

**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 (CONTINUED)**

**15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Paid-up share capital (in RM unless otherwise stated)	Effective equity interest held by the Group		Effective equity interest held by non-controlling interests		Principal activities
			2014 %	2013 %	2014 %	2013 %	
RHB Bank Berhad ('RHB Bank') <sup>10</sup>	Malaysia	3,365,486,335	100	100	-	-	Commercial banking and finance business
RHB Islamic Bank Berhad ('RHB Islamic Bank')	Malaysia	1,173,424,002	100	100	-	-	Islamic banking
RHB Bank (L) Ltd	Malaysia	USD54,000,000	100	100	-	-	Offshore banking
RHB International Trust (L) Ltd	Malaysia	USD40,000	100	100	-	-	Offshore trust company
RHB Corporate Services Sdn Bhd	Malaysia	150,000	100	100	-	-	Corporate secretarial services
RHB Indochina Bank Limited <sup>1</sup> ('RHB Indochina Bank')	Cambodia	USD52,000,000	100	100	-	-	Commercial banking
RHB OSK Indochina Securities Limited <sup>1</sup>	Cambodia	USD12,500,000	100	100	-	-	Securities underwriting, dealing, brokerage and investment advisory service
RHB Bank Lao Limited <sup>1,2</sup>	Lao PDR	LAK301,500 million	100	-	-	-	Commercial banking
RHB Capital Nominees (Tempatan) Sdn Bhd	Malaysia	10,000	100	100	-	-	Nominee services for Malaysian beneficial shareholders
RHB Capital Nominees (Asing) Sdn Bhd	Malaysia	10,000	100	100	-	-	Nominee services for foreign beneficial shareholders

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**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Paid-up share capital (in RM unless otherwise stated)	Effective equity interest held by the Group		Effective equity interest held by non-controlling interests		Principal activities
			2014 %	2013 %	2014 %	2013 %	
RHB Investment Ltd <sup>1</sup>	Singapore	SGD19,000,000	100	100	-	-	Property investment and rental
Banfora Pte Ltd <sup>1</sup>	Singapore	SGD25,000,000	100	100	-	-	Property investment and rental
RHB Bank Nominees Pte Ltd <sup>1</sup>	Singapore	SGD100,000	100	100	-	-	Nominee services
RHB Leasing Sdn Bhd	Malaysia	10,000,000	100	100	-	-	Leasing
RHB Trade Services Limited <sup>3</sup>	Hong Kong	HKD2	100	100	-	-	Processing of letters of credit reissuance favouring Hong Kong beneficiaries
RHB Capital Properties Sdn Bhd	Malaysia	21,800,000	100	100	-	-	Property investment
Utama Assets Sdn Bhd	Malaysia	2,300,000	100	100	-	-	Property investment
RHB Investment Bank Berhad ('RHB Investment Bank')	Malaysia	818,646,000	100	100	-	-	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 Merchant Nominees (Tempatan) Sdn Bhd	Malaysia	10,000	100	100	-	-	Nominee services for Malaysian beneficial shareholders

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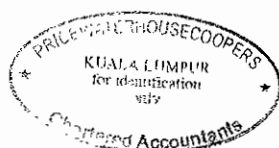
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Paid-up share capital (in RM unless otherwise stated)	Effective equity interest held by the Group		Effective equity interest held by non-controlling interests		Principal activities
			2014 %	2013 %	2014 %	2013 %	
RHB Merchant Nominees (Asing) Sdn Bhd	Malaysia	10,000	100	100	-	-	Nominee services for foreign beneficial shareholders
RHB Nominees Sdn Bhd	Malaysia	25,000	100	100	-	-	Nominee and custodian services
RHB Nominees (Asing) Sdn Bhd	Malaysia	25,000	100	100	-	-	Nominee and custodian services for foreign beneficial shareholders
RHB Nominees (Tempatan) Sdn Bhd	Malaysia	25,000	100	100	-	-	Nominee and custodian services for Malaysian beneficial shareholders
RHB Asset Management Sdn Bhd	Malaysia	10,000,000	100	100	-	-	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	Malaysia	13,000,000	100	100	-	-	Rendering of investment fund management services and management of Islamic unit trust funds



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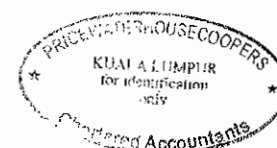
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Paid-up share capital (in RM unless otherwise stated)	Effective equity interest held by the Group		Effective equity interest held by non-controlling interests		Principal activities
			2014 %	2013 %	2014 %	2013 %	
RHB Research Institute Sdn Bhd	Malaysia	500,000	100	100	-	-	Research services
RHB Private Equity Holdings Sdn Bhd	Malaysia	55,000,002	100	100	-	-	Investment holding
RHB Private Equity Management Ltd	Malaysia	USD1	100	100	-	-	Investment advisor, investment consultant and other ancillary services only for private funds
RHB Private Equity Fund Ltd	Cayman Islands	USD10,001	100	100	-	-	Investment company
RHB OSK International Investments Pte Ltd <sup>1</sup>	Singapore	SGD9,000,000	100	100	-	-	Investment holding
RHB OSK Asset Management Pte Ltd <sup>1</sup>	Singapore	SGD9,100,000	100	100	-	-	Fund management
RHB Holdings Hong Kong Limited <sup>3</sup>	Hong Kong	HKD300,000,000	100	100	-	-	Investment holding
RHB OSK Securities Hong Kong Limited <sup>3</sup>	Hong Kong	HKD340,000,000	100	100	-	-	Securities dealing and provision of securities margin financing
RHB OSK Futures Hong Kong Limited <sup>3</sup>	Hong Kong	HKD35,000,000	100	100	-	-	Dealing in futures & option contracts
RHB OSK Finance Hong Kong Limited <sup>3</sup>	Hong Kong	HKD1	100	100	-	-	Money lending



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The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Paid-up share capital (in RM unless otherwise stated)	Effective equity interest held by the Group		Effective equity interest held by non-controlling interests		Principal activities
			2014 %	2013 %	2014 %	2013 %	
RHB OSK Capital Hong Kong Limited <sup>3</sup>	Hong Kong	HKD10,000,000	100	100	-	-	Provision of corporate finance advisory services
RHB Fundamental Capital Hong Kong Limited <sup>3</sup> <i>(formerly known as RHB OSK Precious Metals Hong Kong Limited)</i>	Hong Kong	HKD10,000,000	100	100	-	-	Investment holding
RHB OSK Asset Management Limited <sup>3</sup>	Hong Kong	HKD14,000,000	100	100	-	-	Dealing in securities, advising on securities and provision of asset management services
RHB OSK Wealth Management Hong Kong Limited <sup>3</sup>	Hong Kong	HKD5,000,000	100	100	-	-	Negotiating or arranging contracts of insurance
RHB OSK (China) Investment Advisory Co Ltd <sup>3</sup> <i>(formerly known as OSK (China) Investment Advisory Co Ltd)</i>	People's Republic of China	USD2,000,000	100	100	-	-	Provision of investment and business advisory and related services
PT RHB OSK Securities Indonesia ('PROSI') <sup>1</sup>	Indonesia	IDR204,082 million	99	99	1	1	Securities brokerage and underwriting
PT RHB OSK Asset Management <sup>1</sup>	Indonesia	IDR50,000 million	98.62	98.62	1.38	1.38	Investment manager

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**15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Paid-up share capital (in RM unless otherwise stated)	Effective equity interest held by the Group		Effective equity interest held by non-controlling interests		Principal activities
			2014 %	2013 %	2014 %	2013 %	
DMG & Partners Securities Pte Ltd <sup>1,4</sup> ('DMG & Partners')	Singapore	SGD75,000,000	100	51	-	49	Provision of stock and share broking services and corporate finance advisory services
DMG & Partners Research Pte Ltd <sup>1</sup>	Singapore	SGD175,000	100	51	-	49	Financial advisory services
DMG & Partners Nominees Pte Ltd <sup>1</sup>	Singapore	SGD2	100	51	-	49	Inactive (Nominee services)
Summit Nominees Pte Ltd <sup>1</sup>	Singapore	SGD2,000	100	51	-	49	Inactive (Nominee services)
RHB OSK Securities (Thailand) Public Company Limited <sup>1</sup>	Thailand	THB819,171,600	99.95	99.95	0.05	0.05	Provision of stock and derivatives broking services
RD RHB OSK Indonesia Dynamic Resources Plus Fund <sup>5,^</sup>	Indonesia	-	-	100	-	-	Investment in equity securities of entities operating in diversified industries
RHB OSK Resources Fund <sup>3,^</sup>	Hong Kong	-	94.4	93.7	5.6	6.3	Investment in equity and equity related securities of entities operating in substantially related to natural resources industries

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**15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Paid-up share capital (in RM unless otherwise stated)	Effective equity interest held by the Group		Effective equity interest held by non-controlling interests		Principal activities
			2014 %	2013 %	2014 %	2013 %	
RHB Trustees Berhad	Malaysia	6,000,000	100	100	-	-	Professional retail trustee services (will writing, estate planning and private trust) and corporate trustee services (collective investment schemes)
Malaysian Trustees Berhad	Malaysia	550,000	100	100	-	-	Engage in the business of trustee agents, executors and administrators pursuant to the Trust Companies Act, 1949
RHB Finexasia.Com Sdn Bhd	Malaysia	11,361,111	100	100	-	-	Development and provision of internet financial solutions and related activities
RHB Insurance Berhad	Malaysia	100,000,000	94.7	94.7	5.3	5.3	General insurance
RHB-OSK Income Plus Fund <sup>1,^</sup>	Malaysia	-	94.7	94.7	5.3	5.3	Wholesale unit trust fund
RHB-OSK Income Plus Fund <sup>2,^</sup>	Malaysia	-	94.7	94.7	5.3	5.3	Wholesale unit trust fund
AmIncome Value <sup>^</sup>	Malaysia	-	94.7	94.7	5.3	5.3	Wholesale unit trust fund
Straits Asset Holdings Sdn Bhd	Malaysia	48,240,000	100	100	-	-	Investment holding

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**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Paid-up share capital (in RM unless otherwise stated)	Effective equity interest held by the Group		Effective equity interest held by non-controlling interests		Principal activities
			2014 %	2013 %	2014 %	2013 %	
RHB Hartanah Sdn Bhd	Malaysia	100,000	100	100	-	-	Property investment
RHB Property Management Sdn Bhd	Malaysia	500,000	100	100	-	-	Property management
RHB Capital (Jersey) Limited	Jersey, Channel Islands	GBP4,012	100	100	-	-	Investment holding
RHB Kawal Sdn Bhd	Malaysia	1,500,000	100	100	-	-	Security services
RHB OSK Liquid Fund <sup>11</sup>	Indonesia	-	55.79	-	44.21	-	Investment in money market instrument and equity market
<b>RHB Capital Berhad's dormant subsidiaries</b>							
RHB Equities Sdn Bhd <sup>6</sup>	Malaysia	20,000,000	100	100	-	-	Ceased operations
RHB (Philippines) Inc. <sup>1,7</sup>	Philippines	PHP180,000,000	100	100	-	-	Dormant
RHBF Sdn Bhd	Malaysia	148,145,176	100	100	-	-	Dormant
SFSB Services (Melaka) Sdn Bhd	Malaysia	5,000,000	100	100	-	-	Dormant
SSSB Services (Melaka) Sdn Bhd <sup>8</sup>	Malaysia	40,000,000	100	100	-	-	Dormant
KYB Sdn Bhd <sup>8</sup>	Malaysia	1,735,137,489	100	100	-	-	Dormant
RHB Venture Capital Sdn Bhd	Malaysia	2	100	100	-	-	Dormant
OSKIB Sdn Bhd	Malaysia	660,000,000	100	100	-	-	Dormant



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**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Paid-up share capital (in RM unless otherwise stated)	Effective equity interest held by the Group		Effective equity interest held by non-controlling interests		Principal activities
			2014 %	2013 %	2014 %	2013 %	
<b>RHB Capital Berhad's dormant subsidiaries (continued)</b>							
OSK Investment Bank (Labuan) Limited <sup>12</sup> ('OSKIBL')	Malaysia	USD4,811,000	100	100	-	-	Dormant
RHB OSK Stock 188.Com Sdn Bhd	Malaysia	480,000	100	100	-	-	Dormant
Positive Properties Sdn Bhd	Malaysia	23,192,000	100	100	-	-	Dormant
<b>RHB Bank's dormant subsidiaries</b>							
UMBC Sdn Bhd	Malaysia	499,999,818	100	100	-	-	Dormant
RHB Delta Sdn Bhd <sup>9</sup>	Malaysia	175,000,000	100	100	-	-	Dormant
Utama Gilang Sdn Bhd <sup>9</sup>	Malaysia	800,000,000	100	100	-	-	Dormant
<b>RHB Investment Bank's dormant subsidiaries</b>							
RHB Excel Sdn Bhd <sup>8</sup>	Malaysia	200,000,000	100	100	-	-	Dormant
RHB Progressive Sdn Bhd <sup>8</sup>	Malaysia	13,500,000	100	100	-	-	Dormant
RHB Marketing Services Sdn Bhd <sup>9</sup>	Malaysia	100,000	100	100	-	-	Dormant
RHB Unit Trust Management Berhad <sup>o</sup>	Malaysia	5,000,000	100	100	-	-	Dormant
OSK Futures and Options Sdn Bhd	Malaysia	10,000,000	100	100	-	-	Dormant
OSK Research Sdn Bhd	Malaysia	500,000	100	100	-	-	Dormant
RHB OSK International Asset Management Sdn Bhd	Malaysia	7,000,000	100	100	-	-	Dormant



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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Paid-up share capital (in RM unless otherwise stated)	Effective equity interest held by the Group		Effective equity interest held by non-controlling interests		Principal activities
			2014 %	2013 %	2014 %	2013 %	
<b>RHB Investment Bank's dormant subsidiaries (continued)</b>							
OSK Nominees (Tempatan) Sdn Bhd	Malaysia	3,670,000	100	100	-	-	Dormant
OSK Nominees (Asing) Sdn Bhd	Malaysia	2,670,000	100	100	-	-	Dormant
RHB Islamic Asset Management Sdn Bhd	Malaysia	4,000,000	100	100	-	-	Dormant
OSK Investment Management Berhad (formerly known as OSK-UOB Investment Management Berhad)	Malaysia	10,000,000	100	100	-	-	Dormant
RHB OSK Nominees Hong Kong Limited <sup>3</sup>	Hong Kong	HKD1	100	100	-	-	Dormant
TCL Nominees (Tempatan) Sdn Bhd	Malaysia	644,000	100	100	-	-	Dormant
TCL Nominees (Asing) Sdn Bhd	Malaysia	4,000	100	100	-	-	Dormant
KE-ZAN Nominees (Tempatan) Sdn Bhd	Malaysia	650,000	100	100	-	-	Dormant
KE-ZAN Nominees (Asing) Sdn Bhd	Malaysia	10,000	100	100	-	-	Dormant

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**NOTES TO THE FINANCIAL STATEMENTS****FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)****15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

## Notes:

- 1 Subsidiary audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers, Malaysia.
  - 2 The company was incorporated on 30 May 2014 and commenced business on 6 June 2014.
  - 3 Subsidiary audited by a firm other than member firms of PricewaterhouseCoopers International Limited.
  - 4 As set out in Note 52(e), RHB Investment Bank acquired the remaining 49% equity interest from non-controlling interests on 15 December 2014.
  - 5 As set out in Note 52(b), the Group disposed off the fund in February 2014.
  - 6 With effect from 1 July 2001, the company's activities relate primarily to recovery of outstanding debts.
  - 7 The company has ceased operations effective from the close of business on 10 December 2001.
  - 8 The company has commenced member's voluntary winding up on 28 March 2012.
  - 9 The company has commenced member's voluntary winding up on 16 February 2011.
  - 10 The Company has recapitalised dividend income from RHB Bank of RM175 million as cost of investment during the financial year.
  - 11 As set out in Note 52(f), the Company acquired 63.94% of RHB OSK Rupiah Liquid Fund for a cash consideration of Rp334.5 trillion, equivalent to RM90.6 million. As at 31 December 2014, the effective equity interest is 55.79%.
  - 12 During the current financial year, the cost of investment in OSKIBL has been written off, and this has been netted against the waiver of intercompany balances.
- ^ The funds are subsidiaries consolidated in the Group as the Group controls the funds in accordance with MFRS 10 'Consolidated Financial Statements'.

**16 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES**

	Note	Group	
		2014 RM'000	2013 RM'000
Share of net assets of associates	(a)	-	974
Share of net assets of joint ventures	(b)	26,957	25,911
Less: Allowance for impairment loss		<u>(5,936)</u>	<u>(5,936)</u>
		<u>21,021</u>	<u>19,975</u>
		<u>21,021</u>	<u>20,949</u>

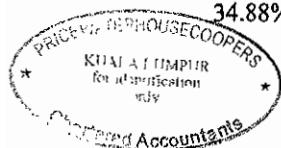
## (a) Share of net assets of associates

The details of the associates are as follows:

Name of company	Country of incorporation	Paid-up share capital (in RM unless otherwise stated)	Effective equity interest		Principal activities
			2014 %	2013 %	
iFast-OSK Sdn Bhd^ (iFast-OSK')	Malaysia	26,000,000	-	34.88	Investment holding

## Note:

- ^ RHB Investment Bank had on 7 March 2014 entered into a sale and purchase agreement to dispose its entire 34.88% equity interest in iFast-OSK and the disposal was completed on 18 July 2014 as disclosed in Note 52(c).



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**16 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)**

(b) Share of net assets of joint ventures

The details of the joint ventures are as follows:

Name of company	Country of incorporation	Paid-up share capital (in RM unless otherwise stated)	Effective equity interest		Principal activities
			2014 %	2013 %	
Vietnam Securities Corporation ('VSEC')	Vietnam	VND135 billion	49	49	Securities brokerage and deposits and securities financial and investment consultancy
RHB OSK GC-Millennium Capital Pte Ltd ('RHB OSK GC')	Singapore	SGD10,000	40	40	Management of business operation and administration of approved funds

There are no capital commitments or contingent liabilities relating to the Group's interest in the joint ventures as at 31 December 2014.

Summarised financial information of VSEC and RHB OSK GC which are accounted for using the equity method is as follows:

(i) Summarised statements of financial position

	VSEC		RHB OSK GC		Total	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Assets</b>						
Cash and cash equivalents	26,493	24,029	26	24	26,519	24,053
Other current assets	1,223	1,397	32	2	1,255	1,399
Total assets	<u>27,716</u>	<u>25,426</u>	<u>58</u>	<u>26</u>	<u>27,774</u>	<u>25,452</u>
<b>Liabilities</b>						
Financial liabilities	(200)	(137)	(30)	(27)	(230)	(164)
Other current liabilities	(117)	(6)	-	-	(117)	(6)
Total liabilities	<u>(317)</u>	<u>(143)</u>	<u>(30)</u>	<u>(27)</u>	<u>(347)</u>	<u>(170)</u>
<b>Net assets</b>	<u>27,399</u>	<u>25,283</u>	<u>28</u>	<u>(1)</u>	<u>27,427</u>	<u>25,282</u>

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**16 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)**

(b) Share of net assets of joint ventures (continued)

Summarised financial information of VSEC and RHB OSK GC which are accounted for using the equity method is as follows (continued):

(ii) Summarised statements of comprehensive income

	VSEC		RHB OSK GC		Total	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest income	2,063	2,148	31	-	2,094	2,148
Interest expense	(1)	(2)	(1)	-	(2)	(2)
Net interest income	2,062	2,146	30	-	2,092	2,146
Other operating income/(loss)	84	250	(30)	-	54	250
Net operating income	2,146	2,396	-	-	2,146	2,396
Other operating expenses	(1,163)	(1,249)	-	-	(1,163)	(1,249)
Including:						
Depreciation and amortisation	(141)	(161)	-	-	(141)	(161)
Profit before taxation	983	1,147	-	-	983	1,147
Taxation	(208)	(275)	-	-	(208)	(275)
Net profit for the financial year	775	872	-	-	775	872

(iii) Reconciliation of summarised financial information presented to the carrying amount of its interest in joint ventures:

	VSEC		RHB OSK GC		Total	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Balance as at the beginning of the financial year	25,283	23,009	(1)	(1)	25,282	23,008
Net profit for the financial year	775	872	-	-	775	872
Translation reserves	1,341	1,402	29	-	1,370	1,402
Balance as at the end of the financial year	27,399	25,283	28	(1)	27,427	25,282
Equity interest attributable to net assets	13,425	12,389	11	-	13,436	12,389
Goodwill	14,204	14,204	-	-	14,204	14,204
Accumulated impairment losses	(5,936)	(5,936)	-	-	(5,936)	(5,936)
Exchange differences	(683)	(682)	-	-	(683)	(682)
Carrying value	21,010	19,975	11	-	21,021	19,975

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17 PROPERTY, PLANT AND EQUIPMENT**



Note	Freehold land RM'000	Leasehold land		Buildings RM'000	Renovations and improvements RM'000	Computer equipment RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
		Less than 50 years RM'000	50 years or more RM'000						
<b>Cost</b>									
Balance as at the beginning of the financial year	198,140	1,426	130,968	491,807	445,825	545,749	383,063	27,612	2,224,590
Additions	-	-	-	-	51,883	56,987	13,813	2,961	125,644
Disposals	(3,257)	-	-	(7,892)	(169)	(332)	(99)	(3,404)	(15,153)
Written off	-	-	-	-	(1,849)	(18,941)	(2,300)	(10)	(23,100)
Exchange differences	34	-	2,167	1,183	1,896	1,857	1,486	389	9,012
Reclassifications	-	-	-	-	3,251	50,858	(50,165)	-	3,944
Balance as at the end of the financial year	194,917	1,426	133,135	485,098	500,837	636,178	345,798	27,548	2,324,937
<b>Accumulated depreciation</b>									
Balance as at the beginning of the financial year	-	785	6,669	153,867	252,541	427,186	338,211	20,533	1,199,792
Charge for the financial year	36	34	507	10,027	30,100	52,042	19,960	2,612	115,282
Disposals	-	-	-	(1,507)	(157)	(248)	(85)	(3,299)	(5,296)
Written off	-	-	-	-	(1,728)	(18,939)	(2,020)	(10)	(22,697)
Exchange differences	-	-	26	410	998	1,322	941	233	3,930
Reclassifications	-	-	-	-	9,741	43,207	(52,791)	-	157
Balance as at the end of the financial year	-	819	7,202	162,797	291,495	504,570	304,216	20,069	1,291,168

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Group	Note	Leasehold land		Renovations and improvements	Computer equipment	Furniture, fittings and equipment	Motor vehicles	Total
		Freehold land	Less than 50 years or more					
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2014								
Accumulated impairment loss								
Balance as at the beginning of the financial year		-	-	-	1,676	-	-	4,317
Charge for the financial year	39	-	-	-	169	-	-	169
Reversal for the financial year	39	-	-	-	-	-	-	(1,421)
Exchange differences		-	-	-	1	-	-	23
Balance as at the end of the financial year		-	-	1,242	1,846	-	-	3,088
<b>Net book value as at the end of the financial year</b>		<b>194,917</b>	<b>607</b>	<b>321,059</b>	<b>129,762</b>	<b>41,582</b>	<b>7,479</b>	<b>1,030,681</b>



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**NOTES TO THE FINANCIAL STATEMENTS  
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**17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**



Note	Freehold land RM'000	Leasehold land		Buildings RM'000	Renovations and improvements RM'000	Computer equipment RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
		Less than 50 years RM'000	50 years or more RM'000						
Balance as at the beginning of the financial year	198,083	1,426	128,024	489,107	491,095	516,463	297,845	24,925	2,146,968
Additions	-	-	-	-	31,576	34,757	10,219	3,709	80,261
Disposals	-	-	-	-	-	(728)	(532)	(1,278)	(2,538)
Written off	-	-	-	-	(1,421)	(21,378)	(3,181)	-	(25,980)
Exchange differences	57	-	3,675	1,969	172	371	1,183	(65)	7,362
Reclassifications	-	-	(731)	731	(75,597)	16,264	77,529	321	18,517
Balance as at the end of the financial year	198,140	1,426	130,968	491,807	445,825	545,749	383,063	27,612	2,224,590
<b>Accumulated depreciation</b>									
Balance as at the beginning of the financial year	-	750	6,279	143,357	281,296	391,603	258,244	18,460	1,099,989
Charge for the financial year	36	35	461	9,767	28,937	50,203	21,579	2,493	113,475
Disposals	-	-	-	-	-	(601)	(531)	(693)	(1,825)
Written off	-	-	-	-	(1,032)	(21,499)	(2,990)	-	(25,521)
Exchange differences	-	-	35	638	466	499	671	(52)	2,257
Reclassifications	-	-	(106)	105	(57,126)	6,981	61,238	325	11,417
Balance as at the end of the financial year	-	785	6,669	153,867	252,541	427,186	338,211	20,533	1,199,792



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**NOTES TO THE FINANCIAL STATEMENTS  
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**17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Note	Freehold land RM'000	Leasehold land		Buildings improvements RM'000	Renovations and improvements RM'000	Computer equipment RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
		Less than 50 years RM'000	50 years or more RM'000						
	-	-	-	2,985	-	1,676	-	-	4,661
	-	-	-	(379)	-	-	-	-	(379)
	-	-	-	35	-	-	-	-	35
	-	-	-	2,641	-	1,676	-	-	4,317
<b>Net book value as at the end of the financial year</b>	<b>198,140</b>	<b>641</b>	<b>124,299</b>	<b>335,299</b>	<b>193,284</b>	<b>116,887</b>	<b>44,852</b>	<b>7,079</b>	<b>1,020,481</b>

**Accumulated impairment loss**  
Balance as at the beginning  
of the financial year  
Reversal for the financial year 39  
Exchange differences  
Balance as at the end of the  
financial year



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

The above property, plant and equipment include the following assets under construction:

	Group	
	2014	2013
	RM'000	RM'000
At cost:		
Renovations and improvements	<u>19,393</u>	<u>9,765</u>

	Note	Renovations RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Computer equipment RM'000	Total RM'000
<b>Company</b>						
<b>2014</b>						
<b>Cost</b>						
Balance as at the beginning of the financial year		370	625	535	790	2,320
Additions		30	5	-	177	212
Disposals		-	-	-	-	-
Written off		-	-	-	(13)	(13)
Balance as at the end of the financial year		<u>400</u>	<u>630</u>	<u>535</u>	<u>954</u>	<u>2,519</u>
<b>Accumulated depreciation</b>						
Balance as at the beginning of the financial year		302	621	396	675	1,994
Charge for the financial year	36	12	9	76	119	216
Disposals		-	-	-	-	-
Written off		-	-	-	(13)	(13)
Balance as at the end of the financial year		<u>314</u>	<u>630</u>	<u>472</u>	<u>781</u>	<u>2,197</u>
<b>Net book value as at the end of the financial year</b>		<u>86</u>	<u>-</u>	<u>63</u>	<u>173</u>	<u>322</u>

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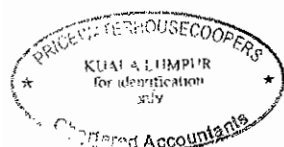
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

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

	Note	Renovations RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Computer equipment RM'000	Total RM'000
<b>Company</b>						
<b>2013</b>						
<b>Cost</b>						
Balance as at the beginning of the financial year		376	623	535	737	2,271
Additions		7	6	-	74	87
Disposals		-	(1)	-	-	(1)
Written off		(13)	(3)	-	(21)	(37)
Balance as at the end of the financial year		370	625	535	790	2,320
<b>Accumulated depreciation</b>						
Balance as at the beginning of the financial year		304	615	289	577	1,785
Charge for the financial year	36	11	10	107	119	247
Disposals		-	(1)	-	-	(1)
Written off		(13)	(3)	-	(21)	(37)
Balance as at the end of the financial year		302	621	396	675	1,994
<b>Net book value as at the end of the financial year</b>		<b>68</b>	<b>4</b>	<b>139</b>	<b>115</b>	<b>326</b>

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Accumulated depreciation and impairment loss</b>				
Balance as at the beginning of the financial year	1,204,109	1,104,650	1,994	1,785
Balance as at the end of the financial year	1,294,256	1,204,109	2,197	1,994



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**NOTES TO THE FINANCIAL STATEMENTS  
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**18 GOODWILL AND INTANGIBLE ASSETS**

	Note	Group	
		2014	2013
		RM'000	RM'000
Goodwill on consolidation	(a)	5,020,840	5,020,840
Intangible assets:	(b)		
- Customer relationship		17,495	19,728
- Brand		9,471	16,683
- Trading rights and memberships		1,196	1,124
- Computer software license		224,903	179,095
		<u>5,273,905</u>	<u>5,237,470</u>

(a) Goodwill on consolidation

The carrying amounts of goodwill allocated to the Group's CGUs are as follows:

	Group	
	2014	2013
	RM'000	RM'000
<b>CGU</b>		
Corporate and Investment Banking	1,217,349	1,217,349
Retail Banking	1,001,017	1,001,017
Business Banking	398,844	398,844
Group Treasury	1,886,880	1,886,880
Islamic Banking	258,571	258,571
RHB Indochina Bank	116,301	116,301
DMG & Partners	63,948	63,948
PROSI	74,005	74,005
Others	3,925	3,925
	<u>5,020,840</u>	<u>5,020,840</u>

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets or forecasts approved by Directors covering a four-year (2013: four-year) period except for PROSI of which the value in use calculations apply discounted cash flow projections approved by Directors covering a ten-year period (2013: four-year). Cash flows beyond the four-year or ten-year period are extrapolated using the estimated growth rates and discounted using pre-tax discount rates which reflect the specific risks relating to the CGU.

The cash flow projections are derived based on a number of key factors including the past performance and the management's expectations of the market developments.

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

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

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**18 GOODWILL AND INTANGIBLE ASSETS (CONTINUED)**

(a) Goodwill on consolidation (continued)

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

	Discount rate		Growth rate	
	2014 %	2013 %	2014 %	2013 %
<b>CGU</b>				
Corporate and Investment Banking	8.2	7.9	3.0	3.0
Retail Banking	8.1	7.8	3.0	3.0
Business Banking	8.1	7.8	3.0	3.0
Group Treasury	8.2	8.0	3.0	3.0
Islamic Banking	8.1	7.8	3.0	3.0
RHB Indochina Bank	18.3	16.1	7.0	7.0
DMG & Partners	6.1	4.7	2.0	2.0
PROSI	10.6	11.3	5.8	5.0

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**NOTES TO THE FINANCIAL STATEMENTS  
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**18 GOODWILL AND INTANGIBLE ASSETS (CONTINUED)**

(b) Intangible assets

	Note	Customer relationship RM'000	Brand RM'000	Trading rights and membership RM'000	Computer software license RM'000	Total RM'000
<b>Group</b>						
<b>2014</b>						
<b>Cost</b>						
Balance as at the beginning of the financial year		22,333	25,098	2,175	766,878	816,484
Additions		-	-	-	110,859	110,859
Disposals		-	-	-	-	-
Written off		-	-	-	(1,765)	(1,765)
Exchange differences		-	-	139	1,304	1,443
Reclassifications		-	-	-	(3,944)	(3,944)
<b>Balance as at the end of the financial year</b>		<b>22,333</b>	<b>25,098</b>	<b>2,314</b>	<b>873,332</b>	<b>923,077</b>
<b>Accumulated amortisation</b>						
Balance as at the beginning of the financial year		2,605	8,415	766	559,913	571,699
Amortisation for the financial year	36	2,233	7,212	-	58,275	67,720
Disposals		-	-	-	-	-
Written off		-	-	-	(1,666)	(1,666)
Exchange differences		-	-	67	862	929
Reclassifications		-	-	-	(157)	(157)
<b>Balance as at the end of the financial year</b>		<b>4,838</b>	<b>15,627</b>	<b>833</b>	<b>617,227</b>	<b>638,525</b>
<b>Accumulated impairment loss</b>						
Balance as at the beginning of the financial year		-	-	285	27,870	28,155
Charge for the financial year	39	-	-	-	3,321	3,321
Exchange differences		-	-	-	11	11
<b>Balance as at the end of the financial year</b>		<b>-</b>	<b>-</b>	<b>285</b>	<b>31,202</b>	<b>31,487</b>
<b>Net book value as at the end of the financial year</b>		<b>17,495</b>	<b>9,471</b>	<b>1,196</b>	<b>224,903</b>	<b>253,065</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**18 GOODWILL AND INTANGIBLE ASSETS (CONTINUED)**

(b) Intangible assets (continued)

	Note	Customer relationship RM'000	Brand RM'000	Trading rights and membership RM'000	Computer software license RM'000	Total RM'000
<b>Group</b>						
<b>2013</b>						
<b>Cost</b>						
Balance as at the beginning of the financial year		22,333	25,098	2,141	710,242	759,814
Additions		-	-	-	73,199	73,199
Disposals		-	-	-	(5)	(5)
Written off		-	-	-	(3,930)	(3,930)
Exchange differences		-	-	34	904	938
Reclassifications		-	-	-	(13,532)	(13,532)
<b>Balance as at the end of the financial year</b>		<b>22,333</b>	<b>25,098</b>	<b>2,175</b>	<b>766,878</b>	<b>816,484</b>
<b>Accumulated amortisation</b>						
Balance as at the beginning of the financial year		-	-	746	523,765	524,511
Amount arising from acquisition of subsidiaries						
Amortisation for the financial year	36	2,605	8,415	-	45,113	56,133
Disposals		-	-	-	(2)	(2)
Written off		-	-	-	(3,711)	(3,711)
Exchange differences		-	-	20	709	729
Reclassifications		-	-	-	(5,961)	(5,961)
<b>Balance as at the end of the financial year</b>		<b>2,605</b>	<b>8,415</b>	<b>766</b>	<b>559,913</b>	<b>571,699</b>
<b>Accumulated impairment loss</b>						
Balance as at the beginning of of the financial year						
Amount arising from acquisition of subsidiaries						
<b>Balance as at the beginning/ end of the financial year</b>		<b>-</b>	<b>-</b>	<b>285</b>	<b>27,870</b>	<b>28,155</b>
<b>Net book value as at the end of the financial year</b>		<b>19,728</b>	<b>16,683</b>	<b>1,124</b>	<b>179,095</b>	<b>216,630</b>

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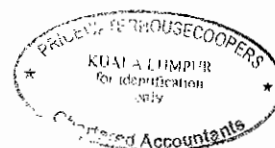
**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**19 DEPOSITS FROM CUSTOMERS**

	Group	
	2014	2013
	RM'000	RM'000
<b>(a) By type of deposits</b>		
Demand deposits	26,239,569	24,572,177
Savings deposits	7,927,118	7,532,754
Fixed/investment deposits	122,935,277	105,594,645
Negotiable instruments of deposits	32,029	41,665
	<u>157,133,993</u>	<u>137,741,241</u>
<b>(b) By type of customer</b>		
Government and statutory bodies	11,148,094	11,940,337
Business enterprises	97,051,175	82,779,114
Individuals	42,913,486	38,461,412
Others	6,021,238	4,560,378
	<u>157,133,993</u>	<u>137,741,241</u>
<b>(c) By maturity structure of fixed/investment deposits and negotiable instruments of deposits</b>		
Due within six months	101,842,151	92,955,781
Six months to one year	20,318,902	12,212,827
One year to three years	788,624	438,629
Three years to five years	17,629	29,073
	<u>122,967,306</u>	<u>105,636,310</u>

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

	Group	
	2014	2013
	RM'000	RM'000
Licensed banks	14,973,762	10,564,885
Licensed Islamic banks	221,130	609,614
Licensed investment banks	1,607,590	362,348
BNM	515,027	826,123
Other financial institutions	4,032,109	4,635,385
	<u>21,349,618</u>	<u>16,998,355</u>





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**NOTES TO THE FINANCIAL STATEMENTS**

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

Obligations on securities sold under repurchase agreements are securities which the Group has sold from its investment 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 financial assets sold under repurchase agreements are as follows:

	Group	
	2014	2013
	RM'000	RM'000
Financial assets HFT	-	200,296
Financial investments AFS	20,484	260,231
Financial investments HTM	500,000	168,571
	<u>520,484</u>	<u>629,098</u>

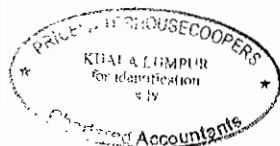
**22 CLIENTS' AND BROKERS' BALANCES**

	Group	
	2014	2013
	RM'000	RM'000
Amounts due to:		
- Clients	988,375	644,241
- Brokers	163,925	1,653,584
- Clearing houses and stock exchanges	61,765	17,985
	<u>1,214,065</u>	<u>2,315,810</u>

**23 GENERAL INSURANCE CONTRACT LIABILITIES**

	Group	
	2014	2013
	RM'000	RM'000
Claims liabilities	514,960	432,709
Premium liabilities	260,739	229,502
	<u>775,699</u>	<u>662,211</u>

	Note	Gross	Reinsurance	Net
		RM'000	RM'000	RM'000
<b>2014</b>				
Claims reported by policyholders		365,757	(173,795)	191,962
Incurred but not reported claims ('IBNR')		149,203	(67,852)	81,351
Claims liabilities	(a)	514,960	(241,647)	273,313
Premium liabilities	(b)	260,739	(90,466)	170,273
Total		<u>775,699</u>	<u>(332,113)</u>	<u>443,586</u>



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**NOTES TO THE FINANCIAL STATEMENTS  
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**23 GENERAL INSURANCE CONTRACT LIABILITIES (CONTINUED)**

	Note	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
<b>2013</b>				
Claims reported by policyholders		315,224	(137,485)	177,739
IBNR		117,485	(43,976)	73,509
Claims liabilities	(a)	432,709	(181,461)	251,248
Premium liabilities	(b)	229,502	(79,491)	150,011
Total		<u>662,211</u>	<u>(260,952)</u>	<u>401,259</u>
		<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
(a) Claims liabilities				
<b>2014</b>				
Balance as at the beginning of the financial year		432,709	(181,461)	251,248
Claims incurred in current accident year:				
- Paid		71,277	(25,607)	45,670
- Case reserve		157,602	(87,922)	69,680
- IBNR		114,355	(52,516)	61,839
Claims incurred in prior accident year:				
- Paid		164,701	(54,855)	109,846
- Case reserve		(343,047)	132,074	(210,973)
- IBNR		(82,637)	28,640	(53,997)
Balance as at the end of the financial year		<u>514,960</u>	<u>(241,647)</u>	<u>273,313</u>
<b>2013</b>				
Balance as at the beginning of the financial year		328,162	(123,888)	204,274
Claims incurred in current accident year:				
- Paid		95,877	(19,895)	75,982
- Case reserve		147,496	(77,923)	69,573
- IBNR		80,708	(32,324)	48,384
Claims incurred in prior accident year:				
- Paid		98,063	(38,327)	59,736
- Case reserve		(260,067)	90,016	(170,051)
- IBNR		(57,530)	20,880	(36,650)
Balance as at the end of the financial year		<u>432,709</u>	<u>(181,461)</u>	<u>251,248</u>

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**23 GENERAL INSURANCE CONTRACT LIABILITIES (CONTINUED)**

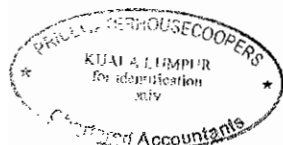
	<u>Gross</u>	<u>Reinsurance</u>	<u>Net</u>
	RM'000	RM'000	RM'000
(b) Premium liabilities			
<b>2014</b>			
Balance as at the beginning of the financial year	229,502	(79,491)	150,011
Premium written for the financial year	585,429	(205,086)	380,343
Premium earned during the financial year	<u>(554,192)</u>	<u>194,111</u>	<u>(360,081)</u>
Balance as at the end of the financial year	<u>260,739</u>	<u>(90,466)</u>	<u>170,273</u>
<b>2013</b>			
Balance as at the beginning of the financial year	189,123	(67,259)	121,864
Premium written for the financial year	535,681	(190,366)	345,315
Premium earned during the financial year	<u>(495,302)</u>	<u>178,134</u>	<u>(317,168)</u>
Balance as at the end of the financial year	<u>229,502</u>	<u>(79,491)</u>	<u>150,011</u>

**24 OTHER LIABILITIES**

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Other creditors and accruals	1,107,874	871,628	7,925	2,535
Short term employee benefits	402,475	258,377	4,415	3,709
Lessee deposits	27,029	29,774	-	-
Prepaid instalments	71,037	73,852	-	-
Remisiers' trust deposits	59,480	55,887	-	-
Amount due to Danaharta	1,935	1,864	-	-
Amount due to trust funds	44,268	35,355	-	-
	<u>1,714,098</u>	<u>1,326,737</u>	<u>12,340</u>	<u>6,244</u>

**25 RECOURSE OBLIGATION ON LOANS SOLD TO CAGAMAS**

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



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NOTES TO THE FINANCIAL STATEMENTS  
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**26 BORROWINGS AND SENIOR DEBT SECURITIES**

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Borrowings:</b>					
<b>Secured</b>					
Revolving credits:					
- Hong Kong Dollar ('HKD')	(a(i))	13,524	66,805	-	-
<b>Unsecured</b>					
Revolving credits:					
- Ringgit Malaysia ('RM')	(a(ii))	404,196	439,265	1,194,481	920,227
- United States Dollar ('USD')	(a(iii))	174,863	-	-	-
Term loans:					
- RM	(b(i))	1,051,674	1,151,592	1,316,860	1,416,281
- USD	(b(ii))	495,029	571,049	-	-
- Singapore Dollar ('SGD')	(b(iii))	119,089	25,937	-	-
- Indonesia Rupiah ('IDR')	(b(iv))	14,115	44,451	-	-
- Japanese Yen ('JPY')	(b(v))	2,115	-	-	-
RM1.1 billion 7 years Commercial Papers/Medium Term Notes	(c)	600,092	600,092	600,092	600,092
<b>Senior debts securities:</b>					
USD300 million 3.25% senior debt securities due in 2017	(d)	1,049,892	982,867	-	-
USD200 million 3.25% senior debt securities due in 2017	(d)	707,214	664,767	-	-
USD300 million 3.088% senior debt securities due in 2019	(e)	1,053,549	-	-	-
		<u>5,685,352</u>	<u>4,546,825</u>	<u>3,111,433</u>	<u>2,936,600</u>
Schedule repayment of borrowings and senior debts securities:					
- Within one year		2,509,957	2,093,811	3,111,433	2,586,600
- One year to three years		1,974,725	563,404	-	350,000
- Three years to five years		1,183,187	1,819,942	-	-
- Over five years		17,483	69,668	-	-
		<u>5,685,352</u>	<u>4,546,825</u>	<u>3,111,433</u>	<u>2,936,600</u>

The borrowings of the Group and the Company are as follows:

(a) Revolving credits

(i) HKD revolving credits

The secured HKD revolving credit facilities of the Group bears interest at rates ranging from 1.55% to 1.65% (2013: 1.54%) per annum.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**26 BORROWINGS AND SENIOR DEBT SECURITIES (CONTINUED)**

The borrowings of the Group and the Company are as follows: (continued)

(a) Revolving credits (continued)

(ii) RM revolving credits

The unsecured RM revolving credit facilities of the Group and the Company bear interest at rates ranging from 4.25% to 4.40% (2013: 3.30% to 4.40%) and 3.97% to 4.40% (2013: 3.30% to 4.40%) per annum respectively.

(iii) USD revolving credits

The unsecured USD revolving credit facilities of the Group bears interest at 3.49% (2013: Nil) per annum.

(b) Term loans

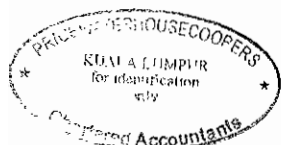
(i) RM term loans

The Group and the Company have unsecured RM term loans which bear interest at rates ranging from 4.02% to 4.57% (2013: 3.95% to 4.20%) and 4.02% to 4.57% (2013: 3.95% to 4.20%) per annum respectively.

(ii) USD term loans

On 7 April 2006, RHB Bank, a wholly-owned subsidiary, entered into an agreement with Japan Bank for International Cooperation ('JBIC'), to obtain an unsecured Untied Loan facility of USD100 million for a tenure of 11 years. Disbursements of USD50 million and USD30 million were done on 29 June 2006 and 20 October 2006 respectively. Final disbursement of USD20 million was done on 31 January 2007. The said loan is repayable on 8 March and 8 September each year for 20 equal instalments commencing on 8 March 2008 until 8 September 2017 and bears a floating interest rate of British Bankers Association Interst Settlement Rate in USD ('BBA LIBOR') plus 0.395% per annum. The average interest rate ranges from 0.72% to 1.13% (2013: 0.78% to 1.13%) per annum.

On 24 March 2008, RHB Bank entered into another agreement with JBIC to obtain an unsecured Untied Loan facility of USD100 million for a tenure of 10 years. Disbursement of USD100 million was done on 30 May 2008. The said loan is repayable on 8 March and 8 September each year for 20 equal instalments commencing 8 September 2010 to 8 March 2020 and bears a floating interest rate of BBA LIBOR plus 0.315% per annum. The average interest rate ranges from 0.64% to 1.05% (2013: 0.70% to 1.05%) per annum.



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**26 BORROWINGS AND SENIOR DEBT SECURITIES (CONTINUED)**

The borrowings of the Group and the Company are as follows: (continued)

(b) Term loans (continued)

(ii) USD term loans (continued)

On 28 May 2009, RHB Bank entered into a third agreement with JBIC to obtain an unsecured Untied Loan facility of USD100 million for a tenure of 8 years. Disbursement of USD100 million was done on 28 July 2009. The said loan is repayable on 10 April and 10 October each year for 16 equal instalments commencing 10 October 2011 to 10 April 2019 and bears a floating interest rate of BBA LIBOR plus 0.80% per annum. The average interest rate ranges from 1.12% to 1.53% (2013: 1.16% to 1.53%) per annum.

(iii) SGD term loans

The Group has unsecured SGD term loans which bears interest at rates ranging from 1.20% to 1.40% (2013: 0.97%) per annum.

(iv) IDR term loans

The Group has unsecured IDR term loans which bears interest at 10.65% (2013: 10.60% to 11.50%) per annum.

(v) JPY term loans

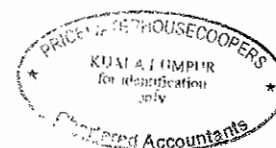
The Group has unsecured JPY term loans which bears interest at 1.36% (2013: Nil) per annum.

(c) RM1.1 billion 7 years Commercial Papers/Medium Term Notes ('CP/MTN Programme')

The Company has issued the following Medium Term Notes under the CP/MTN Programme and these are still outstanding as at 31 December 2014:

Issuance date	Nominal value RM'million	Maturity date	Coupon rate (per annum)	
			2014	2013
30 December 2010	350	31 December 2015	4.80%	4.80%
8 November 2012	250	7 May 2015	4.15%	3.60%

Interest for the above Medium Term Notes is payable semi-annually in arrears.



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**NOTES TO THE FINANCIAL STATEMENTS  
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**26 BORROWINGS AND SENIOR DEBT SECURITIES (CONTINUED)**

The borrowings of the Group and the Company are as follows: (continued)

(d) 3.25% USD300 million and USD200 million Senior Debts Securities 2012/2017

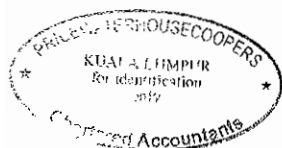
The amount of senior unsecured Medium Term Notes issued by RHB Bank under the USD500 million Euro Medium Term Notes ('EMTN') Programme are as follows:

Issuance date	Tranche	Principal USD'million	Maturity date	Interest rate	Interest payment
11 May 2012	I	300	11 May 2017	3.25% per annum	Accrued and payable semi-annually in arrears
28 September 2012	II	200	11 May 2017	3.25% per annum	Accrued and payable semi-annually in arrears

(e) 3.088% USD300 million Senior Debts Securities 2014/2019

During the financial year, RHB Bank issued USD300 million senior unsecured notes under a RM5.0 billion (or its equivalent in other currencies) Euro Medium Term Note Programme:

Issuance date	Tranche	Principal USD'million	Maturity date	Interest rate	Interest payment
3 October 2014	I	300	3 October 2019	3.088% per annum	Accrued and payable semi-annually in arrears



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**NOTES TO THE FINANCIAL STATEMENTS  
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**27 SUBORDINATED OBLIGATIONS**

	Note	Group	
		2014 RM'000	2013 RM'000
5.50% RM700 million Tier II Subordinated Notes 2007/2022	(a)	703,586	703,481
5.00% RM700 million Tier II Subordinated Notes 2010/2020	(b)	706,137	706,137
5.60% RM300 million Tier II Subordinated Notes 2010/2025	(b)	302,946	302,946
4.25% RM250 million Tier II Subordinated Notes 2011/2021	(c)	251,276	251,003
4.30% RM750 million Tier II Subordinated Notes 2012/2022	(d)	754,367	754,171
4.40% RM1,300 million Tier II Subordinated Notes 2012/2022	(d)	1,304,537	1,304,131
4.40% RM245 million Tier II Subordinated Notes 2012/2022	(e)	245,650	245,659
7.25% RM125 million Tier II Subordinated Notes 2010/2020	(f)	127,135	131,536
7.15% RM75 million Tier II Subordinated Notes 2010/2020	(g)	75,543	78,342
5.20% RM100 million Tier II Subordinated Notes 2011/2021	(h)	101,112	103,561
4.95% RM500 million Tier II Subordinated Sukuk Murabahah 2014/2024	(i)	503,051	-
4.99% RM1.0 billion Tier II Subordinated Notes 2014/2024	(j)	1,024,062	-
		<u>6,099,402</u>	<u>4,580,967</u>

The subordinated obligations comprise of unsecured liabilities of its commercial bank, investment bank and islamic bank subsidiaries and are subordinated to the senior indebtedness in accordance with their respective terms and conditions of issuance and qualify as Tier II capital as disclosed in Note 49 for the purpose of determining the capital adequacy ratios of the respective subsidiaries.

(a) 5.50% RM700 million Tier II Subordinated Notes 2007/2022

On 30 November 2007, RHB Bank issued RM700 million in nominal value redeemable unsecured Subordinated Notes as follows:

Tranche	Principal RM'million	Maturity date	Interest rate	Interest payment
2007/2022	700	30 November 2022 (callable with step-up in 2017)	5.50% per annum chargeable to 30 November 2017 (but exclusive of payment date), thereafter on step-up coupon rate at 0.5% per annum	Accrued and payable semi- annually in arrears

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



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**NOTES TO THE FINANCIAL STATEMENTS  
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**27 SUBORDINATED OBLIGATIONS (CONTINUED)**

- (b) 5.00% RM700 million Tier II Subordinated Notes 2010/2020 and 5.60% RM300 million Tier II Subordinated Notes 2010/2025

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

Tranche	Principal RM'million	Maturity date	Interest rate	Interest payment
2010/2020	700	29 April 2020 (callable with step-up in 2015)	5.00% per annum chargeable to 29 April 2015 (but exclusive of payment date), thereafter on step-up coupon rate at 0.5% per annum	Accrued and payable semi-annually in arrears
2010/2025	300	29 April 2025 (callable with step-up in 2020)	5.60% per annum chargeable to 29 April 2020 (but exclusive of payment date), thereafter on step-up coupon rate of 0.5% per annum	Accrued and payable semi-annually in arrears

- (c) 4.25% RM250 million Tier II Subordinated Notes 2011/2021

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

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



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**NOTES TO THE FINANCIAL STATEMENTS  
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**27 SUBORDINATED OBLIGATIONS (CONTINUED)**

- (d) 4.30% RM750 million Tier II Subordinated Notes 2012/2022 and 4.40% RM1,300 million Tier II Subordinated Notes 2012/2022

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

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

- (e) 4.40% RM245 million Tier II Subordinated Notes 2012/2022

On 10 December 2012, RHB Investment Bank issued RM245 million nominal value of Subordinated Notes. The RM245 million in nominal value is as follows:

Tranche	Principal RM'million	Maturity date	Interest rate	Interest payment
2012/2022	245	9 December 2022 (callable in 2017)	4.40% per annum chargeable to 9 December 2022	Accrued and payable semi-annually in arrears

- (f) 7.25% RM125 million Tier II Subordinated Notes 2010/2020

On 5 April 2010, RHB Investment Bank issued RM125 million of Subordinated Notes via direct placement. The tenure of issue is 10 years maturing on 6 April 2020 and callable after a minimum period of 5 years from the issue date (i.e. on 6 April 2015) and on every semi-annual coupon payment date thereafter. These Subordinated Notes carry a yield to maturity of 7.25% per annum and a coupon rate of 7.25% per annum. There will be a step-up coupon from 7.25% to 8.25% per annum on the 5<sup>th</sup> year from the issuance date until the date of early redemption in full or final maturity, whichever is earlier.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**27 SUBORDINATED OBLIGATIONS (CONTINUED)**

(g) 7.15% RM75 million Tier II Subordinated Notes 2010/2020

On 24 May 2010, RHB Investment Bank issued RM75 million of Subordinated Notes via direct placement. The tenure of issue is 10 years maturing on 25 May 2020 and callable after a minimum period of 5 years from the issue date (i.e. on 25 May 2015) and on every semi-annual coupon payment date thereafter. These Subordinated Notes carry a yield to maturity of 7.15% per annum and a coupon rate of 7.15% per annum. There will be a step-up coupon from 7.15% to 8.15% per annum on the 5<sup>th</sup> year from the issuance date until the date of early redemption in full or final maturity, whichever is earlier.

(h) 5.20% RM100 million Tier II Subordinated Notes 2011/2021

On 15 April 2011, RHB Investment Bank issued RM100 million of Subordinated Notes via direct placement. The tenure of issue is 10 years maturing on 15 April 2021 and callable after a minimum period of 5 years from the issue date (i.e. on 15 April 2016) and on every semi-annual coupon payment date thereafter. These Subordinated Notes carry a yield to maturity of 5.20% per annum and a coupon rate of 5.20% per annum. There will be a step-up coupon from 5.20% to 5.25% per annum on the 5<sup>th</sup> year from the issuance date until the date of early redemption in full or final maturity, whichever is earlier.

(i) 4.95% RM500 million Subordinated Sukuk Murabahah 2014/2024

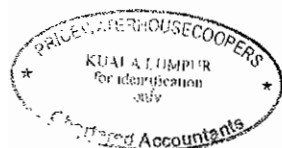
On 15 May 2014, RHB Islamic Bank issued RM500 million nominal value of Subordinated Sukuk Murabahah under a RM1 billion Subordinated Sukuk Programme.

Tranche	Principal RM'million	Maturity date	Interest rate	Interest payment
2014/2024	500	15 May 2024 (callable in 2019)	4.95% per annum chargeable to 15 May 2024	Accrued and payable semi-annually in arrears

(j) 4.99% RM1.0 billion Tier II Subordinated Notes 2014/2024

On 8 July 2014, RHB Bank issued RM1.0 billion nominal value of Subordinated Notes, being the remaining balance of the issuance of RM3 billion in nominal value of Subordinated Notes and/or Senior Notes under a Medium Term Note Programme.

Tranche	Principal RM'million	Maturity date	Interest rate	Interest payment
2014/2024	1,000	7 July 2024 (callable in 2019)	4.99% per annum chargeable to 7 July 2024	Accrued and payable semi-annually in arrears



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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**28 HYBRID TIER-1 CAPITAL SECURITIES**

	Group	
	2014	2013
	RM'000	RM'000
RM370 million Hybrid Tier-1 Capital Securities	368,107	375,577
RM230 million Hybrid Tier-1 Capital Securities	233,408	225,624
	<u>601,515</u>	<u>601,201</u>

Issuance date	Tranche	Principal RM'million	Maturity date	Interest rate	Interest payment
31 March 2009	I	370	31 March 2039 (callable with step-up in 2019)	8.00% per annum to 2019, thereafter at 9.00% per annum if not called	Accrued and payable semi-annually in arrears
17 December 2009	II	230	16 December 2039 (callable with step-up in 2019)	6.75% per annum to 2019, thereafter at 7.75% per annum if not called	Accrued and payable semi-annually in arrears

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**RHB CAPITAL BERHAD**

(Incorporated in Malaysia)

Company No. 312952-H

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**29 SHARE CAPITAL**

	Note	Group and Company	
		2014	2013
		RM'000	RM'000
Ordinary shares of RM1.00 each			
Authorised:			
Balance as at the beginning/end of the financial year		<u>5,000,000</u>	<u>5,000,000</u>
Issued and fully paid:			
Balance as at the beginning of the financial year		2,546,910	2,494,208
Shares issued under DRP:			
- Issued on 23 July 2014	(i)	25,547	-
- Issued on 1 August 2013	(ii)	-	37,166
- Issued on 13 November 2013	(iii)	-	15,536
Balance as at the end of the financial year		<u>2,572,457</u>	<u>2,546,910</u>

On 1 March 2011, RHB Investment Bank, on behalf of the Company, announced that as part of the Company's capital management plan and to enhance the Company's shareholders' value, the Company has proposed to undertake a dividend reinvestment plan that provides the shareholders the option to elect to reinvest their cash dividend declared by the Company (whether interim, final, special or any other cash dividend) ('Dividend') into new ordinary shares of RM1.00 each in the Company ('RHB Capital Shares') [hereinafter referred to as Dividend Reinvestment Plan ('DRP')]. Approval from shareholders for the DRP and the issuance of new shares arising from the DRP was obtained at the Extraordinary General Meeting held on 6 April 2011.

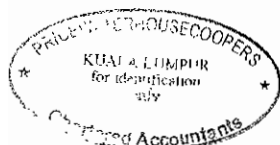
The DRP further provides that whenever a cash dividend (either an interim, final, special or other dividend) ('Dividend') is proposed, the Board may, in its absolute discretion, determine that the DRP to be applied to the whole or a portion of the cash Dividend and where applicable, any remaining portion of the Dividend will be paid in cash.

- (i) During the financial year, 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 single-tier final dividend of 10.30% in respect of the financial year ended 31 December 2013.

In the previous financial year, the Company increased its issued and paid up share capital from:

- (ii) RM2,494,207,802 to RM2,531,373,891 via the issuance of 37,166,089 new ordinary shares of RM1.00 each arising from the DRP relating to the single-tier final dividend of 16.09% in respect of the financial year ended 31 December 2012.
- (iii) RM2,531,373,891 to RM2,546,909,962 via the issuance of 15,536,071 new ordinary shares of RM1.00 each arising from the DRP relating to the single-tier interim dividend of 6.00% in respect of the financial year ended 31 December 2013.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing shares of the Company.



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**NOTES TO THE FINANCIAL STATEMENTS  
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**30 RESERVES**

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Retained profits	(a)	6,939,829	5,563,177	415,461	646,471
Share premium		5,053,063	4,888,541	5,053,063	4,888,541
Statutory reserve	(b)	3,817,799	3,577,647	-	-
AFS reserves	(c)	191,619	122,389	-	-
Translation reserves	(d)	191,334	12,211	-	-
Other reserves		28,196	28,196	-	-
		<u>16,221,840</u>	<u>14,192,161</u>	<u>5,468,524</u>	<u>5,535,012</u>

- (a) Pursuant to the Finance Act, 2007 which was gazetted on 28 November 2007, dividends paid, credited or distributed to shareholders are not tax deductible by the Company, but are exempted from tax to the shareholders ('single-tier system').

As at 31 December 2014, the Company has sufficient tax exempt account balances to pay tax exempt dividends out of its retained earnings.

- (b) Statutory reserve represents non-distributable profits held by:
- The commercial banking subsidiary in compliance with Section 47(2)(f) of Financial Services Act, 2013 and Section 18 of the Singapore Finance Companies (Amendment) Act, 1994;
  - The investment banking subsidiaries in compliance with Section 47(2)(f) of Financial Services Act, 2013;
  - The Islamic banking subsidiary in compliance with Section 57(2)(f) of Islamic Financial Services Act, 2013; and
  - The Thailand's stockbroking subsidiary company in compliance with Section 116 of the Public Limited Company Act B.E. 2535 in Thailand.

The statutory reserve funds are not distributable as cash dividends.

- (c) AFS reserves arise from a change in the fair value of financial investments classified as AFS. The unrealised gains or losses are transferred to the income statements upon disposal, de-recognition or impairment of such securities.
- (d) Translation reserves comprise all foreign exchange differences from the translation of the financial statements of foreign operations, subsidiaries and joint ventures.

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**NOTES TO THE FINANCIAL STATEMENTS  
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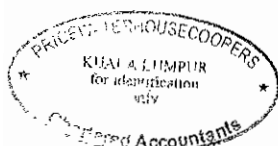
**31 NON-CONTROLLING INTERESTS ('NCI')**

	Group	
	2014	2013
	RM'000	RM'000
Balance as at the beginning of the financial year	203,656	223,265
Share of profit during the financial year	25,464	12,348
Exchange differences	2,205	4,750
Share of AFS reserves during the financial year, net of tax	(12,440)	5,554
Actuarial gain on defined benefit plan of subsidiaries, net of tax	11	-
Dividends paid	(993)	(10,442)
Acquisition of a subsidiary	51,044	-
Dilution of interest in subsidiaries	21,389	-
Acquisition of additional interests by NCI	-	431
Acquisition of additional interests from NCI	(190,547)	(32,250)
Balance as at the end of the financial year	<u>99,789</u>	<u>203,656</u>

Set out below is summarised financial information for subsidiary that has NCI that are material to the Group:

(i) Summarised statements of financial position

	RHB OSK Rupiah Liquid Fund 2014 RM'000
<b>Assets</b>	
Cash and cash equivalents	137
Deposits and placements with banks and other financial institution	101,589
Financial assets HFT	73,477
Financial investments AFS	705
Other assets	35
Total assets	<u>175,943</u>
<b>Liabilities</b>	
Other liabilities	62
Total liabilities	<u>62</u>
<b>Net assets</b>	<u>175,881</u>
<b>Accumulated NCI</b>	<u>77,757</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)**

**31 NON-CONTROLLING INTERESTS ('NCI') (CONTINUED)**

Set out below is summarised financial information for subsidiary that has NCI that are material to the Group: (continued)

(ii) Summarised income statements

	RHB OSK Rupiah Liquid Fund 1 July 2014 (date of acquisition) to 31 December 2014 RM'000
Interest income	6,356
Interest expense	-
Net interest income	<u>6,356</u>
Other operating income	127
Net income	<u>6,483</u>
Other operating expenses	<u>(832)</u>
<b>Profit before taxation</b>	<b>5,651</b>
Taxation	-
<b>Net profit for the financial year</b>	<b><u>5,651</u></b>

(iii) Summarised statements of cash flows

	RHB OSK Rupiah Liquid Fund 1 July 2014 (date of acquisition) to 31 December 2014 RM'000
<b>Cash flows from operating activities</b>	
Profit before taxation	5,651
Interest received	(1,972)
Net loss from disposal of financial assets HFT	44
Unrealised gain on financial assets HFT	<u>(171)</u>
Operating profit before working capital changes	<u>3,552</u>
Changes in operating assets/liabilities	<u>(24,865)</u>
Net cash used in operating activities	<u>(21,313)</u>
Net cash used in financing activities	(466)
Net cash from investing activities	<u>21,856</u>
Net increase in cash and cash equivalents	77
Effects of exchange rate differences	(46)
Cash and cash equivalents:	
- at the date of acquisition	<u>106</u>
- at the end of the financial year	<b><u>137</u></b>



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**32 INTEREST INCOME**

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Loans and advances	5,863,498	5,406,913	-	-
Money at call and deposits and placements with banks and other financial institutions	222,062	311,545	559	1,605
Securities purchased under resale agreements	268	3,891	-	-
Financial assets HFT	48,449	41,821	-	-
Financial investments AFS	572,043	462,231	-	-
Financial investments HTM	746,599	662,494	-	-
Others	16,780	12,023	6,135	401
	<u>7,469,699</u>	<u>6,900,918</u>	<u>6,694</u>	<u>2,006</u>
Of which:				
Interest income accrued on impaired financial assets	<u>167,849</u>	<u>171,591</u>	<u>-</u>	<u>-</u>

**33 INTEREST EXPENSE**

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	430,515	294,271	-	-
Deposits from customers	3,186,110	2,792,028	-	-
Borrowings and senior debt securities	167,888	184,261	128,154	130,883
Subordinated obligations	235,886	212,684	-	-
Hybrid Tier-1 Capital Securities	45,102	45,078	-	-
Recourse obligation on loans sold to Cagamas	46,418	43,130	-	-
Others	66,448	54,980	-	-
	<u>4,178,367</u>	<u>3,626,432</u>	<u>128,154</u>	<u>130,883</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  
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**34 OTHER OPERATING INCOME**

	Note	Group		Company	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
<b>Fee income</b>					
Service charges and fees		235,220	281,671	-	-
Commission		169,780	150,461	-	-
Guarantee fees		66,636	48,707	-	-
Commitment fees		56,381	48,944	-	-
Net brokerage income		362,875	371,695	-	-
Fund management fees		114,532	97,310	-	-
Unit trust fee income		45,849	80,834	-	-
Corporate advisory fees		161,611	35,161	-	-
Underwriting and arrangement fees		105,628	131,512	-	-
Other fee income		135,319	87,283	-	-
		<u>1,453,831</u>	<u>1,333,578</u>	-	-
<b>Net gain/(loss) arising from financial assets HFT</b>					
- Net gain on disposal		62,558	27,415	-	-
- Unrealised net (loss)/gain on revaluation		(30,775)	8,130	-	-
- Gross dividend income		8,526	6,670	-	-
		<u>40,309</u>	<u>42,215</u>	-	-
<b>Net gain on revaluation of derivatives</b>		<u>6,982</u>	<u>18,713</u>	-	-
<b>Net gain on fair value hedges</b>	11	<u>2,374</u>	<u>692</u>	-	-
<b>Net gain arising from financial investments AFS</b>					
- Net gain on disposal		50,851	106,360	-	-
- Gross dividend income		26,926	21,890	-	-
		<u>77,777</u>	<u>128,250</u>	-	-
<b>Net gain arising from financial investments HTM</b>					
- Net gain on early redemption/disposal		<u>12,782</u>	<u>10,658</u>	-	-
<b>Gross dividend income from subsidiaries</b>		-	-	<u>206,956</u>	<u>473,149</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)**

**34 OTHER OPERATING INCOME (CONTINUED)**

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Other income</b>					
Net foreign exchange gain/(loss):					
- Realised		325,069	219,623	(27,864)	-
- Unrealised		37,055	113,459	-	(506)
Insurance underwriting surplus before management expenses		144,223	98,904	-	-
Net gain on disposal of property, plant and equipment		17,686	316	-	2
Rental income		1,489	3,712	-	-
Net loss on disposal of a subsidiary		(247)	-	-	-
Net gain on disposal of an associate	52(c)/52(l)	8,202	8,737	-	-
Other operating income		76,434	67,908	-	-
Other non-operating income		7,430	38,640	-	29,679
		<u>617,341</u>	<u>551,299</u>	<u>(27,864)</u>	<u>29,175</u>
		<u>2,211,396</u>	<u>2,085,405</u>	<u>179,092</u>	<u>502,324</u>

**35 NET INCOME FROM ISLAMIC BANKING BUSINESS**

	Group	
	2014 RM'000	2013 RM'000
Income derived from investment of depositors' funds	1,325,425	1,108,231
Income derived from investment of shareholders' funds	130,232	118,967
	<u>1,455,657</u>	<u>1,227,198</u>
Income attributable to depositors	<u>(723,506)</u>	<u>(636,326)</u>
	<u>732,151</u>	<u>590,872</u>
Of which:		
Financing income earned on impaired financing and advances	<u>13,995</u>	<u>16,971</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)**

**36 OTHER OPERATING EXPENSES**

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<b>Personnel costs</b>				
Salaries, bonuses, wages and allowances	1,627,368	1,393,200	11,652	17,111
Defined contribution plan	223,598	196,681	1,649	2,695
Other staff related costs	176,604	144,343	239	1,664
	<u>2,027,570</u>	<u>1,734,224</u>	<u>13,540</u>	<u>21,470</u>
<b>Establishment costs</b>				
Property, plant and equipment:				
- Depreciation	115,282	113,475	216	247
- Written off	403	459	-	-
Intangible assets:				
- Amortisation	67,720	56,133	-	-
- Written off	99	219	-	-
Information technology expenses	159,349	145,116	5	10
Repair and maintenance	37,780	40,843	82	150
Security and escorting charges	52,031	46,579	10	44
Rental of premises	144,911	136,990	279	1,160
Water and electricity	38,183	33,436	58	100
Rental of equipment	11,501	10,994	-	8
Insurance	23,458	19,717	-	1
Others	15,757	15,678	-	-
	<u>666,474</u>	<u>619,639</u>	<u>650</u>	<u>1,720</u>
<b>Marketing expenses</b>				
Sales commission	139,243	118,934	-	-
Advertisements and publicity	83,687	98,675	1,239	1,717
Others	133,374	133,484	120	276
	<u>356,304</u>	<u>351,093</u>	<u>1,359</u>	<u>1,993</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)**

**36 OTHER OPERATING EXPENSES (CONTINUED)**

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<b>Administration and general expenses</b>				
Auditors' remuneration				
(i) Audit:				
Statutory audit:				
- Malaysia	2,763	2,676	190	190
- Overseas	1,899	1,731	-	-
Limited review	430	455	-	-
Other audit related	300	520	-	-
(ii) Non-audit:				
- Malaysia	1,232	1,325	624	27
Communication expenses	153,874	158,365	156	247
Legal and professional fees	62,153	40,304	10,257	23,102
Others	138,169	141,829	1,376	2,742
	<u>360,820</u>	<u>347,205</u>	<u>12,603</u>	<u>26,308</u>
	<u>3,411,168</u>	<u>3,052,161</u>	<u>28,152</u>	<u>51,491</u>

Included in the personnel costs of the Group are the Group Managing Director's remuneration (excluding estimated monetary value of benefits-in-kind) totaling RM6,093,000 (2013: RM3,173,000) as disclosed in Note 37.

Included in the administration and general expenses of the Group and Company are other Directors' remuneration (excluding estimated monetary value of benefits-in-kind) totaling RM3,525,000 (2013: RM3,352,000) and RM1,370,000 (2013: RM1,392,000) respectively as disclosed in Note 37.

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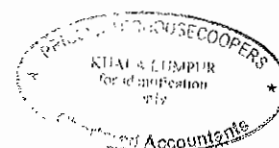
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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**37 DIRECTORS' REMUNERATION**

	← Group and Company →			
	Salary and other remuneration, including meeting allowance	Benefits-in-kind (based on an estimated monetary value)	Bonus	Total
	RM'000	RM'000	RM'000	RM'000
<b>2014</b>				
<b><u>Group Managing Director</u></b>				
Kellee Kam Chee Khiong	2,343	36	3,750	6,129
<b>2013</b>				
<b><u>Group Managing Director</u></b>				
Kellee Kam Chee Khiong	1,553	36	1,620	3,209



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**NOTES TO THE FINANCIAL STATEMENTS  
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**37 DIRECTORS' REMUNERATION (CONTINUED)**

	Group			Company			Total	Others*	Fees	Benefits-in-kind (based on an estimated monetary value)	RM'000	RM'000	RM'000	RM'000	RM'000
	Fees	RM'000	Others*	RM'000	Benefits-in-kind (based on an estimated monetary value)	RM'000									
<b>2014</b>															
<b>Non-executive Directors</b>															
Dato' Mohamed Khadar Merican	493	31	215	739	180	31	37	248							
Tan Sri Azlan Zainol	458	31	57	546	150	-	26	176							
Datuk Haji Faisal Siraj	470	-	232	702	150	-	62	212							
Dato' Teo Chiang Liang	270	-	116	386	150	-	62	212							
Datuk Seri Saw Choo Boon	320	-	227	547	150	-	100	250							
Dato' Nik Mohamed Din															
Datuk Nik Yusoff	311	-	28	339	150	-	23	173							
Mohamed Ali Ismaeil Ali AlFahim	273	-	42	315	97	-	20	117							
Datuk Wira Jalilah Baba	12	-	1	13	12	-	1	13							
	<b>2,607</b>	<b>62</b>	<b>918</b>	<b>3,587</b>	<b>1,039</b>	<b>31</b>	<b>331</b>	<b>1,401</b>							

\* Others comprise of Directors' committee allowance and meeting allowance.

**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  
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**37 DIRECTORS' REMUNERATION (CONTINUED)**

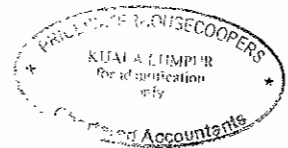
	← Group			Company →				
	Fees RM'000	Benefits-in-kind (based on an estimated monetary value) RM'000	Others* RM'000	Total RM'000	Fees RM'000	Benefits-in-kind (based on an estimated monetary value) RM'000	Others* RM'000	Total RM'000
<b>Non-executive Directors</b>								
Dato' Mohamed Khadar Merican	473	31	218	722	180	31	35	246
Tan Sri Azlan Zainol	476	31	57	564	150	-	21	171
Datuk Haji Faisal Siraj	425	-	193	618	150	-	55	205
Dato' Teo Chiang Liang	270	-	118	388	150	-	54	204
Datuk Seri Saw Choo Boon	273	-	238	511	150	-	101	251
Datuk Wira Jalilah Baba	150	-	26	176	150	-	26	176
Dato' Nik Mohamed Din								
Datuk Nik Yusoff	413	-	22	435	150	-	20	170
	<u>2,480</u>	<u>62</u>	<u>872</u>	<u>3,414</u>	<u>1,080</u>	<u>31</u>	<u>312</u>	<u>1,423</u>

2013

\* Others comprise of Directors' committee allowance and meeting allowance.

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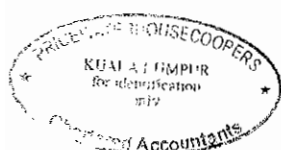
**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**38 ALLOWANCE FOR IMPAIRMENT ON LOANS, FINANCING AND OTHER LOSSES**

	Group	
	2014	2013
	RM'000	RM'000
Allowance for impaired loans and financing:		
- Individual impairment allowance (written back)/made	(27,937)	297,254
- Collective impairment allowance made	405,898	194,069
Impaired loans and financing recovered	(377,039)	(330,608)
Bad debts written off	204,425	256,832
Allowance made for impairment on other debtors	895	30,414
	<u>206,242</u>	<u>447,961</u>

**39 IMPAIRMENT LOSSES WRITTEN BACK ON OTHER ASSETS**

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Charge for the financial year:				
- Financial investments AFS	15,601	24,516	-	-
- Financial investments HTM	2,817	-	-	-
- Property, plant and equipment	169	-	-	-
- Intangible assets	3,321	-	-	-
- Foreclosed properties	-	275	-	-
- Investments in subsidiaries	-	-	2,717	-
	<u>21,908</u>	<u>24,791</u>	<u>2,717</u>	<u>-</u>
Reversal for the financial year:				
- Financial investments AFS	(124,229)	(11,496)	-	-
- Financial investments HTM	(13,567)	(31,465)	-	-
- Foreclosed properties	-	(355)	-	-
- Property, plant and equipment	(1,421)	(379)	-	-
- Waiver of intercompany balances	-	-	(5,545)	-
	<u>(139,217)</u>	<u>(43,695)</u>	<u>(5,545)</u>	<u>-</u>
	<u>(117,309)</u>	<u>(18,904)</u>	<u>(2,828)</u>	<u>-</u>



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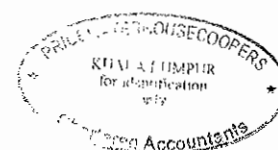
**40 TAXATION**

	Note	Group		Company	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
Income tax based on profit for the financial year:					
- Malaysian income tax		680,961	622,864	61	15,133
- Overseas tax		34,937	9,839	-	-
Deferred tax	14	(21,919)	3,480	1,201	(159)
		<u>693,979</u>	<u>636,183</u>	<u>1,262</u>	<u>14,974</u>
(Over)/under provision in respect of prior financial years		(22,390)	(8,954)	(276)	324
		<u>671,589</u>	<u>627,229</u>	<u>986</u>	<u>15,298</u>

The numerical reconciliation between the applicable statutory income tax rate and the effective income tax rate of the Group and the Company are as below:

	Group		Company	
	2014	2013	2014	2013
	%	%	%	%
Tax at Malaysian statutory tax rate	25.0	25.0	25.0	25.0
Tax effects in respect of:				
Effects of different tax rate in Labuan/other countries	(0.6)	(0.2)	-	-
Non-taxable income	(1.4)	(0.8)	(160.3)	(27.3)
Non-allowable expenses	2.4	1.9	139.2	7.0
Utilisation of unabsorbed business losses previously not recognised	-	(0.1)	-	-
(Over)/under provision in respect of prior financial years	(0.8)	(0.4)	(0.9)	0.1
	<u>24.6</u>	<u>25.4</u>	<u>3.0</u>	<u>4.8</u>

	Group	
	2014	2013
	RM'000	RM'000
Tax savings as a result of the utilisation of tax losses brought forward from previous years from which the related credit is recognised during the financial year	-	31



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**41 EARNINGS PER SHARE ('EPS')**

(a) Basic earnings per share

Basic EPS is calculated by dividing the net profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2014	2013
	RM'000	RM'000
Net profit attributable to equity holders	<u>2,038,000</u>	<u>1,831,190</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,558,249</u>	<u>2,511,873</u>
Basic EPS (sen)	<u>79.7</u>	<u>72.9</u>

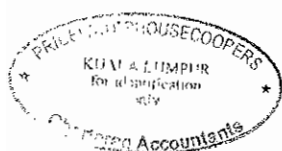
(b) Diluted earnings per share

The diluted EPS of the Group is calculated by dividing the net profit attributable to equity holders of the Company for the financial year ended 31 December 2014 by the weighted average number of ordinary shares in issue and adjusted for the number of shares that could have been issued under the approved DRP scheme of the Company.

In the diluted EPS calculation, it has been assumed that 100% of the electable portion of the declared interim dividend payment under the DRP will be exercised into new ordinary shares of RM1.00 each in the Company. The new shares will be issued at an assumed price which is equivalent to the 5-day volume weighted average price of the Company's shares as at 31 December 2014 after applying a discount of not more than 10%. These calculations serve to determine the number of dilutive shares to be added to the weighted average ordinary shares in issue for the purpose of computing the dilution. No adjustment has been made to the net profit attributable to the equity holders of the Company for the financial year ended 31 December 2014.

The dilution effect on the basic EPS arising from the DRP is immaterial. As a result, the diluted EPS is equal to the basic EPS for the financial year ended 31 December 2014.

Other than the above, there were no other dilutive potential ordinary shares outstanding as at 31 December 2014.



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**NOTES TO THE FINANCIAL STATEMENTS  
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**42 INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME/(LOSS)**

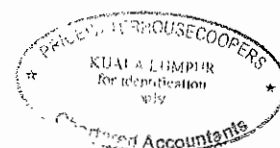
	Before tax <u>RM'000</u>	Group Tax benefits <u>RM'000</u>	Net of tax <u>RM'000</u>
<b>2014</b>			
Financial investments AFS			
- Fair value gain on revaluation, net of transfer to income statements	72,046	(15,256)	56,790
Actuarial gain on defined benefit plan in subsidiary companies	<u>1,290</u>	<u>(322)</u>	<u>968</u>
	<u><u>73,336</u></u>	<u><u>(15,578)</u></u>	<u><u>57,758</u></u>
<b>2013</b>			
Financial investments AFS			
- Fair value loss on revaluation, net of transfer to income statements	<u>(142,696)</u>	<u>36,302</u>	<u>(106,394)</u>

**43 ORDINARY DIVIDENDS**

Dividends declared or proposed during the financial year are as follows:

	Group and Company			
	2014			2013
	Dividend per share %	Total dividend RM'000	Dividend per share %	Total dividend RM'000
<b>Ordinary shares:</b>				
Interim dividend - 2014/2013	6.00%	154,347	6.00%	151,882
Proposed final dividend - 2013	-	-	10.30%	262,332
	<u>6.00%</u>	<u>154,347</u>	<u>16.30%</u>	<u>414,214</u>

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.



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**NOTES TO THE FINANCIAL STATEMENTS  
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**43 ORDINARY DIVIDENDS (CONTINUED)**

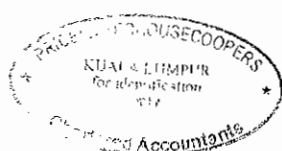
Subject to the relevant regulatory approvals being obtained, the Board of Directors, in its absolute discretion, recommends that the shareholders of the Company be given an option to elect to reinvest the entire declared single-tier interim dividend into new ordinary shares of RM1.00 each in the Company in accordance with the approved DRP scheme of the Company.

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.

Dividends recognised as distribution to ordinary equity holders of the Company:

	Group and Company		2013	
	2014		2013	
	Dividend per share %	Amount of dividends, single-tier RM'000	Dividend per share %	Amount of dividends, single-tier RM'000
<b>Ordinary shares</b>				
Interim dividend - 2013	-	-	6.00%	151,882
Final dividend - 2013/2012	10.30%	262,332	16.09%	401,318
	10.30%	262,332	22.09%	553,200



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**44 COMMITMENTS AND CONTINGENCIES**

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. Apart from the allowance for commitments and contingencies already made in the financial statements, no material losses are anticipated as a result of these transactions.

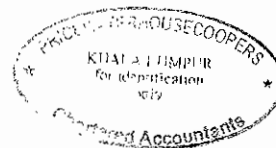
The commitments and contingencies comprise the following:

	2014		2013	
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000	Risk weighted amount RM'000
Group				
Direct credit substitutes#	2,659,088	2,628,097	1,656,364	3,705,381
Transaction-related contingent items#	4,829,166	2,388,120	1,308,323	1,524,593
Short term self-liquidating trade-related contingencies	1,822,569	362,511	177,431	311,555
Obligations under underwriting agreements	-	-	-	171,824
Lending of banking subsidiaries' securities or the posting of securities as collateral by banking subsidiaries, including instances where these arise out of repo-style transactions	517,610	517,610	27,897	-
Irrevocable commitments to extend credit:				
- Maturity not exceeding one year	2,701,468	399,169	144,743	6,181,439
- Maturity exceeding one year	30,652,168	14,280,346	9,878,218	14,566,561
Foreign exchange-related contracts^:				
- Less than one year	28,493,237	922,273	556,942	257,638
- One year to less than five years	11,522,508	1,679,778	760,665	1,259,794
- More than five years	469,108	596,943	444,525	-
Equity related contracts^:				
- Less than one year	15,508	5,844	5,844	-
Interest rate-related contracts^:				
- Less than one year	5,959,805	14,442	4,211	10,730
- One year to less than five years	27,736,220	814,933	281,190	674,566
- More than five years	987,920	73,660	34,400	103,342
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	15,137,896	605,393	240,215	640,656
	<u>133,504,271</u>	<u>25,289,119</u>	<u>15,520,968</u>	<u>29,408,079</u>
			<u>100,232,255</u>	<u>19,690,273</u>

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

# Included in direct credit substitutes and transaction-related contingent items are financial guarantee contract of RM4,829,166,000 (2013: RM3,139,158,000), of which fair value at the time of issuance is zero.

^ 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.



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**44 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

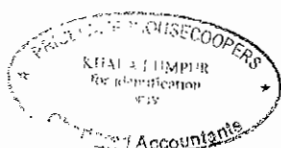
The credit equivalent amount ('CE') and risk weighted amount ('RWA') of the Group are an aggregate of CE and RWA of:

- (i) Its commercial banking subsidiary, which is computed in accordance with BNM's Guidelines on Risk Weighted Capital Adequacy Framework ('Basel II-RWA'); Internal Ratings Based ('IRB') Approach for Credit Risk, Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk ('Basel II');
- (ii) Its Islamic banking subsidiary, which is computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks ('CAFIB'): Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk ('Basel II'); and
- (iii) Its investment banking subsidiary, which is computed in accordance with BNM's Guidelines on Risk Weighted Capital Adequacy Framework: Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk ('Basel II').

The commercial banking subsidiary, 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.

The commercial banking subsidiary, 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. In addition, RHB Bank has issued a guarantee to Bank of Thailand to provide support to meet any legal liabilities which may be incurred in respect of its operations in Thailand.

	Group	
	2014	2013
	RM'000	RM'000
Corporate guarantee in favour of client's trading facilities granted by a subsidiary	<u>68,000</u>	<u>68,000</u>
	Company	
	2014	2013
	RM'000	RM'000
Corporate guarantee provided to licensed banks for credit facilities granted to subsidiaries	214,243	327,742
Corporate guarantee in favour of client's trading facilities granted by a subsidiary	68,000	68,000
Letter of undertaking in favour of Monetary Authority of Singapore provided for a subsidiary	<u>132,315</u>	<u>129,680</u>
	<u>414,558</u>	<u>525,422</u>



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**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**45 NON-CANCELLABLE OPERATING LEASE COMMITMENTS**

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

	Group	
	2014 RM'000	2013 RM'000
Rental of premises:		
- Within one year	82,162	63,200
- Between one to five years	69,377	72,208
- More than five years	97	1,207
	<u>151,636</u>	<u>136,615</u>

**46 CAPITAL COMMITMENTS**

	Note	Group	
		2014 RM'000	2013 RM'000
Capital expenditure for property, plant and equipment:			
- Authorised and contracted for		109,535	53,052
- Authorised but not contracted for		202,131	216,435
		<u>311,666</u>	<u>269,487</u>
Proposed acquisition of PT Bank Mestika Dharma	52(a)	-	538,620
		<u>311,666</u>	<u>808,107</u>





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**NOTES TO THE FINANCIAL STATEMENTS  
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**47 RELATED PARTY TRANSACTIONS**

(a) Related parties and relationships

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

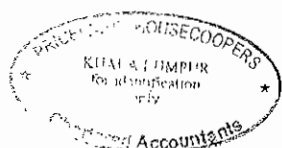
<b>Related parties</b>	<b>Relationship</b>
Employees Provident Fund ('EPF')	Substantial shareholder, a fund body that is significantly influenced by the government
Subsidiaries, associates and joint ventures of EPF as disclosed in its financial statements	Reporting entities that EPF has control or significant influence
Subsidiaries of the Company as disclosed in Note 15	Subsidiaries
Key management personnel	The key management personnel of the Group and the Company consists of: <ul style="list-style-type: none"> <li>- All Directors of the Company and its key subsidiaries; and</li> <li>- Member of the Group Management Committee ('GMC')</li> </ul>
Related parties of key management personnel (deemed as related to the Company)	(i) Close family members and dependents of key management personnel; and  (ii) Entities that are controlled, jointly controlled or significantly influenced by, or for which voting power in such entity resides with, directly or indirectly by key management personnel or its close family members

(b) Significant related party balances and transactions

In line with the Group's re-alignment of the Group structure, the authority and responsibility for planning, directing and controlling the activities of the Group is now under the purview of the GMC. In the past, the same purview resided in the respective entities' management committees. Hence, the Group now considers the members of GMC of the Group as key management personnel.

In addition to related party disclosures mentioned in Note 12, set out below are other significant related party transactions and balances.

Other related parties of the Company comprise of transactions or balances with the Company's subsidiaries.



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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**47 RELATED PARTY TRANSACTIONS (CONTINUED)**

(b) Significant related party balances and transactions (continued)

Group	2014		2013	
	Key management personnel RM'000	EPF and EPF Group of companies RM'000	Key management personnel RM'000	EPF and EPF Group of companies RM'000
<b>Income</b>				
Interest on loans, advances and financing	220	50,691	190	77,658
Fees on loans, advances and financing	4	11,598	2	996
Insurance premium	33	-	205	9,064
Brokerage fees	-	18,024	-	20,831
Other income	-	14,964	-	7,064
	<u>257</u>	<u>95,277</u>	<u>397</u>	<u>115,613</u>
<b>Expenses</b>				
Interest on deposits from customers	1,264	12,734	578	21,011
Other expenses	38	-	189	-
Rental of premises	11,038	-	11,237	-
	<u>12,340</u>	<u>12,734</u>	<u>12,004</u>	<u>21,011</u>
<b>Amounts due from</b>				
Loans, advances and financing	8,776	1,280,989	4,669	1,892,280
Clients' and brokers' balances	-	54,400	-	-
Financial assets HFT	-	-	-	140,345
Financial investments AFS	-	145,631	-	35,800
Other assets	-	1,142	3,088	4,754
	<u>8,776</u>	<u>1,482,162</u>	<u>7,757</u>	<u>2,073,179</u>
<b>Amounts due to</b>				
Deposits from customers	73,295	972,843	85,024	2,753,978
Clients' and brokers' balances	9,073	103,825	-	4,238
Other liabilities	-	-	3	-
	<u>82,368</u>	<u>1,076,668</u>	<u>85,027</u>	<u>2,758,216</u>

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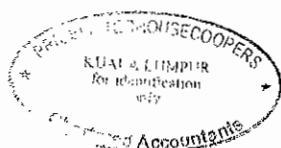
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**NOTES TO THE FINANCIAL STATEMENTS  
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**47 RELATED PARTY TRANSACTIONS (CONTINUED)**

(b) Significant related party balances and transactions (continued)

Company	Subsidiary companies	
	2014 RM'000	2013 RM'000
<b>Income</b>		
Interest on deposits and placements with other financial institutions	520	1,572
Waiver of intercompany balances	5,545	-
Other income	-	401
	<u>6,065</u>	<u>1,973</u>
<b>Expenses</b>		
Interest on borrowings	36,977	12,772
Rental of premises	179	1,056
Legal and professional fees	2,691	5,793
Security and escorting charges	10	44
Personnel costs	15	44
Other expenses	17	633
	<u>39,889</u>	<u>20,342</u>
<b>Amounts due from</b>		
Cash and short term funds	24,940	16,973
Intercompany balances	93	800
	<u>25,033</u>	<u>17,773</u>
<b>Amounts due to</b>		
Intercompany balances	1,799	8,960
Borrowings	1,055,505	745,642
	<u>1,057,304</u>	<u>754,602</u>



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**47 RELATED PARTY TRANSACTIONS (CONTINUED)**

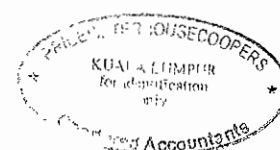
(c) Key management personnel

The remuneration of Directors and other members of key management are as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Short term employee benefits:				
- Fees	2,607	2,480	1,039	1,080
- Salary and other remuneration	26,094	39,956	6,564	3,689
- Contribution to EPF	3,886	4,626	1,111	595
- Benefits-in-kind	213	918	67	36
	<u>32,800</u>	<u>47,980</u>	<u>8,781</u>	<u>5,400</u>

The above includes Directors' remuneration as disclosed in Note 37.

	Group	
	2014	2013
	RM'000	RM'000
Approved limit on loans, advances and financing for key management personnel	<u>27,722</u>	<u>24,874</u>



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**48 SEGMENT REPORTING**

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

In line with the Group's internal management reporting framework and re-alignment of the Group's management structure, the operations of Islamic Banking Business is now under the purview and responsibility of Corporate and Investment Banking ('CIB'), Retail Banking and Business Banking segment. Thus, the operating results and financial position of such businesses are now reported under CIB, Retail Banking and Business Banking segment respectively. Previously, it was reported under Islamic Banking Business segment.

Following such changes in the composition of the reportable segments, the Group has restated the corresponding segment information retrospectively.

The Group's business segments can be organised into the following main segments reflecting the Group's internal reporting structure:

**(a) CIB**

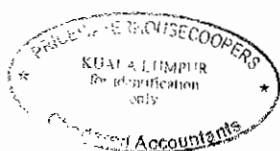
CIB caters to funding or lending needs of corporate customers including public listed corporations and its related entities, multinational corporations (including Japanese), financial institutions and Government and state owned enterprises. Included under Corporate Banking are offshore banking activities carried out by RHB Bank (L) Ltd whose borrowings and lending facilities are offered in major currencies mainly to corporate customers.

Investment banking provides services for advisory, fund raising in the structuring and issuance of debt securities and capital market instruments, corporate and debt restructuring, mergers and acquisitions, private placements, underwriting and structuring of bilateral lending, project financing, loans syndication, infrastructure financing, initial public offerings of equity related instruments, private placements and underwriting. This segment also covers facilities for equity share trading in local and foreign markets, share margin financing, futures broking products and services, custodian and nominees services, investment cash management and unit trust funds.

This segment also offers stockbroking and investment banking products and services to the Group's regional customers in Singapore, Hong Kong, Indonesia and Thailand.

**(b) Retail Banking**

Retail Banking focuses on providing products and services to individual customers. The products and services offered to customers include credit facilities (mortgages, non-residential mortgages, hire purchase, purchase of securities, credit cards and other personal loans and financing), remittances, deposits collection and investment related products.



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**48 SEGMENT REPORTING (CONTINUED)**

The Group's business segments can be organised into the following main segments reflecting the Group's internal reporting structure: (continued)

**(c) Business Banking**

Business Banking caters for funding needs as well as deposit collection from small and medium sized enterprises and wholesale clients.

**(d) Group Treasury**

Group Treasury operations are involved in proprietary and non-proprietary trading in fixed income securities and foreign exchange, derivatives trading and structuring, managing customer-based foreign exchange and money market transactions, funding and investments in ringgit and foreign currencies for the Group.

**(e) Group International Business**

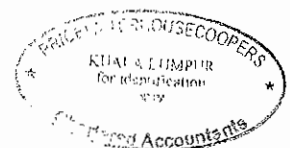
Group International Business primarily focuses on providing commercial banking related products and services tailored to the specific needs of the customers in foreign countries in which the Group has operations. The Group currently has foreign presences in Singapore, Thailand, Brunei, Cambodia and Lao.

**(f) Support Center and Others**

Support Center and Others comprise results from other business segments in the Group (nominee services, property investment and rental of premises and other related financial services), funding center of the commercial banking subsidiary and investment holding company. The results of these other businesses are not material to the Group and therefore do not render a separate disclosure and are reported in aggregate in the financial statements.

The business segment results are prepared based on the Group's internal management reporting, which reflects the organisation's management reporting structure. Internal allocation of costs, for example, back office support, centralised cost, funding centre and the application of transfer pricing, where appropriate, has been used in preparing the segmental reporting.

During the financial year, no one group of related customers accounted for more than 10% of the Group's revenue.



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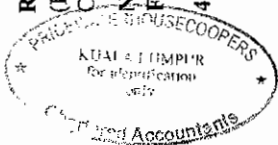
**48 SEGMENT REPORTING (CONTINUED)**

(a) Segment analysis

2014	CIB RM'000	Retail Banking RM'000	Business Banking RM'000	Group Treasury RM'000	Group International Business RM'000	Support Centre and Others RM'000	Inter- Segment Elimination RM'000	Total RM'000
External revenue	2,021,112	2,544,795	900,937	580,384	422,536	(234,885)	-	6,234,879
Inter-segment revenue	32,300	21,078	35	49,618	4,570	38,241	(145,842)	-
Segment revenue	2,053,412	2,565,873	900,972	630,002	427,106	(196,644)	(145,842)	6,234,879
Other operating expenses	(1,150,539)	(1,359,881)	(437,530)	(163,242)	(304,218)	(141,600)	145,842	(3,411,168)
Including:								
Depreciation of property, plant and equipment	(23,802)	(64,194)	(6,596)	(2,725)	(8,953)	(9,012)	-	(115,282)
Amortisation of intangible assets	(25,280)	(24,920)	(9,285)	(5,017)	(3,218)	-	-	(67,720)
Allowance for impairment on loans, financing and other losses	235,519	(348,107)	(58,633)	(237)	(18,571)	(16,213)	-	(206,242)
Impairment losses written back/(made) on other assets	127,850	-	623	(11,385)	1,373	(1,152)	-	117,309
Share of results of associates	1,266,242	857,885	405,432	455,138	105,690	(355,609)	-	2,734,778
Share of results of joint ventures								(105)
Profit before taxation								380
Taxation								2,735,053
Net profit for the financial year								(671,589)
								<u>2,063,464</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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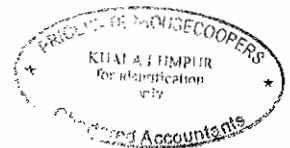
**48 SEGMENT REPORTING (CONTINUED)**

(a) Segment analysis (continued)

2014	CIB RM'000	Retail Banking RM'000	Business Banking RM'000	Group Treasury RM'000	Group International Business RM'000	Support Centre and Others RM'000	Total RM'000
Segment assets	52,942,278	68,038,286	18,890,063	54,416,309	22,755,613	937,114	217,979,663
Investments in associates and joint ventures							21,021
Tax recoverable							162,181
Deferred tax assets							38,465
Unallocated assets							1,153,106
Total assets							<u>219,354,436</u>
Segment liabilities	34,908,688	44,883,328	13,671,396	69,366,388	16,568,209	7,803,562	187,201,571
Tax liabilities							57,321
Deferred tax liabilities							53,041
Borrowings and senior debt securities							5,685,352
Subordinated obligations							6,099,402
Hybrid Tier-1 Capital Securities							601,515
Unallocated liabilities							762,148
Total liabilities							<u>200,460,350</u>
Other segment items:							
Capital expenditure	52,430	100,621	27,527	9,052	42,100	4,773	236,503

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

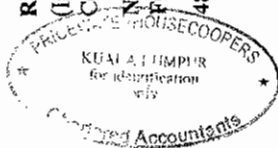
**48 SEGMENT REPORTING (CONTINUED)**

(a) Segment analysis (continued)

2013	CIB RM'000	Retail Banking RM'000	Business Banking RM'000	Group Treasury RM'000	Group International Business RM'000	Support Centre and Others RM'000	Inter- Segment Elimination RM'000	Total RM'000
External revenue	1,878,865	2,430,081	827,171	509,640	319,934	(14,928)	-	5,950,763
Inter-segment revenue	27,313	11,251	-	8,974	8,916	15,566	(72,020)	-
Segment revenue	1,906,178	2,441,332	827,171	518,614	328,850	638	(72,020)	5,950,763
Other operating expenses	(980,265)	(1,251,012)	(400,578)	(130,797)	(243,918)	(117,611)	72,020	(3,052,161)
Including:								
Depreciation of property, plant and equipment	(25,144)	(65,960)	(6,666)	(2,268)	(6,971)	(6,466)	-	(113,475)
Amortisation of intangible assets	(22,029)	(18,704)	(8,503)	(3,501)	(1,822)	(1,574)	-	(56,133)
Allowance for impairment on loans, financing and other losses	(146,144)	(211,482)	(21,549)	-	(18,262)	(50,524)	-	(447,961)
Impairment losses written back on other assets	18,096	79	26	324	379	-	-	18,904
Share of results of associates	797,865	978,917	405,070	388,141	67,049	(167,497)	-	2,469,545
Share of results of joint ventures								795
Profit before taxation								427
Taxation								2,470,767
Net profit for the financial year								(627,229)
								1,843,538

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**48 SEGMENT REPORTING (CONTINUED)**

(a) Segment analysis (continued)

2013	CIB RM'000	Retail Banking RM'000	Business Banking RM'000	Group Treasury RM'000	Group International Business RM'000	Support Centre and Others RM'000	Total RM'000
Segment assets	48,337,466	59,162,237	16,162,419	49,766,609	15,706,504	597,206	189,732,441
Investments in associates and joint ventures							20,949
Tax recoverable							148,677
Deferred tax assets							31,225
Unallocated assets							1,156,615
Total assets							<u>191,089,907</u>
Segment liabilities	30,492,105	41,530,299	11,897,733	60,555,759	12,536,052	5,559,402	162,571,350
Tax liabilities							29,767
Deferred tax liabilities							51,814
Borrowings and senior debt securities							4,546,825
Subordinated obligations							4,580,967
Hybrid Tier-1 Capital Securities							601,201
Unallocated liabilities							1,765,256
Total liabilities							<u>174,147,180</u>
Other segment items:							
Capital expenditure	19,425	84,500	14,319	11,651	21,185	2,380	153,460

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**48 SEGMENT REPORTING (CONTINUED)**

(b) The following geographical information is prepared based on the location of the assets:

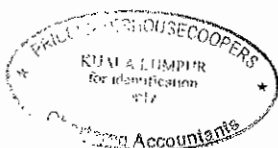
	Revenue	Segment assets	Capital expenditure
	RM'000	RM'000	RM'000
<b>2014</b>			
Malaysia	5,417,699	194,474,298	171,572
Outside Malaysia	817,180	24,880,138	64,931
	<u>6,234,879</u>	<u>219,354,436</u>	<u>236,503</u>
<b>2013</b>			
Malaysia	5,305,263	172,304,312	132,275
Outside Malaysia	645,500	18,785,595	21,185
	<u>5,950,763</u>	<u>191,089,907</u>	<u>153,460</u>

**49 CAPITAL ADEQUACY RATIO**

BNM guidelines on capital adequacy requires RHB Bank, RHB Islamic Bank and RHB Investment Bank to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations. The capital adequacy ratio is computed based on the eligible capital in relation to the total risk-weighted assets as determined by BNM.

RHB Indochina Bank, a wholly owned subsidiary of RHB Bank, is subject to National Bank of Cambodia's capital adequacy requirements.

Currently, the Group is not required to maintain any capital adequacy ratio requirements.



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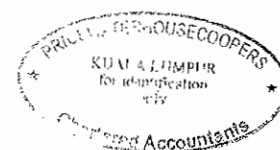
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**49 CAPITAL ADEQUACY RATIO (CONTINUED)**

(a) The capital adequacy ratios of RHB Bank, RHB Islamic Bank and RHB Investment Bank are as follows:

	RHB Bank <sup>@</sup>	
	2014	2013
	RM'000	RM'000
<b>Common Equity Tier I ('CET I')/Tier I Capital</b>		
Paid-up ordinary share capital	3,365,486	3,318,085
Share premium	136,162	8,563
Retained profits	6,860,657	5,424,998
Other reserves	3,589,300	3,492,002
AFS reserves	218,816	179,873
	<u>14,170,421</u>	<u>12,423,521</u>
<b>Less:</b>		
Goodwill	(905,519)	(905,519)
Intangible assets (include associated deferred tax liabilities)	(166,462)	(109,845)
55% of cumulative gains of AFS financial instruments	(120,349)	(98,930)
Shortfall of eligible provisions to expected losses under the IRB approach	(307,612)	(280,768)
Investments in subsidiaries*	(332,839)	-
Other deductions <sup>#</sup>	(29,667)	(17,374)
Total CET I Capital	<u>12,307,973</u>	<u>11,011,085</u>
Hybrid Tier-I Capital Securities**	<u>480,000</u>	<u>540,000</u>
Total Tier I Capital	<u>12,787,973</u>	<u>11,551,085</u>
<b>Tier II Capital</b>		
Subordinated obligations***	3,200,000	3,600,000
Subordinated obligations meeting all inclusion	1,000,000	-
Collective impairment allowance <sup>^</sup>	258,406	269,973
	<u>4,458,406</u>	<u>3,869,973</u>
<b>Less:</b>		
Investments in subsidiaries*	(1,331,358)	(1,539,997)
Total Tier II Capital	<u>3,127,048</u>	<u>2,329,976</u>
<b>Total Capital</b>	<u>15,915,021</u>	<u>13,881,061</u>



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**NOTES TO THE FINANCIAL STATEMENTS  
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**49 CAPITAL ADEQUACY RATIO (CONTINUED)**

- (a) The capital adequacy ratios of RHB Bank, RHB Islamic Bank and RHB Investment Bank are as follows:  
(continued)

	<b>RHB Bank<sup>@</sup></b>	
	<b>2014</b>	<b>2013</b>
<u>Capital ratios</u>		
Before proposed dividends:		
CET I Capital Ratio	<b>11.678%</b>	11.103%
Tier I Capital Ratio	<b>12.133%</b>	11.647%
Total Capital Ratio	<b><u>15.100%</u></b>	<u>13.997%</u>
After proposed dividends:		
CET I Capital Ratio	<b>11.124%</b>	11.103%
Tier I Capital Ratio	<b>11.580%</b>	11.647%
Total Capital Ratio	<b><u>14.547%</u></b>	<u>13.997%</u>

<sup>@</sup> The capital adequacy ratios of RHB Bank consist of capital base and risk-weighted assets derived from RHB Bank and its wholly-owned offshore banking subsidiary, RHB Bank (L) Ltd.

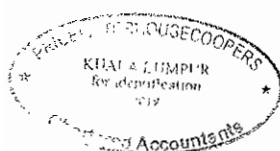
\* Investments in subsidiaries are subject to the gradual deduction in the calculation under CET I Capital effective from 1 January 2014 as prescribed under paragraph 36.15 of the BNM's Capital Adequacy Framework (Capital Components).

# Pursuant to Basel II Market Risk para 5.19 & 5.20 - Valuation Adjustments, the Capital Adequacy Framework (Basel II - RWA) calculation shall account for the ageing, liquidity and holding back adjustments on its trading portfolio.

\*\* Hybrid Tier-1 Capital Securities that are recognised as Tier I capital instruments are subject to the gradual phase-out treatment effective from 1 January 2013 as prescribed under paragraph 36.10 of the BNM's Capital Adequacy Framework (Capital Components).

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

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



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**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**49 CAPITAL ADEQUACY RATIO (CONTINUED)**

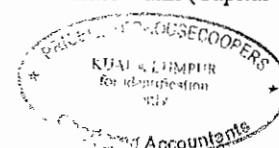
- (a) The capital adequacy ratios of RHB Bank, RHB Islamic Bank and RHB Investment Bank are as follows:  
(continued)

	<b>RHB Islamic Bank</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CET I/Tier I Capital</b>		
Paid-up ordinary share capital	1,173,424	1,173,424
Retained profits	553,560	441,401
Other reserves	553,765	441,609
AFS reserves	<u>(28,352)</u>	<u>(29,302)</u>
	<b>2,252,397</b>	<b>2,027,132</b>
<b>Less:</b>		
Net deferred tax assets	(15,497)	(17,281)
Intangible assets (include associated deferred tax liabilities)	(1,119)	(5,580)
Other deductions*	<u>(551)</u>	<u>(92)</u>
Total CET I Capital/Total Tier I Capital	<b>2,235,230</b>	<b>2,004,179</b>
<b>Tier II Capital</b>		
Collective impairment allowance^	100,832	81,059
Subordinated sukuk*	<u>500,000</u>	<u>-</u>
Total Tier II Capital	<b>600,832</b>	<b>81,059</b>
<b>Total Capital</b>	<b>2,836,062</b>	<b>2,085,238</b>
<b>Capital ratios</b>		
Before proposed dividends:		
CET I Capital Ratio	12.875%	13.864%
Tier I Capital Ratio	12.875%	13.864%
Total Capital Ratio	<u>16.336%</u>	<u>14.424%</u>
After proposed dividends:		
CET I Capital Ratio	12.875%	13.864%
Tier I Capital Ratio	12.875%	13.864%
Total Capital Ratio	<u>16.336%</u>	<u>14.424%</u>

\* Pursuant to Basel II Market Risk para 5.19 & 5.20 - Valuation Adjustments, the Capital Adequacy Framework (Basel II - RWA) calculation shall account for the ageing, liquidity and holding back adjustments on its trading portfolio.

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

\* Qualify as Tier II capital as specified in the BNM's Capital Adequacy Framework for Islamic Bank (Capital Components).



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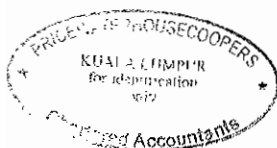
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**49 CAPITAL ADEQUACY RATIO (CONTINUED)**

- (a) The capital adequacy ratios of RHB Bank, RHB Islamic Bank and RHB Investment Bank are as follows:  
(continued)

	<b>RHB Investment Bank</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CET I/Tier I Capital</b>		
Paid-up ordinary share capital	818,646	818,646
Share premium	1,515,150	1,515,150
Retained profits	290,106	176,310
Other reserves	406,544	278,549
AFS reserves	<u>(11,933)</u>	<u>(32,510)</u>
	<b>3,018,513</b>	<b>2,756,145</b>
<b>Less:</b>		
Goodwill	(1,118,418)	(1,118,418)
Investments in subsidiaries*	(283,162)	-
Intangible assets (include associated deferred tax liabilities)	(29,718)	(42,967)
Securitisation exposure subject to deductions	-	(1,744)
Other deductions	(234)	(2,019)
Deferred tax assets	(23,891)	(11,382)
Reduction in excess of Tier II Capital due to insufficient Tier II Capital <sup>#</sup>	<u>(581,966)</u>	<u>(554,041)</u>
Total CET I Capital/Total Tier I Capital	<u><b>981,124</b></u>	<u><b>1,025,574</b></u>
<b>Tier II Capital</b>		
Subordinated obligations**	539,765	545,000
Collective impairment allowance <sup>^</sup>	<u>10,916</u>	<u>7,714</u>
	<b>550,681</b>	<b>552,714</b>
<b>Less:</b>		
Investments in subsidiaries and associates*	<u>(550,681)</u>	<u>(552,714)</u>
Total Tier II Capital	<u>-</u>	<u>-</u>
<b>Total Capital</b>	<u><b>981,124</b></u>	<u><b>1,025,574</b></u>



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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**49 CAPITAL ADEQUACY RATIO (CONTINUED)**

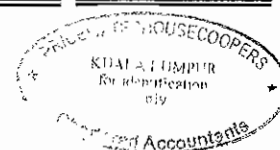
- (a) The capital adequacy ratios of RHB Bank, RHB Islamic Bank and RHB Investment Bank are as follows:  
(continued)

	<b>RHB Investment Bank</b>	
	<u>2014</u>	<u>2013</u>
<u>Capital ratios</u>		
Before proposed dividends:		
CET I Capital Ratio	26.337%	24.556%
Tier I Capital Ratio	26.337%	24.556%
Total Capital Ratio	<u>26.337%</u>	<u>24.556%</u>
After proposed dividends:		
CET I Capital Ratio	26.337%	24.556%
Tier I Capital Ratio	26.337%	24.556%
Total Capital Ratio	<u>26.337%</u>	<u>24.556%</u>

- \* Investments in subsidiaries are subject to the gradual deduction in the calculation under CET I Capital effective from 1 January 2014 as prescribed under paragraph 36.15 of the BNM's Capital Adequacy Framework (Capital Components).
- # The remaining portion of regulatory adjustments not deducted in the calculation of Tier II capital shall be deducted in the next higher tier of capital as prescribed under paragraph 31.1 of the BNM's Capital Adequacy Framework (Capital Components).
- \*\* Subordinated obligations that are recognised as Tier II capital instruments are subject to the gradual phase-out treatment effective from 1 January 2013 as prescribed under paragraph 36.10 of the BNM's Capital Adequacy Framework (Capital Components).
- ^ Excludes collective impairment allowance attributable to loans, advances and financing classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on 'Classification and Impairment Provisions for Loans/Financing'.

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

	<u>RHB Bank<sup>@</sup></u>	<u>RHB Islamic Bank</u>	<u>RHB Investment Bank</u>
	RM'000	RM'000	RM'000
<b>2014</b>			
Credit risk	94,067,828	16,316,757	2,448,720
Market risk	3,369,497	124,357	284,376
Operational risk	7,957,062	918,886	992,064
Total risk-weighted assets	<u>105,394,387</u>	<u>17,360,000</u>	<u>3,725,160</u>





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**RHB CAPITAL BERHAD**

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Company No. 312952-H

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)****49 CAPITAL ADEQUACY RATIO (CONTINUED)**

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

	RHB Bank @ RM'000	RHB Islamic Bank RM'000	RHB Investment Bank RM'000
<b>2013</b>			
Credit risk	88,598,853	13,511,201	2,518,192
Market risk	2,899,375	160,838	1,070,638
Operational risk	7,670,991	783,884	587,482
Total risk-weighted assets	<u>99,169,219</u>	<u>14,455,923</u>	<u>4,176,312</u>

@ The capital adequacy ratios of RHB Bank consist of capital base and risk-weighted assets derived from RHB Bank and its wholly-owned offshore banking subsidiary, RHB Bank (L) Ltd.

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

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

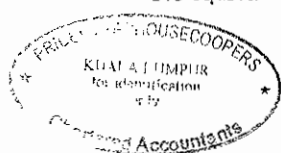
The total risk-weighted assets of RHB Investment Bank are computed based on BNM's Guideline on Risk Weighted Capital Adequacy Framework: Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

(c) The core capital and solvency ratio of RHB Indochina Bank are as follows:

	2014 %	2013 %
Before deducting proposed dividends:		
- Core capital ratio	#	#
- Solvency ratio	17.042%	18.987%
After deducting proposed dividends:		
- Core capital ratio	#	#
- Solvency ratio	17.042%	18.987%

The Solvency Ratio of RHB Indochina Bank is the nearest equivalent regulatory compliance ratio in Cambodia computed in accordance with Prakas B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived as RHB Indochina Bank's net worth divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory solvency ratio requirement in Cambodia is 15%.

# No equivalent ratio in Cambodia.



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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT**

**(a) Financial Risk Management Objectives and Policies**

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

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

Risk is inherent in the Group's activities and is managed through a process of on-going identification, measurement and monitoring, subject to limits and other controls. Besides credit risk, the Group is exposed to a range of other risk types such as market, liquidity, operational, legal, shariah and strategic and crossborder, as well as other forms of risk inherent to its strategy, product range and geographical coverage.

Effective risk management is fundamental to being able to generate profits consistently while sustaining competitive advantage, and is thus a central part of the financial and operational management of the Group.

The Group's Risk Management Framework governs the management of risks in the Group as follows:

1. It provides a holistic overview of the risk and control environment of the Group, with risk management aimed towards loss minimisation and protection against losses which may occur through, principally, the failure of effective checks and controls in the organisation.
2. It sets out the strategic progression of risk management towards becoming a value creation enterprise. This is realised through building up capabilities and infrastructure in risk management sophistication, and enhanced risk quantification to optimise risk-adjusted returns.

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

1. Risk governance from the Boards of Directors of various operating entities within the Group

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

The Board Risk Committee ('BRC') is the principal Board Committee that provides oversight over risk management for the Group to ensure that the Group's risk management process is in place and functional. The BRC assists the Board to review the Group's overall risk management philosophy, risk management framework, risk management policy and risk management models. An Islamic Risk Management Committee ('IRMC') has also been established to assist the Board of Directors of RHB Islamic Bank on issues relevant and unique to Islamic finance.

The responsibility for the supervision of the day-to-day management of enterprise risk and capital matters is delegated to the Group Capital and Risk Committee ('GCRC') comprising Senior Management of the Group and which reports directly to the BRC and the GMC. There are other committees set up to manage specific areas of risks in the Group.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(a) Financial Risk Management Objectives and Policies (continued)**

2. Clear understanding of risk management ownership

Proactive risk ownership is important for effective management of risk. This promotes a risk awareness culture throughout the Group. The Strategic Business Units ('SBUs') and Strategic Functional Units ('SFUs') of the respective operating entities in the Group are collectively responsible for identifying, managing and reporting risks. The business units manage certain defined risks supported by the services provided by the functional units, including the risk management function.

3. Institutionalisation of a risk-focused organisation

In addition to risk ownership, a risk-focused culture is promoted throughout the Group through strengthening of the central risk coordination functions and continuous reinforcement of a risk and control environment within the Group.

4. Alignment of risk management to business strategies

The Group Risk Management Framework serves to align the Group's business strategy to risk strategy, and vice-versa. This is articulated through the risk appetite setting and the Group's annual business and financial budgetary plan, which is facilitated by the integration of risk measures in capital management.

Risk appetite is set by the Board and reported through various metrics that enable the Group to manage capital constraints and shareholders' expectations. The risk appetite is a key component of the management of risks and describes the types and level of risk that the Group is prepared to accept in delivering its strategy.

5. Optimisation of risk-adjusted return

One of the objectives of capital management is to reflect a risk-adjusted return assumed by the businesses throughout the Group. By linking risk to capital, the risk-adjusted return measure contributes to the creation of shareholder value by facilitating the allocation of capital to the businesses.

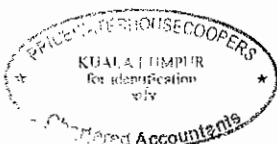
The medium to long-term strategy and principle of risk management of the Group is to intensify the integration of capital management within the Group. The Group is progressively implementing a risk-adjusted return based framework for allocation of capital to business units and for performance measurement and management.

The main areas of financial risks faced by the Company and the Group which is represented by RHB Bank, RHB Islamic Bank and RHB Investment Bank, and the policies to address these financial risks, are set out below:

**RHB CAPITAL BERHAD**

Liquidity risk

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



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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(a) Financial Risk Management Objectives and Policies (continued)**

**RHB CAPITAL BERHAD (Continued)**

**Interest rate risk**

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

**BANKING SUBSIDIARIES:**

**RHB BANK, RHB ISLAMIC BANK AND RHB INVESTMENT BANK**

**Major Areas of Risk**

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

- (i) Market risk - the risk of loss arising from adverse movements in market indicators, such as interest/profit rate, credit spreads, equity prices, currency exchange rates and commodity prices.
- (ii) Liquidity risk - the risk of the banking subsidiaries being unable to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due and transact at a reasonable cost.
- (iii) Credit risk - the risk that arises as a result of customers' or counterparties' inability to fulfil their financial and contractual obligations as and when they arise. These obligations arise from the banking subsidiaries direct lending/financing obligations, trade finance and its funding, investment and trading activities.
- (iv) Operational risk - the risk of loss resulting from inadequate or failed internal processes, people, systems and/or external events, which also includes IT, legal and Shariah non-compliance risk but exclude strategic and reputation risk.

To mitigate the various business risks of the banking subsidiaries, the following has been put in place:

**Market Risk**

- A framework of risk policies, measurement methodologies and limits, as approved by the Board, which controls the banking subsidiaries' financial market activities as well as to identify potential risk areas early in order to mitigate against any adverse effects arising from market volatility.
- The Group Asset and Liability Committee ('Group ALCO') performs a critical role in the oversight of the management of market risk and supports the IRMC and BRC in the overall market risk management.
- The Group Risk Management function forms a centralised function to support Senior Management to operationalise the processes and methods, to ensure adequate risk control and oversight are in place.

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(a) Financial Risk Management Objectives and Policies (continued)**

**BANKING SUBSIDIARIES:**

**RHB BANK, RHB ISLAMIC BANK AND RHB INVESTMENT BANK (continued)**

**Market Risk (continued)**

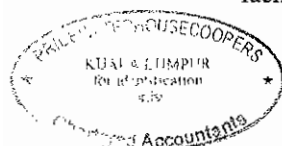
- The banking subsidiaries applies risk monitoring and assessment tools to measure trading book positions and market risk factors. Statistical and non-statistical risk assessment tools applied include Value-at-Risk ('VaR'), sensitivity analysis and stress testing.
- Market risk is primarily monitored and controlled via a structure of limits and triggers i.e. cut loss, Var, trading and notional limit set in accordance with the size of positions and risk tolerance appetites.
- Periodic stress testing are applied to the banking subsidiaries to ascertain market risk under abnormal market conditions.

**Liquidity Risk**

- The Group ALCO plays a fundamental role in the asset and liability management of the banking subsidiaries, and establishes strategies to assist in controlling and reducing any potential exposures to liquidity risk.
- The liquidity management process involves establishing liquidity management policies and limits, regular monitoring against liquidity risk limits, regular stress testing, and establishing contingency funding plans. These processes are subject to regular reviews to ensure that they remain relevant in the context of prevailing market conditions.
- Limits on the minimum portion of maturing funds available to meet obligations and the minimum level of inter-bank and other borrowing facilities are set to ensure adequate cover for withdrawals arising from unexpected levels of demand.
- Defined liquidity management ratios are maintained and monitored.
- The liquidity framework is subject to periodic stress tests and the results are reviewed to ensure compliance with BNM's Liquidity Framework.
- The Group has established a Liquidity Incident Management Master Plan to manage any potential adverse liquidity incidences, and which can be implemented on a timely basis so that appropriate actions can be taken to mitigate against any unexpected market developments.

**Credit Risk**

- The Group abides to the Board approved credit policy which supports the development of a strong credit culture and with the objective of maintaining a well diversified portfolio that addresses credit risk, and mitigates concern for unexpected losses. International best practices are incorporated into this policy.
- Group Credit Committee ('GCC') is responsible for ensuring adherence to the Board approved credit risk appetite as well as the effectiveness of credit risk management. GCC also approves and renews financing facilities and submits to the Board Credit Committee ('BCC') for affirmation or veto if the financing facilities exceed a pre-defined threshold.



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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(a) Financial Risk Management Objectives and Policies (continued)**

**BANKING SUBSIDIARIES:**

**RHB BANK, RHB ISLAMIC BANK AND RHB INVESTMENT BANK (continued)**

**Credit Risk (continued)**

- The Group also ensures that internal processes and credit underwriting standards are adhered to before credit proposal are approved. All credit proposals are first evaluated by the originating business units before being evaluated prior to submission to the relevant committees for approval. For financing applications submitted for joint approvals, there is proper check and control as the joint approval is between business units and Group Credit Management.
- Internal credit rating models are an integral part of the Group's credit risk management, decision-making process, and regulatory capital calculations. Client's accounts are reviewed at regular intervals and weakening credit are transferred to Loan Recovery for more effective management.
- Counterparty, industry and product exposure limits/directions are set and risk reward relationship are mapped with the aim of maintaining a diverse credit profile and track the changing risk concentrations in response to market changes and external events.
- RHB Bank has obtained BNM's approval to apply the Internal Ratings-Based ('IRB') approach for credit risk, whereby more advanced Basel II approaches and key program components are implemented, which includes (i) enhancing the returns of the Bank using established credit risk framework and methodologies, (ii) implementing and using empirical credit scoring models for consumer financing and credit grading models for business loans/financing, and (iii) designing and implementing modelling of expected and unexpected losses.
- Plans are underway to migrate other material portfolios to the IRB approach for credit risk.

**Operational Risk**

- The Group Risk Management function is responsible for the development of group-wide operational risk policies, framework and methodologies, and providing guidance and information to the business units on operational risk areas. The respective business units are primarily responsible for managing operational risk on a day-to-day basis. Some of the control tools used includes Risk and Control Self-Assessment, Key Risk Indicators, Incident and Loss Management.
- The Group operational risk management system has integrated applications to support the entire operational risk management process. This system facilitates the banking subsidiaries' capabilities for the Advanced Measurement Approach of the Basel II Framework in the future.
- The Group has Business Continuity Planning ('BCP') programmes for the major critical business operations and activities at the Head Office, data centre, and branch locations. The BCP programmes are subject to regular testing to ensure efficacy, reliability and functionality.
- There is continuous refinement of existing policies, procedures and internal control measures; and regular internal review, compliance monitoring, and audits are performed to prevent and/or minimise unexpected losses.
- Regular operational risk reporting is made to senior management, relevant committees and board to facilitate the identification of adverse operational lapses, taking of prompt corrective actions, and ensuring appropriate risk mitigation decision making and action plans.

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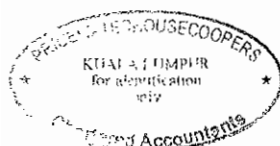
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(b) Financial Instruments by Category**

Group 2014	Loans	Assets at	Financial	Financial	Total
	and receivables	fair value through the profit and loss	investments AFS	investments HTM	
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
Cash and short term funds	16,236,908	-	-	-	16,236,908
Securities purchased under resale agreements	491,510	-	-	-	491,510
Deposits and placements with banks and other financial institutions	2,298,588	-	-	-	2,298,588
Financial assets HFT	-	2,930,681	-	-	2,930,681
Financial investments AFS	-	-	19,602,176	-	19,602,176
Financial investments HTM	-	-	-	20,469,831	20,469,831
Loans, advances and financing	140,693,003	-	-	-	140,693,003
Clients' and brokers' balances	1,525,147	-	-	-	1,525,147
Reinsurance assets	332,113	-	-	-	332,113
Other financial assets	1,412,627	-	-	-	1,412,627
Derivative assets	-	1,285,230	-	-	1,285,230
	<u>162,989,896</u>	<u>4,215,911</u>	<u>19,602,176</u>	<u>20,469,831</u>	<u>207,277,814</u>



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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(b) Financial Instruments by Category (continued)**

Group 2014	Liabilities at fair value through the profit and loss RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
<b>LIABILITIES</b>			
Deposits from customers	-	157,133,993	157,133,993
Deposits and placements of banks and other financial institutions	-	21,349,618	21,349,618
Obligations on securities sold under repurchase agreements	-	508,416	508,416
Obligations on securities borrowed	-	113,780	113,780
Bills and acceptances payables	-	614,031	614,031
Clients' and brokers' balances	-	1,214,065	1,214,065
General insurance contract liabilities	-	775,699	775,699
Other financial liabilities	-	1,320,618	1,320,618
Derivative liabilities	1,224,684	-	1,224,684
Recourse obligation on loans sold to Cagamas	-	3,315,335	3,315,335
Borrowings and senior debt securities	-	5,685,352	5,685,352
Subordinated obligations	-	6,099,402	6,099,402
Hybrid Tier-1 Capital Securities	-	601,515	601,515
	<u>1,224,684</u>	<u>198,731,824</u>	<u>199,956,508</u>



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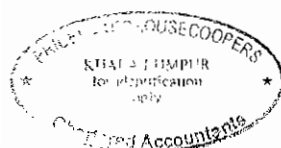
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(b) Financial Instruments by Category (continued)**

Group 2013	Loans	Assets at	Financial	Financial	Total
	and receivables	fair value through the profit and loss	investments AFS	investments HTM	
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
Cash and short term funds	9,998,667	-	-	-	9,998,667
Securities purchased under resale agreements	217,475	-	-	-	217,475
Deposits and placements with banks and other financial institutions	2,773,314	-	-	-	2,773,314
Financial assets HFT	-	4,037,728	-	-	4,037,728
Financial investments AFS	-	-	16,930,513	-	16,930,513
Financial investments HTM	-	-	-	22,778,009	22,778,009
Loans, advances and financing	119,542,545	-	-	-	119,542,545
Clients' and brokers' balances	2,573,583	-	-	-	2,573,583
Reinsurance assets	260,952	-	-	-	260,952
Other financial assets	848,938	-	-	-	848,938
Derivative assets	-	459,033	-	-	459,033
	<u>136,215,474</u>	<u>4,496,761</u>	<u>16,930,513</u>	<u>22,778,009</u>	<u>180,420,757</u>



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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(b) Financial Instruments by Category (continued)**

Group 2013	Liabilities at fair value through the profit and loss RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
<b>LIABILITIES</b>			
Deposits from customers	-	137,741,241	137,741,241
Deposits and placements of banks and other financial institutions	-	16,998,355	16,998,355
Obligations on securities sold under repurchase agreements	-	566,621	566,621
Obligations on securities borrowed	-	31,734	31,734
Bills and acceptances payables	-	2,076,481	2,076,481
Clients' and brokers' balances	-	2,315,810	2,315,810
General insurance contract liabilities	-	662,211	662,211
Other financial liabilities	-	987,394	987,394
Derivative liabilities	348,063	-	348,063
Recourse obligation on loans sold to Cagamas	-	2,269,353	2,269,353
Borrowings and senior debt securities	-	4,546,825	4,546,825
Subordinated obligations	-	4,580,967	4,580,967
Hybrid Tier-1 Capital Securities	-	601,201	601,201
	<u>348,063</u>	<u>173,378,193</u>	<u>173,726,256</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(b) Financial Instruments by Category (continued)**

Company	Loans and receivables	
	2014	2013
	RM'000	RM'000
Cash and short term funds	24,940	16,973
Deposits and placements with banks and other financial institutions	1,017	983
Amounts due from subsidiaries	93	800
Other financial assets	2	114,854
	<u>26,052</u>	<u>133,610</u>
	Other financial liabilities at amortised cost	
	2014	2013
	RM'000	RM'000
Other financial liabilities	12,340	6,244
Amounts due to subsidiaries	1,799	8,960
Borrowings	3,111,433	2,936,600
	<u>3,125,572</u>	<u>2,951,804</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Market Risk**

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

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

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

The interest/profit rate sensitivity results below shows the impact on profit after tax and equity of financial assets and financial liabilities bearing floating interest/profit rates and fixed rate financial assets and financial liabilities:

	2014		2013	
	Impact on profit after tax RM'000	Impact on equity RM'000	Impact on profit after tax RM'000	Impact on equity RM'000
<b>Group</b>				
+100 bps	(61,796)	(484,742)	(88,696)	(496,964)
-100 bps	67,140	516,962	93,986	530,880
<b>Company</b>				
+100 bps	(18,127)	-	(12,469)	-
-100 bps	18,127	-	12,469	-

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

Impact on the profit after tax is the sum of valuation changes on fixed income instruments held in the trading portfolio and earnings movement for all short term interest rate sensitive assets and liabilities (with maturity or re-pricing tenure of up to one year) that is not held in the trading portfolio. Earnings movement for the short term interest rate sensitive assets and liabilities uses a set of risk weights with its respective time band to simulate the 100 bps interest rate (100 bps for 2013) change impact. For assets and liabilities with non fixed maturity e.g. current and savings accounts, certain assumptions are made to reflect the actual sensitivity behaviour of these interest bearing assets and liabilities.

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Market Risk (continued)**

**(ii) Foreign currency sensitivity analysis**

The foreign currency sensitivity represents the effect of the appreciation or depreciation of the foreign currency rates (mainly consists of USD and SGD) on the consolidated currency position, while other variables remain constant.

	<b>Impact on profit after tax RM'000</b>
<b>Group</b>	
<b>2014</b>	
+5%	11,722
-5%	<u>(11,722)</u>
<b>2013</b>	
+5%	18,698
-5%	<u>(18,698)</u>

Impact on the profit after tax is estimated on the assumption that foreign exchange move by the same amount and all other variables are held constant and are based on a constant reporting date position.

**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 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

(c) Market Risk (continued)

Interest/Profit rate risk

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

Group 2014	Non-trading book						Non- interest sensitive RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-3 years RM'000	Over 3 years RM'000			
<b>ASSETS</b>									
Cash and short term funds	13,154,083	-	-	-	-	3,082,825	-	16,236,908	
Securities purchased under resale agreements	491,457	-	-	-	-	53	-	491,510	
Deposits and placements with banks and other financial institutions	260,509	819,903	656,034	140,304	417,494	4,344	-	2,298,588	
Financial assets HFT	-	-	-	-	-	-	2,930,681	2,930,681	
Financial investments AFS	564,513	692,201	702,728	771,679	7,673,679	839,353	-	19,602,176	
Financial investments HTM	1,485,251	602,811	1,458,320	683,485	4,369,623	76,296	-	20,469,831	
Loans, advances and financing									
- performing	94,312,072	14,856,357	3,288,538	969,155	6,686,885	19,158,664	-	139,566,953	
- impaired	-	-	-	-	-	1,126,050	-	1,126,050	
Clients' and brokers' balances	36,327	-	-	-	-	1,488,820	-	1,525,147	
Reinsurance assets	-	-	-	-	-	332,113	-	332,113	
Other assets	1,157	12	67,341	2,281	66,512	3,420	-	1,541,989	
Derivative assets	-	-	-	-	-	1,987	1,283,243	1,285,230	
Statutory deposits	-	-	-	-	-	-	-	5,421,007	
Tax recoverable	-	-	-	-	-	162,181	-	162,181	
Deferred tax assets	-	-	-	-	-	38,465	-	38,465	
Investments in associates and joint ventures	-	-	-	-	-	21,021	-	21,021	
Property, plant and equipment	-	-	-	-	-	1,030,681	-	1,030,681	
Goodwill and intangible assets	-	-	-	-	-	5,273,905	-	5,273,905	
<b>TOTAL ASSETS</b>	<b>110,305,369</b>	<b>16,971,284</b>	<b>6,172,961</b>	<b>2,566,904</b>	<b>19,214,193</b>	<b>39,316,139</b>	<b>4,213,924</b>	<b>219,354,436</b>	

# Included impairment loss.

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

**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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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Market Risk (continued)**

**Interest/Profit rate risk (continued)**

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

Group 2014	Non-trading book							Non- interest sensitive RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-3 years RM'000	Over 3 years RM'000				
<b>LIABILITIES</b>										
Deposits from customers	67,236,702	25,014,324	20,065,004	20,328,029	788,575	17,629	23,683,730	-	157,133,993	
Deposits and placements of banks and other financial institutions	8,263,809	8,099,132	3,563,553	473,597	613,777	274,609	61,141	-	21,349,618	
Obligations on securities sold under repurchase agreements	18,910	-	-	489,506	-	-	-	-	508,416	
Obligations on securities borrowed	-	-	-	-	94,123	19,482	175	-	113,780	
Bills and acceptances payable	376,535	60,061	-	-	-	-	177,435	-	614,031	
Clients' and brokers' balances	3,224	-	-	-	-	-	1,210,841	-	1,214,065	
General insurance contract liabilities	-	-	-	-	-	-	775,699	-	775,699	
Other liabilities	109	35,824	49,739	583	-	168	1,627,675	-	1,714,098	
Derivative liabilities	-	-	-	-	-	-	-	1,224,684	1,224,684	
Recourse obligation on loans sold to Cagamas	-	-	-	-	1,576,631	1,725,000	13,704	-	3,315,335	
Tax liabilities	-	-	-	-	-	-	57,321	-	57,321	
Deferred tax liabilities	-	-	-	-	-	-	53,041	-	53,041	
Borrowings and senior debt securities	841,912	787,891	446,678	406,818	1,976,488	1,198,693	26,872	-	5,685,352	
Subordinated obligations	-	-	900,000	-	3,343,187	1,800,000	56,215	-	6,099,402	
Hybrid Tier-1 Capital Securities	-	-	-	-	-	593,349	8,166	-	601,515	
<b>TOTAL LIABILITIES</b>	<b>76,741,201</b>	<b>33,997,232</b>	<b>25,024,974</b>	<b>21,698,533</b>	<b>8,392,781</b>	<b>5,628,930</b>	<b>27,752,015</b>	<b>1,224,684</b>	<b>200,460,350</b>	
Shareholders' funds	-	-	-	-	-	-	18,794,297	-	18,794,297	
NCI	-	-	-	-	-	-	99,789	-	99,789	
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>76,741,201</b>	<b>33,997,232</b>	<b>25,024,974</b>	<b>21,698,533</b>	<b>8,392,781</b>	<b>5,628,930</b>	<b>46,646,101</b>	<b>1,224,684</b>	<b>219,354,436</b>	
On-balance sheet interest sensitivity gap	33,564,168	(17,025,948)	(18,852,013)	(19,131,629)	10,821,412	33,687,209	-	-	-	
Off-balance sheet interest sensitivity gap	(165,072)	(536,266)	(1,568,547)	(27,246)	2,749,159	1,589,535	-	-	-	
<b>TOTAL INTEREST SENSITIVITY GAP</b>	<b>33,399,096</b>	<b>(17,572,214)</b>	<b>(20,420,560)</b>	<b>(19,158,875)</b>	<b>13,570,571</b>	<b>35,276,744</b>	<b>-</b>	<b>-</b>	<b>-</b>	

**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 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Market Risk (continued)**

**Interest/Profit rate risk (continued)**

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

Group 2013	Non-trading book						Non- interest sensitive RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-3 years RM'000	Over 3 years RM'000			
ASSETS									
Cash and short term funds	7,995,980	60,031	-	-	-	-	-	1,942,656	9,998,667
Securities purchased under resale agreements	217,459	-	-	-	-	-	-	16	217,475
Deposits and placements with banks and other financial institutions	23,156	1,608,449	364,940	90,385	195,885	356,370	-	134,129	2,773,314
Financial assets HFT	-	-	-	-	-	-	-	-	4,037,728
Financial investments AFS	1,615,780	2,200,907	1,848,078	290,920	1,397,926	8,987,967	4,037,728	588,935	16,930,513
Financial investments HTM	965,064	2,078,843	669,709	1,313,405	3,450,556	14,221,715	-	78,717	22,778,009
Loans, advances and financing									
- performing	75,445,991	8,945,418	3,585,120	3,288,703	7,017,718	19,884,985	-	131,635	118,299,570
- impaired	-	-	-	-	-	-	-	1,242,975	1,242,975
Clients' and brokers' balances	13,239	-	-	-	-	-	-	2,560,344	2,573,583
Reinsurance assets	-	-	-	-	-	-	-	260,952	260,952
Other assets	-	-	-	6	-	174	-	887,644	887,824
Derivative assets	-	-	-	-	-	-	-	459,033	459,033
Statutory deposits	-	-	-	-	-	-	-	4,171,462	4,171,462
Tax recoverable	-	-	-	-	-	-	-	148,677	148,677
Deferred tax assets	-	-	-	-	-	-	-	31,225	31,225
Investments in associates and joint ventures	-	-	-	-	-	-	-	20,949	20,949
Property, plant and equipment	-	-	-	-	-	-	-	1,020,481	1,020,481
Goodwill and intangible assets	-	-	-	-	-	-	-	5,237,470	5,237,470
<b>TOTAL ASSETS</b>	<b>86,276,669</b>	<b>14,893,648</b>	<b>6,467,847</b>	<b>4,983,419</b>	<b>12,062,085</b>	<b>43,451,211</b>	<b>4,496,761</b>	<b>18,458,267</b>	<b>191,089,907</b>

# Included impairment loss.

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



**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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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)  
50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Market Risk (continued)**

**Interest/Profit rate risk (continued)**

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

Group 2013	Non-trading book							Trading book	Total
	Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-3 years	Over 3 years	Non- interest sensitive		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>LIABILITIES</b>									
Deposits from customers	61,194,370	23,270,459	16,751,254	12,217,696	438,581	29,072	23,839,809	-	137,741,241
Deposits and placements of banks and other financial institutions	7,554,423	6,816,620	1,163,859	464,139	292,256	649,400	57,658	-	16,998,355
Obligations on securities sold under repurchase agreements	399,923	-	164,084	-	-	-	2,614	-	566,621
Obligations on securities borrowed	-	-	-	-	-	31,734	-	-	31,734
Bills and acceptances payable	773,800	860,008	145,376	-	-	-	297,297	-	2,076,481
Clients' and brokers' balances	1,812,485	-	-	-	-	-	503,325	-	2,315,810
General insurance contract liabilities	-	-	-	-	-	-	662,211	-	662,211
Other liabilities	-	-	-	-	-	-	1,326,737	-	1,326,737
Derivative liabilities	-	-	155	804	1,959	69	-	345,076	348,063
Recourse obligation on loans sold to Cagamas	-	-	-	500,000	457,678	1,301,664	10,011	-	2,269,353
Tax liabilities	-	-	-	-	-	-	29,767	-	29,767
Deferred tax liabilities	-	-	-	-	-	-	51,814	-	51,814
Borrowings and senior debt securities	137,185	1,045,206	926,046	439,345	350,000	1,640,235	8,808	-	4,546,825
Subordinated obligations	-	-	-	-	1,258,871	3,293,271	28,825	-	4,580,967
Hybrid Tier-1 Capital Securities	-	-	-	-	-	593,035	8,166	-	601,201
<b>TOTAL LIABILITIES</b>	<b>71,872,186</b>	<b>31,992,293</b>	<b>19,150,774</b>	<b>13,621,984</b>	<b>2,799,345</b>	<b>7,538,480</b>	<b>26,827,042</b>	<b>345,076</b>	<b>174,147,180</b>
Shareholders' funds	-	-	-	-	-	-	16,739,071	-	16,739,071
NCI	-	-	-	-	-	-	203,656	-	203,656
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>71,872,186</b>	<b>31,992,293</b>	<b>19,150,774</b>	<b>13,621,984</b>	<b>2,799,345</b>	<b>7,538,480</b>	<b>43,769,769</b>	<b>345,076</b>	<b>191,089,907</b>
On-balance sheet interest sensitivity gap	14,404,483	(17,098,645)	(12,682,927)	(8,638,565)	9,262,740	35,912,731	-	-	-
Off-balance sheet interest sensitivity gap	(2,122,407)	(518,511)	(1,682,804)	750,887	1,512,743	2,087,738	-	-	-
<b>TOTAL INTEREST SENSITIVITY GAP</b>	<b>12,282,076</b>	<b>(17,617,156)</b>	<b>(14,365,731)</b>	<b>(7,887,678)</b>	<b>10,775,483</b>	<b>38,000,469</b>	<b>-</b>	<b>-</b>	<b>-</b>

**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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Market Risk (continued)**

**Interest/Profit rate risk (continued)**

The table below summarises the Company's exposure to interest/profit rate risk. The carrying amount of assets and liabilities (include non-financial instruments) are categorised by the earlier of contractual re-pricing or maturity dates: (continued)

Company 2014	Non-trading book					Non- interest sensitive RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-3 years RM'000			
<b>ASSETS</b>								
Cash and short term funds	24,500	-	-	-	-	440	-	24,940
Deposits and placements with banks and other financial institutions	-	391	438	175	-	13	-	1,017
Other assets	-	-	-	-	-	3,637	-	3,637
Amounts due from subsidiaries	-	-	-	-	-	93	-	93
Tax recoverable	-	-	-	-	-	94,219	-	94,219
Investments in subsidiaries	-	-	-	-	-	11,042,345	-	11,042,345
Property, plant and equipment	-	-	-	-	-	322	-	322
<b>TOTAL ASSETS</b>	<b>24,500</b>	<b>391</b>	<b>438</b>	<b>175</b>	<b>-</b>	<b>11,141,069</b>	<b>-</b>	<b>11,166,573</b>
<b>Other liabilities</b>								
Amounts due to subsidiaries	-	-	-	-	-	12,340	-	12,340
Deferred tax liabilities	-	-	-	-	-	1,799	-	1,799
Borrowings	1,028,000	1,467,000	250,000	350,000	-	20	-	20
<b>TOTAL LIABILITIES</b>	<b>1,028,000</b>	<b>1,467,000</b>	<b>250,000</b>	<b>350,000</b>	<b>-</b>	<b>16,433</b>	<b>-</b>	<b>3,111,433</b>
Total equity	-	-	-	-	-	30,592	-	3,125,592
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,028,000</b>	<b>1,467,000</b>	<b>250,000</b>	<b>350,000</b>	<b>-</b>	<b>8,040,981</b>	<b>-</b>	<b>8,040,981</b>
On-balance sheet interest sensitivity gap	(1,003,500)	(1,466,609)	(249,562)	(349,825)	-	-	-	-
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-
<b>TOTAL INTEREST SENSITIVITY GAP</b>	<b>(1,003,500)</b>	<b>(1,466,609)</b>	<b>(249,562)</b>	<b>(349,825)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**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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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)  
50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Market Risk (continued)**

Interest/Profit rate risk (continued)

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

Company 2013	Non-trading book					Non- interest sensitive RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-3 years RM'000			
<b>ASSETS</b>								
Cash and short term funds	15,400	-	-	-	-	1,573	-	16,973
Deposits and placements with banks and other financial institutions	-	379	423	169	-	12	-	983
Other assets	-	-	-	-	-	118,478	-	118,478
Amounts due from subsidiaries	-	-	-	-	-	800	-	800
Tax recoverable	-	-	-	-	-	93,933	-	93,933
Deferred tax assets	-	-	-	-	-	1,181	-	1,181
Investments in subsidiaries	-	-	-	-	-	10,801,052	-	10,801,052
Property, plant and equipment	-	-	-	-	-	326	-	326
<b>TOTAL ASSETS</b>	<b>15,400</b>	<b>379</b>	<b>423</b>	<b>169</b>	<b>-</b>	<b>11,017,355</b>	<b>-</b>	<b>11,033,726</b>
Other liabilities	-	-	-	-	-	6,244	-	6,244
Amounts due to subsidiaries	-	-	-	-	-	8,960	-	8,960
Borrowings	260,000	750,000	1,130,000	396,000	350,000	50,600	-	2,936,600
<b>TOTAL LIABILITIES</b>	<b>260,000</b>	<b>750,000</b>	<b>1,130,000</b>	<b>396,000</b>	<b>350,000</b>	<b>65,804</b>	<b>-</b>	<b>2,951,804</b>
Total equity	-	-	-	-	-	8,081,922	-	8,081,922
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>260,000</b>	<b>750,000</b>	<b>1,130,000</b>	<b>396,000</b>	<b>350,000</b>	<b>8,147,726</b>	<b>-</b>	<b>11,033,726</b>
On-balance sheet interest sensitivity gap	(244,600)	(749,621)	(1,129,577)	(395,831)	(350,000)	-	-	(3,069,429)
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-
<b>TOTAL INTEREST SENSITIVITY GAP</b>	<b>(244,600)</b>	<b>(749,621)</b>	<b>(1,129,577)</b>	<b>(395,831)</b>	<b>(350,000)</b>	<b>-</b>	<b>-</b>	<b>(3,069,429)</b>

**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)  
50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(d) Liquidity Risk**

Liquidity obligations arise from withdrawals of deposits, repayments of purchased funds upon maturity, extensions of credit and working capital needs. Liquidity risk is measured primarily using BNM's New Liquidity Framework and depositors' concentration ratios.

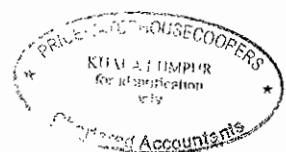
The Group and the Company seek to project, monitor and manage its liquidity needs under normal as well as adverse circumstances.

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

Group 2014	Up to 1	1 week to	1 to 3	3 to 6	6 to 12	Over 1	No specific	Total
	week	1 month	months	months	months	year	maturity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>								
Cash and short term funds	9,311,595	6,925,313	-	-	-	-	-	16,236,908
Securities purchased under resale agreements	491,510	-	-	-	-	-	-	491,510
Deposits and placements with banks and other financial institutions	26,338	234,171	806,167	644,293	170,124	417,495	-	2,298,588
Financial assets HFT	-	490,662	454,541	177,308	17,588	1,344,984	445,598	2,930,681
Financial investments AFS	61,063	449,143	748,351	740,184	772,594	15,889,645	941,196	19,602,176
Financial investments HTM	263,891	1,136,044	681,074	1,511,732	684,547	16,192,543	-	20,469,831
Loans, advances and financing	5,019,729	7,739,116	6,508,156	4,289,689	4,517,537	112,618,776	-	140,693,003
Clients' and brokers' balances	1,067,603	457,544	-	-	-	-	-	1,525,147
Reinsurance assets	-	-	-	-	332,113	-	-	332,113
Other assets	294,886	89,786	132,071	137,256	88,704	493,781	305,505	1,541,989
Derivative assets	5,098	81,090	57,257	135,911	206,135	799,739	-	1,285,230
Statutory deposits	-	-	-	-	-	-	5,421,007	5,421,007
Tax recoverable	-	-	-	-	-	-	162,181	162,181
Deferred tax assets	-	-	-	-	-	-	38,465	38,465
Investments in associates and joint ventures	-	-	-	-	-	-	21,021	21,021
Property, plant and equipment	-	-	-	-	-	-	1,030,681	1,030,681
Goodwill and intangible assets	-	-	-	-	-	-	5,273,905	5,273,905
<b>TOTAL ASSETS</b>	<b>16,541,713</b>	<b>17,602,869</b>	<b>9,387,617</b>	<b>7,636,373</b>	<b>6,789,342</b>	<b>147,756,963</b>	<b>13,639,559</b>	<b>219,354,436</b>

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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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)  
50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(d) Liquidity Risk (continued)**

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

Group 2014	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
<b>LIABILITIES</b>								
Deposits from customers	50,669,243	39,607,414	25,252,743	20,789,615	20,019,731	795,247	-	157,133,993
Deposits and placements of banks and other financial institutions	3,163,129	4,977,744	8,239,953	3,603,442	476,964	888,386	-	21,349,618
Obligations on securities sold under repurchase agreements	-	18,910	-	-	489,506	-	-	508,416
Obligations on securities borrowed	-	-	-	-	-	113,780	-	113,780
Bills and acceptances payable	292,682	261,288	60,061	-	-	-	-	614,031
Clients' and brokers' balances	850,813	363,252	-	-	-	-	-	1,214,065
General insurance contract liabilities	-	-	-	-	775,699	-	-	775,699
Other liabilities	106,998	607,380	176,332	90,784	137,085	232,356	363,163	1,714,098
Derivative liabilities	63,499	65,644	150,540	94,361	107,555	743,085	-	1,224,684
Recourse obligation on loans sold to Cagamas	-	-	2,645	4,825	-	3,307,865	-	3,315,335
Tax liabilities	-	-	-	-	-	-	57,321	57,321
Deferred tax liabilities	-	-	-	-	-	-	53,041	53,041
Borrowings and senior debt securities	45,560	858,039	736,718	462,945	406,910	3,175,180	-	5,685,352
Subordinated obligations	-	24,061	-	932,153	-	5,143,188	-	6,099,402
Hybrid Tier-1 Capital Securities	-	-	7,542	638	-	593,335	-	601,515
<b>TOTAL LIABILITIES</b>	<b>55,191,924</b>	<b>46,783,732</b>	<b>34,626,534</b>	<b>25,978,763</b>	<b>22,413,450</b>	<b>14,992,422</b>	<b>473,525</b>	<b>200,460,350</b>
Shareholders' funds	-	-	-	-	-	-	18,794,297	18,794,297
NCI	-	-	-	-	-	-	99,789	99,789
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>55,191,924</b>	<b>46,783,732</b>	<b>34,626,534</b>	<b>25,978,763</b>	<b>22,413,450</b>	<b>14,992,422</b>	<b>19,367,611</b>	<b>219,354,436</b>

**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 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(d) Liquidity Risk (continued)**

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

Group 2013	Up to 1	1 week to	1 to 3	3 to 6	6 to 12	Over 1	No specific	Total
	week	1 month	months	months	months	year	maturity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>								
Cash and short term funds	5,541,808	4,456,859	-	-	-	-	-	9,998,667
Securities purchased under resale agreements	217,475	-	-	-	-	-	-	217,475
Deposits and placements with banks and other financial institutions	128,214	23,156	1,613,323	365,833	90,532	552,256	-	2,773,314
Financial assets HFT	-	375,583	1,191,599	633,556	-	1,542,083	274,907	4,037,728
Financial investments AFS	97,324	478,756	622,406	298,374	697,730	13,859,101	876,822	16,930,513
Financial investments HTM	500,853	349,648	2,174,531	768,924	1,503,705	17,480,348	-	22,778,009
Loans, advances and financing	4,475,200	5,090,682	5,658,698	4,199,979	5,253,871	94,864,115	-	119,542,545
Clients' and brokers' balances	1,801,508	772,075	-	-	-	-	-	2,573,583
Reinsurance assets	-	-	-	-	260,952	-	-	260,952
Other assets	59,651	70,564	22,296	108,477	13,888	333,267	279,681	887,824
Derivative assets	4,057	13,662	64,972	33,612	21,394	321,336	-	459,033
Statutory deposits	-	-	-	-	-	-	4,171,462	4,171,462
Tax recoverable	-	-	-	-	-	-	148,677	148,677
Deferred tax assets	-	-	-	-	-	-	31,225	31,225
Investments in associates and joint ventures	-	-	-	-	-	-	20,949	20,949
Property, plant and equipment	-	-	-	-	-	-	1,020,481	1,020,481
Goodwill and intangible assets	-	-	-	-	-	-	5,237,470	5,237,470
<b>TOTAL ASSETS</b>	<b>12,826,090</b>	<b>11,630,985</b>	<b>11,347,825</b>	<b>6,428,755</b>	<b>7,842,072</b>	<b>128,952,506</b>	<b>12,061,674</b>	<b>191,089,907</b>

**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 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(d) Liquidity Risk (continued)**

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

<b>Group 2013</b>	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>Total RM'000</b>
<b>LIABILITIES</b>								
Deposits from customers	50,930,523	33,842,556	23,303,059	16,684,508	12,510,995	469,600	-	137,741,241
Deposits and placements of banks and other financial institutions	2,153,073	5,181,271	6,838,801	1,171,728	466,550	1,186,932	-	16,998,355
Obligations on securities sold under repurchase agreements	-	401,523	-	165,098	-	-	-	566,621
Obligations on securities borrowed	-	-	-	-	-	31,734	-	31,734
Bills and acceptances payable	488,542	582,555	860,008	145,376	-	-	-	2,076,481
Clients' and brokers' balances	1,621,319	694,491	-	-	-	-	-	2,315,810
General insurance contract liabilities	-	-	-	-	662,211	-	-	662,211
Other liabilities	101,558	282,803	229,950	82,395	127,947	171,946	330,138	1,326,737
Derivative liabilities	2,524	28,304	29,842	11,504	26,959	248,930	-	348,063
Recourse obligation on loans sold to Cagamas	-	561	2,782	-	500,000	1,766,010	-	2,269,353
Tax liabilities	-	-	-	-	-	-	29,767	29,767
Deferred tax liabilities	-	-	-	-	-	-	51,814	51,814
Borrowings and senior debt securities	106,204	30,981	735,181	728,517	492,621	2,453,321	-	4,546,825
Subordinated obligations	-	-	-	28,825	9,673	4,542,469	-	4,580,967
Hybrid Tier-1 Capital Securities	-	-	7,542	638	-	593,021	-	601,201
<b>TOTAL LIABILITIES</b>	<b>55,403,743</b>	<b>41,045,045</b>	<b>32,007,165</b>	<b>19,018,589</b>	<b>14,796,956</b>	<b>11,463,963</b>	<b>411,719</b>	<b>174,147,180</b>
Shareholders' funds	-	-	-	-	-	-	16,739,071	16,739,071
NCI	-	-	-	-	-	-	203,656	203,656
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>55,403,743</b>	<b>41,045,045</b>	<b>32,007,165</b>	<b>19,018,589</b>	<b>14,796,956</b>	<b>11,463,963</b>	<b>17,354,446</b>	<b>191,089,907</b>

**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 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(d) Liquidity Risk (continued)**

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

Company 2014	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
<b>ASSETS</b>								
Cash and short term funds	24,940	-	-	-	-	-	-	24,940
Deposits and placements with banks and other financial institutions	-	-	392	438	187	-	-	1,017
Other assets	-	-	-	3,582	-	-	55	3,637
Amounts due from subsidiaries	-	-	-	-	-	-	93	93
Tax recoverable	-	-	-	-	-	-	94,219	94,219
Investments in subsidiaries	-	-	-	-	-	-	11,042,345	11,042,345
Property, plant and equipment	-	-	-	-	-	-	322	322
<b>TOTAL ASSETS</b>	<b>24,940</b>	<b>-</b>	<b>392</b>	<b>4,020</b>	<b>187</b>	<b>-</b>	<b>11,137,034</b>	<b>11,166,573</b>
<b>LIABILITIES</b>								
Other liabilities	-	-	12,309	-	-	-	31	12,340
Amounts due to subsidiaries	-	-	-	-	-	-	1,799	1,799
Deferred tax liabilities	-	-	-	-	-	-	20	20
Borrowings	-	1,041,942	1,469,399	250,000	350,092	-	-	3,111,433
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>1,041,942</b>	<b>1,481,708</b>	<b>250,000</b>	<b>350,092</b>	<b>-</b>	<b>1,850</b>	<b>3,125,592</b>
Total equity	-	-	-	-	-	-	8,040,981	8,040,981
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>-</b>	<b>1,041,942</b>	<b>1,481,708</b>	<b>250,000</b>	<b>350,092</b>	<b>-</b>	<b>8,042,831</b>	<b>11,166,573</b>



**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

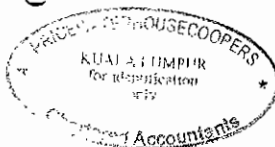
**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(d) Liquidity Risk (continued)**

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

Company 2013	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
<b>ASSETS</b>								
Cash and short term funds	16,973	-	-	-	-	-	-	16,973
Deposits and placements with banks and other financial institutions	-	-	380	432	171	-	-	983
Other assets	-	-	-	-	-	-	118,478	118,478
Amounts due from subsidiaries	-	-	-	-	-	-	800	800
Tax recoverable	-	-	-	-	-	-	93,933	93,933
Deferred tax assets	-	-	-	-	-	-	1,181	1,181
Investments in subsidiaries	-	-	-	-	-	-	10,801,052	10,801,052
Property, plant and equipment	-	-	-	-	-	-	326	326
<b>TOTAL ASSETS</b>	<b>16,973</b>	<b>-</b>	<b>380</b>	<b>432</b>	<b>171</b>	<b>-</b>	<b>11,015,770</b>	<b>11,033,726</b>
<b>LIABILITIES</b>								
Other liabilities	-	-	-	-	-	-	6,244	6,244
Amounts due to subsidiaries	-	-	-	-	-	-	8,960	8,960
Borrowings	-	264,689	751,810	1,130,756	439,345	350,000	-	2,936,600
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>264,689</b>	<b>751,810</b>	<b>1,130,756</b>	<b>439,345</b>	<b>350,000</b>	<b>15,204</b>	<b>2,951,804</b>
Total equity	-	-	-	-	-	-	8,081,922	8,081,922
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>-</b>	<b>264,689</b>	<b>751,810</b>	<b>1,130,756</b>	<b>439,345</b>	<b>350,000</b>	<b>8,097,126</b>	<b>11,033,726</b>



**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 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)****(d) Liquidity Risk (continued)**

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

Group 2014	Up to	1 to 6	6 to 12	1 to 3	3 to 5	Over 5	Total
	1 month	months	months	years	years	years	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Deposits from customers	90,474,965	46,538,678	20,475,572	1,316,410	1,975,145	-	160,780,770
Deposits and placements of banks and other financial institutions	8,325,195	11,857,522	495,567	698,686	279,288	-	21,656,258
Obligations on securities sold under repurchase agreements	18,910	-	493,654	-	-	-	512,564
Obligations on securities borrowed	-	-	-	94,170	8,819	10,792	113,781
Bills and acceptances payable	554,169	60,270	-	-	-	-	614,439
Clients' and brokers' balances	1,214,065	-	-	-	-	-	1,214,065
General insurance contract liabilities	-	-	337,145	132,436	21,338	24,041	514,960
Other financial liabilities	703,480	297,005	76,958	173,449	33,563	36,163	1,320,618
Derivative liabilities:							
- Gross settled derivatives:							
- Inflow	(1,726,940)	(5,852,939)	(1,496,015)	(3,813,679)	(2,831,877)	(289,164)	(16,010,614)
- Outflow	1,840,337	6,000,207	1,454,754	4,011,619	2,915,382	243,849	16,466,148
- Net settled derivatives	(1,036)	7,831	40,241	(6,393)	(26,818)	66	13,891
Recourse obligation on loans sold to Cagamas	23,363	141,401	166,089	1,621,679	1,884,895	-	3,837,427
Borrowings and senior debt securities	887,901	1,264,841	461,756	2,130,763	1,250,811	17,541	6,013,613
Subordinated obligations	24,950	1,022,709	623,025	3,053,026	1,827,700	308,400	6,859,810
Hybrid Tier-1 Capital Securities	-	22,394	22,394	89,575	669,775	-	804,138
<b>TOTAL LIABILITIES</b>	<b>102,339,359</b>	<b>61,359,919</b>	<b>23,151,140</b>	<b>9,501,741</b>	<b>8,008,021</b>	<b>351,688</b>	<b>204,711,868</b>

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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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)  
50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

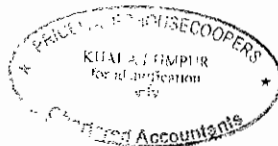
**(d) Liquidity Risk (continued)**

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

Group	Up to	1 to 6	6 to 12	1 to 3	3 to 5	Over 5	Total
	1 month	months	months	years	years	years	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Deposits from customers	84,661,117	40,461,784	12,814,404	457,869	34,852	-	138,430,026
Deposits and placements of banks and other financial institutions	7,533,923	8,054,838	484,123	324,925	717,687	-	17,115,496
Obligations on securities sold under repurchase agreements	401,926	165,903	-	-	-	-	567,829
Obligations on securities borrowed	-	-	-	-	13,838	17,896	31,734
Bills and acceptances payable	1,071,098	1,005,383	-	-	-	-	2,076,481
Clients' and brokers' balances	2,315,810	-	-	-	-	-	2,315,810
General insurance contract liabilities	-	-	298,236	75,550	11,021	47,902	432,709
Other financial liabilities	389,368	252,357	93,548	204,040	21,757	26,324	987,394
Derivative liabilities:							
- Gross settled derivatives:							
- Inflow	(1,783,686)	(1,423,592)	(912,465)	(1,533,604)	(3,074,719)	-	(8,728,066)
- Outflow	1,818,237	1,423,548	884,056	1,384,541	3,172,506	-	8,682,888
- Net settled derivatives	6,237	10,363	24,722	18,414	(8,996)	1,624	52,364
Recourse obligation on loans sold to Cagamas	25,391	113,252	640,015	912,728	791,472	-	2,482,858
Borrowings and senior debt securities	137,350	1,511,885	616,055	641,159	1,849,785	70,205	4,826,439
Subordinated obligations	-	110,349	110,407	1,399,825	3,534,497	342,000	5,497,078
Hybrid Tier-1 Capital Securities	-	22,394	22,394	89,575	89,575	669,775	893,713
<b>TOTAL LIABILITIES</b>	<b>96,576,771</b>	<b>51,708,464</b>	<b>15,075,495</b>	<b>3,975,022</b>	<b>7,153,275</b>	<b>1,175,726</b>	<b>175,664,753</b>

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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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(d) Liquidity Risk (continued)**

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

Company	Up to	1 to 6	6 to 12	1 to 3	Total
	1 month	months	months	years	
2014	RM'000	RM'000	RM'000	RM'000	RM'000
Other financial liabilities	12,340	-	-	-	12,340
Amounts due to subsidiaries	1,799	-	-	-	1,799
Borrowings	1,149,930	1,637,857	358,377	-	3,146,164
<b>TOTAL LIABILITIES</b>	<b>1,164,069</b>	<b>1,637,857</b>	<b>358,377</b>	<b>-</b>	<b>3,160,303</b>
<b>2013</b>					
Other financial liabilities	6,244	-	-	-	6,244
Amounts due to subsidiaries	8,960	-	-	-	8,960
Borrowings	265,531	1,902,866	471,996	366,867	3,007,260
<b>TOTAL LIABILITIES</b>	<b>280,735</b>	<b>1,902,866</b>	<b>471,996</b>	<b>366,867</b>	<b>3,022,464</b>

**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 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(d) Liquidity Risk (continued)**

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

<b>2014</b>	<b>Less than 1 year RM'000</b>	<b>Group Over 1 year RM'000</b>	<b>Total RM'000</b>
Direct credit substitutes	617,764	2,041,324	2,659,088
Transaction-related contingent items	719,300	4,109,866	4,829,166
Short term self-liquidating trade-related contingencies	869,837	952,732	1,822,569
Lending of banking subsidiaries' securities or the posting of securities as collateral by banking subsidiaries, including instances where these arise out of repo-style transactions	-	517,610	517,610
Irrevocable commitments to extend credit	2,701,468	30,652,168	33,353,636
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	350,742	14,787,154	15,137,896
<b>TOTAL COMMITMENTS AND CONTINGENCIES</b>	<b>5,259,111</b>	<b>53,060,854</b>	<b>58,319,965</b>
<b>2013</b>			
Direct credit substitutes	1,848,484	1,889,912	3,738,396
Transaction-related contingent items	456,457	2,579,409	3,035,866
Short term self-liquidating trade-related contingencies	1,256,615	310,703	1,567,318
Obligations under underwriting agreements	343,648	-	343,648
Irrevocable commitments to extend credit	12,283,581	27,221,111	39,504,692
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	247,877	3,606,528	3,854,405
<b>TOTAL COMMITMENTS AND CONTINGENCIES</b>	<b>16,436,662</b>	<b>35,607,663</b>	<b>52,044,325</b>

Undrawn loans/financing commitments are recognised at activation stage and include commitments which are unconditionally cancellable by the Group. The Group expects that not all of the contingent liabilities and undrawn loan/financing commitments will be drawn before expiry.

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

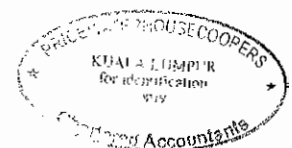
**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Credit Risk**

**(i) Maximum exposure to credit risk**

The maximum exposure to credit risk at the statements of financial position is the amounts on the statements of financial position as well as off-balance sheet financial instruments, without taking into account of any collateral held or other credit enhancements. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Group and the Company would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers. The table below shows the maximum exposure to credit risk for the Group and the Company:

	Group	
	2014	2013
	RM'000	RM'000
Credit risk exposure relating to on-balance sheet assets:		
Short term funds (exclude cash in hand)	15,622,004	9,372,857
Securities purchased under resale agreements	491,510	217,475
Deposits and placements with banks and other financial institutions	2,298,588	2,773,314
Financial assets and investments (exclude shares, unit trust and perpetual notes/Sukuk):		
- HFT	2,485,083	3,762,821
- AFS	18,660,981	16,053,691
- HTM	20,469,831	22,778,009
Loans, advances and financing	140,693,003	119,542,545
Clients' and brokers' balances	1,525,147	2,573,583
Reinsurance assets	241,647	181,461
Other financial assets	1,412,627	848,938
Derivative assets	1,285,230	459,033
	<u>205,185,651</u>	<u>178,563,727</u>
Credit risk exposure relating to off-balance sheet items:		
- Commitments and contingencies	58,319,965	52,044,325
<b>Total maximum credit risk exposure</b>	<u><u>263,505,616</u></u>	<u><u>230,608,052</u></u>



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Credit Risk (continued)**

**(i) Maximum exposure to credit risk (continued)**

	Company	
	2014	2013
	RM'000	RM'000
Credit risk exposure relating to:		
Short term funds (exclude cash in hand)	24,940	16,973
Deposits and placements with banks and other financial institutions	1,017	983
Amounts due from subsidiaries	93	800
Other financial assets	2	114,854
<b>Total maximum credit risk exposure</b>	<b>26,052</b>	<b>133,610</b>

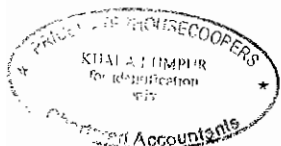
**(ii) Collaterals**

The main types of collaterals obtained by the Group are as follows:

- (a) Fixed deposits, Mudharabah General Investment Account, Commodity Murabahah Deposit-I, Negotiable Instruments of Deposits, Islamic Negotiable Instruments of Deposits, Foreign Currency Deposits and Cash deposits/margins
- (b) Land and/or buildings
- (c) Vessels and automobiles
- (d) Quoted shares, unit trusts, government bonds and securities and private debt securities
- (e) Other tangible business assets, such as inventory and equipment

The Group also accept non-tangible securities as support, such as guarantees from individuals, corporates and institutions, bank guarantees, debentures, assignment of contract proceeds, Endowment Life Policies with Cash Surrender Value, which are subject to internal guidelines on eligibility.

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for loans, advances and financing and clients' and brokers' balances are 67.1% (2013: 72.4%) and 97.4% (2013: 97.3%) respectively. The financial effect of collateral held for the remaining on-balance sheet assets are insignificant.



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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Credit Risk (continued)**

**(iii) Credit quality**

The Group assesses credit quality of loans, advances and financing using internal rating techniques tailored to the various categories of products and counterparties. These techniques have been developed internally and combine statistical analysis with credit officers' judgement.

Credit quality description is summarised as follows:

<u>Credit Quality</u>	<u>Description</u>
- Good	Exposures exhibit strong capacity to meet financial commitments with no cause of concern to the Group
- Fair	Exposures exhibit fairly acceptable capacity to meet financial commitments and may require varying degree of concern to the Group
- No Rating	Counterparties which do not satisfy the criteria to be rated based on internal credit grading system

The credit quality of financial assets other than loans, advances and financing are determined based on the ratings of counterparties as defined by Moody's or equivalent ratings of other international rating agencies as defined below:

- AAA to AA3
- A1 to A3
- Baa1 to Baa3
- P1 to P3



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Credit Risk (continued)**

**(iii) Credit quality (continued)**

**(a) Loans, advances and financing**

Loans, advances and financing are summarised as follows:

	Group	
	2014	2013
	RM'000	RM'000
Neither past due nor impaired	133,058,861	112,283,828
Past due but not impaired	6,508,092	6,015,742
Individually impaired	<u>2,892,367</u>	<u>3,426,629</u>
Gross loans, advances and financing (inclusive of fair value changes arising from fair value hedges)	142,459,320	121,726,199
Less: Individual impairment allowance	(417,232)	(903,388)
Collective impairment allowance	<u>(1,349,085)</u>	<u>(1,280,266)</u>
<b>Net loans, advances and financing</b>	<b><u>140,693,003</u></b>	<b><u>119,542,545</u></b>

**(i) Loans, advances and financing neither past due nor impaired**

Analysis of loans, advances and financing that are neither past due nor impaired based on the Group's internal credit grading system is as follows:

	Group	
	2014	2013
	RM'000	RM'000
Good	77,423,153	67,849,767
Fair	9,465,522	7,718,410
No Rating	<u>46,170,186</u>	<u>36,715,651</u>
<b>Neither past due nor impaired</b>	<b><u>133,058,861</u></b>	<b><u>112,283,828</u></b>

Loans, advances and financing classified as non-rated comprise loans/financing under the Standardised Approach for credit risk including Amanah Saham Bumiputera ('ASB'), Islamic housing financing, Islamic hire purchase and share margin financing.

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Credit Risk (continued)**

**(iii) Credit quality (continued)**

**(a) Loans, advances and financing (continued)**

**(ii) Loans, advances and financing past due but not impaired**

Analysis of ageing of loans, advances and financing that are past due but not impaired is as follows:

	Group	
	2014	2013
	RM'000	RM'000
Past due up to 30 days	2,139,972	2,061,945
Past due 31 to 60 days	3,109,479	2,734,381
Past due 61 to 90 days	1,258,641	1,219,416
Past due but not impaired	<u>6,508,092</u>	<u>6,015,742</u>

**(iii) Impaired loans, advances and financing**

Loans, advances and financing that are individually determined to be impaired are as follows:

	Group	
	2014	2013
	RM'000	RM'000
Individually impaired loans	<u>2,892,367</u>	<u>3,426,629</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Credit Risk (continued)**

**(iii) Credit quality (continued)**

(b) Short term funds, deposits and placements with banks and other financial institutions, securities purchased under resale agreements, financial assets and investments portfolios, clients' and brokers' balances, derivative assets and other financial assets are summarised as follows:

**Short term**

**funds and  
deposits and  
placements  
with banks  
and other  
financial  
institutions**

Group 2014	Securities purchased under resale agreements		Financial assets HFT		Financial investments AFS		Financial investments HTM		Clients' and brokers' balances		Reinsurance assets		Other financial assets		Derivative assets			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Neither past due nor impaired	17,920,592	491,510	2,485,083	2,485,083	18,632,749	20,461,489	1,507,048	241,647	1,406,938	1,285,230	-	-	-	-	-	-	-	
Past due but not impaired	-	-	-	-	-	-	12,436	-	5,368	-	-	-	-	-	-	-	-	-
Impaired	-	-	-	-	305,837	282,436	48,619	-	6,129	-	-	-	-	-	-	-	-	-
	<b>17,920,592</b>	<b>491,510</b>	<b>2,485,083</b>	<b>2,485,083</b>	<b>18,938,586</b>	<b>20,743,925</b>	<b>1,568,103</b>	<b>241,647</b>	<b>1,418,435</b>	<b>1,285,230</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Less: Impairment losses	-	-	-	-	(277,605)	(274,094)	(42,956)	-	(5,808)	-	-	-	-	-	-	-	-	-
	<b>17,920,592</b>	<b>491,510</b>	<b>2,485,083</b>	<b>2,485,083</b>	<b>18,660,981</b>	<b>20,469,831</b>	<b>1,525,147</b>	<b>241,647</b>	<b>1,412,627</b>	<b>1,285,230</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2013</b>																		
Neither past due nor impaired	12,146,171	217,475	3,731,371	3,731,371	15,917,394	22,764,842	2,441,569	181,461	848,938	459,033	-	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	127,749	-	-	-	-	-	-	-	-	-	-	-
Impaired	-	-	40,000	40,000	601,838	287,684	46,755	-	12,037	-	-	-	-	-	-	-	-	-
	<b>12,146,171</b>	<b>217,475</b>	<b>3,771,371</b>	<b>3,771,371</b>	<b>16,519,232</b>	<b>23,052,526</b>	<b>2,616,073</b>	<b>181,461</b>	<b>860,975</b>	<b>459,033</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Less: Impairment losses	-	-	(8,550)	(8,550)	(465,541)	(274,517)	(42,490)	-	(12,037)	-	-	-	-	-	-	-	-	-
	<b>12,146,171</b>	<b>217,475</b>	<b>3,762,821</b>	<b>3,762,821</b>	<b>16,053,691</b>	<b>22,778,009</b>	<b>2,573,583</b>	<b>181,461</b>	<b>848,938</b>	<b>459,033</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The amount of short term funds, deposits and placements with banks and other financial institutions, financial assets and investments portfolios, other financial assets and derivative assets that are past due but not impaired is not material.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

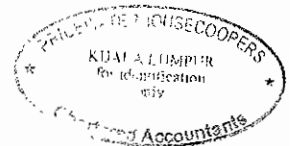
**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Credit Risk (continued)**

**(iii) Credit quality (continued)**

(b) Short term funds, deposits and placements with banks and other financial institutions, securities purchased under resale agreements, financial assets and investments portfolios, clients' and brokers' balances, derivative assets and other financial assets are summarised as follows: (continued)

Company 2014	Short term funds and deposits and placements with banks and other financial institutions	Amounts due from subsidiaries	Other financial assets
	RM'000	RM'000	RM'000
Neither past due nor impaired	25,957	93	2
2013	17,956	800	114,854
Neither past due nor impaired			



**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  
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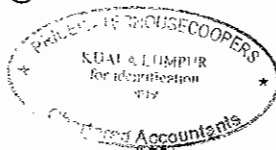
**50 FINANCIAL RISK MANAGEMENT (CONTINUED)****(e) Credit Risk (continued)****(iii) Credit quality (continued)**

(c) Analysis of short term funds, deposits and placements with banks and other financial institutions, securities purchased under resale agreements, financial assets and investments portfolios, other assets and derivative assets that are neither past due nor impaired by rating agency definition are as follows:

Group 2014	Short term funds and deposits and placements with banks and other financial institutions		Securities purchased under resale agreements		Financial assets HFT		Financial investments AFS		Financial investments HTM		Clients' and brokers' balances		Reinsurance assets		Other financial assets		Derivative assets	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
AAA to AA3	1,969,053	376,418	855,649	4,689,770	8,098,387	4,689,770	-	1,248	121	299,688	-	-	-	-	-	-	-	-
A1 to A3	228,081	115,092	37,792	249,957	1,891,997	249,957	-	211,090	-	166,881	-	-	-	-	-	-	-	-
Baa1 to Baa3	-	-	-	296,850	968,642	296,850	-	1,873	-	230	-	-	-	-	-	-	-	-
P1 to P3	10,903,971	-	223,860	-	-	-	-	-	-	1,421	-	-	-	-	-	-	-	-
Non-rated including: - Bank Negara Malaysia	4,819,487	-	1,367,782	15,224,912	7,673,723	15,224,912	1,507,048	27,436	1,348,886	817,010	-	-	-	-	-	-	-	-
- Malaysian Government Securities	-	-	557,950	2,343,015	1,168,982	2,343,015	-	-	-	-	-	-	-	-	-	-	-	-
- Malaysian Government Investment Issues	-	-	728,287	5,710,589	2,413,705	5,710,589	-	-	-	-	-	-	-	-	-	-	-	-
- Private debt securities	-	-	3,841	4,311,169	3,251,465	4,311,169	-	-	-	-	-	-	-	-	-	-	-	-
- Bankers' acceptances and Islamic accepted notes	-	-	-	-	73,627	-	-	-	-	-	-	-	-	-	-	-	-	-
- Khazanah bonds	-	-	-	101,835	58,123	101,835	-	-	-	-	-	-	-	-	-	-	-	-
- Negotiable instruments of deposits	1,016,431	-	77,704	2,027,550	649,516	2,027,550	1,507,048	27,436	1,348,886	817,010	-	-	-	-	-	-	-	-
- Others	-	-	-	730,754	58,305	730,754	-	-	-	-	-	-	-	-	-	-	-	-
	<b>17,920,592</b>	<b>491,510</b>	<b>2,485,083</b>	<b>20,461,489</b>	<b>18,632,749</b>	<b>20,461,489</b>	<b>1,507,048</b>	<b>241,647</b>	<b>1,406,938</b>	<b>1,285,230</b>								

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**NOTES TO THE FINANCIAL STATEMENTS  
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**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Credit Risk (continued)**

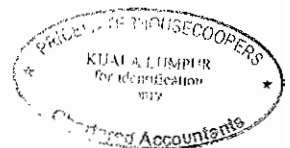
(iii) Credit quality (continued)

(c) Analysis of short term funds, deposits and placements with banks and other financial institutions, securities purchased under resale agreements, financial assets and investments portfolios, other assets and derivative assets that are neither past due nor impaired by rating agency definition are as follows: (continued)

Group 2013	Short term funds and deposits and placements with banks and other financial institutions									
	RM'000	Securities purchased under resale agreements	Financial assets HFT	Financial investments AFS	Financial investments HTM	Clients' and brokers' balances	Reinsurance assets	Other financial assets	Derivative assets	RM'000
AAA to AA3	1,377,697	217,475	951,453	6,806,288	5,357,124	-	5,479	-	175,340	-
A1 to A3	773,090	-	50,757	1,728,279	343,418	-	143,801	-	92,636	-
Baa1 to Baa3	466,161	-	40,073	781,116	312,840	-	7	-	1,967	-
P1 to P3	5,053,936	-	19,897	-	-	-	-	-	44,907	-
Non-rated including: - Bank Negara Malaysia	4,475,287	-	2,669,191	6,601,711	16,751,460	2,441,569	32,174	848,938	144,183	-
- Malaysian Government Securities	3,535,745	-	1,151,172	-	-	-	-	-	-	-
- Malaysian Government Investment Issues	-	-	498,989	1,051,413	2,639,090	-	-	-	-	-
- Private debt securities	-	-	266,950	2,078,025	6,833,778	-	-	-	-	-
- Bankers' acceptances and Islamic accepted notes	-	-	553,394	2,207,319	4,229,710	-	-	-	-	-
- Khazanah bonds	-	-	-	378,121	33,634	-	-	-	-	-
- Negotiable instruments of deposits	939,542	-	198,686	503,046	2,449,025	-	-	-	-	-
- Others	-	-	-	320,133	487,047	2,441,569	32,174	848,938	144,183	-
	<b>12,146,171</b>	<b>217,475</b>	<b>3,731,371</b>	<b>15,917,394</b>	<b>22,764,842</b>	<b>2,441,569</b>	<b>181,461</b>	<b>848,938</b>	<b>459,033</b>	

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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)**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Credit Risk (continued)**

**(iii) Credit quality (continued)**

- (c) Analysis of short term funds, deposits and placements with banks and other financial institutions, securities purchased under resale agreements, financial assets and investments portfolios, other assets and derivative assets that are neither past due nor impaired by rating agency definition are as follows: (continued)

	<b>Short term funds and deposits and placements with banks and other financial institutions</b>	<b>Amounts due from subsidiaries</b>	<b>Other financial assets</b>
<b>Company</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2014</b>			
A1-A3	1,017	45	-
P1	24,940	-	-
Non-rated	-	48	2
	<u>25,957</u>	<u>93</u>	<u>2</u>
<b>2013</b>			
A1-A3	983	550	-
P1	16,973	-	-
Non-rated	-	250	114,854
	<u>17,956</u>	<u>800</u>	<u>114,854</u>

**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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Credit Risk (continued)**

Credit risk exposure analysed by industry in respect of the Group's financial assets, including commitments and contingencies, are set out below:

Group 2014	Short term										Total RM'000
	deposits and placements with banks and other financial institutions	Securities purchased under agreements	Financial assets HFT	Financial investments AFS <sup>®</sup>	Financial investments HTM	Loans, advances and financing <sup>#</sup>	Clients' and brokers' balances	Reinsurance assets	Other financial assets <sup>*</sup>	Commitments and contingencies	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture, hunting, forestry and fishing	-	-	-	1,480,473	191,230	5,152,516	-	-	485,640	1,654,640	8,964,499
Mining and quarrying	-	-	-	24,727	-	1,419,460	-	-	-	1,616,488	3,060,675
Manufacturing	-	-	40,000	371,016	164,540	8,394,916	-	-	46,185	8,663,615	17,680,272
Electricity, gas and water	-	-	1	1,207,402	1,249,093	2,689,109	-	-	230	882,273	6,028,108
Construction	-	-	49,870	555,492	617,997	6,518,969	-	-	16,751	6,653,183	14,412,262
Real estate	-	-	-	335,496	180,570	4,422,784	-	-	-	2,399,642	7,338,492
Purchase of landed property	-	-	-	-	-	7,540,954	-	-	-	13,527,996	21,068,950
Wholesale & retail trade	-	-	-	-	-	-	-	-	-	-	-
and restaurant & hotel	-	-	-	5,093	-	-	-	-	-	211	5,304
General commerce	-	-	-	75,311	599,022	9,150,654	-	-	896	5,812,352	15,638,235
Transport, storage and communication	-	-	-	1,110,206	1,062,181	7,943,227	-	-	4,277	1,625,052	11,744,943
Finance, insurance and business services	13,958,753	171,030	575,546	9,093,470	5,191,383	14,991,616	-	241,647	878,769	5,895,161	50,997,375
Government and government agencies	3,862,822	330,480	1,815,602	4,243,363	10,907,794	7,263,677	-	-	-	6,623	28,420,361
Purchase of securities	-	-	-	455	-	1,232,727	1,531,289	-	-	3,033,897	5,798,368
Purchase of transport vehicles	-	-	-	-	-	128	-	-	-	151,950	152,078
Consumption credit	-	-	-	-	-	2,184,209	-	-	-	4,558,959	6,743,168
Others	99,017	-	4,064	158,477	306,021	63,137,142	-	-	1,265,109	1,837,923	66,807,753
	<u>17,920,592</u>	<u>491,510</u>	<u>2,485,083</u>	<u>18,660,981</u>	<u>20,469,831</u>	<u>142,042,088</u>	<u>1,531,289</u>	<u>241,647</u>	<u>2,697,857</u>	<u>58,319,965</u>	<u>264,860,843</u>

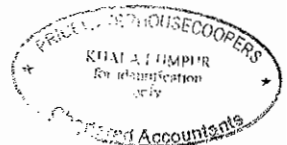
<sup>†</sup> Excludes equity instrument amounting to RM445,598,000.

<sup>††</sup> Excludes equity instrument amounting to RM941,195,000.

<sup>‡</sup> Excludes collective impairment allowance amounting to RM1,349,085,000.

<sup>‡‡</sup> Excludes collective impairment allowance of RM6,142,000.

<sup>\*</sup> Other financial assets include other assets amounting to RM1,412,627,000 and derivative assets amounting to RM1,285,230,000.





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**NOTES TO THE FINANCIAL STATEMENTS  
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**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Credit Risk (continued)**

Credit risk exposure analysed by industry in respect of the Group's financial assets, including commitments and contingencies, are set out below: (continued)

Group 2013	Short term funds and deposits and placements with banks and other financial institutions		Securities purchased under resale agreements		Financial assets HFT		Financial investments AFS		Financial investments HTM		Loans, advances and financing		Clients' and brokers' balances		Reinsurance assets		Other financial assets		Commitments and contingencies		Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture, hunting, forestry and fishing	-	-	-	10,136	-	1,394,516	282,893	4,361,880	-	-	-	-	-	-	-	-	81,224	1,426,590	7,557,239	1,426,590	7,557,239
Mining and quarrying	-	-	-	-	-	24,092	-	623,822	-	-	-	-	-	-	-	-	-	-	1,219,089	1,219,089	1,867,003
Manufacturing	-	-	-	39,822	-	162,761	68,826	8,704,843	-	-	-	-	-	-	-	-	1,090	8,705,375	17,682,717	8,705,375	17,682,717
Electricity, gas and water	-	-	-	10,031	-	1,079,898	1,155,272	2,805,843	-	-	-	-	-	-	-	-	9,668	693,414	5,754,126	693,414	5,754,126
Construction	-	-	-	193,951	-	440,803	848,204	4,496,159	-	-	-	-	-	-	-	-	-	5,666,065	11,645,182	5,666,065	11,645,182
Real estate	-	-	-	-	-	242,660	241,110	2,718,855	-	-	-	-	-	-	-	-	-	962,265	4,164,890	962,265	4,164,890
Purchase of landed property	-	-	-	-	-	-	-	5,798,104	-	-	-	-	-	-	-	-	-	10,772,856	16,570,960	10,772,856	16,570,960
General commerce	-	-	-	6,345	-	84,420	405,650	7,951,384	-	-	-	-	-	-	-	-	-	5,731,075	14,178,874	5,731,075	14,178,874
Transport, storage and communication	-	-	-	184,149	-	810,140	615,920	5,045,650	-	-	-	-	-	-	-	-	1,000	1,719,522	8,376,381	1,719,522	8,376,381
Finance, insurance and business services	8,017,521	-	-	1,710,497	-	6,639,566	4,772,557	12,325,793	-	-	-	-	-	-	-	-	134,126	4,244,448	38,025,969	4,244,448	38,025,969
Government and government agencies	4,128,650	-	-	1,570,832	-	4,781,864	14,007,888	8,283,937	-	-	-	-	-	-	-	-	181,461	-	32,990,646	-	32,990,646
Purchase of securities	-	-	-	-	-	-	-	1,099,764	-	-	-	-	-	-	-	-	-	3,398,151	7,075,673	3,398,151	7,075,673
Purchase of transport vehicles	-	-	-	-	-	-	-	44	-	-	-	-	-	-	-	-	-	742,059	742,103	742,059	742,103
Consumption credit	-	-	-	-	-	-	-	1,993,864	-	-	-	-	-	-	-	-	-	4,721,158	6,715,022	4,721,158	6,715,022
Others	-	-	-	37,058	-	392,971	379,689	54,612,869	-	-	-	-	-	-	-	-	1,080,863	2,042,258	58,545,708	2,042,258	58,545,708
	<u>12,146,171</u>	<u>2,17,475</u>	<u>2,17,475</u>	<u>3,762,821</u>	<u>3,762,821</u>	<u>16,053,691</u>	<u>22,778,009</u>	<u>120,822,811</u>	<u>2,577,758</u>	<u>2,577,758</u>	<u>181,461</u>	<u>1,307,971</u>	<u>52,044,325</u>	<u>231,892,493</u>	<u>231,892,493</u>	<u>231,892,493</u>	<u>231,892,493</u>	<u>231,892,493</u>	<u>231,892,493</u>	<u>231,892,493</u>	<u>231,892,493</u>

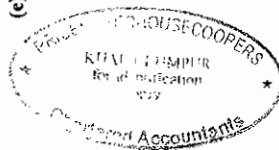
- Excludes equity instrument amounting to RM274,907,000.

‡ Excludes equity instrument amounting to RM876,822,000.

\* Excludes collective impairment allowance amounting to RM1,280,266,000.

• Excludes collective impairment allowance of RM4,175,000.

• Other financial assets include other assets amounting to RM848,938,000 and derivative assets amounting to RM459,033,000.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Credit Risk (continued)**

Credit risk exposure analysed by industry in respect of the Company's financial assets, including commitments and contingencies, are set out below:

	<b>Short term funds and deposits and placements with banks and other financial institutions</b>	<b>Amounts due from subsidiaries</b>	<b>Other financial assets</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Company</b>				
<b>2014</b>				
Finance, insurance and business services	25,957	45	-	26,002
Others	-	48	2	50
	<u>25,957</u>	<u>93</u>	<u>2</u>	<u>26,052</u>
<b>2013</b>				
Finance, insurance and business services	17,956	-	-	17,956
Others	-	800	114,854	115,654
	<u>17,956</u>	<u>800</u>	<u>114,854</u>	<u>133,610</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)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(f) Fair Value of Financial Instruments**

The Group analyses its financial instruments measured at fair value into three categories as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

The table below analyses financial instruments carried at fair value analysed by level within the fair value hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
<b>2014</b>				
Recurring fair value measurements				
<u>Financial assets</u>				
Financial assets HFT:	449,439	2,441,242	40,000	2,930,681
- Money market instruments	-	1,815,602	-	1,815,602
- Quoted securities	449,439	-	-	449,439
- Unquoted securities	-	625,640	40,000	665,640
Financial investments AFS:	56,360	18,554,674	991,142	19,602,176
- Money market instruments	-	5,772,156	-	5,772,156
- Quoted securities	56,360	-	-	56,360
- Unquoted securities	-	12,782,518	991,142	13,773,660
Derivative assets:				
- Money market instruments	-	1,285,230	-	1,285,230
	<u>505,799</u>	<u>22,281,146</u>	<u>1,031,142</u>	<u>23,818,087</u>
<u>Financial liabilities</u>				
Derivative liabilities:				
- Money market instruments	<u>13,114</u>	<u>1,211,570</u>	<u>-</u>	<u>1,224,684</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)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(f) Fair Value of Financial Instruments (continued)**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
<b>2013</b>				
Recurring fair value measurements				
<u>Financial assets</u>				
Financial assets HFT:	277,614	3,726,819	33,295	4,037,728
- Money market instruments	-	2,588,607	-	2,588,607
- Quoted securities	277,614	-	-	277,614
- Unquoted securities	-	1,138,212	33,295	1,171,507
Financial investments AFS:	24,102	15,844,395	1,062,016	16,930,513
- Money market instruments	-	5,295,007	-	5,295,007
- Quoted securities	24,102	-	-	24,102
- Unquoted securities	-	10,549,388	1,062,016	11,611,404
Derivative assets:				
- Money market instruments	-	459,033	-	459,033
	<u>301,716</u>	<u>20,030,247</u>	<u>1,095,311</u>	<u>21,427,274</u>
<u>Financial liabilities</u>				
Derivative liabilities:				
- Money market instruments	<u>16,462</u>	<u>331,601</u>	<u>-</u>	<u>348,063</u>

There were no transfers between Level 1 and 2 during the financial year.

**(i) Qualitative disclosures of valuation techniques**

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

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**50 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(f) Fair Value of Financial Instruments (continued)**

**(i) Qualitative disclosures of valuation techniques (continued)**

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

**(ii) Reconciliation of fair value measurements in Level 3:**

The following represents the changes in Level 3 instruments for the Group:

	Financial assets HFT		Financial investment AFS	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Balance as at the beginning of the financial year	33,295	-	1,062,016	629,617
Total net gains recognised under other comprehensive income	-	-	72,290	123,256
Total net gains/(losses) recognised in income statements	9,153	(8,550)	(29,006)	-
Purchases	-	-	15,897	348,925
Settlements	(2,448)	-	(224,446)	(60,329)
Sales	-	-	(3,459)	-
Impairment losses written back/(made)	-	-	102,946	(14,692)
Transfer from Level 2	-	41,845	-	30,297
Transfer to loans	-	-	(9,877)	-
Exchange differences	-	-	4,781	4,942
Balance as at the end of the financial year	<u>40,000</u>	<u>33,295</u>	<u>991,142</u>	<u>1,062,016</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**51 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES**

- (a) The fair value of each financial assets and liabilities presented on the statements of financial position of the Group and the Company approximates the carrying amount as at the reporting date, except for the following:

	Group		Company	
	Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
<b>2014</b>				
<b>Financial assets</b>				
Deposits and placements with banks and other financial institutions	2,298,588	2,209,141	-	-
Financial investments HTM	20,469,831	20,281,184	-	-
Loans, advances and financing	140,693,003	141,008,924	-	-
<b>Financial liabilities</b>				
Deposits from customers	157,133,993	157,145,258	-	-
Deposits and placements of banks and other financial institutions	21,349,618	21,270,467	-	-
Recourse obligation on loans sold to Cagamas	3,315,335	3,295,986	-	-
Borrowings and senior debt securities	5,685,352	5,757,464	3,111,433	3,110,696
Subordinated obligations	6,099,402	6,118,716	-	-
Hybrid Tier-1 Capital Securities	<u>601,515</u>	<u>660,352</u>	-	-
<b>2013</b>				
<b>Financial assets</b>				
Financial investments HTM	22,778,009	22,614,286	-	-
Loans, advances and financing	119,542,545	119,995,697	-	-
<b>Financial liabilities</b>				
Deposits from customers	137,741,241	137,762,095	-	-
Deposits and placements of banks and other financial institutions	16,998,355	16,980,080	-	-
Recourse obligation on loans sold to Cagamas	2,269,353	2,231,757	-	-
Borrowings and senior debt securities	4,546,825	3,984,322	2,936,600	2,926,468
Subordinated obligations	4,580,967	4,622,768	-	-
Hybrid Tier-1 Capital Securities	<u>601,201</u>	<u>679,740</u>	-	-

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**NOTES TO THE FINANCIAL STATEMENTS****FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)****51 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**

(b) The following table analyses within the fair value hierarchy of the Group's and Company's assets and liabilities not measured at fair value at 31 December 2014 but for which fair value is disclosed:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
<b>2014</b>				
<b>Financial assets</b>				
Deposits and placements with banks and other financial institutions	-	2,209,141	-	2,209,141
Financial investments HTM	-	19,282,930	998,254	20,281,184
Loans, advances and financing	-	141,008,924	-	141,008,924
<b>Financial liabilities</b>				
Deposits from customers	-	157,145,258	-	157,145,258
Deposits and placements of banks and other financial institutions	-	21,270,467	-	21,270,467
Recourse obligation on loans sold to Cagamas	-	3,295,986	-	3,295,986
Borrowings and senior debt securities	-	5,757,464	-	5,757,464
Subordinated obligations	-	6,118,716	-	6,118,716
Hybrid Tier-1 Capital Securities	-	660,352	-	660,352
<b>2013</b>				
<b>Financial assets</b>				
Financial investments HTM	-	21,527,817	1,086,469	22,614,286
Loans, advances and financing	-	119,995,697	-	119,995,697
<b>Financial liabilities</b>				
Deposits from customers	-	137,762,095	-	137,762,095
Deposits and placements of banks and other financial institutions	-	16,980,080	-	16,980,080
Recourse obligation on loans sold to Cagamas	-	2,231,757	-	2,231,757
Borrowings and senior debt securities	-	3,984,322	-	3,984,322
Subordinated obligations	-	4,622,768	-	4,622,768
Hybrid Tier-1 Capital Securities	-	679,740	-	679,740
<b>Company</b>				
<b>2014</b>				
<b>Financial liabilities</b>				
Borrowings	-	3,110,696	-	3,110,696
<b>2013</b>				
<b>Financial liabilities</b>				
Borrowings	-	2,926,468	-	2,926,468

**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)**

**51 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**

(c) The fair values are based on the following methodologies and assumptions:

(i) Cash and short term funds and deposits and placements with financial institutions

For cash and short term funds and deposits and placements with financial institutions with maturities of less than six months, the carrying value is a reasonable estimate of fair value. For deposits and placements with maturities of six months and above, estimated fair value is based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

(ii) Securities purchased under resale agreements

The fair values of securities purchased under resale agreements with maturities of less than six months approximate the carrying values. For securities purchased under resale agreements with maturities of six months and above, the estimated fair values are based on discounted cash flows using prevailing market rates for the remaining term to maturity.

(iii) Financial assets HFT, financial investments HTM and AFS

The estimated fair value for financial assets HFT, financial investments HTM and AFS is based on quoted and observable market prices. Where there is no ready market in certain securities, fair values have been assessed by reference to market indicative interest yields or net tangible asset backing of the investee. Where discounted cash flow technique is used, the estimated future cash flows are discounted using the prevailing market rates for a similar instrument at the date of statements of financial position.

(iv) Loans, advances and financing

For floating rate loans, the carrying value is generally a reasonable estimate of fair value.

For fixed rate loans, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risk and maturities.

The fair values of impaired loans are represented by their carrying value, net of impairment allowance.

(v) Other assets and liabilities

The carrying value less any estimated impairment allowance for financial assets and liabilities included in 'other assets and liabilities' are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

(vi) Deposits from customers

For deposits from customers with maturities of less than six months, the carrying amounts are reasonable estimates of their fair values. For deposits with maturities of six months and above, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.



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**NOTES TO THE FINANCIAL STATEMENTS  
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**51 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**

(c) The fair values are based on the following methodologies and assumptions: (continued)

- (vii) Deposits and placements of banks and other financial institutions, obligations on securities sold under repurchase agreements ('repos'), obligations on securities borrowed and bills and acceptances payable

The estimated fair values of deposits and placements of banks and other financial institutions, repos, obligations on securities borrowed and bills and acceptances payable with maturities of less than six months approximate the carrying values. For the items with maturities of six months and above, the fair values are estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturity.

- (viii) Recourse obligation on loans sold to Cagamas

For amounts due to Cagamas with maturities of less than one year, the carrying amounts are reasonable estimate of their fair values. For amounts due to Cagamas with maturities of more than one year, fair value is estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturity.

- (ix) Borrowings and senior debt securities

For floating rate borrowings, the carrying value is generally a reasonable estimate of fair value.

The estimated fair values of other borrowings with maturities of less than six months approximate the carrying values. For other borrowings with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing market rates for borrowings with similar risk profile.

The estimated fair value of senior debt securities is generally based on quoted and observable market prices at the date of statements of financial position.

- (x) Subordinated obligations

The estimated fair value of subordinated obligations is generally based on quoted and observable market prices at the date of statements of financial position.

- (xi) Hybrid Tier-1 Capital Securities

The estimated fair value of Hybrid Tier-1 Capital Securities is generally based on quoted and observable market prices at the date of statements of financial position.

- (xii) Credit related commitments and contingencies

The net fair value of these items was not calculated as estimated fair values are not readily ascertainable. These financial instruments generally relate to credit risks and attract fees in line with market prices for similar arrangements. They are not presently sold nor traded. The fair value may be represented by the present value of fees expected to be received, less associated costs.

- (xiii) Foreign exchange and interest rate related contracts

The fair values of foreign exchange and interest rate related contracts are the estimated amounts the Group would receive or pay to terminate the contracts at the date of statements of financial position.

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**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**52 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR/PREVIOUS FINANCIAL YEAR**

(a) Proposed acquisition of PT Bank Mestika Dharma ('Bank Mestika')

The Company had on 19 October 2009, entered into the following agreements with PT Mestika Benua Mas ('Vendor'):

- (i) a conditional sale and purchase agreement ('CSPA') to acquire 80% of the issued and paid-up share capital in Bank Mestika for a total cash consideration of Rp3,118 billion (approximately RM1,163 million) ('Proposed Acquisition'); and
- (ii) proposed put and call option for 9% of the issued and paid-up share capital in Bank Mestika ('Proposed Option').

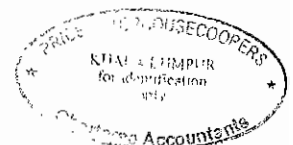
The Company had subsequently assigned all of its rights, titles, interests, benefits and entitlements and novated all of its obligations and liabilities contained in the CSPA, option agreement and escrow agreement pertaining thereto to RHB Venture Capital Sdn Bhd (a wholly-owned subsidiary of the Company), which in turn assigned and novated the same to RHB Bank on 17 December 2010, as the new acquirer for the Proposed Acquisition.

On 13 July 2012, Bank Indonesia issued a new regulation on share ownership in Indonesian commercial banks which stipulates, amongst others, that the maximum limit for shares ownership in a commercial bank by a bank or financial institution shall be 40% of its paid-up capital.

In view of this, RHB Bank had on 30 January 2013 entered into an amended agreement to the CSPA with the Vendor ('Amended CSPA') to revise the proposed acquisition from up to 89% of the issued and paid-up share capital in Bank Mestika to 40%, for a total cash consideration of Rp2,066 billion (approximately RM651 million as at 23 January 2013) ('Revised Purchase Consideration').

Simultaneously, RHB Bank had on even date entered into an option termination agreement with the Vendor to terminate the original Proposed Option.

In view that the approval from Otoritas Jasa Keuangan (Financial Services Authority of Indonesia) for the Proposed Acquisition has not been obtained on 30 June 2014 and therefore the conditions precedent of the Amended CSPA have not been satisfied, the parties to the Amended CSPA have decided not to extend the Conditional Period. Accordingly, the Amended CSPA lapsed on even date and terminated in accordance with the terms of the Amended CSPA, and the Deposit (as disclosed in Note 10) has been refunded to the Company.



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**NOTES TO THE FINANCIAL STATEMENTS  
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**52 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR/PREVIOUS FINANCIAL YEAR (CONTINUED)**

(b) Disposal of entire equity interest in RD RHB OSK Indonesia Dynamic Resources Plus Fund

On 7 February 2014, RHB Investment Bank disposed the entire equity interest in RD RHB OSK Indonesia Dynamic Resources Plus Fund for a cash consideration of RM6.5 million.

The effects of the disposal on the financial results of the Group for the current financial year is not material.

(c) Disposal of equity interest in iFast-OSK

RHB Investment Bank had on 7 March 2014 entered into a sale and purchase agreement to dispose its entire 34.88% equity interest in iFast-OSK for a cash consideration of RM9.07 million. The disposal was completed on 18 July 2014.

The effects of the disposal on the financial position of the Group as at 31 December 2014 are as follows:

	<b>RM'000</b>
Proceeds from disposal	9,070
Equity attributable to net assets	<u>(868)</u>
Gain on disposal of an associate	<u>8,202</u>

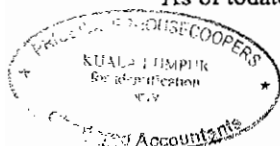
(d) Issuance of Multi-Currency Medium Term Note Programme ('MCMTN Programme') by RHB Bank and RHB Investment Bank

RHB Investment Bank and RHB Bank have obtained approval from BNM and the Securities Commission of Malaysia ('SC') for their respective proposed MCMTN Programme:

	<b>RHB Investment Bank</b>	<b>RHB Bank</b>
Programme	Issuance of senior notes and/or subordinated notes of up to RM1.0 billion in nominal value (or its equivalent in other currencies)	Issuance of senior notes and/or subordinated notes of up to RM5.0 billion in nominal value (or its equivalent in other currencies)
Date of approval from BNM	12 June 2013	20 December 2013
Date of approval from SC	25 July 2013	4 February 2014
Utilisation of proceeds	To be utilised for RHB Investment Bank's working capital and general banking purposes, including but not limited to repayment of borrowings and subordinated debts	To be utilised for RHB Bank's general working capital and other corporate purposes, including but not limited to provision of advances to any of RHB Bank's subsidiaries and repayment of borrowings and subordinated debts (if any)

The subordinated notes to be issued under both the MCMTN Programme are Basel III compliant.

As of todate, RHB Investment Bank and RHB Bank have yet to issue any part of the MCMTN Programme.



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**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**52 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR/PREVIOUS FINANCIAL YEAR (CONTINUED)**

(e) Acquisition of remaining 49% equity interest in DMG & Partners

On 15 December 2014, RHB Investment Bank completed the acquisition of the remaining 36,750,000 ordinary shares of SGD1.00 each or 49% in DMG & Partners from Deutsche Asia Pacific Holdings Pte Ltd ('DAPH') for a total consideration of SGD123.5 million (equivalent to RM329.2 million). Subsequently, DMG became a wholly-owned subsidiary of RHB Investment Bank, which in turn is a wholly-owned subsidiary of the Company.

The difference between the fair value of the consideration paid and the relevant share of the carrying value of net assets of RM190.5 million is disclosed in the statements of changes in equity.

The financial position of DMG & Partners as at the date of acquisition is as follows:

	<b>RM'000</b>
Carrying value of net assets	388,871
Carrying value of additional interests acquired	<u>190,547</u>

The following summarised the effects of the change in the Group's ownership interests in DMG & Partners on the equity attributable to owners of the Group arising from the above acquisition. The difference between the purchase consideration and the additional interests acquired has been recognised to retained earnings:

	<b>RM'000</b>
Consideration paid for the 49% acquisition from NCI	329,210
Decrease in equity attributable to NCI	<u>(190,547)</u>
Decrease in equity attributable to equity holders of the Group	<u><u>138,663</u></u>

(f) Acquisition of RHB OSK Rupiah Liquid Fund

On 1 July 2014, the Company acquired 63.94% of the fund size in RHB OSK Rupiah Liquid Fund for a cash consideration of Rp334.5 trillion (equivalent to RM90.6 million).

The financial position of RHB OSK Rupiah Liquid Fund as at the date of acquisition is as follows:

	<b>RM'000</b>
At fair value:	
Cash and short term funds	104
Deposits and placements with banks and other financial institutions	92,026
Financial assets HFT	49,922
Other assets	257
Other liabilities	<u>(655)</u>
Net assets	141,654
Less: NCI	<u>(51,044)</u>
Purchase consideration satisfied via cash	90,610
Less: Cash and cash equivalents acquired	<u>(92,130)</u>
Cash inflow on acquisition	<u><u>(1,520)</u></u>

The effective equity interest as at 31 December 2014 is at 55.79%.

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**52 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR/PREVIOUS FINANCIAL YEAR (CONTINUED)**

(g) Group internal reorganisation

On 1 October 2014, RHB Investment Bank, a wholly-owned subsidiary of the Company, has entered into a share sale agreement with RHB Indochina Bank, a wholly-owned subsidiary of RHB Bank, which in turn is a wholly-owned subsidiary of the Company, for the acquisition of the entire equity interest in RHB OSK Indochina Securities Limited ('RHBISL') from RHB Indochina Bank for a consideration of USD12.5 million ('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.

The Acquisition is subject to the approvals of BNM, SC, National Bank of Cambodia and the SECC. Approvals from BNM and the SC were obtained on 25 June 2014 and 1 July 2014 respectively.

The Acquisition is an internal reorganisation exercise within the Group and is expected to be completed by the first quarter of 2015.

(h) Establishment of a representative office in Myanmar

RHB Bank has on 3 December 2014 been officially granted with the approval by the Directorate of Investment and Company Administration ('DICA') to operate a Representative Office in the Republic of the Union of Myanmar.

The Representative Office licence was granted by the Central Bank of Myanmar ('CBM') to RHB Bank on 26 March 2014.

(i) Bancassurance arrangement between RHB Bank and Tokio Marine Life Insurance Berhad ('TM')

RHB Bank has on 29 December 2014 entered into a new bancassurance agreement ('New Bancassurance Agreement') with TM. The New Bancassurance Agreement will take effect from 1 January 2015 ('Effective Date') and shall supersede the existing bancassurance agreement entered with TM on 1 July 2010.

The New Bancassurance Agreement shall be for a period of 10 years commencing from the Effective Date and ending on 31 December 2024, where RHB Bank shall only sell, distribute, market and promote conventional life insurance products developed by TM for sale by RHB Bank to any party or persons including but not limited to RHB Bank's customers via the distribution network within RHB Bank subject to the terms and conditions stipulated in the New Bancassurance Agreement.

TM shall pay RHB Bank a total facilitation fee of RM210 million based on the terms of the New Bancassurance Agreement and in consideration thereof, RHB Bank shall commit to a 10-year bancassurance relationship with TM and provide TM access to RHB Bank's customer database.

In furtherance of bancassurance business developments, marketing, sales and various promotional activities incidental to the New Bancassurance Agreement and pursuant to TM's responsibilities under the New Bancassurance Agreement, TM shall pay RHB Bank commissions on the premiums collected on policies sold by RHB Bank, marketing incentives and special incentives, as well as production bonus and persistency bonus (subject to limits stipulated by BNM).

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**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**52 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR/PREVIOUS FINANCIAL YEAR (CONTINUED)**

(j) Proposal to commence negotiation for a merger of business and undertakings

As announced by the Company on 10 July 2014, BNM had vide its letter dated on even date stated that it has no objection for the Company to commence negotiations with CIMB Group Holdings Berhad ('CIMB Group') and Malaysia Building Society Berhad ('MBSB') for a possible merger of the businesses and undertakings of CIMB Group and RHB Capital, and the merger of Islamic banking businesses with MBSB ('Proposed Merger'). The approval is valid for a period of six months from the date of BNM's letter.

(RHB Capital, CIMB Group and MBSB collectively defined as the 'Parties')

Pursuant to BNM's approval, the Parties have on the same day, entered into an exclusivity agreement to negotiate and finalise pricing, structure, and other relevant terms and conditions for the Proposed Merger for a period of ninety (90) days (unless otherwise agreed by the Parties) ('Exclusivity Period'). There will be an automatic extension of the Exclusivity Period upon a submission being made to BNM by the Parties on the Proposed Merger, until the date of execution of the relevant definitive agreement(s) to effect the Proposed Merger.

All consideration used to effect the Proposed Merger shall be referenced to the closing price of RHB Capital, CIMB Group and MBSB on the stock exchange on 9 July 2014.

RHB Capital and CIMB Group, as well as their relevant subsidiaries, had made a joint application to BNM on 8 October 2014 to seek the approval of BNM and/or Minister of Finance ('MOF') through BNM for, amongst others, the Proposed Merger.

The Proposed Merger is intended to encompass the following:

- (i) The proposed acquisition by RHB Capital of all the assets, liabilities, business and undertakings of CIMB Group ('Proposed Acquisition');
- (ii) The proposed disposal by RHB Islamic Bank of all assets and liabilities to CIMB Islamic Bank Berhad ('Proposed RHB Islamic Disposal'), and
- (iii) The proposed merger of the assets and liabilities of CIMB Islamic Bank Berhad, RHB Islamic Bank and MBSB to create a Mega Islamic Bank ('Proposed Islamic Merger').

The Proposed Acquisition and Proposed RHB Islamic Disposal are not conditional upon the Proposed Islamic Merger and vice-versa, or any other transaction or proposal involving the Parties.

Bursa Malaysia Securities Berhad ('Bursa Securities') had, vide its letter dated 21 October 2014, rejected the application to Bursa Securities for a waiver from complying with the related party transaction requirements under paragraph 10.08(7)(a) of the Main Market Listing Requirements of Bursa Securities ('Listing Requirements') in respect of the rights of Employees Provident Fund Board ('EPF') as a shareholder to vote on the resolution(s) to approve the Proposed Acquisition and Proposed RHB Islamic Disposal at an extraordinary general meeting of RHB Capital to be convened ('Proposed Waiver'), as there are no adequate justifications that the potential conflicts of interests involving EPF has been eliminated or sufficiently mitigated.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**52 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR/PREVIOUS FINANCIAL YEAR (CONTINUED)**

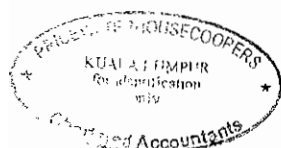
- (j) Proposal to commence negotiation for a merger of business and undertakings (continued)

In arriving at its decision, Bursa Securities took into consideration the following:

- (i) The objective of the related party transaction framework under the Listing Requirements is to govern potential conflict of interest situations. In related party transactions, related parties may be able to assert influence over a listed issuer's actions or transactions which then present a risk of potential abuse to the listed issuer. By virtue of EPF being a common major shareholder in all 3 affected companies (i.e. RHB Capital, MBSB and CIMB Group) as well as being the single largest shareholder of both RHB Capital and MBSB, there exists such a potential conflict of interest situation, where EPF may be able to influence the Proposed Merger to its own benefit; and
- (ii) EPF's position is not the same as the other shareholders of RHB Capital premised on the following:
- (a) EPF's controlling stakes in RHB Capital (41.5%) and MBSB (64.5%) place it in a position of significant influence in these companies;
- (b) as the single largest shareholder of RHB Capital and MBSB and a major shareholder in CIMB Group, EPF may benefit from the transaction as a shareholder of MBSB and/or CIMB Group. As such, its overall position would differ from a party who is merely a shareholder of RHB Capital, especially given the differing terms and valuations applicable to the 3 affected companies; and
- (c) EPF has prior knowledge of the Proposed Merger as it was notified by CIMB Group before the issuance of the letter of intent by CIMB Group dated 9 July 2014.

Bursa Securities had, vide its letter dated 10 December 2014, informed that after due deliberation and having considered all the facts and circumstances of the matter, the Appeals Committee ('AC') decided that the matters raised and the grounds of Appeal put forth by RHB Capital and EPF did not justify a departure from the decision of the Listing Committee. In particular, there are no adequate justifications that the potential conflict of interests involving EPF has been eliminated or sufficiently mitigated. Accordingly, the AC decided to dismiss the Appeal and uphold the decision of the Listing Committee made on 21 October 2014.

On 14 January 2015, the Company has been notified by CIMB Group vide its letter of even date that its board of directors have, after further deliberation, arrived at a decision to abort the Proposed Merger in light of current economic conditions. CIMB Group and RHB Capital, as well as their relevant subsidiaries have withdrawn their joint application to BNM to seek approval from BNM and/or MOF through BNM for, amongst others, the Proposed Merger. With that, the Exclusivity Period pursuant to the exclusivity agreement between the Parties dated 10 July 2014 has expired.



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**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

**52 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR/PREVIOUS FINANCIAL YEAR (CONTINUED)**

(k) Acquisition of additional equity stake in RHB Holdings Hong Kong Limited ('RHBHK')

On 8 April 2013, OSKIB Sdn Bhd (formerly known as OSK Investment Bank Berhad) acquired the remaining 6.5% of the issued share capital of RHBHK not yet held by RHB Investment Bank for a purchase consideration of HKD9.75 million (equivalent to RM3.85 million). RHBHK then become a wholly owned subsidiary of RHB Investment Bank. The carrying amount of the NCI in RHBHK on the acquisition date was RM3.12 million. Such interest was subsequently transferred to RHB Investment Bank on 13 April 2014, pursuant to a vesting order exercise.

For the acquisition of additional shares from NCI, the difference between purchase consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired of RM0.73 million is deducted from equity.

(l) Acquisition of the remaining 30% equity interests in OSK Investment Management Berhad ('OIM') and RHB Islamic International Asset Management Berhad ('RHBIAM'), a subsidiary of OIM, and disposal of 30% equity interest in UOB-OSK Asset Management Sdn Bhd ('UOAM')

(i) Acquisition of NCI

On 22 October 2013, RHB Investment Bank acquired the remaining equity interests in OIM and RHBIAM from its NCI for a cash consideration of RM43.1 million and RM3.0 million respectively. As a result of this acquisition, OIM and RHBIAM become wholly-owned subsidiaries of RHB Investment Bank, which in turn is a wholly-owned subsidiary of the Company.

Financial position of OIM and RHBIAM as at the date of acquisition:

	<u>OIM</u> RM'000	<u>RHBIAM</u> RM'000
Carrying value of net assets	86,782	10,307
Carrying value of the additional interests acquired	26,035	3,092

The following summarised the effects of the change in the Group's ownership interests in OIM and RHBIAM on the equity attributable to owners of the Group arising from the above acquisition. The difference between the carrying value and the additional interests acquired has been recognised within retained earnings:

	<u>OIM</u> RM'000	<u>RHBIAM</u> RM'000	<u>Total</u> RM'000
Consideration paid for the acquisition of NCI	43,123	3,040	46,163
Decrease in equity attributable to NCI	<u>(26,035)</u>	<u>(3,092)</u>	<u>(29,127)</u>
Decrease/(Increase) in equity attributable to equity holders of the Group	<u>17,088</u>	<u>(52)</u>	<u>17,036</u>



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**52 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR/PREVIOUS FINANCIAL YEAR (CONTINUED)**

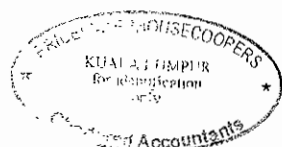
- (i) Acquisition of the remaining 30% equity interests in OSK Investment Management Berhad ('OIM') and RHB Islamic International Asset Management Berhad ('RHBIIAM'), a subsidiary of OIM, and disposal of 30% equity interest in UOB-OSK Asset Management Sdn Bhd ('UOAM') (continued)

- (ii) Disposal of 30% equity interest of an associate

On 22 October 2013, RHB Investment Bank disposed its entire 30% equity interest in UOAM for a cash consideration of RM26.2 million.

The effects of the disposal on the financial position of the Group as at 31 December 2013 is as below:

	<b>Total RM'000</b>
Proceeds from disposal	26,201
Equity attributable to net assets	<u>(17,464)</u>
Gain on disposal of an associate	<u>8,737</u>



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**NOTES TO THE FINANCIAL STATEMENTS  
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**53 DETERMINATION OF REALISED AND UNREALISED PROFITS OR LOSSES IN THE CONTEXT OF DISCLOSURES PURSUANT TO BURSA SECURITIES LISTING REQUIREMENTS**

The following analysis of realised and unrealised profits or losses of the Group and the Company is prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, as issued by the Malaysian Institute of Accountants.

The breakdown of retained profits of the Group and the Company is as follows:

	<u>Realised profits/(losses)</u> RM'000	<u>Group Unrealised profits</u> RM'000	<u>Total</u> RM'000
<b>2014</b>			
Operating subsidiaries	7,411,253	1,311,014	8,722,267
Dormant subsidiaries*	<u>(7,875,504)</u>	-	<u>(7,875,504)</u>
Total (accumulated losses)/retained profits of the Group	(464,251)	1,311,014	846,763
Total share of retained profits from associates and joint ventures	<u>3,436</u>	-	<u>3,436</u>
	<u>(460,815)</u>	<u>1,311,014</u>	<u>850,199</u>
Less: Consolidation adjustments			<u>6,089,630</u>
Total Group retained profits			<u><u>6,939,829</u></u>
<b>2013</b>			
Operating subsidiaries	6,763,395	491,177	7,254,572
Dormant subsidiaries*	<u>(7,925,232)</u>	-	<u>(7,925,232)</u>
Total (accumulated losses)/retained profits of the Group	(1,161,837)	491,177	(670,660)
Total share of retained profits from associates and joint ventures	<u>4,249</u>	-	<u>4,249</u>
	<u>(1,157,588)</u>	<u>491,177</u>	<u>(666,411)</u>
Less: Consolidation adjustments			<u>6,229,588</u>
Total Group retained profits			<u><u>5,563,177</u></u>

\* The realised losses relate mainly to dormant subsidiaries which are currently in the process of being liquidated.

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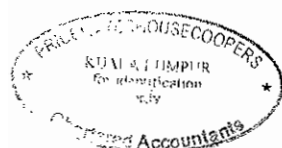
**53 DETERMINATION OF REALISED AND UNREALISED PROFITS OR LOSSES IN THE CONTEXT OF DISCLOSURES PURSUANT TO BURSA SECURITIES LISTING REQUIREMENTS (CONTINUED)**

	Company	
	2014	2013
	RM'000	RM'000
Retained profits	415,481	645,290
Unrealised (losses)/profits	(20)	1,181
Total Company retained profits	<u>415,461</u>	<u>646,471</u>

The disclosure of realised and unrealised profits or losses above is solely for compliance with the directive issued by the Bursa Securities and should not be used for any other purpose.

On 20 December 2010, the Malaysian Institute of Accountants issued Guidance on Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements. Accordingly, the Group views translation gains or losses on monetary items as realised as it is incurred in the ordinary course of business.

The disclosure above does not affect or alter the existing divisible profit rule in Malaysia. Likewise, this shall not be applied to address or interpret any legal matters regarding the availability of profit for distribution to shareholders. Listed corporations are required to observe the existing requirements in the Malaysian legal framework in dealing with matters related to distribution of profits to shareholders.



**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

**STATEMENT BY DIRECTORS**

**PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965**

We, Dato' Mohamed Khadar Merican and Kellee Kam Chee Khiong, being two of the Directors of RHB Capital Berhad state that, in the opinion of the Directors, the accompanying financial statements set out on pages 6 to 191 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2014 and of the results and cash flows of the Group and of the Company for the financial year ended 31 December 2014 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965.

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



**DATO' MOHAMED KHADAR MERICAN**  
CHAIRMAN



**KELLEE KAM CHEE KHIONG**  
GROUP MANAGING DIRECTOR

Kuala Lumpur  
5 March 2015

**STATUTORY DECLARATION**

**PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965**

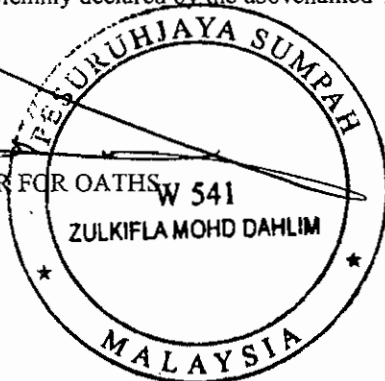
I, Yap Choi Foong, being the Officer primarily responsible for the financial management of RHB Capital Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 6 to 191 are, in my opinion correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.



**YAP CHOI FOONG**

Subscribed and solemnly declared by the abovenamed Yap Choi Foong at Kuala Lumpur in Malaysia on 5 March 2015.

COMMISSIONER FOR OATHS  
Kuala Lumpur  
5 March 2015



NO: 17, JALAN PETALING  
50000 KUALA LUMPUR

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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)**



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF RHB CAPITAL BERHAD**

(Incorporated in Malaysia)  
(Company No. 312952-H)

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of RHB Capital Berhad on pages 6 to 189, which comprise the statements of financial position as at 31 December 2014 of the Group and the Company, and the income statements, statements of comprehensive income, changes in equity and cash flow of the Group and the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on notes 1 to 52.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

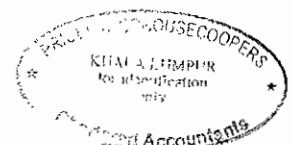
Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*PricewaterhouseCoopers (AF 1146), Chartered Accountants,  
Level 10, 1 Sentral, Jalan Travers, 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](http://www.pwc.com/my)*



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF RHB CAPITAL BERHAD (CONTINUED)**  
(Incorporated in Malaysia)  
(Company No. 312952-H)

**REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)**

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

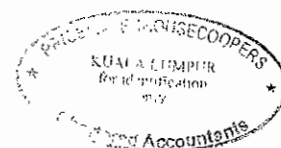
**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 15 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**OTHER REPORTING RESPONSIBILITIES**

The supplementary information set out in note 53 on pages 190 and 191 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF RHB CAPITAL BERHAD (CONTINUED)  
(Incorporated in Malaysia)  
(Company No. 312952-H)

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

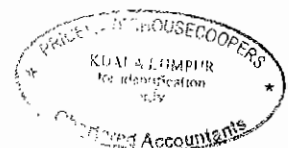
A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers'.

PRICEWATERHOUSECOOPERS  
(No. AF: 1146)  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Srividharan Nair'.

SRIDHARAN NAIR  
(No. 2656/05/16 (J))  
Chartered Accountant

Kuala Lumpur  
5 March 2015



UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015



RHB Capital Berhad 312952-H  
Level 9, Tower One, RHB Centre, Jalan Tun Razak,  
50400 Kuala Lumpur, Malaysia  
TEL +603 9285 2233 FAX +603 2142 7568

CERTIFIED TRUE COPY

*[Signature]*  
Azman Shah Md Yaman (LS 0008901)  
Company Secretary

**RHB CAPITAL BERHAD (312952 – H)  
INTERIM FINANCIAL STATEMENTS  
UNAUDITED INCOME STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	Note	2nd quarter ended		Six months ended	
		30 June 2015	30 June 2014	30 June 2015	30 June 2014
		RM'000	RM'000	RM'000	RM'000
<b>Group</b>					
Interest income	A8	1,937,675	1,835,390	3,928,601	3,593,504
Interest expense	A9	(1,153,259)	(1,007,663)	(2,344,406)	(1,943,593)
Net interest income		784,416	827,727	1,584,195	1,649,911
Other operating income	A10	487,992	433,898	994,479	926,002
		1,272,408	1,261,625	2,578,674	2,575,913
Net income from Islamic Banking business		214,111	183,337	416,601	335,086
Net income		1,486,519	1,444,962	2,995,275	2,910,999
Other operating expenses	A11	(842,526)	(796,915)	(1,662,437)	(1,583,260)
Operating profit before allowances		643,993	648,047	1,332,838	1,327,739
Allowance for impairment on loans, financing and other losses	A12	40,755	(17,348)	(9,458)	(71,557)
Impairment losses written back on other assets		7,593	108,375	13,697	120,283
		692,341	739,074	1,337,077	1,376,465
Share of results of associates		-	(57)	-	(112)
Share of results of joint ventures		40	110	125	182
<b>Profit before taxation</b>		692,381	739,127	1,337,202	1,376,535
Taxation	B5	(165,508)	(179,848)	(330,809)	(363,785)
<b>Net profit for the financial period</b>		526,873	559,279	1,006,393	1,012,750
Attributable to:					
- Equity holders of the Company		524,594	556,508	1,000,871	1,007,199
- Non-controlling interests		2,279	2,771	5,522	5,551
		526,873	559,279	1,006,393	1,012,750
<b>Earnings per share (sen)</b>					
- Basic	B12	20.3	21.9	38.8	39.5
- Diluted	B12	20.3	21.9	38.8	39.5

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.



UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)



**RHB CAPITAL BERHAD (312952 – H)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	2nd quarter ended		Six months ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Net profit for the financial period	<u>526,873</u>	<u>559,279</u>	<u>1,006,393</u>	<u>1,012,750</u>
Other comprehensive income/(loss) in respect of:				
(i) Items that will not be reclassified to profit or loss:				
- Actuarial (loss)/gain on defined benefit plan of subsidiaries	(1)	4,989	230	1,260
(ii) Items that will be reclassified subsequently to profit or loss:				
- Currency translation differences	74,554	(55,986)	222,611	(41,362)
- Unrealised net gain on revaluation of financial investments available-for-sale ('AFS')	20,163	80,460	125,777	63,579
- Net transfer to income statements on disposal or impairment of financial investments AFS	(25,763)	(6,839)	(45,072)	(3,601)
Income tax relating to components of other comprehensive loss/(income)	<u>1,474</u>	<u>(20,439)</u>	<u>(20,373)</u>	<u>(17,567)</u>
Other comprehensive income, net of tax, for the financial period	<u>70,427</u>	<u>2,185</u>	<u>283,173</u>	<u>2,309</u>
Total comprehensive income for the financial period	<u>597,300</u>	<u>561,464</u>	<u>1,289,566</u>	<u>1,015,059</u>
Total comprehensive income/(loss) attributable to:				
- Equity holders of the Company	595,090	560,085	1,282,225	1,015,246
- Non-controlling interests	2,210	1,379	7,341	(187)
	<u>597,300</u>	<u>561,464</u>	<u>1,289,566</u>	<u>1,015,059</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**



**RHB CAPITAL BERHAD (312952 – H)  
INTERIM FINANCIAL STATEMENTS  
UNAUDITED INCOME STATEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	Note	2nd quarter ended		Six months ended	
		30 June 2015	30 June 2014	30 June 2015	30 June 2014
		RM'000	RM'000	RM'000	RM'000
<b>Company</b>					
Interest income	A8	350	6,215	408	6,270
Interest expense	A9	(32,461)	(30,568)	(65,770)	(60,446)
Net interest expense		(32,111)	(24,353)	(65,362)	(54,176)
Other operating income/(loss)	A10	614,263	(10,296)	614,263	(10,364)
Net income/(loss)		582,152	(34,649)	548,901	(64,540)
Other operating expenses	A11	(3,376)	(2,492)	(7,846)	(13,300)
Profit/(loss) before taxation		578,776	(37,141)	541,055	(77,840)
Taxation	B5	(69)	(916)	(69)	(1,409)
<b>Net profit/(loss) for the financial period</b>		<b>578,707</b>	<b>(38,057)</b>	<b>540,986</b>	<b>(79,249)</b>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

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**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**


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**RHB CAPITAL BERHAD (312952 – H)  
 INTERIM FINANCIAL STATEMENTS  
 UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	2nd quarter ended		Six months ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000
<b><u>Company</u></b>				
Net profit/(loss) for the financial period	<u>578,707</u>	<u>(38,057)</u>	<u>540,986</u>	<u>(79,249)</u>
Other comprehensive income, net of tax, for the financial period	-	-	-	-
Total comprehensive income/(loss) for the financial period	<u>578,707</u>	<u>(38,057)</u>	<u>540,986</u>	<u>(79,249)</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**



**RHB CAPITAL BERHAD (312952 – H)  
INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2015**

<b>Group</b>	Note	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
<b>ASSETS</b>			
Cash and short term funds		14,877,082	16,236,908
Securities purchased under resale agreements		653,020	491,510
Deposits and placements with banks and other financial institutions		2,751,390	2,298,588
Financial assets at fair value through profit or loss ('Financial assets FVTPL')	A13	3,420,738	2,930,681
Financial investments available-for-sale ('AFS')	A14	21,674,975	19,602,176
Financial investments held-to-maturity ('HTM')	A15	18,990,880	20,469,831
Loans, advances and financing	A16	142,998,448	140,693,003
Clients' and brokers' balances		2,117,372	1,525,147
Reinsurance assets		343,413	332,113
Other assets	A17	1,509,323	1,541,989
Derivative assets	B8	1,957,657	1,285,230
Statutory deposits		5,391,039	5,421,007
Tax recoverable		171,569	162,181
Deferred tax assets		31,837	38,465
Investments in joint ventures		21,940	21,021
Property, plant and equipment		1,024,498	1,030,681
Goodwill and intangible assets		5,303,868	5,273,905
<b>TOTAL ASSETS</b>		<b>223,239,049</b>	<b>219,354,436</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	A18/B7(a)	157,166,785	157,133,993
Deposits and placements of banks and other financial institutions	A19/B7(a)	20,077,417	21,349,618
Obligations on securities sold under repurchase agreements		2,741,979	508,416
Obligations on securities borrowed		44,183	113,780
Bills and acceptances payable		1,429,431	614,031
Clients' and brokers' balances		1,831,782	1,214,065
General insurance contract liabilities		829,703	775,699
Other liabilities	A20	1,525,718	1,714,098
Derivative liabilities	B8	1,796,098	1,224,684
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		3,221,635	3,315,335
Tax liabilities		34,005	57,321
Deferred tax liabilities		63,506	53,041
Borrowings	B7(b)	2,766,601	2,874,697
Subordinated obligations	B7(c)	5,895,372	6,099,402
Hybrid Tier-1 Capital Securities	B7(d)	601,558	601,515
Senior debt securities	B7(e)	3,034,526	2,810,655
<b>TOTAL LIABILITIES</b>		<b>203,060,299</b>	<b>200,460,350</b>
Share capital		2,588,481	2,572,457
Reserves		17,446,703	16,221,840
		20,035,184	18,794,297
Non-controlling interests ('NCI')		143,566	99,789
<b>TOTAL EQUITY</b>		<b>20,178,750</b>	<b>18,894,086</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>223,239,049</b>	<b>219,354,436</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A25(a)	<b>148,523,422</b>	<b>133,504,271</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)</b>		<b>7.74</b>	<b>7.31</b>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**



**RHB CAPITAL BERHAD (312952 – H)  
INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2015**

	Note	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
<b>Company</b>			
<b>ASSETS</b>			
Cash and short term funds		2,886	24,940
Deposits and placements with banks and other financial institutions		1,035	1,017
Other assets	A17	1,018	3,637
Amounts due from subsidiaries		6,999	93
Tax recoverable		94,209	94,219
Investments in subsidiaries		11,479,799	11,042,345
Property, plant and equipment		480	322
<b>TOTAL ASSETS</b>		<b>11,586,426</b>	<b>11,166,573</b>
<b>LIABILITIES AND EQUITY</b>			
Other liabilities	A20	937	12,340
Amounts due to subsidiaries		2,195	1,799
Deferred tax liabilities		20	20
Borrowings	B7(b)	3,043,002	3,111,433
<b>TOTAL LIABILITIES</b>		<b>3,046,154</b>	<b>3,125,592</b>
Share capital		2,588,481	2,572,457
Reserves		5,951,791	5,468,524
<b>TOTAL EQUITY</b>		<b>8,540,272</b>	<b>8,040,981</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>11,586,426</b>	<b>11,166,573</b>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**



**RHB CAPITAL BERHAD (312952 - H)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	Attributable to equity holders of the Company										Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Other Reserves RM'000	AFS Reserves RM'000	Translation Reserves RM'000	Regulatory Reserve RM'000	Retained Profits RM'000	Sub-total RM'000	Non- controlling Interests RM'000	
<b>Balance as at 1 January 2015</b>	2,572,457	5,053,063	3,817,799	28,196	191,619	191,334	-	6,939,829	18,794,297	99,789	18,894,086
Net profit for the financial period	-	-	-	-	-	-	-	1,000,871	1,000,871	5,522	1,006,393
Currency translation differences	-	-	-	1,122	-	219,632	-	-	220,754	1,857	222,611
Financial investments AFS	-	-	-	-	125,817	-	-	-	125,817	(40)	125,777
- Unrealised net gain/(loss) on revaluation	-	-	-	-	(45,072)	-	-	-	(45,072)	-	(45,072)
- Net transfer to income statements on disposal or impairment	-	-	-	-	-	-	-	-	-	-	-
Actuarial gain on defined benefit plan of subsidiaries	-	-	-	-	-	-	-	227	227	3	230
Income tax relating to components of other comprehensive income	-	-	-	-	(20,315)	-	-	(57)	(20,372)	(1)	(20,373)
Other comprehensive income, net of tax, for the financial period	-	-	-	1,122	60,430	219,632	-	170	281,354	1,819	283,173
Total comprehensive income for the financial period	-	-	-	1,122	60,430	219,632	-	1,001,041	1,282,225	7,341	1,289,566
Transfer to statutory reserve	-	-	63,296	-	-	-	-	(63,296)	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	502,060	(502,060)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(154,347)	(154,347)	(1,325)	(155,672)
Shares issued pursuant to Dividend Reinvestment Plan (DRP)	16,024	96,628	-	-	-	-	-	-	112,652	-	112,652
Accretion of interest in a subsidiary	-	-	-	(609)	-	961	-	5	357	(357)	-
Acquisition of additional interests by NCI	-	-	-	-	-	-	-	-	-	38,118	38,118
<b>Balance as at 30 June 2015</b>	<b>2,588,481</b>	<b>5,149,691</b>	<b>3,881,095</b>	<b>28,709</b>	<b>252,049</b>	<b>411,927</b>	<b>502,060</b>	<b>7,221,172</b>	<b>20,035,184</b>	<b>143,566</b>	<b>20,178,750</b>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)



RHB CAPITAL BERHAD (312952 - H)  
INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Attributable to equity holders of the Company										Non- controlling Interests RM'000	Total Equity RM'000	
	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					
<b>Group</b>													
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	203,656		16,942,727		
Net profit for the financial period	-	-	-	-	-	-	1,007,199	1,007,199	5,551		1,012,750		
Currency translation differences	-	-	-	-	-	(39,938)	(6)	(39,944)	(1,418)		(41,362)		
Financial investments AFS	-	-	-	-	67,908	-	-	67,908	(4,329)		63,579		
- Unrealised net gain/(loss) on revaluation	-	-	-	-	(3,601)	-	-	(3,601)	-		(3,601)		
- Net transfer to income statements on disposal or impairment	-	-	-	-	-	-	1,251	1,251	9		1,260		
Actuarial gain on defined benefit plan of subsidiaries	-	-	-	-	-	-	-	-	-		-		
Income tax relating to components of other comprehensive income	-	-	-	-	(17,252)	-	(315)	(17,567)	-		(17,567)		
Other comprehensive income/(loss), net of tax, for the financial period	-	-	-	-	47,055	(39,938)	930	8,047	(5,738)		2,309		
Total comprehensive income/(loss) for the financial period	-	-	-	-	47,055	(39,938)	1,008,129	1,015,246	(187)		1,015,059		
Transfer to statutory reserve	-	-	80,050	-	-	-	(80,050)	-	-		-		
Dividends paid	-	-	-	-	-	-	-	-	(993)		(993)		
Acquisition of additional interests by NCI	-	-	-	-	-	-	-	-	(95)		(95)		
Disposal of a subsidiary	-	-	-	-	-	1,708	(1,708)	-	-		-		
<b>Balance as at 30 June 2014</b>	<b>2,546,910</b>	<b>4,888,541</b>	<b>3,657,697</b>	<b>28,196</b>	<b>169,444</b>	<b>(26,019)</b>	<b>6,489,548</b>	<b>17,754,317</b>	<b>202,381</b>		<b>17,956,698</b>		

This interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**

**RHB CAPITAL BERHAD (312952 - H)  
INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

<u>Company</u>	<u>Share Capital RM'000</u>	<u>Non- distributable Share Premium RM'000</u>	<u>Distributable Retained Profits RM'000</u>	<u>Total RM'000</u>
Balance as at 1 January 2015	2,572,457	5,053,063	415,461	8,040,981
Net profit for the financial period	-	-	540,986	540,986
Dividends paid	-	-	(154,347)	(154,347)
Shares issued pursuant to DRP	16,024	96,628	-	112,652
<b>Balance as at 30 June 2015</b>	<b><u>2,588,481</u></b>	<b><u>5,149,691</u></b>	<b><u>802,100</u></b>	<b><u>8,540,272</u></b>
Balance as at 1 January 2014	2,546,910	4,888,541	646,471	8,081,922
Net loss for the financial period	-	-	(79,249)	(79,249)
<b>Balance as at 30 June 2014</b>	<b><u>2,546,910</u></b>	<b><u>4,888,541</u></b>	<b><u>567,222</u></b>	<b><u>8,002,673</u></b>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.



**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**



**RHB CAPITAL BERHAD (312952 – H)  
INTERIM FINANCIAL STATEMENTS  
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	Six months ended	
	30 June 2015	30 June 2014
	RM'000	RM'000
<b>Group</b>		
<b>Cash flows from operating activities</b>		
Profit before taxation	1,337,202	1,376,535
Adjustments for:		
Allowance for impairment on loans, financing and other losses	141,442	228,518
Property, plant and equipment		
- Depreciation	60,643	57,290
- Gain on disposal	(6,508)	(41)
- Written off	29	125
- Impairment losses written back	(33)	-
Intangible assets		
- Amortisation	37,029	33,168
Net impairment written back on financial investments AFS and HTM	(13,664)	(120,283)
Share of results of associates and joint ventures	(125)	(70)
Net gain arising from sale/early redemption of financial assets FVTPL, financial investments AFS and HTM	(64,655)	(39,195)
Net gain on fair value hedges	(1,070)	(2,445)
Net unrealised loss on revaluation of financial assets FVTPL and derivatives	301,146	88,126
Net unrealised foreign exchange (gain)/loss	(126,727)	52,188
Gross dividend income from financial assets FVTPL, financial investments AFS and HTM	(27,159)	(16,400)
(Amortisation of premium)/accretion of discount for borrowings and subordinated obligations	(133)	8,419
Other non-cash items	(810,064)	(765,413)
Operating profit before working capital changes	<u>827,352</u>	<u>900,522</u>
(Increase)/decrease in operating assets:		
Securities purchased under resale agreements	(142,254)	(45,897)
Deposits and placements with banks and other financial institutions	(439,317)	(1,525,818)
Financial assets FVTPL	(395,706)	1,164,718
Loans, advances and financing	(1,690,165)	(11,047,567)
Clients' and brokers' balances	(592,225)	781,183
Other assets	64,712	(271,387)
Statutory deposits	45,616	(784,979)
	<u>(3,149,339)</u>	<u>(11,729,747)</u>
Increase/(decrease) in operating liabilities:		
Deposits from customers	(763,486)	11,918,118
Deposits and placements of banks and other financial institutions	(1,475,366)	1,965,709
Obligations on securities sold under repurchase agreements	2,233,563	(310,647)
Obligations on securities borrowed	(71,036)	325,284
Bills and acceptances payable	815,143	(61,226)
Clients' and brokers' balances	617,717	(861,291)
Other liabilities	(367,771)	14,538
Recourse obligation on loans sold to Cagamas	(93,700)	(91,202)
	<u>895,064</u>	<u>12,899,283</u>
Cash (used in)/generated from operations	(1,426,923)	2,070,058
Net tax paid	(373,945)	(259,509)
Net cash (used in)/generated from operating activities	<u>(1,800,868)</u>	<u>1,810,549</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**



**RHB CAPITAL BERHAD (312952 – H)  
INTERIM FINANCIAL STATEMENTS  
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS (CONTINUED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	Six months ended	
	30 June 2015	30 June 2014
	RM'000	RM'000
<b>Group</b>		
<b>Cash flows from investing activities</b>		
Net purchase of financial investments AFS and HTM	(71,209)	(1,338,701)
Property, plant and equipment:		
- Purchase	(41,750)	(41,588)
- Proceeds from disposal	8,759	100
Purchase of intangible assets	(67,242)	(42,814)
Financial investments AFS and HTM:		
- Interest received	697,123	656,764
- Investment income received	98,291	85,340
Dividend income received from financial assets FVTPL and financial investments AFS	15,691	16,400
Net cash inflow from disposal of a subsidiary	-	265
Net cash outflow from acquisition by NCI	-	(95)
Net cash generated from/(used in) investing activities	<u>639,662</u>	<u>(664,329)</u>
<b>Cash flows from financing activities</b>		
Net (repayment)/drawdown of borrowings	(174,322)	89,208
Proceeds from issuance of subordinated notes	700,000	-
Redemption of subordinated notes	(900,000)	-
Proceeds from issuance of Subordinated Sukuk Murabahah	-	500,000
Proceeds from shares issued pursuant to DRP	112,652	-
Dividends paid to equity holders of the Company	(154,347)	-
Dividends paid to NCI	(1,325)	(993)
Net cash (used in)/generated from financing activities	<u>(417,342)</u>	<u>588,215</u>
Net (decrease)/increase in cash and cash equivalents	(1,578,548)	1,734,435
Effects of exchange rate differences	218,722	4,006
Cash and cash equivalents:		
- at the beginning of the financial period	<u>16,236,908</u>	<u>9,998,667</u>
- at the end of the financial period	<u>14,877,082</u>	<u>11,737,108</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	14,877,082	11,737,126
- Overdrafts	-	(18)
	<u>14,877,082</u>	<u>11,737,108</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**



**RHB CAPITAL BERHAD (312952 – H)  
INTERIM FINANCIAL STATEMENTS  
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	Six months ended	
	30 June 2015	30 June 2014
	RM'000	RM'000
<b>Company</b>		
<b>Cash flows from operating activities</b>		
Profit/(loss) before taxation	541,055	(77,840)
Adjustments for:		
Interest expense	65,770	60,446
Unrealised foreign exchange loss	-	80
Property, plant and equipment		
- Depreciation	102	105
Dividend income	(614,163)	(17,756)
Interest income	(408)	(6,270)
Operating loss before working capital changes	(7,644)	(41,235)
Increase in deposits and placements with banks and other financial institutions	(18)	(17)
Decrease/(Increase) in inter-company balances	384	(2,047)
(Increase)/Decrease in other assets	(360)	21,403
Decrease in other liabilities	(11,402)	(4,043)
Cash used in operations	(19,040)	(25,939)
Net tax paid	(59)	-
Net cash used in operating activities	(19,099)	(25,939)
<b>Cash flows from investing activities</b>		
Dividend income received from subsidiaries	607,269	17,756
Interest income received	421	6,241
Purchase of property, plant and equipment	(260)	(172)
Increase in investments in subsidiaries	(437,454)	-
Net cash generated from investing activities	169,976	23,825
<b>Cash flows from financing activities</b>		
Net (repayment)/drawdown of borrowings	(56,000)	107,000
Interest expense paid	(75,236)	(52,058)
Dividends paid to equity holders of the Company	(154,347)	-
Proceeds from shares issued pursuant to DRP	112,652	-
Net cash (used in)/generated from financing activities	(172,931)	54,942
Net (decrease)/increase in cash and cash equivalents	(22,054)	52,828
Cash and cash equivalents:		
- at the beginning of the financial period	24,940	16,973
- at the end of the financial period	2,886	69,801
Cash and cash equivalents comprise the following:		
- Cash and short term funds	2,886	69,819
- Overdrafts	-	(18)
	2,886	69,801

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

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**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**

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**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015****A1. Basis of Preparation**

The interim financial statements are unaudited and has been prepared in compliance with Malaysian Financial Reporting Standard ('MFRS') 134, 'Interim Financial Reporting' issued by Malaysian Accounting Standards Boards ('MASB') and should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 31 December 2014.

The accounting policies and presentation adopted by the Group and the Company for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2014, except for the adoption of the following annual improvements to MFRS and revision to Bank Negara Malaysia's ('BNM') Policy:

**(a) Annual Improvements to MFRS 2012 - 2014 Cycle**

The adoption of the above Annual Improvements to MFRS 2012 - 2014 Cycle does not give rise to any material financial impact to the Group and the Company.

**(b) Revised BNM's Policy on Classification and Impairment Provisions for Loans/Financing ('Revised Policy')**

BNM, had on 6 April 2015, issued the Revised Policy on Classification and Impairment Provisions for Loans/Financing. The requirements to the Revised Policy are effective for financial years beginning on or after 1 January 2015, except for the following:

- (i) Classification of a loan/financing as impaired when the loan/financing is classified as rescheduled and restructured ('R&R') in BNM's Central Credit Reference Information System ('CCRIS') effective on or after 1 April 2015. The R&R loan/financing shall only be reclassified from impaired to non-impaired when repayments based on revised and restructured terms have been observed continuously for a period of at least 6 months; and
- (ii) 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.

The 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.

**A2. Auditors' Report**

The auditors' report for the financial year ended 31 December 2014 was not subject to any qualification.

**A3. Seasonal or Cyclical Factors**

The business operations of the Group and the Company have not been affected by any material seasonal or cyclical factors.

**A4. Exceptional or Unusual Items**

There were no exceptional or unusual items for the six months ended 30 June 2015.

**A5. Changes in Estimates**

There were no material changes in estimates of amount reported in prior financial years that have a material effect for the six months ended 30 June 2015.

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**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**


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**RHB CAPITAL BERHAD (312952 – H)  
 NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
 FOR THE SIX MONTHS ENDED 30 JUNE 2015**
**A6. Changes in Debt and Equity Securities**

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the six months ended 30 June 2015, other than as disclosed below:

**(a) Changes in equity securities**

- (i) On 24 April 2015, the Company increased its issued and paid up share capital from RM2,572,456,783 to 2,588,481,428 via the issuance of 16,024,645 new ordinary shares of RM1.00 each arising from the DRP pursuant to the single-tier interim dividend of 6.0% in respect of financial year ended 31 December 2014.

The new ordinary shares issued during the financial period rank *pari passu* in all respects with the existing shares of the Company.

**(b) Changes in debt securities**

- (i) On 6 April 2015 and 25 May 2015, RHB Investment Bank Berhad ('RHB Investment Bank') had respectively fully redeemed its existing subordinated notes of 7.25% RM125.0 million and 7.15% RM75.0 million in nominal value.
- (ii) On 29 April 2015, RHB Bank Berhad ('RHB Bank') has fully redeemed its existing subordinated notes of 5.00% RM700.0 million in nominal value.
- (iii) On 16 April 2015, RHB Investment Bank issued RM200.0 million subordinated notes in nominal value under its RM1.0 billion Multi-Currency Medium Term Note Programme ('MCMTN Programme'). The subordinated notes are issued for a tenure of 10 non-callable 5 years with a fixed coupon rate of 4.95% per annum, payable semi-annually throughout the entire tenure.
- (iv) On 8 May 2015, RHB Bank completed its first issuance of RM500.0 million subordinated notes in nominal value under its RM5.0 billion MCMTN Programme. The subordinated notes are issued for a tenure of 10 non-callable 5 years with a fixed coupon rate of 4.75% per annum, payable semi-annually throughout the entire tenure.

The new subordinated notes issued under Note A6(b)(iii) and A6(b)(iv) above qualify as Tier II capital in accordance with the Capital Adequacy Framework (Capital Components) issued by BNM on 28 November 2012.

**A7. Dividends Paid**

During the six months ended 30 June 2015, the Company paid a single-tier interim dividend of 6.0% amounting to RM154.3 million in respect of the financial year ended 31 December 2014 on 24 April 2015. The reinvestment rate for the DRP was 73.01%.

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	2nd quarter ended		Six months ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000
<b>A8. Interest Income</b>				
<b>Group</b>				
Loans and advances	1,552,273	1,448,485	3,124,311	2,821,402
Money at call and deposits and placements with banks and other financial institutions	26,829	40,826	83,728	89,128
Securities purchased under resale agreements	749	27	1,116	75
Financial assets FVTPL	19,825	13,588	33,175	23,151
Financial investments AFS	159,765	141,356	318,801	270,863
Financial investments HTM	171,785	188,199	354,206	382,095
Others	6,449	2,909	13,264	6,790
	<b>1,937,675</b>	<b>1,835,390</b>	<b>3,928,601</b>	<b>3,593,504</b>
Of which:				
Interest income accrued on impaired financial assets	36,590	40,330	88,778	86,372
<b>Company</b>				
Money at call and deposits and placements with banks and other financial institutions	350	80	408	135
Others	-	6,135	-	6,135
	<b>350</b>	<b>6,215</b>	<b>408</b>	<b>6,270</b>
<b>A9. Interest Expense</b>				
<b>Group</b>				
Deposits and placements of banks and other financial institutions	108,227	134,585	236,274	193,700
Deposits from customers	871,912	743,342	1,763,774	1,491,470
Borrowings	25,103	25,830	51,671	51,289
Senior debt securities	23,508	13,079	46,935	26,446
Subordinated obligations	64,514	52,320	131,439	104,031
Hybrid Tier-1 Capital Securities	11,251	11,245	22,375	22,363
Recourse obligation on loans sold to Cagamas	24,700	10,615	49,037	21,138
Others	24,044	16,647	42,901	33,156
	<b>1,153,259</b>	<b>1,007,663</b>	<b>2,344,406</b>	<b>1,943,593</b>
<b>Company</b>				
Borrowings	32,461	30,568	65,770	60,446

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)



RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	2nd quarter ended		Six months ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000
<b>A10. Other Operating Income</b>				
<b>Group</b>				
<b>Fee income</b>				
- Service charges and fees	54,015	57,146	119,231	122,927
- Commission	38,554	36,679	74,169	74,997
- Guarantee fees	14,288	18,736	39,532	42,115
- Commitment fees	15,049	13,261	29,403	27,340
- Net brokerage income	87,930	88,490	174,366	173,133
- Fund management fees	31,469	26,346	57,682	51,026
- Unit trust fee income	24,395	7,844	36,405	19,326
- Corporate advisory fees	9,749	14,454	24,072	29,790
- Underwriting and arrangement fees	25,747	10,332	43,106	22,527
- Other fee income	14,840	25,462	33,742	56,681
	<b>316,036</b>	<b>298,750</b>	<b>631,708</b>	<b>619,862</b>
<b>Net gain arising from financial assets FVTPL</b>				
- Net gain on disposal	17,513	17,369	18,512	38,205
- Unrealised net (loss)/gain on revaluation	(11,402)	1,691	(1,935)	5,150
- Gross dividend income	2,295	2,166	11,468	3,929
	<b>8,406</b>	<b>21,226</b>	<b>28,045</b>	<b>47,284</b>
<b>Net loss on revaluation of derivatives</b>	<b>(14,334)</b>	<b>(13,125)</b>	<b>(2,144)</b>	<b>(10,421)</b>
<b>Net gain on fair value hedges</b>	<b>743</b>	<b>1,287</b>	<b>1,070</b>	<b>2,445</b>
<b>Net gain arising from financial investments AFS</b>				
- Net gain on disposal	21,581	5,154	41,495	4,403
- Gross dividend income	9,952	6,547	15,691	12,471
	<b>31,533</b>	<b>11,701</b>	<b>57,186</b>	<b>16,874</b>
<b>Net gain arising from financial investments HTM</b>				
- Net gain on early redemption	249	179	249	221

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	2nd quarter ended		Six months ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000
<b>A10. Other Operating Income (continued)</b>				
<b>Other income</b>				
- Net foreign exchange gain/(loss)				
- Realised	97,891	79,186	39,495	183,284
- Unrealised	(5,234)	(23,164)	126,727	(52,188)
- Insurance underwriting surplus before management expenses	27,874	35,952	65,988	72,185
- Net gain on disposal of property, plant and equipment	6,454	36	6,508	41
- Rental income	323	251	584	712
- Net loss on disposal of a subsidiary	-	-	-	(247)
- Other operating income	16,004	20,237	35,739	42,842
- Other non-operating income	2,047	1,382	3,324	3,108
	<u>145,359</u>	<u>113,880</u>	<u>278,365</u>	<u>249,737</u>
	<u>487,992</u>	<u>433,898</u>	<u>994,479</u>	<u>926,002</u>
<b>Company</b>				
<b>Gross dividend income from:</b>				
- Subsidiaries	<u>614,163</u>	<u>17,756</u>	<u>614,163</u>	<u>17,756</u>
<b>Other income</b>				
- Net foreign exchange loss				
- Realised	-	(28,040)	-	(28,040)
- Unrealised	-	(12)	-	(80)
- Other non-operating income	100	-	100	-
	<u>100</u>	<u>(28,052)</u>	<u>100</u>	<u>(28,120)</u>
	<u>614,263</u>	<u>(10,296)</u>	<u>614,263</u>	<u>(10,364)</u>



**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	2nd quarter ended		Six months ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000
<b>A11. Other Operating Expenses</b>				
<b>Group</b>				
<b>Personnel costs</b>				
- Salaries, bonus, wages and allowances	407,335	383,578	815,794	770,984
- Defined contribution plan	56,635	55,664	110,853	109,123
- Other staff related costs	35,392	45,288	75,208	78,799
	<u>499,362</u>	<u>484,530</u>	<u>1,001,855</u>	<u>958,906</u>
<b>Establishment costs</b>				
- Property, plant and equipment				
- Depreciation	28,296	28,805	60,643	57,290
- Written off	13	124	29	125
- Intangible assets				
- Amortisation	18,671	14,857	37,029	33,168
- Information technology expenses	38,913	42,256	79,968	73,481
- Repair and maintenance	7,817	10,160	16,652	19,069
- Security and escorting charges	12,517	12,955	24,913	23,234
- Rental of premises	37,493	36,707	74,619	73,405
- Water and electricity	8,675	9,793	18,367	18,676
- Rental of equipment	3,582	2,682	6,349	5,122
- Insurance	13,076	5,245	20,808	11,941
- Others	3,661	4,658	7,306	9,173
	<u>172,714</u>	<u>168,242</u>	<u>346,683</u>	<u>324,684</u>
<b>Marketing expenses</b>				
- Sales commission	34,826	22,946	62,764	46,889
- Advertisements and publicity	15,347	14,511	23,946	29,203
- Others	38,585	31,654	64,367	61,255
	<u>88,758</u>	<u>69,111</u>	<u>151,077</u>	<u>137,347</u>
<b>Administration and general expenses</b>				
- Communication expenses	38,606	38,081	77,116	76,772
- Legal and professional fee	7,236	8,967	15,421	16,938
- Others	35,850	27,984	70,285	68,613
	<u>81,692</u>	<u>75,032</u>	<u>162,822</u>	<u>162,323</u>
	<u>842,526</u>	<u>796,915</u>	<u>1,662,437</u>	<u>1,583,260</u>

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6)  
MONTHS FPE 30 JUNE 2015 (Cont'd)



RHB CAPITAL BERHAD (312952 – H)  
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	2nd quarter ended		Six months ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000
<b>A11. Other Operating Expenses (continued)</b>				
<b>Company</b>				
<b>Personnel costs</b>				
- Salaries, bonus, wages and allowances	2,043	516	2,512	7,770
- Defined contribution plan	327	89	402	1,027
- Other staff related costs	27	30	84	224
	<u>2,397</u>	<u>635</u>	<u>2,998</u>	<u>9,021</u>
<b>Establishment costs</b>				
- Rental of premises	25	16	50	230
- Depreciation of property, plant and equipment	49	57	102	105
- Information technology expenses	3	3	3	4
- Repair and maintenance	7	7	16	36
- Security and escorting charges	-	7	-	16
- Water and electricity	12	7	24	33
	<u>96</u>	<u>97</u>	<u>195</u>	<u>424</u>
<b>Marketing expenses</b>				
- Advertisements and publicity	187	66	533	527
- Others	15	23	26	99
	<u>202</u>	<u>89</u>	<u>559</u>	<u>626</u>
<b>Administration and general expenses</b>				
- Communication expenses	25	14	50	100
- Legal and professional fee	46	867	2,933	1,764
- Others	610	790	1,111	1,365
	<u>681</u>	<u>1,671</u>	<u>4,094</u>	<u>3,229</u>
	<u>3,376</u>	<u>2,492</u>	<u>7,846</u>	<u>13,300</u>
<b>A12. Allowance for Impairment on Loans, Financing and Other Losses</b>				
<b>Group</b>				
Allowance for impaired loans and financing				
- Individual impairment allowance made	52,029	(42,367)	59,572	(35,318)
- Collective impairment allowance made	(65,905)	77,549	9,275	168,025
Impaired loans and financing recovered	(64,846)	(68,600)	(131,984)	(156,961)
Bad debts written off	32,913	51,612	68,491	99,512
Allowance made/(written back) for impairment on other debtors	5,054	(846)	4,104	(3,701)
	<u>(40,755)</u>	<u>17,348</u>	<u>9,458</u>	<u>71,557</u>

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	Group	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
<b>A13. Financial Assets at Fair Value Through Profit or Loss ('Financial assets FVTPL')</b>		
(a) Designated as fair value through profit or loss	57,517	-
(b) Held-for-trading	3,363,221	2,930,681
	<u>3,420,738</u>	<u>2,930,681</u>
<b>(a) Financial assets designated as fair value through profit or loss</b>		
<b><u>Quoted securities:</u></b>		
<b>In Malaysia</b>		
Unit trusts	57,517	-
	<u>57,517</u>	<u>-</u>
<b>(b) Financial assets held-for-trading</b>		
<b>At fair value</b>		
<b><u>Money market instrument:</u></b>		
Malaysian Government Securities	501,056	557,950
Malaysian Government Investment Issues	1,020,418	728,287
Cagamas bonds	32,258	6,968
Sukuk Perumahan Kerajaan ('SPK') bonds	278,703	20,116
Singapore Government Treasury Bills	560,491	502,281
Thailand Government bonds	23,429	-
<b><u>Quoted securities:</u></b>		
<b>In Malaysia</b>		
Shares, exchange traded funds and warrants	139,509	155,976
Unit trusts	1,084	56,483
Private debt securities	4,049	3,841
<b>Outside Malaysia</b>		
Shares, exchange traded funds and warrants	182,280	150,145
Unit trusts	111,271	82,994
<b><u>Unquoted securities:</u></b>		
<b>In Malaysia</b>		
Private debt securities	508,673	424,192
Commercial paper	-	49,870
<b>Outside Malaysia</b>		
Private debt securities	-	17,588
Credit link notes	-	173,990
	<u>3,363,221</u>	<u>2,930,681</u>

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

**A13. Financial Assets at Fair Value Through Profit or Loss ('Financial assets FVTPL') (continued)**

In 2008, the Group reclassified a portion of its financial assets FVTPL into financial investments AFS and financial investments 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 30 June 2015 were as follows:

	Group	
	As at 30 June 2015	As at 31 December 2014
	RM'000	RM'000
<u>Carrying amount</u>		
Reclassified from financial assets FVTPL to financial investments AFS	30,001	29,823
Reclassified from financial assets FVTPL to financial investments HTM	-	21,140
	<u>30,001</u>	<u>50,963</u>
<u>Fair value</u>		
Reclassified from financial assets FVTPL to financial investments AFS	29,872	29,450
Reclassified from financial assets FVTPL to financial investments HTM	-	21,409
	<u>29,872</u>	<u>50,859</u>
Fair value loss that would have been recognised if the financial assets FVTPL had not been reclassified	<u>(129)</u>	<u>(104)</u>

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)



RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Group	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
<b>A14. Financial Investments Available-for-sale ('AFS')</b>		
<b>At fair value</b>		
<b><u>Money market instrument:</u></b>		
Malaysian Government Securities	1,419,681	1,168,982
Malaysian Government Investment Issues	2,221,451	2,413,705
Cagamas Bonds	150,930	176,532
Khazanah bonds	59,804	58,123
1 Malaysia Sukuk	-	330,256
Wakala Global Sukuk	90,867	84,587
Bankers' acceptances and Islamic acceptable bills	543,129	73,627
Negotiable instruments of deposits	498,482	649,516
SPK bonds	235,120	125,034
Malaysia Sovereign Sukuk	37,619	-
Singapore Government Securities	334,423	161,233
Singapore Government Treasury Bills	742,762	409,666
Thailand Government bonds	245,500	120,895
<b><u>Quoted securities:</u></b>		
<b>In Malaysia</b>		
Shares and warrants	6,262	15,830
Unit trusts	13,000	12,976
<b>Outside Malaysia</b>		
Shares and warrants	9,644	1,800
Unit trusts	30,188	30,368
<b><u>Unquoted securities:</u></b>		
<b>In Malaysia</b>		
Private and Islamic debt securities	13,520,875	12,664,877
Shares and warrants	718,882	609,194
Corporate loan stocks	18,128	17,843
Prasarana bonds	125,556	35,185
Perpetual notes/Sukuk	286,052	286,084
<b>Outside Malaysia</b>		
Private and Islamic debt securities	653,267	442,042
Corporate loan stocks	2,322	2,151
Shares	418	396
	<u>21,964,362</u>	<u>19,890,902</u>
Accumulated impairment losses	<u>(289,387)</u>	<u>(288,726)</u>
	<u>21,674,975</u>	<u>19,602,176</u>

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 RMNil (31 December 2014: RM20,484,000).

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)



RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Group	
	As at 30 June 2015	As at 31 December 2014
	RM'000	RM'000
<b>A15. Financial Investments Held-to-maturity ('HTM')</b>		
<b>At amortised cost</b>		
<b><u>Money market instrument:</u></b>		
Malaysian Government Securities	2,240,251	2,343,015
Malaysian Government Investment Issues	5,500,820	5,710,589
Cagamas bonds	1,429,124	1,846,208
Khazanah bonds	104,061	101,835
Negotiable instruments of deposits	1,304,444	2,027,550
Bankers' acceptances	158,996	-
Wakala Global Sukuk	270,476	249,958
SPK bonds	111,148	111,178
Singapore Government Securities	198,826	187,519
Thailand Government Securities	170,913	275,711
Sukuk (Brunei) Incorporation	42,069	39,689
<b><u>Unquoted securities:</u></b>		
<b><u>In Malaysia</u></b>		
Private and Islamic debt securities	6,799,873	6,868,950
Corporate loan stocks	64,945	70,171
Bonds	883	883
Prasarana bonds	809,388	810,498
Credit link notes	45,052	45,058
<b><u>Outside Malaysia</u></b>		
Private and Islamic debt securities	768	37,222
Credit link notes	-	17,891
	<u>19,252,037</u>	<u>20,743,925</u>
Accumulated impairment losses	<u>(261,157)</u>	<u>(274,094)</u>
	<u><b>18,990,880</b></u>	<u><b>20,469,831</b></u>

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 RM2,761,100,000 (31 December 2014: RM500,000,000).

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	Group	
	As at 30 June 2015	As at 31 December 2014
	RM'000	RM'000
<b>A16. Loans, Advances and Financing</b>		
<b>At amortised cost</b>		
Overdrafts	6,414,581	6,327,913
Term loans/financing		
- Housing loans/financing	35,282,489	31,988,629
- Syndicated term loans/financing	6,412,876	5,581,599
- Hire purchase receivables	12,533,796	13,348,197
- Lease receivables	27,811	33,706
- Other term loans/financing	65,705,930	66,671,673
Bills receivables	2,789,727	2,452,642
Trust receipts	728,220	626,381
Claims on customers under acceptance credits	3,844,280	3,662,085
Staff loans/financing	207,344	221,146
Credit/charge card receivables	1,952,147	1,994,710
Revolving credits/financing	8,782,257	9,577,509
Gross loans, advances and financing	144,681,458	142,486,190
Fair value changes arising from fair value hedges	(12,890)	(26,870)
	144,668,568	142,459,320
Allowance for impaired loans, advances and financing		
- Individual impairment allowance	(476,961)	(417,232)
- Collective impairment allowance	(1,193,159)	(1,349,085)
Net loans, advances and financing	142,998,448	140,693,003

Included in loans, advances and financing are housing loans, hire purchase receivables and other term loans/financing sold to Cagamas with recourse amounting to RM3,211,513,000 (31 December 2014: RM3,304,749,000).

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)



RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
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	Group	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
<b>A16. Loans, Advances and Financing (continued)</b>		
<b>(a) By type of customer</b>		
Domestic non-bank financial institutions		
- Others	1,909,728	2,048,118
Domestic business enterprises		
- Small and medium enterprises	20,760,847	16,255,916
- Others	32,543,916	36,538,619
Government and statutory bodies	5,330,660	7,457,968
Individuals	66,736,364	64,275,120
Other domestic entities	136,501	124,840
Foreign entities	17,263,442	15,785,609
	<u>144,681,458</u>	<u>142,486,190</u>
<b>(b) By geographical distribution</b>		
Malaysia	126,782,086	125,761,783
Labuan Offshore	3,533,249	3,585,654
Singapore	12,030,419	11,017,471
Thailand	850,747	1,061,038
Brunei	135,157	114,997
Indonesia	15,848	7,209
Hong Kong	339,677	143,844
Cambodia	927,625	758,885
Lao	66,650	35,309
	<u>144,681,458</u>	<u>142,486,190</u>
<b>(c) By interest/profit rate sensitivity</b>		
Fixed rate		
- Housing loans/financing	1,271,815	1,522,767
- Hire purchase receivables/financing	12,533,796	13,348,197
- Other fixed rate loans/financing	17,110,109	19,506,915
Variable rate		
- Base lending/financing rate plus	67,177,720	63,266,561
- Cost-plus	35,776,637	36,418,784
- Other variable rates	10,811,381	8,422,966
	<u>144,681,458</u>	<u>142,486,190</u>



UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)



RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Group	
	As at 30 June 2015	As at 31 December 2014
	RM'000	RM'000
<b>A16. Loans, Advances and Financing (continued)</b>		
<b>(d) By purpose</b>		
Purchase of securities	15,251,823	15,606,564
Purchase of transport vehicles	11,456,548	12,222,831
Purchase of landed property		
- Residential	34,915,540	31,469,445
- Non-residential	11,758,259	10,633,960
Purchase of property, plant and equipment other than land and building	3,782,564	3,675,777
Personal use	7,901,985	7,650,256
Credit card	1,952,147	1,994,710
Purchase of consumer durables	33,354	28,926
Construction	5,745,342	4,929,162
Working capital	35,412,609	35,060,938
Merger and acquisition	2,307,072	3,227,805
Other purpose	14,164,215	15,985,816
	<u>144,681,458</u>	<u>142,486,190</u>
<b>(e) By remaining contractual maturities</b>		
Maturity within one year	44,692,866	48,168,576
One year to three years	9,128,950	8,693,192
Three years to five years	11,800,645	11,464,772
Over five years	79,058,997	74,159,650
	<u>144,681,458</u>	<u>142,486,190</u>

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)



RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Group	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
<b>A16. Loans, Advances and Financing (continued)</b>		
<b>(f) Impaired loans, advances and financing</b>		
<b>(i) Movements in impaired loans, advances and financing</b>		
Balance as at the beginning of the financial period/year	2,892,367	3,426,629
Classified as impaired	2,157,691	3,704,991
Reclassified as non-impaired	(1,262,972)	(2,497,162)
Amount recovered	(596,123)	(765,732)
Amount written off	(239,509)	(1,021,213)
Transfer from financial investments AFS	-	39,543
Exchange differences	8,320	5,311
Balance as at the end of the financial period/year	<u>2,959,774</u>	<u>2,892,367</u>
<b>(ii) By purpose</b>		
Purchase of securities	98,531	218,313
Purchase of transport vehicles	164,834	180,120
Purchase of landed property		
- Residential	753,384	783,908
- Non-residential	224,621	181,589
Purchase of property, plant and equipment other than land and building	51,224	38,834
Personal use	156,130	153,432
Credit card	44,305	36,911
Purchase of consumer durables	1,519	1,425
Construction	124,308	115,694
Working capital	1,275,263	1,139,887
Other purpose	65,655	42,254
	<u>2,959,774</u>	<u>2,892,367</u>

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	Group	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
<b>A16. Loans, Advances and Financing (continued)</b>		
<b>(f) Impaired Loans, advances and financing (continued)</b>		
<b>(iii) By geographical distribution</b>		
Malaysia	2,761,919	2,754,303
Labuan Offshore	12,591	-
Singapore	143,693	104,211
Thailand	23,091	21,872
Brunei	8,793	8,245
Cambodia	9,687	3,736
	<u>2,959,774</u>	<u>2,892,367</u>
<b>(iv) Movements in allowance for impaired loans, advances and financing</b>		
<u>Individual impairment allowance</u>		
Balance as at the beginning of the financial period/year	417,232	903,388
Net allowance made/(written back)	59,572	(27,937)
Amount written off	(3,249)	(482,988)
Reclassified to collective impairment allowance	-	(64)
Transfer to impairment of financial investments HTM	-	(9,871)
Transfer from impairment of financial investments AFS	-	29,666
Exchange differences	3,406	5,038
Balance as at the end of the financial period/year	<u>476,961</u>	<u>417,232</u>
<u>Collective impairment allowance</u>		
Balance as at the beginning of the financial period/year	1,349,085	1,280,266
Net allowance made	9,275	405,898
Amount written off	(169,427)	(339,584)
Reclassified from individual impairment allowance	-	64
Exchange differences	4,226	2,441
Balance as at the end of the financial period/year	<u>1,193,159</u>	<u>1,349,085</u>

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)



RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Group		Company	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
<b>A17. Other Assets</b>				
Other debtors	502,980	770,176	4	2
Collateral pledged for derivative transactions	812,056	620,577	-	-
Deposits	97,316	87,536	-	-
Prepayments	96,971	63,700	1,014	3,635
	<b>1,509,323</b>	<b>1,541,989</b>	<b>1,018</b>	<b>3,637</b>

	Group	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
<b>A18. Deposits from Customers</b>		
<b>(a) By type of deposits</b>		
Demand deposits	28,595,494	26,239,569
Savings deposits	8,186,899	7,927,118
Fixed/investment deposits	120,351,974	122,935,277
Negotiable instruments of deposits	32,418	32,029
	<b>157,166,785</b>	<b>157,133,993</b>
<b>(b) By type of customer</b>		
Government and statutory bodies	12,023,070	11,148,094
Business enterprises	95,483,342	97,051,175
Individuals	43,245,681	42,913,486
Others	6,414,692	6,021,238
	<b>157,166,785</b>	<b>157,133,993</b>
<b>(c) By maturity structure of fixed/investment deposits and negotiable instruments of deposits</b>		
Due within six months	102,142,778	101,842,151
Six months to one year	17,733,046	20,318,902
One year to three years	477,889	788,624
Three years to five years	30,679	17,629
	<b>120,384,392</b>	<b>122,967,306</b>

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

Group	
As at 30 June 2015	As at 31 December 2014
RM'000	RM'000

**A19. Deposits and Placements of Banks and Other Financial Institutions**

Licensed banks	13,045,890	14,973,762
Licensed Islamic banks	1,754,111	221,130
Licensed investment banks	2,211,201	1,607,590
BNM	538,835	515,027
Other financial institutions	2,527,380	4,032,109
	<u>20,077,417</u>	<u>21,349,618</u>

Group		Company	
As at 30 June 2015	As at 31 December 2014	As at 30 June 2015	As at 31 December 2014
RM'000	RM'000	RM'000	RM'000

**A20. Other Liabilities**

Other creditors and accruals	1,149,699	1,134,903	937	7,925
Short term employee benefits	203,295	402,475	-	4,415
Prepaid instalments	70,150	71,037	-	-
Remisiers' trust deposits	60,123	59,480	-	-
Amount due to Danaharta	2,045	1,935	-	-
Amount due to trust funds	40,406	44,268	-	-
	<u>1,525,718</u>	<u>1,714,098</u>	<u>937</u>	<u>12,340</u>

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**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS ENDED 30 JUNE 2015 (Cont'd)**


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**RHB CAPITAL BERHAD (312952 – H)  
 NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
 FOR THE SIX MONTHS ENDED 30 JUNE 2015**
**A21. Segment Reporting**

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

Pursuant to the Group's refinement on internal fund transfer-pricing methodology and internal management reporting framework that transfers funding center to the purview and responsibility of Group Treasury, the Group has restated the corresponding segment information in all affected business segments retrospectively. The funding center was previously categorised under 'Support Center and Others' segment.

The Group's business segments can be organised into the following main segments reflecting the Group's internal reporting structure:

(a) Corporate and Investment Banking ('CIB')

CIB caters to funding or lending needs of corporate customers including public listed corporations and its related entities, multinational corporations (including Japanese), financial institutions and Government and state owned enterprises. Included under Corporate Banking are offshore banking activities carried out by RHB Bank (L) Ltd whose borrowings and lending facilities are offered in major currencies mainly to corporate customers.

Investment banking provides services for advisory, fund raising in the structuring and issuance of debt securities and capital market instruments, corporate and debt restructuring, mergers and acquisitions, private placements, underwriting and structuring of bilateral lending, project financing, loans syndication, infrastructure financing, initial public offerings of equity related instruments, private placements and underwriting. This segment also covers facilities for equity share trading in local and foreign markets, share margin financing, futures broking products and services, custodian and nominee services, investment cash management and unit trust funds.

This segment also offers stockbroking and investment banking products and services to the Group's regional customers in Singapore, Hong Kong, Indonesia, and Thailand.

(b) Retail Banking

Retail Banking focuses on providing products and services to individual customers. The products and services offered to customers include credit facilities (mortgages, non-residential mortgages, hire purchase, purchase of securities, credit cards and other personal loans and financing), remittances, deposits collection and investment related products.

(c) Business Banking

Business Banking caters for the funding needs as well as deposit collection from small and medium sized enterprises and wholesale clients.

(d) Group Treasury

Group Treasury operations are involved in proprietary and non-proprietary trading in fixed income securities and foreign exchange, derivatives trading and structuring, managing customer-based foreign exchange and money market transactions, funding and investments in ringgit and foreign currencies for the Group, as well as funding center.

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**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**

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**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015****A21. Segment Reporting (continued)**

The Group's business segments can be organised into the following main segments reflecting the Group's internal reporting structure: (continued)

(e) Group International Business

Group International Business primarily focuses on providing commercial banking related products and services tailored to the specific needs of the customers in foreign countries in which the Group has operations. The Group currently has foreign presences in Singapore, Thailand, Brunei, Cambodia and Lao.

(f) Support Center and Others

Support Center and Others comprise results from other business segments in the Group (nominee services, property investment and rental of premises and other related financial services) and investment holding company. The results of these other businesses are not material to the Group and therefore do not render a separate disclosure and are reported in aggregate in the financial statements.

The business segment results are prepared based on the Group's internal management reporting, which reflects the organisation's management reporting structure. Internal allocation of costs, for example, back office support, centralised cost, funding center and the application of transfer pricing, where appropriate, has been used in preparing the segmental reporting.

## UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)



RHB CAPITAL BERHAD (312952 – H)  
 NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
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## A21. Segment Reporting (continued)

Six months ended 30 June 2015

	CIB	Retail	Business	Group	Group	Support	Inter-segment	Total
	RM'000	Banking	Banking	Treasury	International	Center and		
	RM'000	RM'000	RM'000	RM'000	Business	Others	RM'000	RM'000
External revenue	848,454	1,242,182	461,084	217,049	258,352	(31,846)	-	2,995,275
Inter-segment revenue	20,634	19,024	-	7,313	2,990	(1,106)	(48,855)	-
Segment revenue	869,088	1,261,206	461,084	224,362	261,342	(32,952)	(48,855)	2,995,275
Other operating expenses	(534,849)	(653,162)	(230,150)	(63,318)	(167,468)	(62,345)	48,855	(1,662,437)
Including:								
Depreciation of property, plant and equipment	(14,350)	(30,492)	(3,496)	(1,404)	(6,022)	(4,879)	-	(60,643)
Amortisation of intangible assets	(11,688)	(13,781)	(5,090)	(3,466)	(3,004)	-	-	(37,029)
Allowance for impairment on loans, financing and other losses	(14,004)	63,166	(49,407)	(1,978)	(8,752)	1,517	-	(9,458)
Impairment losses written back on other assets	13,427	-	-	-	270	-	-	13,697
Share of results of joint ventures	333,662	671,210	181,527	159,066	85,392	(93,780)	-	1,337,077
Profit before taxation								125
Taxation								(330,809)
Net profit for the financial period								1,006,393



## UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)



**RHB CAPITAL BERHAD (312952 - H)**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
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**A21. Segment Reporting (continued)**

As at 30 June 2015

	CIB RM'000	Retail Banking RM'000	Business Banking RM'000	Group Treasury RM'000	Group International Business RM'000	Support Center and Others RM'000	Total RM'000
Segment assets	53,071,903	71,214,142	19,543,987	52,236,939	25,219,674	774,241	222,060,886
Investments in joint ventures							21,940
Tax recoverable							171,569
Deferred tax assets							31,837
Unallocated assets							952,817
Total assets							<u>223,239,049</u>
Segment liabilities	41,148,044	56,148,087	17,085,489	55,332,942	18,684,580	1,673,475	190,072,617
Tax liabilities							34,005
Deferred tax liabilities							63,506
Borrowings							2,766,601
Subordinated obligations							5,895,372
Hybrid Tier-1 Capital Securities							601,558
Senior debt securities							3,034,526
Unallocated liabilities							592,114
Total liabilities							<u>203,060,299</u>

## UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)



**RHB CAPITAL BERHAD (312952 - H)**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
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## A21. Segment Reporting (continued)

## Six months ended 30 June 2014

	CIB	Retail	Business	Group	Group	Support	Inter-segment	Total
	RM'000	Banking	Banking	International	Treasury	Center and		
	RM'000	RM'000	RM'000	Business	RM'000	Others	RM'000	RM'000
External revenue	903,075	1,282,712	435,106	196,478	179,313	(85,685)	-	2,910,999
Inter-segment revenue	23,857	8,081	-	(9,062)	13,133	2,771	(38,780)	-
Segment revenue	926,932	1,290,793	435,106	187,416	192,446	(82,914)	(38,780)	2,910,999
Other operating expenses	(481,524)	(662,844)	(207,607)	(140,797)	(70,932)	(58,336)	38,780	(1,583,260)
Including:								
Depreciation of property, plant and equipment	(12,204)	(32,130)	(3,085)	(4,230)	(1,236)	(4,405)	-	(57,290)
Amortisation of intangible assets	(12,182)	(12,371)	(4,758)	(1,272)	(2,585)	-	-	(33,168)
Allowance for impairment on loans, financing and other losses	94,155	(158,986)	2,460	827	(14,311)	4,298	-	(71,557)
Impairment losses written back/(made) on other assets	123,477	21	623	5	(3,363)	(480)	-	120,283
Share of results of associates	663,040	468,984	230,582	47,451	103,840	(137,432)	-	1,376,465
Share of results of joint ventures								(112)
Profit before taxation								1,376,535
Taxation								(363,785)
Net profit for the financial period								1,012,750

## UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2015**

**A21. Segment Reporting (continued)**

**As at 31 December 2014**

	CIB RM'000	Retail Banking RM'000	Business Banking RM'000	Group Treasury RM'000	Group International Business RM'000	Support Center and Others RM'000	Total RM'000
Segment assets	52,942,278	68,038,286	18,890,063	54,626,228	22,755,613	727,195	217,979,663
Investments in joint ventures							21,021
Tax recoverable							162,181
Deferred tax assets							38,465
Unallocated assets							1,153,106
Total assets							<u>219,354,436</u>
Segment liabilities	34,908,688	44,883,328	13,671,396	74,765,021	16,568,209	2,404,930	187,201,572
Tax liabilities							57,321
Deferred tax liabilities							53,041
Borrowings							2,874,697
Subordinated obligations							6,099,402
Hybrid Tier-1 Capital Securities							601,515
Senior debt securities							2,810,655
Unallocated liabilities							762,147
Total liabilities							<u>200,460,350</u>

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**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**


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**RHB CAPITAL BERHAD (312952 – H)  
 NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
 FOR THE SIX MONTHS ENDED 30 JUNE 2015**
**A22. Valuation of Property, Plant and Equipment**

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

**A23. Material Events Subsequent to the Balance Sheet Date**

There were no significant events subsequent to the balance sheet date that have not been reflected in the financial statements, other than as disclosed below:

- (a) Proposed Subscription in Digital Financial Lab Limited ('DFLL'), by RHB Finexasia.Com Sdn Bhd ('RHB Finex') and Silverlake International Capital Market Solution Limited ('Silverlake Capital').

RHB Finex, a company in which RHB Capital holds a 100% effective equity interest in through its 59.95% direct shareholding and 40.05% indirect shareholding through RHB Investment Bank, which in turn is a wholly-owned subsidiary of RHB Capital, had on 6 August 2015 entered into a subscription agreement ('Agreement') with Silverlake Capital, to subscribe for redeemable convertible preference shares of USD1.00 each ('RCPS') at par in DFLL.

Pursuant to the Agreement, RHB Finex and Silverlake Capital will each subscribe for 50% RCPS in DFLL for RM10 million each ('Proposed Subscription'). The Proposed Subscription by RHB Finex will be funded by its internally generated funds. The RCPS shall rank *pari passu* with the existing ordinary shares of USD1.00 each ('Ordinary Shares') in DFLL in respect with the rights attached to the Ordinary Shares and shall be convertible at any time into Ordinary Shares at no extra cost.

The completion of the Proposed Subscription is subject to regulatory approval.

- (b) Bancatakaful Service Arrangement between RHB Islamic Bank Berhad ('RHB Islamic Bank') and Syarikat Takaful Malaysia Berhad ('STMB') ('Bancatakaful Service Arrangement')

RHB Islamic Bank, a wholly-owned subsidiary of RHB Bank, which in turn is a wholly-owned subsidiary of RHB Capital, has on 26 August 2015 entered into an exclusive bancatakaful service arrangement agreement ('Bancatakaful Service Agreement') with STMB.

Pursuant to the terms of the Bancatakaful Service Agreement, STMB shall pay RHB Islamic Bank a total service fee of RM110 million and in consideration thereof, RHB Islamic Bank shall commit to a 10-year bancatakaful relationship with STMB to distribute Family and General takaful products developed by STMB.

**A24. Changes in Composition of the Group**

There are no significant changes in the composition of the Group for the six months ended 30 June 2015 other than the following:

- (a) On 30 January 2015, RHB Bank injected additional capital to its wholly-owned commercial bank subsidiary, RHB Indochina Bank Limited ('RHB Indochina Bank'), which is incorporated in Cambodia, amounting to USD15,000,000 (equivalent to RM54,375,000). As a result, RHB Indochina Bank's share capital increased from USD52,000,000 to USD67,000,000.
- (b) On 3 April 2015, the Company has recapitalised 75% of the second interim dividend income from RHB Bank amounting to RM437,454,000 as cost of investment. The recapitalisation is via the issuance of rights issue of 190,197,391 new RHB Bank ordinary shares of RM0.50 per share at an issue price of RM2.30 per share.
- (c) On 30 June 2015, RHB Investment Bank subscribed for SGD3,000,000 new ordinary shares in RHB OSK International Investments Pte Ltd ('ROII'). The issued and paid-up share capital of ROII increased from SGD9,000,000 to SGD12,000,000. The rationale for the increase is to facilitate the subscription of additional shares in RHB OSK Asset Management Pte Ltd ('ROAM') as disclosed in Note A24(d).
- (d) On 30 June 2015, ROII subscribed for SGD3,000,000 new ordinary shares in ROAM. The issued and paid-up share capital of ROAM increased from SGD9,100,000 to SGD12,100,000 with details as follows:
- (i) SGD1,000,000 of Base Capital Requirement as set out by Monetary Authority of Singapore for applying the Capital Market Service Licence under the Securities and Futures Act; and
  - (ii) SGD2,000,000 for working capital to support the growth and establishment of Singapore as a Regional Hub for Group Asset Management.

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

## UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)



RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015

A25. Changes In Contingent Liabilities Since The Last Annual Statements Of Financial Position

(a) Commitments and Contingencies

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. Apart from the allowance for commitments and contingencies already made in the interim financial statements, no material losses are anticipated as a result of these transactions.

The commitments and contingencies comprise the following:

Group	As at 30 June 2015			As at 31 December 2014		
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
Direct credit substitutes	2,343,957	2,313,933	1,345,560	2,659,088	2,628,097	1,656,364
Transaction-related contingent items	4,684,298	2,318,673	1,307,440	4,829,166	2,388,120	1,308,323
Short term self-liquidating trade-related contingencies	1,994,372	396,984	189,125	1,822,569	362,511	177,431
Obligations under underwriting agreements	291,408	145,704	145,704	-	2,990,608	-
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	517,610	517,610	27,897
Irrevocable commitments to extend credit						
- maturity not exceeding one year	2,231,468	443,825	168,266	2,701,468	399,169	144,743
- maturity exceeding one year	29,580,805	20,527,709	10,356,903	30,652,168	14,280,346	9,878,218
Foreign exchange related contracts <sup>^</sup>						
- less than one year	41,373,988	1,440,734	837,035	28,493,237	922,273	556,942
- one year to less than five years	11,181,115	2,056,420	864,805	11,522,508	1,679,778	760,665
- more than five years	526,992	148,329	96,735	469,108	596,943	444,525
Equity related contracts <sup>^</sup>						
- less than one year	254	19	19	15,508	5,844	5,844
Interest rate related contracts <sup>^</sup>						
- less than one year	6,771,645	17,843	6,946	5,959,805	14,442	4,211
- one year to less than five years	28,345,380	800,668	284,585	27,736,220	814,933	281,190
- more than five years	1,383,554	131,016	72,556	987,920	73,660	34,400
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	15,137,896	605,393	240,215
	<b>148,523,422</b>	<b>33,999,911</b>	<b>15,960,427</b>	<b>133,504,271</b>	<b>28,279,727</b>	<b>15,520,968</b>

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

<sup>^</sup> 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.

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**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**


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**RHB CAPITAL BERHAD (312952 – H)  
 NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
 FOR THE SIX MONTHS ENDED 30 JUNE 2015**
**A25. Changes In Contingent Liabilities Since The Last Annual Statements Of Financial Position (continued)**
**(a) Commitments and Contingencies (continued)**

The credit equivalent amount ('CE') and risk weighted amount ('RWA') of the Group are an aggregate of CE and RWA of:

- (i) Its commercial banking subsidiary, which is computed in accordance with BNM's Guidelines on Risk Weighted Capital Adequacy Framework (Basel II-RWA): Internal Ratings Based ('IRB') Approach for Credit Risk, Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk (Basel II);
- (ii) Its Islamic banking subsidiary, which is computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks ('CAFIB'): Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk (Basel II); and
- (iii) Its investment banking subsidiary, which is computed in accordance with BNM's Guidelines on Risk Weighted Capital Adequacy Framework: Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

The commercial banking subsidiary, 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. In addition, RHB Bank has issued a guarantee to Bank of Thailand to provide support to meet any legal liabilities which may be incurred in respect of its operations in Thailand.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)



RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
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A25. Changes In Contingent Liabilities Since The Last Annual Statements Of Financial Position (continued)

(b) Guarantees Issued by Group and Company

	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
<b>Group</b>		
Corporate guarantee in favour of client's trading facilities granted by a subsidiary	<u>68,000</u>	<u>68,000</u>
<b>Company</b>		
Corporate guarantee provided to licensed banks for credit facilities granted to subsidiaries	231,378	214,243
Corporate guarantee in favour of client's trading facilities granted by a subsidiary	68,000	68,000
Letter of undertaking in favour of Monetary Authority of Singapore provided for a subsidiary	<u>140,265</u>	<u>132,315</u>
	<u>439,643</u>	<u>414,558</u>

A26. Capital Commitments

	Group	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
Capital expenditure for property, plant and equipment:		
- authorised and contracted for	119,833	109,535
- authorised but not contracted for	<u>308,118</u>	<u>202,131</u>
	<u>427,951</u>	<u>311,666</u>

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

**A27. Capital Adequacy Ratio**

BNM Guidelines on capital adequacy requires RHB Bank, RHB Islamic Bank Berhad ('RHB Islamic Bank') and RHB Investment Bank to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations. The capital adequacy ratio is computed based on the eligible capital in relation to the total risk-weighted assets as determined by BNM.

RHB Indochina Bank, a wholly owned subsidiary of RHB Bank is subject to National Bank of Cambodia's capital adequacy requirements.

(a) The capital adequacy ratios of RHB Bank, RHB Islamic Bank and RHB Investment Bank are as follows:

	<b>RHB Bank<sup>@</sup></b>	
	<b>As at 30 June 2015 RM'000</b>	<b>As at 31 December 2014 RM'000</b>
<b>Common Equity Tier 1 ('CET 1')/Tier I Capital</b>		
Paid-up ordinary share capital	3,460,585	3,365,486
Share premium	478,517	136,162
Retained profits	6,740,572	6,860,657
Other reserves	3,737,387	3,589,300
AFS reserves	250,093	218,816
	<b>14,667,154</b>	<b>14,170,421</b>
<b>Less:</b>		
Goodwill	(905,519)	(905,519)
Intangible assets (include associated deferred tax liabilities)	(181,744)	(166,462)
55% of cumulative gains of AFS financial instruments	(137,551)	(120,349)
Shortfall of eligible provisions to expected losses under the IRB approach	(187,705)	(307,612)
Investments in subsidiaries*	(687,429)	(332,839)
Other deductions#	(39,786)	(29,667)
Total CET 1 Capital	<b>12,527,420</b>	<b>12,307,973</b>
Hybrid Tier-I Capital Securities**	<b>420,000</b>	<b>480,000</b>
Total Tier I Capital	<b>12,947,420</b>	<b>12,787,973</b>
<b>Tier II Capital</b>		
Subordinated obligations***	2,800,000	3,200,000
Subordinated obligations meeting all inclusion <sup>+</sup>	1,499,497	1,000,000
Collective impairment allowance and regulatory reserves <sup>^</sup>	332,532	258,406
	<b>4,632,029</b>	<b>4,458,406</b>
<b>Less:</b>		
Investments in subsidiaries*	(1,031,143)	(1,331,358)
Total Tier II Capital	<b>3,600,886</b>	<b>3,127,048</b>
<b>Total Capital</b>	<b>16,548,306</b>	<b>15,915,021</b>
<b>Capital ratios</b>		
Before proposed dividends:		
CET I Capital Ratio	12.006%	11.678%
Tier I Capital Ratio	12.409%	12.133%
Total Capital Ratio	15.860%	15.100%
After proposed dividends:		
CET I Capital Ratio	12.006%	11.124%
Tier I Capital Ratio	12.409%	11.580%
Total Capital Ratio	15.860%	14.547%



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**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**

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**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015****A27. Capital Adequacy Ratio (continued)**

- @ The capital adequacy ratios of RHB Bank consist of capital base and risk-weighted assets derived from RHB Bank and its wholly-owned offshore banking subsidiary, RHB Bank (L) Ltd.
- \* Investments in subsidiaries are subject to the gradual deduction in the calculation under CET 1 Capital effective from 1 January 2014 as prescribed under paragraph 36.15 of the BNM's Capital Adequacy Framework (Capital Components).
- # Pursuant to Basel II Market Risk para 5.19 & 5.20 - Valuation Adjustments, the Capital Adequacy Framework (Basel II - RWA) calculation shall account for the ageing, liquidity and holding back adjustments on its trading portfolio.
- \*\* Hybrid Tier-1 Capital Securities that are recognised as Tier I capital instruments are subject to the gradual phase-out treatment effective from 1 January 2013 as prescribed under paragraph 36.10 of the BNM's Capital Adequacy Framework (Capital Components).
- \*\*\* Subordinated obligations that are recognised as Tier II capital instruments are subject to the gradual phase-out treatment effective from 1 January 2013 as prescribed under paragraph 36.10 of the BNM's Capital Adequacy Framework (Capital Components).
- + Qualify as Tier II capital as specified in the BNM's Capital Adequacy Framework (Capital Components).
- ^ Excludes collective impairment allowance attributable to loans, advances and financing classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on 'Classification and Impairment Provisions for Loans/Financing'.

Includes the qualifying regulatory reserves for non-impaired loans of RHB Bank of RM348,551,000 (31 December 2014: Nil).

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**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

**A27. Capital Adequacy Ratio (continued)**

	RHB Islamic Bank	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
<b>CET I/Tier I Capital</b>		
Paid-up ordinary share capital	1,173,424	1,173,424
Retained profits	493,766	553,560
Other reserves	617,060	553,765
AFS reserves	<b>(16,525)</b>	<b>(28,352)</b>
	<b>2,267,725</b>	<b>2,252,397</b>
<b>Less:</b>		
Net deferred tax assets	<b>(10,156)</b>	<b>(15,497)</b>
Intangible assets (include associated deferred tax liabilities)	<b>(602)</b>	<b>(1,119)</b>
Other deductions#	<b>(121)</b>	<b>(551)</b>
<b>Total CET I Capital/Total Tier I Capital</b>	<b>2,256,846</b>	<b>2,235,230</b>
<b>Tier II Capital</b>		
Subordinated sukuk*	<b>500,000</b>	500,000
Collective impairment allowance and regulatory reserves^	<b>224,682</b>	100,832
<b>Total Tier II Capital</b>	<b>724,682</b>	<b>600,832</b>
<b>Total Capital</b>	<b>2,981,528</b>	<b>2,836,062</b>
<b>Capital ratios</b>		
Before proposed dividends:		
CET I Capital Ratio	<b>11.490%</b>	12.875%
Tier I Capital Ratio	<b>11.490%</b>	12.875%
Total Capital Ratio	<b>15.180%</b>	16.336%
After proposed dividends:		
CET I Capital Ratio	<b>11.490%</b>	12.875%
Tier I Capital Ratio	<b>11.490%</b>	12.875%
Total Capital Ratio	<b>15.180%</b>	16.336%

# Pursuant to Basel II Market Risk para 5.19 & 5.20 - Valuation Adjustments, the Capital Adequacy Framework (Basel II - RWA) calculation shall account for the ageing, liquidity and holding back adjustments on its trading portfolio.

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

Includes the qualifying regulatory reserves for non-impaired loans of RHB Islamic Bank of RM123,089,000 (31 December 2014: Nil).

\* Qualify as Tier II capital as specified in the BNM's Capital Adequacy Framework for Islamic Banks (Capital Components).

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

**A27. Capital Adequacy Ratio (continued)**

	RHB Investment Bank	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
<b>CET I/Tier I capital</b>		
Paid-up ordinary share capital	818,646	818,646
Share premium	1,515,150	1,515,150
Retained profits	282,777	290,106
Other reserves	406,544	406,544
AFS reserves	2,113	(11,933)
	<u>3,025,230</u>	<u>3,018,513</u>
<b>Less:</b>		
Goodwill	(1,118,418)	(1,118,418)
Investments in subsidiaries*	(569,571)	(283,162)
Intangible assets (include associated deferred tax liabilities)	(31,274)	(29,718)
55% of cumulative gains of AFS financial instruments	(1,162)	-
Other deductions	(74)	(234)
Deferred tax assets	(11,681)	(23,891)
Reduction in excess of Tier II capital due to insufficient Tier II Capital#	(293,148)	(581,966)
Total CET I Capital/Tier I Capital	<u>999,902</u>	<u>981,124</u>
<b>Tier II Capital</b>		
Subordinated obligations**	345,000	539,765
Subordinated obligations meeting all relevant criteria	200,000	-
Collective impairment allowance and regulatory reserves^	16,209	10,916
	<u>561,209</u>	<u>550,681</u>
<b>Less:</b>		
Investments in subsidiaries and associates	(561,209)	(550,681)
Total Tier II Capital	<u>-</u>	<u>-</u>
<b>Total Capital</b>	<u>999,902</u>	<u>981,124</u>
<b>Capital ratios</b>		
Before proposed dividends:		
CET I Capital Ratio	23.325%	26.337%
Tier I Capital Ratio	23.325%	26.337%
Total Capital Ratio	23.325%	26.337%
After proposed dividends:		
CET I Capital Ratio	23.325%	26.337%
Tier I Capital Ratio	23.325%	26.337%
Total Capital Ratio	23.325%	26.337%

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**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**

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**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015****A27. Capital Adequacy Ratio (continued)**

- \* Investments in subsidiaries are subject to the gradual deduction in the calculation under CET 1 Capital effective from 1 January 2014 as prescribed under paragraph 36.15 of the BNM's Capital Adequacy Framework (Capital Components).
- # The remaining portion of regulatory adjustments not deducted in the calculation of Tier II capital shall be deducted in the next higher tier of capital as prescribed under paragraph 31.1 of the BNM's Capital Adequacy Framework (Capital Components).
- \*\* Subordinated obligations that are recognised as Tier II capital instruments are subject to the gradual phase-out treatment effective from 1 January 2013 as prescribed under paragraph 36.10 of the BNM's Capital Adequacy Framework (Capital Components).
- ^ Excludes collective impairment allowance attributable to loans, advances and financing classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on 'Classification and Impairment Provisions for Loans/Financing'.

Includes the qualifying regulatory reserves for non-impaired loans of RHB Investment Bank of RM7,329,000 (31 December 2014: RMNil).

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)



RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015

A27. Capital Adequacy Ratio (continued)

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

	RHB Bank <sup>@</sup>	RHB Islamic Bank	RHB Investment Bank
<b>30 June 2015</b>			
Credit risk	92,355,999	18,447,278	2,402,332
Market risk	3,909,561	228,586	806,522
Operational risk	8,072,763	964,330	1,077,959
Total risk-weighted assets	<u>104,338,323</u>	<u>19,640,194</u>	<u>4,286,813</u>
<b>31 December 2014</b>			
Credit risk	94,067,828	16,316,757	2,448,720
Market risk	3,369,497	124,357	284,376
Operational risk	7,957,062	918,886	992,064
Total risk-weighted assets	<u>105,394,387</u>	<u>17,360,000</u>	<u>3,725,160</u>

<sup>@</sup> The capital adequacy ratios of RHB Bank consist of capital base and risk-weighted assets derived from RHB Bank and its wholly-owned offshore banking subsidiary, RHB Bank (L) Ltd.

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

The total risk-weighted assets of RHB Islamie Bank are computed based on BNM's Capital Adequacy Framework for Islamic Banks ('CAFIB'): Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

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

(c) RHB Indochina Bank

	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
Before proposed dividends:		
Core capital ratio	#	#
Solvency ratio	19.990%	17.042%
After proposed dividends:		
Core capital ratio	#	#
Solvency ratio	19.990%	17.042%

The Solvency Ratio of RHB Indochina Bank is the nearest equivalent regulatory compliance ratio in Cambodia computed in accordance with Prakas B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived as RHB Indochina Bank's net worth divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory solvency ratio requirement in Cambodia is 15%.

# No equivalent ratio in Cambodia.

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	Group	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
<b>A28. Operations of Islamic Banking</b>		
<b>(a) Unaudited Statement of Financial Position as at 30 June 2015</b>		
<b>ASSETS</b>		
Cash and short-term funds	4,710,059	4,022,466
Deposits and placements with banks and other financial institutions	1,002,807	893,146
Financial assets held-for-trading	193,991	351,888
Financial investments AFS	2,812,450	2,389,447
Financial investments HTM	2,141,512	1,965,362
Financing and advances	27,470,405	25,290,635
Other assets	217,100	81,394
Derivative assets	39,903	26,167
Statutory deposits	1,070,000	1,063,700
Deferred tax assets	4,777	9,942
Property, plant and equipment	9,337	12,339
Intangible assets	5,981	6,673
Total assets	<u>39,678,322</u>	<u>36,113,159</u>
<b>LIABILITIES</b>		
Deposits from customers	25,466,178	24,370,954
Deposits and placements of banks and other financial institutions	3,401,764	1,720,900
Bills and acceptances payable	7,134	8,836
Recourse obligation on financing sold to Cagamas	1,065,446	1,147,677
Other liabilities	79,217	196,973
Derivative liabilities	495	46
Tax liabilities	10,765	10,414
Subordinated obligations	503,187	503,051
Total liabilities	<u>30,534,186</u>	<u>27,958,851</u>
Islamic Banking Funds	9,144,136	8,154,308
Total liabilities and Islamic Banking Funds	<u>39,678,322</u>	<u>36,113,159</u>
Commitments and contingencies	<u>8,493,887</u>	<u>6,445,224</u>

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)



RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015

2nd quarter ended		Six months ended	
30 June	30 June	30 June	30 June
2015	2014	2015	2014
RM'000	RM'000	RM'000	RM'000

A28. Operations of Islamic Banking (continued)

(b) Unaudited Income Statement for the Six Months Ended 30 June 2015

<b>Group</b>				
Income derived from investment of depositors' funds	422,292	309,014	818,125	592,087
Income derived from investment of shareholder's funds	35,050	36,516	67,627	63,891
Allowance for impairment on financing and advances	605	(13,556)	(18,123)	(12,403)
Impairment losses on other assets	-	(480)	-	143
Total distributable income	457,947	331,494	867,629	643,718
Income attributable to depositors	(243,231)	(162,193)	(469,151)	(320,892)
	214,716	169,301	398,478	322,826
Personnel expenses	(11,340)	(17,178)	(22,358)	(38,274)
Other overheads and expenditures	(46,070)	(43,984)	(86,473)	(82,026)
<b>Profit before taxation</b>	<b>157,306</b>	<b>108,139</b>	<b>289,647</b>	<b>202,526</b>
Taxation	(24,363)	(15,415)	(42,248)	(31,357)
<b>Net profit for the financial period</b>	<b>132,943</b>	<b>92,724</b>	<b>247,399</b>	<b>171,169</b>

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	2nd quarter ended		Six months ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000
<b>A28. Operations of Islamic Banking (continued)</b>				
<b>(e) Unaudited Statement of Comprehensive Income for the Six Months Ended 30 June 2015</b>				
<b>Group</b>				
Net profit for the financial period	<u>132,943</u>	<u>92,724</u>	<u>247,399</u>	<u>171,169</u>
Other comprehensive income/(loss) in respect of:				
Items that will be reclassified subsequently to profit or loss				
- Unrealised net gain/(loss) on revaluation of financial investments AFS	3,082	988	21,210	(6,517)
- Net transfer to income statement on disposal or impairment of financial investments AFS	(3,555)	146	(5,441)	2,501
- Income tax relating to components of other comprehensive (income)/loss	119	(283)	(3,942)	1,004
Other comprehensive income/(loss) net of tax, for the financial period	<u>(354)</u>	<u>851</u>	<u>11,827</u>	<u>(3,012)</u>
Total comprehensive income for the financial period	<u>132,589</u>	<u>93,575</u>	<u>259,226</u>	<u>168,157</u>



UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6)  
MONTHS FPE 30 JUNE 2015 (Cont'd)



RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Group	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
<b>A28. Operations of Islamic Banking (continued)</b>		
<b>(d) Financing and Advances</b>		
<b>At amortised cost</b>		
Cashline	279,833	255,115
Term financing		
- Housing financing	6,980,385	6,253,140
- Syndicated term financing	1,083,055	105,752
- Hire purchase receivables	5,890,022	5,883,027
- Other term financing	11,644,794	10,340,396
Bills receivable	533,607	469,596
Trust receipts	20,075	20,859
Staff financing	4,762	5,279
Credit/charge card receivables	234,059	223,916
Revolving financing	1,017,741	1,946,151
Gross financing and advances	<u>27,688,333</u>	<u>25,503,231</u>
Less: Allowance for impaired financing and advances		
- Individual impairment allowance	(22,228)	(25,289)
- Collective impairment allowance	(195,700)	(187,307)
Net financing and advances	<u>27,470,405</u>	<u>25,290,635</u>

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)



RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Group	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
<b>A28. Operations of Islamic Banking (continued)</b>		
<b>(d) Financing and Advances (continued)</b>		
<b>(i) Movements in impaired financing and advances</b>		
Balance as at the beginning of the financial period/year	330,701	431,267
Classified as impaired	370,311	480,870
Reclassified as non-impaired	(209,906)	(360,795)
Amount recovered	(38,115)	(111,964)
Amount written off	(21,352)	(109,706)
Exchange differences	-	1,029
Balance as at the end of the financial period/year	<u>431,639</u>	<u>330,701</u>
<b>(ii) Movements in allowance for impaired financing and advances</b>		
<u>Individual impairment allowance</u>		
Balance as at the beginning of the financial period/year	25,289	111,703
Net allowance written back	(3,061)	(21,538)
Amount written off	-	(63,135)
Reclassified to collective impairment allowance	-	(1,741)
Balance as at the end of the financial period/year	<u>22,228</u>	<u>25,289</u>
<u>Collective impairment allowance</u>		
Balance as at the beginning of the financial period/year	187,307	145,769
Net allowance made	27,260	69,650
Amount written off	(18,867)	(29,853)
Reclassified from individual impairment allowance	-	1,741
Balance as at the end of the financial period/year	<u>195,700</u>	<u>187,307</u>

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**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**


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**RHB CAPITAL BERHAD (312952 – H)  
 NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
 FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	Group	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
<b>A28. Operations of Islamic Banking (continued)</b>		
<b>(e) Other Assets</b>		
Prepayments	7,738	3,349
Deposits	1,293	1,221
Other debtors	208,069	76,824
	<u>217,100</u>	<u>81,394</u>
<b>(f) Deposits from Customers</b>		
Saving Deposits		
- Wadiah	1,127,965	1,054,313
Demand Deposits		
- Wadiah	3,887,320	2,813,680
Term Deposits		
- Commodity Murabahah	8,733,881	5,435,819
- Wadiah Corporate Deposit	8,548,270	11,573,684
Specific Investment Account		
- Murabahah	2,954,227	3,134,728
- Mudharabah	-	51,577
General Investment Account		
- Mudharabah	214,515	307,153
	<u>25,466,178</u>	<u>24,370,954</u>

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**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**


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**RHB CAPITAL BERHAD (312952 – H)  
 NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
 FOR THE SIX MONTHS ENDED 30 JUNE 2015**
**B1. Review of Group Results**
**(a) Current Financial Year vs Previous Financial Year**

The 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, the 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 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. Net interest margin was at 2.13% for the current quarter.

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. The Group's other operating income and non-fund based income to total income ratio stood at 34.8%.

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. Cost-to-income ratio stood at 55.5%.

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.

Total assets rose by 1.8% or RM3.9 billion to RM223.2 billion as at 30 June 2015, whilst shareholders' equity strengthened to RM20.0 billion. Net assets per share improved to RM7.74 compared to RM7.31 as at 31 December 2014.

The Group's gross loans grew by 1.5% for the first half of 2015, and 9.2% year-on-year to RM144.7 billion. Excluding one large corporate repayment during the period, gross loans growth was at 3.0% for the first six months. The growth was broad based, predominantly from purchase of residential and non-residential properties, construction and working capital. The group's domestic loan market share stood at 9.4% as at 30 June 2015.

Customer deposits remained relatively stable for the first six months and grew by 5.1% year-on-year to RM157.2 billion. Over the same period, current and savings accounts ('CASA') balances increased by 7.7% and 5.5% respectively. CASA composition improved to 23.4% as at 30 June 2015 from 21.7% in December 2014.

Gross impaired loans ratio increased to 2.05% from 2.03% in December 2014, arising from certain accounts that have been classified as impaired but without loss during the period, and classification of rescheduled and restructured accounts as impaired in accordance with the new BNM guidelines. However, there are no major signs of portfolio deterioration and the Group remains comfortable with its asset quality.

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**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**


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**RHB CAPITAL BERHAD (312952 – H)  
 NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
 FOR THE SIX MONTHS ENDED 30 JUNE 2015**
**B1. Review of Group Results (continued)**
**(a) Current Financial Year vs Previous Financial Year (continued)**
Performance by Operating Segment
**(i) Corporate and Investment Banking**

For the first half of 2015, Corporate and Investment Banking pre-tax profit was lower by 49.7% to RM333.7 million, mainly attributable to non-recurrence of one-off impairment write back on other assets amounting to RM112.4 million. Performance was also affected by higher impairment charge on allowance for loans, advances and financing, lower net fund based income, lower other fee income and higher operating expenses. The lower fee income was primarily attributable to lower investment banking revenues as a result of subdued capital market activities and volatile market environment. Gross loans, advances and financing was lower by 5.1% for the first six months of 2015 to RM45.5 billion mainly due to a large corporate customer loan repayment. Deposits grew by 29.5% to RM49.4 billion with fixed deposits and current deposits growing by 31.0% and 22.3%, respectively.

**(ii) Retail Banking**

Retail Banking recorded pre-tax profit of RM671.2 million for the six months ended 30 June 2015, 43.1% higher than previous year corresponding period. This was mainly due to higher write back on allowance for loans, advances and financing, higher fee income and lower overhead expenses. Gross loans, advances and financing grew by 3.9% for the first six months of 2015 to RM66.7 billion mainly driven by mortgage and commercial property financing, partially offset by lower auto loans. Deposits was stable given growth in current and savings account of 3.6%, offset by a decrease in fixed deposits by 1.3%.

**(iii) Business Banking**

Business Banking pre-tax profit was lower by 21.3% to RM181.5 million, mainly attributable to higher allowance for loans, advances and financing and higher overhead expenses, partially offset by higher net fund based income and other operating income. Gross loans, advances and financing grew by 6.3% for the first six months of 2015 to RM18.9 billion driven mainly by programme lending and wholesale business loans and financing. Deposits increased by 1.1% for the first six months of 2015 to RM21.2 billion driven mainly by current deposits which increased by 5.2%.

**(iv) Group Treasury**

Treasury pre-tax profit increased by 53.2% to RM159.1 million, mainly due to higher investment income and higher net foreign exchange gain, partially offset by lower net fund based income.

**(v) Group International Business**

Group International Business pre-tax profit increased by 79.9% to RM85.4 million. The largest Group International Business contributor, Singapore, recorded pre-tax profit growth of 76.1% to SGD31.8 million in the first six months of 2015 compared to SGD18.0 million in the first six months of 2014. Singapore gross loans and advances grew by 9.8% for the first six months of 2015 while deposits grew by 14.8%.

**B2. Current Quarter vs Previous Quarter**

Pre-tax profit for the second quarter of 2015 was at RM692.4 million, 7.4% higher as compared to RM644.8 million recorded in the preceding quarter ended 31 March 2015. The higher profitability recorded in the current quarter was mainly due to higher impairment write back on loans, advances and financing, partially offset by higher operating expenses and lower other operating income.

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

**B3. Prospects for Financial Year 2015**

Economic growth will remain challenging in the second half of 2015. Domestic loan growth should moderate, on the back of softer consumer spending and private investment, while capital market and wholesale banking activities are expected to remain modest.

In view of the challenging operating environment, the Group will continue to focus on optimizing cost and capital efficiency. Meanwhile, our IGNITE 2017 Transformation Programme continues to gain traction and produce positive results. Barring unforeseen circumstances, the Group's 2015 performance will be satisfactory.

**B4. Variance of Actual Profit from Forecast Profit and Profit Guarantee**

There were no profit forecast or profit guarantee issued by the Group and the Company.

**B5. Taxation**

	2nd quarter ended		Six months ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Income tax based on profit for the financial period				
- Malaysian income tax	190,577	185,538	312,701	338,351
- Overseas tax	6,026	4,906	15,044	10,271
Deferred tax	(30,777)	(9,330)	(2,094)	20,766
	165,826	181,114	325,651	369,388
(Over)/under provision in respect of prior financial years				
- Taxation	(318)	(1,266)	5,158	(5,603)
	165,508	179,848	330,809	363,785

The effective tax rate of the Group for the second quarter and six months ended 30 June 2015 was lower than the statutory tax rate mainly due to certain income not subject to tax.

	2nd quarter ended		Six months ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000
<b>Company</b>				
Income tax based on profit for the financial period				
- Malaysian income tax	69	675	69	675
Deferred tax	-	241	-	734
	69	916	69	1,409

The effective tax rate of the Company for the second quarter and six months ended 30 June 2015 was lower than the statutory tax rate mainly due to certain income not subject to tax.

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**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**


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**RHB CAPITAL BERHAD (312952 – H)  
 NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
 FOR THE SIX MONTHS ENDED 30 JUNE 2015**
**B6. Status of Corporate Proposals**
**(a) Internal reorganisation exercise involving the proposed acquisition of the entire equity interest in RHB OSK Indochina Securities Limited ('RHBISL') from RHB Indochina Bank**

As announced by the Company on 2 October 2014, RHB Investment Bank, a wholly-owned subsidiary of the Company, has on 1 October 2014 entered into a share sale agreement with RHB Indochina Bank, a wholly-owned subsidiary of RHB Bank, which in turn is a wholly-owned subsidiary of the Company, for the acquisition of the entire equity interest in RHBISL from RHB Indochina Bank 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, Securities Commission Malaysia ('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 matter 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, which in turn is a wholly-owned subsidiary of RHB Capital.

**(b) Member's Voluntary Winding-Up of Indirect Wholly-Owned Subsidiaries**

The following indirect wholly-owned subsidiaries of the Company had commenced member's voluntary winding-up pursuant to Section 254(1) of the Companies Act, 1965:

<u>Commencement Date of Member's Voluntary Winding-Up</u>	<u>Name of Subsidiaries</u>
(i) 16 February 2011	(1) Utama Gilang Sdn Bhd
	(2) RHB Delta Sdn Bhd
	(3) RHB Marketing Services Sdn Bhd
(ii) 28 March 2012	(1) KYB Sdn Bhd
	(2) SSSB Services (Melaka) Sdn Bhd
	(3) RHB Unit Trust Management Berhad
	(4) RHB Progressive Sdn Bhd
	(5) RHB Excel Sdn Bhd

The above subsidiaries were incorporated in Malaysia and are presently dormant.

The winding-up of the above subsidiaries will not have any material effect on the Group's performance for the financial year 2015.

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**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**


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**RHB CAPITAL BERHAD (312952 – H)  
 NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
 FOR THE SIX MONTHS ENDED 30 JUNE 2015**
**B6. Status of Corporate Proposals (continued)**

- (c) **Proposed Rights Issue, Proposed Internal Reorganisation, Proposed Distribution and Capital Repayment, Proposed Transfer of Listing Status and Proposed M&A Amendments (collectively referred to as the 'Proposals')**

RHB Capital had announced that it proposes to undertake the following proposals:

- (i) **Proposed Rights Issue**

RHB Capital is proposing to undertake a renounceable rights issue of new RHB Capital Shares ('Rights Shares') to entitled shareholders whose names appear in the Record of Depositors ('ROD') of the Company on an entitlement date to be determined later.

The Proposed Rights Issue is intended to raise gross proceeds of up to RM2.5 billion ('Intended Gross Proceeds'). The quantum of the Intended Gross Proceeds has been determined upfront while the entitlement basis for the Proposed Rights Issue and issue price for the Rights Shares have not been determined at this juncture to provide flexibility to the Board in respect of the pricing of the Rights Shares at a later date.

The Intended Gross Proceeds has been determined upfront to provide an indication to the shareholders of RHB Capital with respect to the capital outlay they require to fully subscribe for their respective entitlements under the Proposed Rights Issue, which can be approximated by multiplying the Intended Gross Proceeds with their respective percentage shareholdings in RHB Capital.

It is the intention of the Company to inject the Intended Gross Proceeds to be raised from the Proposed Rights Issue into RHB Bank to further capitalise RHB Bank and to finance the working capital requirements of RHB Bank and its subsidiaries ('RHB Bank Group'), only if the relevant approvals for the Proposed Internal Reorganisation are obtained and the Proposed Internal Reorganisation is implemented ('Capital Injection').

Prior to the Capital Injection, RHB Bank will undertake a consolidation of two (2) ordinary shares of RM0.50 each in RHB Bank ('RHB Bank Shares') into one (1) ordinary share of RM1.00 each ('Consolidated RHB Bank Share') ('Proposed Consolidation of RHB Bank Shares').

Pursuant to the Capital Injection, RHB Bank will be issuing new Consolidated RHB Bank Shares to the 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 of comparable financial institution groups listed on Bursa Malaysia Securities Berhad ('Bursa Securities').

In the event that the Proposed Internal Reorganisation is not implemented, the Intended Gross Proceeds shall be utilised to repay the bank borrowings of the Company and/or injected as equity into RHB Bank to further capitalise RHB Bank, if required. In the event that the Intended Gross Proceeds is utilised to repay the bank borrowings of the Company, the Company will firstly repay its external bank borrowings and then followed by repayment of its bank borrowings from RHB Bank.

The Proposed Rights Issue will enable the 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.

- (ii) **Proposed Internal Reorganisation**

The Proposed Internal Reorganisation will entail the transfer by RHB Capital of its entire equity interests in, or certain assets and liabilities of its subsidiaries to RHB Bank ('Identified Assets'), after the Proposed Rights Issue, for a total indicative consideration of approximately RM3.71 billion ('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')/net liabilities and/or the audited net book value of the Identified Assets as extracted from the audited financial statements of the respective subsidiaries of RHB Capital as at 31 December 2014.



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**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**


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**RHB CAPITAL BERHAD (312952 – H)  
 NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
 FOR THE SIX MONTHS ENDED 30 JUNE 2015**
**B6. Status of Corporate Proposals (continued)**
**(e) Proposed Rights Issue, Proposed Internal Reorganisation, Proposed Distribution and Capital Repayment, Proposed Transfer of Listing Status and Proposed M&A Amendments (collectively referred to as the 'Proposals') (continued)**
**(ii) Proposed Internal Reorganisation (continued)**

The Identified Assets shall comprise, amongst others, the entire equity interest in RHB Investment Bank (which shall include its subsidiaries, associates and joint ventures), the entire equity interest in RHB Insurance Berhad and certain assets and liabilities of RHB Hartanah Sdn Bhd, including its subsidiary, RHB Property Management Sdn Bhd. The Identified Assets are not exhaustive and may be varied as the Board may deem fit until completion of the Proposed Internal Reorganisation.

The Disposal Consideration to be received by the Company 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 the Company, will be injected into RHB Bank together with the proceeds from the redemption of RHB OSK Rupiah Liquid 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.

The Proposed Internal Reorganisation will be undertaken to streamline the businesses of RHB Capital Group under RHB Bank with the aim to achieve greater tax efficiency in view of the change from the two-tier tax system to a single-tier tax system as well as to position RHB Bank to spearhead the Group's future growth.

**(iii) 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 Proposed Rights Issue and Proposed Internal Reorganisation to entitled shareholders of the Company whose names appear in the ROD of RHB Capital on an entitlement date to be determined and announced later upon completion of the Proposed Rights Issue and Proposed Internal Reorganisation and the receipt of all relevant approvals for the Proposed Distribution and Capital Repayment ('Distribution Entitlement Date').

The basis for the Proposed Distribution and Capital Repayment can only be determined upon the completion of the Proposed 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 the Company as well as the actual number of Consolidated RHB Bank Shares held by the 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 the Company and a reduction in the share capital of the Company in accordance with Sections 60(2) and 64 of the Companies Act, 1965, 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.

Upon completion of the Proposed Distribution and Capital Repayment, the existing shareholders of RHB Capital will continue to hold shares in the 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 the Company for the proposed winding up of RHB Capital ('Proposed Winding Up') at a separate extraordinary general meeting ('EGM') to be convened later, RHB Capital will 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.

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**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**


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**RHB CAPITAL BERHAD (312952 – H)  
 NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
 FOR THE SIX MONTHS ENDED 30 JUNE 2015**
**B6. Status of Corporate Proposals (continued)**
**(e) Proposed Rights Issue, Proposed Internal Reorganisation, Proposed Distribution and Capital Repayment, Proposed Transfer of Listing Status and Proposed M&A Amendments (collectively referred to as the 'Proposals') (continued)**
**(iii) Proposed Distribution and Capital Repayment (continued)**

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

The Board is proposing to undertake the Proposed Distribution and Capital Repayment to facilitate the distribution of all of RHB Capital's shareholdings in RHB Bank to the entitled shareholders.

**(iv) Proposed Transfer of Listing Status**

Upon completion of the Proposed Distribution and Capital Repayment, RHB Bank will assume the listing status of RHB Capital. Accordingly, it is proposed that RHB Bank be admitted to the Official List of Bursa Securities in place of RHB Capital 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.

The Proposed Transfer of Listing Status will enable RHB Capital's shareholders to have a direct participation in the equity and envisaged growth of RHB Bank Group as well as enable RHB Bank Group to gain direct access to the capital markets to raise funds for its continued growth, to gain recognition and corporate stature through its listing status and further enhance its corporate reputation and assist RHB Bank Group in expanding its customer base.

In addition to the above, RHB Capital also proposes to undertake the Proposed M&A Amendments which entails the consequential amendments to the memorandum and articles of association of the Company to facilitate the Proposed Distribution and Capital Repayment and Proposed Transfer of Listing Status.

The inter-conditionality of the Proposals are as follows:

- (i) The Proposed Rights Issue is not conditional upon any of the other Proposals.
- (ii) The Proposed Internal Reorganisation is conditional upon the Proposed Rights Issue but is not conditional upon the Proposed Distribution and Capital Repayment and the Proposed Transfer of Listing Status.
- (iii) The Proposed Distribution and Capital Repayment, Proposed Transfer of Listing Status and Proposed M&A Amendments are inter-conditional upon each other and are also conditional upon the Proposed Internal Reorganisation and Proposed Rights Issue.

The Proposed Transfer of Listing Status can only be effected after the approval of the shareholders of the Company for the Proposed Winding Up have been obtained at a separate EGM to be convened.

The Proposals are subject to the approvals being obtained from SC, Bursa Securities, Ministry of Finance ('MoF') (via BNM), BNM, Ministry of Home Affairs, sanction of the High Court of Malaya, shareholders of RHB Capital, shareholder of RHB Bank, lenders of the Group and Identified Assets (if required), foreign regulators (if required) and waivers and/or consents of any other relevant authorities and/or parties (if required).

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**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**

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**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015****B6. Status of Corporate Proposals (continued)**

- (c) **Proposed Rights Issue, Proposed Internal Reorganisation, Proposed Distribution and Capital Repayment, Proposed Transfer of Listing Status and Proposed M&A Amendments (collectively referred to as the 'Proposals') (continued)**

RHB Capital had on 30 April 2015 submitted an application to BNM to seek the approval of BNM and/or its recommendations to MoF for approval for the Proposals. BNM had vide its letter dated 23 July 2015 informed that MOF and/or BNM (as the case may be) have granted their approval for the Proposed Rights Issue, Proposed Internal Reorganisation and the Proposed Distribution and Capital Repayment under the Financial Services Act, 2013.

On 28 May 2015, RHB Capital had submitted an application to Bursa Securities for the listing of and quotation for the Rights Shares to be issued pursuant to the Proposed Rights Issue. Bursa Securities had vide its letter dated 30 July 2015, approved the listing of and quotation for the Rights Shares to be issued pursuant to the Proposed Rights Issue, on the Main Market of Bursa Securities.

On 30 June 2015, RHB Capital had also submitted an application to Bursa Securities for the Proposed Transfer of Listing Status. The decision from Bursa Securities for the Proposed Transfer of Listing Status is currently pending.

The shareholders of the Company had at the EGM of the Company held on 27 August 2015, approved the Proposed Rights Issue, Proposed Distribution and Capital Repayment, Proposed Transfer of Listing Status and Proposed M&A Amendments.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)



RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015

**B7. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings, Subordinated Obligations, Hybrid Tier-1 Capital Securities and Senior Debt Securities**

	Group	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
<b>(a) Deposits from customers and placements of banks and other financial institutions</b>		
Deposits from customers		
- one year or less	156,658,217	156,327,740
- more than one year	508,568	806,253
	<u>157,166,785</u>	<u>157,133,993</u>
Deposits and placements of banks and other financial institutions		
- one year or less	19,146,077	20,461,232
- more than one year	931,340	888,386
	<u>20,077,417</u>	<u>21,349,618</u>
<b>(b) Borrowings</b>		
<b>Secured</b>		
Revolving credits:		
- Hong Kong Dollar	186,530	13,524
<b>Unsecured</b>		
Revolving credits:		
- Ringgit Malaysia ('RM')	396,922	404,196
- United States Dollar ('USD')	94,414	174,863
- Thai Baht	11,177	-
Term loans:		
- RM	1,051,579	1,051,674
- USD	473,115	495,029
- Singapore Dollar	50,595	119,089
- Indonesia Rupiah	-	14,115
- Japanese Yen	2,223	2,115
RM1.1 billion 7 years Commercial Papers/Medium Term Notes	500,046	600,092
	<u>2,766,601</u>	<u>2,874,697</u>
Schedule repayment of borrowings:		
Within one year	2,393,770	2,494,452
One year to three years	226,530	227,273
Three years to five years	146,301	135,489
Over five years	-	17,483
	<u>2,766,601</u>	<u>2,874,697</u>

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)



RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015

**B7. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings, Subordinated Obligations, Hybrid Tier-1 Capital Securities and Senior Debt Securities (continued)**

	Company	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
<b>(b) Borrowings (continued)</b>		
<b>Unsecured:</b>		
Revolving credits - RM	1,491,377	1,194,481
Term loans - RM	1,051,579	1,316,860
RM1.1 billion 7 years Commercial Papers/Medium Term Notes	500,046	600,092
	<u>3,043,002</u>	<u>3,111,433</u>
 Schedule repayment of borrowings:		
Within one year	<u>3,043,002</u>	<u>3,111,433</u>
	Group	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
<b>(c) Subordinated obligations</b>		
5.50% RM700 million Tier II Subordinated Notes 2007/2022	703,480	703,586
5.00% RM700 million Tier II Subordinated Notes 2010/2020	-	706,137
5.60% RM300 million Tier II Subordinated Notes 2010/2025	302,900	302,946
4.25% RM250 million Tier II Subordinated Notes 2011/2021	251,417	251,276
4.30% RM750 million Tier II Subordinated Notes 2012/2022	754,467	754,367
4.40% RM1,300 million Tier II Subordinated Notes 2012/2022	1,304,508	1,304,537
4.40% RM245 million Tier II Subordinated Notes 2012/2022	245,620	245,650
7.25% RM125 million Tier II Subordinated Notes 2010/2020	-	127,135
7.15% RM75 million Tier II Subordinated Notes 2010/2020	-	75,543
5.20% RM100 million Tier II Subordinated Notes 2011/2021	101,097	101,112
4.95% RM500 million Tier II Subordinated Sukuk Murabahah 2014/2024	503,187	503,051
4.99% RM1.0 billion Tier II Subordinated Notes 2014/2024	1,023,651	1,024,062
4.75% RM500 million Tier II Subordinated Notes 2015/2025	503,011	-
4.95% RM200 million Tier II Subordinated Notes 2015/2025	202,034	-
	<u>5,895,372</u>	<u>6,099,402</u>

The subordinated obligations comprise unsecured liabilities of its commercial bank, investment bank and islamic bank subsidiaries and are subordinated to the senior indebtedness in accordance with their respective terms and conditions of issuance and qualify as Tier II capital (as disclosed in Note A27) for the purpose of determining the capital adequacy ratios of the respective subsidiaries.

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

**B7. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings, Subordinated Obligations, Hybrid Tier-1 Capital Securities and Senior Debt Securities (continued)**

**(d) Hybrid Tier-1 Capital Securities**

	Group	
	As at 30 June 2015	As at 31 December 2014
	RM'000	RM'000
RM370 million 8.00% Hybrid Tier-1 Capital Securities due in 2039, callable with step-up coupon rate at 9.00% in 2019	368,192	368,107
RM230 million 6.75% Hybrid Tier-1 Capital Securities due in 2039, callable with step-up coupon rate at 7.75% in 2019	233,366	233,408
	<u>601,558</u>	<u>601,515</u>

The Hybrid Tier-1 Capital Securities comprise of unsecured liabilities of its commercial bank and qualify as additional Tier 1 capital (as disclosed in Note A27) for the purpose of determining the capital adequacy ratios of the commercial bank subsidiary.

**(e) Senior Debt Securities**

	Group	
	As at 30 June 2015	As at 31 December 2014
	RM'000	RM'000
USD300 million 3.25% senior debt securities due in 2017	1,134,721	1,049,892
USD200 million 3.25% senior debt securities due in 2017	762,768	707,214
USD300 million 3.088% senior debt securities due in 2019	1,137,037	1,053,549
	<u>3,034,526</u>	<u>2,810,655</u>

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

**B8. Derivative Financial Instruments**

Details of derivative financial instruments outstanding are as follows:

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts

<u>Group</u>	As at 30 June 2015		As at 31 December 2014	
	Contract/ Notional Amount RM'000	Fair Value Assets RM'000	Contract/ Notional Amount RM'000	Fair Value Assets RM'000
<u>By type</u>				
<u>Trading Derivatives:</u>				
Foreign exchange related contracts				
- forwards/swaps	32,452,712	669,326	23,827,241	454,871
- options	9,351,749	146,733	4,954,671	42,665
- cross-currency interest rate swaps	11,552,842	1,017,006	11,838,652	640,085
	53,357,303	1,833,065	40,620,564	1,137,621
Interest rate related contracts				
- swaps	34,375,243	118,586	32,538,945	127,082
	34,375,579	118,586	32,538,945	127,082
Equity related contracts				
- options	254	4	15,508	4,914
	254	4	15,508	4,914
Structured warrants	74,740	-	50,412	-
	74,740	-	50,412	-
<u>Fair Value Hedging Derivatives:</u>				
Interest rate related contracts				
- swaps	2,125,000	6,002	2,125,000	15,613
	2,125,000	6,002	2,125,000	15,613
<b>Total</b>	<b>89,932,876</b>	<b>1,957,657</b>	<b>75,370,429</b>	<b>1,285,230</b>

## UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2015**

**B8. Derivative Financial Instruments (continued)**

Details of derivative financial instruments outstanding are as follows: (continued)

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts (continued)

Group	As at 30 June 2015			As at 31 December 2014		
	Contract/ Notional Amount RM'000	Fair Value Assets RM'000	Liabilities RM'000	Contract/ Notional Amount RM'000	Fair Value Assets RM'000	Liabilities RM'000
<b>By remaining period to maturity/next re-pricing date</b>						
<b>Trading Derivatives:</b>						
Foreign exchange related contracts						
- Less than 1 year	41,649,195	836,324	662,398	28,628,947	475,739	457,701
- 1 year to 3 years	6,854,629	678,312	690,585	6,965,870	467,257	423,199
- More than 3 years	4,853,479	318,429	310,745	5,025,747	194,625	193,980
	<u>53,357,303</u>	<u>1,833,065</u>	<u>1,663,728</u>	<u>40,620,564</u>	<u>1,137,621</u>	<u>1,074,880</u>
Interest rate related contracts						
- Less than 1 year	6,771,647	5,622	6,883	5,959,805	4,838	12,034
- 1 year to 3 years	14,491,676	55,990	50,252	12,293,637	53,264	45,517
- More than 3 years	13,112,256	56,974	60,793	14,305,503	68,980	79,140
	<u>34,375,579</u>	<u>118,586</u>	<u>117,928</u>	<u>32,558,945</u>	<u>127,082</u>	<u>136,691</u>
Equity related contracts						
- Less than 1 year	254	4	-	15,508	4,914	-
	<u>254</u>	<u>4</u>	<u>-</u>	<u>15,508</u>	<u>4,914</u>	<u>-</u>
Structured warrants						
- Less than 1 year	74,740	-	11,116	49,390	-	11,864
- 1 year to 3 years	-	-	-	1,022	-	1,249
	<u>74,740</u>	<u>-</u>	<u>11,116</u>	<u>50,412</u>	<u>-</u>	<u>13,113</u>
<b>Fair Value Hedging Derivatives:</b>						
Interest rate related contracts						
- 1 year to 3 years	1,000,000	4,295	1,317	1,000,000	9,104	-
- More than three years	2,125,000	1,707	2,009	1,125,000	6,509	-
	<u>3,125,000</u>	<u>6,002</u>	<u>3,326</u>	<u>2,125,000</u>	<u>15,613</u>	<u>-</u>
Total	<u>89,932,876</u>	<u>1,957,657</u>	<u>1,796,098</u>	<u>75,370,429</u>	<u>1,283,230</u>	<u>1,224,684</u>

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**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**

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**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015****B8. Derivative Financial Instruments (continued)**

## ii) Related accounting policies

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 remeasured at their fair values. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative.

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).

## (a) Fair value

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 and 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.

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

**B9. Fair Value of Financial Instruments**

The Group analyses its financial instruments measured at fair value into three categories as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

The table below analyses financial instruments carried at fair value analysed by level within the fair value hierarchy:

<b>Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>As at 30 June 2015</b>				
<b>Financial assets</b>				
Financial assets FVTPL:	<b>495,710</b>	<b>2,885,028</b>	<b>40,000</b>	<b>3,420,738</b>
- Money market instruments	-	2,416,355	-	2,416,355
- Quoted securities	495,710	-	-	495,710
- Unquoted securities	-	468,673	40,000	508,673
Financial investments AFS:	<b>46,777</b>	<b>20,513,607</b>	<b>1,114,591</b>	<b>21,674,975</b>
- Money market instruments	-	6,579,768	-	6,579,768
- Quoted securities	46,777	-	7,740	54,517
- Unquoted securities	-	13,933,839	1,106,851	15,040,690
Derivative assets				
- Money market instruments	-	1,957,657	-	1,957,657
	<b>542,487</b>	<b>25,356,293</b>	<b>1,154,591</b>	<b>27,053,371</b>
<b>Financial liabilities</b>				
Derivative liabilities				
- Money market instruments	<b>11,160</b>	<b>1,784,938</b>	<b>-</b>	<b>1,796,098</b>
<b>As at 31 December 2014</b>				
<b>Financial assets</b>				
Financial assets FVTPL:	449,439	2,441,242	40,000	2,930,681
- Money market instruments	-	1,815,602	-	1,815,602
- Quoted securities	449,439	-	-	449,439
- Unquoted securities	-	625,640	40,000	665,640
Financial investments AFS:	56,360	18,554,674	991,142	19,602,176
- Money market instruments	-	5,772,156	-	5,772,156
- Quoted securities	56,360	-	-	56,360
- Unquoted securities	-	12,782,518	991,142	13,773,660
Derivative assets				
- Money market instruments	-	1,285,230	-	1,285,230
	<b>505,799</b>	<b>22,281,146</b>	<b>1,031,142</b>	<b>23,818,087</b>
<b>Financial liabilities</b>				
Derivative liabilities				
- Money market instruments	13,114	1,211,570	-	1,224,684

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

**B9. Fair Value of Financial Instruments (Continued)**

Valuation techniques

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

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

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

Reconciliation of fair value measurements in Level 3

The following represents the changes in Level 3 instruments for the Group:

	Financial assets FVTPL		Financial investments AFS	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Balance as at the beginning of the financial period/year	40,000	33,295	991,142	1,062,016
Total net gains recognised in other comprehensive income	-	-	55,607	72,290
Total net gains/(losses) recognised in income statements	-	9,153	(157)	(29,006)
Purchases/Accrued interest	-	-	69,824	15,897
Settlements	-	(2,448)	(8,057)	(224,446)
Sales	-	-	-	(3,459)
Impairment losses written back	-	-	-	102,946
Transfer to loans	-	-	-	(9,877)
Exchange differences	-	-	6,232	4,781
Balance as at the end of the financial period/year	40,000	40,000	1,114,591	991,142

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2015**

**B10. Realised and Unrealised Profits**

The following analysis of realised and unrealised profits or losses of the Group and the Company is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, as issued by the Malaysian Institute of Accountants.

The breakdown of retained profits of the Group is as follows:

<u>Group</u>	As at 30 June 2015		
	Realised Profits/ (Losses) RM'000	Unrealised Profits RM'000	Total RM'000
Operating subsidiaries	6,994,376	2,000,547	8,994,923
Dormant subsidiaries*	(7,875,549)	-	(7,875,549)
Total retained profits/(accumulated losses) of the Group	(881,173)	2,000,547	1,119,374
Total share of retained profits from joint ventures	3,561	-	3,561
	(877,612)	2,000,547	1,122,935
Less: Consolidation adjustments			6,098,237
Total Group retained profits			7,221,172

<u>Group</u>	As at 31 December 2014		
	Realised Profits/ (Losses) RM'000	Unrealised Profits RM'000	Total RM'000
Operating subsidiaries	7,411,253	1,311,014	8,722,267
Dormant subsidiaries*	(7,875,504)	-	(7,875,504)
Total retained profits/(accumulated losses) of the Group	(464,251)	1,311,014	846,763
Total share of retained profits from joint ventures	3,436	-	3,436
	(460,815)	1,311,014	850,199
Less: Consolidation adjustments			6,089,630
Total Group retained profits			6,939,829

\* The realised losses relate mainly to dormant subsidiaries which are currently in the process of being liquidated.

The breakdown of retained profits of the Company is as follows:

<u>Company</u>	As at 30 June 2015	As at 31 December 2014
	RM'000	RM'000
Realised profits	802,120	415,481
Unrealised loss	(20)	(20)
Total Company retained profits	802,100	415,461

The disclosure of realised and unrealised profits or losses above is solely for compliance with the directive issued by the Bursa Securities and should not be used for any other purpose.

On 20 December 2010, the Malaysian Institute of Accountants issued Guidance on Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements. Accordingly, the Group views translation gains or losses on monetary items as realised as it is incurred in the ordinary course of business.

The disclosure above does not affect or alter the existing divisible profit rule in Malaysia. Likewise, this shall not be applied to address or interpret any legal matters regarding the availability of profit for distribution to shareholders. Listed corporations are required to observe the existing requirements in the Malaysian legal framework in dealing with matters related to distribution of profits to shareholders.

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6) MONTHS FPE 30 JUNE 2015 (Cont'd)**



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

**B11. Dividends**

No dividend has been declared for the second quarter ended 30 June 2015.

**B12. Earnings per Share**

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2015	2014	2015	2014
<b>Basic/diluted earnings per share</b>				
Profit attributable to equity holders of the Company (RM'000)	<u>524,594</u>	<u>556,508</u>	<u>1,000,871</u>	<u>1,007,199</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,584,432</u>	<u>2,546,910</u>	<u>2,578,477</u>	<u>2,546,910</u>
Earnings per share (sen)				
- Basic	<u>20.3</u>	<u>21.9</u>	<u>38.8</u>	<u>39.5</u>
- Fully diluted	<u>20.3</u>	<u>21.9</u>	<u>38.8</u>	<u>39.5</u>

There were no dilutive potential ordinary shares outstanding as at 30 June 2015. As a result, the diluted earnings per share equal to the basic earnings per share for the six months ended 30 June 2015.

**BY ORDER OF THE BOARD**

  
AZMAN SHAH MID YAMAN  
(License No. LS0006901)

Company Secretary  
28 August 2015

## DIRECTORS' REPORT



**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

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

19 November 2015

**The Shareholders of RHB Capital Berhad (“RHB Capital” or the “Company”)**

Dear Sir/Madam,

On behalf of the Board of Directors of RHB Capital (“Board”), I wish to report that, after making due enquiries in relation to RHB Capital and its subsidiaries (“RHB Capital Group”) during the period between 31 December 2014 (being the date on which the last audited consolidated financial statements of RHB Capital Group have been made up) to the date hereof (being a date not earlier than fourteen (14) days before the date of this Abridged Prospectus):-

- (a) in the opinion of the Board, the business of RHB Capital Group has been satisfactorily maintained;
- (b) in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of RHB Capital Group which have adversely affected the trading or the value of the assets of RHB Capital Group;
- (c) the current assets of RHB Capital Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in Sections 10.3.1, 10.3.3 and 10.3.4 of this Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by RHB Capital Group;
- (e) there have not been, since the last audited consolidated financial statements of RHB Capital Group, any default or any known event that could give rise to a default situation, in respect of payments of either interests and/or principal sums in relation to any borrowings of RHB Capital Group; and
- (f) save as disclosed in the unaudited consolidated financial statements of RHB Capital Group for the six (6) months financial period ended 30 June 2015 as set out in Appendix VII of this Abridged Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the profits of RHB Capital Group since the last audited consolidated financial statements of RHB Capital Group.

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

**DATU' MOHAMED KHADAR MERICAN**  
Non-Independent Non-Executive Chairman

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**ADDITIONAL INFORMATION**

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**1. SHARE CAPITAL**

- (a) Save for the Rights Shares, no securities of our Company shall be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.
- (b) As at the date of this Abridged Prospectus, there is only one (1) class of shares in our Company, namely ordinary shares of RM1.00 each, all of which rank *pari passu* with one another.
- (c) Save for the Provisional Rights Shares and as disclosed below, no person has been, is or would be entitled to be granted an option to subscribe for any securities in our Company (or our subsidiaries and no capital of our Company and our subsidiaries is under any option or agreed conditionally to be put under any option) as at the date of this Abridged Prospectus.
  - (i) The dividend reinvestment plan (“DRP”) of our Company, which was approved by our shareholders at the EGM held on 6 April 2011, and renewed on an annual basis with the latest renewal being on 30 April 2015, gives our shareholders the option to elect to reinvest their dividend entitlements (representing cash dividends declared by RHB Capital including interim, final, special or any other cash dividends) in new RHB Capital Shares.

As at the date of this Abridged Prospectus, there is no ongoing DRP that is being implemented by our Company.

**2. REMUNERATION OF OUR BOARD**

An extract of the provisions in our Articles of Association in relation to the remuneration of our directors are as follows:-

**Article 77**

The fees of the directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provided) be divisible among the directors as they may agree, or failing agreement, equally, except that any director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which the director has held office Provided Always that:-

- (i) fees payable to non-executive directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- (ii) salaries payable to executive directors may not include a commission on or percentage of turnover;
- (iii) fees payable to directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting;
- (iv) any fee paid to an alternate director shall be agreed upon between himself and the director nominating him and shall be paid out of the remuneration of the latter.

**ADDITIONAL INFORMATION (Cont'd)****Article 78**

- (a) The directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the directors or of any committee of the directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as directors.
- (b) If any director, being willing, shall be called to perform extra services, or to make any special relations in going or residing abroad or otherwise for any of the purposes of the Company, the Company may remunerate the director so doing all travelling, hotel and other expenses properly incurred by him in attending and returning from a meeting of the directors or any committee of the directors or general meetings of the Company or in connection with the business of the Company.

**3. MATERIAL CONTRACTS**

Save as disclosed below, our Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within two (2) years immediately preceding the date of this Abridged Prospectus:-

- (i) Management and Underwriting Agreement;
- (ii) Supplemental agreements to the Management and Underwriting Agreement dated 5 November 2015 and 17 November 2015 entered into between the Company, the Managing Underwriter and the Joint Underwriters to vary certain terms and conditions contained in the Management and Underwriting Agreement;
- (iii) Share purchase agreement dated 25 August 2014 entered into between RHB Investment Bank and Deutsche Asia Pacific Holdings Pte Ltd (“**DAPH**”) for the acquisition of the remaining 49% of equity stake equivalent to 36,750,000 ordinary shares in RHB Securities Singapore Pte. Ltd. (formerly known as DMG & Partners Securities Pte Ltd) from DAPH for a cash consideration of SGD123,502,067.00 (“**SPA**”). Upon completion of the SPA on 15 December 2014, RHB Securities Singapore Pte. Ltd. became a wholly-owned subsidiary of RHB Investment Bank; and
- (iv) OSK Investment Management Berhad (formerly known as OSK-UOB Investment Management Berhad) (“**OSK IM**”) and RHB Asset Management Sdn Bhd (“**RHB AM**”) entered into a business transfer agreement dated 1 November 2013 (“**BTA**”) to transfer the Business, Assets and Liabilities (as defined in the BTA) to RHB AM for a consideration of RM90,590,000.00, which was settled by way of intercompany balances. Subsequently, the parties made a joint application to the High Court of Malaya (“**Court**”) pursuant to Section 139 of the CMSA. The Court granted the vesting order on 20 November 2013. The effective date of the transfer was 1 December 2013. From the effective date all Business, Assets and Liabilities of OSK IM were transferred to RHB AM and the BTA was deemed completed on the even date.

**4. MATERIAL LITIGATION**

Save as disclosed below, as at LPD, our Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and we are not aware of any proceedings pending or threatened against our Group or of any facts likely to give rise to any proceedings which may materially affect the financial position or business of our Group:-

**Serlow Travels Sdn Bhd v RHB Bank (Kuala Lumpur High Court Suit No.: S-22-853-2010/ Court of Appeal Civil Appeal No.: W-02-2054-09/2013)**

RHB Bank granted banking facilities on 7 July 1989 to the Plaintiff, Serlow Travels Sdn Bhd to finance the purchase of a property held under PN 4462, Lot No. 386, Section 32, Bandar Petaling Jaya (“**Property**”). A charge was created over the Property as security.



**ADDITIONAL INFORMATION (Cont'd)**

Upon default by the Plaintiff, RHB Bank had obtained summary judgment against the Plaintiff and an order for sale against the Property on 8 November 1993. The Property was subsequently auctioned off to satisfy the Plaintiff's indebtedness to RHB Bank.

The Plaintiff on 8 September 2010 filed a suit alleging, amongst other things, that:-

- (a) RHB Bank has fraudulently and wrongly obtained summary judgment against the Plaintiff;
- (b) the order for sale and the auction conducted thereon were done fraudulently and maliciously;
- (c) the auction conducted for the Property was time barred;
- (d) RHB Bank to refund all surplus which were charged into the Plaintiff's loan account;
- (e) RHB Bank to pay to the Plaintiff the present market price of the Property;
- (f) special and general damages to be assessed before a Senior Assistant Registrar; and
- (g) RHB Bank was not entitled to interest after six (6) years from the date of the order for sale.

The special and general damages sought by the Plaintiff was estimated in excess of approximately RM257 million. Trial was held on 23 August 2013 where the High Court of Malaya ("High Court") dismissed the Plaintiff's claim with costs of RM20,000 after full trial.

The Plaintiff appealed to the Court of Appeal against the decision of the High Court and contended that the High Court erred in its decision. Hearing of the appeal was fixed for 16 January 2014. The matter was struck out by the Court of Appeal and the Plaintiff subsequently appealed to the Court of Appeal to reinstate the appeal. The hearing of the appeal was fixed for 29 April 2014.

On 29 April 2014, an extension of time was allowed by the Court of Appeal and no date has been fixed by the Court of Appeal for the next hearing. The matter came up for case management at the Court of Appeal on 29 August 2014 where the Appellant was asked to re-file the record of appeal before the hearing date for the motion for extension of time can be fixed. The Registrar further directed the Appellant to file a motion for extension of time to file supplementary record of appeal to include the Grounds of Judgment.

The Court of Appeal, had on 30 July 2015, dismissed the appeal by the Appellant with costs of RM15,000 to be paid to RHB Bank after hearing submissions from parties.

On 1 September 2015, RHB Bank had been served with an unsealed copy of Notice of Motion filed by the Appellant seeking for leave from Federal Court to appeal against the decision of the Court of Appeal. The leave application has been fixed to be heard on 18 February 2016. Even if the Federal Court allows leave for the Appellant to appeal against the decision of the Court of Appeal, the solicitors acting for RHB Bank are of the view that RHB Bank has a good chance of defending against the appeal, as there is no basis to the claim on general aggravated and exemplary damages (which form a substantial part of the monetary claim) by the Appellant.

**5. GENERAL**

- (i) None of our directors has any existing or proposed service contracts with our Group, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year of the date of this Abridged Prospectus.
- (ii) Save as disclosed in this Abridged Prospectus, the financial condition and operations of our Group are not affected by the following:-
  - (a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of our Group;
  - (b) material commitment for capital expenditure of our Group;

**ADDITIONAL INFORMATION (Cont'd)**

- (c) unusual, infrequent events or transactions or any significant economic changes which materially affected the amount of reported income from our operations; and
  - (d) known trends or uncertainties which have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on our revenue or operating income.
- (iii) Save as disclosed in Section 7 of this Abridged Prospectus, there is no material information, including any special trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group.

**6. CONSENTS**

- 6.1 The Principal Adviser and Managing Underwriter, Joint Underwriters, Sub-Underwriters, Principal Bankers, Legal Adviser for the Rights Issue, Share Registrar and Bloomberg Finance L.P. have given and have not subsequently withdrawn their written consents for the inclusion of their names and all references thereto, as the case may be, in the form and context in which they so appear in this Abridged Prospectus.
- 6.2 The Auditors and Reporting Accountants for the Rights Issue, has given and has not subsequently withdrawn its written consent for the inclusion of its name, letters relating to the proforma consolidated statements of financial position of our Company and RHB Bank as at 31 December 2014, the auditors' report on the consolidated financial statements of our Company for the FYE 31 December 2014 and all references thereto, as the case may be, in the form and context in which they so appear in this Abridged Prospectus.

**7. CONFLICT OF INTEREST**

RHB Investment Bank is our wholly-owned subsidiary and is deemed to be a related corporation. Our Directors, namely Dato' Mohamed Khadar Merican, Datuk Seri Saw Choo Boon and Mohamed Ali Ismaeil Ali AlFahim are also Directors of RHB Investment Bank. Notwithstanding this, RHB Investment Bank is of the view that the relationship does not give rise to a conflict of interest situation in its capacity as the Principal Adviser, Managing Underwriter and Joint Underwriter in relation to the Rights Issue premised on the following:-

- (i) RHB Investment Bank is a licensed financial institution and its appointment as the Principal Adviser, Managing Underwriter and Joint Underwriter is in its ordinary course of business;
- (ii) The conduct of RHB Investment Bank is strictly regulated by the FSA, the CMSA and its own internal controls, policies and procedures; and
- (iii) Save for the professional fees and underwriting fees charged in relation to its role as Principal Adviser, Managing Underwriter and Joint Underwriter, RHB Investment Bank will not derive any other monetary benefit from the Rights Issue.

Save as disclosed above, RHB Investment Bank is not aware of any other circumstance that would give rise to a conflict of interest situation in its capacity as the Principal Adviser, Managing Underwriter and Joint Underwriter in relation to the Rights Issue.

**ADDITIONAL INFORMATION (Cont'd)****8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at our registered office at Level 9, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur, during normal business hours from Monday to Friday (except public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:-

- (i) the M&A of RHB Capital;
- (ii) the certified true copy of the extract of the ordinary resolution in respect of the Rights Issue passed at our EGM held on 27 August 2015 as set out in Appendix I of this Abridged Prospectus;
- (iii) the proforma consolidated statements of financial position of our Company as at 31 December 2014 together with the Reporting Accountants' letter as set out in Appendix IV of this Abridged Prospectus;
- (iv) the proforma consolidated statements of financial position of RHB Bank as at 31 December 2014 together with the Reporting Accountants' letter as set out in Appendix V of this Abridged Prospectus;
- (v) the audited consolidated financial statements of our Company for the FYE 31 December 2013;
- (vi) the audited consolidated financial statements of our Company for the FYE 31 December 2014 as set out in Appendix VI;
- (vii) the audited consolidated financial statements of RHB Bank for the FYE 31 December 2013 and FYE 31 December 2014;
- (viii) the latest unaudited consolidated financial statements of our Company for the six (6) months FPE 30 June 2015 as set out in Appendix VII of this Abridged Prospectus;
- (ix) the Directors' Report as set out in Appendix VIII of this Abridged Prospectus;
- (x) the Undertakings referred to in Section 4.1 of this Abridged Prospectus;
- (xi) the material contracts referred to in Section 3 of this Appendix;
- (xii) the consent letters referred to in Section 6 of this Appendix; and
- (xiii) the relevant cause papers in respect of the material litigation, as referred to in Section 4 of this Appendix.

**9. RESPONSIBILITY STATEMENTS**

Your Board has seen and approved all the documentation relating to the Rights Issue including the Documents. 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 any statement in the Documents false or misleading.

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

**NOTICE OF PROVISIONAL ALLOTMENT OF RIGHTS SHARES**

TERMS DEFINED IN THE ABRIDGED PROSPECTUS DATED 23 NOVEMBER 2015 (“ABRIDGED PROSPECTUS”) SHALL HAVE THE SAME MEANINGS WHEN USED IN THIS NOTICE OF PROVISIONAL ALLOTMENT (“NPA”) UNLESS OTHERWISE STATED. 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 GOVERNED BY THE SICDA AND THE RULES OF BURSA DEPOSITORY.

THE RIGHTS SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (“U.S. SECURITIES ACT”) AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT (“REGULATION S”)) UNLESS THE RIGHTS SHARES ARE REGISTERED UNDER THE U.S. SECURITIES ACT OR AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT IS AVAILABLE. THE RIGHTS SHARES ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES IN RELIANCE ON REGULATION S.



(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 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 (“RIGHTS ISSUE”)

*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)

**To: Our Entitled Shareholders**

**Dear Sir/Madam,**

Your Board has provisionally allotted to you the number of Provisional Rights Shares as indicated below, in accordance with the approval of Bursa Securities vide its letter dated 30 July 2015 and the ordinary resolution passed by our shareholders at the EGM held on 27 August 2015 in relation to the Rights Issue.

We wish to advise that the following number of Provisional Rights Shares in respect of the Rights Issue have been confirmed by Bursa Depository and upon acceptance will be credited into your CDS Account subject to the terms and conditions stated in the Abridged Prospectus and the RSF issued by our Company.

The Provisional Rights Shares are made subject to the provisions in the Abridged Prospectus issued by our Company. Bursa Securities has already prescribed the securities of our Company listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Provisional Rights Shares are prescribed securities and as such, all dealings in the Provisional Rights Shares will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository.

**ALL THE RIGHTS SHARES TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS SHARES INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEE(S)/TRANSFeree(S) (IF APPLICABLE). NO PHYSICAL SHARE CERTIFICATES WILL BE ISSUED.**

Subject always to the other shareholding limits (as set out in Section 11.10 of the 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 renounees/transferees (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 renounee(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 (ii) to (iv) above.

NAME, ADDRESS AND CDS ACCOUNT NUMBER OF ENTITLED SHAREHOLDER

NUMBER OF SHARES HELD AS AT 5.00 P.M. ON 23 NOVEMBER 2015	NUMBER OF PROVISIONAL RIGHTS SHARES ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE AT RM4.82 PER RIGHTS SHARE (RM)

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 transfer of the Provisional Rights Shares .....	Thursday, 3 December 2015 at 4.00 p.m.
Last date and time for acceptance 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.

**BY ORDER OF THE BOARD**

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

Share Registrar  
**SYMPHONY SHARE REGISTRARS SDN BHD (Company No. 378993-D)**  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 603-7849 0777  
Fax: 603-7841 8151 / 8152

**RIGHTS SUBSCRIPTION FORM**

TERMS DEFINED IN THE ABRIDGED PROSPECTUS DATED 23 NOVEMBER 2015 ("ABRIDGED PROSPECTUS") SHALL HAVE THE SAME MEANINGS WHEN USED IN THIS RIGHTS SUBSCRIPTION FORM ("RSF") AND THE NOTES AND INSTRUCTIONS FOR COMPLETING THIS RSF. THIS RSF IS ISSUED FOR THE PURPOSE OF ACCEPTING THE PROVISIONAL RIGHTS SHARES AND/OR APPLYING FOR EXCESS RIGHTS SHARES PURSUANT TO THE RIGHTS ISSUE OF RHB CAPITAL BERHAD ("RHB CAPITAL" OR "COMPANY"). THE LAST TIME AND DATE FOR ACCEPTANCE, PAYMENT AND APPLICATION FOR EXCESS RIGHTS SHARES IS 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, BUT NOT LESS THAN TWO (2) MARKET DAYS BEFORE SUCH STIPULATED DATE AND TIME. THIS RSF IS ONLY APPLICABLE TO PERSONS WHO HAVE PROVISIONAL RIGHTS SHARES STANDING TO THE CREDIT OF HIS/HER CDS ACCOUNT.



(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 ("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 ("RIGHTS ISSUE")

NAME AND ADDRESS OF APPLICANT  
(in block letters as per  
Bursa Depository's Record)

--

NRIC NO./ PASSPORT NO.  
(STATE COUNTRY)/COMPANY NO.

--

CDS ACCOUNT NO.

			-			-													
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NUMBER OF SHARES HELD AS AT 5.00 P.M. ON 23 NOVEMBER 2015	NUMBER OF PROVISIONAL RIGHTS SHARES ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE AT RM4.82 PER RIGHTS SHARE (RM)

*Note: If you have subsequently purchased additional Provisional Rights Shares from the open market, you should indicate your acceptance of the total Provisional Rights Shares that you have standing to the credit in your CDS Account under Part I(A) of this RSF.*

**PART I - ACCEPTANCE OF THE PROVISIONAL RIGHTS SHARES AND APPLICATION FOR THE EXCESS RIGHTS SHARES**

In accordance with the terms of this RSF and the Abridged Prospectus, I / we\* hereby irrevocably:-

- (i) \*accept the number of Provisional Rights Shares as stated below;
- (ii) \*apply for the number of Excess Rights Shares as stated below in addition to the above;

in accordance with and subject to the Memorandum and Articles of Association of RHB Capital.

I / We\* enclose herewith the appropriate remittance(s) for the payment stated below, in favour of the respective account stated below and crossed "ACCOUNT PAYEE ONLY", being the full and exact amount payable for the said number of Provisional Rights Shares accepted and/or Excess Rights Shares applied for, and hereby request for the said Provisional Rights Shares and/or Excess Rights Shares to be credited into my / our\* valid and subsisting CDS Account as stated above:-

NUMBER OF PROVISIONAL RIGHTS SHARES ACCEPTED / EXCESS RIGHTS SHARES APPLIED	AMOUNT PAYABLE BASED ON RM4.82 PER RIGHTS SHARE (RM)	BANKER'S DRAFT / CASHIER'S ORDER / MONEY ORDER / POSTAL ORDER NO.	PAYABLE TO
(A) ACCEPTANCE			RHBC RIGHTS ISSUE ACCOUNT
(B) EXCESS			RHBC EXCESS RIGHTS ISSUE ACCOUNT

**PART II – DECLARATION**

I / We\* hereby confirm and declare that:-

- (i) I / We\* have received the Abridged Prospectus, the NPA and RSF at a Malaysian address and I / we\* hereby accept the Rights Shares / and apply for the Excess Rights Shares\* in Malaysia.
- (ii) All information provided by me / us\* is true and correct;
- (iii) All information is identical with the information in the records of Bursa Depository and further agree and confirm that in the event the said information differs from Bursa Depository's record as mentioned earlier, the exercise of my / our\* rights may be rejected; and
  - I am 18 years of age or over and not an undischarged bankrupt.
  - I am / We are\* resident(s) of Malaysia
  - I am / We are\* resident(s) of ..... (country) and having ..... citizenship.
  - I am / We are\* nominee(s) of a person who is a Bumiputera / Non-Bumiputera / Non-Citizen\* resident in .....(country) and having..... citizenship.
  - I / We\* consent to RHB Capital and the Share Registrar of RHB Capital collecting the information and personal data (collectively "Data") required herein, to process and disclose such Data to any person for the purposes of implementing the Rights Issue and storing such Data in any servers located in Malaysia or outside Malaysia in accordance with the relevant laws and regulations.
- (iv) My / our\* acceptance of the Rights Shares / and application for the Excess Rights Shares\* as stated above does not and will not constitute a breach of any restriction on my / our\* holding of RHB Capital Shares as a result of any of my / our\* contractual obligation, 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.

I / We\* have read and understood and hereby accept all the terms and conditions set out in this RSF and the Abridged Prospectus and further confirm compliance with all requirements for acceptance as set out therein.



\_\_\_\_\_ Date

\_\_\_\_\_  
Signature / Authorised Signatory(ies)  
(Corporate Bodies must affix their Common Seal)

\_\_\_\_\_ Contact Number (Office / Mobile)

<b>LAST DATE AND TIME FOR</b>	
Acceptance and payment for the Provisional Rights Shares .....	: Tuesday, 8 December 2015 at 5.00 p.m. ^
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.	

\* Please delete whichever is not applicable.

## NOTES AND INSTRUCTIONS FOR COMPLETION OF THIS RSF

**THIS RSF IS NOT A TRANSFERABLE OR NEGOTIABLE INSTRUMENT. IN ACCORDANCE WITH THE REQUIREMENTS OF THE CMSA, THIS RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THE ABRIDGED PROSPECTUS.**

**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. ALL ENQUIRIES CONCERNING THE RIGHTS ISSUE SHOULD BE ADDRESSED TO THE SHARE REGISTRAR OF THE COMPANY, SYMPHONY SHARE REGISTRARS SDN BHD, AT LEVEL 6, SYMPHONY HOUSE, PUSAT DAGANGAN DANA 1, JALAN PJU 1A/46, 47301 PETALING JAYA, SELANGOR DARUL EHSAN. INVESTORS SHOULD READ AND UNDERSTAND THE CONTENTS OF THE ABRIDGED PROSPECTUS TO WHICH THIS RSF RELATES TO BEFORE COMPLETING AND SIGNING THIS RSF.**

This RSF, together with the NPA and the Abridged Prospectus (collectively, the "Documents") are only despatched 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 will not be) issued, circulated, or distributed and the Rights Issue will not be made or offered or deemed to be made or offered for purchase or subscription, in any countries or jurisdictions other than Malaysia or to persons who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia. No action has been or will be taken to ensure that the Rights Issue or the Documents comply with the laws of any countries or jurisdictions other than the laws of Malaysia. The Rights Issue to which the Documents relate 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, custodian, nominees and trustees) must not, in connection with the Rights Issue distribute or send the Documents outside of Malaysia. It shall be the sole responsibility of the Entitled Shareholders and/or their renouneece(s)/transferee(s) (if applicable) who are or may be subject to the laws or jurisdictions of countries other than the laws of Malaysia to consult their legal advisers and/or professional advisers as to whether the acceptance, renunciation sale or transfer (as the case may be) of all or any part of their entitlements under the Rights Issue, would result in the contravention of any laws of such countries or jurisdictions. For further information, see "Laws of foreign countries or jurisdictions" as set out in Section 11.9 of the Abridged Prospectus. It is your responsibility to observe the laws of any relevant jurisdiction(s) and ensure that any arrangements that you make would not require notification, registration, filing, or any other action to be taken in such jurisdiction(s). By accepting and/or renouncing the Rights Shares, you will be deemed to have represented and warrant us to us that you are not in any jurisdiction in which it is unlawful for us to make or for you to accept any action to subscribe for Rights Shares or to use this RSF in any manner in which you have used or will use it.

Neither RHB Capital and other professional advisers shall accept any responsibility or liability and hereby disclaim any responsibility or liability in the event any acceptance and/or renunciation and/or transfer (as the case may be), application for excess or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares made by any of the Entitled Shareholder and/or their renouneece(s)/transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which the Entitled Shareholders and/or their renouneece(s)/transferee(s) (if applicable) are residents. Moreover, the Rights Shares have not been and will not be registered under the United States Securities Act of 1933, as amended ("U.S. Securities Act") and may not be offered or sold in the United States or to U.S. persons (as defined in Regulation S under the U.S. Securities Act ("Regulation S") unless the Rights Shares are registered under the U.S. Securities Act, or an exemption from the registration requirements of the U.S. Securities Act is available. The Rights Shares are being offered and sold only outside the United States in reliance on Regulation S.

A copy of the Abridged Prospectus has been registered with the SC. The registration of the 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 the Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents has also been lodged with the Registrar of Companies, who takes no responsibility for the contents of the Documents. In accordance with Section 232 of the CMSA, this RSF must not be circulated unless accompanied by a copy of the Abridged Prospectus. The Abridged Prospectus shall be valid for a period of twelve (12) months from 23 November 2015, being the date of issue of the Abridged Prospectus.

The approval from our shareholders for the Rights Issue was obtained at our EGM held 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 via 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 are 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 CDS Accounts of the Entitled Shareholders and/or their renouneece(s)/transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

The Documents, have been seen and approved by your Board and 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 the omission of which would make any statement in these Documents false or misleading.

The Provisional Rights Shares are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, the SICDA and the Rules of the Bursa Depository shall apply in respect of dealings of the Provisional Rights Shares.

Unless otherwise stated, the unit of currency used in this RSF is RM and sen. Terms defined in the Abridged Prospectus shall have the same meanings when used in these Documents, unless they are otherwise defined here or other context otherwise requires.

### INSTRUCTIONS:

#### (i) LAST TIME AND DATE FOR ACCEPTANCE AND PAYMENT

This RSF is valid for acceptance until 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 ("Closing Date").

If acceptance and payment(s) in the manner specified herein are not received by the Share Registrar by the Closing Date for any of the Provisional Rights Shares allotted to you, such Provisional Rights Shares shall be deemed to have been declined and will be cancelled. Such Provisional Rights Shares not taken up will be allotted to the applicants applying for Excess Rights Shares, and subsequently to the Joint Underwriters, if the Rights Shares are not fully taken up by such applicants in the manner as set out in the Abridged Prospectus and Note (iii) below.

#### (ii) FULL OR PART ACCEPTANCE OF THE RIGHTS SHARES

If you wish to accept the Provisional Rights Shares allotted to you either in full or in part, please complete Parts I(A) and II of this RSF and return this RSF, together with the appropriate remittance made in RM in the form of Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a Bank or Post Office in Malaysia and must be made payable to "RHB RIGHTS ISSUE ACCOUNT" and crossed "A/C PAYEE ONLY" and endorsed on the reverse side with your name and address in block letters and CDS Account number, for the full and exact amount payable for the Provisional Rights Shares accepted, to be received by the Share Registrar by the Closing Date. Cheques or any other mode of payments are not acceptable.

If acceptance and payment for the Provisional Rights Shares is not received by the Share Registrar by the Closing Date, such Provisional Rights Shares 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, first, to applicants applying for Excess Rights Shares in the manner as stated in Note (iii) below.

The remittance must be made for the full and exact amount payable for the Provisional Rights Shares accepted. Any excess or insufficient payment may be rejected at the absolute discretion of your Board. No acknowledgement will be issued. Proof of time of postage shall not constitute proof of receipt by the Share Registrar at the below mentioned address. However, if your application is successful, a notice of allotment will be despatched to you by ordinary post to the address stated in this RSF within eight (8) Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities. **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.**

If you wish to accept part of your Provisional Rights Shares, please complete Parts I(A) and II of this RSF by specifying the number of Provisional Rights Shares which you are accepting and deliver the completed RSF together with the relevant payment to the Share Registrar by the Closing Date.

You should note that all RSF and remittances lodged with the Share Registrar will be irrevocable and cannot be subsequently withdrawn. In respect of unsuccessful or partially accepted applications, the full and exact amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the Closing Date by ordinary post to the address stated in the 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.

#### (iii) APPLICATION FOR EXCESS RIGHTS SHARES

If you and/or your renouneece(s)/transferee(s) (if applicable) wish to apply for Excess Rights Shares in addition to those provisionally allotted to you and/or your renouneece(s)/transferee(s) (if applicable), please complete Part I(B) of this RSF (in addition to Parts I(A) and II) and forward this completed and signed RSF together with a **separate remittance** for the full and exact amount payable in respect of the Excess Rights Shares applied for to the Share Registrar. Payment for the Excess Rights Shares applied for should be made in the same manner described in Note (ii) above, with remittance in the form of Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a Bank or Post Office in Malaysia and made payable to "RHB EXCESS RIGHTS ISSUE ACCOUNT" and crossed "A/C PAYEE ONLY" and endorsed on the reverse side with your name and address in block letters and CDS Account number to be received by the Share Registrar by the Closing Date. No acknowledgement will be issued for the receipt of the Excess Rights Shares applications at the below mentioned address. However, a notice of allotment will be despatched to you by ordinary post to the address stated in this RSF within eight (8) Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities. **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.**

In respect of unsuccessful or partially successful Excess Rights Shares applications, the full and exact amount or the surplus application monies (as the case may be) will be refunded without interest within fifteen (15) Market Days from the Closing Date by ordinary post to the address shown in the Record of Depositors provided by Bursa Depository (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.

Subject always to the other shareholding limits (as set out in Section 11.10 of the 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 renouneece(s)/transferee(s) (if applicable) who have applied for the Excess Rights Shares in the following order of priority:-

- firstly, to minimise the incidence of odd lots;
- 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;
- 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
- lastly, on a pro-rata basis and in board lot to the renouneece(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 (b) to (d) above.

Nevertheless, your Board reserves the right to allot any Excess Rights Shares applied for in such manner as they deem 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 (a) to (d) 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 therefor.

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

#### FOR ORDINARY POST:-

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

#### (iv) SALE/TRANSFER OF THE PROVISIONAL RIGHTS SHARES

If you wish to sell/transfer all or part of your Provisional Rights Shares to your renouneece(s)/transferee(s) (if applicable), you may do so immediately through your stockbroker without first having to request the Company for a splitting of the Provisional Rights Shares standing to the credit of your CDS Account. To sell/transfer all or part of your Provisional Rights Shares, you may sell such entitlement of the Provisional Rights Shares on the open market of Bursa Securities or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository.

In selling/transferring all or part of your Provisional Rights Shares, you and/or your renouneece(s)/transferee(s) (if applicable) need not deliver any document, including this RSF, to the stockbroker. However, you and/or your renouneece(s)/transferee(s) (if applicable) must ensure that you have sufficient Provisional Rights Shares standing to the credit of your CDS Account for settlement of the sale or transfer.

The purchaser(s)/renouneece(s)/transferee(s) may obtain a copy of the Abridged Prospectus and this RSF for the acceptance of his/her/their rights from his/her/their stockbroker, the Share Registrar's office or Bursa Securities' website at <http://www.bursamalaysia.com>.

If you have sold only part of the Provisional Rights Shares, you may still accept the balance of your Provisional Rights Shares by completing Parts I(A) and II of this RSF.

#### (v) GENERAL INSTRUCTIONS

- All applicants must sign on the front page of this RSF. All corporate bodies must affix their Common Seals.
- Malaysian Revenue Stamp (NOT POSTAGE STAMP) of Ringgit Malaysia Ten (RM10.00) must be affixed on this RSF.
- Rights Shares subscribed by the Entitled Shareholders and/or their renouneece(s)/transferee(s) will be credited into their respective CDS Accounts as shown in the Bursa Depository's Record of Depositors.
- Any interest or other benefit accruing on or arising from or in connection with any application monies shall be for the benefit of RHB Capital and RHB Capital shall not be under any obligation to account for such interest or other benefit to you.
- The contract arising from the acceptance of the Provisional Rights Shares by you shall be governed by and construed in accordance with the laws of Malaysia, and you shall be deemed to have irrevocably and unconditionally submitted to the exclusive jurisdiction of the courts of Malaysia in respect of any matter in connection with this RSF and the contract.
- Our Company reserves the right to accept or reject any acceptance and/or application if the instructions hereinabove stated are not strictly adhered to.
- The Entitled Shareholders and/or their renouneece(s)/transferee(s) (if applicable) should note that this RSF and remittances so lodged with the Share Registrar shall be irrevocable and may not subsequently be withdrawn.