits and placements of banks and other financial institutions	2,506,090	2,325,231	1,538,052
Bills and acceptances payable	21,613	13,773	12,124
Recourse obligations financing sold to Cagamas Berhad	1,462,521	-	-
Other liabilities	118,237	60,704	52,715
Taxation liabilities	29,919	-	170
Total liabilities	22,795,101	19,438,032	11,549,643
Islamic Banking Funds	4,332,935	3,215,727	1,512,955
Total liabilities and Islamic Banking Funds	27,128,036	22,653,759	13,062,598
Commitments and contingencies	4,885,609	4,683,588	3,519,220



**RHB CAPITAL BERHAD (312952 – H)
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4th quarter ended		Twelve months ended	
Audited	Audited	Audited	Audited
31.12.2012	31.12.2011	31.12.2012	31.12.2011
RM'000	RM'000	RM'000	RM'000

A28. Operations of Islamic Banking (continued)

(b) Income Statement for the financial year ended 31 December 2012

Group

Income derived from investment of depositors' funds	289,420	259,872	1,054,708	780,682
Income derived from investment of shareholder's funds	26,442	16,368	82,092	58,147
Allowance for impairment on financing and advances	(17,127)	(6,053)	(70,479)	12,879
Profit equalisation reserve	(60)	10,048	7,192	(2,725)
Total distributable income	<u>298,675</u>	<u>280,235</u>	<u>1,073,513</u>	<u>848,983</u>
Income attributable to depositors	<u>(176,237)</u>	<u>(135,525)</u>	<u>(653,935)</u>	<u>(394,642)</u>
Total net income	122,438	144,710	419,578	454,341
Personnel expenses	(19,449)	(15,307)	(72,495)	(62,687)
Other overheads and expenditures	<u>(34,201)</u>	<u>(25,332)</u>	<u>(118,310)</u>	<u>(93,095)</u>
Profit before taxation	68,788	104,071	228,773	298,559
Taxation	<u>(14,564)</u>	<u>(19,010)</u>	<u>(53,072)</u>	<u>(53,714)</u>
Net profit for the financial period/year	<u>54,224</u>	<u>85,061</u>	<u>175,701</u>	<u>244,845</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	4th quarter ended		Twelve months ended	
	Audited	Audited	Audited	Audited
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	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 2012				
<u>Group</u>				
Net profit for the financial period/year	54,224	85,061	175,701	244,845
Other comprehensive income/(loss):				
Financial investments AFS				
- Unrealised net gain on revaluation	1,704	3,824	17,024	19,137
- Net transfer to income statement on disposal or impairment	(7,395)	(13,305)	(21,509)	(19,467)
Income tax relating to components of other comprehensive loss	1,423	2,370	1,121	47
Other comprehensive loss, net of tax, for the financial period/year	(4,269)	(7,111)	(3,364)	(283)
Total comprehensive income for the financial period/year	49,955	77,950	172,337	244,562



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	Audited As at 31.12.2012 RM'000	Group Restated As at 31.12.2011 RM'000	Restated As at 1.1.2011 RM'000
A28. Operations of Islamic Banking (continued)			
(d) Financing and Advances			
At amortised cost			
Cashline	151,526	120,228	116,819
Term financing			
- housing financing	3,471,369	2,752,867	2,387,006
- syndicated term financing	384,584	337,578	350,218
- hire purchase receivables	4,416,398	3,548,299	1,625,598
- other term financing	5,833,269	5,347,288	3,462,395
Bills receivable	852,323	524,048	546,820
Trust receipts	21,299	19,708	17,994
Staff financing	8,125	10,067	11,403
Credit/charge cards receivables	120,899	47,904	530
Revolving financing	1,006,569	351,768	547,746
Gross financing and advances	16,266,361	13,059,755	9,066,529
Less: Allowance for impaired financing and advances			
- individual impairment allowance	(89,013)	(130,724)	(163,440)
- collective impairment allowance	(177,774)	(196,436)	(250,692)
Net financing and advances	15,999,574	12,732,595	8,652,397



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	Group	
	Audited	Restated
	As at	As at
	31.12.2012	31.12.2011
	RM'000	RM'000
A28. Operations of Islamic Banking (continued)		
(d) Financing and Advances (continued)		
(i) Movements in impaired financing and advances		
Balance as at the beginning of the financial year		
- As previously reported	543,076	628,251
- Effect of full adoption of MFRS 139	17,541	30,502
- As restated	560,617	658,753
Classified as impaired	377,761	280,102
Reclassified as non-impaired	(277,209)	(238,614)
Amount recovered	(114,629)	(81,975)
Amount written off	(137,476)	(57,649)
Balance as at the end of the financial year	409,064	560,617
(ii) Movements in allowance for impaired financing and advances		
<u>Individual impairment allowance</u>		
Balance as at the beginning of the financial year	130,724	163,440
Net allowance made	67,920	10,226
Amount written off	(108,708)	(42,942)
Transfer to collective impairment allowance	(923)	-
Balance as at the end of the financial year	89,013	130,724
<u>Collective impairment allowance</u>		
Balance as at the beginning of the financial year		
- As previously reported	190,768	158,828
- Effect of full adoption of MFRS 139	5,668	91,864
- As restated	196,436	250,692
Net allowance written back	(487)	(26,472)
Amount written off	(19,098)	(27,784)
Transfer from individual assessment allowance	923	-
Balance as at the end of the financial year	177,774	196,436



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	Audited As at 31.12.2012 RM'000	Group Audited As at 31.12.2011 RM'000	Audited As at 1.1.2011 RM'000
A28. Operations of Islamic Banking (continued)			
(e) Other Assets			
Deposits and prepayments	249	945	682
Sundry deposits debtors	1,243	1,240	1,251
Other debtors	65,970	85,009	39,605
	67,462	87,194	41,538
(f) Deposits from Customers			
<u>Non-Mudharabah Funds</u>			
Demand deposits	1,830,203	1,635,227	1,376,008
Savings deposits	716,821	638,101	569,786
Commodity Murabahah	2,631,890	3,105,452	754,650
Wakalah money market deposits	28,264	-	-
Negotiable Islamic debts certificates	-	-	4,976
	5,207,178	5,378,780	2,705,420
<u>Mudharabah Funds</u>			
Demand deposits	480,301	405,040	378,321
Savings deposits	54,425	12,712	3,123
General investment deposits accounts	2,132,920	682,066	1,280,190
Special investment deposits accounts	10,781,897	10,559,726	5,579,528
	18,656,721	17,038,324	9,946,582



**RHB CAPITAL BERHAD (312952 – H)
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A29. Changes in Accounting Policies

(a) Impacts on the Group's Statements of Financial Position

As at 1.1.2011	As previously reported RM'000	Effects of full adoption of MFRS 139 RM'000	Effects of adoption of FRSIC 18 RM'000	Effects of reclassification of software to other intangibles RM'000	As restated RM'000
Assets					
Cash and short-term funds	14,754,516	-	(206,849)	-	14,547,667
Loans, advances and financing	81,228,093	(14,456)	-	-	81,213,637
- Gross loans, advances and financing	83,710,244	176,364	-	-	83,886,608
- Collective impairment allowances	(1,626,369)	(190,820)	-	-	(1,817,189)
Clients' and brokers' balances	421,127	1,810	1,068	-	424,005
- Individual impairment allowances	(7,478)	6,022	-	-	(1,456)
- Collective impairment allowances	(357)	(4,212)	-	-	(4,569)
Deferred tax assets	261,105	4,540	-	-	265,645
Property, plant and equipment	1,023,170	-	-	(109,895)	913,275
Goodwill and other intangible assets	3,806,860	-	-	109,895	3,916,755
Liabilities					
Other liabilities	1,527,724	662	(25)	-	1,528,361
Clients' and brokers' balances	610,360	-	(205,757)	-	404,603
Deferred tax liabilities	4,514	643	-	-	5,157
Equity attributable to equity holders of the Company	9,962,157	(9,411)	-	-	9,952,746
Translation reserves	(76,854)	(31)	-	-	(76,885)
Retained profits	2,747,792	(9,380)	-	-	2,738,412
Loans, advances and financing of which:					
- Impaired loans, advances and financing	3,672,175	176,364	-	-	3,848,539
As at 31.12.2011					
Assets					
Cash and short-term funds	20,358,496	-	(325,914)	-	20,032,582
Loans, advances and financing	94,823,514	235,156	-	-	95,058,670
- Gross loans, advances and financing	97,295,063	142,845	-	-	97,437,908
- Collective impairment allowances	(1,658,463)	92,311	-	-	(1,566,152)
Clients' and brokers' balances	232,676	2,158	1,431	-	236,265
- Individual impairment allowances	(9,309)	7,777	-	-	(1,532)
- Collective impairment allowances	(240)	(5,619)	-	-	(5,859)
Deferred tax assets	17,598	(2,968)	-	-	14,630
Property, plant and equipment	1,106,503	-	-	(117,766)	988,737
Goodwill and intangible assets	3,806,860	-	-	117,766	3,924,626
Liabilities					
Other liabilities	1,582,693	823	(97)	-	1,583,419
Clients' and brokers' balances	562,393	-	(324,386)	-	238,007
Deferred tax liabilities	6,598	56,510	-	-	63,108
Equity attributable to equity holders of the Company	11,438,385	177,013	-	-	11,615,398
Translation reserves	(58,832)	19	-	-	(58,813)
Retained profits	3,359,866	176,994	-	-	3,536,860
Loans, advances and financing of which:					
- Impaired loans, advances and financing	3,351,106	142,845	-	-	3,493,951



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A29. Changes in Accounting Policies (continued)

**(b) Impacts on the Group's Income Statements/Statements of Comprehensive Income
for the Financial Year Ended 31 December 2012**

	<u>As previously reported</u> RM'000	<u>Effects of full adoption of MFRS 139</u> RM'000	<u>Effects of adoption of FRSIC 18</u> RM'000	<u>Effects of reclassification of software to other intangibles</u> RM'000	<u>As restated</u> RM'000
Interest income	5,564,328	65,855	-	-	5,630,183
Income from Islamic Banking business	438,918	2,544	-	-	441,462
Allowance for impairment on loans, financing and other losses	(327,486)	181,351	-	-	(146,135)
Profit before taxation	2,000,128	249,750	-	-	2,249,878
Taxation	(496,470)	(63,376)	-	-	(559,846)
Net profit for the financial year	1,503,658	186,374	-	-	1,690,032



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A29. Changes in Accounting Policies (continued)

(c) Impacts on the operations of Islamic Banking's Statements of Financial Position

	<u>As previously reported</u> RM'000	<u>Effects of full adoption of MFRS 139</u> RM'000	<u>Effects of adoption of FRSIC 18</u> RM'000	<u>Effects of reclassification of software to other intangibles</u> RM'000	<u>As restated</u> RM'000
As at 1.1.2011					
Assets					
Financing and advances					
- Gross financing and advances	9,036,029	30,500	-	-	9,066,529
- Collective impairment allowances	(158,828)	(91,864)	-	-	(250,692)
Deferred tax assets	30,854	15,341	-	-	46,195
Property, plant and equipment	21,547	-	-	(5,609)	15,938
Intangible assets	-	-	-	5,609	5,609
Islamic Banking Funds	1,558,978	(46,023)	-	-	1,512,955
Financing and advances if which:					
- Impaired financing and advances	628,251	30,502	-	-	658,753
As at 31.12.2011					
Assets					
Financing and advances					
- Gross financing and advances	13,042,214	17,541	-	-	13,059,755
- Collective impairment allowances	(190,768)	(5,668)	-	-	(196,436)
Deferred tax assets	6,737	(2,968)	-	-	3,769
Property, plant and equipment	21,241	-	-	(7,460)	13,781
Intangible assets	-	-	-	7,460	7,460
Islamic Banking Funds	3,206,822	8,905	-	-	3,215,727
Financing and advances if which:					
- Impaired financing and advances	543,076	17,541	-	-	560,617

(d) Impacts on the operations of Islamic Banking's Income Statements/Statements of Comprehensive Income for the Financial Year Ended 31 December 2011

	<u>As previously reported</u> RM'000	<u>Effects of full adoption of MFRS 139</u> RM'000	<u>Effects of adoption of FRSIC 18</u> RM'000	<u>Effects of reclassification of software to other intangibles</u> RM'000	<u>As restated</u> RM'000
Income derived from investment of depositors' funds	772,437	8,245	-	-	780,682
Income derived from investment of shareholder's funds	63,848	(5,701)	-	-	58,147
Allowance for impairment on financing and advances	(57,808)	70,687	-	-	12,879
Profit before taxation	225,328	73,231	-	-	298,559
Taxation	(35,406)	(18,308)	-	-	(53,714)
Net profit for the financial year	189,922	54,923	-	-	244,845



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B1. Review of Group Results

(a) Current Financial Year vs Previous Financial Year

For the financial year ended 31 December 2012, the Group reported a net profit of RM1.8 billion, representing a 5.7% increase from a year ago. Total revenue increased by 10.4% to RM4.8 billion, while pre-tax profit registered 6.0% growth to RM2.4 billion. Earnings per share rose to 79.0 sen from 77.5 sen recorded in the previous year. Return on equity and return on assets stood at 13.4% and 1.0% respectively.

With effect from 1 January 2012, the Group adopted the retrospective application of Malaysia Financial Reporting Standards ('MFRS') 139, Financial Instruments: Recognition and Measurement. Pre-tax profit and net profit for the corresponding financial year 2011 have been restated to RM2.2 billion and RM1.7 billion respectively.

Included in the Group's 2012 results are the two months performance of OSK Investment Bank Berhad ("OSKIB") amounting to RM20.0 million as well as merger and integration related expenses totaling RM28.5million.

The higher pre-tax profit of the Group was driven by higher net interest income, other operating income and income from Islamic banking business, lower impairment losses on other assets and contributions from OSKIB, partially offset by higher other operating expenses and higher allowance for impairment on loans and financing.

Interest income grew by 9.3% to RM6.2 billion, driven by a 14.4% increase in gross loans year-on-year. Interest expense was higher by 15.0% given a 19.3% increase in customer deposits and the issuance of longer dated debt securities for funding diversification purposes. Net interest margin declined by 3 basis points to 2.35% quarter-on-quarter.

Other operating income increased by 27.5% to RM1.4 billion from 2011, underpinned by higher fee income and improvement in fair value on derivatives, higher insurance underwriting surplus and net gains from trading and investment securities. The combined RHB-OSKIB franchise and capability has propelled the Group into a stronger position to drive non-interest income beyond the commercial banking transactional fee-based income. The Group's non-interest income to total income ratio increased to 28.6% in 2012 from 24.7% a year ago.

Net income from Islamic Banking business increased by 11.0% to RM490.1 million, driven by higher net funding income, fee income and net gains from trading and investment securities.

Other operating expenses rose 20.5% year-on-year, mainly due to higher personnel costs associated with headcount growth and investments made to support business and branch network expansion, RHB-OSKIB merger related expenses and the consolidation of OSKIB. Consequently, cost to income ratio increased to 47.5% from 43.5% a year ago.

Allowance for impairment on loans and financing for financial year was marginally higher by 1.6% against the previous financial year. This was mainly due to higher individual allowances, negated by higher bad debts recovered and lower collective allowances made during the year.

The Group's total gross loans grew by 14.4% to reach RM111.5 billion as at 31 December 2012. The loans growth was mainly from loans for the purposes of working capital, purchase of securities and residential properties. Excluding the consolidation of OSKIB, the Group registered a loans growth of 12.3%. Domestic loans market share increased to 9.5% as at 31 December 2012 from 9.3% in the previous year.

The Group's funding position remained strong as customers deposits increased by 19.3% to reach RM138.2 billion. Excluding the consolidation of OSKIB, customers deposits growth was at 14.5%. In a drive to diversify funding mix and reduce reliance on shorter tenure funding as well as in preparation for the impending implementation of Basel III, additional RM750 million sub-notes and USD500 million senior debt securities were issued by RHB Bank during the financial year.

Liquidity position remained healthy with loans to deposits ratio stood at 80.6% as at December 2012.

The Group continued to show improvements in asset quality as gross impaired loans ratio declined to 2.99% from 3.59% in December 2011 and absolute gross impaired loans decreased by 4.5% to RM3.3 billion as at 31 December 2012, compared to RM3.5 billion in December 2011.

Performance by Operating Segment

Corporate and Investment Banking

Segment profit improved significantly to RM751.8 million. The higher profit was mainly attributable to higher write back on allowances on loans impairment and bad debts recoveries, higher fee income, higher interest income and higher impairment write back on other assets. This was partially offset by higher overhead costs.

Retail Banking

Retail banking segment was higher by 2.9% to RM970.3 million, mainly due to higher net interest income, higher trading income, higher underwriting surplus and lower allowances on loans impairment. This was partially offset by higher overhead costs and lower fee based income.



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B1. Review of Group Results (continued)

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

Performance by Operating Segment

Business Banking

Segment profit was lower by 37.1% to RM257.9 million. The lower profit was mainly attributable to higher allowances on impairment on loans and higher overhead costs. This was partially offset by higher fee income and higher net interest income.

Group Treasury

Segment profit was higher by 21.0% to RM565.6 million, mainly attributable to lower impairment losses on other assets, higher fee income, higher net gains from disposal of investment securities portfolio. This was partially offset by higher overhead costs.

Islamic Banking business

Segment profit was lower by 15.5% to RM136.9 million, mainly attributable to higher allowances for impairment on financing and higher overhead costs. This was partially offset by higher net gain on fair value hedge, fee income and net interest income.

Global Financial Banking

Segment profit was lower by 10.0% to RM75.9 million, mainly attributable to higher overhead costs and lower impairment write back for loans. This was partially offset by higher net foreign exchange gains, higher fee income and higher net interest income.

B2. Current Quarter vs Previous Quarter

For the fourth quarter ended 31 December 2012, the Group recorded a pre-tax profit of RM560.3 million, 12.5% lower as compared to RM640.3 million recorded in the preceding quarter ended 30 September 2012. The lower pre-profit was mainly due to higher loan loss provisioning by RM128.3 million and higher other operating expenses by RM190.6 million, partially offset by higher net interest income by RM29.3 million, higher other operating income by RM178.4 million, higher net income from Islamic Banking business by RM12.8 million and lower impairment losses on other assets by RM17.9 million.

B3. Prospects for Financial Year 2013

The Malaysia's economy is expected to continue to perform well in 2013 with Gross Domestic Product (GDP) projected to grow at 5.6%. This expectation is premised on an improving exports and strong domestic demand on the back of improving global growth together with the impact of the various projects under the Economic Transformation Programme (ETP). The Malaysian banking sector is expected to remain resilient, in line with the country's economic growth trajectory.

The completion of the acquisition of OSK Investment Bank Group has enhanced the Group's geographical footprint and capabilities with presence in seven countries across the Asean region and Hong Kong.

The Group continues to strengthen its leadership positions in targeted markets and product segments, building strong customer relationships as well as leveraging on the Group's infrastructure and multiple distribution networks for business growth.

Although the Group foresees a continued competitive operating environment in 2013, we are still well-positioned to drive our targeted business segments and geographies to becoming a leading multinational financial services group. Barring any unforeseen circumstances, the Group expects satisfactory results for the financial year 2013.

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.



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B5. Taxation

	4th quarter ended		Twelve months ended	
	Audited	Restated	Audited	Restated
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Group				
Income tax based on profit for the financial period/year				
- Malaysian income tax	162,386	133,552	692,143	545,905
- Overseas tax	995	1,117	2,254	2,022
Deferred tax	(5,174)	9,832	(66,452)	17,919
	<u>158,207</u>	<u>144,501</u>	<u>627,945</u>	<u>565,846</u>
Over provision in respect of prior years				
- Taxation	(10,591)	(94)	(86,908)	(277,151)
- Deferred tax	1,675	1,435	53,817	271,151
	<u>149,291</u>	<u>145,842</u>	<u>594,854</u>	<u>559,846</u>

The effective tax rate of the Group for the fourth quarter and the financial year ended 31 December 2012 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.

	4th quarter ended		Twelve months ended	
	Audited	Audited	Audited	Audited
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Company				
Income tax based on profit for the financial period				
- Malaysian income tax	(9,054)	(10,131)	149,267	68,750
Deferred tax	(394)	20	(1,067)	20
	<u>(9,448)</u>	<u>(10,111)</u>	<u>148,200</u>	<u>68,770</u>
Under provision in respect of prior years	-	-	-	2,767
	<u>(9,448)</u>	<u>(10,111)</u>	<u>148,200</u>	<u>71,537</u>

The Company recorded a tax credit for the fourth quarter was mainly due to the utilisation of tax benefits arising from interest expense incurred during the current quarter against dividend income received in previous financial quarters.

The effective tax rate of the Company for the financial year ended 31 December 2012 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.



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B6. Status of Corporate Proposals

(a) Proposed acquisition of 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.

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. As at 19 April 2012, the necessary regulatory approvals for the Proposed Acquisition are still pending and hence, given that the Proposed Rights Issue is conditional upon the Proposed Acquisition, the Company has not been able to implement the Proposed Rights Issue. Bursa Securities' approval for the extension of time of up to 19 April 2012 to complete the implementation of the Proposed Rights Issue thus lapsed on the same day. The Company will, amongst others, resubmit an application to Bursa Securities for the implementation of the Proposed Rights Issue upon obtaining the necessary regulatory approvals for the Proposed Acquisition.



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B6. Status of Corporate Proposals (continued)

(a) Proposed acquisition of PT Bank Mestika Dharma (continued)

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 becomes 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. On 24 February 2012, RHB Bank and the Vendor had mutually agreed to further extend such period to 30 June 2012. Both parties had subsequently, on 29 June 2012, mutually agreed to further extend such period to 30 November 2012. On 30 November 2012, both parties had mutually agreed to further extend such period to 31 January 2013.

On 31 January 2013, RHB Investment Bank had, on behalf of the Company, announced that RHB Bank had, on 30 January 2013, entered into an amended agreement to the CSPA with the Vendor to revise the proposed acquisition from up to 89% of the issued and paid-up share capital in Bank Mestika to 40%, comprising 327,207 fully-paid ordinary shares, each with a nominal value of Rp1,000,000, for a total cash consideration of Rp2,066,437,000,000 (equivalent to approximately RM651,134,299 based on an assumed exchange rate of Rp100,000 : RM31.51 as at 23 January 2013) ('Proposed 40% Acquisition').

Simultaneously, RHB Bank had on even date, entered into an option termination agreement with the Vendor to terminate the Proposed Options.

None of the Directors, major shareholders and/or persons connected with them have any interest, direct or indirect, in the Proposed 40% Acquisition.

The Proposed 40% Acquisition and Proposed Rights Issue did not have any material effect on the earnings of the Group for the financial year ended 31 December 2012. The Proposed 40% Acquisition is expected to contribute positively to the future revenue and earnings of the Group.



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B6. Status of Corporate Proposals (continued)

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

The Company had, on 29 February 2011 and 28 March 2012, respectively, announced that the following indirect wholly-owned subsidiaries ('subsidiaries') of the Company, had commenced member's voluntary winding-up pursuant to Section 254(1) of the Companies Act, 1965:

<u>Commencement Date of Member's Voluntary Winding-Up</u>	<u>Name of Subsidiaries</u>
(i) 16 February 2011	(1) Utama Gilang Sdn Bhd (2) RHB Delta Sdn Bhd (3) RHB Marketing Services Sdn Bhd
(ii) 28 March 2012	(1) KYB Sdn Bhd (2) KYF Sdn Bhd (3) SSSB Services (Melaka) Sdn Bhd (4) RHB Unit Trust Management Sdn Bhd (5) RHB Progression Sdn Bhd (6) RHB Excel Sdn Bhd

The above subsidiaries were incorporated in Malaysia and are presently dormant.

The winding-up of the above subsidiaries will not have any material effect on the Group's performance for the financial year ended 31 December 2012.

(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 ('DRP') and the issuance of New Shares arising from the DRP was obtained at the Extraordinary General Meeting held on 6 April 2011.

The DRP 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 DRP 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.

On 27 August 2012, the Board of Directors of the Company had proposed a single-tier interim dividend of 6% amounting to RM134.146 million in respect of the financial year ending 31 December 2012 ('Interim Dividend'). The Board of Directors of the Company had also determined that the existing DRP as mentioned above shall apply to the said Interim Dividend.

On 12 October 2012, RHB Investment Bank, on behalf of the Company, announced that Bursa Securities had, vide its letter on even date, approved the listing and quotation for up to 21,092,106 new RHB Capital Shares to be issued pursuant to the DRP on the Main Market of Bursa Securities ('Listing Application').

The approval by Bursa Securities for the Listing Application is subject to the following conditions:

- (i) RHB Capital and its adviser must fully comply with the relevant provisions under the Main Market Listing Requirements pertaining to the implementation of the DRP;
- (ii) RHB Capital and its adviser to inform Bursa Securities upon the completion of the DRP; and
- (iii) RHB Capital to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the DRP is completed.



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B6. Status of Corporate Proposals (continued)

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

On the same day, the issue price of new RHB Capital Shares to be issued pursuant to the DRP has been fixed at RM6.51 per new RHB Capital share and the book closure date pursuant to the Interim Dividend was fixed for 29 October 2012. The new RHB Capital Shares arising from DRP will be listed on the Main Market of Bursa Securities on 28 November 2012.

On 21 November 2012, RHB Investment Bank, on behalf of the Company, announced that RHB Capital would be issuing 13,444,514 new RHB Capital Shares representing 65.25% of the total number of 20,606,113 new RHB Capital Shares that would have been issued pursuant to the DRP, had all the entitled shareholders elect to reinvest their respective electable portions into new RHB Capital Shares.

On 27 November 2012, RHB Investment Bank, on behalf of the Company, announced that the DRP would be completed with the listing of and quotation for 13,444,514 new RHB Capital Shares ('New Share') on the Main Market of Bursa Securities. With the listing of the above new shares on 28 November 2012, the enlarged issued and paid up share capital of RHB Capital is 2,494,207,802 RHB Capital Shares.

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

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).

On 15 May 2012, the Company announced that RHB Bank had, on 11 May 2012, completed its inaugural US Dollar senior unsecured notes issuance of USD300 million under its EMTN Programme.

On 28 September 2012, the Company announced that RHB Bank had, on even date, completed its second issuance of USD200 million senior unsecured notes under the EMTN Programme.

(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.

On 8 May 2012, the Company announced that RHB Bank had, on 7 May 2012, issued RM750.0 million of Subordinated Notes under the MCMTN Programme.

On 30 November 2012, the Company announces that RHB Bank had, on even date, issued its third tranche of RM1.3 billion Subordinated Notes under the MCMTN Programme.



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B6. Status of Corporate Proposals (continued)

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

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 ('OSKIB'), 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.

On 27 April 2012, RHB Investment Bank, on behalf of the Company, announced that BNM had notified that the Minister of Finance has granted approval for the Proposed Merger under the Banking and Financial Institutions Act, 1989. The terms and conditions of the Proposed Merger will be announced subject to the execution of the conditional share purchase agreement for the Proposed Merger.

On 28 May 2012, RHB Investment Bank, on behalf of the Company, announced that the Company had entered into the conditional share purchase agreements with OSK Holdings Berhad and OSK Venture Equities Sdn Bhd, respectively, for the Proposed Merger.

The shareholders of the Company had, at the Extraordinary General Meeting held on 30 August 2012, approved the proposed issuance of 245,000,000 new RHB Capital Shares at an issue price of RM7.36 per share (which, together with RM147.5 million in cash, constitute the settlement of the purchase consideration of RM1,950.7 million pursuant to the proposed acquisition by RHB Capital from OSKH of 100% equity interest in OSKIB ('Proposed OSKIB Acquisition')).

On 1 October 2012, RHB Investment Bank, on behalf of the Company, announced that the Securities and Futures Commission of Hong Kong has, vide its letter dated 28 September 2012, granted its approval to RHB Capital, RHB Investment Bank and Employees Provident Fund Board to become the substantial shareholders of OSK Securities Hong Kong Limited, OSK International Investments Hong Kong Limited, OSK Futures Hong Kong Limited and OSK Capital Hong Kong Limited under Section 132 of the Securities and Futures Ordinance in respect of the Proposed Merger.

On 15 October 2012, RHB Investment Bank, on behalf of the Company, announced that the Securities Commission Malaysia had, vide its letter dated 15 October 2012, ruled that RHB Capital is not obliged to extend downstream mandatory offers in OSK-UOB Investment Management Berhad ('OSKIM') and OSK-UOB Islamic Fund Management Berhad ('OSKIFM') for the remaining voting shares in OSKIM and OSKIFM that are not owned by RHB Capital pursuant to the Proposed OSKIB Acquisition.

On 17 October 2012, RHB Investment Bank, on behalf of the Company, announced that the Monetary Authority of Singapore had, vide its letter dated 16 October 2012, approved in respect of DMG & Partner Securities Pte Ltd ('DMGPS') (a 51% owned subsidiary of OSKIB) and DMG & Partners Research Pte Ltd ('DMGPR') (a wholly-owned subsidiary of DMGPS), the acquisition of shares in OSKIB by RHB Capital which would result in RHB Capital and RHB Investment Bank to hold direct/indirect the shares of DMGPS and DMGPR.

The issuance of 245.0 million new RHB Capital Shares at an issue price of RM7.36 per share ('Share Issue') was completed on 9 November 2012 with the listing and quotation on the Main Market of Bursa Securities. The enlarged issued and paid-up share capital of RHB Capital is now RM2,480,763,288. In view thereof, the Proposed OSKIB Acquisition and ancillary acquisitions thereof were deemed completed.

The acquisition by RHB Capital of approximately 59.95% equity interest in Finexasia.com Sdn Bhd from OSK Venture Equities Sdn Bhd was completed on 14 November 2012.

On 14 November 2012, RHB Investment Bank, on behalf of the Company, announced that the following acquisitions were completed:

- (i) Acquisition and assignment of Ascend Integrated Investment (L) Berhad's irrevocable option to acquire all the 84,000 ordinary shares of IDR1,000,000 each in PT OSK Nusadana Securities Indonesia ('OSK Nusadana') (of which PT Ascend Unity Capital is the registered holder) by OSKIB, for a cash consideration of IDR343,280,000,000; and
- (ii) Acquisition of 48% equity interest in OSK Nusadana not already held by OSKIB, for a total cash consideration of IDR154,040,000,000.

Subsequent to the completion of the Proposed OSKIB Acquisition, the Company had acquired 16,545,048 equity interest (2.02%) in OSK Securities (Thailand) Public Company Limited ("OSKST"), a 97.41% subsidiary of OSKIB, for a cash consideration of THB75,848,416.59 via a mandatory tender offer which was completed on 3 January 2013. The current direct and/or indirect equity interest of the Company in OSKST is 99.43%.



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B6. Status of Corporate Proposals (continued)

(g) Proposed One-Time Tier 2 Subordinated Notes of Up To RM245.0 million By RHB Investment Bank ('Tier 2 Subordinated Notes')

As announced by the Company on 4 December 2012, the wholly owned subsidiary, RHB Investment Bank had obtained approval from the Securities Commission on 3 December 2012 for the Tier 2 Subordinated Notes. In addition, the approval from BNM had also been obtained on 30 October 2012 (subject to the terms and conditions contained therein).

The proceeds from the Tier 2 Subordinated Notes will be utilised without limitation, for RHB Investment Bank's working capital and general banking purposes, including but not limited to repayment of its subordinated notes.

On 10 December 2012, the Company announced that RHB Investment Bank had, on even date, issued the Tier 2 Subordinated Notes of RM245.0 million in nominal value. The Tier 2 Subordinated Notes, rated AA3 by RAM Rating Services Berhad, are issued for a tenure of 10 non-callable 5 years with a fixed coupon of 4.4% per annum, payable semi-annually throughout the entire tenure.



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

	Audited As at 31.12.2012 RM'000	Group Audited As at 31.12.2011 RM'000	Audited As at 1.1.2011 RM'000
(a) Deposits from customers and placements of banks and other financial institutions			
Deposits from customers			
- one year or less	137,307,256	114,376,234	93,955,320
- more than one year	916,969	1,484,350	478,508
	<u>138,224,225</u>	<u>115,860,584</u>	<u>94,433,828</u>
Deposits and placements of banks and other financial institutions			
- one year or less	12,402,697	9,623,953	9,481,671
- more than one year	1,047,432	407,622	584,486
	<u>13,450,129</u>	<u>10,031,575</u>	<u>10,066,157</u>
	Audited As at 31.12.2012 RM'000	Group Audited As at 31.12.2011 RM'000	Audited As at 1.1.2011 RM'000
(b) Borrowings and Senior Debt Securities			
<u>Borrowings</u>			
Unsecured:			
Revolving credits - RM	633,146	706,225	724,422
Revolving credits - USD	76,756	-	-
Revolving credits - Hong Kong Dollar	42,551	-	-
Overdrafts	70	18	-
Term loans - RM	1,151,503	800,780	800,807
Term loan - USD	632,778	759,020	819,362
Term loan - Singapore Dollar	69,834	-	-
RM600 million 6 years Serial Fixed Rate Bonds	-	-	310,238
RM350 million Fixed Rate Bonds	-	355,908	354,111
RM150 million 7 years Commercial Papers/ Medium Term Notes	-	-	74,000
RM1.1 billion 7 years Commercial Papers/ Medium Term Notes	1,036,266	981,383	981,383
<u>Senior debt securities</u>			
USD300 million 3.25% Senior Debt Securities due in 2017	915,246	-	-
USD200 million 3.25% Senior Debt Securities due in 2017	593,782	-	-
	<u>5,151,932</u>	<u>3,603,334</u>	<u>4,064,323</u>
Schedule repayment of borrowings and senior debt securities:			
Within one year	1,036,557	1,223,521	1,496,088
One year to three years	2,280,691	952,050	1,682,477
Three years to five years	1,700,896	1,186,050	550,428
Over five years	133,788	241,713	335,330
	<u>5,151,932</u>	<u>3,603,334</u>	<u>4,064,323</u>



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

	Audited As at 31.12.2012 RM'000	Company Audited As at 31.12.2011 RM'000	Audited As at 1.1.2011 RM'000
(b) Borrowings and Senior Debt Securities (continued)			
<u>Borrowings (continued)</u>			
Unsecured:			
Revolving credits - RM	653,847	747,067	815,449
Overdrafts	70	18	-
Term loans - RM	1,416,251	1,062,725	1,062,581
RM600 million 6 years Serial Fixed Rate Bonds	-	-	310,238
RM350 million Fixed Rate Bonds	-	355,908	354,111
RM150 million 7 years Commercial/ Medium Term Notes	-	-	74,000
RM1.1 billion 7 years Commercial Papers/ Medium Term Notes	1,036,266	981,383	981,383
	<u>3,106,434</u>	<u>3,147,101</u>	<u>3,597,762</u>
Schedule repayment of borrowings:			
Within one year	1,050,434	1,966,101	1,768,032
One year to three years	2,056,000	831,000	1,479,730
Three years to five years	-	350,000	350,000
	<u>3,106,434</u>	<u>3,147,101</u>	<u>3,597,762</u>



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

	Audited As at 31.12.2012 RM'000	Group Audited As at 31.12.2011 RM'000	Audited As at 1.1.2011 RM'000
(c) Subordinated obligations			
5.00% RM1,300 million Tier II Subordinated Notes 2007/2017	-	1,305,699	1,305,699
5.50% RM700 million Tier II Subordinated Notes 2007/2022	703,375	703,375	703,375
5.30% RM200 million Tier II Subordinated Notes 2007/2017	-	200,581	200,639
5.50% RM45 million Tier II Subordinated Notes 2008/2018	45,482	45,488	45,488
5.00% RM700 million Tier II Subordinated Notes 2010/2020	706,137	705,945	706,137
5.60% RM300 million Tier II Subordinated Notes 2010/2025	302,946	302,854	302,946
4.25% RM250 million Tier II Subordinated Notes 2011/2021	250,741	251,805	-
4.30% RM750 million Tier II Subordinated Notes 2012/2022	753,984	-	-
4.40% RM1,300 million Tier II Subordinated Notes 2012/2022	1,303,735	-	-
4.40% RM245 million Tier II Subordinated Notes 2012/2022	245,650	-	-
7.50% RM100 million Tier II Subordinated Notes 2008/2018	103,420	-	-
7.25% RM125 million Tier II Subordinated Notes 2010/2020	127,110	-	-
7.15% RM75 million Tier II Subordinated Notes 2010/2020	75,529	-	-
5.20% RM100 million Tier II Subordinated Notes 2011/2021	101,112	-	-
	4,719,221	3,515,747	3,264,284

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

	Audited As at 31.12.2012 RM'000	Group Audited As at 31.12.2011 RM'000	Audited As at 1.1.2011 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	375,448	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	225,624	223,016	225,624
	601,072	600,558	600,393



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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

Group	Audited As at 31.12.2012			Audited As at 31.12.2011			Audited As at 1.1.2011		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities		Assets	Liabilities
By type	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Trading Derivatives:</u>									
Foreign exchange related contracts									
- forwards/swaps	10,272,838	54,324	87,114	13,763,434	87,912	65,341	14,015,055	159,624	148,040
- options	101,189	120	97	123,118	276	230	190,715	797	760
- cross-currency	5,605,359	92,075	53,254	1,439,860	19,078	16,518	1,245,502	12,860	11,121
Subtotal	<u>15,979,386</u>	<u>146,519</u>	<u>140,465</u>	<u>15,326,412</u>	<u>107,266</u>	<u>82,089</u>	<u>15,451,272</u>	<u>173,281</u>	<u>159,921</u>
OTC derivative - options and structure products									
	38,719	56	-	-	-	-	-	-	-
	<u>38,719</u>	<u>56</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Interest rate related contracts									
- futures	-	-	-	-	-	-	140,000	-	793
- swaps	22,681,847	128,866	155,636	18,662,064	130,392	166,099	13,047,782	137,624	92,990
Subtotal	<u>22,681,847</u>	<u>128,866</u>	<u>155,636</u>	<u>18,662,064</u>	<u>130,392</u>	<u>166,099</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>-</u>	<u>-</u>	<u>-</u>	<u>17,628</u>	<u>-</u>	<u>-</u>
Structured warrants									
	60,464	-	14,352	-	-	-	-	-	-
	<u>60,464</u>	<u>-</u>	<u>14,352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Hedging Derivatives:</u>									
Interest rate related contracts									
- swaps	1,860,000	-	9,910	-	-	-	-	-	-
Subtotal	<u>1,860,000</u>	<u>-</u>	<u>9,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>40,620,416</u>	<u>275,441</u>	<u>320,363</u>	<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>



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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

Group	Audited As at 31.12.2012			Audited As at 31.12.2011			Audited As at 1.1.2011		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
By remaining period to maturity/next re-pricing date									
<u>Trading Derivatives:</u>									
Foreign exchange related contracts									
- Less than 1 year	10,766,174	54,862	87,147	13,558,443	81,771	63,097	14,267,825	160,899	148,912
- 1 year to 3 years	1,074,657	7,872	9,444	1,213,395	12,980	2,934	61,850	402	-
- More than 3 years	4,138,555	83,785	43,874	554,574	12,515	16,058	1,121,597	11,980	11,009
Subtotal	15,979,386	146,519	140,465	15,326,412	107,266	82,089	15,451,272	173,281	159,921
Interest rate related contracts									
- Less than 1 year	7,928,637	23,149	21,404	4,325,536	9,317	11,513	2,676,825	32,201	9,093
- 1 year to 3 years	5,183,720	34,954	32,682	9,045,878	50,768	59,223	6,488,460	59,758	47,788
- More than 3 years	9,569,490	70,763	101,550	5,290,650	70,307	95,363	4,022,497	45,665	36,902
Subtotal	22,681,847	128,866	155,636	18,662,064	130,392	166,099	13,187,782	137,624	93,783
OTC derivative - options and structure products									
- Less than 1 year	38,719	56	-	-	-	-	-	-	-
	38,719	56	-	-	-	-	-	-	-
Commodity contracts									
- Less than 1 year	-	-	-	-	-	-	17,628	-	-
Subtotal	-	-	-	-	-	-	17,628	-	-
Structured warrants									
- Less than 1 year	60,464	-	14,352	-	-	-	-	-	-
	60,464	-	14,352	-	-	-	-	-	-
<u>Hedging Derivatives:</u>									
Interest rate related contracts									
- Less than 1 year	800,000	-	1,265	-	-	-	-	-	-
- 1 year to 3 years	1,060,000	-	8,645	-	-	-	-	-	-
- More than 3 years	-	-	-	-	-	-	-	-	-
Subtotal	1,860,000	-	9,910	-	-	-	-	-	-
Total	40,620,416	275,441	320,363	33,988,476	237,658	248,188	28,656,682	310,905	253,704



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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.



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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:

	Audited		
	As at 31.12.2012		
<u>Group</u>	Realised Profits/ (Losses) RM'000	Unrealised Profits RM'000	Total RM'000
Operating subsidiaries	5,657,392	345,327	6,002,719
Dormant subsidiaries*	(7,925,930)	-	(7,925,930)
Total retained profits/(losses) of the Group	(2,268,538)	345,327	(1,923,211)
Total share of retained profits from associates and joint ventures	2,696	-	2,696
	<u>(2,265,842)</u>	<u>345,327</u>	<u>(1,920,515)</u>
Less: Consolidation adjustments			6,307,463
Total Group retained profits			<u><u>4,386,948</u></u>

	Restated		
	As at 31.12.2011		
<u>Group</u>	Realised Profits/ (Losses) RM'000	Unrealised Profits RM'000	Total RM'000
Operating subsidiaries	4,940,865	271,350	5,212,215
Dormant subsidiaries*	(7,929,473)	-	(7,929,473)
Total retained profits/(losses) of the Group	(2,988,608)	271,350	(2,717,258)
Total share of retained profits from a joint venture	1,576	-	1,576
	<u>(2,987,032)</u>	<u>271,350</u>	<u>(2,715,682)</u>
Less: Consolidation adjustments			6,252,542
Total Group retained profits			<u><u>3,536,860</u></u>

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



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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>	Audited As at 31.12.2012 RM'000	Audited As at 31.12.2011 RM'000
Total retained profits of the Company:		
- Realised profits	891,991	945,227
- Unrealised profits/(losses)	1,022	(45)
Total Company retained profits	893,013	945,182

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.



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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 was remitted to the High Court for trial.

On 6 July 2012, the High Court had after full trial allowed the Company's claim for the return of the Deposit with interests and costs of RM100,000.00 ('Judgment Sum') and dismissed CBSB's counterclaim. The High Court had also ordered Messrs Kadir Andri & Partners, being the stakeholder, to return the sum of RM6,688,153.42 (on the account of the Judgment Sum) to the Company and upon receipt of the same, the Company to return the share certificates and transfer forms in respect of the 60 million shares in SJ Securities to CBSB. The stakeholder sum has since been returned to the Company.

CBSB had filed an appeal to the Court of Appeal against the High Court decision. The Court of Appeal had on 17 January 2013 dismissed the appeal with costs of RM50,000.00 and allocatur of 4% of the costs awarded.

CBSB had filed an application for leave to appeal to the Federal Court against the Court of Appeal's decision and the hearing of the same is not fixed yet.

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



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B11. Dividends

- (a) A proposed gross final dividend as show below for the financial year ended 31 December 2012 has been proposed by the Directors:
- (i) Amount per share:
 - single-tier final dividend of 16.09%
 - (ii) Previous corresponding quarter:
 - gross final dividend of 11.82% less 25% tax; and
 - single-tier final dividend of 5.59%
 - (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) A single-tier interim dividend of 6.00%
 - (ii) Proposed final dividend of:
 - single-tier final dividend of 16.09%

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

B12. Earnings per Share

	4th quarter ended		Twelve months ended	
	Audited 31.12.2012	Restated 31.12.2011	Audited 31.12.2012	Restated 31.12.2011
Basic/diluted earnings per share				
Profit attributable to equity holders of the Company (RM'000)	407,864	422,549	1,784,742	1,687,913
Weighted average number of ordinary shares in issue ('000)	2,382,020	2,198,368	2,258,746	2,178,587
Basic earnings per share (sen)	17.1	19.2	79.0	77.5



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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 for the financial year ended 31 December 2012 by the weighted average number of ordinary shares in issue and adjusted for the number of shares that could have been issued under the approved DRP of the Company 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 shares will be issued at an assumed price which is equivalent to the 5-day volume weighted average market price of the Company's shares as at 31 December 2012 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 for the financial year ended 31 December 2012.

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 for the financial year ended 31 December 2012.

Other than the above, there were no other dilutive potential ordinary shares outstanding as at 31 December 2012.

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
(License No. LS0006901)

Company Secretary
26 February 2013