



RHB Capital Berhad 312952-H
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RHB CAPITAL BERHAD (312952-H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2014

	Note	1st quarter ended		Three months ended	
		31 March 2014	31 March 2013	31 March 2014	31 March 2013
		RM'000	RM'000	RM'000	RM'000
Group					
Interest income	A8	1,754,843	1,683,405	1,754,843	1,683,405
Interest expense	A9	(935,930)	(904,575)	(935,930)	(904,575)
Net interest income		818,913	778,830	818,913	778,830
Other operating income	A10	497,671	449,723	497,671	449,723
		1,316,584	1,228,553	1,316,584	1,228,553
Net income from Islamic Banking business		151,749	133,691	151,749	133,691
Net income		1,468,333	1,362,244	1,468,333	1,362,244
Other operating expenses	A11	(788,641)	(717,706)	(788,641)	(717,706)
Operating profit before allowances		679,692	644,538	679,692	644,538
Allowance for impairment on loans, financing and other losses	A12	(54,209)	(154,867)	(54,209)	(154,867)
Impairment losses written back on other assets		11,908	4,283	11,908	4,283
		637,391	493,954	637,391	493,954
Share of results of associates		(55)	219	(55)	219
Share of results of joint ventures		72	112	72	112
Profit before taxation		637,408	494,285	637,408	494,285
Taxation	B5	(183,937)	(130,480)	(183,937)	(130,480)
Net profit for the financial period		453,471	363,805	453,471	363,805
Attributable to:					
- Equity holders of the Company		450,691	357,194	450,691	357,194
- Non-controlling interests		2,780	6,611	2,780	6,611
		453,471	363,805	453,471	363,805
Earnings per share (sen)					
- Basic	B12	17.7	14.3	17.7	14.3
- Diluted	B12	17.7	14.3	17.7	14.3

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.



RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2014

	1st quarter ended		Three months ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period	453,471	363,805	453,471	363,805
Other comprehensive income/(loss) in respect of:				
(i) Items that will not be reclassified to profit or loss:				
- Actuarial losses on defined benefit plan of subsidiaries	(2,797)	-	(2,797)	-
(ii) Items that will be reclassified subsequently to profit or loss:				
- Currency translation differences	14,624	34,133	14,624	34,133
- Unrealised net (loss)/gain on revaluation of financial investments available-for-sale ('AFS')	(16,881)	28,115	(16,881)	28,115
- Net transfer to income statements on disposal or impairment of financial investments AFS	3,238	(13,489)	3,238	(13,489)
Income tax relating to components of other comprehensive loss/(income)	1,940	(3,281)	1,940	(3,281)
Other comprehensive income, net of tax, for the financial period	124	45,478	124	45,478
Total comprehensive income for the financial period	453,595	409,283	453,595	409,283
Total comprehensive income attributable to:				
- Equity holders of the Company	455,161	403,164	455,161	403,164
- Non-controlling interests	(1,566)	6,119	(1,566)	6,119
	453,595	409,283	453,595	409,283

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.



**RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2014**

	Note	1st quarter ended		Three months ended	
		31 March 2014	31 March 2013	31 March 2014	31 March 2013
<u>Company</u>		RM'000	RM'000	RM'000	RM'000
Interest income	A8	55	362	55	362
Interest expense	A9	(29,878)	(32,665)	(29,878)	(32,665)
Net interest expense		<u>(29,823)</u>	<u>(32,303)</u>	<u>(29,823)</u>	<u>(32,303)</u>
Other operating (loss)/income	A10	(68)	387	(68)	387
Net loss		<u>(29,891)</u>	<u>(31,916)</u>	<u>(29,891)</u>	<u>(31,916)</u>
Other operating expenses	A11	(10,808)	(14,816)	(10,808)	(14,816)
Loss before taxation		<u>(40,699)</u>	<u>(46,732)</u>	<u>(40,699)</u>	<u>(46,732)</u>
Taxation	B5	(493)	8,000	(493)	8,000
Net loss for the financial period		<u><u>(41,192)</u></u>	<u><u>(38,732)</u></u>	<u><u>(41,192)</u></u>	<u><u>(38,732)</u></u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.



RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2014

	1st quarter ended		Three months ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	RM'000	RM'000	RM'000	RM'000
<u>Company</u>				
Net loss for the financial period	<u>(41,192)</u>	<u>(38,732)</u>	<u>(41,192)</u>	<u>(38,732)</u>
Other comprehensive income, net of tax, for the financial period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive loss, for the financial period	<u><u>(41,192)</u></u>	<u><u>(38,732)</u></u>	<u><u>(41,192)</u></u>	<u><u>(38,732)</u></u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.



RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2014

	Note	As at 31 March 2014 RM'000	As at 31 December 2013 RM'000
Group			
ASSETS			
Cash and short term funds		12,057,592	9,998,667
Securities purchased under resale agreements		231,942	184,560
Deposits and placements with banks and other financial institutions		2,515,210	2,773,314
Financial assets held-for-trading ('HFT')	A13	3,373,463	4,037,728
Financial investments available-for-sale ('AFS')	A14	17,582,467	16,930,513
Financial investments held-to-maturity ('HTM')	A15	22,126,401	22,778,009
Loans, advances and financing	A16	124,068,185	119,542,545
Clients' and brokers' balances		2,094,549	2,573,583
Reinsurance assets		275,924	260,952
Other assets	A17	1,094,288	920,739
Derivative assets	B8	364,622	459,033
Statutory deposits		4,706,176	4,171,462
Tax recoverable		160,414	148,677
Deferred tax assets		23,529	31,225
Investments in associates and joint ventures		20,957	20,949
Property, plant and equipment		1,013,914	1,020,481
Goodwill and intangible assets		5,234,514	5,237,470
TOTAL ASSETS		196,944,147	191,089,907
LIABILITIES AND EQUITY			
Deposits from customers	A18/B7(a)	143,271,570	137,741,241
Deposits and placements of banks and other financial institutions	A19/B7(a)	17,699,526	16,998,355
Obligations on securities sold under repurchase agreements		434,294	566,621
Obligations on securities borrowed		167,083	31,734
Bills and acceptances payable		2,067,434	2,076,481
Clients' and brokers' balances		1,719,387	2,315,810
General insurance contract liabilities		689,116	662,211
Other liabilities	A20	1,017,870	1,326,737
Derivative liabilities	B8	309,684	348,063
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		2,223,699	2,269,353
Tax liabilities		36,095	29,767
Deferred tax liabilities		67,505	51,814
Borrowings and senior debt securities	B7(b)	4,614,420	4,546,825
Subordinated obligations	B7(c)	4,632,678	4,580,967
Hybrid Tier-1 Capital Securities	B7(d)	597,559	601,201
TOTAL LIABILITIES		179,547,920	174,147,180
Share capital		2,546,910	2,546,910
Reserves		14,647,322	14,192,161
		17,194,232	16,739,071
Non-controlling interests		201,995	203,656
TOTAL EQUITY		17,396,227	16,942,727
TOTAL LIABILITIES AND EQUITY		196,944,147	191,089,907
COMMITMENTS AND CONTINGENCIES	A25(a)	109,794,327	100,232,255
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)		6.75	6.57

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.



RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014

	Note	As at <u>31 March 2014</u> RM'000	As at <u>31 December 2013</u> RM'000
<u>Company</u>			
ASSETS			
Cash and short term funds		5,162	16,973
Deposits and placements with banks and other financial institutions		992	983
Other assets	A17	116,049	118,478
Amounts due from subsidiaries		1,360	800
Tax recoverable		93,933	93,933
Deferred tax assets		688	1,181
Investments in subsidiaries		10,801,052	10,801,052
Property, plant and equipment		353	326
TOTAL ASSETS		<u>11,019,589</u>	<u>11,033,726</u>
LIABILITIES AND EQUITY			
Other liabilities	A20	3,736	6,244
Amounts due to subsidiaries		6,595	8,960
Borrowings	B7(b)	2,968,528	2,936,600
Total liabilities		<u>2,978,859</u>	<u>2,951,804</u>
Share capital		2,546,910	2,546,910
Reserves		5,493,820	5,535,012
TOTAL EQUITY		<u>8,040,730</u>	<u>8,081,922</u>
TOTAL LIABILITIES AND EQUITY		<u>11,019,589</u>	<u>11,033,726</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.



RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2014

	Attributable to equity holders of the Company							Non-controlling Interests	Total Equity	
	Share Capital	Share Premium	Statutory Reserve	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 2014	2,546,910	4,888,541	3,577,647	28,196	122,389	12,211	5,563,177	16,739,071	203,656	16,942,727
Net profit for the financial period	-	-	-	-	-	-	450,691	450,691	2,780	453,471
Currency translation differences	-	-	-	-	-	14,723	(6)	14,717	(93)	14,624
Financial investments AFS										
- Unrealised net loss on revaluation	-	-	-	-	(12,633)	-	-	(12,633)	(4,248)	(16,881)
- Net transfer to income statements on disposal or impairment	-	-	-	-	3,238	-	-	3,238	-	3,238
Actuarial losses on defined benefit plan of subsidiaries	-	-	-	-	-	-	(2,770)	(2,770)	(27)	(2,797)
Income tax relating to components of other comprehensive loss	-	-	-	-	1,918	-	-	1,918	22	1,940
Other comprehensive income/(loss), net of tax, for the financial period	-	-	-	-	(7,477)	14,723	(2,776)	4,470	(4,346)	124
Total comprehensive income/(loss) for the financial period	-	-	-	-	(7,477)	14,723	447,915	455,161	(1,566)	453,595
Acquisition of additional shares from non-controlling interests	-	-	-	-	-	-	-	-	(95)	(95)
Reclassification of reserves upon disposal of subsidiary	-	-	-	-	-	1,708	(1,708)	-	-	-
Balance as at 31 March 2014	2,546,910	4,888,541	3,577,647	28,196	114,912	28,642	6,009,384	17,194,232	201,995	17,396,227

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.



RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2014

	Attributable to equity holders of the Company							Non-controlling Interests	Total Equity	
	Share Capital	Share Premium	Statutory Reserve	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	-	-	-	-	-	-	357,194	357,194	6,611	363,805
Currency translation differences	-	-	-	-	-	34,604	-	34,604	(471)	34,133
Financial investments AFS										
- Unrealised net gain/(loss) on revaluation	-	-	-	-	28,136	-	-	28,136	(21)	28,115
- Net transfer to income statements on disposal or impairment	-	-	-	-	(13,489)	-	-	(13,489)	-	(13,489)
Income tax relating to components of other comprehensive income	-	-	-	-	(3,281)	-	-	(3,281)	-	(3,281)
Other comprehensive income/(loss), net of tax, for the financial period	-	-	-	-	11,366	34,604	-	45,970	(492)	45,478
Total comprehensive income for the financial period	-	-	-	-	11,366	34,604	357,194	403,164	6,119	409,283
Accretion on deemed disposal of interest in an associate	-	-	-	-	-	-	31	31	-	31
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(9,185)	(9,185)
Balance as at 31 March 2013	2,494,208	4,548,602	3,494,397	28,196	245,703	(34,869)	4,744,173	15,520,410	220,199	15,740,609

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.



**RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2014**

	<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 2014	2,546,910	4,888,541	646,471	8,081,922
Net profit for the financial period	-	-	(41,192)	(41,192)
Balance as at 31 March 2014	<u><u>2,546,910</u></u>	<u><u>4,888,541</u></u>	<u><u>605,279</u></u>	<u><u>8,040,730</u></u>
Balance as at 1 January 2013	2,494,208	4,548,602	893,013	7,935,823
Net profit for the financial period	-	-	(38,732)	(38,732)
Balance as at 31 March 2013	<u><u>2,494,208</u></u>	<u><u>4,548,602</u></u>	<u><u>854,281</u></u>	<u><u>7,897,091</u></u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.



RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2014

	Three months ended	
	31 March 2014	31 March 2013
	RM'000	RM'000
Group		
Cash flows from operating activities		
Profit before taxation	637,408	494,285
Adjustments for:		
Allowance for impairment on loans, financing and other losses	142,570	212,903
Property, plant and equipment		
- Depreciation	28,485	28,316
- Gain on disposal	(5)	(17)
- Written off	1	64
Amortisation of intangible assets	18,311	10,652
Net impairment written back on financial investments AFS and HTM	(11,903)	(4,192)
Share of results of associates and joint ventures	(17)	(331)
Net gain arising from sale/redemption of financial assets HFT, financial investments AFS and HTM	(21,714)	(30,622)
Net unrealised loss/(gain) on revaluation of financial assets HFT and derivatives	55,239	(55,027)
Unrealised net foreign exchange loss/(gain)	29,024	(38,663)
Gross dividend income from financial assets HFT, financial investments AFS and HTM	(7,687)	(4,676)
Other non-cash items	(377,401)	(322,679)
Operating profit before working capital changes	<u>492,311</u>	<u>290,013</u>
Increase in operating assets:		
Securities purchased under resale agreements	(47,603)	162,927
Deposits and placements with banks and other financial institutions	258,004	(776,882)
Financial assets HFT	701,555	(705,481)
Loans, advances and financing	(4,676,888)	(2,181,700)
Clients' and brokers' balances	479,034	(483,406)
Other assets	(194,899)	(237)
Statutory deposits	(535,213)	(405,981)
	<u>(4,016,010)</u>	<u>(4,390,760)</u>
Increase/(decrease) in operating liabilities:		
Deposits from customers	5,540,125	(3,007,824)
Deposits and placements with banks and other financial institutions	702,760	(2,465,589)
Obligations on securities sold under repurchase agreements	(132,327)	(24,699)
Obligations on securities borrowed	135,349	(39,823)
Bills and acceptances payable	(9,035)	123,613
Clients' and brokers' balances	(596,423)	451,371
Other liabilities	(176,095)	97,024
Recourse obligation on loans sold to Cagamas	(45,654)	(42,887)
	<u>5,418,700</u>	<u>(4,908,814)</u>
Cash generated from/(used in) operations	1,895,001	(9,009,561)
Net tax paid	(158,232)	(177,834)
Net cash generated from/(used in) operating activities	<u>1,736,769</u>	<u>(9,187,395)</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.



**RHB CAPITAL BERHAD (312952 – H)
 INTERIM FINANCIAL STATEMENTS
 UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
 FOR THE THREE MONTHS ENDED 31 MARCH 2014**

	Three months ended	
	<u>31 March 2014</u>	<u>31 March 2013</u>
	RM'000	RM'000
Group		
Cash flows from investing activities		
Net purchase of financial investments AFS and HTM	24,975	449,747
Property, plant and equipment:		
- Purchase	(21,615)	(17,924)
- Proceeds from disposal	107	253
Purchase of intangible assets	(15,724)	(10,483)
Financial investments AFS and HTM:		
- Interest received	289,412	199,581
- Investment income received	36,356	31,969
Dividend income received from financial assets HFT and financial investments AFS	7,687	4,659
Net cash generated from investing activities	<u>321,198</u>	<u>657,802</u>
Cash flows from financing activities		
Drawdown of borrowings	254,371	295,528
Repayment of borrowings	(271,347)	(215,497)
Dividends paid to non-controlling interests	-	(9,185)
Net cash (used in)/generated from financing activities	<u>(16,976)</u>	<u>70,846</u>
Net increase/(decrease) in cash and cash equivalents	2,040,991	(8,458,747)
Effects of exchange rate differences	17,934	49,279
Cash and cash equivalents		
- at the beginning of the financial year	<u>9,998,667</u>	<u>23,973,950</u>
- at the end of the financial year	<u>12,057,592</u>	<u>15,564,482</u>
Cash and cash equivalents comprise the following:		
Cash and short term funds	12,057,592	15,564,563
Overdrafts	-	(81)
	<u>12,057,592</u>	<u>15,564,482</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.



RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2014

	Three months ended	
	31 March 2014	31 March 2013
	RM'000	RM'000
Company		
Cash flows from operating activities		
Loss before taxation	(40,699)	(46,732)
Adjustments for:		
Interest expense	29,878	32,665
Unrealised foreign exchange loss/(gain)	68	(387)
Property, plant and equipment		
- Depreciation	48	63
Interest income	(55)	(362)
Operating loss before working capital changes	(10,760)	(14,753)
Increase in deposits and placements with banks and other financial institutions	(9)	(8)
(Increase)/decrease in inter-company balances	(2,993)	11,879
Decrease in other assets	210	2,060
(Decrease)/increase in other liabilities	(2,507)	6,571
Net cash (used in)/generated from operating activities	(16,059)	5,749
Cash flows from investing activities		
Dividend income received from subsidiaries	-	471
Interest income received	55	260
Purchase of property, plant and equipment	(75)	(14)
Net cash (used in)/generated from investing activities	(20)	717
Cash flows from financing activities		
Drawdown of borrowings	22,000	-
Repayment of borrowings	-	(10,150)
Interest expense paid	(17,732)	(21,543)
Net cash generated from/(used in) financing activities	4,268	(31,693)
Net decrease in cash and cash equivalents	(11,811)	(25,227)
Cash and cash equivalents		
- at the beginning of the financial period	16,973	36,177
- at the end of the financial period	5,162	10,950
Cash and cash equivalents comprise the following:		
Cash and short term funds	5,162	11,031
Overdrafts	-	(81)
	5,162	10,950

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2014**

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 2013.

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 2013, 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 2014:

Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities
Amendments to MFR 132	Offsetting Financial Assets and Financial Liabilities
Amendments to MFR 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFR 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

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

A2. Auditors' Report

The auditors' report for the financial year ended 31 December 2013 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 three months ended 31 March 2014.

A5. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the three months ended 31 March 2014.

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 period under review.

A7. Dividends Paid

No dividend has been paid during the three months ended 31 March 2014.



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2014

	1st quarter ended		Three months ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	RM'000	RM'000	RM'000	RM'000
A8. Interest Income				
Group				
Loans and advances	1,372,917	1,287,667	1,372,917	1,287,667
Money at call and deposits and placements with banks and other financial institutions	48,302	115,669	48,302	115,669
Securities purchased under resale agreements	48	729	48	729
Financial assets HFT	10,466	12,990	10,466	12,990
Financial investments AFS	128,604	105,581	128,604	105,581
Financial investments HTM	193,896	157,270	193,896	157,270
Others	610	3,499	610	3,499
	1,754,843	1,683,405	1,754,843	1,683,405
Of which:				
Interest income accrued on impaired loans and advances	45,897	41,381	45,897	41,381
Company				
Money at call and deposits and placements with banks and other financial institutions	55	259	55	259
Others	-	103	-	103
	55	362	55	362



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	1st quarter ended		Three months ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	RM'000	RM'000	RM'000	RM'000
A9. Interest Expense				
<u>Group</u>				
Deposits and placements of banks and other financial institutions	59,115	55,790	59,115	55,790
Deposits from customers	748,128	712,487	748,128	712,487
Borrowings and senior debt securities	38,826	45,364	38,826	45,364
Subordinated obligations	51,711	57,065	51,711	57,065
Hybrid Tier-1 Capital Securities	11,118	11,112	11,118	11,112
Recourse obligation on loans sold to Cagamas	10,523	10,765	10,523	10,765
Others	16,509	11,992	16,509	11,992
	<u>935,930</u>	<u>904,575</u>	<u>935,930</u>	<u>904,575</u>
<u>Company</u>				
Borrowings	<u>29,878</u>	<u>32,665</u>	<u>29,878</u>	<u>32,665</u>



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	1st quarter ended		Three months ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income				
Group				
Fee income				
- Service charges and fees	65,781	47,048	65,781	47,048
- Commission	39,885	31,274	39,885	31,274
- Guarantee fees	23,379	9,687	23,379	9,687
- Commitment fees	14,079	11,619	14,079	11,619
- Net brokerage income	84,643	90,585	84,643	90,585
- Fund management fees	24,680	20,841	24,680	20,841
- Unit trust fee income	11,482	29,016	11,482	29,016
- Corporate advisory fees	6,763	13,245	6,763	13,245
- Underwriting and arrangement fees	20,768	12,834	20,768	12,834
- Other fee income	31,219	9,639	31,219	9,639
	322,679	275,788	322,679	275,788
Net gain arising from financial assets HFT				
- Net gain on disposal	20,836	14,310	20,836	14,310
- Unrealised net gain on revaluation	3,459	3,181	3,459	3,181
- Gross dividend income	1,763	1,346	1,763	1,346
	26,058	18,837	26,058	18,837
Net gain on revaluation of derivatives	2,704	2,351	2,704	2,351
Net gain on fair value hedges	1,158	215	1,158	215
Net gain arising from financial investments AFS				
- Net (loss)/gain on disposal	(751)	12,099	(751)	12,099
- Gross dividend income	5,924	3,330	5,924	3,330
	5,173	15,429	5,173	15,429
Net gain arising from financial investments HTM				
- Net gain on redemption	42	10	42	10
	42	10	42	10



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	1st quarter ended		Three months ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income (continued)				
Other income				
- Foreign exchange gain/(loss)				
- Realised	104,098	54,414	104,098	54,414
- Unrealised	(29,024)	38,663	(29,024)	38,663
- Insurance underwriting surplus before management expenses	36,233	23,473	36,233	23,473
- Net gain on disposal of property, plant and equipment	5	17	5	17
- Rental income	461	911	461	911
- Net loss on disposal of a subsidiary	(247)	-	(247)	-
- Other operating income	26,605	17,389	26,605	17,389
- Other non-operating income	1,726	2,226	1,726	2,226
	<u>139,857</u>	<u>137,093</u>	<u>139,857</u>	<u>137,093</u>
	<u>497,671</u>	<u>449,723</u>	<u>497,671</u>	<u>449,723</u>
Company				
Other income				
- Unrealised foreign exchange (loss)/gain	(68)	387	(68)	387



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	1st quarter ended		Three months ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses				
Group				
Personnel costs				
- Salaries, bonus, wages and allowances	385,970	342,185	385,970	342,185
- Defined contribution plan	53,459	47,407	53,459	47,407
- Other staff related costs	34,947	29,094	34,947	29,094
	474,376	418,686	474,376	418,686
Establishment costs				
- Property, plant and equipment				
- Depreciation	28,485	28,316	28,485	28,316
- Written off	1	64	1	64
- Intangible assets				
- Amortisation	18,311	10,652	18,311	10,652
- Information technology expenses	30,505	30,259	30,505	30,259
- Repair and maintenance	8,910	9,026	8,910	9,026
- Security and escorting charges	10,279	10,686	10,279	10,686
- Rental of premises	36,698	33,545	36,698	33,545
- Water and electricity	8,883	7,740	8,883	7,740
- Rental of equipment	2,440	2,912	2,440	2,912
- Insurance	6,696	4,386	6,696	4,386
- Others	4,515	3,206	4,515	3,206
	155,723	140,792	155,723	140,792
Marketing expenses				
- Sales commission	23,943	36,090	23,943	36,090
- Advertisements and publicity	14,692	11,341	14,692	11,341
- Others	29,601	32,528	29,601	32,528
	68,236	79,959	68,236	79,959
Administration and general expenses				
- Communication expenses	40,173	38,705	40,173	38,705
- Legal and professional fee	7,971	9,436	7,971	9,436
- Others	42,162	30,128	42,162	30,128
	90,306	78,269	90,306	78,269
	788,641	717,706	788,641	717,706



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	1st quarter ended		Three months ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses (continued)				
<u>Company</u>				
Personnel costs				
- Salaries, bonus, wages and allowances	7,254	5,735	7,254	5,735
- Defined contribution plan	938	885	938	885
- Other staff related costs	512	267	512	267
	8,704	6,887	8,704	6,887
Establishment costs				
- Rental of premises	214	294	214	294
- Depreciation of property, plant and equipment	48	63	48	63
- Information technology expenses	1	4	1	4
- Repair and maintenance	29	38	29	38
- Security and escorting charges	9	9	9	9
- Rental of equipment	-	3	-	3
- Water and electricity	26	18	26	18
- Insurance	-	2	-	2
	327	431	327	431
Marketing expenses				
- Advertisements and publicity	461	167	461	167
- Others	76	58	76	58
	537	225	537	225
Administration and general expenses				
- Communication expenses	86	77	86	77
- Legal and professional fee	897	6,958	897	6,958
- Others	257	238	257	238
	1,240	7,273	1,240	7,273
	10,808	14,816	10,808	14,816



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	1st quarter ended		Three months ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	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	7,049	79,014	7,049	79,014
- Collective impairment allowance made	90,476	99,746	90,476	99,746
Impaired loans and financing recovered	(88,361)	(58,036)	(88,361)	(58,036)
Bad debts written off	47,900	31,849	47,900	31,849
Allowance made for impairment on other assets	(2,855)	2,294	(2,855)	2,294
	<u>54,209</u>	<u>154,867</u>	<u>54,209</u>	<u>154,867</u>



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	Group	
	As at 31 March 2014	As at 31 December 2013
	RM'000	RM'000
A13. Financial Assets Held-for-trading		
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian Government Securities	388,078	498,989
Malaysian Government Investment Issues	285,691	266,950
Bank Negara Malaysia ('BNM') Monetary Notes	794,340	1,151,172
Negotiable instruments of deposits	-	198,686
Cagamas bonds	39,996	-
Singapore Government Treasury Bills	479,021	466,438
Thailand Treasury Bills	14,247	6,372
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Shares, exchange traded funds and warrants	185,063	178,224
Unit trusts	62,920	3,323
Private debt securities	2,620	2,707
Outside Malaysia		
Shares, exchange traded funds and warrants	102,628	59,352
Unit trusts	24,195	34,008
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	692,864	816,024
Outside Malaysia		
Private debt securities	301,800	355,483
	<u>3,373,463</u>	<u>4,037,728</u>

Included in financial assets HFT are private debt securities outside Malaysia, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM64,661,000 (31 December 2013: RM200,296,000).



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

In 2008, the Group reclassified a portion of their financial assets HFT into financial investments AFS and financial investments 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 31 March 2014 were as follows:

	Group	
	As at	As at
	31 March 2014	31 December 2013
	RM'000	RM'000
<u>Carrying amount</u>		
Reclassified from financial assets HFT to financial investments AFS	29,948	31,214
Reclassified from financial assets HFT to financial investments HTM	19,968	19,786
	49,916	51,000
<u>Fair value</u>		
Reclassified from financial assets HFT to financial investments AFS	29,532	30,798
Reclassified from financial assets HFT to financial investments HTM	20,754	20,711
	50,286	51,509
Fair value gains that would have been recognised if the financial assets HFT had not been reclassified	370	509



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	Group	
	As at 31 March 2014 RM'000	As at 31 December 2013 RM'000
A14. Financial Investments Available-for-sale		
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian Government Securities	1,010,270	1,051,413
Malaysian Government Investment Issues	2,173,445	2,078,025
Cagamas Bonds	130,981	130,468
Khazanah bonds	55,891	63,654
1 Malaysia Sukuk	317,519	318,010
Wakala Global Sukuk	116,762	153,099
Bankers' acceptances and Islamic acceptable bills	324,829	378,121
Negotiable instruments of deposits	285,597	503,046
Sukuk Perumahan Kerajaan ('SPK') bonds	116,080	114,212
Singapore Government Securities	147,921	136,433
Singapore Government Treasury Bills	453,158	272,185
Thailand Government bonds	97,395	96,341
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Corporate loan stocks	2,729	1,495
Shares and warrants	6,754	31,374
Unit trusts	5,624	5,571
Outside Malaysia		
Shares and warrants	1,275	1,332
Unit trusts	26,855	4,081
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private and Islamic debt securities	11,517,595	10,546,051
Shares and warrants	545,611	540,941
Corporate loan stocks	308,473	294,689
Prasarana bonds	19,382	19,816
Perpetual notes/Sukuk	-	286,149
Outside Malaysia		
Private and Islamic debt securities	372,433	360,082
Corporate loan stocks	2,085	2,093
Shares	23,960	34,375
	18,062,624	17,423,056
Accumulated impairment losses	(480,157)	(492,543)
	17,582,467	16,930,513

Included in financial investments AFS are private and Islamic debt securities, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM240,826,000 (31 December 2013: RM260,231,000).



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	Group	
	As at 31 March 2014 RM'000	As at 31 December 2013 RM'000
A15. Financial Investments Held-to-maturity		
At amortised cost		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian Government Securities	2,628,526	2,639,090
Malaysian Government Investment Issues	6,611,936	6,833,778
Cagamas bonds	2,472,447	2,495,181
Khazanah bonds	98,551	79,176
Negotiable instruments of deposits	1,845,771	2,449,025
Bankers' acceptances and Islamic acceptable bills	2,699	33,634
Wakala Global Sukuk	231,777	234,800
SPK bonds	111,276	111,202
Singapore Government Securities	182,116	183,686
Thailand Government Securities	304,432	293,052
Sukuk (Brunei) Incorporation	36,269	38,897
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private and Islamic debt securities	6,929,092	6,724,212
Corporate loan stocks	41,331	43,292
Bonds	883	883
Prasarana bonds	826,902	822,555
Outside Malaysia		
Private and Islamic debt securities	69,766	70,063
	<u>22,393,774</u>	<u>23,052,526</u>
Accumulated impairment losses	(267,373)	(274,517)
	<u><u>22,126,401</u></u>	<u><u>22,778,009</u></u>

Included in financial investments HTM are private and Islamic debt securities, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM169,811,000 (31 December 2013: RM168,571,000).



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	Group	
	As at 31 March 2014 RM'000	As at 31 December 2013 RM'000
A16. Loans, Advances and Financing		
At amortised cost		
Overdrafts	6,073,135	5,990,867
Term loans/financing		
- Housing loans/financing	26,792,253	25,375,496
- Syndicated term loans/financing	4,336,321	3,974,387
- Hire purchase receivables	13,011,292	13,052,001
- Lease receivables	43,293	70,174
- Other term loans/financing	57,352,499	55,620,652
Bills receivable	2,420,690	2,561,904
Trust receipts	527,895	523,804
Claims on customers under acceptance credits	4,399,054	4,327,803
Staff loans/financing	242,082	252,240
Credit card receivables	1,971,333	2,004,163
Revolving credits/financing	9,119,349	7,999,405
Gross loans, advances and financing	<u>126,289,196</u>	<u>121,752,896</u>
Fair value changes arising from fair value hedges	(24,091)	(26,697)
	<u>126,265,105</u>	<u>121,726,199</u>
Allowance for impaired loans, advances and financing		
- Individual impairment allowance	(904,122)	(903,388)
- Collective impairment allowance	(1,292,798)	(1,280,266)
Net loans, advances and financing	<u><u>124,068,185</u></u>	<u><u>119,542,545</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 RM2,159,923,000 (31 December 2013: RM2,405,777,000).



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	Group	
	As at 31 March 2014 RM'000	As at 31 December 2013 RM'000
A16. Loans, Advances and Financing (continued)		
(a) By type of customer		
Domestic non-bank financial institutions		
- Others	2,019,370	2,716,376
Domestic business enterprises		
- Small and medium enterprises	12,668,377	12,432,608
- Others	34,304,443	31,997,072
Government and statutory bodies	8,452,585	8,476,645
Individuals	57,273,728	55,093,448
Other domestic entities	122,773	126,933
Foreign entities	11,447,920	10,909,814
	126,289,196	121,752,896
(b) By geographical distribution		
Malaysia	113,883,342	110,010,249
Labuan Offshore	3,652,211	3,399,433
Singapore	7,213,696	6,861,280
Thailand	695,402	749,899
Brunei	97,210	94,029
Indonesia	30,373	20,639
Hong Kong	195,362	148,102
Cambodia	521,600	469,265
	126,289,196	121,752,896
(c) By interest/profit rate sensitivity		
Fixed rate		
- Housing loans/financing	1,139,581	1,021,668
- Hire purchase receivables	13,011,292	13,052,001
- Other fixed rate loans/financing	19,100,644	18,093,114
Variable rate		
- Base lending/financing rate plus	52,510,634	49,342,388
- Cost-plus	33,586,185	32,953,484
- Other variable rates	6,940,860	7,290,241
	126,289,196	121,752,896



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	Group	
	As at 31 March 2014 RM'000	As at 31 December 2013 RM'000
A16. Loans, Advances and Financing (continued)		
(d) By purpose		
Purchase of securities	14,034,213	13,070,551
Purchase of transport vehicles	11,877,169	11,863,407
Purchase of landed property		
- Residential	26,811,395	25,518,909
- Non-residential	7,948,611	7,448,743
Purchase of property, plant and equipment other than land and building	3,162,762	3,350,106
Personal use	7,183,736	7,193,757
Credit card	1,971,333	2,004,163
Purchase of consumer durables	30,284	31,513
Construction	3,404,105	3,121,181
Working capital	29,833,144	29,096,506
Merger and acquisition	3,279,640	3,215,709
Other purpose	16,752,804	15,838,351
	<u>126,289,196</u>	<u>121,752,896</u>
(e) By remaining contractual maturities		
Maturity within one year	45,963,299	43,226,153
One year to three years	8,301,596	9,751,531
Three years to five years	10,030,013	10,125,124
Over five years	61,994,288	58,650,088
	<u>126,289,196</u>	<u>121,752,896</u>



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	Group	
	As at	As at
	<u>31 March 2014</u>	<u>31 December 2013</u>
	RM'000	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	3,426,629	3,337,637
Classified as impaired	794,391	4,122,777
Reclassified as non-impaired	(642,185)	(2,645,660)
Amount recovered	(234,862)	(782,440)
Amount written off	(133,122)	(614,408)
Exchange differences	(396)	8,723
Balance as at the end of the financial period/year	<u>3,210,455</u>	<u>3,426,629</u>

	Group	
	As at	As at
	<u>31 March 2014</u>	<u>31 December 2013</u>
	RM'000	RM'000
(ii) By purpose		
Purchase of securities	108,485	161,957
Purchase of transport vehicles	214,361	218,392
Purchase of landed property		
- Residential	794,515	876,201
- Non-residential	94,916	99,639
Purchase of property, plant and equipment other than land and building	38,086	45,211
Personal use	148,532	150,366
Credit card	43,025	41,330
Purchase of consumer durables	1,417	1,724
Construction	118,215	125,127
Working capital	1,477,223	1,536,514
Other purpose	171,680	170,168
	<u>3,210,455</u>	<u>3,426,629</u>



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	Group	
	As at 31 March 2014 RM'000	As at 31 December 2013 RM'000
A16. Loans, Advances and Financing (continued)		
(f) Impaired loans, advances and financing (continued)		
(iii) By geographical distribution		
Malaysia	3,027,571	3,252,442
Labuan Offshore	50,333	49,901
Singapore	93,858	85,600
Thailand	16,138	16,025
Brunei	8,361	8,536
Cambodia	14,194	14,125
	3,210,455	3,426,629

	Group	
	As at 31 March 2014 RM'000	As at 31 December 2013 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	903,388	801,495
Net allowance made	7,049	297,254
Amount written off	(2,553)	(203,000)
Reclassified (to)/from collective impairment allowance	(3,485)	2,509
Exchange differences	(277)	5,130
Balance as at the end of the financial period/year	904,122	903,388
<u>Collective impairment allowance</u>		
Balance as at the beginning of the financial period/year	1,280,266	1,401,946
Net allowance made	90,476	194,069
Amount written off	(81,292)	(316,200)
Reclassified from/(to) individual impairment allowance	3,485	(2,509)
Exchange differences	(137)	2,960
Balance as at the end of the financial period/year	1,292,798	1,280,266



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	Group	
	As at	As at
	<u>31 March 2014</u>	<u>31 December 2013</u>
	RM'000	RM'000
A17. Other Assets		
Other debtors	655,760	624,877
Deposits	87,915	89,432
Prepayments	69,013	61,000
Amount due from reverse repo transactions	169,085	32,915
Deposits for proposed acquisition of PT Bank Mestika Dharma (refer to Note B6(a))	112,515	112,515
	<u>1,094,288</u>	<u>920,739</u>

	Company	
	As at	As at
	<u>31 March 2014</u>	<u>31 December 2013</u>
	RM'000	RM'000
Other debtors	2,422	2,339
Prepayments	1,112	3,624
Deposits for proposed acquisition of PT Bank Mestika Dharma (refer to Note B6(a))	112,515	112,515
	<u>116,049</u>	<u>118,478</u>



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	Group	
	As at 31 March 2014 RM'000	As at 31 December 2013 RM'000
A18. Deposits from Customers		
(a) By type of deposits		
Demand deposits	25,823,851	24,572,177
Savings deposits	7,909,477	7,532,754
Fixed/investment deposits	109,495,365	105,594,645
Negotiable instruments of deposits	42,877	41,665
	<u>143,271,570</u>	<u>137,741,241</u>
(b) By type of customer		
Government and statutory bodies	13,337,024	11,940,337
Business enterprises	84,322,659	82,779,114
Individuals	40,417,424	38,461,412
Others	5,194,463	4,560,378
	<u>143,271,570</u>	<u>137,741,241</u>
(c) By maturity structure of fixed/investment deposits and negotiable instruments of deposits		
Due within six months	88,202,275	92,955,781
Six months to one year	20,728,485	12,212,827
One year to three years	576,415	438,629
Three years to five years	30,922	29,073
Over five years	145	-
	<u>109,538,242</u>	<u>105,636,310</u>
A19. Deposits and Placements of Banks and Other Financial Institutions		
Licensed banks	10,477,436	10,564,885
Licensed Islamic banks	391,582	609,614
Licensed investment banks	924,748	362,348
BNM	800,048	826,123
Other financial institutions	5,105,712	4,635,385
	<u>17,699,526</u>	<u>16,998,355</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. The Group has determined its management committee as its chief operating decision-maker.

In line with the Group's internal management reporting framework and re-alignment of the Group management structure, the operations of Islamic Banking Business is now under the purview and responsibility of Corporate and Investment Banking ('CIB'), Retail Banking and Business Banking segment. Thus, the operating results and financial position of such businesses are now reported under CIB, Retail Banking and Business Banking segment respectively. Previously, its was reported under Islamic Banking Business segment.

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

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 ('CIB')

CIB caters to funding or lending needs of corporate customers including public listed corporations and its related entities, multinational corporations (including Japanese), financial institutions and Government and state owned entities. Included under Corporate Banking are offshore banking activities carried out by RHB Bank (L) Ltd whose borrowings 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, and wholesale clients.

(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.



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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)

(e) Group International Business

Group International Business 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.

(f) 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 Three Months Ended 31 March 2014

	CIB	Retail Banking	Business Banking	Group Treasury	Group International Business	Support Center and Others	Inter-segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	468,782	618,677	219,797	112,587	90,933	(42,443)	-	1,468,333
Inter-segment revenue	12,345	1,728	-	4,510	(5,454)	1,800	(14,929)	-
Segment revenue	<u>481,127</u>	<u>620,405</u>	<u>219,797</u>	<u>117,097</u>	<u>85,479</u>	<u>(40,643)</u>	<u>(14,929)</u>	<u>1,468,333</u>
Other operating expenses	(248,522)	(323,913)	(103,926)	(28,895)	(67,612)	(30,702)	14,929	(788,641)
Including:								
Depreciation of property, plant and equipment	(5,953)	(16,574)	(1,581)	(627)	(2,101)	(1,649)	-	(28,485)
Amortisation of intangible assets	(6,231)	(6,892)	(2,583)	(2,000)	(605)	-	-	(18,311)
Allowance for impairment on loans, financing and other losses	(18,061)	(40,784)	6,245	-	(2,005)	396	-	(54,209)
Impairment losses written back on other assets	9,609	21	623	1,650	5	-	-	11,908
	<u>224,153</u>	<u>255,729</u>	<u>122,739</u>	<u>89,852</u>	<u>15,867</u>	<u>(70,949)</u>	<u>-</u>	<u>637,391</u>
Share of results of associates								(55)
Share of results of joint ventures								72
Profit before taxation								<u>637,408</u>
Taxation								<u>(183,937)</u>
Net profit for the financial period								<u><u>453,471</u></u>



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A21. Segment Information (continued)

Segment Profit and Loss for the Three Months Ended 31 March 2013

	CIB	Retail Banking	Business Banking	Group Treasury	Group International Business	Support Center and Others	Inter-segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	404,930	579,205	184,723	151,839	74,994	(33,447)	-	1,362,244
Inter-segment revenue	1,276	3,248	-	4,109	895	7,326	(16,854)	-
Segment revenue	406,206	582,453	184,723	155,948	75,889	(26,121)	(16,854)	1,362,244
Other operating expenses	(233,918)	(297,211)	(86,471)	(23,175)	(58,686)	(35,099)	16,854	(717,706)
Including:								
Depreciation of property, plant and equipment	(6,447)	(15,826)	(1,641)	(1,159)	(1,600)	(1,643)	-	(28,316)
Amortisation of intangible assets	(3,042)	(4,385)	(1,985)	(774)	(466)	-	-	(10,652)
Change in allowance for impairment on loans, financing and other losses	(109,935)	(41,328)	(2,778)	-	(1,412)	586	-	(154,867)
Impairment losses written back on other assets	3,490	91	702	-	-	-	-	4,283
	65,843	244,005	96,176	132,773	15,791	(60,634)	-	493,954
Share of results of associates								219
Share of results of joint ventures								112
Profit before taxation								494,285
Taxation								(130,480)
Net profit for the financial period								<u>363,805</u>



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A21. Segment Reporting (continued)

Segment Assets as at 31 March 2014

	CIB	Retail Banking	Business Banking	Group Treasury	Group International Business	Support Center and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	50,184,751	60,916,986	16,549,201	49,686,636	17,065,944	646,821	195,050,339
Investments in associates and joint ventures							20,957
Tax recoverable							160,414
Deferred tax assets							23,529
Unallocated assets							1,688,908
Total assets							<u>196,944,147</u>
Segment liabilities	31,374,292	41,908,811	11,819,923	63,524,514	13,835,983	5,711,686	168,175,209
Tax liabilities							36,095
Deferred tax liabilities							67,505
Borrowings and senior debt securities							4,614,420
Subordinated obligations							4,632,678
Hybrid Tier-1 Capital Securities							597,559
Unallocated liabilities							1,424,454
Total liabilities							<u>179,547,920</u>



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A21. Segment Information (continued)

Segment Assets as at 31 December 2013

	CIB	Retail Banking	Business Banking	Group Treasury	Group International Business	Support Center and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	48,337,466	59,162,237	16,162,419	49,514,075	15,706,504	597,206	189,479,907
Investments in associates and joint ventures							20,949
Tax recoverable							148,677
Deferred tax assets							31,225
Unallocated assets							1,409,149
Total assets							191,089,907
Segment liabilities	30,492,105	41,530,299	11,897,733	60,541,429	12,536,052	5,559,403	162,557,021
Tax liabilities							29,767
Deferred tax liabilities							51,814
Borrowings and senior debt securities							4,546,825
Subordinated obligations							4,580,967
Hybrid Tier-1 Capital Securities							601,201
Unallocated liabilities							1,779,585
Total liabilities							174,147,180



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A22. Valuation of Property, Plant and Equipment

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

A23. Material Events Subsequent to the Balance Sheet Date

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

A24. Changes in Composition of the Group

There were no significant changes in the composition of the Group for the three months ended 31 March 2014, except for the disposal of the entire equity interest in RD RHB OSK Indonesia Dynamic Resources Plus Fund by RHB Investment Bank Berhad ('RHB Investment Bank') for a cash consideration of RM6.5 million.



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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:

<u>Group</u>	<u>As at 31 March 2014</u>			<u>As at 31 December 2013</u>		
	<u>Principal</u>	<u>Credit</u>	<u>Risk</u>	<u>Principal</u>	<u>Credit</u>	<u>Risk</u>
	<u>amount</u>	<u>equivalent</u>	<u>weighted</u>	<u>amount</u>	<u>equivalent</u>	<u>weighted</u>
	<u>RM'000</u>	<u>amount*</u>	<u>amount</u>	<u>RM'000</u>	<u>amount*</u>	<u>amount</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Direct credit substitutes	4,106,173	4,073,239	2,257,686	3,738,396	3,705,381	2,144,445
Transaction-related contingent items	3,181,519	1,567,428	1,144,769	3,035,866	1,524,593	995,458
Short term self-liquidating trade-related contingencies	1,813,972	360,560	213,515	1,567,318	311,555	175,489
Obligations under underwriting agreements	76,000	38,000	38,000	343,648	171,824	123,356
Irrevocable commitments to extend credit						
- maturity not exceeding one year	12,842,894	6,492,477	4,702,332	12,531,458	6,181,453	4,611,035
- maturity exceeding one year	33,358,665	16,211,297	11,839,143	30,827,639	15,207,203	10,671,666
Foreign exchange related contracts^						
- less than one year	15,116,253	272,800	171,750	11,477,071	257,638	199,534
- one year to less than five years	8,891,305	1,279,599	456,284	8,496,637	1,259,794	461,462
Interest rate related contracts^						
- less than one year	4,836,986	9,058	2,638	4,780,460	10,730	4,364
- one year to less than five years	23,515,299	695,359	229,943	21,957,869	674,566	265,257
- more than five years	2,055,261	127,628	39,593	1,475,893	103,342	38,207
	<u>109,794,327</u>	<u>31,127,445</u>	<u>21,095,653</u>	<u>100,232,255</u>	<u>29,408,079</u>	<u>19,690,273</u>

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

^ 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.



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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 Risk Weighted Capital Adequacy Framework: Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

The commercial banking subsidiary, RHB Bank Berhad ('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 operations in Thailand.



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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

	As at 31 March 2014	As at 31 December 2013
	RM'000	RM'000
Group		
Corporate guarantee in favour of client's trading facilities granted by a subsidiary	68,000	68,000
Company		
Corporate guarantee provided to licensed banks for credit facilities granted to subsidiaries	130,580	327,742
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	129,525	129,680
	328,105	525,422

The Company has given a continuing guarantee to Labuan Offshore Financial Services Authority ('LOFSA') to meet the liabilities and financial obligations and requirements of its subsidiary, OSK Investment Bank (Labuan) Limited ('OSKL'), arising from its offshore investment banking business in the Federal Territory of Labuan. The said corporate guarantee is still applicable as at 31 March 2014 and will only be terminated upon the surrender of the offshore investment banking business following the transfer of the entire business, assets and liabilities of OSKL to RHB Bank (L) Ltd.

A26. Capital Commitments

	Group	
	As at 31 March 2014	As at 31 December 2013
	RM'000	RM'000
Capital expenditure for property, plant and equipment:		
- authorised and contracted for	78,732	52,638
- authorised but not contracted for	193,760	215,323
	272,492	267,961
Proposed acquisition of PT Bank Mestika Dharma (refer to Note B6(a))	538,620	538,620
	811,112	806,581



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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.

RHB Indochina Bank Limited ('RHB Indochina Bank'), a wholly owned subsidiary of RHB Bank is subject to National Bank of Cambodia's capital adequacy requirements.

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

	RHB Bank[®]	
	31 March 2014	31 December 2013
	RM'000	RM'000
Common Equity Tier 1 ("CET 1")/Tier I Capital		
Paid-up ordinary share capital	3,318,085	3,318,085
Share premium	8,563	8,563
Retained profits	5,424,998	5,424,998
Other reserves	3,494,665	3,492,002
AFS reserves	180,404	179,873
	12,426,715	12,423,521
Less:		
Goodwill	(905,519)	(905,519)
Intangible assets (include associated deferred tax liabilities) instruments	(114,619)	(109,845)
	(99,222)	(98,930)
Shortfall of eligible provisions to expected losses under the IRB approach	(253,109)	(280,768)
Investments in subsidiaries***	(307,999)	-
Other deductions#	(15,597)	(17,374)
Total CET 1 Capital	10,730,650	11,011,085
Hybrid Tier-I Capital Securities*	480,000	540,000
Total Tier I Capital	11,210,650	11,551,085
Tier II Capital		
Subordinated obligations**	3,200,000	3,600,000
Collective impairment allowance^	280,094	269,973
	3,480,094	3,869,973
Less:		
Investments in subsidiaries***	(1,231,998)	(1,539,997)
Total Tier II Capital	2,248,096	2,329,976
Total Capital	13,458,746	13,881,061
Capital ratios		
Before proposed dividends:		
CET I Capital Ratio	10.238%	11.103%
Tier I Capital Ratio	10.696%	11.647%
Total Capital Ratio	12.841%	13.997%
After proposed dividends:		
CET I Capital Ratio	10.238%	11.103%
Tier I Capital Ratio	10.696%	11.647%
Total Capital Ratio	12.841%	13.997%

[®] 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).

^{***} Investments in subsidiaries are subject to the gradual deduction in the calculation under CET 1 Capital effective from 1 January 2014 as prescribed under paragraph 36.15 of the BNM's Capital Adequacy Framework (Capital Components).



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A27. Capital Adequacy Ratio (continued)

	RHB Islamic Bank	
	31 March 2014	31 December 2013
	RM'000	RM'000
CET I/Tier I Capital		
Paid-up ordinary share capital	1,173,424	1,173,424
Retained profits	441,401	441,401
Other reserves	441,609	441,609
AFS reserves	(33,164)	(29,302)
	<u>2,023,270</u>	<u>2,027,132</u>
Less:		
Net deferred tax assets	(17,048)	(17,281)
Intangible assets (include associated deferred tax liabilities)	(3,129)	(5,580)
Other deductions#	-	(92)
Total CET I Capital/Total Tier I Capital	<u>2,003,093</u>	<u>2,004,179</u>
Tier II Capital		
Collective impairment allowance^	78,994	81,059
Total Tier II Capital	<u>78,994</u>	<u>81,059</u>
Total Capital	<u>2,082,087</u>	<u>2,085,238</u>
Capital ratios		
Before proposed dividends:		
CET I Capital Ratio	13.567%	13.864%
Tier I Capital Ratio	13.567%	13.864%
Total Capital Ratio	14.102%	14.424%
After proposed dividends:		
CET I Capital Ratio	13.567%	13.864%
Tier I Capital Ratio	13.567%	13.864%
Total Capital Ratio	14.102%	14.424%

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	
	31 March 2014	31 December 2013
	RM'000	RM'000
CET I/Tier I capital		
Paid-up ordinary share capital	818,646	818,646
Share premium	1,515,150	1,515,150
Retained profits	176,310	176,310
Other reserves	278,549	278,549
AFS reserves	(32,138)	(32,510)
	<u>2,756,517</u>	<u>2,756,145</u>
Less:		
Goodwill	(1,118,418)	(1,118,418)
Investments in subsidiaries***	(222,200)	-
Intangible assets (include associated deferred tax liabilities)	(41,561)	(42,967)
Securitisation exposure subject to deductions	(478)	(1,744)
Other deductions	(2,240)	(2,019)
Deferred tax assets	(3,766)	(11,382)
Reduction in excess of Tier II capital due to insufficient Tier II Capital#	(341,813)	(554,041)
Total CET I Capital/Tier I Capital	<u>1,026,041</u>	<u>1,025,574</u>
Tier II Capital		
Subordinated obligations*	539,765	545,000
Collective impairment allowance^	7,221	7,714
	<u>546,986</u>	<u>552,714</u>
Less:		
Investments in subsidiaries and associates**	(546,986)	(552,714)
Total Tier II Capital	<u>-</u>	<u>-</u>
Total Capital	<u>1,026,041</u>	<u>1,025,574</u>
Capital ratios		
Before proposed dividends:		
CET I Capital Ratio	24.835%	24.556%
Tier I Capital Ratio	24.835%	24.556%
Total Capital Ratio	24.835%	24.556%
After proposed dividends:		
CET I Capital Ratio	24.835%	24.556%
Tier I Capital Ratio	24.835%	24.556%
Total Capital Ratio	24.835%	24.556%

^ 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).

** Investments in subsidiaries are subject to the gradual deduction in the calculation under CET I Capital effective from 1 January 2014 as prescribed under paragraph 36.15 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
<u>31 March 2014</u>			
Credit risk	94,428,699	13,900,268	2,685,817
Market risk	2,627,970	60,787	795,576
Operational risk	7,753,676	803,822	649,923
Total risk-weighted assets	<u>104,810,345</u>	<u>14,764,877</u>	<u>4,131,316</u>
<u>31 December 2013</u>			
Credit risk	88,598,853	13,511,201	2,518,192
Market risk	2,899,375	160,838	1,070,638
Operational risk	7,670,991	783,884	587,482
Total risk-weighted assets	<u>99,169,219</u>	<u>14,455,923</u>	<u>4,176,312</u>

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

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

(c) **RHB Indochina Bank**

	<u>31.03.2014</u>	<u>31.12.2013</u>
	RM'000	RM'000
Before deducting proposed dividends:		
Core capital ratio	#	#
Solvency ratio	18.717%	18.987%
After deducting proposed dividends:		
Core capital ratio	#	#
Solvency ratio	18.717%	18.987%

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.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
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	Group	
	As at 31 March 2014	As at 31 December 2013
	RM'000	RM'000
A28. Operations of Islamic Banking		
(a) Unaudited Statement of Financial Position as at 31 March 2014		
ASSETS		
Cash and short-term funds	2,562,952	3,330,835
Deposits and placements with banks and other financial institutions	844,546	704,325
Financial assets HFT	81,883	793,559
Financial investments AFS	2,126,045	2,379,701
Financial investments HTM	2,176,643	2,586,660
Financing and advances	18,978,302	18,463,746
Other assets	25,597	48,131
Statutory deposits	807,000	790,000
Deferred tax assets	12,429	12,146
Property, plant and equipment	13,582	13,923
Intangible assets	7,749	10,715
Total assets	<u>27,636,728</u>	<u>29,133,741</u>
LIABILITIES		
Deposits from customers	20,044,844	21,034,100
Deposits and placements of banks and other financial institutions	1,164,084	1,604,395
Bills and acceptances payable	13,433	15,090
Recourse obligation on financing sold to Cagamas	1,268,419	1,308,332
Other liabilities	53,249	92,816
Tax liabilities	16,441	13,799
Total liabilities	<u>22,560,470</u>	<u>24,068,532</u>
Islamic Banking Funds	5,076,258	5,065,209
Total liabilities and Islamic Banking Funds	<u>27,636,728</u>	<u>29,133,741</u>
Commitments and contingencies	<u>5,107,088</u>	<u>5,539,470</u>



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	1st quarter ended		Three months ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	RM'000	RM'000	RM'000	RM'000
A28. Operations of Islamic Banking (continued)				
(b) Unaudited Income Statement for the three months ended 31 March 2014				
Group				
Income derived from investment of depositors' funds	283,073	270,820	283,073	270,820
Income derived from investment of shareholder's funds	27,375	25,912	27,375	25,912
Allowance for impairment on financing and advances	1,153	(9,102)	1,153	(9,102)
Impairment losses written back on other assets	623	-	623	-
Total distributable income	312,224	287,630	312,224	287,630
Income attributable to depositors	(158,699)	(163,041)	(158,699)	(163,041)
Total net income	153,525	124,589	153,525	124,589
Personnel expenses	(21,096)	(18,604)	(21,096)	(18,604)
Other overheads and expenditures	(38,042)	(31,152)	(38,042)	(31,152)
Profit before taxation	94,387	74,833	94,387	74,833
Taxation	(15,942)	(13,452)	(15,942)	(13,452)
Net profit for the financial period	78,445	61,381	78,445	61,381



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
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	1st quarter ended		Three months ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	RM'000	RM'000	RM'000	RM'000
A28. Operations of Islamic Banking (continued)				
(c) Unaudited Statement of Comprehensive Income for the Three Months Ended 31 March 2014				
Group				
Net profit for the financial period	<u>78,445</u>	<u>61,381</u>	<u>78,445</u>	<u>61,381</u>
Other comprehensive income:				
Items that will be reclassified subsequently to profit or loss				
- Unrealised net (loss)/gain on revaluation of financial investments AFS	(7,505)	1,123	(7,505)	1,123
- Net transfer to income statements on disposal or impairment of financial investments AFS	2,355	(2,115)	2,355	(2,115)
Income tax relating to components of other comprehensive loss	<u>1,287</u>	<u>248</u>	<u>1,287</u>	<u>248</u>
Other comprehensive loss net of tax, for the financial period	<u>(3,863)</u>	<u>(744)</u>	<u>(3,863)</u>	<u>(744)</u>
Total comprehensive income for the financial period	<u>74,582</u>	<u>60,637</u>	<u>74,582</u>	<u>60,637</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2014**

	Group	
	As at 31 March 2014 RM'000	As at 31 December 2013 RM'000
A28. Operations of Islamic Banking (continued)		
(d) Financing and Advances		
At amortised cost		
Cashline	191,432	173,543
Term financing		
- Housing financing	4,960,568	4,555,440
- Syndicated term financing	232,384	439,831
- Hire purchase receivables	4,902,345	4,921,395
- Other term financing	6,306,533	6,254,242
Bills receivable	598,340	667,633
Trust receipts	28,711	36,094
Staff financing	5,611	5,717
Credit card receivables	208,894	199,631
Revolving financing	1,789,237	1,467,692
Gross financing and advances	<u>19,224,055</u>	<u>18,721,218</u>
Less: Allowance for impaired financing and advances		
- Individual impairment allowance	(105,357)	(111,703)
- Collective impairment allowance	(140,396)	(145,769)
Net financing and advances	<u>18,978,302</u>	<u>18,463,746</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
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	Group	
	As at 31 March 2014 RM'000	As at 31 December 2013 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	431,266	409,064
Classified as impaired	96,177	474,197
Reclassified as non-impaired	(94,648)	(308,233)
Amount recovered	(19,645)	(85,391)
Amount written off	(16,143)	(58,371)
Exchange differences	(37)	-
Balance as at the end of the financial period/year	<u>396,970</u>	<u>431,266</u>
(ii) Movements in allowance for impaired financing and advances		
<u>Individual impairment allowance</u>		
Balance as at the beginning of the financial period/year	111,703	89,013
Net allowance (written back)/made	(2,861)	24,677
Amount written off	-	(6,637)
Reclassified (to)/from collective impairment allowance	(3,485)	4,650
Balance as at the end of the financial period/year	<u>105,357</u>	<u>111,703</u>
<u>Collective impairment allowance</u>		
Balance as at the beginning of the financial period/year	145,769	177,774
Net allowance (written back)/made	(17)	6,521
Amount written off	(8,841)	(33,876)
Reclassified from/(to) individual impairment allowance	3,485	(4,650)
Balance as at the end of the financial period/year	<u>140,396</u>	<u>145,769</u>



**RHB CAPITAL BERHAD (312952 – H)
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	Group	
	As at 31 March 2014 RM'000	As at 31 December 2013 RM'000
A28. Operations of Islamic Banking (continued)		
(e) Other Assets		
Deposits and prepayments	778	1,005
Sundry deposits debtors	1,218	1,213
Other debtors	23,601	45,913
	<u>25,597</u>	<u>48,131</u>
(f) Deposits from Customers		
<u>Non-Mudharabah Funds</u>		
Demand deposits	2,278,126	2,090,486
Savings deposits	834,078	779,844
Commodity Murabahah	4,067,550	3,835,078
Wakalah money market deposits	3,866	3,867
	<u>7,183,620</u>	<u>6,709,275</u>
<u>Mudharabah Funds</u>		
Demand deposits	532,281	537,782
Savings deposits	208,431	156,497
General investment accounts	888,347	896,771
Special investment accounts	11,232,165	12,733,775
	<u>20,044,844</u>	<u>21,034,100</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2014**

B1. Review of Group Results

(a) Current Financial Year vs Previous Financial Year

For the first quarter of 2014, pre-tax profit grew by 29.0% to RM637.4 million from RM494.3 million recorded in the previous year's corresponding period. Net profit rose 26.2% to RM450.7 million compared to the same period last year. Earnings per share rose to 17.7 sen compared to 14.3 sen recorded in the first quarter of 2013.

Healthy business momentum supported by sustained loan expansion and stable margin resulted in higher net interest income, and stronger contribution from customer-related transactions and activities boosted non-interest income. Significant improvement in the loan impairment charges further contributed to the stronger first quarter performance.

Net interest income increased by 5.1% to RM818.9 million on the back of 3.7% and 11.2% growth in loans and advances from the previous quarter and year respectively. Net interest margin stabilised at 2.33%.

Other operating income recorded 10.7% growth to RM497.7 million, largely driven by higher fee income and increase in insurance underwriting surplus. Fee income increased by 17.0% to reach RM322.7 million, mainly attributed to higher service charges and fees, guarantee fees and fund management fees. The Group's other operating income to total income ratio improved to 33.9% from 33.0% recorded a year ago.

Islamic Banking income increased by 13.5% to RM151.7 million, mainly due to higher net funding income on the back of a period to-date growth of 2.7% and 12.3% increase year-on-year in financing base to RM19.2 billion.

Year two post merger, the RHB-OSK franchise realised synergies were at RM48 million, accounting for 43% of year two synergies target of RM112 million.

Other operating expenses rose 9.9% to RM788.6 million. This was largely attributed to a 13.3% increase in staff-related costs due to the growth in staff strength and the appointments of key senior hires to support the business expansion of the Group.

Allowance for impairment on loans and financing for the quarter decreased significantly to RM54.2 million from RM154.9 million recorded in the same period last year. This was primarily due to the non-recurrence of an impairment made on a corporate account last year, and higher bad debts recovered during the period.

Total assets of the Group expanded by 3.1% to RM196.9 billion as at 31 March 2014. The increase was mainly due to growth in net loans and cash and short term funds.

Loans growth gained further traction with a 3.7% quarter-on-quarter increase and 11.2% growth year-on-year to reach RM126.3 billion. The growth was broad-based across different segments with significant increase in residential property, purchase of securities, other purposes and working capital. Domestic market share improved to 9.4% as at 31 March 2014 from 9.3% in December 2013.

Asset quality continued to be strong with impaired loans ratio 2.54%, compared to 2.81% in December 2013. Absolute gross impaired loans decreased 6.3% over the first three months to RM3.2 billion.

The Group continued to strengthen its liquidity and funding position, with loans-to-deposits ratio at 88.1%. Customer deposits grew 6.0% year-on-year and 4.0% from December 2013 to RM143.3 billion as at 31 March 2014.

Current and Savings Account balances grew by 5.1% and 5.0% respectively for the first quarter. CASA composition improved to 23.5% from 23.3% in December 2013.

Shareholders' equity strengthened further with 2.7% growth to RM17.2 billion. Net assets per share improved to RM6.75 against RM6.57 as at 31 December 2013.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2014**

B1. Review of Group Results (continued)

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

Performance by Operating Segment

Corporate and Investment Banking

Segment profit increased significantly to RM224.2 million, mainly attributable to the absence of a large individual allowance made on one corporate account in the previous year, higher capital market related income and higher net interest income. This was partially offset by higher overhead expenses.

Retail Banking

Segment profit was higher by 4.8% to RM255.7 million, driven by higher net interest income, higher general insurance related income and higher fee income. This was partially offset by higher overhead expenses.

Business Banking

Segment profit increased by RM27.6% to RM122.7 million, mainly attributable to higher net interest income and write back of allowances for loans, advances and financing, partially offset by higher overhead expenses.

Group Treasury

Segment profit was lower by 32.3% to RM89.9 million, mainly due to lower net foreign exchange gain and lower net gain from investment securities.

Group International Business

Segment profit was higher by 0.5% to RM15.9 million, mainly due to higher net interest income partially offset by lower net foreign exchange gain and higher overhead expenses.

B2. Current Quarter vs Previous Quarter

Pre-tax profit for the first quarter of 2014 was at RM637.4 million, 6.7% lower as compared to RM683.1 million recorded in the preceding quarter ended 31 December 2013. This was largely attributable to lower other operating income and net interest income, partially mitigated by lower impairment allowances for loans and financing as well as lower other operating expenses.

B3. Prospects for Financial Year 2014

The Malaysian Gross Domestic Product is projected to expand by 4.5% - 5.5% in 2014 versus 4.7% in 2013. The growth is expected to be supported by stronger external demand for the country's export on the back of improving global activities, coupled with sustained domestic demand and robust private investment. The ample liquidity in the financial system will also provide a conducive capital market.

The Group has launched IGNITE 2017, the third phase of its transformation program, which focuses on growing the domestic and regional business and developing the RHB Banking Group into a leading multinational financial services group by 2020.

Barring unforeseen circumstances, the Group expects 2014 performance to be better than 2013.

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

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



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B5. Taxation

	1st quarter ended		Three months ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	RM'000	RM'000	RM'000	RM'000
Group				
Income tax based on profit for the financial period				
- Malaysian income tax	152,813	104,135	152,813	104,135
- Overseas tax	5,365	2,854	5,365	2,854
Deferred tax	29,343	20,810	29,343	20,810
	<u>187,521</u>	<u>127,799</u>	<u>187,521</u>	<u>127,799</u>
(Over)/under provision in respect of prior years				
- Taxation	(4,337)	1,873	(4,337)	1,873
- Deferred tax	753	808	753	808
	<u>183,937</u>	<u>130,480</u>	<u>183,937</u>	<u>130,480</u>

The effective tax rate of the Group for the first quarter ended 31 March 2014 was higher than the statutory tax rate mainly due to non deductibility of certain expenses for tax purpose.

	1st quarter ended		Three months ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	RM'000	RM'000	RM'000	RM'000
Company				
Deferred tax	493	(8,000)	493	(8,000)
	<u>493</u>	<u>(8,000)</u>	<u>493</u>	<u>(8,000)</u>



**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, announced 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 that 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, 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. 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. 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)

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 million (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. Both parties had subsequently on 19 December 2013, mutually agreed to further extend such period to 30 June 2014.

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 did not have any material effect on the earnings of the Group for the three months ended 31 March 2014. The Proposed 40% Acquisition is expected to contribute positively to the future revenue and earnings of the Group.



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

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

The following indirect wholly-owned 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) SSSB Services (Melaka) Sdn Bhd (3) RHB Unit Trust Management Berhad (4) RHB Progressive Sdn Bhd (5) RHB Excel Sdn Bhd

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

The winding-up of the above subsidiaries will not have any material effect on the Group's performance for the financial year 2014.

(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 24 February 2013, the Board of Directors of the Company ('Board') had proposed a single dividend of 10.30% in respect of the financial year ended 31 December 2013 ('Final Dividend'). The Board had also determined that the existing DRP as mentioned above shall apply to the said Final Dividend.

The shareholders had, at the Annual General Meeting ('AGM') held on 8 May 2014, approved the Final Dividend and the renewal of the authority to allot and issue such number of new RHB Capital Shares from time to time as may be required to be allotted and issued pursuant to the DRP until the conclusion of the next AGM. Subsequent thereto, the Company had on 12 May 2014, submitted an application to Bursa Securities in respect of the listing of and quotation for up to 40,608,626 new RHB Capital Shares pursuant to the DRP, on the Main Market of Bursa Securities.

(d) 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.

On 30 April 2014, RHB Banking Group has been granted with the banking licence by the Governor of the Bank of Lao PDR for the establishment of RHB Bank Lao, a subsidiary of RHB Bank. RHB Bank Lao will commence business operations upon receipt of the Business Registration Licence from the Ministry of Industry and Commerce of Lao PDR.



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B6. Status of Corporate Proposals (continued)

(e) Issuance of Multi-Currency Medium Term Note Programme ('MCMTN Programme') by RHB Bank and RHB Investment Bank

RHB Investment Bank and RHB Bank have obtained approval from the Securities Commission of Malaysia ('SC') for their respective proposed MCMTN Programme:

	RHB Investment Bank	RHB Bank
Programme	Issuance of senior notes and/or subordinated notes of up to RM1.0 billion in nominal value (or its equivalent in other currencies)	Issuance of senior notes and/or subordinated notes of up to RM5.0 billion in nominal value (or its equivalent in other currencies)
Date of approval from SC	25 July 2013	4 February 2014
Date of approval from BNM	12 June 2013	20 December 2013
Utilisation of proceeds	To be utilised for RHB Investment Bank's working capital and general banking purposes, including but not limited to repayment of borrowings and subordinated debts.	To be utilised for RHB Bank's general working capital and other corporate purposes, including but not limited to provision of advances to any of RHB Bank's subsidiaries and repayment of borrowings and subordinated debts (if any).

The subordinated notes to be issued under both the MCMTN Programme are Basel III compliant.

As of today, RHB Investment Bank and RHB Bank have yet to issue any part of the MCMTN Programme.

(f) Proposed Subordinated Sukuk Murabahah Programme for the issuance of up to RM1.0 billion in nominal value of Subordinated Sukuk ('Sukuk Programme') by RHB Islamic Bank

RHB Islamic Bank has obtained approval and authorisation from the SC vide its letter dated 14 February 2014 for the Sukuk Programme. The Subordinated Sukuk to be issued under the Sukuk Programme are Basel III compliant.

In addition, the approval from BNM for the establishment of the Sukuk Programme had also been obtained on 20 December 2013 (subject to the terms and conditions contained therein).

The proceeds raised from the Sukuk Programme will be utilised for RHB Islamic Bank's working capital and general banking purposes, including but not limited to repayment of its financing facilities and any subordinated Sukuk provided always that any such utilisation shall be for Shariah-compliant purposes.

On 15 May 2014, RHB Islamic Bank had issued Subordinated Sukuk Murabahah of RM500.0 million in nominal value. The Subordinated Sukuk Murabahah, rated AA3 by RAM Rating Services Berhad, are issued for a tenure of 10 non-callable 5 years with a fixed profit rate of 4.95% per annum, payable semi-annually in arrears throughout the entire tenure.

The Subordinated Sukuk Murabahah will qualify as Tier 2 capital of RHB Islamic Bank subject to compliance with the requirements as specified in the Capital Adequacy Framework for Islamic Banks (Capital Components) issued by BNM on 28 November 2012.



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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	
	As at	As at
	31 March 2014	31 December 2013
	RM'000	RM'000
(a) Deposits from customers and placements of banks and other financial institutions		
Deposits from customers		
- one year or less	142,664,088	137,273,539
- more than one year	607,482	467,702
	<u>143,271,570</u>	<u>137,741,241</u>
Deposits and placements of banks and other financial institutions		
- one year or less	16,794,059	16,056,312
- more than one year	905,467	942,043
	<u>17,699,526</u>	<u>16,998,355</u>

	Group	
	As at	As at
	31 March 2014	31 December 2013
	RM'000	RM'000
(b) Borrowings and Senior Debt Securities		
<u>Borrowings</u>		
Secured		
Revolving credits:		
- Hong Kong Dollar ('HKD')	92,584	66,805
- United States Dollar ('USD')	8,417	-
Unsecured		
Revolving credits:		
- RM	443,641	439,265
- Singapore Dollar ('SGD')	46,630	-
- Thai Baht	30,190	-
Term loans:		
- RM	1,151,592	1,151,592
- USD	535,948	571,049
- SGD	-	25,937
- Indonesia Rupiah	47,420	44,451
RM1.1 billion 7 years Commercial Papers/Medium Term Notes	604,235	600,092
<u>Senior debt securities</u>		
USD300 million 3.25% senior debt securities due in 2017	986,978	982,867
USD200 million 3.25% senior debt securities due in 2017	666,785	664,767
	<u>4,614,420</u>	<u>4,546,825</u>
Schedule repayment of borrowings and senior debt securities:		
Within one year	2,203,121	2,093,811
One year to three years	562,768	563,404
Three years to five years	1,795,483	1,819,942
Over five years	53,048	69,668
	<u>4,614,420</u>	<u>4,546,825</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	
	As at 31 March 2014	As at 31 December 2013
	RM'000	RM'000
(b) Borrowings and Senior Debt Securities (continued)		
<u>Borrowings</u>		
Unsecured:		
Revolving credits - RM	950,828	920,227
Term loans - RM	1,413,465	1,416,281
RM1.1 billion 7 years Commercial Papers/Medium Term Notes	604,235	600,092
	<u>2,968,528</u>	<u>2,936,600</u>
Schedule repayment of borrowings:		
Within one year	2,618,528	2,586,600
One year to three years	350,000	350,000
	<u>2,968,528</u>	<u>2,936,600</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	
	As at 31 March 2014 RM'000	As at 31 December 2013 RM'000
(c) Subordinated obligations		
5.50% RM700 million Tier II Subordinated Notes 2007/2022	712,974	703,481
5.00% RM700 million Tier II Subordinated Notes 2010/2020	714,767	706,137
5.60% RM300 million Tier II Subordinated Notes 2010/2025	307,088	302,946
4.25% RM250 million Tier II Subordinated Notes 2011/2021	253,688	251,003
4.30% RM750 million Tier II Subordinated Notes 2012/2022	762,171	754,171
4.40% RM1,300 million Tier II Subordinated Notes 2012/2022	1,318,296	1,304,131
4.40% RM245 million Tier II Subordinated Notes 2012/2022	248,308	245,659
7.25% RM125 million Tier II Subordinated Notes 2010/2020	132,460	131,536
7.15% RM75 million Tier II Subordinated Notes 2010/2020	78,831	78,342
5.20% RM100 million Tier II Subordinated Notes 2011/2021	104,095	103,561
	4,632,678	4,580,967

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	
	As at 31 March 2014 RM'000	As at 31 December 2013 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	368,190	375,577
RM230 million 6.75% Hybrid Tier-1 Capital Securities due in 2039, callable with step-up coupon rate at 7.75% in 2019	229,369	225,624
	597,559	601,201

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.



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B8. Derivative Financial Instruments

Details of derivative financial instruments outstanding are as follows:

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

Group	As at 31 March 2014			As at 31 December 2013		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities
By type	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- forwards/swaps	14,711,977	101,206	65,481	11,661,635	137,103	85,439
- options	1,180,888	6,573	6,423	174,339	772	772
- cross-currency	8,114,693	118,064	84,601	8,137,734	143,163	105,309
Subtotal	<u>24,007,558</u>	<u>225,843</u>	<u>156,505</u>	<u>19,973,708</u>	<u>281,038</u>	<u>191,520</u>
Interest rate related contracts						
- futures	-	96	77	-	-	-
- swaps	30,407,546	138,670	132,901	27,069,222	177,995	136,913
Subtotal	<u>30,407,546</u>	<u>138,766</u>	<u>132,978</u>	<u>27,069,222</u>	<u>177,995</u>	<u>136,913</u>
Structured warrants	26,059	-	20,201	13,099	-	16,642
	<u>26,059</u>	<u>-</u>	<u>20,201</u>	<u>13,099</u>	<u>-</u>	<u>16,642</u>
Structured investments	1,053	13	-	-	-	-
	<u>1,053</u>	<u>13</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Hedging Derivatives:</u>						
Interest rate related contracts						
- swaps	-	-	-	1,145,000	-	2,988
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,145,000</u>	<u>-</u>	<u>2,988</u>
Total	<u>54,442,216</u>	<u>364,622</u>	<u>309,684</u>	<u>48,201,029</u>	<u>459,033</u>	<u>348,063</u>



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FOR THE THREE MONTHS ENDED 31 MARCH 2014**

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>	As at 31 March 2014			As at 31 December 2013		
	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	15,116,253	89,282	59,262	11,477,071	120,670	76,257
- 1 year to 3 years	3,163,064	32,467	29,781	2,367,471	20,831	27,986
- More than 3 years	5,728,241	104,094	67,462	6,129,166	139,537	87,277
Subtotal	<u>24,007,558</u>	<u>225,843</u>	<u>156,505</u>	<u>19,973,708</u>	<u>281,038</u>	<u>191,520</u>
Interest rate related contracts						
- Less than 1 year	4,836,986	2,236	8,887	4,180,460	16,950	5,323
- 1 year to 3 years	10,014,337	20,744	47,825	7,616,128	33,770	31,151
- More than 3 years	15,556,223	115,786	76,266	15,272,634	127,275	100,439
Subtotal	<u>30,407,546</u>	<u>138,766</u>	<u>132,978</u>	<u>27,069,222</u>	<u>177,995</u>	<u>136,913</u>
Structured warrants						
- Less than 1 year	22,842	-	17,076	13,099	-	16,642
- 1 year to 3 years	3,217	-	3,125	-	-	-
	<u>26,059</u>	<u>-</u>	<u>20,201</u>	<u>13,099</u>	<u>-</u>	<u>16,642</u>
Structured investments						
- Less than 1 year	1,053	13	-	-	-	-
	<u>1,053</u>	<u>13</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than 1 year	-	-	-	600,000	-	959
- 1 year to 3 years	-	-	-	545,000	-	2,029
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,145,000</u>	<u>-</u>	<u>2,988</u>
Total	<u>54,442,216</u>	<u>364,622</u>	<u>309,684</u>	<u>48,201,029</u>	<u>459,033</u>	<u>348,063</u>



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B8. Derivative Financial Instruments (continued)

ii) Related accounting policies

Derivative financial instruments and hedge accounting

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

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

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income 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 when the hedged item affects profit or 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
31 March 2014				
Recurring fair value measurements				
Financial assets				
Financial investments HFT:	377,426	2,954,192	41,845	3,373,463
- Money market instruments	-	2,001,373	-	2,001,373
- Quoted securities	377,426	-	-	377,426
- Unquoted securities	-	952,819	41,845	994,664
Financial investments AFS:	38,717	16,491,683	1,052,068	17,582,468
- Money market instruments	-	5,229,848	-	5,229,848
- Quoted securities	38,717	-	-	38,717
- Unquoted securities	-	11,261,835	1,052,068	12,313,903
Derivative assets				
- Money market instruments	-	364,622	-	364,622
	<u>416,143</u>	<u>19,810,497</u>	<u>1,093,913</u>	<u>21,320,553</u>
Financial liabilities				
Derivative liabilities	<u>19,784</u>	<u>289,900</u>	<u>-</u>	<u>309,684</u>
31 December 2013				
Recurring fair value measurements				
Financial assets				
Financial assets HFT:	277,614	3,726,819	33,295	4,037,728
- Money market instruments	-	2,588,607	-	2,588,607
- Quoted securities	277,614	-	-	277,614
- Unquoted securities	-	1,138,212	33,295	1,171,507
Financial investments AFS:	24,102	15,844,395	1,062,016	16,930,513
- Money market instruments	-	5,295,007	-	5,295,007
- Quoted securities	24,102	-	-	24,102
- Unquoted securities	-	10,549,388	1,062,016	11,611,404
Derivative assets				
- Money market instruments	-	459,033	-	459,033
	<u>301,716</u>	<u>20,030,247</u>	<u>1,095,311</u>	<u>21,427,274</u>
Financial liabilities				
Derivative liabilities	<u>16,462</u>	<u>331,601</u>	<u>-</u>	<u>348,063</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.

Current year valuation methodologies were consistent with those disclosed in the audited financial statements for the financial year ended 31 December 2013.

Reconciliation of movements in Level 3 financial instruments

The following represents the changes in Level 3 instruments for the Group:

Group	Financial assets HFT		Financial investments AFS	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Balance as at the beginning of the financial period/year	33,295	-	1,062,016	629,617
Total gains/(losses) recognised in				
other comprehensive income	-	(8,550)	(2,299)	123,256
Purchases	-	-	2,294	348,925
Settlements	-	-	(8,705)	(60,329)
Impairment losses written back/(made)	8,550	-	(932)	(14,692)
Transferred from Level 2	-	41,845	-	30,297
Exchange differences	-	-	(306)	4,942
Balance as at the end of the financial period/year	<u>41,845</u>	<u>33,295</u>	<u>1,052,068</u>	<u>1,062,016</u>



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B10. Supplementary Information Disclosed Pursuant to Bursa Securities 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 Securities Listing Requirements, as issued by the Malaysian Institute of Accountants.

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

Group	As at 31 March 2014		
	Realised Profits/ (Losses) RM'000	Unrealised Profits RM'000	Total RM'000
Operating subsidiaries	7,334,811	363,383	7,698,194
Dormant subsidiaries*	(7,875,244)	-	(7,875,244)
Total retained profits/(losses) of the Group	(540,433)	363,383	(177,050)
Total share of retained profits from associates and joint ventures	4,266	-	4,266
	<u>(536,167)</u>	<u>363,383</u>	<u>(172,784)</u>
Less: Consolidation adjustments			6,182,168
Total Group retained profits			<u>6,009,384</u>

Group	As at 31 December 2013		
	Realised Profits/ (Losses) RM'000	Unrealised Profits RM'000	Total RM'000
Operating subsidiaries	6,763,395	491,177	7,254,572
Dormant subsidiaries*	(7,925,232)	-	(7,925,232)
Total retained profits/(losses) of the Group	(1,161,837)	491,177	(670,660)
Total share of retained profits from associates and joint ventures	4,249	-	4,249
	<u>(1,157,588)</u>	<u>491,177</u>	<u>(666,411)</u>
Less: Consolidation adjustments			6,229,588
Total Group retained profits			<u>5,563,177</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 Securities Listing Requirements (continued)

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

<u>Company</u>	As at 31 March 2014 RM'000	As at 31 December 2013 RM'000
Realised profits	604,591	645,290
Unrealised profits	688	1,181
Total Company retained profits	605,279	646,471

The disclosure of realised and unrealised profits or losses above is solely for compliance with the directive issued by the Bursa Securities 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 Securities 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 Malaysian legal framework in dealing with matters related to distribution of profits to shareholders.

B11 Dividends

No dividend has been declared for the first quarter ended 31 March 2014.



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B12. Earnings per Share

	1st quarter ended		Three months ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Basic/diluted earnings per share				
Profit attributable to equity holders of the Company (RM'000)	450,691	357,194	450,691	357,194
Weighted average number of ordinary shares in issue ('000)	2,546,910	2,494,208	2,546,910	2,494,208
Basic earnings per share (sen)	17.7	14.3	17.7	14.3

The diluted Earnings Per Share ('EPS') of the Group is calculated by dividing the net profit attributable to equity holders of the Company for the three months ended 31 March 2014 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 scheme of the Company as detailed in Note B6(c).

In the diluted EPS calculation, it has been assumed that 100% of the electable portion of the proposed final dividend under the DRP will be exercised into new ordinary shares of RM1.00 each in the Company. The new shares will be issued at an assumed price which is equivalent to the 5-day volume weighted average market price of the Company's shares as at 31 March 2014 after applying a discount of not more than 10%. These calculations serve to determine the number of dilutive shares to be added to the weighted average ordinary shares in issue for the purpose of computing the dilution. No adjustment has been made to the net profit attributable to the equity holders of the Company for the three months ended 31 March 2014.

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 three months ended 31 March 2014.

Other than the above, there were no other dilutive potential ordinary shares outstanding as at 31 March 2014.

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
(License No. LS0006901)

Company Secretary
'26 May 2014