

Unless otherwise stated, all abbreviations contained in this Abridged Prospectus are defined in the “Definitions” section of this Abridged Prospectus.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

If you have sold or transferred all your RHB Capital Shares, you should hand this Abridged Prospectus, together with the NPA and the RSF (collectively, the “Documents”) at once to the agent/broker through whom you effected the sale/transfer for onward transmission to the purchaser/transferee. All enquiries concerning the Rights Issue should be addressed to our Share Registrar, Symphony Share Registrars Sdn Bhd, at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan.

The Documents are despatched only to our Entitled Shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on 23 November 2015 at their registered address in Malaysia or who have provided our Share Registrar with an address in Malaysia in writing on or before 5.00 p.m. on 23 November 2015. The Documents are not intended to be and should not be issued, circulated or distributed in any countries or jurisdictions other than Malaysia, where by doing so might constitute a violation of the securities laws or regulations of such countries or jurisdictions. No action has been or will be taken to ensure that either the Rights Issue or the Documents comply with the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue to which the Documents relate is only available to the persons receiving the Documents within Malaysia. Accordingly, the Documents will not be despatched to the Entitled Shareholders who do not have a registered address in Malaysia as stated in the Record of Depositors as at 5.00 p.m. on 23 November 2015 or who have not provided the Share Registrar with an address in Malaysia for despatch of Documents by 5.00 p.m. on 23 November 2015. Persons receiving the Documents (including without limitation, custodian, nominees and trustees) must not, in connection with the Rights Issue distribute or send the Documents outside of Malaysia. Entitled Shareholders and/or their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and/or other professional advisers as to whether the acceptance, renunciation, sale or transfer (as the case may be) of all or any part of their Provisional Rights Shares, the application for the Excess Rights Shares, or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares would result in the contravention of any law of such countries or jurisdictions. Neither we, your Board, RHB Investment Bank nor any other adviser to the Rights Issue will accept any responsibility or liability in the event that any acceptance, renunciation, sale or transfer (as the case may be) of the Provisional Rights Shares, the application for the Excess Rights Shares or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares made by any Entitled Shareholder and/or their renouncee(s) (if applicable) shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which the said Entitled Shareholder and/or their renouncee(s) (if applicable) is a resident. For further information, see “Laws of foreign countries or jurisdictions” as set out in Section 11.9 of this Abridged Prospectus.

The approval from our shareholders for the Rights Issue was obtained at our EGM convened on 27 August 2015. The approval from Bursa Securities for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities was obtained vide its letter dated 30 July 2015. However, this is not an indication that Bursa Securities recommends the Rights Issue. The listing of and quotation for the Rights Shares on the Main Market of Bursa Securities is in no way reflective of the merits of the Rights Issue. The listing of and quotation for the Rights Shares will commence after, amongst others, receipt of confirmation from Bursa Depository that all the Rights Shares have been duly credited into the CDS Accounts of the successful Entitled Shareholders and/or their renouncee(s) (if applicable) and notices of allotment have been despatched to them.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents have also been lodged with the Registrar of Companies who takes no responsibility for the contents of the Documents.

Your Board has seen and approved all the documentation relating to this Rights Issue. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make the statements in the Documents false or misleading.

RHB Investment Bank, being the Principal Adviser for the Rights Issue, acknowledges that, based on all available information and to the best of their knowledge and belief, this Abridged Prospectus contains full and true disclosure of all material facts concerning the Rights Issue.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” AS SET OUT IN SECTION 7 OF THIS ABRIDGED PROSPECTUS.



RHB Capital Berhad

(Company No.: 312952-H)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 517,696,286 NEW ORDINARY SHARES OF RM1.00 EACH IN RHB CAPITAL BERHAD (“RHB CAPITAL”) (“RHB CAPITAL SHARES”) (“RIGHTS SHARES”) AT AN ISSUE PRICE OF RM4.82 PER RIGHTS SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FIVE (5) EXISTING RHB CAPITAL SHARES HELD AS AT 5.00 P.M. ON 23 NOVEMBER 2015

Principal Adviser, Managing Underwriter and Joint Underwriter



RHB Investment Bank Berhad

(Company No. 19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Underwriters

Affin Hwang Investment
Bank Berhad (14389-U)

CIMB Investment Bank
Berhad (18417-M)

Credit Suisse Securities
(Malaysia) Sdn Bhd
(499609-H)

Maybank Investment Bank
Berhad (15938-H)

Public Investment Bank
Berhad (20027-W)

IMPORTANT RELEVANT DATES AND TIMES

Entitlement Date	: Monday, 23 November 2015 at 5.00 p.m.
Last date and time for the sale of the Provisional Rights Shares	: Monday, 30 November 2015 at 5.00 p.m.
Last date and time for the transfer of the Provisional Rights Shares	: Thursday, 3 December 2015 at 4.00 p.m.
Last date and time for acceptance of and payment for the Provisional Rights Shares	: Tuesday, 8 December 2015 at 5.00 p.m.*
Last date and time for application and payment for the Excess Rights Shares	: Tuesday, 8 December 2015 at 5.00 p.m.*

* or any such later date and time as your Board may, at their absolute discretion, decide and announce, but not less than two (2) Market Days before such stipulated date and time.

This Abridged Prospectus is dated 23 November 2015

Unless otherwise stated, all abbreviations used herein are as defined in the "definitions" section of this Abridged Prospectus.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE RIGHTS ISSUE AND ANY INVESTMENT IN OUR COMPANY. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF RHB CAPITAL SHARES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY RHB CAPITAL SHARES IN ANY COUNTRY OR JURISDICTION WHERE TO DO SO MIGHT CONSTITUTE A VIOLATION OF THE SECURITIES LAWS OR REGULATIONS OF SUCH COUNTRY OR JURISDICTION. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THIS ABRIDGED PROSPECTUS IS NOT AN OFFER FOR SALE OF SECURITIES IN THE UNITED STATES. THE RIGHTS SHARES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND THE SECURITIES LAWS OF ANY STATES OR OTHER JURISDICTIONS OF THE UNITED STATES. NEITHER WE NOR ANY SELLER OF SECURITIES INTENDS TO REGISTER ANY PORTION OF ANY OFFERING IN THE UNITED STATES OR TO CONDUCT A PUBLIC OFFERING OF SECURITIES IN THE UNITED STATES. NEITHER THIS ABRIDGED PROSPECTUS NOR ANY COPY THEREOF MAY BE TAKEN, TRANSMITTED OR DISTRIBUTED, DIRECTLY OR INDIRECTLY, OUTSIDE OF MALAYSIA, INCLUDING IN OR INTO THE UNITED STATES. ANY FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF THE U.S. SECURITIES LAWS. EACH SUBSCRIBER ACKNOWLEDGES THAT THE RIGHTS SHARES HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES. BY ACCEPTING THIS ABRIDGED PROSPECTUS, YOU AGREE TO BE BOUND BY THE FOREGOING LIMITATION.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE FOR WHICH ANY OF THE PERSONS AS SET OUT IN SECTION 236 OF THE CMSA (SUCH AS OUR DIRECTORS AND ADVISERS) ARE RESPONSIBLE.

THE DOCUMENTS HAVE BEEN PREPARED AND ARE PUBLISHED SOLELY FOR THE RIGHTS ISSUE UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

NEITHER OUR PRINCIPAL ADVISER NOR OTHER PROFESSIONAL ADVISERS MAKES ANY REPRESENTATION, WARRANTY OR RECOMMENDATION WHATSOEVER AS TO THE MERITS OF THE RIGHTS ISSUE, OUR COMPANY OR ANY OTHER MATTER RELATED THERETO OR IN CONNECTION THEREWITH.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:-

Abridged Prospectus	: This abridged prospectus dated 23 November 2015 issued by our Company in relation to the Rights Issue
Act	: Companies Act, 1965
APA	: The asset purchase agreement to be entered into between RHB Hartanah and RHB Bank in relation to the Proposed Internal Reorganisation
BNM	: Bank Negara Malaysia
BNM Shareholding Limits	: The maximum shareholding limit imposed by BNM on any particular shareholder
Board	: Board of Directors of RHB Capital
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
Capital Injection	: Injection of the proceeds to be raised from the Rights Issue (as further detailed in Section 2.1 of this Abridged Prospectus) into RHB Bank to further capitalise RHB Bank and to finance the working capital requirements of RHB Bank Group
CDS	: Central Depository System, the system established and operated by Bursa Depository for the handling of securities deposited with Bursa Depository
CDS Account	: Account established by Bursa Depository for a depositor for the recording of deposit of securities and dealings in such securities by that depositor of securities
Closing Date	: 8 December 2015 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Provisional Rights Shares and the Excess Rights Shares or any such later date and time as your Board may, at their absolute discretion, decide and announce, but not less than two (2) Market Days before such stipulated date and time
CMSA	: Capital Markets and Services Act 2007
Code	: Malaysian Code on Take-Overs and Mergers 2010
Consolidated RHB Bank Shares	: Ordinary shares of RM1.00 each in RHB Bank after the Proposed Consolidation of RHB Bank Shares
Corporate Exercises	: Collectively, the Proposed Internal Reorganisation, Proposed Distribution and Capital Repayment, Transfer of Listing Status and M&A Amendments
Definitive Agreements	: Collectively, the SSA and APA
Disposal Consideration	: The total indicative consideration of approximately RM3.71 billion for the Proposed Internal Reorganisation to be satisfied entirely in cash

DEFINITIONS (Cont'd)

Distribution and Capital Repayment Entitled Shareholders	: Our shareholders whose names appear in our Record of Depositors on the Distribution Entitlement Date
Distribution Entitlement Date	: A date to be determined and announced later by your Board upon completion of the Rights Issue and Proposed Internal Reorganisation and the receipt of all relevant approvals for the Proposed Distribution and Capital Repayment, on which the names of our shareholders must appear in our Record of Depositors as at 5.00 p.m. on that date in order to be entitled to the Proposed Distribution and Capital Repayment
Documents	: Collectively, this Abridged Prospectus and the accompanying NPA and RSF
EGM	: Extraordinary general meeting
Entitled Shareholders	: Our shareholders whose names appear in our Record of Depositors on the Entitlement Date in order to be entitled to participate in the Rights Issue
Entitlement Date	: 23 November 2015 at 5.00 p.m., being the date and time on which the names of our shareholders must appear in our Record of Depositors, in order to be entitled to participate in the Rights Issue
EPF	: Employees Provident Fund Board
EPF Undertaking	: Written irrevocable unconditional undertaking provided by EPF vide its letter dated 3 July 2015 to subscribe in full for its entitlement under the Rights Issue as at the Entitlement Date and to apply for such number of Excess Rights Shares representing up to 2% of the enlarged issued and paid-up share capital of RHB Capital after the Rights Issue, provided that its application for such Excess Rights Shares shall not in any way trigger or otherwise result in a mandatory general offer for the remaining RHB Capital Shares not already owned by EPF
EPS	: Earnings per share
Excess Rights Shares	: Rights Shares which are not taken up or cannot be taken up or not validly taken up by the Entitled Shareholders and/or their renouncee(s) (if applicable) by the Closing Date
Foreign Addressed Shareholders	: Entitled Shareholders who fall into the following categories:- <ul style="list-style-type: none"> (i) persons whose addresses in our Record of Depositors on the Entitlement Date are not Malaysian addresses; or (ii) persons who failed to notify our Share Registrar of mailing addresses in Malaysia, on or before the Entitlement Date
FPE	: Financial period ended/ending, as the case may be
FSA	: Financial Services Act 2013
FYE	: Financial year ended/ending, as the case may be

DEFINITIONS (Cont'd)

Identified Assets	: Collectively, the identified assets of RHB Capital, which includes the entire equity interests in, or certain assets and liabilities of our subsidiaries which will be transferred to RHB Bank pursuant to the Proposed Internal Reorganisation as set out in Section 3.1 of this Abridged Prospectus
Issue Price	: The issue price of RM4.82 per Rights Share
Joint Underwriters	: Collectively, Affin Hwang Investment Bank Berhad, CIMB Investment Bank Berhad, Credit Suisse Securities (Malaysia) Sdn Bhd, Maybank Investment Bank Berhad, Public Investment Bank Berhad and RHB Investment Bank
LPD	: 26 October 2015, being the latest practicable date prior to the registration of this Abridged Prospectus
M&A	: Memorandum and articles of association
M&A Amendments	: Proposed amendments to the M&A of our Company to facilitate the Proposed Distribution and Capital Repayment and Transfer of Listing Status
Malaysian Trustees	: Malaysian Trustees Berhad (21666-V), a company which RHB Capital holds 100% effective equity interest in, through its 20% direct shareholding and 80% indirect shareholding through RHB Investment Bank and its wholly-owned subsidiaries
Management and Underwriting Agreement	: Management and underwriting agreement dated 9 September 2015 entered into between our Company, the Managing Underwriter and the Joint Underwriters in relation to the Rights Issue and as supplemented by the supplemental management and underwriting agreements dated 5 November 2015 and 17 November 2015 entered into between our Company, the Managing Underwriter and the Joint Underwriters
Market Day	: Any day on which Bursa Securities is open for trading in securities
MOF	: Ministry of Finance, Malaysia
NA	: Net assets
NBV	: Net book value
NL	: Net liabilities
NPA	: Notice of provisional allotment of Rights Shares pursuant to the Rights Issue
OSKH	: OSK Holdings Berhad (207075-U)
OSKH Undertaking	: Written irrevocable unconditional undertaking provided by OSKH vide its letter dated 4 August 2015 to subscribe in full for its entitlement under the Rights Issue as at the Entitlement Date. OSKH had on 16 November 2015 issued a supplemental undertaking letter indicating that they may have to reduce their level of subscription by up to 2,300,000 Rights Shares in the event the Rights Issue is implemented under Scenario II as set out in Section 2.1 of this Abridged Prospectus so as not to breach any shareholding restriction under the FSA. Please refer to Section 4.1 of this Abridged Prospectus for further information
OSKIB	: OSKIB Sdn Bhd (14152-V)
Proposed Consolidation of RHB Bank Shares	: Proposed consolidation of two (2) RHB Bank Shares into one (1) Consolidated RHB Bank Share

DEFINITIONS (Cont'd)

Proposed Distribution and Capital Repayment	: Proposed distribution of our entire shareholding in RHB Bank, after the completion of the Rights Issue and Proposed Internal Reorganisation, by way of distribution-in-specie via a reduction of the entire share premium account of our Company and the par value of all the existing RHB Capital Shares from RM1.00 to RM0.05 in accordance with Sections 60(2) and 64 of the Act as well as via our Company's retained earnings
Proposed Internal Reorganisation	: Proposed transfer by our Company of the Identified Assets to RHB Bank for the Disposal Consideration
Proposed Winding Up	: Proposed members' voluntary winding up of our Company in accordance with the Act
Provisional Rights Shares	: The Rights Shares provisionally allotted to the Entitled Shareholders
Record of Depositors	: A record of depositors provided by Bursa Depository to RHB Capital under Chapter 24.0 of the Rules of Bursa Depository
Regulation S	: Regulation S under the U.S. Securities Act
Reporting Accountants	: PricewaterhouseCoopers (AF:1146)
RHB Bank	: RHB Bank Berhad (6171-M), a wholly-owned subsidiary of RHB Capital
RHB Bank Group	: Collectively, RHB Bank and its subsidiaries
RHB Bank Shares	: Ordinary shares of RM0.50 each in RHB Bank
RHB Capital or Company	: RHB Capital Berhad (312952-H)
RHB Capital Group or Group	: Collectively, RHB Capital and its subsidiaries
RHB Capital (Jersey)	: RHB Capital (Jersey) Limited (49210) (incorporated in Jersey, Channel Islands), a wholly-owned subsidiary of RHB Capital
RHB Capital Shares or Shares	: Ordinary shares of RM1.00 each in RHB Capital
RHB Equities	: RHB Equities Sdn Bhd (173551-M), a wholly-owned subsidiary of RHB Capital
RHBF	: RHBF Sdn Bhd (8755-V), a wholly-owned subsidiary of RHB Capital
RHB Finexasia.Com	: RHB Finexasia.Com Sdn Bhd (516248-X), a company which RHB Capital holds 100% effective equity interest in, through its 59.95% direct shareholding and 40.05% indirect shareholding through RHB Investment Bank
RHB Hartanah	: RHB Hartanah Sdn Bhd (432914-H), a wholly-owned subsidiary of RHB Capital
RHB Insurance	: RHB Insurance Berhad (38000-U), a 94.70% subsidiary of RHB Capital
RHB Investment Bank or Principal Adviser or Managing Underwriter or Joint Underwriter	: RHB Investment Bank Berhad (19663-P), a wholly-owned subsidiary of RHB Capital, being the Principal Adviser, Managing Underwriter and Joint Underwriter for the Rights Issue

DEFINITIONS (Cont'd)

RHB Kawal	: RHB Kawal Sdn Bhd (198980-D), a wholly-owned subsidiary of RHB Capital
RHB Trustees	: RHB Trustees Berhad (573019-U), a company which RHB Capital holds 100% effective equity interest in, through its 20% direct shareholding and 80% indirect shareholding through RHB Investment Bank and its wholly-owned subsidiaries
Rights Issue	: Renounceable rights issue of up to 517,696,286 Rights Shares at the Issue Price, on the basis of one (1) Rights Share for every five (5) existing RHB Capital Shares held by the Entitled Shareholders on the Entitlement Date
Rights Share(s)	: New RHB Capital Shares to be issued under the Rights Issue
RSF	: Rights subscription form pursuant to the Rights Issue
Rules of Bursa Depository	: The rules of Bursa Depository as issued pursuant to the SICDA
SC	: Securities Commission Malaysia
Share Registrar	: Symphony Share Registrars Sdn Bhd (378993-D)
SICDA	: Securities Industry (Central Depositories) Act, 1991
SSA	: The share sale agreement to be entered into between RHB Capital and RHB Bank in relation to the Proposed Internal Reorganisation
TERP	: Theoretical ex-rights price
Transfer of Listing Status	: Proposed transfer of our listing status on the Main Market of Bursa Securities to RHB Bank upon completion of the Rights Issue, Proposed Internal Reorganisation and Proposed Distribution and Capital Repayment
Undertakings	: Collectively, the EPF Undertaking and OSKH Undertaking
U.S. Securities Act	: The United States Securities Act of 1933, as amended
VWAP	: Volume weighted average market price

Currencies

GBP	: Great British Pound, the legal tender of the United Kingdom
HKD	: Hong Kong Dollar, the legal tender of Hong Kong Special Administrative Region of the People's Republic of China
IDR	: Indonesian Rupiah, the legal tender of the Republic of Indonesia
JPY	: Japanese Yen, the legal tender of Japan
LAK	: Lao Kip, the legal tender of Laos
PHP	: Philippine Peso, the legal tender of Philippines
RM and sen	: Ringgit Malaysia and sen, the legal tender of Malaysia
SGD	: Singapore Dollar, the legal tender of the Republic of Singapore

DEFINITIONS (Cont'd)

THB	: Thai Baht, the legal tender of the Kingdom of Thailand
USD	: United States Dollar, the legal tender of the United States of America
VND	: Vietnamese Dong, the legal tender of Vietnam

References to “our Company”, “we”, “us” and “ourselves” in this Abridged Prospectus are to RHB Capital and where the context otherwise requires, shall include our subsidiary companies. References to “our Group” are to our Company and our subsidiary companies. All references to “you” in this Abridged Prospectus means the Entitled Shareholders, and/or should the context otherwise requires, the renouncee(s).

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in this Abridged Prospectus to the provisions of any statute, rules, regulation or rules of stock exchange shall (where the context admits), be construed as a reference to the provisions of such statute, rules, regulation or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statute, rules, regulation or rules of stock exchange for the time being in force.

Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise stated.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by RHB Capital, such as quarterly results or annual reports, is due to rounding.

Certain statements in this Abridged Prospectus may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by your Board after due inquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Abridged Prospectus should be not be regarded as a representation or warranty that RHB Capital’s plans and objectives will be achieved.

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name (Designation)	Address	Nationality	Profession
Dato' Mohamed Khadar Merican (Non-Independent Non-Executive Chairman)	A17-8, Mutiara Upper East Ampang 39 Jalan 1/76 Desa Pandan 55100 Kuala Lumpur	Malaysian	Company Director
Tan Sri Azlan Zainol (Non-Independent Non-Executive Director)	21 Jalan SS1/39 Kampung Tunku 47300 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Datuk Haji Faisal Siraj (Senior Independent Non-Executive Director)	No. 13, Jalan Perintis U1/9 Glenmarie Court Section U1 40150 Shah Alam Selangor Darul Ehsan	Malaysian	Company Director
Tan Sri Dato' Teo Chiang Liang (Independent Non-Executive Director)	15, Jalan 5/4 46000 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Datuk Seri Saw Choo Boon (Independent Non-Executive Director)	15, Jalan Mihrab U8/12 Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan	Malaysian	Company Director
Mohamed Ali Ismaeil Ali AlFahim (Non-Independent Non-Executive Director)	Muroor Street, 4th Rd P.O. Box 7528 Abu Dhabi United Arab Emirates	United Arab Emirates	Company Director
Dato' Khairussaleh Ramli (Group Managing Director/ Group Chief Executive Officer)	No. 3A, Jalan Tiara Kemensah 3A Taman Tiara Kemensah Rimba Hulu Klang 68000 Ampang Selangor Darul Ehsan	Malaysian	Managing Director/Chief Executive Officer

AUDIT COMMITTEE

Name	Designation	Directorship
Datuk Seri Saw Choo Boon	Chairman	Independent Non-Executive Director
Datuk Haji Faisal Siraj	Member	Senior Independent Non-Executive Director
Tan Sri Dato' Teo Chiang Liang	Member	Independent Non-Executive Director

CORPORATE DIRECTORY (Cont'd)

COMPANY SECRETARIES : Azman Shah Md Yaman (LS 0006901)
No. 20, Jalan Camar 4/26
Villa Damansara
Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

Ivy Chin So Ching (MAICSA No. 7028292)
4 Jalan Setiabistari
Bukit Damansara
50490 Kuala Lumpur

**REGISTERED/
HEAD/MANAGEMENT
OFFICE** : Level 9, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur

Tel. No. : +603 9285 2233
Fax. No.: +603 9281 9314
E-mail: customer.service@rhbgroun.com
Website: www.rhbgroun.com

PRINCIPAL BANKERS : Affin Bank Berhad
(in alphabetical order) 17th Floor, Menara AFFIN
80, Jalan Raja Chulan
50200 Kuala Lumpur

Tel. No.: +603 2055 9000

Hong Leong Bank Berhad
Level 8, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur

Tel. No.: +603 2164 8228

Public Bank Berhad
27th Floor, Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur

Tel. No.: +603 2176 6341/2163 8888

RHB Bank Berhad
Level 9, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur

Tel. No.: +603 9287 8888

CORPORATE DIRECTORY (Cont'd)

PRINCIPAL ADVISER, MANAGING UNDERWRITER AND JOINT UNDERWRITER FOR THE RIGHTS ISSUE	: RHB Investment Bank Berhad Level 9, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel. No.: +603 9287 3888
AUDITORS AND REPORTING ACCOUNTANTS FOR THE RIGHTS ISSUE	: PricewaterhouseCoopers Chartered Accountants Level 10, 1 Sentral Jalan Rakyat, Kuala Lumpur Sentral P.O. Box 10192 50706 Kuala Lumpur Tel. No.: +603 2173 1188
LEGAL ADVISER FOR THE RIGHTS ISSUE	: Zaid Ibrahim & Co. Advocates & Solicitors Level 19, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur Tel. No.: +603 2780 9999
JOINT UNDERWRITERS FOR THE RIGHTS ISSUE <i>(in alphabetical order)</i>	: Affin Hwang Investment Bank Berhad 23rd Floor, Menara Boustead 69 Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: +603 2146 7557 CIMB Investment Bank Berhad Level 27, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel. No.: +603 2261 8888 Credit Suisse Securities (Malaysia) Sdn Bhd Suite 7.6, Level 7 Menara IMC 8 Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No.: +603 2723 3008 Maybank Investment Bank Berhad Level 10, Tower C Dataran Maybank 1 Jalan Maarof 59000 Kuala Lumpur Tel. No.: +603-2297 8913

CORPORATE DIRECTORY (Cont'd)

**JOINT UNDERWRITERS FOR
THE RIGHTS ISSUE (Cont'd)** : Public Investment Bank Berhad
Level 25, Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur

Tel. No.: +603-2166 8384

RHB Investment Bank Berhad
Level 9, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur

Tel. No.: +603 9287 3888

SHARE REGISTRAR : Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

Tel. No.: +603 7849 0777

Fax. No.: +603 7841 8151/52

**STOCK EXCHANGE LISTED
AND LISTING** : Main Market of Bursa Securities

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RHB Capital Berhad

(Company No.: 312952-H)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered office:
Level 9, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur

23 November 2015

Board of Directors

Dato' Mohamed Khadar Merican (*Non-Independent Non-Executive Chairman*)
Tan Sri Azlan Zainol (*Non-Independent Non-Executive Director*)
Datuk Haji Faisal Siraj (*Senior Independent Non-Executive Director*)
Tan Sri Dato' Teo Chiang Liang (*Independent Non-Executive Director*)
Datuk Seri Saw Choo Boon (*Independent Non-Executive Director*)
Mohamed Ali Ismaeil Ali AlFahim (*Non-Independent Non-Executive Director*)
Dato' Khairussaleh Ramli (*Group Managing Director/Group Chief Executive Officer*)

To: The Entitled Shareholders

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 517,696,286 RIGHTS SHARES AT THE ISSUE PRICE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FIVE (5) EXISTING RHB CAPITAL SHARES HELD BY THE ENTITLED SHAREHOLDERS ON THE ENTITLEMENT DATE

1. INTRODUCTION

On 13 April 2015, RHB Investment Bank had, on behalf of your Board, announced that our Company proposes to undertake the Rights Issue, Proposed Internal Reorganisation, Proposed Distribution and Capital Repayment and Transfer of Listing Status.

On 23 July 2015, RHB Investment Bank had, on behalf of your Board, announced that BNM had vide its letter dated 23 July 2015, informed our Company that MOF and/or BNM (as the case may be) have granted their approval under the FSA for the Rights Issue, Proposed Internal Reorganisation and Proposed Distribution and Capital Repayment.

On 31 July 2015, RHB Investment Bank had, on behalf of your Board, announced that Bursa Securities had vide its letter dated 30 July 2015 given its approval for the listing of and quotation for up to 2,500,000,000 Rights Shares on the Main Market of Bursa Securities pursuant to the Rights Issue subject to, amongst others, the following conditions:-

No.	Conditions imposed	Status of compliance
(i)	Our Company and RHB Investment Bank must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Rights Issue	Noted

No.	Conditions imposed	Status of compliance
(ii)	Our Company and RHB Investment Bank to inform Bursa Securities upon the completion of the Rights Issue; and	To be complied
(iii)	Our Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue is completed	To be complied

Our shareholders had at the EGM convened on 27 August 2015 approved the Rights Issue, Proposed Distribution and Capital Repayment, Transfer of Listing Status and M&A Amendments. A certified true copy of the extract of the ordinary resolution in respect of the Rights Issue which was passed at the said EGM is set out in Appendix I of this Abridged Prospectus.

On 7 September 2015, RHB Investment Bank had, on behalf of your Board, announced that the Issue Price and the entitlement basis for the Rights Issue has been fixed at RM4.82 per Rights Share on the basis of one (1) Rights Share for every five (5) existing RHB Capital Shares held by the Entitled Shareholders.

On 9 September 2015, RHB Investment Bank had, on behalf of your Board, announced that the Entitlement Date for the Rights Issue had been determined at 5.00 p.m. on 1 October 2015.

On 10 September 2015, RHB Investment Bank had, on behalf of your Board, announced that RHB Capital had on 9 September 2015 entered into the Management and Underwriting Agreement with the Managing Underwriter and Joint Underwriters. Details of the underwriting arrangement for the Rights Issue are set out in Section 4.2 of this Abridged Prospectus.

On 17 September 2015, your Board had announced that BNM had vide its letter dated 14 September 2015 informed our Company of its order to Aabar Investments PJS ("Aabar") pursuant to Section 94(2) of the FSA, relating to Aabar's shareholding in our Company ("Order"). BNM had also, vide the same letter, required our Company to give effect to the Order prohibiting Aabar from exercising its voting rights in respect of Shares held in excess of 15% and our Company is prohibited from issuing any further Shares to Aabar in right of shares which are in excess of 15%.

It is to be noted that under the Order, our Company is restricted from provisionally allotting any Rights Shares in excess of the 15% shareholding limit, to Aabar.

On 23 September 2015, RHB Investment Bank had, on behalf of your Board, announced that the Entitlement Date for the Rights Issue had been extended from 5.00 p.m. on 1 October 2015 to 5.00 p.m. on 23 November 2015 to allow time for your Board to engage with the relevant authorities and to deliberate and implement the Rights Issue in the most efficient manner, after considering the Order.

On 6 November 2015 and 18 November 2015, RHB Investment Bank had, on behalf of your Board, announced that as a consequence of the Order, RHB Capital had on 5 November 2015 and 17 November 2015 entered into supplemental agreements to the Management and Underwriting Agreement with the Managing Underwriter and Joint Underwriters to vary certain terms and conditions contained in the Management and Underwriting Agreement.

No person is authorised to give any information or make any representation not contained in the Documents in connection with the Rights Issue and if given or made, such information or representation must not be relied upon as having been authorised by us or the Principal Adviser.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE

2.1. Introduction

In accordance with the terms of the Rights Issue as approved by the relevant authorities and our shareholders and subject to the terms of the Documents, our Company shall provisionally allot up to 517,696,286 Rights Shares to the Entitled Shareholders.

As mentioned in Section 1 of this Abridged Prospectus, BNM had required our Company to give effect to the Order prohibiting Aabar from exercising its voting rights in respect of Shares held in excess of 15% and our Company is prohibited from issuing any further Shares to Aabar in right of shares which are in excess of 15%. As such, our Company is restricted from provisionally allotting any Rights Shares in excess of the 15% shareholding limit, to Aabar.

As a result of the Order, the implementation of the Rights Issue will be illustrated under two (2) scenarios¹ throughout this Abridged Prospectus as follows:-

(i) **Scenario I: Assuming Aabar's shareholding in our Company is 15% or less as at the Entitlement Date**

Under this Scenario I, our Company shall provisionally allot 517,696,286 Rights Shares to the Entitled Shareholders on the basis of one (1) Rights Share for every five (5) existing RHB Capital Shares held on the Entitlement Date.

Based on the Issue Price, the Rights Issue under Scenario I will raise proceeds of RM2,495,296,099.

(ii) **Scenario II: Assuming Aabar's shareholding in our Company as at LPD of 21.09% is maintained as at the Entitlement Date**

Under this Scenario II, our Company shall provisionally allot 486,193,294 Rights Shares to the Entitled Shareholders on the basis of one (1) Rights Share for every five (5) existing RHB Capital Shares held on the Entitlement Date.

The 486,193,294 Rights Shares under this Scenario II is computed based on the total Rights Shares to be issued under Scenario I of 517,696,286 Rights Shares and after excluding 6.09% of Aabar's entitlement, which represents the difference between Aabar's shareholding in RHB Capital as at LPD of 21.09% and the 15% shareholding limit under the Order.

Based on the Issue Price, the Rights Issue under Scenario II will raise proceeds of RM2,343,451,677.

The actual number of Rights Shares to be issued pursuant to the Rights Issue will depend on Aabar's actual shareholding in our Company as at the Entitlement Date.

Shareholders whose names appear in the Record of Depositors as at the Entitlement Date are entitled to participate in the Rights Issue. However, only the Entitled Shareholders who have an address in Malaysia as stated in the Record of Depositors or who have provided the Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive the Documents.

¹ Scenario I and Scenario II have been included solely to illustrate the possible implications of the Order on the Rights Issue. These scenarios should not be construed as an indication of Aabar's intention with regards to its shareholding in our Company and its subscription of its entitlement under the Rights Issue.

The Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders can subscribe for and/or renounce their entitlements to the Provisional Rights Shares in full or in part. The Rights Shares which are not taken up or cannot be taken up or not validly taken up by the Closing Date shall be made available for excess applications by the other Entitled Shareholders and/or their renounee(s) (if applicable), and thereafter shall be taken up by the Joint Underwriters (if applicable). It is the intention of your Board to allot the Excess Rights Shares, if any, to other Entitled Shareholders and/or their renounee(s) (if applicable), in a fair and equitable manner, and in such manner as set out in Section 2.4 of this Abridged Prospectus.

Fractional entitlement of the Rights Shares arising from the Rights Issue (if any) shall be disregarded and will be dealt with in such manner as your Board, at its absolute discretion, deems fit and expedient, and in the best interest of our Company.

Any dealing in the Rights Shares, which are prescribed securities under the CDS, will be subject to the provision of the SICDA and the Rules of Bursa Depository. Accordingly, upon allotment and issuance by our Company, the Rights Shares will be credited directly into the respective CDS Accounts of the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who have successfully subscribed for such Rights Shares. No physical certificates will be issued to the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable).

If you wish to accept the Provisional Rights Shares (in full or in part) as specified in the NPA and/or apply for the Excess Rights Shares, you may do so by completing the RSF.

2.2 Basis of and justification for determining the Issue Price

The Issue Price of RM4.82 per Rights Share represents a discount of approximately 20.3% to the TERP of RHB Capital Shares of RM6.05 based on the five (5)-day VWAP of RHB Capital Shares up to and including 4 September 2015, being the Market Day immediately preceding the price-fixing date, of approximately RM6.29 ("**5-Day VWAP**").

The Issue Price was determined by your Board after taking into consideration the funding requirements of our Group, the prevailing market conditions and market price of RHB Capital Shares, the TERP of RHB Capital Shares based on the five (5)-Day VWAP, pricing for recent rights issue exercises as well as the par value of RHB Capital Shares.

Your Board views that the discount of 20.3% is generally in line with the market discount rates for rights issue exercises in Malaysia.

2.3 Ranking of the Rights Shares

The Rights Shares shall, upon allotment and issue rank *pari passu* in all respects with the then existing RHB Capital Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the Entitlement Date of which precedes the date of allotment of the Rights Shares.

2.4 Excess application

Subject always to the other shareholding limits (as set out in Section 11.10 of this Abridged Prospectus) being observed, it is the intention of your Board to allot the Excess Rights Shares, if any, in a fair and equitable manner to the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who have applied for the Excess Rights Shares in the following order of priority:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, on a pro-rata basis and in board lot to our Entitled Shareholders who have applied for the Excess Rights Shares, taking into consideration their respective shareholding as at the Entitlement Date;

- (iii) thirdly, on a pro-rata basis and in board lot to our Entitled Shareholders who have applied for the Excess Rights Shares, taking into consideration the quantum of their respective Excess Rights Shares applied for; and
- (iv) lastly, on a pro-rata basis and in board lot to the renouncee(s)/transferee(s) (if applicable) who have applied for the Excess Rights Shares, taking into consideration the quantum of their respective Excess Rights Shares applied for.

In the event there is any balance Excess Rights Shares after the manner of allocation above, the balance will be allocated in the processes set out in Section 2.4(ii) to (iv) above.

Nevertheless, your Board reserves the right to allot any Excess Rights Shares applied for in such manner as it deems fit and expedient, and in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis, and that the intention of your Board as set out in Section 2.4(i) to (iv) above is achieved. Your Board also reserves the right to accept any application for the Excess Rights Shares, in full or in part, without assigning any reason thereof.

3. DETAILS OF OTHER CORPORATE EXERCISES WHICH ARE CONDITIONAL UPON THE RIGHTS ISSUE

The ensuing paragraphs under this Section 3 sets out the brief details of the Corporate Exercises which were announced by our Company on 13 April 2015 together with the Rights Issue. For information purposes, the said Corporate Exercises are conditional upon the Rights Issue but not vice-versa.

3.1 Proposed Internal Reorganisation

The Proposed Internal Reorganisation will entail the transfer by RHB Capital of the Identified Assets to RHB Bank, after the Rights Issue, for the Disposal Consideration.

The Disposal Consideration was arrived at based on a 'willing-buyer, willing-seller' basis after taking into consideration the audited NA/NL and/or the audited NBV of the Identified Assets as extracted from the audited financial statements of the respective subsidiaries of RHB Capital as at 31 December 2014. The Identified Assets comprise the following:-

No.	Identified Assets	Effective equity interest of RHB Capital (%)	Audited NA/(NL) and/or NBV as at 31 December 2014 RM('000)	Disposal Consideration RM('000)
1.	RHB Investment Bank, its subsidiaries and joint ventures ⁽¹⁾	100.00	2,951,088	2,951,088
2.	RHB Insurance	94.70	372,561	335,059 ⁽²⁾
3.	RHB Fiutexasia.Com ⁽³⁾ and its subsidiary, RHB OSK Stock188.Com Sdn Bhd	100.00	22,458	22,458
4.	Other direct wholly-owned subsidiaries of RHB Capital ⁽⁴⁾	100.00	7,728 ⁽⁵⁾	7,774 ⁽⁵⁾
5.	Certain assets and liabilities of RHB Hartanah ⁽⁶⁾ including its subsidiary, RHB Property Management Sdn Bhd	-	298,374	298,374 ⁽⁷⁾
6.	RHB Capital's other identified assets ⁽⁸⁾	-	94,219	94,219
	Total		3,746,428	3,708,972

Notes:-

⁽¹⁾ Inclusive of RHB Capital's 20.00% equity interest in both RHB Trustees and Malaysian Trustees respectively.

⁽²⁾ Based on the adjusted NA of RHB Insurance after the payment of final dividends for the FYE 31 December 2014.

- (3) RHB Capital and RHB Investment Bank presently hold 59.95% equity interest and 40.05% equity interest in RHB Finexasia.Com respectively.
- (4) Comprises our other wholly-owned subsidiaries, namely RHB Equities, RHB Kawal, RHB Capital (Jersey) (including its wholly-owned subsidiary, RHB (Philippines) Inc.) and RHBF.
- (5) Represents the aggregate NA/NL of our wholly-owned subsidiaries. For information purposes, the breakdown of the aggregate NA/NL and disposal consideration for the other direct wholly-owned subsidiaries of RHB Capital are as follows:-

	Audited NA/(NL) as at 31 December 2014 RM('000)	Disposal Consideration RM('000)
RHB Equities	(37)	•
RHB Kawal	851	851
RHB Capital (Jersey) (including its wholly-owned subsidiary, RHB (Philippines) Inc.)	6,923	6,923
RHBF	(9)	•
	7,728	7,774

Note:-

* For our subsidiaries which have capital deficiency, a minimum consideration of RM1.00 will be paid.

- (6) RHB Hartanah is the registered owner of an office complex known as 'RHB Centre' developed on GRN 71681, Lot No. 512, Section 90, Town and District of Kuala Lumpur and a parcel of vacant commercial land measuring 58,968 square feet identified as GRN 31538, Lot No. 29, Section 90, Town and District of Kuala Lumpur (collectively, the "Properties"). As at LPD, the Properties are unencumbered and are utilised for the purposes of conducting the business of our Group. It is the intention of RHB Bank that the Properties will continue to be utilised for the purposes of conducting the business of the enlarged RHB Bank Group upon the completion of the Proposed Internal Reorganisation. The market value of the Properties, as appraised by Jones Lang Wootton vide its valuation report dated 4 March 2015 amounts to approximately RM438 million. For information purposes, the valuation on the Properties was conducted for internal use only.

The dormant subsidiary of RHB Hartanah, namely Positive Properties Sdn Bhd, will not be transferred to RHB Bank.

- (7) The Disposal Consideration for certain assets and liabilities of RHB Hartanah is based on the amounts recorded in the consolidated financial statements of RHB Capital.
- (8) RHB Capital's other identified assets include tax recoverable by RHB Capital ("Tax Recoverable"), the final amount of which can only be determined as at the completion date of the SSA.

For the avoidance of doubt, certain subsidiaries of RHB Capital which are either dormant or in the process of being liquidated or voluntarily wound up will not be transferred to RHB Bank. For information purposes, the list of Identified Assets set out above is not exhaustive and may be varied as your Board may deem fit until the completion of the Proposed Internal Reorganisation. RHB Bank may also nominate one (1) or more of its subsidiary(ies) to hold the Identified Assets upon completion of the Proposed Internal Reorganisation.

In addition to the above, as at 30 June 2015, our Company holds 45.71% (31 December 2014: 55.79%) equity interest in RHB OSK Rupiah Liquid Fund ("Fund")¹ and it is the intention of our Company to redeem its investment in the Fund prior to the completion of the Proposed Internal Reorganisation.

Our Company and RHB Hartanah will be entering into the SSA and APA with RHB Bank respectively, upon receipt of all relevant approvals to give effect to the Proposed Internal Reorganisation. The Disposal Consideration will be paid by RHB Bank in full upon completion of the Proposed Internal Reorganisation, in the manner to be set out in the Definitive Agreements. For information purposes, the Disposal Consideration, which will be funded using the internally generated funds of RHB Bank, is subject to adjustments in view that the final amount of Tax Recoverable can only be determined as at the completion date of the SSA.

¹ The Fund is a money market mutual fund managed by PT RHB OSK Asset Management, a 99.62% owned subsidiary of PT RHB OSK Securities Indonesia, which in turn is a 99% owned subsidiary of RHB Investment Bank. As at 30 June 2015, the net asset value of the Fund is IDR1,177.51 per unit (equivalent to approximately RM0.33 per unit based on the exchange rate of 100 IDR: 0.0283 RM as at 30 June 2015) with total assets under management amounting to IDR788.17 billion (equivalent to approximately RM0.22 billion based on the exchange rate of 100 IDR: 0.0283 RM as at 30 June 2015).

The Disposal Consideration to be received by our Company under the Proposed Internal Reorganisation will be utilised to repay the bank borrowings of our Company as well as to defray expenses relating to the Proposed Internal Reorganisation. Any excess cash after the repayment of all of our Company's bank borrowings and defrayment of expenses relating to the Proposed Internal Reorganisation and after setting aside adequate cash to defray any expenses of our Company will be injected into RHB Bank together with the proceeds from the redemption of the Fund (collectively referred to as the "Excess Cash") as additional capital, in exchange for new Consolidated RHB Bank Shares, which will be issued at the same issue price as the new Consolidated RHB Bank Shares to be issued to our Company pursuant to the Capital Injection.

For information purposes, as at LPD, RHB Capital holds 94.7% of the voting shares of RHB Insurance, with the remaining 5.3% of the voting shares being held by Kumpulan Syed Kechik Sdn Bhd. Upon completion of the Proposed Internal Reorganisation, RHB Bank will hold more than 33% of the voting shares in RHB Insurance. An exemption will be sought from the SC under Paragraph 20.1 or 21.1 of Practice Note 9 of the Code from the obligation to undertake a mandatory offer for the remaining shares in RHB Insurance not already owned by RHB Bank upon completion of the Proposed Internal Reorganisation.

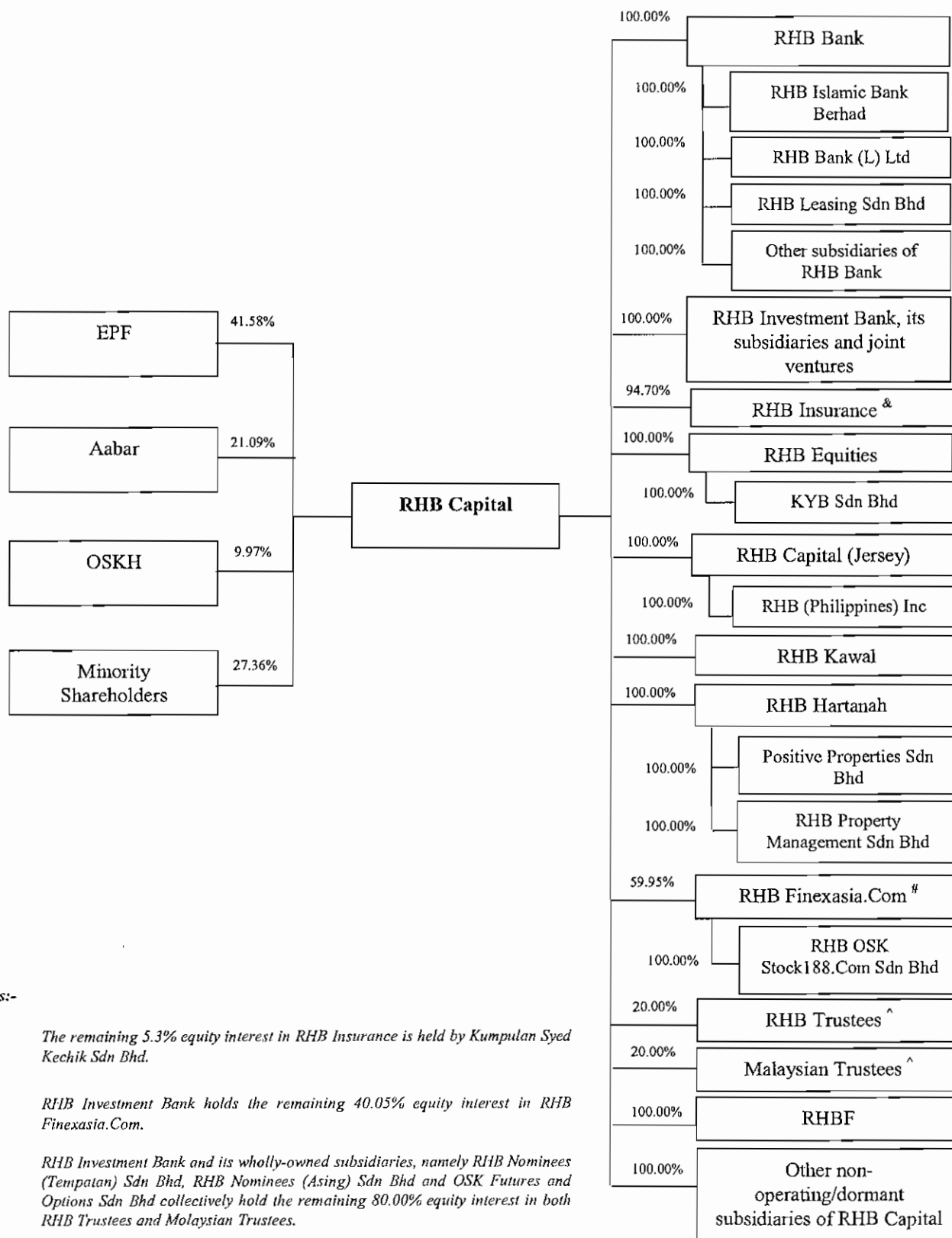
The corporate and shareholdings structure of our Group before and after the Proposed Internal Reorganisation, based on the direct shareholdings of RHB Capital's shareholders as at LPD, are illustrated in Section 3.1.1 of this Abridged Prospectus.

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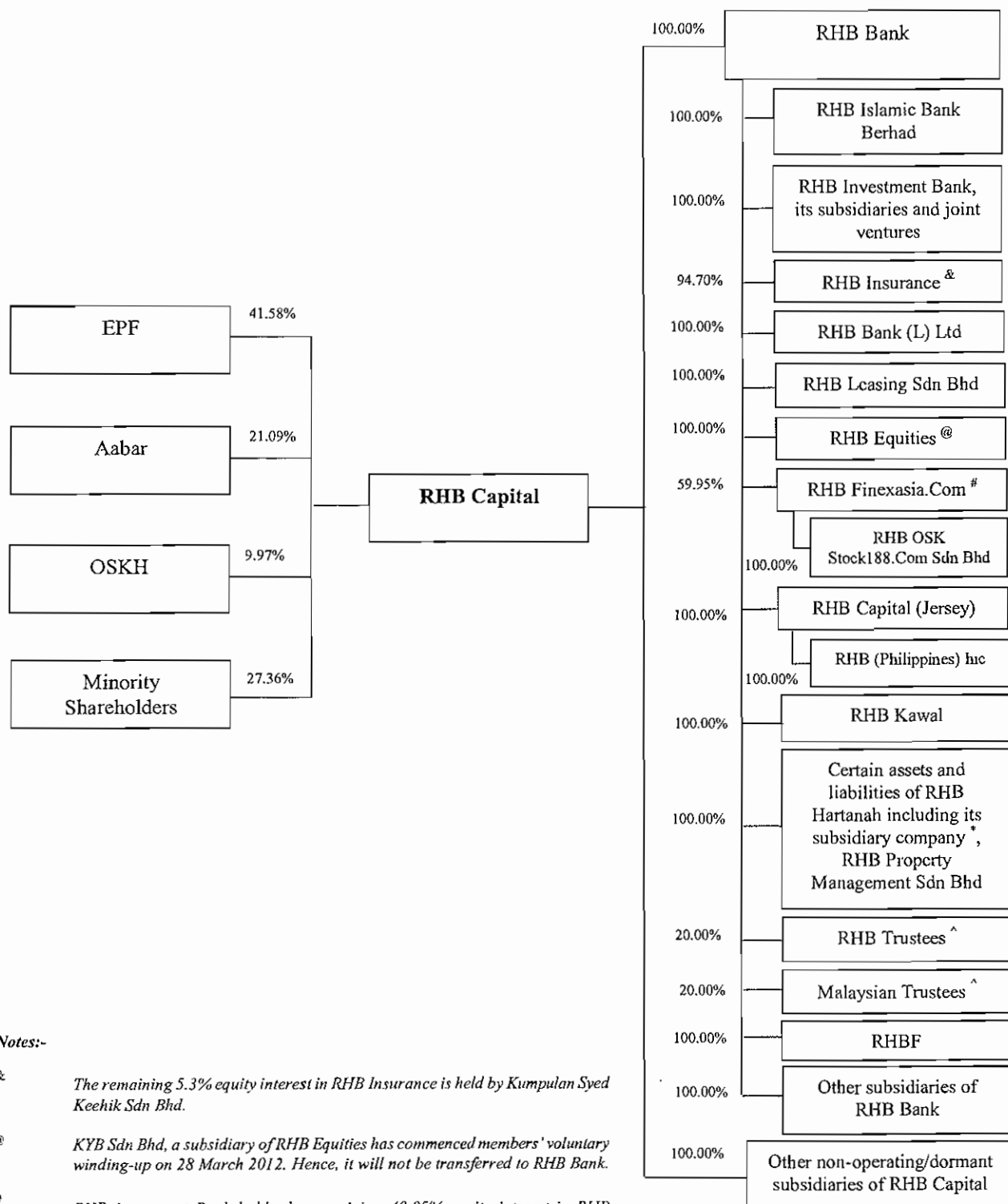
3.1.1 Corporate and shareholdings structure before and after the Proposed Internal Reorganisation

The corporate and shareholdings structure of our Group before and after the Proposed Internal Reorganisation, based on the direct shareholdings of our shareholders as at LPD, is as follows:-

Before the Proposed Internal Reorganisation



After the Proposed Internal Reorganisation

**Notes:-**

& The remaining 5.3% equity interest in RHB Insurance is held by Kumpulan Syed Keehik Sdn Bhd.

@ KYB Sdn Bhd, a subsidiary of RHB Equities has commenced members' voluntary winding-up on 28 March 2012. Hence, it will not be transferred to RHB Bank.

RHB Investment Bank holds the remaining 40.05% equity interest in RHB Finexasia.Com.

* Positive Properties Sdn Bhd, a subsidiary of RHB Hartanah is a dormant company. Hence, it will not be transferred to RHB Bank.

^ RHB Investment Bank and its wholly-owned subsidiaries, namely RHB Nominees (Tempatan) Sdn Bhd, RHB Nominees (Asing) Sdn Bhd and OSK Futures and Options Sdn Bhd collectively hold the remaining 80.00% equity interest in both RHB Trustees and Malaysian Trustees.

3.1.2 Information on RHB Bank

RHB Bank was incorporated in Malaysia under the Companies Ordinances, 1940 to 1946 on 4 October 1965 as a public limited liability company under the name of Development and Commercial Bank Berhad Limited. Subsequently, on 15 April 1966, it changed its name to Development & Commercial Bank (Limited) Berhad. It then changed its name to Development and Commercial Bank Berhad on 20 September 1982 and to DCB Bank Berhad on 17 December 1994 before assuming its present name on 1 July 1997.

RHB Bank is principally involved in commercial banking and finance business. The principal activities of its subsidiaries are described under Section 5 of Appendix III of this Abridged Prospectus.

As at LPD, RHB Bank has an authorised share capital of RM6.0 billion comprising 8.0 billion RHB Bank Shares and 2.0 billion preference shares of RM1.00 each of which RM3.46 billion comprising 6.92 billion RHB Bank Shares have been issued and fully paid-up.

Further information on RHB Bank is set out in Appendix III of this Abridged Prospectus.

3.2 Proposed Distribution and Capital Repayment

The Proposed Distribution and Capital Repayment will entail the distribution of the entire shareholding of our Company in RHB Bank after the Rights Issue and Proposed Internal Reorganisation to the Distribution and Capital Repayment Entitled Shareholders.

The basis for the Proposed Distribution and Capital Repayment can only be determined after the completion of the Rights Issue and the Proposed Internal Reorganisation but prior to the announcement of the Distribution Entitlement Date and will depend on the issued and paid-up share capital of our Company as well as the actual number of Consolidated RHB Bank Shares held by our Company after the Capital Injection, Proposed Internal Reorganisation and injection of the Excess Cash, if any.

The Proposed Distribution and Capital Repayment will be implemented via a reduction of the entire share premium account of our Company and a reduction in the share capital of our Company in accordance with Sections 60(2) and 64 of the Act, and the remaining balance via a distribution of our Company's retained earnings. For the purposes of the reduction in the share capital of our Company, the par value of all the existing RHB Capital Shares shall be reduced from RM1.00 to RM0.05.

For information purposes, upon completion of the Proposed Distribution and Capital Repayment, our existing shareholders will continue to hold shares in our Company with par value of RM0.05 each, in the proportion of their shareholdings as at the Distribution Entitlement Date. Upon receiving the approval of the shareholders of our Company for the Proposed Winding Up at a separate EGM to be convened later, RHB Capital will appoint a liquidator to liquidate our Company and any surplus cash (after the settlement of all liabilities and defrayment of expenses) thereafter will be returned to our shareholders.

The Consolidated RHB Bank Shares to be distributed to the Distribution and Capital Repayment Entitled Shareholders will be existing issued and paid-up shares in RHB Bank (after the Proposed Internal Reorganisation, Capital Injection and injection of Excess Cash, if any) and will be distributed free from all encumbrances. However, the said Consolidated RHB Bank Shares shall not entitle their holders to any dividend, right, allotment and/or other distribution, that may be declared, made or paid prior to the date on which the said Consolidated RHB Bank Shares are credited into the CDS Accounts of the Distribution and Capital Repayment Entitled Shareholders.

Fractional entitlements of the Consolidated RHB Bank Shares to be distributed pursuant to the Proposed Distribution and Capital Repayment, if any, shall be dealt with in a fair and equitable manner as your Board shall in their absolute discretion think expedient and in the best interest of our Company.

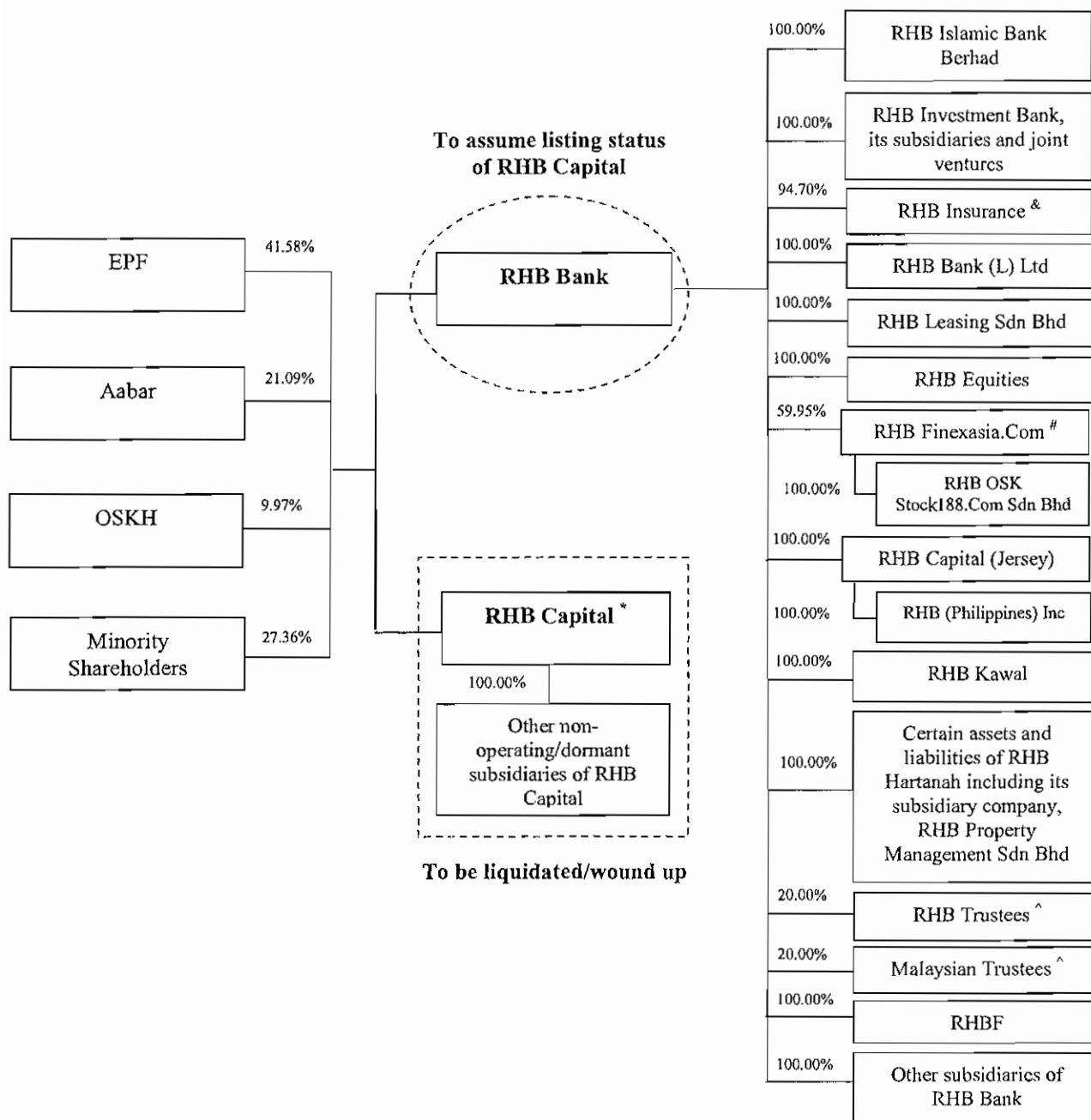
For information purposes, as at LPD, EPF holds 41.58% of the voting shares of our Company. Upon completion of the Proposed Distribution and Capital Repayment, EPF will hold more than 33% of the voting shares in RHB Bank. An exemption will be sought from the SC under Paragraph 21.1 of Practice Note 9 of the Code from the obligation to undertake a mandatory offer for the remaining Consolidated RHB Bank Shares not already owned by EPF upon completion of the Proposed Distribution and Capital Repayment.

Our Company will cease to be a shareholder of RHB Bank upon completion of the Proposed Distribution and Capital Repayment. The effective percentage shareholdings of our shareholders in RHB Bank shall remain unchanged before and after the Proposed Distribution and Capital Repayment.

The corporate and shareholdings structure of our Company after the Proposed Distribution and Capital Repayment is illustrated in Section 3.2.1 of this Abridged Prospectus.

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3.2.1 Corporate and shareholdings structure after the Proposed Distribution and Capital Repayment

**Notes:-**

& The remaining 5.3% equity interest in RHB Insurance is held by Kumpulan Syed Kechik Sdn Bhd.

* Comprising ordinary shares of nominal par value.

RHB Investment Bank holds the remaining 40.05% equity interest in RHB Finexasia.Com.

^ RHB Investment Bank and its wholly-owned subsidiaries, namely RHB Nominees (Tempatan) Sdn Bhd, RHB Nominees (Asing) Sdn Bhd and OSK Futures and Options Sdn Bhd collectively hold the remaining 80.00% equity interest in both RHB Trustees and Malaysian Trustees.

3.3 Transfer of Listing Status

Upon completion of the Proposed Distribution and Capital Repayment, RHB Bank will assume our listing status. Accordingly, it is proposed that RHB Bank be admitted to the Official List of Bursa Securities in place of our Company with the listing of and quotation for the entire issued and paid-up share capital of RHB Bank on the Main Market of Bursa Securities.

3.4 M&A Amendments

The M&A Amendments entails the consequential amendments to the M&A of our Company to facilitate the Proposed Distribution and Capital Repayment and Transfer of Listing Status.

Details of the M&A Amendments are set out in Appendix III of the circular to the shareholders of our Company dated 5 August 2015 in relation to the Rights Issue and the Corporate Exercises.

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4. DETAILS OF THE UNDERTAKINGS AND UNDERWRITING ARRANGEMENT

4.1 Undertakings

The Rights Issue is intended to be undertaken on a full subscription basis. EPF and OSKH, being the substantial shareholders of our Company, have provided their Undertakings for the Rights Issue. The entitlements of EPF and OSKH under the Rights Issue and the number of Rights Shares to be subscribed/applied pursuant to the Undertakings, based on their shareholdings in our Company as at LPD are as follows:-

	As at LPD	Entitlement under the Rights Issue				Excess Rights Shares to be applied for pursuant to the Undertakings				Total Rights Shares to be subscribed/applied for pursuant to the Undertakings			
		<-----Scenario I----->		<-----Scenario II----->		<-----Scenario I----->		<-----Scenario II----->		<-----Scenario I----->		<-----Scenario II----->	
	No. of RHB Capital Shares	% [^]	No. of Rights Shares	% [*]	No. of Rights Shares	% [*]	No. of Excess Rights Shares	% [*]	No. of Excess Rights Shares	% [*]	No. of Rights Shares	% [*]	No. of Rights Shares
EPF	1,076,295,782	41.58	215,259,156	41.58	215,259,156	44.27	62,123,554 [#]	12.00	48,394,487 [#]	9.95	277,382,710	53.58	263,653,643
OSKH	257,980,000	9.97	51,596,000	9.97	51,596,000 [@]	10.61	-	-	-	-	51,596,000	9.97	51,596,000 [@]
													54.22
													10.61

Notes:-

[^] Based on the issued and paid-up share capital of RHB Capital as at LPD amounting to 2,588,481,428 RHB Capital Shares.

^{*} Based on 517,696,286 Rights Shares and 486,193,294 Rights Shares to be issued under Scenario I and Scenario II respectively.

[@] Pursuant to the OSKH Undertaking, OSKH had undertaken to subscribe in full for its entitlement under the Rights Issue as at the Entitlement Date. Nonetheless, OSKH's subscription in full for its entitlement under Scenario II would result in its shareholding in our Company increasing above 10%, as illustrated under Scenario II of Section 3, Appendix II of this Abridged Prospectus ("Increase in Shareholding"), and thus the prior approval of BNM is required i.e. for any increase in shareholdings in our Company exceeding any multiple of 5%. OSKH had on 21 October 2015 submitted an application to BNM to seek its approval under Section 87(1)(b)(i) of the FSA for, amongst others, the increase in Shareholding. As at 16 November 2015, the decision of BNM remains pending. In this regard, OSKH had vide its supplemental undertaking letter dated 16 November 2015 indicated that in the event that it does not receive BNM's approval by the Closing Date, it will reduce its subscription by up to 2,300,000 Rights Shares and will subscribe for no less than 49,296,000 Rights Shares under Scenario II, such that its shareholding in our Company after the Rights Issue remains at approximately 9.99%. The actual number of Rights Shares which OSKH may be unable to subscribe for shall be dependent on Aabar's actual shareholding in our Company as at the Entitlement Date. For your information, our Company had on 17 November 2015 entered into a second supplemental agreement to the Management and Underwriting Agreement with the Managing Underwriter and Joint Underwriters to have the 2,300,000 Rights Shares underwritten, so as to ensure that the Rights Issue will be implemented in full. Further details of the underwriting arrangements are set out in Section 4.2 of this Abridged Prospectus.

[#] The actual number of Excess Rights Shares to be applied for by EPF may differ as EPF has undertaken that it will apply for such Excess Rights Shares provided that its application shall not in any way trigger or otherwise result in a mandatory general offer for the remaining RHB Capital Shares not already owned by EPF. The actual number of Excess Rights Shares to be allotted to EPF is also dependent on the final level of subscription for the Rights Issue and further subject to the manner of allocation of Excess Rights Shares as set out in Section 2.4 of this Abridged Prospectus.

For illustration purposes only, the number of Excess Rights Shares to be applied for by EPF is computed as follows:-

- Based on approximately 2% of the enlarged issued and paid-up share capital of our Company after the Rights Issue comprising 3,106,177,714 RHB Capital Shares under Scenario I; and
- Based on approximately 2% of the enlarged issued and paid-up share capital of our Company after the Rights Issue comprising 3,074,674,722 RHB Capital Shares under Scenario II and after deducting the increase in EPF's shareholding in our Company of approximately 0.43% after the subscription of its entitlement under Scenario II.

EPF and OSKH have confirmed via their Undertakings that they have sufficient financial resources to pay for their respective entitlements in full. EPF have further confirmed via the EPF Undertaking that they have sufficient financial resources to pay for its excess applications. RHB Investment Bank has verified the sufficiency of financial resources of EPF and OSKH to subscribe/apply for the Rights Shares pursuant to the Undertakings.

As at LPD, EPF holds 41.58% of the voting shares of our Company. Pursuant to the EPF Undertaking, it is the intention of EPF to apply for such number of excess Rights Shares representing up to 2% of the enlarged issued and paid-up share capital of RHB Capital after the Rights Issue. Under Part III of the Code, a mandatory offer obligation shall apply where the acquirer has acquired more than 2% of the voting shares or voting rights of a company in any period of six (6) months and that acquirer's holding was more than 33% but not more than 50% of the voting shares or voting rights of the company during that six (6) months period. In this regard, EPF had, amongst others, undertaken that it will apply for Excess Rights Shares provided that its application for such Excess Rights Shares shall not in any way trigger or otherwise result in a mandatory general offer for the remaining RHB Capital Shares not already owned by EPF.

In view of the above, the Undertakings will not give rise to any consequence of mandatory general offer obligation pursuant to the Code as the Rights Issue is intended to be undertaken on a full subscription basis and the remaining balance of the Rights Shares has been fully underwritten by the Joint Underwriters.

4.2 Underwriting arrangement

Pursuant to the Management and Underwriting Agreement, the Joint Underwriters have agreed to underwrite the Rights Issue in accordance with the terms of the Management and Underwriting Agreement and the Joint Underwriters severally but not jointly (nor jointly and severally) agreed to subscribe and pay for and/or procure subscriptions and payment for 253,141,130 Rights Shares ("Underwritten Shares") representing approximately 48.90% of the total Rights Shares to be issued under Scenario I, in the following agreed proportions, subject to the terms and conditions of the Management and Underwriting Agreement:-

Name	No. of Underwritten Shares [^]	Agreed proportion (%)
Affin Hwang Investment Bank Berhad	38,607,000	15.25
CIMB Investment Bank Berhad	20,746,000	8.20
Credit Suisse Securities (Malaysia) Sdn Bhd	20,746,000	8.20
Maybank Investment Bank Berhad	20,746,000	8.20
Public Investment Bank Berhad	62,240,000	24.58
RHB Investment Bank	90,056,130	35.57
Total	253,141,130	100.00

Note:-

[^] For information purposes, the Underwritten Shares includes OSKH's entitlement to 2,300,000 Rights Shares which OSKH will be unable to subscribe if the Rights Issue is implemented under Scenario II, unless the prior approval of BNM under Section 87(1)(b)(i) of the FSA for its Increase in Shareholding is obtained before the Closing Date.

The underwriting commission of 0.55% and the managing underwriting fee of 0.30% of the value of the Underwritten Shares based on the Issue Price will be borne by our Company.

In addition, under the terms of the Management and Underwriting Agreement, our Company is obliged not to allot, offer, issue, assign, pledge, sell, contract to issue or sell, grant or sell any option or contract to purchase, grant any option, right, security over, warrant to purchase, lend, subscribe for, hypothecate, encumber or otherwise dispose of or transfer, any RHB Capital Shares for a period of 60 days from the date of the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities without prior written consent of the Managing Underwriter and Joint Underwriters being obtained (decision to be made or held by a majority in number of the Joint Underwriters), provided that such restriction is not in connection with any proposal announced by our Company or proposals/mandates approved by our shareholders prior to the date of the Management and Underwriting Agreement.

For information purposes, RHB Investment Bank had on 9 September 2015 entered into a sub-underwriting agreement (“Sub-Underwriting Agreement”) with Alliance Investment Bank Berhad, AmInvestment Bank Berhad, Hong Leong Investment Bank Berhad, Kenanga Investment Bank Berhad and MIDF Amanah Investment Bank Berhad (collectively, the “Sub-Underwriters”) whereby the Sub-Underwriters severally but not jointly (nor jointly and severally) agreed to subscribe and pay for and/or procure subscriptions and payment for 90,056,130 Rights Shares (representing RHB Investment Bank’s allocated portion under the Management and Underwriting Agreement) (“Sub-Underwritten Shares”), in accordance with their respective agreed proportions as set out in the Sub-Underwriting Agreement and subject to the terms and conditions of the Sub-Underwriting Agreement.

The sub-underwriting commission of 0.5% of the value of the Sub-Underwritten Shares based on the Issue Price will be borne by RHB Investment Bank.

Subsequently on 5 November 2015, RHB Investment Bank had entered into a supplemental agreement to the Sub-Underwriting Agreement with the Sub-Underwriters to vary certain terms and conditions contained in the Sub-Underwriting Agreement.

5. UTILISATION OF PROCEEDS

The total amount of proceeds to be raised from the Rights Issue is intended to be utilised in the following manner only if the relevant approvals for the Proposed Internal Reorganisation are obtained and the Proposed Internal Reorganisation is implemented:-

Details of utilisation of proceeds	Estimated timeframe for utilisation from the listing of the Rights Shares	<-----Rights Issue proceeds----->	
		Scenario I (RM)	Scenario II (RM)
Capital Injection ⁽¹⁾	Within three (3) months	2,495,296,099	2,343,451,677

Note:-

⁽¹⁾ The Capital Injection is intended to further capitalise RHB Bank to meet the requirements of Basel III (further details of which are set out in Section 7.1.11 of this Abridged Prospectus) and to finance the working capital requirements of RHB Bank Group to support the future growth of the businesses of RHB Bank. Pursuant to the Capital Injection, RHB Bank will be issuing new Consolidated RHB Bank Shares to our Company at an issue price equivalent to the fair market value of RHB Bank Group, which will be determined based on, amongst others, the price-to-book ratio (“PBR”) of comparable financial institution groups listed on Bursa Securities. For information purposes, RHB Bank will undertake the Proposed Consolidation of RHB Bank Shores prior to the Capital Injection.

In the event the Proposed Internal Reorganisation is not implemented, the total amount of proceeds to be raised from the Rights Issue is intended to be utilised in the following manner:-

Details of utilisation of proceeds	Estimated timeframe for utilisation from the listing of the Rights Shares	<-----Rights Issue proceeds----->	
		Scenario I (RM)	Scenario II (RM)
Repayment of external bank borrowings of our Company and any surplus thereafter for injection as equity into RHB Bank and/or repayment of borrowings from RHB Bank (if required) ⁽¹⁾	Within three (3) months	2,495,296,099	2,343,451,677

Note:-

⁽¹⁾ In the event that the Proposed Internal Reorganisation is not implemented, it is the intention of our Company to utilise the proceeds for repayment of external bank borrowings of our Company and any surplus thereafter for injection as equity into RHB Bank to further capitalise RHB Bank and to finance the working capital requirements of RHB Bank Group to support the future growth of the businesses of RHB Bank and/or repayment of borrowings from RHB Bank (if required).

As at 30 June 2015, the total external bank borrowings of our Company stood at approximately RM1.95 billion and the total borrowings of our Group stood at approximately RM12.30 billion¹. For illustrative purposes only, the repayment of our external bank borrowings as at 30 June 2015 is expected to result in an annual interest savings of approximately RM84.0 million to our Group, based on the average cost of borrowings as at 30 June 2015 of approximately 4.32% per annum. We wish to highlight that the actual interest savings arising from the repayment of our external bank borrowings is dependent on the actual amount outstanding at the point of repayment and the actual cost of borrowings for these borrowings. Further details on the total bank borrowings of our Group are set out in Section 10.2 of this Abridged Prospectus.

The estimated expenses relating to the Rights Issue amounts to approximately RM12.93 million and consist mainly of professional fees, underwriting commission as well as fees payable to the relevant authorities. The estimated expenses are proposed to be funded via our Company's internally generated funds and not from the proceeds to be raised from the Rights Issue.

Pending utilisation of the proceeds to be raised from the Rights Issue, such proceeds will be placed in deposits with financial institutions and/or short-term money market instrument(s). The income derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used for general working capital purposes of our Group.

6. RATIONALE FOR THE RIGHTS ISSUE

The Rights Issue will enable our Company to raise funds to further strengthen the capital position of RHB Bank, via the Capital Injection, to support the continuous business growth of RHB Bank Group and meeting the requirements of Basel III.

Notwithstanding the above and as set out in Section 5 of this Abridged Prospectus, in the event that the Proposed Internal Reorganisation is not implemented, it is the intention of our Company to utilise the proceeds for repayment of external bank borrowings of our Company and any surplus thereafter for injection as equity into RHB Bank and/or repayment of borrowings from RHB Bank (if required). As at 30 June 2015, the total external bank borrowings of our Company stood at approximately RM1.95 billion and the total borrowings of our Group stood at approximately RM12.30 billion¹. For illustrative purposes only, the repayment of our external bank borrowings as at 30 June 2015 is expected to result in an annual interest savings of approximately RM84.0 million to our Group, based on the average cost of borrowings as at 30 June 2015 of approximately 4.32% per annum. We wish to highlight that the actual interest savings arising from the repayment of our external bank borrowings is dependent on the actual amount outstanding at the point of repayment and the actual cost of borrowings for these borrowings.

After due consideration of various methods of fund raising as well as the capital structure of our Company, your Board is of the view that the Rights Issue is the most appropriate means of raising the necessary funds premised on the following reasons:-

- (i) the Rights Issue will enable our Company to raise the requisite funds without incurring additional interest expense, thereby minimising any potential cash outflow in respect of interest servicing;
- (ii) the Rights Issue will involve the issuance of new RHB Capital Shares without diluting existing shareholders' percentage shareholdings provided that all the Entitled Shareholders subscribe in full for their respective entitlements under the Rights Issue;
- (iii) the Rights Issue will provide the Entitled Shareholders with an opportunity to further increase their equity participation in our Company and ultimately, participate in the prospects and future growth of RHB Bank Group after the completion of the Capital Injection and the Proposed Internal Reorganisation; and
- (iv) the Entitled Shareholders will be able to subscribe for the Rights Shares at a discount to both market price and TERP.

¹ Comprises borrowings and senior debt securities, subordinated obligations and Hybrid Tier-1 capital securities.

7. RISK FACTORS

In addition to other information contained in this Abridged Prospectus, you should carefully consider the following risk factors before subscribing for or investing in the Rights Issue. You should note that the following list is not an exhaustive list of all the risks that we face or risks that may develop in the future. Additional risks, whether known or unknown, may in the future have a material and adverse effect on our business, operations, financial condition and/or prospects, and/or on our RHB Capital Shares.

The following risk factors shall also apply to RHB Bank upon completion of the Proposed Distribution and Capital Repayment and Transfer of Listing Status.

7.1 Risks relating to our Group

7.1.1 Regulatory environment

We are a licensed financial institution group regulated by BNM and our operations are under the regulatory purview of, amongst others, BNM, SC and Bursa Securities, whilst the entities within the Group are primarily subject to the legislative requirements of the FSA, Islamic Financial Services Act 2013 and the CMSA. Failure to comply with any of these laws and/or directives of the regulators could lead to our Company or any of our subsidiaries being subject to investigations and/or fines and/or sanctions which would in turn adversely affect our business.

In addition, our Group is also governed by various regulatory frameworks of the jurisdictions in which we operate. As we have presence in several foreign jurisdictions such as Singapore, Brunei, Vietnam, Cambodia, Thailand, Indonesia, Laos, Hong Kong and Myanmar we are regulated under various laws and regulations pertaining to the banking and financial services industry such as banking, securities, corporate, exchange control and other laws in effect in the respective jurisdictions in which we operate in from time to time. Failure to comply with such rules and regulations may result in penalties, loss of regulatory licences and permits and damage to business reputation, which may have a material adverse effect on our business, prospects, financial condition and/or results of operations.

There can also be no assurance that any future changes to present laws and/or the introduction of new regulations will not have an adverse impact on our Group's business.

7.1.2 Competition

With the gradual steps undertaken by the Government of Malaysia towards the liberalisation of the financial and banking industry, banking groups are facing greater competition and market saturation of banking products. We expect competition to intensify, moving forward, and we believe that this could lead to pricing pressure, reduced margins as well as increased competition for market share of the banking products we offer.

Whilst our Group constantly reviews and evaluates our position from time to time to differentiate ourselves from our peers including introducing diversified products and services offering by combining our consumer, investment and Islamic banking expertise, there can be no assurance that we will be able to maintain market share and derive similar income levels from our businesses in the future.

7.1.3 Political and economic factors

Political and economic conditions and developments in Malaysia as well as abroad could have an impact on the operations and financial performance of our Group.

Any adverse political and economic conditions, such as political instability, severe fluctuation in interest and currency exchange rates, risk of war, nationalisation and/or expropriation both in Malaysia and the jurisdictions in which we operate could have a material adverse impact on the financial performance of our Group.

7.1.4 Liquidity risk

The funding requirements of Malaysian banks are primarily met through short-term funding deposits from customers and other financial institutions. Although our Group considers, based on the behavioural characteristic of depositors type and funding mix, that a substantial portion of our core customers' deposits, comprising demand, savings and fixed deposits, will continue to be deposited with our Group, and therefore provide a stable source of funding for our Group, no assurance can be given that this will continue in the future.

Although our Group maintains sufficient liquidity reserves and has implemented a robust liquidity risk management and monitoring system, liquidity risk may still arise from events such as a severe deterioration in financial markets or from systemic risks within the financial systems. In such situations, our Group's ability to raise the required funds in a timely manner may be affected, thus exposing our Group to potential regulatory sanctions and adversely affecting our reputation, financial condition and/or business operations.

7.1.5 Credit risk

As a financial group, we are exposed to credit risk primarily through our lending activities. Further, our trading and capital market activities expose our Group to the credit risk of a variety of market counterparties such as brokers and dealers, other financial institutions, mutual funds and institutional clients.

If any of the key counterparties of our Group fails to perform its obligations or suffers deterioration in its credit worthiness, the operations, business and/or financial conditions of our Group may be adversely affected.

Although our Group believes that we have adopted an effective credit and counterparty risk management system, such risk may still arise from events beyond our Group's control, including general deterioration in local and global economic conditions or from systemic risk within the financial system.

7.1.6 Operational risk

We are exposed to operational risk, which is the risk of direct or indirect loss resulting from the inadequacies or failures of internal processes, people or systems, or external events.

Our businesses are highly dependent on our ability to process, on a daily basis, a large number of transactions across numerous markets in various currencies, and the transactions we process have become increasingly complex. In the event any of our systems or processes fails to accommodate our business requirements, we may suffer disruption to our business, additional liability to clients, regulatory intervention, reputational damage and/or financial loss.

Although our Group has implemented risk controls and loss mitigation strategies, and substantial resources are devoted to develop efficient procedures, it is not possible to entirely eliminate all aspects of operational risk faced by our Group. Further, it is not always possible to detect and prevent fraud and other misconduct, and the precautionary measures we take may not be fully effective. Thus our Group may be exposed to negative publicity, which may affect our business reputation, financial condition and/or results of operations.

7.1.7 Dependence on key personnel

Our Group's continued success will depend to a significant extent upon our ability to retain and recruit qualified professionals to pursue our growth strategy. Our Group has therefore devoted considerable effort and resources to recruit, train and ensure a competitive compensation scheme for our staff. Our Group has also put in place a talent management framework where potentials are identified and developed for future career growth in the organisation. Succession management is also on-going to ensure our operations will not be adversely impacted should our Group lose the services of our key management team and key personnel who possess valuable expertise.

Notwithstanding these efforts by our Group, we take cognisance that the market for qualified professionals is highly competitive and we may not be able to successfully recruit and retain qualified personnel. The departure or loss of any professional who manages substantial client relationships and/or possesses substantial experience and expertise may impair our ability to secure or successfully complete engagements or maintain our growth, which may adversely affect our businesses, prospects, financial condition and/or results of operations.

7.1.8 Market risk

Market risk is the risk of loss arising from adverse movements in market indicators, such as interest rates, credit spreads, equity prices, currency exchange rates and commodity prices.

Our Group transacts in financial instruments which give rise to market risk exposures. These financial instruments comprise local and foreign denominated debt and government papers, equities and financial derivative instruments. The characteristics and value of these instruments are derived from underlying instruments which are correlated to one or more price factors such as interest rates, exchange rates, and equity/index prices.

Whilst our Group adopts a systematic approach and have internal controls in place to manage these risks and exposures, not all such risks and exposures may be fully mitigated, or perfectly hedged in the event of economic downturns or volatile markets. Our Group may be exposed to mark-to-market losses arising from such market volatility.

7.1.9 Interest rate/rate of return risk

Our Group's exposure to interest rate/rate of return risk arises from our balance sheet positions where yields are referenced to interest/profit rates such as loans, securities, interbank placements/borrowings and deposits. If market interest/benchmark rates decline, our Group's net interest/profit margin generally decreases due to the immediate repricing of our base lending/financing rate based loans whilst the repricing of our customers' deposits is based on the remaining maturity of the deposits. On the other hand, our Group's fixed rate loans (including hire purchase loans), would be protected in a declining interest/benchmark rate environment.

Measures to manage the interest rate/rate of return risk of our Group have been put in place. Notwithstanding this, there is no assurance that such approaches will remain effective or adequate in the future. The actual effect on net interest/profit income due to changes in interest/benchmark rates will depend on the degree and timing of changes in interest/benchmark rates, the behavioural characteristics of our Group's deposits and any mismatch in the timing of repricing of our Group's assets and liabilities as well as the ability of our Group to respond to changes in BNM's overnight policy rates.

7.1.10 Loans, advances and financing

Loans, advances and financing of our Group are classified as impaired loans, advances and financing when they fulfill any of the following criteria:-

- principal or interest/profit or both are past due for three (3) months or more;
- where a loan is in arrears for less than three (3) months, the loan exhibits indications of significant credit weaknesses; or
- where a loan has been rescheduled or restructured, the loan will continue to be classified as impaired until repayments based on the revised and/or restructured terms have been observed continuously for a period of six (6) months.

Our Group first assesses individually whether objective evidence of impairment exists individually for loans which are individually significant, or collectively for loans which are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed loan, the loan is then included in a group of loans with similar credit risk characteristics and collectively assessed for impairment, where applicable.

If there is objective evidence that an impairment loss has been incurred, the amount of loss is measured as the difference between the loan's carrying amount and the present value of the estimated future cash flows. The carrying amount of the loan is reduced through the use of an allowance account and the amount of loss is recognised in the statement of profit or loss. Where appropriate, the calculation of the present value of estimated future cash flows of a collateralised loan reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Collective assessment of loans is performed via grouping of loans with similar credit risk characteristics. Future cash flows of each of these groups of loans are estimated on the basis of historical loss experience for such assets and discounted to present value. Collective assessment of impairment allowance is made on any shortfall in these discounted cash flows against the carrying value of the group of loans.

In addition, in April 2015, BNM had issued a revised policy on "Classification and Impairment Provisions for Loans/Financing", whereby banking institutions are required to maintain in aggregate, collective impairment allowances and regulatory reserves of no less than 1.2% of total outstanding loans/financing, net of individual impairment allowances, effective beginning 31 December 2015. Our Group has early adopted the requirement to maintain, in aggregate, the collective impairment allowances and regulatory reserves of no less than 1.2% of total outstanding loans/financing, net of individual impairment allowances, effective from financial period ended 30 June 2015.

There is no assurance that the number and value of the impaired loans of our Group will not increase in the future. There is also no assurance that the level of allowances for the impaired loans made by our Group will prove to be adequate, and that our Group will not have to make additional allowances for possible loan losses in the future, or that our Group would be able to realise adequate proceeds from the disposal of collaterals to cover the amount of the impaired loans net of loan loss allowance.

7.1.11 Capital and liquidity requirements due to Basel III

Our Group is subject to capital adequacy guidelines issued by BNM and failure to maintain our capital ratios may result in administrative actions or sanctions which may impact our Group's ability to fulfil our obligations to our stakeholders.

On 28 November 2012, BNM issued the Capital Adequacy Framework (Capital Components) ("CA Framework") under which banking institutions are to, at all times in the periods specified under the CA Framework, maintain at both the entity and consolidated levels, the following minimum capital adequacy ratios ("CAR"):-

- (i) a Common Equity Tier 1 ("CET1") capital ratio of at least 3.50% in 2013, 4.00% in 2014 and 4.50% from January 2015 onwards;
- (ii) a Tier 1 capital ratio of at least 4.50% in 2013, 5.50% in 2014 and 6.00% from January 2015 onwards; and
- (iii) a total capital ratio of at least 8.00% from 1 January 2013 onwards.

In addition to complying with the minimum CAR requirements, banking institutions are to, at all times in the periods specified under the CA Framework, maintain at both the entity and consolidated levels, a capital conservation buffer above the minimum CAR requirements. The capital conservation buffer will begin at 0.625% in 2016, increasing by an additional 0.625% in each subsequent year to reach 2.50% in 2019.

The table below summarises the aforementioned requirements:-

1 January (all in %)	2013	2014	2015	2016	2017	2018	2019
Minimum CET 1 capital ratio	3.50	4.00	4.50	4.50	4.50	4.50	4.50
Capital conservation buffer	-	-	-	0.625	1.25	1.875	2.50
Minimum CET 1 plus conservation buffer	3.50	4.00	4.50	5.125	5.75	6.375	7.00
Minimum Tier 1 capital ratio	4.50	5.50	6.00	6.00	6.00	6.00	6.00
Minimum Tier 1 plus conservation buffer	4.50	5.50	6.00	6.625	7.25	7.875	8.50
Minimum total capital ratio	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Minimum total capital plus conservation buffer	8.00	8.00	8.00	8.625	9.25	9.875	10.50

BNM may also specify an additional buffer requirement for a banking institution, having regard to the specific risk profile of the banking institution.

In addition to complying with the minimum CAR and the capital conservation buffer, banking institutions are to, at all times in the periods specified under the CA Framework, maintain, at both entity and consolidated levels, a countercyclical buffer ranging from 0% and 2.50% above the minimum CET I capital ratio, minimum Tier 1 capital ratio and minimum total capital ratio. As at the date of this Abridged Prospectus, BNM has not specified the level of countercyclical buffer required.

The CA Framework also provides for the gradual phasing out of the regulatory capital recognition of outstanding non-CET 1 and Tier 2 capital instruments that no longer meet, in full, the requirements set out in the CA Framework. Fixing the base at the nominal amount of such instruments outstanding (such base being the outstanding amount as at 1 January 2013) that is eligible to be included in the relevant tiers of capital under the previous iterations of the CA Framework, such recognition is capped at 90% with effect from 1 January 2013, with this cap being reduced by 10% in each subsequent year, eventually resulting in such instruments fully derecognised by 1 January 2022.

On the other hand, BNM has also finalised and issued guidance on the Basel III liquidity standards on Liquidity Coverage Ratio on 31 March 2015. Malaysian banking institutions will comply with the liquidity risk management standards stipulated in this guideline which took effect on 1 June 2015. BNM has adopted the phase in arrangement for Malaysian banking institutions to comply with the minimum requirement of 60% in 2015 with incremental of 10% each year thereafter until 100% from 1 January 2019 onwards.

For information purposes, as at LPD, our Group is in compliance with the minimum CAR requirements as specified under the CA Framework and the minimum requirements of Liquidity Coverage Ratio as specified under the Basel III Liquidity Coverage Ratio standards.

If the regulatory capital and/or liquidity requirements applied to our Group continue to increase in the future, our Group's return on equity and profitability could be adversely affected. Any failure by our Group to satisfy such increased regulatory capital and/or liquidity requirements within the applicable timeline could result in administrative actions or sanctions, which in turn may have a material adverse effect on our Group's business, financial condition and results of operations.

7.2 Risks relating to the Rights Issue

7.2.1 Market risks

The price of RHB Capital Shares as traded on Bursa Securities may fluctuate, like all other listed securities. A variety of factors could cause the price of RHB Capital Shares to fluctuate including the sale of substantial amounts of RHB Capital Shares in the open market, announcements of developments relating to our Group's business, fluctuations in our Group's operating results and revenue levels, and general industry conditions or economic conditions.

In addition to the fundamentals of our Group, the future price performance of RHB Capital Shares will also depend on various external factors such as general economic, political and industry conditions, the performance of regional and world bourses as well as sentiments and liquidity in the local stock market.

There is no assurance that RHB Capital Shares will be traded at or above the issue price of the Rights Shares of RM4.82 and the TERP of RM6.05 upon the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

7.2.2 Delay in or abortion of the Rights Issue

The Rights Issue may be aborted or delayed on the occurrence of any one or more of the following events:-

- (i) material adverse change of events/circumstances, which are beyond the control of our Company arising prior to or during the implementation of the Rights Issue; or
- (ii) a breach by EPF and OSKH of the terms of the Undertakings; or

- (iii) the Joint Underwriters exercise their rights under the Management and Underwriting Agreement to terminate their commitments and discharge themselves from their obligation for any reason whatsoever.

In the event of failure in the implementation of the Rights Issue due to the occurrence of the abovementioned factors/events, all monies received in respect of all applications for any Right Shares will be returned in full without interest.

Notwithstanding the above, our Company will take all necessary steps to ensure the successful implementation of the Rights Issue.

7.2.3 Potential dilution

Entitled Shareholders who do not or are not able to accept the Provisional Rights Shares will have their proportionate ownership and voting interest in our Company reduced, and the percentage of their shareholdings in our Company will also be reduced accordingly.

7.3 Risks relating to the Corporate Exercises

7.3.1 Non completion of the Corporate Exercises

The implementation of the Proposed Internal Reorganisation is subject to all valid approvals being obtained and is also subject to the completion of the Rights Issue. In the event that the Proposed Internal Reorganisation is not implemented after the completion of the Rights Issue, it is the intention of our Company to utilise the proceeds to be raised from the Rights Issue for repayment of external bank borrowings of our Company and any surplus thereafter for injection as equity into RHB Bank and/or repayment of borrowings from RHB Bank (if required).

The Proposed Distribution and Capital Repayment and the Transfer of Listing Status are subject to all valid approvals being obtained and are also subject to the completion of both the Rights Issue and Proposed Internal Reorganisation. In addition, the Transfer of Listing Status can only be effected after the approval of the shareholders of RHB Capital for the Proposed Winding Up have been obtained at a separate EGM to be convened.

In the event that the Proposed Distribution and Capital Repayment and the Transfer of Listing Status are not implemented after the completion of both the Rights Issue and Proposed Internal Reorganisation, our Company shall remain as the holding company of RHB Bank, which by then would house the Identified Assets. Further, our shareholders will continue to hold RHB Capital Shares which will remain listed.

Notwithstanding the above, your Board will take reasonable steps to ensure that every effort is made to obtain all the necessary approvals for the Corporate Exercises in order to complete the Corporate Exercises in a timely manner.

7.3.2 No prior market for the Consolidated RHB Bank Shares

Upon completion of the Proposed Distribution and Capital Repayment, RHB Bank will assume our listing status. Accordingly, RHB Bank will be admitted to the Official List of Bursa Securities in place of our Company with the listing of and quotation for the entire issued and paid-up share capital of RHB Bank on the Main Market of Bursa Securities.

There is no prior market for the Consolidated RHB Bank Shares, hence there can be no assurance that an active market for the Consolidated RHB Bank Shares will be developed or sustained after the listing of RHB Bank.

7.4 Forward-looking statements

Certain statements in this Abridged Prospectus are forward-looking, which are subject to uncertainties and contingencies. All forward-looking statements are based on estimates and assumptions made by your Board and although your Board believes that these statements and assumptions are reasonable, they are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements.

In light of these uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company and/or the advisers that the plans and objectives of our Group will be achieved.

8. INDUSTRY OVERVIEW AND PROSPECTS

8.1 Overview and prospects of the Malaysian economy

The global economy expanded at a moderate pace in the second quarter of 2015. In the major advanced economies, growth in the US and the UK continued to improve while the pace of economic activity in the euro area and Japan was more modest. Growth in most Asian economies moderated in the second quarter. Domestic demand continued to support growth in an environment of weak export performance. Several central banks in major and emerging economies lowered policy rates amid rising growth concerns and low inflation.

The Malaysian economy recorded a growth of 4.9% in the second quarter of 2015 (First quarter ("1Q") 2015: 5.6%), driven mainly by private sector demand. On the supply side, growth was underpinned by the major economic sectors. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.1% (1Q 2015: 1.2%).

The private sector remained the key driver of growth during the quarter. Private consumption expanded at a more moderate rate of 6.4% (1Q 2015: 8.8%) as households adjust to the implementation of the Goods and Services Tax ("GST"). Private investment grew more moderately by 3.9% (1Q 2015: 11.7%), due to a decline in spending on machinery and equipment, especially in the transportation segment, and slower investment in dwelling services. Growth in public investment turned negative in the second quarter (-8.0%; 1Q 2015: 0.5%), attributed mainly to the near completion of a few projects by public enterprises, which more than offset the positive growth of capital expenditure by the Federal Government. Meanwhile, public consumption recorded a higher growth of 6.8% (1Q 2015: 4.1%) following the stronger expansion in supplies and services expenditure amid sustained growth in emoluments.

On the supply side, the major economic sectors registered more moderate growth during the quarter. The lower growth in the services sector was the outcome of a slower expansion in most sub-sectors while the moderation in manufacturing sector was due to the more modest performance in export oriented industries. Growth in the mining sector was affected mainly by the lower production of natural gas. The construction sector also recorded lower growth due to a moderation in real activity in the residential, non-residential and civil engineering sub-sectors. The agriculture sector turned around to record positive growth amid higher production of palm oil.

Going forward, the global economy is projected to remain on a moderate growth path, with diverging growth momentum across major economies. Overall global growth is expected to continue to benefit from low oil prices, but the impact will vary across economies. In Asia, with export growth remaining moderate, domestic demand is expected to remain the key driver of growth. Global growth, however, has become more vulnerable to increased downside risks. Any adverse developments in Europe, increased uncertainty over policy adjustments in the advanced and emerging economies and a re-emergence of geopolitical tensions could result in further international financial market volatility.

The Malaysian economy is expected to remain on a steady growth path, with domestic demand continuing to be the key driver of growth. Private consumption is expected to continue to adjust to the introduction of GST, although wage growth and stable labour market conditions would provide support to household spending. Investment activity will be supported by capital spending in the manufacturing and services sectors, as well as for infrastructure projects. These developments will contribute towards offsetting the weaker performance of the external sector.

(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2015, BNM)

8.2 Overview and prospects of the financial sector

Financial system remained resilient despite persistent volatility in the global and domestic financial markets during the quarter. The domestic financial markets continued to function in an orderly manner. Combined with continued ample domestic liquidity and institutional soundness, financial intermediation activities continued to function efficiently to support the financial and financing needs of the domestic economy. In the near term, domestic financial system stability is expected to be maintained, thus providing continued support to real sector activities amidst challenging operating environment. Stress tests conducted have also shown that banks' and insurers' are expected to remain well capitalised under a simulated scenario of significant portfolio outflows.

Banks' capitalisation was maintained at strong levels. At the end of second quarter of 2015, the common equity tier-1 capital ratio, tier-1 capital ratio and total capital ratio stood well above the minimum regulatory levels at 12.3%, 13.1% and 15.2% respectively. More than 80% of banks' total capital consists of high quality capital comprising retained earnings, paid-up capital and reserves. The capital buffer of the banking system was sustained in excess of RM100 billion.

The banking system registered a pre-tax profit totalling RM7.5 billion in the second quarter (1Q 2015: RM7.0 billion), mainly due to higher contribution of revenue from financing-related activities and dividend income from subsidiaries. Returns on assets and equity were sustained at 1.3% (1Q 2015: 1.2%) and 12.7% (1Q 2015: 12.4%) respectively.

Liquidity in the banking system remained ample. As at end-May 2015, liquidity buffers for maturities over the 1-week and 1-month horizons remained well above the minimum regulatory levels at 14% (1Q 2015: 15.4%) and 15.2% (1Q 2015: 15.4%) of total deposits respectively. Banks recorded USD liquidity surpluses of RM12.4 billion (1Q 2015: surplus of RM20 billion) and RM5 billion (1Q 2015: surplus of RM2.4 billion) in the less than 1-week and 1-month maturity bucket respectively. At end-June 2015, banks' net interbank placements and reverse repo with BNM, which can be unwound to meet liquidity needs, increased to a level above RM120 billion. The Basel III Liquidity Coverage Ratio ("LCR") standards came into effect on 1 June 2015 and will be gradually phased in by 2019. At end-June 2015, the banking system LCR stood at 119%, with all banks reporting LCR levels that are comfortably above the current minimum regulatory requirement of 60%.

(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2015, BNM)

8.3 Overview and prospects of RHB Capital and the enlarged RHB Bank Group

2015 remains a challenging year for the Malaysian banking industry, with the industry loan growth showing signs of moderation in tandem with slower economic growth. Domestic demand is expected to be subdued from tightening loan policies that have been implemented in the past two years. Furthermore, the recent implementation of the GST may cause consumers to slow down on spending as they adjust to the new tax regime. This is compounded by the sharp fall in crude oil prices which emerged in the later part of 2014, which may result in a slower-than-expected increase in private investment and government spending. Even after taking into account the positive impact of oil prices on Malaysian exports, we expect real gross domestic product to grow between 4.5% - 5.5% in 2015 compared to 6.0% in 2014.

We also expect uncertainty to prevail on the external front. Despite the lower oil prices providing an impetus for global economic growth, persistent weakness in the Eurozone, China and Japan remains a concern and could pose a downside risk to Malaysia's export growth. Furthermore, the escalation of geopolitical tensions, uncertainty over US interest rate normalisation and policy adjustments in advanced economies continue to weigh on financial markets and global economic recovery.

Notwithstanding these developments, our Group remains determined to ensure that our IGNITE 2017 transformation programme is successfully implemented. IGNITE 2017 is a transformation programme introduced by our Group in 2014 to drive our Group towards achieving its 2020 ambition of becoming a leading multinational financial services group in the region. In light of the need to adapt to the changing market conditions, we have refined and reframed our strategy to focus on performance (i.e. returns on equity) instead of size.

Our focus on performance will be anchored on the following three (3) broad themes:-

- **Funding Our Growth** – addressing the fundamentals of our business to generate profits to fund our growth and create value for shareholders. Focusing on *boosting revenue from key growth areas, managing cost and enhancing productivity* and *optimizing risk-adjusted return*.
- **Winning by Differentiating Ourselves in the Medium Term** – creating the competitive advantage to drive sustained growth and market leadership, through *delivering superior customer experience* and *building an ecosystem for digital and payments enablement*.
- **Getting our People and Organisation Right** – making sure our talents have the right capabilities and incentives to drive change, by engaging and developing our talents into *high performing teams*.

The Rights Issue, via the Capital Injection, will further strengthen the capital position of RHB Bank to support the continuous business growth of the enlarged RHB Bank Group. Aside from achieving greater tax efficiency in view of the change from the two-tier tax system to a single-tier tax system, the Proposed Internal Reorganisation will also position RHB Bank, being the strongest entity of our Group, as the new holding company to better spearhead our Group's future growth. We are optimistic that the RHB Bank Group will be on a firmer footing to reap further growth for years to come.

9. EFFECTS OF THE RIGHTS ISSUE AND THE CORPORATE EXERCISES

The Transfer of Listing Status and M&A Amendments will not have any effect on the issued and paid-up capital, consolidated NA per Share and gearing as well as the consolidated EPS of our Company.

For illustration purposes only, the proforma effects of the Rights Issue, Proposed Internal Reorganisation and Proposed Distribution and Capital Repayment have been prepared after taking into consideration the following:-

- (i) interim cash dividend of 6 sen per RHB Capital Share declared by our Company for the FYE 31 December 2014 ("**2014 Interim Dividend of RHB Capital**") and our Company's dividend reinvestment plan, where shareholders of our Company could elect to reinvest dividends distributed by our Company due to them for new RHB Capital Shares ("**2014 Interim DRP of RHB Capital**") (collectively referred to as the "**2014 Interim Dividend and DRP of RHB Capital**");

The 2014 Interim Dividend and DRP of RHB Capital was completed on 27 April 2015 with the listing of and quotation for 16,024,645 new RHB Capital Shares at an issue price of RM7.03 each, representing a reinvestment rate of 73.01%;

- (ii) the Issue Price, entitlement basis, number of Rights Shares to be issued, proceeds to be raised and the estimated expenses in relation to the Rights Issue are as follows:-

Issue Price	:	RM4.82 per Rights Share, representing approximately 20.3% discount to the TERP of RM6.05 based on the 5-day VWAP of RHB Capital Shares up to and including 4 September 2015, being the Market Day immediately preceding the price-fixing date, of RM6.29	
Entitlement basis	:	One (1) Rights Share for every five (5) RHB Capital Shares held	
		Scenario I	Scenario II
Number of Rights Shares to be issued	:	Approximately 517.70 million Rights Shares	Approximately 486.19 million Rights Shares
Proceeds to be raised	:	Approximately RM2,495.30 million	Approximately RM2,343.45 million
Estimated expenses in relation to the Rights Issue	:	Approximately RM12.93 million	Approximately RM12.93 million

- (iii) the Proposed Distribution and Capital Repayment will be implemented through:-

- (a) a proposed reduction of the par value of all the existing RHB Capital Shares from RM1.00 to RM0.05 effected through:-
- (1) a reduction in share capital of RM2,950.87 million and RM2,920.94 million under Scenario I and Scenario II respectively, in accordance with Section 64 of the Act; and
 - (2) a reduction of the entire share premium reserves of RM7,114.36 million and RM6,994.02 million under Scenario I and Scenario II respectively, in accordance with Section 60(2) of the Act; and
- (b) a proposed reduction in the retained earnings based on the fair value of our Group's investment in RHB Bank, after taking into consideration the Proposed Internal Reorganisation, and
- (iv) upon completion of the Proposed Distribution and Capital Repayment, the assets, liabilities and reserves of RHB Bank and its subsidiaries are derecognised from the consolidated financial statements of our Company.

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9.1 RHB Capital**9.1.1 Share capital**

The Proposed Internal Reorganisation will not have any effect on the share capital of RHB Capital.

The proforma effects of the Rights Issue and the Proposed Distribution and Capital Repayment on the share capital of our Company are set out below:-

	<-----Scenario I----->		<-----Scenario II----->	
	No. of RHB Capital Shares	Amount	No. of RHB Capital Shares	Amount
	('000)	RM('000)	('000)	RM('000)
As at LPD	2,588,481	2,588,481	2,588,481	2,588,481
To be issued pursuant to the Rights Issue	517,696	517,696	486,193	486,193
	3,106,177	3,106,177	3,074,674	3,074,674
To be cancelled pursuant to the Proposed Distribution and Capital Repayment	-	(2,950,868)	-	(2,920,940)
Enlarged issued and paid-up share capital	3,106,177	155,309	3,074,674	153,734

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9.1.2 NA per RHB Capital Share and gearing

For illustrative purposes only, based on the audited consolidated statement of financial position of our Company as at 31 December 2014, the proforma effects of the Rights Issue, Proposed Internal Reorganisation and Proposed Distribution and Capital Repayment on the NA and gearing of our Group are set out below, based on the following illustrative scenarios:-

SCENARIO A: Assuming that the Proposed Internal Reorganisation is implemented

SCENARIO B: Assuming that the Proposed Internal Reorganisation is not implemented

SCENARIO A(I): Assuming that the Proposed Internal Reorganisation is implemented after the implementation of the Rights Issue under Scenario I

	(a)	(b)	(c)
	Audited as at 31.12.2014 RM('000)	After (a) and the Rights Issue and the Proposed Internal Reorganisation RM('000)	After (b) and the Proposed Distribution and Capital Repayment RM('000)
Share capital	2,572,457	3,106,177	155,309 ^(b)
Share premium	5,053,063	7,114,362 ^(b)	-
Statutory reserve	3,817,799	3,817,799	-
Other reserves	28,196	28,196	-
Available-for-sale reserves	191,619	191,619	-
Translation reserves	191,334	191,334	-
Retained profits	6,939,829	6,737,991 ^(b)	9,176 ^(b)
Shareholders' funds/NA	18,794,297	21,187,478	164,485
No. of RHB Capital Shares in issue ('000)			
NA per Share (RM)	2,572,457	3,106,177	3,106,177
Total borrowings ⁽¹⁾	7.31	6.82	0.05
Gearing (times) ⁽²⁾	12,386,269	10,330,308 ⁽⁷⁾	-
	0.66	0.49	-

Notes:-

⁽¹⁾ Comprises borrowings and senior debt securities, subordinated obligations and Hybrid Tier-1 capital securities as per RHB Capital's audited financial statements for the FYE 31 December 2014.

⁽²⁾ Calculated as total borrowings divided by shareholders' funds.

(3)

Based on the issuance of 16,024,645 new RHB Capital Shares at an issue price of RM7.03 per RHB Capital Share pursuant to the 2014 Interim DRP of RHB Capital.

(4)

After taking into consideration the 2014 Interim Dividend of RHB Capital amounting to approximately RM154.35 million.

(5)

Based on the Issue Price and after deducting estimated expenses amounting to approximately RM12.93 million in relation to the Rights Issue.

(6)

After deducting estimated expenses in relation to the Corporate Exercises amounting to approximately RM47.49 million which includes advisory fees, taxes, stamp duty and other miscellaneous expenses.

(7)

After the repayment of external bank borrowings of our Company amounting to approximately RM2,055.96 million using the proceeds received from the Proposed Internal Reorganisation. The repayment of borrowings from RHB Bank amounting to approximately RM1,055.47 million using the proceeds received from the Proposed Internal Reorganisation will not have any effect on the proforma consolidated statement of financial position of our Company.

(8)

Representing RHB Capital Shares with a par value of RM0.05 per RHB Capital Share after the Proposed Distribution and Capital Repayment. The remaining par value of RM0.05 per RHB Capital Share shall be retained to facilitate the Proposed Winding Up and the liquidation of our Company as well as for the setting aside of adequate cash for any expenses of our Company.

(9)

After deducting estimated expenses in relation to the Proposed Distribution and Capital Repayment of approximately RM1.50 million.

SCENARIO A(II): Assuming that the Proposed Internal Reorganisation is implemented after the implementation of the Rights Issue under Scenario II

	(a)	(b)	(c)
	After the 2014 Interim Dividend and DRP of RHB Capital	After (a) and the Rights Issue and the Proposed Internal Reorganisation	After (b) and the Proposed Distribution and Capital Repayment
	RM('000)	RM('000)	RM('000)
Share capital	2,572,457	3,074,674	153,734 ⁽³⁾
Share premium	5,053,063	6,994,020 ⁽⁵⁾	-
Statutory reserve	3,817,799	3,817,799	-
Other reserves	28,196	28,196	-
Available-for-sale reserves	191,619	191,619	-
Translation reserves	191,334	191,334	-
Retained profits	6,939,829	6,737,991 ⁽⁶⁾	8,906 ⁽⁹⁾
Shareholders' funds/NA	18,794,297	21,035,633	162,640
No. of RHB Capital Shares in issue ('000)			
NA per Share (RM)	2,588,481	3,074,674	3,074,674
Total borrowings ⁽¹⁾	7.31	6.84	0.05
Gearing (times) ⁽²⁾	12,386,269	10,330,308 ⁽⁷⁾	-
	0.66	0.49	-

Notes:-

- (1) *Comprises borrowings and senior debt securities, subordinated obligations and Hybrid Tier-1 capital securities as per RHB Capital's audited financial statements for the FYE 31 December 2014.*
- (2) *Calculated as total borrowings divided by shareholders' funds.*
- (3) *Based on the issuance of 16,024,645 new RHB Capital Shares at an issue price of RM7.03 per RHB Capital Share pursuant to the 2014 Interim DRP of RHB Capital.*
- (4) *After taking into consideration the 2014 Interim Dividend of RHB Capital amounting to approximately RM154.35 million.*
- (5) *Based on the Issue Price and after deducting estimated expenses amounting to approximately RM12.93 million in relation to the Rights Issue.*
- (6) *After deducting estimated expenses in relation to the Corporate Exercises amounting to approximately RM47.49 million which includes advisory fees, taxes, stamp duty and other miscellaneous expenses.*
- (7) *After the repayment of external bank borrowings of our Company amounting to approximately RM2,055.96 million using the proceeds received from the Proposed Internal Reorganisation. The repayment of borrowings from RHB Bank amounting to approximately RM1,055.47 million using the proceeds received from the Proposed Internal Reorganisation will not have any effect on the proforma consolidated statement of financial position of our Company.*
- (8) *Representing RHB Capital Shares with a par value of RM0.05 per RHB Capital Share after the Proposed Distribution and Capital Repayment. The remaining par value of RM0.05 per RHB Capital Share shall be retained to facilitate the Proposed Winding Up and the liquidation of our Company as well as for the setting aside of adequate cash for any expenses of our Company.*
- (9) *After deducting estimated expenses in relation to the Proposed Distribution and Capital Repayment of approximately RM1.50 million.*

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SCENARIO B(D): Assuming that the Proposed Internal Reorganisation is not implemented after the implementation of the Rights Issue under Scenario I

		(a)	(b)
	Audited as at 31.12.2014 RM('000)	After the 2014 Interim Dividend and DRP of RHB Capital RM('000)	After (a) and the Rights Issue RM('000)
Share capital	2,572,457	2,588,481 ⁽³⁾	3,106,177
Share premium	5,053,063	5,149,687 ⁽³⁾	7,114,362 ⁽⁵⁾
Statutory reserve	3,817,799	3,817,799	3,817,799
Other reserves	28,196	28,196	28,196
Available-for-sale reserves	191,619	191,619	191,619
Translation reserves	191,334	191,334	191,334
Retained profits	6,939,829	6,785,482 ⁽⁴⁾	6,785,482
Shareholders' funds/NA	18,794,297	18,752,598	21,234,969
No. of RHB Capital Shares in issue ('000)			
NA per Share (RM)	2,572,457	2,588,481	3,106,177
Total borrowings ⁽¹⁾	7.31	7.24	6.84
Gearing (times) ⁽²⁾	12,386,269	12,386,269	10,330,308 ⁽⁶⁾
	0.66	0.66	0.49

Notes:-

- ⁽¹⁾ Comprises borrowings and senior debt securities, subordinated obligations and Hybrid Tier-1 capital securities as per RHB Capital's audited financial statements for the FYE 31 December 2014.
- ⁽²⁾ Calculated as total borrowings divided by shareholders' funds.
- ⁽³⁾ Based on the issuance of 16,024,645 new RHB Capital Shares at an issue price of RM7.03 per RHB Capital Share pursuant to the 2014 Interim DRP of RHB Capital.
- ⁽⁴⁾ After taking into consideration the 2014 Interim Dividend of RHB Capital amounting to approximately RM154.35 million.
- ⁽⁵⁾ Based on the Issue Price and after deducting estimated expenses amounting to approximately RM12.93 million in relation to the Rights Issue.
- ⁽⁶⁾ After the repayment of external bank borrowings of our Company amounting to approximately RM2,055.96 million using the proceeds to be raised from the Rights Issue. The surplus of RM439.34 million is to be injected as equity into RHB Bank.

SCENARIO B(II): Assuming that the Proposed Internal Reorganisation is not implemented after the implementation of the Rights Issue under Scenario II

	Audited as at 31.12.2014 RM('000)	(a) After the 2014 Interim Dividend and DRP of RHB Capital RM('000)	(b) After (a) and the Rights Issue RM('000)
Share capital	2,572,457	2,588,481 ⁽³⁾	3,074,674
Share premium	5,053,063	5,149,687 ⁽³⁾	6,994,020 ⁽³⁾
Statutory reserve	3,817,799	3,817,799	3,817,799
Other reserves	28,196	28,196	28,196
Available-for-sale reserves	191,619	191,619	191,619
Translation reserves	191,334	191,334	191,334
Retained profits	6,939,829	6,785,482 ⁽⁴⁾	6,785,482
Shareholders' funds/NA	18,794,297	18,752,598	21,083,124
No. of RHB Capital Shares in issue ('000)			
NA per Share (RM)	2,572,457	2,588,481	3,074,674
Total borrowings ⁽¹⁾	7.31	7.24	6.86
Gearing (times) ⁽²⁾	12,386,269	12,386,269	10,330,308 ⁽⁶⁾
	0.66	0.66	0.49

Notes:-

- ⁽¹⁾ Comprises borrowings and senior debt securities, subordinated obligations and Hybrid Tier-1 capital securities as per RHB Capital's audited financial statements for the FYE 31 December 2014.
- ⁽²⁾ Calculated as total borrowings divided by shareholders' funds.
- ⁽³⁾ Based on the issuance of 16,024,645 new RHB Capital Shares at an issue price of RM7.03 per RHB Capital Share pursuant to the 2014 Interim DRP of RHB Capital.
- ⁽⁴⁾ After taking into consideration the 2014 Interim Dividend of RHB Capital amounting to approximately RM154.35 million.
- ⁽⁵⁾ Based on the Issue Price and after deducting estimated expenses amounting to approximately RM12.93 million in relation to the Rights Issue.
- ⁽⁶⁾ After the repayment of external bank borrowings of our Company amounting to approximately RM2,055.96 million using the proceeds to be raised from the Rights Issue. The surplus of RM287.49 million is to be injected as equity into RHB Bank.

9.1.3 Earnings and EPS

The EPS of our Group is expected to be diluted as a result of the increase in the number of RHB Capital Shares in issue arising from the Rights Issue.

Notwithstanding the above, the Capital Injection will further strengthen the financial position as well as working capital of RHB Bank and the future growth of our Group is expected to contribute positively to the future earnings of our Group vis-à-vis the RHB Bank Group.

Upon completion of the Proposed Internal Reorganisation and the Proposed Distribution and Capital Repayment, our Group will cease to consolidate the earnings attributable to the Identified Assets, as the earnings will then be attributable to RHB Bank instead.

9.2 RHB Bank

The Rights Issue, Proposed Distribution and Capital Repayment, Transfer of Listing Status and M&A Amendments will not have any effect on the issued and paid-up capital, consolidated NA per share and gearing as well as consolidated EPS of RHB Bank.

For illustration purposes only, the proforma effects of the Proposed Internal Reorganisation and the Capital Injection have been prepared after taking into consideration the following:-

- (i) second interim cash dividend of RM583.27 million declared by RHB Bank for the FYE 31 December 2014 ("**2014 Second Interim Dividend of RHB Bank**"). The 2014 Second Interim Dividend of RHB Bank was paid on 3 April 2015 and 75% had been recapitalised into new RHB Bank Shares at an issue price of RM2.30 per RHB Bank Share, resulting in the issuance of approximately 190.20 million new RHB Bank Shares; and
- (ii) the estimated Excess Cash amounting to approximately RM614.70 million and RM616.55 million under Scenario I and Scenario II respectively, will be injected into RHB Bank as additional capital, in exchange for new Consolidated RHB Bank Shares ("**Additional Capital Injection**"). For the avoidance of doubt, the Additional Capital Injection is dependent on the actual Excess Cash in RHB Capital.

9.2.1 Share capital

The Proposed Internal Reorganisation will not have any effect on the share capital of RHB Bank.

The proforma effects of the Capital Injection on the share capital of RHB Bank is set out below:-

	<-----Scenario I----->		<-----Scenario II----->	
	No. of RHB Bank Shares (^{'000})	Amount RM(^{'000})	No. of RHB Bank Shares (^{'000})	Amount RM(^{'000})
As at LPD	6,921,170	3,460,585	6,921,170	3,460,585
After the Proposed Consolidation of RHB Bank Shares	3,460,585	3,460,585	3,460,585	3,460,585
To be issued pursuant to the Capital Injection and Additional Capital Injection	520,934 ^	520,934	495,809 ^	495,809
Enlarged issued and paid-up share capital	3,981,519	3,981,519	3,956,394	3,956,394

Note:-

^ Calculated as the total Capital Injection and Additional Capital Injection amounting to approximately RM3.11 billion and RM2.96 billion under Scenario I and Scenario II respectively divided by an illustrative issue price of RM5.97, being the illustrative fair market value of the Consolidated RHB Bank Shares. The basis of arriving at the illustrative fair market value of the Consolidated RHB Bank Shares is set out in Note 5 of Section 9.2.2 of this Abridged Prospectus.

9.2.2 NA per share and gearing

Based on the audited consolidated statement of financial position of RHB Bank as at 31 December 2014, the proforma effects of the Proposed Internal Reorganisation and Capital Injection on the NA and gearing of RHB Bank are set out below:-

Scenario I

		(a)	(b)
	Audited as at 31.12.2014	After the 2014 Second Interim Dividend of RHB Bank	After (a) and the Proposed Internal Reorganisation and the Capital Injection
	RM('000)	RM('000)	RM('000)
Share capital	3,365,486	3,460,585 ⁽³⁾	3,981,519 ⁽⁵⁾
Share premium	136,162	478,518 ⁽³⁾	3,067,584 ⁽⁵⁾
Statutory reserve	4,031,903	4,031,903	4,372,856 ⁽⁶⁾
Other reserves	-	-	25,875 ⁽⁶⁾
Available-for-sale reserves	190,466	190,466	192,962 ⁽⁶⁾
Translation reserves	135,471	135,471	171,497 ⁽⁶⁾
Retained profits	7,575,175	6,991,903 ⁽⁴⁾	6,831,418 ⁽⁷⁾
Shareholders' funds/NA	15,434,663	15,288,846	18,643,711
No. of shares in issue ('000)	6,730,972	6,921,170	3,981,519 ⁽⁸⁾
NA per share (RM)	2.29	2.21	4.68
Total borrowings ⁽¹⁾	9,637,037	9,637,037	10,330,308 ⁽⁹⁾
Gearing (times) ⁽²⁾	0.62	0.63	0.55

Notes:-

⁽¹⁾ Comprises borrowings, subordinated obligations, Hybrid Tier-I capital securities and senior debt securities as per RHB Bank's audited financial statements for the FYE 31 December 2014.

⁽²⁾ Calculated as total borrowings divided by shareholders' funds.

⁽³⁾ 75.0% of the 2014 Second Interim Dividend of RHB Bank had been recapitalised into new RHB Bank Shares at an issue price of RM2.30 per RHB Bank Share, being the net asset value per RHB Bank Share as at 31 December 2014.

⁽⁴⁾ After taking into consideration the 2014 Second Interim Dividend of RHB Bank amounting to RM583.27 million.

⁽⁵⁾ After the Capital Injection and Additional Capital Injection for new Consolidated RHB Bank Shares at an illustrative issue price of RM5.97, being the illustrative fair market value of Consolidated RHB Bank Shares, which was arrived at based on the net asset value per Consolidated RHB Bank Share after the Proposed Internal Reorganisation of RM4.49 multiplied by an illustrative PBR of approximately 1.33 times.

For information purposes, the net asset value per Consolidated RHB Bank Share of RM4.49 was computed based on the enlarged NA of RHB Bank after the Proposed Internal Reorganisation amounting to approximately RM15.53 billion (after the consolidation of the reserves of the Identified Assets and after deducting estimated expenses in relation to the Proposed Internal Reorganisation) divided by the issued and paid-up share capital of RHB Bank after the Proposed Consolidation of RHB Bank Shares amounting to approximately 3.46 billion Consolidated RHB Bank Shares.

The illustrative PBR was arrived at after taking into consideration the range of PBRs of comparable financial institution groups listed on Bursa Securities of approximately 1.33 times to 1.64 times, which was computed based on the six (6) months VWAP of the comparable financial institution groups from 30 September 2014 up to 30 March 2015 (being the latest month prior to the announcement of the Rights Issue, Proposed Internal Reorganisation, Proposed Distribution and Capital Repayment and Transfer of Listing Status) divided by their respective NA per share for the financial year/financial period ended 31 December 2014.

For the avoidance of doubt, the illustrative issue price of RM5.97 should not be construed as the actual reference price of RHB Bank upon the listing of and quotation for its entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities.

- (6) After the consolidation of the reserves of the Identified Assets.
- (7) The Proposed Internal Reorganisation is accounted as business combination under common control of which the assets acquired, liabilities assumed and reserves are stated at the predecessor carrying amounts from the consolidated financial statements of the ultimate holding company of RHB Bank Group. The difference between the Disposal Consideration and the aggregate carrying amounts of the assets, liabilities and reserves amounting to approximately RM152.61 million is recorded as an adjustment to retained profits. In addition, estimated expenses in relation to the Proposed Internal Reorganisation of approximately RM7.88 million have been deducted from retained profits.
- (8) After the Proposed Consolidation of RHB Bank Shares.
- (9) Including the borrowings of the Identified Assets amounting to approximately RM693.27 million.

Scenario II

		(a)	(b)
	Audited as at 31.12.2014	After the 2014 Second Interim Dividend of RHB Bank	After (a) and the Proposed Internal Reorganisation and the Capital Injection
	RM('000)	RM('000)	RM('000)
Share capital	3,365,486	3,460,585 ⁽³⁾	3,956,394 ⁽⁵⁾
Share premium	136,162	478,518 ⁽³⁾	2,942,709 ⁽⁵⁾
Statutory reserve	4,031,903	4,031,903	4,372,856 ⁽⁶⁾
Other reserves	-	-	25,875 ⁽⁶⁾
Available-for-sale reserves	190,466	190,466	192,962 ⁽⁶⁾
Translation reserves	135,471	135,471	171,497 ⁽⁶⁾
Retained profits	7,575,175	6,991,903 ⁽⁴⁾	6,831,418 ⁽⁷⁾
Shareholders' funds/NA	15,434,663	15,288,846	18,493,711
No. of shares in issue ('000)	6,730,972	6,921,170	3,956,394 ⁽⁸⁾
NA per share (RM)	2.29	2.21	4.67
Total borrowings ⁽¹⁾	9,637,037	9,637,037	10,330,308 ⁽⁹⁾
Gearing (times) ⁽²⁾	0.62	0.63	0.56

Notes:-

- (1) Comprises borrowings, subordinated obligations, Hybrid Tier-1 capital securities and senior debt securities as per RHB Bank's audited financial statements for the FYE 31 December 2014.
- (2) Calculated as total borrowings divided by shareholders' funds.
- (3) 75.0% of the 2014 Second Interim Dividend of RHB Bank had been recapitalised into new RHB Bank Shares at an issue price of RM2.30 per RHB Bank Share, being the net asset value per RHB Bank Share as at 31 December 2014.
- (4) After taking into consideration the 2014 Second Interim Dividend of RHB Bank amounting to RM583.27 million.

⁽⁵⁾ *After the Capital Injection and Additional Capital Injection for new Consolidated RHB Bank Shares at an illustrative issue price of RM5.97, being the illustrative fair market value of Consolidated RHB Bank Shares, which was arrived at based on the net asset value per Consolidated RHB Bank Share after the Proposed Internal Reorganisation of RM4.49 multiplied by an illustrative PBR of approximately 1.33 times.*

For information purposes, the net asset value per Consolidated RHB Bank Share of RM4.49 was computed based on the enlarged NA of RHB Bank after the Proposed Internal Reorganisation amounting to approximately RM15.53 billion (after the consolidation of the reserves of the Identified Assets and after deducting estimated expenses in relation to the Proposed Internal Reorganisation) divided by the issued and paid-up share capital of RHB Bank after the Proposed Consolidation of RHB Bank Shares amounting to approximately 3.46 billion Consolidated RHB Bank Shares.

The illustrative PBR was arrived at after taking into consideration the range of PBRs of comparable financial institution groups listed on Bursa Securities of approximately 1.33 times to 1.64 times, which was computed based on the six (6) months VWAP of the comparable financial institution groups from 30 September 2014 up to 30 March 2015 (being the latest month prior to the announcement of the Rights Issue, Proposed Internal Reorganisation, Proposed Distribution and Capital Repayment and Transfer of Listing Status) divided by their respective NA per share for the financial year/financial period ended 31 December 2014.

For the avoidance of doubt, the illustrative issue price of RM5.97 should not be construed as the actual reference price of RHB Bank upon the listing of and quotation for its entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities.

⁽⁶⁾ *After the consolidation of the reserves of the Identified Assets.*

⁽⁷⁾ *The Proposed Internal Reorganisation is accounted as business combination under common control of which the assets acquired, liabilities assumed and reserves are stated at the predecessor carrying amounts from the consolidated financial statements of the ultimate holding company of RHB Bank Group. The difference between the Disposal Consideration and the aggregate carrying amounts of the assets, liabilities and reserves amounting to approximately RM152.61 million is recorded as an adjustment to retained profits. In addition, estimated expenses in relation to the Proposed Internal Reorganisation of approximately RM7.88 million have been deducted from retained profits.*

⁽⁸⁾ *After the Proposed Consolidation of RHB Bank Shares.*

⁽⁹⁾ *Including the borrowings of the Identified Assets amounting to approximately RM693.27 million.*

9.2.3 Earnings and EPS

Upon completion of the Proposed Consolidation of RHB Bank Shares, the EPS of RHB Bank Group will correspondingly increase due to the decrease in the number of ordinary shares in issue, assuming that earnings remain constant. Nevertheless, pursuant to MFRS 133 "Earnings Per Share", the number of ordinary shares in issue will be restated in the comparative period. Hence, the Proposed Consolidation of RHB Bank Shares will not have any effect on the EPS of RHB Bank Group.

The Capital Injection will further strengthen the financial position as well as working capital of RHB Bank. The Capital Injection is expected to contribute positively to the earnings of RHB Bank Group for the ensuing financial years when the benefits from the utilisation of the Capital Injection are realised.

Upon completion of the Proposed Internal Reorganisation, the RHB Bank Group will be able to consolidate the earnings attributable to the Identified Assets.

10. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

10.1 Working capital

Your Board is of the opinion that, after taking into consideration our Group's cash in hand, the banking facilities available to our Group, the funds to be generated from our Group's operations as well as the proceeds to be raised from the Rights Issue, our Group will have sufficient working capital available for a period of twelve (12) months from the date of this Abridged Prospectus to meet its present working capital requirements.

10.2 Borrowings

As at 30 June 2015, the total outstanding borrowings of our Group, all of which are interest-bearing and any interest accruing thereof are set out below:-

	Total RM('000)
<u>Short-term borrowings</u>	
Revolving credits	689,043
Term loan	1,204,681
Commercial papers/medium term notes	500,046
	2,393,770
<u>Long-term borrowings</u>	
Term loans	372,831
Subordinated obligations	5,895,372
Hybrid Tier-1 capital securities	601,558
Senior debt securities	3,034,526
	9,904,287
Total	12,298,057
Foreign borrowings:-	
RM denominated borrowings	8,445,477
USD denominated borrowings	3,602,055
HKD denominated borrowings	186,530
SGD denominated borrowings	50,595
JPY denominated borrowings	2,223
THB denominated borrowings	11,177
	12,298,057

Our Group has not defaulted on payments of either interest and/or principal sums on any of our borrowings for the FYE 31 December 2014 and the subsequent financial period up to the LPD.

10.3 Material commitments and contingent liabilities

Save as disclosed below, as at 30 June 2015 our Group does not have any other material commitments and contingent liabilities incurred or known to be incurred by our Group which upon becoming enforceable may have a material impact on the financial position of our Group:-

10.3.1 Commitments and contingencies

In the normal course of business, the banking subsidiaries make various commitments and incur certain contingent liabilities with legal recourse to its customers as set out below.

Group	As at 30 June 2015		
	Principal amount RM('000)	Credit equivalent amount* RM('000)	Risk weighted amount RM('000)
Direct credit substitutes	2,343,957	2,313,933	1,345,560
Transaction-related contingent items	4,684,298	2,318,673	1,307,440
Short term self-liquidating trade-related contingencies	1,994,372	396,984	189,125
Obligations under underwriting agreements	291,408	145,704	145,704
Lending of banking subsidiaries' securities or the posting of securities as collateral by subsidiaries, including instances where these arise out of repo-style transactions banking	2,650,135	2,650,135	39,710
Irrevocable commitments to extend credit			
- maturity not exceeding one year	2,231,468	443,825	168,266
- maturity exceeding one year	29,580,805	20,527,709	10,356,903
Foreign exchange related contracts ^			
- less than one year	41,373,988	1,440,734	837,035
- one year to less than five years	11,181,115	2,056,420	864,805
- more than five years	526,992	148,329	96,735
Equity related contracts ^			
- less than one year	254	19	19
Interest rate related contracts ^			
- less than one year	6,771,645	17,843	6,946
- one year to less than five years	28,345,380	800,668	284,585
- more than five years	1,383,554	131,016	72,356
Any commitments that are unconditionally cancelled at any time by the banking subsidiaries without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	15,164,051	607,919	245,238
	148,523,422	33,999,911	15,960,427

Notes:-

* The credit equivalent amount is arrived at using the credit conversion factors as per the relevant guidelines of BNM. Foreign exchange, equity and interest rate related contracts are subject to market risk and credit risk.

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

In addition to the above, RHB Bank 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 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. Further, 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 operations in Thailand.

10.3.2 Capital commitments

Group	As at 30 June 2015 RM('000)
Capital expenditure for property, plant and equipment:-	
- authorised and contracted for	119,833
- authorised but not contracted for	308,118
	427,951

The material commitments as disclosed above are expected to be funded through internally generated funds.

10.3.3 Guarantees issued by our Group

	As at 30 June 2015 RM('000)
Corporate guarantee in favour of client's trading facilities granted by a subsidiary	68,000

10.3.4 Guarantees issued by our Company

	As at 30 June 2015 RM('000)
Corporate guarantee provided to licensed banks for credit facilities granted to subsidiaries	231,378
Corporate guarantee in favour of client's trading facilities granted by a subsidiary	68,000
Letter of undertaking in favour of Monetary Authority of Singapore provided for a subsidiary	140,265
	439,643

11. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Rights Shares which you are entitled to subscribe for, in full or in part, in accordance with the terms and conditions of the Rights Issue. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Rights Shares into your CDS Account and the RSF to enable you to subscribe for such Provisional Rights Shares allotted to you, as well as to apply for the Excess Rights Shares, if you wish to do so.

This Abridged Prospectus and the RSF can be obtained from our Share Registrar or Bursa Securities' website at <http://www.bursamalaysia.com>.

11.1 NPA

The Provisional Rights Shares are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in such Provisional Rights Shares will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your renouncee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making applications.

11.2 Procedures for acceptance and payment

Acceptance of and payment for the Provisional Rights Shares must be made in accordance with the RSF enclosed with this Abridged Prospectus. The RSF must be completed strictly in accordance with the notes and instructions contained in the RSF. Acceptances and/or payments which do not conform strictly to the terms of this Abridged Prospectus, the RSF and the notes and instructions contained in the RSF or which are illegible may not be accepted at the absolute discretion of your Board.

If you wish to accept the Provisional Rights Shares, either in full or in part, please complete **Parts I(A) and II** of the RSF strictly in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF with the relevant payment must be despatched by **ORDINARY POST, COURIER or DELIVERED BY HAND** (at your own risk) to our Share Registrar at the following address:-

FOR DELIVERY BY HAND AND/OR COURIER:-

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

FOR ORDINARY POST:-

Symphony Share Registrars Sdn Bhd
Peti Surat 9150
Pejabat Pos Kelana Jaya
46785 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Helpdesk Telephone No: 603-7849 0777
Facsimile No: 603-7841 8151/8152

and should reach our Share Registrar not later than **5.00 p.m. on 8 December 2015**, being the last date and time for the acceptance of and payment for the Provisional Rights Shares or any such later date and time as your Board may, at their absolute discretion, decide and announce, but not less than two (2) Market Days before such stipulated date and time.

You must use one (1) RSF for the subscription of the Provisional Rights Shares standing to the credit of one (1) CDS Account. Separate RSFs must be used for the acceptance of the Provisional Rights Shares standing to the credit of more than one (1) CDS Account. The Rights Shares accepted by you in accordance with the notes and instructions contained in the RSF will be credited into the respective CDS Accounts where the Provisional Rights Shares is standing to the credit.

The minimum number of Rights Shares that can be accepted is one (1) Rights Share. However, you should take note that a trading board lot comprises 100 RHB Capital Shares. Fractions of a Rights Share (if any) shall be disregarded and will be dealt with in such manner as your Board, at its absolute discretion, deems fit and expedient, and in the best interest of our Company.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbroker, our Share Registrar or Bursa Securities' website at <http://www.bursamalaysia.com>.

Each completed RSF must be accompanied by the appropriate remittance made in RM for the FULL and EXACT amount payable for the Rights Shares accepted, in the form of Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia and made payable to "RHBC RIGHTS ISSUE ACCOUNT", crossed "ACCOUNT PAYEE ONLY" and endorsed on the reverse side with your name and address in block letters and CDS Account number to be received by our Share Registrar by the Closing Date. The payment must be made for the FULL and EXACT amount payable for the Rights Shares accepted.

Applications accompanied by payment other than in the manner stated above or with excess or insufficient payment may be rejected at the absolute discretion of your Board. **Details of the remittances must be filled in the appropriate boxes provided in the RSF.**

OUR SHARE REGISTRAR WILL NOT CONTACT YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) FOR ACCEPTANCES WHICH DO NOT STRICTLY CONFORM TO THE TERMS AND CONDITIONS OF THIS ABRIDGED PROSPECTUS OR THE RSF OR THE NOTES AND INSTRUCTIONS CONTAINED IN THESE DOCUMENTS, OR WHICH ARE ILLEGIBLE.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES, APPLICATION FOR THE EXCESS RIGHTS SHARES AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR/THEIR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.

YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF CAREFULLY. IN ACCORDANCE WITH THE CMSA, THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS ABRIDGED PROSPECTUS.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR THE APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS SHARES. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, YOU WILL BE ALLOTTED WITH YOUR RIGHTS SHARES, AND A NOTICE OF ALLOTMENT WILL BE ISSUED AND DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS (AT YOUR OWN RISK) OR TO THE ADDRESS IN MALAYSIA WHICH WAS PROVIDED BY YOU TO THE SHARE REGISTRAR FOR THE RECEIPT OF THE DOCUMENTS, WITHIN EIGHT (8) MARKET DAYS FROM THE CLOSING DATE, OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED OR ALLOWED BY BURSA SECURITIES. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

SUBSCRIPTION OF THE PROVISIONAL RIGHTS SHARES SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. YOUR BOARD RESERVES THE RIGHT AT ITS ABSOLUTE DISCRETION NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.

WHERE THE SUBSCRIPTION OF THE PROVISIONAL RIGHTS SHARES IS NOT ACCEPTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS (AT YOUR OWN RISK) OR TO THE ADDRESS IN MALAYSIA WHICH WAS PROVIDED BY YOU TO THE SHARE REGISTRAR FOR THE RECEIPT OF THE DOCUMENTS, WITHIN FIFTEEN (15) MARKET DAYS FROM THE CLOSING DATE.

If the acceptance of and payment for the Provisional Rights Shares allotted to you (whether in full or in part) are not received by our Share Registrar by the **5.00 p.m. on 8 December 2015** or any such later date and time as your Board may, at their absolute discretion, decide and announce, your Provisional Rights Shares or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled.

Your Board will then have the right to allot such Rights Shares not taken up or cannot be taken up or not validly taken up to applicants applying for the Excess Rights Shares in the manner as set out in Section 11.6 of this Abridged Prospectus.

II.3 Last time and date for acceptance and payment

The last time and date for acceptance and payment for the Provisional Rights Shares is at **5.00 p.m. on 8 December 2015**, or such later date and time as your Board may, at their absolute discretion, decide and announce, but not less than two (2) Market Days before such stipulated date and time.

11.4 Procedures for part acceptance

You are always entitled to accept part of your entitlement to the Provisional Rights Shares PROVIDED ALWAYS that the minimum number of Rights Shares that may be accepted is one (1) Rights Share.

You must complete both **Part I(A)** of the RSF by specifying the number of Provisional Rights Shares which you are accepting and **Part II** of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the same manner as set out in Section 11.2 of this Abridged Prospectus.

YOU ARE ADVISED TO READ AND ADHERE STRICTLY TO THIS ABRIDGED PROSPECTUS AND THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

11.5 Procedures for the sale or transfer of the Provisional Rights Shares

As the Provisional Rights Shares are prescribed securities, should you wish to sell or transfer, all or part of your entitlement to the Provisional Rights Shares to one (1) or more persons, you may do so through your stockbroker without first having to request for a split of the Provisional Rights Shares standing to the credit of your CDS Account. To sell or transfer all or part of your entitlement to the Provisional Rights Shares, you may sell such entitlement in the open market or transfer to such persons as may be allowed pursuant to the Rules of Bursa Depository.

In selling or transferring all or part of your Provisional Rights Shares, you are not required to deliver any document, including the RSF, to any stockbroker. You are however advised to ensure that you have sufficient number of Provisional Rights Shares standing to the credit of your CDS Account before selling or transferring.

If you have sold or transferred only part of the Provisional Rights Shares, you may still accept the balance of the Provisional Rights Shares not sold or transferred by completing **Parts I(A) and II** of the RSF and forwarding the RSF together with the appropriate remittance in RM for the FULL and EXACT amount payable for the balance of the Provisional Rights Shares accepted, to our Share Registrar in accordance with the instructions as set out in Section 11.2 of this Abridged Prospectus.

A purchaser or transferee of the Provisional Rights Shares may obtain a copy of this Abridged Prospectus and the RSF from his stockbroker, our Share Registrar or Bursa Securities' website at <http://www.bursamalaysia.com>.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

11.6 Procedures for application for the Excess Rights Shares

If you are an Entitled Shareholder, you and/or your renouncee(s) /transferee(s) (if applicable) may apply for the Excess Rights Shares in addition to your Provisional Rights Shares. If you wish to do so, please complete **Part I(B)** of the RSF (in addition to **Parts I(A) and II**) and forward it (together with a **separate remittance** made in RM for the FULL and EXACT amount payable in respect of the Excess Rights Shares applied for) using the envelope provided (at your own risk) to our Share Registrar at the address as set out in Section 11.2 of this Abridged Prospectus, so as to **arrive not later than 5.00 p.m. on 8 December 2015**, being the last date and time for the acceptance of and payment or any such later date and time as your Board may, at their absolute discretion, decide and announce, but not less than two (2) Market Days before such stipulated date and time.

Payment for the Excess Rights Shares applied for should be made in the same manner described in Section 11.2 of this Abridged Prospectus, except that the Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia be made payable to "RHBC EXCESS RIGHTS ISSUE ACCOUNT", crossed "ACCOUNT PAYEE ONLY" and endorsed on the reverse side with your name and address in block letters and CDS Account number to be received by our Share Registrar by the Closing Date. The payment must be made for the FULL and EXACT amount payable for the Excess Rights Shares applied for. Any excess or insufficient payment may be rejected at the absolute discretion of your Board. Details of the remittances must be filled in the appropriate boxes provided in the RSF.

Subject always to the other shareholding limits (as set out in Section 11.10 of this Abridged Prospectus) being observed, it is the intention of your Board to allot the Excess Rights Shares, if any, in a fair and equitable manner to the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who have applied for the Excess Rights Shares in the following order of priority:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, on a pro-rata basis and in board lot to our Entitled Shareholders who have applied for the Excess Rights Shares, taking into consideration their respective shareholding as at the Entitlement Date;
- (iii) thirdly, on a pro-rata basis and in board lot to our Entitled Shareholders who have applied for the Excess Rights Shares, taking into consideration the quantum of their respective Excess Rights Shares applied for; and
- (iv) lastly, on a pro-rata basis and in board lot to the renouncee(s)/transferee(s) (if applicable) who have applied for the Excess Rights Shares, taking into consideration the quantum of their respective Excess Rights Shares applied for.

In the event there is any balance Excess Rights Shares after the manner of allocation above, the balance will be allocated in the processes set out in Section 11.6(ii) to (iv) above.

Nevertheless, your Board reserves the right to allot any Excess Rights Shares applied for in such manner as it deems fit and expedient, and in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis, and that the intention of your Board as set out in Section 11.6(i) to (iv) above is achieved. Your Board also reserves the right to accept any application for the Excess Rights Shares, in full or in part, without assigning any reason thereof.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR THE APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, YOU WILL BE ALLOTTED WITH THE EXCESS RIGHTS SHARES, AND A NOTICE OF ALLOTMENT WILL BE ISSUED AND DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS (AT YOUR OWN RISK) OR TO THE ADDRESS IN MALAYSIA WHICH WAS PROVIDED BY YOU TO THE SHARE REGISTRAR FOR THE RECEIPT OF THE DOCUMENTS, WITHIN EIGHT (8) MARKET DAYS FROM THE CLOSING DATE, OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED OR ALLOWED BY BURSA SECURITIES. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR.

APPLICATIONS FOR THE EXCESS RIGHTS SHARES SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. YOUR BOARD RESERVES THE RIGHT AT ITS ABSOLUTE DISCRETION NOT TO ACCEPT ANY SUCH APPLICATION OR TO ACCEPT ANY SUCH APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.

IN RESPECT OF UNSUCCESSFUL OR LATE APPLICATIONS OR PARTIALLY SUCCESSFUL APPLICATIONS FOR THE EXCESS RIGHTS SHARES, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS (AT THE APPLICANT'S OWN RISK) OR TO THE ADDRESS IN MALAYSIA WHICH WAS PROVIDED BY YOU TO THE SHARE REGISTRAR FOR THE RECEIPT OF THE DOCUMENTS, WITHIN FIFTEEN (15) MARKET DAYS FROM THE CLOSING DATE.

11.7 Procedures for acceptance by renouncee(s)/transferee(s)

The procedures applicable to renounce(s)/transferee(s) for acceptance, selling and/or transferring of the Provisional Rights Shares, applying for the Excess Rights Shares and/or, payment are the same as those which are applicable to the Entitled Shareholders as described in Sections 11.2, 11.4, 11.5 and 11.6 of this Abridged Prospectus and in the RSF. Please refer to the relevant sections for the procedures to be followed.

If you wish to obtain a copy of this Abridged Prospectus and/or accompanying RSF, you may obtain for the same from your stockbroker, our Share Registrar or Bursa Securities' website at <http://www.bursamalaysia.com>.

RENOUNCEE(S)/TRANSFEREE(S) ARE ADVISED TO READ AND ADHERE STRICTLY TO THIS ABRIDGED PROSPECTUS AND THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

11.8 Form of issuance

Bursa Securities has already prescribed our RHB Capital Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares are prescribed securities and as such, all dealings in the Rights Shares will be by book entry through a CDS Account and shall be governed by the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the Rights Shares. Failure to comply with these specific instructions for application or inaccuracy in the CDS Account number may result in your application being rejected.

Your subscription for the Rights Shares shall constitute consent to receive such Rights Shares as prescribed securities which will be credited directly into your CDS Account. No physical share certificates will be issued to you.

Any person who intends to subscribe for the Rights Shares as a renouncee by purchasing the Provisional Rights Shares from an Entitled Shareholder will have his Rights Shares credited directly as prescribed securities into his/her CDS Account.

All Excess Rights Shares, if allotted to the successful applicants who apply for the Excess Rights Shares, will be credited directly into the CDS Accounts of the successful applicants.

If you have multiple CDS Accounts into which the Provisional Rights Shares have been credited, you cannot use a single RSF to apply for all these Provisional Rights Shares. Separate RSFs must be used for separate CDS Accounts. If successful, the Rights Shares that you applied for will be credited into the respective CDS Accounts into which the Provisional Rights Shares have been credited.

11.9 Laws of foreign countries or jurisdictions

The Documents have not been, and will not be made to, comply with the laws of any country or jurisdiction other than Malaysia, and have not been, and will not be, lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any country or jurisdiction other than Malaysia.

The Documents are not intended to be, and will not be, issued, circulated or distributed, and the Rights Issue will not be made or offered or deemed made or offered, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue to which this Abridged Prospectus relates is only available to persons receiving the Documents within Malaysia.

Accordingly, the Documents will not be despatched to the Entitled Shareholders who do not have a registered address in Malaysia as stated in the Record of Depositors as at **5.00 p.m. on 23 November 2015** or who have not provided the Share Registrar with an address in Malaysia for despatch of Documents by **5.00 p.m. on 23 November 2015**. Persons receiving the Documents (including without limitation, custodians, nominees and trustees) must not, in connection with the Rights Issue distribute or send the Documents outside of Malaysia. However, the Foreign Addressed Shareholders may collect the Documents from our Share Registrar in Malaysia, Symphony Share Registrars Sdn Bhd, at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, who is entitled to request such evidence as they deem necessary to satisfy themselves as to the identity and authority of the person collecting the Documents.

Our Company will not make or be bound to make any enquiry as to whether you have an address or address for service in Malaysia other than as stated in our Record of Depositors on the Entitlement Date or who have provided the Share Registrar with an address in Malaysia for the despatch of Documents as at **5.00 p.m. on 23 November 2015** and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. We will assume that the Rights Issue and the acceptance by the Entitled Shareholders thereof would not be in breach of the laws of any jurisdiction. We will further assume that the Entitled Shareholders have accepted the Rights Issue in Malaysia and will at all applicable times be subject to the laws of Malaysia.

To the extent you accept your Provisional Rights Shares and/or apply for the Excess Rights Shares, your acceptance of the terms thereof will be deemed to be in compliance with the Rights Issue and not in breach of the laws of any country or jurisdiction. To the extent you accept your Provisional Rights Shares and/or apply for the Excess Rights Shares, you will be deemed to have accepted the Rights Issue in Malaysia and be subject to the laws of Malaysia with respect thereto.

All Entitled Shareholders and/or their renounee(s) (if applicable) shall be solely responsible to seek advice from their legal and/or professional advisers as to the laws of the countries or jurisdictions to which they are or might be subject. Neither we, your Board, RHB Investment Bank, nor any other adviser to the Rights Issue ("Parties") shall accept any responsibility or liability whatsoever in the event any acceptance or renunciation made by any Entitled Shareholder and/or his renounee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any such country or jurisdiction. Such Entitled Shareholders and/or their renounee(s) (if applicable) will also have no claims whatsoever against us in respect of their entitlements or to any proceeds thereof.

We reserve the right, at our absolute discretion, to treat any acceptance as invalid, if we believe or have reason to believe that such acceptance may violate applicable legal or regulatory requirements in any country or jurisdiction outside Malaysia. The Provisional Rights Shares relating to any acceptance which is treated as invalid will be included in the pool of the Excess Rights Shares available for excess application by other Entitled Shareholders and/or their renounee(s) (if applicable).

Any envelope containing an RSF and post-marked from the United States or from a U.S. person (as defined in Regulation S) will not be accepted. Similarly, any RSF in which the accepting holder, renouncee(s)/transferee(s) (if applicable) or subscribing principal applicant requests Rights Shares to be issued in registered form or credit to a securities account and which gives an address in the United States or is a U.S. person (as defined in the Regulation S) will not be accepted. Any payment in respect of any RSF that does not meet the foregoing criteria will be returned without interest.

No shareholder or person acting for the account or benefit of any such person, or any other person, shall have any claims whatsoever against any of the Parties.

In addition, each person, by accepting the delivery of the Documents, accepting any Provisional Rights Shares by signing any of the forms accompanying this Abridged Prospectus, or subscribing for or acquiring the Rights Shares, will be deemed to have represented, warranted, acknowledged and agreed in favour of (and which representations, warranties, acknowledgements and agreements will be relied upon by) the Parties as follows:-

- (i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any country or jurisdiction to which the Entitled Shareholder and/or his renouncee(s) (if applicable) are or may be subject;
- (ii) that person has complied with the laws to which he and/or his renouncee(s) (if applicable) is or may be subject to in connection with the acceptance or renunciation;
- (iii) that person is not a nominee or agent of a person in respect of whom the parties would, by acting on the acceptance or renunciation, be in breach of the laws of any country or jurisdiction to which that person is or may be subject to;
- (iv) that person has an address for service of process in Malaysia;
- (v) that person is aware that his Provisional Rights Shares can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (vi) that person has obtained a copy of this Abridged Prospectus and understands the contents of this Abridged Prospectus, and had relied on his own evaluation to assess the merits and risks of the investment;
- (vii) that person has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing for or purchasing the Rights Shares, and is and will be able, and is prepared to bear the economic and financial risks of investing in and holding the Rights Shares;
- (viii) that person acknowledges that the Rights Shares have not been and will not be registered under the U.S. Securities Act and/or with any securities regulatory authority of the United States or any other jurisdiction other than Malaysia, and that the Rights Shares may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except to persons in offshore transactions in reliance on Regulation S; and
- (ix) that person is, or at the time the Rights Shares are purchased will be, the beneficial owner of the Rights Shares and is or will be (i) located outside the United States (within the meaning of Regulation S) and purchasing the Rights Shares in an "offshore transaction" (as defined in Regulation S) and (ii) not an affiliate of the Company or any person acting on the Company's behalf or on behalf of any of the Company's affiliates.

Persons receiving the Documents (including without limitation custodians, nominees and trustees) must not, in connection with the Rights Issue, offer, distribute or send any of them into any jurisdiction where doing so would or might contravene local securities, exchange control or other relevant laws or regulations. If the Documents are received by any person in such jurisdiction or by the agent or nominee of any such person, he/she/it/they must not seek to accept the offer unless he/she/it/they have complied with and observed the laws of all relevant jurisdictions.

Any person who does forward the Documents to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section, and RHB Capital reserves the right to reject a purported acceptance of the Rights Shares from any application by Foreign Addressed Shareholders and/or their renounee(s)/transferee(s) (if applicable) in any jurisdiction other than Malaysia.

11.10 Other shareholding limits

You are also reminded to ensure that your acceptance of the Provisional Rights Shares and any application for Excess Rights Shares will not constitute a breach of any restriction on your holding of RHB Capital Shares as a result of any contractual obligation of shareholders, or so imposed by statute, law or regulation in force in Malaysia or any other relevant jurisdiction, or by any relevant authority, as the case may be (unless the requisite approvals under the relevant law, statute or regulation or from the relevant authorities are first obtained).

In view of the BNM Shareholding Limits and the other shareholding limits referred to in this Section 11.10, notwithstanding the number of Provisional Rights Shares duly credited to your CDS Account, which you are entitled to subscribe for, your Board shall be entitled but not obligated (save and except where required by law) to reduce or limit the number of Provisional Rights Shares and/or Excess Rights Shares to be issued to any Entitled Shareholder should your Board be aware or be informed in writing of any expected breach of such shareholding limits as a result of the acceptance of all or part of the Provisional Rights Shares and/or application for any Excess Rights Shares by such shareholder.

12. OTHER CORPORATE EXERCISES APPROVED BUT PENDING COMPLETION

Save for the Rights Issue, the Corporate Exercises and the proposal disclosed below, there is no other corporate exercise which has been approved by regulatory authorities but is pending completion as at the LPD.

Internal reorganisation exercise involving the proposed acquisition of the entire equity interest in RHB OSK Indochina Securities Limited ("RHBISL") from RHB Indochina Bank Limited ("RHBIBL")

On 2 October 2014, our Company had announced that RHB Investment Bank, a wholly-owned subsidiary of our Company, had on 1 October 2014 entered into a share sale agreement with RHBIBL, a wholly-owned subsidiary of RHB Bank, which in turn is a wholly-owned subsidiary of our Company, for the acquisition of the entire equity interest in RHBISL from RHBIBL for a consideration of USD12,500,000 ("Acquisition").

RHBISL was incorporated in Cambodia and is registered with the Securities and Exchange Commission of Cambodia ("SECC") as a licensed security firm undertaking securities underwriting business.

Approvals from BNM, SC, SECC (in principle) and National Bank of Cambodia have been obtained on 25 June 2014, 1 July 2014, 2 March 2015 and 7 May 2015 respectively. The Acquisition is currently pending the formal approval from SECC and registration of the amended Memorandum and Articles of Association of RHBISL at the Ministry of Commerce Cambodia.

Upon completion of the Acquisition, RHBISL will become a wholly-owned subsidiary of RHB Investment Bank.

Barring unforeseen circumstances, the Acquisition is expected to be completed by the fourth quarter of 2015.

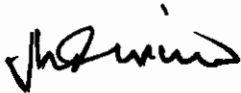
13. TERMS AND CONDITIONS

The issuance of the Rights Shares pursuant to the Rights Issue is governed by the terms and conditions as set out in the Documents.

14. FURTHER INFORMATION

You are advised to refer to the attached appendices for further information.

Yours faithfully
For and on behalf of the Board of
RHB CAPITAL BERHAD



DATO' MOHAMED KHADAR MERICAN
Non-Independent Non-Executive Chairman

CERTIFIED TRUE COPY OF THE EXTRACT OF THE ORDINARY RESOLUTION IN RESPECT OF THE RIGHTS ISSUE PASSED AT OUR EGM CONVENED ON 27 AUGUST 2015



RHB Capital Berhad (312952-H)
Level 9, Tower One, RHB Centre, Jalan Tun Razak
50400 Kuala Lumpur, Malaysia
Tel: 03-9285 2233 Fax: 03-9281 9314

**EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF RHB CAPITAL BERHAD ("RHB CAPITAL" OR "THE COMPANY")
HELD ON THURSDAY, 27 AUGUST 2015**

2. Ordinary Resolution 1: Proposed Renounceable Rights Issue Of New Ordinary Shares Of RM1.00 Each In RHB Capital ("RHB Capital Shares") To Raise Gross Proceeds Of Up To RM2.5 Billion ("Proposed Rights Issue")

2.1 The Chairman informed the Meeting that an ordinary resolution in relation to the proposed renounceable rights issue of new RHB Capital Shares to raise gross proceeds of up to RM2.5 billion is presented before the Members for approval.

2.2 There being no questions from the Members, the Chairman proceeded to invite a proposer and a seconder for the following Ordinary Resolution 1:-

"THAT, subject to all approvals being obtained from the relevant authorities and/or relevant parties, authority be and is hereby given to the Board of Directors of the Company ("Board") to:-

- (i) provisionally allot and issue new RHB Capital Shares by way of a renounceable rights issue ("Rights Shares") to the shareholders of the Company whose names appear in the Record of Depositors of RHB Capital on an entitlement date to be determined by the Board on an entitlement basis and at an issue price to be determined at the Board's discretion and announced later and that the Rights Shares shall, upon allotment and issue, be of the same class and rank *pari passu* in all respects with the then existing RHB Capital Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other distributions, the entitlement date of which precedes the date of allotment of the Rights Shares. For the purposes hereof, entitlement date means the date as at the close of business on which shareholders of the Company must be registered in the Record of Depositors in order to participate in any dividends, rights, allotments or other distributions;
- (ii) deal with any fractional entitlements of the Rights Shares, if any, in a fair and equitable manner as the Board in its absolute discretion deems fit and in the best interest of the Company;
- (iii) firstly make available for excess shares application such Rights Shares which are not taken up or validly taken up or which are not allotted for any reason whatsoever;
- (iv) utilise the proceeds from the Proposed Rights Issue for such purposes and in such manner as set out in Section 2.1.6 of the Circular to Shareholders of the Company dated 5 August 2015 ("Circular") and the Board be authorised to revise the utilisation of proceeds as it may deem fit or expedient, if necessary; and
- (v) enter into any underwriting arrangement(s) for the underwriting of any part of the open portion of the Rights Shares and all other documents, agreement and/or arrangements in connection with the underwriting of the Rights Shares with such parties and upon such terms and conditions as the Board may deem fit;

CERTIFIED TRUE COPY OF THE EXTRACT OF THE ORDINARY RESOLUTION IN RESPECT OF THE RIGHTS ISSUE PASSED AT OUR EGM CONVENED ON 27 AUGUST 2015 (Cont'd)



RHB CAPITAL BERHAD (312952-H)

CERTIFIED TRUE EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF RHB CAPITAL BERHAD HELD ON THURSDAY, 27 AUGUST 2015

AND THAT the Group Managing Director or the Group Chief Financial Officer or the Group Chief Governance Officer be and is hereby authorised to do or procure to be done all acts, deeds and things and to execute, sign or deliver, for and on behalf of the Company, all such documents as it may deem necessary, expedient and/or appropriate to give full effect to and complete the Proposed Rights Issue with full power to make and/or assent to any condition, modification, variation and/or amendment thereto as the Board may deem fit in connection with the Proposed Rights Issue."

- 2.3 Mr William Woon proposed and Mr Muniandy Karishnan seconded the above resolution.
- 2.4 The Chairman demanded for a poll being the Chairman of the Meeting in accordance with Article 56 of the Company's Articles of Association, which would be conducted upon completion of the remaining businesses of the Meeting.

7. Announcement Of Poll Results

7.2 Ordinary Resolution 1: Proposed Rights Issue

The Chairman announced the poll result in respect of Ordinary Resolution 1 which was carried as follows:-

EGM	FOR		AGAINST		ABSTAIN	SPOILT
	Number of Shares	%	Number of Shares	%	Number of Shares	Number of Shares
Ordinary Resolution 1	2,331,424,264	99.99	128,890	0.01	234,320	12,116

The Chairman declared that Ordinary Resolution 1 in respect of the Proposed Rights Issue, details of which were contained under item 2 above, duly passed.

Certified by:


 AZMAN SHAH MD YAMAN
 Company Secretary

Dated: 26 October 2015

INFORMATION ON OUR COMPANY**1. HISTORY OF OUR BUSINESS AND PRINCIPAL ACTIVITIES**

Our Company was incorporated in Malaysia under the Act on 24 August 1994 as a public limited company under the name of DCB Holdings Berhad. Our Company assumed its present name on 16 June 1997 and was listed on the Main Board of Kuala Lumpur Stock Exchange (now known as Main Market of Bursa Securities) on 29 December 1994 in place of RHB Bank, which was delisted on the same date.

The principal activity of our Company is investment holding whilst the principal activities of our subsidiaries and joint venture companies are set out in Section 5 of this Appendix. Our Company does not have any associate company as at LPD.

2. SHARE CAPITAL**2.1 Authorised and issued and paid-up share capital**

The authorised and issued and paid-up share capital of our Company as at the LPD is as follows:-

	No. of RHB Capital Shares	Par value (RM)	Total (RM)
Authorised	5,000,000,000	1.00	5,000,000,000
Issued and paid-up share capital	2,588,481,428	1.00	2,588,481,428

2.2 Changes in issued and paid-up share capital

The changes in the issued and paid-up share capital of our Company for the past three (3) years preceding the LPD are as follows:-

Date of allotment	No. of shares allotted	Par value (RM)	Consideration/ Type of issue	Cumulative issued and paid-up share capital (RM)
11 June 2012	30,944,571	1.00	Cash/Dividend reinvestment plan	2,235,763,288
8 November 2012	245,000,000	1.00	Other than cash*	2,480,763,288
27 November 2012	13,444,514	1.00	Cash/Dividend reinvestment plan	2,494,207,802
1 August 2013	37,166,089	1.00	Cash/Dividend reinvestment plan	2,531,373,891
13 November 2013	15,536,071	1.00	Cash/Dividend reinvestment plan	2,546,909,962
23 July 2014	25,546,821	1.00	Cash/Dividend reinvestment plan	2,572,456,783
24 April 2015	16,024,645	1.00	Cash/Dividend reinvestment plan	2,588,481,428

INFORMATION ON OUR COMPANY (Cont'd)

Note:-

- * *Issued pursuant to the conditional share purchase agreement dated 28 May 2012 entered into between RHB Capital and OSKH for the proposed acquisition by RHB Capital of 100% equity interest in OSK1B from OSKH for a purchase consideration of RM1,950.7 million of which RM147.5 million was satisfied in cash and the remaining balance via the issuance of 245,000,000 new RHB Capital Shares at an issue price of RM7.36 per RHB Capital Share.*

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INFORMATION ON OUR COMPANY (Cont'd)**3. SUBSTANTIAL SHAREHOLDERS**

For illustrative purposes, our substantial shareholders' direct and indirect shareholdings in our Company before and after the Rights Issue based on our Register of Substantial Shareholders as at LPD are as follows:-

Scenario I

	As at LPD				After the Rights Issue							
	Direct		Indirect		Assuming that all our shareholders subscribe in full for their respective entitlements ⁽⁵⁾				Assuming that only EPF and OSKH subscribe in full for the entitlements pursuant to the Undertakings			
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
EPF ⁽¹⁾	1,076,295,782	41.58	-	-	1,291,554,938	41.58	-	-	1,353,678,492 ⁽⁶⁾	43.58	-	-
Aabar	545,787,168	21.09	-	-	465,926,656 ⁽⁵⁾	15.00	-	-	388,272,214 ⁽⁷⁾	12.50	-	-
OSKH	257,980,000	9.97	-	-	309,576,000	9.97	-	-	309,576,000	9.97	-	-
International Petroleum Investment Company PJSC	-	-	545,787,168 ⁽²⁾	21.09	-	-	465,926,656 ⁽²⁾	15.00	-	-	388,272,214 ⁽²⁾	12.50
OSK Equity Holdings Sdn Bhd	-	-	257,980,000 ⁽³⁾	9.97	-	-	309,576,000 ⁽³⁾	9.97	-	-	309,576,000 ⁽³⁾	9.97
Tan Sri Ong Leong Huat @ Wong Joo Hwa	-	-	257,980,000 ⁽⁴⁾	9.97	-	-	309,576,000 ⁽⁴⁾	9.97	-	-	309,576,000 ⁽⁴⁾	9.97

Notes:-

⁽¹⁾ The interest of EPF is held through various fund managers.

⁽²⁾ Deemed interested pursuant to Section 6A(4)(c) of the Act through control of its subsidiary, Aabar.

⁽³⁾ Deemed interested pursuant to Section 6A of the Act by virtue of its substantial shareholding in OSKH.

INFORMATION ON OUR COMPANY (Cont'd)

- (4) Deemed interested pursuant to Section 6A of the Act by virtue of its substantial shareholding, via OSK Equity Holdings Sdn Bhd, in OSKH.
- (5) Assuming that Aabar's shareholding in our Company is 15% (or 388,272,214 RHB Capital Shares based on the issued and paid-up share capital of our Company of 2,588,481,428 RHB Capital Shares as at LPD) as at the Entitlement Date, and Aabar subscribes in full for its entitlement under the Rights Issue. We wish to highlight that this assumption has been included purely for illustrative purposes only and should not be construed as an indication of Aabar's intention with regards to its shareholding in our Company and its subscription for its entitlement under the Rights Issue.
- (6) Inclusive of the Excess Rights Shares to be applied by EPF under the Rights Issue amounting to up to 62,123,554 Rights Shares which is illustrated based on approximately 2% of the enlarged issued and paid-up share capital of our Company after the Rights Issue comprising 3,106,177,714 RHB Capital Shares under Scenario 1. The actual number of Excess Rights Shares to be applied for by EPF may differ as EPF has undertaken that it will apply for such Excess Rights Shares provided that its application shall not in any way trigger or otherwise result in a mandatory general offer for the remaining RHB Capital Shares not already owned by EPF.
- (7) Assuming that Aabar's shareholding in our Company is 15% (or 388,272,214 RHB Capital Shares based on the issued and paid-up share capital of our Company of 2,588,481,428 RHB Capital Shares as at LPD) as at the Entitlement Date, and Aabar does not subscribe for its entitlement under the Rights Issue. We wish to highlight that this assumption has been included purely for illustrative purposes only and should not be construed as an indication of Aabar's intention with regards to its shareholding in our Company and its subscription for its entitlement under the Rights Issue.

For information purposes, the Proposed Internal Reorganisation, Proposed Distribution and Capital Repayment, Transfer of Listing Status and M&A Amendments will not have any effect on our substantial shareholders' shareholdings in our Company. As the entire issued and paid-up share capital of RHB Bank will be distributed proportionately to our shareholders pursuant to the Proposed Distribution and Capital Repayment, the shareholding structure of our Company immediately prior to the Distribution Entitlement Date will be reflected in the shareholding structure of RHB Bank (in terms of percentage shareholdings). Shareholders of our Company will continue to hold shares with par value of RM0.05 per Share in our Company, in the proportion of their shareholdings as at the Distribution Entitlement Date until the completion of the Proposed Winding Up.

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INFORMATION ON OUR COMPANY (Cont'd)

Scenario II

	As at LPD			After the Rights Issue					
	Assuming that all our shareholders subscribe in full for their respective entitlements ⁽⁵⁾			Assuming that only EPF and OSKH subscribe in full for the entitlements pursuant to the Undertakings					
	Direct- No. of Shares	Indirect- No. of Shares	%	Direct- No. of Shares	Indirect- No. of Shares	%	Direct- No. of Shares	Indirect- No. of Shares	%
EPF ⁽¹⁾	1,076,295,782	-	41.58	1,291,554,938	-	42.01	1,339,949,425 ⁽⁷⁾	-	43.58
Aabar	545,787,168	-	21.09	623,441,610 ⁽⁵⁾	-	20.28	545,787,168	-	17.75
OSKH	257,980,000	-	9.97	309,576,000 ⁽⁶⁾	-	10.07	309,576,000 ⁽⁶⁾	-	10.07
International Petroleum Investment Company PJSC	-	545,787,168 ⁽²⁾	21.09	-	623,441,610 ⁽²⁾	20.28	-	545,787,168 ⁽²⁾	17.75
OSK Equity Holdings Sdn Bhd	-	257,980,000 ⁽³⁾	9.97	-	309,576,000 ⁽³⁾ ⁽⁶⁾	10.07	-	309,576,000 ⁽³⁾ ⁽⁶⁾	10.07
Tan Sri Ong Leong Huat @ Wong Joo Hwa	-	257,980,000 ⁽⁴⁾	9.97	-	309,576,000 ⁽⁴⁾ ⁽⁶⁾	10.07	-	309,576,000 ⁽⁴⁾ ⁽⁶⁾	10.07

Notes:-

⁽¹⁾ The interest of EPF is held through various fund managers.

⁽²⁾ Deemed interested pursuant to Section 6A(4)(c) of the Act through control of its subsidiary, Aabar.

⁽³⁾ Deemed interested pursuant to Section 6A of the Act by virtue of its substantial shareholding in OSKH.

⁽⁴⁾ Deemed interested pursuant to Section 6A of the Act by virtue of his substantial shareholding, via OSK Equity Holdings Sdn Bhd, in OSKH.

INFORMATION ON OUR COMPANY (Cont'd)

- ⁽³⁾ Pursuant to the Order, our Company will only be able to issue and allot up to a maximum of 77,654,442 Shares, representing 15% of the total Rights Shares to be issued under Scenario I, to Aabar. Premised on this, we have assumed that Aabar will only be subscribing for its entitlement of 77,654,442 Rights Shares.
- ⁽⁶⁾ In view that OSKH's subscription in full for its entitlement under Scenario II would result in its shareholding in our Company after the Rights Issue to increase above 10% ("Increase in Shareholding"), OSKH had on 21 October 2015 submitted an application to BNM to seek its approval under Section 87(1)(b)(i) of the FSA for, amongst others, the Increase in Shareholding. As at 16 November 2015, the decision of BNM remains pending. In the event OSKH does not receive BNM's approval by the Closing Date, it will reduce its subscription by up to 2,300,000 Rights Shares and will subscribe for no less than 49,296,000 Rights Shares under Scenario II. Under such circumstance, its shareholding in our Company after the Rights Issue shall be 307,276,000 RHB Capital Shares, representing approximately 9.99% of the enlarged issued and paid-up share capital of our Company after the Rights Issue comprising 3,074,674,722 RHB Capital Shares. Similarly, the indirect shareholdings of OSK Equity Holdings Sdn Bhd and Tan Sri Ong Leong Huat @ Wong Joo Hwa in our Company after the Rights Issue will be 307,276,000 RHB Capital Shares, representing approximately 9.99% of the issued and paid-up share capital of our Company after the Rights Issue. The actual number of Rights Shares which OSKH may be unable to subscribe for shall be dependent on Aabar's actual shareholding in our Company as at the Entitlement Date.
- ⁽⁷⁾ Inclusive of the Excess Rights Shares to be applied by EPF under the Rights Issue amounting to up to 48,394,487 Rights Shares which is illustrated based on approximately 2% of the enlarged issued and paid-up share capital of our Company after the Rights Issue comprising 3,074,674,722 RHB Capital Shares under Scenario II and after deducting the increase in EPF's shareholding in our Company of approximately 0.43% after the subscription of its entitlement under Scenario II. The actual number of Excess Rights Shares to be applied for by EPF may differ as EPF has undertaken that it will apply for such Excess Rights Shares provided that its application shall not in any way trigger or otherwise result in a mandatory general offer for the remaining RHB Capital Shares not already owned by EPF.

For information purposes, the Proposed Internal Reorganisation, Proposed Distribution and Capital Repayment, Transfer of Listing Status and M&A Amendments will not have any effect on our substantial shareholders' shareholdings in our Company. As the entire issued and paid-up share capital of RHB Bank will be distributed proportionately to our shareholders pursuant to the Proposed Distribution and Capital Repayment, the shareholding structure of our Company immediately prior to the Distribution Entitlement Date will be reflected in the shareholding structure of RHB Bank (in terms of percentage shareholdings). Shareholders of our Company will continue to hold shares with par value of RM0.05 per Share in our Company, in the proportion of their shareholdings as at the Distribution Entitlement Date until the completion of the Proposed Winding Up.

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INFORMATION ON OUR COMPANY (Cont'd)**4. DIRECTORS****4.1 Particulars of our Directors**

The details of our Directors as at the LPD are as follows:-

Name (Designation)	Address	Age	Nationality	Profession
Dato' Mohamed Khadar Merican (Non-Independent Non-Executive Chairman)	A17-8, Mutiara Upper East Ampang 39 Jalan 1/76 Desa Pandan 55100 Kuala Lumpur	59	Malaysian	Company Director
Tan Sri Azlan Zainol (Non-Independent Non-Executive Director)	21 Jalan SS1/39 Kampung Tunku 47300 Petaling Jaya Selangor Darul Ehsan	65	Malaysian	Company Director
Datuk Haji Faisal Siraj (Senior Independent Non-Executive Director)	No. 13, Jalan Perintis U1/9 Glenmarie Court Section U1 40150 Shah Alam Selangor Darul Ehsan	70	Malaysian	Company Director
Tan Sri Dato' Teo Chiang Liang (Independent Non-Executive Director)	15, Jalan 5/4 46000 Petaling Jaya Selangor Darul Ehsan	65	Malaysian	Company Director
Datuk Seri Saw Choo Boon (Independent Non-Executive Director)	15, Jalan Mihrab U8/12 Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan	69	Malaysian	Company Director
Mohamed Ali Ismaeil Ali AlFahim (Non-Independent Non-Executive Director)	Muroor Street, 4th Rd P.O. Box 7528 Abu Dhabi United Arab Emirates	39	United Arab Emirates	Company Director
Dato' Khairussaleh Ramli (Group Managing Director/Group Chief Executive Officer)	No. 3A, Jalan Tiara Kemensah 3A Taman Tiara Kemensah Rimba Hulu Klang 68000 Ampang Selangor Darul Ehsan	48	Malaysian	Managing Director/Chief Executive Officer

INFORMATION ON OUR COMPANY (Cont'd)

4.2 Directors' shareholdings

For illustrative purposes, our directors' direct and indirect shareholdings in our Company before and after the Rights Issue based on our Register of Directors' Shareholdings as at LPD are as follows:-

Scenario I

Name	As at LPD			After the Rights Issue ⁽²⁾		
	<-----Direct----->	No. of RHB Capital Shares	%	<-----Direct----->	No. of RHB Capital Shares	%
Dato' Mohamed Khadar Merican		65,828	*		78,994	*
Tan Sri Azlan Zainol		-	-		-	-
Datuk Haji Faisal Siraj		-	-		-	-
Tan Sri Dato' Teo Chiang Liang		-	-		5,478 ⁽¹⁾	*
Datuk Seri Saw Choo Boon		-	-		-	-
Mohamed Ali Ismaeil Ali AlFahim		-	-		-	-
Dato' Khairussaleh Ramli		-	-		-	-

Notes:-

* Negligible.

⁽¹⁾ Deemed interested pursuant to Section 6A of the Act by virtue of his substantial shareholding in Interrel Corporation Sdn Bhd.

⁽²⁾ Assuming that all the directors subscribe in full for their respective entitlements.

For information purposes, the Proposed Internal Reorganisation, Proposed Distribution and Capital Repayment, Transfer of Listing Status and M&A Amendments will not have any effect on our directors' shareholdings in our Company. As the entire issued and paid-up share capital of RHB Bank will be distributed proportionately to our shareholders pursuant to the Proposed Distribution and Capital Repayment, the shareholding structure of our Company immediately prior to the Distribution Entitlement Date will be reflected in the shareholding structure of RHB Bank (in terms of percentage shareholdings). Shareholders of our Company will continue to hold shares with par value of RM0.05 per Share in our Company, in the proportion of their shareholdings as at the Distribution Entitlement Date until the completion of the Proposed Winding Up.

INFORMATION ON OUR COMPANY (Cont'd)

Scenario II

Name	As at LPD			After the Rights Issue ⁽²⁾		
	<-----Direct----->	No. of RHB Capital Shares	%	<-----Direct----->	No. of RHB Capital Shares	%
Dato' Mohamed Khadar Merican	65,828	-	*	78,994	-	-
Tan Sri Azlan Zainol	-	-	-	-	-	-
Datuk Haji Faisal Siraj	-	-	-	-	-	-
Tan Sri Dato' Teo Chiang Liang	-	5,478 ⁽¹⁾	*	-	6,574	*
Datuk Seri Saw Choo Boon	-	-	-	-	-	-
Mohamed Ali Ismaeil Ali AlFahim	-	-	-	-	-	-
Dato' Khairussaleh Ramli	-	-	-	-	-	-

Notes:-

* Negligible.

⁽¹⁾ Deemed interested pursuant to Section 6A of the Act by virtue of his substantial shareholding in Interreal Corporation Sdn Bhd.

⁽²⁾ Assuming that all the directors subscribe in full for their respective entitlements.

For information purposes, the Proposed Internal Reorganisation, Proposed Distribution and Capital Repayment, Transfer of Listing Status and M&A Amendments will not have any effect on our directors' shareholdings in our Company. As the entire issued and paid-up share capital of RHB Bank will be distributed proportionately to our shareholders pursuant to the Proposed Distribution and Capital Repayment, the shareholding structure of our Company immediately prior to the Distribution Entitlement Date will be reflected in the shareholding structure of RHB Bank (in terms of percentage shareholdings). Shareholders of our Company will continue to hold shares with par value of RM0.05 per Share in our Company, in the proportion of their shareholdings as at the Distribution Entitlement Date until the completion of the Proposed Winding Up.

INFORMATION ON OUR COMPANY (Cont'd)

5. SUBSIDIARIES AND JOINT VENTURES

Our subsidiaries as at the LPD are as follows:-

Company	Date and place of incorporation	Issued and paid-up share capital RM (unless stated otherwise)	Effective equity interest of RHB Capital (%)	Principal activities
RHB Bank	04.10.1965 Malaysia	3,460,585,030.50	100.00	Commercial banking and finance business
RHB Islamic Bank Berhad	02.02.2005 Malaysia	1,173,424,002	100.00	Islamic banking
RHB Bank (L) Ltd	12.03.1992 Malaysia	USD54,000,000	100.00	Offshore banking
RHB International Trust (L) Ltd	19.12.2003 Malaysia	USD40,000	100.00	Offshore trust company
RHB Corporate Services Sdn Bhd	28.01.1992 Malaysia	150,000 (30,000 ordinary shares of RM10.00 each are partly paid-up at RM5.00 each)	100.00	Corporate secretarial services
RHB Indochina Bank Limited	09.07.2008 Cambodia	USD67,000,000	100.00	Commercial banking
RHB OSK Indochina Securities Limited	16.02.2010 Cambodia	USD12,500,000	100.00	Securities underwriting, dealing, brokerage and investment advisory service
RHB Leasing Sdn Bhd	31.01.1981 Malaysia	10,000,000	100.00	Leasing
RHB Capital Nominees (Tempatan) Sdn Bhd	22.12.1975 Malaysia	10,000	100.00	Nominee services for Malaysian beneficial shareholders
RHB Capital Nominees (Asing) Sdn Bhd	02.06.1986 Malaysia	10,000	100.00	Nominee services for foreign beneficial shareholders
RHB Capital Properties Sdn Bhd	04.05.1982 Malaysia	21,800,000	100.00	Property investment
Utama Assets Sdn Bhd	22.04.1983 Malaysia	2,300,000	100.00	Property investment
RHB Bank Nominees Pte Ltd	02.09.1964 Singapore	SGD100,000	100.00	Nominee services
Banfora Pte Ltd	08.08.1996 Singapore	SGD25,000,000	100.00	Property investment and rental

INFORMATION ON OUR COMPANY (Cont'd)

Company	Date and place of incorporation	Issued and paid-up share capital RM (unless stated otherwise)	Effective equity interest of RHB Capital (%)	Principal activities
RHB Investment Ltd	16.01.1969 Singapore	SGD19,000,000	100.00	Property investment and rental
RHB Trade Services Limited	06.06.2001 Hong Kong	HKD2	100.00	Issue, for the benefit of its immediate holding company, letters of credit to foreign beneficiaries
RHB Bank Lao Limited	30.05.2014 Lao PDR	LAK301,500,000,000	100.00	Commercial banking
RHB Investment Bank	05.08.1974 Malaysia	818,646,000	100.00	Merchant banking business, dealing in securities, stock, debt and derivatives, stockbroking business and the business of brokers and dealers in futures and options contracts
RHB Merehant Nominees (Tempatan) Sdn Bhd	24.03.1980 Malaysia	10,000	100.00	Nominee services for Malaysian beneficial shareholders
RHB Merchant Nominees (Asing) Sdn Bhd	25.05.1993 Malaysia	10,000	100.00	Nominee serviees for foreign beneficial shareholders
RHB Nominees Sdn Bhd	31.12.1982 Malaysia	25,000	100.00	Nominee and custodian services
RHB Nominees (Asing) Sdn Bhd	08.03.1993 Malaysia	25,000	100.00	Nominee and custodian services for foreign beneficial shareholders
RHB Nominees (Tempatan) Sdn Bhd	08.03.1993 Malaysia	25,000	100.00	Nominee and custodian serviees for Malaysian beneficial shareholders
RHB Asset Management Sdn Bhd	04.10.1988 Malaysia	10,000,000	100.00	Rendering of investment management services, management of unit trust funds and private retirement schemes and provision of investment advisory services
RHB Islamic International Asset Management Berhad	17.11.2009 Malaysia	13,000,000	100.00	Rendering of Islamic fund management services and management of Islamic unit trust funds

INFORMATION ON OUR COMPANY (Cont'd)

Company	Date and place of incorporation	Issued and paid-up share capital RM (unless stated otherwise)	Effective equity interest of RHB Capital (%)	Principal activities
RHB Research Institute Sdn Bhd	28.01.1992 Malaysia	500,000	100.00	Research services
RHB Private Equity Holdings Sdn Bhd	06.03.1998 Malaysia	55,000,002	100.00	Investment holding
RHB Private Equity Management Ltd	15.09.2006 Malaysia	USD1	100.00	Investment advisor, investment consultant and other ancillary services only for private funds
RHB Private Equity Fund Ltd	29.09.2006 Cayman Islands	USD10,001	100.00	Investment company
RHB International Investments Pte Ltd (formerly known as RHB OSK International Investments Pte Ltd)	30.09.2008 Singapore	SGD12,000,000	100.00	Investment holding
RHB Asset Management Pte Ltd (formerly known as RHB OSK Asset Management Pte Ltd)	20.10.2006 Singapore	SGD12,100,000	100.00	Fund management
RHB Hong Kong Limited (formerly known as RHB Holdings Hong Kong Limited)	18.10.2004 Hong Kong	HKD300,000,000	100.00	Investment holding
RHB Securities Hong Kong Limited (formerly known as RHB OSK Securities Hong Kong Limited)	16.12.1996 Hong Kong	HKD340,000,000	100.00	Securities dealing and provision of securities margin financing and advising on securities
RHB Futures Hong Kong Limited (formerly known as RHB OSK Futures Hong Kong Limited)	20.04.2005 Hong Kong	HKD35,000,000	100.00	Dealing in futures and options contracts

INFORMATION ON OUR COMPANY (Cont'd)

Company	Date and place of incorporation	Issued and paid-up share capital	Effective equity interest of RHB Capital (%)	Principal activities
RHB Finance Hong Kong Limited (formerly known as RHB OSK Finance Hong Kong Limited)	15.02.2007 Hong Kong	RM (unless stated otherwise) HKD1	100.00	Money lending
RHB Capital Hong Kong Limited (formerly known as RHB OSK Capital Hong Kong Limited)	07.07.1999 Hong Kong	HKD1,000,000 (Voting Class "A" Ordinary) HKD9,000,000 (Non-Voting Class "C" Preference) Total share capital of HKD10,000,000	100.00	Provision of corporate finance advisory services and to engage in securities dealing activities incidental to its corporate finance advisory activities
RHB Fundamental Capital Hong Kong Limited	06.12.2007 Hong Kong	HKD10,000,000	100.00	Investment holding
RHB Asset Management Limited (formerly known as RHB OSK Asset Management Limited)	12.12.2007 Hong Kong	HKD14,000,000	100.00	Dealing in securities, advising on securities and provision of asset management services
RHB Wealth Management Hong Kong Limited (formerly known as RHB OSK Wealth Management Hong Kong Limited)	24.04.2008 Hong Kong	HKD5,000,000	100.00	Negotiating or arranging contracts of insurance or advising on matters related to insurance
RHB OSK (China) Investment Advisory Co Ltd	07.05.2008 People's Republic of China	USD2,000,000 (Registered Capital)	100.00	Provision of investment and business advisory and related services
PT RHB OSK Securities Indonesia	06.04.1990 Indonesia	IDR204,082 million	99.00	Securities brokerage and underwriting
PT RHB OSK Asset Management	07.04.2003 Indonesia	IDR50,000 million	98.62	Investment manager

INFORMATION ON OUR COMPANY (Cont'd)

Company	Date and place of incorporation	Issued and paid-up share capital RM (unless stated otherwise)	Effective equity interest of RHB Capital (%)	Principal activities
RHB Securities Singapore Pte. Ltd. <i>(formerly known as DMG & Partners Securities Pte Ltd)</i>	25.04.1987 Singapore	SGD75,000,000	100.00	Provision of stock and share broking services and corporate finance advisory services
RHB Research Institute Singapore Pte. Ltd. <i>(formerly known as DMG & Partners Research Pte. Ltd.)</i>	05.05.2008 Singapore	SGD175,000	100.00	Financial advisory services
RHB Nominees Singapore Pte. Ltd. <i>(formerly known as DMG & Partners Nominees Pte Ltd)</i>	12.06.1987 Singapore	SGD2	100.00	Inactive (Nominee company)
Summit Nominees Pte Ltd	24.11.1973 Singapore	SGD2,000	100.00	Inactive (Nominee company)
RHB Securities (Thailand) Public Company Limited <i>(formerly known as RHB OSK Securities (Thailand) Public Company Limited)</i>	24.08.2004 Thailand	THB819,171,600	99.95	Provision of stock and derivatives broking services
RHB Trustees	06.03.2002 Malaysia	6,000,000 (1,200,000 ordinary shares of RM10.00 each are partly paid-up at RM5.00 each)	100.00	Professional retail trustee services (will writing, estate planning and private trust) and corporate trustee services (collective investment schemes)
Malaysian Trustees	25.01.1975 Malaysia	550,000 (110,000 ordinary shares of RM10.00 each are partly paid-up at RM5.00 each)	100.00	Engage in the business of trustee agents, executors and administrators pursuant to the Trust Companies Act, 1949

INFORMATION ON OUR COMPANY (Cont'd)

Company	Date and place of incorporation	Issued and paid-up share capital RM (unless stated otherwise)	Effective equity interest of RHB Capital (%)	Principal activities
RHB-OSK Fideus Asia and Emerging Market Value Fund Limited	25.11.2011 George Town, Cayman Islands	USD100 (100 Management Shares with voting rights)	51.00	A professional mutual fund under the Mutual Fund Law of the Cayman Islands and engages in the business of investing in Asia and emerging market equities
RHB Finexasia.Com	07.06.2000 Malaysia	11,361,111	100.00	Investment holding, development of products and provision of services related to information technology
RHB Insurance	07.03.1978 Malaysia	100,000,000	94.70	General insurance
RHB Kawal	08.06.1990 Malaysia	1,500,000	100.00	Security services
RHB Capital (Jersey)	18.01.1991 Jersey, Channel Islands	GBP4,012	100.00	Investment holding
RHB Hartanah	27.05.1997 Malaysia	100,000	100.00	Property investment
RHB Property Management Sdn. Bhd.	29.05.1989 Malaysia	500,000	100.00	Property management
Straits Asset Holdings Sdn Bhd	04.10.1995 Malaysia	48,240,000	100.00	Investment holding
RHB Capital's dormant subsidiaries				
RHB (Philippines) Inc.	06.10.1994 Philippines	PHP180,000,000	100.00	Dormant
RHB Equities	01.09.1988 Malaysia	20,000,000	100.00	Dormant
RHBF	12.11.1969 Malaysia	148,145,176	100.00	Dormant
SFSB Services (Melaka) Sdn Bhd	04.10.1995 Malaysia	5,000,000	100.00	Dormant

INFORMATION ON OUR COMPANY (Cont'd)

Company	Date and place of incorporation	Issued and paid-up share capital RM (unless stated otherwise)	Effective equity interest of RHB Capital (%)	Principal activities
SSSB Services (Melaka) Sdn Bhd (In members' voluntary winding up)	11.08.1981 Malaysia	40,000,000	100.00	Dormant
KYB Sdn Bhd (In members' voluntary winding up)	15.07.1913 Malaysia	1,735,137,489	100.00	Dormant
RHB Venture Capital Sdn Bhd	13.12.1985 Malaysia	2	100.00	Dormant
OSKIB Sdn Bhd	05.04.1973 Malaysia	660,000,000	100.00	Dormant
OSK Investment Bank (Labuan) Limited	26.11.2002 Malaysia	USD4,811,000	100.00	Dormant
RHB OSK Stock 188.Com Sdn Bhd	27.04.2000 Malaysia	480,000	100.00	Dormant
Positive Properties Sdn Bhd	17.07.1992 Malaysia	23,192,000	100.00	Dormant
RHB Bank's dormant subsidiaries				
UMBC Sdn Bhd	02.04.1959 Malaysia	499,999,818	100.00	Dormant
RHB Delta Sdn Bhd (In members' voluntary winding up)	25.08.1967 Malaysia	175,000,000	100.00	Dormant
Utama Gilang Sdn Bhd (In members' voluntary winding up)	26.05.1976 Malaysia	800,000,000	100.00	Dormant
RHB Investment Bank's dormant subsidiaries				
RHB Excel Sdn Bhd (In members' voluntary winding up)	31.12.1982 Malaysia	200,000,000	100.00	Dormant
RHB Progressive Sdn Bhd (In members' voluntary winding up)	08.01.1991 Malaysia	13,500,000	100.00	Dormant

INFORMATION ON OUR COMPANY (Cont'd)

Company	Date and place of incorporation	Issued and paid-up share capital RM (unless stated otherwise)	Effective equity interest of RHB Capital (%)	Principal activities
RHB Marketing Services Sdn Bhd (In members' voluntary winding up)	22.07.1994 Malaysia	100,000	100.00	Dormant
RHB Unit Trust Management Berhad (In members' voluntary winding up)	27.02.1987 Malaysia	5,000,000	100.00	Dormant
OSK Futures and Options Sdn Bhd	27.06.1995 Malaysia	10,000,000	100.00	Dormant
OSK Research Sdn Bhd	19.10.1990 Malaysia	500,000	100.00	Dormant
RHB OSK International Asset Management Sdn Bhd	11.10.1983 Malaysia	7,000,000	100.00	Dormant
OSK Nominees (Tempatan) Sdn Berhad	10.06.1965 Malaysia	3,670,000	100.00	Dormant
OSK Nominees (Asing) Sdn Berhad	02.02.1993 Malaysia	2,670,000	100.00	Dormant
RHB Islamic Asset Management Sdn Bhd	11.10.2010 Malaysia	4,000,000	100.00	Dormant
OSK Investment Management Berhad	16.08.1995 Malaysia	10,000,000	100.00	Dormant
RHB Nominees Hong Kong Limited (<i>formerly known as RHB OSK Nominees Hong Kong Limited</i>)	14.10.2005 Hong Kong	HKD1	100.00	Provision of nominee services
TCL Nominees (Tempatan) Sdn Bhd	18.01.1974 Malaysia	644,000	100.00	Dormant
TCL Nominees (Asing) Sdn Bhd	11.12.1997 Malaysia	4,000	100.00	Dormant

INFORMATION ON OUR COMPANY (Cont'd)

Company	Date and place of incorporation	Issued and paid-up share capital	Effective equity interest of RHB Capital (%)	Principal activities
		RM (unless stated otherwise)		
KE-ZAN Nominees (Tempatan) Sdn Bhd	14.12.1982 Malaysia	650,000	100.00	Dormant
KE-ZAN Nominees (Asing) Sdn Bhd	10.02.1993 Malaysia	10,000	100.00	Dormant

Details of the joint ventures of RHB Capital (held through its 100% shareholding in RHB Investment Bank) as at LPD are as follows:-

Company	Date and place of incorporation	Issued and paid-up share capital	Effective equity interest of RHB Capital (%)	Principal activities
		RM (unless stated otherwise)		
Vietnam Securities Corporation	27.11.2006 Vietnam	VND135 billion	49.00	Securities brokerage, securities investment, consulting, corporate finance and self-trading
RHB GC-Millennium Capital Pte Ltd (formerly known as RHB OSK GC-Millennium Capital Pte Ltd)	05.12.2011 Singapore	SGD10,000	40.00	Investment activities

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INFORMATION ON OUR COMPANY (Cont'd)

6. PROFIT AND DIVIDEND RECORD

Our profit and dividend record based on our audited consolidated financial statements for the FYE 31 December 2012, the FYE 31 December 2013 and the FYE 31 December 2014, and our unaudited consolidated financial statements for the six (6) months FPE 30 June 2015 are as follows:-

	<----- Audited ----->			Unaudited
	FYE 31 December 2012	FYE 31 December 2013	FYE 31 December 2014	Six (6) months FPE 30 June 2015
	RM('000)	RM('000)	RM('000)	RM('000)
Interest income	6,153,232	6,900,918	7,469,699	3,928,601
Interest expense	(3,193,134)	(3,626,432)	(4,178,367)	(2,344,406)
Net interest income	2,960,098	3,274,486	3,291,332	1,584,195
Other operating income	1,379,437	2,085,405	2,211,396	994,479
	4,339,535	5,359,891	5,502,728	2,578,674
Net income from Islamic Banking business	490,057	590,872	732,151	416,601
Net income	4,829,592	5,950,763	6,234,879	2,995,275
Other operating expenses	(2,293,726)	(3,052,161)	(3,411,168)	(1,662,437)
Operating profit before allowanees	2,535,866	2,898,602	2,823,711	1,332,838
Allowance for impairment on loans, financing and other losses	(148,492)	(447,961)	(206,242)	(9,458)
Impairment losses written back/(made) on other assets	(3,871)	18,904	117,309	13,697
	2,383,503	2,469,545	2,734,778	1,337,077
Share of results of associates	294	795	(105)	-
Share of results of joint ventures	826	427	380	125
Profit before taxation	2,384,623	2,470,767	2,735,053	1,337,202
Taxation	(594,854)	(627,229)	(671,589)	(330,809)
Net profit for the financial year/period	1,789,769	1,843,538	2,063,464	1,006,393
Attributable to:				
- Equity holders of the Company	1,784,742	1,831,190	2,038,000	1,000,871
- Non-controlling interests	5,027	12,348	25,464	5,522
	1,789,769	1,843,538	2,063,464	1,006,393
Earnings per share (sen)				
- Basic	79.0	72.9	79.7	38.8
- Diluted	79.0	72.9	79.7	38.8
Net dividend (sen)	22.09	16.30	6.00	-
Net profit margin (%)	37.1	31.0	33.1	33.6

INFORMATION ON OUR COMPANY (Cont'd)**Commentaries on financial performance****FYE 31 December 2012**

Our Group registered a net profit of RM1.8 billion for the financial year 2012, representing a 5.7% increase from a year ago of RM1.7 billion. Total revenue increased by 10.4% to RM4.8 billion, while pre-tax profit registered a 6.0% growth to RM2.4 billion.

The higher pre-tax profit of our Group was driven by higher net interest income, other operating income and income from Islamic banking business, lower impairment losses on other assets, partially offset by higher other operating expenses and higher allowance for impairment on loans and financing.

Interest income grew by 9.3% to RM6.2 billion, driven by a 12.8% increase in gross loans year-on-year. Interest expense was higher by 15.0% given a 22.5% increase in conventional 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-OSKIB franchise and capability has propelled our Group into a stronger position to drive non-interest income beyond the commercial banking transactional fee-based income.

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 and branch network expansion, RHB Investment Bank-OSKIB merger related expenses and the consolidation of OSKIB.

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.

FYE 31 December 2013

Our Group registered a full year 2013 pre-tax profit and net profit of RM2.5 billion and RM1.8 billion respectively. Core operating businesses continued to deliver steady results, with 14.3% increase year-on-year in operating profit before allowances, driven by strong net interest income and broad-based increase in fee income. This improvement was partially offset by increase in impairment allowances for loans.

Net interest income increased to RM3.3 billion, up 10.6% from the same period last year due to 8.2% conventional loans growth year-on-year and a stable net interest margin.

Other operating income recorded a strong growth of 51.2% to RM2.1 billion, largely attributed to higher fee income and net foreign exchange gain. Fee income increased by 89.4%, driven by a significant improvement in the investment banking and wealth management income with a full year contribution of the merged RHB Investment Bank-OSKIB business franchise.

Islamic Banking income increased by 20.6% to RM590.9 million, mainly attributable to higher net funding income on the back of a 15.1% increase in financing base to RM18.7 billion from 2012.

Other operating expenses increased by 33.1% year-on-year largely due to the full-period impact of the enlarged investment bank cost base, increase in sales-related personnel cost, higher commission and incentive compensation linked to stronger business volume and merger integration cost.

INFORMATION ON OUR COMPANY (Cont'd)

Allowance for impairment on loans and financing for the year increased to RM448.0 million from RM148.5 million recorded in 2012. This was primarily due to lower bad debts recovered, one-time bad debts written off pertaining to the refinement in application of MFRS139 (Financial Instruments: Recognition and Measurement) and higher collective allowance set aside in tandem with loans and financing growth.

FYE 31 December 2014

Our Group registered a full year 2014 net profit of RM2.0 billion, an increase of 11.3% over the corresponding year. The earnings growth was driven by higher total income growth, higher impairment write back on other assets and lower loan impairment charges.

Despite a more challenging operating environment in 2014, our Group managed to record top-line growth of 4.8% year-on-year. Net interest and fund based income increased by 4.2% mainly due to 17.0% increase in our Group's gross loans and financing.

Other operating income recorded growth of 6.0% to RM2.2 billion, largely attributed to higher fee income, insurance underwriting surplus and net foreign exchange gain. Fee income increased by 9.0%, driven mainly by higher capital market related fee income.

Islamic Banking income grew at a strong pace at 23.9% to RM732.2 million. This was mainly attributable to higher net funding income on the back of a 36.2% increase in financing base to RM25.5 billion from 2013.

Other operating expenses increased by 11.8% year-on-year to RM3.4 billion. This is mainly due to a 16.9% increase in personnel costs and increase in information technology expenses. This is in line with our Group's continuous investment into human capital with enhanced staff bench strength and key senior hires, as well as technology and infrastructure to support the increase in business volume and our Group's growth agenda.

Allowance for impairment on loans and financing for the year decreased significantly by RM241.7 million to RM206.2 million. This was primarily due to strong bad debt recoveries and non-recurrence of impairments made on certain corporate accounts and one-time bad debts written off pertaining to the refinement of application of MFRS 139 (Financial Instruments: Recognition and Measurement) in 2013. During the financial year, higher collective allowance was made in tandem with loans and financing growth and refinement of retail collective assessment impairment methodology.

Unaudited six (6) months FPE 30 June 2015

Our Group reported a net profit of RM1,000.9 million for the first half of 2015, compared to RM1,007.2 million in the previous year corresponding period. Pre-tax profit was at RM1,337.2 million, 2.9% lower than the first half of 2014. Excluding a one-off impairment write-back on other assets of RM112.4 million in 2014, our Group's normalised pre-tax profit was higher by 5.8%. The higher normalised earnings was mainly contributed by higher total income and lower loan impairment charges, partially offset by higher other operating expenses.

On a year-on-year comparison, net interest and fund based income grew by 0.4% to RM1,954.0 million. Gross fund based income increased by 13.2% on the back of 9.2% growth in gross loans and financing. Funding and interest expense was however, higher by 24.2% mainly due to higher customer deposits base as well as higher cost of deposits, coupled with higher funding expense arising from issuance of sukuk and sub-debts totaling RM1.5 billion and USD300 million senior unsecured notes in the second half of 2014.

Other operating income and non-fund based income recorded 8.0% growth to RM1,041.3 million, underpinned by higher investment income and higher fee income.

INFORMATION ON OUR COMPANY (Cont'd)

Other operating expenses was higher by 5.0% to RM1,662.4 million, mainly due to a 4.5% increase in personnel costs and increase in establishment costs and marketing expenses.

Allowance for impairment on loans and financing for the period decreased to RM9.5 million from RM71.6 million recorded in the same period last year. This was primarily due to lower collective allowance and lower bad debts written off, partially offset by higher individual allowance and lower impaired loans and financing recovered.

7. HISTORICAL SHARE PRICES

The monthly high and low prices of RHB Capital Shares as traded on the Main Market of Bursa Securities for the past twelve (12) months from November 2014 up to October 2015 are as follows:-

Month	High (RM)	Low (RM)
<u>2014</u>		
November	8.88	8.11
December	8.18	7.05
<u>2015</u>		
January	8.34	7.21
February	8.42	7.81
March	8.07	7.64
April	8.30	7.75
May	7.90	7.39
June	7.69	7.11
July	7.67	7.11
August	7.53	6.01
September	6.57	5.85
October	6.37	5.88
Last transacted market price of RHB Capital Shares on 10 April 2015, being the last trading day immediately before the announcement of, amongst others, the Rights Issue on 13 April 2015		8.21
Last transacted market price of RHB Capital Shares on 4 September 2015, being the last trading day immediately before the price-fixing date on 7 September 2015		6.06
Last transacted market price of RHB Capital Shares as at LPD		6.23
Last transacted market price on 18 November 2015, being the last trading day prior to the ex-date for the Rights Issue		6.11

(Source: Bloomberg Finance L.P.)

INFORMATION ON RHB BANK**1. HISTORY OF RHB BANK'S BUSINESS AND PRINCIPAL ACTIVITIES**

RHB Bank was incorporated in Malaysia under the Companies Ordinances, 1940 to 1946 on 4 October 1965 as a public limited liability company under the name of Development and Commercial Bank Berhad Limited. Subsequently, on 15 April 1966, it changed its name to Development & Commercial Bank (Limited) Berhad. It then changed its name to Development and Commercial Bank Berhad on 20 September 1982 and to DCB Bank Berhad on 17 December 1994 before assuming its present name on 1 July 1997.

The principal activities of RHB Bank are commercial banking and finance business whilst the principal activities of its subsidiaries are set out in Section 5 of this Appendix. RHB Bank does not have any associate and joint venture companies as at LPD.

2. SHARE CAPITAL**2.1 Authorised and issued and paid-up share capital**

The authorised and issued and paid-up share capital of RHB Bank as at the LPD is as follows:-

	No. of shares	Par value (RM)	Total (RM)
Authorised:-			
- Ordinary shares	8,000,000,000	0.50	4,000,000,000
- Preference shares	2,000,000,000	1.00	2,000,000,000
Issued and paid-up share capital	6,921,170,061	0.50	3,460,585,030.50

2.2 Changes in issued and paid-up share capital

The changes in the issued and paid-up share capital of RHB Bank for the past three (3) years preceding the LPD are as follows:-

Date of allotment	No. of shares allotted	Par value (RM)	Consideration/ Type of issue	Cumulative issued and paid-up share capital (RM)
31 October 2014	94,802,428	0.50	Cash	3,365,486,335
3 April 2015	190,197,391	0.50	Cash	3,460,585,030.50

INFORMATION ON RHB BANK (Cont'd)**3. SUBSTANTIAL SHAREHOLDERS**

As at LPD, RHB Bank is a wholly-owned subsidiary of RHB Capital.

For information purposes, the Rights Issue, Transfer of Listing Status and M&A Amendments will not have any effect on the substantial shareholders' shareholdings in RHB Bank.

Further, save for the Additional Capital Injection (if applicable), the Proposed Internal Reorganisation will not have any effect on the substantial shareholders' shareholdings in RHB Bank.

For illustrative purposes only, the proforma effects of the Capital Injection on the substantial shareholders' shareholdings in RHB Bank are set out below:-

Scenario I

	As at LPD				After the Capital Injection			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of RHB Bank Shares ('000)	%	No. of RHB Bank Shares ('000)	%	No. of RHB Bank Shares ('000)	%	No. of RHB Bank Shares ('000)	%
RHB Capital	6,921,170	100.00	-	-	3,981,519 ⁽¹⁾	100.00	-	-

Note:-

⁽¹⁾ After the Proposed Consolidation of RHB Bank Shares and including the Additional Capital Injection.

Scenario II

	As at LPD				After the Capital Injection			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of RHB Bank Shares ('000)	%	No. of RHB Bank Shares ('000)	%	No. of RHB Bank Shares ('000)	%	No. of RHB Bank Shares ('000)	%
RHB Capital	6,921,170	100.00	-	-	3,956,394 ⁽¹⁾	100.00	-	-

Note:-

⁽¹⁾ After the Proposed Consolidation of RHB Bank Shares and including the Additional Capital Injection.

As the entire issued and paid-up share capital of RHB Bank will be distributed proportionately to our shareholders pursuant to the Proposed Distribution and Capital Repayment, RHB Bank will cease to be a wholly-owned subsidiary of our Company and the shareholding structure of our Company immediately prior to the Distribution Entitlement Date will be reflected in the shareholding structure of RHB Bank (in terms of percentage shareholdings).

INFORMATION ON RHB BANK (Cont'd)**4. DIRECTORS****4.1 Particulars of RHB Bank's Directors**

The details of RHB Bank's Directors as at the LPD are as follows:-

Name (Designation)	Address	Age	Nationality	Profession
Tan Sri Azlan Zainol (Non-Independent Non-Executive Chairman)	21 Jalan SS1/39 Kampung Tunku 47300 Petaling Jaya Selangor Darul Ehsan	65	Malaysian	Company Director
Tuan Haji Khairuddin Ahmad (Senior Independent Non-Executive Director)	No. 38 PJU 1A/29B Ara Damansara 47301 Petaling Jaya Selangor Darul Ehsan	72	Malaysian	Company Director
Ong Seng Pheow (Independent Non-Executive Director)	16 Jalan 14/54 46100 Petaling Jaya Selangor Darul Ehsan	67	Malaysian	Company Director
Abdul Aziz Peru Mohamed (Independent Non-Executive Director)	No. 29 Jalan BU 1/5 Bandar Utama Damansara 47800 Petaling Jaya Selangor Darul Ehsan	67	Malaysian	Company Director
Dato' Mohamed Khadar Merican (Non-Independent Non-Executive Director)	A17-8, Mutiara Upper East Ampang 39 Jalan 1/76 Desa Pandan 55100 Kuala Lumpur	59	Malaysian	Company Director
Tan Sri Ong Leong Huat @ Wong Joo Hwa (Non-Independent Non-Executive Director)	21, Persiaran Basong Damansara Heights 50490 Kuala Lumpur	71	Malaysian	Company Director
Mohamed Ali Ismaeil Ali AlFahim (Non-Independent Non-Executive Director)	Muroor Street, 4th Rd P.O. Box 7528 Abu Dhabi United Arab Emirates	39	United Arab Emirates	Company Director
Chin Yoong Kheong (Independent Non-Executive Director)	73, Jalan Semarak Api Sierramas Resort Homes 47000 Sungai Buloh Selangor Darul Ehsan	57	Malaysian	Company Director
Dato' Sri Haji Syed Zainal Abidin Syed Mohamed Tahir (Independent Non-Executive Director)	No. 63 USJ 9/5G 47620 Subang Jaya Selangor Darul Ehsan	53	Malaysian	Company Director
Dato' Khairussaleh Ramli (Managing Director)	No. 3A, Jalan Tiara Kemensah 3A Taman Tiara Kemensah Rimba Hulu Klang 68000 Ampang Selangor Darul Ehsan	48	Malaysian	Managing Director

INFORMATION ON RHB BANK (Cont'd)**4.2 Directors' shareholdings**

As at LPD, the particulars of the directors and their respective shareholdings in RHB Bank are as follows:-

Name	<-----Direct----->		<-----Indirect----->	
	No. of RHB Bank Shares	%	No. of RHB Bank Shares	%
Tan Sri Azlan Zainol	-	-	-	-
Tuan Haji Khairuddin Ahmad	-	-	-	-
Ong Seng Pheow	-	-	-	-
Abdul Aziz Peru Mohamed	-	-	-	-
Dato' Mohamed Khadar Merican	-	-	-	-
Tan Sri Ong Leong Huat @ Wong Joo Hwa	-	-	-	-
Mohamed Ali Ismaeil Ali AlFahim	-	-	-	-
Chin Yoong Kheong	-	-	-	-
Dato' Sri Haji Syed Zainal Abidin Syed Mohamed Tahir	-	-	-	-
Dato' Khairussaleh Ramli	-	-	-	-

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INFORMATION ON RHB BANK (Cont'd)**5. SUBSIDIARIES**

RHB Bank's subsidiaries as at the LPD are as follows:-

Company	Date and place of incorporation	Issued and paid-up share capital	Effective equity interest of RHB Bank (%)	Principal activities
		RM (unless stated otherwise)		
RHB Islamic Bank Berhad	02.02.2005 Malaysia	1,173,424,002	100.00	Islamic banking
RHB Bank (L) Ltd	12.03.1992 Malaysia	USD54,000,000	100.00	Offshore banking
RHB International Trust (L) Ltd	19.12.2003 Malaysia	USD40,000	100.00	Offshore trust company
RHB Corporate Services Sdn Bhd	28.01.1992 Malaysia	150,000 (30,000 ordinary shares of RM10.00 each are partly paid-up at RM5.00 each)	100.00	Corporate secretarial services
RHB Indochina Bank Limited	09.07.2008 Cambodia	USD67,000,000	100.00	Commercial banking
RHB OSK Indochina Securities Limited	16.02.2010 Cambodia	USD12,500,000	100.00	Securities underwriting, dealing, brokerage and investment advisory service
RHB Leasing Sdn Bhd	31.01.1981 Malaysia	10,000,000	100.00	Leasing
RHB Capital Nominees (Tempatan) Sdn Bhd	22.12.1975 Malaysia	10,000	100.00	Nominee services for Malaysian beneficial shareholders
RHB Capital Nominees (Asing) Sdn Bhd	02.06.1986 Malaysia	10,000	100.00	Nominee services for foreign beneficial shareholders
RHB Capital Properties Sdn Bhd	04.05.1982 Malaysia	21,800,000	100.00	Property investment
Utama Assets Sdn Bhd	22.04.1983 Malaysia	2,300,000	100.00	Property investment
RHB Bank Nominees Pte Ltd	02.09.1964 Singapore	SGD100,000	100.00	Nominee services
Banfora Pte Ltd	08.08.1996 Singapore	SGD25,000,000	100.00	Property investment and rental

INFORMATION ON RHB BANK (Cont'd)

Company	Date and place of incorporation	Issued and paid-up share capital	Effective equity interest of RHB Bank (%)	Principal activities
RHB Investment Ltd	16.01.1969 Singapore	RM (unless stated otherwise) SGD19,000,000	100.00	Property investment and rental
RHB Trade Services Limited	06.06.2001 Hong Kong	HKD2	100.00	Issue, for the benefit of its immediate holding company, letters of credit to foreign beneficiaries
RHB Bank Lao Limited	30.05.2014 Lao PDR	LAK301,500,000,000	100.00	Commercial banking
RHB Bank's dormant subsidiaries				
UMBC Sdn Bhd	02.04.1959 Malaysia	499,999,818	100.00	Dormant
RHB Delta Sdn Bhd (In members' voluntary winding up)	25.08.1967 Malaysia	175,000,000	100.00	Dormant
Utama Gilang Sdn Bhd (In members' voluntary winding up)	26.05.1976 Malaysia	800,000,000	100.00	Dormant

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INFORMATION ON RHB BANK (Cont'd)**6. PROFIT AND DIVIDEND RECORD**

RHB Bank's profit and dividend record based on RHB Bank's audited consolidated financial statements for the FYE 31 December 2012, the FYE 31 December 2013 and the FYE 31 December 2014, and RHB Bank's unaudited consolidated financial statements for the six (6) months FPE 30 June 2015 are as follows:-

	<----- Audited ----->			Unaudited
	FYE 31 December 2012	FYE 31 December 2013	FYE 31 December 2014	Six (6) months FPE 30 June 2015
	RM('000)	RM('000)	RM('000)	RM('000)
Interest income	5,993,493	6,486,598	7,072,070	3,758,849
Interest expense	(2,932,109)	(3,252,197)	(3,829,750)	(2,186,206)
Net interest income	3,061,384	3,234,401	3,242,320	1,572,643
Other operating income	945,603	1,048,883	1,009,678	523,983
	4,006,987	4,283,284	4,251,998	2,096,626
Net income from Islamic Banking business	487,171	586,488	732,862	413,783
Net income	4,494,158	4,869,772	4,984,860	2,510,409
Other operating expenses	(1,954,712)	(2,120,455)	(2,412,109)	(1,199,400)
Operating profit before allowances	2,539,446	2,749,317	2,572,751	1,311,009
Allowance for impairment on loans, financing and other losses	(147,484)	(422,580)	(243,282)	(5,867)
Impairment losses written back/(made) on other assets	6,858	12,743	125,603	6,590
Profit before taxation	2,398,820	2,339,480	2,455,072	1,311,732
Taxation	(590,861)	(575,467)	(588,402)	(311,674)
Net profit for the financial year/period	1,807,959	1,764,013	1,866,670	1,000,058
Earnings per share (sen)				
- Basic	27.2	26.6	28.1	14.7
Net dividend (sen)	6.15	2.56	11.30	-
Net profit margin (%)	40.2	36.2	37.4	39.8

Commentaries on financial performance**FYE 31 December 2012**

RHB Bank Group registered a net profit of RM1.8 billion for the financial year 2012, representing a 3.6% increase from a year ago of RM1.7 billion. Total revenue increased by 7.0% to RM4.5 billion, while pre-tax profit registered a 3.9% growth to RM2.4 billion.

The higher pre-tax profit of RHB Bank Group was driven by higher other operating income, net interest income, lower impairment losses on other assets and higher income from Islamic banking business, partially offset by higher other operating expenses and higher allowance for impairment on loans and financing.

Interest income grew by 9.7% to RM6.0 billion, driven by a 10.8% increase in conventional gross loans year-on-year. Interest expense was higher by 17.6% given a 18.2% increase in conventional customer deposits and the issuance of longer dated debt securities for funding diversification purposes.

INFORMATION ON RHB BANK (Cont'd)

Other operating income increased by 18.8% to RM945.6 million from 2011, underpinned by higher fee income and improvement in fair value on derivatives and higher net gains from trading and investment securities.

Income from Islamic Banking business increased by 11.0% to RM487.2 million, driven by higher net funding income, fee income and net gains from trading and investment securities.

Other operating expenses rose 14.9% year-on-year, mainly due to higher personnel costs associated with headcount growth and investments made to support business and branch network expansion.

Allowance for impairment on loans and financing for the financial year was marginally higher by 3.1% 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.

FYE 31 December 2013

RHB Bank Group registered a full year 2013 pre-tax profit and net profit of RM2.3 billion and RM1.8 billion respectively. Core operating businesses continued to deliver steady results, with 8.3% increase year-on-year in operating profit before allowances, driven by strong net interest income and broad-based increase in fee income. This improvement was partially offset by increase in impairment allowances for loans.

Net interest income increased to RM3.2 billion, up 5.7% from the same period last year due to 8.1% conventional loans growth year-on-year and a stable net interest margin.

Other operating income recorded a strong growth of 10.9% to RM1.0 billion, largely attributed to higher fee income and net gain arising from financial investments available-for-sale.

Islamic Banking income increased by 20.4% to RM586.5 million, mainly attributable to higher net funding income on the back of a 15.1% increase in financing base to RM18.7 billion from 2012.

Other operating expenses increased by 8.5% year-on-year largely due to increase in sales-related personnel cost, higher establishment costs and higher commission and incentive compensation linked to stronger business volume.

Allowance for impairment on loans and financing for the year increased to RM422.6 million from RM147.5 million recorded in 2012. This was primarily due to lower bad debts recovered, one-time bad debts written off pertaining to the refinement in application of MFRS139 (Financial Instruments: Recognition and Measurement) and higher collective allowance set aside in tandem with loans and financing growth.

FYE 31 December 2014

RHB Bank Group registered a full year 2014 net profit of RM1.9 billion, an increase of 5.8% over the corresponding year. The earnings growth was driven by lower loan impairment charges, higher total income growth and higher impairment write back on other assets.

Despite a more challenging operating environment in 2014, RHB Bank Group managed to record top-line growth of 2.4% year-on-year. Net interest and fund based income increased by 4.0% mainly due to 17.7% increase in RHB Bank Group's gross loans and financing.

Other operating income was lower by 3.7%, largely attributable to higher loss on trading and investment securities and revaluation loss on derivatives, partially offset by higher net foreign exchange gain and gain on disposal of property, plant and equipment.

INFORMATION ON RHB BANK (Cont'd)

Islamic Banking income grew at a strong pace at 25.0% to RM732.9 million. This was mainly attributable to higher net funding income on the back of a 36.2% increase in financing base to RM25.5 billion from 2013.

Other operating expenses increased by 13.8% year-on-year to RM2.4 billion. This is mainly due to a 14.3% increase in personnel costs and increase in other expenses linked to stronger business volume.

Allowance for impairment on loans and financing for the year decreased significantly by RM179.3 million to RM243.3 million. This was primarily due to strong bad debt recoveries and non-recurrence of impairments made on certain corporate accounts and one-time bad debts written off pertaining to the refinement of application of MFRS 139 (Financial Instruments: Recognition and Measurement) in 2013. During the financial year, higher collective allowance was made in tandem with loans and financing growth and refinement of retail collective assessment impairment methodology.

Unaudited six (6) months FPE 30 June 2015

RHB Bank Group reported a net profit of RM1,000.1 million for the first half of 2015, compared to RM1,000.5 million in the previous year corresponding period. Pre-tax profit was at RM1,311.7 million, 1.0% lower than the first half of 2014. Excluding a one-off impairment write-back on other assets of RM112.4 million in 2014, RHB Bank Group's normalised pre-tax profit was higher by 8.1%. The higher normalised earnings was mainly contributed by higher total income and lower loan impairment charges, partially offset by higher other operating expenses.

On a year-on-year comparison, net interest income and fund based income grew by 1.2% to RM1,939.0 million. Gross fund based income increased by 14.6% on the back of 10.2% growth in gross loans and financing. Funding and interest expense was however, higher by 26.8% mainly due to higher customer deposits base as well as higher cost of deposits, coupled with higher funding expense arising from issuance of sukuk and sub-debts totaling RM1.5 billion and USD300 million senior unsecured notes in the second half of 2014.

Other operating income and non-fund based income recorded 10.9% growth to RM571.5 million, underpinned by higher investment income.

Other operating expenses was higher by 5.1% to RM1,199.4 million, mainly due to a 7.7% increase in personnel costs and increase in establishment costs.

Allowance for impairment on loans and financing for the period decreased to RM5.9 million from RM86.1 million recorded in the same period last year. This was primarily due to lower collective allowance and lower bad debts written off, partially offset by higher individual allowance and lower impaired loans and financing recovered.

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PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON



The Board of Directors
RHB Capital Berhad
Level 9, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur

29 October 2015

PwC/EN/ST

Dear Sirs,

**RHB Capital Berhad
Report on the Pro Forma Consolidated Statements of Financial Position as at 31 December 2014**

- 1 We have completed our assurance engagement to report on the Pro Forma Consolidated Statements of Financial Position of RHB Capital Berhad ("RHB Capital" or "the Company") and its subsidiaries ("the Group") as at 31 December 2014. The Pro Forma Consolidated Statements of Financial Position which is set out in the Appendix (which we have stamped for the purpose of identification), have been compiled by the Directors of the Company, for inclusion in the Abridged Prospectus of RHB Capital, in connection with the renounceable rights issue of up to 517,696,286 new ordinary shares of RM1.00 each in RHB Capital ("RHB Capital Shares") to raise proceeds of up to RM2,495,296,099 ("Rights Issue"). For information purposes, RHB Capital is also proposing to undertake the following proposals:
- (i) Proposed Internal Reorganisation of RHB Capital group of companies which entails the transfer by RHB Capital of its identified assets, which includes its entire equity interests in, or certain assets and liabilities of its subsidiaries to its wholly-owned subsidiary, RHB Bank Berhad ("RHB Bank"), for a total indicative consideration of approximately RM3.71 billion to be satisfied entirely in cash ("Proposed Internal Reorganisation");
 - (ii) Proposed distribution of the entire shareholdings of RHB Capital in RHB Bank, after the completion of the Rights Issue and Proposed Internal Reorganisation, by way of distribution-in-specie via a reduction of the entire share premium account of the Company and the par value of all the existing RHB Capital Shares from RM1.00 to RM0.05 in accordance with Sections 60(2) and 64 of the Companies Act, 1965 ("Act") as well as via the Company's retained earnings ("Proposed Distribution and Capital Repayment");

*PricewaterhouseCoopers (AF 1146), Chartered Accountants,
Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my*

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



**The Board of Directors
RHB Capital Berhad
PwC/EN/ST
29 October 2015**

- (iii) Proposed transfer of the Company's listing status on the Main Market of Bursa Securities to RHB Bank upon completion of the Rights Issue, Proposed Internal Reorganisation and Proposed Distribution and Capital Repayment ("Transfer of Listing Status"); and
- (iv) Proposed amendments to the Memorandum and Articles of Association of the Company to facilitate the Proposed Distribution and Capital Repayment and Transfer of Listing Status ("M&A Amendments").

(The Proposed Internal Reorganisation, Proposed Distribution and Capital Repayment, Transfer of Listing Status and M&A Amendments are collectively referred to as the "Corporate Exercises").

- 2 The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statements of Financial Position are described in the Notes thereon of the Appendix and are specified in Appendix 4 of the *Prospectus Guidelines – Abridged Prospectus* issued by the Securities Commission.
- 3 The Pro Forma Consolidated Statements of Financial Position have been compiled by the Directors, for illustrative purposes only, to show the effects of the Completed Event, Rights Issue and Corporate Exercises on the audited Consolidated Statement of Financial Position of the Group as at 31 December 2014 had the Completed Event, Rights Issue and Corporate Exercises been effected on that date. As part of this process, information about the Consolidated Statement of Financial Position has been extracted by the Directors from the Company's audited Consolidated Statement of Financial Position as at 31 December 2014.

The Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

- 4 The Directors are responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis set out in the Notes thereon of the Appendix and in accordance with the requirements of the *Prospectus Guidelines – Abridged Prospectus* issued by the Securities Commission.

Our Responsibilities

- 5 Our responsibility is to express an opinion as required by the *Prospectus Guidelines – Abridged Prospectus* about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Directors on the basis set out in the Notes thereon of the Appendix.
- 6 We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis set out in the Notes thereon of the Appendix.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



**The Board of Directors
RHB Capital Berhad
PwC/EN/ST
29 October 2015**

Our Responsibilities (continued)

- 7 For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.
- 8 The purpose of the Pro Forma Consolidated Statements of Financial Position included in the Abridged Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at that date would have been as presented.
- 9 A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:
 - The related Pro Forma adjustments give appropriate effect to those criteria; and
 - The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.
- 10 The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company and its subsidiaries, the event or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances. The engagement also involved evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.
- 11 We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

- 12 In our opinion, the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis set out in the Notes thereon of the Appendix.

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS
AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER
THEREON (Cont'd)**



**The Board of Directors
RHB Capital Berhad
PwC/EN/ST
29 October 2015**

Other Matters

- 13 This report is issued for the sole purpose of inclusion in the Abridged Prospectus in connection with the Rights Issue and should not be used or relied upon for any other purpose. We accept no duty of responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any transaction other than the Rights Issue and Corporate Exercises.

Yours faithfully,

A handwritten signature in black ink, appearing to read "PricewaterhouseCoopers", followed by a horizontal line.

PricewaterhouseCoopers
(No. AF: 1146)
Chartered Accountants

A handwritten signature in black ink, appearing to read "Ng Yee Ling", followed by a horizontal line.

Ng Yee Ling
(No. 3032/01/17 (J))
Chartered Accountant

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



RHB CAPITAL BERHAD

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 AND THE NOTES THEREON**

APPENDIX

Page 5

1 Introduction

- 1.1 The Pro Forma Consolidated Statements of Financial Position of RHB Capital Berhad ("RHB Capital" or "the Company") and its subsidiaries ("RHB Capital Group") as at 31 December 2014 together with the notes thereon, for which the Directors of RHB Capital are solely responsible, have been prepared for illustrative purposes only in connection with the Completed Event, Rights Issue and Corporate Exercises as set out in Notes 2 and 3 respectively.

2 Completed event

- 2.1 An interim cash dividend of 6 sen per RHB Capital Share amounting to RM154.35 million declared by the Company for the financial year ended 31 December 2014 ("2014 Interim Dividend of RHB Capital") and the Company's dividend reinvestment plan, where shareholders of RHB Capital could elect to reinvest dividends distributed by RHB Capital due to them for new RHB Capital Shares ("2014 Interim DRP of RHB Capital") ("collectively referred to as the "2014 Interim Dividend and DRP of RHB Capital").

The 2014 Interim Dividend and DRP of RHB Capital was completed on 27 April 2015 with the listing of and quotation for approximately 16.0 million new ordinary shares of RM1.00 each in RHB Capital ("RHB Capital Shares" or "Shares") at an issue price of RM7.03 each, representing a reinvestment rate of 73.01%.

3 Rights Issue and Corporate Exercises

3.1 Rights Issue

RHB Capital is proposing to undertake a renounceable rights issue of up to 517,696,286 new RHB Capital Shares ("Rights Shares") to raise proceeds of up to RM2,495,296,099 ("Proceeds") ("Rights Issue").

The issue price and the entitlement basis for the Rights Issue has been fixed at RM4.82 per Rights Share ("Issue Price") on the basis of one (1) Rights Share for every five (5) existing RHB Capital Shares held by the entitled shareholders of RHB Capital as at the entitlement date.

On 17 September 2015, the Board of RHB Capital had announced that Bank Negara Malaysia ("BNM") had vide its letter dated 14 September 2015 informed the Company of its order to Aabar Investments PJS ("Aabar"), a 21.09% shareholder of RHB Capital as at 26 October 2015, being the latest practicable date prior to the registration of the Abridged Prospectus ("LPD"), pursuant to Section 94(2) of the Financial Services Act 2013, relating to Aabar's shareholdings in the Company ("Order"). BNM had also, vide the same letter, required the Company to give effect to the Order prohibiting Aabar from exercising its voting rights in respect of Shares held in excess of 15% and the Company is prohibited from issuing any further Shares to Aabar in right of shares which are in excess of 15%.

As RHB Capital is restricted from provisionally allotting any Rights Shares in excess of the 15% shareholding limit to Aabar, pursuant to the Order, the implementation of the Rights Issue is illustrated under two (2) scenarios as follows:

(i) Scenario I: Assuming Aabar's shareholdings in RHB Capital is 15% or less as at the entitlement date

Under this Scenario I, RHB Capital shall provisionally allot 517,696,286 Rights Shares to the Entitled Shareholders on the basis of one (1) Rights Share for every five (5) existing RHB Capital Shares held on the entitlement date.

Based on the Issue Price, the Rights Issue under Scenario I will raise proceeds of RM2,495,296,099.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



**RHB CAPITAL BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 AND THE NOTES THEREON (CONTINUED)**

**APPENDIX
Page 6**

3 Rights Issue and Corporate Exercises (continued)

3.1 Rights Issue (continued)

(ii) Scenario II: Assuming Aabar's shareholdings in RHB Capital as at LPD of 21.09% is maintained as at the entitlement date

Under this Scenario II, RHB Capital shall provisionally allot 486,193,294 Rights Shares to the Entitled Shareholders on the basis of one (1) Rights Share for every five (5) existing RHB Capital Shares held on the entitlement date.

The 486,193,294 Rights Shares under this Scenario II is computed based on the total Rights Shares to be issued under Scenario I of 517,696,286 Rights Shares and after excluding 6.09% of Aabar's entitlement, which represents the difference between Aabar's shareholdings in RHB Capital as at LPD of 21.09% and the 15% shareholding limit under the Order.

Based on the Issue Price, the Rights Issue under Scenario II will raise proceeds of RM2,343,451,677.

It is the intention of the Company to inject the Proceeds to be raised from the Rights Issue into RHB Bank Berhad ("RHB Bank"), a wholly owned subsidiary of RHB Capital, to further capitalise RHB Bank and to finance the working capital requirements of RHB Bank and its subsidiaries ("RHB Bank Group") to support the future growth of the businesses of RHB Bank ("Capital Injection"), only if the relevant approvals for the Proposed Internal Reorganisation (as set out in Note 3.2) are obtained and the Proposed Internal Reorganisation is implemented. Pursuant to the Capital Injection, RHB Bank will be issuing new ordinary shares of RM1.00 each in RHB Bank ("new Consolidated RHB Bank Shares") to RHB Capital at an issue price equivalent to the fair market value of RHB Bank Group, which will be determined based on, amongst others, the price-to-book ratio of comparable financial institution groups listed on Bursa Malaysia Securities Berhad.

Prior to the Capital Injection, RHB Bank will undertake the proposed consolidation of two (2) ordinary shares of RM0.50 each into one (1) new ordinary share of RM1.00 each ("Proposed Consolidation of RHB Bank Shares").

In the event that the Proposed Internal Reorganisation is not implemented, it is the intention of the Company to utilise the Proceeds for repayment of external bank borrowings of the Company and any surplus thereafter for injection as equity into RHB Bank to further capitalise RHB Bank and to finance the working capital requirements of RHB Bank Group to support the future growth of the businesses of RHB Bank and/or repayment of internal borrowings (if required).

The estimated expenses relating to the Rights Issue amounts to approximately RM12.93 million and consist mainly of professional fees, underwriting commission as well as fees payable to the relevant authorities. The estimated expenses are proposed to be funded via the Company's internally generated funds and not from the Proceeds.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



**RHB CAPITAL BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 AND THE NOTES THEREON (CONTINUED)**

**APPENDIX
Page 7**

3 Rights Issue and Corporate Exercises (continued)

3.2 Proposed Internal Reorganisation

The Proposed Internal Reorganisation will entail the transfer by RHB Capital of its identified assets, which includes its entire equity interests in, or certain assets and liabilities of its subsidiaries ("Identified Assets") to RHB Bank, after the Rights Issue, for a total indicative consideration of RM3.71 billion, to be satisfied entirely in cash ("Disposal Consideration").

The Disposal Consideration was arrived at based on a 'willing-buyer, willing-seller' basis after taking into consideration the audited net assets ("NA") or net liabilities ("NL") and/or the audited net book value ("NBV") of the Identified Assets as extracted from the audited financial statements of the respective subsidiaries of RHB Capital at 31 December 2014. The Identified Assets comprise the following:

No.	Identified Assets	Effective equity interest of RHB Capital (%)	Audited NA/(NL) and/or NBV as at 31 December 2014 RM'000	Disposal Consideration RM'000
1.	RHB Investment Bank Berhad, its subsidiaries and joint ventures ⁽¹⁾	100.00	2,951,088	2,951,088
2.	RHB Insurance Berhad	94.70	372,561	335,059 ⁽²⁾
3.	RHB Finexasia.Com Sdn Bhd ⁽³⁾ and its subsidiary, RHB OSK Stock188.Com Sdn Bhd	100.00	22,458	22,458
4.	Other direct wholly-owned subsidiaries of RHB Capital ⁽⁴⁾	100.0	7,728 ⁽⁵⁾	7,774 ⁽⁵⁾
5.	Certain assets and liabilities of RHB Hartanah Sdn Bhd including its subsidiary, RHB Property Management Sdn Bhd	-	298,374	298,374 ⁽⁶⁾
6.	RHB Capital's other identified assets ⁽⁷⁾	-	94,219	94,219
	Total		3,746,428	3,708,972

Notes:-

- (1) Inclusive of RHB Capital's 20.00% equity interest in both RHB Trustees Berhad and Malaysian Trustees Berhad respectively.
- (2) Based on the adjusted NA of RHB Insurance Berhad after the payment of final dividends for the financial year ended 31 December 2014.
- (3) RHB Capital and RHB Investment Bank Berhad presently hold 59.95% equity interest and 40.05% equity interest in RHB Finexasia.Com Sdn Bhd respectively.
- (4) Comprises other wholly-owned subsidiaries of RHB Capital, namely RHB Equities Sdn Bhd, RHB Kawal Sdn Bhd, RHB Capital (Jersey) Limited (including its wholly-owned subsidiary, RHB (Philippines) Inc.) and RHB Sdn Bhd.
- (5) Represents the aggregate NA/NL of RHB Capital's wholly-owned subsidiaries. For subsidiaries which have capital deficiency, a minimum consideration of RM1.00 will be paid.
- (6) The Disposal Consideration for certain assets and liabilities of RHB Hartanah is based on the amounts recorded in the consolidated financial statements of RHB Capital.
- (7) RHB Capital's other identified assets include tax recoverable by RHB Capital ("Tax Recoverable"), the final amount of which can only be determined as at the completion date of the shore sale agreement in relation to the Proposed Internal Reorganisation.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



RHB CAPITAL BERHAD

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 AND THE NOTES THEREON (CONTINUED)**

APPENDIX

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3. Rights Issue and Corporate Exercises (continued)

3.2 Proposed Internal Reorganisation (continued)

For the avoidance of doubt, certain subsidiaries of RHB Capital which are either dormant or in the process of being liquidated or voluntarily wound up will not be transferred to RHB Bank. For information purposes, the list of Identified Assets is not exhaustive and may be varied as the Board may deem fit until the completion of the Proposed Internal Reorganisation.

In addition to the above, as at 31 December 2014, RHB Capital holds 5.79% equity interest in RHB OSK Rupiah Liquid Fund ("Fund"). It is the intention of the Company to redeem its investment in the Fund prior to the completion of the Proposed Internal Reorganisation.

RHB Capital and RHB Hartanah Sdn Bhd will be entering into a share sale agreement and asset purchase agreement with RHB Bank respectively ("Definitive Agreements"), upon receipt of all relevant approvals, to give effect to the Proposed Internal Reorganisation. The Disposal Consideration will be paid by RHB Bank in full upon completion of the Proposed Internal Reorganisation, in the manner to be set out in the Definitive Agreements. The Disposal Consideration, which will be funded using the internally generated funds of RHB Bank, is subject to adjustments in view that the final amount of Tax Recoverable can only be determined as at the completion date of the share sale agreement.

The Disposal Consideration to be received by RHB Capital under the Proposed Internal Reorganisation will be utilised to repay the bank borrowings of the Company as well as to defray expenses relating to the Proposed Internal Reorganisation. Any excess cash after the repayment of all of the Company's bank borrowings and defrayment of expenses relating to the Proposed Internal Reorganisation and after setting aside adequate cash to defray any expenses of RHB Capital will be injected into RHB Bank together with the proceeds from the redemption of the Fund (collectively referred to as the "Excess Cash") as additional capital, in exchange for new Consolidated RHB Bank Shares, which will be issued at the same issue price as the new Consolidated RHB Bank Shares to be issued to the Company pursuant to the Capital Injection.

3.3 Proposed Distribution and Capital Repayment

The Proposed Distribution and Capital Repayment will entail the distribution of the entire shareholdings of the Company in RHB Bank after the Rights Issue and Proposed Internal Reorganisation to the shareholder(s) whose name(s) appear in the Record of Depositors on an entitlement date to be determined and announced later by the Board ("Distribution Entitlement Date") ("Distribution and Capital Repayment Entitled Shareholders").

The basis for the Proposed Distribution and Capital Repayment can only be determined upon the completion of the Rights Issue and the Proposed Internal Reorganisation but prior to the announcement of the Distribution Entitlement Date and will depend on the issued and paid-up share capital of RHB Capital as well as the actual number of Consolidated RHB Bank Shares held by RHB Capital after the Capital Injection, Proposed Internal Reorganisation and injection of the Excess Cash, if any.

The Proposed Distribution and Capital Repayment will be implemented via a reduction of the entire share premium account of RHB Capital and the reduction in the share capital of the Company in accordance with Sections 60(2) and 64 of the Act, and the remaining balance via a distribution of the Company's retained earnings. For the purposes of the reduction in the share capital of the Company, the par value of all the existing RHB Capital Shares shall be reduced from RM1.00 to RM0.05.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



**RHB CAPITAL BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 AND THE NOTES THEREON (CONTINUED)**

**APPENDIX
Page 9**

3. Rights Issue and Corporate Exercises (continued)

3.3 Proposed Distribution and Capital Repayment (continued)

For information purposes, upon completion of the Proposed Distribution and Capital Repayment, the existing shareholders will continue to hold shares in RHB Capital with par value of RM0.05 each, in the proportion of their shareholdings as at the Distribution Entitlement Date. RHB Capital will then appoint a liquidator to liquidate the Company and any surplus cash (after the settlement of all liabilities and defrayment of expenses) thereafter will be returned to the shareholders.

The Consolidated RHB Bank Shares to be distributed to the Distribution and Capital Repayment Entitled Shareholders will be existing issued and paid-up shares in RHB Bank (after the Proposed Internal Reorganisation, Capital Injection and injection of Excess Cash, if any) and will be distributed free from all encumbrances. However, the said Consolidated RHB Bank Shares shall not entitle their holders to any dividend, right, allotment and/or other distribution, that may be declared, made or paid prior to the date on which the said Consolidated RHB Bank Shares are credited into the central depository system accounts of the Distribution and Capital Repayment Entitled Shareholders.

Fractional entitlements of the Consolidated RHB Bank Shares to be distributed pursuant to the Proposed Distribution and Capital Repayment, if any, shall be dealt with in a fair and equitable manner as the Board shall in their absolute discretion think expedient and in the best interest of the Company.

- 3.4 The proposals set out in Notes 3.1 to 3.3 are only amongst other proposals listed in the Abridged Prospectus that have been included for illustrative purposes in compiling the Pro Forma Consolidated Statements of Financial Position. The other proposals not set out here do not have any financial implications on the Pro Forma Consolidated Statements of Financial Position.

3.5 Inter-conditionality of the Rights Issue and Corporate Exercises

The Rights Issue is not conditional upon any of the other Corporate Exercises.

The Proposed Internal Reorganisation is conditional upon the Rights Issue but is not conditional upon the Proposed Distribution and Capital Repayment and the Transfer of Listing Status.

The Proposed Distribution and Capital Repayment, Transfer of Listing Status and M&A Amendments are inter-conditional upon each other and are also conditional upon the Proposed Internal Reorganisation and Rights Issue.

Save for the above, the Rights Issue and Corporate Exercises are not conditional upon any other corporate proposal of the Company.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



RHB CAPITAL BERHAD

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 AND THE NOTES THEREON (CONTINUED)**

APPENDIX

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4 Pro Forma Consolidated Statements of Financial Position as at 31 December 2014

The Pro Forma Consolidated Statements of Financial Position of RHB Capital as set out below have been prepared solely for illustrative purposes to show the effects on the audited Consolidated Statement of Financial Position of RHB Capital Group as at 31 December 2014 had the Completed Event, Rights Issue and Corporate Exercises as set out in Notes 2 and 3, have been effected on that date.

For illustrative purpose, the effects of the Rights Issue and Corporate Exercises have been prepared based on the following scenarios:

- Scenario A (I): Assuming that the Proposed Internal Reorganisation is implemented after the implementation of the Rights Issue and Aabar's shareholdings in RHB Capital is 15% or less as at the entitlement date
- Scenario A (II): Assuming that the Proposed Internal Reorganisation is implemented after the implementation of the Rights Issue and Aabar's shareholdings in RHB Capital as at LPD of 21.09% is maintained as at the entitlement date
- Scenario B (I): Assuming that the Proposed Internal Reorganisation is not implemented after the implementation of the Rights Issue and Aabar's shareholdings in RHB Capital is 15% or less as at the entitlement date
- Scenario B (II): Assuming that the Proposed Internal Reorganisation is not implemented after the implementation of the Rights Issue and Aabar's shareholdings in RHB Capital as at LPD of 21.09% is maintained as at the entitlement date

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



RHB CAPITAL BERHAD

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 AND THE NOTES THEREON (CONTINUED)**

APPENDIX

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4 Pro Forma Consolidated Statements of Financial Position as at 31 December 2014 (continued)

Scenario A(I): Assuming that the Proposed Internal Reorganisation is implemented after the implementation of the Rights Issue and Aabar's shareholdings in RHB Capital is 15% or less as at the entitlement date

	Audited 31.12.2014 RM'000	Proforma I After Completed Event of 2014 Interim Dividend and DRP of RHB Capital RM'000	Proforma II After Proforma I, the Rights Issue and the Proposed Internal Reorganisation RM'000	Proforma III After Proforma II and the Proposed Distribution and Capital Repayment RM'000
ASSETS				
Cash and short term funds	16,236,908	16,195,209	16,574,128	176,885
Securities purchased under resale agreements	491,510	491,510	491,510	-
Deposits and placements with banks and other financial institutions	2,298,588	2,298,588	2,298,588	1,017
Financial assets held-for-trading	2,930,681	2,930,681	2,930,681	-
Financial investments available-for-sale	19,602,176	19,602,176	19,602,176	-
Financial investments held-to-maturity	20,469,831	20,469,831	20,469,831	-
Loans, advances and financing	140,693,003	140,693,003	140,693,003	-
Clients' and brokers' balances	1,525,147	1,525,147	1,525,147	-
Reinsurance assets	332,113	332,113	332,113	-
Other assets	1,541,989	1,541,989	1,541,989	69
Derivatives assets	1,285,230	1,285,230	1,285,230	-
Statutory deposits	5,421,007	5,421,007	5,421,007	-
Tax recoverable	162,181	162,181	162,181	55
Deferred tax assets	38,465	38,465	38,465	-
Investment in joint ventures	21,021	21,021	21,021	-
Property, plant and equipment	1,030,681	1,030,681	1,030,681	322
Goodwill and intangible assets	5,273,905	5,273,905	5,273,905	-
Total assets	219,354,436	219,312,737	219,691,656	178,348

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



RHB CAPITAL BERHAD

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
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4 Pro Forma Consolidated Statements of Financial Position as at 31 December 2014 (continued)

Scenario A(I): Assuming that the Proposed Internal Reorganisation is implemented after the implementation of the Rights Issue and Aabar's shareholdings in RHB Capital is 15% or less as at the entitlement date

		Proforma I	Proforma II	Proforma III
		After Completed Event of 2014 Interim Dividend and DRP of RHB Capital RM'000	After Proforma I, the Rights Issue and the Proposed Internal Reorganisation RM'000	After Proforma II and the Proposed Distribution and Capital Repayment RM'000
	Audited 31.12.2014 RM'000			
LIABILITIES AND EQUITY				
Deposits from customers	157,133,993	157,133,993	157,133,993	-
Deposits and placements of banks and other financial institutions	21,349,618	21,349,618	21,349,618	-
Obligations on securities sold under repurchase agreements	508,416	508,416	508,416	-
Obligations on securities borrowed	113,780	113,780	113,780	-
Bills and acceptances payable	614,031	614,031	614,031	-
Clients' and brokers' balances	1,214,065	1,214,065	1,214,065	-
General insurance contract liabilities	775,699	775,699	775,699	-
Other liabilities	1,714,098	1,714,098	1,714,098	13,842
Derivative liabilities	1,224,684	1,224,684	1,224,684	-
Recourse obligation on loans sold to Cagamas Berhad	3,315,335	3,315,335	3,315,335	-
Tax liabilities	57,321	57,321	57,321	-
Deferred tax liabilities	53,041	53,041	53,041	21
Borrowings and senior debt securities	5,685,352	5,685,352	3,629,391	-
Subordinated obligations	6,099,402	6,099,402	6,099,402	-
Hybrid Tier-1 Capital Securities	601,515	601,515	601,515	-
Total liabilities	200,460,350	200,460,350	198,404,389	13,863

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



RHB CAPITAL BERHAD

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
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APPENDIX

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4 Pro Forma Consolidated Statements of Financial Position as at 31 December 2014 (continued)

Scenario A(I): Assuming that the Proposed Internal Reorganisation is implemented after the implementation of the Rights Issue and Aabar's shareholdings in RHB Capital is 15% or less as at the entitlement date

		Proforma I	Proforma II	Proforma III
		After Completed Event of 2014 Interim Dividend and DRP of RHB Capital	After Proforma I, the Rights Issue and the Proposed Internal Reorganisation	After Proforma II and the Proposed Distribution and Capital Repayment
	Audited 31.12.2014 RM'000	RM'000	RM'000	RM'000
LIABILITIES AND EQUITY				
Share capital	2,572,457	2,588,481	3,106,177	155,309
Reserves	16,221,840	16,164,117	18,081,301	9,176
	18,794,297	18,752,598	21,187,478	164,485
Non-controlling interests	99,789	99,789	99,789	-
Total equity	18,894,086	18,852,387	21,287,267	164,485
Total liabilities and equity	219,354,436	219,312,737	219,691,656	178,348
No of RHB Capital Shares in issue ('000)	2,572,457	2,588,481	3,106,177	3,106,177
Net assets attributable to equity holders of the Company per share (RM)	7.31	7.24	6.82	0.05
Gearing (times)	0.66	0.66	0.49	-

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



RHB CAPITAL BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014 AND THE NOTES THEREON (CONTINUED)

APPENDIX

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- 4 **Pro Forma Consolidated Statements of Financial Position as at 31 December 2014 (continued)**
 Scenario A(II): Assuming that the Proposed Internal Reorganisation is implemented after the implementation of the Rights Issue and Aabar's shareholdings in RHB Capital as at LPD of 21.09% is maintained as at the entitlement date

	Audited 31.12.2014 RM'000	Proforma I After Completed Event of 2014 Interim Dividend and DRP of RHB Capital RM'000	Proforma II After Proforma I, the Rights Issue and the Proposed Internal Reorganisation RM'000	Proforma III After Proforma II and the Proposed Distribution and Capital Repayment RM'000
ASSETS				
Cash and short term funds	16,236,908	16,195,209	16,422,283	175,040
Securities purchased under resale agreements	491,510	491,510	491,510	-
Deposits and placements with banks and other financial institutions	2,298,588	2,298,588	2,298,588	1,017
Financial assets held-for-trading	2,930,681	2,930,681	2,930,681	-
Financial investments available-for-sale	19,602,176	19,602,176	19,602,176	-
Financial investments held-to-maturity	20,469,831	20,469,831	20,469,831	-
Loans, advances and financing	140,693,003	140,693,003	140,693,003	-
Clients' and brokers' balances	1,525,147	1,525,147	1,525,147	-
Reinsurance assets	332,113	332,113	332,113	-
Other assets	1,541,989	1,541,989	1,541,989	69
Derivatives assets	1,285,230	1,285,230	1,285,230	-
Statutory deposits	5,421,007	5,421,007	5,421,007	-
Tax recoverable	162,181	162,181	162,181	55
Deferred tax assets	38,465	38,465	38,465	-
Investment in joint ventures	21,021	21,021	21,021	-
Property, plant and equipment	1,030,681	1,030,681	1,030,681	322
Goodwill and intangible assets	5,273,905	5,273,905	5,273,905	-
Total assets	219,354,436	219,312,737	219,539,811	176,503

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



RHB CAPITAL BERHAD

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
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4 Pro Forma Consolidated Statements of Financial Position as at 31 December 2014 (continued)

Scenario A(ii): Assuming that the Proposed Internal Reorganisation is implemented after the implementation of the Rights Issue and Aabar's shareholdings in RHB Capital as at LPD of 21.09% is maintained as at the entitlement date

		Proforma I	Proforma II	Proforma III
		After Completed Event of 2014 Interim Dividend and DRP of RHB Capital RM'000	After Proforma I, the Rights Issue and the Proposed Internal Reorganisation RM'000	After Proforma II and the Proposed Distribution and Capital Repayment RM'000
	Audited 31.12.2014 RM'000			
LIABILITIES AND EQUITY				
Deposits from customers	157,133,993	157,133,993	157,133,993	-
Deposits and placements of banks and other financial institutions	21,349,618	21,349,618	21,349,618	-
Obligations on securities sold under repurchase agreements	508,416	508,416	508,416	-
Obligations on securities borrowed	113,780	113,780	113,780	-
Bills and acceptances payable	614,031	614,031	614,031	-
Clients' and brokers' balances	1,214,065	1,214,065	1,214,065	-
General insurance contract liabilities	775,699	775,699	775,699	-
Other liabilities	1,714,098	1,714,098	1,714,098	13,842
Derivative liabilities	1,224,684	1,224,684	1,224,684	-
Recourse obligation on loans sold to Cagamas Berhad	3,315,335	3,315,335	3,315,335	-
Tax liabilities	57,321	57,321	57,321	-
Deferred tax liabilities	53,041	53,041	53,041	21
Borrowings and senior debt securities	5,685,352	5,685,352	3,629,391	-
Subordinated obligations	6,099,402	6,099,402	6,099,402	-
Hybrid Tier-1 Capital Securities	601,515	601,515	601,515	-
Total liabilities	200,460,350	200,460,350	198,404,389	13,863

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4 Pro Forma Consolidated Statements of Financial Position as at 31 December 2014 (continued)

Scenario A(II): Assuming that the Proposed Internal Reorganisation is implemented after the implementation of the Rights Issue and Aabar's shareholdings in RHB Capital as at LPD of 21.09% is maintained as at the entitlement date

		Proforma I	Proforma II	Proforma III
	Audited 31.12.2014 RM'000	After Completed Event of 2014 Interim Dividend and DRP of RHB Capital RM'000	After Proforma I, the Rights Issue and the Proposed Internal Reorganisation RM'000	After Proforma II and the Proposed Distribution and Capital Repayment RM'000
LIABILITIES AND EQUITY				
Share capital	2,572,457	2,588,481	3,074,674	153,734
Reserves	16,221,840	16,164,117	17,960,959	8,906
	18,794,297	18,752,598	21,035,633	162,640
Non-controlling interests	99,789	99,789	99,789	-
Total equity	18,894,086	18,852,387	21,135,422	162,640
Total liabilities and equity	219,354,436	219,312,737	219,539,811	176,503
No of RHB Capital Shares in issue ('000)	2,572,457	2,588,481	3,074,674	3,074,674
Net assets attributable to equity holders of the Company per share (RM)	7.31	7.24	6.84	0.05
Gearing (times)	0.66	0.66	0.49	-

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



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4 Pro Forma Consolidated Statements of Financial Position as at 31 December 2014 (continued)

Scenario B(I): Assuming that the Proposed Internal Reorganisation is not implemented after the implementation of the Rights Issue and Aabar's shareholdings in RHB Capital is 15% or less as at the entitlement date

		Proforma I	Proforma II
		After Completed Event of 2014 Interim Dividend and DRP of RHB Capital	After Proforma I and the Rights Issue
	Audited 31.12.2014 RM'000	RM'000	RM'000
ASSETS			
Cash and short term funds	16,236,908	16,195,209	16,621,619
Securities purchased under resale agreements	491,510	491,510	491,510
Deposits and placements with banks and other financial institutions	2,298,588	2,298,588	2,298,588
Financial assets held-for-trading	2,930,681	2,930,681	2,930,681
Financial investments available-for-sale	19,602,176	19,602,176	19,602,176
Financial investments held-to-maturity	20,469,831	20,469,831	20,469,831
Loans, advances and financing	140,693,003	140,693,003	140,693,003
Clients' and brokers' balances	1,525,147	1,525,147	1,525,147
Reinsurance assets	332,113	332,113	332,113
Other assets	1,541,989	1,541,989	1,541,989
Derivatives assets	1,285,230	1,285,230	1,285,230
Statutory deposits	5,421,007	5,421,007	5,421,007
Tax recoverable	162,181	162,181	162,181
Deferred tax assets	38,465	38,465	38,465
Investment in joint ventures	21,021	21,021	21,021
Property, plant and equipment	1,030,681	1,030,681	1,030,681
Goodwill and intangible assets	5,273,905	5,273,905	5,273,905
Total assets	219,354,436	219,312,737	219,739,147

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



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**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
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4 Pro Forma Consolidated Statements of Financial Position as at 31 December 2014 (continued)

Scenario B(I): Assuming that the Proposed Internal Reorganisation is not implemented after the implementation of the Rights Issue and Aabar's shareholdings in RHB Capital is 15% or less as at the entitlement date

		Proforma I	Proforma II
	Audited	After Completed	After Proforma I
	31.12.2014	Event of 2014	and the Rights
	RM'000	Interim Dividend	Issue
		and DRP of RHB	RM'000
		Capital	
		RM'000	
LIABILITIES AND EQUITY			
Deposits from customers	157,133,993	157,133,993	157,133,993
Deposits and placements of banks and other financial institutions	21,349,618	21,349,618	21,349,618
Obligations on securities sold under repurchase agreements	508,416	508,416	508,416
Obligations on securities borrowed	113,780	113,780	113,780
Bills and acceptances payable	614,031	614,031	614,031
Clients' and brokers' balances	1,214,065	1,214,065	1,214,065
General insurance contract liabilities	775,699	775,699	775,699
Other liabilities	1,714,098	1,714,098	1,714,098
Derivative liabilities	1,224,684	1,224,684	1,224,684
Recourse obligation on loans sold to Cagamas Berhad	3,315,335	3,315,335	3,315,335
Tax liabilities	57,321	57,321	57,321
Deferred tax liabilities	53,041	53,041	53,041
Borrowings and senior debt securities	5,685,352	5,685,352	3,629,391
Subordinated obligations	6,099,402	6,099,402	6,099,402
Hybrid Tier-1 Capital Securities	601,515	601,515	601,515
Total liabilities	200,460,350	200,460,350	198,404,389

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



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4 Pro Forma Consolidated Statements of Financial Position as at 31 December 2014 (continued)

Scenario B(I): Assuming that the Proposed Internal Reorganisation is not implemented after the implementation of the Rights Issue and Aabar's shareholdings in RHB Capital is 15% or less as at the entitlement date

		Proforma I	Proforma II
	Audited 31.12.2014 RM'000	After Completed Event of 2014 Interim Dividend and DRP of RHB Capital RM'000	After Proforma I and the Rights Issue RM'000
LIABILITIES AND EQUITY			
Share capital	2,572,457	2,588,481	3,106,177
Reserves	16,221,840	16,164,117	18,128,792
	18,794,297	18,752,598	21,234,969
Non-controlling interests	99,789	99,789	99,789
Total equity	18,894,086	18,852,387	21,334,758
Total liabilities and equity	219,354,436	219,312,737	219,739,147
No of RHB Capital Shares in issue ('000)	2,572,457	2,588,481	3,106,177
Net assets attributable to equity holders of the Company per share (RM)	7.31	7.24	6.84
Gearing (times)	0.66	0.66	0.49

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



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4 Pro Forma Consolidated Statements of Financial Position as at 31 December 2014 (continued)

Scenario B(II): Assuming that the Proposed Internal Reorganisation is not implemented after the implementation of the Rights Issue and Aabar's shareholdings in RHB Capital as at LPD of 21.09% is maintained as at the entitlement date

		Proforma I	Proforma II
		After Completed Event of 2014	
	Audited	Interim Dividend and DRP of RHB	After Proforma I and the Rights Issue
	31.12.2014	Capital	
	RM'000	RM'000	RM'000
ASSETS			
Cash and short term funds	16,236,908	16,195,209	16,469,774
Securities purchased under resale agreements	491,510	491,510	491,510
Deposits and placements with banks and other financial institutions	2,298,588	2,298,588	2,298,588
Financial assets held-for-trading	2,930,681	2,930,681	2,930,681
Financial investments available-for-sale	19,602,176	19,602,176	19,602,176
Financial investments held-to-maturity	20,469,831	20,469,831	20,469,831
Loans, advances and financing	140,693,003	140,693,003	140,693,003
Clients' and brokers' balances	1,525,147	1,525,147	1,525,147
Reinsurance assets	332,113	332,113	332,113
Other assets	1,541,989	1,541,989	1,541,989
Derivatives assets	1,285,230	1,285,230	1,285,230
Statutory deposits	5,421,007	5,421,007	5,421,007
Tax recoverable	162,181	162,181	162,181
Deferred tax assets	38,465	38,465	38,465
Investment in joint ventures	21,021	21,021	21,021
Property, plant and equipment	1,030,681	1,030,681	1,030,681
Goodwill and intangible assets	5,273,905	5,273,905	5,273,905
Total assets	219,354,436	219,312,737	219,587,302

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



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**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
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4 Pro Forma Consolidated Statements of Financial Position as at 31 December 2014 (continued)

Scenario B(ii): Assuming that the Proposed Internal Reorganisation is not implemented after the implementation of the Rights Issue and Aabar's shareholdings in RHB Capital as at LPD of 21.09% is maintained as at the entitlement date

		Proforma I	Proforma II
		After Completed Event of 2014 Interim Dividend and DRP of RHB Capital	After Proforma I and the Rights Issue
	Audited 31.12.2014 RM'000	RM'000	RM'000
LIABILITIES AND EQUITY			
Deposits from customers	157,133,993	157,133,993	157,133,993
Deposits and placements of banks and other financial institutions	21,349,618	21,349,618	21,349,618
Obligations on securities sold under repurchase agreements	508,416	508,416	508,416
Obligations on securities borrowed	113,780	113,780	113,780
Bills and acceptances payable	614,031	614,031	614,031
Clients' and brokers' balances	1,214,065	1,214,065	1,214,065
General insurance contract liabilities	775,699	775,699	775,699
Other liabilities	1,714,098	1,714,098	1,714,098
Derivative liabilities	1,224,684	1,224,684	1,224,684
Recourse obligation on loans sold to Cagamas Berhad	3,315,335	3,315,335	3,315,335
Tax liabilities	57,321	57,321	57,321
Deferred tax liabilities	53,041	53,041	53,041
Borrowings and senior debt securities	5,685,352	5,685,352	3,629,391
Subordinated obligations	6,099,402	6,099,402	6,099,402
Hybrid Tier-1 Capital Securities	601,515	601,515	601,515
Total liabilities	200,460,350	200,460,350	198,404,389

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



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4 Pro Forma Consolidated Statements of Financial Position as at 31 December 2014 (continued)

Scenario B(II): Assuming that the Proposed Internal Reorganisation is not implemented after the implementation of the Rights Issue and Aabar's shareholdings in RHB Capital as at LPD of 21.09% is maintained as at the entitlement date

		Proforma I	Proforma II
		After Completed Event of 2014 Interim Dividend and DRP of RHB Capital	After Proforma I and the Rights Issue
	Audited 31.12.2014 RM'000	RM'000	RM'000
LIABILITIES AND EQUITY			
Share capital	2,572,457	2,588,481	3,074,674
Reserves	16,221,840	16,164,117	18,008,450
	18,794,297	18,752,598	21,083,124
Non-controlling interests	99,789	99,789	99,789
Total equity	18,894,086	18,852,387	21,182,913
Total liabilities and equity	219,354,436	219,312,737	219,587,302
No of RHB Capital Shares in issue ('000)	2,572,457	2,588,481	3,074,674
Net assets attributable to equity holders of the Company per share (RM)	7.31	7.24	6.86
Gearing (times)	0.66	0.66	0.49

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



RHB CAPITAL BERHAD

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
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4 Pro Forma Consolidated Statements of Financial Position as at 31 December 2014 (continued)

The Pro Forma Consolidated Statements of Financial Position should be read in conjunction with the accompanying notes.

4.1 Basis of preparation

The Pro Forma Consolidated Statements of Financial Position of RHB Capital Group have been prepared based on the audited consolidated financial statements of RHB Capital for the financial year ended 31 December 2014 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting standards and in a manner consistent with both the format of the audited consolidated financial statements and the accounting policies adopted by RHB Capital for the financial year ended 31 December 2014, except for the adoption of the following new accounting policy which will be adopted by the Board in the financial year ending 31 December 2015:

Distribution-in-specie

The Group and Company measure the liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed. At the end of each reporting period and at the date of settlement, the Group and Company review and adjust the carrying amount of the dividend payable, with any changes in the carrying amount of the dividend payable recognised in equity as adjustments to the amount of the distribution.

4.2 Pro Forma I

4.2.1 Pro Forma I incorporates the effects of Completed Event detailed in Note 2.

4.3 Pro Forma II [Scenario A(I) and Scenario A(II)]

4.3.1 Pro Forma II [Scenario A(I) and Scenario A(II)] incorporates the effects of Pro Forma I, the Rights Issue and the Proposed Internal Reorganisation as detailed in Notes 3.1 and 3.2.

4.3.2 For illustrative purposes, Pro Forma II [Scenario A(I) and A(II)] assumes that:

- (i) the Issue Price for the Rights Shares, entitlement basis and number of Rights Shares to be issued in relation to the Rights Issue are as follows:

Issue Price	:	RM4.82 per Rights Share, representing approximately 20.3% discount to the theoretical ex-rights price of RM6.05 based on the 5-day volume weighted average market price of RHB Capital Shares up to and including 4 September 2015, being the market day immediately preceding the price-fixing date, of RM6.29
Entitlement basis	:	One (1) Rights Share for every five (5) RHB Capital Shares held
Number of Rights Shares to be issued	:	Scenario A(I): Approximately 517.70 million Rights Shares Scenario A(II): Approximately 486.19 million Rights Shares

- (ii) the Proceeds of RM2,495.30 million and RM2,343.45 million will be injected into RHB Bank as additional capital under Scenario A(I) and Scenario A(II) respectively, in exchange for new Consolidated RHB Bank shares, which is assumed to be issued at RM5.97 per RHB Bank Share.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



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4 Pro Forma Consolidated Statements of Financial Position as at 31 December 2014 (continued)

4.3 Pro Forma II [Scenario A(I) and Scenario A(II)] (continued)

4.3.2 For illustrative purposes, Pro Forma II [Scenario A(I) and Scenario A(II)] assumes that (continued):

- (iii) The estimated expenses in relation to the Rights Issue of RM12.93 million are debited against share premium account and to be funded via internally generated fund.
- (iv) The Disposal Consideration arising from the Proposed Internal Reorganisation will be utilised to repay external bank borrowings of the Company amounting to RM2,055.96 million and bank borrowings from RHB Bank of RM1,055.47 million as at 31 December 2014, as well as to defray expenses relating to the Proposed Internal Reorganisation. The repayment of bank borrowings from RHB Bank has no effect to the Pro Forma Consolidated Statement of Financial Position of RHB Capital.
- (v) The estimated expenses relating to the Corporate Exercises amounting to approximately RM47.49 million, which includes advisory fees, taxes, stamp duty and other miscellaneous expenses are charged out as an expense in profit and loss.

4.4 Pro Forma II [Scenario B(I) and Scenario B(II)]

4.4.1 Pro Forma II [Scenario B(I) and Scenario B(II)] incorporates the effects of Pro Forma I and the Rights Issue as detailed in Note 3.1.

4.4.2 For illustrative purposes, Pro Forma II [Scenario B(I) and Scenario B(II)] assumes that:

- (i) the Issue Price for the Rights Shares, entitlement basis and number of Rights Shares to be issued in relation to the Rights Issue are assumed to be as follows:

Issue Price	:	RM4.82 per Rights Share, representing approximately 20.3% discount to the theoretical ex-rights price of RM6.05 based on the 5-day Volume weighted average market price of RHB Capital Shares up to and including 4 September 2015, being the market day immediately preceding the price-fixing date, of RM6.29
Entitlement basis	:	One (1) Rights Share for every five (5) RHB Capital Shares held
Number of Rights Shares to be issued	:	Scenario B(I): Approximately 517.70 million Rights Shares Scenario B(II): Approximately 486.19 million Rights Shares
- (ii) The Proceeds of RM2,495.30 million and RM2,343.45 million under Scenario B(I) and Scenario B(II) respectively is to be utilised to repay the external bank borrowings of the Company amounting to RM2,055.96 million, and surplus of RM439.34 million and RM287.49 million under Scenario B(I) and Scenario B(II) respectively is to be injected as equity into RHB Bank.
- (iii) The estimated expenses in relation to the Rights Issue of RM12.93 million are debited against share premium and to be funded via internally generated fund.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



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- 4 Pro Forma Consolidated Statements of Financial Position as at 31 December 2014 (continued)**
- 4.5 Pro Forma III**
- 4.5.1** Pro Forma III incorporates the effects of Pro Forma II [Scenario A(I) and Scenario A(II)] and the Proposed Distribution and Capital Repayment detailed in Note 3.3.
- 4.5.2** For illustrative purposes,
- (i) the Proposed Distribution and Capital Repayment will be implemented through:
 - (a) a proposed reduction of the par value of all the existing RHB Capital Shares from RM1.00 to RM0.05 in accordance with Section 64 of the Act, effected through a reduction in share capital of RM2,950.87 million and RM2,920.94 million under Scenario A(I) and Scenario A(II) respectively and reduction of the entire share premium reserves of RM7,114.36 million and RM6,994.02 million under Scenario A(I) and Scenario A(II) respectively in accordance with Section 60(2) of the Act; and
 - (b) a proposed reduction in the retained earnings based on the fair value of the Group's investment in RHB Bank, after taking into consideration the Proposed Internal Reorganisation.
 - (ii) upon completion of the Proposed Distribution and Capital Repayment, the assets, liabilities and reserves of RHB Bank and its subsidiaries are derecognised from the consolidated financial statements of RHB Capital.
 - (iii) the estimated expenses in relation to the Proposed Distribution and Capital Repayment of approximately RM1.50 million are funded via internally generated fund and are charged out as an expense in profit or loss.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

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5 Total Equity

The summary of adjustments made in Total Equity, as shown in Pro Forma I, Pro Forma II and Pro Forma III are as follows:

Scenario A (i): Assuming that the Proposed Internal Reorganisation is implemented after the implementation of the Rights Issue and Aabar's shareholdings in RHB Capital is 15% or less as at the entitlement date

		Proforma I After Completed Event of 2014	Proforma II After Proforma I, the Rights Issue and the Proposed Internal Reorganisation	Proforma III After Proforma II and the Proposed Distribution and Capital Repayment
	Audited as at 31.12.2014 RM'000	Completed Interim Dividend and DRP of RHB Capital RM'000	Rights Issue and the Proposed Internal Reorganisation RM'000	Proposed Distribution and Capital Repayment RM'000
Share Capital	2,572,457	16,024	517,696	(2,950,868)
Share premium	5,053,063	96,624	1,964,675	(7,114,362)
Statutory reserve	3,817,799	-	-	(3,817,799)
Other reserves	28,196	-	-	(28,196)
Available-for-sale reserves	191,619	-	-	(191,619)
Translation reserves	191,334	-	-	(191,334)
Retained profits	6,939,829	(154,347)	(47,491)	(6,728,815)
	18,794,297	18,752,598	2,434,880	(21,022,993)
Non-controlling interests	99,789	99,789	-	(99,789)
Total Equity	18,894,086	18,852,387	2,434,880	(21,122,782)
			21,187,478	164,485
			99,789	-
			21,287,267	164,485

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The summary of adjustments made in Total Equity, as shown in Pro Forma I, Pro Forma II and Pro Forma III are as follows:

Scenario A (II): Assuming that the Proposed Internal Reorganisation is implemented after the implementation of the Rights Issue and Aabar's shareholdings in RHB Capital as at LPD of 21.09% is maintained as at the entitlement date

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PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

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5 Total Equity (continued)

The summary of adjustments made in Total Equity, as shown in Pro Forma I, Pro Forma II and Pro Forma III are as follows:

Scenario B (I): Assuming that the Proposed Internal Reorganisation is not implemented after the implementation of the Rights Issue and Aabar's shareholdings in RHB Capital is 15% or less as at the entitlement date

	Proforma I		Proforma II	
	Audited as at 31.12.2014 RM'000	Completed Event of 2014 Interim Dividend and DRP of RHB Capital RM'000	Completed Event of 2014 Interim Dividend and DRP of RHB Capital RM'000	After Proforma I and the Rights Issue RM'000
Share Capital	2,572,457	16,024	2,588,481	3,106,177
Share premium	5,053,063	96,624	5,149,687	7,114,362
Statutory reserve	3,817,799	-	3,817,799	3,817,799
Other reserves	28,196	-	28,196	28,196
Available-for-sale reserves	191,619	-	191,619	191,619
Translation reserves	191,334	-	191,334	191,334
Retained profits	6,939,829	(154,347)	6,785,482	6,785,482
	18,794,297	(41,699)	18,752,598	21,234,969
Non-controlling interests	99,789	-	99,789	99,789
Total Equity	18,894,086	(41,699)	18,852,387	21,334,758

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

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RHB CAPITAL BERHAD
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5 **Total Equity (continued)**

The summary of adjustments made in Total Equity, as shown in Pro Forma I, Pro Forma II and Pro Forma III are as follows:

Scenario B (II): Assuming that the Proposed Internal Reorganisation is not implemented after the implementation of the Rights Issue and Aabar's shareholdings in RHB Capital as at LPD of 21.09% is maintained as at the entitlement date

	Audited as at 31.12.2014 RM'000	Completed Event of 2014 Interim Dividend and DRP of RHB Capital RM'000	Completed Event of 2014 Interim Dividend and DRP of RHB Capital RM'000	Proforma I After Completed Event of 2014 Interim Dividend and DRP of RHB Capital RM'000	Rights Issue RM'000	After Proforma I and the Rights Issue RM'000	Proforma II
Share Capital	2,572,457	16,024	2,588,481	486,193	3,074,674		
Share premium	5,053,063	96,624	5,149,687	1,844,333	6,994,020		
Statutory reserve	3,817,799	-	3,817,799	-	3,817,799		
Other reserves	28,196	-	28,196	-	28,196		
Available-for-sale reserves	191,619	-	191,619	-	191,619		
Translation reserves	191,334	-	191,334	-	191,334		
Retained profits	6,939,829	(154,347)	6,785,482	-	6,785,482		
	18,794,297	(41,699)	18,752,598	2,330,526	21,083,124		
Non-controlling interests	99,789	-	99,789	-	99,789		
Total Equity	18,894,086	(41,699)	18,852,387	2,330,526	21,182,913		

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS
AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER
THEREON (Cont'd)**



**RHB CAPITAL BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 AND THE NOTES THEREON (CONTINUED)**

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APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of RHB Capital Berhad in accordance with a resolution dated 29 October 2015.

A handwritten signature in black ink, appearing to read 'K. Khairussaleh Ramli'.

**DATO' KHAIRUSSALEH RAMLI
GROUP MANAGING DIRECTOR**

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF RHB BANK AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON



The Board of Directors
RHB Capital Berhad
Level 9, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur

29 October 2015

PwC/EN/ST

Dear Sirs,

RHB Bank Berhad
Report on the Pro Forma Consolidated Statements of Financial Position as at 31 December 2014

- 1 We have completed our assurance engagement to report on the Pro Forma Consolidated Statements of Financial Position of RHB Bank Berhad ("RHB Bank" or "the Bank") and its subsidiaries ("the Group"), a wholly owned subsidiary of RHB Capital Berhad ("RHB Capital") as at 31 December 2014. The Pro Forma Consolidated Statements of Financial Position which is set out in the Appendix (which we have stamped for the purpose of identification), have been compiled by the Directors, for inclusion in the Abridged Prospectus of RHB Capital, in connection with RHB Capital's renounceable rights issue of up to 517,696,286 new ordinary shares of RM1.00 each in RHB Capital ("RHB Capital Shares") to raise proceeds of up to RM2,495,296,099 ("Rights Issue"). For information purposes, RHB Capital is also proposing to undertake the following proposals:
- (i) Proposed Internal Reorganisation of RHB Capital group of companies which entails the transfer by RHB Capital of its identified assets, which includes its entire equity interests in, or certain assets and liabilities of its subsidiaries to its wholly-owned subsidiary, RHB Bank, for a total indicative consideration of approximately RM3.71 billion to be satisfied entirely in cash ("Proposed Internal Reorganisation");
 - (ii) Proposed distribution of the entire shareholdings of RHB Capital in RHB Bank, after the completion of the Rights Issue and Proposed Internal Reorganisation, by way of distribution-in-specie via a reduction of the entire share premium account of RHB Capital and the par value of all the existing RHB Capital Shares from RM1.00 to RM0.05 in accordance with Sections 60(2) and 64 of the Companies Act, 1965 ("Act") as well as via RHB Capital's retained earnings ("Proposed Distribution and Capital Repayment");

PricewaterhouseCoopers (AF 1146), Chartered Accountants,
Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF RHB BANK AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON
(Cont'd)



The Board of Directors
RHB Capital Berhad
PwC/EN/ST
29 October 2015

- (iii) Proposed transfer of RHB Capital's listing status on the Main Market of Bursa Securities to RHB Bank upon completion of the Rights Issue, Proposed Internal Reorganisation and Proposed Distribution and Capital Repayment ("Transfer of Listing Status"); and
- (iv) Proposed amendments to the Memorandum and Articles of Association of RHB Capital to facilitate the Proposed Distribution and Capital Repayment and Transfer of Listing Status ("M&A Amendments").

(The Proposed Internal Reorganisation, Proposed Distribution and Capital Repayment, Transfer of Listing Status and M&A Amendments are collectively referred to as the "Corporate Exercises").

- 2 The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statements of Financial Position are described in the Notes thereon of the Appendix and are specified in Appendix 4 of the *Prospectus Guidelines – Abridged Prospectus* issued by the Securities Commission.
- 3 The Pro Forma Consolidated Statements of Financial Position have been compiled by the Directors, for illustrative purposes only, to show the effects of the Completed Event, Rights Issue and Corporate Exercises on the audited Consolidated Statement of Financial Position of the Group as at 31 December 2014 had the Completed Event, Rights Issue and Corporate Exercises been effected on that date. As part of this process, information about the Consolidated Statement of Financial Position has been extracted by the Directors from the Bank's audited Consolidated Statement of Financial Position as at 31 December 2014.

The Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

- 4 The Directors are responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis set out in the Notes thereon of the Appendix and in accordance with the requirements of the *Prospectus Guidelines – Abridged Prospectus* issued by the Securities Commission.

Our Responsibilities

- 5 Our responsibility is to express an opinion as required by the *Prospectus Guidelines – Abridged Prospectus* about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Directors on the basis set out in the Notes thereon of the Appendix.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF RHB BANK AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



**The Board of Directors
RHB Capital Berhad
PwC/EN/ST
29 October 2015**

Our Responsibilities (continued)

- 6 We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420 *"Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus"*, issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis set out in the Notes thereon of the Appendix.
- 7 For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.
- 8 The purpose of the Pro Forma Consolidated Statements of Financial Position included in the Abridged Prospectus of RHB Capital is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at that date would have been as presented.
- 9 A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:
 - The related Pro Forma adjustments give appropriate effect to those criteria; and
 - The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.
- 10 The procedures selected depend on our judgment, having regard to our understanding of the nature of the Bank and its subsidiaries, the event or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances. The engagement also involved evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.
- 11 We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF RHB BANK AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON
(Cont'd)



**The Board of Directors
RHB Capital Berhad
PwC/EN/ST
29 October 2015**

Opinion

- 12 In our opinion, the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis set out in the Notes thereon of the Appendix.

Other Matters

- 13 This report is issued for the sole purpose of inclusion in the Abridged Prospectus of RHB Capital in connection with the Rights Issue and should not be used or relied upon for any other purpose. We accept no duty of responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any transaction other than the Rights Issue and Corporate Exercises.

Yours faithfully,

A stylized signature of PricewaterhouseCoopers, written in a cursive script.

PricewaterhouseCoopers
(No. AF: 1146)
Chartered Accountants

A stylized signature of Ng Yee Ling, written in a cursive script.

Ng Yee Ling
(No. 3032/01/17 (J))
Chartered Accountant

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF RHB BANK AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON
(Cont'd)



APPENDIX

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RHB BANK BERHAD

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 AND THE NOTES THEREON**

1 Introduction

- 1.1 The Pro Forma Consolidated Statements of Financial Position of RHB Bank Berhad ("RHB Bank" or "the Bank") and its subsidiaries ("RHB Bank Group"), a wholly owned subsidiary of RHB Capital Berhad ("RHB Capital") as at 31 December 2014 together with the notes thereon, for which the Directors of RHB Capital are solely responsible, have been prepared for illustrative purposes only in connection with the Completed Event, Rights Issue and Corporate Exercises of RHB Capital as set out in Notes 2 and 3 respectively.

2 Completed event

- 2.1 A single-tier 2nd interim dividend of 8.665 sen amounting to RM583.27 million in respect of the financial year ended 31 December 2014. The 2nd interim dividend was approved by the Board of Directors on 29 January 2015 and 75% of the 2nd interim dividend amounting to RM437.46 million has been recapitalised into the Bank to preserve its capital adequacy for business growth purposes on 3 April 2015 via the issuance of approximately 190.20 million new ordinary shares of RM0.50 each in RHB Bank ("RHB Bank Shares") at an issue price of RM2.30 per share.

3 Rights Issue and Corporate Exercises**3.1 Rights Issue by RHB Capital and Capital Injection into RHB Bank ("Capital Injection")**

RHB Capital is proposing to undertake a renounceable rights issue of up to 517,696,286 new ordinary shares of RM1.00 each in RHB Capital ("Rights Shares") to raise proceeds of up to RM2,495,296,099 ("Proceeds") ("Rights Issue").

The issue price and the entitlement basis for the Rights Issue has been fixed at RM4.82 per Rights Share ("Issue Price") on the basis of one (1) Rights Share for every five (5) existing RHB Capital Shares held by the entitled shareholders of RHB Capital as at the entitlement date.

On 17 September 2015, the Board of RHB Capital had announced that Bank Negara Malaysia ("BNM") had vide its letter dated 14 September 2015 informed the Company of its order to Aabar Investments PJS ("Aabar"), a 21.09% shareholder of RHB Capital as at 26 October 2015, being the latest practicable date prior to the registration of the Abridged Prospectus ("LPD"), pursuant to Section 94(2) of the Financial Services Act 2013, relating to Aabar's shareholdings in the Company ("Order"). BNM had also, vide the same letter, required the Company to give effect to the Order prohibiting Aabar from exercising its voting rights in respect of Shares held in excess of 15% and the Company is prohibited from issuing any further Shares to Aabar in right of shares which are in excess of 15%.

As RHB Capital is restricted from provisionally allotting any Rights Shares in excess of the 15% shareholding limit to Aabar, pursuant to the Order, the implementation of the Rights Issue is illustrated under two (2) scenarios as follows:

(i) Scenario I: Assuming Aabar's shareholdings in RHB Capital is 15% or less as at the entitlement date

Under this Scenario I, RHB Capital shall provisionally allot 517,696,286 Rights Shares to the Entitled Shareholders on the basis of one (1) Rights Share for every five (5) existing RHB Capital Shares held on the entitlement date.

Based on the Issue Price, the Rights Issue under Scenario I will raise proceeds of RM2,495,296,099.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF RHB BANK AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



**RHB BANK BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 AND THE NOTES THEREON**

3 Rights Issue and Corporate Exercises (continued)

3.1 Rights Issue by RHB Capital and Capital Injection into RHB Bank ("Capital Injection") (continued)

(ii) Scenario II: Assuming Aabar's shareholdings in RHB Capital as at LPD of 21.09% is maintained as at the entitlement date

Under this Scenario II, RHB Capital shall provisionally allot 486,193,294 Rights Shares to the Entitled Shareholders on the basis of one (1) Rights Share for every five (5) existing RHB Capital Shares held on the entitlement date.

The 486,193,294 Rights Shares under this Scenario II is computed based on the total Rights Shares to be issued under Scenario I of 517,696,286 Rights Shares and after excluding 6.09% of Aabar's entitlement, which represents the difference between Aabar's shareholdings in RHB Capital as at LPD of 21.09% and the 15% shareholding limit under the Order.

Based on the Issue Price, the Rights Issue under Scenario II will raise proceeds of RM2,343,451,677. It is the intention of RHB Capital to inject the Proceeds to be raised from the Rights Issue of RHB Capital into RHB Bank, to further capitalise RHB Bank and to finance the working capital requirements of RHB Bank Group to support the future growth of the businesses of RHB Bank ("Capital Injection"), only if the relevant approvals for the Proposed Internal Reorganisation (as set out in Note 3.2) are obtained and the Proposed Internal Reorganisation is implemented. Pursuant to the Capital Injection, RHB Bank will be issuing new ordinary shares of RM1.00 each in RHB Bank ("new Consolidated RHB Bank Shares") to RHB Capital at an issue price equivalent to the fair market value of RHB Bank Group, which will be determined based on, amongst others, the price-to-book ratio of comparable financial institution groups listed on Bursa Malaysia Securities Berhad.

Prior to the Capital Injection, RHB Bank will undertake the proposed consolidation of two (2) RHB Bank Shares into one (1) new ordinary share of RM1.00 each ("Proposed Consolidation of RHB Bank Shares").

3.2 Proposed Internal Reorganisation

The Proposed Internal Reorganisation will entail the transfer by RHB Capital of its identified assets, which includes its entire equity interests in, or certain assets and liabilities of its subsidiaries ("Identified Assets") to RHB Bank, after the Rights Issue, for a total indicative consideration of RM3.71 billion, to be satisfied entirely in cash ("Purchase Consideration").

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF RHB BANK AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



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RHB BANK BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 AND THE NOTES THEREON (CONTINUED)

3 Rights Issue and Corporate Exercises (continued)

3.2 Proposed Internal Reorganisation (continued)

The Purchase Consideration was arrived at based on a 'willing-buyer, willing-seller' basis after taking into consideration the audited net assets ("NA") or net liabilities ("NL") and/or the audited net book value ("NBV") of the Identified Assets as extracted from the audited financial statements of the respective subsidiaries of RHB Capital as at 31 December 2014. The Identified Assets comprise the following:

No.	Identified Assets	Effective equity interest of RHB Capital (%)	Audited NA/(NL) and/or NBV as at 31 December 2014 RM'000	Purchase Consideration RM'000
1.	RHB Investment Bank Berhad, its subsidiaries and joint ventures ⁽¹⁾	100.00	2,951,088	2,951,088
2.	RHB Insurance Berhad	94.70	372,561	335,059 ⁽²⁾
3.	RHB Finexasia.Com Sdn Bhd ⁽³⁾ and its subsidiary, RHB OSK Stock188.Com Sdn Bhd	100.00	22,458	22,458
4.	Other direct wholly-owned subsidiaries of RHB Capital ⁽⁴⁾	100.0	7,728 ⁽⁵⁾	7,774 ⁽⁵⁾
5.	Certain assets and liabilities of RHB Hartanah Sdn Bhd including its subsidiary, RHB Property Management Sdn Bhd	-	298,374	298,374 ⁽⁶⁾
6.	RHB Capital's other identified assets ⁽⁷⁾	-	94,219	94,219
	Total		3,746,428	3,708,972

Notes:-

- (1) Inclusive of RHB Capital's 20.00% equity interest in both RHB Trustees Berhad and Malaysian Trustees Berhad respectively.
- (2) Based on the adjusted NA of RHB Insurance Berhad after the payment of final dividends for the financial year ended 31 December 2014.
- (3) RHB Capital and RHB Investment Bank Berhad presently hold 59.95% equity interest and 40.05% equity interest in RHB Finexasia.Com Sdn Bhd respectively.
- (4) Comprises other wholly-owned subsidiaries of RHB Capital, namely RHB Equities Sdn Bhd, RHB Kawal Sdn Bhd, RHB Capital (Jersey) Limited (including its wholly-owned subsidiary, RHB (Philippines) Inc.) and RHB Sdn Bhd.
- (5) Represents the aggregate NA/NL of RHB Capital's wholly-owned subsidiaries. For subsidiaries which have capital deficiency, a minimum consideration of RM1.00 will be paid.
- (6) The Purchase Consideration for certain assets and liabilities of RHB Hartanah is based on the amounts recorded in the consolidated financial statements of RHB Capital.
- (7) RHB Capital's other identified assets include tax recoverable by RHB Capital ("Tax Recoverable"), the final amount of which can only be determined as at the completion date of the share sale agreement in relation to the Proposed Internal Reorganisation.

For the avoidance of doubt, certain subsidiaries of RHB Capital which are either dormant or in the process of being liquidated or voluntarily wound up will not be transferred to RHB Bank. For information purposes, the list of Identified Assets is not exhaustive and may be varied as the Board of RHB Capital may deem fit until the completion of the Proposed Internal Reorganisation.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF RHB BANK AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



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**RHB BANK BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 AND THE NOTES THEREON (CONTINUED)**

3 Rights Issue and Corporate Exercises (continued)

3.2 Proposed Internal Reorganisation (continued)

In addition to the above, as at 31 December 2014, RHB Capital holds 55.79% equity interest in RHB OSK Rupiah Liquid Fund ("Fund"). It is the intention of RHB Capital to redeem its investment in the Fund prior to the completion of the Proposed Internal Reorganisation.

RHB Capital and RHB Hartanah Sdn Bhd will be entering into a share sale agreement and asset purchase agreement with RHB Bank respectively ("Definitive Agreements"), upon receipt of all relevant approvals, to give effect to the Proposed Internal Reorganisation. The Purchase Consideration will be paid by RHB Bank in full upon completion of the Proposed Internal Reorganisation, in the manner to be set out in the Definitive Agreements. The Purchase Consideration, which will be funded using the internally generated funds of RHB Bank, is subject to adjustments in view that the final amount of Tax Recoverable can only be determined as at the completion date of the share sale agreement.

The Purchase Consideration to be received by RHB Capital under the Proposed Internal Reorganisation will be utilised to repay the bank borrowings of RHB Capital as well as to defray expenses relating to the Proposed Internal Reorganisation. Any excess cash after the repayment of all of RHB Capital's bank borrowings and defrayment of expenses relating to the Proposed Internal Reorganisation and after setting aside adequate cash to defray any expenses of RHB Capital will be injected into RHB Bank together with the proceeds from the redemption of the Fund (collectively referred to as the "Excess Cash") as additional capital, in exchange for new Consolidated RHB Bank Shares, which will be issued at the same issue price as the new Consolidated RHB Bank Shares to be issued to RHB Capital pursuant to the Capital Injection.

3.3 The proposals set out in Notes 3.1 to 3.2 are only amongst other proposals listed in the Abridged Prospectus that have been included for illustrative purposes in compiling the Pro Forma Consolidated Statements of Financial Position of RHB Bank. The other proposals not set out here do not have any financial implications on the Pro Forma Consolidated Statements of Financial Position of RHB Bank.

3.4 Inter-conditionality of the Rights Issue and Corporate Exercises

The Rights Issue of RHB Capital is not conditional upon any of the other Corporate Exercises.

The Proposed Internal Reorganisation is conditional upon the Rights Issue of RHB Capital but is not conditional upon the Proposed Distribution and Capital Repayment and the Transfer of Listing Status of RHB Capital.

The Proposed Distribution and Capital Repayment, Transfer of Listing Status and M&A Amendments of RHB Capital are inter-conditional upon each other and are also conditional upon the Proposed Internal Reorganisation and Rights Issue.

Save for the above, the Rights Issue and Corporate Exercises are not conditional upon any other corporate proposal of RHB Capital.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF RHB BANK AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



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**RHB BANK BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 AND THE NOTES THEREON (CONTINUED)**

4 Pro Forma Consolidated Statements of Financial Position as at 31 December 2014

The Pro Forma Consolidated Statements of Financial Position of RHB Bank as set out below have been prepared solely for illustrative purposes to show the effects on the audited Consolidated Statement of Financial Position of RHB Bank Group as at 31 December 2014 had the Completed Event, Rights Issue and Corporate Exercises as set out in Notes 2 and 3, have been effected on that date.

Scenario I: Assuming Aabar's shareholdings in RHB Capital is 15% or less as at the entitlement date

		Proforma I	Proforma II
	Audited 31.12.2014 RM'000	After Completed Event of Single- Tier Second Interim Dividend RM'000	After Proforma I, the Capital Injection and the Proposed Internal Reorganisation RM'000
ASSETS			
Cash and short term funds	15,536,640	15,390,823	16,520,856
Securities purchased under resale agreements	376,418	376,418	491,510
Deposits and placements with banks and other financial institutions	2,045,284	2,045,284	2,195,982
Financial assets held-for-trading	2,043,302	2,043,302	2,857,204
Financial investments available-for-sale	15,783,001	15,783,001	19,601,471
Financial investments held-to-maturity	19,698,097	19,698,097	20,469,830
Loans, advances and financing	139,544,308	139,544,308	140,685,153
Clients' and brokers' balances	-	-	1,525,147
Reinsurance assets	-	-	332,113
Other assets	1,071,882	1,071,882	1,505,956
Derivatives assets	1,283,855	1,283,855	1,285,230
Statutory deposits	5,201,170	5,201,170	5,421,007
Tax recoverable	59,792	59,792	159,685
Deferred tax assets	9,956	9,956	40,965
Investment in joint ventures	-	-	21,021
Property, plant and equipment	666,426	666,426	1,036,050
Goodwill and intangible assets	1,316,923	1,316,923	2,910,910
Total assets	204,637,054	204,491,237	217,060,090

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF RHB BANK AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



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**RHB BANK BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 AND THE NOTES THEREON (CONTINUED)**

4 Pro Forma Consolidated Statements of Financial Position as at 31 December 2014 (continued)

Scenario I: Assuming Aabar's shareholdings in RHB Capital is 15% or less as at the entitlement date

		Proforma I	Proforma II
	Audited 31.12.2014 RM'000	After Completed Event of Single- Tier Second Interim Dividend RM'000	After Proforma I, the Capital Injection and the Proposed Internal Reorganisation RM'000
LIABILITIES AND EQUITY			
Deposits from customers	154,856,511	154,856,511	157,133,993
Deposits and placements of banks and other financial institutions	17,956,370	17,956,370	21,349,618
Obligations on securities sold under repurchase agreements	489,506	489,506	508,416
Obligations on securities borrowed	-	-	113,780
Bills and acceptances payable	476,322	476,322	614,031
Clients' and brokers' balances	-	-	1,214,065
General insurance contract liabilities	-	-	775,699
Other liabilities	1,214,536	1,214,536	1,707,682
Derivative liabilities	1,193,538	1,193,538	1,224,684
Recourse obligation on loans sold to Cagamas Berhad	3,315,335	3,315,335	3,315,335
Tax liabilities	22,418	22,418	57,216
Deferred tax liabilities	40,818	40,818	51,076
Borrowings and senior debt securities	3,480,547	3,480,547	3,629,391
Subordinated obligations	5,549,961	5,549,961	6,099,402
Hybrid Tier-1 Capital Securities	606,529	606,529	601,515
Total liabilities	189,202,391	189,202,391	198,395,903

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF RHB BANK AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



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**RHB BANK BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 AND THE NOTES THEREON (CONTINUED)**

4 Pro Forma Consolidated Statements of Financial Position as at 31 December 2014 (continued)

Scenario I: Assuming Aabar's shareholdings in RHB Capital is 15% or less as at the entitlement date

	Audited 31.12.2014 RM'000	Proforma I After Completed Event of Single- Tier Second Interim Dividend RM'000	Proforma II After Proforma I, the Capital Injection and the Proposed Internal Reorganisation RM'000
Share capital	3,365,486	3,460,585	3,981,519
Reserves	12,069,177	11,828,261	14,662,192
	15,434,663	15,288,846	18,643,711
Minority interests	-	-	20,476
Total equity	15,434,663	15,288,846	18,664,187
Total liabilities and equity	204,637,054	204,491,237	217,060,090
No of RHB Bank Shares in issue ('000)	6,730,972	6,921,170	3,981,519
Net assets attributable to equity holders of the Bank per share (RM)	2.29	2.21	4.68
Gearing (times)	0.62	0.63	0.55

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF RHB BANK AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



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**RHB BANK BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 AND THE NOTES THEREON (CONTINUED)**

4 Pro Forma Consolidated Statements of Financial Position as at 31 December 2014 (continued)

Scenario II: Assuming Aabar's shareholdings in RHB Capital as at LPD of 21.09% is maintained as at the entitlement date

		Proforma I	Proforma II
		After Completed Event of Single- Tier Second Interim Dividend	After Proforma I, the Capital Injection and the Proposed Internal Reorganisation
	Audited 31.12.2014 RM'000	RM'000	RM'000
ASSETS			
Cash and short term funds	15,536,640	15,390,823	16,370,856
Securities purchased under resale agreements	376,418	376,418	491,510
Deposits and placements with banks and other financial institutions	2,045,284	2,045,284	2,195,982
Financial assets held-for-trading	2,043,302	2,043,302	2,857,204
Financial investments available-for-sale	15,783,001	15,783,001	19,601,471
Financial investments held-to-maturity	19,698,097	19,698,097	20,469,830
Loans, advances and financing	139,544,308	139,544,308	140,685,153
Clients' and brokers' balances	-	-	1,525,147
Reinsurance assets	-	-	332,113
Other assets	1,071,882	1,071,882	1,505,956
Derivatives assets	1,283,855	1,283,855	1,285,230
Statutory deposits	5,201,170	5,201,170	5,421,007
Tax recoverable	59,792	59,792	159,685
Deferred tax assets	9,956	9,956	40,965
Investment in joint ventures	-	-	21,021
Property, plant and equipment	666,426	666,426	1,036,050
Goodwill and intangible assets	1,316,923	1,316,923	2,910,910
Total assets	204,637,054	204,491,237	216,910,090

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF RHB BANK AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



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RHB BANK BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 AND THE NOTES THEREON (CONTINUED)

4 Pro Forma Consolidated Statements of Financial Position as at 31 December 2014 (continued)

Scenario II: Assuming Aabar's shareholdings in RHB Capital as at LPD of 21.09% is maintained as at the entitlement date

		Proforma I	Proforma II
	Audited	After Completed	After Proforma I,
	31.12.2014	Event of Single-	the Capital
	RM'000	Tier Second	Injection and the
		Interim Dividend	Proposed Internal
		RM'000	Reorganisation
			RM'000
LIABILITIES AND EQUITY			
Deposits from customers	154,856,511	154,856,511	157,133,993
Deposits and placements of banks and other financial institutions	17,956,370	17,956,370	21,349,618
Obligations on securities sold under repurchase agreements	489,506	489,506	508,416
Obligations on securities borrowed	-	-	113,780
Bills and acceptances payable	476,322	476,322	614,031
Clients' and brokers' balances	-	-	1,214,065
General insurance contract liabilities	-	-	775,699
Other liabilities	1,214,536	1,214,536	1,707,682
Derivative liabilities	1,193,538	1,193,538	1,224,684
Recourse obligation on loans sold to Cagamas Berhad	3,315,335	3,315,335	3,315,335
Tax liabilities	22,418	22,418	57,216
Deferred tax liabilities	40,818	40,818	51,076
Borrowings and senior debt securities	3,480,547	3,480,547	3,629,391
Subordinated obligations	5,549,961	5,549,961	6,099,402
Hybrid Tier-1 Capital Securities	606,529	606,529	601,515
Total liabilities	189,202,391	189,202,391	198,395,903

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF RHB BANK AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



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**RHB BANK BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 AND THE NOTES THEREON (CONTINUED)**

4 Pro Forma Consolidated Statements of Financial Position as at 31 December 2014 (continued)

Scenario II: Assuming Aabar's shareholdings in RHB Capital as at LPD of 21.09% is maintained as at the entitlement date

	Audited 31.12.2014 RM'000	Proforma I After Completed Event of Single- Tier Second Interim Dividend RM'000	Proforma II After Proforma I, the Capital Injection and the Proposed Internal Reorganisation RM'000
Share capital	3,365,486	3,460,585	3,956,394
Reserves	12,069,177	11,828,261	14,537,317
	15,434,663	15,288,846	18,493,711
Minority interests	-	-	20,476
Total equity	15,434,663	15,288,846	18,514,187
Total liabilities and equity	204,637,054	204,491,237	216,910,090
No of RHB Bank Shares in issue ('000)	6,730,972	6,921,170	3,956,394
Net assets attributable to equity holders of the Bank per share (RM)	2.29	2.21	4.67
Gearing (times)	0.62	0.63	0.56

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF RHB BANK AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



RHB BANK BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 AND THE NOTES THEREON (CONTINUED)

4 Pro Forma Consolidated Statements of Financial Position as at 31 December 2014 (continued)

The Pro Forma Consolidated Statements of Financial Position should be read in conjunction with the accompanying notes.

4.1 Basis of preparation

The Pro Forma Consolidated Statements of Financial Position of RHB Bank Group have been prepared based on the audited consolidated financial statements of RHB Bank for the financial year ended 31 December 2014 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and in a manner consistent with both the format of the audited consolidated financial statements and accounting policies adopted by RHB Bank for the financial year ended 31 December 2014, except for the adoption of the following new accounting policies:

4.1.1 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.

(a) Premium income

Premium income is recognised on the date of assumption of risk. Premium in respect of risks inception for which policies have not been raised as of the date of statements of financial position are accrued.

Premiums, claims and other transactions of inward treaty business are accounted for in the income statements as and when the statements of account are received.

Outward reinsurance premium are recognised in the same accounting period as the original policies

(b) Premium liabilities

Premium liabilities refer to the higher of:

- (i) The aggregate of the unearned premium reserves; or
- (ii) The best estimate value of the insurer's unexpired risk reserves at the valuation date and the Provision of Risk Margin for Adverse Deviation 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.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF RHB BANK AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



**RHB BANK BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 AND THE NOTES THEREON (CONTINUED)**

4 Pro Forma Consolidated Statements of Financial Position as at 31 December 2014 (continued)

4.1 Basis of preparation (continued)

(c) Claim liabilities

A liability for outstanding claims is recognised in respect of both direct insurance and inward reinsurance. The amount of claim 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, claim incurred but not reported, claims incurred but not enough reserve 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.

(d) 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 de-recognised when the related contracts are either settled or disposed of.

For presentation purposes, DAC is net off against premium liabilities in the financial statements.

(e) 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.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF RHB BANK AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



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**RHB BANK BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 AND THE NOTES THEREON (CONTINUED)**

4 Pro Forma Consolidated Statements of Financial Position as at 31 December 2014 (continued)

4.1 Basis of preparation (continued)

(e) Reinsurance (continued)

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.

Gains or losses on buying reinsurance are recognised in the income statements immediately at the date of purchase and are not amortised.

The Group also assumes reinsurance risk in the normal course of business for general insurance contracts when applicable.

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 de-recognised when the contractual rights are extinguished or expired 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.

(f) 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.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF RHB BANK AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



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RHB BANK BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 AND THE NOTES THEREON (CONTINUED)

4 Pro Forma Consolidated Statements of Financial Position as at 31 December 2014 (continued)

4.1 Basis of preparation (continued)

(f) Insurance contract liabilities (continued)

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 premium less related deferred acquisition costs is inadequate, the deficiency is recognised in income statements by setting up a provision for liability adequacy.

4.1.2 Joint ventures

A joint venture is a joint arrangement whereby the joint ventures have rights to the net asset of the arrangement. The Group's interest in a joint venture is accounted for in the financial statements by the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

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.

4.2 Pro Forma I

4.2.1 Pro Forma I incorporates the effects of Completed Event detailed in Note 2.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF RHB BANK AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



RHB BANK BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 AND THE NOTES THEREON (CONTINUED)

4 Pro Forma Consolidated Statements of Financial Position as at 31 December 2014 (continued)

4.3 Pro Forma II

4.3.1 Pro Forma II incorporates the effects of Proforma I, the Capital Injection and the Proposed Internal Reorganisation as detailed in Notes 3.1 and 3.2.

4.3.2 For illustrative purposes, Proforma II assumes that:

- (i) the Proceeds and Excess Cash after the repayment of RHB Capital's bank borrowings and defrayment of expenses relating to the Proposed Internal Reorganisation and after setting aside adequate cash to defray any expenses of RHB Capital totaling RM3.11 billion and RM2.96 billion under Scenario I and Scenario II respectively will be injected into RHB Bank as additional capital, in exchange for new Consolidated RHB Bank Shares, which assumed to be issued at RM5.97 per RHB Bank Share.
- (ii) the Proposed Internal Reorganisation is accounted as business combination under common control of which assets acquired, liabilities assumed and reserves are stated at the predecessor carrying amounts from the consolidated financial statements of the ultimate holding company of the Group. The difference between consideration given and the aggregate carrying amounts of the assets, liabilities and reserves of RM152.61 million is recorded as an adjustment to retained profits.
- (iii) the estimated expenses in relation to the Proposed Internal Reorganisation of approximately RM7.88 million are funded via internally generated fund and are charged out as an expense in profit or loss.

APPENDIX V

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF RHB BANK AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

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**RHB BANK BERHAD
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 AND THE NOTES THEREON (CONTINUED)**

5 Total Equity

The summary of adjustments made in Total Equity, as shown in Pro Forma I and Pro Forma II are as follows:

Scenario I: Assuming Aabar's shareholdings in RHB Capital is 15% or less as at the entitlement date

	Proforma I		Proforma II	
	Audited as at 31.12.2014 RM'000	Completed Event of single-tier interim dividend RM'000	Capital Injection and the Proposed Internal Reorganisation RM'000	After Proforma I, the Capital Injection and the Proposed Internal Reorganisation RM'000
Share Capital	3,365,486	95,099	520,934	3,981,519
Share premium	136,162	342,356	2,589,066	3,067,584
Statutory reserve	4,031,903	-	340,953	4,372,856
Other reserves	-	-	25,875	25,875
Available-for-sale reserves	190,466	-	2,496	192,962
Translation reserves	135,471	-	36,026	171,497
Retained profits	7,575,175	(583,272)	(160,485)	6,831,418
	15,434,663	(145,817)	3,354,865	18,643,711
Non-controlling interests	-	-	20,476	20,476
Total Equity	15,434,663	(145,817)	3,375,341	18,664,187

APPENDIX V

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF RHB BANK AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

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**RHB BANK BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 AND THE NOTES THEREON (CONTINUED)**

5 Total Equity (continued)

The summary of adjustments made in Total Equity, as shown in Pro Forma I and Pro Forma II are as follows:

Scenario II: Assuming Aabar's shareholdings in RHB Capital as at LPD of 21.09% is maintained as at the entitlement date

	Proforma I			Proforma II	
	Audited as at 31.12.2014 RM'000	Completed Event of single-tier interim dividend RM'000	After Completed Event of Single-Tier Second Interim Dividend RM'000	Capital Injection and the Proposed Internal Reorganisation RM'000	After Proforma I, the Capital Injection and the Proposed Internal Reorganisation RM'000
Share Capital	3,365,486	95,099	3,460,585	495,809	3,956,394
Share premium	136,162	342,356	478,518	2,464,191	2,942,709
Statutory reserve	4,031,903	-	4,031,903	340,953	4,372,856
Other reserves	-	-	-	25,875	25,875
Available-for-sale reserves	190,466	-	190,466	2,496	192,962
Translation reserves	135,471	-	135,471	36,026	171,497
Retained profits	7,575,175	(583,272)	6,991,903	(160,485)	6,831,418
	15,434,663	(145,817)	15,288,846	3,204,865	18,493,711
Non-controlling interests	-	-	-	20,476	20,476
Total Equity	15,434,663	(145,817)	15,288,846	3,225,341	18,514,187

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF RHB BANK AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON
(Cont'd)



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**RHB BANK BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 AND THE NOTES THEREON (CONTINUED)**

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of RHB Capital Berhad in accordance with a resolution dated 29 October 2015.

A handwritten signature in black ink, appearing to read "Khairussaleh Ramli".

DATO' KHAIRUSSALEH RAMLI
GROUP MANAGING DIRECTOR

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON

RHB CAPITAL BERHAD

(Incorporated in Malaysia)

Company No. 312952-H

STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014



NG YEE LING
(NG 3033/01/17(3))
PARTNER

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

RHB CAPITAL BERHAD

(Incorporated in Malaysia)

Company No. 312952-H

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Mohamed Khadar Merican

Tan Sri Azlan Zainol

Datuk Haji Faisal Siraj

Dato' Teo Chiang Liang

Datuk Seri Saw Choo Boon

Dato' Nik Mohamed Din Datuk Nik Yusoff

Mohamed Ali Ismaeil Ali AlFahim

Kellee Kam Chee Khiong

COMPANY SECRETARIES

Azman Shah Md Yaman

Ivy Chin So Ching

REGISTERED OFFICE

Level 9, Tower One

RHB Centre

Jalan Tun Razak

50400 Kuala Lumpur

Malaysia

AUDITORS

PricewaterhouseCoopers

Chartered Accountants

Level 10, 1 Sentral

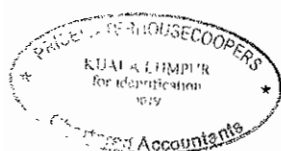
Jalan Travers

Kuala Lumpur Sentral

P.O. Box 10192

50706 Kuala Lumpur

Malaysia



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

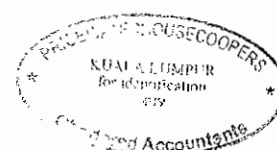
RHB CAPITAL BERHAD

(Incorporated in Malaysia)

Company No. 312952-H

**STATUTORY FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

RHB CAPITAL BERHAD

(Incorporated in Malaysia)

Company No. 312952-H

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 2014.

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.

FINANCIAL RESULTS

	<u>Group</u> RM'000	<u>Company</u> RM'000
Profit before taxation	2,735,053	32,308
Taxation	(671,589)	(986)
Net profit for the financial year	<u>2,063,464</u>	<u>31,322</u>

DIVIDENDS

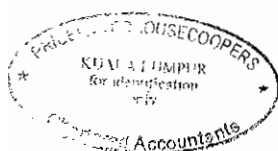
The dividends paid by the Company since 31 December 2013 was as follows:

	RM'000
In respect of the financial year ended 31 December 2013:	
- Single-tier final dividend of 10.30% paid on 23 July 2014	<u>262,332</u>

The shareholders of the Company have been granted an option by the Board of Directors to elect to reinvest the entire portion of the abovementioned final 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 for the abovementioned dividend was 72.47%.

The Directors have declared a single-tier interim dividend of 6.00% amounting to RM154,347,000 in respect of the financial year ended 31 December 2014. The interim dividend was approved by the Board of Directors on 29 January 2015.

Subject to the relevant regulatory approvals being obtained, 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 declared single-tier interim dividend into new ordinary shares of RM1.00 each in the Company in accordance with the approved DRP scheme of the Company.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**RHB CAPITAL BERHAD**

(Incorporated in Malaysia)

Company No. 312952-H

DIRECTORS' REPORT (CONTINUED)**DIVIDENDS (CONTINUED)**

The financial statements for the current financial year do not reflect this single-tier declared interim dividend. This dividend payment will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2015.

The Directors do not propose any final dividend for the financial year ended 31 December 2014.

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

On 23 July 2014, the Company increased its issued and paid up share capital from RM2,546,909,962 to RM2,572,456,783 via the issuance of 25,546,821 new ordinary shares of RM1.00 each arising from the DRP relating to the final dividend of 10.30% in respect of the financial year ended 31 December 2013.

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 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 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.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**RHB CAPITAL BERHAD**

(Incorporated in Malaysia)

Company No. 312952-H

DIRECTORS' REPORT (CONTINUED)**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 and 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.

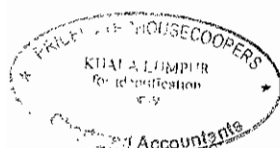
ITEMS OF AN UNUSUAL NATURE

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 52 to the financial statements.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

RHB CAPITAL BERHAD

(Incorporated in Malaysia)

Company No. 312952-H

DIRECTORS' REPORT (CONTINUED)

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

Datuk Seri Saw Choo Boon

Dato' Nik Mohamed Din Datuk Nik Yusoff

Mohamed Ali Ismaeil Ali AlFahim

(appointed on 9 May 2014)

Kellee Kam Chee Khiong

Pursuant to Article 80 of the Company's Articles of Association, Dato' Mohamed Khadar Merican retires at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-election.

Mr Kellee Kam Chee Khiong who retires pursuant to Article 80 of the Company's Articles of Association, has indicated his intention of not seeking re-election. He shall accordingly retire at the forthcoming Annual General Meeting.

Pursuant to Article 84 of the Company's Articles of Association, Mr Mohamed Ali Ismaeil Ali AlFahim retires at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-election.

Pursuant to the Guidelines on Tenure of Appointment/Re-appointment of Independent Non-Executive Directors ('INED') for RHB Capital Berhad Group of Companies, Dato' Mohamed Khadar Merican also retires at the forthcoming Annual General Meeting of the Company in view that he has attained the maximum INED's tenure stipulated therein. The Board will seek shareholders' approval at the forthcoming Annual General Meeting to retain Dato' Mohamed Khadar Merican as an INED of the Company.

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 <u>1.1.2014</u>	<u>DRP</u>	<u>Sold</u>	As at <u>31.12.2014</u>
<u>The Company</u>				
Dato' Mohamed Khadar Merican:				
- Direct	64,486	826	-	65,312
Dato' Teo Chiang Liang:				
- Indirect*	5,358	74	-	5,432

Note:

* Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of his substantial shareholding in Intereal Corporation Sdn Bhd.

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.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

RHB CAPITAL BERHAD

(Incorporated in Malaysia)
Company No. 312952-H

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' BENEFITS

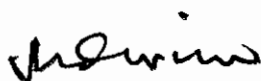
Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than Directors' remuneration and benefits-in-kind as disclosed in Note 37 to the financial statements) by reason of a contract made by the Company or a related corporation 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.

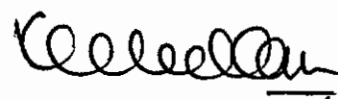
AUDITORS

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
5 March 2015

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

RHB CAPITAL BERHAD

(Incorporated in Malaysia)

Company No. 312952-H

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	Note	Group		Company	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short term funds	2	16,236,908	9,998,667	24,940	16,973
Securities purchased under resale agreements		491,510	217,475	-	-
Deposits and placements with banks and other financial institutions	3	2,298,588	2,773,314	1,017	983
Financial assets held-for-trading ('HFT')	4	2,930,681	4,037,728	-	-
Financial investments available-for-sale ('AFS')	5	19,602,176	16,930,513	-	-
Financial investments held-to-maturity ('HTM')	6	20,469,831	22,778,009	-	-
Loans, advances and financing	7	140,693,003	119,542,545	-	-
Clients' and brokers' balances	8	1,525,147	2,573,583	-	-
Reinsurance assets	9	332,113	260,952	-	-
Other assets	10	1,541,989	887,824	3,637	118,478
Derivative assets	11	1,285,230	459,033	-	-
Amounts due from subsidiaries	12	-	-	93	800
Statutory deposits	13	5,421,007	4,171,462	-	-
Tax recoverable		162,181	148,677	94,219	93,933
Deferred tax assets	14	38,465	31,225	-	1,181
Investments in subsidiaries	15	-	-	11,042,345	10,801,052
Investments in associates and joint ventures	16	21,021	20,949	-	-
Property, plant and equipment	17	1,030,681	1,020,481	322	326
Goodwill and intangible assets	18	5,273,905	5,237,470	-	-
TOTAL ASSETS		219,354,436	191,089,907	11,166,573	11,033,726

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

RHB CAPITAL BERHAD

(Incorporated in Malaysia)

Company No. 312952-H

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 (CONTINUED)**

	Note	Group		Company	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
LIABILITIES AND EQUITY					
Deposits from customers	19	157,133,993	137,741,241	-	-
Deposits and placements of banks and other financial institutions	20	21,349,618	16,998,355	-	-
Obligations on securities sold under repurchase agreements	21	508,416	566,621	-	-
Obligations on securities borrowed		113,780	31,734	-	-
Bills and acceptances payable		614,031	2,076,481	-	-
Clients' and brokers' balances	22	1,214,065	2,315,810	-	-
General insurance contract liabilities	23	775,699	662,211	-	-
Other liabilities	24	1,714,098	1,326,737	12,340	6,244
Derivative liabilities	11	1,224,684	348,063	-	-
Amounts due to subsidiaries	12	-	-	1,799	8,960
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')	25	3,315,335	2,269,353	-	-
Tax liabilities		57,321	29,767	-	-
Deferred tax liabilities	14	53,041	51,814	20	-
Borrowings and senior debt securities	26	5,685,352	4,546,825	3,111,433	2,936,600
Subordinated obligations	27	6,099,402	4,580,967	-	-
Hybrid Tier-1 Capital Securities	28	601,515	601,201	-	-
TOTAL LIABILITIES		200,460,350	174,147,180	3,125,592	2,951,804
Share capital	29	2,572,457	2,546,910	2,572,457	2,546,910
Reserves	30	16,221,840	14,192,161	5,468,524	5,535,012
		18,794,297	16,739,071	8,040,981	8,081,922
Non-controlling interests ('NCI')	31	99,789	203,656	-	-
TOTAL EQUITY		18,894,086	16,942,727	8,040,981	8,081,922
TOTAL LIABILITIES AND EQUITY		219,354,436	191,089,907	11,166,573	11,033,726
COMMITMENTS AND CONTINGENCIES	44	133,504,271	100,232,255		

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

RHB CAPITAL BERHAD

(Incorporated in Malaysia)

Company No. 312952-H

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		Group		Company	
	Notc	2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
Interest income	32	7,469,699	6,900,918	6,694	2,006
Interest expense	33	(4,178,367)	(3,626,432)	(128,154)	(130,883)
Net interest income/(expense)		3,291,332	3,274,486	(121,460)	(128,877)
Other operating income	34	2,211,396	2,085,405	179,092	502,324
		5,502,728	5,359,891	57,632	373,447
Net income from Islamic Banking business	35	732,151	590,872	-	-
Net income		6,234,879	5,950,763	57,632	373,447
Other operating expenses	36	(3,411,168)	(3,052,161)	(28,152)	(51,491)
Operating profit before allowances		2,823,711	2,898,602	29,480	321,956
Allowance for impairment on loans, financing and other losses	38	(206,242)	(447,961)	-	-
Impairment losses written back on other assets	39	117,309	18,904	2,828	-
		2,734,778	2,469,545	32,308	321,956
Share of results of associates		(105)	795	-	-
Share of results of joint ventures		380	427	-	-
Profit before taxation		2,735,053	2,470,767	32,308	321,956
Taxation	40	(671,589)	(627,229)	(986)	(15,298)
Net profit for the financial year		<u>2,063,464</u>	<u>1,843,538</u>	<u>31,322</u>	<u>306,658</u>
Attributable to:					
- Equity holders of the Company		2,038,000	1,831,190	31,322	306,658
- NCI		25,464	12,348	-	-
		<u>2,063,464</u>	<u>1,843,538</u>	<u>31,322</u>	<u>306,658</u>
Earnings per share (sen)					
- Basic	41	79.7	72.9		
- Diluted	41	<u>79.7</u>	<u>72.9</u>		

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

RHB CAPITAL BERHAD

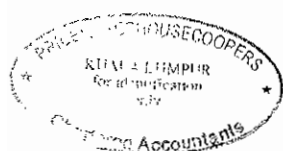
(Incorporated in Malaysia)

Company No. 312952-H

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial year	2,063,464	1,843,538	31,322	306,658
Other comprehensive income/(loss) in respect of:				
(i) Items that will not be reclassified to profit or loss:				
- Actuarial gain on defined benefit plan of subsidiaries	1,290	-	-	-
(ii) Items that will be reclassified subsequently to profit or loss:				
- Currency translation differences	160,170	86,434	-	-
- Financial investments AFS:				
- Unrealised net gain/(loss) on revaluation	115,900	(107,840)	-	-
- Net transfer to income statements on disposal or impairment	(43,854)	(34,856)	-	-
Income tax relating to components of other comprehensive (income)/loss	(15,578)	36,302	-	-
Other comprehensive income/(loss), net of tax for the financial year	217,928	(19,960)	-	-
Total comprehensive income for the financial year	2,281,392	1,823,578	31,322	306,658
Total comprehensive income attributable to:				
- Equity holders of the Company	2,266,152	1,800,926	31,322	306,658
- NCI	15,240	22,652	-	-
	2,281,392	1,823,578	31,322	306,658

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



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

RHB CAPITAL BERHAD
(Incorporated in Malaysia)
Company No. 312952-H

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

Group	Note	Attributable to equity holders of the Company							Non-controlling Interests	Total Equity
		Share Capital RM'000	Share Premium RM'000	Statutory Reserve 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 2014		2,546,910	4,888,541	3,577,647	28,196	122,389	12,211	5,563,177	16,739,071	16,942,727
Net profit for the financial year		-	-	-	-	-	-	2,038,000	2,038,000	2,063,464
Currency translation differences		-	-	-	-	-	157,965	-	157,965	160,170
Financial investments AFS:		-	-	-	-	115,977	-	-	115,977	115,900
- Unrealised net gain/(loss) on revaluation		-	-	-	-	(28,960)	-	-	(28,960)	(43,854)
- Net transfer to income statements on disposal or impairment		-	-	-	-	-	-	1,276	1,276	1,290
Actuarial gain on defined benefit plan of subsidiaries		-	-	-	-	(17,787)	-	(319)	(18,106)	(15,578)
Income tax relating to components of other comprehensive (income)/loss	42	-	-	-	-	-	-	-	-	-
Other comprehensive income/(loss), net of tax, for the financial year		-	-	-	-	69,230	157,965	957	228,152	217,928
Total comprehensive income for the financial year		-	-	-	-	69,230	157,965	2,038,957	2,266,152	2,281,392
Transfer to statutory reserve		-	-	240,152	-	-	-	(240,152)	-	-
Dividends paid	43	-	-	-	-	-	-	(262,332)	(262,332)	(263,325)
Shares issued pursuant to DRP	29	25,547	164,522	-	-	-	-	-	190,069	190,069
Acquisition of a subsidiary	52(f)	-	-	-	-	-	-	-	-	-
Dilution of interest in subsidiaries		-	-	-	-	-	-	-	-	-
Acquisition of additional interests from NCI	52(e)	-	-	-	-	-	19,450	(158,113)	(138,663)	(190,547)
Disposal of a subsidiary	52(b)	-	-	-	-	-	1,708	(1,708)	-	-
Balance as at 31 December 2014		2,572,457	5,053,063	3,817,799	28,196	191,619	191,334	6,939,829	18,794,297	18,894,086

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

RHB CAPITAL BERHAD
(Incorporated in Malaysia)
Company No. 312952-H

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

Group	Note	Attributable to equity holders of the Company							Non-controlling Interests	Total Equity
		Share Capital RM'000	Share Premium RM'000	Statutory Reserve 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 2013		2,494,208	4,548,602	3,494,397	28,196	234,337	(69,473)	4,386,948	15,117,215	15,340,480
Net profit for the financial year		-	-	-	-	-	-	1,831,190	1,831,190	1,843,538
Currency translation differences		-	-	-	-	-	81,684	-	81,684	86,434
Financial investments AFS:		-	-	-	-	(113,372)	-	-	(113,372)	(107,840)
- Unrealised net (loss)/gain on revaluation		-	-	-	-	(34,856)	-	-	(34,856)	(34,856)
- Net transfer to income statements on disposal or impairment		-	-	-	-	36,280	-	-	36,280	36,302
Income tax relating to components of other comprehensive loss	42	-	-	-	-	-	-	-	-	-
Other comprehensive (loss)/income, net of tax, for the financial year		-	-	-	-	(111,948)	81,684	-	(30,264)	(19,960)
Total comprehensive (loss)/income for the financial year		-	-	-	-	(111,948)	81,684	1,831,190	1,800,926	1,823,578
Transfer to statutory reserve		-	-	83,250	-	-	-	(83,250)	-	-
Dividends paid	43	-	-	-	-	-	-	(553,200)	(553,200)	(563,642)
Shares issued pursuant to DRP	29	52,702	339,939	-	-	-	-	-	392,641	392,641
Accretion on deemed disposal of interest in an associate		-	-	-	-	-	-	(748)	(748)	(748)
Acquisition of additional interests by NCI		-	-	-	-	-	-	-	-	431
Acquisition of additional interests from NCI	52(k)&(l)	-	-	-	-	-	-	(17,763)	(17,763)	(50,013)
Balance as at 31 December 2013		2,546,910	4,888,541	3,577,647	28,196	122,389	12,211	5,563,177	16,739,071	16,942,727

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

RHB CAPITAL BERHAD

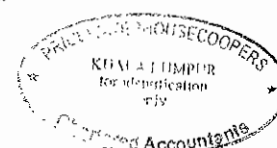
(Incorporated in Malaysia)

Company No. 312952-H

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	Note	Share Capital RM'000	Non Distributable Share Premium RM'000	Distributable Retained Profits RM'000	Total RM'000
Company					
Balance as at 1 January 2014		2,546,910	4,888,541	646,471	8,081,922
Net profit for the financial year		-	-	31,322	31,322
Dividends paid	43	-	-	(262,332)	(262,332)
Shares issued pursuant to DRP	29	25,547	164,522	-	190,069
Balance as at 31 December 2014		2,572,457	5,053,063	415,461	8,040,981
Balance as at 1 January 2013		2,494,208	4,548,602	893,013	7,935,823
Net profit for the financial year		-	-	306,658	306,658
Dividends paid	43	-	-	(553,200)	(553,200)
Shares issued pursuant to DRP	29	52,702	339,939	-	392,641
Balance as at 31 December 2013		2,546,910	4,888,541	646,471	8,081,922

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



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

RHB CAPITAL BERHAD

(Incorporated in Malaysia)

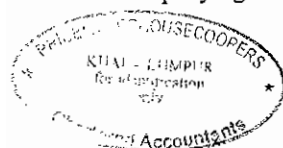
Company No. 312952-H

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Group	
		2014	2013
		RM'000	RM'000
Cash flows from operating activities			
Profit before taxation		2,735,053	2,470,767
Adjustments for:			
Allowance for impairment on loans, financing and other losses		583,281	778,569
Property, plant and equipment:			
- Depreciation		115,282	113,475
- Gain on disposal		(17,686)	(316)
- Written off		403	459
- Impairment losses written back		(1,252)	-
Intangible assets:			
- Amortisation		67,720	56,133
- Written off		99	219
- Impairment losses made		3,321	-
Net impairment written back on financial investments AFS and HTM		(119,378)	(18,445)
Accretion of discount for borrowings and subordinated obligations		916	2,193
Share of results of associates and joint ventures		(275)	(1,222)
Interest income from financial assets HFT, financial investments AFS and HTM		(1,367,091)	(1,166,546)
Investment income from financial assets HFT, financial investments AFS and HTM		(189,824)	(171,830)
Net gain arising from sale/early redemption of financial assets HFT, financial investments AFS and HTM		(135,637)	(152,881)
Net unrealised loss/(gain) on revaluation of financial assets HFT and derivatives		84,477	(164,825)
Net gain on fair value hedges		(2,374)	(692)
Net unrealised foreign exchange gain		(37,055)	(113,459)
Gross dividend income from financial assets HFT, financial investments AFS and HTM		(35,452)	(28,560)
Net gain on disposal of an associate		(8,202)	(8,737)
Net loss on disposal of a subsidiary		247	-
Operating profit before working capital changes		1,676,573	1,594,302
(Increase)/Decrease in operating assets:			
Securities purchased under resale agreements		(270,285)	516,490
Deposits and placements with banks and other financial institutions		476,503	865,441
Financial assets HFT		1,266,449	(1,194,063)
Loans, advances and financing		(21,531,456)	(10,807,844)
Clients' and brokers' balances		1,048,436	413,295
Other assets and reinsurance assets		(792,907)	(25,119)
Statutory deposits		(1,241,341)	(276,815)
		(21,044,601)	(10,508,615)

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



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

RHB CAPITAL BERHAD

(Incorporated in Malaysia)

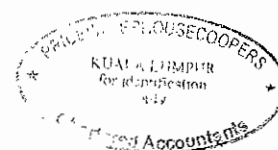
Company No. 312952-H

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

	Note	Group 2014 RM'000	2013 RM'000
Cash flows from operating activities (Continued)			
Increase/(Decrease) in operating liabilities:			
Deposits from customers		19,155,751	(761,366)
Deposits and placements of banks and other financial institutions		4,282,655	3,482,050
Obligations on securities sold under repurchase agreements		(61,560)	326,611
Obligations on securities borrowed		81,803	(88,171)
Bills and acceptances payable		(1,462,506)	(1,561,118)
Clients' and brokers' balances		(1,101,745)	(415,885)
Other liabilities and general insurance contract liabilities		622,452	284,836
Recourse obligation on loans sold to Cagamas		1,045,982	(176,008)
		<u>22,562,832</u>	<u>1,090,949</u>
Cash generated from/(used in) operations		3,194,804	(7,823,364)
Net tax paid		(680,200)	(748,052)
Net cash generated from/(used in) operating activities		<u>2,514,604</u>	<u>(8,571,416)</u>
Cash flows from investing activities			
Net disposal/(purchase) of financial investments AFS and HTM		7,628	(5,319,234)
Property, plant and equipment:			
- Purchase		(125,644)	(80,261)
- Proceeds from disposal		27,543	1,029
Purchase of intangible assets		(110,859)	(73,199)
Financial investments AFS and HTM:			
- Interest received		1,356,044	1,009,743
- Investment income received		180,669	149,403
Dividend income received from financial assets HFT and financial investments AFS		26,926	28,199
Acquisition of additional interests from NCI	52(e)/52(k)&(l)	(329,210)	(50,013)
Net cash inflow from disposal of an associate	52(e)/52(l)	9,070	26,201
Net cash inflow from disposal of a subsidiary	52(b)	265	-
Net cash inflow from acquisition of a subsidiary	52(f)	1,520	-
Refund of Bank Mestika deposits	52(a)	112,515	-
Net cash generated from/(used in) investing activities		<u>1,156,467</u>	<u>(4,308,132)</u>

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



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

RHB CAPITAL BERHAD

(Incorporated in Malaysia)

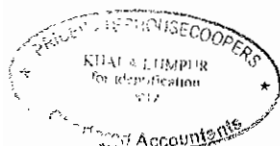
Company No. 312952-H

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

	Note	Group 2014 RM'000	2013 RM'000
Cash flows from financing activities			
Proceeds from issuance of subordinated notes		1,000,000	-
Repayment of subordinated notes		-	(160,485)
Proceeds from issuance of Subordinated Sukuk Murabahah		500,000	-
Proceeds from issuance of USD senior notes		1,048,950	-
Drawdown of borrowings		686,483	717,530
Repayment of borrowings		(740,061)	(1,518,369)
Proceeds from shares issued pursuant to DRP		190,069	392,641
Dividends paid to equity holders of the Company		(262,332)	(553,200)
Dividends paid to NCI		(993)	(10,442)
Net cash generated from/(used in) financing activities		<u>2,422,116</u>	<u>(1,132,325)</u>
Net increase/(decrease) in cash and cash equivalents		6,093,187	(14,011,873)
Effects of exchange rate differences		145,054	36,590
Cash and cash equivalents:			
- at the beginning of the financial year		9,998,667	23,973,950
- at the end of the financial year		<u>16,236,908</u>	<u>9,998,667</u>
Cash and cash equivalents comprise the following:			
Cash and short term funds	2	<u>16,236,908</u>	<u>9,998,667</u>

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



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

RHB CAPITAL BERHAD

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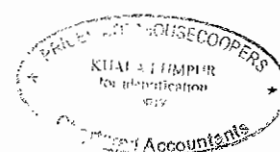
Company No. 312952-H

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

	Note	Company	
		2014	2013
		RM'000	RM'000
Cash flows from operating activities			
Profit before taxation		32,308	321,956
Adjustments for:			
Interest expense		128,154	130,883
Unrealised foreign exchange loss		-	506
Property, plant and equipment:			
- Depreciation		216	247
- Gain on disposal		-	(2)
Dividend income		(206,956)	(473,149)
Interest income		(6,694)	(2,006)
Impairment losses written back on other assets		(2,828)	-
Operating loss before working capital changes		(55,800)	(21,565)
Increase in deposits and placements with banks and other financial institutions		(34)	(20)
(Increase)/decrease in inter-company balances		(699)	2,161
Decrease in other assets		2,762	32,320
Increase/(Decrease) in other liabilities		6,096	(55,215)
Cash used in operations		(47,675)	(42,319)
Net tax (paid)/refunded		(71)	23,312
Net cash used in operating activities		(47,746)	(19,007)
Cash flows from investing activities			
Dividend income received from subsidiaries		206,956	443,232
Interest income received		6,687	5,040
Purchase of property, plant and equipment		(212)	(87)
Refund of Bank Mestika deposits	52(a)	112,515	-
Increase in investments in subsidiaries		(265,610)	-
Proceeds from disposal of investment in a subsidiary		-	7,964
Proceeds from disposal of property, plant and equipment		-	2
Net cash generated from investing activities		60,336	456,151

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



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

RHB CAPITAL BERHAD

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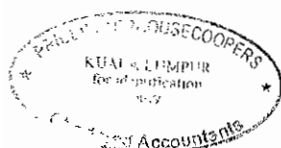
Company No. 312952-H

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

	Note	Company	
		2014	2013
		RM'000	RM'000
Cash flows from financing activities			
Drawdown of borrowings		969,000	1,225,650
Repayment of borrowings		(760,000)	(1,411,300)
Advances from a subsidiary		21,411	-
Interest expense paid		(162,771)	(110,139)
Dividends paid to equity holders of the Company		(262,332)	(553,200)
Proceeds from shares issued pursuant to DRP		190,069	392,641
Net cash used in financing activities		(4,623)	(456,348)
Net increase/(decrease) in cash and cash equivalents		7,967	(19,204)
Cash and cash equivalents:			
- at the beginning of the financial year		16,973	36,177
- at the end of the financial year		24,940	16,973
Cash and cash equivalents comprise the following:			
Cash and short term funds	2	24,940	16,973

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



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

RHB CAPITAL BERHAD

(Incorporated in Malaysia)

Company No. 312952-H

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(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 THE FINANCIAL STATEMENTS

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

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

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

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires Directors to exercise their judgement in the process of applying the Group's and the 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) 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 existing accounting standards that are effective for the Group's and the Company's financial year beginning on or after 1 January 2014 are as follows:

- | | |
|---|--|
| • Amendments to MFRS 10, MFRS 12 and MFRS 127 | Investment Entities |
| • Amendments to MFRS 132 | Offsetting Financial Assets and Financial Liabilities |
| • Amendments to MFRS 139 | Novation of Derivatives and Continuation of Hedge Accounting |
| • IC Interpretation 21 | Levies |

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



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

RHB CAPITAL BERHAD

(Incorporated in Malaysia)

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(1) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (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

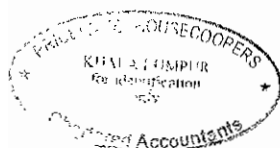
- MFRS 15 'Revenue from Contracts with Customers' (effective from 1 January 2017) deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replace MFRS 118 'Revenue' and MFRS 111 'Construction Contracts' and related interpretations.
- MFRS 9 'Financial Instruments' (effective from 1 January 2018) replaces the parts of MFRS 139 'Financial Instruments: Recognition and Measurement'. The complete version of MFRS 9 was issued in November 2014.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ('OCI'). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

There is now a new expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Group is in the process of reviewing the requirements of MFRS 15 and MFRS 9, especially for MFRS 9, to identify critical issues and to design robust methodologies arising from the adoption of this standard. The Group expects this process to be completed prior to the effective date on 1 January 2017 and 1 January 2018 respectively.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

RHB CAPITAL BERHAD

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(2) BASIS OF CONSOLIDATION

(a) Subsidiaries

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

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

Acquisition accounting

The Group applies the acquisition method to account for business combination. The consideration transferred for acquisition of a subsidiary is the fair value 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 combination and its share of changes in the subsidiary's equity since the date of combination.

Acquisition-related costs are expensed as incurred.

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

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

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, 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 attributed to non-controlling interest for prior years is not restated.

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

RHB CAPITAL BERHAD

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(2) BASIS OF CONSOLIDATION (CONTINUED)

(a) Subsidiaries (continued)

Predecessor accounting

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

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

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

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

(c) Disposal of subsidiaries

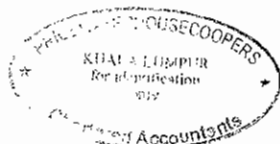
When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for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

(d) Joint ventures

A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement. The Group's interest in a joint venture is accounted for in the financial statements by the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

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.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(2) BASIS OF CONSOLIDATION (CONTINUED)

(e) 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 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.

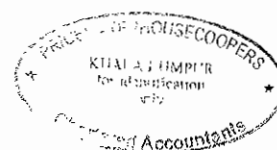
Dilution gains and losses arising in investments in associates are recognised in the income statements.

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.

(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.



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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 AFS and HTM. 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 HFT. A financial asset is classified in this category if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term. Derivatives are also categorised as HFT unless they are designated as hedges. Refer to accounting policy Note 6.

(ii) Loans and receivables

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

(iii) Financial investments AFS

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

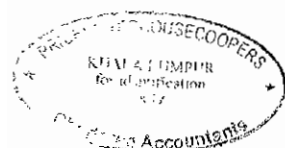
(iv) Financial investments HTM

Financial investments HTM 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 HTM, the whole category would be tainted and reclassified as financial investments AFS.

(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.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(4) FINANCIAL ASSETS (CONTINUED)

(c) Subsequent measurement - gain and loss

Financial investments AFS and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and financial investments HTM 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 AFS 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 AFS are recognised separately in income statements. Interest on financial investments AFS calculated using the effective interest method is recognised in income statements. Dividend income on financial investments AFS 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 de-recognised until the recourse period has expired and the risks and rewards of the loans and receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

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

(e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount will be 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(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.

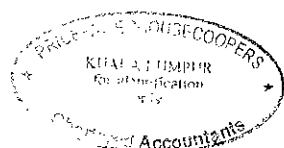
The difference between sale and repurchase price as well as purchase and resale price are amortised as interest income and interest expense respectively on an effective yield method.

(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.

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.



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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(6) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONTINUED)

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).

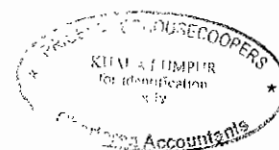
When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statements. When a forecast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

(7) FORECLOSED PROPERTIES

Foreclosed properties are stated at lower of cost or fair value less cost to sell.



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(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(8) GOODWILL AND INTANGIBLE ASSETS

Intangible assets comprise separately identifiable intangible items arising from business combinations, computer software licenses and other intangible assets. Intangible assets are recognised at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Intangible assets with a definite useful life are amortised using the straight-line method over their estimated useful economic life. Intangible assets with an indefinite useful life are not amortised. Generally, the identified intangible assets of the Group have a definite useful life. At each date of the consolidated statement of financial position, intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exists, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount. Intangible assets with indefinite useful life are annually tested for impairment and whenever there is an indication that the asset may be impaired. Refer to accounting policy Note 23 on impairment of non-financial 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 ('CGUs') for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the synergies of the business combination in which the goodwill arose, identified according to operating segment.

(b) Computer software licenses

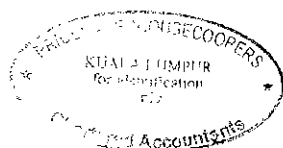
Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software licenses are subsequently carried at cost less accumulated amortisation and impairment losses. These costs are amortised over the estimated useful lives of 3 to 10 years.

(c) Other intangible assets

Other intangible assets consist of customer relationship, brand, trading rights and membership. Other intangible assets are initially recognised when they are separable or arose from contractual or other legal rights, and when the cost can be measured reliably and, in the case of intangible assets not acquired in a business combination, it is recognised where it is probable that future economic benefits attributable to the assets will flow from their use. The value of intangible assets which are acquired in a business combination is generally determined using income approach methodologies such as the discounted cash flow method.

Other intangible assets are stated at cost less amortisation and allowance for impairment, if any, plus reversals of impairment, if any. They are amortised over their useful lives in a manner that reflects the pattern to which they contribute to future cash flows, generally over the following useful lives:

Customer relationship	10 years
Brand	3-10 years



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(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(8) GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

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. Gains 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 de-recognised.

(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 de-recognised. All other repair and maintenance costs are recognised as expense in income statements during the financial period in which they are incurred.

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

	Amortised over the period of the lease*
Leasehold land	
Buildings	2% to 3.33%
Renovations and improvements	10% to 11%
Computer equipment	14.28% to 33.33%
Furniture, fittings and equipment	10% to 20%
Motor vehicles	20%
Computer software	10% to 33.33%

* The remaining period of the lease ranges from 3 to 880 years.

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

Gains or losses on disposals are determined by comparing proceeds with carrying amounts 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.

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(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(10) FINANCIAL LIABILITIES

Financial liabilities are measured at amortised cost, except for trading liabilities designated at fair value, which are held at fair value through profit or loss. Financial liabilities are initially recognised at fair value plus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss. Financial liabilities are de-recognised when extinguished.

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

This category comprises two sub-categories: financial liabilities as HFT, and financial liabilities designated at fair value through profit or loss upon initial recognition.

A financial liability is classified as HFT 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 HFT unless they are designated as hedges. Refer to accounting policy Note 6 on hedge accounting.

(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.

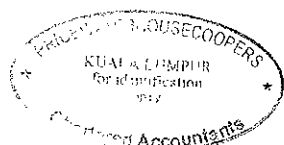
Other financial liabilities measured at amortised cost are deposits from customers, deposits and placements of banks and other financial institutions, obligations on securities sold under repurchase agreements, obligations on securities borrowed, bills and acceptances payable, clients' and brokers' balances, recourse obligation on loans sold to Cagamas and other financial liabilities.

(c) Borrowings measured at amortised cost

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

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

Borrowings measured at amortised cost are long term and short term borrowings from financial institution, subordinated obligations, senior debt securities and Hybrid Tier-1 Capital Securities.



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(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(11) RECOURSE OBLIGATION ON LOANS SOLD TO CAGAMAS

In the normal course of banking operations, the 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.

(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 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 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.

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(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 statement 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.

(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 expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment 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.

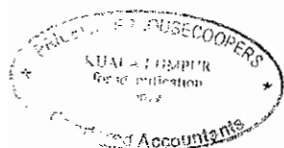
(15) FINANCIAL GUARANTEE CONTRACTS

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 premium is recognised.

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

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



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(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 disclose 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.

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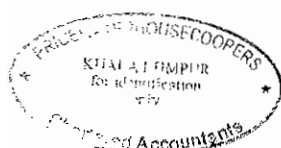
(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 continue unwinding the discount as interest income. Interest income on impaired loans 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 accrual basis and in accordance with the principles of Shariah.
- (f) Brokerage commission is recognised when contracts are executed. Interest income from margin financing, clients' overdue outstanding purposes 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 risk 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 and asset management company are recognised on accrual 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 the pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.



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(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 'HTM investment' have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(20) IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

(a) Assets carried at amortised cost (continued)

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.

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 assess them for impairment.

The Group addresses impairment for loans, advances and financing via either individually assessed allowance or collectively assessed allowance.

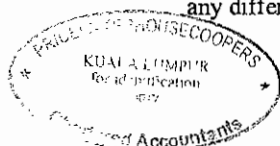
(i) Individual impairment allowance

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.

(ii) Collective impairment allowance

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

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated based on the historical loss experience of the Group. 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.



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(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(20) IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

(b) Assets classified as AFS

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 AFS 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 AFS, 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 AFS 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 AFS 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.

(a) Premium income

Premium income is recognised on the date of assumption of risk. Premium in respect of risks incepted for which policies have not been raised as of the date of statements of financial position are accrued.

Premiums, claims and other transactions of inward treaty business are accounted for in the income statements as and when the statements of account are received.

Outward reinsurance premium are recognised in the same accounting period as the original policies to which the reinsurance relate.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

RHB CAPITAL BERHAD

(Incorporated in Malaysia)

Company No. 312952-H

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(21) GENERAL INSURANCE (CONTINUED)

(b) Premium liabilities

Premium liabilities refer to the higher of:

- (i) The aggregate of the unearned premium reserves; or
- (ii) The best estimate value of the insurer's unexpired risk reserves at the valuation date and the Provision of Risk Margin for Adverse Deviation 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.

(c) Claim liabilities

A liability for outstanding claims is recognised in respect of both direct insurance and inward reinsurance. The amount of claim 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, claim incurred but not reported, claims incurred but not enough reserve 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.

(d) 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.

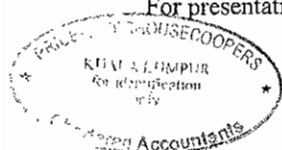
Subsequent to initial recognition, these costs are amortised on a straight-line basis based on the term of expected future premiums. Amortisation is recognised in income statements.

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 de-recognised when the related contracts are either settled or disposed of.

For presentation purposes, DAC is net off against premium liabilities in the financial statements.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

RHB CAPITAL BERHAD

(Incorporated in Malaysia)
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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(21) GENERAL INSURANCE (CONTINUED)

(e) 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.

Gains or losses on buying reinsurance are recognised in the income statements immediately at the date of purchase and are not amortised.

The Group also assumes reinsurance risk in the normal course of business for general insurance contracts when applicable.

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 de-recognised when the contractual rights are extinguished or expired 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.

(f) 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.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

RHB CAPITAL BERHAD

(Incorporated in Malaysia)

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(21) GENERAL INSURANCE (CONTINUED)

(f) Insurantee contract liabilities (continued)

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 premium less related deferred acquisition costs is inadequate, the deficiency is recognised in income statements by setting up a provision for liability adequacy.

(22) EMPLOYEE BENEFITS

(a) Short term employee benefits

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

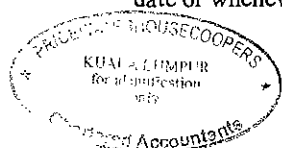
Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and the Company.

(b) Defined contribution plans

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

(c) Termination benefits

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



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 assets' fair value less costs to sell and value in use. For the purpose of assessing impairment, non-financial assets are grouped at the lowest levels for which there is separately identifiable cash 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 income statements.

(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.

Current tax 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 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 differences 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.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

RHB CAPITAL BERHAD

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(b) Transactions and balances

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

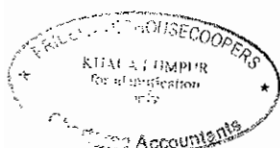
Changes in the fair value of monetary securities denominated in foreign currency classified as AFS are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes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

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

(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 statements 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 statements of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of transactions); and
- (iii) All resulting exchange differences are recognised as a separate component of other comprehensive income.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

RHB CAPITAL BERHAD

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(25) CURRENCY CONVERSION AND TRANSLATION (CONTINUED)

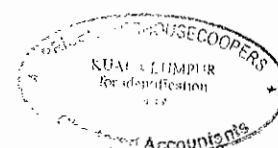
(c) Group companies (continued)

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 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 Management Committee as its chief operating decision-maker.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

RHB CAPITAL BERHAD

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(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 continuously 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:

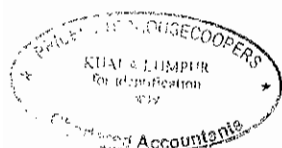
(a) Allowance for impairment of financial assets

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

The Group makes allowance for losses based on assessment of recoverability. Management's judgement is made in estimation of the amount and timing of future cash flows in assessing allowance for impairment of financial assets. Among the factors considered are the Group's 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 CGUs 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 flow from the CGU. Determining both the expected pre-tax cash flows rates used to discount future expected cash flows appropriate to the CGU 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 to the financial statements. The detailed disclosures on the assessment of impairment of goodwill are disclosed in Note 18 to the financial statements.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

RHB CAPITAL BERHAD

(Incorporated in Malaysia)

Company No. 312952-H

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

1 GENERAL INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia and listed on the Main Market 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.

The address of the registered office of the Company is Level 9, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur.

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 5 March 2015.

2 CASH AND SHORT TERM FUNDS

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	3,433,011	1,839,646	431	1,572
Money at call and deposit placements maturing within one month	12,803,897	8,159,021	24,509	15,401
	<u>16,236,908</u>	<u>9,998,667</u>	<u>24,940</u>	<u>16,973</u>

3 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Licensed banks	1,343,452	2,054,576	1,017	983
Licensed Islamic banks	340,892	90,339	-	-
Licensed investment banks	61,989	14,413	-	-
Other financial institutions	552,255	613,986	-	-
	<u>2,298,588</u>	<u>2,773,314</u>	<u>1,017</u>	<u>983</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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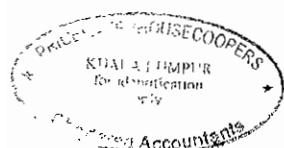
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

4 FINANCIAL ASSETS HELD-FOR-TRADING ('HFT')

	Group	
	2014	2013
	RM'000	RM'000
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian Government Securities	557,950	498,989
Malaysian Government Investment Issues	728,287	266,950
Bank Negara Malaysia ('BNM') Monetary Notes	-	1,151,172
Negotiable instruments of deposits	-	198,686
Cagamas bonds	6,968	-
Sukuk Perumahan Kerajaan ('SPK') bonds	20,116	-
Singapore Government Treasury Bills	502,281	466,438
Thailand Treasury Bills	-	6,372
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Shares, exchange traded funds and warrants	155,976	178,224
Unit trusts	56,483	3,323
Private debt securities	3,841	2,707
Outside Malaysia		
Shares, exchange traded funds and warrants	150,145	59,352
Unit trusts	82,994	34,008
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	424,192	816,024
Commercial paper	49,870	-
Outside Malaysia		
Private debt securities	17,588	355,483
Credit link notes	173,990	-
	<u>2,930,681</u>	<u>4,037,728</u>



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

4 FINANCIAL ASSETS HELD-FOR-TRADING ('HFT') (CONTINUED)

Included in financial assets HFT are private debt securities outside Malaysia, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RMNil (2013: RM200,296,000).

In 2008, the Group reclassified a portion of its financial assets HFT into financial investments AFS and 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 effects of the reclassification on the income statements for the period from the date of reclassification to 31 December 2014 were as follows:

	Carrying amount		Fair value	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Group				
Reclassified from financial assets HFT to financial investments AFS	29,823	31,214	29,450	30,798
Reclassified from financial assets HFT to financial investments HTM	21,140	19,786	21,409	20,711
	<u>50,963</u>	<u>51,000</u>	<u>50,859</u>	<u>51,509</u>
			Group	
			2014	2013
			RM'000	RM'000
Fair value (loss)/gain that would have been recognised if the financial assets HFT had not been reclassified			<u>(104)</u>	<u>509</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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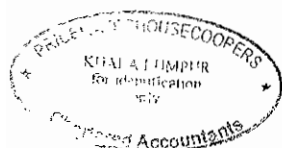
NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

5 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE ('AFS')

	Group	
	2014	2013
	RM'000	RM'000
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian Government Securities	1,168,982	1,051,413
Malaysian Government Investment Issues	2,413,705	2,078,025
Cagamas bonds	176,532	130,468
Khazanah bonds	58,123	63,654
1 Malaysia Sukuk	330,256	318,010
Wakala Global Sukuk	84,587	153,099
Bankers' acceptances and Islamic accepted bills	73,627	378,121
Negotiable instruments of deposits	649,516	403,558
Negotiable Islamic debt certificates	-	99,488
SPK bonds	125,034	114,212
Singapore Government Securities	161,233	136,433
Singapore Government Treasury Bills	409,666	272,185
Thailand Government bonds	120,895	96,341
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Corporate loan stocks	-	1,495
Shares and warrants	15,830	31,374
Unit trusts	12,976	5,571
Outside Malaysia		
Shares and warrants	1,800	1,332
Unit trusts	30,368	4,081
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private and Islamic debt securities	12,664,877	10,546,051
Shares and warrants	609,194	540,941
Corporate loan stocks	17,843	294,689
Prasarana bonds	35,185	19,816
Perpetual notes/Sukuk	286,084	286,149
Outside Malaysia		
Private and Islamic debt securities	442,042	360,082
Corporate loan stocks	2,151	2,093
Shares	396	34,375
	19,890,902	17,423,056
	(288,726)	(492,543)
	<u>19,602,176</u>	<u>16,930,513</u>
Accumulated impairment losses		

Included in financial investments AFS are private and Islamic debt securities, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM20,484,000 (2013: RM260,231,000).



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

5 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE ('AFS') (CONTINUED)

	Group	
	2014	2013
	RM'000	RM'000
Movements in allowance for impairment losses:		
Balance as at the beginning of the financial year	492,543	570,068
Charge during the financial year	15,601	24,516
Written back during the financial year	(124,229)	(11,496)
Disposal/redemption	(65,654)	(90,655)
Transfer to individual impairment allowance	(29,666)	-
Exchange differences	131	110
Balance as at the end of the financial year	288,726	492,543

6 FINANCIAL INVESTMENTS HELD-TO-MATURITY ('HTM')

	Group	
	2014	2013
	RM'000	RM'000
At amortised cost		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian Government Securities	2,343,015	2,639,090
Malaysian Government Investment Issues	5,710,589	6,833,778
Cagamas bonds	1,846,208	2,495,181
Khazanah bonds	101,835	79,176
Negotiable instruments of deposits	2,027,550	2,449,025
Bankers' acceptances and Islamic acceptance bills	-	33,634
Wakala Global Sukuk	249,958	234,800
SPK bonds	111,178	111,202
Singapore Government Securities	187,519	183,686
Thailand Government Securities	275,711	293,052
Sukuk (Brunei) Incorporation	39,689	38,897
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private and Islamic debt securities	6,868,950	6,679,142
Corporate loan stocks	70,171	43,292
Bonds	883	883
Prasarana bonds	810,498	822,555
Credit link notes	45,058	45,070
Outside Malaysia		
Private and Islamic debt securities	37,222	36,482
Credit link notes	17,891	33,581
	20,743,925	23,052,526
Accumulated impairment losses	(274,094)	(274,517)
	20,469,831	22,778,009

Included in financial investments HTM are private and Islamic debt securities, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM500,000,000 (2013:RM168,571,000).

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

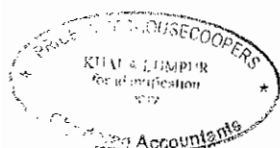
6 FINANCIAL INVESTMENTS HELD-TO-MATURITY ('HTM') (CONTINUED)

	Group	
	2014	2013
	RM'000	RM'000
Movements in allowance for impairment losses:		
Balance as at the beginning of the financial year	274,517	305,473
Charge during the financial year	2,817	-
Written back during the financial year	(13,567)	(31,465)
Transfer from individual impairment allowance	9,871	-
Exchange differences	456	509
Balance as at the end of the financial year	<u>274,094</u>	<u>274,517</u>

7 LOANS, ADVANCES AND FINANCING

	Group	
	2014	2013
	RM'000	RM'000
At amortised cost		
Overdrafts	6,327,913	5,990,867
Term loans/financing:		
- Housing loans/financing	31,988,629	25,375,496
- Syndicated term loans/financing	5,581,599	3,974,387
- Hire purchase receivables	13,348,197	13,052,001
- Lease receivables	33,706	70,174
- Other term loans/financing	66,671,673	55,620,652
Bills receivables	2,452,642	2,561,904
Trust receipts	626,381	523,804
Claims on customers under acceptance credits	3,662,085	4,327,803
Staff loans/financing	221,146	252,240
Credit/charge card receivables	1,994,710	2,004,163
Revolving credits/financing	9,577,509	7,999,405
Gross loans, advances and financing	<u>142,486,190</u>	<u>121,752,896</u>
Fair value changes arising from fair value hedges	<u>(26,870)</u>	<u>(26,697)</u>
	<u>142,459,320</u>	<u>121,726,199</u>
Allowance for impaired loans, advances and financing:		
- Individual impairment allowance	(417,232)	(903,388)
- Collective impairment allowance	<u>(1,349,085)</u>	<u>(1,280,266)</u>
Net loans, advances and financing	<u>140,693,003</u>	<u>119,542,545</u>

Included in loans, advances and financing are housing loans, hire purchase receivables and other term loans/financing sold to Cagamas with recourse amounting to RM3,304,749,000 (2013: RM2,351,114,000).



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7 LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group	
	2014	2013
	RM'000	RM'000
(a) By type of customer		
Domestic non-bank financial institutions:		
- Others	2,048,118	2,716,376
Domestic business enterprises:		
- Small and medium enterprises	18,836,370	12,432,608
- Others	33,958,165	31,997,072
Government and statutory bodies	7,457,968	8,476,645
Individuals	64,275,120	55,093,448
Other domestic entities	124,840	126,933
Foreign entities	15,785,609	10,909,814
	142,486,190	121,752,896
(b) By geographical distribution		
Malaysia	125,761,783	110,010,249
Labuan Offshore	3,585,654	3,399,433
Singapore	11,017,471	6,861,280
Thailand	1,061,038	749,899
Brunei	114,997	94,029
Indonesia	7,209	20,639
Hong Kong	143,844	148,102
Cambodia	758,885	469,265
Lao	35,309	-
	142,486,190	121,752,896
(c) By interest/profit rate sensitivity		
Fixed rate:		
- Housing loans/financing	1,522,767	1,021,668
- Hire purchase receivables	13,348,197	13,052,001
- Other fixed rate loans/financing	19,506,915	18,093,114
Variable rate:		
- Base lending/financing rate plus	63,266,561	49,342,388
- Cost-plus	36,418,784	32,953,484
- Other variable rates	8,422,966	7,290,241
	142,486,190	121,752,896

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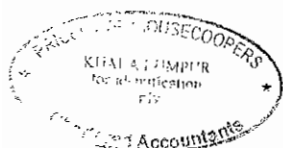
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group	
	2014	2013
	RM'000	RM'000
(d) By purpose		
Purchase of securities	15,606,564	13,070,551
Purchase of transport vehicles	12,222,831	11,863,407
Purchase of landed property:		
- Residential	31,469,445	25,518,909
- Non-residential	10,633,960	7,448,743
Purchase of property, plant and equipment other than land and building	3,675,777	3,350,106
Personal use	7,650,256	7,193,757
Credit card	1,994,710	2,004,163
Purchase of consumer durables	28,926	31,513
Construction	4,929,162	3,121,181
Working capital	35,060,938	29,096,506
Merger and acquisition	3,227,805	3,215,709
Other purpose	15,985,816	15,838,351
	<u>142,486,190</u>	<u>121,752,896</u>
(e) By remaining contractual maturities		
Maturity within one year	48,168,576	43,226,153
One year to three years	8,693,192	9,751,531
Three years to five years	11,464,772	10,125,124
Over five years	74,159,650	58,650,088
	<u>142,486,190</u>	<u>121,752,896</u>



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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group	
	2014	2013
	RM'000	RM'000
(f) Impaired loans, advances and financing		
(i) Movements in impaired loans, advances and financing		
Balance as at the beginning of the financial year	3,426,629	3,337,637
Classified as impaired	3,704,991	4,122,777
Reclassified as non-impaired	(2,497,162)	(2,645,660)
Amount recovered	(765,732)	(782,440)
Amount written off	(1,021,213)	(614,408)
Transfer from financial investments AFS	39,543	-
Exchange differences	5,311	8,723
Balance as at the end of the financial year	<u>2,892,367</u>	<u>3,426,629</u>
(ii) By purpose		
Purchase of securities	218,313	161,957
Purchase of transport vehicles	180,120	218,392
Purchase of landed property:		
- Residential	783,908	876,201
- Non-residential	181,589	99,639
Purchase of property, plant and equipment other than land and building	38,834	45,211
Personal use	153,432	150,366
Credit card	36,911	41,330
Purchase of consumer durables	1,425	1,724
Construction	115,694	125,127
Working capital	1,139,887	1,536,514
Other purpose	42,254	170,168
	<u>2,892,367</u>	<u>3,426,629</u>

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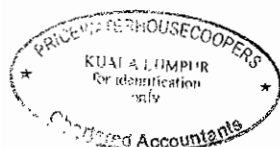
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group	
	2014	2013
	RM'000	RM'000
(f) Impaired loans, advances and financing (continued)		
(iii) By geographical distribution		
Malaysia	2,754,303	3,252,442
Labuan Offshore	-	49,901
Singapore	104,211	85,600
Thailand	21,872	16,025
Brunei	8,245	8,536
Cambodia	3,736	14,125
	<u>2,892,367</u>	<u>3,426,629</u>
(iv) Movements in allowance for impaired loans, advances and financing		
<u>Individual impairment allowance</u>		
Balance as at the beginning of the financial year	903,388	801,495
Net allowance (written back)/made	(27,937)	297,254
Amount written off	(482,988)	(203,000)
Reclassified (to)/from collective impairment allowance	(64)	2,509
Transfer to impairment of financial investments HTM	(9,871)	-
Transfer from impairment of financial investments AFS	29,666	-
Exchange differences	5,038	5,130
Balance as at the end of the financial year	<u>417,232</u>	<u>903,388</u>
<u>Collective impairment allowance</u>		
Balance as at the beginning of the financial year	1,280,266	1,401,946
Net allowance made	405,898	194,069
Amount written off	(339,584)	(316,200)
Reclassified from/(to) individual impairment allowance	64	(2,509)
Exchange differences	2,441	2,960
Balance as at the end of the financial year	<u>1,349,085</u>	<u>1,280,266</u>



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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

8 CLIENTS' AND BROKERS' BALANCES

	Group	
	2014	2013
	RM'000	RM'000
Amounts owing by clients	828,187	732,340
Allowance for impaired balances:		
- Individual impairment allowance	(35,505)	(37,301)
- Collective impairment allowance	(6,142)	(4,175)
	<u>786,540</u>	<u>690,864</u>
Amounts owing by brokers	522,266	202,262
Allowance for impaired balances:		
- Individual impairment allowance	(1,309)	(1,014)
	<u>1,307,497</u>	<u>892,112</u>
Amounts owing by clearing houses and stock exchanges	<u>217,650</u>	<u>1,681,471</u>
	<u>1,525,147</u>	<u>2,573,583</u>

Movements in allowance for impaired balances are as follows:

Individual impairment allowance

Balance as at the beginning of the financial year	38,315	11,589
Allowance (written back)/made	(1,198)	28,907
Amount recovered	-	(2,426)
Amount written off	(1,036)	(195)
Exchange differences	733	440
Balance as at the end of the financial year	<u>36,814</u>	<u>38,315</u>

Collective impairment allowance

Balance as at the beginning of the financial year	4,175	6,088
Allowance made/(written back)	1,967	(1,913)
Balance as at the end of the financial year	<u>6,142</u>	<u>4,175</u>

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NOTES TO THE FINANCIAL STATEMENTS

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9 REINSURANCE ASSETS

	Note	Group 2014 RM'000	2013 RM'000
Claims liabilities	23(a)	241,647	181,461
Premium liabilities	23(b)	90,466	79,491
		<u>332,113</u>	<u>260,952</u>

10 OTHER ASSETS

	Note	Group 2014 RM'000	2013 RM'000	Company 2014 RM'000	2013 RM'000
Other debtors	(a)	770,176	347,841	2	2,339
Collateral pledged for derivative transactions		620,577	277,036	-	-
Deposits		87,536	89,432	-	-
Prepayments		63,700	61,000	3,635	3,624
Deposits for proposed acquisition of PT Bank Mestika Dharma	52(a)	-	112,515	-	112,515
		<u>1,541,989</u>	<u>887,824</u>	<u>3,637</u>	<u>118,478</u>

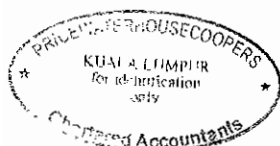
(a) Other debtors of the Group are stated net of allowance for impairment losses of RM11,869,000 (2013: RM12,037,000).

11 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 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 2014 RM'000	2013 RM'000
Derivative assets:		
- Trading derivatives	1,283,243	459,033
- Fair value hedging derivatives	1,987	-
	<u>1,285,230</u>	<u>459,033</u>
Derivative liabilities:		
- Trading derivatives	(1,224,684)	(345,075)
- Fair value hedging derivatives	-	(2,988)
	<u>(1,224,684)</u>	<u>(348,063)</u>
	<u>60,546</u>	<u>110,970</u>



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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11 DERIVATIVE ASSETS/(LIABILITIES) (CONTINUED)

	Contract or underlying principal amount	Group Year-end positive fair value	Year-end negative fair value
	RM'000	RM'000	RM'000
2014			
Trading derivatives:			
Foreign exchange related contracts:			
- Forwards/swaps	23,827,241	454,871	(393,667)
- Options	4,954,671	42,665	(43,381)
- Cross-currency interest rate swaps	11,838,652	640,085	(637,832)
	<u>40,620,564</u>	<u>1,137,621</u>	<u>(1,074,880)</u>
Equity related contracts:			
- Options	15,508	4,914	-
Interest rate related contracts:			
- Swaps	34,033,945	140,708	(136,691)
Structured warrants	50,412	-	(13,113)
Fair value hedging derivatives:			
Interest rate related contracts:			
- Swaps	650,000	1,987	-
		<u>1,285,230</u>	<u>(1,224,684)</u>
2013			
Trading derivatives:			
Foreign exchange related contracts:			
- Forwards/swaps	11,661,635	137,103	(85,439)
- Options	174,339	772	(772)
- Cross-currency interest rate swaps	8,137,734	143,163	(105,309)
	<u>19,973,708</u>	<u>281,038</u>	<u>(191,520)</u>
Interest rate related contracts:			
- Swaps	27,069,222	177,995	(136,913)
Structured warrants	13,099	-	(16,642)
Fair value hedging derivatives:			
Interest rate related contracts:			
- Swaps	1,145,000	-	(2,988)
		<u>459,033</u>	<u>(348,063)</u>

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

11 DERIVATIVE ASSETS/(LIABILITIES) (CONTINUED)

Fair value hedging are used by the Group for protection against the changes in fair value of financial assets and financial liabilities due to movements in market interest rates. The Group uses interest rate swaps to hedge against interest rate risk of specific identified fixed rate long term as well as portfolio homogenous pools of loans, advances and financing. Included in other operating income as disclosed in Note 34 is the net gains and losses arising from fair value hedges for the financial year as follows:

	Group	
	2014	2013
	RM'000	RM'000
Gain on hedging instruments	4,122	38,418
Loss on the hedged items attributable to the hedged risk	(1,748)	(37,726)
	<u>2,374</u>	<u>692</u>

12 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts due from/(to) subsidiaries are unsecured, interest free and receivable/(payable) within the normal credit period.

13 STATUTORY DEPOSITS

		Group	
	Note	2014	2013
		RM'000	RM'000
Statutory deposits with BNM	(a)	5,187,397	3,891,433
Statutory deposits with Monetary Authority of Singapore	(b)	136,629	211,716
Statutory deposits with Ministry of Finance Negara Brunei Darussalam	(c)	14,740	13,717
Statutory deposits with Labuan Offshore Financial Services Authority ('LOFSA')	(d)	100	100
Statutory deposits and reserve deposits with National Bank of Cambodia ('NBC')	(e)	81,762	54,496
Statutory deposits with National Bank of Lao ('BOL')	(f)	379	-
		<u>5,421,007</u>	<u>4,171,462</u>

(a) Non-interest bearing statutory deposits maintained with BNM in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009.

(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.



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NOTES TO THE FINANCIAL STATEMENTS

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13 STATUTORY DEPOSITS (CONTINUED)

- (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 statutory deposits with NBC are:
- (i) Interest bearing statutory deposits of RM18.1 million (2013: RM17.0 million) maintained with NBC in compliance with NBC's Prakas B7-01-136 dated 15 October 2001 as capital guarantee. This deposit bears interest at 0.18% (2013: 0.18%) per annum, and is not available for use in day-to-day operations but it is refundable when RHB Indochina Bank Limited voluntarily ceases to operate its banking business in Cambodia.
- (ii) Non-interest bearing deposits of RM63.6 million (2013: RM37.5 million) maintained with NBC as reserve requirements, computed at 8.0% and 12.5% (2013: 8.0% and 12.5%) of customer deposits in Cambodian Riel ('KHR') and in foreign currencies, respectively.
- (f) Non-interest bearing statutory deposits maintained with BOL computed at 5% and 10% of customer deposits in Lao Kip ('LAK') and in foreign currencies respectively.

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

14 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		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	38,465	31,225	-	1,181
Deferred tax liabilities	(53,041)	(51,814)	(20)	-
	<u>(14,576)</u>	<u>(20,589)</u>	<u>(20)</u>	<u>1,181</u>
Deferred tax assets:				
- Settled more than twelve months	10,153	9,960	-	-
- Settled within twelve months	120,911	100,646	-	1,181
Deferred tax liabilities:				
- Settled more than twelve months	(107,551)	(89,474)	-	-
- Settled within twelve months	(38,089)	(41,721)	(20)	-
	<u>(14,576)</u>	<u>(20,589)</u>	<u>(20)</u>	<u>1,181</u>

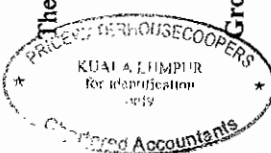
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

14 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

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



Group

2014

Balance as at the beginning of the financial year
Transfer (to)/from income statements
Transfer to equity
Exchange differences
Balance as at the end of the financial year

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
40	(74,624)	(49,353)	-	260	101,070	2,058	(20,589)
	(6,158)	-	-	(296)	24,316	4,057	21,919
	-	(15,259)	-	-	-	(319)	(15,578)
	(32)	17	-	-	(325)	12	(328)
	<u>(80,814)</u>	<u>(64,595)</u>	<u>-</u>	<u>(36)</u>	<u>125,061</u>	<u>5,808</u>	<u>(14,576)</u>

2013

Balance as at the beginning of the financial year
Transfer (to)/from income statements
Transfer from equity
Exchange differences
Balance as at the end of the financial year

40	(67,507)	(85,655)	5,341	113	86,596	8,266	(52,846)
	(7,068)	-	(5,341)	147	13,850	(5,068)	(3,480)
	-	36,302	-	-	-	-	36,302
	(49)	-	-	-	624	(1,140)	(565)
	<u>(74,624)</u>	<u>(49,353)</u>	<u>-</u>	<u>260</u>	<u>101,070</u>	<u>2,058</u>	<u>(20,589)</u>

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14 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

	Note	Property, plant and equipment RM'000	Other liabilities RM'000	Total RM'000
Company				
2014				
Balance as at the beginning of the financial year		(9)	1,190	1,181
Transfer to income statements	40	(11)	(1,190)	(1,201)
Balance as at the end of the financial year		(20)	-	(20)
2013				
Balance as at the beginning of the financial year		(46)	1,068	1,022
Transfer from income statements	40	37	122	159
Balance as at the end of the financial year		(9)	1,190	1,181

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	
	2014 RM'000	2013 RM'000
Unabsorbed tax losses carried forward	1,466,925	1,462,226
Unabsorbed capital allowances carried forward	24,152	24,336
	<u>1,491,077</u>	<u>1,486,562</u>

The above deductible temporary differences have no expiry date.

15 INVESTMENTS IN SUBSIDIARIES

	Company	
	2014 RM'000	2013 RM'000
Unquoted shares in Malaysia companies, at cost	11,283,899	11,130,499
Unquoted shares in companies outside Malaysia, at cost	97,777	7,167
	<u>11,381,676</u>	<u>11,137,666</u>
Accumulated impairment losses	(339,331)	(336,614)
	<u>11,042,345</u>	<u>10,801,052</u>