



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

**RHB CAPITAL BERHAD (312952 – H)
 INTERIM FINANCIAL STATEMENTS
 AUDITED INCOME STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	Note	4th quarter ended		Twelve months ended	
		31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Group					
Interest income	A8	1,964,072	1,758,796	7,469,699	6,900,918
Interest expense	A9	(1,158,519)	(893,753)	(4,178,367)	(3,626,432)
Net interest income		805,553	865,043	3,291,332	3,274,486
Other operating income	A10	670,601	591,900	2,211,396	2,085,405
		1,476,154	1,456,943	5,502,728	5,359,891
Net income from Islamic Banking business		200,632	161,816	732,151	590,872
Net income		1,676,786	1,618,759	6,234,879	5,950,763
Other operating expenses	A11	(987,032)	(820,919)	(3,411,168)	(3,052,161)
Operating profit before allowances		689,754	797,840	2,823,711	2,898,602
Allowance for impairment on loans, financing and other losses	A12	(40,470)	(118,661)	(206,242)	(447,961)
Impairment losses written back/(made) on other assets		(5,876)	3,860	117,309	18,904
		643,408	683,039	2,734,778	2,469,545
Share of results of associates		-	2	(105)	795
Share of results of joint ventures		178	14	380	427
Profit before taxation		643,586	683,055	2,735,053	2,470,767
Taxation	B5	(144,616)	(187,306)	(671,589)	(627,229)
Net profit for the financial period/year		498,970	495,749	2,063,464	1,843,538
Attributable to:					
- Equity holders of the Company		486,191	504,517	2,038,000	1,831,190
- Non-controlling interests		12,779	(8,768)	25,464	12,348
		498,970	495,749	2,063,464	1,843,538
Earnings per share (sen)					
- Basic	B12	18.9	19.9	79.7	72.9
- Diluted	B12	18.9	19.9	79.7	72.9

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.



**RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	4th quarter ended		Twelve months ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period/year	498,970	495,749	2,063,464	1,843,538
Other comprehensive income/(loss) in respect of:				
(i) Items that will not be reclassified to profit or loss:				
- Actuarial gain on defined benefit plan of subsidiaries	43	-	1,290	-
(ii) Items that will be reclassified subsequently to profit or loss:				
- Currency translation differences	169,778	(21,289)	160,170	86,434
- Unrealised net gain/(loss) on revaluation of financial investments available-for-sale ('AFS')	(29,293)	(73,930)	115,900	(107,840)
- Net transfer to income statements on disposal or impairment of financial investments AFS	(38,691)	5,990	(43,854)	(34,856)
Income tax relating to components of other comprehensive (income)/loss	21,944	17,500	(15,578)	36,302
Other comprehensive income/(loss), net of tax, for the financial period/year	123,781	(71,729)	217,928	(19,960)
Total comprehensive income for the financial period/year	622,751	424,020	2,281,392	1,823,578
Total comprehensive income attributable to:				
- Equity holders of the Company	614,498	430,270	2,266,152	1,800,926
- Non-controlling interests	8,253	(6,250)	15,240	22,652
	622,751	424,020	2,281,392	1,823,578

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.



**RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
AUDITED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	Note	4th quarter ended		Twelve months ended	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
		RM'000	RM'000	RM'000	RM'000
<u>Company</u>					
Interest income	A8	103	433	6,694	2,006
Interest expense	A9	(33,794)	(31,638)	(128,154)	(130,883)
Net interest expense		(33,691)	(31,205)	(121,460)	(128,877)
Other operating income	A10	175,280	169,710	179,092	502,324
Net income		141,589	138,505	57,632	373,447
Other operating expenses	A11	(12,514)	(7,740)	(28,152)	(51,491)
Operating profit before allowances		129,075	130,765	29,480	321,956
Impairment losses written back on other assets		2,828	-	2,828	-
Profit before taxation		131,903	130,765	32,308	321,956
Taxation	B5	(614)	(4,783)	(986)	(15,298)
Net profit for the financial period/year		131,289	125,982	31,322	306,658

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.



**RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	4th quarter ended		Twelve months ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	RM'000	RM'000	RM'000	RM'000
<u>Company</u>				
Net profit for the financial period/year	131,289	125,982	31,322	306,658
Other comprehensive income, net of tax, for the financial period/year	-	-	-	-
Total comprehensive income for the financial period/year	131,289	125,982	31,322	306,658

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.



**RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	Note	As at 31 December 2014 RM'000	As at 31 December 2013 RM'000
Group			
ASSETS			
Cash and short term funds		16,236,908	9,998,667
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 held-for-trading ('HFT')	A13	2,930,681	4,037,728
Financial investments available-for-sale ('AFS')	A14	19,602,176	16,930,513
Financial investments held-to-maturity ('HTM')	A15	20,469,831	22,778,009
Loans, advances and financing	A16	140,693,003	119,542,545
Clients' and brokers' balances		1,525,147	2,573,583
Reinsurance assets		332,113	260,952
Other assets	A17	1,541,989	887,824
Derivative assets	B8	1,285,230	459,033
Statutory deposits		5,421,007	4,171,462
Tax recoverable		162,181	148,677
Deferred tax assets		38,465	31,225
Investments in associates and joint ventures		21,021	20,949
Property, plant and equipment		1,030,681	1,020,481
Goodwill and intangible assets		5,273,905	5,237,470
TOTAL ASSETS		219,354,436	191,089,907
LIABILITIES AND EQUITY			
Deposits from customers	A18/B7(a)	157,133,993	137,741,241
Deposits and placements of banks and other financial institutions	A19/B7(a)	21,349,618	16,998,355
Obligations on securities sold under repurchase agreements		508,416	566,621
Obligations on securities borrowed		113,780	31,734
Bills and acceptances payable		614,031	2,076,481
Clients' and brokers' balances		1,214,065	2,315,810
General insurance contract liabilities		775,699	662,211
Other liabilities	A20	1,714,098	1,326,737
Derivative liabilities	B8	1,224,684	348,063
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		3,315,335	2,269,353
Tax liabilities		57,321	29,767
Deferred tax liabilities		53,041	51,814
Borrowings and senior debt securities	B7(b)	5,685,352	4,546,825
Subordinated obligations	B7(c)	6,099,402	4,580,967
Hybrid Tier-1 Capital Securities	B7(d)	601,515	601,201
TOTAL LIABILITIES		200,460,350	174,147,180
Share capital		2,572,457	2,546,910
Reserves		16,221,840	14,192,161
		18,794,297	16,739,071
Non-controlling interests ('NCI')		99,789	203,656
TOTAL EQUITY		18,894,086	16,942,727
TOTAL LIABILITIES AND EQUITY		219,354,436	191,089,907
COMMITMENTS AND CONTINGENCIES	A25(a)	133,504,271	100,232,255
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)		7.31	6.57

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.



**RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	Note	As at 31 December 2014 RM'000	As at 31 December 2013 RM'000
Company			
ASSETS			
Cash and short term funds		24,940	16,973
Deposits and placements with banks and other financial institutions		1,017	983
Other assets	A17	3,637	118,478
Amounts due from subsidiaries		93	800
Tax recoverable		94,219	93,933
Deferred tax assets		-	1,181
Investments in subsidiaries		11,042,345	10,801,052
Property, plant and equipment		322	326
TOTAL ASSETS		11,166,573	11,033,726
LIABILITIES AND EQUITY			
Other liabilities	A20	12,340	6,244
Amounts due to subsidiaries		1,799	8,960
Deferred tax liabilities		20	-
Borrowings	B7(b)	3,111,433	2,936,600
Total liabilities		3,125,592	2,951,804
Share capital		2,572,457	2,546,910
Reserves		5,468,524	5,535,012
TOTAL EQUITY		8,040,981	8,081,922
TOTAL LIABILITIES AND EQUITY		11,166,573	11,033,726

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.



**RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	Attributable to equity holders of the Company							Non-controlling Interests	Total Equity	
	Share Capital	Share Premium	Statutory Reserve	Other Reserves	AFS Reserves	Translation Reserves	Retained Profits			Sub-total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Group										
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 year	-	-	-	-	-	-	2,038,000	2,038,000	25,464	2,063,464
Currency translation differences	-	-	-	-	-	157,965	-	157,965	2,205	160,170
Financial investments AFS										
- Unrealised net gain/(loss) on revaluation	-	-	-	-	115,977	-	-	115,977	(77)	115,900
- Net transfer to income statements on disposal or impairment	-	-	-	-	(28,960)	-	-	(28,960)	(14,894)	(43,854)
Actuarial gain on defined benefit plan of subsidiaries	-	-	-	-	-	-	1,276	1,276	14	1,290
Income tax relating to components of other comprehensive (income)/loss	-	-	-	-	(17,787)	-	(319)	(18,106)	2,528	(15,578)
Other comprehensive income/(loss), net of tax, for the financial year	-	-	-	-	69,230	157,965	957	228,152	(10,224)	217,928
Total comprehensive income for the financial year	-	-	-	-	69,230	157,965	2,038,957	2,266,152	15,240	2,281,392
Transfer to statutory reserve	-	-	240,152	-	-	-	(240,152)	-	-	-
Dividends paid	-	-	-	-	-	-	(262,332)	(262,332)	(993)	(263,325)
Shares issued pursuant to Dividend Reinvestment Plan ('DRP')	25,547	164,522	-	-	-	-	-	190,069	-	190,069
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	51,044	51,044
Dilution of interest in subsidiaries	-	-	-	-	-	-	-	-	21,389	21,389
Acquisition of additional interests from NCI	-	-	-	-	-	19,450	(158,113)	(138,663)	(190,547)	(329,210)
Disposal of a subsidiary	-	-	-	-	-	1,708	(1,708)	-	-	-
Balance as at 31 December 2014	2,572,457	5,053,063	3,817,799	28,196	191,619	191,334	6,939,829	18,794,297	99,789	18,894,086

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.



**RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	← Attributable to equity holders of the Company →							Non- controlling Interests	Total Equity	
	Share Capital	Share Premium	Statutory Reserve	Other Reserves	AFS Reserves	Translation Reserves	Retained Profits			Sub-total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Group										
Balance as at 1 January 2013	2,494,208	4,548,602	3,494,397	28,196	234,337	(69,473)	4,386,948	15,117,215	223,265	15,340,480
Net profit for the financial year	-	-	-	-	-	-	1,831,190	1,831,190	12,348	1,843,538
Currency translation differences	-	-	-	-	-	81,684	-	81,684	4,750	86,434
Financial investments AFS										
- Unrealised net (loss)/gain on revaluation	-	-	-	-	(113,372)	-	-	(113,372)	5,532	(107,840)
- Net transfer to income statements on disposal or impairment	-	-	-	-	(34,856)	-	-	(34,856)	-	(34,856)
Income tax relating to components of other comprehensive loss	-	-	-	-	36,280	-	-	36,280	22	36,302
Other comprehensive (loss)/income, net of tax, for the financial year	-	-	-	-	(111,948)	81,684	-	(30,264)	10,304	(19,960)
Total comprehensive (loss)/income for the financial year	-	-	-	-	(111,948)	81,684	1,831,190	1,800,926	22,652	1,823,578
Transfer to statutory reserve	-	-	83,250	-	-	-	(83,250)	-	-	-
Dividends paid	-	-	-	-	-	-	(553,200)	(553,200)	(10,442)	(563,642)
Shares issued pursuant to DRP	52,702	339,939	-	-	-	-	-	392,641	-	392,641
Accretion on deemed disposal of interest in an associate	-	-	-	-	-	-	(748)	(748)	-	(748)
Acquisition of additional interests by NCI	-	-	-	-	-	-	-	-	431	431
Acquisition of additional interests from NCI	-	-	-	-	-	-	(17,763)	(17,763)	(32,250)	(50,013)
Balance as at 31 December 2013	2,546,910	4,888,541	3,577,647	28,196	122,389	12,211	5,563,177	16,739,071	203,656	16,942,727

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.



**RHB CAPITAL BERHAD (312952 – H)
 INTERIM FINANCIAL STATEMENTS
 AUDITED STATEMENT OF CHANGES IN EQUITY
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	<u>Share Capital</u> RM'000	<u>Non- distributable Share Premium</u> RM'000	<u>Distributable Retained Profits</u> RM'000	<u>Total</u> RM'000
<u>Company</u>				
Balance as at 1 January 2014	2,546,910	4,888,541	646,471	8,081,922
Net profit for the financial year	-	-	31,322	31,322
Dividends paid	-	-	(262,332)	(262,332)
Shares issued pursuant to DRP	25,547	164,522	-	190,069
Balance as at 31 December 2014	<u>2,572,457</u>	<u>5,053,063</u>	<u>415,461</u>	<u>8,040,981</u>
Balance as at 1 January 2013	2,494,208	4,548,602	893,013	7,935,823
Net profit for the financial year	-	-	306,658	306,658
Dividends paid	-	-	(553,200)	(553,200)
Shares issued pursuant to DRP	52,702	339,939	-	392,641
Balance as at 31 December 2013	<u>2,546,910</u>	<u>4,888,541</u>	<u>646,471</u>	<u>8,081,922</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.



RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
AUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Twelve months ended	
	31 December 2014	31 December 2013
	RM'000	RM'000
Group		
Cash flows from operating activities		
Profit before taxation	2,735,053	2,470,767
Adjustments for:		
Allowance for impairment on loans, financing and other losses	583,281	778,569
Property, plant and equipment		
- Depreciation	115,282	113,475
- Gain on disposal	(17,686)	(316)
- Written off	403	459
- Impairment losses written back	(1,252)	-
Intangible assets		
- Amortisation	67,720	56,133
- Written off	99	219
- Impairment losses made	3,321	-
Net impairment written back on financial investments AFS and HTM	(119,378)	(18,445)
Share of results of associates and joint ventures	(275)	(1,222)
Net gain arising from sale/early redemption of financial assets HFT, financial investments AFS and HTM	(135,637)	(152,881)
Net gain on fair value hedges	(2,374)	(692)
Net unrealised loss/(gain) on revaluation of financial assets HFT and derivatives	84,477	(164,825)
Net unrealised foreign exchange gain	(37,055)	(113,459)
Gross dividend income from financial assets HFT, financial investments AFS and HTM	(35,452)	(28,560)
Accretion of discount for borrowings and subordinated obligations	916	2,193
Net gain on disposal of an associate	(8,202)	(8,737)
Net loss on disposal of a subsidiary	247	-
Other non-cash items	(1,556,915)	(1,338,376)
Operating profit before working capital changes	<u>1,676,573</u>	<u>1,594,302</u>
(Increase)/decrease in operating assets:		
Securities purchased under resale agreements	(270,285)	516,490
Deposits and placements with banks and other financial institutions	476,503	865,441
Financial assets HFT	1,266,449	(1,194,063)
Loans, advances and financing	(21,531,456)	(10,807,844)
Clients' and brokers' balances	1,048,436	413,295
Other assets	(792,907)	(25,119)
Statutory deposits	(1,241,341)	(276,815)
	<u>(21,044,601)</u>	<u>(10,508,615)</u>
Increase/(decrease) in operating liabilities:		
Deposits from customers	19,155,751	(761,366)
Deposits and placements of banks and other financial institutions	4,282,655	3,482,050
Obligations on securities sold under repurchase agreements	(61,560)	326,611
Obligations on securities borrowed	81,803	(88,171)
Bills and acceptances payable	(1,462,506)	(1,561,118)
Clients' and brokers' balances	(1,101,745)	(415,885)
Other liabilities	622,452	284,836
Recourse obligation on loans sold to Cagamas	1,045,982	(176,008)
	<u>22,562,832</u>	<u>1,090,949</u>
Cash generated from/(used in) operations	3,194,804	(7,823,364)
Net tax paid	(680,200)	(748,052)
Net cash generated from/(used in) operating activities	<u>2,514,604</u>	<u>(8,571,416)</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.



**RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
AUDITED CONDENSED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	Twelve months ended	
	31 December 2014	31 December 2013
	RM'000	RM'000
Group		
Cash flows from investing activities		
Net disposal/(purchase) of financial investments AFS and HTM	7,628	(5,319,234)
Property, plant and equipment:		
- Purchase	(125,644)	(80,261)
- Proceeds from disposal	27,543	1,029
Purchase of intangible assets	(110,859)	(73,199)
Financial investments AFS and HTM:		
- Interest received	1,320,148	1,009,743
- Investment income received	216,565	149,403
Refund of Bank Mestika deposits	112,515	-
Dividend income received from financial assets HFT and financial investments AFS	26,926	28,199
Acquisition of additional interests from NCI	(329,210)	(50,013)
Net cash inflow from disposal of an associate	9,070	26,201
Net cash inflow from disposal of a subsidiary	265	-
Net cash inflow from acquisition of a subsidiary	1,520	-
Net cash generated from/(used in) investing activities	<u>1,156,467</u>	<u>(4,308,132)</u>
Cash flows from financing activities		
Proceeds from issuance of USD senior notes	1,048,950	-
Proceeds from issuance of subordinated notes	1,000,000	-
Repayment of subordinated notes	-	(160,485)
Proceeds from issuance of Subordinated Sukuk Murabahah	500,000	-
Drawdown of borrowings	686,483	717,530
Repayment of borrowings	(740,061)	(1,518,369)
Proceeds from shares issued pursuant to DRP	190,069	392,641
Dividends paid to equity holders of the Company	(262,332)	(553,200)
Dividends paid to NCI	(993)	(10,442)
Net cash generated from/(used in) financing activities	<u>2,422,116</u>	<u>(1,132,325)</u>
Net increase/(decrease) in cash and cash equivalents	6,093,187	(14,011,873)
Effects of exchange rate differences	145,054	36,590
Cash and cash equivalents:		
- at the beginning of the financial year	9,998,667	23,973,950
- at the end of the financial year	<u>16,236,908</u>	<u>9,998,667</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>16,236,908</u>	<u>9,998,667</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.



RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
AUDITED CONDENSED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Twelve months ended	
	31 December 2014	31 December 2013
	RM'000	RM'000
Company		
Cash flows from operating activities		
Profit before taxation	32,308	321,956
Adjustments for:		
Interest expense	128,154	130,883
Unrealised foreign exchange loss	-	506
Property, plant and equipment		
- Depreciation	216	247
- Gain on disposal	-	(2)
Dividend income	(206,956)	(473,149)
Interest income	(6,694)	(2,006)
Impairment losses written back on other assets	(2,828)	-
Operating loss before working capital changes	(55,800)	(21,565)
Increase in deposits and placements with banks and other financial institutions	(34)	(20)
(Increase)/decrease in inter-company balances	(699)	2,161
Decrease in other assets	2,762	32,320
Increase/(decrease) in other liabilities	6,096	(55,215)
Cash used in operations	(47,675)	(42,319)
Net tax (paid)/refunded	(71)	23,312
Net cash used in operating activities	(47,746)	(19,007)
Cash flows from investing activities		
Dividend income received from subsidiaries	206,956	443,232
Interest income received	6,687	5,040
Purchase of property, plant and equipment	(212)	(87)
Refund of Bank Mestika deposits	112,515	-
Increase in investments in subsidiaries	(265,610)	-
Proceeds from disposal of investment in a subsidiary	-	7,964
Proceeds from disposal of property, plant and equipment	-	2
Net cash generated from investing activities	60,336	456,151
Cash flows from financing activities		
Drawdown of borrowings	969,000	1,225,650
Repayment of borrowings	(760,000)	(1,411,300)
Advances from a subsidiary	21,411	-
Interest expense paid	(162,771)	(110,139)
Dividends paid to equity holders of the Company	(262,332)	(553,200)
Proceeds from shares issued pursuant to DRP	190,069	392,641
Net cash used in financing activities	(4,623)	(456,348)
Net increase/(decrease) in cash and cash equivalents	7,967	(19,204)
Cash and cash equivalents:		
- at the beginning of the financial year	16,973	36,177
- at the end of the financial year	24,940	16,973
Cash and cash equivalents comprise the following:		
- Cash and short term funds	24,940	16,973

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.



**RHB CAPITAL BERHAD (312952 – H)
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A1. Basis of Preparation

The interim financial statements are audited 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 2013.

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 2013, except for the adoption of the following relevant accounting standards, amendments to published standards and interpretations to existing accounting standards which are effective from 1 January 2014:

Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities
Amendments to MFR 132	Offsetting Financial Assets and Financial Liabilities
Amendments to MFR 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

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

A2. Auditors' Report

The auditors' report for the financial year ended 31 December 2013 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 financial year ended 31 December 2014.

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 financial year ended 31 December 2014.

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 financial year ended 31 December 2014, other than as disclosed below:

(a) Changes in equity securities

- (i) The Company has 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 [as disclosed in Note B6(a)] relating to the single-tier final dividend of 10.30% in respect of the financial year ended 31 December 2013, on 23 July 2014.

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

(b) Changes in debt securities

- (i) On 15 May 2014, RHB Islamic Bank Berhad ('RHB Islamic Bank') issued RM500 million nominal value of Subordinated Sukuk Murabahah under a RM1.0 billion Subordinated Sukuk Programme as disclosed in Note B6(c).
- (ii) On 8 July 2014, RHB Bank Berhad ('RHB Bank') issued RM1 billion nominal value of subordinated notes ('Subordinated Notes') under a RM3.0 billion Medium Term Note Programme. The Subordinated Notes are issued for a tenure of 10 non-callable 5 years with a fixed coupon rate of 4.99% per annum, payable semi-annually throughout the entire tenure.
- (iii) On 3 October 2014, RHB Bank issued USD300 million senior unsecured notes in nominal value under a USD5.0 billion Euro Medium Term Note Programme as disclosed in Note B6(d).

A7. Dividends Paid

During the financial year ended 31 December 2014, the Company paid a single-tier final dividend of 10.30% amounting to RM262.3 million in respect of the financial year ended 31 December 2013 on 23 July 2014. The reinvestment rate for the DRP was 72.47%.



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	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
A8. Interest Income				
Group				
Loans and advances	1,537,859	1,411,057	5,863,498	5,406,913
Money at call and deposits and placements with banks and other financial institutions	73,740	39,285	222,062	311,545
Securities purchased under resale agreements	126	674	268	3,891
Financial assets HFT	13,658	8,613	48,449	41,821
Financial investments AFS	152,120	125,178	572,043	462,231
Financial investments HTM	180,658	171,760	746,599	662,494
Others	5,911	2,229	16,780	12,023
	1,964,072	1,758,796	7,469,699	6,900,918
Of which:				
Interest income accrued on impaired financial assets	39,879	47,424	167,849	171,591
Company				
Money at call and deposits and placements with banks and other financial institutions	103	344	559	1,605
Others	-	89	6,135	401
	103	433	6,694	2,006
A9. Interest Expense				
Group				
Deposits and placements of banks and other financial institutions	123,518	79,678	430,515	294,271
Deposits from customers	875,406	689,224	3,186,110	2,792,028
Borrowings and senior debt securities	48,814	44,741	167,888	184,261
Subordinated obligations	67,443	42,303	235,886	212,684
Hybrid Tier-1 Capital Securities	11,371	11,365	45,102	45,078
Recourse obligation on loans sold to Cagamas	14,773	10,753	46,418	43,130
Others	17,194	15,689	66,448	54,980
	1,158,519	893,753	4,178,367	3,626,432
Company				
Borrowings	33,794	31,638	128,154	130,883



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	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income				
Group				
Fee income				
- Service charges and fees	50,152	117,443	235,220	281,671
- Commission	51,708	53,037	169,780	150,461
- Guarantee fees	13,270	16,165	66,636	48,707
- Commitment fees	14,537	12,428	56,381	48,944
- Net brokerage income	91,894	78,666	362,875	371,695
- Fund management fees	34,292	25,991	114,532	97,310
- Unit trust fee income	9,561	14,761	45,849	80,834
- Corporate advisory fees	107,965	5,425	161,611	35,161
- Underwriting and arrangement fees	32,152	59,106	105,628	131,512
- Other fee income	47,353	36,800	135,319	87,283
	452,884	419,822	1,453,831	1,333,578
Net gain/(loss) arising from financial assets HFT				
- Net gain/(loss) on disposal	(7,891)	8,203	62,558	27,415
- Unrealised net (loss)/gain on revaluation	(40,044)	14,535	(30,775)	8,130
- Gross dividend income	2,036	1,662	8,526	6,670
	(45,899)	24,400	40,309	42,215
Net gain/(loss) on revaluation of derivatives	(4,113)	(17,371)	6,982	18,713
Net gain/(loss) on fair value hedges	(1,105)	1,712	2,374	692
Net gain arising from financial investments AFS				
- Net gain/(loss) on disposal	46,396	(1,518)	50,851	106,360
- Gross dividend income	7,364	4,371	26,926	21,890
	53,760	2,853	77,777	128,250
Net gain arising from financial investments HTM				
- Net gain on early redemption	107	10,648	12,782	10,658



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	4th quarter ended		Twelve months ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income (continued)				
Other income				
- Net foreign exchange gain				
- Realised	38,020	78,426	325,069	219,623
- Unrealised	104,291	14,917	37,055	113,459
- Insurance underwriting surplus before management expenses	37,812	27,722	144,223	98,904
- Net gain on disposal of property, plant and equipment	17,207	25	17,686	316
- Rental income	119	865	1,489	3,712
- Net loss on disposal of a subsidiary	-	-	(247)	-
- Net gain on disposal of an associate	-	8,737	8,202	8,737
- Other operating income	15,634	13,580	76,434	67,908
- Other non-operating income	1,884	5,564	7,430	38,640
	214,967	149,836	617,341	551,299
	670,601	591,900	2,211,396	2,085,405
Company				
Gross dividend income from:				
- Subsidiaries	175,000	170,000	206,956	473,149
Other income				
- Net foreign exchange loss				
- Realised	176	-	(27,864)	-
- Unrealised	104	(290)	-	(506)
- Net gain on disposal of property, plant and equipment	-	-	-	2
- Other non-operating income	-	-	-	29,679
	280	(290)	(27,864)	29,175
	175,280	169,710	179,092	502,324



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	4th quarter ended		Twelve months ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses				
Group				
Personnel costs				
- Salaries, bonus, wages and allowances	470,020	351,625	1,627,368	1,393,200
- Defined contribution plan	60,611	50,478	223,598	196,681
- Other staff related costs	46,583	48,643	176,604	144,343
	577,214	450,746	2,027,570	1,734,224
Establishment costs				
- Property, plant and equipment				
- Depreciation	27,875	29,431	115,282	113,475
- Written off	253	-	403	459
- Intangible assets				
- Amortisation	18,254	23,177	67,720	56,133
- Written off	99.00	219	99	219
- Information technology expenses	41,391	35,530	159,349	145,116
- Repair and maintenance	8,544	10,714	37,780	40,843
- Security and escorting charges	15,895	13,770	52,031	46,579
- Rental of premises	35,927	33,977	144,911	136,990
- Water and electricity	9,676	7,813	38,183	33,436
- Rental of equipment	3,259	2,941	11,501	10,994
- Insurance	5,540	3,588	23,458	19,717
- Others	2,905	3,356	15,757	15,678
	169,618	164,516	666,474	619,639
Marketing expenses				
- Sales commission	60,248	25,302	139,243	118,934
- Advertisements and publicity	35,592	53,135	83,687	98,675
- Others	35,014	33,103	133,374	133,484
	130,854	111,540	356,304	351,093
Administration and general expenses				
- Communication expenses	42,247	45,372	153,874	158,365
- Legal and professional fee	28,294	8,750	62,153	40,304
- Others	38,805	39,995	144,793	148,536
	109,346	94,117	360,820	347,205
	987,032	820,919	3,411,168	3,052,161



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	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses (continued)				
<u>Company</u>				
Personnel costs				
- Salaries, bonus, wages and allowances	3,437	3,915	11,652	17,111
- Defined contribution plan	551	633	1,649	2,695
- Other staff related costs	8	534	239	1,664
	3,996	5,082	13,540	21,470
Establishment costs				
- Rental of premises	25	268	279	1,160
- Depreciation of property, plant and equipment	52	57	216	247
- Information technology expenses	1	(1)	5	10
- Repair and maintenance	30	54	82	150
- Security and escorting charges	-	14	10	44
- Rental of equipment	-	2	-	8
- Water and electricity	8	26	58	100
- Insurance	-	-	-	1
	116	420	650	1,720
Marketing expenses				
- Advertisements and publicity	6	57	1,239	1,717
- Others	14	53	120	276
	20	110	1,359	1,993
Administration and general expenses				
- Communication expenses	21	63	156	247
- Legal and professional fee	7,922	473	10,257	23,102
- Others	439	1,592	2,190	2,959
	8,382	2,128	12,603	26,308
	12,514	7,740	28,152	51,491

**A12. Allowance for Impairment on Loans,
 Financing and Other Losses**

Group

Allowance for impaired loans and financing

- Individual impairment allowance (written back)/made	15,358	123,794	(27,937)	297,254
- Collective impairment allowance made	141,594	32,818	405,898	194,069
Impaired loans and financing recovered	(158,724)	(117,695)	(377,039)	(330,608)
Bad debts written off	43,769	48,708	204,425	256,832
Allowance made for impairment on other debtors	(1,527)	31,036	895	30,414
	40,470	118,661	206,242	447,961



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	Group	
	As at 31 December 2014	As at 31 December 2013
	RM'000	RM'000
A13. Financial Assets Held-for-trading ('HFT')		
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian Government Securities	557,950	498,989
Malaysian Government Investment Issues	728,287	266,950
Bank Negara Malaysia ('BNM') Monetary Notes	-	1,151,172
Negotiable instruments of deposits	-	198,686
Cagamas bonds	6,968	-
Sukuk Perumahan Kerajaan ('SPK') bonds	20,116	-
Singapore Government Treasury Bills	502,281	466,438
Thailand Treasury Bills	-	6,372
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Shares, exchange traded funds and warrants	155,976	178,224
Unit trusts	56,483	3,323
Private debt securities	3,841	2,707
Outside Malaysia		
Shares, exchange traded funds and warrants	150,145	59,352
Unit trusts	82,994	34,008
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	424,192	816,024
Commercial paper	49,870	-
Outside Malaysia		
Private debt securities	17,588	355,483
Credit link notes	173,990	-
	2,930,681	4,037,728

Included in financial assets HFT are private debt securities outside Malaysia, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RMNil (2013: RM200,296,000).



**RHB CAPITAL BERHAD (312952 – H)
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A13. Financial Assets Held-for-trading (continued)

In 2008, the Group reclassified a portion of its financial assets HFT 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 31 December 2014 were as follows:

	Group	
	As at 31 December 2014	As at 31 December 2013
	RM'000	RM'000
<u>Carrying amount</u>		
Reclassified from financial assets HFT to financial investments AFS	29,823	31,214
Reclassified from financial assets HFT to financial investments HTM	21,140	19,786
	50,963	51,000
<u>Fair value</u>		
Reclassified from financial assets HFT to financial investments AFS	29,450	30,798
Reclassified from financial assets HFT to financial investments HTM	21,409	20,711
	50,859	51,509
Fair value (loss)/gain that would have been recognised if the financial assets HFT had not been reclassified	(104)	509



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	Group	
	As at 31 December 2014 RM'000	As at 31 December 2013 RM'000
A14. Financial Investments Available-for-sale ('AFS')		
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian Government Securities	1,168,982	1,051,413
Malaysian Government Investment Issues	2,413,705	2,078,025
Cagamas Bonds	176,532	130,468
Khazanah bonds	58,123	63,654
1 Malaysia Sukuk	330,256	318,010
Wakala Global Sukuk	84,587	153,099
Bankers' acceptances and Islamic acceptable bills	73,627	378,121
Negotiable instruments of deposits	649,516	403,558
Negotiable Islamic debts certificates	-	99,488
SPK bonds	125,034	114,212
Singapore Government Securities	161,233	136,433
Singapore Government Treasury Bills	409,666	272,185
Thailand Government bonds	120,895	96,341
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Corporate loan stocks	-	1,495
Shares and warrants	15,830	31,374
Unit trusts	12,976	5,571
Outside Malaysia		
Shares and warrants	1,800	1,332
Unit trusts	30,368	4,081
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private and Islamic debt securities	12,664,877	10,546,051
Shares and warrants	609,194	540,941
Corporate loan stocks	17,843	294,689
Prasarana bonds	35,185	19,816
Perpetual notes/Sukuk	286,084	286,149
Outside Malaysia		
Private and Islamic debt securities	442,042	360,082
Corporate loan stocks	2,151	2,093
Shares	396	34,375
	19,890,902	17,423,056
Accumulated impairment losses	(288,726)	(492,543)
	19,602,176	16,930,513

Included in financial investments AFS are private and Islamic debt securities, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM20,484,000 (2013: RM260,231,000).



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	Group	
	As at 31 December 2014	As at 31 December 2013
	RM'000	RM'000
A15. Financial Investments Held-to-maturity ('HTM')		
At amortised cost		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian Government Securities	2,343,015	2,639,090
Malaysian Government Investment Issues	5,710,589	6,833,778
Cagamas bonds	1,846,208	2,495,181
Khazanah bonds	101,835	79,176
Negotiable instruments of deposits	2,027,550	2,449,025
Bankers' acceptances and Islamic acceptable bills	-	33,634
Wakala Global Sukuk	249,958	234,800
SPK bonds	111,178	111,202
Singapore Government Securities	187,519	183,686
Thailand Government Securities	275,711	293,052
Sukuk (Brunei) Incorporation	39,689	38,897
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private and Islamic debt securities	6,868,950	6,679,142
Corporate loan stocks	70,171	43,292
Bonds	883	883
Prasarana bonds	810,498	822,555
Credit link notes	45,058	45,070
Outside Malaysia		
Private and Islamic debt securities	37,222	36,482
Credit link notes	17,891	33,581
	20,743,925	23,052,526
Accumulated impairment losses	(274,094)	(274,517)
	20,469,831	22,778,009

Included in financial investments HTM are private and Islamic debt securities, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM500,000,000 (2013: RM168,571,000).



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	Group	
	As at 31 December 2014	As at 31 December 2013
	RM'000	RM'000
A16. Loans, Advances and Financing		
At amortised cost		
Overdrafts	6,327,913	5,990,867
Term loans/financing		
- Housing loans/financing	31,988,629	25,375,496
- Syndicated term loans/financing	5,581,599	3,974,387
- Hire purchase receivables	13,348,197	13,052,001
- Lease receivables	33,706	70,174
- Other term loans/financing	66,671,673	55,620,652
Bills receivables	2,452,642	2,561,904
Trust receipts	626,381	523,804
Claims on customers under acceptance credits	3,662,085	4,327,803
Staff loans/financing	221,146	252,240
Credit/charge card receivables	1,994,710	2,004,163
Revolving credits/financing	9,577,509	7,999,405
Gross loans, advances and financing	<u>142,486,190</u>	<u>121,752,896</u>
Fair value changes arising from fair value hedges	(26,870)	(26,697)
	<u>142,459,320</u>	<u>121,726,199</u>
Allowance for impaired loans, advances and financing		
- Individual impairment allowance	(417,232)	(903,388)
- Collective impairment allowance	(1,349,085)	(1,280,266)
Net loans, advances and financing	<u><u>140,693,003</u></u>	<u><u>119,542,545</u></u>

Included in loans, advances and financing are housing loans, hire purchase receivables and other term loans/financing sold to Cagamas with recourse amounting to RM3,304,749,000 (2013: RM2,351,114,000).



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	Group	
	As at	As at
	31 December	31 December
	2014	2013
	RM'000	RM'000
A16. Loans, Advances and Financing (continued)		
(a) By type of customer		
Domestic non-bank financial institutions		
- Others	2,048,118	2,716,376
Domestic business enterprises		
- Small and medium enterprises	18,836,370	12,432,608
- Others	33,958,165	31,997,072
Government and statutory bodies	7,457,968	8,476,645
Individuals	64,275,120	55,093,448
Other domestic entities	124,840	126,933
Foreign entities	15,785,609	10,909,814
	142,486,190	121,752,896
(b) By geographical distribution		
Malaysia	125,761,783	110,010,249
Labuan Offshore	3,585,654	3,399,433
Singapore	11,017,471	6,861,280
Thailand	1,061,038	749,899
Brunei	114,997	94,029
Indonesia	7,209	20,639
Hong Kong	143,844	148,102
Cambodia	758,885	469,265
Lao	35,309	-
	142,486,190	121,752,896
(c) By interest/profit rate sensitivity		
Fixed rate		
- Housing loans/financing	1,522,767	1,021,668
- Hire purchase receivables/financing	13,348,197	13,052,001
- Other fixed rate loans/financing	19,506,915	18,093,114
Variable rate		
- Base lending/financing rate plus	63,266,561	49,342,388
- Cost-plus	36,418,784	32,953,484
- Other variable rates	8,422,966	7,290,241
	142,486,190	121,752,896



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	Group	
	As at 31 December 2014 RM'000	As at 31 December 2013 RM'000
A16. Loans, Advances and Financing (continued)		
(d) By purpose		
Purchase of securities	15,606,564	13,070,551
Purchase of transport vehicles	12,222,831	11,863,407
Purchase of landed property		
- Residential	31,469,445	25,518,909
- Non-residential	10,633,960	7,448,743
Purchase of property, plant and equipment other than land and building	3,675,777	3,350,106
Personal use	7,650,256	7,193,757
Credit card	1,994,710	2,004,163
Purchase of consumer durables	28,926	31,513
Construction	4,929,162	3,121,181
Working capital	35,060,938	29,096,506
Merger and acquisition	3,227,805	3,215,709
Other purpose	15,985,816	15,838,351
	<u>142,486,190</u>	<u>121,752,896</u>
(e) By remaining contractual maturities		
Maturity within one year	48,168,576	43,226,153
One year to three years	8,693,192	9,751,531
Three years to five years	11,464,772	10,125,124
Over five years	74,159,650	58,650,088
	<u>142,486,190</u>	<u>121,752,896</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	Group	
	As at 31 December 2014 RM'000	As at 31 December 2013 RM'000
A16. Loans, Advances and Financing (continued)		
(f) Impaired loans, advances and financing		
(i) Movements in impaired loans, advances and financing		
Balance as at the beginning of the financial year	3,426,629	3,337,637
Classified as impaired	3,704,991	4,122,777
Reclassified as non-impaired	(2,497,162)	(2,645,660)
Amount recovered	(765,732)	(782,440)
Amount written off	(1,021,213)	(614,408)
Transfer from financial investments AFS	39,543	-
Exchange differences	5,311	8,723
Balance as at the end of the financial year	<u>2,892,367</u>	<u>3,426,629</u>
(ii) By purpose		
Purchase of securities	218,313	161,957
Purchase of transport vehicles	180,120	218,392
Purchase of landed property		
- Residential	783,908	876,201
- Non-residential	181,589	99,639
Purchase of property, plant and equipment other than land and building	38,834	45,211
Personal use	153,432	150,366
Credit card	36,911	41,330
Purchase of consumer durables	1,425	1,724
Construction	115,694	125,127
Working capital	1,139,887	1,536,514
Other purpose	42,254	170,168
	<u>2,892,367</u>	<u>3,426,629</u>



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	Group	
	As at 31 December 2014 RM'000	As at 31 December 2013 RM'000
A16. Loans, Advances and Financing (continued)		
(f) Impaired loans, advances and financing (continued)		
(iii) By geographical distribution		
Malaysia	2,754,303	3,252,442
Labuan Offshore	-	49,901
Singapore	104,211	85,600
Thailand	21,872	16,025
Brunei	8,245	8,536
Cambodia	3,736	14,125
	2,892,367	3,426,629
(iv) Movements in allowance for impaired loans, advances and financing		
<u>Individual impairment allowance</u>		
Balance as at the beginning of the financial year	903,388	801,495
Net allowance (written back)/made	(27,937)	297,254
Amount written off	(482,988)	(203,000)
Reclassified (to)/from collective impairment allowance	(64)	2,509
Transfer to impairment of financial investments HTM	(9,871)	-
Transfer from impairment of financial investments AFS	29,666	-
Exchange differences	5,038	5,130
Balance as at the end of the financial year	417,232	903,388
<u>Collective impairment allowance</u>		
Balance as at the beginning of the financial year	1,280,266	1,401,946
Net allowance made	405,898	194,069
Amount written off	(339,584)	(316,200)
Reclassified from/(to) individual impairment allowance	64	(2,509)
Exchange differences	2,441	2,960
Balance as at the end of the financial year	1,349,085	1,280,266



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	Group	
	As at 31 December 2014 RM'000	As at 31 December 2013 RM'000
A17. Other Assets		
Other debtors	770,176	347,841
Collateral pledged for derivative transactions	620,577	277,036
Deposits	87,536	89,432
Prepayments	63,700	61,000
Deposits for proposed acquisition of PT Bank Mestika Dharma (refer to Note A26)	-	112,515
	1,541,989	887,824

	Company	
	As at 31 December 2014 RM'000	As at 31 December 2013 RM'000
Other debtors	2	2,339
Prepayments	3,635	3,624
Deposits for proposed acquisition of PT Bank Mestika Dharma (refer to Note A26)	-	112,515
	3,637	118,478



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	Group	
	As at 31 December 2014 RM'000	As at 31 December 2013 RM'000
A18. Deposits from Customers		
(a) By type of deposits		
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
	157,133,993	137,741,241
(b) By type of customer		
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
	157,133,993	137,741,241
(c) By maturity structure of fixed/investment deposits and negotiable instruments of deposits		
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
	122,967,306	105,636,310
A19. Deposits and Placements of Banks and Other Financial Institutions		
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
	21,349,618	16,998,355



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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.

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 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.



**RHB CAPITAL BERHAD (312952 – H)
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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), 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 center 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.



RHB CAPITAL BERHAD (312952 – H)
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A21. Segment Reporting (continued)

31 December 2014

	CIB	Retail Banking	Business Banking	Group Treasury	Group International Business	Support Center and Others	Inter-segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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
	1,266,242	857,885	405,432	455,138	105,690	(355,609)	-	2,734,778
Share of results of associates								(105)
Share of results of joint ventures								380
Profit before taxation								2,735,053
Taxation								(671,589)
Net profit for the financial year								2,063,464



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A21. Segment Reporting (continued)

31 December 2014

	CIB	Retail Banking	Business Banking	Group Treasury	Group International Business	Support Center and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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>



RHB CAPITAL BERHAD (312952 – H)
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A21. Segment Reporting (continued)

31 December 2013

	CIB	Retail Banking	Business Banking	Group Treasury	Group International Business	Support Center and Others	Inter-segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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
	797,865	978,917	405,070	388,141	67,049	(167,497)	-	2,469,545
Share of results of associates								795
Share of results of joint ventures								427
Profit before taxation								2,470,767
Taxation								(627,229)
Net profit for the financial year								1,843,538



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A21. Segment Reporting (continued)

31 December 2013

	CIB	Retail Banking	Business Banking	Group Treasury	Group International Business	Support Center and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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>



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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.

A24. Changes in Composition of the Group

There were no significant changes in the composition of the Group for the financial year ended 31 December 2014 other than the following:

- (a) The disposal of RD RHB OSK Indonesia Dynamic Resources Plus Fund by RHB Investment Bank Berhad ('RHB Investment Bank') for a cash consideration of RM6.5 million on 7 February 2014;
- (b) The disposal of 34.88% equity interest in iFast-OSK Sdn Bhd by RHB Investment Bank for a cash consideration of RM9.07 million on 18 July 2014;
- (c) The establishment of RHB Bank (Lao) Limited ('RHB Bank Lao') following the granting of the Business Registration License by the Ministry Democratic Republic on 30 May 2014. RHB Bank Lao has commenced operations with effect from 6 June 2014;
- (d) 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 Securities Pte Ltd ('DMG & Partners') for a total consideration of SGD123.5 million (equivalent to RM329.2 million). Subsequently, DMG & Partners became a wholly-owned subsidiary of RHB Investment Bank; and
- (e) The Company acquired 63.94% equity interest in RHB OSK Rupiah Liquid Fund for a cash consideration of Rp334.5 trillion (equivalent to RM90.6 million) on 1 July 2014. This investment is accounted for as a subsidiary as the Company has controls in accordance with MFRS 10 'Consolidated Financial Statements'. The effective equity interest as at 31 December 2014 is at 55.79%.



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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:

<u>Group</u>	As at 31 December 2014			As at 31 December 2013		
	Principal amount	Credit equivalent amount*	Risk weighted amount	Principal amount	Credit equivalent amount*	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes [#]	2,659,088	2,628,097	1,656,364	3,738,396	3,705,381	2,144,445
Transaction-related contingent items [#]	4,829,166	2,388,120	1,308,323	3,035,866	1,524,593	995,458
Short term self-liquidating trade-related contingencies	1,822,569	362,511	177,431	1,567,318	311,555	175,489
Obligations under underwriting agreements	-	-	-	343,648	171,824	123,356
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	12,283,581	6,181,439	4,611,026
- maturity exceeding one year	30,652,168	14,280,346	9,878,218	27,221,111	14,566,561	10,421,885
Foreign exchange related contracts [^]						
- less than one year	28,493,237	922,273	556,942	11,477,071	257,638	199,534
- one year to less than five years	11,522,508	1,679,778	760,665	8,496,637	1,259,794	461,462
- 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	4,780,460	10,730	4,364
- one year to less than five years	27,736,220	814,933	281,190	21,957,869	674,566	265,257
- more than five years	987,920	73,660	34,400	1,475,893	103,342	38,207
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	3,854,405	640,656	249,790
	133,504,271	25,289,119	15,520,968	100,232,255	29,408,079	19,690,273

* 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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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.

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.



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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 31 December 2014 RM'000	As at 31 December 2013 RM'000
<u>Group</u>		
Corporate guarantee in favour of client's trading facilities granted by a subsidiary	<u>68,000</u>	<u>68,000</u>
<u>Company</u>		
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>

A26. Capital Commitments

	Group	
	As at 31 December 2014 RM'000	As at 31 December 2013 RM'000
Capital expenditure for property, plant and equipment:		
- authorised and contracted for	109,535	53,052
- authorised but not contracted for	<u>202,131</u>	<u>216,435</u>
	311,666	269,487
Proposed acquisition of PT Bank Mestika Dharma*	-	538,620
	<u>311,666</u>	<u>808,107</u>

* The Amended Conditional Sale and Purchase Agreement ('Amended CSPA') for the proposed acquisition of Bank Mestika has lapsed on 30 June 2014 and the Amended CSPA was terminated on the same date.



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A27. 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 Limited ('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:

	RHB Bank[@]	
	As at	As at
	31 December 2014	31 December 2013
	RM'000	RM'000
Common Equity Tier 1 ('CET 1')/Tier I Capital		
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
	14,170,421	12,423,521
Less:		
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#	(29,667)	(17,374)
Total CET 1 Capital	12,307,973	11,011,085
Hybrid Tier-I Capital Securities**	480,000	540,000
Total Tier I Capital	12,787,973	11,551,085
Tier II Capital		
Subordinated obligations***	3,200,000	3,600,000
Subordinated obligations meeting all inclusion	1,000,000	-
Collective impairment allowance^	258,406	269,973
	4,458,406	3,869,973
Less:		
Investments in subsidiaries***	(1,331,358)	(1,539,997)
Total Tier II Capital	3,127,048	2,329,976
Total Capital	15,915,021	13,881,061
Capital ratios		
Before proposed dividends:		
CET I Capital Ratio	11.678%	11.103%
Tier I Capital Ratio	12.133%	11.647%
Total Capital Ratio	15.100%	13.997%
After proposed dividends:		
CET I Capital Ratio	11.124%	11.103%
Tier I Capital Ratio	11.580%	11.647%
Total Capital Ratio	14.547%	13.997%

[@] 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).

^ 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'.



**RHB CAPITAL BERHAD (312952 – H)
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A27. Capital Adequacy Ratio (continued)

	RHB Islamic Bank	
	As at	As at
	31 December 2014	31 December 2013
	RM'000	RM'000
CET 1/Tier I Capital		
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	(28,352)	(29,302)
	2,252,397	2,027,132
Less:		
Net deferred tax assets	(15,497)	(17,281)
Intangible assets (include associated deferred tax liabilities)	(1,119)	(5,580)
Other deductions#	(551)	(92)
Total CET I Capital/Total Tier I Capital	2,235,230	2,004,179
Tier II Capital		
Collective impairment allowance^	100,832	81,059
Subordinated sukuk*	500,000	-
Total Tier II Capital	600,832	81,059
Total Capital	2,836,062	2,085,238
<u>Capital ratios</u>		
Before proposed dividends:		
CET I Capital Ratio	12.875%	13.864%
Tier I Capital Ratio	12.875%	13.864%
Total Capital Ratio	16.336%	14.424%
After proposed dividends:		
CET I Capital Ratio	12.875%	13.864%
Tier I Capital Ratio	12.875%	13.864%
Total Capital Ratio	16.336%	14.424%

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 Banks (Capital Components).



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A27. Capital Adequacy Ratio (continued)

	RHB Investment Bank	
	As at 31 December 2014	As at 31 December 2013
	RM'000	RM'000
CET 1/Tier I capital		
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	(11,933)	(32,510)
	3,018,513	2,756,145
Less:		
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#	(581,966)	(554,041)
Total CET I Capital/Tier I Capital	981,124	1,025,574
Tier II Capital		
Subordinated obligations**	539,765	545,000
Collective impairment allowance^	10,916	7,714
	550,681	552,714
Less:		
Investments in subsidiaries and associates*	(550,681)	(552,714)
Total Tier II Capital	-	-
Total Capital	981,124	1,025,574
<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	26.337%	24.556%
After proposed dividends:		
CET I Capital Ratio	26.337%	24.556%
Tier I Capital Ratio	26.337%	24.556%
Total Capital Ratio	26.337%	24.556%

* 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'.



**RHB CAPITAL BERHAD (312952 – H)
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A27. Capital Adequacy Ratio (continued)

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

	RHB Bank[®]	RHB Islamic Bank	RHB Investment Bank
<u>31 December 2014</u>			
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>
<u>31 December 2013</u>			
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) RHB Indochina Bank

	<u>As at 31 December 2014</u>	<u>As at 31 December 2013</u>
	RM'000	RM'000
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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	Group	
	As at 31 December 2014 RM'000	As at 31 December 2013 RM'000
A28. Operations of Islamic Banking		
(a) Statement of Financial Position as at 31 December 2014		
ASSETS		
Cash and short-term funds	4,022,466	3,330,835
Deposits and placements with banks and other financial institutions	893,146	704,325
Financial assets HFT	351,888	793,559
Financial investments AFS	2,389,447	2,379,701
Financial investments HTM	1,965,362	2,586,660
Financing and advances	25,290,635	18,463,746
Other assets	81,394	48,131
Derivative assets	26,167	-
Statutory deposits	1,063,700	790,000
Deferred tax assets	9,942	12,146
Property, plant and equipment	12,339	13,923
Intangible assets	6,673	10,715
Total assets	36,113,159	29,133,741
LIABILITIES		
Deposits from customers	24,370,954	21,034,100
Deposits and placements of banks and other financial institutions	1,720,900	1,604,395
Bills and acceptances payable	8,836	15,090
Recourse obligation on financing sold to Cagamas	1,147,677	1,308,332
Other liabilities	196,973	92,816
Derivative liabilities	46	-
Tax liabilities	10,414	13,799
Subordinated obligations	503,051	-
Total liabilities	27,958,851	24,068,532
Islamic Banking Funds	8,154,308	5,065,209
Total liabilities and Islamic Banking Funds	36,113,159	29,133,741
Commitments and contingencies	6,445,224	5,539,470



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
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	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
A28. Operations of Islamic Banking (continued)				
(b) Income Statement for the Financial Year Ended 31 December 2014				
Group				
Income derived from investment of depositors' funds	378,186	288,269	1,325,425	1,108,231
Income derived from investment of shareholder's funds	37,100	34,737	130,232	118,967
Allowance for impairment on financing and advances	(2,088)	5,420	(22,313)	(32,089)
Impairment losses on other assets	(359)	-	(576)	(701)
Total distributable income	<u>412,839</u>	<u>328,426</u>	<u>1,432,768</u>	<u>1,194,408</u>
Income attributable to depositors	<u>(214,654)</u>	<u>(161,190)</u>	<u>(723,506)</u>	<u>(636,326)</u>
Total net income	<u>198,185</u>	<u>167,236</u>	<u>709,262</u>	<u>558,082</u>
Personnel expenses	(10,751)	(21,165)	(54,953)	(79,820)
Other overheads and expenditures	<u>(46,880)</u>	<u>(44,275)</u>	<u>(172,368)</u>	<u>(149,238)</u>
Profit before taxation	140,554	101,796	481,941	329,024
Taxation	(20,540)	(13,081)	(79,335)	(51,890)
Net profit for the financial period/year	<u>120,014</u>	<u>88,715</u>	<u>402,606</u>	<u>277,134</u>



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	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
A28. Operations of Islamic Banking (continued)				
(c) Statement of Comprehensive Income for the Financial Year Ended 31 December 2014				
Group				
Net profit for the financial period/year	120,014	88,715	402,606	277,134
Other comprehensive income/(loss) in respect of: Items that will be reclassified subsequently to profit or loss				
- Unrealised net (loss)/gain on revaluation of financial investments AFS	(6,287)	(14,449)	3,613	(45,501)
- Net transfer to income statement on disposal or impairment of financial investments AFS	(1,612)	5,243	(2,346)	1,447
- Income tax relating to components of other comprehensive loss/(income)	1,974	2,302	(317)	11,013
Other comprehensive (loss)/income net of tax, for the financial period/year	(5,925)	(6,904)	950	(33,041)
Total comprehensive income for the financial period/year	114,089	81,811	403,556	244,093



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	Group	
	As at 31 December 2014	As at 31 December 2013
	RM'000	RM'000
A28. Operations of Islamic Banking (continued)		
(d) Financing and Advances		
At amortised cost		
Cashline	255,115	173,543
Term financing		
- Housing financing	6,253,140	4,555,440
- Syndicated term financing	105,752	439,831
- Hire purchase receivables	5,883,027	4,921,395
- Other term financing	10,340,396	6,254,242
Bills receivable	469,596	667,633
Trust receipts	20,859	36,094
Staff financing	5,279	5,717
Credit/charge card receivables	223,916	199,631
Revolving financing	1,946,151	1,467,692
Gross financing and advances	<u>25,503,231</u>	<u>18,721,218</u>
Less: Allowance for impaired financing and advances		
- Individual impairment allowance	(25,289)	(111,703)
- Collective impairment allowance	(187,307)	(145,769)
Net financing and advances	<u><u>25,290,635</u></u>	<u><u>18,463,746</u></u>



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	Group	
	As at 31 December 2014 RM'000	As at 31 December 2013 RM'000
A28. Operations of Islamic Banking (continued)		
(d) Financing and Advances (continued)		
(i) Movements in impaired financing and advances		
Balance as at the beginning of the financial year	431,267	409,064
Classified as impaired	480,870	474,197
Reclassified as non-impaired	(360,795)	(308,232)
Amount recovered	(111,964)	(85,391)
Amount written off	(109,706)	(58,371)
Exchange differences	1,029	-
Balance as at the end of the financial year	<u>330,701</u>	<u>431,267</u>
(ii) Movements in allowance for impaired financing and advances		
<u>Individual impairment allowance</u>		
Balance as at the beginning of the financial year	111,703	89,013
Net allowance (written back)/made	(21,538)	24,677
Amount written off	(63,135)	(6,637)
Reclassified (to)/from collective impairment allowance	(1,741)	4,650
Balance as at the end of the financial year	<u>25,289</u>	<u>111,703</u>
<u>Collective impairment allowance</u>		
Balance as at the beginning of the financial year	145,769	177,774
Net allowance made	69,650	6,521
Amount written off	(29,853)	(33,876)
Reclassified from/(to) individual impairment allowance	1,741	(4,650)
Balance as at the end of the financial year	<u>187,307</u>	<u>145,769</u>



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	Group	
	As at 31 December 2014 RM'000	As at 31 December 2013 RM'000
A28. Operations of Islamic Banking (continued)		
(e) Other Assets		
Prepayments	3,349	1,005
Deposits	1,221	1,213
Other debtors	76,824	45,913
	<u>81,394</u>	<u>48,131</u>
(f) Deposits from Customers		
Saving Deposits		
- Wadiah	1,054,313	779,844
- Mudharabah	-	156,497
Demand Deposits		
- Wadiah	2,813,680	2,090,485
- Mudharabah	-	537,782
Term Deposits		
Commodity Murabahah	5,435,819	3,835,112
Specific Investment Account		
- Murabahah	3,134,728	11,000
- Wadiah Corporate Deposit	11,573,684	-
- Mudharabah	51,577	12,722,742
- Wakalah	-	3,867
General Investment Account		
- Mudharabah	307,153	896,771
	<u>24,370,954</u>	<u>21,034,100</u>



**RHB CAPITAL BERHAD (312952 – H)
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B1. Review of Group Results

(a) Current Financial Year vs Previous Financial Year

For the financial year 2014, the Group recorded a pre-tax profit of RM2.74 billion, an increase of 10.7% year-on-year. Net profit recorded a 11.3% growth to reach RM2.04 billion, with earnings per share closing at 79.7 sen from 72.9 sen recorded a year ago.

The higher earnings growth was achieved on the back of 4.8% total income growth, higher impairment write back of other assets and significant improvement in loan impairment charges, partially offset by higher operating expenses.

Net interest and fund base income increased by 4.2% mainly due to 17.0% increase in the Group's gross loans and financing. Net interest margin was lower at 2.30% as compared to 2.33% in 2013.

Other operating income recorded growth of 6.0% to RM2.2 billion, largely attributed to higher fee income, insurance underwriting surplus and net foreign exchange gain. Fee income increased by 9.0%, driven mainly by higher capital market related fee income. The Group's other operating income to total income ratio rose to 35.5% from 35.0% recorded a year ago.

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

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

Allowance for impairment on loans and financing for the year decreased significantly by RM241.7 million to RM206.2 from RM448.0 million in 2013. This was primarily due to strong bad debt recoveries and non-recurrence of impairments made on certain corporate accounts and one-time bad debts written off pertaining to the refinement of application of MFRS 139 (Financial Instruments: Recognition and Measurement) in 2013. During the financial year, higher collective allowance was made in tandem with loans and financing growth and refinement of Retail collective assessment impairment methodology.

Total assets rose by 14.8% or RM28.3 billion to RM219.4 billion as at 31 December 2014, whilst shareholders' equity strengthened further with a 12.3% growth to RM18.8 billion. Net assets per share improved to RM7.31 compared to RM6.57 as at 31 December 2013.

For the year, the Group recorded strong loans growth of 17.0% to RM142.5 billion. The growth was broad based, predominantly from purchase of residential and non-residential properties, working capital and purchase of securities. The Group continued to gain traction in the domestic loans segment as domestic loans growth of 14.1% continued to outpace the industry of 8.7%. Domestic loans market share increased to 9.7% from 9.3% as at 31 December 2013.

Asset quality strengthened further with gross impaired loans ratio at 2.03% from 2.81% in December 2013. On an absolute basis, gross impaired loans decreased by 15.6% over the year to RM2.9 billion.

The Group continued to strengthen its liquidity and funding capabilities. Customer deposits grew at 14.1% to RM157.1 billion year-on-year. Fixed deposits increased by 16.4% to RM122.9 billion, and current and savings accounts ('CASA') balances increased by 6.4% to RM34.2 billion. CASA composition was at 21.7% as at 31 December 2014.



**RHB CAPITAL BERHAD (312952 – H)
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B1. Review of Group Results (continued)

(a) Current Financial Year vs Previous Financial Year (continued)

Performance by Operating Segment

Corporate and Investment Banking

Segment profit increased significantly to RM1,266.2 million, mainly attributable to the absence of large individual allowance made on certain corporate accounts in the previous year, higher impairment write back on other assets, higher capital market related income and higher net interest income, partially offset with higher other operating expenses.

Retail Banking

Segment profit was lower by 12.4% to RM857.9 million mainly due to higher collective allowance for loans, advances and financing and higher overhead expenses. This was partially offset by higher general insurance related income, higher fee income and higher net interest income.

Business Banking

Segment profit increased marginally by 0.1% to RM405.4 million, mainly attributable to higher net interest income, partially offset by higher overhead expenses and higher allowance for loans, advances and financing.

Group Treasury

Segment profit was higher by 17.3% to RM455.1 million, mainly due to higher net foreign exchange gain, higher net interest income and higher fee income, partially offset by lower investment and trading income.

Group International Business

Segment profit was higher by 57.6% to RM105.7 million, mainly due to higher net interest income, higher fee income and higher net foreign exchange gain, partially offset by higher overhead expenses.

B2. Current Quarter vs Previous Quarter

Pre-tax profit for the fourth quarter of 2014 was at RM643.6 million, 10.0% lower as compared to RM714.9 million recorded in the third quarter. This was mainly attributable to higher other operating expenses and lower net interest income, partially mitigated by higher other operating income and lower impairment allowances for loans and financing.

B3. Prospects for Financial Year 2015

The Malaysian economy is likely to continue its moderation in 2015, on the back of a higher base effect, low oil prices and weakening domestic demand. Nevertheless, GDP is still expected to grow by about 5.0%, compared to 5.8% estimated for 2014.

The Malaysian banking sector is also expected to moderate in 2015, in line with the economy. Consumer loans growth will continue to be affected by the flow-through effect of the macro prudential measures to rein the growth in household debt. The situation will also be impacted by an abatement in the growth in private sector investment. Nevertheless, we expect the capital market to pick up in the second half of the year with recovery and stabilisation in oil prices and the currency market.

The Group is fully prepared to take on the challenges and will continue to navigate our IGNITE 2017 Transformation Strategy whilst focusing on quality assets and earnings growth. The positive momentum of the IGNITE 2017 initiatives since 2014 will continue into 2015 at an accelerated pace.

Barring unforeseen circumstances, the Group is confident that its performance for the financial year 2015 will be better than 2014.

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.



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B5. Taxation

	4th quarter ended		Twelve months ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	RM'000	RM'000	RM'000	RM'000
Group				
Income tax based on profit for the financial period/year				
- Malaysian income tax	145,289	199,036	680,961	622,864
- Overseas tax	17,328	7,397	34,937	9,839
Deferred tax	(23,660)	(15,598)	(21,919)	3,480
	<u>138,957</u>	<u>190,835</u>	<u>693,979</u>	<u>636,183</u>
(Over)/under provision in respect of prior financial years				
- Taxation	5,659	(3,529)	(22,390)	(8,954)
	<u>144,616</u>	<u>187,306</u>	<u>671,589</u>	<u>627,229</u>

The effective tax rate of the Group for the fourth quarter was lower than the statutory tax rate mainly due to certain income not subject to tax.

The effective tax rate of the Group for the financial year ended 31 December 2014 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purpose.

	4th quarter ended		Twelve months ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	RM'000	RM'000	RM'000	RM'000
Company				
Income tax based on profit for the financial period/year				
- Malaysian income tax	54	3,821	61	15,133
Deferred tax	560	638	1,201	(159)
	<u>614</u>	<u>4,459</u>	<u>1,262</u>	<u>14,974</u>
(Over)/under provision in respect of prior financial years				
	-	324	(276)	324
	<u>614</u>	<u>4,783</u>	<u>986</u>	<u>15,298</u>

The effective tax rate of the Company for the financial year ended 31 December 2014 was lower than the statutory tax rate mainly due to certain income not subject to tax.



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B6. Status of Corporate Proposals

(a) Dividend Reinvestment Plan

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 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.

(b) 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 MCMTN Programme:

	RHB Investment Bank	RHB Bank
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 has yet to issue any part of the MCMTN Programme.

(c) Subordinated Sukuk Murabahah Programme for the issuance of up to RM1.0 billion in nominal value of Subordinated Sukuk ('Sukuk Programme') by RHB Islamic Bank

RHB Islamic Bank has obtained approval and authorisation from the SC vide its letter dated 14 February 2014 for the Sukuk Programme. The Subordinated Sukuk to be issued under the Sukuk Programme are Basel III compliant.

In addition, approval from BNM for the establishment of the Sukuk Programme had also been obtained on 20 December 2013 (subject to the terms and conditions contained therein).

The proceeds raised from the Sukuk Programme will be utilised for RHB Islamic Bank's working capital and general banking purposes, including but not limited to repayment of its financing facilities and any subordinated Sukuk provided always that any such utilisation shall be for Shariah-compliant purposes.

On 15 May 2014, RHB Islamic Bank had issued Subordinated Sukuk Murabahah of RM500.0 million in nominal value. The Subordinated Sukuk Murabahah, rated AA3 by RAM Rating Services Berhad, are issued for a tenure of 10 non-callable 5 years with a fixed profit rate of 4.95% per annum, payable semi-annually in arrears throughout the entire tenure.

The Subordinated Sukuk Murabahah will qualify as Tier 2 capital of RHB Islamic Bank, subject to compliance with the requirements as specified in the Capital Adequacy Framework for Islamic Banks (Capital Components) issued by BNM on 28 November 2012.



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B6. Status of Corporate Proposals (continued)

(d) Establishment of USD5.0 billion (or its equivalent in other currencies) Euro Medium Term Note Programme ('EMTN Programme') by RHB Bank

On 3 October 2014, RHB Bank completed its first issuance of USD300 million senior unsecured notes ('Senior Notes') in nominal value under the EMTN Programme which was established on 23 September 2014. The Senior Notes rated A3 by Moody's Investors Service Inc. and BBB+ by Standard & Poor's Rating Services were priced at 5-year US Treasury +130bps or a yield of 3.088% and will pay a coupon rate of 3.088% per annum. The Senior Notes which has a tenure of 5 years from the issue date and maturing on 3 October 2019, has been listed on the Singapore Exchange Securities Trading Limited and Labuan International Financial Exchange Inc. on 7 October 2014. The net proceeds from the issuance of the Senior Notes will be utilised by RHB Bank and its subsidiaries for general working capital purpose.

(e) Group internal reorganisation

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 RHB OSK Indochina Securities Limited ("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.

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 RHB Capital Group and is expected to be completed by the first quarter of 2015.

(f) 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 the limits stipulated by BNM).

(g) 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 BERHAD (312952 – H)
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B6. Status of Corporate Proposals (continued)

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

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.

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.



**RHB CAPITAL BERHAD (312952 – H)
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B6. Status of Corporate Proposals (continued)

(h) 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 2014.



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B7. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings and Senior Debt Securities, Subordinated Obligations and Hybrid Tier-1 Capital Securities

	Group	
	As at 31 December 2014 RM'000	As at 31 December 2013 RM'000
(a) Deposits from customers and placements of banks and other financial institutions		
Deposits from customers		
- one year or less	156,327,740	137,273,539
- more than one year	806,253	467,702
	<u>157,133,993</u>	<u>137,741,241</u>
Deposits and placements of banks and other financial institutions		
- one year or less	20,461,232	16,056,312
- more than one year	888,386	942,043
	<u>21,349,618</u>	<u>16,998,355</u>
	Group	
	As at 31 December 2014 RM'000	As at 31 December 2013 RM'000
(b) Borrowings and Senior Debt Securities		
<u>Borrowings</u>		
Secured		
Revolving credits:		
- Hong Kong Dollar	13,524	66,805
Unsecured		
Revolving credits:		
- Ringgit Malaysia ('RM')	404,196	439,265
- United States Dollar ('USD')	174,863	-
Term loans:		
- RM	1,051,674	1,151,592
- USD	495,029	571,049
- Singapore Dollar ('SGD')	119,089	25,937
- Indonesia Rupiah ('IDR')	14,115	44,451
- Japanese Yen ('JPY')	2,115	-
RM1.1 billion 7 years Commercial Papers/Medium Term Notes	600,092	600,092
<u>Senior debt securities</u>		
USD300 million 3.25% senior debt securities due in 2017	1,049,892	982,867
USD200 million 3.25% senior debt securities due in 2017	707,214	664,767
USD300 million 3.088% senior debt securities due in 2019	1,053,549	-
	<u>5,685,352</u>	<u>4,546,825</u>
Schedule repayment of borrowings and senior debt securities:		
Within one year	2,509,957	2,093,811
One year to three years	1,974,725	563,404
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>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
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B7. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings and Senior Debt Securities, Subordinated Obligations and Hybrid Tier-1 Capital Securities (continued)

	Company	
	As at 31 December 2014 RM'000	As at 31 December 2013 RM'000
(b) Borrowings and Senior Debt Securities (continued)		
<u>Borrowings</u>		
Unsecured:		
Revolving credits - RM	1,194,481	920,227
Term loans - RM	1,316,860	1,416,281
RM1.1 billion 7 years Commercial Papers/Medium Term Notes	600,092	600,092
	3,111,433	2,936,600
Schedule repayment of borrowings:		
Within one year	3,111,433	2,586,600
One year to three years	-	350,000
	3,111,433	2,936,600



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B7. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings, Subordinated Obligations and Hybrid Tier-1 Capital Securities (continued)

	Group	
	As at 31 December 2014	As at 31 December 2013
	RM'000	RM'000
(c) Subordinated obligations		
5.50% RM700 million Tier II Subordinated Notes 2007/2022	703,586	703,481
5.00% RM700 million Tier II Subordinated Notes 2010/2020	706,137	706,137
5.60% RM300 million Tier II Subordinated Notes 2010/2025	302,946	302,946
4.25% RM250 million Tier II Subordinated Notes 2011/2021	251,276	251,003
4.30% RM750 million Tier II Subordinated Notes 2012/2022	754,367	754,171
4.40% RM1,300 million Tier II Subordinated Notes 2012/2022	1,304,537	1,304,131
4.40% RM245 million Tier II Subordinated Notes 2012/2022	245,650	245,659
7.25% RM125 million Tier II Subordinated Notes 2010/2020	127,135	131,536
7.15% RM75 million Tier II Subordinated Notes 2010/2020	75,543	78,342
5.20% RM100 million Tier II Subordinated Notes 2011/2021	101,112	103,561
4.95% RM500 million Tier II Subordinated Sukuk Murabahah 2014/2024	503,051	-
4.99% RM1.0 billion Tier II Subordinated Notes 2014/2024	1,024,062	-
	6,099,402	4,580,967

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.

(d) Hybrid Tier-1 Capital Securities

	Group	
	As at 31 December 2014	As at 31 December 2013
	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	368,107	375,577
RM230 million 6.75% Hybrid Tier-1 Capital Securities due in 2039, callable with step-up coupon rate at 7.75% in 2019	233,408	225,624
	601,515	601,201

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.



RHB CAPITAL BERHAD (312952 – H)
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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 31 December 2014			As at 31 December 2013		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
By type						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- forwards/swaps	23,827,241	454,871	393,667	11,661,635	137,103	85,439
- options	4,954,671	42,665	43,381	174,339	772	772
- cross-currency interest rate swaps	11,838,652	640,085	637,832	8,137,734	143,163	105,309
	40,620,564	1,137,621	1,074,880	19,973,708	281,038	191,520
Interest rate related contracts						
- swaps	34,033,945	140,708	136,691	27,069,222	177,995	136,913
	34,033,945	140,708	136,691	27,069,222	177,995	136,913
Equity related contracts						
- options	15,508	4,914	-	-	-	-
	15,508	4,914	-	-	-	-
Structured warrants	50,412	-	13,113	13,099	-	16,642
	50,412	-	13,113	13,099	-	16,642
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- swaps	650,000	1,987	-	1,145,000	-	2,988
	650,000	1,987	-	1,145,000	-	2,988
Total	75,370,429	1,285,230	1,224,684	48,201,029	459,033	348,063



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
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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)

<u>Group</u>	<u>As at 31 December 2014</u>			<u>As at 31 December 2013</u>		
	<u>Contract/</u>	<u>Fair Value</u>		<u>Contract/</u>	<u>Fair Value</u>	
	<u>Notional</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Notional</u>	<u>Assets</u>	<u>Liabilities</u>
	<u>Amount</u>	<u>RM'000</u>	<u>RM'000</u>	<u>Amount</u>	<u>RM'000</u>	<u>RM'000</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	
By remaining period to maturity/next re-pricing date						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than 1 year	28,628,947	475,739	457,701	11,477,071	120,670	76,257
- 1 year to 3 years	6,965,870	467,257	423,199	2,367,471	20,831	27,986
- More than 3 years	5,025,747	194,625	193,980	6,129,166	139,537	87,277
	<u>40,620,564</u>	<u>1,137,621</u>	<u>1,074,880</u>	<u>19,973,708</u>	<u>281,038</u>	<u>191,520</u>
Interest rate related contracts						
- Less than 1 year	5,959,805	4,838	12,034	4,180,460	16,950	5,323
- 1 year to 3 years	13,293,637	62,368	45,517	7,616,128	33,770	31,151
- More than 3 years	14,780,503	73,502	79,140	15,272,634	127,275	100,439
	<u>34,033,945</u>	<u>140,708</u>	<u>136,691</u>	<u>27,069,222</u>	<u>177,995</u>	<u>136,913</u>
Equity related contracts						
- Less than 1 year	15,508	4,914	-	-	-	-
	<u>15,508</u>	<u>4,914</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Structured warrants						
- Less than 1 year	49,390	-	11,864	13,099	-	16,642
- 1 year to 3 years	1,022	-	1,249	-	-	-
	<u>50,412</u>	<u>-</u>	<u>13,113</u>	<u>13,099</u>	<u>-</u>	<u>16,642</u>
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than 1 year	-	-	-	600,000	-	959
- 1 year to 3 years	-	-	-	545,000	-	2,029
- More than three years	650,000	1,987	-	-	-	-
	<u>650,000</u>	<u>1,987</u>	<u>-</u>	<u>1,145,000</u>	<u>-</u>	<u>2,988</u>
Total	<u>75,370,429</u>	<u>1,285,230</u>	<u>1,224,684</u>	<u>48,201,029</u>	<u>459,033</u>	<u>348,063</u>



**RHB CAPITAL BERHAD (312952 – H)
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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 hedge

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

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

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain 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.



RHB CAPITAL BERHAD (312952 – H)
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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:

<u>Group</u>	<u>Level 1</u> <u>RM'000</u>	<u>Level 2</u> <u>RM'000</u>	<u>Level 3</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
<u>As at 31 December 2014</u>				
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
	505,799	22,281,146	1,031,142	23,818,087
<u>Financial liabilities</u>				
Derivative liabilities	13,114	1,211,570	-	1,224,684

As at 31 December 2013

Recurring fair value measurements

Financial assets

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
	301,716	20,030,247	1,095,311	21,427,274
<u>Financial liabilities</u>				
Derivative liabilities	16,462	331,601	-	348,063



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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 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.

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 HFT		Financial investments AFS	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Group				
Balance as at the beginning of the financial year	33,295	-	1,062,016	629,617
Total net gains recognised in 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	40,000	33,295	991,142	1,062,016



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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 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 associates and joint ventures	3,436	-	3,436
	<u>(460,815)</u>	<u>1,311,014</u>	<u>850,199</u>
Less: Consolidation adjustments			6,089,630
Total Group retained profits			<u><u>6,939,829</u></u>

<u>Group</u>	As at 31 December 2013		
	Realised Profits/ (Losses) RM'000	Unrealised Profits RM'000	Total RM'000
Operating subsidiaries	6,763,395	491,177	7,254,572
Dormant subsidiaries*	(7,925,232)	-	(7,925,232)
Total retained profits/(accumulated losses) of the Group	(1,161,837)	491,177	(670,660)
Total share of retained profits from associates and joint ventures	4,249	-	4,249
	<u>(1,157,588)</u>	<u>491,177</u>	<u>(666,411)</u>
Less: Consolidation adjustments			6,229,588
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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B10. Realised and Unrealised Profits (continued)

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

<u>Company</u>	As at 31 December 2014 RM'000	As at 31 December 2013 RM'000
Realised profits	415,481	645,290
Unrealised 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.

B11. Dividends

- (a) The directors have declared a single tier interim dividend of 6.00% amounting to RM154.347 million in respect of the financial year ended 31 December 2014.
- (i) Amount per share : Single-tier interim dividend of 6.00%
 - (ii) Entitlement date : To be determined and announced later
 - (iii) Payment date : To be determined and announced later

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 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.

- (b) Total dividends paid for the previous financial year ended 31 December 2013:
- (i) Interim single-tier dividend of 6.00%
 - (ii) Final single-tier dividend of 10.30%.



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B12. Earnings per Share

	4th quarter ended		Twelve months ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Basic/diluted earnings per share				
Profit attributable to equity holders of the Company (RM'000)	<u>486,191</u>	<u>504,517</u>	<u>2,038,000</u>	<u>1,831,190</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,572,457</u>	<u>2,539,649</u>	<u>2,558,249</u>	<u>2,511,873</u>
Earnings per share (sen)				
- Basic	<u>18.9</u>	<u>19.9</u>	<u>79.7</u>	<u>72.9</u>
- Fully diluted	<u>18.9</u>	<u>19.9</u>	<u>79.7</u>	<u>72.9</u>

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.

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
(License No. LS0006901)

Company Secretary
27 February 2015