



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  
 UNAUDITED INCOME STATEMENTS  
 FOR THE THREE MONTHS ENDED 31 MARCH 2015**

Note	1st quarter ended		Three months ended		
	31 March 2015	31 March 2014	31 March 2015	31 March 2014	
	RM'000	RM'000	RM'000	RM'000	
<b>Group</b>					
Interest income	A8	1,990,926	1,758,114	1,990,926	1,758,114
Interest expense	A9	(1,191,147)	(935,930)	(1,191,147)	(935,930)
Net interest income		799,779	822,184	799,779	822,184
Other operating income	A10	506,487	492,104	506,487	492,104
		1,306,266	1,314,288	1,306,266	1,314,288
Net income from Islamic Banking business		202,490	151,749	202,490	151,749
Net income		1,508,756	1,466,037	1,508,756	1,466,037
Other operating expenses	A11	(819,911)	(786,345)	(819,911)	(786,345)
Operating profit before allowances		688,845	679,692	688,845	679,692
Allowance for impairment on loans, financing and other losses	A12	(50,213)	(54,209)	(50,213)	(54,209)
Impairment losses written back on other assets		6,104	11,908	6,104	11,908
		644,736	637,391	644,736	637,391
Share of results of associates		-	(55)	-	(55)
Share of results of joint ventures		85	72	85	72
<b>Profit before taxation</b>		644,821	637,408	644,821	637,408
Taxation	B5	(165,301)	(183,937)	(165,301)	(183,937)
<b>Net profit for the financial period</b>		479,520	453,471	479,520	453,471
Attributable to:					
- Equity holders of the Company		476,277	450,691	476,277	450,691
- Non-controlling interests		3,243	2,780	3,243	2,780
		479,520	453,471	479,520	453,471
<b>Earnings per share (sen)</b>					
- Basic	B12	18.5	17.7	18.5	17.7
- Diluted	B12	18.5	17.7	18.5	17.7

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



**RHB CAPITAL BERHAD (312952 – H)  
INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	1st quarter ended		Three months ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Net profit for the financial period	<b>479,520</b>	453,471	<b>479,520</b>	453,471
Other comprehensive income/(loss) in respect of:				
(i) Items that will not be reclassified to profit or loss:				
- Actuarial gain/(loss) on defined benefit plan of subsidiaries	<b>231</b>	(3,729)	<b>231</b>	(3,729)
(ii) Items that will be reclassified subsequently to profit or loss:				
- Currency translation differences	<b>148,057</b>	14,624	<b>148,057</b>	14,624
- Unrealised net gain/(loss) on revaluation of financial investments available-for-sale ('AFS')	<b>105,614</b>	(16,881)	<b>105,614</b>	(16,881)
- Net transfer to income statements on disposal or impairment of financial investments AFS	<b>(19,309)</b>	3,238	<b>(19,309)</b>	3,238
Income tax relating to components of other comprehensive (income)/loss	<b>(21,847)</b>	2,872	<b>(21,847)</b>	2,872
Other comprehensive income, net of tax, for the financial period	<b>212,746</b>	124	<b>212,746</b>	124
Total comprehensive income for the financial period	<b>692,266</b>	453,595	<b>692,266</b>	453,595
Total comprehensive income/(loss) attributable to:				
- Equity holders of the Company	<b>687,135</b>	455,161	<b>687,135</b>	455,161
- Non-controlling interests	<b>5,131</b>	(1,566)	<b>5,131</b>	(1,566)
	<b>692,266</b>	453,595	<b>692,266</b>	453,595

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



**RHB CAPITAL BERHAD (312952 – H)  
 INTERIM FINANCIAL STATEMENTS  
 UNAUDITED INCOME STATEMENT  
 FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	Note	1st quarter ended		Three months ended	
		31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
<b>Company</b>					
Interest income	A8	58	55	58	55
Interest expense	A9	(33,309)	(29,878)	(33,309)	(29,878)
Net interest expense		<u>(33,251)</u>	<u>(29,823)</u>	<u>(33,251)</u>	<u>(29,823)</u>
Other operating loss	A10	-	(68)	-	(68)
Net loss		<u>(33,251)</u>	<u>(29,891)</u>	<u>(33,251)</u>	<u>(29,891)</u>
Other operating expenses	A11	(4,470)	(10,808)	(4,470)	(10,808)
<b>Loss before taxation</b>		<u>(37,721)</u>	<u>(40,699)</u>	<u>(37,721)</u>	<u>(40,699)</u>
Taxation	B5	-	(493)	-	(493)
<b>Net loss for the financial period</b>		<u><u>(37,721)</u></u>	<u><u>(41,192)</u></u>	<u><u>(37,721)</u></u>	<u><u>(41,192)</u></u>

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



**RHB CAPITAL BERHAD (312952 – H)  
INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	<b>1st quarter ended</b>		<b>Three months ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Company</u></b>				
Net loss for the financial period	<u>(37,721)</u>	<u>(41,192)</u>	<u>(37,721)</u>	<u>(41,192)</u>
Other comprehensive income, net of tax, for the financial period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive loss for the financial period	<u><b>(37,721)</b></u>	<u><b>(41,192)</b></u>	<u><b>(37,721)</b></u>	<u><b>(41,192)</b></u>

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



**RHB CAPITAL BERHAD (312952 – H)  
INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2015**

	Note	As at 31 March 2015 RM'000	As at 31 December 2014 RM'000
<b>Group</b>			
<b>ASSETS</b>			
Cash and short term funds		15,992,492	16,236,908
Securities purchased under resale agreements		650,328	491,510
Deposits and placements with banks and other financial institutions		3,077,417	2,298,588
Financial assets at fair value through profit or loss ('Financial assets FVTPL')	A13	2,987,432	2,930,681
Financial investments available-for-sale ('AFS')	A14	20,833,716	19,602,176
Financial investments held-to-maturity ('HTM')	A15	21,750,471	20,469,831
Loans, advances and financing	A16	141,773,608	140,693,003
Clients' and brokers' balances		2,118,463	1,525,147
Reinsurance assets		306,463	332,113
Other assets	A17	1,722,193	1,541,989
Derivative assets	B8	1,832,135	1,285,230
Statutory deposits		5,438,623	5,421,007
Tax recoverable		196,587	162,181
Deferred tax assets		30,328	38,465
Investments in joint ventures		21,781	21,021
Property, plant and equipment		1,038,789	1,030,681
Goodwill and intangible assets		5,293,465	5,273,905
<b>TOTAL ASSETS</b>		<b>225,064,291</b>	<b>219,354,436</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	A18/B7(a)	158,684,333	157,133,993
Deposits and placements of banks and other financial institutions	A19/B7(a)	21,724,037	21,349,618
Obligations on securities sold under repurchase agreements		1,508,355	508,416
Obligations on securities borrowed		55,900	113,780
Bills and acceptances payable		1,047,414	614,031
Clients' and brokers' balances		1,939,111	1,214,065
General insurance contract liabilities		774,925	775,699
Other liabilities	A20	1,565,950	1,714,098
Derivative liabilities	B8	1,639,054	1,224,684
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		3,288,354	3,315,335
Tax liabilities		26,887	57,321
Deferred tax liabilities		94,830	53,041
Borrowings	B7(b)	3,352,289	2,874,697
Subordinated obligations	B7(c)	6,147,273	6,099,402
Hybrid Tier-1 Capital Securities	B7(d)	597,880	601,515
Senior debt securities	B7(e)	2,999,854	2,810,655
<b>TOTAL LIABILITIES</b>		<b>205,446,446</b>	<b>200,460,350</b>
Share capital		2,572,457	2,572,457
Reserves		16,908,977	16,221,840
		19,481,434	18,794,297
Non-controlling interests ('NCI')		136,411	99,789
<b>TOTAL EQUITY</b>		<b>19,617,845</b>	<b>18,894,086</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>225,064,291</b>	<b>219,354,436</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A25(a)	<b>143,022,206</b>	<b>133,504,271</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)</b>		<b>7.57</b>	<b>7.31</b>

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



**RHB CAPITAL BERHAD (312952 – H)  
INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2015**

	Note	As at 31 March 2015 RM'000	As at 31 December 2014 RM'000
<b><u>Company</u></b>			
<b>ASSETS</b>			
Cash and short term funds		2,724	24,940
Deposits and placements with banks and other financial institutions		1,027	1,017
Other assets	A17	1,145	3,637
Amounts due from subsidiaries		93	93
Tax recoverable		94,257	94,219
Investments in subsidiaries		11,042,345	11,042,345
Property, plant and equipment		361	322
<b>TOTAL ASSETS</b>		<b><u>11,141,952</u></b>	<b><u>11,166,573</u></b>
<b>LIABILITIES AND EQUITY</b>			
Other liabilities	A20	2,023	12,340
Amounts due to subsidiaries		12,656	1,799
Deferred tax liabilities		20	20
Borrowings	B7(b)	3,123,993	3,111,433
<b>Total liabilities</b>		<b><u>3,138,692</u></b>	<b><u>3,125,592</u></b>
Share capital		2,572,457	2,572,457
Reserves		5,430,803	5,468,524
<b>TOTAL EQUITY</b>		<b><u>8,003,260</u></b>	<b><u>8,040,981</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>11,141,952</u></b>	<b><u>11,166,573</u></b>

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



**RHB CAPITAL BERHAD (312952 – H)  
INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	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	
<b>Group</b>										
<b>Balance as at 1 January 2015</b>	<b>2,572,457</b>	<b>5,053,063</b>	<b>3,817,799</b>	<b>28,196</b>	<b>191,619</b>	<b>191,334</b>	<b>6,939,829</b>	<b>18,794,297</b>	<b>99,789</b>	<b>18,894,086</b>
Net profit for the financial period	-	-	-	-	-	-	476,277	476,277	3,243	479,520
Currency translation differences	-	-	-	-	-	146,168	-	146,168	1,889	148,057
Financial investments AFS										
- Unrealised net gain/(loss) on revaluation	-	-	-	-	105,617	-	-	105,617	(3)	105,614
- Net transfer to income statements on disposal or impairment	-	-	-	-	(19,309)	-	-	(19,309)	-	(19,309)
Actuarial gain on defined benefit plan of subsidiaries	-	-	-	-	-	-	228	228	3	231
Income tax relating to components of other comprehensive (income)/loss	-	-	-	-	(21,789)	-	(57)	(21,846)	(1)	(21,847)
Other comprehensive income, net of tax, for the financial period	-	-	-	-	64,519	146,168	171	210,858	1,888	212,746
Total comprehensive income for the financial period	-	-	-	-	64,519	146,168	476,448	687,135	5,131	692,266
Dilution of interest in a subsidiary	-	-	-	-	-	-	2	2	(2)	-
Acquisition of additional interests by NCI	-	-	-	-	-	-	-	-	31,493	31,493
<b>Balance as at 31 March 2015</b>	<b>2,572,457</b>	<b>5,053,063</b>	<b>3,817,799</b>	<b>28,196</b>	<b>256,138</b>	<b>337,502</b>	<b>7,416,279</b>	<b>19,481,434</b>	<b>136,411</b>	<b>19,617,845</b>

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



**RHB CAPITAL BERHAD (312952 – H)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	← 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	
<b>Group</b>										
<b>Balance as at 1 January 2014</b>	2,546,910	4,888,541	3,577,647	28,196	122,389	12,211	5,563,177	16,739,071	203,656	16,942,727
Net profit for the financial period	-	-	-	-	-	-	450,691	450,691	2,780	453,471
Currency translation differences	-	-	-	-	-	14,723	(6)	14,717	(93)	14,624
Financial investments AFS										
- Unrealised net loss on revaluation	-	-	-	-	(12,633)	-	-	(12,633)	(4,248)	(16,881)
- Net transfer to income statements on disposal or impairment	-	-	-	-	3,238	-	-	3,238	-	3,238
Actuarial losses on defined benefit plan of subsidiaries	-	-	-	-	-	-	(3,693)	(3,693)	(36)	(3,729)
Income tax relating to components of other comprehensive loss	-	-	-	-	1,918	-	923	2,841	31	2,872
Other comprehensive (loss)/income, net of tax, for the financial period	-	-	-	-	(7,477)	14,723	(2,776)	4,470	(4,346)	124
Total comprehensive (loss)/income for the financial period	-	-	-	-	(7,477)	14,723	447,915	455,161	(1,566)	453,595
Acquisition of additional interests by NCI	-	-	-	-	-	-	-	-	(95)	(95)
Disposal of a subsidiary	-	-	-	-	-	1,708	(1,708)	-	-	-
<b>Balance as at 31 March 2014</b>	<b>2,546,910</b>	<b>4,888,541</b>	<b>3,577,647</b>	<b>28,196</b>	<b>114,912</b>	<b>28,642</b>	<b>6,009,384</b>	<b>17,194,232</b>	<b>201,995</b>	<b>17,396,227</b>

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





**RHB CAPITAL BERHAD (312952 – H)  
INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	<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
<b><u>Company</u></b>				
<b>Balance as at 1 January 2015</b>	2,572,457	5,053,063	415,461	8,040,981
Net loss for the financial period	-	-	(37,721)	(37,721)
<b>Balance as at 31 March 2015</b>	<u>2,572,457</u>	<u>5,053,063</u>	<u>377,740</u>	<u>8,003,260</u>
<b>Balance as at 1 January 2014</b>	2,546,910	4,888,541	646,471	8,081,922
Net loss for the financial period	-	-	(41,192)	(41,192)
<b>Balance as at 31 March 2014</b>	<u>2,546,910</u>	<u>4,888,541</u>	<u>605,279</u>	<u>8,040,730</u>

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



**RHB CAPITAL BERHAD (312952 – H)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	Three months ended	
	31 March 2015	31 March 2014
	RM'000	RM'000
<b>Group</b>		
<b>Cash flows from operating activities</b>		
Profit before taxation	644,821	637,408
Adjustments for:		
Allowance for impairment on loans, financing and other losses	117,351	142,570
Property, plant and equipment		
- Depreciation	32,347	28,485
- Gain on disposal	(54)	(5)
- Written off	16	1
Intangible assets		
- Amortisation	18,358	18,311
Net impairment written back on financial investments AFS and HTM	(6,104)	(11,903)
Share of results of associates and joint ventures	(85)	(17)
Net gain arising from sale/early redemption of financial assets FVTPL, financial investments AFS and HTM	(21,767)	(21,714)
Net gain on fair value hedges	(327)	(1,158)
Net unrealised loss on revaluation of financial assets FVTPL and derivatives	193,290	55,239
Net unrealised foreign exchange (gain)/loss	(131,961)	29,024
Gross dividend income from financial assets FVTPL, financial investments AFS and HTM	(14,912)	(7,687)
Accretion of discount for borrowings and subordinated obligations	(600)	(76)
Other non-cash items	(405,312)	(376,167)
Operating profit before working capital changes	<u>425,061</u>	<u>492,311</u>
(Increase)/decrease in operating assets:		
Securities purchased under resale agreements	(153,090)	(47,603)
Deposits and placements with banks and other financial institutions	(770,020)	258,004
Financial assets FVTPL	(13,103)	701,555
Loans, advances and financing	(895,733)	(4,676,888)
Clients' and brokers' balances	(593,316)	479,034
Other assets	(120,740)	(194,899)
Statutory deposits	(10,044)	(535,213)
	<u>(2,556,046)</u>	<u>(4,016,010)</u>
Increase/(decrease) in operating liabilities:		
Deposits from customers	1,258,827	5,540,125
Deposits and placements of banks and other financial institutions	288,264	702,760
Obligations on securities sold under repurchase agreements	999,939	(132,327)
Obligations on securities borrowed	(58,310)	135,349
Bills and acceptances payable	433,192	(9,035)
Clients' and brokers' balances	725,046	(596,423)
Other liabilities	(153,088)	(176,095)
Recourse obligation on loans sold to Cagamas	(26,981)	(45,654)
	<u>3,466,889</u>	<u>5,418,700</u>
Cash generated from operations	1,335,904	1,895,001
Net tax paid	(201,390)	(158,232)
Net cash generated from operating activities	<u>1,134,514</u>	<u>1,736,769</u>

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



**RHB CAPITAL BERHAD (312952 – H)  
 INTERIM FINANCIAL STATEMENTS  
 UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS (CONTINUED)  
 FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	Three months ended	
	31 March 2015	31 March 2014
	RM'000	RM'000
<b>Group</b>		
<b>Cash flows from investing activities</b>		
Net (purchase)/disposal of financial investments AFS and HTM	(2,221,305)	24,975
Property, plant and equipment:		
- Purchase	(33,669)	(21,615)
- Proceeds from disposal	118	107
Purchase of intangible assets	(38,063)	(15,724)
Financial investments AFS and HTM:		
- Interest received	318,699	289,412
- Investment income received	41,491	36,356
Dividend income received from financial assets FVTPL and financial investments AFS	5,739	7,687
Net cash (used in)/generated from investing activities	<u>(1,926,990)</u>	<u>321,198</u>
<b>Cash flows from financing activities</b>		
Drawdown of borrowings	464,523	254,371
Repayment of borrowings	(37,036)	(271,347)
Net cash generated from/(used in) financing activities	<u>427,487</u>	<u>(16,976)</u>
Net (decrease)/increase in cash and cash equivalents	(364,989)	2,040,991
Effects of exchange rate differences	120,559	17,934
Cash and cash equivalents:		
- at the beginning of the financial period	16,236,908	9,998,667
- at the end of the financial period	<u>15,992,478</u>	<u>12,057,592</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	15,992,492	12,057,592
Overdrafts	(14)	-
	<u>15,992,478</u>	<u>12,057,592</u>

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



**RHB CAPITAL BERHAD (312952 – H)  
INTERIM FINANCIAL STATEMENTS  
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	Three months ended	
	31 March 2015	31 March 2014
	RM'000	RM'000
<b>Company</b>		
<b>Cash flows from operating activities</b>		
Loss before taxation	(37,721)	(40,699)
Adjustments for:		
Interest expense	33,309	29,878
Unrealised foreign exchange loss	-	68
Property, plant and equipment		
- Depreciation	53	48
Interest income	(58)	(55)
Operating loss before working capital changes	(4,417)	(10,760)
Increase in deposits and placements with banks and other financial institutions	(10)	(9)
Decrease/(Increase) in inter-company balances	10,857	(2,993)
(Increase)/Decrease in other assets	(68)	210
Decrease in other liabilities	(10,317)	(2,507)
Cash used in operations	(3,955)	(16,059)
Net tax paid	(38)	-
Net cash used in operating activities	(3,993)	(16,059)
<b>Cash flows from investing activities</b>		
Interest income received	60	55
Purchase of property, plant and equipment	(92)	(75)
Net cash used in investing activities	(32)	(20)
<b>Cash flows from financing activities</b>		
Drawdown of borrowings	280,000	22,000
Repayment of borrowings	(260,000)	-
Interest expense paid	(38,205)	(17,732)
Net cash (used in)/generated from financing activities	(18,205)	4,268
Net decrease in cash and cash equivalents	(22,230)	(11,811)
Cash and cash equivalents:		
- at the beginning of the financial period	24,940	16,973
- at the end of the financial period	2,710	5,162
Cash and cash equivalents comprise the following:		
- Cash and short term funds	2,724	5,162
Overdrafts	(14)	-
	2,710	5,162

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



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**A1. Basis of Preparation**

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

The accounting policies and presentation adopted by the Group and the Company for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2014, except for the adoption of the following relevant accounting standards, amendments to published standards and interpretations to existing accounting standards which are effective for annual periods beginning on or after 1 July 2014:

- Annual Improvements to MFRS 2010 - 2012 Cycle
- Annual Improvements to MFRS 2011 - 2013 Cycle

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 2014 was not subject to any qualification.

**A3. Seasonal or Cyclical Factors**

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

**A4. Exceptional or Unusual Items**

There were no exceptional or unusual items for the three months ended 31 March 2015.

**A5. Changes in Estimates**

There were no material changes in estimates of amount reported in prior financial years that have a material effect for the three months ended 31 March 2015.

**A6. Changes in Debt and Equity Securities**

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period under review.

**A7. Dividends Paid**

No dividend was paid during the three months ended 31 March 2015.

Subsequent to the quarter-end, the Company has on 24 April 2015 paid an interim dividend in respect of the financial year ended 31 December 2014, amounting to RM154,347,000. The reinvestment rate for the Dividend Reinvestment Rate was 73.01%.



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	1st quarter ended		Three months ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	RM'000	RM'000	RM'000	RM'000
<b>A8. Interest Income</b>				
<b><u>Group</u></b>				
Loans and advances	1,572,038	1,372,917	1,572,038	1,372,917
Money at call and deposits and placements with banks and other financial institutions	56,899	48,302	56,899	48,302
Securities purchased under resale agreements	367	48	367	48
Financial assets FVTPL	13,350	9,563	13,350	9,563
Financial investments AFS	159,036	129,507	159,036	129,507
Financial investments HTM	182,421	193,896	182,421	193,896
Others	6,815	3,881	6,815	3,881
	<b>1,990,926</b>	<b>1,758,114</b>	<b>1,990,926</b>	<b>1,758,114</b>
Of which:				
Interest income accrued on impaired financial assets	52,227	45,897	52,227	45,897
<b><u>Company</u></b>				
Money at call and deposits and placements with banks and other financial institutions	58	55	58	55
<b>A9. Interest Expense</b>				
<b><u>Group</u></b>				
Deposits and placements of banks and other financial institutions	128,047	59,115	128,047	59,115
Deposits from customers	891,862	748,128	891,862	748,128
Borrowings	26,568	25,459	26,568	25,459
Senior debt securities	23,427	13,367	23,427	13,367
Subordinated obligations	66,925	51,711	66,925	51,711
Hybrid Tier-1 Capital Securities	11,124	11,118	11,124	11,118
Recourse obligation on loans sold to Cagamas	24,337	10,523	24,337	10,523
Others	18,857	16,509	18,857	16,509
	<b>1,191,147</b>	<b>935,930</b>	<b>1,191,147</b>	<b>935,930</b>
<b><u>Company</u></b>				
Borrowings	33,309	29,878	33,309	29,878



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	1st quarter ended		Three months ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	RM'000	RM'000	RM'000	RM'000
<b>A10. Other Operating Income</b>				
<b>Group</b>				
<b>Fee income</b>				
- Service charges and fees	64,887	65,781	64,887	65,781
- Commission	35,615	38,318	35,615	38,318
- Guarantee fees	25,244	23,379	25,244	23,379
- Commitment fees	14,354	14,079	14,354	14,079
- Net brokerage income	86,436	84,643	86,436	84,643
- Fund management fees	26,213	24,680	26,213	24,680
- Unit trust fee income	12,010	11,482	12,010	11,482
- Corporate advisory fees	14,323	15,336	14,323	15,336
- Underwriting and arrangement fees	17,359	12,195	17,359	12,195
- Other fee income	18,902	31,219	18,902	31,219
	<b>315,343</b>	<b>321,112</b>	<b>315,343</b>	<b>321,112</b>
<b>Net gain arising from financial assets FVTPL</b>				
- Net gain on disposal	999	21,753	999	21,753
- Unrealised net gain on revaluation	9,467	3,459	9,467	3,459
- Gross dividend income	9,173	1,763	9,173	1,763
	<b>19,639</b>	<b>26,975</b>	<b>19,639</b>	<b>26,975</b>
<b>Net gain on revaluation of derivatives</b>	<b>12,190</b>	<b>1,787</b>	<b>12,190</b>	<b>1,787</b>
<b>Net gain on fair value hedges</b>	<b>327</b>	<b>1,158</b>	<b>327</b>	<b>1,158</b>
<b>Net gain arising from financial investments AFS</b>				
- Net gain/(loss) on disposal	19,914	(751)	19,914	(751)
- Gross dividend income	5,739	5,924	5,739	5,924
	<b>25,653</b>	<b>5,173</b>	<b>25,653</b>	<b>5,173</b>
<b>Net gain arising from financial investments HTM</b>				
- Net gain on early redemption	-	42	-	42



**RHB CAPITAL BERHAD (312952 – H)  
 NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
 FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	1st quarter ended		Three months ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	RM'000	RM'000	RM'000	RM'000
<b>A10. Other Operating Income (continued)</b>				
<b>Other income</b>				
- Net foreign exchange gain/(loss)				
- Realised	(58,396)	104,098	(58,396)	104,098
- Unrealised	131,961	(29,024)	131,961	(29,024)
- Insurance underwriting surplus before management expenses	38,114	36,233	38,114	36,233
- Net gain on disposal of property, plant and equipment	54	5	54	5
- Rental income	261	461	261	461
- Net loss on disposal of a subsidiary	-	(247)	-	(247)
- Other operating income	19,735	22,605	19,735	22,605
- Other non-operating income	1,606	1,726	1,606	1,726
	<u>133,335</u>	<u>135,857</u>	<u>133,335</u>	<u>135,857</u>
	<u>506,487</u>	<u>492,104</u>	<u>506,487</u>	<u>492,104</u>
<b>Company</b>				
<b>Other income</b>				
- Net foreign exchange loss				
- Unrealised	-	(68)	-	(68)
	<u>-</u>	<u>(68)</u>	<u>-</u>	<u>(68)</u>





**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	1st quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<b>A11. Other Operating Expenses</b>				
<b>Group</b>				
<b>Personnel costs</b>				
- Salaries, bonus, wages and allowances	408,459	385,842	408,459	385,842
- Defined contribution plan	54,218	55,023	54,218	55,023
- Other staff related costs	39,816	33,511	39,816	33,511
	<b>502,493</b>	<b>474,376</b>	<b>502,493</b>	<b>474,376</b>
<b>Establishment costs</b>				
- Property, plant and equipment				
- Depreciation	32,347	28,485	32,347	28,485
- Written off	16	1	16	1
- Intangible assets				
- Amortisation	18,358	18,311	18,358	18,311
- Information technology expenses	41,055	31,224	41,055	31,224
- Repair and maintenance	8,835	8,910	8,835	8,910
- Security and escorting charges	12,396	10,279	12,396	10,279
- Rental of premises	37,126	36,698	37,126	36,698
- Water and electricity	9,692	8,883	9,692	8,883
- Rental of equipment	2,767	2,440	2,767	2,440
- Insurance	7,732	6,696	7,732	6,696
- Others	3,645	4,515	3,645	4,515
	<b>173,969</b>	<b>156,442</b>	<b>173,969</b>	<b>156,442</b>
<b>Marketing expenses</b>				
- Sales commission	27,938	23,943	27,938	23,943
- Advertisements and publicity	8,599	14,692	8,599	14,692
- Others	25,782	29,601	25,782	29,601
	<b>62,319</b>	<b>68,236</b>	<b>62,319</b>	<b>68,236</b>
<b>Administration and general expenses</b>				
- Communication expenses	38,510	38,691	38,510	38,691
- Legal and professional fee	8,185	7,971	8,185	7,971
- Others	34,435	40,629	34,435	40,629
	<b>81,130</b>	<b>87,291</b>	<b>81,130</b>	<b>87,291</b>
	<b>819,911</b>	<b>786,345</b>	<b>819,911</b>	<b>786,345</b>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	1st quarter ended		Three months ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
<b>A11. Other Operating Expenses (continued)</b>				
<b><u>Company</u></b>				
<b>Personnel costs</b>				
- Salaries, bonus, wages and allowances	469	7,254	469	7,254
- Defined contribution plan	75	938	75	938
- Other staff related costs	57	512	57	512
	<b>601</b>	<b>8,704</b>	<b>601</b>	<b>8,704</b>
<b>Establishment costs</b>				
- Rental of premises	25	214	25	214
- Depreciation of property, plant and equipment	53	48	53	48
- Information technology expenses	-	1	-	1
- Repair and maintenance	9	29	9	29
- Security and escorting charges	-	9	-	9
- Water and electricity	12	26	12	26
	<b>99</b>	<b>327</b>	<b>99</b>	<b>327</b>
<b>Marketing expenses</b>				
- Advertisements and publicity	346	461	346	461
- Others	11	76	11	76
	<b>357</b>	<b>537</b>	<b>357</b>	<b>537</b>
<b>Administration and general expenses</b>				
- Communication expenses	25	86	25	86
- Legal and professional fee	2,887	897	2,887	897
- Others	501	257	501	257
	<b>3,413</b>	<b>1,240</b>	<b>3,413</b>	<b>1,240</b>
	<b>4,470</b>	<b>10,808</b>	<b>4,470</b>	<b>10,808</b>

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

**Group**

Allowance for impaired loans and financing

- Individual impairment allowance made	7,543	7,049	7,543	7,049
- Collective impairment allowance made	75,180	90,476	75,180	90,476
Impaired loans and financing recovered	(67,138)	(88,361)	(67,138)	(88,361)
Bad debts written off	35,578	47,900	35,578	47,900
Allowance written back for impairment on other debtors	(950)	(2,855)	(950)	(2,855)
	<b>50,213</b>	<b>54,209</b>	<b>50,213</b>	<b>54,209</b>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	Group	
	Unaudited As at 31 March 2015 RM'000	Audited As at 31 December 2014 RM'000
<b>A13. Financial Assets at Fair Value Through Profit or Loss ('Financial assets FVTPL')</b>		
(a) Designated as fair value through profit or loss	57,001	-
(b) Held-for-trading	2,930,431	2,930,681
	<b>2,987,432</b>	<b>2,930,681</b>
<b>(a) Financial assets designated as fair value through profit or loss</b>		
<b><u>Quoted securities:</u></b>		
<b>In Malaysia</b>		
Unit trusts	57,001	-
	<b>57,001</b>	<b>-</b>
<b>(b) Financial assets held-for-trading</b>		
<b>At fair value</b>		
<b><u>Money market instrument:</u></b>		
Malaysian Government Securities	755,599	557,950
Malaysian Government Investment Issues	446,943	728,287
Cagamas bonds	-	6,968
Sukuk Perumahan Kerajaan ('SPK') bonds	-	20,116
Singapore Government Treasury Bills	537,983	502,281
Thailand Government bonds	11,661	-
<b><u>Quoted securities:</u></b>		
<b>In Malaysia</b>		
Shares, exchange traded funds and warrants	164,262	155,976
Unit trusts	1,084	56,483
Private debt securities	3,929	3,841
<b>Outside Malaysia</b>		
Shares, exchange traded funds and warrants	179,167	150,145
Unit trusts	91,390	82,994
<b><u>Unquoted securities:</u></b>		
<b>In Malaysia</b>		
Private debt securities	472,671	424,192
Commercial paper	79,993	49,870
<b>Outside Malaysia</b>		
Private debt securities	-	17,588
Credit link notes	185,749	173,990
	<b>2,930,431</b>	<b>2,930,681</b>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

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

In 2008, the Group reclassified a portion of its financial assets FVTPL into financial investments AFS and financial investments HTM. The reclassifications have been accounted for in accordance with Bank Negara Malaysia ('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 March 2015 were as follows:

	<b>Group</b>	
	<b>As at 31 March 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Carrying amount</u>		
Reclassified from financial assets FVTPL to financial investments AFS	<b>30,072</b>	29,823
Reclassified from financial assets FVTPL to financial investments HTM	<b>22,694</b>	21,140
	<b>52,766</b>	50,963
<u>Fair value</u>		
Reclassified from financial assets FVTPL to financial investments AFS	<b>29,880</b>	29,450
Reclassified from financial assets FVTPL to financial investments HTM	<b>22,769</b>	21,409
	<b>52,649</b>	50,859
Fair value loss that would have been recognised if the financial assets FVTPL had not been reclassified	<b>(117)</b>	(104)



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	<b>Group</b>	
	<b>As at 31 March 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A14. Financial Investments Available-for-sale ('AFS')</b>		
<b>At fair value</b>		
<b><u>Money market instrument:</u></b>		
Malaysian Government Securities	1,138,481	1,168,982
Malaysian Government Investment Issues	2,320,354	2,413,705
BNM Monetary Notes	179,862	-
Cagamas Bonds	186,079	176,532
Khazanah bonds	59,129	58,123
1 Malaysia Sukuk	350,945	330,256
Wakala Global Sukuk	88,667	84,587
Bankers' acceptances and Islamic acceptable bills	404,993	73,627
Negotiable instruments of deposits	649,992	649,516
SPK bonds	128,241	125,034
Malaysia Government Treasury Bills	19,996	-
Singapore Government Securities	217,235	161,233
Singapore Government Treasury Bills	645,890	409,666
Thailand Government bonds	260,980	120,895
<b><u>Quoted securities:</u></b>		
<b>In Malaysia</b>		
Shares and warrants	19,164	15,830
Unit trusts	13,363	12,976
<b>Outside Malaysia</b>		
Shares and warrants	1,870	1,800
Unit trusts	31,820	30,368
<b><u>Unquoted securities:</u></b>		
<b>In Malaysia</b>		
Private and Islamic debt securities	12,977,334	12,664,877
Shares and warrants	660,796	609,194
Corporate loan stocks	17,984	17,843
Prasarana bonds	75,144	35,185
Perpetual notes/Sukuk	290,381	286,084
<b>Outside Malaysia</b>		
Private and Islamic debt securities	381,180	442,042
Corporate loan stocks	2,278	2,151
Shares	421	396
	<b>21,122,579</b>	<b>19,890,902</b>
Accumulated impairment losses	<b>(288,863)</b>	<b>(288,726)</b>
	<b>20,833,716</b>	<b>19,602,176</b>

Included in financial investments AFS are private and Islamic debt securities, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RMNil (31 December 2014: RM20,484,000).



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	<b>Group</b>	
	<b>As at 31 March 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A15. Financial Investments Held-to-maturity ('HTM')</b>		
<b>At amortised cost</b>		
<b><u>Money market instrument:</u></b>		
Malaysian Government Securities	2,229,373	2,343,015
Malaysian Government Investment Issues	5,725,930	5,710,589
Cagamas bonds	1,849,170	1,846,208
Khazanah bonds	102,941	101,835
Negotiable instruments of deposits	3,187,561	2,027,550
Bankers' acceptances	249,335	-
Wakala Global Sukuk	262,896	249,958
SPK bonds	111,251	111,178
Singapore Government Securities	189,462	187,519
Thailand Government Securities	213,873	275,711
Sukuk (Brunei) Incorporation	40,406	39,689
<b><u>Unquoted securities:</u></b>		
<b>In Malaysia</b>		
Private and Islamic debt securities	6,889,381	6,868,950
Corporate loan stocks	67,982	70,171
Bonds	883	883
Prasarana bonds	814,759	810,498
Credit link notes	45,069	45,058
<b>Outside Malaysia</b>		
Private and Islamic debt securities	38,797	37,222
Credit link notes	-	17,891
	<b>22,019,069</b>	<b>20,743,925</b>
Accumulated impairment losses	<b>(268,598)</b>	<b>(274,094)</b>
	<b>21,750,471</b>	<b>20,469,831</b>

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 RM1,520,000,000 (31 December 2014: RM500,000,000).



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	<b>Group</b>	
	<b>As at 31 March 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A16. Loans, Advances and Financing</b>		
<b>At amortised cost</b>		
Overdrafts	6,268,736	6,327,913
Term loans/financing		
- Housing loans/financing	33,672,548	31,988,629
- Syndicated term loans/financing	6,248,236	5,581,599
- Hire purchase receivables	12,895,984	13,348,197
- Lease receivables	32,343	33,706
- Other term loans/financing	64,958,389	66,671,673
Bills receivables	2,552,856	2,452,642
Trust receipts	760,054	626,381
Claims on customers under acceptance credits	3,851,987	3,662,085
Staff loans/financing	214,494	221,146
Credit/charge card receivables	1,976,885	1,994,710
Revolving credits/financing	10,114,899	9,577,509
Gross loans, advances and financing	<u>143,547,411</u>	<u>142,486,190</u>
Fair value changes arising from fair value hedges	(7,814)	(26,870)
	<u>143,539,597</u>	<u>142,459,320</u>
Allowance for impaired loans, advances and financing		
- Individual impairment allowance	(424,808)	(417,232)
- Collective impairment allowance	(1,341,181)	(1,349,085)
Net loans, advances and financing	<u><u>141,773,608</u></u>	<u><u>140,693,003</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 RM3,258,270,000 (31 December 2014: RM3,304,749,000).



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	Group	
	As at 31 March 2015	As at 31 December 2014
	RM'000	RM'000
<b>A16. Loans, Advances and Financing (continued)</b>		
<b>(a) By type of customer</b>		
Domestic non-bank financial institutions		
- Others	1,967,873	2,048,118
Domestic business enterprises		
- Small and medium enterprises	18,028,338	16,255,916
- Others	35,297,127	36,538,619
Government and statutory bodies	5,329,649	7,457,968
Individuals	65,729,718	64,275,120
Other domestic entities	122,947	124,840
Foreign entities	17,071,759	15,785,609
	<b>143,547,411</b>	<b>142,486,190</b>
<b>(b) By geographical distribution</b>		
Malaysia	125,553,661	125,761,783
Labuan Offshore	3,934,725	3,585,654
Singapore	11,440,031	11,017,471
Thailand	1,000,319	1,061,038
Brunei	125,981	114,997
Indonesia	17,198	7,209
Hong Kong	592,297	143,844
Cambodia	826,310	758,885
Lao	56,889	35,309
	<b>143,547,411</b>	<b>142,486,190</b>
<b>(c) By interest/profit rate sensitivity</b>		
Fixed rate		
- Housing loans/financing	1,053,802	1,522,767
- Hire purchase receivables/financing	12,895,984	13,348,197
- Other fixed rate loans/financing	18,159,726	19,506,915
Variable rate		
- Base lending/financing rate plus	65,612,302	63,266,561
- Cost-plus	36,369,553	36,418,784
- Other variable rates	9,456,044	8,422,966
	<b>143,547,411</b>	<b>142,486,190</b>





**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	<b>Group</b>	
	<b>As at 31 March 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A16. Loans, Advances and Financing (continued)</b>		
<b>(d) By purpose</b>		
Purchase of securities	16,011,062	15,606,564
Purchase of transport vehicles	11,797,537	12,222,831
Purchase of landed property		
- Residential	33,039,334	31,469,445
- Non-residential	11,405,501	10,633,960
Purchase of property, plant and equipment other than land and building	3,722,570	3,675,777
Personal use	7,700,487	7,650,256
Credit card	1,976,885	1,994,710
Purchase of consumer durables	28,081	28,926
Construction	5,354,505	4,929,162
Working capital	36,168,390	35,060,938
Merger and acquisition	2,693,375	3,227,805
Other purpose	13,649,684	15,985,816
	<b>143,547,411</b>	<b>142,486,190</b>
<b>(e) By remaining contractual maturities</b>		
Maturity within one year	45,705,879	48,168,576
One year to three years	9,090,217	8,693,192
Three years to five years	11,624,415	11,464,772
Over five years	77,126,900	74,159,650
	<b>143,547,411</b>	<b>142,486,190</b>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	<b>Group</b>	
	<b>As at 31 March 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A16. Loans, Advances and Financing (continued)</b>		
<b>(f) Impaired loans, advances and financing</b>		
<b>(i) Movements in impaired loans, advances and financing</b>		
Balance as at the beginning of the financial period/year	2,892,367	3,426,629
Classified as impaired	1,115,027	3,704,991
Reclassified as non-impaired	(669,683)	(2,497,162)
Amount recovered	(310,906)	(765,732)
Amount written off	(122,435)	(1,021,213)
Transfer from financial investments AFS	-	39,543
Exchange differences	3,868	5,311
Balance as at the end of the financial period/year	<u>2,908,238</u>	<u>2,892,367</u>
<b>(ii) By purpose</b>		
Purchase of securities	202,038	218,313
Purchase of transport vehicles	169,644	180,120
Purchase of landed property		
- Residential	752,626	783,908
- Non-residential	203,621	181,589
Purchase of property, plant and equipment other than land and building	39,111	38,834
Personal use	144,457	153,432
Credit card	32,998	36,911
Purchase of consumer durables	1,720	1,425
Construction	124,470	115,694
Working capital	1,182,732	1,139,887
Other purpose	54,821	42,254
	<u>2,908,238</u>	<u>2,892,367</u>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	Group	
	As at 31 March 2015 RM'000	As at 31 December 2014 RM'000
<b>A16. Loans, Advances and Financing (continued)</b>		
<b>(f) Impaired loans, advances and financing (continued)</b>		
<b>(iii) By geographical distribution</b>		
Malaysia	2,768,820	2,754,303
Singapore	102,108	104,211
Thailand	23,453	21,872
Brunei	8,642	8,245
Cambodia	5,215	3,736
	<b>2,908,238</b>	<b>2,892,367</b>
<b>(iv) Movements in allowance for impaired loans, advances and financing</b>		
<u>Individual impairment allowance</u>		
Balance as at the beginning of the financial period/year	417,232	903,388
Net allowance made/(written back)	7,543	(27,937)
Amount written off	(1,492)	(482,988)
Reclassified to collective impairment allowance	-	(64)
Transfer to impairment of financial investments HTM	-	(9,871)
Transfer from impairment of financial investments AFS	-	29,666
Exchange differences	1,525	5,038
Balance as at the end of the financial period/year	<b>424,808</b>	<b>417,232</b>
<u>Collective impairment allowance</u>		
Balance as at the beginning of the financial period/year	1,349,085	1,280,266
Net allowance made	75,180	405,898
Amount written off	(85,904)	(339,584)
Reclassified from individual impairment allowance	-	64
Exchange differences	2,820	2,441
Balance as at the end of the financial period/year	<b>1,341,181</b>	<b>1,349,085</b>



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	<b>Group</b>	
	<b>As at 31 March 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A17. Other Assets</b>		
Other debtors	<b>809,731</b>	770,176
Collateral pledged for derivative transactions	<b>750,864</b>	620,577
Deposits	<b>92,698</b>	87,536
Prepayments	<b>68,900</b>	63,700
	<b><u>1,722,193</u></b>	<u>1,541,989</u>

	<b>Company</b>	
	<b>As at 31 March 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Other debtors	<b>2</b>	2
Prepayments	<b>1,143</b>	3,635
	<b><u>1,145</u></b>	<u>3,637</u>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	Group	
	As at 31 March 2015	As at 31 December 2014
	RM'000	RM'000
<b>A18. Deposits from Customers</b>		
<b>(a) By type of deposits</b>		
Demand deposits	27,219,218	26,239,569
Savings deposits	8,145,301	7,927,118
Fixed/investment deposits	123,242,711	122,935,277
Negotiable instruments of deposits	77,103	32,029
	<b>158,684,333</b>	<b>157,133,993</b>
<b>(b) By type of customer</b>		
Government and statutory bodies	11,310,516	11,148,094
Business enterprises	98,645,024	97,051,175
Individuals	42,202,738	42,913,486
Others	6,526,055	6,021,238
	<b>158,684,333</b>	<b>157,133,993</b>
<b>(c) By maturity structure of fixed/investment deposits and negotiable instruments of deposits</b>		
Due within six months	102,732,246	101,842,151
Six months to one year	20,171,440	20,318,902
One year to three years	385,336	788,624
Three years to five years	30,792	17,629
	<b>123,319,814</b>	<b>122,967,306</b>
<b>A19. Deposits and Placements of Banks and Other Financial Institutions</b>		
Licensed banks	15,567,730	14,973,762
Licensed Islamic banks	950,303	221,130
Licensed investment banks	1,509,371	1,607,590
BNM	530,971	515,027
Other financial institutions	3,165,662	4,032,109
	<b>21,724,037</b>	<b>21,349,618</b>





**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**A21. Segment Reporting**

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

Pursuant to the Group's refinement on internal fund transfer-pricing methodology and internal management reporting framework that transfers funding center to the purview and responsibility of Group Treasury, the Group has restated the corresponding segment information in all affected business segments retrospectively. The funding center was previously categorised under 'Support Center and Others' segment.

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

(a) Corporate and Investment Banking ('CIB')

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

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

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

(b) Retail Banking

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

(c) Business Banking

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

(d) Group Treasury

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



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**A21. Segment Reporting (continued)**

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

(e) Group International Business

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

(f) Support Center and Others

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

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





RHB CAPITAL BERHAD (312952 – H)  
 NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
 FOR THE THREE MONTHS ENDED 31 MARCH 2015

A21. Segment Reporting (continued)

Three months ended 31 March 2015

	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	444,749	650,370	236,125	97,153	122,268	(41,909)	-	1,508,756
Inter-segment revenue	8,518	5,064	-	14,220	1,206	1,092	(30,100)	-
Segment revenue	453,267	655,434	236,125	111,373	123,474	(40,817)	(30,100)	1,508,756
Other operating expenses	(257,522)	(314,427)	(114,099)	(41,836)	(81,241)	(40,886)	30,100	(819,911)
Including:								
Depreciation of property, plant and equipment	(7,546)	(16,851)	(1,831)	(748)	(2,932)	(2,439)	-	(32,347)
Amortisation of intangible assets	(6,551)	(6,614)	(2,481)	(1,195)	(1,517)	-	-	(18,358)
Allowance for impairment on loans, financing and other losses	(744)	(32,123)	(9,300)	(4,230)	(3,798)	(18)	-	(50,213)
Impairment losses written back on other assets	6,104	-	-	-	-	-	-	6,104
	201,105	308,884	112,726	65,307	38,435	(81,721)	-	644,736
Share of results of joint ventures								85
Profit before taxation								644,821
Taxation								(165,301)
Net profit for the financial period								479,520



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**A21. Segment Reporting (continued)**

**As at 31 March 2015**

	<b>CIB</b>	<b>Retail Banking</b>	<b>Business Banking</b>	<b>Group Treasury</b>	<b>Group International Business</b>	<b>Support Center and Others</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Segment assets	53,301,801	69,694,484	18,935,148	57,204,233	23,824,307	687,980	223,647,953
Investments in joint ventures							21,781
Tax recoverable							196,587
Deferred tax assets							30,328
Unallocated assets							1,167,642
Total assets							<u>225,064,291</u>
Segment liabilities	36,211,591	47,591,646	15,402,959	74,625,388	17,369,705	297,473	191,498,762
Tax liabilities							26,887
Deferred tax liabilities							94,830
Borrowings							3,352,289
Subordinated obligations							6,147,273
Hybrid Tier-1 Capital Securities							597,880
Senior debt securities							2,999,854
Unallocated liabilities							728,671
Total liabilities							<u>205,446,446</u>



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**A21. Segment Reporting (continued)**

**Three months ended 31 March 2014**

	<b>CIB</b>	<b>Retail Banking</b>	<b>Business Banking</b>	<b>Group Treasury</b>	<b>Group International Business</b>	<b>Support Center and Others</b>	<b>Inter-segment Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
External revenue	468,290	641,618	215,769	100,935	84,223	(44,798)	-	1,466,037
Inter-segment revenue	12,345	1,728	-	(2,641)	1,256	2,241	(14,929)	-
Segment revenue	480,635	643,346	215,769	98,294	85,479	(42,557)	(14,929)	1,466,037
Other operating expenses	(244,123)	(323,678)	(104,160)	(32,707)	(67,612)	(28,994)	14,929	(786,345)
Including:								
Depreciation of property, plant and equipment	(5,953)	(16,574)	(1,581)	(627)	(2,101)	(1,649)	-	(28,485)
Amortisation of intangible assets	(6,231)	(6,892)	(2,583)	(2,000)	(605)	-	-	(18,311)
Allowance for impairment on loans, financing and other losses	(18,061)	(40,948)	6,409	(737)	(2,005)	1,133	-	(54,209)
Impairment losses written back on other assets	9,609	21	623	1,650	5	-	-	11,908
	228,060	278,741	118,641	66,500	15,867	(70,418)	-	637,391
Share of results of associates								(55)
Share of results of joint ventures								72
Profit before taxation								637,408
Taxation								(183,937)
Net profit for the financial period								453,471



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**A21. Segment Reporting (continued)**

**As at 31 December 2014**

	<b>CIB</b>	<b>Retail Banking</b>	<b>Business Banking</b>	<b>Group Treasury</b>	<b>Group International Business</b>	<b>Support Center and Others</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Segment assets	52,942,278	68,038,286	18,890,063	54,626,228	22,755,613	727,195	217,979,663
Investments in joint ventures							21,021
Tax recoverable							162,181
Deferred tax assets							38,465
Unallocated assets							1,153,106
Total assets							<u>219,354,436</u>
Segment liabilities	34,908,688	44,883,328	13,671,396	74,765,021	16,568,209	2,404,930	187,201,572
Tax liabilities							57,321
Deferred tax liabilities							53,041
Borrowings							2,874,697
Subordinated obligations							6,099,402
Hybrid Tier-1 Capital Securities							601,515
Senior debt securities							2,810,655
Unallocated liabilities							762,147
Total liabilities							<u>200,460,350</u>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**A22. Valuation of Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

**A23. Material Events Subsequent to the Balance Sheet Date**

There were no significant events subsequent to the balance sheet date that have not been reflected in the financial statements other than the corporate proposals as disclosed in Note B(6)(e) and issuance/redemption of subordinated notes as disclosed in Note B6(b) and B7(c).

**A24. Changes in Composition of the Group**

On 30 January 2015, RHB Bank Berhad ('RHB Bank') injected additional capital to its wholly-owned commercial bank subsidiary, RHB Indochina Bank Limited ('RHB Indochina Bank'), which is incorporated in Cambodia amounting to USD15,000,000 (equivalent to RM54,375,000). As a result, RHB Indochina Bank's share capital increased from USD52,000,000 to USD67,000,000.

Other than the above, there are no significant changes in the composition of the Group for the three months ended 31 March 2015.



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**A25. Changes In Contingent Liabilities Since The Last Annual Statements Of Financial Position**

**(a) Commitments and Contingencies**

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

The commitments and contingencies comprise the following:

<u>Group</u>	As at 31 March 2015			As at 31 December 2014		
	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	2,388,509	2,358,537	1,485,371	2,659,088	2,628,097	1,656,364
Transaction-related contingent items	4,654,375	2,301,243	1,292,751	4,829,166	2,388,120	1,308,323
Short term self-liquidating trade-related contingencies	1,915,158	380,727	171,420	1,822,569	362,511	177,431
Obligations under underwriting agreements	13,350	6,675	6,675	-	-	-
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	1,563,663	1,563,663	16,656	517,610	517,610	27,897
Irrevocable commitments to extend credit						
- maturity not exceeding one year	2,957,928	411,013	151,369	2,701,468	399,169	144,743
- maturity exceeding one year	30,490,643	13,929,355	9,883,911	30,652,168	14,280,346	9,878,218
Foreign exchange related contracts^						
- less than one year	35,366,498	1,211,081	701,667	28,493,237	922,273	556,942
- one year to less than five years	11,357,884	1,974,592	836,391	11,522,508	1,679,778	760,665
- more than five years	475,304	133,070	92,439	469,108	596,943	444,525
Equity related contracts^						
- less than one year	16,429	5,475	5,475	15,508	5,844	5,844
Interest rate related contracts^						
- less than one year	6,781,666	16,054	5,614	5,959,805	14,442	4,211
- one year to less than five years	28,790,327	853,590	300,541	27,736,220	814,933	281,190
- more than five years	920,773	77,224	37,707	987,920	73,660	34,400
Any commitments that are unconditionally cancelled at any time by the banking subsidiaries without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	15,329,699	601,158	240,349	15,137,896	605,393	240,215
	<b>143,022,206</b>	<b>25,823,457</b>	<b>15,228,336</b>	<b>133,504,271</b>	<b>25,289,119</b>	<b>15,520,968</b>

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

^ 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.



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**A25. Changes In Contingent Liabilities Since The Last Annual Statements Of Financial Position (continued)**

**(a) Commitments and Contingencies (continued)**

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

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

The commercial banking subsidiary, RHB Bank, has given a continuing guarantee to BNM to meet the liabilities and financial obligations and requirements of its subsidiary, RHB Bank (L) Ltd, arising from its offshore banking business in the Federal Territory of Labuan.

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.



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**A25. Changes In Contingent Liabilities Since The Last Annual Statements Of Financial Position (continued)**

**(b) Guarantees Issued by Group and Company**

	As at 31 March 2015 RM'000	As at 31 December 2014 RM'000
<b><u>Group</u></b>		
Corporate guarantee in favour of client's trading facilities granted by a subsidiary	<b>68,000</b>	68,000
<b><u>Company</u></b>		
Corporate guarantee provided to licensed banks for credit facilities granted to subsidiaries	226,944	214,243
Corporate guarantee in favour of client's trading facilities granted by a subsidiary	68,000	68,000
Letter of undertaking in favour of Monetary Authority of Singapore provided for a subsidiary	134,680	132,315
	<b>429,624</b>	<b>414,558</b>

**A26. Capital Commitments**

	<b>Group</b>	
	As at 31 March 2015 RM'000	As at 31 December 2014 RM'000
Capital expenditure for property, plant and equipment:		
- authorised and contracted for	92,848	109,535
- authorised but not contracted for	213,271	202,131
	<b>306,119</b>	<b>311,666</b>





**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**A27. Capital Adequacy Ratio**

BNM Guidelines on capital adequacy requires RHB Bank, RHB Islamic Bank Berhad ('RHB Islamic Bank') and RHB Investment Bank Berhad ('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:

	<b>RHB Bank<sup>@</sup></b>	
	<b>As at 31 March 2015 RM'000</b>	<b>As at 31 December 2014 RM'000</b>
<b>Common Equity Tier 1 ('CET 1')/Tier I Capital</b>		
Paid-up ordinary share capital	3,365,486	3,365,486
Share premium	136,162	136,162
Retained profits	6,860,657	6,860,657
Other reserves	3,684,669	3,589,300
AFS reserves	256,251	218,816
	<b>14,303,225</b>	<b>14,170,421</b>
<b>Less:</b>		
Goodwill	(905,519)	(905,519)
Intangible assets (include associated deferred tax liabilities)	(172,357)	(166,462)
55% of cumulative gains of AFS financial instruments	(140,938)	(120,349)
Shortfall of eligible provisions to expected losses under the IRB approach	(262,803)	(307,612)
Investments in subsidiaries*	(687,429)	(332,839)
Other deductions#	(40,351)	(29,667)
Total CET 1 Capital	<b>12,093,828</b>	<b>12,307,973</b>
Hybrid Tier-I Capital Securities**	<b>420,000</b>	<b>480,000</b>
Total Tier I Capital	<b>12,513,828</b>	<b>12,787,973</b>
<b>Tier II Capital</b>		
Subordinated obligations***	<b>2,800,000</b>	<b>3,200,000</b>
Subordinated obligations meeting all inclusion <sup>+</sup>	<b>1,000,000</b>	<b>1,000,000</b>
Collective impairment allowance <sup>^</sup>	<b>264,664</b>	<b>258,406</b>
	<b>4,064,664</b>	<b>4,458,406</b>
<b>Less:</b>		
Investments in subsidiaries*	<b>(1,031,143)</b>	<b>(1,331,358)</b>
Total Tier II Capital	<b>3,033,521</b>	<b>3,127,048</b>
<b>Total Capital</b>	<b>15,547,349</b>	<b>15,915,021</b>
<u>Capital ratios</u>		
Before proposed dividends:		
CET I Capital Ratio	<b>11.379%</b>	11.678%
Tier I Capital Ratio	<b>11.775%</b>	12.133%
Total Capital Ratio	<b>14.629%</b>	15.100%
After proposed dividends:		
CET I Capital Ratio	<b>10.831%</b>	11.124%
Tier I Capital Ratio	<b>11.226%</b>	11.580%
Total Capital Ratio	<b>14.080%</b>	14.547%

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

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

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

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

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

+ Qualify as Tier II capital as specified in the BNM's Capital Adequacy Framework (Capital Components).

<sup>^</sup> 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)**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**A27. Capital Adequacy Ratio (continued)**

	<b>RHB Islamic Bank</b>	
	As at	As at
	<b>31 March 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CET 1/Tier I Capital</b>		
Paid-up ordinary share capital	1,173,424	1,173,424
Retained profits	553,560	553,560
Other reserves	553,765	553,765
AFS reserves	<u>(16,171)</u>	<u>(28,352)</u>
	<b>2,264,578</b>	<b>2,252,397</b>
<b>Less:</b>		
Net deferred tax assets	(9,485)	(15,497)
Intangible assets (include associated deferred tax liabilities)	(910)	(1,119)
Other deductions#	<u>(312)</u>	<u>(551)</u>
Total CET I Capital/Total Tier I Capital	<b><u>2,253,871</u></b>	<b><u>2,235,230</u></b>
<b>Tier II Capital</b>		
Collective impairment allowance^	114,402	100,832
Subordinated sukuk*	<u>500,000</u>	<u>500,000</u>
Total Tier II Capital	<b><u>614,402</u></b>	<b><u>600,832</u></b>
<b>Total Capital</b>	<b><u>2,868,273</u></b>	<b><u>2,836,062</u></b>
<u>Capital ratios</u>		
Before proposed dividends:		
CET I Capital Ratio	12.315%	12.875%
Tier I Capital Ratio	12.315%	12.875%
Total Capital Ratio	15.672%	16.336%
After proposed dividends:		
CET I Capital Ratio	12.315%	12.875%
Tier I Capital Ratio	12.315%	12.875%
Total Capital Ratio	15.672%	16.336%

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

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

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



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**A27. Capital Adequacy Ratio (continued)**

	<b>RHB Investment Bank</b>	
	As at <b>31 March 2015</b>	As at <b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CET 1/Tier I capital</b>		
Paid-up ordinary share capital	818,646	818,646
Share premium	1,515,150	1,515,150
Retained profits	290,106	290,106
Other reserves	406,544	406,544
AFS reserves	18	(11,933)
	<b>3,030,464</b>	<b>3,018,513</b>
<b>Less:</b>		
Goodwill	(1,118,418)	(1,118,418)
Investments in subsidiaries*	(566,298)	(283,162)
Intangible assets (include associated deferred tax liabilities)	(29,887)	(29,718)
55% of cumulative gains of AFS financing instruments	(10)	-
Other deductions	(126)	(234)
Deferred tax assets	(13,397)	(23,891)
Reduction in excess of Tier II capital due to insufficient Tier II Capital#	(367,071)	(581,966)
Total CET I Capital/Tier I Capital	<b>935,257</b>	<b>981,124</b>
<b>Tier II Capital</b>		
Subordinated obligations**	472,294	539,765
Collective impairment allowance^	10,081	10,916
	<b>482,375</b>	<b>550,681</b>
<b>Less:</b>		
Investments in subsidiaries and associates*	(482,375)	(550,681)
Total Tier II Capital	<b>-</b>	<b>-</b>
<b>Total Capital</b>	<b>935,257</b>	<b>981,124</b>
<b>Capital ratios</b>		
Before proposed dividends:		
CET I Capital Ratio	24.295%	26.337%
Tier I Capital Ratio	24.295%	26.337%
Total Capital Ratio	24.295%	26.337%
After proposed dividends:		
CET I Capital Ratio	24.295%	26.337%
Tier I Capital Ratio	24.295%	26.337%
Total Capital Ratio	24.295%	26.337%

\* 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)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**A27. Capital Adequacy Ratio (continued)**

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

	<b>RHB Bank<sup>@</sup></b>	<b>RHB Islamic Bank</b>	<b>RHB Investment Bank</b>
<b>31 March 2015</b>			
Credit risk	94,950,841	17,180,816	2,351,155
Market risk	3,283,792	184,480	465,057
Operational risk	8,044,377	936,391	1,033,224
Total risk-weighted assets	<u>106,279,010</u>	<u>18,301,687</u>	<u>3,849,436</u>
<b>31 December 2014</b>			
Credit risk	94,067,828	16,316,757	2,448,720
Market risk	3,369,497	124,357	284,376
Operational risk	7,957,062	918,886	992,064
Total risk-weighted assets	<u>105,394,387</u>	<u>17,360,000</u>	<u>3,725,160</u>

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

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

The total risk-weighted assets of RHB 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**

	<b>As at 31 March 2015 RM'000</b>	<b>As at 31 December 2014 RM'000</b>
Before proposed dividends:		
Core capital ratio	#	#
Solvency ratio	20.730%	17.042%
After proposed dividends:		
Core capital ratio	#	#
Solvency ratio	20.730%	17.042%

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

# No equivalent ratio in Cambodia.



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	Group	
	As at 31 March 2015 RM'000	As at 31 December 2014 RM'000
<b>A28. Operations of Islamic Banking</b>		
<b>(a) Unaudited Statement of Financial Position as at 31 March 2015</b>		
<b>ASSETS</b>		
Cash and short-term funds	4,596,728	4,022,466
Deposits and placements with banks and other financial institutions	702,700	893,146
Financial assets FVTPL	81,649	351,888
Financial investments AFS	2,976,346	2,389,447
Financial investments HTM	2,120,543	1,965,362
Financing and advances	26,601,992	25,290,635
Other assets	106,656	81,394
Derivative assets	42,188	26,167
Statutory deposits	1,041,950	1,063,700
Deferred tax assets	4,034	9,942
Property, plant and equipment	10,885	12,339
Intangible assets	6,362	6,673
Total assets	<u>38,292,033</u>	<u>36,113,159</u>
<b>LIABILITIES</b>		
Deposits from customers	24,793,891	24,370,954
Deposits and placements of banks and other financial institutions	2,383,381	1,720,900
Bills and acceptances payable	7,523	8,836
Recourse obligation on financing sold to Cagamas	1,106,646	1,147,677
Other liabilities	61,289	196,973
Derivative liabilities	102	46
Tax liabilities	2,738	10,414
Subordinated obligations	509,154	503,051
Total liabilities	<u>28,864,724</u>	<u>27,958,851</u>
Islamic Banking Funds	9,427,309	8,154,308
Total liabilities and Islamic Banking Funds	<u>38,292,033</u>	<u>36,113,159</u>
Commitments and contingencies	<u>7,460,265</u>	<u>6,445,224</u>



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2015**

1st quarter ended		Three months ended	
31 March	31 March	31 March	31 March
2015	2014	2015	2014
RM'000	RM'000	RM'000	RM'000

**A28. Operations of Islamic Banking (continued)**

**(b) Unaudited Income Statement for the Three Months Ended 31 March 2015**

**Group**

Income derived from investment of depositors' funds	395,833	283,073	395,833	283,073
Income derived from investment of shareholder's funds	32,577	27,375	32,577	27,375
Allowance for impairment on financing and advances	(18,728)	1,153	(18,728)	1,153
Impairment losses on other assets	-	623	-	623
Total distributable income	<u>409,682</u>	<u>312,224</u>	<u>409,682</u>	<u>312,224</u>
Income attributable to depositors	<u>(225,920)</u>	<u>(158,699)</u>	<u>(225,920)</u>	<u>(158,699)</u>
Total net income	<u>183,762</u>	<u>153,525</u>	<u>183,762</u>	<u>153,525</u>
Personnel expenses	(11,018)	(21,096)	(11,018)	(21,096)
Other overheads and expenditures	<u>(40,403)</u>	<u>(38,042)</u>	<u>(40,403)</u>	<u>(38,042)</u>
<b>Profit before taxation</b>	<b>132,341</b>	<b>94,387</b>	<b>132,341</b>	<b>94,387</b>
Taxation	<u>(17,885)</u>	<u>(15,942)</u>	<u>(17,885)</u>	<u>(15,942)</u>
<b>Net profit for the financial period</b>	<b><u>114,456</u></b>	<b><u>78,445</u></b>	<b><u>114,456</u></b>	<b><u>78,445</u></b>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	1st quarter ended		Three months ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	RM'000	RM'000	RM'000	RM'000
<b>A28. Operations of Islamic Banking (continued)</b>				
<b>(c) Unaudited Statement of Comprehensive Income for the Three Months Ended 31 March 2015</b>				
<b>Group</b>				
Net profit for the financial period	<b>114,456</b>	78,445	<b>114,456</b>	78,445
Other comprehensive income/(loss) in respect of: Items that will be reclassified subsequently to profit or loss				
- Unrealised net gain/(loss) on revaluation of financial investments AFS	<b>18,128</b>	(7,505)	<b>18,128</b>	(7,505)
- Net transfer to income statement on disposal or impairment of financial investments AFS	<b>(1,886)</b>	2,355	<b>(1,886)</b>	2,355
- Income tax relating to components of other comprehensive (income)/loss	<b>(4,061)</b>	1,287	<b>(4,061)</b>	1,287
Other comprehensive income/(loss) net of tax, for the financial period	<b>12,181</b>	(3,863)	<b>12,181</b>	(3,863)
Total comprehensive income for the financial period	<b>126,637</b>	74,582	<b>126,637</b>	74,582



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	<b>Group</b>	
	<b>As at 31 March 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A28. Operations of Islamic Banking (continued)</b>		
<b>(d) Financing and Advances</b>		
<b>At amortised cost</b>		
Cashline	260,853	255,115
Term financing		
- Housing financing	6,610,287	6,253,140
- Syndicated term financing	709,191	105,752
- Hire purchase receivables	5,852,519	5,883,027
- Other term financing	10,963,940	10,340,396
Bills receivable	462,112	469,596
Trust receipts	18,823	20,859
Staff financing	5,064	5,279
Credit/charge card receivables	227,806	223,916
Revolving financing	1,716,586	1,946,151
Gross financing and advances	<u>26,827,181</u>	<u>25,503,231</u>
Less: Allowance for impaired financing and advances		
- Individual impairment allowance	(22,651)	(25,289)
- Collective impairment allowance	(202,538)	(187,307)
Net financing and advances	<u><u>26,601,992</u></u>	<u><u>25,290,635</u></u>





**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	<b>Group</b>	
	<b>As at 31 March 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A28. Operations of Islamic Banking (continued)</b>		
<b>(d) Financing and Advances (continued)</b>		
<b>(i) Movements in impaired financing and advances</b>		
Balance as at the beginning of the financial period/year	<b>330,701</b>	431,267
Classified as impaired	<b>133,454</b>	480,870
Reclassified as non-impaired	<b>(101,680)</b>	(360,795)
Amount recovered	<b>(17,673)</b>	(111,964)
Amount written off	<b>(12,449)</b>	(109,706)
Exchange differences	-	1,029
Balance as at the end of the financial period/year	<b>332,353</b>	330,701
<b>(ii) Movements in allowance for impaired financing and advances</b>		
<u>Individual impairment allowance</u>		
Balance as at the beginning of the financial period/year	<b>25,289</b>	111,703
Net allowance written back	<b>(2,638)</b>	(21,538)
Amount written off	-	(63,135)
Reclassified to collective impairment allowance	-	(1,741)
Balance as at the end of the financial period/year	<b>22,651</b>	25,289
<u>Collective impairment allowance</u>		
Balance as at the beginning of the financial period/year	<b>187,307</b>	145,769
Net allowance made	<b>26,500</b>	69,650
Amount written off	<b>(11,269)</b>	(29,853)
Reclassified from individual impairment allowance	-	1,741
Balance as at the end of the financial period/year	<b>202,538</b>	187,307



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	<b>Group</b>	
	<b>As at 31 March</b>	<b>As at 31 December</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A28. Operations of Islamic Banking (continued)</b>		
<b>(e) Other Assets</b>		
Prepayments	4,066	3,349
Deposits	1,263	1,221
Other debtors	101,327	76,824
	<b>106,656</b>	<b>81,394</b>
<b>(f) Deposits from Customers</b>		
Saving Deposits		
- Wadiah	1,133,306	1,054,313
Demand Deposits		
- Wadiah	2,977,717	2,813,680
Term Deposits		
Commodity Murabahah	6,190,856	5,435,819
Specific Investment Account		
- Murabahah	4,348,881	3,134,728
- Wadiah Corporate Deposit	9,877,975	11,573,684
- Mudharabah	-	51,577
General Investment Account		
- Mudharabah	265,156	307,153
	<b>24,793,891</b>	<b>24,370,954</b>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**B1. Review of Group Results**

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

The Group recorded a pre-tax profit of RM644.8 million, an increase of 1.2% over the previous year corresponding period. Net profit rose 5.7% to RM476.3 million compared to same period last year. Earnings per share rose to 18.5 sen from 17.7 sen recorded a year ago.

The higher earnings growth was achieved on the back of 2.9% total income growth and lower loan impairment charges, partially offset by higher operating expenses and lower impairment write back on other assets.

Net interest income decreased by 2.7% mainly due to the new issuance of RM1.0 billion sub-debts on 8 July 2014 and USD300 million senior unsecured notes on 3 October 2014, partially offset by higher interest income on conventional loan base.

Other operating income recorded growth of 2.9% to RM506.5 million, largely attributed to higher investment income, higher insurance underwriting surplus and net gain on revaluation of derivatives. The Group's other operating income to total income ratio stood at 33.6%.

Islamic Banking income grew at a strong pace of 33.4% to RM202.5 million. This was mainly attributable to higher net funding income on the back of 5.2% quarter-on-quarter and 39.5% year-on-year growth in financing base to RM26.8 billion.

Other operating expenses was higher by 4.3% to RM819.9 million, mainly due to a 5.9% increase in personnel costs and increase in information technology expenses. Cost-to-income ratio stood at 54.3%.

Allowance for impairment on loans and financing for the quarter decreased by 7.4% to RM50.2 million from RM54.2 million recorded in the same period last year. This was primarily due to lower collective allowance and lower bad debts written off, partially offset by lower impaired loans and financing recovered.

Total assets rose by 2.6% or RM5.7 billion to RM225.1 billion as at 31 March 2015, whilst shareholders' equity strengthened further with a 3.7% growth to RM19.5 billion. Net assets per share improved to RM7.57 compared to RM7.31 as at 31 December 2014.

The Group's gross loans grew by 0.7% to RM143.5 billion. Excluding one large corporate repayment during the quarter, gross loans growth would have been at 2.2%. The growth was broad based, predominantly from purchase of residential and non-residential properties, working capital and purchase of securities.

Gross impaired loans ratio stood at 2.03% as at 31 March 2015.

Customer deposits grew at 1.0% to RM158.7 billion for the first quarter. Current and savings accounts ('CASA') balances increased by 3.7% and 2.8% respectively. CASA composition was at 22.3% as at 31 March 2015.



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**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 decreased by 11.8% to RM201.1 million, mainly attributable to lower trading income, lower capital market related income, higher other operating expenses and lower impairment write back on other assets, partially offset by lower allowance for loans, advances and financing.

Retail Banking

Segment profit was higher by 10.8% to RM308.9 million mainly due to higher fee income, lower overhead expenses, lower impairment allowance for loans, advances and financing and higher net interest income.

Business Banking

Segment profit decreased by 5.0% to RM112.7 million, mainly attributable to higher allowance for loans, advances and financing and higher overhead expenses. This was partially offset by higher other operating income and higher net interest income.

Group Treasury

Segment profit decreased marginally by 1.8% to RM65.3 million, mainly due to lower net interest income and higher overhead expenses, partially offset by higher fee income, higher investment income and higher net foreign exchange gain.

Group International Business

Segment profit more than doubled to RM38.4 million, mainly due to higher net interest income and higher net foreign exchange gain, partially offset by higher overhead expenses and higher allowance for loans, advances and financing.

**B2. Current Quarter vs Previous Quarter**

Pre-tax profit for the first quarter of 2015 was at RM644.8 million, 0.2% higher as compared to RM643.6 million recorded in the preceding quarter ended 31 December 2014. This was mainly attributable to higher impairment write back on other assets, lower other operating expenses and higher net income from Islamic Banking business, partially mitigated by lower other operating income, higher impairment allowances for loans and financing and lower net interest income.

**B3. Prospects for Financial Year 2015**

2015 will prove to be challenging due to uncertainty in the global economic environment. On the local front, growth in domestic demand is expected to weaken by the slowdown in oil and gas investment and Government spending, and the effect of earlier tightening of fiscal policies. As a result, the Malaysian real GDP growth is expected to moderate at 5.0% in 2015 from 6.0% in 2014.

This will impact the growth of the Malaysian Banking sector. Household loan growth is expected to slow down as sentiment turns more cautious from the implementation of GST and high household leverage. The business segment would likely support growth albeit at a moderating pace. Capital markets will remain volatile as there is lack of clarity on the movements of global rates but activity would likely pick-up in the later part of the year.

Given the subdued growth outlook of the sector, the Group is focused on asset quality, return on risk and capital, operational efficiency and cost control. These objectives will be achieved from our IGNITE 2017 Transformation Programme which is successfully being implemented to schedule.

Barring unforeseen circumstances, the Group's 2015 performance 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.



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**B5. Taxation**

	1st quarter ended		Three months ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Income tax based on profit for the financial period/year				
- Malaysian income tax	122,124	152,813	122,124	152,813
- Overseas tax	9,018	5,365	9,018	5,365
Deferred tax	28,683	30,096	28,683	30,096
	<u>159,825</u>	<u>188,274</u>	<u>159,825</u>	<u>188,274</u>
(Over)/under provision in respect of prior financial years				
- Taxation	5,476	(4,337)	5,476	(4,337)
	<u>165,301</u>	<u>183,937</u>	<u>165,301</u>	<u>183,937</u>

The effective tax rate of the Group for the first quarter ended 31 March 2015 was lower than the statutory tax rate mainly due to certain income not subject to tax.

	1st quarter ended		Three months ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	RM'000	RM'000	RM'000	RM'000
<b>Company</b>				
Deferred tax	-	493	-	493
	<u>-</u>	<u>493</u>	<u>-</u>	<u>493</u>

No taxation has been provided as the Company has no chargeable income for the three months ended 31 March 2015.



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**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.

The shareholders had at the Annual General Meeting ('AGM') held on 8 May 2014, approved the renewal of the authority for RHB Capital to allot and issue such number of new RHB Capital Shares from time to time as may be required to be allotted and issued pursuant to the DRP until the conclusion of the next AGM.

On 27 February 2015, the Board of Directors of the Company announced the audited interim financial statements of the Company for the financial year ended ('FYE') 31 December 2014 and declared a single-tier interim dividend of 6.0% per RHB Capital Shares in respect of the FYE 31 December 2014 ('Interim Dividend'). The Board had also determined that the existing DRP shall apply to the Interim Dividend. Subsequent thereto, the Company had on 3 March 2015, submitted an application to Bursa Malaysia Securities Berhad ('Bursa Securities') in respect of the listing of and quotation for up to 21,800,482 new RHB Capital Shares to be issued pursuant to DRP on Main Market of Bursa Securities ('Listing Application').

Bursa Securities had vide its letter dated 10 March 2015, approved the Listing Application, subject to the following conditions:

- (i) RHB Capital and its adviser, RHB Investment Bank must fully comply with the relevant provisions under the Main Market Listing Requirements pertaining to the implementation of DRP;
- (ii) RHB Capital and RHB Investment Bank to inform Bursa Securities upon the completion of DRP; and
- (iii) RHB Capital to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the DRP is completed.

On 13 March 2015, the issue price of the new RHB Capital Shares to be issued pursuant to DRP has been fixed at RM7.03 per new RHB Capital Share. On the same date, the book closure date pursuant to the Interim Dividend has been fixed on 27 March 2015. The new RHB Capital Shares arising from the DRP will be listed on Main Market of Bursa Securities on 27 April 2015.

On 1 April 2015, the Company has despatched the DRP statement and Notice of Election (including Dividend Reinvestment Form) to the entitled shareholders whose registered address in the Company's Record of Depositors is in Malaysia.

On 24 April 2015, the Company has issued and allotted 16,024,645 new RHB Capital Shares, representing 73.01% of the total number of 21,948,948 new RHB Capital Shares that would have been issued pursuant to the DRP, had all the entitled shareholders elected to reinvest their respective electable portions into new RHB Capital Shares. The said new RHB Capital Shares are listed and quoted on the Main Market of Bursa Securities on 27 April 2015 and this marked the completion of the DRP. With the listing of the above new shares, the enlarged issued and paid-up share capital of RHB Capital is 2,588,481,428 RHB Capital Shares.

**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**B6. Status of Corporate Proposals (continued)**

**(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:

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

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

RHB Investment Bank had on 16 April 2015 issued RM200.0 million subordinated notes in nominal value under its RM1.0 billion MCMTN Programme. The subordinated notes, rated AA3 by RAM Rating Services Berhad, are issued for a tenure of 10 non-callable 5 years with a fixed coupon rate of 4.95% per annum, payable semi-annually throughout the entire tenure.

RHB Bank had on 8 May 2015 completed its first issuance of RM500.0 million subordinated notes in nominal value under its RM5.0 billion MCMTN Programme. The subordinated notes, rated AA3 by RAM Rating Services Berhad, are issued for a tenure of 10 non-callable 5 years with a fixed coupon rate of 4.75% per annum, payable semi-annually throughout the entire tenure.

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

As announced by the Company on 2 October 2014, RHB Investment Bank, a wholly-owned subsidiary of the Company, has on 1 October 2014 entered into a share sale agreement with RHB Indochina Bank, a wholly-owned subsidiary of RHB Bank, which in turn is a wholly-owned subsidiary of the Company, for the acquisition of the entire equity interest in RHBISL from RHB Indochina Bank for a consideration of USD12,500,000 ('Acquisition').

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

Approvals from BNM, SC, SECC and National Bank of Cambodia have been obtained on 25 June 2014, 1 July 2014, 2 March 2015 and 8 May 2015 respectively.

Upon completion of the Acquisition, RHBISL will become a wholly-owned subsidiary of RHB Investment Bank, which in turn is a wholly-owned subsidiary of RHB Capital.



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**B6. Status of Corporate Proposals (continued)**

**(d) Member's Voluntary Winding-Up of Indirect Wholly-Owned Subsidiaries**

The following indirect wholly-owned subsidiaries of the Company had commenced member's voluntary winding-up pursuant to Section 254(1) of the Companies Act, 1965:

<u>Commencement Date of Member's Voluntary Winding-Up</u>	<u>Name of Subsidiaries</u>
(i) 16 February 2011	(1) Utama Gilang Sdn Bhd
	(2) RHB Delta Sdn Bhd
	(3) RHB Marketing Services Sdn Bhd
(ii) 28 March 2012	(1) KYB Sdn Bhd
	(2) SSSB Services (Melaka) Sdn Bhd
	(3) RHB Unit Trust Management Berhad
	(4) RHB Progressive Sdn Bhd
	(5) RHB Excel Sdn Bhd

The above subsidiaries were incorporated in Malaysia and are presently dormant.

The winding-up of the above subsidiaries will not have any material effect on the Group's performance for the financial year 2015.

**(e) Proposed Rights Issue, Proposed Internal Reorganisation, Proposed Distribution and Capital Repayment, and Proposed Transfer of Listing Status (collectively referred to as the "Proposals")**

RHB Capital has on 13 April 2015 announced that it proposes to undertake the following proposals:

**(i) Proposed Rights Issue**

RHB Capital is proposing to undertake a renounceable rights issue of new RHB Capital Shares ("Rights Shares") to entitled shareholders whose names appear in the Record of Depositors ("ROD") of the Company on an entitlement date to be determined later ("Entitlement Date").

The Proposed Rights Issue is intended to raise gross proceeds of up to RM2.5 billion ("Intended Gross Proceeds"). The quantum of the Intended Gross Proceeds has been determined upfront while the entitlement basis for the Proposed Rights Issue and issue price for the Rights Shares have not been determined at this juncture to provide flexibility to the Board in respect of the pricing of the Rights Shares at a later date.

The Intended Gross Proceeds has been determined upfront to provide an indication to the shareholders of RHB Capital with respect to the capital outlay they require to fully subscribe for their respective entitlements under the Proposed Rights Issue, which can be approximated by multiplying the Intended Gross Proceeds with their respective percentage shareholdings in RHB Capital.

It is the intention of the Company to inject the Intended Gross Proceeds to be raised from the Proposed Rights Issue into RHB Bank to further capitalise RHB Bank and to finance the working capital requirements of RHB Bank and its subsidiaries ("RHB Bank Group"), only if the relevant approvals for the Proposed Internal Reorganisation are obtained and the Proposed Internal Reorganisation is implemented ("Capital Injection").

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

Pursuant to the Capital Injection, RHB Bank will be issuing new Consolidated RHB Bank Shares to the Company at an issue price equivalent to the fair market value of RHB Bank Group, which will be determined based on, amongst others, the price-to-book ratio ("PBR") of comparable financial institution groups listed on Bursa Securities.

In the event that the Proposed Internal Reorganisation is not implemented, the Intended Gross Proceeds shall be utilised to repay the bank borrowings of the Company and/or injected as equity into RHB Bank to further capitalise RHB Bank, if required. In the event that the Intended Gross Proceeds is utilised to repay the bank borrowings of the Company, the Company will firstly repay its external bank borrowings and then followed by repayment of its bank borrowings from RHB Bank.





**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**B6. Status of Corporate Proposals (continued)**

**(e) Proposed Rights Issue, Proposed Internal Reorganisation, Proposed Distribution and Capital Repayment, and Proposed Transfer of Listing Status (collectively referred to as the “Proposals”) (continued)**

(ii) Proposed Internal Reorganisation

The Proposed Internal Reorganisation will entail the transfer by RHB Capital of the Identified Assets to RHB Bank, after the Proposed Rights Issue, for a total disposal consideration to be determined later.

The Identified Assets shall comprise, amongst others, the entire equity interest in RHB Investment Bank and its subsidiaries, the entire equity interest in RHB Insurance Berhad (“RHB Insurance”) and the entire equity interests in, and/or the entire assets and liabilities of the other operating subsidiaries of the Company, which will be determined later.

The total disposal consideration, which will be satisfied via cash and/or new Consolidated RHB Bank Shares, has not been determined at this juncture, pending the determination of the Identified Assets. The total disposal consideration will be arrived at based on a ‘willing-buyer, willing-seller’ basis after taking into consideration the audited net assets (“NA”)/net liabilities and/or the audited net book value of the Identified Assets as at 31 December 2014.

The Proposed Internal Reorganisation will be undertaken to streamline the businesses of RHB Capital Group under RHB Bank with the aim to achieve greater tax efficiency in view of the change from the two-tier tax system to a single-tier tax system as well as to position RHB Bank to spearhead the Group’s future growth.

(iii) Proposed Distribution and Capital Repayment

The Proposed Distribution and Capital Repayment will entail the distribution of the entire shareholdings of the Company in RHB Bank after the Proposed Rights Issue, Proposed Internal Reorganisation and Capital Injection to entitled shareholders of the Company whose names appear in the ROD of RHB Capital on an entitlement date to be determined and announced later upon completion of the Proposed Rights Issue and Proposed Internal Reorganisation and the receipt of all relevant approvals for the Proposed Distribution and Capital Repayment.

The Proposed Distribution and Capital Repayment will be implemented via a reduction of the share premium account of the Company and the par value of the existing RHB Capital Shares in accordance with Sections 60(2) and 64 of the Companies Act, 1965 and the remaining balance via the Company’s retained earnings, after the settlement of all outstanding borrowings.

(iv) Proposed Transfer of Listing Status

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

The Proposed Transfer of Listing Status will also enable RHB Bank Group to gain direct access to the capital markets to raise funds for its continued growth, to gain recognition and corporate stature through its listing status and further enhance its corporate reputation and assist RHB Bank Group in expanding its customer base.

The inter-conditionality of the Proposals are as follows:

- (i) The Proposed Rights Issue is not conditional upon any of the other Proposals.
- (ii) The Proposed Internal Reorganisation is conditional upon the Proposed Rights Issue but is not conditional upon the Proposed Distribution and Capital Repayment and the Proposed Transfer of Listing Status.
- (iii) The Proposed Distribution and Capital Repayment and the Proposed Transfer of Listing Status are interconditional upon each other and are also conditional upon the Proposed Internal Reorganisation and Proposed Rights Issue.

The Proposals are subject to the approvals being obtained from SC, Bursa Securities, Ministry of Finance (‘MoF’) (via BNM), BNM, Ministry of Home Affairs, sanction of the High Court of Malaya, shareholders of RHB Capital at an extraordinary general meeting to be convened, shareholder of RHB Bank, lenders of the Group and Identified Assets (if required), foreign regulators (if required) and waivers and/or consents of any other relevant authorities and/or parties (if required).

RHB Capital had on 30 April 2015 submitted an application to BNM to seek the approval of BNM and/or its recommendations to MoF for approval for the Proposals.

On 28 May 2015, RHB Capital had submitted an application to Bursa Securities for the listing of and quotation for the Rights Shares to be issued pursuant to the Proposed Rights Issue. RHB Capital had also on even date, submitted an application to SC to seek approval for the Proposed Internal Reorganisation, Proposed Distribution and Capital Repayment and Proposed Transfer of Listing Status.

**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

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

	Group	
	As at 31 March 2015 RM'000	As at 31 December 2014 RM'000
<b>(a) Deposits from customers and placements of banks and other financial institutions</b>		
Deposits from customers		
- one year or less	158,268,205	156,327,740
- more than one year	416,128	806,253
	<u>158,684,333</u>	<u>157,133,993</u>
Deposits and placements of banks and other financial institutions		
- one year or less	20,779,558	20,461,232
- more than one year	944,479	888,386
	<u>21,724,037</u>	<u>21,349,618</u>
	Group	
	As at 31 March 2015 RM'000	As at 31 December 2014 RM'000
<b>(b) Borrowings</b>		
<b>Secured</b>		
Revolving credits:		
- Hong Kong Dollar	536,809	13,524
<b>Unsecured</b>		
Revolving credits:		
- Ringgit Malaysia ('RM')	397,060	404,196
- United States Dollar ('USD')	185,583	174,863
- Thai Baht	11,385	-
Term loans:		
- RM	1,051,701	1,051,674
- USD	487,347	495,029
- Singapore Dollar ('SGD')	67,425	119,089
- Indonesia Rupiah ('IDR')	8,499	14,115
- Japanese Yen ('JPY')	2,232	2,115
Overdrafts	14	-
RM1.1 billion 7 years Commercial Papers/Medium Term Notes	604,234	600,092
	<u>3,352,289</u>	<u>2,874,697</u>
Schedule repayment of borrowings:		
Within one year	2,986,564	2,494,452
One year to three years	222,213	227,273
Three years to five years	143,512	135,489
Over five years	-	17,483
	<u>3,352,289</u>	<u>2,874,697</u>



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2015**

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

	Company	
	As at 31 March 2015	As at 31 December 2014
	RM'000	RM'000
<b>(b) Borrowings (continued)</b>		
Unsecured:		
Revolving credits - RM	1,468,044	1,194,481
Overdrafts	14	-
Term loans - RM	1,051,701	1,316,860
RM1.1 billion 7 years Commercial Papers/Medium Term Notes	604,234	600,092
	<u>3,123,993</u>	<u>3,111,433</u>
 Schedule repayment of borrowings:		
Within one year	<u>3,123,993</u>	<u>3,111,433</u>
	Group	
	As at 31 March 2015	As at 31 December 2014
	RM'000	RM'000
<b>(c) Subordinated obligations</b>		
5.50% RM700 million Tier II Subordinated Notes 2007/2022	713,080	703,586
5.00% RM700 million Tier II Subordinated Notes 2010/2020 <sup>^</sup>	714,767	706,137
5.60% RM300 million Tier II Subordinated Notes 2010/2025	307,088	302,946
4.25% RM250 million Tier II Subordinated Notes 2011/2021	253,964	251,276
4.30% RM750 million Tier II Subordinated Notes 2012/2022	762,368	754,367
4.40% RM1,300 million Tier II Subordinated Notes 2012/2022	1,318,704	1,304,537
4.40% RM245 million Tier II Subordinated Notes 2012/2022	248,308	245,650
7.25% RM125 million Tier II Subordinated Notes 2010/2020*	129,370	127,135
7.15% RM75 million Tier II Subordinated Notes 2010/2020*	76,866	75,543
5.20% RM100 million Tier II Subordinated Notes 2011/2021	102,393	101,112
4.95% RM500 million Tier II Subordinated Sukuk Murabahah 2014/2024	509,154	503,051
4.99% RM1.0 billion Tier II Subordinated Notes 2014/2024	1,011,211	1,024,062
	<u>6,147,273</u>	<u>6,099,402</u>

The subordinated obligations comprise unsecured liabilities of its commercial bank, investment bank and islamic bank subsidiaries and are subordinated to the senior indebtedness in accordance with their respective terms and conditions of issuance and qualify as Tier II capital (as disclosed in Note A27) for the purpose of determining the capital adequacy ratios of the respective subsidiaries.

<sup>^</sup> RHB Bank, the wholly-owned commercial bank subsidiary had on 29 April 2015 fully redeemed the existing subordinated notes of RM700 million in nominal value.

\* RHB Investment Bank, the wholly-owned investment bank subsidiary had on 6 April 2015 and 25 May 2015 respectively fully redeemed the existing subordinated notes of RM125 million and RM75 million in nominal value.



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

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

**(d) Hybrid Tier-1 Capital Securities**

	<b>Group</b>	
	<b>As at 31 March 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
RM370 million 8.00% Hybrid Tier-1 Capital Securities due in 2039, callable with step-up coupon rate at 9.00% in 2019	<b>360,727</b>	368,107
RM230 million 6.75% Hybrid Tier-1 Capital Securities due in 2039, callable with step-up coupon rate at 7.75% in 2019	<b>237,153</b>	233,408
	<b><u>597,880</u></b>	<b><u>601,515</u></b>

The Hybrid Tier-1 Capital Securities comprise of unsecured liabilities of its commercial bank and qualify as additional Tier 1 capital (as disclosed in Note A27) for the purpose of determining the capital adequacy ratios of the commercial bank subsidiary.

**(e) Senior Debt Securities**

	<b>Group</b>	
	<b>As at 31 March 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
USD300 million 3.25% senior debt securities due in 2017	<b>1,121,588</b>	1,049,892
USD200 million 3.25% senior debt securities due in 2017	<b>754,697</b>	707,214
USD300 million 3.088% senior debt securities due in 2019	<b>1,123,569</b>	1,053,549
	<b><u>2,999,854</u></b>	<b><u>2,810,655</u></b>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**B8. Derivative Financial Instruments**

Details of derivative financial instruments outstanding are as follows:

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts

<b>Group</b>	<b>As at 31 March 2015</b>			<b>As at 31 December 2014</b>		
	<b>Contract/ Notional Amount RM'000</b>	<b>Fair Value</b>		<b>Contract/ Notional Amount RM'000</b>	<b>Fair Value</b>	
		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
<b>By type</b>						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- forwards/swaps	30,445,704	716,511	530,049	23,827,241	454,871	393,667
- options	5,347,212	33,903	33,908	4,954,671	42,665	43,381
- cross-currency interest rate swaps	11,686,264	939,915	930,933	11,838,652	640,085	637,832
	<b>47,479,180</b>	<b>1,690,329</b>	<b>1,494,890</b>	<b>40,620,564</b>	<b>1,137,621</b>	<b>1,074,880</b>
Interest rate related contracts						
- swaps	35,842,766	137,265	128,362	34,033,945	140,708	136,691
	<b>35,842,766</b>	<b>137,265</b>	<b>128,362</b>	<b>34,033,945</b>	<b>140,708</b>	<b>136,691</b>
Equity related contracts						
- options	16,429	4,489	-	15,508	4,914	-
	<b>16,429</b>	<b>4,489</b>	<b>-</b>	<b>15,508</b>	<b>4,914</b>	<b>-</b>
Structured warrants	58,674	-	11,529	50,412	-	13,113
	<b>58,674</b>	<b>-</b>	<b>11,529</b>	<b>50,412</b>	<b>-</b>	<b>13,113</b>
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- swaps	650,000	52	4,273	650,000	1,987	-
	<b>650,000</b>	<b>52</b>	<b>4,273</b>	<b>650,000</b>	<b>1,987</b>	<b>-</b>
<b>Total</b>	<b>84,047,049</b>	<b>1,832,135</b>	<b>1,639,054</b>	<b>75,370,429</b>	<b>1,285,230</b>	<b>1,224,684</b>



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**B8. Derivative Financial Instruments (continued)**

Details of derivative financial instruments outstanding are as follows: (continued)

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts (continued)

<b>Group</b>	<b>As at 31 March 2015</b>			<b>As at 31 December 2014</b>		
	<b>Contract/ Notional Amount</b>	<b>Fair Value</b>		<b>Contract/ Notional Amount</b>	<b>Fair Value</b>	
	<b>RM'000</b>	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>	<b>RM'000</b>	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
<b>By remaining period to maturity/next re-pricing date</b>						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than 1 year	35,645,992	772,661	537,543	28,628,947	475,739	457,701
- 1 year to 3 years	7,313,721	646,487	689,846	6,965,870	467,257	423,199
- More than 3 years	4,519,467	271,181	267,501	5,025,747	194,625	193,980
	<b>47,479,180</b>	<b>1,690,329</b>	<b>1,494,890</b>	<b>40,620,564</b>	<b>1,137,621</b>	<b>1,074,880</b>
Interest rate related contracts						
- Less than 1 year	6,781,666	5,631	12,096	5,959,805	4,838	12,034
- 1 year to 3 years	14,160,494	47,563	41,107	13,293,637	62,368	45,517
- More than 3 years	14,900,606	84,071	75,159	14,780,503	73,502	79,140
	<b>35,842,766</b>	<b>137,265</b>	<b>128,362</b>	<b>34,033,945</b>	<b>140,708</b>	<b>136,691</b>
Equity related contracts						
- Less than 1 year	16,429	4,489	-	15,508	4,914	-
	<b>16,429</b>	<b>4,489</b>	<b>-</b>	<b>15,508</b>	<b>4,914</b>	<b>-</b>
Structured warrants						
- Less than 1 year	58,674	-	11,529	49,390	-	11,864
- 1 year to 3 years	-	-	-	1,022	-	1,249
	<b>58,674</b>	<b>-</b>	<b>11,529</b>	<b>50,412</b>	<b>-</b>	<b>13,113</b>
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- More than three years	650,000	52	4,273	650,000	1,987	-
	<b>650,000</b>	<b>52</b>	<b>4,273</b>	<b>650,000</b>	<b>1,987</b>	<b>-</b>
<b>Total</b>	<b>84,047,049</b>	<b>1,832,135</b>	<b>1,639,054</b>	<b>75,370,429</b>	<b>1,285,230</b>	<b>1,224,684</b>

**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**B8. Derivative Financial Instruments (continued)**

ii) Related accounting policies

Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date on which derivative contracts are entered into and are subsequently remeasured at their fair values. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative.

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

(a) Fair value 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)**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**B9. Fair Value of Financial Instruments**

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

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

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

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

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

<u>Group</u>	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<b><u>As at 31 March 2015</u></b>				
<u>Financial assets</u>				
Financial assets FVTPL:	496,833	2,450,599	40,000	2,987,432
- Money market instruments	-	1,752,186	-	1,752,186
- Quoted securities	496,833	-	-	496,833
- Unquoted securities	-	698,413	40,000	738,413
Financial investments AFS:	61,635	19,770,574	1,001,507	20,833,716
- Money market instruments	-	6,650,844	-	6,650,844
- Quoted securities	61,635	-	-	61,635
- Unquoted securities	-	13,119,730	1,001,507	14,121,237
Derivative assets				
- Money market instruments	-	1,832,135	-	1,832,135
	<u>558,468</u>	<u>24,053,308</u>	<u>1,041,507</u>	<u>25,653,283</u>
<u>Financial liabilities</u>				
Derivative liabilities	<u>11,529</u>	<u>1,627,525</u>	<u>-</u>	<u>1,639,054</u>

**As at 31 December 2014**

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



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**B9. Fair Value of Financial Instruments (Continued)**

Valuation techniques

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

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group then determines fair value based upon valuation techniques that 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 FVTPL		Financial investments AFS	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Balance as at the beginning of the financial period/year	40,000	33,295	991,142	1,062,016
Total net gains recognised in other comprehensive income	-	-	-	72,290
Total net gains/(losses) recognised in income statements	-	9,153	5,725	(29,006)
Purchases/Accrued interest	-	-	1,030	15,897
Settlements	-	(2,448)	(1,053)	(224,446)
Sales	-	-	-	(3,459)
Impairment losses written back	-	-	-	102,946
Transfer to loans	-	-	-	(9,877)
Exchange differences	-	-	4,663	4,781
Balance as at the end of the financial period/year	40,000	40,000	1,001,507	991,142



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**B10. Realised and Unrealised Profits**

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

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

<u>Group</u>	As at 31 March 2015		
	Realised Profits/ (Losses) RM'000	Unrealised Profits RM'000	Total RM'000
Operating subsidiaries	7,354,083	1,848,782	9,202,865
Dormant subsidiaries*	(7,875,506)	-	(7,875,506)
Total retained profits/(accumulated losses) of the Group	(521,423)	1,848,782	1,327,359
Total share of retained profits from joint ventures	3,521	-	3,521
	(517,902)	1,848,782	1,330,880
Less: Consolidation adjustments			6,085,399
Total Group retained profits			<u>7,416,279</u>

<u>Group</u>	As at 31 December 2014		
	Realised Profits/ (Losses) RM'000	Unrealised Profits RM'000	Total RM'000
Operating subsidiaries	7,411,253	1,311,014	8,722,267
Dormant subsidiaries*	(7,875,504)	-	(7,875,504)
Total retained profits/(accumulated losses) of the Group	(464,251)	1,311,014	846,763
Total share of retained profits from joint ventures	3,436	-	3,436
	(460,815)	1,311,014	850,199
Less: Consolidation adjustments			6,089,630
Total Group retained profits			<u>6,939,829</u>

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

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

<u>Company</u>	As at 31 March 2015	As at 31 December 2014
	RM'000	RM'000
Realised profits	377,760	415,481
Unrealised loss	(20)	(20)
Total Company retained profits	<u>377,740</u>	<u>415,461</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.



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**B11. Dividends**

No dividend has been declared for the first quarter ended 31 March 2015.

**B12. Earnings per Share**

	1st quarter ended		Three months ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
<b>Basic/diluted earnings per share</b>				
Profit attributable to equity holders of the Company (RM'000)	<u>476,277</u>	<u>450,691</u>	<u>476,277</u>	<u>450,691</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,572,457</u>	<u>2,546,910</u>	<u>2,572,457</u>	<u>2,546,910</u>
Earnings per share (sen)				
- Basic	<u>18.5</u>	<u>17.7</u>	<u>18.5</u>	<u>17.7</u>
- Fully diluted	<u>18.5</u>	<u>17.7</u>	<u>18.5</u>	<u>17.7</u>

The diluted EPS of the Group is calculated by dividing the net profit attributable to equity holders of the Company for the three months ended 31 March 2015 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 as disclosed in Note B6(a).

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 March 2015 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 three months ended 31 March 2015.

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 three months ended 31 March 2015.

Other than the above, there were no other dilutive potential ordinary shares outstanding as at 31 March 2015.

**BY ORDER OF THE BOARD**

**AZMAN SHAH MD YAMAN**  
(License No. LS0006901)

Company Secretary  
29 May 2015