

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	Group		Bank	
		Unaudited	Restated	Unaudited	Restated
		As at 30.06.2013 RM'000	As at 31.12.2012 RM'000	As at 30.06.2013 RM'000	As at 31.12.2012 RM'000
ASSETS					
Cash and short-term funds		1,031,226	1,911,815	716,071	1,509,772
Deposits and placements with banks and other financial institutions		385,234	705,698	385,234	705,698
Financial assets held-for-trading	8	931,096	1,136,224	785,708	1,044,686
Financial investments available-for-sale	9	4,505,304	4,931,686	4,402,535	4,896,754
Financial investments held-to-maturity	10	1,017,760	1,133,401	1,017,760	1,133,401
Loans, advances and financing	11	1,884,592	1,727,602	1,409,176	1,417,414
Clients' and brokers' balances	12	3,144,272	2,500,765	941,980	674,541
Other assets	13	554,444	283,940	444,071	207,411
Derivative assets		10,157	15,093	10,157	15,093
Statutory deposits with Bank Negara Malaysia		178,473	246,240	178,473	246,240
Tax recoverable		35,346	36,576	34,151	33,358
Deferred tax assets		5,707	5,064	-	-
Investments in subsidiaries		-	-	882,704	756,606
Investments in associates and joint ventures		45,505	44,742	37,241	37,241
Property, plant and equipment		58,420	64,613	30,210	35,267
Goodwill and other intangible assets		1,322,227	1,325,545	1,303,321	1,306,574
TOTAL ASSETS		15,109,763	16,069,004	12,578,792	14,020,056
LIABILITIES AND EQUITY					
Deposits from customers	14	3,294,016	3,746,200	3,374,603	3,832,704
Deposits and placements of banks and other financial institutions	15	4,472,340	5,883,851	4,472,340	5,883,851
Obligation on securities sold under repurchase agreements		376,095	240,010	332,407	240,010
Obligation on securities borrowed		89,236	119,905	89,236	119,905
Clients' and brokers' balances		2,589,799	2,240,993	777,641	620,615
Other liabilities	16	254,044	289,842	141,278	157,797
Derivative liabilities		31,494	37,692	31,494	37,692
Taxation liabilities		15,386	15,018	-	-
Deferred tax liabilities		8,448	5,963	3,676	1,678
Borrowings		343,510	112,385	-	-
Subordinated obligations		652,748	698,302	652,748	698,302
TOTAL LIABILITIES		12,127,116	13,390,161	9,875,423	11,592,554
Share capital		818,646	263,646	818,646	263,646
Reserves		1,947,626	2,198,621	1,884,723	2,163,856
		2,766,272	2,462,267	2,703,369	2,427,502
Non-controlling interests		216,375	216,576	-	-
TOTAL EQUITY		2,982,647	2,678,843	2,703,369	2,427,502
TOTAL LIABILITIES AND EQUITY		15,109,763	16,069,004	12,578,792	14,020,056
COMMITMENTS AND CONTINGENCIES	24	5,590,373	6,023,509	4,740,109	5,247,108

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements 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 SIX MONTHS ENDED 30 JUNE 2013

<u>Group</u>	<u>Note</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
		<u>Current Financial Quarter Ended 30.06.2013 RM'000</u>	<u>Preceding Corresponding Quarter Ended 30.06.2012 RM'000</u>	<u>Current Financial Half Year Ended 30.06.2013 RM'000</u>	<u>Preceding Corresponding Half Year Ended 30.06.2012 RM'000</u>
Interest income	17	114,380	32,090	228,457	72,021
Interest expense	18	(80,203)	(27,534)	(160,872)	(62,623)
Net interest income		34,177	4,556	67,585	9,398
Other operating income	19	204,514	53,679	425,064	117,939
Net operating income		238,691	58,235	492,649	127,337
Other operating expenses	20	(215,096)	(41,939)	(413,946)	(79,577)
Operating profit before allowances		23,595	16,296	78,703	47,760
Change in allowance for impairment on loans, financing and other losses	21	9,336	723	6,422	411
Impairment write back on other assets		12,430	-	12,430	55
		45,361	17,019	97,555	48,226
Share of results of associates		816	-	1,219	-
Share of results of joint ventures		140	249	252	393
Profit before taxation		46,317	17,268	99,026	48,619
Taxation		(13,967)	(4,701)	(24,980)	(12,519)
Net profit for the financial period		32,350	12,567	74,046	36,100
Profit attributable to:					
Owner of the Bank		24,285	12,567	59,759	36,100
Non-controlling interests		8,065	-	14,287	-
		32,350	12,567	74,046	36,100
Earnings per share (sen)					
- basic	22	3.3	4.8	11.9	13.7

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements 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 SIX MONTHS ENDED 30 JUNE 2013

		<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
		Current Financial Quarter Ended 30.06.2013 RM'000	Preceding Corresponding Quarter Ended 30.06.2012 RM'000	Current Financial Half Year Ended 30.06.2013 RM'000	Preceding Corresponding Half Year Ended 30.06.2012 RM'000
<u>Bank</u>	Note				
Interest income	17	99,042	31,855	201,021	71,547
Interest expense	18	<u>(78,855)</u>	<u>(27,534)</u>	<u>(159,015)</u>	<u>(62,623)</u>
Net interest income		20,187	4,321	42,006	8,924
Other operating income	19	<u>89,408</u>	<u>46,328</u>	<u>196,365</u>	<u>105,454</u>
Net operating income		109,595	50,649	238,371	114,378
Other operating expenses	20	<u>(106,487)</u>	<u>(34,392)</u>	<u>(198,192)</u>	<u>(67,520)</u>
Operating profit before allowances		3,108	16,257	40,179	46,858
Change in allowance for impairment on loans, financing and other losses	21	9,480	723	6,834	411
Impairment write back on other assets		<u>6,551</u>	<u>-</u>	<u>6,551</u>	<u>55</u>
Profit before taxation		19,139	16,980	53,564	47,324
Taxation		<u>(9,120)</u>	<u>(4,735)</u>	<u>(16,420)</u>	<u>(12,224)</u>
Net profit for the financial period		<u>10,019</u>	<u>12,245</u>	<u>37,144</u>	<u>35,100</u>

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2013

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	Current Financial Quarter Ended 30.06.2013 RM'000	Preceding Corresponding Quarter Ended 30.06.2012 RM'000	Current Financial Half Year Ended 30.06.2013 RM'000	Preceding Corresponding Half Year Ended 30.06.2012 RM'000
Net profit for the financial period	32,350	12,567	74,046	36,100
Other comprehensive income/(loss):				
(i) Items that will not be reclassified to income statements				
- Currency translation differences	541	596	11,767	81
- Unrealised net (loss)/gain on revaluation of financial investments available-for-sale ('AFS')	(19,313)	6,295	(5,933)	14,574
Income tax relating to components of other comprehensive loss/(income)	4,618	(1,586)	1,370	(3,649)
	(14,154)	5,305	7,204	11,006
(ii) Items that will be reclassified to income statements				
- Net transfer to income statements on disposal or impairment of AFS	(4,272)	(3,289)	(8,139)	(17,578)
Income tax relating to components of other comprehensive loss	1,068	822	2,035	4,395
	(3,204)	(2,467)	(6,104)	(13,183)
Other comprehensive (loss)/income, net of tax, for the financial period	(17,358)	2,838	1,100	(2,177)
Total comprehensive income for the financial period	14,992	15,405	75,146	33,923
Total comprehensive income attributable to:				
Owner of the Bank	4,258	15,405	58,703	33,923
Non-controlling interests	10,734	-	16,443	-
	14,992	15,405	75,146	33,923

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

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2013

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	Current Financial Quarter Ended 30.06.2013 RM'000	Preceding Corresponding Quarter Ended 30.06.2012 RM'000	Current Financial Half Year Ended 30.06.2013 RM'000	Preceding Corresponding Half Year Ended 30.06.2012 RM'000
Bank				
Net profit for the financial period	10,019	12,245	37,144	35,100
Other comprehensive (loss)/income:				
(i) Items that will not be reclassified to income statements				
- Unrealised net (loss)/gain on revaluation of financial investments available-for-sale ('AFS')	(20,337)	6,340	(7,347)	15,744
Income tax relating to components of other comprehensive loss/(income)	5,085	(1,586)	1,837	(3,937)
	(15,252)	4,754	(5,510)	11,807
(ii) Items that will be reclassified to income statements				
- Net transfer to income statements on disposal or impairment of AFS	(4,272)	(3,289)	(8,139)	(17,578)
Income tax relating to components of other comprehensive loss	1,068	822	2,035	4,395
	(3,204)	(2,467)	(6,104)	(13,183)
Other comprehensive (loss)/income, net of tax, for the financial period	(18,456)	2,287	(11,614)	(1,376)
Total comprehensive (loss)/income for the financial period	(8,437)	14,532	25,530	33,724

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

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2013

Group	Note	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	Capital contribution by holding company RM'000	Retained profits RM'000	Total RM'000	Non-controlling interest RM'000	Total RM'000
Balance as at 1 January 2013											
- As previously reported		263,646	-	278,549	14,720	(6,515)	-	101,299	651,699	-	651,699
Acquisition of subsidiaries											
- Effect of predecessor accounting	34	-	-	-	(1,794)	511	1,802,808	13,476	1,815,001	216,576	2,031,577
- Merger deficit adjusted against retained profits	34	-	-	-	-	-	-	(4,433)	(4,433)	-	(4,433)
As restated		263,646	-	278,549	12,926	(6,004)	1,802,808	110,342	2,462,267	216,576	2,678,843
Net profit for the financial period		-	-	-	-	-	-	59,759	59,759	14,287	74,046
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)	1,155	(5,933)
- Net transfer to income statements on disposal or impairment		-	-	-	(8,139)	-	-	-	(8,139)	-	(8,139)
Income tax relating to components of other comprehensive loss		-	-	-	3,405	-	-	-	3,405	-	3,405
Other comprehensive income/(loss), net of tax, for the financial period		-	-	-	(11,765)	10,709	-	-	(1,056)	2,156	1,100
Total comprehensive income/(loss) for the financial period		-	-	-	(11,765)	10,709	-	59,759	58,703	16,443	75,146
Issuance of shares for the acquisition of OSKIB	31	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 disposals 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	-	148,061	2,766,272	216,375	2,982,647

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

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2013

<u>Group</u>	<u>Attributable to the Owner of the Bank</u>					Total RM'000
	Share capital RM'000	Statutory reserves RM'000	AFS reserves RM'000	Translation reserves RM'000	Retained profits RM'000	
Balance as at 1 January 2012	263,646	278,549	17,813	(5,394)	59,694	614,308
Net profit for the financial period	-	-	-	-	36,100	36,100
Currency translation differences	-	-	-	81	-	81
Financial investments AFS:						
- Unrealised net gain on revaluation	-	-	14,574	-	-	14,574
- Net transfer to income statements on disposal or impairment	-	-	(17,578)	-	-	(17,578)
Income tax relating to components of other comprehensive loss	-	-	746	-	-	746
Other comprehensive income/(loss), net of tax, for the financial period	-	-	(2,258)	81	-	(2,177)
Total comprehensive income/(loss) for the financial period	-	-	(2,258)	81	36,100	33,923
Dividend paid	-	-	-	-	(29,265)	(29,265)
Balance as at 30 June 2012	263,646	278,549	15,555	(5,313)	66,529	618,966

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

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Note	Non-Distributable				Distributable		Total RM'000
		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	
Bank								
Balance as at 1 January 2013								
- As previously reported		263,646	-	278,549	14,720	-	85,112	642,027
Acquisition of assets and liabilities								
- Effect of predecessor accounting	34	-	-	-	(3,723)	1,802,808	13,458	1,812,543
- Merger deficit adjusted against retained profits	34	-	-	-	-	-	(27,068)	(27,068)
As restated		263,646	-	278,549	10,997	1,802,808	71,502	2,427,502
Net profit for the financial period		-	-	-	-	-	37,144	37,144
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 income/(loss) for the financial period		-	-	-	(11,614)	-	37,144	25,530
Issuance of shares for the acquisition of OSKIB	31	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)	-	91,641	2,703,369

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

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2013

	<u>Non-distributable</u>			<u>Distributable</u>	Total RM'000
	Share capital RM'000	Statutory reserve RM'000	AFS reserve RM'000	Retained profits RM'000	
Bank					
Balance as at 1 January 2012	263,646	278,549	16,986	55,307	614,488
Net profit for the financial period	-	-	-	35,100	35,100
Financial investments AFS:					
- Unrealised net gain on revaluation	-	-	15,744	-	15,744
- Net transfer to income statements on disposal or impairment	-	-	(17,578)	-	(17,578)
Income tax relating to components of other comprehensive loss	-	-	458	-	458
Other comprehensive loss, net of tax for the financial period	-	-	(1,376)	-	(1,376)
Total comprehensive income/(loss) for the financial period	-	-	(1,376)	35,100	33,724
Dividend paid	-	-	-	(29,265)	(29,265)
Balance as at 30 June 2012	<u>263,646</u>	<u>278,549</u>	<u>15,610</u>	<u>61,142</u>	<u>618,947</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements 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 SIX MONTHS ENDED 30 JUNE 2013

	Six months ended	
	<u>30.06.2013</u>	<u>30.06.2012</u>
	RM '000	RM '000
<u>Group</u>		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	99,026	48,619
Adjustments for non-cash items	<u>(102,445)</u>	<u>(72,974)</u>
Operating loss before working capital changes	(3,419)	(24,355)
Changes in working capital:		
Net changes in operating assets	(212,602)	(298,404)
Net changes in operating liabilities	<u>(1,440,568)</u>	<u>(1,514,585)</u>
Cash used in operations	(1,656,589)	(1,837,344)
Taxation paid	<u>(18,177)</u>	<u>(17,127)</u>
Net cash used in operating activities	<u>(1,674,766)</u>	<u>(1,854,471)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net redemption/(purchase) of financial investments held-to-maturity	130,739	(19,077)
Net sale of financial investments available-for-sale	423,134	1,074,668
Interest received from financial investments held-to-maturity	19,595	34,652
Interest received from financial investments available-for-sale	68,557	33,344
Property, plant and equipment:		
- Purchase	(6,458)	(2,713)
- Proceeds from disposal	622	129
Other intangible assets:		
- Purchase	(2,098)	-
Dividend income received	1,095	135
Acquisition of shares from non-controlling interests	<u>(11,789)</u>	<u>-</u>
Net cash generated from investing activities	<u>623,397</u>	<u>1,121,138</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net redemption of subordinated bonds	(45,554)	-
Net drawdown of short-term loans	231,125	-
Dividend paid to shareholder	(17,005)	(29,265)
Dividend paid to non-controlling interest	<u>(9,142)</u>	<u>-</u>
Net cash generated from/(used in) financing activities	<u>159,424</u>	<u>(29,265)</u>
Net decrease in cash and cash equivalents	(891,945)	(762,598)
Effects of exchange rate differences	11,356	(95)
Cash and cash equivalents		
- at the beginning of the financial period	<u>1,911,815</u>	<u>2,080,685</u>
- at the end of the financial period	<u>1,031,226</u>	<u>1,317,992</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short-term funds	<u>1,031,226</u>	<u>1,317,992</u>

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

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Six months ended	
	30.06.2013	30.06.2012
	RM '000	RM '000
<u>Bank</u>		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	53,564	47,324
Adjustments for non-cash items	<u>(97,275)</u>	<u>(66,237)</u>
Operating loss before working capital changes	(43,711)	(18,913)
Changes in working capital:		
Net changes in operating assets	450,179	(297,019)
Net changes in operating liabilities	<u>(1,699,922)</u>	<u>(1,535,289)</u>
Cash used in operations	(1,293,454)	(1,851,221)
Taxation paid	<u>(11,270)</u>	<u>(16,272)</u>
Net cash used in operating activities	<u>(1,304,724)</u>	<u>(1,867,493)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net redemption/(purchase) of financial investments held-to-maturity	130,739	(18,579)
Net sale of financial investments available-for-sale	468,431	1,074,634
Interest received from financial investments held-to-maturity	19,595	11,805
Interest received from financial investments available-for-sale	68,551	47,887
Property, plant and equipment:		
- Purchase	(2,145)	(2,383)
- Proceeds from disposal	1	129
Other intangible assets:		
- Purchase	(1,561)	-
Dividend income received	<u>877</u>	<u>135</u>
Net cash generated from investing activities	<u>684,488</u>	<u>1,113,628</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net redemption of subordinated bonds	(45,554)	-
Dividend paid to shareholder	(17,005)	(29,265)
Additional investments in subsidiary companies	<u>(110,906)</u>	<u>-</u>
Net cash used in financing activities	<u>(173,465)</u>	<u>(29,265)</u>
Net decrease in cash and cash equivalents	(793,701)	(783,130)
Cash and cash equivalents		
- at the beginning of the financial period	<u>1,509,772</u>	<u>2,013,729</u>
- at the end of the financial period	<u>716,071</u>	<u>1,230,599</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short-term funds	<u>716,071</u>	<u>1,230,599</u>

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

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 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 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)
The Revised MFRS 127	Separate financial statements (as amended by IASB in May 2011)
Amendment to MFRS 7	Disclosures - Offsetting financial assets and financial liabilities
Amendment to MFRS 10 and MFRS 12	Consolidated financial statements and Disclosures of interests in other entities: Transition Guidance
Amendment to MFRS 101	Presentation of items of other comprehensive income
Annual Improvements to MFRS 2009-2011 Cycle	

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

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

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 six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 2013, other than as disclosed below :

On 13 April 2013, the Bank has increased its issued and paid-up share capital by issuance of 555,000,000 new ordinary shares of RM1 each at an issued price of RM3.73 each.

On 19 April 2013, the Bank had fully redeemed its existing subordinated notes of RM45.0 million in nominal value which were issued on 21 April 2008.

7 Dividends Paid

The dividends paid by the Bank since 31 December 2012 were as follows:

In respect of the financial year ended 31 December 2012:

Final dividend of 8.60 sen less 25% income tax, paid on 12 June 2013

RM'000

17,005

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

8 Financial Assets Held-For-Trading

	Group		Bank	
	Unaudited As at 30.06.2013 RM'000	Restated As at 31.12.2012 RM'000	Unaudited As at 30.06.2013 RM'000	Restated As at 31.12.2012 RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government Securities	381,228	101,576	381,228	101,576
Malaysian Government Investment Issues	177,133	30,498	177,133	30,498
Cagamas bonds	-	5,567	-	5,567
Sukuk Perumahan Kerajaan (SPK)	-	20,100	-	20,100
<u>Quoted securities:</u>				
In Malaysia				
Shares, exchange traded funds and warrants	50,317	58,319	50,317	58,319
Unit trusts	3,761	2,027	-	-
Outside Malaysia				
Shares, exchange traded funds and warrants	25,649	52,698	17,780	20,855
Unit trusts	26,913	25,033	-	-
<u>Unquoted securities:</u>				
In Malaysia				
Prasarana bonds	5,459	5,558	5,459	5,558
Private debt securities	62,079	368,154	62,079	368,154
Outside Malaysia				
Private debt securities	198,557	466,694	91,712	434,059
	931,096	1,136,224	785,708	1,044,686

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

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 30 June 2013 and the gains and losses relating to these assets recorded in income statements for the period ended 30 June 2013 were as follows:

	Group and Bank	
	Unaudited As at 30.06.2013 RM'000	Restated As at 31.12.2012 RM'000
<u>Reclassified from HFT to AFS</u>		
- Carrying value	54,442	111,191
- Fair value	54,291	110,549
Fair value losses that would have been recognised if the financial assets HFT had not been reclassified	(151)	(642)

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

9 Financial Investments Available-For-Sale

	Group		Bank	
	Unaudited As at 30.06.2013 RM'000	Restated As at 31.12.2012 RM'000	Unaudited As at 30.06.2013 RM'000	Restated As at 31.12.2012 RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government Investment Issue	535,418	850,048	535,418	850,048
Malaysian Government Securities	327,953	347,385	327,953	347,385
Bank Negara Malaysia Monetary Notes	-	205,859	-	205,859
Negotiable instruments of deposit	845,446	459,878	845,446	459,878
Khazanah bonds	48,146	13,100	48,146	13,100
Cagamas bonds	55,404	25,356	55,404	25,356
Wakala Global Sukuk	61,185	59,252	61,185	59,252
Bankers' acceptance and Islamic accepted bills	530,212	507,382	530,212	507,382
Sukuk Perumahan Kerajaan (SPK)	69,466	30,150	69,466	30,150
<u>Quoted securities:</u>				
In Malaysia				
Shares and warrants	568	362	529	323
Loan stocks	-	775	-	775
Unit trusts	5,514	5,247	-	-
Outside Malaysia				
Shares and warrants	1,233	1,197	-	-
Unit trusts	20,543	20,197	-	15,295
<u>Unquoted securities:</u>				
In Malaysia				
Shares	70,531	25,531	22,906	22,906
Prasarana bonds	20,432	10,232	20,432	10,232
Private and Islamic debt securities	1,231,201	1,302,308	1,227,160	1,302,308
Loan stocks	9,877	17,582	9,877	17,582
Outside Malaysia				
Shares	23,125	20,295	-	-
Private and Islamic debt securities	648,567	1,029,089	648,401	1,028,923
Loan stocks	483	461	-	-
	4,505,304	4,931,686	4,402,535	4,896,754

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

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

10 Financial Investments Held-To-Maturity

	Group and Bank	
	Unaudited As at 30.06.2013	Restated As at 31.12.2012
	RM'000	RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government Securities	20,547	45,892
Malaysian Government Investment Issue	518,103	538,699
Cagamas bonds	50,612	50,802
Khazanah bonds	9,694	-
Bankers' acceptances	-	49,961
Wakala Global Sukuk	6,841	6,538
<u>Unquoted Securities:</u>		
In Malaysia		
Bonds	23	23
Prasarana bonds	50,579	40,621
Private and Islamic debt securities	485,222	562,464
Outside Malaysia		
Private and Islamic debt securities	47,459	24,810
	1,189,080	1,319,810
Accumulated impairment losses	(171,320)	(186,409)
	1,017,760	1,133,401

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

11 Loans, Advances and Financing

	Group		Bank	
	Unaudited As at 30.06.2013 RM'000	Restated As at 31.12.2012 RM'000	Unaudited As at 30.06.2013 RM'000	Restated As at 31.12.2012 RM'000
At amortised cost				
Term Loans				
- syndicated term loans/financing	58,628	138,124	58,628	138,124
- other term loans/financing	973,633	930,358	961,328	909,431
Share margin financing	873,895	685,501	370,301	346,514
Revolving credits	-	-	40,320	49,726
Staff loans	2,692	2,327	2,692	2,327
Gross loans, advances and financing	1,908,848	1,756,310	1,433,269	1,446,122
Allowance for impaired loans, advances and financing				
- individual impairment allowance	(17,206)	(23,737)	(17,043)	(23,737)
- collective impairment allowance	(7,050)	(4,971)	(7,050)	(4,971)
Net loans, advances and financing	1,884,592	1,727,602	1,409,176	1,417,414
(i) By type of customer				
Domestic business enterprise				
- Small and medium enterprise	290	1,885	290	1,885
- Other	960,046	1,131,450	960,046	1,131,450
Individuals	257,133	262,932	257,133	262,932
Other domestic entities	4,014	-	4,014	-
Foreign entities				
- Malaysia operations	171,479	129	211,786	49,855
- Singapore operations	257,915	200,348	-	-
- Hong Kong operations	130,184	100,444	-	-
- Indonesia operations	14,995	18,274	-	-
- Thailand operations	112,792	40,848	-	-
Total	1,908,848	1,756,310	1,433,269	1,446,122
(ii) By geographical distribution				
In Malaysia	1,392,962	1,396,396	1,433,269	1,446,122
Outside Malaysia				
- Singapore operations	257,915	200,348	-	-
- Hong Kong operations	130,184	100,444	-	-
- Indonesia operations	14,995	18,274	-	-
- Thailand operations	112,792	40,848	-	-
Total	1,908,848	1,756,310	1,433,269	1,446,122

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

11 Loans, Advances and Financing (cont'd)

	Group		Bank	
	Unaudited As at 30.06.2013	Restated As at 31.12.2012	Unaudited As at 30.06.2013	Restated As at 31.12.2012
	RM'000	RM'000	RM'000	RM'000
(iii) By interest rate sensitivity				
Fixed rate				
- other fixed rate loans	1,556,122	1,421,724	1,311,227	1,231,905
Variable rate				
- cost plus	186,766	161,208	68,874	81,688
- base lending rate plus	165,960	173,378	53,168	132,529
	<u>1,908,848</u>	<u>1,756,310</u>	<u>1,433,269</u>	<u>1,446,122</u>
(iv) By purpose				
Purchase of securities	1,505,994	1,493,894	990,108	1,133,979
Purchase of transport vehicles	344	486	344	486
Purchase of landed property:				
- residential	2,351	1,841	2,351	1,841
- non-residential	119,965	56,000	119,965	56,000
Construction	78,337	104,203	78,337	104,203
Working capital	34,004	59,615	74,311	109,342
Other purpose	167,853	40,271	167,853	40,271
	<u>1,908,848</u>	<u>1,756,310</u>	<u>1,433,269</u>	<u>1,446,122</u>
(v) By remaining contractual maturities				
Maturity within one year	1,535,267	1,247,905	1,059,688	937,715
One year to three years	346,711	500,891	346,711	500,891
Three years to five years	22	169	22	169
Over five years	26,848	7,345	26,848	7,347
	<u>1,908,848</u>	<u>1,756,310</u>	<u>1,433,269</u>	<u>1,446,122</u>

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

11 Loans, Advances and Financing (cont'd)

	Group		Bank	
	Unaudited As at 30.06.2013 RM'000	Restated As at 31.12.2012 RM'000	Unaudited As at 30.06.2013 RM'000	Restated As at 31.12.2012 RM'000
(vi) Impaired Loans, Advances and Financing				
(a) Movements in impaired loans, advances and financing				
Balance as at beginning of the financial period/year				
- As previously reported	247,539	619	247,539	619
Acquisition of subsidiaries / assets and liabilities				
- Effect of predecessor accounting	-	247,189	-	247,189
As restated	<u>247,539</u>	<u>247,808</u>	<u>247,539</u>	<u>247,808</u>
Classified as impaired during the financial period/year	5,772	(25)	5,610	(25)
Classified as performing during the financial period/year	(91)	-	(91)	-
Amount recovered	(13,341)	(72)	(13,341)	(72)
Amount written off	-	(172)	-	(172)
Balance as at the end of the financial period/year	<u><u>239,879</u></u>	<u><u>247,539</u></u>	<u><u>239,717</u></u>	<u><u>247,539</u></u>
(b) By purpose				
Purchase of securities	209,828	247,539	209,666	247,539
Other purpose	30,051	-	30,051	-
	<u><u>239,879</u></u>	<u><u>247,539</u></u>	<u><u>239,717</u></u>	<u><u>247,539</u></u>
(c) By geographical distribution				
In Malaysia	239,717	247,539	239,717	247,539
Outside Malaysia:				
- Thailand operations	162	-	-	-
	<u><u>239,879</u></u>	<u><u>247,539</u></u>	<u><u>239,717</u></u>	<u><u>247,539</u></u>
(d) Movements in allowances for impaired loans and advances				
Individual impairment allowance				
Balance as at beginning of the financial period/year				
- As previously reported	(23,737)	(584)	(23,737)	(584)
Acquisition of subsidiaries / assets and liabilities				
- Effect of predecessor accounting	-	(23,397)	-	(23,397)
As restated	<u>(23,737)</u>	<u>(23,981)</u>	<u>(23,737)</u>	<u>(23,981)</u>
Allowance made	(591)	-	(428)	-
Allowance written back	7,122	-	7,122	-
Amount recovered	-	72	-	72
Amount written off	-	172	-	172
Balance as at the end of the financial period/year	<u><u>(17,206)</u></u>	<u><u>(23,737)</u></u>	<u><u>(17,043)</u></u>	<u><u>(23,737)</u></u>

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

11 Loans, Advances and Financing (cont'd)

	Group and Bank	
	Unaudited As at 30.06.2013 RM'000	Restated As at 31.12.2012 RM'000
Collective impairment allowance		
Balance as at beginning of the financial period/year		
- As previously reported	(4,971)	-
Acquisition of subsidiaries / assets and liabilities		
- Effect of predecessor accounting	-	(4,971)
As restated	(4,971)	(4,971)
Allowance made	(2,080)	-
Allowance written back	1	-
Balance as at the end of the financial period/year	<u>(7,050)</u>	<u>(4,971)</u>

12 Clients' and brokers' balances

	Group		Bank	
	Unaudited As at 30.06.2013 RM'000	Restated As at 31.12.2012 RM'000	Unaudited As at 30.06.2013 RM'000	Restated As at 31.12.2012 RM'000
Amounts owing by clients	1,127,750	938,781	431,685	491,731
Allowance for impairment losses:				
- individual impairment allowance	(8,113)	(9,652)	(1,555)	(3,230)
- collective impairment allowance	(3,883)	(6,088)	(3,883)	(6,088)
	<u>1,115,754</u>	<u>923,041</u>	<u>426,247</u>	<u>482,413</u>
Amounts owing by brokers	828,010	945,618	308,464	42,485
Allowance for impairment losses:				
- individual impairment allowance	(873)	(717)	(873)	(717)
	<u>827,137</u>	<u>944,901</u>	<u>307,591</u>	<u>41,768</u>
Amounts owing by clearing houses and stock exchanges	1,201,381	632,823	208,142	150,360
	<u>3,144,272</u>	<u>2,500,765</u>	<u>941,980</u>	<u>674,541</u>

Individual impairment allowance

Balance as at beginning of the financial period/year				
- As previously reported	(10,369)	(1,532)	(3,947)	(1,532)
Acquisition of subsidiaries / assets and liabilities				
- Effect of predecessor accounting	-	(7,369)	-	(2,435)
As restated	(10,369)	(8,901)	(3,947)	(3,967)
Allowance made	(2,113)	(1,692)	(1,226)	(188)
Allowance written back	2,857	209	2,163	208
Amount written off	673	22	582	-
Exchange difference	(34)	(7)	-	-
Balance as at the end of the financial period/year	<u>(8,986)</u>	<u>(10,369)</u>	<u>(2,428)</u>	<u>(3,947)</u>

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

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

	Group		Bank	
	Unaudited As at 30.06.2013 RM'000	Restated As at 31.12.2012 RM'000	Unaudited As at 30.06.2013 RM'000	Restated As at 31.12.2012 RM'000
Collective impairment allowance				
Balance as at beginning of the financial period/year				
- As previously reported	(6,088)	(5,859)	(6,088)	(5,859)
Acquisition of subsidiaries / assets and liabilities				
- Effect of predecessor accounting	-	(134)	-	(134)
As restated	(6,088)	(5,993)	(6,088)	(5,993)
Allowance made	(227)	(101)	(227)	(101)
Allowance written back	2,432	6	2,432	6
Balance as at the end of the financial period/year	<u>(3,883)</u>	<u>(6,088)</u>	<u>(3,883)</u>	<u>(6,088)</u>

13 Other Assets

	Group		Bank	
	Unaudited As at 30.06.2013 RM'000	Restated As at 31.12.2012 RM'000	Unaudited As at 30.06.2013 RM'000	Restated As at 31.12.2012 RM'000
Other debtors	74,815	92,020	51,073	62,460
Amount receivable for release of units due from funds	32,501	22,292	-	-
Security deposits and statutory funds	30,406	8,445	4,001	1,539
Deposits	12,348	21,815	6,317	6,270
Prepayment	16,909	12,852	10,176	7,309
Amount due from reverse repo transactions	116,536	121,309	97,592	121,309
Transferable memberships	332	330	271	271
Amount due from holding company	240	987	-	987
Amounts due from subsidiaries	-	-	7,254	6,101
Amounts due from related companies	270,357	3,890	267,387	1,165
	<u>554,444</u>	<u>283,940</u>	<u>444,071</u>	<u>207,411</u>

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

14 Deposits from Customers

	Group		Bank	
	Unaudited As at 30.06.2013 RM'000	Restated As at 31.12.2012 RM'000	Unaudited As at 30.06.2013 RM'000	Restated As at 31.12.2012 RM'000
(i) By type of deposits:				
<u>Non-Mudharabah Fund</u>				
Fixed/investments deposits	2,499,905	2,379,163	2,522,430	2,399,224
Short term deposits	755,733	716,300	813,795	781,843
Negotiable instruments of deposits	38,378	52,208	38,378	53,108
	<u>3,294,016</u>	<u>3,147,671</u>	<u>3,374,603</u>	<u>3,234,175</u>
<u>Mudharabah Fund</u>				
General investment deposits	-	598,529	-	598,529
	<u>3,294,016</u>	<u>3,746,200</u>	<u>3,374,603</u>	<u>3,832,704</u>
(ii) By type of customers				
Government and statutory bodies	416,464	1,154,474	416,464	1,154,474
Business enterprises	2,750,882	2,436,560	2,831,469	2,523,064
Individuals	121,878	146,949	121,878	146,949
Foreign customers	4,792	8,217	4,792	8,217
	<u>3,294,016</u>	<u>3,746,200</u>	<u>3,374,603</u>	<u>3,832,704</u>
(iii) By maturity structure of fixed/investment deposits and negotiable instruments of deposits				
Due within six months	2,973,864	3,431,462	3,054,451	3,517,966
Six months to one year	310,476	299,157	310,476	299,157
One to three years	8,991	9,503	8,991	9,503
Three to five years	685	6,078	685	6,078
	<u>3,294,016</u>	<u>3,746,200</u>	<u>3,374,603</u>	<u>3,832,704</u>

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

15 Deposits and Placements of Banks and Other Financial Institutions

	Group and Bank	
	Unaudited As at 30.06.2013 RM'000	Restated As at 31.12.2012 RM'000
<u>Non-Mudharabah Fund</u>		
Licensed banks	113,285	379,895
Licensed investment banks	350,930	150,064
Bank Negara Malaysia	473,990	307,213
Other financial institutions	<u>3,534,135</u>	<u>4,250,322</u>
	4,472,340	5,087,494
<u>Mudharabah Fund</u>		
Licensed banks	-	64,856
Bank Negara Malaysia	-	58,001
Other financial institutions	<u>-</u>	<u>673,500</u>
	4,472,340	5,883,851

16 Other Liabilities

	Group		Bank	
	Unaudited As at 30.06.2013 RM'000	Restated As at 31.12.2012 RM'000	Unaudited As at 30.06.2013 RM'000	Restated As at 31.12.2012 RM'000
Other creditors and accruals	98,956	115,165	46,464	52,243
Short-term employee benefits	32,630	61,309	18,768	42,541
Remisiers' trust deposits	52,247	51,799	52,247	51,799
Amount payable for creation of units due to funds	42,632	48,053	-	-
Amount payable for redemption units	4,688	244	-	-
Amount due to immediate holding company	408	949	388	460
Amounts due to subsidiaries	-	-	4,783	3,364
Amounts due to related companies	19,823	9,395	18,628	7,390
Amount due to an associate	2,660	2,928	-	-
	254,044	289,842	141,278	157,797

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	Current Financial Quarter Ended 30.06.2013 RM'000	Preceding Corresponding Quarter Ended 30.06.2012 RM'000	Current Financial Half Year Ended 30.06.2013 RM'000	Preceding Corresponding Half Year Ended 30.06.2012 RM'000
17 Interest Income				
<u>Group</u>				
Loans, advances and financing	32,146	654	62,819	1,526
Money at call and deposit placements with banks and other financial institutions	23,036	8,181	47,205	16,217
Financial assets held-for-trading	9,016	1,106	19,373	4,669
Financial investments available-for-sale	34,639	14,543	68,557	35,720
Financial investments held-to-maturity	9,909	7,367	19,596	12,873
Others	5,634	239	10,907	1,016
	114,380	32,090	228,457	72,021
<u>Bank</u>				
Loans, advances and financing	25,693	654	50,637	1,526
Money at call and deposit placements with banks and other financial institutions	19,698	7,946	41,273	15,743
Financial assets held-for-trading	7,710	1,106	17,432	4,669
Financial investments available-for-sale	34,636	14,543	68,552	35,720
Financial investments held-to-maturity	9,909	7,367	19,596	12,873
Others	1,396	239	3,531	1,016
	99,042	31,855	201,021	71,547
18 Interest Expense				
<u>Group</u>				
Deposits and placements of banks and other financial institutions	2,001	12,426	18,219	30,620
Deposits from customers	66,329	11,848	120,027	25,483
Subordinated obligations	9,573	3,260	19,529	6,520
Borrowings	1,453	-	2,238	-
Others	847	-	859	-
	80,203	27,534	160,872	62,623
<u>Bank</u>				
Deposits and placements of banks and other financial institutions	2,001	12,426	18,219	30,620
Deposits from customers	67,281	11,848	121,267	25,483
Subordinated obligations	9,573	3,260	19,529	6,520
	78,855	27,534	159,015	62,623

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	Current Financial Quarter Ended 30.06.2013 RM'000	Preceding Corresponding Quarter Ended 30.06.2012 RM'000	Current Financial Half Year Ended 30.06.2013 RM'000	Preceding Corresponding Half Year Ended 30.06.2012 RM'000
19 Other Operating Income				
<u>Group</u>				
a) Fee Income:				
Net brokerage	105,786	18,010	195,466	40,197
Fund management fees	24,426	5,450	45,615	10,486
Fee on loans, advances and financing	2,990	463	5,675	875
Corporate advisory fees	7,574	4,195	19,026	5,635
Arrangement fees	6,711	11,973	15,015	13,176
Underwriting fees	1,761	-	5,403	-
Unit trust fee income	24,027	1,738	54,149	1,802
Other fee income	29,709	6,306	40,387	26,869
	202,984	48,135	380,736	99,040
b) Net gain/(loss) arising from financial assets held-for-trading				
- net gain on disposal	375	-	4,317	-
- net (loss)/gain on revaluation	(18,034)	1,051	(13,676)	673
- gross dividend income	450	-	806	-
	(17,209)	1,051	(8,553)	673
c) Net (loss)/gain arising from derivatives				
- net loss on disposal	(21,521)	-	(26,347)	-
- net gain/(loss) on revaluation	1,597	(621)	13,683	(871)
- unexpired structure warrants	23,564	-	23,564	-
	3,640	(621)	10,900	(871)
d) Net gain arising from financial investments AFS				
- net gain on disposal	8,615	3,289	13,425	17,578
- gross dividend income	350	135	368	150
	8,965	3,424	13,793	17,728
e) Net gain arising from financial investments held-to-maturity				
- net gain on redemption	-	517	10	517
f) Other income:				
Foreign exchange gain/(loss)				
- realised	16,969	1,033	21,011	488
- unrealised	(13,086)	(55)	1,433	96
Gain on disposal of property, plant and equipment	179	129	196	129
Other non-operating income	2,072	66	5,538	139
	6,134	1,173	28,178	852
	204,514	53,679	425,064	117,939

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	Current Financial Quarter Ended 30.06.2013 RM'000	Preceding Corresponding Quarter Ended 30.06.2012 RM'000	Current Financial Half Year Ended 30.06.2013 RM'000	Preceding Corresponding Half Year Ended 30.06.2012 RM'000
19 Other Operating Income (cont'd)				
<u>Bank</u>				
a) Fee Income:				
Net brokerage	59,499	18,010	100,398	40,197
Fee on loans, advances and financing	2,222	463	4,907	875
Corporate advisory fees	6,843	4,195	16,722	5,635
Arrangement fees	4,068	11,973	9,435	13,176
Underwriting fees	366	-	1,160	-
Other fee income	16,837	6,092	19,728	26,791
	89,835	40,733	152,350	86,674
b) Net gain/(loss) arising from financial assets held-for-trading				
- net gain on disposal	1,494	-	3,241	-
- net (loss)/gain on revaluation	(17,960)	1,051	(17,530)	673
- gross dividend income	273	-	629	-
	(16,193)	1,051	(13,660)	673
c) Net (loss)/gain arising from derivatives				
- net loss on disposal	(21,521)	-	(26,347)	-
- net gain/(loss) on revaluation	1,597	(621)	13,683	(871)
- unexpired structure warrants	23,564	-	23,564	-
	3,640	(621)	10,900	(871)
d) Net gain arising from financial investments AFS				
- net gain on disposal	8,615	3,289	13,425	17,578
- gross dividend income	322	135	322	135
	8,937	3,424	13,747	17,713
e) Net gain arising from financial investments held-to-maturity				
- net gain on redemption	-	517	10	517
f) Other income:				
Foreign exchange gain/(loss)				
- realised	14,813	1,033	18,097	488
- unrealised	(12,728)	-	2,114	-
Gain on disposal of property, plant and equipment	-	129	(1)	129
Gross dividend income from subsidiary outside Malaysia	-	-	9,570	-
Other non-operating income	1,104	62	3,238	131
	3,189	1,224	33,018	748
	89,408	46,328	196,365	105,454

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	Current Financial Quarter Ended 30.06.2013 RM'000	Preceding Corresponding Quarter Ended 30.06.2012 RM'000	Current Financial Half Year Ended 30.06.2013 RM'000	Preceding Corresponding Half Year Ended 30.06.2012 RM'000
20 Other Operating Expenses				
<u>Group</u>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	87,951	21,264	168,911	41,026
- Defined contribution plan	8,130	3,374	15,905	6,466
- Other staff related costs	9,898	1,843	20,604	4,058
	<u>105,979</u>	<u>26,481</u>	<u>205,420</u>	<u>51,550</u>
<u>Establishment costs</u>				
- Depreciation	2,091	986	8,537	1,998
- Amortisation of intangible assets	6,410	-	9,077	-
- Rental of premises	10,200	1,877	20,350	3,738
- Information technology expenses	2,910	1,733	5,622	1,717
- Repair and maintenance	4,855	619	7,772	1,144
- Water and electricity	1,604	338	3,006	676
- Insurance	822	530	1,642	1,002
- Others	5,591	780	9,874	1,790
	<u>34,483</u>	<u>6,863</u>	<u>65,880</u>	<u>12,065</u>
<u>Marketing expenses</u>				
- Sales commission	28,346	1,688	58,742	1,748
- Advertisement and publicity	3,589	1,761	4,864	4,096
- Others	10,206	1,297	19,313	3,031
	<u>42,141</u>	<u>4,746</u>	<u>82,919</u>	<u>8,875</u>
<u>Administration and general expenses</u>				
- Communication expenses	13,814	1,861	26,735	3,224
- Legal and professional fees	3,960	440	6,334	835
- Others	14,719	1,548	26,658	3,028
	<u>32,493</u>	<u>3,849</u>	<u>59,727</u>	<u>7,087</u>
	<u>215,096</u>	<u>41,939</u>	<u>413,946</u>	<u>79,577</u>

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	Current Financial Quarter Ended 30.06.2013 RM'000	Preceding Corresponding Quarter Ended 30.06.2012 RM'000	Current Financial Half Year Ended 30.06.2013 RM'000	Preceding Corresponding Half Year Ended 30.06.2012 RM'000
20 Other Operating Expenses (cont'd)				
<u>Bank</u>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	47,808	15,703	91,173	30,980
- Defined contribution plan	5,739	2,508	11,160	4,902
- Other staff related costs	5,903	1,609	11,322	3,653
	<u>59,450</u>	<u>19,820</u>	<u>113,655</u>	<u>39,535</u>
<u>Establishment costs</u>				
- Depreciation	3,299	863	7,199	1,754
- Amortisation of intangible assets	2,353	-	4,814	-
- Rental of premises	5,060	1,587	10,077	3,159
- Information technology expenses	1,463	1,599	2,893	1,461
- Repair and maintenance	4,013	584	6,098	1,080
- Water and electricity	1,227	314	2,279	630
- Insurance	457	440	933	841
- Others	2,707	773	4,791	1,787
	<u>20,579</u>	<u>6,160</u>	<u>39,084</u>	<u>10,712</u>
<u>Marketing expenses</u>				
- Advertisement and publicity	2,895	1,755	3,758	4,021
- Others	2,755	1,092	5,330	2,669
	<u>5,650</u>	<u>2,847</u>	<u>9,088</u>	<u>6,690</u>
<u>Administration and general expenses</u>				
- Communication expenses	8,933	1,712	16,516	2,846
- Legal and professional fees	2,026	13	2,334	58
- Others	9,849	3,840	17,515	7,679
	<u>20,808</u>	<u>5,565</u>	<u>36,365</u>	<u>10,583</u>
	<u>106,487</u>	<u>34,392</u>	<u>198,192</u>	<u>67,520</u>

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	Current Financial Quarter Ended 30.06.2013 RM'000	Preceding Corresponding Quarter Ended 30.06.2012 RM'000	Current Financial Half Year Ended 30.06.2013 RM'000	Preceding Corresponding Half Year Ended 30.06.2012 RM'000
21 Change in allowance for Impairment on Loans, Financing and Other Losses				
<u>Group</u>				
Allowance for impaired loans and financing:				
Individual impairment allowance				
- made	(591)	-	(591)	-
- written back	7,085	22	7,122	44
Collective impairment allowance made	(616)	-	(2,079)	-
Allowance written back for impairment on other debtors	3,458	701	1,970	367
	<u>9,336</u>	<u>723</u>	<u>6,422</u>	<u>411</u>
<u>Bank</u>				
Allowance for impaired loans and financing:				
Individual impairment allowance				
- made	(428)	-	(428)	-
- written back	7,085	22	7,122	44
Collective impairment allowance made	(616)	-	(2,079)	-
Allowance written back for impairment on other debtors	3,439	701	2,219	367
	<u>9,480</u>	<u>723</u>	<u>6,834</u>	<u>411</u>

22 Earning 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 2013 by the weighted average number of ordinary shares in issue during the period.

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

23 Capital Adequacy Ratio

BNM guidelines on capital adequacy requires 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 Bank have been computed based on BNM's Capital Adequacy Framework (Capital Components) issued on 28 November 2012. Correspondingly, the comparative disclosure 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 As at 30.06.2013 RM'000	Restated As at 31.12.2012 RM'000	Unaudited As at 30.06.2013 RM'000	Restated As at 31.12.2012 RM'000
Tier I Capital				
Paid-up ordinary share capital	818,646	263,646	818,646	263,646
Share premium	1,515,150	-	1,515,150	-
Retained profits [^]	148,061	110,342	91,641	71,502
Other reserves	283,254	2,075,353	278,549	2,081,357
AFS reserves	1,161	12,926	(617)	10,997
	<u>2,766,272</u>	<u>2,462,267</u>	<u>2,703,369</u>	<u>2,427,502</u>
Less: Goodwill	(1,287,742)	(1,287,742)	(1,274,178)	(1,274,178)
Other intangibles	(33,645)	(37,803)	(28,798)	(32,396)
Securitisation exposure subject to deductions	(2,471)	(4,879)	(2,471)	(4,879)
Cummulative gains on AFS securities	(639)	(7,109)	-	(6,048)
Other deductions	(442)	(782)	(442)	(782)
Reductions in excess of Tier II Capital due to insufficient Tier II Capital #	-	-	(305,197)	(113,953)
Common Equity Tier I Capital ('CET I Capital')	<u>1,441,333</u>	<u>1,123,952</u>	<u>1,092,283</u>	<u>995,266</u>
Qualifying non-controlling interests recognised as Tier I Capital	<u>32,278</u>	<u>14,139</u>	<u>-</u>	<u>-</u>
Total Tier I Capital	<u>1,473,611</u>	<u>1,138,091</u>	<u>1,092,283</u>	<u>995,266</u>
Tier II Capital				
Subordinated obligations*	607,235	674,706	607,235	674,706
Qualifying non-controlling interests recognised as Tier II Capital	6,454	2,099	-	-
Collective impairment allowance+	7,513	7,932	7,513	5,188
Total Tier II Capital	<u>621,202</u>	<u>684,737</u>	<u>614,748</u>	<u>679,894</u>
Less: Investments in subsidiaries and associates	(45,505)	(44,742)	(614,748)	(679,894)
Eligible Tier II Capital	<u>575,697</u>	<u>639,995</u>	<u>-</u>	<u>-</u>
Total Capital Base	<u>2,049,308</u>	<u>1,778,086</u>	<u>1,092,283</u>	<u>995,266</u>
Capital ratios				
Before proposed dividends:				
CET I Capital Ratio	26.147%	20.652%	25.334%	23.124%
Tier I Capital Ratio	26.732%	20.912%	25.334%	23.124%
Total Capital Ratio	<u>37.176%</u>	<u>32.672%</u>	<u>25.334%</u>	<u>23.124%</u>
After proposed dividends:				
CET I Capital Ratio	26.147%	20.340%	25.334%	22.729%
Tier I Capital Ratio	26.732%	20.600%	25.334%	22.729%
Total Capital Ratio	<u>37.176%</u>	<u>32.360%</u>	<u>25.334%</u>	<u>22.729%</u>

[^] Retained profits are net of dividends declared for the computation of CET 1 Capital as prescribed in paragraph 10.1 of the BNM Guidelines Capital Adequacy Framework (Capital Components).

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

23 Capital Adequacy Ratio (cont'd)

- # 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 Guidelines 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 Guidelines Capital Adequacy Framework (Capital Components).
- + 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.

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

	Group		Bank	
	Unaudited As at <u>30.06.2013</u> RM'000	Restated As at <u>31.12.2012</u> RM'000	Unaudited As at <u>30.06.2013</u> RM'000	Restated As at <u>31.12.2012</u> RM'000
Credit risk	3,995,833	3,462,844	2,966,053	3,197,581
Market risk	935,954	1,540,346	891,523	720,014
Operational risk	<u>580,696</u>	<u>438,993</u>	<u>454,000</u>	<u>386,394</u>
Total risk weighted assets	<u><u>5,512,483</u></u>	<u><u>5,442,183</u></u>	<u><u>4,311,576</u></u>	<u><u>4,303,989</u></u>

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

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

24 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.

	← Unaudited 30.06.2013 →			← Restated 31.12.2012 →		
	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						
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	225,382	112,691	112,691	61,971	30,986	20,986
Over-the-counter ('OTC') derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	23,834	801	203	38,719	2,305	538
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,479,203	295,841	295,841	1,438,022	28,950	27,648
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	124,374	62,187	62,192	73,074	36,537	36,542
Interest rate related contracts ^						
- less than one year	1,370,000	3,612	722	1,515,000	6,637	1,327
- one year to less than five years	1,590,000	31,234	6,247	1,685,000	34,814	6,963
- five years and above	15,000	2,020	404	15,000	2,290	458
Foreign exchange related contracts ^						
- less than one year	618,306	6,791	4,117	1,190,247	19,347	4,205
- one year to less than five years	142,221	8,532	1,707	-	-	-
Equity rate related contracts ^						
- less than one year	-	-	-	4,423	4,423	4,423
Total	5,590,373	525,236	485,283	6,023,509	167,816	104,249

^ These derivatives are revalued on gross position basis and the unrealised gains or losses are reflected in derivatives assets/liabilities.

* 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.

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

24 Commitments And Contingencies (cont'd)

	← Unaudited 30.06.2013 →			← Restated 31.12.2012 →		
	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 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	225,382	112,691	112,691	61,971	30,986	20,986
Over-the-counter ('OTC') derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	23,834	801	203	38,719	2,305	538
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	628,939	125,788	125,788	661,621	33,620	32,317
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	124,374	62,187	62,192	73,074	36,537	36,542
Interest rate related contracts ^						
- less than one year	1,370,000	3,612	722	1,515,000	6,637	1,327
- one year to less than five years	1,590,000	31,234	6,247	1,685,000	34,814	6,963
- five years and above	15,000	2,020	404	15,000	2,290	458
Foreign exchange related contracts ^						
- less than one year	618,306	6,791	4,117	1,190,247	19,347	4,205
- one year to less than five years	142,221	8,532	1,707	-	-	-
Equity rate related contracts ^						
- less than one year	-	-	-	4,423	4,423	4,423
Total	4,740,109	355,183	315,230	5,247,108	172,486	108,918

^ These derivatives are revalued on gross position basis and the unrealised gains or losses are reflected in derivatives assets/liabilities.

* 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.

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

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

(a) On 3 July 2013, the following sale and purchase agreements ("SPA") have been entered into between :

- (i) RHB Investment Bank Berhad ("RHBIB") and United Overseas Bank (Malaysia) Bhd ("UOBM") for the sale of all the shares owned by UOBM in OSK-UOB Investment Management Berhad ("OUIM"), a subsidiary of RHBIB, comprising 3 million ordinary shares, representing 30% of the issued capital of OUIM, to RHBIB at the consideration of RM43,123,011.80;
- (ii) OUIM and UOB Asset Management Limited ("UOBAM") for the sale of all the shares owned by UOBAM in OSK-UOB Islamic Fund Management Berhad ("OUIFM"), a subsidiary of OUIM, comprising 3.9 million ordinary shares, representing 30% of the issued share capital of OUIFM, to OUIM at the consideration of RM3,040,288.20; and
- (iii) RHBIB and UOBAM for the acquisition by UOBAM of all the shares owned by RHBIB in UOB-OSK Asset Management Sdn Bhd ("UOAM"), comprising 1.2 million ordinary shares, representing 30% of the issued share capital of UOAM, at the consideration of RM26,201,358.70.

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

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

27 Changes in the Composition of the Group

Following the vesting of the entire business of OSKIB to the Bank on 13 April 2013, all of the subsidiaries of OSKIB had, on the event date, become subsidiaries of the Bank.

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	
	Unaudited	Audited
	As at	As at
	30.6.2013	31.12.2012
Outstanding credit exposures with connected parties (RM'000)	<u>113,089</u>	<u>-</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>2.47%</u>	<u>-</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.

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

29 Changes in Profit for the Quarter

For the current financial quarter ended 30 June 2013, the Group recorded a pre-tax profit of RM46.3 million, a decrease of 12% as compared to the profit of RM52.7 million for the preceding quarter ended 31 March 2013. The lower profit was mainly due to lower other operating income by RM16.0 million and higher other operating expense by RM16.2 million and partly offset by write back of impairment on financial investments by RM12.4 million and net write back of impairment on loans, financing and other losses, by RM12.3 million.

30 Performance Review

For the six months ended 30 June 2013, the Group recorded a pre-tax profit of RM99.0 million, 104% higher as compared to the previous corresponding six months ended 30 June 2012 of RM48.6 million. The increase in profit of RM50.4 million was primarily attributable to higher revenue arising from the vesting of the entire business including all assets and liabilities of OSKIB.

31 Significant Event During the Financial Year

The acquisition of 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 the Bank, both wholly-owned subsidiaries of RHB Capital Berhad.

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

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

The transfer of the entire business, including all assets and liabilities of OSKIB to the Bank, OSKNT to RHBNT, OSKNA to RHBNA and OSKR to RHBRI have been completed on 13 April 2013.

The purchase consideration of RM2,070,150,000 for the acquisition of OSKIB was settled by way of issuance of 555,000,000 new ordinary shares of RM 1 each at fair value of RM3.73 each. The acquisitions were accounted for using predecessor basis of accounting.

The details of the assets and liabilities acquired were as follows :

	At date of acquisition RM'000
Assets	
Cash and short-term funds	1,422,792
Deposits and placements with banks and other financial institutions	15,364
Financial assets held-for-trading	404,263
Financial investments available-for-sale	2,591,089
Financial investments held-to-maturity	423,994
Loans, advances and financing	1,879,710
Clients' and brokers' balances	2,499,044
Other assets	541,607
Derivative assets	24,804
Statutory deposits with Bank Negara Malaysia	157,892
Tax recoverable	29,165
Deferred tax assets	3,993
Investments in associates and a joint venture	25,429
Property, plant and equipment	50,445
Other intangible assets	<u>30,882</u>
Total Assets	<u>10,100,473</u>

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

31 Significant Event During the Financial Year (cont'd)

The details of the assets and liabilities acquired were as follows : (cont'd)

	At date of acquisition RM'000
Liabilities	
Deposits from customers	1,585,845
Deposits and placements of banks and other financial institutions	3,908,340
Obligation on securities sold under repurchase agreements	238,456
Obligation on securities borrowed	115,718
Clients' and brokers' balances	2,192,252
Other liabilities	172,510
Derivative liabilities	11,154
Taxation liabilities	13,124
Deferred tax liabilities	13,549
Borrowings	218,628
Subordinated obligations	<u>405,632</u>
Total liabilities	<u>8,875,208</u>
Net assets	<u>1,225,265</u>

32 Prospects for 2013

Whilst the US economy is improving and the risk of an Eurozone meltdown is reducing, there are some concerns over China's growth level. The Malaysian economy is expected to remain resilient underpinned by domestic demand and investment growth, with Gross Domestic Product forecasted to increase by 5.1% for 2013 and 5.4% for 2014.

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

With the successful integration of the Bank and OSKIB, the Group's geographical footprint and capabilities in the region have been significantly enhanced.

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

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

33 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, 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 and investment cash management.

(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.

(b) Assets Management

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

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

33 Segment Reporting (cont'd)

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

	Investment Banking	Treasury	Assets Management	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	346,803	57,388	110,225	-	514,416
Inter-segment revenue	13,642	-	-	(13,642)	-
Segment revenue	360,445	57,388	110,225	(13,642)	514,416
Overhead expenses	(323,839)	(7,905)	(95,844)	13,642	(413,946)
Including:					
Depreciation of property, plant and equipment	(8,191)	(72)	(274)	-	(8,537)
Amortisation of intangible assets	(8,080)	(754)	(243)	-	(9,077)
Change in allowance for impairment on loans, financing and other losses	6,615	-	(193)	-	6,422
Impairment write back on other assets	143	12,287	-	-	12,430
Profit before unallocated expenses	43,364	61,770	14,188	-	119,322
Interest expense on borrowings					(2,238)
Interest expense on subordinated obligations					(19,529)
Profit after allocated expenses					97,555
Share of results of associates					1,219
Share of results of joint ventures					252
Profit before taxation					99,026
Taxation					(24,980)
Net profit for the financial period					74,046

Segment Assets As At 30 June 2013

	Investment Banking	Treasury	Assets Management	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	5,968,451	8,538,230	224,353	(1,030,056)	13,700,978
Investments in associates and joint ventures					45,505
Tax recoverable					35,346
Deferred tax assets					5,707
Unallocated assets					1,322,227
Total assets					15,109,763

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

33 Segment Reporting (cont'd)

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

	Investment Banking	Treasury	Assets Management	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	76,017	45,078	12,762	-	133,857
Inter-segment revenue	6,702	-	-	(6,702)	-
Segment revenue	82,719	45,078	12,762	(6,702)	133,857
Overhead expenses	(68,749)	(5,388)	(12,142)	6,702	(79,577)
Including:					
Depreciation of property, plant and equipment	(1,439)	(330)	(229)	-	(1,998)
Change in allowance for impairment on loans, financing and other losses	411	-	-	-	411
Impairment write back on other assets	55	-	-	-	55
Profit before unallocated expenses	14,436	39,690	620	-	54,746
Interest expense on subordinated obligations					(6,520)
Profit after allocated expenses					48,226
Share of results of a joint venture					393
Profit before taxation					48,619
Taxation					(12,519)
Net profit for the financial period					36,100

Segment Assets As At 31 December 2012

	Investment Banking	Treasury	Assets Management	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	5,340,647	9,976,152	214,544	(836,560)	14,694,783
Investments in associates and joint ventures					44,742
Tax recoverable					36,576
Deferred tax assets					5,064
Unallocated assets					1,287,839
Total assets					16,069,004

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (cont'd)

34 Restatement of comparatives

During the financial period, 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 previous financial year and the first quarter of this financial year have been restated.

Summary of the restatement of comparatives of the Group and the Bank are as follows:

	Group			Bank		
	As previously reported	Effect of predecessor accounting and merger adjustments	Restated As at	As previously reported	Effect of predecessor accounting and merger adjustments	Restated As at
	As at 31.12.2012	As at 31.12.2012	As at 31.12.2012	As at 31.12.2012	As at 31.12.2012	As at 31.12.2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
Cash and short term funds	1,238,662	673,153	1,911,815	1,151,456	358,316	1,509,772
Deposits and placements with banks and other financial institutions	650,074	55,624	705,698	650,074	55,624	705,698
Financial assets held-for-trading	324,889	811,335	1,136,224	324,889	719,797	1,044,686
Financial investments available-for-sale	1,028,550	3,903,136	4,931,686	1,028,089	3,868,665	4,896,754
Financial investments held-to-maturity	671,892	461,509	1,133,401	671,892	461,509	1,133,401
Loans, advances and financing	39,639	1,687,963	1,727,602	39,639	1,377,775	1,417,414
Clients' and brokers' balances	300,193	2,200,572	2,500,765	300,193	374,348	674,541
Other assets	56,456	227,484	283,940	36,527	170,884	207,411
Derivative assets	9,380	5,713	15,093	9,380	5,713	15,093
Statutory deposits with Bank Negara Malaysia	49,600	196,640	246,240	49,600	196,640	246,240
Tax recoverable	4,042	32,534	36,576	2,536	30,822	33,358
Deferred tax assets	1,663	3,401	5,064	-	-	-
Investments in subsidiaries	-	-	-	84,970	671,636	756,606
Investments in associates and joint ventures	18,967	25,775	44,742	15,363	21,878	37,241
Property, plant and equipment	10,864	53,749	64,613	9,833	25,434	35,267
Goodwill and other intangible assets	177,959	1,147,586	1,325,545	163,502	1,143,072	1,306,574
TOTAL ASSETS	4,582,830	11,486,174	16,069,004	4,537,943	9,482,113	14,020,056
LIABILITIES AND EQUITY						
Deposits from customers	1,668,104	2,078,096	3,746,200	1,668,104	2,164,600	3,832,704
Deposits and placements of banks and other financial institutions	1,586,201	4,297,650	5,883,851	1,586,201	4,297,650	5,883,851
Obligation on securities sold under repurchase agreements	-	240,010	240,010	-	240,010	240,010
Obligation on securities borrowed	-	119,905	119,905	-	119,905	119,905
Clients' and brokers' balances	286,676	1,954,317	2,240,993	286,676	333,939	620,615
Other liabilities	86,311	203,531	289,842	52,979	104,818	157,797
Derivative liabilities	10,244	27,448	37,692	10,244	27,448	37,692
Taxation liabilities	1,883	13,135	15,018	-	-	-
Deferred tax liabilities	581	5,382	5,963	581	1,097	1,678
Borrowings	-	112,385	112,385	-	-	-
Subordinated obligations	291,131	407,171	698,302	291,131	407,171	698,302
TOTAL LIABILITIES	3,931,131	9,459,030	13,390,161	3,895,916	7,696,638	11,592,554
Share capital	263,646	-	263,646	263,646	-	263,646
Reserves	388,053	1,810,568	2,198,621	378,381	1,785,475	2,163,856
	651,699	1,810,568	2,462,267	642,027	1,785,475	2,427,502
Non-controlling interests	-	216,576	216,576	-	-	-
TOTAL EQUITY	651,699	2,027,144	2,678,843	642,027	1,785,475	2,427,502
TOTAL LIABILITIES AND EQUITY	4,582,830	11,486,174	16,069,004	4,537,943	9,482,113	14,020,056
COMMITMENTS AND CONTINGENCIES	1,991,961	4,031,548	6,023,509	1,991,961	3,255,147	5,247,108