



RHB Capital Berhad 312952-H
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**UNAUDITED INTERIM FINANCIAL STATEMENTS
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 nine months ended 30 September 2013 are as follows:

**INCOME STATEMENTS
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

	Note	3rd quarter ended		Nine months ended	
		30.9.2013	30.9.2012	30.9.2013	30.9.2012
		RM'000	RM'000	RM'000	RM'000
Group					
Interest income	A8	1,749,400	1,560,595	5,140,944	4,517,271
Interest expense	A9	(921,142)	(815,682)	(2,731,118)	(2,331,427)
Net interest income		828,258	744,913	2,409,826	2,185,844
Other operating income	A10	554,261	273,825	1,490,092	927,244
		1,382,519	1,018,738	3,899,918	3,113,088
Net income from Islamic Banking business		151,071	126,722	429,056	350,492
Net operating income		1,533,590	1,145,460	4,328,974	3,463,580
Other operating expenses	A11	(761,972)	(526,409)	(2,228,212)	(1,576,672)
Operating profit before allowances		771,618	619,051	2,100,762	1,886,908
Allowance for impairment on loans, financing and other losses	A12	(29,866)	30,973	(329,300)	(51,205)
Impairment losses (made)/written back on other assets		(2,226)	(9,817)	15,044	(11,932)
		739,526	640,207	1,786,506	1,823,771
Share of results of associates		73	-	793	-
Share of results of joint ventures		161	139	413	532
Profit before taxation		739,760	640,346	1,787,712	1,824,303
Taxation	B5	(174,946)	(152,288)	(439,923)	(445,563)
Net profit for the financial period		564,814	488,058	1,347,789	1,378,740
Attributable to:					
- Equity holders of the Company		559,146	487,482	1,326,673	1,376,878
- Non-controlling interests		5,668	576	21,116	1,862
		564,814	488,058	1,347,789	1,378,740
Earnings per share (sen)					
- Basic	B13	22.2	21.8	53.0	62.1
- Diluted	B13	22.2	21.8	53.0	62.1

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 NINE MONTHS ENDED 30 SEPTEMBER 2013**

	3rd quarter ended		Nine months ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period	564,814	488,058	1,347,789	1,378,740
Other comprehensive income/(loss) in respect of:				
Items that will be reclassified subsequently to profit or loss				
- Currency translation differences	61,483	(29,540)	107,722	(14,089)
- Share of reserves in an associate	-	-	31	-
- Unrealised net gain/(loss) on revaluation of financial investments available-for-sale ('AFS')	54,077	2,224	(33,910)	88,742
- Net transfer to income statements on disposal or impairment of financial investments AFS	2,211	(22,663)	(40,846)	(74,121)
Income tax relating to components of other comprehensive (income)/loss	(15,232)	5,098	18,802	(3,607)
Other comprehensive income/(loss), net of tax, for the financial period	102,539	(44,881)	51,799	(3,075)
Total comprehensive income for the financial period	667,353	443,177	1,399,588	1,375,665
Total comprehensive income attributable to:				
- Equity holders of the Company	655,715	442,604	1,370,686	1,373,802
- Non-controlling interests	11,638	573	28,902	1,863
	667,353	443,177	1,399,588	1,375,665

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 NINE MONTHS ENDED 30 SEPTEMBER 2013**

	Note	3rd quarter ended		Nine months ended	
		30.9.2013 RM'000	30.9.2012 RM'000	30.9.2013 RM'000	30.9.2012 RM'000
Company					
Interest income	A8	1,005	973	1,573	1,974
Interest expense	A9	(33,523)	(35,128)	(99,245)	(108,306)
Net interest expense		<u>(32,518)</u>	<u>(34,155)</u>	<u>(97,672)</u>	<u>(106,332)</u>
Other operating income	A10	29,455	226,875	332,614	756,189
Net operating (loss)/income		<u>(3,063)</u>	<u>192,720</u>	<u>234,942</u>	<u>649,857</u>
Other operating expenses	A11	(13,631)	(10,269)	(43,751)	(35,193)
(Loss)/profit before taxation		<u>(16,694)</u>	<u>182,451</u>	<u>191,191</u>	<u>614,664</u>
Taxation	B5	1,640	(46,738)	(10,515)	(157,648)
Net (loss)/profit for the financial period		<u><u>(15,054)</u></u>	<u><u>135,713</u></u>	<u><u>180,676</u></u>	<u><u>457,016</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 NINE MONTHS ENDED 30 SEPTEMBER 2013**

	3rd quarter ended		Nine months ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
<u>Company</u>	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit for the financial period	(15,054)	135,713	180,676	457,016
Other comprehensive income, net of tax, for the financial period	-	-	-	-
Total comprehensive (loss)/income, for the financial period	(15,054)	135,713	180,676	457,016

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 SEPTEMBER 2013

		Unaudited As at <u>30.9.2013</u> RM'000	Audited As at <u>31.12.2012</u> RM'000
Group			
ASSETS			
Cash and short term funds		10,007,864	23,974,020
Securities purchased under resale agreements		139,271	676,858
Deposits and placements with banks and other financial institutions		3,528,506	3,638,529
Financial assets held-for-trading	A13	2,870,725	2,739,650
Financial investments available-for-sale	A14	17,619,196	15,154,931
Financial investments held-to-maturity	A15	19,145,970	18,945,036
Loans, advances and financing	A16	119,314,861	109,276,880
Clients' and brokers' balances		2,546,583	2,986,878
Other assets	A17	1,200,256	1,086,165
Derivative assets	B8	388,151	275,441
Statutory deposits		4,454,879	3,883,445
Tax recoverable		147,869	142,912
Deferred tax assets		25,215	15,115
Investments in associates and joint ventures		38,293	36,589
Property, plant and equipment		1,026,282	1,042,318
Goodwill and other intangible assets		5,213,664	5,202,798
TOTAL ASSETS		<u>187,667,585</u>	<u>189,077,565</u>
LIABILITIES AND EQUITY			
Deposits from customers	A18/B7(a)	136,667,482	138,224,225
Deposits and placements of banks and other financial institutions	A19/B7(a)	13,218,793	13,450,129
Obligations on securities sold under repurchase agreements		526,635	240,010
Obligations on securities borrowed		84,523	119,905
Bills and acceptances payable		3,232,071	3,636,886
Clients' and brokers' balances		2,032,643	2,731,695
Other liabilities	A20	1,784,473	1,890,459
Derivative liabilities	B8	289,049	320,363
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		2,315,001	2,445,361
Tax liabilities		37,392	145,280
Deferred tax liabilities		67,363	60,547
Borrowings and senior debt securities	B7(b)	5,581,795	5,151,932
Subordinated obligations	B7(c)	4,626,233	4,719,221
Hybrid Tier-1 Capital Securities	B7(d)	597,450	601,072
TOTAL LIABILITIES		<u>171,060,903</u>	<u>173,737,085</u>
Share capital		2,531,374	2,494,208
Reserves		13,838,059	12,623,007
		16,369,433	15,117,215
Non-controlling interests		237,249	223,265
TOTAL EQUITY		<u>16,606,682</u>	<u>15,340,480</u>
TOTAL LIABILITIES AND EQUITY		<u>187,667,585</u>	<u>189,077,565</u>
COMMITMENTS AND CONTINGENCIES	A25(a)	<u>94,973,887</u>	<u>83,160,389</u>
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)		<u>6.47</u>	<u>6.06</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 FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013**

	Note	Unaudited As at 30.9.2013 RM'000	Audited As at 31.12.2012 RM'000
<u>Company</u>			
ASSETS			
Cash and short term funds		21,560	36,247
Deposits and placements with banks and other financial institutions		81,805	951
Other assets	A17	113,683	155,667
Amounts due from subsidiaries		8,771	9,785
Tax recoverable		98,077	102,314
Deferred tax assets		1,819	1,022
Investments in subsidiaries		10,801,052	10,809,016
Property, plant and equipment		370	486
TOTAL ASSETS		<u>11,127,137</u>	<u>11,115,488</u>
LIABILITIES AND EQUITY			
Other liabilities	A20	4,210	61,459
Amounts due to subsidiaries		13,176	11,772
Borrowings	B7(b)	3,110,993	3,106,434
Total liabilities		<u>3,128,379</u>	<u>3,179,665</u>
Share capital		2,531,374	2,494,208
Reserves		5,467,384	5,441,615
TOTAL EQUITY		<u>7,998,758</u>	<u>7,935,823</u>
TOTAL LIABILITIES AND EQUITY		<u>11,127,137</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 NINE MONTHS ENDED 30 SEPTEMBER 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	-	-	-	-	-	-	1,326,673	1,326,673	21,116	1,347,789
Currency translation differences	-	-	-	-	-	101,271	-	101,271	6,451	107,722
Financial investments AFS										
- Unrealised net (loss)/gain on revaluation	-	-	-	-	(35,223)	-	-	(35,223)	1,313	(33,910)
- Net transfer to income statements on disposal or impairment	-	-	-	-	(40,846)	-	-	(40,846)	-	(40,846)
Share of reserves in an associate	-	-	-	-	-	-	31	31	-	31
Income tax relating to components of other comprehensive loss	-	-	-	-	18,780	-	-	18,780	22	18,802
Other comprehensive income/(loss), net of tax, for the financial period	-	-	-	-	(57,289)	101,271	31	44,013	7,786	51,799
Total comprehensive income/(loss) for the financial period	-	-	-	-	(57,289)	101,271	1,326,704	1,370,686	28,902	1,399,588
Transfer in respect of statutory requirements	-	-	220,462	-	-	-	(220,462)	-	-	-
Dividends paid	-	-	-	-	-	-	(401,318)	(401,318)	(10,381)	(411,699)
Shares issued pursuant to Dividend Reinvestment Plan (DRP)	37,166	246,411	-	-	-	-	-	283,577	-	283,577
Acquisition of shares from non-controlling interests	-	-	-	-	-	-	(727)	(727)	(4,537)	(5,264)
Balance as at 30 September 2013	2,531,374	4,795,013	3,714,859	28,196	177,048	31,798	5,091,145	16,369,433	237,249	16,606,682

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 NINE MONTHS ENDED 30 SEPTEMBER 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	-	-	-	-	-	-	1,376,878	1,376,878	1,862	1,378,740
Currency translation differences	-	-	-	-	-	(14,089)	-	(14,089)	-	(14,089)
Financial investments AFS										
- Unrealised net gain on revaluation	-	-	-	-	88,740	-	-	88,740	2	88,742
- Net transfer to income statements on disposal or impairment	-	-	-	-	(74,121)	-	-	(74,121)	-	(74,121)
Income tax relating to components of other comprehensive income	-	-	-	-	(3,606)	-	-	(3,606)	(1)	(3,607)
Other comprehensive income/(loss), net of tax, for the financial period	-	-	-	-	11,013	(14,089)	-	(3,076)	1	(3,075)
Total comprehensive income/(loss), for the financial period	-	-	-	-	11,013	(14,089)	1,376,878	1,373,802	1,863	1,375,665
Transfer in respect of statutory requirements	-	-	241,020	-	-	-	(241,020)	-	-	-
Dividends paid	-	-	-	-	-	-	(318,827)	(318,827)	(993)	(319,820)
Shares issued pursuant to DRP	30,945	170,814	-	-	-	-	-	201,759	-	201,759
Balance as at 30 September 2012	2,235,764	2,845,273	3,257,624	27,815	224,667	(72,902)	4,353,891	12,872,132	12,792	12,884,924

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 NINE MONTHS ENDED 30 SEPTEMBER 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	-	-	180,676	180,676
Dividends paid	-	-	(401,318)	(401,318)
Share issued pursuant to DRP	37,166	246,411	-	283,577
Balance as at 30 September 2013	<u>2,531,374</u>	<u>4,795,013</u>	<u>672,371</u>	<u>7,998,758</u>
Balance as at 1 January 2012	2,204,819	2,674,459	945,182	5,824,460
Net profit for the financial period	-	-	457,016	457,016
Dividends paid	-	-	(318,827)	(318,827)
Shares issued pursuant to DRP	30,945	170,814	-	201,759
Balance as at 30 September 2012	<u>2,235,764</u>	<u>2,845,273</u>	<u>1,083,371</u>	<u>6,164,408</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 NINE MONTHS ENDED 30 SEPTEMBER 2013**

	Nine months ended	
	30.9.2013	30.9.2012
	RM'000	RM'000
Group		
Cash flows from operating activities		
Profit before taxation	1,787,712	1,824,303
Adjustments for:		
Allowance for impairment on loans, financing and other losses	542,213	416,207
Property, plant and equipment		
- Depreciation	84,044	62,382
- Gain on disposal	(291)	(1,321)
- Written off	459	1
Amortisation of intangible assets	32,956	22,205
Net impairment written back on financial investments	16,796	8,183
Impairment loss on investment in a joint venture	-	5,936
Share of results of associates and joint ventures	(1,206)	(532)
Net gain arising from sale/redemption of financial assets held-for-trading, financial investments AFS and held-to-maturity	(135,569)	(146,536)
Net unrealised (gain)/loss on revaluation of financial assets held-for-trading and derivatives	(139,289)	38,388
Unrealised net foreign exchange (gain)/loss	(98,542)	26,342
Gross dividend income from financial assets held-for-trading, financial investments AFS and held-to-maturity	(22,526)	(14,740)
Other non-cash items	(1,030,575)	(725,012)
Operating profit before working capital changes	<u>1,036,182</u>	<u>1,515,806</u>
Decrease/(increase) in operating assets:		
Securities purchased under resale agreements	562,103	(242,223)
Deposits and placements with banks and other financial institutions	110,033	(1,577,528)
Financial assets held-for-trading	(65,116)	(501,561)
Loans, advances and financing	(10,375,999)	(9,666,040)
Clients' and brokers' balances	440,295	(114,674)
Other assets	(24,734)	(334,156)
Statutory deposits	(563,576)	(407,922)
	<u>(9,916,994)</u>	<u>(12,844,104)</u>
(Decrease)/increase in operating liabilities:		
Deposits from customers	(1,828,333)	9,842,617
Deposits and placements with banks and other financial institutions	(304,425)	2,264,716
Obligations on securities sold under repurchase agreements	286,625	-
Obligations on securities borrowed	(35,382)	-
Bills and acceptances payable	(405,322)	7,389
Clients' and brokers' balances	(699,052)	45,880
Other liabilities	(58,558)	293,022
Recourse obligation on loans sold to Cagamas Berhad	(130,360)	1,190,827
	<u>(3,174,807)</u>	<u>13,644,451</u>
Cash (used in)/generated from operations	(12,055,619)	2,316,154
Net tax paid	(534,110)	(164,889)
Net cash (used in)/generated from operating activities	<u>(12,589,729)</u>	<u>2,151,265</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 NINE MONTHS ENDED 30 SEPTEMBER 2013**

	Nine months ended	
	30.9.2013	30.9.2012
	RM'000	RM'000
Group		
Cash flows from investing activities		
Net purchase of financial investment AFS and held-to-maturity	(2,253,580)	(2,036,818)
Property, plant and equipment:		
- Purchase	(55,881)	(50,367)
- Proceeds from disposal	852	10,458
Purchase of intangible assets	(50,617)	(27,307)
Financial investments AFS and held-to-maturity:		
- Interest received	664,765	607,777
- Investment income received	104,493	94,883
Dividend income received from financial investments held-for-trading and AFS	22,216	14,606
Net cash used in investing activities	<u>(1,567,752)</u>	<u>(1,386,768)</u>
Cash flows from financing activities		
Net proceeds from issuance of Senior Debt Securities	-	1,538,222
Net proceeds from issuance of subordinated notes	-	749,006
Redemption of subordinated obligations	(141,342)	-
Proceeds from shares issued pursuant to DRP	283,577	201,759
Drawdown of borrowings	604,079	400,900
Repayment of borrowings	(372,748)	(705,192)
Dividends paid to equity holders of the Company	(401,318)	(318,827)
Dividends paid to non-controlling interests	(10,381)	(993)
Net cash (used in)/generated from financing activities	<u>(38,133)</u>	<u>1,864,875</u>
Net (decrease)/increase in cash and cash equivalents	(14,195,614)	2,629,372
Effects of exchange rate differences	229,528	-
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>10,007,864</u>	<u>22,987,850</u>
Cash and cash equivalents comprise the following:		
Cash and short term funds	10,007,864	22,987,909
Overdrafts	-	(59)
	<u>10,007,864</u>	<u>22,987,850</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 NINE MONTHS ENDED 30 SEPTEMBER 2013**

	Nine months ended	
	30.9.2013	30.9.2012
	RM'000	RM'000
Company		
Cash flows from operating activities		
Profit before taxation	191,191	614,664
Adjustments for:		
Interest expense	99,245	108,306
Unrealised foreign exchange loss	215	29
Property, plant and equipment		
- Depreciation	190	181
- Gain on disposal	(2)	(190)
Dividend income	(303,148)	(756,028)
Interest income	(1,573)	(1,974)
Operating loss before working capital changes	(13,882)	(35,012)
Increase in deposits and placements with banks and other financial institutions	(80,854)	(24)
Decrease/(increase) in inter-company balances	2,044	(300)
Decrease in other assets	34,972	17,160
(Decrease)/increase in other liabilities	(57,249)	574
Cash used in operations	(114,969)	(17,602)
Net tax refunded	23,312	27,902
Net cash (used in)/generated from operating activities	(91,657)	10,300
Cash flows from investing activities		
Dividend income received from subsidiaries	273,232	567,021
Interest income received	1,261	1,383
Purchase of property, plant and equipment	(74)	(88)
Proceeds from disposal of investments in subsidiaries	7,964	-
Proceeds from disposal of property, plant and equipment	2	190
Net cash generated from investing activities	282,385	568,506
Cash flows from financing activities		
Drawdown of borrowings	186,300	400,900
Repayment of borrowings	(201,950)	(660,640)
Interest expense paid	(71,954)	(91,512)
Dividends paid to equity holders of the Company	(401,318)	(318,827)
Proceeds from shares issued pursuant to DRP	283,577	201,759
Net cash used in financing activities	(205,345)	(468,320)
Net (decrease)/increase in cash and cash equivalents	(14,617)	110,486
Cash and cash equivalents		
- at the beginning of the financial period	36,177	27,510
- at the end of the financial period	21,560	137,996
Cash and cash equivalents comprise the following:		
Cash and short term funds	21,560	138,055
Overdrafts	-	(59)
	21,560	137,996

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 NINE MONTHS ENDED 30 SEPTEMBER 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 Malaysian Accounting Standards Boards ('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 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 nine months ended 30 September 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 nine months ended 30 September 2013.

A6. Changes in Debt and Equity Securities

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 nine months ended 30 September 2013, other than as disclosed below:

(a) Issuance of New Shares

The Company has increased its issued and paid up share capital from RM2,494,207,802 to RM2,531,373,891 via the issuance of 37,166,089 new ordinary shares of RM1.00 each arising from the DRP, as stated in Note B6(c), relating to the single-tier final dividend of 16.09% in respect of the financial year ended 31 December 2012, on 1 August 2013.

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



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A6. Changes in Debt and Equity Securities (Continued)

(b) Subordinated obligations

(i) Redemption of 5.5% RM45 million Tier II subordinated notes 2008/2018

On 19 April 2013, its investment banking subsidiary had fully redeemed its existing subordinated notes of RM45 million in nominal value.

(ii) Redemption of 7.5% RM100 million Tier II subordinated notes 2008/2018

On 15 July 2013, its investment banking subsidiary had fully redeemed its existing subordinated notes of RM100 million in nominal value.

A7. Dividends Paid

During the nine months ended 30 September 2013, the Company paid a single-tier final dividend of 16.09% amounting to RM401.3 million in respect of the financial year ended 31 December 2012 on 1 August 2013. The reinvestment rate subsequent to the completion of the DRP was 70.67%.



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	3rd quarter ended		Nine months ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	RM'000	RM'000	RM'000	RM'000
A8. Interest Income				
<u>Group</u>				
Loans, advances and financing	1,369,408	1,231,754	3,987,519	3,558,655
Money at call and deposits and placements with banks and other financial institutions	72,660	123,221	275,502	338,957
Securities purchased under resale agreements	144	85	548	217
Financial assets held-for-trading	6,781	9,201	33,208	20,960
Financial investments AFS	125,878	71,606	337,053	216,558
Financial investments held-to-maturity	169,349	123,878	490,734	379,689
Others	5,180	850	16,380	2,235
	<u>1,749,400</u>	<u>1,560,595</u>	<u>5,140,944</u>	<u>4,517,271</u>
Of which:				
Interest income accrued on impaired loans, advances and financing	<u>37,214</u>	<u>33,439</u>	<u>124,167</u>	<u>114,158</u>
<u>Company</u>				
Money at call and deposits and placements with banks and other financial institutions	900	775	1,261	1,383
Others	105	198	312	591
	<u>1,005</u>	<u>973</u>	<u>1,573</u>	<u>1,974</u>



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	3rd quarter ended		Nine months ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	RM'000	RM'000	RM'000	RM'000
A9. Interest Expense				
<u>Group</u>				
Deposits and placements of banks and other financial institutions	31,318	73,584	114,611	164,270
Deposits from customers	749,791	608,995	2,202,124	1,790,022
Borrowings and senior debt securities	47,284	42,039	138,463	116,838
Subordinated obligations	56,110	53,355	170,381	147,662
Hybrid Tier-1 Capital Securities	11,362	11,357	33,713	33,820
Recourse obligation on loans sold to Cagamas	10,751	14,024	32,377	42,133
Others	14,526	12,328	39,449	36,682
	921,142	815,682	2,731,118	2,331,427
<u>Company</u>				
Borrowings	33,523	35,128	99,245	108,306



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	3rd quarter ended		Nine months ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income				
Group				
Fee income				
- Service charges and fees	59,320	38,722	162,289	173,191
- Commission	35,373	29,223	99,080	88,739
- Guarantee fees	11,734	12,891	32,542	32,537
- Commitment fees	13,062	11,126	36,516	34,358
- Net brokerage	99,280	17,466	294,746	57,663
- Fund management fees	25,245	5,448	69,464	14,797
- Corporate advisory fees	9,107	2,815	26,753	7,040
- Underwriting and arrangement fees	32,209	20,889	68,492	35,972
- Unit trust fee income	13,473	3,002	67,622	4,804
- Other fee income	19,510	10,545	53,880	27,211
	318,313	152,127	911,384	476,312
Net (loss)/gain arising from financial assets held-for-trading				
- Net (loss)/gain on disposal	(6,489)	6,299	18,721	58,890
- Unrealised net gain/(loss) on revaluation	6,128	(1,253)	(5,834)	(4,307)
- Gross dividend income	1,772	838	4,626	2,394
	1,411	5,884	17,513	56,977
Net (loss)/gain on revaluation of derivatives	(13,324)	(1,755)	34,384	21,449
Net (loss)/gain on fair value hedges	(381)	6,538	(1,020)	6,977
Net gain arising from financial investments AFS				
- Net gain on disposal	64,664	15,957	107,878	60,059
- Gross dividend income	5,701	3,298	17,900	12,346
	70,365	19,255	125,778	72,405
Net gain arising from financial investments held-to-maturity				
- Net gain on redemption	-	2,398	10	2,985
	-	2,398	10	2,985



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	3rd quarter ended		Nine months ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income (continued)				
Other income				
- Net foreign exchange gain/(loss)				
- Realised	15,538	110,020	142,896	215,602
- Unrealised	89,106	(52,999)	98,542	(26,342)
- Insurance underwriting surplus before management expenses	25,007	15,489	71,182	49,981
- Rental income	820	1,138	2,847	2,457
- Net gain on disposal of property, plant and equipment	55	195	291	1,321
- Other operating income	16,461	14,901	52,720	45,212
- Other non-operating income	30,890	634	33,565	1,908
	<u>177,877</u>	<u>89,378</u>	<u>402,043</u>	<u>290,139</u>
	<u>554,261</u>	<u>273,825</u>	<u>1,490,092</u>	<u>927,244</u>
Company				
Gross dividend income from:				
- Subsidiaries	-	226,667	303,148	756,028
Other income				
- Unrealised foreign exchange (loss)/gain	(224)	18	(215)	(29)
- Net gain on disposal of property, plant and equipment	-	190	2	190
- Other-non operating income	29,679	-	29,679	-
	<u>29,455</u>	<u>208</u>	<u>29,466</u>	<u>161</u>
	<u>29,455</u>	<u>226,875</u>	<u>332,614</u>	<u>756,189</u>



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	3rd quarter ended		Nine months ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses				
<u>Group</u>				
Personnel costs				
- Salaries, bonus, wages and allowances	355,577	253,253	1,045,708	769,787
- Defined contribution plan	49,891	38,662	145,450	116,990
- Other staff related costs	36,009	23,415	91,306	65,656
	441,477	315,330	1,282,464	952,433
Establishment costs				
- Property, plant and equipment				
- Depreciation	28,026	6,848	84,044	62,382
- Written off	9	1	459	1
- Amortisation of intangible assets	11,167	22,205	32,956	22,205
- Information technology expenses	39,475	29,493	102,758	87,130
- Repair and maintenance	10,296	5,721	30,450	17,149
- Security and escorting charges	11,266	10,066	32,800	31,186
- Rental of premises	35,614	23,969	103,367	70,669
- Water and electricity	8,892	6,660	25,623	19,546
- Rental of equipment	2,506	1,502	7,905	4,835
- Insurance	5,080	4,019	14,556	7,705
- Others	3,398	1,961	11,845	6,326
	155,729	112,445	446,763	329,134
Marketing expenses				
- Sales commission	34,394	10,087	112,981	28,377
- Advertisements and publicity	17,886	19,235	43,780	49,570
- Others	34,412	19,437	87,413	55,116
	86,692	48,759	244,174	133,063
Administration and general expenses				
- Communication expenses	38,056	22,786	114,788	73,466
- Legal and professional fee	5,896	6,585	33,026	20,646
- Others	34,122	20,504	106,997	67,930
	78,074	49,875	254,811	162,042
	761,972	526,409	2,228,212	1,576,672



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	3rd quarter ended		Nine months ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses (continued)				
<u>Company</u>				
Personnel costs				
- Salaries, bonus, wages and allowances	3,747	3,882	13,196	12,055
- Defined contribution plan	602	622	2,062	1,903
- Other staff related costs	644	493	1,744	1,423
	4,993	4,997	17,002	15,381
Establishment costs				
- Rental of premises	283	275	892	816
- Depreciation of property, plant and equipment	63	61	190	181
- Repair and maintenance	23	25	96	93
- Security and escorting charges	10	9	30	26
- Rental of equipment	1	5	6	31
- Water and electricity	31	23	74	80
- Information technology expenses	5	7	11	7
- Insurance	-	1	1	2
	416	406	1,300	1,236
Marketing expenses				
- Advertisements and publicity	1,391	307	1,660	1,581
- Others	89	125	223	216
	1,480	432	1,883	1,797
Administration and general expenses				
- Communication expenses	53	83	184	263
- Legal and professional fee	6,401	4,117	22,629	15,972
- Others	288	234	753	544
	6,742	4,434	23,566	16,779
	13,631	10,269	43,751	35,193



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	3rd quarter ended		Nine months ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	RM'000	RM'000	RM'000	RM'000
A12. Allowance for Impairment on Loans, Financing and Other Losses				
<u>Group</u>				
Allowance for impaired loans and financing:				
- Individual impairment allowance made	8,183	71,893	173,460	176,185
- Collective impairment allowance made/(written back)	36,338	(3,194)	161,251	117,007
Impaired loans and financing recovered	(74,646)	(142,980)	(212,913)	(365,002)
Bad debts written off	59,102	44,149	208,124	123,776
Allowance made/(written back) for impairment on other assets	889	(841)	(622)	(761)
	29,866	(30,973)	329,300	51,205



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	Group	
	Unaudited As at 30.9.2013 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	398,152	323,779
Malaysian Government Investment Issues	219,250	181,998
Malaysian Government Treasury Bills	-	52,869
Bank Negara Malaysia ('BNM') Monetary Notes	893,654	598,073
Negotiable instruments of deposits	98,613	-
Cagamas bonds	49,986	250,324
Singapore Government Treasury Bills	414,845	227,634
Wakala Global Sukuk	-	7,144
1 Malaysia Sukuk	-	20,183
Thailand Government Bonds	6,591	-
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Shares, exchange traded funds and warrants	144,634	129,944
Unit trusts	5,897	5,790
Private debt securities	5,268	-
Outside Malaysia		
Shares, exchange traded funds and warrants	51,292	58,517
Unit trusts	21,317	25,034
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Prasarana bonds	-	5,558
Private debt securities	240,329	711,809
Outside Malaysia		
Private debt securities	320,897	140,994
	2,870,725	2,739,650



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

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

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

	Group	
	Unaudited	Audited
	As at	As at
	30.9.2013	31.12.2012
	RM'000	RM'000
<u>Carrying amount</u>		
Reclassified from financial assets HFT to financial investments AFS	57,595	111,191
Reclassified from financial assets HFT to financial investments HTM	19,914	18,425
	<u>77,509</u>	<u>129,616</u>
<u>Fair value</u>		
Reclassified from financial assets HFT to financial investments AFS	57,331	110,549
Reclassified from financial assets HFT to financial investments HTM	20,899	19,724
	<u>78,230</u>	<u>130,273</u>
Fair value gains that would have been recognised if the financial assets HFT had not been reclassified	<u>721</u>	<u>657</u>



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	Group	
	Unaudited As at 30.9.2013 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	1,535,765	806,960
Malaysian Government Investment Issues	2,276,295	2,745,906
BNM Monetary Notes	-	205,859
Cagamas bonds	121,200	117,158
Khazanah bonds	64,036	49,116
Singapore Government Securities	136,407	135,081
Singapore Government Treasury Bills	324,103	25,032
Thailand Government bonds	115,705	106,295
1 Malaysia Sukuk	320,525	307,928
Wakala Global Sukuk	203,976	95,029
Bankers' acceptances and Islamic acceptable bills	415,473	412,555
Negotiable instruments of deposits	806,125	409,161
Sukuk Perumahan Kerajaan ('SPK') bonds	127,703	101,363
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Corporate loan stocks	-	8,627
Shares and warrants	7,850	7,630
Unit trusts	5,468	5,247
Outside Malaysia		
Shares and warrants	1,346	3,415
Unit trusts	17,664	20,197
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private and Islamic debt securities	9,431,225	7,731,780
Shares and warrants	533,168	379,135
Corporate loan stocks	113,932	121,637
Unit trusts	439,048	344,217
Prasarana bonds	19,903	-
Outside Malaysia		
Private and Islamic debt securities	577,812	994,761
Corporate loan stocks	482	460
Shares	23,985	20,382
	17,619,196	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 RM427,079,000 (31.12.2012: RM239,126,000).



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	Group	
	Unaudited As at 30.9.2013 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	2,369,465	2,461,736
Malaysian Government Investment Issues	6,006,837	6,038,528
Cagamas bonds	2,327,889	2,391,005
Khazanah bonds	78,305	66,290
Negotiable instruments of deposits	298,592	2,126,329
Singapore Government Securities	182,369	126,795
Thailand Government Securities	325,015	264,011
Sukuk (Brunei) Incorporation	31,138	57,594
Bankers' acceptances and Islamic acceptable bills	13,863	389,176
Wakala Global Sukuk	231,651	212,524
Sukuk Perumahan Kerajaan ('SPK') bonds	111,284	-
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private and Islamic debt securities	6,497,276	4,216,113
Corporate loan stocks	44,400	55,196
Bonds	883	883
Prasarana bonds	838,377	794,309
Outside Malaysia		
Private and Islamic debt securities	68,183	50,020
	19,425,527	19,250,509
Accumulated impairment losses	(279,557)	(305,473)
	19,145,970	18,945,036



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	Group	
	Unaudited As at 30.9.2013 RM'000	Audited As at 31.12.2012 RM'000
A16. Loans, Advances and Financing		
At amortised cost		
Overdrafts	5,990,454	5,895,676
Term loans/financing		
- Housing loans/financing	24,072,374	21,706,306
- Syndicated term loans/financing	3,523,045	2,521,254
- Hire-purchase receivables	13,169,416	12,581,965
- Lease receivables	73,146	75,650
- Other term loans/financing	56,634,168	52,579,442
Bills receivable	2,525,034	1,574,283
Trust receipts	514,447	469,017
Claims on customers under acceptance credits	4,492,130	5,257,978
Staff loans/financing	262,517	286,116
Credit card receivables	1,949,658	1,926,638
Revolving credit/financing	8,228,933	6,599,744
Gross loans, advances and financing	<u>121,435,322</u>	111,474,069
Fair value changes arising from fair value hedge	(8,017)	6,252
	<u>121,427,305</u>	111,480,321
Allowance for impaired loans, advances and financing		
- Individual impairment allowance	(786,277)	(801,495)
- Collective impairment allowance	(1,326,167)	(1,401,946)
Net loans, advances and financing	<u><u>119,314,861</u></u>	<u><u>109,276,880</u></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 RM2,228,398,000 (31.12.2012: RM2,371,017,000).



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	Group	
	Unaudited As at 30.9.2013 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	2,087,672	1,502,696
Domestic business enterprises		
- Small and medium enterprises	12,361,809	11,518,640
- Others	32,658,679	31,536,915
Government and statutory bodies	11,086,589	10,989,382
Individuals	53,381,282	47,909,866
Other domestic entities	24,116	10,240
Foreign entities	9,835,175	8,006,330
	<u>121,435,322</u>	<u>111,474,069</u>
(b) By geographical distribution		
In Malaysia	113,188,010	104,661,562
Outside Malaysia		
- Singapore	6,909,188	5,863,486
- Thailand	677,537	468,613
- Brunei	96,276	86,886
- Indonesia	8,567	18,274
- Hong Kong	146,111	100,444
- Cambodia	409,633	274,804
	<u>121,435,322</u>	<u>111,474,069</u>
(c) By interest/profit rate sensitivity		
Fixed rate		
- Housing loans/financing	1,075,108	1,358,745
- Hire-purchase receivables	13,169,416	12,581,965
- Other fixed rate loans/financing	21,142,546	19,996,461
Variable rate		
- Base lending/financing rate plus	47,184,408	42,244,830
- Cost-plus	32,218,611	30,120,920
- Other variable rates	6,645,233	5,171,148
	<u>121,435,322</u>	<u>111,474,069</u>



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	Group	
	Unaudited	Audited
	As at	As at
	30.9.2013	31.12.2012
	RM'000	RM'000
A16. Loans, Advances and Financing (continued)		
(d) By purpose		
Purchase of securities	12,253,193	10,250,484
Purchase of transport vehicles	12,013,475	11,448,099
Purchase of landed property		
- Residential	24,336,927	22,154,545
- Non-residential	6,930,110	5,730,126
Purchase of property, plant and equipment other than land and building	3,325,373	3,249,719
Personal use	6,738,742	5,758,114
Credit card	1,949,658	1,926,638
Purchase of consumer durables	33,280	37,282
Construction	2,975,399	3,653,747
Working capital	28,955,412	26,520,291
Merger and acquisition	3,234,104	3,702,442
Other purpose	18,689,649	17,042,582
	121,435,322	111,474,069
(e) By remaining contractual maturities		
Maturity within one year	43,291,381	39,436,353
One year to three years	8,386,206	8,971,576
Three years to five years	10,777,383	9,495,981
Over five years	58,980,352	53,570,159
	121,435,322	111,474,069



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	Group	
	Unaudited	Audited
	As at 30.9.2013 RM'000	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	3,076,080	3,900,918
Reclassified as non-impaired	(1,724,547)	(2,746,513)
Amount recovered	(670,871)	(784,440)
Amount written off	(483,140)	(811,448)
Exchange differences	9,029	(912)
Balance as at the end of the financial period/year	<u>3,544,188</u>	<u>3,337,637</u>

	Group	
	Unaudited	Audited
	As at 30.9.2013 RM'000	As at 31.12.2012 RM'000
(ii) By purpose		
Purchase of securities	226,482	335,314
Purchase of transport vehicles	249,045	260,414
Purchase of landed property		
- Residential	893,820	965,098
- Non-residential	90,075	158,072
Purchase of property, plant and equipment other than land and building	45,857	66,981
Personal use	145,540	137,178
Credit card	39,890	39,379
Purchase of consumer durables	1,766	2,058
Construction	159,996	245,763
Working capital	1,553,657	1,040,599
Other purpose	138,060	86,781
	<u>3,544,188</u>	<u>3,337,637</u>



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	Group	
	Unaudited As at 30.9.2013 RM'000	Audited As at 31.12.2012 RM'000
A16. Loans, Advances and Financing (continued)		
(f) Impaired loans, advances and financing (continued)		
(iii) By geographical distribution		
In Malaysia	3,430,624	3,238,073
Outside Malaysia		
- Singapore	75,595	69,055
- Thailand	19,365	21,905
- Brunei	5,807	8,604
- Cambodia	12,797	-
	<u>3,544,188</u>	<u>3,337,637</u>

	Group	
	Unaudited As at 30.9.2013 RM'000	Audited As at 31.12.2012 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	173,460	267,911
Amount written off	(194,887)	(288,550)
Reclassified from/(to) collective impairment allowance	1,208	(10,895)
Transfer from/(to) impairment of financial investments HTM	1,992	(643)
Exchange differences	3,009	(457)
Balance as at the end of the financial period/year	<u>786,277</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	161,251	157,290
Amount written off	(238,810)	(338,162)
Reclassified (to)/from individual impairment allowance	(1,208)	10,895
Exchange differences	2,988	(692)
Balance as at the end of the financial period/year	<u>1,326,167</u>	<u>1,401,946</u>



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	Group	
	Unaudited	Audited
	As at	As at
	30.9.2013	31.12.2012
	RM'000	RM'000
A17. Other Assets		
Other debtors	568,193	501,114
Deposits	92,384	105,292
Prepayments	64,163	54,788
Reinsurance assets	247,075	191,147
Amount due from reverse repo transactions	115,926	121,309
Deposit for proposed acquisition of PT Bank Mestika Dharma (refer to Note B6(a))	112,515	112,515
	1,200,256	1,086,165

	Company	
	Unaudited	Audited
	As at	As at
	30.9.2013	31.12.2012
	RM'000	RM'000
Other debtors	5	8
Deposits	79	35,015
Prepayments	1,084	8,129
Deposit for proposed acquisition of PT Bank Mestika Dharma (refer to Note B6(a))	112,515	112,515
	113,683	155,667



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	Group	
	Unaudited As at 30.9.2013 RM'000	Audited As at 31.12.2012 RM'000
A18. Deposits from Customers		
(a) By type of deposits		
Demand deposits	23,218,709	22,504,610
Savings deposits	7,389,934	6,932,789
Fixed/investment deposits	106,016,662	108,696,573
Negotiable instruments of deposits	42,177	90,253
	<u>136,667,482</u>	<u>138,224,225</u>
(b) By type of customer		
Government and statutory bodies	11,882,075	15,358,856
Business enterprises	82,712,691	85,321,693
Individuals	37,201,419	32,807,510
Others	4,871,297	4,736,166
	<u>136,667,482</u>	<u>138,224,225</u>
(c) By maturity structure of fixed/investment deposits and negotiable instruments of deposits		
Due within six months	90,633,931	89,643,980
Six months to one year	14,972,466	18,225,877
One year to three years	422,504	879,712
Three years to five years	29,938	37,257
	<u>106,058,839</u>	<u>108,786,826</u>
A19. Deposits and Placements of Banks and Other Financial Institutions		
Licensed banks	7,409,031	7,788,585
Licensed Islamic banks	1,174,295	1,148,524
Licensed investment banks	489,589	907,280
BNM	486,300	1,149,572
Other financial institutions	3,659,578	2,456,168
	<u>13,218,793</u>	<u>13,450,129</u>



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A21. Segment Reporting

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

In line with the Group's internal management reporting framework and re-alignment of Group's structure, the operations of regional investment banking business is now under the purview and responsibility of Corporate and Investment Banking ('CIB') segment. Thus, the operating results and financial position of such business are now reported in CIB segment. Previously, the operating results and financial position of regional investment banking business was reported under Global Financial Banking segment.

Following such changes in the composition of the reportable segments, the Group has restated the corresponding items of segment information accordingly.

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.

This segment also offers stockbroking and investment banking products and services to our regional customers in Singapore, Hong Kong, Indonesia, and Thailand.

(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.



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A21. Segment Reporting (continued)

The Group's business segments can be organised into the following main segments reflecting the Group's internal reporting structure: (continued)

(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. The Group has established its commercial banking business in Singapore, Cambodia, Thailand and Brunei.

(g) Support center and others

Support center and others comprise 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.



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A21. Segment Reporting (continued)

Segment Profit and Loss for the Nine Months Ended 30 September 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	1,211,166	1,650,890	528,145	328,610	389,529	240,185	(19,551)	-	4,328,974
Inter-segment revenue	14,293	8,887	-	92,117	(73,068)	2,690	8,875	(53,794)	-
Segment revenue	<u>1,225,459</u>	<u>1,659,777</u>	<u>528,145</u>	<u>420,727</u>	<u>316,461</u>	<u>242,875</u>	<u>(10,676)</u>	<u>(53,794)</u>	<u>4,328,974</u>
Other operating expenses	(697,448)	(824,287)	(252,832)	(86,968)	(145,487)	(180,488)	(94,496)	53,794	(2,228,212)
Including:									
Depreciation of property, plant and equipment	(19,070)	(44,736)	(5,635)	(1,819)	(2,817)	(5,119)	(4,848)	-	(84,044)
Amortisation of intangible assets	(7,788)	(13,831)	(6,159)	(3,497)	(334)	(1,347)	-	-	(32,956)
Change in allowance for impairment on loans, financing and other losses	(125,726)	(107,958)	(44,898)	-	(37,509)	(10,982)	(2,227)	-	(329,300)
Impairment losses written back/(made) on other assets	14,608	86	727	324	(701)	-	-	-	15,044
	<u>416,893</u>	<u>727,618</u>	<u>231,142</u>	<u>334,083</u>	<u>132,764</u>	<u>51,405</u>	<u>(107,399)</u>	<u>-</u>	<u>1,786,506</u>
Share of results of associates									793
Share of results of joint ventures									413
Profit before taxation									<u>1,787,712</u>
Taxation									<u>(439,923)</u>
Net profit for the financial period									<u><u>1,347,789</u></u>



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A21. Segment Information (continued)

Segment Profit and Loss for the Nine Months Ended 30 September 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	656,758	1,566,005	526,052	366,745	294,483	196,985	(143,448)	-	3,463,580
Inter-segment revenue	13,349	17,953	-	18,019	(15,341)	2,623	19,689	(56,292)	-
Segment revenue	670,107	1,583,958	526,052	384,764	279,142	199,608	(123,759)	(56,292)	3,463,580
Other operating expenses	(203,314)	(768,968)	(242,781)	(69,872)	(118,938)	(150,302)	(78,789)	56,292	(1,576,672)
Including:									
Depreciation of property, plant and equipment	(3,230)	(40,891)	(4,649)	(1,716)	(4,512)	(2,780)	(4,604)	-	(62,382)
Amortisation of intangible assets	(2,245)	(11,823)	(4,939)	(2,000)	(168)	(1,030)	-	-	(22,205)
Change in allowance for impairment on loans, financing and other losses	123,728	(111,250)	12,375	-	(82,873)	(578)	7,393	-	(51,205)
Impairment losses (made)/written back on other assets	(6,323)	27	68	(6,137)	-	433	-	-	(11,932)
	584,198	703,767	295,714	308,755	77,331	49,161	(195,155)	-	1,823,771
Share of results of a joint venture									532
Profit before taxation									1,824,303
Taxation									(445,563)
Net profit for the financial period									<u>1,378,740</u>



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A21. Segment Reporting (continued)

Segment Assets as at 30 September 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	41,486,057	48,969,260	12,947,045	46,154,109	19,351,593	15,371,493	1,976,869	186,256,426
Investments in associates and joint ventures								38,293
Tax recoverable								147,869
Deferred tax assets								25,215
Unallocated assets								1,199,782
Total assets								<u>187,667,585</u>
Segment liabilities	25,364,144	36,047,698	8,329,539	60,132,925	8,269,575	12,490,929	7,773,050	158,407,860
Taxation								37,392
Deferred tax liabilities								67,363
Borrowings and senior debt securities								5,581,795
Subordinated obligations								4,626,233
Hybrid Tier-1 Capital Securities								597,450
Unallocated liabilities								1,742,810
Total liabilities								<u>171,060,903</u>



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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>
Segment liabilities	27,898,012	34,831,237	8,003,560	63,292,776	7,878,190	9,480,635	9,972,959	161,357,369
Tax liabilities								145,280
Deferred tax liabilities								60,547
Borrowings and senior debt securities								5,151,932
Subordinated obligations								4,719,221
Hybrid Tier-1 Capital Securities								601,072
Unallocated liabilities								1,701,664
Total liabilities								<u>173,737,085</u>



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A22. Valuation of Property, Plant and Equipment

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

A23. Material Events Subsequent to the Balance Sheet Date

Other than as mentioned below, there were no significant events subsequent to the balance sheet date that have not been reflected in the financial statements:

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 RHB Islamic International Asset Management Berhad ('RHBIIAM') (formally known as OSK-UOB Islamic Fund Management Berhad), a subsidiary of OUIM, comprising 3.9 million ordinary shares, representing 30% of the issued share capital of RHBIIAM, 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.

Upon the approval received from Malaysia and Singapore, the above transactions were completed on 22 October 2013, and satisfied wholly in cash.

On November 2013, the following entities have, obtained the relevant Orders from High Court of Malaya at Kuala Lumpur for the transfers of their entire businesses, assets and liabilities pursuant to Section 139 of the Capital Markets and Service Act, 2007, with effect from 1 December 2013:

- (i) RHB Islamic Asset Management Sdn Bhd to RHB Islamic International Asset Management Berhad (formally known as OSK-UOB Islamic Fund Management Berhad);
- (ii) OSK-UOB Investment Management Berhad to RHB Asset Management Sdn Bhd (formally known as RHB Investment Management Sdn Bhd).

A24. Changes in Composition of the Group

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

- (a) On 8 April 2013, RHB Investment Bank Berhad ('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 interests, 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 OSK Investment Bank Berhad ('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.



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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:

Group	Unaudited As at 30.9.2013			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	3,218,808	3,187,999	1,978,380	2,181,636	2,144,725	1,426,061
Transaction-related contingent items	2,920,595	1,439,306	1,103,524	2,496,866	1,225,275	881,715
Short term self-liquidating trade-related contingencies	1,557,560	309,365	150,809	1,009,851	199,301	128,967
Obligations under underwriting agreements	240,888	120,444	120,444	151,971	75,986	65,986
Over-the-counter ('OTC') derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	-	-	-	38,719	2,305	538
Irrevocable commitments to extend credit						
- maturity not exceeding one year	11,440,330	5,857,288	4,424,468	12,036,947	5,834,978	3,710,736
- maturity exceeding one year	27,785,690	13,546,746	9,442,259	24,718,743	11,661,549	7,865,628
Foreign exchange related contracts^						
- less than one year	11,854,925	280,352	204,643	10,766,174	182,006	112,935
- one year to less than five years	8,386,017	1,365,219	491,906	5,213,212	922,498	275,190
Equity related contracts^						
- less than one year	1,531	115	57	4,423	4,423	4,423
Interest rate related contracts^						
- less than one year	6,241,268	13,255	4,767	8,728,637	28,174	10,030
- one year to less than five years	20,500,319	654,016	259,895	15,198,210	468,334	240,991
- more than five years	825,956	64,254	17,824	615,000	55,316	53,484
	94,973,887	26,838,359	18,198,976	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.



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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 on 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.



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

(b) Guarantees Issued by Group and Company

	Unaudited As at 30.9.2013 RM'000	Audited As at 31.12.2012 RM'000
Group		
Corporate guarantee in favour of client's trading facilities granted by a subsidiary	<u>68,000</u>	<u>68,000</u>
Company		
Corporate guarantee provided to licensed banks for credit facilities granted to subsidiaries	325,667	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	<u>129,740</u>	-
	<u>523,407</u>	<u>163,680</u>

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.



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A26. Capital Commitments

	Group	
	Unaudited	Audited
	As at	As at
	30.9.2013	31.12.2012
	RM'000	RM'000
Capital expenditure for property, plant and equipment:		
- authorised and contracted for	56,653	67,570
- authorised but not contracted for	201,387	175,290
	258,040	242,860
Proposed acquisition of PT Bank Mestika Dharma (refer to Note B6(a))	538,620	538,620
	796,660	781,480



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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 have been restated accordingly.

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 been restated accordingly.

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 30.9.2013 RM'000	Restated 31.12.2012 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	3,683,782	3,446,936
AFS reserves	211,482	218,281
	11,713,143	11,226,923
Less:		
Goodwill	(905,519)	(905,519)
Other intangible assets	(104,820)	(112,409)
55% of cumulative gains of AFS financing instruments	(116,315)	(120,055)
Shortfall of eligible provisions to expected losses under the IRB approach	(323,734)	(372,197)
Other deduction#	(14,206)	(5,701)
Common Equity Tier I Capital ('CET I Capital')	10,248,549	9,711,042
Hybrid Tier-I Capital Securities*	540,000	597,744
Total Tier I Capital	10,788,549	10,308,786
Tier II Capital		
Subordinated obligations**	3,600,000	3,996,781
Collective impairment allowance^	273,919	278,703
	3,873,919	4,275,484
Less:		
Investments in subsidiaries	(1,539,997)	(1,339,997)
Total Tier II Capital	2,333,922	2,935,487
Total capital	13,122,471	13,244,273
Capital ratios		
Before proposed dividends:		
CET I Capital Ratio	10.947%	11.048%
Tier I Capital Ratio	11.523%	11.728%
Total Capital Ratio	14.016%	15.068%
After proposed dividends:		
CET I Capital Ratio	10.765%	10.777%
Tier I Capital Ratio	11.342%	11.457%
Total Capital Ratio	13.835%	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).



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A27. Capital Adequacy Ratio (continued)

	RHB Islamic Bank	
	Unaudited 30.9.2013	Restated 31.12.2012
	RM'000	RM'000
Tier I Capital		
Paid-up ordinary share capital	1,173,424	973,424
Retained profits	413,889	358,151
Other reserves	414,096	358,359
AFS reserves	(22,397)	3,740
	<u>1,979,012</u>	<u>1,693,674</u>
Less:		
Net deferred tax assets	(13,784)	(5,265)
Other intangible assets	(4,115)	(3,585)
55% of cumulative gains of AFS financing instruments	-	(2,057)
Other deduction#	(252)	(5,091)
CET I Capital/Total Tier I Capital	<u>1,960,861</u>	<u>1,677,676</u>
Tier II Capital		
Collective impairment allowance^	85,186	87,435
	<u>85,186</u>	<u>87,435</u>
Total capital	<u>2,046,047</u>	<u>1,765,111</u>
CET I Capital Ratio	13.959%	13.971%
Tier I Capital Ratio	13.959%	13.971%
Total Capital Ratio	14.566%	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'.



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A27. Capital Adequacy Ratio (continued)

	RHB Investment Bank	
	Unaudited 30.9.2013	Restated 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	(11,569)	10,997
	<u>2,692,417</u>	<u>2,427,502</u>
Less:		
Goodwill	(1,274,178)	(1,274,178)
Other intangible assets	(27,011)	(32,396)
Securitisation exposure subject to deductions	(2,471)	(4,879)
55% of cumulative gains of AFS financial instruments	-	(6,048)
Other deduction	(4,995)	(782)
Reduction in excess of Tier II capital due to insufficient Tier II Capital#	(367,471)	(113,953)
CET I Capital/Total Tier I Capital	<u>1,016,291</u>	<u>995,266</u>
Tier II Capital		
Subordinated obligations*	545,000	674,706
Collective impairment allowance^	7,611	5,188
	<u>552,611</u>	<u>679,894</u>
Less:		
Investments in subsidiaries and associates	(552,611)	(679,894)
Total Tier II Capital	<u>-</u>	<u>-</u>
Total capital	<u><u>1,016,291</u></u>	<u><u>995,266</u></u>
Capital ratios		
Before proposed dividends:		
CET I Capital Ratio	22.398%	23.124%
Tier I Capital Ratio	22.398%	23.124%
Total Capital Ratio	22.398%	23.124%
After proposed dividends:		
CET I Capital Ratio	22.398%	22.729%
Tier I Capital Ratio	22.398%	22.729%
Total Capital Ratio	22.398%	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).



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A27. Capital Adequacy Ratio (continued)

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

	RHB Bank[®]	RHB Islamic Bank	RHB Investment Bank
	RM'000	RM'000	RM'000
Unaudited <u>30.9.2013</u>			
Credit risk	83,711,484	13,209,620	2,949,823
Market risk	2,327,118	83,315	1,081,720
Operational risk	7,580,907	753,737	505,780
Total risk-weighted assets	93,619,509	14,046,672	4,537,323
Restated <u>31.12.2012</u>			
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	87,894,974	12,008,213	4,303,989

[®] 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).



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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 30.9.2013 RM'000	Audited As at 31.12.2012 RM'000
Before deducting proposed dividends:		
Core capital ratio	#	#
Solvency ratio	20.308%	31.164%
After deducting proposed dividends:		
Core capital ratio	#	#
Solvency ratio	20.308%	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 30.9.2013 RM'000	Audited As at 31.12.2012 RM'000
Before deducting proposed dividends:		
Core capital ratio	34.076%	26.595%
Risk-weighted capital adequacy ratio	34.076%	26.595%
After deducting proposed dividends:		
Core capital ratio	34.076%	26.595%
Risk-weighted capital adequacy ratio	34.076%	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.



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	Group	
	Unaudited	Audited
	As at	As at
	<u>30.9.2013</u>	<u>31.12.2012</u>
	RM'000	RM'000
A28. Operations of Islamic Banking		
(a) Statements of Financial Position as at 30 September 2013		
ASSETS		
Cash and short-term funds	2,443,580	3,094,540
Deposits and placements with banks and other financial institutions	1,412,567	1,988,635
Financial assets held-for-trading	624,006	439,382
Financial investments AFS	2,567,941	2,463,371
Financial investments held-to-maturity	2,198,642	2,332,615
Financing and advances	18,434,118	15,999,574
Other assets	36,542	67,462
Statutory deposits	785,000	718,423
Deferred tax assets	9,123	981
Property, plant and equipment	14,827	13,221
Intangible assets	8,776	9,832
Total assets	<u>28,535,122</u>	<u>27,128,036</u>
LIABILITIES		
Deposits from customers	19,417,911	18,656,721
Deposits and placements of banks and other financial institutions	2,152,833	2,506,090
Bills and acceptances payable	28,489	21,613
Recourse obligation financing sold to Cagamas	1,348,482	1,462,521
Other liabilities	164,763	118,237
Tax liabilities	17,546	29,919
Total liabilities	<u>23,130,024</u>	<u>22,795,101</u>
Islamic Banking Funds	5,405,098	4,332,935
Total liabilities and Islamic Banking Funds	<u>28,535,122</u>	<u>27,128,036</u>
Commitments and contingencies	<u>4,492,693</u>	<u>4,885,609</u>



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	3rd quarter ended		Nine months ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	RM'000	RM'000	RM'000	RM'000
A28. Operations of Islamic Banking (continued)				
(b) Income Statements for the nine months ended 30 September 2013				
Group				
Income derived from investment of depositors' funds	277,965	273,634	819,962	765,288
Income derived from investment of shareholder's funds	30,459	20,071	84,230	55,650
Allowance for impairment on financing and advances	(6,709)	(5,690)	(37,509)	(53,352)
Impairment losses on other assets	-	-	(701)	-
Profit equalisation reserve	-	-	-	7,252
Total distributable income	301,715	288,015	865,982	774,838
Income attributable to depositors	(157,353)	(166,983)	(475,136)	(477,698)
Total net income	144,362	121,032	390,846	297,140
Personnel expenses	(19,764)	(19,102)	(58,655)	(53,046)
Other overheads and expenditures	(35,300)	(31,030)	(104,963)	(84,109)
Profit before taxation	89,298	70,900	227,228	159,985
Taxation	(22,791)	(14,928)	(38,809)	(38,508)
Net profit for the financial period	66,507	55,972	188,419	121,477



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	3rd quarter ended		Nine months ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	RM'000	RM'000	RM'000	RM'000
A28. Operations of Islamic Banking (continued)				
(c) Statements of Comprehensive Income for the nine months ended 30 September 2013				
Group				
Net profit for the financial period	66,507	55,972	188,419	121,477
Other comprehensive income:				
(i) Items that will be reclassified subsequently to profit or loss				
- Unrealised net (loss)/gain on revaluation of financial investments AFS	(18,828)	(1,506)	(31,052)	15,320
- Net transfer to income statements on disposal or impairment of financial investments AFS	3,637	(6,763)	(3,796)	(14,114)
Income tax relating to components of other comprehensive loss/(gain)	3,797	2,067	8,711	(302)
Other comprehensive (loss)/gain, net of tax, for the financial period	(11,394)	(6,201)	(26,137)	905
Total comprehensive income for the financial period	55,113	49,771	162,282	122,382



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	Group	
	Unaudited	Audited
	As at	As at
	30.9.2013	31.12.2012
	RM'000	RM'000
A28. Operations of Islamic Banking (continued)		
(d) Financing and Advances		
At amortised cost		
Cashline	169,604	151,526
Term financing		
- Housing financing	4,210,502	3,471,369
- Syndicated term financing	446,203	384,584
- Hire purchase receivables	5,001,196	4,416,398
- Other term financing	6,126,334	5,833,269
Bills receivable	714,395	852,323
Trust receipts	40,282	21,299
Staff financing	7,491	8,125
Credit card receivables	174,690	120,899
Revolving financing	1,788,868	1,006,569
Gross financing and advances	18,679,565	16,266,361
Less: Allowance for impaired financing and advances		
- Individual impairment allowance	(85,686)	(89,013)
- Collective impairment allowance	(159,761)	(177,774)
Net financing and advances	18,434,118	15,999,574



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	Group	
	Unaudited	Audited
	As at	As at
	30.9.2013	31.12.2012
	RM'000	RM'000
A28. Operations of Islamic Banking (continued)		
(d) Financing and Advances (continued)		
(i) Movements in impaired financing and advances		
Balance as at the beginning of the financial period/year	409,064	560,617
Classified as impaired	315,481	377,761
Reclassified as non-impaired	(226,040)	(277,209)
Amount recovered	(53,492)	(114,629)
Amount written off	(49,218)	(137,476)
Balance as at the end of the financial period/year	395,795	409,064
(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 (written back)/made	(39)	67,920
Amount written off	(6,637)	(108,708)
Reclassified from/(to) collective impairment allowance	3,349	(923)
Balance as at the end of the financial period/year	85,686	89,013
<u>Collective impairment allowance</u>		
Balance as at the beginning of the financial period/year	177,774	196,436
Net allowance made/(written back)	13,735	(487)
Amount written off	(28,399)	(19,098)
Reclassified (to)/from individual impairment allowance	(3,349)	923
Balance as at the end of the financial period/year	159,761	177,774



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	Group	
	Unaudited	Audited
	As at	As at
	30.9.2013	31.12.2012
	RM'000	RM'000
A28. Operations of Islamic Banking (continued)		
(e) Other Assets		
Deposits and prepayments	1,084	249
Sundry deposits debtors	1,213	1,243
Other debtors	34,245	65,970
	<u>36,542</u>	<u>67,462</u>
(f) Deposits from Customers		
<u>Non-Mudharabah Funds</u>		
Demand deposits	1,952,528	1,830,203
Savings deposits	741,582	716,821
Commodity Murabahah	3,731,374	2,631,890
Wakalah money market deposits	3,830	28,264
	<u>6,429,314</u>	<u>5,207,178</u>
<u>Mudharabah Funds</u>		
Demand deposits	484,256	480,301
Savings deposits	120,361	54,425
General investment accounts	905,266	2,132,920
Special investment accounts	11,478,714	10,781,897
	<u>19,417,911</u>	<u>18,656,721</u>



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B1. Review of Group Results

(a) Current Financial Year vs Previous Financial Year

For the nine months ended 30 September 2013, the Group reported a net profit of RM1.33 billion, 3.6% lower than a year ago. The lower earnings was attributable to higher impairment allowance for loans and higher other operating expenses, partly offset by higher net operating income.

Total revenue grew 25.0% year-on-year to RM4.33 billion. The increase was on the back of a 13.9% loans growth year-on-year to RM121.4 billion as at 30 September 2013 and broad-based non-interest income growth.

Other operating income recorded a strong growth of 60.7% year-on-year to reach RM1.49 billion, underpinned by higher brokerage income, wealth management related fee income, higher capital market-related fee income and higher foreign exchange gain.

The Group's other operating income to total income ratio rose to 34.4% from 26.8% recorded in the previous year corresponding period due mainly to the reinvigorated franchise and businesses of the merged RHB Investment Bank.

Islamic Banking income increased by 22.4% to RM429.1 million, driven mainly by higher net funding income on the back of a 17.1% increase in financing base to RM18.7 billion from a year ago.

Other operating expenses rose 41.3% 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, as well as higher commission and incentive compensation linked to stronger business volume. Consequently, cost to income ratio increased to 51.5% from 45.5% a year ago.

Allowance for impairment on loans and financing for the nine months ended 30 September 2013 increased to RM329.3 million from RM51.2 million recorded a year ago. This increase was primarily the result of lower bad debts recovered 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 RM187.7 billion as at 30 September 2013. Shareholders' equity strengthened to RM16.4 billion with net assets per share improved to RM6.47 against RM6.06 as at 31 December 2012.

Gross loans increased by an annualised rate of 11.9% for the first nine months of the year to reach RM121.4 billion, primarily for working capital, purchases of residential, purchase of securities and other purposes.

Customer deposits declined marginally by 1.1% to RM136.7 billion for the nine months to 30 September 2013. However, CASA (Current and Savings Account) balances increased by 4.0% to RM30.6 billion. CASA composition improved to 22.4% from 21.3% as at December 2012.

The Group's gross impaired loans ratio improved to 2.92% as at 30 September 2013.

Liquidity position remained healthy with loans to deposits ratio stood at 88.9% as at September 2013.

Performance by Operating Segment

Corporate and Investment Banking

Segment profit was lower by 28.6% to RM416.9 million. The lower profit was mainly attributable to higher impairment allowances on loans, advances and financing and higher overhead expenses. This was partially offset by higher revenue by 82.9% to RM1.2 billion upon merger with OSKIB.

Retail Banking

Segment profit for Retail Banking segment was higher by 3.4% to RM727.6 million, mainly due to higher net interest income, higher underwriting surplus, higher investment income and lower impairment allowances on loans and advances. This was partially offset by higher overhead expenses.



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B1. Review of Group Results (continued)

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

Performance by Operating Segment

Business Banking

Segment profit was lower by 21.8% to RM231.1 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 8.2% to RM334.1 million, mainly attributable to impairment write back on other assets, higher other operating income, partly offset by higher overhead expenses.

Islamic Banking Business

Segment profit was higher by 71.7% to RM132.8 million, mainly attributable to lower allowances for impairment on financing, higher fee income and higher net funding income, partly offset by higher overhead expenses.

Global Financial Banking

Segment profit was higher by 4.6% to RM51.4 million, mainly attributable to higher net interest income, higher net foreign exchange gain, higher fee income and higher trading income. This was partially offset by higher overhead expenses and higher allowances on impairment on loans.

B2. Current Quarter vs Previous Quarter

For the third quarter ended 30 September 2013, the Group recorded a pre-tax profit of RM739.8 million, 33.6% higher as compared to RM553.7 million recorded in the second quarter of 2013. The higher pre-tax profit was mainly due to lower impairment allowances for loans and higher other operating income. This was, however, partially offset by higher other operating expenses and higher impairment loss on other assets.

B3. Prospects for Financial Year 2013

The global backdrop is turning more positive, with the US and Japan on a recovery path while Europe is stabilising, and China's slowdown is bottoming out. This will likely improve the country's exports for the rest of the year 2013.

The Malaysian Banking sector outlook is expected to continue its moderate growth in line with a stable domestic operating environment, with system wide sound asset quality, strong capitalisation and funding profiles.

Following the above, the Group's business performance is expected to improve further given our enhanced geographical footprint. Our continued effort in strengthening our human capital bench strength has begun to yield good results.

We are determined to build on this momentum and barring unforeseen circumstances, the Group expects performance for the remainder of the financial year to be satisfactory.

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

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



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B5. Taxation

	3rd quarter ended		Nine months ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	RM'000	RM'000	RM'000	RM'000
Group				
Income tax based on profit for the financial period				
- Malaysian income tax	168,497	220,491	415,282	529,757
- Overseas tax	2,689	152	8,308	1,259
Deferred tax	6,567	(11,548)	18,305	(9,136)
	<u>177,753</u>	<u>209,095</u>	<u>441,895</u>	<u>521,880</u>
(Over)/under provision in respect of prior years	(2,807)	(56,807)	(1,972)	(76,317)
	<u>174,946</u>	<u>152,288</u>	<u>439,923</u>	<u>445,563</u>

The effective tax rate of the Group for the third quarter and nine months ended 30 September 2013 was lower than the statutory tax rate mainly due to certain income not subject to tax.

	3rd quarter ended		Nine months ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	RM'000	RM'000	RM'000	RM'000
Company				
Income tax based on profit for the financial period				
- Malaysian income tax	(1,407)	47,021	11,312	158,321
Deferred tax	(233)	(283)	(797)	(673)
	<u>(1,640)</u>	<u>46,738</u>	<u>10,515</u>	<u>157,648</u>

The effective tax rate of the Company for the nine months ended 30 September 2013 was lower than the statutory tax rate mainly due to certain income not subject to tax.



**RHB CAPITAL BERHAD (312952 – H)
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B6. Status of Corporate Proposals

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

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

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

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

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

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

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

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

As announced on 22 April 2010, Bursa Malaysia Securities Berhad ('Bursa Securities') had, vide its letter dated 20 April 2010, approved the listing and quotation of new ordinary shares of RM1.00 each in the Company, up to the gross proceeds of approximately RM1.3 billion, to be issued pursuant to the Proposed Rights Issue subject to the condition as stated therein. Bursa Securities had further, on 9 May 2011, granted the Company an extension of time until 19 October 2011 to complete the implementation of the Proposed Rights Issue. Bursa Securities had on 21 October 2011, granted the Company a further extension of time of six (6) months from 20 October 2011 until 19 April 2012 to complete the implementation of the Proposed Rights Issue. As at 19 April 2012, the necessary regulatory approvals for the Proposed Acquisition are still pending and hence, given that the Proposed Rights Issue is conditional upon the Proposed Acquisition, the Company has not been able to implement the Proposed Rights Issue. Bursa Securities' approval for the extension of time of up to 19 April 2012 to complete the implementation of the Proposed Rights Issue thus lapsed on the same day. The Company will, amongst others, resubmit an application to Bursa Securities for the implementation of the Proposed Rights Issue upon obtaining the necessary regulatory approvals for the Proposed Acquisition.



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B6. Status of Corporate Proposals (continued)

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

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

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

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

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

On 21 December 2011, RHB Investment Bank, on behalf of the Company, announced that RHB Bank and the Vendor had on 16 December 2011, by way of exchange of letters, mutually agreed to further extend the period to satisfy or waive the conditions precedent of the CSPA for the Proposed Acquisition to 29 February 2012. On 24 February 2012, RHB Bank and the Vendor had mutually agreed to further extend such period to 30 June 2012. Both parties had subsequently, on 29 June 2012, mutually agreed to further extend such period to 30 November 2012. On 30 November 2012, both parties had mutually agreed to further extend such period to 31 January 2013.

On 31 January 2013, RHB Investment Bank had, on behalf of the Company, announced that RHB Bank had, on 30 January 2013, entered into an amended agreement to the CSPA ('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 on 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. Furtherance thereto, on 27 September 2013, RHB Bank and the Vendor had mutually agreed to extend such period to 31 December 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 nine months ended 30 September 2013. The Proposed 40% Acquisition is expected to contribute positively to the future revenue and earnings of the Group.



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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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B6. Status of Corporate Proposals (continued)

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

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

<u>Commencement Date of Member's Voluntary Winding-Up</u>	<u>Name of Subsidiaries</u>
(i) 16 February 2011	(1) Utama Gilang Sdn Bhd (2) RHB Delta Sdn Bhd (3) RHB Marketing Services Sdn Bhd
(ii) 28 March 2012	(1) KYB Sdn Bhd (2) KYF Sdn Bhd (3) SSSB Services (Melaka) Sdn Bhd (4) RHB Unit Trust Management 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 30 August 2013, the Board of Directors of the Company ('Board') had declared a single-tier interim dividend of 6% in respect of the financial year ending 31 December 2013 ('Interim Dividend'). The Board had also determined that the existing DRP as mentioned above shall apply to the said Final Dividend.

The Company had on 3 September 2013, submitted an application to Bursa Securities in respect of the listing of and quotation for up to 22,702,905 new RHB Capital Shares pursuant to the DRP on the main market of Bursa Securities ('Listing Application').

On 25 September 2013, RHB Investment Bank, on behalf of the Company, announced that Bursa Securities had vide its letter dated 24 September 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 DRP;
- (ii) RHB Capital and its adviser to inform Bursa Securities upon the completion of the DRP; and
- (iii) RHB Capital to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the DRP is completed.



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B6. Status of Corporate Proposals (continued)

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

On 30 September 2013, the issue price of the new RHB Capital Shares to be issued pursuant to the DRP has been fixed at RM7.02 per new RHB Capital Share. On even date, the book closure date pursuant to the Interim Dividend and the DRP has been fixed for 14 October 2013. The new RHB Capital Shares arising from the DRP will be listed on the Main Market of Bursa Securities on 14 November 2013.

On 7 November 2013, RHB Investment Bank, on behalf of the Company, announced that RHB Capital would be issuing 15,536,071 new RHB Capital shares, representing 71.83% of the total number of 21,628,907 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 Interim Dividend into new RHB Capital shares.

The Company had, on 13 November 2013, issued and allotted 15,536,071 new RHB Capital shares pursuant to the DRP. Upon the listing and quotation of the said new RHB Capital shares on the Main Market of Bursa Securities on 14 November 2013, the DRP was completed. The enlarged issued and paid-up share capital of RHB Capital is 2,546,909,962 RHB Capital shares. An announcement pertaining thereto was released by RHB Investment Bank, on behalf of the Company, on even date.

(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.

As of todate, RHB Investment Bank has yet to issue any part of the MCMTN Programme.

(e) Establishment of RHB Bank (Lao) Limited

As announced by the Company on 14 November 2013, RHB Bank had on 11 November 2013 formally received the temporary approval letter dated 29 October 2013 granted by the Governor of the Bank of Lao People's Democratic Republic ('Lao PDR') for the establishment of RHB Bank (Lao) Limited ('RHB Bank Lao'). The incorporation of RHB Bank (Lao) shall commence in due course to fulfill its performance obligations (including the applications to the relevant regulators in Lao PDR) within 6 months from the date of the temporary approval for a consideration of a permanent approval to operate in Laos. The temporary approval is valid until 28 April 2014.



RHB CAPITAL BERHAD (312952 – H)
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B7. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings and Senior Debt Securities, Subordinated Obligations and Hybrid Tier-1 Capital Securities

	Group	
	Unaudited	Audited
	As at	As at
	30.9.2013	31.12.2012
	RM'000	RM'000
(a) Deposits from customers and placements of banks and other financial institutions		
Deposits from customers		
- one year or less	136,215,040	137,307,256
- more than one year	452,442	916,969
	<u>136,667,482</u>	<u>138,224,225</u>
Deposits and placements of banks and other financial institutions		
- one year or less	12,272,338	12,402,697
- more than one year	946,455	1,047,432
	<u>13,218,793</u>	<u>13,450,129</u>
	Group	
	Unaudited	Audited
	As at	As at
	30.9.2013	31.12.2012
	RM'000	RM'000
(b) Borrowings and Senior Debt Securities		
<u>Borrowings</u>		
Unsecured:		
Revolving credits - Ringgit Malaysia	714,885	633,146
Revolving credits - United States Dollar	-	76,756
Revolving credits - Hong Kong Dollar	-	42,551
Overdrafts	-	70
Term loans - Ringgit Malaysia	1,151,444	1,151,503
Term loan - United States Dollar	588,061	632,778
Term loan - Singapore Dollar	268,562	69,834
Term loans - Hong Kong Dollar	68,357	-
Term loans - Indonesia Rupiah	93,954	-
RM1.1 billion 7 years Commercial Papers/Medium Term Notes	1,045,921	1,036,266
<u>Senior debt securities</u>		
USD300 million 3.25% Senior Debt Securities due in 2017	984,291	915,246
USD200 million 3.25% Senior Debt Securities due in 2017	666,320	593,782
	<u>5,581,795</u>	<u>5,151,932</u>
Schedule repayment of borrowings and senior debt securities:		
Within one year	2,421,517	1,036,557
One year to three years	1,262,346	2,280,691
Three years to five years	1,808,337	1,700,896
Over five years	89,595	133,788
	<u>5,581,795</u>	<u>5,151,932</u>



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

	Company	
	Unaudited	Audited
	As at 30.9.2013	As at 31.12.2012
	RM'000	RM'000
(b) Borrowings and Senior Debt Securities (continued)		
<u>Borrowings</u>		
Unsecured:		
Revolving credits - Ringgit Malaysia	651,633	653,847
Overdrafts	-	70
Term loans - Ringgit Malaysia	1,413,367	1,416,251
RM1.1 billion 7 years Commercial Papers/Medium Term Notes	1,045,993	1,036,266
	<u>3,110,993</u>	<u>3,106,434</u>
Schedule repayment of borrowings:		
Within one year	2,060,993	1,050,434
One year to three years	1,050,000	2,056,000
	<u>3,110,993</u>	<u>3,106,434</u>



RHB CAPITAL BERHAD (312952 – H)
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B7. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings, Subordinated Obligations and Hybrid Tier-1 Capital Securities (continued)

	Group	
	Unaudited As at 30.9.2013 RM'000	Audited As at 31.12.2012 RM'000
(c) Subordinated obligations		
5.50% RM700 million Tier II Subordinated Notes 2007/2022	713,079	703,375
5.50% RM45 million Tier II Subordinated Notes 2008/2018	-	45,482
5.00% RM700 million Tier II Subordinated Notes 2010/2020	714,863	706,137
5.60% RM300 million Tier II Subordinated Notes 2010/2025	307,134	302,946
4.25% RM250 million Tier II Subordinated Notes 2011/2021	253,613	250,741
4.30% RM750 million Tier II Subordinated Notes 2012/2022	762,252	753,984
4.40% RM1,300 million Tier II Subordinated Notes 2012/2022	1,318,332	1,303,735
4.40% RM245 million Tier II Subordinated Notes 2012/2022	248,337	245,650
7.50% RM100 million Tier II Subordinated Notes 2008/2018	-	103,420
7.25% RM125 million Tier II Subordinated Notes 2010/2020	129,370	127,110
7.15% RM75 million Tier II Subordinated Notes 2010/2020	76,866	75,529
5.20% RM100 million Tier II Subordinated Notes 2011/2021	102,387	101,112
	4,626,233	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 30.9.2013 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	368,039	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	229,411	225,624
	597,450	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)
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B8. Derivative Financial Instruments

Details of derivative financial instruments outstanding are as follows:

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

<u>Group</u>	Unaudited As at 30.9.2013			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 type						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- forwards/swaps	12,315,747	132,364	82,644	10,272,838	54,324	87,114
- options	332,089	1,455	1,355	101,189	120	97
- cross-currency	7,593,106	100,253	72,675	5,605,359	92,075	53,254
Subtotal	<u>20,240,942</u>	<u>234,072</u>	<u>156,674</u>	<u>15,979,386</u>	<u>146,519</u>	<u>140,465</u>
OTC derivative - options and structure products	-	-	-	38,719	56	-
	-	-	-	38,719	56	-
Equity related contracts						
- options	1,531	-	52	-	-	-
Subtotal	<u>1,531</u>	<u>-</u>	<u>52</u>	<u>-</u>	<u>-</u>	<u>-</u>
Interest rate related contracts						
- futures	48,248	76	93	-	-	-
- swaps	26,459,295	154,003	112,542	22,681,847	128,866	155,636
Subtotal	<u>26,507,543</u>	<u>154,079</u>	<u>112,635</u>	<u>22,681,847</u>	<u>128,866</u>	<u>155,636</u>
Structured warrants	23,476	-	14,812	60,464	-	14,352
	<u>23,476</u>	<u>-</u>	<u>14,812</u>	<u>60,464</u>	<u>-</u>	<u>14,352</u>
<u>Hedging Derivatives:</u>						
Interest rate related contracts						
- swaps	1,060,000	-	4,876	1,860,000	-	9,910
Subtotal	<u>1,060,000</u>	<u>-</u>	<u>4,876</u>	<u>1,860,000</u>	<u>-</u>	<u>9,910</u>
Total	<u>47,833,492</u>	<u>388,151</u>	<u>289,049</u>	<u>40,620,416</u>	<u>275,441</u>	<u>320,363</u>



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B8. Derivative Financial Instruments (continued)

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

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

<u>Group</u>	Unaudited As at 30.9.2013			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	11,854,925	120,822	77,126	10,766,174	54,862	87,147
- 1 year to 3 years	2,442,271	17,077	12,962	1,074,657	7,872	9,444
- More than 3 years	5,943,746	96,173	66,586	4,138,555	83,785	43,874
Subtotal	20,240,942	234,072	156,674	15,979,386	146,519	140,465
Interest rate related contracts						
- Less than 1 year	5,841,268	18,403	7,262	7,928,637	23,149	21,404
- 1 year to 3 years	7,229,522	35,210	36,018	5,183,720	34,954	32,682
- More than 3 years	13,436,753	100,466	69,355	9,569,490	70,763	101,550
Subtotal	26,507,543	154,079	112,635	22,681,847	128,866	155,636
OTC derivative - options and structure products						
- Less than 1 year	-	-	-	38,719	56	-
	-	-	-	38,719	56	-
Equity related contracts						
- options						
- Less than 1 year	1,531	-	52	-	-	-
Subtotal	1,531	-	52	-	-	-
Structured warrants						
- Less than 1 year	23,476	-	14,812	60,464	-	14,352
	23,476	-	14,812	60,464	-	14,352
<u>Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than 1 year	400,000	-	1,200	800,000	-	1,265
- 1 year to 3 years	660,000	-	3,676	1,060,000	-	8,645
Subtotal	1,060,000	-	4,876	1,860,000	-	9,910
Total	47,833,492	388,151	289,049	40,620,416	275,441	320,363



**RHB CAPITAL BERHAD (312952 – H)
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FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the income statements over the period to maturity. The adjustment to the carrying amount of a hedged equity security remains in retained earnings until the disposal of the equity security.

(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).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statements. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statements.

(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.



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B9. Fair Value of Financial Instruments

The Group analyses its financial instruments measured at fair value into three categories as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

The table below analyses financial instruments carried at fair value analysed by level within the fair value hierarchy:

Group	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Unaudited				
30.9.2013				
Recurring fair value measurements				
<u>Financial assets</u>				
Financial investments held-for-trading:	228,408	2,609,022	33,295	2,870,725
- Money market instruments	-	2,081,091	-	2,081,091
- Quoted securities	228,408	-	-	228,408
- Unquoted securities	-	527,931	33,295	561,226
Financial investments available-for-sale:	472,121	16,384,045	763,030	17,619,196
- Money market instruments	-	6,447,313	-	6,447,313
- Quoted securities	32,328	-	-	32,328
- Unquoted securities	439,793	9,936,732	763,030	11,139,555
Derivative assets	-	388,151	-	388,151
- Money market instruments	-	388,151	-	388,151
	<u>700,529</u>	<u>19,381,218</u>	<u>796,325</u>	<u>20,878,072</u>
<u>Financial liabilities</u>				
Derivative liabilities	<u>14,812</u>	<u>274,237</u>	<u>-</u>	<u>289,049</u>

Group	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Audited				
31.12.2012				
Recurring fair value measurements				
<u>Financial assets</u>				
Financial assets HFT:	219,285	2,520,365	-	2,739,650
- Money market instruments	-	1,662,004	-	1,662,004
- Quoted securities	219,285	-	-	219,285
- Unquoted securities	-	858,361	-	858,361
Financial investments AFS:	389,968	14,135,346	629,617	15,154,931
- Money market instruments	-	5,517,443	-	5,517,443
- Quoted securities	45,116	-	-	45,116
- Unquoted securities	344,852	8,617,903	629,617	9,592,372
Derivative assets	-	275,441	-	275,441
- Money market instruments	-	275,441	-	275,441
	<u>609,253</u>	<u>16,931,152</u>	<u>629,617</u>	<u>18,170,022</u>
<u>Financial liabilities</u>				
Derivative liabilities	<u>14,352</u>	<u>306,011</u>	<u>-</u>	<u>320,363</u>



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B9. Fair Value of Financial Instruments (Continued)

Valuation techniques and sensitivity analysis

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include quoted securities and unit trusts.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group then determines fair value based upon valuation techniques that market parameters including but not limited to yield curves, volatilities and foreign exchange rates as inputs. The majority of valuation techniques employ only observable market data. These would include certain bonds, government bonds, corporate debt securities and derivatives.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). This category includes unquoted shares held for socio economic reasons and unquoted corporate loan stocks. Fair values for shares held for socio economic reasons are based on the net tangible assets of the affected companies. For unquoted corporate loan stocks, discounted cash flow analysis have been performed to determine the recoverability of the instruments, in accordance with the Group's impairment losses policy.

Sensitivity analysis is not performed on these level 3 instruments and fair values of such instruments are obtained from the techniques mentioned above.

Current year valuation methodologies were consistent with those disclosed in the audited financial statements for the financial year ended 31 December 2012.

Non-recurring fair value changes

Certain assets and liabilities are measured at fair value on a non-recurring basis; that is, they are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances. There were no non-recurring fair value changes for the financial period/year ended 30 September 2013 and 31 December 2012.

Reconciliation of movements in Level 3 financial instruments

The following represents the changes in Level 3 instruments for the financial period/year ended 30 September 2013 and 31 December 2012 for the Group:

	Financial assets HFT		Financial investments AFS	
	30.9.2013 RM'000	31.12.2012 RM'000	30.9.2013 RM'000	31.12.2012 RM'000
Group				
Balance as at the beginning of the financial period/year	-	-	629,617	555,594
Arising from acquisition of a subsidiary	-	-	-	38,363
Total gains or losses recognised in other comprehensive income	(8,550)	-	110,752	(32,091)
Purchases	-	-	45,851	68,946
Settlements	-	-	(22,872)	(49,039)
Sales	-	-	-	(23,057)
Reversal of impairment losses	-	-	(14,621)	(6,783)
Transferred from Level 2	41,845	-	9,821	77,754
Exchange differences	-	-	4,482	(70)
Balance as at the end of the financial period/year	<u>33,295</u>	<u>-</u>	<u>763,030</u>	<u>629,617</u>



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B10. 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 30.9.2013		
	Realised Profits/ (Losses) RM'000	Unrealised Profits RM'000	Total RM'000
Operating subsidiaries	6,365,531	415,789	6,781,320
Dormant subsidiaries*	(7,925,863)	-	(7,925,863)
Total retained profits/(losses) of the Group	(1,560,332)	415,789	(1,144,543)
Total share of retained profits from associates and joint ventures	4,233	-	4,233
	(1,556,099)	415,789	(1,140,310)
Less: Consolidation adjustments			6,231,455
Total Group retained profits			<u>5,091,145</u>

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			<u>4,386,948</u>

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



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B10. 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 30.9.2013 RM'000	Audited As at 31.12.2012 RM'000
Total retained profits of the Company:		
- Realised profits	670,552	891,991
- Unrealised profits	1,819	1,022
Total Company retained profits	672,371	893,013

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

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

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



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B11. 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.

On 12 September 2013, the Company announced that CBSB had on 4 September 2013 withdrawn their application for leave to appeal to the Federal Court against the decision of the Court of Appeal dated 17 January 2013 with no order as to costs. Pursuant to the withdrawal of the leave application, the litigation is now fully disposed off and the matter brought to an end.



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B12. Dividends

No dividend has been proposed for the third quarter ended 30 September 2013.

B13. Earnings per Share

	3rd quarter ended		Nine months ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
Basic/diluted earnings per share				
Profit attributable to equity holders of the Company (RM'000)	<u>559,146</u>	<u>487,482</u>	<u>1,326,673</u>	<u>1,376,878</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,518,851</u>	<u>2,235,764</u>	<u>2,502,512</u>	<u>2,217,355</u>
Basic earnings per share (sen)	<u>22.2</u>	<u>21.8</u>	<u>53.0</u>	<u>62.1</u>

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 nine months ended 30 September 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 proposed 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 RM7.02 per new RHB Capital Shares as disclosed in B6(c). 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 nine months ended 30 September 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 nine months ended 30 September 2013.

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

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
(License No. LS0006901)

Company Secretary
29 November 2013