



YEARS
1913-2013



THE RHB SUCCESS STORY

Pg 2

A look back at how far the RHB Banking Group has come over the last 100 years.

CHAIRMAN'S STATEMENT

Pg 33

Dato' Mohamed Khadar Merican, Chairman of RHB Capital highlights the results for 2012 including achievements throughout the year.



GOVERNANCE

Pg 40

Commitment of RHB Capital to the highest standards of integrity transparency and accountability.

BUSINESS AND OPERATIONS OVERVIEW

Pg 102

An overview of RHB's key operating entities.

AWARDS AND RECOGNITION

Pg 134

A list of the Group's numerous accolades.

FINANCIALS

Pg 154

The financial performance of RHB Capital and its subsidiary companies in 2012.

Inside

this report

Our Core Values

| | |
|-----|--|
| 6 | Notice of Eighteenth Annual General Meeting |
| 9 | Statement Accompanying Notice Of 18th Annual General Meeting |
| 10 | Group Financial Highlights |
| 11 | Simplified Group Statements of Financial Position |
| 12 | Five-Year Group Financial Summary |
| 13 | Summary of Five-Year Group Growth |
| 14 | Segmental Analysis |
| 15 | Group Quarterly Performance |
| 16 | Corporate Information |
| 18 | RHB Capital Berhad Group Structure |
| 22 | Board of Directors |
| 24 | Profiles of the Board of Directors |
| 32 | Chairmen of the Key Operating Subsidiaries |
| 33 | Chairman's Statement |
| 38 | Chairmen of Group Committees |
| 39 | Group Committees |
| 40 | Corporate Governance Statement |
| 68 | Statement on Risk Management & Internal Control |
| 72 | Audit Committee Report |
| 76 | Risk Management Statement |
| 85 | Compliance Statement |
| 91 | Review of the Malaysian Economy |
| 95 | Continuing Our Commitment to Human Capital Development |
| 100 | Group Senior Management |

102

106

110

112

113

114

116

118

122

124

128

130

134

138

147

154

384

385

387

389

Overview: Business and Operations

Retail Banking

Taking Easy To The Next Level

Business Banking

Corporate Banking

Transaction Banking

Global Financial Banking

Group Treasury

RHB Islamic

RHB Investment Bank

RHB Insurance

OSK Investment Bank

Awards and Recognition

Calendar of Significant Corporate Events 2012

Analysis of The Financial Performance

Financial Statements

Analysis of Shareholdings

List of Thirty (30) Largest Shareholders

List of Top Ten (10) Properties

Group Branch Network

- Proxy Form

100 years

RHB



Banking Group

A Century of
Commitment

“We in RHB, pride ourselves in continuously listening to and addressing the needs of our customers i.e. the need for a Banking Group to create solution-based and easy-to-use products. And above all, the need for a Banking Group that goes the extra mile to deliver more to our customers.”

Dato' Mohamed Khadar Merican,
Chairman, RHB Capital Berhad

“We are proud of the fact that RHB Bank is 100 years old, and that we have done well throughout all these years... Within a century of presence in this country, the Group has emerged to become a meaningful player in the local banking industry both locally and regionally.”

Tan Sri Azlan Zainol,
Chairman, RHB Bank Berhad

“I am very optimistic about what the future holds... The next step for us is building scale and making use of our new platforms outside Malaysia to be more competitive as both a financial services group and an investment bank.”

Mr Kellee Kam,
Group Managing Director, RHB Banking Group

SIGNIFICANT MILESTONES

1913 – 2013

- 1913 : The Kwong Yik (Selangor) Banking Corporation, Limited incorporated and commenced business on 15 July 1913 at the Old Market Square.
- 1915 : Moved from Market Square to the corner of Jalan Bandar and Jalan Silang where it remained until 1938.
- 1920's & 30's : Extended credit to local traders, mainly Chinese businessmen, miners and planters, in a financial environment largely dominated by foreign banks. Despite the economic depression of the 1930's, Kwong Yik Bank played a significant role in the growing prosperity of Malaya and the demand for rubber and tin.
- 1938 : Moved to the Kwong Yik Bank Chambers. This remained its base until the 1960s.
- 1940's : Operations suspended with the Japanese Occupation and World War 2. The bank resumed business when the war ended. In 1941, deposits totalled RM5 million.
- 1950's : Played an integral part in the rehabilitation of the country's economy leading up to Independence. Links with overseas banks were established.
- 1961 : Moved to its temporary premises in Jalan Bandar while awaiting the completion of its new headquarters. By this time, customer deposits totalled RM34 million.
- 1963 : Kwong Yik Bank celebrated its Golden Jubilee.
- 1964 : First sub-branch opened in Jalan Pasar.
- 1965 : The landmark 10-storey Headquarters at Jalan Bandar (now Jalan Tun H.S. Lee) was opened by the Prime Minister then, Tunku Abdul Rahman on September 10. Opened branches in Jalan Ipoh and Jalan Bukit Bintang.
- 1967 : First branch opened in Petaling Jaya. Both Kuala Lumpur and Petaling Jaya were rapidly expanding at this point and many of the landmark buildings were financed by Kwong Yik Bank.
- 1968 : Malayan Banking buys 30% of Kwong Yik Bank's issued capital.
- 1970 : Malayan Banking's shareholding in the bank increased to 51.15%. Kwong Yik Bank's deposits at this juncture totalled more than RM130 million.
- 1970 : New linear logo unveiled.
- 1979 : Began computerising its current and savings accounts.

 **KWONG YIK BANK BERHAD**













Moving on...

- April 1981 : Opened a branch in Ipoh, the first outside Federal Territory and Selangor.
- 1985 : Introduced ATM service called 'Boss' simultaneously at 12 of its branches in Kuala Lumpur, Petaling Jaya and Klang.
- 1987 : Joined forces with Malayan Banking to launch the country's first shared ATM service called the ABC network.
- 1989 : Launched the Boss Corporate Card and its Sunday Banking service.
- 1990 : Mastercard facility launched.
- 1993 : Kwong Yik Bank celebrated its 80th anniversary. It had 50 branches throughout the country at this juncture and 1,680 staff. To mark the occasion, the bank produced its first TV commercial.
- 1997 : Rashid Hussain Bhd purchased Malayan Banking's share in Kwong Yik Bank. The bank then merged with DCB Bank (formerly D&C Bank, established 1966), which has been under the RHB stable since 1993. This biggest bank merger in the country's history formed RHB Bank Berhad, then Malaysia's third largest financial services group.
- 1997 : Launch of RHB Online service for financial services via computer and telephone.
- 1999 : Sime Bank merged with RHB Bank to become part of the RHB Banking Group. Sime Bank was set up after UMBC (United Malayan Banking Corporation, established 1960) became part of the Sime Darby Group in 1996.

A date to remember...

- 2003 : Merger of RHB Bank with Bank Utama Berhad, which was first established in 1976.
- 2007 : The Employees Provident Fund (EPF) emerged as the single largest shareholder of RHB Capital. 30% equity in RHB Bank was purchased from Khazanah Nasional Berhad, making RHB Bank a 100% subsidiary of RHB Capital.
- 2009 : Inception of *Easy by RHB*, the first innovative community bank in Asia that offers fast and simple banking experience through cutting-edge technology.
- 2012 : RHB Capital acquired OSK Investment Bank, paving the way for the RHB Banking Group's strong presence in ASEAN and Hong Kong.
- 2013 : RHB Banking Group celebrates RHB Bank's 100th Anniversary.



RHB

1999



RHB

2003



Sime Bank Berhad



UTAMA

2012 Highlights

1. Awards

Easy by RHB

- ◆ Celent Model Bank Award 2012 – Model Bank of the Year Award

RHB Islamic Bank

- ◆ Islamic Business & Finance Awards 2012 – Best Retail Bank (Asia)

Business Banking

- ◆ SMI Association of Malaysia – Sahabat Negara Award 2012

OSK Research Sdn Bhd

- ◆ Asiamoney Brokers Poll 2012 – Best Small Caps Coverage in Malaysia and Singapore

Islamic Finance News

- ◆ Malaysian Deal of the Year – PLUS Expressways Berhad's RM23.35 billion Islamic Medium Term Notes Programme and RM11 billion Guaranteed Sukuk Programme

2. OSK Holdings Berhad (OSKH) and RHB Capital Berhad (RHBC) announce the signing of a conditional share purchase agreement to merge their investment banking operations on 28 May 2012
3. OSK Investment Bank (OSKIB) becomes a wholly-owned subsidiary of RHB Capital Berhad upon the successful completion of the acquisition of OSKIB on 9 November 2012
4. Celebration of RHB Bank's 100th Anniversary kick-starts with a bang on 23 November 2012
5. RHB Islamic Bank opens 15th branch in Sg Petani on 30 November 2012

VISION N

To be a Leading Multinational Financial Services Group

Our midterm strategic focus areas are R.A.P.I.D (Regional Programme, Action Platform, People Agenda, Islamic Internationalisation, Digital RHB). RAPID sets down critical impetus & enablers to be implemented in the RHB Banking Group over the next 3-5 years. Under the RAPID framework, we are rolling out strategic initiatives to tap into opportunities presented as well as to address weaknesses and barriers that impede business units from driving growth.

Regionalisation Programme

Tap Growing Opportunities and Expand Revenue Base

- ◆ Maximise shareholders value by optimising returns from regional businesses
- ◆ Achieve 30:70 (international: domestic) income mix by 2017

Action Platform

Speed to Decision & Execution and Excellent Service Delivery

- ◆ Enhance organisational effectiveness by focusing on speed, clarity and empowerment
- ◆ Unleash growth potential by optimising customer relationship

People Agenda

Reconfigure Organisation for Growth & Instill a High Performance Culture

- ◆ Incentivise and inculcate performance-driven behaviour
- ◆ Ensure stability in key and critical leadership positions
- ◆ Build capabilities and capacities to support regional expansion

Islamic Internationalisation

Enhance Profile & Competitive Positioning in the Marketplace

- ◆ Take market share and raise domestic profile
- ◆ Capitalise on Group's extensive network and expertise to drive Islamic business growth
- ◆ Strengthen capability & capacity

Digital RHB

Leverage on Technology to Create Competitive Edge – Enhanced Efficiency & Customer Experiences

- ◆ Continue to introduce innovative customer touchpoints & services
- ◆ Enhance operational efficiency



OUR CORE VALUES



Professional

We are committed to maintaining a high level of proficiency, competency and reliability in everything that we do. It is about going the extra mile, or even two, to enable our customers to make smart decisions.



Respect

Let us remain courteous, humble, and show empathy to everyone through our actions and interactions. Our customers have diverse needs; when we respond to their individual needs, it goes a long way.



Integrity

It is about being honest, ethical and upholding high standards of governance. It is about delivering more by keeping to our promises – meaning what we say and saying what we mean.

Dynamic

Let us be proactive, responsive and forward thinking. Always staying one step ahead and driving meaningful changes in the world of banking.



Excellence

It is about continuously achieving high standards of performance and service deliverables – and delivering more by helping our customers achieve what really matters.

▶ Notice of Eighteenth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighteenth (18th) Annual General Meeting (AGM) of the Company will be held at Grand Ballroom, Level 2, InterContinental Hotel, 165 Jalan Ampang, 50450 Kuala Lumpur on Monday, 27 May 2013 at 11.00 a.m. to transact the following Businesses:

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2012 and the Directors' and Auditors' Reports thereon. **(Please refer to Explanatory Note 1)**
2. To approve a single-tier final dividend of 16.09% in respect of the financial year ended 31 December 2012 as recommended by the Board. **Ordinary Resolution 1**
3. To re-elect the following Directors retiring under Article 80 of the Company's Articles of Association and being eligible, offer themselves for re-election:
 - (i) YBhg Dato' Teo Chiang Liang; and **Ordinary Resolution 2**
 - (ii) YBhg Dato' Saw Choo Boon. **Ordinary Resolution 3**
4. To re-elect YBhg Datuk Wira Jalilah Baba who retires under Article 84 of the Company's Articles of Association and being eligible, offers herself for re-election. **Ordinary Resolution 4**
5. To consider and, if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965:-

"That YBhg Dato' Nik Mohamed Din Datuk Nik Yusoff, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next AGM."

Ordinary Resolution 5
6. To approve the payment of Directors' fees totalling RM482,732.24 for the financial year ended 31 December 2012. **Ordinary Resolution 6**
7. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company, to hold office until the conclusion of the next AGM of the Company, at a remuneration to be determined by the Directors. **Ordinary Resolution 7**

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following ordinary resolution:

8. Proposed renewal of the authority to allot and issue new ordinary shares of RM1.00 each in RHB Capital Berhad (RHB Capital Shares), for the purpose of the Company's Dividend Reinvestment Plan (DRP) that provides the Shareholders of RHB Capital Berhad (Shareholders) the option to elect to reinvest their cash dividend in new RHB Capital Shares.

"THAT pursuant to the DRP as approved by the Shareholders at the Extraordinary General Meeting held on 6 April 2011 and subject to the approval of the relevant regulatory authority (if any), approval be and is hereby given to the Company to allot and issue such number of new RHB Capital Shares from time to time as may be required to be allotted and issued pursuant to the DRP until the conclusion of the next AGM upon such terms and conditions and to such persons as the Directors of the Company at their sole and absolute discretion, deem fit and in the interest of the Company PROVIDED THAT the issue price of the said new RHB Capital Shares shall be fixed by the Directors based on the adjusted five (5) market days volume weighted average market price (VWAP) of RHB Capital Shares immediately prior to the price-fixing date after applying a discount of not more than 10%, of which the VWAP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price and the issue price may not be less than the par value of RHB Capital Shares;

AND THAT the Directors and the Secretary of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements, deeds, undertakings and documents as may be necessary or expedient in order to give full effect to the DRP with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed or agreed to by any relevant authorities (if any) or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, by the Directors as they, in their absolute discretion, deem fit and in the best interest of the Company."

9. To transact any other business of which due notice shall have been given.

By Order of the Board

Azman Shah Md Yaman (LS 0006901)
Ivy Chin So Ching (MAICSA No. 7028292)
Company Secretaries

Kuala Lumpur
30 April 2013

Ordinary Resolution 8

▶ Notice of Eighteenth Annual General Meeting

NOTES:

Appointment of Proxy

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 May 2013 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 18th AGM.
2. A member of the Company entitled to attend and vote at the general meeting is entitled to appoint up to two (2) proxies to attend and vote in his place. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
3. The Form of Proxy must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its attorney duly authorised in writing.
4. If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
5. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account which is credited with ordinary shares of the Company.
6. The Form of Proxy or other instruments of appointment must be deposited at the office of the Share Registrar of the Company, Symphony Share Registrars Sdn Bhd, at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor not later than 48 hours before the time fixed for holding the meeting or any adjournment thereof.

Explanatory Notes

1. Item 1 of the Agenda
 - This Agenda is meant for discussion only, as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.
2. Ordinary Resolution 8
 - Proposed renewal of the authority to allot and issue new ordinary shares of RM1.00 each in RHB Capital Berhad (RHB Capital Shares), for the purpose of the Company's Dividend Reinvestment Plan (DRP) that provides the Shareholders of RHB Capital Berhad (Shareholders) the option to elect to reinvest their cash dividend in new RHB Capital Shares.

This proposed Ordinary Resolution 8 will give authority to the Directors to allot and issue shares for the DRP in respect of dividend declared in this AGM and subsequently until the next AGM. A renewal of this authority will be sought at the next AGM.

Statement Accompanying the Notice of 18th Annual General Meeting

Additional information pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is set out in Annexure A to RHB Capital Berhad's Annual Report 2012.

Statement Accompanying Notice Of 18th Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The profiles of the Directors who are standing for re-election (as per Ordinary Resolutions 2 to 5 as stated in the above notice) at the 18th Annual General Meeting of RHB Capital Berhad which will be held at Grand Ballroom, Level 2, InterContinental Hotel, 165 Jalan Ampang, 50450 Kuala Lumpur on Monday, 27 May 2013 at 11.00 a.m. are stated on pages 24 to 31 of the Annual Report 2012.

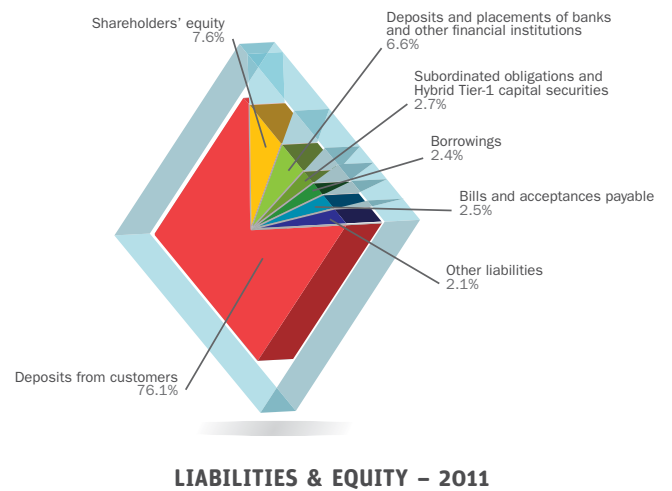
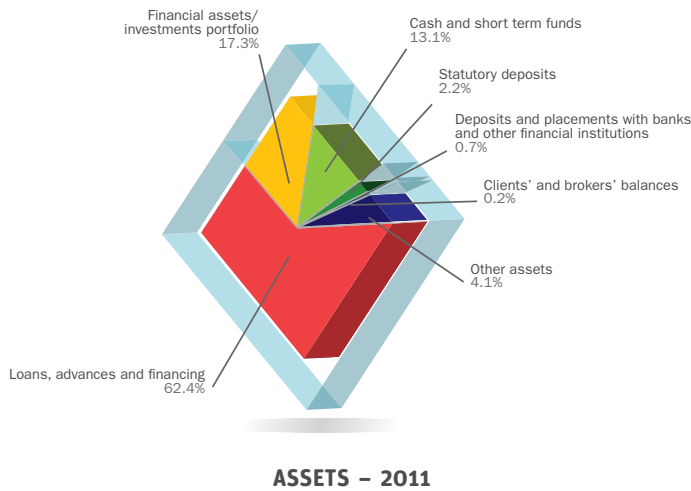
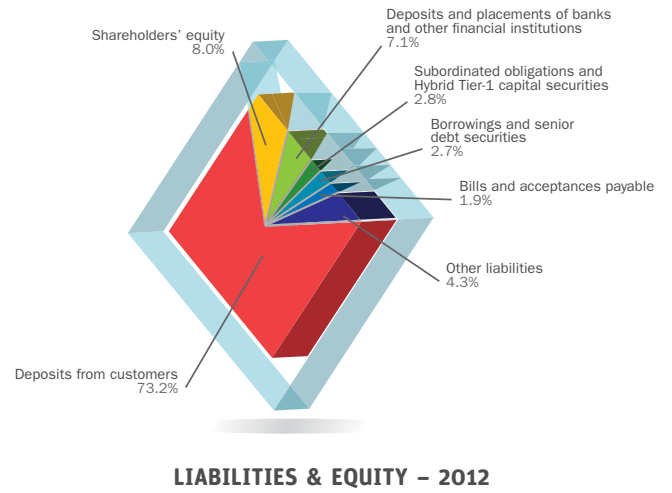
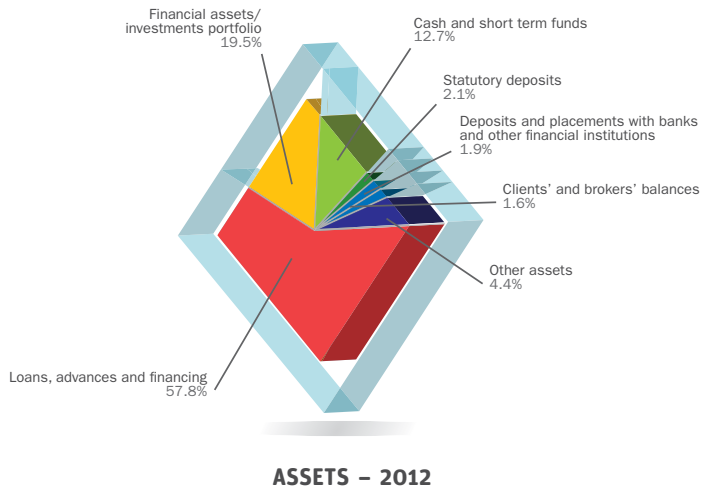
The details of any interest in the securities of RHB Capital Berhad and its subsidiaries (if any) held by the said Directors (if any) are stated on page 159 of the Financial Statements of the Annual Report 2012.

Group Financial Highlights

| | 2012 | 2011* |
|--|----------------|---------|
| PROFITABILITY (RM' million) | | |
| Operating revenue | 8,023 | 7,153 |
| Operating profit before allowances | 2,536 | 2,473 |
| Profit before taxation | 2,385 | 2,250 |
| Net profit attributable to equity holders of the Company | 1,785 | 1,688 |
| STATEMENTS OF FINANCIAL POSITION (RM' million) | | |
| Total assets | 189,078 | 152,304 |
| Portfolio of financial assets/investments | 36,840 | 26,302 |
| Loans, advances and financing | 109,277 | 95,059 |
| Total liabilities | 173,737 | 140,676 |
| Deposits from customers | 138,224 | 115,861 |
| Shareholders' equity | 15,117 | 11,615 |
| Commitments and contingencies | 83,160 | 74,161 |
| FINANCIAL RATIOS (%) | | |
| Profitability Ratios | | |
| Net return on average equity | 13.4 | 15.7 |
| Net return on average assets | 1.0 | 1.2 |
| Asset Quality/Loan Ratios | | |
| Gross impaired loans ratio | 3.0 | 3.6 |
| Gross loans to deposits ratio | 80.6 | 84.1 |

* Restated as a result of retrospective application of MFRS 139 and FRSIC 18.

Simplified Group Statements of Financial Position



Five-Year Group Financial Summary

| | 2012 | 2011* | 2010* | 2009 | 2008 |
|--|----------------|---------|---------|------------------|---------|
| RESULTS (RM' million) | | | | | |
| Profit before taxation | 2,385 | 2,250 | 1,899 | 1,538 | 1,422 |
| Net profit attributable to equity holders of the Company | 1,785 | 1,688 | 1,420 | 1,201 | 1,049 |
| STATEMENTS OF FINANCIAL POSITION (RM' million) | | | | | |
| Total assets | 189,078 | 152,304 | 129,112 | 115,085 | 104,533 |
| Loans, advances and financing | 109,277 | 95,059 | 81,214 | 66,923 | 60,596 |
| Total liabilities | 173,737 | 140,676 | 119,148 | 106,345 | 96,692 |
| Deposits from customers | 138,224 | 115,861 | 94,434 | 84,841 | 73,962 |
| Paid-up capital | 2,494 | 2,205 | 2,153 | 2,153 | 2,153 |
| Shareholders' equity | 15,117 | 11,615 | 9,953 | 8,708 | 7,814 |
| Commitments and contingencies | 83,160 | 74,161 | 70,522 | 67,234 | 60,735 |
| SHARE INFORMATION | | | | | |
| Gross dividend per share - (sen) | 22.1 | 25.4 | 26.4 | 22.5 | 19.6 |
| Net assets per share - (RM) | 6.1 | 5.3 | 4.6 | 4.0 | 3.6 |
| Net tangible assets per share - (RM) | 4.0 | 3.5 | 2.8 | 2.3 | 1.9 |
| Basic earnings per share - (sen) | 79.0 | 77.5 | 66.0 | 55.8 | 48.7 |
| Share price - (RM) | 7.69 | 7.48 | 8.72 | 5.30 | 3.90 |
| Market capitalisation (RM million) | 19,180 | 16,492 | 18,778 | 11,413 | 8,399 |
| FINANCIAL RATIOS (%) | | | | | |
| Profitability Ratios | | | | | |
| Net return on average equity | 13.4 | 15.7 | 15.2 | 14.5 | 14.1 |
| Net return on average assets | 1.0 | 1.2 | 1.2 | 1.1 | 1.0 |
| Cost/income ratio | 47.5 | 43.5 | 40.5 | 42.7 | 43.9 |
| Asset Quality/Loan Ratios | | | | | |
| Gross loans to deposits ratio | 80.6 | 84.1 | 88.8 | 82.1 | 85.4 |
| Gross impaired loans ratio | 3.0 | 3.6 | 4.6 | 6.7 [#] | 4.5 |
| Loan loss coverage | 66.0 | 68.1 | 69.4 | 63.9 | 90.3 |
| Ordinary Shares | | | | | |
| Gross dividend yield | 2.9 | 3.4 | 3.0 | 4.2 | 5.0 |
| Dividend payout ratio | 30.0 | 30.0 | 30.0 | 30.2 | 30.0 |

* Restated as a result of retrospective application of MFRS 139 and FRSIC 18. For financial year 2010, only relevant balance sheet items have been restated to position as at 1 January 2011.

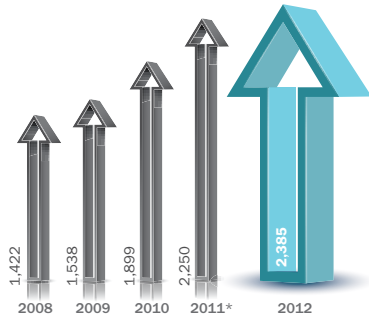
[#] Adjusted for effect of adoption of FRS 139 in financial year 2010.

Note:

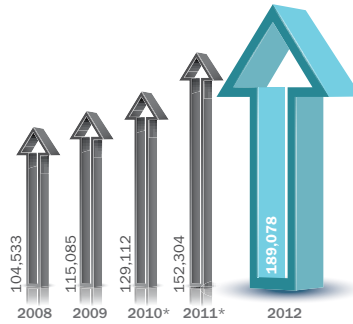
Financial information prior to financial year 2010 has not been restated for the effect of the adoption of new applicable accounting standards in 2010 to 2012, except where stated otherwise.

Summary of Five-Year Group Growth

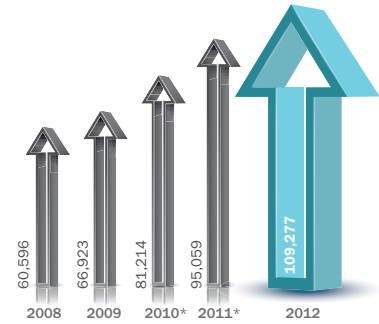
**PROFIT BEFORE TAXATION
(RM' Million)**



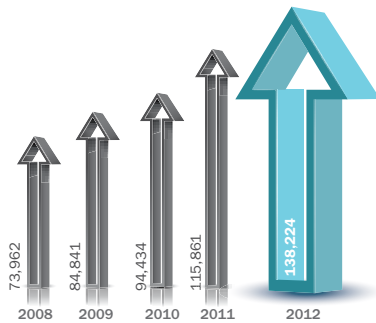
**TOTAL ASSETS
(RM' Million)**



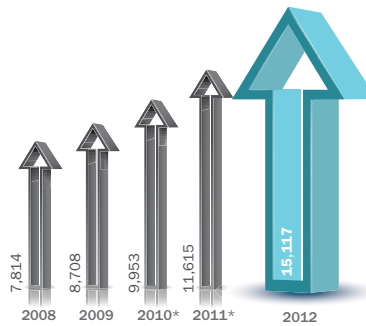
**LOANS, ADVANCES AND FINANCING
(RM' Million)**



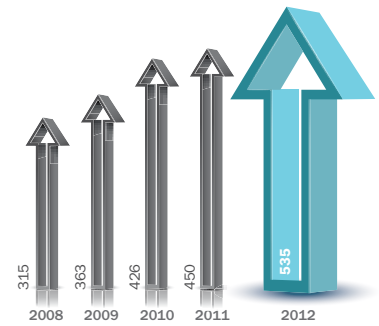
**DEPOSITS FROM CUSTOMERS
(RM' Million)**



**SHAREHOLDERS' EQUITY
(RM' Million)**

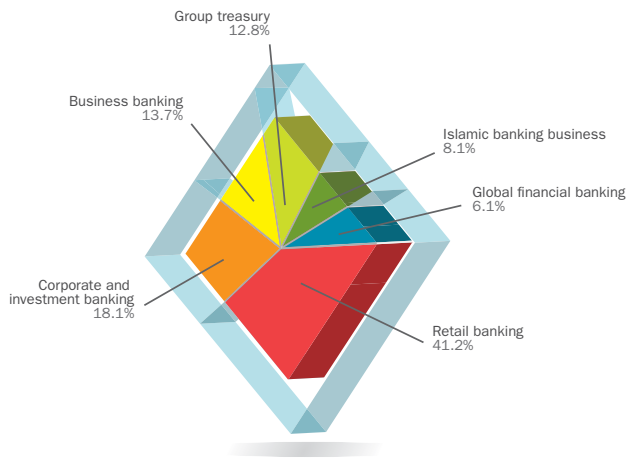


**NET DIVIDENDS
(RM' Million)**

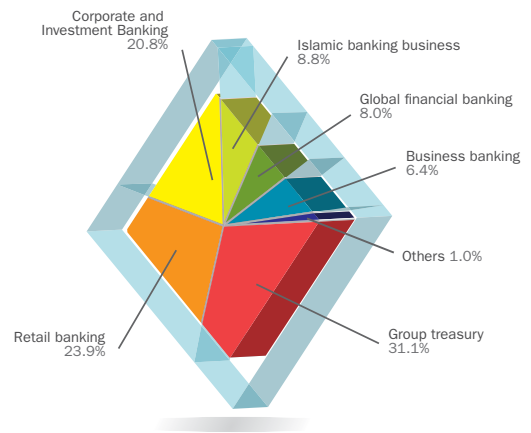


* Restated as a result of retrospective application of MFRS 139 and FRSIC 18.

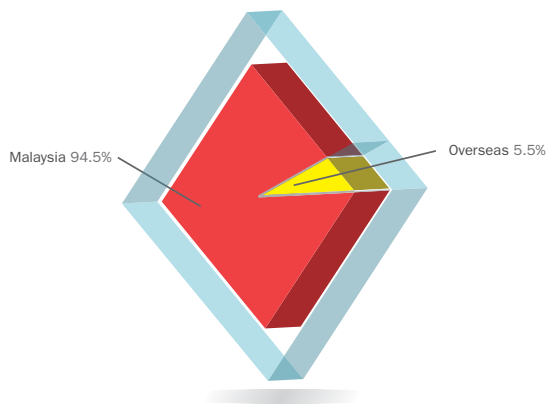
Segmental Analysis for the year ended 31 December 2012



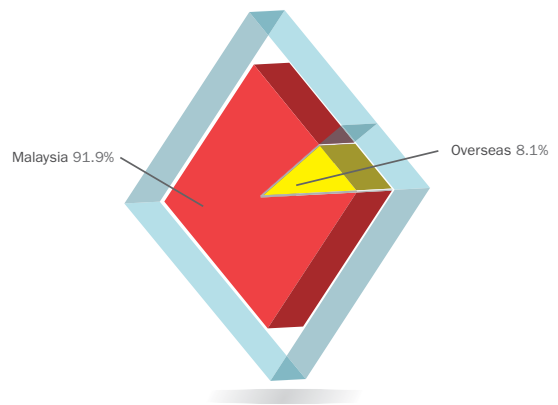
OPERATING REVENUE BY BUSINESS SEGMENT*



ASSETS EMPLOYED BY BUSINESS SEGMENT



OPERATING REVENUE BY GEOGRAPHICAL LOCATION



ASSETS EMPLOYED BY GEOGRAPHICAL LOCATION

Note:

* Excludes the revenue/expenses from Support Centre and Others as per Note 43 to the financial statements.

Group Quarterly Performance

| | 2012 | | | | |
|--|---------------|----------------|---------------|----------------|-----------|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Year 2012 |
| FINANCIAL PERFORMANCE (RM' million) | | | | | |
| Operating revenue | 1,903 | 1,931 | 1,961 | 2,228 | 8,023 |
| Net interest income | 709 | 732 | 745 | 774 | 2,960 |
| Operating profit before allowances | 630 | 638 | 619 | 649 | 2,536 |
| Profit before taxation | 581 | 603 | 641 | 560 | 2,385 |
| Net profit attributable to equity holders of the Company | 436 | 454 | 487 | 408 | 1,785 |
| Earnings per share (sen) | 19.7 | 20.5 | 21.7 | 17.1 | 79.0 |
| Gross dividend per share (sen) | | | | | |
| – Interim (single tier dividend) | – | 6.0 | – | – | 6.0 |
| – Final (single tier dividend) | – | – | – | 16.1 | 16.1 |

| | 2011 | | | | |
|--|----------------|-----------------|----------------|-----------------|------------|
| | First Quarter* | Second Quarter* | Third Quarter* | Fourth Quarter* | Year 2011* |
| FINANCIAL PERFORMANCE (RM' million) | | | | | |
| Operating revenue | 1,666 | 1,793 | 1,773 | 1,921 | 7,153 |
| Net interest income | 698 | 720 | 710 | 725 | 2,853 |
| Operating profit before allowances | 605 | 661 | 556 | 651 | 2,473 |
| Profit before taxation | 610 | 511 | 560 | 569 | 2,250 |
| Net profit attributable to equity holders of the Company | 458 | 381 | 426 | 423 | 1,688 |
| Earnings per share (sen) | 21.3 | 17.6 | 19.4 | 19.2 | 77.5 |
| Gross dividend per share (sen) | | | | | |
| – Interim | – | 8.0 | – | – | 8.0 |
| – Final (including single tier dividend) | – | – | – | 17.4 | 17.4 |

* Restated as a result of retrospective application of MFRS 139.

Corporate Information

As At 22 March 2013

BOARD OF DIRECTORS

Dato' Mohamed Khadar Merican
Independent Non-Executive Chairman

Tan Sri Azlan Zainol
Non-Independent Non-Executive Director

Datuk Haji Faisal Siraj
Senior Independent Non-Executive Director

Dato' Teo Chiang Liang
Independent Non-Executive Director

Dato' Saw Choo Boon
Independent Non-Executive Director

Datuk Wira Jalilah Baba
Independent Non-Executive Director

Dato' Nik Mohamed Din Datuk Nik Yusoff
Non-Independent Non-Executive Director

Kellee Kam Chee Khiong
Group Managing Director

AUDIT COMMITTEE

Dato' Saw Choo Boon
Chairman

Datuk Haji Faisal Siraj

Dato' Teo Chiang Liang

GROUP RISK MANAGEMENT COMMITTEE#

Tuan Haji Khairuddin Ahmad
Chairman

Patrick Chin Yoke Chung

Tuan Haji Md Ja'far Abdul Carrim

Choong Tuck Oon

Dato' Saw Choo Boon

GROUP NOMINATING AND HUMAN RESOURCE COMMITTEE#

Datuk Haji Faisal Siraj
Chairman

Dato' Mohamed Khadar Merican

Dato' Teo Chiang Liang

Dato' Saw Choo Boon

Tuan Haji Md Ja'far Abdul Carrim

Choong Tuck Oon

COMPANY SECRETARIES

Azman Shah Md Yaman

Ivy Chin So Ching

Note:

The committee is shared with relevant subsidiaries of the Group.

GROUP SENIOR MANAGEMENT

Kellee Kam Chee Khiong

Group Managing Director, RHB Banking Group

Johari Abdul Muid

Managing Director, RHB Bank Berhad

U Chen Hock

CEO, OSK Investment Bank Berhad

Mike Chan

*Director, Corporate Banking &
Officer-in-Charge, RHB Investment Bank Berhad*

Kong Shu Yin

Managing Director, RHB Insurance Berhad

Tuan Haji Abd Rani Lebai Jaafar

*Managing Director, RHB Islamic Bank Berhad
(until 14 February 2013)*

Prem Kumar

Group Chief Financial Officer

Norazzah Sulaiman

Director, Group Corporate Services

Michael Lim Kheng Boon

*Director, Group Transaction Banking
Director, Group Treasury*

Vince Au Yoong

Director, Retail Banking

Amy Ooi Swee Lian

Director, Business Banking

Ee Yew Chai

Director, Operations

Yeoh Beng Hooi

Director, Branch Management

Azaharin Abd Latiff

Director (Acting), Human Resource Management

Patrick Ho Kwong Hoong

Director, Group Risk Management

Wong Yih Yin

Chief Internal Auditor

Azman Shah Md Yaman

Group Company Secretary

REGISTERED OFFICE

Level 10, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Tel : 603-9285 2233
Fax : 603-9281 9314

COMPANY NO.

312952-H

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

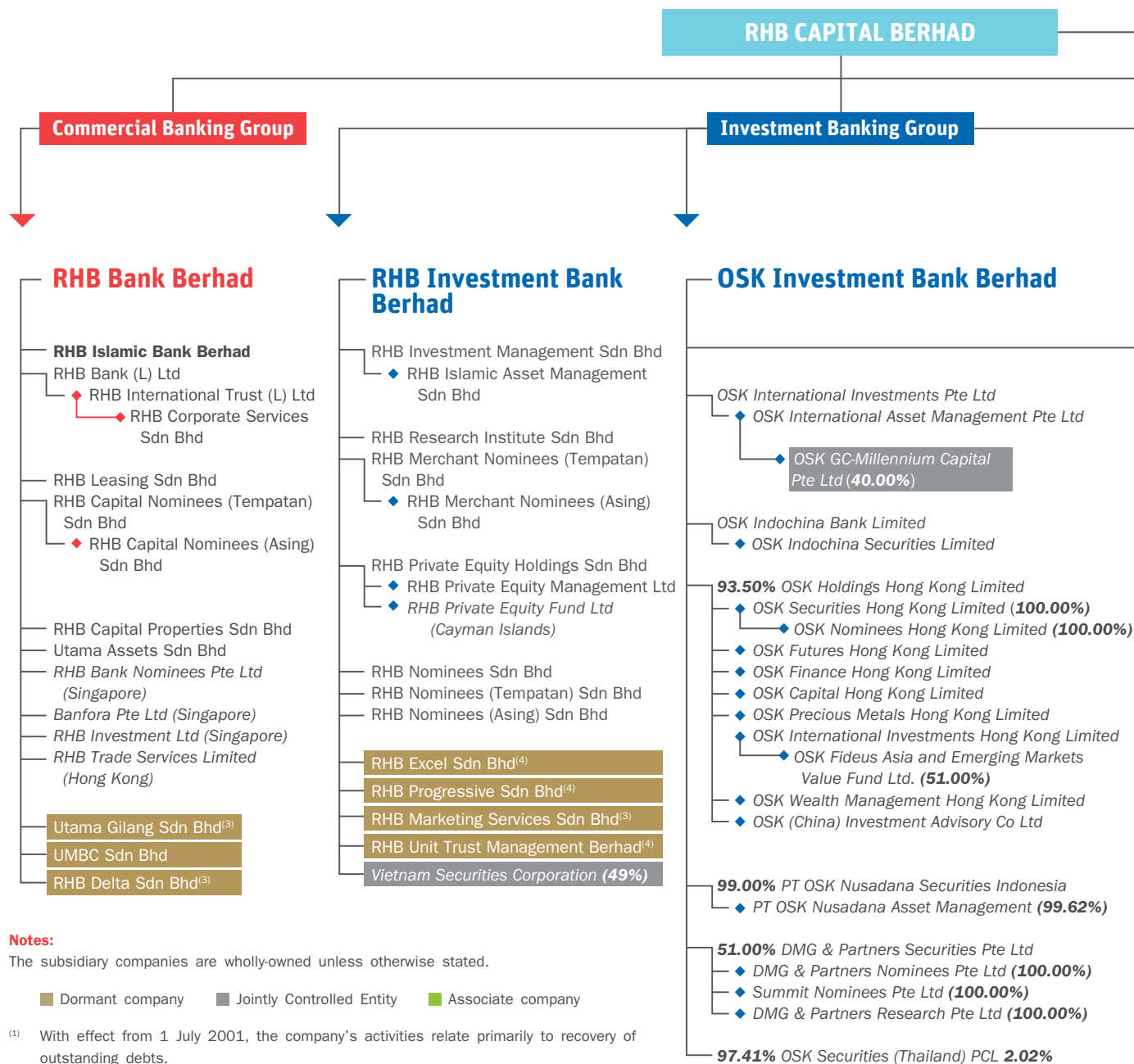
SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd

Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor
Tel : 603-7841 8000
Fax : 603-7841 8008

RHB Capital Berhad Group Structure

As At 22 March 2013



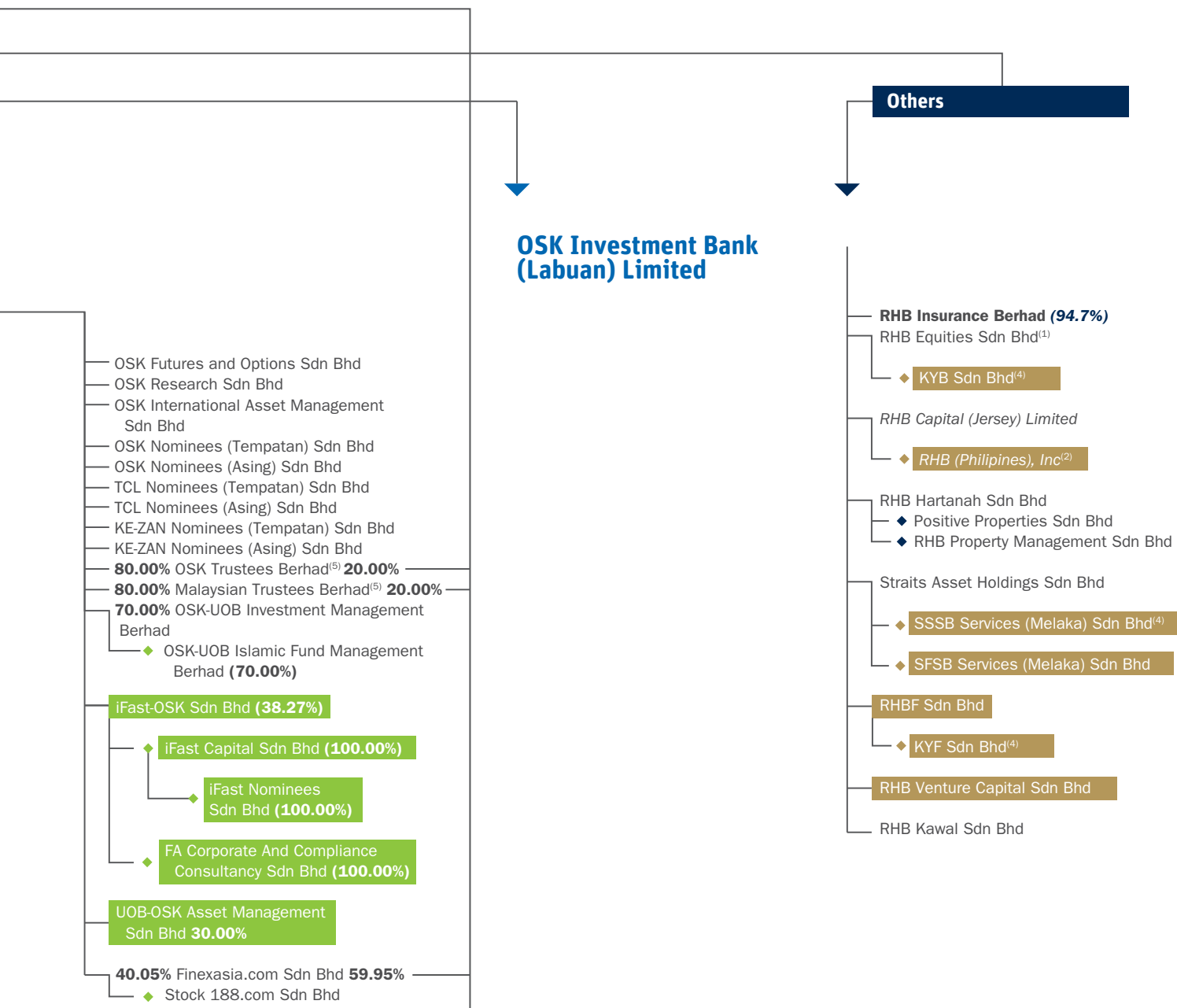
Notes:

The subsidiary companies are wholly-owned unless otherwise stated.

■ Dormant company ■ Jointly Controlled Entity ■ Associate company

- (1) With effect from 1 July 2001, the company's activities relate primarily to recovery of outstanding debts.
- (2) The company has ceased operations from the close of business on 10 December 2001.
- (3) The company has commenced members' voluntary winding-up on 16 February 2011.
- (4) The company has commenced members' voluntary winding-up on 28 March 2012.
- (5) Held by: (i) OSKIB; (ii) OSK Nominees (Tempatan) Sdn. Bhd. (iii) OSK Nominees (Asing) Sdn. Bhd. and (iv) OSK Futures and Options Sdn. Bhd with direct shareholdings of 20.00% each.

Country of incorporation is Malaysia unless otherwise indicated in italics





GROUP'S

Regional

PRESENCE

The RHB Banking Group is the fourth largest fully integrated financial services group in Malaysia. Our aim is to build a leading Multinational Financial Services Group in the region.

The acquisition of OSK Investment Bank has further strengthened the RHB Banking Group's ASEAN footprint. The Group is now present in eight countries including Malaysia, Brunei, Cambodia, Indonesia, Hong Kong (with a representative office in China), Singapore, Thailand and Vietnam.

Board of Directors

Standing from left to right:

DATO' TEO CHIANG LIANG

Independent Non-Executive
Director

DATO' SAW CHOO BOON

Independent Non-Executive
Director

**DATO' NIK MOHAMED DIN
DATUK NIK YUSOFF**

Non-Independent Non-Executive
Director

TAN SRI AZLAN ZAINOL

Non-Independent Non-Executive
Director



**DATO' MOHAMED KHADAR
MERICAN**

Independent Non-Executive
Chairman

KELLEE KAM CHEE KHIONG

Group Managing Director

DATUK WIRA JALILAH BABA

Independent Non-Executive
Director

DATUK HAJI FAISAL SIRAJ

Senior Independent Non-
Executive Director



▸ Profiles of the Board of Directors

Dato' Mohamed Khadar Merican

(56 years of age – Malaysian)

Independent Non-Executive Chairman



Dato' Mohamed Khadar Merican (Dato' Mohamed Khadar) was appointed as an Independent Non-Executive Director of RHB Capital on 1 January 2008 and was subsequently appointed as the Chairman of RHB Capital on 12 May 2009. Dato' Mohamed Khadar serves as a Member of the Group Nominating and Human Resource Committee of RHB Capital.

Dato' Mohamed Khadar has had more than 30 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 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's other directorships in public companies include RHB Bank Berhad, RHB Investment Bank Berhad, Rashid Hussain Berhad (In Members' Voluntary Liquidation), AirAsia Berhad, Astro Malaysia Holdings Berhad and Sona Petroleum Berhad.

Dato' Mohamed Khadar attended all the sixteen Board of Directors' Meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of RHB Capital. He has no conflict of interest with RHB Capital and has never been charged of any offence.

Tan Sri Azlan Zainol

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



Tan Sri Azlan Zainol (Tan Sri Azlan) was appointed as a Non-Independent Non-Executive Director of RHB Capital on 27 July 2005.

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

Tan Sri Azlan is also currently the Chief Executive Officer of the Employees Provident Fund Board. 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 Bank Berhad (Chairman), RHB Investment Bank Berhad, Rashid Hussain Berhad (In Member's Voluntary Liquidation), Malaysian Resources Corporation Berhad (Chairman) and Jardine Cycle & Carriage Limited (Singapore).

Tan Sri Azlan attended thirteen out of sixteen Board of Directors' Meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of RHB Capital. He has no conflict of interest with RHB Capital and has never been charged of any offence.

Datuk Haji Faisal Siraj

(67 years of age – Malaysian)

Senior Independent Non-Executive Director



Datuk Haji Faisal Siraj (Datuk Faisal) was appointed as an Independent Non-Executive Director of RHB Capital on 24 May 2007. Datuk Faisal also serves as the Chairman of the Group Nominating and Human Resource Committee. He is also a Member of the Audit Committee of RHB Capital.

Datuk Faisal was a Fellow of the Institute of Chartered Accountants in England & Wales, a Member of the Malaysian Institute of Accountants and a Member of the Malaysian Institute of Certified Public Accountants.

Datuk Faisal started his career in 1968 with KPMG, London. On his transfer from KPMG, London to KPMG, Kuala Lumpur, he was posted to KPMG Kota Kinabalu until 1976. Datuk Faisal joined the Malaysia Mining Corporation (MMC) Group in 1976. He was the Group Executive Director and a Member of the MMC Board from 1981 to 1994. In 1995, he joined DRB-HICOM Berhad (DRB-HICOM) as the Group Chief Financial Officer in the capacity of Senior Group Director, Financial Services and Treasury Division and was a member of DRB-HICOM Board, before his retirement in 2005.

Datuk Faisal's other directorships in public companies include RHB Islamic Bank Berhad and RHB Insurance Berhad.

Datuk Faisal attended all the sixteen Board of Directors' Meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of RHB Capital. He has no conflict of interest with RHB Capital and has never been charged of any offence.

Dato' Teo Chiang Liang

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



Dato' Teo Chiang Liang (Dato' Teo) was appointed as an Independent Non-Executive Director of RHB Capital on 20 May 2010. He also serves as a Member of the Group Nominating and Human Resource Committee and Audit Committee of RHB Capital.

Dato' Teo holds a Bachelor of Arts (Honours) degree in Business Studies awarded by the Council for National Academic Awards, United Kingdom and Bachelor of Science in Management Studies from University of Bradford, United Kingdom. He was appointed as a Visiting Professor of Nottingham Trent University, United Kingdom in 1998 and conferred with an Honorary Degree of Doctor of Business Administration in 2001.

Dato' Teo joined and served the See Hoy Chan Holdings Group, a well-diversified group of companies, in different levels of management since 1975. He was the Secretary General of the Malaysian Association of Private Colleges & Universities from 1997 to March 2003 and is currently its Vice President. Dato' Teo was appointed as a member of the MSC Education Advisory Panel in 1998 and a Life Member of the Malaysian Red Crescent Society since 1983. He was elected as an Executive Council Member of Malaysia Crime Prevention Foundation since 2006.

Dato' Teo's other directorships in public companies include RHB Insurance Berhad and Ajinomoto (Malaysia) Berhad.

Dato' Teo attended fifteen out of sixteen Board of Directors' Meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of RHB Capital. He has no conflict of interest with RHB Capital and has never been charged of any offence.

Dato' Saw Choo Boon

(66 years of age – Malaysian)

Independent Non-Executive Director



Dato' Saw Choo Boon (Dato' Saw) was appointed as an Independent Non-Executive Director of RHB Capital on 20 May 2010. He also serves as the Chairman of the Audit Committee and a Member of the Group Nominating and Human Resource Committee and Group Risk Management Committee of RHB Capital.

Dato' Saw holds a Bachelor of Science (Chemistry) from the University of Malaya. He joined Shell in 1970 as a Refinery Technologist in Shell Refining Company (Federation of Malaya) Berhad. He then served in various capacities in manufacturing, supply, trading and planning in Malaysia, Singapore and the Netherlands. In 1996, Dato' Saw was appointed as Managing Director of Shell MDS (Malaysia) Sendirian Berhad. From 1998 – 1999, he assumed the positions of Managing Director for Oil Products (Downstream) Shell Malaysia and Managing Director of Shell Refining Company (Federation of Malaya) Berhad. In 1999, with the globalisation of the Shell Oil Products business, he was appointed the Vice-President of the commercial business in the Asia-Pacific region and in 2004 he became the President of Shell Oil Product East. In 2005, he assumed the role of Vice-President Global Marine Products.

Dato' Saw was appointed the Chairman of Shell Malaysia on 1 March 2006. He was also the Vice President of Business Development Asia Pacific, responsible for developing commercial businesses in new market entries in Asia – China, India, Indonesia and Vietnam. From 1 January 2010, Dato' Saw was appointed the Senior Advisor of Shell Malaysia until his retirement on 30 June 2010.

Currently, Dato' Saw's other directorships in public companies are RHB Investment Bank Berhad, Shell Refining Company (Federation of Malaya) Berhad, Digi.Com Berhad, Phoenix Petroleum (M) Berhad and Guinness Anchor Berhad (Chairman).

Dato' Saw attended fifteen out of sixteen Board of Directors' Meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of RHB Capital. He has no conflict of interest with RHB Capital and has never been charged of any offence.

Datuk Wira Jalilah Baba

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



Datuk Wira Jalilah Baba (Datuk Wira Jalilah) was appointed as an Independent Non-Executive Director of RHB Capital on 1 May 2012.

Datuk Wira Jalilah holds a Bachelor of Arts (Econ) Hons from University of Malaya. She has vast experience and expertise in investment promotion, international investment, economics, finance, government procedures and regulations governing issues such as tariffs, customs, free zones, warehousing and logistics, etc. from her 30 year tenure in Malaysian Investment Development Authority (MIDA). Prior to her retirement in 2011, she was the Director General and Chief Executive Officer of MIDA.

Datuk Wira Jalilah is one of the top economists in Malaysia and a major reference centre for economics and investment matters by the media (TV, radio, and other business channels). She also hosted the live Budget 2012 Commentary session with TV3 and RTM1. She was also appointed as the lead speaker for Malaysia at various national and international conferences, among others, World Investment Promotion Agency Conference in Geneva and Malaysian Islamic Finance Conferences in Bahrain, Riyadh, Dubai and Doha.

Datuk Wira Jalilah is currently a Board Member of Education Malaysia Global Services and a member of the International Advisory Panel of Labuan Financial Services Authority.

Datuk Wira Jalilah's other directorship in public company include Felda Global Ventures Holdings Berhad.

Datuk Wira Jalilah attended seven out of nine Board of Directors' Meetings held during the financial year since the date of her appointment. She has no family relationship with any Director and/or major shareholder of RHB Capital. She has no conflict of interest with RHB Capital and has never been charged of any offence.

Dato' Nik Mohamed Din Datuk Nik Yusoff

(70 years of age – Malaysian)

Non-Independent Non-Executive Director



Dato' Nik Mohamed Din Datuk Nik Yusoff (Dato' Nik Mohamed Din) was appointed as a Non-Independent Non-Executive Director of RHB Capital on 20 November 2012.

Dato' Nik Mohamed Din is a Barrister-at-law. He read law at Lincoln's Inn, London and was admitted to the English Bar in 1968. He then served as a Magistrate in the Malaysian Judicial Services in 1969. Thereafter, he joined private legal practice at Mah, Kok and Din as a lawyer for 13 years. In 1984, he left legal practice to join the stockbroking business and assumed the position of the Executive Chairman as well as a shareholder of O.S.K. & Partners Sendirian Berhad (now known as OSK Investment Bank Berhad).

In 1985, Dato' Nik Mohamed Din was elected Chairman and in 1988 appointed by the Minister of Finance as the first Executive Chairman of the Kuala Lumpur Stock Exchange (KLSE) (now known as Bursa Malaysia Securities Berhad) and he held this position for 12 years. Upon expiry of his third term of appointment as Executive Chairman of the KLSE, Dato' Nik Mohamed Din returned to OSK Holdings Berhad Group as the Executive Chairman of OSK Holdings Berhad and thereafter was re-designated to Non-Independent Non-Executive Chairman on 28 December 2009.

Dato' Nik Mohamed Din's other directorships in public companies include OSK Holdings Berhad (Chairman), OSK Property Holdings Berhad (Chairman), OSK Ventures International Berhad (Chairman), Jerasia Capital Berhad (Chairman), QBE Insurance (Malaysia) Berhad (Chairman), Federation of Public Listed Companies (Vice-President II), Malaysian Trustees Berhad, OSK Trustees Berhad, OSK Investment Bank Berhad, OSK-UOB Investment Management Berhad and Datin Seri Ting Sui Ngit Foundation.

Dato' Nik Mohamed Din attended all the two Board of Directors' Meetings held during the financial year since the date of his appointment. He has no family relationship with any Director and/or major shareholder of RHB Capital. He has no conflict of interest with RHB Capital and has never been charged of any offence.

Kellee Kam Chee Khiong

(39 years of age – Malaysian)

Group Managing Director



Kellee Kam Chee Khiong (Kellee Kam) was appointed as the Managing Director of RHB Capital on 10 May 2011. He was subsequently appointed as the Group Managing Director of RHB Banking Group on 9 January 2012. He is also a Member of Group IT & Transformation Strategy Committee.

Kellee Kam holds a Master of Arts (MA) in South East Asian Business World from the University of London, Master of Business Administration from Richmond College and Bachelor of Law with Honours from Manchester Metropolitan University.

Kellee Kam commenced his career in the financial services sector with ABN Amro Bank Berhad as the Assistant Vice President in Wholesale Banking before joining Utama Banking Group Berhad in 2002 as General Manager, where he was accountable for strategic projects and investments as well as providing oversight over Corporate Finance and business development. He joined RHB Management Company Sdn Bhd in 2003 as General Manager where he successfully led the corporate finance and treasury activities of RHB. Kellee Kam was subsequently appointed as the General Manager, Group Finance (Corporate Treasury) for RHB Capital. Thereafter, he was appointed as the Head, Corporate and Strategic Planning on 1 January 2007, responsible in the areas of Corporate Finance and Strategy of the Group prior to his appointment as Chief Financial Officer of RHB Capital on 1 June 2007. He was appointed Principal Officer of RHB Capital in March 2011 prior to his appointment as Managing Director of RHB Capital on 10 May 2011.

Kellee Kam attended all the sixteen Board of Directors' Meetings held in the financial year. He has no family relationship with any Director and/or major shareholder of RHB Capital. He has no conflict of interest with RHB Capital and has never been charged of any offence.

▸ Chairmen of the Key Operating Subsidiaries



◆ **Tan Sri Azlan Zainol**
RHB Bank Berhad



◆ **Tan Sri Ong Leong Huat**
RHB Investment Bank Berhad



◆ **Tuan Haji Khairuddin Ahmad**
RHB Islamic Bank Berhad



◆ **Tuan Haji Md Ja'far Abdul Carrim**
RHB Insurance Berhad



◆ **Patrick Chin Yoke Chung**
RHB Investment Management Sdn Bhd

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

“Our other activities in growing our regional presence include our ongoing effort in completing our acquisition of PT Bank Mestika in Indonesia and increasing the investments in resources in our existing overseas operations.

We will look at further expanding our access to the remaining ASEAN markets we are not yet in, whilst building scale in the countries where we have access in 2013.”

On behalf of the Board of Directors (the Board), I would like to present the Annual Report for RHB Capital Berhad (RHB Capital) for the financial year ended 31 December 2012.

DATO' MOHAMED KHADAR MERICAN
Independent Non-Executive Chairman



▶ Chairman's Statement

We set out on our Transformation Programme in 2007 with the goal of building a Financial Services Group that would be recognised as a leading regional Financial Services provider by 2020. The aspirations were lofty and task was great, but we've continued to push on this journey and bring your company towards achieving that goal. We aim to have at least 30% of our revenues from outside Malaysia by 2017 whilst maintaining a leading franchise here in Malaysia. I am pleased to report that your company has made positive progress on both objectives.

The year 2012 marked another significant milestone for the Group as we successfully acquired OSK Investment Bank Berhad (OSKIB) in November. This acquisition allows the Group to harness the comparative strengths of both OSKIB and the RHB Banking Group to deliver more to our stakeholders. OSKIB brings with it the largest retail broking franchise in Malaysia, access to key regional financial markets, a strong management team to further strengthen our bench strength as well as providing us additional scale in our Asset Management and Investment Banking activities. The complementarities of both OSKIB and RHB Investment Bank Berhad (RHBIB) are an attractive proposition that we believe will move us positively towards achieving greater success in the region.

Our other activities in growing our regional presence include our ongoing effort in completing our acquisition of PT Bank Mestika in Indonesia and increasing the investments in resources in our existing overseas operations. We will look at further expanding our access to the remaining ASEAN markets we are not yet in, whilst building scale in the countries where we have access in 2013.



EASY by RHB (EASY) continues to do the Group proud by gaining international recognition and was honoured as the 2012 'Model Bank of the Year' from Celent, a research and consulting firm based in the US. Celent recognised EASY for its unique and innovative elements that are aimed at delivering the brand's promise of simplified banking. In only three short years of operations, EASY now contributes 6.6% of the Group's pre-provisioning profit and 4.5% of outstanding loans. It is now 245 locations strong with the aim to further grow that number in 2013. We believe that we have got a great business model with EASY and we will look at further improving on the formula in 2013.

The Group has also firmly embraced the 'digital world' and we have intensified our efforts to drive our presence in that space. In 2012, we launched our presence in the popular social network sites, Facebook, Twitter and YouTube. We believe that with this, we will be able to add further

channels for us to address our stakeholders. Our teams have also been hard at work in developing and rolling out mobile applications on smartphones, tablets and further improving our Internet Banking platform which we call RHB Now. We have not left out our Corporate customers with further improvements seen in our award winning online cash management and trade systems.

We will continue executing our stated strategies which in summary are to build comparative advantages that will enable us to win more than our fair share of the market, build our regional businesses to encompass ASEAN + Hong Kong and China, continue our efforts to diversify our revenue sources so that we can maximise earnings, continue to focus on cost and capital discipline and to further strengthen the enablers that will make our business a success.



FINANCIAL PERFORMANCE

RHB Capital has recorded a profit before tax (PBT) of RM2.4 billion in 2012, up 6% from RM2.2 billion in the previous year. This marks another year of record earnings for the Group that has now seen its 8th consecutive year of positive PBT growth.

All our subsidiaries performed commendably in 2012 despite a challenging operating environment brought about by the headwinds of the Eurozone crisis. The Malaysian Retail Banking sector faced challenges in 2012 such as the implementation of prudent lending practices, better educated and higher expectations from customers, technological advances and the rise of mobility-driven solutions.

RHB Bank has overcome this daunting environment and persevered with its plan of improving the business' growth and contribution to the Group's overall profitability.

In 2012, RHB Bank continued to deliver a strong set of performance, contributing 83% of the Group's PBT. RHB Bank recorded a PBT of RM2.2 billion, up 4.8% from a year ago. The improved performance was mainly due to higher net interest income and other operating income, lower allowance for loan impairment and write-back of impairment losses on other assets, partially offset by higher other operating expenses.

RHB Bank remained well capitalised with core Tier-1 and Tier-1 capital ratio of 11.20% and 11.88% respectively, while risk-weighted capital adequacy ratio stood at 15.09% as at 31 December 2012.

RHB Islamic Bank Berhad recorded a PBT of RM208.3 million for the financial year ended 31 December 2012 compared with RM211.0 million in the previous year. The marginally lower profit was due to higher financing impairment allowances and other operating expenses, partially offset by higher net financing income on the back of a strong financing growth of 24.6% and higher fee income and the absence of unrealised loss on derivatives for hedging.

The PBT of RHBIB improved significantly to RM84.4 million for the financial year 2012 against RM45.2 million achieved in 2011. This was attributed to the revitalised RHB Investment Banking business, pre-merger synergies with OSKIB and lower impairment losses on other assets.

RHB Investment Management Sdn Bhd's (RHBIM) PBT in 2012 was at RM1.9 million, a marked improvement from RM0.2 million recorded in the previous year. The improved performance was due to the significant growth in total Assets under Management (AUM) in 2012 which rose from RM14.3 billion in 2011 to RM23.3 billion in 2012, recording a commendable 63.4% increase. According to the Malaysian Association of Asset Managers (MAAM), Member Survey Report, as at December 2012, in the total AUM league table, RHBIM ranked fourth while in the Private Funds (Wholesale) league table, RHBIM ranked third. In the Retail Funds league table, RHBIM ranked fifth, as at 31 December 2012 (Source: Lipper for Investment Management).

The combined AUM of RHBIM – OSK-UOB Investment Management Berhad (OSK-UOB) stood at RM31.1 billion, accounting for 10.0% of the domestic market share as at 31 December 2012.

▶ Chairman's Statement

RHB Insurance Berhad (RHB Insurance) earned a PBT of RM76.4 million in 2012, compared with RM50.5 million in 2011. RHB Insurance's gross premium rose by 22.1% during the financial year ended 31 December 2012 to reach RM430.1 million. Approximately 34% of its gross premium contribution came from Motor insurance while Fire insurance comprised 28% and PA & Medical, 16%. The rest of the market segments chalked up 22% in gross premiums. The Company's initiatives to streamline and restructure its distribution channels into four main segments in 2011 have shown promising results. It has also strengthened the back-end support by recruiting a team of experienced underwriters and claims personnel.

GREATER SHAREHOLDING VALUE CREATION

Our shareholders benefitted from an increase in dividend income as the Group continued to maintain its 30% pay-out policy introduced in 2007. In light of the commendable performance and our sustained commitment to creating shareholder value, the Board of Directors is proposing a final single tier dividend of 16.09 sen per share, amounting to RM401.3 million. Subject to the necessary approvals being obtained, the earlier Dividend Reinvestment Plan will be applicable to this proposed final dividend.

Moving ahead into 2013, we aim to continuously provide a meaningful dividend income to shareholders, while ensuring the future capital requirements of the Group are fulfilled to retain our financial prowess and spur the business to grow further.

I am further happy to report that RHB Capital's market capitalisation has increased from RM16.5 billion in 2011 to RM19.2 billion in 2012, translating to a 16.4% increase.

AWARDS AND ACCOLADES

During the year, the RHB Banking Group continued to win an impressive number of awards and accolades in several key areas. RHBIB received an award for 'Best Corporate Sukuk' for Projek Lebuhraya Usahasama RM30.6 billion Sukuk Musharakah as the Joint Lead Manager & Joint Bookrunner from Asset Asian Awards 2012. RHBIB was also named 'Best Islamic Equity' for Bumi Armada's US\$888 million Initial Public Offering Joint Bookrunner.

At the 5th National Mergers & Acquisition Awards 2012, RHBIB was the 'Finalist in M&A Advisor of the Year'. RAM Ratings awarded RHBIB with the 'Lead Manager Award (Programme Value) - 2nd Place', followed by 'Lead Manager Award (Islamic) - 2nd Place' and 'Lead Manager Award (No. of Issues) - 3rd Place'.

RHBIM was acknowledged as 'One of The Most Astute Investors in the Asian Currency Bonds for 2011' by The Asset Magazine. Meanwhile, RHB Research Institute Sdn Bhd (RHB Research) bagged '2nd place in Best Research Coverage - Sector Macroeconomics' category and '3rd place for Best Overall Country Research' at Asiamoney Brokers' Poll. The prestigious StarMine Analysts Awards recognised RHB Research's analyst Hoe Lee Leng as 'Asia's No. 2 Overall Stock Picker' at the 2012 Brokerage Analyst Awards.

Factset, through The Wall Street Journal's 2012 Asia's Best Analysts Survey ranked RHB Research's Yap Huey Chiang first in Oil and Gas while Hoe Lee Leng was ranked third in Food & Beverage.

COMMUNITY-DRIVEN CORPORATE RESPONSIBILITY INITIATIVES

During the year, the Group continued to make its mark in Corporate Responsibility (CR) initiatives that nurtured, empowered and inspired Malaysians, particularly the younger generation. Essentially, the CR activities are aimed at helping the community better educate its children and prepare them to be leaders of the future.

The Group would like to see CR drive innovation, productivity and human factor development. Moving ahead, CR efforts will focus on programmes such as SEED (Students Education Enrichment Development) which is essential in developing a child's academic and career path.

The next target is to not only roll-out CR activities within Malaysia but also develop CR activities and strategies on a regional basis to create value for our customers and shareholders in countries where we operate. At the end of the day, CR should drive innovation. With a good CR strategy that can be integrated with the corporate strategy, the Group will be able to scale greater heights while combining good corporate governance, profit making and undertaking philanthropic efforts.



In late 2012 and also moving into 2013, the CR arm is introducing a set of refreshed core values for the Group - PRIDE which stands for Professional, Respect, Integrity, Dynamic and Excellence. These values outline the Group's approach in dealing with customers externally and doing business internally. PRIDE must resonate with RHB's workforce for the entire Group to be a success.

MOVING FORWARD

The global economy will likely maintain its growth momentum albeit at a marginal pace, with the euro-debt crisis subsiding, some of the US fiscal issues being dealt with and China's emerging new growth prospects. On the domestic front, the continued implementation of the ETP, PPP and various economic corridor projects will remain a key economic driver in 2013 and will likely bolster economic growth in 2013.

The Government's generosity in providing financial assistance to the people will likely help sustain consumer spending in early 2013, but the effect may taper off in the second half of the year. These initiatives will likely be complemented by a gradual revival of the country's exports as time progresses. Finally, on a macro level, we expect Malaysia's real GDP to sustain its growth at around 5.4% in 2013, which is the same pace as estimated for 2012.

The year 2013 will be indelibly etched in our minds as a particularly special year for the RHB Banking Group as RHB Bank will turn 100 on 15 July 2013.

ACKNOWLEDGEMENTS

My sincere thanks goes to our customers, business partners and regulators for their strong support and understanding. I would also like to express my deepest gratitude to our diligent management team and staff, who have been motivated and proactive in further developing the business with innovative and creative solutions. It also gives me great pleasure to give credit to my respected colleagues on the Board for their contributions and commitment to the Group.

Finally, I wish to extend my heartfelt appreciation to our shareholders for your unwavering support and confidence in RHB.

Thank you.

Mohamed Khadar Merican
Independent Non-Executive Chairman

▸ Chairmen of Group Committees

Standing from left to right:

- ◆ **Ong Seng Pheow**
Group Audit Committee
- ◆ **Tuan Haji Khairuddin Ahmad**
Group Risk Management Committee
- ◆ **Choong Tuck Oon**
Group IT & Transformation Strategy Committee
- ◆ **Dato' Mohamed Khadar Merican**
Group Credit Committee
- ◆ **Dato' Saw Choo Boon**
Audit Committee
- ◆ **Datuk Haji Faisal Siraj**
Group Nominating And Human Resource Committee



GROUP NOMINATING AND HUMAN RESOURCE COMMITTEE

Datuk Haji Faisal Siraj
(Chairman)
Dato' Mohamed Khadar Merican
Dato' Teo Chiang Liang
Dato' Saw Choo Boon
Tuan Haji Md Ja'far Abdul Carrim
Choong Tuck Oon

GROUP AUDIT COMMITTEE

Ong Seng Pheow
(Chairman)
Dato' Othman Jusoh
Tuan Haji Md Ja'far Abdul Carrim
Dato' Saw Choo Boon
Dato' Mohd Ali Mohd Tahir

AUDIT COMMITTEE

Dato' Saw Choo Boon
(Chairman)
Datuk Haji Faisal Siraj
Dato' Teo Chiang Liang

GROUP CREDIT COMMITTEE

Dato' Mohamed Khadar Merican
(Chairman)
Tuan Haji Khairuddin Ahmad
Abdul Aziz Peru Mohamed
Patrick Chin Yoke Chung

GROUP RISK MANAGEMENT COMMITTEE

Tuan Haji Khairuddin Ahmad
(Chairman)
Patrick Chin Yoke Chung
Tuan Haji Md Ja'far Abdul Carrim
Choong Tuck Oon
Dato' Saw Choo Boon

GROUP IT & TRANSFORMATION STRATEGY COMMITTEE

Choong Tuck Oon
(Chairman)
Ong Seng Pheow
Dato' Mohd Ali Mohd Tahir
Kellee Kam Chee Khiong
Johari Abdul Muid

▸ Corporate Governance Statement

Introduction

“Boards and management must be mindful of their duty to direct their efforts and resources towards the best interest of the company and its shareholders while ensuring that the interests of other stakeholders are not compromised. Disclosure and transparency are essential for informed decision-making. The timely availability of quality and accurate information including the reporting of financial performance are key facets of investor protection and market confidence.”

Foreword, Chairman, Securities Commission Malaysia
Malaysian Code on Corporate Governance 2012 (MCCG 2012)

OUR COMMITMENT TO GOOD CORPORATE GOVERNANCE

The Board of Directors (Board) of RHB Capital Berhad (RHB Capital or the Company) is committed to high standards of governance designed to protect the interests of shareholders and all other stakeholders while promoting the highest standards of integrity, transparency and accountability. The Board strives to ensure that our integrity and professional conduct are beyond reproach.

The Group is confident of its robust governance, which includes:

1. A clear organisational structure with well defined, transparent and consistent lines of responsibility, effective processes to identify, manage, monitor and report the risks to which it is or might be exposed.
2. Adequate internal control mechanisms.
3. Sound administrative, accounting procedures, and IT systems and controls.

The Board believes that sound corporate governance practices contribute to managing the Group effectively and to achieving our strategic and operational goals and objectives. Not only has it helped establish the Company's credibility and bolster our corporate reputation, it has also enhanced our shareholder value, provided assurance to investors, strengthened customers' trust in our businesses and improved the overall RHB Banking Group's competitive positioning.

The Board's oversight of risk and control is facilitated through delegation of certain responsibilities to Committees of the Board, the principal Committees being the Audit Committee, Group Risk Management Committee and Group

Nominating and Human Resource Committee.

Given the Group's vision to be a Leading Multinational Financial Services Group as well as the five new customer-centric core values with the acronym PRIDE (i.e. Professional, Respect, Integrity, Dynamic and Excellence), the Board also considers the tenets of transparency, accountability, integrity and corporate performance as the prerequisites of a responsible corporate entity.

To ensure the highest standards of integrity, business ethics and professionalism are upheld across our organisation, we have adopted best market practices to establish accountability and transparency within the Company and Group. RHB Banking Group's corporate governance structure is principally based on the following:

- (i) Malaysian Code on Corporate Governance 2012 (the Code);
- (ii) Bank Negara Malaysia's (BNM) Guidelines on Corporate Governance for Licensed Institutions (BNM's CG Guidelines);
- (iii) Bursa Malaysia Securities Berhad's (Bursa Securities) Main Market Listing Requirements (MMLR) and Corporate Governance Guide (CG Code); and
- (iv) Minority Shareholders Watchdog Group (MSWG) Corporate Governance Best Practices.

While stringent corporate governance practices and internal controls are already in place, we believe there is always room for improvement and are always exploring new avenues and measures to enhance the Company's and Group's system of governance. In doing so, the Board makes a significant effort to understand and manage stakeholders' expectations. Such understanding is essential to ensure that our position and reputation as a bank holding company is held in

good stead. Moreover, this understanding enables us to fulfil the evolving needs of our stakeholders and support the Group's efforts to compete in the global arena.

As a testament to our strong commitment and practice of good corporate governance, RHB Banking Group was the proud recipient of numerous awards:

EASY by RHB

- CIO Asean Awards 2011 – One of the Most Outstanding CIOs in the Asean Region 2011
- Celent Model Bank Award 2012 – Model Bank of the Year Award

BUSINESS BANKING

- Credit Guarantee Corporation Malaysia Berhad – Top SMI Award 2011
- SMI Association of Malaysia – Sahabat Negara Award 2012

RETAIL BANKING

- Trailblazer Award 2012 – Product Excellence in Co-Brand Credit Cards Category
- Visa Malaysia Bank Awards 2012 – Highest Payment Volume Growth, for Gold Credit Card – Highest Payment Volume Growth, for Debit Co-brand Cards (Tesco-RHB Debit Card) – Highest Merchant Sales Volume Growth

RHB INVESTMENT BANK BERHAD

- PFI Awards 2012 – Asia Pacific Project Bond of the Year
- Islamic Finance News Awards Deals of the Year 2012 – Malaysian Deal of the Year
- Alpha Southeast Asia – Most Innovative Islamic Finance Deal of the Year in Southeast Asia
- Alpha Southeast Asia – Best Dual-Listed IPO of the Year in Southeast Asia

► Corporate Governance Statement

- Alpha Southeast Asia – Best IPO Deal of the Year in Southeast Asia; & Best Deal of the Year in Southeast Asia for Minority Shareholders
- Alpha Southeast Asia – Best Project Financing Deal of the Year in Southeast Asia
- Alpha Southeast Asia – Best Islamic Financial Deal of the Year in Southeast Asia

OSK INVESTMENT BANK BERHAD

- Alpha Southeast Asia – Best Mid-cap Corporate Finance House in Malaysia
- Alpha Southeast Asia – Best Mid-cap Corporate Finance House in Singapore
- Alpha Southeast Asia – Most Innovative Islamic Finance Deal of the Year in Southeast Asia
- Alpha Southeast Asia – Best Dual-Listed IPO of the Year in Southeast Asia
- Alpha Southeast Asia – Best IPO Deal of the Year in Southeast Asia; & Best Deal of the Year in Southeast Asia for Minority Shareholders

RHB RESEARCH INSTITUTE SDN BHD

- Asiamoney Brokers Poll 2012 – 2nd Best Strategy
- Asiamoney Brokers Poll 2012 – 3rd Best Macroeconomics
- Asiamoney Brokers Poll 2012 – 3rd Best Overall Country Research
- Asiamoney Brokers Poll 2012 – 4th Best Analyst for Malaysia: Lim Chee Sing
- 2012 Financial Times and StarMine Analyst Awards for Asia – No. 2 Overall Stock Picker
- FactSet The Wall Street Journal's 2012 Asia's Best Analyst Survey – 1st Position for Oil & Gas
- FactSet The Wall Street Journal's 2012 Asia's Best Analyst Survey – 3rd Position for Food & Beverage

OSK RESEARCH SDN BHD

Asiamoney Brokers Poll 2012

Malaysia

- Best Research Coverage for Small Caps
- 3rd Best Local Brokerage
- 3rd Most Improved Brokerage
- 3rd Most Independent Research Brokerage
- 3rd Best Food, Beverages & Tobacco Coverage

Singapore

- Best Research Coverage for Small Caps
- Best Research Coverage for Consumer Services
- Most Improved Brokerage
- 2nd Most Independent Research Brokerage
- 3rd Best for Overall Country Research

StarMine Analyst Awards

Asia

- Best Telecommunications Stock Picker
- 2nd Best Consumer Stock Picker
- 2nd Best Healthcare Stock Picker
- 3rd Best Overall Stock Picker

Singapore

- 3rd Most Productive Broker

Wall Street Journal Asia's Best Analyst

Asia

- 2nd Best Analyst in Malaysia: Alvin Tai Siew Shen

OSK-UOB INVESTMENT MANAGEMENT BERHAD

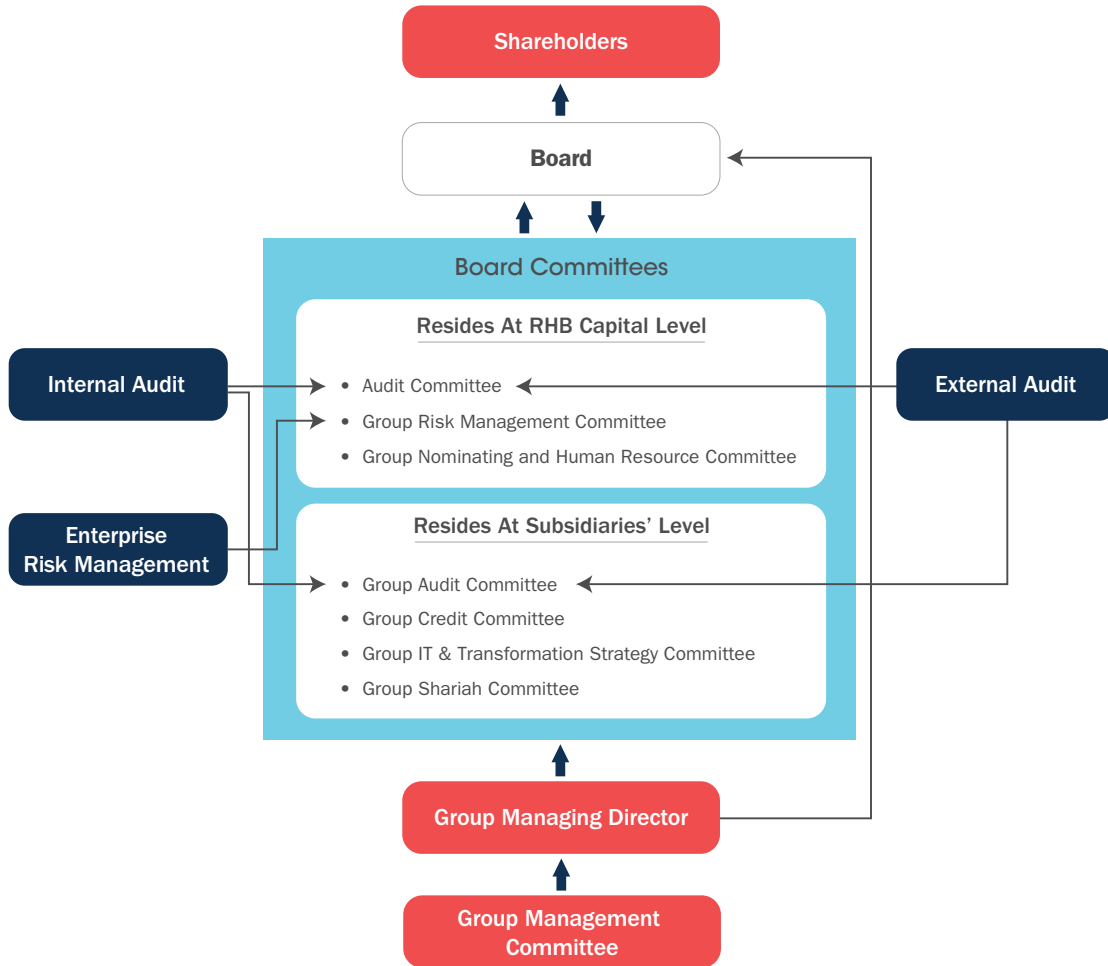
- The Edge-Lipper Malaysian Unit Trust Fund Awards – OSK-UOB Kidsave Fund, Best Mixed Asset MYR Balanced Fund (10 Years)

The complete listing of the awards received by RHB Banking Group in 2012 and to date is presented on pages 134 to 137 of this Annual Report.



GOVERNANCE MODEL

RHB Banking Group's Governance Model conforms to the relevant regulatory requirements as well as best market practices. The Governance Model is continuously reviewed by the Board to ensure it remains relevant and is able to meet future challenges.



BOARD OF DIRECTORS

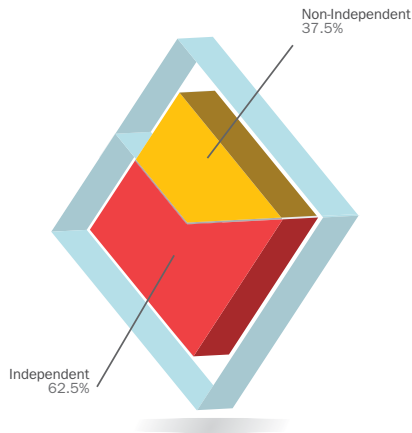
Board Composition and Balance

The Board believes that to be effective it needs to operate independent of the management. Each of the Non-Executive Directors has confirmed that they have been throughout the year and continue to be, independent of the management of the Group and free from any business/other relationship that could materially affect the exercise of their independent judgement.

Currently, the Board has eight Members, with an Independent Non-Executive Chairman, four Independent Non-Executive Directors (INEDs), two Non-Independent Non-Executive Directors and the Group Managing Director (Group MD). The structure and composition of the Board comply with the MMLR of Bursa Securities and BNM's CG Guidelines. The number of Independent Directors exceeds the requirement that one-third of Board Members be independent as set out in the MMLR of Bursa Securities and

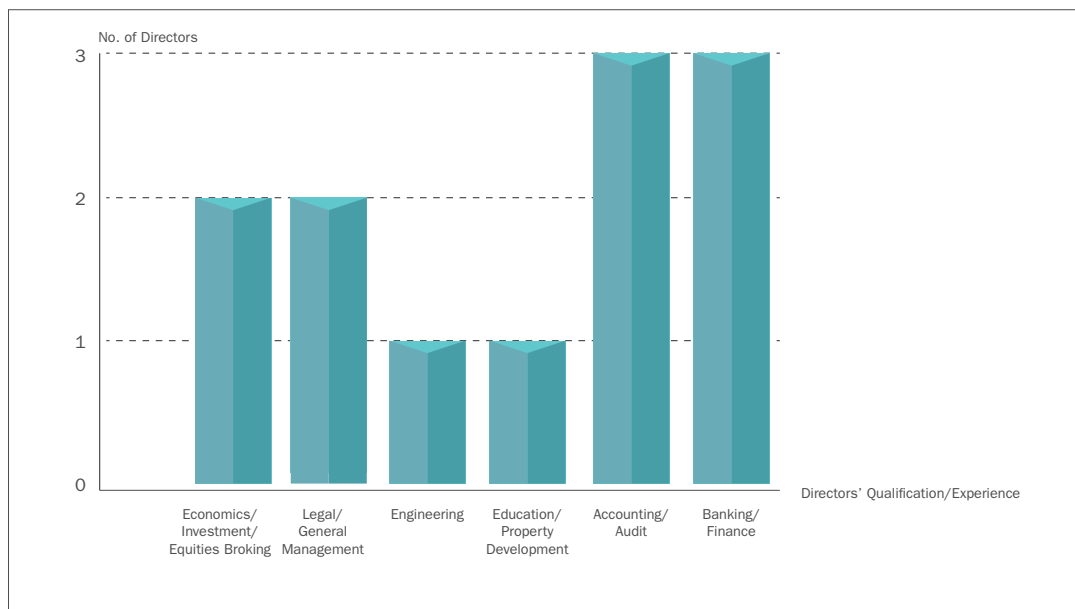
BNM's CG Guidelines. The presence of the five INEDs ensures there is an effective check and balance in the functioning of the Board. These INEDs fulfil the criteria of independence as defined in the MMLR of Bursa Securities and BNM's CG Guidelines. They are not involved in the day-to-day management of the Company, nor do they participate in any business dealings of the Company. This ascertains that they remain free of any conflict of interest and can undertake their roles and responsibilities as INEDs in an effective manner.

Composition of Board



Recognising the importance of boardroom diversity and considering that gender diversity is also one of the important attributes of a well-functioning Board and an essential measure of good governance, a policy on boardroom and gender diversity is being established for RHB Banking Group in 2013. As an effort to strive towards the targeted goal of 30% female participation on board by 2016 (as stated in the Corporate Governance Blueprint 2011), YBhg Datuk Wira Jalilah Baba, a female director, has been appointed to the Board in May 2012. The Group will continue its effort in sourcing and identifying suitable female candidates for appointment as Directors of the Group.

Board's Diversification for Financial Year 2012



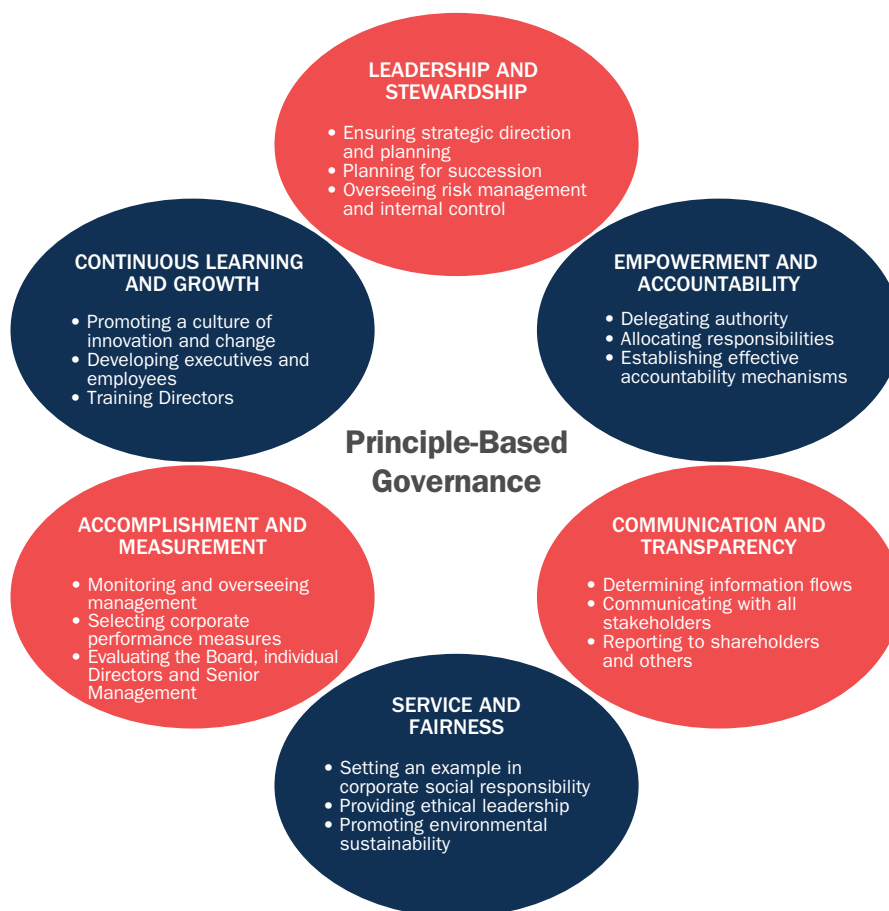
Directors' Qualification and Experience

As one of the leading financial services group, the Board recognises that its Members must have the appropriate mix of skills as well as the necessary knowledge, experience and commitment to effectively contribute towards the growth and expansion of the Group as a whole. Furthermore, being on the Board of a bank/financial holding company, Board Members are required to be responsive to the constantly changing global financial landscape. The composition of the Board as well as the Boards of its major subsidiaries and the Group's Board Committees is reviewed regularly by the Group Nominating and Human Resource Committee to ensure that appropriate balance is maintained and that there is an adequate mix of skills and experience to govern the business effectively.

The effectiveness of the Company depends on ensuring the right balance of Directors with banking or financial services experience and broader commercial experience. The Company benefits from the diverse range of skills, knowledge and experience acquired by the Non-Executive Directors from their work experience and as Directors of other companies, both national and international (including banking, property development, oil and gas, telecommunications, airline, logistics, consumer products, manufacturing, and consultancy). Collectively, the Board possesses skills and experience in a wide range of areas relevant to banking and business development, economics, finance, accounting/audit, risk and general management skills. A brief profile of each member of the Board outlining their qualifications, experience and skills is presented on pages 24 to 31 of this Annual Report.

Duties and Responsibilities of the Board

The Board adopts the following six basic principles to form a good governance Board:



The Board is responsible for governing the business and affairs of the Company and for exercising all such powers pursuant to the Articles of Association of the Company. The Members of the Board are expected to perform their duties with integrity, honesty and professionalism within the ambit of the law to serve the interest of the Company's shareholders and stakeholders, and committed to ensuring that the highest corporate governance standards are adhered to. The overall principal responsibilities of the Board are as follows:

- providing strategic leadership to the Company and the Group;
- reviewing, approving and monitoring the implementation of the Group's strategic business plans and policies;
- ensuring the Company and Group maintain an effective system of internal controls and are able to identify and manage principal risks resulting in efficiency in operations and a stable financial environment;
- acting as a guardian of the Group's corporate values and ethical principles in parallel with the goal to enhance shareholders' value;
- monitoring as well as evaluating the performance of the Management to ensure that the performance criteria remains dynamic;
- ensuring the formulation of a succession plan for the Group for long-term business continuity; and
- ensuring the Company and Group maintain an effective investor relations programme or shareholder communication policy.

Commitment to Responsible Environment, Social and Governance (ESG) Principles

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 is committed to considering ESG issues in our decision making, and to ensuring that our business and the entities that we control are responsible corporate entities. The Group has established a Corporate Responsibility (CR) strategic framework in 2007, that supports and creates value to the Group’s business, operations and brand, and ensures positive contribution to our customers, employees and society at large. The Group’s CR Report for 2012 is despatched together with this annual report to the shareholders and is uploaded on RHB’s website prior to the forthcoming Annual General Meeting. A policy on sustainability in line with the key aspects of Bursa Securities’ Guide is presently being formulated and will be disclosed upon finalisation.

The following are some of the key steps that the Board undertakes to embed sustainability in the Group:



Roles of the Chairman, Group Managing Director, Non-Executive Director and Senior Independent Non-Executive Director

Chairman

It is widely recognised that a Chairman should also be an INED and that the roles of the Chairman and the Group Managing Director must be clearly demarcated. The Chairman's role is to facilitate the functioning of the Board independently of Management and to maintain and enhance the quality of our corporate governance. The Chairman is responsible for leading the Board and ensuring it performs in an effective manner.

The Chairman, YBhg Dato' Mohamed Khadar Merican, presides over Board and General Meetings of the Company. He 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 shareholders. 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 and the Company. Additionally, the Chairman has to ensure that General Meetings are conducted efficiently and in accordance with the requirement of the Companies Act 1965, and that shareholders have adequate opportunity to air their views and obtain answers to their queries.

In furtherance thereto, the Chairman also has these responsibilities:

- to provide effective leadership in the determination of the Company and the Group's strategy and in the achievement of the Company and the Group's objectives;

- to work with the Company Secretary to schedule Board and Committee meetings and ensure that Directors receive accurate, timely and clear information, in particular on the Company's and Group's performance and issues arising, to enable the Board to make sound decisions, conduct effective monitoring and provide sound advice in achieving the Company's and Group's objectives;
- to ensure that Board Committees are properly established and composed, with appropriate terms of reference;
- to ensure that all important agenda are appropriately discussed by the Board;
- to ensure the independence of the Board in discharging its duties. This includes encouraging Non-Executive Directors of the Board to meet regularly to deliberate on matters of concern and ensure that the Board engages independent advisors where required (subject to the proper approval process);
- to ensure that the Board and individual Directors fully exercise their responsibilities and adhere to applicable laws, regulations, rules, directives, policies and guidelines;
- to consider and address the developmental needs of individual Directors and the Board as a whole to maintain the necessary depth and breadth of knowledge and skills to enhance the effectiveness of the Board;
- to promote effective relationships and open communication between the Board and the Senior Management in relation to corporate governance and corporate performance;
- to enhance the Company's and Group's public standing and image; and
- to ensure effective relationships are maintained with all major stakeholders.

The Chairman, YBhg Dato' Mohamed Khadar Merican, has over 30 years experience in financial and general management. He is a Member of both the Institute of Chartered Accountants in England and Wales and the Malaysian Institute of Accountants. He served as an auditor and a consultant in an international accounting firm before joining a financial services group in 1986. YBhg Dato' Mohamed Khadar Merican was appointed as the Chairman of RHB Capital on 12 May 2009 and has served the Group for almost ten years.

Group Managing Director (Group MD)

The Group MD, Mr Kellee Kam Chee Khiong, who has extensive financial experience and knowledge (including corporate finance and business development), drives the Group's overall strategic growth towards achieving the Group's strategic vision and direction. He leads the Group Senior Management in the execution of the Group's strategic initiatives. The distinct and separate duties and responsibilities of the Group MD and the Chairman ensure the balance of power and authority in relation to the establishment of a fully effective Board. The Group MD's integral role is to implement the policies and decisions of the Board, oversee the listed entity's operations as well as coordinate the development and execution of the Group's corporate strategies. In addition thereto, he is also responsible for the following tasks:

- to put in place initiatives that will shape the corporate direction and values of RHB Banking Group towards the achievement of a "customer centric" corporate culture as defined in RHB Banking Group's strategy 2012 to 2025, and underpinned by the Group's PRIDE values;

▶ Corporate Governance Statement

- to lead, manage and provide strategic direction to the RHB Banking Group towards achieving the Group's aspiration to be a Leading Multinational Financial Services Group in the region (the Vision);
- to plan, develop and execute the Group's strategic initiatives towards achieving the Group's vision and strategic direction in accordance with the RHB Group Strategy 2012 to 2025;
- to oversee the internal control systems and the risk management processes and ensure these systemised processes are appropriate and effective;
- to ensure value creation to shareholders through profitable growth;
- to leverage on the strength of the Group and synergies across businesses and ensure collaboration amongst business entities and in doing so, to ensure optimisation of resources towards achieving the Group's targeted level of growth;
- to develop and ensure execution of the Group's communication and brand strategy;
- to create a high performance organisation that will attract, motivate and retain best talent;
- to put in place an effective succession plan for key positions within the Group, leadership development programme and talent retention strategy; and
- to maintain effective relationships between the Management, the Board and other stakeholders.

In carrying out his tasks, the Group MD is supported by a Group Management Committee (GMC) which comprises the Group MD as the Chairman, the Chief Executive Officer/MDs of the relevant key operating subsidiaries, the Director

of Corporate Strategy and the Group Chief Financial Officer. The GMC is governed by its terms of reference and has several objectives, which include the following:

1. to discuss the strategic plan and roadmap towards achieving the vision and strategic direction of the RHB Banking Group, which includes implementation update;
2. to discuss the strategic plan and direction towards achieving a "customer centric" corporate culture that adopts the Core Values of PRIDE – Professional, Respect, Integrity, Dynamic and Excellence; which includes implementation update;
3. to review the Group's financial performance against set targets and measures that are being put in place to meet such targets;
4. to initiate collaborative steps towards Group Synergy and make strategic decision on matters that impact the Group's overall strategic direction and in achieving this, to ensure optimisation of resources across the Group;
5. to discuss and monitor implementation of Subsidiary's Strategic Human Capital Management initiatives as approved by the Board of Directors of the Group and the Board of Directors of the respective subsidiaries;
6. to discuss, monitor and receive updates on the Group's Human Capital Development & Retention Strategy for the Group's top 100 high performing leaders (which includes succession planning);
7. to discuss, monitor and receive updates on the implementation of the Group's Communications and Brand Strategy (which includes Corporate Responsibility);

8. to have oversight of subsidiaries' overall state of internal control; and
9. to approve the formation/dissolution of the Management Committees which centrally serve the RHB Banking Group, including any changes to the Terms of Reference/composition thereof.

Non-Executive Directors (NEDs)

The roles of the NEDs are wide and varied. They provide considerable depth of knowledge collectively gained from their experience in a variety of public and private companies and other enterprises. The Board has determined that each current NEDs, with the exception of YBhg Tan Sri Azlan Zainol and YBhg Dato' Nik Mohamed Din Datuk Nik Yusoff, is independent within the meaning of the regulatory provisions. The Independent Directors provide unbiased and independent views in ensuring that the strategies proposed by the Management are fully deliberated on and take into account the interests of minority shareholders, employees, customers and the many communities in which the Group conducts its business. The Company values and benefits from their judgement and the quality of their contributions to the deliberations of the Board and its Committees through their character, objectivity and integrity. The independence of the Independent Directors are reviewed on an annual assessment and benchmarked against best practices and regulatory provisions. The independent directors are required to provide their confirmation on their compliance with the criteria and definition of "independent director", as stipulated under Clause 2.26 and Clause 2.27 of BNM's CG Guidelines and Revised BNM/GP1-i, respectively.

In discharging their responsibilities, the Independent Directors engage with the Management as well as internal and external auditors, and participate in Board Committees within the Group. This is particularly so in the case of YBhg Dato' Mohamed Khadar Merican who is the Chairman of the Group Credit Committee and a Member of the Group Nominating and Human Resource Committee; YBhg Dato' Saw Choo Boon who is the Chairman of the Audit Committee of RHB Capital as well as a Member of the Group Audit Committee, Group Nominating and Human Resource Committee and Group Risk Management Committee; YBhg Datuk Haji Faisal Siraj who is the Chairman of the Group Nominating and Human Resource Committee and a Member of the Audit Committee of RHB Capital; and YBhg Dato' Teo Chiang Liang who is a Member of the Group Nominating and Human Resource Committee and Audit Committee of RHB Capital.

YBhg Tan Sri Azlan Zainol, who has more than 29 years of experience in the financial sector, has been an effective Non-Independent Non-Executive Director of RHB Capital (representing Employees Provident Fund Board). He was appointed onto the Board on 27 July 2005. He exercises independent and broad judgement as well as provides independent opinions and constructive views on Management proposals.

YBhg Dato' Nik Mohamed Din Datuk Nik Yusoff was appointed as a Non-Independent Non-Executive Director of RHB Capital (representing OSK Holdings Berhad) on 20 November 2012. He actively participates in the deliberation of the Board and shares his views and opinions from the shareholder's perspective.

Senior Independent Non-Executive Director (SINED)

The Board has appointed YBhg Datuk Haji Faisal Siraj as the SINED, to whom concerns pertaining to the Group may be conveyed by shareholders and the public.

YBhg Datuk Haji Faisal Siraj has been an INED of RHB Capital since 24 May 2007 and was appointed as its SINED since 2 June 2008. He was previously the Group Executive Director and a Member of the Malaysia Mining Corporation Board from 1981 to 1994. In 1995, he joined DRB-HICOM Berhad (DRB-HICOM) as the Group Chief Financial Officer in the capacity of Senior Group Director, Financial Services and Treasury Division and was a member of DRB-HICOM Board, before his retirement in 2005.

The SINED has the following additional responsibilities:

- to be available to shareholders if they have concerns relating to matters where contact through the normal channels of the Chairman or Group MD has failed to resolve issues, or for which such contact is inappropriate; and
- to maintain contact as required with major shareholders to have a balanced understanding of their issues and concerns.

All concerns relating to the Group can be channelled to the SINED's email address, faisal_siraj@rhbislamicbank.com.my.

Board Charter

The Board Charter regulates how the Board and the individual members of the Board discharge their responsibilities according to the principles of good governance. The Board Charter aims

to ensure that the Board members understand their duties and responsibilities as well as the laws, regulations and best practices governing their conduct. The Group recognises the importance of clearly defining the boundaries between the Board and Management. The Group has developed Board Charters for relevant entities, which set out the key corporate governance principles adopted by the Boards and ethos of the Group. The responsibilities of Boards and Chairperson are clearly defined therein. The Board Charters are also aimed to clearly stipulate the mandate of each party to find the right balance between support and check-and-balance as well as to avoid Boards over-focusing on operational details, which are the responsibilities of Management.

Within these broad boundaries, each Board, based on the context of the company, has also discussed, set and agreed upon 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 Boards from time to time. In addition, the Group has also established relevant guidelines in setting forth the matters/directions that need to be approved or sought from Boards, e.g. Group Approving Authority Matrix.

The Board Charters shall be reviewed by the Boards at relevant intervals as the Boards deem appropriate. The existing Board Charter of RHB Capital Berhad is being reviewed and will be published on the website upon finalisation.

Code Of Ethics And Business Conduct

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 and promote ethical conduct of Directors with a view to achieving the following objectives:

- to establish a uniform ethical standard for Directors emphasising conduct free from conflicts of interest; and
- to uphold the spirit of corporate responsibility and accountability in line with the governing laws, regulations and guidelines.

The Code of Ethics forms part of the Board Charter which is currently being reviewed. The same will be published on the website upon finalisation.

The Group has in place a Group Code of Ethics and Conduct that is applicable to all its employees to ensure a high standard of ethical and professional conduct is upheld by all its employees in the performance of their duties and responsibilities. The Code establishes the standards that govern the way employees deal with each other, our shareholders, customers, suppliers, competitors and communities. Within this framework, employees are expected to exercise good judgment 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.

Board Meetings And Access To Information

Board Meetings for the ensuing financial year are scheduled in advance before the end of the current financial year so that the Directors are able to plan ahead and accommodate the next year's Board Meetings into their respective meeting schedules.

The Board meets on a monthly basis to discuss business strategy, financial performance, potential strategic acquisition and alliances, matters pertaining to compliance and governance, as well as report on matters deliberated by Board Committees and their recommendations thereto. The Board also reviews regular management reports and information on corporate and business issues to assess performance against business targets and objectives. Special meetings are held where any direction or decision are required expeditiously from the Board between the scheduled meetings. Scheduled Board meetings are structured with a pre-set agenda.

As part of the integrated risk management initiatives, the Board is informed of the decisions and salient issues deliberated by the Board Committees and main Management Committees through minutes of these Committees. At each Meeting, the Board also receives updates from the respective Chairmen/representatives of the Audit Committee and Group Risk Management Committee on matters that have been deliberated at both Committees' Meetings, as well as on matters that require attention. This practice also applies for the rest of the entities of the Group.

To facilitate productive and meaningful deliberations, the proceedings of the Board Meetings are conducted in accordance with a structured agenda. The structured agenda together with comprehensive management reports are furnished to the Directors at least seven days prior to the scheduled Board Meeting date. This is to allow the Members of the Board to digest the issues at hand, seek clarification from the Management or the Company Secretary if required, and formulate opinions on matters to be deliberated at the meetings. Confidential papers or urgent proposals are presented and tabled at the Board Meetings as other business under the Agenda upon the consent of the Chairman being obtained.

The RHB Banking Group is firmly committed to embedding technological innovation throughout the length and breadth of our organisation, especially those elements that strengthen productivity, bolster stakeholder relationships and protect our environment. We are proud to be one of the first organisations in Malaysia to embark on the use of iPads and eBooks at Board/Board Committee Meetings. This initiative also forms part of the Group's on-going Boardroom Modernisation Project. The benefits of circulating encrypted Board and Board Committee papers electronically and the use of iPads in place of paper have resulted in better mobility, faster movements of the documents, cost and time savings, greater convenience, better security and a positive impact on the environment. The RHB Banking Group firmly believes that technology is integral to the Group's business growth and as such is committed to leveraging technological innovation to elevate the competitive edge of the Group in all aspects.

Directors who are unable to attend the Board Meeting physically are allowed to participate in the deliberations and discussions via telephone or video-conferencing. All deliberations at Board Meetings, including dissenting views, are duly minuted as records of proceedings. Relevant Board's decisions are communicated to the Management within two working days from the Board's approval to enable Board decisions and directions to be executed on a timely basis. The draft minutes are circulated to the Directors and Management concerned for their review and comments before the final minutes are tabled for confirmation at the next Board Meeting. Management takes immediate action on all matters arising from the Board Meeting and updates the Board on the status of these matters at the next Board Meeting (where possible) or if deemed urgent via circulation of memorandum.

Over and above the issue of independence, each Director has a continuing responsibility to determine whether he/she has a potential/actual conflict of interest in relation to any material matter which comes before the Board. Such a situation may arise from external associations, interests or personal relationship. The Directors have a duty to declare immediately to the Board should they be interested in any transaction to be entered into directly and indirectly by the Company and Group. An interested Director is

required to abstain from deliberations and decisions of the Board on the transaction. In the event the corporate exercise is required to be approved by the shareholders, interested Directors are required to abstain from voting in respect of their shareholdings in RHB Capital on the resolutions pertaining to the corporate proposal. They are also to ensure that persons connected to them abstain from voting on the same.

Each Member of the Board is required to apply independent judgement to decision making in their capacity as a Director. Where urgency prevails and if appropriate, decisions are also taken by way of a Directors' Circular Resolution in accordance with the Company's Articles of Association.

The Board is able to seek clarification and advice as well as request for information on matters pertaining to the Group from the Senior Management and the Company Secretary. Should the need arise, the Directors may also seek independent professional advice, at the Company's expense, when deemed necessary for the proper discharge of their duties.

The Group has in place the "Standard Procedures for Directors to Have Access to Independent Advice" which lays down the procedures for Directors to seek internal and/or external professional independent advice. The objectives of these guidelines among others are as follows:

- to ensure consistency throughout the RHB Banking Group on the procedures for Directors of the Group to have access to independent professional advice; and
- to enable Directors to have an enhanced perception of issues within the Group by allowing them to obtain independent opinion/advice/consultation from leading professionals in the relevant areas.

The adoption of the above guidelines is in line with the various regulatory requirements and best practices.

Expected Time Commitment

Directors are expected to set aside adequate time for their oversight of matters relating to the Company and the Group. A policy regarding expected time commitment of the directors is being formulated and established. For the financial year ended 31 December 2012, all directors have complied with the required minimum Board Meetings attendance of 75% under the BNM's revised guidelines. The Group Nominating and Human Resource Committee will review annually each Director's attendance record and degree of participation at meetings.

The Board convened sixteen meetings for the financial year ended 31 December 2012. 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 (%) |
|---|--------------------------|------------------------------------|
| YBhg Dato' Mohamed Khadar Merican | 16/16 | 100 |
| YBhg Tan Sri Azlan Zainol | 16/16 | 100 |
| YBhg Datuk Haji Faisal Siraj | 16/16 | 100 |
| YBhg Dato' Saw Choo Boon | 15/16 | 94 |
| YBhg Dato' Teo Chiang Liang | 15/16 | 94 |
| YBhg Datuk Wira Jalilah Baba ^{1*} | 7/9 | 78 |
| YBhg Dato' Nik Mohamed Din Datuk Nik Yusoff ^{2*} | 2/2 | 100 |
| Mr Kellee Kam Chee Khiong | 16/16 | 100 |

Notes:

¹ Appointed as an INED on 1 May 2012.

² Appointed as a Non-Independent Non-Executive Director on 20 November 2012.

* Based on the number of Board meetings attended since his/her appointment to the Board.

During the financial year, an offsite brainstorming session was held in October 2012 to deliberate specifically on the Group's strategies and focus areas as well as 2013 business plans budget exercise. During the brainstorming, the Board and Senior Management of the Group collectively agreed on the long term strategies and business performance targets of the Group.

Appointments And Re-election To The Board

RHB Capital, being a bank holding company, is governed by BNM's CG Guidelines in relation to the appointment of new Directors and the re-appointment of its existing Directors upon the expiry of their respective tenures of office as approved by BNM.

While the Board is responsible for the appointment of new Directors, the Group Nominating and Human Resource Committee (Group NHRC) is delegated with the role of reviewing and assessing the appointments/re-appointments of Directors.

Fit and Proper

The RHB Banking Group has an effective and robust framework in place to ensure that individuals appointed to relevant senior positions within the Group have the appropriate fitness and propriety to properly discharge their prudential responsibilities on appointment and during the course of their appointment. It involves assessment being carried out for each Director and relevant senior executives.

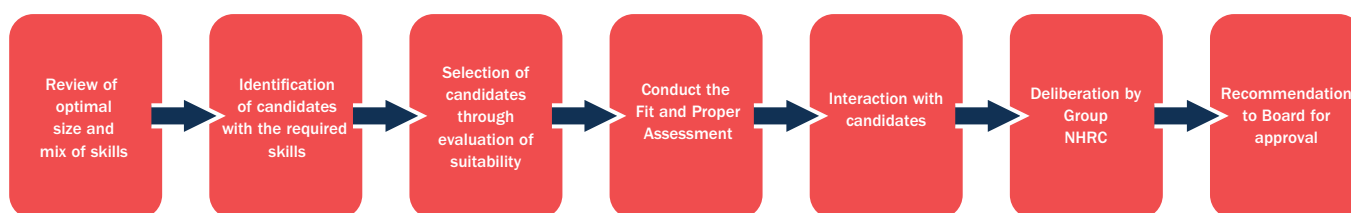
For the appointment of new Directors, a thorough and comprehensive fit and proper assessment (i.e. background, skills, knowledge and experience) of the nominee is undertaken by the Group

NHRC 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, and also involve declaration being completed by each individual as well as the obtaining of evidence of material qualification and the carrying out of checks such as criminal record, bankruptcy and regulatory disqualification checks, among others. 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.

Nomination Framework



As for the re-appointment of existing Directors, the Group NHRC 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 BNM for consideration once the same is approved by the Board.

The Group has in place its internal guidelines on the Tenure of Appointment and Re-appointment of INEDs (Internal Guidelines) with the objective of preserving the independence of INEDs. The Board believes it should reflect a balance between experience and

learning on the one hand, and the need for renewal and fresh perspectives on the other. Directors are expected to serve up to a maximum of 10 years, assuming they receive satisfactory annual performance assessments, are annually re-elected by the shareholders, and meet the other requirements of the corporate governance requirements. In view of the current challenges in searching for suitably qualified and experienced INEDs (especially from the banking industry) in the market, the Group decided to maintain the two-year term of appointment or re-appointment of INEDs with a maximum service tenure of 10 years for a transition period of 1 year. The maximum service tenure of 9 years recommended in the

Code will be adopted in 2014. However, the allowance for extension/re-designation will still not be adopted. The Board verily believes that the transitory approach is appropriate to address the immediate needs of the Group and the decision of not adopting the extension of tenure/re-designation will ensure the spirit of governance is adopted in its true context notwithstanding the test of time.

Pursuant to the Internal Guidelines, INEDs over seventy years of age will also not be eligible for appointment or re-appointment on the Board and shall retire at the next Annual General Meeting of the company concerned.

Article 80 of the Company's Articles of Association provides that at least one-third of the Board is subject to retirement by rotation at each Annual General Meeting. Retiring Directors can offer themselves for re-election. Directors who are appointed during the financial year are subject to re-election by shareholders at the next Annual General Meeting held following their appointment.

Succession Planning

Succession planning and talent development are always key priorities of the RHB Banking Group in maintaining its sustainability and further enhancing its competitive market positioning as well as striving towards the Group's regional expansion goal. The Group has in place programmes by which candidates with potential are identified, developed and nurtured to fill senior positions. Such development programmes are monitored regularly to ensure that they are relevant and effective in grooming the next generation of RHB management.

In accordance with our framework, the Group has embarked on a 360 degree internal leadership competency assessment. Such assessment is to verify successors' suitability and identify their development gaps in the area of leadership and subsequently to enrol them into the Group's structured Talent Development Programme. The results of the said assessment have been deliberated in detail by the Group NHRC and appropriate action plans are being developed in addressing the identified gaps.

Board Performance Evaluation

The Board has since 2006 undertaken the Board Effectiveness Evaluation (BEE) exercise on the Board and Board Committees with the objective of assessing the effectiveness of the Board and Board Committees as a whole, as well as the individual Directors. The BEE is designed to maintain cohesion of the Board, and to improve the Board's effectiveness as well as draw the Board's attention to key areas that need to be addressed.

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

Part A: Board Effectiveness Assessment

1. Board Responsibilities
2. Board Processes
3. Board Administration Tools
4. Board Composition
5. Board Conduct
6. Board Interaction and Communication
7. Chairman Evaluation
8. Chief Executive Officer Evaluation

Part B: Board of Directors – Self/Peer Assessment

1. Board Dynamics and Participation
2. Integrity and Independence
3. Technical Competencies
4. Recognition

Part C: Board Committees Assessment

1. Committee Evaluation
 - a. Structure and Processes
 - b. Accountability and Responsibilities
2. Individual Committee Members' Self/Peer Assessment Questions on attributes and quality aspects relating to:
 - a. Participation levels and contribution
 - b. 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, Messrs PricewaterhouseCoopers Advisory Services Sdn Bhd (PwCAS) was 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 interviews with Directors and Senior Management by PwCAS which are conducted in an in-depth manner to encompass areas which fall outside the realm of the written assessment. PwCAS will discuss the detailed BEE results with the Chairman of the Board as well as the Chairman of the Group NHRC. A summarised report will be presented to the Group NHRC as well as the Board of the Company to enable the Board to identify areas for improvement. The Board will then analyse the gaps and put in place appropriate measures to ensure the overall effectiveness of the Boards within RHB Banking Group.

Training And Development

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 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 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. Pursuant to the requirement of Bursa Securities, the newly appointed Director is also required to attend the Mandatory Accreditation Programme (MAP) and procure a certificate from the programme organiser approved by Bursa Securities to confirm his completion of the MAP within four months of his appointment.

The Directors continuously participate in various seminars, conferences and training programmes and in-house workshops to keep themselves abreast of the relevant regulatory framework, financial sector issues as well as current and future market developments. 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 objectives of which are as follows:

- to ensure consistency throughout the RHB Banking Group in developing an in-house orientation and continuing education programme for its Directors to familiarise themselves with the industry and the company/Group; and
- to provide Directors with a better understanding of the nature of business, corporate strategy, risks of the business, 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.

The NEDs of the Company and the Group also attend local and/or overseas training programmes organised by credible training organisations under the Board High Performance Programme (BHPP). 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.

Conferences, seminars and training programmes attended by each Director of the Company in 2012 encompassed various topics, including the following:

| Directors | Training Programmes |
|-----------------------------------|---|
| YBhg Dato' Mohamed Khadar Merican | FIDE Elective Programme: Private Equity Programme |
| | Competition Act |
| | Managing Banking Operations And Innovation |
| | The Framework Of Shariah Compliance And Governance |
| | Internal Capital Adequacy Assessment Process (ICAAP) Directors Workshop |
| | Training Session No. 2 Of ICAAP |
| | ICLIF Strategic Development Programme |
| | ICAAP organised by Bank Negara Malaysia |
| Training Session No. 3 Of ICAAP | |

► **Corporate Governance Statement**

| Directors | Training Programmes |
|------------------------------|--|
| YBhg Tan Sri Azlan Zainol | Managing Banking Operations And Innovation |
| | The Framework Of Shariah Compliance And Governance |
| | ICAAP Directors Workshop |
| | Training Session No. 2 Of ICAAP |
| | ICLIF Strategic Development Programme |
| | Training Session No. 3 Of ICAAP |
| YBhg Datuk Haji Faisal Siraj | Competition Act |
| | ICAAP Directors Workshop |
| | Flex – Business Re-Imagined |
| | Training Session No. 2 Of ICAAP |
| | ICLIF Strategic Development Programme |
| | ICAAP organised by Bank Negara Malaysia |
| | Training Session No. 3 Of ICAAP |
| YBhg Dato’ Teo Chiang Liang | FIDE Core 2012: Module B |
| | Insurance Insight |
| | Competition Act |
| | The Framework Of Shariah Compliance And Governance |
| | Flex – Business Re-Imagined |
| | ICAAP Directors Workshop |
| | Nomination/Remuneration Committee |
| | Training Session No. 2 Of ICAAP |
| | ICLIF Strategic Development Programme |
| | Training Session No. 3 Of ICAAP |

| Directors | Training Programmes |
|--|---|
| YBhg Dato' Saw Choo Boon | FIDE Core 2012: Module B |
| | Competition Act |
| | ICAAP Directors Workshop |
| | FIDE Elective Programmes: – Financial Statements Fundamentals “What’s in the Numbers” – ICAAP |
| | ICLIF Strategic Development Programme |
| | Training Session No. 2 Of ICAAP |
| | Training Session No. 3 Of ICAAP |
| | |
| YBhg Datuk Wira Jalilah Baba | The Framework Of Shariah Compliance And Governance |
| | Managing Banking Operations And Innovation |
| | ICAAP Directors Workshop |
| | FIDE Elective Programme: The Directors’ Legal Tool-Kit |
| | Mandatory Accreditation Programme For Directors Of Public Listed Companies |
| | Flex – Business Re-Imagined |
| | Training Session No. 2 Of ICAAP |
| | Professionalism In Directorship Programme |
| | FIDE Core 2012: Module A |
| | FIDE Elective Programme: Banking Insights |
| | Training Session No. 3 Of ICAAP |
| | |
| YBhg Dato' Nik Mohamed Din Datuk Nik Yusoff | CEO Conference 2012 |
| | Data Protection In Malaysia |
| | Competition Act 2010 |
| | The Malaysian Code On Corporate Governance 2012 Seminar |
| | Training Session No. 3 Of ICAAP |

| Directors | Training Programmes |
|---------------------------|--|
| Mr Kellee Kam Chee Khiong | FIDE Core 2012: Module A |
| | Mandatory Accreditation Programme For Directors Of Public Listed Companies |
| | ICAAP Directors Workshop |
| | Flex – Business Re-Imagined |
| | Training Session No. 2 Of ICAAP |
| | ICLIF Strategic Development Programme |
| | ICAAP organised by Bank Negara Malaysia |
| | Training Session No. 3 Of ICAAP |

**Board Professionalism
Directorships in Other Companies**

In ensuring that Directors' commitment, resources and time are more focused to enable them to discharge their duties effectively, each Member of the Board is to hold a maximum of 5 directorships in public listed companies and less than 15 directorships in non-public listed companies. The Group will be establishing a process whereby the Directors are required to notify the Group NHRC before accepting any new directorship in other companies. The notification should include information on the nature of the new appointment (executive or otherwise), number of meetings to attend (for example, quarterly meeting), complexity of organisation and degree of participation in any sub-committee of the said organisation. The appointment shall only take effect thereafter.

Insider Trading

In accordance with the MMLR of Bursa Securities and the relevant provisions of the Capital Markets & Services Act 2007, Directors, key Management personnel and principal officers of RHB Banking Group are prohibited from trading in securities or any kind of property based on price sensitive information and knowledge which have not been publicly announced unless the procedures relating to dealing in securities during the closed period in accordance with paragraph 14.08 of the MMLR have been complied with. Notices on the closed period for trading in RHB Capital securities are circulated to Directors, key Management personnel and principal officers of RHB Banking Group who are deemed to be privy to any price sensitive information and knowledge, in advance of whenever the closed period is applicable.

Directors' and Officers' (D&O) Insurance

Directors and officers of RHB Banking Group are covered against liabilities arising from holding office as Directors, by virtue of the D&O insurance coverage. The insurance does not, however, provide coverage in the event that a Director or a Member of management is proven to have acted fraudulently or dishonestly. The Directors contribute towards the premium payment under this policy.

COMPANY SECRETARY

The Company Secretary serves and advises 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 Secretary assists the Chairman and Directors in the conduct of meetings and their governance obligations and responsibilities as Directors of the Company. The Company Secretary also facilitates the communication of key decisions and policies between the Board, Board Committees and the Senior Management.

Apart from performing the duties and responsibilities of a named Secretary to the Board, the Company Secretary also undertakes the following roles:

- ensures that the Board is kept well informed/updated on legal/regulatory requirements that affect the duties and responsibilities of Directors;
- ensures that the relevant companies within the Group comply with its statutory obligations under relevant laws and regulations;
- manages Board and shareholder processes group-wide;
- provides guidance to Directors and Senior Management on various corporate administration matters;
- assists in managing shareholder relations and resolving their enquiries;
- manages relationship with the external share registrar; and
- acts as a custodian of the Group's statutory records.

GROUP BOARD COMMITTEES

To enable the Board to devote more time for strategic and critical matters, the Board has delegated specific responsibilities to the following Board Committees, residing either at the Company or at RHB Bank Berhad level:

At RHB Capital Level

- ◆ **Group Nominating and Human Resource Committee (i.e. the consolidated committee of the Group Nominating Committee and the Group Remuneration and Human Resource Committee);**
- ◆ **Group Risk Management Committee.**

In compliance with the requirements of the MMLR of Bursa Securities, the Company maintains its own Audit Committee i.e. the RHB Capital Audit Committee.

At RHB Bank Level

- ◆ **Group Audit Committee**
 - All of its members are Independent NEDs; and
 - Its main objective is to provide independent oversight of the financial reporting and internal control system and ensure checks and balances for entities within RHB Banking Group, excluding RHB Capital.
- ◆ **Group Credit Committee**
 - All of its members are Independent NEDs; and
 - Its main objective is to affirm, veto or impose additional conditions on all credits/futures broking and debts and equity underwriting applications for

amounts above the defined thresholds of the Central Credit Committee, as well as to oversee the management of impaired loans/assets and monitor the recovery of impaired loans/assets.

- ◆ **Group IT & Transformation Strategy Committee**

- Comprises Board members of the Group; and
- Its principal responsibility is to provide guidance on the Group's planning and/or execution of programmes and initiatives within the realm of information technology and strategic transformation management.

The functions and terms of references of the Group Board Committees are clearly defined and comply with the relevant governing laws, regulations and guidelines among others the Code and BNM's CG Guidelines. The members of the Group Board Committees comprise the Directors of the Company and that of the operating entities within the Group to ensure a fair representation across the entities in pursuing the interests of the entities concerned.

The relevant minutes/extract minutes of meetings of all Group Board Committees/Audit Committee are tabled before the respective Boards for notation. On matters reserved for the Board and where Board Committees have no authority to make decisions, proposals will be submitted for Board's consideration.

▶ Corporate Governance Statement

Below are the Group Board Committees that reside at RHB Capital level:

RHB Capital Audit Committee

The RHB Capital Audit Committee (RHBCAC) solely comprises Independent NEDs with financial knowledge and experience in line with the requirements of MMLR of Bursa Securities.

The RHBCAC meets regularly with the internal auditors. The RHBCAC together with the Senior Management of the respective companies in the Group meet with the external auditors in reviewing the Company's and the Group's financial reporting, the nature, scope and results of audit reviews and the effectiveness of the system of internal controls. During the financial year, a total of five RHBCAC meetings were held.

The RHBCAC also meets twice a year with the external auditors without the presence of the Management in compliance with the terms of reference of the RHBCAC. The composition of the RHBCAC and the attendance of the members thereof together with the terms of reference and activities of the RHBCAC during the financial year are set out in the Audit Committee Report at pages 72 to 75 of this Annual Report.

Group Nominating And Human Resource Committee

The Group Nominating Committee and the Group Remuneration and Human Resource Committee have been consolidated on 30 August 2012 (Consolidation), and is now known as Group Nominating and Human Resource Committee (Group NHRC). It solely comprises INEDs. Meetings of the Group NHRC are held as and when required but the Group NHRC often meets on a monthly basis. The Group Nominating Committee met seven times while the Group Remuneration and Human Resource Committee met eight times during financial year 2012, prior to the Consolidation. After the Consolidation, the Group NHRC met four times during the financial year 2012. The composition of the Committee and the attendance of the members at meetings held in 2012 are as follows:

Attendance at Meetings

| Name of Directors | Prior to the Consolidation | | After the Consolidation |
|---|----------------------------|---|-------------------------|
| | Group Nominating Committee | Group Remuneration and Human Resource Committee | Group NHRC |
| YBhg Datuk Haji Faisal Siraj (Chairman) | 7/7 (100%) | 8/8 (100%) | 4/4 (100%) |
| YBhg Dato' Mohamed Khadar Merican | 6/7 (86%) | 7/8 (88%) | 4/4 (100%) |
| YBhg Dato' Saw Choo Boon | 7/7 (100%) | 8/8 (100%) | 3/4 (75%) |
| YBhg Dato' Teo Chiang Liang | 6/7 (86%) | 7/8 (88%) | 3/4 (75%) |
| Mr Choong Tuck Oon | 6/7 (86%) | 7/8 (88%) | 4/4 (100%) |
| Tuan Haji Md Ja'far Abdul Carrim | 7/7 (100%) | 8/8 (100%) | 4/4 (100%) |

The salient terms of reference of the Group NHRC 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.
- Review on a periodic basis, the policy on boardroom and gender diversity.
- 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, the expectations on time commitment for the board members and protocols for accepting new directorships.
- 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 or responsibilities.
- Ensure directors, board committee members and GSC receives an appropriate induction and continuous

training programmes for closure of skill gaps and keeping abreast with latest developments.

- Establish and recommend for Board approval, the criteria to assess independence of independent directors.
- Assess annually the independence of independent directors and that the directors and officers of the Group meet the identified independence criteria and are not disqualified under relevant regulations.
- Review and recommend for Board approval, any significant change in the organisation structure of the Group or/and the major operating subsidiaries.
- Whenever key expatriates at the Group are employed, to ensure there is in place a process for the transfer of expertise and skills from the expatriates to the staff of the Group.
- To recommend to the Board, a policy regarding the period of service for the Executive and Non-Executive Directors.
- Perform any other functions as defined by the Board

The terms of reference of the Group NHRC with regard to its remuneration roles are as follows:

- Ensure the establishment of formal and transparent procedures for developing remuneration and human resource policies, strategies and framework for directors, GSC, key senior management officers (which entails Group MD, Chief Executive Officer/Managing Directors (CEO/MD), and Direct Reports of the Group MD and CEO/MD in major entities (save for Chief Internal Auditor) and any persons as may be decided by the Committee) and staff.

- 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
- The framework should cover all aspects of remuneration including directors' fees, salaries, allowances, bonuses, option and benefit-in-kind.

- Ensure Human Resource strategies, policies and frameworks are in place for all the building blocks of a quality Human Resource management system (e.g. succession planning, talent and leadership development, training, etc.) to support the Group in achieving its objectives.
- Review and assess the effectiveness of the Human Resource Division in supporting the Group.
- Review and recommend for Board approval, any significant change in the organisation structure of the Group or/and the major operating subsidiaries.
- Perform any other functions as defined by the Board.

Corporate Governance Statement

Group Risk Management Committee

The Group Risk Management Committee (Group RMC) comprises solely INEDs. The Group RMC met eighteen times during financial year 2012. The composition of the Group RMC and the attendance of the members at meetings held in 2012 are as follows:

| Name of Director | No. of Meetings Attended |
|---------------------------------------|--------------------------|
| Tuan Haji Khairuddin Ahmad (Chairman) | 18/18 (100%) |
| Mr Patrick Chin Yoke Chung | 16/18 (89%) |
| Tuan Haji Md Ja'far Abdul Carrim | 18/18 (100%) |
| Mr Choong Tuck Oon | 16/18 (89%) |
| YBhg Dato' Saw Choo Boon | 15/18 (83%) |

The salient terms of reference of the Group RMC 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 risk and to ensure that the risk management process of each entity in the Group is in place and functioning;
- to promote the management of the Group's risk in accordance with a risk-return performance management framework; and
- to deliberate and make recommendations to the Board of Directors of each relevant entity within the Group in respect of risk management matters of the respective entities.

Group Shariah Committee

Apart from the above Board Committees, the Group has also established its Group Shariah Committee (Group SC), which is housed at RHB Islamic Bank Berhad. The Group SC comprises qualified local and foreign Shariah scholars who act as Shariah advisors to the Group.

The salient terms of reference of the Group SC are as follows:

- to act as an independent advisory body to the Boards and management of the RHB Banking Group in ensuring that the Islamic business and operations of the Group are in compliance with Shariah principles at all times;
- to ensure effective working arrangements are established between the GSC and the Shariah Advisory Council of BNM as well as that of Securities Commission; and
- to ensure the establishment of appropriate procedures in leading to the prompt compliance with the Shariah principles for the Group.

Other Management Committees

Apart from the above Board Committees, the Group has established Management Committees to assist the Board and Management in managing the Group's businesses, activities and operations. Among the major Management Committees are:

- Group Management Committee
- Group Assets and Liabilities Committee
- Central Credit Committee
- Group Business Continuity Management Steering Committee
- Management Committees at the relevant subsidiary-level
- Management Audit Committees at the relevant subsidiary-level
- Executive Management Committees at the Regional Operations-level

DIRECTORS' REMUNERATION

In setting the remuneration of the NEDs, RHB Banking Group has established a common reference (incorporating the NEDs' Remuneration Framework) at levels which will enable the Group to effectively attract and retain Directors with the relevant experience and expertise required for the stewardship of the Group. For the NEDs, the level of remuneration reflects the level of responsibilities undertaken by the particular NED concerned within the Company and the Group. The remuneration strategy takes into consideration the remuneration level of Directors within the industry and is reviewed at least once every two years.

This reference is also aimed at applying the overall guiding 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, based on the adopted tiered system.

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

(i) Annual Fees

The NEDs are entitled to annual Directors' fees. The annual Directors' fees are subject to shareholders' approval at the Annual General Meeting of the Company.

(ii) Allowances

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

(iii) Benefits-In-Kind

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

The Group has also established a remuneration framework for key Senior Management. The remuneration strategy

dictates that they be paid in a competitive manner through an integrated pay and benefit structure which rewards corporate and individual performance in line with contributions to the organisation. The Group MD is not paid a Director's fee nor is he entitled to receive any meeting attendance allowance 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 Company.

In order to remain competitive and consistent with the culture, objective and strategy of the Group, the remuneration framework of the NEDs are reviewed periodically to ensure that they remain competitive with the market.

The details on the aggregate remuneration of the Directors of the Company (comprising remuneration received and/or receivable from the Company and its subsidiaries during the financial year 2012) are as follows:

| | Fees [#] RM'000 | Allowance RM'000 | Salary, bonus and other remuneration RM'000 | Benefits- in-kind RM'000 | Total RM'000 |
|--|-----------------------------|---------------------|---|--------------------------------|-----------------|
| Group MD | | | | | |
| Mr Kellee Kam Chee Khiong | - | - | 3,025 | 35 | 3,060 |
| Total (Group MD) | - | - | 3,025 | 35 | 3,060 |
| NEDs | | | | | |
| YBhg Dato' Mohamed Khadar Merican | 300 | 168 | - | 31 | 499 |
| YBhg Tan Sri Azlan Zainol | 280 | 39 | - | 31 | 350 |
| YBhg Datuk Haji Faisal Siraj | 240 | 159 | - | - | 399 |
| YBhg Dato' Saw Choo Boon | 160 | 171 | - | - | 331 |
| YBhg Dato' Teo Chiang Liang | 160 | 106 | - | - | 266 |
| YBhg Datuk Wira Jalilah Baba ¹ | 54 | 10 | - | - | 64 |
| YBhg Dato' Nik Mohamed Din Datuk Nik Yusoff ² | 9 | 3 | - | - | 12 |
| Total (NEDs) | 1,203 | 656 | - | 62 | 1,921 |

Note:

[#] Subject to shareholders' approval.

¹ Appointed on 1 May 2012.

² Appointed on 20 November 2012.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

Stakeholder Communications

The RHB Banking Group is committed to, and takes pride for being able to communicate effectively with our shareholders and investors to ensure that they are informed of all material business matters affecting the Group. As part of good corporate governance practices, the Group is also committed to uphold transparency and accountability with all stakeholders apart from ensuring regulatory reporting requirements are met.

The Group places strong emphasis on clear, comprehensive, timely and equitable dissemination of information on the Group's business activities, the milestones achieved, the developments that have taken place and our financial performance. Financial information is supplied continuously in annual reports, quarterly results, press releases as well as announcements to Bursa Securities.

RHB Capital disseminates its annual report, together with an executive summary, to its shareholders in hardcopy media. The executive summary highlights the Group's key financials, aiming to facilitate shareholders' easy access to such key information. All shareholder information is available electronically as soon as they are announced and published. For ease of reference, all relevant information on corporate and financial developments is posted on the Investor Relations section of the Group's corporate website at www.rhb.com.my.

The Group engages with shareholders and investors through Annual General Meetings (AGM) and Extraordinary General Meetings (EGM). The AGM and EGM are the primary platforms for

direct two-way interaction between the shareholders, Board and Management of the Group. These platforms also ensure transparency is adhered to, as shareholders' approval is required on all material issues including, but not limited to, the re-election and re-appointment of Directors, material mergers, acquisitions and divestments exercises, as well as the appointment of auditors and dividend payments. Shareholders are allowed to vote in person or by proxy for those that are unable to attend in accordance with the Company's Articles of Association.

The Chairman and the Board of Directors attentively address any questions raised during these meetings. The Company's external auditors are also present at each AGM so as to be available to answer questions on the conduct of the audit and the preparation and content of the auditors' reports.

At the 17th AGM held on 10 April 2012, the Group MD of RHB Banking Group presented a comprehensive review of the RHB Banking Group's performance for the financial year 2011 and outlined the key focus areas and targets of the Group for the financial year 2012.

At the EGM held on 30 August 2012, the Company sought shareholders' approval for the proposed issuance of 245 million or such additional number of new ordinary shares of RM1.00 each in RHB Capital resulting from the adjustment(s)(if any) to be made subject to and in accordance with the terms of the conditional share purchase agreement dated 28 May 2012 entered into between RHB Capital and OSK Holdings Berhad, at an issue price of RM7.36 per share pursuant to the proposed acquisition of 100% equity interest in OSK Investment Bank Berhad from OSK Holdings Berhad

(Proposed Share Issue). A detailed presentation on the Proposed Share Issue was made to the shareholders providing greater understanding on the said proposal.

As a matter of good corporate governance, the Chairman had highlighted the shareholders' right to demand a poll voting on a resolution pursuant to the Company's Articles of Association, to the shareholders at the commencement of the said EGM. Such practice will be continued for every general meeting moving forward. The Management will come forth with a framework on shareholder rights and makes the same available through the relevant channels (e.g. website) in due course.

The processes of the current general meetings encourage shareholders' participation. Appropriate notices are given in ensuring the subject matter reaches them in time and in cases where circulars are involved, clarity is assured through professional advisors.

At the proceeding itself, the Chairman played an important role in managing the meeting while at the same time ensuring fair and reasonable time is given to the shareholders to raise and debate issues at hand. Thus far, the participation has been very productive and encouraging.

Attendance of shareholders at AGM and EGM has always been encouraging as evidenced by their presence in these meetings over the past years.

Release of Annual Reports and Quarterly Financial Results

| | Date of Issue/Release |
|------------------------------|-----------------------|
| Annual Reports | |
| Annual Report 2012 | 3 May 2013 |
| 2012 Quarterly Result | |
| First Quarter | 28 May 2012 |
| Second Quarter | 27 August 2012 |
| Third Quarter | 22 November 2012 |
| Fourth Quarter | 26 February 2013 |

Investor Relations

The RHB Banking Group recognises the importance of developing a healthy relationship with the investment community. With the view of creating shareholder value and keeping communication channels open between the Group and the investment community, the Investor Relations team planned and implemented a comprehensive engagement programme in 2012. The Group engages proactively and regularly with the investment community to share the Group's strategy and vision and to discuss on the overall operations, business and financial performance, whilst ensuring timely and fair dissemination of information.

The key spokespersons and representatives for Investor Relations of the Group are the Group MD and Head of Investor Relations who engage with research analysts and institutional investors directly.

Quarterly Results

The Group's quarterly financial results are released publicly through announcements to Bursa Securities. Following this release, analyst briefings and tele-conferences are held and these become the platform for the Group's Management to brief the investment community. The investment community is given the opportunity to raise questions or seek clarifications during these sessions while the Group obtains valuable feedback in return.

It is the Group's practice to organise face-to-face analyst briefings for the half year and full year result announcements, whilst conference calls will be hosted for the first and third quarter result announcements.

In 2012, the Group conducted four face-to-face analyst briefings. The first and third quarters of 2012 were conducted via physical briefings instead of the usual conference calls to coincide with the signing of the conditional share purchase agreement and completion of the acquisition of OSK Investment Bank Berhad (OSKIB) respectively. This gave the investment community an avenue to engage with the Management so as to gain deeper insights into the rationale and status of

the OSKIB transaction. These analyst briefings are led by the Group MD, together with the Head of Investor Relations and Group Chief Financial Officer. Members of the Senior Management team are also in attendance, reflecting the commitment to provide a high degree of clarity to the investment community.

The presentation materials for the briefings are simultaneously made available publicly on RHB website upon the uploading of results to Bursa Securities.

Meetings and Tele-conferences

The RHB Banking Group continues to attract strong interest from both the domestic and international investment community. Management regularly holds one-on-one meetings and teleconferences with analysts, fund managers and shareholders.

Conferences and Roadshows

The Group's commitment to Investor Relations is not limited to participation of conferences and roadshows at the domestic front, but extends beyond Malaysian borders.

In 2012, the Group attended the annual Invest Malaysia Conference in Kuala Lumpur (May) and Hong Kong (November), the OSK Asean & Hong Kong Corporate Day in Singapore (June) and the Credit Suisse Asean + India Conference in Singapore (August). The Group also undertook a non-deal roadshow in June 2012 covering Singapore and London following our announcement of the OSKIB transaction.

These events provide an excellent opportunity to maintain regular contact with shareholders, to reach potential investors and to build rapport with international investors.

Investor Relations Activities in 2012

| | Number Attended/ Hosted | Number of Investors Met |
|---|----------------------------|----------------------------|
| Investor conferences/roadshows | 5 | 72 |
| Direct one-on-one meetings and tele-conferences | 61 | 371 |

Primary Contact for Investor Relations Matters

Yap Choi Foong
Head, Investor Relations and Merger & Acquisition Integration

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INTERNAL CONTROL

The Board is responsible for reviewing the adequacy and effectiveness of the Group's system of risk management and internal control. The size and complexity of the Group's operations necessitate the managing of a wide and diverse spectrum of risks. The risk management and control framework established in the Group includes an ongoing process for identifying, evaluating, managing and reporting of significant risks that may affect the achievement of the Group's business objectives and strategies.

The Board considers that the Group's risk management framework and system of internal control maintained by the Management, 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 shareholders' investment and the Group's assets.

An overview of the Company and the Group's systems of internal control is contained in the Statement on Risk Management & Internal Control set out on pages 68 to 71 of this Annual Report.

Relationship With External Auditors

The Board maintains a formal and transparent professional relationship with the External Auditors via the respective Audit Committee. The role of the Audit Committee in relation to the External Auditors is disclosed in the Audit Committee Report set out on pages 72 to 75 of this Annual Report.

The RHB Banking Group has established the Group Policy on Non-Audit Fees Paid/Payable to External Auditors (Policy). The respective Audit Committee undertakes to review 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 non-audit fees report is also presented to the respective Audit Committee 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 their independence for all non-audit engagements undertaken.

The aggregate amount of fees paid to the External Auditors and a breakdown of the same for audit and non-audit services respectively are disclosed in the audited financial statements incorporated into the annual report of RHB Capital.

Internal Audit Function

The Group Internal Audit (GIA), which is guided by the Group Internal Audit Charter, 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 Group Audit Committee/Audit Committee of RHB Capital. The follow-up actions and the review of the status of actions taken as per the auditors' recommendations are carried out by the respective Management Audit Committees (chaired by the MD of the entity) established at the key operating subsidiaries within the Group. 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.

Risk Management

The Group recognises the importance of a sound system of risk management and internal control to ensure good corporate governance and safeguard shareholders' investments as well as the Group's assets. The system of risk management and internal control that we have in place facilitates and drives 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 relevant laws and regulations, and internal procedures.

An overview of the Company and the Group's systems of risk management is contained in the Risk Management Statement set out on pages 76 to 84 of this Annual Report.

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 Audit Committee for deliberation.

Details of these transactions are set out under Notes 42 to the Financial Statements on pages 280 to 284 of this Annual Report.

Group Whistle Blower Policy

The Group has also put in place a Group Whistle Blower Policy in strengthening its governance practice. 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, six complaints pursuant to the Group Whistle Blower Policy were received and investigated and pursued accordingly based on the requirement of the Policy.

All reports or complaints shall be 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.

COMPLIANCE WITH THE CODE

The Board is satisfied that the Company and Group have applied the principles and recommendations outlined in the Code as at 31 December 2012.

The RHB Banking Group has mapped its current corporate governance practices with the Code and identified relevant gaps thereto. The Board is pleased to report that the Group is generally in compliance with the Code.

This Statement of Corporate Governance was approved by the Board of Directors on 31 January 2013.

ADDITIONAL COMPLIANCE INFORMATION

Sanctions and Penalties

There were no public reprimands, sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies for the financial year 2012.

Material Contracts involving Directors' and Major Shareholders' Interest

There were no material contracts of RHB Capital and its subsidiaries involving Directors' and major shareholders' interests which subsisted at the end of the 12-month financial period from 1 January 2012 to 31 December 2012.

Statement on Risk Management & Internal Control

INTRODUCTION

The Board of Directors (Board) recognises the importance of a sound system of risk management and internal control to ensure good corporate governance and safeguard shareholders' investments as well as the Group's assets. The system of risk management and internal control 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 relevant laws and regulations, and internal procedures.

As a listed issuer, we have an obligation under paragraph 15.26(b) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, to ensure that a statement on the main features of the Group's risk management and internal control system is included in this Annual Report. The following Statement on Risk Management & Internal Control is prepared in accordance with the guidelines as set out in the "Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers".

RESPONSIBILITY

The Board acknowledges its responsibility for reviewing the adequacy and effectiveness of the Group's system of risk management and internal control. The responsibilities of the Board for the governance of risks and controls include, amongst others, reviewing the risk management framework, processes, tasks and assessing whether they provide reasonable assurance that risks are managed within the Group's defined risk appetite and tolerance.

Management continuously assists the Board in the implementation of approved policies and procedures on risk management and control for application and adherence across the Group as well as ensuring that such policies and procedures are being continuously reviewed in order to meet the changing financial landscape.

The risk management and control framework established in the Group to manage risk includes an ongoing process for identifying, evaluating, managing and reporting of significant risks that may affect the achievement of the Group's business objectives and strategies. This covers the period throughout the financial year under review and up to the date of approval of this report.

Management is accountable to the Board for implementing and monitoring the system of risk management and internal control and for providing assurance to the Board that it has done so. In this regard, the Board acknowledged that it has received assurance from the Group Managing Director and Group Chief Financial Officer as well as the Director, Group Risk Management that the Group's risk management and internal control system is operating adequately and effectively.

RISK MANAGEMENT AND CONTROL FRAMEWORK

A sound framework of risk management and internal control is fundamental to good corporate governance. The key elements implemented by the Board and Management for maintaining a sound system of risk management and internal control encompass 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 for the risks taken, given that the risks within the industry we operate in continually change and evolve. This process is regularly reviewed by the Board through its Group Risk Management Committee which ensures the proper management of risks and takes the appropriate measures to mitigate any identified weaknesses in the control environment.

The Group Risk Management Committee provides oversight of the Group's overall risk management. In discharging its overall duties and responsibilities, the Group Risk Management Committee 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 Management Committee, Central Credit Committee, Group Credit Committee, Group IT and Transformation Strategy Committee and Group Capital and Strategic Risk Management 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 clearly 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 all key operating entities in the Group as part of the risk management process. These entities are required to identify as well as document the controls and processes for managing the risks arising from their business activities as well as assess the effectiveness thereof.

RHB Bank Berhad has fully migrated to the Internal Ratings-based (IRB) approach for credit risk under the Risk-Weighted Capital Adequacy Framework. The IRB approach enhances our Bank's ability to meet the challenges posed by the rapidly changing business environment, as the Basel II framework is designed to be a catalyst for more advanced risk management techniques, enterprise-wide culture of risk management with improved corporate governance and public disclosure.

The Group has also embarked on implementing the Internal Capital Adequacy Assessment Process (ICAAP) with the objective to forge a strong alignment between risk and capital. Capital adequacy shall be assessed in relation to the Group's risk profiles, and strategies will be put in place to maintain appropriate capital levels. An ICAAP framework has been formulated for implementation across the Group to ensure that all material risks are identified, measured and reported, and 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 performs regular reviews of the Group's operational processes and system of internal control. Group Internal Audit adopts a risk-based approach in determining the auditable units and frequency of audits. Annual audit plans are reviewed and approved by the respective Audit Committees, namely the Audit Committee of the Company and the Group Audit Committee of the RHB Banking Group (which undertakes the functions of the Audit Committee of the major operating entities within the Group, such as RHB Bank Berhad, RHB Investment Bank Berhad, RHB Islamic Bank Berhad and RHB Insurance Berhad).

The results of the audits conducted by Group Internal Audit are reported to the respective Audit Committees. Follow-up action and the review of the status of action taken as per the auditors' recommendations are carried out by Management via the various Management Audit Committees (chaired by their respective Managing Directors) established at the key operating subsidiaries within the Group. The minutes of meetings of the Management Audit Committees are tabled to the Group Audit Committee of the RHB Banking Group for notation.

The Audit Committees hold 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 Group's internal control system. The minutes of the meetings of the Audit Committees are subsequently tabled to the respective Boards for notation.

Further details of the activities undertaken by the Audit Committee of the Company are set out in the Audit Committee Report.

◆ **Group Compliance Framework**

Compliance risk in 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 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 and 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 Group Risk Management Committee 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 businesses and operating units, continuously assesses and recommends improvements to compliance by carrying out root cause analysis on incidences of non-compliance, negligence and fraud (all of which are reported on a daily basis).

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

▶ Statement on Risk Management & Internal Control

◆ Shariah Compliance

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

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

To mitigate Shariah compliance risk, various researches and briefings as well as awareness and learning programmes were conducted throughout the year to ensure compliance with the 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 the oversight authority to examine and/or consider all matters within their scope of responsibilities and make recommendations to the Board for approval, if such is required.

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

- Group Nominating and Human Resource Committee;
- Group Risk Management Committee; and
- Audit Committee of RHB Capital Berhad.

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

- Group Credit Committee;
- Group Audit Committee; and
- Group IT and Transformation Strategy Committee.

◆ Group Management Committee

The Group Management Committee (GMC) comprises the Group Managing Director as the Chairman, the Managing Directors/Officers in Charge of the relevant key subsidiaries, Director of Corporate Strategy and the Group Chief Financial Officer. The GMC provides a forum for the Group's Senior Management to discuss and deliberate on strategic matters that impact the Group's vision and strategic direction as well as operational matters, business synergies, brand value and chart strategic roadmap. The GMC 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 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 significant variances are followed up by the Management and reported to the Boards.

◆ Performance Review

Regular and comprehensive information is shared by the Management for monitoring of their performance against the strategic business plan approved by the Board, covering all key financial and operational indicators as well as key strategic initiatives undertaken by the Group during the year.

The Group Management Committee and the Board receive and review the monthly accounts and financial information reports at their monthly or regular meetings.

◆ 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 all levels are adequately trained both 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, and 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 and 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 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 confidentially 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 effectively 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.

ASSESSMENT OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

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 Group Risk Management Committee and Audit Committees, assessed the adequacy and effectiveness of the Group's risk management and internal control system. Based on the outcome of these reviews as well as the assurance it has received from Management, the Board is of the view that the Group'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.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management & Internal Control for inclusion in the annual report for the financial year ended 31 December 2012. Their review was performed in accordance with Recommended Practice Guide (RPG) 5 issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process that the Board has adopted in the review of the adequacy and effectiveness of the Group's risk management and internal control system.

RPG 5 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control procedures.

Audit Committee Report

ACTIVITIES OF THE AUDIT COMMITTEE AND THE INTERNAL AUDIT FUNCTION DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

Activities Of The Audit Committee

During the financial year ended 31 December 2012 (year), a total of five (5) Audit Committee (Committee) meetings were held. The Committee comprises the following members and details of attendance of each member at the Committee meetings held during the year are as follows:

| Composition of the Committee | Attendance at Meetings |
|--|------------------------|
| 1. Dato' Saw Choo Boon (Chairman/Independent Non-Executive Director) | 5/5 (100%) |
| 2. Datuk Haji Faisal Siraj (Member/Senior Independent Non-Executive Director) | 5/5 (100%) |
| 3. Dato' Teo Chiang Liang (Member/Independent Non-Executive Director) | 3/5 (60%) |

The Committee's activities are concentrated on RHB Capital Berhad and its direct subsidiaries. The main activities undertaken by the Committee during the year are summarised as follows:

- ◆ Reviewed the quarterly unaudited financial results and the annual audited financial statements of the Company and the Group as well as the appropriate announcements to Bursa Malaysia Securities Berhad before recommending them for approval by the Board;
- ◆ Reviewed the audit plan of the external auditors, the audit strategy and scope of work for the year, as well as the results of their annual audit;
- ◆ 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 to discuss issues of concern to the auditors arising from the annual statutory audit;
- ◆ Reviewed the non-audit services rendered by the external auditors and the related fees;
- ◆ 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 status of completion of the internal audit plan, the internal audit reports, audit recommendations made and the management's response to such recommendations as well as actions taken to improve the system of internal controls and procedures;
- ◆ Reviewed the related party transactions entered into by the Company and its subsidiaries;

- ◆ Reviewed the minutes of meetings of the Group Audit Committee of the RHB Banking Group to the extent permitted by the relevant regulatory authorities to satisfy itself that all matters arising therefrom have been appropriately addressed by the Group Audit Committee; and
- ◆ Tabled the minutes of each Committee meeting to the Board for notation, and for further direction by the Board, where necessary.

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

(a) Banking and Finance

- Internal Capital Adequacy Assessment Process (ICAAP) Directors Workshop
- Training Session No. 2 of ICAAP
- Training Session No. 3 of ICAAP
- Financial Institutions Directors' Education (FIDE) Core Programme – Module B
- FIDE Elective Programmes: Financial Statement Fundamentals “What's in the Numbers”
- FIDE Elective Programmes: ICAAP
- Insurance Insight
- Competition Act
- ICLIF Strategic Development Programme
- Flex-Business Re-Imagined

(b) Board and Corporate Governance

- FIDE: Nomination/Remuneration Committee
- The Framework of Shariah Compliance and Governance

Internal Audit Function

The Group has an in-house group internal audit function which is guided by its Group Internal Audit Charter and reports to the Committee of the Company and the Group Audit Committee of the RHB Banking Group. Its primary role is to assist both committees in the discharge of their duties and responsibilities by independently reviewing and reporting on the adequacy and integrity of the Group's risk management, internal control and governance processes.

The Committee approves the annual audit plan of the Company at the beginning of each financial year. The group internal auditors adopt 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, the group internal auditors have closely monitored the implementation progress of their audit recommendations in order to obtain assurance that all major risks and control concerns have been duly addressed by the management. All audit reports on the results of work undertaken together with the recommended action plans and their implementation status were presented to the management and the Committee.

The group internal auditors work closely with the external auditors to resolve any control issues raised by them to ensure that all reported issues are duly acted upon by the management.

The cost incurred for the group internal audit function for the year was RM21.3 million.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Objectives

1. To assist the Board to discharge its responsibilities by reviewing the effectiveness, adequacy and integrity of the Company's and 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.
2. To reinforce the independence of the external auditors and thereby help assure that they will have free rein in the audit process.
3. To provide, by way of regular meetings, a line of communication between the Board and the external auditors.
4. To provide emphasis on the internal audit function by increasing the objectivity and independence of the internal auditors and provide a forum for discussion that is among others independent of the management.
5. To review the quality of the audits conducted by the internal and external auditors of the Company.
6. 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. To review the quarterly results and year-end financial statements of the Company and the Group, and to recommend the same to the Board 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.
2. To review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions of management's integrity.
3. To review with the external and internal auditors whether the employees of the Group have given them appropriate assistance in discharging their duties.
4. To review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
5. To review the internal audit plan and processes, the results of the internal audit programme or investigation undertaken and whether or not appropriate action is taken by management on the recommendations of the internal auditors.
6. To appraise the performance of the head of internal audit and to review the appraisals of staff members of the internal audit function.
7. To approve any appointment or termination of the head of internal audit and senior staff members of the internal audit function and to take cognisance of any resignations of internal audit staff members and provide resigning staff members an opportunity to submit reasons for resigning.
8. 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.
9. To recommend to the Board on the appointment and the annual reappointment of the external auditors and their audit fee, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit as well as the removal of auditors.
10. To discuss and review with the external auditors any proposal from them to resign as auditors.
11. To review and approve the non-audit services rendered by the external auditors together with the related fees and thereafter recommending the same to the Board for approval.
12. To review the co-ordination of the audit approach where more than one audit firm of external auditors is involved and the co-ordination between the external and internal auditors.
13. To review the minutes of meetings of other audit committees within the Group and be satisfied that all matters arising therefrom are being appropriately addressed by these other audit committees.
14. 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.
15. To perform any other functions as authorised by the Board.

Authority

1. The Committee is authorised by the Board 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 co-operate with any request made by the Committee.
2. The Committee shall have direct communication channels with the external and internal auditors.
3. The Committee is authorised by the Board to obtain independent professional or other advice at the Company's expense and to invite outsiders with relevant experience and expertise to attend meetings if it considers this necessary.
4. Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities), the Committee shall promptly report such matter to Bursa Securities.

Meetings

1. Meetings shall be held at least four (4) times a year with a minimum quorum of two (2) members and the majority of members present shall be independent non-executive directors. Additional meetings may be called at any time at the discretion of the Chairman of the Committee.
2. The head of internal audit shall be in attendance at meetings of the Committee. The Committee may invite the external auditors, the managing director/chief executive officer, the chief operating officer, the 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.
3. 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 Board or shareholders.
4. The Company Secretary shall be the Secretary of the Committee.
5. The minutes of each Committee meeting shall be tabled to the Board by the Chairman of the Committee.

Membership

1. The Committee shall be appointed by the Board from amongst its number and shall comprise not less than three (3) members, the majority of whom are independent directors. All members of the Committee shall be non-executive directors.
2. The Chairman of the Committee shall be an independent non-executive director appointed by the Board.
3. No alternate director shall be appointed as a member of the Committee.
4. All members of the Committee shall be financially literate and at least one member shall be a member of an accounting association or body.
5. The term of office and performance of the Committee and each of its members must be reviewed by the Board at least once every three (3) years.
6. 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 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.

▸ Risk Management Statement

Group Risk Management Committee
(GRMC)

“ The risk management process within the RHB Banking Group seeks to identify, measure, monitor, and control risk in order to ensure that risk exposures are adequately managed and that the expected returns compensates the risks taken. To this extent, the Group has implemented a Risk Management Framework which governs the Group's management of risks.”

INTRODUCTION

This framework operates on two interlocking layers:

- (i) It provides a holistic overview of the risk and control environment of the Group, with risk management moving towards loss minimisation and protection against losses which may occur through, principally, the failure of effective checks and balances in the organisation as well as deficiencies in the risk management culture.
- (ii) It sets out the strategic progression of risk management as the Group moves towards becoming a value creation enterprise. This is realised through building up capabilities and infrastructure in risk management sophistication and using the improvements in risk quantification to optimise risk-adjusted (or economic) returns.

OVERARCHING RISK MANAGEMENT PRINCIPLES

The Risk Management Framework includes five fundamental principles that drive the philosophy of risk management in the group. They are:

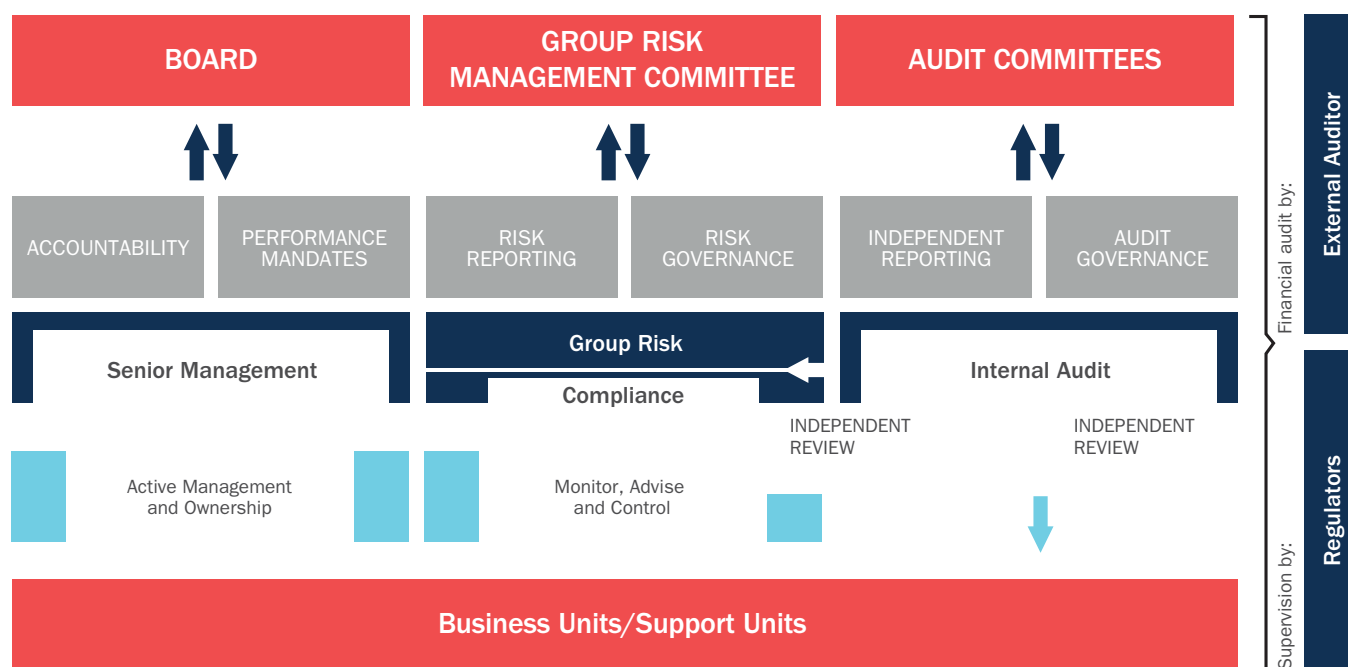
- (i) Risk governance from the Boards of Directors of companies within the Group;
- (ii) Clear understanding of risk management ownership;
- (iii) Institutionalisation of a risk focused organisation;
- (iv) Alignment of risk management to business strategies; and
- (v) Optimisation of risk adjusted economic and financial returns.

Principle 1

Risk governance from the Boards of Directors of companies within the Group

The ultimate responsibility of the Boards of Directors in the RHB Banking Group is to ensure that an effective risk management strategy is in place which is uniformly understood across the Group. The Group has a structured framework to support the Board's oversight responsibilities and this is depicted in the accompanying diagram:

Structured Framework to Support Board Oversight Role in Risk Management



► Risk Management Statement

Group Risk Management Committee (GRMC)

The RHB Banking Group has established a Group Risk Management Committee (GRMC) to assist the Boards of the RHB Banking Group in its risk oversight functions and to serve as a consultative body to the Boards in areas pertaining to risk management. In 2012, the GRMC met on a monthly basis.

A Risk Management Committee has also been established at RHB Islamic Bank to focus on the risk management issues of the Islamic Bank, particularly in relation to risk issues unique to Islamic finance as well as to enhance the risk management of the Group's Islamic finance business.

Principle 2

Clear understanding of risk management ownership

Risk management processes are a collective responsibility premised upon the cooperation of the Group's business and functional units, risk management functions, top management and the Board. This leads to risk management ownership with differing levels of focus across the Group and is outlined as follows:

Risk Management Ownership and lines of Defence



Principle 3

Institutionalisation of a risk-focused organisation

The RHB Banking Group has promoted a risk-focused culture throughout the organisation through a number of measures. Two of these are:

- (i) strengthening the central risk coordination functions; and
- (ii) continuously reinforcing a risk and control environment within the Group.

Central Risk Coordination Functions

The following summarises the key differences in perspectives (which are also strategically complementary) between the Risk Management, Compliance and Internal Audit functions:

The Risk Management function in the Group reports to the Director, Group Risk Management. Among the roles and responsibilities of the Director are:

- ◆ facilitating the setting of the strategic direction and overall policy on management and control of risk of the RHB Banking Group;
- ◆ ensuring industry best practice risk management disciplines are adopted across the Group including the setting of risk management parameters and risk underwriting models;
- ◆ developing a pro-active; balanced and risk attuned culture within the Group;
- ◆ advising senior management the GRMC and the Boards on risk issues and their possible impact on the Banking Group; and

The Compliance function is centrally managed and provides assurance to management that the Group's activities are in compliance with external requirements and internal policies and procedures.

The Audit function independently reviews and reports on the adequacy and integrity of the Group's internal control systems and information management systems including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Principle 4

Alignment of risk management to business strategies

The Group's risk management framework serves to align the Group's business strategy to risk strategy, and vice versa. This is typically articulated through 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

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's management is progressively implementing a risk-adjusted returns based framework for allocation of capital to business units as well as for performance measurement and management activities.

CREDIT RISK

Credit risk management is conducted in a holistic manner. During the assessment of credit risk at the transactional level, credit underwriting standards are dictated in approved credit risk policies (which are developed for the assurance of asset quality that is in line with the Group's risk appetite). Industry best practices are instilled in the continual updating of credit risk policies.

Risk Models

In model development efforts, the Internal Ratings Based (IRB) standards of the Basel II capital accord are applied whereby internal obligor and facilities rating models are developed. The exceptions are sub-portfolios for which sufficient historical data is unavailable for use in modelling or for which statistical modelling is impractical given the nature of the business. In these cases generic models or standard prudential underwriting policies and rules are applied. In addition, independent validations of the risk models are performed in compliance with Basel II IRB standards.

RHB Bank Berhad has fully migrated to the IRB approach for credit risk under the Risk-Weighted Capital Adequacy Framework. The IRB approach enhances our Bank's ability to meet the challenges posed by the rapidly changing business environment, as the Basel II is designed to be a catalyst for more advanced risk management techniques, enterprise-wide cultures of risk management and improved corporate governance and public disclosure.

Economic Returns Framework

The Group has also implemented an economic returns/profitability framework for differentiation and pricing of credit spreads. This framework incorporates risk elements to ensure that credit pricing is guided by risk-adjusted economic returns. The risk elements includes (i) a funds transfer pricing framework to better reflect term value of money and market interest rate/profit rate sensitivities and (ii) methodologies to compute credit risk premiums in accordance with expected returns/loss that is derived based on the aforesaid credit risk models.

Credit Concentration Risks

The analysis of large customer group exposures is regularly conducted and the lending and financing units undertake intensive account updates, monitoring and management of these exposures. Industry and sectoral analysis are also incorporated within the overall credit risk management regiment. This facilitates the better management of credit concentration risks.

MARKET RISK

The Banking Group's Asset and Liabilities Committee (ALCO) also performs a critical role in the management of market risk.

Risk Measurement and Limits

For effective control of operations, defined management action triggers and risk limits are established and actively monitored. Stress testing is rigorously applied in ascertaining the susceptibility of and the extent to which the Banking Group's financials and earnings are affected by prospective changes in market interest rates/profit rates, key risk drivers or scenarios. Market risk measures include conventional risk quantification methodologies such as risk factor sensitivity analysis and value-at-risk (VaR) measures.

In addition, the RHB Banking Group has established an interest rate/profit rate risk management policy which provides for the governance of the interest rate/rate of return. Interest rate/profit rate sensitivity triggers are applied on earnings for the respective profit centres within the Banking Group and the Banking Group regularly considers the economics and necessity of increasing or reducing its interest rate/profit rate risk hedges.

LIQUIDITY RISK

The Banking Group's ALCO performs a critical role in the management of liquidity risks. Triggers and limits are determined based on the Group's risk appetite and are measured by conventional risk quantification methodologies such as regulatory liquidity framework requirements. The RHB Banking Group's liquidity surplus is generally in line with the industry averages, and is well above regulatory requirements. Liquidity preservation is also augmented by the Group's practice of maintaining appropriate amounts of liquefiable assets as additional buffers against times of extreme market systemic risks and stress; as well as the Group's implementation of policies and practices in relation to contingency funding plan and operations.

OPERATIONAL RISKS

Each business and support unit of the Group owns and is responsible for understanding the operational risks inherent in its products, activities, processes and systems. They are aided in this function by the central risk coordination units which include the operational risk management function, the compliance function and the internal audit function.

Operational Risk Management Framework

The operational risk management framework of the Banking Group comprises a broad range of activities and element, broadly classified into:

- Analysis and Enhancement – The Banking Group has implemented a Basel II compliant operational risk management information technology system to support its workflow and analytical capabilities.

- Education and Awareness – 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 actively manage operational non-compliances, incidents, and undertake recovery actions, including business continuity measures in cases of incidences causing disruption to business activities.

Reputation Risk

The Banking Group has developed and implemented a Reputation Risk Management Framework. The key elements for management of reputation risk include:

- Prompt and effective communication with all stakeholders.
- Strong and consistent enforcement of controls relating to governance, business compliance and legal compliance.
- Continuous monitoring of threats to reputation.
- Ensuring ethical practices throughout the organisation.
- Establishing and continually updating crisis management plans.

ISLAMIC FINANCE RELATED RISKS

The Board of RHB Islamic Bank is assisted by its Risk Management Committee to manage the risks that are unique to Islamic financing. Some of these unique risks include:

- Commodity and Inventory Risk which arises from holding items in inventory either for resale under a Murabahah contract or with a view of leasing under an Ijarah contract.
- Rate of Returns Risk in relation to investment returns necessitated by profit sharing principles, and
- Shariah Compliance Risk arising from potential non-compliance with Shariah rules and principles in the Bank's operations as well as problems of legal uncertainty in interpreting and enforcing Shariah contracts.

CAPITAL MANAGEMENT AND BASEL II

The infrastructural implementation that has been completed has enabled the Group to:

- enhance our economic capital management;
- refine risk based pricing methods for our products and services; and
- improve asset quality across the businesses of the Group.

Internal Capital Adequacy Assessment Process (ICAAP)

The Group has embarked on implementing the Internal Capital Adequacy Assessment Process (ICAAP) with the objective to forge a strong alignment between risk and capital. Capital adequacy shall be assessed in relation to the Group's risk profiles, and strategies will be put in place to maintain appropriate capital levels. An ICAAP Framework has been formulated for implementation across the Group to ensure that all material risks are identified, measured and reported and 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.

FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The Group's financial risk management policy is adopted from the main operating subsidiaries' risk management policies. Various programmes have been initiated at the operating subsidiaries in order to identify, measure, control and monitor all identifiable risks.

The Group operates within a clearly defined set of principles and guidelines based on best practices that have been approved by the Board. Various working committees have been formed at the operating subsidiaries in carrying out the process to ensure that all identifiable risks are addressed and managed adequately.

The main areas of financial risks faced by the Company and the Group and the policies to address these financial risks in respect of the Company and the major areas of banking activities represented by the commercial bank (RHB Bank) and the investment bank (RHB Investment Bank) are set out as follows:

RHB CAPITAL BERHAD

Liquidity risk

The Company manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding requirements are met. The Company's cash flows are reviewed regularly to ensure that it has sufficient level of cash and cash equivalents to meet its working capital requirements and to be able to settle its commitments when they fall due.

Interest rate risk

The Company's primary interest rate risk relates to interest-bearing borrowings. The Company manages its interest rate exposure through the use of fixed and floating rate debt. The objectives for the mix between fixed and floating rate borrowings are set to manage the fluctuations in interest rates and their impact on the Company.

BANKING SUBSIDIARIES:

RHB BANK, RHB ISLAMIC BANK AND RHB INVESTMENT BANK

Market Risk

A framework of approved risk policies, measurement methodologies and limits, as approved by the Board, controls financial market activities as well as identifies potential risk areas early to mitigate any adverse effects from market volatility.

The Group Risk Management (GRM) function plays an independent role in the monitoring and assessing of risk exposures arising from these, and reports independently to the GRMC.

Risk measurement techniques and stress testing regimes are applied to the banking subsidiaries' portfolio on a regular basis.

For Currency Risk:

- Approved overall position limits are applied to 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 the overall total for both intra-day and overnight positions, are monitored daily for compliance with the approved limits. These limits are reviewed annually 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 Rate Risk:

- The ALCO monitors the balance sheet position and assesses it for profit and loss impacts arising from sensitivity to interest rate movements.
- The ALCO also sets and reviews limits on the level of mismatch of interest rate re-pricing that may be undertaken. Likewise, fixed rate assets, especially long term assets, are subject to various limit parameters.

► Risk Management Statement

Liquidity risk

ALCO plays a fundamental role in the asset or liability management of the banking subsidiaries, and establishes strategies that 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 of withdrawals at unexpected level of demand.

Defined liquidity management ratios are maintained and monitored.

The banking subsidiaries' liquidity framework is subject to periodic stress tests and the results are reviewed to ensure compliance with BNM's Liquidity Framework.

A comprehensive Group Liquidity Policy Statement has been established. In addition, detailed plans to manage any potential adverse liquidity incidences have also been put in place; and can be implemented on a timely basis so that appropriate actions can be taken to remedy any unexpected market developments.

Credit risk

Credit risk represents the possibility of loss due to changes in the quality of counterparties and the market price for credit risk assets (collateral).

Credit risk arises from the lending activities, primarily through loans and advances and guarantees. In addition, credit risk also occurs from funding, investment, trading and derivatives activities, where counterparties may not be able to fulfill their obligations when they fall due.

The primary objective of credit risk management is to keep the banking subsidiaries' exposure to credit risk within its capability and financial capacity to withstand potential financial losses.

In this respect, both RHB Bank, RHB Islamic and RHB Investment Bank have carried out the following various initiatives:

- (i) The banking subsidiaries abide by a Board-approved Group Credit Policy which supports the development of a strong credit culture with the objective of maintaining a diversified portfolio that addresses credit risk, and mitigates concern for unexpected losses. Market best practices are incorporated into this policy.
- (ii) The banking subsidiaries ensure processes are in place before credit proposals are approved. All credit proposals are first evaluated by the originating business units before being independently evaluated by an independent credit evaluation and management function. The Central Credit Committee is the senior management committee that approves and renews loans or facilities and the Group Credit Committee sanctions credits beyond established pre-defined threshold. The adherence to the discretionary powers sanctioned by the Board is monitored by the Central Compliance function.
- (iii) 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.

- (iv) Counterparty, industry and product exposure limits or directions are set and monitored with the aim of managing concentration risk in response to market changes and external events.

In addition, an economic capital management framework incorporating risk base pricing and funds transfer pricing has been developed, which also enables RHB Bank to meet the requirements of the Basel II IRB approach.

Operational risk

The GRM function is responsible for the development of bank-wide operational risk policies, frameworks 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 RHB Banking Group uses an operational risk management system. This system has integrated applications for supporting the entire operational risk management process for loss event data collection and management, loss event analysis, assessment and monitoring of the quality of the internal control system, risk scenario analysis and risk measurement comprehensive reporting of operational risk and internal control quality and tracking of risk mitigation and, control improvement actions.

The RHB Banking Group has a Business Continuity Management (BCM) programme for its major critical business operations and activities at the Head Office, data centre, and branches. The BCM programme is subject to regular testing to ensure efficacy, reliability and functionality.

The RHB Banking Group continually refines and strengthens existing policies, procedures and internal control measures: conduct internal reviews, compliance monitoring, and audits to prevent or minimise unexpected losses.

RHB INVESTMENT BANK STOCKBROKING DIVISION (THE DIVISION)

Market risk

Market risk relates to the risk of an adverse fluctuation in equity prices.

Market risk arising from trading activities can result either from client-related business or from proprietary positions. Market risk is managed as follows:

- Assignment of appropriate trading limits.
- Daily monitoring of large exposure risk to single equity and single client to manage the concentration risk.
- Requirement of upfront payment for purchases of stocks with “designated” status and “PN17” condition stocks under trading restriction prior to the execution of the transaction. Exposures to such counters are monitored closely.
- Finally, in compliance with the Business Rules of Bursa Securities, clients must settle all positions on the third market day following the transaction date (i.e. T+3). Hence, market risk is contained within four market days following the transaction date.

Credit risk

Credit or counterparty risk refers to the potential losses attributable to an unexpected default or deterioration in a client’s creditworthiness.

In trading activities, credit risk arises from the possibility that the counterparty is not able or willing to fulfil its obligation on a transaction on or before settlement date.

In stockbroking activities, credit risk is mitigated through the establishment of appropriate approving authority structure for the extension of trading or credit limits. Within defined guidelines approved by the Board and in line with the applicable laws and regulations, credit risk management also encompasses the systematic credit assessment, close monitoring of limits, exposures and concentration risk to counterparties of issuer, through timely management reporting procedures.

The Credit Control function of the Division ensures that credit risk is mitigated by:

- A structured and systematic credit checking and processing based on approved policies, procedures and guidelines.
- A trading limit structure for dealer’s representatives and clients are in place and in line with the credit policies.
- The daily review and monitoring of exposure and adequacy of collateral.

- The requirement of upfront payment for purchase positions prior to the execution of trade for any exposures which is beyond acceptable risk tolerance risk.
- An internal policy on suspension of clients from trading once their accounts are overdue. Clients’ losses are reviewed daily and recovery action initiated as and when appropriate.

Interest rate risk

The Division’s financial position is not significantly affected by changes in market interest rate. Any exposure is minimum as the funds placed are for short term.

Liquidity and cash flow risk

The Division maintains sufficient cash, has access to sufficient funding through and adequate amount to committed credit facilities and the ability to close out market positions. The Division has in place the following measures to manage such risks.

- Arrangement with licensed banks to maintain credit facilities for trade payments.
- The Division monitors its level of funds on a daily basis.

Basel II Implementation

In 2004, BNM announced a two-phase approach for implementing the standards recommended by the Bank of International Settlements set out in the “International Convergence of Capital Measurement and Capital Standards: A Revised Framework” (Basel II) in Malaysia. In the first phase, banking institutions are required to adopt the Standardised Approach for credit risk by the end of 2008. In the second phase, qualified banking institutions are allowed to migrate directly to the IRB approach beginning with 2010.

The RHB Banking Group places great importance on Basel II and views it as a Group-wide initiative in meeting international best practices for credit, market and operational risk management practices. A dedicated Basel II Steering Committee (B2SC) was set up since 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 by the Risk-Weighted Capital Adequacy Framework (RWCAF) for banking institutions and the Capital Adequacy Framework for Islamic Banks (CAFIB) issued by BNM.

For purpose of complying with regulatory requirements, the approaches adopted by the respective entities in the Group are as follows:

| Entity | Credit Risk | Market Risk | Operational Risk |
|----------------------------|--------------------------------|-----------------------|--------------------------|
| RHB Bank Berhad | Internal Rating Based Approach | Standardised Approach | Basic Indicator Approach |
| RHB Investment Bank Berhad | Standardised Approach | Standardised Approach | Basic Indicator Approach |
| RHB Islamic Bank | Standardised Approach | Standardised Approach | Basic Indicator Approach |

OVERVIEW

Compliance risk is defined as the risk of impairment to the organisation's business model, reputation and financial condition from failure to meet laws and regulations, internal policies and the expectations of stakeholders.

The Group upholds the adoption and infusion of good corporate governance principles and international best practices as a basic tenet of running and growing its business. The compliance principles as recommended by Bank of International Settlement (BIS) remain as an important guide for the Group as it continuously evolves to meet the growing demands of compliance best practices.

COMPLIANCE RISK MANAGEMENT

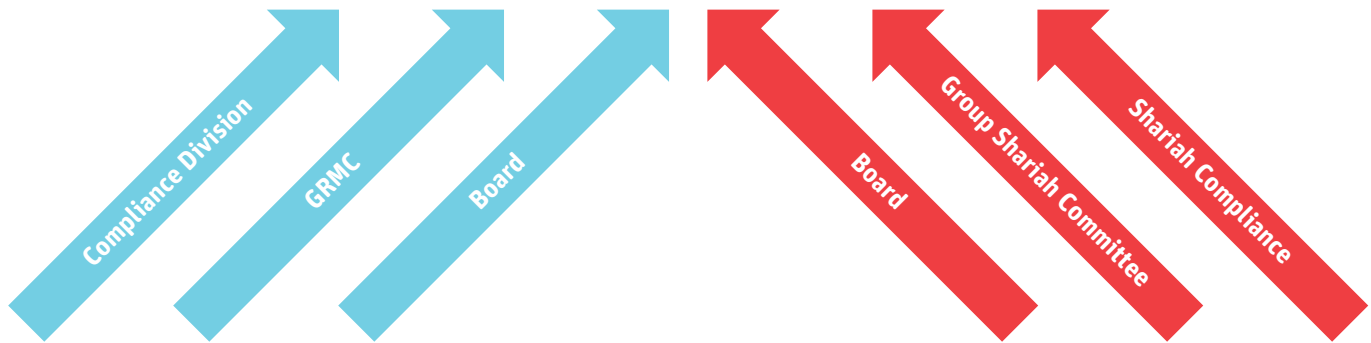
The main aim of compliance risk management is to preserve the Group's reputation so that our competitive standing, reputation, brand and share value are not only maintained, but also enhanced. With a vision to be a banking group with industry leading compliance culture, the following are the Group's compliance objectives:

- to be the most compliant banking group;
- to enable business growth and compliance;
- to ensure zero-tolerance for regulatory breaches; and
- to minimise operational losses.

To achieve these objectives, the Group's underlying mission is to effectively measure and manage the compliance risk of the Group to meet the expectations of all stakeholders. Providing the foundation for this aspiration is the Group Compliance Framework, from which the building blocks of the compliance functions are shaped.



COMPLIANCE GOVERNANCE



At the apex of compliance is the Board, which oversees and provides strategic direction for compliance in the Group. The Group Risk Management Committee (GRMC) is the Board committee wherein the Group's state of compliance with laws, regulations, internal policies and procedures is reported. This enables GRMC to carry out the effective oversight of the Group's compliance activities and provide directions for appropriate risk management and mitigation actions.

SHARIAH COMPLIANCE

Compliance with Shariah principles is an integral feature of Islamic banking and finance. It provides unique characteristics that differentiates the Islamic banking business from conventional banking through the prohibition of transactions involving riba (usury), gharar (ambiguity) and maysir (gambling).

The Group Shariah Committee plays a vital role in ensuring that the Group satisfies the Shariah governance requirements as it moves to provide innovative Islamic products and services. Success in this area inevitably promotes public confidence and enhances the Group's reputation as prominent player in the Islamic banking and finance industry.

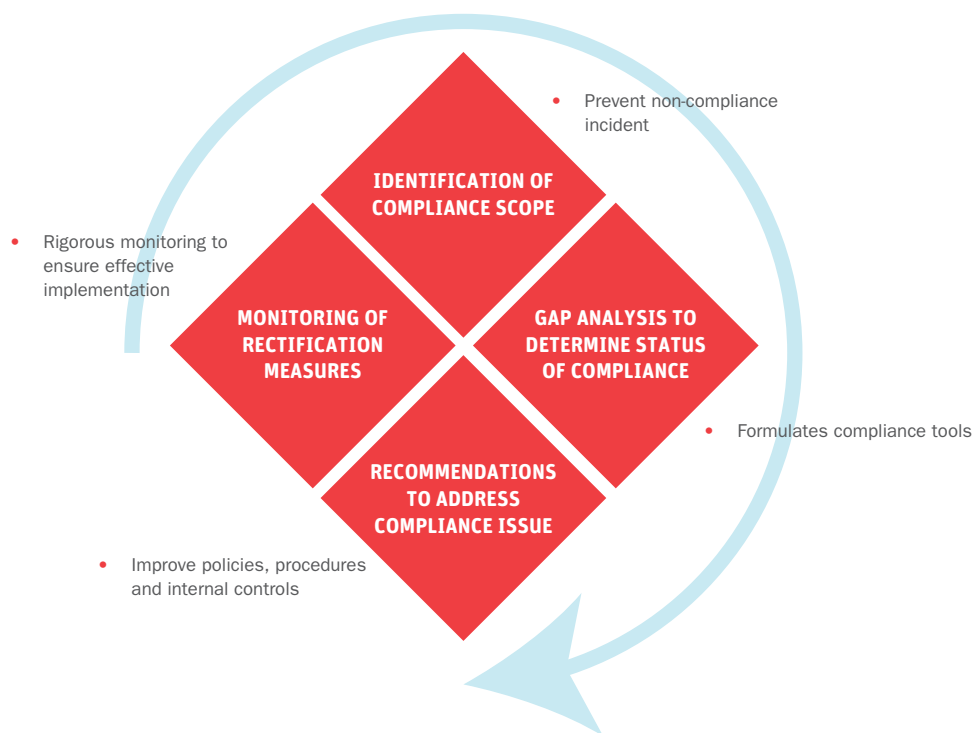
Internal control mechanisms pertinent to Shariah advisory and compliance matters are emplaced to ensure the Group is in compliance with Shariah rules and principles at all times. The support provided by all authorities and parties within the Group has contributed to the achievement of the Shariah compliance needs and enabled the Group to mitigate Shariah compliance risk.

COMPLIANCE LIFECYCLE

Compliance activities are closely intertwined with compliance developments on the global front, existing legal requirements as well as the Group's policies and procedures. The following diagram illustrates the compliance lifecycle and general approach taken by the Group in managing compliance risk. The approach is derived from various compliance sources such as new regulations, sound practices, reports from relevant stakeholders as well as internal reviews conducted by the Compliance Division itself.

Compliance sources

- Laws and regulations
- Group's policies and procedures
- Sound industry practices
- Internal compliance review
- Internal audit reports
- Group risk assessment
- Regulators' reports or dialogues



COMPLIANCE RESPONSIBILITY

Compliance is the collective responsibility of the Board, Senior Management and each and every employee of the Group. It is expected that everyone concerned must promote self-regulation and be accountable for his or her own activities and maintain ethical principles and behaviour in everything that he or she does.

Generally, compliance responsibility is divided into the following categories:

- Daily compliance management – involves the front-line businesses and operating units which are expected to comply with internal policies, procedures, laws and regulations. This is the first line of defence.

- Compliance oversight – carried out by a dedicated compliance function residing at Head Office Divisions/ Departments and/or SBGs/SFGs and Compliance Division, which are formed to review/monitor specific compliance-related activities undertaken by the front-line businesses and operating units. This is the second line of defence.
- Independent assurance – involves independent parties such as internal auditors, external auditors and regulators who are expected to continuously assess the effectiveness of the compliance function in the Group. This is the third line of defence.

Division and Department Heads are continuously engaged to ensure they continue to inculcate compliance awareness and discharge their duties effectively to ensure their respective units comply with regulatory and internal requirements.

KEY INITIATIVES

The year 2012 saw the Group increasingly challenged by a slew of regulatory guidelines and Acts, enacted not just locally but globally as well, in response to the global financial crisis and a string of high profile scandals. In addition, regulatory scrutiny intensified and took various forms such as the requirement to provide compliance attestations, completion of surveys as well as more granular reviews by regulators. Against this backdrop, the strategies adopted to provide value propositions to our stakeholders include the following:



1. Infusing Best Practices

A comprehensive set of policies and procedures that institutionalise right from wrong is integral to promoting a sound compliance culture. It is imperative that the Group develops overarching compliance policies along with procedures on how to comply with specific regulations. Among the key Compliance Division Policies enacted are:

- Compliance Framework
- AML/CFT Programme
- Incident Reporting, Management and Escalation Process

Simultaneously, there are other Group compliance policies in place such as Group Code of Ethics and Conduct, Group Whistleblower Policy, Group Chinese Wall and Insider Trading Policy. Continuous revisions are made to the Compliance Policies to ensure the Group keeps abreast of regulations, industry best practices and the changes evolving from within.

2. Compliance Assurance

The Group's state of compliance is provided for through Compliance offsite surveillance programmes that are complemented with onsite reviews.

The respective Boards and Senior Management are apprised of the Group's state of compliance through the submission of the Compliance Report on a monthly basis. The Compliance Report encompasses compliance with statutory/regulatory requirements, compliance with internal policies and procedures, operational losses incurred, AML/CFT measures, as well as root cause and trend analyses.

In addition, any incident affecting the reputation of the Group is escalated to the Board within 24-hours of the incident occurring. This escalation process ensures adequate oversight and guidance is provided by the Board in managing reputational risk.

3. Compliance Risk Mitigation

Compliance risk mitigation is a key process in the entire Incident Reporting and Management Process. Incidences reported via an automated system (OpRisk Evo System) are duly reviewed on a daily basis to detect trends or commonalities so that losses and incidences of non-compliance, negligence or fraud can be managed proactively and minimised accordingly. Where applicable, preventive or corrective actions to be taken by staff are disseminated via issuance of fraud alerts and Awareness Bulletins.

The Compliance Division continues to play an active role in integrating sound compliance risk management into the overall risk management strategy. It does this through reviews of policies and processes before the implementation of a product or service. Particular attention is paid to new business models or new processes that are introduced for the first time, either to the Group or to the industry, to ensure that good internal controls and processes are inbuilt to avoid operational losses.

4. Enabling Compliance

In an effort to assist the Group's branches in managing internal control compliance and risk issues on the ground, the Compliance Division developed a team of Internal Control Analysts (ICAs) whose role is to conduct onsite branch reviews of key control activities and

highlight significant non-compliance issues. Having successfully enhanced the knowledge and skills in the ICAs in compliance matters, the ICAs now report to the business units instead of Compliance. This is part of the longer term plan to develop compliance expertise within each business unit of the Group.

The Compliance Division also embarked on issuing regulatory alerts on an as-and-when basis to enable and assist business and operating units to respond to regulatory requirements in a speedy manner. Where industry feedback is sought from regulators, reminders are issued to relevant business or operating units to ensure that the Group provides meaningful feedback for the betterment of the financial industry sector.

Recognising that the understanding of Guidelines and Acts is a critical factor in enabling compliance, the Compliance Division organises briefings to relevant business or operating units to provide them with the key requirements and implications of the Guidelines or Acts. It also provides business and operating units a forum to discuss and resolve implementation issues.

5. Education and Awareness

Effective knowledge management is a key challenge in ensuring that staff of the Group are aware of the risk issues surrounding their activities and are able to manage them accordingly in the course of carrying out their duties. To this end, the Compliance Division organised a Fraud Awareness Week (FAW). This is the second year that the event is being carried out after the resounding success of the first FAW in 2011. FAW's aim is to increase awareness amongst staff and customers on the various modus operandi of frauds and scams.

As such, seminars and forums were organised wherein senior representatives from Bank Negara Malaysia, Polis DiRaja Malaysia, Malaysian Communications and Multimedia Commission, Immigration Department, Cyber Security, Accenture, Zul Rafique & Partners were invited to speak and share their perspective and experience on fraud. Mr Jeffrey Robinson, named as the "world's leading financial crime author" by the British Bankers Association flew all the way from the United States to give an insightful history of crime and legislation and how it has evolved and culminated to the current global laws, particularly in money-laundering. Activities such as interactive and educational games and quizzes were arranged to introduce

a fun element to the learning process and Fraud Awareness Ambassadors were appointed to engage customers on fraud related matters. Learning kits comprising brochures, handbooks and DVDs were distributed to branches to further reinforce awareness.

It is to be noted that FAW is also part of the Bank's Corporate Social Responsibility (CSR) to ensure that customers are armed with knowledge to protect themselves against fraud.

To inculcate a compliance culture, the Compliance Newsletter is issued every month to all staff of the Group. The newsletter highlights compliance events around the world and repercussions of non-compliances such as fines, penalties or even jail-time. This serves as a platform for lessons learnt to ensure incidences of non-compliance and malpractice of similar nature do not occur within the Group.

ANTI-MONEY LAUNDERING AND COUNTER FINANCING OF TERRORISM (AML/CFT)

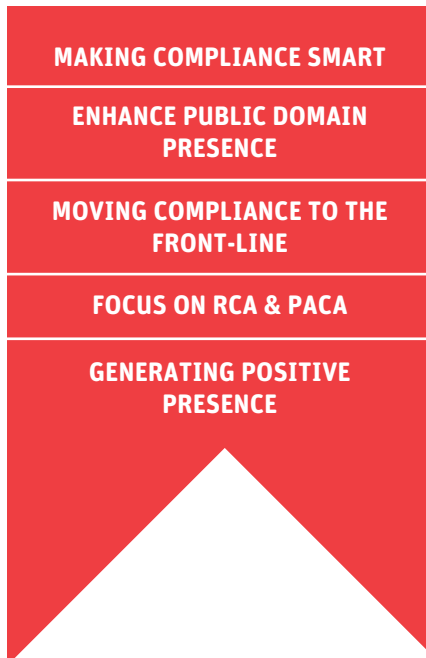
As one of the forerunners of the Government's and Bank Negara Malaysia's initiatives to prevent the banking system from being used for illicit and laundering activities, the Group, in particular RHB Bank Berhad, spearheaded and was the leading and driving force behind the following processes and infrastructure:

- accountability of each level of employee for anti-money laundering detection and prevention;
- education and training in preventing and detecting money laundering; and
- extensive procedures covering customer identification, account opening, record keeping and recognition and reporting of suspicious transactions

The AML/CFT measures continue to focus on ensuring the effectiveness of reporting by all business and operating units to the Compliance Division. Our investment in a robust AML system is another milestone for RHB to keep the Group abreast on rapid changes in the AML/CFT domain and be forward looking. In addition, various learning initiatives are conducted to raise awareness among employees on the important role they play in ensuring that the Group does not become a conduit for money laundering.

VALUE OF COMPLIANCE

The five-pronged strategy as detailed below ultimately aims to protect the RHB brand value by achieving compliance excellence. Fundamental to achieving compliance excellence is the process of “making compliance smart” that is attained as follows:



As business models change, new technologies emerge and regulatory requirements increase amidst the intense focus on operational efficiencies as well as regionalisation and the consolidation of the banking industry, the Group has never been more exposed to such a myriad of risks, not to mention larger sets of rules and regulations. Thus, “making compliance smart” becomes a critical determining factor in our journey towards compliance excellence.

In this regard, the Boards and senior management within each respective entity have extended their fullest support and cooperation in moving compliance to the front-line. They have done this by establishing the tone from the top, which is quite simply, to comply with all laws and regulations and employ ethical behaviour. All staff are aware that the Board and Management must take an uncompromising stance if such trust is breached.

The Group’s focus on Root Cause Analyses (RCA) and Preventive Action and Corrective Action (PACA) to generate a positive presence has yielded greater compliance understanding. Growing in tandem with the understanding is the cooperation between the business and operating units and the Compliance Division with regard to managing compliance risk. The Compliance Division is increasingly becoming a point-of-reference and advisor for key strategic initiatives that the Group embarks on.

The effective penetration of a proper compliance culture into all business and operating units has enhanced our public domain presence and facilitated early detection of compliance risk. This has resulted in quicker compliance risk mitigation actions being undertaken which in turn translate into a reduction of operational losses and a higher level of operational efficiency.

The Group recognises that the strengthening of a compliance culture is the foundation for good compliance practices and it is imperative that this becomes an intrinsic trait of the Group. Not only will it preserve the Group’s integrity and reputation, it will enhance our corporate image as a respectable organisation and ultimately, increase brand and shareholder value.

COMPLIANCE CHALLENGES

The year 2012 was a year peppered with banking scandals. This has resulted in record-breaking fines and has led to a swathe of the most comprehensive set of regulations the financial sector has seen in recent decades. This has also led to dramatic loss of confidence and trust by the public at large.

Against this backdrop, we anticipate the banking environment will continue to be under the radar of financial regulators in year 2013. Hence, it will likely contain equal parts resolution of past challenges and introduction of new ones. Some key trends that are anticipated to affect the banking industry are earning back the trust from customers, re-regulation (i.e. the review and refinement of detailed procedures to implement regulations that were issued earlier), greater scrutiny from regulators and increase emphasis on consumer protection. The traditional approach to tackle the challenges and oversight may no longer be adequate. Thus, the compliance value proposition becomes increasingly and even more important as the financial sector navigates itself to firmer footing to regain customers’ trust and restore its reputation.



by Lim Chee Sing,
Head of RHB Research Institute

Economic Growth Remains Resilient In 2012

The Malaysian economy staged a strong performance in the first nine months of 2012, despite a challenging external economic environment. Indeed, real GDP growth picked up to a high of 5.6% yoy in 2Q 2012, from +5.1% in the previous quarter, before moderating to +5.2% in 3Q 2012. The eased growth in the 3Q was a result of a decline in the country's exports, which contracted by 3.0% yoy in the 3Q, after moderating to +2.1% in the 2Q (see Chart 1). This was due to the protracted euro-debt crisis that led the Eurozone into a recession, while emerging economies continued to experience slowing growth. As such, exports to the European Union (EU) fell significantly for the third consecutive quarter in the 3Q. Similarly, exports to China contracted during the third quarter, after a pick-up in the previous quarter, while exports to Japan weakened during the period. These were, however, mitigated by stronger growth in exports to the US and ASEAN region in the 3Q. Despite weakening exports, the Malaysian economy continued to expand at a reasonably strong pace of 5.3% in January-September 2012, underpinned by resilient domestic demand. In fact, domestic demand enjoyed double-digit growth of 14.0% yoy in the 2Q, from +10.0% in the 1Q, before moderating to +11.0% in the 3Q. In the first nine months of 2012, domestic demand grew by 11.8% yoy, compared with +7.4% in the corresponding period of 2011. This was attributed to a surge in both private and public investments, which expanded at a robust pace of 22.5%, and 20.5% yoy, respectively in January-September 2012, compared with +10.7%, and -1.5%, respectively in the same period in 2011. The buoyant growth in investment was in line with the implementation of projects under the Economic Transformation Programme (ETP), the Public-Private Partnership (PPP) and

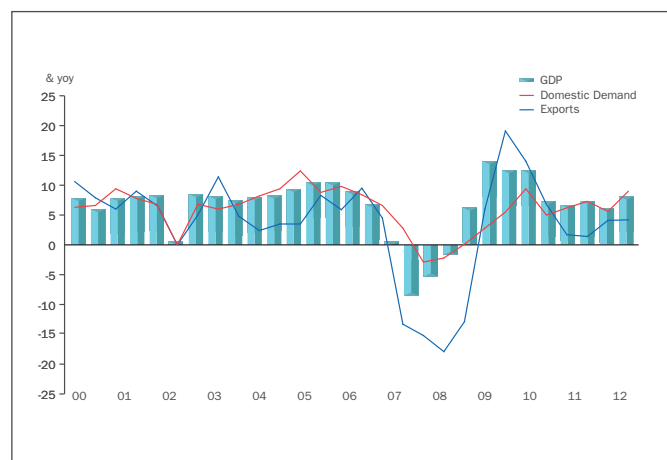
various economic corridors. Similarly, consumer spending continued growing at a strong pace of 8.3% yoy in January-September 2012, after a gain of +7.1% in the corresponding period of 2011. Such growth was supported by the Government's financial assistance to ease the people's burden. Overall, the economy is likely to have improved to 5.4% estimated for the year 2012, after moderating to +5.1% in 2011 (see Table 1).

Table 1. GDP By Expenditure Components (at constant 2005 prices)

| | 2011 | 2012e | 2013f |
|-------------------------------|------------|------------|------------|
| | % y-o-y | | |
| Consumption | | | |
| Public sector | 16.1 | 5.1 | 3.4 |
| Private sector | 7.1 | 8.1 | 6.1 |
| Gross Fixed Capital Formation | 6.5 | 20.1 | 9.2 |
| Public sector | -0.3 | 18.9 | 5.4 |
| Private sector | 12.2 | 21.0 | 12.0 |
| Aggregate Domestic Demand | 8.2 | 10.9 | 6.6 |
| Exports of Goods & Services | 4.2 | 0.8 | 4.5 |
| Imports of Goods & Services | 6.2 | 5.8 | 6.5 |
| GDP | 5.1 | 5.4 | 5.4 |

Source: Department of Statistics, RHBRI
f: RHBRI's forecasts
e: RHBRI's estimates

Chart 1: Economic Growth Dragged Down By Exports But Supported By Resilient Domestic Demand



Source: Department of Statistics

Construction And Services Sectors are Top Performers

The sustained economic growth during the year was boosted by a robust expansion in the construction sector, on the back of the implementation of projects under the ETP, the PPP and various economic corridors. As a result, the sector is envisaged to expand rapidly at 16.6% estimated for 2012, the strongest growth last seen in the mid-1990s, after expanding by 4.6% in 2011 (see Table 2). This was aided by impressive growth in the services sector, which rose by an estimated 6.4% in 2012, compared with +7.0% in 2011, underscored by a pick-up in consumer spending and investment activities. Other factors such as a rebound in mining output during the year also helped. These were, however, partially offset by a moderation in growth of the manufacturing sector and a slowdown in the agriculture sector's output. The manufacturing sector is estimated to have inched up to 4.9% in 2012, from +4.7% in 2011, mainly due to robust domestic demand.

Table 2. GDP By Industrial Origin (at constant 2005 prices)

| | 2011 | 2012e | 2013f |
|------------------------------------|------------|------------|------------|
| | % y-o-y | | |
| Real Gross Domestic Product | 5.1 | 5.4 | 5.4 |
| Agriculture, forestry & fishing | 5.9 | 0.3 | 2.0 |
| Mining & quarrying | -5.7 | 1.3 | 1.5 |
| Manufacturing | 4.7 | 4.9 | 6.2 |
| Construction | 4.6 | 16.6 | 10.5 |
| Services | 7.0 | 6.3 | 6.1 |

Source: Department of Statistics, RHBRI
f: RHBRI's forecasts
e: RHBRI's estimates

Table 3. Balance Of Payments

| | 2011 | 2012e | 2013f |
|----------------------------------|----------------|----------------|----------------|
| | RM'bn | | |
| Current Account | 97.1 | 52.1 | 47.0 |
| (% of GNI) | (12.1) | (5.7) | (4.8) |
| Goods | 148.1 | 115.1 | 106.6 |
| Services | -8.0 | -12.4 | -11.5 |
| Income | -21.9 | -30.1 | -26.1 |
| Current transfers | -20.9 | -20.5 | -22.0 |
| Capital account | -0.2 | 0.0 | 0.0 |
| Financial account | 22.3 | -23.3 | -31.0 |
| Errors & omissions | -24.5 | -25.0 | -15.0 |
| Overall balance | 94.7 | 3.8 | 1.0 |
| Outstanding reserves* (US\$)* | 423.3 133.6 | 427.1 139.7 | 428.1 140.0 |

*: As at end-period
Source: Department of Statistics, RHBRI
f: RHBRI's forecasts
e: RHBRI's estimates

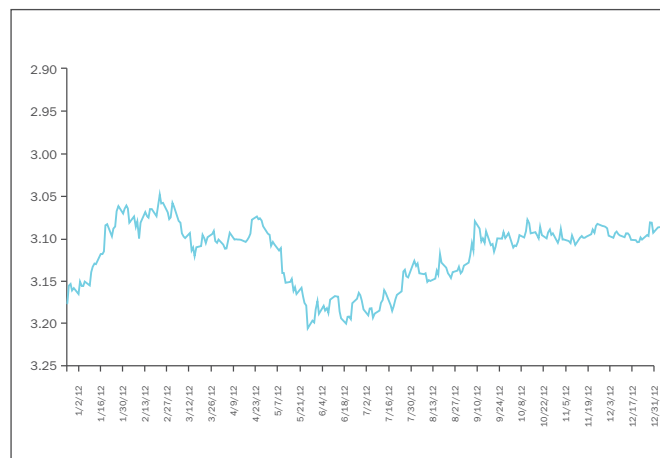
Narrowing Current Account Surplus In The Balance Of Payments

The surplus of the current account in the balance of payments (BOP) narrowed significantly to RM43.3bn in January-September 2012, from a surplus of RM81.3bn in the corresponding period of 2011. This was mainly attributed to a smaller surplus in the trade account, as a pick-up in investment absorbed more imports of capital goods. A widening deficit in both the services and income accounts worsened the situation. Overall, the current account surplus is likely to have shrunk by more than half to an estimate of RM52.1bn or 5.7% of gross national income (GNI) in 2012, from a RM97.1bn surplus or 11.3% of GNI in 2011 (see Table 3). This is likely to have been exacerbated by an outflow of capital in the financial account, while the errors & omissions are estimated to be larger during the year. The country's overall balance of payments recorded a smaller surplus of RM3.8bn in 2012, compared with RM94.7bn surplus in 2011. Nevertheless, the foreign exchange reserves rose to US\$139.7bn as at December 2012, sufficient to finance about 9.5 months of retained imports at end-2012. This had lent support to the ringgit, which strengthened against the US dollar by around 3.8% in 2012 (see Chart 2), after depreciating by 3.5% in 2011. The movement of the ringgit, however, was volatile during the year. It weakened in the 2Q, but gradually regained its ground, as external conditions improved and confidence returned to the market.

Moderate Loan Growth

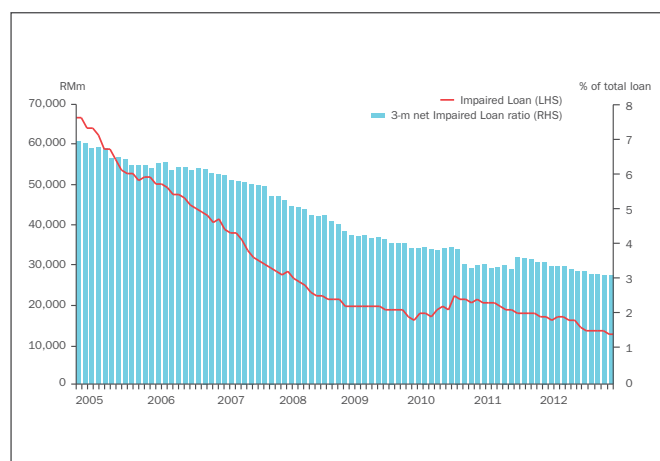
In November 2012, the banking system's loan growth moderated to 11.2% yoy, from a high of +13.0% in July and +13.6% in December 2011, after the implementation of the responsible lending guidelines by the Central Bank effective 1 January 2012. Similarly, the broader monetary aggregate, M3, also eased to 10.7% yoy in November, from +13.9% in August and a high of +14.3% in December 2011. On a separate note, the net impaired loan ratio of the banking system stood at 1.4% of total loans for the third consecutive month in November but it was lower than 1.8% recorded at end-2011 (see Chart 3).

Chart 2: The Ringgit Well Supported By A Surplus In The Current Account Of The Balance Of Payments



Source: Bloomberg

Chart 3: Banking System Net Impaired Loan Ratio Improving



Source: Bank Negara Malaysia

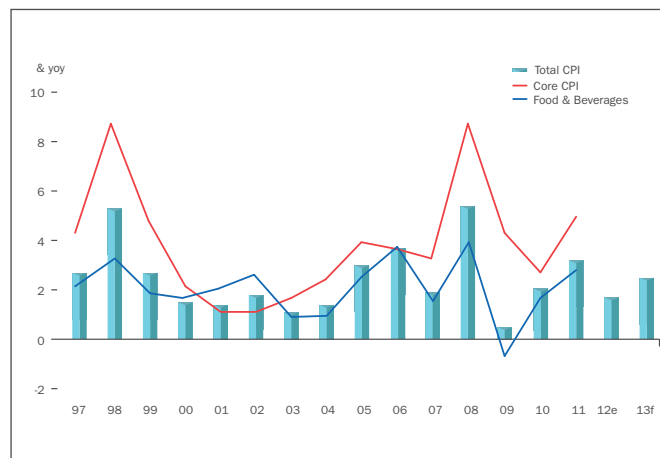
Lower Price Pressure

The headline inflation eased to an estimated 1.7% in 2012, from a high of +3.2% in 2011 (see Chart 4). This was mainly due to a slower increase in food & non-alcoholic beverage prices, which declined to an estimated 2.8% in 2012, from +4.8% in 2011. This was largely due to decreasing international food prices. This was aided by a moderation in the core inflation rate to 1.2% estimated for 2012, from +2.5% in the previous year. Other factors were the Government's move to keep retail fuel prices stable despite a rise in crude oil prices. Consequently, the costs of transportation grew at a slower pace of 0.7% in 2012, compared with +4.6% in 2011. Other positive trends were slower increases in the cost of utilities, healthcare, recreation services and charges at restaurants as well as sharper declines in the prices of clothing and the costs of communications during the year.

Accommodative Monetary Policy

The challenging external economic environment, coupled with easing inflation, had provided room for the Central Bank to maintain its accommodative monetary policy in support of economic growth. Moreover, the economy was supported by robust domestic demand, underpinned by the ETP, PPP and various economic corridor projects. The fiscal policy was expansionary through expenditure for implementing projects and providing financial assistance to the people. As a result, the Central Bank kept the overnight policy rate (OPR) unchanged at 3.0% in 2012. The Central Bank had weighed the potential upside risks to inflation against the build-up of financial imbalances, amidst a backdrop of a resilient economy. Nonetheless, credit tightening measures were brought in by introducing the responsible lending guidelines by the Central Bank effective 1 January 2012 to rein in rising household debt.

Chart 4: Inflation Easing In 2012 But Likely To Trend Upwards In 2013



Source: Department of Statistics

Outlook for 2013

Guarded Optimism, Supported By Resilient Domestic Demand

With the tail risk for the euro-debt crisis subsiding, partial resolution of the US fiscal cliff and new growth opportunities seen in China's economy, the global economy will likely maintain its growth trend in 2013. Growth, however, is unlikely to be strong, as the US economy is envisaged to expand at a sub-par rate, while the Eurozone economy will likely remain sluggish. The former's economic growth will likely be constrained by its efforts to reduce its budget deficit, while the latter will likely continue to undergo a widespread implementation of austerity measures across the region. A marginally improved global economic outlook will, nonetheless, improve demand for the country's exports in 2013.

On the domestic front, the continued implementation of the Economic Transformation Programme (ETP), Private Public Partnership (PPP) and various economic corridor projects will remain a key economic driver in 2013. We expect the execution of these projects to provide the right support in sustaining the country's economic growth in 2013. The Government's generosity in providing financial assistance to the people will likely help sustain consumer spending in early 2013, but the effect will likely taper off in the 2H of the year. These will likely be complemented by a gradual revival of the country's exports, when global uncertainties fade away, as time progresses. Finally, on a macro level, we expect Malaysia's real GDP to sustain its growth at around 5.4% in 2013, which is the same pace as estimated for 2012.

Continuing Our Commitment to Human Capital Development

GROUP HUMAN RESOURCE INITIATIVES IN 2012

As the financial sector continues to implement cutting-edge technologies in its business, it is also becoming widely accepted that an organisation's success is determined by the decisions employees make and their behaviours within an organisation. People are the RHB Banking Group's primary asset and this has inspired Human Resource (HR) Management to become more effective at developing strategies that leverage talent to align with the Group's initiatives.

Nonetheless, we have had to overcome some obstacles in 2012, when the Group experienced challenges in retaining its key talents due to the increasing demand for highly skilled

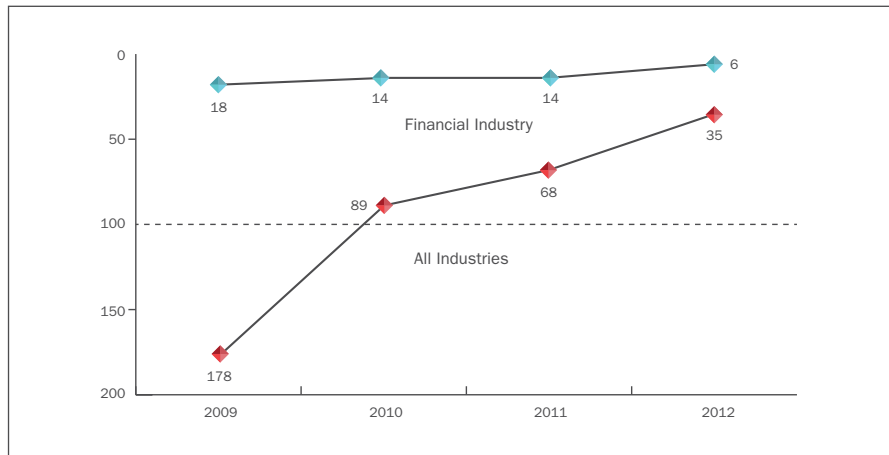
and experienced talents in the financial industry. In our efforts to overcome these challenges and to position the Group as 'One of the Preferred Malaysian Employers in the Financial Industry' by 2015, we persisted in continuously engaging and developing our people.

During the year, we launched the Human Resource Strategic Initiatives 2011 – 2015 and continued to focus on several key initiatives that centred on talent identification, development and retention. As at 31 December 2012, the RHB Banking Group's total headcount for full time employees stood at 12,154. While the Group experienced a 10.7% attrition level versus 10.9% in 2011 and 11.2% in 2010, we managed to attract 2,093 new employees in 2012.

To ensure the sustainability of the Group's business and the availability of talented and capable leaders for the future, we continued to build on and develop our Management Associates Programme and our new Graduate Associates Programme where we develop banking specialists from a pool of young and talented fresh graduates. In 2012, we hired a total of 106 Associates who are currently deployed in various departments and at different stages of the programme.

The RHB Banking Group's employability rating was ranked 35 in the Top 100 Leading Graduate Employers for year 2012; this is a marked improvement from the ranking of 68 in 2011 and 89 in 2010. With this recognition, the Group's HR Strategic Initiatives are on track to help the Group realise its aspirations to be 'One of the Preferred Malaysian Employers in the Financial Industry' by 2015.

RHB's Ranking in Malaysia Top 100 Leading Graduate Employer



Employer Ranking

- ◆ Overall, within three years we have moved from ranking 178 to 35 (+143) & Top 6 by FIs.

HR Awards

- ◆ Two consecutive awards in two years's entries.
 - 2011-Bronze
 - 2012-Silver



Silver Award Employer of Choice MIHRM 2012



Bronze Award Employer of Choice MIHRM 2011

Graduan Aspire Ranking 2012
#19
Organisations chosen by talents as their preferred employer

▶ **Continuing Our Commitment to Human Capital Development**

MAXIMISING HUMAN CAPITAL: TALENT DEVELOPMENT AND ENGAGEMENT

In 2012, our main focus was on Talent Development and Engagement. RHB has always prioritised employee engagement and this was reinforced by rolling out the Culture and Engagement initiatives as part of its key focus areas.

The HR Strategies and Initiatives 2011 – 2015 were developed to identify the crucial elements of people, processes and the external environment. These elements were then translated into four strategic objectives, namely:

- Employee Branding;
- HR Effectiveness;
- Market Competitiveness; and
- High-Performance Culture.

These strategic objectives will in turn, be supported by seven key focus areas:

- Competitive Advantage;
- Performance Management;
- Talent and Succession;
- Manpower Management;
- Learning and Development;
- Culture and Engagement; and
- Organisation Effectiveness.

Keeping in mind the importance of these focus areas, we will continue with our efforts to be the employer of choice by placing P.R.I.D.E., our new core values as the focal point of all HR initiatives. Supporting these initiatives are best-in-class employee engagement tools and practices to equip our leaders with the right skills and competencies to take RHB to the forefront of banking in Malaysia.



These strategies are part of HR's five-year roadmap that is driven by the Group's business strategies and aspirations. With a Two-Phase rollout that began in 2011 and running through 2015, we are confident that the Group is well on its way to transforming itself as a thriving, robust and engaging workplace, becoming a truly top financial institution in ASEAN.

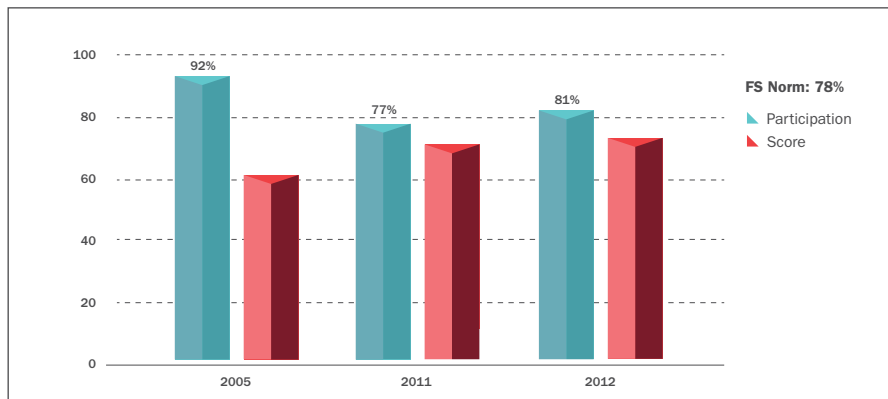


Figure 1 : HR Strategic Initiatives 2011 - 2015

CULTURE AND ENGAGEMENT

Engagement initiatives are driven via a top-down approach while ideas and actions are derived via a bottom-up approach instead. Management has established a platform for employees to provide their feedback through the Employee Satisfaction Survey. By listening to staff concerns and working together on the agreed solutions, the employees are directly involved in putting the action plans to work. The HR Division acts as an enabler in establishing this initiative and is empowered to take the necessary steps to ensure the right approaches are undertaken by the business.

Employee Satisfaction Survey – Results at a Glance



The Group saw several success stories in its Recreational activities. RHB's football team created history in 2012 by winning both the Governor's Cup and the League Championship, which was an unprecedented feat. Our ladies futsal team emerged as champions in the NBSC (interbank) tournament. With the RHB Sports and Recreational Club reactivated, there are several exciting activities such as mountain climbing, hiking and health talks to look forward to.



Creating a highly engaged workforce hinges on behavioural changes that are consistent and continuous which, in turn, infuses a cultural change. We are in the midst of instilling and encouraging mindsets that are open to change. HR Management has started this by embedding a culture of "Think, Feel and Act" in our workforce.

▶ **Continuing Our Commitment to Human Capital Development**

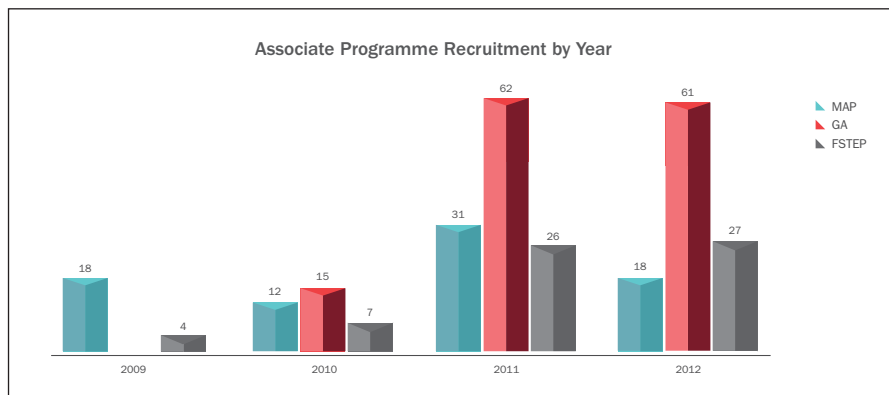
TALENT MANAGEMENT & SUCCESSION PLANNING

In 2012, we established a structured Succession Planning framework after identifying key critical positions and successors across the RHB Banking Group. Identifying and developing successors was prioritised to ensure the sustainability of the Group's business and the availability of talented leaders. The Group invested heavily in the best-in-class Talent Assessment Psychometrics to gauge current bench strength and identify the readiness level of the leadership chain.

RHB's Talent Management Framework



We have also enhanced and aligned existing Associate Programmes with market trends to attract the best fresh graduates in the market and propel the RHB Banking Group as the employer of choice for graduates. In 2012, we successfully hired 106 fresh graduates into various programmes within the Group.



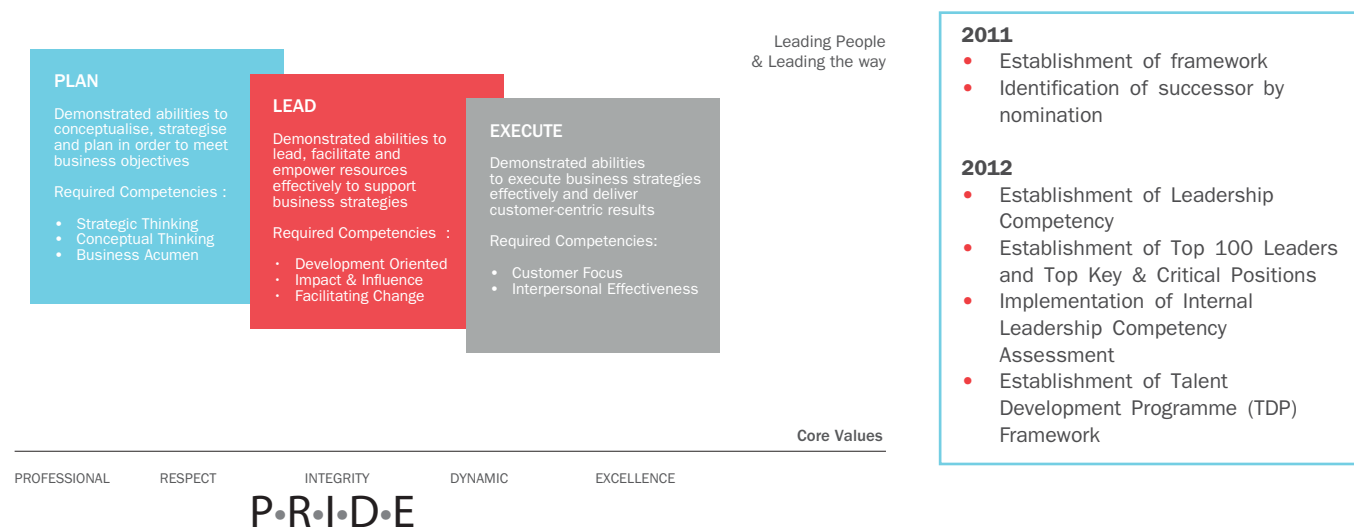
Since the launch of the two programmes in 2009, and in 2011 we have enhanced the Graduate Associate Programme with nine sub-specialised programmes:

- Business Banking
- Compliance
- Audit & Risk
- Treasury
- Islamic
- Corporate & Investment
- Easy
- Credit
- Risk Associates

LEARNING AND DEVELOPMENT

In 2012, we continued to enhance our efforts to provide a continuous learning environment. The introduction of E-Learning modules has not only strengthened the current curriculum but more importantly, it has widened the reach of the learning modules for all employees. The establishment of the Leadership Development Programme as well as the superior learning experiences via collaborations with institutions such as INSEAD, ICLIF and Harvard Business School, shows the Group's commitment to develop its employees to their fullest potential.

The RHB Leadership Pillars



On knowledge sharing, highly reputable speakers were invited to share their experience and their thoughts on global trends on Leadership as well as the Future of Banking. RHB leaders were given the opportunity to learn from industry heavy weights such as Prof. Dave Ulrich and Prof. Alan MacCormack.

| Talk Series By | No. Of Participants |
|---|---------------------|
| Prof. Dave Ulrich – Leaders with Impact – 2011 | 172 |
| Dr. William Tan – Performing with Passion & Ownership – 2011 | 498 |
| Prof. Alan MacCormack – Managing Banking Operations – 2012 | 121 |
| Mike Walsh – FLEX Business Reimagined – 2012 | 215 |
| Joe Divanna – Banking Strategy and Performance Culture | 259 |

▸ Group Senior Management

Standing from left to right:

- 1. Wong Yih Yin**
Chief Internal Auditor
- 2. Amy Ooi Swee Lian**
Director, Business Banking
- 3. Patrick Ho Kwong Hoong**
Director, Group Risk Management
- 4. Mike Chan**
Director, Corporate Banking &
Officer-in-Charge,
RHB Investment Bank Berhad
- 5. Kong Shu Yin**
Managing Director,
RHB Insurance Berhad
- 6. Michael Lim Kheng Boon**
Director, Treasury &
Group Transaction Banking
- 7. Yeoh Beng Hooi**
Director, Branch Management
- 8. Kellee Kam Chee Khiong**
Group Managing Director,
RHB Banking Group



Standing from left to right:

- 1. Johari Abdul Muid**
Managing Director,
RHB Bank Berhad
- 2. U Chen Hock**
CEO, OSK Investment Bank
Berhad
- 3. Azman Shah Md Yaman**
Group Company Secretary
- 4. Azaharin Abd Latiff**
Director (Acting),
Human Resource Management
- 5. Prem Kumar**
Group Chief Financial Officer
- 6. Norazzah Sulaiman**
Director, Group Corporate
Services
- 7. Ee Yew Chai**
Director, Operations
- 8. Vince Au Yoong**
Director, Retail Banking



Overview: Business and Operations

“The Group further strengthened its position through targeted strategic programmes, which focused on building the necessary enablers to support the business growth domestically and regionally.

We are happy to also be able to report that as we make progress towards our 2020 goals of building a Leading Multinational Financial Services Group in ASEAN and obtaining 40% of our revenues from outside Malaysia, the market acknowledges that progress.”

Kellee Kam
Group Managing Director
RHB Banking Group



2012 proved to be another year that presented a challenging operating environment underpinned by the Euro debt crisis, structural changes within the financial services industry as well as continued intensification of competition.

The Malaysian economy however, proved resilient, and enjoyed a relatively robust growth in 2012 with real GDP growth rising to 5.4% from 5.1% in the prior year.

The Group however, continues to navigate these challenges well and look at taking opportunities for growth. We remain steadfast in implementing our strategies towards achieving our aspirations of being a Leading Multinational Financial Services Group in ASEAN.

The Group performed commendably amidst the more difficult operating environment resulting in another year of record profits but just as importantly, continued to make positive progress in executing on our stated strategies.

Towards building one of the best customer experience and convenience in Malaysia, we further built out our physical distribution networks as well as enhancing our 'digital' networks. In the year, we increased the total number of self-service terminals (SSTs) to 2,244 from 2,112 SSTs in 2011, placing us in the Top 3 of the most extensive SST networks in Malaysia. Our distribution network now spans 188 full-fledged domestic conventional bank branches, 17 overseas branches, 14 Islamic Bank branches, 245 EASY by RHB outlets, 319 Agent Banking outlets and 90 Investment Bank branches, locally and overseas.

On the 'digital' front, RHB Now, our internet and mobile banking division, has shown good growth in the number of users and volume of transactions since its rebranding in April 2011. The number of internet and mobile banking users doubled from 0.5 million in 2011 to 1.0 million in 2012, while transaction volume registered a 30% increase from 5.4 million in December 2011 to 7.1 million in December 2012. We have also developed 'apps' for smartphones and tablets for our customers to transact with the Bank.

The combination of our physical locations, SSTs, internet and mobile banking services now means that it has never been easier and more convenient to bank with RHB.

► **Overview:**
Business and Operations

The acquisition of OSK Investment Bank Berhad (OSKIB) in the year, provided the Group with the capabilities to originate and execute significant Investment Banking transactions outside the Malaysian borders. The efforts of both our Investment Banking platforms resulted in involvement in major transactions that won awards, including Lead Manager and Joint Bookrunner role for 'The Most Innovative Islamic Finance Deal of the Year in Southeast Asia', Joint Underwriter for a transaction that was named 'The Best Dual-Listed IPO of the Year in Southeast Asia' and as Joint Underwriters for the Retail Offering for a transaction that was named 'The Best Dual-Listed IPO of the Year in Southeast Asia'. Our combined investment banking platform now gives us one of the most complete investment banking platforms in Malaysia as well as access into the key financial markets in ASEAN. This is something that we are optimistic will give us a competitive platform to play a leading position not just in Malaysia but also in the ASEAN region going forward.

The Group further strengthened its position through targeted strategic programmes, which focused on building the necessary enablers to support the business growth domestically and regionally.

We are happy to also be able to report that as we make progress towards our 2020 goals of building a Leading Multinational Financial Services Group in ASEAN and obtaining 40% of our revenues from outside Malaysia, the

market acknowledges that progress. RHB Capital's market capitalisation grew to RM19.2 billion as at 31 December 2012, from RM16.5 billion as at 31 December 2011.

GROUP FINANCIAL PERFORMANCE OVERVIEW

For the financial year ended 31 December 2012, the RHB Banking Group recorded a profit before tax (PBT) of RM2.4 billion, translating into a 6.0% increase over 2011's PBT of RM2.2 billion. We also registered a net profit of RM1.8 billion which was a 5.7% increase from RM1.7 billion in 2011. During the year, earnings per share rose to 79.0 sen vis-à-vis 77.5 sen in 2011.

With effect from 1 January 2012, the Group adopted the retrospective application of Malaysia Financial Reporting Standards (MFRS) 139, Financial Instruments: Recognition and Measurement. PBT and net profit for the corresponding financial year 2011 have been restated to RM2.2 billion and RM1.7 billion respectively. Excluding the effects of the restatement, PBT and net profit for the Group would have been higher at 19.2% and 18.9% respectively.

Included in the Group's 2012 results is the two months performance of OSKIB amounting to RM20.0 million as well as merger and integration related expenses totaling RM28.5 million.

The higher PBT was driven by higher net interest income, other operating income and income from Islamic Banking business, lower impairment losses on other assets and contributions from OSKIB, partially offset by higher other operating expenses and higher allowance for impairment on loans and financing.

In 2012, net interest income went up by 3.8% to RM3.0 billion. Interest income grew by 9.3% to RM6.2 billion, driven by a 14.4% increase in gross loans year-on-year. Interest expense was higher by 15.0% given a 19.3% increase in customer deposits and the issuance of longer dated debt securities for funding diversification purposes.

Other operating income increased by 27.5% to RM1.4 billion from 2011, underpinned by higher fee income and improvement in fair value on derivatives, higher insurance underwriting surplus and net gains from trading and investment securities. The combined RHB Investment Bank (RHBIB)-OSKIB franchise and capability has propelled the Group into a stronger position to drive non-interest income beyond the commercial banking transactional fee-based income. The Group's non-interest income to total income ratio increased to 28.6% in 2012 from 24.7% a year ago.

Income from Islamic Banking business increased by 11.0% to RM490.1 million, driven by higher net funding income, fee income and net gains from trading and investment securities.

Other operating expenses rose 20.5% year-on-year, mainly due to higher personnel costs associated with headcount growth and investments made to support business expansion, RHBIB-OSKIB merger related expenses and the consolidation of OSKIB. Consequently, cost to income ratio increased to 47.5%, from 43.5% in 2011.

Allowance for impairment on loans and financing for the financial year was marginally higher by 1.6%, against the previous financial year. This was mainly due to higher individual allowances, negated by higher bad debts recovered and lower collective allowances made during the year.

The Group continued to show improvements in asset quality as gross impaired loans ratio declined to 2.99% from 3.59% in December 2011 and absolute gross impaired loans decreased by 4.5% to RM3.3 billion as at 31 December 2012, compared to RM3.5 billion in December 2011.

During the year, total assets of the Group expanded by 24.1% to RM189.1 billion. The increase was mainly due to growth in net loans and investment portfolio as well as the consolidation of OSKIB.

Shareholders' equity strengthened by 30.1% to RM15.1 billion with net assets per share improving to RM6.06 against RM5.27 as at 31 December 2011.

Gross loans grew by RM14.0 billion or 14.4% to reach RM111.5 billion as at 31 December 2012. The loans growth was mainly from loans for the purposes of working capital, purchase of securities and residential properties. Excluding the consolidation of OSKIB, the Group registered a loans growth of 12.3%. Domestic loans market share increased to 9.5% as at 31 December 2012 from 9.3% in the previous year.

The Group's funding position remained strong as customers' deposits increased by 19.3% to reach RM138.2 billion as at 31 December 2012. Excluding the consolidation of OSKIB, customers' deposits growth was at 14.5%. In a drive to diversify funding mix and reduce reliance on shorter tenure funding as well as in preparation for the impending implementation of Basel III, additional RM750 million sub-notes and USD500 million senior debt securities were issued by RHB Bank Berhad (RHB Bank) during the financial year.

During the period under review, RHB Bank and RHBIB have issued RM1.3 billion and RM245 million new sub-notes to replace the existing RM1.3 billion and RM200 million sub-debts respectively which were due for step-up in coupon.

Liquidity position of the Group remained healthy with loans to deposits ratio at 80.6% as at December 2012.

MOVING FORWARD

On 15 July 2013, RHB Bank will commemorate its 100th anniversary. In achieving this important milestone, the RHB Banking Group has evolved into a bigger and an increasingly relevant financial services provider who is able to meet the more diverse needs of its customers and shareholders.

As the Group begins to lay the foundation for our next phase of growth, we will turn to our core values, P.R.I.D.E., to propel us to the next level. PRIDE (Professional, Respect, Integrity, Dynamic and Excellence) – shows that we are committed to a high level of proficiency, competency and reliability in everything we do.

We are confident that the overall strategic direction set by the Group will continue to strengthen our regional presence and provide a long-term sustainable and resilient future development for the Group.

We present here an overview of our key operating entities – RHB Bank Berhad, RHB Islamic Bank Berhad, RHB Investment Bank Berhad, RHB Insurance Berhad and OSK Investment Bank Berhad.



Kellee Kam
Group Managing Director
RHB Banking Group

◆ **RHB Bank**

“Whilst the Malaysian Retail Banking sector continued to face challenges in 2012, we persevered with our plan of improving the business’s growth and contribution to the Group’s overall profitability.”

Johari Abdul Muid
Managing Director
RHB Bank



Increased retail deposits, both conventional and Islamic by 5.8%

RETAIL BANKING

The Malaysian Retail Banking sector continued to face challenges in 2012. Such challenges included more prudent lending practices by the banking sector, better educated and higher expectations from customers, technological advances that force banks to re-think future customer engagement strategies and the rise of mobility-driven solutions. All these challenges occurred against a backdrop of global and regional economic uncertainties coupled with the high household debt-to-GDP of Malaysian households.

RHB Retail overcame this daunting environment and persevered with its plan of improving the business’ growth and contribution to the Group’s overall profitability.

As part of our vision to be amongst the Top Three Retail Banks in Malaysia by 2017, we devoted time and effort in 2012 towards the following key strategic areas:

- Growing our customer base;
- Improving revenue from core products and customer segments;
- Investing in future-proof retail and technological solutions;
- Enhancing capabilities and platforms to serve our customers; and
- Improving internal processes and operational efficiency.

In implementing these strategies, initiatives have been rolled-out during the year in areas like product development & innovation; strengthening & re-alignment of the sales & distribution channels; technological platform improvements; building a robust consumer credit risk management infrastructure & operating model; improving interactions at customer touch-points; and key talent management.

This has resulted in the following on a year-on-year basis:

- Increased retail loans & financing assets both conventional and Islamic, by 7.5%;
- Increased retail customer deposits both conventional and Islamic, by 5.8%;
- Improved asset quality with the Non-Performing Loan (NPL) ratio improving from 3.2% to 2.6%; and
- A 35% contribution to RHB Bank’s profit.



We will continue with these initiatives and execute our key strategies to attain the goal of becoming one of the Top Three Retail Banks in Malaysia by 2017.

Residential Mortgage Loans (Conventional and Islamic)

RHB Retail Bank's focus in 2012 was to increase the number of loans and financing services to the upper-mass market and mass, affluent customer segments which comprise households that earn over RM3,000 per month. This is supported via a robust, end-financing framework, tie-ups with selected developers, dynamic pricing, service and convenience through our large mobile sales force and wide distribution of branches nation-wide.

During the year, the Bank also launched Perumahan Rumah 1 Malaysia (PRIMA) and Skim Rumah Pertamaku (SRP) schemes in support of the government's home ownership initiatives.

In 2012, residential mortgage loan base grew 7.5% year-on-year. Our market share of residential loans and financing is around 7%. RHB's new

residential mortgage loans approved and accepted in 2012 rose by 50% (by loan size) and 12.5% (by number of cases) compared with 2011, focusing on the segment of under-construction properties.

The loan approval rate improved during the year at 54% vis-à-vis 40% in 2011 due to improvements in efficiency, customer targeting by the sales force, consumer risk management and more streamlined credit processing policies and procedures.

Auto Finance and Asset Based Financing

Aside from the need for more prudent underwriting practices and competitive pricing, the auto finance sector faced challenges in the revision to the Hire-Purchase Act.

Nonetheless, in 2012, we enhanced our Auto Finance (AF) operating model, as the two success factors to a sustainable auto finance business are dealer management and consumer credit risk management. Our business is now seeing traction gathering and

sales rebound through supportive dealers and improving asset quality. In fact, RHB enjoyed an increased share of disbursed AF loans by nearly two times in the second half of 2012 compared with the first half of 2012. During the year under review, RHB's disbursement trend nearly doubled while the industry suffered a downward trend. Our market share of auto finance is at 7%.

We maintained a strong performance in Asset Based Financing (ABF), which relies on relationship and good vendor management and RHB continued to be the leading ABF institution in Malaysia in 2012 with an estimated 15% market share.

Both Auto Finance and Asset Based Financing will maintain their initiatives of dealer and vendor management, partner tie-ups, new segment penetration, leveraging on our network from Business Banking and Corporate Banking, dynamic pricing, robust credit management and improved turnaround time to achieve a sustainable financial performance.

Amanah Saham Bumiputera (ASB) Financing

RHB is currently ranked second in ASB Financing, with an estimated 25.6% market share. Our key initiatives are in process improvement and strong distribution. Our key differentiator is the Straight-Through-Processing which is available through our 245 Easy outlets and selected RHB bank branches nationwide.

Cards and Unsecured Business

One of Bank Negara Malaysia's key initiatives is driving electronic-based payments. Hence, we focused on our payment cards business, resulting in robust growth. RHB credit card spend grew 15.8% year-on-year versus 6.2% for the industry in 2012. RHB credit card receivables grew 9.9% in 2012 compared with industry growth of 1.1%. RHB cards-in-force market share is at 6.1%.

RHB's debit cards registered strong growth in 2012 in new card issuance and card usage. Our debit card market share is 8.5% and our market share of debit card usage is 10.8%.

Key initiatives on brand awareness, new and enhanced products, increased sales force and aggressive merchant and card usage promotions supported the growth trajectory of RHB credit and debit cards. We will continue to become a major payment card institution via organic and inorganic growth strategies.

Unsecured personal loans are a new growth engine for RHB Retail Bank to balance our retail portfolio mix and maximise revenue. We are the leading player in the unsecured loan segment via strong cross-selling initiatives and the Easy channel. It provides higher, attractive returns to the retail bank's portfolio. Our success is due to strong credit analysis and credit

risk management. RHB, through Telemarketing and the Easy channels registered another year of commendable growth and remains the leading commercial bank for personal unsecured loans with 27.5% market share.

Consumer Deposits

Our key initiatives in 2012 included the following:

1. short-term tactical promotions to drive acquisition/top-ups;
2. longer term initiatives of:
 - a. Enlarging our share of the younger population segments;
 - b. New products innovation;
 - c. Providing convenience to customers to access their funds; and
 - d. New CASA (Current Account/Savings Account) customers' acquisition enabler via Bank@Work. Bank@Work is an integrated mobile straight-through-processing solution for payroll services at customers' premise providing hassle free on-site account opening.

As part of our longer-term initiatives to attract new deposit customers and in conjunction with our Group's initiatives under *Spell-It-Right* and *Mighty Minds*, RHB focused on increasing its market share of Junior Accounts. In 2012, we grew our Junior savings accounts by 88% in terms of the number of accounts and by 33% in terms of savings' balances amount.

Our large ATM network and agent banking outlets of over 300 Pos Malaysia outlets nationwide provide convenience to our customers to access their funds. For added convenience of doing banking, our enhanced Internet banking engine allows customers to perform on-line fixed deposits placements and upliftments "anytime, anywhere".

In new customers' acquisition and customers' retention, we will form initiatives around customer segmentation and life-cycle management. Our focus will be instilling the savings habit amongst the youth via our Junior Savings product, implementing new products targeted at the Gen X and Gen Y segments and product bundling for better returns for our more affluent, premier customer segments.

Our savings account combining conventional and Islamic banking grew 7.4% in 2012; our current account grew 4.3% and our fixed deposits grew by 5.5% in 2012. The market share for our total consumer deposits for conventional and Islamic banking was 6.5% in 2012.

Wealth Management

The focus of wealth management and premier banking business in 2012 were on:

- increasing the number of relationship managers to serve customers better;
- providing more wealth management products for customers;
- improving the ambience of our premier banking centres; and
- organising events that reflect the tastes and aspirations of our premier customers.

The above initiatives had increased our Assets under Management (AUM) (fee-generating wealth products only, excluding deposits and loans) wealth products in 2012 by 41% versus 2011.

We aim to increase the number of premier customers and AUM through product development and innovation, increasing Relationship Managers, improving service level and organising lifestyle events.

Bancassurance

Our Bancassurance key initiatives in 2012 were to:

- increase penetration of bank customer base, especially with the recurring premium life insurance products;
- strengthen distribution channels; and
- improve partner (life insurance) management.

RHB Retail had rolled-out more channels of telemarketing and branch-based wealth management executives which resulted in improving our recurring premium life product, the annualised full year premium (AFYP) by 135%.

Internet Banking (also known as RHB Now)

Since its rebranding in April 2011, RHB Now, the internet and mobile banking division has shown much growth in the number of users and volume of transactions. More effort has been placed to reach out to the Gen Y market to garner brand loyalty by executing exciting campaigns and contests.

The number of internet and mobile banking users rose by a significant 100% from December 2011 to December 2012, while the transaction volume grew by 30% increase from December 2011 to December 2012.

In 2012, RHB Now was one of the first two banks to team up with Golden Screen Cinemas (GSC) to launch the GSC mobile application, allowing users to purchase movie tickets using their smartphones. RHB Now has successful partnerships with reputable organisations for major campaigns to encourage existing e-banking users to conduct more transactions. These include The Race for Ducati and Italia Mania campaigns with exciting games to entice users to participate and win Ducati Monster bikes and classic-retro Vespa scooters. Such efforts resulted in major contributions towards the increase in transaction volume.

Looking ahead to 2013, the bank aims to enhance its current mobile banking application that runs on iOS, Android and Symbian platforms.

In 2013, RHB Now will dramatically alter the mobile banking landscape in Malaysia, as the first bank to offer an instant payment feature. iOS mobile banking users will be able to make bill payments, fund transfers, prepaid reloads, send money via email and top up their PayPal accounts immediately without adding them as their 'Favourite'.

In addition, mobile banking users will enjoy the convenience of the new Online Credit Card application with instant eligibility rather than having to queue up at branches and fill up forms to apply for a credit card. We intend to expand the mobile application for various mobile payment options and we will strive to engage with the target market through a customer-segments lifestyle approach to build and sustain brand loyalty.

Bank@Work

RHB Retail rolled-out another new initiative in 2012 – Bank@Work. This brings payroll account opening to a new level, where payroll employees can have their Current/Savings account with RHB Bank opened 'on-site, real-time' at their place of work via RHB's renowned Straight-Through-Processing (STP). It brings added value to employers and payroll employees banking with RHB. Furthermore, it will enable RHB Bank to be quicker and faster in our payroll account opening processes and support our goal of growing our customer base quickly. Within six months, we managed to sign-up about 500 companies and opened about 30,000 payroll accounts. This is far above other players in the employee payroll market. This new initiative was awarded the Share/Guide Association Malaysia (SGAM) ICT Achievement Award 2012 for its innovation. The SGAM ICT Awards recognises innovation, creativity and effectiveness of ICT business solutions that companies have implemented.



Consumer Risk Management

RHB Retail implemented an embedded risk control and risk management operating model within the business to better manage business risk and ensure adequate risk control measures are implemented. This inculcates proper risk-management culture within the retail banking business units.

It covers all risk control areas such as credit evaluation and approval, fraud risk management, collections and recovery, portfolio quality review, credit policies review and development as well as credit tests.

With this new model, we were able to improve our loan processing efficiency, asset quality and risk culture within the Retail Banking business. We have enjoyed improved asset quality such as NPL ratio, credit loss/impairment ratio, higher booking volumes with good credit quality that is measured via Month-On-Book delinquency tracking and better targeting of customer segments via the strong credit analysis support.

We anticipate that this will enable RHB Retail Bank to forge ahead with our aggressive business strategies with the support of a strong risk management team within the business units.

◆ **RHB Bank**

TAKING EASY TO THE NEXT LEVEL

From then till now

The RHB Banking Group is proud to be the pioneer in developing Easy by RHB 10-minute banking experience much to the delight of its customers. Easy by RHB (Easy) is well-received by consumers, who enjoy hassle-free and efficient banking experience. Customers just need their national registration identity card or MyKad to apply for any eight product offerings which they could enjoy in just 10 minutes. For Personal Financing, Easy provides a paperless application process and immediate approval due to its innovative technology platform to enjoy on-the-spot transactions.

In its fourth year, this cutting edge banking experience is set to improve as the Group moves ahead. Nonetheless, we faced some challenges; at the start of 2012 the banking industry was affected by Bank Negara Malaysia's (BNM) Responsible Financing Guidelines which introduced the tightening of the credit requirement and limiting of branch expansion. For the first quarter of the year, sales volumes were adversely impacted. However, we picked up thereafter and continued to build on momentum and in the process achieved a record-breaking year in terms of personal financing sales.

Easy has proven itself as a responsible financial services provider that has efficiently enabled customers to enjoy simplified banking without compromising on risk.

We have certainly come a long way since inception in 2009. Easy outlets have grown from a mere two Easy by RHB standalone outlets in Taman Sri Gombak and Senawang since our inception in 2009, to 245 outlets, with over 1,300 staff in Malaysia. Our asset balance is currently at RM5 billion, with a year-on-year (YoY) growth of RM1.6 billion or 49%, representing 4.5% of the Group's total gross loans.

To date, Easy has contributed 61% personal loan balances and 47% Amanah Saham Bumiputera (ASB) financing balances. As a group, Easy and Retail increased RHB's market share from 24.3% to 27.6% for personal loan, and up 23.8% to 25.6% for ASB financing.

We are confident that Easy is here to stay, especially since our business performance has remained robust and is in line with the Group's expectations.

Easy Moving Forward

Considering the potential of the increasingly affluent youth segment, Easy Smart Debit Card was launched in 2012 to fulfill their needs. The product is designed to encourage savings on every ringgit spent and forms part of Easy's plan to venture into the affluent youth segment where innovation and efficiency are key factors in targeting this segment.

We are currently working on a new platform to chart the future model for Easy. In fact, Easy is reviewing and reengineering its platform to improve its processes and technology to enable greater efficiency and create a competitive edge in the market. Equally exciting is the fact that Easy plans to grow market share locally and continues to optimise its uniqueness for optimal customer experience in two areas, namely ensuring transactions are speedy and effective.

For Easy to realise its vision of providing financial services solutions to the young mass market, we plan to acquire new customers and reach out to customers via our 'branchless model' which forms part of the concept of 'unbanking' or banking in an unconventional manner. We are also developing strategic partnerships to enable creative bundling solutions, providing the ultimate customer and staff experience with best-in-class experience and creating an efficient business with cost optimisation.

International recognition

Easy has been honoured as the 2012 'Model Bank of the Year' from Celent, a research and consulting firm based in the US. Celent recognised Easy for its unique and innovative elements. Ultimately, Easy is designed to deliver the brand promise of banking simplified. The Easy brand has truly gone global with the recognition from Celent. Our concept has grown in popularity in the ASEAN region to such an extent that in 2012, we had visitors from Thailand and Vietnam wanting to learn the Easy model.

Easy has made significant strides in terms of going beyond the call of duty in customer service and the staff is dedicated to making the product a huge success. We are well on our way towards increasing product suite as well as introducing more value-added services.



◆ **RHB Bank**

BUSINESS BANKING

Business Banking enjoyed brisk growth in 2012, with loan approvals expanding by more than 20% while loans asset portfolio grew by more than 10% compared with 2011. Our business continues to flourish and make headway in the SME segment through the flagship offering under SME BizPower programme. This portfolio remains our key focus area, ending the year with a double-digit annual growth.

We have also seen robust growth in the Oil Palm, Oil & Gas and Education sectors during the year. Nurturing SMEs and focusing on specific sectors form part of our multi-year vision of making RHB the most preferred bank of choice for SMEs and medium-sized corporations.

In line with consumption growth, we have also actively funded the trade financing needs of our customers, which sparked an increase in our trade portfolio by more than 10% in 2012. This has contributed to the bank's overall increase in market share.

Furthermore, a risk management framework has been put in place to ensure asset quality is not compromised in light of positive growth in business volumes. Indeed, we found that with focus acquisitions and pro-active account management, our Gross Impairment ratio has improved to 4.3.

Meanwhile, our deposit customers continue to be an important market segment for us, with total deposits increasing by approximately 10% during the year. Transactional services have become a key delivery area in our deposit management.

During the year, we zeroed in on delivering the Bank@Work payroll experience to our commercial customers. We focused on signing up our Business Banking Group (BBG) customers for company payroll under RHB's Bank@Work programme. The staff would have to open a personal payroll account with RHB when their employer (BBG customer) signs up for the programme. As a result of this, a total of approximately 18,000 individual staff payroll accounts were opened. As

the business is pushing for more penetration of online transactions, our customers who are transacting through REFLEX, which is our online cash management system, grew by an impressive 18% compared to 2011.

We are also continuously recognised for our efforts in promoting growth among the SMEs. In 2012, we bagged two coveted awards namely the 'Top SMI Supporter Award 2011' by Credit Guarantee Corporation Malaysia Berhad for our significant contribution towards financing SMEs and participating in CGC schemes and the 'Sahabat Negara Award 2012' by the SMI Association of Malaysia for regularly contributing towards promoting and developing SMEs in the country.





CORPORATE BANKING

The Corporate Banking division recorded a sterling performance in the financial year under review despite a challenging external economic environment.

The strong track record of the division in 2012 was attributed to the implementation of the Government's Economic Transformation Programme, private sector investments and leveraging on numerous market opportunities for continued, sustainable growth.

The division registered a remarkable 18.4% of asset growth bolstered by a corresponding increase in total deposits by 63%. Furthermore, the healthy loan-to-deposit ratio allowed the division to be actively involved in landmark corporate exercises, project financing and participation in syndication loans.

Despite increased competition from existing banks and the onset of new players which compressed net interest margin, Corporate Banking still managed to turn in a 14% improvement in operating profits coupled with low non-performing loans.

During the year under review, Corporate Banking further solidified its capability in lead arranging and completing 20 issues of syndicated loans totalling RM10.67 billion (USD3.5 billion). This achievement enabled it to retain the pole position on the Bloomberg Syndicated Loans – Malaysia Loans Mandated Lead Arranger Table in 2012 from a previous ranking of second in 2011.

Corporate Banking upholds our top priority in becoming a trusted banker to our valued clientele and we will continue to provide quality service and solutions for our diverse corporate clients. This includes government-linked corporations (GLCs), Malaysian corporate groups, multinationals and key financial sponsors.

As we move into the new financial year, we anticipate that the business division will further strengthen its position in the domestic market by advocating close internal collaboration, cross selling and creating more efficient operations. In addition, it is envisioned that regional coverage will be emphasised to drive returns through structured solutions. Ultimately, we believe that these initiatives will set the footprint for Corporate Banking in 2013.

◆ **RHB Bank**

TRANSACTION BANKING

In 2012, RHB Transaction Banking chalked up double-digit growth, with a 17% increase in revenue and 22% increase in maintainable operating profit (MOP). The key contributors to MOP growth were Trade Business and Cash Management which grew by 38% and 16%, respectively. This is reflected in the 14% growth in the number of transactions processed, although the value of transactions fell marginally by 2%.

Trade Business outstanding (asset and contingent liabilities) surpassed the historical mark of RM12billion during the year, improving our trade business market share to more than 9%. Cash Management made strides and earned a market share of about 5% in terms of the number of subscribers and more than 12% in terms of transactions processed.

RHB Bank provides full-scale transaction banking services via an integrated distribution platform with the highest number of Transaction Banking Sales Service Outlets/windows within the industry, strategically located across the nation and multiple channels for customers to submit applications. Our award-winning online cash management channel, Reflex, provides customers with easy, and secure single access to transaction banking activities for trade services, payments and cash management. Reflex customers also enjoy value-added service with access to TradeInfoLink, a business tool providing updated trade-related

information and counter parties in more than 180 countries which facilitate customers in their local and international trade.

In striving towards our vision of becoming 'The Preferred Banking Choice for Transaction Banking', we introduced several initiatives during the year to improve our service level and efficiency while emphasising sales culture.

The user interface to Reflex was redesigned to improve customer experience when performing online transactions. This has enhanced our cash management system's feature and functionality by emphasising navigational ease, an aesthetic look as well as an informative website with relevant information such as foreign exchange rates and other data. This not only provides a "fresh look" to Reflex but also help expand our customer base to Gen-Y customers.

We extended our participation in the Financial Processing Exchange (FPX) Business-to-Business (B2B) as both Seller and Buyer Bank, thus, allowing alternative cost savings and secure payment options to customers. With this extended capabilities in the FPX community, our customers can now authorise payment anywhere, anytime by debiting their account with RHB. RHB is the fourth bank to participate as a Buyer bank in the business to business (B2B) community.

Online training for Reflex was successfully launched in 2012, making RHB amongst the few local banks with such capabilities. Traditionally, we deploy our Solutions Delivery team to train our customers in using Reflex. With this new method of training, our customers need to only login to a designated web page and we are able to train them from there. As such, we find that more and more of our customers are embracing online



technology. Besides that, our online training service helps fulfill customers' needs to have the best training, accessibility, interactivity, and the best service we can offer to optimise their business requirements via Reflex Online Cash Management.

During the year, we completed the ISO certification of our Global Trade Centre (GTC) and two major Transaction Banking Sales and Services Hubs in Klang

Valley, namely Kuala Lumpur and Shah Alam. These hubs and GTC provide RHB customers with the assurance that their transactions will be processed efficiently. The bank's trade back-office system was also upgraded to leverage on the up-to-date technology and enhance efficiency in trade business and operations.

In 2013 we will introduce a new trade operating model which is aimed at positioning ourselves closer to customers for quick response and greater focus on sales. In fact, all of our process improvement initiatives going forward will adopt the Six Sigma approach.

At the same time, in support of RHB's aspiration to be a leading financial services provider in the region by 2020, we will be embarking on an aggressive business strategy to capture the regional market and provide our customers with value propositions through a wider range of product and services, especially from Trade and Cash Management.

Capitalising on our existing strengths in Trade Finance and Cash Management services as well as our back-office support and capabilities, we intend to centralise our overseas branches' trade processing activities to our GTC in Bangi, and simultaneously introduce Reflex to our overseas customers.

RHB Bank has been consistently winning various awards for the past three years. In 2012 we bagged three awards from Asiamoney, as one of the winners for 'Best Local Cash Management Bank', 'Overall Cross Border Cash Management Services' and 'Overall Domestic Cash Management Services in Malaysia'. This is a testament to the leadership position that we have established not only within the banking industry but also in the minds of our customers, as all the awards received votes from small, medium and large corporations in Malaysia.



◆ **RHB Bank**

GLOBAL FINANCIAL BANKING

RHB Singapore

The year 2012 was an exhilarating year of achievements, as it signified many 'firsts' or milestones for RHB Bank Berhad Singapore (RHBSG). We introduced fresh changes to our infrastructure and technologies, creating vibrancy in our business offerings as well as corporate social responsibility efforts to the community.

Following the launch of RHB Internet Banking in Singapore in late-2012, RHB Bank Berhad became the first bank in Singapore to join the national two-factor authentication system (OneKey national system) in partnership with Assurity, to enhance the security of online transactions, in addition to the current SMS password system.

OneKey is the official device under the National Authentication Framework programme, which helps customers conduct their online transactions more securely and conveniently. Beyond merely generating one-time passwords, OneKey allows users to enter details like account numbers and transaction amounts as an added layer of verification and stronger defence against increasingly sophisticated hackers.

In 2012, RHBSG segregated its Corporate & Commercial Banking unit into two departments namely – Corporate Banking and Business Banking. This move was aimed at having a dedicated team to better fulfill the needs of our growing base of SME clients.

In September 2012, the newly-formed Business Banking Department launched the BizPower suite of products which caters especially to smaller SMEs. At the time of the launch, RHBSG's new BizPower business loan was the first-of-its-kind in Singapore, where SMEs have the option of assembling their own loan package according to their nature of business and capital strength. Smaller SMEs can take a partial-secured loan to lower their interest rates complementing the usual collateral-free business loans. SMEs can also opt for a combination of a term loan and overdraft in a single lending package, which was only being offered by RHB Bank in the market.

Amidst the buzz generated with these new developments, RHB's recent merger with OSK has also earned it new synergies. For example, RHBSG can better serve customers with our combined expertise in debt capital market and financial advisory services.

Since the beginning of 2012, the RHB-OSK (OSK/DMG) relationship in Singapore took off positively, where a total of six deals had been completed which covers areas such as initial public offerings (IPOs), Rights-Issues, Bonds and Reverse-Take-Over (RTO). DMG is a joint-venture between OSK Investment Bank Berhad (a subsidiary of OSK Holdings Berhad, a leading listed financial services group in Malaysia) and Deutsche Asia Pacific Holdings Pte Ltd (a subsidiary of the Deutsche Bank Group). Moving forward, there will be strong potential for further collaboration.

On the Corporate Responsibility (CR) front, RHBSG was proud to jointly organise the inaugural RHB-The Straits Times National Spelling Championship together with The Straits Times and Ministry of Education Singapore in 2012.

The championship was a regional extension of the hugely successful Spell-It-Right Competition in Malaysia, which RHB has led since 2008 with the aim of improving children's proficiency and interest in the English language. In Singapore, the first RHB-The Straits Times National Spelling Championship garnered some 1250 primary school participants, represented by more than 130 primary schools. This year, we aim to reach out to even more students for the event in 2013.

RHB Thailand

Equally exciting were developments in 2012 for RHB Thailand, which underwent a transformation process to raise its competitiveness and fulfill even more of its customers' expectations.

A new business plan was redefined and executed by Global Financial Banking to ensure that RHB Thailand is able to meet challenges ahead. Even greater emphasis was placed on product diversification and strengthening marketing efforts to maintain RHB Thailand's strong position in the financial sector.

In line with the Integration process across the RHB Group, the treasury dealing system was implemented and rolled out to gradually integrate business units into a singular system platform. For the first time, RHB Thailand's Japanese desk was set up to tap into potential business opportunities and reap the benefits of numerous Japanese ventures operating in Thailand.

Finally, as part of RHB Thailand's CR efforts, donations were handed out to flood victims through joint collaboration with The Malaysian-Thai Chambers of Commerce (MTCC). RHB staff voluntarily helped out in relief efforts in Bang Bua Thong and Rangsit areas of Bangkok.

RHB Brunei

RHB Brunei had an interesting year in 2012. Brunei's economic development is driven via Government initiatives, with over BND 6 billion being allocated and spent on various projects. The Oil and Gas sector remains the main contributor and RHB Brunei is supporting the small and new players in this industry.

Aside from this, RHB Brunei is also making inroads to support the local SME players in financing projects. To diversify the revenue stream, RHB Brunei will be embarking on new fee-based initiatives to tap into the remittances and trade business.

In a nutshell, our core business is focused on following the trade flows and supporting the Malaysian business investing in Brunei and vice versa. RHB Brunei will continue to support the Group's aspiration as we move forward into 2013.



Thailand

Brunei

Singapore



◆ **RHB Bank**

GROUP TREASURY*

RHB Group's Treasury, which is one of the major contributors and core business segment of the Group, continued to record a robust performance in 2012, contributing 30.9%, 13.3% and 23.7% of the Group's Total Assets, Total Revenue and Profit Before Tax (PBT) respectively.

On a year-on-year basis, the Group's Treasury PBT rose by about 21.0% against its performance in 2011. It is interesting to note that the Group's Treasury's primary income generators for the year were mainly from the money market and foreign exchange activities, which contributed more than 70% of the business unit's total income.

Meanwhile, the market share for the foreign exchange (FX) commercial business remained stable despite strong competition from other market players.

The banking arm, **RHB Bank Berhad**, has continuously upheld its Principal Dealer (PD) status in the Malaysian capital market for more than a decade, maintaining its position as one of the top Principal Dealers in the PD league table and a confirmed re-appointment for 2013/2014.

Indeed, Treasury, together with the Debt Capital Market (DCM) team, led RHB to take position as one of the top three financial institutions on the Bloomberg league table, to issue about 30% of the market's fixed income issuances.

RHB Group's Treasury has maintained its strong position as a key player in the financial markets, providing an array of treasury products, services and solutions to fulfill the investment and hedging needs of the Group and its customers.

Aside from this, Treasury also assists its customers in securing market information and evaluating financial requirements to better match products to their requirements.

Through its research unit, Treasury provides its customers with the latest economic outlook reports, foreign exchange and interest rate forecasts as well as information on latest market developments.





Its key customer segments span across the spectrum to include corporations, retail and covers locations such as Singapore, Thailand, Brunei and Labuan. Such business focus would require that Treasury maintains its flexibility in adapting to changes while remaining focused on customers' hedging and investment requirements by providing tailor-made solutions.

Apart from the mainstream corporate, commercial and retail customer segments, Treasury also focuses on its Japanese, Public sector and Government-Linked customer segments as well as customers with requirements for exotic currencies. This has led to the Group's strong, ever-expanding presence within the domestic and regional markets in terms of trading, development and growth.

Furthermore, Treasury plays a pivotal role in setting up international networks to support the international banking business for the entire bank in payment, treasury and trade services. Various partnership arrangements have been forged to enhance the Group's international banking services for its customers.

During the year 2012, a key achievement was garnering several large, structured and distribution deals as the business unit targeted business outside the domestic financial market space which allowed the Group to expand abroad.

* Treasury – excludes OSK Treasury

► **Overview:**
Business and Operations



Treasury also marked a new milestone by successfully implementing its treasury system for its Thailand operations. This completes the programme which Treasury initiated in 2010, that would enable the treasury operations across all entities and regional operations to converge and operate on a common platform for a more effective management of its business.

On the Islamic front, Treasury ranked amongst the top three players in the Islamic treasury market, and as one of the market leaders, **RHB Islamic** was one of the Banks that participated in the signing of a Memorandum of Understanding (MoU) for the adoption of the standard documentation for Collateralised Murabahah, to be used by market participants, through its participation in the Association of Islamic Institutions Malaysia (AIBIM). The Islamic Treasury arm contributes about 10% to Group Treasury's PBT while the contribution rate to RHB

Islamic Bank's overall PBT continued to be above 30% for the last four years, well above the industry's general trend. Much of the achievement was driven by the continued growth in the non fund-based income segment. For 2012, the non fund-based income segment contributed a record high of 45% to the Islamic Treasury's total revenue. At the Islamic bank level, Islamic Treasury was also the highest contributor to the non fund-based income segment.

Amidst the slowdown in global trade, Islamic Treasury successfully doubled its foreign exchange earnings, driven by higher customer volume. Commercial foreign exchange sales volume increased by 75% whilst the number of new foreign exchange customers almost tripled as compared to 2011. This was attributed to the strategic focus in Islamic Treasury's remittance business, extensive marketing with the government-linked companies and optimising the RHB Banking Group branch network.

On a bank-wide level, the year 2012 saw Islamic Treasury going into overdrive in managing its assets and liabilities more effectively. This has resulted in improved ratios as well as the reduction of the Profit Rate Risk (PRR). On the same note, RHB Islamic Treasury is amongst the first financial institutions in the market to utilise and introduce the Profit Sharing Investment Account (PSIA) as a risk absorbent tool in the management of its balance sheet.

As part of Islamic Treasury's ongoing efforts to better manage the liabilities portfolio, concentration of the top 20 depositors has been reduced, whilst on the asset front, Islamic Treasury had also maintained a healthy fixed income portfolio with an average maturity of slightly below five years.

The journey towards greater improvement continues to be Treasury's commitment. Going forward, Treasury aims to be amongst the top three players in Malaysia. To realise this, Treasury will take a holistic view in expanding the treasury business. Thus, the focus will not only be expanding the balance sheet and customer base, but also on effective asset and liability management, enhancing current revenue streams, creating new sources of revenue and regional expansion.

Key initiatives will be implemented to strengthen our commercial foreign exchange as well as the sales and distribution of fixed income business lines. Treasury will continue to strengthen its market presence as customers' preferred treasury provider through continued efforts to offer products and services that will meet its customers' requirements as well as building on customer service initiatives to further strengthen customer relationships.

With the addition of OSK Investment Bank to the RHB Banking Group, efforts are underway to seize the opportunities of economic and business synergies within the enlarged group. The expanded network would enable Treasury to extend our business frontiers by strengthening our presence in the Asian region. Finally, we expect the Treasury operations in Singapore to play a more active role and are exploring the potential of setting up operations in new locations.

“ We have been consistently winning various awards; a testament to the leadership position that we have established in the industry as well as in the minds of our customers. ”



◆ **RHB Islamic**

“It was truly a proud moment for us all when the Bank was named the Best Retail Bank (Asia) for 2012 at the Islamic Business & Finance Awards held in Dubai.”

Haji Abd Rani Lebai Jaafar
Managing Director
RHB Islamic Bank



Total assets increased by **13%** to
RM25.6 million

It was a spectacular year for Malaysia's Islamic banking sector in 2012, with expectations for yet another year of double-digit growth, outpacing conventional banking's growth performance.

Despite intense competition between Islamic and conventional banks in a saturated domestic market, the former should retain its aggressive growth trajectory and fulfill Bank Negara Malaysia's Financial Sector Blueprint target by 2020. As of July 2012, total Islamic deposits amounted to RM362.7 billion, raising its share of total deposits to 26.1% from 25.8% as at end-2012. Islamic financing fared slightly better accounting for 26.6% of the banking industry's total financing vis-à-vis 25.9% for the corresponding period. From a sectoral perspective, the household sector took up over two-thirds of financing through Islamic financing. Total assets rose by 20.6% to RM469.5 billion, or 24.2% of the banking system assets.

Amidst global uncertainty and subdued capital market activity, Malaysia recorded another encouraging performance by sustaining the top global position for sukuk issuance listings. In the first seven months of 2012 alone, Malaysian Islamic banks issued 19 sukuk listings. As at end-September 2012, Malaysia dominated the global market with 74% of global sukuk issuance. By the end of 2012, the local sukuk outstanding totalled RM478.1 billion, growing fast at 35.7% against the conventional bond market of 7.96%. Such momentum is likely to continue and the Islamic sukuk market may overtake the conventional market in the near future.

RHB Islamic Bank faces the challenging task of consistently attaining a strong, sustainable growth rate in a highly competitive local market. It manages these obstacles strongly and the Bank has maintained its focus on its business plan. With the strong support from our parent company, we recorded a Profit before Tax (PBT) of RM208 million with a Return on Equity (ROE) of 10%. The marked increase was due to higher net financing income on the back of a strong financing growth of 24.6% and lower financing impairment allowances which were partially offset by higher other operating expenses. Our intensified monitoring and recovery efforts paid off when the Gross Impaired Financing ratio declined by 40% to 2.5% from 4.2% in 2011.

RHB Islamic Bank's total outstanding assets grew to RM25.6 billion, a 13% increase against RM22.6 billion recorded in 2011. Retail banking contributed half of the outstanding financing assets followed by Corporate and Investment banking which contributed about 42% while the balance was from Business Banking. Meanwhile, Transaction Banking maintained its pole position for the Bank's fee-based income.



The Bank's Retail segment experienced healthy growth of more than 29% in 2012 in line with RHB Bank Group's direction to expand its consumer financing business. The Automobile Business and Mortgage portfolios remained key drivers for retail growth and were supported through various new customer acquisition and existing customer loyalty initiatives as well as campaigns and business collaborations with vehicle manufacturers, housing developers, vendors, government agencies and others. There were significant improvements from Personal Financing and Islamic Credit Cards business, which contributed towards the overall retail financing growth. Wealth Management, an upcoming business, performed well and enhanced the Bank's fee-based business.

Leveraging on the Group's branch network has enhanced our market reach. We further strengthened our presence by setting up two new branches in Sungai Petani and Shah Alam to fulfill specific demands for Islamic banking services, bringing the Islamic branch network to a total of 14 branches in 2012.

During the year, we embarked on an aggressive strategy focusing on the SME sector to further boost its commercial banking business and help expand its future financing and deposit targets. During the fourth quarter, we entered into three major collaborations, namely with Unit Peneraju Agenda Bumiputera (TERAJU), Perbadanan Usahawan Nasional Berhad (PUNB) and also Malaysian Technology Development Corporation (MTDC), all of which are expected to generate new asset financing for the Bank. On corporate

and investment banking activities, the Bank secured the position of Joint Lead Manager for the issuance of sukuk totaling about RM1.5 billion.

RHB Islamic Bank has successfully implemented several cash management initiatives such as Online E-Contribution, Online Motor Vehicle Registration, EPF Employees' Withdrawal Scheme for Pilgrimage Registration payment via Lembaga Urusan Tabung Haji (LUTH), and also the Agency Arrangement for Skim Simpanan Pendidikan Negara (SSPN) from Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN).

For the past four consecutive years, Islamic Treasury activities' contribution to RHB Islamic Bank's overall PBT hovered over 30%, well above the industry's general trend. This was largely attributed to growth from the non-fund based segment. Notwithstanding the slowdown in global trade, we doubled our foreign exchange earnings that were driven by higher customer volume. This was mostly due to the Bank's strategic focus in Treasury remittance, extensive marketing with Government-linked Corporations (GLCs) and optimising the RHB Banking Group's branch network. On a high note, RHB Islamic Bank is one of the first financial institutions in the market to utilise and introduce Profit Sharing Investment Account (PSIA) as a risk-absorbent tool in managing its balance sheet.

Human capital development is critical in attracting and managing the talent pool in any organisation. In 2012, the Bank continued to drive its human capital development efforts and programmes to further enhance the skills and knowledge of its existing staff through its Certificate

in Law (CIL), Shariah Certification Programme (SCP) and INCIEF's Certified Islamic Financial Professional (CIFP) Programme. To instill the spirit of innovation, we undertook research and development activities on several Shariah-related issues and a few of the Bank's articles, findings and views were published in leading Islamic business magazines overseas.

While we focused on capacity building, the Management does commend efforts to further bolster its Shariah governance, technological advancement and other operational elements, including product innovation which is high on the Bank's agenda. Throughout the year, we embarked on strategies to raise the Bank's domestic and international profile. In line with this, we participated in the sponsorship of several international forums such as the Global Islamic Finance Forum (GIFF), the Kuala Lumpur Islamic Finance Forum (KILFF) and the World Islamic Economic Forum (WIEF).

Moving ahead, RHB Islamic Bank will strive harder to improve its domestic banking operations and increase business development activities, providing greater focus on fee-based businesses. While we review and improve our existing products, we will give emphasis to create new ones to further strengthen the retail, commercial and corporate businesses, and support the Government's Economic Transformation Plan in 2013. In pursuit of business excellence through innovation and education, the Bank received due recognition internationally during the Islamic Business & Finance Awards held in Dubai last year. It was truly a proud moment for us all when the Bank was named the 'Best Retail Bank (Asia)' for 2012.

► **Overview:**
Business and Operations

◆ **RHB Investment Bank**

“The acquisition of OSK Investment Bank transformed RHBIB into one of Malaysia’s largest investment banks and brokerage houses.”

Mike Chan Cheong Yuen
Officer-In-Charge
RHB Investment Bank



Profit before Tax
increased to **RM84** million

The year 2012 had its fair share of challenges with RHB Investment Bank Berhad (RHBIB) operating in an industry that was constantly faced with intense competition for business and talent. Despite these challenges, RHBIB delivered satisfactory results in 2012 compared with the preceding year. Its profit before tax (PBT) increased to RM84 million for the financial year ended 2012 versus RM45 million in 2011. This sizeable improvement was mainly attributed to three factors, namely strengthening of its Investment Banking teams, pre-merger synergies and lower impairment losses.



RHBIB completed 32 debt capital market deals involving a total issued amount of over RM66 billion and earned a respectable fourth ranking on the Bloomberg fixed income league table for 2012. Following the successful completion of some landmark deals, RHBIB won several awards including Project Finance International's 'Asia Pacific Project Bond of The Year', Islamic Finance News' 'Malaysia Deal of The Year', The Asset Triple A Awards' 'Best Corporate Sukuk' and 'Best Project Finance Deal', among others.

RHBIB was also active in the equity capital market last year and completed 37 corporate finance transactions during the year, comprising IPO, underwriting, fundraising, M&A and internal reorganisation mandates, with a total transaction value of over RM34 billion. One of the completed IPOs was awarded 'Best Islamic Equity' by The Asset Triple A Islamic Finance Awards. RHBIB's fee income surged 43% in 2012 compared to 2011. However, revenue contribution from the Treasury business decreased from 24% to 19% due to Economic Valuation Equity (EVE) constraints.



► Overview: Business and Operations

Brokerage income fell slightly by RM14 million to RM74 million compared with the previous year, mainly due to the decline in average daily traded value and lower average market share. RHBIB ended the year at eighth ranking for the 2012 Broker Ranking by Bursa Malaysia with a 5.48% market share.

As for RHBIB's subsidiary RHB Investment Management Sdn Bhd (RHBIM), the asset management industry also experienced stiffer competition and increased customer demands for transparency, amidst a volatile, uncertain market. As with other players in the industry, RHBIM had to manage areas such as product innovation, evolving fee structure, industry consolidation and competition for talent while devoting more time to managing regulatory demands.

RHBIM achieved a PBT of RM2.45 million in 2012, an improvement from the previous year. The improved performance was contributed by a significant growth in total Assets Under Management (AUM) in 2012 which rose from RM14.28 billion in 2011 to RM23.34 billion in 2012, recording a commendable 63.4% increase.

As at December 2012, in the total AUM league table, RHBIM ranked fourth while in the Private Funds (Wholesale) league table, RHBIM ranked third by the Malaysian Association of Asset Managers (MAAM). RHBIM was also ranked fifth in the Retail Funds league table by Lipper for Investment Management as at 31 December 2012.

A key development for RHBIM last year was the approval granted by the Securities Commission to RHBIM as one of the pioneer Private Retirement Scheme (PRS) providers in April 2012. This gave RHBIM the status of being the only fund house in Malaysia with both Investment Advisory and PRS licenses. In December 2012, RHBIM launched the RHB Retirement Series comprising the Growth Fund, Moderate Fund and Conservative Fund. More PRS funds including offshore and Syariah-compliant funds are in the pipeline.

As PRS is still fairly new to Malaysians, awareness among the public and investors remains low. RHBIM will conduct a full-scale education and awareness campaign for the public and the sales force, to provide them with basic yet essential information on the importance of retirement planning and PRS.

One of the most significant corporate developments during the year for the RHB Banking Group was the completion of RHB Capital Berhad's acquisition of OSK Investment Bank Berhad (OSKIB) in November 2012. The acquisition of OSKIB has transformed RHBIB into one of Malaysia's largest investment banks and brokerage houses. With this acquisition, the RHB Banking Group has immediate access to key strategic markets in the ASEAN region. Prior to the completion of the acquisition, RHBIB and OSKIB had been jointly making inroads in several capital market transactions and completed a number of noteworthy cross-border sukuk issuances. As a result, RHBIB and OSKIB both won Alpha Southeast Asia's *'Most Innovative Islamic Finance Deal of the Year'* award for opening the debt capital market to foreign issuers to tap the strong liquidity in the Ringgit market.

The acquisition of OSKIB will also merge RHBIB's and OSKIB's Asset Management business and with this, RHBIM is poised for performance and future growth in 2013 and beyond.

The market continues to value the research views and recommendations provided by RHBIB's subsidiary, RHB Research Institute Sdn Bhd (RHBRI). Last year, the research team at RHBRI won six Top 3 placings in the Asiamoney Brokers' Poll, Starmine Analysts Awards and the Wall Street Journal's Asia's Best Analysts Survey, including the coveted "Asia's No. 2 Overall Stockpicker" award. The merger with OSKIB will expand RHBRI's coverage to economies and sectors across the region.

The outlook for 2013 continues to be positive, supported by the implementation of major Government-driven infrastructure projects. RHBIB is optimistic that the momentum of capital market activities will be sustained in 2013 and we will continue to step up efforts to secure more deals in the investment banking arena. Whilst competition is expected to remain intense, it is envisaged that RHBIB's healthy deal pipeline and execution capabilities will enable it to maintain its position as one of the leading players in the capital markets in 2013.



◆ **RHB Insurance**

“A feather in our cap was the transformation efforts undertaken by RHB Insurance in 2012. We streamlined and restructured our distribution channels and strengthened our backroom support.”

Kong Shu Yin
Managing Director
RHB Insurance



Profit before tax grew to **RM76** million in 2012

In 2012, the insurance industry registered a stellar performance, with an estimated growth rate of 8%. Motor insurance led the pack, contributing 46% of total market premiums. At the same time, other market segments performed well. Fire insurance accounted for an impressive 17% of total market premiums, while Personal Accident (PA) & Medical stood at 13%. The rest of the insurance market segments made up 24% of the total.

Hot on the heels of this positive trend, RHB Insurance Berhad (RHB Insurance) enjoyed buoyant growth, with 34% of the gross premium contribution stemming from Motor insurance while Fire insurance comprised 28% and PA & Medical, 16%. The rest of the market segments chalked up 22% in gross premiums.

Meanwhile, RHB Insurance's underwriting and investment profits contributed profit before tax (PBT) of RM76 million in 2012, compared with RM50 million in 2011.

A feather in our cap was the transformation efforts undertaken by RHB Insurance in 2012. We streamlined and restructured our distribution channels into four main segments in 2011, and these initiatives have shown promising results in 2012. We also strengthened the backroom support by recruiting a team of experienced underwriters and claims personnel.

Throughout 2012, we worked hard to stay ahead of our competitors and made major inroads in terms of strong teamwork and superior technical expertise of the staff force in their respective fields.

Moving forward, plans are underway in 2013 to further enhance backroom support while simultaneously upgrading existing IT infrastructure. Other initiatives include raising brand awareness and building on the contribution from the agency channel.

All these measures have laid a strong foundation for RHB Insurance, which has a sterling track record, with gross premium growth at a compounded annual growth rate (CAGR) of 23% in the past two years. In addition, the company has an average net return on equity (ROE) of more than 20%.



RHB Insurance earned a 21% growth in gross premiums in 2012, vis-à-vis growth of 25% in 2011. Our combined ratio which is in the mid-80% (including MMIP losses) performed better than the industry's 87% combined ratio.

In 2012, we improved on our corporate governance. We established five management committees to enable more in-depth discussions and clearer accountability of management decisions in insurance.

The Marketing Committee, Technical Committee, Claims Committee, Credit Control Committee and IT Steering Committee report directly to the Management Committee chaired by the Chief Executive Officer (CEO). We

updated the Corporate Risk Scorecard and identified and assessed 23 key risks and put in place the relevant management actions that needed to be taken.

In terms of human capital development and succession planning, RHB Insurance has identified successors for all of our key positions to ensure a smooth transition in the future.

Other fresh developments during the year 2012 include an update on the new motor framework to address structural issues within the motor insurance sector. An adjustment in motor tariff premiums was implemented in January 2012. While it was a small adjustment of 0% – 20% on the Act

Cover premium only, it is significant in that it is the first since 1978 and will pave the way for subsequent adjustments which have been planned for 2013-2015 before the planned de-tariffication.

Finally, while RHB Insurance has no immediate plans to expand abroad, we will ride on the geographical expansion plans of the RHB Banking Group. RHB Insurance will maintain its keen focus on the domestic market in the near term. We are currently striving to become one of the top 10 insurance players in the country in the next few years.

◆ **OSK Investment Bank**

“The merger between OSK Investment Bank and RHB Investment Bank will result in synergies across a variety of areas.”

U Chen Hock
Chief Executive Officer
OSK Investment Bank



**23 Mergers & Acquisitions
deals completed with a value of**

USD3.1 billion

The year 2012 came with its own set of challenges in the midst of weaker global economic growth, the Eurozone crisis coupled with uncertainties in global financial markets. During the year, OSK Investment Bank (OSKIB) also confronted volatile and competitive capital markets in the Asia-Pacific region.

Amidst these challenges, OSKIB Group turned in a Profit Before Tax (PBT) of RM49.0 million as at 31 December 2012, compared with RM53.7 million as at 31 December 2011.

A major development that took place was the change of shareholding of OSKIB from OSK Holdings Berhad (OSKH) to RHB Capital Berhad (RHBC), pursuant to the completion of the disposal of investment banking businesses by OSKH to RHBC on 9 November 2012 (Completion). Consequent to the Completion, OSKIB is now a wholly-owned subsidiary of RHBC. OSKIB will then be merged with RHB Investment Bank Berhad (RHBIB) to create a single entity (Merged IB). The merger, once finalised, will potentially create one of the largest and most complete investment banks in Malaysia with strengths in all areas across the investment banking value chain. On the domestic front, the merger will also make the Merged IB one of the top brokers in Malaysia. The merger is targeted to be completed in the second quarter of 2013.

Both RHBIB and OSKIB are formidable investment banks in their own right. By combining their strengths, the Merged IB has the potential to achieve more, both domestically and in the regional markets. In turn, having been an independent broker and investment bank for nearly 50 years, OSKIB will soon gain access to a much larger capital base and clientele base through the commercial banking franchise of the RHB Banking Group (RHB). Having the financial backing will enable RHB to unlock more value in OSKIB across its regional investment banking platform across Southeast Asia as well as Hong Kong and China.

While RHBIB's investment banking business has focused primarily on institutional clients and larger capitalised companies in Malaysia, OSKIB has focused mainly on retail clients and small to medium-sized companies in Southeast Asia and Hong Kong.



The merger should result in synergies across a variety of areas. There are significant cross-selling opportunities for fee-based products for better penetration of both OSKIB and RHB's corporate and retail client base. RHB's scale and balance sheet strength allows OSKIB to fully exploit profitable business opportunities. At the same time, OSKIB can reduce its funding costs by leveraging on the strength of RHB's credit profile. Economies of scale benefits could lead to lower combined overhead costs as well as help raise the level of efficiency.

The proposed new and accomplished management team will have the ability to leverage the senior OSKIB and RHBIB teams to further build the business. It is our intention to retain key management personnel to grow the franchise further.

Within a short period of time, RHB together with OSKIB have managed to put in place a comprehensive integration plan, aiming at achieving the expected synergies, as well as reducing the impact of the proposed merger on customers to ensure that customers' interests are not compromised. We hope to allow for a smooth execution of integration plans along with effective and coordinated communications to both internal and external parties.

The RHB-OSK relationship is off to a good start, and we have successfully executed a number of joint-deals between RHBIB and OSKIB. Among others, two major milestones and achievements during the year were OSKIB's two groundbreaking transactions in Singapore namely its first joint deal with RHBIB on the S\$350 million Wilmar Bond issuance and the S\$1.55 billion reverse takeover (RTO) of Golden Energy Mines into United Fibre Systems. The latter is a large transaction by value undertaken by OSKIB and is one of the largest reverse takeovers in Singapore.

► Overview: Business and Operations

Another joint achievement is the award by Alpha Southeast Asia recognising RHBIB, OSKIB and DMG & Partners Securities Pte Ltd at its 6th Annual Deals & Solutions Awards for the 'Most Innovative Islamic Finance Deal of the Year in Southeast Asia' based on First Resources Limited's USD196 million (RM600 million) sukuk issuance.

Other developments were the acquisition of 48% equity interest by OSKIB in its Indonesian subsidiary, PT OSK Nusadana Securities Indonesia (OSK Nusadana) not already held by OSKIB for a total purchase consideration of IDR497,320 million (equivalent to approximately RM158.1 million) (Nusadana Acquisition). OSKIB had on 14 November 2012 completed the Nusadana Acquisition which was financed by internally generated funds. Effectively, OSK Nusadana has become a 99% owned subsidiary of OSKIB.

OSKIB has expanded its regional network in the Asia-Pacific region, opening a total of eight branches comprising five new branches in Thailand and three in Indonesia in 2012, thus bringing the total number of branches/offices to 95 throughout the region. The new branches are primarily to support the growth of the equities business in the respective countries. Looking ahead, OSKIB expects to continue increasing its branches in Thailand and Indonesia while consolidating the branches locally in light of the merger with RHBIB.

We continued to strengthen the infrastructure and staff force in our Thailand outfit, OSK Securities (Thailand) Public Company Limited (OSKST), since acquiring it in July 2011. In 2012, the Group activated its financial advisory license, engaged a local Chief Executive Officer (CEO) and built up staff strength in the areas of corporate finance, research, retail equities, margin financing and institutional equities. Consequently, OSKST launched new products which include, among others, institutional equities, corporate finance services as well as small and mid cap research. Its equities market share has also gradually improved from 0.5% in 2011 to 0.7% in 2012. Together with its growing branch network, OSKST is now well placed to reap further growth opportunities.

Our regional presence has further strengthened, as we maintained our high ranking in equities and futures. As at 31 December 2012, we were ranked fourth in Singapore and sixth in Malaysia in terms of market share by value for equities. However, in terms of trading volume, we maintained our top ranking in Malaysia with a commendable equities market share of 11.3%. During the same period, we were placed third and fourth in terms of market shares for futures (by volume) Crude Palm Oil Futures (FCPO) and FTSE Bursa Malaysia KLCI Futures (FKLI), respectively in Malaysia. On the regional front, we have commenced futures trading in Singapore since obtaining approval from the Monetary Authority Singapore (MAS) in January 2012.

In the listed structured warrants market, we maintained our rank as one of the top issuers and market makers, having listed 132 new issues and garnered market share (by volume traded) in excess of 20% in 2012.

In 2012, our regional investment banking arm completed a total of 23 Mergers and Acquisitions (M&A) deals with value of USD3.1 billion across the region. In addition, our regional team completed more than 181 transactions across all types of advisory deals, from Initial Public Offerings (IPO) and bond issuances to bonus issues and stock splits. We improved our placing to first for M&A by deal volume across Southeast Asia as reported by Mergermarket and won the 'Best Mid-Cap Corporate Finance House' in Malaysia and Singapore from Alpha Southeast Asia Awards, reinforcing our leadership in the small and mid-cap segment.

The year 2012 saw OSK Research Sdn Bhd (OSK Research) winning numerous top rankings from the industry, including the Asiamoney Brokers Poll, The Edge's Brokers Poll, Asian Wall Street Journal and StarMine Analyst Awards. In the The Asiamoney Brokers Poll 2012, OSK Research was ranked number one for 'Best Small Caps Coverage' in Malaysia and Singapore, as well as 'Most Improved Brokerage' in Singapore. In The Edge Brokers Poll, OSK Research was awarded 'Best Call on Consumer' and 'Best Call on Education'.

One of the major achievements in 2012 was OSK Research's Alvin Tai's second-place ranking out of 78 qualified analysts in Malaysia by Asian Wall Street Journal (AWSJ) in its annual Asia's Best Analysts awards. In The StarMine Analyst Awards 2012, OSK Research was awarded 'The Best Telecommunications Stock Picker' in Asia and Top 3 'Most Productive Broker' in Singapore.

Our regional asset management team has also made good progress, growing our assets under management (AUM) to approximately RM9.1 billion in 2012, representing a 25% growth from 2011. Including funds managed by our associate company, the Group managed funds totaling approximately RM11.6 billion. OSK-UOB Investment Management Berhad, our 70%-owned subsidiary, remained as the top contributor with AUM of RM6.7 billion as at 31 December 2012 and 6th ranking in the Malaysia unit trust industry. In Indonesia, we maintained our market ranking of 21st out of a total of 78 investment managers in the country's mutual funds market.

In addition, OSK-UOB Investment Management Berhad was commended for its Morningstar Asia's 'Malaysia Equity Leading 10 Performers' fund scorecard on 11 July 2012. The OSK-UOB Emerging Opportunity Unit Trust fund earned a four-star rating from the research provider with the highest year-to-date return of 24.3%, while the OSK-UOB Small Cap Opportunity Unit Trust fund earned a two-star rating with a year-to-date return of 17.35%. Additionally, OSK-UOB's Kidsave Fund was awarded 'Best Mixed Asset MYR Balanced Fund (10 Years)' by The Edge-Lipper Malaysian Unit Trust Fund Awards for two consecutive years for 2011 and 2012.

Equally significant was OSK Trustees Berhad and Allianz Life's efforts to establish a strategic partnership. With this agreement, Allianz agents can recommend the Estate Planning Services comprising Will Writing and Asset Planning provided by OSK Trustees Berhad to customers without any obligation. Meanwhile, OSK Trustees Berhad could provide further protection and security for these customers and their loved ones.

We remained focused on keeping our cost of funds low in order to enhance the attractiveness of our financing and treasury products. During the year, the Group's deposit base expanded by 23% to RM6.7 billion in 2012 from RM5.4 billion in 2011, despite a competitive environment. The Group's securities and gross loan (including share margin financing and our Cambodian commercial banking outfit) portfolios have increased by 24% and 39% to RM5.2 billion (2011: RM4.2 billion) and RM2.0 billion (2011: RM1.4 billion) in 2012 respectively.

Moving forward, in 2013, we intend to expand on our existing large base of institutional and retail clients (including high net-worth individuals) across the region, creating even stronger distribution capabilities.

We look forward to the merger with RHBIB, which will create one of the strongest investment banking groups in the ASEAN plus Hong Kong.

Awards & Recognition

The RHB Banking Group delivers world-class products backed by outstanding services. The numerous awards and accolades we have received over the years speak volumes of our commitment to excellence in the many different areas of our business. They reflect our focus on our clients' needs, our innovative skills and creative financial solutions.

Our people have been the driving force behind our many awards and accolades and we're proud and honoured to be recognised for our accomplishments and our ability to deliver to our customers and society.





RHB BANK

i. EASY by RHB

CIO Asean Awards 2011

One of the Most Outstanding CIOs in the Asean Region 2011

Celent Model Bank Award 2012

Model Bank of the Year Award

ii. Business Banking

Credit Guarantee Corporation Malaysia Berhad

Top SMI Supporter Award 2011

SMI Association of Malaysia

Sahabat Negara Award 2012

iii. Retail Banking

Trailblazer Award 2012

Product Excellence in Co-Brand Credit Cards Category

Visa Malaysia Bank Awards 2012

- Highest Payment Volume Growth for Gold Credit Card
- Highest Payment Volume Growth for Debit Co-brand Cards (Tesco-RHB Debit Card)
- Highest Merchant Sales Volume Growth

iv. Transaction Banking

Asiamoney Cash Management Poll 2012

- 3rd Best Local Cash Management Bank in Malaysia
- 3rd Best Overall Cross Border Cash Management Services in Malaysia
- 3rd Best Overall Domestic Cash Management Services in Malaysia

RHB ISLAMIC BANK

Islamic Business & Finance Awards 2012

Best Retail Bank (Asia)

RHB INVESTMENT BANK

PFI Awards 2012

- Asia Pacific Project Bond of the Year
Tanjung Bin Energy Issuer Berhad's RM5.23 billion Senior Sukuk Murabahah Programme
Joint Lead Managers

Islamic Finance News Awards 2012

- Malaysian Deal of the Year
PLUS Expressways Berhad's RM23.35 billion Islamic Medium Term Notes Programme and RM11 billion Guaranteed Sukuk Programme
Joint Lead Managers

Alpha Southeast Asia Awards

- Most Innovative Islamic Finance Deal of the Year In Southeast Asia
First Resources Limited's RM600 million Sukuk Musharakah
Joint Lead Managers and Joint Bookrunners
(Joint with OSKIB)
- Best Dual-Listed IPO of the Year in Southeast Asia
IHH Healthcare Berhad's RM6.7 billion Initial Public Offering
Joint Underwriters for the Malaysia Offering
(Joint with OSKIB)

► **Awards & Recognition**

- Best IPO Deal of the Year in Southeast Asia & Best Deal of the Year in Southeast Asia for Minority Shareholders

Felda Global Ventures Holdings Berhad's USD3.1 billion Initial Public Offering

Joint Underwriters for the Retail Offering

(Joint with OSKIB)

- Best Project Financing Deal Of the Year In Southeast Asia

DanaInfra Nasional Berhad's USD780 million Islamic Commercial Papers & Islamic Medium Term Notes

Joint Lead Managers

- Best Islamic Finance Deal of the Year In Southeast Asia

PLUS Expressways Berhad's USD11.1 billion Guaranteed Sukuk

Joint Lead Managers

Asset Asian Awards 2012

- **Best Project Finance Deal**

Tanjung Bin Energy RM6.5 billion loan and Sukuk Murabahah

Joint Lead Managers

- **Best Corporate Sukuk**

Projek Lebuhraya Usahasama RM30.6 billion Sukuk Musharakah

Joint Lead Managers & Joint Bookrunners

- **Best Islamic Equity**

Bumi Armada's USD888 million Initial Public Offering

Joint Bookrunners

OSK INVESTMENT BANK

Alpha Southeast Asia Awards

- Best Mid-cap Corporate Finance House in Malaysia
- Best Mid-cap Corporate Finance House in Singapore

- Most Innovative Islamic Finance Deal of the Year in Southeast Asia
- First Resources Limited's RM600 million Sukuk Musharakah

Joint Lead Managers and Joint Bookrunners

(Joint with RHBIB)

- Best Dual-Listed IPO of the Year in Southeast Asia

IHH Healthcare Berhad's RM6.7 billion Initial Public Offering

Joint Underwriters for the Malaysia Offering

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- Best IPO Deal of the Year in Southeast Asia & Best Deal of the Year in Southeast Asia for Minority Shareholders

Felda Global Ventures Holdings Berhad's USD3.1 billion Initial Public Offering

Joint Underwriters for the Retail Offering

(Joint with RHBIB)



RHB RESEARCH INSTITUTE SDN BHD

Asiamoney Brokers Poll 2012

Malaysia

- 2nd Best Strategy Coverage
- 2nd Best Macroeconomics Coverage
- 3rd Best Overall Country Research
- 4th Best Analyst for Malaysia:
Lim Chee Sing

StarMine Analyst Awards 2012

Asia

- 2nd Best Overall Stock Picker

Wall Street Journal Asia's Best Analysts 2012

- Best Oil & Gas Analyst in Asia
- 3rd Best Food & Beverage Analyst
in Asia

OSK RESEARCH SDN BHD

Asiamoney Brokers Poll 2012

Malaysia

- Best Small Caps Coverage
- 3rd Best Food, Beverages &
Tobacco Coverage
- 3rd Best Local Brokerage
- 3rd Most Improved Brokerage
- 3rd Most Independent Research
Brokerage

Singapore

- Best Small Caps Coverage
- Best Consumer Services Coverage
- Most Improved Brokerage
- 2nd Most Independent Research
Brokerage
- 3rd Best for Overall Country
Research

StarMine Analyst Awards 2012

Asia

- Best Telecommunications Stock
Picker
- 2nd Best Consumer Stock Picker
- 2nd Best Healthcare Stock Picker
- 3rd Best Overall Stock Picker

Singapore

- 3rd Most Productive Broker

Wall Street Journal Asia's Best Analysts 2012

Asia

- 2nd Best Analyst in Malaysia: Alvin
Tai Siew Shen

The Edge Brokers Poll

Malaysia

- Best Call on Consumer
- Best Call on Education

OSK-UOB INVESTMENT MANAGEMENT BERHAD

The Edge-Lipper Malaysian Unit Trust Fund Awards

- OSK-UOB Kidsave Fund – Best
Mixed Asset MYR Balanced Fund
(10 Years)



Calendar of Significant Corporate Events 2012

GROUP EVENTS

28 May 2012

RHB Capital and OSK Holdings sign a conditional share purchase agreement for RHB Capital to acquire 100% of OSK Investment Bank shares from OSK Holdings. This milestone is the stepping stone for RHB Investment Bank to emerge as Malaysia's largest investment bank in terms of assets.



28 August 2012

The **RHB Banking Group** celebrates the end of Ramadan with its corporate clients and partners during RHB's Hari Raya Open House.



9 November 2012

The completion of the acquisition transaction between **RHB Capital** and OSK Holdings sees OSK Investment Bank becoming part of the RHB Banking Group.



23 November 2012

The **RHB Banking Group** celebrates RHB Bank's 100th anniversary by kicking-off a series of year long events and activities to commemorate the group's century-old presence in the financial services industry.



COMMERCIAL BANKING GROUP

20 January 2012

RHB Now kicks off the year with the 'Race for a Ducati!' campaign, which set the RHB Banking Group's customers' hearts racing with excitement.





16 February 2012

RHB Bank's Global Market department holds a FX & Economic Outlook Briefing for its clients.



1 March 2012

RHB Bank and RHB Investment Bank jointly finance a new 1,000 MW super-critical coal-fired power plant in Tanjung Bin, Johor.



7 March 2012

ISO Certificate Presentation to **RHB Bank's** Group Transaction Banking.



31 March 2012

RHB Now holds a Grand Finale for its 'Race for a Ducati!' campaign.



6 April 2012

RHB Bank participates in the launch of Enterprise 50 2012. The Bank has been the main partner for Enterprise 50 since 2001.

► **Calendar of Significant Corporate Events 2012**

19 – 22 April 2012

RHB Bank participates in the annual 'Minggu Amanah Saham Malaysia 2012' in Kota Kinabalu, Sabah organised by Permodalan Nasional Berhad.



7 May 2012

RHB Cards launches the RHB VISA Infinite Card, a new credit card for high profile customers that emphasises travel and leisure. Winners of the 'RHB RM50 Is All It Takes' contest also received their prizes during the event.



8 May 2012

Easy by RHB receives Corporate Branding Award 2012 from LAUREATE BEST BRANDS.



30 May 2012

RHB Bank's Business Banking receives 17th Top SMI Supporter Award by Credit Guarantee Corporation Malaysia Berhad during the award presentation ceremony.



19 June 2012

RHB Bank's Petaling Jaya Premier Banking centre holds its Customer Appreciation Day.





29 June 2012

RHB Bank's Asset Based Finance Business Division organises its 'Vendor Appreciation Night Dinner' 2012.



3 July 2012

RHB Bank, in association with Sony Pictures Malaysia and VISA Malaysia holds a movie screening for its customers in conjunction with the premier of 'The Amazing Spiderman'.



9 August

Easy by RHB introduces the Easy-Smart Debit Card, Malaysia's first ever debit card that helps to save up to RM1.00 into a separate savings account, each time the card is swiped, using its unique Save-As-You-Spend feature.



10 September 2012

RHB Bank holds an exclusive in-store cocktail event at the Rolex Boutique as a gesture of appreciation towards its RHB Infinite Platinum card cardholders and Premier Banking customers.



19 September 2012

RHB Bank acts as the Principal Financial Advisor to Berjaya Land Berhad in a landmark cross-border financing deal for the development of Four Seasons Hotel in Kyoto Japan.

► **Calendar of Significant Corporate Events 2012**

5 October 2012

RHB Bank's 'Swipe & Sweep' Contest 2012 concluded with the grand finale where selected Tesco-RHB Credit and Debit Card members were given a chance to test their speed-shopping skills at Tesco Kepong.



16 October 2012

RHB Now launches the RHB Now 'Italia Mania' online campaign to reward loyal Internet & Mobile Banking customers.



18 October 2012

RHB Bank's RHB EVO Credit Card was re-launched with a new look and wider offerings to appeal to young professionals.



9 November 2012

The Enterprise 50 (E50) Award Presentation Dinner marks the 11th year of **RHB Bank's** smart partnership with SME Corporation.



26 November 2012

RHB Bank and Visa Association organise the 2012 VISA Infinite Golf Tournament at the Glenmarie Golf and Country Club.





28 November 2012

RHB Bank signs a 2-year agreement with Themed Attractions and Resorts to be the official Bank and Financial Services partner for Puteri Harbour Theme Park.



13 December 2012

RHB Bank receives the 'Sahabat SMI Award' for the 8th year during the SMI Recognition Awards organised by the SMI Association of Malaysia.



13 December 2012

RHB Bank's Global Markets holds a movie screening for 'The Hobbit' for its customers at The Gardens Kuala Lumpur.



INVESTMENT BANKING GROUP

17 January 2012

RHB Investment Bank breaks new grounds by making available its Programme Trading features for equities markets to local retail clients, in conjunction with the opening of RHB's New Share Trading Centres at Bangsar and Bandar Baru Ampang.



6 March 2012

RHB Investment Bank acts as Joint Adviser to Dijaya Corporation Berhad in the RM1.1 billion proposed amalgamation exercise.

► Calendar of Significant Corporate Events 2012

3 April 2012

RHB Investment Bank launches the 'RHInvest HOTTIES Reward Programme', its new first-of-its-kind, client rewards programme in partnership with AirAsia's BIG global rewards programme.



26 April 2012

RHB Investment Bank receives the Lead Manager Award in three categories at the 9th RAM League Awards ceremony.



31 July 2012

RHB Investment Bank and OSK Investment Bank act as the Joint Principal Advisers/Joint Lead Arrangers/Joint Lead Managers for First Resources Limited's USD196 million (RM600 million) Sukuk issuance.



19 November 2012

RHB Investment Bank and OSK Investment Bank act as Joint Principal Advisers/Joint Lead Arrangers for Golden Agri Resources' inaugural issuance of RM1.5 billion Islamic medium term notes pursuant to its 15-year Ringgit Malaysia-denominated IMTN programme of up to RM5.0 billion and the Joint Lead Managers/Joint Underwriters and Primary Subscribers for its IMTNs.



18 December 2012

RHB Investment Management launches its RHB Retirement Series comprising three core funds under the Private Retirement Scheme (PRS) in its efforts to be the preferred retirement destination for Malaysians.





ISLAMIC BANKING

14 – 15 April 2012

RHB Islamic Bank and Auto Bavaria organise the 'RHB-Auto Bavaria Experience Days' at RHB Centre which allowed visitors to test drive BMW's latest local and imported range. At the event, visitors found out more about the auto financing packages offered by RHB.



24 May 2012

RHB Islamic Bank signs a deal with Jabatan Kastam Diraja Malaysia for credit card services at Kuala Lumpur International Airport.



29 November – 1 December 2012

RHB Islamic Bank officially launches its full-fledged Islamic Banking branch in Sungai Petani as part of efforts to meet the increasing demand for Islamic banking products and services in the northern region of Peninsular Malaysia.



10 December 2012

RHB Islamic Bank and the *Unit Peneraju Agenda Bumiputera* (TERAJU) sign an MoU to provide financing of up to RM520 million under the Teras Fund to Bumiputera companies.



INSURANCE

12 April 2012

RHB Insurance launches its Trade Credit Insurance. The Trade Credit insurance provides coverage for both domestic and export markets.

▶ Calendar of Significant Corporate Events 2012

25 – 27 May 2012

RHB Insurance holds its Agency Annual Convention 2012 at Damai Puri Resort and Spa in Kuching, Sarawak.



10 July 2012

RHB Insurance holds a product briefing and motivational talk to staff of Pos Malaysia.



The following analysis of financial performance should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2012 of RHB Capital Berhad and its subsidiary companies.

ANALYSIS OF THE STATEMENTS OF FINANCIAL POSITION

Acquisition of OSK Investment Bank

During the year, the Group completed the acquisition of OSK Investment Bank Berhad (OSKIB), Malaysian Trustees Berhad, OSK Trustees Berhad, OSK Investment Bank (Labuan) Ltd and Finexasia.com Sdn Bhd. These acquisitions have expanded the total assets of the Group by RM11.3 billion mainly arising from loans, advances and financing, financial assets/investment portfolio, clients' and brokers' balances and cash and short term funds.

The merger of the business of RHB Capital Berhad and OSKIB Group will create one of Malaysia's largest investment bank and brokerage houses with regional broking, investment bank distribution and research platform across Singapore, Indonesia, Thailand, China (Hong Kong) and Cambodia, and commercial banking operations in Cambodia.

The Group currently has over 550 offices and 16,000 employees across 7 countries in ASEAN and Hong Kong.

Total Assets

The Group's total assets stood at RM189.1 billion as at 31 December 2012, an increase of 24.1% over the previous financial year. The increase was mainly due to higher net loans, advances and financing, coupled with higher financial assets/investments portfolio and higher cash and short term funds. Net loans, advances and financing remain as the largest component of the total assets at 57.8% (2011: 62.4%).

Assets Mix Analysis



► Analysis of The Financial Performance

Cash & Short Term Funds and Deposits & Placements with Banks and Other Financial Institutions

The Group's cash and short-term funds increased by RM3.9 billion (19.7%) to RM24.0 billion in 2012, while deposits and placements with banks and other financial institutions increased by RM2.5 billion (221.1%) to RM3.6 billion in 2012.

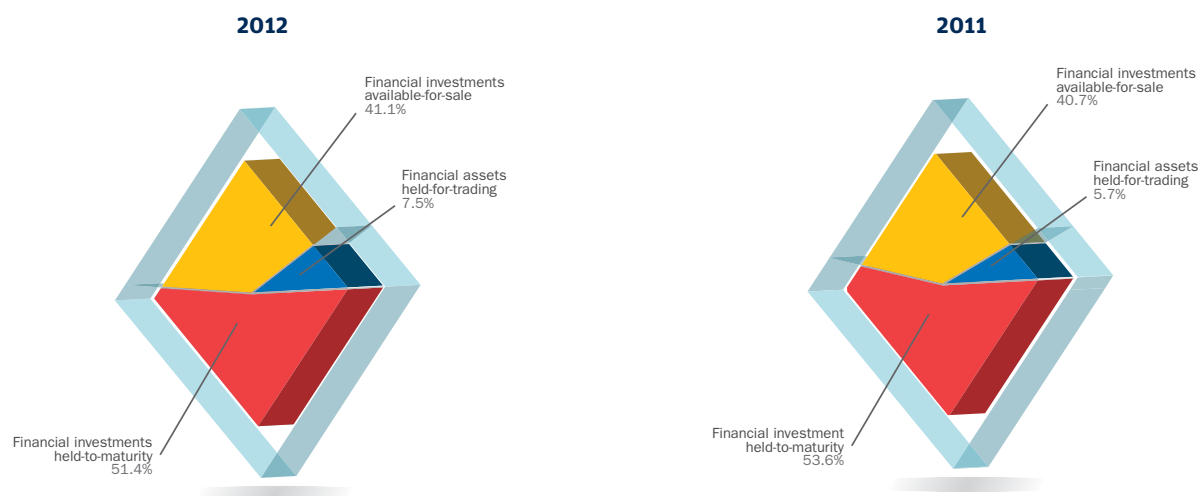
Securities Purchased Under Resale Agreements

The securities purchased under resale agreements were higher by RM534.6 million (>100%) to RM676.9 million as at 31 December 2012 mainly due to higher Malaysian Government Securities purchased under resale agreement with Bank Negara Malaysia.

Financial Assets/Investments Portfolio

The Group's financial assets/investments portfolio comprises financial assets held-for-trading (HFT), financial investments available-for-sale (AFS) and financial investments held-to-maturity (HTM). The largest component of the Group's financial assets/investments portfolio are the financial investments HTM which made up 51.4% of the portfolio as at end of December 2012, followed by financial investments AFS (41.1%) and financial assets HFT (7.5%) respectively.

Financial Assets/Investments Mix Analysis



Compared to 31 December 2011, the Group's financial investments HTM expanded by 34.4% mainly due to higher holding of securities related to the Malaysian government.

The increase in the financial assets/investments portfolio is partly attributable to the acquisition of OSKIB, which contributed RM5.0 billion of the portfolio.

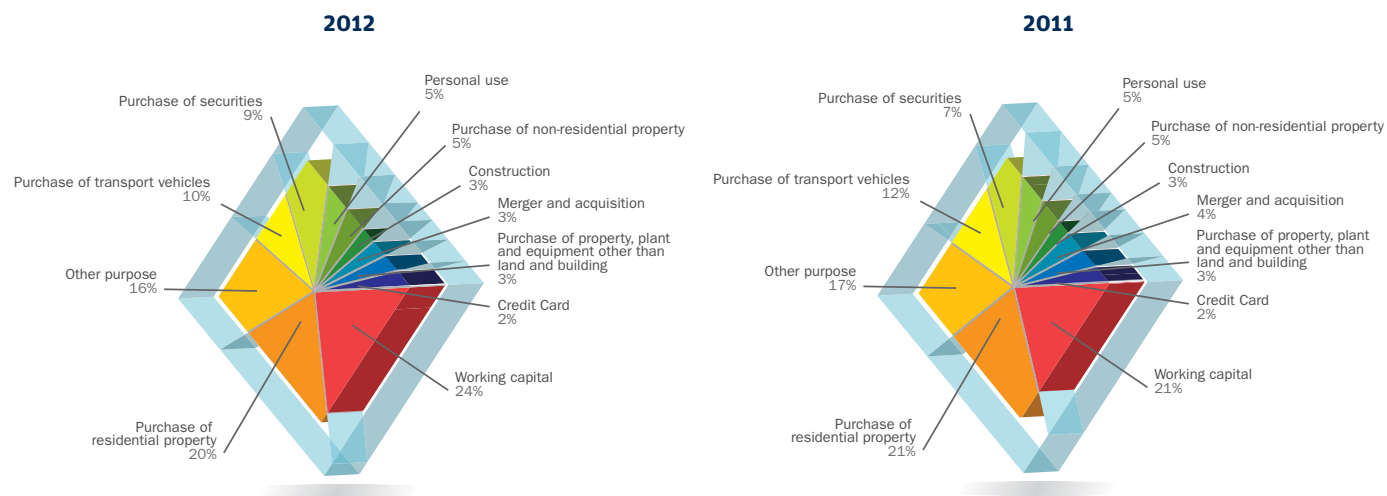
Loans, Advances and Financing

Gross loans, advances and financing grew by RM14.0 billion (14.4%) to reach RM111.5 billion as at 31 December 2012. The growth in loans, advances and financing were mainly attributable to lending for the purposes of working capital, purchase of securities and purchase of landed property.

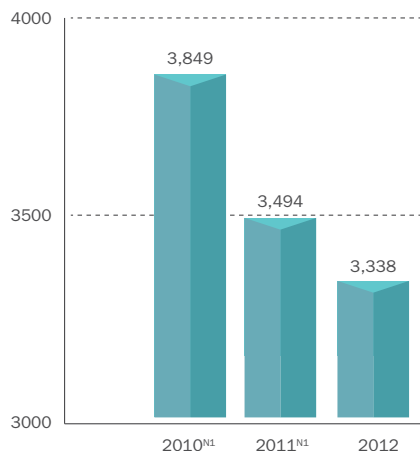
The increase in the loans, advances and financing portfolio is partly attributable to the acquisition of OSKIB which contributed RM2.1 billion of the loan base.

Lending to domestic business enterprises recorded a growth of RM7.5 billion (21.2%), mainly for the purposes of working capital and formed 38.6% of the Group's total gross loans, advances and financing. Lending to individuals and government and statutory bodies recorded an increase of RM3.8 billion (6.8%) and represented 52.8% of the Group's total gross loans, advances and financing as at the end of December 2012.

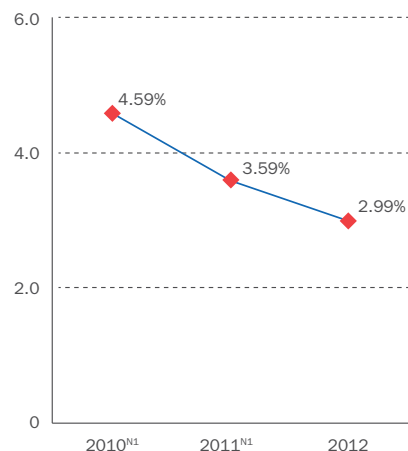
Loans, Advances and Financing – By Purpose



Gross Impaired Loans (RM' million)



Gross Impaired Loans Ratio (%)



NI: Restated as a result of retrospective application of MFRS 139.

The Group continued to show improvements in asset quality as gross impaired loans ratio declined to 2.99% from 3.59%.

► Analysis of The Financial Performance

Clients' and brokers' balances

Clients' and brokers' balances have increased by RM2.8 billion as at 31 December 2012. The increase is mainly attributable to the acquisition of OSKIB that contributed RM2.6 billion of the total balances.

Total Liabilities and Equity

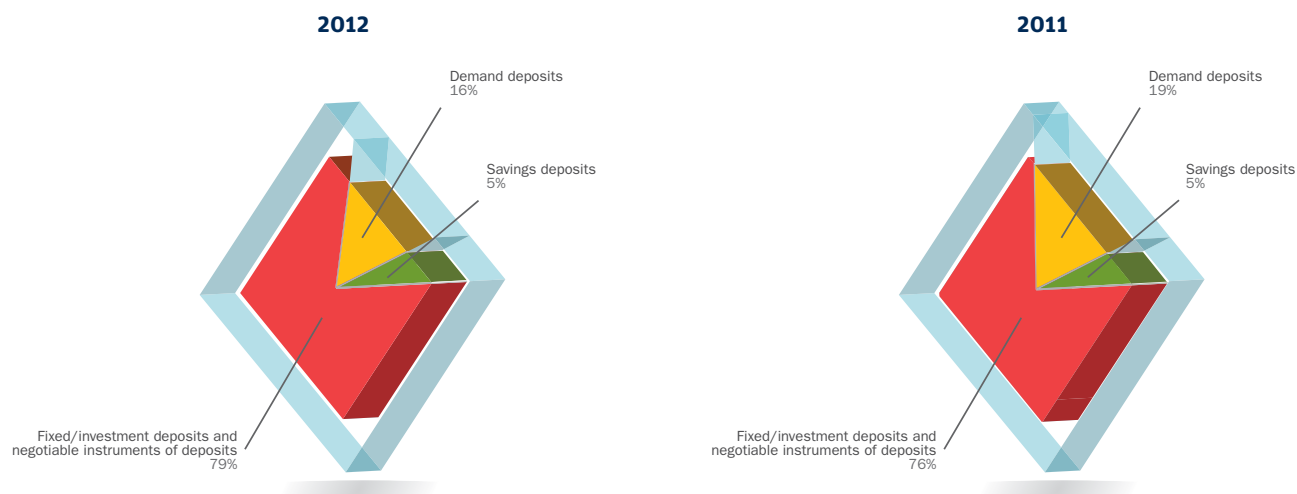
Total liabilities increased by RM33.1 billion (23.5%) to RM173.7 billion in 2012, mainly due to the increase in deposits from customers.

Shareholder's equity increased by RM3.7 billion (31.9%) to RM15.3 billion as at 31 December 2012. The increase was largely due to FY 2012 net profit of RM1.8 billion and issuance of share capital of 245.0 million new ordinary shares of RM1.00 each and its related share premium to partially settle the cost of acquisition of OSKIB Group.

Deposits from Customers

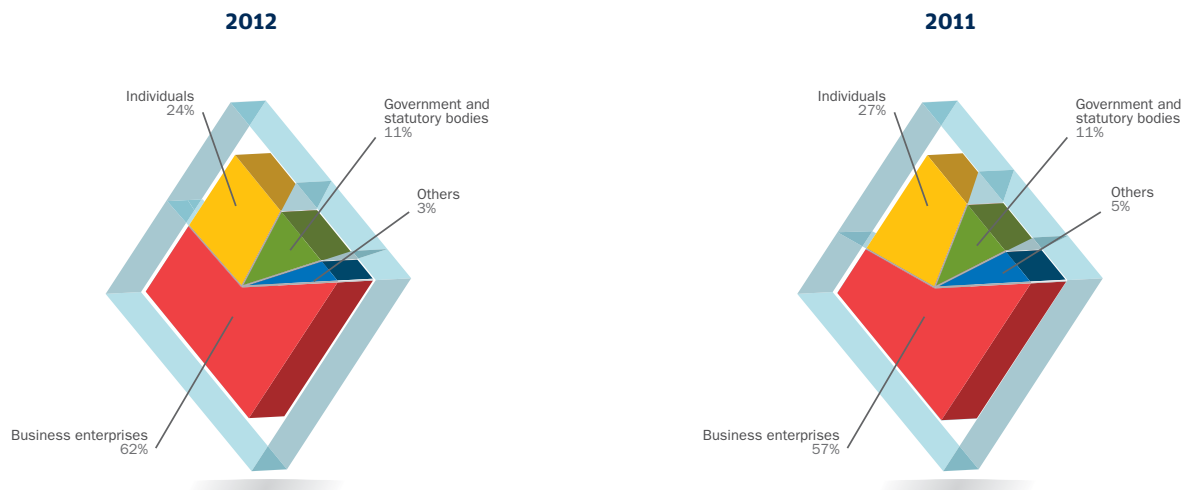
Deposits from customers grew 19.3% to reach RM138.2 billion as at 31 December 2012. The Group's deposits growth momentum was higher than that of the industry which grew at 14.3%. The Group's liquidity remained healthy with loans to deposits ratio at 80.6% as at 31 December 2012.

Deposits from Customers – By Type



Deposits from business enterprises increased by RM19.5 billion (29.5%) whilst deposits from government and statutory bodies increased by RM2.6 billion (20.6%).

Deposits from Customers - By Customer



Borrowings and Senior Debt Securities

Borrowings and senior debt securities increased due to the issuance of USD500 million senior debt securities by RHB Bank.

Subordinated Obligations

Subordinated obligations increased due to:

- (i) RM750 million sub-notes issued by RHB Bank; and
- (ii) RM1.5 billion sub-notes to replace existing sub-notes called in 2012 issued by RHB Bank and RHB Investment Bank.

Capital Adequacy

The Group's risk-weighted capital adequacy ratio and core capital ratio remained healthy.

| | Core capital ratio | Risk-weighted capital adequacy ratio |
|------------------------------------|--------------------|--------------------------------------|
| RHB Bank Berhad | 11.88% | 15.09% |
| RHB Islamic Bank Berhad | 14.06% | 14.74% |
| RHB Investment Bank Berhad (RHBIB) | 30.25% | 38.20% |
| OSK Investment Bank Berhad (OSKIB) | 11.49% | 11.49% |

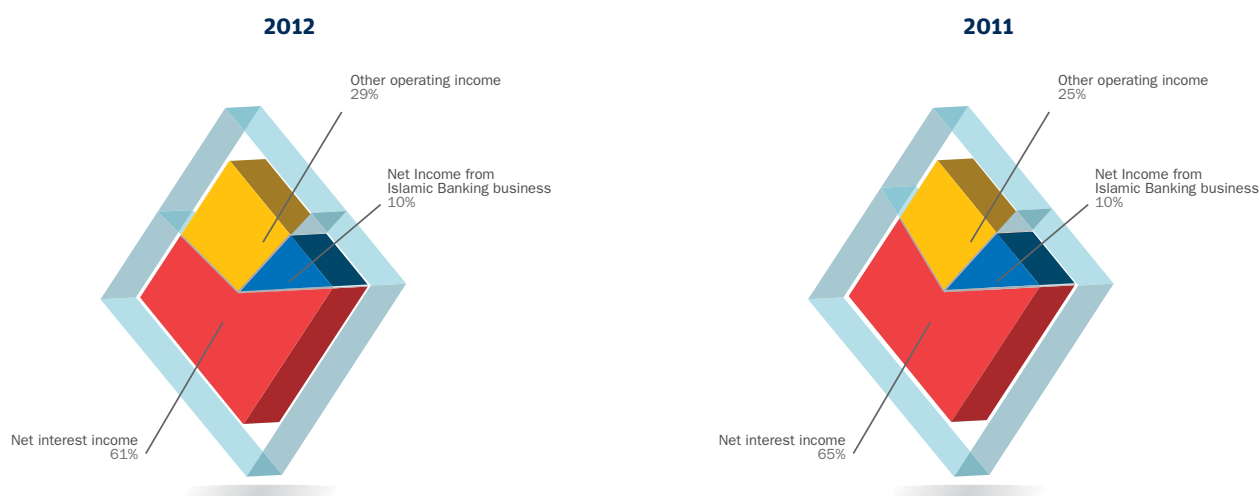
► Analysis of The Financial Performance

ANALYSIS OF THE INCOME STATEMENTS

For the financial year ended 31 December 2012, the Group reported a net profit of RM1.8 billion, representing a 5.7% increase from a year ago. Total revenue increased by 10.4% to RM4.8 billion, while pre-tax profit registered 6.0% growth to RM2.4 billion. Earnings per share rose to 79.0 sen from 77.5 sen recorded in the previous financial year. Return on average equity and return on average assets stood at 13.4% and 1.0% respectively.

Included in the Group's 2012 results are the two months performance of OSKIB Group amounting to RM21.7 million as well as merger and integration related expenses totaling RM19.8 million.

The major components of income are net interest income, net income for Islamic Banking business and other operating income.



Net Interest Income

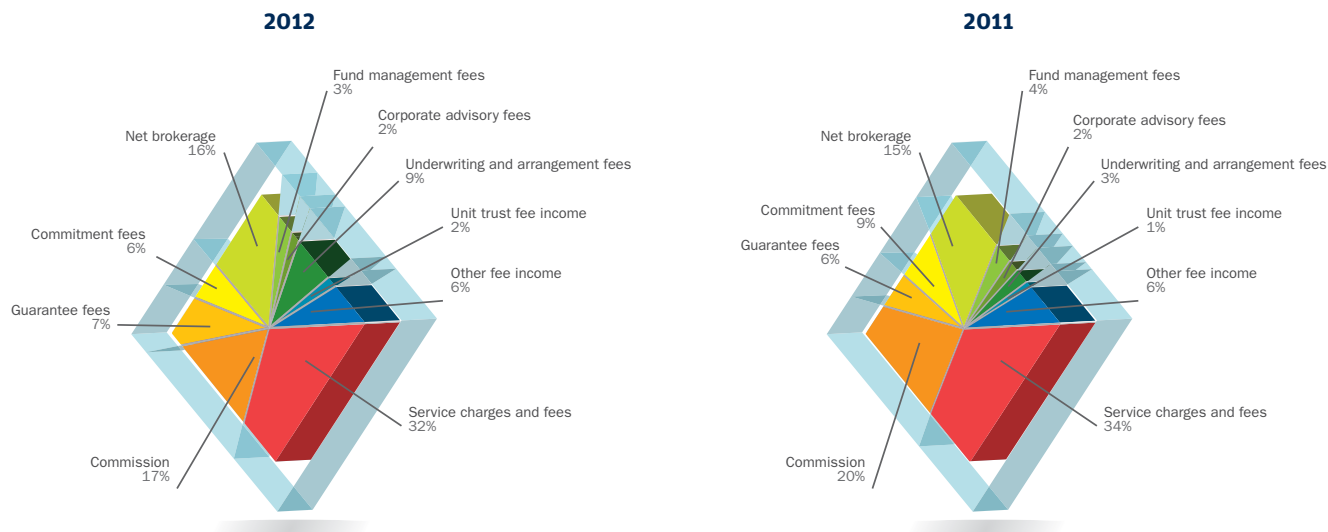
Interest income grew by 9.3% to RM6.2 billion, driven by a 14.4% year-on-year increase in gross loans, advances and financing. Interest expense was higher by 15.0%, given a 19.3% increase in deposits from customers and the issuance of longer dated debt securities for funding diversification purposes.

Other Operating Income

Other operating income increased by 27.5% to RM1.4 billion from 2011, underpinned by higher fee income, improvement in fair value on derivatives, higher insurance underwriting surplus and net gains from trading and investment securities.

The combined RHBIB-OSKIB franchise and capability have propelled the Group into a stronger position to drive non-interest income beyond the commercial banking transaction fee-based income.

Fee Income Mix



Net income from Islamic Banking Business

Net income from the Islamic Banking business increased by 11.0% to reach RM490.1 million, driven by higher net profit income and higher net gains from trading and investment securities.

Other Operating Expenses

Other operating expenses rose 20.5% for the financial year, mainly due to higher personnel costs associated with headcount growth, investments made to support business and branch network expansion, RHB-OSKIB merger related expenses and consolidation of OSKIB. Consequently, cost-to-income ratio increased to 47.5% from 43.5% a year ago.

| | 2012 RM'000 | 2011 RM'000 | Variance RM'000 |
|-------------------------------------|------------------|----------------|--------------------|
| Personnel costs | 1,340,264 | 1,182,381 | 157,883 |
| Establishment costs | 471,754 | 380,664 | 91,090 |
| Marketing expenses | 228,921 | 145,883 | 83,038 |
| Administration and general expenses | 252,787 | 194,358 | 58,429 |
| | 2,293,726 | 1,903,286 | 390,440 |

Allowance for impairment on loans, financing and other losses

Allowance for impairment on loans, financing and other losses for the financial year ended 2012 was marginally higher by 1.6% against the previous financial year. This was mainly due to higher individual impairment allowances offset by higher impaired loans and financing recovered and lower collective impairment allowances made.

The credit charge ratio as at 31 December 2012 stood at 0.13%, compared to 0.15% in the previous financial year.

Impairment Losses on Other Assets

Impairment losses on other assets decreased by RM73.4 million (95.0%) to RM3.9 million due to lower impairment charged on securities during the year.



Financial Statements

| | |
|------------|--|
| 156 | Directors' Report |
| 166 | Statements of Financial Position |
| 169 | Income Statements |
| 170 | Statements of Comprehensive Income |
| 171 | Statements of Changes In Equity |
| 175 | Statements of Cash Flows |
| 180 | Summary of Significant Accounting Policies And Critical Accounting Estimates And Assumptions |
| 208 | Notes To The Financial Statements |
| 381 | Statement By Directors |
| 381 | Statutory Declaration |
| 382 | Independent Auditors' Report To The Members of RHB Capital Berhad |

Directors' Report

The directors submit herewith their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is involved in commercial banking, Islamic banking, investment banking, stock broking, leasing, offshore banking, offshore trust services, general insurance, unit trust management, asset management and nominee and custodian services.

There have been no significant changes in these principal activities during the financial year, other than those disclose on Note 45.

FINANCIAL RESULTS

| | Group RM'000 | Company RM'000 |
|-----------------------------------|-----------------|-------------------|
| Profit before taxation | 2,384,623 | 549,004 |
| Taxation | (594,854) | (148,200) |
| Net profit for the financial year | 1,789,769 | 400,804 |

DIVIDENDS

The dividends paid by the Company since 31 December 2011 were as follows:

| | RM'000 |
|---|---------|
| In respect of the financial year ended 31 December 2011: Final dividend of 11.82% less 25% tax and single-tier final dividend of 5.59% paid on 11 June 2012 | 318,827 |
| In respect of the financial year ended 31 December 2012: Single-tier interim dividend of 6.00% paid on 27 November 2012 | 134,146 |

The shareholders of the Company have been granted an option by the Board of Directors to elect to reinvest the entire portion of the above mentioned final dividend and interim dividend into new ordinary shares of RM1.00 each in the Company in accordance with the approved Dividend Reinvestment Plan ('DRP') scheme of the Company.

The reinvestment rate subsequent to the completion of the DRP for the abovementioned final dividend and interim dividend was 63.29% and 65.25% respectively.

DIVIDENDS (CONTINUED)

At the forthcoming Annual General Meeting, a single-tier final dividend in respect of the current financial year of 16.09% amounting to RM401,276,900 will be proposed for shareholders' approval. These financial statements do not reflect such final dividend which will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2013 when approved by the shareholders.

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

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

During the financial year, the Company increased its issued and paid up share capital from:

- (a) RM2,204,818,717 to RM2,235,763,288 via the issuance of 30,944,571 new ordinary shares of RM1.00 each arising from the DRP relating to the final dividend of 11.82% less 25% tax and single-tier final dividend of 5.59% in respect of the financial year ended 31 December 2011 on 11 June 2012;
- (b) RM2,235,763,288 to RM2,480,763,288 via the issuance of 245,000,000 new ordinary shares of RM1.00 each arising from the acquisition of OSK Investment Bank Berhad as disclosed in Note 45(a) on 9 November 2012; and
- (c) RM2,480,763,288 to RM2,494,207,802 via the issuance of 13,444,514 new ordinary shares of RM1.00 each arising from the DRP relating to the single-tier interim dividend of 6.00% in respect of the financial year ended 31 December 2012 on 27 November 2012.

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

BAD AND DOUBTFUL DEBTS AND FINANCING

Before the financial statements of the Group and the Company 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 that 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 the allowance for non-performing debts and financing in the financial statements of the Group and the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and the Company 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 Company, 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 Company 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 Company 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 Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and the Company 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 Company 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 Company 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 and the Company 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 Company 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 Company 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 49 to the financial statements.

SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR

Subsequent events after the financial year are disclosed in Note 49(a) to the financial statements.

DIRECTORS

The directors of the Company in office since the date of the last report and at the date of this report are:

| | |
|--|---------------------------------|
| Dato' Mohamed Khadar Merican | |
| Tan Sri Azlan Zainol | |
| Datuk Haji Faisal Siraj | |
| Dato' Teo Chiang Liang | |
| Dato' Saw Choo Boon | |
| Datuk Wira Jalilah Baba | (appointed on 1 May 2012) |
| Dato' Nik Mohamed Din Datuk Nik Yusoff | (appointed on 20 November 2012) |
| Kellee Kam Chee Khiong | |

Pursuant to Article 80 of the Company's Articles of Association, Dato' Teo Chiang Liang and Dato' Saw Choo Boon retire at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-election.

Pursuant to Article 84 of the Company's Articles of Association, Datuk Wira Jalilah Baba retires at the forthcoming Annual General Meeting of the Company and being eligible, offers herself for re-election.

Pursuant to Section 129(6) of the Companies Act, 1965, Dato' Nik Mohamed Din Datuk Nik Yusoff retires at the forthcoming Annual General Meeting and offers himself for re-appointment as director of the Company to hold office until the next Annual General Meeting.

DIRECTORS' INTERESTS

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

| | Number of ordinary shares of RM1.00 each | | | |
|------------------------------|--|-------|------|---------------------|
| | As at 1.1.2012 | DRP | Sold | As at 31.12.2012 |
| The Company | | | | |
| Dato' Mohamed Khadar Merican | | | | |
| – Direct | 61,503 | 1,257 | – | 62,760 |
| Dato' Teo Chiang Liang | | | | |
| – Indirect | 5,046 | 158 | – | 5,204 |

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 Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than directors' remuneration and benefits-in-kind as disclosed in Note 32 to the financial statements) by reason of a contract made by the Company 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 Company or its subsidiaries is a party, being arrangements with the object or objects of enabling the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

RESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTOR

In the course of preparing the annual financial statements of the Group and the Company, 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 Group and the Company present a true and fair view of the state of affairs of the Group and the Company as at 31 December 2012 and of the financial results and cash flows of the Group and the Company for the financial year ended 31 December 2012.

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 Group and the Company with reasonable accuracy.

The directors have also taken the necessary steps to ensure that appropriate systems are in place for the assets of the Group and the Company to be properly safeguarded for the prevention and detection of fraud and other irregularities. The systems, by their 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 page 381 of the financial statements.

BUSINESS REVIEW 2012

The year 2012 remains challenging for the banking sector as the global economy experienced slow growth and uncertainties during most parts of the year. Despite the weak global trade that has affected the country's export, the Malaysian economy is expected to register a relatively robust Gross Domestic Product (GDP) growth of about 5% for 2012, largely supported by domestic demand as well as infrastructure and investment projects under the Economic Transformation Programme (ETP). Bank Negara Malaysia's stance on monetary policy continues to be accommodative and supportive of the economy. The Overnight Policy Rate (OPR) has been maintained at 3.00% throughout the year.

The Group continued to enhance its franchise as well as to accelerate growth in the market. To this end, the Group has focused on product development & innovation, strengthening and re-alignment of the sales & distribution channels, technological platform improvements, building on its robust risk management infrastructure & operating model, improving interactions at customer touch-points and undertaking key talent management.

BUSINESS REVIEW 2012 (CONTINUED)

RHB Bank Berhad launched its innovative brand 'EASY by RHB' in 2009 which remains a key focus area for growth in the retail space. EASY has increased to 245 outlets with commendable assets growth as well as advancing its personal financing and ASB financing market share from 24.3% to 27.5% and 23.8% to 25.6%. The Group has also gained international recognition through 'EASY by RHB' which was awarded by Celent, a research and consulting firm based in the US, as the 2012 *'Model Bank of the Year'* for its unique and innovative elements that are aimed at delivering the brand's promise of simplified banking.

Since its rebranding in April 2011, 'RHB Now', the fully integrated internet and mobile banking platform has further enhanced customer experience and provided convenient banking services to our customers. The business has shown growth in terms of the number of users and volume of transactions.

In 2012, RHB Bank Berhad rolled-out another new initiative – Bank@Work. This new initiative brings payroll account opening to a new level, where payroll employees can have their Current/Savings account with RHB Bank opened 'on-site, real-time' at their place of work via RHB's renowned Straight-Through-Processing (STP). This new initiative was presented with SGAM (Share/Guide Association Malaysia) ICT Achievement Award 2012 for its innovation.

On the international business front, RHB Singapore achieved many 'firsts' or milestones in 2012. Following the launch of RHB Internet Banking in Singapore in early-2012, RHB Bank Berhad Singapore (RHBSG) became the first bank in Singapore to join the national two-factor authentication system to enhance the security of online transactions, in addition to the current SMS password system. The branch created a Business Banking Department with a dedicated team to better fulfill the needs of our growing base of Small and Medium Enterprise (SME) clients and launched the BizPower suite of products which caters for smaller SMEs.

With the recent merger with OSK Investment Bank Group (OSK), RHBSG has capitalised on new synergies by combining expertise of the two teams in debt capital market and financial advisory services and completed 6 deals in 2012.

In line with the rapid growth of Islamic finance in the domestic market, RHB Islamic Bank continued to focus on improving its leadership position in selected markets and product segments, and further enhancing the relationship with existing customers while developing new ones, as well as leveraging on the Group's infrastructure and distribution network. During the year under review, an additional RM200 million capital was injected, strengthening the Islamic Bank's capital position for further business expansion opportunities. RHB Islamic Bank also received the title for the *'Best Retail Bank in Asia'* at the Islamic Business and Finance 2012 Awards. RHB Islamic's total assets expanded by 13% to RM25.6 billion and achieved a pre-tax profit of RM208.6 million.

RHB Investment Bank continued to show satisfactory performance throughout 2012, having landed significant roles in landmark deals last year. We started the year with a bang as Joint Lead Manager in the RM23.35 billion Sukuk issuance by PLUS Expressways Berhad, one of the largest debt programmes established in the corporate history of Malaysia. This deal won *'Best Corporate Sukuk'* by The Asset's Triple Award for Islamic Finance and *'Malaysia Deal Of The Year'* by Islamic Finance News.

Our active involvement in notable debt capital market deals continued with amongst others, a RM15 billion Sukuk Musyarakah Programme by Sarawak Energy Berhad, a RM3.29 billion Senior Sukuk Murabahah Programme by Tanjung Bin Energy Issuer Berhad (a subsidiary of Malakoff Berhad), a RM1.75 billion Sukuk Wakalah Bil Istithmar by Cagamas Berhad and a RM8.0 billion Islamic CP/MTN Programme by Danalnfra Nasional Berhad (Malaysia's first sukuk issuance for retail investors). Additionally the Tanjung Bin Energy Issuer Berhad deal won PFI's *'Asia Pacific Project Bond Of The Year'* and The Asset's Triple A award for *'Best Project Finance Deal'*. RHB Investment Bank emerged a respectable 4th on the Bloomberg fixed income league table for 2012.

BUSINESS REVIEW 2012 (CONTINUED)

RHB Investment Bank also completed notable advisory mandates in mergers & acquisitions, namely the RM949 million Asset Amalgamation Exercise by Dijaya Corporation Berhad and the RM800.33 million Acquisition of SEG International Berhad. In the equity capital markets, RHB Investment Bank was Joint Principal Adviser and Joint Bookrunner in the RM4.55 billion listing of Astro Malaysia Holdings Berhad on the Main Board of Bursa Malaysia Securities Berhad.

In November 2012, RHB Capital completed the acquisition of OSK and RHB Investment Bank is now Malaysia's largest investment bank and brokerage house. With this acquisition, RHB Capital has immediate and established access to key strategic markets in the region. Prior to the completion of the merger exercise both RHB Investment Bank and OSK have been creating inroads together in many capital market transactions. Among these, we successfully brought foreign issuers to tap the strong liquidity in the Ringgit market which resulted in foreign issuers achieving diversification in their funding at a cost that is comparable if not cheaper than the G3 markets which have suffered from volatility and lack of access. The cross-border sukuk issuances by Golden Assets International Finance Limited (RM5 billion Sukuk Murabahah Programme) and by First Resources Limited (RM2 billion Sukuk Musharakah Programme) are prime results of the RHB-OSK collaboration. The issuance by First Resources Limited won Most Innovative Islamic Finance Deal Of The Year award by Alpha Southeast Asia.

In 2012, the insurance industry registered a stellar performance, with an estimated growth rate of 8%. Motor insurance led the pack, with a contribution of 45% of total market premiums. Other market segments also performed well. Fire insurance accounted for an impressive 17% of total market premiums, while Personal Accident (PA) & Medical stood at 14%. With the rest of the insurance market segments accounting for 24% of the total.

On the heels of this positive trend, RHB Insurance Berhad (RHB Insurance) enjoyed buoyant growth, with 34% of the gross premium contribution emanating from Motor insurance while Fire insurance comprised 28% and PA & Medical, 16%. The rest of the market segments chalked up 22% in gross premiums.

The transformation efforts undertaken by RHB Insurance in 2011 by streamlining and restructuring the business distribution channels into four main segments had shown promising results in 2012. We also strengthened the backroom support by recruiting a team of experienced underwriters and claims personnel. In addition, we worked hard to stay ahead of our competitors to build strong teamwork and superior technical expertise of the staff force in their respective fields.

These measures have laid a strong foundation for RHB Insurance to grow further having recorded a gross premium growth at a compounded annual growth rate (CAGR) of 23% in the past two years. In addition, the Company experienced an average net return on equity (ROE) of more than 20% on the back of a 21% growth in gross premiums in 2012, against a growth of 25% in 2011. Our combined ratio which is in the mid-80% (including Malaysian Motor Insurance Pool (MMIP) losses) performed better than the industry's 88% combined ratio.

On 30 November 2012, the Group announced that the Bank and the vendor have mutually agreed to further extend the period for the proposed acquisition of PT Bank Mestika Dharma, Indonesia to 31 January 2013.

Notwithstanding the challenging operating environment, the Group has continued to perform satisfactorily with higher profitability and strong balance sheet growth.

BUSINESS STRATEGY AND PROSPECTS 2013

The Malaysia's economy is expected to continue to perform well in 2013 with GDP projected to grow at 5.6% (Source: MIER). This expectation is premised on an improving exports and strong domestic demand on the back of improving global growth together with the impact of the various projects under the Economic Transformation Programme (ETP). The Malaysian banking sector is expected to remain resilient, in line with the country's economic growth trajectory.

The completion of the acquisition of OSK Investment Bank Group has enhanced the Group's geographical footprint and capabilities with presence in seven countries across the ASEAN region and Hong Kong.

The Group continues to strengthen its leadership positions in targeted markets and product segments, building strong customer relationships as well as leveraging on the Group's infrastructure and multiple distribution networks for business growth.

Although the Group foresees a continued competitive operating environment in 2013, we are still well-positioned to drive our targeted business segments and geographies to becoming a leading multinational financial services group. Barring any unforeseen circumstances, the Group expects satisfactory results for the financial year 2013.

RATINGS BY RATING AGENCIES

During the financial year, the Group was rated by the following external rating agencies:

| Agencies | Date accorded | Ratings |
|---|---------------|--|
| RHB Bank Berhad (RHB Bank) | | |
| RAM Rating Services Berhad (RAM) | November 2012 | Long Term Financial Institution Rating – AA2 Short Term Financial Institution Rating – P1 |
| Standard & Poor's | December 2012 | Long Term Counterparty Credit Rating – BBB+ Short Term Counterparty Credit Rating – A-2 ASEAN-scale Long Term Rating – axA+ ASEAN-scale Short Term Rating – axA-1 |
| Moody's Investors Service | January 2013 | Long Term Bank Deposits Rating – A3 Short Term Bank Deposits Rating – P-2 Bank Financial Strength – D |
| RHB Investment Bank Berhad (RHB Investment Bank) | | |
| RAM | November 2012 | Long Term Financial Institution Rating – AA2 Short Term Financial Institution Rating – P1 |
| RHB Islamic Bank Berhad (RHB Islamic Bank) | | |
| RAM | November 2012 | Long Term Financial Institution Rating – AA2 Short Term Financial Institution Rating – P1 |
| OSK Investment Bank Berhad (OSK Investment Bank) | | |
| RAM | October 2012 | Long Term Financial Institution Rating – A1 Short Term Financial Institution Rating – P1 |

RATINGS BY RATING AGENCIES (CONTINUED)

Description of the ratings accorded

(a) RAM

(i) Long term financial institution rating

AA A financial institution rated 'AA' has a strong capacity to meet its financial obligations. The financial institution is resilient against adverse changes in circumstances, economic conditions and/or operating environments.

A A financial institution rated 'A' has an adequate capacity to meet its financial obligations. The financial institution is more susceptible to adverse changes in circumstances, economic conditions and/or operating environments than those in higher-rated categories.

For long term ratings, RAM applies subscripts 1, 2 or 3 in each rating category from 'AA' to 'C'. The subscript 1 indicates that the financial institution ranks at the higher end of its generic rating category; the subscript 2 indicates a mid-ranking; and the subscript 3 indicates that the financial institution ranks at the lower end of its generic rating category.

(ii) Short term financial institution rating

P1 A financial institution rated 'P1' has a strong capacity to meet its short term financial obligations. This is the highest short term financial institution rating assigned by RAM Ratings.

(b) Standard & Poor's

(i) Long term counterparty credit rating

BBB An obligation rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show the relative standing within the major rating categories.

(ii) Short term counterparty credit rating

A-2 An obligor rated 'A-2' has satisfactory capacity to meet its financial commitments. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in the highest rating category.

(iii) ASEAN-scale long term rating

axA An obligor rated 'axA' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors. Still, the obligor has a moderately strong capacity to meet its financial commitments relative to that of other ASEAN (The Association of South-East Asian Nations) obligors.

The ratings from 'axAA' to 'axCCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative strength within the rating category.

RATINGS BY RATING AGENCIES (CONTINUED)

Description of the ratings accorded (continued)

(b) Standard & Poor's (continued)

(iv) ASEAN-scale short term rating

axA-1 A short term obligation rated in the highest category on Standard & Poor's ASEAN regional scale. The obligor's capacity to meet its commitments on the obligation, relative to other ASEAN obligors, is strong.

The rating may be modified by the addition of a plus (+) or minus (-) sign to show relative strength within the rating category.

(c) Moody's Investors Service

(i) Long term bank deposits rating

A Obligations rated 'A' are considered upper-medium grade and are subject to low credit risk.

Moody's appends numerical modifiers 1, 2 and 3 to each generic rating classification from 'Aa' through the modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

(ii) Short term bank deposits rating

P-2 Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short term debt obligations.

(iii) Bank financial strength rating

D Banks rated 'D' display modest intrinsic financial strength, potentially requiring some outside support at times. Such institutions may be limited by one or more of the following factors: a weak business franchise, financial fundamentals that are deficient in one or more respects; or an unpredictable and unstable operating environment.

Where appropriate, a '+' modifier will be appended to ratings below the 'A' category and a '-' modifier will be appended to ratings above the 'E' category to distinguish those banks that fall in the higher and lower ends, respectively, of the generic rating category.

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.

DATO' MOHAMED KHADAR MERICAN
CHAIRMAN

KELLEE KAM CHEE KHIONG
GROUP MANAGING DIRECTOR

Kuala Lumpur
28 February 2013

Statements Of Financial Position

As At 31 December 2012

| | Note | Group | | |
|---|------|----------------------|----------------------|--------------------|
| | | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| ASSETS | | | | |
| Cash and short term funds | 2 | 23,974,020 | 20,032,582 | 14,547,667 |
| Securities purchased under resale agreements | | 676,858 | 142,291 | 276,407 |
| Deposits and placements with banks and other financial institutions | 3 | 3,638,529 | 1,133,213 | 1,023,526 |
| Financial assets held-for-trading | 4 | 2,739,650 | 1,501,758 | 772,254 |
| Financial investments available-for-sale | 5 | 15,154,931 | 10,706,781 | 13,374,857 |
| Financial investments held-to-maturity | 6 | 18,945,036 | 14,093,909 | 10,869,550 |
| Loans, advances and financing | 7 | 109,276,880 | 95,058,670 | 81,213,637 |
| Clients' and brokers' balances | 8 | 2,986,878 | 236,265 | 424,005 |
| Other assets | 9 | 1,086,165 | 691,965 | 589,155 |
| Derivative assets | 10 | 275,441 | 237,658 | 310,905 |
| Statutory deposits | 12 | 3,883,445 | 3,282,559 | 459,554 |
| Tax recoverable | | 142,912 | 232,957 | 129,371 |
| Deferred tax assets | 13 | 15,115 | 14,630 | 265,645 |
| Investments in associates and joint ventures | 15 | 36,589 | 24,956 | 25,044 |
| Property, plant and equipment | 16 | 1,042,318 | 988,737 | 913,275 |
| Goodwill and other intangible assets | 17 | 5,202,798 | 3,924,626 | 3,916,755 |
| TOTAL ASSETS | | 189,077,565 | 152,303,557 | 129,111,607 |

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

| | Note | Group | | |
|---|------|----------------------|----------------------|--------------------|
| | | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| LIABILITIES AND EQUITY | | | | |
| Deposits from customers | 18 | 138,224,225 | 115,860,584 | 94,433,828 |
| Deposits and placements of banks and other financial institutions | 19 | 13,450,129 | 10,031,575 | 10,066,157 |
| Obligations on securities sold under repurchase agreements | | 240,010 | – | – |
| Obligations on securities borrowed | | 119,905 | – | – |
| Bills and acceptances payable | | 3,636,886 | 3,764,155 | 3,536,140 |
| Clients' and brokers' balances | 20 | 2,731,695 | 238,007 | 404,603 |
| Other liabilities | 21 | 1,890,459 | 1,583,419 | 1,528,361 |
| Derivative liabilities | 10 | 320,363 | 248,188 | 253,704 |
| Recourse obligation on loans sold to Cagamas Berhad ('Cagamas') | | 2,445,361 | 1,161,814 | 818,503 |
| Taxation liabilities | | 145,280 | 5,748 | 172,595 |
| Deferred tax liabilities | 13 | 60,547 | 63,108 | 5,157 |
| Borrowings and senior debt securities | 22 | 5,151,932 | 3,603,334 | 4,064,323 |
| Subordinated obligations | 23 | 4,719,221 | 3,515,747 | 3,264,284 |
| Hybrid Tier-1 Capital Securities | 24 | 601,072 | 600,558 | 600,393 |
| TOTAL LIABILITIES | | 173,737,085 | 140,676,237 | 119,148,048 |
| Share capital | 25 | 2,494,208 | 2,204,819 | 2,153,475 |
| Reserves | 26 | 12,623,007 | 9,410,579 | 7,799,271 |
| | | 15,117,215 | 11,615,398 | 9,952,746 |
| Non-controlling interests | | 223,265 | 11,922 | 10,813 |
| TOTAL EQUITY | | 15,340,480 | 11,627,320 | 9,963,559 |
| TOTAL LIABILITIES AND EQUITY | | 189,077,565 | 152,303,557 | 129,111,607 |
| COMMITMENTS AND CONTINGENCIES | 39 | 83,160,389 | 74,161,318 | 70,521,648 |

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

► **Statements Of Financial Position**
As At 31 December 2012

| | Note | Company | | |
|---|------|----------------------|----------------------|--------------------|
| | | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| ASSETS | | | | |
| Cash and short term funds | 2 | 36,247 | 27,528 | 346,009 |
| Deposits and placements with banks and other financial institutions | 3 | 951 | 919 | 891 |
| Other assets | 9 | 155,667 | 154,199 | 153,347 |
| Amounts due from subsidiaries | 11 | 9,785 | 18,188 | 35,787 |
| Tax recoverable | | 102,314 | 90,476 | 113,009 |
| Deferred tax assets | 13 | 1,022 | – | – |
| Investments in subsidiaries | 14 | 10,809,016 | 8,691,602 | 8,691,602 |
| Property, plant and equipment | 16 | 486 | 635 | 757 |
| TOTAL ASSETS | | 11,115,488 | 8,983,547 | 9,341,402 |
| LIABILITIES AND EQUITY | | | | |
| Other liabilities | 21 | 61,459 | 3,315 | 4,611 |
| Amounts due to subsidiaries | 11 | 11,772 | 8,626 | 6,146 |
| Deferred tax liabilities | 13 | – | 45 | 25 |
| Borrowings | 22 | 3,106,434 | 3,147,101 | 3,597,762 |
| TOTAL LIABILITIES | | 3,179,665 | 3,159,087 | 3,608,544 |
| Share capital | 25 | 2,494,208 | 2,204,819 | 2,153,475 |
| Reserves | 26 | 5,441,615 | 3,619,641 | 3,579,383 |
| TOTAL EQUITY | | 7,935,823 | 5,824,460 | 5,732,858 |
| TOTAL LIABILITIES AND EQUITY | | 11,115,488 | 8,983,547 | 9,341,402 |

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

Income Statements

For The Financial Year Ended 31 December 2012

| | Note | Group | | Company | |
|--|------|--|--------------------------|-----------------------------------|----------------------|
| | | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| Interest income | 27 | 6,153,232 | 5,630,183 | 2,966 | 2,472 |
| Interest expense | 28 | (3,193,134) | (2,776,995) | (141,061) | (144,361) |
| Net interest income/(expense) | | 2,960,098 | 2,853,188 | (138,095) | (141,889) |
| Other operating income | 29 | 1,379,437 | 1,081,499 | 756,574 | 434,257 |
| Net income from Islamic Banking business | 30 | 4,339,535 490,057 | 3,934,687 441,462 | 618,479 - | 292,368 - |
| Other operating expenses | 31 | 4,829,592 (2,293,726) | 4,376,149 (1,903,286) | 618,479 (69,475) | 292,368 (26,114) |
| Operating profit before allowances | | 2,535,866 | 2,472,863 | 549,004 | 266,254 |
| Change in allowance for impairment on loans, financing and other losses | 33 | (148,492) | (146,135) | - | - |
| Impairment losses on other assets | 34 | (3,871) | (77,277) | - | - |
| Share of results of associates | 15 | 2,383,503 294 | 2,249,451 - | 549,004 - | 266,254 - |
| Share of results of joint ventures | 15 | 826 | 427 | - | - |
| Profit before taxation | | 2,384,623 | 2,249,878 | 549,004 | 266,254 |
| Taxation | 35 | (594,854) | (559,846) | (148,200) | (71,537) |
| Net profit for the financial year | | 1,789,769 | 1,690,032 | 400,804 | 194,717 |
| Attributable to: | | | | | |
| - Equity holders of the Company | | 1,784,742 | 1,687,913 | 400,804 | 194,717 |
| - Non-controlling interests | | 5,027 | 2,119 | - | - |
| | | 1,789,769 | 1,690,032 | 400,804 | 194,717 |
| Earnings per share (sen): | | | | | |
| - Basic | 36 | 79.0 | 77.5 | | |
| - Diluted | 36 | 79.0 | 77.5 | | |

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

Statements of Comprehensive Income

For The Financial Year Ended 31 December 2012

| | Note | Group | | Company | |
|---|------|----------------------|----------------------|----------------------|----------------------|
| | | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| Net profit for the financial year | | 1,789,769 | 1,690,032 | 400,804 | 194,717 |
| Other comprehensive income: | | | | | |
| Currency translation differences | | (10,742) | 18,072 | - | - |
| Financial investments available-for-sale ('AFS'): | | | | | |
| – Unrealised net gain on revaluation | | 122,936 | 166,914 | - | - |
| – Net transfer to income statements on disposal or impairment | | (94,011) | (86,934) | - | - |
| Share of reserve in an associate | | 18 | - | - | - |
| Actuarial losses on defined benefit plan in a subsidiary | | 381 | - | - | - |
| Income tax relating to components of other comprehensive income | 37 | (7,495) | (20,215) | - | - |
| Other comprehensive income, net of tax | | 11,087 | 77,837 | - | - |
| Total comprehensive income for the financial year | | 1,800,856 | 1,767,869 | 400,804 | 194,717 |
| Total comprehensive income attributable to: | | | | | |
| – Equity holders of the Company | | 1,795,164 | 1,765,767 | 400,804 | 194,717 |
| – Non-controlling interests | | 5,692 | 2,102 | - | - |
| | | 1,800,856 | 1,767,869 | 400,804 | 194,717 |

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

Statements of Changes In Equity

For The Financial Year Ended 31 December 2012

| Group | Note | Attributable to equity holders of the Company | | | | | | | | Non-controlling interests RM'000 | Total equity RM'000 |
|--|------|---|----------------------|----------------------|-----------------------|---------------------|-----------------------------|-------------------------|------------------|----------------------------------|---------------------|
| | | Share capital RM'000 | Share premium RM'000 | Reserve funds RM'000 | Other reserves RM'000 | AFS reserves RM'000 | Translation reserves RM'000 | Retained profits RM'000 | Sub-total RM'000 | | |
| Balance as at 1 January 2012 | | 2,204,819 | 2,674,459 | 3,016,604 | 27,815 | 213,654 | (58,832) | 3,359,866 | 11,438,385 | 11,922 | 11,450,307 |
| - As previously reported | | - | - | - | - | - | 19 | 176,994 | 177,013 | - | 177,013 |
| - Effect of full adoption of MFRS139 | 51 | - | - | - | - | - | - | - | - | - | - |
| - As restated | | 2,204,819 | 2,674,459 | 3,016,604 | 27,815 | 213,654 | (58,813) | 3,536,860 | 11,615,398 | 11,922 | 11,627,320 |
| Net profit for the financial year | | - | - | - | - | - | - | 1,784,742 | 1,784,742 | 5,027 | 1,789,769 |
| Currency translation differences | | - | - | - | - | - | (10,660) | - | (10,660) | (82) | (10,742) |
| Financial investments AFS: | | - | - | - | - | - | - | - | - | - | - |
| - Unrealised net gain on revaluation | | - | - | - | - | 122,189 | - | - | 122,189 | 747 | 122,936 |
| - Net transfer to income statements on disposal or impairment | | - | - | - | - | (94,011) | - | - | (94,011) | - | (94,011) |
| Share of reserves in an associate | | - | - | - | - | - | - | 18 | 18 | - | 18 |
| Actuarial losses on defined benefit plan in a subsidiary | | - | - | - | 381 | - | - | - | 381 | - | 381 |
| Income tax relating to components of other comprehensive income/(loss) | 37 | - | - | - | - | (7,495) | - | - | (7,495) | - | (7,495) |
| Other comprehensive income/(loss), net of tax | | - | - | - | 381 | 20,683 | (10,660) | 18 | 10,422 | 665 | 11,087 |
| Total comprehensive income/(loss) | | - | - | - | 381 | 20,683 | (10,660) | 1,784,760 | 1,795,164 | 5,692 | 1,800,856 |

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

► Statements of Changes In Equity
For The Financial Year Ended 31 December 2012

| Group | Note | Attributable to equity holders of the Company | | | | | | | | Non-controlling interests RM'000 | Total equity RM'000 | | |
|--|-------|---|----------------------|----------------------|-----------------------|---------------------|-----------------------------|-------------------------|-------------------|----------------------------------|---------------------|-----------|-----------|
| | | Share capital RM'000 | Share premium RM'000 | Reserve funds RM'000 | Other reserves RM'000 | AFS reserves RM'000 | Translation reserves RM'000 | Retained profits RM'000 | Sub-total RM'000 | | | | |
| Transfer in respect of statutory requirements | | - | - | 477,793 | - | - | - | - | - | (477,793) | - | - | - |
| Amount arising from acquisition of a subsidiary | 45(a) | - | - | - | - | - | - | - | - | - | 210,703 | 210,703 | - |
| Acquisition of additional interest from non-controlling interest | 45(b) | - | - | - | - | - | - | - | - | (3,906) | (4,059) | (7,965) | (7,965) |
| Ordinary dividends | 38 | - | - | - | - | - | - | - | - | (452,973) | (993) | (453,966) | (453,966) |
| Shares issued pursuant to: | | | | | | | | | | | | | |
| - DRP | 25 | 44,389 | 244,893 | - | - | - | - | - | - | - | - | 289,282 | 289,282 |
| - Acquisition of a subsidiary | 45(a) | 245,000 | 1,629,250 | - | - | - | - | - | - | - | - | 1,874,250 | 1,874,250 |
| Balance as at 31 December 2012 | | 2,494,208 | 4,548,602 | 3,494,397 | 28,196 | 234,337 | (69,473) | 4,386,948 | 15,117,215 | 223,265 | 15,340,480 | | |

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

| Group | Note | Attributable to equity holders of the Company | | | | | | | Non-controlling interests RM'000 | Total equity RM'000 | |
|--|------|---|----------------------|----------------------|-----------------------|---------------------|-----------------------------|-------------------------|----------------------------------|---------------------|------------------|
| | | Share capital RM'000 | Share premium RM'000 | Reserve funds RM'000 | Other reserves RM'000 | AFS reserves RM'000 | Translation reserves RM'000 | Retained profits RM'000 | | | Sub-total RM'000 |
| Balance as at 1 January 2011 | | 2,153,475 | 2,352,093 | 2,603,964 | 27,815 | 153,872 | (76,854) | 2,747,792 | 9,962,157 | 10,813 | 9,972,970 |
| - As previously reported | | - | - | - | - | - | (31) | (9,380) | (9,411) | - | (9,411) |
| - Effect of full adoption of MFRS139 | 51 | - | - | - | - | - | - | - | - | - | - |
| - As restated | | 2,153,475 | 2,352,093 | 2,603,964 | 27,815 | 153,872 | (76,885) | 2,738,412 | 9,952,746 | 10,813 | 9,963,559 |
| Net profit for the financial year | | - | - | - | - | - | - | 1,687,913 | 1,687,913 | 2,119 | 1,690,032 |
| Currency translation differences | | - | - | - | - | - | 18,072 | - | 18,072 | - | 18,072 |
| Financial investments AFS: | | - | - | - | - | - | - | - | - | - | - |
| - Unrealised net gain on revaluation | | - | - | - | - | 166,904 | - | - | 166,904 | 10 | 166,914 |
| - Net transfer to income statements on disposal or impairment | | - | - | - | - | (86,901) | - | - | (86,901) | (33) | (86,934) |
| Income tax relating to components of other comprehensive income/(loss) | 37 | - | - | - | - | (20,221) | - | - | (20,221) | 6 | (20,215) |
| Other comprehensive income/(loss), net of tax | | - | - | - | - | 59,782 | 18,072 | - | 77,854 | (17) | 77,837 |
| Total comprehensive income | | - | - | - | - | 59,782 | 18,072 | 1,687,913 | 1,765,767 | 2,102 | 1,767,869 |
| Transfer in respect of statutory requirements | | - | - | 412,640 | - | - | - | (412,640) | - | - | - |
| Ordinary dividends | 38 | - | - | - | - | - | - | (476,825) | (476,825) | (993) | (477,818) |
| Shares issued pursuant to DRP | 25 | 51,344 | 322,366 | - | - | - | - | - | 373,710 | - | 373,710 |
| Balance as at 31 December 2011 | | 2,204,819 | 2,674,459 | 3,016,604 | 27,815 | 213,654 | (58,813) | 3,536,860 | 11,615,398 | 11,922 | 11,627,320 |

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

► **Statements of Changes In Equity**
For The Financial Year Ended 31 December 2012

| Company | Note | Non distributable | | Distributable | Total RM'000 |
|---------------------------------------|-------|-------------------------|-------------------------|----------------------------|------------------|
| | | Share capital RM'000 | Share premium RM'000 | Retained profits RM'000 | |
| Balance as at 1 January 2012 | | 2,204,819 | 2,674,459 | 945,182 | 5,824,460 |
| Net profit for the financial year | | - | - | 400,804 | 400,804 |
| Ordinary dividends | 38 | - | - | (452,973) | (452,973) |
| Shares issued pursuant to: | | | | | |
| – DRP | 25 | 44,389 | 244,893 | - | 289,282 |
| – Acquisition of a subsidiary | 45(a) | 245,000 | 1,629,250 | - | 1,874,250 |
| Balance as at 31 December 2012 | | 2,494,208 | 4,548,602 | 893,013 | 7,935,823 |
| Balance as at 1 January 2011 | | 2,153,475 | 2,352,093 | 1,227,290 | 5,732,858 |
| Net profit for the financial year | | - | - | 194,717 | 194,717 |
| Ordinary dividends | 38 | - | - | (476,825) | (476,825) |
| Shares issued pursuant to DRP | 25 | 51,344 | 322,366 | - | 373,710 |
| Balance as at 31 December 2011 | | 2,204,819 | 2,674,459 | 945,182 | 5,824,460 |

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

Statements of Cash Flows

For The Financial Year Ended 31 December 2012

| | Group | |
|--|----------------------|----------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 2,384,623 | 2,249,878 |
| Adjustments for: | | |
| Allowance for impairment on loans, financing and other losses | 611,784 | 478,580 |
| Property, plant and equipment: | | |
| – depreciation | 96,419 | 66,019 |
| – gain on disposal | (1,328) | (5,057) |
| – written off | 7 | 26 |
| Intangible assets: | | |
| – amortisation | 32,052 | 34,033 |
| – written off | – | 1 |
| Impairment loss on financial investments AFS and held-to-maturity | 1,062 | 77,411 |
| Impairment loss on a joint venture | 5,936 | – |
| Accretion of discounts for borrowings and subordinated obligations | 2,381 | 9,547 |
| Share of results of associate and joint venture | (1,120) | (427) |
| Interest income from financial assets held-for-trading, financial investments AFS and held-to-maturity | (864,600) | (858,726) |
| Investment income from financial assets held-for-trading, financial investments AFS and held-to-maturity | (143,658) | (128,378) |
| Net gain arising from sale/redemption of financial assets held-for-trading and financial investments AFS and held-to-maturity | (183,477) | (146,302) |
| Unrealised loss on revaluation of financial assets held-for-trading and derivatives | 5,545 | 65,865 |
| Net gain on fair value hedges | (1,474) | – |
| Unrealised foreign exchange loss/(gain) | 12,767 | (11,095) |
| Accretion of discount less amortisation of premium-net | 29,089 | (23,323) |
| Gross dividend income from financial assets held-for-trading, financial investments AFS and held-to-maturity | (21,523) | (25,566) |
| Gain arising from acquisition of a subsidiary | (1,638) | – |
| Operating profit before working capital changes | 1,962,847 | 1,782,486 |
| (Increase)/decrease in operating assets: | | |
| Securities purchased under resale agreements | (530,823) | 140,182 |
| Deposits and placements with banks and other financial institutions | (2,373,028) | (109,687) |
| Financial assets held-for-trading | (668,980) | (671,547) |
| Loans, advances and financing | (12,772,638) | (14,322,733) |
| Clients' and brokers' balances | (217,223) | 187,740 |
| Other assets | (184,928) | (137,280) |
| Statutory deposits | (361,047) | (2,823,005) |
| | (17,108,667) | (17,736,330) |

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

► **Statements of Cash Flows**
For The Financial Year Ended 31 December 2012

| | Note | Group | |
|---|--------|----------------------|----------------------|
| | | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED) | | | |
| Increase/(decrease) in operating liabilities: | | | |
| Deposits from customers | | 16,215,824 | 21,426,756 |
| Deposits and placements of banks and other financial institutions | | 2,554,470 | (34,582) |
| Obligations on securities sold under repurchase agreements | | (95,617) | – |
| Obligations on securities borrowed | | 119,905 | – |
| Bills and acceptances payable | | (127,554) | 228,015 |
| Clients' and brokers' balances | | 263,129 | (166,596) |
| Other liabilities | | 96,103 | 114,331 |
| Recourse obligation on loans sold to Cagamas | | 1,283,547 | 343,311 |
| | | 20,309,807 | 21,911,235 |
| Cash generated from operations | | 5,163,987 | 5,957,391 |
| Net tax paid | | (350,569) | (540,903) |
| Net cash generated from operating activities | | 4,813,418 | 5,416,488 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Net purchase of financial investments AFS and held-to-maturity | | (4,658,017) | (459,409) |
| Property, plant and equipment: | | | |
| – Purchase | | (84,743) | (136,860) |
| – Proceeds from disposal | | 11,376 | 5,523 |
| Software licence: | | | |
| – Purchase | | (42,318) | (43,927) |
| Financial investments AFS and held to maturity: | | | |
| – interest received | | 733,887 | 883,107 |
| – investments income received | | 129,242 | 123,226 |
| – dividend income received | | 21,308 | 25,548 |
| Acquisition of subsidiaries | 45 (a) | 1,082,745 | – |
| Acquisition of additional interest in a subsidiary | 45 (b) | (7,965) | – |
| Net cash (used in)/generated from investing activities | | (2,814,485) | 397,208 |

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

| | Note | Group | |
|--|-------|----------------------|----------------------|
| | | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Net proceeds from issuance of USD senior debt securities | | 1,535,591 | – |
| Net proceeds from issuance of RM subordinated obligations | | 2,292,706 | 250,000 |
| Repayment of RM subordinated obligations | | (1,500,000) | – |
| Repayment of bonds | | (350,000) | – |
| Proceeds from shares issued pursuant to DRP | | 289,282 | 373,710 |
| Drawdown of borrowings | | 691,568 | 263,250 |
| Repayment of borrowings | | (511,043) | (737,941) |
| Dividends paid to equity holders of the Company | | (452,973) | (476,825) |
| Dividends paid to non-controlling interests in a subsidiary | | (993) | (993) |
| Net cash generated from/(used in) financing activities | | 1,994,138 | (328,799) |
| Net increase in cash and cash equivalents | | 3,993,071 | 5,484,897 |
| Effects of exchange rate differences | | (51,685) | – |
| Cash and cash equivalents at the beginning of the financial year | | 20,032,564 | 14,547,667 |
| Cash and cash equivalents at the end of the financial year | | 23,973,950 | 20,032,564 |
| Cash and cash equivalents comprise the following: | | | |
| Cash and short term funds | 2 | 23,974,020 | 20,032,582 |
| Overdrafts | 22(c) | (70) | (18) |
| | | 23,973,950 | 20,032,564 |

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

► **Statements of Cash Flows**
For The Financial Year Ended 31 December 2012

| | Note | Company | |
|--|-------|----------------------|----------------------|
| | | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 549,004 | 266,254 |
| Adjustments for: | | | |
| Interest expense | | 141,061 | 144,361 |
| Unrealised foreign exchange loss | | 115 | 49 |
| Property, plant and equipment: | | | |
| – depreciation | | 245 | 220 |
| – gain on disposal | | (190) | (91) |
| Dividend income | | (756,499) | (434,215) |
| Interest income | | (2,966) | (2,472) |
| Operating loss before working capital changes | | (69,230) | (25,894) |
| Increase in deposits and placements with banks and other financial institutions | | (32) | (38) |
| Decrease in inter-company balances | | 12,670 | 21,346 |
| Increase in other assets | | (1,468) | (896) |
| Increase/(decrease) in other liabilities | | 58,142 | (1,296) |
| Cash generated from/(used in) operations | | 82 | (6,778) |
| Tax refund | | 27,902 | 59,570 |
| Net cash generated from operating activities | | 27,984 | 52,792 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Dividend income received from subsidiaries | | 567,021 | 325,661 |
| Interest income received | | 2,203 | 1,209 |
| Purchase of property, plant and equipment | | (96) | (98) |
| Acquisition of subsidiaries | 45(a) | (235,199) | – |
| Acquisition of additional interest in a subsidiary | 45(b) | (7,965) | – |
| Proceeds from disposal of property, plant and equipment | | 190 | 91 |
| Net cash generated from investing activities | | 326,154 | 326,863 |

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

| | Note | Company | |
|--|-------|----------------------|----------------------|
| | | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| CASH FLOWS USED IN FINANCING ACTIVITIES | | | |
| Drawdown of borrowings | | 405,000 | 280,290 |
| Repayment of borrowings | | (459,590) | (724,650) |
| Interest expense paid | | (127,190) | (150,679) |
| Dividends paid to equity holders of the Company | | (452,973) | (476,825) |
| Proceeds from shares issued pursuant to DRP | | 289,282 | 373,710 |
| Net cash used in financing activities | | (345,471) | (698,154) |
| Net increase/(decrease) in cash and cash equivalents | | 8,667 | (318,499) |
| Cash and cash equivalents at the beginning of the financial year | | 27,510 | 346,009 |
| Cash and cash equivalents at the end of the financial year | | 36,177 | 27,510 |
| Cash and cash equivalents comprise the following: | | | |
| Cash and short term funds | 2 | 36,247 | 27,528 |
| Overdrafts | 22(c) | (70) | (18) |
| | | 36,177 | 27,510 |

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

Summary of Significant Accounting Policies And Critical Accounting Estimates And Assumptions

For The Financial Year Ended 31 December 2012

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 years presented, unless otherwise stated.

(1) Basis of preparation of financial statements and transition from Financial Reporting Standards to Malaysian Financial Reporting Standards

The Malaysian Accounting Standards Board (MASB) announced on 19 November 2011 that Malaysian reporting entities are required to comply with the new International Financial Reporting Standards (IFRS) compliant framework, Malaysian Financial Reporting Standards (MFRS) for financial year commencing on or after 1 January 2012.

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965.

The financial statements of the Group and the Company for the financial year ended 31 December 2012 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1 'First-time Adoption of MFRS'.

Subject to certain transition elections disclosed in Note 50 to the financial statements, the Group and the Company have consistently applied the same accounting policies in its opening MFRS statement of financial position at 1 January 2011 (transition date) and throughout all years presented, as if these policies had always been in effect. Comparative figures for 2011 in these financial statements have been restated to give effect to these changes. Note 50 discloses the impact of the transition to MFRS on the Group's and the Company's reported financial position, financial performance and cash flows.

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

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 Company'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 or complexity are disclosed in Section B.

A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(1) Basis of preparation of financial statements and transition from Financial Reporting Standards to Malaysian Financial Reporting Standards (continued)

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

The relevant new accounting standards, amendments and improvements to published standards and interpretations to the existing standards that are effective for the Group's and the Company's financial year beginning on or after 1 January 2012 are as follows:

- MFRS 1 'First-time Adoption of Malaysian Financial Reporting Standards'
- MFRS 139 'Financial Instruments: Recognition and Measurement'
- Revised MFRS 124 'Related Party Disclosures'
- Amendment to MFRS 112 'Income Taxes'
- IC Interpretation 19 'Extinguishing Financial Liabilities with Equity Instruments'
- Amendment to MFRS 1 'First-time Adoption on Fixed Dates and Hyperinflation'
- Amendment to MFRS 7 'Financial Instruments: Disclosures on Transfers of Financial Assets'
- Amendment to MFRS 101 'Presentation of Items of Other Comprehensive Income'
- FRSIC 18 'Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad'

The adoption of the above standards, amendments to published standards and interpretations to existing standards does not give rise to any material financial impact to the Group and Company, except for the adoption of MFRS 139 and FRSIC 18 as set out in Note 51.

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

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

(i) Financial year beginning on/after 1 January 2013

MFRS 10 'Consolidated Financial Statements' (effective from 1 January 2013) changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in MFRS 127 'Consolidated and Separate Financial Statements' and IC Interpretation 112 'Consolidation – Special Purpose Entities'.

MFRS 11 'Joint Arrangements' (effective from 1 January 2013) requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(1) Basis of preparation of financial statements and transition from Financial Reporting Standards to Malaysian Financial Reporting Standards (continued)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (continued)

(i) Financial year beginning on/after 1 January 2013 (continued)

MFRS 12 'Disclosures of Interests in Other Entities' (effective from 1 January 2013) sets out the required disclosures for entities reporting under the two new standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 128 'Investments in Associates'. It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

MFRS 13 'Fair Value Measurement' (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 'Financial Instruments: Disclosures', but apply to all assets and liabilities measured at fair value, not just financial ones.

The revised MFRS 127 'Separate Financial Statements' (effective from 1 January 2013) includes the provisions on separate financial statements that are left after the control provisions of MFRS 127 have been included in the new MFRS 10.

Amendment to MFRS 101 'Presentation of Items of Other Comprehensive Income' (effective from 1 July 2012) requires entities to separate items presented in other comprehensive income (OCI) in the statement of comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. The amendments do not address which items are presented in OCI.

Amendment to MFRS 7 'Financial Instruments: Disclosures' (effective from 1 January 2013) requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset.

The revised MFRS 128 'Investments in Associates and Joint Ventures' (effective from 1 January 2013) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of MFRS 11.

A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(1) Basis of preparation of financial statements and transition from Financial Reporting Standards to Malaysian Financial Reporting Standards (continued)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (continued)

(ii) Financial year beginning on/after 1 January 2014

Amendment to MFRS 132 'Financial Instruments: Presentation' (effective from 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.

(iii) Financial year beginning on/after 1 January 2015

MFRS 9 'Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities' (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss (FVTPL). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in OCI. There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity.

The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

MFRS 7 requires disclosures on transition from MFRS 139 to MFRS 9.

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 Company, except that the Group is in the process of reviewing the requirements of MFRS 9 and expects this process to be completed prior to the effective date on 1 January 2015.

► **Summary of Significant Accounting Policies And
Critical Accounting Estimates And Assumptions
For The Financial Year Ended 31 December 2012**

A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(2) Basis of consolidation

(a) Subsidiaries

Subsidiaries are those corporations or other entities in which the Company has the power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another 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.

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 Company. 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 remeasured, 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 8 on goodwill.

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 years is not restated.

A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(2) Basis of consolidation (continued)

(a) Subsidiaries (continued)

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.

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

The acquired entity's results, assets and liabilities are consolidated from the date on which the business combination between entities under common control occurred. Consequently, the consolidated financial statements do not reflect the results of the acquired entity for the period before the transaction occurred. The corresponding amounts for the previous year are not restated.

(b) Transaction with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests, where such transaction occurred after control has already been obtained and they do not result in loss of control, as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is deducted from equity. For disposals to non-controlling interests, the differences between any proceeds received and the relevant share of non-controlling interests are also recognised in equity.

(c) Jointly controlled entities

Jointly controlled entities are those corporations or other entities over which there is contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entities requiring unanimous consent of the parties sharing control.

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting and are initially recognised at cost. Equity accounting involves recognising the Group's share of the post-acquisition results of jointly controlled entities in profit or loss, and its share of post-acquisition changes in other comprehensive income. The cumulative post-acquisition changes are adjusted against the cost of investment and include goodwill on acquisition, less accumulated impairment loss.

Where necessary, in applying the equity method, adjustments are made to the financial statements of jointly controlled entities to ensure consistency of accounting policies with those of the Group.

A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(2) Basis of consolidation (continued)

(d) Associates

Associates are those corporations or other entities in which the Group exercises significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policies through representation on the Board but not the power to exercise control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are initially recognised at cost. Equity accounting involves recognising the Group's share of its associates' post-acquisition profits or losses in income statements, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition changes are adjusted against the cost of investment and include goodwill on acquisition, less accumulated impairment loss.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its shares of further losses. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method of accounting, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

(e) Changes in ownership interests

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value at the date control, joint control or significant influence ceased, with the change in carrying amount recognised in income statements.

This fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial assets. 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 income statements.

A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(3) Investments in subsidiaries, associates and joint ventures

In the Company's separate financial statements, investments in subsidiaries, associates and joint ventures are stated at cost less accumulated impairment losses. At the end of 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 23 on impairment of non-financial assets.

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

(4) Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, financial investments available-for-sale and financial investments held-to-maturity. The classification depends on the purpose for which the financial assets were acquired. 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 it in the near term. Derivatives are also categorised as held-for-trading unless they are designated as hedges. Refer to accounting policy Note 6.

(ii) 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 management has the positive intention and ability to hold to maturity. If the Group sells other than an insignificant amount of financial investments held-to-maturity, the whole category would be tainted and reclassified as financial investments available-for-sale.

(iii) Loans and receivables

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

(iv) 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.

► **Summary of Significant Accounting Policies And
Critical Accounting Estimates And Assumptions
For The Financial Year Ended 31 December 2012**

A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(4) Financial assets (continued)

(b) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the settlement date on which the Group commits to purchase or sell the asset.

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 – gain and loss

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 income statements in the 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 20) and foreign exchange gains and losses on monetary assets. The exchange differences on monetary assets are recognised in income statements, 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 income statements. Interest on financial investments available-for-sale calculated using the effective interest method is recognised in income statements. Dividend income on financial investments available-for-sale equity is recognised in non-interest income in income statements when the Group's right to receive payment is established.

(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 derecognised 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.

A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(4) Financial assets (continued)

(e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is 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.

(f) Determination on fair value

The fair value of financial instruments traded in active markets are based on quoted market prices at the end of the reporting date. The quoted market prices used for financial assets held by the Group are the current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, net book value and option pricing models refined to reflect the issuer's specific circumstances.

(5) Repurchase agreements

Securities purchased under resale agreements are securities which the banking subsidiaries 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 banking subsidiaries 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.

(6) 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 flow 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 recognises profits on day one.

A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(6) Derivative financial instruments and hedge accounting (continued)

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

The Group documents, 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 also documents 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 earnings until the disposal of the equity security.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain 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 periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

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

(c) Derivatives that do not qualify for hedge accounting

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

A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(7) Foreclosed properties

Foreclosed properties are stated at lower of cost or fair value less cost to sell.

(8) 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 23 on impairment of non-financial assets.

Goodwill is allocated to cash-generating units (CGU) 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

(i) Trading rights

Acquired trading rights are initially recognised at fair value. Trading rights acquired in a business combination are recognised at fair value at the acquisition date. Trading rights has an indefinite useful life and are carried at cost less impairment losses, if any.

(ii) Banking and stockbroking licence

Banking and stockbroking licence are initially recognised at fair value. Banking and stockbroking licence acquired in a business combination are recognised at fair value at the acquisition date. Banking and stockbroking licence have an indefinite useful life and are carried at cost less impairment losses, if any.

(iii) 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 subsequent carried at cost less accumulated amortisation and impairment losses. These costs are amortised over the estimated useful lives of 5 to 10 years.

The above intangible assets, except for computer software licenses, are tested at least annually for impairment. At the end of the reporting period, the Group assesses whether there is impairment on computer software. Where an indication of impairment exists, the carrying amount of the asset is written down to its recoverable amount. Refer to accounting policy Note 23 on impairment of non-financial assets. Gain and losses arising from derecognition of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the intangible assets and are recognised in income statements when the asset is derecognised.

▸ **Summary of Significant Accounting Policies And
Critical Accounting Estimates And Assumptions
For The Financial Year Ended 31 December 2012**

A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(9) 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 Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. 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, summarised as follows:

| | |
|-----------------------------------|--|
| Leasehold land | Amortised over the period of the leases* |
| Buildings | 2% to 3 $\frac{1}{3}$ % |
| Renovations and improvements | 7.5% to 20% |
| Computer equipment | 20% to 33 $\frac{1}{3}$ % |
| Furniture, fittings and equipment | 7.5% to 20% |
| Motor vehicles | 20% to 25% |

* The remaining period of the lease ranges from 7 to 881 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 render 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 assesses 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 23 on impairment of non-financial assets.

A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(10) Financial liabilities

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

The Group's and the Company'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 other financial liabilities at amortised cost. All financial liabilities are derecognised when extinguished.

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 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 6.

(b) Other financial 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, obligations on securities sold under repurchase agreements, obligations on securities borrowed, bills and acceptances payables, clients' and brokers' balances, 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 the profit or loss over the period of the borrowings using the effective interest method.

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

Borrowings measured at amortised cost are long terms and short terms borrowings from financial institution, subordinated obligations, senior debt securities and Hybrid Tier-1 capital securities.

(11) Recourse obligation on loans sold to Cagamas Berhad (Cagamas)

In the normal course of commercial banking operations, the commercial banking subsidiaries 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)

(12) 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 the 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 straight-line basis over the lease term.

Where an operating lease is terminated before the lease 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 assumes 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 income statements 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.

(13) 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.

A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(14) Provisions

Provisions are recognised when the Group and the Company 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 Company 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.

(15) Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group 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 the future premiums is recognised.

The fair value of financial guarantees 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 for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(16) Contingent liabilities and contingent assets

The Group and the Company 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 Company 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 Company. The Group and the Company do not recognise contingent assets but discloses their existence where inflows of economic benefits are probable, but not virtually certain.

Subsequent to the initial recognition, the Group measures 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'.

(17) 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

Distributions 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 period in which the shareholders' right to receive the dividends are established or the dividends are approved.

(18) 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)

(19) 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 reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues 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) Brokerage commission is recognised when contracts are executed. Interest income from margin financing, clients' overdue outstanding purchases and contra losses are recognised using effective interest method.
- (g) Premium income from general insurance business (net of all reinsurance) is recognised on the date of assumption of risks. Premium in respect of risks incepted, for which policies have not been raised as at the date of statements of financial position, is accrued at that date.
- (h) Corporate advisory fees are recognised as income on completion of each stage of the engagement and issuance of invoice.
- (i) Management fees of the unit trust management company are recognised on accruals basis. Sales value of trust units is recognised on the approval of a unit holder's application. The value from the cancellation of trust units is recognised upon approval of the trustee.
- (j) Dividends from all investments are recognised when the shareholders' right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(20) Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses 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) has 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 uses 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; or
- 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 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 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)

(20) Impairment of financial assets (continued)

(a) Assets carried at amortised cost (continued)

When an asset is uncollectible, 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 first assesses 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 determines 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 assesses them for impairment.

Individually impairment allowance

The Group determines 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.

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. 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.

▸ **Summary of Significant Accounting Policies And
Critical Accounting Estimates And Assumptions
For The Financial Year Ended 31 December 2012**

A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(20) Impairment of financial assets (continued)

(a) Assets carried at amortised cost (continued)

Collective impairment allowance (continued)

Change in accounting policy

Previously, the Group applied the Amendment to FRS 139 'Financial Instruments: Recognition and Measurement', which included an additional transitional arrangement for financial sectors, whereby Bank Negara Malaysia (BNM) prescribed the use of an alternative basis for collective assessment of impairments on loans, advances and financing. This transitional arrangement is prescribed in BNM's Guidelines on Classification and Impairment Provisions for Loans/Financing issued on 8 January 2010 and subsequently updated on 26 January 2010 and 17 December 2010, whereby banking institutions are required to maintain collective allowances of at least 1.5% of total outstanding loans/financing, net of individual impairment allowances under the transitional provisions in the guidelines.

With effect from 1 January 2012, BNM removed the transitional provision for banking institutions on collective evaluation of loan impairment assessment and loan loss provisioning to comply with MFRS 139 requirements. Exposures not individually known to be impaired are placed into pools of similar assets with similar risk characteristics to be collectively assessed for losses that have been incurred but not identified yet. The required loan loss allowance is estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the collective pool. The historical loss experience is adjusted based on current observable data.

Previously, when a collectively assessed loans, advances and financing is deemed impaired, the Group reversed out the interest income recognised in income statements and set off against the interest receivable in the statements of financial position.

Upon the adoption of MFRS 139, with effect from 1 January 2012, once collectively assessed loans, advance and financing has been written down as a result of an impairment loss, interest income is thereafter recognised using the original effective interest rate in the income statements.

The financial impact arising on the adoption of MFRS 139 is set out in Note 51 to the financial statements.

A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(20) Impairment of financial assets (continued)

(b) Assets classified as available-for-sale

The Group assesses 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 uses 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.

(21) General insurance

Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract is a contract under which the insurance subsidiary (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

The general insurance underwriting results are determined for each class of business after taking into account, reinsurances, commissions, unearned premiums and claims incurred.

Premium income

Premium income is recognised on the date of assumption of risk. Premiums in respect of risks incepted for which policies have not been raised as of the date of statements of financial position are accrued at the date.

Outward reinsurance premiums are recognised in the same accounting period as the original policies to which the reinsurance relate.

Premium liabilities

Premium liabilities refer to the higher of the aggregate of the unearned premium reserve or the best estimate value of the insurer's unexpired risk reserves at the valuation date and the Provision of Risk Margin for Adverse Deviation (PRAD) calculated at the overall company level of the insurance subsidiary. The best estimate value is a prospective estimate of the expected future payments arising from future events insured under policies in force as at the valuation date and also includes allowance for the insurer's expense including overheads and cost of reinsurance, expected to be incurred during the unexpired period in administering these policies and settling the relevant claims, and shall allow for expected future premium refunds.

A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(21) General insurance (continued)

Claim liabilities

A liability for outstanding claims is recognised in respect of both direct insurance and inward reinsurance. The amount of claims liabilities is the best estimate of the expenditure required together with related expenses less recoveries to settle the present obligations at the date of statements of financial position. These include provision for claims reported, claims incurred but not reported, claims incurred but not enough reserved and direct and indirect claims-related expenses such as investigation fees, loss adjustment fees, legal fees, sue and labour charges and the expected internal costs that the insurer expects to incur when settling these claims.

Acquisition costs and deferred acquisition costs (DAC)

The gross cost of acquiring and renewing insurance policies net of income derived from ceding reinsurance premium is recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

Those costs are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognised as an expense when incurred.

Subsequent to initial recognition, these costs are amortised on a straight-line basis based on the term of expected future premiums. Amortisation is recognised in income statements.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in these assets are accounted for by changing the amortisation period and are treated as a change in an accounting estimate.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in income statements. DAC is also considered in the liability adequacy test for each accounting period.

DAC is derecognised when the related contracts are either settled or disposed of.

For presentation purposes, DAC is net off against premium liabilities in the financial statements.

Reinsurance

The insurance subsidiary cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contracts.

Ceded reinsurance arrangements do not relieve the insurance subsidiary from its obligations to policyholders. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the insurer may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the insurer will receive from the reinsurer. The impairment loss is recorded in the income statements.

A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(21) General insurance (continued)

Reinsurance (continued)

Gains or losses on buying reinsurance are recognised in the income statements immediately at the date of purchase and are not amortised.

Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statements of financial position. These are deposit assets or financial liabilities that are recognised based on the consideration paid or received less any explicit identified premiums or fees to be retained by the reinsured. Investment income on these contracts is accounted for using the effective yield method when accrued.

Insurance contract liabilities

General insurance contract liabilities are recognised when contracts are entered into and premiums are charged. These liabilities comprise claims liabilities and premium liabilities.

Outstanding claims provision are based on the estimated ultimate cost of all claims incurred but not settled at the date of statements of financial position, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these claims cannot be known with certainty at the date of statements of financial position. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the contract expires, is discharged or is cancelled. The provision for unearned premiums represents premiums received for risks that have not yet expired. Generally, the reserve is released over the term of the contract and is recognised as premium income.

At each reporting date, the Group reviews its unexpired risks and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows (taking into consideration current loss ratios) after taking account of the investment return expected to arise on assets relating to the relevant general insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums less related deferred acquisition costs is inadequate, the deficiency is recognised in income statements by setting up a provision for liability adequacy.

A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(22) Employee benefits

(a) Short term employee benefits

The Group recognises a liability and an expense for bonuses. The Group 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 period in which the associated services are rendered by employees of the Group.

(b) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions to the national pension scheme, the Employees' Provident Fund. The Group's contributions to defined contribution plans are charged to the income statements in the period to which they relate. Once the contributions have been paid, the Group has 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.

(23) 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 asset's 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 flow or 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 the income statements.

A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(24) Current and deferred income taxes

The tax expense for the 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.

The current income tax charge or expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits, including withholding taxes payable by foreign subsidiaries, associates and joint ventures on distribution and arising from distributions of retained earnings 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 the 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, associates and joint ventures 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.

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.

(25) 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 Company's functional and presentation currency.

A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(25) Currency conversion and translation (continued)

(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.

For translation differences on financial assets and liabilities held at fair value through profit or loss and available-for-sale financial assets. Refer to accounting policy Note 4(c).

(c) Group companies

The results and financial position of all the group entities (none of which has 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 date of the 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 income statements 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.

(26) 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 Group Management Committee as its chief operating decision-maker.

B CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes 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 below:

(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 flow and collateral values.

The Group makes allowance for losses based on assessment of recoverability. Whilst management's judgement is guided by the relevant BNM guidelines, judgement is made in the 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 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 required the Group to make an estimate of the expected future cash and the flow from the cash-generating unit. Determining both the expected pre-tax cash flows rates used to discount future expected cash flows appropriate to the cash-generating 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 are disclosed in Note 17 to the financial statements.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2012

1 GENERAL INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia and listed on the Main Board of Bursa Malaysia Securities Berhad.

The principal activity of the Company is investment holding. The Group is involved in commercial banking, Islamic banking, investment banking, stock broking, leasing, offshore banking, offshore trust services, general insurance, unit trust management, asset management and nominee and custodian services.

There have been no significant changes in these principal activities during the financial year, other than those disclosed in Note 45.

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

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 28 February 2013.

2 CASH AND SHORT TERM FUNDS

| | Group | | |
|--|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Cash and balances with banks and other financial institutions | 1,900,011 | 1,377,639 | 963,351 |
| Money at call and deposit placements maturing within one month | 22,074,009 | 18,654,943 | 13,584,316 |
| | 23,974,020 | 20,032,582 | 14,547,667 |

| | Company | | |
|--|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Cash and balances with banks and other financial institutions | 2,262 | 614 | 399 |
| Money at call and deposit placements maturing within one month | 33,985 | 26,914 | 345,610 |
| | 36,247 | 27,528 | 346,009 |

3 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

| | Group | | |
|------------------------------|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Licenced banks | 1,590,559 | 947,631 | 931,141 |
| Licenced investment banks | 16,471 | 115,505 | 92,385 |
| Licenced Islamic banks | 90,075 | 70,077 | – |
| Bank Negara Malaysia (BNM) | 1,203,564 | – | – |
| Other financial institutions | 737,860 | – | – |
| | 3,638,529 | 1,133,213 | 1,023,526 |

| | Company | | |
|----------------|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Licenced banks | 951 | 919 | 891 |

4 FINANCIAL ASSETS HELD-FOR-TRADING

| | Group | | |
|--|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| At fair value | | | |
| Money market instruments: | | | |
| Malaysian government securities | 323,779 | 21,119 | – |
| Malaysian government investment issues | 181,998 | 144,220 | 45,621 |
| Malaysian government treasury bills | 52,869 | – | – |
| BNM monetary notes | 598,073 | 808,374 | 366,768 |
| Cagamas bonds | 250,324 | – | – |
| Singapore government treasury bills | 227,634 | 275,519 | 119,367 |
| Thailand government bonds | – | – | 10,216 |
| Wakala Global sukuk | 7,144 | 16,495 | – |
| Khazanah bonds | – | 53,767 | – |
| Negotiable instruments of deposits | – | – | 51,502 |
| 1 Malaysia Sukuk | 20,183 | – | – |
| <u>Quoted securities:</u> | | | |
| In Malaysia | | | |
| Shares, exchange traded funds and warrants | 129,944 | 67,981 | 69,896 |
| Unit trusts | 5,790 | 3,451 | 1,059 |

► **Notes To The Financial Statements**
For The Financial Year Ended 31 December 2012

4 FINANCIAL ASSETS HELD-FOR-TRADING (CONTINUED)

| | Group | | |
|--|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Outside Malaysia | | | |
| Shares, exchange traded funds and warrants | 58,517 | 2,524 | 2,457 |
| Unit trusts | 25,034 | – | – |
| <u>Unquoted securities:</u> | | | |
| In Malaysia | | | |
| Private debt securities | 717,367 | 108,308 | 105,368 |
| Outside Malaysia | | | |
| Private debt securities | 140,994 | – | – |
| | 2,739,650 | 1,501,758 | 772,254 |

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

The effect of the reclassification on the income statements for the period from the date of reclassification to 31 December 2012 and the gains and losses relating to these assets recorded in income statements for the financial year ended 31 December 2012 were as follows:

| Group | Carrying amount | | | Fair value | | |
|-------------------------------|----------------------|----------------------|--------------------|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Reclassified from HFT to AFS: | | | | | | |
| – Debt securities | 111,191 | 588,099 | 1,568,927 | 110,549 | 583,059 | 1,537,378 |
| Reclassified from HFT to HTM: | | | | | | |
| – Debt securities | 18,425 | 19,063 | 26,038 | 19,724 | 20,643 | 27,350 |
| | 129,616 | 607,162 | 1,594,965 | 130,273 | 603,702 | 1,564,728 |

| | Group | |
|--|----------------------|----------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| Fair value gain/(losses) that would have been recognised if the financial assets HFT had not been reclassified | 657 | (3,460) |

5 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE ('AFS')

| | Group | | |
|---|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| At fair value | | | |
| Money market instruments: | | | |
| Malaysian government securities | 806,960 | 1,666,771 | 4,520,680 |
| Malaysian government investment issues | 2,745,906 | 2,907,749 | 3,080,615 |
| Cagamas bonds and Cagamas Mudharabah bonds | 117,158 | 82,056 | 591,416 |
| Khazanah bonds | 49,116 | 12,638 | 11,984 |
| Singapore government securities | 135,081 | 232,275 | 128,445 |
| Singapore government treasury bills | 25,032 | 73,155 | 26,258 |
| Thailand government bonds | 106,295 | 85,870 | 112,140 |
| 1 Malaysia sukuk | 307,928 | 291,592 | 86,032 |
| Wakala global sukuk | 95,029 | 115,164 | – |
| Negotiable instruments of deposits | 409,161 | – | 108,163 |
| BNM Monetary Notes | 205,859 | – | – |
| Bankers' acceptances and Islamic acceptable bills | 412,555 | – | 93,868 |
| Sukuk Perumahan Kerajaan | 101,363 | – | – |
| <u>Quoted securities:</u> | | | |
| In Malaysia | | | |
| Corporate loan stocks | 8,627 | 15,434 | 15,408 |
| Shares and warrants | 7,630 | 4,503 | 4,310 |
| Unit trusts | 5,247 | – | – |
| Outside Malaysia | | | |
| Shares and warrants | 3,415 | 23 | 17 |
| Unit trusts | 20,197 | – | – |
| <u>Unquoted securities:</u> | | | |
| In Malaysia | | | |
| Private debt securities | 7,731,780 | 4,384,508 | 3,910,065 |
| Shares and warrants | 379,135 | 406,680 | 360,862 |
| Corporate loan stocks | 121,637 | 127,875 | 129,634 |
| Unit trusts | 344,217 | 278,883 | 168,495 |
| Redeemable convertible preference shares | – | 15,130 | 13,980 |
| Outside Malaysia | | | |
| Private debt securities | 994,761 | 5,901 | 11,921 |
| Corporate loan stocks | 460 | 574 | 564 |
| Shares | 20,382 | – | – |
| | 15,154,931 | 10,706,781 | 13,374,857 |

Included in financial investments available-for-sale are private debt securities outside Malaysia, which are pledged as collateral under securities sold under repurchase agreements amounting RM239,126,000 (31.12.2011: Nil; 1.1.2011: Nil).

► **Notes To The Financial Statements**
For The Financial Year Ended 31 December 2012

6 FINANCIAL INVESTMENTS HELD-TO-MATURITY

| | Group | | |
|---|-----------------------------|-----------------------------|---------------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| At amortised cost | | | |
| Money market instruments: | | | |
| Malaysian government securities | 2,461,736 | 2,814,685 | 2,993,642 |
| Malaysian government investment issues | 6,038,528 | 3,304,614 | 1,371,160 |
| Cagamas bonds and Cagamas Mudharabah bonds | 2,391,005 | 1,963,279 | 773,645 |
| Khazanah bonds | 66,290 | 63,418 | 52,631 |
| Negotiable instruments of deposits | 2,126,329 | 1,005,545 | 1,103,432 |
| Singapore government securities | 126,795 | 123,462 | 120,730 |
| Thailand government securities | 264,011 | 240,210 | 223,230 |
| Sukuk (Brunei) Incorporation | 57,594 | 53,682 | 23,873 |
| Bankers' acceptances and Islamic acceptance bills | 389,176 | 271,632 | – |
| Wakala Global sukuk | 212,524 | 203,078 | – |
| Singapore government treasury bills | – | – | 9,549 |
| <u>Unquoted securities:</u> | | | |
| In Malaysia | | | |
| Private debt securities | 4,216,113 | 3,207,217 | 2,420,343 |
| Corporate loan stocks | 55,196 | 56,283 | 81,107 |
| Bonds | 883 | 883 | 883 |
| Prasarana bonds | 794,309 | 990,911 | 1,860,387 |
| Outside Malaysia | | | |
| Private debt securities | 50,020 | 19,063 | 18,520 |
| Structured notes | – | – | 32,564 |
| | 19,250,509 | 14,317,962 | 11,085,696 |
| Allowance for impairment losses | (305,473) | (224,053) | (216,146) |
| | 18,945,036 | 14,093,909 | 10,869,550 |
| Movements in allowance for impairment losses: | | | |
| Balance as at the beginning of the financial year | 224,053 | 216,146 | |
| Amounts arising from acquisition of subsidiaries | 83,563 | – | |
| (Write back)/allowance made | (492) | 7,666 | |
| Allowance transfer to AFS securities | (315) | – | |
| Allowance written off | (1,000) | – | |
| Exchange difference | (336) | 241 | |
| Balance as at the end of the financial year | 305,473 | 224,053 | |

7 LOANS, ADVANCES AND FINANCING

| | Group | | |
|---|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| At amortised cost | | | |
| Overdrafts | 5,895,676 | 5,713,718 | 6,109,661 |
| Term loans/financing: | | | |
| – housing loans/financing | 21,706,306 | 20,083,314 | 18,328,572 |
| – syndicated term loans/financing | 2,521,254 | 2,603,854 | 2,055,287 |
| – hire-purchase receivables | 12,581,965 | 12,958,064 | 10,967,557 |
| – lease receivables | 75,650 | 116,243 | 146,399 |
| – other term loans/financing | 52,579,442 | 43,135,262 | 33,587,420 |
| Bills receivable | 1,574,283 | 1,645,017 | 1,507,021 |
| Trust receipts | 469,017 | 383,406 | 345,620 |
| Claims on customers under acceptance credits | 5,257,978 | 4,757,731 | 4,643,119 |
| Staff loans/financing | 286,116 | 316,812 | 350,875 |
| Credit/charge cards receivables | 1,926,638 | 1,783,094 | 1,648,863 |
| Revolving credits | 6,599,744 | 3,941,393 | 4,196,214 |
| Gross loans, advances and financing | 111,474,069 | 97,437,908 | 83,886,608 |
| Fair value changes arising from fair value hedges | 6,252 | – | – |
| | 111,480,321 | 97,437,908 | 83,886,608 |
| Allowance for impaired loans, advances and financing: | | | |
| – individual impairment allowance | (801,495) | (813,086) | (855,782) |
| – collective impairment allowance | (1,401,946) | (1,566,152) | (1,817,189) |
| Net loans, advances and financing | 109,276,880 | 95,058,670 | 81,213,637 |

Included in loans, advances and financing are housing loans, hire purchase receivables and other terms loans/financing sold to Cagamas with recourse amounting to RM2,371,017,000 (31.12.2011: RM967,714,000; 1.1.2011: RM660,910,000).

► Notes To The Financial Statements
For The Financial Year Ended 31 December 2012

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

| | Group | | |
|--|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| (i) By type of customer: | | | |
| Domestic non-bank financial institutions: | | | |
| – others | 1,502,696 | 937,008 | 315,831 |
| Domestic business enterprises: | | | |
| – small medium enterprises | 12,649,350 | 11,539,573 | 11,063,211 |
| – others | 30,406,205 | 23,989,635 | 22,184,642 |
| Government and statutory bodies | 10,989,382 | 11,148,102 | 9,210,030 |
| Individuals | 47,909,866 | 43,979,280 | 36,581,880 |
| Other domestic entities | 10,240 | 10,674 | 8,325 |
| Foreign entities | 8,006,330 | 5,833,636 | 4,522,689 |
| | 111,474,069 | 97,437,908 | 83,886,608 |
| (ii) By geographical distribution: | | | |
| In Malaysia | 104,661,562 | 92,881,385 | 80,243,807 |
| Outside Malaysia: | | | |
| – Singapore operations | 5,863,486 | 4,211,647 | 3,191,218 |
| – Thailand operations | 468,613 | 232,363 | 297,308 |
| – Brunei operations | 86,886 | 112,513 | 154,275 |
| – Indonesia operations | 18,274 | – | – |
| – Hong Kong operations | 100,444 | – | – |
| – Cambodia operations | 274,804 | – | – |
| | 111,474,069 | 97,437,908 | 83,886,608 |
| (iii) By interest/profit rate sensitivity: | | | |
| Fixed rate: | | | |
| – housing loans/financing | 1,358,745 | 1,612,129 | 1,524,513 |
| – hire-purchase receivables | 12,581,965 | 12,958,064 | 10,967,084 |
| – other fixed rate loans/financing | 19,996,461 | 16,528,417 | 14,214,493 |
| Variable rate: | | | |
| – base lending/financing rate plus | 42,244,830 | 38,793,599 | 32,892,316 |
| – cost-plus | 30,120,920 | 23,122,176 | 19,949,127 |
| – other variable rates | 5,171,148 | 4,423,523 | 4,339,075 |
| | 111,474,069 | 97,437,908 | 83,886,608 |

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

| | Group | | |
|---|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| (iv) By purpose: | | | |
| Purchase of securities | 10,250,484 | 6,983,242 | 4,009,277 |
| Purchase of transport vehicles | 11,448,099 | 11,742,988 | 9,575,916 |
| Purchase of landed property: | | | |
| – residential | 22,154,545 | 20,604,412 | 18,928,151 |
| – non-residential | 5,730,126 | 5,282,037 | 4,768,354 |
| Purchase of property, plant and equipment other than land and building | 3,249,719 | 3,241,052 | 3,338,395 |
| Personal use | 5,758,114 | 4,960,882 | 3,544,058 |
| Credit card | 1,926,638 | 1,783,094 | 1,648,863 |
| Purchase of consumer durables | 37,282 | 43,750 | 54,645 |
| Construction | 3,653,747 | 3,024,994 | 2,594,313 |
| Working capital | 26,520,291 | 20,359,900 | 20,744,300 |
| Merger and acquisition | 3,702,442 | 4,200,239 | 2,432,562 |
| Other purpose | 17,042,582 | 15,211,318 | 12,247,774 |
| | 111,474,069 | 97,437,908 | 83,886,608 |
| (v) By remaining contractual maturities: | | | |
| Maturing within one year | 39,436,353 | 30,866,562 | 28,795,411 |
| One year to three years | 8,971,576 | 6,148,234 | 4,692,908 |
| Three years to five years | 9,495,981 | 10,384,652 | 10,027,816 |
| Over five years | 53,570,159 | 50,038,460 | 40,370,473 |
| | 111,474,069 | 97,437,908 | 83,886,608 |

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

| | Note | Group | |
|--|------|----------------------|----------------------|
| | | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| (vi) Impaired loans, advances and financing | | | |
| (a) Movements in impaired loans, advances and financing: | | | |
| Balance as at the beginning of the financial year: | | | |
| – As previously reported | | 3,351,106 | 3,672,175 |
| – Effect of full adoption of MFRS 139 | 51 | 142,845 | 176,364 |
| – As restated | | 3,493,951 | 3,848,539 |
| Amount arising from acquisition of subsidiaries | | 286,081 | – |
| Classified as impaired | | 3,900,918 | 3,711,482 |
| Reclassified as non-impaired | | (2,746,513) | (2,856,741) |
| Amount recovered | | (784,440) | (609,133) |
| Amount written off | | (811,448) | (604,997) |
| Exchange difference | | (912) | 4,801 |
| Balance as at the end of the financial year | | 3,337,637 | 3,493,951 |

| | Group | | |
|--|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| (b) By purpose: | | | |
| Purchase of securities | 335,314 | 91,503 | 85,109 |
| Purchase of transport vehicles | 260,414 | 267,936 | 250,879 |
| Purchase of landed property: | | | |
| – residential | 965,098 | 1,085,031 | 1,262,419 |
| – non-residential | 158,072 | 211,948 | 258,690 |
| Purchase of property, plant and equipment other than land and building | 66,981 | 146,184 | 206,369 |
| Personal use | 137,178 | 125,496 | 126,095 |
| Credit card | 39,379 | 43,394 | 56,840 |
| Purchase of consumer durables | 2,058 | 2,154 | 3,356 |
| Construction | 160,267 | 244,774 | 175,969 |
| Working capital | 1,126,095 | 1,249,521 | 1,410,669 |
| Other purpose | 86,781 | 26,010 | 12,144 |
| | 3,337,637 | 3,493,951 | 3,848,539 |

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

| | Group | | |
|---|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| (vi) Impaired loans, advances and financing (continued) | | | |
| (c) By geographical distribution: | | | |
| In Malaysia | 3,238,073 | 3,397,385 | 3,692,924 |
| Outside Malaysia: | | | |
| – Singapore operations | 69,055 | 66,581 | 127,892 |
| – Thailand operations | 21,905 | 22,440 | 22,371 |
| – Brunei operations | 8,604 | 7,545 | 5,352 |
| | 3,337,637 | 3,493,951 | 3,848,539 |

| | Group | |
|--|----------------------|----------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| (d) Movements in allowance for impaired loans, advances and financing: | | |
| Individual impairment allowance | | |
| Balance as at the beginning of the financial year | 813,086 | 855,782 |
| Allowance made | 267,911 | 110,301 |
| Amount arising from acquisition of subsidiaries | 21,043 | – |
| Amount written off | (288,550) | (155,738) |
| Reclassified from collective impairment allowance | (10,895) | 1,786 |
| Transfer to allowance of impairment of financial investments HTM | (643) | – |
| Exchange difference | (457) | 955 |
| Balance as at the end of the financial year | 801,495 | 813,086 |

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

| | Note | Group | |
|--|------|----------------------|----------------------|
| | | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| (vi) Impaired loans, advances and financing (continued) | | | |
| (d) Movements in allowance for impaired loans, advances and financing (continued): | | | |
| Collective impairment allowance | | | |
| Balance as at the beginning of the financial year: | | | |
| – As previously reported | | 1,658,463 | 1,626,369 |
| – Effect of full adoption of MFRS 139 | 51 | (92,311) | 190,820 |
| – As restated | | 1,566,152 | 1,817,189 |
| Amount arising from acquisition of subsidiaries | | 6,463 | – |
| Allowance made | | 119,712 | 143,615 |
| Amount written off | | (300,584) | (394,391) |
| Reclassified to individual impairment allowance | | 10,895 | (1,786) |
| Exchange difference | | (692) | 1,525 |
| Balance as at the end of the financial year | | 1,401,946 | 1,566,152 |

8 CLIENTS' AND BROKERS' BALANCES

| | Group | | |
|---------------------------------------|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Amounts owing by clients | 1,377,704 | 199,345 | 214,270 |
| Allowance for impairment losses: | | | |
| – individual impairment allowance | (11,589) | (1,533) | (1,456) |
| – collective impairment allowance | (6,088) | (5,859) | (4,569) |
| | 1,360,027 | 191,953 | 208,245 |
| Amounts owing by: | | | |
| – Brokers | 984,171 | – | 176,660 |
| – Clearing houses and stock exchanges | 642,680 | 44,312 | 39,100 |
| | 2,986,878 | 236,265 | 424,005 |

8 CLIENTS' AND BROKERS' BALANCES (CONTINUED)

| | Note | Group | |
|--|------|----------------------|----------------------|
| | | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| Movements in impairment allowances are as follows: | | | |
| Individual impairment allowance | | | |
| Balance as at the beginning of the financial year: | | | |
| – As previously reported | | 9,310 | 7,478 |
| – Effect of full adoption of MFRS 139 | 51 | (7,777) | (6,022) |
| – As restated | | 1,533 | 1,456 |
| Amount arising from acquisition of subsidiaries | | 8,451 | – |
| Allowance made | | 1,699 | 134 |
| Amount recovered | | (82) | (57) |
| Amount written off | | (22) | – |
| Exchange differences | | 10 | – |
| Balance as at the end of the financial year | | 11,589 | 1,533 |
| Collective impairment allowance | | | |
| Balance as at the beginning of the financial year: | | | |
| – As previously reported | | 240 | 357 |
| – Effect of full adoption of MFRS 139 | 51 | 5,619 | 4,212 |
| – As restated | | 5,859 | 4,569 |
| Amount arising from acquisition of subsidiaries | | 134 | – |
| Allowance made | | 95 | 1,290 |
| Balance as at the end of the financial year | | 6,088 | 5,859 |

► Notes To The Financial Statements
For The Financial Year Ended 31 December 2012

9 OTHER ASSETS

| | Note | Group | | |
|---|------|----------------------|----------------------|--------------------|
| | | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Other debtors | (a) | 501,114 | 308,159 | 239,634 |
| Amount due from reverse repo transaction | | 121,309 | – | – |
| Deposits | (b) | 105,292 | 68,679 | 54,366 |
| Prepayments | | 54,788 | 40,237 | 28,192 |
| Reinsurance assets | (c) | 191,147 | 162,375 | 154,448 |
| Deposit for proposed acquisition of PT Bank Mestika Dharma | (d) | 112,515 | 112,515 | 112,515 |
| | | 1,086,165 | 691,965 | 589,155 |

| | Note | Company | | |
|---|------|----------------------|----------------------|--------------------|
| | | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Other debtors | (a) | 8 | 1 | 1 |
| Deposits | (b) | 35,015 | 32,847 | 32,800 |
| Prepayments | | 8,129 | 8,836 | 8,031 |
| Deposit for proposed acquisition of PT Bank Mestika Dharma | (d) | 112,515 | 112,515 | 112,515 |
| | | 155,667 | 154,199 | 153,347 |

(a) Other debtors of the Group are stated net of allowance for impairment losses of RM7,330,000 (31.12.2011: RM8,081,000; 1.1.2011: RM6,374,000).

(b) Included in deposits of the Group and the Company is a deposit of RM32,800,000 (31.12.2011: RM32,800,000; 1.1.2011: RM32,800,000) paid by the Company pursuant to the sale and purchase agreement dated 7 November 2000 between Carta Bintang Sdn Bhd (CBSB) and the Company for the sale and purchase of 60 million shares in SJ Securities Sdn Bhd (SJ Securities) as disclosed in Note 48(b).

9 OTHER ASSETS (CONTINUED)

(c) Reinsurance assets

| | Group | | |
|--------------------------------------|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Claims liabilities (Note 21(a)(i)) | 123,888 | 111,261 | 113,929 |
| Premium liabilities (Note 21(a)(ii)) | 67,259 | 51,114 | 40,519 |
| | 191,147 | 162,375 | 154,448 |

(d) On 22 October 2009, the Company paid a deposit of RM112,515,000, which is equivalent to 10% of the total purchase consideration, to the vendor in relation to the proposed acquisition of PT Bank Mestika Dharma as disclosed in Note 49(a).

10 DERIVATIVE 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 for economic hedges and also transacted in these instruments 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 accounting policies.

The table below shows the Group'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 assets) and gross negative (derivative liabilities) fair values at the date of statements of financial position are analysed below.

| | Group | | |
|----------------------------------|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Derivative assets: | | | |
| – trading derivatives | 275,441 | 237,658 | 310,905 |
| Derivative liabilities: | | | |
| – trading derivatives | (310,453) | (248,188) | (253,704) |
| – fair value hedging derivatives | (9,910) | – | – |
| | (320,363) | (248,188) | (253,704) |
| | (44,922) | (10,530) | 57,201 |

10 DERIVATIVE ASSETS/(LIABILITIES) (CONTINUED)

| | Group | | |
|---|---|--|--|
| | Contract or underlying principal amount RM'000 | Year-end positive fair value RM'000 | Year-end negative fair value RM'000 |
| 31.12.2012 | | | |
| Trading derivatives: | | | |
| Foreign exchange related contracts: | | | |
| – forwards/swaps | 10,272,838 | 54,324 | (87,114) |
| – options | 101,189 | 120 | (97) |
| – cross-currency interest rate swaps | 5,605,359 | 92,075 | (53,254) |
| OTC derivatives – options and structured products | 38,719 | 56 | – |
| Interest rate related contracts: | | | |
| – swaps | 22,681,847 | 128,866 | (155,636) |
| Structured warrants | 60,464 | – | (14,352) |
| Fair value hedging derivatives: | | | |
| Interest rate related contracts: | | | |
| – swaps | 1,860,000 | – | (9,910) |
| | | 275,441 | (320,363) |

Fair value hedges are used by the Group to protect it against the changes in fair value of financial assets and financial liabilities due to movements in market interest rates. The Group use interest rate swaps to hedge against interest rate risk of specific identified fixed rate long term loans, advances and financing. Included in the other operating income (Note 29) is the net gains and losses arising from fair value hedges during the financial year as follows:

| | Group | |
|--|----------------------|----------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| Gain on hedging instruments | 4,752 | – |
| Loss on the hedged items attributable to the hedged risk | (3,278) | – |
| | 1,474 | – |

10 DERIVATIVE ASSETS/(LIABILITIES) (CONTINUED)

| | Group | | |
|--------------------------------------|---|--|--|
| | Contract or underlying principal amount RM'000 | Year-end positive fair value RM'000 | Year-end negative fair value RM'000 |
| 31.12.2011 | | | |
| Trading derivatives: | | | |
| Foreign exchange related contracts: | | | |
| – forwards/swaps | 13,763,434 | 87,912 | (65,341) |
| – options | 123,118 | 276 | (230) |
| – cross-currency interest rate swaps | 1,439,860 | 19,078 | (16,518) |
| Interest rate related contracts: | | | |
| – swaps | 18,662,064 | 130,392 | (166,099) |
| | | 237,658 | (248,188) |
| 1.1.2011 | | | |
| Trading derivatives: | | | |
| Foreign exchange related contracts: | | | |
| – forwards/swaps | 14,015,055 | 159,624 | (148,040) |
| – options | 190,715 | 797 | (760) |
| – cross-currency interest rate swaps | 1,245,502 | 12,860 | (11,121) |
| Interest rate related contracts: | | | |
| – futures | 140,000 | – | (793) |
| – swaps | 13,047,782 | 137,624 | (92,990) |
| Commodity related contracts: | | | |
| – forwards | 17,628 | – | – |
| | | 310,905 | (253,704) |

11 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts due from/(to) subsidiaries are unsecured, interest free and receivable/(payable) within the normal credit period.

12 STATUTORY DEPOSITS

| | Note | Group | | |
|--|------|----------------------|----------------------|--------------------|
| | | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Statutory deposit with BNM | (a) | 3,618,565 | 3,112,855 | 321,390 |
| Statutory deposit with Monetary Authority of Singapore | (b) | 204,410 | 159,015 | 128,178 |
| Statutory deposit with Ministry of Finance Negara Brunei Darussalam | (c) | 12,528 | 10,589 | 9,886 |
| Statutory deposit with Labuan Offshore Financial Services Authority (LOFSA) | (d) | 100 | 100 | 100 |
| Statutory deposit and reserve deposit with National Bank of Cambodia (NBC) | (e) | 47,842 | – | – |
| | | 3,883,445 | 3,282,559 | 459,554 |

- (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 in 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 with NBC are:
- (i) interest bearing statutory deposits of RM15.9 million (2011: Nil), relating to the newly acquired commercial banking subsidiary in Cambodia, which are maintained with NBC in compliance with NBC's Prakas B7-01-136 dated 15 October 2001 as capital guarantee. This deposit bears interest of 0.18% per annum, and is not available for use in day-to-day operations but it is refundable when OSK Indochina Bank Limited voluntarily ceases to operate its banking business in Cambodia.
 - (ii) non-interest bearing deposit of RM31.9 million (2011: Nil) relating to the newly acquired commercial banking subsidiary in Cambodia, which are maintained with NBC as reserve requirements, computed at 8% and 12.5% (2011: Nil) of customer deposits in KHR and in foreign currencies, respectively.

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

13 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 | | |
|-------------------------------|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Deferred tax assets | 15,115 | 14,630 | 265,645 |
| Deferred tax liabilities | (60,547) | (63,108) | (5,157) |
| | (45,432) | (48,478) | 260,488 |
| Deferred tax assets: | | | |
| – settled more than 12 months | 12,788 | 28,293 | 297,550 |
| – settled within 12 months | 97,316 | 69,959 | 58,601 |
| Deferred tax liabilities: | | | |
| – settled more than 12 months | (134,283) | (130,434) | (82,931) |
| – settled within 12 months | (21,253) | (16,296) | (12,732) |
| | (45,432) | (48,478) | 260,488 |

| | Company | | |
|----------------------------|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Deferred tax assets | 1,068 | – | – |
| Deferred tax liabilities | (46) | (45) | (25) |
| | 1,022 | (45) | (25) |
| Deferred tax assets: | | | |
| – settled within 12 months | 1,068 | – | – |
| Deferred tax liabilities: | | | |
| – settled within 12 months | (46) | (45) | (25) |
| | 1,022 | (45) | (25) |

► **Notes To The Financial Statements**
For The Financial Year Ended 31 December 2012

13 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 RM'000 | Financial investments AFS RM'000 | Loans, advances and financing RM'000 | Tax losses RM'000 | Other liabilities RM'000 | Other temporary differences RM'000 | Total RM'000 |
|--|------|---|---|--|-------------------------|--------------------------------|---|-----------------|
| 31.12.2012 | | | | | | | | |
| Balance as at the beginning of the financial year | | | | | | | | |
| – As previously reported | | (60,110) | (71,934) | 42,076 | 17,978 | 64,010 | 18,980 | 11,000 |
| – Reclassification | | 16 | – | 7,152 | – | (4,135) | (3,033) | – |
| – Effect of full adoption of MFRS 139 | 51 | – | – | (59,478) | – | – | – | (59,478) |
| – As restated | | (60,094) | (71,934) | (10,250) | 17,978 | 59,875 | 15,947 | (48,478) |
| Amount arising from acquisition of subsidiaries | | (9,294) | (7,082) | – | – | 10,545 | 2,335 | (3,496) |
| Transfer (to)/from income statements | 35 | 1,884 | (77) | 15,591 | (16,549) | 16,176 | (4,390) | 12,635 |
| Transfer to equity | | – | (6,565) | – | – | – | 276 | (6,289) |
| Exchange difference | | (3) | 3 | – | 222 | – | (26) | 196 |
| Balance as at the end of the financial year | | (67,507) | (85,655) | 5,341 | 1,651 | 86,596 | 14,142 | (45,432) |
| 31.12.2011 | | | | | | | | |
| Balance as at the beginning of the financial year | | | | | | | | |
| – As previously reported | | (46,980) | (51,217) | 266,539 | 16,938 | 55,619 | 15,692 | 256,591 |
| – Effect of full adoption of MFRS 139 | 51 | – | – | 3,897 | – | – | – | 3,897 |
| – As restated | | (46,980) | (51,217) | 270,436 | 16,938 | 55,619 | 15,692 | 260,488 |
| Transfer (to)/from income statements | 35 | (13,114) | (393) | (280,686) | 721 | 4,256 | 146 | (289,070) |
| Transfer to equity | | – | (20,324) | – | – | – | 109 | (20,215) |
| Exchange difference | | – | – | – | 319 | – | – | 319 |
| Balance as at the end of the financial year | | (60,094) | (71,934) | (10,250) | 17,978 | 59,875 | 15,947 | (48,478) |

13 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Deferred 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 | | |
|---|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Unabsorbed tax losses carried forward | 1,382,916 | 1,384,120 | 1,383,256 |
| Unabsorbed capital allowances carried forward | 24,717 | 25,028 | 24,611 |
| | 1,407,633 | 1,409,148 | 1,407,867 |

The above deductible temporary differences have no expiry date.

| Company | Property, plant and equipment RM'000 | Other liabilities RM'000 | Total RM'000 |
|---|---|--------------------------------|-----------------|
| 31.12.2012 | | | |
| Balance as at the beginning of the financial year | (45) | – | (45) |
| Transfer (to)/from income statement (Note 35) | (1) | 1,068 | 1,067 |
| Balance as at the end of the financial year | (46) | 1,068 | 1,022 |
| 31.12.2011 | | | |
| Balance as at the beginning of the financial year | (25) | – | (25) |
| Transfer (to)/from income statement (Note 35) | (20) | – | (20) |
| Balance as at the end of the financial year | (45) | – | (45) |

14 INVESTMENTS IN SUBSIDIARIES

| | Company | | |
|--|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Unquoted shares in Malaysia companies, at cost | 11,138,463 | 9,021,049 | 9,021,049 |
| Unquoted shares in companies outside Malaysia, at cost | 7,167 | 7,167 | 7,167 |
| | 11,145,630 | 9,028,216 | 9,028,216 |
| Accumulated impairment losses | (336,614) | (336,614) | (336,614) |
| | 10,809,016 | 8,691,602 | 8,691,602 |

► **Notes To The Financial Statements**
For The Financial Year Ended 31 December 2012

14 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows:

| Name of company | Country of incorporation | Paid-up share capital (in RM unless otherwise stated) | Effective equity interest | | Principal activities |
|--|--------------------------|---|---------------------------|--------|--|
| | | | 2012 % | 2011 % | |
| RHB Bank Berhad | Malaysia | 3,318,085,121 | 100 | 100 | Commercial banking and finance business |
| RHB Islamic Bank Berhad | Malaysia | 973,424,002 | 100 | 100 | Islamic banking |
| RHB Bank (L) Ltd | Malaysia | USD54,000,000 | 100 | 100 | Offshore banking |
| RHB International Trust (L) Ltd | Malaysia | USD40,000 | 100 | 100 | Offshore trust company |
| RHB Corporate Services Sdn Bhd | Malaysia | 150,000 | 100 | 100 | Corporate secretarial services |
| RHB Capital Nominees (Tempatan) Sdn Bhd | Malaysia | 10,000 | 100 | 100 | Nominee services for Malaysian beneficial shareholders |
| RHB Capital Nominees (Asing) Sdn Bhd | Malaysia | 10,000 | 100 | 100 | Nominee services for foreign beneficial shareholders |
| RHB Investment Ltd ¹ | Singapore | S\$19,000,000 | 100 | 100 | Property investment and rental |
| Banfora Pte Ltd ¹ | Singapore | S\$25,000,000 | 100 | 100 | Property investment and rental |
| RHB Bank Nominees Pte Ltd ¹ | Singapore | S\$100,000 | 100 | 100 | Nominee services |
| RHB Leasing Sdn Bhd | Malaysia | 10,000,000 | 100 | 100 | Leasing |
| RHB Trade Services Limited ² | Hong Kong | HK\$2 | 100 | 100 | Processing of letters of credit reissuance favouring Hong Kong beneficiaries |
| RHB Capital Properties Sdn Bhd | Malaysia | 21,800,000 | 100 | 100 | Property investment |
| Utama Assets Sdn Bhd | Malaysia | 2,300,000 | 100 | 100 | Property investment |
| RHB Investment Bank Berhad | Malaysia | 263,646,000 | 100 | 100 | Investment banking |
| RHB Merchant Nominees (Tempatan) Sdn Bhd | Malaysia | 10,000 | 100 | 100 | Nominee services for Malaysian beneficial shareholders |

14 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows (continued):

| Name of company | Country of incorporation | Paid-up share capital (in RM unless otherwise stated) | Effective equity interest | | Principal activities |
|---------------------------------------|--------------------------|---|---------------------------|--------|---|
| | | | 2012 % | 2011 % | |
| RHB Merchant Nominees (Asing) Sdn Bhd | Malaysia | 10,000 | 100 | 100 | Nominee services for foreign beneficial shareholders |
| RHB Nominees Sdn Bhd | Malaysia | 25,000 | 100 | 100 | Nominee and custodian services |
| RHB Nominees (Asing) Sdn Bhd | Malaysia | 25,000 | 100 | 100 | Nominee and custodian services for foreign beneficial shareholders |
| RHB Nominees (Tempatan) Sdn Bhd | Malaysia | 25,000 | 100 | 100 | Nominee and custodian services for Malaysian beneficial shareholders |
| RHB Investment Management Sdn Bhd | Malaysia | 10,000,000 | 100 | 100 | Investment management services, management of unit trust funds and private retirement schemes and provision of investment advisory services |
| RHB Islamic Asset Management Sdn Bhd | Malaysia | 4,000,000 | 100 | 100 | Islamic investment management services and management of Islamic unit trust funds |
| RHB Research Institute Sdn Bhd | Malaysia | 500,000 | 100 | 100 | Research services |
| RHB Private Equity Holdings Sdn Bhd | Malaysia | 25,000,002 | 100 | 100 | Investment holding |
| RHB Private Equity Management Ltd | Malaysia | USD1 | 100 | 100 | Investment advisor, investment consultant and other ancillary services only for private funds |
| RHB Private Equity Fund Ltd | Cayman Islands | USD10,001 | 100 | 100 | Investment company |
| RHB Insurance Berhad | Malaysia | 100,000,000 | 94.7 | 94.7 | General insurance |
| Straits Asset Holdings Sdn Bhd | Malaysia | 48,240,000 | 100 | 100 | Investment holding |

► **Notes To The Financial Statements**
For The Financial Year Ended 31 December 2012

14 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows (continued):

| Name of company | Country of incorporation | Paid-up share capital (in RM unless otherwise stated) | Effective equity interest | | Principal activities |
|---|--------------------------|--|---------------------------|-----------|--|
| | | | 2012 % | 2011 % | |
| RHB Hartanah Sdn Bhd | Malaysia | 100,000 | 100 | 100 | Property investment |
| Positive Properties Sdn Bhd | Malaysia | 23,192,000 | 100 | 100 | Property investment |
| RHB Property Management Sdn Bhd | Malaysia | 500,000 | 100 | 100 | Property management |
| RHB Equities Sdn Bhd ³ | Malaysia | 20,000,000 | 100 | 100 | Dormant |
| RHB Capital (Jersey) Limited | Jersey, Channel Islands | GBP4,012 | 100 | 100 | Investment holding |
| RHB Kawal Sdn Bhd | Malaysia | 1,500,000 | 100 | 100 | Security services |
| OSK Investment Bank (Labuan) Ltd | Labuan | 173,431,000 | 100 | – | Labuan investment banking activities |
| OSK Investment Bank Berhad | Malaysia | 660,000,000 | 100 | – | Stock broking and investment banking activities |
| OSK International Investments Pte Ltd ² | Singapore | SGD5,000,000 | 100 | – | Investment holding |
| OSK International Asset Management Pte Ltd ² | Singapore | SGD5,100,000 | 100 | – | Fund management |
| OSK Indochina Bank Limited ² | Cambodia | USD52,000,000 | 100 | – | Commercial Bank |
| OSK Indochina Securities Limited ² | Cambodia | USD11,500,000 | 100 | – | Securities dealing and provision of securities margin financing |
| OSK Holdings Hong Kong Limited ² | Hong Kong | HKD200,000,000 | 93.5 | – | Investment holding |
| OSK Securities Hong Kong Limited ² | Hong Kong | HKD120,000,000 | 100 | – | Securities dealing and provision of securities margin financing |
| OSK Nominees Hong Kong Limited ² | Hong Kong | HKD1 | 100 | – | To act as attorneys, nominees, agents, trustees and related activities for beneficial shareholders |

14 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows (continued):

| Name of company | Country of incorporation | Paid-up share capital (in RM unless otherwise stated) | Effective equity interest | | Principal activities |
|--|----------------------------------|--|---------------------------|-----------|--|
| | | | 2012 % | 2011 % | |
| OSK Futures Hong Kong Limited ² | Hong Kong | HKD35,000,000 | 100 | – | Dealing in futures contracts |
| OSK Finance Hong Kong Limited ² | Hong Kong | HKD1 | 100 | – | Money lending |
| OSK Capital Hong Kong Limited ² | Hong Kong | HKD10,000,000 | 100 | – | Provision of corporate finance advisory services |
| OSK Precious Metals Hong Kong Limited ² | Hong Kong | HKD10,000,000 | 100 | – | Trading of precious metals |
| OSK International Investments Hong Kong Limited ² | Hong Kong | HKD14,000,000 | 100 | – | Dealing in securities, advising on securities and provision of asset management services |
| OSK Fideus Asia and Emerging Market Value Fund Limited ² | Hong Kong | USD100 | 51 | – | Invest in equity securities of entities operating in diversified industries |
| OSK Wealth Management Hong Kong Limited ² | Hong Kong | HKD5,000,000 | 100 | – | Negotiating or arranging contracts or insurance |
| OSK (China) Investment Advisory Co Ltd ² | People's Republic of China | RMB5,000,000 | 100 | – | Provision of investment and business advisory and related services |
| PT OSK Nusadana Securities Indonesia ² | Indonesia | IDR204,082 million | 99.95 | – | Provision of stock and share broking service |
| PT OSK Nusadana Asset Management ² | Indonesia | IDR50.000 million | 99.62 | – | Investment manager |
| DMG & Partners Securities Pte Ltd ² | Singapore | SGD75,000,000 | 51 | – | Provision of stock and share broking services and corporate finance advisory services |
| DMG & Partners Nominees Pte Ltd ² | Singapore | SGD2 | 100 | – | Nominee services |
| Summit Nominees Pte Ltd ² | Singapore | SGD2,000 | 100 | – | Nominee services |

► **Notes To The Financial Statements**
For The Financial Year Ended 31 December 2012

14 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows (continued):

| Name of company | Country of incorporation | Paid-up share capital (in RM unless otherwise stated) | Effective equity interest | | Principal activities |
|---|--------------------------|--|---------------------------|-----------|---|
| | | | 2012 % | 2011 % | |
| DMG & Partners Research Pte Ltd ² | Singapore | SGD175,000 | 100 | – | Financial advisory services |
| OSK Securities (Thailand) Public Company Limited ² | Thailand | THB819,171,600 | 99.43 | – | Provision of stock and share broking services |
| OSK Nusadana Indonesia Dynamic Resources Plus Fund ² | Indonesia | – | 98 | – | Invest in equity securities of entities operating in diversified industries |
| OSK Resources Fund ² | Hong Kong | – | 97 | – | Invest in equity and equity related securities of entities operating in substantially related to natural resources industries |
| OSK Futures and Options Sdn Bhd | Malaysia | 10,000,000 | 100 | – | Inactive |
| OSK Research Sdn Bhd | Malaysia | 500,000 | 100 | – | Investment research services |
| OSK International Asset Management Sdn Bhd | Malaysia | 7,000,000 | 100 | – | Fund management |
| OSK-UOB Investment Management Berhad | Malaysia | 10,000,000 | 70 | – | Management of unit trust funds and manages discretionary and non-discretionary mandates |
| OSK-UOB Islamic Fund Management Berhad | Malaysia | 13,000,000 | 70 | – | Offer Islamic fund management services |
| OSK Nominees (Tempatan) Sdn Berhad | Malaysia | 3,670,000 | 100 | – | To act as attorneys, nominees, agents, trustees and related activities for local beneficial shareholders |
| OSK Nominees (Asing) Sdn Berhad | Malaysia | 2,670,000 | 100 | – | To act as attorneys, nominees, agents, trustees and related activities for foreign beneficial shareholders |

14 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows (continued):

| Name of company | Country of incorporation | Paid-up share capital (in RM unless otherwise stated) | Effective equity interest | | Principal activities |
|------------------------------------|--------------------------|--|---------------------------|-----------|---|
| | | | 2012 % | 2011 % | |
| TCL Nominees (Tempatan) Sdn Bhd | Malaysia | 644,000 | 100 | – | To act as attorneys, nominees, agents, trustees and related activities for local beneficial shareholders (inactive) |
| TCL Nominees (Asing) Sdn Bhd | Malaysia | 4,000 | 100 | – | To act as attorneys, nominees, agents, trustees and related activities for foreign beneficial shareholders (inactive) |
| KE-ZAN Nominees (Tempatan) Sdn Bhd | Malaysia | 650,000 | 100 | – | To act as attorneys, nominees, agents, trustees and related activities for local beneficial shareholders (inactive) |
| KE-ZAN Nominees (Asing) Sdn Bhd | Malaysia | 10,000 | 100 | – | To act as attorneys, nominees, agents, trustees and related activities for foreign beneficial shareholders (inactive) |
| OSK Trustees Berhad | Malaysia | 6,000,000 | 100 | – | Professional retail trustee services (will-writing, estate planning and private trust) and corporate trustee services (collective investment scheme) |
| Malaysian Trustees Berhad | Malaysia | 550,000 | 100 | – | Trustee agents, executors and administrators |
| Finexasia.com Sdn Bhd | Malaysia | 11,361,111 | 100 | – | Development and provision of internet financial solutions and related services |
| Stock 188.com Sdn Bhd | Malaysia | 480,000 | 100 | – | Support its holding company as an application service provider to facilitate access to online equity trading, other online information and financial services |

► **Notes To The Financial Statements**
For The Financial Year Ended 31 December 2012

14 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows (continued):

| Name of company | Country of incorporation | Paid-up share capital (in RM unless otherwise stated) | Effective equity interest | | Principal activities |
|--|--------------------------|---|---------------------------|--------|----------------------|
| | | | 2012 % | 2011 % | |
| RHB Capital Berhad's dormant subsidiaries | | | | | |
| RHB (Philippines), Inc. <i>(Formerly known as Rashid Hussain Securities (Philippines) Inc.)^{1,5}</i> | Philippines | PHP180,000,000 | 100 | 100 | Dormant |
| RHBF Sdn Bhd | Malaysia | 148,145,176 | 100 | 100 | Dormant |
| KYF Sdn Bhd ⁶ | Malaysia | 50,000,000 | 100 | 100 | Dormant |
| SFSB Services (Melaka) Sdn Bhd | Malaysia | 5,000,000 | 100 | 100 | Dormant |
| SSSB Services (Melaka) Sdn Bhd ⁶ | Malaysia | 40,000,000 | 100 | 100 | Dormant |
| KYB Sdn Bhd ⁶ | Malaysia | 1,735,137,489 | 100 | 100 | Dormant |
| RHB Venture Capital Sdn Bhd | Malaysia | 2 | 100 | 100 | Dormant |
| RHB Bank's dormant subsidiaries | | | | | |
| UMBC Sdn Bhd | Malaysia | 499,999,818 | 100 | 100 | Dormant |
| RHB Delta Sdn Bhd ⁴ | Malaysia | 175,000,000 | 100 | 100 | Dormant |
| Utama Gilang Sdn Bhd ⁴ | Malaysia | 800,000,000 | 100 | 100 | Dormant |
| RHB Excel Sdn Bhd ⁶ | Malaysia | 200,000,000 | 100 | 100 | Dormant |
| RHB Progressive Sdn Bhd ⁶ | Malaysia | 13,500,000 | 100 | 100 | Dormant |
| RHB Marketing Services Sdn Bhd ⁴ | Malaysia | 100,000 | 100 | 100 | Dormant |
| RHB Unit Trust Management Berhad ⁶ | Malaysia | 5,000,000 | 100 | 100 | Dormant |

Notes:

- 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.
- With effect from 1 July 2001, the Company's activities relate primarily to recovery of outstanding debts.
- The company has commenced member's voluntary winding up on 16 February 2011.
- The company has ceased operations effective from the close of business on 10 December 2001.
- The companies have commenced member's voluntary winding up on 28 March 2012.

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

| | Note | Group | | |
|---------------------------------------|------|----------------------|----------------------|--------------------|
| | | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Share of net assets of associates | (a) | 17,612 | – | – |
| Share of net assets of joint ventures | (b) | 24,913 | 24,956 | 25,044 |
| Less: Allowance for impairment loss | | (5,936) | – | – |
| | | 18,977 | 24,956 | 25,044 |
| | | 36,589 | 24,956 | 25,044 |

(a) Share of net assets of associates

The Group's share of income and expenses, assets and liabilities of the associates are as follows:

| | Group | | |
|-----------------------------------|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Income | 1,116 | – | – |
| Expenses | (771) | – | – |
| Taxation | (51) | – | – |
| Net profit for the financial year | 294 | – | – |
| Current assets | 19,351 | – | – |
| Current liabilities | (1,739) | – | – |
| Net assets | 17,612 | – | – |

There are no capital commitments or contingent liabilities relating to the Group's interest in the associates as at 31 December 2012.

The details of the investment in associates (held by OSK Investment Bank Berhad) are as follows:

| Name of company | Country of incorporation | Paid-up share capital (in RM unless otherwise stated) | Effective equity interest | | Principal activities |
|----------------------------------|--------------------------|--|---------------------------|-----------|---|
| | | | 2012 % | 2011 % | |
| iFast-OSK Sdn Bhd | Malaysia | 23,700,000 | 38.05 | – | Investment holding |
| UOB-OSK Asset Management Sdn Bhd | Malaysia | 4,000,000 | 30.00 | – | Provision of investment management and related services |

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

(b) Share of net assets of joint ventures

The Group's share of income and expenses, assets and liabilities of the joint ventures are as follows:

| | Group | | |
|-----------------------------------|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Income | 1,714 | 1,529 | 1,593 |
| Expenses | (623) | (970) | (765) |
| Taxation | (265) | (132) | (36) |
| Net profit for the financial year | 826 | 427 | 792 |
| Non-current assets | 14,467 | 14,377 | 14,423 |
| Current assets | 11,223 | 10,704 | 10,749 |
| Current liabilities | (777) | (125) | (128) |
| Net assets | 24,913 | 24,956 | 25,044 |

There are no capital commitments or contingent liabilities relating to the Group's interest in the joint ventures as at 31 December 2012.

The details of the investment in joint ventures are as follows:

| Name of company | Country of incorporation | Paid-up share capital (in RM unless otherwise stated) | Effective equity interest | | Principal activities |
|--|--------------------------|--|---------------------------|-----------|---|
| | | | 2012 % | 2011 % | |
| Vietnam Securities Corporation (held by RHB Investment Bank Berhad) | Vietnam | VND135 billion | 49 | 49 | Stock-broking and corporate finance advisory |
| OSK GC-Millennium Capital Pte Ltd (held by investment in OSK Investment Bank Berhad) | Singapore | SGD10,000 | 40 | – | Management of business operation and administration of the approved funds |

16 PROPERTY, PLANT AND EQUIPMENT

| Group | Note | Freehold land RM'000 | Leasehold land | | Buildings RM'000 | Renovations and im- provements RM'000 | Computer equipment RM'000 | Furniture, fittings and equipment RM'000 | Motor vehicles RM'000 | Total RM'000 |
|---------------------------------|--|-------------------------|---------------------------------|-------------------------------|---------------------|--|---------------------------------|---|-----------------------------|-----------------|
| | | | Less than 50 years RM'000 | 50 years or more RM'000 | | | | | | |
| 31.12.2012 | | | | | | | | | | |
| Cost | | | | | | | | | | |
| | Balance as at the beginning of the financial year | | | | | | | | | |
| | - As previously reported | 203,149 | 1,426 | 125,388 | 492,517 | 345,595 | 1,077,151 | 251,018 | 15,782 | 2,512,026 |
| | - Reclassification of software to intangible assets | - | - | - | - | - | (626,673) | - | - | (626,673) |
| | - As restated | 203,149 | 1,426 | 125,388 | 492,517 | 345,595 | 450,478 | 251,018 | 15,782 | 1,885,363 |
| | Amount arising from acquisition of subsidiaries | - | - | - | - | 123,427 | 38,890 | 32,420 | 10,617 | 205,354 |
| | Additions | - | - | - | - | 41,014 | 36,979 | 5,702 | 1,048 | 84,743 |
| | Disposals | (5,107) | - | - | (4,747) | (680) | (78) | (114) | (2,125) | (12,851) |
| | Written off | - | - | - | - | (2,954) | (11,563) | (5,542) | (426) | (20,485) |
| | Exchange difference | 41 | - | 2,636 | 1,337 | 337 | 328 | 288 | 29 | 4,996 |
| | Reclassifications | - | - | - | - | (15,644) | 1,429 | 14,073 | - | (142) |
| | Balance as at the end of the financial year | 198,083 | 1,426 | 128,024 | 489,107 | 491,095 | 516,463 | 297,845 | 24,925 | 2,146,968 |
| Accumulated depreciation | | | | | | | | | | |
| | Balance as at the beginning of the financial year | | | | | | | | | |
| | - As previously reported | - | 715 | 5,801 | 134,140 | 172,303 | 820,782 | 226,286 | 12,966 | 1,372,993 |
| | - Reclassification of software to intangible assets | - | - | - | - | - | (481,037) | - | - | (481,037) |
| | - As restated | - | 715 | 5,801 | 134,140 | 172,303 | 339,745 | 226,286 | 12,966 | 891,956 |
| | Amount arising from acquisition of subsidiaries | - | - | - | - | 84,891 | 21,754 | 20,799 | 6,244 | 133,688 |
| | Charge for the financial year | - | 35 | 458 | 9,793 | 28,246 | 39,980 | 16,674 | 1,233 | 96,419 |
| | Disposals | - | - | - | (984) | (117) | (53) | (64) | (1,585) | (2,803) |
| | Written off | - | - | - | - | (4,430) | (10,079) | (5,543) | (426) | (20,478) |
| | Exchange difference | - | - | 20 | 408 | 240 | 256 | 255 | 28 | 1,207 |
| | Reclassifications | - | - | - | - | 163 | - | (163) | - | - |
| | Balance as at the end of the financial year | - | 750 | 6,279 | 143,357 | 281,296 | 391,603 | 258,244 | 18,460 | 1,099,989 |

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above property, plant and equipment include the following assets under construction:

| | Group | | |
|--------------------|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| At cost | | | |
| Renovations | 29,958 | 72,578 | 18,280 |
| Computer equipment | - | 47,836 | 13,689 |
| | 29,958 | 120,414 | 31,969 |

| Company | Computer equipment RM'000 | Furniture, fittings and equipment RM'000 | Motor vehicles RM'000 | Renovations RM'000 | Total RM'000 |
|---|---------------------------------|---|-----------------------------|-----------------------|-----------------|
| 31.12.2012 | | | | | |
| Cost | | | | | |
| Balance as at the beginning of the financial year | 684 | 620 | 1,250 | 376 | 2,930 |
| Additions | 93 | 3 | - | - | 96 |
| Disposals | - | - | (715) | - | (715) |
| Written off | (40) | - | - | - | (40) |
| Balance as at the end of the financial year | 737 | 623 | 535 | 376 | 2,271 |
| Accumulated depreciation | | | | | |
| Balance as at the beginning of the financial year | 502 | 592 | 897 | 304 | 2,295 |
| Charge for the financial year | 115 | 23 | 107 | - | 245 |
| Disposals | - | - | (715) | - | (715) |
| Written off | (40) | - | - | - | (40) |
| Balance as at the end of the financial year | 577 | 615 | 289 | 304 | 1,785 |
| Net book value as at the end of the financial year | 160 | 8 | 246 | 72 | 486 |

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| Company | Computer equipment RM'000 | Furniture, fittings and equipment RM'000 | Motor vehicles RM'000 | Renovations RM'000 | Total RM'000 |
|---|------------------------------|---|-----------------------------|-----------------------|-----------------|
| 31.12.2011 | | | | | |
| Cost | | | | | |
| Balance as at the beginning of the financial year | 609 | 620 | 1,607 | 375 | 3,211 |
| Additions | 97 | – | – | 1 | 98 |
| Disposals | (22) | – | (357) | – | (379) |
| Balance as at the end of the financial year | 684 | 620 | 1,250 | 376 | 2,930 |
| Accumulated depreciation | | | | | |
| Balance as at the beginning of the financial year | 437 | 577 | 1,147 | 293 | 2,454 |
| Charge for the financial year | 87 | 15 | 107 | 11 | 220 |
| Disposals | (22) | – | (357) | – | (379) |
| Balance as at the end of the financial year | 502 | 592 | 897 | 304 | 2,295 |
| Net book value as at the end of the financial year | 182 | 28 | 353 | 72 | 635 |

► Notes To The Financial Statements
For The Financial Year Ended 31 December 2012

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Group | |
|---|----------------------|----------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| Accumulated depreciation and impairment loss | | |
| Balance as at the beginning of the financial year | 896,616 | 852,702 |
| Balance as at the end of the financial year | 1,104,650 | 896,616 |

| | Company | |
|---|----------------------|----------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| Accumulated depreciation and impairment loss | | |
| Balance as at the beginning of the financial year | 2,295 | 2,454 |
| Balance as at the end of the financial year | 1,785 | 2,295 |

17 GOODWILL AND OTHER INTANGIBLE ASSETS

| | Note | Group | | |
|---------------------------------|------|----------------------|----------------------|--------------------|
| | | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Goodwill on consolidation | (a) | 5,043,081 | 3,806,860 | 3,806,860 |
| Other intangible assets: | | | | |
| Trading rights and memberships | (b) | 1,110 | – | – |
| Software licence | (c) | 158,607 | 117,766 | 109,895 |
| | | 5,202,798 | 3,924,626 | 3,916,755 |

17 GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill on consolidation

| | Note | Group | |
|---|------|----------------------|----------------------|
| | | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| Balance as at the beginning of the financial year | | 3,806,860 | 3,806,860 |
| Acquisition of subsidiaries (Note(i)) | 45 | 1,236,221 | – |
| Balance as at the end of the financial year | | 5,043,081 | 3,806,860 |

- (i) Goodwill arising from acquisition of OSK Investment Bank Berhad, OSK Trustee Berhad, Malaysian Trustee Berhad, Finexasia.Com Sdn Bhd and OSK Investment Bank (Labuan) Limited (collectively referred to as 'Acquisition of OSK Investment Bank Berhad and its ancillary acquisitions')

As disclosed in Note 45, the Company completed the acquisition of OSK Investment Bank Berhad and its ancillary acquisitions on 9 November 2012 and 14 November 2012 respectively. As the acquisition of OSK Investment Bank Berhad and its ancillary acquisitions were completed close to the financial year ended 31 December 2012, the initial accounting for a business combination is incomplete as at 31 December 2012. The fair valuation exercise of the identifiable assets acquired, liabilities and contingent liabilities assumed arising from these acquisitions is currently in progress.

Based on the initial provisional fair values of identifiable assets acquired and liabilities assumed, the goodwill arising from such acquisition is estimated to be approximately RM1.24 billion. As allowed by MFRS 3 'Business Combination', the Group will recognise any adjustments to the provisional goodwill amount recognised as a result of completing the initial accounting within the measurement period, which shall not exceed twelve months from the acquisition date.

As such, goodwill impairment testing will be performed upon completion of the initial accounting for the business combination and allocation of the goodwill to CGU.

17 GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill on consolidation (continued)

(ii) The carrying amounts of goodwill that is allocated to the Group's CGUs are as follows:

| | Group | | |
|----------------------------------|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| CGU | | | |
| Corporate and Investment Banking | 778,339 | 778,339 | 778,339 |
| Retail Banking | 1,001,017 | 1,001,017 | 1,001,017 |
| Business Banking | 398,844 | 398,844 | 398,844 |
| Group Treasury | 1,366,164 | 1,366,164 | 1,366,164 |
| Islamic Banking | 258,571 | 258,571 | 258,571 |
| Others | 3,925 | 3,925 | 3,925 |
| | 3,806,860 | 3,806,860 | 3,806,860 |

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

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.

The cash flow projections are derived based on a number of key factors including the past performance and the management's expectations of the market developments.

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

| | Discount rate | | Growth rate | |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 31.12.2012 % | 31.12.2011 % | 31.12.2012 % | 31.12.2011 % |
| CGU | | | | |
| Corporate and Investment Banking | 8.7 | 8.8 | 3.0 | 3.0 |
| Retail Banking | 8.9 | 8.8 | 3.0 | 3.0 |
| Business Banking | 8.8 | 8.7 | 3.0 | 3.0 |
| Group Treasury | 8.8 | 8.8 | 3.0 | 3.0 |
| Islamic Banking | 8.7 | 8.7 | 3.0 | 3.0 |
| Others | 8.7 | 8.7 | 3.0 | 3.0 |

17 GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

(b) Trading rights and memberships

| | Group | | |
|--|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| At cost | | | |
| Balance as at the beginning of the financial year | - | - | - |
| Amount arising from acquisition of subsidiaries | 2,136 | - | - |
| Foreign exchange difference | 5 | - | - |
| Balance as at the end of the financial year | 2,141 | - | - |
| Accumulated amortisation | | | |
| Balance as at the beginning of the financial year | - | - | - |
| Amount arising from acquisition of subsidiaries | 744 | - | - |
| Foreign exchange difference | 2 | - | - |
| Balance as at the end of the financial year | 746 | - | - |
| Accumulated impairment loss | | | |
| Balance as at the beginning of the financial year | - | - | - |
| Amount arising from acquisition of subsidiaries | 285 | - | - |
| Foreign exchange difference | - | - | - |
| Balance as at the end of the financial year | 285 | - | - |
| Net book value as at the end of the financial year | 1,110 | - | - |

17 GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

(c) Software licences

| | Note | Group | |
|---|------|----------------------|----------------------|
| | | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| At cost | | | |
| Balance as at the beginning of the financial year | | | |
| – As previously reported | | – | – |
| – Reclassification from property, plant and equipment | 51 | 626,673 | 584,656 |
| – As restated | | 626,674 | 584,656 |
| Amount arising from acquisition of subsidiaries | | 43,424 | – |
| Additions | | 42,318 | 43,927 |
| Written off | | (890) | (184) |
| Foreign exchange difference | | 420 | 354 |
| Reclassification | | (1,703) | (2,080) |
| Balance as at the end of the financial year | | 710,242 | 626,673 |
| Accumulated amortisation | | | |
| Balance as at the beginning of the financial year | | | |
| – As previously reported | | – | – |
| – Reclassification from property, plant and equipment | 51 | 481,037 | 446,891 |
| – As restated | | 481,037 | 446,891 |
| Amount arising from acquisition of subsidiaries | | 11,512 | – |
| Amortisation | | 32,052 | 34,033 |
| Written off | | (890) | (183) |
| Foreign exchange difference | | 331 | 296 |
| Reclassification | | (277) | – |
| Balance as at the end of the financial year | | 523,765 | 481,037 |
| Accumulated impairment losses | | | |
| Balance as at the beginning of the financial year | | | |
| – As previously reported | | – | – |
| – Reclassification from property, plant and equipment | 51 | 27,870 | 27,870 |
| – As restated | | 27,870 | 27,870 |
| Amount arising from acquisition of subsidiaries | | – | – |
| Balance as at the end of the financial year | | 27,870 | 27,870 |
| Net book value as at end of the financial year | | 158,607 | 117,766 |

18 DEPOSITS FROM CUSTOMERS

| | Group | | |
|--|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| (i) By type of deposits | | | |
| Demand deposits | 22,504,610 | 21,435,927 | 19,523,082 |
| Savings deposits | 6,932,789 | 6,359,910 | 5,832,118 |
| Fixed/investment deposits | 108,696,573 | 87,946,325 | 68,829,333 |
| Negotiable instruments of deposits | 90,253 | 118,422 | 249,295 |
| | 138,224,225 | 115,860,584 | 94,433,828 |
| (ii) By type of customer | | | |
| Government and statutory bodies | 15,358,856 | 12,738,623 | 8,424,043 |
| Business enterprises | 85,321,693 | 65,868,672 | 54,623,226 |
| Individuals | 32,807,510 | 31,171,620 | 27,507,468 |
| Others | 4,736,166 | 6,081,669 | 3,879,091 |
| | 138,224,225 | 115,860,584 | 94,433,828 |
| (iii) By maturity structure of fixed/investment deposits and negotiable instruments of deposits | | | |
| Due within six months | 89,643,980 | 71,800,822 | 58,855,201 |
| Six months to one year | 18,225,877 | 14,779,575 | 9,744,919 |
| One year to three years | 879,712 | 1,440,291 | 449,560 |
| Three years to five years | 37,257 | 44,059 | 28,948 |
| | 108,786,826 | 88,064,747 | 69,078,628 |

19 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

| | Group | | |
|------------------------------|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Licenced banks | 7,788,585 | 6,173,594 | 5,228,464 |
| Licenced investment banks | 907,280 | 423,382 | 153,442 |
| Licenced Islamic banks | 1,148,524 | 73,654 | – |
| BNM | 1,149,572 | 1,273,358 | 2,197,885 |
| Other financial institutions | 2,456,168 | 2,087,587 | 2,486,366 |
| | 13,450,129 | 10,031,575 | 10,066,157 |

► Notes To The Financial Statements
For The Financial Year Ended 31 December 2012

20 CLIENTS' AND BROKERS' BALANCES

| | Group | | |
|--------------------------------------|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Amount due to: | | | |
| – Clients | 1,073,711 | 204,622 | 404,603 |
| – Brokers | 1,492,532 | 33,385 | – |
| – Clearing houses and stock exchange | 165,452 | – | – |
| | 2,731,695 | 238,007 | 404,603 |

21 OTHER LIABILITIES

| | Note | Group | | |
|---|------|----------------------|----------------------|--------------------|
| | | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Other creditors and accruals | | 961,494 | 826,920 | 842,123 |
| General insurance contract liabilities | (a) | 517,285 | 433,933 | 379,176 |
| Short term employee benefits | | 226,185 | 163,241 | 150,461 |
| Lessee deposits | | 30,689 | 54,756 | 65,050 |
| Prepaid instalments | | 77,984 | 79,774 | 77,670 |
| Remisiers' trust deposits | | 51,911 | 9,306 | 10,016 |
| Amount due to Danaharta | | 1,827 | 1,804 | 1,796 |
| Amount payable for creation of units due to funds | | 23,084 | 13,685 | 2,069 |
| | | 1,890,459 | 1,583,419 | 1,528,361 |

| | Company | | |
|------------------------------|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Other creditors and accruals | 57,857 | 1,361 | 2,218 |
| Short term employee benefits | 3,602 | 1,954 | 2,393 |
| | 61,459 | 3,315 | 4,611 |

21 OTHER LIABILITIES (CONTINUED)

(a) General insurance contract liabilities

| | Group | | |
|---------------------|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Claims liabilities | 328,162 | 281,748 | 257,751 |
| Premium liabilities | 189,123 | 152,185 | 121,425 |
| | 517,285 | 433,933 | 379,176 |

| | Gross RM'000 | Reinsurance RM'000 | Net RM'000 |
|---|-----------------|-----------------------|----------------|
| 31.12.2012 | | | |
| Claims reported by policyholders | 234,273 | (91,357) | 142,916 |
| Incurred but not reported claims (IBNR) | 93,889 | (32,531) | 61,358 |
| Claims liabilities (i) | 328,162 | (123,888) | 204,274 |
| Premium liabilities (ii) | 189,123 | (67,259) | 121,864 |
| Total | 517,285 | (191,147) | 326,138 |
| 31.12.2011 | | | |
| Claims reported by policyholders | 205,379 | (89,524) | 115,855 |
| Incurred but not reported claims (IBNR) | 76,369 | (21,737) | 54,632 |
| Claims liabilities (i) | 281,748 | (111,261) | 170,487 |
| Premium liabilities (ii) | 152,185 | (51,114) | 101,071 |
| Total | 433,933 | (162,375) | 271,558 |
| 1.1.2011 | | | |
| Claims reported by policyholders | 187,974 | (87,626) | 100,348 |
| Incurred but not reported claims (IBNR) | 69,777 | (26,303) | 43,474 |
| Claims liabilities (i) | 257,751 | (113,929) | 143,822 |
| Premium liabilities (ii) | 121,425 | (40,519) | 80,906 |
| Total | 379,176 | (154,448) | 224,728 |

21 OTHER LIABILITIES (CONTINUED)

(a) General insurance contract liabilities (continued)

| | Gross RM'000 | Reinsurance RM'000 | Net RM'000 |
|---|-----------------|-----------------------|---------------|
| (i) Claims liabilities | | | |
| 31.12.2012 | | | |
| Balance as at the beginning of the financial year | 281,748 | (111,261) | 170,487 |
| Claims incurred in current accident year | 167,693 | (62,472) | 105,221 |
| Adjustment to claims incurred in prior accident year: | | | |
| – case reserve | (251,694) | 94,194 | (157,500) |
| – IBNR | (47,699) | 12,009 | (35,690) |
| Claims paid during the financial year | 178,114 | (56,358) | 121,756 |
| Balance as at the end of the financial year | 328,162 | (123,888) | 204,274 |
| 31.12.2011 | | | |
| Balance as at the beginning of the financial year | 257,751 | (113,929) | 143,822 |
| Claims incurred in current accident year | 184,549 | (43,484) | 141,065 |
| Adjustment to claims incurred in prior accident year: | | | |
| – case reserve | (28,292) | 10,385 | (17,907) |
| – IBNR | 6,593 | 4,566 | 11,159 |
| Claims paid during the financial year | (138,853) | 31,201 | (107,652) |
| Balance as at the end of the financial year | 281,748 | (111,261) | 170,487 |
| (ii) Premium liabilities | | | |
| 31.12.2012 | | | |
| Balance as at the beginning of the financial year | 152,185 | (51,114) | 101,071 |
| Premium written for the financial year | 464,709 | (156,409) | 308,300 |
| Premium earned during the financial year | (427,771) | 140,264 | (287,507) |
| Balance as at the end of the financial year | 189,123 | (67,259) | 121,864 |
| 31.12.2011 | | | |
| Balance as at the beginning of the financial year | 121,425 | (40,519) | 80,906 |
| Premium written for the financial year | 382,997 | (125,843) | 257,154 |
| Premium earned during the financial year | (352,237) | 115,248 | (236,989) |
| Balance as at the end of the financial year | 152,185 | (51,114) | 101,071 |

22 BORROWINGS AND SENIOR DEBT SECURITIES

| Note | Group | | | |
|---|----------------------|----------------------|--------------------|-----------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 | |
| Borrowings: | | | | |
| Unsecured: | | | | |
| Revolving credits: | | | | |
| – RM revolving credits | (a(i)) | 633,146 | 706,225 | 724,422 |
| – USD revolving credits | (a(ii)) | 76,756 | – | – |
| – HKD revolving credits | (a(iii)) | 42,551 | – | – |
| Term loans: | | | | |
| – RM Term loans | (b(i)) | 1,151,503 | 800,780 | 800,807 |
| – USD Term loans | (b(ii)) | 632,778 | 759,020 | 819,362 |
| – SGD Term loans | (b(iii)) | 69,834 | – | – |
| Overdrafts | (c) | 70 | 18 | – |
| RM600 million 6 years Serial Fixed Rate Bonds | (d) | – | – | 310,238 |
| RM350 million Fixed Rate Bonds | (e) | – | 355,908 | 354,111 |
| RM150 million 7 years Commercial Papers/Medium Term Notes | (f) | – | – | 74,000 |
| RM1.1 billion 7 years Commercial Papers/Medium Term Notes | (g) | 1,036,266 | 981,383 | 981,383 |
| Senior debt securities: | | | | |
| USD300 million 3.25% senior debt securities due in 2017 | (h) | 915,246 | – | – |
| USD200 million 3.25% senior debt securities due in 2017 | (h) | 593,782 | – | – |
| | | 5,151,932 | 3,603,334 | 4,064,323 |
| Schedule repayment of borrowings and senior debt securities: | | | | |
| Within one year | | 1,036,557 | 1,223,521 | 1,496,088 |
| One year to three years | | 2,280,691 | 952,050 | 1,682,477 |
| Three years to five years | | 1,700,896 | 1,186,050 | 550,428 |
| Over five years | | 133,788 | 241,713 | 335,330 |
| | | 5,151,932 | 3,603,334 | 4,064,323 |

22 BORROWINGS AND SENIOR DEBT SECURITIES (CONTINUED)

| | Note | Company | | |
|---|--------|----------------------|----------------------|--------------------|
| | | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Unsecured: | | | | |
| Revolving credits: | | | | |
| – RM revolving credits | (a(i)) | 653,847 | 747,067 | 815,449 |
| Term loans: | | | | |
| – RM Term loans | (b(i)) | 1,416,251 | 1,062,725 | 1,062,581 |
| Overdrafts | (c) | 70 | 18 | – |
| RM600 million 6 years Serial Fixed Rate Bonds | (d) | – | – | 310,238 |
| RM350 million Fixed Rate Bonds | (e) | – | 355,908 | 354,111 |
| RM150 million 7 years Commercial Papers/Medium Term Notes | (f) | – | – | 74,000 |
| RM1.1 billion 7 years Commercial Papers/Medium Term Notes | (g) | 1,036,266 | 981,383 | 981,383 |
| | | 3,106,434 | 3,147,101 | 3,597,762 |
| Schedule repayment of borrowings: | | | | |
| Within one year | | 1,050,434 | 1,966,101 | 1,765,712 |
| One year to three years | | 2,056,000 | 831,000 | 1,482,050 |
| Three years to five years | | – | 350,000 | 350,000 |
| | | 3,106,434 | 3,147,101 | 3,597,762 |

The borrowings of the Group and the Company are as follows:

(a) Revolving credits (unsecured)

(i) RM revolving credits

The unsecured RM revolving credit facilities of the Group and the Company bear interest at rates ranging from 3.92% to 4.40% (31.12.2011: 3.50% to 4.40%) per annum.

(ii) United States Dollar (USD) revolving credits

The unsecured USD revolving credit facilities of the Group bears interest at rates ranging from 2.23% to 2.36% (2011: Nil) per annum.

(iii) Hong Kong Dollar (HKD) revolving credits

The unsecured HKD revolving credit facilities of the Group bears interest at rates ranging from 1.45% to 1.55% (2011: Nil) per annum.

22 BORROWINGS AND SENIOR DEBT SECURITIES (CONTINUED)

(b) Term loans (unsecured)

(i) RM Term loans

The Group and the Company have unsecured RM term loans which bear interest at rates ranging from 3.95% to 4.00% (2011: 3.40% to 4.00%) and 3.95% to 4.23% (2011: 3.89% to 4.11%) per annum respectively.

(ii) USD Term loans

On 7 April 2006, RHB Bank, a wholly-owned subsidiary, 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 0.89% to 1.14% (2011: 0.86% to 0.90%) per annum.

On 24 March 2008, RHB Bank entered into another agreement with JBIC to obtain an unsecured Untied Loan facility of USD100 million for a tenure of 10 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 2011 to 8 March 2020 and bears a floating interest rate of BBA LIBOR plus 0.315% per annum. The average interest rate ranges from 0.81% to 1.05% (2011: 0.80% to 0.82%) per annum.

On 28 May 2009, RHB Bank entered into a third agreement with JBIC to obtain an unsecured Untied Loan facility of USD100 million for a tenure of 8 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 1.25% to 1.53% (2011: 1.25% to 1.30%) per annum.

(iii) Singapore Dollar (SGD) Term loans

The Group have unsecured SGD term loans which bear interest at rates 0.99% (2011: Nil) per annum.

(c) Overdrafts (unsecured)

The unsecured overdrafts of the Group and Company bear interest at rates 6.80% (2011: 6.80%) per annum.

22 BORROWINGS AND SENIOR DEBT SECURITIES (CONTINUED)

(d) RM600 million 6 years Serial Fixed Rate Bonds

On 11 January 2005, the Company issued RM600 million nominal value of 6 years Serial Fixed Rate Bonds. The remaining Serial Bonds are as follows:

| Series | Nominal value RM'million | Maturity date | Coupon rate (per annum) |
|--------|-----------------------------|-----------------|----------------------------|
| 3 | 300.0 | 11 January 2011 | 7.20% |

The coupon payment is payable semi-annually in arrears in January and July each year, with the final coupon payment to be made on the respective maturity dates of each series.

The fixed rate bonds have been fully settled in 2011.

(e) RM350 million Fixed Rate Bonds

On 18 September 2006, the Company issued RM350 million Fixed Rate Bonds. The RM350 million Fixed Rate Bonds, with a tenure of 6 years, bear interest at the rate of 7.15% per annum, payable semi-annually in arrears in March and September each year.

The fixed rate bonds have been fully settled during the current financial year.

(f) RM150 million 7 years Commercial Papers/Medium Term Notes

On 29 October 2010, the Company issued RM74 million nominal value Commercial Papers, with a tenure of 3 months, at a discount rate of 3.50% per annum.

The commercial paper has been fully redeemed in 2011.

(g) RM1.1 billion 7 years Commercial Papers/Medium Term Notes (CP/MTN Programme)

The Company issued the following Commercial Papers under the CP/MTN Programme, where the Company has the option to roll over or fully settle the borrowings are as follows:

| Issuance date | Nominal value RM'million | Next roll-over date | Coupon rate (per annum) | |
|-------------------|-----------------------------|------------------------|----------------------------|-------|
| | | | 2012 | 2011 |
| 8 July 2010 | 75.0 | 8 July 2011 | – | 3.65% |
| 30 September 2010 | 120.0 | 31 March 2012 | 3.60% | 3.75% |
| 12 December 2011 | 75.0 | 12 June 2012 | 3.65% | 3.65% |

The commercial papers of RM75.0 million issued on 8 July 2010 were fully settled in 2011.

The commercial papers of RM120.0 million and RM75.0 million issued on 30 September 2010 and 12 December 2011 were fully settled during the current financial year.

22 BORROWINGS AND SENIOR DEBT SECURITIES (CONTINUED)

(g) RM1.1 billion 7 years Commercial Papers/Medium Term Notes (CP/MTN Programme) (continued)

The Company issued the following Medium Term Notes under the CP/MTN Programme and outstanding as at 31 December 2012 are as follows:

| Issuance date | Nominal value RM'million | Maturity date | Coupon rate (per annum) | |
|------------------|-----------------------------|------------------|----------------------------|-------|
| | | | 2012 | 2011 |
| 23 November 2009 | 175.0 | 22 November 2013 | 5.00% | 5.00% |
| 22 December 2009 | 260.0 | 20 December 2013 | 5.00% | 5.00% |
| 30 December 2010 | 350.0 | 30 December 2015 | 4.80% | 4.80% |
| 8 November 2012 | 250.0 | 8 November 2013 | 3.75% | – |

Interest for the above Medium Term Notes is payable semi-annually in arrears.

(h) Senior debt securities

The amount of senior unsecured medium terms notes issued by RHB Bank Berhad, the wholly owned commercial banking subsidiaries, from the USD500.0 million in nominal value of senior medium term notes under a Euro Medium Term Note (EMTN) Programme are as follows:

| Issuance date | Tranche | Principal USD'million | Maturity Date | Interest Rate | Interest Payment |
|----------------------|---------|--------------------------|---------------|--------------------|---|
| 15 May 2012 | I | 300 | 11 May 2017 | 3.25% per annum | Accrued and payable semi-annually in arrears |
| 28 September 2012 | II | 200 | 11 May 2017 | 3.25% per annum | Accrued and payable semi-annually in arrears |

The proceeds raised from the EMTN Programme will be utilised by RHB Bank Berhad for general working capital and other corporate purposes, including but not limited to the provision of advances of such proceeds or part thereof by RHB Bank Berhad to any of its subsidiaries, and repayment of borrowings.

► **Notes To The Financial Statements**
For The Financial Year Ended 31 December 2012

23 SUBORDINATED OBLIGATIONS

| | Note | Group | | |
|---|------|----------------------|----------------------|--------------------|
| | | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| 5.00% RM1,300 million Tier II Subordinated Notes 2007/2017 | (a) | – | 1,305,699 | 1,305,699 |
| 5.50% RM700 million Tier II Subordinated Notes 2007/2022 | (a) | 703,375 | 703,375 | 703,375 |
| 5.30% RM200 million Tier II Subordinated Notes 2007/2017 | (b) | – | 200,581 | 200,639 |
| 5.50% RM45 million Tier II Subordinated Notes 2008/2018 | (c) | 45,482 | 45,488 | 45,488 |
| 5.00% RM700 million Tier II Subordinated Notes 2010/2020 | (d) | 706,137 | 705,945 | 706,137 |
| 5.60% RM300 million Tier II Subordinated Notes 2010/2025 | (d) | 302,946 | 302,854 | 302,946 |
| 4.25% RM250 million Tier II Subordinated Notes 2011/2021 | (e) | 250,741 | 251,805 | – |
| 4.30% RM750 million Tier II Subordinated Notes 2012/2022 | (f) | 753,984 | – | – |
| 4.40% RM1,300 million Tier II Subordinated Notes 2012/2022 | (f) | 1,303,735 | – | – |
| 4.40% RM245 million Tier II Subordinated Notes 2012/2022 | (g) | 245,650 | – | – |
| 7.50% RM100 million Tier II Subordinated Notes 2008/2018 | (h) | 103,420 | – | – |
| 7.25% RM125 million Tier II Subordinated Notes 2010/2020 | (i) | 127,110 | – | – |
| 7.15% RM75 million Tier II Subordinated Notes 2010/2020 | (j) | 75,529 | – | – |
| 5.20% RM100 million Tier II Subordinated Notes 2011/2021 | (k) | 101,112 | – | – |
| | | 4,719,221 | 3,515,747 | 3,264,284 |

23 SUBORDINATED OBLIGATIONS (CONTINUED)

(a) 5.00% RM1,300 million Tier II Subordinated Notes 2007/2017 and 5.50% RM700 million Tier II Subordinated Notes 2007/2022

On 30 November 2007, RHB Bank issued redeemable unsecured Subordinated Notes amounting to RM2,000 million in nominal value as follows:

| Tranche | Principal RM'million | Maturity Date | Interest Rate | Interest Payment |
|-----------|----------------------|---|--|--|
| 2007/2017 | 1,300 | 30 November 2017 (Callable with step-up on 2012) | 5.0% per annum chargeable to 30 November 2012 (but exclusive of payment date), thereafter on step-up coupon rate at 0.5% per annum | Accrued and payable semi-annually in arrears |
| 2007/2022 | 700 | 30 November 2022 (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 RM Subordinated Notes constitute direct unsecured obligations of RHB Bank, subordinated in right and priority of payment, to the extent and in the manner provided for in the RM Subordinated Notes, to all deposit liabilities and other liabilities of RHB Bank except all other present and future unsecured and subordinated obligations of RHB Bank which by their terms rank *pari passu* in right of and priority of payment with or subordinated to the RM Subordinated Notes.

The RM Subordinated Notes of RM1.3 billion mentioned above were fully redeemed during the current financial year.

23 SUBORDINATED OBLIGATIONS (CONTINUED)

(b) 5.30% RM200 million Tier II Subordinated Notes 2007/2017

On 10 December 2007, RHB Investment Bank, a wholly-owned subsidiary of the Company, successfully issued Subordinated Notes (Sub-Notes) under a Subordinated Note Programme (the Sub-Notes Programme) for an aggregate nominal value of RM200 million at par and qualify as Tier II Capital of RHB Investment Bank for the purpose of BNM's capital adequacy requirements. The Sub-Notes have a tenure of 15 years from the date of first issue. During the tenure of the Sub-Note Programme, RHB Investment Bank may issue Sub-Notes with maturities ranging from 10 to 15 years and callable after a minimum period of 5 years from date of issue.

The Sub-Notes constitute direct unsecured obligations of RHB Investment Bank, subordinated in right and priority of payment, to the extent and in the manner provided in the terms of the Sub-Notes, to all deposit liabilities and other liabilities of RHB Investment Bank except all other present and future unsecured and subordinated obligations of RHB Investment Bank which by their terms rank *pari passu* in right of priority of payment with or subordinate to the Sub-Notes. The Sub-Notes will in the event of the winding-up or liquidation of RHB Investment Bank, be subordinated in right of payments to the claims of the depositors and all other creditors of RHB Investment Bank other than claimants in respect of RHB Investment Bank's unsecured and subordinated obligations which by their terms rank *pari passu* in right of and priority of payment with or subordinated to the Sub-Notes.

The Sub-Notes proceeds raised were utilised for RHB Investment Bank's general working capital.

The coupon for the Sub-Notes are accrued at the rate of 5.30% per annum and commencing from the beginning of the sixth year from the issue date, the coupon rate shall be stepped-up annually at 0.5% per annum. Coupon payments are payable semi-annually in arrears, with the last payment to be made on the maturity date.

The RM subordinated notes were fully redeemed during the current financial year.

(c) 5.50% RM45 million Tier II Subordinated Notes 2008/2018

On 21 April 2008, RHB Investment Bank issued the remaining RM45 million nominal value of the Subordinated Notes (Sub-Notes) at par which qualify as Tier II Capital of RHB Investment Bank for the purpose of BNM's capital adequacy requirements.

The Sub-Notes proceeds raised were utilised for RHB Investment Bank's general working capital.

The coupon for Sub-Notes are accrued at the rate of 5.50% per annum and commencing from the beginning of the sixth year from the issue date, the coupon rate shall be stepped-up annually at 0.50% per annum. Coupon payments are payable semi-annually in arrears, with the last payment to be made on maturity date.

23 SUBORDINATED OBLIGATIONS (CONTINUED)

(d) 5.00% RM700 million Tier II Subordinated Notes 2010/2020 and 5.6% RM300 million Tier II Subordinated Notes 2010/2025

On 29 April 2010, RHB 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 (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 (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 |

(e) 4.25% RM250 million Tier II Subordinated Notes 2011/2021

On 31 October 2011, RHB Bank issued RM250.0 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 RM250.0 million in nominal value is as follows:

| Tranche | Principal RM'million | Maturity Date | Interest Rate | Interest Payment |
|-----------|----------------------|---------------------------------------|---|--|
| 2011/2021 | 250 | 29 October 2021 (Callable on 2016) | 4.25% per annum chargeable to 29 October 2021 | Accrued and payable semi-annually in arrears |

23 SUBORDINATED OBLIGATIONS (CONTINUED)

(f) 4.30% RM750 million Tier II Subordinated Notes 2012/2022 and 4.40% RM1,300 million Tier II Subordinated Notes 2012/2022

On 7 May 2012 and 30 November 2012, RHB Bank issued RM750 million and RM1,300 million nominal value of Subordinated Notes respectively, 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 RM750 million and RM1,300 million in nominal value are as follows:

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

(g) 4.40% RM245 million Tier II Subordinated Notes 2012/2022

On 10 December 2012, RHB Investment Bank issued RM245.0 million nominal value of Subordinated Notes. The RM245.0 million in nominal value is as follows:

| Tranche | Principal RM'million | Maturity Date | Interest Rate | Interest Payment |
|-----------|----------------------|---------------------------------------|---|--|
| 2012/2022 | 245 | 9 December 2022 (Callable on 2017) | 4.40% per annum chargeable to 9 December 2012 | Accrued and payable semi-annually in arrears |

(h) 7.5% RM100 million Tier II Subordinated Notes 2008/2018

On the 14 July 2008, OSK Investment Bank issued RM100 million nominal value of Subordinated Notes and qualify as Tier II Capital of OSK Investment Bank for the purpose of BNM's capital adequacy requirements.

The tenure of issue is 10 years maturing on 13 July 2018 and callable after a minimum period of 5 years from the issue date (i.e. on 13 July 2013) and on every semi-annual coupon payment date thereafter. These Subordinated Notes carry a yield to maturity of 7.5% per annum and a coupon rate of 7.5% per annum. There will be a step-up coupon from 7.5% per annum to 8.5% per annum on the 5th year from the issuance date until the date of early redemption in full or final maturity, whichever is earlier.

(i) 7.25% RM125 million Tier II Subordinated Notes 2010/2020

On 5 April 2010, OSK Investment Bank issued RM125 million of Subordinated Notes via direct placement. The tenure of issue is 10 years maturing on 6 April 2020 and callable after a minimum period of 5 years from the issue date (i.e. on 6 April 2015) and on every semi-annual coupon payment date thereafter. These Subordinated Notes carry a yield to maturity of 7.25% per annum and a coupon rate of 7.25% per annum. There will be a step-up coupon from 7.25% per annum to 8.25% per annum on the 5th year from the issuance date until the date of early redemption in full or final maturity, whichever is earlier.

23 SUBORDINATED OBLIGATIONS (CONTINUED)

(j) 7.15% RM75 million Tier II Subordinated Notes 2010/2020

On 24 May 2010, OSK Investment Bank issued RM75 million of Subordinated Notes via direct placement. The tenure of issue is 10 years maturing on 25 May 2020 and callable after a minimum period of 5 years from the issue date (i.e. on 25 May 2015) and on every semi-annual coupon payment date thereafter. These Subordinated Notes carry a yield to maturity of 7.15% per annum and a coupon rate of 7.15% per annum. There will be a step-up coupon from 7.15% per annum to 8.15% per annum on the 5th year from the issuance date until the date of early redemption in full or final maturity, whichever is earlier.

(k) 5.2% RM100 million Tier II Subordinated Notes 2011/2021

On 15 April 2011, OSK Investment Bank issued RM100 million of Subordinated Notes via direct placement. The tenure of issue is 10 years maturing on 15 April 2021 and callable after a minimum period of 5 years from the issue date (i.e. on 15 April 2016) and on every semi-annual coupon payment date thereafter. These Subordinated Notes carry a yield to maturity of 5.2% per annum and a coupon rate of 5.2% per annum. There will be a step-up coupon from 5.2% per annum to 5.25% per annum on the 5th year from the issuance date until the date of early redemption in full or final maturity, whichever is earlier.

24 HYBRID TIER-1 CAPITAL SECURITIES

| | Note | Group | | |
|---|------|----------------------|----------------------|--------------------|
| | | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| RM370 million Hybrid Tier-1 Capital Securities due in 2039, callable with step-up in 2019 | (a) | 375,448 | 377,542 | 374,769 |
| RM230 million Hybrid Tier-1 Capital Securities due in 2039, callable with step-up in 2019 | (b) | 225,624 | 223,016 | 225,624 |
| | | 601,072 | 600,558 | 600,393 |

(a) On 31 March 2009, RHB Bank completed the first issuance of RM370 million nominal value of Hybrid Tier-1 Capital Securities (HT1 Capital Securities) out of its RM600 million Hybrid Tier-1 Capital Securities Programme. The RM370 million HT1 Capital Securities will mature in 2039 and is callable in 2019. The HT1 Capital Securities bear interest at the rate of 8.0% per annum commencing from the first issue date and thereafter at a step-up rate of 9.0% per annum from 2019 if not called. The interest is payable semi-annually in arrears.

(b) On 17 December 2009, RHB Bank issued the remaining RM230 million nominal value of HT1 Capital Securities which will mature in 2039 and is callable in 2019. The second issuance of HT1 Capital Securities bear interest at the rate of 6.75% per annum commencing from the first issue date and thereafter at a step-up rate of 7.75% per annum from 2019 if not called. The interest is payable semi-annually in arrears.

25 SHARE CAPITAL

| | Note | Group and Company | | |
|---|------|----------------------|----------------------|--------------------|
| | | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Ordinary shares of RM1.00 each | | | | |
| Authorised: | | | | |
| Balance as at the beginning/end of the financial year | | 5,000,000 | 5,000,000 | 5,000,000 |
| Issued and fully paid: | | | | |
| Balance as at the beginning of the financial year | | 2,204,819 | 2,153,475 | 2,153,475 |
| Shares issued under DRP: | | | | |
| – Issued on 11 June 2012 (Note (a)) | | 30,944 | – | – |
| – Issued on 27 November 2012 (Note (c)) | | 13,445 | – | – |
| – Issued on 20 May 2011 (Note (d)) | | – | 38,442 | – |
| – Issued on 15 November 2011 (Note (e)) | | – | 12,902 | – |
| Acquisition of a subsidiary (Note(b)) | 45 | 245,000 | – | – |
| Balance as at the end of the financial year | | 2,494,208 | 2,204,819 | 2,153,475 |

During the financial year, the Company increased its issued and paid up share capital from:

- (a) RM2,204,818,717 to RM2,235,763,288 via the issuance of 30,944,571 new ordinary shares of RM1.00 each arising from the DRP relating to the final dividend of 11.82% less 25% tax and single-tier dividend of 5.59% in respect of the financial year ended 31 December 2011 on 11 June 2012;
- (b) RM2,235,763,288 to RM2,480,763,288 via the issuance of 245,000,000 new ordinary shares of RM1.00 each arising from the acquisition of OSK Investment Bank Berhad as disclose in Note 45 on 9 November 2012; and
- (c) RM2,480,763,288 to RM2,494,207,802 via the issuance of 13,444,514 new ordinary shares of RM1.00 each arising from the DRP relating to the interim single-tier dividend of 6.00% in respect of the financial year ended 31 December 2012 on 27 November 2012.

In previous financial year, the Company increased its issued and paid up share capital from:

- (d) RM2,153,474,695 to RM2,191,916,339 via the issuance of 38,441,644 new ordinary shares of RM1.00 each arising from the DRP relating to the final dividend of 21.38% less 25% tax in respect of the financial year ended 31 December 2010 on 20 May 2011; and
- (e) RM2,191,916,339 to RM2,204,818,717 via the issuance of 12,902,378 new ordinary shares of RM1.00 each arising from the DRP relating to the interim dividend of 8.00% less 25% tax in respect of the financial year ended 31 December 2011 on 15 November 2011.

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

26 RESERVES

| | Note | Group | | |
|----------------------|------|----------------------|----------------------|--------------------|
| | | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Retained profits | (a) | 4,386,948 | 3,536,860 | 2,738,412 |
| Share premium | (b) | 4,548,602 | 2,674,459 | 2,352,093 |
| Reserve funds | (c) | 3,494,397 | 3,016,604 | 2,603,964 |
| AFS reserves | (d) | 234,337 | 213,654 | 153,872 |
| Translation reserves | (e) | (69,473) | (58,813) | (76,885) |
| Other reserves | | 28,196 | 27,815 | 27,815 |
| | | 12,623,007 | 9,410,579 | 7,799,271 |

| | Note | Company | | |
|------------------|------|----------------------|----------------------|--------------------|
| | | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Retained profits | (a) | 893,013 | 945,182 | 1,227,290 |
| Share premium | (b) | 4,548,602 | 2,674,459 | 2,352,093 |
| | | 5,441,615 | 3,619,641 | 3,579,383 |

- (a) A single-tier company tax was introduced effective 1 January 2008. Under this single-tier system, tax on a company's profits is a final tax, and dividends distributed to shareholders will be exempted from tax. Companies with Section 108 tax credit balance are given an option to elect to move to a single-tier system immediately or allowed to use the Section 108 credit balance for the purpose of dividend distribution during a transitional period of 6 years until 31 December 2013.

The Company has elected to use its Section 108 credit balance for the purpose of dividend distribution during a transitional period of 6 years until 31 December 2013. The Section 108 balance of the Company as at 31 December 2007 will be frozen and can only be adjusted downwards for any tax discharged, remitted or refunded during the 6 years period.

During the financial year, the tax credits under Section 108(6) of the Income Tax Act, 1967 of the Company was exhausted. As a result, the Company has immediately moved to the single tier system as mentioned above. All future dividend distribution of the Company's retained profits to the shareholders will be exempted for tax.

- (b) Share premium comprises of share premium of a subsidiary consolidated after the Scheme of Arrangement under Section 176 of the Companies Act, 1965, undertaken by the Company and the subsidiary in 1994, whereby the Company acquired the entire issued and fully paid-up share capital of that subsidiary via an exchange of shares.

26 RESERVES (CONTINUED)

(c) The reserve funds represent non-distributable profits held by:

- (i) the commercial banking subsidiary in compliance with Section 36 of the Banking and Financial Institutions Act, 1989 and Section 18 of the Singapore Finance Companies (Amendment) Act 1994;
- (ii) the investment banking subsidiaries in compliance with Section 36 of the Banking and Financial Institutions Act, 1989;
- (iii) the Islamic banking subsidiary in compliance with Section 15 of the Islamic Banking Act, 1983; and
- (iv) the Thailand's stockbroking subsidiary company in compliance with Section 116 of the Public Limited Company Act B.E. 2535 in Thailand.

These reserve funds are not distributable as cash dividends.

(d) 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, derecognition or impairment of such securities.

(e) The translation reserves comprise all foreign exchange differences from the translation of the financial statements of foreign operations, subsidiaries and joint ventures.

27 INTEREST INCOME

| | Group | | Company | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| Loans, advances and financing | 4,846,075 | 4,426,845 | – | – |
| Money at call and deposits and placements with banks and other financial institutions | 436,001 | 331,854 | 2,202 | 1,154 |
| Securities purchased under resale agreements | 401 | 5,510 | – | – |
| Financial assets held-for-trading | 32,892 | 21,468 | – | – |
| Financial investments available-for-sale | 305,825 | 362,258 | – | – |
| Financial investments held-to-maturity | 525,883 | 475,000 | – | – |
| Others | 6,155 | 7,248 | 764 | 1,318 |
| | 6,153,232 | 5,630,183 | 2,966 | 2,472 |
| Of which: | | | | |
| Interest income accrued on impaired loans, advances and financing | 148,120 | 136,474 | – | – |

28 INTEREST EXPENSE

| | Group | | Company | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| Deposits and placements of banks and other financial institutions | 216,754 | 199,545 | - | - |
| Deposits from customers | 2,462,901 | 2,138,315 | - | - |
| Borrowings and senior debt securities | 161,224 | 137,808 | 141,061 | 144,361 |
| Subordinated obligations | 204,900 | 170,180 | - | - |
| Hybrid Tier-1 Capital Securities | 45,179 | 45,035 | - | - |
| Recourse obligation on loans sold to Cagamas | 54,084 | 32,424 | - | - |
| Others | 48,092 | 53,688 | - | - |
| | 3,193,134 | 2,776,995 | 141,061 | 144,361 |

29 OTHER OPERATING INCOME

| | Group | | Company | |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| Fee income | | | | |
| Service charges and fees | 225,012 | 191,262 | - | - |
| Commission | 118,087 | 112,175 | - | - |
| Net brokerage | 111,677 | 87,796 | - | - |
| Commitment fees | 46,151 | 49,910 | - | - |
| Guarantee fees | 47,608 | 36,482 | - | - |
| Unit trust fee income | 17,175 | 3,196 | - | - |
| Corporate advisory fees | 13,373 | 11,985 | - | - |
| Underwriting and arrangement fees | 61,054 | 19,064 | - | - |
| Fund management fees | 21,607 | 20,127 | - | - |
| Other fee income | 42,258 | 36,652 | - | - |
| | 704,002 | 568,649 | - | - |

29 OTHER OPERATING INCOME (CONTINUED)

| | Group | | Company | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| Net gain arising from financial assets held-for-trading | | | | |
| – net gain on disposal | 69,158 | 47,604 | – | – |
| – unrealised gain on revaluation | 5,221 | 2,045 | – | – |
| – gross dividend income | 3,508 | 3,660 | – | – |
| | 77,887 | 53,309 | – | – |
| Net gain/(loss) on revaluation of unrealised derivatives | 13,598 | (65,848) | – | – |
| Net gain on fair value hedges (Note 10) | 1,474 | – | – | – |
| Net gain arising from financial investments available-for-sale | | | | |
| – net gain on disposal | 76,260 | 66,839 | – | – |
| – gross dividend income | 18,015 | 21,906 | – | – |
| | 94,275 | 88,745 | – | – |
| Net gain on arising from financial investments held-to-maturity | | | | |
| – net gain on redemption | 2,997 | 3,906 | – | – |
| | 2,997 | 3,906 | – | – |
| Gross dividend income from subsidiaries | – | – | 756,499 | 434,215 |
| Other income | | | | |
| Net foreign exchange gain/(loss): | | | | |
| – realised | 326,633 | 287,642 | – | – |
| – unrealised | (12,767) | 11,095 | (115) | (49) |
| Insurance underwriting surplus before management expenses | 88,000 | 64,035 | – | – |
| Net gain on disposal of property, plant and equipment | 1,321 | 5,057 | 190 | 91 |
| Rental income | 3,692 | 3,150 | – | – |
| Other operating income | 71,801 | 54,876 | – | – |
| Other non-operating income | 3,465 | 6,883 | – | – |
| Gain arising from acquisition of a subsidiary | 1,638 | – | – | – |
| Gain arising from deemed disposal of an associate to a subsidiary | 1,421 | – | – | – |
| | 485,204 | 432,738 | 75 | 42 |
| | 1,379,437 | 1,081,499 | 756,574 | 434,257 |

30 INCOME FROM ISLAMIC BANKING BUSINESS

| | Group | |
|--|----------------------|----------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| Income derived from investment of depositors' fund | 1,054,708 | 780,682 |
| Income derived from investment of shareholders' fund | 82,092 | 58,147 |
| | 1,136,800 | 838,829 |
| Transfer from/(to) profit equalisation reserve | 7,192 | (2,725) |
| | 1,143,992 | 836,104 |
| Income attributable to depositors | (653,935) | (394,642) |
| | 490,057 | 441,462 |
| Of which: | | |
| Financing income earned on impaired financing and advances | 21,715 | 17,985 |

31 OTHER OPERATING EXPENSES

| | Group | | Company | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| Personnel costs | | | | |
| Salaries, bonuses, wages and allowances | 1,072,794 | 914,366 | 15,438 | 10,475 |
| Defined contribution plan | 160,427 | 138,927 | 2,450 | 1,725 |
| Other staff related costs | 107,043 | 129,088 | 2,074 | 2,054 |
| | 1,340,264 | 1,182,381 | 19,962 | 14,254 |
| Establishment costs | | | | |
| Property, plant and equipment: | | | | |
| – depreciation | 96,419 | 66,019 | 245 | 220 |
| – written off | 7 | 26 | – | – |
| Intangible assets: | | | | |
| – amortisation | 32,052 | 34,033 | – | – |
| – written off | – | 1 | – | – |
| Information technology expenses | 121,493 | 113,882 | 10 | 3 |
| Repair and maintenance | 26,325 | 23,675 | 161 | 189 |
| Security and escorting expenses | 41,932 | 35,861 | 35 | 34 |
| Rental of premises | 100,415 | 61,308 | 1,208 | 1,196 |
| Water and electricity | 27,281 | 24,263 | 106 | 111 |
| Rental of equipment | 6,864 | 9,399 | 35 | 31 |
| Insurance | 11,119 | 2,973 | 3 | 3 |
| Others | 7,847 | 9,224 | – | – |
| | 471,754 | 380,664 | 1,803 | 1,787 |

► **Notes To The Financial Statements**
For The Financial Year Ended 31 December 2012

31 OTHER OPERATING EXPENSES (CONTINUED)

| | Group | | Company | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| Marketing expenses | | | | |
| Advertisements and publicity | 91,778 | 76,570 | 1,676 | 1,502 |
| Sales commission | 51,419 | 23,731 | – | – |
| Others | 85,724 | 45,582 | 260 | 358 |
| | 228,921 | 145,883 | 1,936 | 1,860 |
| Administration and general expenses | | | | |
| Auditors' remuneration | | | | |
| (i) Audit: | | | | |
| Statutory audit: | | | | |
| – Malaysia | 2,651 | 1,886 | 504 | 175 |
| – Overseas | 614 | 570 | – | – |
| Limited review | 350 | 275 | – | – |
| Other audit related | 165 | 265 | – | – |
| (ii) Non-audit: | | | | |
| – Malaysia | 1,733 | 2,643 | 906 | 1,891 |
| – Overseas | 10 | 296 | – | – |
| Communication expenses | 106,111 | 101,493 | 336 | 350 |
| Legal and professional fee | 52,201 | 10,448 | 42,905 | 4,851 |
| Others | 88,952 | 76,482 | 1,123 | 946 |
| | 252,787 | 194,358 | 45,774 | 8,213 |
| | 2,293,726 | 1,903,286 | 69,475 | 26,114 |

Included in the personnel costs of the Group are the Group Managing Directors' remuneration (excluding estimated monetary value of benefits-in-kind) totalling RM3,025,000 (2011: RM3,770,000) as disclosed in Note 32.

Included in the administration and general expenses of the Group and Company are other directors' remuneration (excluding estimated monetary value of benefits-in-kind) totalling RM1,859,000 (2011: RM2,521,000) and RM744,000 (2011: RM876,000) respectively as disclosed in Note 32.

32 DIRECTORS' REMUNERATION

| | Group | | | |
|--|---|--|--------------|--------------|
| | Salary and other remuneration, including meeting allowance RM'000 | Benefits-in-kind (based on an estimated monetary value) RM'000 | Bonus RM'000 | Total RM'000 |
| 31.12.2012 | | | | |
| Group Managing Director Kellee Kam Chee Khiong | 1,585 | 35 | 1,440 | 3,060 |
| 31.12.2011 | | | | |
| Group Managing Director Dato' Tajuddin Atan (resigned on 31 March 2011) | 659 | 6 | 2,400 | 3,065 |
| Managing Director Kellee Kam Chee Khiong (appointed on 10 May 2011) | 711 | 13 | – | 724 |
| | 1,370 | 19 | 2,400 | 3,789 |

The Group Managing Director's remuneration is in relation to his capacity as the Managing Director of a subsidiary.

| | Company | | | |
|--|---|--|--------------|--------------|
| | Salary and other remuneration, including meeting allowance RM'000 | Benefits-in-kind (based on an estimated monetary value) RM'000 | Bonus RM'000 | Total RM'000 |
| 31.12.2012 | | | | |
| Group Managing Director Kellee Kam Chee Khiong | 1,585 | 35 | 1,440 | 3,060 |
| 31.12.2011 | | | | |
| Managing Director Kellee Kam Chee Khiong (appointed on 10 May 2011) | 711 | 13 | – | 724 |

► **Notes To The Financial Statements**
For The Financial Year Ended 31 December 2012

32 DIRECTORS' REMUNERATION (CONTINUED)

| | Group | | | | Company | | | |
|--|----------------|--|------------------|-----------------|----------------|--|------------------|-----------------|
| | Fees RM'000 | Benefits- in-kind (based on an estimated monetary value) RM'000 | Others RM'000 | Total RM'000 | Fees RM'000 | Benefits- in-kind (based on an estimated monetary value) RM'000 | Others RM'000 | Total RM'000 |
| 31.12.2012 | | | | | | | | |
| Non-executive Directors | | | | | | | | |
| Dato' Mohamed Khadar Merican | 300 | 31 | 168 | 499 | 100 | 31 | 35 | 166 |
| Tan Sri Azlan Zainol | 280 | 31 | 39 | 350 | 80 | – | 24 | 104 |
| Datuk Haji Faisal Siraj | 240 | – | 159 | 399 | 80 | – | 56 | 136 |
| Dato' Saw Choo Boon | 160 | – | 171 | 331 | 80 | – | 81 | 161 |
| Dato' Teo Chiang Liang | 160 | – | 106 | 266 | 80 | – | 52 | 132 |
| Datuk Wira Jalilah Baba (Appointed on 1 May 2012) | 53 | – | 11 | 64 | 53 | – | 11 | 64 |
| Dato' Nik Mohamed Din Datuk Nik Yusoff (Appointed on 20 November 2012) | 9 | – | 3 | 12 | 9 | – | 3 | 12 |
| | 1,202 | 62 | 657 | 1,921 | 482 | 31 | 262 | 775 |
| 31.12.2011 | | | | | | | | |
| Non-executive Directors | | | | | | | | |
| Dato' Mohamed Khadar Merican | 281 | 31 | 213 | 525 | 100 | 31 | 37 | 168 |
| Tan Sri Azlan Zainol | 280 | 32 | 37 | 349 | 80 | – | 19 | 99 |
| Datuk Haji Faisal Siraj | 260 | 31 | 167 | 458 | 80 | – | 55 | 135 |
| Dato' Saw Choo Boon | 160 | – | 156 | 316 | 80 | – | 73 | 153 |
| Dato' Teo Chiang Liang | 160 | – | 125 | 285 | 80 | – | 53 | 133 |
| Arul Kanda Kandasamy (resigned on 10 May 2011) | 85 | – | 20 | 105 | 28 | – | 8 | 36 |
| Mohamed Ali Ahmed Hamad Al Dhaheri (resigned on 30 September 2011) | 134 | – | 24 | 158 | 60 | – | 12 | 72 |
| Johari Abdul Muid (resigned on 14 November 2011) | 226 | – | 193 | 419 | 69 | – | 42 | 111 |
| | 1,586 | 94 | 935 | 2,615 | 577 | 31 | 299 | 907 |

33 ALLOWANCE FOR IMPAIRMENT ON LOANS, FINANCING AND OTHER LOSSES

| | Group | |
|---|----------------------|----------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| Allowance for impaired loans and financing: | | |
| – Individual impairment allowance made | 267,911 | 110,301 |
| – Collective impairment allowance made | 119,712 | 143,615 |
| Impaired loans and financing recovered | (463,292) | (332,445) |
| Bad debts written off | 223,157 | 221,304 |
| Allowance made for impairment on other assets | 1,004 | 3,360 |
| | 148,492 | 146,135 |

34 IMPAIRMENT LOSSES ON OTHER ASSETS

| | Group | |
|--|----------------------|----------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| Charge for the financial year: | | |
| – financial investments available-for-sale | 8,870 | 79,618 |
| – financial investments held-to-maturity | 12,885 | 12,265 |
| – foreclosed properties | – | 19 |
| – investments in joint venture | 5,936 | – |
| | 27,691 | 91,902 |
| Reversal for the financial year: | | |
| – financial investments available-for-sale | (7,316) | (9,820) |
| – financial investments held-to-maturity | (13,377) | (4,599) |
| – foreclosed properties | (22) | (153) |
| – others | (3,105) | (53) |
| | (23,820) | (14,625) |
| | 3,871 | 77,277 |

► Notes To The Financial Statements
For The Financial Year Ended 31 December 2012

35 TAXATION

| | Group | | Company | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| Income tax based on profit for the financial year: | | | | |
| – Malaysian income tax | 692,143 | 545,905 | 149,267 | 68,750 |
| – Overseas tax | 2,254 | 2,022 | – | – |
| Deferred tax (Note 13) | (66,452) | 17,919 | (1,067) | 20 |
| | 627,945 | 565,846 | 148,200 | 68,770 |
| (Over)/under provision in respect of prior years: | | | | |
| – Taxation | (86,908) | (277,151) | – | 2,767 |
| – Deferred tax (Note 13) | 53,817 | 271,151 | – | – |
| | 594,854 | 559,846 | 148,200 | 71,537 |
| Current tax | | | | |
| Current year | 694,397 | 547,927 | 149,267 | 68,750 |
| (Over)/under provision in respect of prior years | (86,908) | (277,151) | – | 2,767 |
| | 607,489 | 270,776 | 149,267 | 71,517 |
| Deferred tax | | | | |
| Origination and reversal of temporary differences | (66,452) | 17,919 | (1,067) | 20 |
| Reversal of previously recognised net deferred tax assets (Note 13) | 53,817 | 271,151 | – | – |
| | (12,635) | 289,070 | (1,067) | 20 |
| | 594,854 | 559,846 | 148,200 | 71,537 |

35 TAXATION (CONTINUED)

The numerical reconciliation between the applicable statutory income tax rate and the effective income tax rate of the Group and of the Company is as follows:

| | Group | | Company | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 31.12.2012 % | 31.12.2011 % | 31.12.2012 % | 31.12.2011 % |
| Tax at Malaysian statutory tax rate | 25.0 | 25.0 | 25.0 | 25.0 |
| Tax effects in respect of: | | | | |
| Effect of different tax rate in Labuan/other countries | (0.1) | 0.6 | – | – |
| Non-taxable income | (0.3) | (0.5) | – | – |
| Non-allowable expenses | 1.8 | 1.4 | 2.0 | 0.9 |
| Utilisation of unabsorbed business losses previously not recognised | (0.5) | – | – | – |
| Reversal of temporary differences recognised in prior years | 2.5 | 10.8 | – | – |
| (Over)/under provision in respect of prior years | (3.5) | (12.4) | – | 1.0 |
| | 24.9 | 24.9 | 27.0 | 26.9 |

| | Group | |
|--|----------------------|----------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| Tax savings as a result of the utilisation of tax losses brought forward from previous years from which the related credit is recognised during the financial year | 12,251 | – |

36 EARNINGS PER SHARE (EPS)

(a) Basic earnings per share

Basic EPS is calculated by dividing the net profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the financial year.

| | Group | |
|--|----------------------|----------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| Net profit attributable to equity holders | 1,784,742 | 1,687,913 |
| Weighted average number of ordinary shares in issue ('000) | 2,258,746 | 2,178,587 |
| Basic EPS (sen) | 79.0 | 77.5 |

(b) Diluted earnings per share

The diluted EPS of the Group is calculated by dividing the net profit attributable to equity holders of the Company for the financial year ended 31 December 2012 by the weighted average number of ordinary shares in issue and adjusted for the number of shares that could have been issued under the approved DRP scheme of the Company.

In the diluted EPS calculation, it has been assumed that 100% of the electable portion of the proposed final dividend payment under the DRP will be exercised into new ordinary shares of RM1.00 each in the Company. The new shares will be issued at an assumed price which is equivalent to the 5-day volume weighted average price of the Company's shares as at 31 December 2012 after applying a discount of not more than 10%. These calculations serve to determine the number of dilutive shares to be added to the weighted average ordinary shares in issue for the purpose of computing the dilution. No adjustment has been made to the net profit attributable to the equity holders of the Company for the financial year ended 31 December 2012.

The dilution effect on the basic EPS arising from the DRP is immaterial. As a result, the diluted EPS is equal to the basic EPS for the financial year ended 31 December 2012.

Other than the above, there were no other dilutive potential ordinary shares outstanding as at 31 December 2012.

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

| | Group | | |
|--|----------------------|------------------------|--------------------------------|
| | Before Tax RM'000 | Tax Benefits RM'000 | Net of Tax Amount RM'000 |
| 31.12.2012 | | | |
| Financial investments AFS | | | |
| – Fair value gain on revaluation, net of transfer to income statement | 28,173 | (7,495) | 20,678 |
| | 28,173 | (7,495) | 20,678 |
| 31.12.2011 | | | |
| Financial investments AFS | | | |
| – Fair value gain on revaluation, net of transfer to income statement | 79,980 | (20,215) | 59,765 |
| | 79,980 | (20,215) | 59,765 |

38 ORDINARY DIVIDENDS

Dividends declared or proposed during the financial year are as follows:

| | Group and Company | | | |
|-------------------------------------|----------------------------|--|----------------------------|---|
| | 31.12.2012 | | 31.12.2011 | |
| | Gross dividend per share % | Amount of dividend, single-tier RM'000 | Gross dividend per share % | Amount of dividends, net of tax/ single-tier RM'000 |
| Ordinary shares | | | | |
| Interim dividend – 2012/2011 | 6.00% | 134,146 | 8.00% | 131,515 |
| Proposed final dividend – 2012/2011 | 16.09% | 401,277 | 17.41% | 318,827 |
| | 22.09% | 535,423 | 25.41% | 450,342 |

At the forthcoming Annual General Meeting, a single-tier final dividend in respect of the current financial year of 16.09% to RM401,276,900 will be proposed for shareholders' approval. These financial statements do not reflect these final dividends which will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2013 when approved by the shareholders.

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

Dividends recognised as distribution to ordinary equity holders of the Company:

| | Group and Company | | | |
|------------------------------|----------------------------|--|----------------------------|--|
| | 31.12.2012 | | 31.12.2011 | |
| | Gross dividend per share % | Amount of dividend, net of tax/ single-tier RM'000 | Gross dividend per share % | Amount of dividends, net of tax RM'000 |
| Ordinary shares | | | | |
| Interim dividend – 2012/2011 | 6.00% | 134,146 | 8.00% | 131,515 |
| Final dividend – 2011/2010 | 17.41% | 318,827 | 21.38% | 345,310 |
| | 23.41% | 452,973 | 29.38% | 476,825 |

39 COMMITMENTS AND CONTINGENCIES

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

The commitments and contingencies comprise the following:

| Group | 31.12.2012 | | | 31.12.2011 | | |
|---|----------------------------|-------------------------------------|--------------------------------|----------------------------|-------------------------------------|--------------------------------|
| | Principal amount RM'000 | Credit equivalent amount* RM'000 | Risk weighted amount RM'000 | Principal amount RM'000 | Credit equivalent amount* RM'000 | Risk weighted amount RM'000 |
| Direct credit substitutes | 2,181,636 | 2,144,725 | 1,426,061 | 1,507,861 | 1,437,755 | 1,217,657 |
| Transaction-related contingent items [#] | 2,496,866 | 1,225,275 | 881,715 | 2,190,162 | 1,070,872 | 870,820 |
| Short term self-liquidating trade-related contingencies [#] | 1,009,851 | 199,301 | 128,967 | 902,010 | 178,398 | 97,424 |
| Obligations under underwriting agreements | 151,971 | 75,986 | 65,986 | 329,500 | 164,750 | 125,500 |
| Irrevocable commitments to extend credit: | | | | | | |
| – maturity not exceeding one year | 12,036,947 | 5,834,978 | 3,710,736 | 10,214,616 | 1,978,589 | 1,316,754 |
| – maturity exceeding one year | 24,718,743 | 11,661,549 | 7,865,628 | 25,028,693 | 5,197,837 | 3,604,762 |
| Over-the-counter ('OTC') derivative transactions and credit derivative contracts subject to valid bilateral netting agreements [^] | 38,719 | 2,305 | 538 | – | – | – |
| Foreign exchange-related contracts [^] : | | | | | | |
| – less than one year | 10,766,174 | 182,006 | 112,935 | 13,558,443 | 377,570 | 175,414 |
| – one year to less than five years | 5,213,212 | 922,498 | 275,190 | 1,767,969 | 536,076 | 296,040 |
| Interest rate-related contracts [^] : | | | | | | |
| – less than one year | 8,728,637 | 28,174 | 10,030 | 4,325,536 | 9,854 | 2,843 |
| – one year to less than five years | 15,198,210 | 468,334 | 240,991 | 13,651,528 | 356,432 | 113,262 |
| – more than five years | 615,000 | 55,316 | 53,484 | 685,000 | 67,359 | 17,992 |
| Equity related contracts [^] : | | | | | | |
| – less than one year | 4,423 | 4,423 | 4,423 | – | – | – |
| | 83,160,389 | 22,804,870 | 14,776,684 | 74,161,318 | 11,375,492 | 7,838,468 |

[^] These derivatives are revalued on gross position basis and the unrealised gains or losses have been reflected in Note 10 to the financial statements as derivatives assets or derivatives liabilities.

[#] Included in OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements, transaction-related contingent items and short term self liquidating trade-related contingencies are financial guarantee contract of RM2,033,671,000 and RM1,265,827,000 as at 31 December 2012 and 31 December 2011 respectively, of which fair value at the time of issuance is zero.

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

39 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

The commitments and contingencies comprise the following (continued):

| Group | 1.1.2011 | | |
|--|----------------------------|-------------------------------------|--------------------------------|
| | Principal amount RM'000 | Credit equivalent amount* RM'000 | Risk weighted amount RM'000 |
| Direct credit substitutes | 2,366,972 | 2,301,345 | 2,575,444 |
| Transaction-related contingent items [#] | 1,905,733 | 929,964 | 963,854 |
| Short term self-liquidating trade-related contingencies [#] | 825,269 | 167,671 | 125,968 |
| Obligations under underwriting agreements | 206,762 | 103,381 | 44,300 |
| Irrevocable commitments to extend credit: | | | |
| – maturity not exceeding one year | 31,965,921 | 1,582,218 | 955,370 |
| – maturity exceeding one year | 4,492,386 | 1,302,303 | 1,079,919 |
| Foreign exchange-related contracts [^] : | | | |
| – less than one year | 14,267,825 | 306,554 | 157,387 |
| – one year to less than five years | 1,183,447 | 564,225 | 300,962 |
| Interest rate-related contracts [^] : | | | |
| – less than one year | 2,676,825 | 11,996 | 3,173 |
| – one year to less than five years | 9,980,957 | 316,358 | 77,240 |
| – more than five years | 530,000 | 50,241 | 10,048 |
| Commodity related contracts [^] : | | | |
| – less than one year | 17,628 | – | – |
| Others | 101,923 | – | – |
| | 70,521,648 | 7,636,256 | 6,293,665 |

[^] These derivatives are revalued on gross position basis and the unrealised gains or losses have been reflected in Note 10 to the financial statements as derivatives assets or derivatives liabilities.

[#] Included in transaction-related contingent items and short term self liquidating trade-related contingencies are financial guarantee contract of RM1,788,207,000, of which fair value at the time of issuance is zero.

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

39 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

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

RHB Bank, its commercial banking subsidiary, has given a continuing guarantee to BNM to meet the liabilities and financial obligations and requirements of its subsidiary, RHB Bank (L) Ltd, arising from its offshore banking business in the Federal Territory of Labuan.

RHB Bank, its commercial banking subsidiary, has also given a guarantee to the Ministry of Finance of Negara Brunei Darussalam to undertake any liabilities which may be incurred in respect of its branch in Brunei. In addition, RHB Bank has issued a guarantee to Bank of Thailand to provide support to meet any legal liabilities which may be incurred in respect of its branch in Bangkok.

40 NON-CANCELLABLE OPERATING LEASE COMMITMENTS

The Group has 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 | | |
|---------------------------|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Rental of premises | | | |
| Within one year | 57,510 | 29,651 | 32,307 |
| Between one to five years | 64,040 | 36,799 | 27,364 |
| More than five years | 3,102 | 1,694 | 2,252 |
| | 124,652 | 68,144 | 61,923 |

41 CAPITAL COMMITMENTS

| | Group | | |
|---|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Capital expenditure for property, plant and equipment: | | | |
| – authorised and contracted for | 67,570 | 72,783 | 71,673 |
| – authorised but not contracted for | 175,290 | 130,741 | 103,668 |
| | 242,860 | 203,524 | 175,341 |
| Proposed acquisition of PT Bank Mestika Dharma (refer to Note 49(a)) | 538,620 | 1,050,611 | 1,050,611 |
| | 781,480 | 1,254,135 | 1,225,952 |

42 RELATED PARTY TRANSACTIONS

(a) Related parties and relationships

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

| Related parties | Relationship |
|---|---|
| Employee Provident Fund (EPF) | Substantial shareholder, a fund body that is significantly influenced by government |
| Subsidiaries, associates and joint ventures of EPF as disclosed in its financial statements | Reporting entities that EPF has control or significant influence |
| Subsidiaries of the Company as disclosed in Note 14 | Subsidiaries |
| Key management personnel | The key management personnel of the Group and the Company consists of: – All directors of the Company and its key subsidiaries; and – Management Committee of the Company and its key subsidiaries |
| Related parties of key management personnel (deemed as related to the Company) | (i) Close family members and dependents of key management personnel; and (ii) Entities that are controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly by key management personnel or its close family members |

42 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant related party balances and transactions

In addition to related party disclosures mentioned in Note 11, 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 Company are deemed to have control over the subsidiaries.

Other related parties of the Company comprise of transactions or balances with the Company's subsidiaries.

| | Group | |
|---|------------------------------------|--|
| | Key management personnel RM'000 | EPF and EPF Group of companies RM'000 |
| 31.12.2012 | | |
| Income | | |
| Interest on loans, advances and financing | 225 | 51,035 |
| Fees on loans, advances and financing | 2 | – |
| Insurance premium | 136 | 28,809 |
| Brokerage fees | – | 15,539 |
| Other income | – | 7 |
| | 363 | 95,390 |
| Expenses | | |
| Interest on deposits from customers | 587 | 87,653 |
| Other expenses | 95 | – |
| Rental expenses | 1,894 | – |
| | 2,576 | 87,653 |
| Amounts due from | | |
| Loans, advances and financing | 6,843 | 1,317,534 |
| Clients' and brokers' balances | – | 10,908 |
| Other assets | 3,152 | – |
| | 9,995 | 1,328,442 |
| Amounts due to | | |
| Deposits from customers | 40,866 | 3,301,821 |
| Clients' and brokers' balances | 15 | 4 |
| Other liabilities | 304 | – |
| | 41,185 | 3,301,825 |

42 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant related party balances and transactions (continued)

| | Group | |
|---|------------------------------------|--|
| | Key management personnel RM'000 | EPF and EPF Group of companies RM'000 |
| 31.12.2011 | | |
| Income | | |
| Interest on loans, advances and financing | 111 | 20,842 |
| Fees on loans, advances and financing | 2 | – |
| Insurance premium | 100 | 25,605 |
| Management fees | 1 | – |
| Brokerage fees | – | 14,906 |
| | 214 | 61,353 |
| Expenses | | |
| Interest on deposits from customers | 422 | 116,367 |
| Other expenses | 6 | – |
| | 428 | 116,367 |
| Amounts due from | | |
| Loans, advances and financing | 2,850 | 2,772,221 |
| Clients' and brokers' balances | – | 31,729 |
| | 2,850 | 2,803,950 |
| Amounts due to | | |
| Deposits from customers | 31,770 | 1,907,441 |
| Clients' and brokers' balances | 3 | 4 |
| | 31,773 | 1,907,445 |

42 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant related party balances and transactions (continued)

| Company | Subsidiary companies | |
|---|----------------------|----------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| Income | | |
| Interest on deposits and placements with other financial institutions | 2,172 | 1,126 |
| Other income | 764 | 1,318 |
| | 2,936 | 2,444 |
| Expenses | | |
| Interest on borrowings | 12,213 | 12,604 |
| Rental of premises | 1,006 | 998 |
| Legal and professional fees | 6,941 | 3,050 |
| Property management fees | - | 16 |
| Security service fees | 34 | 34 |
| Personnel costs | 39 | 29 |
| Other expenses | 149 | 93 |
| | 20,382 | 16,824 |
| Amounts due from | | |
| Cash and short term funds | 36,166 | 27,486 |
| Inter-company balances | 9,785 | 18,188 |
| | 45,951 | 45,674 |
| Amounts due to | | |
| Inter-company balances | 11,772 | 8,626 |
| Borrowings | 285,449 | 302,787 |
| | 297,221 | 311,413 |

42 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management personnel

The remuneration of directors and other members of key management are as follows:

| | Group | | Company | |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| Short term employee benefits: | | | | |
| – fees | 1,202 | 1,586 | 482 | 577 |
| – salary and other remuneration | 38,645 | 25,950 | 4,830 | 3,688 |
| – benefits-in-kind | 142 | 206 | 36 | 73 |
| Post-employment benefits: | | | | |
| – defined contribution plan | 446 | – | – | – |
| | 40,435 | 27,742 | 5,348 | 4,338 |

The above includes directors' remuneration as disclosed in Note 32.

| | Group | |
|--|----------------------|----------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| Approved limit on loans, advances and financing for key management personnel | 19,672 | 7,897 |

43 SEGMENT REPORTING

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

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

(a) Corporate and Investment Banking

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

43 SEGMENT REPORTING (CONTINUED)

(a) Corporate and Investment Banking (continued)

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

(b) Retail Banking

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

(c) Business Banking

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

(d) Group Treasury

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

(e) Islamic Banking business

Islamic Banking business focuses on providing a full range of commercial banking products and services in accordance with the principles of Shariah to individual customers, corporate clients, government and state owned entities as well as small and medium sized enterprises.

(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. With the acquisition of OSK Investment Bank Berhad, this segment also offered stockbroking and investment banking products and services to our regional customers. The Group has established its commercial banking business in Singapore, Cambodia, Thailand and Brunei, while the Group's regional stockbroking and investment banking business operations from Singapore, Hong Kong, Indonesia and Thailand.

(g) Support Center and Others

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

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

Arising from the adoption of MFRS 139 and FRISC 18 as set out in Note 51, certain comparatives have been restated to conform with the current year's presentation.

During the financial year, no one group of related customers accounted for more than 10% of the Group's revenue.

43 SEGMENT REPORTING (CONTINUED)

(a) Segment analysis

31.12.2012

| | Corporate and Investment Banking RM'000 | Retail Banking RM'000 | Business Banking RM'000 | Group Treasury RM'000 | Islamic Banking Business RM'000 | Global Financial Banking RM'000 | Support Center and Others RM'000 | Inter-Segment elimination RM'000 | Total RM'000 |
|--|---|-----------------------|-------------------------|-----------------------|---------------------------------|---------------------------------|----------------------------------|----------------------------------|--------------|
| External revenue | 946,962 | 2,110,708 | 703,393 | 640,416 | 410,967 | 309,246 | (292,100) | - | 4,829,592 |
| Intersegment revenue | 28,182 | 24,394 | - | 39,268 | (30,499) | 3,304 | 29,408 | (94,057) | - |
| Segment revenue | 975,144 | 2,135,102 | 703,393 | 679,684 | 380,468 | 312,550 | (262,692) | (94,057) | 4,829,592 |
| Other operating expenses | (361,320) | (1,005,483) | (391,639) | (107,789) | (165,317) | (234,515) | (121,720) | 94,057 | (2,293,726) |
| Including: | | | | | | | | | |
| Depreciation of property, plant and equipment | (8,406) | (60,941) | (7,223) | (2,417) | (5,855) | (5,059) | (6,518) | - | (96,419) |
| Amortisation of software license | (4,228) | (15,009) | (7,240) | (3,292) | (230) | (2,051) | (2) | - | (32,052) |
| Write back/(allowance) for impairment on loans, financing and other losses | 136,134 | (159,307) | (54,015) | (9) | (78,202) | (2,596) | 9,503 | - | (148,492) |
| Write back/(impairment losses) on other assets | 1,816 | 27 | 119 | (6,266) | - | 433 | - | - | (3,871) |
| Share of results of associates | 751,774 | 970,339 | 257,858 | 565,620 | 136,949 | 75,872 | (374,909) | - | 2,383,503 |
| Share of results of joint ventures | | | | | | | | | 294 |
| Profit before taxation | | | | | | | | | 826 |
| Taxation | | | | | | | | | 2,384,623 |
| Net profit for the financial year | | | | | | | | | (594,854) |
| | | | | | | | | | 1,789,769 |

43 SEGMENT REPORTING (CONTINUED)

(a) Segment analysis (continued)

31.12.2012

| | Corporate and Investment Banking RM'000 | Retail Banking RM'000 | Business Banking RM'000 | Group Treasury RM'000 | Islamic Banking Business RM'000 | Global Financial Banking RM'000 | Support Center and Others RM'000 | Total RM'000 |
|---|---|-----------------------------|-------------------------------|-----------------------------|--|--|--|-----------------|
| Segment assets | 39,296,064 | 44,765,381 | 11,924,133 | 58,354,571 | 16,583,407 | 15,042,992 | 1,756,091 | 187,722,639 |
| Investments in associates and joint ventures | | | | | | | | 36,589 |
| Tax recoverable | | | | | | | | 142,912 |
| Deferred tax assets | | | | | | | | 15,115 |
| Unallocated assets | | | | | | | | 1,160,310 |
| Total assets | | | | | | | | 189,077,565 |
| Segment liabilities | 25,920,055 | 34,831,237 | 8,003,560 | 71,050,831 | 7,876,190 | 11,458,592 | 2,214,904 | 161,357,369 |
| Taxation liabilities | | | | | | | | 145,280 |
| Deferred tax liabilities | | | | | | | | 60,547 |
| Borrowings and senior debt securities | | | | | | | | 5,151,932 |
| Subordinated obligations | | | | | | | | 4,719,221 |
| Hybrid Tier-I Capital Securities | | | | | | | | 601,072 |
| Unallocated liabilities | | | | | | | | 1,701,664 |
| Total liabilities | | | | | | | | 173,737,085 |
| Other segment items | | | | | | | | |
| Capital expenditure | 15,337 | 64,986 | 21,814 | 5,761 | 5,976 | 11,434 | 1,753 | 127,061 |

43 SEGMENT REPORTING (CONTINUED)

(a) Segment analysis (continued)

| | Corporate and Investment Banking RM'000 | Retail Banking RM'000 | Business Banking RM'000 | Group Treasury RM'000 | Islamic Banking Business RM'000 | Global Financial Banking RM'000 | Support Center and Others RM'000 | Inter-Segment elimination RM'000 | Total RM'000 |
|--|---|-----------------------|-------------------------|-----------------------|---------------------------------|---------------------------------|----------------------------------|----------------------------------|--------------|
| 31.12.2011 | | | | | | | | | |
| External revenue | 793,836 | 1,987,582 | 693,971 | 548,224 | 361,883 | 214,867 | (224,214) | – | 4,376,149 |
| Intersegment revenue | 19,055 | 16,466 | – | 78,880 | (75,765) | 3,418 | 28,878 | (70,932) | – |
| Segment revenue | 812,891 | 2,004,048 | 693,971 | 627,104 | 286,118 | 218,285 | (195,336) | (70,932) | 4,376,149 |
| Other operating expenses | (289,396) | (854,515) | (365,002) | (85,264) | (137,014) | (149,216) | (93,811) | 70,932 | (1,903,286) |
| Including: | | | | | | | | | |
| Depreciation of property, plant and equipment | (3,993) | (39,859) | (6,027) | (1,825) | (4,233) | (3,519) | (6,563) | – | (66,019) |
| Amortisation of software license | (3,359) | (19,513) | (7,662) | (2,710) | – | (789) | – | – | (34,033) |
| Write back/(allowance) for impairment on loans, financing and other losses | (58,268) | (206,908) | 79,574 | – | 12,885 | 15,257 | 11,325 | – | (146,135) |
| Write back/(impairment losses) on other assets | (5,082) | 761 | 1,297 | (74,253) | – | – | – | – | (77,277) |
| Share of results of joint ventures | 460,145 | 943,386 | 409,840 | 467,587 | 161,989 | 84,326 | (277,822) | – | 2,249,451 |
| Profit before taxation | | | | | | | | | 427 |
| Taxation | | | | | | | | | 2,249,878 |
| Net profit for the financial year | | | | | | | | | (559,846) |
| | | | | | | | | | 1,690,032 |

43 SEGMENT REPORTING (CONTINUED)

(a) Segment analysis (continued)

| | Corporate and Investment Banking RM'000 | Retail Banking RM'000 | Business Banking RM'000 | Group Treasury RM'000 | Islamic Banking Business RM'000 | Global Financial Banking RM'000 | Support Center and Others RM'000 | Total RM'000 |
|---------------------------------------|---|-----------------------|-------------------------|-----------------------|---------------------------------|---------------------------------|----------------------------------|--------------|
| 31.12.2011 | | | | | | | | |
| Segment assets | 31,335,449 | 42,881,173 | 10,873,578 | 42,631,186 | 13,753,092 | 9,045,978 | 515,883 | 151,036,339 |
| Investments in a joint venture | | | | | | | | 24,956 |
| Tax recoverable | | | | | | | | 232,957 |
| Deferred tax assets | | | | | | | | 14,630 |
| Unallocated assets | | | | | | | | 994,675 |
| Total assets | | | | | | | | 152,303,557 |
| Segment liabilities | 20,293,477 | 31,166,424 | 6,644,953 | 58,453,993 | 6,455,327 | 6,539,750 | 1,561,594 | 131,115,518 |
| Taxation liabilities | | | | | | | | 5,748 |
| Deferred tax liabilities | | | | | | | | 63,108 |
| Borrowings and senior debt securities | | | | | | | | 3,603,334 |
| Subordinated obligations | | | | | | | | 3,515,747 |
| Hybrid Tier I Capital Securities | | | | | | | | 600,558 |
| Unallocated liabilities | | | | | | | | 1,772,224 |
| Total liabilities | | | | | | | | 140,676,237 |
| Other segment items | | | | | | | | |
| Capital expenditure | 12,668 | 119,809 | 32,557 | 3,653 | 3,929 | 6,969 | 1,202 | 180,787 |

43 SEGMENT REPORTING (CONTINUED)

- (b) The geographical information is prepared based on the location of the assets. The Group's activities are principally conducted in Malaysia.

| | Revenue RM'000 | Segment assets RM'000 | Capital expenditure RM'000 |
|-------------------|-------------------|-----------------------------|----------------------------------|
| 31.12.2012 | | | |
| Malaysia | 4,563,249 | 173,823,781 | 115,627 |
| Outside Malaysia | 266,343 | 15,253,784 | 11,434 |
| | 4,829,592 | 189,077,565 | 127,061 |
| 31.12.2011 | | | |
| Malaysia | 4,161,129 | 143,080,762 | 173,818 |
| Outside Malaysia | 215,020 | 9,222,795 | 6,969 |
| | 4,376,149 | 152,303,557 | 180,787 |

44 CAPITAL ADEQUACY RATIO

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

The capital ratios of RHB Bank are computed based on BNM's Guidelines on Risk Weighted Capital Adequacy Framework: IRB Approach for Credit Risk, Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

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

The capital ratios of RHB Investment Bank and OSK Investment Bank are computed based on BNM's Guidelines on Risk Weighted Capital Adequacy Framework: Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

OSK Indochina Bank Limited, a wholly owned subsidiary of OSK Investment Bank Berhad and OSK Investment Bank Labuan, a wholly owned subsidiary of the Company, are subject to National Bank of Cambodia and Labuan Financial Services Authority's capital adequacy requirements.

Currently, the Group is not required to maintain any capital adequacy ratio requirements.

44 CAPITAL ADEQUACY RATIO (CONTINUED)

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

| | RHB Bank [#] | | |
|--|-----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Tier I capital | | | |
| Paid-up ordinary share capital | 3,318,085 | 3,318,085 | 3,318,085 |
| Hybrid Tier-1 Capital Securities | 597,744 | 597,475 | 597,227 |
| Share premium | 8,563 | 8,563 | 8,563 |
| Retained profits | 4,235,058 | 3,504,750 | 2,526,857 |
| Other reserves | 3,446,935 | 3,042,879 | 2,673,311 |
| | 11,606,385 | 10,471,752 | 9,124,043 |
| Less: | | | |
| Deferred tax assets | (21,742) | (7,145) | (254,500) |
| Goodwill | (905,519) | (905,519) | (905,519) |
| Total Tier I capital | 10,679,124 | 9,559,088 | 7,964,024 |
| Tier II capital | | | |
| Subordinated obligations | 3,996,781 | 3,250,000 | 3,000,000 |
| Collective impairment allowance [^] | 278,703 | 320,334 | 230,712 |
| Total Tier II capital | 4,275,484 | 3,570,334 | 3,230,712 |
| Less: | | | |
| Investments in subsidiaries | (1,072,656) | (872,656) | (622,656) |
| Excess of total expected loss over total eligible provision under the IRB Approach | (372,197) | (194,906) | (136,189) |
| Other deductions [*] | (5,701) | (3,787) | (3,190) |
| Eligible Tier II Capital | 2,824,930 | 2,498,985 | 2,468,677 |
| Total capital base | 13,504,054 | 12,058,073 | 10,432,701 |
| Capital adequacy ratios | | | |
| Before deducting proposed dividends: | | | |
| Core capital ratio | 12.15% | 13.07% | 10.86% |
| Risk-weighted capital adequacy ratio | 15.36% | 16.49% | 14.22% |
| After deducting proposed dividends: | | | |
| Core capital ratio | 11.88% | 12.59% | 10.53% |
| Risk-weighted capital adequacy ratio | 15.09% | 16.01% | 13.90% |

[#] The capital adequacy ratios of the Bank consist of capital base and risk-weighted assets derived from the bank and 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', issued on 8 January 2010 and subsequently updated on 26 January 2010 and 17 December 2010.

^{*} Pursuant to the Basel II Market Risk para 5.19 & 5.20 – Valuation Adjustments/Reserves, the RWCR computation shall account for the ageing, liquidity and holding back adjustments/reserves on its trading portfolio.

44 CAPITAL ADEQUACY RATIO (CONTINUED)

| | RHB Islamic Bank | | |
|--|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Tier I capital | | | |
| Paid-up ordinary share capital | 973,424 | 773,424 | 523,424 |
| Retained profits | 358,151 | 280,203 | 176,348 |
| Other reserves | 358,359 | 280,411 | 231,484 |
| | 1,689,934 | 1,334,038 | 931,256 |
| Less: | | | |
| Deferred tax assets | (2,175) | (6,137) | (48,610) |
| Total Tier I capital | 1,687,759 | 1,327,901 | 882,646 |
| Tier II capital | | | |
| Collective impairment allowance [^] | 87,435 | 108,500 | 146,929 |
| Total Tier II Capital | 87,435 | 108,500 | 146,929 |
| Less: | | | |
| Other deductions* | (5,091) | (24) | (102) |
| Eligible Tier II Capital | 82,344 | 108,476 | 146,827 |
| Total capital base | 1,770,103 | 1,436,377 | 1,029,473 |
| Capital adequacy ratios | | | |
| Before deducting proposed dividends: | | | |
| Core capital ratio | 14.06% | 12.88% | 11.51% |
| Risk-weighted capital adequacy ratio | 14.74% | 13.93% | 13.43% |
| After deducting proposed dividends: | | | |
| Core capital ratio | 14.06% | 12.88% | 11.51% |
| Risk-weighted capital adequacy ratio | 14.74% | 13.93% | 13.43% |

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

* Pursuant to the Basel II Market Risk para 5.19 & 5.20 – Valuation Adjustments/Reserves, the RWCR computation shall account for the ageing, liquidity and holding back adjustments/reserves on its trading portfolio.

44 CAPITAL ADEQUACY RATIO (CONTINUED)

| | RHB Investment Bank | | |
|---|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Tier I capital | | | |
| Paid-up ordinary share capital | 263,646 | 263,646 | 263,646 |
| Retained profits | 85,112 | 55,307 | 95,839 |
| Other reserves | 278,549 | 278,549 | 278,549 |
| | 627,307 | 597,502 | 638,034 |
| Less: | | | |
| Deferred tax assets | (4,325) | (2,662) | (673) |
| Goodwill | (159,280) | (159,280) | (159,280) |
| Total Tier I capital | 463,702 | 435,560 | 478,081 |
| Tier II capital | | | |
| Subordinated obligations | 231,851 | 217,780 | 239,041 |
| Collective impairment allowance [^] | 34 | 14 | 62 |
| Total Tier II capital | 231,885 | 217,794 | 239,103 |
| Less: | | | |
| Investments in subsidiaries | (84,970) | (84,970) | (84,970) |
| Investments in a joint venture | (15,363) | (21,463) | (27,399) |
| Securitisation exposures subject to deductions [#] | (4,879) | (7,781) | (1,086) |
| Other deductions [*] | (782) | (440) | (336) |
| Eligible Tier II Capital | 125,891 | 103,140 | 125,312 |
| Total capital base | 589,593 | 538,700 | 603,393 |
| Capital adequacy ratios | | | |
| Before deducting proposed dividends: | | | |
| Core capital ratio | 31.40% | 36.67% | 32.56% |
| Risk-weighted capital adequacy ratio | 39.93% | 45.35% | 41.09% |
| After deducting proposed dividends: | | | |
| Core capital ratio | 30.25% | 34.20% | 27.79% |
| Risk-weighted capital adequacy ratio | 38.20% | 41.66% | 33.94% |

* Pursuant to the Basel II Market Risk para 5.19 & 5.20 – Valuation Adjustments/Reserves, the RWCR computation shall account for the ageing, liquidity and holding back adjustments/reserves on its trading portfolio.

Pursuant to Risk-Weighted Capital Adequacy Framework (Basel II - Risk Weighted Assets Computation), banking institutions that retain their own-originated securitisation positions rated below investment grade must deduct all of such exposures from its regulatory capital.

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

44 CAPITAL ADEQUACY RATIO (CONTINUED)

| |
|------------------------------------|
| OSK Investment Bank |
| 31.12.2012 RM'000 |

| | |
|--|------------------|
| Tier I capital | |
| Paid-up ordinary share capital | 660,000 |
| Retained profits | (74,878) |
| Other reserves | 262,830 |
| Total Tier I capital | 847,952 |
| Less: | |
| Goodwill | – |
| Deferred tax assets | – |
| Deduction in excess of Tier II capital: – Investments in subsidiary companies | (452,476) |
| Eligible Tier I Capital | 395,476 |
| Tier II capital | |
| Subordinated obligations | 400,000 |
| Collective impairment allowance [^] | 5,153 |
| Total Tier II capital | 405,153 |
| Less: | |
| Investments in subsidiaries | (405,153) |
| Eligible Tier II Capital | – |
| Total capital base | 395,476 |
| Capital adequacy ratios | |
| Before deducting proposed dividends: | |
| Core capital ratio | 11.49% |
| Risk-weighted capital adequacy ratio | 11.49% |
| After deducting proposed dividends: | |
| Core capital ratio | 11.49% |
| Risk-weighted capital adequacy ratio | 11.49% |

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

44 CAPITAL ADEQUACY RATIO (CONTINUED)

| | RHB Bank Risk-Weighted Assets RM'000 | RHB Islamic Bank Risk-Weighted Assets RM'000 | RHB Investment Bank Risk-Weighted Assets RM'000 | OSK Investment Bank Risk-Weighted Assets RM'000 |
|---|---|---|--|--|
| 31.12.2012 | | | | |
| The breakdown of risk-weighted assets by various categories of risk are as follows: | | | | |
| (i) Credit risk | 77,934,597 | 11,053,722 | 885,313 | 2,323,359 |
| (ii) Market risk | 2,676,807 | 265,386 | 204,925 | 515,089 |
| (iii) Operational risk | 7,283,570 | 689,105 | 386,394 | 602,549 |
| Total risk-weighted assets | 87,894,974 | 12,008,213 | 1,476,632 | 3,440,997 |
| 31.12.2011 | | | | |
| The breakdown of risk-weighted assets by various categories of risk are as follows: | | | | |
| (i) Credit risk | 64,303,739 | 9,136,385 | 658,003 | |
| (ii) Market risk | 1,884,914 | 565,103 | 126,884 | |
| (iii) Operational risk | 6,939,645 | 608,028 | 402,937 | |
| Total risk-weighted assets | 73,128,298 | 10,309,516 | 1,187,824 | |
| 1.1.2011 | | | | |
| The breakdown of risk-weighted assets by various categories of risk are as follows: | | | | |
| (i) Credit risk | 65,571,292 | 7,068,476 | 891,581 | |
| (ii) Market risk | 1,232,084 | 30,513 | 161,901 | |
| (iii) Operational risk | 6,559,217 | 566,538 | 414,976 | |
| Total risk-weighted assets | 73,362,593 | 7,665,527 | 1,468,458 | |

44 CAPITAL ADEQUACY RATIO (CONTINUED)

| | | OSK Indochina Bank Limited |
|--------------------------------------|--|---------------------------------------|
| | | 31.12.2012 RM'000 |
| Before deducting proposed dividends: | | |
| Core capital ratio | | # |
| Solvency ratio | | 38.29% |
| After deducting proposed dividends: | | |
| Core capital ratio | | # |
| Solvency ratio | | 38.29% |

The Solvency Ratio of OSK Indochina Bank Limited (OSKIBL) 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 OSKIBL'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

| | | OSK Investment Bank (Labuan) Limited |
|--------------------------------------|--|---|
| | | 31.12.2012 RM'000 |
| Before deducting proposed dividends: | | |
| Core capital ratio | | 25.60% |
| Risk-weighted capital adequacy ratio | | 25.60% |
| After deducting proposed dividends: | | |
| Core capital ratio | | 25.60% |
| Risk-weighted capital adequacy ratio | | 25.60% |

The capital adequacy ratios of OSK Investment Bank (Labuan) Limited for capital compliance on a standalone basis are computed in accordance with the Guidelines on Risk-weighted Capital Adequacy issued by the Labuan Financial Services Authority (Labuan FSA), which is based on the Basel I capital accord. The minimum regulatory capital adequacy requirements are 4.0% and 8.0% for the Tier I capital ratio and risk-weighted capital ratio respectively.

45 CHANGES IN COMPOSITION OF THE GROUP

(a) Acquisition of subsidiaries

On 9 November 2012, the Company has completed the acquisitions of the following companies:

- (i) 660,000,000 ordinary shares of RM1.00 each in OSK Investment Bank Berhad (OSK Investment Bank or OSKIB) or 100% equity interest in OSKIB from OSK Holdings Berhad (OSKH) for a purchase consideration of RM2,070.15 million satisfied by RM195.9 million in cash and the issuance of 245,000,000 new ordinary shares of RM1.00 each in RHB Capital (RHB Capital Shares) at fair value of RM7.65 per share (share issue);
- (ii) 22,000 ordinary shares of RM10.00 each in Malaysian Trustees Berhad (MTB) or the remaining 20% equity interest in MTB not held by the OSKIB Group from OSKH for a purchase consideration of RM3.3 million satisfied wholly in cash;
- (iii) 240,000 ordinary shares of RM10.00 each in OSK Trustees Berhad (OSKT) or the remaining 20% equity interest in OSKT not held by the OSKIB Group from OSKH for a purchase consideration of RM1.9 million satisfied wholly in cash; and
- (iv) 4,811,000 ordinary shares of USD1.00 each in OSK Investment Bank (L) Ltd (OSKL) or 100% equity interest in OSKL from OSKH for a purchase consideration of RM21.6 million satisfied wholly in cash.

On 14 November 2012, the Company has completed the acquisition of 6,811,111 ordinary shares of RM1.00 each in Finexasia.com Sdn Bhd (Finexasia) or the remaining of approximately 59.95% equity interest in Finexasia not held by OSKIB from OSK Venture Equities Sdn Bhd for a purchase consideration of RM12.5 million satisfied wholly in cash.

(collectively referred to as 'Acquisition of OSK Investment Bank Berhad and its ancillary acquisitions')

The initial provisional fair values of the identifiable assets and liabilities assumed arising from the above acquisitions are as follows:

| | OSKIB, MTB and OSKT RM'000 | OSKL RM'000 | Finexasia RM'000 |
|---|----------------------------------|----------------|---------------------|
| Cash and short term funds | 1,314,845 | 3,034 | 66 |
| Deposits and placements with banks | 112,697 | – | 19,584 |
| Securities portfolios | 4,781,704 | 6,054 | – |
| Derivatives financial assets | 20,176 | – | – |
| Loans, advances and financing | 1,888,344 | 60,294 | – |
| Clients' and brokers' balances | 2,533,390 | – | – |
| Tax recoverable | 36,612 | 13 | – |
| Other assets | 220,086 | 42 | 1,051 |
| Statutory deposits | 235,377 | – | – |
| Deferred tax assets | 3,990 | – | – |
| Investment in associated companies and a jointly controlled entity | 25,314 | – | – |
| Property, plant and equipment | 71,350 | 29 | 287 |
| Intangible assets | 32,985 | – | 34 |
| Total assets acquired | 11,276,870 | 69,466 | 21,022 |

45 CHANGES IN COMPOSITION OF THE GROUP (CONTINUED)

(a) Acquisition of subsidiaries (continued)

The initial provisional fair values of the identifiable assets and liabilities assumed arising from the above acquisitions are as follows (continued):

| | OSKIB, MTB and OSKT RM'000 | OSKL RM'000 | Finexasia RM'000 |
|---|----------------------------------|----------------|---------------------|
| Less: Total liabilities assumed | | | |
| Deposits from customers | (5,997,703) | - | - |
| Deposits and placements of banks and other financial institutions | (850,719) | - | - |
| Obligation on securities sold under repurchase agreements | (335,627) | - | - |
| Clients' and brokers' balances | (2,230,559) | - | - |
| Derivative financial liabilities | (45,449) | - | - |
| Other liabilities | (180,979) | (233) | (3,009) |
| Tax payable | (8,836) | - | (713) |
| Deferred tax liabilities | (7,486) | - | - |
| Borrowings | (160,774) | (45,995) | - |
| Subordinated notes | (405,355) | - | - |
| Provisional fair value of the identifiable assets and liabilities acquired | 1,053,383 | 23,238 | 17,300 |
| Add/(less): | | | |
| - Goodwill arising from consolidation | 1,232,670 | - | 3,551 |
| - Gain arising from acquisition | - | (1,638) | - |
| - Fair value of existing interests | - | - | (8,351) |
| | 2,286,053 | 21,600 | 12,500 |
| Non-controlling interests | (210,703) | - | - |
| Total acquisition costs | 2,075,350 | 21,600 | 12,500 |
| Less: | | | |
| - Issuance of shares | (1,874,250) | - | - |
| - Cash and cash equivalents of subsidiaries acquired | (1,314,845) | (3,034) | (66) |
| Net cash (inflow)/outflow on acquisitions | (1,113,745) | 18,566 | 12,434 |

Acquisition-related costs of RM19.8 million has been charged to administrative and general expenses in the Group's and the Company's income statements for the financial year ended 31 December 2012.

The fair value of the 245,000,000 new ordinary shares issued as part of the consideration was based on the published share price on 9 November 2012.

45 CHANGES IN COMPOSITION OF THE GROUP (CONTINUED)

(a) Acquisition of subsidiaries (continued)

The effects of the acquisitions on the Group's financial results for the current financial year are as follows:

| | Date of acquisition to 31.12.2012 | | | |
|---|-------------------------------------|----------------|---------------------|-----------------|
| | OSKIB, MTB and OSKT RM'000 | OSKL RM'000 | Finexasia RM'000 | Total RM'000 |
| Revenue | 123,868 | 1,786 | 1,712 | 127,366 |
| Profit before tax | 18,935 | 1,590 | 1,157 | 21,682 |
| Net profit attributable to shareholders | 14,965 | 1,592 | 1,107 | 17,664 |

Had the acquisition of OSKIB and its ancillary acquisitions been effected on 1 January 2012, the financial results contributed to the Group by the following companies for the current financial year would have been:

| | From 1.1.2012 to 31.12.2012 | | | |
|---|-------------------------------------|----------------|---------------------|-----------------|
| | OSKIB, MTB and OSKT RM'000 | OSKL RM'000 | Finexasia RM'000 | Total RM'000 |
| Revenue | 706,902 | 6,609 | 9,810 | 723,321 |
| Profit before tax | 54,218 | 5,335 | 6,310 | 65,863 |
| Net profit attributable to shareholders | 35,515 | 5,335 | 4,750 | 45,600 |

Goodwill arising from consolidation

The goodwill arising from the acquisition of OSKIB and its ancillary acquisitions is based on management's best estimates as at 31 December 2012. As the acquisition of OSKIB and its ancillary acquisitions were completed close to the financial year ended 31 December 2012, the initial accounting for a business combination is incomplete as at 31 December 2012. The fair valuation exercise of the identifiable assets acquired, liabilities and contingent liabilities assumed arising from these acquisitions is currently in progress.

Based on the initial provisional fair values of identifiable assets acquired and liabilities assumed, the goodwill arising from such acquisition is estimated to be approximately RM1.24 billion. As allowed by MFRS 3 'Business Combination', the Group will recognise any adjustments to the provisional goodwill amount recognised as a result of completing the initial accounting within the measurement period, which shall not exceed twelve months from the acquisition date.

Goodwill impairment testing will be performed upon completion of the initial accounting for the business combination and allocation of the goodwill to CGU.

45 CHANGES IN COMPOSITION OF THE GROUP (CONTINUED)

(b) Transaction with shareholders

On 28 December 2012, the Company acquired 2.02% out of the remaining 2.59% of the issued shares of OSK Securities (Thailand) Public Company Limited (OSK Thailand) not yet held by OSKIB Group for a purchase consideration of THB75,848,406.61 equivalent to RM7,965,083. As at year end, the Group now holds 99.43% of the equity shares of OSK Thailand. The carrying amount of the non-controlling interests in OSK Thailand on the date of acquisition was RM4,058,647.

For acquisition of additional shares from non-controlling interests, the difference between purchase consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired of RM3,906,440 is deducted from equity.

46 FINANCIAL RISK MANAGEMENT

(a) Financial risk management objectives and policies

The Group's financial risk management policy is adopted from the main operating subsidiaries' risk management policies. Various programmes have been initiated at the operating subsidiaries in order to identify, measure, control and monitor all identifiable risks.

The Group operates within a clearly defined set of principles and guidelines based on best practices that have been approved by the Board. Various working committees have been formed at the operating subsidiaries in carrying out the process to ensure that all identifiable risks are addressed and managed adequately.

The main areas of financial risks faced by the Company and the Group and the policies to address these financial risks in respect of the Company and the major areas of banking activities represented by the commercial bank, RHB Bank, the Islamic bank, RHB Islamic Bank and the investment banks, RHB Investment Bank and OSK Investment Bank are set out below.

RHB CAPITAL BERHAD

Liquidity risk

The Company manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding requirements are met. The Company's cash flows is reviewed regularly to ensure that it has sufficient level of cash and cash equivalents to meet its working capital requirements and is able to settle its commitments when they fall due.

Interest rate risk

The Company's primary interest rate risk relates to interest-bearing borrowings. The Company manages its interest rate exposure through the use of fixed and floating rate debt. The objectives for the mix between fixed and floating rate borrowings are set to manage the fluctuations in interest rates and their impact on the Company.

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management objectives and policies (continued)

BANKING SUBSIDIARIES:

RHB BANK, RHB ISLAMIC BANK AND RHB INVESTMENT BANK

Overview and Organisation

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

In compliance with best practices under the Malaysian Code of Corporate Governance, the Board of Directors (Board or BOD) 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 ongoing process to continuously manage the banking subsidiaries risks actively.

The GRMC provides oversight and management of all risks. The GRM function is independent and reports directly to this Committee. The GRM function assists the GRMC and Board in formulating risk related policies, advises the Board on the risk impact of business strategies, and reviews compliance by the management to the risk policy framework that is approved by the Board.

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.

Overriding objectives of the GRMC:

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

The primary responsibility for managing risks, however, rests with business managers. They are best equipped to ensure that risk management and controls are 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. Additionally, the management of risks associated with financial instruments is carried out in the organisation. The Board has set up policies and procedures to manage the risks that may arise in connection with the use of financial instruments.

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management objectives and policies (continued)

BANKING SUBSIDIARIES:

RHB BANK, RHB ISLAMIC BANK AND RHB INVESTMENT BANK (continued)

Major Areas of Risk

As a banking institution with key activities covering retail, business banking, corporate banking and treasury products and services, the Group 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 rate and foreign currency exchange.
- (ii) Liquidity risk - the risk of the Group 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 due to changes in the quality of counter-parties and the market price for credit risk (collateral).
- (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 counter the following business risks that the banking subsidiaries, the GRMC have put in place the following:

Market Risk

- A framework of risk policies, measurement methodologies and limits, as approved by the Board, controls financial market activities as well as identifies potential risk areas to mitigate any adverse effects 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 Rate Risk:
 - The Assets and Liabilities Committee (ALCO) monitors the balance sheet position and assesses it for profit and loss impacts arising from sensitivity to interest rate movements.
 - The ALCO also sets and reviews limits on the level of mismatch of interest rate re-pricing that may be undertaken. Likewise, fixed rate assets, especially long term assets, are subject to various limit parameters.

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management objectives and policies (continued)

BANKING SUBSIDIARIES:

RHB BANK, RHB ISLAMIC BANK AND RHB INVESTMENT BANK (continued)

Liquidity Risk

- The ALCO plays a fundamental role in the asset/liability management of the banking subsidiaries' and establishes strategies that 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 at unexpected levels of demand.
- Defined liquidity management ratios are maintained and monitored.
- The banking subsidiaries' liquidity framework is subject to periodic stress tests and the results are reviewed to ensure constant compliance with BNM's Liquidity Framework.
- The banking subsidiaries' have established a Group Liquidity Policy Statement. In addition, plans to manage any potential adverse liquidity incidences have also been put in place; and can be implemented on a timely basis so that appropriate actions can be taken to remedy any unexpected market developments.

Credit Risk

- The banking subsidiaries abide to the Board approved credit policy which supports the development of a strong credit culture with the objectives of maintaining a diversified portfolio that addresses credit risk, and mitigates concern for unexpected losses. Market best practices are incorporated into this policy.
- The banking subsidiaries also ensure that processes are in place 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 prudential 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.
- Counter-party, 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.
- RHB 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 program components are implemented, which includes (i) enhancing the economic returns of RHB Bank using established credit risk framework and methodologies, (ii) implementing and using empirical credit scoring models for consumer financing and credit grading models for business loans, and (iii) designing and implementing modelling of expected and unexpected losses. In addition, an economic capital management framework incorporating advanced risk based pricing and fund transfer pricing has been developed, which also facilitates RHB Bank in meeting the Pillar III requirements of the Basel II Accord Internal Ratings Based Approach.

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management objectives and policies (continued)

BANKING SUBSIDIARIES:

RHB BANK, RHB ISLAMIC BANK AND RHB INVESTMENT BANK (continued)

Operational Risk

- The GRM function is responsible for the development of bank-wide operational risk policies, frameworks 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 banking subsidiaries use an operational risk management system. This system has integrated applications for supporting the entire operational risk management process for loss event data collection and management, loss event analysis, assessment and monitoring of the quality of the internal control environment, risk scenario analysis and measurement, comprehensive reporting of operational risks and internal control quality and tracking of risk mitigation and control improvement actions. This system facilitates the banking subsidiaries capabilities for the Advanced Measurement Approach of the Basel II Framework in the future.
- The bank subsidiaries have a Business Continuity Planning (BCP) programme for its critical business operations and activities at the Head Office, data centre, and branch locations. The BCP programme is subject to regular testing to ensure efficacy, reliability and functionality.
- The banking subsidiaries continually refine and strengthen existing policies, procedures and internal control measures; and continually conduct internal review, compliance monitoring, and audit to prevent and minimise unexpected losses.

Capital

Capital risk is defined as the risk that the Group has insufficient capital to provide sufficient resources to absorb a predetermined level of losses or that the capital structure is inefficient.

Risk Appetite

Capital risk appetite is set by the Board and reported through various metrics that enable the Group to manage capital constraints and shareholder expectations. The ALCO regularly reviews actual performance against risk appetite.

Exposure

A capital exposure arises where the Group has insufficient regulatory capital resources to support its strategic objectives and plans, and to meet external shareholders' requirements and expectations. The Group's capital management policy is focused on optimising value for its shareholders.

Capital Management and Basel II

The infrastructure implementations that had been completed have yielded significant benefits to the Group to:

- enhance our economic capital management;
- refine risk based pricing methods for our products and services; and
- improve asset quality across the businesses of the Group. RHB Group continues to develop capabilities for improvement in the use and adoption of the advanced approaches of the Basel II capital accord. In June 2010, RHB Bank obtained BNM's approval to apply the Internal Ratings Based (IRB) approach for Credit Risk.

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management objectives and policies (continued)

BANKING SUBSIDIARIES: OSK INVESTMENT BANK

On 9 November 2012, the Group completed the acquisition of OSKIB and its subsidiaries (the OSKIB Group). As the acquisition of OSKIB was completed close to financial year ended 31 December 2012, the financial risk management policies and procedures of OSKIB yet to streamline to the Group's business and risk policies and procedures.

The Group has approved the transfer of OSKIB's business operation, inclusive of assets and liabilities, into the RHB Investment Bank's business operation and the transfer is expected to complete in first half of financial year 2013. The Group is in the process of reviewing the existing business and risk policies and procedures of both subsidiaries, and eventually, to streamline these policies and procedures with the Group's business and risk policies and procedures, where applicable.

Until the merger of both operations as mentioned above, OSKIB and its key subsidiaries will follow its existing risk policies and procedures that are in effective at various business operations in order to identify, measure, control and monitor all identifiable risks.

The main areas of financial risks faced by OSKIB and the existing policies to address these financial risks are set out below.

Overview and organisation

The OSKIB Group's financial risk management policies were established to ensure adequate financial resources are available for business development and manage its credit, liquidity, cash flow, market, interest rate, currency and operational risks. The OSKIB Group manages and allocates its capital resources centrally to ensure that all business units of the OSKIB Group maintain the required level of capital and prudent level of liquidity at all times. The OSKIB Group operates within clearly defined guidelines that are approved by the Board of Directors and within the guidelines imposed by the relevant authorities in respect of firewall restrictions for the OSKIB.

The OSKIB Group's stockbroking business in Malaysia is supervised by the Securities Commission (SC) and Bursa Securities. OSKIB is required to maintain the Risk Weighted Capital Ratio in accordance with the rules of Bank Negara Malaysia. The OSKIB Group's stockbroking business in Singapore, Hong Kong, Indonesia, Thailand and Cambodia and the OSKIB Group's banking business in Cambodia are supervised by their respective authority bodies.

The OSKIB Group's futures broking business in Malaysia is required to comply with the business rules of Bursa Malaysia Derivatives Berhad (Bursa Derivatives) and Bursa Malaysia Derivatives Clearing Berhad and operational and financial requirements of Bursa Derivatives. The OSKIB Group's unit trust business in Malaysia are supervised by SC and are required to adhere to the guidelines issued by the SC.

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management objectives and policies (continued)

BANKING SUBSIDIARIES: OSK INVESTMENT BANK (continued)

Credit risk

- The OSKIB Group authorises the credit approval authorities of its subsidiary companies in Cambodia, Hong Kong, Indonesia, Singapore and Thailand and monitors these subsidiary companies through regular group-wide reporting procedures. Credit risk is minimised via emphasising the OSKIB Group's associations with business partners of high creditworthiness and enforcement of margin call, force selling and other daily monitoring procedures. A credit approval authority limit structure approved by the Board of Directors is in place for the granting of credit facilities of the OSKIB Group. Loans, advances and financing, trade and other receivables are monitored on a timely and ongoing basis via group-wide management reporting procedures involving the respective business unit heads, Credit Control and Supervision Department, Credit Lending Committee, Executive Committee and the Board of Directors.
- Provision for impairment losses, allowances for bad and doubtful debts are made and interest income is recognised in accordance with the relevant rules of the respective jurisdictions or when deemed necessary based on estimates of possible losses that may arise from non-collection of debts for the commercial banking, corporate lending and stockbroking businesses. Write off of debts against specific allowances are made only when avenues of recovery have been exhausted and the loans are deemed to be irrecoverable in the foreseeable future.
- Exposure in credit risk also arises from financial transactions with risk of default with counter parties in debt instruments, foreign exchange and money market activities. The exposure of such risk is mitigated via preventive risk management measures in limiting the activities within pre-set exposure limit in accordance with the OSKIB Group's overall risk appetite and the periodic monitoring of credit exposures.
- The OSKIB Group's lending activities are guided by internal credit policies and guidelines that are approved by the Board of Directors, which has been established to ensure that the overall objectives in the area of lending are achieved. Impairment on receivables and interest income recognition are made in accordance with MFRS and applicable Prakas issued by the National Bank of Cambodia for a banking subsidiary company.

Liquidity risk

- Liquidity risk is primarily managed through the Bank Negara Malaysia New Liquidity Framework which takes into consideration the contractual and behavioural cash flows of assets, liabilities and off-balance sheet commitments, and also the realisable cash value of liquefiable assets. Liquidity risk management is supplemented by internal liquidity risk management policy.
- The OSKIB Group seeks to achieve a balance between certainty of funding even in difficult times for the markets and a flexible, cost-effective borrowings structure. The OSKIB Group's policy seeks to ensure that all projected net borrowing needs are covered by committed facilities. In addition, debt maturities are closely monitored to ensure that the OSKIB Group is able to meet its obligations as and when they fall due and any refinancing needs are met.
- The OSKIB Group manages the funding needs and allocates funds in such manner that all business units maintain optimum levels of liquidity which are sufficient for their operations.

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management objectives and policies (continued)

BANKING SUBSIDIARIES: OSK INVESTMENT BANK (continued)

Liquidity risk (continued)

- The OSKIB Group Assets and Liabilities Management Committee is the primary party responsible for liquidity management based on guidelines approved by the OSKIB Group Risk Management Committee. The management of the OSKIB Group's liquidity risk is aligned to the New Liquidity Framework issued by Bank Negara Malaysia supplemented by liquidity risk management control and limits and a liquidity stress testing program. Liquidity limits are set for cash flow mismatches. In addition, liquidity trigger limits and concentration ratios are in place to serve as liquidity early warning indicators. Liquidity stress test programs are used to analyse the cash flow liquidity under 'Systemic Wide Problem' and 'Institutional Specific Problem' scenarios.

Cash flow risk

- Cash flow risk is the risk that the future cash flows associated with a monetary financial instrument will fluctuate in amount. Cash flow forecasts are prepared taking into account all major transactions. Any excess funds from operating cash cycles, which are temporary in nature, are invested in short term placements and fixed deposits as and when available with a wide array of approved licenced financial institutions at the most competitive interest rates obtainable.

Market risk

- Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the market prices. The risk of loss in value is minimised via adherence of qualifying criteria before making the investments and by continuous monitoring of the performance and market risk of the investment. The OSKIB Group participates in arbitrage activities involving derivatives. Appropriate hedging strategies in relation to derivative products approved by the Investment Committee and/or the Board of Directors are employed.
- Management continually evaluates risk arising from adverse movements in market prices or rates that impact both the trading and banking book. Market risk profiles are regularly reported to the various levels of management, the Asset and Liability Management Committee, the Management Risk Committee, the Investment Committee, the Credit Lending Committee and the Executive Committee.
- The OSKIB Group invests in marketable securities, unquoted fixed income securities and unquoted derivative financial assets in Malaysia, Hong Kong/China, the United States of America, Singapore, Indonesia, Thailand and Korea. External circumstances such as global and domestic economic conditions that are generally unpredictable and uncontrollable may affect the overall performance of the OSKIB Group.

Interest rate risk

- Interest rate risk is the risk that the value or yield of a financial instrument will fluctuate due to changes in market interest rate. A mix of short and medium term floating rate deposits from customers, bank and other financial institutions based on the OSKIB's cost of funds are monitored by the OSKIB Group. The floating rate borrowings are monitored and repriced according to changes in the interest rates to ensure that the OSKIB Group benefits from enjoying the lowest possible finance cost. The OSKIB Group also has some loans and investments in financial instruments where the value or yield will change in accordance to market interest rate. The OSKIB Group may hedge against interest rate risk through the use of medium term financial instruments and derivatives should its use results in cost savings or risk management.

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management objectives and policies (continued)

BANKING SUBSIDIARIES: OSK INVESTMENT BANK (continued)

Currency risk

- The currency risk is the risk that the value of a financial instrument including derivatives will fluctuate due to changes in foreign exchange rates. Other than performing trading and settlement of transactions for clients mainly denominated in Hong Kong Dollar, Indonesian Rupiah, United States Dollar, Singapore Dollar, Khmer Riel and Thai Baht, investing in investments and derivative financial instruments mainly denominated in Hong Kong Dollar, Singapore Dollar and United States Dollar and the offer of foreign exchange spot, forward and swap contracts in major foreign currencies, the OSKIB Group is not exposed to any other significant foreign exchange risk arising from foreign currency transactions that may affect the overall activities of the OSKIB Group.
- Currency risks relating to operating activities in the ordinary course of business of the OSKIB Group are not significant and hedged through operational course of business. Currency exposures arising on the holding of monetary assets and liabilities denominated in foreign currencies, mainly held-for-trading and available-for-sale investments, derivative financial assets/liabilities, bank balances and deposits with/of financial institutions are deemed insignificant in relation to the OSKIB Group's activities.
- Foreign exchange translation differences arising on the consolidation of subsidiary companies with Hong Kong Dollar, Indonesian Rupiah, United States Dollar, Singapore Dollar and Thai Baht as functional currencies are recorded and disclosed as foreign exchange reserve as part of shareholder's equity of the OSKIB Group. The OSKIB Group does not hedge the value of its foreign currency denominated investments in subsidiary companies.
- Overseas businesses, by its nature, are subject to risks including, but not limited to changing economic conditions, changes in global political scenes, changes in financial and trade regulations and foreign exchange rate volatility. Overall, the OSKIB Group's reserves are sufficient to absorb any foreseeable adverse currency depreciation.

Operational risk

- The operational risk arises from the daily functions of the OSKIB Group and the OSKIB which includes legal risk, credit risk, reputation risk and risks associated to daily operational activities.
- Such risks are monitored and mitigated through levels of approval limits, clear reporting structure, segregation of duties, implementation and adherence to policies and procedures and periodic management meetings.
- The Directors recognise that effective risk management is an integral part of good business practice and governance. The Directors acknowledge that the OSKIB Group's and the OSKIB's activities involve some degree of risks and it should be noted that the system can only provide a reasonable but not an absolute assurance against any misstatement or loss.
- The Directors will pursue an on-going process of identifying, assessing and managing key business areas, overall operational and financial risks faced by the business units as well as regularly reviewing and enhancing risk mitigating strategies.

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial instruments by category

| Group | Loans and receivables RM'000 | Assets at fair value through the profit and loss RM'000 | Available-for-sale RM'000 | Held-to-maturity RM'000 | Total RM'000 |
|---|---------------------------------|--|------------------------------|----------------------------|--------------------|
| 31.12.2012 | | | | | |
| Cash and short term funds | 23,974,020 | – | – | – | 23,974,020 |
| Securities purchased under resale agreements | 676,858 | – | – | – | 676,858 |
| Deposits and placements with banks and other financial institutions | 3,638,529 | – | – | – | 3,638,529 |
| Financial assets held-for-trading | – | 2,739,650 | – | – | 2,739,650 |
| Financial investments available-for-sale | – | – | 15,154,931 | – | 15,154,931 |
| Financial investments held-to-maturity | – | – | – | 18,945,036 | 18,945,036 |
| Loans, advances and financing | 109,276,880 | – | – | – | 109,276,880 |
| Clients' and brokers' balances | 2,986,878 | – | – | – | 2,986,878 |
| Other financial assets | 829,981 | – | – | – | 829,981 |
| Derivative assets | – | 275,441 | – | – | 275,441 |
| Total | 141,383,146 | 3,015,091 | 15,154,931 | 18,945,036 | 178,498,204 |

| | Liabilities at fair value through the profit and loss RM'000 | Other-financial liabilities RM'000 | Total RM'000 |
|---|---|---------------------------------------|--------------------|
| Deposits from customers | – | 138,224,225 | 138,224,225 |
| Deposits and placements of banks and other financial institutions | – | 13,450,129 | 13,450,129 |
| Obligations on securities sold | – | 240,010 | 240,010 |
| Obligations on securities borrowed | – | 119,905 | 119,905 |
| Bills and acceptances payable | – | 3,636,886 | 3,636,886 |
| Clients' and brokers' balances | – | 2,731,695 | 2,731,695 |
| Other financial liabilities | – | 1,575,624 | 1,575,624 |
| Derivative liabilities | 320,363 | – | 320,363 |
| Recourse obligation on loans sold to Cagamas | – | 2,445,361 | 2,445,361 |
| Borrowings and senior debt securities | – | 5,151,932 | 5,151,932 |
| Subordinated obligations | – | 4,719,221 | 4,719,221 |
| Hybrid Tier-1 Capital Securities | – | 601,072 | 601,072 |
| Total | 320,363 | 172,896,060 | 173,216,423 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial instruments by category (continued)

| Group | Loans and receivables RM'000 | Assets at fair value through the profit and loss RM'000 | Available-for-sale RM'000 | Held-to-maturity RM'000 | Total RM'000 |
|---|---------------------------------|--|------------------------------|----------------------------|--------------------|
| 31.12.2011 | | | | | |
| Cash and short term funds | 20,032,582 | – | – | – | 20,032,582 |
| Securities purchased under resale agreements | 142,291 | – | – | – | 142,291 |
| Deposits and placements with banks and other financial institutions | 1,133,213 | – | – | – | 1,133,213 |
| Financial assets held-for-trading | – | 1,501,758 | – | – | 1,501,758 |
| Financial investments available-for-sale | – | – | 10,706,781 | – | 10,706,781 |
| Financial investments held-to-maturity | – | – | – | 14,093,909 | 14,093,909 |
| Loans, advances and financing | 95,058,670 | – | – | – | 95,058,670 |
| Clients' and brokers' balances | 236,265 | – | – | – | 236,265 |
| Other financial assets | 594,453 | – | – | – | 594,453 |
| Derivative assets | – | 237,658 | – | – | 237,658 |
| Total | 117,197,474 | 1,739,416 | 10,706,781 | 14,093,909 | 143,737,580 |

| | Liabilities at fair value through the profit and loss RM'000 | Other-financial liabilities RM'000 | Total RM'000 |
|---|---|---------------------------------------|--------------------|
| Deposits from customers | – | 115,860,584 | 115,860,584 |
| Deposits and placements of banks and other financial institutions | – | 10,031,575 | 10,031,575 |
| Bills and acceptances payable | – | 3,764,155 | 3,764,155 |
| Clients' and brokers' balances | – | 238,007 | 238,007 |
| Other financial liabilities | – | 1,277,051 | 1,277,051 |
| Derivative liabilities | 248,188 | – | 248,188 |
| Recourse obligation on loans sold to Cagamas | – | 1,161,814 | 1,161,814 |
| Borrowings and senior debt securities | – | 3,603,334 | 3,603,334 |
| Subordinated obligations | – | 3,515,747 | 3,515,747 |
| Hybrid Tier-1 Capital Securities | – | 600,558 | 600,558 |
| Total | 248,188 | 140,052,825 | 140,301,013 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial instruments by category (continued)

| Group | Loans and receivables RM'000 | Assets at fair value through the profit and loss RM'000 | Available-for-sale RM'000 | Held-to-maturity RM'000 | Total RM'000 |
|---|---------------------------------|--|------------------------------|----------------------------|--------------------|
| 1.1.2011 | | | | | |
| Cash and short term funds | 14,547,667 | – | – | – | 14,547,667 |
| Securities purchased under resale agreements | 276,407 | – | – | – | 276,407 |
| Deposits and placements with banks and other financial institutions | 1,023,526 | – | – | – | 1,023,526 |
| Financial assets held-for-trading | – | 772,254 | – | – | 772,254 |
| Financial investments available-for-sale | – | – | 13,374,857 | – | 13,374,857 |
| Financial investments held-to-maturity | – | – | – | 10,869,550 | 10,869,550 |
| Loans, advances and financing | 81,213,637 | – | – | – | 81,213,637 |
| Clients' and brokers' balances | 424,005 | – | – | – | 424,005 |
| Other financial assets | 461,389 | – | – | – | 461,389 |
| Derivative assets | – | 310,905 | – | – | 310,905 |
| Total | 97,946,631 | 1,083,159 | 13,374,857 | 10,869,550 | 123,274,197 |

| | Liabilities at fair value through the profit and loss RM'000 | Other-financial liabilities RM'000 | Total RM'000 |
|---|---|---------------------------------------|--------------------|
| Deposits from customers | – | 94,433,828 | 94,433,828 |
| Deposits and placements of banks and other financial institutions | – | 10,066,157 | 10,066,157 |
| Bills and acceptances payable | – | 3,536,140 | 3,536,140 |
| Clients' and brokers' balances | – | 404,603 | 404,603 |
| Other financial liabilities | – | 1,315,985 | 1,315,985 |
| Derivative liabilities | 253,704 | – | 253,704 |
| Recourse obligation on loans sold to Cagamas | – | 818,503 | 818,503 |
| Borrowings and senior debt securities | – | 4,064,323 | 4,064,323 |
| Subordinated obligations | – | 3,264,284 | 3,264,284 |
| Hybrid Tier-1 Capital Securities | – | 600,393 | 600,393 |
| Total | 253,704 | 118,504,216 | 118,757,920 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial instruments by category (continued)

| Company | Loans and receivables | | |
|---|-----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Cash and short term funds | 36,247 | 27,528 | 346,009 |
| Deposits and placements with banks and other financial institutions | 951 | 919 | 891 |
| Amounts due from subsidiaries | 9,785 | 18,188 | 35,787 |
| Other financial assets | 147,538 | 145,363 | 145,316 |
| Total | 194,521 | 191,998 | 528,003 |

| | Other financial liabilities | | |
|-----------------------------|-----------------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Other financial liabilities | 61,459 | 3,315 | 4,611 |
| Amounts due to subsidiaries | 11,772 | 8,626 | 6,146 |
| Borrowings | 3,106,434 | 3,147,101 | 3,597,762 |
| Total | 3,179,665 | 3,159,042 | 3,608,519 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest/Profit rate risk

The tables below summarise the Group's and the Company's exposure to interest/profit rate risks. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual re-pricing or maturity dates:

| Group | 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 | | |
| 31.12.2012 | | | | | | | | | |
| Cash and short term funds | 21,931,739 | - | - | - | - | - | 2,042,281 | - | 23,974,020 |
| Securities purchased under resale agreements | 676,858 | - | - | - | - | - | - | - | 676,858 |
| Deposits and placements with banks and other financial institutions | 40,572 | 2,602,714 | 275,628 | 86,825 | 196,492 | 417,494 | 18,804 | - | 3,638,529 |
| Financial assets held-for-trading | - | - | - | - | - | - | - | - | 2,739,650 |
| Financial investments available-for-sale | 1,536,975 | 1,640,749 | 1,460,829 | 132,355 | 1,432,943 | 8,026,877 | 924,203 | - | 15,154,931 |
| Financial investments held-to-maturity | 1,392,036 | 528,226 | 1,063,704 | 439,617 | 3,631,907 | 11,959,459 | (69,913) | - | 18,945,036 |
| Loans, advances and financing | | | | | | | | | |
| - performing | 61,580,180 | 9,516,358 | 4,569,975 | 2,334,404 | 9,425,295 | 20,782,324 | 124,280 | - | 108,332,816 |
| - non-performing | - | - | - | - | - | - | 944,064 | - | 944,064 |
| Clients' and brokers' balances | 187,242 | - | - | - | - | - | 2,799,636 | - | 2,986,878 |
| Other assets | - | - | - | 7 | 27 | 345 | 1,085,786 | - | 1,086,165 |
| Derivative assets | - | - | - | - | - | - | - | 275,441 | 275,441 |
| Statutory deposits | - | - | - | - | - | - | 3,883,445 | - | 3,883,445 |
| Tax recoverable | - | - | - | - | - | - | 142,912 | - | 142,912 |
| Deferred tax assets | - | - | - | - | - | - | 15,115 | - | 15,115 |
| Investments in a joint venture | - | - | - | - | - | - | 36,589 | - | 36,589 |
| Property, plant and equipment | - | - | - | - | - | - | 1,042,318 | - | 1,042,318 |
| Goodwill and other intangible assets | - | - | - | - | - | - | 5,202,798 | - | 5,202,798 |
| TOTAL ASSETS | 87,345,602 | 14,288,047 | 7,370,136 | 2,993,208 | 14,686,664 | 41,186,499 | 18,192,318 | 3,015,091 | 189,077,565 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest/Profit rate risk (continued)

The tables below summarise the Group's and the Company's exposure to interest/profit rate risks. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual re-pricing or maturity dates (continued):

| Group | 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 | | |
| 31.12.2012 | | | | | | | | | |
| Deposits from customers | 61,145,129 | 23,691,040 | 13,500,275 | 17,144,696 | 873,316 | 43,288 | 21,826,481 | - | 138,224,225 |
| Deposits and placements of banks and other financial institutions | 7,219,359 | 3,204,724 | 1,518,337 | 275,611 | 533,703 | 643,382 | 55,013 | - | 13,450,129 |
| Obligations on securities sold under repurchase agreements | - | 211,580 | 27,546 | - | - | - | 884 | - | 240,010 |
| Obligations on securities borrowed | - | - | - | - | - | 119,905 | - | - | 119,905 |
| Bills and acceptances payable | 1,374,840 | 1,546,608 | 421,129 | - | - | - | 294,309 | - | 3,636,886 |
| Clients' and brokers' balances | - | - | - | - | - | - | 2,731,695 | - | 2,731,695 |
| Other liabilities | 271 | - | - | - | - | - | 1,890,188 | - | 1,890,459 |
| Derivative liabilities | - | - | - | - | - | - | - | 320,363 | 320,363 |
| Recourse obligation on loans sold to Cagamas | - | - | - | - | 500,000 | 1,933,887 | 11,474 | - | 2,445,361 |
| Taxation liabilities | - | - | - | - | - | - | 145,280 | - | 145,280 |
| Deferred tax liabilities | - | - | - | - | - | - | 60,547 | - | 60,547 |
| Borrowings and senior debt securities | 199,360 | 1,613,000 | 367,712 | 685,000 | 746,000 | 1,502,250 | 38,610 | - | 5,151,932 |
| Subordinated obligations | - | - | 45,000 | 100,000 | 900,000 | 3,641,782 | 32,439 | - | 4,719,221 |
| Hybrid Tier-1 Capital Securities | - | - | - | - | - | 592,744 | 8,328 | - | 601,072 |
| TOTAL LIABILITIES | 69,938,959 | 30,266,952 | 15,879,999 | 18,205,307 | 3,553,019 | 8,477,238 | 27,095,248 | 320,363 | 173,737,085 |
| Total equity | - | - | - | - | - | - | 15,117,215 | - | 15,117,215 |
| Non-controlling interests | - | - | - | - | - | - | 223,265 | - | 223,265 |
| TOTAL LIABILITIES AND EQUITY | 69,938,959 | 30,266,952 | 15,879,999 | 18,205,307 | 3,553,019 | 8,477,238 | 42,435,728 | 320,363 | 189,077,565 |
| On-balance sheet interest sensitivity gap | 17,406,643 | (15,978,904) | (8,509,862) | (15,212,099) | 11,133,644 | 32,709,261 | - | - | - |
| Off-balance sheet interest sensitivity gap | 777,351 | 4,961,054 | (1,589,373) | 243,460 | (449,748) | (2,106,016) | - | - | - |
| TOTAL INTEREST SENSITIVITY GAP | 18,183,994 | (11,017,850) | (10,099,235) | (14,968,639) | 10,683,896 | 30,603,245 | | | |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest/Profit rate risk (continued)

The tables below summarise the Group's and the Company's exposure to interest/profit rate risks. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual re-pricing or maturity dates (continued):

| Group | 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 | | |
| 31.12.2011 | | | | | | | | |
| Cash and short term funds | 18,960,807 | - | - | - | - | - | - | 20,032,582 |
| Securities purchased under resale agreements | 142,291 | - | - | - | - | - | - | 142,291 |
| Deposits and placements with banks and other financial institutions | - | 1,089,302 | 37,781 | 4,793 | - | - | 1,337 | 1,133,213 |
| Financial assets held-for-trading | 566,221 | 849,593 | 1,017,415 | 84,300 | 870,344 | 6,548,607 | 1,501,758 | 1,501,758 |
| Financial investments available-for-sale | 419,386 | 1,595,889 | 762,388 | 683,390 | 2,761,715 | 7,973,584 | (102,443) | 10,706,781 |
| Financial investments held-to-maturity | | | | | | | | 14,093,909 |
| Loans, advances and financing | | | | | | | | |
| - performing | 50,712,632 | 7,245,963 | 4,128,155 | 1,993,928 | 7,728,951 | 21,974,162 | 160,166 | 93,943,957 |
| - non-performing | - | - | - | - | - | - | 1,114,713 | 1,114,713 |
| Clients' and brokers' balances | 78,346 | - | - | - | - | - | 157,919 | 236,265 |
| Other assets | - | - | - | - | - | 148 | 691,817 | 691,965 |
| Derivative assets | - | - | - | - | - | - | 237,658 | 237,658 |
| Statutory deposits | - | - | - | - | - | - | 3,282,559 | 3,282,559 |
| Tax recoverable | - | - | - | - | - | - | 232,957 | 232,957 |
| Deferred tax assets | - | - | - | - | - | - | 14,630 | 14,630 |
| Investments in a joint venture | - | - | - | - | - | - | 24,956 | 24,956 |
| Property, plant and equipment | - | - | - | - | - | - | 988,737 | 988,737 |
| Goodwill and other intangible assets | - | - | - | - | - | - | 3,924,626 | 3,924,626 |
| TOTAL ASSETS | 70,879,683 | 10,780,747 | 5,945,739 | 2,766,411 | 11,361,010 | 36,496,501 | 12,334,050 | 1,739,416 |
| | | | | | | | | 152,303,557 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest/Profit rate risk (continued)

The tables below summarise the Group's and the Company's exposure to interest/profit rate risks. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual re-pricing or maturity dates (continued):

| Group | 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 | | |
| 31.12.2011 | | | | | | | | | |
| Deposits from customers | 54,153,600 | 13,749,496 | 10,924,724 | 15,863,982 | 441,722 | 48,042 | 20,679,018 | - | 115,860,584 |
| Deposits and placements of banks and other financial institutions | 5,077,348 | 2,734,568 | 1,643,535 | 122,797 | 295,944 | 111,678 | 45,705 | - | 10,031,575 |
| Bills and acceptances payable | 1,297,300 | 1,650,120 | 594,172 | 6,515 | - | - | 216,048 | - | 3,764,155 |
| Clients' and brokers' balances | - | - | - | - | - | - | 238,007 | - | 238,007 |
| Other liabilities | - | - | - | - | - | - | 1,583,419 | - | 1,583,419 |
| Derivative liabilities | - | - | - | - | - | - | - | 248,188 | 248,188 |
| Recurse obligation on loans sold to Cegamas | 30,745 | - | - | 130,076 | 500,000 | 500,000 | 993 | - | 1,161,814 |
| Taxation liabilities | - | - | - | - | - | - | 5,748 | - | 5,748 |
| Deferred tax liabilities | - | - | - | - | - | - | 63,108 | - | 63,108 |
| Borrowings and senior debt securities | 14,400 | 1,545,800 | 491,438 | 348,777 | 831,000 | 350,000 | 21,919 | - | 3,603,334 |
| Subordinated obligations | - | - | - | 1,500,000 | 45,000 | 1,950,000 | 20,747 | - | 3,515,747 |
| Hybrid Tier-1 Capital Securities | - | - | - | - | - | 592,475 | 8,083 | - | 600,558 |
| TOTAL LIABILITIES | 60,573,393 | 19,679,984 | 13,653,869 | 17,972,147 | 2,113,666 | 3,552,195 | 22,882,795 | 248,188 | 140,676,237 |
| Total equity | - | - | - | - | - | - | 11,615,398 | - | 11,615,398 |
| Non-controlling interests | - | - | - | - | - | - | 11,922 | - | 11,922 |
| TOTAL LIABILITIES AND EQUITY | 60,573,393 | 19,679,984 | 13,653,869 | 17,972,147 | 2,113,666 | 3,552,195 | 34,510,115 | 248,188 | 152,303,557 |
| On-balance sheet interest sensitivity gap | 10,306,290 | (8,899,237) | (7,708,130) | (15,205,736) | 9,247,344 | 32,944,306 | - | - | - |
| Off-balance sheet interest sensitivity gap | 1,392,548 | 1,323,924 | (934,322) | 1,508,050 | (2,101,547) | (1,175,517) | - | - | - |
| TOTAL INTEREST SENSITIVITY GAP | 11,698,838 | (7,575,313) | (8,642,452) | (13,697,686) | 7,145,797 | 31,768,789 | | | |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest/Profit rate risk (continued)

The tables below summarise the Group's and the Company's exposure to interest/profit rate risks. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual re-pricing or maturity dates (continued):

| Group | 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 | | |
| 1.1.2011 | | | | | | | | | |
| Cash and short term funds | 13,792,123 | - | - | - | - | - | 755,544 | - | 14,547,667 |
| Securities purchased under resale agreements | 276,398 | - | - | - | - | - | 9 | - | 276,407 |
| Deposits and placements with banks and other financial institutions | 18,827 | 926,544 | 60,517 | 16,868 | - | - | 770 | - | 1,023,526 |
| Financial assets held-for-trading | - | - | - | - | - | - | - | 772,254 | 772,254 |
| Financial investments available-for-sale | 192,607 | 458,851 | 360,541 | 484,074 | 1,893,075 | 9,298,624 | 687,085 | - | 13,374,857 |
| Financial investments held-to-maturity | 401,498 | 1,039,546 | 232,274 | 2,391,643 | 2,343,036 | 4,588,383 | (126,830) | - | 10,869,550 |
| Loans, advances and financing | | | | | | | | | |
| - performing | 43,674,453 | 6,586,374 | 3,351,350 | 2,028,187 | 5,858,375 | 18,374,623 | 163,981 | - | 80,037,343 |
| - non-performing | - | - | - | - | - | - | 1,176,294 | - | 1,176,294 |
| Clients' and brokers' balances | 70,241 | - | - | - | - | - | 353,764 | - | 424,005 |
| Other assets | - | - | 10 | 31 | 67 | 383 | 588,664 | - | 589,155 |
| Derivative assets | - | - | - | - | - | - | - | 310,905 | 310,905 |
| Statutory deposits | - | - | - | - | - | - | 459,554 | - | 459,554 |
| Tax recoverable | - | - | - | - | - | - | 129,371 | - | 129,371 |
| Deferred tax assets | - | - | - | - | - | - | 265,645 | - | 265,645 |
| Investments in a joint venture | - | - | - | - | - | - | 25,044 | - | 25,044 |
| Property, plant and equipment | - | - | - | - | - | - | 913,275 | - | 913,275 |
| Goodwill and other intangible assets | - | - | - | - | - | - | 3,916,755 | - | 3,916,755 |
| TOTAL ASSETS | 58,426,147 | 9,011,315 | 4,004,692 | 4,920,803 | 10,094,553 | 32,262,013 | 9,308,925 | 1,083,159 | 129,111,607 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest/Profit rate risk (continued)

The tables below summarise the Group's and the Company's exposure to interest/profit rate risks. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual re-pricing or maturity dates (continued):

| Group | 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 | | | |
| 1.1.2011 | | | | | | | | | | |
| Deposits from customers | 40,432,059 | 16,872,241 | 8,940,269 | 9,771,872 | 447,470 | 28,948 | 17,940,969 | - | 94,433,828 | |
| Deposits and placements of banks and other financial institutions | 5,511,584 | 3,047,901 | 715,753 | 175,365 | 379,509 | 204,977 | 31,068 | - | 10,066,157 | |
| Bills and acceptances payable | 1,166,999 | 1,723,270 | 444,264 | - | - | - | 201,607 | - | 3,536,140 | |
| Clients' and brokers' balances | - | - | - | - | - | - | 404,603 | - | 404,603 | |
| Other liabilities | - | - | - | - | - | - | 1,528,361 | - | 1,528,361 | |
| Derivative liabilities | - | - | - | - | - | - | - | 253,704 | 253,704 | |
| Recurse obligation on loans sold to Cegamas | 147,030 | - | - | - | 170,092 | 500,000 | 1,381 | - | 818,503 | |
| Taxation liabilities | - | - | - | - | - | - | 172,595 | - | 172,595 | |
| Deferred tax liabilities | - | - | - | - | - | - | 5,157 | - | 5,157 | |
| Borrowings and senior debt securities | 1,481,000 | 642,377 | - | 773,574 | 785,025 | 350,000 | 32,347 | - | 4,064,323 | |
| Subordinated obligations | - | - | - | - | 1,545,000 | 1,700,000 | 19,284 | - | 3,264,284 | |
| Hybrid Tier-1 Capital Securities | - | - | - | - | - | 592,213 | 8,180 | - | 600,393 | |
| TOTAL LIABILITIES | 48,738,672 | 22,285,789 | 10,100,286 | 10,720,811 | 3,327,096 | 3,376,138 | 20,345,552 | 253,704 | 119,148,048 | |
| Total equity | - | - | - | - | - | - | 9,952,746 | - | 9,952,746 | |
| Non-controlling interests | - | - | - | - | - | - | 10,813 | - | 10,813 | |
| TOTAL LIABILITIES AND EQUITY | 48,738,672 | 22,285,789 | 10,100,286 | 10,720,811 | 3,327,096 | 3,376,138 | 30,309,111 | 253,704 | 129,111,607 | |
| On-balance sheet interest sensitivity gap | 9,687,475 | (13,274,474) | (6,095,594) | (5,800,005) | 6,767,457 | 28,885,875 | - | - | - | |
| Off-balance sheet interest sensitivity gap | (472,894) | 44,997 | (200,674) | 861,300 | (20,865) | 20,688 | - | - | - | |
| TOTAL INTEREST SENSITIVITY GAP | 9,214,581 | (13,229,477) | (6,296,268) | (4,938,705) | 6,746,592 | 28,906,563 | | | | |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest/Profit rate risk (continued)

The tables below summarise the Group's and the Company's exposure to interest/profit rate risks. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual re-pricing or maturity dates (continued):

| Company | 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 | | |
| 31.12.2012 | | | | | | | | | |
| Cash and short term funds | 33,919 | - | - | - | - | - | 2,328 | - | 36,247 |
| Deposits and placements with banks and other financial institutions | - | 368 | 408 | 163 | - | - | 12 | - | 951 |
| Other assets | - | - | - | - | - | - | 155,667 | - | 155,667 |
| Amounts due from subsidiaries | - | - | - | - | - | - | 9,785 | - | 9,785 |
| Tax recoverable | - | - | - | - | - | - | 102,314 | - | 102,314 |
| Deferred tax assets | - | - | - | - | - | - | 1,022 | - | 1,022 |
| Investments in subsidiaries | - | - | - | - | - | - | 10,809,016 | - | 10,809,016 |
| Property, plant and equipment | - | - | - | - | - | - | 486 | - | 486 |
| TOTAL ASSETS | 33,919 | 368 | 408 | 163 | - | - | 11,080,630 | - | 11,115,488 |
| Other liabilities | - | - | - | - | - | - | 61,459 | - | 61,459 |
| Amounts due to subsidiaries | - | - | - | - | - | - | 11,772 | - | 11,772 |
| Borrowings | 275,320 | 1,238,050 | 127,350 | 685,000 | 746,000 | - | 34,714 | - | 3,106,434 |
| TOTAL LIABILITIES | 275,320 | 1,238,050 | 127,350 | 685,000 | 746,000 | - | 107,945 | - | 3,179,665 |
| Total equity | - | - | - | - | - | - | 7,935,823 | - | 7,935,823 |
| TOTAL LIABILITIES AND EQUITY | 275,320 | 1,238,050 | 127,350 | 685,000 | 746,000 | - | 8,043,768 | - | 11,115,488 |
| On-balance sheet interest sensitivity gap | (241,401) | (1,237,682) | (126,942) | (684,837) | (746,000) | - | - | - | - |
| Off-balance sheet interest sensitivity gap | - | - | - | - | - | - | - | - | - |
| TOTAL INTEREST SENSITIVITY GAP | (241,401) | (1,237,682) | (126,942) | (684,837) | (746,000) | - | - | - | - |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest/Profit rate risk (continued)

The tables below summarise the Group's and the Company's exposure to interest/profit rate risks. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual re-pricing or maturity dates (continued):

| Company | 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 | | |
| 31.12.2011 | | | | | | | | | |
| Cash and short term funds | 26,887 | - | - | - | - | - | 641 | - | 27,528 |
| Deposits and placements with banks and other financial institutions | - | 356 | 394 | 158 | - | - | 11 | - | 919 |
| Other assets | - | - | - | - | - | - | 154,199 | - | 154,199 |
| Amounts due from subsidiaries | - | - | - | - | - | - | 18,188 | - | 18,188 |
| Tax recoverable | - | - | - | - | - | - | 90,476 | - | 90,476 |
| Investments in subsidiaries | - | - | - | - | - | - | 8,691,602 | - | 8,691,602 |
| Property, plant and equipment | - | - | - | - | - | - | 635 | - | 635 |
| TOTAL ASSETS | 26,887 | 356 | 394 | 158 | - | - | 8,955,752 | - | 8,983,547 |
| Other liabilities | - | - | - | - | - | - | 3,315 | - | 3,315 |
| Amounts due to subsidiaries | - | - | - | - | - | - | 8,626 | - | 8,626 |
| Deferred tax liabilities | - | - | - | - | - | - | 45 | - | 45 |
| Borrowings | 297,770 | 1,103,220 | 194,250 | 348,777 | 831,000 | 350,000 | 22,084 | - | 3,147,101 |
| TOTAL LIABILITIES | 297,770 | 1,103,220 | 194,250 | 348,777 | 831,000 | 350,000 | 34,070 | - | 3,159,087 |
| Total equity | - | - | - | - | - | - | 5,824,460 | - | 5,824,460 |
| TOTAL LIABILITIES AND EQUITY | 297,770 | 1,103,220 | 194,250 | 348,777 | 831,000 | 350,000 | 5,858,530 | - | 8,983,547 |
| On-balance sheet interest sensitivity gap | (270,883) | (1,102,864) | (193,856) | (348,619) | (831,000) | (350,000) | - | - | - |
| Off-balance sheet interest sensitivity gap | - | - | - | - | - | - | - | - | - |
| TOTAL INTEREST SENSITIVITY GAP | (270,883) | (1,102,864) | (193,856) | (348,619) | (831,000) | (350,000) | - | - | - |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest/Profit rate risk (continued)

The tables below summarise the Group's and the Company's exposure to interest/profit rate risks. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual re-pricing or maturity dates (continued):

| Company | 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 | | |
| 1.1.2011 | | | | | | | | | |
| Cash and short term funds | 345,540 | - | - | - | - | - | 469 | - | 346,009 |
| Deposits and placements with banks and other financial institutions | - | 346 | 382 | 153 | - | - | 10 | - | 891 |
| Other assets | - | - | - | - | - | - | 153,347 | - | 153,347 |
| Amounts due from subsidiaries | - | - | - | - | - | - | 35,787 | - | 35,787 |
| Tax recoverable | - | - | - | - | - | - | 113,009 | - | 113,009 |
| Investments in subsidiaries | - | - | - | - | - | - | 8,691,602 | - | 8,691,602 |
| Property, plant and equipment | - | - | - | - | - | - | 757 | - | 757 |
| TOTAL ASSETS | 345,540 | 346 | 382 | 153 | - | - | 8,994,981 | - | 9,341,402 |
| Other liabilities | - | - | - | - | - | - | 4,611 | - | 4,611 |
| Amounts due to subsidiaries | - | - | - | - | - | - | 6,146 | - | 6,146 |
| Deferred tax liabilities | - | - | - | - | - | - | 25 | - | 25 |
| Borrowings | 1,516,950 | 140,900 | 306,750 | 468,050 | 785,000 | 350,000 | 30,112 | - | 3,597,762 |
| TOTAL LIABILITIES | 1,516,950 | 140,900 | 306,750 | 468,050 | 785,000 | 350,000 | 40,894 | - | 3,608,544 |
| Total equity | - | - | - | - | - | - | 5,732,858 | - | 5,732,858 |
| TOTAL LIABILITIES AND EQUITY | 1,516,950 | 140,900 | 306,750 | 468,050 | 785,000 | 350,000 | 5,773,752 | - | 9,341,402 |
| On-balance sheet interest sensitivity gap | (1,171,410) | (140,554) | (306,368) | (467,897) | (785,000) | (350,000) | - | - | - |
| Off-balance sheet interest sensitivity gap | - | - | - | - | - | - | - | - | - |
| TOTAL INTEREST SENSITIVITY GAP | (1,171,410) | (140,554) | (306,368) | (467,897) | (785,000) | (350,000) | - | - | (350,000) |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market Risk

Market risk sensitivity assessment is based on the changes in key variables, such as interest 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 Company as at 31 December 2012.

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 Company proactively seeks to ensure that the interest rate risk profile is managed to minimise losses and optimise net revenues.

(i) Interest rate/profit sensitivity analysis

The following table shows the sensitivity of the Group's and the Company's profit after tax and its equity to an immediate up and down +/-100 basis point ('bps') (+/-100 bps for FY 2011) parallel shift in the interest rate.

| | Group | | Company | |
|-------------------|--|-------------------------|--|-------------------------|
| | Impact on profit after taxation RM'000 | Impact on equity RM'000 | Impact on profit after taxation RM'000 | Impact on equity RM'000 |
| 31.12.2012 | | | | |
| +100 bps | (10,860) | (458,258) | (9,604) | – |
| –100 bps | 14,535 | 489,035 | 9,604 | – |
| 31.12.2011 | | | | |
| +100 bps | (3,088) | (287,994) | (9,654) | – |
| –100 bps | 4,321 | 307,647 | 9,654 | – |
| 1.1.2011 | | | | |
| +50 bps | 672 | (193,249) | (7,365) | – |
| –50 bps | (650) | 199,523 | 7,365 | – |

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

Impact on the profit after taxation is the sum of valuation changes on fixed income instruments held in the trading portfolio and earnings movement for all short term interest 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 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 FY 2011) 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 bearing assets and liabilities.

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

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) 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 (mainly consist of United States Dollar 'USD' and Singapore Dollar 'SGD') on the consolidated currency position, while other variables remain constant.

| | Group |
|-------------------|---|
| | Impact on profit after taxation RM'000 |
| 31.12.2012 | |
| +5% | (6,866) |
| -5% | 6,866 |
| 31.12.2011 | |
| +5% | 12,450 |
| -5% | (12,450) |
| 1.1.2011 | |
| +5% | 114 |
| -5% | (114) |

Impact on the profit after taxation is estimated on the assumption that foreign exchange move by the same amount and all other variables are held constant and are based on a constant reporting date position.

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Liquidity risk

Liquidity risk is defined as the current and prospective risk arising from the inability of the Group and the Company to meet its contractual or regulatory obligations when they become 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 Company seek to project, monitor and manage its liquidity needs under normal as well as adverse circumstances.

The table below analyses the carrying amounts of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM GP8:

| Group | 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 |
|--|---------------------------|--------------------------------|----------------------------|----------------------------|-----------------------------|--------------------------|--------------------------------------|--------------------|
| 31.12.2012 | | | | | | | | |
| ASSETS | | | | | | | | |
| Cash and short term funds | 13,353,095 | 10,620,925 | - | - | - | - | - | 23,974,020 |
| Securities purchased under resale agreements | 676,858 | - | - | - | - | - | - | 676,858 |
| Deposits and placements with banks and other financial institutions | 40,572 | - | 2,611,643 | 276,016 | 87,534 | 622,764 | - | 3,638,529 |
| Financial assets held-for-trading | 91,676 | 26,474 | 561,285 | 398,526 | 49,450 | 1,474,161 | 138,078 | 2,739,650 |
| Financial investments available-for-sale | 553,724 | 543,071 | 473,661 | 297,954 | 170,160 | 13,050,252 | 66,109 | 15,154,931 |
| Financial investments held-to-maturity | 354,798 | 1,006,985 | 603,256 | 1,104,478 | 439,913 | 15,435,606 | - | 18,945,036 |
| Loans, advances and financing | 3,203,468 | 8,160,013 | 6,683,912 | 3,789,483 | 3,092,358 | 84,332,273 | 15,373 | 109,276,880 |
| Clients' and brokers' balances | 2,081,207 | 905,671 | - | - | - | - | - | 2,986,878 |
| Other assets | 106,025 | 5,125 | 8,064 | 61,812 | 203,448 | 220,892 | 480,799 | 1,086,165 |
| Derivative assets | 10,951 | 18,680 | 18,947 | 14,308 | 15,181 | 197,374 | - | 275,441 |
| Statutory deposits | - | - | - | - | - | - | 3,883,445 | 3,883,445 |
| Tax recoverable | - | - | - | - | - | - | 142,912 | 142,912 |
| Deferred tax assets | - | - | - | - | - | - | 15,115 | 15,115 |
| Investments in associates and joint ventures | - | - | - | - | - | - | 36,589 | 36,589 |
| Property, plant and equipment | - | - | - | - | - | - | 1,042,318 | 1,042,318 |
| Goodwill and other intangible assets | - | - | - | - | - | - | 5,202,798 | 5,202,798 |
| TOTAL ASSETS | 20,472,374 | 21,286,944 | 10,960,768 | 5,942,577 | 4,058,044 | 115,333,322 | 11,023,536 | 189,077,565 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Liquidity risk (continued)

The table below analyses the carrying amounts of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM GP8 (continued):

| Group | 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 |
|---|---------------------------|--------------------------------|----------------------------|----------------------------|-----------------------------|--------------------------|--------------------------------------|--------------------|
| 31.12.2012 | | | | | | | | |
| LIABILITIES | | | | | | | | |
| Deposits from customers | 47,742,851 | 34,853,690 | 23,827,789 | 13,625,632 | 17,254,961 | 919,302 | - | 138,224,225 |
| Deposits and placements of banks and other financial institutions | 1,146,533 | 6,115,163 | 3,207,681 | 1,504,548 | 290,253 | 1,185,951 | - | 13,450,129 |
| Obligations on securities sold under repurchase agreements | - | - | 212,361 | 27,649 | - | - | - | 240,010 |
| Obligations on securities borrowed | - | - | - | - | - | 119,905 | - | 119,905 |
| Bills and acceptances payable | 532,507 | 1,136,642 | 1,546,608 | 421,129 | - | - | - | 3,636,886 |
| Clients' and brokers' balances | 1,904,622 | 827,073 | - | - | - | - | - | 2,731,695 |
| Other liabilities | 202,447 | 218,530 | 196,648 | 91,605 | 653,344 | 203,576 | 324,309 | 1,890,459 |
| Derivative liabilities | 5,311 | 27,711 | 35,248 | 40,038 | 15,858 | 196,197 | - | 320,363 |
| Recourse obligation on loans sold to Cagamas | - | 559 | 2,906 | - | - | 2,441,896 | - | 2,445,361 |
| Taxation liabilities | - | - | 23 | - | - | - | 145,257 | 145,280 |
| Deferred tax liabilities | - | - | - | - | - | - | 60,547 | 60,547 |
| Borrowings and senior debt securities | 112,384 | 76 | 39,145 | 28,108 | 1,116,649 | 3,855,570 | - | 5,151,932 |
| Subordinated obligations | - | 3,463 | - | 73,977 | 100,000 | 4,541,781 | - | 4,719,221 |
| Hybrid Tier-1 Capital Securities | - | - | 7,704 | 624 | - | 592,744 | - | 601,072 |
| TOTAL LIABILITIES | 51,646,655 | 43,182,907 | 29,076,113 | 15,813,310 | 19,431,065 | 14,056,922 | 530,113 | 173,737,085 |
| Total equity | - | - | - | - | - | - | 15,117,215 | 15,117,215 |
| Non-controlling interest | - | - | - | - | - | - | 223,265 | 223,265 |
| TOTAL LIABILITIES AND EQUITY | 51,646,655 | 43,182,907 | 29,076,113 | 15,813,310 | 19,431,065 | 14,056,922 | 15,870,593 | 189,077,565 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Liquidity risk (continued)

The table below analyses the carrying amounts of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM GP8 (continued):

| Group | 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 |
|--|---------------------------|--------------------------------|----------------------------|----------------------------|-----------------------------|--------------------------|--------------------------------------|--------------------|
| 31.12.2011 | | | | | | | | |
| ASSETS | | | | | | | | |
| Cash and short term funds | 12,731,366 | 7,301,216 | - | - | - | - | - | 20,032,582 |
| Securities purchased under resale agreements | 142,291 | - | - | - | - | - | - | 142,291 |
| Deposits and placements with banks and other financial institutions | - | - | 1,090,576 | 37,846 | 4,791 | - | - | 1,133,213 |
| Financial assets held-for-trading | 71,688 | 18,368 | 485,195 | 635,015 | - | 291,492 | - | 1,501,758 |
| Financial investments available-for-sale | 511,962 | 305,230 | 886,350 | 1,038,216 | 85,301 | 7,879,722 | - | 10,706,781 |
| Financial investments held-to-maturity | 38,407 | 398,766 | 1,658,735 | 789,372 | 682,380 | 10,526,249 | - | 14,093,909 |
| Loans, advances and financing Clients' and brokers' balances | 2,103,177 | 5,243,140 | 5,261,805 | 3,336,372 | 2,665,868 | 76,448,308 | - | 95,058,670 |
| Other assets | 165,385 | 70,880 | - | - | - | - | - | 236,265 |
| Derivative assets | 59,470 | 20,800 | 9,445 | 41,245 | 135,690 | 87,390 | 337,925 | 691,965 |
| Statutory deposits | 6,581 | 17,739 | 25,347 | 22,327 | 19,093 | 146,571 | - | 237,658 |
| Tax recoverable | - | - | - | - | - | - | 3,282,559 | 3,282,559 |
| Deferred tax assets | - | - | - | - | - | - | 232,957 | 232,957 |
| Investments in a joint venture | - | - | - | - | - | - | 14,630 | 14,630 |
| Property, plant and equipment | - | - | - | - | - | - | 24,956 | 24,956 |
| Goodwill and other intangible assets | - | - | - | - | - | - | 988,737 | 988,737 |
| TOTAL ASSETS | 15,830,327 | 13,376,139 | 9,417,453 | 5,900,393 | 3,593,123 | 95,379,732 | 8,806,390 | 152,303,557 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Liquidity risk (continued)

The table below analyses the carrying amounts of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM GP8 (continued):

| Group | 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 |
|--|---------------------------|--------------------------------|----------------------------|----------------------------|-----------------------------|--------------------------|--------------------------------------|--------------------|
| 31.12.2011 | | | | | | | | |
| LIABILITIES | | | | | | | | |
| Deposits from customers | 47,756,705 | 26,772,733 | 13,852,792 | 11,032,942 | 15,952,504 | 492,908 | - | 115,860,584 |
| Deposits and placements of banks and other financial institutions | 2,011,746 | 3,086,462 | 2,743,671 | 1,658,788 | 123,286 | 407,622 | - | 10,031,575 |
| Bills and acceptances payable | 440,433 | 989,178 | 1,761,761 | 572,783 | - | - | - | 3,764,155 |
| Clients' and brokers' balances | 166,605 | 71,402 | - | - | - | - | - | 238,007 |
| Other liabilities | 115,385 | 194,755 | 79,648 | 84,680 | 451,960 | 388,857 | 268,134 | 1,583,419 |
| Derivative liabilities | 5,986 | 21,301 | 24,910 | 12,205 | 10,209 | 173,577 | - | 248,188 |
| Recourse obligation on loans sold to Cagamas | 30,745 | - | - | 993 | 130,076 | 1,000,000 | - | 1,161,814 |
| Taxation liabilities | - | - | 22 | - | - | - | 5,726 | 5,748 |
| Deferred tax liabilities | - | - | - | - | - | - | 63,108 | 63,108 |
| Borrowings and senior debt securities | - | 16,456 | 1,126,808 | 216,501 | 400,290 | 1,843,261 | 18 | 3,603,334 |
| Subordinated obligations | - | - | - | 20,747 | 1,500,000 | 1,995,000 | - | 3,515,747 |
| Hybrid Tier-1 Capital Securities | - | - | 7,542 | 541 | - | 592,475 | - | 600,558 |
| TOTAL LIABILITIES | 50,527,605 | 31,152,287 | 19,597,154 | 13,600,180 | 18,568,325 | 6,893,700 | 336,986 | 140,676,237 |
| Total equity | - | - | - | - | - | - | 11,615,398 | 11,615,398 |
| Non-controlling interest | - | - | - | - | - | - | 11,922 | 11,922 |
| TOTAL LIABILITIES AND EQUITY | 50,527,605 | 31,152,287 | 19,597,154 | 13,600,180 | 18,568,325 | 6,893,700 | 11,964,306 | 152,303,557 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Liquidity risk (continued)

The table below analyses the carrying amounts of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM GP8 (continued):

| Group | 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 |
|--|---------------------------|--------------------------------|----------------------------|----------------------------|-----------------------------|--------------------------|--------------------------------------|--------------------|
| 1.1.2011 | | | | | | | | |
| ASSETS | | | | | | | | |
| Cash and short term funds | 9,200,080 | 5,347,543 | - | - | - | 44 | - | 14,547,667 |
| Securities purchased under resale agreements | 276,407 | - | - | - | - | - | - | 276,407 |
| Deposits and placements with banks and other financial institutions | 14,301 | 3,365 | 927,515 | 66,732 | 11,613 | - | - | 1,023,526 |
| Financial assets held-for-trading | 190,329 | 78,094 | 194,984 | 135,889 | 100,374 | 72,584 | - | 772,254 |
| Financial investments available-for-sale | 200,186 | 194,082 | 503,730 | 386,976 | 490,031 | 11,585,872 | 13,980 | 13,374,857 |
| Financial investments held-to-maturity | 1,043 | 386,918 | 1,083,574 | 246,743 | 2,286,057 | 6,865,215 | - | 10,869,550 |
| Loans, advances and financing | 1,920,205 | 4,767,218 | 5,234,357 | 2,951,933 | 2,319,750 | 64,020,174 | - | 81,213,637 |
| Clients' and brokers' balances | 296,803 | 127,202 | - | - | - | - | - | 424,005 |
| Other assets | 35,278 | 30,838 | 6,170 | 53,310 | 165,474 | 23,817 | 274,268 | 589,155 |
| Derivative assets | 22,615 | 65,723 | 39,682 | 36,839 | 28,462 | 117,584 | - | 310,905 |
| Statutory deposits | - | - | - | - | - | - | 459,554 | 459,554 |
| Tax recoverable | - | - | - | - | - | - | 129,371 | 129,371 |
| Deferred tax assets | - | - | - | - | - | - | 265,645 | 265,645 |
| Investments in a joint venture | - | - | - | - | - | - | 25,044 | 25,044 |
| Property, plant and equipment | - | - | - | - | - | - | 913,275 | 913,275 |
| Goodwill and other intangible assets | - | - | - | - | - | - | 3,916,755 | 3,916,755 |
| TOTAL ASSETS | 12,157,247 | 11,000,983 | 7,990,012 | 3,878,422 | 5,401,761 | 82,685,290 | 5,997,892 | 129,111,607 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Liquidity risk (continued)

The table below analyses the carrying amounts of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM GP8 (continued):

| Group | 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 |
|---|---------------------------|--------------------------------|----------------------------|----------------------------|-----------------------------|--------------------------|--------------------------------------|--------------------|
| 1.1.2011 | | | | | | | | |
| LIABILITIES | | | | | | | | |
| Deposits from customers | 39,807,715 | 18,302,296 | 16,986,808 | 8,941,051 | 9,905,540 | 490,418 | - | 94,433,828 |
| Deposits and placements of banks and other financial institutions | 1,678,339 | 3,707,047 | 3,537,967 | 469,716 | 87,267 | 585,821 | - | 10,066,157 |
| Bills and acceptances payable | 463,826 | 904,780 | 1,723,270 | 444,264 | - | - | - | 3,536,140 |
| Clients' and brokers' balances | 283,222 | 121,381 | - | - | - | - | - | 404,603 |
| Other liabilities | 60,138 | 174,362 | 79,996 | 94,889 | 515,386 | 436,551 | 167,039 | 1,528,361 |
| Derivative liabilities | 19,279 | 43,877 | 38,740 | 38,398 | 20,601 | 92,809 | - | 253,704 |
| Recourse obligation on loans sold to Cagamas | - | 147,030 | - | 1,381 | - | 670,092 | - | 818,503 |
| Taxation liabilities | - | - | 25 | - | - | - | 172,570 | 172,595 |
| Deferred tax liabilities | - | - | - | - | - | - | 5,157 | 5,157 |
| Borrowings and senior debt securities | 46,354 | 1,446,012 | 172,912 | 2,256 | 525,604 | 1,871,185 | - | 4,064,323 |
| Subordinated obligations | - | - | - | 19,284 | - | 3,245,000 | - | 3,264,284 |
| Hybrid Tier-1 Capital Securities | - | - | 7,542 | 638 | - | 592,213 | - | 600,393 |
| TOTAL LIABILITIES | 42,358,873 | 24,846,785 | 22,547,260 | 10,011,877 | 11,054,398 | 7,984,089 | 344,766 | 119,148,048 |
| Total equity | - | - | - | - | - | - | 9,952,746 | 9,952,746 |
| Non-controlling interest | - | - | - | - | - | - | 10,813 | 10,813 |
| TOTAL LIABILITIES AND EQUITY | 42,358,873 | 24,846,785 | 22,547,260 | 10,011,877 | 11,054,398 | 7,984,089 | 10,308,325 | 129,111,607 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Liquidity risk (continued)

The table below analyses the carrying amounts of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM GP8 (continued):

| Company | 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 |
|---|---------------------------|--------------------------------|----------------------------|----------------------------|-----------------------------|--------------------------|--------------------------------------|-------------------|
| 31.12.2012 | | | | | | | | |
| Cash and short term funds | 3,731 | 32,516 | - | - | - | - | - | 36,247 |
| Deposits and placements with banks and other financial institutions | - | - | 369 | 416 | 166 | - | - | 951 |
| Other assets | - | - | - | - | - | - | 155,667 | 155,667 |
| Amounts due from subsidiaries | - | - | - | - | - | - | 9,785 | 9,785 |
| Tax recoverable | - | - | - | - | - | - | 102,314 | 102,314 |
| Deferred tax assets | - | - | - | - | - | - | 1,022 | 1,022 |
| Investments in subsidiaries | - | - | - | - | - | - | 10,809,016 | 10,809,016 |
| Property, plant and equipment | - | - | - | - | - | - | 486 | 486 |
| TOTAL ASSETS | 3,731 | 32,516 | 369 | 416 | 166 | - | 11,078,290 | 11,115,488 |
| Other financial liabilities | - | - | - | - | - | - | 61,459 | 61,459 |
| Amounts due to subsidiaries | - | - | - | - | - | - | 11,772 | 11,772 |
| Borrowings | - | 4,916 | 7,417 | 1,410 | 1,010,700 | 2,081,991 | - | 3,106,434 |
| TOTAL LIABILITIES | - | 4,916 | 7,417 | 1,410 | 1,010,700 | 2,081,991 | 73,231 | 3,179,665 |
| Total equity | - | - | - | - | - | - | 7,935,823 | 7,935,823 |
| TOTAL LIABILITIES AND EQUITY | - | 4,916 | 7,417 | 1,410 | 1,010,700 | 2,081,991 | 8,009,054 | 11,115,488 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Liquidity risk (continued)

The table below analyses the carrying amounts of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM GP8 (continued):

| Company | 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 |
|---|---------------------------|--------------------------------|----------------------------|----------------------------|-----------------------------|--------------------------|--------------------------------------|------------------|
| 31.12.2011 | | | | | | | | |
| Cash and short term funds | 10,808 | 16,720 | - | - | - | - | - | 27,528 |
| Deposits and placements with banks and other financial institutions | - | - | 357 | 402 | 160 | - | - | 919 |
| Other assets | - | - | - | - | - | - | 154,199 | 154,199 |
| Amounts due from subsidiaries | - | - | - | - | - | - | 18,188 | 18,188 |
| Tax recoverable | - | - | - | - | - | - | 90,476 | 90,476 |
| Investments in subsidiaries | - | - | - | - | - | - | 8,691,602 | 8,691,602 |
| Property, plant and equipment | - | - | - | - | - | - | 635 | 635 |
| TOTAL ASSETS | 10,808 | 16,720 | 357 | 402 | 160 | - | 8,955,100 | 8,983,547 |
| Other financial liabilities | - | - | - | - | - | - | 3,315 | 3,315 |
| Amounts due to subsidiaries | - | - | - | - | - | - | 8,626 | 8,626 |
| Deferred tax liabilities | - | - | - | - | - | - | 45 | 45 |
| Borrowings | - | 300,010 | 1,113,092 | 195,754 | 348,777 | 1,189,450 | 18 | 3,147,101 |
| TOTAL LIABILITIES | - | 300,010 | 1,113,092 | 195,754 | 348,777 | 1,189,450 | 12,004 | 3,159,087 |
| Total equity | - | - | - | - | - | - | 5,824,460 | 5,824,460 |
| TOTAL LIABILITIES AND EQUITY | - | 300,010 | 1,113,092 | 195,754 | 348,777 | 1,189,450 | 5,836,464 | 8,983,547 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Liquidity risk (continued)

The table below analyses the carrying amounts of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM GP8 (continued):

| Company | 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 |
|---|---------------------------|--------------------------------|----------------------------|----------------------------|-----------------------------|--------------------------|--------------------------------------|------------------|
| 1.1.2011 | | | | | | | | |
| Cash and short term funds | 35,128 | 310,881 | - | - | - | - | - | 346,009 |
| Deposits and placements with banks and other financial institutions | - | - | 347 | 389 | 155 | - | - | 891 |
| Other assets | - | - | - | - | - | - | 153,347 | 153,347 |
| Amounts due from subsidiaries | - | - | - | - | - | - | 35,787 | 35,787 |
| Tax recoverable | - | - | - | - | - | - | 113,009 | 113,009 |
| Investments in subsidiaries | - | - | - | - | - | - | 8,691,602 | 8,691,602 |
| Property, plant and equipment | - | - | - | - | - | - | 757 | 757 |
| TOTAL ASSETS | 35,128 | 310,881 | 347 | 389 | 155 | - | 8,994,502 | 9,341,402 |
| Other financial liabilities | - | - | - | - | - | - | 4,611 | 4,611 |
| Amounts due to subsidiaries | - | - | - | - | - | - | 6,146 | 6,146 |
| Deferred tax liabilities | - | - | - | - | - | - | 25 | 25 |
| Borrowings | 46,354 | 1,482,159 | 148,111 | 310,641 | 475,497 | 1,135,000 | - | 3,597,762 |
| TOTAL LIABILITIES | 46,354 | 1,482,159 | 148,111 | 310,641 | 475,497 | 1,135,000 | 10,782 | 3,608,544 |
| Total equity | - | - | - | - | - | - | 5,732,858 | 5,732,858 |
| TOTAL LIABILITIES AND EQUITY | 46,354 | 1,482,159 | 148,111 | 310,641 | 475,497 | 1,135,000 | 5,743,640 | 9,341,402 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Liquidity risk (continued)

The following table presents the cash outflows for the Group's and Company'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.

| Group | 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 |
|---|----------------------------|----------------------------|-----------------------------|---------------------------|---------------------------|---------------------------|--------------------|
| 31.12.2012 | | | | | | | |
| Deposits from customers | 82,723,859 | 37,776,013 | 17,671,672 | 904,081 | 50,652 | - | 139,126,277 |
| Deposits and placements of banks and other financial institutions | 7,433,927 | 4,744,946 | 296,379 | 416,864 | 720,621 | - | 13,612,737 |
| Obligations on securities sold under repurchase agreements | - | 240,339 | - | - | - | - | 240,339 |
| Obligations on securities borrowed | - | - | - | - | 65,810 | 54,095 | 119,905 |
| Bills and acceptances payable | 1,669,150 | 1,967,736 | - | - | - | - | 3,636,886 |
| Clients' and brokers' balances | 2,731,695 | - | - | - | - | - | 2,731,695 |
| Other financial liabilities | 420,703 | 250,389 | 88,419 | 206,508 | 532,097 | 77,508 | 1,575,624 |
| Derivative liabilities | | | | | | | |
| - Gross settled derivatives | | | | | | | |
| - Inflow | (1,052,573) | (2,257,371) | (625,227) | (24,711) | (6,736) | - | (3,966,618) |
| - Outflow | 1,069,702 | 2,314,988 | 632,506 | 13,689 | 33,843 | - | 4,064,728 |
| - Net settled derivatives | 22,777 | 24,092 | 28,010 | 84,236 | (32,442) | (1,691) | 124,982 |
| Recourse obligation on loans sold to Cagamas | 24,522 | 111,225 | 137,215 | 1,036,234 | 1,443,031 | - | 2,752,227 |
| Borrowings and senior debt securities | 112,647 | 379,003 | 937,587 | 2,251,153 | 1,778,769 | 135,479 | 5,594,638 |
| Subordinated obligations | 3,740 | 156,601 | 214,118 | 1,316,788 | 3,647,855 | 342,000 | 5,681,102 |
| Hybrid Tier-1 Capital Securities | - | 22,394 | 22,394 | 89,575 | 89,575 | 669,775 | 893,713 |
| TOTAL FINANCIAL LIABILITIES | 95,160,149 | 45,730,355 | 19,403,073 | 6,294,417 | 8,323,075 | 1,277,166 | 176,188,235 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Liquidity risk (continued)

The following table presents the cash outflows for the Group's and Company'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).

| Group | 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 |
|---|----------------------------|----------------------------|-----------------------------|---------------------------|---------------------------|---------------------------|--------------------|
| 31.12.2011 | | | | | | | |
| Deposits from customers | 74,599,931 | 24,813,687 | 16,675,571 | 442,514 | 55,764 | – | 116,587,467 |
| Deposits and placements of banks and other financial institutions | 5,102,743 | 4,432,730 | 127,929 | 303,266 | 113,301 | – | 10,079,969 |
| Bills and acceptances payable | 1,429,610 | 2,334,545 | – | – | – | – | 3,764,155 |
| Clients' and brokers' balances | 238,007 | – | – | – | – | – | 238,007 |
| Other financial liabilities | 282,821 | 77,457 | 131,329 | 298,263 | 337,036 | 150,145 | 1,277,051 |
| Derivative liabilities | | | | | | | |
| – Gross settled derivatives | | | | | | | |
| – Inflow | (2,810,661) | (2,588,172) | (317,603) | (128,905) | 6,700 | 2,472 | (5,836,169) |
| – Outflow | 2,832,200 | 2,628,808 | 328,443 | 149,417 | 2,062 | 671 | 5,941,601 |
| – Net settled derivatives | 7,808 | 24,503 | 30,069 | 66,753 | 20,960 | 2,245 | 152,338 |
| Recourse obligation on loans sold to Cagamas | 33,953 | 36,313 | 162,798 | 607,316 | 470,845 | – | 1,311,225 |
| Borrowings and senior debt securities | 26,367 | 1,398,916 | 438,165 | 1,125,080 | 582,725 | 246,874 | 3,818,127 |
| Subordinated obligations | – | 89,500 | 1,589,501 | 248,088 | 1,088,724 | 1,097,300 | 4,113,113 |
| Hybrid Tier-1 Capital Securities | – | 22,394 | 22,394 | 89,575 | 89,575 | 827,261 | 1,051,199 |
| TOTAL FINANCIAL LIABILITIES | 81,742,779 | 33,270,681 | 19,188,596 | 3,201,367 | 2,767,692 | 2,326,968 | 142,498,083 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Liquidity risk (continued)

The following table presents the cash outflows for the Group's and Company'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).

| Group | 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 |
|---|----------------------------|----------------------------|-----------------------------|---------------------------|---------------------------|---------------------------|--------------------|
| 1.1.2011 | | | | | | | |
| Deposits from customers | 58,198,725 | 26,138,813 | 10,031,154 | 463,657 | 34,023 | – | 94,866,372 |
| Deposits and placements of banks and other financial institutions | 5,418,452 | 3,996,027 | 92,290 | 391,855 | 205,732 | 16,588 | 10,120,944 |
| Bills and acceptances payable | 1,368,605 | 2,167,535 | – | – | – | – | 3,536,140 |
| Clients' and brokers' balances | 404,603 | – | – | – | – | – | 404,603 |
| Other financial liabilities | 215,356 | 115,046 | 145,187 | 374,156 | 405,612 | 60,628 | 1,315,985 |
| Derivative liabilities | | | | | | | |
| – Gross settled derivatives: | | | | | | | |
| – Inflow | (4,382,957) | (1,944,163) | (321,027) | 14,860 | 6,556 | 2,419 | (6,624,312) |
| – Outflow | 4,445,595 | 2,031,110 | 350,213 | 4,662 | 2,017 | 657 | 6,834,254 |
| – Net settled derivatives | 10,955 | 19,355 | 24,673 | 66,595 | 29,703 | 16,914 | 168,195 |
| Recourse obligation on loans sold to Cagamas | 150,999 | 17,087 | 20,504 | 214,332 | 522,750 | – | 925,672 |
| Borrowings and senior debt securities | 1,495,161 | 198,261 | 572,310 | 1,100,456 | 593,065 | 342,050 | 4,301,303 |
| Subordinated obligations | – | 84,188 | 84,188 | 1,804,912 | 863,100 | 1,152,600 | 3,988,988 |
| Hybrid Tier-1 Capital Securities | – | 22,394 | 22,394 | 89,575 | 89,575 | 759,350 | 983,288 |
| TOTAL FINANCIAL LIABILITIES | 67,325,494 | 32,845,653 | 11,021,886 | 4,525,060 | 2,752,133 | 2,351,206 | 120,821,432 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Liquidity risk (continued)

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

| Group | Less than 1 year RM'000 | Over 1 year RM'000 | Total RM'000 |
|---|-------------------------------|-----------------------|-------------------|
| 31.12.2012 | | | |
| Direct credit substitutes | 414,164 | 1,767,472 | 2,181,636 |
| Transaction-related contingent items | 301,795 | 2,195,071 | 2,496,866 |
| Short term self-liquidating trade-related contingencies | 698,696 | 311,155 | 1,009,851 |
| Obligations under underwriting agreements | 151,971 | - | 151,971 |
| Irrevocable commitments to extend credit | 12,036,947 | 24,718,743 | 36,755,690 |
| TOTAL COMMITMENT AND CONTINGENCIES | 13,603,573 | 28,992,441 | 42,596,014 |
| 31.12.2011 | | | |
| Direct credit substitutes | 358,640 | 1,149,221 | 1,507,861 |
| Transaction-related contingent items | 337,401 | 1,852,761 | 2,190,162 |
| Short term self-liquidating trade-related contingencies | 617,510 | 284,500 | 902,010 |
| Obligations under underwriting agreements | 208,500 | 121,000 | 329,500 |
| Irrevocable commitments to extend credit | 10,214,616 | 25,028,693 | 35,243,309 |
| TOTAL COMMITMENT AND CONTINGENCIES | 11,736,667 | 28,436,175 | 40,172,842 |
| 1.1.2011 | | | |
| Direct credit substitutes | 2,366,972 | - | 2,366,972 |
| Transaction-related contingent items | 1,905,733 | - | 1,905,733 |
| Short term self-liquidating trade-related contingencies | 825,269 | - | 825,269 |
| Obligations under underwriting agreements | 206,762 | - | 206,762 |
| Irrevocable commitments to extend credit | 31,965,921 | 4,492,386 | 36,458,307 |
| Others | 101,923 | - | 101,923 |
| TOTAL COMMITMENT AND CONTINGENCIES | 37,372,580 | 4,492,386 | 41,864,966 |

Undrawn loan commitments are recognised at activation stage and include commitments which are unconditionally cancellable by the Group. The Group expects that not all of the contingent liabilities and undrawn loan commitments will be drawn before expiry.

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Liquidity risk (continued)

The following table presents the cash outflows for the Group's and Company'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):

| Company | 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 |
|------------------------------------|----------------------------|----------------------------|-----------------------------|---------------------------|---------------------------|---------------------------|------------------|
| 31.12.2012 | | | | | | | |
| Other financial liabilities | 61,459 | - | - | - | - | - | 61,459 |
| Amounts due to subsidiaries | 11,772 | - | - | - | - | - | 11,772 |
| Borrowings | 5,748 | 301,986 | 809,896 | 2,210,683 | - | - | 3,328,313 |
| TOTAL FINANCIAL LIABILITIES | 78,979 | 301,986 | 809,896 | 2,210,683 | - | - | 3,401,544 |
| 31.12.2011 | | | | | | | |
| Other financial liabilities | 3,315 | - | - | - | - | - | 3,315 |
| Amounts due to subsidiaries | 8,626 | - | - | - | - | - | 8,626 |
| Borrowings | 305,410 | 1,359,819 | 381,909 | 903,655 | 366,800 | - | 3,317,593 |
| TOTAL FINANCIAL LIABILITIES | 317,351 | 1,359,819 | 381,909 | 903,655 | 366,800 | - | 3,329,534 |
| 1.1.2011 | | | | | | | |
| Other financial liabilities | 4,611 | - | - | - | - | - | 4,611 |
| Amounts due to subsidiaries | 6,146 | - | - | - | - | - | 6,146 |
| Borrowings | 1,517,824 | 499,593 | 518,345 | 887,054 | 383,600 | - | 3,806,416 |
| TOTAL FINANCIAL LIABILITIES | 1,528,581 | 499,593 | 518,345 | 887,054 | 383,600 | - | 3,817,173 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) 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 commitments and contingencies, 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 Company would have to pay if the obligations of the instruments issued are called upon. For credit 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 Company:

| | Group | | |
|---|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Credit risk exposure relating to: | | | |
| Short term funds (exclude cash in hand) | 23,032,175 | 19,341,242 | 14,206,870 |
| Securities purchased under resale agreements | 676,858 | 142,291 | 276,407 |
| Deposits and placements with banks and other financial institutions | 3,638,529 | 1,133,213 | 1,023,526 |
| Financial assets and investments portfolios (exclude shares and unit trust): | | | |
| – Held-for-trading | 2,520,365 | 1,427,802 | 698,842 |
| – Available-for-sale | 14,374,708 | 10,001,562 | 12,827,193 |
| – Held-to-maturity | 18,945,036 | 14,093,909 | 10,869,550 |
| Loans, advances and financing | 109,276,880 | 95,058,670 | 81,213,637 |
| Clients' and brokers' balances | 2,986,878 | 236,265 | 424,005 |
| Other financial assets | 829,981 | 594,453 | 461,389 |
| Derivative assets | 275,441 | 237,658 | 310,905 |
| | 176,556,851 | 142,267,065 | 122,312,324 |
| Commitments and contingencies | 42,596,014 | 40,172,842 | 41,864,966 |
| Total maximum credit risk exposure | 219,152,865 | 182,439,907 | 164,177,290 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Credit risk (continued)

(i) Maximum exposure to credit risk (continued)

| | Company | | |
|---|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Credit risk exposure relating to: | | | |
| Short term funds (exclude cash in hand) | 36,247 | 27,528 | 346,009 |
| Deposits and placements with banks and other financial institutions | 951 | 919 | 891 |
| Amounts due from subsidiaries | 9,785 | 18,188 | 35,787 |
| Other assets | 147,538 | 145,363 | 145,316 |
| Total maximum credit risk exposure | 194,521 | 191,998 | 528,003 |

(ii) Collateral

The main types of collateral obtained by the Group are as follows:

- Fixed deposits, Mudharabah General Investment Account, negotiable instruments of deposits, foreign currency deposits and cash deposits/margins
- Land and buildings
- Vessels and automobiles
- Quoted shares, unit trusts, Malaysian Government Bonds and securities and private debt securities
- Endowment life policies with cash surrender value
- Other tangible business assets, such as inventory and equipment

The Group also accepts non-tangible securities such as support, guarantees from individuals, corporates and institutions, bank guarantees, debentures, assignment of contract payments, which are subject to internal guidelines on eligibility.

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for loans, advances and financing and clients' and brokers' balances are 57.8% and 98.9% respectively. The financial effect of collateral held for the remaining on-balance sheet assets are insignificant.

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Credit risk (continued)

(iii) Credit quality

The Group assesses credit quality of loans and advances 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.

(a) Loans, advances and financing

| Internal ratings | Description |
|--------------------------|--|
| – Investment Grade | Strong (est) credit quality which are associated with general standards of investment grade as defined by international rating agency such as Standard and Poor's (S&P), Moody's, Fitch, and Japan Credit Rating Agency (JCR). |
| – Lower Investment Grade | Lower credit quality which are associated with general standards of investments grade as defined by international rating agency such as S&P, Moody's, Fitch and JCR. |
| – Non-investment Grade | Weaker credit quality which are associated with general standards of non-investment grade as defined by international rating agency such as S&P, Moody's, Fitch, and JCR. |

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

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Credit risk (continued)

(iii) Credit quality (continued)

(a) Loans, advances and financing (continued)

Loans, advances and financing are summarised as follows:

| | Group | | |
|---------------------------------------|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Neither past due nor impaired | 101,914,297 | 88,021,416 | 74,934,413 |
| Past due but not impaired | 6,228,387 | 5,922,541 | 5,103,656 |
| Individually impaired | 3,337,637 | 3,493,951 | 3,848,539 |
| Gross loans, advances and financing | 111,480,321 | 97,437,908 | 83,886,608 |
| Less: Individual impairment allowance | (801,495) | (813,086) | (855,782) |
| Collective impairment allowance | (1,401,946) | (1,566,152) | (1,817,189) |
| Net loans, advances and financing | 109,276,880 | 95,058,670 | 81,213,637 |

(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 internal credit grading system is as follows:

| | Group | | |
|-------------------------------|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Investment Grade | 64,376,122 | 55,908,171 | 50,657,074 |
| Lower Investment Grade | 6,232,534 | 8,925,966 | 5,924,440 |
| Non Investment Grade | 2,566,769 | 1,036,899 | 8,003,924 |
| Non-rated | 28,738,872 | 22,150,380 | 10,348,975 |
| Neither past due nor impaired | 101,914,297 | 88,021,416 | 74,934,413 |

Loans, advances and financing classified as non-rated mainly comprise of loans under the standardised approach for credit risk including Amanah Saham Bumiputera (ASB), Islamic housing financing and Islamic hire purchase.

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) 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 | | |
|---------------------------|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Past due up to 30 days | 2,133,755 | 1,972,442 | 1,322,560 |
| Past due 31 to 60 days | 2,791,493 | 2,736,127 | 2,621,829 |
| Past due 61 to 90 days | 1,303,139 | 1,213,972 | 1,159,267 |
| Past due but not impaired | 6,228,387 | 5,922,541 | 5,103,656 |

(iii) Impaired loans, advances and financing

Loans, advances and financing that are individually determined to be impaired are as follows:

| | Group | | |
|-----------------------------|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Individually impaired loans | 3,337,637 | 3,493,951 | 3,848,539 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) 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, other financial assets and investments portfolios, clients' and brokers' balances, derivative assets and other financial assets are summarised as follows:

| Group | Short term funds and deposits and placements with banks and other financial institutions RM'000 | Securities purchase 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 | Clients' and brokers' balances RM'000 | Other financial assets RM'000 | Derivative assets RM'000 |
|-------------------------------|---|--|--|---|---|---------------------------------------|-------------------------------|--------------------------|
| 31.12.2012 | | | | | | | | |
| Neither past due nor impaired | 26,670,704 | 676,858 | 2,518,520 | 14,200,549 | 18,892,081 | 2,837,428 | 835,159 | 275,441 |
| Past due but not impaired | - | - | - | - | - | 140,212 | - | - |
| Impaired | - | - | 1,845 | 174,159 | 358,428 | 22,915 | 2,152 | - |
| Less: | | | | | | | | |
| Impairment allowances/losses | - | - | - | - | (305,473) | (17,677) | (7,330) | - |
| | 26,670,704 | 676,858 | 2,520,365 | 14,374,708 | 19,250,509 | 3,004,555 | 837,311 | 275,441 |
| | | | | | | | | |
| | 26,670,704 | 676,858 | 2,520,365 | 14,374,708 | 18,945,036 | 2,986,878 | 829,981 | 275,441 |

The amount of short term funds, deposits and placements with banks and other financial institutions and other financial assets that are past due but not impaired is not material.

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) 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, other financial assets and investments portfolios, clients' and brokers' balances, derivative assets and other financial assets are summarised as follows (continued):

| Group | Short term funds and deposits and placements with banks and other financial institutions RM'000 | Securities purchase 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 | Clients' and brokers' balances RM'000 | Other financial assets RM'000 | Derivative assets RM'000 |
|-------------------------------|---|--|--|---|---|---------------------------------------|-------------------------------|--------------------------|
| 31.12.2011 | | | | | | | | |
| Neither past due nor impaired | 20,474,455 | 142,291 | 1,427,802 | 9,823,447 | 14,048,972 | 231,832 | 600,743 | 237,658 |
| Impaired | - | - | - | 178,115 | 268,990 | 11,825 | 1,791 | - |
| Less: | | | | | | | | |
| Impairment allowances/losses | - | - | - | - | (224,053) | (7,392) | (8,081) | - |
| | 20,474,455 | 142,291 | 1,427,802 | 10,001,562 | 14,317,962 | 243,657 | 602,534 | 237,658 |
| | 20,474,455 | 142,291 | 1,427,802 | 10,001,562 | 14,093,909 | 236,265 | 594,453 | 237,658 |

The amount of short term funds, deposits and placements with banks and other financial institutions and other financial assets that are past due but not impaired is not material.

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) 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, other financial assets and investments portfolios, clients' and brokers' balances, derivative assets and other financial assets are summarised as follows (continued):

| Group | Short term funds and deposits and placements with banks and other financial institutions RM'000 | Securities purchase 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 | Clients' and brokers' balances RM'000 | Other financial assets RM'000 | Derivative assets RM'000 |
|---|---|--|--|---|---|---------------------------------------|-------------------------------|--------------------------|
| 1.1.2011 | | | | | | | | |
| Neither past due nor impaired | 15,230,396 | 276,407 | 698,842 | 12,569,261 | 10,796,181 | 420,642 | 466,007 | 310,905 |
| Impaired | - | - | - | 257,932 | 289,515 | 9,388 | 1,756 | - |
| Less: | | | | | | | | |
| Impairment losses/ Individual impairment | - | - | - | - | (216,146) | (6,025) | (6,374) | - |
| | 15,230,396 | 276,407 | 698,842 | 12,827,193 | 11,085,696 | 430,030 | 467,763 | 310,905 |
| | 15,230,396 | 276,407 | 698,842 | 12,827,193 | 10,869,550 | 424,005 | 461,389 | 310,905 |

The amount of short term funds, deposits and placements with banks and other financial institutions and other financial assets that are past due but not impaired is not material.

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) 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, other financial assets and investments portfolios, clients' and brokers' balances, derivative assets and other financial assets are summarised as follows (continued):

| Company | Short term funds and deposits and placement with banks and other financial institutions RM'000 | Amounts due from subsidiaries RM'000 | Other financial assets RM'000 |
|-------------------------------|--|--|-------------------------------------|
| 31.12.2012 | | | |
| Neither past due nor impaired | 37,198 | 9,785 | 147,538 |
| 31.12.2011 | | | |
| Neither past due nor impaired | 28,447 | 18,188 | 145,363 |
| 1.1.2011 | | | |
| Neither past due nor impaired | 346,900 | 35,787 | 145,316 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Credit risk (continued)

(iii) Credit quality (continued)

(c) Analysis of short term funds, deposits and placements with banks and other financial institutions, financial assets, investments portfolios, clients' and brokers' balances 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 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 | Clients' and brokers' balances RM'000 | Other financial assets RM'000 | Derivative assets RM'000 |
|--|---|---|--|---|---|---------------------------------------|-------------------------------|--------------------------|
| 31.12.2012 | | | | | | | | |
| AAA to AA3 | 1,022,498 | 676,858 | 1,140,667 | 5,047,245 | 3,918,469 | - | - | 106,988 |
| A1 to A3 | 269,342 | - | 97,250 | 1,597,250 | 361,633 | - | - | 44,801 |
| Baa1 to Baa3 | 520,483 | - | 11,528 | 338,944 | 282,436 | - | - | 33,243 |
| P1 to P3 | 6,238,629 | - | 39,877 | 209,379 | - | - | - | 19,816 |
| Non-rated including: | 18,620,052 | - | 1,229,198 | 7,007,731 | 14,329,543 | 2,837,428 | 835,159 | 70,593 |
| - Bank Negara Malaysia | 17,006,110 | - | 598,073 | - | - | - | - | 1,738 |
| - Malaysian government securities | - | - | 323,779 | 806,960 | 2,461,736 | - | - | - |
| - Malaysian government investment issues | - | - | 181,998 | 2,745,906 | 6,038,528 | - | - | - |
| - Malaysian government treasury bills | 1,813 | - | 52,869 | 205,859 | - | - | - | - |
| - Private debt securities | - | - | 72,479 | 2,684,021 | 2,956,854 | - | - | - |
| - Khazanah bonds | - | - | - | 49,116 | 66,290 | - | - | - |
| - Bankers' Acceptance & Islamic accepted notes | - | - | - | 412,555 | 389,176 | - | - | - |
| - Others | 1,612,129 | - | - | 103,314 | 2,416,959 | 2,837,428 | 835,159 | 68,855 |
| | 26,670,704 | 676,858 | 2,518,520 | 14,200,549 | 18,892,081 | 2,837,428 | 835,159 | 275,441 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Credit risk (continued) (iii) Credit quality (continued)

(c) Analysis of short term funds, deposits and placements with banks and other financial institutions, financial assets, investments portfolios, clients' and brokers' balances and derivative assets that are neither past due nor impaired by rating agency designation are as follows (continued):

| 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 | Clients' and brokers' balances RM'000 | Other financial assets RM'000 | Derivative assets RM'000 |
|--|---|---|--|---|---|---------------------------------------|-------------------------------|--------------------------|
| 31.12.2011 | | | | | | | | |
| AAA to AA3 | 254 | 142,291 | 331,073 | 2,686,211 | 4,478,339 | - | - | 93,942 |
| A1 to A3 | 355,622 | - | 16,496 | 1,293,472 | 1,571,101 | - | - | 66,124 |
| Baa1 to Baa3 | 381,806 | - | - | 254,851 | 259,273 | - | - | 29,485 |
| P1 to P3 | 12,543,051 | - | 52,753 | 23,968 | - | - | - | 38 |
| Non-rated including: | 7,193,722 | - | 1,027,480 | 5,564,945 | 7,740,259 | 231,832 | 600,743 | 48,069 |
| - Bank Negara Malaysia | 6,633,686 | - | 808,374 | - | - | - | - | 541 |
| - Malaysian government securities | - | - | 21,119 | 1,666,771 | 2,814,684 | - | - | - |
| - Malaysian government investment issues | - | - | 144,220 | 2,907,749 | 3,304,614 | - | - | - |
| - Private debt securities | - | - | - | 988,604 | 1,233,929 | - | - | - |
| - Khazanah bonds | - | - | 53,767 | - | 63,418 | - | - | - |
| - Bankers' Acceptance & Islamic accepted notes | - | - | - | - | 271,632 | - | - | - |
| - Others | 560,036 | - | - | 1,821 | 51,982 | 231,832 | 600,743 | 47,528 |
| | 20,474,455 | 142,291 | 1,427,802 | 9,823,447 | 14,048,972 | 231,832 | 600,743 | 237,658 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Credit risk (continued)

(iii) Credit quality (continued)

(c) Analysis of short term funds, deposits and placements with banks and other financial institutions, financial assets, investments portfolios, clients' and brokers' balances and derivative assets that are neither past due nor impaired by rating agency designation are as follows (continued):

| 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 | Clients' and brokers' balances RM'000 | Other financial assets RM'000 | Derivative assets RM'000 |
|--|---|---|--|---|---|---------------------------------------|-------------------------------|--------------------------|
| 1.1.2011 | | | | | | | | |
| AAA to AA3 | 163,544 | 276,076 | 134,229 | 2,981,288 | 4,038,777 | - | - | 136,832 |
| A1 to A3 | 352,532 | 331 | 51,502 | 677,019 | 1,548,570 | - | - | 82,776 |
| Baa1 to Baa3 | 308,638 | - | 10,216 | 214,784 | 241,750 | - | - | 5,261 |
| P1 to P3 | 5,732,322 | - | 90,506 | 109,589 | - | - | - | - |
| Non-rated including: | 8,673,360 | - | 412,389 | 8,586,580 | 4,967,084 | 420,642 | 466,007 | 86,036 |
| - Bank Negara Malaysia | 8,120,164 | - | 366,768 | - | - | - | - | - |
| - Malaysian government securities | - | - | - | 4,520,680 | 2,993,642 | - | - | - |
| - Malaysian government investment issues | - | - | 45,621 | 3,080,615 | 1,371,160 | - | - | - |
| - Private debt securities | - | - | - | 709,829 | 525,373 | - | - | - |
| - Khazanah bonds | - | - | - | - | 52,631 | - | - | - |
| - Bankers' Acceptance & Islamic accepted notes | - | - | - | 93,868 | - | - | - | - |
| - Others | 553,196 | - | - | 181,589 | 24,278 | 420,642 | 466,007 | 86,036 |
| | 15,230,396 | 276,407 | 698,842 | 12,569,261 | 10,796,181 | 420,642 | 466,007 | 310,905 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Credit risk (continued)

(iii) Credit quality (continued)

- (c) Analysis of short term funds, deposits and placements with banks and other financial institutions, financial assets, investments portfolios, clients' and brokers' balances and derivative assets that are neither past due nor impaired by rating agency designation are as follows (continued):

| Company | Short term funds and deposits and placements with banks and other financial institutions RM'000 | Amounts due from subsidiaries RM'000 | Other financial assets RM'000 |
|-------------------|---|--|-------------------------------------|
| 31.12.2012 | | | |
| AAA-AAA3 | – | 99 | – |
| A1-A3 | 951 | 502 | – |
| P1 | 36,247 | – | – |
| Non-rated | – | 9,184 | 147,538 |
| | 37,198 | 9,785 | 147,538 |
| 31.12.2011 | | | |
| AAA-AAA3 | – | 99 | – |
| A1-A3 | 919 | 486 | – |
| P1 | 27,528 | – | – |
| Non-rated | – | 17,603 | 145,363 |
| | 28,447 | 18,188 | 145,363 |
| 1.1.2011 | | | |
| AAA-AAA3 | – | 589 | – |
| A1-A3 | 890 | – | – |
| P1 | 346,010 | – | – |
| Non-rated | – | 35,198 | 145,316 |
| | 346,900 | 35,787 | 145,316 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Credit risk (continued)

(iv) Collateral and other credit enhancements obtained

The carrying amount of assets held by the Group as at 31 December 2012 as a result of taking possession of collaterals held as securities is as follows:

| | Group | | |
|------------------------|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Residential properties | 2,167 | 2,534 | 3,724 |

Reposessed properties are made available for sale in an orderly fashion, with the proceeds used to reduce or repay the outstanding indebtedness. The Group generally does not occupy the premises reposessed for its business use.

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Credit risk (continued)

Credit risk exposure analysed by industry in respect of the Group's and the Company's financial assets, including off-balance sheet financial instruments, are set out below:

| | 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 | Loans, advances and financing@ | Clients' and brokers' balances^ | Other financial assets* RM'000 | Commitments and contingencies RM'000 | Total RM'000 |
|---|--|--|------------------------------------|---|--|--------------------------------|---------------------------------|--------------------------------|--------------------------------------|--------------|
| Group | | | | | | | | | | |
| 31.12.2012 | | | | | | | | | | |
| Agriculture, hunting, forestry and fishing | - | - | 50,327 | 985,411 | - | 4,279,975 | - | 50,475 | 1,003,478 | 6,369,710 |
| Mining and quarrying | - | - | - | 15,326 | - | 728,740 | - | - | 871,422 | 1,615,488 |
| Manufacturing | - | - | 41,722 | 276,998 | 37,796 | 9,359,174 | - | 5,562 | 9,027,147 | 18,748,399 |
| Electricity, gas and water | - | - | - | 693,569 | 873,860 | 2,575,350 | - | 8,828 | 655,396 | 4,807,003 |
| Construction | - | - | 70,743 | 343,752 | 53,428 | 4,310,477 | - | - | 5,267,114 | 10,045,514 |
| Real estate | - | - | 5,094 | 306,205 | 227,637 | 2,346,287 | - | - | 1,089,154 | 3,974,377 |
| Purchase of landed property | - | - | - | - | - | 26,786,528 | - | - | 4,563,722 | 31,350,250 |
| Wholesale & retail trade and restaurant & hotel | - | - | 10,112 | 10,274 | 5,008 | 195,048 | - | - | - | 220,442 |
| General commerce | - | - | - | 15,490 | 405,810 | 7,217,633 | - | - | 4,886,444 | 12,525,377 |
| Transport, storage and communication | - | - | 111,161 | 694,130 | 387,943 | 4,736,132 | - | 934 | 905,523 | 6,835,823 |
| Finance, insurance and business services | 9,664,591 | 676,858 | 569,129 | 5,964,980 | 4,161,752 | 10,189,192 | - | 329,020 | 3,480,688 | 35,036,210 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Credit risk (continued)

Credit risk exposure analysed by industry in respect of the Group's and the Company's financial assets, including off-balance sheet financial instruments, are set out below (continued):

| 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 | Loans, advances and financing@ RM'000 | Clients' and brokers' balances^ RM'000 | Other financial assets* RM'000 | Commitments and contingencies RM'000 | Total RM'000 |
|------------------------------------|---|---|---|--|---|---------------------------------------|--|--------------------------------|--------------------------------------|--------------------|
| 31.12.2012 | | | | | | | | | | |
| Government and government agencies | 17,006,113 | - | 1,662,033 | 5,063,000 | 12,734,208 | 11,860,305 | - | 1,738 | 152,900 | 48,480,297 |
| Purchase of securities | - | - | - | - | 57,594 | 9,890,229 | 2,992,966 | - | 1,745,307 | 14,686,096 |
| Purchase of transport vehicles | - | - | - | - | - | 6,697,235 | - | - | 627,340 | 7,324,575 |
| Consumption credit | - | - | - | - | - | 2,209,361 | - | - | 4,506,527 | 6,715,888 |
| Others | - | - | - | 5,573 | - | 7,297,160 | - | 708,865 | 3,813,852 | 11,825,450 |
| | 26,670,704 | 676,858 | 2,520,365 | 14,374,708 | 18,945,036 | 110,678,826 | 2,992,966 | 1,105,422 | 42,596,014 | 220,560,899 |

@ Excludes collective impairment allowances amounting to RM1,401,946,000.

^ Excludes general provision of RM6,088,000.

* Other financial assets include other assets amounting to RM829,981,000 and derivative assets amounting to RM275,441,000.

~ Excludes equity instrument of RM219,285,000.

Excludes equity instrument of RM780,223,000.

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Credit risk (continued)

Credit risk exposure analysed by industry in respect of the Group's and the Company's financial assets, including off-balance sheet financial instruments, are set out below (continued):

| | 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 | Loans, advances and financing@ RM'000 | Clients' and brokers' balances^ RM'000 | Other financial assets* RM'000 | Commitments and contingencies RM'000 | Total RM'000 |
|---|---|---|---|--|---|---------------------------------------|--|--------------------------------|--------------------------------------|--------------|
| 31.12.2011 | | | | | | | | | | |
| Agriculture, hunting, forestry and fishing | - | - | - | 10,339 | - | 2,534,508 | - | - | 922,141 | 3,466,988 |
| Mining and quarrying | - | - | - | - | - | 300,852 | - | - | 208,399 | 509,251 |
| Manufacturing | - | - | 45,254 | 198,391 | 49,401 | 8,763,827 | - | - | 7,433,343 | 16,490,216 |
| Electricity, gas and water | - | - | 35,244 | 808,696 | 665,462 | 524,610 | - | 11,493 | 689,820 | 2,735,325 |
| Construction | - | - | - | 116,027 | - | 5,520,525 | - | - | 3,965,881 | 9,602,433 |
| Real estate | - | - | - | 298,242 | 238,833 | 1,704,227 | - | - | 696,988 | 2,938,290 |
| Purchase of landed property | - | - | - | - | - | 24,963,115 | - | - | 2,990,884 | 27,953,999 |
| Wholesale & retail trade and restaurant & hotel | - | - | 20,310 | 15,570 | - | - | - | - | 10,000 | 45,880 |
| General commerce | - | - | - | 80,067 | - | 5,845,669 | - | - | 4,294,085 | 10,219,821 |
| Transport, storage and communication | - | - | - | 72,336 | 435,989 | 7,419,491 | - | - | 1,798,828 | 9,726,644 |
| Finance, insurance and business services | 7,106,203 | - | 314,413 | 2,952,156 | 5,444,473 | 5,198,353 | - | 574,968 | 3,889,226 | 25,479,792 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Credit risk (continued)

Credit risk exposure analysed by industry in respect of the Group's and the Company's financial assets, including off-balance sheet financial instruments, are set out below (continued):

| 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 | Loans, advances and financing@ RM'000 | Clients' and brokers' balances^ RM'000 | Other financial assets* RM'000 | Commitments and contingencies RM'000 | Total RM'000 |
|------------------------------------|---|---|---|--|---|---------------------------------------|--|--------------------------------|--------------------------------------|--------------|
| 31.12.2011 | | | | | | | | | | |
| Government and government agencies | 13,368,252 | 142,291 | 1,012,581 | 5,449,162 | 7,259,751 | 1,805,327 | - | 541 | - | 29,037,905 |
| Purchase of securities | - | - | - | - | - | 6,619,004 | 242,124 | - | 1,265,547 | 8,126,675 |
| Purchase of transport vehicles | - | - | - | - | - | 6,761,403 | - | - | 874,074 | 7,635,477 |
| Consumption credit | - | - | - | - | - | 7,305,722 | - | - | 7,291,351 | 14,597,073 |
| Others | - | - | - | 576 | - | 11,358,189 | - | 245,109 | 3,842,275 | 15,446,149 |
| | 20,474,455 | 142,291 | 1,427,802 | 10,001,562 | 14,093,909 | 96,624,822 | 242,124 | 832,111 | 40,172,842 | 184,011,918 |

@ Excludes collective impairment allowances amounting to RM1,566,152,000.

^ Excludes general provision of RM5,859,000.

* Other financial assets include other assets amounting to RM594,453,000 and derivative assets amounting to RM237,658,000.

~ Excludes equity instruments of RM73,956,000.

Excludes equity instruments of RM705,219,000.

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Credit risk (continued)

Credit risk exposure analysed by industry in respect of the Group's and the Company's financial assets, including off-balance sheet financial instruments, are set out below (continued):

| 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 | Loans, advances and financing@ | Clients' and brokers' balances^ | Other financial assets* | Commitments and contingencies | Total |
|---|--|--|------------------------------------|---|--|--------------------------------|---------------------------------|-------------------------|-------------------------------|------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 1.1.2011 | | | | | | | | | | |
| Agriculture, hunting, forestry and fishing | - | - | - | 9,496 | - | 2,416,973 | - | - | 789,087 | 3,215,556 |
| Mining and quarrying | - | - | - | - | - | 127,260 | - | - | 115,118 | 242,378 |
| Manufacturing | - | - | 38,727 | 280,912 | 76,529 | 8,968,527 | - | - | 8,240,643 | 17,605,338 |
| Electricity, gas and water | - | - | 49,812 | 291,271 | 128,028 | 702,769 | - | - | 1,611,720 | 2,783,600 |
| Construction | - | - | 4,721 | 75,191 | - | 3,458,210 | - | - | 5,175,282 | 8,713,404 |
| Real estate | - | - | - | 84,564 | 35,723 | 1,085,249 | - | - | 909,095 | 2,114,631 |
| Purchase of landed property | - | - | - | - | - | 23,322,504 | - | - | 4,160,660 | 27,483,164 |
| Wholesale & retail trade and restaurant & hotel | - | - | - | 5,193 | - | - | - | - | 460 | 5,653 |
| General commerce | - | - | 1,967 | 42,514 | 47,750 | 5,586,827 | - | - | 5,339,941 | 11,018,999 |
| Transport, storage and communication | - | - | - | 212,975 | 512,085 | 5,457,787 | - | 3 | 1,938,899 | 8,121,749 |
| Finance, insurance and business services | 7,144,767 | 31,448 | 235,459 | 3,619,409 | 5,057,724 | 4,844,263 | - | 154,012 | 1,489,779 | 22,576,861 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Credit risk (continued)

Credit risk exposure analysed by industry in respect of the Group's and the Company's financial assets, including off-balance sheet financial instruments, are set out below (continued):

| 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 | Loans, advances and financing@ RM'000 | Clients' and brokers' balances^ RM'000 | Other financial assets* RM'000 | Commitments and contingencies RM'000 | Total RM'000 |
|------------------------------------|---|---|---|--|---|---------------------------------------|--|--------------------------------|--------------------------------------|--------------|
| 1.1.2011 | | | | | | | | | | |
| Government and government agencies | 8,085,629 | 244,959 | 368,156 | 8,205,104 | 5,011,711 | 14,985 | - | - | - | 21,930,544 |
| Purchase of securities | - | - | - | - | - | 3,792,816 | 428,574 | - | 1,244,967 | 5,466,357 |
| Purchase of transport vehicles | - | - | - | - | - | 6,644,937 | - | - | 877,191 | 7,522,128 |
| Consumption credit | - | - | - | - | - | 5,584,061 | - | - | 6,444,870 | 12,028,931 |
| Others | - | - | - | 564 | - | 11,023,658 | - | 618,279 | 3,487,254 | 15,129,755 |
| | 15,230,396 | 276,407 | 698,842 | 12,827,193 | 10,869,550 | 83,030,826 | 428,574 | 772,294 | 41,864,966 | 165,959,048 |

@ Excludes collective impairment allowances amounting to RM1,817,189,000.

^ Excludes general provision of RM4,569,000.

* Other financial assets include other assets amounting to RM461,389,000 and derivative assets amounting to RM310,905,000.

~ Excludes equity instruments of RM73,412,000.

Excludes equity instruments of RM547,664,000.

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Credit risk (continued)

Credit risk exposure analysed by industry in respect of the Group's and the Company's financial assets, including off-balance sheet financial instruments, are set out below (continued):

| Company | Short term funds and deposits and placements with banks and other financial institutions RM'000 | Amounts due from subsidiaries RM'000 | Other financial assets RM'000 | Total RM'000 |
|---|---|--|-------------------------------------|-----------------|
| 31.12.2012 | | | | |
| Finance, insurance and business services | 37,198 | – | – | 37,198 |
| Others | – | 9,785 | 147,538 | 157,323 |
| | 37,198 | 9,785 | 147,538 | 194,521 |
| 31.12.2011 | | | | |
| Finance, insurance and business services | 28,447 | – | – | 28,447 |
| Others | – | 18,188 | 145,363 | 163,551 |
| | 28,447 | 18,188 | 145,363 | 191,998 |
| 1.1.2011 | | | | |
| Finance, insurance and business services | 346,900 | – | – | 346,900 |
| Others | – | 35,787 | 145,316 | 181,103 |
| | 346,900 | 35,787 | 145,316 | 528,003 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Fair value measurement

The table below analyses financial instruments measured at fair value and classified by the following fair value measurement hierarchy:

- 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 measured at fair value by the level of fair value hierarchy:

| | Group | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
| 31.12.2012 | | | | |
| Financial assets | | | | |
| Financial assets held-for-trading: | 219,285 | 2,520,365 | – | 2,739,650 |
| – Money market instrument | – | 1,662,004 | – | 1,662,004 |
| – Quoted securities | 219,285 | – | – | 219,285 |
| – Unquoted securities | – | 858,361 | – | 858,361 |
| Financial investments available-for-sale: | 389,968 | 14,135,346 | 629,617 | 15,154,931 |
| – Money market instrument | – | 5,517,443 | – | 5,517,443 |
| – Quoted securities | 45,116 | – | – | 45,116 |
| – Unquoted securities | 344,852 | 8,617,903 | 629,617 | 9,592,372 |
| Derivative assets | – | 275,441 | – | 275,441 |
| | 609,253 | 16,931,152 | 629,617 | 18,170,022 |
| Financial liability | | | | |
| Derivative liabilities | 14,352 | 306,011 | – | 320,363 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Fair value measurement (continued)

The table below analyses financial instruments measured at fair value by the level of fair value hierarchy (continued):

| 31.12.2011 | Group | | | |
|---|-------------------|-------------------|-------------------|-----------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
| Financial assets | | | | |
| Financial assets held-for-trading: | 73,956 | 1,427,802 | – | 1,501,758 |
| – Money market instrument | – | 1,319,494 | – | 1,319,494 |
| – Quoted securities | 73,956 | – | – | 73,956 |
| – Unquoted securities | – | 108,308 | – | 108,308 |
| Financial investments available-for-sale: | 299,409 | 9,851,778 | 555,594 | 10,706,781 |
| – Money market instrument | – | 5,467,270 | – | 5,467,270 |
| – Quoted securities | 19,960 | – | – | 19,960 |
| – Unquoted securities | 279,449 | 4,384,508 | 555,594 | 5,219,551 |
| Derivative assets | – | 237,658 | – | 237,658 |
| | 373,365 | 11,517,238 | 555,594 | 12,446,197 |
| Financial liability | | | | |
| Derivative liabilities | – | 248,188 | – | 248,188 |

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Fair value measurement (continued)

The table below analyses financial instruments measured at fair value by the level of fair value hierarchy (continued):

| 1.1.2011 | Group | | | |
|---|-------------------|-------------------|-------------------|-----------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
| Financial assets | | | | |
| Financial assets held-for-trading: | 73,412 | 698,842 | – | 772,254 |
| – Money market instrument | – | 593,474 | – | 593,474 |
| – Quoted securities | 73,412 | – | – | 73,412 |
| – Unquoted securities | – | 105,368 | – | 105,368 |
| Financial investments available-for-sale: | 20,287 | 12,820,887 | 533,683 | 13,374,857 |
| – Money market instrument | – | 8,759,601 | – | 8,759,601 |
| – Quoted securities | 19,735 | – | – | 19,735 |
| – Unquoted securities | 552 | 4,061,286 | 533,683 | 4,595,521 |
| Derivative assets | – | 310,905 | – | 310,905 |
| | 93,699 | 13,831,634 | 533,683 | 14,458,016 |
| Financial liability | | | | |
| Derivative liabilities | – | 252,064 | – | 252,064 |

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy as follows:

| | Group | |
|--|----------------------|----------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
| Available-for-sale | | |
| As at 1 January | 555,594 | 533,683 |
| Arising from acquisition of a subsidiary | 38,363 | – |
| Total gains or losses recognised in other comprehensive income | (32,091) | 30,483 |
| Purchase | 68,946 | – |
| Settlements | (49,039) | (7,026) |
| Sales | (23,057) | (1,050) |
| Reversal of impairment losses | (6,783) | (307) |
| Transfer in | 77,754 | – |
| Exchange differences | (70) | (189) |
| As at 31 December | 629,617 | 555,594 |

► **Notes To The Financial Statements**
For The Financial Year Ended 31 December 2012

47 FAIR VALUES OF FINANCIAL INSTRUMENTS

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not measured on the Group's and Company's statements of financial position at fair values:

| | Group | | Company | |
|--|--------------------------|-----------------------------------|--------------------------|-----------------------------------|
| | Carrying value RM'000 | Estimated fair value RM'000 | Carrying value RM'000 | Estimated fair value RM'000 |
| 31.12.2012 | | | | |
| Financial assets | | | | |
| Financial investments held-to-maturity | 18,945,036 | 19,115,011 | - | - |
| Loans, advances and financing | 109,276,880 | 110,232,754 | - | - |
| Financial liabilities | | | | |
| Deposits from customers | 138,224,225 | 138,348,659 | - | - |
| Deposits and placements of banks and other financial institutions | 13,450,129 | 13,441,741 | - | - |
| Recourse obligation on loans sold to Cagamas | 2,445,361 | 2,410,223 | - | - |
| Borrowings and senior debt securities | 5,151,932 | 5,152,954 | 3,106,434 | 3,069,019 |
| Subordinated obligations | 4,719,221 | 4,803,164 | - | - |
| Hybrid Tier-1 Capital Securities | 601,072 | 703,391 | - | - |

47 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not measured on the Group's and Company's statements of financial position at fair values (continued):

| | Group | | Company | |
|--|--------------------------|-----------------------------------|--------------------------|-----------------------------------|
| | Carrying value RM'000 | Estimated fair value RM'000 | Carrying value RM'000 | Estimated fair value RM'000 |
| 31.12.2011 | | | | |
| Financial assets | | | | |
| Financial investments held-to-maturity | 14,093,909 | 14,267,276 | – | – |
| Loans, advances and financing | 95,058,670 | 96,049,612 | – | – |
| Financial liabilities | | | | |
| Deposits from customers | 115,860,584 | 115,874,260 | – | – |
| Deposits and placements of banks and other financial institutions | 10,031,575 | 10,015,191 | – | – |
| Recourse obligation on loans sold to Cagamas | 1,161,814 | 1,179,720 | – | – |
| Borrowings and senior debt securities | 3,603,334 | 3,524,036 | 3,147,101 | 3,067,803 |
| Subordinated obligations | 3,515,747 | 3,378,502 | – | – |
| Hybrid Tier-1 Capital Securities | 600,558 | 704,077 | – | – |
| 1.1.2011 | | | | |
| Financial assets | | | | |
| Financial investments held-to-maturity | 10,869,550 | 11,000,404 | – | – |
| Loans, advances and financing | 81,213,637 | 81,629,024 | – | – |
| Financial liabilities | | | | |
| Deposits from customers | 94,433,828 | 94,440,980 | – | – |
| Deposits and placements of banks and other financial institutions | 10,066,157 | 10,032,140 | – | – |
| Recourse obligation on loans sold to Cagamas | 818,503 | 782,525 | – | – |
| Borrowings and senior debt securities | 4,064,323 | 4,042,419 | 3,597,762 | 3,223,057 |
| Subordinated obligations | 3,264,284 | 3,349,378 | – | – |
| Hybrid Tier-1 Capital Securities | 600,393 | 678,878 | – | – |

47 FAIR VALUES OF FINANCIAL INSTRUMENTS (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 market rates for the remaining term to maturity.

(iii) Financial investment held-to-maturity

The estimated fair value for financial investment held-to-maturity 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 indicative interest yields 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 a 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 floating and fixed rates 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.

47 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair values are based on the following methodologies and assumptions (continued):

(vii) Deposits and placements of banks and other financial institutions, obligations on securities sold under repurchase agreements (repos), obligations on securities borrowed, bills and acceptances payable

The estimated fair values of deposits and placements of banks and other financial institutions, repos, obligations on securities borrowed, 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 amount 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.

(ix) Long term borrowings and senior debt securities

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-1 Capital Securities

The estimated fair value of Hybrid Tier-1 Capital Securities is generally based on quoted and observable market prices at the date of statements of financial position.

(xii) 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.

(xiii) Foreign exchange and interest rate related contracts

The fair values of foreign exchange and interest rate related contracts are the estimated amounts the Group would receive or pay to terminate the contracts at the date of statements of financial position.

48 CONTINGENT LIABILITIES

(a) Guarantees issued by Group and Company

| | Group | | |
|---|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Bank guarantee in favour of Bursa Malaysia Clearing Sdn Bhd provided by a subsidiary | 946 | – | – |
| Bank guarantee in favour of Hong Kong Future Exchange and Clearing Corporation Limited provided by a subsidiary | 1,973 | – | – |
| Bank guarantee in favour of PT Kliring Penjaminan Efek Indonesia provided by a subsidiary | 31,700 | – | – |
| Bank guarantee for lease of premises provided by a subsidiary | 1,490 | – | – |
| Corporate guarantees provided to licenced banks for credit facilities granted to subsidiaries | 95,680 | – | – |
| Corporate guarantee in favour of client's trading facilities granted by a subsidiary | 68,000 | 68,000 | 68,000 |
| | 199,789 | 68,000 | 68,000 |

| | Company | | |
|---|----------------------|----------------------|--------------------|
| | 31.12.2012 RM'000 | 31.12.2011 RM'000 | 1.1.2011 RM'000 |
| Corporate guarantees provided to licenced banks for credit facilities granted to subsidiaries | 95,680 | – | – |
| Corporate guarantee in favour of client's trading facilities granted by a subsidiary | 68,000 | 68,000 | 68,000 |
| | 163,680 | 68,000 | 68,000 |

(b) Other contingent liabilities

On 19 October 2001, the Company filed a Writ of Summons at the High Court of Malaya in Kuala Lumpur (High Court) against CBSB, the vendor of SJ Securities, for the recovery of the deposit of RM32,800,000 (Deposit) paid by the Company pursuant to the sale of shares agreement dated 7 November 2000 in respect of 60 million shares in SJ Securities (Sale Shares).

On 26 November 2001, CBSB's solicitors served the Defence and Counterclaim on the Company's solicitors. The overall amount claimed by CBSB in the Counterclaim is RM258,688,153.42 together with interest thereon and costs. The Company filed its reply to the Defence and a Defence to the Counterclaim on 19 December 2001.

48 CONTINGENT LIABILITIES (CONTINUED)

(b) Other contingent liabilities (continued)

On 22 November 2002, the Deputy Registrar of the High Court granted a summary judgement in favour of the Company for CBSB to return the Deposit to the Company and a summary judgement in favour of CBSB for the Company to return the share certificates and transfer forms in respect of the Sale Shares to CBSB. However, CBSB's claim for damages was dismissed.

Both parties had subsequently filed their respective appeals against the decision of the Deputy Registrar and on 7 August 2003, the Learned High Court Judge dismissed the respective appeals of the Company and CBSB and affirmed the Deputy Registrar's decision.

Thereafter, both parties have filed their respective appeals to the Court of Appeal against the decision of the Learned High Court Judge. On 22 May 2009, the Court of Appeal had dismissed CBSB's appeal against the High Court decision in respect of the return of the Deposit and claim for damages. The Court of Appeal had also dismissed the Company's appeal in respect of the return of share certificates and transfer forms.

Both CBSB and the Company had filed their respective applications for leave to appeal to the Federal Court. The Federal Court had on 12 May 2010 allowed the applications for leave to appeal filed by both parties. During the hearing of the appeals at the Federal Court on 18 January 2011, the Federal Court had directed that the CBSB's appeal against the High Court decision dismissing the summary judgement application on the claim for damages and the Company's appeal against the High Court decision on the return of share certificates and transfer forms be re-heard by the Court of Appeal and further directed that CBSB's appeal to the Federal Court against the Court of Appeal decision on the return of the Deposit to be kept in abeyance until then.

On 22 June 2011, the Court of Appeal recorded the agreement of both the Company and CBSB that the High Court order in respect of the dismissal of CBSB's summary judgement application for their counterclaim and the High Court order on the return of share certificates and transfer forms are set aside. The Court of Appeal also directed that CBSB's counterclaim be referred to the High Court for trial.

On 15 December 2011, the Federal Court had allowed CBSB's appeal against the Court of Appeal's decision on the return of the Deposit. The matter is now remitted to the High Court for trial. Both the Company's claim and CBSB's counterclaim are now fixed for Case Management on 29 February 2012.

CBSB had filed an appeal to the Court of Appeal against the High Court decision. The Court of Appeal had on 17 January 2013 dismissed the appeal with costs of RM50,000.00 and allocatur of 4% of the costs awarded.

CBSB has filed an application for leave to appeal to the Federal Court against the Court of Appeal's decision and the hearing of the same is not fixed yet.

The above litigation is not expected to have any material adverse effect on the financial results of the Group.

49 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Proposed acquisition of PT Bank Mestika Dharma

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

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

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

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

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

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

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

49 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

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

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 the Company, up to the gross proceeds of approximately RM1.3 billion, to be issued pursuant to the Proposed Rights Issue subject to the condition as stated therein. Bursa Securities had further on 9 May 2011, granted the Company an extension of time until 19 October 2011 to complete the implementation of the Proposed Rights Issue. Bursa Securities had on 21 October 2011, granted the Company a further extension of time of six (6) months from 20 October 2011 until 19 April 2012 to complete the implementation of the Proposed Rights Issue.

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

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

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

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

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

On 31 January 2013, RHB Investment Bank had, on behalf of the Company, announced that RHB Bank had, on 30 January 2013, entered into an amended agreement to the CSPA 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%, comprising 327,207 fully-paid ordinary shares, each with a nominal value of Rp1,000,000, 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).

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

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 2012. The Proposed 40% Acquisition is expected to contribute positively to the future revenue and earnings of the Group.

49 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(b) Dividend reinvestment plan of RHB Capital Berhad

On 1 March 2011, RHB Investment Bank on behalf of the Company, announced that as part of the Company's capital management plan and to enhance the Company's shareholders' value, the Company has proposed to undertake a dividend reinvestment plan that provides the shareholders the option to elect to reinvest their cash dividend declared by the Company (whether interim, final, special or any other cash dividend) (Dividend) into new ordinary shares of RM1.00 each in the Company (RHB Capital Shares) (hereinafter referred to as 'Dividend Reinvestment Plan'). Approval from shareholders for the Dividend Reinvestment Plan (DRP) and the issuance of New Shares arising from the Dividend Reinvestment Plan was obtained at the Extraordinary General Meeting held on 6 April 2011.

The Dividend Reinvestment Plan further provides that whenever a cash dividend (either an interim, final, special or other dividend) (Dividend) is proposed, the Board may, in its absolute discretion, determine that the Dividend Reinvestment Plan to be applied to the whole or a portion of the cash Dividend and where applicable, any remaining portion of the Dividend will be paid in cash.

On 27 August 2012, the Board of Directors of the Company had proposed a single-tier interim dividend of 6% amounting to RM134.146 million in respect of the financial year ending 31 December 2012 (Interim Dividend). The Board of Directors of the Company had also determined that the existing DRP as mentioned above shall apply to the said Interim Dividend.

On 12 October 2012, RHB Investment Bank, on behalf of the Company, announced that Bursa Securities had, vide its letter on even date, approved the listing and quotation for up to 21,092,106 new RHB Capital Shares to be issued pursuant to the DRP on the Main Market of Bursa Securities (Listing Application).

The approval by Bursa Securities for the Listing Application is subject to the following conditions:

- (i) RHB Capital and its adviser must fully comply with the relevant provisions under the Main Market Listing Requirements pertaining to the implementation of the DRP;
- (ii) RHB Capital and its adviser to inform Bursa Securities upon the completion of the DRP; and
- (iii) RHB Capital to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the DRP is completed.

On the same day, the issue price of new RHB Capital Shares to be issued pursuant to the DRP has been fixed at RM6.51 per new RHB Capital share and the book closure date pursuant to the Interim Dividend was fixed for 29 October 2012. The new RHB Capital Shares arising from DRP will be listed on the Main Market of the Bursa Securities on 28 November 2012.

On 21 November 2012, RHB Investment Bank, on behalf of the Company, announced that RHB Capital would be issuing 13,444,514 new RHB Capital Shares representing 65.25% of the total number of 20,666,113 new RHB Capital Shares that would have been issued pursuant to the DRP, had all the entitled shareholders elect to reinvest their respective electable positions into new RHB Capital Shares.

On 27 November 2012, RHB Investment Bank, on behalf of the Company, announced that the DRP would be completed with the listing of and quotation for 13,444,514 new RHB Capital Shares (New Share) on the Main Market of Bursa Securities. With the listing of the above new shares on 28 November 2012, the enlarged issued and paid up share capital of RHB Capital is 2,494,207,802 RHB Capital Shares.

49 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(c) Proposed Multi-Currency Euro Medium Term Note Programme (EMTN Programme) of up to USD500 Million Nominal Value (or its Equivalent in Other Currencies) for RHB Bank

As announced by the Company on 11 May 2011, the Securities Commission (SC) had on 9 May 2011, approved RHB Bank's application for the EMTN Programme, under which RHB Bank may issue up to USD500 million in nominal value (or its equivalent in other currencies) of senior medium term notes, pursuant to the deemed approval under Section 212(5) of the Capital Markets & Services Act 2007.

The proceeds raised from the EMTN Programme will be utilised by RHB Bank and its subsidiaries for general working capital and other corporate purposes, including but not limited to the provision of advances of such proceeds or part thereof by RHB Bank to any of its subsidiaries, and repayment of borrowings (if applicable).

On 15 May 2012, the Company announced that RHB Bank had, on 11 May 2012, completed its inaugural US Dollar senior unsecured notes issuance of USD300 million under its EMTN Programme.

On 28 September 2012, the Company announced that RHB Bank had, on even date, completed its second issuance of USD200 million senior unsecured notes under the EMTN Programme.

(d) Proposed Senior Notes and/or Subordinated Notes under a Multi-Currency Medium Term Note Programme of up to RM3.0 Billion in Nominal Value (or its Equivalent in Other Currencies) (MCMTN Programme) by RHB Bank

The Company announced on 7 July 2011 that RHB Bank has obtained approval from the SC on 5 July 2011 for the establishment of MCMTN Programme and the issue of senior notes and/or subordinated notes (Subordinated Notes).

In addition, the approval from BNM for the issuance of Subordinated Notes has also been obtained on 27 May 2011 (upon terms and conditions therein contained). The Subordinated Notes issued under the MCMTN Programme will qualify as Tier-2 capital of RHB Bank subject to compliance with the requirements as specified in the Risk Weighted Capital Adequacy Framework and Capital Adequacy Framework for Islamic Banks (General Requirements and Capital Component) by BNM.

The Company announced on 2 November 2011 that its wholly-owned subsidiary, RHB Bank had, on 31 October 2011, issued RM250.0 million of Subordinated Notes under the MCMTN Programme. The Subordinated Notes, rated AA3 by RAM Rating Services Berhad, are issued for tenure of 10 non-callable 5 years due on 29 October 2021 with a fixed coupon of 4.25% per annum, payable semi-annually throughout the entire tenure.

On 8 May 2012, the Company announced that RHB Bank had, on 7 May 2012, issued RM750.0 million of Subordinated Notes under the MCMTN Programme.

On 30 November 2012, the Company announces that RHB Bank had, on even date, issued its third tranche of RM1.3 billion Subordinated Notes under the MCMTN Programme.

49 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(e) Proposal to commence negotiations for a merger of businesses

On 29 September 2011, RHB Investment Bank on behalf of the Company, announced that the Company has submitted an application to BNM for approval to commence negotiations with OSK Investment Bank Berhad, OSK Holdings Berhad (OSKH) and the major shareholders of OSKH for a possible merger of the businesses (Proposed Merger Negotiations).

As announced on 14 October 2011 by RHB Investment Bank on behalf of the Company, BNM has, vide its letter dated 13 October 2011 stated that it has no objection in principle for the Company to commence the Proposed Merger Negotiations for three (3) months from the date of BNM's letter.

On 11 January 2012, RHB Investment Bank on behalf of the Company, announced that the Company has submitted an application to BNM on 11 January 2012 for approval of BNM and the Minister of Finance (through BNM) for the proposed merger of the businesses of the RHB Banking Group and the OSK Investment Bank Group.

On 27 April 2012, RHB Investment Bank, on behalf of the Company, announced that BNM had notified that the Minister of Finance has granted approval for the Proposed Merger under the Banking and Financial Institutions Act, 1989. The terms and conditions of the Proposed Merger will be announced subject to the execution of the conditional share purchase agreement for the Proposed Merger.

On 28 May 2012, RHB Investment Bank, on behalf of the Company, announced that the Company had entered into the conditional share purchase agreements with OSK Holdings Berhad and OSK Venture Equities Sdn Bhd, respectively, for the Proposed Merger.

The shareholders of the Company had, at the Extraordinary General Meeting held on 30 August 2012, approved the proposed issuance of 245,000,000 new RHB Capital Shares at an issue price of RM7.36 per share (which, together with RM147.5 million in cash, constitute the settlement of the purchase consideration of RM1,950.7 million pursuant to the proposed acquisition by RHB Capital from OSKH of 100% equity interest in OSKIB (Proposed OSKIB Acquisition).

On 1 October 2012, RHB Investment Bank, on behalf of the Company, announced that the Securities and Futures Commission of Hong Kong has, vide its letter dated 28 September 2012, granted its approval to RHB Capital, RHB Investment Bank and Employees Provident Fund Board to become the substantial shareholders of OSK Securities Hong Kong Limited, OSK International Investments Hong Kong Limited, OSK Futures Hong Kong Limited and OSK Capital Hong Kong Limited under Section 132 of the Securities and Futures Ordinance in respect of the Proposed Merger.

On 15 October 2012, RHB Investment Bank, on behalf of the Company, announced that the Securities Commission Malaysia had, vide its letter dated 15 October 2012, ruled that RHB Capital is not obliged to extend downstream mandatory offers in OSK-UOB Investment Management Berhad (OSKIM) and OSK-UOB Islamic Fund Management Berhad (OSKIFM) for the remaining voting shares in OSKIM and OSKIFM that are not owned by RHB Capital pursuant to the Proposed OSKIB Acquisition.

On 17 October 2012, RHB Investment Bank, on behalf of the Company, announced that the Monetary Authority of Singapore had, vide its letter dated 16 October 2012, approved in respect of DMG & Partner Securities Pte Ltd (DMGPS) (a 51% owned subsidiary of OSKIB) and DMG & Partners Research Pte Ltd (DMGPR) (a wholly-owned subsidiary of DMGPS), the acquisition of shares in OSKIB by RHB Capital which would result in RHB Capital and RHB Investment Bank to hold direct/indirect the shares of DMGPS and DMGPR.

49 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(e) Proposal to commence negotiations for a merger of businesses (continued)

The issuance of 245.0 million new RHB Capital shares at an issue price of RM7.36 per share (Share Issue) was completed on 9 November 2012 with the listing and quotation on the Main Market of Bursa Securities. The enlarged issued and paid-up share capital of RHB Capital is now RM2,480,763,288. In view thereof, the Proposed OSKIB Acquisition and ancillary acquisitions thereof were deemed completed.

The acquisition by RHB Capital of approximately 59.95% equity interest in Finexasia.com Sdn Bhd from OSK Venture Equities Sdn Bhd was completed on 14 November 2012.

On 14 November 2012, RHB Investment Bank, on behalf of the Company, announced that the following acquisitions were completed:

- (i) Acquisition and assignment of Ascend Integrated Investment (L) Berhad's irrevocable option to acquire all the 84,000 ordinary shares of IDR1,000,000 each in PT OSK Nusadana Securities Indonesia ('OSK Nusadana') (of which PT Ascend Unity Capital is the registered holder) by OSKIB, for a cash consideration of IDR343,280,000,000; and
- (ii) Acquisition of 48% equity interest in OSK Nusadana not already held by OSKIB, for a total cash consideration of IDR154,040,000,000.

Subsequent to the completion of the Proposed OSKIB Acquisition, the Company had acquired 16,545,048 equity interest (2.02%) in OSK Securities (Thailand) Public Company Limited (OSKST), a 97.41% subsidiary of OSKIB, for a cash consideration of THB75,848,416.59 via a mandatory tender offer which was completed on 3 January 2013. The current direct and/or indirect equity interest of the Company in OSKST is 99.43%.

Refer to Note 45 to the financial statements for the effects of these acquisitions.

On 28 February 2013, RHB Investment Bank, on behalf of the Company, announced that the High Court of Malaya at Kuala Lumpur had, on 27 February 2013, granted an Order pursuant to Section 50 of the Banking and Financial Institutions Act, 1989 and Section 139 of the Capital Market and Services Act, 2007 for the transfer of the entire business including all assets and liabilities of OSKIB to RHB Investment Bank, both wholly-owned subsidiaries of RHB Capital, with effect from 13 April 2013.

(f) Proposed one-time Tier-2 Subordinated Notes of up to RM245.0 million by RHB Investment Bank (Tier-2 Subordinated Notes)

As announced by the Company on 4 December 2012, the wholly owned subsidiary, RHB Investment Bank had obtained approval from the Securities Commission on 3 December 2012 for the Tier-2 Subordinated Notes. In addition, the approval from BNM had also been obtained on 30 October 2012 (subject to the terms and conditions contained therein).

The proceeds from the Tier-2 Subordinated Notes will be utilised without limitation, for RHB Investment Bank's working capital and general banking purposes, including but not limited to repayment of its subordinated notes.

On 10 December 2012, the Company announced that RHB Investment Bank had, on even date, issued the Tier-2 Subordinated Notes of RM245.0 million in nominal value. The Tier-2 Subordinated Notes, rated AA3 by RAM Rating Services Berhad, are issued for a tenure of 10 non-callable 5 years with a fixed coupon of 4.4% per annum, payable semi-annually throughout the entire tenure.

50 TRANSITION FROM FINANCIAL REPORTING STANDARDS (FRS) TO MALAYSIAN FINANCIAL REPORTING STANDARDS ('MFRS')

The Group and the Company have not taken advantage of certain mandatory exceptions and optional exceptions provided in MFRS 1 for first time adoption of MFRS, except for those mentioned below.

(a) MFRS 1 mandatory exceptions

(i) Estimates

MFRS estimates as at transition date is consistent with the estimates as at the same date made in conformity with FRS.

(ii) Hedge accounting

Hedge accounting can only be applied prospectively from the transition date to a hedging relationship that qualifies for hedge accounting under MFRS 139 'Financial Instruments: Recognition and Measurement' at that date. Hedging relationships cannot be designated retrospectively.

(b) MFRS 1 exemption options

(i) Exemption for business combinations

MFRS 1 provides the option to apply MFRS 3 'Business Combinations' prospectively for business combination that occurred from the transition date or from a designated date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date or a designated date prior to the transition date. The Group elected to apply MFRS 3 prospectively to business combinations that occurred after 1 January 2012. Business combinations that occurred prior to 1 January 2012 have not been restated. In addition, the Group has also applied MFRS 127 'Consolidated and Separate Financial Statements' from the same date.

The above transition from FRS to MFRS had no effect on the reported equity, total comprehensive income and cash flow for prior financial years. As such, no reconciliations to explain the effects of transition from FRS to MFRS are disclosed in these financial statements.

51 EFFECT ON CHANGES IN ACCOUNTING POLICIES

MFRS 139 'Financial Instruments: Recognition and Measurement'

Previously, the Group applied the Amendment to FRS 139 'Financial Instruments: Recognition and Measurement', which included an additional transitional arrangement for financial sectors, whereby Bank Negara Malaysia (BNM) prescribed the use of an alternative basis for collective assessment of impairments on loans, advances and financing. This transitional arrangement is prescribed in BNM's Guidelines on Classification and Impairment Provisions for Loans/Financing issued on 8 January 2010 and subsequently updated on 26 January 2010 and 17 December 2010, whereby banking institutions are required to maintain collective allowances of at least 1.5% of total outstanding loans/financing, net of individual impairment allowances under the transitional provisions in the guidelines.

With effect from 1 January 2012, BNM has removed the transitional provision for banking institutions on collective evaluation of loan impairment assessment and loan loss provisioning to comply with MFRS 139 requirements. Exposures not individually known to be impaired are placed into pools of similar assets with similar risk characteristics to be collectively assessed for losses that have been incurred but not identified yet. The required loan loss allowance is estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the collective pool. The historical loss experience is adjusted based on current observable data.

Previously, when collectively assessed loans, advance and financing are deemed impaired, the Group reversed out the interest income recognised in profit or loss and set off against the interest receivable in the statement of financial position. Upon the adoption of MFRS 139 on 1 January 2012, once collectively assessed loan, advances and financing have been written down as a result of an impairment loss, interest income is thereafter recognised using the original effective interest rate in the profit or loss.

FRSIC Consensus 18 Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad ('FRSIC 18')

According to FRSIC 18, although a participating organisation is required by Capital Markets and Services Act (CMSA), 2007 and Bursa Securities Rules to maintain the trust account, it does not have any contractual or statutory obligation to its clients on the money deposited in the trust account that would result in an outflow of resources embodying economic benefits from the participating organisation. In addition, a participating organisation is prohibited under the provisions contained in Section 113 of CMSA 2007 to utilise the monies either for its own economic benefits or settlement of its own liability. The monies are also not available for distribution in the event the participating organisation is liquidated. As such, a participating organisation does not have any control over the trust monies to obtain the future economic benefits embodied in the trust monies. Accordingly, the trust monies should not be recognised as part of the participating organisation's asset with a corresponding liability.

Previously, monies held in trust forms part of the assets in the financial statements with a corresponding liability. Upon adoption of FRSIC 18, the monies held in trust are no longer included in the assets with corresponding liabilities in the financial statements of the Group.

Reclassification of software to other intangibles

Previously, software licences were classified under property, plant and equipment. Upon the full adoption of MFRS, software licences are now reclassified to other intangibles.

51 EFFECT ON CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Impact on the Group's Statements of Financial Position

| | As previously reported RM'000 | Effects of full adoption of MFRS 139 RM'000 | Effects of adoption of FRSIC 18 RM'000 | Effects of reclassification of software to other intangibles assets RM'000 | As restated RM'000 |
|--|----------------------------------|---|--|--|-----------------------|
| As at 1 January 2011 | | | | | |
| Assets | | | | | |
| Cash and short term funds | 14,754,516 | – | (206,849) | – | 14,547,667 |
| Loans, advances and financing: | 81,228,093 | (14,456) | – | – | 81,213,637 |
| – Gross loans, advances and financing | 83,710,244 | 176,364 | – | – | 83,886,608 |
| – Collective impairment allowances | (1,626,369) | (190,820) | – | – | (1,817,189) |
| Clients' and brokers' balances: | 421,127 | 1,810 | 1,068 | – | 424,005 |
| – Individual impairment allowances | (7,478) | 6,022 | – | – | (1,456) |
| – Collective impairment allowances | (357) | (4,212) | – | – | (4,569) |
| Deferred tax assets | 261,105 | 4,540 | – | – | 265,645 |
| Property, plant and equipment | 1,023,170 | – | – | (109,895) | 913,275 |
| Goodwill and other intangible assets | 3,806,860 | – | – | 109,895 | 3,916,755 |
| Liabilities and equity | | | | | |
| Other liabilities | 1,527,724 | 662 | (25) | – | 1,528,361 |
| Clients' and brokers' balances | 610,360 | – | (205,757) | – | 404,603 |
| Deferred tax liabilities | 4,514 | 643 | – | – | 5,157 |
| Equity attributable to equity holders of the Company | 9,962,157 | (9,411) | – | – | 9,952,746 |
| Translation reserves | (76,854) | (31) | – | – | (76,885) |
| Retained profits | 2,747,792 | (9,380) | – | – | 2,738,412 |
| Loans, advances and financing of which: | | | | | |
| – Impaired loans, advances and financing | 3,672,175 | 176,364 | – | – | 3,848,539 |

51 EFFECT ON CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Impact on the Group's Statements of Financial Position (continued)

| | As previously reported RM'000 | Effects of full adoption of MFRS 139 RM'000 | Effects of adoption of FRSIC 18 RM'000 | Effects of reclassification of software to other intangibles assets RM'000 | As restated RM'000 |
|---|----------------------------------|---|--|--|-----------------------|
| As at 31 December 2011 | | | | | |
| Assets | | | | | |
| Cash and short term funds | 20,358,496 | - | (325,914) | - | 20,032,582 |
| Loans, advances and financing: | 94,823,514 | 235,156 | - | - | 95,058,670 |
| - Gross loans, advances and financing | 97,295,063 | 142,845 | - | - | 97,437,908 |
| - Collective impairment allowances | (1,658,463) | 92,311 | - | - | (1,566,152) |
| Clients' and brokers' balances: | 232,676 | 2,158 | 1,431 | - | 236,265 |
| - Individual impairment allowances | (9,309) | 7,777 | - | - | (1,532) |
| - Collective impairment allowances | (240) | (5,619) | - | - | (5,859) |
| Deferred tax assets | 17,598 | (2,968) | - | - | 14,630 |
| Property, plant and equipment | 1,106,503 | - | - | (117,766) | 988,737 |
| Goodwill and other intangible assets | 3,806,860 | - | - | 117,766 | 3,924,626 |
| Liabilities and equity | | | | | |
| Other liabilities | 1,582,693 | 823 | (97) | - | 1,583,419 |
| Clients' and brokers' balances | 562,393 | - | (324,386) | - | 238,007 |
| Deferred tax liabilities | 6,598 | 56,510 | - | - | 63,108 |
| Equity attributable to equity holders of the Company | 11,438,385 | 177,013 | - | - | 11,615,398 |
| Translation reserves | (58,832) | 19 | - | - | (58,813) |
| Retained profits | 3,359,866 | 176,994 | - | - | 3,536,860 |
| Loans, advances and financing of which: - Impaired loans, advances and financing | 3,351,106 | 142,845 | - | - | 3,493,951 |

51 EFFECT ON CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) Impact on the Group's Income Statements and Statements of Comprehensive Income for the financial year ended 31 December 2011

| | As previously reported RM'000 | Effects of full adoption of MFRS 139 RM'000 | Effects of adoption of FRSIC 18 RM'000 | Effects of reclassification of software to other intangibles assets RM'000 | As restated RM'000 |
|---|----------------------------------|---|--|--|-----------------------|
| Interest income | 5,564,328 | 65,855 | - | - | 5,630,183 |
| Income from Islamic Banking business | 438,918 | 2,544 | - | - | 441,462 |
| Net changes in allowance for impairment on loans, financing and other losses | (327,486) | 181,351 | - | - | (146,135) |
| Profit before taxation | 2,000,128 | 249,750 | - | - | 2,249,878 |
| Taxation | (496,470) | (63,376) | - | - | (559,846) |
| Net profit for the financial year | 1,503,658 | 186,374 | - | - | 1,690,032 |
| Earnings per share (sen) – basic | 53.1 | 24.4 | - | - | 77.5 |

52 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

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

The breakdown of retained profits of the Group and the Company as at 31 December 2012 is as follows:

| | Group | | |
|--|----------------------------------|---------------------------|--------------|
| | Realised profits/(losses) RM'000 | Unrealised profits RM'000 | Total RM'000 |
| Operating subsidiaries | 5,657,392 | 345,327 | 6,002,719 |
| Dormant subsidiaries* | (7,925,930) | - | (7,925,930) |
| Total retained (losses)/profits of the Group | (2,268,538) | 345,327 | (1,923,211) |
| Total share of retained profits from associates and joint ventures | 2,696 | - | 2,696 |
| | (2,265,842) | 345,327 | (1,920,515) |
| Less: Consolidation adjustments | | | 6,307,463 |
| Total Group retained profits | | | 4,386,948 |

| | Company RM'000 |
|--|----------------|
| Total retained profits of the Company: | |
| – Realised profits | 891,991 |
| – Unrealised losses | 1,022 |
| Total Company retained profits | 893,013 |

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

52 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS (CONTINUED)

The breakdown of retained profits of the Group and the Company as at 31 December 2011 is as follows (continued):

| | Group | | |
|--|---|--|-------------------------|
| | Realised profits/(losses) RM'000 | Unrealised profits RM'000 | Total RM'000 |
| Operating subsidiaries | 4,940,865 | 271,350 | 5,212,215 |
| Dormant subsidiaries* | (7,929,473) | – | (7,929,473) |
| Total retained (losses)/profits of the Group | (2,988,608) | 271,350 | (2,717,258) |
| Total share of retained profits from a joint venture | 1,576 | – | 1,576 |
| | (2,987,032) | 271,350 | (2,715,682) |
| Less: Consolidation adjustments | | | 6,252,542 |
| Total Group retained profits | | | 3,536,860 |

| | Company RM'000 |
|--|---------------------------|
| Total retained profits of the Company: | |
| – Realised profits | 945,227 |
| – Unrealised losses | (45) |
| Total Company retained profits | 945,182 |

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

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

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

The disclosure above does not affect or alter the existing divisible profit rule in Malaysia. Likewise, this shall not be applied to address or interpret any legal matters regarding the availability of profit for distribution to shareholders. Listed corporations are required to observe the existing requirements in the Malaysian legal framework in dealing with matters related to distribution of profits to shareholders.

Statement By Directors **Pursuant To Section 169(15) of The Companies Act, 1965**

We, Dato' Mohamed Khadar Merican and Kellee Kam Chee Khiong, being two of the directors of RHB Capital Berhad state that, in the opinion of the directors, the accompanying financial statements set out on pages 154 to 380 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2012 and of the financial results and cash flows of the Group and the Company for the financial year ended 31 December 2012 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.

DATO' MOHAMED KHADAR MERICAN
CHAIRMAN

KELLEE KAM CHEE KHIONG
GROUP MANAGING DIRECTOR

Kuala Lumpur
28 February 2013

Statutory Declaration **Pursuant To Section 169(16) of The Companies Act, 1965**

I, Prem Kumar a/l Shambunath Kirparam, being the officer primarily responsible for the financial management of RHB Capital Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 154 to 380 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.

PREM KUMAR A/L SHAMBUNATH KIRPARAM

Subscribed and solemnly declared by the abovenamed Prem Kumar a/l Shambunath Kirparam at Kuala Lumpur in Malaysia on 28 February 2013 before me.

COMMISSIONER FOR OATHS
Kuala Lumpur
28 February 2013

Independent Auditors' Report

To The Members of RHB Capital Berhad

(Incorporated in Malaysia)

(Company No. 312952 H)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of RHB Capital Berhad on pages 154 to 380, which comprise the statements of financial position as at 31 December 2012 of the Group and the Company, and the income statements, statements of comprehensive income, changes in equity and cash flow of the Group and the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on notes 1 to 51.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of financial statements that 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 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 have been properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and the Company as of 31 December 2012 and of their financial performance and cash flows for the year then ended.

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 Company 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 14 to the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONTINUED)

- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company'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 REPORTING RESPONSIBILITIES

The supplementary information set out in Note 52 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants (MIA Guidance) and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, 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

Kuala Lumpur
28 February 2013

SRIDHARAN NAIR

(No. 2656/05/14 (J))
Chartered Accountant

Analysis of Shareholdings

As At 22 March 2013

| | |
|----------------------------------|---|
| Authorised Share Capital | : RM5,000,000,000.00 comprising 5,000,000,000 ordinary shares of RM1.00 each |
| Issued and paid-up Share Capital | : RM2,494,207,802.00 comprising 2,494,207,802 ordinary shares of RM1.00 each |
| Class of Shares | : Ordinary shares of RM1.00 each |
| Voting Rights | : Each shareholder present in person or by proxy at any Shareholders' Meeting shall be entitled to a show of hands of one vote and on a poll, each shareholder who is present in person or by proxy shall have one vote for each ordinary share held. |
| Number of Shareholders | : 13,590 |

| Category | No. of shareholders | % of shareholders | No. of shares held | % of shareholdings |
|---|---------------------|-------------------|----------------------|--------------------|
| Less than 100 | 992 | 7.31 | 32,379 | 0.00 |
| 100 – 1,000 | 3,591 | 26.42 | 2,951,785 | 0.11 |
| 1,001 – 10,000 | 7,185 | 52.87 | 23,723,064 | 0.95 |
| 10,001 – 100,000 | 1,366 | 10.05 | 37,551,492 | 1.51 |
| 100,001 – less than 5% of the issued shares | 453 | 3.33 | 630,696,765 | 25.29 |
| 5% and above of the issued shares | 3 | 0.02 | 1,799,252,317 | 72.14 |
| Total | 13,590 | 100.0 | 2,494,207,802 | 100.00 |

SUBSTANTIAL SHAREHOLDERS AS AT 22 MARCH 2013

| No. Name of Substantial Shareholders | No. of Shares | | | |
|---|---------------|-------|-------------|-------|
| | Direct | % | Indirect | % |
| 1. Employees Provident Fund Board (EPF) ¹ | 1,022,835,607 | 41.01 | – | – |
| 2. Aabar Investments PJS | 545,787,168 | 21.88 | – | – |
| 3. International Petroleum Investment Company PJSC ² | – | – | 545,787,168 | 21.88 |
| 4. OSK Holdings Berhad | 245,000,000 | 9.82 | – | – |
| 5. Tan Sri Ong Leong Huat @ Wong Joo Hwa ³ | – | – | 245,000,000 | 9.82 |

Notes:

- ¹ The interest of EPF is held through various fund managers.
- ² Deemed interested pursuant to Section 6A(4)(c) of the Companies Act, 1965 through control of its subsidiary, Aabar Investments PJS.
- ³ Deemed interested pursuant to Section 6A of the Companies Act, 1965 by virtue of his substantial shareholding in OSK Holdings Berhad.

DIRECTORS' INTEREST IN SECURITIES OF THE COMPANY AND ITS RELATED CORPORATION AS AT 22 MARCH 2013

| The Company | Ordinary Shares of RM1.00 each | |
|---|--------------------------------|---|
| | No. | % |
| Dato' Mohamed Khadar Merican – direct | 62,760 | * |
| Dato' Teo Chiang Liang – indirect [#] | 5,204 | * |

Note:

- * Negligible percentage.
[#] Deemed interested pursuant to Section 6A of the Companies Act, 1965 by virtue of his substantial shareholding in Intereal Corporation Sdn Bhd.

List Of Thirty (30) Largest Shareholders

As At 22 March 2013

| RANK | NAME | UNITS | % |
|------|--|---------------|-------|
| 1 | CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD | 1,008,465,149 | 40.43 |
| 2 | RHB NOMINEES (TEMPATAN) SDN BHD AABAR INVESTMENTS PJS | 545,787,168 | 21.88 |
| 3 | OSK HOLDINGS BERHAD | 245,000,000 | 9.82 |
| 4 | AMANAHRAYA TRUSTEES BERHAD SKIM AMANAH SAHAM BUMIPUTERA | 87,627,128 | 3.51 |
| 5 | KUMPULAN WANG PERSARAAN (DIPERBADANKAN) | 76,285,858 | 3.06 |
| 6 | VALUECAP SDN BHD | 42,950,000 | 1.72 |
| 7 | AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM WAWASAN 2020 | 33,939,982 | 1.36 |
| 8 | CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67) | 16,915,819 | 0.68 |
| 9 | AMANAHRAYA TRUSTEES BERHAD AS 1MALAYSIA | 14,038,837 | 0.56 |
| 10 | CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA) | 13,717,713 | 0.55 |
| 11 | HSBC NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR VANGUARD EMERGING MARKETS STOCK INDEXFUND | 12,636,935 | 0.51 |
| 12 | CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND | 11,179,718 | 0.45 |
| 13 | AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA | 10,000,000 | 0.40 |
| 14 | MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100) | 6,998,918 | 0.28 |
| 15 | CARTABAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR EASTSPRING INVESTMENTS BERHAD | 6,655,564 | 0.27 |
| 16 | HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK NATIONAL ASSOCIATION (U.A.E) | 6,443,156 | 0.26 |

► **List Of Thirty (30) Largest Shareholders
As At 22 March 2013**

| RANK | NAME | UNITS | % |
|-------------|---|----------------------|--------------|
| 17 | HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK NATIONAL ASSOCIATION (NORGES BK LEND) | 6,431,925 | 0.26 |
| 18 | HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK NATIONAL ASSOCIATION (U.S.A.) | 6,390,541 | 0.26 |
| 19 | HSBC NOMINEES (ASING) SDN BHD EXEMPT AND FOR THE BANK OF NEW YORK MELLON (MELLON ACCT) | 6,070,571 | 0.24 |
| 20 | HSBC NOMINEES (ASING) SDN BHD BNY BRUSSELS FOR CITY OF NEW YORK GROUP TRUST | 5,798,984 | 0.23 |
| 21 | CARTABAN NOMINEES (ASING) SDN BHD RBC INVESTOR SERVICES BANK FOR ROBECO MULTIMANAGER ASIA-PACIFIC EQUITIES (EUR-RCGF) | 5,554,689 | 0.22 |
| 22 | PERMODALAN NASIONAL BERHAD | 5,339,691 | 0.21 |
| 23 | CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB BANK BERHAD (EDP 2) | 5,280,098 | 0.21 |
| 24 | HSBC NOMINEES (ASING) SDN BHD BBH (LUX) SCA FOR THE GENESIS EMERGING MARKETS INVESTMENT COMPANY | 5,059,472 | 0.20 |
| 25 | HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (SAUDI ARABIA) | 4,961,696 | 0.20 |
| 26 | CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND 1LNO FOR THE GENESIS GROUP TRUST EMPLOYEE BENEFIT PLANS | 4,820,697 | 0.19 |
| 27 | AIBB NOMINEES (TEMPATAN) SDN BHD CHUA MA YU | 4,280,000 | 0.17 |
| 28 | CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND SW8N FOR CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM | 3,986,376 | 0.16 |
| 29 | AMANAHRAYA TRUSTEES BERHAD PUBLIC GROWTH FUND | 3,789,995 | 0.15 |
| 30 | MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR CMY CAPITAL SDN BHD | 3,756,000 | 0.15 |
| | | 2,210,162,680 | 88.61 |

List Of Top Ten (10) Properties

As At 31 December 2012

| Location | Owner | Description of Property | Area (sq m.) | Usage | Age of building (Years) | Tenure | Year of Expiry on Lease | Net Book Value 30.12.2012 (RM' 000) | Year of Acquisition or Revaluation | |
|---------------------|---|-------------------------|---|--------|-------------------------|--------|-------------------------|-------------------------------------|------------------------------------|------|
| MALAYSIA | | | | | | | | | | |
| Kuala Lumpur | | | | | | | | | | |
| 1. | 424 Jalan Tun Razak | RHB Hartanah Sdn Bhd | 12 storey office building | 20,440 | Office Space | 23 | Freehold | - | 116,413 | 1989 |
| 2. | 426 Jalan Tun Razak | RHB Hartanah Sdn Bhd | 16 storey office building | 22,516 | Office Space | 17 | Freehold | - | 111,788 | 1989 |
| Penang | | | | | | | | | | |
| 3. | 44 Lebuhr Pantai Georgetown | RHB Bank Berhad | 1 unit of 6½ storey commercial building | 702 | Bank Branch | 53 | Freehold | - | 4,028 | 1999 |
| Selangor | | | | | | | | | | |
| 4. | Lot No. 8 Jalan Institusi Bandar Baru Bangi | RHB Bank Berhad | 6 storey office Block, 5 storey Training Block, 7 storey IT Block & 5 storey Car Park Block | 56,188 | Training Centre | 12 | Leasehold | 2090 | 81,443 | 1999 |
| Perak | | | | | | | | | | |
| 5. | No. 2,4,6 & 8 Jalan Tun Sambathan Ipoh | RHB Bank Berhad | 4 storey office building | 630 | Bank Branch | 15 | Freehold | - | 5,392 | 1999 |

► **List Of Top Ten (10) Properties
As At 31 December 2012**

| Location | Owner | Description of Property | Area (sq m.) | Usage | Age of building (Years) | Tenure | Year of Expiry on Lease | Net Book Value 30.12.2012 (RM' 000) | Year of Acquisition or Revaluation |
|---|-----------------|----------------------------------|--------------|----------------------|-------------------------|-----------|-------------------------|-------------------------------------|------------------------------------|
| SINGAPORE | | | | | | | | | |
| 6. 90 Cecil Street | Banfora Pte Ltd | 2 commercial Building | 796 | Commercial buildings | 33 | Leasehold | 2980 | 124,419 | 1997 |
| 7. 10, Jalan Besar 01-03 Sim Lim Tower | RHB Bank Berhad | Ground Floor of Office buildings | 543 | Bank Branch | 34 | Freehold | – | 26,411 | 1999 |
| 8. 14A/B, 16A/B & 18A/B East Coast Road | RHB Bank Berhad | 3 units of 3 storey shophouses | 442 | Bank Branch | 54 | Freehold | – | 13,932 | 1999 |
| 9. 1/1A / 1B Yio Chu Kang Road | RHB Bank Berhad | First Floor of Office buildings | 101 | Bank Branch | 32 | Freehold | – | 10,323 | 1999 |
| 10. No. 537/539 Geylang Road | RHB Bank Berhad | 3 storey shophouses | 374 | Bank Branch | 89 | Freehold | – | 8,409 | 1999 |

Sourced of information for the NBV as at 31/12/2012 by: Group Finance

NORTHERN REGION

Kedah

Jalan Bakar Arang

27 & 28, Jalan Bakar Arang,
08000 Sungai Petani, Kedah
Tel : (04) 422 2151/2152
Fax : (04) 421 6632

Jalan Tunku Ibrahim

1519, Jalan Tunku Ibrahim,
05700 Alor Setar, Kedah
Tel : (04) 731 6066/6144
Fax : (04) 733 3843

Jitra

No. 242, Jalan PJ 2/2, Pekan Jitra 2,
06000 Jitra, Kedah
Tel : (04) 917 3388/3588/4588
Fax : (04) 917 5588

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 KLC1,
09000 Kulim, Kedah
Tel : (04) 491 5912/3
Fax : (04) 491 5916

Mergong

97J, Seberang Jalan Putra,
05150 Alor Setar, Kedah
Tel : (04) 733 9279/9304
Fax : (04) 731 6059

Padang Serai

18 & 19, Jalan Taman Damai 11,
Taman Damai,
09400 Padang Serai, Kedah
Tel : (04) 485 5951/5952
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 - 106, Jalan Pengkalan,
Taman Pekan Baru,
08000 Sungai Petani, Kedah
Tel : (04) 421 0786/9090
(04) 422 1600
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 : (04) 828 3522/5168
Fax : (04) 828 8554

Bayan Baru

42A, 42B & 42C, Jalan Tengah,
11950 Bayan Baru, Pulau Pinang
Tel : (04) 642 1880/1882
Fax : (04) 642 1884

Bukit Mertajam

1244 & 1246, Jalan Padang Lalang,
Taman Desa Damai,
14000 Bukit Mertajam, Pulau Pinang
Tel : (04) 539 1171/1176
Fax : (04) 539 4148

Burmah House

Ground & Mezzanine Floor,
Suite G-02, Burmah House, 405,
Jalan Burmah, 10350 Pulau Tikus,
Pulau Pinang
Tel : (04) 227 4367/4364
Fax : (04) 227 4361

Butterworth

6774 - 6776, Jalan Kampung Gajah,
12200 Butterworth, Pulau Pinang
Tel : (04) 331 5871/5872
Fax : (04) 332 3328

Jelutong

112 & 114, Jalan Tan Sri Teh Ewe
Lim, 11600 Pulau Pinang,
Pulau Pinang
Tel : (04) 282 6922/6921
Fax : (04) 282 6930

Lebuh Pantai

44, Lebuh Pantai, 10300 Georgetown,
10300 Pulau Pinang
Tel : (04) 262 1144/1109
Fax : (04) 261 8019

Prai

2784 & 2785, Jalan Chain Ferry,
Taman Inderawasih, Prai,
13600 Pulau Pinang
Tel : (04) 390 9255/9257/9258
Fax : (04) 390 3976

Raja Uda Light Industrial Park

Ground & Mezzanine Floor,
6957 & 6958, Jalan Raja Uda,
Raja Uda Light Industrial Park,
12300 Butterworth, Pulau Pinang
Tel : (04) 332 4937/4860/4837
Fax : (04) 332 4946

Sungai Bakap

1433-1434, Jalan Besar,
Sungai Bakap, Seberang Prai Selatan,
14200 Sungai Jawi, Pulau Pinang
Tel : (04) 582 3629/3630
Fax : (04) 582 3580

Sungai Dua

4H & 4J, Desa Universiti Commercial
Complex, Jalan Sungai Dua,
11700 Gelugor, Pulau Pinang
Tel : (04) 658 5617/5620/5621
Fax : (04) 658 5609

NORTHERN REGION (CONTINUED)

Perak

Air Tawar

33A & B, Jalan Besar,
Taman Ayer Tawar 2,
32400 Air Tawar, Perak
Tel : (05) 672 2385/4148
Fax : (05) 672 2168

Bagan Serai

243, Jalan Besar,
34300 Bagan Serai, Perak
Tel : (05) 721 5715/5716
Fax : (05) 721 2486

Gopeng

67 & 69, High Street, Gopeng,
31600 Perak
Tel : (05) 359 1169/4524
Fax : (05) 359 3291

Gunung Rapat

57 & 59, Medan Gopeng, 1,
Jalan Gopeng, Gunung Rapat, Ipoh,
31350 Perak
Tel : (05) 312 3599/3851/1690
Fax : (05) 312 6570

Ipoh

2, 4, 6 & 8, Jalan Tun Sambanthan,
Ipoh, 30000 Perak
Tel : (05) 254 2135/2136
Fax : (05) 255 0050

Ipoh Garden South

12 & 14 Tingkat, Taman Ipoh 6, Ipoh
Garden South, 31400 Ipoh, Perak
Tel : (05) 548 2532/547 7888
Fax : (05) 547 8899

Jelapang

433 & 435, Jalan Silibin, Taman
Silibin, 30760 Ipoh, Perak
Tel : (05) 526 6515/8518
Fax : (05) 526 2418

Kampar

81, 83 & 85, Jalan Gopeng,
31900 Kampar, Perak
Tel : (05) 466 6202/6203/
(05) 465 1592/1599
Fax : (05) 465 2216

Kuala Kangsar

6 & 7, Jalan Daeng Selili, 33000
Kuala Kangsar, Perak
Tel : (05) 776 3772/1762
Fax : (05) 776 6836

Kuala Kurau

Ground & First Floor, 19, Jalan Besar,
34350 Kuala Kurau, Perak
Tel : (05) 727 7953/0939
Fax : (05) 727 7155

Menglembu

Ground & First Floor, 50 & 52,
Jalan Besar, 31450 Menglembu, Perak
Tel : (05) 281 6011/6017
Fax : (05) 281 6010

Parit Buntar

No 1 & 3, Jalan Wawasan Jaya,
Taman Wawasan Jaya, Parit Buntar,
34200 Perak
Tel : (05) 716 1626/1627
Fax : (05) 716 2019

Persiaran Greenhill

62, Persiaran Greenhill, 30450, Ipoh,
Perak
Tel : (05) 253 3355/255 4195
Fax : (05) 253 5053

Simpang Empat

Lot P.T 1374 & 1375,
Jalan Hutan Melintang, Taman Seri
Perak, 36400 Simpang Empat, Perak
Tel : (05) 641 2363/2362
Fax : (05) 641 3310

Sitiawan

25C, Jalan Datuk Ahmad Yunus,
32000 Sitiawan, Perak
Tel : (05) 691 1411/4669
Fax : (05) 691 9012

Sungai Siput

139 & 140, Jalan Besar,
31100 Sungai Siput, Perak
Tel : (05) 598 2233/2234/8922
Fax : (05) 598 4094

Sungkai

18 & 19, Jalan Besar,
35600 Sungkai, Perak
Tel : (05) 438 6708/6710
Fax : (05) 438 6720

Taiping

68 & 70, Jalan Kota, Taiping,
34000 Perak
Tel : (05) 807 3276/3257/808 3350
Fax : (05) 806 3275

Tasek

699 & 701, Jalan Tasek,
Taman Musim Bunga,
31400 Ipoh, Perak
Tel : (05) 546 7363/7386/7370
Fax : (05) 548 7566

Teluk Intan

31 & 33, Jalan Intan 2,
Bandar Baru Teluk Intan,
36000 Teluk Intan, Perak
Tel : (05) 622 1654/1655
Fax : (05) 621 1228

CENTRAL REGION

Kuala Lumpur

Ampang Point

37 & 38, Jalan Memanda 7,
Taman Dato Ahmad Razali, Jalan
Ampang, 68000 Ampang,
Kuala Lumpur
Tel : 1300 888 742 (RHB)
Fax : (03) 4252 1898

Bandar Baru Ampang

27G-29G, Ground Floor & 29A First
Floor, Jalan Wawasan Ampang 2/3,
Bandar Baru Ampang,
68000 Ampang, Kuala Lumpur
Tel : 1300 888 742 (RHB)
Fax : (03) 4270 2060

CENTRAL REGION (CONTINUED)

Bangsar Shopping Centre

Lot G-01, Ground Floor,
Bangsar Shopping Centre Office Tower,
Jalan Maarof, Bangsar,
59100 Kuala Lumpur
Tel : 1300 888 742 (RHB)
Fax : (03) 2284 6896

Bukit Bintang

58-60, Jalan Bukit Bintang,
55100 Kuala Lumpur
Tel : 1300 888 742 (RHB)
Fax : (03) 2143 0645

Damansara Heights

Lot C9-C12, Block C, Pusat Bandar
Damansara, Damansara Heights,
50490 Petaling Jaya, Kuala Lumpur
Tel : 1300 888 742 (RHB)
Fax : (03) 2093 7515

Jalan Ipoh

14-16, Jalan Ipoh,
51200 Kuala Lumpur
Tel : (03) 4042 8068/8601/2573
Fax : (03) 4041 1411/4043 0653

Jalan Pasar

50-52, Jalan Pasar,
55100 Kuala Lumpur
Tel : 1300 888 742 (RHB)
Fax : (03) 2142 8390/2148 8967

Jinjang Utara

Ground Floor, 3471- A, Jalan Besar,
Jinjang Utara, 52000 Kuala Lumpur
Tel : (03) 6257 7053/7808
Fax : (03) 6252 7158

Kenanga Wholesale City

Lot LGF 019-021, Lower Ground Floor,
Kenanga Wholesale City 28,
Jalan Gelugor of Jalan Kenanga,
52200 Kuala Lumpur
Tel : 1300 888 742 (RHB)
Fax : (03) 9222 6466

Kepong

321, Batu 7, Jalan Kepong,
Kepong Baru, 52100 Kuala Lumpur
Tel : 1300 888 742 (RHB)
Fax : (03) 6272 6521

KL Main

Ground Floor, RHB Centre,
426 Jalan Tun Razak,
50400 Kuala Lumpur
Tel : (03) 9281 3030
Fax : (03) 9287 4173

KL Sentral

Unit 7, Level 1 Arrival Hall,
City Air Terminal KL Sentral Station,
50470 Kuala Lumpur
Tel : (03) 2273 5000
Fax : (03) 2274 7000

KLCC

Lot LC-C03, Concourse Floor,
Suria KLCC, Kuala Lumpur City Centre,
50088 Kuala Lumpur
Tel : 1300 888 742 (RHB)
Fax : (03) 2164 6213

Menara Yayasan Tun Razak

Ground Floor,
Menara Yayasan Tun Razak, 200,
Jalan Bukit Bintang,
55100 Kuala Lumpur
Tel : (03) 2162 5068
Fax : (03) 2162 1609

Mid Valley

17-G & 17-1, The Boulevard,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur
Tel : (03) 2284 4339/4360/4353
Fax : (03) 2284 4350

Overseas Union Garden

140 & 142, Jalan Mega Mendung,
Bandar Complex, Batu 4 1/2,
Jalan Kelang Lama,
58200 Kuala Lumpur
Tel : 1300 888 742 (RHB)
Fax : (03) 7980 8081

Pasar Borong Selayang

53 & 55, Jalan 2/3A, Off KM 12,
Jalan Ipoh, Batu Caves,
68100 Kuala Lumpur
Tel : 1300 888 742 (RHB)
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, 50480 Kuala Lumpur
Tel : 1300 888 742 (RHB)
Fax : (03) 6143 8863

Plaza OSK

Ground & Mezzanine Floor, Podium
Block, Plaza OSK, 114 - 116, Jalan
Ampang, 50450 Kuala Lumpur
Tel : 1300 888 742 (RHB)
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 : 1300 888 742 (RHB)
Fax : (03) 8889 2900

Salak South

178-180, Main Street, Salak South,
57100 Kuala Lumpur
Tel : (03) 7983 9177/9458/9306
Fax : (03) 7981 3357

Segambut

42 & 42A, Jalan Segambut Tengah,
Segambut, 51200 Kuala Lumpur
Tel : 1300 888 742 (RHB)
Fax : (03) 6252 2801

Setapak

257 & 259, Jalan Genting Kelang,
Setapak, 53300 Kuala Lumpur
Tel : 1300 888 742 (RHB)
Fax : (03) 4024 1353

CENTRAL REGION (CONTINUED)

Taman Midah

18 & 20, Jalan Midah Satu,
Taman Midah, 56000 Cheras,
Kuala Lumpur
Tel : 1300 888 742 (RHB)
Fax : (03) 9130 0588

Taman Shamelin

38-1-5, Shamelin Business Center,
Jalan 4/91, Taman Shamelin Perkasa,
Cheras, 56100 Kuala Lumpur
Tel : 1300 888 742 (RHB)
Fax : (03) 9282 7380

Taman Sungai Besi

30, Jalan 7/108C, Taman Sungai
Besi, 57100 Kuala Lumpur
Tel : 1300 888 742 (RHB)
Fax : (03) 7981 8875

Taman Tun Dr. Ismail

15 & 17, Jalan Tun Mohd Fuad 3,
Taman Tun Dr. Ismail, Petaling Jaya,
60000 Kuala Lumpur
Tel : 1300 888 742 (RHB)
Fax : (03) 7729 4077

The Sphere, Bangsar South

Unit G10 & 3A, The Sphere, No. 1
Avenue 1, Bangsar South, No. 8 Jalan
Kerinci, 59200 Kuala Lumpur
Tel : (03) 2240 0102/104/107
Fax : (03) 2240 0092

Tun H.S. Lee

75, Jalan Tun H.S. Lee,
50000 Kuala Lumpur
Tel : 1300 888 742 (RHB)
Fax : (03) 2072 7591

Selangor

Bandar Baru Klang

Unit A6, 22A, Jalan Tiara 2A/KU1,
Pusat Perniagaan BBK,
41150 Klang, Selangor
Tel : 1300 888 742 (RHB)
Fax : (03) 323 3652

Bandar Baru Sungai Buloh

391 & 392, Jalan 1A/1, Bandar Baru
Sungai Buloh, 47000 Sungai Buloh,
Selangor
Tel : (03) 6156 1712/1713/
1711/4034/5707
Fax : (03) 6156 7803

Bandar Bukit Tinggi

Lot No. 53, Jalan Batu Nilam 1,
Bandar Bukit Tinggi 1, Klang,
41200 Selangor
Tel : 1300 888 742 (RHB)
Fax : (03) 3323 7957

Bandar Sri Damansara

1 & 2, Jalan Tanjung SD 13/1,
Bandar Sri Damansara,
52200 Sri Damansara, Selangor
Tel : 1300 888 742 (RHB)
Fax : (03) 6274 2917

Damansara Jaya

22 & 24, Jalan SS 22/25,
Damansara Jaya,
47400 Petaling Jaya, Selangor
Tel : 1300 888 742 (RHB)
Fax : (03) 7729 9169

Damansara Utama

2M & 2G, Jalan SS 21/39,
Damansara Utama,
47400 Petaling Jaya, Selangor
Tel : 1300 888 742 (RHB)
Fax : (03) 7726 2305

First Avenue, Bandar Utama

Lot G.01A, Ground Floor, 1, First
Avenue, Bandar Utama, Petaling Jaya,
47800 Selangor
Tel : 1300 888 742 (RHB)
Fax : (03) 7728 3496

Giant Shah Alam

B26-27, Giant Hypermarket Shah
Alam, 2, Jalan Persiaran Sukan,
Section 13, Shah Alam,
40100 Selangor
Tel : 1300 888 742 (RHB)
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 (RHB)
Fax : (03) 8070 8563

Jalan Niaga

11, 13 & 15, Jalan Niaga 16/3A,
Section 16, 40000 Shah Alam,
Selangor
Tel : 1300 888 742 (RHB)
Fax : (03) 5519 6166

Jalan Stesen

24 & 26, Jalan Stesen, 41000
Kelang, Selangor
Tel : 1300 888 742 (RHB)
Fax : (03) 3372 9613

Jalan Tengku Ampuan Zabedah

16 & 18, Ground & First Floor,
Jalan Tengku Ampuan Zabedah D9/D,
Section 9, Shah Alam, 40100 Selangor
Tel : 1300 888 742 (RHB)
Fax : (03) 5513 1834

Jenjarom

M38 & M40, Jalan Besar,
42600, Jenjarom, Selangor
Tel : (03) 3191 3422/3433/3477
Fax : (03) 3191 4328

Kajang

25, Jalan Raja Harun, Taman Hijau,
43000 Kajang, Selangor
Tel : 1300 888 742 (RHB)
Fax : (03) 8733 8570

Kampung Baru Sungai Buloh

25, Jalan Public,
Kampung Baru Sungai Buloh,
47000 Sungai Buloh, Selangor
Tel : 1300 888 742 (RHB)
Fax : (03) 6156 8645

CENTRAL REGION (CONTINUED)

Kota Damansara

No. 27-G & 27-I, Jalan PJU 5/3,
Dataran Sunway, Kota Damansara,
47810 Petaling Jaya, Selangor
Tel : 1300 888 742 (RHB)
Fax : (03) 6141 8838

Meru

Lot 31 & 33, Jalan Batu 6,
Pekan Meru, Meru Klang,
41050 Kang, Selangor
Tel : 1300 888 742 (RHB)
Fax : (03) 3392 4504

Mines Shopping Fair

G20, The Mines Shopping Fair,
Mines Resort City, Jalan Dulang,
Off Jalan Balakong, 43300 Seri
Kembangan, Selangor
Tel : (03) 8942 5055/5157
Fax : (03) 8942 5218

New Town Centre

1, 3 & 5, Jalan 52/18,
New Town Centre, Petaling Jaya,
46200 Selangor
Tel : 1300 888 742 (RHB)
Fax : (03) 7957 8984

Pandan Indah

Ground & Mezzanine, Floor 7 & 9,
Jalan Pandan Indah 4/2,
55100 Pandan Indah, Selangor
Tel : 1300 888 742 (RHB)
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 (RHB)
Fax : (03) 7887 1550

Persiaran Sultan Ibrahim

33, Persiaran Sultan Ibrahim, 41300
Kelang, Selangor
Tel : 1300 888 742 (RHB)
Fax : (03) 3344 6405

Port Klang

Persiaran Raja Muda Musa,
42000 Port Klang, Selangor
Tel : 1300 888 742 (RHB)
Fax : (03) 3167 6533/3166 1351

Rawang

Ground, First & Second Floor,
10 & 11, Jalan Maxwell, Rawang,
48000 Selangor
Tel : 1300 888 742 (RHB)
Fax : (03) 6092 4788

Section 14, PJ

1, Jalan 14/20, Petaling Jaya,
46100 Selangor
Tel : (03) 7957 4742/4460
Fax : (03) 7955 6219

Seri Kembangan

Lot 1484A & B, Jalan Besar,
43300 Seri Kembangan, Selangor
Tel : (03) 8943 1455/1357/0276
Fax : (03) 8943 0441

SS2

157 & 159, Jalan SS2/24,
Sungai Way, Subang, 47300 Petaling
Jaya, Selangor
Tel : 1300 888 742 (RHB)
Fax : (03) 7875 6600

Subang Jaya

Lot 48-50, Jln SS15/4D,
47500 Subang Jaya, 47500 Selangor
Tel : 1300 888 742 (RHB)
Fax : (03) 5634 4848

Sungai Pelek

76 & 77, Jalan Besar,
43950 Sungai Pelek, 58000 Selangor
Tel : 1300 888 742 (RHB)
Fax : (03) 3141 1100

Taman Indah

7 & 9, Jalan SS 2/1,
Off Jalan Balakong, Taman Indah,
Batu 11, 43200 Cheras, Selangor
Tel : (03) 9074 0998/0997/1000
Fax : (03) 9074 1344

Taman Megah

11-15, Jalan SS 24/11,
Taman Megah, 47301 Petaling Jaya,
Selangor
Tel : 1300 888 742 (RHB)
Fax : (03) 7804 1629

Taman Permata

Lot 6 & 7, Ground Floor,
Giant Hypermarket Complex,
Jalan Changkat Permata,
Taman Permata,
53300 Setapak, Selangor
Tel : 1300 888 742 (RHB)
Fax : (03) 4106 9810

Taman Suntex

5 & 6, Jalan Kijang 1, Taman Suntex,
Batu 9, 43200 Cheras, Selangor
Tel : 1300 888 742 (RHB)
Fax : (03) 9074 7879

Taman Taming Jaya

1, Jalan Taming Kanan 2,
Taman Taming Jaya, Balakong,
43300 Selangor
Tel : 1300 888 742 (RHB)
Fax : (03) 8961 1197

Tanjong Karang

Lot 1 & 3, Jalan Satu,
Taman Tanjong Karang Baru,
45500 Tanjong Karang, Selangor
Tel : (03) 3269 5039/8171/1812
Fax : (03) 3269 8078

Tanjung Sepat

1 & 3, Jalan Senangin Satu,
Taman Tanjung, Tanjung Sepat,
42809 Selangor
Tel : 1300 888 742 (RHB)
Fax : (03) 3197 4568

UEP Subang Jaya

47 & 49, Jalan USJ 10/1,
UEP Subang Jaya, Petaling Jaya,
47620 Selangor
Tel : 1300 888 742 (RHB)
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 : (06) 454 1305/2722
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 : (06) 794 1006/1007/
1008/1009
Fax : (06) 799 6095

Kuala Pilah

Lot P.T. 9 & 10, Jalan Melewar,
72000, Kuala Pilah, Negeri Sembilan
Tel : (06) 481 1442/1513/3995
Fax : (06) 481 6478

Rantau

158 & 159, Jalan Besar, 71200
Rantau, Negeri Sembilan
Tel : (06) 694 1969/1589
(06) 634 3371
Fax : (06) 694 2690

Seremban

10 & 11, Jalan Dato Abdul Rahman,
Seremban, 70000 Negeri Sembilan
Tel : 1300 888 742 (RHB)
Fax : (06) 762 0192

Simpang Pertang

15, Jalan Helang, Taman Sri
Pertang, Simpang Pertang,
72300 Negeri Sembilan
Tel : 1300 888 742 (RHB)
Fax : (06) 492 9190

Taipan Senawang

163G & 164G, Jalan Taman
Komersial Senawang 1,
Taman Komersil Senawang, Seremban,
70450 Negeri Sembilan
Tel : 1300 888 742 (RHB)
Fax : (06) 678 1477

SOUTHERN REGION

Melaka

1 Lagenda

No.2 Jalan Lagenda 2,
Taman 1 Lagenda, 75400 Melaka
Tel : 1300 888 742 (RHB)
Fax : (06) 282 8515

Bukit Baru

5 & 6, Jalan Delima Raya 1,
Taman Delima Raya,
75150 Bukit Baru, Melaka
Tel : (06) 232 1302/1298
Fax : (06) 232 1319

Jalan Hang Tuah

477, Plaza Melaka, Jalan Hang Tuah,
75300 Melaka, Melaka
Tel : 1300 888 742 (RHB)
Fax : (06) 284 4699

Melaka Raya

No. 19, 21 & 23, Jalan Merdeka,
Taman Melaka Raya, 75000 Melaka
Tel : (06) 282 5029/5030
Fax : (06) 282 5076

Johor

Bandar Baru UDA

No. 14 & 16, Jalan Padi Emas 6/1,
Bandar Baru UDA,
81200 Johor Bahru, Johor
Tel : (07) 234 0678/0729
Fax : (07) 234 0680

Batu Pahat

89, Jalan Rahmat, Batu Pahat,
83000 Johor
Tel : (07) 431 7000/7011/7022
Fax : (07) 431 1077

Bekok

G34 & G36, Jalan Wijaya, Bekok,
86500 Johor
Tel : (07) 922 1639/1643
Fax : (07) 922 1525

Jalan Bandar

10A, Pusat Perdagangan, Jalan
Bandar, Pasir Gudang, 81700 Johor
Tel : 1300 888 742 (RHB)
Fax : (07) 251 1584/252 7719

Jalan Dato Rauf

18 & 20, Jalan Dato Rauf,
86000 Kluang, Johor
Tel : (07) 772 4111/4112
Fax : (07) 772 4094

Jementah

Ground Floor MCA Building,
Jalan Muar, 85200 Jementah, Johor
Tel : (07) 947 1578/1353
Fax : (07) 947 2404

Johor Bahru City Square

Lot J1-22 & J2-31, Johor Bahru City
Square, 106 & 108, Jalan Wong Ah
Fook, Johor Bahru, 80000 Johor
Tel : (07) 224 5333/0333
(07) 223 0573
Fax : (07) 224 1264/223 8316

Kulai

4 & 5, Taman Seraya Kulai Besar,
81000 Kulai, Johor
Tel : (07) 663 1911/1912
Fax : (07) 663 2159

Muar

9, Jalan Abdullah, 84000 Muar, Johor
Tel : (06) 952 2234/951 9080
Fax : (06) 952 9503

Permas Jaya

35 & 37, Jalan Permas 10/2,
Bandar Baru Permas Jaya,
Johor Bahru, 81750 Johor
Tel : 1300 888 742 (RHB)
Fax : (07) 388 6749

Plentong

Lot G-03, G-05 & 01-05,
Jalan Masai Jaya 1, Plentong, Johor
Bahru, 81750 Johor
Tel : (07) 352 7684
(07) 358 2715/2716
Fax : (07) 352 7689

SOUTHERN REGION (CONTINUED)

Pontian

192, Jalan Bakek, Pontian Kechil,
82000 Pontian, Johor
Tel : (07) 687 8368/8369
Fax : (07) 687 9107

Segamat

110 & 111, Jalan Genuang, Segamat,
85000 Johor
Tel : (07) 931 1366/1367/
5442/5379
Fax : (07) 932 3901

Senai

180 & 181, Jalan Belimbing 1,
81400 Senai, Johor
Tel : (07) 599 7154/6960/6546
Fax : (07) 599 6913

Simpang Renggam

8 & 9, Jalan Kijang, 86200 Simpang
Renggam, Johor
Tel : (07) 755 8531/8532
Fax : (07) 755 8262

Taman Johor Jaya

7 & 9, Jalan Dedap 18, Taman Johor
Jaya, Johor Bahru, 81100 Johor
Tel : (07) 355 5226/5327/
0844/3277
Fax : (07) 355 5004

Taman Molek

56 & 58, Jalan Molek 2/2, Taman
Molek, Johor Bahru, 81100 Johor
Tel : (07) 351 4643/4641/4642
Fax : (07) 351 4649

Taman Mount Austin

87 & 89 Jalan Austin Heights 3,
Austin Heights, Taman Mount Austin,
81100 Johor Bahru, Johor
Tel : (07) 353 9648/649/659
Fax : (07) 353 9579

Taman Nusa Bestari

No.22 & 24, Jalan Bestari 2/2,
Taman Nusa Bestari, 81300 Johor
Tel : 1300 888 742 (RHB)
Fax : (06) 282 5076

Taman Pelangi

Suite 1-2, Menara Pelangi 2,
Jalan Kuning, Taman Pelangi,
Johor Bahru, 80400 Johor
Tel : 1300 888 742 (RHB)
Fax : (07) 334 3482

Taman Sentosa

9 & 11, Jalan Sutera,
Taman Sentosa, Johor Bahru,
80150 Johor
Tel : (07) 332 2243/2244/2246
Fax : (07) 332 7251

Taman Ungku Tun Aminah

62, 64 & 66, Jalan Bendahara 12,
Taman Ungku Tun Aminah, Skudai,
81300 Johor
Tel : (07) 557 1477/1097/
554 9926/1790
Fax : (07) 557 1553

Tangkak

351 & 352, Jalan Muar, Tangkak,
84900 Johor
Tel : (06) 978 6588/6591
Fax : (06) 978 6592

Ulu Tiram

1 & 2, Jalan Raya,
81800 Ulu Tiram, Johor
Tel : (07) 861 3002/7609/3003
Fax : (07) 861 4088

Yong Peng

106, Jalan Besar, Yong Peng,
83700 Johor
Tel : (07) 467 1006/1146
Fax : (07) 467 5137

EAST COAST REGION

Kelantan

Ketereh

Lot PT 383 & PT 384
Kedai Ketereh, Bandar Ketereh,
16450 Ketereh, Kelantan
Tel : (09) 788 6377/6376
Fax : (09) 788 8721

Kota Bharu

Lot 1182-1183, Jalan Kebun Sultan,
Kota Bharu, 15350 Kelantan
Tel : 1300 888 742 (RHB)
Fax : (09) 748 1788

Pasir Mas

18A, Jalan Tengku Ahmad,
17000 Pasir Mas, Kelantan
Tel : (09) 790 9088/8066
Fax : (09) 790 2292

Terengganu

Kemaman

11289 & 11290 Bandar Cukai Utama,
Phase 3, 24000 Kemaman, Terengganu
Tel : (09) 859 2825/2824
Fax : (09) 859 3771

Kerteh

10B, Bandar Baru Kerteh,
24300 Kerteh, Terengganu
Tel : (09) 826 1644/1645
Fax : (09) 826 2171

Kuala Dungun

K231, Jalan Besar, Kuala Dungun,
23000 Dungun, Terengganu
Tel : 1300 888 742 (RHB)
Fax : (09) 848 2996

Kuala Terengganu

59, Jalan Sultan Ismail,
Kuala Terengganu, 20200 Terengganu
Tel : 1300 888 742 (RHB)
Fax : (09) 622 9379

EAST COAST REGION (CONTINUED)

Pahang

Bentong

Lot 13 & 14, Jalan Loke Yew,
28700 Bentong, Pahang
Tel : (09) 222 1648/1649
Fax : (09) 222 5944

Jalan Air Putih

No. A237 & A239 Jalan Air Putih,
Kuantan, 25300 Pahang
Tel : 1300 888 742 (RHB)
Fax : (09) 566 0214

Jerantut

Lot 4360 & 4361, Jalan Kuantan,
27000 Jerantut, Pahang
Tel : (09) 266 5900/5901
Fax : (09) 266 5899

Kuantan

2 - 6, Jalan Putra Square 1, Putra
Square, Kuantan, 25200 Pahang
Tel : 1300 888 742 (RHB)
Fax : (09) 517 3501

Mentakab

Lot 94 & 95, Jalan Temerloh,
28400 Mentakab, Pahang
Tel : (09) 278 1976/1971
Fax : (09) 278 2034

Raub

Lot PT 16477 & 16478, Pusat
Perniagaan Indrapura, Jalan Tras,
27600 Raub, Pahang
Tel : (09) 355 5077/5515
Fax : (09) 355 2929

SABAH REGION

Sabah

Inanam

Blok L DBKK No. 1, 2 & 3,
Lorong KK Taipan 3, Inanam New
Township, 88450 Kota Kinabalu,
Sabah
Tel : (088) 422 883
Fax : (088) 423 011

Jalan Gaya

81 & 83, Jalan Gaya,
88000 Kota Kinabalu, Sabah
Tel : (088) 216 188/213 982
Fax : (088) 235 871

Jalan Tun Mustapha

Lot 1 & 2, Jati Shop Houses,
Off Jalan Tun Mustapha,
87007 Labuan, Sabah
Tel : (087) 414 822/810
Fax : (087) 414 449

Lahad Datu

Lot 1 & 2, Block A, Metro Commercial
Complex, 91100 Lahad Datu, Sabah
Tel : (089) 886 159/418
Fax : (089) 886 163

Lintas Station Complex

6-19, Ground Floor, Lintas Station
Complex, Jalan Lintas, Luyang,
88300 Kota Kinabalu, Sabah
Tel : (088) 244 698/230 693
Fax : (088) 233 690

One Borneo Hypermall

Lot G-203, Ground Floor, One Borneo
Hypermall, Jalan Sulaman,
88450 Kota Kinabalu, Sabah
Tel : (088) 488 677/982/986
Fax : (088) 488 678

Prima Square

Block 7, Lot 64, 65 & 66, Phase 1,
Prima Square, Mile 4, Jalan Utara,
90000 Sandakan, Sabah
Tel : (089) 208 100/101/102/104
Fax : (089) 228 101

Tawau

Ground & First Floor, Lot 5, Block 27
Fajar Complex, Jalan Mahkamah Town
Extension II, 91000 Tawau, Sabah
Tel : (089) 777 355/233
Fax : (089) 764 684/765 254

Wisma Khoo Siak Chiew

Sub Lot 1-7, Ground Floor,
Wisma Khoo Siak Chiew,
Lebuh Tiga, Jalan Sim Sim,
90009 Sandakan, Sabah
Tel : (089) 218 777
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

Bintulu

258, Jalan Masjid, Taman Sri Dagang,
Bintulu, 97000 Sarawak
Tel : (086) 331 133
Fax : (086) 331 692

Boulevard Commercial Centre

Lot 2468-2470, Boulevard Commercial
Centre, Jalan Boulevard Utama,
98000 Miri, Sarawak
Tel : (085) 429 880
Fax : (085) 429 881

SARAWAK REGION (CONTINUED)

Dalat

Ground Floor, Pejabat Daerah Dalat,
96300 Dalat, Sarawak
Tel : (084) 864 841/828
Fax : (084) 864 824

Jalan Kulas

Lot 363, Jalan Kulas,
93400 Kuching, Sarawak
Tel : 1300 888 742 (RHB)
Fax : (082) 426 160

Jalan Nakhoda Gampar

Lot 362, Block 9,
Jalan Nakhoda Gampar, Miri,
98008 Sarawak
Tel : 1300 888 742 (RHB)
Fax : (085) 415 682

Jalan Padungan

256, Jalan Padungan,
93100 Kuching, Sarawak
Tel : (082) 423 216/252 088
Fax : (082) 415 453/428 717

Kanowit

Lots 127 & 128, 65-66, Jalan Kubu,
Kanowit Town District, Kanowit,
96700 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) 285 657/285 659
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,
96108 Sarikei, Sarawak
Tel : (084) 657 030
Fax : (084) 657 036

Sibu

31, Jalan Tengku Osman, Sibu,
Sarawak
Tel : 1300 888 742 (RHB)
Fax : (084) 310 546

Siburan Bazaar

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,
93758 Kuching, Sarawak
Tel : (082) 417 817/411 817
Fax : (082) 420 975

Sri Aman

Lot 839, Jalan Sabu,
95000 Sri Aman, Kuching, Sarawak
Tel : (083) 320 979/980
Fax : (083) 320 975

Sungai Merah

No.1 & 3, Lorong Sungai Merah, 2C,
96000 Sarawak
Tel : 1300 888 742 (RHB)
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

GF No. 12 & 13, Lot 5608 & 5609
Unisquare, Kota Samarahan, Kuching,
94300 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

► Group Branch Network

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, Pathumani,
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

OSKIB INTERNATIONAL BRANCH

Singapore Branches

DMG & Partners Securities Pte Ltd

10 Collyer Quay, #09-08,
Ocean Financial Centre,
Singapore 049315
Tel : (65) 6533 1818
Fax : (65) 6532 6211

OSK International Asset Management Pte. Ltd

10 Collyer Quay, #09-08,
Ocean Financial Centre,
Singapore 049315
Tel : (65) 6323 2508
Fax : (65) 6323 2314

Hong Kong & China Branches

OSK Holdings Hong Kong Limited

12th Floor, World Wide House,
19 Des Voeux Road Central,
Hong Kong
Tel : (852) 2525 1118
Fax : (852) 2810 0908

OSK Capital Hong Kong Ltd

12th Floor, World Wide House,
19 Des Voeux Road Central,
Hong Kong
Tel : (852) 2103 9238
Fax : (852) 2501 0343

OSK (China) Investment Advisory Co Ltd China

Suites 4005, 40/F, CITIC Square,
1168 Nanjing West Road,
Shanghai 200041, China
Tel : (8621) 6288 9611
Fax : (8621) 6288 9633

OSK Indochina Bank Limited (Cambodia Branches)

Phnom Penh Main Office

No. 263, Ang Duong Street (St. 110),
Sangkat Wat Phnom,
Khan Daun Penh,
Phnom Penh, Cambodia
Tel : (855) 2399 2833
Tel : (855) 2399 1822

Battambang

No. 1 - 3 - 5 - 7,
Street No. 3, Kamakor Village, Svay
Por Commune, Battambang City,
Battambang Province, Cambodia
Tel : (855) 5395 2811
Fax : (855) 5395 2966

City Mall Olympic

Lot A3E0, Ground Floor,
City Mall Olympic, Monireth Street,
Sangkat Veal Vong, Khan 7 Makara,
Phnom Penh, Cambodia
Tel : (855) 2399 3568
Fax : (855) 2399 3565

Kampong Cham

No. 41, National Road No. 7,
Phum I, Sangkat Veal Vong,
Kampong Cham City,
Kampong Cham Province, Cambodia
Tel : (855) 4294 2811
Fax : (855) 4294 2899

Kbal Thnal

No. 530A - 530B,
Monivong Blvd.
(Junction of Street 271),
Sangkat Tonle Bassac, Khan
Chamkarmon, Phnom Penh, Cambodia
Tel : (855) 2399 3598
Fax : (855) 2399 3593

Pet Lok Song

No. 1-3, Street 271,
Sangkat Toeuk Thla, Khan Sen Sok,
Phnom Penh, Cambodia
Tel : (855) 2396 9368
Fax : (855) 2396 9370

► Group Branch Network

OSKIB INTERNATIONAL BRANCHES (CONTINUED)

Preah Sihanouk

No. 129, Street 7 Makara,
Phum II, Sangkat No. 4,
Khan Mittapheap, Preah Sihanouk City,
Preah Sihanouk Province, Cambodia
Tel : (855) 3493 4811
Fax : (855) 3493 4816

Stoeung Meanchey

Monireth Street
(Corner of former Chaksomram Road),
Sangkat Stoeung Meanchey,
Khan Meanchey, Phnom Penh,
Cambodia
Tel : (855) 2396 9228
Fax : (855) 2396 9231

Siem Reap

No. 12 - 14 - 16,
National Road No. 6,
Phum Banteay Chas, Sangkat Slor
Kram, Siem Reap City, Siem Reap
Province, Cambodia
Tel : (855) 6396 9811
Fax : (855) 6396 9816

OSK Indochina Securities Limited

No. 1-3, Level 2 & 3, Street 271,
Sangkat Toeuk Thla, Khan Sen Sok,
Phnom Penh, Cambodia
Tel : (855) 2396 9161
Fax : (855) 2396 9171

PT OSK Nusadana Securities (Indonesia Branches)

Jakarta Main Office

Plaza CIMB Niaga, Lantai 14, Jl. Jend.
Sudirman Kav.25, Jakarta Selatan
12920, Indonesia
Tel : (6221) 2598 6888
Fax : (6221) 2598 6777

Bandung

Flamboyant Square
Jl. Sukajadi 232
Kel. Geger Kalong, Kec. Sukajadi,
Bandung 40153, Indonesia
Tel : (6222) 2039 493
Fax : (6222) 2039 492

Kebon Jeruk

Jl. Arjuna Selatan,
No. 28, Kebon Jeruk,
Jakarta Barat
Tel : (6221) 5366 1601
Fax : (6221) 5366 1601

Kelapa Gading

Boulevard Barat, Blok LA-I, Nomor
1B, Kelapa Gading, Jakarta Utara
14240, Indonesia
Tel : (6221) 450 7595
Fax : (6221) 4585 6919

Makassar

Jln. Ahmad Yani 23/25 A9
Makassar 90174 - Sulawesi Selatan,
Indonesia
Tel : (62411) 363 2301
Fax : (62411) 362 8150

Malang

Jl. Panggung No. 9,
Malang 65112, Indonesia
Tel : (62341) 352 888
Fax : (62341) 352 887

Mangga Dua

Ruko Textile Mangga Dua Blok C1
No.32 Jl.Mangga Dua Raya Kelurahan
Ancol Kecamatan Penjaringan Jakarta
Utara, Indonesia
Tel : (6221) 612 4455
Fax : (6221) 612 4454

Medan

Jln. Zainul Arifin no. 122, Medan
20152, Indonesia
Tel : (6261) 452 9633
Fax : (6261) 452 9233

Palembang

JL. Lingkar 1, Dempo Luar No. 386,
Palembang 30125, Indonesia
Tel : (62711) 317 882
Fax : (62711) 317 639

Pekanbaru

Jl. Tuanku Tambusai/Jl.Nangka
No.128A Kel.Kampung Melayu
Pekanbaru Riau 28000, Indonesia
Tel : (62761) 861 244
Fax : (62761) 861 241

PIK

Rukan Garden House Blok A, No.26
Pantai Indah Kapuk
Jakarta Utara 14470, Indonesia
Tel : (6221) 2903 3188
Fax : (6221) 2903 3323

Pluit

Ruko Pluit Village, No.51
Jl. Pluit Indah Raya Jakarta 14440,
Indonesia
Tel : (6221) 6667 0060
Fax : (6221) 6667 0251

Pontianak

Jl. Gusti Sulung Lelanang, Komplek
Pontianak Mall, Blok AA, 3-4,
Pontianak 78117, Indonesia
Tel : (62561) 740 222
Fax : (62561) 747 222

Puri Branch

Rukan Puri Kencana Blok M4 / 1 B,
Jl. Raya Puri Kencana, Kembangan,
Jakarta Barat 11610, Indonesia
Tel : (6221) 5835 5055
Fax : (6221) 5835 5056

Slipi

Gedung BRI, Lt. 2 Jl. Raya Pasar
Minggu No. 5, Pancoran - Jakarta,
Indonesia
Tel : (6221) 799 8505
Fax : (6221) 799 8506

Surabaya Bukit Darmo

Bukit Darmo Golf Office Park 2 Blok
B2-10, Surabaya Barat 60226,
Indonesia
Tel : (6231) 5116 3049
Fax : (6231) 5116 3047

Surabaya Kertajaya

Jl. Kertajaya Indah F-303, Surabaya
60256, Indonesia
Tel : (6231) 596 6199
Fax : (6231) 599 0708

Tangerang (BSD)

Ruko Bidex Blok F-30, Jl. Pahlawan
Seribu BSD CITY Tangerang Selatan -
Banten 15321, Indonesia
Tel : (6221) 538 9188
Fax : (6221) 5315 5588

OSKIB INTERNATIONAL BRANCHES (CONTINUED)

Yogyakarta

Ruko Ketandan no. 9,
Jln. Yogya - Wonosari,
Ringroad timur, Jomblangan,
Banguntapan Bantul
Yogyakarta
Tel : (62274) 451 491
Fax : (62274) 833 1199

PT OSK Nusadana Asset Management

Sequiz Plaza, 20th Floor, Suite 2001
Jln. Jendral Sudirman Kav. 25 Jakarta
12920, Indonesia
Tel : (6221) 5292 0598
Fax : (6221) 5290 6558

OSK Securities (Thailand) Public Company Limited (Thailand Branches)

Bangkok Main Branch

10th Floor, Sathorn Square Office
Tower, 98 North Sathorn Road, Silom,
Bang Rak, Bangkok 10500, Thailand
Tel : (662) 862 9999
Fax : (662) 108 0999

Hat Yai

127 – 129 Sri Puwanart Road,
Tambon Hat Yai, Amphur Hat Yai,
Songkhla Province 90110, Thailand
Tel : (667) 489 1999
Fax : (667) 489 1900

Pakin Building

1st Floor, Pakin Building
9 Ratchadapisek Road, Din Daeng
Din Daeng, Bangkok 10400, Thailand
Tel : (662) 654 1999
Fax : (662) 654 1900

Samut Sakhon

930/45 Chyo, Ekachai Road,
Tambol Mahachai, Amphur Mueang,
Samut Sakhon Province
74000, Thailand
Tel : (662) 3487 0730
Fax : (662) 3487 0734

Silom

16th Floor, Silom Complex Building
191 Silom Road, Silom, Bang Rak,
Bangkok 10500, Thailand
Tel : (662) 200 2000
Fax : (662) 632 0191

Sukhumvit 16

3rd Floor, Soi Sukhumvit 16,
199/9 Sukhumvit Road, Klong Toei
Klong Toei, Bangkok 10110, Thailand
Tel : (662) 6633 108
Fax : (662) 6633 107

Yaowaraj

2nd Floor, Thai National Building,
207, 209, 209/1 Rajchawong Road,
Jakrawat, Samphantawong,
Bangkok 10100, Thailand
Tel : (662) 654 1888
Fax : (662) 654 1800

RHB ISLAMIC BANK BERHAD

Kedah

Sungai Petani

Lot No. 41, Jalan Perdana Heights
2/2, Perdana Heights, Sg Petani,
08000 Kedah
Tel : (04) 422 8088
Fax : (04) 422 7088

Pulau Pinang

Auto City, Prai

No. 1808-B, Jalan Perusahaan,
Auto City, Persimpangan Juru,
Lebuhraya Utara-Selatan,
13600 Prai, Pulau Pinang
Tel : (04) 508 0500
Fax : (04) 501 6700

Kuala Lumpur

Cawagan Utama Kuala Lumpur

19A-1-1 & 19A-1-2, UOA Centre, 19,
Jalan Pinang, 50450 Kuala Lumpur
Tel : (03) 2161 1599
Fax : (03) 2161 0599

Jalan Raja Laut

Lot G-04, Ground Floor, Bangunan
KWSP, No.5, Jalan Raja Laut,
50350 Kuala Lumpur
Tel : (03) 2693 6300
Fax : (03) 2698 5751

Selangor

Bandar Baru Bangi

39-G-1, Jalan Medan Pusat Bandar 4,
43650 Bandar Baru Bangi, Selangor
Tel : (03) 8926 5433
Fax : (03) 8926 3343

Bayu Tinggi, Klang

No.1, Jalan Bayu Tinggi 6, Taman
Bayu Tinggi, Klang, 41200 Selangor
Tel : (03) 3326 2255
Fax : (03) 3325 9522

Kelana Jaya

A-G-3, Jalan SS 6/5A, Dataran
Glomac, Pusat Bandar Kelana Jaya,
Kelana Jaya, 47301 Selangor
Tel : (03) 7803 4614
Fax : (03) 7880 6716

Laman Seri, Shah Alam

Lot 17 - 1 & 17 - 2, No. 1 Laman
Seri Business Park, Seksyen 13,
Shah Alam, 40100 Selangor
Tel : (03) 5511 2722
Fax : (03) 5511 2422

Johor

Taman Flora Utama

1 & 2, Jalan Flora Utama 1, Taman
Flora Utama, 83000 Batu Pahat, Johor
Tel : (07) 433 6777
Fax : (07) 433 4848

Taman Setia Tropika

1, Jalan Setia Tropika 1/30,
Taman Setia Tropika,
81200 Johor Bahru, Johor
Tel : (07) 238 0078
Fax : (07) 238 0012

► Group Branch Network

RHB ISLAMIC BANK BERHAD (CONTINUED)

Kelantan

Kubang Kerian

Lot 1679, Jalan Raja Perempuan
Zainab 2, Bandar Baru Kubang Kerian,
16150 Kota Bahru, Kelantan
Tel : (09) 764 0222
Fax : (09) 764 0700

Terengganu

Kuala Terengganu

20, Pusat Niaga Paya Keladi, Kuala
Terengganu, 20000 Terengganu
Tel : (09) 6305 577
Fax : (09) 6305 533

Sabah

Kota Kinabalu

Lot BG-01, Ground Floor, Block B,
Bangunan KWSP, 49, Jalan
Karamunsing, Kota Kinabalu,
88100 Sabah
Tel : (088) 245 777
Fax : (088) 234 499

Sarawak

Jalan Satok

192E & 192F, Jalan Satok,
93400 Kuching, Sarawak
Tel : (082) 258 800
Fax : (082) 243 900

RHB INSURANCE BERHAD

Head Office

Level 12 West Wing, The Icon,
No. 1 Jalan 1/68F Jalan Tun Razak,
55000 Kuala Lumpur
Tel : (03) 2180 3166
Fax : (03) 9281 2729

Ipoh

No. 37, Jalan Medan Ipoh 5,
Bandar Baru Medan Ipoh,
31400 Ipoh, Perak
Tel : (05) 546 3123/546 2021
Fax : (05) 546 1303

Johor Bahru

31, 33, Jalan Permas 10/2,
Bandar Baru Permas Jaya,
81750 Johor Bahru, Johor
Tel : (07) 381 3170
Fax : (07) 381 3199

Kajang

7, Jalan Raja Haroun
43000 Kajang
Selangor Darul Ehsan
Tel : (03) 8737 6067/8733 6479
Fax : (03) 8737 9348

Klang

2nd Floor, Unit A6,
Jalan Tiara 2A/KU1,
Pusat Perniagaan BBK,
Bandar Baru Klang,
41150 Klang, Selangor
Tel : (03) 3342 0026/3341 9964
Fax : (03) 3342 1026

Kota Bharu

Lot 344, Ground Floor,
Jalan Sultan Yahya Petra,
15200 Kota Bharu, Kelantan
Tel : (09) 746 1611
Fax : (09) 746 1612

Kota Kinabalu

Lot No. C-02-06, 2nd Floor,
Block C, Warisan Square,
Jalan Tun Fuad Stephens,
88000 Kota Kinabalu Sabah
Tel : (088) 528 769/765
Fax : (088) 528 770

Kuantan

No. 2, 4 & 6 (Malay Town)
Jalan Putra Square 1, Putra Square
25000 Kuantan, Pahang
Tel : (09) 505 7048
Fax : (09) 505 7050

Kuching

Lot 7419, 1st & 2nd Floor,
No 11 Jalan Simpang Tiga,
P.O Box 1961,
93758 Kuching, Sarawak
Tel : (082) 236 643/234 643/
235 643
Fax : (082) 230 643

Melaka

No. 339
Jalan Melaka Raya 3
Taman Melaka Raya, 75000 Melaka
Tel : (06) 282 9978/283 9460
Fax : (06) 282 0516

Miri

Lot 362, Block 9, 2nd Floor,
Jalan Nakhoda Gampar,
98000 Miri, Sarawak
Tel : (085) 431 160/411 661
Fax : (085) 425 128

Penang

2nd Floor, RHB Bank
44, Lebuhr Pantai,
10300 Penang
Tel : (04) 261 0115/261 5639/
262 5649/262 1206
Fax : (04) 261 6310

Sandakan

1st Floor, Block 7, Lot 64, 65 & 66,
Phase 1, Prima Square, Mile 4,
Jalan Utara, 90000 Sandakan, Sabah
Tel : (089) 235 893/898
Fax : (089) 275 882

Sibu

No. 27-29, 1st Floor,
Jalan Tuanku Osman,
96000 Sibu, Sarawak
Tel : (084) 331 660/876
Fax : (084) 331 873

RHB INVESTMENT MANAGEMENT SDN BHD

Head Office

Level 7, Tower One, RHB Centre,
Jalan Tun Razak,
50400 Kuala Lumpur
Tel : (03) 9286 2666
Fax : (03) 9286 2407

Northern Regional Office

Level 3A, 44 Lebuhr Pantai
Georgetown, 10300 Pulau Pinang
Tel : (04) 263 4848/1333
Fax : (04) 262 8844

RHB INVESTMENT MANAGEMENT SDN BHD (CONTINUED)

Sarawak Regional Office

Lot 7420, First Floor,
Jalan Simpang Tiga,
93300 Kuching, Sarawak
Tel : (082) 231 326
Fax : (082) 230 326

Sabah Regional Office

Lot No. C-02-04, 2nd Floor,
Block C, Warisan Square,
Jalan Tun Fuad Stephens,
88000 Kota Kinabalu, Sabah
Tel : (088) 528 777/528 686/
528 692
Fax : (088) 528 685

RHB INVESTMENT BANK BERHAD

Head Office

Level 13, Tower 3,
RHB Centre, Jalan Tun Razak,
50400 Kuala Lumpur
Tel : (03) 9287 3888
Fax : (03) 9281 5000

Melaka Branch

Lot 19, 21 & 23 Jalan Merdeka,
Taman Melaka Raya,
75000 Melaka
Tel : (06) 283 3622
Fax : (06) 284 9886

Taipan (USJ) Branch

1B & 2B Jalan USJ 10/1J,
47610 UEP Subang Jaya
Tel : (03) 8022 1888
Fax : (03) 8022 1999

Kuching Branch

Yung Kong Building
Lot 172-176, K.T.L.D, Jalan Abell,
93100 Kuching, Sarawak
Tel : (082) 250 888
Fax : (082) 250 868

OSKIB BRANCH NETWORK

Central Region

Principal Office

Tingkat 12, 20 (sebahagian) & 21,
Plaza OSK, Jalan Ampang,
50450 Kuala Lumpur
Tel : (03) 2333 8333/2175 3388
Fax : (03) 2175 3209

Kepong

No. 62, 62-1, 64 & 64-1,
Vista Magna, Jalan Prima,
Metro Prima, 52100 Kuala Lumpur
Tel : (03) 6257 5869
Fax : (03) 6257 5934

Seri Petaling

Ground, First, Second & Third Floor,
No. 55, Zone J4, Jalan Radin Anum,
Bandar Baru Seri Petaling,
57000 Kuala Lumpur
Tel : (03) 9058 7222
Fax : (03) 9058 3386

Selangor Region

Bandar Puchong Jaya

Tingkat Bawah dan Tingkat Satu,
No. 13 Jalan Kenari 3,
Bandar Puchong Jaya,
47100 Puchong, Selangor
Tel : (03) 8070 6899
Fax : (03) 8070 6748

Kajang

No. 37, Jalan Semenyih,
43000 Kajang, Selangor
Tel : (03) 8736 3378
Fax : (03) 8736 7939

Klang

Tingkat Bawah & Tingkat Mezanin,
No. 87 & 89, Jalan Susur,
Pusat Perniagaan NBC,
Batu 1 ½ Jalan Meru,
41050 Klang, Selangor
Tel : (03) 3343 9180
Fax : (03) 3342 6455

Kota Damansara

11-1 & 11-2, Jalan PJU 5/12,
Dataran Sunway, Kota Damansara,
47810 Petaling Jaya, Selangor
Tel : (03) 6148 3361
Fax : (03) 6148 3362

Pandan Indah

No. 5 & 7, Jalan Pandan Indah 4/33,
Pandan Indah, 55100 Selangor
Tel : (03) 4280 4798
Fax : (30) 4280 5519

Rawang

Tingkat Bawah & Tingkat Satu,
No. 15, Jalan Bandar Rawang 4,
48000 Rawang, Selangor
Tel : (03) 6092 8916
Fax : (03) 6092 4541

SS2, Petaling Jaya

24, 24M, 24A, 26M, 28M, 28A, 30,
30M & 30A, Jalan SS2/63,
47300 Petaling Jaya, Selangor
Tel : (03) 7873 6366
Fax : (03) 7873 6566

USJ Taipan

Tingkat 3, 1A-D,
Jalan USJ 10/1A,
Pusat Perniagaan USJ 10,
47610, UEP Subang Jaya, Selangor
Tel : (03) 8023 6518
Fax : (03) 8023 6534

► Group Branch Network

OSKIB BRANCH NETWORK (CONTINUED)

Penang Region

Penang

No. 64 & 64D,
Tingkat Bawah - Tingkat 3 & Tingkat 5
- Tingkat 8, Lebuhraya Bishop,
10200 Penang
Tel : (04) 263 4222
Fax : (04) 262 2299

Bayan Baru

15-G-5, 15-G-6, 15-1-5, 15-1-6,
15-2-5, 15-2-6 & 15-2-24,
Bayan Point Medan Kampung Relau,
11950 Penang
Tel : (04) 640 4888
Fax : (04) 640 4878

Bukit Mertajam

Tingkat Bawah, Tingkat Satu & Tingkat
Dua, No. 11A, Jalan Keranji,
Off Jalan Padang Lallang,
14000 Bukit Mertajam, Pulau Pinang
Tel : (04) 540 2888
Fax : (04) 540 2878

Butterworth

Aras Bawah, 1 dan 2, 2677,
Jalan Chain Ferry, Taman Inderawasih,
13600 Prai, Pulau Pinang
Tel : (04) 390 0022
Fax : (04) 390 0023

Farlim

41-A, 41-B dan 41-C,
Lintang Angsana, Bandar Baru Air
Itam, 11500 Pulau Pinang
Tel : (04) 835 2988
Fax : (04) 835 2978

Sungai Bakap

834, Tingkat Bawah dan Tingkat Satu,
835, Tingkat Satu, Jalan Besar,
Sungai Bakap, 14200 Sungai Jawi
SPS, Pulau Pinang
Tel : (04) 5831 888
Fax : (04) 5831 878

Perlis Region

Kangar

Tingkat Bawah & Tingkat Satu,
No. 39, Taman Suriani,
Persiaran Jubli Emas,
01000 Kangar, Perlis
Tel : (04) 979 3888
Fax : (04) 979 3878

Perak Region

Ipoh

21-25, Jalan Seenivasagam,
Greentown, 30450 Ipoh, Perak
Tel : (05) 241 5100
Fax : (05) 255 3903

Kampar

No. 72, Tingkat Bawah dan Tingkat
Satu, Jalan Idris,
31900 Kampar, Perak
Tel : (05) 467 1820
Fax : (05) 467 1800

Parit Buntar

Tingkat Bawah dan Tingkat Satu,
No. 2, Jalan Wawasan 4,
Taman Wawasan,
34200 Parit Buntar, Perak
Tel : (05) 717 0888
Fax : (05) 717 0878

Sitiawan

No. 23 & 25, Tingkat Bawah dan
Tingkat Satu, Jalan Lumut,
32000 Sitiawan, Perak
Tel : (05) 692 9226
Fax : (05) 692 9223

Taiping

No. 40, 42 & 44,
Jalan Berek,
34000 Taiping, Perak
Tel : (05) 808 8229
Fax : (05) 808 5229

Teluk Intan

No. 17, Jalan Intan 2,
Bandar Baru,
36000 Teluk Intan, Perak
Tel : (05) 623 6498
Fax : (05) 623 6497

Melaka Region

Melaka

579, 580 dan 581,
Taman Melaka Raya,
75000 Melaka
Tel : (06) 282 5211
Fax : (03) 284 4871

Negeri Sembilan Region

Bahau

No. 168, 1st & 2nd Floor, Jalan
Mewah (Pusat Perniagaan UMNO),
72100 Bahau, Negeri Sembilan
Tel : (06) 455 3014
Fax : (06) 455 3010

Port Dickson

Tingkat Bawah & Tingkat Mezanin,
No. 346 & 347, Batu ½ Jalan Pantai,
71000 Port Dickson, Negeri Sembilan
Tel : (06) 646 1234
Fax : (06) 646 4064

Seremban

Tingkat Bawah, Tingkat 1 & Tingkat 2,
No. 32 & 33, Jalan Dato' Bandar
Tunggal, 70000 Seremban,
Negeri Sembilan
Tel : (06) 764 1641
Fax : (06) 764 1711

Tampin

No. 3601, 1st Floor, Jalan Besar,
73000 Tampin, Negeri Sembilan
Tel : (06) 442 1000
Fax : (06) 442 1001

Johor Region

Batu Pahat

Ground, 1st & 2nd Floor,
53,53-A dan 53-B,
Jalan Sultanah,
83000 Batu Pahat, Johor
Tel : (07) 438 0288
Fax : (07) 438 0350

OSKIB BRANCH NETWORK (CONTINUED)

Johor Bahru

Tingkat 6, Wisma Tiong-Hua,
8, Jalan Keris, Taman Sri Tebrau,
80050 Johor Bahru, Johor
Tel : (07) 278 8821
Fax : (07) 278 8011

Kluang

Tingkat Bawah dan Tingkat Satu,
No. 40, Jalan Haji Manan,
86000 Kluang, Johor
Tel : (07) 776 9655
Fax : (07) 771 4382

Kulai

Tingkat Bawah, Tingkat Satu & Tingkat
Dua, No. 10, Jalan Anggerik 1,
Taman Kulai Utama,
81000 Kulai, Johor
Tel : (07) 662 6288
Fax : (07) 662 6289

Labis

No. 2, Tingkat 1, Jalan Makmur,
Taman Sri Aman,
85300 Labis, Johor
Tel : (07) 9256 881
Fax : (07) 9256 882

Muar

No. 33-1, Tingkat 1 & Tingkat 2
(Unit Penjuru), Jalan Ali,
84000 Muar, Johor
Tel : (06) 953 8262
Fax : (06) 953 8263

Segamat

Tingkat Bawah, Tingkat 1 & Tingkat 2,
No.3, Jalan Susur Utama 2/1,
Taman Utama, 85000 Segamat, Johor
Tel : (07) 932 1543
Fax : (07) 932 1612

Sutera Utama

Tingkat Bawah dan Tingkat Satu,
No. 119 dan 121, Jalan Sutera
Tanjung 8/2, Taman Sutera Utama,
81300 Skudai, Johor
Tel : (07) 557 7628
Fax : (07) 557 3664

Taman Molek

Tingkat Bawah, Tingkat 1 dan
Tingkat 2, No. 21 dan 23,
Jalan Molek 1/30, Taman Molek,
81100 Johor Bahru, Johor
Tel : (07) 352 2293
Fax : (07) 358 1040

Tangkak

No. 343, Jalan Muar,
84900 Tangkak, Johor
Tel : (06) 978 7180
Fax : (06) 978 8280

Yong Peng (EAF)

No. 240A, Jalan Besar,
83700 Yong Peng, Johor
Tel : (07) 467 7451
Fax : (07) 467 7481

Pahang Region

Bentong

Tingkat Bawah dan Tingkat Satu,
98 Jalan Pasdec,
28700 Bentong, Pahang
Tel : (09) 2234 948
Fax : (09) 2234 950

Cameron Highlands

No. 76-A, Tingkat Bawah dan
Tingkat Satu, Persiaran Camelia 4,
Tanah Rata, 39000 Cameron
Highlands, Pahang
Tel : (05) 491 4913
Fax : (05) 491 4931

Kuantan

B32 & B34,
Lorong Tun Ismail 8,
Seri Dagangan II,
25000 Kuantan, Pahang
Tel : (09) 517 3811
Fax : (09) 517 3911

Kedah Region

Alor Setar

214-A, 214-B, 215-A dan 215-B,
Medan Putra, Jalan Putra,
05150 Alor Setar, Kedah
Tel : (04) 720 9888
Fax : (04) 720 9878

Kulim

Tingkat Bawah dan Tingkat 1,
35, Jalan Suria 1, Jalan Bayu,
09000 Kulim, Kedah
Tel : (04) 496 4888
Fax : (04) 496 4878

Sungai Petani

No. 112, Jalan Pengkalan,
Taman Pekan Baru,
08000 Sungai Petani, Kedah
Tel : (04) 420 4888
Fax : (04) 420 4878

Terengganu Region

Kemaman

Tingkat Bawah & Tingkat Satu,
9651, Cukai Utama,
Jalan Kubang Kurus,
24000 Kemaman, Terengganu
Tel : (09) 850 2730
Fax : (09) 858 2314

Kuala Terengganu

31A, Tingkat Bawah, 31A & 31B
Tingkat 1, Jalan Sultan Ismail,
20200 Kuala Terengganu, Terengganu
Tel : (09) 626 1816
Fax : (09) 626 6241

Kelantan Region

Kota Bharu

No. 3953-H, Tingkat Bawah & Tingkat
1, Jalan Kebun Sultan,
15350 Kota Bharu, Kelantan
Tel : (09) 743 0077
Fax : (09) 747 6669

► Group Branch Network

OSKIB BRANCH NETWORK (CONTINUED)

Sarawak Region

Bintulu

Tingkat Bawah dan Tingkat 1,
No. 221, Parkcity Commerce Square,
Phase III, Jalan Tun Ahmad Zaidi,
97000 Bintulu, Sarawak
Tel : (086) 311 770
Fax : (086) 312 770

Kuching

Lot 170 & 171, Section 49,
K.T.L.D., Jalan Chan Chin Ann,
93100 Kuching, Sarawak
Tel : (082) 422 252
Fax : (082) 240 955

Miri

Tingkat Dua, Lot 1268 dan Lot 1269,
Centre Point Commercial Centre,
Jalan Melayu, 98000 Miri, Sarawak
Tel : (085) 422 788
Fax : (085) 410 822

Sarikei

Tingkat Bawah dan Tingkat Satu,
No. 10, Jalan Bersatu,
96100 Sarikei, Sarawak
Tel : (084) 658 964
Fax : (084) 651 900

Sibu

No. 102, Pusat Pedada,
Jalan Pedada,
96000 Sibu, Sarawak
Tel : (084) 329 100
Fax : (084) 334 100

Sabah Region

Kota Kinabalu

Tingkat 5, Wisma BSN Sabah,
Jalan Kemajuan, Karamunsing,
88000 Kota Kinabalu, Sabah
Tel : (088) 269 788
Fax : (088) 260 910

Lintas

Lot 14-0, Ground Floor, Lorong Lintas
Plaza 2, Lintas Plaza, Off Jalan Lintas,
88300 Kota Kinabalu, Sabah
Tel : (088) 256 666
Fax : (088) 256 618

Sandakan

Tingkat Bawah, Block 2, Lot 4 & Lot
5, Bandar Indah, Batu 4, North Road,
91000 Sandakan, Sabah
Tel : (089) 229 286
Fax : (089) 229 719

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

Low Cost Carrier Terminal (LCCT)- KLIA (will be relocated to Gateway@ klia2 w.e.f June,2013)

Lot LCIA 01, New International Arrival
Hall, Low Cost Carrier Terminal,
64000 KLIA, Selangor
Tel : (03) 8787 4351
Fax : (03) 8787 4352

KLCC

Lot G34A, Ground Level,
Petronas Twin Tower, Suria KLCC,
50088 Kuala Lumpur
Tel : (03) 2164 5773
Fax : (03) 2164 5780

EASY STANDALONE

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
Dwitasik, 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 STANDALONE (CONTINUED)

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-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 Suarasa 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

► Group Branch Network

EASY STANDALONE (CONTINUED)

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, Pesiaran 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 Bahru Trade Centre

Lot LG02, Kota Bahru Trade Centre,
15000 Kota Bahru, Kelantan

Easy-RHB Wakaf Che Yeh, Kota Bahru

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.Tranganu,
H.S (D) 6917, Lot PT 1485, Mukim
Cabang Tiga, Jalan Padang Hiliran,
21100 K.Tranganu, Trengganu

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 Giant Superstore Lukut

Lot G8 Giant Superstore Lukut, Jalan
Dataran Segar, 71000 Port Dickson,
Negeri Sembilan

Easy-RHB KSL City, Johor Bahru

Lot LG-59, Lower Ground, KSL City,
No 33, Jalan Seladang, Taman Abad
80250, Johor Bahru, Johor

Easy-RHB Giant Hypermarket Bukit Tinggi

Lot A22, Pesiarian 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
Pesiarian Surian PJU 6, Petaling Jaya
47800, 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 STANDALONE (CONTINUED)

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 Pendamar Indah, Pelabuhan Klang

No. 96, Ground Floor, Solok Pendamar Indah 1, Taman Pendamar 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 Sli, 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, Jalan Nautika A U20/A, Seksyen U20, 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 Darul Takzim

► Group Branch Network

EASY STANDALONE (CONTINUED)

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-RHB Megalong Mall, Donggongan

Lot G-106, Megalong Mall, Donggongan, Donggongan 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 Jln Pegawai, Persiaran Sultan A Hamid

Ground Floor, No. 29, Kompleks Perniagaan Sultan Abdul Hamid, Pesiaran 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 Alam Avenue Section 16

A-6-G, Jalan Serai Wangi F 16/F, Alam Avenue, Pesiaran Selangor, Section 16, 40200, Shah Alam, Selangor

Easy-RHB Giant, Batu 9, Cheras

Lot F6 & F7, Giant Hypermarket Cheras, Batu 9, Grand Saga Highway (Cheras - Kajang Highway) 43200 Cheras, Selangor

Easy-RHB Sepanggar (next to Giant Indah Permai)

Lot No. 03, Ground Floor, The Urban Mini Mall, Taman Indah Permai, Jalan Sepanggar, 88450 Kota Kinabalu, Sabah

Easy-RHB E-Mart 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 Darul Ehsan

Easy-RHB Balik Pulau

Lot No. 43, Jalan Tun Sardon, Mukim 6, 11000 Balik Pulau, Pulau Pinang

Easy-RHB Batangkali

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 Tanjong Kidurong, 97000 Bintulu, Sarawak

RHB EASY LRT & MONO.RAIL

Easy-RHB Giant Bayan Baru

Lot F18, Mezzanine Floor, Giant Hypermarket Bayan Baru, No. 78, Jalan Tengah, Bayan Baru, 11900 Bayan Lepas, Pulau Pinang

RHB EASY LRT & MONO.RAIL (CONTINUED)

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

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, Mukim, 59200 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 Masjid Jamek

Jalan Melaka, 50100 Kuala Lumpur

Easy-RHB Wangsa Maju

Mukim Setapak, 53300 Wangsa Maju, Kuala Lumpur

Easy-RHB Sri Rampai

Jalan Wangsa Perdana 1, Taman Sri Rampai, 53300 Wangsa Maju, Kuala Lumpur

Easy-RHB Maluri LRT

Batu 2 1/2 Off Jalan Cheras, Taman Miharja, 55200 Kuala Lumpur

Easy-RHB Pudu LRT

Jalan Sarawak Off Jalan Pudu, 55100 Kuala Lumpur

Easy-RHB Cempaka

Jalan Pandan Indah 23, Pandan Indah, 68000 Ampang, Selangor

Easy-RHB Pandan Indah

Jalan Pandan Indah 2/2, Pandan Indah, 55100 Kuala Lumpur

Easy-RHB Taman Melati

Pesiaran Pertahanan, Taman Melati, 53100 Gombak, Selangor

Easy-RHB MoNo.rail Chow Kit

Stesen MoNo.rail Chow Kit, Jalan Tunku Abdul Rahman 50100, Kuala Lumpur

Easy-RHB MoNo.rail Titiwangsa

Stesen MoNo.rail Titiwangsa, Jalan Pekeliling 53200, Kuala Lumpur

Easy-RHB MoNo.rail Hang Tuah

Stesen MoNo.rail Hang Tuah, Jalan Hang Tuah 55200, Kuala Lumpur

Easy-RHB MoNo.rail Raja Chulan

Stesen MoNo.rail Raja Chulan, Jalan Sultan Ismail 50250, Kuala Lumpur

Easy-RHB MoNo.rail Bukit Bintang

Stesen MoNo.rail Bukit Bintang, Jalan Sultan Ismail 50250, Kuala Lumpur

Easy-RHB MoNo.rail Imbi

Lot K03, Stesen Monorail Imbi, Jalan Imbi, 55100 Kuala Lumpur

RHB TESCO EASY

Easy-RHB Ampang

RHB Kiosk, Tesco Ampang, PT 8880 Jln Pandan Prima, Dataran Pandan Prima, 55100 KL

Easy-RHB Tesco Bukit Tinggi (Klang)

RHB Kiosk, Tesco Klang, No. 3 Jln Batu Nilam 6/KSG, 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

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RHB TESCO EASY (CONTINUED)

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 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 Sungai 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

Easy-RHB Tesco Manjung

RHB Kiosk, Tesco Manjung, No 103 Jalan Lumut, 32000 Sitiawan, Perak

RHB TESCO EASY (CONTINUED)

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 tg 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 GPO Dayabumi KL

Pejabat Pos Besar Kuala Lumpur, Jalan Tan Cheng Lock, 50670 Kuala Lumpur

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 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 Kajang

JKR 78, Jalan Hishamuddin, 43000 Kajang

Easy-RHB PO Kelana Jaya

No. 2, Jalan SS 6/2, 47301 Kelana Jaya

Easy-RHB PO Nilai, N. Sembilan

PT 5797 Jalan 3/S. 2/1G, Taman Semarak, 71800 Nilai

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 PO Sg. Buloh

No. 1-12K, Tkt. 2, Pasaraya Warta, Kompleks Sungai Buloh, 47000 Sungai Buloh

Easy-RHB PO Sg. Wang

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

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EASY RHB POS (CONTINUED)

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

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

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

Plaza Low Yat

RHB Kiosk, Kiosk G-K013,
Ground Floor, Plaza Low Yat, No. 7,
Jalan Bintang, Off Jalan Bukit Bintang,
Bukit Bintang Central,
55100, Kuala Lumpur

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

Proxy Form



RHB Capital Berhad

(Company No. 312952-H)
(Incorporated in Malaysia under the Companies Act, 1965)

| |
|-----------------------------|
| No. of Ordinary Shares held |
| |

I/We _____ NRIC/Passport/Co. No.: _____
(Name in block letters)

of _____
(Full Address)

being a member of **RHB CAPITAL BERHAD** hereby appoint:

(Name & NRIC No.) _____ of _____
and/or*

(Name & NRIC No.) _____ of _____

or failing him/her, the CHAIRMAN OF THE MEETING, as my/our* proxy to vote for me/us* and on my/our* behalf at the Eighteenth (18th) Annual General Meeting of the Company to be held at Grand Ballroom, Level 2, InterContinental Hotel, 165 Jalan Ampang, 50450 Kuala Lumpur, on Monday, 27 May 2013 at 11.00 a.m. and at any adjournment thereof.

The proportion of my/our* holding to be represented by my/our* proxies are as follows:

First Proxy (1) Second Proxy (2)

My/Our* proxy is to vote as indicated below:

| | Resolutions | For | Against |
|-----------------------|---|-----|---------|
| Ordinary Resolution 1 | To approve a single-tier final dividend of 16.09% in respect of the financial year ended 31 December 2012. | | |
| Ordinary Resolution 2 | To re-elect YBhg Dato' Teo Chiang Liang as Director. | | |
| Ordinary Resolution 3 | To re-elect YBhg Dato' Saw Choo Boon as Director. | | |
| Ordinary Resolution 4 | To re-elect YBhg Datuk Wira Jalilah Baba as Director. | | |
| Ordinary Resolution 5 | To re-elect YBhg Dato' Nik Mohamed Din Datuk Nik Yusoff as Director. | | |
| Ordinary Resolution 6 | To approve the payment of Directors' fees totalling RM482,732.24 for the financial year ended 31 December 2012. | | |
| Ordinary Resolution 7 | To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. | | |
| Ordinary Resolution 8 | To approve the proposed renewal of the authority to allot and issue new ordinary shares of RM1.00 each in RHB Capital Berhad for the purpose of the Company's Dividend Reinvestment Plan. | | |

(Please indicate with an "X" in the spaces provided above as to how you wish to cast your vote. If no specific directions as to voting are given, the proxy shall vote or abstain from voting at his/her full discretion)

Dated _____, 2013.

Signature _____

(If shareholder is a corporation, this part should be executed under seal)

* Delete if not applicable

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 May 2013 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 18th AGM.
2. A member of the Company entitled to attend and vote at the general meeting is entitled to appoint up to two (2) proxies to attend and vote in his place. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
3. The Form of Proxy must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its attorney duly authorised in writing.
4. If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
5. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account which is credited with ordinary shares of the Company.
6. The Form of Proxy or other instruments of appointment must be deposited at the office of the Share Registrar of the Company, Symphony Share Registrars Sdn Bhd, at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor not later than 48 hours before the time fixed for holding the meeting or any adjournment thereof.
7. Registration counter will open from 10.00 a.m. to 11.00 a.m. on the meeting day to facilitate shareholders/proxy registration.

PLEASE FOLD HERE

Postage
Stamp

The Share Registrar of **RHB CAPITAL BERHAD**
SYMPHONY SHARE REGISTRARS SDN BHD
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor

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RHB Capital Berhad (312952-H)

Level 10, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur
Tel : 603-9285 2233 Fax : 603-9281 9314