



ANNUAL REPORT

20  
13

A NEW DAWN

# CROSSING BOUNDARIES...



## CROSSING BOUNDARIES

With a strong focus on delivering enhanced customer service experiences, the Group is now poised on the threshold of a new dawn. As we propel forward towards achieving our aspiration to be the region's Leading Multinational Financial Services Group, we are confident of making strong advances towards achieving our 2020 ambitions of attaining strong market leadership in the local arena while gaining recognition as a regional powerhouse.

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# RHB's Aspirations



**By 2020**

## To be a Leading Multinational Financial Services Group

◆ **TOP 3 IN MALAYSIA/TOP 8 IN ASEAN**  
by size and performance

◆ **STRONG MARKET LEADERSHIP IN MALAYSIA**  
across targeted products and segments

◆ **REGIONAL POWERHOUSE IN ASEAN+**  
with 40% revenue contribution from international operations

◆ **NEXT GENERATION CUSTOMER CENTRIC BANK**  
delivering innovative and personalised customer offerings

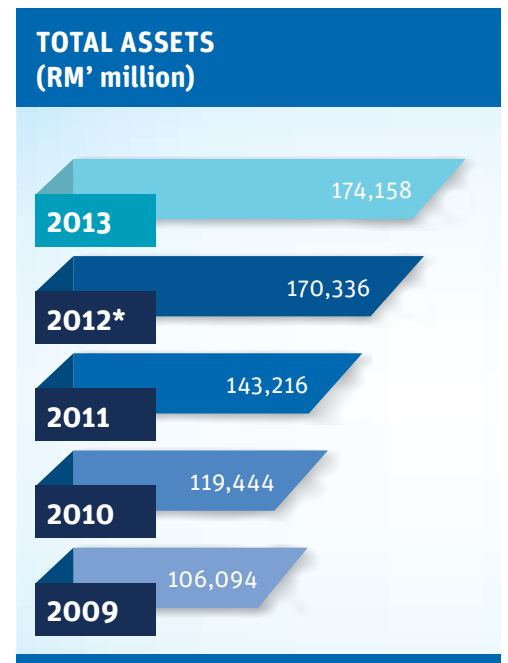
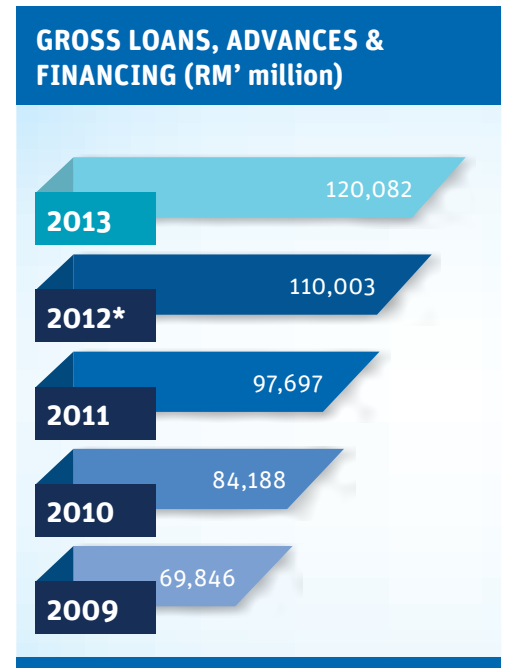
◆ **PROMINENT EMPLOYER OF CHOICE**  
within the region

# Five-Year Group Financial Summary

|   | RHB BANK GROUP |         |         |         |         |
|---|----------------|---------|---------|---------|---------|
|   | 2013           | 2012*   | 2011    | 2010    | 2009    |
| <b>RESULTS (RM' million)</b>  |                |         |         |         |         |
| Operating profit  | <b>2,749</b>   | 2,539   | 2,501   | 2,375   | 2,049   |
| Profit before taxation  | <b>2,339</b>   | 2,399   | 2,310   | 1,901   | 1,491   |
| <b>FINANCIAL POSITION (RM' million)</b>   |                |         |         |         |         |
| Total assets  | <b>174,158</b> | 170,336 | 143,216 | 119,444 | 106,094 |
| Gross loans, advances and financing   | <b>120,082</b> | 110,003 | 97,697  | 84,188  | 69,846  |
| Total deposits  | <b>148,094</b> | 143,547 | 121,635 | 100,083 | 88,221  |
| Paid-up capital   | <b>3,318</b>   | 3,318   | 3,318   | 3,318   | 3,318   |
| Total equity  | <b>13,412</b>  | 12,037  | 10,731  | 9,153   | 7,832   |
| <b>ORDINARY DIVIDENDS (Paid)</b>  |                |         |         |         |         |
| Gross dividend rate (%)   | <b>12.9</b>    | 20.9    | 9.6     | 9.8     | 6.2     |
| Net dividend (Paid) (RM' million)   | <b>408.0</b>   | 520.0   | 237.9   | 244.1   | 155.3   |
| The Directors do not recommend the payment of final dividend in respect of the financial year ended 31 December 2013 at the forthcoming Annual General Meeting. |                |         |         |         |         |
| <b>FINANCIAL RATIOS</b>   |                |         |         |         |         |
| Net tangible assets backing per 50 sen ordinary share (sen)   | <b>185.2</b>   | 164.5   | 144.9   | 121.2   | 102.9   |
| Return on average shareholder's equity (%)  | <b>13.9</b>    | 15.9    | 17.6    | 16.8    | 16.2    |
| Earnings per 50 sen ordinary share (sen)  | <b>26.6</b>    | 27.2    | 26.3    | 21.5    | 17.9    |

\* Restated as a result of acquisition of RHBIBL and OSKL.

# Summary of Five-Year Group Growth



\* Restated as a result of acquisition of RHBIBL and OSKL.

# Corporate Information

As at 3 March 2014

## BOARD OF DIRECTORS

**Tan Sri Azlan Zainol**

*Non-Independent Non-Executive Chairman*

**Tuan Haji Khairuddin Ahmad**

*Senior Independent Non-Executive Director*

**Ong Seng Pheow**

*Independent Non-Executive Director*

**Choong Tuck Oon**

*Independent Non-Executive Director*

**Abdul Aziz Peru Mohamed**

*Independent Non-Executive Director*

**Dato' Mohamed Khadar Merican**

*Independent Non-Executive Director*

**Tan Sri Ong Leong Huat**

**@ Wong Joo Hwa**

*Non-Independent Non-Executive Director*

**Dato' Khairussaleh Ramli**

*Deputy Group Managing Director,  
RHB Banking Group  
Managing Director, RHB Bank Berhad*

## BOARD AUDIT COMMITTEE\*

**Ong Seng Pheow**

*Chairman*

**Dato' Othman Jusoh**

**Dato' Saw Choo Boon**

**Datuk Haji Faisal Siraj**

## BOARD CREDIT COMMITTEE\*

**Dato' Mohamed Khadar Merican**

*Chairman*

**Tuan Haji Khairuddin Ahmad**

**Abdul Aziz Peru Mohamed**

**Patrick Chin Yoke Chung**

**Tuan Haji Md Ja'far Abdul Carrim**

## BOARD TECHNOLOGY COMMITTEE\*

**Choong Tuck Oon**

*Chairman*

**Ong Seng Pheow**

**Dato' Mohd Ali Mohd Tahir**

**Charles Lew Foon Keong**

**Kellee Kam Chee Khiong**

**Dato' Khairussaleh Ramli**

## BOARD RISK COMMITTEE#

**Tuan Haji Khairuddin Ahmad**

*Chairman*

**Patrick Chin Yoke Chung**

**Tuan Haji Md Ja'far Abdul Carrim**

**Choong Tuck Oon**

**Dato' Saw Choo Boon**

## BOARD NOMINATING & REMUNERATION COMMITTEE#

**Datuk Haji Faisal Siraj**

*Chairman*

**Dato' Mohamed Khadar Merican**

**Dato' Saw Choo Boon**

**Dato' Teo Chiang Liang**

**Choong Tuck Oon**

**Tuan Haji Md Ja'far Abdul Carrim**

## COMPANY SECRETARIES

**Azman Shah Md Yaman**

**Ivy Chin So Ching**

## GROUP SENIOR MANAGEMENT

### **Kellee Kam Chee Khiong**

Group Managing Director  
RHB Banking Group

### **Dato' Khairussaleh Ramli**

Deputy Group Managing Director,  
RHB Banking Group,  
Managing Director, RHB Bank Berhad

### **Mike Chan Cheong Yuen**

Managing Director  
RHB Investment Bank Berhad

### **U Chen Hock**

Executive Director  
Group International Business

### **Ibrahim Hassan**

Managing Director  
RHB Islamic Bank Berhad

### **Yap Choi Foong**

Group Chief Financial Officer

### **Rohan Krishnalingam**

Group Chief Operations Officer

### **Norazzah Sulaiman**

Group Chief Governance Officer

### **Patrick Ho Kwong Hoong**

Group Chief Risk Officer

### **Jamaluddin Bakri**

Group Chief Human Resource Officer

### **Christopher Loh Meng Heng**

Group Chief Strategy & Transformation  
Officer

## MANAGEMENT OF SUBSIDIARIES

### **RHB ISLAMIC BANK BERHAD**

Ibrahim Hassan  
Managing Director

### **RHB INDOCHINA BANK LIMITED**

Lim Loong Seng  
Country Head

### **RHB OSK INDOCHINA SECURITIES LIMITED**

Eugene Lam Jit Jin  
Country Head

### **RHB BANK (L) LTD**

Toh Ay Leng  
Head

## OVERSEAS LOCATIONS

### **SINGAPORE**

Jason Wong Hon Lun  
Country Head

### **THAILAND**

Thiti Musuwan  
Country Head

### **BRUNEI**

Ng Moon Kwee  
Country Head

### **VIETNAM**

Apandi Klompok  
Chief Representative

### **CAMBODIA**

Lim Loong Seng  
Country Head

### **LAO**

Danny Ling Chii Hian  
Country Head

### **JAPANESE BUSINESS GROUP ADVISER**

Akira Miyama  
Head, Group Japanese Business

## REGISTERED OFFICE

Level 10, Tower One  
RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur  
Tel : 603 - 9287 8888  
Fax : 603 - 9280 6507

## BUSINESS ADDRESS

Head Office  
Towers Two & Three  
RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur  
Malaysia  
Tel : 603 - 9287 8888  
Fax : 603 - 9287 9000 (General)  
Swift : RHBMYKL  
Call Centre : 1-300-888-742  
603 - 9206 8118  
(Peninsular Malaysia – 24 hours)  
082 - 276 118  
(Sabah & Sarawak – 7 a.m. to 7 p.m.)

## AUDITORS

PricewaterhouseCoopers  
Chartered Accountants  
Level 10, 1 Sentral  
Jalan Travers, Kuala Lumpur Sentral  
P.O. Box 10192  
50706 Kuala Lumpur  
Malaysia  
Tel : 603 - 2173 1188  
Fax : 603 - 2173 1288

### **Note:**

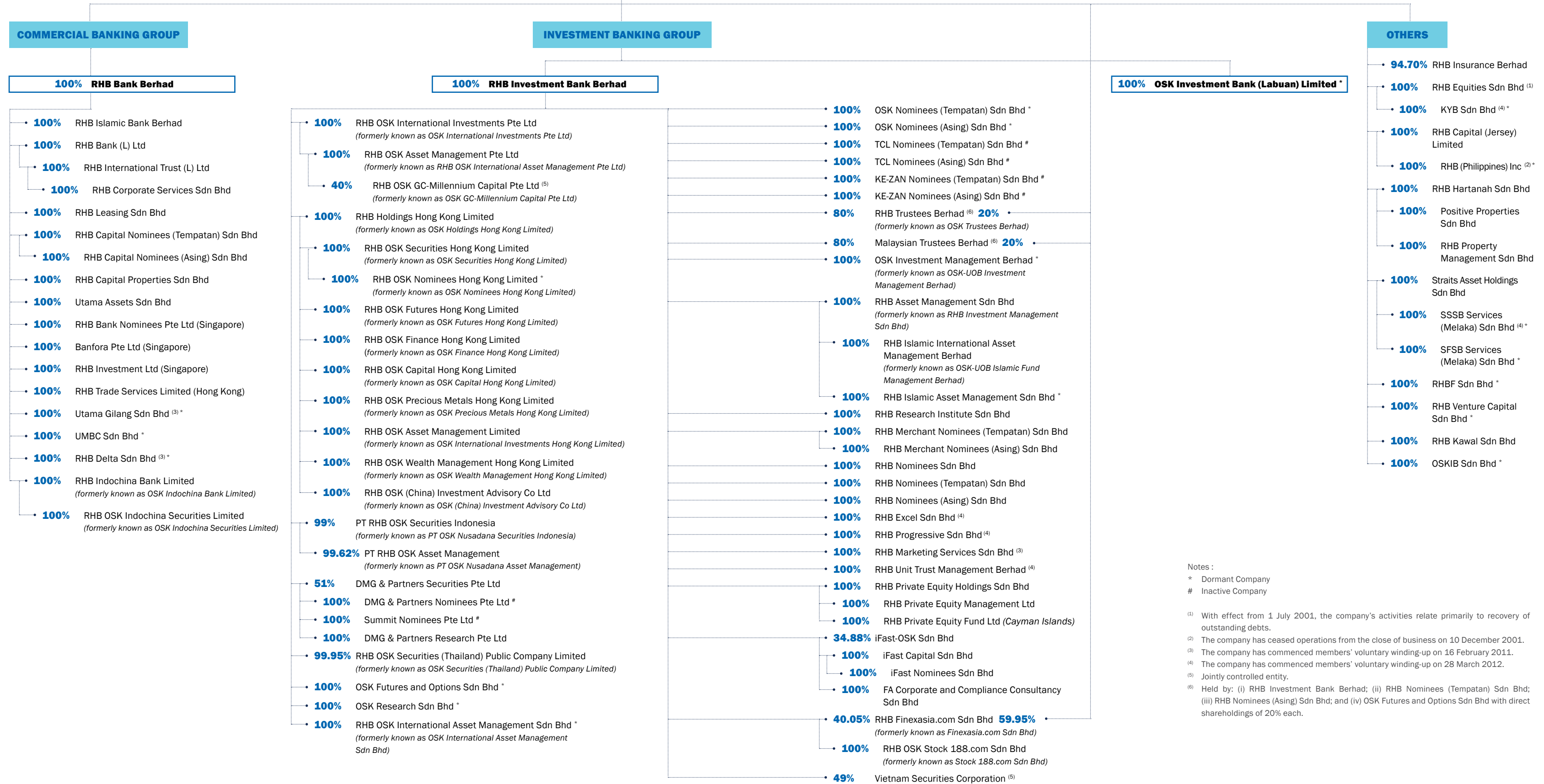
\* The Committee resides at RHB Bank Berhad and is shared with the relevant subsidiaries of the Group.

# The Committee resides at RHB Capital Berhad and is shared with the relevant subsidiaries of the Group.



# RHB Bank Berhad Group Structure

As at 3 March 2014



Notes :  
 \* Dormant Company  
 # Inactive Company  
<sup>(1)</sup> With effect from 1 July 2001, the company's activities relate primarily to recovery of outstanding debts.  
<sup>(2)</sup> The company has ceased operations from the close of business on 10 December 2001.  
<sup>(3)</sup> The company has commenced members' voluntary winding-up on 16 February 2011.  
<sup>(4)</sup> The company has commenced members' voluntary winding-up on 28 March 2012.  
<sup>(5)</sup> Jointly controlled entity.  
<sup>(6)</sup> Held by: (i) RHB Investment Bank Berhad; (ii) RHB Nominees (Tempatan) Sdn Bhd; (iii) RHB Nominees (Asing) Sdn Bhd; and (iv) OSK Futures and Options Sdn Bhd with direct shareholdings of 20% each.

# Board of Directors



- 1 **TAN SRI AZLAN ZAINOL**  
Non-Independent  
Non-Executive Chairman
- 2 **TUAN HAJI KHAIRUDDIN AHMAD**  
Senior Independent  
Non-Executive Director
- 3 **ONG SENG PHEOW**  
Independent Non-Executive Director
- 4 **CHOONG TUCK OON**  
Independent Non-Executive Director
- 5 **ABDUL AZIZ PERU MOHAMED**  
Independent Non-Executive Director
- 6 **DATO' MOHAMED KHADAR MERICAN**  
Independent Non-Executive Director
- 7 **TAN SRI ONG LEONG HUAT**  
@ **WONG JOO HWA**  
Non-Independent  
Non-Executive Director
- 8 **DATO' KHAIRUSSALEH RAMLI**  
Deputy Group Managing Director,  
RHB Banking Group  
Managing Director, RHB Bank Berhad



# Profiles of the Board of Directors

## **Tan Sri Azlan Zainol**

(64 years of age – Malaysian)  
Non-Independent Non-Executive Chairman

Tan Sri Azlan Zainol (“Tan Sri Azlan”) was appointed as a Non-Independent Non-Executive Director and formalised as Chairman of RHB Bank on 27 July 2005 and 29 July 2005, respectively, representing RHB Capital Berhad, the holding company of RHB Bank.



Tan Sri Azlan is a Fellow of the Institute of Chartered Accountants in England and Wales. He is a Member of the Malaysian Institute of Accountants and a Member of the Malaysian Institute of Certified Public Accountants.

Tan Sri Azlan was previously the Chief Executive Officer of the Employees Provident Fund Board until his retirement in April 2013. He has more than 29 years of experience in the financial sector, having been appointed as the Managing Director of AmBank Berhad and prior to that, as the Managing Director of AmFinance Berhad.

Tan Sri Azlan’s other directorships in public companies include RHB Capital Berhad, RHB Investment Bank Berhad, Rashid Hussain Berhad (In Member’s Voluntary Liquidation), Malaysian Resources Corporation Berhad (Chairman), Kuala Lumpur Kepong Berhad, Jardine Cycle & Carriage Limited (Singapore) and RHB Holdings Hong Kong Limited (formerly known as OSK Holdings Hong Kong Limited).

**Tuan Haji Khairuddin Ahmad**

(71 years of age – Malaysian)

Senior Independent Non-Executive Director

Tuan Haji Khairuddin Ahmad (“Haji Khairuddin”) was appointed as a Non-Independent Non-Executive Director of RHB Bank on 6 September 2001, representing Danamodal Nasional Berhad (“Danamodal”). Haji Khairuddin was re-designated from Non-Independent Non-Executive Director to Independent Non-Executive Director on 18 March 2008, after Danamodal ceased to be a substantial Irredeemable Non-Cumulative Convertible Preference Shareholder of RHB Bank in January 2008. He also serves as the Chairman of the Board Risk Committee as well as a Member of the Board Credit Committee.



Haji Khairuddin began his career in the banking industry and was previously with Citibank N.A., Southern Bank Berhad, Bank of Commerce Berhad and Arab Malaysian Finance Berhad. He attended the Advance Management Course at Columbia Business School in New York, USA.

Haji Khairuddin’s other directorships include RHB Indochina Bank Limited (Chairman), RHB OSK Indochina Securities Limited (Chairman) and RHB Asset Management Sdn Bhd (formerly known as RHB Investment Management Sdn Bhd).

**Ong Seng Pheow**

(65 years of age – Malaysian)  
Independent Non-Executive Director

Ong Seng Pheow (“Mr Ong”) was appointed as an Independent Non-Executive Director of RHB Bank on 20 November 2006. He also serves as the Chairman of the Board Audit Committee as well as a Member of the Board Technology Committee.



Mr Ong has over 34 years of audit and accounting experience. He is a Member of the Malaysian Institute of Certified Public Accountants (“MICPA”) and Malaysian Institute of Accountants. He was a partner of Ernst & Young from 1984 to 2003. His last position in Ernst & Young was the National Director of Assurance and Advisory Business Services. He also served on committees and working groups of MICPA.

Mr Ong’s other directorships in public companies include RHB Insurance Berhad (Chairman), RHB Trustees Berhad, Malaysian Trustees Berhad, RHB Holdings Hong Kong Limited (formerly known as OSK Holdings Hong Kong Limited), Daiman Development Berhad, LCTH Corporation Berhad, George Kent (Malaysia) Berhad and HELP International Corporation Berhad.

**Choong Tuck Oon**

(55 years of age – Malaysian)  
Independent Non-Executive Director

Choong Tuck Oon (“Mr Choong”) was appointed as an Independent Non-Executive Director of RHB Bank on 1 April 2010. He also serves as the Chairman of the Board Technology Committee as well as a Member of the Board Risk Committee and Board Nominating & Remuneration Committee.



Mr Choong holds a Bachelor of Science (First Class) from University of Malaya, a Masters of Science from the Asian Institute of Technology and an Executive Diploma in Directorship from Singapore Institute of Directors and Singapore Management University.

Mr Choong was with Accenture for 23 years until his retirement in 2010 as Senior Partner in the Financial Services Asia-Pacific practice. Mr Choong has extensive experience leading business and IT transformation, mergers and acquisitions and risk management for more than 20 large domestic, regional/global financial institutions across ASEAN and North Asia; including various national multi-bank collaborative initiatives. He also has experience in the Oil & Gas, Telecommunication

and Utilities industries. Mr Choong was also involved in voluntary non-governmental organisation (“NGO”) activities, such as launching a bank-of-banks for micro-finance institutions across Indonesia for a consortium of international aid agencies and developing a new growth strategy across 11 countries in Asia Pacific for an international conservation fund. Prior to Accenture, Mr Choong was with Petronas for seven years in various upstream and downstream functions.

Mr Choong’s other directorships include RHB Islamic Bank Berhad, RHB Indochina Bank Limited, RHB OSK Indochina Securities Limited and RHB Private Equity Holdings Sdn Bhd. He is also a Non-Executive Director in NTUC Income Insurance Cooperative Singapore.

## Abdul Aziz Peru Mohamed

(65 years of age – Malaysian)  
Independent Non-Executive Director

Abdul Aziz Peru Mohamed (“Encik Aziz Peru”) was appointed as an Independent Non-Executive Director of RHB Bank on 7 February 2011. He also serves as a Member of the Board Credit Committee.



Encik Aziz Peru attended various training programmes at the Harvard Business School and Pacific Bankers Rim programmes in the United States of America.

Encik Aziz Peru is currently the Chief Executive Officer/Director of As-Salihin Trustee Berhad, a trust company specialising in Islamic estate planning. He held various Senior Management positions in the banking industry with almost 30 years in an accomplished career track spanning management of branch network and retail banking. He spent most of his working years at Malayan Banking Berhad, where his last position was

General Manager, Consumer Banking Division. He was also formerly the Senior General Manager of AmBank Berhad from 2002 to 2005. During the years in the banking industry, he was appointed as Chairman of the Rules Committee of the Association of Banks of Malaysia and has held several other key positions including as a Board Member of Mayban Property Trust and Mayban Trustees Bhd.

Encik Aziz Peru’s other directorships include RHB Investment Bank Berhad, RHB Insurance Berhad, RHB Asset Management Sdn Bhd (formerly known as RHB Investment Management Sdn Bhd) and As-Salihin Trustee Berhad.

**Dato’ Mohamed Khadar Merican**

(57 years of age – Malaysian)  
Independent Non-Executive Director

Dato’ Mohamed Khadar Merican (“Dato’ Mohamed Khadar”) was appointed as an Independent Non-Executive Director of RHB Bank on 1 November 2011. Dato’ Mohamed Khadar serves as the Chairman of the Board Credit Committee as well as a Member of the Board Nominating & Remuneration Committee.



Dato’ Mohamed Khadar is a Member of the Institute of Chartered Accountants in England and Wales and is also a Member of the Malaysian Institute of Accountants.

Dato’ Mohamed Khadar has had more than 35 years of experience in financial and general management. He served as an auditor and a consultant in an international accounting firm, before joining a financial services group in 1986. Dato’ Mohamed Khadar has held various senior management positions in Pemas International Holdings Berhad (now known as Tradewinds Corporation Berhad) between 1988 and April 2003, including those of President and Chief Operating Officer.

Dato’ Mohamed Khadar’s other directorships in public companies include RHB Capital Berhad (Chairman), RHB OSK Securities (Thailand) Public Company Limited (Chairman), RHB Investment Bank Berhad, Rashid Hussain Berhad (In Members’ Voluntary Liquidation), AirAsia Berhad, Astro Malaysia Holdings Berhad and Sona Petroleum Berhad.



## Tan Sri Ong Leong Huat @ Wong Joo Hwa

(70 years of age – Malaysian)  
Non-Independent Non-Executive Director

Tan Sri Ong Leong Huat @ Wong Joo Hwa (“Tan Sri Ong”) was appointed as a Non-Independent Non-Executive Director of RHB Bank on 20 November 2012.



Tan Sri Ong holds a Capital Markets and Services Representative’s license issued by the Securities Commission of Malaysia under the Capital Markets and Services Act, 2007 for dealing in securities. Tan Sri Ong was a Director of MESDAQ from July 1999 to March 2002, a member of the Capital Market Advisory Council appointed by the Securities Commission in 2004 to advise on issues relating to the implementation of the Capital Market Master Plan. He was previously a member of the Securities Market Consultative Panel of Bursa Malaysia.

For over 17 years since 1969, Tan Sri Ong was attached to a leading financial institution where he last held the position of Senior General Manager. He was the Managing Director/Chief Executive Officer (“CEO”) of

OSK Investment Bank Berhad (“OSKIB”) from July 1985 to January 2007 and thereafter appointed as the Group Managing Director/CEO of OSKIB. He was then re-designated as a Non-Independent Non-Executive Director of OSKIB and subsequently, resigned on 30 April 2013.

Tan Sri Ong’s other directorships in public companies include RHB Investment Bank Berhad (Chairman), PJ Development Holdings Berhad (Chairman), OSK Holdings Berhad, OSK Property Holdings Berhad, OSK Ventures International Berhad, Bursa Malaysia Berhad and KE-ZAN Holdings Berhad.

**Dato’ Khairussaleh Ramli**

(46 years of age – Malaysian)

Deputy Group Managing Director, RHB Banking Group  
 Managing Director, RHB Bank Berhad

Dato’ Khairussaleh Ramli (“Dato’ Khairussaleh”) was appointed as the Managing Director of RHB Bank and as the Deputy Group Managing Director of the RHB Banking Group on 13 December 2013. Dato’ Khairussaleh also serves as a Member of the Board Technology Committee.



Dato’ Khairussaleh has more than 20 years of experience in the financial services and capital markets industry, where he has held senior positions in well-established local financial institutions. Dato’ Khairussaleh was the Maybank Group Chief Financial Officer from November 2008 to January 2012. He was thereafter appointed President Director/Chief Executive Officer of Bank Internasional Indonesia, ranked among the top banks in Indonesia. Prior to joining Maybank, Dato’ Khairussaleh served in Telekom Malaysia Berhad for two years with his last position being the Group Strategy Officer. He also spent eight years with Bursa Malaysia Berhad, holding various positions before rising to the post of Chief Financial Officer in 2004. He spent seven years with the Public Bank Group, one of the top banks in Malaysia, from 1990 to 1997.

Dato’ Khairussaleh’s knowledge and experience earned him the “Best CFO in Malaysia Award” in 2010 and 2011 from Finance Asia and the “Best CFO in Malaysia Award” in 2012 from Alpha Southeast Asia.

Dato’ Khairussaleh holds a Bachelor of Science in Business Administration from Washington University and is also a graduate of the Advanced Management Programme at Harvard Business School.

# Corporate Governance Statement

**“Good corporate governance plays a vital role in underpinning the integrity and efficiency of the capital market. It is a testament of a company’s commitment to values and ethical business conduct. Effective corporate governance structures encourage companies to create value (through entrepreneurialism, innovation and development) and provide accountability and control systems which commensurate with the risks involved. When companies are well governed, they are better able to attract capital investment and raise the standing of the capital market as a whole.”**

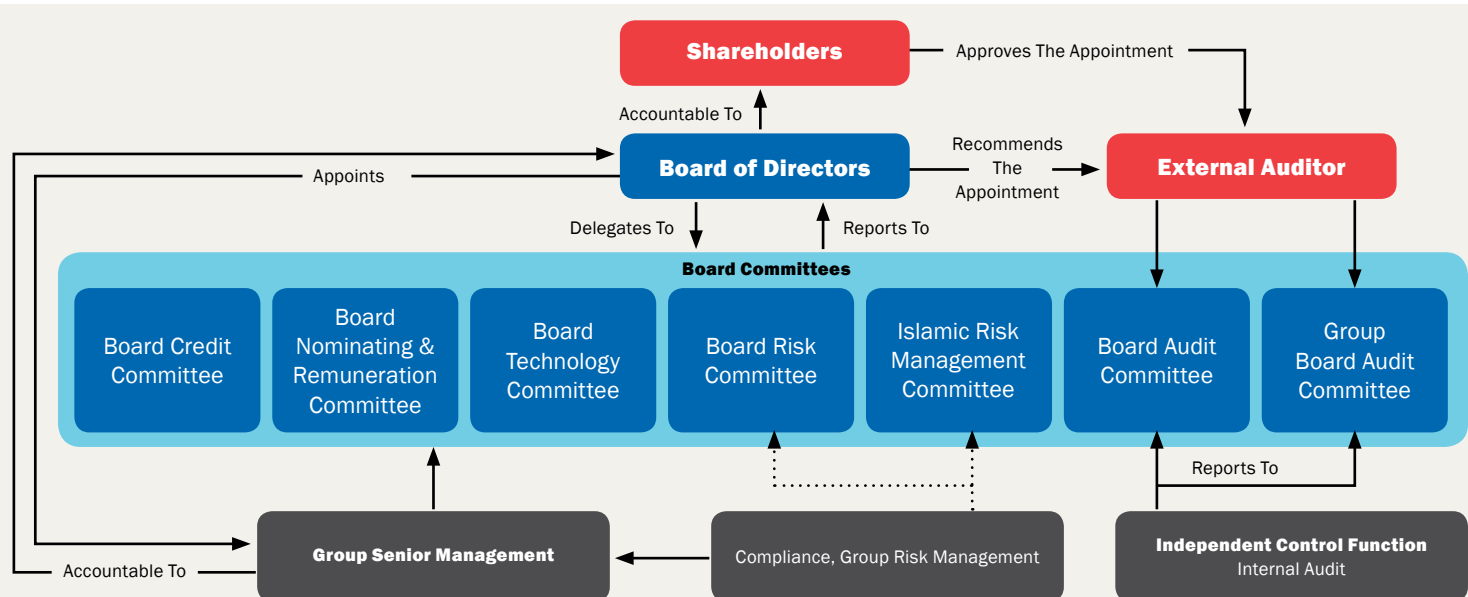
**Foreword, Chairman, Bursa Malaysia Berhad**  
Corporate Governance Guide (2nd Edition)

The Board of Directors (“Board”) of RHB Bank Berhad (“RHB Bank” or “the Bank”) recognises the importance of good corporate governance in pursuing quantifiable and long term success for the RHB Banking Group (“Group”), and value creation for shareholder and all other stakeholders. The Board is fully committed to high standards of governance designed to protect the interests of shareholder and all other stakeholders while promoting the highest standards of integrity, transparency and accountability. The Board strives to ensure that the Bank’s and the Group’s integrity and professional conduct are beyond reproach.

An effective corporate governance structure lies at the core of the Group’s pursuit to realise its vision to be a “Leading Multinational Financial Services Group”. This structure is based on stringent corporate governance

practices and regulations, a clear organisational structure with well-defined accountabilities and responsibilities, and robust internal control and risk management mechanisms. Throughout the years, the Board has made concerted efforts to ensure a strict compliance to regulatory requirements and that its corporate governance framework, internal processes, guidelines and systems remain robust and relevant. The Board believes there is always room for improvement and continuously explores improvement to the governance processes. The Board exercises a significant effort to understand and manage stakeholders’ expectations to fulfil their evolving needs and ensure that the Group’s position as a whole and reputation as a leading financial holding company are held in good stead.

## Group’s Governance Model



## ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

### Board and Management

The Board governs the business and affairs of the Bank and exercises all such powers pursuant to the Articles of Association of the Bank. To ensure effectiveness in discharging its roles and responsibilities, the Board delegates specific authorities to the relevant Board Committees. Such delegation of authority is expressly stipulated in the Terms of References (“TORs”) of the respective Board Committees. The TORs are reviewed periodically to ensure effective and efficient decision-making in the Group. The Board Committees also act as oversight committees where they evaluate and recommend matters under their purview for the Board to consider and approve. To ensure the efficient running of the Bank’s businesses and operations, the Board also delegates certain decision-making powers to the Managing Director (“MD”) of the Bank and the Senior Management; the authorities of which are among others embodied in the Group Manual of Authority (“GMOA”). The MD executes the Board’s directions within his realm of authority and purview and he is supported by the Senior Management of the Bank. The MD develops effective collaboration with other entities in the Group to achieve the Group’s aspiration to be a Leading Multinational Financial Services Group. The MD drives the Bank to among others achieve the following by 2020:

- Top 3 Banks in Malaysia/Top 8 Banks in ASEAN by size and performance
- Set the regional footprint in ASEAN and Greater China
- To be customer centric and deliver innovative and superior value proposition
- To be among the top quartile employer of talent

At each Board meeting, the Board is among others informed of the decisions and salient issues deliberated by the Board Committees and the Management through minutes of meetings which are tabled thereat. The Board also receives updates from the respective Chairmen/representatives of the Board Audit Committee, Board Risk Committee and Board Nominating & Remuneration Committee on matters that have been deliberated and considered at these Committees’ meetings that require specific attention.

Matters such as the annual business plan and budget, dividend distribution, business restructuring, reorganisation plan, strategic proposals, risk appetite, human capital management policies, appointment of the Bank’s senior management, talent and succession planning, brand positioning, investor and stakeholder relations direction as well as capital and operating expenditures above the GMOA limits are reserved for the Board.

### The role of the Board

The Board is charged with leading and governing the Bank in an effective, efficient and responsible manner. The Directors, collectively and individually, are aware of their responsibilities to shareholder/stakeholders and for the manner in which the affairs of the Bank are managed. They discharge their roles and duties with integrity, honesty and professionalism within the ambit of the law to serve the interest of the Bank’s shareholder and stakeholders, and are committed to ensuring that the highest corporate governance standards are adhered to.

Among the Board’s key roles and responsibilities are:

#### (a) Strategy setting

The Board plays an active role in reviewing the Bank’s strategies, business plans, financial objectives, major capital and operating budgets and policies proposed by the Management. The Board monitors the Management’s performance in implementing the adopted strategies and plans and provide relevant direction and advice where necessary so as to ensure the achievement of the objectives.

For 2013, the Group’s strategic planning process began with an offsite Strategic Development & Brainstorming Session held in October 2012, where the Management presented its proposed Bank and Group strategy, business plan and annual budget for financial year 2013. During this session, the Board discussed both the Management’s and its own strategic perspectives, and challenged the Management’s views and assumptions. The Board subsequently approved the proposed strategy, business plan and annual budget at its meeting held in January 2013. The Board also reviewed and approved the proposed 2013 performance scorecard for the Bank, ensuring that the proposed targets correspond to the Group’s strategy and business plan, reflect competitive industry trends and internal capabilities, and provide sufficient stretch for the Management.

In November 2013, the Board and Group Senior Management discussed various business strategies in strengthening the businesses in the areas of retail, Islamic, treasury and transaction banking as well as the international business. During the session, the Board discussed the roadmap and key strategic initiatives to move towards the regional markets in line with the Bank’s aspiration by 2020. The Bank is continuously staying ahead of competition and being innovative to achieve the set targets leading towards being a strong leader in the industry.

The Group Senior Management also initiated a three-year transformation journey to achieve the Group's vision of becoming a Leading Multinational Financial Services Group by 2020. The roadmap for Transformation 2.0 and its six key strategic levers for the transformation dubbed IGNITE 2017 and the Group business plan and budget for 2014 were discussed and evaluated by the Board and Management at the offsite meeting and subsequently approved at the Board meeting held in January 2014.

#### (b) The Bank's and the Group's operations and conduct

The Board governs the business conduct, performance and operations of the Bank with close collaboration with the Management. To ensure high performance, the Board reviews and approves performance objectives for the Senior Management team and monitors their performance on a regular basis. Interventions and reviews may be made to ensure that the execution of the plans is aligned with the set objectives and goals. The Board also governs the Bank's risk management, controls and human resource ("HR") management through delegation of certain decision-making and/or oversight responsibilities to various Board Committees namely the Board Audit Committee, Board Risk Committee, Board Nominating & Remuneration Committee, Board Credit Committee and Board Technology Committee. At the executive level, the MD assumes the overall responsibilities for the execution of the Bank's strategies and plans in line with the Board's direction, oversees its subsidiaries' operations and drives the Bank's businesses and performance towards achieving the Group's vision and goals. In carrying out his tasks, the MD is supported by various key Senior Management of the Bank. The Board is updated on the Bank's and its subsidiaries' performance through a status report presented by the MD which includes a comprehensive summary of the Bank's and its subsidiaries' business drivers and financial performance of each reporting period vis-a-vis the approved balanced scorecard of RHB Bank and the industry benchmark.

The Board also keeps abreast of the key strategic initiatives, significant operational issues and the latest developments of the financial services industry.

The Board also reviews management reports. Special meetings are held where any direction or decision are required expeditiously from the Board between the scheduled meetings.

As part of the Group's initiative to continuously improve its management of the staff, the Board reviewed the results of the 2012 employee engagement survey ("EES") which was conducted in January 2013 to assess the level of employee morale and satisfaction, and actions proposed by Management in addressing the areas requiring improvement.

#### (c) Risk Management

The Board has the responsibility to identify the principal risks and implementation of appropriate systems to manage and control these risks. In ensuring effective risk assessment and control, the Board entrusted the Board Risk Committee ("BRC"), which comprises four Independent Non-Executive Directors ("INEDs") and one Non-Independent Non-Executive Director ("NINED") representing the respective entities within the Group, with the responsibility to provide oversight and governance of risks for the Group. The composition of the BRC and the attendance of the members at meetings held in 2013 were as follows:

| Name of Directors                               | Attendance at Meetings |
|---|------------------------|
| Tuan Haji Khairuddin Ahmad (INED)<br>(Chairman) | 22/25 (88%)            |
| Mr Patrick Chin Yoke Chung (INED)               | 24/25 (96%)            |
| Tuan Haji Md Ja'far Abdul Carrim<br>(NINED)     | 25/25 (100%)           |
| Mr Choong Tuck Oon (INED)                       | 19/25 (76%)            |
| Dato' Saw Choo Boon (INED)                      | 24/25 (96%)            |

The salient terms of reference of the BRC are as follows:

- to provide oversight and governance of risks at the Group;
- to oversee Senior Management's activities in managing credit, market, liquidity, operational, legal and other risks and to ensure that the risk management processes of each entity in the Group are in place and functioning;
- to promote the management of the Group's risks in accordance with a risk-return performance management framework; and
- to provide guidance and make recommendations to the Board of each relevant entity within the Group in respect of risk management matters of the respective entities.

The Board is satisfied that the BRC has effectively and efficiently discharged its functions to support the Board in ensuring, among others that the Bank and the Group are adequately capitalised to support the risks undertaken and meet the regulatory requirements.

#### (d) Talent Development and Succession Planning

Talent development and succession planning are key priorities of the Board in ensuring a high performing workforce to maintain the Bank's and the Group's sustainability and competitiveness. The Board entrusted the Board Nominating & Remuneration Committee ("BNRC") with the responsibility to deliberate on HR strategies, policies, systems and development of the Group. The BNRC is also

given the responsibility to select, assess and recommend to the Board the appointment and remuneration matters of Directors, Board Committee members, Group Shariah Committee and key Senior Management officers.

During the year, the Group has put in place programmes for the identification, competency assessment and development of talent to fill senior positions, to continuously strengthen the Group's succession plan. These programmes are monitored regularly by the BNRC. Other major issues deliberated by the BNRC were pay structures and policies, review and harmonisation of benefits and retention plans for Senior Management.

#### **(e) Internal control system**

The Board governs the adequacy and integrity of the Bank's internal control system. With the support of the Board Audit Committee and Group Internal Audit, the Board ensures that there is an effective and efficient framework for reporting internal controls and regulatory compliance. Details pertaining to the Bank's internal control system and review of its effectiveness are set out in the Statement on Risk Management & Internal Control in this Annual Report.

#### **Code of Ethics**

The Board is committed to establish a corporate culture which engenders ethical conduct that permeates throughout the Bank and the Group. The Board has adopted a Code of Ethics and Business Conduct for Directors ("Code of Ethics"). The Code of Ethics was formulated to enhance the standard of corporate governance, establish uniform ethical standards and promote ethical conduct for Directors in line with the governing laws, regulations and guidelines. The Code of Ethics includes principles relating to general standard of conduct, conflict of interest, insider trading, maintaining confidentiality, use of corporate assets, etc.

For all its employees, the Group has in place a Group Code of Ethics and Conduct to ensure a high standard of ethical and professional conduct is upheld in the performance of their duties and responsibilities. The said Code establishes the standards that govern the way employees deal with each other, the shareholders, customers, suppliers, competitors and communities. Within this framework, employees are expected to exercise good judgement and be accountable for their actions. Compliance with the Code is part of the terms and conditions of employment of every employee of the Group.

The Group has also established a Group Whistle Blower Policy in strengthening its governance practice and the policy was also adopted by the Bank. The policy provides employees with an avenue to report on suspected fraud, corruption, dishonest practices or other similar circumstances. This policy is to encourage the reporting of such matters in good faith, with the confidentiality of the person making such reports being protected from reprisal, in the best possible manner. For the current

year under review, three complaints pursuant to the Group Whistle Blower Policy were received, investigated and pursued based on the requirement of the said policy. All reports or complaints are filed with the Designated Recipient as specified in the Group Whistle Blower Policy. The Group Whistle Blower Policy is available on the Group's internal portal for reference by the staff across the Group.

#### **Promotion of sustainability**

The Board acknowledges that a sustainable approach to investing has a positive impact on the value of investments and is vital for the interests of long term investors. The Board further recognises that the Bank and the Group's ability to prosper hinges substantially upon the ability to make business decisions that give credibility to their sense of economic, social and environmental responsibilities, and by which the stakeholders and society can hold them accountable. Therefore, environment, social and governance ("ESG") issues are of the utmost importance in the Board's decision-making in order to maintain the standard of being a responsible corporate citizen.

The Group established a Corporate Responsibility ("CR") strategic framework that supports and creates value for the Group's businesses, operations and brand, and ensures positive contribution to the shareholders, customers, employees and society at large. The Group's CR Report for 2013 is uploaded on RHB's website prior to the forthcoming Annual General Meeting ("AGM") of RHB Capital Berhad. The Group's CR Report addresses among others the CR and ESG elements of the Group. The framework will be eventually translated into a governing policy.

The foundation of CR initiatives is premised on four quadrants which include Community, Environment, Workplace and Marketplace. The issue of sustainability is defined as conducting business responsibly and ethically by factoring in social, economic and environmental considerations in the decision-making process for long term business success that in turn will contribute to the socioeconomic development of the communities in which it operates. As such, the Group will embark on activities that conserve the environment, enrich the lives of communities, promote a culture of respect and care for its workforce and the public, all of which, appropriately implements good governance.

#### **Information and advice**

The Board whether as a group or individually, regularly obtain the advice and dedicated support services of the Company Secretaries in ensuring the effective functioning of the Board. The Board members may interact directly with the Management, seek their clarification and advice as well as request for information on matters pertaining to the Bank's and the Group's operations or business concerns from them. Should the need arise, the Directors may also seek independent professional advice, at the Bank's expense, pursuant to the Group's "Standard Procedures for Directors to Have Access to Independent Advice" when deemed necessary for the proper discharge of their duties.

### Dedicated Company Secretaries

The Board is supported by dedicated Company Secretaries in the discharge of their roles and responsibilities. In addition to acting as a custodian of the Bank's and the Group's statutory records, the Company Secretaries serve and advise the Board on matters relating to the affairs of the Board and ensures that Board meetings are properly convened and an accurate and proper record of the proceedings and minutes of the meetings are kept. The Company Secretaries assist the Chairman and Directors in the conduct of meetings and in the discharge of their governance obligations and responsibilities as Directors of the Bank. The Company Secretaries also facilitate the communication of key decisions and policies between the Board, Board Committees and the Senior Management. The Board is updated by the Company Secretaries on the follow-up or implementation of its decisions/recommendations by the Management until their closure.

In order to play an effective advisory role to the Board, the Company Secretaries always keep abreast with the latest regulatory changes, evolving industry development and best practices in corporate governance through continuous training and regular interactions with regulators and peers in the industry.

### Board Charter

The Bank has developed Board Charter, which set out the key corporate governance principles adopted by the Board. The responsibilities of Board, Chairperson, Senior Independent Director and the Managing Director/Chief Executive Officer are clearly defined therein. The Board Charter clearly stipulates the role that each party undertakes in ensuring checks and balances in the day-to-day management of the Bank's businesses and operations.

Within these broad boundaries, the Board, also discussed, set and agreed with Management the annual balanced scorecard and key performance indicators that need to be executed and achieved by Management. The performance and progress thereof will then be reviewed by the Board at intervals.

The Board reviews the Board Charter from time to time to keep them up to date with changes in regulations and best practices as well as ensure its effectiveness and relevance to the Board's objectives. In view of the substantial changes in regulatory and business environment in 2013, the Board of RHB Bank will be reviewing its Board Charter accordingly.

## STRENGTHEN COMPOSITION

### Board Nominating & Remuneration Committee

The Board Nominating & Remuneration Committee ("BNRC") comprises six Non-Executive Directors of whom five are INEDs and one is a NINED representing the respective entities within the Group. The BNRC is chaired by Datuk Haji Faisal Siraj, the Senior INED of RHB Capital Berhad. The BNRC met 15 times during financial year 2013. The composition of the BNRC and the attendance of the members at meetings held in 2013 were as follows:

| Name of Directors                         | Attendance at Meetings |
|---|------------------------|
| Datuk Haji Faisal Siraj (INED) (Chairman) | 14/15 (93%)            |
| Dato' Mohamed Khadar Merican (INED)       | 13/15 (87%)            |
| Dato' Saw Choo Boon (INED)                | 15/15 (100%)           |
| Dato' Teo Chiang Liang (INED)             | 12/15 (80%)            |
| Mr Choong Tuck Oon (INED)                 | 12/15 (80%)            |
| Tuan Haji Md Ja'far Abdul Carrim (NINED)  | 15/15 (100%)           |

The salient TOR of the BNRC with regard to its nomination roles are as follows:

- Establish a documented procedure for the appointment of Directors, Board Committee members, Group Shariah Committee ("GSC") and key Senior Management officers.
- Establish and recommend for Board approval, minimum requirements for Directors, GSC and key Senior Management officers.
- Establish and recommend for Board approval, the optimal size and mix of skills to ensure efficient operation of the Boards/Board Committees/GSC.
- Assess and recommend for Board approval, new and reappointed nominees for directorship, Board Committee members, GSC and key Senior Management officers.
- Establish and recommend for Board approval, a mechanism for the formal assessment of the performance of Boards as a whole, Board Committees, GSC, each Director and key Senior Management officers.
- Review performance assessment results and recommend to the Board, the removal of any Director, GSC or key Senior Management officer found to be ineffective, errant and negligent in the discharge of responsibilities.
- Ensure Directors, Board Committee members and GSC receive appropriate induction and continuous training programs for closure of skill gaps and keeping abreast with latest developments.

## Directors' Appointment and Assessment

### (a) Appointment of Directors

The BNRC is guided by a nomination framework approved by the Group's Boards, to ensure that individuals appointed to relevant senior positions and the Boards within the Group have the appropriate fitness and propriety to properly discharge their prudential responsibilities on appointment and during the course of their appointment. A fit and proper assessment is carried out for each Director and relevant key Management.

#### Nomination Framework



For the appointment of new Directors, a thorough and comprehensive fit and proper assessment (including background, skills, knowledge and experience) of the nominee is undertaken by the BNRC in accordance with the Policy and Guidelines on Fit and Proper for Key Responsible Persons of RHB Banking Group ("Fit and Proper Policy"), through a transparent nomination process before a recommendation is made to the Board for approval. These assessments are carried out against a benchmark of documented competencies which have been prepared for each role, declaration being completed by each individual, the obtaining of evidence of material qualification and the carrying out of checks on matters such as criminal record, bankruptcy and regulatory disqualification. These assessments are reviewed thereafter on an annual basis. The Fit and Proper Policy outlines the following criteria for assessment of the suitability of the candidate for appointment:

- Probity, personal integrity and reputation, where the candidate must have personal qualities such as honesty, integrity, diligence, independence of mind, fairness and ethical behaviour.
- Competence and capability, where the candidate must have the skills, experience, ability and commitment to carry out the role.
- Financial integrity, where the candidate must have financial soundness and able to manage his/her debts or financial affairs prudently.

During its review of the suitability of the candidates and criteria for the appointment process, the BNRC is continuously mindful to have a balanced diversity in age, gender, race, culture and nationality, to facilitate optimal decision-making by harnessing different insights and perspectives.

As for the re-appointment of existing Directors, the BNRC refers to the results of the individual assessments conducted via the Board Effectiveness Evaluation besides their ongoing experience during their formal/informal interactions with the Directors. The application for the appointment/re-appointment of Directors will be submitted to Bank Negara Malaysia for consideration once the same is approved by the Board.

In 2013, the BNRC undertook a holistic review on the compositions of the Boards and Board Committees within the Group in order to ensure effective functioning of the Boards and Board Committees and decision-making process, particularly the regional governance aspects post the RHB-OSK merger. The Board is intensifying its effort to secure new Board members with the right skill-sets and experience to close identified gaps. In addition, the BNRC also provided support to the Management in recruiting quality candidates to fill vacant key Senior Management positions.

### (b) Board Effectiveness Evaluation

The Group has since 2006 undertaken the Board Effectiveness Evaluation ("BEE") exercise annually on the Boards and Board Committees with the objective of assessing their effectiveness and that of the individual Directors. The BEE is designed to detect strengths and weaknesses so that actions can be taken to improve overall effectiveness. The results of the Directors' self and peer evaluations form part of the basis for evaluation by the BNRC for the re-appointment of the respective Directors.



The performance indicators on which the Board's effectiveness is evaluated are as follows:

#### **Part A: Board Evaluation**

1. Board responsibilities
2. Board composition
3. Board administration and process
4. Board conduct
5. Board interaction and communication with Management and stakeholders
6. Overall Board performance
7. Chairman's evaluation
8. Managing Director's evaluation

#### **Part B: Board Committees Evaluation**

1. Structure and processes
2. Accountability and responsibilities

#### **Part C: Directors' Self and Peer Evaluation**

1. Board dynamics and participation
2. Integrity and objectivity
3. Technical competencies
4. Recognition
5. Independent Directors' evaluation

#### **Part D: Committee Members' Self and Peer Evaluation**

1. Participation levels and contribution
2. Technical competencies

The BEE is based on a combination of self and peer assessment performed via a customised questionnaire. To ensure integrity and independence of the appraisal process, PricewaterhouseCoopers Advisory Services Sdn Bhd ("PwCAS") has been engaged to collate and tabulate the results of the evaluation. This approach is in line with market best practices in ensuring the assessment is conducted independently from any internal influence. The BEE also includes in-depth interviews with Directors and Senior Management by PwCAS to encompass areas which fall outside the realm of the written assessment. The detailed BEE results are discussed with the Chairmen of the BNRC and Boards by PwCAS.

In November 2013, each Director and Board Committee member were provided with individual results together with a peer average rating on each area of assessment for personal information and further improvement. A summarised report has been presented to the BNRC and the Board of the Bank in December 2013 to enable the Board to identify and put in place actions to address areas for improvement.

#### **Remuneration strategies**

The Board is mindful that fair remuneration is critical to attract, retain and motivate the Directors with the relevant experience and expertise required for the stewardship of the Bank and the Group. The BNRC has been entrusted to discharge its remuneration role (as outlined in its TOR), as follows:

- Ensure the establishment of formal and transparent procedures for developing remuneration and HR policies, strategies and framework for Directors, GSC and key Senior Management officers.
- Recommend remuneration strategies, policies and framework and specific remuneration packages for Directors, Board Committee members, GSC and key Senior Management officers, which should be (where relevant):
  - Market competitive and in support of the Group's culture, vision, objectives and strategy;
  - Reflective of the responsibilities and commitment required;
  - Sufficient to attract and retain quality people but yet not excessive;
  - Performance driven with sufficient emphasis on long term development of the Group to avoid excessive short term risk-taking; and
  - The framework should cover all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, option and benefits-in-kind.
- Ensure HR strategies, policies and frameworks are in place for all the building blocks of a quality HR Management System (e.g. succession planning, talent and leadership development, training, etc.) to support the Bank and the Group in achieving its objectives.

The Group has also established a common reference (incorporating the Non-Executive Directors' ("NEDs") Remuneration Framework) as a guide. It is aimed at applying the general principles in respect of the remuneration of NEDs in ensuring that the remuneration levels are commensurate with the responsibilities, risks and time commitment of Boards/Board Committees. For the NEDs, the level of remuneration reflects the level of responsibilities undertaken by the particular NED concerned within the Bank and the Group. The remuneration strategy takes into consideration practices within the industry and is reviewed at least once every two years to be aligned with the market.

The remuneration package of the NEDs of the Group comprises the following:

#### **(a) Directors' Fees**

The NEDs are entitled to annual Directors' fees. The annual Directors' fees are subject to shareholder's approval at the AGM of the Bank.

In 2013, the Board has approved the BNRC's recommendation to revise the NEDs' remuneration based on a new tiering system. From a peer group benchmarking perspective, the Board believes that a more equitable and competitive remuneration should be offered to the NEDs in line with the complexity of the duties, responsibilities, expectations and commitment of the NEDs relative to the expanding scope of the Group's initiatives, particularly on regional business expansion. The proposed revised NEDs' fees have been aligned to the accepted industry range and will be presented to the shareholder at the forthcoming 48<sup>th</sup> AGM, for approval.

#### **(b) Board Committee' Allowances**

NEDs who sit on Board Committees are entitled to receive Board Committee allowances which shall be paid on an annual basis at the end of each financial year.

In 2013, the Board revised the Group's existing Board Committee allowances structure to be in line with the increase in complexity of roles and responsibilities and heavier commitment of the Board Committees.

#### **(c) Meeting attendance allowance**

NEDs are also entitled to meeting attendance allowances when they attend any Board/Board Committee meetings.

#### **(d) Benefits-in-kind**

Benefits are accorded to the Chairmen of the Group, consisting of the provision of a company car, driver and petrol allowance.

The Group has also established a remuneration framework for key Senior Management, consisting of a competitive integrated pay and benefit structure, which rewards corporate and individual performance in line with contributions to the organisation. The MD is not paid with Director's fee nor is he entitled to receive any meeting attendance allowances for any of the Board and Board Committee meetings that he attends. His remuneration, which includes among others salary, bonus and benefits-in-kind, is solely derived from the Bank.

In addition to the above, the Directors have the benefit of Directors and Officers ("D&O") Liability Insurance in respect of any liabilities arising from acts committed in their capacity as D&O of RHB Banking Group. However, the said insurance policy does not indemnify a Director or principal officer if he or she is proven to have acted negligently, fraudulently or dishonestly, or in breach of his or her duty of trust. The Directors are required to contribute jointly towards the premium of the said policy.

## **REINFORCE INDEPENDENCE**

### **Assessment of independence**

The independence of the Directors is reviewed on an annual assessment and benchmarked against best practices and regulatory provisions. The BNRC assesses the independence of NEDs, via the BEE exercise, which takes into account the individual Director's ability to exercise independent judgement at all times and to contribute to the effective functioning of the Board. Based on the BEE 2012 results, the Board is generally satisfied with the level of independence demonstrated by all the NEDs, and their ability to act in the best interest of the Bank.

In addition, the Independent Directors are required to provide their confirmations on their compliance with the criteria and definition of "Independent Director", as stipulated under Clause 2.26 and Clause 2.27 of Bank Negara Malaysia's ("BNM") Guidelines on Corporate Governance for Licensed Institutions ("BNM's CG Guidelines"). All the Independent Directors are independent from the substantial shareholder of the Bank, not being substantial shareholder themselves nor directly associated with any substantial shareholder.

### **Role of the Chairman and Managing Director**

The Non-Independent Non-Executive Chairman, Tan Sri Azlan Zainol, manages the affairs of the Board, with a view to ensuring that the Board functions effectively and meets its obligations and responsibilities, and leads the Board in the execution of its responsibilities to the shareholder. He ensures that Members, individually and as a group, have the opportunity to air differences, explore ideas and generate the collective views and wisdom necessary for the proper decision-making of the Board. Additionally, the Chairman ensures that general meetings are conducted efficiently and in accordance with the requirement of the Companies Act 1965.

The MD, Dato' Khairussaleh Ramli ("Dato' Khairussaleh"), who has extensive experience in the financial services and capital markets industries, is responsible for the day-to-day management of the business and operations of the Bank and in ensuring the successful implementation of policies and directions as formulated by the Board. The distinct and separate duties and responsibilities of the MD and the Chairman ensure the balance of power and authority in relation to the establishment of a fully effective Board. Dato' Khairussaleh's exposure and experience have earned him the "Best CFO in Malaysia Award" in 2010 and 2011 from Finance Asia and the "Best CFO in Malaysia Award" in 2012 from Alpha Southeast Asia.

The distinct and separate roles of the Chairman and MD, with a division of responsibilities, ensure balance of power and authority, such that no one individual has unfettered powers of decision-making.

## The Board of Directors

Currently, the Board of RHB Bank comprises eight Members, with a Non-Independent Non-Executive Chairman, five INEDs, a NINED and the MD. Dato' Mohd Ali Mohd Tahir resigned from the Bank on 31 January 2014. The structure and composition of the Board comply with the BNM's CG Guidelines. The Independent Directors account for more than 50% of the Board, exceeding the requirement that one third of Board Members shall be independent, as set out in the BNM's CG Guidelines. The presence of the five INEDs ensures there is an effective check and balance in the functioning of the Board. These INEDs fulfil the criteria of independence as defined in the BNM's CG Guidelines. They are not involved in the day-to-day management of the Bank, nor do they participate in any business dealings of the Bank. This ascertains that they remain free of any conflict of interest and can undertake their roles and responsibilities as INEDs in an effective manner.

## FOSTER COMMITMENT

### Time commitment

For the financial year ended 31 December 2013, the Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of RHB Bank. All Directors have complied with the required minimum Board Meetings attendance of 75% under the BNM's revised guidelines and adopted by the Bank.

The Board convened fifteen meetings for the financial year ended 31 December 2013. The attendance of each Director in office at the end of the financial year at the aforesaid Board meetings is set out below:

| Name of Director                         | No. of Meetings Attended | Total Percentage of Attendance (%) |
|--|--------------------------|------------------------------------|
| Tan Sri Azlan Zainol                     | 15/15                    | 100                                |
| Tuan Haji Khairuddin Ahmad               | 14/15                    | 93                                 |
| Mr Ong Seng Pheow                        | 15/15                    | 100                                |
| Mr Choong Tuck Oon                       | 15/15                    | 100                                |
| Encik Abdul Aziz Peru Mohamed            | 15/15                    | 100                                |
| Dato' Mohamed Khadar Merican             | 14/15                    | 93                                 |
| Tan Sri Ong Leong Huat @ Wong Joo Hwa    | 14/15                    | 93                                 |
| Dato' Khairussaleh Ramli <sup>(1)</sup>  | 1/1                      | 100                                |
| Dato' Mohd Ali Mohd Tahir <sup>(2)</sup> | 12/15                    | 80                                 |
| Encik Johari Abdul Muid <sup>(3)</sup>   | 7/8                      | 88                                 |

#### Notes:

<sup>(1)</sup> Appointed on 13 December 2013

<sup>(2)</sup> Resigned on 31 January 2014

<sup>(3)</sup> Resigned on 18 July 2013

An annual meeting schedule is prepared and circulated to the Directors before the beginning of every year to ease the Directors' time planning. It provides the scheduled dates for meetings of the Board and Board Committees. The Bank has, since 2011, embarked on the use of iPADS and eBooks at Board/Board Committee Meetings, whereby encrypted Board and Board Committee papers will be circulated electronically for Directors/Board Committee members to download the same via iPADS. This initiative has significantly enhanced mobility, movements of the documents, cost and time savings, greater convenience, better security and a positive impact on the environment. Directors who are unable to attend the Board/Board Committee Meetings physically are encouraged to participate in the deliberations and discussions via telephone or video-conferencing.

## Training

The Board emphasises the importance of continuing education and training for its Directors to ensure that they are kept abreast of the latest development in business, corporate strategy, financial overview, risk management strategy, legal requirements, duties, responsibilities and rights from the legal viewpoint, moral and ethical obligations as well as good corporate governance in the ever-changing economic climate to meet the challenges of the Board. A budget for Directors' training is provided each year by RHB Bank. The Board, as part of the BEE exercise, assesses the training needs of each Director annually. The training and development of Directors are spelled out in the Group's Standard Procedures on Directors' In-house Orientation and Continuing Education Programme for the RHB Banking Group.

The NEDs of the Bank and the Group are encouraged to attend local and/or overseas training programmes organised by credible training organisations under the Board High Performance Programme. This programme is intended to equip the Directors with the necessary knowledge and tools to effectively discharge their duties and responsibilities as well as provide the Directors with global business perspectives and skills that would engender organisational excellence. The Company Secretary facilitates the organisation of internal training programmes and Directors' attendance of external programmes, and keeps a complete record of the training received and attended by the Directors.

All newly appointed Directors are required to attend an induction programme organised by the Management of the Group, to provide the Directors with in-depth information of the industry as well as an overview of the business operations of the Bank and the Group. During the induction programme, the relevant Management will brief the newly appointed Directors on the functions and areas of responsibility of their respective divisions. This enables Directors to familiarise themselves with the operations and organisational structure of the Bank and the Group. It also provides them with a platform to establish effective channels of communication and interaction with Management.

Each new Director receives a comprehensive Director's Induction Kit to assist them in building a detailed understanding of the Group's operations, the longer term direction and the statutory obligations.

During the year, the Directors of RHB Bank attended the following training programmes, conferences and seminars:

#### **(a) Corporate Governance**

- Governance in Groups programme
- Malaysian Code on Corporate Governance 2012 and Statement on Risk Management
- Board Chairman Series: The role of the Chairman
- FIDE Elective Programme: Advanced Risk Governance and Risk Management

#### **(b) Banking and Finance**

- Training session no. 4 of Internal Capital Adequacy Assessment Process
- Financial Services Act 2013 and Islamic Financial Services Act 2013 and Directors and Officers Liability Insurance Policy
- FIDE Elective Programme: Mergers & Acquisitions for Financial Institutions

#### **(c) Legal, Business and Human Resource**

- Training on OSK Products
- Personal Data Protection Act 2010 and Foreign Account Tax Compliance Act presentation
- Shariah Awareness Programme

## **UPHOLD INTEGRITY IN FINANCIAL REPORTING**

### **Compliance with financial reporting standards**

The Board ensures that shareholder is provided with a clear, balanced and meaningful assessment of the Bank's and the Group's financial performance, position and its future prospects through the Annual Audited Financial Statements and quarterly reports.

The Board Audit Committee ("BAC"), with the assistance of both external and internal auditors, reviews the integrity and reliability of the Bank's and the Group's financial statements on a quarterly basis, prior to recommending the same for the Board's approval. During the reviews, the Group Chief Financial Officer provides assurance to the BAC that adequate processes and controls are in place for an effective and efficient financial statement close process, that appropriate accounting policies have been adopted and applied consistently and that the relevant financial statements give a true and fair view of the state of affairs of the Bank and the Group in compliance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and Companies Act 1965. The BAC also meets twice a year with the external auditors, without the presence of the Management and the executive Board member, for discussion on any key issues/areas that require attention of the BAC and the Board.

Group Internal Audit ("GIA") also undertakes an independent assessment of the internal control systems throughout the Bank and the Group, based on the annual audit plan approved by the BAC, to ensure that deficiencies or issues will be promptly resolved by the Management. An overview of the Bank and the Group's internal control are contained in the Statement on Risk Management & Internal Control set out on pages 31 to 33 of this Annual Report.

### **Assessment of external auditors**

The BAC undertakes an assessment of the suitability and independence of the external auditors based on qualifying criteria for the appointment of auditors and terms of audit engagements in accordance with BNM's Guidelines – "External Auditor" dated 28 June 2013. In addition, the work performance of the external auditors is assessed through a survey sent out to management personnel requesting feedback and comments on their dealings with Messrs PricewaterhouseCoopers throughout the reporting financial year. The survey covers areas such as quality of audit work, coordination during planning and execution of audit work, technical accounting and business knowledge, timeliness, relationship management and staff continuity. Having satisfied itself with their performance and fulfilment of criteria as set out in the relevant BNM's Guidelines, the BAC will recommend the re-appointment of the external auditors to the Board, upon which the shareholder's approval will be sought at the AGM.

RHB Banking Group has established the Group Policy on Non-Audit Fees Paid/Payable to External Auditors ("Policy"). The BAC reviews the non-

audit services rendered by the External Auditors and the related fees prior to approval of non-audit service by the External Auditors. A report on non-audit fees is also presented to the BAC quarterly. This is to ensure that the independence of the External Auditors is not compromised and its compliance with the Policy and the terms of all relevant professional and regulatory requirements when rendering the audit and non-audit services to the Group. The External Auditors are also required to declare/confirm their independence for all non-audit engagements undertaken.

## RECOGNISE AND MANAGE RISKS

### Risk management framework

The Board recognises the importance of a sound system of risk management and internal control to ensure good corporate governance and safeguard shareholder's investments as well as the Bank's and the Group's assets. The BRC oversees the risk framework of the Group, reviews the Management's risk management activities and policies formulated by the Management for recommendation to the Boards for approval. In addition to the monthly updates on matters that have been deliberated at BRC meeting, a Group Risk Management Report (including the entities' and the Group's risk metrics and tolerance dashboard) is also presented to the Board on a monthly basis.

The Bank and the Group continue to maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and liabilities and its shareholder's investments. The Board considers that the Group's risk management framework and system of internal control maintained by the Management, and which was in place throughout the financial year and up to and as of the date of this report, are operating adequately and effectively to safeguard the shareholder's investment and the Bank's and the Group's assets.

### Internal audit

The GIA, led by the Group Chief Internal Auditor, reports directly to the BAC. Being guided by the Group Internal Audit Charter, the GIA performs regular reviews and reports on the adequacy and effectiveness of the Group's risk management, internal control and governance processes. The results of the audits conducted by GIA are reported to the BAC. The follow-up actions and the review of the status of actions taken as per the auditors' recommendations are carried out by the Management via the various Management Audit Committees ("MACs") (chaired by their respective Managing Directors) established at the key operating subsidiaries within the Group. These MACs have been consolidated into one committee and renamed as Group Audit Committee effective March 2014. The Group internal auditors also work closely with the external auditors to resolve any control issues as raised by them to ensure that all issues are duly acted upon by the Management. Further details of the activities of the GIA function are set out in the Statement on Risk Management & Internal Control of this Annual Report.

## ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

### Corporate disclosure

The Group place strong emphasis on clear, comprehensive, timely and equitable dissemination of information on the business activities, the milestones achieved, the developments that have taken place and financial performance. The Group, guided by the Bursa Securities' Corporate Disclosure Guide, Main Market Listing Requirements, Financial Services Act 2013, etc., ensure that complete and accurate financial information, updates on major corporate exercises, business events, etc. are released to the public on a timely manner. In 2013, the Group adopted a media communication plan whereby clear roles and responsibilities of Chairman and Senior Management are defined together with levels of authority in handling disclosure of material corporate, business and financial information to the public via media channels.

In addition, the Directors and employees are required to execute confidentiality undertakings in compliance to the secrecy requirement of the Financial Services Act 2013 or other regulatory requirements in respect of information which they may acquire through the business of RHB Capital Berhad and subsidiaries.

### Information technology and efficient dissemination of information

The corporate section on the Bank's website which provides all relevant information on RHB Bank (including information on financials, capital & debt instruments, credit rating, annual reports as well as corporate structure) is publicly accessible.

## COMPLIANCE WITH THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2012 ("CODE")

The Board is satisfied that the Bank is generally in compliance with principles and recommendations of the Code.

This Statement on Corporate Governance was approved by the Board on 2 May 2014.

## ADDITIONAL COMPLIANCE INFORMATION

### Related Party Transactions

The Group has put in place a Policy on Related Party Transaction Review Process which serves as a guide for reviewing and reporting of all related party transactions. All related party transactions are reviewed by Group Legal before any submission is made to the BAC for deliberation.

# Statement on Risk Management & Internal Control

## INTRODUCTION

The Board of Directors (“Board”) recognises the importance of maintaining a sound risk management framework and internal control system to safeguard shareholders’ investments and the assets of the RHB Bank Berhad (“the Bank”) group of companies (collectively, the “Group”). The risk management and internal control system that we have in place facilitates our business operations and enables us to manage our Group in an effective and efficient manner with sound financial reporting as well as compliance with the relevant laws, regulations and internal procedures.

Set out below is the Board’s Statement on Risk Management & Internal Control, which has been prepared in accordance with the “Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers”.

## RESPONSIBILITY

The Board is responsible for the adequacy and effectiveness of the Bank’s risk management and internal control system. The responsibilities of the Board for the governance of risk and controls include reviewing the risk management framework and processes, and assessing whether they provide reasonable assurance that risks are managed within the Bank’s defined risk appetite and tolerance level.

The risk management and control framework established by the Board to manage risks includes an ongoing process for identifying, evaluating, managing and reporting significant risks that may affect the achievement of the Bank’s business objectives and strategies.

Whilst total elimination of risks is not possible, the risk management and internal control system that is in place is designed to manage risks in meeting the Bank’s business objectives. The system can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

Management assists the Board in implementing Board policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operations and monitoring of appropriate internal controls to mitigate these risks. In this regard, the Board acknowledges that it has received assurances from the Managing Director and Group Chief Financial Officer as well as the Group Chief Risk Officer that the Bank’s risk management and internal control system is operating adequately and effectively.

Reviewing the effectiveness of the risk management and internal control system is an essential part of the Board’s responsibility. The Board has, through its Board Risk Committee (“BRC”) and Board Audit Committee (“BAC”), assessed the adequacy and effectiveness of the Bank’s risk management and internal control system. Based on these reviews as well as the assurance it has received from Management, the Board is of the view that the Bank’s risk management and internal control system is operating adequately and effectively for the financial year under review and up to the date of approval of this report.

## KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

A sound framework of risk management and internal control is fundamental to good corporate governance. The key processes established by the Board for maintaining a sound system of risk management and internal control include the following:

### Risk Management Framework

The risk management process seeks to identify, measure, monitor and control risk. It also seeks to ensure that risk exposures are adequately managed and that the expected returns compensate the risks taken, given that the risks within the industry we operate in are continuously changing and evolving. This process is regularly reviewed by the Board through its BRC which ensures the proper management of risks and that the appropriate measures are taken to mitigate any identified weaknesses in the control environment.

The Board, through the BRC, maintains overall responsibility for risk oversight within the Group. In discharging its overall duties and responsibilities, the BRC is supported by the Group Risk Management function which monitors and evaluates the effectiveness of the Group’s risk management system and operations on an ongoing basis.

Amongst the other committees set up in the Group to manage specific areas of risk are the Group Assets & Liabilities Committee, Group Credit Committee, Board Credit Committee, Board Technology Committee as well as Group Capital & Risk Committee.

In line with regulatory requirements and industry best practices, the Group subscribes to the principle that risk management is a core responsibility of the respective businesses and operating units. This has been articulated and documented in the risk management framework of the Group.

To support and promote accountability and ownership of risk management, a Risk and Control Self-Assessment framework has been implemented at key operating entities within the Group as part of the risk management process. These entities are required to identify and document the controls and processes for managing the risks arising from their business activities, as well as to assess the effectiveness thereof.

An Internal Capital Adequacy Assessment Process (“ICAAP”) framework has also been implemented to ensure that all material risks are identified, measured and reported, and that adequate capital levels consistent with the risk profiles including capital buffers are maintained to support the Group’s current and projected demand for capital under existing and stressed conditions.

### Internal Audit Function

Group Internal Audit (“GIA”) performs regular reviews of the Bank’s operations and systems of internal control, and evaluates the adequacy and effectiveness of the controls, risk management and governance

processes implemented by Management. GIA adopts a risk-based approach in determining the auditable units and frequency of audits. The annual audit plan is reviewed and approved by the BAC.

The results of the audits conducted by GIA are reported to the BAC. Follow-up action and the review of the status of action taken as per the auditors' recommendations are carried out by Management via the Management Audit Committee (chaired by the Managing Director) whose members comprise Senior Management. The minutes of meetings of the Management Audit Committee is tabled to the BAC for notation. The various Management Audit Committees established at the key operating subsidiaries in the Group have been consolidated into one committee and renamed as Group Audit Committee effective March 2014.

The BAC holds regular meetings to deliberate on the findings and recommendations for improvement highlighted by both the internal and external auditors as well as the regulatory authorities on the state of the Bank's internal control system. The minutes of the meetings of the BAC are subsequently tabled to the Board for notation.

Further details of the activities undertaken by the BAC are set out in the BAC Report.

### **Group Compliance Framework**

Compliance risk within the RHB Banking Group is defined as the risk of impairment to the Group's business model, reputation and financial condition from failure to meet laws and regulations, internal policies and procedures.

Compliance risk management is the collective responsibility of the Board, Senior Management and every employee of the Group. It is expected that each individual promotes self-regulation and be accountable for his/her own activities as well as maintains ethical principles and behaviour in everything that he/she does.

The Group's state of compliance with laws, regulations and internal policies and procedures are reported to the BRC and Board on a monthly basis. In addition, the Group has in place an incident escalation and reporting process wherein any incident affecting the reputation of the Group is escalated to the Senior Management and respective Boards within 24 hours of the incident occurring. This escalation process ensures oversight and guidance is provided by the Board in managing reputational risk.

The Compliance Unit in collaboration with the business and operating units, continuously assesses and recommends improvements to compliance by carrying out root cause analysis on incidences of non-compliance, negligence or fraud (all of which are reported on a daily basis).

To enable business and operating units to comply with various laws and regulations, the Compliance unit also conducts off-site surveillance and reviews on a regular basis. Weaknesses noted are conveyed to the respective business and operating units so that immediate corrective actions can be taken.

To mitigate non-compliance risk, briefings as well as various awareness and learning initiatives were conducted throughout the year to heighten awareness of compliance and to embed a compliance culture within the Group.

### **Shariah Compliance**

In line with the Guidelines on Shariah Governance Framework for Islamic Financial Institutions issued by Bank Negara Malaysia, the Group Shariah Committee is to ensure that the Group's Islamic-based business and operations comply with Shariah principles at all times.

The Shariah Framework for the Group has also been put in place which encompasses the concept of Shariah, Islamic financial business, governance and reporting structures, roles and responsibilities, Shariah compliance strategy and Shariah approval procedures.

In mitigating Shariah non-compliance risk, various briefings aimed at creating awareness as well as learning programmes were conducted throughout the year to ensure compliance with Shariah principles.

### **Board Committees**

Specific responsibilities have been delegated to the relevant Board committees, all of which have written terms of references. These committees have oversight authority to examine and/or consider all matters within their scope of responsibility and make recommendations to the Board for approval, if such is required.

The following are the Group Board Committees that reside at RHB Bank Berhad:

- Board Credit Committee;
- Board Audit Committee; and
- Board Technology Committee.

The Group Board Committees currently residing at RHB Capital Berhad are as follows:

- Board Nominating & Remuneration Committee;
- Board Risk Committee; and
- Group Board Audit Committee.

### **Management Committee**

The Management Committee ("MC") comprises key management personnel of the Bank and is chaired by the Managing Director. The MC provides a forum for the Bank's Senior Management to discuss and deliberate on strategic matters that impact the Bank's vision, direction, business synergies and brand value as well as to chart its strategic roadmap. The MC meets regularly and special meetings are convened to discuss urgent issues.

**Authority limits**

Delegation of authority including authorisation limits at various levels of Management in the Group are documented and designed to ensure accountability and responsibility.

**Internal Policies and Procedures**

Policies, procedures and processes governing the Group's businesses and operations are documented and are made available to employees across the Group through the Group's intranet portal. These policies, procedures and processes are reviewed and updated by the business and functional units through a structured process of review to cater to changes in laws and regulations as well as changes to the business and operational environment. Furthermore, reviews of the policies, procedures and processes are also carried out to ensure that appropriate controls are in place to manage operational risks.

**Budgeting process**

A detailed budgeting process is established requiring all key operating companies in the Group to prepare budgets and business plans annually for approval by the respective Boards. The Group's budget and business plans as well as strategic initiatives, taking into account the risk appetite, are discussed by the Group's Senior Management and the Board at an annual business planning and budgetary session.

A reporting system on actual performance against approved budgets is in place and the reasons for significant variances as well as action plans by Management are reported to the Board.

**Performance review**

Regular and comprehensive information is shared by Management to monitor their performance against the business plan approved by the Board. This information covers all key financial and operational indicators as well as key strategic initiatives undertaken by the Group during the year.

The MC and the Board receive and review the Bank's financial performance against set targets and measures that are being put in place to meet such targets.

**Human capital management**

The Group acknowledges that one of the key constituents of any internal control system is its people and that our system of Risk Management and Internal Control is dependent on the responsibility, integrity and judgement that people apply to their work.

Hence, the Group has in place policies and procedures that govern recruitment, appointment, performance management, talent management, succession planning, compensation and reward, learning and human capital development, as well as policies and procedures that govern discipline, termination and dismissal.

The Group places emphasis on human capital development and talent management with the objective of ensuring that staff at every level are adequately trained from a technical perspective as well as equipped with management and leadership capabilities.

**Group Code of Ethics and Conduct**

The Group Code of Ethics and Conduct ("the Code") sets out the standards of good and ethical banking practices, as well as aims to maintain confidence in the security and integrity of the Group's business practices.

It is a requirement that all employees of the Group understand and observe the Code. New recruits are briefed on the Code and are required to sign the Employee Declaration of Compliance Form upon joining the Group.

**Group Whistle Blower Policy**

There is an established process for reporting anyone found to be abusing or circumventing the processes and controls of the Group. All staff are accorded the opportunity to report via the Whistle Blowing mechanism with the assurance that it shall be dealt with confidentiality and that the reporter's identity is protected.

**Anti-Money Laundering/Counter Financing of Terrorism ("AML/CFT")**

The AML/CFT Programme is continuously reviewed and updated to meet the regulatory requirements as well as to combat money laundering and financing of terrorism activities. All employees are expected to carry out their functions with the highest ethical and professional standards in accordance with the AML/CFT Programme and to be continuously vigilant against the Group being exposed or used to launder money or finance illegal activities including terrorist financing.

**Incident Management Framework**

To complement the Group's system of internal control, a comprehensive incident reporting and incident management framework has been implemented to ensure proper escalation and management of incidents. The framework also ensures that necessary steps are taken to mitigate any potential risks that may arise. This enables decision-makers to undertake informed decision-making and be kept up to date on situations as well as manage risks effectively.



# Board Audit Committee Report

## ACTIVITIES OF THE BOARD AUDIT COMMITTEE AND THE INTERNAL AUDIT FUNCTION DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

### Activities of the Board Audit Committee

During the financial year ended 31 December 2013 (“year”), a total of twenty (20) Board Audit Committee (“BAC”) meetings were held. The BAC comprises the following members and the details of attendance of each member at the BAC meetings held during the year are as follows:

| Composition of the BAC  | Attendance at Meetings |
|---|------------------------|
| 1. Mr Ong Seng Pheow<br>(Chairman/Independent Non-Executive Director)   | 20/20 (100%)           |
| 2. Dato’ Othman Jusoh<br>(Member/Independent Non-Executive Director)  | 19/20 (95%)            |
| 3. Dato’ Saw Choo Boon<br>(Member/Independent Non-Executive Director)   | 20/20 (100%)           |
| 4. Dato’ Mohd Ali Mohd Tahir<br>(Member/Independent Non-Executive Director)<br>- Resigned as a member on 28 January 2014        | 16/20 (80%)            |
| 5. Tuan Haji Md Ja’far Abdul Carrim<br>(Member/Non-Independent Non-Executive Director)<br>- Resigned as a member on 23 May 2013 | 9/9 (100%)             |
| 6. Datuk Haji Faisal Siraj<br>(Member/Independent Non-Executive Director)<br>- Appointed as a member on 28 January 2014         | Not Applicable         |

Tuan Haji Md Ja’far Abdul Carrim, a Non-Independent Non-Executive Director, resigned as a member of the BAC on 23 May 2013.

On 28 January 2014, Datuk Haji Faisal Siraj, an Independent Non-Executive Director (“INED”), was appointed as a member of the BAC in place of Dato’ Mohd Ali Mohd Tahir, an INED, who has resigned as a BAC member.

The main activities undertaken by the BAC during the year are summarised as follows:

- Reviewed the quarterly unaudited financial results and the annual audited financial statements of RHB Bank Berhad and the Key Operating Entities within the Group before recommending them for approval by the Board;
- Reviewed the audit plan of the external auditors, the audit strategy, risk assessment and areas of audit emphasis for the year;
- Reviewed with the external auditors, the results of their annual audit and audit committee report together with the Management’s response to their findings and recommendations;
- Met twice with the external auditors without the presence of the Management;
- Reviewed the non-audit services rendered by the external auditors and the related fees taking into consideration the fees threshold established under the Group policy;
- Evaluated the performance of the external auditors and made the necessary recommendations to the Board for consideration in relation to their appointment and audit fees;
- Reviewed and approved the annual internal audit plan to ensure adequacy of scope and coverage of the identified auditable areas including staffing requirements;
- Reviewed the internal audit reports, audit recommendations and Management’s responses to these recommendations as well as actions taken to improve the system of internal controls and procedures, and completion of the internal audit plan;
- Reviewed the related party transactions entered into by RHB Bank Berhad and its subsidiaries;
- Reviewed the inspection and examination reports issued by the regulatory authorities and the appropriate remedial actions taken in respect of any findings to satisfy itself that all matters highlighted in these reports have been adequately and promptly addressed by management; and
- Tabled the minutes of each BAC meeting to the Board for notation, and for further direction by the Board, where necessary.

During the year, the Members of the BAC attended the following training programmes, conferences and seminars:

#### (a) Banking and Finance

- Training on OSK Products
- Financial Services Act 2013 and Islamic Financial Services Act 2013 and Directors and Officers Liability Insurance Policy Presentation
- Personal Data Protection Act 2010 and Foreign Account Tax Compliance Act Presentation
- Financial Institutions Directors' Education ("FIDE") Elective Programmes: Banking Fundamentals Programme
- FIDE Elective Programmes: Corporate Finance for Directors Programme
- FIDE Elective Programmes: Mergers & Acquisitions for Financial Institutions
- Training Session No. 4 of Internal Capital Adequacy Assessment Process

#### (b) Board and Corporate Governance

- Shariah Awareness Programme
- Directors' Remuneration Seminar 2013 "The Best Practice"
- Corporate Governance Symposium 2013
- Governance in Groups Programme
- FIDE Elective Programmes: Advanced Risk Governance and Risk Management
- FIDE Elective Programmes: Risk Management Committees – Insurance Programme
- Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers

#### Internal Audit Function

The Group has an in-house Group Internal Audit ("GIA") function which is guided by the Group Internal Audit Charter and reports to the BAC. GIA's primary role is to assist the BAC in the discharge of their duties and responsibilities by independently reviewing and reporting on the adequacy and effectiveness of the Group's risk management, internal control and governance processes.

The BAC approves the annual internal audit plan at the beginning of each financial year. GIA adopts a risk-based approach towards the planning and conduct of audits, which is consistent with the Group's framework in designing, implementing and monitoring its internal control system.

Upon completion of the audits, GIA closely monitors the implementation progress of its audit recommendations in order to obtain assurance that all major risk and control concerns have been duly addressed by Management. All audit reports on the results of work undertaken together with the recommended action plans and their implementation status are then presented to the Management and the BAC.

GIA works closely with the external auditors to resolve any control issues raised by them to ensure that all reported issues are duly acted upon by Management.

#### TERMS OF REFERENCE OF THE BOARD AUDIT COMMITTEE

##### Objectives

1. To provide independent oversight over the management of the financial reporting and internal control system and ensuring checks and balances for entities within RHB Banking Group ("the Group"), namely RHB Bank Berhad, RHB Investment Bank Berhad, RHB Islamic Bank Berhad and RHB Insurance Berhad.
2. To review the financial condition and performance of the Group.
3. To assist the Boards ("the Boards") of the respective entities in the discharge of their responsibilities by reviewing the effectiveness, adequacy and integrity of the Group's internal control systems and management information systems, including systems for risk management, governance processes and compliance with applicable laws, regulations, rules, directives and guidelines.
4. To reinforce the independence of the external auditors and thereby help assure that they will have free rein in the audit activities.
5. To provide, by way of regular meetings, a line of communication between the respective Boards and the external auditors.
6. To provide emphasis on the internal audit function by ensuring the objectivity and independence of the internal auditors and provide a forum for discussion that is among others independent of the management.
7. To review the quality of the audits conducted by the internal and external auditors.
8. To enhance the perceptions held by stakeholders (including shareholders, regulators, creditors and employees) of the credibility and objectivity of financial reports.

##### Duties and Responsibilities

1. The BAC is directly accountable to the Boards of the respective entities and the Boards will continue to be accountable for all matters relating to their respective entities.
2. To ensure that the internal audit department is distinct and has the appropriate status within the overall organisational structure for the internal auditors to effectively accomplish their audit objectives.

3. To ensure independent review of risk management and capital management process relating to the Internal Capital Adequacy Assessment Process (“ICAAP”) for their integrity, objectivity and consistent application, is conducted.
4. To review the effectiveness of internal controls and risk management processes, including the scope of the internal audit programme and the appropriateness of the risk assessment methodology employed to determine the frequency and scope of audits.
5. To ensure that the reporting relationships of the internal audit staff do not impede the exercise of independent judgement by the internal auditors. In particular, the reports of internal auditors should not be subject to the clearance of the Managing Director/Chief Executive Officer or any Executive Directors.
6. To ensure that all findings and recommendations are resolved effectively and in a timely manner.
7. To make appropriate public disclosure of the terms of reference and the activities of the Committee in the respective licensed entities’ financial statements.
8. To review the respective entities’ quarterly results and year-end financial statements and to recommend the same to the respective Boards for approval whilst ensuring that they are prepared in a timely and accurate manner complying with all applicable accounting and regulatory requirements and are promptly published.
9. To review regularly the adequacy of provisions made and to recommend the same to the respective Boards for approval.
10. To review any related party transaction and conflict of interest situation that may arise within the Group, including any transaction, procedure or course of conduct that raises questions of management integrity.
11. To review with the external and internal auditors whether the employees of the Group have given them appropriate assistance in discharging their duties.
12. To review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work.
13. To review and approve the internal audit plan, audit charter and the budget for the audit plan.
14. To ensure that internal audit staff receive necessary training to perform audit work. There shall be a programme of continuing education and training to enable the internal auditors to keep abreast of business trends and latest developments at both the institution and industry levels, as well as to enhance technical skills required to effectively support the audit function.
15. To appraise the performance of the Group Chief Internal Auditor and to review the appraisals of senior staff members of the internal audit function.
16. To approve any appointment or termination of the Group Chief Internal Auditor and senior staff members of the internal audit function and to review any resignations of internal audit staff members and provide resigning staff members an opportunity to submit reasons for resigning, where necessary.
17. To review with the external auditors, the nature and scope of their audit plan, their evaluation of the system of internal controls and their management letter and discuss any matter that the external auditors may wish to raise in the absence of management, where necessary.
18. To recommend to the respective Boards on the appointment and the annual reappointment of the external auditors and assessing their audit fee, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit.
19. To discuss and review with the external auditors any proposal from them to resign as auditors.
20. To investigate reasons for any request made by management to dismiss the external auditors, or any resignation by the external auditors. The results of the investigation shall be disclosed to the respective full Board together with the recommendations on proposed actions to be taken.
21. To review the non-audit services rendered by the external auditors together with the related fees and thereafter approving or recommending the same to the respective Boards for approval (whichever relevant), in accordance with the Group Policy on Non-Audit Fees payable to the external auditors.
22. To review the coordination of audit activities between the external and internal auditors.
23. To review the effectiveness of the infrastructure for ensuring Shariah compliance.
24. To review inspection and examination reports issued by any regulatory authority and to ensure prompt and appropriate actions are taken in respect of any findings.

25. To review the following pertaining to RHB Insurance Berhad:

- (i) The Chairman's statement, interim financial reports and preliminary announcements;
- (ii) Corporate governance disclosures made in the Directors' Report pursuant to the requirement in BNM/RH/GL/003-2: Prudential Framework of Corporate Governance for Insurers; and
- (iii) All representation letters signed by Management, and be satisfied that the information provided is complete and appropriate.

26. To ensure that RHB Insurance Berhad complies with Section 95 of the Insurance Act which requires the Company to publish its accounts within fourteen (14) days of the laying of its accounts at its annual general meeting.

27. To review the minutes of meetings of other Board Audit Committees within the Group to the extent permitted by the relevant regulatory authorities and be satisfied that all matters arising therefrom are being appropriately addressed by these other Board Audit Committees.

28. To perform any other functions as authorised by the respective Boards.

#### Authority

1. The Chairman of the Committee should engage on a continuous basis with Senior Management, such as the Managing Director/Chief Executive Officer, the Group Chief Operations Officer, the Group Chief Financial Officer, the Group Chief Internal Auditor and the external auditors in order to be kept informed of matters affecting the Group.
2. The Committee is authorised by the respective Boards to investigate any matter within its terms of reference, to obtain the resources which it needs, and to have full and unrestricted access to relevant information. It is also authorised to seek any information it requires from any employee of the Group and all employees are directed to cooperate with any request made by the Committee.
3. The Committee shall have direct communication channels with the external and internal auditors.
4. The Committee is authorised by the respective Boards to obtain independent professional or other advice and to invite outsiders with relevant experience and expertise to attend meetings, if it considers this necessary.

#### Meetings

1. Meetings shall be held at least four (4) times a year and the frequency of meetings shall reflect the wider and increased responsibilities assumed. Meetings shall convene with a minimum quorum of two thirds of the members and the majority of members present shall be INEDs.
2. The Committee should not convene any meeting to discuss specific issues of a particular entity without the presence of the representative of the said entity.
3. The Group Chief Internal Auditor shall be in attendance at meetings of the Committee. The Committee may invite the external auditors, the Managing Director/Chief Executive Officer, the Group Chief Operations Officer, the Group Chief Financial Officer, any other Directors or members of the Management and employees of the Group to be in attendance during meetings to assist in its deliberations.
4. At least twice a year, the Committee shall meet with the external auditors without the presence of the Management or any executive Board members and upon the request of the external auditors, the Chairman of the Committee shall convene a meeting to consider any matter which the external auditors believe should be brought to the attention of the respective Boards or shareholders.
5. The Company Secretary shall act as Secretary of the Committee and shall be responsible for drawing up the agenda with the concurrence of the Chairman and circulating it, supported by explanatory documentation, to Committee members within a reasonable timeframe prior to each meeting.
6. The Company Secretary shall also be responsible for keeping the minutes of meetings of the Committee, their timely circulation to Committee members and other members of the Boards, and following up on outstanding matters in relation to the meetings.
7. The Chairman of the Committee shall provide written reports to the respective Boards on the deliberations of the Committee on a regular basis. In addition, the Chairman shall also present summary of all significant matters (highlighting the risks and implications) and resolutions made by the Committee at the Board meetings.
8. The minutes of each Committee meeting shall be tabled to the respective Boards. Thereafter, a copy of the minutes of the Committee meeting pertaining to RHB Investment Bank Berhad shall be submitted to Bursa Malaysia Securities Berhad within thirty (30) days from the date of the minutes having been adopted by the Board.

**Membership**

1. The membership of the Committee, including the position of Chairman shall be approved by the respective Boards based on the recommendation made by the Board Nominating & Remuneration Committee.
2. The Committee shall comprise at least three (3) members and there should be a fair representative on the Committee, from each entity within the Group. All members of the Committee should be Non-Executive Directors with majority of whom are independent.
3. The Chairman of the Committee shall be an INED.
4. No Committee member shall be employed in an executive position in the Group, or otherwise have a relationship which in the opinion of the respective Boards will interfere with the exercise of independent judgement in carrying out the functions of the Committee. In addition, members of the Committee shall not be directly responsible for, or part of any committee involved in the management functions within the Group.
5. No alternate Director shall be appointed as a member of the Committee.
6. Disclosure of customers' information to the members of the Committee to be strictly on need to know basis and the members are to provide undertaking to preserve the confidentiality of the customers' information.
7. Collectively, the Committee shall have a wide range of necessary skills to undertake its duties and responsibilities and are expected to be familiar with the areas included in the scope of internal audit, including the area of risk management.
8. All members of the Committee shall be financially literate and at least one member shall be a member of an accounting association or body.
9. Details of the activities of Committee, the number of audit meetings held in a year, details of attendance of each member in respect of meetings, and the details of relevant training attended by each member should be documented in an informative way.
10. The term of office and performance of the Committee and each of its members must be reviewed by the respective Boards at least once every two (2) years.
11. If a member of the Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the respective Board shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

# Financial Statements

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# Responsibility Statement by the Board of Directors

In the course of preparing the annual financial statements of the Bank and the Group, the Directors are collectively responsible in ensuring that these financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and comply with the provisions of the Companies Act, 1965.

It is the responsibility of the Directors to ensure that the financial reporting of the Bank and the Group present a true and fair view of the state of affairs of the Bank and the Group as at 31 December 2013 and of the financial results and cash flows of the Bank and the Group for the financial year ended 31 December 2013.

The financial statements are prepared on the going concern basis and the Directors have ensured that proper accounting records are kept, applied the appropriate accounting policies on a consistent basis and made accounting estimates that are reasonable and fair so as to enable the preparation of the financial statements of the Bank and the Group with reasonable accuracy.

The Directors have also taken the necessary steps to ensure that appropriate systems are in place for the assets of the Bank and the Group to be properly safeguarded for the prevention and detection of fraud and other irregularities. The systems, by the nature, can only provide reasonable and not absolute assurance against material misstatements, whether due to fraud or error.

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out in the page 180 of this annual report.

# Directors' Report

The Directors submit herewith their report together with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2013.

## PRINCIPAL ACTIVITIES

The principal activities of the Bank are commercial banking and finance related business and the provision of related services. The Group is involved in commercial banking and finance related business, Islamic Banking business, leasing, offshore banking, offshore trust services, nominee services and property investment.

There have been no significant changes in these principal activities during the financial year, other than those disclosed on Note 46.

## FINANCIAL RESULTS

|                                   | <b>Group</b>  | <b>Bank</b>   |
|-----------------------------------|---------------|---------------|
|                                   | <b>RM'000</b> | <b>RM'000</b> |
| Profit before taxation            | 2,339,480     | 2,037,172     |
| Taxation                          | (575,467)     | (514,490)     |
| Net profit for the financial year | 1,764,013     | 1,522,682     |

## DIVIDENDS

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

|   | <b>RM'000</b> |
|---|---------------|
| In respect of the financial year ended 31 December 2012:<br>Final dividend of 1.13 sen less 25% tax and single-tier dividend of 2.74 sen paid on 18 July 2013 | 238,000       |
| In respect of the financial year ended 31 December 2013:<br>Interim single-tier dividend of 2.56 sen paid on 30 October 2013                                  | 170,000       |

The Directors do not recommend the payment of final dividend in respect of the financial year ended 31 December 2013 at the forthcoming Annual General Meeting.

## RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are disclosed in the financial statements.

## ISSUE OF SHARES

There were no issue of shares in the Bank during the financial year.



**BAD AND DOUBTFUL DEBTS AND FINANCING**

Before the financial statements of the Group and the Bank were made out, the Directors took reasonable steps to ascertain that proper actions have been taken in relation to the writing off of bad debts and financing and the making of allowance for non-performing debts and financing, and satisfied themselves that all known bad debts and financing have been written off and adequate allowance had been made for non-performing debts and financing.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for non-performing debts and financing in the financial statements of the Group and the Bank inadequate to any substantial extent.

**CURRENT ASSETS**

Before the financial statements of the Group and the Bank were made out, the Directors took reasonable steps to ensure that any current assets, other than debts and financing, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and the Bank, had been written down to an amount which they might be expected to so realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and the Bank misleading.

**VALUATION METHOD**

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and the Bank misleading or inappropriate.

**CONTINGENT AND OTHER LIABILITIES**

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and the Bank which has arisen since the end of the financial year other than in the ordinary course of business.

No contingent or other liability of the Group and the Bank has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group or the Bank to meet their obligations as and when they fall due.

**CHANGE OF CIRCUMSTANCES**

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group or the Bank which would render any amount stated in the financial statements misleading or inappropriate.

**ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Group and the Bank for the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group or the Bank for the financial year in which this report is made.

**SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

Significant events during the financial year are disclosed in Note 47 to the financial statements.

**DIRECTORS OF THE BANK**

The Directors of the Bank in office since the date of the last report and at the date of this report are:

Tan Sri Azlan Zainol  
 Tuan Haji Khairuddin Ahmad  
 Mr Ong Seng Pheow  
 Mr Choong Tuck Oon  
 Dato' Mohd Ali Mohd Tahir  
 Encik Abdul Aziz Peru Mohamed  
 Dato' Mohamed Khadar Merican  
 Tan Sri Ong Leong Huat @ Wong Joo Hwa  
 Dato' Khairussaleh Ramli (appointed on 13 December 2013)  
 Encik Johari Abdul Muid (resigned on 18 July 2013)

In accordance with Article 100 of the Bank's Articles of Association, Mr Choong Tuck Oon and Dato' Mohamed Khadar Merican retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 104 of the Bank's Articles of Association, Dato' Khairussaleh Ramli retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Pursuant to Section 129 of the Companies Act, 1965, Tuan Haji Khairuddin Ahmad will retire at the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

**DIRECTORS' INTERESTS IN SECURITIES**

According to the register of Directors' shareholdings, the Directors in office at the end of the financial year holding securities of the Bank and its related corporations are as follows:

|  | <b>As at<br/>1.1.2013</b> | <b>Bought</b>          | <b>(Sold)</b> | <b>As at<br/>31.12.2013</b> |
|--|---------------------------|------------------------|---------------|-----------------------------|
| <b>Ultimate Holding Company</b>        |                           |                        |               |                             |
| <b>RHB Capital Berhad</b>              |                           |                        |               |                             |
| Tuan Haji Khairuddin Ahmad:            |                           |                        |               |                             |
| - indirect*                            | 20,247                    | 10,900 <sup>®</sup>    | -             | 31,147                      |
| Mr Choong Tuck Oon:                    |                           |                        |               |                             |
| - direct                               | 1,061                     | 31 <sup>#</sup>        | -             | 1,092                       |
| Dato' Mohamed Khadar Merican:          |                           |                        |               |                             |
| - direct                               | 62,760                    | 1,726 <sup>#</sup>     | -             | 64,486                      |
| Tan Sri Ong Leong Huat @ Wong Joo Hwa: |                           |                        |               |                             |
| - indirect                             | 1,100*                    | -                      | -             | 1,100                       |
| - indirect                             | 245,000,000 <sup>^</sup>  | 7,304,688 <sup>#</sup> | -             | 252,304,688                 |

Notes:

<sup>®</sup> 900 shares were acquired pursuant to the Dividend Reinvestment Plan ("DRP").

<sup>#</sup> The shares were acquired pursuant to the DRP.

<sup>\*</sup> The interest is held through family member.

<sup>^</sup> Deemed interested pursuant to Section 6A of the Companies Act, 1965 by virtue of his substantial shareholdings in OSK Holdings Berhad.

Other than the above, none of the other Directors holding office at the end of the financial year had any interest in the securities of the Bank or its related corporations during the financial year.

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive any benefit (other than Directors' remuneration and benefits-in-kind as disclosed in Note 31 to the financial statements) by reason of a contract made by the Bank or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

During and at the end of the financial year, no arrangements subsisted to which the Bank or its subsidiaries is a party, being arrangements with the object or objects of enabling the Directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

**ULTIMATE HOLDING COMPANY**

The Directors regard RHB Capital Berhad, a company incorporated in Malaysia, as the ultimate holding company.

**AUDITORS**

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors.

**TAN SRI AZLAN ZAINOL**  
CHAIRMAN

**DATO' KHAIRUSSALEH RAMLI**  
MANAGING DIRECTOR

Kuala Lumpur  
6 March 2014

# Statements of Financial Position

As at 31 December 2013

|   | Note | Group                |                                  | Bank                 |                      |
|---|------|----------------------|----------------------------------|----------------------|----------------------|
|   |      | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| <b>ASSETS</b>   |      |                      |                                  |                      |                      |
| Cash and short term funds   | 2    | <b>9,231,558</b>     | 22,679,853                       | <b>5,575,273</b>     | 19,022,404           |
| Securities purchased under resale agreements                        |      | <b>184,560</b>       | 676,858                          | <b>184,560</b>       | 676,858              |
| Deposits and placements with banks and other financial institutions | 3    | <b>2,517,976</b>     | 3,552,654                        | <b>5,056,311</b>     | 3,780,228            |
| Financial assets held-for-trading                                   | 4    | <b>2,367,098</b>     | 1,549,863                        | <b>1,573,539</b>     | 1,110,482            |
| Financial investments available-for-sale                            | 5    | <b>13,258,584</b>    | 10,033,215                       | <b>10,802,836</b>    | 8,456,556            |
| Financial investments held-to-maturity                              | 6    | <b>21,813,036</b>    | 17,801,251                       | <b>19,097,086</b>    | 15,645,993           |
| Loans, advances and financing                                       | 7    | <b>117,891,870</b>   | 107,831,404                      | <b>95,752,900</b>    | 89,275,815           |
| Other assets  | 8    | <b>547,543</b>       | 396,908                          | <b>696,129</b>       | 708,812              |
| Derivative assets   | 9    | <b>418,624</b>       | 250,917                          | <b>425,518</b>       | 271,029              |
| Statutory deposits  | 10   | <b>3,954,819</b>     | 3,637,205                        | <b>3,110,223</b>     | 2,916,509            |
| Tax recoverable   |      | <b>26,155</b>        | 38                               | <b>26,152</b>        | -                    |
| Deferred tax assets   | 11   | <b>12,160</b>        | 8,455                            | -                    | -                    |
| Investment in subsidiaries  | 12   | -                    | -                                | <b>1,740,314</b>     | 1,272,972            |
| Property, plant and equipment                                       | 13   | <b>666,736</b>       | 675,115                          | <b>492,464</b>       | 505,775              |
| Goodwill and other intangible assets                                | 14   | <b>1,267,142</b>     | 1,241,814                        | <b>1,040,244</b>     | 1,017,722            |
| <b>TOTAL ASSETS</b>   |      | <b>174,157,861</b>   | 170,335,550                      | <b>145,573,549</b>   | 144,661,155          |
| <b>LIABILITIES AND EQUITY</b>                                       |      |                      |                                  |                      |                      |
| Deposits from customers   | 15   | <b>135,615,137</b>   | 131,541,921                      | <b>111,794,716</b>   | 111,557,605          |
| Deposits and placements of banks and other financial institutions   | 16   | <b>12,479,163</b>    | 12,005,569                       | <b>10,570,624</b>    | 9,459,328            |
| Obligations on securities sold under repurchase agreements          | 17   | <b>165,098</b>       | -                                | <b>165,098</b>       | -                    |
| Bills and acceptances payable                                       |      | <b>2,076,481</b>     | 3,732,067                        | <b>2,061,391</b>     | 3,710,455            |
| Other liabilities   | 18   | <b>970,728</b>       | 1,250,367                        | <b>770,474</b>       | 775,703              |
| Derivative liabilities  | 9    | <b>270,024</b>       | 273,197                          | <b>291,922</b>       | 273,559              |
| Recourse obligation on loans sold to Cagamas Berhad                 | 19   | <b>2,269,353</b>     | 2,445,361                        | <b>961,020</b>       | 982,840              |
| Taxation liabilities  |      | <b>17,639</b>        | 125,648                          | -                    | 98,525               |
| Deferred tax liabilities  | 11   | <b>35,376</b>        | 50,907                           | <b>35,372</b>        | 50,903               |
| Borrowings  | 20   | <b>571,049</b>       | 709,534                          | <b>571,049</b>       | 632,778              |
| Subordinated obligations  | 21   | <b>4,021,868</b>     | 4,020,919                        | <b>4,021,868</b>     | 4,020,919            |
| Hybrid Tier-I Capital Securities                                    | 22   | <b>606,215</b>       | 606,086                          | <b>606,215</b>       | 606,086              |
| Senior Debt Securities  | 23   | <b>1,647,634</b>     | 1,536,674                        | <b>1,647,634</b>     | 1,536,674            |
| <b>TOTAL LIABILITIES</b>  |      | <b>160,745,765</b>   | 158,298,250                      | <b>133,497,383</b>   | 133,705,375          |
| Share capital   | 24   | <b>3,318,085</b>     | 3,318,085                        | <b>3,318,085</b>     | 3,318,085            |
| Reserves  | 25   | <b>10,094,011</b>    | 8,719,215                        | <b>8,758,081</b>     | 7,637,695            |
| <b>TOTAL EQUITY</b>   |      | <b>13,412,096</b>    | 12,037,300                       | <b>12,076,166</b>    | 10,955,780           |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                 |      | <b>174,157,861</b>   | 170,335,550                      | <b>145,573,549</b>   | 144,661,155          |
| <b>COMMITMENTS AND CONTINGENCIES</b>                                | 39   | <b>95,495,234</b>    | 77,905,294                       | <b>92,178,814</b>    | 76,345,104           |

The accompanying accounting policies and notes form an integral part of these financial statements.

# Income Statements

For the Financial Year Ended 31 December 2013

|   | Note | Group                                  |                                  | Bank                                   |                          |
|---|------|--|----------------------------------|--|--------------------------|
|   |      | 31.12.2013<br>RM'000                   | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000                   | 31.12.2012<br>RM'000     |
| Interest income                                 | 26   | <b>6,486,598</b>                       | 5,993,493                        | <b>6,459,572</b>                       | 5,956,963                |
| Interest expense                                | 27   | <b>(3,252,197)</b>                     | (2,932,109)                      | <b>(3,222,165)</b>                     | (2,918,059)              |
| Net interest income                             |      | <b>3,234,401</b>                       | 3,061,384                        | <b>3,237,407</b>                       | 3,038,904                |
| Other operating income                          | 28   | <b>1,048,883</b>                       | 945,603                          | <b>1,040,785</b>                       | 932,883                  |
| Net income from Islamic Banking business        | 29   | <b>4,283,284</b><br><b>586,488</b>     | 4,006,987<br>487,171             | <b>4,278,192</b><br>-                  | 3,971,787<br>-           |
| Other operating expenses                        | 30   | <b>4,869,772</b><br><b>(2,120,455)</b> | 4,494,158<br>(1,954,712)         | <b>4,278,192</b><br><b>(1,871,065)</b> | 3,971,787<br>(1,757,284) |
| Operating profit before allowances              |      | <b>2,749,317</b>                       | 2,539,446                        | <b>2,407,127</b>                       | 2,214,503                |
| Allowance for impairment on loans and financing | 32   | <b>(422,580)</b>                       | (147,484)                        | <b>(383,020)</b>                       | (56,375)                 |
| Impairment write-back on other assets           | 33   | <b>12,743</b>                          | 6,858                            | <b>13,065</b>                          | 6,858                    |
| Profit before taxation                          |      | <b>2,339,480</b>                       | 2,398,820                        | <b>2,037,172</b>                       | 2,164,986                |
| Taxation  | 34   | <b>(575,467)</b>                       | (590,861)                        | <b>(514,490)</b>                       | (533,004)                |
| <b>Net profit for the financial year</b>        |      | <b>1,764,013</b>                       | 1,807,959                        | <b>1,522,682</b>                       | 1,631,982                |
| <b>Earnings per share (sen):</b>                |      |  |                                  |  |                          |
| - basic   | 35   | <b>26.58</b>                           | 27.24                            | <b>22.95</b>                           | 24.59                    |

# Statements of Comprehensive Income

For the Financial Year Ended 31 December 2013

|   | Note | Group                |                                  | Bank                 |                      |
|---|------|----------------------|----------------------------------|----------------------|----------------------|
|   |      | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Net profit for the financial year   |      | <b>1,764,013</b>     | 1,807,959                        | <b>1,522,682</b>     | 1,631,982            |
| Other comprehensive income/(loss):  |      |                      |                                  |                      |                      |
| Items that will be reclassified subsequently to profit or loss:                                 |      |                      |                                  |                      |                      |
| - currency translation differences  |      | <b>89,208</b>        | (8,350)                          | <b>43,518</b>        | 4,809                |
| - unrealised net (loss)/gain on revaluation of financial investments available-for-sale ("AFS") |      | <b>(73,294)</b>      | 106,619                          | <b>(26,257)</b>      | 90,390               |
| - net transfer to income statements on disposal or impairment of financial investments AFS      |      | <b>(20,749)</b>      | (73,262)                         | <b>(24,162)</b>      | (51,755)             |
| Income tax relating to components of other comprehensive income/(loss)                          | 36   | <b>23,618</b>        | (8,538)                          | <b>12,605</b>        | (9,659)              |
| Other comprehensive income for the financial year, net of tax                                   |      | <b>18,783</b>        | 16,469                           | <b>5,704</b>         | 33,785               |
| <b>Total comprehensive income for the financial year</b>  |      | <b>1,782,796</b>     | 1,824,428                        | <b>1,528,386</b>     | 1,665,767            |

# Statements of Changes in Equity

For the Financial Year Ended 31 December 2013

| Group   | Note | Attributable to equity holders of the Bank |                         |                              |                                |                        |                            | Total<br>RM'000   |
|---|------|--|-------------------------|------------------------------|--------------------------------|------------------------|----------------------------|-------------------|
|   |      | Share capital<br>RM'000                    | Share premium<br>RM'000 | Statutory reserves<br>RM'000 | Translation reserves<br>RM'000 | AFS reserves<br>RM'000 | Retained profits<br>RM'000 |                   |
| Balance as at 1 January 2013                                    |      | 3,318,085                                  | 8,563                   | 3,836,496                    | (69,739)                       | 220,996                | 4,722,899                  | 12,037,300        |
| Net profit for the financial year                               |      | -  | -                       | -                            | -                              | -                      | 1,764,013                  | 1,764,013         |
| Other comprehensive income/(loss) for the financial year:       |      |  |                         |                              |                                |                        |                            |                   |
| Currency translation differences                                |      | -  | -                       | -                            | 89,208                         | -                      | -                          | 89,208            |
| Financial investments available-for-sale ("AFS"):               |      |  |                         |                              |                                |                        |                            |                   |
| - unrealised net loss on revaluation                            |      | -  | -                       | -                            | -                              | (73,294)               | -                          | (73,294)          |
| - net transfer to income statements on disposal or impairment   |      | -  | -                       | -                            | -                              | (20,749)               | -                          | (20,749)          |
| Income tax relating to components of other comprehensive income | 36   | -  | -                       | -                            | -                              | 23,618                 | -                          | 23,618            |
| Total comprehensive income/(loss) for the financial year        |      | -  | -                       | -                            | 89,208                         | (70,425)               | 1,764,013                  | 1,782,796         |
| Ordinary dividends  | 37   | -  | -                       | -                            | -                              | -                      | (408,000)                  | (408,000)         |
| Transfer to statutory reserves                                  |      | -  | -                       | 83,250                       | -                              | -                      | (83,250)                   | -                 |
| <b>Balance as at 31 December 2013</b>                           |      | <b>3,318,085</b>                           | <b>8,563</b>            | <b>3,919,746</b>             | <b>19,469</b>                  | <b>150,571</b>         | <b>5,995,662</b>           | <b>13,412,096</b> |
| Restated  |      |  |                         |                              |                                |                        |                            |                   |
| Balance as at 1 January 2012                                    |      | 3,318,085                                  | 8,563                   | 3,358,704                    | (61,389)                       | 196,177                | 3,911,093                  | 10,731,233        |
| Net profit for the financial year                               |      | -  | -                       | -                            | -                              | -                      | 1,807,959                  | 1,807,959         |
| Other comprehensive (loss)/income for the financial year:       |      |  |                         |                              |                                |                        |                            |                   |
| Currency translation differences                                |      | -  | -                       | -                            | (8,350)                        | -                      | -                          | (8,350)           |
| Financial investments AFS:                                      |      |  |                         |                              |                                |                        |                            |                   |
| - unrealised net gain on revaluation                            |      | -  | -                       | -                            | -                              | 106,619                | -                          | 106,619           |
| - net transfer to income statements on disposal or impairment   |      | -  | -                       | -                            | -                              | (73,262)               | -                          | (73,262)          |
| Income tax relating to components of other comprehensive income | 36   | -  | -                       | -                            | -                              | (8,538)                | -                          | (8,538)           |
| Total comprehensive (loss)/income for the financial year        |      | -  | -                       | -                            | (8,350)                        | 24,819                 | 1,807,959                  | 1,824,428         |
| Ordinary dividends  | 37   | -  | -                       | -                            | -                              | -                      | (520,000)                  | (520,000)         |
| Acquisition of subsidiaries:                                    |      |  |                         |                              |                                |                        |                            |                   |
| - effects of predecessor accounting                             | 46   | -  | -                       | -                            | -                              | -                      | 1,639                      | 1,639             |
| Total transaction with shareholders                             |      | -  | -                       | -                            | -                              | -                      | (518,361)                  | (518,361)         |
| Transfer to statutory reserves                                  |      | -  | -                       | 477,792                      | -                              | -                      | (477,792)                  | -                 |
| Balance as at 31 December 2012                                  |      | 3,318,085                                  | 8,563                   | 3,836,496                    | (69,739)                       | 220,996                | 4,722,899                  | 12,037,300        |

The accompanying accounting policies and notes form an integral part of these financial statements.

| Bank  | Note | Share capital<br>RM'000 | Non-distributable       |                              |                                |                        | Distributable              | Total<br>RM'000   |
|---|------|-------------------------|-------------------------|------------------------------|--------------------------------|------------------------|----------------------------|-------------------|
|   |      |                         | Share premium<br>RM'000 | Statutory reserves<br>RM'000 | Translation reserves<br>RM'000 | AFS reserves<br>RM'000 | Retained profits<br>RM'000 |                   |
| Balance as at 1 January 2013                                    |      | 3,318,085               | 8,563                   | 3,478,138                    | 12,023                         | 217,933                | 3,921,038                  | 10,955,780        |
| Net profit for the financial year                               |      | -                       | -                       | -                            | -                              | -                      | 1,522,682                  | 1,522,682         |
| Other comprehensive income/(loss) for the financial year:       |      |                         |                         |                              |                                |                        |                            |                   |
| Currency translation differences                                |      | -                       | -                       | -                            | 43,518                         | -                      | -                          | 43,518            |
| Financial investments AFS:                                      |      |                         |                         |                              |                                |                        |                            |                   |
| - unrealised net loss on revaluation                            |      | -                       | -                       | -                            | -                              | (26,257)               | -                          | (26,257)          |
| - net transfer to income statements on disposal or impairment   |      | -                       | -                       | -                            | -                              | (24,162)               | -                          | (24,162)          |
| Income tax relating to components of other comprehensive income | 36   | -                       | -                       | -                            | -                              | 12,605                 | -                          | 12,605            |
| Total comprehensive income/(loss) for the financial year        |      | -                       | -                       | -                            | 43,518                         | (37,814)               | 1,522,682                  | 1,528,386         |
| Ordinary dividends  | 37   | -                       | -                       | -                            | -                              | -                      | (408,000)                  | (408,000)         |
| <b>Balance as at 31 December 2013</b>                           |      | <b>3,318,085</b>        | <b>8,563</b>            | <b>3,478,138</b>             | <b>55,541</b>                  | <b>180,119</b>         | <b>5,035,720</b>           | <b>12,076,166</b> |
| Balance as at 1 January 2012                                    |      | 3,318,085               | 8,563                   | 3,070,142                    | 7,214                          | 188,957                | 3,217,052                  | 9,810,013         |
| Net profit for the financial year                               |      | -                       | -                       | -                            | -                              | -                      | 1,631,982                  | 1,631,982         |
| Other comprehensive income/(loss) for the financial year:       |      |                         |                         |                              |                                |                        |                            |                   |
| Currency translation differences                                |      | -                       | -                       | -                            | 4,809                          | -                      | -                          | 4,809             |
| Financial investments AFS:                                      |      |                         |                         |                              |                                |                        |                            |                   |
| - unrealised net gain on revaluation                            |      | -                       | -                       | -                            | -                              | 90,390                 | -                          | 90,390            |
| - net transfer to income statements on disposal or impairment   |      | -                       | -                       | -                            | -                              | (51,755)               | -                          | (51,755)          |
| Income tax relating to components of other comprehensive income | 36   | -                       | -                       | -                            | -                              | (9,659)                | -                          | (9,659)           |
| Total comprehensive income for the financial year               |      | -                       | -                       | -                            | 4,809                          | 28,976                 | 1,631,982                  | 1,665,767         |
| Ordinary dividends  | 37   | -                       | -                       | -                            | -                              | -                      | (520,000)                  | (520,000)         |
| Transfer to statutory reserves                                  |      | -                       | -                       | 407,996                      | -                              | -                      | (407,996)                  | -                 |
| Balance as at 31 December 2012                                  |      | 3,318,085               | 8,563                   | 3,478,138                    | 12,023                         | 217,933                | 3,921,038                  | 10,955,780        |



# Statements of Cash Flows

For the Financial Year Ended 31 December 2013

|   | Note | Group                |                                  |
|---|------|----------------------|----------------------------------|
|   |      | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                     |      |                      |                                  |
| Profit before taxation  |      | <b>2,339,480</b>     | 2,398,820                        |
| Adjustments for:  |      |                      |                                  |
| Property, plant and equipment:  |      |                      |                                  |
| - depreciation  |      | <b>82,518</b>        | 80,491                           |
| - gain on disposal  |      | <b>(130)</b>         | (1,004)                          |
| - written off   |      | <b>21</b>            | 2                                |
| Amortisation of computer software license                                       |      | <b>34,240</b>        | 29,011                           |
| Allowance for impairment loss - foreclosed properties                           |      | <b>275</b>           | -                                |
| Write-back of allowance for impairment losses:                                  |      |                      |                                  |
| - foreclosed properties   |      | <b>(355)</b>         | (21)                             |
| - others  |      | <b>(379)</b>         | (3,064)                          |
| Financial investments AFS:  |      |                      |                                  |
| - net gain on sale  |      | <b>(83,838)</b>      | (73,263)                         |
| - interest income   |      | <b>(319,649)</b>     | (237,188)                        |
| - investment income   |      | <b>(75,441)</b>      | (65,433)                         |
| - dividend income   |      | <b>(6,137)</b>       | (5,527)                          |
| - allowance for impairment losses   |      | <b>9,883</b>         | 7,300                            |
| - write-back of allowance for impairment losses                                 |      | <b>(10,868)</b>      | (7,275)                          |
| Financial investments held-to-maturity:   |      |                      |                                  |
| - net gain from early redemption  |      | <b>(10,566)</b>      | (3,308)                          |
| - interest income   |      | <b>(625,133)</b>     | (499,646)                        |
| - investment income   |      | <b>(89,267)</b>      | (70,990)                         |
| - allowance for impairment losses   |      | -                    | 5,333                            |
| - write-back of allowance for impairment losses                                 |      | <b>(11,299)</b>      | (9,131)                          |
| Change in allowance for impairment on loans, financing other losses             |      | <b>496,990</b>       | 425,211                          |
| Amortisation of discount for Hybrid Tier-I Capital Securities                   |      | <b>291</b>           | 269                              |
| Amortisation/Accretion of discounts for borrowings and subordinated obligations |      | <b>427</b>           | 888                              |
| Unrealised gain on revaluation of derivatives                                   |      | <b>(48,804)</b>      | (21,615)                         |
| Net gain on fair value hedges   |      | <b>(5,638)</b>       | (11,003)                         |
| Unrealised exchange (gain)/loss   |      | <b>(97,479)</b>      | 12,741                           |
| Operating profit before working capital changes                                 |      | <b>1,579,142</b>     | 1,951,598                        |

|   | Note | Group                |                                  |
|---|------|----------------------|----------------------------------|
|   |      | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)</b>             |      |                      |                                  |
| (Increase)/Decrease in operating assets:                            |      |                      |                                  |
| Securities purchased under resale agreements                        |      | <b>516,490</b>       | (530,823)                        |
| Deposits and placements with banks and other financial institutions |      | <b>1,034,904</b>     | (2,614,819)                      |
| Financial assets held-for-trading                                   |      | <b>(809,099)</b>     | (239,194)                        |
| Loans, advances and financing                                       |      | <b>(10,353,532)</b>  | (12,824,775)                     |
| Other assets  |      | <b>(147,905)</b>     | (86,599)                         |
| Statutory deposits  |      | <b>(306,412)</b>     | (464,434)                        |
|   |      | <b>(10,065,554)</b>  | (16,760,644)                     |
| Increase/(Decrease) in operating liabilities:                       |      |                      |                                  |
| Deposits from customers   |      | <b>3,798,895</b>     | 17,753,527                       |
| Deposits and placements of banks and other financial institutions   |      | <b>330,662</b>       | 3,995,583                        |
| Obligations on securities sold under repurchase agreements          |      | <b>165,098</b>       | -                                |
| Bills and acceptances payable                                       |      | <b>(1,656,299)</b>   | (32,373)                         |
| Other liabilities   |      | <b>(129,005)</b>     | 330,949                          |
| Recourse obligation on loans sold to Cagamas Berhad                 |      | <b>(176,008)</b>     | 1,283,547                        |
|   |      | <b>2,333,343</b>     | 23,331,233                       |
| Cash (used in)/generated from operations                            |      | <b>(6,153,069)</b>   | 8,522,187                        |
| Taxation paid   |      | <b>(705,340)</b>     | (352,071)                        |
| Net cash (used in)/generated from operating activities              |      | <b>(6,858,409)</b>   | 8,170,116                        |

|   | Note | Group                |                                  |
|---|------|----------------------|----------------------------------|
|   |      | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |      |                      |                                  |
| Purchase of property, plant and equipment                       |      | (60,446)             | (71,506)                         |
| Purchase of computer software license                           |      | (66,866)             | (38,741)                         |
| Proceeds from disposal of property, plant and equipment         |      | 241                  | 10,428                           |
| Acquisition of subsidiaries - effects of predecessor accounting | 46   | -                    | (122,126)                        |
| Financial investments AFS:                                      |      |                      |                                  |
| - net purchase  |      | (3,111,057)          | (1,873,706)                      |
| - interest received   |      | 321,345              | 247,418                          |
| - investment income received                                    |      | 70,925               | 68,952                           |
| - dividend income   |      | 6,137                | 5,509                            |
| Financial investments held-to-maturity:                         |      |                      |                                  |
| - net purchase  |      | (3,834,837)          | (4,268,897)                      |
| - interest received   |      | 504,705              | 486,469                          |
| - investment income received                                    |      | 78,478               | 60,290                           |
| Acquisition of a subsidiary                                     |      | (21,600)             | -                                |
| Net cash used in investing activities                           |      | (6,112,975)          | (5,495,910)                      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |      |                      |                                  |
| Proceeds from issuance of RM subordinated obligations           |      | -                    | 2,047,706                        |
| Proceeds from issuance of USD senior debt securities            |      | -                    | 1,535,591                        |
| Repayment from issuance of RM subordinated obligations          |      | -                    | (1,300,000)                      |
| Repayment of borrowings   |      | (103,008)            | (99,563)                         |
| Dividends paid to shareholders                                  |      | (408,000)            | (520,000)                        |
| Net cash (used in)/generated from financing activities          |      | (511,008)            | 1,663,734                        |
| Net (decrease)/increase in cash and cash equivalents            |      | (13,482,392)         | 4,337,940                        |
| Effects of exchange rate differences                            |      | 34,097               | (50,273)                         |
| Cash and cash equivalents brought forward                       |      | 22,679,853           | 18,392,186                       |
| Cash and cash equivalents carried forward                       |      | 9,231,558            | 22,679,853                       |
| <b>ANALYSIS OF CASH AND CASH EQUIVALENTS:</b>                   |      |                      |                                  |
| Cash and short term funds                                       | 2    | 9,231,558            | 22,679,853                       |

|   | Note | Bank                 |                      |
|---|------|----------------------|----------------------|
|   |      | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                     |      |                      |                      |
| Profit before taxation  |      | <b>2,037,172</b>     | 2,164,986            |
| Adjustments for:  |      |                      |                      |
| Property, plant and equipment:  |      |                      |                      |
| - depreciation  |      | <b>75,244</b>        | 73,402               |
| - gain on disposal  |      | <b>(130)</b>         | (997)                |
| - written off   |      | <b>21</b>            | 2                    |
| Amortisation of computer software license                                       |      | <b>33,218</b>        | 28,629               |
| Allowance for impairment loss - foreclosed properties                           |      | <b>275</b>           | -                    |
| Write-back of allowance for impairment losses:                                  |      |                      |                      |
| - foreclosed properties   |      | <b>(355)</b>         | (21)                 |
| - others  |      | -                    | (3,064)              |
| Financial investments AFS:  |      |                      |                      |
| - net gain on sale  |      | <b>(83,318)</b>      | (51,755)             |
| - interest income   |      | <b>(316,088)</b>     | (235,402)            |
| - dividend income   |      | <b>(6,137)</b>       | (5,525)              |
| - allowance for impairment losses   |      | <b>9,182</b>         | 7,300                |
| - write-back of allowance for impairment losses                                 |      | <b>(10,868)</b>      | (7,275)              |
| Financial investments held-to-maturity:   |      |                      |                      |
| - net gain from early redemption  |      | <b>(10,566)</b>      | (1,823)              |
| - interest income   |      | <b>(618,753)</b>     | (494,993)            |
| - allowance for impairment losses   |      | -                    | 5,333                |
| - write-back of allowance for impairment losses                                 |      | <b>(11,299)</b>      | (9,131)              |
| Change in allowance for impairment on loans, financing other losses             |      | <b>456,198</b>       | 326,943              |
| Amortisation of discount for Hybrid Tier-I Capital Securities                   |      | <b>291</b>           | 269                  |
| Amortisation/Accretion of discounts for borrowings and subordinated obligations |      | <b>427</b>           | 888                  |
| Dividend income from a subsidiary   |      | -                    | (9,363)              |
| Unrealised gain on revaluation of derivatives                                   |      | <b>(15,344)</b>      | (6,623)              |
| Net gain on fair value hedges   |      | <b>(3,542)</b>       | (3,498)              |
| Unrealised exchange (gain)/loss   |      | <b>(97,479)</b>      | 12,741               |
| Operating profit before working capital changes                                 |      | <b>1,438,149</b>     | 1,791,023            |
| (Increase)/Decrease in operating assets:  |      |                      |                      |
| Securities purchased under resale agreements                                    |      | <b>516,490</b>       | (530,823)            |
| Deposits and placements with banks and other financial institutions             |      | <b>(1,276,083)</b>   | (1,579,990)          |
| Financial assets held-for-trading   |      | <b>(454,921)</b>     | (233,344)            |
| Loans, advances and financing   |      | <b>(6,749,776)</b>   | (8,898,275)          |
| Other assets  |      | <b>16,910</b>        | (28,379)             |
| Statutory deposits  |      | <b>(185,962)</b>     | (350,293)            |
|   |      | <b>(8,133,342)</b>   | (11,621,104)         |

|   | Note | Bank                 |                      |
|---|------|----------------------|----------------------|
|   |      | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)</b>           |      |                      |                      |
| Increase/(Decrease) in operating liabilities:                     |      |                      |                      |
| Deposits from customers   |      | (20,433)             | 17,058,310           |
| Deposits and placements of banks and other financial institutions |      | 1,050,145            | 3,636,297            |
| Obligations on securities sold under repurchase agreements        |      | 165,098              | -                    |
| Bills and acceptances payable                                     |      | (1,649,543)          | (40,212)             |
| Other liabilities   |      | 91,678               | (152,659)            |
| Recourse obligation on loans sold to Cagamas Berhad               |      | (21,820)             | (178,974)            |
|   |      | (384,875)            | 20,322,762           |
| Cash (used in)/generated from operations                          |      | (7,080,068)          | 10,492,681           |
| Taxation paid   |      | (642,147)            | (334,833)            |
| Net cash (used in)/generated from operating activities            |      | (7,722,215)          | 10,157,848           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                       |      |                      |                      |
| Purchase of property, plant and equipment                         |      | (55,022)             | (65,282)             |
| Purchase of computer software license                             |      | (61,863)             | (38,040)             |
| Proceeds from disposal of property, plant and equipment           |      | 241                  | 10,421               |
| Financial investments AFS:  |      |                      |                      |
| - net purchase  |      | (2,192,727)          | (1,980,354)          |
| - interest received   |      | 317,844              | 246,447              |
| - dividend income   |      | 6,137                | 5,507                |
| Financial investments held-to-maturity:                           |      |                      |                      |
| - net purchase  |      | (3,285,034)          | (3,580,367)          |
| - interest received   |      | 498,426              | 483,191              |
| Dividend income from a subsidiary                                 |      | -                    | 9,363                |
| Additional share subscriptions/acquisition of a subsidiary        |      | (467,342)            | (200,000)            |
| Net cash used in investing activities                             |      | (5,239,340)          | (5,109,114)          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                       |      |                      |                      |
| Proceeds from issuance of RM subordinated obligations             |      | -                    | 2,047,706            |
| Proceeds from issuance of USD senior debt securities              |      | -                    | 1,535,591            |
| Repayment from issuance of RM subordinated obligations            |      | -                    | (1,300,000)          |
| Repayment of borrowings   |      | (103,008)            | (99,563)             |
| Dividends paid to shareholders                                    |      | (408,000)            | (520,000)            |
| Net cash (used in)/generated from financing activities            |      | (511,008)            | 1,663,734            |
| Net (decrease)/increase in cash and cash equivalents              |      | (13,472,563)         | 6,712,468            |
| Effects of exchange rate differences                              |      | 25,432               | (34,205)             |
| Cash and cash equivalents brought forward                         |      | 19,022,404           | 12,344,141           |
| Cash and cash equivalents carried forward                         |      | 5,575,273            | 19,022,404           |
| <b>ANALYSIS OF CASH AND CASH EQUIVALENTS:</b>                     |      |                      |                      |
| Cash and short term funds   | 2    | 5,575,273            | 19,022,404           |

# Summary of Significant Accounting Policies and Critical Accounting Estimates and Assumptions

For the Financial Year Ended 31 December 2013

## (A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements. These accounting policies have been consistently applied to all the financial years presented, unless otherwise stated.

### (1) Basis of Preparation of the Financial Statements

The financial statements of the Group and the Bank have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act, 1965.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial investments available-for-sale, financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The financial statements also incorporate those activities relating to Islamic banking which have been undertaken by the Group. Islamic banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic securities under the Shariah principles.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires Directors to exercise their judgement in the process of applying the Group’s and the Bank’s accounting policies. Although these estimates and judgement are based on the Directors’ best knowledge of current events and actions, actual results may differ from those estimates.

Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement and complexity are disclosed in Section (B).

- (a) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank and are effective

The relevant new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Group’s and the Bank’s financial year beginning on or after 1 January 2013 are as follows:

- |   |  |
|---|--|
| • MFRS 10                                       | “Consolidated Financial Statements”            |
| • MFRS 11                                       | “Joint Arrangements”                           |
| • MFRS 12                                       | “Disclosures of Interests in Other Entities”   |
| • MFRS 13                                       | “Fair Value Measurement”                       |
| • MFRS 3  | “Business Combinations”                        |
| • MFRS 127                                      | “Separate Financial Statements”                |
| • MFRS 128                                      | “Investments in Associates and Joint Ventures” |
| • Amendment to MFRS 7                           | “Financial Instruments: Disclosures”           |
| • Annual Improvements to MFRS 2009 - 2011 Cycle |  |

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

- (b) Standards early adopted by the Group and the Bank

The amendments to MFRS 136 “Impairment of Assets” removed certain disclosures of the recoverable amount of cash-generating-units (“CGUs”) which had been included in MFRS 136 by the issuance of MFRS 13. The amendment is not mandatory for the Group until 1 January 2014, however the Group has decided to early adopt the amendment as of 1 January 2013.

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(1) Basis of Preparation of the Financial Statements (Continued)**

- (c) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective

The Group and the Bank will apply the new standards, amendments to standards and interpretations to existing standards in the following financial period:

- (i) Financial year beginning on/after 1 January 2014

Amendment to MFRS 132 “Financial Instruments: Presentation” (effective 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of “currently has a legally enforceable right of set-off” that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

Amendment to MFRS 139 “Novation of Derivatives and Continuation of Hedge Accounting” (effective 1 January 2014) provides relief from discontinuing hedge accounting in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of law or regulation. This is to improve transparency and regulatory oversight of over-the-counter derivatives in an internationally consistent and non-discriminatory way.

Amendments to MFRS 10, MFRS 12 and MFRS 127 (effective 1 January 2014) introduce an exception to consolidation of investment entities. Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both and evaluate the performance of its investments on fair value basis. The amendments require investment entities to measure particular subsidiaries at fair value instead of consolidating them.

IC Interpretation 21 “Levies” (effective 1 January 2014) sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation clarifies that a liability to pay a levy is recognised when the obligating event occurs. Obligating event is the event identified by the legislation that triggers the payment of the levy.

- (ii) Effective date yet to be determined by the Malaysian Accounting Standards Board

MFRS 9 “Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities” replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statements, unless this creates an accounting mismatch. The Group is yet to assess MFRS 9’s full impact. The Group will also consider the impact of the remaining phases of MFRS 9 when the standard is completed and issued.

The adoption of the new standards, amendments to published standards are not expected to have a material impact on the financial results of the Group and the Bank, except that the Group and the Bank are in the process of reviewing the requirements of MFRS 9 and expects this process to be completed prior to the effective date.

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(2) Basis of Consolidation**

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

(i) Acquisition accounting

The Group applies the acquisition method to account for business combination. The consideration transferred for acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to the Group or the Bank. Non-controlling interest is measured either at fair value or proportionate share of the acquiree's identifiable net assets at the acquisition date, determined on a case-by-case basis. At the end of a reporting period, non-controlling interest consists of the amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

Acquisition-related costs are expensed as incurred.

In a business combination achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in income statements.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in income statements or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the gain is recognised in income statements. Refer to accounting policy Note 4 on goodwill and other intangible assets.

(ii) 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 profits. No additional goodwill is recognised.

The acquired entity's results, assets, liabilities and cash flows are consolidated from the date on which the ultimate controlling party gained control. Consequently, the consolidated financial statements reflect both entities' full financial years results. The corresponding amounts for the previous financial year are restated to reflect the combined results of both entities.

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior financial years is not restated.

All material inter-company and intra-group transactions and balances are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.



**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(2) Basis of Consolidation (Continued)**

- (b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

- (c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

**(3) Investment in Subsidiaries**

In the Bank's separate financial statements, investment in subsidiaries are stated at cost less accumulated impairment losses. At the end each reporting period, the Group assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Refer to accounting policy Note 21 on impairment of non-financial assets.

On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amount of the investments is recognised in income statements.

**(4) Goodwill and Other Intangible Assets**

- (a) Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of consideration transferred over the Group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of non-controlling interest in the acquiree.

Goodwill is stated at cost less accumulated impairment loss and is tested at least annually for impairment. Impairment loss on goodwill (inclusive of impairment losses recognised in a previous interim period) is not reversed. Gains and losses on the disposal of a subsidiary include the carrying amount of goodwill relating to the subsidiary sold. Refer to accounting policy Note 21 on impairment of non-financial assets.

Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the synergies of the business combination in which the goodwill arose, identified according to operating segment.

- (b) Other intangibles assets - Computer software licences

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software licences are subsequently carried at cost less accumulated amortisation and impairment losses. These costs are amortised over the estimated useful lives of five years to ten years.

At the end of the reporting period, the Group and the Bank assess whether there is any indication of impairment on computer software licences. Where an indication of impairment exists, the carrying amount of the assets is written down to its recoverable amount.

Refer to accounting policy Note 21 on impairment of non-financial assets. Gain and losses arising from de-recognition of computer software licences assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss when the asset is de-recognised.

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(5) Financial Assets**

(a) Classification

The Group and the Bank classify their financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held-to-maturity. The classification depends on the purpose for which the financial assets were required. Management determines the classification at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held-for-trading. A financial asset is classified in this category if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term. Derivatives are also categorised as held-for-trading unless they are designated as hedges (Refer to accounting policy Note 8).

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

(iii) Financial investments available-for-sale

Financial investments available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories.

(iv) Financial investments held-to-maturity

Financial investments held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's and the Bank's management has the positive intention and ability to hold to maturity. If the Group and the Bank were to sell other than an insignificant amount of financial investments held-to-maturity, the whole category would be tainted and reclassified as available-for-sale.

(b) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the settlement date, the date that an asset is delivered to or by the Group and the Bank.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in income statements.

(c) Subsequent measurement – gains and losses

Financial investments available-for-sale and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and financial investments held-to-maturity are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in non-interest income in profit or loss in the financial period in which the changes arise.

Changes in the fair value of financial investments available-for-sale are recognised in other comprehensive income, except for impairment losses (refer to accounting policy Note 19) and foreign exchange gains and losses on monetary assets. The exchange differences on monetary assets are recognised in profit or loss, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

Interest and dividend income on financial investments available-for-sale are recognised separately in profit or loss. Interest on financial investments available-for-sale calculated using the effective interest method is recognised in income statements. Dividend income on available-for-sale equity instruments is recognised in non-interest income in income statements when the Group's right to receive payments is established.

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(5) Financial Assets (Continued)****(d) De-recognition**

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Loans and receivables that are factored out to banks and other financial institutions with recourse to the Group are not de-recognised until the recourse period has expired and the risks and rewards of the loans and receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

When financial investments available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to income statements.

**(e) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**(6) Repurchase Agreements**

Securities purchased under resale agreements are securities which the Group and the Bank have purchased with a commitment to resell at future dates. The commitment to resell the securities is reflected as an asset on the statements of financial position.

Conversely, obligations on securities sold under repurchase agreements are securities which the Group and the Bank have sold from its portfolio, with a commitment to repurchase at future dates. Such financing and the obligation to repurchase the securities is reflected as a liability on the statements of financial position.

The difference between sale and repurchase price as well as purchase and resale price are amortised as interest income and interest expense respectively on an effective yield method.

**(7) Property, Plant and Equipment and Depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repair and maintenance costs are recognised as expense in income statements during the financial period in which they are incurred.

Freehold land, buildings in progress and renovations in progress are not depreciated. Other property, plant and equipment are depreciated on a straight-line basis to write down their costs to their residual values over their estimated useful lives. The principal annual depreciation rates are as follows:

|                                 |   |
|---------------------------------|---|
| Leasehold land                  | Amortised over the period of the lease* |
| Buildings                       | 2% to 3 $\frac{1}{3}$ %                 |
| Renovations                     | 7.5% to 10%                             |
| Office equipment and furniture  | 7.5% to 20%                             |
| Computer equipment and software | 14% to 33 $\frac{1}{3}$ %               |
| Motor vehicles                  | 20% to 25%                              |

\* The remaining period of the lease ranges from 7 to 880 years.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. There are no material adjustments arising from the review that would require disclosure in the financial statements.

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are included in non-interest income in income statements.

At the end of the reporting period, the Group and the Bank assess whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the asset is written down to its recoverable amount. Refer to accounting policy Note 21 on impairment of non-financial assets.

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(8) Derivative Financial Instruments and Hedge Accounting**

Derivatives are initially recognised at fair value on the date on which derivative contracts are entered into and are subsequently re-measured at their fair values. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flows models and option pricing models, as appropriate. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group and the Bank recognise profits on day one.

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

The Group and the Bank document, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group and the Bank also document its assessment, both at hedge inception and on an on going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(a) Fair value hedge

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

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

(b) Cash flow hedge

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

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

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

(c) Derivatives that do not qualify for hedge accounting

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

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(9) Financial Liabilities**

The Group's and the Bank's holding in financial liabilities is in financial liabilities at fair value through profit or loss (including financial liabilities held-for-trading and those that are designated at fair value) and financial liabilities at amortised cost. All financial liabilities are de-recognised when extinguished.

**(a) Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in income statements and are subsequently re-measured at their fair values. Changes in fair values of financial liabilities at fair value through profit or loss are recognised in income statements in the financial period in which the changes arise.

Financial liabilities at fair value through profit or loss are financial liabilities held-for-trading. A financial liability is classified as held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorised as held-for-trading unless they are designated as hedges (Refer to accounting policy Note 8).

**(b) Other liabilities measured at amortised cost**

Other financial liabilities are initially recognised at fair value plus transaction costs. Subsequently, other financial liabilities are re-measured at amortised cost using the effective interest rate.

Other financial liabilities measured at amortised cost are deposits from customers, deposits and placements of banks and other financial institutions, bills and acceptances payable, recourse obligation on loans sold to Cagamas Berhad and other financial liabilities.

**(c) Borrowings measured at amortised cost**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between initial recognised amount and the redemption value is recognised in income statements over the period of the borrowings using the effective interest method.

All other borrowing costs are recognised in income statements in the financial period in which they are incurred.

Borrowings measured at amortised cost are long term and short term borrowings from financial institutions, subordinated obligations, senior debt securities and Hybrid Tier-I Capital Securities.

**(10) Recourse Obligation on Loans Sold to Cagamas Berhad ("Cagamas")**

In the normal course of banking operations, the Group and the Bank sell loans to Cagamas but undertake to administer the loans on behalf of Cagamas and to buy back any loans which are regarded as defective based on prudence. Such financing transactions and the obligation to buy back the loans are reflected as a liability on the statements of financial position.

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(11) Leases – Where the Group is lessee**

(a) Operating lease

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to income statements on a straight-line basis over the period of the lease.

The up-front payments made for leasehold land represent prepaid lease rentals and are amortised on a straight-line basis over the lease term.

Where an operating lease is terminated before the lease financial period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period when termination takes place.

(b) Finance lease

Leases of assets where the Group and the Bank assume substantially all the risks and rewards of ownership of the assets are classified as finance leases. The assets are capitalised under property, plant and equipment and subject to depreciation consistent with that of depreciable assets which are owned. The assets and the corresponding lease obligations are recorded at the lower of present value of the minimum lease payments and the fair value of the leased assets at the beginning of the lease term. Each lease payment is allocated between the liability and finance charges using effective yield basis. The corresponding rental obligations, net of finance charges, are included in liabilities. The interest element of the finance charges is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

**(12) Leases – Where the Group is Lessor**

(a) Operating lease

When assets are leased out under an operating lease, the asset is included in the statements of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

(b) Finance lease

When assets are leased out under a finance lease, the present value of the lease payment is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the “net investment” method so as to reflect a constant periodic rate of return.

**(13) Provisions**

Provisions are recognised when the Group and the Bank have a present legal or constructive obligation, as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

Where the Group and the Bank expect a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(14) Financial Guarantee Contracts**

Financial guarantee contracts are contracts that require the Group or the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The fair value of a financial guarantee at the time of issuance is zero because all guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for future premiums is recognised.

The fair value of financial guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Group and the Bank for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

**(15) Contingent Liabilities and Contingent Assets**

The Group and the Bank do not recognise a contingent liability but disclose their existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or the Bank or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Bank. The Group and the Bank do not recognise contingent assets but disclose their existence where inflows of economic benefits are probable, but not virtually certain.

Subsequent to the initial recognition, the Group and the Bank measure the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provision of MFRS 137 "Provision, Contingent Liabilities and Contingent Assets" and the amount initially recognised as profit or loss, when appropriate, cumulative amortisation recognised in accordance with MFRS 118 "Revenue".

**(16) Share Capital****(a) Classification**

Ordinary shares are classified as equity. Other shares, if issued, are classified as equity and/or liability according to the economic substance of the particular instrument.

**(b) Share issue cost**

Incremental costs directly attributable to the issue of new shares or options are deducted against share premium account.

**(c) Dividend distribution**

Distribution to holders of an equity instrument are debited directly to equity, net of any related income tax benefit and the corresponding liability is recognised in the financial period in which the shareholders' right to receive the dividends are established or the dividends are approved.

**(17) Cash and Cash Equivalents**

Cash and cash equivalents consist of cash and bank balances and short term deposits maturing within one month.

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(18) Revenue Recognition**

- (a) Interest income is recognised using the effective interest method. The effective interest rate is the rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period to its carrying amount. The calculation includes significant fees and transaction costs that are integral to the effective interest rate, as well as premiums or discounts.

When a loan and receivable is impaired, the Group and the Bank reduce the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continue unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

- (b) Loan arrangement fees, commissions and placement fees are recognised as income when all conditions precedent are fulfilled.
- (c) Guarantee fees are recognised as income upon issuance of guarantees.
- (d) Commitment fees are recognised as income based on time apportionment.
- (e) Income from Islamic Banking business is recognised on accruals basis in accordance with the principles of Shariah.
- (f) Dividends from all investments are recognised when the shareholders' right to receive payment is established. This applies even if they are paid out of the pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

**(19) Impairment of Financial Assets**

- (a) Assets carried at amortised cost

The Group and the Bank assess at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group and the Bank use to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- Disappearance of an active market for that financial asset because of financial difficulties;
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - (i) adverse changes in the payment status of borrowers in the portfolio; and
  - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in income statements. If "loans and receivables" or a "held-to-maturity investment" have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent financial period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in income statements.



**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(19) Impairment of Financial Assets (Continued)**

## (a) Assets carried at amortised cost (Continued)

When an asset is uncollectable, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

For loans, advances and financing, the Group and the Bank first assess whether objective evidence of impairment exists individually for loans, advances and financing that are individually significant, and individually or collectively for loans, advances and financing that are not individually significant. If the Group and the Bank determine that no objective evidence of impairment exists for individually assessed loans, advances and financing, whether significant or not, it includes the asset in a group of loans, advances and financing with similar credit risk characteristics and collectively assess them for impairment.

## (i) Individual impairment allowance

The Group and the Bank determine the allowance appropriate for each individual significant loans, advances and financing on an individual basis. The allowances are established based primarily on estimates of the realisable value of the collateral to secure the loans, advances and financing and are measured as the difference between the carrying amount of the loans, advances and financing and the present value of the expected future cash flows discounted at the original effective interest rate of the loans, advances and financing. All other loans, advances and financing that have been individually evaluated, but not considered to be individually impaired, are assessed collectively for impairment.

## (ii) Collective impairment allowance

Loans which are not individually significant and loans that have been individually assessed with no evidence of impairment loss are grouped together for collective impairment assessment. These loans are grouped within similar credit risk characteristics for collective assessment, whereby data from the loan portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios etc.) and concentrations of risks (such as the performance of different individual groups) are taken into consideration.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated based on the historical loss experience of the Group and the Bank. Historical loss experience is adjusted on the basis of current observable data to reflect current conditions on which the historical loss experience is based on and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

## (b) Assets classified as available-for-sale

The Group and the Bank assess at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, the Group and the Bank use criteria and measurement of impairment loss applicable for “assets carried at amortised cost” above. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in income statements, the impairment loss is reversed through income statements.

In the case of equity securities classified as available-for-sale, in addition to the criteria for “assets carried at amortised cost” above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in income statements. The amount of cumulative loss that is reclassified to income statements is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income statements. Impairment losses recognised in income statements on equity instruments classified as available-for-sale are not reversed through income statements.

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(20) Employee Benefits**

(a) Short term employee benefits

The Group and the Bank recognise a liability and an expense for bonuses. The Group and the Bank recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the financial period in which the associated services are rendered by employees of the Group and the Bank.

(b) Defined contribution plan

A defined contribution plan is a pension plan under which the Group and the Bank pay fixed contributions to the national pension scheme, the Employees' Provident Fund. The Group's and the Bank's contributions to defined contribution plans are charged to the profit or loss in the financial period to which they relate. Once the contributions have been paid, the Group and the Bank have no further legal or constructive obligations.

(c) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

**(21) Impairment of Non-Financial Assets**

Non-financial assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the non-financial assets exceeds its recoverable amount.

The recoverable amount is the higher of a non-financial assets' fair value less costs to sell and value-in-use. For the purpose of assessing impairment, non-financial assets are grouped at the lowest levels for which there is separately identifiable cash flows/CGU. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

The impairment loss is charged to income statements. Impairment losses on goodwill are not reversed. In respect of other non-financial assets, any subsequent increase in recoverable amount is recognised in income statements.

**(22) Current and Deferred Income Taxes**

The tax expense for the financial period comprises current and deferred tax. Tax is recognised in income statements, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group and the Bank operate and includes all taxes based upon the taxable profits, including withholding taxes payable by foreign subsidiaries and arising from distributions of retained profits to companies in the Group.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(22) Current and Deferred Income Taxes (Continued)**

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the date of statements of financial position and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**(23) Currency Conversion and Translation****(a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Bank's functional and presentation currency.

**(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statements, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses are presented in income statements within non-interest income.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

**(c) Group companies**

The results and financial position of all the group entities (none of which have the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statements of financial position;
- (ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of transactions); and
- (iii) all resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign operations, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is partially disposed of or sold, a proportionate share of such exchange differences is recognised in the profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(24) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources to and assessing performance of the operating segments of an entity. The Group has determined its Management Committee as its chief operating decision-maker.

**(B) CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The Group and the Bank make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets within the next financial year are outlined belows:

(a) Allowance for impairment of financial assets

In determining impairment of financial assets, management considers objective evidence of impairment and exercises judgement in estimating cash flows and collateral value.

The Group and the Bank make allowance for losses based on assessment of recoverability. Management's judgement is made in estimation of the amount and timing of future cash flows in assessing allowance for impairment of financial assets. Among the factors considered are the Group's and the Bank's aggregate exposure to the borrower, the net realisable value of the underlying collateral value, the viability of the customer's business model, the capacity to generate sufficient cash flow to service debt obligations and the aggregate amount and ranking of all other creditor claims. The actual amount of the future cash flows and their timing may differ from the estimates used by management and consequently may cause actual losses to differ from the impairment made.

(b) Goodwill impairment

Goodwill is tested at least annually for impairment. Testing of goodwill for impairment involves a significant amount of estimation. This includes the identification of independent cash generating units and the allocation of goodwill to these units based on which units are expected to benefit from the acquisition. Estimating the value in use requires the Group and the Bank to make an estimate of the expected future cash flows from the cash-generating unit. Determining both the expected pre-tax cash flows and the risk adjusted discount rate appropriate to the operating unit also require the exercise of judgement. The variables are subject to fluctuations in external market rates and economic conditions beyond management control and are subject to uncertainty and require the exercise of significant judgement. The detailed disclosures on the assessment of impairment of goodwill is disclosed in Note 14 to the financial statements.

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2013

## 1 GENERAL INFORMATION

RHB Bank Berhad (“the Bank”), is a limited liability bank incorporated and domiciled in Malaysia.

The principal activities of the Bank are commercial banking and finance related business and the provision of related services. The Group is involved in commercial banking and finance related business, Islamic Banking business, leasing, offshore banking, offshore trust services, nominee services and property investment.

There have been no significant changes in these principal activities during the financial year, other than those disclosed in Note 46.

The address of the registered office of the Bank is Level 10, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia.

## 2 CASH AND SHORT TERM FUNDS

|  | Group                |                                  | Bank                 |                      |
|--|----------------------|----------------------------------|----------------------|----------------------|
|  | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Cash and balances with banks and other financial institutions  | <b>1,627,862</b>     | 1,560,255                        | <b>1,459,957</b>     | 1,326,061            |
| Money at call and deposit placements maturing within one month | <b>7,603,696</b>     | 21,119,598                       | <b>4,115,316</b>     | 17,696,343           |
|  | <b>9,231,558</b>     | 22,679,853                       | <b>5,575,273</b>     | 19,022,404           |

## 3 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

|                              | Group                |                                  | Bank                 |                      |
|------------------------------|----------------------|----------------------------------|----------------------|----------------------|
|                              | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Licensed banks               | <b>1,813,651</b>     | 1,559,013                        | <b>2,233,072</b>     | 1,689,089            |
| Islamic banks                | <b>90,339</b>        | 52,216                           | <b>2,823,239</b>     | 2,091,139            |
| Bank Negara Malaysia         | -                    | 1,203,564                        | -                    | -                    |
| Other financial institutions | <b>613,986</b>       | 737,861                          | -                    | -                    |
|                              | <b>2,517,976</b>     | 3,552,654                        | <b>5,056,311</b>     | 3,780,228            |

**4 FINANCIAL ASSETS HELD-FOR-TRADING**

|  | Group                |                      | Bank                 |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| <b>At fair value</b>                   |                      |                      |                      |                      |
| <u>Money market instruments:</u>       |                      |                      |                      |                      |
| Malaysian Government Securities        | <b>370,838</b>       | 222,202              | <b>370,838</b>       | 222,202              |
| Malaysian Government Treasury Bills    | -                    | 52,869               | -                    | 52,869               |
| Malaysian Government Investment Issues | <b>145,440</b>       | 151,583              | <b>122,362</b>       | -                    |
| Bank Negara Malaysia Monetary Notes    | <b>1,151,172</b>     | 598,073              | <b>604,821</b>       | 598,073              |
| Cagamas bonds                          | -                    | 250,324              | -                    | -                    |
| Thailand Treasury Bills                | <b>6,372</b>         | -                    | <b>6,372</b>         | -                    |
| Singapore Government Treasury Bills    | <b>466,438</b>       | 227,634              | <b>466,438</b>       | 227,634              |
| Wakala Global Sukuk                    | -                    | 7,144                | -                    | -                    |
| Negotiable instruments of deposits     | <b>198,686</b>       | -                    | -                    | -                    |
| <u>Quoted securities:</u>              |                      |                      |                      |                      |
| <b>In Malaysia</b>                     |                      |                      |                      |                      |
| Private debt securities                | <b>2,708</b>         | -                    | <b>2,708</b>         | -                    |
| <u>Unquoted securities:</u>            |                      |                      |                      |                      |
| <b>In Malaysia</b>                     |                      |                      |                      |                      |
| Private debt securities                | <b>25,444</b>        | 40,034               | -                    | 9,704                |
|  | <b>2,367,098</b>     | 1,549,863            | <b>1,573,539</b>     | 1,110,482            |

In 2008, the Group and the Bank reclassified a portion of their financial assets held-for-trading (“HFT”) into financial investments available-for-sale (“AFS”) and financial investments held-to-maturity (“HTM”). The reclassification have been accounted for in accordance with BNM’s circular on “Reclassification of securities under specific circumstances” dated 17 October 2008, which is effective from 1 July 2008 until 31 December 2009.

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

| Group  | Carrying amount      |                      | Fair value           |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Reclassified from financial assets HFT to financial investments HTM: |                      |                      |                      |                      |
| - debt securities  | <b>19,786</b>        | 18,425               | <b>20,711</b>        | 19,724               |

|   | Group                |                      |
|---|----------------------|----------------------|
|   | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Fair value gain that would have been recognised if the financial assets HFT had not been reclassified | <b>925</b>           | 1,299                |

**5 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

|  | Group                |                                  | Bank                 |                      |
|--|----------------------|----------------------------------|----------------------|----------------------|
|  | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| <b>At fair value</b>                                   |                      |                                  |                      |                      |
| <u>Money market instruments:</u>                       |                      |                                  |                      |                      |
| Malaysian Government Securities                        | <b>644,380</b>       | 459,574                          | <b>644,380</b>       | 459,574              |
| Malaysian Government Investment Issues                 | <b>1,557,301</b>     | 1,896,122                        | <b>1,033,134</b>     | 1,409,751            |
| Cagamas bonds  | <b>85,349</b>        | 91,802                           | <b>25,391</b>        | 41,469               |
| Khazanah bonds   | <b>15,929</b>        | 36,016                           | -                    | -                    |
| Negotiable instruments of deposits                     | <b>99,488</b>        | -                                | -                    | -                    |
| Singapore Government Treasury Bills                    | <b>272,185</b>       | 25,032                           | <b>272,185</b>       | 25,032               |
| Singapore Government Securities                        | <b>136,433</b>       | 135,081                          | <b>136,433</b>       | 135,081              |
| Thailand Government bonds                              | <b>96,341</b>        | 106,295                          | <b>96,341</b>        | 106,295              |
| 1 Malaysia Sukuk                                       | <b>318,010</b>       | 277,514                          | <b>318,010</b>       | 277,514              |
| Wakala Global Sukuk                                    | <b>153,099</b>       | 95,029                           | <b>124,939</b>       | 78,159               |
| Sukuk Perumahan Kerajaan ("SPK")                       | <b>47,600</b>        | 101,363                          | <b>47,600</b>        | 101,363              |
| <u>Quoted securities:</u>                              |                      |                                  |                      |                      |
| <b>In Malaysia</b>                                     |                      |                                  |                      |                      |
| Corporate loan stocks                                  | -                    | 31,492                           | -                    | 31,492               |
| Shares   | <b>29,283</b>        | 12,513                           | <b>25,005</b>        | 5,263                |
| <b>Outside Malaysia</b>                                |                      |                                  |                      |                      |
| Shares   | <b>32</b>            | 2,218                            | -                    | -                    |
| <u>Unquoted Securities:</u>                            |                      |                                  |                      |                      |
| <b>In Malaysia</b>                                     |                      |                                  |                      |                      |
| Corporate loan stocks                                  | <b>255,146</b>       | 337,781                          | <b>255,146</b>       | 337,781              |
| Shares   | <b>468,501</b>       | 362,146                          | <b>467,926</b>       | 361,571              |
| Private debt securities                                | <b>9,102,487</b>     | 6,437,010                        | <b>7,579,381</b>     | 5,460,071            |
| Perpetual notes/sukuk                                  | <b>286,149</b>       | -                                | <b>85,530</b>        | -                    |
| <b>Outside Malaysia</b>                                |                      |                                  |                      |                      |
| Shares   | <b>137</b>           | 87                               | -                    | -                    |
| Private debt securities                                | <b>400</b>           | 400                              | <b>400</b>           | 400                  |
|  | <b>13,568,250</b>    | 10,407,475                       | <b>11,111,801</b>    | 8,830,816            |
| Accumulated impairment losses                          | <b>(309,666)</b>     | (374,260)                        | <b>(308,965)</b>     | (374,260)            |
|  | <b>13,258,584</b>    | 10,033,215                       | <b>10,802,836</b>    | 8,456,556            |
| <u>Movement in allowance for impairment losses:</u>    |                      |                                  |                      |                      |
| Balance as at the beginning of the financial year      | <b>374,260</b>       | 384,360                          | <b>374,260</b>       | 384,360              |
| Charged during the financial year                      | <b>9,883</b>         | 7,300                            | <b>9,182</b>         | 7,300                |
| Write-back during the financial year                   | <b>(10,868)</b>      | (7,275)                          | <b>(10,868)</b>      | (7,275)              |
| Disposal/redemption                                    | <b>(63,609)</b>      | (11,076)                         | <b>(63,609)</b>      | (11,076)             |
| Transfer from individual impairment allowance          | -                    | 643                              | -                    | 643                  |
| Transfer from impairment of financial investment - HTM | -                    | 315                              | -                    | 315                  |
| Exchange difference                                    | -                    | (7)                              | -                    | (7)                  |
| Balance as at the end of the financial year            | <b>309,666</b>       | 374,260                          | <b>308,965</b>       | 374,260              |

## 6 FINANCIAL INVESTMENTS HELD-TO-MATURITY

|  | Group                |                      | Bank                 |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| <b>At amortised cost</b>               |                      |                      |                      |                      |
| <u>Money market instruments:</u>       |                      |                      |                      |                      |
| Malaysian Government Securities        | <b>2,618,574</b>     | 2,415,844            | <b>2,618,574</b>     | 2,415,844            |
| Malaysian Government Investment Issues | <b>6,325,725</b>     | 5,499,829            | <b>5,481,811</b>     | 4,756,426            |
| Cagamas bonds                          | <b>2,444,755</b>     | 2,340,203            | <b>2,220,854</b>     | 2,065,120            |
| Khazanah bonds                         | <b>69,288</b>        | 66,290               | <b>60,307</b>        | 57,632               |
| Negotiable instruments of deposits     | <b>2,449,025</b>     | 2,126,329            | <b>1,803,165</b>     | 1,704,244            |
| Singapore Government Securities        | <b>183,686</b>       | 126,795              | <b>183,686</b>       | 126,795              |
| Thailand Government Securities         | <b>293,052</b>       | 264,010              | <b>293,052</b>       | 264,010              |
| Bankers' acceptances                   | <b>33,634</b>        | 339,215              | -                    | 339,215              |
| Sukuk (Brunei) Incorporation           | <b>38,897</b>        | 57,594               | <b>38,897</b>        | 57,594               |
| Wakala Global Sukuk                    | <b>227,722</b>       | 212,524              | <b>227,722</b>       | 212,524              |
| Sukuk Perumahan Kerajaan (SPK)         | <b>111,202</b>       | -                    | <b>101,270</b>       | -                    |
| <u>Unquoted securities:</u>            |                      |                      |                      |                      |
| <b>In Malaysia</b>                     |                      |                      |                      |                      |
| Bonds                                  | <b>860</b>           | 860                  | <b>860</b>           | 860                  |
| Prasarana bonds                        | <b>772,004</b>       | 753,687              | <b>771,978</b>       | 738,455              |
| Private debt securities                | <b>6,289,759</b>     | 3,643,514            | <b>5,359,843</b>     | 2,971,142            |
| Corporate loan stocks                  | <b>43,291</b>        | 55,196               | <b>43,291</b>        | 55,196               |
| <b>Outside Malaysia</b>                |                      |                      |                      |                      |
| Private debt securities                | <b>19,786</b>        | 18,425               | -                    | -                    |
|  | <b>21,921,260</b>    | 17,920,315           | <b>19,205,310</b>    | 15,765,057           |
| Accumulated impairment losses          | <b>(108,224)</b>     | (119,064)            | <b>(108,224)</b>     | (119,064)            |
|  | <b>21,813,036</b>    | 17,801,251           | <b>19,097,086</b>    | 15,645,993           |

Included in financial investments HTM is private debt securities, which is pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM168,571,000 (31.12.2012: RM Nil).

Movement in allowance for impairment losses:

|  | Group and Bank       |                      |
|--|----------------------|----------------------|
|  | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Balance as at the beginning of the financial year    | <b>119,064</b>       | 123,511              |
| Charged during the financial year                    | -                    | 5,333                |
| Write-back during the financial year                 | <b>(11,299)</b>      | (9,131)              |
| Transfer to impairment of financial investment - AFS | -                    | (315)                |
| Exchange difference                                  | <b>459</b>           | (334)                |
| Balance as at the end of the financial year          | <b>108,224</b>       | 119,064              |



**7 LOANS, ADVANCES AND FINANCING****(a) By type**

|   | Group                |                                  | Bank                 |                      |
|---|----------------------|----------------------------------|----------------------|----------------------|
|   | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| <b>At amortised cost</b>                              |                      |                                  |                      |                      |
| Overdrafts  | <b>5,990,867</b>     | 5,895,676                        | <b>5,817,324</b>     | 5,744,150            |
| Term loans/financing:                                 |                      |                                  |                      |                      |
| - housing loans/financing                             | <b>25,375,496</b>    | 21,706,306                       | <b>20,820,056</b>    | 18,234,938           |
| - syndicated term loans/financing                     | <b>3,947,999</b>     | 2,521,254                        | <b>1,729,997</b>     | 1,116,217            |
| - hire purchase receivables                           | <b>13,052,002</b>    | 12,581,965                       | <b>8,130,184</b>     | 8,164,582            |
| - lease receivables                                   | <b>70,174</b>        | 75,650                           | -                    | -                    |
| - other term loans/financing                          | <b>54,585,428</b>    | 51,775,706                       | <b>46,819,084</b>    | 44,864,944           |
| Bills receivables                                     | <b>2,561,904</b>     | 1,574,283                        | <b>1,894,271</b>     | 1,553,186            |
| Trust receipts  | <b>523,804</b>       | 469,017                          | <b>487,710</b>       | 447,718              |
| Claims on customers under acceptance credits          | <b>4,327,803</b>     | 5,257,979                        | <b>4,327,803</b>     | 4,426,753            |
| Staff loans/financing                                 | <b>249,959</b>       | 283,790                          | <b>241,672</b>       | 275,664              |
| Credit card receivables                               | <b>2,004,163</b>     | 1,926,639                        | <b>1,804,532</b>     | 1,805,739            |
| Revolving credit                                      | <b>7,392,659</b>     | 5,933,710                        | <b>5,490,915</b>     | 4,468,642            |
| Floor stocking  | <b>239</b>           | 1,229                            | <b>239</b>           | 1,229                |
| Gross loans, advances and financing                   | <b>120,082,497</b>   | 110,003,204                      | <b>97,563,787</b>    | 91,103,762           |
| Fair value changes arising from fair value hedge      | <b>(26,696)</b>      | 6,252                            | <b>258</b>           | 3,111                |
|   | <b>120,055,801</b>   | 110,009,456                      | <b>97,564,045</b>    | 91,106,873           |
| Allowance for impaired loans, advances and financing: |                      |                                  |                      |                      |
| - individual impairment allowance                     | <b>(891,294)</b>     | (780,081)                        | <b>(723,024)</b>     | (648,256)            |
| - collective impairment allowance                     | <b>(1,272,637)</b>   | (1,397,971)                      | <b>(1,088,121)</b>   | (1,182,802)          |
| Net loans, advances and financing                     | <b>117,891,870</b>   | 107,831,404                      | <b>95,752,900</b>    | 89,275,815           |

Included in loans, advances and financing are housing loans, hire purchase receivables and other term loans/financing sold to Cagamas with recourse for the Group and the Bank are RM2,405,777,000 (31.12.2012: RM2,371,017,000) and RM1,104,114,000 (31.12.2012: RM935,725,000) respectively.

**7 LOANS, ADVANCES AND FINANCING (CONTINUED)****(b) By type of customer**

|   | Group                |                                  | Bank                 |                      |
|---|----------------------|----------------------------------|----------------------|----------------------|
|   | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Domestic non-bank financial institutions: |                      |                                  |                      |                      |
| - others                                  | <b>2,716,376</b>     | 1,502,696                        | <b>1,387,420</b>     | 932,349              |
| Domestic business enterprises:            |                      |                                  |                      |                      |
| - small medium enterprises                | <b>12,396,907</b>    | 11,516,755                       | <b>11,614,086</b>    | 10,829,598           |
| - others                                  | <b>31,489,316</b>    | 30,690,914                       | <b>27,053,888</b>    | 26,165,958           |
| Government and statutory bodies           | <b>8,476,645</b>     | 10,989,382                       | <b>5,160,401</b>     | 7,675,110            |
| Individuals                               | <b>54,820,397</b>    | 47,646,933                       | <b>44,431,236</b>    | 39,391,631           |
| Other domestic entities                   | <b>122,919</b>       | 10,240                           | <b>7,965</b>         | 9,948                |
| Foreign entities:                         |                      |                                  |                      |                      |
| - Malaysian operations                    | <b>1,550,382</b>     | 1,193,692                        | <b>622,095</b>       | 431,614              |
| - Singapore operations                    | <b>7,306,871</b>     | 5,663,138                        | <b>6,586,132</b>     | 5,183,555            |
| - Thailand operations                     | <b>639,390</b>       | 427,765                          | <b>606,535</b>       | 397,113              |
| - Brunei operations                       | <b>94,029</b>        | 86,886                           | <b>94,029</b>        | 86,886               |
| - Cambodia operations                     | <b>469,265</b>       | 274,803                          | -                    | -                    |
|   | <b>120,082,497</b>   | 110,003,204                      | <b>97,563,787</b>    | 91,103,762           |

**(c) By geographical distribution**

|                        |                    |             |                   |            |
|------------------------|--------------------|-------------|-------------------|------------|
| In Malaysia            | <b>111,572,942</b> | 103,550,612 | <b>90,277,091</b> | 85,436,208 |
| Outside Malaysia:      |                    |             |                   |            |
| - Singapore operations | <b>7,306,871</b>   | 5,663,138   | <b>6,586,132</b>  | 5,183,555  |
| - Thailand operations  | <b>639,390</b>     | 427,765     | <b>606,535</b>    | 397,113    |
| - Brunei operations    | <b>94,029</b>      | 86,886      | <b>94,029</b>     | 86,886     |
| - Cambodia operations  | <b>469,265</b>     | 274,803     | -                 | -          |
|                        | <b>120,082,497</b> | 110,003,204 | <b>97,563,787</b> | 91,103,762 |

**(d) By interest/profit rate sensitivity**

|                                    |                    |             |                   |            |
|------------------------------------|--------------------|-------------|-------------------|------------|
| Fixed rate:                        |                    |             |                   |            |
| - housing loans/financing          | <b>1,019,628</b>   | 1,358,105   | <b>229,565</b>    | 424,038    |
| - hire purchase receivables        | <b>13,052,001</b>  | 12,581,965  | <b>8,130,184</b>  | 8,164,582  |
| - other fixed rate loans/financing | <b>16,543,030</b>  | 18,575,374  | <b>10,144,309</b> | 12,572,881 |
| Variable rate:                     |                    |             |                   |            |
| - BLR/BFR plus                     | <b>49,199,021</b>  | 42,071,452  | <b>43,218,223</b> | 37,858,542 |
| - cost-plus                        | <b>33,126,678</b>  | 30,303,564  | <b>31,088,223</b> | 28,511,823 |
| - other variable rates             | <b>7,142,139</b>   | 5,112,744   | <b>4,753,283</b>  | 3,571,896  |
|                                    | <b>120,082,497</b> | 110,003,204 | <b>97,563,787</b> | 91,103,762 |

**7 LOANS, ADVANCES AND FINANCING (CONTINUED)****(e) By purpose**

|   | Group                |                                  | Bank                 |                      |
|---|----------------------|----------------------------------|----------------------|----------------------|
|   | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Purchase of securities  | <b>11,057,313</b>    | 8,734,077                        | <b>11,057,313</b>    | 8,734,077            |
| Purchase of transport vehicles  | <b>11,863,165</b>    | 11,447,613                       | <b>6,636,403</b>     | 6,696,785            |
| Purchase of landed property:  |                      |                                  |                      |                      |
| - residential   | <b>25,516,867</b>    | 22,152,703                       | <b>21,103,911</b>    | 18,787,249           |
| - non-residential   | <b>7,367,419</b>     | 5,674,126                        | <b>6,945,553</b>     | 5,563,444            |
| Purchase of property, plant and equipment<br>other than land and building | <b>3,350,106</b>     | 3,249,719                        | <b>2,652,214</b>     | 2,591,684            |
| Personal use  | <b>7,193,757</b>     | 5,758,114                        | <b>6,106,322</b>     | 5,109,733            |
| Credit card   | <b>2,004,163</b>     | 1,926,639                        | <b>1,804,532</b>     | 1,805,739            |
| Purchase of consumer durables   | <b>31,513</b>        | 37,282                           | <b>31,503</b>        | 37,265               |
| Construction  | <b>3,114,303</b>     | 3,653,745                        | <b>2,417,366</b>     | 2,417,490            |
| Working capital   | <b>29,612,077</b>    | 26,746,123                       | <b>24,535,858</b>    | 23,295,898           |
| Merger and acquisition  | <b>3,215,709</b>     | 3,620,752                        | <b>3,083,302</b>     | 3,466,447            |
| Other purposes  | <b>15,756,105</b>    | 17,002,311                       | <b>11,189,510</b>    | 12,597,951           |
|   | <b>120,082,497</b>   | 110,003,204                      | <b>97,563,787</b>    | 91,103,762           |

**(f) By remaining contractual maturities**

|                           |                    |             |                   |            |
|---------------------------|--------------------|-------------|-------------------|------------|
| Maturity within one year  | <b>42,429,415</b>  | 38,603,531  | <b>38,159,722</b> | 35,253,687 |
| One year to three years   | <b>8,906,271</b>   | 8,963,242   | <b>6,612,215</b>  | 7,323,538  |
| Three years to five years | <b>10,125,104</b>  | 8,873,068   | <b>6,175,168</b>  | 6,052,470  |
| Over five years           | <b>58,621,707</b>  | 53,563,363  | <b>46,616,682</b> | 42,474,067 |
|                           | <b>120,082,497</b> | 110,003,204 | <b>97,563,787</b> | 91,103,762 |

**(g) Impaired loans, advances and financing****(i) Movement in impaired loans, advances and financing**

|  | Group                |                                  | Bank                 |                      |
|--|----------------------|----------------------------------|----------------------|----------------------|
|  | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Balance as at the beginning of the financial year      | <b>3,090,090</b>     | 3,493,331                        | <b>2,600,833</b>     | 2,852,308            |
| Classified as impaired during the financial year       | <b>4,053,558</b>     | 3,939,826                        | <b>3,560,559</b>     | 3,555,656            |
| Reclassified as non-impaired during the financial year | <b>(2,459,599)</b>   | (2,746,511)                      | <b>(2,150,448)</b>   | (2,467,737)          |
| Amount recovered                                       | <b>(730,651)</b>     | (784,370)                        | <b>(607,867)</b>     | (668,059)            |
| Amount written off                                     | <b>(614,408)</b>     | (811,276)                        | <b>(555,693)</b>     | (673,157)            |
| Exchange difference                                    | <b>8,722</b>         | (910)                            | <b>3,205</b>         | 1,822                |
| Balance as at the end of the financial year            | <b>3,347,712</b>     | 3,090,090                        | <b>2,850,589</b>     | 2,600,833            |

**7 LOANS, ADVANCES AND FINANCING (CONTINUED)****(g) Impaired loans, advances and financing (Continued)****(ii) By purpose**

|   | Group                |                                  | Bank                 |                      |
|---|----------------------|----------------------------------|----------------------|----------------------|
|   | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Purchase of securities  | <b>113,291</b>       | 87,767                           | <b>113,291</b>       | 87,767               |
| Purchase of transport vehicles  | <b>218,391</b>       | 260,414                          | <b>124,193</b>       | 134,770              |
| Purchase of landed property:  |                      |                                  |                      |                      |
| - residential   | <b>876,196</b>       | 965,098                          | <b>751,396</b>       | 835,257              |
| - non-residential   | <b>99,645</b>        | 158,072                          | <b>72,345</b>        | 143,014              |
| Purchase of property, plant and equipment<br>other than land and building | <b>45,207</b>        | 66,981                           | <b>35,104</b>        | 51,112               |
| Personal use  | <b>150,363</b>       | 137,178                          | <b>147,523</b>       | 133,481              |
| Credit card   | <b>41,332</b>        | 39,379                           | <b>36,552</b>        | 35,927               |
| Purchase of consumer durables   | <b>1,724</b>         | 2,058                            | <b>1,724</b>         | 2,058                |
| Construction  | <b>118,246</b>       | 245,762                          | <b>117,286</b>       | 244,474              |
| Working capital   | <b>1,536,528</b>     | 1,040,599                        | <b>1,382,487</b>     | 875,492              |
| Other purposes  | <b>146,789</b>       | 86,782                           | <b>68,688</b>        | 57,481               |
|   | <b>3,347,712</b>     | 3,090,090                        | <b>2,850,589</b>     | 2,600,833            |

**(iii) By geographical distribution**

|                        |                  |           |                  |           |
|------------------------|------------------|-----------|------------------|-----------|
| In Malaysia            | <b>3,223,427</b> | 2,990,526 | <b>2,740,429</b> | 2,501,269 |
| Outside Malaysia:      |                  |           |                  |           |
| - Singapore operations | <b>85,599</b>    | 69,055    | <b>85,599</b>    | 69,055    |
| - Thailand operations  | <b>16,025</b>    | 21,905    | <b>16,025</b>    | 21,905    |
| - Brunei operations    | <b>8,536</b>     | 8,604     | <b>8,536</b>     | 8,604     |
| - Cambodia operations  | <b>14,125</b>    | -         | -                | -         |
|                        | <b>3,347,712</b> | 3,090,090 | <b>2,850,589</b> | 2,600,833 |

**7 LOANS, ADVANCES AND FINANCING (CONTINUED)****(g) Impaired loans, advances and financing (Continued)****(iv) Movement in allowance for impaired loans, advances and financing**

|   | Note | Group                |                                  | Bank                 |                      |
|---|------|----------------------|----------------------------------|----------------------|----------------------|
|   |      | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| <b>Individual impairment allowance</b>            |      |                      |                                  |                      |                      |
| Balance as at the beginning of the financial year |      | <b>780,081</b>       | 812,502                          | <b>648,256</b>       | 666,218              |
| Amount arising from acquisition of subsidiaries:  |      |                      |                                  |                      |                      |
| - effects of predecessor accounting               | 46   | -                    | 21                               | -                    | -                    |
| Net allowance made during the financial year      |      | <b>306,575</b>       | 267,932                          | <b>271,595</b>       | 171,471              |
| Reclassification from/(to) collective impairment  |      | <b>2,509</b>         | (10,895)                         | <b>(2,141)</b>       | (9,972)              |
| Amount written off                                |      | <b>(203,000)</b>     | (288,378)                        | <b>(196,363)</b>     | (179,670)            |
| Transfer to impairment of investment securities   |      | -                    | (643)                            | -                    | (643)                |
| Exchange difference                               |      | <b>5,129</b>         | (458)                            | <b>1,677</b>         | 852                  |
| Balance as at the end of the financial year       |      | <b>891,294</b>       | 780,081                          | <b>723,024</b>       | 648,256              |
| <b>Collective impairment allowance</b>            |      |                      |                                  |                      |                      |
| Balance as at the beginning of the financial year |      | <b>1,397,971</b>     | 1,566,152                        | <b>1,182,802</b>     | 1,335,081            |
| Amount arising from acquisition of subsidiaries:  |      |                      |                                  |                      |                      |
| - effects of predecessor accounting               | 46   | -                    | 2,500                            | -                    | -                    |
| Net allowance made during the financial year      |      | <b>190,415</b>       | 157,279                          | <b>184,603</b>       | 155,472              |
| Reclassification (to)/from individual impairment  |      | <b>(2,509)</b>       | 10,895                           | <b>2,141</b>         | 9,972                |
| Amount written off                                |      | <b>(316,200)</b>     | (338,162)                        | <b>(281,978)</b>     | (318,268)            |
| Exchange difference                               |      | <b>2,960</b>         | (693)                            | <b>553</b>           | 545                  |
| Balance as at the end of the financial year       |      | <b>1,272,637</b>     | 1,397,971                        | <b>1,088,121</b>     | 1,182,802            |

**8 OTHER ASSETS**

|                                    | Note | Group                |                                  | Bank                 |                      |
|------------------------------------|------|----------------------|----------------------------------|----------------------|----------------------|
|                                    |      | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Other receivables                  |      | <b>187,920</b>       | 245,440                          | <b>134,488</b>       | 178,622              |
| Margin deposits                    |      | <b>252,535</b>       | 58,759                           | <b>252,535</b>       | 58,759               |
| Deposits                           |      | <b>44,661</b>        | 39,336                           | <b>39,908</b>        | 34,405               |
| Prepayments                        |      | <b>38,397</b>        | 33,488                           | <b>37,348</b>        | 32,228               |
| Amount due from holding company    | (i)  | <b>2,781</b>         | 5,643                            | <b>2,781</b>         | 5,643                |
| Amounts due from subsidiaries      | (i)  | -                    | -                                | <b>207,820</b>       | 384,913              |
| Amounts due from related companies | (i)  | <b>21,249</b>        | 14,242                           | <b>21,249</b>        | 14,242               |
|                                    |      | <b>547,543</b>       | 396,908                          | <b>696,129</b>       | 708,812              |

(i) Amounts due from holding company/subsidiaries/related companies are unsecured, interest free and receivable within the normal credit period.

**9 DERIVATIVES ASSETS/(LIABILITIES)**

Derivative financial instruments are financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates, interest rates and security prices) of the underlying instruments. These instruments are used by the Group and the Bank for economic hedges and for proprietary trading purposes. The default classification for derivative financial instruments is trading, unless designated in a hedge relationship and are in compliance with the stringent requirements of hedge accounting mentioned in the Group's and Bank's accounting policies.

The table below shows the Group's and the Bank's derivative financial instruments as at the date of statements of financial position. The contractual or underlying principal amounts of these derivative financial instruments and their corresponding gross positive (derivative financial asset) and gross negative (derivative financial liability) fair values at the date of statements of financial position are analysed below.

|                                  | Group                |                      | Bank                 |                      |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                  | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Derivative assets:               |                      |                      |                      |                      |
| - trading derivatives            | <b>418,624</b>       | 250,917              | <b>425,518</b>       | 271,029              |
| Derivative liabilities:          |                      |                      |                      |                      |
| - trading derivatives            | <b>(267,037)</b>     | (263,288)            | <b>(288,935)</b>     | (263,650)            |
| - fair value hedging derivatives | <b>(2,987)</b>       | (9,909)              | <b>(2,987)</b>       | (9,909)              |
|                                  | <b>(270,024)</b>     | (273,197)            | <b>(291,922)</b>     | (273,559)            |
|                                  | <b>148,600</b>       | (22,280)             | <b>133,596</b>       | (2,530)              |

**9 DERIVATIVES ASSETS/(LIABILITIES) (CONTINUED)**

|  | Group  |   |   | Bank   |   |   |
|--|--|---|---|--|---|---|
|  | Contract or underlying principal amount RM'000 | Financial year-end positive fair value RM'000 | Financial year-end negative fair value RM'000 | Contract or underlying principal amount RM'000 | Financial year-end positive fair value RM'000 | Financial year-end negative fair value RM'000 |
| <b>31.12.2013</b>                      |  |   |   |  |   |   |
| <u>Trading derivatives:</u>            |  |   |   |  |   |   |
| Foreign exchange related contracts:    |  |   |   |  |   |   |
| - forwards/swaps                       | <b>11,014,318</b>                              | <b>131,848</b>                                | <b>(77,041)</b>                               | <b>10,520,261</b>                              | <b>131,848</b>                                | <b>(77,041)</b>                               |
| - options                              | <b>174,339</b>                                 | <b>771</b>                                    | <b>(772)</b>                                  | <b>174,339</b>                                 | <b>771</b>                                    | <b>(772)</b>                                  |
| - cross currency interest rate swaps   | <b>6,900,287</b>                               | <b>109,600</b>                                | <b>(54,490)</b>                               | <b>6,900,287</b>                               | <b>109,600</b>                                | <b>(54,490)</b>                               |
| Interest rate related contracts:       |  |   |   |  |   |   |
| - swaps                                | <b>26,165,542</b>                              | <b>176,405</b>                                | <b>(134,734)</b>                              | <b>29,570,871</b>                              | <b>183,299</b>                                | <b>(156,632)</b>                              |
| <u>Fair value hedging derivatives:</u> |  |   |   |  |   |   |
| Interest rate related contracts:       |  |   |   |  |   |   |
| - swaps                                | <b>1,145,000</b>                               | -   | <b>(2,987)</b>                                | <b>1,145,000</b>                               | -   | <b>(2,987)</b>                                |
|  |  | <b>418,624</b>                                | <b>(270,024)</b>                              |  | <b>425,518</b>                                | <b>(291,922)</b>                              |
| <b>31.12.2012</b>                      |  |   |   |  |   |   |
| <u>Trading derivatives:</u>            |  |   |   |  |   |   |
| Foreign exchange related contracts:    |  |   |   |  |   |   |
| - forwards/swaps                       | 9,082,591                                      | 42,762  | (69,168)                                      | 8,797,362                                      | 42,762  | (69,168)                                      |
| - options                              | 101,189  | 119   | (97)  | 101,189  | 119   | (97)  |
| - cross currency interest rate swaps   | 5,605,359                                      | 92,075  | (53,254)                                      | 5,605,359                                      | 92,075  | (53,254)                                      |
| Interest rate related contracts:       |  |   |   |  |   |   |
| - swaps                                | 20,616,847                                     | 115,961                                       | (140,769)                                     | 23,898,499                                     | 136,073                                       | (141,131)                                     |
| <u>Fair value hedging derivatives:</u> |  |   |   |  |   |   |
| Interest rate related contracts:       |  |   |   |  |   |   |
| - swaps                                | 1,860,000                                      | -   | (9,909)                                       | 1,860,000                                      | -   | (9,909)                                       |
|  |  | 250,917                                       | (273,197)                                     |  | 271,029                                       | (273,559)                                     |

Fair value hedging are used by the Group and the Bank for protection against the changes in fair value of financial assets and financial liabilities due to movements in market interest rates. The Group and the Bank uses interest rate swap to hedge against interest rate risk of specific identified fixed rate long term as well as portfolio homogenous pools of loans, advances and financing. Included in the other operating income (Note 28) is the net gains and losses arising from fair value hedges for the financial year as follows:

|  | Group             |                   | Bank              |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | 31.12.2013 RM'000 | 31.12.2012 RM'000 | 31.12.2013 RM'000 | 31.12.2012 RM'000 |
| Gain on hedging instruments                          | <b>38,418</b>     | 4,752             | <b>6,396</b>      | 387               |
| Loss on hedged items attributable to the hedged risk | <b>(37,726)</b>   | (3,278)           | <b>(4,912)</b>    | (121)             |
|  | <b>692</b>        | 1,474             | <b>1,484</b>      | 266               |

**10 STATUTORY DEPOSITS**

|  | Note | Group                |                                  | Bank                 |                      |
|--|------|----------------------|----------------------------------|----------------------|----------------------|
|  |      | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Statutory deposits with BNM  | (a)  | <b>3,674,790</b>     | 3,372,325                        | <b>2,884,790</b>     | 2,699,570            |
| Statutory deposits with the Monetary Authority of Singapore                        | (b)  | <b>211,716</b>       | 204,410                          | <b>211,716</b>       | 204,410              |
| Statutory deposits with the Ministry of Finance, Negara Brunei Darussalam          | (c)  | <b>13,717</b>        | 12,529                           | <b>13,717</b>        | 12,529               |
| Statutory deposits with the Labuan Offshore Financial Services Authority ("LOFSA") | (d)  | <b>100</b>           | 100                              | -                    | -                    |
| Statutory deposit and reserve deposit with National Bank of Cambodia ("NBC")       | (e)  | <b>54,496</b>        | 47,841                           | -                    | -                    |
|  |      | <b>3,954,819</b>     | 3,637,205                        | <b>3,110,223</b>     | 2,916,509            |

- (a) Non-interest bearing statutory deposits maintained with BNM in compliance with Section 26 (2)(c) of the Central Bank of Malaysia Act, 2011.
- (b) Non-interest bearing statutory deposits maintained with the Monetary Authority of Singapore in compliance with Banking Act, Cap. 19 and Singapore Finance Companies Act, Cap.108.
- (c) Non-interest bearing statutory deposits maintained with the Ministry of Finance, Negara Brunei Darussalam compliance with Section 6A of the Banking Act.
- (d) Non-interest bearing statutory deposits maintained with LOFSA relating to a trust subsidiary which is maintained in accordance with Section 61(2)(b)(ii) of the Labuan Financial Services and Securities Act 2012.
- (e) Included in the statutory deposits and reserve deposit with NBC are:
- Interest bearing statutory deposits of RM17.0 million (2012: RM15.9 million) maintained with NBC in compliance with NBC's Prakas B7-01-136 dated 15 October 2001 as capital guarantee. This deposit bears interest at 0.18% per annum, and is not available for use in day-to-day operations but it is refundable when RHB Indochina Bank Limited ("RHB Indochina Bank") (formerly known as OSK Indochina Bank Limited) voluntarily ceases to operate its banking business in Cambodia.
  - Non-interest bearing deposit of RM37.5 million (2012: RM31.9 million) maintained with NBC as reserve requirements, computed at 8.0% and 12.5% (2012: 8.0% and 12.5%) of customer deposits in Cambodian Riel (KHR) and in foreign currencies, respectively.

The statutory deposits amount and reserve requirements mentioned above are determined by the respective authorities.

**11 DEFERRED TAX ASSETS/(LIABILITIES)**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same authority. The following amounts determined after appropriate set off, are shown in the statements of financial position:

|                               | Group                |                      | Bank                 |                      |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|
|                               | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Deferred tax assets           | <b>12,160</b>        | 8,455                | -                    | -                    |
| Deferred tax liabilities      | <b>(35,376)</b>      | (50,907)             | <b>(35,372)</b>      | (50,903)             |
|                               | <b>(23,216)</b>      | (42,452)             | <b>(35,372)</b>      | (50,903)             |
| Deferred tax assets:          |                      |                      |                      |                      |
| - settled more than 12 months | <b>10,001</b>        | 7,616                | <b>88</b>            | 88                   |
| - settled within 12 months    | <b>81,541</b>        | 75,781               | <b>74,159</b>        | 69,530               |
| Deferred tax liabilities:     |                      |                      |                      |                      |
| - settled more than 12 months | <b>(79,414)</b>      | (99,011)             | <b>(79,410)</b>      | (94,499)             |
| - settled within 12 months    | <b>(35,344)</b>      | (26,838)             | <b>(30,209)</b>      | (26,022)             |
|                               | <b>(23,216)</b>      | (42,452)             | <b>(35,372)</b>      | (50,903)             |



**11 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)**

The movements in deferred tax assets and liabilities during the financial year comprise the following:

| Group   | Note | Property, plant and equipment and other intangible assets RM'000 | Financial investments AFS RM'000 | Tax losses RM'000 | Loans, advances and financing RM'000 | Other liabilities RM'000 | Other temporary differences RM'000 | Total RM'000 |
|---|------|--|----------------------------------|-------------------|--------------------------------------|--------------------------|------------------------------------|--------------|
| <b>31.12.2013</b>                                 |      |  |                                  |                   |                                      |                          |                                    |              |
| Balance as at the beginning of the financial year |      | (51,953)   | (73,889)                         | -                 | 7,525                                | 75,781                   | 84                                 | (42,452)     |
| Transfer (to)/from income statements              | 34   | (2,103)  | -                                | -                 | (7,525)                              | 5,251                    | 14                                 | (4,363)      |
| Transfer to equity                                |      | -  | 23,618                           | -                 | -                                    | -                        | -                                  | 23,618       |
| Exchange difference                               |      | -  | -                                | -                 | -                                    | (19)                     | -                                  | (19)         |
| Balance as at the end of the financial year       |      | (54,056)   | (50,271)                         | -                 | -                                    | 81,013                   | 98                                 | (23,216)     |
| <b>31.12.2012</b>                                 |      |  |                                  |                   |                                      |                          |                                    |              |
| Balance as at the beginning of the financial year |      | (54,546)   | (65,351)                         | 15,947            | (14,514)                             | 63,777                   | 10,140                             | (44,547)     |
| Transfer from/(to) income statements              | 34   | 2,577  | -                                | (16,170)          | 14,888                               | 16,139                   | (7,024)                            | 10,410       |
| Reclassification                                  |      | 16   | -                                | -                 | 7,151                                | (4,135)                  | (3,032)                            | -            |
| Transfer to equity                                |      | -  | (8,538)                          | -                 | -                                    | -                        | -                                  | (8,538)      |
| Exchange difference                               |      | -  | -                                | 223               | -                                    | -                        | -                                  | 223          |
| Balance as at the end of the financial year       |      | (51,953)   | (73,889)                         | -                 | 7,525                                | 75,781                   | 84                                 | (42,452)     |

**11 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)**

The movements in deferred tax assets and liabilities during the financial year comprise the following: (Continued)

| Bank  | Note | Property, plant and equipment and other intangible assets RM'000 | Financial investments AFS RM'000 | Tax losses RM'000 | Loans, advances and financing RM'000 | Other liabilities RM'000 | Other temporary differences RM'000 | Total RM'000 |
|---|------|--|----------------------------------|-------------------|--------------------------------------|--------------------------|------------------------------------|--------------|
| <b>31.12.2013</b>                                 |      |  |                                  |                   |                                      |                          |                                    |              |
| Balance as at the beginning of the financial year |      | (47,876)   | (72,645)                         | -                 | -                                    | 69,529                   | 89                                 | (50,903)     |
| Transfer (to)/from income statements              | 34   | (1,704)  | -                                | -                 | -                                    | 4,649                    | -                                  | 2,945        |
| Transfer to equity                                |      | -  | 12,605                           | -                 | -                                    | -                        | -                                  | 12,605       |
| Exchange difference                               |      | -  | -                                | -                 | -                                    | (19)                     | -                                  | (19)         |
| Balance as at the end of the financial year       |      | (49,580)   | (60,040)                         | -                 | -                                    | 74,159                   | 89                                 | (35,372)     |
| <b>31.12.2012</b>                                 |      |  |                                  |                   |                                      |                          |                                    |              |
| Balance as at the beginning of the financial year |      | (50,351)   | (62,986)                         | 15,947            | (19,732)                             | 55,982                   | 5,299                              | (55,841)     |
| Transfer from/(to) income statements              | 34   | 2,475  | -                                | (16,170)          | 19,732                               | 13,547                   | (5,210)                            | 14,374       |
| Transfer to equity                                |      | -  | (9,659)                          | -                 | -                                    | -                        | -                                  | (9,659)      |
| Exchange difference                               |      | -  | -                                | 223               | -                                    | -                        | -                                  | 223          |
| Balance as at the end of the financial year       |      | (47,876)   | (72,645)                         | -                 | -                                    | 69,529                   | 89                                 | (50,903)     |

Deferred income tax assets have not been recognised on the following amounts as it is not probable that the relevant subsidiaries will generate sufficient future taxable profits available against which the deductible temporary differences can be utilised:

|                                       | Group             |                   |
|---------------------------------------|-------------------|-------------------|
|                                       | 31.12.2013 RM'000 | 31.12.2012 RM'000 |
| Unabsorbed tax losses carried forward | 735,124           | 735,124           |

**12 INVESTMENT IN SUBSIDIARIES**

|                                     | Bank                 |                      |
|-------------------------------------|----------------------|----------------------|
|                                     | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Unquoted shares, at cost:           |                      |                      |
| - in Malaysia                       | <b>1,460,909</b>     | 1,260,909            |
| - outside Malaysia                  | <b>280,149</b>       | 12,807               |
|                                     | <b>1,741,058</b>     | 1,273,716            |
| Less: Accumulated impairment losses | <b>(744)</b>         | (744)                |
|                                     | <b>1,740,314</b>     | 1,272,972            |

The following are the subsidiaries of the Bank:

| Name of companies  | Paid-up capital | Effective interest |           | Principal activities   |
|--|-----------------|--------------------|-----------|--|
|  |                 | 2013<br>%          | 2012<br>% |  |
| RHB Bank (L) Ltd.^   | US\$54,000,000  | <b>100</b>         | 100       | Offshore banking   |
| - RHB International Trust (L) Ltd.   | US\$40,000      | <b>100</b>         | 100       | Offshore trust company   |
| - RHB Corporate Services Sdn Bhd   | RM150,000       | <b>100</b>         | 100       | Corporate secretarial services   |
| RHB Islamic Bank Berhad®   | RM1,173,424,002 | <b>100</b>         | 100       | Islamic Banking  |
| RHB Indochina Bank Limited^ (formerly known as OSK Indochina Bank Limited)                   | US\$52,000,000  | <b>100</b>         | 100       | Commercial banking   |
| - RHB OSK Indochina Securities Limited^ (formerly known as OSK Indochina Securities Limited) | US\$11,500,000  | <b>100</b>         | 100       | Securities underwriting, dealing, brokerage and investment advisory service  |
| RHB Capital Nominees (Tempatan) Sdn Bhd  | RM10,000        | <b>100</b>         | 100       | Nominee services for Malaysian beneficial shareholders                       |
| - RHB Capital Nominees (Asing) Sdn Bhd   | RM10,000        | <b>100</b>         | 100       | Nominee services for foreign beneficial shareholders                         |
| UMBC Sdn Bhd   | RM499,999,818   | <b>100</b>         | 100       | Dormant company  |
| RHB Delta Sdn Bhd+   | RM175,000,000   | <b>100</b>         | 100       | Dormant company  |
| RHB Leasing Sdn Bhd  | RM10,000,000    | <b>100</b>         | 100       | Leasing  |
| RHB Capital Properties Sdn Bhd   | RM21,800,000    | <b>100</b>         | 100       | Property investment  |
| Utama Gilang Sdn Bhd+  | RM800,000,000   | <b>100</b>         | 100       | Dormant company  |
| Utama Assets Sdn Bhd   | RM2,300,000     | <b>100</b>         | 100       | Property investment  |
| RHB Investment Ltd.*   | S\$19,000,000   | <b>100</b>         | 100       | Property investment and rental   |
| Banfora Pte Ltd.*  | S\$25,000,000   | <b>100</b>         | 100       | Property investment and rental   |
| RHB Bank Nominees Pte Ltd.*  | S\$100,000      | <b>100</b>         | 100       | Nominee services   |
| RHB Trade Services Limited#  | HK\$2.00        | <b>100</b>         | 100       | Processing of letters of credit reissuance favouring Hong Kong beneficiaries |

\* Subsidiaries audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers, Malaysia.

# Subsidiary audited by a firm other than member firms of PricewaterhouseCoopers International Limited.

® During the year, the Bank increased its investment in RHB Islamic Bank Berhad from RM973,424,000 to RM1,173,424,000.

+ The Company has commenced member's voluntary winding-up on 16 February 2011.

^ The Company has become a wholly-owned subsidiary of RHB Bank with effect on 9 April 2013. Refer to Note 46 for details.

^^ On 30 December 2013, the transfer of OSK Investment Bank (Labuan) Limited's ("OSKL"), assets and liabilities to RHB Bank (L) Ltd. has been completed.

All of the subsidiaries are incorporated in Malaysia except for the following:

- RHB Investment Ltd., Banfora Pte. Ltd. and RHB Bank Nominees Pte. Ltd. which are incorporated in Singapore.
- RHB Trade Services Limited which is incorporated in Hong Kong.
- RHB Indochina Bank Limited and RHB Indochina Securities Limited which are incorporated in Cambodia.

## 13 PROPERTY, PLANT AND EQUIPMENT

| Group<br>31.12.2013                                       | Freehold<br>land<br>RM'000 | Leasehold land                  |                               | Buildings<br>RM'000 | Renovations<br>RM'000 | Office<br>equipment<br>and<br>furniture<br>RM'000 | Computer<br>equipment<br>RM'000 | Motor<br>vehicles<br>RM'000 | Total<br>RM'000 |
|---|----------------------------|---------------------------------|-------------------------------|---------------------|-----------------------|---|---------------------------------|-----------------------------|-----------------|
|   |                            | Less than<br>50 years<br>RM'000 | 50 years<br>or more<br>RM'000 |                     |                       |   |                                 |                             |                 |
| <b>Cost</b>   |                            |                                 |                               |                     |                       |   |                                 |                             |                 |
| Balance as at the beginning of the financial year         | 76,954                     | 1,426                           | 127,293                       | 245,899             | 334,087               | 228,606   | 445,194                         | 11,494                      | 1,470,953       |
| Additions   | -                          | -                               | -                             | -                   | 27,480                | 5,709   | 26,764                          | 493                         | 60,446          |
| Disposals/Written off                                     | -                          | -                               | -                             | -                   | (8)                   | (1,863)   | (21,273)                        | -                           | (23,144)        |
| Reclassifications   | -                          | -                               | -                             | -                   | (7,391)               | 7,388   | 13,432                          | -                           | 13,429          |
| Exchange difference                                       | 57                         | -                               | 3,675                         | 1,968               | 1,347                 | 1,017   | 552                             | 103                         | 8,719           |
| Balance as at the end of the financial year               | 77,011                     | 1,426                           | 130,968                       | 247,867             | 355,515               | 240,857   | 464,669                         | 12,090                      | 1,530,403       |
| <b>Less: Accumulated depreciation</b>                     |                            |                                 |                               |                     |                       |   |                                 |                             |                 |
| Balance as at the beginning of the financial year         | -                          | 749                             | 6,174                         | 69,528              | 168,966               | 199,153   | 338,870                         | 9,413                       | 792,853         |
| Charge for the financial year                             | -                          | 35                              | 461                           | 4,894               | 23,316                | 13,915  | 39,212                          | 685                         | 82,518          |
| Disposals/Written off                                     | -                          | -                               | -                             | -                   | (2)                   | (1,679)   | (21,143)                        | -                           | (22,824)        |
| Reclassifications   | -                          | -                               | -                             | -                   | -                     | (2)   | 5,929                           | -                           | 5,927           |
| Exchange difference                                       | -                          | -                               | 36                            | 637                 | 690                   | 680   | 429                             | 80                          | 2,552           |
| Balance as at the end of the financial year               | -                          | 784                             | 6,671                         | 75,059              | 192,970               | 212,067   | 363,297                         | 10,178                      | 861,026         |
| <b>Less: Accumulated impairment loss</b>                  |                            |                                 |                               |                     |                       |   |                                 |                             |                 |
| Balance as at the beginning of the financial year         | -                          | -                               | -                             | 2,985               | -                     | -   | -                               | -                           | 2,985           |
| Written back  | -                          | -                               | -                             | (381)               | -                     | -   | -                               | -                           | (381)           |
| Exchange difference                                       | -                          | -                               | -                             | 37                  | -                     | -   | -                               | -                           | 37              |
| Balance as at the end of the financial year               | -                          | -                               | -                             | 2,641               | -                     | -   | -                               | -                           | 2,641           |
| <b>Net book value as at the end of the financial year</b> | <b>77,011</b>              | <b>642</b>                      | <b>124,297</b>                | <b>170,167</b>      | <b>162,545</b>        | <b>28,790</b>                                     | <b>101,372</b>                  | <b>1,912</b>                | <b>666,736</b>  |

## 13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| Group Restated 31.12.2012                          | Note | Freehold land RM'000 | Leasehold land            |                         | Buildings RM'000 | Renovations RM'000 | Office equipment and furniture RM'000 | Computer equipment RM'000 | Motor vehicles RM'000 | Total RM'000 |
|--|------|----------------------|---------------------------|-------------------------|------------------|--------------------|---------------------------------------|---------------------------|-----------------------|--------------|
|  |      |                      | Less than 50 years RM'000 | 50 years or more RM'000 |                  |                    |                                       |                           |                       |              |
| <b>Cost</b>  |      |                      |                           |                         |                  |                    |                                       |                           |                       |              |
| Balance as at the beginning of the financial year  |      | 82,020               | 1,426                     | 124,657                 | 249,309          | 307,650            | 206,695                               | 412,745                   | 10,058                | 1,394,560    |
| Amount arising from acquisition of subsidiaries:   |      | -                    | -                         | -                       | -                | 9,061              | 6,190                                 | 2,239                     | 699                   | 18,189       |
| - effects of predecessor accounting                | 46   | -                    | -                         | -                       | -                | 32,578             | 4,363                                 | 33,745                    | 820                   | 71,506       |
| Additions  |      | -                    | -                         | -                       | (4,747)          | (2,115)            | (2,354)                               | (5,259)                   | (108)                 | (19,690)     |
| Disposals/Written off                              |      | (5,107)              | -                         | -                       | -                | (13,418)           | 13,418                                | 1,426                     | -                     | 1,426        |
| Reclassifications                                  |      | -                    | -                         | -                       | -                | 331                | 294                                   | 298                       | 25                    | 4,962        |
| Exchange difference                                |      | 41                   | -                         | 2,636                   | 1,337            | -                  | -                                     | -                         | -                     | -            |
| Balance as at the end of the financial year        |      | 76,954               | 1,426                     | 127,293                 | 245,899          | 334,087            | 228,606                               | 445,194                   | 11,494                | 1,470,953    |
| <b>Less: Accumulated depreciation</b>              |      |                      |                           |                         |                  |                    |                                       |                           |                       |              |
| Balance as at the beginning of the financial year  |      | -                    | 714                       | 5,696                   | 65,184           | 143,806            | 184,186                               | 307,368                   | 8,633                 | 715,587      |
| Amount arising from acquisition of subsidiaries:   |      | -                    | -                         | -                       | -                | 2,325              | 2,225                                 | 1,011                     | 266                   | 5,827        |
| - effects of predecessor accounting                | 46   | -                    | -                         | -                       | -                | 24,179             | 14,831                                | 35,473                    | 595                   | 80,491       |
| Charge for the year                                |      | -                    | 35                        | 458                     | 4,920            | (1,565)            | (2,347)                               | (5,254)                   | (108)                 | (10,258)     |
| Disposals/Written off                              |      | -                    | -                         | -                       | (984)            | 221                | 258                                   | 272                       | 27                    | 1,206        |
| Exchange difference                                |      | -                    | -                         | 20                      | 408              | -                  | -                                     | -                         | -                     | -            |
| Balance as at the end of the financial year        |      | -                    | 749                       | 6,174                   | 69,528           | 168,966            | 199,153                               | 338,870                   | 9,413                 | 792,853      |
| <b>Less: Accumulated impairment loss</b>           |      |                      |                           |                         |                  |                    |                                       |                           |                       |              |
| Balance as at the beginning of the financial year  |      | -                    | -                         | -                       | 2,984            | -                  | -                                     | -                         | -                     | 2,984        |
| Exchange difference                                |      | -                    | -                         | -                       | 1                | -                  | -                                     | -                         | -                     | 1            |
| Balance as at the end of the financial year        |      | -                    | -                         | -                       | 2,985            | -                  | -                                     | -                         | -                     | 2,985        |
| Net book value as at the end of the financial year |      | 76,954               | 677                       | 121,119                 | 173,386          | 165,121            | 29,453                                | 106,324                   | 2,081                 | 675,115      |

## 13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| Bank<br>31.12.2013  | Freehold<br>land<br>RM'000 | Leasehold land                  |                               | Buildings<br>RM'000 | Renovations<br>RM'000 | Office<br>equipment<br>and<br>furniture<br>RM'000 | Computer<br>equipment<br>RM'000 | Motor<br>vehicles<br>RM'000 | Total<br>RM'000 |
|---|----------------------------|---------------------------------|-------------------------------|---------------------|-----------------------|---|---------------------------------|-----------------------------|-----------------|
|   |                            | Less than<br>50 years<br>RM'000 | 50 years<br>or more<br>RM'000 |                     |                       |   |                                 |                             |                 |
| <b>Cost</b>   |                            |                                 |                               |                     |                       |   |                                 |                             |                 |
| Balance as at the beginning of the financial year         | 76,009                     | 879                             | 19,989                        | 200,157             | 304,312               | 212,045   | 438,797                         | 8,644                       | 1,260,832       |
| Additions   | -                          | -                               | -                             | -                   | 25,411                | 5,413   | 24,198                          | -                           | 55,022          |
| Disposals/Written off                                     | -                          | -                               | -                             | -                   | (8)                   | (1,512)   | (20,867)                        | -                           | (22,387)        |
| Net transfer from a subsidiary company                    | -                          | -                               | -                             | -                   | -                     | -   | 39                              | -                           | 39              |
| Reclassifications   | -                          | -                               | -                             | -                   | (5,405)               | 5,405   | 6,187                           | -                           | 6,187           |
| Exchange difference                                       | 53                         | -                               | -                             | 837                 | 720                   | 344   | 402                             | 46                          | 2,402           |
| Balance as at the end of the financial year               | 76,062                     | 879                             | 19,989                        | 200,994             | 325,030               | 221,695   | 448,756                         | 8,690                       | 1,302,095       |
| <b>Less: Accumulated depreciation</b>                     |                            |                                 |                               |                     |                       |   |                                 |                             |                 |
| Balance as at the beginning of the financial year         | -                          | 495                             | 3,711                         | 61,854              | 159,365               | 188,090   | 333,749                         | 7,442                       | 754,706         |
| Charge for the financial year                             | -                          | 24                              | 234                           | 4,479               | 20,799                | 11,765  | 37,602                          | 341                         | 75,244          |
| Disposals/Written off                                     | -                          | -                               | -                             | -                   | (2)                   | (1,509)   | (20,743)                        | -                           | (22,254)        |
| Net transfer from a subsidiary company                    | -                          | -                               | -                             | -                   | -                     | -   | 23                              | -                           | 23              |
| Exchange difference                                       | -                          | -                               | -                             | 463                 | 390                   | 321   | 341                             | 46                          | 1,561           |
| Balance as at the end of the financial year               | -                          | 519                             | 3,945                         | 66,796              | 180,552               | 198,667   | 350,972                         | 7,829                       | 809,280         |
| <b>Less: Accumulated impairment loss</b>                  |                            |                                 |                               |                     |                       |   |                                 |                             |                 |
| Balance as at the beginning/end of the financial year     | -                          | -                               | -                             | 351                 | -                     | -   | -                               | -                           | 351             |
| <b>Net book value as at the end of the financial year</b> | <b>76,062</b>              | <b>360</b>                      | <b>16,044</b>                 | <b>133,847</b>      | <b>144,478</b>        | <b>23,028</b>                                     | <b>97,784</b>                   | <b>861</b>                  | <b>492,464</b>  |

## 13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| Bank<br>31.12.2012                                    | Freehold<br>land<br>RM'000 | Leasehold land                  |                               | Buildings<br>RM'000 | Renovations<br>RM'000 | Office<br>equipment<br>and<br>furniture<br>RM'000 | Computer<br>equipment<br>RM'000 | Motor<br>vehicles<br>RM'000 | Total<br>RM'000 |
|---|----------------------------|---------------------------------|-------------------------------|---------------------|-----------------------|---|---------------------------------|-----------------------------|-----------------|
|   |                            | Less than<br>50 years<br>RM'000 | 50 years<br>or more<br>RM'000 |                     |                       |   |                                 |                             |                 |
| <b>Cost</b>   |                            |                                 |                               |                     |                       |   |                                 |                             |                 |
| Balance as at the beginning of the financial year     | 81,078                     | 879                             | 19,989                        | 204,305             | 290,334               | 197,554   | 409,931                         | 8,099                       | 1,212,169       |
| Additions   | -                          | -                               | -                             | -                   | 29,183                | 3,180   | 32,299                          | 620                         | 65,282          |
| Disposals/Written off                                 | (5,107)                    | -                               | -                             | (4,747)             | (2,115)               | (2,348)   | (5,206)                         | (105)                       | (19,628)        |
| Net transfer from a subsidiary company                | -                          | -                               | -                             | -                   | -                     | -   | 33                              | -                           | 33              |
| Reclassifications                                     | -                          | -                               | -                             | -                   | (13,418)              | 13,418  | 1,426                           | -                           | 1,426           |
| Exchange difference                                   | 38                         | -                               | -                             | 599                 | 328                   | 241   | 314                             | 30                          | 1,550           |
| Balance as at the end of the financial year           | 76,009                     | 879                             | 19,989                        | 200,157             | 304,312               | 212,045   | 438,797                         | 8,644                       | 1,260,832       |
| <b>Less: Accumulated depreciation</b>                 |                            |                                 |                               |                     |                       |   |                                 |                             |                 |
| Balance as at the beginning of the financial year     | -                          | 471                             | 3,476                         | 58,011              | 138,999               | 177,571   | 304,684                         | 7,157                       | 690,369         |
| Charge for the financial year                         | -                          | 24                              | 235                           | 4,510               | 21,679                | 12,638  | 33,957                          | 359                         | 73,402          |
| Disposals/Written off                                 | -                          | -                               | -                             | (983)               | (1,565)               | (2,345)   | (5,206)                         | (104)                       | (10,203)        |
| Net transfer from a subsidiary company                | -                          | -                               | -                             | -                   | -                     | -   | 27                              | -                           | 27              |
| Exchange difference                                   | -                          | -                               | -                             | 316                 | 252                   | 226   | 287                             | 30                          | 1,111           |
| Balance as at the end of the financial year           | -                          | 495                             | 3,711                         | 61,854              | 159,365               | 188,090   | 333,749                         | 7,442                       | 754,706         |
| <b>Less: Accumulated impairment loss</b>              |                            |                                 |                               |                     |                       |   |                                 |                             |                 |
| Balance as at the beginning/end of the financial year | -                          | -                               | -                             | 351                 | -                     | -   | -                               | -                           | 351             |
| Net book value as at the end of the financial year    | 76,009                     | 384                             | 16,278                        | 137,952             | 144,947               | 23,955  | 105,048                         | 1,202                       | 505,775         |

**13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

|   | Group                |                                  | Bank                 |                      |
|---|----------------------|----------------------------------|----------------------|----------------------|
|   | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| <b>Accumulated depreciation and impairment loss</b> |                      |                                  |                      |                      |
| Balances as at the beginning of the financial year  | <b>795,838</b>       | 718,571                          | <b>755,057</b>       | 690,720              |
| Balances as at the end of the financial year        | <b>863,667</b>       | 795,838                          | <b>809,631</b>       | 755,057              |

The above property, plant and equipment includes the following assets under construction/progress:

|             | Group                |                                  | Bank                 |                      |
|-------------|----------------------|----------------------------------|----------------------|----------------------|
|             | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| <b>Cost</b> |                      |                                  |                      |                      |
| Renovations | <b>9,765</b>         | 13,028                           | <b>8,439</b>         | 5,224                |

**14 GOODWILL AND OTHER INTANGIBLE ASSETS**

|   | Note | Group                |                                  | Bank                 |                      |
|---|------|----------------------|----------------------------------|----------------------|----------------------|
|   |      | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Goodwill on consolidation:                        | (a)  |                      |                                  |                      |                      |
| Balance as at the beginning of the financial year |      | <b>1,120,318</b>     | 1,004,017                        | <b>905,519</b>       | 905,519              |
| Amount arising from acquisition of subsidiaries:  |      |                      |                                  |                      |                      |
| - effects of predecessor accounting               | 46   | -                    | 116,301                          | -                    | -                    |
| Balance as at end of the financial year           |      | <b>1,120,318</b>     | 1,120,318                        | <b>905,519</b>       | 905,519              |
| Other intangible assets:                          |      |                      |                                  |                      |                      |
| Computer software license                         | (b)  | <b>146,824</b>       | 121,496                          | <b>134,725</b>       | 112,203              |
|   |      | <b>1,267,142</b>     | 1,241,814                        | <b>1,040,244</b>     | 1,017,722            |

(a) The carrying amount of goodwill allocated to the Group's and the Bank's CGUs are as follows:

|                            | Group                |                                  | Bank                 |                      |
|----------------------------|----------------------|----------------------------------|----------------------|----------------------|
|                            | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| <b>CGUs</b>                |                      |                                  |                      |                      |
| Corporate banking          | <b>200,859</b>       | 200,859                          | <b>182,461</b>       | 182,461              |
| Retail banking             | <b>307,919</b>       | 307,919                          | <b>292,837</b>       | 292,837              |
| Business banking           | <b>174,777</b>       | 174,777                          | <b>174,777</b>       | 174,777              |
| Treasury and money market  | <b>268,600</b>       | 268,600                          | <b>255,444</b>       | 255,444              |
| Islamic banking business   | <b>51,862</b>        | 51,862                           | -                    | -                    |
| RHB Indochina Bank Limited | <b>116,301</b>       | 116,301                          | -                    | -                    |
|                            | <b>1,120,318</b>     | 1,120,318                        | <b>905,519</b>       | 905,519              |



**14 GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)**

## (a) Goodwill on consolidation (Continued)

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets or forecasts approved by Directors covering a four-year (2011: four-year) period. Cash flows beyond the four-year period are extrapolated using the estimated growth rates and discounted using pre-tax discount rates which reflect the specific risks relating to the CGU. The cash flows projections are derived based on a number of key factors including the past performance and the management's expectations of the market developments.

The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

The estimated growth rates and discount rates used for value-in-use calculation are as follows:

|                            | Discount rate   |                 | Growth rate     |                 |
|----------------------------|-----------------|-----------------|-----------------|-----------------|
|                            | 31.12.2013<br>% | 31.12.2012<br>% | 31.12.2013<br>% | 31.12.2012<br>% |
| <b>CGUs</b>                |                 |                 |                 |                 |
| Corporate banking          | <b>7.8</b>      | 8.8             | <b>3.0</b>      | 3.0             |
| Retail banking             | <b>7.8</b>      | 8.8             | <b>3.0</b>      | 3.0             |
| Business banking           | <b>7.8</b>      | 8.8             | <b>3.0</b>      | 3.0             |
| Treasury and money market  | <b>7.8</b>      | 8.8             | <b>3.0</b>      | 3.0             |
| Islamic banking business   | <b>7.8</b>      | 8.8             | <b>3.0</b>      | 3.0             |
| RHB Indochina Bank Limited | <b>16.1</b>     | -               | <b>7.0</b>      | -               |

Impairment was not required for goodwill arising from all the business segments. Management believes that any reasonable possible change to the assumptions applied is not likely to cause the recoverable amount of all the business segments to be lower than its carrying amount.

## (b) Computer software license

|   | Note | Group                |                                  | Bank                 |                      |
|---|------|----------------------|----------------------------------|----------------------|----------------------|
|   |      | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| <b>Cost</b>   |      |                      |                                  |                      |                      |
| Balance as at the beginning of the financial year     |      | <b>626,247</b>       | 586,025                          | <b>576,517</b>       | 539,448              |
| Amount arising from acquisition of subsidiaries:      |      |                      |                                  |                      |                      |
| - effects of predecessor accounting                   | 46   | -                    | 2,491                            | -                    | -                    |
| Additions   |      | <b>66,866</b>        | 38,741                           | <b>61,863</b>        | 38,040               |
| Disposals/Written off                                 |      | <b>(3,524)</b>       | (2)                              | <b>(3,524)</b>       | (2)                  |
| Reclassifications                                     |      | <b>(13,462)</b>      | (1,426)                          | <b>(6,187)</b>       | (1,426)              |
| Exchange difference                                   |      | <b>974</b>           | 418                              | <b>653</b>           | 457                  |
| Balance as at the end of the financial year           |      | <b>677,101</b>       | 626,247                          | <b>629,322</b>       | 576,517              |
| <b>Less: Accumulated amortisation</b>                 |      |                      |                                  |                      |                      |
| Balance as at the beginning of the financial year     |      | <b>479,806</b>       | 449,204                          | <b>464,314</b>       | 435,330              |
| Amount arising from acquisition of subsidiaries:      |      |                      |                                  |                      |                      |
| - effects of predecessor accounting                   | 46   | -                    | 1,265                            | -                    | -                    |
| Charge for the financial year                         |      | <b>34,240</b>        | 29,011                           | <b>33,218</b>        | 28,629               |
| Disposals/Written off                                 |      | <b>(3,524)</b>       | (2)                              | <b>(3,524)</b>       | (2)                  |
| Reclassifications                                     |      | <b>(5,960)</b>       | -                                | -                    | -                    |
| Exchange difference                                   |      | <b>770</b>           | 328                              | <b>589</b>           | 357                  |
| Balance as at the end of the financial year           |      | <b>505,332</b>       | 479,806                          | <b>494,597</b>       | 464,314              |
| <b>Less: Accumulated impairment loss</b>              |      |                      |                                  |                      |                      |
| Balance as at the beginning/end of the financial year |      | <b>24,945</b>        | 24,945                           | -                    | -                    |
| Net book value as at the end of the financial year    |      | <b>146,824</b>       | 121,496                          | <b>134,725</b>       | 112,203              |

**15 DEPOSITS FROM CUSTOMERS**

|  | Group                |                                  | Bank                 |                      |
|--|----------------------|----------------------------------|----------------------|----------------------|
|  | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| <b>i) By type of deposits</b>  |                      |                                  |                      |                      |
| Demand deposits  | <b>24,679,473</b>    | 22,602,525                       | <b>21,926,084</b>    | 20,184,299           |
| Savings deposits   | <b>7,532,754</b>     | 6,932,789                        | <b>6,560,214</b>     | 6,129,019            |
| Fixed/investment deposits  | <b>103,394,512</b>   | 101,997,647                      | <b>83,300,020</b>    | 85,235,327           |
| Negotiable instruments of deposits   | <b>8,398</b>         | 8,960                            | <b>8,398</b>         | 8,960                |
|  | <b>135,615,137</b>   | 131,541,921                      | <b>111,794,716</b>   | 111,557,605          |
| <b>ii) By type of customer</b>   |                      |                                  |                      |                      |
| Government and statutory bodies  | <b>11,450,071</b>    | 14,145,334                       | <b>6,296,863</b>     | 8,269,422            |
| Business enterprises   | <b>81,264,703</b>    | 79,996,951                       | <b>65,658,605</b>    | 69,153,868           |
| Individuals  | <b>38,339,984</b>    | 32,667,496                       | <b>35,694,868</b>    | 31,077,414           |
| Others   | <b>4,560,379</b>     | 4,732,140                        | <b>4,144,380</b>     | 3,056,901            |
|  | <b>135,615,137</b>   | 131,541,921                      | <b>111,794,716</b>   | 111,557,605          |
| <b>iii) By maturity structure of the fixed/investment deposits and negotiable instrument of deposits</b> |                      |                                  |                      |                      |
| Due within six months  | <b>90,768,874</b>    | 84,560,794                       | <b>72,350,607</b>    | 69,925,495           |
| Six months to one year   | <b>12,172,795</b>    | 16,570,816                       | <b>10,515,667</b>    | 14,588,041           |
| One year to three years  | <b>432,270</b>       | 837,740                          | <b>422,099</b>       | 705,991              |
| Three years to five years  | <b>28,971</b>        | 37,257                           | <b>20,045</b>        | 24,760               |
|  | <b>103,402,910</b>   | 102,006,607                      | <b>83,308,418</b>    | 85,244,287           |

**16 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

|                            | Group                |                                  | Bank                 |                      |
|----------------------------|----------------------|----------------------------------|----------------------|----------------------|
|                            | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Licensed banks             | <b>10,201,228</b>    | 7,484,326                        | <b>9,516,893</b>     | 6,757,069            |
| Islamic banks              | <b>609,614</b>       | 1,083,534                        | -                    | -                    |
| Licensed investments banks | <b>253,063</b>       | 1,859,718                        | <b>253,063</b>       | 1,859,718            |
| Bank Negara Malaysia       | <b>800,698</b>       | 842,592                          | <b>800,094</b>       | 841,967              |
| Others                     | <b>614,560</b>       | 735,399                          | <b>574</b>           | 574                  |
|                            | <b>12,479,163</b>    | 12,005,569                       | <b>10,570,624</b>    | 9,459,328            |

**17 OBLIGATIONS ON SECURITIES SOLD UNDER REPURCHASE AGREEMENTS**

Obligations on securities sold under repurchase agreements are securities which the Group and the Bank have sold from its portfolio, with a commitment to repurchase at future dates. Such financing and the obligations to repurchase the securities are reflected as a liability on the statements of financial position.

The financial assets sold under repurchase agreement are as follows:

|  | Group and Bank       |                      |
|--|----------------------|----------------------|
|  | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Financial investments held-to-maturity | <b>165,098</b>       | -                    |

**18 OTHER LIABILITIES**

|                                  | Note | Group                |                                  | Bank                 |                      |
|----------------------------------|------|----------------------|----------------------------------|----------------------|----------------------|
|                                  |      | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Amount due to holding company    | (i)  | <b>21,699</b>        | 99                               | -                    | -                    |
| Amounts due to subsidiaries      | (i)  | -                    | -                                | <b>25,331</b>        | 26,025               |
| Amounts due to related companies | (i)  | <b>6,365</b>         | 295,339                          | <b>5,940</b>         | 5,996                |
| Amount due to Danaharta          | (ii) | <b>1,864</b>         | 1,827                            | <b>1,864</b>         | 1,827                |
| Prepaid instalments              |      | <b>73,852</b>        | 77,984                           | <b>73,852</b>        | 77,984               |
| Lessee deposits                  |      | <b>29,774</b>        | 30,689                           | -                    | -                    |
| Accrual for operational expenses |      | <b>163,224</b>       | 160,820                          | <b>143,997</b>       | 150,418              |
| Short term employee benefits     |      | <b>177,566</b>       | 157,127                          | <b>163,459</b>       | 144,499              |
| Other creditors and accruals     |      | <b>496,384</b>       | 526,482                          | <b>356,031</b>       | 368,954              |
|                                  |      | <b>970,728</b>       | 1,250,367                        | <b>770,474</b>       | 775,703              |

- (i) Amounts due to holding company, subsidiaries and related companies are unsecured, interest free and repayable within the normal credit period.
- (ii) Amount due to Danaharta mainly comprises collections in respect of ex-Sime Bank's overseas branches' non-performing loans sold to Danaharta which are managed by the overseas branches.

**19 RECOURSE OBLIGATION ON LOANS SOLD TO CAGAMAS BERHAD**

Recourse obligation on loans sold to Cagamas Berhad represents those acquired from the originators and sold to Cagamas Berhad with recourse. Under the agreement, the Group and the Bank undertake to administer the loans on behalf of Cagamas Berhad and to buy back any loans which are regarded as defective based on pre-determined and agreed-upon prudential criteria with recourse against the originators. Such financing transactions and the obligation to buy back the loans are reflected as a liability on the statements of financial position. The loans are not de-recognised and are analysed in Note 7 to the financial statements.

**20 BORROWINGS**

|   | Group                |                                  | Bank                 |                      |
|---|----------------------|----------------------------------|----------------------|----------------------|
|   | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Unsecured:  |                      |                                  |                      |                      |
| Term loans  | <b>571,049</b>       | 632,778                          | <b>571,049</b>       | 632,778              |
| Revolving credits                                 | -                    | 76,756                           | -                    | -                    |
|   | <b>571,049</b>       | 709,534                          | <b>571,049</b>       | 632,778              |
| Scheduled repayment of borrowings are as follows: |                      |                                  |                      |                      |
| Repayable within one year                         | <b>107,961</b>       | 178,207                          | <b>107,961</b>       | 101,451              |
| One year to three years                           | <b>213,103</b>       | 198,770                          | <b>213,103</b>       | 198,770              |
| Three years to five years                         | <b>180,317</b>       | 198,770                          | <b>180,317</b>       | 198,770              |
| Over five years                                   | <b>69,668</b>        | 133,787                          | <b>69,668</b>        | 133,787              |
|   | <b>571,049</b>       | 709,534                          | <b>571,049</b>       | 632,778              |

## (a) Revolving credits

In 2012, the unsecured USD revolving credit facilities of the Group bore interest at rates ranging at 2.23% to 2.36% per annum.

## (b) Term loans

On 7 April 2006, the Bank entered into an agreement with Japan Bank for International Cooperation ("JBIC"), to obtain an unsecured Untied Loan facility of USD100 million for a tenure of 11 years. Disbursement of USD50 million and USD30 million was done on 29 June 2006 and 20 October 2006 respectively. Final disbursement of USD20 million was done on 31 January 2007. The said loan is repayable on 8 March and 8 September each year for 20 equal instalments commencing on 8 March 2008 until 8 September 2017 and bears a floating interest rate of British Bankers Association Interest Settlement Rate in USD ("BBA LIBOR") plus 0.395% per annum. The average interest rate ranges from 0.78% to 1.13% (2012: 0.89% to 1.13%) per annum.

On 24 March 2008, the Bank entered into another agreement with JBIC to obtain an unsecured Untied Loan facility of USD100 million for a tenure of ten years. Disbursement of USD100 million was done on 30 May 2008. The said loan is repayable on 8 March and 8 September each year for 20 equal instalments commencing 8 September 2010 to 8 March 2020 and bears a floating interest rate of BBA LIBOR plus 0.315% per annum. The average interest rate ranges from 0.70% to 1.05% (2012: 0.81% to 1.05%) per annum.

On 28 May 2009, the Bank entered into the third agreement with JBIC to obtain an unsecured Untied Loan facility of USD100 million for a tenure of eight years. Disbursement of USD100 million was done on 28 July 2009. The said loan is repayable on 10 April and 10 October each year for 16 equal instalments commencing 10 October 2011 to 10 April 2019 and bears a floating interest rate of BBA LIBOR plus 0.80% per annum. The average interest rate ranges from 1.16% to 1.53% per annum (2012: 1.25% to 1.53%) per annum.

**21 SUBORDINATED OBLIGATIONS**

|  | Note  | Group and Bank       |                      |
|--|-------|----------------------|----------------------|
|  |       | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| 5.5% RM700 million Subordinated Notes 2007/2022    | (i)   | <b>703,481</b>       | 703,375              |
| 5.0% RM700 million Subordinated Notes 2010/2020    | (ii)  | <b>706,137</b>       | 706,137              |
| 5.6% RM300 million Subordinated Notes 2010/2025    | (ii)  | <b>302,946</b>       | 302,946              |
| 4.25% RM250 million Subordinated Notes 2011/2021   | (iii) | <b>251,002</b>       | 250,741              |
| 4.30% RM750 million Subordinated Notes 2012/2022   | (iv)  | <b>754,171</b>       | 753,984              |
| 4.40% RM1,300 million Subordinated Notes 2012/2022 | (iv)  | <b>1,304,131</b>     | 1,303,736            |
|  |       | <b>4,021,868</b>     | 4,020,919            |

**21 SUBORDINATED OBLIGATIONS (CONTINUED)**

- (i) On 30 November 2007, the Bank issued redeemable unsecured Subordinated Notes amounting to RM700 million in nominal value as follows:

| Tranche   | Principal RM'million | Maturity date                                       | Interest rate  | Interest payment                             |
|-----------|----------------------|---|--|--|
| 2007/2022 | 700                  | 30 November 2022<br>(Callable with step-up on 2017) | 5.5% per annum chargeable to 30 November 2017 (but exclusive of payment date), thereafter on step-up coupon rate at 0.5% per annum | Accrued and payable semi-annually in arrears |

The RM700 million Subordinated Notes constitute direct unsecured obligations of the Bank, subordinated in right and priority of payment, to the extent and in the manner provided for in the RM700 million Subordinated Notes, to all deposit liabilities and other liabilities of the Bank except all other present and future unsecured and subordinated obligations of the Bank which by their terms rank *pari passu* in right of and priority of payment with or subordinated to the RM700 million Subordinated Notes.

- (ii) On 29 April 2010, the Bank issued RM1.0 billion nominal value of Subordinated Notes, being the remaining balance of the issuance of RM3.0 billion in nominal value of Subordinated Notes and/or Senior Notes under a Medium Term Note Programme. The RM1.0 billion Subordinated Notes comprise:

| Tranche   | Principal RM'million | Maturity date                                    | Interest rate   | Interest payment                             |
|-----------|----------------------|--|---|--|
| 2010/2020 | 700                  | 29 April 2020<br>(Callable with step-up on 2015) | 5.0% per annum chargeable to 29 April 2015 (but exclusive of payment date), thereafter on step-up coupon rate at 0.5% per annum | Accrued and payable semi-annually in arrears |
| 2010/2025 | 300                  | 29 April 2025<br>(Callable with step-up on 2020) | 5.6% per annum chargeable to 29 April 2020 (but exclusive of payment date), thereafter on step-up coupon rate of 0.5% per annum | Accrued and payable semi-annually in arrears |

- (iii) On 31 October 2011, the Bank issued RM250 million nominal value of Subordinated Notes, being part of RM3.0 billion in nominal value of Subordinated Notes and/or Senior Notes under a Multi-Currency Medium Term Note Programme. The details of the RM250 million Subordinated Notes in nominal value are as follows:

| Tranche   | Principal RM'million | Maturity date                         | Interest rate                                 | Interest payment                             |
|-----------|----------------------|---------------------------------------|---|--|
| 2011/2021 | 250                  | 29 October 2021<br>(Callable on 2016) | 4.25% per annum chargeable to 29 October 2021 | Accrued and payable semi-annually in arrears |

- (iv) On 7 May 2012 and 30 November 2012, the Bank issued RM750 million and RM1,300 million respectively nominal value of Subordinated Notes, being part of RM3.0 billion in nominal value of Subordinated Notes and/or Senior Notes under a Multi-Currency Medium Term Note Programme. The details of the RM750 million and RM1,300 million Subordinated Notes in nominal value are as follows:

| Tranche   | Principal RM'million | Maturity date                          | Interest rate                                  | Interest payment                             |
|-----------|----------------------|--|--|--|
| 2012/2022 | 750                  | 6 May 2022<br>(Callable on 2017)       | 4.30% per annum chargeable to 6 May 2022       | Accrued and payable semi-annually in arrears |
| 2012/2022 | 1,300                | 30 November 2022<br>(Callable on 2017) | 4.40% per annum chargeable to 30 November 2022 | Accrued and payable semi-annually in arrears |

**22 HYBRID TIER-I CAPITAL SECURITIES**

|   | Note | Group and Bank       |                      |
|---|------|----------------------|----------------------|
|   |      | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| RM370 million Hybrid Tier-I Capital Securities due in 2039, callable with step-up in 2019 | (i)  | <b>375,577</b>       | 375,448              |
| RM230 million Hybrid Tier-I Capital Securities due in 2039, callable with step-up in 2019 | (ii) | <b>230,638</b>       | 230,638              |
|   |      | <b>606,215</b>       | 606,086              |

- (i) On 31 March 2009, the Bank completed the first issuance of RM370 million nominal value of Hybrid Tier-I Capital Securities (“HT-I Capital Securities”) out of its RM600 million Hybrid Tier-I Capital Securities Programme. The RM370 million HT-I Capital Securities will mature in 2039 and is callable with step-up in 2019. The HT-I Capital Securities bear interest at the rate of 8.0% per annum commencing from the first issue date and thereafter at a stepped up rate of 9.0% per annum from 2019 if not called. The interest is payable semi-annually in arrears.
- (ii) On 17 December 2009, the Bank issued the remaining RM230 million nominal value of HT-I Capital Securities which will mature in 2039 and is callable with step-up in 2019. The second issuance of HT-I Capital Securities bear interest at the rate of 6.75% per annum commencing from the first issue date and thereafter at a stepped up rate of 7.75% per annum from 2019 if not called. The interest is payable semi-annually in arrears.

**23 SENIOR DEBT SECURITIES**

|   | Note | Group and Bank       |                      |
|---|------|----------------------|----------------------|
|   |      | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| USD300 million Senior Notes due in 2017 | (i)  | <b>982,867</b>       | 915,245              |
| USD200 million Senior Notes due in 2017 | (ii) | <b>664,767</b>       | 621,429              |
|   |      | <b>1,647,634</b>     | 1,536,674            |

- (i) On 11 May 2012, the Bank completed the first issuance of USD500 million nominal value under Euro Medium Term Notes Programme. The USD300 million Senior Notes will mature in 2017. The Senior Notes bear interest rate of 3.25% per annum commencing from the first issue date.
- (ii) On 28 September 2012, the Bank issued the remaining USD200 million nominal value of Senior Notes which will mature in 2017. The second issuance of Senior Notes bear interest rate of 3.25% per annum commencing from May 2012 which follow the date of the first issuance of Senior Notes. The interest is payable semi-annually in arrears.

**24 SHARE CAPITAL**

|   | Number of shares   |                    | Nominal value        |                      |
|---|--------------------|--------------------|----------------------|----------------------|
|   | 31.12.2013<br>'000 | 31.12.2012<br>'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| <b>Group and Bank</b>                                 |                    |                    |                      |                      |
| Authorised:   |                    |                    |                      |                      |
| Balance as at the beginning/end of the financial year |                    |                    |                      |                      |
| - Ordinary shares of 50 sen each                      | <b>8,000,000</b>   | 8,000,000          | <b>4,000,000</b>     | 4,000,000            |
| - Preference shares of RM1.00 each                    | <b>2,000,000</b>   | 2,000,000          | <b>2,000,000</b>     | 2,000,000            |
|   | <b>10,000,000</b>  | 10,000,000         | <b>6,000,000</b>     | 6,000,000            |
| Issued and fully paid:                                |                    |                    |                      |                      |
| Balance as at the beginning/end of the financial year |                    |                    |                      |                      |
| - Ordinary shares of 50 sen each                      | <b>6,636,170</b>   | 6,636,170          | <b>3,318,085</b>     | 3,318,085            |

**25 RESERVES**

|                             | Note  | Group                |                                  | Bank                 |                      |
|-----------------------------|-------|----------------------|----------------------------------|----------------------|----------------------|
|                             |       | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Retained profits            | (i)   | <b>5,995,662</b>     | 4,722,899                        | <b>5,035,720</b>     | 3,921,038            |
| Share premium               |       | <b>8,563</b>         | 8,563                            | <b>8,563</b>         | 8,563                |
| Statutory reserves          | (ii)  | <b>3,919,746</b>     | 3,836,496                        | <b>3,478,138</b>     | 3,478,138            |
| Available-for-sale reserves | (iii) | <b>150,571</b>       | 220,996                          | <b>180,119</b>       | 217,933              |
| Translation reserves        | (iv)  | <b>19,469</b>        | (69,739)                         | <b>55,541</b>        | 12,023               |
|                             |       | <b>10,094,011</b>    | 8,719,215                        | <b>8,758,081</b>     | 7,637,695            |

- (i) Pursuant to the Finance Act, 2007 which was gazetted on 28 November 2007, dividends paid, credited or distributed to shareholders are not tax deductible by the Bank, but are exempted from tax to the shareholders ("single tier system"). During the financial year 2012, the Bank has fully utilised the credit in the Section 108 balance via distribution of dividends to its shareholders as allowed in the transitional provision under the Finance Act, 2007. As at 31 December 2013, the Bank has sufficient tax exempt account balances to pay tax exempt dividends out of its retained earnings.

Subject to agreement by the Inland Revenue Board, the Bank has sufficient tax exempt income of RM1,804,047,508 under Section 12 of the Income Tax (Amendment) Act 1999 to pay dividends out of its entire retained profits as at 31 December 2013.

- (ii) The statutory reserves are maintained in compliance with Section 47(2)(f) of Financial Services Act 2013 of RM3,478,138,000 (31.12.2012: RM3,478,138,000), Section 57(2)(f) of Islamic Financial Services Act 2013 of RM441,608,000 (31.12.2012: RM358,358,000), and Section 18 of the Singapore Finance Companies (Amendment) Act 1994, and are not distributable as cash dividends.
- (iii) Available-for-sale reserves arise from a change in the fair value of financial investments classified as available-for-sale. The unrealised gains or losses are transferred to the income statements upon disposal, decognition or impairment of such securities.
- (iv) Translation reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign operations and subsidiaries.

**26 INTEREST INCOME**

|  | Group                |                                  | Bank                 |                      |
|--|----------------------|----------------------------------|----------------------|----------------------|
|  | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Loans, advances and financing  | <b>5,263,870</b>     | 4,835,426                        | <b>5,135,435</b>     | 4,767,135            |
| Money at call and deposit placements with banks and other financial institutions | <b>265,067</b>       | 404,627                          | <b>376,417</b>       | 442,827              |
| Securities purchased under resale agreements                                     | <b>617</b>           | 401                              | <b>617</b>           | 401                  |
| Financial assets held-for-trading  | <b>11,342</b>        | 15,559                           | <b>11,342</b>        | 15,559               |
| Financial investments available-for-sale   | <b>319,649</b>       | 237,188                          | <b>316,088</b>       | 235,402              |
| Financial investments held-to-maturity   | <b>625,133</b>       | 499,646                          | <b>618,753</b>       | 494,993              |
| Others   | <b>920</b>           | 646                              | <b>920</b>           | 646                  |
|  | <b>6,486,598</b>     | 5,993,493                        | <b>6,459,572</b>     | 5,956,963            |
| Of which:  |                      |                                  |                      |                      |
| Interest income accrued on impaired financial assets                             | <b>154,129</b>       | 169,835                          | <b>137,158</b>       | 148,120              |

**27 INTEREST EXPENSE**

|   | Group                |                                  | Bank                 |                      |
|---|----------------------|----------------------------------|----------------------|----------------------|
|   | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Deposits and placements of banks and other financial institutions | <b>155,894</b>       | 174,355                          | <b>150,840</b>       | 174,352              |
| Deposits from customers   | <b>2,703,699</b>     | 2,390,509                        | <b>2,680,774</b>     | 2,376,715            |
| Subordinated obligations  | <b>191,062</b>       | 187,245                          | <b>191,062</b>       | 187,245              |
| Recourse obligation on loans sold to Cagamas                      | <b>43,130</b>        | 54,083                           | <b>43,130</b>        | 54,083               |
| Hybrid Tier-I Capital Securities                                  | <b>45,416</b>        | 45,518                           | <b>45,416</b>        | 45,518               |
| Senior Debt Securities  | <b>51,315</b>        | 24,963                           | <b>51,315</b>        | 24,963               |
| Borrowings  | <b>8,119</b>         | 8,615                            | <b>6,066</b>         | 8,362                |
| Others  | <b>53,562</b>        | 46,821                           | <b>53,562</b>        | 46,821               |
|   | <b>3,252,197</b>     | 2,932,109                        | <b>3,222,165</b>     | 2,918,059            |

**28 OTHER OPERATING INCOME**

|   | Group                |                                  | Bank                 |                      |
|---|----------------------|----------------------------------|----------------------|----------------------|
|   | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Fee Income:   |                      |                                  |                      |                      |
| Commission  | <b>160,232</b>       | 124,616                          | <b>155,007</b>       | 122,851              |
| Service charges and fees  | <b>269,916</b>       | 215,727                          | <b>267,296</b>       | 208,973              |
| Guarantee fees  | <b>48,708</b>        | 47,608                           | <b>48,708</b>        | 47,608               |
| Commitment fees   | <b>48,897</b>        | 46,187                           | <b>45,539</b>        | 45,847               |
| Underwriting fees   | <b>463</b>           | 1,211                            | <b>463</b>           | 1,211                |
| Other fees  | <b>17,291</b>        | 16,928                           | <b>17,489</b>        | 17,134               |
|   | <b>545,507</b>       | 452,277                          | <b>534,502</b>       | 443,624              |
| Net gain arising from financial assets held-for-trading         | <b>29,601</b>        | 44,884                           | <b>29,601</b>        | 44,884               |
| Net (loss)/gain on revaluation of derivatives                   | <b>(1,803)</b>       | 7,096                            | <b>7,213</b>         | 5,960                |
| Net gain on fair value hedges (Note 9)                          | <b>692</b>           | 1,474                            | <b>1,484</b>         | 266                  |
| Net gain arising from financial investments available-for-sale: |                      |                                  |                      |                      |
| - net gain on disposal  | <b>85,285</b>        | 51,755                           | <b>83,318</b>        | 51,755               |
| - gross dividends income  | <b>6,137</b>         | 5,527                            | <b>6,137</b>         | 5,525                |
|   | <b>91,422</b>        | 57,282                           | <b>89,455</b>        | 57,280               |
| Net gain arising from financial investment held-to-maturity:    |                      |                                  |                      |                      |
| - net gain on early redemption                                  | <b>10,566</b>        | 1,823                            | <b>10,566</b>        | 1,823                |
| Gross dividend income from a subsidiary                         | -                    | -                                | -                    | 9,363                |
| Other income:   |                      |                                  |                      |                      |
| Net foreign exchange gain/(loss):                               |                      |                                  |                      |                      |
| - realised  | <b>203,206</b>       | 317,636                          | <b>204,014</b>       | 316,609              |
| - unrealised  | <b>97,479</b>        | (12,741)                         | <b>97,479</b>        | (12,741)             |
| Gain on disposal of property, plant and equipment               | <b>130</b>           | 997                              | <b>130</b>           | 997                  |
| Other operating income  | <b>65,078</b>        | 69,305                           | <b>61,844</b>        | 62,625               |
| Other non-operating income                                      | <b>7,005</b>         | 5,570                            | <b>4,497</b>         | 2,193                |
|   | <b>372,898</b>       | 380,767                          | <b>367,964</b>       | 369,683              |
|   | <b>1,048,883</b>     | 945,603                          | <b>1,040,785</b>     | 932,883              |



**29 NET INCOME FROM ISLAMIC BANKING BUSINESS**

|  | Group                |                      |
|--|----------------------|----------------------|
|  | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Income derived from investment of depositors' funds        | <b>1,100,857</b>     | 1,046,357            |
| Income derived from investment of shareholder's funds      | <b>118,857</b>       | 81,764               |
| Transfer from Profit Equalisation Reserve                  | -                    | 7,252                |
| Total distributable income                                 | <b>1,219,714</b>     | 1,135,373            |
| Income attributable to depositors                          | <b>(633,226)</b>     | (648,202)            |
| Income from Islamic Banking Business                       | <b>586,488</b>       | 487,171              |
| Of which:  |                      |                      |
| Financing income earned on impaired financing and advances | <b>16,971</b>        | 21,715               |

**30 OTHER OPERATING EXPENSES**

|  | Group                |                                  | Bank                 |                      |
|--|----------------------|----------------------------------|----------------------|----------------------|
|  | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| <b>Personnel costs</b>                     |                      |                                  |                      |                      |
| Salaries, allowances and bonuses           | <b>995,748</b>       | 904,839                          | <b>902,374</b>       | 830,880              |
| Contributions to Employees' Provident Fund | <b>154,558</b>       | 137,259                          | <b>138,483</b>       | 125,459              |
| Other staff related costs                  | <b>91,663</b>        | 100,944                          | <b>85,525</b>        | 91,272               |
|  | <b>1,241,969</b>     | 1,143,042                        | <b>1,126,382</b>     | 1,047,611            |
| <b>Establishment costs</b>                 |                      |                                  |                      |                      |
| Property, plant and equipment:             |                      |                                  |                      |                      |
| - depreciation                             | <b>82,518</b>        | 80,491                           | <b>75,244</b>        | 73,402               |
| - written off                              | <b>21</b>            | 2                                | <b>21</b>            | 2                    |
| Amortisation of computer software license  | <b>34,240</b>        | 29,011                           | <b>33,218</b>        | 28,629               |
| Rental of premises                         | <b>114,706</b>       | 105,381                          | <b>109,482</b>       | 102,075              |
| Rental of equipment                        | <b>5,147</b>         | 5,831                            | <b>5,060</b>         | 5,576                |
| Insurance                                  | <b>23,612</b>        | 16,471                           | <b>20,624</b>        | 15,621               |
| Water and electricity                      | <b>24,435</b>        | 23,029                           | <b>21,716</b>        | 20,941               |
| Repair and maintenance                     | <b>25,139</b>        | 20,083                           | <b>21,513</b>        | 19,802               |
| Security and escorting expenses            | <b>52,035</b>        | 47,936                           | <b>47,298</b>        | 44,502               |
| Information technology expenses            | <b>121,478</b>       | 114,165                          | <b>110,531</b>       | 105,223              |
| Others                                     | <b>1,123</b>         | 3,143                            | -                    | -                    |
|  | <b>484,454</b>       | 445,543                          | <b>444,707</b>       | 415,773              |
| <b>Marketing expenses</b>                  |                      |                                  |                      |                      |
| Sales commission                           | <b>47,394</b>        | 35,011                           | <b>35,423</b>        | 27,321               |
| Advertisement and publicity                | <b>84,111</b>        | 79,791                           | <b>74,501</b>        | 73,312               |
| Others                                     | <b>63,117</b>        | 59,361                           | <b>57,341</b>        | 55,866               |
|  | <b>194,622</b>       | 174,163                          | <b>167,265</b>       | 156,499              |

**30 OTHER OPERATING EXPENSES (CONTINUED)**

|  | Group                |                                  | Bank                 |                      |
|--|----------------------|----------------------------------|----------------------|----------------------|
|  | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| <b>Administration and general expenses</b> |                      |                                  |                      |                      |
| Communication expenses                     | <b>103,718</b>       | 92,891                           | <b>93,442</b>        | 85,443               |
| Auditors' remuneration (Note (i))          | <b>4,440</b>         | 3,534                            | <b>3,687</b>         | 2,999                |
| Legal and professional fee                 | <b>17,012</b>        | 23,018                           | <b>12,674</b>        | 21,120               |
| Others                                     | <b>74,240</b>        | 72,521                           | <b>22,908</b>        | 27,839               |
|  | <b>199,410</b>       | 191,964                          | <b>132,711</b>       | 137,401              |
|  | <b>2,120,455</b>     | 1,954,712                        | <b>1,871,065</b>     | 1,757,284            |

Included in the personnel costs of the Managing Directors' remuneration (excluding benefits-in-kind) totalling RM2,461,000 (2012: RM1,114,000) for the Group and the Bank, as disclosed in Note 31.

Included in administration and general expenses of the Group and the Bank are other Directors' remuneration (excluding benefits-in-kind) totalling RM1,968,000 (2012: RM1,242,000) and RM1,797,000 (2012: RM1,108,000) respectively, as disclosed in Note 31.

|                            | Group                |                                  | Bank                 |                      |
|----------------------------|----------------------|----------------------------------|----------------------|----------------------|
|                            | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| (i) Auditors' remuneration |                      |                                  |                      |                      |
| (a) Audit                  |                      |                                  |                      |                      |
| Statutory audit:           |                      |                                  |                      |                      |
| - Malaysia                 | <b>1,550</b>         | 1,668                            | <b>1,273</b>         | 1,317                |
| - Overseas                 | <b>882</b>           | 614                              | <b>737</b>           | 548                  |
| Limited review             | <b>355</b>           | 350                              | <b>300</b>           | 300                  |
| Other audit related        | <b>470</b>           | 165                              | <b>290</b>           | 110                  |
|                            | <b>3,257</b>         | 2,797                            | <b>2,600</b>         | 2,275                |
| (b) Non-audit:             |                      |                                  |                      |                      |
| - Malaysia                 | <b>1,183</b>         | 727                              | <b>1,087</b>         | 714                  |
| - Overseas                 | <b>-</b>             | 10                               | <b>-</b>             | 10                   |
|                            | <b>1,183</b>         | 737                              | <b>1,087</b>         | 724                  |
|                            | <b>4,440</b>         | 3,534                            | <b>3,687</b>         | 2,999                |

**31 DIRECTORS' REMUNERATION**

The remuneration of the Managing Director and Directors of the Group are as follows:

| Group   | Salary and other remuneration<br>RM'000 | Benefits-in-kind<br>(based on an estimated monetary value)<br>RM'000 | Bonus<br>RM'000 | Total<br>RM'000 |
|---|---|--|-----------------|-----------------|
| <b>31.12.2013</b>   |   |  |                 |                 |
| <b>Managing Director</b>                                    |   |  |                 |                 |
| Dato' Khairussaleh Ramli<br>(appointed on 13 December 2013) | 101                                     | -  | -               | 101             |
| En Johari Abdul Muid<br>(resigned on 18 July 2013)          | 1,160                                   | 131  | 1,200           | 2,491           |
|   | <b>1,261</b>                            | <b>131</b>   | <b>1,200</b>    | <b>2,592</b>    |
| <b>31.12.2012</b>   |   |  |                 |                 |
| En Johari Abdul Muid  | 1,114                                   | 35   | -               | 1,149           |
|   | 1,114                                   | 35   | -               | 1,149           |

| Group                                  | Fees<br>RM'000 | Benefits-in-kind<br>(based on an estimated monetary value)<br>RM'000 | Others*<br>RM'000 | Total<br>RM'000 |
|--|----------------|--|-------------------|-----------------|
| <b>31.12.2013</b>                      |                |  |                   |                 |
| <b>Non-Executive Directors</b>         |                |  |                   |                 |
| Tan Sri Azlan Zainol (Chairman)        | 180            | 31   | 17                | 228             |
| Tuan Haji Khairuddin Ahmad             | 171            | -  | 138               | 309             |
| Mr Ong Seng Pheow                      | 150            | -  | 82                | 232             |
| Mr Choong Tuck Oon                     | 200            | -  | 136               | 336             |
| Dato' Mohd Ali Mohd Tahir              | 180            | -  | 90                | 270             |
| En Abdul Aziz Peru Mohamed             | 150            | -  | 69                | 219             |
| Dato' Mohamed Khadar Merican           | 150            | -  | 84                | 234             |
| Tan Sri Ong Leong Huat @ Woong Joo Hwa | 150            | -  | 21                | 171             |
|  | <b>1,331</b>   | <b>31</b>  | <b>637</b>        | <b>1,999</b>    |
| <b>31.12.2012</b>                      |                |  |                   |                 |
| Tan Sri Azlan Zainol (Chairman)        | 120            | 31   | -                 | 151             |
| Tuan Haji Khairuddin Ahmad             | 112            | -  | 107               | 219             |
| Mr Ong Seng Pheow                      | 100            | -  | 58                | 158             |
| Mr Choong Tuck Oon                     | 123            | -  | 102               | 225             |
| Dato' Mohd Ali Mohd Tahir              | 110            | -  | 73                | 183             |
| En Abdul Aziz Peru Mohamed             | 100            | -  | 55                | 155             |
| Dato' Mohamed Khadar Merican           | 100            | -  | 68                | 168             |
| Tan Sri Ong Leong Huat @ Woong Joo Hwa | 11             | -  | 3                 | 14              |
|  | 776            | 31   | 466               | 1,273           |

\* Others comprise of committee members' allowance and attending allowance.

**31 DIRECTORS' REMUNERATION (CONTINUED)**

The remuneration of the Managing Director and Directors of the Bank are as follows:

| Bank  | Salary and other remuneration<br>RM'000 | Benefits-in-kind<br>(based on an estimated monetary value)<br>RM'000 | Bonus<br>RM'000 | Total<br>RM'000 |
|---|---|--|-----------------|-----------------|
| <b>31.12.2013</b>   |   |  |                 |                 |
| <b>Managing Director</b>                                    |   |  |                 |                 |
| Dato' Khairussaleh Ramli<br>(appointed on 13 December 2013) | 101                                     | -  | -               | 101             |
| En Johari Abdul Muid<br>(resigned on 18 July 2013)          | 1,160                                   | 131  | 1,200           | 2,491           |
|   | <b>1,261</b>                            | <b>131</b>   | <b>1,200</b>    | <b>2,592</b>    |
| <b>31.12.2012</b>   |   |  |                 |                 |
| En Johari Abdul Muid  | 1,114                                   | 35   | -               | 1,149           |
|   | 1,114                                   | 35   | -               | 1,149           |

| Bank                                   | Fees<br>RM'000 | Benefits-in-kind<br>(based on an estimated monetary value)<br>RM'000 | Others*<br>RM'000 | Total<br>RM'000 |
|--|----------------|--|-------------------|-----------------|
| <b>31.12.2013</b>                      |                |  |                   |                 |
| <b>Non-Executive Directors</b>         |                |  |                   |                 |
| Tan Sri Azlan Zainol (Chairman)        | 180            | 31   | 17                | 228             |
| Tuan Haji Khairuddin Ahmad             | 150            | -  | 121               | 271             |
| Mr Ong Seng Pheow                      | 150            | -  | 82                | 232             |
| Mr Choong Tuck Oon                     | 150            | -  | 104               | 254             |
| Dato' Mohd Ali Mohd Tahir              | 150            | -  | 69                | 219             |
| En Abdul Aziz Peru Mohamed             | 150            | -  | 69                | 219             |
| Dato' Mohamed Khadar Merican           | 150            | -  | 84                | 234             |
| Tan Sri Ong Leong Huat @ Woong Joo Hwa | 150            | -  | 21                | 171             |
|  | <b>1,230</b>   | <b>31</b>  | <b>567</b>        | <b>1,828</b>    |
| <b>31.12.2012</b>                      |                |  |                   |                 |
| Tan Sri Azlan Zainol (Chairman)        | 120            | 31   | -                 | 151             |
| Tuan Haji Khairuddin Ahmad             | 100            | -  | 70                | 170             |
| Mr Ong Seng Pheow                      | 100            | -  | 58                | 158             |
| Mr Choong Tuck Oon                     | 100            | -  | 73                | 173             |
| Dato' Mohd Ali Mohd Tahir              | 100            | -  | 50                | 150             |
| En Abdul Aziz Peru Mohamed             | 100            | -  | 55                | 155             |
| Dato' Mohamed Khadar Merican           | 100            | -  | 68                | 168             |
| Tan Sri Ong Leong Huat @ Woong Joo Hwa | 11             | -  | 3                 | 14              |
|  | 731            | 31   | 377               | 1,139           |

\* Others comprise of committee members' allowance and attending allowance.

**32 ALLOWANCE FOR IMPAIRMENT ON LOANS AND FINANCING**

|   | Group                |                                  | Bank                 |                      |
|---|----------------------|----------------------------------|----------------------|----------------------|
|   | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Allowance for impaired loans and financing: |                      |                                  |                      |                      |
| - individual impairment allowance           | <b>306,575</b>       | 267,932                          | <b>271,595</b>       | 171,471              |
| - collective impairment allowance           | <b>190,415</b>       | 157,279                          | <b>184,603</b>       | 155,472              |
| Impaired loans and financing recovered      | <b>(330,573)</b>     | (463,291)                        | <b>(292,181)</b>     | (444,025)            |
| Impaired loans written off                  | <b>256,163</b>       | 185,564                          | <b>219,003</b>       | 173,457              |
|   | <b>422,580</b>       | 147,484                          | <b>383,020</b>       | 56,375               |

**33 IMPAIRMENT WRITE-BACK ON OTHER ASSETS**

|                                  | Group                |                                  | Bank                 |                      |
|----------------------------------|----------------------|----------------------------------|----------------------|----------------------|
|                                  | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Charged for the financial year:  |                      |                                  |                      |                      |
| Financial investments:           |                      |                                  |                      |                      |
| - available-for-sale             | <b>9,883</b>         | 7,300                            | <b>9,182</b>         | 7,300                |
| - held-to-maturity               | -                    | 5,333                            | -                    | 5,333                |
| Foreclosed properties            | <b>275</b>           | -                                | <b>275</b>           | -                    |
| Reversal for the financial year: |                      |                                  |                      |                      |
| Financial investments:           |                      |                                  |                      |                      |
| - available-for-sale             | <b>(10,868)</b>      | (7,275)                          | <b>(10,868)</b>      | (7,275)              |
| - held-to-maturity               | <b>(11,299)</b>      | (9,131)                          | <b>(11,299)</b>      | (9,131)              |
| Foreclosed properties            | <b>(355)</b>         | (21)                             | <b>(355)</b>         | (21)                 |
| Others                           | <b>(379)</b>         | (3,064)                          | -                    | (3,064)              |
|                                  | <b>(12,743)</b>      | (6,858)                          | <b>(13,065)</b>      | (6,858)              |

## 34 TAXATION

|   | Group                |                                  | Bank                 |                      |
|---|----------------------|----------------------------------|----------------------|----------------------|
|   | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Income tax based on profit for the financial year:          |                      |                                  |                      |                      |
| - Malaysian income tax                                      | 566,452              | 680,973                          | 512,142              | 622,699              |
| - Overseas tax  | 6,882                | 1,430                            | 6,041                | 995                  |
| Deferred tax (Note 11)                                      | (3,151)              | (62,631)                         | (1,874)              | (60,520)             |
| (Over)/Under provision in respect of prior financial years: |                      |                                  |                      |                      |
| - Malaysian income tax                                      | (1,482)              | (81,973)                         | -                    | (77,157)             |
| - Overseas tax  | (748)                | 841                              | (748)                | 841                  |
| Deferred tax (Note 11)                                      | 7,514                | 52,221                           | (1,071)              | 46,146               |
|   | 575,467              | 590,861                          | 514,490              | 533,004              |
| <b>Current year</b>   |                      |                                  |                      |                      |
| Current financial year                                      | 573,334              | 682,403                          | 518,183              | 623,694              |
| Over provision in prior financial years                     | (2,230)              | (81,132)                         | (748)                | (76,316)             |
|   | 571,104              | 601,271                          | 517,435              | 547,378              |
| <b>Deferred tax</b>   |                      |                                  |                      |                      |
| Origination and reversal of temporary differences           | (3,151)              | (62,631)                         | (1,874)              | (60,520)             |
| Reversal of previously recognised deferred tax assets       | 7,514                | 52,221                           | (1,071)              | 46,146               |
|   | 4,363                | (10,410)                         | (2,945)              | (14,374)             |
|   | 575,467              | 590,861                          | 514,490              | 533,004              |

The numerical reconciliation between the effective tax rate and the applicable statutory income tax rate are as follows:

|   | Group           |                             | Bank            |                 |
|---|-----------------|-----------------------------|-----------------|-----------------|
|   | 31.12.2013<br>% | Restated<br>31.12.2012<br>% | 31.12.2013<br>% | 31.12.2012<br>% |
| Tax at Malaysia statutory income tax rate   | 25.0            | 25.0                        | 25.0            | 25.0            |
| Tax effects in respect of:  |                 |                             |                 |                 |
| Non-allowable expenses  | 0.7             | 1.0                         | 0.5             | 0.8             |
| Non-taxable income  | (0.8)           | (0.1)                       | (0.8)           | (0.2)           |
| Effect of different tax rates in Labuan/other countries                             | (0.3)           | (0.1)                       | 0.6             | 0.6             |
| Utilisation of unabsorbed business losses brought forward previously not recognised | -               | (0.5)                       | -               | (0.5)           |
| Reversal of temporary differences recognised in prior financial years               | -               | 2.5                         | -               | 2.5             |
| Over provision in prior financial years   | (0.1)           | (3.2)                       | -               | (3.6)           |
| Effective tax rate  | 24.5            | 24.6                        | 25.3            | 24.6            |

|  | RM'000 | RM'000 | RM'000 | RM'000 |
|--|--------|--------|--------|--------|
| Tax losses:  |        |        |        |        |
| Tax savings as a result of the utilisation of tax losses brought forward from previous financial year for which the related credit is recognised during the financial year | 5      | 11,748 | 5      | 11,748 |

**35 EARNINGS PER SHARE****(a) Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit for the financial year by the weighted average number of ordinary shares in issue during the financial year.

|  | Group            |                        | Bank             |            |
|--|------------------|------------------------|------------------|------------|
|  | 31.12.2013       | Restated<br>31.12.2012 | 31.12.2013       | 31.12.2012 |
| Net profit for the financial year (RM'000)                 | <b>1,764,013</b> | 1,807,959              | <b>1,522,682</b> | 1,631,982  |
| Weighted average number of ordinary shares in issue ('000) | <b>6,636,170</b> | 6,636,170              | <b>6,636,170</b> | 6,636,170  |
| Basic earnings per share (sen)                             | <b>26.58</b>     | 27.24                  | <b>22.95</b>     | 24.59      |

**(b) Diluted earnings per share**

There were no dilutive potential ordinary shares outstanding as at 31 December 2013 and 31 December 2012.

**36 INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE LOSS/(INCOME)**

|   | 31.12.2013              |                          |                                | Restated<br>31.12.2012  |                          |                                |
|---|-------------------------|--------------------------|--------------------------------|-------------------------|--------------------------|--------------------------------|
|   | Before<br>tax<br>RM'000 | Tax<br>effects<br>RM'000 | Net of tax<br>amount<br>RM'000 | Before<br>tax<br>RM'000 | Tax<br>effects<br>RM'000 | Net of tax<br>amount<br>RM'000 |
| <b>Group</b>  |                         |                          |                                |                         |                          |                                |
| Financial investments<br>available-for-sale:                      |                         |                          |                                |                         |                          |                                |
| - net fair value gain and amount<br>transfer to income statements | <b>(94,043)</b>         | <b>23,618</b>            | <b>(70,425)</b>                | 33,357                  | (8,538)                  | 24,819                         |
| <b>Bank</b>   |                         |                          |                                |                         |                          |                                |
| Financial investments<br>available-for-sale:                      |                         |                          |                                |                         |                          |                                |
| - net fair value gain and amount<br>transfer to income statements | <b>(50,419)</b>         | <b>12,605</b>            | <b>(37,814)</b>                | 38,635                  | (9,659)                  | 28,976                         |

**37 ORDINARY DIVIDENDS**

Dividend declared and proposed are as follows:

|                  | 31.12.2013                            |   | 31.12.2012                            |   |
|------------------|---------------------------------------|---|---------------------------------------|---|
|                  | Gross<br>dividend<br>per share<br>sen | Amount of<br>dividends,<br>net of tax<br>RM'000 | Gross<br>dividend<br>per share<br>sen | Amount of<br>dividends,<br>net of tax<br>RM'000 |
| Ordinary shares: |                                       |   |                                       |   |
| Interim dividend | <b>2.56</b>                           | <b>170,000</b>                                  | 3.42                                  | 170,000   |
| Final dividend   | -                                     | -   | 3.87                                  | 238,000   |
|                  | <b>2.56</b>                           | <b>170,000</b>                                  | 7.29                                  | 408,000   |

The Directors do not recommend the payment of final dividend in respect of the financial year ended 31 December 2013 at the forthcoming Annual General Meeting.

**37 ORDINARY DIVIDENDS (CONTINUED)**

Dividend recognised as distribution to ordinary equity holders of the Bank:

|                           | 31.12.2013                   |  | 31.12.2012                   |  |
|---------------------------|------------------------------|--|------------------------------|--|
|                           | Gross dividend per share sen | Amount of dividends, net of tax RM'000 | Gross dividend per share sen | Amount of dividends, net of tax RM'000 |
| Ordinary shares:          |                              |  |                              |  |
| Interim dividend for 2013 | 2.56                         | 170,000                                | -                            | -                                      |
| Interim dividend for 2012 | -                            | -                                      | 3.42                         | 170,000                                |
| Final dividend for 2012   | 3.87                         | 238,000                                | -                            | -                                      |
| Final dividend for 2011   | -                            | -                                      | 7.03                         | 350,000                                |
|                           | <b>6.43</b>                  | <b>408,000</b>                         | 10.45                        | 520,000                                |

**38 SIGNIFICANT RELATED PARTY DISCLOSURES****(a) Related parties and relationships**

The related parties of, and their relationship with the Bank are as follows:

| Related parties   | Relationships   |
|---|---|
| RHB Capital Berhad  | Ultimate holding company  |
| Subsidiaries of RHB Capital Berhad as disclosed in its financial statements | Subsidiaries of the ultimate holding company  |
| Employees Provident Fund ("EPF")  | Substantial shareholder, a fund body that is significantly influenced by government   |
| Subsidiaries and associates of EPF as disclosed in its financial statements | Reporting entities that EPF has control or significant influence  |
| Subsidiaries of the Bank as disclosed in Note 12                            | Subsidiaries  |
| Key management personnel  | The key management personnel of the Group and the Bank consists of:<br>- All Directors of the Bank, its key subsidiaries and RHB Capital Berhad<br>- RHB Bank Berhad and its subsidiaries Management Committee members  |
| Related parties of key management personnel (deemed as related to the Bank) | (i) Close family members and dependents of key management personnel<br>(ii) Entities that are controlled, jointly controlled or significantly by or for which significant voting power in such entity resides with, directly or indirectly key management personnel or its close family members |



**38 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)****(b) Significant related party balances and transactions**

In addition to related party disclosures mentioned in Notes 8 and 18, set out below are other significant related party transactions and balances.

Transactions or balances with newly acquired subsidiaries during the financial year are reported as related party transactions or balances from the date the Group and the Bank are deemed to have control over the subsidiaries.

Other related parties of the Group and the Bank comprise of transactions and balances with the subsidiaries of RHB Capital Berhad.

| <b>Group</b>  | <b>Ultimate holding company<br/>RM'000</b> | <b>EPF and EPF Group of companies<br/>RM'000</b> | <b>Key management personnel<br/>RM'000</b> | <b>Other related companies<br/>RM'000</b> |
|---|--|--|--|---|
| <b>31.12.2013</b>   |  |  |  |   |
| <b>Income</b>   |  |  |  |   |
| Interest on deposits and placements with other financial institutions         | -  | -  | -  | <b>748</b>                                |
| Interest on loans, advances and financing                                     | <b>12,737</b>                              | <b>71,919</b>                                    | <b>165</b>                                 | <b>265</b>                                |
| Other income  | -  | <b>6</b>   | <b>2</b>                                   | <b>11,922</b>                             |
|   | <b>12,737</b>                              | <b>71,925</b>                                    | <b>167</b>                                 | <b>12,935</b>                             |
| <b>Expenditure</b>  |  |  |  |   |
| Interest on deposits and placements of banks and other financial institutions | -  | -  | -  | <b>16,946</b>                             |
| Interest on deposits from customers   | <b>1,533</b>                               | <b>17,665</b>                                    | <b>310</b>                                 | <b>8,699</b>                              |
| Rental of premises  | -  | -  | -  | <b>13,603</b>                             |
| Management fee  | -  | -  | -  | <b>3,210</b>                              |
| Other expenses  | -  | -  | <b>90</b>                                  | <b>19,029</b>                             |
|   | <b>1,533</b>                               | <b>17,665</b>                                    | <b>400</b>                                 | <b>61,487</b>                             |
| <b>Amounts due from</b>   |  |  |  |   |
| Derivative assets   | -  | -  | -  | <b>4,150</b>                              |
| Loans, advances and financing   | <b>745,873</b>                             | <b>1,647,280</b>                                 | <b>3,737</b>                               | <b>14,999</b>                             |
| Other assets  | <b>2,781</b>                               | -  | -  | <b>21,249</b>                             |
|   | <b>748,654</b>                             | <b>1,647,280</b>                                 | <b>3,737</b>                               | <b>40,398</b>                             |
| <b>Amounts due to</b>   |  |  |  |   |
| Deposits from customers   | <b>16,973</b>                              | <b>2,648,558</b>                                 | <b>30,243</b>                              | <b>322,528</b>                            |
| Deposits and placements of banks and other financial institutions             | -  | -  | -  | <b>101,487</b>                            |
| Derivative liabilities  | -  | -  | -  | <b>3,629</b>                              |
| Other liabilities   | <b>21,699</b>                              | -  | -  | <b>6,365</b>                              |
| Hybrid Tier-I Capital Securities  | -  | -  | -  | <b>5,014</b>                              |
|   | <b>38,672</b>                              | <b>2,648,558</b>                                 | <b>30,243</b>                              | <b>439,023</b>                            |

**38 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)****(b) Significant related party balances and transactions (Continued)**

| <b>Group</b>  | <b>Ultimate holding company<br/>RM'000</b> | <b>EPF and EPF Group of Companies<br/>RM'000</b> | <b>Key management personnel<br/>RM'000</b> | <b>Other related companies<br/>RM'000</b> |
|---|--|--|--|---|
| <b>Restated<br/>31.12.2012</b>  |  |  |  |   |
| <b>Income</b>   |  |  |  |   |
| Interest on deposits and placements with other financial institutions         | -  | -  | -  | 402                                       |
| Interest on loans, advances and financing                                     | 12,187                                     | 51,035   | 99   | (98)                                      |
| Other income  | -  | 7  | -  | 9,504                                     |
|   | 12,187                                     | 51,042   | 99   | 9,808                                     |
| <b>Expenditure</b>  |  |  |  |   |
| Interest on deposits and placements of banks and other financial institutions | -  | -  | -  | 10,682                                    |
| Interest on deposits from customers   | 2,090                                      | 87,471   | 155  | 5,364                                     |
| Rental of premises  | -  | -  | -  | 13,431                                    |
| Management fee  | -  | -  | -  | 4,371                                     |
| Other expenses  | -  | -  | -  | 39,536                                    |
|   | 2,090                                      | 87,471   | 155  | 73,384                                    |
| <b>Amounts due from</b>   |  |  |  |   |
| Derivative assets   | -  | -  | -  | 2,285                                     |
| Loans, advances and financing   | 285,449                                    | 1,316,840  | 3,548                                      | -   |
| Other assets  | 5,643                                      | -  | -  | 14,242                                    |
|   | 291,092                                    | 1,316,840  | 3,548                                      | 16,527                                    |
| <b>Amounts due to</b>   |  |  |  |   |
| Deposits from customers   | 36,238                                     | 3,101,821  | 19,758                                     | 267,004                                   |
| Deposits and placements of banks and other financial institutions             | -  | -  | -  | 1,162,434                                 |
| Derivative liabilities  | -  | -  | -  | 2,384                                     |
| Bills and acceptances payable   | -  | -  | -  | 95,181                                    |
| Other liabilities   | 99   | -  | -  | 295,339                                   |
| Hybrid Tier-I Capital Securities  | -  | -  | -  | 5,014                                     |
| Senior Debt Securities  | -  | -  | -  | 27,646                                    |
|   | 36,337                                     | 3,101,821  | 19,758                                     | 1,855,002                                 |

**38 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)****(b) Significant related party balances and transactions (Continued)**

| <b>Bank</b>   | <b>Ultimate holding company<br/>RM'000</b> | <b>EPF and EPF Group of Companies<br/>RM'000</b> | <b>Subsidiaries<br/>RM'000</b> | <b>Key management personnel<br/>RM'000</b> | <b>Other related companies<br/>RM'000</b> |
|---|--|--|--------------------------------|--|---|
| <b>31.12.2013</b>   |  |  |                                |  |   |
| <b>Income</b>   |  |  |                                |  |   |
| Interest on deposits and placements with other financial institutions         | -  | -  | <b>121,031</b>                 | -  | <b>745</b>                                |
| Interest on loans, advances and financing                                     | <b>12,737</b>                              | <b>42,519</b>                                    | <b>807</b>                     | <b>47</b>                                  | <b>265</b>                                |
| Other income  | -  | <b>6</b>   | <b>8,220</b>                   | -  | <b>11,701</b>                             |
|   | <b>12,737</b>                              | <b>42,525</b>                                    | <b>130,058</b>                 | <b>47</b>                                  | <b>12,711</b>                             |
| <b>Expenditure</b>  |  |  |                                |  |   |
| Interest on deposits and placements of banks and other financial institutions | -  | -  | <b>153</b>                     | -  | <b>16,946</b>                             |
| Interest on deposits from customers   | <b>1,533</b>                               | <b>17,283</b>                                    | <b>1,963</b>                   | <b>204</b>                                 | <b>5,368</b>                              |
| Rental of premises  | -  | -  | <b>5,115</b>                   | -  | <b>13,603</b>                             |
| Management fee  | -  | -  | -                              | -  | <b>3,210</b>                              |
| Reimbursement of operating expense from a subsidiary                          | -  | -  | <b>(85,364)</b>                | -  | -   |
| Other expenses  | -  | -  | <b>9</b>                       | <b>69</b>                                  | <b>17,642</b>                             |
|   | <b>1,533</b>                               | <b>17,283</b>                                    | <b>(78,124)</b>                | <b>273</b>                                 | <b>56,769</b>                             |
| <b>Amounts due from</b>   |  |  |                                |  |   |
| Money at call and deposit placements  | -  | -  | <b>2,342</b>                   | -  | -   |
| Deposits and placements with banks and other financial institutions           | -  | -  | <b>3,838,742</b>               | -  | -   |
| Derivative assets   | -  | -  | <b>7,240</b>                   | -  | <b>4,150</b>                              |
| Loans, advances and financing   | <b>745,873</b>                             | <b>1,032,255</b>                                 | <b>141,803</b>                 | <b>1,531</b>                               | <b>14,999</b>                             |
| Other assets  | <b>2,781</b>                               | -  | <b>207,820</b>                 | -  | <b>21,249</b>                             |
|   | <b>748,654</b>                             | <b>1,032,255</b>                                 | <b>4,197,947</b>               | <b>1,531</b>                               | <b>40,398</b>                             |
| <b>Amounts due to</b>   |  |  |                                |  |   |
| Deposits from customers   | <b>16,973</b>                              | <b>2,592,280</b>                                 | <b>138,845</b>                 | <b>21,714</b>                              | <b>304,196</b>                            |
| Deposits and placements of banks and other financial institutions             | -  | -  | <b>192,125</b>                 | -  | <b>101,487</b>                            |
| Derivative liabilities  | -  | -  | <b>23,457</b>                  | -  | <b>3,629</b>                              |
| Other liabilities   | -  | -  | <b>25,331</b>                  | -  | <b>5,940</b>                              |
| Hybrid Tier-I Capital Securities  | -  | -  | -                              | -  | <b>5,014</b>                              |
|   | <b>16,973</b>                              | <b>2,592,280</b>                                 | <b>379,758</b>                 | <b>21,714</b>                              | <b>420,266</b>                            |

**38 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)****(b) Significant related party balances and transactions (Continued)**

| <b>Bank</b>   | <b>Ultimate holding company<br/>RM'000</b> | <b>EPF and EPF Group of Companies<br/>RM'000</b> | <b>Subsidiaries<br/>RM'000</b> | <b>Key management personnel<br/>RM'000</b> | <b>Other related companies<br/>RM'000</b> |
|---|--|--|--------------------------------|--|---|
| <b>31.12.2012</b>   |  |  |                                |  |   |
| <b>Income</b>   |  |  |                                |  |   |
| Interest on deposits and placements with other financial institutions         | -  | -  | 47,361                         | -  | 402                                       |
| Interest on loans, advances and financing                                     | 12,187                                     | 36,560   | 796                            | 31   | -   |
| Dividend income from subsidiaries   | -  | -  | 9,363                          | -  | -   |
| Other income  | -  | 7  | (8,371)                        | -  | 9,246                                     |
|   | 12,187                                     | 36,567   | 49,149                         | 31   | 9,648                                     |
| <b>Expenditure</b>  |  |  |                                |  |   |
| Interest on deposits and placements of banks and other financial institutions | -  | -  | 349                            | -  | 9,612                                     |
| Interest on deposits from customers   | 2,090                                      | 87,102   | 1,487                          | 141  | 5,251                                     |
| Rental of premises  | -  | -  | 5,012                          | -  | 13,431                                    |
| Management fee  | -  | -  | -                              | -  | 4,371                                     |
| Reimbursement of operating expense from a subsidiary                          | -  | -  | (67,687)                       | -  | -   |
| Other expenses  | -  | -  | 9                              | -  | 38,753                                    |
|   | 2,090                                      | 87,102   | (60,830)                       | 141  | 71,418                                    |
| <b>Amounts due from</b>   |  |  |                                |  |   |
| Money at call and deposit placements  | -  | -  | 66,949                         | -  | -   |
| Deposits and placements with banks and other financial institutions           | -  | -  | 3,092,243                      | -  | -   |
| Derivative assets   | -  | -  | 20,112                         | -  | 2,285                                     |
| Loans, advances and financing   | 285,449                                    | 668,801  | 141,803                        | 2,174                                      | -   |
| Other assets  | 5,643                                      | -  | 384,913                        | -  | 14,242                                    |
|   | 291,092                                    | 668,801  | 3,706,020                      | 2,174                                      | 16,527                                    |
| <b>Amounts due to</b>   |  |  |                                |  |   |
| Deposits from customers   | 36,238                                     | 2,996,444  | 91,989                         | 16,701                                     | 263,494                                   |
| Deposits and placements of banks and other financial institutions             | -  | -  | 78,036                         | -  | 1,162,434                                 |
| Derivative liabilities  | -  | -  | 2,278                          | -  | 2,384                                     |
| Bills and acceptances payable   | -  | -  | -                              | -  | 95,181                                    |
| Other liabilities   | -  | -  | 26,025                         | -  | 5,996                                     |
| Hybrid Tier-I Capital Securities  | -  | -  | -                              | -  | 5,014                                     |
| Senior Debt Securities  | -  | -  | -                              | -  | 27,646                                    |
|   | 36,238                                     | 2,996,444  | 198,328                        | 16,701                                     | 1,562,149                                 |

**38 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)****(b) Significant related party balances and transactions (Continued)**

|  | Group                |                      | Bank                 |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| The approved limit on loans, advances and financing for key management personnel | <b>21,340</b>        | 9,142                | <b>13,941</b>        | 5,782                |

**(c) Key management personnel**

The remuneration of key management personnel are as follows:

|                                 | Group                |                      | Bank                 |                      |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Short term employee benefits    |                      |                      |                      |                      |
| - Fees                          | <b>1,331</b>         | 776                  | <b>1,230</b>         | 731                  |
| - Salary and other remuneration | <b>14,541</b>        | 14,553               | <b>10,106</b>        | 10,679               |
| - Contributions to EPF          | <b>2,372</b>         | 2,396                | <b>1,613</b>         | 1,731                |
| - Benefits-in-kind              | <b>56</b>            | 56                   | <b>53</b>            | 56                   |
|                                 | <b>18,300</b>        | 17,781               | <b>13,002</b>        | 13,197               |

**(d) Credit exposures 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            |                        | Bank             |            |
|---|------------------|------------------------|------------------|------------|
|   | 31.12.2013       | Restated<br>31.12.2012 | 31.12.2013       | 31.12.2012 |
| Outstanding credit exposure with connected parties (RM'000)   | <b>9,360,286</b> | 5,090,268              | <b>8,319,658</b> | 4,306,830  |
| Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures (%) | <b>6.54</b>      | 4.05                   | <b>7.07</b>      | 4.12       |
| Percentage of outstanding credit exposures with connected parties which is non-performing or in default (%) | <b>0.07</b>      | 0.15                   | <b>0.08</b>      | 0.17       |

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.

**39 COMMITMENTS AND CONTINGENCIES**

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to customers.

Risk weighted exposures of the Group are as follows:

|   | 31.12.2013                 |                                     |                                | 31.12.2012                 |                                     |                                |
|---|----------------------------|-------------------------------------|--------------------------------|----------------------------|-------------------------------------|--------------------------------|
|   | Principal amount<br>RM'000 | Credit equivalent amount*<br>RM'000 | Risk weighted amount<br>RM'000 | Principal amount<br>RM'000 | Credit equivalent amount*<br>RM'000 | Risk weighted amount<br>RM'000 |
| Direct credit substitutes#                              | <b>3,843,994</b>           | <b>3,810,979</b>                    | <b>2,144,445</b>               | 2,180,636                  | 2,143,725                           | 1,425,061                      |
| Transaction-related contingent items#                   | <b>3,035,866</b>           | <b>1,524,593</b>                    | <b>995,458</b>                 | 2,495,813                  | 1,224,748                           | 881,556                        |
| Short term self-liquidating trade-related contingencies | <b>1,567,318</b>           | <b>311,555</b>                      | <b>175,489</b>                 | 1,009,851                  | 199,301                             | 128,967                        |
| Obligations under underwriting agreements               | <b>76,000</b>              | <b>38,000</b>                       | <b>38,000</b>                  | 90,000                     | 45,000                              | 45,000                         |
| Irrevocable commitments to extend credit:               |                            |                                     |                                |                            |                                     |                                |
| - maturity more than one year                           | <b>30,774,717</b>          | <b>14,860,482</b>                   | <b>10,324,945</b>              | 24,625,669                 | 11,615,012                          | 7,819,086                      |
| - maturity less than one year                           | <b>10,797,853</b>          | <b>6,154,992</b>                    | <b>4,584,569</b>               | 10,237,339                 | 5,733,709                           | 3,610,770                      |
| Foreign exchange related contracts <sup>®</sup> :       |                            |                                     |                                |                            |                                     |                                |
| - less than one year                                    | <b>10,821,151</b>          | <b>249,039</b>                      | <b>196,894</b>                 | 9,575,927                  | 162,659                             | 108,731                        |
| - one year to less than five years                      | <b>7,267,793</b>           | <b>1,114,996</b>                    | <b>436,998</b>                 | 5,213,212                  | 922,498                             | 275,190                        |
| Interest rate related contracts <sup>®</sup> :          |                            |                                     |                                |                            |                                     |                                |
| - less than one year                                    | <b>3,905,460</b>           | <b>8,941</b>                        | <b>4,095</b>                   | 7,823,637                  | 22,654                              | 8,926                          |
| - one year to less than five years                      | <b>21,929,189</b>          | <b>664,292</b>                      | <b>271,961</b>                 | 14,053,210                 | 440,757                             | 235,476                        |
| - more than five years                                  | <b>1,475,893</b>           | <b>103,342</b>                      | <b>38,207</b>                  | 600,000                    | 53,026                              | 53,026                         |
| <b>Total</b>  | <b>95,495,234</b>          | <b>28,841,211</b>                   | <b>19,211,061</b>              | 77,905,294                 | 22,563,089                          | 14,591,789                     |

<sup>®</sup> These derivatives are revalued on gross position basis and the unrealised gains or losses are reflected in Note 9 Derivative Assets/ (Liabilities).

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

# Included in direct credit substitutes and transaction-related contingent items are financial guarantee contract of RM3,139,158,000 and RM2,033,671,000 as at 31 December 2013 and 31 December 2012 respectively, of which fair value at the time of issuance is zero.

The credit equivalent amount ("CE") and risk weighted amount ("RWA") of the Group are an aggregate of CE and RWA of the Bank, which is computed in accordance with BNM's Guidelines on Capital Adequacy Framework (Basel II - RWA): IRB Approach for Credit Risk, Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk (Basel II) and the CE and RWA of its Islamic bank subsidiary, which is computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks ("CAFIB"): Standardised Approach for Credit and Market Risk, and Basic Indicator Approach for Operational Risk (Basel II).

**39 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to customers. (Continued)

Risk weighted exposures of the Bank are as follows:

|   | 31.12.2013                 |                                     |                                | 31.12.2012                 |                                     |                                |
|---|----------------------------|-------------------------------------|--------------------------------|----------------------------|-------------------------------------|--------------------------------|
|   | Principal amount<br>RM'000 | Credit equivalent amount*<br>RM'000 | Risk weighted amount<br>RM'000 | Principal amount<br>RM'000 | Credit equivalent amount*<br>RM'000 | Risk weighted amount<br>RM'000 |
| Direct credit substitutes <sup>#</sup>                  | <b>3,843,994</b>           | <b>3,810,979</b>                    | <b>2,144,445</b>               | 2,123,886                  | 2,086,975                           | 1,425,061                      |
| Transaction-related contingent items <sup>#</sup>       | <b>2,494,386</b>           | <b>1,225,351</b>                    | <b>767,345</b>                 | 2,128,836                  | 1,041,259                           | 735,019                        |
| Short term self-liquidating trade-related contingencies | <b>1,464,026</b>           | <b>290,896</b>                      | <b>155,017</b>                 | 954,248                    | 188,181                             | 127,669                        |
| Irrevocable commitments to extend credit:               |                            |                                     |                                |                            |                                     |                                |
| - maturity more than one year                           | <b>27,375,316</b>          | <b>13,135,644</b>                   | <b>8,856,786</b>               | 22,480,527                 | 10,541,472                          | 6,908,020                      |
| - maturity less than one year                           | <b>8,690,334</b>           | <b>5,518,172</b>                    | <b>4,066,820</b>               | 8,395,198                  | 5,210,759                           | 3,235,038                      |
| Foreign exchange related contracts <sup>®</sup> :       |                            |                                     |                                |                            |                                     |                                |
| - less than one year                                    | <b>10,327,094</b>          | <b>248,520</b>                      | <b>195,807</b>                 | 9,290,698                  | 162,443                             | 107,491                        |
| - one year to less than five years                      | <b>7,267,793</b>           | <b>1,114,996</b>                    | <b>436,998</b>                 | 5,213,212                  | 922,498                             | 275,190                        |
| Interest rate related contracts <sup>®</sup> :          |                            |                                     |                                |                            |                                     |                                |
| - less than one year                                    | <b>4,505,460</b>           | <b>12,036</b>                       | <b>4,714</b>                   | 9,023,637                  | 26,183                              | 10,691                         |
| - one year to less than five years                      | <b>24,309,518</b>          | <b>729,095</b>                      | <b>284,863</b>                 | 16,134,862                 | 502,857                             | 266,525                        |
| - more than five years                                  | <b>1,900,893</b>           | <b>125,492</b>                      | <b>42,637</b>                  | 600,000                    | 53,026                              | 53,026                         |
| Total   | <b>92,178,814</b>          | <b>26,211,181</b>                   | <b>16,955,432</b>              | 76,345,104                 | 20,735,653                          | 13,143,730                     |

<sup>®</sup> These derivatives are revalued on gross position basis and the unrealised gains or losses are reflected in Note 9 Derivative Assets/ (Liabilities).

<sup>\*</sup> The credit equivalent amount is arrived at using the credit conversion factors as per Bank Negara Malaysia ("BNM") guidelines. Foreign exchange, interest rate related and commodity contracts are subject to market risk and credit risk.

<sup>#</sup> Included in direct credit substitutes and transaction-related contingent items are financial guarantee contract of RM2,932,996,000 and RM1,922,203,000 as at 31 December 2013 and 31 December 2012 respectively, of which fair value at the time of issuance is zero.

The CE and RWA of the Bank are computed in accordance with BNM's Guidelines on Capital Adequacy Framework (Basel II - RWA): IRB Approach for Credit Risk, Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

**40 OPERATING LEASE COMMITMENTS**

The Group and the Bank have lease commitments in respect of rented premises which are classified as operating leases. A summary of the non-cancellable long-term commitments, net of sub-leases, is as follows:

|                           | Group                |                      | Bank                 |                      |
|---------------------------|----------------------|----------------------|----------------------|----------------------|
|                           | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Within one year           | <b>50,133</b>        | 47,310               | <b>55,059</b>        | 47,465               |
| Between one to five years | <b>50,915</b>        | 34,077               | <b>49,206</b>        | 34,232               |
| More than five years      | <b>916</b>           | 1,207                | <b>916</b>           | 1,207                |
|                           | <b>101,964</b>       | 82,594               | <b>105,181</b>       | 82,904               |

**41 CAPITAL COMMITMENTS**

|   | Group                |                      | Bank                 |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Capital expenditure for property, plant and equipment:      |                      |                      |                      |                      |
| Authorised and contracted for                               | <b>51,278</b>        | 54,269               | <b>51,278</b>        | 53,678               |
| Authorised but not contracted for                           | <b>208,728</b>       | 174,364              | <b>141,886</b>       | 123,600              |
|   | <b>260,006</b>       | 228,633              | <b>193,164</b>       | 177,278              |
| Proposed acquisition of Bank Mestika (refer to Note 47 (a)) | <b>538,620</b>       | 538,620              | <b>538,620</b>       | 538,620              |
|   | <b>798,626</b>       | 767,253              | <b>731,784</b>       | 715,898              |

**42 FINANCIAL RISK MANAGEMENT****(a) Financial risk management objectives and policies****Overview and organisation**

Risk is inherent in banking business and sound risk management is the cornerstone of prudent banking.

In compliance with best practices under the Malaysian Code of Corporate Governance, the Board of Directors ("Board") through the Group Risk Management Committee ("GRMC") and the Group Risk Management function ("GRM function") is responsible for identifying principal risks and ensuring that there is an on-going process to manage the Bank's risks within tolerable ranges.

The GRMC provides oversight and management of all risks. The GRM function is independent of the origination and sales function, and assists the GRMC and Board in formulating risk related policies.

The GRMC comprises non-executive Directors with at least five (5) members. Members of the GRMC are Directors who are exclusively non-executive in all of their directorships within the RHB Banking Group.

Objectives of the GRMC:

- (i) To provide oversight and governance of risks of the RHB Banking Group;
- (ii) To oversee Senior Management's activities in managing credit, market, liquidity, operational, legal and other industry-specific risks to ensure that the risk management process of each entity in the RHB Banking Group is in place and functioning; and
- (iii) To deliberate and make recommendations to the Board of each relevant entity within the RHB Banking Group in respect of risk management matters of the respective entities.



## 42 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Financial risk management objectives and policies (Continued)

#### Overview and organisation (Continued)

The primary responsibility for managing risks, however, rests with the business managers who are best equipped to ensure that risk management and control are focused on the way business is conducted. There is a continuous review of business activities and processes to identify significant risk areas and to ensure that control procedures are implemented in order to operate within established corporate policies and limits. Additionally, policies and procedures are in place to manage the risks that may arise in connection with the use of financial instruments.

#### Major areas of risk

As a banking institution with key activities covering retail, business banking, corporate banking and treasury products and services, the Bank is subject to business risks which are inherent in the financial services industry. Generally, these business risks can be broadly classified as follows:

- (i) Market risk - the risk of potential loss resulting from adverse movements in the level of market prices, interest/profit rate and foreign currency exchange.
- (ii) Liquidity risk - the risk of the Bank being unable to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due and transact at a reasonable cost.
- (iii) Credit risk - the risk of potential loss of revenue as a result of failure or inability by customers or counterparties to meet their contractual financial obligations with the Bank.
- (iv) Operational risk - the risk of loss resulting from inadequate or failed internal processes, people, systems or external events as well as the risk of breach of applicable laws and regulatory requirements.

To mitigate the various business risks of the Bank, GRMC has put in place the following:

#### Market risk

- A framework of risk policies, measurement methodologies and limits, as approved by the Board, which controls the Bank's financial market activities as well as to identify potential risk areas early in order to mitigate against any adverse effects arising from market volatility.
- The GRM function plays an independent role in the monitoring and assessing of risk exposures, and reports independently to the GRMC.
- Risk measurement techniques and stress testing are applied to the Bank's portfolio on a regular basis.
- For currency risk:
  - Approved overall position limits are applied for foreign exchange spot trading portfolio. Trading loss limits are imposed on each trading desk. The levels of these exposures (including off-balance sheet items), by overall total for both intra-day and overnight positions, are monitored daily for compliance with the approved limits. These limits are reviewed regularly and are in line with strategies set by the GRMC.
  - Foreign and overseas investments, which are funded by purchases with resultant open foreign exchange positions, are monitored and appropriate hedging strategies are undertaken in line with market trends.
- For interest/profit rate risk:
  - The Group Asset and Liability Committee ("Group ALCO") monitors the balance sheet position and assesses it for profit and loss impacts arising from sensitivity to interest/profit rate movements.
  - The Group ALCO also sets and reviews limits on the level of mismatch of interest/profit rate re-pricing that may be undertaken. Likewise, fixed rate assets, especially long term assets, are subject to various limit parameters.

**42 FINANCIAL RISK MANAGEMENT (CONTINUED)****(a) Financial risk management objectives and policies (Continued)****Liquidity risk**

- The Group ALCO plays a fundamental role in the asset and liability management of the Bank, and establishes strategies to assist in controlling and reducing any potential exposures to liquidity risk.
- Limits on the minimum portion of maturing funds available to meet obligations and the minimum level of inter-bank and other borrowing facilities are set to ensure adequate cover for withdrawals arising from unexpected levels of demand.
- Defined liquidity management ratios are maintained and monitored.
- The Bank's liquidity framework is subject to periodic stress tests and the results are reviewed to ensure compliance with BNM's Liquidity Framework.
- The Bank has established a Liquidity Incident Management Master Plan to manage any potential adverse liquidity incidences, and which can be implemented on a timely basis so that appropriate action can be taken to mitigate against any unexpected market developments.

**Credit risk**

- The Bank abides to the Board approved credit policy which supports the development of a strong credit culture with the objective of maintaining a well diversified portfolio that addresses credit risk, and mitigates concern for unexpected losses. Market best practices are incorporated into this policy.
- The Bank also ensures that internal processes and credit underwriting standards are adhered to before credit proposals are approved. All credit proposals are first evaluated by the originating business units before being evaluated by an independent credit evaluation and management function. The Central Credit Committee and the Group Credit Committee sanction credits beyond established threshold. The adherence to the discretionary powers sanctioned by the Board is monitored by the Central Compliance function.
- A risk rating system is used to categorise the risk of individual credits. Clients' accounts are reviewed at regular intervals and weakening credits are transferred to Loan Recovery for more effective management.
- Counterparty, industry and product exposure limits/directions are set and risk reward relationships are mapped with the aim of maintaining a diverse credit profile and track the changing risk concentrations in response to market changes and external events.
- The Bank has obtained BNM's approval to apply the Internal Ratings-Based ("IRB") approach for credit risk, whereby more advanced Basel II approaches and key programme components are implemented, which includes (i) enhancing the economic returns of the Bank using established and credit risk framework and methodologies, (ii) implementing and using empirical credit scoring models for consumer financing and credit grading models for business loans/financing, and (iii) designing and implementing modeling of expected and unexpected losses.

## 42 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Financial risk management objectives and policies (Continued)

#### Operational risk

- The GRM function is responsible for the development of bank-wide operational risk policies, framework and methodologies, and providing inputs to the business units on operational risk areas. The respective business units are primarily responsible for managing operational risk on a day-to-day basis.
- The Bank uses an operational risk management system which has integrated applications supporting the entire operational risk management process. This system facilitates the Bank's capabilities for the Advanced Measurement Approach of the Basel II Framework in the future.
- The Bank has Business Continuity Planning ("BCP") programmes for its major critical business operations and activities at the Head Office, data centre, and branch locations. The BCP programmes are subject to regular testing to ensure efficacy, reliability and functionality.
- There is continuous refinement of existing policies, procedures and internal control measures; and regular internal review, compliance monitoring, and audits are performed to prevent and minimise unexpected losses.

#### Capital planning and management

The Bank's capital management objective is to maintain a strong capital position consistent with the expectations of various stakeholders while delivering sustainable returns to shareholders. It also calls for the Bank to ensure that adequate capital resources are available to support business growth, investment opportunities as well as adverse situations, and to meet regulatory capital requirements.

The Bank's capital management objective is translated to capital targets that are consistent with the need to support business growth in line with its strategic plans and risk appetite. Through the Internal Capital Adequacy Assessment Process ("ICAAP"), the Bank assesses its forecast capital supply and demand which is determined by the following:

- Material risk types where capital is deemed to be an appropriate risk mitigation method;
- Capital targets; and
- The use of forward three-year planning.

In addition, capital stress tests are also conducted to evaluate the sensitivity of the key assumptions in the capital plan to the effects of plausible stress scenarios and to assess how the Bank can continue to maintain adequate capital under such scenarios.

The Bank manages its capital using a consistent capital management framework and process. The capital management framework guides the establishment of capital strategy for the Bank, as well as highlights the internal analytics capabilities required, and the functions that support the capital management framework within the Bank.

Supported by monitoring and reporting capabilities, the Board and Senior Management are kept informed and updated of the Bank's capital utilisation and capital position which is generated by the Bank's information system and processes.

#### Risk appetite

Capital risk appetite is set by the Board and reported through various metrics that enable the Bank to manage capital constraints and shareholders' expectations. The risk appetite is a key component of the management of risks and describes the types and level of risk that the Bank is prepared to accept in delivering our strategy. The Group ALCO reviews actual performance against risk appetite.

**42 FINANCIAL RISK MANAGEMENT (CONTINUED)****(a) Financial risk management objectives and policies (Continued)****Capital planning and management (Continued)****Basel II Implementation**

RHB Banking Group places great importance on Basel II and views it as a group-wide initiative in meeting international best practices in this area. A dedicated Basel II Steering Committee (“B2SC”) was set up in October 2004 to oversee the implementation of Basel II initiatives throughout the Group and to ensure that it is on track in meeting regulatory requirements as outlined in the Capital Adequacy Framework issued by BNM. The B2SC has since been dissolved in November 2011, and the powers and responsibilities of the B2SC are now vested in the Group Capital and Strategic Risk Management Committee. Project and operational issues related to Basel II Implementation are deliberated at the Group Basel Working Committee meetings.

The Bank has adopted the Foundation Internal Ratings-Based (“F-IRB”) approach for its non-retail exposures and the Advanced Internal Ratings-Based (“A-IRB”) approach for most of its retail exposures. For Market and Operational risks, the Bank has adopted the Standardised Approach (“SA”).

The RHB Banking Group has also implemented the Internal Capital Adequacy Assessment Process (“ICAAP”). An ICAAP framework has been formulated for implementation across the Group to ensure that all material risks are identified, measured and reported, and that adequate capital levels consistent with the risk profiles, including capital buffers, are maintained to support the current and projected demand for capital, under existing and stressed conditions.

**Basel III Implementation**

The implementation of Basel III by BNM in Malaysia has commenced with effect from 1 January 2013. Under the new Basel III rules, banking institutions are required to strengthen the quality of their capital by maintaining higher minimum capital requirement and holding capital buffers, namely the capital conservation buffer and the counter cyclical buffer. However, the requirements are subject to a series of transitional arrangements with a gradual phase beginning in 2003 and ending in 2019.

Apart from the above, the Bank has commenced the Basel III Observation period reporting to BNM on the two key liquidity ratios, namely the Liquidity Coverage Ratio (“LCR”) and the Net Stable Funding Ratio (“NSFR”) since June 2012.

**42 FINANCIAL RISK MANAGEMENT (CONTINUED)****(b) Financial instruments by category**

| <b>Group</b>  | <b>Loans and receivables<br/>RM'000</b> | <b>Assets at fair value through the profit and loss<br/>RM'000</b> | <b>Available-for-sale<br/>RM'000</b> | <b>Held-to-maturity<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|---|--|--------------------------------------|------------------------------------|-------------------------|
| <b>31.12.2013</b>   |   |  |                                      |                                    |                         |
| <b>Assets as per statements of financial position</b>               |   |  |                                      |                                    |                         |
| Cash and short term funds   | <b>9,231,558</b>                        | -  | -                                    | -                                  | <b>9,231,558</b>        |
| Securities purchased under resale agreements                        | <b>184,560</b>                          | -  | -                                    | -                                  | <b>184,560</b>          |
| Deposits and placements with banks and other financial institutions | <b>2,517,976</b>                        | -  | -                                    | -                                  | <b>2,517,976</b>        |
| Financial assets held-for-trading                                   | -                                       | <b>2,367,098</b>   | -                                    | -                                  | <b>2,367,098</b>        |
| Financial investments available-for-sale                            | -                                       | -  | <b>13,258,584</b>                    | -                                  | <b>13,258,584</b>       |
| Financial investments held-to-maturity                              | -                                       | -  | -                                    | <b>21,813,036</b>                  | <b>21,813,036</b>       |
| Loans, advances and financing                                       | <b>117,891,870</b>                      | -  | -                                    | -                                  | <b>117,891,870</b>      |
| Other financial assets  | <b>419,529</b>                          | -  | -                                    | -                                  | <b>419,529</b>          |
| Derivative assets   | -                                       | <b>418,624</b>   | -                                    | -                                  | <b>418,624</b>          |
|   | <b>130,245,493</b>                      | <b>2,785,722</b>   | <b>13,258,584</b>                    | <b>21,813,036</b>                  | <b>168,102,835</b>      |

|   | <b>Liabilities at fair value through the profit and loss<br/>RM'000</b> | <b>Other financial liabilities at amortised cost<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|---|---|-------------------------|
| <b>Liabilities as per statements of financial position</b>        |   |   |                         |
| Deposits from customers   | -   | <b>135,615,137</b>  | <b>135,615,137</b>      |
| Deposits and placements of banks and other financial institutions | -   | <b>12,479,163</b>   | <b>12,479,163</b>       |
| Obligations on securities sold under repurchase agreements        | -   | <b>165,098</b>  | <b>165,098</b>          |
| Bills and acceptances payable                                     | -   | <b>2,076,481</b>  | <b>2,076,481</b>        |
| Other financial liabilities                                       | -   | <b>612,947</b>  | <b>612,947</b>          |
| Derivative liabilities  | <b>270,024</b>  | -   | <b>270,024</b>          |
| Recourse obligation on loans sold to Cagamas Berhad               | -   | <b>2,269,353</b>  | <b>2,269,353</b>        |
| Borrowings  | -   | <b>571,049</b>  | <b>571,049</b>          |
| Subordinated obligations  | -   | <b>4,021,868</b>  | <b>4,021,868</b>        |
| Hybrid Tier-I Capital Securities                                  | -   | <b>606,215</b>  | <b>606,215</b>          |
| Senior Debt Securities  | -   | <b>1,647,634</b>  | <b>1,647,634</b>        |
|   | <b>270,024</b>  | <b>160,064,945</b>  | <b>160,334,969</b>      |

## 42 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (b) Financial instruments by category (Continued)

| Group   | Loans and receivables<br>RM'000 | Assets at fair value through the profit and loss<br>RM'000 | Available-for-sale<br>RM'000 | Held-to-maturity<br>RM'000 | Total<br>RM'000 |
|---|---------------------------------|--|------------------------------|----------------------------|-----------------|
| <b>Restated<br/>31.12.2012</b>                                      |                                 |  |                              |                            |                 |
| <b>Assets as per statements of financial position</b>               |                                 |  |                              |                            |                 |
| Cash and short term funds   | 22,679,853                      | -  | -                            | -                          | 22,679,853      |
| Securities purchased under resale agreements                        | 676,858                         | -  | -                            | -                          | 676,858         |
| Deposits and placements with banks and other financial institutions | 3,552,654                       | -  | -                            | -                          | 3,552,654       |
| Financial assets held-for-trading                                   | -                               | 1,549,863  | -                            | -                          | 1,549,863       |
| Financial investments available-for-sale                            | -                               | -  | 10,033,215                   | -                          | 10,033,215      |
| Financial investments held-to-maturity                              | -                               | -  | -                            | 17,801,251                 | 17,801,251      |
| Loans, advances and financing                                       | 107,831,404                     | -  | -                            | -                          | 107,831,404     |
| Other financial assets  | 240,982                         | -  | -                            | -                          | 240,982         |
| Derivative assets   | -                               | 250,917  | -                            | -                          | 250,917         |
|   | 134,981,751                     | 1,800,780  | 10,033,215                   | 17,801,251                 | 164,616,997     |

|   | Liabilities at fair value through the profit and loss<br>RM'000 | Other financial liabilities at amortised cost<br>RM'000 | Total<br>RM'000 |
|---|---|---|-----------------|
| <b>Liabilities as per statements of financial position</b>        |   |   |                 |
| Deposits from customers   | -   | 131,541,921   | 131,541,921     |
| Deposits and placements of banks and other financial institutions | -   | 12,005,569  | 12,005,569      |
| Bills and acceptances payable                                     | -   | 3,732,067   | 3,732,067       |
| Other financial liabilities                                       | -   | 720,160   | 720,160         |
| Derivative liabilities  | 273,197   | -   | 273,197         |
| Recourse obligation on loans sold to Cagamas Berhad               | -   | 2,445,361   | 2,445,361       |
| Borrowings  | -   | 709,534   | 709,534         |
| Subordinated obligations  | -   | 4,020,919   | 4,020,919       |
| Hybrid Tier-I Capital Securities                                  | -   | 606,086   | 606,086         |
| Senior Debt Securities  | -   | 1,536,674   | 1,536,674       |
|   | 273,197   | 157,318,291   | 157,591,488     |

**42 FINANCIAL RISK MANAGEMENT (CONTINUED)****(b) Financial instruments by category (Continued)**

| <b>Bank</b>   | <b>Loans and receivables<br/>RM'000</b> | <b>Assets at fair value through the profit and loss<br/>RM'000</b> | <b>Available-for-sale<br/>RM'000</b> | <b>Held-to-maturity<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|---|--|--------------------------------------|------------------------------------|-------------------------|
| <b>31.12.2013</b>   |   |  |                                      |                                    |                         |
| <b>Assets as per statements of financial position</b>               |   |  |                                      |                                    |                         |
| Cash and short term funds   | <b>5,575,273</b>                        | -  | -                                    | -                                  | <b>5,575,273</b>        |
| Securities purchased under resale agreements                        | <b>184,560</b>                          | -  | -                                    | -                                  | <b>184,560</b>          |
| Deposits and placements with banks and other financial institutions | <b>5,056,311</b>                        | -  | -                                    | -                                  | <b>5,056,311</b>        |
| Financial assets held-for-trading                                   | -                                       | <b>1,573,539</b>   | -                                    | -                                  | <b>1,573,539</b>        |
| Financial investments available-for-sale                            | -                                       | -  | <b>10,802,836</b>                    | -                                  | <b>10,802,836</b>       |
| Financial investments held-to-maturity                              | -                                       | -  | -                                    | <b>19,097,086</b>                  | <b>19,097,086</b>       |
| Loans, advances and financing                                       | <b>95,752,900</b>                       | -  | -                                    | -                                  | <b>95,752,900</b>       |
| Other financial assets  | <b>569,298</b>                          | -  | -                                    | -                                  | <b>569,298</b>          |
| Derivative assets   | -                                       | <b>425,518</b>   | -                                    | -                                  | <b>425,518</b>          |
|   | <b>107,138,342</b>                      | <b>1,999,057</b>   | <b>10,802,836</b>                    | <b>19,097,086</b>                  | <b>139,037,321</b>      |

|   | <b>Liabilities at fair value through the profit and loss<br/>RM'000</b> | <b>Other financial liabilities at amortised cost<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|---|---|-------------------------|
| <b>Liabilities as per statements of financial position</b>        |   |   |                         |
| Deposits from customers   | -   | <b>111,794,716</b>  | <b>111,794,716</b>      |
| Deposits and placements of banks and other financial institutions | -   | <b>10,570,624</b>   | <b>10,570,624</b>       |
| Obligations on securities sold under repurchase agreements        | -   | <b>165,098</b>  | <b>165,098</b>          |
| Bills and acceptances payable                                     | -   | <b>2,061,391</b>  | <b>2,061,391</b>        |
| Other financial liabilities                                       | -   | <b>539,644</b>  | <b>539,644</b>          |
| Derivative liabilities  | <b>291,922</b>  | -   | <b>291,922</b>          |
| Recourse obligation on loans sold to Cagamas Berhad               | -   | <b>961,020</b>  | <b>961,020</b>          |
| Borrowings  | -   | <b>571,049</b>  | <b>571,049</b>          |
| Subordinated obligations  | -   | <b>4,021,868</b>  | <b>4,021,868</b>        |
| Hybrid Tier-I Capital Securities                                  | -   | <b>606,215</b>  | <b>606,215</b>          |
| Senior Debt Securities  | -   | <b>1,647,634</b>  | <b>1,647,634</b>        |
|   | <b>291,922</b>  | <b>132,939,259</b>  | <b>133,231,181</b>      |

**42 FINANCIAL RISK MANAGEMENT (CONTINUED)****(b) Financial instruments by category (Continued)**

| <b>Bank</b>   | <b>Loans and receivables<br/>RM'000</b> | <b>Assets at fair value through the profit and loss<br/>RM'000</b> | <b>Available-for-sale<br/>RM'000</b> | <b>Held-to-maturity<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|---|--|--------------------------------------|------------------------------------|-------------------------|
| <b>31.12.2012</b>   |   |  |                                      |                                    |                         |
| <b>Assets as per statements of financial position</b>               |   |  |                                      |                                    |                         |
| Cash and short term funds   | 19,022,404                              | -  | -                                    | -                                  | 19,022,404              |
| Securities purchased under resale agreements                        | 676,858                                 | -  | -                                    | -                                  | 676,858                 |
| Deposits and placements with banks and other financial institutions | 3,780,228                               | -  | -                                    | -                                  | 3,780,228               |
| Financial assets held-for-trading                                   | -                                       | 1,110,482  | -                                    | -                                  | 1,110,482               |
| Financial investments available-for-sale                            | -                                       | -  | 8,456,556                            | -                                  | 8,456,556               |
| Financial investments held-to-maturity                              | -                                       | -  | -                                    | 15,645,993                         | 15,645,993              |
| Loans, advances and financing                                       | 89,275,815                              | -  | -                                    | -                                  | 89,275,815              |
| Other financial assets  | 562,725                                 | -  | -                                    | -                                  | 562,725                 |
| Derivative assets   | -                                       | 271,029  | -                                    | -                                  | 271,029                 |
|   | 113,318,030                             | 1,381,511  | 8,456,556                            | 15,645,993                         | 138,802,090             |

|   | <b>Liabilities at fair value through the profit and loss<br/>RM'000</b> | <b>Other financial liabilities at amortised cost<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|---|---|-------------------------|
| <b>Liabilities as per statements of financial position</b>        |   |   |                         |
| Deposits from customers   | -   | 111,557,605   | 111,557,605             |
| Deposits and placements of banks and other financial institutions | -   | 9,459,328   | 9,459,328               |
| Bills and acceptances payable                                     | -   | 3,710,455   | 3,710,455               |
| Other financial liabilities                                       | -   | 608,648   | 608,648                 |
| Derivative liabilities  | 273,559   | -   | 273,559                 |
| Recourse obligation on loans sold to Cagamas Berhad               | -   | 982,840   | 982,840                 |
| Borrowings  | -   | 632,778   | 632,778                 |
| Subordinated obligations  | -   | 4,020,919   | 4,020,919               |
| Hybrid Tier-I Capital Securities                                  | -   | 606,086   | 606,086                 |
| Senior Debt Securities  | -   | 1,536,674   | 1,536,674               |
|   | 273,559   | 133,115,333   | 133,388,892             |



**42 FINANCIAL RISK MANAGEMENT (CONTINUED)****(c) Market risk**

Market risk sensitivity assessment is based on the changes in key variables, such as interest/profit rates and foreign currency rates, while all other variables remain unchanged. The sensitivity factors used are assumptions based on parallel shifts in the key variables to project the impact on the assets and liabilities position of the Group and the Bank as at 31 December 2013.

The scenarios used are simplified whereby it is assumed that all key variables for all maturities move at the same time and by the same magnitude and do not incorporate actions that would be otherwise taken by the business units and risk management to mitigate the effect of this movement in key variables. In reality, the Group and the Bank proactively seeks to ensure that the interest/profit rate risk profile is managed to minimise losses and optimise net revenues.

**(i) Interest/profit rate sensitivity analysis**

The following table shows the sensitivity of the Group's and the Bank's profit after tax and its equity to an immediate up and down +/-100 basis point ("bps") parallel shift in the interest/profit rate.

|                   | Group                             |                         | Bank                              |                         |
|-------------------|-----------------------------------|-------------------------|-----------------------------------|-------------------------|
|                   | Impact on profit after tax RM'000 | Impact on equity RM'000 | Impact on profit after tax RM'000 | Impact on equity RM'000 |
| <b>31.12.2013</b> |                                   |                         |                                   |                         |
| +100 bps          | <b>(17,095)</b>                   | <b>(374,520)</b>        | <b>3,068</b>                      | <b>(296,002)</b>        |
| -100 bps          | <b>18,580</b>                     | <b>400,235</b>          | <b>(1,762)</b>                    | <b>313,915</b>          |
| <b>31.12.2012</b> |                                   |                         |                                   |                         |
| +100 bps          | 43,357                            | (323,080)               | 70,233                            | (269,083)               |
| -100 bps          | (42,080)                          | 345,633                 | (69,931)                          | 285,998                 |

The results above represent financial assets and liabilities that have been prepared on the following basis:

Impact on the profit after tax is the sum of valuation changes on fixed income instruments held in the trading portfolio and earnings movement for all short term interest/profit rate sensitive assets and liabilities (with maturity or re-pricing tenure of up to one year) that is not held in the trading portfolio. Earnings movement for the short term interest/profit rate sensitive assets and liabilities uses a set of risk weights with its respective time band to simulate the 100 bps interest rate (100 bps for 2012) change impact. For assets and liabilities with non fixed maturity e.g. current and savings accounts, certain assumptions are made to reflect the actual sensitivity behaviour of these interest/profit bearing assets and liabilities.

Impact on equity represents the changes in fair values of fixed income instruments held in the available-for-sale portfolio arising from the shift in the interest/profit rate.

**42 FINANCIAL RISK MANAGEMENT (CONTINUED)****(c) Market risk (Continued)****(ii) Foreign currency sensitivity analysis**

The foreign currency sensitivity represents the effect of the appreciation or depreciation of the foreign currency rates on the consolidated currency position, while other variables remain constant.

|                   | <b>Group</b>                             | <b>Bank</b>                              |
|-------------------|--|--|
|                   | <b>Impact on profit after tax RM'000</b> | <b>Impact on profit after tax RM'000</b> |
| <b>31.12.2013</b> |  |  |
| +5%               | <b>14,289</b>                            | <b>12,656</b>                            |
| -5%               | <b>(14,289)</b>                          | <b>(12,656)</b>                          |
| <b>Restated</b>   |  |  |
| <b>31.12.2012</b> |  |  |
| +5%               | 1,563                                    | 4,139                                    |
| -5%               | (1,563)                                  | (4,139)                                  |

## 42 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (c) Market risk (Continued)

## Interest/Profit rate risk

The table below summarises the Group's exposure to interest/profit rate risk. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual repricing or maturity dates.

| Group<br>31.12.2013   | Non-trading book           |                          |                          |                           |                         |                           |   |                  | Trading<br>book<br>RM'000 | Total<br>RM'000 |
|---|----------------------------|--------------------------|--------------------------|---------------------------|-------------------------|---------------------------|---|------------------|---------------------------|-----------------|
|   | Up to 1<br>month<br>RM'000 | >1-3<br>months<br>RM'000 | >3-6<br>months<br>RM'000 | >6-12<br>months<br>RM'000 | >1-3<br>years<br>RM'000 | Over 3<br>years<br>RM'000 | Non-<br>interest<br>sensitive<br>RM'000 |                  |                           |                 |
| <b>ASSETS</b>   |                            |                          |                          |                           |                         |                           |   |                  |                           |                 |
| Cash and short term funds   | 7,530,250                  | 60,031                   | -                        | -                         | -                       | -                         | 1,641,277                               | -                | -                         | 9,231,558       |
| Securities purchased under resale agreements                        | 184,544                    | -                        | -                        | -                         | -                       | -                         | 16                                      | -                | -                         | 184,560         |
| Deposits and placements with banks and other financial institutions | -                          | 1,508,070                | 364,517                  | 87,934                    | 195,885                 | 356,370                   | 5,200                                   | -                | -                         | 2,517,976       |
| Financial assets held-for-trading                                   | -                          | -                        | -                        | -                         | -                       | -                         | -                                       | 2,367,098        | -                         | 2,367,098       |
| Financial investments available-for-sale                            | 1,165,964                  | 1,952,809                | 1,681,008                | 106,902                   | 979,327                 | 6,974,807                 | 397,767                                 | -                | -                         | 13,258,584      |
| Financial investments held-to-maturity                              | 960,063                    | 2,048,844                | 642,059                  | 1,204,773                 | 3,092,444               | 13,806,284                | 58,569 <sup>#</sup>                     | -                | -                         | 21,813,036      |
| Loans, advances and financing:                                      |                            |                          |                          |                           |                         |                           |   |                  |                           |                 |
| - performing  | 74,167,917                 | 8,975,190                | 3,979,820                | 3,035,928                 | 6,530,076               | 19,882,971                | 136,187                                 | -                | -                         | 116,708,089     |
| - impaired  | -                          | -                        | -                        | -                         | -                       | -                         | 1,183,781 <sup>*</sup>                  | -                | -                         | 1,183,781       |
| Other assets  | -                          | -                        | -                        | -                         | -                       | -                         | 547,543                                 | -                | -                         | 547,543         |
| Derivative assets   | -                          | -                        | -                        | -                         | -                       | -                         | -                                       | 418,624          | -                         | 418,624         |
| Statutory deposits  | -                          | -                        | -                        | -                         | -                       | -                         | 3,954,819                               | -                | -                         | 3,954,819       |
| Tax recoverable   | -                          | -                        | -                        | -                         | -                       | -                         | 26,155                                  | -                | -                         | 26,155          |
| Deferred tax assets   | -                          | -                        | -                        | -                         | -                       | -                         | 12,160                                  | -                | -                         | 12,160          |
| Property, plant and equipment                                       | -                          | -                        | -                        | -                         | -                       | -                         | 666,736                                 | -                | -                         | 666,736         |
| Goodwill and other intangible assets                                | -                          | -                        | -                        | -                         | -                       | -                         | 1,267,142                               | -                | -                         | 1,267,142       |
| <b>TOTAL ASSETS</b>   | <b>84,008,738</b>          | <b>14,544,944</b>        | <b>6,667,404</b>         | <b>4,435,537</b>          | <b>10,797,732</b>       | <b>41,020,432</b>         | <b>9,897,352</b>                        | <b>2,785,722</b> | <b>174,157,861</b>        |                 |

<sup>#</sup> Consist of impairment loss.

<sup>\*</sup> This represents outstanding impaired loans after deducting individual impairment allowance and collective impairment allowance.

## 42 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (c) Market risk (Continued)

## Interest/Profit rate risk (Continued)

The table below summarises the Group's exposure to interest/profit rate risk. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual repricing or maturity dates. (Continued)

| Group<br>31.12.2013   | Non-trading book           |                          |                          |                           |                         |                           |   |                |                |                    | Trading<br>book<br>RM'000 | Total<br>RM'000 |
|---|----------------------------|--------------------------|--------------------------|---------------------------|-------------------------|---------------------------|---|----------------|----------------|--------------------|---------------------------|-----------------|
|   | Up to 1<br>month<br>RM'000 | >1-3<br>months<br>RM'000 | >3-6<br>months<br>RM'000 | >6-12<br>months<br>RM'000 | >1-3<br>years<br>RM'000 | Over 3<br>years<br>RM'000 | Non-<br>interest<br>sensitive<br>RM'000 |                |                |                    |                           |                 |
| <b>LIABILITIES</b>  |                            |                          |                          |                           |                         |                           |   |                |                |                    |                           |                 |
| Deposits from customers   | 59,639,159                 | 22,838,779               | 16,564,607               | 12,173,313                | 432,270                 | 28,971                    | 23,938,038                              | -              | -              | -                  | 135,615,137               |                 |
| Deposits and placements of banks and other financial institutions | 4,568,568                  | 6,091,702                | 746,559                  | 97,931                    | 284,350                 | 649,400                   | 40,653                                  | -              | -              | -                  | 12,479,163                |                 |
| Obligations on securities sold under repurchase agreements        | -                          | -                        | 164,084                  | -                         | -                       | -                         | 1,014                                   | -              | -              | -                  | 165,098                   |                 |
| Bills and acceptances payable                                     | 773,800                    | 860,008                  | 145,376                  | -                         | -                       | -                         | 297,297                                 | -              | -              | -                  | 2,076,481                 |                 |
| Other liabilities   | 839                        | -                        | -                        | -                         | -                       | -                         | 969,889                                 | -              | -              | -                  | 970,728                   |                 |
| Derivative liabilities  | -                          | -                        | 155                      | 804                       | 1,960                   | 69                        | -                                       | 267,036        | -              | -                  | 270,024                   |                 |
| Recourse obligation on loans sold to Cagamas Berhad               | -                          | -                        | -                        | 500,000                   | 457,678                 | 1,301,664                 | 10,011                                  | -              | -              | -                  | 2,269,353                 |                 |
| Taxation liabilities  | -                          | -                        | -                        | -                         | -                       | -                         | 17,639                                  | -              | -              | -                  | 17,639                    |                 |
| Deferred tax liabilities  | -                          | -                        | -                        | -                         | -                       | -                         | 35,376                                  | -              | -              | -                  | 35,376                    |                 |
| Borrowings  | -                          | 344,242                  | 225,397                  | -                         | -                       | -                         | 1,410                                   | -              | -              | -                  | 571,049                   |                 |
| Subordinated obligations  | -                          | -                        | -                        | -                         | 949,198                 | 3,048,271                 | 24,399                                  | -              | -              | -                  | 4,021,868                 |                 |
| Hybrid Tier-I Capital Securities                                  | -                          | -                        | -                        | -                         | -                       | 598,035                   | 8,180                                   | -              | -              | -                  | 606,215                   |                 |
| Senior Debt Securities  | -                          | -                        | -                        | -                         | -                       | 1,640,235                 | 7,399                                   | -              | -              | -                  | 1,647,634                 |                 |
| <b>TOTAL LIABILITIES</b>  | <b>64,982,366</b>          | <b>30,134,731</b>        | <b>17,846,178</b>        | <b>12,772,048</b>         | <b>2,125,456</b>        | <b>7,266,645</b>          | <b>25,351,305</b>                       | <b>267,036</b> | <b>267,036</b> | <b>160,745,765</b> |                           |                 |
| Total equity  | -                          | -                        | -                        | -                         | -                       | -                         | 13,412,096                              | -              | -              | -                  | 13,412,096                |                 |
| <b>TOTAL LIABILITIES AND EQUITY</b>                               | <b>64,982,366</b>          | <b>30,134,731</b>        | <b>17,846,178</b>        | <b>12,772,048</b>         | <b>2,125,456</b>        | <b>7,266,645</b>          | <b>38,763,401</b>                       | <b>267,036</b> | <b>267,036</b> | <b>174,157,861</b> |                           |                 |
| On-balance sheet interest sensitivity gap                         | 19,026,372                 | (15,589,787)             | (11,178,774)             | (8,336,511)               | 8,672,276               | 33,753,787                |   |                |                |                    |                           |                 |
| Off-balance sheet interest sensitivity gap                        | (2,122,707)                | (518,601)                | (1,683,159)              | 750,577                   | 1,510,583               | 2,087,409                 |   |                |                |                    |                           |                 |
| <b>TOTAL INTEREST-SENSITIVITY GAP</b>                             | <b>16,903,665</b>          | <b>(16,108,388)</b>      | <b>(12,861,933)</b>      | <b>(7,585,934)</b>        | <b>10,182,859</b>       | <b>35,841,196</b>         |   |                |                |                    |                           |                 |

**42 FINANCIAL RISK MANAGEMENT (CONTINUED)****(c) Market risk (Continued)****Interest/Profit rate risk (Continued)**

The table below summarises the Group's exposure to interest/profit rate risk. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual repricing or maturity dates. (Continued)

| Group Restated 31.12.2012   | Non-trading book     |                    |                    |                     |                   |                     |                               |           | Trading book RM'000 | Total RM'000 |
|---|----------------------|--------------------|--------------------|---------------------|-------------------|---------------------|-------------------------------|-----------|---------------------|--------------|
|   | Up to 1 month RM'000 | >1-3 months RM'000 | >3-6 months RM'000 | >6-12 months RM'000 | >1-3 years RM'000 | Over 3 years RM'000 | Non-interest sensitive RM'000 |           |                     |              |
| <b>ASSETS</b>   |                      |                    |                    |                     |                   |                     |                               |           |                     |              |
| Cash and short term funds   | 21,099,159           | -                  | -                  | -                   | -                 | -                   | -                             | 1,580,694 | -                   | 22,679,853   |
| Securities purchased under resale agreements                        | 676,858              | -                  | -                  | -                   | -                 | -                   | -                             | -         | -                   | 676,858      |
| Deposits and placements with banks and other financial institutions | -                    | 2,565,594          | 275,220            | 82,168              | 196,492           | 417,494             | 15,686                        | -         | -                   | 3,552,654    |
| Financial assets held-for-trading                                   | -                    | -                  | -                  | -                   | -                 | -                   | -                             | -         | 1,549,863           | 1,549,863    |
| Financial investments available-for-sale                            | 814,264              | 1,237,463          | 1,295,703          | 31,278              | 780,881           | 5,426,255           | 447,371                       | -         | -                   | 10,033,215   |
| Financial investments held-to-maturity                              | 1,339,574            | 483,232            | 1,036,833          | 409,424             | 3,167,058         | 11,344,240          | 20,890*                       | -         | -                   | 17,801,251   |
| Loans, advances and financing:                                      |                      |                    |                    |                     |                   |                     |                               |           |                     |              |
| - performing  | 61,332,743           | 9,475,237          | 4,381,451          | 2,005,415           | 8,851,002         | 20,749,206          | 124,312                       | -         | -                   | 106,919,366  |
| - impaired  | -                    | -                  | -                  | -                   | -                 | -                   | 912,038*                      | -         | -                   | 912,038      |
| Other assets  | -                    | -                  | -                  | -                   | -                 | -                   | 396,908                       | -         | -                   | 396,908      |
| Derivative assets   | -                    | -                  | -                  | -                   | -                 | -                   | -                             | -         | 250,917             | 250,917      |
| Statutory deposits  | -                    | -                  | -                  | -                   | -                 | -                   | 3,637,205                     | -         | -                   | 3,637,205    |
| Tax recoverable   | -                    | -                  | -                  | -                   | -                 | -                   | 38                            | -         | -                   | 38           |
| Deferred tax assets   | -                    | -                  | -                  | -                   | -                 | -                   | 8,455                         | -         | -                   | 8,455        |
| Property, plant and equipment                                       | -                    | -                  | -                  | -                   | -                 | -                   | 675,115                       | -         | -                   | 675,115      |
| Goodwill and other intangible assets                                | -                    | -                  | -                  | -                   | -                 | -                   | 1,241,814                     | -         | -                   | 1,241,814    |
| <b>TOTAL ASSETS</b>   | 85,262,598           | 13,761,526         | 6,989,207          | 2,528,285           | 12,995,433        | 37,937,195          | 9,060,526                     | 1,800,780 | 170,335,550         |              |

# Consist of impairment loss.

\* This represents outstanding impaired loans after deducting individual impairment allowance and collective impairment allowance.

## 42 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (c) Market risk (Continued)

## Interest/Profit rate risk (Continued)

The table below summarises the Group's exposure to interest/profit rate risk. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual repricing or maturity dates. (Continued)

| Group Restated 31.12.2012   | Non-trading book     |                    |                    |                     |                   |                     |                               |         | Trading book RM'000 | Total RM'000 |
|---|----------------------|--------------------|--------------------|---------------------|-------------------|---------------------|-------------------------------|---------|---------------------|--------------|
|   | Up to 1 month RM'000 | >1-3 months RM'000 | >3-6 months RM'000 | >6-12 months RM'000 | >1-3 years RM'000 | Over 3 years RM'000 | Non-interest sensitive RM'000 |         |                     |              |
| <b>LIABILITIES</b>  |                      |                    |                    |                     |                   |                     |                               |         |                     |              |
| Deposits from customers   | 57,363,072           | 22,330,642         | 12,831,222         | 16,241,383          | 837,740           | 37,257              | 21,900,605                    | -       | 131,541,921         |              |
| Deposits and placements of banks and other financial institutions | 5,854,744            | 3,424,679          | 1,204,236          | 262,921             | 561,683           | 643,382             | 53,924                        | -       | 12,005,569          |              |
| Bills and acceptances payable                                     | 1,407,284            | 1,602,519          | 427,955            | -                   | -                 | -                   | 294,309                       | -       | 3,732,067           |              |
| Other liabilities   | -                    | -                  | -                  | -                   | -                 | -                   | 1,250,367                     | -       | 1,250,367           |              |
| Derivative liabilities  | -                    | -                  | 1,131              | 133                 | 8,645             | -                   | -                             | 263,288 | 273,197             |              |
| Recourse obligation on loans sold to Cagamas Berhad               | -                    | -                  | -                  | -                   | 500,000           | 1,933,887           | 11,474                        | -       | 2,445,361           |              |
| Taxation liabilities  | -                    | -                  | -                  | -                   | -                 | -                   | 125,648                       | -       | 125,648             |              |
| Deferred tax liabilities  | -                    | -                  | -                  | -                   | -                 | -                   | 50,907                        | -       | 50,907              |              |
| Borrowings  | 76,756               | 382,250            | 248,462            | -                   | -                 | -                   | 2,066                         | -       | 709,534             |              |
| Subordinated obligations  | -                    | -                  | -                  | -                   | 700,000           | 3,296,782           | 24,137                        | -       | 4,020,919           |              |
| Hybrid Tier-I Capital Securities                                  | -                    | -                  | -                  | -                   | -                 | 597,744             | 8,342                         | -       | 606,086             |              |
| Senior Debt Securities  | -                    | -                  | -                  | -                   | -                 | 1,529,772           | 6,902                         | -       | 1,536,674           |              |
| <b>TOTAL LIABILITIES</b>  | 64,701,856           | 27,740,090         | 14,713,006         | 16,504,437          | 2,608,068         | 8,038,824           | 23,728,681                    | 263,288 | 158,298,250         |              |
| Total equity  | -                    | -                  | -                  | -                   | -                 | -                   | 12,037,300                    | -       | 12,037,300          |              |
| <b>TOTAL LIABILITIES AND EQUITY</b>                               | 64,701,856           | 27,740,090         | 14,713,006         | 16,504,437          | 2,608,068         | 8,038,824           | 35,765,981                    | 263,288 | 170,335,550         |              |
| On-balance sheet interest sensitivity gap                         | 20,560,742           | (13,978,564)       | (7,723,799)        | (13,976,152)        | 10,387,365        | 29,898,371          |                               |         |                     |              |
| Off-balance sheet interest sensitivity gap                        | (987,649)            | 2,966,054          | (1,849,373)        | 188,460             | 390,252           | (681,016)           |                               |         |                     |              |
| <b>TOTAL INTEREST - SENSITIVITY GAP</b>                           | 19,573,093           | (11,012,510)       | (9,573,172)        | (13,787,692)        | 10,777,617        | 29,217,355          |                               |         |                     |              |

**42 FINANCIAL RISK MANAGEMENT (CONTINUED)****(c) Market risk (Continued)****Interest rate risk**

The table below summarises the Bank's exposure to interest rate risk. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual repricing or maturity dates.

| Bank<br>31.12.2013  | Non-trading book           |                          |                          |                           |                         |                           |   |                  | Trading<br>book<br>RM'000 | Total<br>RM'000 |
|---|----------------------------|--------------------------|--------------------------|---------------------------|-------------------------|---------------------------|---|------------------|---------------------------|-----------------|
|   | Up to 1<br>month<br>RM'000 | >1-3<br>months<br>RM'000 | >3-6<br>months<br>RM'000 | >6-12<br>months<br>RM'000 | >1-3<br>years<br>RM'000 | Over 3<br>years<br>RM'000 | Non-<br>interest<br>sensitive<br>RM'000 |                  |                           |                 |
| <b>ASSETS</b>   |                            |                          |                          |                           |                         |                           |   |                  |                           |                 |
| Cash and short term funds   | 4,109,319                  | -                        | -                        | -                         | -                       | -                         | -                                       | 1,465,954        | -                         | 5,575,273       |
| Securities purchased under resale agreements                        | 184,544                    | -                        | -                        | -                         | -                       | -                         | -                                       | 16               | -                         | 184,560         |
| Deposits and placements with banks and other financial institutions | -                          | 1,126,893                | 717,937                  | 138,630                   | -                       | 2,956,941                 | 115,910                                 | -                | -                         | 5,056,311       |
| Financial assets held-for-trading                                   | -                          | -                        | -                        | -                         | -                       | -                         | -                                       | -                | 1,573,539                 | 1,573,539       |
| Financial investments available-for-sale                            | 1,093,837                  | 1,843,353                | 1,681,008                | 25,297                    | 506,755                 | 5,477,415                 | 175,171                                 | -                | -                         | 10,802,836      |
| Financial investments held-to-maturity                              | 851,872                    | 1,257,875                | 403,932                  | 1,129,662                 | 2,546,773               | 12,868,852                | 38,120 <sup>#</sup>                     | -                | -                         | 19,097,086      |
| Loans, advances and financing:                                      |                            |                          |                          |                           |                         |                           |   |                  |                           |                 |
| - performing  | 64,932,515                 | 7,441,875                | 3,814,190                | 1,550,117                 | 5,501,502               | 11,385,571                | 87,686                                  | -                | -                         | 94,713,456      |
| - impaired  | -                          | -                        | -                        | -                         | -                       | -                         | 1,039,444 <sup>*</sup>                  | -                | -                         | 1,039,444       |
| Other assets  | -                          | -                        | -                        | -                         | -                       | -                         | 696,129                                 | -                | -                         | 696,129         |
| Derivative assets   | -                          | -                        | -                        | -                         | -                       | -                         | -                                       | 425,518          | -                         | 425,518         |
| Statutory deposits  | -                          | -                        | -                        | -                         | -                       | -                         | 3,110,223                               | -                | -                         | 3,110,223       |
| Tax recoverable   | -                          | -                        | -                        | -                         | -                       | -                         | 26,152                                  | -                | -                         | 26,152          |
| Investment in subsidiaries  | -                          | -                        | -                        | -                         | -                       | -                         | 1,740,314                               | -                | -                         | 1,740,314       |
| Property, plant and equipment                                       | -                          | -                        | -                        | -                         | -                       | -                         | 492,464                                 | -                | -                         | 492,464         |
| Goodwill and other intangible assets                                | -                          | -                        | -                        | -                         | -                       | -                         | 1,040,244                               | -                | -                         | 1,040,244       |
| <b>TOTAL ASSETS</b>   | <b>71,172,087</b>          | <b>11,669,996</b>        | <b>6,617,067</b>         | <b>2,843,706</b>          | <b>8,555,030</b>        | <b>32,688,779</b>         | <b>10,027,827</b>                       | <b>1,999,057</b> | <b>145,573,549</b>        |                 |

<sup>#</sup> Consist of impairment loss.

<sup>\*</sup> This represents outstanding impaired loans after deducting individual impairment allowance and collective impairment allowance.

## 42 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (c) Market risk (Continued)

## Interest rate risk (Continued)

The table below summarises the Bank's exposure to interest rate risk. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual repricing or maturity dates. (Continued)

| Bank<br>31.12.2013  | Non-trading book           |                          |                          |                           |                         |                           |   |                |          |                    | Trading<br>book<br>RM'000 | Total<br>RM'000 |
|---|----------------------------|--------------------------|--------------------------|---------------------------|-------------------------|---------------------------|---|----------------|----------|--------------------|---------------------------|-----------------|
|   | Up to 1<br>month<br>RM'000 | >1-3<br>months<br>RM'000 | >3-6<br>months<br>RM'000 | >6-12<br>months<br>RM'000 | >1-3<br>years<br>RM'000 | Over 3<br>years<br>RM'000 | Non-<br>interest<br>sensitive<br>RM'000 |                |          |                    |                           |                 |
| <b>LIABILITIES</b>  |                            |                          |                          |                           |                         |                           |   |                |          |                    |                           |                 |
| Deposits from customers   | 45,761,695                 | 18,498,732               | 14,129,834               | 10,515,667                | 422,099                 | 20,045                    | 22,446,644                              | -              | -        | -                  | 111,794,716               |                 |
| Deposits and placements of banks and other financial institutions | 3,929,100                  | 5,651,384                | 531,437                  | 36,200                    | 88,465                  | 293,030                   | 41,008                                  | -              | -        | -                  | 10,570,624                |                 |
| Obligations on securities sold under repurchase agreements        | -                          | -                        | 164,084                  | -                         | -                       | -                         | 1,014                                   | -              | -        | -                  | 165,098                   |                 |
| Bills and acceptances payable                                     | 773,800                    | 860,008                  | 145,376                  | -                         | -                       | -                         | 282,207                                 | -              | -        | -                  | 2,061,391                 |                 |
| Other liabilities   | -                          | -                        | -                        | -                         | -                       | -                         | 770,474                                 | -              | -        | -                  | 770,474                   |                 |
| Derivative liabilities  | -                          | -                        | 155                      | 804                       | 1,960                   | 69                        | -                                       | 288,934        | -        | -                  | 291,922                   |                 |
| Recourse obligation on loans sold to Cagamas Berhad               | -                          | -                        | -                        | 500,000                   | 457,678                 | -                         | 3,342                                   | -              | -        | -                  | 961,020                   |                 |
| Deferred tax liabilities  | -                          | -                        | -                        | -                         | -                       | -                         | 35,372                                  | -              | -        | -                  | 35,372                    |                 |
| Borrowings  | -                          | 344,242                  | 225,397                  | -                         | -                       | -                         | 1,410                                   | -              | -        | -                  | 571,049                   |                 |
| Subordinated obligations  | -                          | -                        | -                        | -                         | 949,198                 | 3,048,271                 | 24,399                                  | -              | -        | -                  | 4,021,868                 |                 |
| Hybrid Tier-I Capital Securities                                  | -                          | -                        | -                        | -                         | -                       | 598,035                   | 8,180                                   | -              | -        | -                  | 606,215                   |                 |
| Senior Debt Securities  | -                          | -                        | -                        | -                         | -                       | 1,640,235                 | 7,399                                   | -              | -        | -                  | 1,647,634                 |                 |
| <b>TOTAL LIABILITIES</b>  | <b>50,464,595</b>          | <b>25,354,366</b>        | <b>15,196,283</b>        | <b>11,052,671</b>         | <b>1,919,400</b>        | <b>5,599,685</b>          | <b>23,621,449</b>                       | <b>288,934</b> | <b>-</b> | <b>133,497,383</b> |                           |                 |
| Total equity  | -                          | -                        | -                        | -                         | -                       | -                         | 12,076,166                              | -              | -        | -                  | 12,076,166                |                 |
| <b>TOTAL LIABILITIES AND EQUITY</b>                               | <b>50,464,595</b>          | <b>25,354,366</b>        | <b>15,196,283</b>        | <b>11,052,671</b>         | <b>1,919,400</b>        | <b>5,599,685</b>          | <b>35,697,615</b>                       | <b>288,934</b> | <b>-</b> | <b>145,573,549</b> |                           |                 |
| On-balance sheet interest sensitivity gap                         | 20,707,492                 | (13,684,370)             | (8,579,216)              | (8,208,965)               | 6,635,630               | 27,089,094                | -                                       | -              | -        | -                  |                           |                 |
| Off-balance sheet interest sensitivity gap                        | (2,122,707)                | (518,601)                | (1,702,830)              | 750,577                   | 1,530,254               | 2,087,409                 | -                                       | -              | -        | -                  |                           |                 |
| <b>TOTAL INTEREST-SENSITIVITY GAP</b>                             | <b>18,584,785</b>          | <b>(14,202,971)</b>      | <b>(10,282,046)</b>      | <b>(7,458,388)</b>        | <b>8,165,884</b>        | <b>29,176,503</b>         | <b>-</b>                                | <b>-</b>       | <b>-</b> | <b>-</b>           |                           |                 |



**42 FINANCIAL RISK MANAGEMENT (CONTINUED)****(c) Market risk (Continued)****Interest rate risk (Continued)**

The table below summarises the Bank's exposure to interest rate risk. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual repricing or maturity dates. (Continued)

| Bank<br>31.12.2012  | Non-trading book           |                          |                          |                           |                         |                           |   |                  | Trading<br>book<br>RM'000 | Total<br>RM'000 |
|---|----------------------------|--------------------------|--------------------------|---------------------------|-------------------------|---------------------------|---|------------------|---------------------------|-----------------|
|   | Up to 1<br>month<br>RM'000 | >1-3<br>months<br>RM'000 | >3-6<br>months<br>RM'000 | >6-12<br>months<br>RM'000 | >1-3<br>years<br>RM'000 | Over 3<br>years<br>RM'000 | Non-<br>interest<br>sensitive<br>RM'000 |                  |                           |                 |
| <b>ASSETS</b>   |                            |                          |                          |                           |                         |                           |   |                  |                           |                 |
| Cash and short term funds   | 17,681,679                 | -                        | -                        | -                         | -                       | -                         | -                                       | 1,340,725        | -                         | 19,022,404      |
| Securities purchased under resale agreements                        | 676,858                    | -                        | -                        | -                         | -                       | -                         | -                                       | -                | -                         | 676,858         |
| Deposits and placements with banks and other financial institutions | -                          | 733,355                  | 611,600                  | -                         | 124,231                 | 2,291,191                 | 19,851                                  | -                | -                         | 3,780,228       |
| Financial assets held-for-trading                                   | -                          | -                        | -                        | -                         | -                       | -                         | -                                       | -                | 1,110,482                 | 1,110,482       |
| Financial investments available-for-sale                            | 814,264                    | 1,237,463                | 1,295,703                | 31,278                    | 334,687                 | 4,322,196                 | 420,965                                 | -                | -                         | 8,456,556       |
| Financial investments held-to-maturity                              | 1,189,894                  | 373,536                  | 814,101                  | 298,993                   | 2,634,248               | 10,333,735                | 1,486*                                  | -                | -                         | 15,645,993      |
| Loans, advances and financing:                                      |                            |                          |                          |                           |                         |                           |   |                  |                           |                 |
| - performing  | 56,912,153                 | 8,014,168                | 3,956,758                | 1,629,060                 | 7,667,159               | 10,225,554                | 101,188                                 | -                | -                         | 88,506,040      |
| - impaired  | -                          | -                        | -                        | -                         | -                       | -                         | 769,775*                                | -                | -                         | 769,775         |
| Other assets  | -                          | -                        | -                        | -                         | -                       | -                         | 708,812                                 | -                | -                         | 708,812         |
| Derivative assets   | -                          | -                        | 940                      | 304                       | 15,034                  | 2,897                     | -                                       | 251,854          | -                         | 271,029         |
| Statutory deposits  | -                          | -                        | -                        | -                         | -                       | -                         | 2,916,509                               | -                | -                         | 2,916,509       |
| Investment in subsidiaries  | -                          | -                        | -                        | -                         | -                       | -                         | 1,272,972                               | -                | -                         | 1,272,972       |
| Property, plant and equipment                                       | -                          | -                        | -                        | -                         | -                       | -                         | 505,775                                 | -                | -                         | 505,775         |
| Goodwill and other intangible assets                                | -                          | -                        | -                        | -                         | -                       | -                         | 1,017,722                               | -                | -                         | 1,017,722       |
| <b>TOTAL ASSETS</b>   | <b>77,274,848</b>          | <b>10,358,522</b>        | <b>6,679,102</b>         | <b>1,959,635</b>          | <b>10,775,359</b>       | <b>27,175,573</b>         | <b>9,075,780</b>                        | <b>1,362,336</b> | <b>144,661,155</b>        |                 |

# Consist of impairment loss.

\* This represents outstanding impaired loans after deducting individual impairment allowance and collective impairment allowance.

## 42 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (c) Market risk (Continued)

## Interest rate risk (Continued)

The table below summarises the Bank's exposure to interest rate risk. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual repricing or maturity dates (Continued)

| Bank<br>31.12.2012  | Non-trading book           |                          |                          |                           |                         |                           |   |         | Trading<br>book<br>RM'000 | Total<br>RM'000 |
|---|----------------------------|--------------------------|--------------------------|---------------------------|-------------------------|---------------------------|---|---------|---------------------------|-----------------|
|   | Up to 1<br>month<br>RM'000 | >1-3<br>months<br>RM'000 | >3-6<br>months<br>RM'000 | >6-12<br>months<br>RM'000 | >1-3<br>years<br>RM'000 | Over 3<br>years<br>RM'000 | Non-<br>interest<br>sensitive<br>RM'000 |         |                           |                 |
| <b>LIABILITIES</b>  |                            |                          |                          |                           |                         |                           |   |         |                           |                 |
| Deposits from customers   | 45,549,364                 | 19,026,715               | 11,309,487               | 14,261,906                | 705,991                 | 24,760                    | 20,679,382                              | -       | 111,557,605               |                 |
| Deposits and placements of<br>banks and other financial<br>institutions | 4,884,430                  | 2,850,902                | 1,004,236                | 81,015                    | 365,191                 | 225,888                   | 47,666                                  | -       | 9,459,328                 |                 |
| Bills and acceptances payable   | 1,407,285                  | 1,602,519                | 427,955                  | -                         | -                       | -                         | 272,696                                 | -       | 3,710,455                 |                 |
| Other liabilities   | -                          | -                        | -                        | -                         | -                       | -                         | 775,703                                 | -       | 775,703                   |                 |
| Derivative liabilities  | -                          | -                        | 1,131                    | 133                       | 8,465                   | 2,278                     | -                                       | 261,552 | 273,559                   |                 |
| Recourse obligation on loans<br>sold to Cagamas Berhad                  | -                          | -                        | -                        | -                         | 500,000                 | 479,375                   | 3,465                                   | -       | 982,840                   |                 |
| Taxation liabilities  | -                          | -                        | -                        | -                         | -                       | -                         | 98,525                                  | -       | 98,525                    |                 |
| Deferred tax liabilities  | -                          | -                        | -                        | -                         | -                       | -                         | 50,903                                  | -       | 50,903                    |                 |
| Borrowings  | -                          | 382,250                  | 248,462                  | -                         | -                       | -                         | 2,066                                   | -       | 632,778                   |                 |
| Subordinated obligations  | -                          | -                        | -                        | -                         | 700,000                 | 3,296,782                 | 24,137                                  | -       | 4,020,919                 |                 |
| Hybrid Tier-I Capital Securities  | -                          | -                        | -                        | -                         | -                       | 597,744                   | 8,342                                   | -       | 606,086                   |                 |
| Senior Debt Securities  | -                          | -                        | -                        | -                         | -                       | 1,529,772                 | 6,902                                   | -       | 1,536,674                 |                 |
| <b>TOTAL LIABILITIES</b>  | 51,841,079                 | 23,862,386               | 12,991,271               | 14,343,054                | 2,279,647               | 6,156,599                 | 21,969,787                              | 261,552 | 133,705,375               |                 |
| Total equity  | -                          | -                        | -                        | -                         | -                       | -                         | 10,955,780                              | -       | 10,955,780                |                 |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                     | 51,841,079                 | 23,862,386               | 12,991,271               | 14,343,054                | 2,279,647               | 6,156,599                 | 32,925,567                              | 261,552 | 144,661,155               |                 |
| On-balance sheet interest<br>sensitivity gap                            | 25,433,769                 | (13,503,864)             | (6,312,169)              | (12,383,419)              | 8,495,712               | 21,018,974                | -                                       | -       | -                         |                 |
| Off-balance sheet interest<br>sensitivity gap                           | (987,649)                  | 2,965,821                | (1,867,721)              | 188,460                   | 408,600                 | (681,016)                 | -                                       | -       | -                         |                 |
| <b>TOTAL INTEREST-<br/>SENSITIVITY GAP</b>                              | 24,446,120                 | (10,538,043)             | (8,179,890)              | (12,194,959)              | 8,904,312               | 20,337,958                | -                                       | -       | -                         |                 |

**42 FINANCIAL RISK MANAGEMENT (CONTINUED)****(d) Liquidity risk**

Liquidity risk is defined as the current and prospective risk arising from the inability of the Group and the Bank to meet its contractual or regulatory obligations when they come due without incurring substantial losses. Liquidity obligations arise from withdrawals of deposits, repayments of purchased funds at maturity, extensions of credit and working capital needs. The Group and the Bank seek to project, monitor and manage its liquidity needs under normal as well as adverse circumstances.

The table below analyses the carrying amount of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturity:

| Group   | Up to 1 week     | 1 week to 1 month | 1 to 3 months     | 3 to 6 months    | 6 to 12 months   | Over 1 year        | No specific maturity | Total              |
|---|------------------|-------------------|-------------------|------------------|------------------|--------------------|----------------------|--------------------|
| 31.12.2013  | RM'000           | RM'000            | RM'000            | RM'000           | RM'000           | RM'000             | RM'000               | RM'000             |
| <b>ASSETS</b>   |                  |                   |                   |                  |                  |                    |                      |                    |
| Cash and short term funds   | 5,013,581        | 4,217,977         | -                 | -                | -                | -                  | -                    | 9,231,558          |
| Securities purchased under resale agreements                        | 184,560          | -                 | -                 | -                | -                | -                  | -                    | 184,560            |
| Deposits and placements with banks and other financial institutions | -                | -                 | 1,512,228         | 365,410          | 88,082           | 552,256            | -                    | 2,517,976          |
| Financial assets held-for-trading                                   | -                | 37,486            | 1,159,805         | 631,834          | -                | 537,973            | -                    | 2,367,098          |
| Financial investments available-for-sale                            | 1,488            | 117,002           | 356,455           | 115,777          | 513,712          | 11,395,583         | 758,567              | 13,258,584         |
| Financial investments held-to-maturity                              | 500,705          | 343,191           | 2,141,408         | 738,351          | 1,395,073        | 16,694,308         | -                    | 21,813,036         |
| Loans, advances and financing                                       | 3,720,375        | 5,022,343         | 5,529,618         | 4,590,374        | 4,957,453        | 94,071,707         | -                    | 117,891,870        |
| Other assets  | 47,825           | 3,750             | 22                | 20,153           | -                | 76,803             | 398,990              | 547,543            |
| Derivative assets   | 2,767            | 13,600            | 64,720            | 32,762           | 21,197           | 283,578            | -                    | 418,624            |
| Statutory deposits  | -                | -                 | -                 | -                | -                | -                  | 3,954,819            | 3,954,819          |
| Tax recoverable   | -                | -                 | -                 | -                | -                | -                  | 26,155               | 26,155             |
| Deferred tax assets   | -                | -                 | -                 | -                | -                | -                  | 12,160               | 12,160             |
| Property, plant and equipment                                       | -                | -                 | -                 | -                | -                | -                  | 666,736              | 666,736            |
| Goodwill and other intangible assets                                | -                | -                 | -                 | -                | -                | -                  | 1,267,142            | 1,267,142          |
| <b>TOTAL ASSETS</b>   | <b>9,471,301</b> | <b>9,755,349</b>  | <b>10,764,256</b> | <b>6,494,661</b> | <b>6,975,517</b> | <b>123,612,208</b> | <b>7,084,569</b>     | <b>174,157,861</b> |

## 42 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (d) Liquidity risk (Continued)

The table below analyses the carrying amount of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturity: (Continued)

| Group   | Up to 1 week      | 1 week to 1 month | 1 to 3 months     | 3 to 6 months     | 6 to 12 months    | Over 1 year       | No specific maturity | Total              |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|--------------------|
| 31.12.2013  | RM'000            | RM'000            | RM'000            | RM'000            | RM'000            | RM'000            | RM'000               | RM'000             |
| <b>LIABILITIES</b>  |                   |                   |                   |                   |                   |                   |                      |                    |
| Deposits from customers   | 50,813,315        | 32,507,905        | 22,868,970        | 16,495,731        | 12,466,076        | 463,140           | -                    | 135,615,137        |
| Deposits and placements of banks and other financial institutions | 742,716           | 3,601,054         | 6,110,751         | 747,943           | 98,061            | 1,178,638         | -                    | 12,479,163         |
| Obligations on securities sold under repurchase agreements        | -                 | -                 | -                 | 165,098           | -                 | -                 | -                    | 165,098            |
| Bills and acceptances payable                                     | 488,542           | 582,555           | 860,008           | 145,376           | -                 | -                 | -                    | 2,076,481          |
| Other liabilities   | 81,219            | 214,860           | 92,018            | 6,532             | 123,618           | 154,303           | 298,178              | 970,728            |
| Derivative liabilities  | 2,285             | 26,330            | 25,008            | 9,450             | 10,321            | 196,630           | -                    | 270,024            |
| Recourse obligation on loans sold to Cagamas Berhad               | -                 | 561               | 2,782             | -                 | 500,000           | 1,766,010         | -                    | 2,269,353          |
| Taxation liabilities  | -                 | -                 | -                 | -                 | -                 | -                 | 17,639               | 17,639             |
| Deferred tax liabilities  | -                 | -                 | -                 | -                 | -                 | -                 | 35,376               | 35,376             |
| Borrowings  | -                 | -                 | 33,589            | 21,097            | 53,276            | 463,087           | -                    | 571,049            |
| Subordinated obligations  | -                 | -                 | -                 | 24,399            | -                 | 3,997,469         | -                    | 4,021,868          |
| Hybrid Tier-I Capital Securities                                  | -                 | -                 | 7,542             | 638               | -                 | 598,035           | -                    | 606,215            |
| Senior Debt Securities  | -                 | -                 | -                 | 7,399             | -                 | 1,640,235         | -                    | 1,647,634          |
| <b>TOTAL LIABILITIES</b>  | <b>52,128,077</b> | <b>36,933,265</b> | <b>30,000,668</b> | <b>17,623,663</b> | <b>13,251,352</b> | <b>10,457,547</b> | <b>351,193</b>       | <b>160,745,765</b> |
| Total equity  | -                 | -                 | -                 | -                 | -                 | -                 | 13,412,096           | 13,412,096         |
| <b>TOTAL LIABILITIES AND EQUITY</b>                               | <b>52,128,077</b> | <b>36,933,265</b> | <b>30,000,668</b> | <b>17,623,663</b> | <b>13,251,352</b> | <b>10,457,547</b> | <b>13,763,289</b>    | <b>174,157,861</b> |

## 42 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (d) Liquidity risk (Continued)

The table below analyses the carrying amount of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturity: (Continued)

| Group Restated 31.12.2012   | Up to 1 week RM'000 | 1 week to 1 month RM'000 | 1 to 3 months RM'000 | 3 to 6 months RM'000 | 6 to 12 months RM'000 | Over 1 year RM'000 | No specific maturity RM'000 | Total RM'000       |
|---|---------------------|--------------------------|----------------------|----------------------|-----------------------|--------------------|-----------------------------|--------------------|
| <b>ASSETS</b>   |                     |                          |                      |                      |                       |                    |                             |                    |
| Cash and short term funds   | 12,359,705          | 10,320,148               | -                    | -                    | -                     | -                  | -                           | 22,679,853         |
| Securities purchased under resale agreements                        | 676,858             | -                        | -                    | -                    | -                     | -                  | -                           | 676,858            |
| Deposits and placements with banks and other financial institutions | -                   | -                        | 2,571,416            | 275,599              | 82,874                | 622,765            | -                           | 3,552,654          |
| Financial assets held-for-trading                                   | 14,427              | -                        | 543,167              | 396,084              | 49,055                | 547,130            | -                           | 1,549,863          |
| Financial investments available-for-sale                            | 1,288               | 21,259                   | 51,685               | 128,334              | 69,111                | 9,398,361          | 363,177                     | 10,033,215         |
| Financial investments held-to-maturity                              | 354,798             | 953,308                  | 554,375              | 1,076,581            | 409,720               | 14,452,469         | -                           | 17,801,251         |
| Loans, advances and financing                                       | 2,713,376           | 8,218,899                | 6,637,051            | 3,616,524            | 2,805,046             | 83,840,508         | -                           | 107,831,404        |
| Other assets  | 66,360              | 3,480                    | 32                   | 16,171               | -                     | 47,245             | 263,620                     | 396,908            |
| Derivative assets   | 10,476              | 13,254                   | 11,166               | 10,668               | 11,822                | 193,531            | -                           | 250,917            |
| Statutory deposits  | -                   | -                        | -                    | -                    | -                     | -                  | 3,637,205                   | 3,637,205          |
| Tax recoverable   | -                   | -                        | -                    | -                    | -                     | -                  | 38                          | 38                 |
| Deferred tax assets   | -                   | -                        | -                    | -                    | -                     | -                  | 8,455                       | 8,455              |
| Property, plant and equipment                                       | -                   | -                        | -                    | -                    | -                     | -                  | 675,115                     | 675,115            |
| Goodwill and other intangible assets                                | -                   | -                        | -                    | -                    | -                     | -                  | 1,241,814                   | 1,241,814          |
| <b>TOTAL ASSETS</b>   | <b>16,197,288</b>   | <b>19,530,348</b>        | <b>10,368,892</b>    | <b>5,519,961</b>     | <b>3,427,628</b>      | <b>109,102,009</b> | <b>6,189,424</b>            | <b>170,335,550</b> |

## 42 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (d) Liquidity risk (Continued)

The table below analyses the carrying amount of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturity: (Continued)

| Group Restated 31.12.2012   | Up to 1 week RM'000 | 1 week to 1 month RM'000 | 1 to 3 months RM'000 | 3 to 6 months RM'000 | 6 to 12 months RM'000 | Over 1 year RM'000 | No specific maturity RM'000 | Total RM'000 |
|---|---------------------|--------------------------|----------------------|----------------------|-----------------------|--------------------|-----------------------------|--------------|
| <b>LIABILITIES</b>  |                     |                          |                      |                      |                       |                    |                             |              |
| Deposits from customers   | 46,132,536          | 32,733,769               | 22,508,460           | 12,947,107           | 16,343,028            | 877,021            | -                           | 131,541,921  |
| Deposits and placements of banks and other financial institutions | 701,382             | 5,195,265                | 3,427,348            | 1,205,652            | 262,028               | 1,213,894          | -                           | 12,005,569   |
| Bills and acceptances payable                                     | 540,739             | 1,160,854                | 1,602,519            | 427,955              | -                     | -                  | -                           | 3,732,067    |
| Other liabilities   | 157,389             | 188,519                  | 67,257               | 47,797               | 138,694               | 192,849            | 457,862                     | 1,250,367    |
| Derivative liabilities  | 4,170               | 18,701                   | 23,585               | 27,699               | 9,673                 | 189,369            | -                           | 273,197      |
| Recourse obligation on loans sold to Cagamas Berhad               | -                   | 559                      | 2,906                | -                    | -                     | 2,441,896          | -                           | 2,445,361    |
| Taxation liabilities  | -                   | -                        | -                    | -                    | -                     | -                  | 125,648                     | 125,648      |
| Deferred tax liabilities  | -                   | -                        | -                    | -                    | -                     | -                  | 50,907                      | 50,907       |
| Borrowings  | -                   | -                        | 31,834               | 19,924               | 126,449               | 531,327            | -                           | 709,534      |
| Subordinated obligations  | -                   | -                        | -                    | 24,138               | -                     | 3,996,781          | -                           | 4,020,919    |
| Hybrid Tier-I Capital Securities                                  | -                   | -                        | 7,704                | 638                  | -                     | 597,744            | -                           | 606,086      |
| Senior Debt Securities  | -                   | -                        | -                    | 6,902                | -                     | 1,529,772          | -                           | 1,536,674    |
| <b>TOTAL LIABILITIES</b>  | 47,536,216          | 39,297,667               | 27,671,613           | 14,707,812           | 16,879,872            | 11,570,653         | 634,417                     | 158,298,250  |
| Total equity  | -                   | -                        | -                    | -                    | -                     | -                  | 12,037,300                  | 12,037,300   |
| <b>TOTAL LIABILITIES AND EQUITY</b>                               | 47,536,216          | 39,297,667               | 27,671,613           | 14,707,812           | 16,879,872            | 11,570,653         | 12,671,717                  | 170,335,550  |

## 42 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (d) Liquidity risk (Continued)

The table below analyses the carrying amount of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturity: (Continued)

| Bank<br>31.12.2013  | Up to 1<br>week<br>RM'000 | 1 week to<br>1 month<br>RM'000 | 1 to 3<br>months<br>RM'000 | 3 to 6<br>months<br>RM'000 | 6 to 12<br>months<br>RM'000 | Over 1<br>year<br>RM'000 | No specific<br>maturity<br>RM'000 | Total<br>RM'000    |
|---|---------------------------|--------------------------------|----------------------------|----------------------------|-----------------------------|--------------------------|-----------------------------------|--------------------|
| <b>ASSETS</b>   |                           |                                |                            |                            |                             |                          |                                   |                    |
| Cash and short term funds   | 2,455,234                 | 3,120,039                      | -                          | -                          | -                           | -                        | -                                 | 5,575,273          |
| Securities purchased<br>under resale<br>agreements                        | 184,560                   | -                              | -                          | -                          | -                           | -                        | -                                 | 184,560            |
| Deposits and placements<br>with banks and other<br>financial institutions | -                         | -                              | 1,129,146                  | 720,542                    | 138,977                     | 3,067,646                | -                                 | 5,056,311          |
| Financial assets held-for-<br>trading                                     | -                         | 37,486                         | 464,275                    | 582,183                    | -                           | 489,595                  | -                                 | 1,573,539          |
| Financial investments<br>available-for-sale                               | 895                       | 111,195                        | 241,773                    | 110,764                    | 432,107                     | 9,352,475                | 553,627                           | 10,802,836         |
| Financial investments<br>held-to-maturity                                 | 500,705                   | 340,172                        | 1,338,453                  | 494,191                    | 1,319,962                   | 15,103,603               | -                                 | 19,097,086         |
| Loans, advances and<br>financing  | 3,457,079                 | 4,654,096                      | 5,023,696                  | 3,965,249                  | 2,821,496                   | 75,831,284               | -                                 | 95,752,900         |
| Other assets  | 5,665                     | 162,948                        | -                          | 20,154                     | 44,228                      | 76,803                   | 386,331                           | 696,129            |
| Derivative assets   | 2,767                     | 37,057                         | 41,263                     | 32,416                     | 22,796                      | 289,219                  | -                                 | 425,518            |
| Statutory deposits  | -                         | -                              | -                          | -                          | -                           | -                        | 3,110,223                         | 3,110,223          |
| Tax recoverable   | -                         | -                              | -                          | -                          | -                           | -                        | 26,152                            | 26,152             |
| Investment in subsidiaries  | -                         | -                              | -                          | -                          | -                           | -                        | 1,740,314                         | 1,740,314          |
| Property, plant and<br>equipment  | -                         | -                              | -                          | -                          | -                           | -                        | 492,464                           | 492,464            |
| Goodwill and other<br>intangible assets                                   | -                         | -                              | -                          | -                          | -                           | -                        | 1,040,244                         | 1,040,244          |
| <b>TOTAL ASSETS</b>   | <b>6,606,905</b>          | <b>8,462,993</b>               | <b>8,238,606</b>           | <b>5,925,499</b>           | <b>4,779,566</b>            | <b>104,210,625</b>       | <b>7,349,355</b>                  | <b>145,573,549</b> |

## 42 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (d) Liquidity risk (Continued)

The table below analyses the carrying amount of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturity: (Continued)

| Bank<br>31.12.2013  | Up to<br>1 week<br>RM'000 | 1 week to<br>1 month<br>RM'000 | 1 to 3<br>months<br>RM'000 | 3 to 6<br>months<br>RM'000 | 6 to 12<br>months<br>RM'000 | Over<br>1 year<br>RM'000 | No specific<br>maturity<br>RM'000 | Total<br>RM'000    |
|---|---------------------------|--------------------------------|----------------------------|----------------------------|-----------------------------|--------------------------|-----------------------------------|--------------------|
| <b>LIABILITIES</b>  |                           |                                |                            |                            |                             |                          |                                   |                    |
| Deposits from customers   | 43,029,277                | 24,957,335                     | 18,510,712                 | 14,050,147                 | 10,801,276                  | 445,969                  | -                                 | 111,794,716        |
| Deposits and placements<br>of banks and other<br>financial institutions | 579,312                   | 3,124,555                      | 5,670,790                  | 533,254                    | 36,330                      | 626,383                  | -                                 | 10,570,624         |
| Obligations on securities<br>sold under repurchase<br>agreements        | -                         | -                              | -                          | 165,098                    | -                           | -                        | -                                 | 165,098            |
| Bills and acceptances<br>payable  | 473,452                   | 582,555                        | 860,008                    | 145,376                    | -                           | -                        | -                                 | 2,061,391          |
| Other liabilities   | 78,065                    | 201,503                        | 50,843                     | 21,986                     | 97,946                      | 148,567                  | 171,564                           | 770,474            |
| Derivative liabilities  | 2,285                     | 33,570                         | 17,769                     | 7,890                      | 10,321                      | 220,087                  | -                                 | 291,922            |
| Recourse obligation<br>on loans sold to<br>Cagamas Berhad               | -                         | 561                            | 2,782                      | -                          | 500,000                     | 457,677                  | -                                 | 961,020            |
| Deferred tax liabilities  | -                         | -                              | -                          | -                          | -                           | -                        | 35,372                            | 35,372             |
| Borrowings  | -                         | -                              | 33,589                     | 21,097                     | 53,276                      | 463,087                  | -                                 | 571,049            |
| Subordinated obligations  | -                         | -                              | -                          | 24,399                     | -                           | 3,997,469                | -                                 | 4,021,868          |
| Hybrid Tier-I Capital<br>Securities                                     | -                         | -                              | 7,542                      | 638                        | -                           | 598,035                  | -                                 | 606,215            |
| Senior Debt Securities  | -                         | -                              | -                          | 7,399                      | -                           | 1,640,235                | -                                 | 1,647,634          |
| <b>TOTAL LIABILITIES</b>  | <b>44,162,391</b>         | <b>28,900,079</b>              | <b>25,154,035</b>          | <b>14,977,284</b>          | <b>11,499,149</b>           | <b>8,597,509</b>         | <b>206,936</b>                    | <b>133,497,383</b> |
| Total equity  | -                         | -                              | -                          | -                          | -                           | -                        | 12,076,166                        | 12,076,166         |
| <b>TOTAL LIABILITIES<br/>AND EQUITY</b>                                 | <b>44,162,391</b>         | <b>28,900,079</b>              | <b>25,154,035</b>          | <b>14,977,284</b>          | <b>11,499,149</b>           | <b>8,597,509</b>         | <b>12,283,102</b>                 | <b>145,573,549</b> |



## 42 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (d) Liquidity risk (Continued)

The table below analyses the carrying amount of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturity: (Continued)

| Bank<br>31.12.2012  | Up to<br>1 week<br>RM'000 | 1 week to<br>1 month<br>RM'000 | 1 to 3<br>months<br>RM'000 | 3 to 6<br>months<br>RM'000 | 6 to 12<br>months<br>RM'000 | Over<br>1 year<br>RM'000 | No specific<br>maturity<br>RM'000 | Total<br>RM'000    |
|---|---------------------------|--------------------------------|----------------------------|----------------------------|-----------------------------|--------------------------|-----------------------------------|--------------------|
| <b>ASSETS</b>   |                           |                                |                            |                            |                             |                          |                                   |                    |
| Cash and short term funds   | 9,892,855                 | 9,129,549                      | -                          | -                          | -                           | -                        | -                                 | 19,022,404         |
| Securities purchased<br>under resale<br>agreements                        | 676,858                   | -                              | -                          | -                          | -                           | -                        | -                                 | 676,858            |
| Deposits and placements<br>with banks and other<br>financial institutions | -                         | -                              | 733,858                    | 613,931                    | -                           | 2,432,439                | -                                 | 3,780,228          |
| Financial assets<br>held-for-trading                                      | 14,288                    | -                              | 442,155                    | 395,373                    | 29,051                      | 229,615                  | -                                 | 1,110,482          |
| Financial investments<br>available-for-sale                               | 203                       | 17,547                         | 46,755                     | 122,437                    | 69,111                      | 7,847,456                | 353,047                           | 8,456,556          |
| Financial investments<br>held-to-maturity                                 | 353,062                   | 801,973                        | 433,826                    | 848,688                    | 299,289                     | 12,909,155               | -                                 | 15,645,993         |
| Loans, advances and<br>financing  | 2,676,811                 | 3,782,617                      | 5,171,240                  | 3,186,346                  | 2,415,329                   | 72,043,472               | -                                 | 89,275,815         |
| Other assets  | 9,042                     | 332,801                        | -                          | 16,166                     | 52,466                      | 47,245                   | 251,092                           | 708,812            |
| Derivative assets   | 10,476                    | 13,254                         | 11,309                     | 12,403                     | 12,126                      | 211,461                  | -                                 | 271,029            |
| Statutory deposits  | -                         | -                              | -                          | -                          | -                           | -                        | 2,916,509                         | 2,916,509          |
| Investment in subsidiaries  | -                         | -                              | -                          | -                          | -                           | -                        | 1,272,972                         | 1,272,972          |
| Property, plant and<br>equipment  | -                         | -                              | -                          | -                          | -                           | -                        | 505,775                           | 505,775            |
| Goodwill and other<br>intangible assets                                   | -                         | -                              | -                          | -                          | -                           | -                        | 1,017,722                         | 1,017,722          |
| <b>TOTAL ASSETS</b>   | <b>13,633,595</b>         | <b>14,077,741</b>              | <b>6,839,143</b>           | <b>5,195,344</b>           | <b>2,877,372</b>            | <b>95,720,843</b>        | <b>6,317,117</b>                  | <b>144,661,155</b> |

## 42 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (d) Liquidity risk (Continued)

The table below analyses the carrying amount of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturity: (Continued)

| Bank<br>31.12.2012  | Up to<br>1 week<br>RM'000 | 1 week to<br>1 month<br>RM'000 | 1 to 3<br>months<br>RM'000 | 3 to 6<br>months<br>RM'000 | 6 to 12<br>months<br>RM'000 | Over<br>1 year<br>RM'000 | No specific<br>maturity<br>RM'000 | Total<br>RM'000 |
|---|---------------------------|--------------------------------|----------------------------|----------------------------|-----------------------------|--------------------------|-----------------------------------|-----------------|
| <b>LIABILITIES</b>  |                           |                                |                            |                            |                             |                          |                                   |                 |
| Deposits from customers   | 40,335,645                | 25,513,945                     | 19,194,246                 | 11,421,035                 | 14,358,179                  | 734,555                  | -                                 | 111,557,605     |
| Deposits and placements<br>of banks and other<br>financial institutions | 517,220                   | 4,407,982                      | 2,854,411                  | 1,007,504                  | 81,015                      | 591,196                  | -                                 | 9,459,328       |
| Bills and acceptances<br>payable  | 519,127                   | 1,160,854                      | 1,602,519                  | 427,955                    | -                           | -                        | -                                 | 3,710,455       |
| Other liabilities   | 99,875                    | 177,083                        | 59,173                     | 56,682                     | 117,433                     | 192,491                  | 72,966                            | 775,703         |
| Derivative liabilities  | 2,254                     | 18,701                         | 23,585                     | 27,699                     | 9,673                       | 191,647                  | -                                 | 273,559         |
| Recourse obligation<br>on loans sold to<br>Cagamas Berhad               | -                         | 559                            | 2,906                      | -                          | -                           | 979,375                  | -                                 | 982,840         |
| Taxation liabilities  | -                         | -                              | -                          | -                          | -                           | -                        | 98,525                            | 98,525          |
| Deferred tax liabilities  | -                         | -                              | -                          | -                          | -                           | -                        | 50,903                            | 50,903          |
| Borrowings  | -                         | -                              | 31,834                     | 19,924                     | 49,693                      | 531,327                  | -                                 | 632,778         |
| Subordinated obligations  | -                         | -                              | -                          | 24,138                     | -                           | 3,996,781                | -                                 | 4,020,919       |
| Hybrid Tier-I Capital<br>Securities                                     | -                         | -                              | 7,704                      | 638                        | -                           | 597,744                  | -                                 | 606,086         |
| Senior Debt Securities  | -                         | -                              | -                          | 6,902                      | -                           | 1,529,772                | -                                 | 1,536,674       |
| <b>TOTAL LIABILITIES</b>  | 41,474,121                | 31,279,124                     | 23,776,378                 | 12,992,477                 | 14,615,993                  | 9,344,888                | 222,394                           | 133,705,375     |
| Total equity  | -                         | -                              | -                          | -                          | -                           | -                        | 10,955,780                        | 10,955,780      |
| <b>TOTAL LIABILITIES<br/>AND EQUITY</b>                                 | 41,474,121                | 31,279,124                     | 23,776,378                 | 12,992,477                 | 14,615,993                  | 9,344,888                | 11,178,174                        | 144,661,155     |

## 42 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (d) Liquidity risk (Continued)

The following table presents the cash outflows for the Group's financial liabilities by remaining contractual maturities on an undiscounted basis. The balances in the table below will not agree to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest/profit payments.

| Group<br>31.12.2013  | Up to<br>1 month<br>RM'000 | 1 to 6<br>months<br>RM'000 | 6 to 12<br>months<br>RM'000 | 1 to 3<br>years<br>RM'000 | 3 to 5<br>years<br>RM'000 | Over 5<br>years<br>RM'000 | Total<br>RM'000    |
|--|----------------------------|----------------------------|-----------------------------|---------------------------|---------------------------|---------------------------|--------------------|
| <b>LIABILITIES</b>   |                            |                            |                             |                           |                           |                           |                    |
| Deposits from customers  | 83,151,020                 | 39,876,226                 | 12,768,532                  | 450,166                   | 34,733                    | -                         | 136,280,677        |
| Deposits and placements of banks<br>and other financial institutions | 4,540,686                  | 6,893,504                  | 105,088                     | 317,019                   | 717,687                   | -                         | 12,573,984         |
| Obligations on securities sold under<br>repurchase agreements        | -                          | 165,903                    | -                           | -                         | -                         | -                         | 165,903            |
| Bills and acceptances payable  | 1,071,098                  | 1,005,383                  | -                           | -                         | -                         | -                         | 2,076,481          |
| Other financial liabilities  | 263,323                    | 127,697                    | 61,190                      | 133,481                   | 13,744                    | 13,512                    | 612,947            |
| Derivative liabilities:  |                            |                            |                             |                           |                           |                           |                    |
| - gross settled derivatives:   |                            |                            |                             |                           |                           |                           |                    |
| - inflow   | (1,587,006)                | (1,220,451)                | (836,236)                   | (1,278,967)               | (2,587,313)               | -                         | (7,509,973)        |
| - outflow  | 1,620,336                  | 1,216,743                  | 807,230                     | 1,142,937                 | 2,678,735                 | -                         | 7,465,981          |
| - net settled derivatives  | 5,696                      | 11,085                     | 16,893                      | 16,542                    | (9,224)                   | 1,624                     | 42,616             |
| Recourse obligation on loans sold to<br>Cagamas Berhad               | 25,391                     | 113,252                    | 640,015                     | 912,728                   | 791,472                   | -                         | 2,482,858          |
| Borrowings   | -                          | 56,195                     | 55,966                      | 221,016                   | 183,897                   | 70,205                    | 587,279            |
| Subordinated obligations   | -                          | 95,188                     | 95,188                      | 1,063,250                 | 3,278,687                 | 342,000                   | 4,874,313          |
| Hybrid Tier-I Capital Securities                                     | -                          | 22,563                     | 22,563                      | 90,250                    | 90,250                    | 675,450                   | 901,076            |
| Senior Debt Securities   | -                          | 26,638                     | 26,638                      | 53,276                    | 1,665,888                 | -                         | 1,772,440          |
| <b>TOTAL FINANCIAL LIABILITIES</b>                                   | <b>89,090,544</b>          | <b>48,389,926</b>          | <b>13,763,067</b>           | <b>3,121,698</b>          | <b>6,858,556</b>          | <b>1,102,791</b>          | <b>162,326,582</b> |

**42 FINANCIAL RISK MANAGEMENT (CONTINUED)****(d) Liquidity risk (Continued)**

The following table presents the cash outflows for the Group's financial liabilities by remaining contractual maturities on an undiscounted basis. The balances in the table below will not agree to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest/profit payments. (Continued)

| Group Restated 31.12.2012   | Up to 1 month RM'000 | 1 to 6 months RM'000 | 6 to 12 months RM'000 | 1 to 3 years RM'000 | 3 to 5 years RM'000 | Over 5 years RM'000 | Total RM'000       |
|---|----------------------|----------------------|-----------------------|---------------------|---------------------|---------------------|--------------------|
| <b>LIABILITIES</b>  |                      |                      |                       |                     |                     |                     |                    |
| Deposits from customers   | 78,902,038           | 35,757,520           | 16,743,035            | 873,068             | 44,350              | -                   | 132,320,011        |
| Deposits and placements of banks and other financial institutions | 6,117,808            | 4,589,479            | 267,318               | 448,169             | 720,621             | -                   | 12,143,395         |
| Bills and acceptances payable                                     | 1,701,594            | 2,030,473            | -                     | -                   | -                   | -                   | 3,732,067          |
| Other financial liabilities                                       | 316,234              | 112,888              | 60,536                | 192,967             | 14,317              | 23,218              | 720,160            |
| Derivative liabilities:   |                      |                      |                       |                     |                     |                     |                    |
| - gross settled derivatives:                                      |                      |                      |                       |                     |                     |                     |                    |
| - inflow  | (1,054,644)          | (2,423,013)          | (701,428)             | (762,460)           | (586,217)           | -                   | (5,527,762)        |
| - outflow   | 1,074,384            | 2,485,553            | 715,993               | 755,453             | 577,113             | -                   | 5,608,496          |
| - net settled derivatives   | 6,373                | 18,203               | 18,511                | 55,108              | (9,730)             | (1,691)             | 86,774             |
| Recourse obligation on loans sold to Cagamas Berhad               | 24,522               | 111,225              | 137,215               | 1,036,234           | 1,443,031           | -                   | 2,752,227          |
| Borrowings  | 155                  | 52,925               | 129,476               | 208,207             | 204,094             | 135,479             | 730,336            |
| Subordinated obligations  | -                    | 95,188               | 95,188                | 1,063,250           | 3,278,688           | 342,000             | 4,874,314          |
| Hybrid Tier-I Capital Securities                                  | -                    | 22,563               | 22,563                | 90,250              | 90,250              | 675,450             | 901,076            |
| Senior Debt Securities  | -                    | 24,846               | 24,847                | 99,385              | 1,603,539           | -                   | 1,752,617          |
| <b>TOTAL FINANCIAL LIABILITIES</b>                                | <b>87,088,464</b>    | <b>42,877,850</b>    | <b>17,513,254</b>     | <b>4,059,631</b>    | <b>7,380,056</b>    | <b>1,174,456</b>    | <b>160,093,711</b> |

## 42 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (d) Liquidity risk (Continued)

The following table presents the cash outflows for the Bank's financial liabilities by remaining contractual maturities on an undiscounted basis. The balances in the table below will not agree to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments.

| Bank<br>31.12.2013   | Up to<br>1 month<br>RM'000 | 1 to 6<br>months<br>RM'000 | 6 to 12<br>months<br>RM'000 | 1 to 3<br>years<br>RM'000 | 3 to 5<br>years<br>RM'000 | Over 5<br>years<br>RM'000 | Total<br>RM'000    |
|--|----------------------------|----------------------------|-----------------------------|---------------------------|---------------------------|---------------------------|--------------------|
| <b>LIABILITIES</b>   |                            |                            |                             |                           |                           |                           |                    |
| Deposits from customers  | 67,847,653                 | 32,983,897                 | 11,061,836                  | 439,011                   | 23,949                    | -                         | 112,356,346        |
| Deposits and placements of banks<br>and other financial institutions | 3,932,248                  | 6,236,697                  | 39,223                      | 98,594                    | 297,355                   | -                         | 10,604,117         |
| Obligations on securities sold under<br>repurchase agreements        | -                          | 165,903                    | -                           | -                         | -                         | -                         | 165,903            |
| Bills and acceptances payable  | 1,056,008                  | 1,005,383                  | -                           | -                         | -                         | -                         | 2,061,391          |
| Other financial liabilities  | 247,672                    | 101,019                    | 35,952                      | 127,745                   | 13,744                    | 13,512                    | 539,644            |
| Derivative liabilities:  |                            |                            |                             |                           |                           |                           |                    |
| - gross settled derivatives:   |                            |                            |                             |                           |                           |                           |                    |
| - inflow   | (1,587,006)                | (1,220,451)                | (836,236)                   | (1,278,967)               | (2,587,313)               | -                         | (7,509,973)        |
| - outflow  | 1,620,336                  | 1,216,743                  | 807,230                     | 1,142,937                 | 2,678,735                 | -                         | 7,465,981          |
| - net settled derivatives  | 5,042                      | 10,867                     | 17,767                      | 19,714                    | (15,556)                  | (420)                     | 37,414             |
| Recourse obligation on loans sold to<br>Cagamas Berhad               | 1,896                      | 30,641                     | 532,578                     | 470,845                   | -                         | -                         | 1,035,960          |
| Borrowings   | -                          | 56,195                     | 55,966                      | 221,016                   | 183,897                   | 70,205                    | 587,279            |
| Subordinated obligations   | -                          | 95,188                     | 95,188                      | 1,063,250                 | 3,278,687                 | 342,000                   | 4,874,313          |
| Hybrid Tier-I Capital Securities                                     | -                          | 22,563                     | 22,563                      | 90,250                    | 90,250                    | 675,450                   | 901,076            |
| Senior Debt Securities   | -                          | 26,638                     | 26,638                      | 53,276                    | 1,665,888                 | -                         | 1,772,440          |
| <b>TOTAL FINANCIAL LIABILITIES</b>                                   | <b>73,123,849</b>          | <b>40,731,283</b>          | <b>11,858,705</b>           | <b>2,447,671</b>          | <b>5,629,636</b>          | <b>1,100,747</b>          | <b>134,891,891</b> |

**42 FINANCIAL RISK MANAGEMENT (CONTINUED)****(d) Liquidity risk (Continued)**

The following table presents the cash outflows for the Bank's financial liabilities by remaining contractual maturities on an undiscounted basis. The balances in the table below will not agree to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments. (Continued)

| Bank<br>31.12.2012   | Up to<br>1 month<br>RM'000 | 1 to 6<br>months<br>RM'000 | 6 to 12<br>months<br>RM'000 | 1 to 3<br>years<br>RM'000 | 3 to 5<br>years<br>RM'000 | Over 5<br>years<br>RM'000 | Total<br>RM'000    |
|--|----------------------------|----------------------------|-----------------------------|---------------------------|---------------------------|---------------------------|--------------------|
| <b>LIABILITIES</b>   |                            |                            |                             |                           |                           |                           |                    |
| Deposits from customers  | 65,872,944                 | 30,858,887                 | 14,703,018                  | 732,920                   | 29,268                    | -                         | 112,197,037        |
| Deposits and placements of banks<br>and other financial institutions | 5,076,335                  | 3,887,428                  | 84,287                      | 233,622                   | 230,548                   | -                         | 9,512,220          |
| Bills and acceptances payable  | 1,679,981                  | 2,030,474                  | -                           | -                         | -                         | -                         | 3,710,455          |
| Other financial liabilities  | 247,141                    | 113,689                    | 39,274                      | 171,009                   | 14,317                    | 23,218                    | 608,648            |
| Derivative liabilities:  |                            |                            |                             |                           |                           |                           |                    |
| - gross settled derivatives:   |                            |                            |                             |                           |                           |                           |                    |
| - inflow   | (1,054,644)                | (2,423,013)                | (701,428)                   | (762,460)                 | (586,217)                 | -                         | (5,527,762)        |
| - outflow  | 1,074,384                  | 2,485,553                  | 715,993                     | 755,453                   | 577,113                   | -                         | 5,608,496          |
| - net settled derivatives  | 6,373                      | 17,741                     | 18,050                      | 53,641                    | (9,856)                   | (1,691)                   | 84,258             |
| Recourse obligation on loans sold to<br>Cagamas Berhad               | 1,896                      | 30,559                     | 32,495                      | 607,656                   | 428,304                   | -                         | 1,100,910          |
| Borrowings   | -                          | 52,925                     | 52,720                      | 208,207                   | 204,094                   | 135,479                   | 653,425            |
| Subordinated obligations   | -                          | 95,188                     | 95,188                      | 1,063,250                 | 3,278,688                 | 342,000                   | 4,874,314          |
| Hybrid Tier-I Capital Securities                                     | -                          | 22,563                     | 22,563                      | 90,250                    | 90,250                    | 675,450                   | 901,076            |
| Senior Debt Securities   | -                          | 24,846                     | 24,847                      | 99,385                    | 1,603,539                 | -                         | 1,752,617          |
| <b>TOTAL FINANCIAL LIABILITIES</b>                                   | <b>72,904,410</b>          | <b>37,196,840</b>          | <b>15,087,007</b>           | <b>3,252,933</b>          | <b>5,860,048</b>          | <b>1,174,456</b>          | <b>135,475,694</b> |

**42 FINANCIAL RISK MANAGEMENT (CONTINUED)****(d) Liquidity risk (Continued)**

The following table presents the contractual expiry by maturity of the Group's commitments and contingencies:

| <b>Group</b>  | <b>Less than<br/>1 year<br/>RM'000</b> | <b>Over<br/>1 year<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|--|-----------------------------------|-------------------------|
| <b>31.12.2013</b>                                       |  |                                   |                         |
| Direct credit substitutes                               | <b>1,858,684</b>                       | <b>1,985,310</b>                  | <b>3,843,994</b>        |
| Transaction-related contingent items                    | <b>456,457</b>                         | <b>2,579,409</b>                  | <b>3,035,866</b>        |
| Short term self-liquidating trade-related contingencies | <b>1,256,615</b>                       | <b>310,703</b>                    | <b>1,567,318</b>        |
| Obligations under underwriting agreements               | <b>76,000</b>                          | <b>-</b>                          | <b>76,000</b>           |
| Irrevocable commitments to extend credit                | <b>10,797,853</b>                      | <b>30,774,717</b>                 | <b>41,572,570</b>       |
| <b>TOTAL COMMITMENTS AND CONTINGENCIES</b>              | <b>14,445,609</b>                      | <b>35,650,139</b>                 | <b>50,095,748</b>       |
| <b>31.12.2012</b>                                       |  |                                   |                         |
| Direct credit substitutes                               | 413,164                                | 1,767,472                         | 2,180,636               |
| Transaction-related contingent items                    | 300,742                                | 2,195,071                         | 2,495,813               |
| Short term self-liquidating trade-related contingencies | 698,696                                | 311,155                           | 1,009,851               |
| Obligations under underwriting agreements               | 90,000                                 | -                                 | 90,000                  |
| Irrevocable commitments to extend credit                | 10,237,339                             | 24,625,669                        | 34,863,008              |
| <b>TOTAL COMMITMENTS AND CONTINGENCIES</b>              | <b>11,739,941</b>                      | <b>28,899,367</b>                 | <b>40,639,308</b>       |

The following table presents the contractual expiry by maturity of the Bank's commitments and contingencies:

| <b>Bank</b>   | <b>Less than<br/>1 year<br/>RM'000</b> | <b>Over<br/>1 year<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|--|-----------------------------------|-------------------------|
| <b>31.12.2013</b>                                       |  |                                   |                         |
| Direct credit substitutes                               | <b>1,858,684</b>                       | <b>1,985,310</b>                  | <b>3,843,994</b>        |
| Transaction-related contingent items                    | <b>340,801</b>                         | <b>2,153,585</b>                  | <b>2,494,386</b>        |
| Short term self-liquidating trade-related contingencies | <b>1,153,323</b>                       | <b>310,703</b>                    | <b>1,464,026</b>        |
| Irrevocable commitments to extend credit                | <b>8,690,334</b>                       | <b>27,375,316</b>                 | <b>36,065,650</b>       |
| <b>TOTAL COMMITMENTS AND CONTINGENCIES</b>              | <b>12,043,142</b>                      | <b>31,824,914</b>                 | <b>43,868,056</b>       |
| <b>31.12.2012</b>                                       |  |                                   |                         |
| Direct credit substitutes                               | 413,164                                | 1,710,722                         | 2,123,886               |
| Transaction-related contingent items                    | 194,638                                | 1,934,198                         | 2,128,836               |
| Short term self-liquidating trade-related contingencies | 643,093                                | 311,155                           | 954,248                 |
| Irrevocable commitments to extend credit                | 8,395,198                              | 22,480,527                        | 30,875,725              |
| <b>TOTAL COMMITMENTS AND CONTINGENCIES</b>              | <b>9,646,093</b>                       | <b>26,436,602</b>                 | <b>36,082,695</b>       |

Undrawn loans/financing commitments are recognised at activation stage and include commitments which are unconditionally cancellable by the Group and the Bank. The Group and the Bank expect that not all of the contingent liabilities and undrawn loan/financing commitments will be drawn before expiry.

**42 FINANCIAL RISK MANAGEMENT (CONTINUED)****(e) Credit risk****(i) Maximum exposure to credit risk**

The maximum exposure to credit risk at the statements of financial position is the amounts on the statements of financial position as well as off-balance sheet financial instruments, without taking into account of any collateral held or other credit enhancements. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Group and the Bank would have to pay if the obligations of the instruments issued are called upon. For credit/financing commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers. The table below shows the maximum exposure to credit risk for the Group and the Bank:

|   | Group                |                                  | Bank                 |                      |
|---|----------------------|----------------------------------|----------------------|----------------------|
|   | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Credit risk exposure:   |                      |                                  |                      |                      |
| Short term funds (exclude cash in hand)   | <b>8,307,584</b>     | 21,776,905                       | <b>4,672,289</b>     | 18,118,704           |
| Securities purchased under resale agreements  | <b>184,560</b>       | 676,858                          | <b>184,560</b>       | 676,858              |
| Deposits and placements with banks and other financial institutions                     | <b>2,517,976</b>     | 3,552,654                        | <b>5,056,311</b>     | 3,780,228            |
| Financial assets and investments portfolios (exclude shares and perpetual notes/sukuk): |                      |                                  |                      |                      |
| - held-for-trading  | <b>2,367,098</b>     | 1,549,863                        | <b>1,573,539</b>     | 1,110,482            |
| - available-for-sale  | <b>12,500,017</b>    | 9,670,038                        | <b>10,249,209</b>    | 8,103,509            |
| - held-to-maturity  | <b>21,813,036</b>    | 17,801,251                       | <b>19,097,086</b>    | 15,645,993           |
| Loans, advances and financing   | <b>117,891,870</b>   | 107,831,404                      | <b>95,752,900</b>    | 89,275,815           |
| Other financial assets  | <b>419,529</b>       | 240,982                          | <b>569,298</b>       | 562,725              |
| Derivative assets   | <b>418,624</b>       | 250,917                          | <b>425,518</b>       | 271,029              |
|   | <b>166,420,294</b>   | 163,350,872                      | <b>137,580,710</b>   | 137,545,343          |
| Commitments and contingencies   | <b>50,095,748</b>    | 40,639,308                       | <b>43,868,056</b>    | 36,082,695           |
| Total maximum credit risk exposure  | <b>216,516,042</b>   | 203,990,180                      | <b>181,448,766</b>   | 173,628,038          |



**42 FINANCIAL RISK MANAGEMENT (CONTINUED)****(e) Credit risk (Continued)****(ii) Collaterals**

The main types of collateral obtained by the Group and the Bank are as follows:

- (a) Fixed deposits/Commodity Murabahah deposits, Mudharabah General Investment Account, negotiable instrument of deposits and cash deposits/cash margins
- (b) Land/Land and buildings
- (c) Vessels and automobiles
- (d) Quoted shares, unit trusts, government bonds and securities and private debt securities
- (e) Endowment life policies with cash surrender value
- (f) Other tangible business assets, such as inventory and equipment

The Group and the Bank also accepts non-tangible securities as support, such as guarantees from individuals, corporates and institutions, bank guarantees, debentures, assignment of contract proceeds, which are subject to internal guidelines on eligibility.

The financial effect of collateral (quantification of the extent to which collateral and other credit enhancements mitigate credit risk) held for loans, advances and financing as at 31 December 2013 for the Group and the Bank are 71.7% (2012: 56.8%) and 73.9% (2012: 57.8%) respectively. The financial effect of collateral held for the other financial assets is not significant.

**(iii) Credit quality**

The Group and the Bank assess credit quality of loans, advances and financing using internal rating techniques tailored to the various categories of products and counterparties. These techniques have been developed internally and combine statistical analysis with credit officers' judgement.

| Internal ratings       | Description  |
|------------------------|--|
| Investment Grade       | Strong(est) credit quality which are associated with general standards of investment grade as defined by international rating agencies such as Standard and Poor's ("S&P"), Moody's Investors Service ("Moody's"), Fitch Ratings ("Fitch") and Rating Agency Malaysia ("RAM"). |
| Lower Investment Grade | Lower credit quality which are associated with general standards of investments grade as defined by international rating agencies such as S&P, Moody's, Fitch and RAM.   |
| Non-investment Grade   | Weaker credit quality which are associated with general standards of non-investment grade as defined by international rating agencies such as S&P, Moody's, Fitch and RAM.   |

The credit quality of financial assets other than loans, advances and financing are determined based on the ratings of counterparties as defined by Moody's or equivalent ratings of other international rating agencies as defined below:

- AAA to AA3
- A1 to A3
- Baa1 to Baa3
- P1 to P3

**42 FINANCIAL RISK MANAGEMENT (CONTINUED)****(e) Credit risk (Continued)****(iii) Credit quality (Continued)****(a) Loans, advances and financing**

Loans, advances and financing are summarised as follows:

|   | Group                |                                  | Bank                 |                      |
|---|----------------------|----------------------------------|----------------------|----------------------|
|   | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Neither past due nor impaired   | <b>110,692,347</b>   | 100,690,979                      | <b>89,231,052</b>    | 82,804,030           |
| Past due but not impaired   | <b>6,015,742</b>     | 6,228,387                        | <b>5,482,404</b>     | 5,702,010            |
| Individually impaired   | <b>3,347,712</b>     | 3,090,090                        | <b>2,850,589</b>     | 2,600,833            |
| Gross loans, advances and financing (inclusive of fair value changes arising fair value hedges) | <b>120,055,801</b>   | 110,009,456                      | <b>97,564,045</b>    | 91,106,873           |
| Less: individual impairment allowance   | <b>(891,294)</b>     | (780,081)                        | <b>(723,024)</b>     | (648,256)            |
| collective impairment allowance   | <b>(1,272,637)</b>   | (1,397,971)                      | <b>(1,088,121)</b>   | (1,182,802)          |
| Net loans, advances and financing   | <b>117,891,870</b>   | 107,831,404                      | <b>95,752,900</b>    | 89,275,815           |

**(i) Loans, advances and financing neither past due nor impaired**

Analysis of loans, advances and financing that are neither past due nor impaired analysed based on the Group's and the Bank's internal credit grading system is as follows:

|                        | Group                |                                  | Bank                 |                      |
|------------------------|----------------------|----------------------------------|----------------------|----------------------|
|                        | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Investment grade       | <b>67,485,348</b>    | 64,315,349                       | <b>57,245,564</b>    | 55,687,196           |
| Lower investment grade | <b>6,379,114</b>     | 6,199,835                        | <b>6,256,891</b>     | 5,683,132            |
| Non-investment grade   | <b>1,247,188</b>     | 1,471,088                        | <b>1,139,858</b>     | 1,354,624            |
| Non-rated              | <b>35,580,697</b>    | 28,704,707                       | <b>24,588,739</b>    | 20,079,078           |
|                        | <b>110,692,347</b>   | 100,690,979                      | <b>89,231,052</b>    | 82,804,030           |

Loans, advances and financing classified as non-rated mainly comprise under the Standardised Approach for credit risk including financing of Amanah Saham Bumiputera ("ASB") units, Islamic housing loans/financing and Islamic hire purchase.

**42 FINANCIAL RISK MANAGEMENT (CONTINUED)****(e) Credit risk (Continued)****(iii) Credit quality (Continued)****(a) Loans, advances and financing (Continued)**

## (ii) Loans, advances and financing past due but not impaired

Analysis of ageing of loans, advances and financing that are past due but not impaired is as follows:

|                           | Group                |                                  | Bank                 |                      |
|---------------------------|----------------------|----------------------------------|----------------------|----------------------|
|                           | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Past due up to 30 days    | <b>2,061,945</b>     | 2,133,755                        | <b>2,032,902</b>     | 2,057,378            |
| Past due 31 to 60 days    | <b>2,734,381</b>     | 2,791,493                        | <b>2,360,194</b>     | 2,453,457            |
| Past due 61 to 90 days    | <b>1,219,416</b>     | 1,303,139                        | <b>1,089,308</b>     | 1,191,175            |
| Past due but not impaired | <b>6,015,742</b>     | 6,228,387                        | <b>5,482,404</b>     | 5,702,010            |

## (iii) Loans, advances and financing that are individually determined to be impaired are as follows:

|                       | Group                |                                  | Bank                 |                      |
|-----------------------|----------------------|----------------------------------|----------------------|----------------------|
|                       | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Individually impaired | <b>3,347,712</b>     | 3,090,090                        | <b>2,850,589</b>     | 2,600,833            |

## 42 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (e) Credit risk (Continued)

## (iii) Credit quality (Continued)

(b) Short term funds, deposits and placements with banks and other financial institutions, securities purchased under resale agreements, financial assets and investments portfolios, other assets and derivative assets are analysed as follows:

| Group                         | Short term funds and deposits and placements with banks and other financial institutions RM'000 | Securities purchased under resale agreements RM'000 | Financial assets held-for-trading RM'000 | Financial investments available-for-sale RM'000 | Financial investments held-to-maturity RM'000 | Other financial assets RM'000 | Derivative assets RM'000 |
|-------------------------------|---|---|--|---|---|-------------------------------|--------------------------|
| <b>31.12.2013</b>             |   |   |  |   |   |                               |                          |
| Neither past due nor impaired | 10,825,560  | 184,560   | 2,367,098                                | 12,411,868                                      | 21,805,895                                    | 419,529                       | 418,624                  |
| Impaired                      | -   | -   | -  | 372,280   | 115,365                                       | -                             | -                        |
| Less: Impairment losses       | -   | -   | -  | (284,131)                                       | (108,224)                                     | -                             | -                        |
|                               | <b>10,825,560</b>   | <b>184,560</b>                                      | <b>2,367,098</b>                         | <b>12,500,017</b>                               | <b>21,813,036</b>                             | <b>419,529</b>                | <b>418,624</b>           |
| <b>Restated</b>               |   |   |  |   |   |                               |                          |
| <b>31.12.2012</b>             |   |   |  |   |   |                               |                          |
| Neither past due nor impaired | 25,329,559  | 676,858   | 1,549,863                                | 9,531,006                                       | 17,785,321                                    | 240,982                       | 250,917                  |
| Impaired                      | -   | -   | -  | 499,506   | 134,994                                       | -                             | -                        |
| Less: Impairment losses       | -   | -   | -  | (360,474)                                       | (119,064)                                     | -                             | -                        |
|                               | <b>25,329,559</b>   | <b>676,858</b>                                      | <b>1,549,863</b>                         | <b>9,670,038</b>                                | <b>17,801,251</b>                             | <b>240,982</b>                | <b>250,917</b>           |

The amount of short term funds, deposits and placements with banks and other financial institutions, financial assets and investments portfolios and derivative assets that are past due but not impaired is not material.

## 42 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (e) Credit risk (Continued)

## (iii) Credit quality (Continued)

(b) Short term funds, deposits and placements with banks and other financial institutions, securities purchased under resale agreements, financial assets and investments portfolios, other assets and derivative assets are analysed as follows: (Continued)

| Bank                          | Short term funds and deposits and placements with banks and other financial institutions RM'000 | Securities purchased under resale agreements RM'000 | Financial assets held-for-trading RM'000 | Financial investments available-for-sale RM'000 | Financial investments held-to-maturity RM'000 | Other financial assets RM'000 | Derivative assets RM'000 |
|-------------------------------|---|---|--|---|---|-------------------------------|--------------------------|
| <b>31.12.2013</b>             |   |   |  |   |   |                               |                          |
| Neither past due nor impaired | 9,728,600   | 184,560   | 1,573,539                                | 10,161,060                                      | 19,089,945                                    | 569,298                       | 425,518                  |
| Impaired                      | -   | -   | -  | 372,280   | 115,365                                       | -                             | -                        |
| Less: Impairment losses       | -   | -   | -  | (284,131)                                       | (108,224)                                     | -                             | -                        |
|                               | <b>9,728,600</b>  | <b>184,560</b>                                      | <b>1,573,539</b>                         | <b>10,249,209</b>                               | <b>19,097,086</b>                             | <b>569,298</b>                | <b>425,518</b>           |
| <b>31.12.2012</b>             |   |   |  |   |   |                               |                          |
| Neither past due nor impaired | 21,898,932  | 676,858   | 1,110,482                                | 7,964,477                                       | 15,630,063                                    | 562,725                       | 271,029                  |
| Impaired                      | -   | -   | -  | 499,506   | 134,994                                       | -                             | -                        |
| Less: Impairment losses       | -   | -   | -  | (360,474)                                       | (119,064)                                     | -                             | -                        |
|                               | <b>21,898,932</b>   | <b>676,858</b>                                      | <b>1,110,482</b>                         | <b>8,103,509</b>                                | <b>15,645,993</b>                             | <b>562,725</b>                | <b>271,029</b>           |

The amount of short term funds, deposits and placements with banks and other financial institutions, financial assets and investments portfolios and derivative assets that are past due but not impaired is not material.

## 42 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (e) Credit risk (Continued)

## (iii) Credit quality (Continued)

(c) Analysis of short term funds, deposits and placements with banks and other financial institutions, securities purchased under resale agreements, financial assets and investments portfolios, other assets and derivative assets that are neither past due nor impaired by rating agency designation are as follows:

| Group                                    | Short term funds and deposits and placements with banks and other financial institutions | Securities purchased under resale agreements | Financial assets held-for-trading | Financial investments available-for-sale | Financial investments held-to-maturity | Other financial assets | Derivative assets |
|--|--|--|-----------------------------------|--|--|------------------------|-------------------|
| 31.12.2013                               | RM'000   | RM'000                                       | RM'000                            | RM'000                                   | RM'000                                 | RM'000                 | RM'000            |
| AAA to A3                                | 1,248,487  | 184,560                                      | 491,882                           | 5,509,624                                | 5,012,595                              | -                      | 179,490           |
| A1 to A3                                 | 773,090  | -  | -                                 | 1,539,731                                | 329,566                                | -                      | 92,636            |
| Baa1 to Baa3                             | 466,161  | -  | 6,372                             | 666,399                                  | 312,840                                | -                      | 1,967             |
| P1 to P3                                 | 4,116,177  | -  | -                                 | -  | -                                      | -                      | 348               |
| Non-rated includings:                    | 4,221,645  | -  | 1,868,844                         | 4,696,114                                | 16,150,894                             | 419,529                | 144,183           |
| - Bank Negara Malaysia                   | 3,417,735  | -  | 1,151,172                         | -  | -                                      | -                      | -                 |
| - Malaysian Government Securities        | -  | -  | 370,838                           | 644,380                                  | 2,618,574                              | -                      | -                 |
| - Malaysian Government Investment Issues | -  | -  | 145,440                           | 1,557,301                                | 6,325,725                              | -                      | -                 |
| - Private debt securities                | -  | -  | 2,708                             | 2,129,518                                | 4,200,140                              | -                      | -                 |
| - Bankers' acceptances                   | -  | -  | -                                 | -  | 33,634                                 | -                      | -                 |
| - Khazanah bonds                         | -  | -  | -                                 | 15,929                                   | 69,288                                 | -                      | -                 |
| - Negotiable instruments of deposits     | -  | -  | 198,686                           | 99,488                                   | 2,449,025                              | -                      | -                 |
| - Others                                 | 803,910  | -  | -                                 | 249,498                                  | 454,508                                | 419,529                | 144,183           |
|  | 10,825,560   | 184,560                                      | 2,367,098                         | 12,411,868                               | 21,805,895                             | 419,529                | 418,624           |

## 42 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (e) Credit risk (Continued)

## (iii) Credit quality (Continued)

(c) Analysis of short term funds, deposits and placements with banks and other financial institutions, securities purchased under resale agreements, financial assets and investments portfolios, other assets and derivative assets that are neither past due nor impaired by rating agency designation are as follows: (Continued)

| Group Restated 31.12.2012                | Short term funds and deposits and placements with banks and other financial institutions RM'000 | Securities purchased under resale agreements RM'000 | Financial assets held-for-trading RM'000 | Financial investments available-for-sale RM'000 | Financial investments held-to-maturity RM'000 | Other financial assets RM'000 | Derivative assets RM'000 |
|--|---|---|--|---|---|-------------------------------|--------------------------|
| AAA to AA3                               | 1,173,102   | 676,858   | 508,289                                  | 3,801,033                                       | 3,549,481                                     | -                             | 106,329                  |
| A1 to A3                                 | 268,391   | -   | 16,847                                   | 1,402,367                                       | 333,139                                       | -                             | 40,674                   |
| Baa1 to Baa3                             | 520,483   | -   | -  | 338,944   | 282,436                                       | -                             | 32,578                   |
| P1 to P3                                 | 5,861,162   | -   | -  | -   | -   | -                             | -                        |
| Non-rated inclusions:                    | 17,506,421  | -   | 1,024,727                                | 3,988,662                                       | 13,620,265                                    | 240,982                       | 71,336                   |
| - Bank Negara Malaysia                   | 16,772,813  | -   | 598,073                                  | -   | -   | -                             | 1,738                    |
| - Malaysian Government Securities        | -   | -   | 222,202                                  | 459,574   | 2,415,844                                     | -                             | -                        |
| - Malaysian Government Treasury Bills    | -   | -   | 52,869                                   | -   | -   | -                             | -                        |
| - Malaysian Government Investment Issues | -   | -   | 151,583                                  | 1,896,122                                       | 5,499,829                                     | -                             | -                        |
| - Private debt securities                | -   | -   | -  | 1,495,587                                       | 2,882,151                                     | -                             | -                        |
| - Bankers' acceptances                   | -   | -   | -  | -   | 339,215                                       | -                             | -                        |
| - Khazanah bonds                         | -   | -   | -  | 36,016  | 66,290  | -                             | -                        |
| - Negotiable instruments of deposits     | -   | -   | -  | -   | 2,126,329                                     | -                             | -                        |
| - Others                                 | 733,608   | -   | -  | 101,363   | 290,607                                       | 240,982                       | 69,598                   |
|  | 25,329,559  | 676,858   | 1,549,863                                | 9,531,006                                       | 17,785,321                                    | 240,982                       | 250,917                  |

## 42 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (e) Credit risk (Continued)

## (iii) Credit quality (Continued)

(c) Analysis of short term funds, deposits and placements with banks and other financial institutions, securities purchased under resale agreements, financial assets and investments portfolios, other assets and derivative assets that are neither past due nor impaired by rating agency designation are as follows: (Continued)

| Bank                                     | Short term funds and deposits and placements with banks and other financial institutions | Securities purchased under resale agreements | Financial assets held-for-trading | Financial investments available-for-sale | Financial investments held-to-maturity | Other financial assets | Derivative assets |
|--|--|--|-----------------------------------|--|--|------------------------|-------------------|
| 31.12.2013                               | RM'000   | RM'000                                       | RM'000                            | RM'000                                   | RM'000                                 | RM'000                 | RM'000            |
| AAA to AA3                               | 4,036,548  | 184,560                                      | 466,438                           | 4,423,128                                | 4,663,718                              | -                      | 210,187           |
| A1 to A3                                 | 652,324  | -  | -                                 | 1,511,572                                | 329,566                                | -                      | 92,636            |
| Baa1 to Baa3                             | 466,161  | -  | 6,372                             | 666,399                                  | 293,053                                | -                      | 1,967             |
| P1 to P3                                 | 3,423,927  | -  | -                                 | -  | -                                      | -                      | 2                 |
| Non-rated inclusions:                    | 1,149,640  | -  | 1,100,729                         | 3,559,961                                | 13,803,608                             | 569,298                | 120,726           |
| - Bank Negara Malaysia                   | 850,071  | -  | 604,821                           | -  | -                                      | -                      | -                 |
| - Malaysian Government Securities        | -  | -  | 370,838                           | 644,380                                  | 2,618,574                              | -                      | -                 |
| - Malaysian Government Investment Issues | -  | -  | 122,362                           | 1,033,134                                | 5,481,811                              | -                      | -                 |
| - Private debt securities                | -  | -  | 2,708                             | 1,834,847                                | 3,699,584                              | -                      | -                 |
| - Khazanah bonds                         | -  | -  | -                                 | -  | 60,307                                 | -                      | -                 |
| - Negotiable instruments of deposits     | -  | -  | -                                 | -  | 1,803,165                              | -                      | -                 |
| - Others                                 | 299,569  | -  | -                                 | 47,600                                   | 140,167                                | 569,298                | 120,726           |
|  | 9,728,600  | 184,560                                      | 1,573,539                         | 10,161,060                               | 19,089,945                             | 569,298                | 425,518           |



## 42 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (e) Credit risk (Continued)

## (iii) Credit quality (Continued)

(c) Analysis of short term funds, deposits and placements with banks and other financial institutions, securities purchased under resale agreements, financial assets and investments portfolios, other assets and derivative assets that are neither past due nor impaired by rating agency designation are as follows: (Continued)

| Bank<br>31.12.2012                          | Short term<br>funds and<br>deposits and<br>placements<br>with banks and<br>other financial<br>institutions<br>RM'000 | Securities<br>purchased<br>under resale<br>agreements<br>RM'000 | Financial<br>assets<br>held-for-<br>trading<br>RM'000 | Financial<br>investments<br>available-<br>for-sale<br>RM'000 | Financial<br>investments<br>held-to-<br>maturity<br>RM'000 | Other<br>financial<br>assets<br>RM'000 | Derivative<br>assets<br>RM'000 |
|---|--|---|---|--|--|--|--------------------------------|
| AAA to AA3                                  | 3,245,212  | 676,858   | 227,634   | 3,004,764  | 3,201,185  | -                                      | 126,441                        |
| A1 to A3                                    | 167,836  | -   | 9,704   | 1,385,497  | 312,816  | -                                      | 40,674                         |
| Baa1 to Baa3                                | 520,483  | -   | -   | 338,944  | 264,011  | -                                      | 32,578                         |
| P1 to P3                                    | 4,333,892  | -   | -   | -  | -  | -                                      | -                              |
| Non-rated inclusions:                       | 13,631,509   | -   | 873,144   | 3,235,272  | 11,852,051   | 562,725                                | 71,336                         |
| - Bank Negara Malaysia                      | 13,339,250   | -   | 598,073   | -  | -  | -                                      | 1,738                          |
| - Malaysian Government<br>Securities        | -  | -   | 222,202   | 459,574  | 2,415,844  | -                                      | -                              |
| - Malaysian Government<br>Treasury Bills    | -  | -   | 52,869  | -  | -  | -                                      | -                              |
| - Malaysian Government<br>Investment Issues | -  | -   | -   | 1,409,751  | 4,756,426  | -                                      | -                              |
| - Private debt securities                   | -  | -   | -   | 1,264,584  | 2,521,096  | -                                      | -                              |
| - Bankers' acceptances                      | -  | -   | -   | -  | 339,215  | -                                      | -                              |
| - Khazanah bonds                            | -  | -   | -   | -  | 57,632   | -                                      | -                              |
| - Negotiable instruments<br>of deposits     | -  | -   | -   | -  | 1,704,244  | -                                      | -                              |
| - Others                                    | 292,259  | -   | -   | 101,363  | 57,594   | 562,725                                | 69,598                         |
|   | 21,898,932   | 676,858   | 1,110,482   | 7,964,477  | 15,630,063   | 562,725                                | 271,029                        |

**42 FINANCIAL RISK MANAGEMENT (CONTINUED)****(e) Credit risk (Continued)****(iv) Repossessed properties**

The carrying amount of assets held by the Group and the Bank as a result of taking possession of collaterals held as securities is as follows:

|                        | <b>Group and Bank</b>              |                                    |
|------------------------|------------------------------------|------------------------------------|
|                        | <b>31.12.2013</b><br><b>RM'000</b> | <b>31.12.2012</b><br><b>RM'000</b> |
| Residential properties | -                                  | 2,167                              |

Repossessed properties are made available for sale in an orderly fashion, with the proceeds used to reduce or repay the outstanding indebtedness. The Group and the Bank generally do not occupy the premises repossessed for its business use.

## 42 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (e) Credit risk (Continued)

Credit risk exposure analysed by industry in respect of the Group's financial assets, including commitment and contingencies, are set out below:

| Group                                    | Short term funds and deposits with banks and other financial institutions | Securities purchased under resale agreements | Financial assets held-for-trading | Financial investments available-for-sale <sup>®</sup> | Financial investments held-to-maturity | Loans, advances and financing <sup>#</sup> | Other financial assets* | Commitments and contingencies | Total              |
|--|---|--|-----------------------------------|---|--|--|-------------------------|-------------------------------|--------------------|
| 31.12.2013                               | RM'000  | RM'000                                       | RM'000                            | RM'000  | RM'000                                 | RM'000                                     | RM'000                  | RM'000                        | RM'000             |
| Agriculture                              | -   | -  | -                                 | 1,328,850   | 282,893                                | 4,253,145                                  | 81,224                  | 1,403,503                     | 7,349,615          |
| Mining and quarrying                     | -   | -  | -                                 | -   | -                                      | 623,822                                    | -                       | 1,196,307                     | 1,820,129          |
| Manufacturing                            | -   | -  | -                                 | 145,517   | 62,052                                 | 8,704,843                                  | 1,090                   | 8,809,614                     | 17,723,116         |
| Electricity, gas and water               | -   | -  | -                                 | 943,047   | 1,155,272                              | 2,805,843                                  | 9,668                   | 693,414                       | 5,607,244          |
| Construction                             | -   | -  | -                                 | 157,535   | 822,406                                | 4,398,959                                  | -                       | 5,618,940                     | 10,997,840         |
| Real estate                              | -   | -  | -                                 | 242,660   | 241,110                                | 2,473,855                                  | -                       | 953,738                       | 3,911,363          |
| Purchase of landed property              | -   | -  | -                                 | -   | -                                      | 5,798,104                                  | -                       | 10,772,837                    | 16,570,941         |
| General commerce                         | -   | -  | -                                 | 58,858  | 405,650                                | 7,901,484                                  | -                       | 5,713,783                     | 14,079,775         |
| Transport, storage and communication     | -   | -  | -                                 | 738,318   | 615,920                                | 5,045,650                                  | 1,000                   | 1,718,654                     | 8,119,542          |
| Finance, insurance and business services | 6,814,920   | -  | 770,822                           | 4,848,527   | 4,442,182                              | 12,384,230                                 | 104,456                 | 3,908,515                     | 33,273,652         |
| Government and government agencies       | 4,010,640   | 184,560                                      | 1,570,832                         | 3,787,495   | 13,473,306                             | 8,283,937                                  | -                       | -                             | 31,310,770         |
| Purchase of securities                   | -   | -  | -                                 | -   | -                                      | -  | -                       | 1,843,527                     | 1,843,527          |
| Purchase of transport vehicles           | -   | -  | -                                 | -   | -                                      | 44   | -                       | 742,059                       | 742,103            |
| Consumption credit                       | -   | -  | -                                 | -   | -                                      | 1,993,864                                  | -                       | 4,721,158                     | 6,715,022          |
| Others                                   | -   | -  | 25,444                            | 249,210   | 312,245                                | 54,496,727                                 | 640,715                 | 1,999,699                     | 57,724,040         |
|  | <b>10,825,560</b>   | <b>184,560</b>                               | <b>2,367,098</b>                  | <b>12,500,017</b>                                     | <b>21,813,036</b>                      | <b>119,164,507</b>                         | <b>838,153</b>          | <b>50,095,748</b>             | <b>217,788,679</b> |

<sup>#</sup> Excludes collective impairment allowance amounting to RM1,272,637,000.

<sup>®</sup> Excludes equity instrument amounting to RM758,567,000.

\* Other financial assets include other assets amounting to RM419,529,000 and derivative assets amounting to RM418,624,000.

## 42 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (e) Credit risk (Continued)

Credit risk exposure analysed by industry in respect of the Group's financial assets, including commitment and contingencies, are set out below: (Continued)

| Group Restated 31.12.2012                | Short term funds and deposits with banks and other financial institutions RM'000 | Securities purchased under resale agreements RM'000 | Financial assets held-for-trading RM'000 | Financial investments available-for-sale <sup>®</sup> RM'000 | Financial investments held-to-maturity RM'000 | Loans, advances and financing <sup>#</sup> RM'000 | Other financial assets* RM'000 | Commitments and contingencies RM'000 | Total RM'000 |
|--|--|---|--|--|---|---|--------------------------------|--------------------------------------|--------------|
| Agriculture                              | -  | -   | -  | 939,895  | -   | 4,279,975   | 50,475                         | 1,003,478                            | 6,273,823    |
| Mining and quarrying                     | -  | -   | -  | -  | -   | 728,740   | -                              | 871,422                              | 1,600,162    |
| Manufacturing                            | -  | -   | -  | 100,089  | 15,930  | 9,359,174   | 5,562                          | 8,987,147                            | 18,467,902   |
| Electricity, gas and water               | -  | -   | -  | 524,727  | 822,192                                       | 2,575,350   | 8,828                          | 655,396                              | 4,586,493    |
| Construction                             | -  | -   | -  | 229,861  | -   | 4,310,477   | -                              | 5,267,114                            | 9,807,452    |
| Real estate                              | -  | -   | 5,094                                    | 288,623  | 227,637                                       | 2,346,287   | -                              | 1,089,154                            | 3,956,795    |
| Purchase of landed property              | -  | -   | -  | -  | -   | 26,785,889  | -                              | 4,563,722                            | 31,349,611   |
| General commerce                         | -  | -   | -  | -  | 405,810                                       | 7,379,767   | -                              | 4,886,444                            | 12,672,021   |
| Transport, storage and communication     | -  | -   | 25,236                                   | 613,694  | 322,179                                       | 4,736,132   | 934                            | 905,170                              | 6,603,345    |
| Finance, insurance and business services | 8,556,744  | 676,858   | 9,703                                    | 3,456,579  | 3,857,666                                     | 9,880,351   | 127,950                        | 1,644,243                            | 28,210,094   |
| Government and government agencies       | 16,772,815   | -   | 1,509,830                                | 3,516,570  | 12,092,243                                    | 11,860,306  | 1,738                          | 152,900                              | 45,906,402   |
| Purchase of securities                   | -  | -   | -  | -  | 57,594  | 8,734,077   | -                              | 1,745,307                            | 10,536,978   |
| Purchase of transport vehicles           | -  | -   | -  | -  | -   | 6,696,796   | -                              | 627,340                              | 7,324,136    |
| Consumption credit                       | -  | -   | -  | -  | -   | 2,209,361   | -                              | 4,506,527                            | 6,715,888    |
| Others                                   | -  | -   | -  | -  | -   | 7,346,693   | 296,412                        | 3,733,944                            | 11,377,049   |
|  | 25,329,559   | 676,858   | 1,549,863                                | 9,670,038  | 17,801,251                                    | 109,229,375                                       | 491,899                        | 40,639,308                           | 205,388,151  |

<sup>#</sup> Excludes collective impairment allowance amounting to RM1,397,971,000.

<sup>®</sup> Excludes equity instrument amounting to RM363,177,000.

\* Other financial assets include other assets amounting to RM240,982,000 and derivative assets amounting to RM250,917,000.

## 42 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (e) Credit risk (Continued)

Credit risk exposure analysed by industry in respect of the Bank's financial assets, including commitment and contingencies, are set out below:

| Bank                                     | Short term funds and deposits and placements with banks and other financial institutions | Securities purchased under resale agreements | Financial assets held-for-trading | Financial investments available-for-sale <sup>®</sup> | Financial investments held-to-maturity | Loans, advances and financing <sup>#</sup> | Other financial assets * | Commitments and contingencies | Total              |
|--|--|--|-----------------------------------|---|--|--|--------------------------|-------------------------------|--------------------|
| 31.12.2013                               | RM'000   | RM'000                                       | RM'000                            | RM'000  | RM'000                                 | RM'000                                     | RM'000                   | RM'000                        | RM'000             |
| Agriculture                              | -  | -  | -                                 | 1,214,553   | 282,893                                | 3,894,079                                  | 81,224                   | 1,071,009                     | 6,543,758          |
| Mining and quarrying                     | -  | -  | -                                 | -   | -                                      | 485,806                                    | -                        | 1,132,704                     | 1,618,510          |
| Manufacturing                            | -  | -  | -                                 | 145,517   | 62,052                                 | 7,268,388                                  | 1,090                    | 8,171,676                     | 15,648,723         |
| Electricity, gas and water               | -  | -  | -                                 | 661,768   | 1,011,754                              | 2,382,424                                  | 9,668                    | 628,542                       | 4,694,156          |
| Construction                             | -  | -  | -                                 | 157,535   | 822,406                                | 4,184,176                                  | -                        | 5,307,465                     | 10,471,582         |
| Real estate                              | -  | -  | -                                 | 118,564   | 52,077                                 | 2,292,053                                  | -                        | 953,643                       | 3,416,337          |
| Purchase of landed property              | -  | -  | -                                 | -   | -                                      | 1,212,514                                  | -                        | 9,000,846                     | 10,213,360         |
| General commerce                         | -  | -  | -                                 | 58,858  | 405,650                                | 7,019,445                                  | -                        | 5,182,034                     | 12,665,987         |
| Transport, storage and communication     | -  | -  | -                                 | 459,126   | 553,702                                | 3,613,520                                  | 1,000                    | 1,567,295                     | 6,194,643          |
| Finance, insurance and business services | 8,913,630  | -  | 2,707                             | 4,417,220   | 4,204,901                              | 9,536,861                                  | 134,808                  | 3,446,047                     | 30,656,174         |
| Government and government agencies       | 814,970  | 184,560                                      | 1,570,832                         | 3,016,068   | 11,701,651                             | 4,988,007                                  | -                        | -                             | 22,276,088         |
| Purchase of securities                   | -  | -  | -                                 | -   | -                                      | -  | -                        | 1,843,527                     | 1,843,527          |
| Purchase of transport vehicles           | -  | -  | -                                 | -   | -                                      | 44   | -                        | 337,805                       | 337,849            |
| Consumption credit                       | -  | -  | -                                 | -   | -                                      | 1,993,864                                  | -                        | 4,314,819                     | 6,308,683          |
| Others                                   | -  | -  | -                                 | -   | -                                      | 47,969,840                                 | 767,026                  | 910,644                       | 49,647,510         |
|  | <b>9,728,600</b>   | <b>184,560</b>                               | <b>1,573,539</b>                  | <b>10,249,209</b>                                     | <b>19,097,086</b>                      | <b>96,841,021</b>                          | <b>994,816</b>           | <b>43,868,056</b>             | <b>182,536,887</b> |

# Excludes collective impairment allowance amounting to RM1,088,121,000.

@ Excludes equity instrument amounting to RM553,627,000.

\* Other financial assets include other assets amounting to RM569,298,000 and derivative assets amounting to RM425,518,000.

## 42 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (e) Credit risk (Continued)

Credit risk exposure analysed by industry in respect of the Bank's financial assets, including commitment and contingencies, are set out below: (Continued)

| Bank                                     | Short term funds and deposits with banks and other financial institutions | Securities purchased under resale agreements | Financial assets held-for-trading | Financial investments available-for-sale <sup>@</sup> | Financial investments held-to-maturity | Loans, advances and financing <sup>#</sup> | Other financial assets <sup>*</sup> | Commitments and contingencies | Total       |
|--|---|--|-----------------------------------|---|--|--|-------------------------------------|-------------------------------|-------------|
| 31.12.2012                               | RM'000  | RM'000                                       | RM'000                            | RM'000  | RM'000                                 | RM'000                                     | RM'000                              | RM'000                        | RM'000      |
| Agriculture                              | -   | -  | -                                 | 909,442   | -                                      | 3,731,870                                  | 50,475                              | 893,044                       | 5,584,831   |
| Mining and quarrying                     | -   | -  | -                                 | -   | -                                      | 547,838                                    | -                                   | 871,422                       | 1,419,260   |
| Manufacturing                            | -   | -  | -                                 | 100,089   | 15,930                                 | 8,007,984                                  | 5,562                               | 8,542,745                     | 16,672,310  |
| Electricity, gas and water               | -   | -  | -                                 | 410,215   | 756,293                                | 2,140,978                                  | 8,828                               | 649,110                       | 3,965,424   |
| Construction                             | -   | -  | -                                 | 208,943   | -                                      | 3,439,426                                  | -                                   | 5,022,194                     | 8,670,563   |
| Real estate                              | -   | -  | -                                 | 96,591  | 50,292                                 | 2,150,450                                  | -                                   | 1,079,154                     | 3,376,487   |
| Purchase of landed property              | -   | -  | -                                 | -   | -                                      | 23,430,005                                 | -                                   | 3,559,666                     | 26,989,671  |
| General commerce                         | -   | -  | -                                 | -   | 405,810                                | 6,545,185                                  | -                                   | 4,479,369                     | 11,430,364  |
| Transport, storage and communication     | -   | -  | -                                 | 461,410   | 306,947                                | 3,660,500                                  | 934                                 | 759,257                       | 5,189,048   |
| Finance, insurance and business services | 8,559,680   | 676,858                                      | 9,703                             | 3,251,656   | 3,730,327                              | 8,338,280                                  | 149,195                             | 1,393,407                     | 26,109,106  |
| Government and government agencies       | 13,339,252  | -  | 1,100,779                         | 2,665,163   | 10,322,800                             | 7,606,524                                  | 1,738                               | -                             | 35,036,256  |
| Purchase of securities                   | -   | -  | -                                 | -   | 57,594                                 | 8,734,077                                  | -                                   | 1,745,307                     | 10,536,978  |
| Purchase of transport vehicles           | -   | -  | -                                 | -   | -                                      | 6,696,796                                  | -                                   | 314,981                       | 7,011,777   |
| Consumption credit                       | -   | -  | -                                 | -   | -                                      | 2,209,361                                  | -                                   | 4,186,039                     | 6,395,400   |
| Others                                   | -   | -  | -                                 | -   | -                                      | 3,219,343                                  | 617,022                             | 2,587,000                     | 6,423,365   |
|  | 21,898,932  | 676,858                                      | 1,110,482                         | 8,103,509   | 15,645,993                             | 90,458,617                                 | 833,754                             | 36,082,695                    | 174,810,840 |

<sup>#</sup> Excludes collective impairment allowance amounting to RM1,182,802,000.

<sup>@</sup> Excludes equity instrument amounting to RM353,047,000.

<sup>\*</sup> Other financial assets include other assets amounting to RM562,725,000 and derivative assets amounting to RM271,029,000.

**42 FINANCIAL RISK MANAGEMENT (CONTINUED)****(f) Fair value of measurement**

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

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

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

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

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

| <b>Group</b>                              | <b>Level 1<br/>RM'000</b> | <b>Level 2<br/>RM'000</b> | <b>Level 3<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|---------------------------|---------------------------|---------------------------|-------------------------|
| <b>31.12.2013</b>                         |                           |                           |                           |                         |
| <b>Financial assets</b>                   |                           |                           |                           |                         |
| Financial assets held-for-trading:        | <b>2,708</b>              | <b>2,364,390</b>          | -                         | <b>2,367,098</b>        |
| - money market instruments                | -                         | <b>2,338,946</b>          | -                         | <b>2,338,946</b>        |
| - quoted securities                       | <b>2,708</b>              | -                         | -                         | <b>2,708</b>            |
| - unquoted securities                     | -                         | <b>25,444</b>             | -                         | <b>25,444</b>           |
| Financial investments available-for-sale: | <b>12,322</b>             | <b>12,338,866</b>         | <b>907,396</b>            | <b>13,258,584</b>       |
| - money market instruments                | -                         | <b>3,426,115</b>          | -                         | <b>3,426,115</b>        |
| - quoted securities                       | <b>12,322</b>             | -                         | -                         | <b>12,322</b>           |
| - unquoted securities                     | -                         | <b>8,912,751</b>          | <b>907,396</b>            | <b>9,820,147</b>        |
| Derivative assets:                        |                           |                           |                           |                         |
| - money market instruments                | -                         | <b>418,624</b>            | -                         | <b>418,624</b>          |
|   | <b>15,030</b>             | <b>15,121,880</b>         | <b>907,396</b>            | <b>16,044,306</b>       |
| <b>Financial liabilities</b>              |                           |                           |                           |                         |
| Derivative liabilities:                   |                           |                           |                           |                         |
| - money market instruments                | -                         | <b>270,024</b>            | -                         | <b>270,024</b>          |
| <b>Restated<br/>31.12.2012</b>            |                           |                           |                           |                         |
| <b>Financial assets</b>                   |                           |                           |                           |                         |
| Financial assets held-for-trading:        | -                         | 1,549,863                 | -                         | 1,549,863               |
| - money market instruments                | -                         | 1,509,829                 | -                         | 1,509,829               |
| - unquoted securities                     | -                         | 40,034                    | -                         | 40,034                  |
| Financial investments available-for-sale: | 10,522                    | 9,469,611                 | 553,082                   | 10,033,215              |
| - money market instruments                | -                         | 3,223,828                 | -                         | 3,223,828               |
| - quoted securities                       | 10,522                    | 6,817                     | -                         | 17,339                  |
| - unquoted securities                     | -                         | 6,238,966                 | 553,082                   | 6,792,048               |
| Derivative assets:                        |                           |                           |                           |                         |
| - money market instruments                | -                         | 250,917                   | -                         | 250,917                 |
|   | 10,522                    | 11,270,391                | 553,082                   | 11,833,995              |
| <b>Financial liabilities</b>              |                           |                           |                           |                         |
| Derivative liabilities:                   |                           |                           |                           |                         |
| - money market instruments                | -                         | 273,197                   | -                         | 273,197                 |

**42 FINANCIAL RISK MANAGEMENT (CONTINUED)****(f) Fair value of measurement (Continued)**

The table below analyses financial instruments carried at fair value (recurring measurement) analysed by level within the fair value hierarchy: (Continued)

| <b>Bank</b>                               | <b>Level 1<br/>RM'000</b> | <b>Level 2<br/>RM'000</b> | <b>Level 3<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|---------------------------|---------------------------|---------------------------|-------------------------|
| <b>31.12.2013</b>                         |                           |                           |                           |                         |
| <b>Financial assets</b>                   |                           |                           |                           |                         |
| Financial assets held-for-trading:        | <b>2,708</b>              | <b>1,570,831</b>          | -                         | <b>1,573,539</b>        |
| - money market instruments                | -                         | <b>1,570,831</b>          | -                         | <b>1,570,831</b>        |
| - quoted securities                       | <b>2,708</b>              | -                         | -                         | <b>2,708</b>            |
| Financial investments available-for-sale: | <b>8,713</b>              | <b>10,161,060</b>         | <b>633,063</b>            | <b>10,802,836</b>       |
| - money market instruments                | -                         | <b>2,698,413</b>          | -                         | <b>2,698,413</b>        |
| - quoted securities                       | <b>8,713</b>              | -                         | -                         | <b>8,713</b>            |
| - unquoted securities                     | -                         | <b>7,462,647</b>          | <b>633,063</b>            | <b>8,095,710</b>        |
| Derivative assets:                        |                           |                           |                           |                         |
| - money market instruments                | -                         | <b>425,518</b>            | -                         | <b>425,518</b>          |
|   | <b>11,421</b>             | <b>12,157,409</b>         | <b>633,063</b>            | <b>12,801,893</b>       |
| <b>Financial liabilities</b>              |                           |                           |                           |                         |
| Derivative liabilities:                   |                           |                           |                           |                         |
| - money market instruments                | -                         | <b>291,922</b>            | -                         | <b>291,922</b>          |
| <b>31.12.2012</b>                         |                           |                           |                           |                         |
| <b>Financial assets</b>                   |                           |                           |                           |                         |
| Financial assets held-for-trading:        | -                         | 1,110,482                 | -                         | 1,110,482               |
| - money market instruments                | -                         | 1,100,778                 | -                         | 1,100,778               |
| - unquoted securities                     | -                         | 9,704                     | -                         | 9,704                   |
| Financial investments available-for-sale: | 7,871                     | 7,964,356                 | 484,329                   | 8,456,556               |
| - money market instruments                | -                         | 2,634,238                 | -                         | 2,634,238               |
| - quoted securities                       | 7,871                     | -                         | -                         | 7,871                   |
| - unquoted securities                     | -                         | 5,330,118                 | 484,329                   | 5,814,447               |
| Derivative assets:                        |                           |                           |                           |                         |
| - money market instruments                | -                         | 271,029                   | -                         | 271,029                 |
|   | 7,871                     | 9,345,867                 | 484,329                   | 9,838,067               |
| <b>Financial liabilities</b>              |                           |                           |                           |                         |
| Derivative liabilities:                   |                           |                           |                           |                         |
| - money market instruments                | -                         | 273,559                   | -                         | 273,559                 |

There were no transfers between Level 1 and 2 during the financial year.



**42 FINANCIAL RISK MANAGEMENT (CONTINUED)****(f) Fair value of measurement (Continued)**

## (i) 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 are 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. This would include quoted securities.

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 use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. 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, non-transferable and non-tradable perpetual notes/sukuk and impaired securities.

## (ii) Reconciliation of movements in Level 3 financial instruments:

The following represents the changes in Level 3 instruments for the financial year ended 31 December 2013 and 31 December 2012 for the Group and the Bank.

**Financial investments available-for-sale**

|   | Note | Group                |                                  | Bank                 |                      |
|---|------|----------------------|----------------------------------|----------------------|----------------------|
|   |      | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | 31.12.2012<br>RM'000 |
| Balance as at the beginning of the financial year             |      | <b>553,082</b>       | 497,428                          | <b>484,329</b>       | 496,853              |
| Amount arising from acquisition of subsidiaries:              |      |                      |                                  |                      |                      |
| - effects of predecessor accounting                           | 46   | -                    | 87                               | -                    | -                    |
| Total gains/(losses) recognised in other comprehensive income |      | <b>106,355</b>       | (32,202)                         | <b>106,355</b>       | (32,202)             |
| Sales   |      | -                    | (3,086)                          | -                    | (3,086)              |
| Purchase  |      | <b>289,899</b>       | 68,946                           | <b>85,530</b>        | 855                  |
| Settlements   |      | <b>(44,696)</b>      | (49,039)                         | <b>(40,992)</b>      | (49,039)             |
| Impairment losses   |      | <b>(2,159)</b>       | (6,783)                          | <b>(2,159)</b>       | (6,783)              |
| Transfer in   |      | -                    | 77,754                           | -                    | 77,754               |
| Exchange differences  |      | <b>4,915</b>         | (23)                             | -                    | (23)                 |
| <b>Balance as at the end of financial year</b>                |      | <b>907,396</b>       | 553,082                          | <b>633,063</b>       | 484,329              |

**43 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES**

The fair value of each financial assets and liabilities presented on the statements of financial position of the Group and the Bank approximates the carrying amount as at the reporting date, except for the followings:

|   | Group                    |                      | Bank                     |                      |
|---|--------------------------|----------------------|--------------------------|----------------------|
|   | Carrying value<br>RM'000 | Fair value<br>RM'000 | Carrying value<br>RM'000 | Fair value<br>RM'000 |
| <b>31.12.2013</b>   |                          |                      |                          |                      |
| <b>Financial assets</b>   |                          |                      |                          |                      |
| Deposits and placements with banks and other financial institutions | <b>2,517,976</b>         | <b>2,517,976</b>     | <b>5,056,311</b>         | <b>5,030,716</b>     |
| Financial investments held-to-maturity                              | <b>21,813,036</b>        | <b>21,663,216</b>    | <b>19,097,086</b>        | <b>18,971,132</b>    |
| Loans, advances and financing                                       | <b>117,891,870</b>       | <b>118,344,468</b>   | <b>95,752,900</b>        | <b>95,917,084</b>    |
| <b>Financial liabilities</b>  |                          |                      |                          |                      |
| Deposits from customers   | <b>135,615,137</b>       | <b>135,635,992</b>   | <b>111,794,716</b>       | <b>111,815,303</b>   |
| Deposits and placements of banks and other financial institutions   | <b>12,479,163</b>        | <b>12,460,888</b>    | <b>10,570,624</b>        | <b>10,540,944</b>    |
| Recourse obligation on loans sold to Cagamas Berhad                 | <b>2,269,353</b>         | <b>2,231,757</b>     | <b>961,020</b>           | <b>966,900</b>       |
| Subordinated obligations  | <b>4,021,868</b>         | <b>4,067,753</b>     | <b>4,021,868</b>         | <b>4,067,753</b>     |
| Hybrid Tier-I Capital Securities                                    | <b>606,215</b>           | <b>684,754</b>       | <b>606,215</b>           | <b>684,754</b>       |
| Senior Debt Securities  | <b>1,647,634</b>         | <b>1,666,240</b>     | <b>1,647,634</b>         | <b>1,666,240</b>     |
| <b>Restated</b>   |                          |                      |                          |                      |
| <b>31.12.2012</b>   |                          |                      |                          |                      |
| <b>Financial assets</b>   |                          |                      |                          |                      |
| Deposits and placements with banks and other financial institutions | 3,552,654                | 3,552,654            | 3,780,228                | 3,819,917            |
| Financial investments held-to-maturity                              | 17,801,251               | 17,992,056           | 15,645,993               | 15,830,733           |
| Loans, advances and financing                                       | 107,831,404              | 108,788,276          | 89,275,815               | 89,807,925           |
| <b>Financial liabilities</b>  |                          |                      |                          |                      |
| Deposits from customers   | 131,541,921              | 131,666,355          | 111,557,605              | 111,676,241          |
| Deposits and placements of banks and other financial institutions   | 12,005,569               | 11,997,181           | 9,459,328                | 9,435,884            |
| Recourse obligation on loans sold to Cagamas Berhad                 | 2,445,361                | 2,410,223            | 982,840                  | 999,937              |
| Subordinated obligations  | 4,020,919                | 4,092,454            | 4,020,919                | 4,092,454            |
| Hybrid Tier-I Capital Securities                                    | 606,086                  | 708,405              | 606,086                  | 708,405              |
| Senior Debt Securities  | 1,536,674                | 1,575,816            | 1,536,674                | 1,575,816            |

**43 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**

The following table analyses within the fair value hierarchy the Group's and the Bank's assets and liabilities not measured at fair value at 31 December 2013 but for which fair value is disclosed.

|   | <b>Level 1<br/>RM'000</b> | <b>Level 2<br/>RM'000</b> | <b>Level 3<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|---------------------------|---------------------------|---------------------------|-------------------------|
| <b>Group</b>  |                           |                           |                           |                         |
| <b>31.12.2013</b>   |                           |                           |                           |                         |
| <b>Financial assets</b>   |                           |                           |                           |                         |
| Deposits and placements with banks and other financial institutions | -                         | <b>2,517,976</b>          | -                         | <b>2,517,976</b>        |
| Financial investments held-to-maturity                              | -                         | <b>20,582,796</b>         | <b>1,080,420</b>          | <b>21,663,216</b>       |
| Loans, advances and financing                                       | -                         | <b>118,344,468</b>        | -                         | <b>118,344,468</b>      |
| <b>Financial liabilities</b>  |                           |                           |                           |                         |
| Deposits from customers   | -                         | <b>135,635,992</b>        | -                         | <b>135,635,992</b>      |
| Deposits and placements of banks and other financial institutions   | -                         | <b>12,460,888</b>         | -                         | <b>12,460,888</b>       |
| Recourse obligation on loans sold to Cagamas Berhad                 | -                         | <b>2,231,757</b>          | -                         | <b>2,231,757</b>        |
| Subordinated obligations  | -                         | <b>4,067,753</b>          | -                         | <b>4,067,753</b>        |
| Hybrid Tier-I Capital Securities                                    | -                         | <b>684,754</b>            | -                         | <b>684,754</b>          |
| Senior Debt Securities  | -                         | <b>1,666,240</b>          | -                         | <b>1,666,240</b>        |
| <b>Bank</b>   |                           |                           |                           |                         |
| <b>31.12.2013</b>   |                           |                           |                           |                         |
| <b>Financial assets</b>   |                           |                           |                           |                         |
| Deposits and placements with banks and other financial institutions | -                         | <b>5,030,716</b>          | -                         | <b>5,030,716</b>        |
| Financial investments held-to-maturity                              | -                         | <b>18,304,624</b>         | <b>666,508</b>            | <b>18,971,132</b>       |
| Loans, advances and financing                                       | -                         | <b>95,917,084</b>         | -                         | <b>95,917,084</b>       |
| <b>Financial liabilities</b>  |                           |                           |                           |                         |
| Deposits from customers   | -                         | <b>111,815,303</b>        | -                         | <b>111,815,303</b>      |
| Deposits and placements of banks and other financial institutions   | -                         | <b>10,540,944</b>         | -                         | <b>10,540,944</b>       |
| Recourse obligation on loans sold to Cagamas Berhad                 | -                         | <b>966,900</b>            | -                         | <b>966,900</b>          |
| Subordinated obligations  | -                         | <b>4,067,753</b>          | -                         | <b>4,067,753</b>        |
| Hybrid Tier-I Capital Securities                                    | -                         | <b>684,754</b>            | -                         | <b>684,754</b>          |
| Senior Debt Securities  | -                         | <b>1,666,240</b>          | -                         | <b>1,666,240</b>        |

**43 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**

The fair values are based on the following methodologies and assumptions:

(i) Cash and short term funds and deposits and placements with financial institutions

For cash and short term funds and deposits and placements with financial institutions with maturities of less than six months, the carrying value is a reasonable estimate of fair value. For deposits and placements with maturities six months and above, estimated fair value is based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

(ii) Securities purchased under resale agreements

The fair values of securities purchased under resale agreements with maturities of less than six months approximate the carrying values. For securities purchased under resale agreements with maturities of six months and above, the estimated fair values are based on discounted cash flows using prevailing market rates for the remaining term to maturity.

(iii) Financial assets held-for-trading, financial investments held-to-maturity and available-for-sale

The estimated fair value for financial assets held-for-trading, financial investments held to-maturity and available-for-sale is based on quoted and observable market prices. Where there is no ready market in certain securities, fair values have been assessed by reference to market indicate yield or net tangible asset backing of the investee. Where discounted cash flow technique is used, the estimated future cash flows are discounted using the prevailing market rates for similar instrument at the date of statements of financial position.

(iv) Loans, advances and financing

For floating rate loans, the carrying value is generally a reasonable estimate of fair value.

For fixed rate loans, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risk and maturities.

The fair values of impaired loans are represented by their carrying value, net of impairment allowance.

(v) Other assets and liabilities

The carrying value less any estimated impairment allowance for financial assets and liabilities included in "other assets and liabilities" are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

(vi) Deposits from customers

For deposits from customers with maturities of less than six months, the carrying amounts are reasonable estimates of their fair values. For deposits with maturities of six months and above, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.

(vii) Deposits and placements of banks and other financial institutions, bills and acceptances payable

The estimated fair values of deposits and placements of banks and other financial institutions, bills and acceptances payable with maturities of less than six months approximate the carrying values. For the items with maturities six months and above, the fair values are estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturities.

(viii) Recourse obligation on loans sold to Cagamas Berhad

For amounts due to Cagamas with maturities of less than one year, the carrying amounts are a reasonable estimate of their fair values. For amount due to Cagamas with maturities of more than one year, fair value is estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturity.

**43 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**

## (ix) Borrowings

For floating rate borrowings, the carrying value is generally a reasonable estimate of fair value.

The estimated fair values of other borrowings with maturities of less than six months approximate the carrying values. For other borrowings with maturities six months or more, the fair values are estimated based on discounted cash flows using prevailing market rates for borrowings with similar risk profile.

## (x) Subordinated obligations

The estimated fair value of subordinated obligations is generally based on quoted and observable market prices at the date of statements of financial position.

## (xi) Hybrid Tier-I Capital Securities

The estimated fair value of hybrid capital securities is generally based on quoted and observable market prices at the date of statements of financial position.

## (xii) Senior Debt Securities

The estimated fair value of senior debt securities is generally based on quoted and observable market prices at the date of statements of financial position.

## (xiii) Credit related commitments and contingencies

The net fair value of these items was not calculated as estimated fair values are not readily ascertainable. These financial instruments generally relate to credit risks and attract fees in line with market prices for similar arrangements. They are not presently sold nor traded. The fair value may be represented by the present value of fees expected to be received, less associated costs.

## (xiv) Foreign exchange and interest rate related contracts

The fair values of foreign exchange and interest rate related contracts are the estimated amounts the Group or the Bank would receive or pay to terminate the contracts at the date of statements of financial position.

**44 CAPITAL ADEQUACY**

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. Correspondingly, the comparative disclosures for the year ended 31 December 2012 have been restated accordingly.

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

RHB Indochina Bank Limited ("RHBIBL") (formerly known as OSK Indochina Bank Limited), a wholly owned subsidiary of RHB Bank is subject to National Bank of Cambodia's capital adequacy requirements.

**44 CAPITAL ADEQUACY (CONTINUED)**

|  | RHB Bank*            |                                  | RHB Islamic Bank     |                                  |
|--|----------------------|----------------------------------|----------------------|----------------------------------|
|  | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 |
| <b>Tier-I Capital</b>  |                      |                                  |                      |                                  |
| Paid-up ordinary share capital   | <b>3,318,085</b>     | 3,318,085                        | <b>1,173,424</b>     | 973,424                          |
| Share premium  | <b>8,563</b>         | 8,563                            | -                    | -                                |
| Retained profits   | <b>5,424,998</b>     | 4,238,287                        | <b>441,401</b>       | 358,151                          |
| Other reserves   | <b>3,492,002</b>     | 3,447,064                        | <b>441,609</b>       | 358,359                          |
| AFS reserves   | <b>179,873</b>       | 219,015                          | <b>(29,302)</b>      | 3,740                            |
|  | <b>12,423,521</b>    | 11,231,014                       | <b>2,027,132</b>     | 1,693,674                        |
| Less: Goodwill   | <b>(905,519)</b>     | (905,519)                        | -                    | -                                |
| Net deferred tax assets  | -                    | -                                | <b>(17,281)</b>      | (5,265)                          |
| Other intangible assets (include associated deferred tax liability)        | <b>(109,845)</b>     | (112,409)                        | <b>(5,580)</b>       | (3,585)                          |
| 55% of cumulative gains of AFS financing instruments                       | <b>(98,930)</b>      | (120,458)                        | -                    | (2,057)                          |
| Shortfall of eligible provisions to expected losses under the IRB approach | <b>(280,768)</b>     | (372,855)                        | -                    | -                                |
| Other deduction <sup>#</sup>   | <b>(17,374)</b>      | (5,701)                          | <b>(92)</b>          | (5,091)                          |
| Common Equity Tier-I capital ("CET-I capital")                             | <b>11,011,085</b>    | 9,714,072                        | <b>2,004,179</b>     | 1,677,676                        |
| Hybrid Tier-I Capital Securities**   | <b>540,000</b>       | 597,744                          | -                    | -                                |
| Total Tier-I capital   | <b>11,551,085</b>    | 10,311,816                       | <b>2,004,179</b>     | 1,677,676                        |
| <b>Tier-II Capital</b>   |                      |                                  |                      |                                  |
| Subordinated obligations <sup>®</sup>                                      | <b>3,600,000</b>     | 3,996,781                        | -                    | -                                |
| Collective impairment allowance <sup>^</sup>                               | <b>269,973</b>       | 279,362                          | <b>81,059</b>        | 87,435                           |
|  | <b>3,869,973</b>     | 4,276,143                        | <b>81,059</b>        | 87,435                           |
| Less: Investments in subsidiaries  | <b>(1,539,997)</b>   | (1,072,656)                      | -                    | -                                |
| Total Tier-II capital  | <b>2,329,976</b>     | 3,203,487                        | <b>81,059</b>        | 87,435                           |
| <b>Total capital</b>   | <b>13,881,061</b>    | 13,515,303                       | <b>2,085,238</b>     | 1,765,111                        |

**44 CAPITAL ADEQUACY (CONTINUED)**

|   | RHB Bank*            |                                  | RHB Islamic Bank     |                                  |
|---|----------------------|----------------------------------|----------------------|----------------------------------|
|   | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 |
| <b>Capital ratios (before proposed dividend)</b>  |                      |                                  |                      |                                  |
| CET-I capital ratio   | <b>11.103%</b>       | 11.039%                          | <b>13.864%</b>       | 13.971%                          |
| Tier-I capital ratio  | <b>11.647%</b>       | 11.718%                          | <b>13.864%</b>       | 13.971%                          |
| Total capital ratio   | <b>13.997%</b>       | 15.359%                          | <b>14.424%</b>       | 14.699%                          |
| <b>Capital ratios (after proposed dividend)</b>   |                      |                                  |                      |                                  |
| CET-I capital ratio   | <b>11.103%</b>       | 10.768%                          | <b>13.864%</b>       | 13.971%                          |
| Tier-I capital ratio  | <b>11.647%</b>       | 11.448%                          | <b>13.864%</b>       | 13.971%                          |
| Total capital ratio   | <b>13.997%</b>       | 15.088%                          | <b>14.424%</b>       | 14.699%                          |
| The breakdown of risk-weighted assets in the various categories of risk-weights are as follows: |                      |                                  |                      |                                  |
| Credit risk   | <b>88,598,853</b>    | 78,034,944                       | <b>13,511,201</b>    | 11,053,722                       |
| Market risk   | <b>2,899,375</b>     | 2,676,807                        | <b>160,838</b>       | 265,386                          |
| Operational risk  | <b>7,670,991</b>     | 7,283,570                        | <b>783,884</b>       | 689,105                          |
| <b>Total risk-weighted assets</b>   | <b>99,169,219</b>    | 87,995,321                       | <b>14,455,923</b>    | 12,008,213                       |

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

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

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

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

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

**44 CAPITAL ADEQUACY (CONTINUED)**

|   | <b>Group</b>                       |   |
|---|------------------------------------|---|
|   | <b>31.12.2013</b><br><b>RM'000</b> | <b>Restated</b><br><b>31.12.2012</b><br><b>RM'000</b> |
| <b>Tier-I Capital</b>   |                                    |   |
| Paid-up ordinary share capital  | <b>3,318,085</b>                   | 3,318,085   |
| Share premium   | <b>8,563</b>                       | 8,563   |
| Retained profits  | <b>5,995,662</b>                   | 4,722,899   |
| Other reserves  | <b>3,939,215</b>                   | 3,766,757   |
| AFS reserves  | <b>150,571</b>                     | 220,996   |
|   | <b>13,412,096</b>                  | 12,037,300  |
| Less: Goodwill  | <b>(1,120,318)</b>                 | (1,120,318)   |
| Net deferred tax assets   | <b>(7,286)</b>                     | -   |
| Other intangible assets (include associated deferred tax liability)                             | <b>(116,322)</b>                   | (121,496)   |
| 55% of cumulative gains of AFS financing instruments  | <b>(82,814)</b>                    | (121,548)   |
| Shortfall of eligible provisions to expected losses under the IRB approach                      | <b>(336,828)</b>                   | (424,863)   |
| Other deduction <sup>#</sup>  | <b>(17,467)</b>                    | (10,792)  |
| Common Equity Tier-I capital  | <b>11,731,061</b>                  | 10,238,283  |
| Hybrid Tier-I Capital Securities**  | <b>540,000</b>                     | 597,744   |
| Total Tier-I capital  | <b>12,271,061</b>                  | 10,836,027  |
| <b>Tier-II Capital</b>  |                                    |   |
| Subordinated obligations <sup>@</sup>   | <b>3,600,000</b>                   | 3,996,781   |
| Collective impairment allowance <sup>^</sup>  | <b>417,143</b>                     | 424,802   |
| Total Tier-II capital   | <b>4,017,143</b>                   | 4,421,583   |
| <b>Total capital</b>  | <b>16,288,204</b>                  | 15,257,610  |
| <b>Capital ratios (before proposed dividend)</b>  |                                    |   |
| CET-I capital ratio   | <b>10.329%</b>                     | 10.400%   |
| Tier-I capital ratio  | <b>10.805%</b>                     | 11.007%   |
| Total capital ratio   | <b>14.342%</b>                     | 15.499%   |
| <b>Capital ratios (after proposed dividend)</b>   |                                    |   |
| CET-I capital ratio   | <b>10.329%</b>                     | 10.158%   |
| Tier-I capital ratio  | <b>10.805%</b>                     | 10.765%   |
| Total capital ratio   | <b>14.342%</b>                     | 15.257%   |
| The breakdown of risk-weighted assets in the various categories of risk-weights are as follows: |                                    |   |
| Credit risk   | <b>102,147,842</b>                 | 87,876,352  |
| Market risk   | <b>2,923,183</b>                   | 2,565,380   |
| Operational risk  | <b>8,493,418</b>                   | 7,999,184   |
| <b>Total risk-weighted assets</b>   | <b>113,564,443</b>                 | 98,440,916  |



**44 CAPITAL ADEQUACY (CONTINUED)**

- ^ Excludes collective impairment allowance attributable to loans, advances and financing classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on "Classification and Impairment Provisions for Loans/Financing".
- # Pursuant to Basel II Market Risk para 5.19 & 5.20 - Valuation Adjustments, the Capital Adequacy Framework (Basel II -RWA) calculation shall account for the ageing, liquidity and holding back adjustments on its trading portfolio.
- \*\* Hybrid Tier-I Capital Securities that are recognised as Tier-I capital instruments are subject to the gradual phase-out treatment effective from 1 January 2013 as prescribed under paragraph 36.10 of the BNM's Capital Adequacy Framework (Capital Components).
- ⊗ Subordinated obligations that are recognised as Tier-II capital instruments are subject to the gradual phase-out treatment effective from 1 January 2013 as prescribed under paragraph 36.10 of the BNM's Capital Adequacy Framework (Capital Components).

RHB Indochina Bank Limited ("RHBIBL") (formerly known as OSK Indochina Bank Limited), a wholly owned subsidiary of RHB Bank is subject to National Bank of Cambodia's capital adequacy requirements.

|   | <b>31.12.2013</b> | <b>31.12.2012</b> |
|---|-------------------|-------------------|
| <b>Before deducting proposed dividends:</b> |                   |                   |
| Core capital ratio                          | #                 | #                 |
| Solvency ratio                              | <b>18.987%</b>    | 31.164%           |
| <b>After deducting proposed dividends:</b>  |                   |                   |
| Core capital ratio                          | #                 | #                 |
| Solvency ratio                              | <b>18.987%</b>    | 31.164%           |

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

# No equivalent ratio in Cambodia.

#### 45 SEGMENT REPORTING

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

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

(a) Corporate Banking

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

(b) Retail Banking

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

(c) Business Banking

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

(d) Treasury and Money Market

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

(e) Islamic Banking business

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

(f) Global Financial Banking

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

(g) Others

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

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

During the financial year, no one group of related customers accounted for more than 10% of the Group's revenue.





## 45 SEGMENT REPORTING (CONTINUED)

| Group                    | Corporate Banking<br>RM'000 | Retail Banking<br>RM'000 | Business Banking<br>RM'000 | Treasury and Money Market<br>RM'000 | Islamic Banking Business<br>RM'000 | Global Financial Banking<br>RM'000 | Others<br>RM'000 | Elimination<br>RM'000 | Total<br>RM'000 |
|--------------------------|-----------------------------|--------------------------|----------------------------|-------------------------------------|------------------------------------|------------------------------------|------------------|-----------------------|-----------------|
| <b>31.12.2013</b>        |                             |                          |                            |                                     |                                    |                                    |                  |                       |                 |
| Segment assets           | 35,666,076                  | 48,724,747               | 13,065,439                 | 44,086,221                          | 19,405,384                         | 15,741,073                         | 216,290          | (4,219,268)           | 172,685,962     |
| Deferred tax assets      |                             |                          |                            |                                     |                                    |                                    |                  |                       | 12,160          |
| Tax recoverable          |                             |                          |                            |                                     |                                    |                                    |                  |                       | 26,155          |
| Unallocated assets       |                             |                          |                            |                                     |                                    |                                    |                  |                       | 1,433,584       |
| Total assets             |                             |                          |                            |                                     |                                    |                                    |                  |                       | 174,157,861     |
| Segment liabilities      | 24,419,186                  | 37,077,982               | 9,196,654                  | 55,673,833                          | 11,915,037                         | 12,704,096                         | 12,395,057       | (4,553,736)           | 158,828,109     |
| Deferred tax liabilities |                             |                          |                            |                                     |                                    |                                    |                  |                       | 35,376          |
| Taxation liabilities     |                             |                          |                            |                                     |                                    |                                    |                  |                       | 17,639          |
| Unallocated liabilities  |                             |                          |                            |                                     |                                    |                                    |                  |                       | 1,864,641       |
| Total liabilities        |                             |                          |                            |                                     |                                    |                                    |                  |                       | 160,745,765     |
| Other segment items      |                             |                          |                            |                                     |                                    |                                    |                  |                       |                 |
| Capital expenditure      | 4,908                       | 77,095                   | 13,346                     | 10,758                              | 8,110                              | 13,095                             | -                | -                     | 127,312         |

| Group                    | Corporate Banking<br>RM'000 | Retail Banking<br>RM'000 | Business Banking<br>RM'000 | Treasury and Money Market<br>RM'000 | Islamic Banking Business<br>RM'000 | Global Financial Banking<br>RM'000 | Others<br>RM'000 | Elimination<br>RM'000 | Total<br>RM'000 |
|--------------------------|-----------------------------|--------------------------|----------------------------|-------------------------------------|------------------------------------|------------------------------------|------------------|-----------------------|-----------------|
| <b>31.12.2012</b>        |                             |                          |                            |                                     |                                    |                                    |                  |                       |                 |
| Segment assets           | 36,628,684                  | 43,370,241               | 11,700,066                 | 51,579,432                          | 16,379,292                         | 12,584,422                         | 318,285          | (3,375,132)           | 169,185,290     |
| Deferred tax assets      |                             |                          |                            |                                     |                                    |                                    |                  |                       | 8,455           |
| Tax recoverable          |                             |                          |                            |                                     |                                    |                                    |                  |                       | 38              |
| Unallocated assets       |                             |                          |                            |                                     |                                    |                                    |                  |                       | 1,141,767       |
| Total assets             |                             |                          |                            |                                     |                                    |                                    |                  |                       | 170,335,550     |
| Segment liabilities      | 25,852,142                  | 34,247,828               | 8,058,227                  | 54,844,816                          | 10,402,188                         | 9,887,236                          | 16,670,641       | (3,876,869)           | 156,086,209     |
| Deferred tax liabilities |                             |                          |                            |                                     |                                    |                                    |                  |                       | 50,907          |
| Taxation liabilities     |                             |                          |                            |                                     |                                    |                                    |                  |                       | 125,648         |
| Unallocated liabilities  |                             |                          |                            |                                     |                                    |                                    |                  |                       | 2,035,486       |
| Total liabilities        |                             |                          |                            |                                     |                                    |                                    |                  |                       | 158,298,250     |
| Other segment items      |                             |                          |                            |                                     |                                    |                                    |                  |                       |                 |
| Capital expenditure      | 4,665                       | 60,526                   | 21,814                     | 5,761                               | 5,976                              | 11,505                             | -                | -                     | 110,247         |

**45 SEGMENT REPORTING (CONTINUED)**

The geographical information is prepared based on the location of the assets.

|                            | Group                |                                  |
|----------------------------|----------------------|----------------------------------|
|                            | 31.12.2013<br>RM'000 | Restated<br>31.12.2012<br>RM'000 |
| <b>Segment revenue</b>     |                      |                                  |
| Malaysia                   | <b>4,544,530</b>     | 4,226,786                        |
| Outside Malaysia           | <b>325,242</b>       | 267,372                          |
| Total                      | <b>4,869,772</b>     | 4,494,158                        |
| <b>Segment assets</b>      |                      |                                  |
| Malaysia                   | <b>158,376,774</b>   | 157,682,465                      |
| Outside Malaysia           | <b>15,781,087</b>    | 12,653,085                       |
| Total                      | <b>174,157,861</b>   | 170,335,550                      |
| <b>Capital expenditure</b> |                      |                                  |
| Malaysia                   | <b>114,217</b>       | 98,742                           |
| Outside Malaysia           | <b>13,095</b>        | 11,505                           |
| Total                      | <b>127,312</b>       | 110,247                          |

**46 ACQUISITION OF SUBSIDIARIES**

On 9 November 2012, RHB Capital Berhad, the ultimate holding company of the Bank, has completed the acquisition of 100% equity interest in OSK Investment Bank Berhad and OSK Investment Bank Labuan ("OSKL") from OSK Holdings Berhad. As a result, RHB Indochina Bank Limited ("RHBIBL") (formerly known as OSK Indochina Bank Limited), a subsidiary of OSK Investment Bank Berhad, then became a wholly owned subsidiary of RHB Capital Berhad. As part of the Group's internal reorganisation, the following common controls transactions have taken place during the financial year.

- (a) On 9 April 2013, RHBIBL became a wholly owned subsidiary of the Bank, upon acquisition of 100% equity interest of RHBIBL for a cash consideration of RM267,342,000.
- (b) On 30 December 2013, OSKL transferred assets and liabilities over to RHB Bank (L) Ltd, a subsidiary of the Bank, for a cash consideration of RM21,600,000.

The acquisitions were accounted for using predecessor basis of accounting.

Certain comparatives were restated to reflect the effects of acquisitions of RHBIBL and OSKL by applying predecessor accounting as disclosed in accounting policy Note 2(a) to the financial statements.

**46 ACQUISITION OF SUBSIDIARIES (CONTINUED)**

The effects of predecessor accounting on the financial statements of the Group and the Bank are set out belows.

(a) Impact on the Group's statements of financial position:

| Group<br>As at 31.12.2012  | As<br>previously<br>reported<br>RM'000 | Effects of<br>predecessor accounting<br>Acquisition of |                | As<br>restated<br>RM'000 |
|--|--|--|----------------|--------------------------|
|  |  | RHBIBL<br>RM'000                                       | OSKL<br>RM'000 |                          |
| <b>Assets</b>  |  |  |                |                          |
| Cash and short term funds  | 22,557,727                             | 120,175  | 1,951          | 22,679,853               |
| Deposits and placements with banks and<br>other financial institutions | 3,549,648                              | 3,006  | -              | 3,552,654                |
| Financial investments available-for-sale                               | 10,026,311                             | 87   | 6,817          | 10,033,215               |
| Loans, advances and financing:   | 107,465,886                            | 272,048  | 93,470         | 107,831,404              |
| - gross loans, advances and financing                                  | 109,641,183                            | 274,803  | 93,470         | 110,009,456              |
| - individual impairment allowance                                      | (780,069)                              | (12)   | -              | (780,081)                |
| - collective impairment allowance                                      | (1,395,228)                            | (2,743)  | -              | (1,397,971)              |
| Other assets   | 391,400                                | 5,477  | 31             | 396,908                  |
| Statutory deposits   | 3,589,364                              | 47,841   | -              | 3,637,205                |
| Tax recoverable  | 14                                     | 24   | -              | 38                       |
| Property, plant and equipment  | 663,044                                | 12,043   | 28             | 675,115                  |
| Goodwill and other intangible assets                                   | 1,124,349                              | 117,465  | -              | 1,241,814                |
| <b>Liabilities and equity</b>  |  |  |                |                          |
| Deposits from customers  | 131,309,626                            | 232,672  | (377)          | 131,541,921              |
| Deposits and placements of banks and<br>other financial institutions   | 11,935,887                             | 69,682   | -              | 12,005,569               |
| Other liabilities  | 953,404                                | 275,092  | 21,871         | 1,250,367                |
| Borrowings   | 632,778                                | -  | 76,756         | 709,534                  |
| Translation reserves   | (71,684)                               | 87   | 1,858          | (69,739)                 |
| Retained profits   | 4,719,036                              | 633  | 3,230          | 4,722,899                |
| Total equity   | 12,032,518                             | 720  | 4,062          | 12,037,300               |

**46 ACQUISITION OF SUBSIDIARIES (CONTINUED)**

(b) Impact on the Group's income statements/statements of comprehensive income:

| Group<br>For the financial year ended 31 December 2012 | As<br>previously<br>reported<br>RM'000 | Effects of<br>predecessor accounting<br>Acquisition of |                | As<br>restated<br>RM'000 |
|--|--|--|----------------|--------------------------|
|  |  | RHBIBL<br>RM'000                                       | OSKL<br>RM'000 |                          |
| Interest income  | 5,988,376                              | 4,166  | 951            | 5,993,493                |
| Interest expense                                       | (2,930,362)                            | (1,494)  | (253)          | (2,932,109)              |
| Other operating income                                 | 943,948                                | 567  | 1,088          | 945,603                  |
| Other operating expenses                               | (1,952,194)                            | (2,322)  | (196)          | (1,954,712)              |
| Allowance for impairment on loans and financing        | (147,249)                              | (235)  | -              | (147,484)                |
| Profit before taxation                                 | 2,396,548                              | 682  | 1,590          | 2,398,820                |
| Taxation   | (590,813)                              | (49)   | 1              | (590,861)                |
| Net profit for the financial year                      | 1,805,735                              | 633  | 1,591          | 1,807,959                |
| Earnings per share (sen) - basic                       | 27.21                                  | 0.01   | 0.02           | 27.24                    |

(c) Impact on the Group's cash flows:

| Group<br>For the financial year ended 31 December 2012 | As<br>previously<br>reported<br>RM'000 | Effects of<br>predecessor accounting<br>Acquisition of |                | As<br>restated<br>RM'000 |
|--|--|--|----------------|--------------------------|
|  |  | RHBIBL<br>RM'000                                       | OSKL<br>RM'000 |                          |
| Net cash generated from operating activities           | 7,913,642                              | 250,136  | 6,338          | 8,170,116                |
| Net cash used in investing activities                  | (5,359,620)                            | (130,040)  | (6,250)        | (5,495,910)              |
| Net increase in cash and cash equivalents              | 4,217,756                              | 120,094  | 90             | 4,337,940                |
| Effects of exchange rate differences                   | (52,215)                               | 81   | 1,861          | (50,273)                 |
| Cash and cash equivalents carried forward              | 22,557,727                             | 120,175  | 1,951          | 22,679,853               |

**47 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR****(a) Proposed acquisition of the issued and paid-up share capital in Bank Mestika**

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

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



**47 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)****(a) Proposed acquisition of the issued and paid-up share capital in Bank Mestika (Continued)**

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

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

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

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

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

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

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

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

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

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

**47 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)****(a) Proposed acquisition of the issued and paid-up share capital in Bank Mestika (Continued)**

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

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

On 26 June 2013, RHB Investment Bank, on behalf of RHB Capital, announced that RHB Bank and the Vendor had an even date, by way of an exchange of letters, mutually agreed to extend the period to satisfy or waive the conditions precedent of the Amended CSPA to 30 September 2013. In furtherance thereto, on 27 September 2013, RHB Bank and the Vendor had mutually agreed to extend such period to 30 June 2014.

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

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

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

RHB Capital announced on 14 November 2013 that the Group has obtained temporary approval from the Governor of the Bank of Lao People's Democratic Republic ("Lao PDR") on 29 October 2013 for the establishment of RHB Bank (Lao) Limited ("RHB Bank Lao"). The incorporation of RHB Bank Lao shall commence in due course to fulfill its performance obligations (including the applications to the relevant regulators in Lao PDR) within six months from the date of the temporary approval for a consideration of a permanent approval to operate in Laos. The temporary approval is valid until 28 April 2014.

**(c) Proposed Multi-Currency Medium Term Note Programme ("MCMTN Programme") for the issuance of up to RM5.0 billion (or its equivalent in other currencies) in nominal value of Senior Notes and/or Subordinated Notes**

The Bank has obtained approval and authorisation from Securities Commission vide its letter dated 4 February 2014 for the MCMTN Programme. The Subordinated Notes to be issued under the MCMTN Programme are Basel III compliant.

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

The proceeds raised from the MCMTN Programme will be utilised for the Bank's general working capital and other corporate purposes, including but not limited to provision of advances to any of the Bank's subsidiaries and repayment of borrowings and the subordinated debts (if any).

**48 COMPARATIVES**

Certain comparatives were restated to reflect the effects of acquisitions of RHBIBL and OSKL (Note 46).

**49 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 6 March 2014.

# Statement by Directors

Pursuant to Section 169(15) of The Companies Act, 1965

We, Tan Sri Azlan Zainol and Dato' Khairussaleh Ramli, being two of the Directors of RHB Bank Berhad state that, in the opinion of the Directors, the financial statements set out on pages 45 to 179 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Bank as at 31 December 2013 and of the results and cash flows of the Group and of the Bank for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors.

**TAN SRI AZLAN ZAINOL**  
CHAIRMAN

**DATO' KHAIRUSSALEH RAMLI**  
MANAGING DIRECTOR

Kuala Lumpur  
6 March 2014

# Statutory Declaration

Pursuant to Section 169(16) of The Companies Act, 1965

I, Yap Choi Foong, the officer primarily responsible for the financial management of RHB Bank Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 45 to 179 are, in my opinion correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

**YAP CHOI FOONG**

Subscribed and solemnly declared by the abovenamed Yap Choi Foong, at Kuala Lumpur in Wilayah Persekutuan on 6 March 2014.

before me:  
COMMISSIONER FOR OATHS  
Kuala Lumpur

# Independent Auditors' Report to the Member of RHB Bank Berhad

(Incorporated in Malaysia)  
(Company No. 6171-M)

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of RHB Bank Berhad on pages 45 to 179, which comprise the statements of financial position as at 31 December 2013 of the Group and the Bank, and the income statements, statements of comprehensive income, changes in equity and cash flows of the Group and the Bank for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on notes 55 to 69.

### Directors' Responsibility for the Financial Statements

The Directors of the Bank are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Bank as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Bank and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 12 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Bank's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**OTHER MATTER**

This report is made solely to the member of the Bank, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**PRICEWATERHOUSECOOPERS**

(No. AF: 1146)

Chartered Accountants

**NG YEE LING**

(No. 3032/01/15 (J))

Chartered Accountant

Kuala Lumpur

6 March 2014

# Basel II Pillar 3 Disclosures

31 December 2013

Consolidated basis

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# Statement by Managing Director

In accordance with the requirements of Bank Negara Malaysia's Guideline on Risk-Weighted Capital Adequacy Framework ("Basel II") – Disclosure Requirements ("Pillar 3"), and on behalf of the Board of Directors and Senior Management of RHB Bank Berhad, I am pleased to provide an attestation that the Basel II Pillar 3 disclosures of the Bank for the year ended 31 December 2013 are accurate and complete.

**DATO' KHAIRUSSALEH RAMLI**

Managing Director

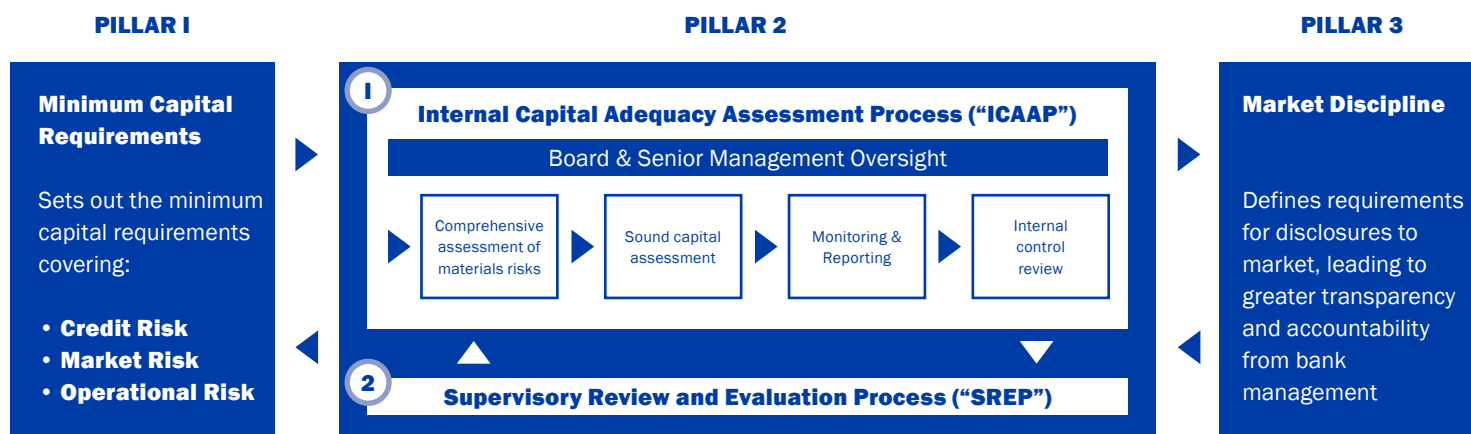
**1.0 INTRODUCTION**

This document discloses RHB Bank Berhad’s risk profile, risk management practices and capital adequacy position in accordance with the disclosure requirements as outlined in the Risk-Weighted Capital Adequacy Framework (“Basel II”) – Disclosure Requirements (“Pillar 3”) issued by Bank Negara Malaysia (“BNM”).

In November 2012, BNM had issued the revised requirements and guidance under the Capital Adequacy Framework (Basel II – Risk-Weighted Assets) and the Capital Adequacy Framework (Basel II – Risk-Weighted Assets) for Islamic Banks, which specify the approaches for quantifying the risk-weighted assets (“RWA”) for credit risk, market risk and operational risk.

Basel II introduces a more risk-based approach to regulatory capital with a distinct charge for operational risk in addition to the existing credit and market risk capital charges. Basel II is designed to be a catalyst for more advanced risk management techniques, enterprise-wide culture of risk management and improved corporate governance and public disclosure.

The Basel II approach based on the three pillars can be diagrammatically depicted as below:



Pillar 1 provides guidelines for calculation of risk-weighted assets for credit risk, market risk and operational risk, and the minimum amount of regulatory capital that banks must hold against the risks they assume.

Pillar 2 comprises two components as follows:

1. Placing obligations on banks to develop an Internal Capital Adequacy Assessment Process (“ICAAP”), and setting capital targets that commensurate with the banking institution’s risk profile and control environment; and
2. Placing obligations on the supervisory authority to evaluate how well banking institutions are assessing their capital needs relative to their risks and to intervene, where appropriate.

Pillar 3 covers external communication of risk and capital information by banks. The purpose of the Pillar 3 disclosures is to complement the minimum capital requirements under Pillar 1 and the supervisory review process under Pillar 2 by encouraging market efficiency through a set of disclosure requirements that will allow market participants to assess information on banking institutions’ capital structures, risk exposures, risk management processes, and hence, their overall capital adequacy.

Under the Internal Ratings-Based (“IRB”) Approach for credit risk, banking institutions are allowed to use internal estimates of risk parameters (namely the probability of default, loss given default and exposure at default) to determine regulatory capital requirements. Banking institutions are required to obtain explicit approval from BNM to adopt the IRB Approach. The requirements set out under the IRB Approach are largely based on the Framework on International Convergence of Capital Measurement and Capital Standards (commonly referred to as “Basel II”), issued by the Basel Committee on Banking Supervision (“BCBS”), but which had been appropriately adjusted to calibrate risk parameters more closely to the domestic operating environment and default experience.



## 1.0 INTRODUCTION (CONTINUED)

The table below lists the various methodologies applicable to the capital requirements calculation for the various types of risk under Pillar I.

### Type of Approaches

| Credit Risk   | Market Risk                         | Operational Risk                         |
|---|-------------------------------------|--|
| 1. Standardised Approach (“SA”)                           | 1. Standardised Approach (“SA”)     | 1. Basic Indicator Approach (“BIA”)      |
| 2. Foundation Internal Ratings - Based Approach (“F-IRB”) | 2. Internal Models Approach (“IMA”) | 2. The Standardised Approach (“TSA”)     |
| 3. Advanced Internal Ratings - Based Approach (“A-IRB”)   |                                     | 3. Advanced Measurement Approach (“AMA”) |

For purpose of credit risk measurement under Basel 2 Pillar I, RHB Bank Berhad has applied the IRB principles for credit risk since January 2010, following preliminary approval by BNM in December 2009 for the Bank to migrate directly to the IRB Approach. Upon approval from BNM, RHB Bank Berhad has migrated to IRB for credit risk in July 2010. For RHB Islamic Bank Berhad, the Standardised Approach (“SA”) has been adopted for credit risk since January 2008.

For market risk, both RHB Bank Berhad and RHB Islamic Bank Berhad apply the Standardised Approach while for operational risk; both banks apply the Basic Indicator Approach.

The approaches adopted by the respective entities are summarised as follows:

| Entity                  | Credit Risk  | Market Risk | Operational Risk |
|-------------------------|--------------|-------------|------------------|
| RHB Bank Berhad         | IRB Approach | SA          | BIA              |
| RHB Islamic Bank Berhad | SA           | SA          | BIA              |

This is RHB Bank Berhad’s fourth annual Pillar 3 disclosure report published in accordance with the Pillar 3 Guideline issued by BNM. This disclosure report has been verified and approved internally in line with the RHB Banking Group Pillar 3 Disclosure Policy.

This document covers the qualitative and quantitative information for financial year ended 31 December 2013 with comparative quantitative information of the preceding financial year 2012.

The Bank’s Pillar 3 disclosure report will be made available under the Investor Relations section of the Bank’s website at [www.rhbgroup.com](http://www.rhbgroup.com) as a separate report in the Bank’s annual report 2013, after the notes to the Financial Statements.

## 2.0 SCOPE OF APPLICATION

In this Pillar 3 document, RHB Bank Berhad’s information is presented on a consolidated basis, i.e. RHB Bank Berhad with its overseas operations (Singapore, Brunei and Thailand) and its subsidiaries, and is referred to as “RHB Bank Group” or “the Bank”.

RHB Indochina Bank Limited (formerly known as OSK Indochina Bank Limited), Cambodia became a wholly owned subsidiary of RHB Bank Berhad, upon acquisition of 100% equity interest that was held by OSK Investment Bank Berhad, a related company of RHB Bank, on 9 April 2013.

On 30 December 2013, OSK Investment Bank (Labuan) Limited transferred its entire business, assets and liabilities that was previously held by OSK Investment Bank Berhad, to RHB Bank (L) Ltd. RHB Bank (L) Ltd is a wholly owned subsidiary of RHB Bank Berhad.

In accordance with the accounting standards for financial reporting, all subsidiaries of the RHB Bank Group are fully consolidated from the date the Group obtains control until the date such control ceases. Refer to Note 12 to the financial statements for list of consolidated entities.

Therefore, RHB Indochina Bank Limited is consolidated for RHB Bank Group’s quantitative disclosure as at 31 December 2013 i.e. on post transfer basis. However, the pre-transfer position of OSK Indochina Bank Limited was not restated for the quantitative disclosure as at 31 December 2012. Likewise, the pre-transfer position of OSK Investment Bank (Labuan) Limited is not restated for the quantitative disclosure as at 31 December 2012.

## 2.0 SCOPE OF APPLICATION (CONTINUED)

The Bank's capital requirements are generally based on the principles of consolidation adopted in the preparation of its financial statements, except where the types of investments to be deducted from eligible capital are required under BNM's Guideline on "Capital Adequacy Framework (Capital Components)" Part C.

RHB Bank Group offers Islamic banking financial services via the Bank's wholly-owned subsidiary company, RHB Islamic Bank Berhad ("RHB Islamic Bank").

The transfer of funds or regulatory capital within RHB Bank Group is subject to shareholders' and regulatory approval.

During the financial year 2013, there were no capital deficiencies in RHB Bank Berhad or any of its subsidiaries.

## 3.0 CAPITAL MANAGEMENT

The overall capital management objective is to ensure that the Bank has adequate capital to maintain stability, meet its business objectives and be in line with its risk appetite. Capital adequacy is the extent to which capital resources on the Bank's balance sheet are sufficient to cover the business capital requirements now and in the foreseeable future. It also indicates the ability of the Bank to provide financing across the business cycles and in meeting any contingency without compromising the interest of the depositors and investors. The Bank aims to maintain a strong capital position to drive sustainable business growth through an optimal capital structure while meeting the regulatory requirements.

With a comprehensive capital management, the Bank aims to have a sound capital management practice that is aligned to BNM's ICAAP requirements.

The management of capital involves capital strategy, capital planning, capital structuring and dividend pay-out.

- **Capital Strategy**

Capital strategy includes the determination of target capital under both normal and stress market conditions and considers the business risk and strategic objectives, external credit ratings, and capital adequacy requirements. A comprehensive capital adequacy assessment is conducted at least annually to ensure that the target capital level is appropriate.

- **Capital Planning**

Based on strategic direction and regulatory requirements, the Bank formulates a capital plan to support its overall risk profile and forecast the capital demand for material risks for which capital held is deemed appropriate. The capital plan describes the actions required to raise capital in a timely manner in both normal and stress conditions as assumed in the stress scenarios. For capital planning purposes, capital adequacy is assessed in the multi-year financial projection under both normal and stressed scenarios, the objective of which is to ensure that the Bank maintains adequate capital on a forward-looking basis. The Bank also establishes a capital contingency funding plan that forms part of the capital plan. The capital plan, together with the analysis and proposed actions, are reviewed by the Group Chief Financial Officer and deliberated at the Group Capital and Strategic Risk Management Committee ("GCSC") for endorsement, and submitted to Group Risk Management Committee ("GRMC") and the Board for approval.

- **Capital Structuring**

Capital structuring affects the Bank through its impact on cash flow and cost of capital. The Bank adopts capital structuring that maximises value and minimises overall cost of capital. In order to achieve optimum capital structure, the Bank determines the levels, mix and structure of internal and regulatory capital in line with its current and planned levels of business activities, risk appetite and desired level of capital adequacy.

- **Dividend Pay-Out**

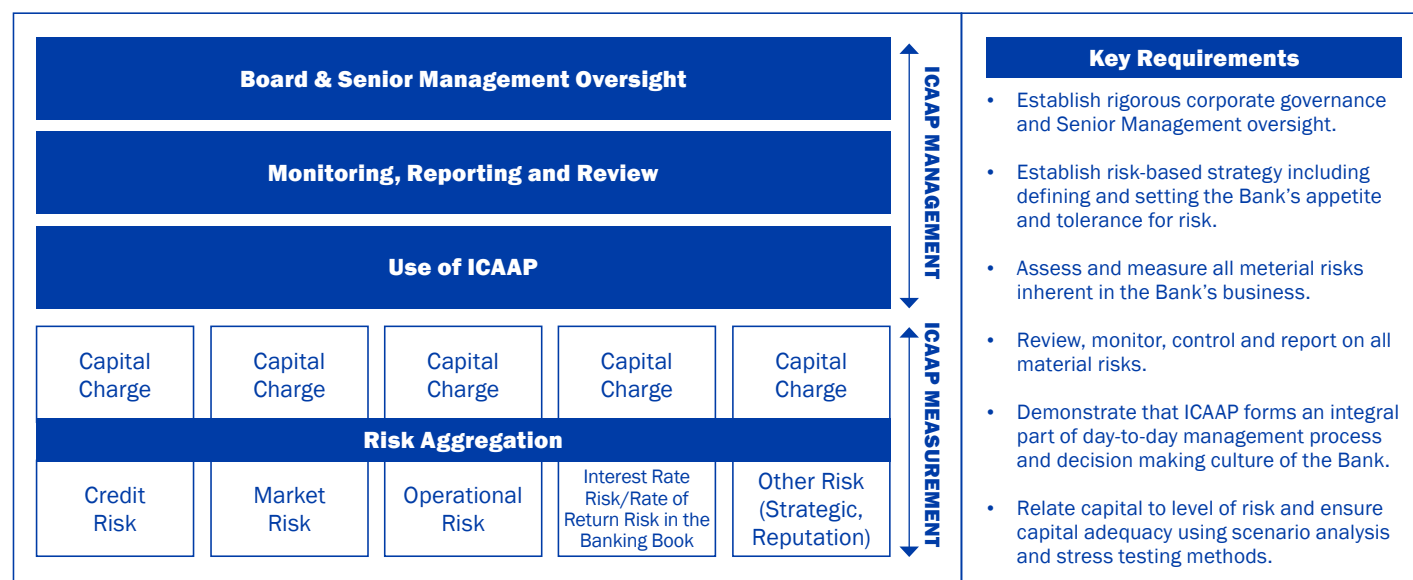
The Bank aims to achieve a balance between dividend pay-out and the need to retain earnings in order to be consistent with its capital strength and to support business expansion. The Board reviews the dividend pay-out recommendation on an annual basis.

### 3.0 CAPITAL MANAGEMENT (CONTINUED)

#### 3.1 Internal Capital Adequacy Assessment Process (“ICAAP”)

In line with BNM’s Guideline on ICAAP under the “Risk-Weighted Capital Adequacy Framework (Basel II) – Internal Capital Adequacy Assessment Process (Pillar 2)” issued in December 2011, the Bank has implemented ICAAP with the objective to forge a strong alignment between risk and capital. Capital adequacy is assessed in relation to the Bank’s risk profile, and strategies are in place to maintain appropriate capital levels.

The ICAAP Framework developed and adopted across the Bank summarises the key ICAAP requirements into two functional categories, namely; ICAAP Measurement and ICAAP Management as depicted below:



#### 3.2 Basel III Implementation

The implementation of Basel III by BNM in Malaysia has commenced with effect from 1 January 2013. Under the new Basel III rules, banking institutions are required to strengthen the quality of their capital by maintaining higher minimum capital requirement and holding capital buffers namely the capital conservation buffer and the countercyclical capital buffer. However, the requirements are subject to a series of transitional arrangements with a gradual phase in beginning 2013 until 2019.

Apart from the above, the Bank has commenced the Basel III observation period reporting to BNM on the two key liquidity ratios, namely the Liquidity Coverage Ratio (“LCR”) and the Net Stable Funding Ratio (“NSFR”), since June 2012.

#### 3.3 Capital Adequacy Ratios

BNM’s Guideline on “Capital Adequacy Framework (Capital Components)” issued in November 2012 sets out the general requirements concerning regulatory capital adequacy and the components of eligible regulatory capital.

Banking institutions are required to maintain, at all times, the following minimum capital adequacy ratios:

| Calendar Year | Common Equity Tier I (“CET I”) Capital Ratio | Tier I Capital Ratio | Total Capital Ratio |
|---------------|--|----------------------|---------------------|
| 2013          | 3.5%   | 4.5%                 | 8.0%                |
| 2014          | 4.0%   | 5.5%                 | 8.0%                |
| 2015 onwards  | 4.5%   | 6.0%                 | 8.0%                |

With effect from 1 January 2013, the capital ratios of RHB Bank Group and RHB Islamic Bank are computed based on BNM’s Guideline on “Capital Adequacy Framework (Basel II – Risk-Weighted Assets)”.

**3.0 CAPITAL MANAGEMENT (CONTINUED)**

**3.3 Capital Adequacy Ratios (Continued)**

The capital ratios of RHB Bank Berhad on consolidated basis (RHB Bank Group), RHB Bank Berhad on global basis (RHB Bank) and RHB Islamic Bank as at 31 December 2013 and 31 December 2012 are as follows:

**Table 1: Capital Adequacy Ratios**

|                                   | RHB Bank Group |         | RHB Bank |         | RHB Islamic Bank |         |
|-----------------------------------|----------------|---------|----------|---------|------------------|---------|
|                                   | 2013           | 2012    | 2013     | 2012    | 2013             | 2012    |
| <b>Before proposed dividends:</b> |                |         |          |         |                  |         |
| CET I Capital Ratio               | 10.329%        | N/A*    | 11.103%  | N/A*    | 13.864%          | N/A*    |
| Tier I Capital Ratio              | 10.805%        | 11.600% | 11.647%  | 12.150% | 13.864%          | 14.055% |
| Total Capital Ratio               | 14.342%        | 15.666% | 13.997%  | 15.364% | 14.424%          | 14.741% |
| <b>After proposed dividends:</b>  |                |         |          |         |                  |         |
| CET I Capital Ratio               | 10.329%        | N/A*    | 11.103%  | N/A*    | 13.864%          | N/A*    |
| Tier I Capital Ratio              | 10.805%        | 11.357% | 11.647%  | 11.879% | 13.864%          | 14.055% |
| Total Capital Ratio               | 14.342%        | 15.423% | 13.997%  | 15.093% | 14.424%          | 14.741% |

\* N/A denotes Not Applicable

The above capital ratios are above the minimum level required by BNM.

**3.4 Minimum Capital Requirements and Risk-Weighted Assets (“RWA”)**

**Table 2: Risk-Weighted Assets (“RWA”) by Risk Types**

|                             | RHB Bank Group<br>(RM'000) |                   | RHB Bank<br>(RM'000) |                   | RHB Islamic Bank<br>(RM'000) |                   |
|-----------------------------|----------------------------|-------------------|----------------------|-------------------|------------------------------|-------------------|
|                             | 2013                       | 2012              | 2013                 | 2012              | 2013                         | 2012              |
| Credit RWA                  | 102,147,842                | 87,475,701        | 88,598,853           | 77,934,597        | 14,818,230                   | 12,622,768        |
| Credit RWA Absorbed by PSIA | -                          | -                 | -                    | -                 | (1,307,029)                  | (1,569,046)       |
| Market RWA                  | 2,923,183                  | 2,565,380         | 2,899,375            | 2,676,807         | 160,838                      | 265,386           |
| Operational RWA             | 8,493,418                  | 7,999,184         | 7,670,991            | 7,283,570         | 783,884                      | 689,105           |
| <b>Total RWA</b>            | <b>113,564,443</b>         | <b>98,040,265</b> | <b>99,169,219</b>    | <b>87,894,974</b> | <b>14,455,923</b>            | <b>12,008,213</b> |

\* Note : During the financial year 2012, RHB Bank had entered into an arrangement with its subsidiary, RHB Islamic Bank for placement of Profit Sharing Investment Accounts (“PSIA”) qualified as risk absorbent, to finance RHB Islamic Bank’s corporate and regulatory retail exposures. As at 31 December 2013, the total placement was for financing exposures amounting to RM1.9 billion and the corresponding Credit RWA was RM1.3 billion.

### 3.0 CAPITAL MANAGEMENT (CONTINUED)

#### 3.4 Minimum Capital Requirements and Risk-Weighted Assets (“RWA”) (Continued)

The following table shows the breakdown of RHB Bank Group’s RWA by risk types and the corresponding capital requirement as at 31 December 2013 and 31 December 2012:

**Table 3: Risk-Weighted Assets by Risk Types and Minimum Capital Requirements**

| Risk Types                     | RHB Bank Group<br>(RM'000) |                   | RHB Bank Group<br>(RM'000) |                  |
|--------------------------------|----------------------------|-------------------|----------------------------|------------------|
|                                | RWA                        |                   | Capital Requirement        |                  |
|                                | 2013                       | 2012              | 2013                       | 2012             |
| <b>Credit Risk</b> , of which  | 102,147,842                | 87,475,701        | 8,171,827                  | 6,998,056        |
| Under F-IRB                    | 40,869,615                 | 36,141,797        | 3,269,569                  | 2,891,344        |
| Under A-IRB                    | 16,826,798                 | 15,304,023        | 1,346,144                  | 1,224,322        |
| Under Standardised Approach    | 44,451,429                 | 36,029,881        | 3,556,114                  | 2,882,390        |
| <b>Market Risk</b>             |                            |                   |                            |                  |
| Under Standardised Approach    | 2,923,183                  | 2,565,380         | 233,855                    | 205,230          |
| <b>Operational Risk</b>        |                            |                   |                            |                  |
| Under Basic Indicator Approach | 8,493,418                  | 7,999,184         | 679,473                    | 639,935          |
| <b>Total</b>                   | <b>113,564,443</b>         | <b>98,040,265</b> | <b>9,085,155</b>           | <b>7,843,221</b> |

Capital requirement for the three risk types is derived by multiplying the risk-weighted assets by 8%.

The total RWA for 2013 registered an increase of 15.79% (RM15.49 billion) from 2012 mainly attributed by the Credit RWA which accounted for 14.86% (RM14.57 billion) of the increase in the total RWA.

Credit RWA as at 31 December 2013 showed an increase by 16.66% (RM14.57 billion) from 31 December 2012 position, summarised as below:

1. Foundation IRB Approach – An increase in the Bank’s exposure to the Corporates and Mid-Market portfolios which had resulted in an increase of 13% (RM4.7 billion) in the Credit RWA under this approach.
2. Advanced IRB Approach – An increase in exposures from the various retail portfolios had resulted in an increase in Credit RWA by 10% (RM1.5 billion). The portfolios that are under the Advanced IRB Approach are the Residential Mortgages, Hire Purchase, Credit Card, and Program Lending.
3. Standardised Approach – Credit RWA had increased by RM8.3 billion mainly due to the following:
  - i. RHB Islamic Bank – Increase in Credit RWA by RM2.1 billion,
  - ii. Singapore Operations – Increase in Credit RWA by RM1.9 billion, and
  - iii. The Bank’s Treasury assets and personal financing - Increase in Credit RWA by RM3 billion.

The Bank did not have any capital requirement for Large Exposure Risk as there was no amount in excess of the lowest threshold arising from holdings of equities.

#### 4.0 CAPITAL STRUCTURE

The constituents of total eligible capital are set out in BNM's Guideline on "Capital Adequacy Framework (Capital Components)" Parts B and C. These include shareholders' funds, after regulatory-related adjustments, and eligible capital instruments issued by RHB Bank Group. Tier I capital consists primarily of ordinary share capital, share premium, retained profits, other reserves and hybrid Tier I capital securities. Tier II capital consists of subordinated obligations and collective impairment allowance.

Refer to Notes 19 and 20 to the Financial Statements for the terms of these capital instruments.

The following table represents the capital position of RHB Bank Group and RHB Bank as at 31 December 2013 and 31 December 2012.

**Table 4: Capital Structure**

|  | RHB Bank Group<br>(RM'000) |                   | RHB Bank<br>(RM'000) |                   |
|--|----------------------------|-------------------|----------------------|-------------------|
|  | 2013                       | 2012              | 2013                 | 2012              |
| <b>Tier I Capital</b>  |                            |                   |                      |                   |
| Paid-up ordinary share capital   | 3,318,085                  | 3,318,085         | 3,318,085            | 3,318,085         |
| Share premium  | 8,563                      | 8,563             | 8,563                | 8,563             |
| Retained profits   | 5,995,662                  | 4,719,036         | 5,424,998            | 4,235,058         |
| Other reserves   | 3,939,215                  | 3,764,812         | 3,492,002            | 3,446,935         |
| Available-for-sale ("AFS") reserves  | 150,571                    | -                 | 179,873              | -                 |
| <b>Less:</b>   |                            |                   |                      |                   |
| Goodwill   | (1,120,318)                | (1,004,017)       | (905,519)            | (905,519)         |
| Other intangibles  | (116,322)                  | -                 | (109,845)            | -                 |
| 55% of cumulative gains arising from change in value of AFS instruments    | (82,814)                   | -                 | (98,930)             | -                 |
| Shortfall of eligible provisions to expected losses under IRB approach     | (336,828)                  | -                 | (280,768)            | -                 |
| Other deductions   | (17,467)                   | -                 | (17,374)             | -                 |
| Net deferred tax assets  | (7,286)                    | (31,437)          | -                    | (21,742)          |
| <b>Common Equity Tier I Capital ("CET I Capital")</b>                      | <b>11,731,061</b>          | <b>10,775,042</b> | <b>11,011,085</b>    | <b>10,081,380</b> |
| Hybrid Tier I Capital Securities*  | 540,000                    | 597,744           | 540,000              | 597,744           |
| <b>Total Tier I Capital</b>  | <b>12,271,061</b>          | <b>11,372,786</b> | <b>11,551,085</b>    | <b>10,679,124</b> |
| <b>Tier II Capital</b>   |                            |                   |                      |                   |
| Subordinated obligations#  | 3,600,000                  | 3,996,781         | 3,600,000            | 3,996,781         |
| Collective impairment allowance^   | 417,143                    | 422,827           | 269,973              | 278,703           |
| <b>Less:</b>   |                            |                   |                      |                   |
| Shortfall of eligible provisions to expected losses under the IRB approach | -                          | (422,888)         | -                    | (372,197)         |
| Investment in subsidiary companies   | -                          | -                 | (1,539,997)          | (1,072,656)       |
| Other deductions   | -                          | (10,792)          | -                    | (5,701)           |
| <b>Total Tier II Capital</b>   | <b>4,017,143</b>           | <b>3,985,928</b>  | <b>2,329,976</b>     | <b>2,824,930</b>  |
| <b>Total Capital</b>   | <b>16,288,204</b>          | <b>15,358,714</b> | <b>13,881,061</b>    | <b>13,504,054</b> |

Notes:

\* Hybrid Tier I capital securities that are recognised as Tier I capital instruments are subject to gradual phase-out treatment effective from 1 January 2013, as prescribed under paragraph 36.10 of the BNM's Guideline on "Capital Adequacy Framework (Capital Components)".

# Subordinated obligations that are recognised as Tier II capital instruments are subject to gradual phase-out treatment effective from 1 January 2013,

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

## 5.0 RISK MANAGEMENT

Risk is inherent in the Bank's activities and is managed through a process of on-going identification, measurement and monitoring, subject to limits and other controls. Besides credit risk, the Bank is exposed to a range of other risk types such as market, liquidity, operational, legal, and strategic and cross-border, as well as other forms of risk inherent to its strategy, product range and geographical coverage.

Effective risk management is fundamental to being able to generate profits consistently while sustaining competitive advantage, and is thus a central part of the financial and operational management of the Bank.

The Group's Risk Management Framework governs the management of risks in the RHB Banking Group ("the Group"), as follows:

- It provides a holistic overview of the risk and control environment of the Group, with risk management aimed towards loss minimisation and protection against losses which may occur through, principally, the failure of effective checks and controls in the organisation.
- It sets out the strategic progression of risk management towards becoming a value creation enterprise. This is realised through building up capabilities and infrastructure in risk management sophistication, and enhanced risk quantification to optimise risk-adjusted (or economic) returns.

The following sections describe some of these risk management content areas.

### OVERARCHING RISK MANAGEMENT PRINCIPLES

The Risk Management Framework contains five fundamental principles that drive the philosophy of risk management in the Group. They are:

- Risk governance from the Boards of Directors of various operating entities within the Group;
- Clear understanding of risk management ownership;
- Institutionalisation of a risk-focused organization;
- Alignment of risk management to business strategies; and
- Optimisation of risk-adjusted economic and financial returns.

#### Principle 1: Risk Governance from the Boards of Directors of various operating entities in the Group

The ultimate responsibility of the Boards of Directors in the Group is to ensure that an effective risk management strategy is in place and uniformly understood across the Group. The Group has a structured framework to support the Board's oversight responsibilities.

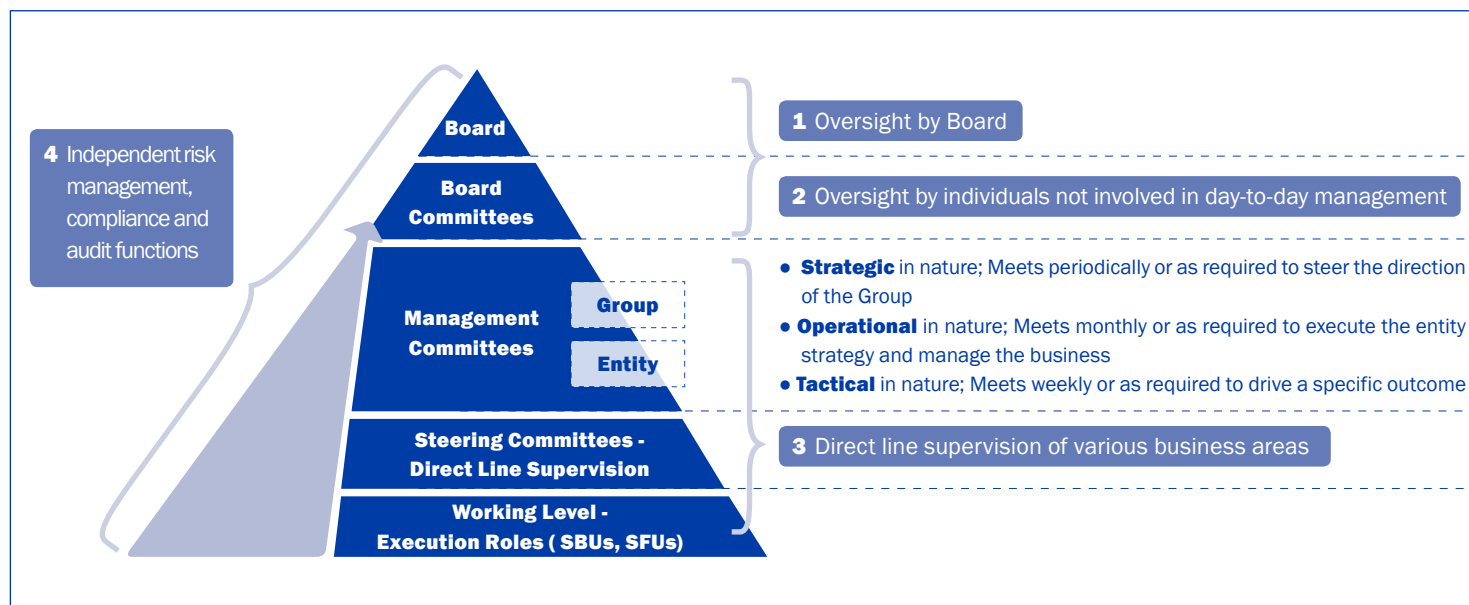
### RISK GOVERNANCE AND ORGANISATION

The Board of Directors ("Board") through the Group Risk Management Committee ("GRMC") and the Group Risk Management function ("GRM function") establishes the Group's risk appetite and risk principles. The GRMC is the principal Board Committee that provides oversight over risk management for the Group to ensure that the Group's risk management process is in place and functional. The GRMC assists the Board to review the Group's overall risk management philosophy, risk management framework, risk management policies and risk management models. An Islamic Risk Management Committee ("IRMC") has also been established at RHB Islamic Bank Berhad to focus on risk issues unique to Islamic finance.

**5.0 RISK MANAGEMENT (CONTINUED)**

**RISK GOVERNANCE AND ORGANISATION (Continued)**

There are other committees set up to manage specific areas of risks in the Group. An overview of this governance framework at Group level is as below:



**Principle 2: Clear Understanding of Risk Management Ownership**

Proactive risk ownership is important for effective management of risk. This promotes a risk awareness culture throughout the Group. The business (“SBUs”) and functional units (“SFUs”) of the respective operating entities in the Group are collectively responsible for identifying, managing and reporting risks. The business units manage certain defined risks supported by the services provided by the functional units, including risk management function.

**Principle 3: Institutionalisation of a Risk-Focused Organization**

In addition to risk ownership, a risk-focused culture is promoted throughout the Group through strengthening of the central risk coordination function and continuous reinforcement of a risk and control environment within the Group.

**Central Risk Coordination Function**

The Risk Management function is independent of the business function to ensure that the necessary balance in risk/return decisions is not compromised by short term pressures to generate revenues. This risk management function is responsible for formulating risk-related policies and presents risk performance and related reports to GRMC for recommendation to the Board.

The Risk Management function is headed by the Director of Group Risk Management, who reports to the Group Managing Director. The role and responsibilities of the Director of Group Risk Management include:

- Setting of the strategic direction and overall policy on management and control of risk of the Group;
- Ensuring industry best practices in risk management are adopted across the Group, including the setting of risk management parameters and risk underwriting models;
- Developing a proactive, balanced and risk attuned culture within the Group;
- Advising Senior Management, the GRMC and the Board on risk issues and their possible impact on the Group in the achievement of its objectives and strategies; and
- Administering the delegation of discretionary powers to Management personnel within the Group.



## 5.0 RISK MANAGEMENT (CONTINUED)

### Risk and Control Environment

The business and functional heads are accountable for risk management in their businesses and functions, and for overseas operations where they have governance responsibilities. The business and functional units have clear segregation of duties to ensure that business processes are functioning effectively. There is accountability delegated to the appropriate authority to enable them to execute their respective authorities in meeting the business strategies without compromising the risk management process.

The primary responsibility for managing risks, therefore, rests with the business managers who are best equipped to ensure that risk management and control are continuously focused on the way business is conducted. There is a continuous review of business activities and processes to identify significant risk areas and implement control procedures to operate within established corporate policies and limits.

### Principle 4: Alignment of Risk Management to Business Strategy

The Group's Risk Management Framework serves to align the Group's business strategy to risk strategy, and vice-versa. This is articulated through the risk appetite setting and the Group's annual business and financial budgetary plan, which is facilitated by the integration of risk measures in economic capital management.

### Principle 5: Optimisation of Risk-Adjusted Economic and Financial Returns

An objective of economic capital management is to reflect a risk-adjusted return assumed by the businesses throughout the Group. By linking risk to capital, the risk-adjusted return measure contributes to the creation of shareholder value by facilitating the allocation of capital to the businesses.

The medium to long term strategy and principle of risk management of the Group is to deepen the integration of economic capital management within the Group. The Group is progressively implementing a risk-adjusted return based framework for allocation of capital to business units and for performance measurement and management.

## 6.0 CREDIT RISK

### Credit Risk Definition

Credit risk arises as a result of customers' or counterparties' inability to fulfil their financial and contractual obligations as and when they arise. These obligations arise from the Bank's direct lending/financing obligations, trade finance and its funding, investment and trading activities.

### 6.1 Credit Risk Management Oversight and Organisation

The Central Credit Committee ("CCC") is the senior management committee that reviews the Group's credit risk philosophy, framework and policies, aligns credit risk management with business strategy and planning, recommends credit approval authority limits, reviews the credit profile of material portfolios, and recommends actions where necessary to ensure that credit risk remains within established risk tolerances. CCC also approves and renews financing facilities and submits to the Group Credit Committee ("GCC") for affirmation or veto if the financing facilities exceed a pre-defined threshold.

The GCC's main functions are affirming, imposing additional covenants or vetoing credits of the RHB Banking Group which are duly approved by the CCC, as well as to oversee the management of impaired and high risk accounts, as well as affirming, imposing additional covenants or vetoing impaired from Credit Recovery for amounts above the defined thresholds of the CCC.

Within Group Risk Management, the Credit Risk Management Department has the functional responsibility for credit risk management, portfolio risk monitoring and risk reporting. Group Risk Management units also conduct regular credit stress tests to assess the credit portfolio's vulnerability to adverse credit risk events.

Regular risk reporting is made to the GRMC and Board. These reports include various credit risk aspects such as portfolio quality, credit migration, expected losses, and concentration risk exposures by business portfolio. Such reporting allows Senior Management to identify adverse credit trends, take prompt corrective actions, and ensure appropriate risk-adjusted decision-making.

## 6.0 CREDIT RISK (CONTINUED)

### 6.2 Credit Risk Management Approach

The Group's Credit Risk Management Framework which is founded upon BNM's Guideline on "Best Practices for the Management of Credit Risk" is documented under the Group Credit Policy. The Bank abides by this Credit Policy which supports the development of a strong credit culture with the objective of maintaining a diversified portfolio, and a reliable and satisfactory risk-weighted return. Industry best practices are instilled in the continual updating of the Credit Policy.

The Bank ensures that internal processes and credit underwriting standards are adhered to before financing proposals are approved. All financing proposals are first evaluated by the originating business units before being evaluated by an independent credit evaluation and management function. All financing exposure limits are approved within a defined credit approval authority framework. Large financing exposures are further subject to post approval credit review by Group Internal Audit.

The Bank's credit risk management process is documented in the Group Credit Procedures Manual ("GCPM") which sets out the operational procedures and guidelines governing the credit processes of the Bank's Retail Banking, Business Banking, Treasury, Corporate and Investment Banking, and Finance Business operations.

The GCPM has been designed to ensure that:

- The process of credit initiation, administration, supervision and management of loans and advances/financing are carried out consistently and uniformly by the business origination and other credit support functions within the Group.
- Procedures and guidelines governing the credit function are in compliance with the credit policies laid down by the respective Boards of the Group.

#### **Lending/Financing to Corporate and Institutional Customers**

Loans/financing to corporate and institutional customers are individually evaluated and risk-rated. Credit Officers identify and assess the credit risk of large corporate or institutional customers, or customer groups, taking into consideration their financial and business profiles, industry and economic factors, collateral, or other credit support.

#### **Credit Risk from Investment or Trading Activities**

In the course of its trading or investment banking activities, the Bank is also exposed to credit risk from trading, derivative and debt securities activities. The credit risk exposure from these products is derived from the positive mark-to-market value of the underlying instruments, and an additional component to cater for potential market movements.

#### **Lending/Financing to Consumers and Small Businesses**

For the consumer and small business sectors, credit risk is managed on a portfolio basis. Such products include residential mortgages, credit cards, auto loans/financing, commercial property loans/financing, personal financing and business loans/financing. Loans/financing are underwritten under product programmes that clearly define the target market, underwriting criteria, terms of financing, maximum exposure, credit origination guidelines and verification process. Scoring models are used in the credit decision process to enable objective risk evaluation and consistent decisions, cost efficient processing, and behavioural score monitoring of expected portfolio performance.

#### **Credit Risk Measurement**

Along with judgement and experience, risk measurement plays a critical role in making informed risk taking and portfolio management decisions. As the nature of credit risk varies by financing type, the Bank applies different credit risk measuring tools, so that the credit risk of each financing type is appropriately reflected.

## 6.0 CREDIT RISK (CONTINUED)

### 6.2 Credit Risk Management Approach (Continued)

Credit risk is calculated from three key factors as follows:

1. **Probability of Default (“PD”)**  
For corporate/non-retail financing, the probability of default is measured from obligor rating obtained from the risk rating system to determine borrower’s level of risk. The risk rating of each borrower is regularly reviewed to ensure that it actually reflects the debtor’s risk. For retail financing, active accounts of each portfolio are classified into a specific segment (or pool), which can be classified by various factors, e.g., age, application score, behaviour score, utilisation, and payment history, etc.
2. **Loss Given Default (“LGD”)**  
For corporate financing, LGD is determined via the credit risk mitigation adjustment, in which collateral and security will determine the level of LGD for a specific transaction. For retail financing, LGD is captured at respective segment (or pool) level.
3. **Exposure at Default (“EAD”)**  
Exposure at default is calculated from the current outstanding balance and availability of committed financing line. In this regard, the key factor is the Bank’s obligations related to the available financing line. For corporate financing, credit risk is measured at an individual obligor exposure. For retail financing, the principles of credit risk measurement is similar, but measured on a pooled basis.

### 6.3 Internal Credit Rating Models

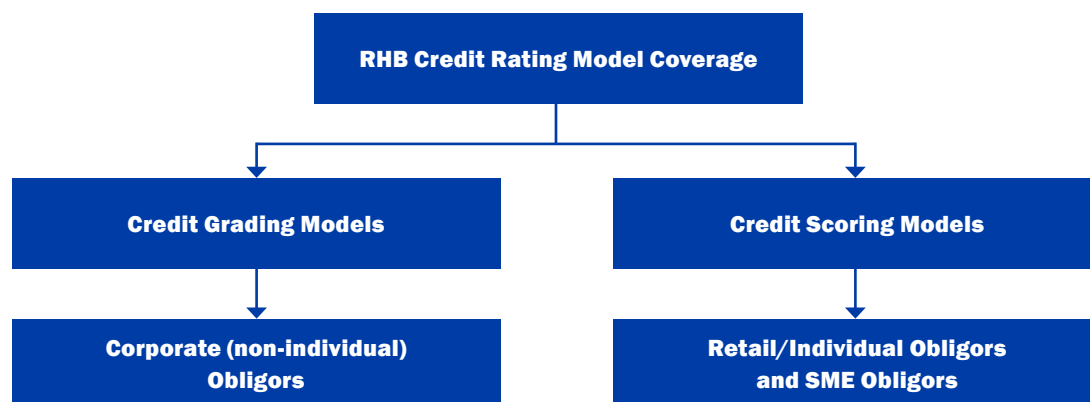
Internal credit rating models are an integral part of the Bank’s credit risk management, decision-making process, and regulatory capital calculations. These internal credit rating models are developed with active participation by the relevant credit experts from the Bank’s functional units and/or business units.

Internal rating model development and implementation process have been established to govern the development and validation of ratings models and the application of these models. Specifically, all newly developed models prior to implementation, material changes of the rating systems and validation results must be approved by GRMC and Board. All models are also subject to independent validation by the Quantitative Model Validation Unit (“QMVU”) before implementation, to ensure that all aspects of the model development process have been satisfied. In addition, the models are also subject to annual review and independent validation by QMVU to ensure that they are performing as expected.

Credit risk rating models can be classified into:

- Credit Grading Models
- Credit Scoring Models

The diagram below shows a broad perspective of the current credit rating model coverage for the different customers/obligors:



**6.0 CREDIT RISK (CONTINUED)**

**6.3 Internal Credit Rating Models (Continued)**

The credit grading models for corporate (or non-individual) obligors is used to risk rate the creditworthiness of the corporate borrowers/ guarantors/debt issuers based on their financial standing (such as gearing, expenses and profit) and qualitative aspects (such as management effectiveness and industry environment). Different rating models will be applied subject to the obligor’s asset and sales volume, in order to create further risk differentiation.

The credit scoring models are for large volume of exposures that are managed on a portfolio basis, which includes program lending type of financing for small-and medium-sized enterprises (“SMEs”). These models are developed through data statistical modelling and applied onto the portfolio accordingly. For portfolios where data are readily available or when more granular segmentation is required to support business strategy, more models will be developed and deployed.

**Application of Internal Ratings**

The three components; the PD, LGD and EAD are used in variety of applications that measure credit risk across the entire portfolio.

- Credit Approval: PD models are used in the approval process in both retail and non-retail portfolios. In high-volume retail portfolios, application and behaviour scorecards are used as one of the risk management tools.
- Credit Grading: Implemented since 2007 to provide a common measure of risk across the Bank.

This credit grading scale is summarised as below:

| PD Grade Range | Interpretation               |
|----------------|------------------------------|
| PD1            | Highest Credit Quality       |
| PD2 to PD7     | Strong Credit Quality        |
| PD8 to PD12    | Good Credit Quality          |
| PD13 to PD16   | Average Credit Quality       |
| PD17 to PD18   | Below Average Credit Quality |
| PD19 to PD20   | On Selective Basis           |
| UG0            | Un-graded                    |
| FD0            | Fully Secured by Cash        |
| PN20           | Impaired but Performing      |
| N20 to N23     | Impaired/Non-Performing      |

- Risk Reward and Pricing: PD, EAD and LGD metrics are used to assess profitability of deals to allow for risk-informed pricing considerations and strategic decisions.
- Risk Management Information: Group Risk Management and the business units generate risk reports to inform Senior Management on issues such as business performance and consumption of regulatory capital.

**F-IRB for Non-Retail Portfolios**

For RHB Bank Berhad, the major non-retail portfolios are on the Foundation Internal Ratings-Based (“F-IRB”) approach for regulatory capital requirements. Under this approach, internal rating models are used to estimate the PD for each obligor, while the LGD and EAD parameters are prescribed by BNM. The PD rating model is statistically calibrated, with overlay of qualitative factors and notching guide to arrive at the credit rating.

**6.0 CREDIT RISK (CONTINUED)****6.3 Internal Credit Rating Models (Continued)****A-IRB for Retail Portfolios**

For regulatory capital requirements, RHB Bank Berhad has adopted the Advanced Internal Ratings-Based (“A-IRB”) approach for the retail portfolios, i.e. residential mortgages, credit cards, auto loans/financing and program lending. The risk estimates – probability of default (“PD”), loss given default (“LGD”), and exposure at default (“EAD”) – are calibrated for these retail portfolios/pools. In addition, credit scorecard and behavioural models are developed and implemented for use in credit approval decision support such as limit setting, credit score cut-off and approval, monitoring and reporting.

The Bank did not migrate any new portfolio to the IRB Approach during the year 2013. However, plans are underway to migrate the Corporate and Mid-Market, Auto-Finance and Residential Mortgages portfolios from RHB Islamic Bank, as well as the Corporate and Mid-Market portfolios from Singapore Operations to the IRB Approaches in 2014.

The following tables set out the exposures under IRB Approach by PD bands, expected loss (“EL”) range, exposure weighted-average LGD and exposure weighted-average risk weight.

**Table 5a: Exposures under the IRB Approach by PD Band, Exposure Weighted-Average LGD and Exposure Weighted-Average Risk Weight as at 31 December 2013**

| <b>PD Range (%)</b>   | <b>EAD<br/>(RM'000)</b> | <b>Exposure<br/>Weighted-<br/>Average LGD<br/>(%)</b> | <b>Exposure<br/>Weighted-<br/>Average Risk<br/>Weight<br/>(%)</b> | <b>Undrawn<br/>Commitments<br/>(RM'000)</b> |
|---|-------------------------|---|---|---|
| <b>Non-Retail Exposures</b>   |                         |   |   |   |
| <b>Insurance Cos, Securities Firms &amp; Fund Managers</b>                        |                         |   |   |   |
| 0 to 0.22   | 24,062                  | 42.08   | 41.04   | 31,848                                      |
| >0.22 to 1.65   | 39,921                  | 45.00   | 79.58   | 42,012                                      |
| >1.65 to 5.57   | 3,226                   | -   | -   | 4,000                                       |
| >5.57 to 21.68  | 3,538                   | 43.86   | 164.22  | 3,792                                       |
| <b>Total for Insurance Cos, Securities Firms &amp; Fund Managers</b>              | <b>70,747</b>           |   |   | <b>81,652</b>                               |
| <b>Corporate Exposures (excluding exposures with firm-size adjustments)</b>       |                         |   |   |   |
| 0 to 0.22   | 7,366,182               | 44.71   | 39.36   | 2,206,052                                   |
| >0.22 to 1.65   | 19,455,873              | 41.96   | 71.96   | 7,766,960                                   |
| >1.65 to 5.57   | 9,724,244               | 40.52   | 113.47  | 2,906,247                                   |
| >5.57 to 21.68  | 4,558,422               | 12.61   | 48.81   | 458,821                                     |
| >21.68 to <100  | 174,627                 | 43.04   | 232.29  | 6,333                                       |
| Default or 100  | 1,329,250               | 41.69   | -   | -   |
| <b>Total Corporate Exposures (excluding exposures with firm-size adjustments)</b> | <b>42,608,598</b>       |   |   | <b>13,344,413</b>                           |
| <b>Corporate Exposures (with firm-size adjustments)</b>                           |                         |   |   |   |
| 0 to 0.22   | 584,360                 | 42.43   | 35.79   | 444,247                                     |
| >0.22 to 1.65   | 4,348,385               | 37.26   | 54.95   | 1,842,994                                   |
| >1.65 to 5.57   | 3,726,502               | 35.77   | 78.78   | 1,245,417                                   |
| >5.57 to 21.68  | 1,829,635               | 36.81   | 127.09  | 498,069                                     |
| >21.68 to <100  | 50,477                  | 36.25   | 169.49  | 8,557                                       |
| Default or 100  | 594,094                 | 39.33   | -   | -   |
| <b>Total Corporate Exposures (with firm-size adjustments)</b>                     | <b>11,133,453</b>       |   |   | <b>4,039,284</b>                            |
| <b>Total Non-Retail Exposures</b>   | <b>53,812,798</b>       |   |   | <b>17,465,349</b>                           |

## 6.0 CREDIT RISK (CONTINUED)

## 6.3 Internal Credit Rating Models (Continued)

Table 5a: Exposures under the IRB Approach by PD Band, Exposure Weighted-Average LGD and Exposure Weighted-Average Risk Weight as at 31 December 2013 (Continued)

| PD Range (%)  | EAD<br>(RM'000)   | Exposure<br>Weighted-<br>Average LGD<br>(%) | Exposure<br>Weighted-<br>Average Risk<br>Weight<br>(%) | Undrawn<br>Commitments<br>(RM'000) |
|---|-------------------|---|--|------------------------------------|
| <b>Retail Exposures</b>   |                   |   |  |                                    |
| <b>Residential Mortgages</b>                                      |                   |   |  |                                    |
| 0 to 2.48   | 8,176,054         | 16.42                                       | 24.92  | 157,311                            |
| >2.48 to 8.35   | 5,772,256         | 14.67                                       | 52.36  | 47,578                             |
| >8.35 to 24.63  | 1,824,789         | 15.25                                       | 75.25  | 6,866                              |
| >24.63 to <100  | 582,680           | 15.11                                       | 75.55  | 1,058                              |
| Default or 100  | 596,721           | 25.62                                       | 27.84  | -                                  |
| <b>Total Residential Mortgages Exposures</b>                      | <b>16,952,500</b> |   |  | <b>212,813</b>                     |
| <b>Qualifying Revolving Retail Exposures</b>                      |                   |   |  |                                    |
| 0 to 0.78   | 715,920           | 60.61                                       | 11.01  | 1,267,148                          |
| >0.78 to 2.48   | 574,410           | 63.99                                       | 33.10  | 658,816                            |
| >2.48 to 4.86   | 597,038           | 63.94                                       | 61.96  | 819,265                            |
| >4.86 to <100   | 158,811           | 68.74                                       | 117.49   | 47,101                             |
| Default or 100  | 24,219            | 80.40                                       | 32.90  | -                                  |
| <b>Total Qualifying Revolving Retail Exposures</b>                | <b>2,070,398</b>  |   |  | <b>2,792,330</b>                   |
| <b>Hire Purchase Exposures</b>                                    |                   |   |  |                                    |
| 0 to 3.71   | 3,842,804         | 30.29                                       | 33.23  | -                                  |
| >3.71 to 10.95  | 1,537,675         | 28.47                                       | 44.39  | -                                  |
| >10.95 to 18.79   | 420,209           | 31.89                                       | 66.11  | -                                  |
| >18.79 to <100  | 209,220           | 31.61                                       | 83.24  | -                                  |
| Default or 100  | 131,523           | 63.29                                       | 32.08  | -                                  |
| <b>Total Hire Purchase Exposures</b>                              | <b>6,141,431</b>  |   |  | <b>-</b>                           |
| <b>Other Retail Exposures</b>                                     |                   |   |  |                                    |
| 0 to 3.71   | 1,834,282         | 29.94                                       | 36.54  | 1,398,808                          |
| >3.71 to 8.35   | 3,898,462         | 60.41                                       | 92.58  | 1,845,965                          |
| >8.35 to 24.63  | 3,939,094         | 17.89                                       | 29.24  | 6,363,929                          |
| >24.63 to <100  | 26,992            | 16.02                                       | 41.82  | 5,768                              |
| Default or 100  | 250,464           | 58.34                                       | 42.10  | -                                  |
| <b>Total Other Retail Exposures</b>                               | <b>9,949,294</b>  |   |  | <b>9,614,470</b>                   |
| <b>Total Retail Exposures</b>                                     | <b>35,113,623</b> |   |  | <b>12,619,613</b>                  |
| <b>Total Non-Retail &amp; Retail Exposures under IRB Approach</b> | <b>88,926,421</b> |   |  | <b>30,084,962</b>                  |

**6.0 CREDIT RISK (CONTINUED)****6.3 Internal Credit Rating Models (Continued)****Table 5b: Exposures under the IRB Approach by PD Band, Exposure Weighted-Average LGD and Exposure Weighted-Average Risk Weight at 31 December 2012**

| PD Range (%)  | EAD<br>(RM'000)   | Exposure<br>Weighted-<br>Average LGD<br>(%) | Exposure<br>Weighted-<br>Average Risk<br>Weight<br>(%) | Undrawn<br>Commitments<br>(RM'000) |
|---|-------------------|---|--|------------------------------------|
| <b>Non-Retail Exposures</b>   |                   |   |  |                                    |
| <b>Corporate Exposures (excluding exposures with firm-size adjustments)</b>       |                   |   |  |                                    |
| 0 to 0.22   | 12,728,224        | 43.00                                       | 39.98  | 4,271,246                          |
| >0.22 to 1.65   | 14,806,422        | 41.75                                       | 64.13  | 5,701,415                          |
| >1.65 to 5.57   | 6,228,665         | 40.61                                       | 119.76   | 1,997,015                          |
| >5.57 to 21.68  | 4,901,462         | 15.94                                       | 61.97  | 500,827                            |
| >21.68 to <100  | 285,308           | 42.30                                       | 229.05   | 6,360                              |
| Default or 100  | 1,049,045         | 40.70                                       | 135.34   | -                                  |
| <b>Total Corporate Exposures (excluding exposures with firm-size adjustments)</b> | <b>39,999,126</b> |   |  | <b>12,476,863</b>                  |
| <b>Corporate Exposures (with firm-size adjustments)</b>                           |                   |   |  |                                    |
| 0 to 0.22   | 417,003           | 38.56                                       | 28.47  | 229,812                            |
| >0.22 to 1.65   | 2,945,160         | 38.04                                       | 53.68  | 1,381,009                          |
| >1.65 to 5.57   | 2,946,221         | 33.87                                       | 73.37  | 1,004,126                          |
| >5.57 to 21.68  | 2,230,650         | 37.00                                       | 106.19   | 571,305                            |
| >21.68 to <100  | 123,654           | 37.80                                       | 168.88   | 24,675                             |
| Default or 100  | 483,178           | 39.58                                       | 70.35  | -                                  |
| <b>Total Corporate Exposures (with firm-size adjustments)</b>                     | <b>9,145,866</b>  |   |  | <b>3,210,927</b>                   |
| <b>Total Non-Retail Exposures</b>   | <b>49,144,992</b> |   |  | <b>15,687,790</b>                  |

## 6.0 CREDIT RISK (CONTINUED)

## 6.3 Internal Credit Rating Models (Continued)

Table 5b: Exposures under the IRB Approach by PD Band, Exposure Weighted-Average LGD and Exposure Weighted-Average Risk Weight at 31 December 2012 (Continued)

| PD Range (%)  | EAD<br>(RM'000)   | Exposure<br>Weighted-<br>Average LGD<br>(%) | Exposure<br>Weighted-<br>Average Risk<br>Weight<br>(%) | Undrawn<br>Commitments<br>(RM'000) |
|---|-------------------|---|--|------------------------------------|
| <b>Retail Exposures</b>   |                   |   |  |                                    |
| <b>Residential Mortgages</b>                                      |                   |   |  |                                    |
| 0 to 2.48   | 7,515,895         | 16.35                                       | 25.12  | 69,943                             |
| >2.48 to 8.35   | 4,921,483         | 14.19                                       | 48.05  | 18,857                             |
| >8.35 to 24.63  | 1,903,059         | 15.07                                       | 74.35  | 4,421                              |
| >24.63 to <100  | 564,142           | 15.00                                       | 74.27  | 545                                |
| Default or 100  | 639,003           | 27.04                                       | 29.12  | -                                  |
| <b>Total Residential Mortgages Exposures</b>                      | <b>15,543,582</b> |   |  | <b>93,766</b>                      |
| <b>Qualifying Revolving Retail Exposures</b>                      |                   |   |  |                                    |
| 0 to 0.78   | 706,402           | 60.19                                       | 10.74  | 1,289,552                          |
| >0.78 to 2.48   | 568,976           | 63.61                                       | 32.40  | 666,890                            |
| >2.48 to 4.86   | 853,740           | 62.40                                       | 60.59  | 2,307,581                          |
| >4.86 to <100   | 177,446           | 67.69                                       | 117.18   | 69,277                             |
| Default or 100  | 24,472            | 80.92                                       | 32.59  | -                                  |
| <b>Total Qualifying Revolving Retail Exposures</b>                | <b>2,331,036</b>  |   |  | <b>4,333,300</b>                   |
| <b>Hire Purchase Exposures</b>                                    |                   |   |  |                                    |
| 0 to 3.71   | 3,733,528         | 30.00                                       | 33.86  | -                                  |
| >3.71 to 10.95  | 1,336,971         | 29.70                                       | 46.70  | -                                  |
| >10.95 to 18.79   | 617,202           | 30.61                                       | 63.47  | -                                  |
| >18.79 to <100  | 340,313           | 30.39                                       | 80.04  | -                                  |
| Default or 100  | 142,307           | 62.72                                       | 30.20  | -                                  |
| <b>Total Hire Purchase Exposures</b>                              | <b>6,170,321</b>  |   |  | <b>-</b>                           |
| <b>Other Retail Exposures</b>                                     |                   |   |  |                                    |
| 0 to 3.71   | 1,809,957         | 29.16                                       | 35.58  | 1,341,704                          |
| >3.71 to 8.35   | 3,804,016         | 57.26                                       | 87.65  | 2,120,786                          |
| >8.35 to 24.63  | 1,337,321         | 20.49                                       | 36.09  | 1,433,811                          |
| >24.63 to <100  | 29,647            | 15.98                                       | 42.43  | 3,156                              |
| Default or 100  | 256,111           | 52.93                                       | 40.07  | -                                  |
| <b>Total Other Retail Exposures</b>                               | <b>7,237,052</b>  |   |  | <b>4,899,457</b>                   |
| <b>Total Retail Exposures</b>                                     | <b>31,281,991</b> |   |  | <b>9,326,523</b>                   |
| <b>Total Non-Retail &amp; Retail Exposures under IRB Approach</b> | <b>80,426,983</b> |   |  | <b>25,014,313</b>                  |



## 6.0 CREDIT RISK (CONTINUED)

## 6.3 Internal Credit Rating Models (Continued)

**Table 6a: Exposures under the A-IRB Approach by EL Range and Exposure Weighted-Average Risk Weight as at 31 December 2013**

| <b>EL Range (%)</b>                                | <b>EAD<br/>(RM'000)</b> | <b>Exposure Weighted-<br/>Average Risk Weight<br/>(%)</b> | <b>Undrawn<br/>Commitments<br/>(RM'000)</b> |
|--|-------------------------|---|---|
| <b>Retail Exposures</b>                            |                         |   |   |
| <b>Residential Mortgages</b>                       |                         |   |   |
| 0 to 0.5   | 10,371,661              | 27.86   | 164,180                                     |
| >0.5 to 1.5  | 3,875,883               | 59.72   | 40,474                                      |
| >1.5 to 2.5  | 1,611,866               | 78.06   | 6,777                                       |
| >2.5 to 3.5  | 36,108                  | 74.47   | 78  |
| >3.5 to 30.0                                       | 905,802                 | 54.87   | 1,304                                       |
| >30.0 to <100                                      | 151,180                 | 34.92   | -   |
| 100  | -                       | -   | -   |
| <b>Total Residential Mortgages Exposures</b>       | <b>16,952,500</b>       |   | <b>212,813</b>                              |
| <b>Qualifying Revolving Retail Exposures</b>       |                         |   |   |
| 0 to 0.5   | 707,331                 | 10.88   | 1,266,016                                   |
| >0.5 to 1.5  | 529,081                 | 31.07   | 644,089                                     |
| >1.5 to 2.5  | 549,078                 | 58.23   | 816,672                                     |
| >2.5 to 3.5  | 99,450                  | 75.90   | 19,015                                      |
| >3.5 to 30.0                                       | 161,239                 | 117.15  | 46,538                                      |
| >30.0 to <100                                      | 24,219                  | 32.90   | -   |
| 100  | -                       | -   | -   |
| <b>Total Qualifying Revolving Retail Exposures</b> | <b>2,070,398</b>        |   | <b>2,792,330</b>                            |
| <b>Hire Purchase Exposures</b>                     |                         |   |   |
| 0 to 0.5   | 2,089,453               | 25.82   | -   |
| >0.5 to 1.5  | 2,024,302               | 40.75   | -   |
| >1.5 to 2.5  | 458,823                 | 39.06   | -   |
| >2.5 to 3.5  | 800,992                 | 51.23   | -   |
| >3.5 to 30.0                                       | 636,338                 | 71.90   | -   |
| >30.0 to <100                                      | 130,396                 | 32.28   | -   |
| 100  | 1,127                   | 8.91  | -   |
| <b>Total Hire Purchase Exposures</b>               | <b>6,141,431</b>        |   | <b>-</b>                                    |
| <b>Other Retail Exposures</b>                      |                         |   |   |
| 0 to 0.5   | 1,349,632               | 19.49   | 994,303                                     |
| >0.5 to 1.5  | 4,141,247               | 29.92   | 6,361,594                                   |
| >1.5 to 2.5  | 278,946                 | 68.16   | 234,700                                     |
| >2.5 to 3.5  | 1,305,691               | 67.65   | 135,534                                     |
| >3.5 to 30.0                                       | 2,711,911               | 106.58  | 1,888,339                                   |
| >30.0 to <100                                      | 139,663                 | 55.45   | -   |
| 100  | 22,204                  | 20.07   | -   |
| <b>Total Other Retail Exposures</b>                | <b>9,949,294</b>        |   | <b>9,614,470</b>                            |
| <b>Total Retail Exposures</b>                      | <b>35,113,623</b>       |   | <b>12,619,613</b>                           |

## 6.0 CREDIT RISK (CONTINUED)

## 6.3 Internal Credit Rating Models (Continued)

Table 6b: Exposures under the A-IRB Approach by EL Range and Exposure Weighted-Average Risk Weight as at 31 December 2012

| EL Range (%)                                       | EAD<br>(RM'000)   | Exposure Weighted-<br>Average Risk Weight<br>(%) | Undrawn<br>Commitments<br>(RM'000) |
|--|-------------------|--|------------------------------------|
| <b>Retail Exposures</b>                            |                   |  |                                    |
| <b>Residential Mortgages</b>                       |                   |  |                                    |
| 0 to 0.5   | 9,892,097         | 28.34  | 73,604                             |
| >0.5 to 1.5  | 2,901,488         | 55.93  | 15,476                             |
| >1.5 to 2.5  | 1,641,443         | 77.53  | 3,998                              |
| >2.5 to 3.5  | 40,109            | 73.26  | 162                                |
| >3.5 to 30.0                                       | 848,187           | 55.12  | 526                                |
| >30.0 to <100                                      | 220,258           | 34.79  | -                                  |
| 100  | -                 | -  | -                                  |
| <b>Total Residential Mortgages Exposures</b>       | <b>15,543,582</b> |  | <b>93,766</b>                      |
| <b>Qualifying Revolving Retail Exposures</b>       |                   |  |                                    |
| 0 to 0.5   | 700,131           | 10.64  | 1,288,779                          |
| >0.5 to 1.5  | 534,180           | 30.82  | 657,353                            |
| >1.5 to 2.5  | 797,149           | 58.23  | 2,298,308                          |
| >2.5 to 3.5  | 95,386            | 75.48  | 20,027                             |
| >3.5 to 30.0                                       | 179,718           | 116.90   | 68,833                             |
| >30.0 to <100                                      | 24,472            | 32.59  | -                                  |
| 100  | -                 | -  | -                                  |
| <b>Total Qualifying Revolving Retail Exposures</b> | <b>2,331,036</b>  |  | <b>4,333,300</b>                   |
| <b>Hire Purchase Exposures</b>                     |                   |  |                                    |
| 0 to 0.5   | 1,978,680         | 26.35  | -                                  |
| >0.5 to 1.5  | 1,798,403         | 41.92  | -                                  |
| >1.5 to 2.5  | 418,570           | 38.61  | -                                  |
| >2.5 to 3.5  | 864,732           | 51.31  | -                                  |
| >3.5 to 30.0                                       | 967,629           | 69.45  | -                                  |
| >30.0 to <100                                      | 140,831           | 30.42  | -                                  |
| 100  | 1,476             | 8.91   | -                                  |
| <b>Total Hire Purchase Exposures</b>               | <b>6,170,321</b>  |  | <b>-</b>                           |
| <b>Other Retail Exposures</b>                      |                   |  |                                    |
| 0 to 0.5   | 1,377,602         | 19.76  | 949,561                            |
| >0.5 to 1.5  | 1,582,067         | 34.09  | 1,721,263                          |
| >1.5 to 2.5  | 403,031           | 57.23  | 349,711                            |
| >2.5 to 3.5  | 1,128,167         | 67.62  | 79,172                             |
| >3.5 to 30.0                                       | 2,594,026         | 104.02   | 1,799,750                          |
| >30.0 to <100                                      | 133,799           | 51.66  | -                                  |
| 100  | 18,360            | 19.53  | -                                  |
| <b>Total Other Retail Exposures</b>                | <b>7,237,052</b>  |  | <b>4,899,457</b>                   |
| <b>Total Retail Exposures</b>                      | <b>31,281,991</b> |  | <b>9,326,523</b>                   |

**6.0 CREDIT RISK (CONTINUED)****6.3 Internal Credit Rating Models (Continued)****Table 7: Exposures under IRB Approach by Actual Losses Versus Expected Losses (“EL”)**

| <b>Exposure Class</b>  | <b>Actual Losses as at 31 December 2013 (RM'000)</b> | <b>EL as at 31 December 2012 (RM'000)</b> | <b>Actual Losses as at 31 December 2012 (RM'000)</b> | <b>EL as at 31 December 2011 (RM'000)</b> | <b>Actual Losses as at 31 December 2011 (RM'000)</b> | <b>EL as at 31 December 2010 (RM'000)</b> |
|--|--|---|--|---|--|---|
| <b>Corporates</b> , of which   |  |   |  |   |  |   |
| Corporate Exposures (excluding exposures with firm-size adjustments) | 634,155  | 861,081                                   | 562,086  | 682,587                                   | 534,926  | 689,417                                   |
| Corporate Exposures (with firm-size adjustments)                     | 309,777  | 382,281                                   | 305,125  | 343,080                                   | 296,243  | 298,728                                   |
| <b>Retail</b> , of which   |  |   |  |   |  |   |
| Residential Mortgages  | 114,951  | 274,130                                   | 134,141  | 406,293                                   | 211,002  | 366,551                                   |
| Qualifying Revolving Retail Exposures                                | 13,452   | 56,229                                    | 14,594   | 63,242                                    | 17,733   | 63,736                                    |
| Hire Purchase Exposures  | 40,550   | 215,792                                   | 44,728   | 270,910                                   | 52,052   | 241,873                                   |
| Other Retail Exposures   | 208,494  | 321,595                                   | 187,427  | 192,861                                   | 43,413   | 174,824                                   |
| <b>Total</b>   | <b>1,321,379</b>                                     | <b>2,111,108</b>                          | <b>1,248,101</b>                                     | <b>1,958,973</b>                          | <b>1,155,369</b>                                     | <b>1,835,129</b>                          |

Actual losses refer to impairment allowances and partial write-offs during the year, while expected losses (“EL”) measures the loss expected from the Bank’s credit exposures as at 31 December of the preceding year.

A comparison of actual losses and EL provides some insight of the predictive power of the IRB approach models used by the Bank; however the two metrics are not directly comparable due to the differences in methodology. In particular, the EL used in this comparison is the forecast credit loss from the counterparty defaults of the Bank’s exposures over a one-year period and is computed as the product of probability of default (“PD”), loss given default (“LGD”) and exposure at default (“EAD”) for the Bank’s exposures as at 31 December of the preceding year. The actual loss is recorded for a fluctuating credit portfolio over the course of the financial year, including losses in relation to new loans/financing entered into during the year.

For the three years 2011, 2012 and 2013, the expected losses are showing higher values as compared to the actual losses.

## 6.0 CREDIT RISK (CONTINUED)

### 6.4 Off-Balance Sheet Exposures and Counterparty Credit Risk (“CCR”)

The management of the following off-balance sheet exposures of the Bank is in accordance to the credit risk management approach as set out under Section 6.2 of this report.

- Financial guarantees and standby letters of credit, which represent undertakings that the Bank, will make payments in the event that its customer cannot meet its obligations to third-parties. These exposures carry the same credit risk as loans/financing even though they are contingent in nature.
- Documentary and commercial letters of credit, which are undertakings by the Bank on behalf of its customers. These exposures are usually collateralised by the underlying shipment of goods to which they relate.
- Commitments to extend financing, which includes the unutilised or undrawn portions of financing facilities,
- Unutilised credit card lines, and
- Principal or notional amount of derivative financial instruments.

Counterparty Credit Risk (“CCR”) on derivative financial instruments is the risk that the Bank’s counterparty in a foreign exchange, interest/profit rate, commodity, equity, options or credit derivative contract defaults prior to the maturity date of the contract and that the Bank at the relevant time has a claim on the counterparty. Derivative financial instruments are primarily entered into for hedging purposes. The Bank may also take trading derivative positions, within pre-set limits, with the expectation to make arbitrage gains from favourable movements in prices or rates.

Any financial loss is calculated based on the cost to replace the defaulted derivative financial instruments with another similar contract in the market. The cost of replacement is equivalent to the difference between the original value of the derivatives at the time of contract with the defaulted counterparty and the current fair value of a similar substitute at current market prices. An economic loss would occur if the transactions or portfolio of transactions with the counterparty has a positive economic value at the time of default.

All outstanding financial derivative positions are marked-to-market on a daily basis. The Bank’s Treasury Operations Department monitors counterparties’ positions and promptly escalates any shortfall in the threshold levels to the relevant parties.

**6.0 CREDIT RISK (CONTINUED)****6.5 Credit Exposures and Risk-Weighted Assets (“RWA”) by Portfolio and Approaches**

The following tables show the Bank’s credit exposures (“EAD”) as at 31 December 2013 compared with 31 December 2012, segregated by:

- the various types of asset classes, showing details of the exposures by type of approaches, before and after credit risk mitigation (“CRM”), the corresponding RWA and capital requirement;
- disclosure on off -balance sheet and counterparty credit risk;
- geographical distribution;
- industry sector; and
- residual maturity; breakdown into exposures with maturity of one year or less, one to five years, and over five years.

**Table 8a: Summary of Credit Exposures with CRM by Asset Class and Capital Requirement (On- & Off-Balance Sheet Exposures) as at 31 December 2013**

| <b>Exposure Class</b>   | <b>Gross Exposures / EAD before CRM (RM'000)</b> | <b>Net Exposures / EAD after CRM (RM'000)</b> | <b>Risk-Weighted Assets (RM'000)</b> | <b>Minimum Capital Requirement at 8% (RM'000)</b> |
|---|--|---|--------------------------------------|---|
| <b>Credit Risk</b>  |  |   |                                      |   |
| <b>Exposures under the Standardised Approach (SA)</b>                               |  |   |                                      |   |
| <u>On-Balance Sheet Exposures</u>   |  |   |                                      |   |
| <b>Sovereigns/Central Banks</b>   | 28,986,395                                       | 28,986,395                                    | 253,915                              | 20,313  |
| <b>Public Sector Entities</b>   | 1,098,379  | 1,098,379                                     | 219,676                              | 17,574  |
| <b>Banks, Development Financial Institutions &amp; MDBs</b>                         | 13,394,882                                       | 13,393,202                                    | 4,141,380                            | 331,310   |
| <b>Insurance Cos, Securities Firms &amp; Fund Managers</b>                          | 182,506  | 182,506                                       | 182,506                              | 14,601  |
| <b>Corporates</b>   | 25,184,551                                       | 24,517,923                                    | 13,358,403                           | 1,068,673   |
| <b>Regulatory Retail</b>  | 28,777,414                                       | 21,746,770                                    | 16,462,562                           | 1,317,004   |
| <b>Residential Mortgages</b>  | 1,895,014  | 1,888,703                                     | 1,416,467                            | 113,317   |
| <b>Higher Risk Assets</b>   | 200,619  | 200,619                                       | 300,929                              | 24,074  |
| <b>Other Assets</b>   | 2,397,268  | 2,397,268                                     | 1,181,559                            | 94,525  |
| <b>Equity Exposures</b>   | 425,091  | 425,091                                       | 425,095                              | 34,008  |
| <b>Defaulted Exposures</b>  | 673,062  | 631,682                                       | 754,358                              | 60,348  |
| <b>Total On-Balance Sheet Exposures</b>   | <b>103,215,181</b>                               | <b>95,468,538</b>                             | <b>38,696,850</b>                    | <b>3,095,747</b>                                  |
| <u>Off-Balance Sheet Exposures</u>  |  |   |                                      |   |
| <b>OTC Derivatives</b>  | 2,138,830  | 2,138,830                                     | 946,774                              | 75,742  |
| <b>Off-balance sheet exposures other than OTC derivatives or credit derivatives</b> | 7,210,156  | 6,719,031                                     | 4,807,758                            | 384,621   |
| <b>Defaulted Exposures</b>  | 31   | 31  | 47                                   | 4   |
| <b>Total Off-Balance Sheet Exposures</b>  | <b>9,349,017</b>                                 | <b>8,857,892</b>                              | <b>5,754,579</b>                     | <b>460,367</b>                                    |
| <b>Total On- and Off-Balance Sheet Exposures under SA</b>                           | <b>112,564,198</b>                               | <b>104,326,430</b>                            | <b>44,451,429</b>                    | <b>3,556,114</b>                                  |

## 6.0 CREDIT RISK (CONTINUED)

## 6.5 Credit Exposures and Risk-Weighted Assets (“RWA”) by Portfolio and Approaches (Continued)

**Table 8a: Summary of Credit Exposures with CRM by Asset Class and Capital Requirement (On- & Off-Balance Sheet Exposures) as at 31 December 2013 (Continued)**

| Exposure Class   | Gross Exposures/<br>EAD before<br>CRM<br>(RM'000) | Net Exposures<br>/ EAD after<br>CRM<br>(RM'000) | Risk-Weighted<br>Assets<br>(RM'000) | Minimum<br>Capital<br>Requirement<br>at 8%<br>(RM'000) |
|--|---|---|-------------------------------------|--|
| <b>Exposures under F-IRB Approach</b>  |   |   |                                     |  |
| <u>On-Balance Sheet Exposures</u>  |   |   |                                     |  |
| <b>Corporates</b> , of which   | <b>35,256,782</b>                                 | <b>35,256,782</b>                               | <b>25,765,740</b>                   | <b>2,061,259</b>                                       |
| Corporate Exposures (excluding exposures with firm-size adjustments)                               | 28,294,200  | 28,294,200                                      | 20,158,871                          | 1,612,710  |
| Corporate Exposures (with firm-size adjustments)   | 6,962,582   | 6,962,582                                       | 5,606,869                           | 448,549  |
| <b>Defaulted Exposures</b>   | 1,798,756   | 1,798,756                                       | -                                   | -  |
| <b>Total On-Balance Sheet Exposures</b>  | <b>37,055,538</b>                                 | <b>37,055,538</b>                               | <b>25,765,740</b>                   | <b>2,061,259</b>                                       |
| <u>Off-Balance Sheet Exposures</u>   |   |   |                                     |  |
| <b>Off-balance sheet exposures other than OTC derivatives or credit derivatives</b>                | 16,632,672  | 16,632,672                                      | 12,790,500                          | 1,023,240  |
| <b>Defaulted Exposures</b>   | 124,588   | 124,588   | -                                   | -  |
| <b>Total Off-Balance Sheet Exposures</b>   | <b>16,757,260</b>                                 | <b>16,757,260</b>                               | <b>12,790,500</b>                   | <b>1,023,240</b>                                       |
| <b>Exposures under the A-IRB Approach</b>  |   |   |                                     |  |
| <u>On-Balance Sheet Exposures</u>  |   |   |                                     |  |
| <b>Retail</b> , of which   | <b>30,617,196</b>                                 | <b>30,617,196</b>                               | <b>14,312,492</b>                   | <b>1,145,000</b>                                       |
| Residential Mortgages  | 16,329,547  | 16,329,547                                      | 6,862,437                           | 548,995  |
| Qualifying Revolving Retail Exposures  | 1,525,196   | 1,525,196                                       | 665,475                             | 53,238   |
| Hire Purchase Exposures  | 6,009,908   | 6,009,908                                       | 2,411,410                           | 192,913  |
| Other Retail Exposures   | 6,752,545   | 6,752,545                                       | 4,373,170                           | 349,854  |
| <b>Defaulted Exposures</b>   | 1,002,927   | 1,002,927                                       | 321,727                             | 25,738   |
| <b>Total On-Balance Sheet Exposures</b>  | <b>31,620,123</b>                                 | <b>31,620,123</b>                               | <b>14,634,219</b>                   | <b>1,170,738</b>                                       |
| <u>Off-Balance Sheet Exposures</u>   |   |   |                                     |  |
| <b>Off balance sheet exposures other than OTC derivatives or credit derivatives</b>                | 3,493,500   | 3,493,500                                       | 1,240,119                           | 99,209   |
| <b>Defaulted Exposures</b>   | -   | -   | -                                   | -  |
| <b>Total Off-Balance Sheet Exposures</b>   | <b>3,493,500</b>                                  | <b>3,493,500</b>                                | <b>1,240,119</b>                    | <b>99,209</b>  |
| <b>Total On- and Off-Balance Sheet Exposures before scaling factor under the IRB Approach</b>      | <b>88,926,421</b>                                 | <b>88,926,421</b>                               | <b>54,430,578</b>                   | <b>4,354,446</b>                                       |
| <b>Total On- and Off-Balance Sheet Exposures after scaling factor, 1.06 under the IRB Approach</b> |   |   | <b>57,696,413</b>                   | <b>4,615,713</b>                                       |
| <b>Total Exposures under both SA and IRB Approaches</b>  | <b>201,490,619</b>                                | <b>193,252,851</b>                              | <b>102,147,842</b>                  | <b>8,171,827</b>                                       |

Note: The Bank did not have any credit risk-weighted assets absorbed by Profit Sharing Investment Accounts (“PSIA”), and exposures under securitisation. All performing corporate exposures are classified under the broad asset class category of Corporates instead of the five sub-classes of Specialised Lending.

**6.0 CREDIT RISK (CONTINUED)****6.5 Credit Exposures and Risk-Weighted Assets (“RWA”) by Portfolio and Approaches (Continued)****Table 8b: Summary of Credit Exposures with CRM by Asset Class and Capital Requirement (On & Off-Balance Sheet Exposures) as at 31 December 2012**

| <b>Exposure Class</b>   | <b>Gross Exposures / EAD before CRM (RM'000)</b> | <b>Net Exposures / EAD after CRM (RM'000)</b> | <b>Risk-Weighted Assets (RM'000)</b> | <b>Minimum Capital Requirement at 8% (RM'000)</b> |
|---|--|---|--------------------------------------|---|
| <b>Credit Risk</b>  |  |   |                                      |   |
| <b>Exposures under the Standardised Approach (SA)</b>                               |  |   |                                      |   |
| <u>On-Balance Sheet Exposures</u>   |  |   |                                      |   |
| <b>Sovereigns/Central Banks</b>   | 42,841,400                                       | 42,841,400                                    | 125,324                              | 10,026  |
| <b>Public Sector Entities</b>   | 348,638  | 348,638                                       | 69,727                               | 5,578   |
| <b>Banks, Development Financial Institutions &amp; MDBs</b>                         | 14,476,122                                       | 14,476,122                                    | 3,965,909                            | 317,273   |
| <b>Insurance Cos, Securities Firms &amp; Fund Managers</b>                          | 170,227  | 170,227                                       | 170,227                              | 13,618  |
| <b>Corporates</b>   | 19,038,679                                       | 18,537,087                                    | 10,879,700                           | 870,376   |
| <b>Regulatory Retail</b>  | 23,068,785                                       | 17,256,772                                    | 13,167,570                           | 1,053,406   |
| <b>Residential Mortgages</b>  | 1,623,200  | 1,615,590                                     | 1,211,660                            | 96,933  |
| <b>Higher Risk Assets</b>   | -  | -   | -                                    | -   |
| <b>Other Assets</b>   | 2,334,265  | 2,334,265                                     | 1,374,011                            | 109,921   |
| <b>Equity Exposures</b>   | 309,926  | 309,926                                       | 309,940                              | 24,795  |
| <b>Defaulted Exposures</b>  | 680,519  | 651,725                                       | 752,653                              | 60,212  |
| <b>Total On-Balance Sheet Exposures</b>   | <b>104,891,761</b>                               | <b>98,541,752</b>                             | <b>32,026,721</b>                    | <b>2,562,138</b>                                  |
| <u>Off-Balance Sheet Exposures</u>  |  |   |                                      |   |
| <b>OTC Derivatives</b>  | 1,598,873  | 1,598,873                                     | 678,649                              | 54,292  |
| <b>Off-balance sheet exposures other than OTC derivatives or credit derivatives</b> | 4,820,909  | 4,424,434                                     | 3,324,204                            | 265,936   |
| <b>Defaulted Exposures</b>  | 205  | 205   | 307                                  | 24  |
| <b>Total Off-Balance Sheet Exposures</b>  | <b>6,419,987</b>                                 | <b>6,023,512</b>                              | <b>4,003,160</b>                     | <b>320,252</b>                                    |
| <b>Total On- and Off-Balance Sheet Exposures under SA</b>                           | <b>111,311,748</b>                               | <b>104,565,264</b>                            | <b>36,029,881</b>                    | <b>2,882,390</b>                                  |
| <b>Exposures under F-IRB Approach</b>   |  |   |                                      |   |
| <u>On-Balance Sheet Exposures</u>   |  |   |                                      |   |
| <b>Corporates, of which</b>   | 32,755,384                                       | 32,755,384                                    | 21,949,622                           | 1,755,969   |
| Corporate Exposures (excluding exposures with firm-size adjustments)                | 27,000,993                                       | 27,000,993                                    | 17,491,830                           | 1,399,346   |
| Corporate Exposures (with firm-size adjustments)                                    | 5,754,391  | 5,754,391                                     | 4,457,792                            | 356,623   |
| <b>Defaulted Exposures</b>  | 1,498,237  | 1,498,237                                     | 1,792,754                            | 143,420   |
| <b>Total On-Balance Sheet Exposures</b>   | <b>34,253,621</b>                                | <b>34,253,621</b>                             | <b>23,742,376</b>                    | <b>1,899,389</b>                                  |

## 6.0 CREDIT RISK (CONTINUED)

## 6.5 Credit Exposures and Risk-Weighted Assets (“RWA”) by Portfolio and Approaches (Continued)

Table 8b: Summary of Credit Exposures with CRM by Asset Class and Capital Requirement (On &amp; Off-Balance Sheet Exposures) as at 31 December 2012 (Continued)

| Exposure Class   | Gross Exposures / EAD before CRM (RM'000) | Net Exposures / EAD after CRM (RM'000) | Risk-Weighted Assets (RM'000) | Minimum Capital Requirement at 8% (RM'000) |
|--|---|--|-------------------------------|--|
| <u>Off-Balance Sheet Exposures</u>   |   |  |                               |  |
| <b>Off- balance sheet exposures other than OTC derivatives or credit derivatives</b>               | 14,857,385                                | 14,857,385                             | 10,224,164                    | 817,933                                    |
| <b>Defaulted Exposures</b>   | 33,986                                    | 33,986                                 | 129,494                       | 10,360                                     |
| <b>Total Off-Balance Sheet Exposures</b>   | <b>14,891,371</b>                         | <b>14,891,371</b>                      | <b>10,353,658</b>             | <b>828,293</b>                             |
| <u>Exposures under the A-IRB Approach</u>  |   |  |                               |  |
| <u>On-Balance Sheet Exposures</u>  |   |  |                               |  |
| <b>Retail</b> , of which   | 28,035,822                                | 28,035,822                             | 13,157,499                    | 1,052,600                                  |
| Residential Mortgages  | 14,893,170                                | 14,893,170                             | 6,082,091                     | 486,567                                    |
| Qualifying Revolving Retail Exposures  | 1,550,711                                 | 1,550,711                              | 684,206                       | 54,737                                     |
| Hire Purchase Exposures  | 6,028,014                                 | 6,028,014                              | 2,552,497                     | 204,200                                    |
| Other Retail Exposures   | 5,563,927                                 | 5,563,927                              | 3,838,705                     | 307,096                                    |
| <b>Defaulted Exposures</b>   | 1,061,853                                 | 1,061,853                              | 339,659                       | 27,173                                     |
| <b>Total On-Balance Sheet Exposures</b>  | <b>29,097,675</b>                         | <b>29,097,675</b>                      | <b>13,497,158</b>             | <b>1,079,773</b>                           |
| <u>Off-Balance Sheet Exposures</u>   |   |  |                               |  |
| <b>Off-balance sheet exposures other than OTC derivatives or credit derivatives</b>                | 2,184,276                                 | 2,184,276                              | 940,596                       | 75,248                                     |
| <b>Defaulted Exposures</b>   | 40  | 40                                     | 4                             | -  |
| <b>Total Off-Balance Sheet Exposures</b>   | <b>2,184,316</b>                          | <b>2,184,316</b>                       | <b>940,600</b>                | <b>75,248</b>                              |
| <b>Total On- and Off-Balance Sheet Exposures before scaling factor under the IRB Approach</b>      | <b>80,426,983</b>                         | <b>80,426,983</b>                      | <b>48,533,792</b>             | <b>3,882,703</b>                           |
| <b>Total On- and Off-Balance Sheet Exposures after scaling factor, 1.06 under the IRB Approach</b> |   |  | <b>51,445,820</b>             | <b>4,115,666</b>                           |
| <b>Total Exposures under both SA and IRB Approaches</b>  | <b>191,738,731</b>                        | <b>184,992,247</b>                     | <b>87,475,701</b>             | <b>6,998,056</b>                           |

Note: All performing corporate exposures are classified under the broad asset class category of Corporates instead of the five sub-classes of Specialised Lending.



**6.0 CREDIT RISK (CONTINUED)****6.5 Credit Exposures and Risk-Weighted Assets (“RWA”) by Portfolio and Approaches (Continued)****Table 9a: Exposures for Off-Balance Sheet and Counterparty Credit Risk  
(Before Credit Risk Mitigation) as at 31 December 2013**

| <b>Nature of Item</b>  | <b>Principal / Notional Amount (RM'000)</b> | <b>Positive Fair Value of Derivative Contracts (RM'000)</b> | <b>Credit Equivalent Amount (RM'000)</b> | <b>RWA (RM'000)</b> |
|--|---|---|--|---------------------|
| Direct credit substitutes  | 3,843,994                                   |   | 3,810,979                                | 2,144,445           |
| Transaction-related contingent items   | 3,035,866                                   |   | 1,524,593                                | 995,458             |
| Short term self-liquidating trade-related contingencies  | 1,567,318                                   |   | 311,555                                  | 175,489             |
| Assets sold with recourse  | 758,566                                     |   | 758,566                                  | 574,137             |
| NIFs & obligations under underwriting agreement  | 76,000                                      |   | 38,000                                   | 38,000              |
| <b>Foreign exchange related contracts</b>  | <b>18,088,944</b>                           | <b>515,074</b>  | <b>1,364,035</b>                         | <b>633,892</b>      |
| 1 year or less   | 10,821,151                                  | 118,701   | 249,039                                  | 196,894             |
| Over 1 year to 5 years   | 7,267,793                                   | 396,373   | 1,114,996                                | 436,998             |
| Over 5 years   | -   | -   | -  | -                   |
| <b>Interest/profit rate related contracts</b>  | <b>27,310,542</b>                           | <b>103,122</b>  | <b>776,575</b>                           | <b>314,263</b>      |
| 1 year or less   | 3,905,460                                   | 930   | 8,941                                    | 4,095               |
| Over 1 year to 5 years   | 21,929,189                                  | 77,066  | 664,292                                  | 271,961             |
| Over 5 years   | 1,475,893                                   | 25,126  | 103,342                                  | 38,207              |
| Other commitments, such as formal standby facilities & financing lines, with original maturity of over 1 year  | 27,168,189                                  |   | 14,219,840                               | 10,075,164          |
| Other commitments, such as formal standby facilities & financing lines, with original maturity of up to 1 year   | 10,549,976                                  |   | 6,154,978                                | 4,584,560           |
| Any commitments that are unconditionally cancellable at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness | 3,854,405                                   |   | 640,656                                  | 249,790             |
| <b>Total</b>   | <b>96,253,800</b>                           | <b>618,196</b>  | <b>29,599,777</b>                        | <b>19,785,198</b>   |

**6.0 CREDIT RISK (CONTINUED)**

**6.5 Credit Exposures and Risk-Weighted Assets (“RWA”) by Portfolio and Approaches (Continued)**

**Table 9b: Exposures for Off-Balance Sheet and Counterparty Credit Risk (Before Credit Risk Mitigation) as at 31 December 2012**

| <b>Nature of Item</b>  | <b>Principal / Notional Amount (RM'000)</b> | <b>Positive Fair Value of Derivative Contracts (RM'000)</b> | <b>Credit Equivalent Amount (RM'000)</b> | <b>RWA (RM'000)</b> |
|--|---|---|--|---------------------|
| Direct credit substitutes  | 2,180,636                                   |   | 2,143,725                                | 1,425,061           |
| Transaction-related contingent items   | 2,495,813                                   |   | 1,224,748                                | 881,556             |
| Short term self-liquidating trade-related contingencies  | 1,009,851                                   |   | 199,301                                  | 128,967             |
| Assets sold with recourse  | 932,585                                     |   | 932,585                                  | 705,629             |
| NIFs & obligations under underwriting agreement  | 90,000                                      |   | 45,000                                   | 45,000              |
| <b>Foreign exchange related contracts</b>  | <b>14,789,139</b>                           | <b>344,456</b>  | <b>1,085,157</b>                         | <b>383,921</b>      |
| 1 year or less   | 9,575,927                                   | 43,605  | 162,659                                  | 108,731             |
| Over 1 year to 5 years   | 5,213,212                                   | 300,851   | 922,498                                  | 275,190             |
| Over 5 years   | -   | -   | -  | -                   |
| <b>Interest/profit rate related contracts</b>  | <b>22,476,847</b>                           | <b>65,965</b>   | <b>516,437</b>                           | <b>297,428</b>      |
| 1 year or less   | 7,823,637                                   | 10,070  | 22,654                                   | 8,926               |
| Over 1 year to 5 years   | 14,053,210                                  | 36,869  | 440,757                                  | 235,476             |
| Over 5 years   | 600,000                                     | 19,026  | 53,026                                   | 53,026              |
| Other commitments, such as formal standby facilities & financing lines, with original maturity of over 1 year  | 18,964,796                                  |   | 10,735,051                               | 7,424,972           |
| Other commitments, such as formal standby facilities & financing lines, with original maturity of up to 1 year   | 9,970,094                                   |   | 5,733,709                                | 3,610,770           |
| Any commitments that are unconditionally cancellable at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness | 5,928,118                                   |   | 879,961                                  | 394,114             |
| <b>Total</b>   | <b>78,837,879</b>                           | <b>410,421</b>  | <b>23,495,674</b>                        | <b>15,297,418</b>   |

**6.0 CREDIT RISK (CONTINUED)****6.5 Credit Exposures and Risk-Weighted Assets (“RWA”) by Portfolio and Approaches (Continued)****Table 10a: Credit Risk Exposures (Before Credit Risk Mitigation) by Geographical Distribution as at 31 December 2013**

| <b>Exposure Class</b>  | <b>Malaysia<br/>(RM'000)</b> | <b>Singapore<br/>(RM'000)</b> | <b>Thailand<br/>(RM'000)</b> | <b>Brunei<br/>(RM'000)</b> | <b>Cambodia<br/>(RM'000)</b> | <b>Total<br/>(RM'000)</b> |
|--|------------------------------|-------------------------------|------------------------------|----------------------------|------------------------------|---------------------------|
| <b>Exposures under Standardised Approach</b>                         |                              |                               |                              |                            |                              |                           |
| <b>Sovereigns &amp; Central Banks</b>                                | 27,115,396                   | 1,466,836                     | 286,036                      | 52,616                     | 68,515                       | 28,989,399                |
| <b>Public Sector Entities</b>  | 783,713                      | 292,289                       | 111,244                      | -                          | -                            | 1,187,246                 |
| <b>Banks, Development Financial Institutions &amp; MDBs</b>          | 12,134,930                   | 3,792,310                     | 14,174                       | 153,226                    | 206,400                      | 16,301,040                |
| <b>Insurance Cos, Securities Firms &amp; Fund Managers</b>           | 182,506                      | 20,944                        | -                            | -                          | -                            | 203,450                   |
| <b>Corporates</b>  | 21,317,956                   | 5,845,859                     | 776,073                      | 65,116                     | 153,118                      | 28,158,122                |
| <b>Regulatory Retail</b>   | 30,768,038                   | 1,336,614                     | 4,823                        | 80,834                     | 318,027                      | 32,508,336                |
| <b>Residential Mortgages</b>   | 705,829                      | 1,465,479                     | -                            | 1,029                      | -                            | 2,172,337                 |
| <b>Higher Risk Assets</b>  | 214,422                      | -                             | -                            | -                          | -                            | 214,422                   |
| <b>Other Assets</b>  | 2,184,007                    | 173,483                       | 12,593                       | 3,514                      | 31,158                       | 2,404,755                 |
| <b>Total Exposures under Standardised Approach</b>                   | <b>95,406,797</b>            | <b>14,393,814</b>             | <b>1,204,943</b>             | <b>356,335</b>             | <b>777,218</b>               | <b>112,139,107</b>        |
| <b>Exposures under IRB Approach</b>                                  |                              |                               |                              |                            |                              |                           |
| <b>Insurance Cos, Securities Firms &amp; Fund Managers</b>           | 70,747                       | -                             | -                            | -                          | -                            | 70,747                    |
| <b>Corporates</b> , of which   | <b>53,742,051</b>            | -                             | -                            | -                          | -                            | <b>53,742,051</b>         |
| Corporate Exposures (excluding exposures with firm-size adjustments) | 42,608,598                   | -                             | -                            | -                          | -                            | 42,608,598                |
| Corporate Exposures (with firm-size adjustments)                     | 11,133,453                   | -                             | -                            | -                          | -                            | 11,133,453                |
| <b>Retail</b> , of which   | <b>35,113,623</b>            | -                             | -                            | -                          | -                            | <b>35,113,623</b>         |
| Residential Mortgages  | 16,952,500                   | -                             | -                            | -                          | -                            | 16,952,500                |
| Qualifying Revolving Retail Exposures                                | 2,070,398                    | -                             | -                            | -                          | -                            | 2,070,398                 |
| Hire Purchase Exposures  | 6,141,431                    | -                             | -                            | -                          | -                            | 6,141,431                 |
| Other Retail Exposures   | 9,949,294                    | -                             | -                            | -                          | -                            | 9,949,294                 |
| <b>Total Exposures under IRB Approach</b>                            | <b>88,926,421</b>            | -                             | -                            | -                          | -                            | <b>88,926,421</b>         |
| <b>Total Exposures under Standardised and IRB Approaches</b>         | <b>184,333,218</b>           | <b>14,393,814</b>             | <b>1,204,943</b>             | <b>356,335</b>             | <b>777,218</b>               | <b>201,065,528</b>        |

Note: This table does not include equity exposures.

6.0 CREDIT RISK (CONTINUED)

6.5 Credit Exposures and Risk-Weighted Assets (“RWA”) by Portfolio and Approaches (Continued)

**Table 10b: Credit Risk Exposures (Before Credit Risk Mitigation) by Geographical Distribution as at 31 December 2012**

| Exposure Class   | Malaysia (RM'000)  | Singapore (RM'000) | Thailand (RM'000) | Brunei (RM'000) | Total (RM'000)     |
|--|--------------------|--------------------|-------------------|-----------------|--------------------|
| <b>Exposures under Standardised Approach</b>                         |                    |                    |                   |                 |                    |
| <b>Sovereigns &amp; Central Banks</b>                                | 41,970,847         | 858,855            | 327,617           | 70,035          | 43,227,354         |
| <b>Public Sector Entities</b>  | 320,224            | -                  | 45,514            | -               | 365,738            |
| <b>Banks, Development Financial Institutions &amp; MDBs</b>          | 11,834,393         | 3,571,388          | 23,159            | 142,314         | 15,571,254         |
| <b>Insurance Cos, Securities Firms &amp; Fund Managers</b>           | 170,227            | 19,484             | -                 | -               | 189,711            |
| <b>Corporates</b>  | 16,523,699         | 4,416,573          | 473,364           | 21,352          | 21,434,988         |
| <b>Regulatory Retail</b>   | 24,522,909         | 1,357,710          | 5,482             | 75,692          | 25,961,793         |
| <b>Residential Mortgages</b>   | 755,618            | 1,138,482          | -                 | 1,198           | 1,895,298          |
| <b>Higher Risk Assets</b>  | 9,407              | -                  | -                 | -               | 9,407              |
| <b>Other Assets</b>  | 2,139,266          | 188,780            | 11,620            | 3,991           | 2,343,657          |
| <b>Total Exposures under Standardised Approach</b>                   | <b>98,246,590</b>  | <b>11,551,272</b>  | <b>886,756</b>    | <b>314,582</b>  | <b>110,999,200</b> |
| <b>Exposures under IRB Approach</b>                                  |                    |                    |                   |                 |                    |
| <b>Corporates</b> , of which   | <b>49,144,992</b>  | -                  | -                 | -               | <b>49,144,992</b>  |
| Corporate Exposures (excluding exposures with firm-size adjustments) | 39,999,126         | -                  | -                 | -               | 39,999,126         |
| Corporate Exposures (with firm-size adjustments)                     | 9,145,866          | -                  | -                 | -               | 9,145,866          |
| <b>Retail</b> , of which   | <b>31,281,991</b>  | -                  | -                 | -               | <b>31,281,991</b>  |
| Residential Mortgages  | 15,543,582         | -                  | -                 | -               | 15,543,582         |
| Qualifying Revolving Retail Exposures                                | 2,331,036          | -                  | -                 | -               | 2,331,036          |
| Hire Purchase Exposures  | 6,170,321          | -                  | -                 | -               | 6,170,321          |
| Other Retail Exposures   | 7,237,052          | -                  | -                 | -               | 7,237,052          |
| <b>Total Exposures under IRB Approach</b>                            | <b>80,426,983</b>  | -                  | -                 | -               | <b>80,426,983</b>  |
| <b>Total Exposures under Standardised and IRB Approaches</b>         | <b>178,673,573</b> | <b>11,551,272</b>  | <b>886,756</b>    | <b>314,582</b>  | <b>191,426,183</b> |

Note: This table does not include equity exposures.

## 6.0 CREDIT RISK (CONTINUED)

## 6.5 Credit Exposures and Risk-Weighted Assets ("RWA") by Portfolio and Approaches (Continued)

Table 11a: Credit Risk Exposures (Before Credit Risk Mitigation) by Industry Sector as at 31 December 2013

| Exposure Class  | Agriculture      | Mining & Quarrying | Manufacturing     | Electricity, Gas & Water Supply | Construction     | Wholesale, Retail Trade, Restaurants & Hotels | Transport, Storage & Communication | Finance, Insurance, Real Estate & Business | Education, Health & Others | Household         | Others           | Total              |
|---|------------------|--------------------|-------------------|---------------------------------|------------------|---|------------------------------------|--|----------------------------|-------------------|------------------|--------------------|
|   |                  |                    |                   |                                 |                  |   |                                    |  |                            |                   |                  |                    |
| <b>Exposures under Standardised Approach (SA)</b>                                       |                  |                    |                   |                                 |                  |   |                                    |  |                            |                   |                  |                    |
| <b>Sovereigns &amp; Central Banks</b>   | -                | -                  | -                 | -                               | -                | -   | -                                  | 6,766,934                                  | 22,222,465                 | -                 | -                | 28,989,399         |
| <b>Public Sector Entities</b>   | -                | -                  | -                 | 10,163                          | -                | -   | 20,204                             | 118,902                                    | 1,037,977                  | -                 | -                | 1,187,246          |
| <b>Banks, Development Financial Institutions &amp; MDBs</b>                             | -                | -                  | -                 | -                               | -                | -   | -                                  | 16,301,040                                 | -                          | -                 | -                | 16,301,040         |
| <b>Insurance Cos, Securities Firms &amp; Fund Managers</b>                              | -                | -                  | -                 | -                               | -                | -   | -                                  | 203,450                                    | -                          | -                 | -                | 203,450            |
| <b>Corporates</b>   | 231,215          | 37,826             | 2,330,887         | 2,403,007                       | 1,258,317        | 1,544,751                                     | 1,998,328                          | 15,572,270                                 | 636,821                    | 1,966,811         | 177,889          | 28,158,122         |
| <b>Regulatory Retail</b>  | 37,628           | 5,070              | 144,259           | 4,748                           | 116,664          | 191,086                                       | 65,718                             | 187,095                                    | 40,081                     | 31,431,646        | 284,341          | 32,508,336         |
| <b>Residential Mortgages</b>  | -                | -                  | -                 | -                               | -                | -   | -                                  | -  | -                          | 2,172,337         | -                | 2,172,337          |
| <b>Higher Risk Assets</b>   | -                | -                  | -                 | -                               | 200,619          | -   | -                                  | 13,803                                     | -                          | -                 | -                | 214,422            |
| <b>Other Assets</b>   | -                | -                  | -                 | -                               | -                | -   | -                                  | 65,947                                     | -                          | -                 | 2,338,808        | 2,404,755          |
| <b>Total Exposures under SA</b>   | <b>268,843</b>   | <b>42,896</b>      | <b>2,475,146</b>  | <b>2,417,918</b>                | <b>1,575,600</b> | <b>1,735,837</b>                              | <b>2,084,250</b>                   | <b>39,229,441</b>                          | <b>23,937,344</b>          | <b>35,570,794</b> | <b>2,801,038</b> | <b>112,139,107</b> |
| <b>Exposures under IRB Approach</b>   |                  |                    |                   |                                 |                  |   |                                    |  |                            |                   |                  |                    |
| <b>Insurance Cos, Securities Firms &amp; Fund Managers</b>                              | -                | -                  | -                 | -                               | -                | -   | -                                  | 70,747                                     | -                          | -                 | -                | 70,747             |
| <b>Corporates, of which Corporates (excluding exposures with firm-size adjustments)</b> | <b>4,178,282</b> | <b>887,224</b>     | <b>12,046,616</b> | <b>2,929,535</b>                | <b>6,494,708</b> | <b>6,698,683</b>                              | <b>3,864,168</b>                   | <b>14,367,917</b>                          | <b>2,274,216</b>           | <b>515</b>        | <b>187</b>       | <b>53,742,051</b>  |
| <b>Corporates (with firm-size adjustments)</b>  | 2,497,596        | 840,846            | 9,229,462         | 2,918,954                       | 5,079,196        | 3,239,922                                     | 3,575,985                          | 13,037,258                                 | 2,188,862                  | 330               | 187              | 42,608,598         |
| <b>Retail, of which Residential Mortgages</b>   | 1,680,686        | 46,378             | 2,817,154         | 10,581                          | 1,415,512        | 3,458,761                                     | 288,183                            | 1,330,659                                  | 85,354                     | 185               | -                | 11,133,453         |
| <b>Qualifying Revolving Retail Exposures</b>  | <b>124,095</b>   | <b>17,017</b>      | <b>713,977</b>    | <b>2,190</b>                    | <b>523,661</b>   | <b>2,398,743</b>                              | <b>159,779</b>                     | <b>535,095</b>                             | <b>117,000</b>             | <b>30,522,037</b> | <b>29</b>        | <b>35,113,623</b>  |
| <b>Hire Purchase Exposures</b>  | -                | -                  | -                 | -                               | -                | -   | -                                  | -  | -                          | 16,952,500        | -                | 16,952,500         |
| <b>Other Retail Exposures</b>   | 124,095          | 17,017             | 713,977           | 2,190                           | 523,661          | 2,398,743                                     | 159,779                            | 535,095                                    | 117,000                    | 5,357,708         | 29               | 9,949,294          |
| <b>Total Exposures under IRB Approach</b>   | <b>4,302,377</b> | <b>904,241</b>     | <b>12,760,593</b> | <b>2,931,725</b>                | <b>7,018,369</b> | <b>9,097,426</b>                              | <b>4,023,947</b>                   | <b>14,973,759</b>                          | <b>2,391,216</b>           | <b>30,522,552</b> | <b>216</b>       | <b>89,926,421</b>  |
| <b>Total Exposures under SA and IRB Approaches</b>                                      | <b>4,571,220</b> | <b>947,137</b>     | <b>15,235,739</b> | <b>5,349,643</b>                | <b>8,593,969</b> | <b>10,833,263</b>                             | <b>6,108,197</b>                   | <b>54,203,200</b>                          | <b>26,328,560</b>          | <b>66,093,346</b> | <b>2,801,254</b> | <b>201,065,528</b> |

Note: This table does not include equity exposures.

6.0 CREDIT RISK (CONTINUED)

6.5 Credit Exposures and Risk-Weighted Assets (“RWA”) by Portfolio and Approaches (Continued)

Table 11b: Credit Risk Exposures (Before Credit Risk Mitigation) by Industry Sector as at 31 December 2012

| Exposure Class  | (RM'000)         |                    |                   |                                 |                  |   |                                    |  |                            |                   |                  | Total              |                   |                  |                   |                    |
|---|------------------|--------------------|-------------------|---------------------------------|------------------|---|------------------------------------|--|----------------------------|-------------------|------------------|--------------------|-------------------|------------------|-------------------|--------------------|
|   | Agriculture      | Mining & Quarrying | Manufacturing     | Electricity, Gas & Water Supply | Construction     | Wholesale, Retail Trade, Restaurants & Hotels | Transport, Storage & Communication | Finance, Insurance, Real Estate & Business | Education, Health & Others | Household         | Others           |                    |                   |                  |                   |                    |
| <b>Exposures under Standardised Approach (SA)</b>           |                  |                    |                   |                                 |                  |   |                                    |  |                            |                   |                  |                    |                   |                  |                   |                    |
| <b>Sovereigns &amp; Central Banks</b>                       | -                | -                  | -                 | -                               | -                | -   | -                                  | -  | -                          | -                 | -                | -                  | -                 | -                | -                 | 43,227,354         |
| <b>Public Sector Entities</b>                               | -                | -                  | -                 | 10,114                          | -                | -   | -                                  | 25,240                                     | -                          | -                 | -                | -                  | -                 | -                | -                 | 365,738            |
| <b>Banks, Development Financial Institutions &amp; MDBs</b> | -                | -                  | -                 | -                               | -                | -   | -                                  | -  | 15,571,254                 | -                 | -                | -                  | -                 | -                | -                 | 15,571,254         |
| <b>Insurance Cos, Securities Firms &amp; Fund Managers</b>  | -                | -                  | -                 | -                               | -                | -   | -                                  | -  | 189,711                    | -                 | -                | -                  | -                 | -                | -                 | 189,711            |
| <b>Corporates</b>   | 181,660          | 25,109             | 1,917,591         | 1,650,811                       | 1,712,249        | 1,099,744                                     | 996,412                            | 981,841                                    | 9,818,141                  | 1,756,642         | 1,868,588        | 21,434,988         | -                 | -                | -                 | 25,961,793         |
| <b>Regulatory Retail</b>                                    | 52,068           | 3,807              | 120,432           | 5,566                           | 101,664          | 142,025                                       | 79,155                             | 176,272                                    | -                          | 25,111,700        | 87,851           | 25,961,793         | -                 | -                | -                 | 1,895,298          |
| <b>Residential Mortgages</b>                                | -                | -                  | -                 | -                               | -                | -   | -                                  | -  | -                          | 1,895,298         | -                | 1,895,298          | -                 | -                | -                 | 9,407              |
| <b>Higher Risk Assets</b>                                   | -                | -                  | -                 | -                               | -                | -   | -                                  | -  | 9,407                      | -                 | -                | 9,407              | -                 | -                | -                 | 9,407              |
| <b>Other Assets</b>   | -                | -                  | -                 | -                               | -                | -   | -                                  | -  | 49,265                     | -                 | -                | 49,265             | -                 | -                | -                 | 2,343,657          |
| <b>Total Exposures under SA</b>                             | <b>233,728</b>   | <b>28,916</b>      | <b>2,038,023</b>  | <b>1,666,491</b>                | <b>1,813,913</b> | <b>1,241,769</b>                              | <b>1,100,807</b>                   | <b>29,194,640</b>                          | <b>40,666,442</b>          | <b>28,763,640</b> | <b>4,250,831</b> | <b>110,999,200</b> | <b>49,144,992</b> | <b>24,258</b>    | <b>2,241</b>      | <b>39,999,126</b>  |
| <b>Exposures under IRB Approach</b>                         |                  |                    |                   |                                 |                  |   |                                    |  |                            |                   |                  |                    |                   |                  |                   |                    |
| <b>Corporates, of which</b>                                 | <b>3,918,165</b> | <b>965,345</b>     | <b>12,247,465</b> | <b>2,676,842</b>                | <b>6,869,441</b> | <b>5,685,979</b>                              | <b>3,418,287</b>                   | <b>11,641,986</b>                          | <b>1,694,722</b>           | <b>2,502</b>      | <b>24,258</b>    | <b>49,144,992</b>  | <b>24,258</b>     | <b>2,241</b>     | <b>39,999,126</b> | <b>9,145,866</b>   |
| Corporates (excluding exposures with firm-size adjustments) | 2,769,278        | 919,614            | 9,755,854         | 2,664,928                       | 5,838,337        | 2,749,676                                     | 3,007,030                          | 10,700,812                                 | 1,590,749                  | 607               | 2,241            | 39,999,126         | 2,241             | 2,241            | 39,999,126        | 9,145,866          |
| Corporates (with firm-size adjustments)                     | 1,148,887        | 45,731             | 2,491,611         | 11,914                          | 1,031,104        | 2,936,303                                     | 411,257                            | 941,174                                    | 103,973                    | 1,895             | 22,017           | 31,281,991         | 22,017            | 22,017           | 9,145,866         | 9,145,866          |
| <b>Retail, of which</b>                                     | <b>148,391</b>   | <b>17,029</b>      | <b>732,450</b>    | <b>6,956</b>                    | <b>496,186</b>   | <b>2,248,767</b>                              | <b>152,597</b>                     | <b>375,010</b>                             | <b>102,347</b>             | <b>27,000,788</b> | <b>1,470</b>     | <b>31,281,991</b>  | <b>1,470</b>      | <b>1,470</b>     | <b>7,237,052</b>  | <b>15,543,582</b>  |
| Residential Mortgages                                       | -                | -                  | -                 | -                               | -                | -   | -                                  | -  | -                          | 15,543,582        | -                | 15,543,582         | -                 | -                | -                 | 15,543,582         |
| Qualifying Revolving Retail Exposures                       | -                | -                  | -                 | -                               | -                | -   | -                                  | -  | -                          | 2,331,036         | -                | 2,331,036          | -                 | -                | -                 | 2,331,036          |
| Hire Purchase Exposures                                     | -                | -                  | -                 | -                               | -                | -   | -                                  | -  | -                          | 6,170,321         | -                | 6,170,321          | -                 | -                | -                 | 6,170,321          |
| Other Retail Exposures                                      | 148,391          | 17,029             | 732,450           | 6,956                           | 496,186          | 2,248,767                                     | 152,597                            | 375,010                                    | 102,347                    | 2,955,849         | 1,470            | 7,237,052          | 1,470             | 1,470            | 7,237,052         | 7,237,052          |
| <b>Total Exposures under IRB Approach</b>                   | <b>4,066,556</b> | <b>982,374</b>     | <b>12,979,915</b> | <b>2,683,798</b>                | <b>7,365,627</b> | <b>7,934,746</b>                              | <b>3,570,884</b>                   | <b>12,016,996</b>                          | <b>1,797,069</b>           | <b>27,003,290</b> | <b>25,728</b>    | <b>80,426,983</b>  | <b>25,728</b>     | <b>2,241</b>     | <b>39,999,126</b> | <b>9,145,866</b>   |
| <b>Total Exposures under SA and IRB Approaches</b>          | <b>4,300,284</b> | <b>1,011,290</b>   | <b>15,017,938</b> | <b>4,350,289</b>                | <b>9,179,540</b> | <b>9,176,515</b>                              | <b>4,671,691</b>                   | <b>41,211,636</b>                          | <b>42,463,511</b>          | <b>55,766,930</b> | <b>4,276,559</b> | <b>191,426,183</b> | <b>4,276,559</b>  | <b>4,276,559</b> | <b>39,999,126</b> | <b>191,426,183</b> |

Note: This table does not include equity exposures.

**6.0 CREDIT RISK (CONTINUED)****6.5 Credit Exposures and Risk-Weighted Assets (“RWA”) by Portfolio and Approaches (Continued)****Table 12a: Credit Risk Exposures (Before Credit Risk Mitigation) by Maturity as at 31 December 2013**

| <b>Exposure Class</b>  | <b>One year or less (RM'000)</b> | <b>More than one to five years (RM'000)</b> | <b>Over five years (RM'000)</b> | <b>Total (RM'000)</b> |
|--|----------------------------------|---|---------------------------------|-----------------------|
| <b>Exposures under Standardised Approach</b>                 |                                  |   |                                 |                       |
| <b>Sovereigns &amp; Central Banks</b>                        | 5,768,431                        | 5,834,131                                   | 17,386,837                      | 28,989,399            |
| <b>Public Sector Entities</b>                                | 101,626                          | 381,458                                     | 704,162                         | 1,187,246             |
| <b>Banks, Development Financial Institutions &amp; MDBs</b>  | 11,500,592                       | 4,146,259                                   | 654,189                         | 16,301,040            |
| <b>Insurance Cos, Securities Firms &amp; Fund Managers</b>   | 13,857                           | 7,087                                       | 182,506                         | 203,450               |
| <b>Corporates</b>  | 5,251,916                        | 11,080,475                                  | 11,825,731                      | 28,158,122            |
| <b>Regulatory Retail</b>                                     | 2,624,619                        | 4,835,239                                   | 25,048,478                      | 32,508,336            |
| <b>Residential Mortgages</b>                                 | 643,548                          | 42,283                                      | 1,486,506                       | 2,172,337             |
| <b>Higher Risk Assets</b>                                    | 13,803                           | -   | 200,619                         | 214,422               |
| <b>Other Assets</b>  | 66,672                           | 8,299                                       | 2,329,784                       | 2,404,755             |
| <b>Total Exposures under Standardised Approach</b>           | <b>25,985,064</b>                | <b>26,335,231</b>                           | <b>59,818,812</b>               | <b>112,139,107</b>    |
| <b>Exposures under IRB Approach</b>                          |                                  |   |                                 |                       |
| <b>Insurance Cos, Securities Firms &amp; Fund Managers</b>   | 59,722                           | 11,025                                      | -                               | 70,747                |
| <b>Corporates, of which</b>                                  | <b>39,029,799</b>                | <b>5,446,489</b>                            | <b>9,265,763</b>                | <b>53,742,051</b>     |
| Corporates (excluding exposures with firm-size adjustments)  | 32,349,782                       | 4,241,672                                   | 6,017,144                       | 42,608,598            |
| Corporates (with firm-size adjustments)                      | 6,680,017                        | 1,204,817                                   | 3,248,619                       | 11,133,453            |
| <b>Retail, of which</b>                                      | <b>4,809,925</b>                 | <b>3,561,535</b>                            | <b>26,742,163</b>               | <b>35,113,623</b>     |
| Residential Mortgages  | 17,026                           | 275,104                                     | 16,660,370                      | 16,952,500            |
| Qualifying Revolving Retail Exposures                        | 2,070,398                        | -   | -                               | 2,070,398             |
| Hire Purchase Exposures                                      | 113,776                          | 2,547,951                                   | 3,479,704                       | 6,141,431             |
| Other Retail Exposures                                       | 2,608,725                        | 738,480                                     | 6,602,089                       | 9,949,294             |
| <b>Total Exposures under IRB Approach</b>                    | <b>43,899,446</b>                | <b>9,019,049</b>                            | <b>36,007,926</b>               | <b>88,926,421</b>     |
| <b>Total Exposures under Standardised and IRB Approaches</b> | <b>69,884,510</b>                | <b>35,354,280</b>                           | <b>95,826,738</b>               | <b>201,065,528</b>    |

Note: This table does not include equity exposures.

## 6.0 CREDIT RISK (CONTINUED)

## 6.5 Credit Exposures and Risk-Weighted Assets (“RWA”) by Portfolio and Approaches (Continued)

Table 12b: Credit Risk Exposures (Before Credit Risk Mitigation) by Maturity as at 31 December 2012

| Exposure Class   | One year or less<br>(RM'000) | More than one to five years<br>(RM'000) | Over five years<br>(RM'000) | Total<br>(RM'000)  |
|--|------------------------------|---|-----------------------------|--------------------|
| <b>Exposures under Standardised Approach</b>                 |                              |   |                             |                    |
| <b>Sovereigns &amp; Central Banks</b>                        | 17,475,906                   | 6,826,702                               | 18,924,746                  | 43,227,354         |
| <b>Public Sector Entities</b>                                | 86,193                       | 35,618                                  | 243,927                     | 365,738            |
| <b>Banks, Development Financial Institutions &amp; MDBs</b>  | 10,426,913                   | 3,909,037                               | 1,235,304                   | 15,571,254         |
| <b>Insurance Cos, Securities Firms &amp; Fund Managers</b>   | 19,484                       | -                                       | 170,227                     | 189,711            |
| <b>Corporates</b>  | 3,815,923                    | 10,016,677                              | 7,602,388                   | 21,434,988         |
| <b>Regulatory Retail</b>                                     | 2,897,853                    | 4,231,085                               | 18,832,855                  | 25,961,793         |
| <b>Residential Mortgages</b>                                 | 661,151                      | 30,307                                  | 1,203,840                   | 1,895,298          |
| <b>Higher Risk Assets</b>                                    | 9,407                        | -                                       | -                           | 9,407              |
| <b>Other Assets</b>  | 53,083                       | 7,666                                   | 2,282,908                   | 2,343,657          |
| <b>Total Exposures under Standardised Approach</b>           | <b>35,445,913</b>            | <b>25,057,092</b>                       | <b>50,496,195</b>           | <b>110,999,200</b> |
| <b>Exposures under IRB Approach</b>                          |                              |   |                             |                    |
| <b>Corporates, of which</b>                                  | <b>37,326,443</b>            | <b>5,588,950</b>                        | <b>6,229,599</b>            | <b>49,144,992</b>  |
| Corporates (excluding exposures with firm-size adjustments)  | 31,477,736                   | 4,504,290                               | 4,017,100                   | 39,999,126         |
| Corporates (with firm-size adjustments)                      | 5,848,707                    | 1,084,660                               | 2,212,499                   | 9,145,866          |
| <b>Retail, of which</b>                                      | <b>5,012,200</b>             | <b>3,489,972</b>                        | <b>22,779,819</b>           | <b>31,281,991</b>  |
| Residential Mortgages  | 15,033                       | 264,412                                 | 15,264,137                  | 15,543,582         |
| Qualifying Revolving Retail Exposures                        | 2,331,036                    | -                                       | -                           | 2,331,036          |
| Hire Purchase Exposures                                      | 91,549                       | 2,483,799                               | 3,594,973                   | 6,170,321          |
| Other Retail Exposures                                       | 2,574,582                    | 741,761                                 | 3,920,709                   | 7,237,052          |
| <b>Total Exposures under IRB Approach</b>                    | <b>42,338,643</b>            | <b>9,078,922</b>                        | <b>29,009,418</b>           | <b>80,426,983</b>  |
| <b>Total Exposures under Standardised and IRB Approaches</b> | <b>77,784,556</b>            | <b>34,136,014</b>                       | <b>79,505,613</b>           | <b>191,426,183</b> |

Note: This table does not include equity exposures.



**6.0 CREDIT RISK (CONTINUED)****6.5 Credit Exposures and Risk-Weighted Assets ("RWA") by Portfolio and Approaches (Continued)****Standardised Approach for Other Portfolios**

The Standardised Approach is applied to portfolios that are classified as permanently exempted from the IRB Approach, and those portfolios that are currently in transition to the IRB Approach. The portfolios that are in transition to the IRB Approach are exposures to RHB Islamic Bank and exposures from overseas branches' operations.

Under this Standardised Approach, the risk weights are prescribed by BNM based on the asset class to which the exposure is assigned.

The following tables show RHB Bank Group's credit exposure for its portfolios with the corresponding risk weights and risk-weighted assets under the Standardised Approach, after credit risk mitigation ("CRM").

**Table 13a: Portfolios under the Standardised Approach by Risk Weights as at 31 December 2013**

| Exposures Class                                  | Exposure after CRM (RM'000) |                   |            |                  |                   |                   |                |                   |                |                    | Total Exposures (RM'000) |
|--|-----------------------------|-------------------|------------|------------------|-------------------|-------------------|----------------|-------------------|----------------|--------------------|--------------------------|
|  | Risk Weight (%)             |                   |            |                  |                   |                   |                |                   |                |                    |                          |
|  | 0%                          | 20%               | 35%        | 50%              | 75%               | 100%              | 150%           |                   |                |                    |                          |
| Sovereigns & Central Banks                       | 28,197,238                  | 672,270           | -          | -                | -                 | 119,891           | -              | -                 | -              | -                  | 28,989,399               |
| Public Sector Entities                           | -                           | 1,186,854         | -          | -                | -                 | -                 | -              | -                 | -              | -                  | 1,186,854                |
| Banks, Development Financial Institutions & MDBs | 111,174                     | 10,373,442        | -          | 5,372,558        | -                 | 412,972           | 18,414         | -                 | -              | -                  | 16,288,560               |
| Insurance Cos, Securities Firms & Fund Managers  | -                           | -                 | -          | -                | -                 | 203,450           | -              | -                 | -              | -                  | 203,450                  |
| Corporates                                       | 4,160,484                   | 8,711,762         | -          | 854,602          | -                 | 13,483,429        | 141,565        | -                 | -              | -                  | 27,351,842               |
| Regulatory Retail                                | 56,206                      | 5,495             | -          | 35,803           | 23,930,694        | 882,054           | 187,505        | -                 | -              | -                  | 25,097,757               |
| Residential Mortgages                            | -                           | -                 | 150        | -                | 2,164,150         | -                 | -              | -                 | -              | -                  | 2,164,300                |
| Higher Risk Assets                               | -                           | -                 | -          | -                | -                 | -                 | 214,422        | -                 | -              | -                  | 214,422                  |
| Other Assets                                     | 1,178,068                   | 47,052            | -          | -                | -                 | 1,179,635         | -              | -                 | -              | -                  | 2,404,755                |
| Equity Exposures                                 | -                           | -                 | -          | -                | -                 | 425,084           | 7              | -                 | -              | -                  | 425,091                  |
| <b>Total Exposures after CRM (RM'000)</b>        | <b>33,703,170</b>           | <b>20,996,875</b> | <b>150</b> | <b>6,262,963</b> | <b>26,094,844</b> | <b>16,706,515</b> | <b>561,913</b> | <b>16,706,515</b> | <b>842,871</b> | <b>104,326,430</b> |                          |
| <b>Total Risk-Weighted Assets (RM'000)</b>       | <b>-</b>                    | <b>4,199,375</b>  | <b>53</b>  | <b>3,131,482</b> | <b>19,571,133</b> | <b>16,706,515</b> | <b>842,871</b> | <b>16,706,515</b> | <b>842,871</b> | <b>44,451,429</b>  |                          |

**6.0 CREDIT RISK (CONTINUED)**

**6.5 Credit Exposures and Risk-Weighted Assets (“RWA”) by Portfolio and Approaches (Continued)**

**Standardised Approach for Other Portfolios (Continued)**

**Table 13b: Portfolios under the Standardised Approach by Risk Weights as at 31 December 2012**

| Exposures Class                                  | Exposure after CRM (RM'000) |                   |           |                  |                   |                   |                   |                |                |                    | Total Exposures (RM'000) |            |
|--|-----------------------------|-------------------|-----------|------------------|-------------------|-------------------|-------------------|----------------|----------------|--------------------|--------------------------|------------|
|  | Risk Weight (%)             |                   |           |                  |                   |                   |                   |                |                |                    |                          |            |
|  | 0%                          | 20%               | 35%       | 50%              | 75%               | 100%              | 150%              |                |                |                    |                          |            |
| Sovereigns & Central Banks                       | 42,884,501                  | 269,034           | -         | 3,784            | -                 | 70,035            | -                 | -              | -              | -                  | -                        | 43,227,354 |
| Public Sector Entities                           | -                           | 365,346           | -         | -                | -                 | -                 | -                 | -              | -              | -                  | -                        | 365,346    |
| Banks, Development Financial Institutions & MDBs | 152,121                     | 11,049,241        | -         | 4,147,362        | -                 | 222,530           | -                 | -              | -              | -                  | -                        | 15,571,254 |
| Insurance Cos, Securities Firms & Fund Managers  | -                           | -                 | -         | -                | -                 | 189,711           | -                 | -              | -              | -                  | -                        | 189,711    |
| Corporates                                       | 3,393,788                   | 5,710,541         | -         | 350,894          | -                 | 11,181,028        | -                 | -              | -              | 192,674            | -                        | 20,828,925 |
| Regulatory Retail                                | 57,161                      | 5,179             | -         | 43,244           | 18,397,902        | 1,178,686         | -                 | -              | -              | 148,978            | -                        | 19,831,150 |
| Residential Mortgages                            | -                           | -                 | 80        | -                | 1,885,832         | -                 | -                 | -              | -              | -                  | -                        | 1,885,912  |
| Higher Risk Assets                               | -                           | -                 | -         | -                | -                 | -                 | -                 | -              | -              | 9,407              | -                        | 9,407      |
| Other Assets                                     | 924,933                     | 44,152            | -         | -                | -                 | 1,374,572         | -                 | -              | -              | -                  | -                        | 2,343,657  |
| Equity Exposures                                 | -                           | -                 | -         | -                | -                 | 312,520           | -                 | -              | -              | 28                 | -                        | 312,548    |
| <b>Total Exposures after CRM (RM'000)</b>        | <b>47,412,504</b>           | <b>17,443,493</b> | <b>80</b> | <b>4,545,284</b> | <b>20,283,734</b> | <b>14,529,082</b> | <b>14,529,082</b> | <b>351,087</b> | <b>526,629</b> | <b>104,565,264</b> |                          |            |
| <b>Total Risk-Weighted Assets (RM'000)</b>       | <b>-</b>                    | <b>3,488,699</b>  | <b>28</b> | <b>2,272,642</b> | <b>15,212,801</b> | <b>14,529,082</b> | <b>36,029,881</b> |                |                |                    |                          |            |

**6.6 Use of External Ratings**

For Sovereigns, Corporate and Banking Institutions, external ratings from approved external credit assessment institutions (“ECAIs”), where available, are used to calculate the risk-weighted assets and regulatory capital.

The process used to map ECAI issuer ratings or comparable ECAI issue ratings, are in accordance to BNM standards. Approved ECAIs are as follows:

- Standard & Poor’s (“S&P”);
- Moody’s Investor Services (“Moody’s”);
- Fitch Ratings (“Fitch”);
- Malaysian Rating Corporation Berhad (“MARC”);
- Rating Agency Malaysia (“RAM”); and
- Rating and Investment Information, Inc (“R&I”).

External ratings for the counterparties are determined as soon as relationship is established and these ratings are tracked and kept updated. Only publicly available credit ratings are used for regulatory risk weighting purpose. Where the counterparty is not rated, the corresponding exposure is mapped as “unrated” and the appropriate risk weight for unrated exposures is assigned.

The following tables show RHB Bank Group’s credit exposures to Sovereigns, Corporate and Banking Institutions as at 31 December 2013 compared with 31 December 2012 position, according to the ratings by ECAIs.

## 6.0 CREDIT RISK (CONTINUED)

## 6.6 Use of External Ratings (Continued)

Table 14a: Rated Exposures According to Ratings by ECAIs as at 31 December 2013

| Ratings of Corporates by Approved ECAIs  | Moody's    | Aaa to Aaa3      | A1 to A3       | Baa1 to Baa3     | B1 to C        | Unrated           |                  |
|--|------------|------------------|----------------|------------------|----------------|-------------------|------------------|
|  | S&P        | AAA to AA-       | A+ to A-       | BBB+ to BB-      | B+ to D        | Unrated           |                  |
| Fitch  | AAA to AA- | A+ to A-         | BBB+ to BB-    | B+ to D          | Unrated        |                   |                  |
| RAM  | AAA to AA3 | A1 to A3         | BBB1 to BB3    | B to D           | Unrated        |                   |                  |
| MARC   | AAA to AA- | A+ to A-         | BBB+ to BB-    | B1 to D          | Unrated        |                   |                  |
| R&I  | AAA to AA- | A+ to A-         | BBB+ to BB-    | B+ to D          | Unrated        |                   |                  |
| <b>On &amp; Off-Balance Sheet Exposures</b><br>Public Sector Entities (RM'000)       |            |                  |                |                  |                | <b>1,186,854</b>  |                  |
| Insurance Cos, Securities Firms & Fund Managers (RM'000)                             |            |                  |                |                  |                | <b>203,450</b>    |                  |
| Corporates (RM'000)  |            | <b>8,983,439</b> | <b>843,868</b> | <b>71,664</b>    | <b>699</b>     | <b>17,452,172</b> |                  |
| Ratings of Sovereigns and Central Banks by Approved ECAIs                            | Moody's    | Aaa to Aaa3      | A1 to A3       | Baa1 to Baa3     | Ba1 to B3      | Caa1 to C         | Unrated          |
|  | S&P        | AAA to AA-       | A+ to A-       | BBB+ to BBB-     | BB+ to B-      | CCC+ to D         | Unrated          |
|  | Fitch      | AAA to AA-       | A+ to A-       | BBB+ to BBB-     | BB+ to B-      | CCC+ to D         | Unrated          |
|  | R&I        | AAA to AA-       | A+ to A-       | BBB+ to BBB-     | BB+ to B-      | CCC+ to C         | Unrated          |
| <b>On &amp; Off-Balance Sheet Exposures</b><br>Sovereigns and Central Banks (RM'000) |            | <b>897,541</b>   |                | <b>286,036</b>   | <b>68,515</b>  |                   | <b>52,616</b>    |
| Ratings of Banking Institutions by Approved ECAIs                                    | Moody's    | Aaa to Aaa3      | A1 to A3       | Baa1 to Baa3     | Ba1 to B3      | Caa1 to C         | Unrated          |
|  | S&P        | AAA to AA-       | A+ to A-       | BBB+ to BBB-     | BB+ to B-      | CCC+ to D         | Unrated          |
|  | Fitch      | AAA to AA-       | A+ to A-       | BBB+ to BBB-     | BB+ to B-      | CCC+ to D         | Unrated          |
|  | RAM        | AAA to AA3       | A1 to A3       | BBB1 to BB3      | BB1 to B3      | C1 to D           | Unrated          |
|  | MARC       | AAA to AA-       | A+ to A-       | BBB+ to BBB-     | BB+ to B-      | C+ to D           | Unrated          |
| R&I  | AAA to AA- | A+ to A-         | BBB+ to BBB-   | BB+ to B-        | CCC+ to C      | Unrated           |                  |
| <b>On &amp; Off-Balance Sheet Exposures</b><br>Banks, MDBs and DFIs (RM'000)         |            | <b>3,694,855</b> |                | <b>2,065,230</b> | <b>157,201</b> |                   | <b>3,587,703</b> |

6.0 CREDIT RISK (CONTINUED)

6.6 Use of External Ratings (Continued)

Table 14b: Rated Exposures According to Ratings by ECAIs as at 31 December 2012

| Ratings of Corporates by Approved ECAIs                          | Moody's |            | Aaa to Aa3 | A1 to A3     | Baa1 to Ba3  | B1 to C   | Unrated    |
|--|---------|------------|------------|--------------|--------------|-----------|------------|
|  | S&P     | AAA to AA- | A+ to A-   | AAA to AA-   | BBB+ to BB-  | B+ to D   | Unrated    |
|  | Fitch   | AAA to AA- | A+ to A-   | AAA to AA-   | BBB+ to BB-  | B+ to D   | Unrated    |
|  | RAM     | AAA to AA3 | A1 to A3   | AAA to AA3   | BBB1 to BB3  | B to D    | Unrated    |
|  | MARC    | AAA to AA- | A+ to A-   | AAA to AA-   | BBB+ to BB-  | B1 to D   | Unrated    |
|  | R&I     | AAA to AA- | A+ to A-   | AAA to AA-   | BBB+ to BB-  | B+ to D   | Unrated    |
| <b>On &amp; Off - Balance Sheet Exposures</b>                    |         |            |            |              |              |           |            |
| Public Sector Entities (RM'000)                                  |         | -          | -          | -            | -            | -         | 365,346    |
| Insurance Cos, Securities Firms & Fund Managers (RM'000)         |         | -          | -          | -            | -            | -         | 189,711    |
| Corporates (RM'000)  |         | 6,452,142  | 307,424    | 6,452,142    | 86,929       | -         | 13,982,430 |
| <b>Ratings of Sovereigns and Central Banks by Approved ECAIs</b> | Moody's |            | Aaa to Aa3 | A1 to A3     | Baa1 to Baa3 | Caa1 to C | Unrated    |
|  | S&P     | AAA to AA- | A+ to A-   | AAA to BBB-  | BB+ to B-    | CCC+ to D | Unrated    |
|  | Fitch   | AAA to AA- | A+ to A-   | BBB+ to BBB- | BB+ to B-    | CCC+ to D | Unrated    |
|  | R&I     | AAA to AA- | A+ to A-   | BBB+ to BBB- | BB+ to B-    | CCC+ to C | Unrated    |
| <b>On &amp; Off-Balance Sheet Exposures</b>                      |         |            |            |              |              |           |            |
| Sovereigns and Central Banks (RM'000)                            |         | 591,874    | 42,234,043 | 331,402      | -            | -         | 70,035     |
| <b>Ratings of Banking Institutions by Approved ECAIs</b>         | Moody's |            | Aaa to Aa3 | A1 to A3     | Baa1 to Baa3 | Caa1 to C | Unrated    |
|  | S&P     | AAA to AA- | A+ to A-   | BBB+ to BBB- | BB+ to B-    | CCC+ to D | Unrated    |
|  | Fitch   | AAA to AA- | A+ to A-   | BBB+ to BBB- | BB+ to B-    | CCC+ to D | Unrated    |
|  | RAM     | AAA to AA3 | A1 to A3   | BBB1 to BBB3 | BB1 to B3    | C1 to D   | Unrated    |
|  | MARC    | AAA to AA- | A+ to A-   | BBB+ to BBB- | BB+ to B-    | C+ to D   | Unrated    |
|  | R&I     | AAA to AA- | A+ to A-   | BBB+ to BBB- | BB+ to B-    | CCC+ to C | Unrated    |
| <b>On &amp; Off-Balance Sheet Exposures</b>                      |         |            |            |              |              |           |            |
| Banks, MDBs and DFIs (RM'000)                                    |         | 4,255,634  | 3,472,357  | 1,218,975    | 226,490      | -         | 6,397,798  |

## 6.0 CREDIT RISK (CONTINUED)

### 6.7 Credit Risk Monitoring and Control

#### Credit Risk Mitigation

The Bank generally does not grant credit facilities solely on the basis of collateral provided. All credit facilities/financing are granted based on the credit standing of the borrower, source of repayment and debt servicing ability.

Collateral is taken whenever possible to mitigate the credit risk assumed, subject to the Bank's policies that govern the eligibility of collateral used for credit risk mitigation. Reliance on collateral when taken is carefully assessed in the light of issues such as legal certainty and enforceability, market valuation and counterparty risk of the guarantor.

The main types of collaterals obtained by the Bank to mitigate credit risk are as follows:

- Fixed Deposits/Commodity Mudharabah Deposits, Mudharabah General Investment Account, Negotiable Instrument of Deposits, and Cash Deposits/Cash Margins
- Land/Land and Buildings
- Vessels and Automobiles
- Quoted Shares, Unit Trusts, Government Bonds and Securities, and Private Debt Securities
- Endowment Life Policies with Cash Surrender Value
- Other tangible business assets, such as inventory and equipment

Collateral is valued in accordance with the Bank's policy on collateral valuation, which prescribes the frequency of valuation for different collateral/securities types, based on liquidity and volatility of the collateral value and the underlying product or risk exposure. The value of collaterals/securities pledged is monitored periodically, analysed and updated concurrently with the annual/periodic renewal of facilities, as well as updated into the Bank's collateral system.

The Bank also accepts non-tangible securities as support, such as guarantees from individuals, corporates and institutions, bank guarantees, debenture and assignment of contract proceeds, subject to internal guidelines on eligibility. Currently, the Bank does not use on-balance sheet netting to mitigate its credit exposures.

Equity securities or collaterals acquired arising from debt conversions are accounted for as disposal of the loan/financing and acquisition of equity securities or investment properties. Any further impairment of the assets or business acquired is treated as impairment of the relevant asset or business rather than as impairment of the original instrument.

## 6.0 CREDIT RISK (CONTINUED)

## 6.7 Credit Risk Monitoring and Control (Continued)

Table 15a: Credit Risk Mitigation of Portfolios under the Standardised Approach as at 31 December 2013

| Exposure Class   | Exposures Before Credit Risk Mitigation (RM'000) | Exposures Covered by Guarantees/ Credit Derivatives (RM'000) | Exposures Covered by Eligible Financial Collateral (RM'000) |
|--|--|--|---|
| <b>Credit Risk</b>   |  |  |   |
| <b>On-Balance Sheet Exposures</b>  |  |  |   |
| Sovereigns and Central Banks   | 28,986,395                                       | 3,313,818  | -   |
| Public Sector Entities   | 1,098,379  | -  | -   |
| Banks, Development Financial Institutions & MDBs                             | 13,394,882                                       | 111,174  | 1,680   |
| Insurance Companies, Securities Firms & Fund Managers                        | 182,506  | -  | -   |
| Corporates   | 25,184,551                                       | 4,125,199  | 700,258   |
| Regulatory Retail  | 28,777,414                                       | 1,495  | 7,086,355   |
| Residential Mortgages  | 1,895,014  | -  | 6,311   |
| Higher Risk Assets   | 200,619  | -  | -   |
| Other Assets   | 2,397,268  | -  | -   |
| Equity Exposures   | 425,091  | -  | -   |
| Defaulted Exposures  | 673,062  | 1,197  | 45,779  |
| <b>Total On-Balance Sheet Exposures</b>                                      | <b>103,215,181</b>                               | <b>7,552,883</b>   | <b>7,840,383</b>  |
| <b>Off-Balance Sheet Exposures</b>   |  |  |   |
| OTC Derivatives  | 2,138,830  | -  | -   |
| Off balance sheet exposures other than OTC Derivatives or Credit Derivatives | 7,210,156  | -  | 491,125   |
| Defaulted Exposures  | 31   | -  | -   |
| <b>Total Off-Balance Sheet Exposures</b>                                     | <b>9,349,017</b>                                 | <b>-</b>   | <b>491,125</b>  |
| <b>Total On and Off-Balance Sheet Exposures</b>                              | <b>112,564,198</b>                               | <b>7,552,883</b>   | <b>8,331,508</b>  |

**6.0 CREDIT RISK (CONTINUED)****6.7 Credit Risk Monitoring and Control (Continued)****Table 15b: Credit Risk Mitigation of Portfolios under the Standardised Approach as at 31 December 2012**

| <b>Exposure Class</b>  | <b>Exposures Before<br/>Credit Risk<br/>Mitigation<br/>(RM'000)</b> | <b>Exposures Covered<br/>by Guarantees/<br/>Credit Derivatives<br/>(RM'000)</b> | <b>Exposures<br/>Covered by Eligible<br/>Financial Collateral<br/>(RM'000)</b> |
|--|---|---|--|
| <b>Credit Risk</b>   |   |   |  |
| <b>On-Balance Sheet Exposures</b>  |   |   |  |
| Sovereigns and Central Banks   | 42,841,400  | 2,213,314   | -  |
| Public Sector Entities   | 348,638   | -   | -  |
| Banks, Development Financial Institutions & MDBs                             | 14,476,122  | 152,122   | -  |
| Insurance Companies, Securities Firms & Fund Managers                        | 170,227   | -   | -  |
| Corporates   | 19,038,679  | 3,296,315   | 594,486  |
| Regulatory Retail  | 23,068,785  | 4,148   | 5,866,979  |
| Residential Mortgages  | 1,623,200   | -   | 7,610  |
| Higher Risk Assets   | -   | -   | -  |
| Other Assets   | 2,334,265   | -   | -  |
| Equity Exposures   | 309,926   | -   | -  |
| Defaulted Exposures  | 680,519   | 2,311   | 34,286   |
| <b>Total On-Balance Sheet Exposures</b>                                      | <b>104,891,761</b>  | <b>5,668,210</b>  | <b>6,503,361</b>   |
| <b>Off-Balance Sheet Exposures</b>   |   |   |  |
| OTC Derivatives  | 1,598,873   | -   | -  |
| Off balance sheet exposures other than OTC Derivatives or Credit Derivatives | 4,820,909   | -   | 396,475  |
| Defaulted Exposures  | 205   | -   | -  |
| <b>Total Off-Balance Sheet Exposures</b>                                     | <b>6,419,987</b>  | <b>-</b>  | <b>396,475</b>   |
| <b>Total On and Off-Balance Sheet Exposures</b>                              | <b>111,311,748</b>  | <b>5,668,210</b>  | <b>6,899,836</b>   |

## 6.0 CREDIT RISK (CONTINUED)

## 6.7 Credit Risk Monitoring and Control (Continued)

Table 16a: Credit Risk Mitigation of Portfolios under the IRB Approach as at 31 December 2013

| Exposure Class   | Exposures Before Credit Risk Mitigation (RM'000) | Exposures Covered by Guarantees / Credit Derivatives (RM'000) | Exposures Covered by Eligible Financial Collateral (RM'000) | Exposures Covered by Other Eligible Collateral (RM'000) |
|--|--|---|---|---|
| <b>Credit Risk</b>   |  |   |   |   |
| <b>On-Balance Sheet Exposures</b>  |  |   |   |   |
| <b>Corporates</b> , of which   | <b>35,256,782</b>                                | <b>100,854</b>  | <b>4,595,873</b>  | <b>10,533,842</b>                                       |
| Corporate Exposures (excluding exposures with firm-size adjustments)         | 28,294,200                                       | 29,258  | 3,978,494   | 6,912,659   |
| Corporate Exposures (with firm-size adjustments)                             | 6,962,582  | 71,596  | 617,379   | 3,621,183   |
| <b>Retail</b> , of which   | <b>30,617,196</b>                                | -   | -   | <b>13,014,155</b>                                       |
| Residential Mortgages  | 16,329,547                                       | -   | -   | 13,007,280  |
| Qualifying Revolving Retail Exposures  | 1,525,196  | -   | -   | -   |
| Hire Purchase Exposures  | 6,009,908  | -   | -   | -   |
| Other Retail Exposures   | 6,752,545  | -   | -   | 6,875   |
| <b>Defaulted Exposures</b>   | <b>2,801,683</b>                                 | -   | <b>23,962</b>   | <b>1,325,593</b>  |
| <b>Total On-Balance Sheet Exposures</b>                                      | <b>68,675,661</b>                                | <b>100,854</b>  | <b>4,619,835</b>  | <b>24,873,590</b>                                       |
| <b>Off-Balance Sheet Exposures</b>   |  |   |   |   |
| OTC Derivatives  | -  | -   | -   | -   |
| Off-balance sheet exposures other than OTC Derivatives or Credit Derivatives | 20,126,172                                       | 6,911   | 747,823   | 4,617,311   |
| Defaulted Exposures  | 124,588  | -   | 10,017  | 3,479   |
| <b>Total Off-Balance Sheet Exposures</b>                                     | <b>20,250,760</b>                                | <b>6,911</b>  | <b>757,840</b>  | <b>4,620,790</b>  |
| <b>Total On and Off-Balance Sheet Exposures</b>                              | <b>88,926,421</b>                                | <b>107,765</b>  | <b>5,377,675</b>  | <b>29,494,380</b>                                       |



**6.0 CREDIT RISK (CONTINUED)****6.7 Credit Risk Monitoring and Control (Continued)****Table 16b: Credit Risk Mitigation of Portfolios under the IRB Approach as at 31 December 2012**

| <b>Exposure Class</b>  | <b>Exposures Before Credit Risk Mitigation (RM'000)</b> | <b>Exposures Covered by Guarantees / Credit Derivatives (RM'000)</b> | <b>Exposures Covered by Eligible Financial Collateral (RM'000)</b> | <b>Exposures Covered by Other Eligible Collateral (RM'000)</b> |
|--|---|--|--|--|
| <b>Credit Risk</b>   |   |  |  |  |
| <b>On-Balance Sheet Exposures</b>  |   |  |  |  |
| <b>Corporates</b> , of which   | <b>32,755,384</b>                                       | <b>139,836</b>   | <b>4,562,360</b>   | <b>8,799,610</b>   |
| Corporate Exposures (excluding exposures with firm-size adjustments)         | 27,000,993  | 27,075   | 3,905,198  | 6,044,426  |
| Corporate Exposures (with firm-size adjustments)                             | 5,754,391   | 112,761  | 657,162  | 2,755,184  |
| <b>Retail</b> , of which   | <b>28,035,822</b>                                       | <b>-</b>   | <b>9</b>   | <b>7,075,972</b>   |
| Residential Mortgages  | 14,893,170  | -  | -  | 7,072,236  |
| Qualifying Revolving Retail Exposures  | 1,550,711   | -  | -  | -  |
| Hire Purchase Exposures  | 6,028,014   | -  | -  | -  |
| Other Retail Exposures   | 5,563,927   | -  | 9  | 3,736  |
| <b>Defaulted Exposures</b>   | <b>2,560,090</b>  | <b>-</b>   | <b>49,676</b>  | <b>816,785</b>   |
| <b>Total On-Balance Sheet Exposures</b>                                      | <b>63,351,296</b>                                       | <b>139,836</b>   | <b>4,612,045</b>   | <b>16,692,367</b>  |
| <b>Off-Balance Sheet Exposures</b>   |   |  |  |  |
| OTC Derivatives  | -   | -  | -  | -  |
| Off-balance sheet exposures other than OTC Derivatives or Credit Derivatives | 17,041,661  | 11,954   | 769,063  | 3,651,324  |
| Defaulted Exposures  | 34,026  | -  | 9,676  | 11,066   |
| <b>Total Off-Balance Sheet Exposures</b>                                     | <b>17,075,687</b>                                       | <b>11,954</b>  | <b>778,739</b>   | <b>3,662,390</b>   |
| <b>Total On and Off-Balance Sheet Exposures</b>                              | <b>80,426,983</b>                                       | <b>151,790</b>   | <b>5,390,784</b>   | <b>20,354,757</b>  |

## 6.0 CREDIT RISK (CONTINUED)

### 6.7 Credit Risk Monitoring and Control (Continued)

#### Credit Concentration Risk

The Bank manages the diversification of its portfolio to avoid undue credit concentration risk. Credit concentration risk exists in lending/financing to single customer groups, borrowers engaged in similar activities, or diverse groups of borrowers that could be affected by similar economic or other factors. To manage this concentration risk, exposure limits are established for single borrowing groups and industry segments. Analysis of large customer group exposures is regularly conducted and the lending/financing units undertake regular account updates, monitoring and management of these exposures.

Industry and sector-specific analysis are also incorporated within the overall credit risk management regiment. In this respect, the Group seeks to continually update lending and financing guidelines based on periodic reviews and updates of industry and sector risk factors and economic outlook. This facilitates better management of credit concentration risk.

#### Credit Monitoring and Annual Reviews

The Bank regularly monitors credit exposures, portfolio performance, and external trends which may impact risk management outcomes. Internal risk management reports are generated for Senior Management, IRMC and GRMC, containing information on key environmental, political and economic trends across portfolios and countries, portfolio delinquency with major credit delinquency, and financing impairment performance.

In addition to the on-going qualitative assessment by the Account Relationship Managers, reviews are conducted at least once a year with updated information on the customer's financial position, market position, industry and economic condition and account conduct.

Group Internal Audit conducts independent post-approval reviews on sampling basis to ensure that the quality of credit appraisals and approval standards are in accordance with the credit underwriting standards and financing policies established by the Bank's Management, and relevant laws and regulations.

### 6.8 Impairment Allowances for Loans/Financing

The Bank has implemented the latest guidelines on "Classification and Impairment Provisions for Loans/Financing" issued by Bank Negara Malaysia ("BNM") in November 2011. The principles in these revised guidelines are in line with those applicable under the new International Financial Reporting Standards ("IFRS") compliant framework, the Malaysia Financial Reporting Standards 139 ("MFRS 139").

Under this revised guidelines, the Bank is to classify loans/financing as impaired:

1. When the principal or interest/profit or both is past due for more than 90 days or three months.
2. In the case of revolving facilities (e.g., overdraft facilities), the facility shall be classified as impaired when the outstanding amount is in excess of the approved limit for a period of more than 90 days or three months, or
3. Where the amount is past due or the outstanding amount has been in excess of the approved limit for 90 days or three months or less, the loan exhibits weaknesses that render a classification appropriate according to the Bank's credit risk grading framework.
4. Where repayments are scheduled on intervals of three months or longer, the loan/financing is classified as impaired as soon as a default occurs, unless it does not exhibit any weakness that would render it classified according to the Bank's credit risk grading framework.
5. For re-scheduled and restructured facilities, the account shall be classified as impaired in accordance with paragraphs (1), (2) and (3) above, based on the revised or restructured terms.
6. Where any one of the Mandatory Status Triggers ("MST") or any two or more of the Ancillary Status Triggers ("AST") have occurred. MST and AST are a set of pre-defined triggers events approved by the Bank, such as bankrupt/wound-up, ceased operations, etc.

## 6.0 CREDIT RISK (CONTINUED)

### 6.8 Impairment Allowances for Loans/Financing (Continued)

#### Individual Assessment – Impairment Triggers

For borrowers (customers with threshold of RM5 million and above per customer) under individual assessment, the Bank needs to perform impairment assessment when any one of the MSTs or any two of the ASTs events has occurred. Such borrower will be classified as impaired loan/financing even though no impairment allowance is required after impairment assessment.

#### Mandatory Status Triggers (“MST”) are:

- Ageing more than 90 days.
- Borrowers that are rated N20 (Special Mentioned), N21 (Sub-standard), N22 (Doubtful) or N23 (Bad) and/or with recalled facility by the Bank when a writ of summons has been served on the borrower.
- Bankrupt/wound-up.
- Liquidator/Receiver and Manager appointed.
- Under PN1/PN17 of the main market listing requirements of Bursa Malaysia or Section 176 of the Companies Act 1965.
- Operations ceased.
- Material fraud discovered.
- Restructure or reschedule its loans/financing more than once in two years.

#### Ancillary Status Triggers (“AST”) are:

- Habitually ageing, as reflected by:
  - a) Ageing with at least three incidents of one month in arrears or more, or one incident of two months in arrears or more, for the past six months, or
  - b) Latest Central Credit Reference Information System (“CCRIS”) report (of no more than three months old) shows credit facilities/financing with other financial institutions are ageing with at least three incidents of one month in arrears or more, or two months in arrears or more out of the past six months.
- Other lenders recalling credit facilities/financing on demand or through legal action.
- Material loss of assets (including securities) or major disruption to operations.
- Significant deterioration in external/internal rating or financial performance, as reflected by one or more of the following:
  - a) Deterioration of external rating (if available), where borrower’s rating is downgraded by two notches or more,
  - b) Deterioration of internal rating where borrower’s rating is downgraded by three notches or more and resulting in the new rating lower than PD15.
  - c) Negative cash-flow from operations for two or more consecutive years.
  - d) Negative shareholders’ funds for two consecutive years (after taking into account of subordinated advances).
  - e) Loss making for two or more consecutive years.
- External auditors’ report qualification/disclaimer (qualified financial report) not related to any AST triggers.
- A third-party petition for winding-up is presented and is not withdrawn or discharged after 90 days from the date of service of the petition.
- If there are changes in shareholders and Chief Executive Officer without the Bank’s consent that may have major adverse impact to borrower’s business.
- Other examples include adverse market information/development about borrower, guarantor(s) and related parties of the borrower.

Generally, borrowers with loans/financing guaranteed by the Government of Malaysia will be exempted from individual impairment assessment.

## 6.0 CREDIT RISK (CONTINUED)

### 6.8 Impairment Allowances for Loans/Financing (Continued)

#### Individual Impairment Allowance

A borrower with loan/financing outstanding of RM5 million and above and triggered either by any one of the MSTs or any two of the ASTs will be classified as impaired loans/financing, which is subject to impairment allowances based on recovery cash-flow method, i.e., net present value of future cash flows are discounted based on original effective interest rates and compared against carrying amount. Any impairment will be provided in full immediately.

#### Collective Impairment Allowance

Collective impairment applies to all other accounts (impaired and non-impaired) that do not fall within the threshold of individual assessment. The impairment allowances for accounts under collective assessment are as follows:

- Segmentation is applied to group of loans/financing, both impaired and non-impaired, based on similar credit risk characteristics, for the purpose of assessing impairment and computing historical default rates and loss rates.
- Probability of default (“PD”) model is established with standard loss identification period (by months) and Point of No Return (by months in arrears). PD model adopted could either be migration analysis model or flow rate model. The approaches to migration analysis model could be either by way of outstanding balances or number of accounts.
- Loss Given Default (“LGD”) model establishes loss rate at the point in time when the loss event occurred i.e., based on actual incurred loss model.

#### Re-classification and Recovery of Impaired Borrowers

An impaired borrower may be re-classified as a non-impaired borrower under the following situations:

- a) When the loan/financing repayment of the impaired borrower has improved with the principal or interest/profit (or both) of its facilities with the Bank being past due by 90 days or three months or less.
- b) Where the borrower exhibits weakness that render it to be classified as impaired, even though its loan/financing is past due by 90 days or less than three months or less, such borrowers may be re-classified as non-impaired when these weaknesses have been subsequently addressed and resolved.
- c) Where the borrower has been individually assessed as impaired due to either any one of the MSTs or any two of the ASTs, the borrower may be re-classified as non-impaired when these triggers have been addressed and resolved subsequently with only one AST remaining or none at all.

However, for borrowers under approved rescheduling or restructuring, the reclassification to non-impaired status and the write-back of impairment allowance can only effected upon fulfilment of the specified cooling period.

#### Write-Off of Impaired Loans/Financing

All loans/financing that satisfy any one of the following criteria, and provided impairment loss has been fully made for shortfall, if any, may be recommended for write-off:

- a) Deemed irrecoverable, worthless and with slim prospect of recovery.
- b) Waiver/discount already given under approved composite settlement schemes.
- c) For retail and scored loans/financing with ageing of 12 months and above, provided legal action has been initiated.

This policy of impairment loans/financing write-off is intended to provide a timely and consistent methodology for loans/financing to be written-off and to reflect the true value of assets in the Bank’s books.

**6.0 CREDIT RISK (CONTINUED)****6.8 Impairment Allowances for Loans/Financing (Continued)****Table 17a: Impaired and Past Due Loans/Financing & Allowances for Impairment by Industry Sector as at 31 December 2013**

| Industry Sector                               | Impaired Loans and Advances / Financing (RM'000) | Past Due Loans / Financing (RM'000) | Individual Impairment Allowances (RM'000) | Collective Impairment Allowances (RM'000) |
|---|--|-------------------------------------|---|---|
| Agriculture                                   | 62,830   | 7,700                               | 6   | 45,233                                    |
| Mining & Quarrying                            | 318  | 4,405                               | -   | 7,981                                     |
| Manufacturing                                 | 1,143,432  | 82,909                              | 615,920                                   | 124,366                                   |
| Electricity, Gas & Water Supply               | -  | 13                                  | -   | 30,025                                    |
| Construction                                  | 191,499  | 45,217                              | 53,200                                    | 62,232                                    |
| Wholesale, Retail Trade, Restaurants & Hotels | 215,790  | 86,806                              | 72,885                                    | 145,786                                   |
| Transport, Storage & Communication            | 61,374   | 49,429                              | 54,045                                    | 64,753                                    |
| Finance, Insurance, Real Estate & Business    | 315,582  | 79,837                              | 73,211                                    | 133,861                                   |
| Education, Health & Others                    | 13,842   | 9,166                               | 942                                       | 22,906                                    |
| Household                                     | 1,341,888  | 5,650,260                           | 21,085                                    | 622,812                                   |
| Others  | 1,157  | -                                   | -   | 12,682                                    |
| <b>Total</b>                                  | <b>3,347,712</b>                                 | <b>6,015,742</b>                    | <b>891,294</b>                            | <b>1,272,637</b>                          |

**Table 17b: Impaired and Past Due Loans/ Financing & Allowances for Impairment by Industry Sector as at 31 December 2012**

| Industry Sector                               | Impaired Loans and Advances / Financing (RM'000) | Past Due Loans / Financing (RM'000) | Individual Impairment Allowances (RM'000) | Collective Impairment Allowances (RM'000) |
|---|--|-------------------------------------|---|---|
| Agriculture                                   | 43,284   | 33,893                              | 4,010                                     | 58,812                                    |
| Mining & Quarrying                            | 26,717   | 8,481                               | 3,518                                     | 8,287                                     |
| Manufacturing                                 | 683,253  | 282,242                             | 355,246                                   | 154,948                                   |
| Electricity, Gas & Water Supply               | -  | 44                                  | -   | 30,614                                    |
| Construction                                  | 312,418  | 85,059                              | 143,874                                   | 73,601                                    |
| Wholesale, Retail Trade, Restaurants & Hotels | 213,083  | 119,596                             | 72,497                                    | 142,662                                   |
| Transport, Storage & Communication            | 97,805   | 51,131                              | 47,256                                    | 54,685                                    |
| Finance, Insurance, Real Estate & Business    | 322,106  | 68,748                              | 116,158                                   | 148,928                                   |
| Education, Health & Others                    | 3,836  | 20,060                              | 41  | 21,098                                    |
| Household                                     | 1,384,628  | 5,559,133                           | 37,469                                    | 695,319                                   |
| Others  | 2,960  | -                                   | -   | 6,274                                     |
| <b>Total</b>                                  | <b>3,090,090</b>                                 | <b>6,228,387</b>                    | <b>780,069</b>                            | <b>1,395,228</b>                          |

## 6.0 CREDIT RISK (CONTINUED)

## 6.8 Impairment Allowances for Loans/Financing (Continued)

Table 18: Charges/(Write-back) and Write-Offs for Impairment by Industry Sector

| Industry Sector                               | Twelve Months Period Ended<br>31.12.2013   |                        | Twelve Months Period Ended<br>31.12.2012   |                        |
|---|--|------------------------|--|------------------------|
|   | Charges/<br>(Write-back)<br>for Individual<br>Impairment<br>Allowances<br>(RM'000) | Write-Offs<br>(RM'000) | Charges/<br>(Write-back)<br>for Individual<br>Impairment<br>Allowances<br>(RM'000) | Write-Offs<br>(RM'000) |
| Agriculture                                   | (46)   | 15,903                 | 6,575  | 29,685                 |
| Mining & Quarrying                            | -  | 821                    | (2,934)  | -                      |
| Manufacturing                                 | 348,863  | 100,048                | 149,733  | 126,271                |
| Electricity, Gas & Water Supply               | -  | -                      | (80)   | -                      |
| Construction                                  | (28,817)   | 70,909                 | 12,670   | 31,280                 |
| Wholesale, Retail Trade, Restaurants & Hotels | 7,404  | 28,046                 | 28,283   | 67,457                 |
| Transport, Storage & Communication            | 4,406  | 2,627                  | 30,000   | 1,444                  |
| Finance, Insurance, Real Estate & Business    | (30,338)   | 15,627                 | 40,650   | 72,149                 |
| Education, Health & Others                    | (1,194)  | 564                    | (1,042)  | 98                     |
| Household                                     | 5,895  | 278,384                | 5,902  | 255,178                |
| Others  | 402  | 6,271                  | (1,816)  | 5,400                  |
| <b>Total</b>                                  | <b>306,575</b>   | <b>519,200</b>         | <b>267,941</b>   | <b>588,962</b>         |

Table 19a: Impaired and Past Due Loans/ Financing &amp; Allowances for Impairment by Geographical Distribution as at 31 December 2013

| Geographical Distribution | Impaired Loans and Advances/Financing (RM'000) | Past Due Loans/Financing (RM'000) | Individual Impairment Allowances (RM'000) | Collective Impairment Allowances (RM'000) |
|---------------------------|--|-----------------------------------|---|---|
| Malaysia                  | 3,223,427                                      | 5,035,569                         | 837,361                                   | 1,240,996                                 |
| Singapore                 | 85,600   | 967,930                           | 41,953                                    | 16,674                                    |
| Thailand                  | 16,025   | -                                 | 4,315                                     | 9,033                                     |
| Brunei                    | 8,535  | 12,243                            | 999                                       | 1,395                                     |
| Cambodia                  | 14,125   | -                                 | 6,666                                     | 4,539                                     |
| <b>Total</b>              | <b>3,347,712</b>                               | <b>6,015,742</b>                  | <b>891,294</b>                            | <b>1,272,637</b>                          |

Table 19b: Impaired and Past Due Loans/ Financing &amp; Allowances for Impairment by Geographical Distribution as at 31 December 2012

| Geographical Distribution | Impaired Loans and Advances/Financing (RM'000) | Past Due Loans/Financing (RM'000) | Individual Impairment Allowances (RM'000) | Collective Impairment Allowances (RM'000) |
|---------------------------|--|-----------------------------------|---|---|
| Malaysia                  | 2,990,526                                      | 5,390,102                         | 735,896                                   | 1,370,043                                 |
| Singapore                 | 69,055   | 770,424                           | 34,272                                    | 17,879                                    |
| Thailand                  | 21,905   | 39,106                            | 8,801                                     | 6,019                                     |
| Brunei                    | 8,604  | 28,755                            | 1,100                                     | 1,287                                     |
| <b>Total</b>              | <b>3,090,090</b>                               | <b>6,228,387</b>                  | <b>780,069</b>                            | <b>1,395,228</b>                          |

## 6.0 CREDIT RISK (CONTINUED)

### 6.8 Impairment Allowances for Loans/Financing (Continued)

**Table 20a: Reconciliation of Changes to Loan Impairment Allowances as at 31 December 2013**

| Impairment Allowances Details                               | Individual Impairment Allowances (RM'000) | Collective Impairment Allowances (RM'000) |
|---|---|---|
| <b>Balance previously reported</b>                          | <b>780,069</b>                            | <b>1,395,228</b>                          |
| Amount arising from acquisition of subsidiaries             | 12  | 2,743                                     |
| <b>Balance as at the beginning of financial period/year</b> | <b>780,081</b>                            | <b>1,397,971</b>                          |
| Net Allowance made during the period/year                   | 306,575                                   | 190,415                                   |
| Reclassification from individual/collective impairment      | 2,509                                     | (2,509)                                   |
| Amount Written-Off  | (203,000)                                 | (316,200)                                 |
| Transfer to Impairment of Investment Securities             | 1,677                                     | -   |
| Foreign Exchange Differences                                | 3,452                                     | 2,960                                     |
| <b>Closing Balance</b>                                      | <b>891,294</b>                            | <b>1,272,637</b>                          |

**Table 20b: Reconciliation of Changes to Loan Impairment Allowances as at 31 December 2012**

| Impairment Allowances Details                               | Individual Impairment Allowances (RM'000) | Collective Impairment Allowances (RM'000) |
|---|---|---|
| <b>Balance as at the beginning of financial period/year</b> | <b>812,502</b>                            | <b>1,566,152</b>                          |
| Net Allowance made during the period/year                   | 267,941                                   | 119,458                                   |
| Reclassification from individual/collective impairment      | (10,895)                                  | 10,895                                    |
| Amount Written-Off  | (288,378)                                 | (300,584)                                 |
| Transfer to impairment of Investment Securities             | (643)                                     | -   |
| Foreign Exchange Differences                                | (458)                                     | (693)                                     |
| <b>Closing Balance</b>                                      | <b>780,069</b>                            | <b>1,395,228</b>                          |

## 7.0 MARKET RISK

Market risk is the risk of loss arising from adverse movements in market variables, such as interest/profit rates, credit spreads, prices of bonds/Sukuk (Islamic Bonds) and equities and currency exchange rates. The market risk of Islamic activities of the Bank includes rate of return risk.

Market risk is segregated into trading market risk and non-trading market risk. Trading market risk arises from changes in interest/profit rates, foreign exchange rates, equity prices and credit spreads on the value of assets held for trading while non-trading market risk arises from changes in interest/profit rates, foreign exchange rates and equity prices, of which the main non-trading market risk is interest/profit rate risk arising from re-pricing mismatches of its assets and liabilities from its banking activities.

The Bank transacts in money market, foreign exchange markets and capital markets which give rise to market risk exposures. Financial instruments transacted include debt and other securities and certain financial derivative instruments. Derivative instruments are contracts whose characteristics and value are derived from underlying financial instruments, interest/profit rates, exchange rates, or indices. They include futures, forwards, swaps, and options transactions in the foreign exchange and interest/profit rate markets. Derivative contracts entered into by the Bank are primarily over the counter derivatives.

The Bank has established a Trading Book Policy as guidance for market risk management. This is reviewed regularly at least once a year, and /or upon change in strategy or significant event that has a material impact on policy compliance.

The Group Asset and Liability Committee ("ALCO") performs a critical role in the management of market risk and supports the Group Risk Management Committee in the overall market risk management. Group ALCO meets regularly and is the forum where strategic and tactical decisions are made for the management of market risk; this includes the development of the Bank's market risk strategy, market risk management structure and the policies as well as measurement techniques to be put in place.

The Market Risk Management is the working level that forms a centralised function to support Senior Management to operationalise the processes and methods, to ensure adequate risk control and oversight are in place.

## 7.0 MARKET RISK (CONTINUED)

### Market Risk Assessment

The Bank applies risk monitoring and assessment tools to measure trading book positions and market risk factors. Statistical and non-statistical risk assessment tools applied include Value-at-Risk ("VaR"), sensitivity analysis and stress testing.

The Bank adopts a systematic approach in managing these risks by types of instruments and nature of exposure. Market risk is primarily monitored and controlled via a structure of limits and triggers i.e. cut loss, VaR, trading and notional limit set in accordance with the size of positions and risk tolerance appetites.

In addition, the Bank conducts periodic stress testing of its respective portfolios to ascertain market risk under abnormal market conditions.

### Market Risk Monitoring and Reporting

For effective control of market risk, defined management action triggers and risk limits are established and actively monitored. Only authorised trading activities may be undertaken by the various business units within the allocated limits. All trading positions are monitored on a daily basis by independent support units. Should exposures or transactions set off pre-established triggers, Management will deliberate and determine on course of actions required on a timely basis.

### Hedging Activities

Hedging activities designated for hedge accounting are governed by the Bank's Hedging Policy that prescribes the overall hedge activities that can be executed by the Bank and the subsequent control procedures such as effectiveness measurement and reporting to Group ALCO.

A hedge is defined as a position that materially or entirely offsets the component risk elements of another position or portfolio.

Hedging instruments used to mitigate these risks include derivatives such as options, futures, forwards and swaps that are approved by the Board. Execution of the hedging is carried out by the relevant division through the Bank's treasury functions with the approval of Group ALCO.

### Capital Treatment for Market Risk

The Bank applies the Standardised Approach to calculate market risk capital requirements in accordance with BNM's Guideline. The market risk-weighted assets (RWA) and the corresponding market risk capital charge for the Bank as at 31 December 2013 and 31 December 2012 are shown in the tables below:

**Table 21a: Market Risk-Weighted Assets and Capital Requirement as at 31 December 2013**

| Market Risk                            | Long Position<br>(RM'000) | Short Position<br>(RM'000) | RWA<br>(RM'000)  | Capital Charge<br>(RM'000) |
|--|---------------------------|----------------------------|------------------|----------------------------|
| Interest Rate Risk/Benchmark Rate Risk | 47,289,310                | 44,524,084                 | 1,297,597        | 103,808                    |
| Foreign Currency Risk                  | 1,622,323                 | 31,091                     | 1,625,586        | 130,047                    |
| <b>Total</b>                           |                           |                            | <b>2,923,183</b> | <b>233,855</b>             |

**Table 21b: Market Risk-Weighted Assets and Capital Requirement as at 31 December 2012**

| Market Risk                            | Long Position<br>(RM'000) | Short Position<br>(RM'000) | RWA<br>(RM'000)  | Capital Charge<br>(RM'000) |
|--|---------------------------|----------------------------|------------------|----------------------------|
| Interest Rate Risk/Benchmark Rate Risk | 39,524,436                | 38,595,601                 | 1,250,674        | 100,054                    |
| Foreign Currency Risk                  | 1,292,289                 | 131,860                    | 1,314,706        | 105,176                    |
| <b>Total</b>                           |                           |                            | <b>2,565,380</b> | <b>205,230</b>             |

Note:

The Bank did not have any exposure under

- Equity risk, commodity risk, inventory risk and options risk, and
- Market risk exposure absorbed by PSIA.



**8.0 EQUITY EXPOSURES IN THE BANKING BOOK**

Equity risk is the risk of decline in the net realisable value of investment assets arising from adverse movements in market prices or factors specific to the investment itself. The Bank holds positions as a result of debt equity conversions and for socio-economic and non socio-economic purposes, which are deemed as non-trading instruments.

Holding of publicly traded equity investments comprise quoted shares which are traded actively in the stock exchange. All publicly traded equity exposures are stated at fair value. Privately held equities are unquoted investments and stated at cost adjusted for impairment loss, if any.

For debt equity conversions, the Bank has established a Policy on Debt & Equity Instruments that governs the management of such exposures to ensure that these exposures are effectively managed and accounted for in the Bank's books.

For regulatory capital purpose, the Bank adopts the Standardised Approach to calculate the risk-weighted exposures. The risk-weighted assets of equity investments of the Bank as at 31 December 2013 and 31 December 2012 are shown in the tables below:

**Table 22a: Equity Exposures in the Banking Book as at 31 December 2013**

| Equity Type                       | Gross Credit Exposures<br>(RM'000) | Risk-Weighted Assets<br>(RM'000) |
|-----------------------------------|------------------------------------|----------------------------------|
| Publicly traded                   |                                    |                                  |
| - Holdings of equity investments  | 5,730                              | 5,730                            |
| Privately held                    |                                    |                                  |
| - For socio-economic purposes     | 412,603                            | 412,603                          |
| - For non socio-economic purposes | 5,898                              | 5,902                            |
| Other equity                      | 860                                | 860                              |
| <b>Total</b>                      | <b>425,091</b>                     | <b>425,095</b>                   |

|  | (RM'000) |
|--|----------|
| Cumulative Realised Gains/(Loss) from Sale and Liquidation | -        |
| Total Unrealised Gains/(Loss)                              | 282,323  |

**Table 22b: Equity Exposures in the Banking Book as at 31 December 2012**

| Equity Type                       | Gross Credit Exposures<br>(RM'000) | Risk-Weighted Assets<br>(RM'000) |
|-----------------------------------|------------------------------------|----------------------------------|
| Publicly traded                   |                                    |                                  |
| - Holdings of equity investments  | 2,669                              | 2,678                            |
| Privately held                    |                                    |                                  |
| - For socio-economic purposes     | 309,009                            | 309,009                          |
| - For non socio-economic purposes | 10                                 | 14                               |
| Other equity                      | 860                                | 860                              |
| <b>Total</b>                      | <b>312,548</b>                     | <b>312,561</b>                   |

|  | (RM'000) |
|--|----------|
| Cumulative Realised Gains/(Loss) from Sale and Liquidation | -        |
| Total Unrealised Gains/(Loss)                              | 169,645  |

## 9.0 LIQUIDITY RISK

There are two types of liquidity risk, namely funding liquidity and market liquidity risk. Funding liquidity risk is the risk that the Bank is unable to meet its payment obligations as they fall due. These payment obligations could emanate from depositor withdrawals and/or the inability to meet contractual commitments when due. Market liquidity risk is the risk that the Bank will be unable to sell assets quickly, close to its fair value without incurring an unacceptable loss, in order to generate cash required to meet payment obligations under a stress liquidity event.

The primary role of a bank in terms of financial intermediation is the transformation of short term deposits into long term financing. By fulfilling the role of maturity transformation, banks are inherently susceptible to liquidity mismatches and consequently funding and market liquidity risks.

Through the Group's Liquidity Practices Guide, the Bank manages the funding and market liquidity risk to ensure that banking operations continue uninterrupted under normal and stressed conditions. The key objectives that underpin the Group's Liquidity Practices Guide include maintaining financial market confidence at all times, protecting key stakeholders' interests and meeting regulatory liquidity requirements.

The Group ALCO supports the Group Risk Management Committee by performing the critical role in the management of liquidity risk, and is responsible in establishing strategies that assist in controlling and reducing any potential exposures to liquidity risk. The Group ALCO meets regularly and is the forum where strategic and tactical decisions are made for the management of liquidity risks and the Bank's balance sheet profile. Global and domestic economic data, information and events are deliberated at the Group ALCO meetings which enables the Bank to determine its actions and reactions in the capital markets. The Group ALCO is also the governance body which sets interest/profit rates for liabilities products as well as reference rates for lending and financing products and services.

The Bank has adopted the BNM's New Liquidity Framework as one of the liquidity measurement methods. In addition to ensuring compliance with the New Liquidity Framework, the Bank also maintains a liquidity compliance buffer to meet any unexpected cash outflows.

The liquidity management process involves establishing liquidity management policies and limits, regular monitoring against liquidity risk limits, regular stress testing, and establishing contingency funding plans. These processes are subject to regular reviews to ensure that they remain relevant in the context of prevailing market conditions.

Some of the key liquidity risk management tools are top depositors' mixture, funding source mixture, maturity profile of funding sources and contingency funding lines.

The Bank has commenced the Basel III observation period reporting to BNM on the two key liquidity ratios, namely the Liquidity Coverage Ratio ("LCR") and the Net Stable Funding Ratio ("NSFR").

The Group's Liquidity Incident Management Master Plan establishes guidelines for managing a liquidity crisis, identifying early warning signs of a possible liquidity event and the need for heightened liquidity risk monitoring and reduced liquidity risk exposure. In addition, the Group Liquidity Policy Statement identifies the individuals responsible for formulating and executing the Bank's response to a liquidity event.

It is also the Group's policy that every entity and foreign branch operations maintains a Liquidity Incident Management Country Plan, to serve as a guide in managing potential country specific liquidity incidents and to complement group-wide liquidity incident management.

## 10.0 INTEREST RATE RISK/RATE OF RETURN RISK IN THE BANKING BOOK

Interest rate risk/rate of return risk in the banking book refers to any opportunity loss to the Bank's income and/or economic value to changes in interest rate/rate of return, which may arise from both on and off-balance sheet positions in the banking book. Interest rate risk/rate of return risk occurs whenever there is a mismatch in the re-pricing period of assets and liabilities. Excessive interest rate risk/rate of return risk can pose a significant threat to the Bank's earnings and capital. Changes in interest rates/rate of returns may affect the Bank's earnings in terms of the net interest/profit income and economic value of equity.

Interest rate risk/rate of return risk in the banking book comprises:

- Re-pricing risk (mismatch risk) – timing difference in the maturity (for fixed rate) and re-pricing (for floating rate) of the Bank's assets, liabilities and off-balance sheet positions,
- Basis risk–imperfect correlation in the adjustment of the rates earned and paid on different instruments with otherwise similar re-pricing characteristics,
- Yield curve risk – changes in the shape and slope of the yield curve, and
- Embedded optionality – the risk pertaining to interest/profit related options embedded in the Bank's products.

Earnings-at-Risk ("EaR") and Economic Value of Equity ("EVE") are used to assess interest rate risk/rate in return risk of the banking book. They are computed based on the re-pricing gap profile of the banking book. Assets and liabilities are bucketed based on their remaining tenor to maturity or next re-price dates. For indefinite maturity products, the re-pricing behaviour will be reflected in the gapping profile. The measurement of EaR and EVE are conducted on a monthly basis.

The Group ALCO supports Group Risk Management Committee in establishing policies, strategies and limits for the management of balance sheet risk exposure. Group Risk Management supports the Group ALCO in the monthly monitoring and reporting of the interest rate/rate of return risk profile of the banking book. The primary objective in managing balance sheet risk is to manage the net interest/profit income and economic value of equity, as well as to ensure that interest rate/rate of return exposures are maintained within defined risk tolerances.

In addition, the Bank has established the Interest Rate Risk/Rate of Return Risk Policy which provides for the governance of interest rate/rate of return. Interest rate/profit rate sensitivity triggers are applied on earnings for the respective profit centres within the Bank. The Bank regularly considers the economics and necessity of increasing or reducing its interest rate/profit rate risk hedges.

In line with the Bank's Interest Rate Risk/Rate of Return Risk Policy to achieve a balance between profitability from banking activities and minimizing risk to earnings and capital from changes in interest rates, interest rate risk to earnings is controlled using Management Action Triggers ("MATs") and identified escalation procedures.

Stress testing is also performed regularly to determine the adequacy of capital in meeting the impact of extreme interest rate movements on the balance sheet. Such tests are also performed to provide early warnings of potential extreme losses, facilitating proactive management of interest rate/rate of return risk in an environment of rapid financial market changes.

The impact of changes in interest rate/rate of return to net earnings and economic value for the Bank as at 31 December 2013 and 31 December 2012 are shown in the following tables:

**Table 23a: Interest Rate Risk / Rate of Return Risk in the Banking Book as at 31 December 2013**

| Currency                | Impact on Position as at Reporting Period (100 basis points) Parallel Shift |                                   |   |                                   |
|-------------------------|---|-----------------------------------|---|-----------------------------------|
|                         | Increase/(Decline) in Earnings (RM'000)                                     |                                   | Increase/(Decline) in Economic Value (RM'000) |                                   |
|                         | Impact based on +100 basis points   | Impact based on -100 basis points | Impact based on +100 basis points             | Impact based on -100 basis points |
| MYR - Malaysian Ringgit | 18,461  | (18,461)                          | (1,694,987)                                   | 1,694,987                         |
| USD - US Dollar         | (4,926)   | 4,926                             | 16,933  | (16,933)                          |
| Others <sup>1</sup>     | (1,910)   | 1,910                             | (32,080)                                      | 32,080                            |
| <b>Total</b>            | <b>11,625</b>   | <b>(11,625)</b>                   | <b>(1,710,134)</b>                            | <b>1,710,134</b>                  |

**10.0 INTEREST RATE RISK/RATE OF RETURN RISK IN THE BANKING BOOK (CONTINUED)****Table 23b: Interest Rate Risk / Rate of Return Risk in the Banking Book as at 31 December 2012**

| Currency                | Impact on Position as at Reporting Period (100 basis points) Parallel Shift |                                      |  |                                      |
|-------------------------|---|--------------------------------------|--|--------------------------------------|
|                         | Increase/(Decline) in Earnings<br>(RM'000)                                  |                                      | Increase/(Decline) in Economic Value<br>(RM'000) |                                      |
|                         | Impact based on<br>+100 basis points  | Impact based on<br>-100 basis points | Impact based on<br>+100 basis points             | Impact based on<br>-100 basis points |
| MYR - Malaysian Ringgit | 109,335   | (109,335)                            | (1,285,520)                                      | 1,285,520                            |
| USD - US Dollar         | (14,135)  | 14,135                               | (13,999)   | 13,999                               |
| Others <sup>1</sup>     | (2,758)   | 2,758                                | (29,389)   | 29,389                               |
| <b>Total</b>            | <b>92,442</b>   | <b>(92,442)</b>                      | <b>(1,328,908)</b>                               | <b>1,328,908</b>                     |

Notes:

1. Inclusive of GBP, EUR, SGD, etc.
2. The EaR and EVE exposures are additive and do not take into account any correlation impact in the aggregation.
3. The economic values were computed assuming that all interest/profit sensitive position that of indeterminate maturity are classified under one week bucket. This is the more conservative approach that is adopted by BNM.
4. RHB Islamic Bank had adopted the Profit Rate Risk methodology instead of interest Rate Risk/Rate of Return Risk in the Banking Book in deriving the Earnings and Economic Value.
5. Account placement of Profit Sharing Investment Accounts from RHB Islamic Bank which qualified as risk absorbent was executed.

The impact to net earnings above represents financial assets and liabilities that have been prepared on the following basis:

- Interest/profit rate sensitive assets and liabilities with residual maturity or re-pricing tenure of up to one year that is not captured in the trading portfolio are slotted into time bands based on the maturity or re-pricing tenure whichever is earlier.
- A set of risk weights with its respective time band is used to project the applicable basis point interest/profit rate change impact.
- For assets and liabilities with non-fix maturity, e.g., current and savings accounts, certain assumptions are made to reflect the actual sensitivity behaviour of interest bearing items.

Economic value is characterised by the impact of interest/profit rate changes on the value of all net cash flows, i.e., the effect on the economic value of the Bank's assets, liabilities and off-balance sheet positions. This provides a more comprehensive view of the potential long term effects of changes in interest/profit rates than is offered by the earnings perspective.

However, the computation of net cash flows is derived taken into consideration a series of assumptions, for instance, assets and liabilities with non-fix maturity, e.g., current and savings accounts. Assumptions are made to reflect the behavioral changes against interest/profit rate movements. The scenarios used are based on the assumption that all key variables for all maturities move at the same time and by the same magnitude and do not incorporate actions that would be otherwise taken by the business units and risk management to mitigate the effect of this movement in key variables.

**11.0 OPERATIONAL RISK**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems and external events, which also includes IT and legal risks as well as Shariah non-compliance risk. Operational risks are inherent in the Bank's operations and can never be eliminated entirely. The impact can be in the form of actual financial loss as well as non-financial loss such as loss of reputation, non-compliance and unsatisfactory service level to customers.

One of the Bank's primary safeguards against operational risk is the existence of a sound internal control system, based on the principle of dual control checks and balance, segregation of duties, independent checks and verification processes, segmented system access control and authorisation process. These controls are documented through a set of policies and procedures at the respective business level.

The Group's Operational Risk Management Framework comprises a wide range of activities and elements, broadly classified into:

- Analysis and Enhancement – The Group has implemented a Basel II compliant operational risk management system to support its workflow and analytical capabilities.
- Education and Awareness – The Group undertakes change management activities to improve risk management knowledge, culture and practices of the Bank personnel. This is aligned with the principle and requirement that the front-line business and support units of the Group, are by nature of their direct involvement in interfacing with customers and in operating the business, responsible for managing operational risk and acting as the first line of defence against operational losses.
- Monitoring and Intervention – This is where the principal head office risk control units, including the operations management function, compliance function and the internal audit function, actively manage operational non-compliances and incidences, as well as undertake recovery actions, including business continuity measures in cases of incidences causing disruption to business activities.

## 11.0 OPERATIONAL RISK (CONTINUED)

### Operational Risk Management Function and Organisation

The Operational Risk Management Department reporting directly to the Director of Group Risk Management has the functional responsibility for the development of operational risk policy, framework and methodologies, and providing guidance and information to the business units on operational risk areas. Its function also includes generating a broader understanding and awareness of operational risk issues at all levels of the Group. It also ensures that operational risk from new products, processes and systems are adequately managed and mitigated. The respective business units are primarily responsible for managing operational risk on a day-to-day basis.

Regular operational risk reporting is made to the Senior Management, GRMC and the Board. These reports include various operational risk aspects such as reporting of significant operational loss and Shariah non-compliance events. Such reporting facilitates Senior Management to identify adverse operational lapses, take prompt corrective actions, and ensure appropriate risk mitigation decision making and action plans.

### Risk Management Process and Methodologies

The Bank has defined an operational risk management process, comprising risk identification, assessment, monitoring, and reporting. These are outlined as follows:

- **Risk and Control Self Assessment (“RCSA”)**

Each business unit is required to identify and assess their own operational risks. RCSA is a risk profiling tool which facilitates effective operational risk management for the Bank, and focuses on future risk assessment by using past records of loss or near misses, key risk indicators, and related issues such as audit findings. The RCSA process is facilitated by the business units themselves who together with personnel from Operational Risk Management, would identify and assess key operational risks that could affect the effectiveness of controls and impact the achievement of business objectives. For identified risks lacking sufficient mitigation, the business units are required to establish action plans to improve the control environment to contain the risks to acceptable levels.

- **Key Risk Indicators (“KRIs”)**

Business units are required to monitor their risk exposures via KRIs and are required to develop specific and concrete plans to address those where indicators are unfavourable. KRIs are embedded into critical processes to provide early warning signals of increasing risk and/or failures in control by flagging up frequencies of events as a mechanism for continuous risk assessment and monitoring.

- **Incident and Loss Management**

Business and support units are required to report operational losses for further analysis of root cause to avoid further recurrence. This is also useful for reviewing the effectiveness of the RCSA and KRIs.

### Risk Mitigation and Controls

Risk mitigation tools and techniques are used to minimise risk to an acceptable level and aims to decrease the likelihood of an undesirable event and the impact on the business, should it occur.

The control tools and techniques, amongst others, are as follows:

- **Business Continuity Management (“BCM”)**

To mitigate the impact of unforeseen operational risk events, the Bank has on-going and actively managed Business Continuity Planning (“BCP”) programmes for its major critical business operations and activities at the Head Office, data centre, and branches’ locations. The BCP programmes are subject to regular testing to ensure efficacy, reliability and functionality, and come under the responsibility of the Business Continuity Management (“BCM”) Department.

The Board of Directors has an oversight function through the GRMC and Group Management Committee (“GMC”). The Group Business Continuity Management Steering Committee (“GBCMSC”) is the committee that oversees the Bank’s business continuity framework, policies, budget and plans. The GBCMSC reports to the GMC.

**11.0 OPERATIONAL RISK (CONTINUED)****Risk Mitigation and Controls (Continued)**

- **Outsourcing**

With the increasing need to outsource for cost and operational efficiency, the Group's Policy on Outsourcing of the Group's operations and services ensures that the risk arising from outsourcing activities is adequately identified, assessed and managed prior to entering into any new arrangements and on an ongoing basis.

- **Insurance/Takaful Management**

The Bank considers risk transfer by means of insurance/Takaful to mitigate operational risk. The Bank has a programme of insurances designed to reduce its exposure to liability and to protect its assets. The Bank purchases insurance/Takaful from leading insurers in the market covering fraud, theft, property and casualty, business disruption, liability and other risks for which it may be held responsible. These are provided by third-party insurers/Takaful providers and will financially mitigate the economic consequences of risks.

**New Product and Services Approval Process**

The Bank has established a Policy on "Introduction of New/Variation of Products & Services Lifecycle" which governs the risk management of new products, services, or significant changes thereto. The responsible units have a duty to assess the operational risks for new product launches and/or significant changes in product features or related processes and working systems, as well as to ensure that operational risk is at an acceptable level at all times.

**Legal Risk**

Legal risk is part of operational risk. It can arise from unenforceable, unfavourable, defective or unintended contracts, lawsuits or claims, developments in laws and regulations, or non-compliance with applicable laws and regulations. Business units work together with the Bank's legal counsel and external legal counsel to ensure that legal risk is effectively managed.

**Treatment for Operational Risk Capital Charge**

Currently, the Bank adopts the Basic Indicator Approach ("BIA") for the calculation of regulatory operational risk capital. The operational risk-weighted assets and the corresponding risk capital charge for RHB Bank Group, RHB Bank Berhad, and RHB Islamic Bank as at 31 December 2013 and 31 December 2012, are shown below:

**Table 24a: Operational Risk-Weighted Assets and Capital Requirement as at 31 December 2013**

| Operational Risk – BIA | RHB Bank Group<br>(RM'000) | RHB Bank Berhad<br>(RM'000) | RHB Islamic Bank<br>(RM'000) |
|------------------------|----------------------------|-----------------------------|------------------------------|
| Risk-Weighted Assets   | 8,493,418                  | 7,670,991                   | 783,884                      |
| Risk Capital Charge    | 679,473                    | 613,679                     | 62,711                       |

**Table 24b: Operational Risk-Weighted Assets and Capital Requirement as at 31 December 2012**

| Operational Risk – BIA | RHB Bank Group<br>(RM'000) | RHB Bank Berhad<br>(RM'000) | RHB Islamic Bank<br>(RM'000) |
|------------------------|----------------------------|-----------------------------|------------------------------|
| Risk-Weighted Assets   | 7,999,184                  | 7,283,570                   | 689,105                      |
| Risk Capital Charge    | 639,935                    | 582,686                     | 55,128                       |

## 12.0 COUNTRY CROSS-BORDER RISK

Country cross-border risk is the risk that the Bank will be unable to obtain payment from customers or third-parties on their contractual obligations as a result of certain actions taken by foreign governments.

Cross-border assets comprise loans and advances/financing, interest/profit bearing deposits with other banks, trade and other bills, acceptances, derivatives, certificates of deposit and other negotiable instruments, investment securities and other formal commitments where the counterparty is resident in a country other than where the assets are recorded. Cross-border assets also include exposures to local residents denominated in currencies other than the local currency.

The Bank is guided by the Group Guidance on Cross-Border Business, particularly on ethics in business practices, key success factors in managing such business, and the internal control measures which are essential to provide adequate protection to its customers as well as the Bank's interest, thus reducing the risks associated with business activities.

## 13.0 REPUTATIONAL RISK

Reputational risk is the risk that negative publicity regarding the conduct of the Bank or any of the entities within the Group, business practices or associations, whether true or not, will adversely affect its revenues, operations or customer base, or require costly litigation or other defensive measures.

Negative publicity about an institution's business practices may involve any aspect of its operations, but usually relates to questions of business ethics and integrity, or quality of products and services. Reputational risk will arise from failure to effectively mitigate one or more of country, credit, liquidity, market, regulatory, operational, environmental or social risk.

Reputational risk in the Bank is managed and controlled through codes of conduct, governance practices and risk management practices, policies, procedures and training. Towards this end, the Group has developed and implemented a Reputational Risk Management Framework.

The key elements for management of reputational risk include:

- Prompt and effective communication with all stakeholders;
- Strong and consistent enforcement of controls relating to governance, business and legal compliance;
- Continuous monitoring of threats to reputation;
- Ensuring ethical practices throughout the Group; and
- Establishing crisis management plans and ensuring these are continuously updated.

For the Bank's overseas operations, it is the responsibility of the Country Heads to promote awareness and application of the Bank's policy and procedures regarding reputational risk, in all dealings with customers, potential investors and host regulators.

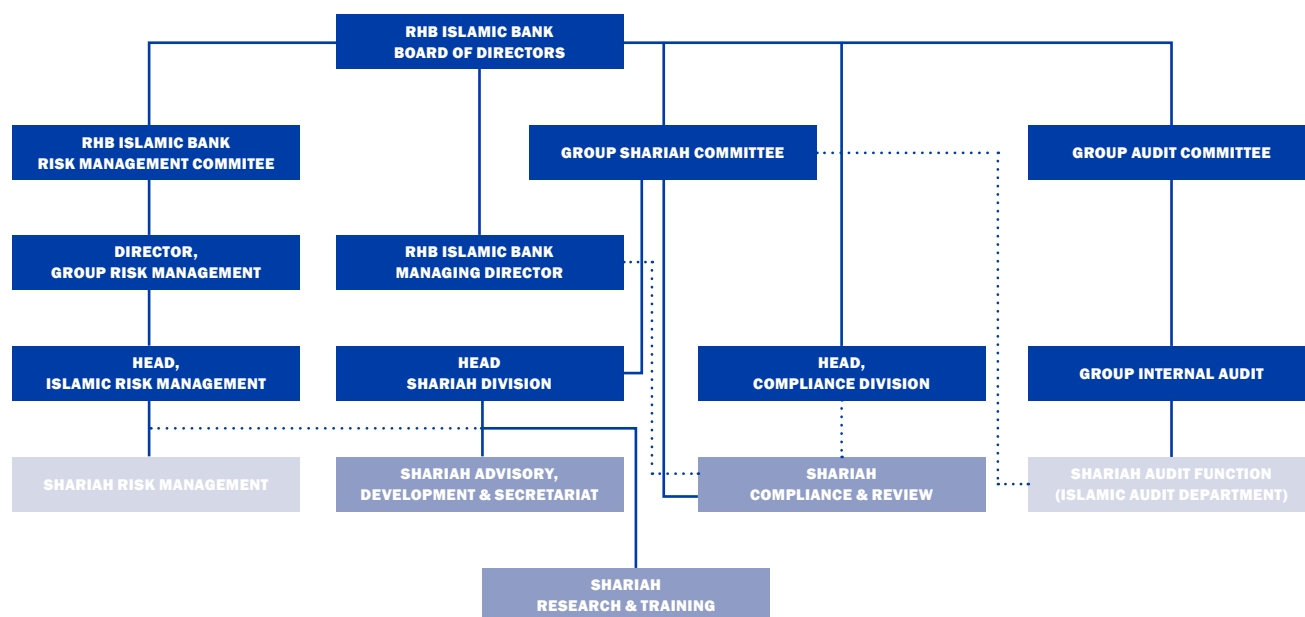
**14.0 SHARIAH NON-COMPLIANCE RISK AND GOVERNANCE**

Shariah non-compliance risk may arise from RHB Islamic Bank’s failure to comply with the Shariah rules and principles as determined by the Shariah Committee of the Bank or any other relevant body, such as the BNM’s Shariah Advisory Council.

A Shariah Framework has been developed with the objective of governing the entire Shariah compliance process with Islamic banking operations, and to:

- ensure that the planning, development, and implementation of the Islamic Bank’s products, services and conduct of business are in accordance with Shariah principles;
- ensure that the Bank’s operations do not contravene any of the Shariah requirements and authorities’ regulations related to the Shariah; and
- act as a guide on the Bank’s expectations to all personnel engaged in the Bank’s activities; to ensure that all such functions are based on the Shariah principles, practices and prudence.

The reporting structure of Shariah governance is as follows:



The Group Shariah Committee (“GSC”) of the Bank was established under BNM’s Shariah Governance Framework to advise the Bank’s Board on Shariah matters. Additionally, the Bank has also established a dedicated Islamic Risk Management Department in line with BNM’s Shariah Governance Framework.

The GSC reports to the Board of Directors of RHB Islamic Bank. This reporting structure reflects the status of the GSC as an independent advisory body of the Bank. As for the day-to-day operations, RHB Islamic Bank has established its Shariah Division.

The main duties and responsibilities of GSC are to advise the Bank’s Board of Directors on Shariah matters in the Islamic Bank’s business and operations, to endorse Shariah compliance manuals, to endorse and validate relevant documents as well as to provide written Shariah opinion on new products and the Bank’s financial statements.

The Head of Shariah Division reports functionally to the GSC and administratively to the Managing Director of the Islamic Bank. The key functions of the Shariah Division are undertaken by two sub-units, i.e. “Shariah Advisory, Development and Secretariat” and “Shariah Research and Training”.

The main duties and responsibilities of Shariah Advisory, Development & Secretariat are to conduct reviews on the Islamic Bank’s proposed new products and services, provide internal Shariah advisory support to the management of the Bank in its daily business and operational matters, and to represent the Bank in any Shariah-related matters. Meanwhile, the main duties and responsibilities of Shariah Research and Training function are to assist GSC in elaborating and discussing on pertinent Shariah issues, to provide in-depth research on competitive analysis in order to help GSC in making decision, and to conduct Shariah-related training for the Bank.



**14.0 SHARIAH NON-COMPLIANCE RISK AND GOVERNANCE (CONTINUED)**

The main duties and responsibilities of Shariah Compliance and Review functions cover the regular assessment on Shariah compliance in the activities and operations of the Islamic Bank with the objective of ensuring that the activities and operations carried out by Islamic Bank do not contravene with Shariah. The scope also covers the Islamic Bank's overall business operations, including the end-to-end product development process starting from product structuring to product offering and recovery.

Any incidences of Shariah non-compliance are reported to the GSC, the Islamic Bank's Risk Management Committee, the Board of Directors of the Islamic Bank and BNM. Remedial actions may include the immediate termination of the Shariah non-compliant products or services and de-recognition of Shariah non-compliant income.

There was no major Shariah non-compliant event or income arising from the Bank's products or services during the financial year 2013.

**15.0 FORWARD LOOKING STATEMENTS**

This document could or may contain forward looking statements that are based on current expectations as well as assumptions or anticipation of future events. These forward looking statements can be identified by the fact that they do not relate only to historical or current facts, and often use words such as anticipate, target, expect, estimate, intend, plan, believe, will, may, should, would, could or other words of similar expressions.

Undue reliance should not be placed on any of such statements. By their nature, forward looking statements are subject to risks and uncertainty because they relate to future events and circumstances, including, but not limited to domestic and global economic and business conditions, the effects of continued volatility in the credit markets, market-related risks such as changes in interest/profit rates and exchange rates, changes in regulation, and future business combinations or dispositions. As a result, the Bank's actual future results may differ materially from the plans, goals, and the expectations contained in the forward looking statements.

The Bank undertakes no obligation to revise or update any forward looking statements contained in this document, regardless of whether these statements are affected as a result of new information, future events or otherwise.

**Table 25****Glossary of Terms**

|                |   |
|----------------|---|
| A-IRB Approach | Advanced Internal Ratings-Based Approach                |
| BIA            | Basic Indicator Approach                                |
| BCBS           | Basel Committee on Banking Supervision                  |
| BCM            | Business Continuity Management                          |
| BCP            | Business Continuity Planning                            |
| BNM            | Bank Negara Malaysia                                    |
| Board          | Board of Directors                                      |
| CAFIB          | Capital Adequacy Framework for Islamic Banks            |
| CCC            | Central Credit Committee                                |
| CCR            | Counterparty Credit Risk                                |
| CCRIS          | Central Credit Reference Information System             |
| CRM            | Credit Risk Mitigation                                  |
| DFIs           | Development Financial Institutions                      |
| EAD            | Exposure at Default                                     |
| EaR            | Earnings-at-Risk  |
| ECAIs          | External Credit Assessment Institutions                 |
| EL             | Expected Loss   |
| EUR            | Euro Dollar   |
| EVE            | Economic Value of Equity                                |
| F-IRB Approach | Foundation Internal Ratings-Based Approach              |
| Fitch          | Fitch Ratings   |
| GBCMSC         | Group Business Continuity Management Steering Committee |
| GBP            | Pound Sterling  |
| Group ALCO     | Group Asset and Liability Committee                     |
| GCSC           | Group Capital & Strategic Risk Management Committee     |
| GCPM           | Group Credit Procedures Manual                          |
| GMC            | Group Management Committee                              |
| GRM            | Group Risk Management                                   |
| GRMC           | Group Risk Management Committee                         |
| GSC            | Group Shariah Committee                                 |
| IRB Approach   | Internal Ratings-Based Approach                         |
| KRI            | Key Risk Indicators                                     |
| LGD            | Loss Given Default                                      |
| MARC           | Malaysian Rating Corporation Berhad                     |
| MATs           | Management Action Triggers                              |
| MDBs           | Multilateral Development Banks                          |
| MFRS 139       | Malaysia Financial Reporting Standards 139              |
| Moody's        | Moody's Investors Service                               |
| MYR            | Malaysian Ringgit                                       |
| NIFs           | Notes Issuing Facilities                                |
| OTC            | Over-the-Counter  |
| PD             | Probability of Default                                  |
| PSIA           | Profit Sharing Investment Accounts                      |
| QMVU           | Quantitative Model Validation Unit                      |
| R&I            | Rating and Investment Information, Inc                  |
| RAM            | Rating Agency Malaysia                                  |
| RCSA           | Risk and Control Self Assessment                        |
| RM'000         | Malaysian Ringgit in nearest thousand                   |
| RWCAF          | Risk-Weighted Capital Adequacy Framework                |
| RWA            | Risk-Weighted Assets                                    |
| SA             | Standardised Approach                                   |
| SBU's          | Strategic Business Units                                |
| SFU's          | Strategic Functional Units                              |
| SGD            | Singapore Dollar  |
| S&P            | Standard & Poor's                                       |
| SME            | Small-and Medium-sized Enterprises                      |
| VaR            | Value-at-Risk   |

# Branch Network

## NORTHERN REGION

### KEDAH

#### Jalan Bakar Arang

27 & 28, Jalan Bakar Arang  
08000 Sungai Petani, Kedah

Tel : 1300 888 742  
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#### Jalan Tunku Ibrahim

1519, Jalan Tunku Ibrahim  
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05700 Alor Setar, Kedah

Tel : 1300 888 742  
Fax : (04) 733 3843

#### Jitra, Kedah

No. 242, Jalan PJ 2/2, Pekan Jitra 2  
06000 Jitra, Kedah

Tel : (04) 917 3388/3588 & (04) 917 4588  
Fax : (04) 917 0888

#### Kuala Kedah

Ground & First Floor, 262 & 263  
Block C, Bangunan Peruda  
06600 Kuala Kedah, Kedah

Tel : (04) 762 5367/5366  
Fax : (04) 762 5393

#### Kulim

No. 8 & 9, Jalan KLC 1  
09000 Kulim, Kedah

Tel : 1300 888 742  
Fax : (04) 491 5916

#### Mergong

97J, Seberang Jalan Putra  
05150 Alor Setar, Kedah

Tel : 1300 888 742  
Fax : (04) 731 6059

#### Padang Serai

11 & 12, Lorong Berkat Satu  
Taman Berkat

09400 Padang Serai, Kedah  
Tel : 1300 888 742  
Fax : (04) 485 0982

#### Pulau Langkawi

13 & 15, Jalan Pandak Mayah Satu  
07000 Langkawi, Kedah

Tel : (04) 966 7511/7512  
Fax : (04) 966 7513

#### Taman Pekan Baru

104, 105 & 106, Jalan Pengkalan  
Taman Pekan Baru, Sg Petani Baru  
08000 Sungai Petani, Kedah

Tel : 1300 888 742  
Fax : (04) 421 3401/423 0485

## PERLIS

### Kangar

41 & 43, Persiaran Jubli Emas  
Taman Suriani, 01000 Kangar, Perlis

Tel : (04) 977 6864/6867  
Fax : (04) 977 6863

## PULAU PINANG

### Ayer Itam

15, Jalan Pasar, 11500 Ayer Itam  
Pulau Pinang

Tel : 1300 888 742  
Fax : (04) 828 8554

### Bayan Baru

42A, B, C, Jalan Tengah  
11950 Bayan Baru, Pulau Pinang

Tel : 1300 888 742  
Fax : (04) 642 1884

### Bukit Mertajam

1244 & 1246, Jalan Padang Lallang  
Taman Desa Damai

14000 Bukit Mertajam, Pulau Pinang  
Tel : 1300 888 742  
Fax : (04) 539 4148

### Butterworth

6774, 6775 & 6776, Jalan Kg Gajah  
12200 Butterworth, Pulau Pinang

Tel : 1300 888 742  
Fax : (04) 332 3328

### Jalan Burma

No. 380-A, Jalan Burma  
10350 Pulau Pinang

Tel : 1300 888 742  
Fax : (04) 227 4361

### Jelutong

112 & 114, Jalan Tan Sri Teh Ewe Lim  
11600 Pulau Pinang

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Fax : (04) 282 6930

### Lebuh Pantai

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Fax : (04) 261 8019/762 5393

### Jin Chain Ferry, Prai

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Taman Inderawasih

13600 Prai, Pulau Pinang  
Tel : 1300 888 742  
Fax : (04) 390 3976

### Jalan Raja Uda, Penang

Ground & Mezzanine Floor  
6957 & 6958, Jalan Raja Uda  
Raja Uda Light Industrial Park  
12300 Butterworth, Pulau Pinang

Tel : 1300 888 742  
Fax : (04) 332 4946

### Sungai Bakap

1433-1434, Jalan Besar  
Sungai Bakap, Seberang Prai Selatan  
14200 Sungai Jawi, Pulau Pinang

Tel : 1300 888 742  
Fax : (04) 582 3580

### Sungai Dua

4H & 4J, Desa Universiti Commercial  
Complex, Jalan Sungai Dua  
11700 Gelugor, Pulau Pinang

Tel : 1300 888 742  
Fax : (04) 658 5609

## PERAK

### Air Tawar

33A & B, Jalan Besar  
32400 Air Tawar, Perak

Tel : 1300 888 742  
Fax : (05) 672 2168

### Bagan Serai

243, Jalan Besar  
34300 Bagan Serai, Perak

Tel : 1300 888 742  
Fax : (05) 721 2486

### Gopeng

Ground Floor, 67 & 69, High Street  
31600 Gopeng, Perak

Tel : 1300 888 742  
Fax : (05) 359 3291

### Gunung Rapat

57 & 59, Medan Gopeng 1  
Jalan Gopeng, Gunung Rapat,

31350 Ipoh, Perak  
Tel : 1300 888 742  
Fax : (05) 312 6570

### Ipoh Garden South

12 & 14 Tingkat, Taman Ipoh 6  
Ipoh Garden South, 31400 Ipoh, Perak

Tel : 1300 888 742  
Fax : (05) 547 8899

### Jalan Tun Sambathan

Lot 2, 4, 6 & 8, Jalan Tun Sambathan  
30000 Ipoh, Perak

Tel : 1300 888 742  
Fax : (05) 255 0050

**NORTHERN REGION  
(CONTINUED)****Jelapang**

433 & 435, Jalan Silibin, Taman Silibin  
P.O.Box No. 585, 30760 Ipoh, Perak  
Tel : 1300 888 742  
Fax : (05) 526 2418

**Kampar**

81, 83 & 85, Jalan Gopeng  
31900 Kampar, Perak  
Tel : 1300 888 742  
Fax : (05) 465 2216

**Kuala Kangsar**

6 & 7, Jalan Daeng Selili  
33000 Kuala Kangsar, Perak  
Tel : 1300 888 742  
Fax : (05) 776 6836

**Kuala Kurau**

Ground & First Floor, 19, Jalan Besar  
34350 Kuala Kurau, Perak  
Tel : 1300 888 742  
Fax : (05) 727 7155

**Menglembu**

Ground & First Floor, 50 & 52  
Jalan Besar, 31450 Menglembu, Perak  
Tel : 1300 888 742  
Fax : (05) 281 6010

**Parit Buntar**

No 1 & 3, Jalan Wawasan Jaya  
Taman Wawasan Jaya  
34200 Parit Buntar, Perak  
Tel : 1300 888 742  
Fax : (05) 716 2019

**Persiaran Greenhill**

62, Persiaran Greenhill  
30450 Ipoh, Perak  
Tel : 1300 888 742  
Fax : (05) 253 5053

**Simpang Empat, Hutan Melintang**

Lots P.T. 1374 & 1375, Jln Hutan Melintang  
Taman Seri Perak, Simpang Empat  
36400 Hutan Melintang, Perak  
Tel : 1300 888 742  
Fax : (05) 641 3310

**Sitiawan**

25C, Jalan Datuk Ahmad Yunus  
32000 Sitiawan, Perak  
Tel : 1300 888 742  
Fax : (05) 691 9012

**Sungai Siput**

139 & 140, Jalan Besar  
31100 Sungai Siput, Perak  
Tel : 1300 888 742  
Fax : (05) 598 4094

**Sungkai**

18 & 19, Jalan Besar  
35600 Sungkai, Perak  
Tel : 1300 888 742  
Fax : (05) 438 6720

**Taiping**

68 & 70, Jalan Kota  
34000 Taiping, Perak  
Tel : 1300 888 742  
Fax : (05) 806 3275

**Tasek**

699 & 701, Jalan Tasek  
Taman Musim Bunga  
31400 Ipoh, Perak  
Tel : 1300 888 742  
Fax : (05) 548 7566

**Teluk Intan**

31 & 33, Jalan Intan 2  
Bandar Baru Teluk Intan  
36000 Teluk Intan, Perak  
Tel : 1300 888 742  
Fax : (05) 621 1228

**CENTRAL REGION****KUALA LUMPUR****Bangsar Shopping Centre**

Lot G-01, Ground Floor  
Bangsar Shopping Centre Office Tower  
Jalan Maarof, Bangsar  
59100 Kuala Lumpur  
Tel : 1300 888 742  
Fax : (03) 2284 6896

**Bukit Bintang**

58-60, Jalan Bukit Bintang  
55100 Kuala Lumpur  
Tel : 1300 888 742  
Fax : (03) 2143 0645

**Damansara Heights**

Lots C9 - C12, Block C  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Tel : 1300 888 742  
Fax : (03) 2093 7515

**Jalan Ipoh, KL**

14-16, Jalan Ipoh  
51200 Kuala Lumpur  
Tel : 1300 888 742  
Fax : (03) 4041 1411/4043 0653

**Jalan Pasar, KL**

50-52, Jalan Pasar  
55100 Kuala Lumpur  
Tel : 1300 888 742  
Fax : (03) 2142 8390/2148 8967

**Jinjang Utara**

Ground Floor, 3471- A, Jalan Besar  
Jinjang Utara, 52000 Kuala Lumpur  
Tel : 1300 888 742  
Fax : (03) 6252 7158

**Kenanga Wholesale City**

Lot LGF 019-021, Lower Ground Floor  
Kenanga Wholesale City 28  
Jalan Gelugor off Jalan Kenanga  
52250 Kuala Lumpur  
Tel : 1300 888 742  
Fax : (03) 9222 6466

**Kepong**

321, Batu 7, Jalan Kepong  
Kepong Baru, 52100 Kuala Lumpur  
Tel : 1300 888 742  
Fax : (03) 6272 6521

**KL Main**

Level 1, Tower Two, RHB Centre  
426 Jalan Tun Razak  
50400 Kuala Lumpur  
Tel : (03) 9281 3030/9287/9280 6010  
Fax : (03) 9287 4173

**KL Sentral**

Unit 7, Level 1 (Arrival Hall)  
City Air Terminal KL Sentral Station  
50470 Kuala Lumpur  
Tel : 1300 888 742  
Fax : (03) 2274 7000

**KLCC**

Lot LC-C03, Concourse Floor  
Suria KLCC, Kuala Lumpur City Centre  
50088 Kuala Lumpur  
Tel : 1300 888 742  
Fax : (03) 2164 6213

**Menara Yayasan Tun Razak**

Ground Floor  
Menara Yayasan Tun Razak  
200 Jalan Bukit Bintang  
55100 Kuala Lumpur  
Tel : 1300 888 742  
Fax : (03) 2162 1609

**Mid Valley**

17-G & 17-1, The Boulevard  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel : 1300 888 742  
Fax : (03) 2284 4350

**Overseas Union Garden**

140 & 142, Jalan Mega Mendung  
Bandar Complex, Batu 41/2  
Jalan Kelang Lama  
58200 Kuala Lumpur  
Tel : 1300 888 742  
Fax : (03) 7980 8081

**CENTRAL REGION (CONTINUED)****Pasar Borong Selayang**

53 & 55, Jalan 2/3A, Off KM 12  
Jalan Ipoh, Batu Caves  
68100 Kuala Lumpur  
Tel : 1300 888 742  
Fax : (03) 6136 3243

**Plaza Damas 3, Sri Hartamas**

Unit No: B2-08 & B2-09, Block B  
Plaza Damas 3, No. 63 Jln Sri Hartamas 1  
50480 Kuala Lumpur  
Tel : 1300 888 742  
Fax : (03) 6143 8863

**Plaza OSK**

Ground & Mezzanine Floor  
Podium Block, Plaza OSK  
Jalan Ampang, 50450 Kuala Lumpur  
Tel : 1300 888 742  
Fax : (03) 2161 2972/2164 3679

**Putrajaya (Precinct 8)**

Block C - T.00 - U.02 & U.03  
1, Jalan P8D, Putrajaya  
62250 Kuala Lumpur  
Tel : (03) 8889 2546/2548/2549  
Fax : (03) 8889 2900

**Salak South**

178-180, Main Street, Salak South  
57100 Kuala Lumpur  
Tel : 1300 888 742  
Fax : (03) 7981 3357

**Segambut**

42 & 42A, Jalan Segambut Tengah  
Segambut, 51200 Kuala Lumpur  
Tel : 1300 888 742  
Fax : (03) 6252 2801

**Setapak**

257 & 259, Jalan Genting Kelang  
Setapak, 53300 Kuala Lumpur  
Tel : 1300 888 742  
Fax : (03) 4024 1353

**Taman Connaught**

No. 134-136, Jalan Cerdas  
Taman Connaught, Cheras  
56000 Kuala Lumpur  
Tel : 1300 888 742  
Fax : (03) 9100 1208

**Taman Midah**

18 & 20, Jalan Midah Satu, Taman Midah  
56000 Cheras, Kuala Lumpur  
Tel : 1300 888 742  
Fax : (03) 9130 0588

**Taman Shamelin**

38-1-5, Shamelin Business Center, Jalan 4/91  
Taman Shamelin Perkasa  
56100 Kuala Lumpur  
Tel : 1300 888 742  
Fax : (03) 9282 7380

**Taman Sungai Besi**

30, Ground & First Floor, Jalan 7/108C  
Taman Sungai Besi, 57100 Kuala Lumpur  
Tel : 1300 888 742  
Fax : (03) 7981 8875

**Taman Tun Dr. Ismail**

15 & 17, Jalan Tun Mohd Fuad 3  
Taman Tun Dr. Ismail  
60000 Kuala Lumpur  
Tel : 1300 888 742  
Fax : (03) 7729 4077

**The Sphere, Bangsar South**

Unit G10 Ground Floor and unit 3A, First Floor  
The Sphere, No. 1, Avenue 1  
Bangsar South, No. 8 Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : 1300 888 742  
Fax : (03) 2240 0092

**75, Jalan Tun H.S. Lee, KL**

75, Jalan Tun H.S. Lee  
50000 Kuala Lumpur  
Tel : 1300 888 742  
Fax : (03) 2072 7591

**SELANGOR****Alam Avenue**

No. B23 & B25, Alam Avenue 2  
Jalan Serai Wangi, K-16/5  
Seksyen 16, 40000 Shah Alam, Selangor  
Tel : 1300 888 742  
Fax : (03) 5510 0820

**Ampang Point**

37 & 38, Jalan Memanda 7  
Taman Dato Ahmad Razali, Jalan Ampang  
68000 Ampang, Selangor  
Tel : 1300 888 742  
Fax : (03) 4252 1898

**Bandar Baru Ampang**

27G-29G, Ground Floor & 29A First Floor  
Jalan Wawasan Ampang 2/3  
Bandar Baru Ampang  
68000 Ampang, Selangor  
Tel : 1300 888 742  
Fax : (03) 4270 2060

**Bandar Baru Klang**

Unit A6, No.22A, Jalan Tiara 2A/KU1  
Pusat Perniagaan BBK  
41150 Klang, Selangor  
Tel : 1300 888 742  
Fax : (03) 3344 2755

**Bandar Baru Sungai Buloh**

391 & 392, Jalan 1A/1  
Bandar Baru Sungai Buloh  
47000 Sungai Buloh, Selangor  
Tel : 1300 888 742  
Fax : (03) 6156 7803

**Bandar Bukit Tinggi**

Lot 53, Jalan Batu Nilam 1  
Bandar Bukit Tinggi  
41200 Klang, Selangor  
Tel : (03) 3324 3581/(03) 3323 6682/6684  
Fax : (03) 3324 9869

**Bandar Sri Damansara**

1 & 2, Jalan Tanjung SD 13/1  
52200 Bandar Sri Damansara, Selangor  
Tel : 1300 888 742  
Fax : (03) 6274 2917

**Damansara Jaya**

22 & 24, Jalan SS 22/25  
Damansara Jaya  
47400 Petaling Jaya, Selangor  
Tel : 1300 888 742  
Fax : (03) 7729 9169

**Jalan SS21/39, Damansara Utama**

2M & 2G Jalan SS21/39  
Damansara Utama  
47400 Petaling Jaya, Selangor  
Tel : 1300 888 742  
Fax : (03) 7726 2305

**Dataran Wangsa Melawati**

No. 58, 58-1 & 58-2  
Jalan Dataran Wangsa Melawati  
Wangsa Melawati  
53300 Kuala Lumpur  
Tel : 1300 888 742  
Fax : (03) 4106 9810

**First Avenue, Bandar Utama**

Lot G.01A, Ground Floor, 1  
First Avenue, Bandar Utama  
47800 Petaling Jaya, Selangor  
Tel : (03) 7728 3454/3470  
Fax : (03) 7728 3496

**Giant Shah Alam**

B26-27, Giant Hypermarket Shah Alam  
2, Jalan Persiaran Sukan, Section 13  
40100 Shah Alam, Selangor  
Tel : (03) 5511 9085  
Fax : (03) 5512 8899

**IOI Boulevard**

No. B-G-5 & B-1-5, Ground Floor & 1st Floor  
IOI Boulevard, Jalan Kenari 5  
Bandar Puchong Jaya  
47100 Puchong, Selangor  
Tel : 1300 888 742  
Fax : (03) 8070 8563

**CENTRAL REGION (CONTINUED)****Jalan Niaga**

11, 13 & 15, Jalan Niaga 16/3A Section 16  
40000 Shah Alam, Selangor  
Tel : 1300 888 742  
Fax : (03) 5519 6166

**Jalan Stesen**

24 & 26, Jalan Stesen  
41000 Kelang, Selangor  
Tel : 1300 888 742  
Fax : (03) 3372 9613

**Jalan T. Amp Zabedah, Shah Alam**

16 & 18, Ground & First Floor  
Jalan T. Amp Zabedah D9/D Section 9  
40100 Shah Alam, Selangor  
Tel : 1300 888 742  
Fax : (03) 5513 1834

**Jenjarom**

M38 & M40, Jalan Besar  
42600 Jenjarom, Selangor  
Tel : 1300 888 742  
Fax : (03) 3191 4328

**Kajang**

25, Jalan Raja Harun, Taman Hijau  
43000 Kajang, Selangor  
Tel : 1300 888 742  
Fax : (03) 8733 8570

**Kampung Baru Sungai Buloh**

25, Jalan Public, Kampung Baru Sungai Buloh  
47000 Sungai Buloh, Selangor  
Tel : 1300 888 742  
Fax : (03) 6156 8645

**Kota Damansara**

No. 27-G & 27-I, Jalan PJU 5/3  
Dataran Sunway, Kota Damansara  
47810 Petaling Jaya, Selangor  
Tel : 1300 888 742  
Fax : (03) 6141 8838

**Kota Kemuning**

Ground Floor, No.1, Jalan Anggerik  
Vannila X31/X, Kota Kemuning, Seksyen 31  
40460 Shah Alam, Selangor  
Tel : 1300 888 742  
Fax : (03) 5120 1121

**Meru**

Lot 31 & 33, Jalan Batu 6, Pekan Meru, Meru  
41050 Kelang, Selangor  
Tel : 1300 888 742  
Fax : (03) 3392 4504

**Mines Shopping Fair**

G20, The Mines Shopping Fair  
Jalan Dulang, Off Jalan Balakong  
Mines Resort City  
43300 Seri Kembangan, Selangor  
Tel : 1300 888 742  
Fax : (03) 8942 5218

**New Town, Petaling Jaya**

1, 3 & 5, Jalan 52/18, New Town Centre  
46200 Petaling Jaya, Selangor  
Tel : 1300 888 742  
Fax : (03) 7957 8984

**Pandan Indah**

Ground & Mezzanine Floor  
7 & 9, Jalan Pandan Indah 4/2  
55100 Pandan Indah, Selangor  
Tel : 1300 888 742  
Fax : (03) 4295 7127

**Paradigm**

Lot CF-17 (Concourse Level) Paradigm Mall  
No. 1 Jalan SS 7/26A, Kelana Jaya  
47301 Petaling Jaya, Selangor  
Tel : 1300 888 742  
Fax : (03) 7887 1550

**Persiaran Sultan Ibrahim**

33, Persiaran Sultan Ibrahim  
41300 Kelang, Selangor  
Tel : 1300 888 742  
Fax : (03) 3344 6405

**Port Klang**

Persiaran Raja Muda Musa  
42000 Pelabuhan Kelang, Selangor  
Tel : 1300 888 742  
Fax : (03) 3166 1351

**Rawang**

Ground, First & Second Floor  
10 & 11, Jalan Maxwell  
48000 Rawang, Selangor  
Tel : (03) 6092 5035/5036  
Fax : (03) 6092 4788

**Section 14, Petaling Jaya**

1, Jalan 14/20  
46100 Petaling Jaya, Selangor  
Tel : 1300 888 742  
Fax : (03) 7955 6219

**Seri Kembangan**

Lot 1484A & B, Jalan Besar  
43300 Seri Kembangan, Selangor  
Tel : 1300 888 742  
Fax : (03) 8943 0441

**Setia Alam**

No. 2 Persiaran Setia Impian  
Precint 8, Setia Alam Seksyen U13  
40170 Shah Alam, Selangor  
Tel : 1300 888 742  
Fax : (03) 3341 2517

**SS2**

157 & 159, Jalan SS2/24  
Sungai Way, Subang  
47300 Petaling Jaya, Selangor  
Tel : 1300 888 742  
Fax : (03) 7875 6600

**48-50, Jalan SS15/4D, Subang Jaya**

Lot 48-50, Jln SS15/4D  
47500 Subang Jaya, Selangor  
Tel : 1300 888 742  
Fax : (03) 5634 4848

**Sungai Pelek**

76 & 77, Jalan Besar  
43950 Sungai Pelek, Selangor  
Tel : (03) 3141 1176/1394  
Fax : (06) 3141 1100

**Taman Indah**

7 & 9, Jalan SS 2/1, Off Jalan Balakong  
Taman Indah, Batu 11  
43200 Cheras, Selangor  
Tel : 1300 888 742  
Fax : (03) 9074 1344

**Taman Megah**

11-15, Jalan SS 24/11, Taman Megah  
47301 Petaling Jaya, Selangor  
Tel : 1300 888 742  
Fax : (03) 7804 1629

**Taman Suntex**

5 & 6, Jalan Kijang 1, Taman Suntex  
Batu 9, 43200 Cheras, Selangor  
Tel : 1300 888 742  
Fax : (03) 9074 7879

**Taman Taming Jaya**

1, Jalan Taming Kanan 2, Taman Taming Jaya  
43300 Balakong, Selangor  
Tel : 1300 888 742  
Fax : (03) 8961 1197

**Tanjung Karang**

Lot 1 & 3, Jalan Satu  
Taman Tanjung Karang Baru  
45500 Tanjung Karang, Selangor  
Tel : 1300 888 742  
Fax : (03) 3269 8078

**Tanjung Sepat**

1 & 3, Jalan Senangin Satu, Taman Tanjung  
P.O.Box No. 201  
42809 Tanjung Sepat, Selangor  
Tel : (03) 3197 4035/4235/4788  
Fax : (03) 3197 4568

**UEP Subang Jaya**

47 & 49, Jalan USJ 10/1, UEP Subang Jaya  
47620 Petaling Jaya, Selangor  
Tel : 1300 888 742  
Fax : (03) 5637 3941

**CENTRAL REGION (CONTINUED)****NEGERI SEMBILAN****Bahau**

Ground & First Floor, Lot 982 & 983  
Wisma UMNO Jempol, Jalan Gurney  
72100 Bahau, Negeri Sembilan  
Tel : 1300 888 742  
Fax : (06) 454 4015

**Bandar Baru Nilai**

PT 7460 & 7461, Jalan Bandar Baru Nilai 1/1A  
Putra Point, Bandar Baru Nilai  
71800 Nilai, Negeri Sembilan  
Tel : 1300 888 742  
Fax : (06) 799 6095

**Kuala Pilah**

Lots P.T. 9 & 10, Jalan Melewar  
72000 Kuala Pilah, Negeri Sembilan  
Tel : 1300 888 742  
Fax : (06) 481 6478

**Rantau**

158 & 159, Jalan Besar  
71200 Rantau, Negeri Sembilan  
Tel : 1300 888 742  
Fax : (06) 694 2690

**Seremban**

10 & 11, Jalan Dato' Abdul Rahman  
70000 Seremban, Negeri Sembilan  
Tel : 1300 888 742  
Fax : (06) 762 0192

**Simpang Pertang**

15, Jalan Helang, Taman Sri Pertang  
Simpang Pertang  
72300 Negeri Sembilan  
Tel : (06) 492 9520/9550/9540  
Fax : (06) 492 9190

**Taipan Senawang**

163G & 164G, Taipan Senawang  
Jalan Taman Komersil Senawang 1  
Taman Komersil Senawang  
70450 Seremban, Negeri Sembilan  
Tel : 1300 888 742  
Fax : (06) 678 1477

**SOUTHERN REGION****MELAKA****1 Lagenda**

No.2 Jalan Lagenda 2, Taman 1 Lagenda  
75400 Melaka  
Tel : 1300 888 742  
Fax : (06) 282 8515

**Bukit Baru**

Ground Floor, 5 & 6  
Jln DR1, Taman Delima Raya  
75150 Bukit Baru, Melaka  
Tel : 1300 888 742  
Fax : (06) 232 1319

**Jalan Hang Tuah**

477, Plaza Melaka, Jalan Hang Tuah  
75300 Melaka, Melaka  
Tel : 1300 888 742  
Fax : (06) 284 4699

**Melaka Raya**

No. 19, 21 & 23, Jalan Merdeka  
Taman Melaka Raya, 75000 Melaka  
Tel : 1300 888 742  
Fax : (06) 282 5076

**JOHOR****Bandar Baru Uda**

No. 14 & 16, Jalan Padi Emas 6/1  
Bandar Baru UDA  
81200 Johor Bahru, Johor  
Tel : 1300 888 742  
Fax : (07) 234 0680

**Batu Pahat**

89, Jalan Rahmat  
83000 Batu Pahat, Johor  
Tel : 1300 888 742  
Fax : (07) 431 1077

**Bekok**

G34 & G36, Jalan Wijaya  
86500 Bekok, Johor  
Tel : (07) 922 1639/1643  
Fax : (07) 922 1525

**Jalan Bandar, Pasir Gudang**

10A, Pusat Perdagangan, Jalan Bandar  
81700 Pasir Gudang, Johor  
Tel : 1300 888 742  
Fax : (07) 251 1584/252 7719

**Jalan Dato' Rauf**

18 & 20, Jalan Dato Rauf  
86000 Kluang, Johor  
Tel : 1300 888 742  
Fax : (07) 772 4094

**Jementah**

Ground Floor, MCA Building, Jalan Muar  
85200 Jementah, Johor  
Tel : 1300 888 742  
Fax : (07) 947 2404

**Johor Bahru City Square**

Lot J1-22 & J2-31, Level 1 & 2,  
Johor Bahru City Square  
106 & 108, Jalan Wong Ah Fook  
80000 Johor Bahru, Johor  
Tel : 1300 888 742  
Fax : (07) 224 1264

**Kota Tinggi**

No.1, Kota Heritage Commercial Centre  
Jalan Seri Warisan  
81900 Kota Tinggi, Johor  
Tel : 1300 888 742  
Fax : (07) 882 6505

**Kulai**

4 & 5, Taman Seraya, Kulai Besar  
81000 Kulai, Johor  
Tel : 1300 888 742  
Fax : (07) 663 2159

**9, Jalan Abdullah, Muar**

9, Jalan Abdullah, 84000 Muar, Johor  
Tel : 1300 888 742  
Fax : (06) 952 9503

**Permas Jaya**

Ground Floor, 35 & 37, Jalan Permas 10/2  
Bandar Baru Permas Jaya  
81750 Johor Bahru, Johor  
Tel : 1300 888 742  
Fax : (07) 388 6749

**Plentong**

Lot G-03, G-05 & 01-05  
Jalan Masai Jaya 1, Masai  
81750 Johor Bahru, Johor  
Tel : 1300 888 742  
Fax : (07) 352 7689

**Pontian Kechil**

No. 15, Jalan Delima  
Pusat Perdagangan Pontian  
82000 Pontian Kechil, Pontian, Johor  
Tel : 1300 888 742  
Fax : (07) 687 9107

**Segamat**

110 & 111, Jalan Genuang  
85000 Segamat, Johor  
Tel : 1300 888 742  
Fax : (07) 932 3901

**Senai**

180 & 181, Jalan Belimbing 1  
81400 Senai, Johor  
Tel : 1300 888 742  
Fax : (07) 599 6913

**Simpang Renggam**

8 & 9, Jalan Kijang  
86200 Simpang Renggam, Johor  
Tel : 1300 888 742  
Fax : (07) 755 8262

**Taman Johor Jaya**

7 & 9, Jalan Dedap 18, Taman Johor Jaya  
Johor Bahru, 81100 Johor  
Tel : 1300 888 742  
Fax : (07) 355 5004

**SOUTHERN REGION (CONTINUED)****Taman Molek**

56 & 58, Jalan Molek 2/2, Taman Molek  
81100 Johor Bahru, Johor  
Tel : 1300 888 742  
Fax : (07) 351 4649

**Taman Mount Austin**

87 & 89 Jalan Austin Heights 3  
Austin Heights, Taman Mount Austin  
81100 Johor Bahru, Johor  
Tel : 1300 888 742  
Fax : (07) 353 9566

**Taman Nusa Bestari**

No.22 & 24, Jalan Bestari 2/2  
Taman Nusa Bestari  
81300 Johor Bharu, Johor  
Tel : 1300 888 742  
Fax : (07) 236 9029

**Taman Pelangi**

Suite 1-2, Level 1, Menara Pelangi  
2, Jalan Kuning, Taman Pelangi  
80400 Johor Bahru, Johor  
Tel : 1300 888 742  
Fax : (07) 334 3482

**Taman Sentosa**

9 & 11, Jalan Sutera, Taman Sentosa  
80150 Johor Bahru, Johor  
Tel : 1300 888 742  
Fax : (07) 332 7251/334 9441

**Taman Ungku Tun Aminah**

62, 64 & 66, Jalan Bendahara 12  
Taman Ungku Tun Aminah  
81300 Skudai, Johor  
Tel : 1300 888 742  
Fax : (07) 557 1553

**Tangkak**

351 & 352, Jalan Muar  
84900 Tangkak, Johor  
Tel : 1300 888 742  
Fax : (06) 978 6592

**Ulu Tiram**

1 & 2, Jalan Raya  
81800 Ulu Tiram, Johor  
Tel : 1300 888 742  
Fax : (07) 861 4088

**Yong Peng**

106, Jalan Besar  
83700 Yong Peng, Johor  
Tel : 1300 888 742  
Fax : (07) 467 5137

**EAST COAST REGION****KELANTAN****Ketereh**

Lot PT 383 & PT 384  
Kedai Ketereh, Bandar Ketereh  
16450 Ketereh, Kelantan  
Tel : 1300 888 742  
Fax : (09) 788 8721

**Jln Tok Hakim, Kota Bharu**

No.782-786, Jln Tok Hakim  
15000 Kota Bharu, Kelantan  
Tel : 1300 888 742  
Fax : (09) 748 1788

**Pasir Mas**

18A, Jalan Tengku Ahmad  
17000 Pasir Mas, Kelantan  
Tel : 1300 888 742  
Fax : (09) 790 2292

**TERENGGANU****Kemaman**

11289 & 11290, Bandar Cukai Utama  
Phase 3, Jalan Kubang Kurus  
24000 Kemaman, Terengganu  
Tel : 1300 888 742  
Fax : (09) 859 9003

**Kerteh**

Lot 50083, Jalan Kemaman/Dungun  
Kg Baru Kerteh  
23000 Kerteh, Terengganu  
Tel : 1300 888 742  
Fax : (09) 826 2171

**Kuala Dungun**

K231, Jalan Besar, Kuala Dungun  
23000 Dungun, Terengganu  
Tel : 1300 888 742  
Fax : (09) 848 2996

**Kuala Terengganu**

59, Jalan Sultan Ismail  
20200 Kuala Terengganu, Terengganu  
Tel : 1300 888 742  
Fax : (09) 622 9379

**PAHANG****Bentong**

Lot 13 & 14, Jalan Loke Yew  
28700 Bentong, Pahang  
Tel : 1300 888 742  
Fax : (09) 222 5944

**Jalan Air Putih**

No. A237 & A239 Jalan Air Putih  
25300 Kuantan, Pahang  
Tel : 1300 888 742  
Fax : (09) 566 0214

**Jerantut**

Lot 4360 & 4361, Jalan Kuantan  
27000 Jerantut, Pahang  
Tel : 1300 888 742  
Fax : (09) 266 5899

**Kuantan, Putra Square**

No. 2, 4 & 6 (Malay Town)  
Jalan Putra Square 1, Putra Square  
25000 Kuantan, Pahang  
Tel : 1300 888 742  
Fax : (09) 517 3501

**Mentakab**

Lot 94 & 95, Jalan Temerloh  
28400 Mentakab, Pahang  
Tel : 1300 888 742  
Fax : (09) 278 2034

**Raub**

Lot PT 16477 & 16478  
Pusat Perniagaan Indrapura, Jalan Tras,  
27600 Raub, Pahang  
Tel : 1300 888 742  
Fax : (09) 355 2929

**Triang**

No. 40 & 42, Taman Dagangan 7  
Pusat Dagangan Triang  
28300 Triang, Pahang  
Tel : 1300 888 742  
Fax : (09) 255 7013

**SABAH REGION****SABAH****Inanam**

Blok L DBKK No. 1, 2 & 3, Lorong KK Taipan 3  
Inanam New Township  
88450 Kota Kinabalu, Sabah  
Tel : 1300 888 742  
Fax : (088) 423 011

**Jalan Gaya**

81 & 83, Jalan Gaya  
88000 Kota Kinabalu, Sabah  
Tel : 1300 888 742  
Fax : (088) 235 871

**Jalan Tun Mustapha, Labuan**

Lot 1 & 2, Jati Shop Houses  
Off Jalan Tun Mustapha  
87007 Labuan, Sabah  
Tel : 1300 888 742  
Fax : (087) 414 449



**SABAH REGION (CONTINUED)****Keningau**

Lot 27-29, Adnan Shopping Complex  
Jalan O.K.K. Sedomon  
89008 Keningau, Sabah  
Tel : 1300 888 742  
Fax : (087) 334 382

**Lahad Datu**

Lot 1 & 2, Block A Metro Commercial Complex  
91100 Lahad Datu, Sabah  
Tel : 1300 888 742  
Fax : (089) 886 163

**Lintas Station Complex**

Lot No. 6-19, Ground Floor  
Lintas Station Complex, Jalan Lintas, Luyang  
88300 Kota Kinabalu, Sabah  
Tel : 1300 888 742  
Fax : (088) 233 690

**1-Borneo Hypermall**

Lot G-203, Ground Floor  
1-Borneo Hypermall, Jalan Sulaman  
88450 Kota Kinabalu, Sabah  
Tel : 1300 888 742  
Fax : (088) 488 678

**Metrotown**

No. 5, 6, 7 & 8, Block M, Metrotown  
Jalan Lintas Off Jalan Tuaran  
88300 Kota Kinabalu, Sabah  
Tel : 1300 888 742  
Fax : (088) 393 653

**Prima Square**

Block 7, Lot 64, 65 & 66, Phase 1  
Prima Square, Mile 4, Jalan Utara  
90000 Sandakan, Sabah  
Tel : 1300 888 742  
Fax : (089) 228 101

**Tawau**

Ground & First Floor, Lot 5  
Block 27 Fajar Complex  
Jalan Mahkamah Town Extension II  
91000 Tawau, Sabah  
Tel : 1300 888 742  
Fax : (089) 764 684/765 254

**Wisma Khoo, Sandakan**

Sub Lot 1-7, Ground Floor  
Wisma Khoo Siak Chiew  
Lebuh Tiga, Jalan Sim Sim, Mail Bag No. 4  
90009 Sandakan, Sabah  
Tel : 1300 888 742  
Fax : (089) 271 246

**SARAWAK REGION****SARAWAK****Batu Kawah**

Bd 104/204 & 105/205  
Batu Kawah New Township  
Jalan Batu Kawah  
93250 Kuching, Sarawak  
Tel : (082) 455 650/450 487  
Fax : (082) 459 790

**Jalan Masjid, Bintulu**

Ground Floor & 1st Floor, 258  
Taman Sri Dagang, Jalan Masjid  
97000 Bintulu, Sarawak  
Tel : (086) 331 133  
Fax : (086) 331 692

**Boulevard Centre, Miri**

Ground Floor, Lot 2469 & 2470  
Boulevard Commercial Centre  
Jalan Boulevard Utama  
98000 Miri, Sarawak  
Tel : (085) 429 880  
Fax : (085) 429 881

**Dalat**

Ground Floor, Pejabat Daerah Dalat  
96300 Dalat, Sarawak  
Tel : (084) 864 841/842  
Fax : (084) 864 824

**Jalan Kulas**

Ground Floor, Lot 363  
Section Jalan Kulas, P.O.Box 2049  
93740 Kuching, Sarawak  
Tel : 1300 888 742  
Fax : (082) 426 160

**Jalan Nakhoda Gampar**

Lot 362, Block 9, Jalan Nakhoda Gampar  
P.O.Box 1142  
98008 Miri, Sarawak  
Tel : 1300 888 742  
Fax : (085) 415 682

**Jalan Padungan**

256, Jalan Padungan  
93100 Kuching, Sarawak  
Tel : (082) 423 216/252 088  
Tax : (082) 415 453/428 717

**Kanowit**

Lots 127 & 128, 65-66, Jalan Kubu  
Kanowit Town District  
96700 Kanowit, Sarawak  
Tel : (084) 752 700  
Fax : (084) 752 711

**Kapit**

Lot 504, Jalan Temenggong Jugah  
96800 Kapit, Sarawak  
Tel : (084) 797 771  
Fax : (084) 797 775

**Lawas**

Lot 355, Jalan Punang  
98850 Lawas, Sarawak  
Tel : (085) 285 657/659  
Fax : (085) 285 529

**Limbang**

Lot 1563, Jalan Buangsiol  
98700 Limbang, Sarawak  
Tel : (085) 212 398/399  
Fax : (085) 211 022

**Lundu**

Lot 249-250, Jalan Blacksmith  
Pekan Lundu, 94500 Lundu, Sarawak  
Tel : (082) 735 611  
Fax : (082) 735 220

**Marudi**

Lot 29, Jalan Kapitan Lim Ching Kiat  
Marudi, 98050 Baram, Sarawak  
Tel : (085) 756 721/722  
Fax : (085) 756 724

**Matang Jaya**

Lot 25, 26 & 27, Section 65  
Kuching Town Land District  
Taman Lee Ling Commercial Centre  
93050 Matang Jaya, Kuching, Sarawak  
Tel : (082) 647 718/719  
Fax : (082) 647 900

**Sarikei**

Lot 1468, Jalan Repok, P.O. Box 738  
96108 Sarikei, Sarawak  
Tel : (084) 657 030  
Fax : (084) 657 036

**31, Jalan Tunku Osman, Sibul**

31, Jalan Tuanku Osman, P.O. Box 26  
96007 Sibul, Sarawak  
Tel : 1300 888 742  
Fax : (084) 310 546

**Siburan**

No. 12 & 13, Eastern Commercial Centre  
17th Mile, Kuching Serian Road  
94200 Kuching, Sarawak  
Tel : (082) 862 808  
Fax : (082) 862 880

**Simpang Tiga**

11, Jalan Simpang Tiga, P.O.Box 3000  
93758 Kuching, Sarawak  
Tel : (082) 417 817/411 817  
Fax : (082) 420 975

**Sri Aman**

Lot 839, Jalan Sabu  
95000 Sri Aman, Sarawak  
Tel : (083) 320 979/980  
Fax : (083) 320 975

**SARAWAK REGION (CONTINUED)****Sg. Merah**

No.1 & 3, Lorong Sungei Merah, 2C  
96000 Sibul, Sarawak  
Tel : 1300 888 742  
Fax : (084) 331 869

**Tabuan Jaya**

891-892, Lorong Bayor Bukit 2A  
Tabuan Jaya Shopping Centre, Jalan Wan Alwi  
93350 Kuching, Sarawak  
Tel : (082) 366 823/828  
Fax : (082) 366 826

**UNISQUARE, Kota Samarahan**

GF No. 12 & 13, Lot 5608 & 5609  
Unisquare, Kota Samarahan  
94300 Kuching, Sarawak  
Tel : (082) 619 622/860  
Fax : (082) 618 261

**Wisma Mahmud**

Level 1, Wisma Mahmud  
Jalan Sungei Sarawak  
93100 Kuching, Sarawak  
Tel : (082) 345 345/610  
Fax : (082) 338 358/342 327

**INTERNATIONAL BRANCHES****SINGAPORE****Main Office**

90 Cecil Street, #03-00 RHB Bank  
Building, Singapore 069531  
Tel : (65) 6225 3111  
Fax : (65) 6227 3805

**Bukit Merah Branch**

Block 131 Jalan Bukit Merah  
#01-1577/1579 Singapore 160131  
Tel : (65) 6278 5388/  
(65) 6273 9168  
Fax : (65) 6273 7765

**Bukit Timah Branch**

440/442 Upper Bukit Timah Road  
The Rail Mall Singapore 678064  
Tel : (65) 6769 1766/  
(65) 6765 1678  
Fax : (65) 6762 4032

**Cecil Branch**

Ground Floor 90 Cecil Street  
Singapore 069531  
Tel : (65) 6320 0602/  
(65) 6320 0603  
Fax : (65) 6225 5296

**Geylang Branch**

537 Geylang Road  
Singapore 389492  
Tel : (65) 6747 8966/  
(65) 6747 8969  
Fax : (65) 6747 1015

**Jalan Besar Branch**

10 Jalan Besar #01-03 Sim Lim Tower  
Singapore 208787  
Tel : (65) 6296 6233/  
(65) 6296 5842  
Fax : (65) 6296 5846

**Katong Branch**

14-18 East Coast Road  
Singapore 428741  
Tel : (65) 6344 8044/  
(65) 6344 5353  
Fax : (65) 6345 7131

**Upper Serangoon Branch**

1 Yio Chu Kang Road  
Singapore 545506  
Tel : (65) 6288 8053/  
(65) 6288 8054  
Fax : (65) 6285 4685

**CHANGI AIRPORT TERMINAL 1  
(BUREAU DE CHANGE)****Arrival Hall**

80 Airport Boulevard  
Changi Airport Terminal 1  
#011-003C Arrival Hall  
Singapore 819642  
Tel : (65) 6214 3184  
Fax : (65) 6214 3178

**Departure Hall/Central**

80 Airport Boulevard  
Changi Airport Terminal 1  
#021-036A Departure Hall/Central  
Singapore 819642  
Tel : (65) 6214 3184  
Fax : (65) 6214 3178

**Departure Hall/Transit East**

80 Airport Boulevard  
Changi Airport Terminal 1  
#02-72 Departure Hall/Transit East  
Singapore 819642  
Tel : (65) 6214 3184  
Fax : (65) 6214 3178

**Departure Hall/Transit West**

80 Airport Boulevard  
Changi Airport Terminal 1  
#02-21 Departure Hall/Transit West  
Singapore 819642  
Tel : (65) 6214 3184  
Fax : (65) 6214 3178

**CHANGI AIRPORT TERMINAL 2****Arrival Hall**

60 Airport Boulevard  
Changi Airport Terminal 2  
#016-037 Arrival Hall  
Singapore 819643  
Tel : (65) 6214 3169  
Fax : (65) 6214 3175

**Departure Hall/Central**

60 Airport Boulevard  
Changi Airport Terminal 2  
#026-031 Departure Hall/Central  
Singapore 819643  
Tel : (65) 6214 3169  
Fax : (65) 6214 3175

**Departure Hall/Transit North**

60 Airport Boulevard  
Changi Airport Terminal 2  
#026-CTR-02 Departure Hall/Transit  
North Singapore 819643  
Tel : (65) 6214 3169  
Fax : (65) 6214 3175

**Departure Hall/Transit South**

60 Airport Boulevard  
Changi Airport Terminal 2  
#026-CTR-04 Departure Hall/Transit  
South, Singapore 819643  
Tel : (65) 6214 3169  
Fax : (65) 6214 3175

**CHANGI AIRPORT TERMINAL 3****Departure Hall/Transit South**

65 Airport Boulevard  
Changi Airport Terminal 3  
#02-K8 Departure Hall/Transit South  
Singapore 819663  
Tel : (65) 6214 3164  
Fax : (65) 6214 4773

**Arrival South**

65 Airport Boulevard  
Changi Airport Terminal 3  
#01-K9 Arrival South  
Singapore 819663  
Tel : (65) 6214 3164  
Fax : (65) 6214 4773

**Departure Hall/Transit North**

65 Airport Boulevard  
Changi Airport Terminal 3  
#02-K9 Departure Hall/Transit North  
Singapore 819663  
Tel : (65) 6214 3164  
Fax : (65) 6214 4773

**INTERNATIONAL BRANCHES  
(CONTINUED)****Arrival North**

65 Airport Boulevard  
Changi Airport Terminal 3  
#01-K15 Arrival North  
Singapore 819663  
Tel : (65) 6214 3164  
Fax : (65) 6214 4773

**Departure Hall**

65 Airport Boulevard  
Changi Airport Terminal 3  
#02-83 Departure Hall  
Singapore 819663  
Tel : (65) 6214 3164  
Fax : (65) 6214 4773

**THAILAND****Main Office**

18th Floor, M Thai Tower  
All Season Place  
87 Wireless Road  
Lumpini, Pathunam  
Bangkok 10330  
Tel : (622) 126 8600  
Fax : (662) 126 8601/(662) 126 8602

**Main Branch**

Ground Floor, M Thai Tower  
All Season Place  
87 Wireless Road  
Lumpini, Pathumwan  
Bangkok 10330  
Tel : (622) 126 8600  
Fax : (662) 126 8601/(662) 126 8602

**BRUNEI**

Unit G, 02 Ground Floor  
Block D, Komplek Yayasan  
Sultan Hj Hasanah Bolkihah  
Brunei 8711  
Tel : (673) 222 2515/(673) 222 2516  
Fax : (673) 223 7487/(673) 222 3687

**VIETNAM – REPRESENTATIVE  
OFFICE**

Room 1208, 12th Floor  
Sun Wah Tower  
115 Nguyen Hue, Dist 1  
Ho Chi Minh City  
Vietnam  
Tel : (84-8) 3827 8498  
Fax : (84-8) 3827 8499

**ASSOCIATE COMPANY****Vietnam Securities Corporation**

Level 12B, 29 Nguyen Dinh Chieu  
Le Dai Hanh, Hai Ba Trung  
Hanoi, Vietnam  
Tel : (84) 4 3944 6066/67/68/69  
Fax : (84) 4 3944 6070

**RHB BUREAU DE CHANGE  
(FOREIGN EXCHANGE BOOTH)****Kota Raya Complex**

Lot G17, Ground Floor  
Kota Raya Complex  
Jalan Cheng Lock  
50000 Kuala Lumpur  
Tel : (03) 2072 0881  
Fax : (03) 2074 1910

**KL International Airport (Departure)**

Lot 13a Departure Level  
Main Terminal Building  
Kuala Lumpur International Airport  
64000 KLIA, Selangor  
Tel : (03) 8787 3257  
Fax : (03) 8787 3255

**KL International Airport (Arrival)**

Lot No. ARR 5A, Arrival Level  
Main Terminal Building  
Kuala Lumpur International Airport  
64000 KLIA, Selangor  
Tel : (03) 8787 1562  
Fax : (03) 8787 3479

**Gateway @ KLIA2**

Lot L2-3, Level 2 (Arrival Hall)  
Gateway @ KLIA2  
64000 Sepang, Selangor  
Tel : (03) 8787 8204  
Fax : (03) 8787 8149

**KLCC**

Lot G34A, Ground Floor  
Suria KLCC  
50088 Kuala Lumpur  
Tel : (03) 2164 5773  
Fax : (03) 2164 5780

**EASY STANDALONE****Easy-RHB Cyberjaya**

Lot P1-23A, Block P  
Shaftsbury Square, Persiaran Barat  
40650 Petaling Jaya, Selangor

**Easy-RHB Giant Hypermarket Cheras**

Lot F6 & F7, Giant Hypermarket Cheras  
Batu 9, Grand Saga Highway  
(Cheras - Kajang Highway)  
43200 Cheras, Selangor

**Easy-RHB Giant Senawang**

Lot B42-B44, Giant Hypermarket  
Senawang, 1571, Jalan Senawang  
70450 Senawang, Negeri Sembilan

**Easy-RHB Taman Sri Gombak**

No. 50, Jalan SG1/8, Taman Sri Gombak  
68100 Batu Caves, Selangor

**Easy-RHB Bandar Sri Permaisuri**

No. 51, Jalan Dwitasek 1, Dataran Dwtasik  
Bandar Sri Permaisuri  
56000 Cheras, Kuala Lumpur

**Easy-RHB Dataran Puteri Puchong**

No. 20, Jalan Puteri 1/2  
Dataran Puteri, 47100 Puchong

**Easy-RHB Sek. U3 Shah Alam**

No. 12-G, Jalan 10/12, Jalan Dinar CU3/C  
Sek U3, 40150 Shah Alam

**Easy-RHB Taman Sri Rampai**

No. 16, Jalan Megan Setapak  
Megan Setapak, 53300 Kuala Lumpur

**Easy-RHB Selayang Mall**

Lot GSW 5B, Ground Floor, Selayang Mall  
Jalan SU9, Taman Selayang Utama  
68100 Batu Caves

**Easy-RHB Sentul Raya Boulevard**

Unit No 10-G, Jalan 13/48A  
Sentul Raya Boulevard, 51000 Kuala Lumpur

**Easy-RHB Taman Sri Manja**

No. 3A-1, Jalan PJS 3/63, Sri Manja Square 2,  
Taman Sri Manja, 46000 Petaling Jaya

**Easy-RHB Semenyih**

No. 52, Jalan Pasar Baru  
43500 Semenyih, Selangor

**Easy-RHB AEON AU2**

Lot G13, Ground Floor, AEON AU2  
Shopping Centre, No. 6, Jalan Taman  
Setiawangsa, AU2, Taman Keramat  
54200 Kuala Lumpur

**Easy-RHB Kota Damansara**

No. 43-G, Jalan Cecawi 6/33  
Seksyen 6, Kota Damansara  
47800 Petaling Jaya, Selangor

**Easy-RHB Precint 15 Putrajaya**

No. 47, Jalan Diplomatik, Presint 15  
62050 Putrajaya

**Easy-RHB Banting**

No. 19-A-G, Jalan Sultan Abdul Samad  
42700 Banting

**Easy-RHB Bandar Tasik Selatan**

No. 43, Jalan 8/146, Bandar Tasik Selatan  
56000 Kuala Lumpur

**EASY STANDALONE (CONTINUED)****Easy-RHB Kapar, Klang**

No. 266, Jalan KU 3, Jalan Besar Kapar  
42200 Pekan Kapar, Klang

**Easy-RHB Seremban 2**

Lot 43, Jalan S2 B18, Business Avenue  
(Biz Avenue), Seremban 2  
70300 Seremban, Negeri Sembilan

**Easy-RHB Bandar Tun Hussein Onn**

No. 50, Jalan Suasara 8/4, Town Park 1  
Bandar Tun Hussein Onn, 43200 Cheras

**Easy-RHB Menara UOA Bangsar**

Unit No. LGF 2, Menara UOA Bangsar  
Jalan Bangsar, Kuala Lumpur

**Easy-RHB Metro Point Kajang**

G 22, Ground Floor, Metro Point Complex  
Seksyen 7, 43000 Kajang, Selangor

**Easy-RHB Sunway Metro**

No. 15, Jalan PJS 11/28, Sunway Metro  
46150 Petaling Jaya, Selangor

**Easy-RHB Sek 18, Shah Alam**

1-5, Ole-Ole Shopping Centre, Seksyen 18  
Jalan Pinang, Shah Alam, Selangor

**Easy-RHB Taman Dagang, Ampang**

No. 26G, Jalan Dagang 1/1A  
Taman Dagang, 68000 Ampang

**Easy-RHB Platinum Walk, Setapak**

No. 22-0, Block A, Platinum Walk, No. 2  
Jalan Langkawi, 53300 Setapak, Kuala Lumpur

**Easy-RHB Wisma Thrifty**

Unit 7, Wisma Thrifty, No. 19, Jalan Barat  
46200 Petaling Jaya, Selangor

**Easy-RHB Giant Kinrara**

Lot F34, 1st Floor, Giant Hypermarket  
Bandar Kinrara Complex, Lot 449  
Jalan BK 5A/1, Bandar Kinrara  
47180 Puchong, Selangor

**Easy-RHB Bandar Baru Bangi**

No. 41, Jalan Medan Pusat 2D, 3B Curve  
Persiaran Bangi,  
43650 Bandar Baru Bangi, Selangor

**Easy-RHB M-Avenue Segambut**

No. C-0-07, M-Avenue, No. 1 Jalan 1/38A  
Segambut Bahagia, 52100, Kuala Lumpur

**Easy-RHB Desa Pandan**

No. 9-G, Jalan 2/76C, Desa Pandan  
55100 Kuala Lumpur

**Easy-RHB Giant Muar**

Lot G1, Ground Floor, Giant Hypermarket Muar  
Lot 6530, Jalan Rivera, Maharani Rivera Kesang  
84000 Muar, Johor

**Easy-RHB Jusco Skudai**

Lot LG27, JUSCO Taman Universiti Shopping  
Centre, No. 4, Jalan Pendidikan, Taman Universiti  
81300 Skudai, Johor

**Easy-RHB Larkin Perdana**

No. 31-G, Susur Dewata 1, Larkin Perdana  
80350 Johor Bahru, Johor

**Easy-RHB AEON Taman Equine**

Lot G20, Ground Floor, AEON Taman Equine  
Shopping Centre, No. 2 Jalan Equine  
Taman Equine, Bandar Putra Permai  
43300 Seri Kembangan, Selangor

**Easy-RHB Sungai Mas Plaza**

Lot G7, Ground Floor, Sungai Mas Plaza, Batu 5  
Jalan Ipoh, 51200 Kuala Lumpur

**Easy-RHB Prangin Mall**

Lot 33-1-48 Prangin Mall  
Jalan Dr. Lim Chwee Leong  
10100 Georgetown, Pulau Pinang

**Easy-RHB Shaw Centrepoint Klang**

Lot GL 19A, Ground Floor, Shaw Centrepoint  
Jalan Raja Hassan, 41400 Klang, Selangor

**Easy-RHB Temerloh**

No. 20 Ground Floor, Jalan Ahmad Shah  
Bandar Sri Semantan, 28000 Temerloh, Pahang

**Easy-RHB 9 Avenue, Nilai**

Lot 17, Ground Floor, 9 Avenue, Taman Korporat  
Putra Nilai, 71800 Nilai, Negeri Sembilan

**Easy-RHB Giant Tampoi**

Lot B9, Giant Hypermarket Tampoi, Lot 54  
Jalan Skudai, 81200 Tampoi, Johor Bahru, Johor

**Easy-RHB Kompleks Teruntum**

Lot G19 Ground Floor Kompleks Teruntum  
Jalan Mahkota, 25000 Kuantan, Pahang

**Easy-RHB Giant Putra Heights**

Lot F25, Giant Hypermarket, Putra Heights  
No. 3, Persiaran Putra Perdana  
47650 Putra Heights, Selangor

**Easy-RHB Kluang Mall**

Lot G-05, Kluang Mall, Jalan Rambutan  
Bandar Kluang, 86000 Kluang, Johor

**Easy-RHB Mydin Mall Melaka**

Lot G-03-C, Mydin Mall, MITC Melaka  
Lot 15061 & 15602, Jalan Lingkaran MITC  
75450 Ayer Keroh, Melaka

**Easy-RHB Segamat**

Ground Floor, Lot PTD 18795  
known as No. 4 Jalan Muhibbah  
Taman Muhibbah, Bandar Utama 85000  
Segamat, Johor

**Easy-RHB AEON Seberang Prai**

Lot F68, AEON Seberang Prai City Shopping  
Centre, Perdana Mall, Jalan Perda Timur  
14000 Bukit Mertajam, Seberang Prai Tengah

**Easy-RHB Giant Sunway City, Ipoh**

Giant Superstore Sunway City, No. 2, Jalan SCI  
2/2, Sunway City, 31150 Ipoh, Perak

**Easy-RHB Mydin Subang Jaya**

Lot F36, Mydin Wholesale Hypermarket  
Lot No. 675 & 676, Pesiaran Subang Permai  
USJ 1, 47500 Subang Jaya, Selangor Darul Ehsan

**Easy-RHB Giant Plentong**

Lot B24, Giant Hypermarket Plentong  
81750 Masai, Johor

**Easy-RHB Kota Bharu Trade Centre**

Lot LG02, Kota Bharu Trade Centre  
15000 Kota Bharu, Kelantan

**Easy-RHB Wakaf Che Yeh, Kota Bharu**

HS(D) 6368, Lot No. PT 703, Mukim Padang  
Enggang, 15100 Kota Bharu, Kelantan

**Easy-RHB Giant Kemuning Utama**

Lot F38 & F14, Giant Kemuning Utama  
Kemuning Utama, Shah Alam

**Easy-RHB Giant Kuala Terengganu**

Lot G56, Giant Hypermarket K.Trganu  
H.S (D) 6917, Lot PT 1485, Mukim Cabang Tiga  
Jalan Padang Hiliran, 21100 K. Teregganu  
Terengganu

**Easy-RHB Sunway Carnival Mall**

UG 28A Sunway Carnival Mall, Pusat Bandar  
Seberang Jaya 30680, Jalan Todak  
13700 Seberang Jaya, Pulau Pinang

**Easy-RHB Kuala Selangor**

Ground Floor, No. 32 Jalan Bendahara 1/1  
(P.T. No. 1299), Taman Bendahara  
45000 Kuala Selangor, Selangor

**Easy-RHB Batu Pahat**

No 33, Jalan Kundang, Taman Bukit Pasir  
83000 Batu Pahat, Johor

**Easy-RHB Sungai Besar**

Ground Floor, Lot 10138 (Mukim Panchang  
Bedena), Jalan Menteri, 45300, Sungai Besar  
Selangor

**Easy-RHB Rapid Mall, Teluk Intan**

Rapid Mall Seri Intan, Jalan Changkat Jong  
36000 Teluk Intan

**Easy-RHB Taman Abad**

Lot LG-59, Lower Ground, KSL City  
No. 33, Jalan Seladang, Taman Abad  
80250, Johor Bahru, Johor

**EASY STANDALONE (CONTINUED)****Easy-RHB Giant Hypermarket Bukit Tinggi**

Lot A22, Persiaran Batu Nilam  
Bandar Baru Bukit Tinggi 1, Jalan Langat  
41200 Klang, Selangor

**Easy-RHB Arau**

Lot G15, Ground Floor, Kompleks Arau  
02600 Arau, Perlis

**Easy-RHB Aeon Melaka**

Lot F62, AEON Bandaraya Melaka Shopping  
Centre, No. 2 Jalan Lagenda, Taman 1-Lagenda  
75400 Melaka

**Easy-RHB TTDI Shah Alam**

30G, Jalan Opera U2/L, Jayamas, TTDI  
40150 Shah Alam, Selangor

**Easy-RHB Pelangi Square**

B-G-23 Grd Flr, Building No. Lot 23 Block B Pusat  
Perdagangan Pelangi, Pesiaran Surian PJU 6,  
47800 Petaling Jaya, Selangor

**Easy-RHB Aman Suria**

J-19-G, Jalan PJU 1/43, Aman Suria  
47301 Petaling Jaya, Selangor

**Easy-RHB Bertam**

No. 2 Jalan Dagangan 2, Pusat Bandar Bertam  
Perdana, 13200 Kepala Batas  
Seberang Perai Utara, Pulau Pinang

**Easy-RHB Mydin Bukit Jambul**

Lot LGB-18, Lower Ground Mydin Wholesale  
Hypermarket Bukit Jambul  
Bukit Jambul Kompleks, Jalan Rumbia  
11900 Pulau Pinang

**Easy-RHB Mydin Kubang Kerian**

Lot G-07, Mydin Hypermarket Kubang Kerian  
Lot 1681, Seksyen 54  
Jalan Raja Perempuan Zainab II, Kubang Kerian  
16150 Kota Bharu, Kelantan

**Easy-RHB Bdr Baru Selayang**

No. 9, Jalan 2/8, Bandar Baru Selayang  
68100 Batu Caves, Selangor

**Easy-RHB Kompleks Changloon**

Lot G16 & G17 Kompleks Changloon  
06100 Changloon, Kedah

**Easy-RHB Gurun Kedah**

18M, Jalan Raya, 08300 Gurun, Kedah

**Easy-RHB Viva Home**

Lot. No. LG 12 Lower Ground Floor Viva Home  
No. 25 Jalan Loke Yew, 55200 Kuala Lumpur

**Easy-RHB Tmn Pendar Indah, Pelabuhan Klang**

No. 96, Ground Floor, Solok Pendar Indah 1  
Taman Pendar Indah  
42000 Pelabuhan Klang, Selangor

**Easy-RHB Tg Rambutan**

PT 227199, HSD 181076  
Bandar Tanjong Rambutan, Jalan Stesyen  
31250 Tanjong Rambutan, Perak

**Easy-RHB Gerik**

90, Jalan Takong Datuk, 33000 Gerik, Perak

**Easy-RHB Megamall Pinang**

Lot G-99, Megamall Pinang Shopping Complex  
No. 2828, Jalan Baru, Bandar Perai Jaya  
13700 Perai, Pulau Pinang

**Easy-RHB Pasaraya Terus Maju**

Lot A5, Pasar Raya Terus Maju Batu 6, No. A5  
Lorong Seri Damai Perdana 1, KM 8  
Jalan Gambang, 25150 Kuantan, Pahang

**Easy-RHB Johor Bahru Sentral**

Level 2, Bus & Taxi Bay  
Johor Bahru Sentral Building, Jalan Limquee  
80300 Johor Bahru

**Easy-RHB Sri Petaling**

53-G, Jalan Radin Bagus, Sri Petaling  
57000 Kuala Lumpur

**Easy-RHB Baling**

PT 1301, HSD 133, Mukim Baling, Lot 1301  
Jln Badlishah, 09100 Baling, Kedah

**Easy-RHB Boulevard Mall**

Lot G-B-18, Boulevard Shopping Mall Kuching  
Jalan Datuk Tiwi Sii, 93250 Kuching, Sarawak

**Easy-RHB Kamunting Perak**

13, Tingkat Bawah, Laluan Kamunting 1  
Bandar Kamunting, 36400 Kamunting, Taiping,  
Perak

**Easy-RHB Pengkalan Chepa**

Ground Floor, PT 1079, Taman Bendahara  
Jalan Pengkalan Chepa  
16100 Kota Bharu, Kelantan

**Easy-RHB Chemor**

32, Laluan Chemor Sinaran  
Desa Chemor Sinaran, 31200 Chemor, Perak

**Easy-RHB Dengkil**

No. 1, Jalan Deluxe, Pusat Perdagangan Deluxe  
43800 Dengkil, Selangor

**Easy-RHB Tampin**

Lot K-6, PT 754, Di hadapan Pasar  
Tampin, 73000 Tampin, Negeri Sembilan

**Easy-RHB Teluk Pulai**

21, Jalan Teluk Pulai, 41100 Klang, Selangor

**Easy-RHB Citta Mall, Ara Damansara**

Lot No. G35, Ground Floor Citta Mall, 1A/48  
PJU 1A, Ara Damansara  
47301 Petaling Jaya, Selangor

**Easy-RHB Amcorp Mall**

Lot G-02A, Amcorp Mall, No. 18  
Jalan Persiaran Barat  
40650 Petaling Jaya, Selangor

**Easy-RHB Giant Hypermarket Kelombong**

Lot G15, Giant Hypermarket Kelembong  
Batu 5.5, Jalan Tuaran, Kelembong  
88400 Kota Kinabalu, Sabah

**Easy-RHB TSB Commercial Centre, Sungai Buloh**

Unit No A1-47, TSB Commercial Centre  
Pekan Baru, Sungai Buloh, 40160 Selangor

**Easy-RHB Warisan Square**

Lot No. C-G-09, Block C, Ground Floor  
Warisan Square, Jalan Tun Fuad Stephen  
88000 Kota Kinabalu, Sabah

**Easy-RHB Giant Hypermarket Tawau**

Lot G10, Ground Floor, CL 105466055  
KM 5 1/2, Jalan Chong Tien Yun, Off Jalan Apas  
91000 Tawau, Sabah

**Easy-RHB Jasin, Melaka**

Ground Floor, JA 9944, Bangunan Yayasan Jasin  
Bandar Baru Jasin 3, 77000 Jasin, Melaka

**Easy-RHB KIP Mart Kota Tinggi**

Lot 585, KIP Mart Kota Tinggi, No. 1  
Jalan Maju, 81900 Kota Tinggi, Johor

**Easy-RHB Jengka, Pahang**

No. 29, Kedai 20 Unit, Lorong Baiduri 1  
Nadi Kota, 26400 Jengka, Pahang

**Easy-RHB Kuala Krai**

No. 94, Jalan Chin Hwa  
18000 Kuala Krai, Kelantan

**Easy-RHB Subang Jaya SS19**

No. 21, Jalan SS19/6  
47500 Subang Jaya, Selangor

**Easy-RHB Tanah Merah, Kelantan**

No. 217, Jalan Tasek  
17500 Tanah Merah, Kelantan

**Easy-RHB Terminal 1 Seremban Shopping Centre**

Lot No. G5A, Ground Floor  
Terminal One Shopping Centre, No. 20B  
Jalan Lintang, 70200 Seremban  
Negeri Sembilan

**Easy-RHB Giant Sibul**

Lot F23, Giant Hypermarket Sibul, Lot 1304  
Block 3, Sg Merah Town District  
Jalan Ling Kai Cheng, 96000 Sibul, Sarawak

**Easy-RHB Jertih**

PT 226, Tingkat Bawah, PK Permint, Pekan Jertih  
22000 Jertih, Terengganu

**EASY STANDALONE (CONTINUED)****Easy-RHB Megalong Mall, Donggongon**

Lot G-106, Megalong Mall, Donggongon  
Donggongon New Township, Phase 3  
89500 Kota Kinabalu, Sabah

**Easy-RHB Giant Hypermarket Tabuan Jaya**

Lot G9, Giant Hypermarket Tabuan  
Jaya, Block 11, All Muara Tebas Land  
District, 93350 Kuching, Sarawak

**Easy-RHB Persiaran Sultan Abdul Hamid**

Ground Floor, No. 29, Kompleks  
Perniagaan Sultan Abdul Hamid  
Persiaran Abdul Hamid,  
05050 Alor Setar, Kedah

**Easy-RHB Bandar Baru Air Itam**

Lot No. 65A, Lintang Astana, Bandar Baru Air Itam  
11500 Air Itam, Pulau Pinang

**Easy-RHB Indera Mahkota, Kuantan**

Lot B154, Lorong IM8/33,  
Bandar Indera Mahkota,  
25200 Kuantan, Pahang

**Easy-RHB Pekan**

Retail Lot No. 3, Bangunan UMNO Pekan  
Jalan Engku Muda Mansur  
26600 Pekan, Pahang

**Easy-RHB Taman Putra**

No. 27, Jalan Bunga 6A, Taman Putra  
68000 Ampang, Selangor

**Easy-RHB Port Dickson Waterfront**

3-G-13A, Persiaran Waterfront  
Port Dickson Waterfront  
71000 Port Dickson, Negeri Sembilan

**Easy-RHB Section 16, Shah Alam**

A-6-G, Jalan Serai Wangi F 16/F, Alam Avenue  
Persiaran Selangor, Section 16  
40200, Shah Alam, Selangor

**Easy-RHB Sepanggar**

Lot No. 03, Ground Floor, Jalan Sepanggar  
The Urban Mini Mall, Taman Indah Permai  
88450 Kota Kinabalu, Sabah

**Easy-RHB E-Mart Commercial Centre, Miri**

Lt N51-N53, E Mart Commercial Ctr Lt 2892  
Blk 6, K. Baram Land Distr. Tudan  
98100 Miri, Sarawak

**Easy-RHB Giant Kota Padawan**

Lt G9, Giant Hypermarket Kota Padawan  
Lt 1731, Block 17, KCLD at 10th Mile  
Kuching-Serian Road  
93250 Kota Padawan, Kuching, Sarawak

**Easy-RHB Tanjung Malim**

No. 5A, Jalan Bunga Anggerik, Taman Bunga Raya  
35900 Tanjung Malim, Perak

**Easy-RHB AEON Rawang Shopping Centre**

Lot G20, AEON Rawang Shopping Centre  
48000 Rawang, Selangor

**Easy-RHB Alam Jaya**

No. 29, Jalan PPAJ 3/1  
Pusat Perdagangan Alam Jaya  
Bandar Puncak Alam  
42300 Kuala Selangor, Selangor

**Easy-RHB Balik Pulau**

Lot No. 43, Jalan Tun Sardon, Mukim 6  
11000 Balik Pulau, Pulau Pinang

**Easy-RHB Batang Kali**

No. 33, Jalan Mahagoni 7/1  
Perniagaan Jalan Mahagoni  
44300 Batang Kali, Selangor

**Easy-RHB Labis**

No. 98, Jalan Segamat, Taman Asia Timur  
85300 Labis, Johor

**Easy-RHB Bintulu Assyakirin  
Commerce Square**

Lot 7238, Block 31, Kemena Land District  
No. 17, Assyakirin Commerce Square  
Jalan Tanjung Kidurong, 97000 Bintulu, Sarawak

**Easy-RHB Giant Bayan Baru**

Lot F18, Mezzanine Floor  
Giant Hypermarket Bayan Baru, No. 78,  
Jalan Tengah, Bayan Baru  
11900 Bayan Lepas, Pulau Pinang

**Easy-RHB Giant Putatan**

Lot No. PU 10, Ground Floor  
Giant Hypermarket Putatan, KM 11 Jalan Putatan  
Putatan Railway Station  
89500 Putatan, Kota Kinabalu Sabah

**Easy-RHB Paka**

L125, Taman Seri Bayu, Jalan Besar  
23100 Paka, Dungun, Terengganu

**Easy-RHB E-Mart, Kuching**

Lot S51, Lot 9808 Section 65 KTL D  
E Mart Lee Ling Commercial Centre  
4th Mile Jalan Matang, 93050 Kuching, Sarawak

**RHB EASY LRT & MONORAIL****Easy-RHB LRT Terminal Putra Gombak**

Stesyen LRT Terminal Putra Gombak  
68100 Gombak Selangor

**Easy-RHB LRT Ampang Park**

Stesyen LRT Ampang Park Lot 01 Jln Ampang  
50450 Kuala Lumpur

**Easy-RHB LRT Damai**

Stesyen LRT Damai Jln Dato' Keramat  
54000 Kuala Lumpur

**Easy-RHB LRT Kelana Jaya**

Stesyen LRT Kelana Jaya, Lot PT 8960  
Seksyen SS4, Jalan Lebuhraya  
47301 Petaling Jaya, Selangor

**Easy-RHB LRT Taman Bahagia**

Stesyen LRT Taman Bahagia, Seksyen SS3  
Jalan SS 2/3, 47300 Petaling Jaya, Selangor

**Easy-RHB LRT Taman Jaya**

Stesyen LRT Taman Jaya, Jalan Persiaran Barat  
46050 Petaling Jaya, Selangor

**Easy-RHB LRT Kerinchi**

Stesyen LRT Kerinchi, Sebahagian Lot 2508  
2509, 2510, 2511, 4096 & 4099  
Rezab Jalan, 59200 Mukim, Kuala Lumpur

**Easy-RHB LRT PWTC**

Stesyen STAR - LRT PWTC, Jalan Putra  
50350 Kuala Lumpur

**Easy-RHB LRT Plaza Rakyat**

(Bersebelahan Pudu Raya), Jalan Pudu  
55100 Kuala Lumpur

**Easy-RHB LRT Bukit Jalil**

(Bersebelahan Stadium Nasional)  
57000 Bukit Jalil, Kuala Lumpur

**Easy-RHB LRT KL Sentral**

Stesyen LRT KL Sentral  
Sebahagian Jalan Sultan Mohamed  
Simpanan Jalan & Sungai Dalam  
50470 Kuala Lumpur

**Easy-RHB LRT Masjid Jamek**

Jalan Melaka, 50100 Kuala Lumpur

**Easy-RHB LRT Wangsa Maju**

Mukim Setapak, 53300 Wangsa Maju  
Kuala Lumpur

**Easy-RHB LRT Sri Rampai**

Jalan Wangsa Perdana 1, Taman Sri Rampai  
53300 Wangsa Maju, Kuala Lumpur

**Easy-RHB LRT Maluri**

Batu 2 1/2 Off Jalan Cheras, Taman Miharja  
55200 Kuala Lumpur

**Easy-RHB LRT Pudu**

Jalan Sarawak Off Jalan Pudu  
55100 Kuala Lumpur

**Easy-RHB LRT Cempaka**

Jalan Pandan Indah 23, Pandan Indah  
68000 Ampang, Selangor

**Easy-RHB LRT Pandan Indah**

Jalan Pandan Indah 2/2  
Pandan Indah, 55100 Kuala Lumpur

**RHB EASY LRT & MONORAIL (CONTINUED)****Easy-RHB LRT Taman Melati**

Pesiaran Pertahanan, Taman Melati  
53100 Gombak, Selangor

**Easy-RHB Monorail Chow Kit**

Stesen MoNo.rail Chow Kit  
Jalan Tunku Abdul Rahman  
50100 Kuala Lumpur

**Easy-RHB Monorail Titiwangsa**

Stesen MoNo.rail Titiwangsa, Jalan Pekeliling  
53200 Kuala Lumpur

**Easy-RHB Monorail Hang Tuah**

Stesen MoNo.rail Hang Tuah, Jalan Hang Tuah  
55200 Kuala Lumpur

**Easy-RHB Monorail Raja Chulan**

Stesen MoNo.rail Raja Chulan, Jalan Sultan Ismail  
50250 Kuala Lumpur

**Easy-RHB Monorail Bukit Bintang**

Stesen MoNo.rail Bukit Bintang  
Jalan Sultan Ismail, 50250, Kuala Lumpur

**Easy-RHB Monorail Imbi**

Lot K03, Stesen Monorail Imbi, Jalan Imbi  
55100 Kuala Lumpur

**RHB TESCO EASY****Easy-RHB Tesco Ampang**

RHB Kiosk, Tesco Ampang PT 8880  
Jln Pandan Prima, Dataran Pandan Prima  
55100 Kuala Lumpur

**Easy-RHB Tesco Bukit Puchong**

RHB Kiosk, No. 1, Jalan BP 7/1  
Bandar Bukit Puchong  
47120 Puchong, Selangor

**Easy-RHB Tesco Bukit Tinggi (Klang)**

RHB Kiosk, Tesco Klang, No. 3  
Jln Batu Nilam 6/KS6, Bdr Bkt Tinggi  
41200 Klang, Selangor

**Easy-RHB Tesco Extra Ipoh**

RHB Kiosk, Tesco Extra Ipoh No. 2  
Laluan Tasek Timur 6, Tmn Tasek Indra  
Off Jln Kg Bercham, 31400 Ipoh, Perak

**Easy-RHB Tesco Extra Plentong**

RHB Kiosk, Tesco Extra Plentong, Lot 34  
Jln Masai Baru, Batu 10, Plentong  
81750 Johor Bahru, Johor

**Easy-RHB Tesco Extra Shah Alam**

RHB Kiosk, Tesco Extra Shah Alam  
No. 1 Persiaran Sukan Seksyen 13  
Peti Surat 7427, 40714 Shah Alam, Selangor

**Easy-RHB Tesco Hyper Shah Alam**

RHB Kiosk, Tesco Hyper Shah Alam  
No. 3 Jln Aerobik 13/43, Seksyen 13  
40100 Shah Alam, Selangor

**Easy-RHB Tesco Penang**

RHB Kiosk, Tesco Penang, No. 1  
Lebu Tengku Kudin 1, Bdr Jelutong,  
11700 Penang

**Easy-RHB Tesco Kajang**

RHB Kiosk, Tesco Kajang, Lot PT 37820 & 11196  
Mukim Kajang, Saujana Impian  
43000 Kajang, Selangor

**Easy-RHB Tesco Kota Bharu**

RHB Kiosk, Tesco Kota Bharu, Lot 1828  
Seksyen 17, Bandar Kota Bharu  
Jajahan Kota Bharu, 15050 Kelantan

**Easy-RHB Tesco Kulai**

RHB Kiosk, Tesco Kulai, No. 52 Tmn Desamas  
Batu 22 7/2, Jln Kulai Air Hitam, 81000 Kulai, Johor

**Easy-RHB Tesco Malacca**

RHB Kiosk, Tesco Melaka, No. 1  
Jln Tun Abdul Razak, 75400 Peringgit, Melaka

**Easy-RHB Tesco Mergong**

RHB Kiosk, Tesco Mergong  
No. 1 Lebuhraya Sultanah Bahiyah  
05150 Alor Setar, Kedah

**Easy-RHB Tesco Mutiara Damansara**

RHB Kiosk, Tesco Mutiara Damansara  
No. 8 Jln PJU 7/4, Mutiara Damansara  
47800 Petaling Jaya, Selangor

**Easy-RHB Tesco Paradigm Mall**

RHB Kiosk, No.1, Jalan SS7/26A, Kelana Jaya  
47301 Petaling Jaya, Selangor

**Easy-RHB Tesco Pengkalan Ipoh**

RHB Kiosk, Tesco Pengkalan Ipoh No. 1  
Medan Stesen 19/9, Section 18  
31650 Pengkalan, Ipoh, Perak

**Easy-RHB Tesco Extra Seberang Jaya, Prai**

RHB Kiosk, Tesco Extra Seberang Jaya  
2762 Persiaran Sembilang, Seberang Jaya  
13700 Seberang Perai Tengah, Penang

**Easy-RHB Tesco Extra Selayang**

RHB Kiosk, Tesco Extra Selayang  
No 1081 Jln Ipoh, Mukim Batu  
51200 Kuala Lumpur

**Easy-RHB Tesco Seri Alam**

RHB Kiosk, Tesco Seri Alam, Lot PTD 111515  
Jln Seri Alam, Bdr Seri Alam  
81750 Masai, Johor

**Easy-RHB Tesco Setia Alam**

RHB Kiosk, Tesco Setia Alam  
No. 2 Jln Setia Prima S U/13/S  
Setia Alam, Seksyen U 13  
40170 Shah Alam, Selangor

**Easy-RHB Tesco Sg. Dua**

RHB Kiosk, Tesco Sg. Dua  
No. 657 Jln Sg. Dua, 11700 Sg. Dua, Penang

**Easy-RHB Tesco SP Mutiara**

RHB Kiosk, Tesco Sg Petani Mutiara  
Lot 368 Jln Bakar Arang  
08000 Sg. Petani, Kedah

**Easy-RHB Tesco Taiping**

RHB Kiosk, Tesco Taiping  
Lot 38, Jalan Istana Larut, 34000 Taiping, Perak

**Easy-RHB Tesco Tebrau City**

RHB Kiosk, Tesco Desa Tebrau  
No. 1 Persiaran Desa Tebrau, Tmn Desa Tebrau  
81100 Johor Bahru, Johor

**Easy-RHB Tesco Rawang**

RHB Kiosk, Tesco Rawang, No. 1 Jalan Rawang  
48000 Rawang, Selangor

**Easy-RHB Tesco Bukit Indah**

RHB Kiosk, Tesco Bukit Indah  
No. 1 Jalan Bukit Indah 15, Taman Bukit Indah  
81200 Johor Bahru, Johor

**Easy-RHB Tesco Kepong**

RHB Kiosk, Tesco Kepong, No. 3 Jalan 7A/62A Bdr  
Menjalara, 52200 Kepong, Kuala Lumpur

**Easy-RHB Tesco Extra Cheras**

RHB Kiosk, Tesco Cheras, No. 2 Jln Midah 2  
Tmn Midah, Cheras, 56000 Kuala Lumpur

**Easy-RHB Tesco Hyper Ipoh**

RHB Kiosk, Tesco Ipoh, No 2 Jalan Jambu  
Tmn Teh Teng Seng, 31400 Ipoh, Perak

**Easy-RHB Tesco Semenyih**

RHB Kiosk, Tesco Semenyih  
1 Jln TPS 1/1, Tmn Pelangi Semenyih  
43500 Semenyih, Selangor

**Easy-RHB Tesco Kampar**

RHB Kiosk, Tesco Kampar, Jalan Perdana  
Tmn Kampar Perdana, 31900 Kampar, Perak

**Easy-RHB Tesco Bukit Mertajam**

RHB Kiosk, Tesco Bukit Mertajam, No. 2323  
Jalan Rozhan, Pusat Perniagaan Seri Impian  
14000 Bukit Mertajam, Penang

**Easy-RHB Tesco Malacca Cheng**

RHB Kiosk, Tesco Melaka Cheng, No. 1  
Jalan Inang 3, Paya Rumput Utama, 75460 Melaka

**Easy-RHB Tesco Bukit Kepayang, Seremban 2**

RHB Kiosk, Tesco Seremban 2, PT 2347 Pekan  
Bukit Kepayang, Daerah Seremban  
70300 Negeri Sembilan

**RHB TESCO EASY (CONTINUED)****Easy-RHB Tesco Manjung**

RHB Kiosk, Tesco Manjung, No 103 Jalan Lumut  
32000 Sitiawan, Perak

**Easy-RHB Tesco Nilai**

RHB Kiosk, Tesco Nilai, No. 1, Jalan BBN 1/3  
Putra Nilai, 71800 Nilai, Negeri Sembilan

**Easy-RHB Tesco Kulim**

RHB Kiosk, Tesco Kulim, No. 386  
Jalan Lembah Impiana 111  
09000 Kulim, Kedah

**Easy-RHB Tesco Old Klang Road**

RHB Kiosk, Tesco Jln Klang Lama  
The Scott Garden, Komplek Rimbun Scott  
289 Jln Klang Lama  
58100 Kuala Lumpur

**Easy-RHB Tesco Tanjung Pinang**

RHB Kiosk, Tesco Tanjung Pinang  
No. 1 Jalan Seri Tanjung Pinang  
Tanjung Tokong, 10470 Pulau Pinang

**Easy-RHB Tesco Bukit Beruntung**

RHB Kiosk, Tesco Bukit Beruntung  
No. 1, Jalan Orkid 1, Bandar Serendah  
Seksyen BS 1, 48300 Rawang, Selangor

**Easy-RHB Tesco Stargate Kedah**

RHB Kiosk, Tesco Stargate  
No. 1, Susuran Stargate  
Lebuhraya Sultanah Bahiyah  
05400 Alor Setar, Kedah

**Easy-RHB Tesco Senawang**

RHB Kiosk, Tesco Senawang, No. 12264  
Jalan Seremban Jaya, Taman Seremban Jaya  
70400 Seremban, Negeri Sembilan

**Easy-RHB Tesco Sri Iskandar**

RHB Kiosk, Tesco Seri Iskandar, PT 8524 &  
Sebahagian PT8525, 31750 Mukim Bota  
Daerah Perak Tengah, Perak

**Easy-RHB Tesco Sungai Petani Utara**

RHB Kiosk, Tesco Sg Petani Utara  
No. 300, Jalan Lagenda 1, Lagenda Heights  
08000 Sungai Petani, Kedah

**EASY RHB POS****Easy-RHB PO Ajil**

Pejabat Pos Ajil, JKR 236, Jalan Kuala Berang  
21800 Ajil, Terengganu

**Easy-RHB GPO Alor Setar**

Pejabat Pos GPO Alor Setar  
Bangunan Pejabat Pos Besar, Jalan Stadium  
05670 Alor Setar, Kedah

**Easy-RHB PO Bentong**

Pejabat Pos Bentong, 148, Jalan Yoke Yew  
28700 Bentong, Pahang

**Easy-RHB GPO Bukit Payong**

Pejabat Pos Bukit Payong, JKR 607  
Jalan Kuala Berang, Bukit Payong  
21400 Terengganu

**Easy-RHB PO Bukit Puchong**

Pejabat Pos, Bukit Puchong, No.1  
Jalan BP 7/13, Bandar Bukit Puchong  
47100 Puchong, Selangor

**Easy-RHB GPO Chabang Tiga**

Pejabat Pos Chabang tiga, JKR 525, Jalan Hiliran  
21000 Kuala Terengganu, Terengganu

**Easy-RHB GPO Dayabumi KL**

Pejabat Pos Besar Kuala Lumpur  
Jalan Tan Cheng Lock  
50670 Kuala Lumpur

**Easy-RHB PO Dungun**

Pejabat Pos Dungun, JKR 911, Jalan Merebok  
23000 Dungun, Terengganu

**Easy-RHB PO Jerantut**

Pejabat Pos Jerantut, JKR 69, Jalan Besar  
27000 Jerantut Pahang

**Easy-RHB GPO Kangar**

Pejabat Pos GPO Kangar, JKR 751, Jalan Penjara  
01670 Kangar, Perlis

**Easy-RHB PO Kg. Tunku, PJ**

Pejabat Pos Kg. Tunku, JKR 4410  
Jalan SS 1/11, Kg. Tunku  
47300 Petaling Jaya, Selangor

**Easy-RHB PO Machang**

Pejabat Pos Machang, JKR 22, Jalan kweng Umat  
18500 Machang, Kelantan

**Easy-RHB PO Medan Tuanku KL**

Pejabat Pos Medan Tuanku, No. 303  
Jalan Tuanku Abdul Rahman  
50100 Kuala Lumpur

**Easy-RHB PO Seksyen 20, PJ**

Pejabat Pos Seksyen 20 Petaling Jaya  
Jalan 20/16A, Taman Paramount  
46300 Petaling Jaya, Selangor

**Easy-RHB PO Subang Jaya**

Pejabat Pos Subang Jaya, Lot 2098  
Jalan Subang Utama, Pejabat Pos Subang Jaya  
47500 Subang Jaya, Selangor

**Easy-RHB PO Bandar Baru Bangi**

JKR 208 A-B, Jalan 6C/9  
43000 Bandar Baru Bangi

**Easy-RHB PO Batu 9, Cheras**

Pejabat POS Batu 9 Cheras  
Jalan Besar, 43200 Cheras, Selangor

**Easy-RHB PO Jalan TAR, KL**

No. 3, Jalan Dewan Sultan Sulaiman 1  
50100 Kuala Lumpur

**Easy-RHB PO Jerteh**

Pejabat Pos Jerteh, JKR 231, Jalan Pasir Akar  
22000 Jerteh, Terengganu

**Easy-RHB PO Kajang**

JKR 78, Jalan Hishamuddin, 43000 Kajang

**Easy-RHB PO Kelana Jaya**

No. 2, Jalan SS 6/2, 47301 Kelana Jaya

**Easy-RHB GPO Kuala Berang**

Pejabat Pos GPO Kuala Terengganu

**Easy-RHB GPO Kuala Lipis**

Pejabat Pos Kuala Lipis, JKR 81, Jalan Besar  
27000 Kuala Lipis, Pahang

**Easy-RHB GPO Kuala Terengganu**

Pejabat Pos GPO Kuala Berang, JKR 264  
Jalan Besar, 27100 Kuala Berang, Terengganu

**Easy-RHB GPO Kuantan**

Pejabat Pos GPO Kuantan, JKR 1436  
Jalan Abdul Aziz, 25670 Kuantan, Pahang

**Easy-RHB PO Marang**

Pejabat Pos Marang, JKR (P) 93  
Jalan Besar Maran  
21600 Marang Terengganu

**Easy-RHB PO Nilai, N. Sembilan**

PT 5797 Jalan 3/S. 2/1G, Taman Semarak  
71800 Nilai

**Easy-RHB PO Pasir Mas**

Pejabat Pos Pasir Mas, JKR 411  
Jalan Pejabat Jajahan, 17000 Pasir Mas, Kelantan

**Easy-RHB PO Pasir Putih**

Pejabat Pos Pasir Putih, JKR 112  
Jalan Kota Bahru, 16800 Pasir Putih, Kelantan

**Easy-RHB PO Pengkalan Chepa**

Pejabat Pos Pengkalan Chepa  
JKR 2087, Jalan Maktab  
16100 Pengkalan Chepa, Terengganu

**Easy-RHB PO Permaisuri**

Pejabat Pos Permaisuri, JKR 8-771  
Bandar Permaisuri, 22100 Setiu, Terengganu

**Easy-RHB PO Sentul, KL**

688, Jalan Sentul, 51000 Kuala Lumpur

**Easy-RHB PO Seremban**

JKR 1486, Jalan Tuanku Antah, 70670 Seremban

**Easy-RHB PO Sg. Besi, KL**

Jalan Pejabat Pos, Sungai Besi  
57000 Kuala Lumpur



**EASY RHB POS (CONTINUED)****Easy-RHB PO Sg. Buloh**

No. 1-12K, Tkt. 2, Pasaraya Warta  
Kompleks Sungai Buloh, 47000 Sungai Buloh

**Easy-RHB PO Sg. Wang Plaza**

Lot T54-56, T37, Tkt. 3  
Sungai Wang Plaza, Jln. Sultan Ismail  
50200 Kuala Lumpur

**Easy-RHB PO Ulu Langat**

Pejabat POS Ulu Langat, JKR 387  
Jalan Hulu Langat, 43100 Hulu Langat

**Easy-RHB PO Klang Utara**

JKR 1093, Jalan Pos Baharu, 41300 Klang

**Easy-RHB PO Pelabuhan Klang**

JKR 807, Jln Watson, 42670 Pelabuhan Kelang

**Easy-RHB PO Shah Alam**

Persiaran Dato' Menteri, 40670 Shah Alam

**Easy-RHB PO Jinjang**

JKR 1693, Jalan Besar,  
52000 Kepong, Kuala Lumpur

**Easy-RHB GPO Melaka**

Pejabat Pos GPO Melaka, Bukit Baru  
75670 Melaka

**Easy-RHB PO Ayer Keroh**

Pejabat Pos, Ayer Keroh  
Jalan Lebuhraya Ayer Keroh  
75450 Melaka

**EASY-RHB PO Alor GAJAH**

Pejabat Pos Alor Gajah  
JKR 2121, Jalan Besar  
78000 Alor Gajah, Melaka

**Easy-RHB PO Kluang**

Pejabat Pos Kluang, JKR 1439  
Jalan Sultanah, 86000 Kluang Johor

**Easy-RHB PO Masjid Tanah**

Pejabat Pos Masjid Tanah, JKR 2880 Jalan Besar  
78300 Masjid Tanah, Melaka

**Easy-RHB PO Muar**

Pejabat Pos Muar, JKR 2200, Jalan Othman  
84000 Muar, Johor

**Easy-RHB PO Tanjong Kling**

Pejabat Pos Tg Keling, JKR 966A, Jalan Tg Keling  
76400 Tanjong Keling, Melaka

**Easy-RHB GPO Johor Bahru**

Pejabat Pos GPO - Johor Bahru  
JKR 2521, Jalan Dato' Onn  
80000 Johor Bahru

**Easy-RHB PO Taman Seri Tebrau**

Pejabat Pos Taman Sri Tebrau  
JKR 5355, Jalan Kelewang, Taman Sri Tebrau  
80050 Johor Bahru

**Easy-RHB PO Brickfields**

Pejabat Pos Brickfields, No. 75  
Jalan Thambapillai, Brickfields  
50470 Kuala Lumpur

**Easy-RHB PO Cheras Makmur**

Pejabat Pos Cheras Makmur  
25 & 27, Jalan 4/9 6A, Taman Cheras Makmur  
56100 Kuala Lumpur

**Easy-RHB PO GPO Ipoh**

Pejabat Pos GPO Ipoh, JKR 5120, Jalan Kelab  
30670 Ipoh, Perak

**Easy-RHB PO Tapah**

Pejabat Pos Tapah, JKR 138, Jln Stesyen  
35000 Tapah, Perak

**Easy-RHB PO Bukit Mertajam**

Pejabat Pos Bukit Mertajam, JKR 836  
Jalan Arumugam Pillai  
14000 Bukit Mertajam, Pulau Pinang

**Easy-RHB PO GPO Pulau Pinang**

Pejabat Pos GPO - Pulau Pinang  
Tingkat Bawah, Bangunan Tengku Syed Putra  
Lebuh Downing, 10670 Pulau Pinang

**Easy-RHB PO Taiping**

Pejabat Pos Taiping, JKR 102, Jalan Barrack  
34000 Taiping, Perak

**Easy-RHB PO Butterworth**

Pejabat Pos Butterworth, JKR 1268  
Jalan Bagan Dalam  
12100 Butterworth, Pulau Pinang

**Easy-RHB PO Kepala Batas**

Pejabat Pos Kepala Batas, JKR A13, Jalan Bertam  
13200 Kepala Batas, Pulau Pinang

**Easy-RHB PO Kota Tinggi**

JKR 670, Jalan Lombong,  
81900 Kota Tinggi, Johor

**Easy-RHB PO Majidee**

Pejabat Pos Majidee, JKR 3635, Jalan Tebrau  
81100 Majidee, Johor

**Easy-RHB PO Pontian**

Pejabat Pos Pontian, JKR 1479, Jalan Pejabat  
82000 Pontian, Johor

**Easy-RHB PO Taman Ipoh**

Pejabat Pos Taman Ipoh, JKR 4837  
Jalan Lau Pak Khuan, Taman Ipoh  
31400 Ipoh, Perak

**Easy-RHB PO Batu Gajah**

Pejabat Pos Batu Gajah, JKR 60A,  
Jalan Pejabat Pos, 31000 Batu Gajah, Perak

**Easy-RHB PO Tangkak**

Pejabat Pos Tangkak, JKR 3019, Jalan Payamas  
84900 Tangkak, Johor

**Easy-RHB PO Dato Keramat**

Pejabat Pos Dato' Keramat  
JKR 56, Jalan Dato' Keramat  
10460 Dato' Keramat, Pulau Pinang

**Easy-RHB PO Klang**

Pejabat Pos Klang, Jalan Stesen  
41670 Kelang, Selangor

**Easy-RHB PO Kulim**

JKR 1349, Jalan Raya, 09000 Kulim, Kedah

**Easy-RHB PO Seri Kembangan**

JKR 2012, Jalan Besar  
43300 Seri Kembangan, Selangor

**Easy-RHB PO Sungai Petani**

JKR F748, Jalan Pengkalan  
08000 Sungai Petani, Kedah

**EASY BY RHB KIOSK****KIP Mart Masai**

RHB Kiosk, Lot K2 and K3, KIP Mart Masai  
Jalan Pesiaran Dahlia 2, Taman Bukit Dahlia  
81700 Pasir Gudang, Johor

**Dataran Pahlawan, Melaka**

RHB Kiosk, FG-25, Ground Floor, Phase 2  
Dataran Pahlawan Melaka Megamall  
Jalan Merdeka, 75000 Bandar Hilir, Melaka

**Petronas Taman Setiawangsa**

Lot 16794, Jalan Bukit Setiawangsa  
Taman Setiawangsa  
54200 Wilayah Persekutuan





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