

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	Group		Bank	
		As at	As at	As at	As at
		30 June 2014	31 December 2013	30 June 2014	31 December 2013
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short term funds		797,553	1,065,190	604,569	793,935
Deposits and placements with banks and other financial institutions		-	100,715	-	100,715
Financial assets held-for-trading ('HFT')	8	745,903	1,226,494	530,357	1,061,869
Financial investments available-for-sale ('AFS')	9	4,243,799	3,668,358	4,075,162	3,574,627
Financial investments held-to-maturity ('HTM')	10	886,725	954,587	886,725	954,587
Loans and advances	11	2,891,756	2,393,747	2,270,592	1,848,325
Clients' and brokers' balances	12	1,794,201	2,573,583	775,777	543,766
Other assets	13	566,857	223,446	460,675	119,229
Derivative assets		39,055	48,760	39,055	48,760
Statutory deposits		229,693	216,643	229,693	216,643
Tax recoverable		2,726	32,701	-	28,881
Deferred tax assets		9,500	17,345	3,845	11,121
Investments in subsidiaries		-	-	1,081,535	1,077,291
Investments in associates and joint ventures		29,380	29,044	29,464	29,464
Property, plant and equipment		57,015	56,075	30,442	29,213
Goodwill and intangible assets		1,326,691	1,338,695	1,151,260	1,161,646
TOTAL ASSETS		13,620,854	13,945,383	12,169,151	11,600,072
LIABILITIES AND EQUITY					
Deposits from customers	14	2,758,651	2,484,429	2,819,747	2,559,248
Deposits and placements of banks and other financial institutions	15	4,456,140	4,620,678	4,456,140	4,620,678
Obligations on securities sold under repurchase agreements		254,618	401,522	254,618	401,522
Obligations on securities borrowed		357,018	31,734	357,018	31,734
Clients' and brokers' balances		1,437,732	2,314,971	626,307	419,269
Other liabilities	16	284,318	315,172	185,482	170,093
Derivative liabilities		66,082	82,463	65,301	82,284
Tax liabilities		18,863	10,384	11,651	-
Deferred tax liabilities		9,121	11,028	-	-
Borrowings		399,075	152,192	-	-
Subordinated obligations		558,601	559,099	558,601	559,099
TOTAL LIABILITIES		10,600,219	10,983,672	9,334,865	8,843,927
Share capital		818,646	818,646	818,646	818,646
Reserves		2,013,257	1,951,717	2,015,640	1,937,499
		2,831,903	2,770,363	2,834,286	2,756,145
Non-controlling interests		188,732	191,348	-	-
TOTAL EQUITY		3,020,635	2,961,711	2,834,286	2,756,145
TOTAL LIABILITIES AND EQUITY		13,620,854	13,945,383	12,169,151	11,600,072
COMMITMENTS AND CONTINGENCIES	24	7,884,366	7,907,009	6,502,078	6,961,691

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

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

Group	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2014	30 June 2013	30 June 2014	30 June 2013
		RM'000	RM'000	RM'000	RM'000
Interest income	17	107,676	113,857	212,116	227,329
Interest expense	18	(65,609)	(76,139)	(130,195)	(152,676)
Net interest income		42,067	37,718	81,921	74,653
Other operating income	19	189,413	206,189	388,520	426,181
Net income		231,480	243,907	470,441	500,834
Other operating expenses	20	(195,958)	(219,143)	(406,301)	(419,801)
Operating profit before allowances		35,522	24,764	64,140	81,033
Allowance for impairment on loans, advances and other losses	21	6,131	9,336	23,176	6,422
Impairment losses (made)/written back on other assets		(4,668)	12,430	(1,418)	12,430
		36,985	46,530	85,898	99,885
Share of results of associates		165	816	430	1,219
Share of results of joint ventures		110	140	182	252
Profit before taxation		37,260	47,486	86,510	101,356
Taxation		(2,953)	(14,259)	(24,517)	(25,563)
Net profit for the financial period		34,307	33,227	61,993	75,793
Profit attributable to:					
Owner of the Bank		33,158	25,162	58,745	61,506
Non-controlling interests		1,149	8,065	3,248	14,287
		34,307	33,227	61,993	75,793
Earnings per share (sen)					
- basic/diluted	22	4.1	3.5	7.2	12.5

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

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2014

<u>Group</u>	2nd Quarter Ended		Six Months Ended	
	30 June 2014	(Restated) 30 June 2013	30 June 2014	(Restated) 30 June 2013
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	34,307	33,227	61,993	75,793
Other comprehensive income/(loss) in respect of:				
(i) Item that will not be reclassified to profit or loss:				
- Actuarial losses on defined benefit plan of subsidiaries	3,742	-	945	-
(ii) Items that will be reclassified subsequently to profit or loss:				
- Currency translation differences	(18,348)	1,076	(5,612)	11,767
- Unrealised net gain/(loss) on revaluation of financial investments AFS	5,976	(18,839)	(3,538)	(5,466)
- Net transfer to income statements on disposal or impairment of financial investments AFS	8,250	(4,272)	7,881	(8,139)
Income tax relating to components of other comprehensive (income)/loss	(4,290)	5,212	(2,650)	2,938
Other comprehensive (loss)/income, net of tax, for the financial period	(4,670)	(16,823)	(2,974)	1,100
Total comprehensive income for the financial period	29,637	16,404	59,019	76,893
Total comprehensive income attributable to:				
Owner of the Bank	29,840	5,670	61,540	60,450
Non-controlling interests	(203)	10,734	(2,521)	16,443
	29,637	16,404	59,019	76,893

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

RHB INVESTMENT BANK BERHAD (19663-P)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

<u>Bank</u>	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2014	(Restated) 30 June 2013	30 June 2014	(Restated) 30 June 2013
		RM'000	RM'000	RM'000	RM'000
Interest income	17	91,337	98,448	179,328	199,834
Interest expense	18	(62,871)	(74,733)	(125,600)	(150,774)
Net interest income		28,466	23,715	53,728	49,060
Other operating income	19	105,223	89,409	220,868	196,365
Net income		133,689	113,124	274,596	245,425
Other operating expenses	20	(107,578)	(108,310)	(215,560)	(201,835)
Operating profit before allowances		26,111	4,814	59,036	43,590
Allowance for impairment on loans, advances and other losses	21	6,332	9,479	23,351	6,834
Impairment losses (made)/written back on other assets		(2,431)	6,551	3,881	6,551
Profit before taxation		30,012	20,844	86,268	56,975
Taxation		(641)	(9,547)	(21,331)	(17,273)
Net profit for the financial period		29,371	11,297	64,937	39,702

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

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2014

<u>Bank</u>	2nd Quarter Ended		Six Months Ended	
	30 June 2014	30 June 2013 (Restated)	30 June 2014	30 June 2013 (Restated)
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	<u>29,371</u>	<u>11,297</u>	<u>64,937</u>	<u>39,702</u>
Other comprehensive income/(loss) in respect of:				
Items that will be reclassified subsequently to profit or loss:				
- Unrealised net gain/(loss) on revaluation of financial investments AFS	8,861	(20,337)	9,724	(7,347)
- Net transfer to income statements on disposal or impairment of financial investments AFS	8,249	(4,272)	7,881	(8,139)
Income tax relating to components of other comprehensive (income)/loss	(4,278)	6,153	(4,401)	3,872
Other comprehensive income/(loss), net of tax, for the financial period	<u>12,832</u>	<u>(18,456)</u>	<u>13,204</u>	<u>(11,614)</u>
Total comprehensive income/(loss) for the financial period	<u><u>42,203</u></u>	<u><u>(7,159)</u></u>	<u><u>78,141</u></u>	<u><u>28,088</u></u>

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

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2014

<u>Group</u>	Attributable to the Owner of the Bank								
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	AFS reserves RM'000	Translation reserves RM'000	Retained profits RM'000	Total RM'000	Non- controlling interests RM'000	Total RM'000
Balance as at 1 January 2014	818,646	1,515,150	278,549	(25,948)	(22,768)	206,734	2,770,363	191,348	2,961,711
Net profit for the financial period	-	-	-	-	-	58,745	58,745	3,248	61,993
Currency translation differences	-	-	-	(106)	(4,084)	(6)	(4,196)	(1,416)	(5,612)
Financial investments AFS:									
- Unrealised net gain/(loss) on revaluation	-	-	-	1,682	-	-	1,682	(5,220)	(3,538)
- Net transfer to income statements on disposal or impairment	-	-	-	7,881	-	-	7,881	-	7,881
Income tax relating to components of other comprehensive (income)/loss	-	-	-	(3,508)	-	-	(3,508)	858	(2,650)
Actuarial losses on defined benefit plan of subsidiaries	-	-	-	-	-	936	936	9	945
Other comprehensive income/(loss), net of tax, for the financial period	-	-	-	5,949	(4,084)	930	2,795	(5,769)	(2,974)
Total comprehensive income/(loss) for the financial period	-	-	-	5,949	(4,084)	59,675	61,540	(2,521)	59,019
Transfer to statutory reserves	-	-	32,470	-	-	(32,470)	-	-	-
Disposal of a subsidiary	-	-	-	-	1,708	(1,708)	-	-	-
Subscription of shares by non-controlling interests in a subsidiary	-	-	-	-	-	-	-	(95)	(95)
Balance as at 30 June 2014	818,646	1,515,150	311,019	(19,999)	(25,144)	232,231	2,831,903	188,732	3,020,635

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RHB INVESTMENT BANK BERHAD (19663-P)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2014

Group	Attributable to the Owner of the Bank									
	Share capital	Share premium	Statutory reserves	AFS reserves	Translation reserves	Capital contribution by holding company	Retained profits	Total	Non-controlling interests	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2013	263,646	-	278,549	12,926	(6,004)	1,802,808	115,358	2,467,283	216,576	2,683,859
Net profit for the financial period	-	-	-	-	-	-	61,506	61,506	14,287	75,793
Currency translation differences	-	-	-	57	10,709	-	-	10,766	1,001	11,767
Financial investments AFS:										
- Unrealised net (loss)/gain on revaluation	-	-	-	(7,088)	-	-	-	(7,088)	1,622	(5,466)
- Net transfer to income statements on disposal or impairment	-	-	-	(8,139)	-	-	-	(8,139)	-	(8,139)
Income tax relating to components of other comprehensive loss/(income)	-	-	-	3,405	-	-	-	3,405	(467)	2,938
Other comprehensive (loss)/income, net of tax, for the financial period	-	-	-	(11,765)	10,709	-	-	(1,056)	2,156	1,100
Total comprehensive (loss)/income for the financial period	-	-	-	(11,765)	10,709	-	61,506	60,450	16,443	76,893
Issuance of shares for the acquisition of OSKIB	555,000	1,515,150	-	-	-	(1,802,808)	-	267,342	-	267,342
Dividend paid	-	-	-	-	-	-	(17,005)	(17,005)	-	(17,005)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(9,142)	(9,142)
Accretion on deemed disposal of interest in associates	-	-	-	-	-	-	(748)	(748)	-	(748)
Acquisition of shares from non-controlling interests	-	-	-	-	-	-	(4,287)	(4,287)	(7,502)	(11,789)
Balance as at 30 June 2013	818,646	1,515,150	278,549	1,161	4,705	-	154,824	2,773,035	216,375	2,989,410

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RHB INVESTMENT BANK BERHAD (19663-P)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Non-Distributable			Distributable		Total
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	AFS reserves RM'000	Retained profits RM'000	
Bank						
Balance as at 1 January 2014	818,646	1,515,150	278,549	(32,510)	176,310	2,756,145
Net profit for the financial period	-	-	-	-	64,937	64,937
Financial investments AFS:						
- Unrealised net gain on revaluation	-	-	-	9,724	-	9,724
- Net transfer to income statements on disposal or impairment	-	-	-	7,881	-	7,881
Income tax relating to components of other comprehensive income	-	-	-	(4,401)	-	(4,401)
Other comprehensive income, net of tax, for the financial period	-	-	-	13,204	-	13,204
Total comprehensive income for the financial period	-	-	-	13,204	64,937	78,141
Transfer to statutory reserves	-	-	32,469	-	(32,469)	-
Balance as at 30 June 2014	818,646	1,515,150	311,018	(19,306)	208,778	2,834,286

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RHB INVESTMENT BANK BERHAD (19663-P)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Non-Distributable					Distributable	
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	AFS reserves RM'000	Capital contribution by holding company RM'000	Retained profits RM'000	Total RM'000
Bank							
Balance as at 1 January 2013	263,646	-	278,549	10,997	1,802,808	76,788	2,432,788
Net profit for the financial period	-	-	-	-	-	39,702	39,702
Financial investments AFS:							
- Unrealised net loss on revaluation	-	-	-	(7,347)	-	-	(7,347)
- Net transfer to income statements on disposal or impairment	-	-	-	(8,139)	-	-	(8,139)
Income tax relating to components of other comprehensive loss	-	-	-	3,872	-	-	3,872
Other comprehensive loss, net of tax, for the financial period	-	-	-	(11,614)	-	-	(11,614)
Total comprehensive (loss)/income for the financial period	-	-	-	(11,614)	-	39,702	28,088
Issuance of shares for the acquisition of OSKIB	555,000	1,515,150	-	-	(1,802,808)	-	267,342
Dividend paid	-	-	-	-	-	(17,005)	(17,005)
Balance as at 30 June 2013	818,646	1,515,150	278,549	(617)	-	99,485	2,711,213

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

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Six Months Ended	
	30 June 2014	(Restated) 30 June 2013
	RM '000	RM '000
Group		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	86,510	101,356
Adjustments for non-cash items	<u>(108,669)</u>	<u>(104,769)</u>
Operating loss before working capital changes	(22,159)	(3,413)
Changes in working capital:		
Net changes in operating assets	573,210	(212,608)
Net changes in operating liabilities	<u>(630,163)</u>	<u>(1,440,567)</u>
Cash used in operations	(79,112)	(1,656,588)
Taxation refunded/(paid)	<u>16,976</u>	<u>(18,177)</u>
Net cash used in operating activities	<u>(62,136)</u>	<u>(1,674,765)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (purchase)/sale of financial investments AFS and HTM	(533,394)	553,874
Interest received from financial investments AFS and HTM	94,716	88,152
Property, plant and equipment:		
- Purchase	(9,103)	(6,458)
- Proceeds from disposal	100	622
Intangible assets:		
- Purchase	(4,432)	(2,098)
Dividend income received	703	1,095
Net cash inflow from disposal of a subsidiary	265	-
Acquisition of shares from non-controlling interests	<u>(95)</u>	<u>(11,789)</u>
Net cash (used in)/generated from investing activities	<u>(451,240)</u>	<u>623,398</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net redemption of subordinated bonds	-	(45,556)
Net drawdown of borrowings	246,883	231,125
Dividend paid to shareholder	-	(17,005)
Dividend paid to non-controlling interest	-	(9,142)
Net cash generated from financing activities	<u>246,883</u>	<u>159,422</u>
Net decrease in cash and cash equivalents	(266,493)	(891,945)
Effects of exchange rate differences	(1,144)	11,356
Cash and cash equivalents		
- at the beginning of the financial period	<u>1,065,190</u>	<u>1,911,815</u>
- at the end of the financial period	<u>797,553</u>	<u>1,031,226</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short-term funds	<u>797,553</u>	<u>1,031,226</u>

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RHB INVESTMENT BANK BERHAD (19663-P)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Six Months Ended	
	30 June 2014	(Restated) 30 June 2013
	RM '000	RM '000
<u>Bank</u>		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	86,268	56,975
Adjustments for non-cash items	<u>(116,862)</u>	<u>(100,684)</u>
Operating loss before working capital changes	(30,594)	(43,709)
Changes in working capital:		
Net changes in operating assets	(321,543)	450,176
Net changes in operating liabilities	<u>486,751</u>	<u>(1,699,920)</u>
Cash generated from/(used in) operations	134,614	(1,293,453)
Taxation refunded/(paid)	<u>22,077</u>	<u>(11,270)</u>
Net cash generated from/(used in) operating activities	<u>156,691</u>	<u>(1,304,723)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (purchase)/sale of financial investments AFS and HTM	(444,375)	599,170
Interest received from financial investments AFS and HTM	94,714	88,146
Property, plant and equipment:		
- Purchase	(3,067)	(2,145)
- Proceeds from disposal	-	1
Intangible assets:		
- Purchase	(2,049)	(1,561)
Dividend income received	12,598	877
Additional investments in subsidiary companies	(10,410)	(110,906)
Proceeds from disposal of a subsidiary	<u>6,532</u>	<u>-</u>
Net cash (used in)/generated from investing activities	<u>(346,057)</u>	<u>573,582</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net redemption of subordinated bonds	-	(45,555)
Dividend paid to shareholder	-	(17,005)
Net cash used in financing activities	<u>-</u>	<u>(62,560)</u>
Net decrease in cash and cash equivalents	(189,366)	(793,701)
Cash and cash equivalents		
- at the beginning of the financial period	793,935	1,509,772
- at the end of the financial period	<u>604,569</u>	<u>716,071</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short-term funds	<u>604,569</u>	<u>716,071</u>

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

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

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 Malaysian Accounting Standards Boards ('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 2013.

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 2013, except for the adoption of the following relevant accounting standards, amendments to published accounting standards and interpretations to existing accounting standards which are effective from 1 January 2014:

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

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

Predecessor accounting

The Group applies predecessor accounting to account for business combinations under common control. Under the predecessor accounting, assets and liabilities acquired are not restated to their respective fair values but at the carrying amounts from the consolidated financial statements of the ultimate holding company of the Group and adjusted to ensure uniform accounting policies of the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities (as of the date of the transaction) of the acquired entity is recorded as an adjustment to retained earnings. No additional goodwill is recognised.

The acquired entity's results, assets and liabilities are consolidated from the date on which the business combination between entities under common control occurred. Consequently, the consolidated financial statements reflect both entities' full years results. The corresponding amounts for the previous year reflect the combined results of both entities.

2 Auditors' Report

The auditors' report for the financial year ended 31 December 2013 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 six months ended 30 June 2014.

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 six months ended 30 June 2014.

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 six months ended 30 June 2014.

7 Dividends Paid and Proposed Dividend

No dividend was paid by the Bank during the six months ended 30 June 2014.

The Board of Directors have proposed to declare a single-tier interim dividend of 1.7346 sen per share in respect of the financial year ending 31 December 2014, amounting to RM14.2 million. The payment date will be determined later.

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014 (cont'd)

8 Financial Assets Held-for-trading

	Group		Bank	
	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government Securities	-	128,150	-	128,150
Malaysian Government Investment Issues	216,131	121,510	216,131	121,510
Sukuk Perumahan Kerajaan Bonds (SPK)	40,640	-	40,640	-
<u>Quoted securities:</u>				
In Malaysia				
Shares, exchange traded funds and warrants	88,301	59,044	88,301	59,044
Unit trusts	55,518	1,486	-	-
Outside Malaysia				
Shares, exchange traded funds and warrants	147,898	52,962	11,638	4,879
Unit trusts	23,768	34,008	-	14,207
<u>Unquoted securities:</u>				
In Malaysia				
Private debt securities	125,336	475,529	125,336	475,529
Outside Malaysia				
Private debt securities	48,311	353,805	48,311	258,550
	745,903	1,226,494	530,357	1,061,869

Included in financial assets HFT of the Group and the Bank are private debt securities outside Malaysia, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RMNil (31.12.2013: RM200,296,000).

In 2008, the Bank reclassified a portion of their financial assets HFT into financial investments AFS. 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 the reclassification on the income statements for the period from the date of reclassification to 30 June 2014 were as follows:

	Group and Bank	
	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000
<u>Reclassified from financial assets HFT to financial investments AFS</u>		
- Carrying value	30,120	31,214
- Fair value	29,766	30,798
Fair value losses that would have been recognised if the financial assets HFT had not been reclassified	(354)	(416)

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014 (cont'd)

9 Financial Investments Available-for-sale

	Group		Bank	
	As at 30 June 2014	As at 31 December 2013	As at 30 June 2014	As at 31 December 2013
At fair value	RM'000	RM'000	RM'000	RM'000
<u>Money market instruments:</u>				
Malaysian Government Securities	380,171	407,032	380,171	407,032
Malaysian Government Investment Issues	521,707	520,724	521,707	520,724
Cagamas bonds	85,104	45,119	85,104	45,119
Khazanah bonds	48,424	47,725	48,424	47,725
Negotiable instruments of deposits	369,167	403,558	369,167	403,558
Bankers' acceptances and Islamic accepted bills	387,699	378,121	387,699	378,121
Sukuk Perumahan Kerajaan Bonds ('SPK')	67,088	66,613	67,088	66,613
<u>Quoted securities:</u>				
In Malaysia				
Shares and warrants	50	828	10	789
Loan stocks	-	1,495	-	1,495
Unit trusts	5,767	5,571	-	-
Outside Malaysia				
Shares and warrants	1,230	1,300	-	-
Unit trusts	27,047	4,081	22,500	-
<u>Unquoted securities:</u>				
In Malaysia				
Private and Islamic debt securities	1,597,070	1,443,564	1,597,070	1,443,564
Shares	71,301	72,237	23,505	24,369
Loan stocks	13,783	39,543	13,783	39,543
Prasarana bonds	19,706	19,816	19,706	19,816
Outside Malaysia				
Private and Islamic debt securities	777,858	356,111	692,737	355,970
Shares	23,652	34,237	-	-
Loan stocks	2,047	2,093	-	-
	4,398,871	3,849,768	4,228,671	3,754,438
Accumulated impairment losses	(155,072)	(181,410)	(153,509)	(179,811)
	4,243,799	3,668,358	4,075,162	3,574,627

Included in financial investments AFS of the Group and the Bank are private debt securities outside Malaysia, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM302,816,000 (31.12.2013: RM260,231,000).

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014 (cont'd)

10 Financial Investments Held-to-maturity

	Group and Bank	
	As at 30 June 2014	As at 31 December 2013
At amortised cost	RM'000	RM'000
<u>Money market instruments:</u>		
Malaysian Government Securities	20,477	20,516
Malaysian Government Investment Issues	476,642	508,053
Cagamas bonds	50,237	50,426
Khazanah bonds	10,081	9,887
Wakala Global Sukuk	6,911	7,078
<u>Unquoted Securities:</u>		
In Malaysia		
Private and Islamic debt securities	350,704	388,362
Bonds	23	23
Loan stocks	33,977	35,708
Prasarana bonds	50,517	50,551
Outside Malaysia		
Private and Islamic debt securities	49,283	50,276
	1,048,852	1,120,880
Accumulated impairment losses	(162,127)	(166,293)
	886,725	954,587

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014 (cont'd)

11 Loans and Advances

	Group		Bank	
	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000
At amortised cost				
Term Loans				
- syndicated term loans	42,336	26,388	42,336	26,388
- other term loans	1,565,599	1,314,912	1,506,742	1,302,200
Share margin financing	1,327,795	1,087,387	697,797	512,846
Revolving credits	-	-	64,237	41,831
Staff loans	1,853	2,281	1,853	2,281
Gross loans and advances	2,937,583	2,430,968	2,312,965	1,885,546
Allowance for impaired loans and advances				
- individual impairment allowance	(36,297)	(29,592)	(32,843)	(29,592)
- collective impairment allowance	(9,530)	(7,629)	(9,530)	(7,629)
Net loans and advances	2,891,756	2,393,747	2,270,592	1,848,325
(i) By type of customer				
Domestic business enterprises				
- small and medium enterprises	44,082	35,702	44,082	35,702
- others	1,495,568	1,268,327	1,495,568	1,268,327
Individuals	442,102	273,049	442,102	273,049
Other domestic entities	4,011	4,014	4,011	4,014
Foreign entities				
- Malaysia operations	262,965	262,623	327,202	304,454
- Singapore operations	279,177	275,148	-	-
- Hong Kong operations	207,957	148,102	-	-
- Indonesia operations	9,082	20,639	-	-
- Thailand operations	192,639	143,364	-	-
Gross loans and advances	2,937,583	2,430,968	2,312,965	1,885,546
(ii) By geographical distribution				
In Malaysia	2,248,728	1,843,715	2,312,965	1,885,546
Outside Malaysia				
- Singapore operations	279,177	275,148	-	-
- Hong Kong operations	207,957	148,102	-	-
- Indonesia operations	9,082	20,639	-	-
- Thailand operations	192,639	143,364	-	-
Gross loans and advances	2,937,583	2,430,968	2,312,965	1,885,546

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014 (cont'd)

11 Loans and Advances (cont'd)

	Group		Bank	
	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000
(iii) By interest rate sensitivity				
Fixed rate				
- other fixed rate loans	1,882,426	1,567,122	1,574,669	1,313,166
Variable rate				
- cost plus	634,464	720,479	698,701	572,377
- base lending rate plus	420,693	143,367	39,595	3
	2,937,583	2,430,968	2,312,965	1,885,546
(iv) By purpose				
Purchase of securities	2,325,820	2,013,238	1,636,965	1,425,985
Purchase of transport vehicles	104	242	104	242
Purchase of landed property:				
- residential	1,751	2,042	1,751	2,042
- non-residential	156,000	81,324	156,000	81,324
Construction	18,920	6,878	18,920	6,878
Working capital	248,362	245,000	312,599	286,831
Other purpose	186,626	82,244	186,626	82,244
	2,937,583	2,430,968	2,312,965	1,885,546
(v) By remaining contractual maturities				
Maturity within one year	2,117,120	1,557,308	1,492,502	1,011,913
One year to three years	751,847	845,260	751,847	845,233
Three years to five years	39,955	20	39,955	20
Over five years	28,661	28,380	28,661	28,380
	2,937,583	2,430,968	2,312,965	1,885,546

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014 (cont'd)

11 Loans and Advances (cont'd)

	Group		Bank	
	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000
(vi) Impaired Loans and Advances				
(a) Movements in impaired loans and advances				
Balance as at the beginning of the financial period/year	78,915	247,539	78,915	247,539
Classified as impaired during the financial period/year	6,009	69,227	2,150	69,227
Transfer from financial investments AFS	39,543	-	39,543	-
Reclassified as non-impaired during the financial period/year	(6,878)	(186,062)	(6,878)	(186,062)
Amount recovered	(11,910)	(51,789)	(11,910)	(51,789)
Amount written off	(335)	-	(335)	-
Balance as at the end of the financial period/year	<u>105,344</u>	<u>78,915</u>	<u>101,485</u>	<u>78,915</u>
(b) By purpose				
Purchase of securities	86,775	48,666	82,916	48,666
Construction	-	6,878	-	6,878
Other purpose	18,569	23,371	18,569	23,371
	<u>105,344</u>	<u>78,915</u>	<u>101,485</u>	<u>78,915</u>
(c) By geographical distribution				
In Malaysia	101,485	78,915	101,485	78,915
Outside Malaysia: - Singapore operations	3,859	-	-	-
	<u>105,344</u>	<u>78,915</u>	<u>101,485</u>	<u>78,915</u>
(d) Movements in allowances for impaired loan and advances				
Individual impairment allowance				
Balance as at the beginning of the financial period/year	29,592	23,737	29,592	23,737
Net allowance (written back)/made	(22,627)	5,855	(26,081)	5,855
Transfer from financial investments AFS	29,666	-	29,666	-
Amount written off	(334)	-	(334)	-
Balance as at the end of the financial period/year	<u>36,297</u>	<u>29,592</u>	<u>32,843</u>	<u>29,592</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014 (cont'd)

11 Loans and Advances (cont'd)

	Group and Bank	
	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000
(vi) Impaired Loans and Advances (cont'd)		
(d) Movements in allowances for impaired loan and advances (cont'd)		
Collective impairment allowance		
Balance as at the beginning of the financial period/year	7,629	4,971
Net allowance made	1,901	2,658
Balance as at the end of the financial period/year	<u>9,530</u>	<u>7,629</u>

12 Clients' and brokers' balances

	Group		Bank	
	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000
Amounts owing by clients	1,071,079	732,340	614,489	376,004
Allowance for impairment losses:				
- individual impairment allowance	(31,576)	(37,301)	(1,391)	(1,547)
- collective impairment allowance	(5,880)	(4,175)	(4,059)	(4,175)
	<u>1,033,623</u>	690,864	<u>609,039</u>	370,282
Amounts owing by brokers	359,518	202,262	127,429	87,270
Allowance for impairment losses:				
- individual impairment allowance	(923)	(1,014)	(923)	(1,014)
	<u>358,595</u>	201,248	<u>126,506</u>	86,256
Amounts owing by clearing houses and stock exchanges	401,983	1,681,471	40,232	87,228
	<u>1,794,201</u>	<u>2,573,583</u>	<u>775,777</u>	<u>543,766</u>

Individual impairment allowance

Balance as at the beginning of the financial period/year	38,315	10,369	2,561	3,947
Amount (written back)/made	(5,522)	28,162	(247)	(840)
Amount written off	-	(660)	-	(546)
Exchange differences	(294)	444	-	-
Balance as at the end of the financial period/year	<u>32,499</u>	<u>38,315</u>	<u>2,314</u>	<u>2,561</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014 (cont'd)

12 Clients' and brokers' balances (cont'd)

	Group		Bank	
	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000
Collective impairment allowance				
Balance as at the beginning of the financial period/year	4,175	6,088	4,175	6,088
Net allowance made/(written back)	1,705	(1,913)	(116)	(1,913)
Balance as at the end of the financial period/year	<u>5,880</u>	<u>4,175</u>	<u>4,059</u>	<u>4,175</u>

13 Other Assets

	Group		Bank	
	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000
Other debtors	86,732	101,829	56,628	59,922
Amount receivable for release of units due from funds	41,652	22,287	-	-
Deposits	37,166	44,086	6,781	8,840
Prepayments	19,688	18,404	10,905	10,375
Amount due from reverse repo transactions	378,072	32,915	378,072	32,915
Transferable memberships	333	334	271	271
Amount due from holding company	7	7	-	-
Amounts due from subsidiaries	-	-	7,912	6,800
Amounts due from related companies	3,207	3,584	106	106
	<u>566,857</u>	<u>223,446</u>	<u>460,675</u>	<u>119,229</u>

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14 Deposits from Customers

	Group		Bank	
	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000
(i) By type of deposits:				
Short term deposits	895,033	574,847	956,129	625,652
Fixed/investments deposits	1,832,906	1,876,315	1,832,906	1,900,329
Negotiable instruments of deposits	30,712	33,267	30,712	33,267
	<u>2,758,651</u>	<u>2,484,429</u>	<u>2,819,747</u>	<u>2,559,248</u>
(ii) By type of customers				
Government and statutory bodies	648,450	490,266	648,450	490,266
Business enterprises	2,004,475	1,870,841	2,065,571	1,945,660
Individuals	105,726	121,428	105,726	121,428
Foreign customers	-	1,894	-	1,894
	<u>2,758,651</u>	<u>2,484,429</u>	<u>2,819,747</u>	<u>2,559,248</u>
(iii) By maturity structure of fixed/ investment deposits and negotiable instruments of deposits				
Due within six months	2,687,516	2,430,022	2,748,612	2,504,841
Six months to one year	64,662	47,946	64,662	47,946
One year to three years	6,473	6,359	6,473	6,359
Three years to five years	-	102	-	102
	<u>2,758,651</u>	<u>2,484,429</u>	<u>2,819,747</u>	<u>2,559,248</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014 (cont'd)

15 Deposits and Placements of Banks and Other Financial Institutions

	Group and Bank	
	As at	As at
	<u>30 June 2014</u>	<u>31 December 2013</u>
	RM'000	RM'000
Licensed banks	629,177	463,834
Licensed investment banks	160,330	210,772
Bank Negara Malaysia	-	25,425
Other financial institutions	<u>3,666,633</u>	<u>3,920,647</u>
	<u><u>4,456,140</u></u>	<u><u>4,620,678</u></u>

16 Other Liabilities

	Group		Bank	
	As at	As at	As at	As at
	<u>30 June 2014</u>	<u>31 December 2013</u>	<u>30 June 2014</u>	<u>31 December 2013</u>
	RM'000	RM'000	RM'000	RM'000
Other creditors and accruals	146,890	119,320	92,008	45,190
Short-term employee benefits	45,473	78,479	21,216	49,000
Remisiers' trust deposits	57,139	55,674	57,139	55,674
Amount payable for creation of units due to funds	12,180	25,898	-	-
Amount payable for redemption units	2,465	18,048	-	-
Amount due to holding company	440	490	440	488
Amounts due to subsidiaries	-	-	2,288	3,978
Amounts due to related companies	19,731	17,263	12,391	15,763
	<u><u>284,318</u></u>	<u><u>315,172</u></u>	<u><u>185,482</u></u>	<u><u>170,093</u></u>

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	2nd Quarter Ended		Six Months Ended	
	(Restated)		(Restated)	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	RM'000	RM'000	RM'000	RM'000
17 Interest Income				
Group				
Loans and advances	47,693	34,684	91,391	67,482
Money at call and deposit placements with banks and other financial institutions	7,936	21,800	15,112	45,241
Financial assets held-for-trading	7,087	9,017	14,978	19,374
Financial investments available-for-sale	34,291	34,639	67,009	68,557
Financial investments held-to-maturity	7,754	9,315	17,440	18,408
Others	2,915	4,402	6,186	8,267
	107,676	113,857	212,116	227,329
Of which:				
Interest income accrued on impaired loans and advances	1,716	4,664	3,017	9,300
Bank				
Loans and advances	36,521	25,693	68,169	50,637
Money at call and deposit placements with banks and other financial institutions	6,398	19,698	12,370	41,274
Financial assets held-for-trading	5,377	7,710	12,365	17,432
Financial investments available-for-sale	34,292	34,636	67,008	68,552
Financial investments held-to-maturity	7,754	9,315	17,440	18,408
Others	995	1,396	1,976	3,531
	91,337	98,448	179,328	199,834
Of which:				
Interest income accrued on impaired loans and advances	1,658	4,664	2,901	9,300
18 Interest Expense				
Group				
Deposits and placements of banks and other financial institutions	37,115	(25,872)	76,123	18,220
Deposits from customers	20,604	93,329	39,241	117,626
Subordinated obligations	4,679	6,670	9,274	13,725
Borrowings	2,986	1,452	5,006	2,235
Others	225	560	551	870
	65,609	76,139	130,195	152,676
Bank				
Deposits and placements of banks and other financial institutions	37,115	(25,872)	76,123	18,220
Deposits from customers	21,077	93,935	40,203	118,829
Subordinated obligations	4,679	6,670	9,274	13,725
	62,871	74,733	125,600	150,774

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014 (cont'd)

	2nd Quarter Ended		Six Months Ended	
	30 June 2014	(Restated) 30 June 2013	30 June 2014	(Restated) 30 June 2013
19 Other Operating Income				
Group				
a) Fee Income				
- Net brokerage	88,490	103,643	173,133	194,228
- Fund management fees	26,598	25,053	51,520	46,586
- Fee on loans and advances	8,524	2,976	10,888	5,578
- Corporate advisory fees	14,504	9,806	29,970	24,031
- Arrangement fees	6,524	8,829	10,908	17,132
- Underwriting fees	2,084	1,819	8,956	4,265
- Unit trust fee income	7,844	24,915	19,326	53,931
- Other fee income	30,593	27,061	56,162	35,189
	185,161	204,102	360,863	380,940
b) Net gain/(loss) arising from financial assets HFT				
- net gain on disposal	1,982	643	12,229	4,801
- net loss on revaluation	(578)	(18,447)	(3,161)	(14,248)
- gross dividend income	906	273	2,124	629
	2,310	(17,531)	11,192	(8,818)
c) Net gain arising from derivatives				
- net loss on disposal	(194)	(20,294)	(1,444)	(25,182)
- net gain/(loss) on revaluation	13,449	(2,129)	17,444	13,940
- unexpired structured warrants	(7,532)	27,547	(9,754)	23,564
	5,723	5,124	6,246	12,322
d) Net (loss)/gain arising from financial investments AFS				
- net (loss)/gain on disposal	(10,102)	8,616	(9,579)	13,426
- gross dividend income	702	527	703	545
	(9,400)	9,143	(8,876)	13,971
e) Net gain arising from financial investments held-to-maturity				
- net gain on redemption	-	-	3	10
f) Other income				
- Net foreign exchange gain/(loss)				
- realised	7,742	15,645	14,005	19,690
- unrealised	(5,089)	(13,086)	(230)	1,433
- Gain on disposal of property, plant and equipment	-	192	5	196
- Loss on disposal of a subsidiary	-	-	(247)	-
- Other non-operating income	2,966	2,600	5,559	6,437
	5,619	5,351	19,092	27,756
	189,413	206,189	388,520	426,181

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014 (cont'd)

	2nd Quarter Ended		Six Months Ended	
	(Restated)		(Restated)	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	RM'000	RM'000	RM'000	RM'000
19 Other Operating Income (cont'd)				
<u>Bank</u>				
a) Fee Income				
- Net brokerage	61,089	59,498	116,276	100,398
- Fee on loans and advances	6,249	2,209	8,245	4,811
- Corporate advisory fees	8,996	6,843	16,085	16,722
- Arrangement fees	4,504	4,068	8,888	9,435
- Underwriting fees	1,211	366	2,860	1,160
- Other fee income	26,757	16,852	48,081	19,824
	108,806	89,836	200,435	152,350
b) Net loss arising from financial assets HFT				
- net (loss)/gain on disposal	(513)	1,493	7,750	3,240
- net gain/(loss) on revaluation	42	(18,117)	(8,983)	(17,625)
- gross dividend income	437	273	625	629
	(34)	(16,351)	(608)	(13,756)
c) Net gain arising from derivatives				
- net loss on disposal	(194)	(21,459)	(1,444)	(26,347)
- net gain/(loss) on revaluation	11,851	(2,291)	18,164	13,778
- unexpired structured warrants	(7,532)	27,547	(9,754)	23,564
	4,125	3,797	6,966	10,995
d) Net (loss)/gain arising from financial investments AFS				
- net (loss)/gain on disposal	(10,101)	8,616	(9,579)	13,426
- gross dividend income	98	321	98	321
	(10,003)	8,937	(9,481)	13,747
e) Net gain arising from financial investments held-to-maturity				
- net gain on redemption	-	-	3	10
f) Other income				
- Foreign exchange gain/(loss)				
- realised	6,988	14,813	13,490	18,098
- unrealised	(5,069)	(12,728)	(406)	2,114
- Loss on disposal of property, plant and equipment	-	-	-	(1)
- Gross dividend income from subsidiaries				
- in Malaysia	-	-	12,500	-
- outside Malaysia	-	-	-	9,570
- Loss on disposal of a subsidiary	-	-	(2,696)	-
- Other non-operating income	410	1,105	665	3,238
	2,329	3,190	23,553	33,019
	105,223	89,409	220,868	196,365

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	2nd Quarter Ended		Six Months Ended	
	(Restated)		(Restated)	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	RM'000	RM'000	RM'000	RM'000
20 Other Operating Expenses				
Group				
<u>Personnel costs</u>				
- Salaries, bonus and allowances	88,542	84,491	185,849	167,169
- Defined contribution plan	9,402	8,299	21,430	16,217
- Other staff related costs	13,217	13,623	23,879	22,264
	111,161	106,413	231,158	205,650
<u>Establishment costs</u>				
- Property, plant and equipment				
- depreciation	5,687	5,874	11,136	12,320
- written off	124	397	124	458
- Amortisation of intangible assets	4,900	4,988	10,736	10,017
- Information technology expenses	5,070	2,901	7,929	5,428
- Repair and maintenance	2,291	4,849	5,193	7,728
- Security and escorting charges	163	179	334	338
- Rental of premises	10,207	10,203	20,738	20,269
- Water and electricity	1,906	1,536	3,411	2,873
- Rental of equipment	1,207	1,427	2,101	2,847
- Insurance	1,240	712	3,053	1,430
- Others	3,632	4,957	7,448	7,449
	36,427	38,023	72,203	71,157
<u>Marketing expenses</u>				
- Sales commission	8,980	20,639	22,639	46,361
- Advertisements and publicity	1,693	4,668	3,865	6,763
- Others	12,931	15,314	22,711	28,585
	23,604	40,621	49,215	81,709
<u>Administration and general expenses</u>				
- Communication expenses	15,375	16,409	28,917	30,846
- Legal and professional fees	1,085	2,339	3,561	3,441
- Others	8,306	15,338	21,247	26,998
	24,766	34,086	53,725	61,285
	195,958	219,143	406,301	419,801

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	2nd Quarter Ended		Six Months Ended	
	(Restated)		(Restated)	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	RM'000	RM'000	RM'000	RM'000
20 Other Operating Expenses (cont'd)				
<u>Bank</u>				
<u>Personnel costs</u>				
- Salaries, bonus and allowances	48,389	46,706	99,532	90,987
- Defined contribution plan	6,300	5,739	15,332	11,159
- Other staff related costs	9,126	7,201	15,101	11,509
	63,815	59,646	129,965	113,655
<u>Establishment costs</u>				
- Property, plant and equipment				
- depreciation	2,575	3,299	5,399	7,199
- Amortisation of intangible assets	4,011	4,174	8,873	8,455
- Information technology expenses	2,435	1,463	3,582	2,893
- Repair and maintenance	1,661	4,106	3,722	6,109
- Security and escorting charges	89	123	160	240
- Rental of premises	4,825	5,060	9,909	10,077
- Water and electricity	1,438	1,228	2,514	2,279
- Rental of equipment	475	723	622	1,390
- Insurance	689	458	2,162	933
- Others	2,161	3,070	4,425	4,057
	20,359	23,704	41,368	43,632
<u>Marketing expenses</u>				
- Sales commission	1,295	209	2,686	414
- Advertisements and publicity	1,116	2,935	2,390	3,758
- Others	2,790	1,400	5,221	4,985
	5,201	4,544	10,297	9,157
<u>Administration and general expenses</u>				
- Communication expenses	8,859	10,210	15,613	18,378
- Legal and professional fees	144	1,950	1,220	2,157
- Others	9,200	8,256	17,097	14,856
	18,203	20,416	33,930	35,391
	107,578	108,310	215,560	201,835

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	2nd Quarter Ended		Six Months Ended	
	(Restated)		(Restated)	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	RM'000	RM'000	RM'000	RM'000
21 Allowance for Impairment on Loans, Advances and Other Losses				
<u>Group</u>				
Allowance for impaired loans and advances:				
Individual impairment allowance				
- made	(87)	(429)	(3,778)	(429)
- written back	8,905	7,085	26,405	7,122
Collective impairment allowance made	(2,419)	(616)	(1,901)	(2,079)
Bad debts recovered/(written off)	55	(69)	(276)	(46)
Allowance (made)/written back for impairment on other debtors	(323)	3,365	2,726	1,854
	<u>6,131</u>	<u>9,336</u>	<u>23,176</u>	<u>6,422</u>
<u>Bank</u>				
Allowance for impaired loans and advances:				
Individual impairment allowance				
- made	(110)	(428)	(324)	(428)
- written back	8,905	7,085	26,405	7,122
Collective impairment allowance made	(2,419)	(616)	(1,901)	(2,079)
Bad debts recovered/(written off)	22	-	(313)	9
Allowance (made)/written back for impairment on other debtors	(66)	3,438	(516)	2,210
	<u>6,332</u>	<u>9,479</u>	<u>23,351</u>	<u>6,834</u>

22 Earnings per share

The basic earnings per share ('EPS') of the Group is calculated by dividing the net profit attributable to owner of the Bank for the six months ended 30 June 2014 by the weighted average number of ordinary shares in issue during the period.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014 (cont'd)

23 Capital Adequacy Ratio

BNM guidelines on capital adequacy requires the Group and the 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 the Group and the Bank have been computed based on BNM's Capital Adequacy Framework (Capital Components) issued on 28 November 2012.

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

	Group		Bank	
	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000
Common Equity Tier I Capital ("CET I")/				
Tier I Capital				
Paid-up ordinary share capital	818,646	818,646	818,646	818,646
Share premium	1,515,150	1,515,150	1,515,150	1,515,150
Retained profits	232,231	206,734	208,778	176,310
Other reserves	285,875	255,781	311,018	278,549
AFS reserves	(19,999)	(25,948)	(19,306)	(32,510)
	<u>2,831,903</u>	<u>2,770,363</u>	<u>2,834,286</u>	<u>2,756,145</u>
Less: Goodwill	(1,269,934)	(1,269,934)	(1,118,418)	(1,118,418)
Investments in subsidiaries, associates and joint ventures (portion deducted from CET I Capital) *	(5,876)	-	(222,200)	-
Intangible assets (include associated deferred tax liabilities)	(56,757)	(68,406)	(32,842)	(42,967)
Securitisation exposure subject to deductions	(478)	(1,744)	(478)	(1,744)
Other deductions	(1,333)	(2,019)	(1,333)	(2,019)
Deferred tax assets	(9,500)	(17,700)	(3,845)	(11,382)
Reduction in excess of Tier II Capital due to insufficient Tier II Capital #	-	-	(339,429)	(554,041)
Total CET I Capital	<u>1,488,025</u>	<u>1,410,560</u>	<u>1,115,741</u>	<u>1,025,574</u>
Qualifying non-controlling interests recognised as Tier I Capital	18,434	31,301	-	-
Total Tier I Capital	<u>1,506,459</u>	<u>1,441,861</u>	<u>1,115,741</u>	<u>1,025,574</u>
Tier II Capital				
Subordinated obligations**	539,765	545,000	539,765	545,000
Qualifying non-controlling interests recognised as Tier II Capital	3,189	5,665	-	-
Collective impairment allowance^	11,426	7,714	9,605	7,714
	<u>554,380</u>	<u>558,379</u>	<u>549,370</u>	<u>552,714</u>
Less: Investments in subsidiaries, associates and joint ventures	(23,504)	(29,044)	(549,370)	(552,714)
Total Tier II Capital	<u>530,876</u>	<u>529,335</u>	<u>-</u>	<u>-</u>
Total Capital	<u><u>2,037,335</u></u>	<u><u>1,971,196</u></u>	<u><u>1,115,741</u></u>	<u><u>1,025,574</u></u>
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	21.659%	24.766%	21.099%	24.556%
Tier I Capital Ratio	21.927%	25.316%	21.099%	24.556%
Total Capital Ratio	<u>29.654%</u>	<u>34.610%</u>	<u>21.099%</u>	<u>24.556%</u>
After proposed dividends:				
CET I Capital Ratio	21.452%	24.766%	20.831%	24.556%
Tier I Capital Ratio	21.720%	25.316%	20.831%	24.556%
Total Capital Ratio	<u>29.447%</u>	<u>34.610%</u>	<u>20.831%</u>	<u>24.556%</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014 (cont'd)

23 Capital Adequacy Ratio (cont'd)

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

The remaining portion of regulatory adjustments not deducted in 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 Guidelines on Capital Adequacy Framework (Capital Components).

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

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

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

	Group		Bank	
	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000
Credit risk	3,762,827	3,472,531	3,198,843	2,518,192
Market risk	1,962,881	1,300,494	1,394,957	1,070,638
Operational risk	1,144,522	922,336	694,081	587,482
Total risk-weighted assets	<u>6,870,230</u>	<u>5,695,361</u>	<u>5,287,881</u>	<u>4,176,312</u>

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

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24 Commitments And Contingencies

In the normal course of business, the Group and the Bank 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 financial statements, no material losses are anticipated as a result of these transactions.

The commitments and contingencies comprise the following:

	← 30 June 2014 →			← 31 December 2013 →		
	Principal amount RM'000	Credit equivalent amount * RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount * RM'000	Risk weighted amount RM'000
Group						
Obligations under underwriting agreements	1,168,596	584,298	144,769	267,648	133,824	85,356
Irrevocable commitments to extend credit:						
- maturity not exceeding one year	1,961,967	392,393	186,545	1,733,605	346,721	346,721
- maturity exceeding one year	23,838	11,919	11,922	52,922	26,461	26,466
Foreign exchange related contracts: ^						
- less than one year	455,505	8,370	1,810	669,034	8,599	2,640
- one year to less than five years	1,643,772	198,291	55,010	1,640,120	213,740	58,934
Interest rate related contracts: ^						
- less than one year	1,365,688	5,694	1,161	1,055,000	2,087	417
- one year to less than five years	1,265,000	26,087	6,117	2,488,680	46,340	11,330
Total	7,884,366	1,227,052	407,334	7,907,009	777,772	531,864

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

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

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24 Commitments And Contingencies (cont'd)

	← 30 June 2014 →			← 31 December 2013 →		
	Principal amount RM'000	Credit equivalent amount * RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount * RM'000	Risk weighted amount RM'000
Bank						
Direct credit substitute #	157,431	157,431	157,431	-	-	-
Obligations under underwriting agreements	785,660	392,830	100,088	228,069	114,035	65,567
Irrevocable commitments to extend credit:						
- maturity not exceeding one year	869,405	173,881	69,597	827,866	165,573	165,573
- maturity exceeding one year	23,838	11,919	11,922	52,922	26,461	26,466
Foreign exchange related contracts: ^						
- less than one year	391,284	8,370	1,810	669,034	8,599	2,640
- one year to less than five years	1,643,772	198,291	55,010	1,640,120	213,740	58,934
Interest rate related contracts: ^						
- less than one year	1,365,688	5,694	1,161	1,055,000	2,087	417
- one year to less than five years	1,265,000	26,087	6,117	2,488,680	46,340	11,330
Total	6,502,078	974,503	403,136	6,961,691	576,835	330,927

Included in direct credit substitute is financial corporate guarantee amounting to RM157,431,000 (31.12.2013 : RMNil).

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

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

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25 Valuation of Property, Plant and Equipment

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

26 Events Subsequent to the Date of Statements of Financial Position

There were no material events subsequent to the end of the reporting date.

27 Changes in the Composition of the Group

a) Disposal of RD RHB OSK Indonesia Dynamic Resources Plus Fund

On 7 February 2014, the Bank has disposed of its entire investment in RD RHB OSK Indonesia Dynamic Resources Plus Fund, a subsidiary of the Bank, for a sale proceeds of RM6.5 million.

b) Subscription of SGD4,000,000 ordinary shares in RHB OSK International Investments Pte Ltd ('ROII')

On 31 March 2014, the Bank subscribed for SGD4,000,000 new ordinary shares in ROII. The issued and paid-up share capital of ROII increased from SGD5,000,000 to SGD9,000,000. The rationale for the increase is to facilitate the subscription of additional shares in RHB OSK Asset Management Pte Ltd as disclosed in Note 27(c).

c) Subscription of SGD4,000,000 ordinary shares in RHB OSK Asset Management Pte Ltd ("ROAM") by ROII

On 31 March 2014, ROII subscribed for SGD4,000,000 new ordinary shares in ROAM for additional working capital purpose. The issued and paid-up share capital of ROAM increased from SGD5,100,000 to SGD9,100,000.

ROAM is a wholly-owned subsidiary of ROII which in turn is a wholly-owned subsidiary of the Bank. Upon completion of the subscription, the equity interest held by ROII in ROAM remains the same.

28 Credit Exposure Arising from Transactions with Connected Parties

Credit exposures with connected parties as per Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties are as follows:

	Group and Bank	
	As at	As at
	30 June 2014	31 December 2013
Outstanding credit exposures with connected parties (RM'000)	<u>193,347</u>	<u>391,728</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>3.12%</u>	<u>7.43%</u>
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	<u>-</u>	<u>-</u>

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

29 Changes in Profit for the Quarter

For the current financial quarter ended 30 June 2014, the Group recorded a pre-tax profit of RM37.3 million, a decrease of 24% as compared to the pre-tax profit of RM49.3 million for the preceding quarter ended 31 March 2014. The lower profit was mainly due to lower allowance for impairment on loans, advances and other losses written back by RM10.9 million, lower other operating income by RM9.7 million and higher impairment losses made on other assets by RM7.9 million, partially offset with lower other operating expenses by RM14.4 million and higher net interest income by RM2.2 million.

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30 Performance Review

For the six months ended 30 June 2014, the Group recorded a pre-tax profit of RM86.5 million, 15% lower as compared to the previous corresponding six months ended 30 June 2013 of RM101.4 million. The decrease in profit of RM14.8 million was mainly due to lower other operating income by RM37.7 million and higher impairment losses made on other assets by RM13.8 million, partially offset with higher allowance for impairment on loans, advances and other losses written back by RM16.8 million, lower other operating expenses by RM13.5 million and higher net interest income by RM7.3 million.

31 Significant Event During the Financial Period

On 7 March 2014, the Bank entered into a sale and purchase agreement with iFast Corporation Pte. Ltd. for the sale of all the shares owned by the Bank in iFast-OSK Sdn Bhd ('iFast'), comprising 9.07 million ordinary shares, representing 34.88% of the issued share capital of iFast, at the consideration of RM9.07 million.

The transaction was completed on 18 July 2014, and satisfied wholly in cash.

32 Prospects for 2014

After a soft patch in Q1 2014, the global economy has returned to its recovery path resulting in enhanced economic activities and global trade. This should support growth for an open economy like Malaysia. The Malaysian economy expanded by 6.3% in first half of 2014 underpinned by higher external trades and continued strength in private domestic demand. Private investment activities in Malaysia are expected to stay robust, driven by the implementation of large infrastructure related projects under the Economic Transformation Programme.

Monetary policy also remains accommodative despite Bank Negara Malaysia raising the Overnight Policy Rates recently. Malaysia's economy is expected to be on a firm and steady growth path and the official Gross Domestic Product is forecasted to expand by 4.5%-5.5% in 2014.

The RHB Banking Group has successfully launched several initiatives under the IGNITE 2017 transformation programme during 2014. This provides a strong foundation for the positive momentum of the transformation programme which aims to grow the RHB Banking Group into a leading multinational financial services group by 2020.

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

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33 Fair Value of Financial Instruments

Determination of fair value and fair value hierarchy

The Group and the Bank analyse their 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>30 June 2014</u>	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
<u>Financial assets</u>				
Financial assets HFT:	315,485	390,418	40,000	745,903
- money market instruments	-	256,771	-	256,771
- quoted securities	315,485	-	-	315,485
- unquoted securities	-	133,647	40,000	173,647
Financial investments AFS:	34,094	4,096,987	112,718	4,243,799
- money market instruments	-	1,859,360	-	1,859,360
- quoted securities	34,094	-	-	34,094
- unquoted securities	-	2,237,627	112,718	2,350,345
Derivative assets				
- money market instruments	-	39,055	-	39,055
	<u>349,579</u>	<u>4,526,460</u>	<u>152,718</u>	<u>5,028,757</u>
<u>Financial liabilities</u>				
Derivative liabilities				
- money market instruments	<u>21,478</u>	<u>44,604</u>	<u>-</u>	<u>66,082</u>
<u>31 December 2013</u>				
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
<u>Financial assets</u>				
Financial assets HFT:	147,500	1,037,149	41,845	1,226,494
- money market instruments	-	249,660	-	249,660
- quoted securities	147,500	-	-	147,500
- unquoted securities	-	787,489	41,845	829,334
Financial investments AFS:	11,780	3,501,958	154,620	3,668,358
- money market instruments	-	1,868,892	-	1,868,892
- quoted securities	11,780	-	-	11,780
- unquoted securities	-	1,633,066	154,620	1,787,686
Derivative assets				
- money market instruments	-	48,760	-	48,760
	<u>159,280</u>	<u>4,587,867</u>	<u>196,465</u>	<u>4,943,612</u>
<u>Financial liabilities</u>				
Derivative liabilities				
- money market instruments	<u>16,462</u>	<u>66,001</u>	<u>-</u>	<u>82,463</u>

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33 Fair Value of Financial Instruments (cont'd)

Determination of fair value and fair value hierarchy (cont'd)

The table below analyses financial instruments carried at fair value analysed by level within the fair value hierarchy : (cont'd)

<u>30 June 2014</u>	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
<u>Financial assets</u>				
Financial assets HFT:	99,939	390,418	40,000	530,357
- money market instruments	-	256,771	-	256,771
- quoted securities	99,939	-	-	99,939
- unquoted securities	-	133,647	40,000	173,647
Financial investments AFS:	22,510	4,011,866	40,786	4,075,162
- money market instruments	-	1,859,360	-	1,859,360
- quoted securities	22,510	-	-	22,510
- unquoted securities	-	2,152,506	40,786	2,193,292
Derivative assets				
- money market instruments	-	39,055	-	39,055
	122,449	4,441,339	80,786	4,644,574
<u>Financial liabilities</u>				
Derivative liabilities				
- money market instruments	21,478	43,823	-	65,301
<u>31 December 2013</u>				
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
<u>Financial assets</u>				
Financial assets HFT:	78,130	941,894	41,845	1,061,869
- money market instruments	-	249,660	-	249,660
- quoted securities	78,130	-	-	78,130
- unquoted securities	-	692,234	41,845	734,079
Financial investments available-for-sale:	789	3,501,816	72,022	3,574,627
- money market instruments	-	1,868,892	-	1,868,892
- quoted securities	789	-	-	789
- unquoted securities	-	1,632,924	72,022	1,704,946
Derivative assets				
- money market instruments	-	48,760	-	48,760
	78,919	4,492,470	113,867	4,685,256
<u>Financial liabilities</u>				
Derivative liabilities				
- money market instruments	16,462	65,822	-	82,284

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33 Fair Value of Financial Instruments (cont'd)

Valuation techniques and sensitivity analysis

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

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

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

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

Reconciliation of movements in Level 3 financial instruments

The following represents the changes in Level 3 instruments for the financial period/year ended 30 June 2014 and 31 December 2013 for the Group and the Bank:

	Financial assets HFT		Financial investments AFS	
	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000
<u>Group</u>				
Balance as at the beginning of the financial period/year	41,845	1,845	154,620	81,413
Total gains/(losses) recognised in other comprehensive income	455	-	(7,884)	16,901
Purchases	-	-	-	59,026
Settlements	(2,300)	-	(60,280)	(15,633)
Reversal of impairment loss	-	-	31,316	-
Impairment losses made	-	-	(5,013)	(12,533)
Transferred from Level 2	-	40,000	-	25,418
Exchange differences	-	-	(41)	28
Balance as at the end of the financial period/year	<u>40,000</u>	<u>41,845</u>	<u>112,718</u>	<u>154,620</u>

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33 Fair Value of Financial Instruments (cont'd)

Reconciliation of movements in Level 3 financial instruments (cont'd)

The following represents the changes in Level 3 instruments for the financial period/year ended 30 June 2014 and 31 December 2013 for the Group and the Bank: (cont'd)

	Financial assets HFT		Financial investments AFS	
	As at 30 June 2014	As at 31 December 2013	As at 30 June 2014	As at 31 December 2013
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Balance as at the beginning of the financial period/year	41,845	1,845	72,022	58,033
Total gains/(losses) recognised in other comprehensive income	455	-	2,670	(258)
Purchases	-	-	-	13,783
Settlements	(2,300)	-	(60,209)	(12,421)
Reversal of impairment loss	-	-	31,316	-
Impairment losses made	-	-	(5,013)	(12,533)
Transferred from Level 2	-	40,000	-	25,418
Balance as at the end of the financial period/year	40,000	41,845	40,786	72,022

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014 (cont'd)

34 Segment Reporting

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

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

(a) 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, 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 and investment cash management.

(b) Treasury

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, distribution of capital market products, funding and investments in ringgit and foreign currencies.

(c) Asset Management

Asset Management business focuses on providing investment management services, unit trust fund management services, Islamic funds management services, wills and trustee services.

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014 (cont'd)

34 Segment Reporting (cont'd)

Segment Profit and Loss for the Six Months Ended 30 June 2014

	Investment Banking RM'000	Treasury RM'000	Asset Management RM'000	Elimination RM'000	Total RM'000
External revenue	355,023	32,833	82,585	-	470,441
Inter-segment revenue	16,907	-	-	(16,907)	-
Segment revenue	371,930	32,833	82,585	(16,907)	470,441
Overhead expenses	(340,889)	(8,630)	(73,689)	16,907	(406,301)
Including:					
Depreciation of property, plant and equipment	(9,254)	(107)	(1,775)	-	(11,136)
Amortisation of intangible assets	(9,487)	(990)	(259)	-	(10,736)
Allowance for impairment on loans, advances and other losses	23,278	-	(102)	-	23,176
Impairment losses written back/(made) on other assets	1,945	(3,363)	-	-	(1,418)
	56,264	20,840	8,794	-	85,898
Share of results of associates					430
Share of results of joint ventures					182
Profit before taxation					86,510
Taxation					(24,517)
Net profit for the financial period					61,993

Segment Assets and Liabilities As At 30 June 2014

	Investment Banking RM'000	Treasury RM'000	Asset Management RM'000	Elimination RM'000	Total RM'000
Segment assets	4,827,751	8,586,867	200,818	(1,306,122)	12,309,314
Goodwill	512,391	614,176	143,367	-	1,269,934
Investments in associates and joint ventures					29,380
Tax recoverable					2,726
Deferred tax assets					9,500
Total assets					13,620,854
Segment liabilities	1,196,271	8,451,144	129,837	(162,693)	9,614,559
Tax liabilities					18,863
Deferred tax liabilities					9,121
Borrowings					399,075
Subordinated obligations					558,601
Total liabilities					10,600,219

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014 (cont'd)

34 Segment Reporting (cont'd)

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

	Investment Banking	Treasury	Asset Management	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	345,696	44,913	110,225	-	500,834
Inter-segment revenue	13,642	-	-	(13,642)	-
Segment revenue	359,338	44,913	110,225	(13,642)	500,834
Overhead expenses	(329,694)	(7,905)	(95,844)	13,642	(419,801)
Including:					
Depreciation of property, plant and equipment	(11,974)	(72)	(274)	-	(12,320)
Amortisation of intangible assets	(9,020)	(754)	(243)	-	(10,017)
Allowance for impairment on loans, advances and other losses	6,615	-	(193)	-	6,422
Impairment losses written back on other assets	143	12,287	-	-	12,430
	36,402	49,295	14,188	-	99,885
Share of results of associates					1,219
Share of results of joint ventures					252
Profit before taxation					101,356
Taxation					(25,563)
Net profit for the financial period					75,793

Segment Assets and Liabilities As At 31 December 2013

	Investment Banking	Treasury	Asset Management	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	5,293,152	8,283,705	227,227	(1,207,725)	12,596,359
Goodwill	512,391	614,176	143,367	-	1,269,934
Investments in associates and joint ventures					29,044
Tax recoverable					32,701
Deferred tax assets					17,345
Total assets					13,945,383
Segment liabilities	2,591,447	7,668,715	89,616	(98,809)	10,250,969
Tax liabilities					10,384
Deferred tax liabilities					11,028
Borrowings					152,192
Subordinated obligations					559,099
Total liabilities					10,983,672

35 Restatement of comparatives

The Group and the Bank have restated certain comparatives to reflect the effect of acquisition of assets and liabilities of OSK Investment Bank Berhad by applying predecessor accounting. Arising from this, certain comparatives for preceding corresponding quarter have been restated.