

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2013

	Note	Group		Bank	
		As at 31.03.2013 RM'000	As at 31.12.2012 RM'000	As at 31.03.2013 RM'000	As at 31.12.2012 RM'000
ASSETS					
Cash and short term funds		1,550,860	1,238,662	1,474,170	1,151,456
Deposits and placements with banks and other financial institutions		650,190	650,074	650,190	650,074
Financial assets held-for-trading	8	711,738	324,889	711,738	324,889
Financial investments available-for-sale	9	959,273	1,028,550	958,808	1,028,089
Financial investments held-to-maturity	10	598,877	671,892	598,877	671,892
Loans and advances	11	19,235	39,639	19,235	39,639
Clients' and brokers' balances		320,834	300,193	320,834	300,193
Other assets	12	57,609	56,456	24,526	36,527
Derivative assets		7,469	9,380	7,469	9,380
Tax recoverable		6,841	4,042	6,268	2,536
Deferred tax assets		1,663	1,663	-	-
Statutory deposits with Bank Negara Malaysia		41,650	49,600	41,650	49,600
Investments in subsidiaries		-	-	84,970	84,970
Investment in a joint venture		19,149	18,967	15,363	15,363
Property, plant and equipment		10,191	10,864	9,252	9,833
Goodwill and other intangibles assets		177,645	177,959	163,256	163,502
TOTAL ASSETS		5,133,224	4,582,830	5,086,606	4,537,943
LIABILITIES AND EQUITY					
Deposits from customers	13	1,911,680	1,668,104	1,911,680	1,668,104
Deposits and placements of banks and other financial institutions	14	1,876,437	1,586,201	1,876,437	1,586,201
Clients' and brokers' balances		308,359	286,676	308,359	286,676
Other liabilities	15	77,712	86,311	43,532	52,979
Derivative liabilities		8,402	10,244	8,402	10,244
Taxation		1,892	1,883	-	-
Deferred tax liabilities		919	581	919	581
Subordinated obligations		294,400	291,131	294,400	291,131
TOTAL LIABILITIES		4,479,801	3,931,131	4,443,729	3,895,916
Ordinary share capital		263,646	263,646	263,646	263,646
Reserves		389,777	388,053	379,231	378,381
TOTAL EQUITY		653,423	651,699	642,877	642,027
TOTAL LIABILITIES AND EQUITY		5,133,224	4,582,830	5,086,606	4,537,943
COMMITMENTS AND CONTINGENCIES	22	2,007,885	1,991,961	2,007,885	1,991,961

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

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
INCOME STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2013

	Note	<u>Group</u>		<u>Bank</u>	
		<u>Individual Quarter</u>		<u>Individual Quarter</u>	
		Current Financial Quarter Ended 31.03.2013 RM'000	Preceding Corresponding Quarter Ended 31.03.2012 RM'000	Current Financial Quarter Ended 31.03.2013 RM'000	Preceding Corresponding Quarter Ended 31.03.2012 RM'000
Interest income	16	35,626	39,931	35,361	39,692
Interest expense	17	<u>(32,265)</u>	<u>(35,089)</u>	<u>(32,265)</u>	<u>(35,089)</u>
Net interest income		3,361	4,842	3,096	4,603
Other operating income	18	<u>35,212</u>	<u>64,260</u>	<u>28,497</u>	<u>59,126</u>
Other operating expenses	19	<u>38,573</u> <u>(34,471)</u>	69,102 <u>(37,638)</u>	<u>31,593</u> <u>(28,274)</u>	63,729 <u>(33,128)</u>
Operating profit before allowances		4,102	31,464	3,319	30,601
Allowance (made)/write-back of for impairment on loans, advances and other losses	20	<u>(1,296)</u>	(312)	<u>(1,296)</u>	(312)
Impairment losses on financial investments		<u>-</u>	55	<u>-</u>	55
Share of results of a joint venture		<u>2,806</u> <u>112</u>	31,207 144	<u>2,023</u> <u>-</u>	30,344 -
Profit before taxation		2,918	31,351	2,023	30,344
Taxation		<u>(677)</u>	<u>(7,818)</u>	<u>(546)</u>	<u>(7,489)</u>
Net profit for the financial period		<u>2,241</u>	<u>23,533</u>	<u>1,477</u>	<u>22,855</u>
Earnings per share (sen)					
- basic		<u>0.9</u>	<u>8.9</u>	<u>0.6</u>	<u>8.7</u>

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RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2013

	Group		Bank	
	Individual Quarter		Individual Quarter	
	Current Financial Quarter Ended 31.03.2013	Preceding Corresponding Quarter Ended 31.03.2012	Current Financial Quarter Ended 31.03.2013	Preceding Corresponding Quarter Ended 31.03.2012
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	2,241	23,533	1,477	22,855
Other comprehensive income/(loss):				
(i) Items that will not be reclassified to income statements				
- Currency translation differences	110	(515)	-	-
- Unrealised net gain/(loss) on revaluation of financial investments available-for-sale ('AFS')	487	8,279	487	9,404
Income tax relating to components of other comprehensive income/(loss)	(122)	(2,063)	(122)	(2,351)
	475	5,701	365	7,053
(ii) Items that will be reclassified to income statements				
- Net transfer to income statements on disposal or impairment on AFS	(1,323)	(14,289)	(1,323)	(14,289)
Income tax relating to components of other comprehensive income	331	3,572	331	3,572
	(992)	(10,717)	(992)	(10,717)
Other comprehensive loss for the financial period, net of tax	(517)	(5,016)	(627)	(3,664)
Total comprehensive income/(loss) for the financial period	1,724	18,517	850	19,191

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

RHB INVESTMENT BANK BERHAD (19663-P)
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UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2013

<u>Group</u>	Share capital RM'000	Statutory reserve RM'000	AFS reserve RM'000	Translation reserve RM'000	Retained profits RM'000	Total RM'000
Balance as at 1 January 2013	263,646	278,549	14,720	(6,515)	101,299	651,699
Net profit for the financial period	-	-	-	-	2,241	2,241
Currency translation differences	-	-	-	110	-	110
Financial investments AFS	-	-	487	-	-	487
- Unrealised net gain on revaluation	-	-	487	-	-	487
- Net transfer to income statement on disposal or impairment	-	-	(1,323)	-	-	(1,323)
Income tax relating to components of other comprehensive income/(loss)	-	-	209	-	-	209
Total other comprehensive (loss)/income for the financial period	-	-	(627)	110	-	(517)
Total comprehensive (loss)/income for the financial period	-	-	(627)	110	2,241	1,724
Balance as at 31 March 2013	263,646	278,549	14,093	(6,405)	103,540	653,423

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RHB INVESTMENT BANK BERHAD (19663-P)
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UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2013

<u>Group</u>	Share capital RM'000	Statutory reserve RM'000	AFS reserve RM'000	Translation reserve RM'000	Retained profits RM'000	Total RM'000
Balance as at 1 January 2012						
- As previously stated	263,646	278,549	17,813	(5,394)	57,585	612,199
- Impact on fully adoption of MFRS139	-	-	-	-	2,109	2,109
As restated	<u>263,646</u>	<u>278,549</u>	<u>17,813</u>	<u>(5,394)</u>	<u>59,694</u>	<u>614,308</u>
Net profit for the financial period	-	-	-	-	23,533	23,533
Currency translation differences	-	-	-	(515)	-	(515)
Financial investments AFS						
- Unrealised net gain on revaluation	-	-	8,279	-	-	8,279
- Net transfer to income statement on disposal or impairment	-	-	(14,289)	-	-	(14,289)
Income tax relating to components of other comprehensive income/(loss)	-	-	1,509	-	-	1,509
Total other comprehensive loss for the financial period	<u>-</u>	<u>-</u>	<u>(4,501)</u>	<u>(515)</u>	<u>-</u>	<u>(5,016)</u>
Total comprehensive (loss)/income for the financial period	<u>-</u>	<u>-</u>	<u>(4,501)</u>	<u>(515)</u>	<u>23,533</u>	<u>18,517</u>
Balance as at 31 March 2012	<u><u>263,646</u></u>	<u><u>278,549</u></u>	<u><u>13,312</u></u>	<u><u>(5,909)</u></u>	<u><u>83,227</u></u>	<u><u>632,825</u></u>

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RHB INVESTMENT BANK BERHAD (19663-P)
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UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2013

<u>Bank</u>	← Share capital RM'000	Non-distributable Statutory reserve RM'000	→ AFS reserve RM'000	Distributable Retained profits RM'000	Total RM'000
Balance as at 1 January 2013	263,646	278,549	14,720	85,112	642,027
Net profit for the financial period	-	-	-	1,477	1,477
Other comprehensive income/(loss) for the financial					
Financial investments AFS					
- Unrealised net gain on revaluation	-	-	487	-	487
- Net transfer to income statement on disposal or impairment	-	-	(1,323)	-	(1,323)
Income tax relating to components of other comprehensive income	-	-	209	-	209
Total comprehensive (loss)/income for the financial	-	-	(627)	1,477	850
Balance as at 31 March 2013	263,646	278,549	14,093	86,589	642,877

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RHB INVESTMENT BANK BERHAD (19663-P)
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UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2013

<u>Bank</u>	← Share capital RM'000	Non-distributable Statutory reserve RM'000	→ AFS reserve RM'000	Distributable Retained profits RM'000	Total RM'000
Balance as at 1 January 2012					
- As previously stated	263,646	278,549	16,986	53,198	612,379
- Impact on fully adoption of MFRS139	-	-	-	2,109	2,109
As restated	<u>263,646</u>	<u>278,549</u>	<u>16,986</u>	<u>55,307</u>	<u>614,488</u>
Net profit for the financial period	-	-	-	22,855	22,855
Other comprehensive income/(loss) for the financial					
Financial investments AFS					
- Unrealised net gain on revaluation	-	-	9,404	-	9,404
- Net transfer to income statement on disposal or impairment	-	-	(14,289)	-	(14,289)
Income tax relating to components of other comprehensive income	-	-	1,221	-	1,221
Total comprehensive (loss)/income for the financial	<u>-</u>	<u>-</u>	<u>(3,664)</u>	<u>22,855</u>	<u>19,191</u>
Balance as at 31 March 2012	<u>263,646</u>	<u>278,549</u>	<u>13,322</u>	<u>78,162</u>	<u>633,679</u>

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

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2013

	Three months ended	
	31.03.2013	31.03.2012
	RM '000	RM '000
<u>Group</u>		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,918	31,351
Adjustment for non-cash items	(15,851)	(39,999)
Operating loss before working capital changes	(12,933)	(8,648)
Changes in working capital:		
Net changes in operating assets	(377,284)	(239,730)
Net changes in operating liabilities	548,255	(470,711)
Cash used in operations	158,038	(719,089)
Taxation paid	(3,798)	(5,263)
Taxation recovered	877	-
Net cash used in operating activities	155,117	(724,352)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (purchase)/redemption of financial investments held-to-maturity	73,015	(102,132)
Net sale of financial investments available-for-sale	69,765	613,644
Interest received from financial investments held-to-maturity	3,212	2,018
Interest received from financial investments available-for-sale	11,458	30,926
Property, plant and equipment:		
- Purchase	(300)	(1,545)
Net cash generated from investing activities	157,150	542,911
Net (decrease)/increase in cash and cash equivalents	312,267	(181,441)
Effects of exchange rate differences	(69)	270
Cash and cash equivalents		
- at the beginning of the financial period	1,238,662	2,080,685
- at the end of the financial period	1,550,860	1,899,514
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short-term funds	1,550,860	1,899,514

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

RHB INVESTMENT BANK BERHAD (19663-P)
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UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2013

	Three months ended	
	31.03.2013	31.03.2012
	RM '000	RM '000
<u>Bank</u>		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,023	30,344
Adjustment for non-cash items	(15,898)	(39,976)
Operating loss before working capital changes	(13,875)	(9,632)
Changes in working capital:		
Net changes in operating assets	(364,307)	(238,655)
Net changes in operating liabilities	547,473	(471,363)
Cash used in operations	169,291	(719,650)
Taxation paid	(3,733)	(4,835)
Net cash used in operating activities	165,558	(724,485)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (purchase)/redemption of financial investments held-to-maturity	73,015	(102,132)
Net sale of financial investments available-for-sale	69,771	613,599
Interest received from financial investments held-to-maturity	3,212	2,018
Interest received from financial investments available-for-sale	11,458	30,926
Property, plant and equipment:		
- Purchase	(300)	(1,501)
Net cash generated from investing activities	157,156	542,910
Net (decrease)/increase in cash and cash equivalents	322,714	(181,575)
Cash and cash equivalents		
- at the beginning of the financial period	1,151,456	2,013,729
- at the end of the financial period	1,474,170	1,832,154
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short-term funds	1,474,170	1,832,154

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2013

1 Basis of Preparation

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

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

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

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

2 Audit Report

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

3 Seasonal or Cyclical Factors

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

4 Exceptional or Extraordinary Items

There were no exceptional or extraordinary items for the three months ended 31 March 2013.

5 Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the three months ended 31 March 2013.

6 Changes in Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period under review.

7 Dividends Paid

No dividend was paid by the Bank during the three months ended 31 March 2013.

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2013 (cont'd)

8 Financial Assets Held-For-Trading

	Group and Bank	
	As at	As at
At fair value	31.03.2013	31.12.2012
	RM'000	RM'000
Money market instruments:		
Malaysian Government Securities	372,271	71,103
Malaysian Government Investment Issues	221,983	-
Unquoted securities:		
<u>In Malaysia</u>		
Private debt securities	117,484	253,786
	711,738	324,889

In 2008, the Bank reclassified a portion of their financial assets held-for-trading into financial investments available-for-sale. 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 effect of reclassification on the income statements for the period from the date of reclassification to 31 March 2013 and the gains and losses relating to these assets recorded in income statements for the year ended 31 March 2013 were as follows:

	Group and Bank	
	As at	As at
<u>Carrying amount</u>	31.03.2013	31.12.2012
	RM'000	RM'000
<u>Reclassified from HFT to AFS</u>		
- Debt securities	110,139	111,191
	110,139	111,191
<u>Fair value</u>		
<u>Reclassified from HFT to AFS</u>		
- Debt securities	109,614	110,549
	109,614	110,549
Fair value gains/(losses) that would have been recognised if the financial assets HFT had not been reclassified	(525)	(642)

RHB INVESTMENT BANK BERHAD (19663-P)
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2013 (cont'd)

9 Financial Investments Available-For-Sale

	Group		Bank	
	As at 31.03.2013	As at 31.12.2012	As at 31.03.2013	As at 31.12.2012
At fair value	RM'000	RM'000	RM'000	RM'000
Money market instruments:				
Malaysian Government Investment Issue	332,989	363,134	332,989	363,134
Malaysian Government Securities	142,532	144,496	142,532	144,496
Khazanah bonds	13,247	13,100	13,247	13,100
Cagamas bonds	25,128	25,356	25,128	25,356
Quoted securities:				
<u>In Malaysia</u>				
Shares	-	-	-	-
Loan stocks	641	775	641	775
Unquoted securities:				
<u>In Malaysia</u>				
Shares	20,216	20,216	20,216	20,216
Private debt securities	406,473	443,430	406,473	443,430
Loan stocks	17,582	17,582	17,582	17,582
Redeemable convertible preference shares	-	-	-	-
<u>Outside Malaysia</u>				
Loan stocks	465	461	-	-
	959,273	1,028,550	958,808	1,028,089

RHB INVESTMENT BANK BERHAD (19663-P)
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2013 (cont'd)

10 Financial Investments Held-To-Maturity

	Group and Bank	
	As at 31.03.2013	As at 31.12.2012
At amortised cost	RM'000	RM'000
Money market instruments:		
Malaysian Government Securities	20,365	45,892
Malaysian Government Investment Issue	438,933	437,596
Cagamas bonds	51,247	50,802
Banker's acceptances		49,961
Unquoted Securities:		
<u>In Malaysia</u>		
Bonds	23	23
Prasarana bonds	41,033	40,621
Private debt securities	150,122	149,843
	701,723	774,738
Accumulated impairment losses	(102,846)	(102,846)
	598,877	671,892

RHB INVESTMENT BANK BERHAD (19663-P)
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2013 (cont'd)

11 Loans and Advances

	Group and Bank	
	As at	As at
(i) By type	31.03.2013	31.12.2012
	RM'000	RM'000
At amortised cost		
Share margin financing	18,372	38,730
Staff loans	<u>1,203</u>	<u>1,249</u>
Gross loans and advances	19,575	39,979
Allowance for impaired loans and advances		
- individual impairment allowance	<u>(340)</u>	<u>(340)</u>
Net loans and advances	<u><u>19,235</u></u>	<u><u>39,639</u></u>
	Group and Bank	
	As at	As at
(ii) By type of customer	31.03.2013	31.12.2012
	RM'000	RM'000
Domestic non-bank financial institutions		
- others	715	740
Individuals	17,858	39,109
Foreign entities	<u>1,002</u>	<u>130</u>
	<u><u>19,575</u></u>	<u><u>39,979</u></u>
(iii) By interest rate sensitivity		
Fixed rate		
- other fixed rate loans	<u><u>19,575</u></u>	<u><u>39,979</u></u>
(iv) By Purpose		
Purchase of securities	18,372	38,730
Purchase of transport vehicles	41	47
Purchase of landed property:		
- Residential	<u>1,162</u>	<u>1,202</u>
	<u><u>19,575</u></u>	<u><u>39,979</u></u>
(v) By remaining contractual maturities		
Maturity within one year	18,392	38,769
One year to three years	32	42
Three years to five years	55	54
Over five years	<u>1,096</u>	<u>1,114</u>
	<u><u>19,575</u></u>	<u><u>39,979</u></u>

RHB INVESTMENT BANK BERHAD (19663-P)
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2013 (cont'd)

11 Loans and Advances (cont'd)

	Group and Bank	
	As at	As at
	31.03.2013	31.12.2012
	RM'000	RM'000
(vi) Impaired Loans and Advances		
(a) Movements in impaired loans and advances		
Balance as at the beginning of financial period/year	350	619
Classified as impaired during the financial period/year	-	(25)
Amount recovered	-	(72)
Amount written off	-	(172)
Balance as at the end of the financial period/year	<u>350</u>	<u>350</u>
(b) By purpose		
Purchase of securities	<u>350</u>	<u>350</u>
(c) Movements in allowances for impaired loans and advances		
Individual impairment allowance		
Balance as at the beginning of the financial period/year	340	584
Allowance made	-	-
Amount recovered	-	(72)
Amount written off	-	(172)
Balance as at the end of the financial period/year	<u>340</u>	<u>340</u>
Collective impairment allowance		
Balance as at the beginning of the financial period/year		
- As previously stated	-	654
- Impact on fully adoption of MFRS139	-	(654)
As restated	-	-
Net allowance written back	-	-
Balance as at the end of the financial period/year	<u>-</u>	<u>-</u>

12 Other Assets

	Group		Bank	
	As at	As at	As at	As at
	31.03.2013	31.12.2012	31.03.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Amounts due from holding company	1,035	987	1,035	987
Amounts due from subsidiaries	-	-	3,687	3,140
Amounts due from related companies	6,483	3,890	4,914	1,165
Deposits	900	1,953	604	1,336
Prepayment	1,286	1,580	949	1,550
Other debtors	<u>47,905</u>	<u>48,046</u>	<u>13,337</u>	<u>28,349</u>
	<u>57,609</u>	<u>56,456</u>	<u>24,526</u>	<u>36,527</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2013 (cont'd)

13 Deposits from Customers

(i) By type of deposits:	Group and Bank	
	As at 31.03.2013	As at 31.12.2012
	RM'000	RM'000
Fixed deposits	1,145,277	1,254,550
Short term deposits	766,403	413,554
	1,911,680	1,668,104
(ii) The maturity structure of total deposits are as follows:		
Due within six months	1,911,680	1,544,110
six months to one year	-	123,994
	1,911,680	1,668,104
(iii) The deposits are sourced from the following customers:		
Federal government and statutory bodies	273,372	242,369
Business enterprises	1,638,308	1,425,735
	1,911,680	1,668,104

14 Deposits and Placements of Banks and Other Financial Institutions

Licensed banks	-	100,108
Other financial institutions	1,876,437	1,486,093
	1,876,437	1,586,201

15 Other Liabilities

	Group		Bank	
	As at 31.03.2013	As at 31.12.2012	As at 31.03.2013	As at 31.12.2012
	RM'000	RM'000	RM'000	RM'000
Amount due to immediate holding company	412	477	392	460
Amounts due to subsidiaries	-	-	2,829	2,134
Amounts due to related companies	2,518	9,395	1,366	7,390
Amount payable for creation of units due to funds	1,186	23,084	-	-
Amount payable for redemption units	28,932	-	-	-
Remisiers' trust deposits	8,825	8,908	8,825	8,908
Accrued personnel costs	8,298	20,425	4,303	15,103
Other creditors and accruals	27,541	24,022	25,817	18,984
	77,712	86,311	43,532	52,979

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2013 (cont'd)

16 Interest Income

	Group		Bank	
	Individual Quarter		Individual Quarter	
	Current	Preceding	Current	Preceding
	Financial	Corresponding	Financial	Corresponding
	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	RM'000	RM'000	RM'000	RM'000
Loans and advances	516	872	516	872
Money at call and deposit placements with banks and other financial institutions	15,947	8,036	15,682	7,797
Financial assets held-for-trading	4,611	3,563	4,611	3,563
Financial investments available-for-sale	8,509	21,177	8,509	21,177
Financial investments held-to-maturity	5,650	5,506	5,650	5,506
Others	393	777	393	777
	35,626	39,931	35,361	39,692

17 Interest Expense

	Group and Bank	
	Individual Quarter	
	Current	Preceding
	Financial	Corresponding
	Quarter Ended	Quarter Ended
	31.03.2013	31.03.2012
	RM'000	RM'000
Deposits and placements of banks and other financial institutions	14,593	18,194
Deposits from customers	14,404	13,635
Subordinated obligations	3,268	3,260
	32,265	35,089

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18 Other Operating Income

	Group		Bank	
	Individual Quarter		Individual Quarter	
	Current	Preceding	Current	Preceding
	Financial	Corresponding	Financial	Corresponding
	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	RM'000	RM'000	RM'000	RM'000
a) Fee Income:				
Arrangement fees	2,413	1,203	2,413	1,203
Brokerage	15,283	22,187	15,283	22,187
Fund management fees	6,466	5,036	-	-
Fee on loans and advances	662	412	662	412
Corporate advisory fees	4,003	1,440	4,003	1,440
Underwriting fees	330	-	330	-
Unit trust fee income	455	64	-	-
Other fee income	2,518	20,563	2,645	20,699
	32,130	50,905	25,336	45,941
b) Net gain/(loss) arising from financial assets held-for-trading				
- net gain/(loss) on revaluation	1,290	(378)	1,290	(378)
c) Net (loss)/gain on revaluation of derivatives	102	(250)	102	(250)
d) Net gain arising from financial investments AFS	1,323	14,289	1,323	14,289
- gross dividend income	-	15	-	-
	1,323	14,304	1,323	14,289
e) Net gain arising from financial investments held-to-maturity				
- net gain on redemption	-	-	-	-
- gross dividend income	-	-	-	-
	-	-	-	-
f) Other income:				
Foreign exchange (loss)/gain				
- Realised	183	(545)	183	(545)
- Unrealised	(96)	151	-	-
Gain on disposal of property, plant and equipment	-	-	-	-
Other non-operating (loss)/income	280	73	263	69
	367	(321)	446	(476)
	35,212	64,260	28,497	59,126

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2013 (cont'd)

19 Other Operating Expenses

	Group		Bank	
	Individual Quarter		Individual Quarter	
	Current	Preceding	Current	Preceding
	Financial	Corresponding	Financial	Corresponding
	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	16,926	19,762	12,261	15,277
- Contributions to Employees Provident Fund	2,650	3,092	1,957	2,394
- Other staff related costs	2,139	2,215	2,014	2,044
	21,715	25,069	16,232	19,715
<u>Establishment costs</u>				
- Depreciation	932	676	840	601
- Amortisation of computer software licence	354	336	287	290
- Rental of premises	1,929	1,861	1,705	1,572
- Information technology expenses	1,432	(16)	1,430	(138)
- Others	1,455	1,873	1,334	1,826
	6,102	4,730	5,596	4,151
<u>Marketing expenses</u>				
- Sales commission	449	60	-	-
- Advertisement and publicity	408	2,335	349	2,266
- Others	904	1,734	684	1,577
	1,761	4,129	1,033	3,843
<u>Administration and general expenses</u>				
- Communication expenses	2,237	1,363	1,650	1,134
- Legal and professional fees	622	61	48	45
- Others	2,034	2,286	3,715	4,240
	4,893	3,710	5,413	5,419
	34,471	37,638	28,274	33,128

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20 Allowance for Impairment on Loans, Advances and Other Losses

	Group and Bank	
	Individual Quarter	
	Current	Preceding
	Financial	Corresponding
	Quarter Ended	Quarter Ended
	31.03.2013	31.03.2012
	RM'000	RM'000
Allowance made/(written back) for impairment - loans and advances:		
Individual impairment allowance	-	(22)
Collective impairment allowance	-	-
Bad debts recovered		-
Allowance made/(written back) for impairment - other debtors	1,296	334
	1,296	312

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2013 (cont'd)

21 Capital Adequacy

BNM guidelines on capital adequacy requires RHB Investment Bank Berhad 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 Investment Bank have been computed based on BNM's Capital Adequacy Framework (Capital Components issued on 28 November 2012). Correspondingly, the comparative disclosures for the year ended 31 December 2012 have been restated accordingly.

The capital adequacy ratios of the Group and the Bank are as follows:

	Group		Bank	
	Unaudited 31.03.2013 RM'000	Restated 31.12.2012 RM'000	Unaudited 31.03.2013 RM'000	Restated 31.12.2012 RM'000
Tier I Capital				
Paid-up share capital	263,646	263,646	263,646	263,646
Retained profits	84,294	84,294	68,107	68,107
Other reserves	272,144	272,034	278,549	278,549
AFS reserves	14,093	14,720	14,093	14,720
	634,177	634,694	624,395	625,022
Less: Goodwill	(172,844)	(172,844)	(159,280)	(159,280)
Deferred tax assets	(5,988)	(5,988)	(4,325)	(4,325)
Other deductions	(10,297)	(11,857)	(8,323)	(9,883)
55% of cumulative gains on AFS securities	(7,751)	(8,096)	(7,751)	(8,096)
Common Equity Tier 1 capital	437,297	435,909	444,716	443,438
Hybrid Tier 1 Capital Securities	-	-	-	-
Total Tier 1 capital	437,297	435,909	444,716	443,438
Tier II Capital				
Subordinated obligations*	247,235	274,706	247,235	274,706
Collective impairment allowance [^]	19	34	19	34
Total Tier II capital	247,254	274,740	247,254	274,740
Less: Investments in subsidiaries	-	-	(84,970)	(84,970)
Investment in a joint venture	(19,149)	(18,967)	(15,363)	(15,363)
Eligible Tier II Capital	228,105	255,773	146,921	174,407
Total Capital Base	665,402	691,682	591,637	617,845
<u>Capital ratios</u>				
After deducting proposed dividends:				
CET1 Capital Ratio	24.71%	28.02%	26.68%	30.03%
Tier 1 Capital Ratio	24.71%	28.02%	26.68%	30.03%
Total Capital Ratio	37.60%	44.46%	35.49%	41.84%

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

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

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2013 (cont'd)

21 Capital Adequacy (cont'd)

The breakdown of risk-weighted assets by each major risk category is as follows:

	Group		Bank	
	Unaudited 31.03.2013	Restated 31.12.2012	Unaudited 31.03.2013	Restated 31.12.2012
	RM'000	RM'000	RM'000	RM'000
Credit risk	963,018	911,953	911,829	885,313
Market risk	383,360	204,925	383,360	204,925
Operational risk	423,328	438,993	371,697	386,394
Total risk weighted assets	<u>1,769,706</u>	<u>1,555,871</u>	<u>1,666,886</u>	<u>1,476,632</u>

Pursuant to BNM's circular, "Recognition of Deferred Tax Assets ('DTA') and Treatment of DTA for RWCR Purposes" dated 8 August 2003, deferred tax income/(expense) is excluded from the computation of Tier I capital and deferred tax assets are excluded from the calculation of risk weighted assets.

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2013 (cont'd)

22 Commitments And Contingencies

In the normal course of business, the Group and the Bank makes various commitments and incur certain contingent liabilities with legal recourse to customers. No material losses are anticipated as a result of these transactions.

Group and Bank	← 31.03.2013 →			← 31.12.2012 →		
	Principal amount	Credit equivalent amount *	Risk weighted amount	Principal amount	Credit equivalent amount *	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes [®]	1,000	1,000	1,000	1,000	1,000	1,000
Transaction related contingent items [®]	1,053	527	159	1,053	527	159
Obligations under an on-going underwriting agreements	40,000	20,000	10,000	40,000	20,000	10,000
Interest rate related contracts:						
- less than one year	1,270,000	4,418	884	1,055,000	5,846	1,169
- one year to less than five years	585,000	18,378	3,675	800,000	21,488	4,298
- five years and above	15,000	2,244	449	15,000	2,290	458
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	22	11	16	22	11	16
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	95,810	19,162	18,263	79,886	15,977	14,674
Total	2,007,885	65,740	34,446	1,991,961	67,139	31,774

* The credit equivalent amount is arrived at using the credit conversion factors as per Bank Negara Malaysia guidelines.

[®] Included in direct credit substitutes, transaction-related contingent items and short term self liquidating trade-related contingencies are financial guarantee contract of RM2,053,000 of which fair value at the time of issuance is zero.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2013 (cont'd)

23 Valuation of Property, Plant and Equipment

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

24 Events subsequent to the date of statements of financial position

There are no material events subsequent to the date of statements of financial position other than as disclosed in Note 28.

25 Changes in the Composition of the Group

There are no significant changes in the composition of the Group for the three months ended 31 March 2013.

26 Changes in Profit for the Quarter

For the three months ended 31 March 2013, the Group recorded a pre-tax profit of RM2.9 million, a decrease of 91% as compared to profit of RM30.9 million for the preceding quarter ended 31 December 2012. The lower profit was mainly due to lower other operating income by RM33.6 million, lower impairment write-back on financial investments by RM4.3 million, higher allowance made for impairment on loans, and advances and other assets by RM0.9 million and partly offset by lower other operating expenses by RM11.0 million.

27 Performance Review

For the three months ended 31 March 2013, the Group recorded a pre-tax profit of RM2.9 million, 91% lower as compared to the previous corresponding quarter ended 31 March 2012 of RM31.3 million. The lower profit was mainly due to lower other operating income by RM29.0 million, lower net interest income by RM1.5 million, higher allowance made for impairment on loans and advances and other assets by RM1.0 million and partly offset by lower other operating expenses by RM3.2 million.

28 Significant event during the financial year

The acquisition of OSK Investment Bank Berhad (OSKIB) by RHB Capital Berhad, the holding company of the Bank, was completed on 9 November 2012.

On 27 February 2013, the High Court of Malaya at Kuala Lumpur had granted an order pursuant to Section 50 of the Banking and Financial Institutions Act, 1989 and Section 139 of the Capital Market and Services Act, 2007 for the transfer of the entire business including all assets and liabilities of OSKIB to RHB Investment Bank, both wholly-owned subsidiaries of RHB Capital Berhad, with effect from 13 April 2013.

On 5 April 2013, the High Court of Malaya at Kuala Lumpur had granted an order for the transfer of the entire businesses, assets and liabilities for the following entities with effect from 13 April 2013 ("Vesting Order"):

- (i) OSK Nominees (Tempatan) Sdn Bhd to RHB Nominees (Tempatan) Sdn Bhd [Vesting Order pursuant to sections 176 & 178 of the Companies Act, 1965 ('CA 1965')];
- (ii) OSK Nominees (Asing) Sdn Bhd to RHB Nominees (Asing) Sdn Bhd (Vesting Order pursuant to sections 176 & 178 of the CA 1965); and
- (iii) OSK Research Sdn Bhd to RHB Research Institute Sdn Bhd (Vesting Order pursuant to section 139 of the Capital Market and Services Act 2007).

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29 Prospects for 2013

The Malaysian economy is expected to perform well in 2013 with Gross Domestic Product (GDP) projected to grow over 5.0%. This is premised on a strong domestic demand brought about by the Economic Transformation Programme (ETP).

The Malaysian banking sector will remain resilient in line with the country's economic growth.

The Group is on track to achieve full integration with OSK Investment Bank Group with the Legal Day 1 of the merged entity having taken place on 13 April 2013. This integration has enhanced the Group's geographical footprint and capabilities with presence in seven countries across the Asean region and Hong Kong.

RHB Investment Bank is optimistic that the capital market activities will pick up in the next quarter and the Board expects satisfactory results for the year.

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30 Segment Reporting

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

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

(a) Investment Banking

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 cover facilities for equity share trading in local and foreign markets, share margin financing, futures broking products and services, custodian and nominees services, investment cash management and unit trust funds.

(b) Treasury

Treasury and money market operations is involved in proprietary trading of various financial products that include short-term money market instruments, long term securities and foreign exchange and derivatives products.

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30 Segment Reporting (continued)

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

	Investment Banking	Treasury	Elimination	Total
	RM'000	RM'000	RM'000	RM'000
External revenue	33,916	7,923	-	41,839
Overhead expenses	(32,235)	(2,235)	-	(34,470)
Including:				
Depreciation of property, plant and equipment	(831)	(101)	-	(932)
Amortisation of computer software licence	(296)	(58)	-	(354)
Allowance made for impairment on loans, advances and other losses	(1,296)	1	-	(1,295)
Profit before unallocated expenses	385	5,689	-	6,074
Sub-debt interest				(3,268)
Profit after allocated expenses				2,806
Share of results of a joint venture				112
Profit before taxation				2,918
Taxation				(677)
Net profit for the financial period				2,241

Segment Assets As At 31 March 2013

	Investment Banking	Treasury	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	727,699	4,347,964	29,908	-	5,105,571
Investments in a joint venture					19,149
Tax recoverable					6,841
Deferred tax assets					1,663
Total assets					5,133,224

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30 Segment Reporting (continued)

Segment Profit and Loss for the Three Months Ended 31 March 2012

	Investment Banking	Treasury	Elimination	Total
	RM'000	RM'000	RM'000	RM'000
External revenue	36,221	36,141	-	72,362
Overhead expenses	(35,408)	(2,230)	-	(37,638)
Including:				
Depreciation of property, plant and equipment	(622)	(36)	-	(658)
Amortisation of computer software licence	(335)	(19)	-	(354)
Allowance made for impairment on loans, advances and other losses	(312)	-	-	(312)
Impairment (losses)/write back on other assets	55	-	-	55
Profit before unallocated expenses	556	33,911	-	34,467
Sub-debt interest				(3,260)
Profit after allocated expenses				31,207
Share of results of a joint venture				144
Profit before taxation				31,351
Taxation				(7,818)
Net profit for the financial period				<u>23,533</u>

Segment Assets As At 31 December 2012

	Investment Banking	Treasury	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	696,663	3,833,141	28,354	-	4,558,158
Investments in a joint venture					18,967
Tax recoverable					4,042
Deferred tax assets					1,663
Total assets					<u>4,582,830</u>