



RHB Capital Berhad 312952-H  
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**ANNOUNCEMENT OF AUDITED RESULTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

The Board of Directors of RHB Capital Berhad ("The Board") wishes to announce that the audited results of the Group and the Company for the financial year ended 31 December 2013 are as follows:

**INCOME STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Note	4th quarter ended		Twelve months ended	
		31.12.2013	31.12.2012	31.12.2013	31.12.2012
		RM'000	RM'000	RM'000	RM'000
<b>Group</b>					
Interest income	A8	1,757,743	1,635,961	6,900,918	6,153,232
Interest expense	A9	(893,648)	(861,707)	(3,626,432)	(3,193,134)
Net interest income		864,095	774,254	3,274,486	2,960,098
Other operating income	A10	590,424	452,193	2,085,405	1,379,437
		1,454,519	1,226,447	5,359,891	4,339,535
Net income from Islamic Banking business		161,816	139,565	590,872	490,057
Net operating income		1,616,335	1,366,012	5,950,763	4,829,592
Other operating expenses	A11	(818,495)	(717,054)	(3,052,161)	(2,293,726)
Operating profit before allowances		797,840	648,958	2,898,602	2,535,866
Allowance for impairment on loans, financing and other losses	A12	(118,661)	(97,287)	(447,961)	(148,492)
Impairment losses written back/(made) on other assets		3,860	8,061	18,904	(3,871)
		683,039	559,732	2,469,545	2,383,503
Share of results of associates		2	294	795	294
Share of results of joint ventures		14	294	427	826
<b>Profit before taxation</b>		683,055	560,320	2,470,767	2,384,623
Taxation	B5	(187,306)	(149,291)	(627,229)	(594,854)
<b>Net profit for the financial period/year</b>		495,749	411,029	1,843,538	1,789,769
Attributable to:					
- Equity holders of the Company		504,517	407,864	1,831,190	1,784,742
- Non-controlling interests		(8,768)	3,165	12,348	5,027
		495,749	411,029	1,843,538	1,789,769
<b>Earnings per share (sen)</b>					
- Basic	B12	19.9	17.1	72.9	79.0
- Diluted	B12	19.9	17.1	72.9	79.0

This Condensed 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 FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	4th quarter ended		Twelve months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Net profit for the financial period/year	<b>495,749</b>	411,029	<b>1,843,538</b>	1,789,769
Other comprehensive (loss)/income in respect of:				
(i) Items that will not be reclassified to profit or loss				
- Actuarial losses on defined benefit plan of a subsidiary	-	381	-	381
(ii) Items that will be reclassified subsequently to profit or loss				
- Currency translation differences	<b>(21,289)</b>	3,347	<b>86,434</b>	(10,742)
- Share of reserves in an associate	-	18	-	18
- Unrealised net (loss)/gain on revaluation of financial investments available-for-sale ('AFS')	<b>(73,930)</b>	34,192	<b>(107,840)</b>	122,936
- Net transfer to income statements on disposal or impairment of financial investments AFS	<b>5,990</b>	(19,890)	<b>(34,856)</b>	(94,011)
Income tax relating to components of other comprehensive (income)/loss	<b>17,500</b>	(3,888)	<b>36,302</b>	(7,495)
Other comprehensive (loss)/income, net of tax, for the financial period/year	<b>(71,729)</b>	14,160	<b>(19,960)</b>	11,087
Total comprehensive income for the financial period/year	<b>424,020</b>	425,189	<b>1,823,578</b>	1,800,856
Total comprehensive income attributable to:				
- Equity holders of the Company	<b>430,270</b>	421,360	<b>1,800,926</b>	1,795,164
- Non-controlling interests	<b>(6,250)</b>	3,829	<b>22,652</b>	5,692
	<b>424,020</b>	425,189	<b>1,823,578</b>	1,800,856

This Condensed 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 FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Note	4th quarter ended		Twelve months ended	
		31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
<b>Company</b>					
Interest income	A8	433	992	2,006	2,966
Interest expense	A9	(31,638)	(32,755)	(130,883)	(141,061)
Net interest expense		<u>(31,205)</u>	<u>(31,763)</u>	<u>(128,877)</u>	<u>(138,095)</u>
Other operating income	A10	169,710	385	502,324	756,574
Net operating income/(loss)		<u>138,505</u>	<u>(31,378)</u>	<u>373,447</u>	<u>618,479</u>
Other operating expenses	A11	(7,740)	(34,282)	(51,491)	(69,475)
<b>Profit/(loss) before taxation</b>		<u>130,765</u>	<u>(65,660)</u>	<u>321,956</u>	<u>549,004</u>
Taxation	B5	(4,783)	9,448	(15,298)	(148,200)
<b>Net profit/(loss) for the financial period/year</b>		<u><u>125,982</u></u>	<u><u>(56,212)</u></u>	<u><u>306,658</u></u>	<u><u>400,804</u></u>

This Condensed 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 FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	<b>4th quarter ended</b>		<b>Twelve months ended</b>	
	<b>31.12.2013</b>	31.12.2012	<b>31.12.2013</b>	31.12.2012
<b>Company</b>	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Net profit/(loss) for the financial period/year	<b>125,982</b>	(56,212)	<b>306,658</b>	400,804
Other comprehensive income, net of tax, for the financial period/year	-	-	-	-
Total comprehensive income/(loss), for the financial period/year	<b>125,982</b>	(56,212)	<b>306,658</b>	400,804

This Condensed 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 31 DECEMBER 2013**

	Note	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
<b>Group</b>			
<b>ASSETS</b>			
Cash and short term funds		9,998,667	23,974,020
Securities purchased under resale agreements		184,560	676,858
Deposits and placements with banks and other financial institutions		2,773,314	3,638,529
Financial assets held-for-trading ('HFT')	A13	4,037,728	2,739,650
Financial investments available-for-sale ('AFS')	A14	16,930,513	15,154,931
Financial investments held-to-maturity ('HTM')	A15	22,778,009	18,954,536
Loans, advances and financing	A16	119,542,545	109,276,880
Clients' and brokers' balances		2,573,583	2,986,878
Other assets	A17	1,181,691	1,086,165
Derivative assets	B8	459,033	275,441
Statutory deposits		4,171,462	3,883,445
Tax recoverable		148,677	142,912
Deferred tax assets		31,225	15,115
Investments in associates and joint ventures		20,949	36,589
Property, plant and equipment		1,020,481	1,042,318
Goodwill and intangible assets		5,237,470	5,227,988
<b>TOTAL ASSETS</b>		<b>191,089,907</b>	<b>189,112,255</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	A18/B7(a)	137,741,241	138,228,286
Deposits and placements of banks and other financial institutions	A19/B7(a)	16,998,355	13,450,129
Obligations on securities sold under repurchase agreements		566,621	240,010
Obligations on securities borrowed		31,734	119,905
Bills and acceptances payable		2,076,481	3,636,886
Clients' and brokers' balances		2,315,810	2,731,695
Other liabilities	A20	1,988,948	1,890,459
Derivative liabilities	B8	348,063	320,363
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		2,269,353	2,445,361
Tax liabilities		29,767	145,280
Deferred tax liabilities		51,814	67,961
Borrowings and senior debt securities	B7(b)	4,546,825	5,151,932
Subordinated obligations	B7(c)	4,580,967	4,742,436
Hybrid Tier-1 Capital Securities	B7(d)	601,201	601,072
<b>TOTAL LIABILITIES</b>		<b>174,147,180</b>	<b>173,771,775</b>
Share capital		2,546,910	2,494,208
Reserves		14,192,161	12,623,007
		16,739,071	15,117,215
Non-controlling interests		203,656	223,265
<b>TOTAL EQUITY</b>		<b>16,942,727</b>	<b>15,340,480</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>191,089,907</b>	<b>189,112,255</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A25(a)	<b>100,232,255</b>	<b>83,160,389</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)</b>		<b>6.57</b>	<b>6.06</b>

This Condensed 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 31 DECEMBER 2013**

	Note	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
<b><u>Company</u></b>			
<b>ASSETS</b>			
Cash and short term funds		16,973	36,247
Deposits and placements with banks and other financial institutions		983	951
Other assets	A17	118,478	155,667
Amounts due from subsidiaries		800	9,785
Tax recoverable		93,933	102,314
Deferred tax assets		1,181	1,022
Investments in subsidiaries		10,801,052	10,809,016
Property, plant and equipment		326	486
<b>TOTAL ASSETS</b>		<b>11,033,726</b>	<b>11,115,488</b>
<b>LIABILITIES AND EQUITY</b>			
Other liabilities	A20	6,244	61,459
Amounts due to subsidiaries		8,960	11,772
Borrowings	B7(b)	2,936,600	3,106,434
<b>Total liabilities</b>		<b>2,951,804</b>	<b>3,179,665</b>
Share capital		2,546,910	2,494,208
Reserves		5,535,012	5,441,615
<b>TOTAL EQUITY</b>		<b>8,081,922</b>	<b>7,935,823</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>11,033,726</b>	<b>11,115,488</b>

This Condensed 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 FINANCIAL YEAR ENDED 31 DECEMBER 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	
<b>Group</b>										
<b>Balance as at 1 January 2013</b>	<b>2,494,208</b>	<b>4,548,602</b>	<b>3,494,397</b>	<b>28,196</b>	<b>234,337</b>	<b>(69,473)</b>	<b>4,386,948</b>	<b>15,117,215</b>	<b>223,265</b>	<b>15,340,480</b>
Net profit for the financial year	-	-	-	-	-	-	1,831,190	1,831,190	12,348	1,843,538
Currency translation differences	-	-	-	-	-	81,684	-	81,684	4,750	86,434
Financial investments AFS										
- Unrealised net (loss)/gain on revaluation	-	-	-	-	(113,372)	-	-	(113,372)	5,532	(107,840)
- Net transfer to income statements on disposal or impairment	-	-	-	-	(34,856)	-	-	(34,856)	-	(34,856)
Income tax relating to components of other comprehensive loss	-	-	-	-	36,280	-	-	36,280	22	36,302
Other comprehensive (loss)/income, net of tax, for the financial year	-	-	-	-	(111,948)	81,684	-	(30,264)	10,304	(19,960)
Total comprehensive (loss)/income for the financial year	-	-	-	-	(111,948)	81,684	1,831,190	1,800,926	22,652	1,823,578
Transfer in respect of statutory requirements	-	-	83,250	-	-	-	(83,250)	-	-	-
Dividends paid	-	-	-	-	-	-	(553,200)	(553,200)	(10,442)	(563,642)
Shares issued pursuant to Dividend Reinvestment Plan ('DRP')	52,702	339,939	-	-	-	-	-	392,641	-	392,641
Accretion on deemed disposal of interest in an associate	-	-	-	-	-	-	(748)	(748)	-	(748)
Acquisition of shares by non-controlling interests	-	-	-	-	-	-	-	-	431	431
Acquisition of additional shares from non-controlling interests	-	-	-	-	-	-	(17,763)	(17,763)	(32,250)	(50,013)
<b>Balance as at 31 December 2013</b>	<b>2,546,910</b>	<b>4,888,541</b>	<b>3,577,647</b>	<b>28,196</b>	<b>122,389</b>	<b>12,211</b>	<b>5,563,177</b>	<b>16,739,071</b>	<b>203,656</b>	<b>16,942,727</b>

This Condensed 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 FINANCIAL YEAR ENDED 31 DECEMBER 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	
<b>Group</b>										
<b>Balance as at 1 January 2012</b>	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 year	-	-	-	-	-	-	1,784,742	1,784,742	5,027	1,789,769
Currency translation differences	-	-	-	-	-	(10,660)	-	(10,660)	(82)	(10,742)
Financial investments AFS										
- Unrealised net gain on revaluation	-	-	-	-	122,189	-	-	122,189	747	122,936
- Net transfer to income statements on disposal or impairment	-	-	-	-	(94,011)	-	-	(94,011)	-	(94,011)
Share of reserves in an associate	-	-	-	-	-	-	18	18	-	18
Actuarial losses on defined benefit plan of a subsidiary	-	-	-	381	-	-	-	381	-	381
Income tax relating to components of other comprehensive income	-	-	-	-	(7,495)	-	-	(7,495)	-	(7,495)
Other comprehensive income/(loss), net of tax, for the financial year	-	-	-	381	20,683	(10,660)	18	10,422	665	11,087
Total comprehensive income/(loss), for the financial year	-	-	-	381	20,683	(10,660)	1,784,760	1,795,164	5,692	1,800,856
Transfer in respect of statutory requirements	-	-	477,793	-	-	-	(477,793)	-	-	-
Dividends paid	-	-	-	-	-	-	(452,973)	(452,973)	(993)	(453,966)
Shares issued pursuant to:										
- DRP	44,389	244,893	-	-	-	-	-	289,282	-	289,282
- Acquisition of subsidiaries	245,000	1,629,250	-	-	-	-	-	1,874,250	-	1,874,250
Amount arising from acquisition of a subsidiary	-	-	-	-	-	-	-	-	210,703	210,703
Acquisition of additional shares from non-controlling interests	-	-	-	-	-	-	(3,906)	(3,906)	(4,059)	(7,965)
<b>Balance as at 31 December 2012</b>	<b>2,494,208</b>	<b>4,548,602</b>	<b>3,494,397</b>	<b>28,196</b>	<b>234,337</b>	<b>(69,473)</b>	<b>4,386,948</b>	<b>15,117,215</b>	<b>223,265</b>	<b>15,340,480</b>

This Condensed 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 FINANCIAL YEAR ENDED 31 DECEMBER 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
<b><u>Company</u></b>				
<b>Balance as at 1 January 2013</b>	2,494,208	4,548,602	893,013	7,935,823
Net profit for the financial year	-	-	306,658	306,658
Dividends paid	-	-	(553,200)	(553,200)
Shares issued pursuant to DRP	52,702	339,939	-	392,641
<b>Balance as at 31 December 2013</b>	<u>2,546,910</u>	<u>4,888,541</u>	<u>646,471</u>	<u>8,081,922</u>
<b>Balance as at 1 January 2012</b>	2,204,819	2,674,459	945,182	5,824,460
Net profit for the financial year	-	-	400,804	400,804
Dividends paid	-	-	(452,973)	(452,973)
Shares issued pursuant to:				
- DRP	44,389	244,893	-	289,282
- Acquisition of subsidiaries	245,000	1,629,250	-	1,874,250
<b>Balance as at 31 December 2012</b>	<u>2,494,208</u>	<u>4,548,602</u>	<u>893,013</u>	<u>7,935,823</u>

This Condensed 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 FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Twelve months ended	
	31.12.2013	31.12.2012
	RM'000	RM'000
<b>Group</b>		
<b>Cash flows from operating activities</b>		
Profit before taxation	2,470,767	2,384,623
Adjustments for:		
Allowance for impairment on loans, financing and other losses	778,569	611,784
Property, plant and equipment		
- Depreciation	113,475	96,419
- Gain on disposal	(316)	(1,321)
- Written off	459	7
Amortisation of intangible assets	56,133	32,052
Intangible assets written off	219	-
Net impairment (written back)/made on financial investments AFS and HTM	(18,445)	1,062
Impairment loss on investment in a joint venture	-	5,936
Share of results of associates and joint ventures	(1,222)	(1,120)
Net gain arising from sale/redemption of financial assets HFT, financial investments AFS and HTM	(152,881)	(183,477)
Net unrealised (gain)/loss on revaluation of financial assets HFT and derivatives	(164,825)	5,545
Unrealised net foreign exchange (gain)/loss	(113,459)	12,767
Gross dividend income from financial assets HFT, financial investments AFS and HTM	(28,560)	(21,523)
Gain on disposal of an associate	(8,737)	-
Other non-cash items	(1,336,875)	(1,008,989)
Operating profit before working capital changes	<u>1,594,302</u>	<u>1,933,765</u>
Decrease/(increase) in operating assets:		
Securities purchased under resale agreements	516,490	(530,823)
Deposits and placements with banks and other financial institutions	865,224	(2,373,028)
Financial assets HFT	(1,194,063)	(668,980)
Loans, advances and financing	(10,827,460)	(12,772,638)
Clients' and brokers' balances	413,295	(217,223)
Other assets	(25,472)	(202,711)
Statutory deposits	(280,265)	(361,047)
	<u>(10,532,251)</u>	<u>(17,126,450)</u>
Increase/(Decrease) in operating liabilities:		
Deposits from customers	(744,589)	16,219,885
Deposits and placements with banks and other financial institutions	3,487,075	2,554,470
Obligations on securities sold under repurchase agreements	326,611	(95,617)
Obligations on securities borrowed	(88,171)	119,905
Bills and acceptances payable	(1,560,884)	(127,554)
Clients' and brokers' balances	(415,885)	263,129
Other liabilities	91,840	119,318
Recourse obligation on loans sold to Cagamas	(176,008)	1,283,547
	<u>919,989</u>	<u>20,337,083</u>
Cash (used in)/generated from operations	<u>(8,017,960)</u>	<u>5,144,398</u>
Net tax paid	<u>(748,052)</u>	<u>(350,569)</u>
Net cash (used in)/generated from operating activities	<u>(8,766,012)</u>	<u>4,793,829</u>

This Condensed 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 FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Twelve months ended	
	31.12.2013	31.12.2012
	RM'000	RM'000
<b>Group</b>		
<b>Cash flows from investing activities</b>		
Net purchase of financial investments AFS and HTM	(5,135,547)	(4,638,428)
Property, plant and equipment:		
- Purchase	(80,261)	(84,743)
- Proceeds from disposal	1,029	11,376
Purchase of intangible assets	(73,199)	(42,318)
Financial investments AFS and HTM:		
- Interest received	826,050	733,887
- Investment income received	149,403	129,242
Dividend income received from financial assets HFT and financial investments AFS	28,199	21,308
Acquisition of subsidiaries	-	1,082,745
Acquisition of additional interests in a subsidiary	(50,013)	(7,965)
Proceeds from disposal of an associate	26,201	-
Net cash used in investing activities	<u>(4,308,138)</u>	<u>(2,794,896)</u>
<b>Cash flows from financing activities</b>		
Net proceeds from issuance of senior debt securities	-	1,535,591
Net proceeds from issuance of subordinated notes	-	2,292,706
Repayment of subordinated notes	(160,485)	(1,500,000)
Repayment of bonds	-	(350,000)
Proceeds from shares issued pursuant to DRP	392,641	289,282
Drawdown of borrowings	717,530	691,568
Repayment of borrowings	(1,518,369)	(511,043)
Dividends paid to equity holders of the Company	(553,200)	(452,973)
Dividends paid to non-controlling interests	(10,442)	(993)
Net cash (used in)/generated from financing activities	<u>(1,132,325)</u>	<u>1,994,138</u>
Net (decrease)/increase in cash and cash equivalents	(14,206,475)	3,993,071
Effects of exchange rate differences	231,192	(51,685)
Cash and cash equivalents		
- at the beginning of the financial year	23,973,950	20,032,564
- at the end of the financial year	<u>9,998,667</u>	<u>23,973,950</u>
Cash and cash equivalents comprise the following:		
Cash and short term funds	9,998,667	23,974,020
Overdrafts	-	(70)
	<u>9,998,667</u>	<u>23,973,950</u>

This Condensed 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 FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Twelve months ended	
	<u>31.12.2013</u>	<u>31.12.2012</u>
	RM'000	RM'000
<b>Company</b>		
<b>Cash flows from operating activities</b>		
Profit before taxation	321,956	549,004
Adjustments for:		
Interest expense	130,883	141,061
Unrealised foreign exchange loss	506	115
Property, plant and equipment		
- Depreciation	247	245
- Gain on disposal	(2)	(190)
Dividend income	(473,149)	(756,499)
Interest income	(2,006)	(2,966)
Operating loss before working capital changes	<u>(21,565)</u>	<u>(69,230)</u>
Increase in deposits and placements with banks and other financial institutions	(20)	(32)
Decrease in inter-company balances	2,161	12,670
Decrease/(increase) in other assets	32,320	(1,468)
(Decrease)/increase in other liabilities	<u>(55,215)</u>	<u>58,142</u>
Cash (used in)/generated from operations	(42,319)	82
Net tax refunded	<u>23,312</u>	<u>27,902</u>
Net cash (used in)/generated from operating activities	<u>(19,007)</u>	<u>27,984</u>
<b>Cash flows from investing activities</b>		
Dividend income received from subsidiaries	443,232	567,021
Interest income received	5,040	2,203
Purchase of property, plant and equipment	(87)	(96)
Acquisition of subsidiaries	-	(235,199)
Acquisition of additional interests in a subsidiary	-	(7,965)
Proceeds from disposal of investments in subsidiaries	7,964	-
Proceeds from disposal of property, plant and equipment	2	190
Net cash generated from investing activities	<u>456,151</u>	<u>326,154</u>
<b>Cash flows from financing activities</b>		
Drawdown of borrowings	1,225,650	405,000
Repayment of borrowings	(1,411,300)	(459,590)
Interest expense paid	(110,139)	(127,190)
Dividends paid to equity holders of the Company	(553,200)	(452,973)
Proceeds from shares issued pursuant to DRP	392,641	289,282
Net cash used in financing activities	<u>(456,348)</u>	<u>(345,471)</u>
Net (decrease)/increase in cash and cash equivalents	(19,204)	8,667
Cash and cash equivalents		
- at the beginning of the financial year	<u>36,177</u>	<u>27,510</u>
- at the end of the financial year	<u>16,973</u>	<u>36,177</u>
Cash and cash equivalents comprise the following:		
Cash and short term funds	16,973	36,247
Overdrafts	-	(70)
	<u>16,973</u>	<u>36,177</u>

This Condensed 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 FINANCIAL YEAR ENDED 31 DECEMBER 2013**

**A1. Basis of Preparation**

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

The accounting policies and presentation adopted by the Group and the Company for the condensed 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
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
Amendment to MFRS 7	Financial Instruments: Disclosures
Annual Improvements to MFRS 2009-2011 Cycle	

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

**A2. Auditors' Report**

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

**A3. Seasonal or Cyclical Factors**

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

**A4. Exceptional or Unusual Items**

There were no exceptional or unusual items for the financial year ended 31 December 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 financial year ended 31 December 2013.

**A6. Changes in Debt and Equity Securities**

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial year ended 31 December 2013, other than as disclosed below:

(a) Changes in equity securities:

- (i) Increase in the issued and paid up share capital of the Company from RM2,494,207,802 to RM2,531,373,891 via the issuance of 37,166,089 new ordinary shares of RM1.00 each arising from the DRP relating to the single-tier final dividend of 16.09% in respect of the financial year ended 31 December 2012, on 1 August 2013; and
- (ii) Increase in the issued and paid-up share capital of the Company from RM2,531,373,891 to RM2,546,909,962 via the issuance of 15,536,071 new ordinary shares of RM1.00 each arising from the DRP relating to the single-tier interim dividend of 6.00% in respect of the financial year ended 31 December 2013 on 13 November 2013.

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



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

**A6. Changes in Debt and Equity Securities (Continued)**

(b) Changes in debt securities:

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

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

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

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

**A7. Dividends Paid**

During the financial year ended 31 December 2013, the Company has paid the following dividends:

- (a) Single-tier final dividend of 16.09% amounting to RM401.3 million in respect of the financial year ended 31 December 2012 on 1 August 2013. The reinvestment rate subsequent to the completion of the DRP was 70.67%; and
- (b) Single-tier interim dividend of 6.00% amounting to RM151.9 million in respect of the financial year ended 31 December 2013 on 13 November 2013. The reinvestment rate subsequent to the completion of the DRP was 71.83%.



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	4th quarter ended		Twelve months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
<b>A8. Interest Income</b>				
<b><u>Group</u></b>				
Loans, advances and financing	1,406,095	1,287,420	5,388,737	4,846,075
Money at call and deposits and placements with banks and other financial institutions	44,249	97,044	329,721	436,001
Securities purchased under resale agreements	674	184	3,891	401
Financial assets HFT	7,550	11,932	41,821	32,892
Financial investments AFS	125,187	89,267	462,231	305,825
Financial investments HTM	171,760	146,194	662,494	525,883
Others	2,228	3,920	12,023	6,155
	<u>1,757,743</u>	<u>1,635,961</u>	<u>6,900,918</u>	<u>6,153,232</u>
Of which:				
Interest income accrued on impaired loans, advances and financing	<u>47,424</u>	<u>33,962</u>	<u>171,591</u>	<u>148,120</u>
<b><u>Company</u></b>				
Money at call and deposits and placements with banks and other financial institutions	344	819	1,605	2,202
Others	89	173	401	764
	<u>433</u>	<u>992</u>	<u>2,006</u>	<u>2,966</u>



**RHB CAPITAL BERHAD (312952 – H)  
 NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	4th quarter ended		Twelve months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
<b>A9. Interest Expense</b>				
<b><u>Group</u></b>				
Deposits and placements of banks and other financial institutions	47,241	52,484	162,472	216,754
Deposits from customers	721,661	672,879	2,923,827	2,462,901
Borrowings and senior debt securities	44,636	44,386	184,261	161,224
Subordinated obligations	42,303	57,238	212,684	204,900
Hybrid Tier-1 Capital Securities	11,365	11,359	45,078	45,179
Recourse obligation on loans sold to Cagamas	10,753	11,951	43,130	54,084
Others	15,689	11,410	54,980	48,092
	<b>893,648</b>	<b>861,707</b>	<b>3,626,432</b>	<b>3,193,134</b>
<b><u>Company</u></b>				
Borrowings	31,638	32,755	130,883	141,061





**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	4th quarter ended		Twelve months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
<b>A10. Other Operating Income</b>				
<b>Group</b>				
<b>Fee income</b>				
- Service charges and fees	117,443	51,821	281,671	225,012
- Commission	55,950	29,348	155,039	118,087
- Guarantee fees	16,165	15,071	48,707	47,608
- Commitment fees	12,428	11,793	48,944	46,151
- Net brokerage	78,640	54,014	371,695	111,677
- Fund management fees	27,191	6,810	97,310	21,607
- Unit trust fee income	15,077	12,371	80,834	17,175
- Corporate advisory fees	7,058	6,333	35,161	13,373
- Underwriting and arrangement fees	59,106	25,082	131,512	61,054
- Other fee income	29,371	15,047	82,705	42,258
	<b>418,429</b>	<b>227,690</b>	<b>1,333,578</b>	<b>704,002</b>
<b>Net gain arising from financial assets HFT</b>				
- Net gain on disposal	8,203	10,268	27,415	69,158
- Unrealised net gain on revaluation	14,560	9,528	8,130	5,221
- Gross dividend income	1,662	1,114	6,670	3,508
	<b>24,425</b>	<b>20,910</b>	<b>42,215</b>	<b>77,887</b>
<b>Net (loss)/gain on revaluation of derivatives</b>	<b>(17,467)</b>	<b>(7,851)</b>	<b>18,713</b>	<b>13,598</b>
<b>Net gain on fair value hedges</b>	<b>1,712</b>	<b>986</b>	<b>692</b>	<b>1,474</b>
<b>Net gain arising from financial investments AFS</b>				
- Net (loss)/gain on disposal	(1,518)	16,201	106,360	76,260
- Gross dividend income	4,371	5,669	21,890	18,015
	<b>2,853</b>	<b>21,870</b>	<b>128,250</b>	<b>94,275</b>
<b>Net gain arising from financial investments HTM</b>				
- Net gain on redemption	10,648	12	10,658	2,997
	<b>10,648</b>	<b>12</b>	<b>10,658</b>	<b>2,997</b>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	4th quarter ended		Twelve months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
<b>A10. Other Operating Income (continued)</b>				
<b>Other income</b>				
- Foreign exchange gain/(loss)				
- Realised	78,426	111,031	219,623	326,633
- Unrealised	14,917	13,575	113,459	(12,767)
- Insurance underwriting surplus before management expenses	27,722	38,019	98,904	88,000
- Net gain on disposal of property, plant and equipment	219	-	316	1,321
- Rental income	865	1,235	3,712	3,692
- Gain on deemed disposal of a subsidiary	-	1,421	-	1,421
- Gain on disposal of an associate	8,737	-	8,737	-
- Gain on acquisition of a subsidiary	-	1,638	-	1,638
- Other operating income	15,076	20,100	67,908	71,801
- Other non-operating income	3,862	1,557	38,640	3,465
	<u>149,824</u>	<u>188,576</u>	<u>551,299</u>	<u>485,204</u>
	<u>590,424</u>	<u>452,193</u>	<u>2,085,405</u>	<u>1,379,437</u>
<b>Company</b>				
<b>Gross dividend income from:</b>				
- Subsidiaries	170,000	471	473,149	756,499
<b>Other income</b>				
- Unrealised foreign exchange loss	(290)	(86)	(506)	(115)
- Net gain on disposal of property, plant and equipment	-	-	2	190
- Other-non operating income	-	-	29,679	-
	<u>(290)</u>	<u>(86)</u>	<u>29,175</u>	<u>75</u>
	<u>169,710</u>	<u>385</u>	<u>502,324</u>	<u>756,574</u>



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	4th quarter ended		Twelve months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
<b>A11. Other Operating Expenses</b>				
<b>Group</b>				
<b>Personnel costs</b>				
- Salaries, bonus, wages and allowances	350,609	303,007	1,394,640	1,072,794
- Defined contribution plan	50,478	43,437	196,681	160,427
- Other staff related costs	49,839	41,387	142,903	107,043
	<b>450,926</b>	<b>387,831</b>	<b>1,734,224</b>	<b>1,340,264</b>
<b>Establishment costs</b>				
- Property, plant and equipment				
- Depreciation	29,279	35,872	113,475	96,419
- Written off	44	6	459	7
- Intangible assets:				
- Amortisation	23,276	8,013	56,133	32,052
- Written off	219	-	219	-
- Information technology expenses	33,790	34,363	136,117	121,493
- Repair and maintenance	10,350	9,176	40,843	26,325
- Security and escorting charges	13,779	10,746	46,579	41,932
- Rental of premises	33,977	29,746	136,990	100,415
- Water and electricity	8,181	7,735	33,436	27,281
- Rental of equipment	2,941	2,029	10,994	6,864
- Insurance	5,458	3,414	19,717	11,119
- Others	7,740	1,520	22,388	7,847
	<b>169,034</b>	<b>142,620</b>	<b>617,350</b>	<b>471,754</b>
<b>Marketing expenses</b>				
- Sales commission	20,107	23,042	118,934	51,419
- Advertisements and publicity	52,621	42,208	98,675	91,778
- Others	32,755	30,608	127,769	85,724
	<b>105,483</b>	<b>95,858</b>	<b>345,378</b>	<b>228,921</b>
<b>Administration and general expenses</b>				
- Communication expenses	46,197	32,645	162,079	106,111
- Legal and professional fee	9,791	31,555	40,304	52,201
- Others	37,064	26,545	152,826	94,475
	<b>93,052</b>	<b>90,745</b>	<b>355,209</b>	<b>252,787</b>
	<b>818,495</b>	<b>717,054</b>	<b>3,052,161</b>	<b>2,293,726</b>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	4th quarter ended		Twelve months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
<b>A11. Other Operating Expenses (continued)</b>				
<b><u>Company</u></b>				
<b>Personnel costs</b>				
- Salaries, bonus, wages and allowances	3,915	3,383	17,111	15,438
- Defined contribution plan	633	547	2,695	2,450
- Other staff related costs	1,313	651	3,057	2,074
	<u>5,861</u>	<u>4,581</u>	<u>22,863</u>	<u>19,962</u>
<b>Establishment costs</b>				
- Rental of premises	268	392	1,160	1,208
- Depreciation of property, plant and equipment	57	64	247	245
- Information technology expenses	(1)	3	10	10
- Repair and maintenance	54	68	150	161
- Security and escorting charges	14	9	44	35
- Rental of equipment	2	4	8	35
- Water and electricity	26	26	100	106
- Insurance	-	1	1	3
	<u>420</u>	<u>567</u>	<u>1,720</u>	<u>1,803</u>
<b>Marketing expenses</b>				
- Advertisements and publicity	57	95	1,717	1,676
- Others	53	44	276	260
	<u>110</u>	<u>139</u>	<u>1,993</u>	<u>1,936</u>
<b>Administration and general expenses</b>				
- Communication expenses	63	73	247	336
- Legal and professional fee	473	26,933	23,102	42,905
- Others	813	1,989	1,566	2,533
	<u>1,349</u>	<u>28,995</u>	<u>24,915</u>	<u>45,774</u>
	<u>7,740</u>	<u>34,282</u>	<u>51,491</u>	<u>69,475</u>



**RHB CAPITAL BERHAD (312952 – H)  
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	4th quarter ended		Twelve months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
<b>A12. Allowance for Impairment on Loans, Financing and Other Losses</b>				
<b><u>Group</u></b>				
Allowance for impaired loans and financing:				
- Individual impairment allowance made	123,794	91,726	297,254	267,911
- Collective impairment allowance made	32,818	40,282	194,069	157,290
Impaired loans and financing recovered	(117,670)	(98,290)	(330,608)	(463,292)
Bad debts written off	48,636	61,804	256,832	185,579
Allowance made for impairment on other debtors	31,083	1,765	30,414	1,004
	<b>118,661</b>	<b>97,287</b>	<b>447,961</b>	<b>148,492</b>



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	Group	
	As at 31.12.2013	As at 31.12.2012
	RM'000	RM'000
<b>A13. Financial Assets Held-for-trading</b>		
<b>At fair value</b>		
<b><u>MONEY MARKET INSTRUMENTS:</u></b>		
Malaysian Government Securities	498,989	323,779
Malaysian Government Investment Issues	266,950	182,081
Malaysian Government Treasury Bills	-	52,869
Bank Negara Malaysia ('BNM') Monetary Notes	1,151,172	598,073
Negotiable instruments of deposits	198,686	-
Cagamas bonds	-	250,324
Sukuk Perumahan Kerajaan ('SPK')	-	20,100
Wakala Global Sukuk	-	7,144
Singapore Government Treasury Bills	466,438	227,634
Thailand Treasury Bills	6,372	-
<b><u>QUOTED SECURITIES:</u></b>		
<b>In Malaysia</b>		
Shares, exchange traded funds and warrants	178,224	129,944
Unit trusts	3,323	5,790
Private debt securities	2,707	-
<b>Outside Malaysia</b>		
Shares, exchange traded funds and warrants	59,352	58,517
Unit trusts	34,008	25,034
<b><u>UNQUOTED SECURITIES:</u></b>		
<b>In Malaysia</b>		
Prasarana bonds	-	5,558
Private debt securities	816,024	408,188
<b>Outside Malaysia</b>		
Private debt securities	355,483	444,615
	<b>4,037,728</b>	<b>2,739,650</b>

Included in financial assets HFT are private debts securities outside Malaysia, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM200,296,000 (2012: RMNil).



**RHB CAPITAL BERHAD (312952 – H)  
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**A13. Financial Assets Held-for-trading (continued)**

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

The effects of the reclassification on the income statements for the period from the date of reclassification to 31 December 2013 were as follows:

	<b>Group</b>	
	<b>As at</b>	<b>As at</b>
	<b>31.12.2013</b>	<b>31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Carrying amount</u>		
Reclassified from financial assets HFT to financial investments AFS	<b>31,214</b>	111,191
Reclassified from financial assets HFT to financial investments HTM	<b>19,786</b>	18,425
	<b>51,000</b>	129,616
<u>Fair value</u>		
Reclassified from financial assets HFT to financial investments AFS	<b>30,798</b>	110,549
Reclassified from financial assets HFT to financial investments HTM	<b>20,711</b>	19,724
	<b>51,509</b>	130,273
Fair value gain that would have been recognised if the financial assets HFT had not been reclassified	<b>509</b>	657



**RHB CAPITAL BERHAD (312952 – H)  
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	Group	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
<b>A14. Financial Investments Available-for-sale</b>		
<b>At fair value</b>		
<b><u>MONEY MARKET INSTRUMENTS:</u></b>		
Malaysian Government Securities	1,051,413	806,960
Malaysian Government Investment Issues	2,078,025	2,746,170
BNM Monetary Notes	-	205,859
Cagamas bonds	130,468	117,158
Khazanah bonds	63,654	49,116
1 Malaysia Sukuk	318,010	277,514
Wakala Global Sukuk	153,099	154,281
Bankers' acceptances and Islamic acceptable bills	378,121	412,555
Negotiable instruments of deposits	503,046	409,161
SPK bonds	114,212	131,513
Singapore Government Securities	136,433	135,081
Singapore Government Treasury Bills	272,185	25,032
Thailand Government bonds	96,341	106,295
<b><u>QUOTED SECURITIES:</u></b>		
<b>In Malaysia</b>		
Corporate loan stocks	1,495	33,763
Shares and warrants	31,374	12,875
Unit trusts	5,571	5,247
<b>Outside Malaysia</b>		
Shares and warrants	1,332	3,415
Unit trusts	4,081	20,197
<b><u>UNQUOTED SECURITIES:</u></b>		
<b>In Malaysia</b>		
Private and Islamic debt securities	10,546,051	7,893,205
Shares and warrants	540,941	387,677
Corporate loan stocks	294,689	385,029
Unit trusts	-	344,210
Prasarana bonds	19,816	10,232
Perpetual notes/Sukuk	286,149	-
<b>Outside Malaysia</b>		
Private and Islamic debt securities	360,082	1,030,123
Corporate loan stocks	2,093	1,949
Shares	34,375	20,382
	<u>17,423,056</u>	<u>15,724,999</u>
Accumulated impairment losses	<u>(492,543)</u>	<u>(570,068)</u>
	<u><u>16,930,513</u></u>	<u><u>15,154,931</u></u>

Included in financial investments AFS are private and Islamic debts securities, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM260,231,000 (2012: RM267,635,000).





**RHB CAPITAL BERHAD (312952 – H)  
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	Group	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
<b>A15. Financial Investments Held-to-maturity</b>		
<b>At amortised cost</b>		
<b><u>MONEY MARKET INSTRUMENTS:</u></b>		
Malaysian Government Securities	2,639,090	2,463,239
Malaysian Government Investment Issues	6,833,778	6,038,528
Cagamas bonds	2,495,181	2,391,005
Khazanah bonds	79,176	66,290
Negotiable instruments of deposits	2,449,025	2,126,329
Thailand Government Securities	293,052	264,011
Bankers' acceptances and Islamic acceptable bills	33,634	389,176
Wakala Global Sukuk	234,800	212,524
SPK bonds	111,202	-
Singapore Government Securities	183,686	126,795
Sukuk (Brunei) Incorporation	38,897	57,594
<b><u>UNQUOTED SECURITIES:</u></b>		
<b>In Malaysia</b>		
Private and Islamic debt securities	6,724,212	4,221,805
Corporate loan stocks	43,292	55,196
Bonds	883	883
Prasarana bonds	822,555	794,309
<b>Outside Malaysia</b>		
Private and Islamic debt securities	70,063	52,325
	<u>23,052,526</u>	<u>19,260,009</u>
Accumulated impairment losses	<u>(274,517)</u>	<u>(305,473)</u>
	<u><u>22,778,009</u></u>	<u><u>18,954,536</u></u>

Included in financial investments HTM are private and Islamic debts securities, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM168,571,000 (2012: RMNil).



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Group	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
<b>A16. Loans, Advances and Financing</b>		
<b>At amortised cost</b>		
Overdrafts	5,990,867	5,895,676
Term loans/financing		
- Housing loans/financing	25,375,496	21,706,306
- Syndicated term loans/financing	3,974,387	2,521,254
- Hire purchase receivables	13,052,001	12,581,965
- Lease receivables	70,174	75,650
- Other term loans/financing	55,620,652	52,579,442
Bills receivables	2,561,904	1,574,283
Trust receipts	523,804	469,017
Claims on customers under acceptance credits	4,327,803	5,257,978
Staff loans/financing	252,240	286,116
Credit card receivables	2,004,163	1,926,638
Revolving credits/financing	7,999,405	6,599,744
Gross loans, advances and financing	<u>121,752,896</u>	<u>111,474,069</u>
Fair value changes arising from fair value hedges	<u>(26,697)</u>	<u>6,252</u>
	<b>121,726,199</b>	<b>111,480,321</b>
Allowance for impaired loans, advances and financing		
- Individual impairment allowance	(903,388)	(801,495)
- Collective impairment allowance	<u>(1,280,266)</u>	<u>(1,401,946)</u>
Net loans, advances and financing	<u><b>119,542,545</b></u>	<u><b>109,276,880</b></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 RM2,405,777,000 (2012: RM2,371,017,000).



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Group	
	As at 31.12.2013	As at 31.12.2012
	RM'000	RM'000
<b>A16. Loans, Advances and Financing (continued)</b>		
<b>(a) By type of customer</b>		
Domestic non-bank financial institutions		
- Others	2,716,376	1,502,696
Domestic business enterprises		
- Small and medium enterprises	12,432,608	11,518,640
- Others	31,997,072	31,536,915
Government and statutory bodies	8,476,645	10,989,382
Individuals	55,093,448	47,909,866
Other domestic entities	126,933	10,240
Foreign entities	10,909,814	8,006,330
	<u>121,752,896</u>	<u>111,474,069</u>
<b>(b) By geographical distribution</b>		
In Malaysia	112,656,087	104,661,562
Outside Malaysia		
- Singapore	7,582,019	5,863,486
- Thailand	782,755	468,613
- Brunei	94,029	86,886
- Indonesia	20,639	18,274
- Hong Kong	148,102	100,444
- Cambodia	469,265	274,804
	<u>121,752,896</u>	<u>111,474,069</u>
<b>(c) By interest/profit rate sensitivity</b>		
Fixed rate		
- Housing loans/financing	1,021,668	1,358,745
- Hire purchase receivables	13,052,001	12,581,965
- Other fixed rate loans/financing	18,093,114	19,996,461
Variable rate		
- Base lending/financing rate plus	49,342,388	42,244,830
- Cost-plus	32,953,484	30,120,920
- Other variable rates	7,290,241	5,171,148
	<u>121,752,896</u>	<u>111,474,069</u>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Group	
	As at 31.12.2013	As at 31.12.2012
	RM'000	RM'000
<b>A16. Loans, Advances and Financing (continued)</b>		
<b>(d) By purpose</b>		
Purchase of securities	13,070,551	10,250,484
Purchase of transport vehicles	11,863,407	11,448,099
Purchase of landed property		
- Residential	25,518,909	22,154,545
- Non-residential	7,448,743	5,730,126
Purchase of property, plant and equipment other than land and building	3,350,106	3,249,719
Personal use	7,193,757	5,758,114
Credit card	2,004,163	1,926,638
Purchase of consumer durables	31,513	37,282
Construction	3,121,181	3,653,747
Working capital	29,096,506	26,520,291
Merger and acquisition	3,215,709	3,702,442
Other purpose	15,838,351	17,042,582
	<u>121,752,896</u>	<u>111,474,069</u>
<b>(e) By remaining contractual maturities</b>		
Maturity within one year	43,226,153	39,436,353
One year to three years	9,751,531	8,971,576
Three years to five years	10,125,124	9,495,981
Over five years	58,650,088	53,570,159
	<u>121,752,896</u>	<u>111,474,069</u>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Group	
	As at	As at
	31.12.2013	31.12.2012
	RM'000	RM'000
<b>A16. Loans, Advances and Financing (continued)</b>		
<b>(f) Impaired loans, advances and financing</b>		
<b>(i) Movements in impaired loans, advances and financing</b>		
Balance as at the beginning of the financial year	3,337,637	3,493,951
Amount arising from acquisition of subsidiaries	-	286,081
Classified as impaired	4,122,777	3,900,918
Reclassified as non-impaired	(2,645,660)	(2,746,513)
Amount recovered	(782,440)	(784,440)
Amount written off	(614,408)	(811,448)
Exchange differences	8,723	(912)
Balance as at the end of the financial year	<u>3,426,629</u>	<u>3,337,637</u>

	Group	
	As at	As at
	31.12.2013	31.12.2012
	RM'000	RM'000
<b>(ii) By purpose</b>		
Purchase of securities	161,957	335,314
Purchase of transport vehicles	218,392	260,414
Purchase of landed property		
- Residential	876,201	965,098
- Non-residential	99,639	158,072
Purchase of property, plant and equipment other than land and building	45,211	66,981
Personal use	150,366	137,178
Credit card	41,330	39,379
Purchase of consumer durables	1,724	2,058
Construction	125,127	245,763
Working capital	1,536,514	1,040,599
Other purpose	170,168	86,781
	<u>3,426,629</u>	<u>3,337,637</u>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Group	
	As at 31.12.2013	As at 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	3,302,343	3,238,073
Outside Malaysia		
- Singapore	85,600	69,055
- Thailand	16,025	21,905
- Brunei	8,536	8,604
- Cambodia	14,125	-
	<u>3,426,629</u>	<u>3,337,637</u>

	Group	
	As at 31.12.2013	As at 31.12.2012
	RM'000	RM'000
<b>(iv) Movements in allowance for impaired loans, advances and financing</b>		
<u>Individual impairment allowance</u>		
Balance as at the beginning of the financial year	801,495	813,086
Amount arising from acquisition of subsidiaries	-	21,043
Net allowance made	297,254	267,911
Amount written off	(203,000)	(288,550)
Reclassified from/(to) collective impairment allowance	2,509	(10,895)
Transfer to impairment of financial investments HTM	-	(643)
Exchange differences	5,130	(457)
Balance as at the end of the financial year	<u>903,388</u>	<u>801,495</u>
<u>Collective impairment allowance</u>		
Balance as at the beginning of the financial year	1,401,946	1,566,152
Amount arising from acquisition of subsidiaries	-	6,463
Net allowance made	194,069	157,290
Amount written off	(316,200)	(338,162)
Reclassified (to)/from individual impairment allowance	(2,509)	10,895
Exchange differences	2,960	(692)
Balance as at the end of the financial year	<u>1,280,266</u>	<u>1,401,946</u>



**RHB CAPITAL BERHAD (312952 – H)  
 NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Group	
	As at	As at
	<u>31.12.2013</u>	<u>31.12.2012</u>
	RM'000	RM'000
<b>A17. Other Assets</b>		
Other debtors	624,877	501,114
Deposits	89,432	105,292
Prepayments	61,000	54,788
Reinsurance assets	260,952	191,147
Amounts due from reverse repo transactions	32,915	121,309
Deposits for proposed acquisition of PT Bank Mestika Dharma (refer to Note B6(a))	<u>112,515</u>	<u>112,515</u>
	<u><b>1,181,691</b></u>	<u><b>1,086,165</b></u>

	Company	
	As at	As at
	<u>31.12.2013</u>	<u>31.12.2012</u>
	RM'000	RM'000
Other debtors	2,339	8
Deposits	-	35,015
Prepayments	3,624	8,129
Deposits for proposed acquisition of PT Bank Mestika Dharma (refer to Note B6(a))	<u>112,515</u>	<u>112,515</u>
	<u><b>118,478</b></u>	<u><b>155,667</b></u>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Group	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
<b>A18. Deposits from Customers</b>		
<b>(a) By type of deposits</b>		
Demand deposits	24,572,177	22,504,610
Savings deposits	7,532,754	6,932,789
Fixed/investment deposits	105,594,645	108,700,459
Negotiable instruments of deposits	41,665	90,428
	<u>137,741,241</u>	<u>138,228,286</u>
<b>(b) By type of customer</b>		
Government and statutory bodies	11,940,337	15,358,963
Business enterprises	82,779,114	85,324,913
Individuals	38,461,412	32,808,239
Others	4,560,378	4,736,171
	<u>137,741,241</u>	<u>138,228,286</u>
<b>(c) By maturity structure of fixed/investment deposits and negotiable instruments of deposits</b>		
Due within six months	92,955,781	89,643,985
Six months to one year	11,888,152	18,227,392
One year to three years	763,304	881,087
Three years to five years	29,073	38,423
	<u>105,636,310</u>	<u>108,790,887</u>
<b>A19. Deposits and Placements of Banks and Other Financial Institutions</b>		
Licensed banks	10,564,885	7,788,585
Licensed Islamic banks	609,614	1,148,524
Licensed investment banks	362,348	907,280
BNM	826,123	1,149,572
Other financial institutions	4,635,385	2,456,168
	<u>16,998,355</u>	<u>13,450,129</u>







**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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. The Group has determined its management committee as its chief operating decision-maker.

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

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

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

(a) Corporate and Investment Banking

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

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

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

(b) Retail Banking

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

(c) Business Banking

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

(d) Group Treasury

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

(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.



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

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

(f) Global Financial Banking

Global Financial Banking primarily focuses on providing commercial banking related products and services tailored to the specific needs in foreign countries. The Group has established its commercial banking business in Singapore, Cambodia, Thailand and Brunei.

(g) Support Center and Others

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

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



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
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**A21. Segment Reporting (continued)**

**Segment Profit and Loss for the Financial Year Ended 31 December 2013**

	<b>Corporate &amp; Investment Banking</b>	<b>Retail Banking</b>	<b>Business Banking</b>	<b>Group Treasury</b>	<b>Islamic Banking Business</b>	<b>Global Financial Banking</b>	<b>Support Center and Others</b>	<b>Inter-segment Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
External revenue	1,771,850	2,295,490	708,677	377,112	551,783	319,933	(74,082)	-	5,950,763
Inter-segment revenue	27,313	11,251	-	119,339	(110,365)	8,916	15,566	(72,020)	-
Segment revenue	<u>1,799,163</u>	<u>2,306,741</u>	<u>708,677</u>	<u>496,451</u>	<u>441,418</u>	<u>328,849</u>	<u>(58,516)</u>	<u>(72,020)</u>	<u>5,950,763</u>
Other operating expenses	(943,293)	(1,138,529)	(345,955)	(130,769)	(204,178)	(242,948)	(118,509)	72,020	(3,052,161)
Including:									
Depreciation of property, plant and equipment	(24,892)	(63,038)	(6,140)	(2,063)	(3,904)	(6,970)	(6,468)	-	(113,475)
Amortisation of intangible assets	(21,983)	(18,970)	(8,253)	(3,009)	(523)	(1,822)	(1,573)	-	(56,133)
Allowance for impairment on loans, financing and other losses	(157,604)	(175,101)	(14,381)	-	(32,089)	(18,262)	(50,524)	-	(447,961)
Impairment losses written back/(made) on other assets	18,096	79	727	324	(701)	379	-	-	18,904
	<u>716,362</u>	<u>993,190</u>	<u>349,068</u>	<u>366,006</u>	<u>204,450</u>	<u>68,018</u>	<u>(227,549)</u>	<u>-</u>	<u>2,469,545</u>
Share of results of associates									795
Share of results of joint ventures									427
Profit before taxation									<u>2,470,767</u>
Taxation									<u>(627,229)</u>
Net profit for the financial year									<u><u>1,843,538</u></u>



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

**A21. Segment Information (continued)**

**Segment Profit and Loss for the Financial Year Ended 31 December 2012**

	<b>Corporate &amp; Investment Banking</b>	<b>Retail Banking</b>	<b>Business Banking</b>	<b>Group Treasury</b>	<b>Islamic Banking Business</b>	<b>Global Financial Banking</b>	<b>Support Center and Others</b>	<b>Inter-segment Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
External revenue	985,956	2,116,942	704,996	524,188	410,966	267,585	(181,041)	-	4,829,592
Inter-segment revenue	28,182	24,394	-	39,268	(30,499)	3,304	29,407	(94,056)	-
Segment revenue	1,014,138	2,141,336	704,996	563,456	380,467	270,889	(151,634)	(94,056)	4,829,592
Other operating expenses	(380,198)	(1,074,613)	(322,714)	(110,768)	(165,317)	(203,914)	(130,258)	94,056	(2,293,726)
Including:									
Depreciation of property, plant and equipment	(9,913)	(60,941)	(7,223)	(2,417)	(5,855)	(3,552)	(6,518)	-	(96,419)
Amortisation of intangible assets	(4,285)	(15,009)	(7,240)	(3,292)	(230)	(1,994)	(2)	-	(32,052)
Allowance for impairment on loans, financing and other losses	135,345	(159,307)	(54,015)	(9)	(78,202)	(1,807)	9,503	-	(148,492)
Impairment losses (made)/written back on other assets	1,816	27	119	(6,266)	-	433	-	-	(3,871)
	771,101	907,443	328,386	446,413	136,948	65,601	(272,389)	-	2,383,503
Share of results of associates									294
Share of results of joint ventures									826
Profit before taxation									2,384,623
Taxation									(594,854)
Net profit for the financial year									1,789,769



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

**A21. Segment Reporting (continued)**

**Segment Assets as at 31 December 2013**

	<b>Corporate &amp; Investment Banking</b>	<b>Retail Banking</b>	<b>Business Banking</b>	<b>Group Treasury</b>	<b>Islamic Banking Business</b>	<b>Global Financial Banking</b>	<b>Support Center and Others</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Segment assets	40,531,461	50,337,981	13,289,506	49,456,330	19,587,792	15,706,504	570,333	189,479,907
Investments in associates and joint ventures								20,949
Tax recoverable								148,677
Deferred tax assets								31,225
Unallocated assets								1,409,149
Total assets								<u>191,089,907</u>
Segment liabilities	25,265,808	37,834,172	9,117,811	63,371,909	8,879,613	12,536,052	5,551,656	162,557,021
Tax liabilities								29,767
Deferred tax liabilities								51,814
Borrowings and senior debt securities								4,546,825
Subordinated obligations								4,580,967
Hybrid Tier-1 Capital Securities								601,201
Unallocated liabilities								1,779,585
Total liabilities								<u>174,147,180</u>



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

**A21. Segment Information (continued)**

**Segment Assets as at 31 December 2012**

	<b>Corporate &amp; Investment Banking</b>	<b>Retail Banking</b>	<b>Business Banking</b>	<b>Group Treasury</b>	<b>Islamic Banking Business</b>	<b>Global Financial Banking</b>	<b>Support Center and Others</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Segment assets	42,463,782	44,765,381	11,924,133	58,733,591	16,583,407	12,553,760	733,275	187,757,329
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>189,112,255</u>
Segment liabilities	27,653,664	34,831,237	8,003,560	63,296,837	7,878,190	9,724,983	9,972,959	161,361,430
Tax liabilities								145,280
Deferred tax liabilities								67,961
Borrowings and senior debt securities								5,151,932
Subordinated obligations								4,742,436
Hybrid Tier-1 Capital Securities								601,072
Unallocated liabilities								1,701,664
Total liabilities								<u>173,771,775</u>



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**A22. Valuation of Property, Plant and Equipment**

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

**A23. Material Events Subsequent to the Balance Sheet Date**

There were no significant events subsequent to the balance sheet date that have not been reflected in the financial statements other than those disclosed in Note B6(f) and B6(g).

**A24. Changes in Composition of the Group**

Save for the following, there were no significant changes in the composition of the Group for the financial year ended 31 December 2013:

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

For acquisition of additional shares from non-controlling interests, the difference between purchase consideration paid and the relevant share of the carrying value of the 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') (formerly known as OSK Indochina Bank Limited) become a wholly owned subsidiary of RHB Bank Berhad ('RHB Bank'), upon the acquisition of 100% equity interest of RHB Indochina Bank, that was previously held by OSK Investment Bank Berhad ('OSKIB').
- (c) On 9 April 2013, RHB Investment Bank acquired 2.02% of the issued share capital of RHB OSK Securities (Thailand) Public Company Limited (formerly 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.
- (e) On 22 October 2013, RHB Investment Bank has completed the following transaction deals:
- (i) RHB Investment Bank acquired the remaining shares held by United Overseas Bank (Malaysia) Bhd ('UOBM') in OSK Investment Management Berhad ('OIM') (formerly known as OSK-UOB Investment Management Berhad), representing 30% of the issued share capital of OIM, at a cash consideration of RM43.1 million.
  - (ii) OIM, a subsidiary of RHB Investment Bank acquired the remaining shares held by UOB Asset Management Limited ('UOBAM') in RHB Islamic International Asset Management Berhad ('RHBIIAM') (formerly known as OSK-UOB Islamic Fund Management Berhad), representing 30% of the issued share capital of RHBIIAM at a cash consideration of RM3.0 million; and
  - (iii) RHB Investment Bank disposed its entire 30% equity interest in UOB-OSK Asset Management Sdn. Bhd. to UOBAM, for a cash consideration of RM26.2 million.
- (f) On 1 December 2013, the following transactions have been completed:
- (i) RHB Islamic Asset Management Sdn Bhd to RHBIIAM;
  - (ii) OIM to RHB Asset Management Sdn Bhd (formerly known as RHB Investment Management Sdn Bhd).
- (g) On 30 December 2013, the transfer of OSK Investment Bank (Labuan) Limited ('OSKL') entire business, assets and liabilities to RHB Bank (L) Ltd has been completed.





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

**(a) Commitments and Contingencies**

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

The commitments and contingencies comprise the following:

<b>Group</b>	<b>As at 31.12.2013</b>			<b>As at 31.12.2012</b>		
	<b>Principal amount</b>	<b>Credit equivalent amount*</b>	<b>Risk weighted amount</b>	<b>Principal amount</b>	<b>Credit equivalent amount*</b>	<b>Risk weighted amount</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Direct credit substitutes#	3,738,396	3,705,381	2,144,445	2,181,636	2,144,725	1,426,061
Transaction-related contingent items#	3,035,866	1,524,593	995,458	2,496,866	1,225,275	881,715
Short term self-liquidating trade-related contingencies	1,567,318	311,555	175,489	1,009,851	199,301	128,967
Obligations under underwriting agreements	343,648	171,824	123,356	151,971	75,986	65,986
Over-the-counter ('OTC') derivative transactions and credit derivative contracts subject to valid bilateral netting agreements^	-	-	-	38,719	2,305	538
Irrevocable commitments to extend credit						
- maturity not exceeding one year	12,531,458	6,181,453	4,611,035	12,036,947	5,834,978	3,710,736
- maturity exceeding one year	30,827,639	15,207,203	10,671,666	24,718,743	11,661,549	7,865,628
Foreign exchange related contracts^						
- less than one year	11,477,071	257,638	199,534	10,766,174	182,006	112,935
- one year to less than five years	8,496,637	1,259,794	461,462	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	4,780,460	10,730	4,364	8,728,637	28,174	10,030
- one year to less than five years	21,957,869	674,566	265,257	15,198,210	468,334	240,991
- more than five years	1,475,893	103,342	38,207	615,000	55,316	53,484
	<b>100,232,255</b>	<b>29,408,079</b>	<b>19,690,273</b>	<b>83,160,389</b>	<b>22,804,870</b>	<b>14,776,684</b>

^ 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

# Included in direct credit substitutes and transaction-related contingent items are financial guarantee contract of RM3,139,158,000 (2012: RM2,035,724,000), of which fair value at the time of issuance is zero.

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



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

**(a) Commitments and Contingencies (continued)**

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

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

The commercial banking subsidiary, RHB Bank, 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.



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

**(b) Guarantees Issued by Group and Company**

	<u>As at 31.12.2013</u> RM'000	<u>As at 31.12.2012</u> RM'000
<b>Group</b>		
Corporate guarantee in favour of client's trading facilities granted by a subsidiary	<u>68,000</u>	<u>68,000</u>
<b>Company</b>		
Corporate guarantee provided to licensed banks for credit facilities granted to subsidiaries	327,742	95,680
Corporate guarantee in favour of client's trading facilities granted by a subsidiary	68,000	68,000
Letter of undertaking in favour of Monetary Authority of Singapore provided for a subsidiary	<u>129,680</u>	-
	<u>525,422</u>	<u>163,680</u>

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



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**A26. Capital Commitments**

	<b>Group</b>	
	<b>As at</b>	<b>As at</b>
	<b>31.12.2013</b>	<b>31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Capital expenditure for property, plant and equipment:		
- authorised and contracted for	<b>52,638</b>	67,570
- authorised but not contracted for	<b>215,323</b>	175,290
	<b>267,961</b>	242,860
 Proposed acquisition of PT Bank Mestika Dharma (refer to Note B6(a))		
	<b>538,620</b>	538,620
	<b>806,581</b>	781,480



**RHB CAPITAL BERHAD (312952 – H)  
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**A27. Capital Adequacy Ratio**

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

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

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

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

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

	<b>RHB Bank<sup>@</sup></b>	
	<b>31.12.2013</b>	<b>31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Tier I Capital</b>		
Paid-up ordinary share capital	3,318,085	3,318,085
Share premium	8,563	8,563
Retained profits	5,424,998	4,238,287
Other reserves	3,492,002	3,447,064
AFS reserves	179,873	219,015
	<b>12,423,521</b>	<b>11,231,014</b>
<b>Less:</b>		
Goodwill	(905,519)	(905,519)
Intangible assets (include associated deferred tax liabilities)	(109,845)	(112,409)
55% of cumulative gains of AFS financing instruments	(98,930)	(120,458)
Shortfall of eligible provisions to expected losses under the IRB approach	(280,768)	(372,855)
Other deductions#	(17,374)	(5,701)
Common Equity Tier I Capital ('CET I Capital')	<b>11,011,085</b>	<b>9,714,072</b>
Hybrid Tier-I Capital Securities*	<b>540,000</b>	<b>597,744</b>
Total Tier I Capital	<b>11,551,085</b>	<b>10,311,816</b>
<b>Tier II Capital</b>		
Subordinated obligations**	<b>3,600,000</b>	<b>3,996,781</b>
Collective impairment allowance^	<b>269,973</b>	<b>279,362</b>
	<b>3,869,973</b>	<b>4,276,143</b>
<b>Less:</b>		
Investments in subsidiaries	<b>(1,539,997)</b>	<b>(1,072,656)</b>
Total Tier II Capital	<b>2,329,976</b>	<b>3,203,487</b>
<b>Total Capital</b>	<b>13,881,061</b>	<b>13,515,303</b>
<b>Capital ratios</b>		
Before proposed dividends:		
CET I Capital Ratio	<b>11.103%</b>	11.039%
Tier I Capital Ratio	<b>11.647%</b>	11.718%
Total Capital Ratio	<b>13.997%</b>	15.359%
After proposed dividends:		
CET I Capital Ratio	<b>11.103%</b>	10.768%
Tier I Capital Ratio	<b>11.647%</b>	11.448%
Total Capital Ratio	<b>13.997%</b>	15.088%

<sup>@</sup> 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.

<sup>^</sup> 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'.

<sup>#</sup> 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.

<sup>\*</sup> 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).

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



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**A27. Capital Adequacy Ratio (continued)**

	RHB Islamic Bank	
	31.12.2013	31.12.2012
	RM'000	RM'000
<b>Tier I Capital</b>		
Paid-up ordinary share capital	1,173,424	973,424
Retained profits	441,401	358,151
Other reserves	441,609	358,359
AFS reserves	(29,302)	3,740
	<u>2,027,132</u>	<u>1,693,674</u>
<b>Less:</b>		
Net deferred tax assets	(17,281)	(5,265)
Intangible assets (include associated deferred tax liabilities)	(5,580)	(3,585)
55% of cumulative gains of AFS financing instruments	-	(2,057)
Other deductions	(92)	(5,091)
CET I Capital/Total Tier I Capital	<u>2,004,179</u>	<u>1,677,676</u>
<b>Tier II Capital</b>		
Collective impairment allowance <sup>^</sup>	81,059	87,435
	<u>81,059</u>	<u>87,435</u>
<b>Total Capital</b>	<u>2,085,238</u>	<u>1,765,111</u>
<b>Capital ratios</b>		
CET I Capital Ratio	13.864%	13.971%
Tier I Capital Ratio	13.864%	13.971%
Total Capital Ratio	14.424%	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.

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



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**A27. Capital Adequacy Ratio (continued)**

	<b>RHB Investment Bank</b>	
	<b>31.12.2013</b>	<b>31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Tier I capital</b>		
Paid-up ordinary share capital	818,646	263,646
Share premium	1,515,150	-
Retained profits	176,310	76,788
Other reserves	278,549	2,081,357
AFS reserves	(32,510)	10,997
	<u>2,756,145</u>	<u>2,432,788</u>
<b>Less:</b>		
Goodwill	(1,118,418)	(1,118,418)
Intangible assets (include associated deferred tax liabilities)	(42,967)	(56,994)
Securitisation exposure subject to deductions	(1,744)	(4,879)
55% of cumulative gains of AFS financing instruments	-	(6,048)
Other deductions	(2,019)	(782)
Deferred tax assets	(11,382)	-
Reduction in excess of Tier II capital due to insufficient Tier II Capital#	(554,041)	(268,120)
CET I Capital/Total Tier I Capital	<u>1,025,574</u>	<u>977,547</u>
<b>Tier II Capital</b>		
Subordinated obligations*	545,000	674,706
Collective impairment allowance^	7,714	5,188
	<u>552,714</u>	<u>679,894</u>
<b>Less:</b>		
Investments in subsidiaries and associates	(552,714)	(679,894)
Total Tier II Capital	<u>-</u>	<u>-</u>
<b>Total Capital</b>	<u><u>1,025,574</u></u>	<u><u>977,547</u></u>
<b>Capital ratios</b>		
Before proposed dividends:		
CET I Capital Ratio	24.556%	22.712%
Tier I Capital Ratio	24.556%	22.712%
Total Capital Ratio	24.556%	22.712%
After proposed dividends:		
CET I Capital Ratio	24.556%	22.317%
Tier I Capital Ratio	24.556%	22.317%
Total Capital Ratio	24.556%	22.317%

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

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

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



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**A27. Capital Adequacy Ratio (continued)**

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

	<b>RHB Bank<sup>®</sup></b>	<b>RHB Islamic Bank</b>	<b>RHB Investment Bank</b>
<u>31.12.2013</u>			
Credit risk	88,598,853	13,511,201	2,518,192
Market risk	2,899,375	160,838	1,070,638
Operational risk	7,670,991	783,884	587,482
Total risk-weighted assets	<u>99,169,219</u>	<u>14,455,923</u>	<u>4,176,312</u>
<u>31.12.2012</u>			
Credit risk	78,034,944	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>87,995,321</u>	<u>12,008,213</u>	<u>4,303,989</u>

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

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

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

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

(c) **RHB Indochina Bank**

	<b>As at 31.12.2013 RM'000</b>	<b>As at 31.12.2012 RM'000</b>
Before deducting proposed dividends:		
Core capital ratio	#	#
Solvency ratio	<b>18.987%</b>	31.164%
After deducting proposed dividends:		
Core capital ratio	#	#
Solvency ratio	<b>18.987%</b>	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.





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	Group	
	As at 31.12.2013	As at 31.12.2012
	RM'000	RM'000
<b>A28. Operations of Islamic Banking</b>		
<b>(a) Statements of Financial Position as at 31 December 2013</b>		
<b>ASSETS</b>		
Cash and short-term funds	3,330,835	3,094,540
Deposits and placements with banks and other financial institutions	704,325	1,988,635
Financial assets HFT	793,559	439,382
Financial investments AFS	2,379,701	2,463,371
Financial investments HTM	2,586,660	2,332,615
Financing and advances	18,463,746	15,999,574
Other assets	48,131	67,462
Statutory deposits	790,000	718,423
Deferred tax assets	12,146	981
Property, plant and equipment	13,923	13,221
Intangible assets	10,715	9,832
Total assets	<u>29,133,741</u>	<u>27,128,036</u>
<b>LIABILITIES</b>		
Deposits from customers	21,034,100	18,656,721
Deposits and placements of banks and other financial institutions	1,604,395	2,506,090
Bills and acceptances payable	15,090	21,613
Recourse obligation on financing sold to Cagamas	1,308,332	1,462,521
Other liabilities	92,816	118,237
Tax liabilities	13,799	29,919
Total liabilities	<u>24,068,532</u>	<u>22,795,101</u>
Islamic Banking Funds	5,065,209	4,332,935
Total liabilities and Islamic Banking Funds	<u>29,133,741</u>	<u>27,128,036</u>
Commitments and contingencies	<u>5,539,470</u>	<u>4,885,609</u>



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	4th quarter ended		Twelve months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
<b>A28. Operations of Islamic Banking (continued)</b>				
<b>(b) Income Statements for the Financial Year Ended 31 December 2013</b>				
<b>Group</b>				
Income derived from investment of depositors' funds	288,269	289,420	1,108,231	1,054,708
Income derived from investment of shareholder's funds	34,737	26,442	118,967	82,092
Allowance for impairment on financing and advances	5,420	(17,127)	(32,089)	(70,479)
Impairment losses on other assets	-	-	(701)	-
Profit equalisation reserve	-	(60)	-	7,192
Total distributable income	328,426	298,675	1,194,408	1,073,513
Income attributable to depositors	(161,190)	(176,237)	(636,326)	(653,935)
Total net income	167,236	122,438	558,082	419,578
Personnel expenses	(21,165)	(19,449)	(79,820)	(72,495)
Other overheads and expenditures	(44,275)	(34,201)	(149,238)	(118,310)
<b>Profit before taxation</b>	<b>101,796</b>	<b>68,788</b>	<b>329,024</b>	<b>228,773</b>
Taxation	(13,081)	(14,564)	(51,890)	(53,072)
<b>Net profit for the financial period/year</b>	<b>88,715</b>	<b>54,224</b>	<b>277,134</b>	<b>175,701</b>



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	4th quarter ended		Twelve months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
<b>A28. Operations of Islamic Banking (continued)</b>				
<b>(c) Statements of Comprehensive Income for the Financial Year Ended 31 December 2013</b>				
<b>Group</b>				
Net profit for the financial period/year	<b>88,715</b>	54,224	<b>277,134</b>	175,701
Other comprehensive income:				
Items that will be reclassified subsequently to profit or loss				
- Unrealised net (loss)/gain on revaluation of financial investments AFS	<b>(14,449)</b>	1,704	<b>(45,501)</b>	17,024
- Net transfer to income statements on disposal or impairment of financial investments AFS	<b>5,243</b>	(7,395)	<b>1,447</b>	(21,509)
Income tax relating to components of other comprehensive loss/(gain)	<b>2,302</b>	1,423	<b>11,013</b>	1,121
Other comprehensive loss, net of tax, for the financial period/year	<b>(6,904)</b>	(4,269)	<b>(33,041)</b>	(3,364)
Total comprehensive income for the financial period/year	<b>81,811</b>	49,955	<b>244,093</b>	172,337



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	Group	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
<b>A28. Operations of Islamic Banking (continued)</b>		
<b>(d) Financing and Advances</b>		
<b>At amortised cost</b>		
Cashline	173,543	151,526
Term financing		
- Housing financing	4,555,440	3,471,369
- Syndicated term financing	439,831	384,584
- Hire purchase receivables	4,921,395	4,416,398
- Other term financing	6,254,242	5,833,269
Bills receivable	667,633	852,323
Trust receipts	36,094	21,299
Staff financing	5,717	8,125
Credit card receivables	199,631	120,899
Revolving financing	1,467,692	1,006,569
Gross financing and advances	<u>18,721,218</u>	<u>16,266,361</u>
Less: Allowance for impaired financing and advances		
- Individual impairment allowance	(111,703)	(89,013)
- Collective impairment allowance	(145,769)	(177,774)
Net financing and advances	<u><u>18,463,746</u></u>	<u><u>15,999,574</u></u>



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	Group	
	As at	As at
	<u>31.12.2013</u>	<u>31.12.2012</u>
	RM'000	RM'000
<b>A28. Operations of Islamic Banking (continued)</b>		
<b>(d) Financing and Advances (continued)</b>		
<b>(i) Movements in impaired financing and advances</b>		
Balance as at the beginning of the financial year	409,064	560,617
Classified as impaired	474,197	377,761
Reclassified as non-impaired	(308,233)	(277,209)
Amount recovered	(85,391)	(114,629)
Amount written off	(58,371)	(137,476)
Balance as at the end of the financial year	<u>431,266</u>	<u>409,064</u>
 <b>(ii) Movements in allowance for impaired financing and advances</b>		
<u>Individual impairment allowance</u>		
Balance as at the beginning of the financial year	89,013	130,724
Net allowance made	24,677	67,920
Amount written off	(6,637)	(108,708)
Reclassified from/(to) collective impairment allowance	4,650	(923)
Balance as at the end of the financial year	<u>111,703</u>	<u>89,013</u>
 <u>Collective impairment allowance</u>		
Balance as at the beginning of the financial year	177,774	196,436
Net allowance made/(written back)	6,521	(487)
Amount written off	(33,876)	(19,098)
Reclassified (to)/from individual impairment allowance	(4,650)	923
Balance as at the end of the financial year	<u>145,769</u>	<u>177,774</u>



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	Group	
	As at	As at
	<u>31.12.2013</u>	<u>31.12.2012</u>
	RM'000	RM'000
<b>A28. Operations of Islamic Banking (continued)</b>		
<b>(e) Other Assets</b>		
Deposits and prepayments	1,005	249
Sundry deposits	1,213	1,243
Other debtors	45,913	65,970
	<u>48,131</u>	<u>67,462</u>
<b>(f) Deposits from Customers</b>		
<u>Non-Mudharabah Funds</u>		
Demand deposits	2,090,486	1,830,203
Savings deposits	779,844	716,821
Commodity Murabahah	3,835,078	2,631,890
Wakalah money market deposits	3,867	28,264
	<u>6,709,275</u>	<u>5,207,178</u>
<u>Mudharabah Funds</u>		
Demand deposits	537,782	480,301
Savings deposits	156,497	54,425
General investment accounts	896,771	2,132,920
Special investment accounts	12,733,775	10,781,897
	<u>21,034,100</u>	<u>18,656,721</u>



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**A29. Business Combinations**

The Group had previously accounted for the acquisition of the assets and liabilities of OSKIB and its ancillary subsidiaries by using the provisional fair value for the financial year ended 31 December 2012.

During the financial year, the Group has completed its allocation of cost of business combination to the assets acquired and liabilities and contingent liabilities assumed, in accordance with MFRS 3 'Business Combination'. The fair value adjustments and intangible assets identified on acquisition are based on finalised purchase price allocation and fair value exercise.

The fair values of assets and liabilities arising from the acquisition of the assets and liabilities of OSKIB and its ancillary subsidiaries on 9 November 2012 have been restated accordingly and are set out as follows:

	<b>Provisional fair value RM'000</b>	<b>Group Fair value adjustments RM'000</b>	<b>Adjusted fair value RM'000</b>
Cash and short term funds	1,317,945	-	1,317,945
Deposits and placements with banks and other financial institutions	132,281	-	132,281
Securities portfolio	4,787,758	9,500	4,797,258
Loans, advances and financing	1,948,638	-	1,948,638
Clients' and brokers' balances	2,533,390	-	2,533,390
Other assets	221,179	-	221,179
Derivative assets	20,176	-	20,176
Statutory deposits	235,377	-	235,377
Tax recoverable	36,625	-	36,625
Deferred tax assets	3,990	-	3,990
Investments in associates and joint ventures	25,314	-	25,314
Property, plant and equipment	71,666	-	71,666
Intangible assets	33,019	47,431	80,450
	<u>11,367,358</u>	<u>56,931</u>	<u>11,424,289</u>
Deposits from customers	(5,997,703)	(4,061)	(6,001,764)
Deposits and placements of banks and other financial institutions	(850,719)	-	(850,719)
Obligations on securities sold under repurchase agreements	(335,627)	-	(335,627)
Clients' and brokers' balances	(2,230,559)	-	(2,230,559)
Other liabilities	(184,221)	-	(184,221)
Derivative liabilities	(45,449)	-	(45,449)
Tax liabilities	(9,549)	-	(9,549)
Deferred tax liabilities	(7,486)	(7,414)	(14,900)
Borrowings	(206,769)	-	(206,769)
Subordinated obligations	(405,355)	(23,215)	(428,570)
Provisional fair value of the identifiable assets and liabilities acquired	1,093,921	22,241	1,116,162
Add/(less):			
- Goodwill arising from consolidation	1,236,221	(22,241)	1,213,980
- Gain arising from acquisition	(1,638)	-	(1,638)
- Fair value of existing interests	(8,351)	-	(8,351)
	<u>2,320,153</u>	<u>-</u>	<u>2,320,153</u>
Non-controlling interests	(210,703)	-	(210,703)
Total acquisition costs	<u>2,109,450</u>	<u>-</u>	<u>2,109,450</u>
Less:			
- Issuance of shares	(1,874,250)	-	(1,874,250)
- Cash and cash equivalents of subsidiaries acquired	(1,317,945)	-	(1,317,945)
Net cash inflow on acquisition	<u>(1,082,745)</u>	<u>-</u>	<u>(1,082,745)</u>



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**B1. Review of Group Results**

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

For the financial year 2013, the Group recorded a pre-tax profit of RM2.47 billion, 3.6% higher as compared with previous year. The Group delivered a successful turnaround in profit trajectory from 2.0% decline in profitability for the first nine months of the year.

Core operating businesses continued to deliver steady results, with 14.3% increase year-on-year in operating profit before allowances, driven by strong net interest income and broad-based increase in fee income. This improvement was partially offset by increase in impairment allowances for loans.

Net interest income increased to RM3.3 billion, up 10.6% from the same period last year due to 8.2% conventional loans growth year-on-year and a stable net interest margin. Effective balance sheet management efforts have helped to minimise the impact of a competitive interest rate environment, enabling margins to stabilise at 2.33% from 2.35% in the last quarter of 2012 as the Group continued to drive lower cost current and saving deposits.

Other operating income recorded a strong growth of 51.2% to RM2.1 billion, largely attributable to higher fee income and net foreign exchange gain. Fee income increased by 89.5% to reach a new high of RM1.3 billion, this was driven by a significant improvement in the investment banking and wealth management income with a full year contribution of the merged RHB-OSK business franchise.

The Group's other operating income to total income ratio rose to 35.0% from 28.6% recorded a year ago. Excluding certain one-off gains and recoveries, non-interest income ratio was at 33.4%, largely contributed by the fee income uplift from the merged RHB-OSK Investment Bank.

Merger synergies realised by RHB-OSK Investment Bank amounted to RM137.0 million, twice the amount for the first year target of RM63 million, derived mainly from investment banking fee income, wealth and asset management, as well as institutional equities.

Islamic Banking income increased by 20.6% to RM590.9 million, mainly attributable to higher net funding income on the back of a 15.1% increase in financing base to RM18.7 billion from 2012.

Other operating expenses increased by 33.1% year-on-year mainly due to the full-period impact of the enlarged investment bank cost base, increase in sales-related personnel cost, higher commission and incentive compensation linked to stronger business volume and merger integration cost. Cost to income ratio of the Group stood at 51.3% for 2013.

The Group has completed the full integration of RHB-OSK Investment Bank with System Platform Day One on 25 November 2013. Total integration costs incurred during the year of 2013 amounted to RM30.2 million, of which 71% are operating expenditure and the remaining are capital expenditure.

Allowance for impairment on loans and financing for the year increased to RM448.0 million from RM148.5 million recorded in 2012. This was primarily due to lower bad debts recovered, one-time bad debts written off pertaining to the refinement in application of MFRS139 (Financial Instruments: Recognition and Measurement) and higher collective allowance set aside in tandem with loans and financing growth.

Total assets of the Group expanded by 1.0% to RM191.1 billion as at 31 December 2013. The increase was mainly due to growth in net loans and investment portfolio, partially offset by reduction in cash and short term funds.

The Group's gross loans grew by 9.2% during the year to reach RM121.8 billion. Excluding one large corporate prepayment in the last quarter of the year, gross loans growth would have been at 11.6%. Retail and Easy by RHB continued to perform well with combined loans growth of 14.1%, higher than the industry retail loans growth of 11.2%. This was driven by an increase in loans for residential properties and purchase of securities. Domestic market share stood at 9.3% as at 31 December 2013.

Gross impaired loans ratio improved to 2.81% from 2.99% in December 2012.

Total customer deposits was at RM137.7 billion, 0.4% lower than the previous year. CASA (Current and Savings Account) balances grew by 9.2% and 8.7% respectively. CASA composition improved to 23.3% from 21.3% in 2012.

The Group remained disciplined with its asset and liability management, loans to deposits ratio stood at 88.4% as at 31 December 2013.

Shareholders' equity strengthened by 10.7% to RM16.7 billion, largely contributed by higher retained earnings, partly offset by a lower revaluation reserves of the securities portfolio available for sale, and cash dividends paid. Net assets per share improved to RM6.57 against RM6.06 as at 31 December 2012.





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**B1. Review of Group Results (continued)**

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

Performance by Operating Segment

Corporate and Investment Banking

Segment profit was lower by 7.1% to RM716.4 million. The lower profit was mainly attributable to higher impairment allowances on loans and advances and higher overhead expenses. This was partially offset by higher revenue by 77.4% to RM1.8 billion upon merger with OSKIB.

Retail Banking

Segment profit for Retail Banking segment was higher by 9.4% to RM993.2 million, mainly due to higher net interest income, higher underwriting surplus and higher investment income. This was partially offset by higher overhead expenses and higher impairment allowances on loans and advances.

Business Banking

Segment profit was higher by 6.3% to RM349.1 million. The higher profit was mainly attributable to lower allowances on impairment on loans and advances and higher net interest income. This was partly offset by higher overhead expenses.

Group Treasury

Segment profit was lower by 18.0% to RM366.0 million, mainly due to lower net interest income and higher overhead expenses, partly offset by higher impairment write back on other assets.

Islamic Banking Business

Segment profit was higher by 49.3% to RM204.5 million. The higher profit was mainly attributable to higher net funding income and lower allowances for impairment on financing, partly offset by higher overhead expenses.

Global Financial Banking

Segment profit was higher by 3.7% to RM68.0 million, mainly due to higher net interest income, partly offset by higher allowances on loans and higher overhead expenses.

**B2. Current Quarter vs Previous Quarter**

Pre-tax profit for the fourth quarter of 2013 was at RM683.1 million, 7.7% lower than the previous quarter. This was largely attributable to higher impairment allowances for loans and financing and higher other operating expenses, partially mitigated by higher other operating income and net interest income. Before impairment allowances for loans and financing, pre-tax profit for the fourth quarter of 2013 rose 3.4% to RM797.8 million.

**B3. Prospects for Financial Year 2014**

The Malaysian economy is projected to grow by 5.4% in 2014, buoyed by strong sustained domestic demand which continues to be supported by a stable employment outlook. The export sector is further expected to pick up with the recovery in the United States. The Banking sector is expected to remain strong in 2014, on the back of a stronger recovery in the external sector, coupled with a resilient domestic economy.

Leveraging on a wider regional network and competitive domestic franchise, the Group will continue executing its strategies towards its goals of increasing non-Malaysian revenue contribution and improve domestic market share in chosen segments.

Barring unforeseen circumstances, the Group expects performance for the financial year 2014 to continue its growth momentum.

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

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



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**B5. Taxation**

	4th quarter ended		Twelve months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Income tax based on profit for the financial period/year				
- Malaysian income tax	207,582	162,386	622,864	692,143
- Overseas tax	1,531	995	9,839	2,254
Deferred tax	(14,825)	(3,499)	3,480	(12,635)
	<u>194,288</u>	<u>159,882</u>	<u>636,183</u>	<u>681,762</u>
Over provision in respect of prior years				
- Taxation	(6,982)	(10,591)	(8,954)	(86,908)
	<u>187,306</u>	<u>149,291</u>	<u>627,229</u>	<u>594,854</u>

The effective tax rate of the Group for the fourth quarter and the financial year ended 31 December 2013 was higher than the statutory tax rate mainly due to non deductibility of certain expenses for tax purpose.

	4th quarter ended		Twelve months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
<b>Company</b>				
Income tax based on profit for the financial period/year				
- Malaysian income tax	3,821	(9,054)	15,133	149,267
Deferred tax	638	(394)	(159)	(1,067)
	<u>4,459</u>	<u>(9,448)</u>	<u>14,974</u>	<u>148,200</u>
Under provision in respect of prior years	324	-	324	-
	<u>4,783</u>	<u>(9,448)</u>	<u>15,298</u>	<u>148,200</u>

The effective tax rate of the Company for the fourth quarter and the financial year ended 2013 was lower than the statutory tax rate mainly due to certain income not subject to tax.



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**B6. Status of Corporate Proposals**

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

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

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

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

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

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

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

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

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



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**B6. Status of Corporate Proposals (continued)**

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

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

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

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

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

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

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

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

On 26 June 2013, RHB Investment Bank, on behalf of the Company, announced that RHB Bank and the Vendor had on even date, by way of an exchange of letters, mutually agreed to extend the period to satisfy or waive the conditions precedent of the Amended CSPA to 30 September 2013. Furtherance thereto, on 27 September 2013, RHB Bank and the Vendor had mutually agreed to extend such period to 31 December 2013. Both parties had subsequently on 19 December 2013, mutually agreed to further extend such period to 30 June 2014.

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

The Proposed 40% Acquisition and Proposed Rights Issue did not have any material effect on the earnings of the Group for the financial year ended 31 December 2013. The Proposed 40% Acquisition is expected to contribute positively to the future revenue and earnings of the Group.



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**B6. Status of Corporate Proposals (continued)**

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

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

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

**(d) Establishment of RHB Bank (Lao) Limited**

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



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**B6. Status of Corporate Proposals (continued)**

- (e) **Proposed Revision to the Existing Principal Terms and Conditions**
- i. **RM 3.0 Billion Multi-Currency Medium Term Note Programme ('MCMTN Programme') for Issuance of Senior Notes and/ or Subordinated Notes by RHB Bank**
  - ii. **RM 3.0 Billion Medium Term Note Programme ('MTN Programme') for Issuance of Subordinated Notes and/or Senior Notes by RHB Bank**

RHB Bank has submitted to the Securities Commission of Malaysia ('SC'), all relevant notification and documentation in relation to the proposed revisions to the principal terms and conditions in respect of the subordinated notes to be issued in future ('Proposed Revision') under the following programmes:

- (a) RM3.0 billion Multi-Currency Medium Term Note Programme submitted on 27 December 2013, including the duly executed memorandum
- (b) RM3.0 billion Medium Term Note Programme submitted on 10 January 2014, including the duly executed amended and restated trust deed and addendum to the information memorandum

The Proposed Revision was approved by BNM on 30 August 2013 to comply with the regulatory requirements of Tier-2 Capital instruments as set out in the Capital Adequacy Framework (Capital Components) issued by BNM on 28 November 2012, also commonly referred to as 'Basel III'.

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

RHB Investment Bank and RHB Bank have obtained approval from the SC for their respective proposed MCMTN Programme:

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

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

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

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

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

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

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



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

	Group	
	As at	As at
	31.12.2013	31.12.2012
	RM'000	RM'000
<b>(a) Deposits from customers and placements of banks and other financial institutions</b>		
Deposits from customers		
- one year or less	136,948,864	137,308,776
- more than one year	792,377	919,510
	<u>137,741,241</u>	<u>138,228,286</u>
Deposits and placements of banks and other financial institutions		
- one year or less	16,056,312	12,402,697
- more than one year	942,043	1,047,432
	<u>16,998,355</u>	<u>13,450,129</u>

	Group	
	As at	As at
	31.12.2013	31.12.2012
	RM'000	RM'000
<b>(b) Borrowings and Senior Debt Securities</b>		
<b><u>Borrowings</u></b>		
<b>Secured</b>		
Revolving credits:		
- Hong Kong Dollar ('HKD')	66,805	69,834
<b>Unsecured</b>		
Revolving credits:		
- Ringgit Malaysia ('RM')	439,265	633,146
- United States Dollar ('USD')	-	76,756
Term loans:		
- RM	1,151,592	1,151,503
- USD	571,049	632,778
- Singapore Dollar	25,937	42,551
- Indonesia Rupiah	44,451	-
Overdrafts	-	70
RM1.1 billion 7 years Commercial Papers/Medium Term Notes	600,092	1,036,266
<b><u>Senior debt securities</u></b>		
USD300 million 3.25% senior debt securities due in 2017	982,867	915,246
USD200 million 3.25% senior debt securities due in 2017	664,767	593,782
	<u>4,546,825</u>	<u>5,151,932</u>
Schedule repayment of borrowings and senior debt securities:		
Within one year	2,093,811	1,036,557
One year to three years	563,404	2,280,691
Three years to five years	1,819,942	1,700,896
Over five years	69,668	133,788
	<u>4,546,825</u>	<u>5,151,932</u>



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

	Company	
	As at 31.12.2013	As at 31.12.2012
	RM'000	RM'000
<b>(b) Borrowings and Senior Debt Securities (continued)</b>		
<b><u>Borrowings</u></b>		
Unsecured:		
Revolving credits - RM	920,227	653,847
Overdrafts	-	70
Term loans - RM	1,416,281	1,416,251
RM1.1 billion 7 years Commercial Papers/Medium Term Notes	600,092	1,036,266
	<u>2,936,600</u>	<u>3,106,434</u>
 Schedule repayment of borrowings:		
Within one year	2,586,600	1,050,434
One year to three years	350,000	2,056,000
	<u>2,936,600</u>	<u>3,106,434</u>





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

	Group	
	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
<b>(c) Subordinated obligations</b>		
5.50% RM700 million Tier II Subordinated Notes 2007/2022	703,481	703,375
5.50% RM45 million Tier II Subordinated Notes 2008/2018	-	45,482
5.00% RM700 million Tier II Subordinated Notes 2010/2020	706,137	706,137
5.60% RM300 million Tier II Subordinated Notes 2010/2025	302,946	302,946
4.25% RM250 million Tier II Subordinated Notes 2011/2021	251,003	250,741
4.30% RM750 million Tier II Subordinated Notes 2012/2022	754,171	753,984
4.40% RM1,300 million Tier II Subordinated Notes 2012/2022	1,304,131	1,303,735
4.40% RM245 million Tier II Subordinated Notes 2012/2022	245,659	245,650
7.50% RM100 million Tier II Subordinated Notes 2008/2018	-	106,250
7.25% RM125 million Tier II Subordinated Notes 2010/2020	131,536	137,223
7.15% RM75 million Tier II Subordinated Notes 2010/2020	78,342	81,702
5.20% RM100 million Tier II Subordinated Notes 2011/2021	103,561	105,212
	<u>4,580,967</u>	<u>4,742,436</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	
	As at 31.12.2013 RM'000	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	375,577	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	225,624	225,624
	<u>601,201</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.



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**B8. Derivative Financial Instruments**

Details of derivative financial instruments outstanding are as follows:

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

<b>Group</b>	<b>As at 31.12.2013</b>			<b>As at 31.12.2012</b>		
	<b>Contract/ Notional Amount</b>	<b>Fair Value</b>		<b>Contract/ Notional Amount</b>	<b>Fair Value</b>	
	<b>RM'000</b>	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>	<b>RM'000</b>	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
<b>By type</b>						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Forwards/swaps	11,661,635	137,103	85,439	10,272,838	54,324	87,114
- Options	174,339	772	772	101,189	120	97
- Cross-currency	8,137,734	143,163	105,309	5,605,359	92,075	53,254
Subtotal	19,973,708	281,038	191,520	15,979,386	146,519	140,465
Interest rate related contracts						
- Swaps	27,069,222	177,995	136,913	22,681,847	128,866	155,636
Subtotal	27,069,222	177,995	136,913	22,681,847	128,866	155,636
Structured warrants	13,099	-	16,642	60,464	-	14,352
	13,099	-	16,642	60,464	-	14,352
<u>Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	1,145,000	-	2,988	1,860,000	-	9,910
Subtotal	1,145,000	-	2,988	1,860,000	-	9,910
<b>Total</b>	<b>48,201,029</b>	<b>459,033</b>	<b>348,063</b>	<b>40,620,416</b>	<b>275,441</b>	<b>320,363</b>



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**B8. Derivative Financial Instruments (continued)**

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

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

<b>Group</b>	<b>As at 31.12.2013</b>			<b>As at 31.12.2012</b>		
	<b>Contract/ Notional Amount</b>	<b>Fair Value</b>		<b>Contract/ Notional Amount</b>	<b>Fair Value</b>	
	<b>RM'000</b>	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>	<b>RM'000</b>	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
<b>By remaining period to maturity/next re-pricing date</b>						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than one year	11,477,071	120,670	76,257	10,766,174	54,862	87,147
- One year to three years	2,367,471	20,831	27,986	1,074,657	7,872	9,444
- More than three years	6,129,166	139,537	87,277	4,138,555	83,785	43,874
Subtotal	19,973,708	281,038	191,520	15,979,386	146,519	140,465
Interest rate related contracts						
- Less than one year	4,180,460	16,950	5,323	7,928,637	23,149	21,404
- One year to three years	7,616,128	33,770	31,151	5,183,720	34,954	32,682
- More than three years	15,272,634	127,275	100,439	9,569,490	70,763	101,550
Subtotal	27,069,222	177,995	136,913	22,681,847	128,866	155,636
OTC derivative - options and structure products						
- Less than one year	-	-	-	38,719	56	-
	-	-	-	38,719	56	-
Structured warrants						
- Less than one year	13,099	-	16,642	60,464	-	14,352
	13,099	-	16,642	60,464	-	14,352
<u>Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than one year	600,000	-	959	800,000	-	1,265
- One year to three years	545,000	-	2,029	1,060,000	-	8,645
Subtotal	1,145,000	-	2,988	1,860,000	-	9,910
<b>Total</b>	<b>48,201,029</b>	<b>459,033</b>	<b>348,063</b>	<b>40,620,416</b>	<b>275,441</b>	<b>320,363</b>



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**B8. Derivative Financial Instruments (continued)**

ii) Related accounting policies

Derivative financial instruments and hedge accounting

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

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

(a) Fair value hedge

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

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

(b) Cash flow hedge

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

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

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

(c) Derivatives that do not qualify for hedge accounting

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



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**B9. Fair Value of Financial Instruments**

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

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

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

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

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

<u>Group</u>	<u>Level 1</u> <u>RM'000</u>	<u>Level 2</u> <u>RM'000</u>	<u>Level 3</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
<b>31.12.2013</b>				
Recurring fair value measurements				
<u>Financial assets</u>				
Financial investments HFT:	277,614	3,726,819	33,295	4,037,728
- Money market instruments	-	2,588,607	-	2,588,607
- Quoted securities	277,614	-	-	277,614
- Unquoted securities	-	1,138,212	33,295	1,171,507
Financial investments AFS:	24,102	15,844,395	1,062,016	16,930,513
- Money market instruments	-	5,295,007	-	5,295,007
- Quoted securities	24,102	-	-	24,102
- Unquoted securities	-	10,549,388	1,062,016	11,611,404
Derivative assets	-	459,033	-	459,033
- Money market instruments	-	459,033	-	459,033
	<u>301,716</u>	<u>20,030,247</u>	<u>1,095,311</u>	<u>21,427,274</u>
<u>Financial liabilities</u>				
Derivative liabilities	-	-	-	-
- Money market instruments	16,462	331,601	-	348,063
	<u>16,462</u>	<u>331,601</u>	<u>-</u>	<u>348,063</u>
<b>Group</b>	<b>Level 1</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>31.12.2012</b>				
Recurring fair value measurements				
<u>Financial assets</u>				
Financial assets HFT:	219,285	2,520,365	-	2,739,650
- Money market instruments	-	1,662,004	-	1,662,004
- Quoted securities	219,285	-	-	219,285
- Unquoted securities	-	858,361	-	858,361
Financial investments AFS:	45,116	14,480,198	629,617	15,154,931
- Money market instruments	-	5,517,443	-	5,517,443
- Quoted securities	45,116	-	-	45,116
- Unquoted securities	-	8,962,755	629,617	9,592,372
Derivative assets	-	275,441	-	275,441
- Money market instruments	-	275,441	-	275,441
	<u>264,401</u>	<u>17,276,004</u>	<u>629,617</u>	<u>18,170,022</u>
<u>Financial liabilities</u>				
Derivative liabilities	-	-	-	-
- Money market instruments	14,352	306,011	-	320,363
	<u>14,352</u>	<u>306,011</u>	<u>-</u>	<u>320,363</u>



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**B9. Fair Value of Financial Instruments (Continued)**

Qualitative disclosures of valuation techniques

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

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

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

Sensitivity analysis

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

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

Non-recurring fair value changes

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

Reconciliation of fair value measurements in Level 3

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

Group	Financial assets HFT		Financial investments AFS	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
Balance as at the beginning of the financial year	-	-	629,617	555,594
Arising from acquisition of a subsidiary	-	-	-	38,363
Total gains or losses recognised under other comprehensive income	(8,550)	-	123,256	(32,091)
Purchases	-	-	348,925	68,946
Settlements	-	-	(60,329)	(49,039)
Disposals	-	-	-	(23,057)
Impairment losses made	-	-	(14,692)	(6,783)
Transfer from Level 2	41,845	-	30,297	77,754
Exchange differences	-	-	4,942	(70)
Balance as at the end of the financial year	33,295	-	1,062,016	629,617



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**B10. Supplementary Information Disclosed Pursuant to Bursa Securities Listing Requirements**

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

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

<b>Group</b>	<b>As at 31.12.2013</b>		
	<b>Realised Profits/ (Losses) RM'000</b>	<b>Unrealised Profits RM'000</b>	<b>Total RM'000</b>
	Operating subsidiaries	6,763,395	491,177
Dormant subsidiaries*	(7,925,232)	-	(7,925,232)
Total retained profits/(losses) of the Group	(1,161,837)	491,177	(670,660)
Total share of retained profits from associates and joint ventures	4,249	-	4,249
	(1,157,588)	491,177	(666,411)
Less: Consolidation adjustments			6,229,588
Total Group retained profits			<u>5,563,177</u>

<b>Group</b>	<b>As at 31.12.2012</b>		
	<b>Realised Profits/ (Losses) RM'000</b>	<b>Unrealised Profits RM'000</b>	<b>Total RM'000</b>
	Operating subsidiaries	5,657,392	345,327
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 associates and joint ventures	2,696	-	2,696
	(2,265,842)	345,327	(1,920,515)
Less: Consolidation adjustments			6,307,463
Total Group retained profits			<u>4,386,948</u>

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



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**B10. Supplementary Information Disclosed Pursuant to Bursa Securities Listing Requirements (continued)**

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

<u>Company</u>	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Realised profits	645,290	891,991
Unrealised profits	<u>1,181</u>	<u>1,022</u>
Total Company retained profits	<u><u>646,471</u></u>	<u><u>893,013</u></u>

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

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

The disclosure above does not affect or alter the existing divisible profit rule in Malaysia. Likewise, this shall not be applied to address or interpret any legal matters regarding the availability of profit for distribution to shareholders. Listed corporations are required to observe the existing requirements in the 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 FINANCIAL YEAR ENDED 31 DECEMBER 2013**

**B11. Dividends**

- (a) Final dividend as shown in below for the financial year ended 31 December 2013 has been proposed by the Directors:
- (i) Amount per share.
    - Single-tier final dividend of 10.30%
  - (ii) Previous corresponding quarter.
    - Single-tier final dividend of 16.09%.
  - (iii) Entitlement date :
    - To be determined and announced later
  - (iv) Payment date :
    - To be determined and announced later
- (b) Total dividend per share for the current financial year:
- (i) Single-tier interim dividend of 6.00%
  - (ii) Proposed Single-tier final dividend of 10.30%

Subject to the relevant regulatory approvals being obtained and shareholders' approval on the renewal of DRP scheme at the forthcoming Annual General Meeting, the Board of Directors, in its absolute discretion, recommend that the shareholders of the Company be given an option to elect to reinvest the entire proposed single-tier final dividend into new ordinary shares of RM1.00 each in the Company in accordance with the Company's approved DRP scheme.

**B12. Earnings per Share**

	<b>4th quarter ended</b>		<b>Twelve months ended</b>	
	<b>31.12.2013</b>	<b>31.12.2012</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
<b>Basic/diluted earnings per share</b>				
Profit attributable to equity holders of the Company (RM'000)	<b>504,517</b>	407,864	<b>1,831,190</b>	1,784,742
Weighted average number of ordinary shares in issue ('000)	<b>2,539,649</b>	2,381,873	<b>2,511,873</b>	2,258,709
Basic earnings per share (sen)	<b>19.9</b>	17.1	<b>72.9</b>	79.0

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 financial year ended 31 December 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 scheme of the Company as detailed in Note B6(c).

In the diluted EPS calculation, it has been assumed that 100% of the electable portion of the proposed final dividend payment under the DRP will be exercised into new ordinary shares of RM1.00 each in the Company. The new shares will be issued at an assumed price which is equivalent to the 5-day volume weighted average market price of the Company's shares as at 31 December 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 financial year ended 31 December 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 financial year ended 31 December 2013.

Other than the above, there were no other dilutive potential ordinary shares outstanding as at 31 December 2013.

**BY ORDER OF THE BOARD**

**AZMAN SHAH MD YAMAN**  
(License No. LS0006901)

Company Secretary  
24 February 2014