



RHB Capital Berhad 312952-H
 Level 10, Tower One, RHB Centre, Jalan Tun Razak,
 50400 Kuala Lumpur, Malaysia
 TEL +603 9285 2233 FAX +603 2142 7568

**UNAUDITED INTERIM FINANCIAL STATEMENTS
 FOR THE SIX MONTHS ENDED 30 JUNE 2013**

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

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

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

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



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

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

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



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

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

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



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

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

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



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

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

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



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

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

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



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

	Attributable to equity holders of the Company							Non-controlling interests	Total equity	
	Share capital	Share premium	Reserve funds	Other reserves	AFS reserves	Translation reserves	Retained profits			Sub-total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Group										
Balance as at 1 January 2013	2,494,208	4,548,602	3,494,397	28,196	234,337	(69,473)	4,386,948	15,117,215	223,265	15,340,480
Net profit for the financial period	-	-	-	-	-	-	767,527	767,527	15,448	782,975
Currency translation differences	-	-	-	-	-	45,558	-	45,558	681	46,239
Financial investments AFS										
- Unrealised net (loss)/gain on revaluation	-	-	-	-	(89,117)	-	-	(89,117)	1,130	(87,987)
- Net transfer to income statements on disposal or impairment	-	-	-	-	(43,057)	-	-	(43,057)	-	(43,057)
Share of reserves in an associate	-	-	-	-	-	-	31	31	-	31
Income tax relating to components of other comprehensive loss	-	-	-	-	34,029	-	-	34,029	5	34,034
Other comprehensive income/(loss), net of tax, for the financial period	-	-	-	-	(98,145)	45,558	31	(52,556)	1,816	(50,740)
Total comprehensive income/(loss) for the financial period	-	-	-	-	(98,145)	45,558	767,558	714,971	17,264	732,235
Transfer in respect of statutory requirements	-	-	164,724	-	-	-	(164,724)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(10,136)	(10,136)
Acquisition of shares from non-controlling interests	-	-	-	-	-	-	(727)	(727)	(3,123)	(3,850)
Balance as at 30 June 2013	2,494,208	4,548,602	3,659,121	28,196	136,192	(23,915)	4,989,055	15,831,459	227,270	16,058,729

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



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

	Attributable to equity holders of the Company							Non-controlling interests	Total equity	
	Share capital	Share premium	Reserve funds	Other reserves	AFS reserves	Translation reserves	Retained profits			Sub-total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Group										
Balance as at 1 January 2012	2,204,819	2,674,459	3,016,604	27,815	213,654	(58,813)	3,536,860	11,615,398	11,922	11,627,320
Net profit for the financial period	-	-	-	-	-	-	889,396	889,396	1,286	890,682
Currency translation differences	-	-	-	-	-	15,451	-	15,451	-	15,451
Financial investments AFS										
- Unrealised net gain on revaluation	-	-	-	-	86,514	-	-	86,514	6	86,520
- Net transfer to income statements on disposal or impairment	-	-	-	-	(51,458)	-	-	(51,458)	-	(51,458)
Income tax relating to components of other comprehensive income	-	-	-	-	(8,703)	-	-	(8,703)	(2)	(8,705)
Other comprehensive income, net of tax, for the financial period	-	-	-	-	26,353	15,451	-	41,804	4	41,808
Total comprehensive income for the financial period	-	-	-	-	26,353	15,451	889,396	931,200	1,290	932,490
Transfer in respect of statutory requirements	-	-	241,020	-	-	-	(241,020)	-	-	-
Dividends paid	-	-	-	-	-	-	(318,827)	(318,827)	(993)	(319,820)
Shares issued pursuant to Dividend Reinvestment Plan ('DRP')	30,945	170,814	-	-	-	-	-	201,759	-	201,759
Balance as at 30 June 2012	2,235,764	2,845,273	3,257,624	27,815	240,007	(43,362)	3,866,409	12,429,530	12,219	12,441,749

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



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

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

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



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

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

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



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

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

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



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

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

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



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

A1. Basis of Preparation

The interim financial statements are unaudited and has been prepared in compliance with Malaysian Financial Reporting Standard ('MFRS') 134, 'Interim Financial Reporting' issued by MASB and should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 31 December 2012.

The accounting policies and presentation adopted by the Group and the Company for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2012, except for the adoption of the following relevant accounting standards, amendments to published accounting standards and interpretations to existing accounting standards which are effective from 1 January 2013:

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

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

A2. Auditors' Report

The auditors' report for the financial year ended 31 December 2012 was not subject to any qualification.

A3. Seasonal or Cyclical Factors

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

A4. Exceptional or Unusual Items

There were no exceptional or unusual items for the six months ended 30 June 2013.

A5. Changes in Estimates

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

A6. Changes in Debt and Equity Securities

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

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

A7. Dividends Paid

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



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

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



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

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



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

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



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

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



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

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



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

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



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

	2nd quarter ended		Six months ended	
	30.6.2013	30.6.2012	30.6.2013	30.6.2012
	RM'000	RM'000	RM'000	RM'000
A12. Change in Allowance for Impairment on Loans, Financing and Other Losses				
<u>Group</u>				
Allowance for impaired loans and financing:				
- Individual impairment allowance made	86,263	57,710	165,277	104,292
- Collective impairment allowance made	25,166	107,770	124,913	120,202
Impaired loans and financing recovered	(80,231)	(165,861)	(138,267)	(222,022)
Bad debts written off	117,174	37,663	149,022	79,626
Allowance (written back)/made for impairment on other assets	(3,805)	(481)	(1,511)	80
	144,567	36,801	299,434	82,178



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

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

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



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

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

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

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

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



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

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

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



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

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



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

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

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



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

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



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

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



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

	Group	
	Unaudited	Audited
	As at	As at
	30.6.2013	31.12.2012
	RM'000	RM'000
A16. Loans, Advances and Financing (continued)		
(f) Impaired loans, advances and financing		
(i) Movements in impaired loans, advances and financing		
Balance as at the beginning of the financial period/year	3,337,637	3,493,951
Amount arising from acquisition of subsidiaries	-	286,081
Classified as impaired	2,185,940	3,900,918
Reclassified as non-impaired	(1,273,951)	(2,746,513)
Amount recovered	(288,100)	(784,440)
Amount written off	(266,864)	(811,448)
Exchange difference	2,875	(912)
Balance as at the end of the financial period/year	<u>3,697,537</u>	<u>3,337,637</u>

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



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

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

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



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

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

	Company	
	Unaudited	Audited
	As at	As at
	30.6.2013	31.12.2012
	RM'000	RM'000
Other debtors	4	8
Deposits	32,879	35,015
Prepayments	3,506	8,129
Deposit for proposed acquisition of PT Bank Mestika Dharma (refer to Note B6(a))	112,515	112,515
	148,904	155,667



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

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



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

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



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

A21. Segment Reporting

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

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

(a) Corporate and Investment Banking

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

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

(b) Retail Banking

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

(c) Business Banking

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

(d) Group Treasury

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

(e) Islamic Banking business

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

(f) Global Financial Banking

Global Financial Banking primarily focuses on providing commercial banking related products and services tailored to the specific needs in foreign countries. This segment also offered stockbroking and investment banking products and services to our regional customers. The Group has established its commercial banking business in Singapore, Cambodia, Thailand and Brunei, while the Group's regional stockbroking and investment banking business operates from Singapore, Hong Kong, Indonesia and Thailand.



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

A21. Segment Reporting (continued)

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

(g) Support center and others

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

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



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

A21. Segment Reporting (continued)

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

	Corporate & Investment Banking	Retail Banking	Business Banking	Group Treasury	Islamic Banking Business	Global Financial Banking	Support Center and Others	Inter-segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	614,837	1,075,078	351,931	252,054	245,233	320,170	(63,919)	-	2,795,384
Inter-segment revenue	13,676	5,254	-	41,549	(41,838)	1,767	14,368	(34,776)	-
Segment revenue	628,513	1,080,332	351,931	293,603	203,395	321,937	(49,551)	(34,776)	2,795,384
Overhead expenses	(339,027)	(539,676)	(164,851)	(48,700)	(95,529)	(248,855)	(64,378)	34,776	(1,466,240)
Including:									
Depreciation of property, plant and equipment	(8,689)	(29,175)	(4,066)	(1,073)	(1,880)	(8,036)	(3,099)	-	(56,018)
Amortisation of intangible assets	(5,003)	(9,024)	(4,071)	(2,300)	(174)	(1,217)	-	-	(21,789)
Change in allowance for impairment on loans, financing and other losses	(165,856)	(52,540)	(45,521)	-	(30,800)	(6,794)	2,077	-	(299,434)
Impairment losses written back/(made) on other assets	11,773	84	727	5,387	(701)	-	-	-	17,270
	135,403	488,200	142,286	250,290	76,365	66,288	(111,852)	-	1,046,980
Share of results of associates									720
Share of results of joint ventures									252
Profit before taxation									1,047,952
Taxation									(264,977)
Net profit for the financial period									782,975



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

A21. Segment Information (continued)

Segment Profit and Loss for the Six Months Ended 30 June 2012

	Corporate & Investment Banking	Retail Banking	Business Banking	Group Treasury	Islamic Banking Business	Global Financial Banking	Support Center and Others	Inter-segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	430,232	1,043,012	348,631	266,145	191,575	127,231	(88,706)	-	2,318,120
Inter-segment revenue	8,909	10,643	-	18,231	(16,403)	1,729	13,127	(36,236)	-
Segment revenue	439,141	1,053,655	348,631	284,376	175,172	128,960	(75,579)	(36,236)	2,318,120
Overhead expenses	(134,997)	(510,715)	(162,896)	(46,161)	(75,469)	(101,459)	(54,802)	36,236	(1,050,263)
Including:									
Depreciation of property, plant and equipment	(2,094)	(25,549)	(3,524)	(1,142)	(3,248)	(1,856)	(3,060)	-	(40,473)
Amortisation of intangible assets	(1,585)	(8,145)	(3,304)	(1,207)	(111)	(709)	-	-	(15,061)
Change in allowance for impairment on loans, financing and other losses	42,943	(78,408)	(6,643)	-	(47,662)	2,476	5,116	-	(82,178)
Impairment losses written back/(made) on other assets	2,929	14	152	(5,210)	-	-	-	-	(2,115)
	350,016	464,546	179,244	233,005	52,041	29,977	(125,265)	-	1,183,564
Share of results of a joint venture									393
Profit before taxation									1,183,957
Taxation									(293,275)
Net profit for the financial period									890,682



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

A21. Segment Reporting (continued)

Segment Assets as at 30 June 2013

	Corporate & Investment Banking	Retail Banking	Business Banking	Group Treasury	Islamic Banking Business	Global Financial Banking	Support Center and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	38,842,746	47,224,046	12,496,396	48,728,709	18,534,817	16,840,850	1,923,615	184,591,179
Investments in associates and joint ventures								37,633
Tax recoverable								149,769
Deferred tax assets								28,566
Unallocated assets								1,110,877
Total assets								185,918,024



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

A21. Segment Information (continued)

Segment Assets as at 31 December 2012

	Corporate & Investment Banking	Retail Banking	Business Banking	Group Treasury	Islamic Banking Business	Global Financial Banking	Support Center and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	39,296,064	44,765,381	11,924,133	58,141,166	16,583,407	15,042,992	1,969,496	187,722,639
Investments in associates and joint ventures								36,589
Tax recoverable								142,912
Deferred tax assets								15,115
Unallocated assets								1,160,310
Total assets								<u>189,077,565</u>



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

A22. Valuation of Property, Plant and Equipment

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

A23. Material Events Subsequent to the Balance Sheet Date

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

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

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

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

A24. Changes in Composition of the Group

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

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

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

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



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

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

(a) Commitments and Contingencies

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

The commitments and contingencies comprise the following:

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

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

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



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

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

(a) Commitments and Contingencies (continued)

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

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

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

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

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



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

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

(b) Guarantees Issued by Group and Company

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

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



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

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

(c) Other Contingent Liabilities

(i) The Company

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

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

In view of the above, the Company has not made any provision in relation to the said counterclaim, in the interim financial statements for the six months ended 30 June 2013.

A26. Capital Commitments

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



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

A27. Capital Adequacy Ratio

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

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

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

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

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

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

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

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

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

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

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



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

A27. Capital Adequacy Ratio (continued)

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

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

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



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

A27. Capital Adequacy Ratio (continued)

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

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

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

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



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

A27. Capital Adequacy Ratio (continued)

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

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

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

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

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

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



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

A27. Capital Adequacy Ratio (continued)

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

(a) RHB Indochina Bank

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

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

No equivalent ratio in Cambodia.

(b) OSK Investment Bank (Labuan) Limited ('OSKL')

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

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



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

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



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

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



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

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



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

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



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

	Group	
	Unaudited As at 30.6.2013 RM'000	Audited As at 31.12.2012 RM'000
A28. Operations of Islamic Banking (continued)		
(d) Financing and Advances (continued)		
(i) Movements in impaired financing and advances		
Balance as at the beginning of the financial period/year	409,064	560,617
Classified as impaired	207,336	377,761
Reclassified as non-impaired	(116,266)	(277,209)
Amount recovered	(34,896)	(114,629)
Amount written off	(30,574)	(137,476)
Balance as at the end of the financial period/year	<u>434,664</u>	<u>409,064</u>
(ii) Movements in allowance for impaired financing and advances		
<u>Individual impairment allowance</u>		
Balance as at the beginning of the financial period/year	89,013	130,724
Net allowance made	798	67,920
Amount written off	(6,638)	(108,708)
Transfer from/(to) collective impairment allowance	1,101	(923)
Balance as at the end of the financial period/year	<u>84,274</u>	<u>89,013</u>
<u>Collective impairment allowance</u>		
Balance as at the beginning of the financial period/year	177,774	196,436
Net allowance written back/(made)	10,138	(487)
Amount written off	(17,658)	(19,098)
Transfer (to)/from individual impairment allowance	(1,101)	923
Balance as at the end of the financial period/year	<u>169,153</u>	<u>177,774</u>



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

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



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

B1. Review of Group Results

(a) Current Financial Year vs Previous Financial Year

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

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

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

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

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

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

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

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

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

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

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

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

Performance by Operating Segment

Corporate and Investment Banking

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

Retail Banking

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



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

B1. Review of Group Results (continued)

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

Performance by Operating Segment

Business Banking

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

Group Treasury

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

Islamic Banking Business

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

Global Financial Banking

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

B2. Current Quarter vs Previous Quarter

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

B3. Prospects for Financial Year 2013

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

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

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

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

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

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



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

B5. Taxation

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

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

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

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

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



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

B6. Status of Corporate Proposals

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

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

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

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

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

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

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

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

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



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

B6. Status of Corporate Proposals (continued)

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

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

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

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

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

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

On 31 January 2013, RHB Investment Bank had, on behalf of the Company, announced that RHB Bank had, on 30 January 2013, entered into an amended agreement to the CSPA ('Amended CSPA') with the Vendor to revise the proposed acquisition from up to 89% of the issued and paid-up share capital in Bank Mestika to 40%, for a total cash consideration of Rp2,066,437,000,000 (equivalent to approximately RM651,134,299 based on an assumed exchange rate of Rp100,000 : RM31.51 as at 23 January 2013) ('Proposed 40% Acquisition'). Pursuant to the Amended CSPA, the conditional period for the completion of the Amended CSPA was amended to 30 June 2013, or such other date as may be agreed in writing by RHB Bank and the Vendor.

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

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

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

The Proposed 40% Acquisition and Proposed Rights Issue did not have any material effect on the earnings of the Group for the six months ended 30 June 2013. The Proposed 40% Acquisition is expected to contribute positively to the future revenue and earnings of the Group.



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

B6. Status of Corporate Proposals (continued)

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

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

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

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

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

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

(c) Dividend Reinvestment Plan of RHB Capital Berhad

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

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

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

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

On 18 June 2013, RHB Investment Bank, on behalf of the Company, announced that Bursa Securities had vide its letter dated 17 June 2013, approved the Listing Application, subject to the following conditions:

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



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

B6. Status of Corporate Proposals (continued)

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

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

On 25 July 2013, RHB Investment Bank, on behalf of the Company, announced that RHB Capital would be issuing 37,166,089 new RHB Capital shares, representing 70.67% of the total number of 52,592,232 new RHB Capital shares that would have been issued pursuant to the DRP, had all the entitled shareholders elect to reinvest their respective electable portions of the Final Dividend into new RHB Capital shares.

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

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

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

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



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

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

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

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



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

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

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



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

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

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

The subordinated obligations comprise of unsecured liabilities of its commercial bank and investment bank subsidiaries and are subordinated to the senior indebtedness in accordance with their respective terms and conditions of issuance and qualify as Tier II capital (as disclosed in Note A27) for the purpose of determining the capital adequacy ratios of the respective subsidiaries.

(d) Hybrid Tier-1 Capital Securities

	Group	
	Unaudited As at 30.6.2013 RM'000	Audited As at 31.12.2012 RM'000
RM370 million 8.00% Hybrid Tier-1 Capital Securities due in 2039, callable with step-up coupon rate at 9.00% in 2019	375,508	375,448
RM230 million 6.75% Hybrid Tier-1 Capital Securities due in 2039, callable with step-up coupon rate at 7.75% in 2019	225,428	225,624
	<u>600,936</u>	<u>601,072</u>

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



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

B8. Derivative Financial Instruments

Details of derivative financial instruments outstanding are as follows:

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

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



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

B8. Derivative Financial Instruments (continued)

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

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

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



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

B8. Derivative Financial Instruments (continued)

- ii) Related accounting policies

Derivative financial instruments and hedge accounting

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

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

- (a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statements, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

- (b) Cash flow hedge

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

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

- (c) Derivatives that do not qualify for hedge accounting

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



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

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

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

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

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

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

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



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

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

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

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

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

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

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



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

B10. Material Litigation

(a) Carta Bintang Sdn Bhd

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

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

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

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

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

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

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

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

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

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

CBSB had filed an application for leave to appeal to the Federal Court against the Court of Appeal's decision and the hearing of the same is fixed on 4 September 2013.

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



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

B11. Dividends

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

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

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

B12. Earnings per Share

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

The diluted Earnings Per Share ('EPS') of the Group is calculated by dividing the net profit attributable to equity holders of the Company for the six months ended 30 June 2013 by the weighted average number of ordinary shares in issue and adjusted for the number of shares that could have been issued under the approved DRP of the Company as detailed in Note B6(c).

In the diluted EPS calculation, it has been assumed that 100% of the electable portion of the FY2012 final dividend and FY 2013 interim dividend under the DRP will be exercised into new ordinary shares of RM1.00 each in the Company. The new shares will be issued at an assumed price which is equivalent to the 5-day volume weighted average market price of the Company's shares as at 30 June 2013 after applying a discount of not more than 10%. These calculations serve to determine the number of dilutive shares to be added to the weighted average ordinary shares in issue for the purpose of computing the dilution. No adjustment has been made to the net profit attributable to the equity holders of the Company for the six months ended 30 June 2013.

The dilution effect on the basic EPS arising from the DRP is estimated to be immaterial. As a result, the diluted EPS is equal to the basic EPS for the six months ended 30 June 2013.

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

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
(License No. LS0006901)

Company Secretary
30 August 2013