



RHB Capital Berhad 312952-H
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**UNAUDITED INTERIM FINANCIAL STATEMENTS
 FOR THE SIX MONTHS ENDED 30 JUNE 2013**

The Board of Directors of RHB Capital Berhad ('The Board') wishes to announce that the unaudited interim financial results of the Group and the Company for the six months ended 30 June 2013 are as follows:

**INCOME STATEMENTS
 FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | Note | 2nd quarter ended | | Six months ended | |
|--|------|-------------------|-----------|------------------|-------------|
| | | 30.6.2013 | 30.6.2012 | 30.6.2013 | 30.6.2012 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | | |
| Interest income | A8 | 1,708,062 | 1,495,523 | 3,391,544 | 2,956,676 |
| Interest expense | A9 | (905,389) | (763,580) | (1,809,976) | (1,515,745) |
| Net interest income | | 802,673 | 731,943 | 1,581,568 | 1,440,931 |
| Other operating income | A10 | 485,482 | 323,039 | 935,831 | 653,419 |
| | | 1,288,155 | 1,054,982 | 2,517,399 | 2,094,350 |
| Net income from Islamic Banking business | | 144,294 | 112,697 | 277,985 | 223,770 |
| Net operating income | | 1,432,449 | 1,167,679 | 2,795,384 | 2,318,120 |
| Other operating expenses | A11 | (747,843) | (530,221) | (1,466,240) | (1,050,263) |
| Operating profit before allowances | | 684,606 | 637,458 | 1,329,144 | 1,267,857 |
| Change in allowance for impairment on loans, financing and other losses | A12 | (144,567) | (36,801) | (299,434) | (82,178) |
| Impairment losses written back/(made) on other assets | | 12,987 | 2,328 | 17,270 | (2,115) |
| | | 553,026 | 602,985 | 1,046,980 | 1,183,564 |
| Share of results of associates | | 501 | - | 720 | - |
| Share of results of joint ventures | | 140 | 249 | 252 | 393 |
| Profit before taxation | | 553,667 | 603,234 | 1,047,952 | 1,183,957 |
| Taxation | B5 | (134,497) | (149,048) | (264,977) | (293,275) |
| Net profit for the financial period | | 419,170 | 454,186 | 782,975 | 890,682 |
| Attributable to: | | | | | |
| - Equity holders of the Company | | 410,333 | 453,845 | 767,527 | 889,396 |
| - Non-controlling interests | | 8,837 | 341 | 15,448 | 1,286 |
| | | 419,170 | 454,186 | 782,975 | 890,682 |
| Earnings per share (sen) | | | | | |
| - Basic | B12 | 16.5 | 20.5 | 30.8 | 40.3 |
| - Diluted | B12 | 16.5 | 20.5 | 30.8 | 40.3 |

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012.



**RHB CAPITAL BERHAD (312952 – H)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | 2nd quarter ended | | Six months ended | |
|---|-------------------|-----------|------------------|-----------|
| | 30.6.2013 | 30.6.2012 | 30.6.2013 | 30.6.2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| Net profit for the financial period | 419,170 | 454,186 | 782,975 | 890,682 |
| Other comprehensive income/(loss): | | | | |
| (i) Items that will not be reclassified to income statements | | | | |
| - Currency translation differences | 12,106 | 40,445 | 46,239 | 15,451 |
| - Share of reserves in an associate | - | - | 31 | - |
| (ii) Items that will be reclassified to income statements | | | | |
| - Unrealised net (loss)/gain on revaluation of financial investments available-for-sale ('AFS') | (116,102) | 32,954 | (87,987) | 86,520 |
| - Net transfer to income statements on disposal or impairment of AFS | (29,568) | (12,696) | (43,057) | (51,458) |
| Income tax relating to components of other comprehensive loss/(income) | 37,315 | (4,973) | 34,034 | (8,705) |
| Other comprehensive (loss)/income, net of tax, for the financial period | (96,249) | 55,730 | (50,740) | 41,808 |
| Total comprehensive income for the financial period | 322,921 | 509,916 | 732,235 | 932,490 |
| Total comprehensive income attributable to: | | | | |
| - Equity holders of the Company | 311,776 | 509,570 | 714,971 | 931,200 |
| - Non-controlling interests | 11,145 | 346 | 17,264 | 1,290 |
| | 322,921 | 509,916 | 732,235 | 932,490 |

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012.



**RHB CAPITAL BERHAD (312952 – H)
INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | Note | 2nd quarter ended | | Six months ended | |
|--|------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | 30.6.2013 | 30.6.2012 | 30.6.2013 | 30.6.2012 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Company</u> | | | | | |
| Interest income | A8 | 206 | 592 | 568 | 1,001 |
| Interest expense | A9 | (33,057) | (36,771) | (65,722) | (73,178) |
| Net interest expense | | <u>(32,851)</u> | <u>(36,179)</u> | <u>(65,154)</u> | <u>(72,177)</u> |
| Other operating income | A10 | 302,772 | 529,234 | 303,159 | 529,314 |
| Net operating income | | <u>269,921</u> | <u>493,055</u> | <u>238,005</u> | <u>457,137</u> |
| Other operating expenses | A11 | (15,304) | (13,162) | (30,120) | (24,924) |
| Profit before taxation | | <u>254,617</u> | <u>479,893</u> | <u>207,885</u> | <u>432,213</u> |
| Taxation | B5 | (20,155) | (121,210) | (12,155) | (110,910) |
| Net profit for the financial period | | <u><u>234,462</u></u> | <u><u>358,683</u></u> | <u><u>195,730</u></u> | <u><u>321,303</u></u> |

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012.



**RHB CAPITAL BERHAD (312952 – H)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | 2nd quarter ended | | Six months ended | |
|---|-------------------|-----------|------------------|-----------|
| | 30.6.2013 | 30.6.2012 | 30.6.2013 | 30.6.2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Company</u> | | | | |
| Net profit for the financial period | 234,462 | 358,683 | 195,730 | 321,303 |
| Other comprehensive income, net of tax, for the financial period | - | - | - | - |
| Total comprehensive income, for the financial period | 234,462 | 358,683 | 195,730 | 321,303 |

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012.



**RHB CAPITAL BERHAD (312952 – H)
STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

| | Note | Unaudited As at 30.6.2013 RM'000 | Audited As at 31.12.2012 RM'000 |
|--|-----------|---|--|
| Group | | | |
| ASSETS | | | |
| Cash and short-term funds | | 10,103,178 | 23,974,020 |
| Securities purchased under resale agreements | | 690,265 | 676,858 |
| Deposits and placements with banks and other financial institutions | | 3,744,095 | 3,638,529 |
| Financial assets held-for-trading | A13 | 3,004,271 | 2,739,650 |
| Financial investments available-for-sale | A14 | 16,851,193 | 15,154,931 |
| Financial investments held-to-maturity | A15 | 21,034,117 | 18,945,036 |
| Loans, advances and financing | A16 | 115,024,091 | 109,276,880 |
| Clients' and brokers' balances | | 3,144,272 | 2,986,878 |
| Other assets | A17 | 1,155,179 | 1,086,165 |
| Derivative assets | B8 | 313,181 | 275,441 |
| Statutory deposits | | 4,401,772 | 3,883,445 |
| Tax recoverable | | 149,769 | 142,912 |
| Deferred tax assets | | 28,566 | 15,115 |
| Investments in associates and joint ventures | | 37,633 | 36,589 |
| Property, plant and equipment | | 1,025,786 | 1,042,318 |
| Goodwill and other intangible assets | | 5,210,656 | 5,202,798 |
| TOTAL ASSETS | | 185,918,024 | 189,077,565 |
| LIABILITIES AND EQUITY | | | |
| Deposits from customers | A18/B7(a) | 136,305,103 | 138,224,225 |
| Deposits and placements of banks and other financial institutions | A19/B7(a) | 11,182,386 | 13,450,129 |
| Obligations on securities sold under repurchase agreements | | 534,214 | 240,010 |
| Obligations on securities borrowed | | 89,236 | 119,905 |
| Bills and acceptances payable | | 3,821,666 | 3,636,886 |
| Clients' and brokers' balances | | 2,590,400 | 2,731,695 |
| Other liabilities | A20 | 1,882,557 | 1,890,459 |
| Derivative liabilities | B8 | 245,910 | 320,363 |
| Recourse obligation on loans sold to Cagamas Berhad ('Cagamas') | | 2,359,084 | 2,445,361 |
| Taxation liabilities | | 96,678 | 145,280 |
| Deferred tax liabilities | | 47,588 | 60,547 |
| Borrowings and senior debt securities | B7(b) | 5,429,674 | 5,151,932 |
| Subordinated obligations | B7(c) | 4,673,863 | 4,719,221 |
| Hybrid Tier-1 Capital Securities | B7(d) | 600,936 | 601,072 |
| TOTAL LIABILITIES | | 169,859,295 | 173,737,085 |
| Share capital | | 2,494,208 | 2,494,208 |
| Reserves | | 13,337,251 | 12,623,007 |
| | | 15,831,459 | 15,117,215 |
| Non-controlling interests | | 227,270 | 223,265 |
| TOTAL EQUITY | | 16,058,729 | 15,340,480 |
| TOTAL LIABILITIES AND EQUITY | | 185,918,024 | 189,077,565 |
| COMMITMENTS AND CONTINGENCIES | A25(a) | 91,939,904 | 83,160,389 |
| NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM) | | 6.35 | 6.06 |

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012.



**RHB CAPITAL BERHAD (312952 – H)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

| | Note | Unaudited As at <u>30.6.2013</u> RM'000 | Audited As at <u>31.12.2012</u> RM'000 |
|---|-------|--|---|
| <u>Company</u> | | | |
| ASSETS | | | |
| Cash and short term funds | | 7,155 | 36,247 |
| Deposits and placements with banks and other financial institutions | | 967 | 951 |
| Other assets | A17 | 148,904 | 155,667 |
| Amounts due from subsidiaries | | 246,920 | 9,785 |
| Tax recoverable | | 119,982 | 102,314 |
| Deferred tax assets | | 1,586 | 1,022 |
| Investments in subsidiaries | | 10,801,052 | 10,809,016 |
| Property, plant and equipment | | 413 | 486 |
| TOTAL ASSETS | | <u>11,326,979</u> | <u>11,115,488</u> |
| LIABILITIES AND EQUITY | | | |
| Other liabilities | A20 | 65,721 | 61,459 |
| Amounts due to subsidiaries | | 9,978 | 11,772 |
| Borrowings | B7(b) | 3,119,727 | 3,106,434 |
| Total liabilities | | <u>3,195,426</u> | <u>3,179,665</u> |
| Share capital | | 2,494,208 | 2,494,208 |
| Reserves | | 5,637,345 | 5,441,615 |
| TOTAL EQUITY | | <u>8,131,553</u> | <u>7,935,823</u> |
| TOTAL LIABILITIES AND EQUITY | | <u>11,326,979</u> | <u>11,115,488</u> |

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012.



**RHB CAPITAL BERHAD (312952 – H)
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | Attributable to equity holders of the Company | | | | | | | Non-controlling interests | Total equity | |
|---|---|------------------|------------------|----------------|----------------|----------------------|------------------|---------------------------|----------------|-------------------|
| | Share capital | Share premium | Reserve funds | Other reserves | AFS reserves | Translation reserves | Retained profits | | | Sub-total |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| Group | | | | | | | | | | |
| Balance as at 1 January 2013 | 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 |
| Net profit for the financial period | - | - | - | - | - | - | 767,527 | 767,527 | 15,448 | 782,975 |
| Currency translation differences | - | - | - | - | - | 45,558 | - | 45,558 | 681 | 46,239 |
| Financial investments AFS | | | | | | | | | | |
| - Unrealised net (loss)/gain on revaluation | - | - | - | - | (89,117) | - | - | (89,117) | 1,130 | (87,987) |
| - Net transfer to income statements on disposal or impairment | - | - | - | - | (43,057) | - | - | (43,057) | - | (43,057) |
| Share of reserves in an associate | - | - | - | - | - | - | 31 | 31 | - | 31 |
| Income tax relating to components of other comprehensive loss | - | - | - | - | 34,029 | - | - | 34,029 | 5 | 34,034 |
| Other comprehensive income/(loss), net of tax, for the financial period | - | - | - | - | (98,145) | 45,558 | 31 | (52,556) | 1,816 | (50,740) |
| Total comprehensive income/(loss) for the financial period | - | - | - | - | (98,145) | 45,558 | 767,558 | 714,971 | 17,264 | 732,235 |
| Transfer in respect of statutory requirements | - | - | 164,724 | - | - | - | (164,724) | - | - | - |
| Dividends paid | - | - | - | - | - | - | - | - | (10,136) | (10,136) |
| Acquisition of shares from non-controlling interests | - | - | - | - | - | - | (727) | (727) | (3,123) | (3,850) |
| Balance as at 30 June 2013 | 2,494,208 | 4,548,602 | 3,659,121 | 28,196 | 136,192 | (23,915) | 4,989,055 | 15,831,459 | 227,270 | 16,058,729 |

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012.



RHB CAPITAL BERHAD (312952 – H)
STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2013

| | Attributable to equity holders of the Company | | | | | | | Non-controlling interests | Total equity | |
|--|---|------------------|------------------|----------------|----------------|----------------------|------------------|---------------------------|---------------|-------------------|
| | Share capital | Share premium | Reserve funds | Other reserves | AFS reserves | Translation reserves | Retained profits | | | Sub-total |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| Group | | | | | | | | | | |
| Balance as at 1 January 2012 | 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 period | - | - | - | - | - | - | 889,396 | 889,396 | 1,286 | 890,682 |
| Currency translation differences | - | - | - | - | - | 15,451 | - | 15,451 | - | 15,451 |
| Financial investments AFS | | | | | | | | | | |
| - Unrealised net gain on revaluation | - | - | - | - | 86,514 | - | - | 86,514 | 6 | 86,520 |
| - Net transfer to income statements on disposal or impairment | - | - | - | - | (51,458) | - | - | (51,458) | - | (51,458) |
| Income tax relating to components of other comprehensive income | - | - | - | - | (8,703) | - | - | (8,703) | (2) | (8,705) |
| Other comprehensive income, net of tax, for the financial period | - | - | - | - | 26,353 | 15,451 | - | 41,804 | 4 | 41,808 |
| Total comprehensive income for the financial period | - | - | - | - | 26,353 | 15,451 | 889,396 | 931,200 | 1,290 | 932,490 |
| Transfer in respect of statutory requirements | - | - | 241,020 | - | - | - | (241,020) | - | - | - |
| Dividends paid | - | - | - | - | - | - | (318,827) | (318,827) | (993) | (319,820) |
| Shares issued pursuant to Dividend Reinvestment Plan ('DRP') | 30,945 | 170,814 | - | - | - | - | - | 201,759 | - | 201,759 |
| Balance as at 30 June 2012 | <u>2,235,764</u> | <u>2,845,273</u> | <u>3,257,624</u> | <u>27,815</u> | <u>240,007</u> | <u>(43,362)</u> | <u>3,866,409</u> | <u>12,429,530</u> | <u>12,219</u> | <u>12,441,749</u> |

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012.



RHB CAPITAL BERHAD (312952 – H)
STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2013

| | <u>Share capital</u> RM'000 | <u>Non- distributable Share premium</u> RM'000 | <u>Distributable Retained profits</u> RM'000 | <u>Total</u> RM'000 |
|-------------------------------------|------------------------------------|---|---|------------------------|
| <u>Company</u> | | | | |
| Balance as at 1 January 2013 | 2,494,208 | 4,548,602 | 893,013 | 7,935,823 |
| Net profit for the financial period | - | - | 195,730 | 195,730 |
| Balance as at 30 June 2013 | <u>2,494,208</u> | <u>4,548,602</u> | <u>1,088,743</u> | <u>8,131,553</u> |
| Balance as at 1 January 2012 | 2,204,819 | 2,674,459 | 945,182 | 5,824,460 |
| Net profit for the financial period | - | - | 321,303 | 321,303 |
| Dividends paid | - | - | (318,827) | (318,827) |
| Shares issued pursuant to DRP | 30,945 | 170,814 | - | 201,759 |
| Balance as at 30 June 2012 | <u>2,235,764</u> | <u>2,845,273</u> | <u>947,658</u> | <u>6,028,695</u> |

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012.



**RHB CAPITAL BERHAD (312952 – H)
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | Six months ended | |
|---|---------------------|--------------------|
| | 30.6.2013 | 30.6.2012 |
| | RM'000 | RM'000 |
| Group | | |
| Cash flows from operating activities | | |
| Profit before taxation | 1,047,952 | 1,183,957 |
| Adjustments for: | | |
| Allowance for impairment on loans, financing and other losses | 437,701 | 304,200 |
| Property, plant and equipment | | |
| - depreciation | 56,018 | 40,473 |
| - gain on disposal | (236) | (1,126) |
| - written off | 450 | - |
| Amortisation of intangible assets | 21,789 | 15,061 |
| Net impairment written back on financial investments | (17,186) | (1,647) |
| Impairment loss on investment in a joint venture | - | 5,936 |
| Share of results of associates and joint ventures | (972) | (393) |
| Net gain arising from sale/redemption of financial assets held-for-trading, financial investments AFS and held-to-maturity | (78,064) | (112,935) |
| Net unrealised gain on revaluation of financial assets held-for-trading and derivatives | (102,673) | (20,322) |
| Unrealised net foreign exchange gain | (9,436) | (26,657) |
| Gross dividend income from financial assets held-for-trading, financial investments AFS and held-to-maturity | (15,053) | (10,604) |
| Other non-cash items | (654,476) | (478,121) |
| Operating profit before working capital changes | <u>685,814</u> | <u>897,822</u> |
| Decrease in operating assets: | | |
| Securities purchased under resale agreements | (15,029) | (27,752) |
| Deposits and placements with banks and other financial institutions | (105,567) | (1,091,027) |
| Financial assets held-for-trading | (215,255) | (106,937) |
| Loans, advances and financing | (6,191,831) | (6,854,363) |
| Clients' and brokers' balances | (157,394) | (257,775) |
| Other assets | (95,033) | (80,983) |
| Statutory deposits | (518,847) | (87,103) |
| | <u>(7,298,956)</u> | <u>(8,505,940)</u> |
| Increase/(decrease) in operating liabilities: | | |
| Deposits from customers | (1,906,548) | 2,299,249 |
| Deposits and placements with banks and other financial institutions | (2,268,585) | 431,807 |
| Obligations on securities sold under repurchase agreements | 294,204 | - |
| Obligations on securities borrowed | (30,669) | - |
| Bills and acceptances payable | 184,803 | 273,893 |
| Clients' and brokers' balances | (141,295) | 257,573 |
| Other liabilities | 15,260 | 100,294 |
| Recourse obligation on loans sold to Cagamas Berhad | (86,277) | 199,292 |
| | <u>(3,939,107)</u> | <u>3,562,108</u> |
| Cash used in operations | (10,552,249) | (4,045,132) |
| Net tax paid | (308,702) | (84,648) |
| Net cash used in operating activities | <u>(10,860,951)</u> | <u>(4,129,780)</u> |

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012.



**RHB CAPITAL BERHAD (312952 – H)
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | Six months ended | |
|--|--------------------|-------------------|
| | 30.6.2013 | 30.6.2012 |
| | RM'000 | RM'000 |
| Group | | |
| Cash flows from investing activities | | |
| Net purchase of financial investment AFS and held-to-maturity | (3,817,374) | (1,138,756) |
| Property, plant and equipment: | | |
| - Purchase | (34,724) | (38,500) |
| - Proceeds from disposal | 715 | 9,996 |
| Purchase of intangible assets | (34,752) | (18,385) |
| Financial investments AFS and held-to-maturity: | | |
| - Interest received | 440,651 | 419,917 |
| - Investment income received | 177,894 | 66,940 |
| Dividend income received from financial investments held-for-trading and AFS | 14,920 | 9,558 |
| Net cash used in investing activities | <u>(3,252,670)</u> | <u>(689,230)</u> |
| Cash flows from financing activities | | |
| Net proceeds from issuance of Senior Debt Securities | - | 916,829 |
| Net proceeds from issuance of subordinated notes | - | 749,006 |
| Repayment of subordinated notes | (45,554) | - |
| Proceeds from shares issued pursuant to DRP | - | 201,759 |
| Drawdown of borrowings | 419,690 | 48,400 |
| Repayment of borrowings | (237,614) | (247,895) |
| Dividends paid to equity holders of the Company | - | (318,827) |
| Dividends paid to non-controlling interests | (10,136) | (993) |
| Net cash generated from financing activities | <u>126,386</u> | <u>1,348,279</u> |
| Net decrease in cash and cash equivalents | (13,987,235) | (3,470,731) |
| Effects of exchange rate differences | 116,371 | - |
| Cash and cash equivalents | | |
| - at the beginning of the financial period | 23,973,950 | 20,358,478 |
| - at the end of the financial period | <u>10,103,086</u> | <u>16,887,747</u> |
| Cash and cash equivalents comprise the following: | | |
| Cash and short term funds | 10,103,178 | 16,887,795 |
| Overdrafts | (92) | (48) |
| | <u>10,103,086</u> | <u>16,887,747</u> |

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012.



**RHB CAPITAL BERHAD (312952 – H)
CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | Six months ended | |
|---|------------------|-----------|
| | 30.6.2013 | 30.6.2012 |
| | RM'000 | RM'000 |
| Company | | |
| Cash flows from operating activities | | |
| Profit before taxation | 207,885 | 432,213 |
| Adjustments for: | | |
| Interest expense | 65,722 | 73,178 |
| Unrealised foreign exchange (gain)/loss | (9) | 47 |
| Property, plant and equipment | | |
| - depreciation | 127 | 120 |
| - gain on disposal | (2) | - |
| Dividend income | (303,148) | (529,361) |
| Interest income | (568) | (1,001) |
| Operating loss before working capital changes | (29,993) | (24,804) |
| Increase in deposits and placements with banks and other financial institutions | (16) | (16) |
| (Increase)/decrease in inter-company balances | (1,184) | 761 |
| Decrease in other assets | 2,113 | 8,644 |
| Increase/(decrease) in other liabilities | 4,263 | (825) |
| Cash used in operations | (24,817) | (16,240) |
| Net tax refunded | - | 27,902 |
| Net cash (used in)/generated from operating activities | (24,817) | 11,662 |
| Cash flows from investing activities | | |
| Dividend income received from subsidiaries | 35,232 | 397,020 |
| Interest income received | 361 | 608 |
| Purchase of property, plant and equipment | (54) | (70) |
| Proceeds from disposal of investment in subsidiaries | 7,964 | - |
| Proceeds from disposal of property, plant and equipment | 2 | - |
| Net cash generated from investing activities | 43,505 | 397,558 |
| Cash flows from financing activities | | |
| Drawdown of borrowings | 15,000 | 48,400 |
| Repayment of borrowings | (10,150) | (217,520) |
| Interest expense paid | (52,652) | (60,827) |
| Dividends paid to equity holders of the Company | - | (318,827) |
| Proceeds from shares issued pursuant to DRP | - | 201,759 |
| Net cash used in financing activities | (47,802) | (347,015) |
| Net (decrease)/increase in cash and cash equivalents | (29,114) | 62,205 |
| Cash and cash equivalents | | |
| - at the beginning of the financial period | 36,177 | 27,510 |
| - at the end of the financial period | 7,063 | 89,715 |
| Cash and cash equivalents comprise the following: | | |
| Cash and short term funds | 7,155 | 89,763 |
| Overdrafts | (92) | (48) |
| | 7,063 | 89,715 |

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

A1. Basis of Preparation

The interim financial statements are unaudited 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 2012.

The accounting policies and presentation adopted by the Group and the Company for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2012, 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 2013:

| | |
|---|---|
| MFRS 10 | Consolidated Financial Statements |
| MFRS 11 | Joint Arrangements |
| MFRS 12 | Disclosures of Interests in Other Entities |
| MFRS 13 | Fair Value Measurement |
| MFRS 3 | Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004) |
| MFRS 127 | Separate Financial Statements (IAS 27 as amended by IASB in May 2011) |
| MFRS 128 | Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011) |
| Amendment to MFRS 7 | Disclosures - Offsetting Financial Assets and Financial Liabilities |
| Amendment to MFRS 10, MFRS 11 and MFRS 12 | Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance |
| Amendment to MFRS 101 | Presentation of Items of Other Comprehensive Income |
| Annual Improvements to MFRS 2009-2011 Cycle | |

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.

A2. Auditors' Report

The auditors' report for the financial year ended 31 December 2012 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 six months ended 30 June 2013.

A5. Changes in Estimates

There were no material changes in estimates of amount reported in prior financial years that have a material effect for the six months ended 30 June 2013.

A6. Changes in Debt and Equity Securities

On 19 April 2013, RHB Investment Bank Berhad ('RHB Investment Bank') has fully redeemed its existing 5.5% RM45.0 million in nominal value Tier II Subordinated Notes 2008/2018, which were issued on 21 April 2008.

Other than the above mentioned, 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

No dividend has been paid during the six months ended 30 June 2013.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | 2nd quarter ended | | Six months ended | |
|--|-------------------|-----------|------------------|-----------|
| | 30.6.2013 | 30.6.2012 | 30.6.2013 | 30.6.2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| A8. Interest Income | | | | |
| <u>Group</u> | | | | |
| Loans, advances and financing | 1,328,709 | 1,177,903 | 2,618,111 | 2,326,901 |
| Money at call and deposits and placements with banks and other financial institutions | 90,239 | 113,061 | 202,842 | 215,736 |
| Securities purchased under resale agreements | 214 | 73 | 404 | 132 |
| Financial assets held-for-trading | 13,437 | 3,974 | 26,427 | 11,759 |
| Financial investments AFS | 105,594 | 71,703 | 211,175 | 144,952 |
| Financial investments held-to-maturity | 164,115 | 128,431 | 321,385 | 255,811 |
| Others | 5,754 | 378 | 11,200 | 1,385 |
| | 1,708,062 | 1,495,523 | 3,391,544 | 2,956,676 |
| Of which: | | | | |
| Interest income accrued on impaired loans, advances and financing | 45,572 | 38,756 | 86,953 | 80,719 |
| <u>Company</u> | | | | |
| Money at call and deposits and placements with banks and other financial institutions | 102 | 395 | 361 | 608 |
| Others | 104 | 197 | 207 | 393 |
| | 206 | 592 | 568 | 1,001 |



**RHB CAPITAL BERHAD (312952 – H)
 NOTES TO THE CONDENSED FINANCIAL STATEMENTS
 FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | 2nd quarter ended | | Six months ended | |
|---|-------------------|----------------|------------------|------------------|
| | 30.6.2013 | 30.6.2012 | 30.6.2013 | 30.6.2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| A9. Interest Expense | | | | |
| <u>Group</u> | | | | |
| Deposits and placements of banks and other financial institutions | 27,503 | 61,108 | 83,293 | 90,686 |
| Deposits from customers | 739,538 | 576,838 | 1,452,333 | 1,181,027 |
| Borrowings and senior debt securities | 45,815 | 39,933 | 91,179 | 74,799 |
| Subordinated obligations | 57,206 | 49,680 | 114,271 | 94,307 |
| Hybrid Tier-1 Capital Securities | 11,239 | 11,233 | 22,351 | 22,463 |
| Recourse obligation on loans sold to Cagamas | 10,861 | 12,176 | 21,626 | 28,109 |
| Others | 13,227 | 12,612 | 24,923 | 24,354 |
| | 905,389 | 763,580 | 1,809,976 | 1,515,745 |
| <u>Company</u> | | | | |
| Borrowings | 33,057 | 36,771 | 65,722 | 73,178 |



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | 2nd quarter ended | | Six months ended | |
|---|--------------------------|------------------|-------------------------|------------------|
| | 30.6.2013 | 30.6.2012 | 30.6.2013 | 30.6.2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| A10. Other Operating Income | | | | |
| Group | | | | |
| Fee income | | | | |
| - Service charges and fees | 56,222 | 90,545 | 102,969 | 134,469 |
| - Commission | 31,345 | 29,489 | 63,707 | 59,516 |
| - Guarantee fees | 11,121 | 11,161 | 20,808 | 19,646 |
| - Commitment fees | 11,835 | 11,423 | 23,454 | 23,232 |
| - Net brokerage | 105,786 | 18,010 | 195,466 | 40,197 |
| - Fund management fees | 23,721 | 4,864 | 44,219 | 9,349 |
| - Corporate advisory fees | 7,174 | 3,245 | 17,646 | 4,225 |
| - Underwriting and arrangement fees | 23,314 | 12,834 | 36,283 | 15,083 |
| - Unit trust fee income | 24,027 | 1,738 | 54,149 | 1,802 |
| - Other fee income | 21,709 | 9,497 | 34,370 | 16,666 |
| | 316,254 | 192,806 | 593,071 | 324,185 |
| Net gain/(loss) arising from financial assets held-for-trading | | | | |
| - net gain on disposal | 11,116 | 12,348 | 25,210 | 52,591 |
| - unrealised net (loss)/gain on revaluation | (15,302) | 1,123 | (11,962) | (3,054) |
| - gross dividend income | 1,508 | 1,041 | 2,854 | 1,556 |
| | (2,678) | 14,512 | 16,102 | 51,093 |
| Net gain on revaluation of derivatives | 38,061 | 6,317 | 47,708 | 23,204 |
| Net (loss)/gain on fair value hedges | (854) | 439 | (639) | 439 |
| Net gain arising from financial investments AFS | | | | |
| - net gain on disposal | 31,115 | 10,322 | 43,214 | 44,102 |
| - gross dividend income | 8,869 | 6,267 | 12,199 | 9,048 |
| | 39,984 | 16,589 | 55,413 | 53,150 |
| Net gain arising from financial investments held-to-maturity | | | | |
| - net gain on redemption | - | 587 | 10 | 587 |
| | - | 587 | 10 | 587 |



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | 2nd quarter ended | | Six months ended | |
|---|--------------------------|------------------|-------------------------|------------------|
| | 30.6.2013 | 30.6.2012 | 30.6.2013 | 30.6.2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| A10. Other Operating Income (continued) | | | | |
| Other income | | | | |
| - Net foreign exchange gain | | | | |
| - realised | 80,303 | 13,559 | 127,358 | 105,582 |
| - unrealised | (29,295) | 50,259 | 9,436 | 26,657 |
| - Insurance underwriting surplus before management expenses | 22,702 | 10,561 | 46,175 | 34,492 |
| - Rental income | 1,116 | 775 | 2,027 | 1,319 |
| - Net gain on disposal of property, plant and equipment | 219 | 1,126 | 236 | 1,126 |
| - Other operating income | 18,696 | 14,773 | 36,259 | 30,311 |
| - Other non-operating income | 974 | 736 | 2,675 | 1,274 |
| | 94,715 | 91,789 | 224,166 | 200,761 |
| | 485,482 | 323,039 | 935,831 | 653,419 |
| Company | | | | |
| Gross dividend income from: | | | | |
| - Subsidiaries | 303,148 | 529,361 | 303,148 | 529,361 |
| Other income | | | | |
| - Unrealised foreign exchange gain/(loss) | (378) | (127) | 9 | (47) |
| - Net gain on disposal of property, plant and equipment | 2 | - | 2 | - |
| | (376) | (127) | 11 | (47) |
| | 302,772 | 529,234 | 303,159 | 529,314 |



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | 2nd quarter ended | | Six months ended | |
|--|--------------------------|------------------|-------------------------|------------------|
| | 30.6.2013 | 30.6.2012 | 30.6.2013 | 30.6.2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| A11. Other Operating Expenses | | | | |
| Group | | | | |
| Personnel costs | | | | |
| - Salaries, bonus, wages and allowances | 346,344 | 248,280 | 690,131 | 516,534 |
| - Defined contribution plan | 48,295 | 37,723 | 95,559 | 78,328 |
| - Other staff related costs | 28,618 | 19,667 | 55,297 | 42,241 |
| | 423,257 | 305,670 | 840,987 | 637,103 |
| Establishment costs | | | | |
| - Property, plant and equipment | | | | |
| - depreciation | 27,697 | 26,819 | 56,018 | 40,473 |
| - written off | 386 | - | 450 | - |
| - Amortisation of intangible assets | 11,137 | 7,451 | 21,789 | 15,061 |
| - Information technology expenses | 32,839 | 30,964 | 63,283 | 57,637 |
| - Repair and maintenance | 11,362 | 5,574 | 20,154 | 11,428 |
| - Security and escorting charges | 10,773 | 10,818 | 21,534 | 21,120 |
| - Rental of premises | 34,125 | 24,940 | 67,753 | 46,700 |
| - Water and electricity | 8,927 | 6,363 | 16,731 | 12,886 |
| - Rental of equipment | 2,609 | 1,607 | 5,399 | 3,333 |
| - Insurance | 4,988 | 1,745 | 9,476 | 3,686 |
| - Others | 4,598 | 2,039 | 8,447 | 4,365 |
| | 149,441 | 118,320 | 291,034 | 216,689 |
| Marketing expenses | | | | |
| - Sales commission | 38,363 | 9,665 | 78,587 | 18,290 |
| - Advertisements and publicity | 15,498 | 22,461 | 25,894 | 30,335 |
| - Others | 26,840 | 17,559 | 53,001 | 35,679 |
| | 80,701 | 49,685 | 157,482 | 84,304 |
| Administration and general expenses | | | | |
| - Communication expenses | 39,474 | 25,030 | 76,732 | 50,680 |
| - Legal and professional fee | 17,366 | 8,831 | 27,130 | 14,061 |
| - Others | 37,604 | 22,685 | 72,875 | 47,426 |
| | 94,444 | 56,546 | 176,737 | 112,167 |
| | 747,843 | 530,221 | 1,466,240 | 1,050,263 |



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | 2nd quarter ended | | Six months ended | |
|--|-------------------|---------------|------------------|---------------|
| | 30.6.2013 | 30.6.2012 | 30.6.2013 | 30.6.2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| A11. Other Operating Expenses (continued) | | | | |
| Company | | | | |
| Personnel costs | | | | |
| - Salaries, bonus, wages and allowances | 3,714 | 2,996 | 9,449 | 8,173 |
| - Defined contribution plan | 575 | 475 | 1,460 | 1,281 |
| - Other staff related costs | 833 | 355 | 1,100 | 930 |
| | 5,122 | 3,826 | 12,009 | 10,384 |
| Establishment costs | | | | |
| - Rental of premises | 315 | 274 | 609 | 541 |
| - Depreciation of property, plant and equipment | 63 | 61 | 127 | 120 |
| - Repair and maintenance | 35 | 30 | 73 | 68 |
| - Security and escorting charges | 11 | 8 | 20 | 17 |
| - Rental of equipment | 2 | 8 | 5 | 26 |
| - Water and electricity | 25 | 22 | 43 | 57 |
| - Information technology expenses | 2 | - | 6 | - |
| - Insurance | - | - | 1 | 1 |
| | 453 | 403 | 884 | 830 |
| Marketing expenses | | | | |
| - Advertisements and publicity | 102 | 972 | 269 | 1,274 |
| - Others | 76 | 45 | 134 | 91 |
| | 178 | 1,017 | 403 | 1,365 |
| Administration and general expenses | | | | |
| - Communication expenses | 54 | 90 | 131 | 180 |
| - Legal and professional fee | 9,270 | 7,580 | 16,228 | 11,855 |
| - Others | 227 | 246 | 465 | 310 |
| | 9,551 | 7,916 | 16,824 | 12,345 |
| | 15,304 | 13,162 | 30,120 | 24,924 |



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | 2nd quarter ended | | Six months ended | |
|---|-------------------|---------------|------------------|---------------|
| | 30.6.2013 | 30.6.2012 | 30.6.2013 | 30.6.2012 |
| | 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 | 86,263 | 57,710 | 165,277 | 104,292 |
| - Collective impairment allowance made | 25,166 | 107,770 | 124,913 | 120,202 |
| Impaired loans and financing recovered | (80,231) | (165,861) | (138,267) | (222,022) |
| Bad debts written off | 117,174 | 37,663 | 149,022 | 79,626 |
| Allowance (written back)/made for impairment on other assets | (3,805) | (481) | (1,511) | 80 |
| | 144,567 | 36,801 | 299,434 | 82,178 |



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | Group | |
|---|---|--|
| | Unaudited As at 30.6.2013 RM'000 | Audited As at 31.12.2012 RM'000 |
| A13. Financial Assets Held-for-trading | | |
| At fair value | | |
| <u>MONEY MARKET INSTRUMENTS:</u> | | |
| Malaysian Government Securities | 381,228 | 323,779 |
| Malaysian Government Investment Issues | 365,936 | 181,998 |
| Malaysian Government Treasury Bills | - | 52,869 |
| Bank Negara Malaysia ('BNM') Monetary Notes | 1,314,398 | 598,073 |
| Negotiable instruments of deposits | 99,326 | - |
| Cagamas bonds | - | 250,324 |
| Singapore Government Treasury Bills | 324,381 | 227,634 |
| Wakala Global Sukuk | 3,431 | 7,144 |
| 1 Malaysia Sukuk | - | 20,183 |
| <u>QUOTED SECURITIES:</u> | | |
| In Malaysia | | |
| Shares, exchange traded funds and warrants | 128,912 | 129,944 |
| Unit trusts | 9,134 | 5,790 |
| Private debt securities | 30,121 | - |
| Outside Malaysia | | |
| Shares, exchange traded funds and warrants | 31,291 | 58,517 |
| Unit trusts | 26,913 | 25,034 |
| <u>UNQUOTED SECURITIES:</u> | | |
| In Malaysia | | |
| Prasarana bonds | 5,459 | 5,558 |
| Private debt securities | 85,184 | 711,809 |
| Outside Malaysia | | |
| Private debt securities | 198,557 | 140,994 |
| | 3,004,271 | 2,739,650 |

Included in financial assets held-for-trading are private debts securities outside Malaysia, which are pledged as collateral for obligations on securities sold under repurchase agreements amounted to RM48,048,000 (31.12.2012: RM Nil).



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

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 effects of the reclassification on the income statements for the period from the date of reclassification to 30 June 2013 were as follows:

| | Group | |
|--|------------------|-------------------|
| | Unaudited | Audited |
| | As at | As at |
| | 30.6.2013 | 31.12.2012 |
| | RM'000 | RM'000 |
| <u>Carrying amount</u> | | |
| Reclassified from HFT to AFS | 54,442 | 111,191 |
| Reclassified from HFT to HTM | 19,049 | 18,425 |
| | 73,491 | 129,616 |
| <u>Fair value</u> | | |
| Reclassified from HFT to AFS | 54,291 | 110,549 |
| Reclassified from HFT to HTM | 20,145 | 19,724 |
| | 74,436 | 130,273 |
| Fair value gains that would have been recognised if the financial assets HFT had not been reclassified | 945 | 657 |



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | Group | |
|--|---|--|
| | Unaudited As at 30.6.2013 RM'000 | Audited As at 31.12.2012 RM'000 |
| A14. Financial Investments Available-for-sale | | |
| At fair value | | |
| <u>MONEY MARKET INSTRUMENTS:</u> | | |
| Malaysian Government Securities | 1,020,929 | 806,960 |
| Malaysian Government Investment Issues | 2,266,858 | 2,745,906 |
| BNM Monetary Notes | - | 205,859 |
| Cagamas bonds and Cagamas Mudharabah bonds | 191,943 | 117,158 |
| Khazanah bonds | 64,002 | 49,116 |
| Singapore Government Securities | 133,358 | 135,081 |
| Singapore Government Treasury Bills | 274,584 | 25,032 |
| Thailand Government bonds | 113,241 | 106,295 |
| 1 Malaysia Sukuk | 288,761 | 307,928 |
| Wakala Global Sukuk | 226,367 | 95,029 |
| Bankers' acceptances and Islamic acceptable bills | 580,497 | 412,555 |
| Negotiable instrument of deposits | 1,171,331 | 409,161 |
| Sukuk Perumahan Kerajaan ('SPK') | 118,943 | 101,363 |
| Indonesian Government Securities | 5,798 | - |
| <u>QUOTED SECURITIES:</u> | | |
| In Malaysia | | |
| Corporate loan stocks | - | 8,627 |
| Shares and warrants | 12,526 | 7,630 |
| Unit trusts | 5,514 | 5,247 |
| Outside Malaysia | | |
| Shares and warrants | 1,265 | 3,415 |
| Unit trusts | 20,543 | 20,197 |
| <u>UNQUOTED SECURITIES:</u> | | |
| In Malaysia | | |
| Private and Islamic debt securities | 8,687,032 | 7,731,780 |
| Shares and warrants | 424,135 | 379,135 |
| Corporate loan stocks | 113,932 | 121,637 |
| Unit trusts | 436,191 | 344,217 |
| Prasarana bonds | 20,432 | - |
| Outside Malaysia | | |
| Private and Islamic debt securities | 649,313 | 994,761 |
| Corporate loan stocks | 483 | 460 |
| Shares | 23,215 | 20,382 |
| | 16,851,193 | 15,154,931 |

Included in financial investments available-for-sale are private and Islamic debts securities outside Malaysia, which are pledged as collateral for obligations on securities sold under repurchase agreements amounted to RM391,468,000 (31.12.2012: RM239,126,000).



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | Group | |
|--|---|--|
| | Unaudited As at 30.6.2013 RM'000 | Audited As at 31.12.2012 RM'000 |
| A15. Financial Investments Held-to-maturity | | |
| At amortised cost | | |
| <u>MONEY MARKET INSTRUMENTS:</u> | | |
| Malaysian Government Securities | 2,341,740 | 2,461,736 |
| Malaysian Government Investment Issues | 6,012,860 | 6,038,528 |
| Cagamas bonds and Cagamas Mudharabah bonds | 2,387,680 | 2,391,005 |
| Khazanah bonds | 77,454 | 66,290 |
| Negotiable instruments of deposits | 1,810,076 | 2,126,329 |
| Singapore Government Securities | 126,532 | 126,795 |
| Thailand Government Securities | 326,981 | 264,011 |
| Sukuk (Brunei) Incorporation | 54,958 | 57,594 |
| Bankers' acceptances and Islamic acceptable bills | 457,704 | 389,176 |
| Wakala Global Sukuk | 226,256 | 212,524 |
| Sukuk Perumahan Kerajaan ('SPK') | 101,273 | - |
| <u>UNQUOTED SECURITIES:</u> | | |
| In Malaysia | | |
| Private and Islamic debt securities | 6,463,583 | 4,216,113 |
| Corporate loan stocks | 47,628 | 55,196 |
| Bonds | 883 | 883 |
| Prasarana bonds | 813,731 | 794,309 |
| Outside Malaysia | | |
| Private and Islamic debt securities | 66,508 | 50,020 |
| | <u>21,315,847</u> | <u>19,250,509</u> |
| Accumulated impairment losses | <u>(281,730)</u> | <u>(305,473)</u> |
| | <u><u>21,034,117</u></u> | <u><u>18,945,036</u></u> |



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | Group | |
|--|---------------------------|--------------------|
| | Unaudited | Audited |
| | As at | As at |
| | 30.6.2013 | 31.12.2012 |
| | RM'000 | RM'000 |
| A16. Loans, Advances and Financing | | |
| At amortised cost | | |
| Overdrafts | 5,871,552 | 5,895,676 |
| Term loans/financing | | |
| - housing loans/financing | 22,965,980 | 21,706,306 |
| - syndicated term loans/financing | 3,221,409 | 2,521,254 |
| - hire-purchase receivables | 12,983,719 | 12,581,965 |
| - lease receivables | 73,906 | 75,650 |
| - other term loans/financing | 55,112,013 | 52,579,442 |
| Bills receivable | 1,769,155 | 1,574,283 |
| Trust receipts | 516,410 | 469,017 |
| Claims on customers under acceptance credits | 5,184,101 | 5,257,978 |
| Staff loans/financing | 270,641 | 286,116 |
| Credit card receivables | 1,919,767 | 1,926,638 |
| Revolving credit/financing | 7,363,532 | 6,599,744 |
| Gross loans, advances and financing | <u>117,252,185</u> | 111,474,069 |
| Fair value changes arising from fair value hedge | <u>(2,431)</u> | 6,252 |
| | 117,249,754 | 111,480,321 |
| Allowance for impaired loans, advances and financing | | |
| - individual impairment allowance | (845,759) | (801,495) |
| - collective impairment allowance | <u>(1,379,904)</u> | <u>(1,401,946)</u> |
| Net loans, advances and financing | <u>115,024,091</u> | <u>109,276,880</u> |

Included in loans, advances and financing are housing loans, hire purchase receivables and other term loans/financing sold to Cagamas with recourse amounting to RM2,261,344,000 (31.12.2012: RM2,371,017,000).



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | Group | |
|---|---|--|
| | Unaudited As at 30.6.2013 RM'000 | Audited As at 31.12.2012 RM'000 |
| A16. Loans, Advances and Financing (continued) | | |
| (a) By type of customer | | |
| Domestic non-bank financial institutions | | |
| - others | 1,858,926 | 1,502,696 |
| Domestic business enterprises | | |
| - small and medium enterprises | 12,053,900 | 11,518,640 |
| - others | 32,098,937 | 31,536,915 |
| Government and statutory bodies | 11,053,491 | 10,989,382 |
| Individuals | 51,314,462 | 47,909,866 |
| Other domestic entities | 29,222 | 10,240 |
| Foreign entities | 8,843,247 | 8,006,330 |
| | 117,252,185 | 111,474,069 |
| (b) By geographical distribution | | |
| In Malaysia | 109,868,270 | 104,661,562 |
| Outside Malaysia | | |
| - Singapore | 6,260,933 | 5,863,486 |
| - Thailand | 523,084 | 468,613 |
| - Brunei | 89,075 | 86,886 |
| - Indonesia | 14,995 | 18,274 |
| - Hong Kong | 130,184 | 100,444 |
| - Cambodia | 365,644 | 274,804 |
| | 117,252,185 | 111,474,069 |
| (c) By interest/profit rate sensitivity | | |
| Fixed rate | | |
| - housing loans/financing | 1,147,749 | 1,358,745 |
| - hire-purchase receivables | 12,983,719 | 12,581,965 |
| - other fixed rate loans/financing | 20,450,814 | 19,996,461 |
| Variable rate | | |
| - base lending/financing rate plus | 45,317,642 | 42,244,830 |
| - cost-plus | 31,291,849 | 30,120,920 |
| - other variable rates | 6,060,412 | 5,171,148 |
| | 117,252,185 | 111,474,069 |



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | Group | |
|---|---|--|
| | Unaudited As at 30.6.2013 RM'000 | Audited As at 31.12.2012 RM'000 |
| A16. Loans, Advances and Financing (continued) | | |
| (d) By purpose | | |
| Purchase of securities | 11,526,296 | 10,250,484 |
| Purchase of transport vehicles | 11,892,035 | 11,448,099 |
| Purchase of landed property | | |
| - residential | 23,345,297 | 22,154,545 |
| - non-residential | 6,681,128 | 5,730,126 |
| Purchase of property, plant and equipment other than land and building | 3,372,527 | 3,249,719 |
| Personal use | 6,328,195 | 5,758,114 |
| Credit card | 1,919,767 | 1,926,638 |
| Purchase of consumer durables | 33,371 | 37,282 |
| Construction | 3,207,167 | 3,653,747 |
| Working capital | 27,452,520 | 26,520,291 |
| Merger and acquisition | 3,415,999 | 3,702,442 |
| Other purpose | 18,077,883 | 17,042,582 |
| | 117,252,185 | 111,474,069 |
| (e) By remaining contractual maturities | | |
| Maturity within one year | 40,854,163 | 39,436,353 |
| One year to three years | 9,296,014 | 8,971,576 |
| Three years to five years | 9,537,695 | 9,495,981 |
| Over five years | 57,564,313 | 53,570,159 |
| | 117,252,185 | 111,474,069 |



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | Group | |
|--|---|--|
| | Unaudited As at 30.6.2013 RM'000 | Audited As at 31.12.2012 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 period/year | 3,337,637 | 3,493,951 |
| Amount arising from acquisition of subsidiaries | - | 286,081 |
| Classified as impaired | 2,185,940 | 3,900,918 |
| Reclassified as non-impaired | (1,273,951) | (2,746,513) |
| Amount recovered | (288,100) | (784,440) |
| Amount written off | (266,864) | (811,448) |
| Exchange difference | 2,875 | (912) |
| Balance as at the end of the financial period/year | <u>3,697,537</u> | <u>3,337,637</u> |

| | Group | |
|---|---|--|
| | Unaudited As at 30.6.2013 RM'000 | Audited As at 31.12.2012 RM'000 |
| (ii) By purpose | | |
| Purchase of securities | 263,415 | 335,314 |
| Purchase of transport vehicles | 252,915 | 260,414 |
| Purchase of landed property | | |
| - residential | 927,444 | 965,098 |
| - non-residential | 173,356 | 158,072 |
| Purchase of property, plant and equipment other than land and building | 50,393 | 66,981 |
| Personal use | 130,995 | 137,178 |
| Credit card | 38,897 | 39,379 |
| Purchase of consumer durables | 1,740 | 2,058 |
| Construction | 214,587 | 245,763 |
| Working capital | 1,503,846 | 1,040,599 |
| Other purpose | 139,949 | 86,781 |
| | <u>3,697,537</u> | <u>3,337,637</u> |



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | Group | |
|---|------------------|------------------|
| | Unaudited | Audited |
| | As at | As at |
| | 30.6.2013 | 31.12.2012 |
| | RM'000 | RM'000 |
| A16. Loans, Advances and Financing (continued) | | |
| (f) Impaired loans, advances and financing (continued) | | |
| (iii) By geographical distribution | | |
| In Malaysia | 3,584,526 | 3,238,073 |
| Outside Malaysia | | |
| - Singapore | 75,604 | 69,055 |
| - Thailand | 18,971 | 21,905 |
| - Brunei | 6,219 | 8,604 |
| - Cambodia | 12,217 | - |
| | <u>3,697,537</u> | <u>3,337,637</u> |

| | Group | |
|---|------------------|------------------|
| | Unaudited | Audited |
| | As at | As at |
| | 30.6.2013 | 31.12.2012 |
| | RM'000 | RM'000 |
| (iv) Movements in allowance for impaired loans, advances and financing | | |
| <u>Individual impairment allowance</u> | | |
| Balance as at the beginning of the financial period/year | 801,495 | 813,086 |
| Amount arising from acquisition of subsidiaries | - | 21,043 |
| Net allowance made | 165,277 | 267,911 |
| Amount written off | (121,604) | (288,550) |
| Reclassified to collective impairment allowance | (1,041) | (10,895) |
| Transfer to impairment of financial investments HTM | - | (643) |
| Exchange differences | 1,632 | (457) |
| Balance as at the end of the financial period/year | <u>845,759</u> | <u>801,495</u> |
| <u>Collective impairment allowance</u> | | |
| Balance as at the beginning of the financial period/year | 1,401,946 | 1,566,152 |
| Amount arising from acquisition of subsidiaries | - | 6,463 |
| Net allowance made | 124,913 | 157,290 |
| Amount written off | (149,192) | (338,162) |
| Reclassified from individual impairment allowance | 1,041 | 10,895 |
| Exchange differences | 1,196 | (692) |
| Balance as at the end of the financial period/year | <u>1,379,904</u> | <u>1,401,946</u> |



**RHB CAPITAL BERHAD (312952 – H)
 NOTES TO THE CONDENSED FINANCIAL STATEMENTS
 FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | Group | |
|---|---|--|
| | Unaudited As at 30.6.2013 RM'000 | Audited As at 31.12.2012 RM'000 |
| A17. Other Assets | | |
| Other debtors | 523,145 | 501,114 |
| Deposits | 116,900 | 105,292 |
| Prepayments | 67,929 | 54,788 |
| Reinsurance assets | 218,154 | 191,147 |
| Amount due from reverse repo transactions | 116,536 | 121,309 |
| Deposit for proposed acquisition of PT Bank Mestika Dharma (refer to Note B6(a)) | 112,515 | 112,515 |
| | 1,155,179 | 1,086,165 |
| | | |
| | Company | |
| | Unaudited As at 30.6.2013 RM'000 | Audited As at 31.12.2012 RM'000 |
| Other debtors | 4 | 8 |
| Deposits | 32,879 | 35,015 |
| Prepayments | 3,506 | 8,129 |
| Deposit for proposed acquisition of PT Bank Mestika Dharma (refer to Note B6(a)) | 112,515 | 112,515 |
| | 148,904 | 155,667 |



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | Group | |
|--|---|--|
| | Unaudited As at 30.6.2013 RM'000 | Audited As at 31.12.2012 RM'000 |
| A18. Deposits from Customers | | |
| (a) By type of deposits | | |
| Demand deposits | 23,022,619 | 22,504,610 |
| Savings deposits | 7,390,061 | 6,932,789 |
| Fixed/investment deposits | 105,845,014 | 108,696,573 |
| Negotiable instruments of deposits | 47,409 | 90,253 |
| | <u>136,305,103</u> | <u>138,224,225</u> |
| (b) By type of customer | | |
| Government and statutory bodies | 12,223,684 | 15,358,856 |
| Business enterprises | 82,572,230 | 85,321,693 |
| Individuals | 35,323,955 | 32,807,510 |
| Others | 6,185,234 | 4,736,166 |
| | <u>136,305,103</u> | <u>138,224,225</u> |
| (c) By maturity structure of fixed/investment deposits and negotiable instruments of deposits | | |
| Due within six months | 88,315,913 | 89,643,980 |
| Six months to one year | 17,016,396 | 18,225,877 |
| One year to three years | 526,205 | 879,712 |
| Three years to five years | 33,909 | 37,257 |
| | <u>105,892,423</u> | <u>108,786,826</u> |
| A19. Deposits and Placements of Banks and Other Financial Institutions | | |
| Licensed banks | 4,586,665 | 7,788,585 |
| Licensed Islamic banks | 598,924 | 1,148,524 |
| Licensed investment banks | 350,930 | 907,280 |
| BNM | 1,286,778 | 1,149,572 |
| Other financial institutions | 4,359,089 | 2,456,168 |
| | <u>11,182,386</u> | <u>13,450,129</u> |



**RHB CAPITAL BERHAD (312952 – H)
 NOTES TO THE CONDENSED FINANCIAL STATEMENTS
 FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | Group | |
|---|------------------|-------------------|
| | Unaudited | Audited |
| | As at | As at |
| | 30.6.2013 | 31.12.2012 |
| | RM'000 | RM'000 |
| A20. Other Liabilities | | |
| Other creditors and accruals | 1,007,536 | 961,494 |
| General insurance contract liabilities | 563,451 | 517,285 |
| Short term employee benefits | 132,536 | 226,185 |
| Lessee deposits | 30,594 | 30,689 |
| Prepaid instalment | 76,385 | 77,984 |
| Remisiers' trust deposits | 52,251 | 51,911 |
| Amount due to Danaharta | 1,839 | 1,827 |
| Amount payable for creation of units due to funds | 17,965 | 23,084 |
| | 1,882,557 | 1,890,459 |
| | <hr/> <hr/> | <hr/> <hr/> |
| | Company | |
| | Unaudited | Audited |
| | As at | As at |
| | 30.6.2013 | 31.12.2012 |
| | RM'000 | RM'000 |
| Other creditors and accruals | 63,723 | 57,857 |
| Short term employee benefits | 1,998 | 3,602 |
| | 65,721 | 61,459 |
| | <hr/> <hr/> | <hr/> <hr/> |



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

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 period, 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 nominee 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, general insurance 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. 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.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

A21. Segment Reporting (continued)

For the current financial period, 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 a 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.



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013

A21. Segment Reporting (continued)

Segment Profit and Loss for the Six Months Ended 30 June 2013

| | 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 | 614,837 | 1,075,078 | 351,931 | 252,054 | 245,233 | 320,170 | (63,919) | - | 2,795,384 |
| Inter-segment revenue | 13,676 | 5,254 | - | 41,549 | (41,838) | 1,767 | 14,368 | (34,776) | - |
| Segment revenue | 628,513 | 1,080,332 | 351,931 | 293,603 | 203,395 | 321,937 | (49,551) | (34,776) | 2,795,384 |
| Overhead expenses | (339,027) | (539,676) | (164,851) | (48,700) | (95,529) | (248,855) | (64,378) | 34,776 | (1,466,240) |
| Including: | | | | | | | | | |
| Depreciation of property, plant and equipment | (8,689) | (29,175) | (4,066) | (1,073) | (1,880) | (8,036) | (3,099) | - | (56,018) |
| Amortisation of intangible assets | (5,003) | (9,024) | (4,071) | (2,300) | (174) | (1,217) | - | - | (21,789) |
| Change in allowance for impairment on loans, financing and other losses | (165,856) | (52,540) | (45,521) | - | (30,800) | (6,794) | 2,077 | - | (299,434) |
| Impairment losses written back/(made) on other assets | 11,773 | 84 | 727 | 5,387 | (701) | - | - | - | 17,270 |
| | 135,403 | 488,200 | 142,286 | 250,290 | 76,365 | 66,288 | (111,852) | - | 1,046,980 |
| Share of results of associates | | | | | | | | | 720 |
| Share of results of joint ventures | | | | | | | | | 252 |
| Profit before taxation | | | | | | | | | 1,047,952 |
| Taxation | | | | | | | | | (264,977) |
| Net profit for the financial period | | | | | | | | | 782,975 |



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013

A21. Segment Information (continued)

Segment Profit and Loss for the Six Months Ended 30 June 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 | 430,232 | 1,043,012 | 348,631 | 266,145 | 191,575 | 127,231 | (88,706) | - | 2,318,120 |
| Inter-segment revenue | 8,909 | 10,643 | - | 18,231 | (16,403) | 1,729 | 13,127 | (36,236) | - |
| Segment revenue | 439,141 | 1,053,655 | 348,631 | 284,376 | 175,172 | 128,960 | (75,579) | (36,236) | 2,318,120 |
| Overhead expenses | (134,997) | (510,715) | (162,896) | (46,161) | (75,469) | (101,459) | (54,802) | 36,236 | (1,050,263) |
| Including: | | | | | | | | | |
| Depreciation of property, plant and equipment | (2,094) | (25,549) | (3,524) | (1,142) | (3,248) | (1,856) | (3,060) | - | (40,473) |
| Amortisation of intangible assets | (1,585) | (8,145) | (3,304) | (1,207) | (111) | (709) | - | - | (15,061) |
| Change in allowance for impairment on loans, financing and other losses | 42,943 | (78,408) | (6,643) | - | (47,662) | 2,476 | 5,116 | - | (82,178) |
| Impairment losses written back/(made) on other assets | 2,929 | 14 | 152 | (5,210) | - | - | - | - | (2,115) |
| | 350,016 | 464,546 | 179,244 | 233,005 | 52,041 | 29,977 | (125,265) | - | 1,183,564 |
| Share of results of a joint venture | | | | | | | | | 393 |
| Profit before taxation | | | | | | | | | 1,183,957 |
| Taxation | | | | | | | | | (293,275) |
| Net profit for the financial period | | | | | | | | | 890,682 |



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013

A21. Segment Reporting (continued)

Segment Assets as at 30 June 2013

| | 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 | 38,842,746 | 47,224,046 | 12,496,396 | 48,728,709 | 18,534,817 | 16,840,850 | 1,923,615 | 184,591,179 |
| Investments in associates and joint ventures | | | | | | | | 37,633 |
| Tax recoverable | | | | | | | | 149,769 |
| Deferred tax assets | | | | | | | | 28,566 |
| Unallocated assets | | | | | | | | 1,110,877 |
| Total assets | | | | | | | | 185,918,024 |



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013

A21. Segment Information (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 | 58,141,166 | 16,583,407 | 15,042,992 | 1,969,496 | 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 | | | | | | | | <u>189,077,565</u> |



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

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

Other than as mentioned below and those mentioned Note B6(c) and B6(d), there were no significant events subsequent to the balance sheet date that have not been reflected in the financial statements:

- (a) On 3 July 2013, the following sale and purchase agreements ('SPA') have been entered into between:
- (i) RHB Investment Bank and United Overseas Bank (Malaysia) Bhd ('UOBM') for the sale of all the shares owned by UOBM in OSK-UOB Investment Management Berhad ('OUIM'), a subsidiary of RHB Investment Bank, comprising 3 million ordinary shares, representing 30% of the issued share capital of OUIM, to RHB Investment Bank at the consideration of RM43.1 million;
 - (ii) OUIM and UOB Asset Management Limited ('UOBAM') for the sale of all the shares owned by UOBAM in OSK-UOB Islamic Fund Management Berhad ('OUIFM'), a subsidiary of OUIM, comprising 3.9 million ordinary shares, representing 30% of the issued share capital of OUIFM, to OUIM at the consideration of RM3.0 million; and
 - (iii) RHB Investment Bank and UOBAM for the acquisition by UOBAM of all the shares owned by RHB Investment Bank in UOB-OSK Asset Management Sdn Bhd ('UOAM'), comprising 1.2 million ordinary shares, representing 30% of the issued share capital of UOAM, at the consideration of RM26.2 million.

The consideration for all the above transactions will be settled in cash, and was arrived at on a willing-buyer-willing-seller basis. The completion of the transactions, which will be concurrent, is subject to the approval of regulators in Malaysia and Singapore.

- (b) On 15 July 2013, RHB Investment Bank had fully redeemed its existing subordinated notes of RM100.00 million in nominal value ('Subordinated Notes'). The Subordinated Notes were issued on 14 July 2008 by OSK Investment Bank Berhad ('OSKIB') (which is now undertaken by RHB Investment Bank pursuant to the transfer of the entire business including all assets and liabilities of OSKIB to RHB Investment Bank which took effect from 13 April 2013).

A24. Changes in Composition of the Group

Save for the following, there were no significant changes in the composition of the Group for the six months ended 30 June 2013:

- (a) On 8 April 2013, RHB Investment Bank acquired the remaining 6.5% of the issued share capital of RHB Holdings Hong Kong Limited ('RHBHK') (formally known as OSK Holdings Hong Kong Limited) not yet held by RHB Investment Bank for a purchase consideration of HKD9.75 million (equivalent to RM3.85 million). RHBHK has now become a wholly owned subsidiary of RHB Investment Bank. The carrying amount of the non-controlling interests in RHBHK on the acquisition date was RM3.12 million.

For acquisition of additional shares from non-controlling interest, the difference between purchase consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired of RM0.73 million is deducted from equity.

- (b) On 9 April 2013, RHB Indochina Bank Limited ('RHB Indochina Bank') (formally known as OSK Indochina Bank Limited) become a wholly owned subsidiary of RHB Bank Berhad ('RHB Bank'), upon the acquisition of 100% equity interest of RHB Indochina Bank, that was previously held by OSKIB.
- (c) On 9 April 2013, RHB Investment Bank acquired 2.02% of the issued share capital of RHB OSK Securities (Thailand) Public Company Limited (formally known as OSK Securities (Thailand) Public Company Limited), that was previously held by the Company for a cash consideration of THB75.8 million (equivalent to RM7.9 million).
- (d) On 13 April 2013, the following transfer of the entire business, including all assets and liabilities, have been completed:
- (i) OSKIB to RHB Investment Bank;
 - (ii) OSK Nominees (Tempatan) Sdn Bhd to RHB Nominees (Tempatan) Sdn Bhd;
 - (iii) OSK Nominees (Asing) Sdn Bhd to RHB Nominees (Asing) Sdn Bhd; and
 - (iv) OSK Research Sdn Bhd to RHB Research Institute Sdn Bhd.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

A25. Changes In Contingent Liabilities Since The Last Annual Statements Of Financial Position

(a) Commitments and Contingencies

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

The commitments and contingencies comprise the following:

| <u>Group</u> | Unaudited As at 30.6.2013 | | | Audited As at 31.12.2012 | | |
|--|------------------------------|---------------------------------|----------------------------|-----------------------------|---------------------------------|----------------------------|
| | 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 | 2,548,169 | 2,514,493 | 1,822,027 | 2,181,636 | 2,144,725 | 1,426,061 |
| Transaction-related contingent items | 2,948,436 | 1,452,430 | 1,148,704 | 2,496,866 | 1,225,275 | 881,715 |
| Short term self-liquidating trade-related contingencies | 1,723,255 | 341,774 | 159,439 | 1,009,851 | 199,301 | 128,967 |
| Obligations under underwriting agreements | 301,382 | 150,691 | 150,691 | 151,971 | 75,986 | 65,986 |
| Over-the-counter ('OTC') derivative transactions and credit derivative contracts subject to valid bilateral netting agreements | 23,834 | 801 | 203 | 38,719 | 2,305 | 538 |
| Irrevocable commitments to extend credit | | | | | | |
| - maturity not exceeding one year | 12,018,426 | 5,837,614 | 4,136,117 | 12,036,947 | 5,834,978 | 3,710,736 |
| - maturity exceeding one year | 26,157,091 | 13,038,913 | 9,003,602 | 24,718,743 | 11,661,549 | 7,865,628 |
| Foreign exchange related contracts^ | | | | | | |
| - less than one year | 14,323,937 | 265,956 | 195,224 | 10,766,174 | 182,006 | 112,935 |
| - one year to less than five years | 6,445,830 | 974,087 | 291,488 | 5,213,212 | 922,498 | 275,190 |
| Equity related contracts^ | | | | | | |
| - less than one year | - | - | - | 4,423 | 4,423 | 4,423 |
| Interest rate related contracts^ | | | | | | |
| - less than one year | 5,475,460 | 11,880 | 3,058 | 8,728,637 | 28,174 | 10,030 |
| - one year to less than five years | 19,203,531 | 588,439 | 248,254 | 15,198,210 | 468,334 | 240,991 |
| - more than five years | 770,553 | 65,018 | 27,129 | 615,000 | 55,316 | 53,484 |
| | 91,939,904 | 25,242,096 | 17,185,936 | 83,160,389 | 22,804,870 | 14,776,684 |

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

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



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

A25. Changes In Contingent Liabilities Since The Last Annual Statements Of Financial Position (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 Capital Adequacy Framework (Basel II-RWA): Internal Ratings Based ('IRB') Approach for Credit Risk, Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk (Basel II);
- (ii) its Islamic banking subsidiary, which is computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks ('CAFIB'): Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk (Basel II); and
- (iii) its investment banking subsidiary, which is computed in accordance with BNM's Guidelines on 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, 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, 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.

The Company has given a continuing guarantee to Labuan Financial Service Authority ('LOFSA') to meet the liabilities and financial obligations and requirements of its subsidiary, OSK Investment Bank (Labuan) Limited, arising from its offshore investment banking business in the Federal Territory of Labuan.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

A25. Changes In Contingent Liabilities Since The Last Annual Statements Of Financial Position (continued)

(b) Guarantees Issued by Group and Company

| | Unaudited As at 30.6.2013 RM'000 | Audited As at 31.12.2012 RM'000 |
|--|---|--|
| Group | | |
| Corporate guarantee in favour of client's trading facilities granted by a subsidiary | 68,000 | 68,000 |
| | 68,000 | 68,000 |
| Company | | |
| Corporate guarantee provided to licensed banks for credit facilities granted to subsidiaries | 315,770 | 95,680 |
| Corporate guarantee in favour of client's trading facilities granted by a subsidiary | 68,000 | 68,000 |
| Letter of undertaking in favour of Monetary Authority of Singapore provided for a subsidiary | 124,910 | - |
| | 508,680 | 163,680 |

The Company has given a continuing guarantee to LOFSA to meet the liabilities and financial obligations and requirements of its subsidiary, OSK Investment Bank (Labuan) Ltd, arising from its offshore investment banking business in the Federal Territory of Labuan.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

A25. Changes In Contingent Liabilities Since The Last Annual Statements Of Financial Position (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 interim financial statements for the six months ended 30 June 2013.

A26. Capital Commitments

| | Group | |
|---|------------------|-------------------|
| | Unaudited | Audited |
| | As at | As at |
| | 30.6.2013 | 31.12.2012 |
| | RM'000 | RM'000 |
| Capital expenditure for property, plant and equipment: | | |
| - authorised and contracted for | 57,959 | 67,570 |
| - authorised but not contracted for | 202,737 | 175,290 |
| | 260,696 | 242,860 |
| Proposed acquisition of PT Bank Mestika Dharma (refer to Note B6(a)) | 538,620 | 538,620 |
| | 799,316 | 781,480 |



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013

A27. Capital Adequacy Ratio

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

Effective 1 January 2013, the capital ratios of RHB Bank and RHB Investment Bank have been computed based on BNM's Capital Adequacy Framework (Capital Components) issued on 28 November 2012. Correspondingly, the comparative disclosures for the year ended 31 December 2012

Effective 1 January 2013, the capital ratios of RHB Islamic Bank have been computed based on BNM's Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 28 November 2012. Correspondingly, the comparative disclosures for the year ended 31 December 2012 have

RHB Indochina Bank, a wholly owned subsidiary of RHB Bank and OSK Investment Bank (Labuan) Limited, a wholly owned subsidiary of the Company, are subject to National Bank of Cambodia and LOFSA's capital adequacy requirements respectively.

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

| | RHB Bank[@] | |
|--|-----------------------------|-------------------|
| | Unaudited | Restated |
| | 30.6.2013 | 31.12.2012 |
| | RM'000 | RM'000 |
| Tier I Capital | | |
| Paid-up ordinary share capital | 3,318,085 | 3,318,085 |
| Share premium | 8,563 | 8,563 |
| Retained profits | 4,491,231 | 4,235,058 |
| Other reserves | 3,633,824 | 3,446,936 |
| AFS reserves | 140,608 | 218,281 |
| | 11,592,311 | 11,226,923 |
| Less: | | |
| Goodwill | (905,519) | (905,519) |
| Other intangible assets | (104,579) | (112,409) |
| 55% of cumulative gains of AFS financing instruments | (77,334) | (120,055) |
| Shortfall of eligible provisions to expected losses under the IRB approach | (295,174) | (372,197) |
| Other deduction# | (7,450) | (5,701) |
| Common Equity Tier I Capital ('CET I Capital') | 10,202,255 | 9,711,042 |
| Hybrid Tier-I Capital Securities* | 540,000 | 597,744 |
| Total Tier I Capital | 10,742,255 | 10,308,786 |
| Tier II Capital | | |
| Subordinated obligations** | 3,600,000 | 3,996,781 |
| Collective impairment allowance^ | 269,519 | 278,703 |
| | 3,869,519 | 4,275,484 |
| Less: | | |
| Investments in subsidiaries | (1,539,997) | (1,339,997) |
| Total Tier II Capital | 2,329,522 | 2,935,487 |
| Total capital | 13,071,777 | 13,244,273 |
| <u>Capital ratios</u> | | |
| Before proposed dividends: | | |
| CET I Capital Ratio | 11.238% | 11.048% |
| Tier I Capital Ratio | 11.833% | 11.728% |
| Total Capital Ratio | 14.399% | 15.068% |
| After proposed dividends: | | |
| CET I Capital Ratio | 11.051% | 10.777% |
| Tier I Capital Ratio | 11.646% | 11.457% |
| Total Capital Ratio | 14.212% | 14.797% |

[@] 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'.

[#] Pursuant to Basel II Market Risk para 5.19 & 5.20 - Valuation Adjustments, the Capital Adequacy Framework (Basel II - RWA) calculation shall account for the ageing, liquidity and holding back adjustments on its trading portfolio.

^{*} Hybrid Tier I Capital Securities that are recognised as Tier I capital instruments are subject to the gradual phase-out treatment effective from 1 January 2013 as prescribed under paragraph 36.10 of the BNM's Capital Adequacy Framework (Capital Components).

^{**} Subordinated obligations that are recognised as Tier II capital instruments are subject to the gradual phase-out treatment effective from 1 January 2013 as prescribed under paragraph 36.10 of the BNM's Capital Adequacy Framework (Capital Components).



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

A27. Capital Adequacy Ratio (continued)

| | RHB Islamic Bank | |
|--|--------------------------------|--------------------------------|
| | Unaudited 30.6.2013 | Restated 31.12.2012 |
| | RM'000 | RM'000 |
| Tier I Capital | | |
| Paid-up ordinary share capital | 1,173,424 | 973,424 |
| Retained profits | 358,151 | 358,151 |
| Other reserves | 358,359 | 358,359 |
| AFS reserves | (11,004) | 3,740 |
| | <u>1,878,930</u> | <u>1,693,674</u> |
| Less: | | |
| Net deferred tax assets | (9,108) | (5,265) |
| Other intangible assets | (3,330) | (3,585) |
| 55% of cumulative gains of AFS financing instruments | - | (2,057) |
| Other deduction# | (50) | (5,091) |
| CET I Capital/Total Tier I Capital | <u>1,866,442</u> | <u>1,677,676</u> |
| Tier II Capital | | |
| Collective impairment allowance^ | 85,129 | 87,435 |
| | <u>85,129</u> | <u>87,435</u> |
| Total capital | <u>1,951,571</u> | <u>1,765,111</u> |
| CET I Capital Ratio | 13.445% | 13.971% |
| Tier I Capital Ratio | 13.445% | 13.971% |
| Total Capital Ratio | 14.058% | 14.699% |

Pursuant to Basel II Market Risk para 5.19 & 5.20 - Valuation Adjustments, the Capital Adequacy Framework (Basel II - RWA) calculation shall account for the ageing, liquidity and holding back adjustments on its trading portfolio.

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



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

A27. Capital Adequacy Ratio (continued)

| | RHB Investment Bank | |
|--|----------------------------|-------------------|
| | Unaudited | Restated |
| | 30.6.2013 | 31.12.2012 |
| | RM'000 | RM'000 |
| Tier I capital | | |
| Paid-up ordinary share capital | 818,646 | 263,646 |
| Share premium | 1,515,150 | - |
| Retained profits | 91,641 | 71,502 |
| Other reserves | 278,549 | 2,081,357 |
| AFS reserves | (617) | 10,997 |
| | 2,703,369 | 2,427,502 |
| Less: | | |
| Goodwill | (1,274,178) | (1,274,178) |
| Other intangible assets | (28,798) | (32,396) |
| Securitisation exposure subject to deductions | (2,471) | (4,879) |
| 55% of cumulative gains of AFS securities | - | (6,048) |
| Other deduction | (442) | (782) |
| Reduction in excess of Tier II capital due to insufficient Tier II Capital# | (305,197) | (113,953) |
| CET I Capital/Total Tier I Capital | 1,092,283 | 995,266 |
| Tier II Capital | | |
| Subordinated obligations* | 607,235 | 674,706 |
| Collective impairment allowance^ | 7,513 | 5,188 |
| | 614,748 | 679,894 |
| Less: | | |
| Investments in subsidiaries and associates | (614,748) | (679,894) |
| Total Tier II Capital | - | - |
| Total capital | 1,092,283 | 995,266 |
| Capital ratios | | |
| Before proposed dividends: | | |
| CET I Capital Ratio | 25.334% | 23.124% |
| Tier I Capital Ratio | 25.334% | 23.124% |
| Total Capital Ratio | 25.334% | 23.124% |
| After proposed dividends: | | |
| CET I Capital Ratio | 25.334% | 22.729% |
| Tier I Capital Ratio | 25.334% | 22.729% |
| Total Capital Ratio | 25.334% | 22.729% |

^ 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'.

* Subordinated obligations that are recognised as Tier II capital instruments are subject to the gradual phase-out treatment effective from 1 January 2013 as prescribed under paragraph 36.10 of the BNM's Capital Adequacy Framework (Capital Components).

The remaining portion of regulatory adjustments not deducted in the calculation of Tier II capital shall be deducted in the next higher tier of capital as prescribed under paragraph 31.1 of the BNM's Capital Adequacy Framework (Capital Components).



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

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 |
|----------------------------|--|--|---|
| Unaudited 30.6.2013 | | | |
| Credit risk | 80,821,886 | 13,109,744 | 2,966,053 |
| Market risk | 2,483,547 | 42,031 | 891,523 |
| Operational risk | 7,471,047 | 730,149 | 454,000 |
| Total risk-weighted assets | <u>90,776,480</u> | <u>13,881,924</u> | <u>4,311,576</u> |
| Restated 31.12.2012 | | | |
| Credit risk | 77,934,597 | 11,053,722 | 3,197,581 |
| Market risk | 2,676,807 | 265,386 | 720,014 |
| Operational risk | 7,283,570 | 689,105 | 386,394 |
| Total risk-weighted assets | <u>87,894,974</u> | <u>12,008,213</u> | <u>4,303,989</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.

The total risk-weighted assets 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 total risk-weighted assets 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 total risk-weighted assets of RHB Investment Bank are computed based on BNM's Guidelines on Risk Weighted Capital Adequacy Framework: Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk (Basel II).



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

A27. Capital Adequacy Ratio (continued)

RHB Indochina Bank, a wholly owned subsidiary of RHB Bank and OSK Investment Bank (Labuan) Limited, a wholly owned subsidiary of the Company, are subject to National Bank of Cambodia and LOFSA's capital adequacy requirements respectively.

(a) RHB Indochina Bank

| | Unaudited As at 30.6.2013 RM'000 | Audited As at 31.12.2012 RM'000 |
|--------------------------------------|---|--|
| Before deducting proposed dividends: | | |
| Core capital ratio | # | # |
| Solvency ratio | 24.345% | 31.164% |
| After deducting proposed dividends: | | |
| Core capital ratio | # | # |
| Solvency ratio | 24.345% | 31.164% |

The Solvency Ratio of RHB Indochina Bank 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 RHB Indochina Bank'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 ('OSKL')

| | Unaudited As at 30.6.2013 RM'000 | Audited As at 31.12.2012 RM'000 |
|--------------------------------------|---|--|
| Before deducting proposed dividends: | | |
| Core capital ratio | 27.354% | 26.595% |
| Risk-weighted capital adequacy ratio | 27.354% | 26.595% |
| After deducting proposed dividends: | | |
| Core capital ratio | 27.354% | 26.595% |
| Risk-weighted capital adequacy ratio | 27.354% | 26.595% |

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 LOFSA, which is based on the Basel I capital accord. The minimum regulatory capital adequacy requirements are 4.0% and 8.0% for Tier I capital ratio and risk-weighted capital adequacy ratio respectively.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | Group | |
|---|-------------------|-------------------|
| | Unaudited | Audited |
| | As at | As at |
| | 30.6.2013 | 31.12.2012 |
| | RM'000 | RM'000 |
| A28. Operations of Islamic Banking | | |
| (a) Statements of Financial Position as at 30 June 2013 | | |
| ASSETS | | |
| Cash and short-term funds | 1,512,007 | 3,094,540 |
| Deposits and placements with banks and other financial institutions | 1,437,957 | 1,988,635 |
| Financial assets held-for-trading | 515,473 | 439,382 |
| Financial investments AFS | 2,646,954 | 2,463,371 |
| Financial investments held-to-maturity | 2,401,964 | 2,332,615 |
| Financing and advances | 17,667,565 | 15,999,574 |
| Other assets | 68,049 | 67,462 |
| Statutory deposits | 738,000 | 718,423 |
| Deferred tax assets | 12,357 | 981 |
| Property, plant and equipment | 13,741 | 13,221 |
| Intangible assets | 7,755 | 9,832 |
| Total assets | <u>27,021,822</u> | <u>27,128,036</u> |
| LIABILITIES | | |
| Deposits from customers | 18,673,012 | 18,656,721 |
| Deposits and placements of banks and other financial institutions | 2,264,123 | 2,506,090 |
| Bills and acceptances payable | 20,538 | 21,613 |
| Recourse obligation financing sold to Cagamas | 1,387,073 | 1,462,521 |
| Other liabilities | 131,116 | 118,237 |
| Taxation liabilities | 25,271 | 29,919 |
| Total liabilities | <u>22,501,133</u> | <u>22,795,101</u> |
| Islamic Banking Funds | 4,520,689 | 4,332,935 |
| Total liabilities and Islamic Banking Funds | <u>27,021,822</u> | <u>27,128,036</u> |
| Commitments and contingencies | <u>4,113,165</u> | <u>4,885,609</u> |



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013

| | 2nd quarter ended | | Six months ended | |
|--|-------------------|--------------|------------------|---------------|
| | 30.6.2013 | 30.6.2012 | 30.6.2013 | 30.6.2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| A28. Operations of Islamic Banking (continued) | | | | |
| (b) Income Statements for the six months ended 30 June 2013 | | | | |
| Group | | | | |
| Income derived from investment of depositors' funds | 271,177 | 251,976 | 541,997 | 491,654 |
| Income derived from investment of shareholder's funds | 27,859 | 16,320 | 53,771 | 35,579 |
| Allowance for impairment on financing and advances | (21,698) | (61,118) | (30,800) | (47,662) |
| Impairment losses on other assets | (701) | - | (701) | - |
| Profit equalisation reserve | - | - | - | 7,252 |
| Total distributable income | 276,637 | 207,178 | 564,267 | 486,823 |
| Income attributable to depositors | (154,742) | (155,599) | (317,783) | (310,715) |
| Total net income | 121,895 | 51,579 | 246,484 | 176,108 |
| Personnel expenses | (20,287) | (18,054) | (38,891) | (33,944) |
| Other overheads and expenditures | (38,511) | (29,052) | (69,663) | (53,079) |
| Profit before taxation | 63,097 | 4,473 | 137,930 | 89,085 |
| Taxation | (2,566) | 1,107 | (16,018) | (23,580) |
| Net profit for the financial period | 60,531 | 5,580 | 121,912 | 65,505 |



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013

| | 2nd quarter ended | | Six months ended | |
|---|-------------------|-----------|------------------|-----------|
| | 30.6.2013 | 30.6.2012 | 30.6.2013 | 30.6.2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| A28. Operations of Islamic Banking (continued) | | | | |
| (c) Statement of Comprehensive Income for the six months ended 30 June 2013 | | | | |
| Group | | | | |
| Net profit for the financial period | 60,531 | 5,580 | 121,912 | 65,505 |
| Other comprehensive income: | | | | |
| (i) Items that will be reclassified to income statements | | | | |
| - Unrealised net (loss)/gain on revaluation of financial investments available-for-sale ('AFS') | (13,347) | 10,691 | (12,224) | 16,826 |
| Net transfer to income statements on disposal or impairment of AFS | (5,101) | (2,374) | (7,433) | (7,351) |
| Income tax relating to components of other comprehensive loss | 4,612 | - | 4,914 | - |
| Other comprehensive (loss)/income, net of tax, for the financial period | (13,836) | 8,317 | (14,743) | 9,475 |
| Total comprehensive income for the financial period | 46,695 | 13,897 | 107,169 | 74,980 |



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | Group | |
|---|--------------------------|--------------------------|
| | Unaudited | Audited |
| | As at | As at |
| | 30.6.2013 | 31.12.2012 |
| | RM'000 | RM'000 |
| A28. Operations of Islamic Banking (continued) | | |
| (d) Financing and Advances | | |
| At amortised cost | | |
| Cashline | 153,224 | 151,526 |
| Term financing | | |
| - housing financing | 3,926,230 | 3,471,369 |
| - syndicated term financing | 444,340 | 384,584 |
| - hire purchase receivables | 4,934,196 | 4,416,398 |
| - other term financing | 6,226,095 | 5,833,269 |
| Bills receivable | 837,238 | 852,323 |
| Trust receipts | 37,482 | 21,299 |
| Staff financing | 7,816 | 8,125 |
| Credit card receivables | 153,584 | 120,899 |
| Revolving financing | 1,200,787 | 1,006,569 |
| Gross financing and advances | <u>17,920,992</u> | <u>16,266,361</u> |
| Less: Allowance for impaired financing and advances | | |
| - individual impairment allowance | (84,274) | (89,013) |
| - collective impairment allowance | (169,153) | (177,774) |
| Net financing and advances | <u><u>17,667,565</u></u> | <u><u>15,999,574</u></u> |



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013

| | Group | |
|--|---|--|
| | Unaudited As at 30.6.2013 RM'000 | Audited As at 31.12.2012 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 period/year | 409,064 | 560,617 |
| Classified as impaired | 207,336 | 377,761 |
| Reclassified as non-impaired | (116,266) | (277,209) |
| Amount recovered | (34,896) | (114,629) |
| Amount written off | (30,574) | (137,476) |
| Balance as at the end of the financial period/year | <u>434,664</u> | <u>409,064</u> |
| (ii) Movements in allowance for impaired financing and advances | | |
| <u>Individual impairment allowance</u> | | |
| Balance as at the beginning of the financial period/year | 89,013 | 130,724 |
| Net allowance made | 798 | 67,920 |
| Amount written off | (6,638) | (108,708) |
| Transfer from/(to) collective impairment allowance | 1,101 | (923) |
| Balance as at the end of the financial period/year | <u>84,274</u> | <u>89,013</u> |
| <u>Collective impairment allowance</u> | | |
| Balance as at the beginning of the financial period/year | 177,774 | 196,436 |
| Net allowance written back/(made) | 10,138 | (487) |
| Amount written off | (17,658) | (19,098) |
| Transfer (to)/from individual impairment allowance | (1,101) | 923 |
| Balance as at the end of the financial period/year | <u>169,153</u> | <u>177,774</u> |



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

| | Group | |
|---|---|--|
| | Unaudited As at 30.6.2013 RM'000 | Audited As at 31.12.2012 RM'000 |
| A28. Operations of Islamic Banking (continued) | | |
| (e) Other Assets | | |
| Deposits and prepayments | 1,203 | 249 |
| Sundry deposits debtors | 1,253 | 1,243 |
| Other debtors | 65,593 | 65,970 |
| | 68,049 | 67,462 |
| (f) Deposits from Customers | | |
| <u>Non-Mudharabah Funds</u> | | |
| Demand deposits | 1,778,138 | 1,830,203 |
| Savings deposits | 743,573 | 716,821 |
| Commodity Murabahah | 2,961,137 | 2,631,890 |
| Wakalah money market deposits | 29,755 | 28,264 |
| | 5,512,603 | 5,207,178 |
| <u>Mudharabah Funds</u> | | |
| Demand deposits | 469,266 | 480,301 |
| Savings deposits | 105,912 | 54,425 |
| General investment accounts | 844,860 | 2,132,920 |
| Special investment accounts | 11,740,371 | 10,781,897 |
| | 18,673,012 | 18,656,721 |



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

B1. Review of Group Results

(a) Current Financial Year vs Previous Financial Year

The Group today reported a net profit of RM767.5 million for the first half of 2013, 13.7% lower from the previous year corresponding period. Pre-tax profit was at RM1,048.0 million, 11.5% lower than a year ago. The lower earnings was affected by higher impairment allowance for loans and higher cost base post acquisition of OSK Investment Bank, given a lag effect of revenue synergy achievement.

First half 2013 total income rose 20.6% to RM2.8 billion. Net interest income rose 9.8% to RM1.6 billion on the back of a strong loans growth of 12.8% year-on-year to reach RM117.3 billion as at 30 June 2013. Net interest margin remained stable at 2.34% for the first half of the year.

Reflecting the full period effect of the acquisition of OSK Investment Bank, other operating income recorded a strong growth of 43.2% year-on-year to reach RM935.8 million, boosted by a four-fold increase in brokerage and seven-fold increase in wealth management related fee income, higher capital market-related fee income and marked-to-market gain on derivatives. This was however partially offset by non-repeated net gain on financial assets held-for-trading.

The Group's other operating income to total income ratio rose to 33.5% from 28.2% recorded previously due mainly to the reinvigorated franchise and businesses of the merged RHB Investment Bank.

Merger synergies realised to date since the completion of the transaction on 9 November 2012 amounted to RM69 million, this has surpassed the first full year target of RM63 million. The merger synergies are derived mainly from investment banking fee income and income from wealth and asset management businesses.

Islamic Banking income increased by 24.2% to RM278.0 million, driven mainly by higher net funding income on the back of a 21.5% increase in financing base to RM17.9 billion from a year ago.

Other operating expenses rose 39.6% year-on-year mainly due to the full-period impact of the enlarged investment bank cost base and higher cost base associated with increased sales related staff strength, as well as higher commission and incentive compensation linked to a stronger business volume and merger integration related cost totaling RM15.2 million. Given the time lag effect of revenue synergy achievement, cost to income ratio of the Group stood at 52.5% as at 30 June 2013.

Allowance for impairment on loans and financing for the first half of 2013 increased to RM299.4 million from RM82.2 million recorded a year ago. This increase was primarily the result of higher individual allowances and one time bad debts written off pertaining to the one time refinement of application of MFRS139 (Financial Instruments: Recognition and Measurement)

Total assets for the Group stood at RM185.9 billion as at 30 June 2013. Shareholders' equity strengthened to RM15.8 billion with net assets per share improved to RM6.35 against RM6.06 as at 31 December 2012.

The Group's gross loan base grew by 5.2% growth during the first half of the year and 12.8% for the 12 months period to reach RM117.3 billion. Loans growth was mainly from purchase of securities, purchases of residential and non-residential properties as well as working capital purposes. Domestic loans market share stood at 9.5% as at 30 June 2013.

The Group's loans to deposits ratio stood at 86.0%. Customer deposits declined marginally by 1.4% to RM136.3 billion for the first six months to 30 June 2013. However, CASA (Current and Savings Account) balance increased by 3.3% for the first half of 2013 and 6.1% year on year. CASA composition improved to 22.3% from 21.3% in December 2012.

Gross impaired loans ratio increased to 3.15% from 2.99% in December 2012 upon classification of several impaired accounts.

Performance by Operating Segment

Corporate and Investment Banking

Segment profit was lower by RM214.6 million at RM135.4 million. The lower profit was mainly attributable to higher allowances on loans, advances and financing and higher overhead expenses. This was partially offset by higher net interest income, higher fee income and higher impairment write back on other assets.

Retail Banking

Profit for Retail banking segment was higher by 5.1% to RM488.2 million, mainly due to lower allowances on loans, advances and financing higher net interest income, higher underwriting surplus, higher fee income and higher trading and investment income from general insurance business. This was partially offset by higher overhead expenses.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

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 20.6% to RM142.3 million. The lower profit was mainly attributable to higher allowances on impairment on loans and higher overhead expenses. This was partially offset by higher net interest income and higher other operating income.

Group Treasury

Segment profit was higher by 7.4% to RM250.3 million, mainly attributable to impairment write back on other assets, higher total income, partly offset by higher overhead expenses.

Islamic Banking Business

Segment profit was higher by 46.7% to RM76.4 million, mainly attributable to lower allowances for impairment on financing, higher fee income and higher net funding income. This was partially offset by higher overhead expenses and higher net loss on fair value hedge.

Global Financial Banking

Segment profit improved significantly by RM36.3 million to RM66.3 million for the first six months of 2013. This was mainly due to the consolidation of new offshore investment banking and commercial banking businesses of the Group.

B2. Current Quarter vs Previous Quarter

For the second quarter ended 30 June 2013, the Group recorded a pre-tax profit of RM553.7 million, 12.0% higher as compared to RM494.3 million recorded in the first quarter 2013. The higher pre-tax profit was mainly due to higher total income, lower allowance for impairment on loans and financing and higher impairment write back on other assets. This was, however, partially offset by higher other operating expenses.

B3. Prospects for Financial Year 2013

Whilst the US economy is improving and the risk of an Eurozone meltdown is reducing, there are some concerns over China's growth level. The Malaysian economy is expected to remain resilient underpinned by domestic demand and investment growth, with Gross Domestic Product forecasted to increase by 4.5% to 5.0% for 2013.

Bank Negara Malaysia's new measures effective July 2013 are expected to moderate growth in household lending. The improving external and domestic demand, and a stronger capital market post-election will be the key drivers of a healthy banking market.

With the successful integration of RHB and OSK Investment Banks, the Group's geographical footprint and capabilities in the region have been significantly enhanced.

We are determined to grow our business and profitability while maintaining a strict discipline on credit and risk management. Barring unforeseen circumstances, the Group expects to deliver a stronger financial performance for the second half of the year.

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

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



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

B5. Taxation

| | 2nd quarter ended | | Six months ended | |
|---|-------------------|----------------|------------------|----------------|
| | 30.6.2013 | 30.6.2012 | 30.6.2013 | 30.6.2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| Income tax based on profit for the financial period | | | | |
| - Malaysian income tax | 142,649 | 147,505 | 246,784 | 309,266 |
| - Overseas tax | 2,765 | 1,011 | 5,619 | 1,107 |
| Deferred tax | (9,167) | 7,227 | 11,643 | 413 |
| | <u>136,247</u> | <u>155,743</u> | <u>264,046</u> | <u>310,786</u> |
| (Over)/under provision in respect of prior years | | | | |
| - Taxation | (1,038) | 611 | 835 | (19,510) |
| - Deferred tax | (712) | (7,306) | 96 | 1,999 |
| | <u>134,497</u> | <u>149,048</u> | <u>264,977</u> | <u>293,275</u> |

The effective tax rate of the Group for the second quarter was lower than the statutory tax rate mainly due to certain income not subject to tax.

The effective tax rate of the Group for the six months ended 30 June 2013 was higher than the statutory tax rate mainly due to non deductibility of certain expense for the tax purpose.

| | 2nd quarter ended | | Six months ended | |
|---|-------------------|----------------|------------------|----------------|
| | 30.6.2013 | 30.6.2012 | 30.6.2013 | 30.6.2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Company | | | | |
| Income tax based on profit for the financial period | | | | |
| - Malaysian income tax | 12,719 | 111,300 | 12,719 | 111,300 |
| Deferred tax | 7,436 | 9,910 | (564) | (390) |
| | <u>20,155</u> | <u>121,210</u> | <u>12,155</u> | <u>110,910</u> |

The effective tax rate of the Company for the second quarter and 6 months ended 30 June 2013 was lower than the statutory tax rate mainly due to certain income not subject to tax.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

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.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

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 ('Amended 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%, 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'). Pursuant to the Amended CSPA, the conditional period for the completion of the Amended CSPA was amended to 30 June 2013, or such other date as may be agreed in writing by RHB Bank and the Vendor.

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

On 26 June 2013, RHB Investment Bank, on behalf of the Company, announced that RHB Bank and the Vendor had an even date, by way of an exchange of letters, mutually agreed to extend the period to satisfy or waive the conditions precedent of the Amended CSPA to 30 September 2013.

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 six months ended 30 June 2013. The Proposed 40% Acquisition is expected to contribute positively to the future revenue and earnings of the Group.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

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 Berhad (5) RHB Progression Sdn Bhd (6) RHB Excel Sdn Bhd |

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

The Company had, on 15 August 2013, announced that KYF Sdn Bhd was deemed to be dissolved on even date at the expiration of the three months after the lodgement of the Return by Liquidation Relating to Final Meeting to the Companies Commission of Malaysia and the Official Receiver pursuant to section 272(5) of the Companies Act, 1965. Arising therefrom, KYF Sdn Bhd is no longer an indirect wholly-owned subsidiary of RHB Capital.

The winding-up of the above subsidiaries will not have any material effect on the Group's performance for the financial year 2013.

(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 ('DRP')). Approval from shareholders for the 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 26 February 2013, the Board of Directors of the Company ('Board') had proposed a single-tier final dividend of 16.09% in respect of the financial year ended 31 December 2012 ('Final Dividend'). The Board had also determined that the existing DRP as mentioned above shall apply to the said Final Dividend.

The shareholders had, on 27 May 2013, approved the Final Dividend and the renewal of the authority to allot and issue such number of new RHB Capital Shares from time to time as may be required to be allotted and issued pursuant to the DRP ('Proposal') until the conclusion of the next Annual General Meeting. Subsequent thereto, the Company had on 28 May 2013, submitted an application to Bursa Securities in respect of the listing of and quotation for up to 51,916,952 new RHB Capital shares pursuant to the DRP, on the Main Market of Bursa Securities ("Listing Application").

On 18 June 2013, RHB Investment Bank, on behalf of the Company, announced that Bursa Securities had vide its letter dated 17 June 2013, approved the Listing Application, 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 Proposal;
- (ii) RHB Capital and its adviser to inform Bursa Securities upon the completion of the Proposal; 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 Proposal is completed.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

B6. Status of Corporate Proposals (continued)

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

On 20 June 2013, the issue price of the new RHB Capital shares to be issued pursuant to the DRP has been fixed at RM7.63 per new RHB Capital share. On even date, the book closure date pursuant to the Final Dividend and the DRP has been fixed for 4 July 2013. The new RHB Capital shares arising from the DRP will be listed on the Main Market of Bursa Securities on 2 August 2013.

On 25 July 2013, RHB Investment Bank, on behalf of the Company, announced that RHB Capital would be issuing 37,166,089 new RHB Capital shares, representing 70.67% of the total number of 52,592,232 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 of the Final Dividend into new RHB Capital shares.

On 2 August 2013, RHB Investment Bank, on behalf of the Company, announced that the Company has issued and allotted 37,166,089 new RHB Capital shares on 1 August 2013 pursuant to the DRP. Upon the listing and quotation of the said new RHB Capital shares on the Main Market of Bursa Securities, the DRP was completed. The enlarged issued and paid-up share capital of the Company is 2,531,373,891 RHB Capital shares.

(d) Proposed Multi-Currency Medium Term Note Programme for the Issuance of Senior Notes and/or Subordinated Notes of up to RM1.0 Billion (or it's Equivalent in Other Currencies) in Nominal Value by RHB Investment Bank ('MCMTN Programme')

As announced by the Company on 30 July 2013, RHB Investment Bank has obtained approval from the Securities Commission on 25 July 2013 for the MCMTN Programme. The subordinated notes to be issued under the MCMTN Programme are Basel III-compliant. In addition, the approval from BNM for the establishment of the MCMTN Programme has also been obtained on 12 June 2013 (subject to the terms and conditions contained therein).

The proceeds from the MCMTN Programme will be utilised without limitation, for RHB Investment Bank's working capital and general banking purposes, including but not limited to repayment of RHB Investment Bank's borrowings and subordinated debts.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

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

| | Group | |
|---|---|--|
| | Unaudited As at 30.6.2013 RM'000 | Audited As at 31.12.2012 RM'000 |
| (a) Deposits from customers and placements of banks and other financial institutions | | |
| Deposits from customers | | |
| - one year or less | 135,744,989 | 137,307,256 |
| - more than one year | 560,114 | 916,969 |
| | <u>136,305,103</u> | <u>138,224,225</u> |
| Deposits and placements of banks and other financial institutions | | |
| - one year or less | 10,164,122 | 12,402,697 |
| - more than one year | 1,018,264 | 1,047,432 |
| | <u>11,182,386</u> | <u>13,450,129</u> |

| | Group | |
|--|---|--|
| | Unaudited As at 30.6.2013 RM'000 | Audited As at 31.12.2012 RM'000 |
| (b) Borrowings and Senior Debt Securities | | |
| <u>Borrowings</u> | | |
| Unsecured: | | |
| Revolving credits - Ringgit Malaysia | 708,825 | 633,146 |
| Revolving credits - United States Dollar | - | 76,756 |
| Revolving credits - Hong Kong Dollar | - | 42,551 |
| Overdrafts | 92 | 70 |
| Term loans - Ringgit Malaysia | 1,151,374 | 1,151,503 |
| Term loan - United States Dollar | 601,899 | 632,778 |
| Term loan - Singapore Dollar | 270,147 | 69,834 |
| Term loans - Hong Kong Dollar | 57,363 | - |
| Term loans - Indonesia Rupiah | 16,000 | - |
| RM1.1 billion 7 years Commercial Papers/Medium Term Notes | 1,036,205 | 1,036,266 |
| <u>Senior debt securities</u> | | |
| USD300 million 3.25% Senior Debt Securities due in 2017 | 946,409 | 915,246 |
| USD200 million 3.25% Senior Debt Securities due in 2017 | 641,360 | 593,782 |
| | <u>5,429,674</u> | <u>5,151,932</u> |
| Schedule repayment of borrowings and senior debt securities: | | |
| Within one year | 1,255,663 | 1,036,557 |
| One year to three years | 2,301,838 | 2,280,691 |
| Three years to five years | 1,769,489 | 1,700,896 |
| Over five years | 102,684 | 133,788 |
| | <u>5,429,674</u> | <u>5,151,932</u> |



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

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)

| | Company | |
|--|---|--|
| | Unaudited As at 30.6.2013 RM'000 | Audited As at 31.12.2012 RM'000 |
| (b) Borrowings and Senior Debt Securities (continued) | | |
| <u>Borrowings</u> | | |
| Unsecured: | | |
| Revolving credits - Ringgit Malaysia | 667,386 | 653,847 |
| Overdrafts | 92 | 70 |
| Term loans - Ringgit Malaysia | 1,415,973 | 1,416,251 |
| RM1.1 billion 7 years Commercial Papers/Medium Term Notes | 1,036,276 | 1,036,266 |
| | <u>3,119,727</u> | <u>3,106,434</u> |
| Schedule repayment of borrowings: | | |
| Within one year | 1,023,727 | 1,050,434 |
| One year to three years | 2,096,000 | 2,056,000 |
| | <u>3,119,727</u> | <u>3,106,434</u> |



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

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

| | Group | |
|--|---|--|
| | Unaudited As at 30.6.2013 RM'000 | Audited As at 31.12.2012 RM'000 |
| (c) Subordinated obligations | | |
| 5.50% RM700 million Tier II Subordinated Notes 2007/2022 | 703,375 | 703,375 |
| 5.50% RM45 million Tier II Subordinated Notes 2008/2018 | - | 45,482 |
| 5.00% RM700 million Tier II Subordinated Notes 2010/2020 | 706,041 | 706,137 |
| 5.60% RM300 million Tier II Subordinated Notes 2010/2025 | 302,900 | 302,946 |
| 4.25% RM250 million Tier II Subordinated Notes 2011/2021 | 250,869 | 250,741 |
| 4.30% RM750 million Tier II Subordinated Notes 2012/2022 | 754,076 | 753,984 |
| 4.40% RM1,300 million Tier II Subordinated Notes 2012/2022 | 1,303,852 | 1,303,735 |
| 4.40% RM245 million Tier II Subordinated Notes 2012/2022 | 245,620 | 245,650 |
| 7.50% RM100 million Tier II Subordinated Notes 2008/2018 | 103,433 | 103,420 |
| 7.25% RM125 million Tier II Subordinated Notes 2010/2020 | 127,086 | 127,110 |
| 7.15% RM75 million Tier II Subordinated Notes 2010/2020 | 75,514 | 75,529 |
| 5.20% RM100 million Tier II Subordinated Notes 2011/2021 | 101,097 | 101,112 |
| | 4,673,863 | 4,719,221 |

The subordinated obligations comprise of unsecured liabilities of its 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 (as disclosed in Note A27) for the purpose of determining the capital adequacy ratios of the respective subsidiaries.

(d) Hybrid Tier-1 Capital Securities

| | Group | |
|--|---|--|
| | Unaudited As at 30.6.2013 RM'000 | Audited As at 31.12.2012 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 | 375,508 | 375,448 |
| RM230 million 6.75% Hybrid Tier-1 Capital Securities due in 2039, callable with step-up coupon rate at 7.75% in 2019 | 225,428 | 225,624 |
| | 600,936 | 601,072 |

The Hybrid Tier-1 Capital Securities comprise of unsecured liabilities of its commercial bank and qualify as Additional Tier 1 capital (as disclosed in Note A27) for the purpose of determining the capital adequacy ratios of the commercial bank subsidiary.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

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 | Unaudited | | | Audited | | |
|--|--|--------------------|----------------|--|--------------------|----------------|
| | As at 30.6.2013 | | | As at 31.12.2012 | | |
| | Contract/ Notional Amount | Fair Value | | Contract/ Notional Amount | Fair Value | |
| RM'000 | Assets | Liabilities | RM'000 | Assets | Liabilities | |
| By type | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Trading Derivatives:</u> | | | | | | |
| Foreign exchange related contracts | | | | | | |
| - forwards/swaps | 13,774,799 | 107,586 | 97,954 | 10,272,838 | 54,324 | 87,114 |
| - options | 304,769 | 1,307 | 1,240 | 101,189 | 120 | 97 |
| - cross-currency | 6,690,199 | 27,909 | 18,973 | 5,605,359 | 92,075 | 53,254 |
| Subtotal | <u>20,769,767</u> | <u>136,802</u> | <u>118,167</u> | <u>15,979,386</u> | <u>146,519</u> | <u>140,465</u> |
| OTC derivative - options and structure products | 23,834 | - | 37 | 38,719 | 56 | - |
| | <u>23,834</u> | <u>-</u> | <u>37</u> | <u>38,719</u> | <u>56</u> | <u>-</u> |
| Interest rate related contracts | | | | | | |
| - swaps | 24,189,544 | 176,379 | 109,062 | 22,681,847 | 128,866 | 155,636 |
| Subtotal | <u>24,189,544</u> | <u>176,379</u> | <u>109,062</u> | <u>22,681,847</u> | <u>128,866</u> | <u>155,636</u> |
| Structured warrants | 17,978 | - | 12,428 | 60,464 | - | 14,352 |
| | <u>17,978</u> | <u>-</u> | <u>12,428</u> | <u>60,464</u> | <u>-</u> | <u>14,352</u> |
| <u>Hedging Derivatives:</u> | | | | | | |
| Interest rate related contracts | | | | | | |
| - swaps | 1,260,000 | - | 6,216 | 1,860,000 | - | 9,910 |
| Subtotal | <u>1,260,000</u> | <u>-</u> | <u>6,216</u> | <u>1,860,000</u> | <u>-</u> | <u>9,910</u> |
| Total | <u>46,261,123</u> | <u>313,181</u> | <u>245,910</u> | <u>40,620,416</u> | <u>275,441</u> | <u>320,363</u> |



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

B8. Derivative Financial Instruments (continued)

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

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

| <u>Group</u> | Unaudited As at 30.6.2013 | | | Audited As at 31.12.2012 | | |
|---|---|------------------|-----------------------|---|------------------|-----------------------|
| | 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 |
| By remaining period to maturity/next re-pricing date | | | | | | |
| <u>Trading Derivatives:</u> | | | | | | |
| Foreign exchange related contracts | | | | | | |
| - Less than 1 year | 14,323,937 | 109,155 | 101,477 | 10,766,174 | 54,862 | 87,147 |
| - 1 year to 3 years | 1,880,941 | 12,149 | 9,397 | 1,074,657 | 7,872 | 9,444 |
| - More than 3 years | 4,564,889 | 15,498 | 7,293 | 4,138,555 | 83,785 | 43,874 |
| Subtotal | <u>20,769,767</u> | <u>136,802</u> | <u>118,167</u> | <u>15,979,386</u> | <u>146,519</u> | <u>140,465</u> |
| Interest rate related contracts | | | | | | |
| - Less than 1 year | 5,175,460 | 12,590 | 5,900 | 7,928,637 | 23,149 | 21,404 |
| - 1 year to 3 years | 6,926,937 | 41,282 | 36,894 | 5,183,720 | 34,954 | 32,682 |
| - More than 3 years | 12,087,147 | 122,507 | 66,268 | 9,569,490 | 70,763 | 101,550 |
| Subtotal | <u>24,189,544</u> | <u>176,379</u> | <u>109,062</u> | <u>22,681,847</u> | <u>128,866</u> | <u>155,636</u> |
| OTC derivative - options and structure products | | | | | | |
| - Less than 1 year | 23,834 | - | 37 | 38,719 | 56 | - |
| | <u>23,834</u> | <u>-</u> | <u>37</u> | <u>38,719</u> | <u>56</u> | <u>-</u> |
| Structured warrants | | | | | | |
| - Less than 1 year | 17,978 | - | 12,428 | 60,464 | - | 14,352 |
| | <u>17,978</u> | <u>-</u> | <u>12,428</u> | <u>60,464</u> | <u>-</u> | <u>14,352</u> |
| <u>Hedging Derivatives:</u> | | | | | | |
| Interest rate related contracts | | | | | | |
| - Less than 1 year | 300,000 | - | 472 | 800,000 | - | 1,265 |
| - 1 year to 3 years | 960,000 | - | 5,744 | 1,060,000 | - | 8,645 |
| Subtotal | <u>1,260,000</u> | <u>-</u> | <u>6,216</u> | <u>1,860,000</u> | <u>-</u> | <u>9,910</u> |
| Total | <u>46,261,123</u> | <u>313,181</u> | <u>245,910</u> | <u>40,620,416</u> | <u>275,441</u> | <u>320,363</u> |



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

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 statements, 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 statements.

Amounts accumulated in equity are recycled to the income statements 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 income statements.



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013

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:

| Group | Unaudited | | |
|--|--|--|-------------------------|
| | As at 30.6.2013 | | |
| | Realised Profits/ (Losses) RM'000 | Unrealised Profits RM'000 | Total RM'000 |
| Operating subsidiaries | 6,333,277 | 348,513 | 6,681,790 |
| Dormant subsidiaries* | (7,925,984) | - | (7,925,984) |
| Total retained profits/(losses) of the Group | (1,592,707) | 348,513 | (1,244,194) |
| Total share of retained profits from associates and joint ventures | 3,999 | - | 3,999 |
| | (1,588,708) | 348,513 | (1,240,195) |
| Less: Consolidation adjustments | | | 6,229,250 |
| Total Group retained profits | | | 4,989,055 |

| Group | Audited | | |
|--|--|--|-------------------------|
| | As at 31.12.2012 | | |
| | 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 a joint venture | 2,696 | - | 2,696 |
| | (2,265,842) | 345,327 | (1,920,515) |
| Less: Consolidation adjustments | | | 6,307,463 |
| Total Group retained profits | | | 4,386,948 |

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



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

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> | Unaudited As at 30.6.2013 RM'000 | Audited As at 31.12.2012 RM'000 |
|--|---|--|
| Total retained profits of the Company: | | |
| - Realised profits | 1,087,157 | 891,991 |
| - Unrealised profits | 1,586 | 1,022 |
| Total Company retained profits | <u>1,088,743</u> | <u>893,013</u> |

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

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

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



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

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 fixed on 4 September 2013.

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



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

B11. Dividends

An interim dividend of 6.0% has been declared by the directors.

- (i) Amount per share: single-tier dividend of 6.0%.
- (ii) Previous corresponding period: single-tier dividend of 6.0%
- (iii) Entitlement date: To be determined later
- (iv) Payment date: To be determined later

Subject to the necessary approvals being obtained, the Board of Directors have determined that the DRP (as detailed in note B6(c)) will apply to the single-tier interim dividend of 6.0%, in which the shareholders individually would determine the proportion of the electable portion they wish to reinvest into the Company's new shares. The book closure date will be announced by the Company at a later date.

B12. Earnings per Share

| | 2nd quarter ended | | Six months ended | |
|---|--------------------------|------------------|-------------------------|------------------|
| | 30.6.2013 | 30.6.2012 | 30.6.2013 | 30.6.2012 |
| Basic/diluted earnings per share | | | | |
| Profit attributable to equity holders of the Company (RM'000) | 410,333 | 453,845 | 767,527 | 889,396 |
| Weighted average number of ordinary shares in issue ('000) | 2,494,208 | 2,211,280 | 2,494,208 | 2,208,049 |
| Basic earnings per share (sen) | 16.5 | 20.5 | 30.8 | 40.3 |

The diluted Earnings Per Share ('EPS') of the Group is calculated by dividing the net profit attributable to equity holders of the Company for the six months ended 30 June 2013 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 FY2012 final dividend and FY 2013 interim dividend 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 30 June 2013 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 six months ended 30 June 2013.

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 six months ended 30 June 2013.

Other than the above, there were no other dilutive potential ordinary shares outstanding as at 30 June 2013.

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
(License No. LS0006901)

Company Secretary
30 August 2013