



RHB Capital Berhad 312952-H
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**UNAUDITED INTERIM FINANCIAL STATEMENTS
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012**

The Board of Directors of RHB Capital Berhad ("The Board") wishes to announce that the unaudited interim financial results of the Group and the Company for the nine months ended 30 September 2012 are as follows:

**INCOME STATEMENTS
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012**

	Note	3rd quarter ended		Nine months ended	
		30 Sept 2012	Restated 30 Sept 2011	30 Sept 2012	Restated 30 Sept 2011
		RM'000	RM'000	RM'000	RM'000
Group					
Interest income	A8	1,560,595	1,439,968	4,517,271	4,142,805
Interest expense	A9	(815,682)	(730,255)	(2,331,427)	(2,014,211)
Net interest income		744,913	709,713	2,185,844	2,128,594
Other operating income	A10	273,825	215,529	927,244	798,327
		1,018,738	925,242	3,113,088	2,926,921
Income from Islamic Banking business		126,722	117,897	350,492	290,699
Net operating income		1,145,460	1,043,139	3,463,580	3,217,620
Other operating expenses	A11	(526,409)	(487,639)	(1,576,672)	(1,395,749)
Operating profit before allowances		619,051	555,500	1,886,908	1,821,871
Allowance write back/(made) for impairment on loans, financing and other losses	A12	30,973	25,743	(51,205)	(129,341)
Impairment losses on other assets		(9,817)	(21,655)	(11,932)	(11,637)
		640,207	559,588	1,823,771	1,680,893
Share of results of a joint venture		139	143	532	287
Profit before taxation		640,346	559,731	1,824,303	1,681,180
Taxation	B5	(152,288)	(133,193)	(445,563)	(414,004)
Net profit for the financial period		488,058	426,538	1,378,740	1,267,176
Attributable to:					
- Equity holders of the Company		487,482	426,215	1,376,878	1,265,364
- Non-controlling interests		576	323	1,862	1,812
		488,058	426,538	1,378,740	1,267,176
Earnings per share (sen)					
- Basic	B12	21.8	19.4	62.1	58.2
- Diluted	B12	21.8	19.4	62.1	58.2

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



**RHB CAPITAL BERHAD (312952 – H)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012**

	3rd quarter ended		Nine months ended	
	30 Sept 2012	Restated 30 Sept 2011	30 Sept 2012	Restated 30 Sept 2011
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period	488,058	426,538	1,378,740	1,267,176
Other comprehensive (loss)/income:				
Currency translation differences	(29,540)	47,723	(14,089)	31,692
Financial investments available-for-sale ('AFS')				
- Unrealised net gain on revaluation	2,224	89,270	88,742	130,937
- Net transfer to income statements on disposal or impairment	(22,663)	(21,130)	(74,121)	(34,470)
Income tax relating to components of other comprehensive (income)/loss	5,098	(17,227)	(3,607)	(24,446)
Other comprehensive (loss)/income, net of tax, for the financial period	(44,881)	98,636	(3,075)	103,713
Total comprehensive income for the financial period	443,177	525,174	1,375,665	1,370,889
Total comprehensive income attributable to:				
- Equity holders of the Company	442,604	524,831	1,373,802	1,369,092
- Non-controlling interests	573	343	1,863	1,797
	443,177	525,174	1,375,665	1,370,889

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



**RHB CAPITAL BERHAD (312952 – H)
INCOME STATEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012**

	Note	3rd quarter ended		Nine months ended	
		30 Sept 2012	30 Sept 2011	30 Sept 2012	30 Sept 2011
<u>Company</u>		RM'000	RM'000	RM'000	RM'000
Interest income	A8	973	353	1,974	1,878
Interest expense	A9	(35,128)	(35,678)	(108,306)	(107,658)
Net interest expense		<u>(34,155)</u>	<u>(35,325)</u>	<u>(106,332)</u>	<u>(105,780)</u>
Other operating income/(loss)	A10	226,875	(61)	756,189	434,291
Net operating income/(loss)		<u>192,720</u>	<u>(35,386)</u>	<u>649,857</u>	<u>328,511</u>
Other operating expenses	A11	(10,269)	(5,241)	(35,193)	(19,208)
Profit/(loss) before taxation		<u>182,451</u>	<u>(40,627)</u>	<u>614,664</u>	<u>309,303</u>
Taxation	B5	(46,738)	9,775	(157,648)	(81,648)
Net profit/(loss) for the financial period		<u>135,713</u>	<u>(30,852)</u>	<u>457,016</u>	<u>227,655</u>

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



**RHB CAPITAL BERHAD (312952 – H)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012**

	3rd quarter ended		Nine months ended	
	30 Sept 2012	30 Sept 2011	30 Sept 2012	30 Sept 2011
	RM'000	RM'000	RM'000	RM'000
<u>Company</u>				
Net profit/(loss) for the financial period	<u>135,713</u>	<u>(30,852)</u>	<u>457,016</u>	<u>227,655</u>
Other comprehensive income, net of tax, for the financial period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the financial period	<u>135,713</u>	<u>(30,852)</u>	<u>457,016</u>	<u>227,655</u>

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



RHB CAPITAL BERHAD (312952 – H)
STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2012

	Note	Unaudited As at 30 Sept 2012 RM'000	Restated As at 31 Dec 2011 RM'000	Restated As at 1 Jan 2011 RM'000
Group				
ASSETS				
Cash and short-term funds		22,987,909	20,358,496	14,754,516
Securities purchased under resale agreements		384,514	142,291	276,407
Deposits and placements with banks and other financial institutions		2,710,741	1,133,213	1,023,526
Financial assets held-for-trading	A13	2,087,857	1,501,758	772,254
Financial investments available-for-sale	A14	10,910,504	10,706,781	13,374,857
Financial investments held-to-maturity	A15	16,007,635	14,093,909	10,869,550
Loans, advances and financing	A16	104,309,148	95,058,670	81,213,637
Clients' and brokers' balances		349,508	234,834	422,937
Other assets	A17	789,928	691,965	589,156
Derivative assets		209,122	237,658	310,905
Statutory deposits		3,690,481	3,282,559	459,554
Tax recoverable		110,389	232,957	129,371
Deferred tax assets		11,015	14,630	265,645
Investments in a joint venture		19,230	24,956	25,044
Property, plant and equipment		1,093,931	1,106,503	1,023,170
Goodwill		3,806,860	3,806,860	3,806,860
Total assets		<u>169,478,772</u>	<u>152,628,040</u>	<u>129,317,389</u>
LIABILITIES AND EQUITY				
Deposits from customers	A18/B7(a)	125,703,201	115,860,584	94,433,828
Deposits and placements of banks and other financial institutions	A19/B7(a)	12,296,291	10,031,575	10,066,157
Bills and acceptances payable		3,771,544	3,764,155	3,536,140
Clients' and brokers' balances		608,273	562,393	610,360
Other liabilities	A20	1,645,190	1,583,516	1,528,386
Derivative liabilities		246,673	248,188	253,704
Recourse obligation on loans sold to Cagamas Berhad		2,352,642	1,161,814	818,503
Taxation liabilities		172,838	5,748	172,595
Deferred tax liabilities		53,754	63,108	5,157
Borrowings	B7(b)	3,273,359	3,603,334	4,064,323
Subordinated obligations	B7(c)	4,321,783	3,515,747	3,264,284
Hybrid Tier-1 Capital Securities	B7(d)	597,286	600,558	600,393
Senior Debt Securities	B7(e)	1,551,014	-	-
Total liabilities		<u>156,593,848</u>	<u>141,000,720</u>	<u>119,353,830</u>
Share capital		2,235,764	2,204,819	2,153,475
Reserves		10,636,368	9,410,579	7,799,271
		<u>12,872,132</u>	<u>11,615,398</u>	<u>9,952,746</u>
Non-controlling interests		12,792	11,922	10,813
Total equity		<u>12,884,924</u>	<u>11,627,320</u>	<u>9,963,559</u>
Total liabilities and equity		<u>169,478,772</u>	<u>152,628,040</u>	<u>129,317,389</u>
Commitments and contingencies	A25(a)	<u>76,416,853</u>	<u>74,161,318</u>	<u>70,521,648</u>
Net assets per share attributable to equity holders of the Company (RM)		<u>5.76</u>	<u>5.27</u>	<u>4.62</u>

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



**RHB CAPITAL BERHAD (312952 – H)
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2012**

<u>Company</u>	Note	Unaudited As at 30 Sept 2012 RM'000	Audited As at 31 Dec 2011 RM'000
ASSETS			
Cash and short term funds		138,055	27,528
Deposits and placements with banks and other financial institutions		943	919
Other assets	A17	137,039	154,199
Amounts due from subsidiaries		17,869	18,188
Tax recoverable		93,260	90,476
Deferred tax assets		628	-
Investments in subsidiaries		8,691,602	8,691,602
Property, plant and equipment		542	635
Total assets		<u>9,079,938</u>	<u>8,983,547</u>
LIABILITIES AND EQUITY			
Other liabilities	A20	3,889	3,315
Amounts due to subsidiaries		7,445	8,626
Deferred tax liabilities		-	45
Borrowings	B7(b)	2,904,196	3,147,101
Total liabilities		<u>2,915,530</u>	<u>3,159,087</u>
Share capital		2,235,764	2,204,819
Reserves		3,928,644	3,619,641
Total equity		<u>6,164,408</u>	<u>5,824,460</u>
Total liabilities and equity		<u>9,079,938</u>	<u>8,983,547</u>

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



RHB CAPITAL BERHAD (312952 – H)
STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

	← Attributable to equity holders of the Company →							Non-controlling interests	Total equity	
	Share capital	Share premium	Reserve funds	Other reserves	AFS reserves	Translation reserves	Retained profits			Sub-total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Group										
Balance as at 1 January 2012										
- As previously reported	2,204,819	2,674,459	3,016,604	27,815	213,654	(58,832)	3,359,866	11,438,385	11,922	11,450,307
- Effect of full adoption of MFRS 139	-	-	-	-	-	19	176,994	177,013	-	177,013
- As restated	2,204,819	2,674,459	3,016,604	27,815	213,654	(58,813)	3,536,860	11,615,398	11,922	11,627,320
Net profit for the financial period	-	-	-	-	-	-	1,376,878	1,376,878	1,862	1,378,740
Currency translation differences	-	-	-	-	-	(14,089)	-	(14,089)	-	(14,089)
Financial investments AFS										
- Unrealised net gain on revaluation	-	-	-	-	88,740	-	-	88,740	2	88,742
- Net transfer to income statements on disposal or impairment	-	-	-	-	(74,121)	-	-	(74,121)	-	(74,121)
Income tax relating to components of other comprehensive income	-	-	-	-	(3,606)	-	-	(3,606)	(1)	(3,607)
Other comprehensive income/(loss), net of tax, for the financial period	-	-	-	-	11,013	(14,089)	-	(3,076)	1	(3,075)
Total comprehensive income/(loss) for the financial period	-	-	-	-	11,013	(14,089)	1,376,878	1,373,802	1,863	1,375,665
Transfer in respect of statutory requirements	-	-	241,020	-	-	-	(241,020)	-	-	-
Ordinary dividends	-	-	-	-	-	-	(318,827)	(318,827)	(993)	(319,820)
Shares issued pursuant to Dividend Reinvestment Plan ('DRP')	30,945	170,814	-	-	-	-	-	201,759	-	201,759
Balance as at 30 September 2012	2,235,764	2,845,273	3,257,624	27,815	224,667	(72,902)	4,353,891	12,872,132	12,792	12,884,924

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



RHB CAPITAL BERHAD (312952 – H)
STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

	← Attributable to equity holders of the Company →							Non- controlling interests	Total equity	
	Share capital	Share premium	Reserve funds	Other reserves	AFS reserves	Translation reserves	Retained profits			Sub-total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			RM'000
Group										
Balance as at 1 January 2011										
- As previously reported	2,153,475	2,352,093	2,603,964	27,815	153,872	(76,854)	2,747,792	9,962,157	10,813	9,972,970
- Effect of full adoption of MFRS 139	-	-	-	-	-	(31)	(9,380)	(9,411)	-	(9,411)
- As restated	2,153,475	2,352,093	2,603,964	27,815	153,872	(76,885)	2,738,412	9,952,746	10,813	9,963,559
Net profit for the financial period	-	-	-	-	-	-	1,265,364	1,265,364	1,812	1,267,176
Currency translation differences	-	-	-	-	-	31,692	-	31,692	-	31,692
Financial investments AFS										
- Unrealised net gain/(loss) on revaluation	-	-	-	-	130,957	-	-	130,957	(20)	130,937
- Net transfer to income statements on disposal or impairment	-	-	-	-	(34,470)	-	-	(34,470)	-	(34,470)
Income tax relating to components of other comprehensive (income)/loss	-	-	-	-	(24,451)	-	-	(24,451)	5	(24,446)
Other comprehensive income/(loss), net of tax, for the financial period	-	-	-	-	72,036	31,692	-	103,728	(15)	103,713
Total comprehensive income for the financial period	-	-	-	-	72,036	31,692	1,265,364	1,369,092	1,797	1,370,889
Ordinary dividends	-	-	-	-	-	-	(345,310)	(345,310)	(993)	(346,303)
Shares issued pursuant to DRP	38,441	252,178	-	-	-	-	-	290,619	-	290,619
Balance as at 30 September 2011	<u>2,191,916</u>	<u>2,604,271</u>	<u>2,603,964</u>	<u>27,815</u>	<u>225,908</u>	<u>(45,193)</u>	<u>3,658,466</u>	<u>11,267,147</u>	<u>11,617</u>	<u>11,278,764</u>

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**RHB CAPITAL BERHAD (312952 – H)
STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012**

	<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 2012	2,204,819	2,674,459	945,182	5,824,460
Net profit for the financial period	-	-	457,016	457,016
Ordinary dividends	-	-	(318,827)	(318,827)
Shares issued pursuant to DRP	30,945	170,814	-	201,759
Balance as at 30 September 2012	<u>2,235,764</u>	<u>2,845,273</u>	<u>1,083,371</u>	<u>6,164,408</u>
Balance as at 1 January 2011	2,153,475	2,352,093	1,227,290	5,732,858
Net profit for the financial period	-	-	227,655	227,655
Ordinary dividends	-	-	(345,310)	(345,310)
Shares issued pursuant to DRP	38,441	252,178	-	290,619
Balance as at 30 September 2011	<u>2,191,916</u>	<u>2,604,271</u>	<u>1,109,635</u>	<u>5,905,822</u>

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



**RHB CAPITAL BERHAD (312952 – H)
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012**

	Nine months ended	
	30 Sept 2012	Restated 30 Sept 2011
Group	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	1,824,303	1,681,180
Adjustments for:		
Allowance for impairment on loans, financing and other losses	416,207	373,308
Property, plant and equipment		
- depreciation	84,587	83,261
- gain on disposal	(1,321)	(5,058)
- written off	1	25
Impairment losses on financial investments AFS and held-to-maturity	8,183	(11,643)
Impairment loss on a joint venture	5,936	-
Accretion of discounts for borrowings and subordinated obligations	1,223	4,708
Share of results of a joint venture	(532)	(287)
Interest income from financial assets held-for-trading, financial investments		
AFS and held-to-maturity	(617,207)	(640,127)
Investment income from financial assets held-for-trading, financial investments		
AFS and held-to-maturity	(100,308)	(91,846)
Net gain arising from sale/redemption of financial assets held-for-trading, financial investments AFS and held-to-maturity	(146,536)	(88,919)
Net unrealised loss/(gain) on revaluation of financial assets held-for-trading and derivatives	38,388	188,905
Net gain on fair value hedges	(6,977)	-
Unrealised net foreign exchange loss	26,342	98,906
Accretion of discount less amortisation of premium	(1,743)	8,705
Gross dividend income from financial assets held-for-trading, financial investments AFS and held-to-maturity	(14,740)	(15,635)
Operating profit before working capital changes	<u>1,515,806</u>	1,585,483
(Increase)/decrease in operating assets:		
Securities purchased under resale agreements	(242,223)	(491,454)
Deposits and placements with banks and other financial institutions	(1,577,528)	(511,047)
Financial assets held-for-trading	(501,561)	(632,647)
Loans, advances and financing	(9,666,040)	(11,413,715)
Clients' and brokers' balances	(114,674)	123,122
Other assets	(334,156)	218,815
Statutory deposits	(407,922)	(2,499,110)
	<u>(12,844,104)</u>	<u>(15,206,036)</u>

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



**RHB CAPITAL BERHAD (312952 – H)
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012**

	Nine months ended	
	30 Sept 2012	Restated 30 Sept 2011
	RM'000	RM'000
Group		
Cash flows from operating activities (continued)		
Increase/(decrease) in operating liabilities:		
Deposits from customers	9,842,617	15,308,971
Deposits and placements with banks and other financial institutions	2,264,716	3,791,159
Bills and acceptances payable	7,389	455,045
Clients' and brokers' balances	45,880	2,177
Other liabilities	293,022	74,500
Recourse obligation on loans sold to Cagamas Berhad	1,190,827	(154,577)
	<u>13,644,451</u>	<u>19,477,275</u>
Cash generated from operations	2,316,154	5,856,722
Taxation paid	(192,791)	(541,612)
Taxation refunded	27,902	33,077
Net cash generated from operating activities	<u>2,151,265</u>	<u>5,348,187</u>
Cash flows from investing activities		
Net purchase of financial investments AFS and held-to-maturity	(2,036,818)	(1,335,199)
Purchase of property, plant and equipment	(77,674)	(134,455)
Interest received from financial assets held-for-trading, financial investments AFS and held-to-maturity	607,777	543,533
Investment income received from financial assets held-for-trading, financial investments AFS and held-to-maturity	94,883	83,842
Proceeds from disposal of property, plant and equipment	10,458	7,108
Dividend income received from financial assets held-for-trading, financial investments AFS and held-to-maturity	14,606	15,617
Net cash used in investing activities	<u>(1,386,768)</u>	<u>(819,554)</u>
Cash flows from financing activities		
Proceeds from issuance of USD Senior Debt Securities	1,538,222	-
Proceeds from issuance of RM subordinated notes	749,006	-
Proceeds from shares issued pursuant to DRP	201,759	290,619
Drawdown of borrowings	400,900	58,020
Repayment of borrowings	(705,192)	(588,070)
Dividends paid to equity holders of the Company	(318,827)	(345,310)
Dividends paid to non-controlling interests in a subsidiary	(993)	(993)
Net cash generated from/(used in) financing activities	<u>1,864,875</u>	<u>(585,734)</u>
Net increase in cash and cash equivalents	2,629,372	3,942,899
Cash and cash equivalents		
- at the beginning of the financial period	<u>20,358,478</u>	<u>14,754,516</u>
- at the end of the financial period	<u>22,987,850</u>	<u>18,697,415</u>
Cash and cash equivalents comprise the following:		
Cash and short term funds	22,987,909	18,697,910
Overdrafts	(59)	(495)
	<u>22,987,850</u>	<u>18,697,415</u>

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



**RHB CAPITAL BERHAD (312952 – H)
CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012**

	Nine months ended	
	30 Sept 2012	30 Sept 2011
	RM'000	RM'000
Company		
Cash flows from operating activities		
Profit before taxation	614,664	309,303
Adjustments for:		
Interest expense	108,306	107,658
Unrealised foreign exchange loss	29	15
Property, plant and equipment		
- depreciation	181	162
- gain on disposal	(190)	(91)
Dividend income	(756,028)	(434,215)
Interest income	(1,974)	(1,878)
Operating loss before working capital changes	(35,012)	(19,046)
Increase in deposits and placements with banks and other financial institutions	(24)	(24)
(Increase)/decrease in inter-company balances	(300)	11,759
Decrease/(increase) in other assets	17,160	(701)
Increase/(decrease) in other liabilities	574	(356)
Cash used in operations	(17,602)	(8,368)
Taxation refunded	27,902	33,077
Net cash generated from operating activities	<u>10,300</u>	<u>24,709</u>
Cash flows from investing activities		
Dividend income received from subsidiaries	567,021	325,661
Interest income received	1,383	870
Purchase of property, plant and equipment	(88)	(79)
Proceeds from disposal of property, plant and equipment	190	91
Net cash generated from investing activities	<u>568,506</u>	<u>326,543</u>
Cash flows from financing activities		
Proceeds from shares issued pursuant to DRP	201,759	290,619
Drawdown of borrowings	400,900	58,020
Repayment of borrowings	(660,640)	(584,650)
Interest expense paid	(91,512)	(114,951)
Dividends paid to equity holders of the Company	(318,827)	(345,310)
Net cash used in financing activities	<u>(468,320)</u>	<u>(696,272)</u>
Net increase/(decrease) in cash and cash equivalents	110,486	(345,020)
Cash and cash equivalents		
- at the beginning of the financial period	27,510	346,009
- at the end of the financial period	<u>137,996</u>	<u>989</u>
Cash and cash equivalents comprise the following:		
Cash and short term funds	138,055	1,484
Overdrafts	(59)	(495)
	<u>137,996</u>	<u>989</u>

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



**RHB CAPITAL BERHAD (312952 – H)
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A1. Basis of Preparation

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

The Group and the Company revised its accounting policies on 1 January 2012 to enable the preparation of financial statements that comply with MFRS. This condensed financial statements is the Group's and Company's first financial report prepared in accordance with MFRS and MFRS 1: 'First Time Adoption of MFRS', and has been applied retrospectively as if the requirements of MFRSs have always been applied by the Group and the Company from the transition date of 1 January 2011. The Group and the Company does not take advantage on certain mandatory exceptions and optional exceptions provided in MFRS 1 for first time adoption of MFRS.

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

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 2011, except for the adoption of the following relevant accounting standards, amendments to published accounting standards and interpretations to existing accounting standards which are effective from 1 January 2012:

MFRS 1	First-Time Adoption of MFRS
MFRS 139	Financial Instruments: Recognition and Measurement
Revised MFRS 124	Related Party Disclosures
Amendment to MFRS 112	Income Taxes
Amendment to MFRS 1	First Time Adoption on Fixed Dates and Hyperinflation
Amendment to MFRS 7	Financial Instruments: Disclosures on Transfers of Financial Assets
Amendment to MFRS 101	Presentation of Items of Other Comprehensive Income
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of the above accounting standards, amendments to published accounting standards and interpretations to existing accounting standards does not give rise to any material financial effects to the Group and the Company, except for the adoption of MFRS 139.

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

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

Previously, when a collectively assessed loans and receivables is deemed impaired, the Group reversed out the interest income recognised in income statements and set off against the interest receivable in the statements of financial position.

Upon the adoption of MFRS 139, with effect from 1 January 2012, once a collectively assessed loans and receivables has been written down as a result of an impairment loss, interest income is thereafter recognised using the original effective interest rate in the income statements.

The change in accounting policies mentioned above have been accounted for retrospectively by re-measuring the relevant financial assets, as appropriate, and recording any adjustments to the previous carrying amounts to the Group's opening retained profits. As such, comparatives have been restated to conform with current year's presentation. The principal effects of the changes in accounting policies arising from the adoption of MFRS 139 are disclosed in Note A29.



**RHB CAPITAL BERHAD (312952 – H)
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A2. Auditors' Report

The auditors' report for the financial year ended 31 December 2011 was not subject to any qualification.

A3. Seasonal or Cyclical Factors

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

A4. Exceptional or Unusual Items

There were no exceptional or unusual items for the nine months ended 30 September 2012.

A5. Changes in Estimates

There were no material changes in estimates of amount reported in prior financial years that have a material effect for the nine months ended 30 September 2012.

A6. Changes in Debt and Equity Securities

During the financial period, the Company has:

- (a) increased the share issued and paid-up share capital of the Company to 2,235,763,288 via issuance of 30,944,571 new ordinary shares of RM1.00 each arising from DRP, as stated in note B6(c), relating to the final dividend of 11.82% less 25% income tax and single-tier dividend of 5.59% in respect of financial year ended 31 December 2011, on 12 June 2012;

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

- (b) issued RM750.0 million nominal value of Subordinated Notes, being part of the RM3.0 billion in nominal value (or its equivalent in other currencies) under a MCMTN Programme on 7 May 2012; and
- (c) issued USD300.0 million nominal value of Senior Notes, being part of the USD500.0 million in nominal value under the EMTN Programme on 11 May 2012.
- (d) issued USD200.0 million nominal value of Senior Notes, being the remaining balance of the USD500.0 million in nominal value under the EMTN Programme on 28 September 2012.

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

A7. Dividends Paid

During the nine months ended 30 September 2012, the Company paid a final dividend of 11.82% less 25% income tax amounting to RM195.5 million and single-tier dividend of 5.59% amounting to RM123.3 million in respect of the financial year ended 31 December 2011, on 11 June 2012. The reinvestment rate subsequent to the completion of DRP was 63.29%.



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	3rd quarter ended		Nine months ended	
	30 Sept 2012	Restated 30 Sept 2011	30 Sept 2012	Restated 30 Sept 2011
	RM'000	RM'000	RM'000	RM'000
A8. Interest Income				
<u>Group</u>				
Loans, advances and financing	1,231,754	1,136,905	3,558,655	3,263,319
Money at call and deposits and placements with banks and other financial institutions	123,221	82,846	338,957	229,111
Securities purchased under resale agreements	85	3,841	217	4,470
Financial assets held-for-trading	9,201	7,908	20,960	17,084
Financial investments AFS	71,606	83,628	216,558	283,418
Financial investments held-to-maturity	123,878	123,375	379,689	339,625
Others	850	1,465	2,235	5,778
	1,560,595	1,439,968	4,517,271	4,142,805
Of which:				
Interest income earned on impaired loans, advances and financing	33,439	25,585	114,158	101,419
<u>Company</u>				
Money at call and deposits and placements with banks and other financial institutions	775	62	1,383	821
Others	198	291	591	1,057
	973	353	1,974	1,878



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	3rd quarter ended		Nine months ended	
	30 Sept 2012	30 Sept 2011	30 Sept 2012	30 Sept 2011
	RM'000	RM'000	RM'000	RM'000
A9. Interest Expense				
<u>Group</u>				
Deposits and placements of banks and other financial institutions	73,584	52,693	164,270	132,391
Deposits from customers	608,995	567,896	1,790,022	1,554,588
Borrowings	33,953	33,385	104,249	102,670
Subordinated obligations	53,355	42,440	147,662	125,936
Senior Debt Securities	8,086	-	12,589	-
Hybrid Tier-1 Capital Securities	11,357	11,351	33,820	33,681
Recourse obligation on loans sold to Cagamas	14,024	8,042	42,133	24,326
Others	12,328	14,448	36,682	40,619
	815,682	730,255	2,331,427	2,014,211
<u>Company</u>				
Borrowings	35,128	35,678	108,306	107,658



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	3rd quarter ended		Nine months ended	
	30 Sept	30 Sept	30 Sept	30 Sept
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income				
Group				
Fee income				
- Service charges and fees	38,722	49,092	173,191	144,404
- Commission	29,223	26,419	88,739	81,874
- Guarantee fees	12,891	7,742	32,537	25,882
- Commitment fees	11,126	13,869	34,358	38,144
- Net brokerage	17,466	22,813	57,663	71,495
- Fund management fees	5,448	4,791	14,797	15,092
- Corporate advisory fees	2,815	2,069	7,040	7,525
- Underwriting and arrangement fees	20,889	6,700	35,972	16,646
- Unit trust fee income	3,002	320	4,804	2,625
- Other fee income	10,545	6,395	27,211	26,907
	<u>152,127</u>	<u>140,210</u>	<u>476,312</u>	<u>430,594</u>
Net gain/(loss) arising from financial assets held-for-trading				
- net gain on disposal	6,299	14,008	58,890	41,113
- unrealised net loss on revaluation	(1,253)	(17,540)	(4,307)	(8,815)
- gross dividend income	838	1,480	2,394	2,956
	<u>5,884</u>	<u>(2,052)</u>	<u>56,977</u>	<u>35,254</u>
Net (loss)/gain on revaluation of derivatives	<u>(1,755)</u>	<u>(52,914)</u>	<u>21,449</u>	<u>(53,735)</u>
Net gain on fair value hedges	<u>6,538</u>	<u>-</u>	<u>6,977</u>	<u>-</u>
Net gain arising from financial investments AFS				
- net gain on disposal	15,957	18,806	60,059	28,308
- gross dividend income	3,298	3,279	12,346	12,679
	<u>19,255</u>	<u>22,085</u>	<u>72,405</u>	<u>40,987</u>
Net gain arising from financial investments held-to-maturity				
- net gain on redemption	2,398	2,261	2,985	3,899
	<u>2,398</u>	<u>2,261</u>	<u>2,985</u>	<u>3,899</u>



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	3rd quarter ended		Nine months ended	
	30 Sept 2012	30 Sept 2011	30 Sept 2012	30 Sept 2011
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income (continued)				
Other income				
- Net foreign exchange gain/(loss)				
- realised	110,020	168,900	215,602	327,947
- unrealised	(52,999)	(98,282)	(26,342)	(98,906)
- Insurance underwriting surplus before management expenses	15,489	20,302	49,981	60,286
- Rental income	1,138	925	2,457	2,037
- Net gain on disposal of property, plant and equipment	195	139	1,321	5,058
- Other operating income	14,901	13,604	45,212	39,022
- Other non-operating income	634	351	1,908	5,884
	<u>89,378</u>	<u>105,939</u>	<u>290,139</u>	<u>341,328</u>
	<u>273,825</u>	<u>215,529</u>	<u>927,244</u>	<u>798,327</u>
 Company				
Gross dividend income from:				
- Subsidiaries	226,667	-	756,028	434,215
 Other income				
- Net foreign exchange gain/(loss)				
- unrealised	18	(61)	(29)	(15)
- Net gain on disposal of property, plant and equipment	190	-	190	91
	<u>208</u>	<u>(61)</u>	<u>161</u>	<u>76</u>
	<u>226,875</u>	<u>(61)</u>	<u>756,189</u>	<u>434,291</u>



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	3rd quarter ended		Nine months ended	
	30 Sept 2012	30 Sept 2011	30 Sept 2012	30 Sept 2011
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses				
<u>Group</u>				
Personnel costs				
- Salaries, bonus, wages and allowances	253,253	224,252	769,787	688,909
- Defined contribution plan	38,662	34,297	116,990	104,552
- Other staff related costs	23,415	38,049	65,656	80,615
	315,330	296,598	952,433	874,076
Establishment costs				
- Property, plant and equipment				
- Depreciation	29,053	28,545	84,587	83,261
- Written off	1	3	1	25
- Information technology expenses	29,493	28,360	87,130	84,613
- Repair and maintenance	5,721	5,779	17,149	17,569
- Security and escorting charges	10,066	9,389	31,186	25,834
- Rental of premises	23,969	15,171	70,669	39,255
- Water and electricity	6,660	6,736	19,546	18,118
- Rental of equipment	1,502	2,458	4,835	7,375
- Insurance	4,019	1,552	7,705	1,739
- Others	1,961	3,053	6,326	7,239
	112,445	101,046	329,134	285,028
Marketing expenses				
- Sales commission	10,087	8,223	28,377	17,366
- Advertisements and publicity	19,235	17,178	49,570	42,270
- Others	19,437	16,938	55,116	36,369
	48,759	42,339	133,063	96,005
Administration and general expenses				
- Communication expenses	22,786	23,611	73,466	73,149
- Legal and professional fee	6,585	1,322	20,646	5,769
- Others	20,504	22,723	67,930	61,722
	49,875	47,656	162,042	140,640
	526,409	487,639	1,576,672	1,395,749



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	3rd quarter ended		Nine months ended	
	30 Sept 2012	30 Sept 2011	30 Sept 2012	30 Sept 2011
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses (continued)				
<u>Company</u>				
Personnel costs				
- Salaries, bonus, wages and allowances	3,882	2,308	12,055	8,477
- Defined contribution plan	622	364	1,903	1,350
- Other staff related costs	493	389	1,423	1,311
	4,997	3,061	15,381	11,138
Establishment costs				
- Rental of premises	275	296	816	898
- Depreciation of property, plant and equipment	61	56	181	162
- Repair and maintenance	25	68	93	126
- Security and escorting charges	9	9	26	26
- Rental of equipment	5	3	31	26
- Water and electricity	23	20	80	60
- Information technology expenses	7	1	7	3
- Insurance	1	2	2	3
	406	455	1,236	1,304
Marketing expenses				
- Advertisements and publicity	307	180	1,581	1,198
- Others	125	25	216	260
	432	205	1,797	1,458
Administration and general expenses				
- Communication expenses	83	77	263	241
- Legal and professional fee	4,117	1,366	15,972	2,236
- Others	234	77	544	2,831
	4,434	1,520	16,779	5,308
	10,269	5,241	35,193	19,208



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	3rd quarter ended		Nine months ended	
	30 Sept 2012	Restated 30 Sept 2011	30 Sept 2012	Restated 30 Sept 2011
	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	(71,893)	(25,775)	(176,185)	(71,690)
- Collective impairment allowance write back/(made)	17,692	(23,018)	(92,838)	(149,291)
Impaired loans and financing recovered	142,980	116,709	365,002	243,967
Impaired loans and financing written off	(58,647)	(42,893)	(147,945)	(151,079)
Allowance write back/(made) for impairment on other assets	841	720	761	(1,248)
	30,973	25,743	(51,205)	(129,341)



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	Group	
	Unaudited As at 30 Sept 2012 RM'000	Audited As at 31 Dec 2011 RM'000
A13. Financial Assets Held-for-trading		
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian government securities	450,987	21,119
Malaysian government investment issues	344,560	144,220
BNM monetary notes	609,930	808,374
Cagamas bonds	10,141	-
Singapore government treasury bills	287,164	275,519
Thailand government bonds	9,786	-
Wakala Global Sukuk	-	16,495
Khazanah bonds	-	53,767
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Shares	69,807	67,981
Unit trusts	3,763	3,451
Outside Malaysia		
Shares	3,990	2,524
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	297,729	108,308
	<u>2,087,857</u>	<u>1,501,758</u>



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	Group	
	Unaudited As at 30 Sept 2012 RM'000	Audited As at 31 Dec 2011 RM'000
A14. Financial Investments Available-for-sale		
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian government securities	638,846	1,666,771
Malaysian government investment issues	2,175,357	2,907,749
Cagamas bonds and Cagamas Mudharabah bonds	66,671	82,056
Khazanah bonds	72,603	12,638
Islamic accepted bills	58,604	-
Singapore government securities	134,687	232,275
Singapore government treasury bills	249,752	73,155
Thailand government bonds	104,779	85,870
1 Malaysia Sukuk	280,631	291,592
Wakala Global Sukuk	98,085	115,164
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Corporate loan stocks	9,274	15,434
Shares	4,830	4,503
Outside Malaysia		
Shares	24	23
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	6,181,420	4,384,508
Shares	374,828	406,680
Corporate loan stocks	121,637	127,875
Unit trusts	320,571	278,883
Redeemable convertible preference shares	13,980	15,130
Outside Malaysia		
Private debt securities	3,466	5,901
Corporate loan stocks	459	574
	<u>10,910,504</u>	<u>10,706,781</u>

As at 30 September 2012, the carrying value of financial investments available-for-sale which was transferred from financial assets held-for-trading in previous financial years amounted to RM108,128,000 (31.12.2011: RM580,456,000).



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	Group	
	Unaudited As at 30 Sept 2012 RM'000	Audited As at 31 Dec 2011 RM'000
A15. Financial Investments Held-to-maturity		
At amortised cost		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian government securities	2,455,139	2,814,685
Malaysian government investment issues	4,686,967	3,304,614
Cagamas bonds and Cagamas Mudharabah bonds	2,290,879	1,963,279
Khazanah bonds	65,549	63,418
Negotiable instruments of deposits	1,553,075	1,005,545
Singapore government securities	125,587	123,462
Thailand government securities	293,683	240,210
Sukuk (Brunei) Incorporation	54,967	53,682
Bankers' acceptances	307,523	271,632
Wakala Global Sukuk	211,017	203,078
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	3,332,764	3,207,217
Corporate loan stocks	55,196	56,283
Bonds	883	883
Prasarana bonds	784,502	990,911
Outside Malaysia		
Private debt securities	18,649	19,063
	16,236,380	14,317,962
Accumulated impairment losses	(228,745)	(224,053)
	16,007,635	14,093,909

As at 30 September 2012, the carrying value of financial investments held-to-maturity which was transferred from financial assets held-for-trading in previous financial years amounted to RM18,649,000 (31.12.2011: RM19,063,000). The fair value of the financial investments as at 30 September 2012 amounted to RM20,105,000 (31.12.2011: RM20,643,000).



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FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012**

	Group	
	Unaudited As at 30 Sept 2012 RM'000	Restated As at 31 Dec 2011 RM'000
A16. Loans, Advances and Financing		
At amortised cost		
Overdrafts	5,918,489	5,713,718
Term loans/financing		
- housing loans/financing	21,230,620	20,083,314
- syndicated term loans/financing	2,523,082	2,603,854
- hire-purchase receivables	12,503,598	12,958,064
- lease receivables	95,686	116,243
- other term loans/financing	48,534,721	43,135,262
Bills receivable	1,659,027	1,645,017
Trust receipts	486,202	383,406
Claims on customers under acceptance credits	5,546,717	4,757,731
Staff loans/financing	294,749	316,812
Credit/charge cards receivables	1,866,430	1,783,094
Revolving credits/financing	5,977,457	3,941,393
Gross loans, advances and financing	<u>106,636,778</u>	<u>97,437,908</u>
Fair value changes arising from fair value hedges	13,352	-
	<u>106,650,130</u>	97,437,908
Allowance for impaired loans, advances and financing		
- individual impairment allowance	(883,386)	(813,086)
- collective impairment allowance	<u>(1,457,596)</u>	<u>(1,566,152)</u>
Net loans, advances and financing	<u>104,309,148</u>	<u>95,058,670</u>

Included in term loans are housing loans and hire purchase receivables sold to Cagamas with recourse amounting to RM2,352,641,000 (31.12.2011: RM1,161,814,000).



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	Group	
	Unaudited As at 30 Sept 2012 RM'000	Restated As at 31 Dec 2011 RM'000
A16. Loans, Advances and Financing (continued)		
(a) By type of customer		
Domestic non-bank financial institutions		
- others	1,522,728	937,008
Domestic business enterprises		
- small medium enterprises	11,219,072	11,539,573
- others	29,469,918	23,989,635
Government and statutory bodies	10,997,127	11,148,102
Individuals	46,575,809	43,979,280
Other domestic entities	12,254	10,674
Foreign entities	6,839,870	5,833,636
	<u>106,636,778</u>	<u>97,437,908</u>
(b) By geographical distribution		
In Malaysia	100,974,019	92,881,385
Outside Malaysia		
- Singapore operations	5,329,249	4,211,647
- Thailand operations	244,996	232,363
- Brunei operations	88,514	112,513
	<u>106,636,778</u>	<u>97,437,908</u>
(c) By interest/profit rate sensitivity		
Fixed rate		
- housing loans/financing	1,417,410	1,612,129
- hire-purchase receivables	12,503,598	12,958,064
- other fixed rate loans/financing	18,349,481	16,528,417
Variable rate		
- base lending/financing rate plus	41,310,675	38,793,599
- cost-plus	28,294,318	23,122,176
- other variable rates	4,761,296	4,423,523
	<u>106,636,778</u>	<u>97,437,908</u>



RHB CAPITAL BERHAD (312952 – H)
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	Group	
	Unaudited As at 30 Sept 2012 RM'000	Restated As at 31 Dec 2011 RM'000
A16. Loans, Advances and Financing (continued)		
(d) By purpose		
Purchase of securities	8,477,662	6,983,242
Purchase of transport vehicles	11,275,658	11,742,988
Purchase of landed property:		
- residential	21,668,190	20,604,412
- non-residential	5,384,805	5,282,037
Purchase of property, plant and equipment other than land and building	3,303,591	3,241,052
Personal use	5,515,397	4,960,882
Credit card	1,866,430	1,783,094
Purchase of consumer durables	38,863	43,750
Construction	3,628,462	3,024,994
Working capital	23,945,367	20,359,900
Merger and acquisition	4,696,267	4,200,239
Other purpose	16,836,086	15,211,318
	<u>106,636,778</u>	<u>97,437,908</u>
(e) By remaining contractual maturities		
Maturity within one year	34,758,031	30,866,562
One year to three years	10,779,246	6,148,234
Three years to five years	8,740,782	10,384,652
Over five years	52,358,719	50,038,460
	<u>106,636,778</u>	<u>97,437,908</u>



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	Group	
	Unaudited As at 30 Sept 2012 RM'000	Restated As at 31 Dec 2011 RM'000
A16. Loans, Advances and Financing (continued)		
(f) Impaired loans, advances and financing		
(i) Movements in impaired loans, advances and financing		
Balance as at the beginning of the financial period/year		
- As previously reported	3,351,106	3,672,175
- Effect of full adoption of MFRS 139	142,845	176,364
- As restated	<u>3,493,951</u>	3,848,539
Classified as impaired	2,989,173	3,711,482
Reclassified as non-impaired	(2,150,125)	(2,856,741)
Amount recovered	(551,364)	(609,133)
Amount written off	(451,630)	(604,997)
Exchange difference	(1,266)	4,801
Balance as at the end of the financial period/year	<u><u>3,328,739</u></u>	<u><u>3,493,951</u></u>
(ii) By purpose		
Purchase of securities	54,124	91,503
Purchase of transport vehicles	269,355	267,936
Purchase of landed property:		
- residential	988,456	1,085,031
- non-residential	156,668	211,948
Purchase of property, plant and equipment other than land and building	97,432	146,184
Personal use	147,451	125,496
Credit card	38,964	43,394
Purchase of consumer durables	2,475	2,154
Construction	247,220	244,774
Working capital	1,254,262	1,249,521
Other purpose	72,332	26,010
	<u><u>3,328,739</u></u>	<u><u>3,493,951</u></u>



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FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

	Group	
	Unaudited As at 30 Sept 2012 RM'000	Restated As at 31 Dec 2011 RM'000
A16. Loans, Advances and Financing (continued)		
(f) Impaired loans, advances and financing (continued)		
(iii) By geographical distribution		
In Malaysia	3,232,245	3,397,385
Outside Malaysia		
- Singapore operations	63,563	66,581
- Thailand operations	21,621	22,440
- Brunei operations	11,310	7,545
	<u>3,328,739</u>	<u>3,493,951</u>
(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	813,086	855,782
Net allowance made	176,185	110,301
Amount written off	(91,767)	(155,738)
Reclassified from collective impairment allowance	(12,852)	1,786
Transfer to impairment of investment securities	(643)	-
Exchange differences	(623)	955
Balance as at the end of the financial period/year	<u>883,386</u>	<u>813,086</u>
<u>Collective impairment allowance</u>		
Balance as at the beginning of the financial period/year		
- As previously reported	1,658,463	1,626,369
- Effect of full adoption of MFRS 139	(92,311)	190,820
- As restated	<u>1,566,152</u>	<u>1,817,189</u>
Net allowance made	92,838	143,615
Amount written off	(213,463)	(394,391)
Reclassified to individual impairment allowance	12,852	(1,786)
Exchange differences	(783)	1,525
Balance as at the end of the financial period/year	<u>1,457,596</u>	<u>1,566,152</u>



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	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	As at	As at	As at	As at
	30 Sept 2012	31 Dec 2011	30 Sept 2012	31 Dec 2011
	RM'000	RM'000	RM'000	RM'000
A17. Other Assets				
Other debtors, deposits and prepayments	477,641	417,075	24,524	41,684
Reinsurance assets	199,772	162,375	-	-
Deposit for proposed acquisition of PT Bank Mestika Dharma (refer to Note B6(a))	112,515	112,515	112,515	112,515
	<u>789,928</u>	<u>691,965</u>	<u>137,039</u>	<u>154,199</u>

	Group	
	Unaudited	Audited
	As at	As at
	30 Sept 2012	31 Dec 2011
	RM'000	RM'000
A18. Deposits from Customers		
(a) By type of deposits		
Demand deposits	23,199,859	21,435,927
Savings deposits	6,741,219	6,359,910
Fixed/investment deposits	95,650,010	87,946,325
Negotiable instruments of deposits	112,113	118,422
	<u>125,703,201</u>	<u>115,860,584</u>
(b) By type of customer		
Government and statutory bodies	14,205,732	12,738,623
Business enterprises	74,043,037	65,868,672
Individuals	32,356,049	31,171,620
Others	5,098,383	6,081,669
	<u>125,703,201</u>	<u>115,860,584</u>
(c) By maturity structure of fixed/investment deposits and negotiable instruments of deposits		
Due within six months	82,848,677	71,800,822
Six months to one year	12,315,558	14,779,575
One year to three years	549,722	1,440,291
Three years to five years	43,701	44,059
Over five years	4,465	-
	<u>95,762,123</u>	<u>88,064,747</u>



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	Group	
	Unaudited As at 30 Sept 2012 RM'000	Audited As at 31 Dec 2011 RM'000
A19. Deposits and Placements of Banks and Other Financial Institutions		
Licensed banks	7,082,056	6,173,594
Licensed Islamic banks	1,557,832	73,654
Licensed investment banks	755,278	423,382
BNM	961,210	1,273,358
Other financial institutions	1,939,915	2,087,587
	<u>12,296,291</u>	<u>10,031,575</u>

	Group		Company	
	Unaudited As at 30 Sept 2012 RM'000	Restated As at 31 Dec 2011 RM'000	Unaudited As at 30 Sept 2012 RM'000	Audited As at 31 Dec 2011 RM'000
A20. Other Liabilities				
Other creditors and accruals	813,492	827,017	836	1,361
General insurance contract liabilities	525,788	433,933	-	-
Short term employee benefits	153,248	163,241	3,053	1,954
Lessee deposits	48,152	54,756	-	-
Prepaid instalment	78,675	79,774	-	-
Remisiers' trust deposits	8,810	9,306	-	-
Amount due to Danaharta	1,819	1,804	-	-
Amount payable for creation of units due to funds	15,206	13,685	-	-
	<u>1,645,190</u>	<u>1,583,516</u>	<u>3,889</u>	<u>3,315</u>



**RHB CAPITAL BERHAD (312952 – H)
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A21. Segment Reporting

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

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

(a) Corporate and Investment Banking

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

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

(b) Retail Banking

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

(c) Business Banking

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

(d) Group Treasury

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

(e) Islamic Banking business

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

(f) Global Financial Banking

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



**RHB CAPITAL BERHAD (312952 – H)
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A21. Segment Reporting (continued)

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

(g) Support center and others

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

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

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



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A21. Segment Reporting (continued)

Segment Profit and Loss for the Nine Months Ended 30 September 2012

	Corporate & Investment Banking	Retail Banking	Business Banking	Group Treasury	Islamic Banking Business	Global Financial Banking	Support Center and Others	Inter-segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	659,288	1,561,767	524,786	454,353	294,483	196,985	(228,082)	-	3,463,580
Inter-segment revenue	13,349	17,953	-	18,019	(15,341)	2,623	19,689	(56,292)	-
Segment revenue	672,637	1,579,720	524,786	472,372	279,142	199,608	(208,393)	(56,292)	3,463,580
Overhead expenses	(217,416)	(717,014)	(293,993)	(68,155)	(118,938)	(144,532)	(72,916)	56,292	(1,576,672)
Including:									
Depreciation of property, plant and equipment	(5,818)	(51,165)	(10,849)	(3,661)	(4,680)	(3,810)	(4,604)	-	(84,587)
Allowance (made)/write back for impairment on loans, financing and other losses	123,728	(111,250)	12,375	-	(82,873)	(578)	7,393	-	(51,205)
Impairment (losses)/write back on other assets	(6,323)	27	68	(6,137)	-	433	-	-	(11,932)
	572,626	751,483	243,236	398,080	77,331	54,931	(273,916)	-	1,823,771
Share of results of a joint venture									532
Profit before taxation									1,824,303
Taxation									(445,563)
Net profit for the financial period									1,378,740



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A21. Segment Information (continued)

Segment Profit and Loss for the Nine Months Ended 30 September 2011 (Restated)

	Corporate & Investment Banking	Retail Banking	Business Banking	Group Treasury	Islamic Banking Business	Global Financial Banking	Support Center and Others	Inter-segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	571,587	1,482,300	513,252	395,728	237,859	156,302	(139,408)	-	3,217,620
Inter-segment revenue	13,764	14,431	-	54,089	(51,819)	2,609	17,524	(50,598)	-
Segment revenue	<u>585,351</u>	<u>1,496,731</u>	<u>513,252</u>	<u>449,817</u>	<u>186,040</u>	<u>158,911</u>	<u>(121,884)</u>	<u>(50,598)</u>	<u>3,217,620</u>
Overhead expenses	(217,294)	(632,212)	(275,265)	(54,997)	(115,421)	(102,988)	(48,170)	50,598	(1,395,749)
Including:									
Depreciation of property, plant and equipment	(5,909)	(48,359)	(10,286)	(3,576)	(6,293)	(3,786)	(5,052)	-	(83,261)
Allowance (made)/write back for impairment on loans, financing and other losses	(72,808)	(125,753)	61,818	-	7,691	(289)	-	-	(129,341)
Impairment (losses)/write back on other assets	2,345	6	952	(14,940)	-	-	-	-	(11,637)
	<u>297,594</u>	<u>738,772</u>	<u>300,757</u>	<u>379,880</u>	<u>78,310</u>	<u>55,634</u>	<u>(170,054)</u>	<u>-</u>	<u>1,680,893</u>
Share of results of a joint venture									287
Profit before taxation									<u>1,681,180</u>
Taxation									(414,004)
Net profit for the financial period									<u><u>1,267,176</u></u>



RHB CAPITAL BERHAD (312952 – H)
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A21. Segment Reporting (continued)

Segment Assets as at 30 September 2012

	Corporate & Investment Banking	Retail Banking	Business Banking	Group Treasury	Islamic Banking Business	Global Financial Banking	Support Center and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	35,408,581	44,088,170	11,876,487	48,968,269	16,060,469	11,194,405	476,050	168,072,431
Investments in a joint venture								19,230
Tax recoverable								110,389
Deferred tax assets								11,015
Unallocated assets								1,265,707
Total assets								<u>169,478,772</u>



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A21. Segment Information (continued)

Segment Assets as at 31 December 2011 (Restated)

	Corporate & Investment Banking	Retail Banking	Business Banking	Group Treasury	Islamic Banking Business	Global Financial Banking	Support Center and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	31,575,148	42,881,173	10,873,578	42,740,862	13,753,092	9,045,978	476,934	151,346,765
Investments in a joint venture								24,956
Tax recoverable								232,957
Deferred tax assets								14,630
Unallocated assets								1,008,732
Total assets								<u>152,628,040</u>



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A22. Valuation of Property, Plant and Equipment

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

A23. Material Events Subsequent to the Balance Sheet Date

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

A24. Changes in Composition of the Group

There were no significant changes in the composition of the Group for the nine months ended 30 September 2012.



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

(a) Commitments and Contingencies

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

The commitments and contingencies comprise the following:

<u>Group</u>	Unaudited As at 30 Sept 2012			Audited As at 31 Dec 2011		
	Principal amount	Credit equivalent amount*	Risk weighted amount	Principal amount	Credit equivalent amount*	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	1,874,815	1,802,791	1,287,212	1,507,861	1,437,755	1,217,657
Transaction-related contingent items	2,248,184	1,094,574	831,269	2,190,162	1,070,872	870,820
Short term self-liquidating trade-related contingencies	1,054,801	208,829	140,858	902,010	178,398	97,424
Obligations under underwriting agreements	425,518	212,759	202,759	329,500	164,750	125,500
Assets sold with recourse	720,609	720,609	545,516	-	-	-
Irrevocable commitments to extend credit						
- maturity not exceeding one year	10,487,724	5,798,378	3,838,873	10,214,616	1,978,589	1,316,754
- maturity exceeding one year	26,265,201	12,233,564	8,786,603	25,028,693	5,197,837	3,604,762
Foreign exchange related contracts						
- less than one year	10,141,866	481,136	229,985	13,558,443	377,570	175,414
- one year to less than five years	2,010,302	883,563	364,569	1,767,969	536,076	296,040
- more than five years	100,000	15,000	7,500	-	-	-
Interest rate related contracts						
- less than one year	7,973,559	32,017	11,751	4,325,536	9,854	2,843
- one year to less than five years	12,302,077	371,191	189,587	13,651,528	356,432	113,262
- more than five years	812,197	68,493	61,605	685,000	67,359	17,992
	76,416,853	23,922,904	16,498,087	74,161,318	11,375,492	7,838,468

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



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

(a) Commitments and Contingencies (continued)

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

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

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

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



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

(b) Guarantees Issued

As at balance sheet date, the Company has extended unsecured guarantees of RM68,000,000 (31.12.2011: RM68,000,000) for performance guarantees of one of its subsidiary companies.

(c) Other Contingent Liabilities

(i) The Company

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

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

In view of the above, the Company has not made any provision in relation to the said counterclaim, in the interim financial statements for the nine months ended 30 September 2012.

A26. Capital Commitments

	Group	
	Unaudited	Audited
	As at	As at
	30 Sept 2012	31 Dec 2011
	RM'000	RM'000
Capital expenditure for property, plant and equipment:		
- authorised and contracted for	51,744	72,783
- authorised but not contracted for	98,178	130,741
	<u>149,922</u>	<u>203,524</u>
Proposed acquisition of PT Bank Mestika Dharma (refer to Note B6(a))	1,050,611	1,050,611
	<u>1,200,533</u>	<u>1,254,135</u>



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A27. Capital Adequacy Ratio

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

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

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

	RHB Bank [®]		RHB Investment Bank		RHB Islamic Bank	
	Unaudited	Audited ⁺	Unaudited	Audited ⁺	Unaudited	Audited ⁺
	30 Sept 2012	31 Dec 2011	30 Sept 2012	31 Dec 2011	30 Sept 2012	31 Dec 2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Tier I capital						
Paid-up ordinary share capital	3,318,085	3,318,085	263,646	263,646	973,424	773,424
Hybrid Tier-I Capital Securities	597,674	597,475	-	-	-	-
Share premium	8,563	8,563	-	-	-	-
Retained profits	3,627,832	3,338,769	23,933	53,198	315,493	271,298
Other reserves (exclude AFS reserves)	3,270,925	3,042,860	278,549	278,549	315,700	280,411
Less: Deferred tax assets	(10,535)	(62,951)	(3,365)	(3,365)	(511)	(9,105)
Goodwill	(905,519)	(905,519)	(159,280)	(159,280)	-	-
Total Tier I capital	<u>9,907,025</u>	<u>9,337,282</u>	<u>403,483</u>	<u>432,748</u>	<u>1,604,106</u>	<u>1,316,028</u>
Tier II capital						
Subordinated obligations	3,997,950	3,250,000	201,742	216,374	-	-
Collective impairment allowance [^]	<u>301,361</u>	<u>376,254</u>	<u>43</u>	<u>893</u>	<u>99,172</u>	<u>135,113</u>
Total Tier II capital	<u>4,299,311</u>	<u>3,626,254</u>	<u>201,785</u>	<u>217,267</u>	<u>99,172</u>	<u>135,113</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.

[^] Excludes collective impairment allowance attributable to loans, advances and financing classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on 'Classification and Impairment Provisions for Loans/Financing' issued on 8 January 2010 and subsequently updated on 26 January 2010 and 17 December 2010.

⁺ The above capital adequacy ratios has not been adjusted for the effect of the adoption of MFRS 139.



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A27. Capital Adequacy Ratio (continued)

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

	RHB Bank [®]		RHB Investment Bank		RHB Islamic Bank	
	Unaudited 30 Sept 2012 RM'000	Audited ⁺ 31 Dec 2011 RM'000	Unaudited 30 Sept 2012 RM'000	Audited ⁺ 31 Dec 2011 RM'000	Unaudited 30 Sept 2012 RM'000	Audited ⁺ 31 Dec 2011 RM'000
Less:						
Investments in subsidiaries	(1,072,656)	(872,656)	(84,970)	(84,970)	-	-
Investments in a joint venture	-	-	(21,463)	(21,463)	-	-
Securitisation exposures subject to deductions [#]	-	-	(4,879)	(7,781)	-	-
Excess of total expected loss over total eligible provision under the IRB approach	(322,455)	(178,986)	-	-	-	-
Other deductions*	(3,833)	(3,787)	(9,875)	(440)	-	(24)
Eligible Tier II Capital	<u>2,900,367</u>	<u>2,570,825</u>	<u>80,598</u>	<u>102,613</u>	<u>99,172</u>	<u>135,089</u>
Total capital base	<u>12,807,392</u>	<u>11,908,107</u>	<u>484,081</u>	<u>535,361</u>	<u>1,703,278</u>	<u>1,451,117</u>
<u>Before deducting proposed dividends</u>						
Core capital ratio	11.52%	12.76%	23.66%	36.43%	12.63%	12.65%
Risk-weighted capital adequacy ratio	14.89%	16.27%	28.39%	45.07%	13.41%	13.95%
<u>After deducting proposed dividends</u>						
Core capital ratio	11.52%	12.28%	23.66%	33.97%	12.63%	12.65%
Risk-weighted capital adequacy ratio	14.89%	15.79%	28.39%	41.37%	13.41%	13.95%

[®] 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.

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

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

⁺ The above capital adequacy ratios has not been adjusted for the effect of the adoption of MFRS 139.



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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 Investment Bank		RHB Islamic Bank	
	Unaudited	Audited⁺	Unaudited	Audited⁺	Unaudited	Audited⁺
	30 Sept 2012	31 Dec 2011	30 Sept 2012	31 Dec 2011	30 Sept 2012	31 Dec 2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Credit risk	76,534,865	64,345,943	936,360	658,111	11,933,757	9,226,699
Market risk	2,287,731	1,884,914	374,767	126,884	96,576	565,103
Operational risk	7,203,865	6,939,645	394,041	402,937	670,556	608,028
Total risk-weighted assets	<u>86,026,461</u>	<u>73,170,502</u>	<u>1,705,168</u>	<u>1,187,932</u>	<u>12,700,889</u>	<u>10,399,830</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 above capital adequacy ratios has not been adjusted for the effect of the adoption of MFRS 139.



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	Unaudited As at 30 Sept 2012 RM'000	Group Restated As at 31 Dec 2011 RM'000	Restated As at 1 Jan 2011 RM'000
A28. Operations of Islamic Banking			
(a) Statement of Financial Position as at 30 September 2012			
ASSETS			
Cash and short-term funds	5,153,151	5,613,844	1,076,367
Deposits and placements with banks and other financial institutions	840,177	70,077	40,062
Financial assets held-for-trading	249,771	433,531	218,928
Financial investments AFS	1,873,954	1,673,683	1,787,265
Financial investments held-to-maturity	2,199,110	1,398,138	1,073,159
Financing and advances	15,602,293	12,732,595	8,652,397
Other assets	16,856	87,194	41,538
Statutory deposits	701,255	606,455	105,140
Deferred tax assets	-	3,769	46,195
Tax recoverable	-	13,232	-
Property, plant and equipment	18,419	21,241	21,547
Total assets	26,654,986	22,653,759	13,062,598
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	18,671,527	17,038,324	9,946,582
Deposits and placements of banks and other financial institutions	3,023,590	2,325,231	1,538,052
Bills and acceptances payable	27,742	13,773	12,124
Recourse obligations financing sold to Cagamas Berhad	1,238,784	-	-
Other liabilities	46,056	60,704	52,715
Taxation liabilities	19,391	-	170
Deferred tax liabilities	1,339	-	-
Total liabilities	23,028,429	19,438,032	11,549,643
Islamic Banking Funds	3,626,557	3,215,727	1,512,955
Total liabilities and Islamic Banking Funds	26,654,986	22,653,759	13,062,598
Commitments and contingencies	5,867,996	4,683,588	3,519,220



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	3rd quarter ended		Nine months ended	
	30 Sept	Restated	30 Sept	Restated
	2012	30 Sept	2012	30 Sept
	RM'000	2011	RM'000	2011
		RM'000		RM'000
A28. Operations of Islamic Banking (continued)				
(b) Income Statement for the nine months ended 30 September 2012				
Group				
Income derived from investment of depositors' funds	273,634	215,194	765,288	520,810
Income derived from investment of shareholder's funds	20,071	13,862	55,650	41,779
Allowance for impairment on financing and advances	(5,690)	18,519	(53,352)	18,932
Profit equalisation reserve	-	2,614	7,252	(12,773)
Total distributable income	288,015	250,189	774,838	568,748
Income attributable to depositors	(166,983)	(113,773)	(477,698)	(259,117)
Total net income	121,032	136,416	297,140	309,631
Personnel expenses	(19,102)	(15,817)	(53,046)	(47,380)
Other overheads and expenditures	(31,030)	(25,505)	(84,109)	(67,763)
Profit before taxation	70,900	95,094	159,985	194,488
Taxation	(14,928)	(10,996)	(38,508)	(34,704)
Net profit for the financial period	55,972	84,098	121,477	159,784



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	3rd quarter ended		Nine months ended	
	30 Sept 2012	Restated 30 Sept 2011	30 Sept 2012	Restated 30 Sept 2011
	RM'000	RM'000	RM'000	RM'000

A28. Operations of Islamic Banking (continued)

**(c) Statement of Comprehensive Income for the
nine months ended 30 September 2012**

Group

Net profit for the financial period	<u>55,972</u>	84,098	<u>121,477</u>	159,784
Other comprehensive income/(loss):				
Financial investments AFS				
- Unrealised net (loss)/gain on revaluation	(1,506)	13,503	15,320	15,313
- Net transfer to income statement on disposal or impairment	(6,763)	(2,324)	(14,114)	(6,162)
Income tax relating to components of other comprehensive loss/(income)	<u>2,067</u>	(2,795)	<u>(302)</u>	(2,323)
Other comprehensive (loss)/income, net of tax, for the financial period	<u>(6,201)</u>	8,384	<u>905</u>	6,828
Total comprehensive income for the financial period	<u>49,771</u>	92,482	<u>122,382</u>	166,612



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	Group	
	Unaudited As at 30 Sept 2012	Restated As at 31 Dec 2011
	RM'000	RM'000
A28. Operations of Islamic Banking (continued)		
(d) Financing and Advances		
At amortised cost		
Cashline	140,972	120,228
Term financing		
- housing financing	3,282,633	2,752,867
- syndicated term financing	462,438	337,578
- hire purchase receivables	4,256,586	3,548,299
- other term financing	5,799,088	5,347,288
Bills receivable	903,582	524,048
Trust receipts	20,036	19,708
Staff financing	8,361	10,067
Credit/charge cards receivables	106,136	47,904
Revolving financing	977,099	351,768
Gross financing and advances	15,956,931	13,059,755
Less: Allowance for impaired financing and advances		
- individual impairment allowance	(163,312)	(130,724)
- collective impairment allowance	(191,326)	(196,436)
Net financing and advances	15,602,293	12,732,595



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	Group	
	Unaudited As at 30 Sept 2012 RM'000	Restated As at 31 Dec 2011 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		
- As previously reported	543,076	628,251
- Effect of full adoption of MFRS 139	17,541	30,502
- As restated	560,617	658,753
Classified as impaired	295,086	280,102
Reclassified as non-impaired	(217,218)	(238,614)
Amount recovered	(103,362)	(81,975)
Amount written off	(28,522)	(57,649)
Balance as at the end of the financial period/year	506,601	560,617
(ii) Movements in allowance for impaired financing and advances		
<u>Individual impairment allowance</u>		
Balance as at the beginning of the financial period/year	130,724	163,440
Net allowance made	47,273	10,226
Amount written off	(13,580)	(42,942)
Transfer to collective impairment allowance	(1,105)	-
Balance as at the end of the financial period/year	163,312	130,724
<u>Collective impairment allowance</u>		
Balance as at the beginning of the financial period/year		
- As previously reported	190,768	158,828
- Effect of full adoption of MFRS 139	5,668	91,864
- As restated	196,436	250,692
Net allowance made/(written back)	3,837	(26,471)
Amount written off	(10,052)	(27,785)
Transfer from individual assessment allowance	1,105	-
Balance as at the end of the financial period/year	191,326	196,436



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	Group	
	Unaudited As at 30 Sept 2012 RM'000	Audited As at 31 Dec 2011 RM'000
A28. Operations of Islamic Banking (continued)		
(e) Other Assets		
Deposits and prepayments	1,302	945
Sundry deposits debtors	1,240	1,240
Other debtors	14,314	85,009
	16,856	87,194
(f) Deposits from Customers		
<u>Non-Mudharabah Funds</u>		
Demand deposits	3,066,266	1,635,227
Savings deposits	720,310	638,101
Commodity Murabahah	3,456,395	3,105,452
Wakalah money market deposits	105,442	-
	7,348,413	5,378,780
<u>Mudharabah Funds</u>		
Demand deposits	458,086	405,040
Savings deposits	44,398	12,712
General investment deposits accounts	815,273	682,066
Special investment deposits accounts	10,005,357	10,559,726
	18,671,527	17,038,324



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A29. Changes in Accounting Policies

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

	As previously reported	Effects of full adoption of MFRS 139	As restated
	RM'000	RM'000	RM'000
As at 1 January 2011			
Assets			
Loans, advances and financing	81,228,093	(14,456)	81,213,637
- Gross loans, advances and financing	83,710,244	176,364	83,886,608
- Collective impairment allowances	(1,626,369)	(190,820)	(1,817,189)
Clients' and brokers' balances	421,127	1,810	422,937
Deferred tax assets	261,105	4,540	265,645
Liabilities			
Other liabilities	1,527,724	662	1,528,386
Deferred tax liabilities	4,514	643	5,157
Equity attributable to equity holders of the Company	9,962,157	(9,411)	9,952,746
Translation reserves	(76,854)	(31)	(76,885)
Retained profits	2,747,792	(9,380)	2,738,412
Loans, advances and financing of which:			
- Impaired loans, advances and financing	3,672,175	176,364	3,848,539
As at 31 December 2011			
Assets			
Loans, advances and financing	94,823,514	235,156	95,058,670
- Gross loans, advances and financing	97,295,063	142,845	97,437,908
- Collective impairment allowances	(1,658,463)	92,311	(1,566,152)
Clients' and brokers' balances	232,676	2,158	234,834
Deferred tax assets	17,598	(2,968)	14,630
Liabilities			
Other liabilities	1,582,693	823	1,583,516
Deferred tax liabilities	6,598	56,510	63,108
Equity attributable to equity holders of the Company	11,438,385	177,013	11,615,398
Translation reserves	(58,832)	19	(58,813)
Retained profits	3,359,866	176,994	3,536,860
Loans, advances and financing of which:			
- Impaired loans, advances and financing	3,351,106	142,845	3,493,951



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A29. Changes in Accounting Policies (continued)

**(b) Impacts on the Group's Income Statements/Statements of Comprehensive Income
For the Nine Months Ended 30 September 2011**

	<u>As previously reported</u>	<u>Effects of full adoption of MFRS 139</u>	<u>As restated</u>
	RM'000	RM'000	RM'000
Interest income	4,092,698	50,107	4,142,805
Income from Islamic Banking business	294,512	(3,813)	290,699
Allowance for impairment on loans, financing and other losses	(232,362)	103,021	(129,341)
Profit before taxation	1,531,865	149,315	1,681,180
Taxation	(376,906)	(37,098)	(414,004)
Net profit for the financial period	1,154,959	112,217	1,267,176
Earnings per share (sen) - basic	<u>53.1</u>	<u>5.1</u>	<u>58.2</u>

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

	<u>As previously reported</u>	<u>Effects of full adoption of MFRS 139</u>	<u>As restated</u>
	RM'000	RM'000	RM'000
As at 1 January 2011			
Assets			
Financing and advances			
- Gross financing and advances	9,036,029	30,502	9,066,531
- Collective impairment allowances	(158,828)	(91,864)	(250,692)
Deferred tax assets	30,854	15,341	46,195
Islamic Banking Funds	1,558,978	(46,023)	1,512,955
Financing and advances if which:			
- Impaired financing and advances	628,251	30,502	658,753
As at 31 December 2011			
Assets			
Financing and advances			
- Gross financing and advances	13,042,214	17,541	13,059,755
- Collective impairment allowances	(190,768)	(5,668)	(196,436)
Deferred tax assets	6,737	(2,968)	3,769
Islamic Banking Funds	3,206,822	8,905	3,215,727
Financing and advances if which:			
- Impaired financing and advances	543,076	17,541	560,617



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A29. Changes in Accounting Policies (continued)

**(d) Impacts on the operations of Islamic Banking's Income Statements/Statements of Comprehensive Income
For the Nine Months Ended 30 September 2011**

	<u>As previously reported</u> RM'000	<u>Effects of full adoption of MFRS 139</u> RM'000	<u>As restated</u> RM'000
Income derived from investment of depositors' funds	518,728	2,082	520,810
Income derived from investment of shareholder's funds	47,674	(5,895)	41,779
Allowance for impairment on financing and advances	(36,216)	55,148	18,932
Profit before taxation	143,153	51,335	194,488
Taxation	(21,870)	(12,834)	(34,704)
Net profit for the financial period	121,283	38,501	159,784



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B1. Review of Group Results

(a) Current Financial Year vs Previous Financial Year

For the nine months ended 30 September 2012, the Group reported a net profit of RM1.4 billion, representing an 8.8% increase from a year ago. Total revenue increased by 7.6% to RM3.5 billion, whilst pre-tax profit registered 8.5% increase year-on-year to RM1.8 billion. Earnings per share rose to 62.1 sen as compared to 58.2 sen recorded in the corresponding period last year. Annualised return on equity and return on assets stood at 15.0% and 1.1% respectively.

Interest income grew by 9.0% to RM4.5 billion year-to-date, maintaining the trajectory seen in the first half of 2012. The increase was driven by a 12.6% increase in gross loans year-on-year. Whilst interest expense was higher by 15.7%, attributed mainly to higher deposit base and diversification of funding mix with the issuance of longer dated debt securities, net interest margin was lower at 2.38% from 2.40% in the previous quarter.

Other operating income increased by 16.1% to RM927.2 million from 2011, underpinned by higher net gains from trading and investment securities, higher fee income and improvement in fair value on derivatives, partially offset by lower foreign exchange gain.

Income from the Islamic Banking business increased by 20.6% to reach RM350.5 million, driven by higher net profit income and higher net gains from trading and investment securities.

Other operating expenses rose 13.0% year-on-year, mainly due to higher personnel costs associated with headcount growth and investments made to support business and branch network expansion. Consequently, cost to income ratio increased to 45.5% from 43.4% a year ago.

Allowance for impairment on loans and financing for the first nine months of 2012 was lower by 60.4% against the previous year corresponding period. This was mainly due to higher bad debts recovered and lower collective allowances made, partially offset by higher individual allowances.

Gross loans increased by an annualised rate of 12.6% for the first nine months of the year to reach RM106.6 billion, primarily for the purposes of working capital, purchase of securities and residential properties. Domestic loans market share stood at 9.3% as at 30 September 2012.

The Group's funding position remained strong. Customers deposits increased by an annualised rate of 11.3% to reach RM125.7 billion as at 30 September 2012. In a drive to diversify funding mix and reduce reliance on shorter tenure funding as well as in preparation for the impending implementation of Basel III, a total of RM750 million sub-notes and USD500 million senior debt securities were issued by RHB Bank Berhad during the period under review.

Liquidity position remained healthy with loans to deposits ratio stood at 84.8% as at September 2012.

Gross impaired loans ratio improved to 3.12% from 3.59% as at 31 December 2011. As a result of effective credit risk management practices and recovery effort, absolute gross impaired loans decreased by 4.7% to RM3.3 billion as at 30 September 2012, compared to RM3.5 billion in December 2011.

Performance by Operating Segment

Corporate and Investment Banking

Segment profit improved significantly to RM572.6 million. The higher profit was mainly attributable to higher write back on allowances on loans impairment and bad debts recoveries, higher fee income and higher interest income. This was partially offset by higher impairment losses on other assets.

Retail Banking

Retail banking segment profit was higher by 1.7% to RM751.5 million, mainly due to higher net interest income, higher trading income and lower allowances for loans impairment. This was partially offset by higher overhead costs, lower fee based income and lower underwriting surplus.



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B1. Review of Group Results (continued)

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

Performance by Operating Segment

Business Banking

Segment profit was lower by 19.1% to RM243.2 million. The lower profit was mainly attributable to lower write back on allowances for impairment on loans and higher overhead costs. This was partially offset by higher fee income and higher net interest income.

Group Treasury

Segment profit was higher by 4.8% to RM398.1 million, mainly attributable to higher net gains from disposal of trading and investment securities portfolio, higher net interest income, higher fee income and lower impairment losses on other assets. This was partially offset by lower net foreign exchange gains and higher overhead costs.

Islamic Banking business

Segment profit was lower by 1.3% to RM77.3 million, mainly attributable to higher allowances for impairment on financing and higher overhead costs. This was partially offset by higher trading income, fee income and net interest income.

Global Financial Banking

Segment profit was lower by 1.3% at RM54.9 million, mainly attributable to higher overhead costs. This was partially offset by higher net foreign exchange gains, higher fee income and higher net interest income.

B2. Current Quarter vs Previous Quarter

For the third quarter ended 30 September 2012, the Group recorded a pre-tax profit of RM640.3 million, 6.2% higher as compared to RM603.2 million recorded in the preceding quarter ended 30 June 2012. The higher profit was mainly due to lower loan loss provisioning by RM67.8 million, higher income from Islamic Banking business by RM14.0 million, higher net interest income by RM13.0 million and lower other operating expenses by RM3.8 million, partially offset by lower other operating income by RM49.2 million and higher impairment losses on other assets by RM12.1 million.

B3. Prospects for 2012

The Malaysian economy is expected to grow at 4% to 5% in 2012 although the outlook of the global economy remains challenging until the end of the year. In addition to the Economic Transformation Programme, which is envisaged to further strengthen and support the economy, consumer demand and confidence continues to be resilient.

The completion of the acquisition of OSK Investment Bank Group on 9 November 2012 has enhanced the Group's product offerings and geographical footprint into eight countries across the Asean region and Hong Kong.

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

The Group foresees a continued competitive operating environment for the rest of the financial year. Barring any unforeseen circumstances, the Group expects satisfactory results for the remainder of the financial year.

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

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



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B5. Taxation

	3rd quarter ended		Nine months ended	
	30 Sept 2012	Restated 30 Sept 2011	30 Sept 2012	Restated 30 Sept 2011
	RM'000	RM'000	RM'000	RM'000
Group				
Income tax based on profit for the financial period				
- Malaysian income tax	220,491	156,390	529,757	449,451
- Overseas tax	152	720	1,259	905
Deferred tax	(55,394)	(11,316)	(61,278)	(29,011)
	<u>165,249</u>	<u>145,794</u>	<u>469,738</u>	<u>421,345</u>
Under/(over) provision in respect of prior years				
- Taxation	(56,807)	(282,317)	(76,317)	(277,057)
- Deferred tax	43,846	269,716	52,142	269,716
	<u>152,288</u>	<u>133,193</u>	<u>445,563</u>	<u>414,004</u>

The effective tax rate of the Group for the third quarter and nine months ended 30 September 2012 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.

	3rd quarter ended		Nine months ended	
	30 Sept 2012	30 Sept 2011	30 Sept 2012	30 Sept 2011
	RM'000	RM'000	RM'000	RM'000
Company				
Income tax based on profit for the financial period				
- Malaysian income tax	47,021	(9,775)	158,321	78,881
Deferred tax	(283)	-	(673)	-
	<u>46,738</u>	<u>(9,775)</u>	<u>157,648</u>	<u>78,881</u>
Under provision in respect of prior years	-	-	-	2,767
	<u>46,738</u>	<u>(9,775)</u>	<u>157,648</u>	<u>81,648</u>

The effective tax rate of the Company for the third quarter and nine months ended 30 September 2012 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.



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

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

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

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

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

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

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

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

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

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



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B6. Status of Corporate Proposals (continued)

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

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

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

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

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

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

With the issuance of the new foreign ownership ruling by Bank Indonesia in July 2012 and finalisation of the revised structure and key terms for the Proposed Acquisition with the Vendor, an announcement will be made by end November 2012 and accordingly, resubmission will be made to the relevant authorities.

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

The Proposed Acquisition, Proposed Rights Issue and Proposed Options did not have any material effect on the earnings of the Group for the nine months ended 30 September 2012. The Proposed Acquisition is expected to contribute positively to the future revenue and earnings of the Group.



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B6. Status of Corporate Proposals (continued)

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

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

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

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

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

(c) Dividend Reinvestment Plan of RHB Capital Berhad

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

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

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

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

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

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



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B6. Status of Corporate Proposals (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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



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B6. Status of Corporate Proposals (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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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

	Group	
	Unaudited As at 30 Sept 2012 RM'000	Audited As at 31 Dec 2011 RM'000
(a) Deposits from customers and placements of banks and other financial institutions		
Deposits from customers		
- one year or less	125,105,313	114,376,234
- more than one year	597,888	1,484,350
	<u>125,703,201</u>	<u>115,860,584</u>
Deposits and placements of banks and other financial institutions		
- one year or less	11,410,302	9,623,953
- more than one year	885,989	407,622
	<u>12,296,291</u>	<u>10,031,575</u>

	Group		Company	
	Unaudited As at 30 Sept 2012 RM'000	Audited As at 31 Dec 2011 RM'000	Unaudited As at 30 Sept 2012 RM'000	Audited As at 31 Dec 2011 RM'000
(b) Borrowings				
Unsecured:				
Revolving credits	674,130	706,225	694,707	747,067
Overdrafts	59	18	59	18
Term loans - RM	1,151,383	800,780	1,413,366	1,062,725
Term loan - USD	651,723	759,020	-	-
RM350 million				
Fixed Rate Bonds	-	355,908	-	355,908
RM1.1 billion 7 years				
Commercial Papers/Medium				
Term Notes	796,064	981,383	796,064	981,383
	<u>3,273,359</u>	<u>3,603,334</u>	<u>2,904,196</u>	<u>3,147,101</u>
Schedule repayment of borrowings:				
Within one year	1,192,189	1,768,521	1,373,196	1,966,101
One year to three years	1,379,673	1,037,050	1,181,000	831,000
Three years to five years	548,672	556,050	350,000	350,000
Over five years	152,825	241,713	-	-
	<u>3,273,359</u>	<u>3,603,334</u>	<u>2,904,196</u>	<u>3,147,101</u>



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

	Group	
	Unaudited As at 30 Sept 2012 RM'000	Audited As at 31 Dec 2011 RM'000
(c) Subordinated obligations		
5.0% RM1,300 million Tier II subordinated notes 2007/2017	1,322,082	1,305,699
5.5% RM700 million Tier II subordinated notes 2007/2022	713,079	703,375
5.3% RM200 million Tier II subordinated notes 2007/2017	203,253	200,581
5.5% RM45 million Tier II subordinated notes 2008/2018	46,092	45,488
5.0% RM700 million Tier II subordinated notes 2010/2020	714,767	705,945
5.6% RM300 million Tier II subordinated notes 2010/2025	307,088	302,854
4.25% RM250 million Tier II subordinated notes 2011/2021	253,355	251,805
4.30% RM750 million Tier II subordinated notes 2012/2022	762,067	-
	<u>4,321,783</u>	<u>3,515,747</u>

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

(d) Hybrid Tier-1 Capital Securities

	Group	
	Unaudited As at 30 Sept 2012 RM'000	Audited As at 31 Dec 2011 RM'000
RM370 million 8.00% Hybrid Tier-1 Capital Securities due in 2039, callable with step-up coupon rate at 9.00% in 2019	367,917	377,542
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	223,016
	<u>597,286</u>	<u>600,558</u>

(e) Senior Debt Securities

	Group	
	Unaudited As at 30 Sept 2012 RM'000	Audited As at 31 Dec 2011 RM'000
USD300 million 3.25% Senior Debt Securities due in 2017	921,912	-
USD200 million 3.25% Senior Debt Securities due in 2017	629,102	-
	<u>1,551,014</u>	<u>-</u>



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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	Unaudited			Audited		
	As at 30 Sept 2012			As at 31 Dec 2011		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
RM'000	Assets	Liabilities	RM'000	Assets	Liabilities	
By type	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trading Derivatives:						
Foreign exchange related contracts						
- forwards	4,829,592	32,722	64,250	6,110,511	56,146	27,922
- swaps	3,214,097	47,694	11,043	5,942,497	29,632	35,596
- options	170,277	100	61	123,118	276	229
- spots	1,438,630	1,391	1,552	1,710,426	2,135	1,823
- cross-currency	2,599,572	13,121	19,794	1,439,860	19,078	16,518
Subtotal	12,252,168	95,028	96,700	15,326,412	107,267	82,088
Interest rate related contracts						
- swaps	19,227,833	114,094	136,728	18,662,064	130,391	166,100
Subtotal	19,227,833	114,094	136,728	18,662,064	130,391	166,100
Hedging Derivatives:						
Interest rate related contracts						
- swaps	1,860,000	-	13,245	-	-	-
Subtotal	1,860,000	-	13,245	-	-	-
Total	33,340,001	209,122	246,673	33,988,476	237,658	248,188



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B8. Derivative Financial Instruments (continued)

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

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

Group	Unaudited As at 30 Sept 2012			Audited As at 31 Dec 2011		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
By remaining period to maturity/next re-pricing date						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than 1 year	10,141,866	82,079	77,236	13,558,443	81,771	63,097
- 1 year to 3 years	1,265,660	7,630	12,113	1,213,395	12,980	2,934
- More than 3 years	844,642	5,319	7,351	554,574	12,516	16,057
Subtotal	<u>12,252,168</u>	<u>95,028</u>	<u>96,700</u>	<u>15,326,412</u>	<u>107,267</u>	<u>82,088</u>
Interest rate related contracts						
- Less than 1 year	7,173,559	16,780	18,496	4,325,536	9,317	11,513
- 1 year to 3 years	4,787,886	42,033	29,095	9,045,878	50,768	59,223
- More than 3 years	7,266,388	55,281	89,137	5,290,650	70,306	95,364
Subtotal	<u>19,227,833</u>	<u>114,094</u>	<u>136,728</u>	<u>18,662,064</u>	<u>130,391</u>	<u>166,100</u>
<u>Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than 1 year	800,000	-	1,642	-	-	-
- 1 year to 3 years	600,000	-	4,964	-	-	-
- More than 3 years	460,000	-	6,639	-	-	-
Subtotal	<u>1,860,000</u>	<u>-</u>	<u>13,245</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>33,340,001</u>	<u>209,122</u>	<u>246,673</u>	<u>33,988,476</u>	<u>237,658</u>	<u>248,188</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 statement, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

(b) Cash flow hedge

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

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

(c) Derivatives that do not qualify for hedge accounting

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



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

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

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

	As at 30 Sept 2012		
	Realised Profits/ (Losses) RM'000	Unrealised Profits RM'000	Total RM'000
Group			
Operating subsidiaries	5,763,959	264,611	6,028,570
Dormant subsidiaries*	(7,927,929)	-	(7,927,929)
	(2,163,970)	264,611	(1,899,359)
Share of retained profits from a joint venture	2,108	-	2,108
	(2,161,862)	264,611	(1,897,251)
Less: Consolidation adjustments			6,251,142
Total Group retained profits			<u>4,353,891</u>

	Restated As at 31 Dec 2011		
	Realised Profits/ (Losses) RM'000	Unrealised Profits RM'000	Total RM'000
Group			
Operating subsidiaries	4,882,912	329,303	5,212,215
Dormant subsidiaries*	(7,929,473)	-	(7,929,473)
	(3,046,561)	329,303	(2,717,258)
Share of retained profits from a joint venture	1,576	-	1,576
	(3,044,985)	329,303	(2,715,682)
Less: Consolidation adjustments			6,252,542
Total Group retained profits			<u>3,536,860</u>

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



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

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

<u>Company</u>	Unaudited As at 30 Sept 2012 RM'000	Audited As at 31 Dec 2011 RM'000
Total retained profits of the Company:		
- Realised profits	1,082,743	945,227
- Unrealised profits/(losses)	628	(45)
	<u>1,083,371</u>	<u>945,182</u>

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

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

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



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B10. Material Litigation

(a) Carta Bintang Sdn Bhd

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

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

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

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

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

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

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

On 15 December 2011, the Federal Court had allowed CBSB's appeal against the Court of Appeal's decision on the return of the Deposit. The matter was remitted to the High Court for trial.

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

CBSB had filed an appeal to the Court of Appeal against the High Court decision. The matter is now fixed for hearing on 16 January 2013 (refer to Note A25(c)(i) 'Other Contingent Liabilities' for the Company's solicitors' opinion on the above suit and counterclaim).

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



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B11. Dividends

No dividend has been proposed for the third quarter ended 30 September 2012.

B12. Earnings per Share

	3rd quarter ended		Nine months ended	
	30 Sept 2012	Restated 30 Sept 2011	30 Sept 2012	Restated 30 Sept 2011
Basic/diluted earnings per share				
Profit attributable to equity holders of the Company (RM'000)	<u>487,482</u>	<u>426,215</u>	<u>1,376,878</u>	<u>1,265,364</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,235,764</u>	<u>2,191,917</u>	<u>2,217,355</u>	<u>2,172,344</u>
Basic/diluted earnings per share (sen)	<u>21.8</u>	<u>19.4</u>	<u>62.1</u>	<u>58.2</u>

The diluted Earning Per Share ('EPS') of the Group is calculated by dividing the net profit attributable to equity holders of the Company for the quarter and the nine months ended 30 September 2012 by the weighted average number of ordinary shares in issue and adjusted for the number of shares that could have been issued under the DRP as detailed in Note B6(c).

In the diluted EPS calculation, it has been assumed that 100% of the electable portion of the proposed interim dividend payment under the DRP will be exercised into new ordinary shares of RM1.00 each in the Company. The new Company's shares will be issued at an assumed price which is equivalent to the 5-day volume weighted average market price of the Company's shares as at 30 September 2012 after applying a discount of not more than 10%. These calculations serve to determine the number of dilutive shares to be added to the weighted average ordinary shares in issue for the purpose of computing the dilution. No adjustment has been made to the net profit attributable to the equity holders of the Company for the quarter and nine months ended 30 September 2012.

The dilution effect on the basic EPS arising from the DRP is estimated to be immaterial. As a result, the diluted EPS is equal to the basic EPS for the quarter and nine months ended 30 September 2012.

Other than the above, there were no other dilutive potential ordinary shares outstanding as at 30 September 2012.

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
(License No. LS0006901)

Company Secretary
22 November 2012