



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 NINE MONTHS ENDED 30 SEPTEMBER 2015

| | Note | 3rd quarter ended | | Nine months ended | |
|--|------|-------------------|-------------------|-------------------|-------------------|
| | | 30 September 2015 | 30 September 2014 | 30 September 2015 | 30 September 2014 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | | |
| Interest income | A8 | 1,968,451 | 1,912,123 | 5,897,052 | 5,505,627 |
| Interest expense | A9 | (1,124,742) | (1,076,255) | (3,469,148) | (3,019,848) |
| Net interest income | | 843,709 | 835,868 | 2,427,904 | 2,485,779 |
| Other operating income | A10 | 447,589 | 614,793 | 1,442,068 | 1,540,795 |
| | | 1,291,298 | 1,450,661 | 3,869,972 | 4,026,574 |
| Net income from Islamic Banking business | | 222,529 | 196,433 | 639,130 | 531,519 |
| Net income | | 1,513,827 | 1,647,094 | 4,509,102 | 4,558,093 |
| Other operating expenses | A11 | (1,169,065) | (840,876) | (2,831,502) | (2,424,136) |
| Operating profit before allowances | | 344,762 | 806,218 | 1,677,600 | 2,133,957 |
| Allowance for impairment on loans, financing and other losses | A12 | (96,310) | (94,215) | (105,768) | (165,772) |
| Impairment losses written back on other assets | | 45,772 | 2,902 | 59,469 | 123,185 |
| | | 294,224 | 714,905 | 1,631,301 | 2,091,370 |
| Share of results of associates | | - | 7 | - | (105) |
| Share of results of joint ventures | | 112 | 20 | 237 | 202 |
| Profit before taxation | | 294,336 | 714,932 | 1,631,538 | 2,091,467 |
| Taxation | B5 | (99,804) | (163,188) | (430,613) | (526,973) |
| Net profit for the financial period | | 194,532 | 551,744 | 1,200,925 | 1,564,494 |
| Attributable to: | | | | | |
| - Equity holders of the Company | | 194,436 | 544,610 | 1,195,307 | 1,551,809 |
| - Non-controlling interests | | 96 | 7,134 | 5,618 | 12,685 |
| | | 194,532 | 551,744 | 1,200,925 | 1,564,494 |
| Earnings per share (sen) | | | | | |
| - Basic | B12 | 7.5 | 21.2 | 46.3 | 60.8 |
| - Diluted | B12 | 7.5 | 21.2 | 46.3 | 60.8 |

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 NINE MONTHS ENDED 30 SEPTEMBER 2015

| | 3rd quarter ended | | Nine months ended | |
|---|-------------------|--------------|-------------------|--------------|
| | 30 September | 30 September | 30 September | 30 September |
| | 2015 | 2014 | 2015 | 2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| Net profit for the financial period | 194,532 | 551,744 | 1,200,925 | 1,564,494 |
| 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 | 3 | (13) | 233 | 1,247 |
| (ii) Items that will be reclassified subsequently to profit or loss: | | | | |
| (a) Foreign currency translation reserves | | | | |
| - Currency translation differences | 474,304 | 31,754 | 696,915 | (9,608) |
| - Net investment hedge | (35,685) | - | (35,685) | - |
| (b) Unrealised net gain/(loss) on revaluation of financial investments available-for-sale ('AFS') | (153,070) | 81,614 | (27,293) | 145,193 |
| (c) Net transfer to income statements on disposal or impairment of financial investments AFS | (7,439) | (1,562) | (52,511) | (5,163) |
| Income tax relating to components of other comprehensive loss/(income) | 39,801 | (19,955) | 19,428 | (37,522) |
| Other comprehensive income, net of tax, for the financial period | 317,914 | 91,838 | 601,087 | 94,147 |
| Total comprehensive income for the financial period | 512,446 | 643,582 | 1,802,012 | 1,658,641 |
| Total comprehensive income attributable to: | | | | |
| - Equity holders of the Company | 512,073 | 636,408 | 1,794,298 | 1,651,654 |
| - Non-controlling interests | 373 | 7,174 | 7,714 | 6,987 |
| | 512,446 | 643,582 | 1,802,012 | 1,658,641 |

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 NINE MONTHS ENDED 30 SEPTEMBER 2015**

| | Note | 3rd quarter ended | | Nine months ended | |
|---|------|------------------------|------------------------|-----------------------|------------------------|
| | | 30 September | 30 September | 30 September | 30 September |
| | | 2015 | 2014 | 2015 | 2014 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Company</u> | | | | | |
| Interest income | A8 | 27 | 321 | 435 | 6,591 |
| Interest expense | A9 | (32,848) | (33,914) | (98,618) | (94,360) |
| Net interest expense | | <u>(32,821)</u> | <u>(33,593)</u> | <u>(98,183)</u> | <u>(87,769)</u> |
| Other operating income/(loss) | A10 | 55 | 14,176 | 614,318 | 3,812 |
| Net income/(loss) | | <u>(32,766)</u> | <u>(19,417)</u> | <u>516,135</u> | <u>(83,957)</u> |
| Other operating expenses | A11 | (2,216) | (2,338) | (10,062) | (15,638) |
| Profit/(loss) before taxation | | <u>(34,982)</u> | <u>(21,755)</u> | <u>506,073</u> | <u>(99,595)</u> |
| Taxation | B5 | (8) | 1,037 | (77) | (372) |
| Net profit/(loss) for the financial period | | <u><u>(34,990)</u></u> | <u><u>(20,718)</u></u> | <u><u>505,996</u></u> | <u><u>(99,967)</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 NINE MONTHS ENDED 30 SEPTEMBER 2015

| | 3rd quarter ended | | Nine months ended | |
|---|------------------------|------------------------|-----------------------|------------------------|
| | 30 September 2015 | 30 September 2014 | 30 September 2015 | 30 September 2014 |
| <u>Company</u> | RM'000 | RM'000 | RM'000 | RM'000 |
| Net profit/(loss) for the financial period | <u>(34,990)</u> | <u>(20,718)</u> | <u>505,996</u> | <u>(99,967)</u> |
| Other comprehensive income, net of tax, for the financial period | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total comprehensive income/(loss) for the financial period | <u><u>(34,990)</u></u> | <u><u>(20,718)</u></u> | <u><u>505,996</u></u> | <u><u>(99,967)</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 STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015**

| | Note | As at 30 September 2015 RM'000 | As at 31 December 2014 RM'000 |
|--|-----------|---|--|
| Group | | | |
| ASSETS | | | |
| Cash and short term funds | | 11,256,467 | 16,236,908 |
| Securities purchased under resale agreements | | 71,798 | 491,510 |
| Deposits and placements with banks and other financial institutions | | 2,129,175 | 2,298,588 |
| Financial assets at fair value through profit or loss ('FVTPL') | A13 | 2,181,931 | 2,930,681 |
| Financial investments available-for-sale ('AFS') | A14 | 25,104,099 | 19,602,176 |
| Financial investments held-to-maturity ('HTM') | A15 | 19,033,423 | 20,469,831 |
| Loans, advances and financing | A16 | 147,879,084 | 140,693,003 |
| Clients' and brokers' balances | | 2,263,739 | 1,525,147 |
| Reinsurance assets | | 367,026 | 332,113 |
| Other assets | A17 | 2,920,153 | 1,541,989 |
| Derivative assets | B8 | 4,498,591 | 1,285,230 |
| Statutory deposits | | 5,205,858 | 5,421,007 |
| Tax recoverable | | 220,523 | 162,181 |
| Deferred tax assets | | 54,532 | 38,465 |
| Investments in joint ventures | | 23,929 | 21,021 |
| Property, plant and equipment | | 1,035,927 | 1,030,681 |
| Goodwill and intangible assets | | 5,311,812 | 5,273,905 |
| TOTAL ASSETS | | 229,558,067 | 219,354,436 |
| LIABILITIES AND EQUITY | | | |
| Deposits from customers | A18/B7(a) | 158,968,147 | 157,133,993 |
| Deposits and placements of banks and other financial institutions | A19/B7(a) | 18,678,944 | 21,349,618 |
| Obligations on securities sold under repurchase agreements | | 4,637,519 | 508,416 |
| Obligations on securities borrowed | | 52,165 | 113,780 |
| Bills and acceptances payable | | 1,008,749 | 614,031 |
| Clients' and brokers' balances | | 1,906,802 | 1,214,065 |
| General insurance contract liabilities | | 887,527 | 775,699 |
| Other liabilities | A20 | 2,315,538 | 1,714,098 |
| Derivative liabilities | B8 | 4,246,421 | 1,224,684 |
| Recourse obligation on loans sold to Cagamas Berhad ('Cagamas') | | 3,194,754 | 3,315,335 |
| Tax liabilities | | 32,068 | 57,321 |
| Deferred tax liabilities | | 13,493 | 53,041 |
| Borrowings | B7(b) | 2,822,169 | 2,874,697 |
| Subordinated obligations | B7(c) | 5,941,330 | 6,099,402 |
| Hybrid Tier-1 Capital Securities | B7(d) | 598,092 | 601,515 |
| Senior debt securities | B7(e) | 3,563,153 | 2,810,655 |
| TOTAL LIABILITIES | | 208,866,871 | 200,460,350 |
| Share capital | | 2,588,481 | 2,572,457 |
| Reserves | | 17,958,784 | 16,221,840 |
| | | 20,547,265 | 18,794,297 |
| Non-controlling interests ('NCI') | | 143,931 | 99,789 |
| TOTAL EQUITY | | 20,691,196 | 18,894,086 |
| TOTAL LIABILITIES AND EQUITY | | 229,558,067 | 219,354,436 |
| COMMITMENTS AND CONTINGENCIES | A25(a) | 174,273,472 | 133,504,271 |
| NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM) | | 7.94 | 7.31 |

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 30 SEPTEMBER 2015**

| | | As at 30 September 2015 | As at 31 December 2014 |
|---|-------|-------------------------------|------------------------------|
| | Note | <u>RM'000</u> | <u>RM'000</u> |
| <u>Company</u> | | | |
| ASSETS | | | |
| Cash and short term funds | | 736 | 24,940 |
| Deposits and placements with banks and other financial institutions | | 1,044 | 1,017 |
| Other assets | A17 | 1,205 | 3,637 |
| Amounts due from subsidiaries | | 37 | 93 |
| Tax recoverable | | 94,214 | 94,219 |
| Investments in subsidiaries | | 11,479,799 | 11,042,345 |
| Property, plant and equipment | | 334 | 322 |
| TOTAL ASSETS | | <u>11,577,369</u> | <u>11,166,573</u> |
| LIABILITIES AND EQUITY | | | |
| Other liabilities | A20 | 1,305 | 12,340 |
| Amounts due to subsidiaries | | 609 | 1,799 |
| Deferred tax liabilities | | 20 | 20 |
| Borrowings | B7(b) | 3,070,153 | 3,111,433 |
| TOTAL LIABILITIES | | <u>3,072,087</u> | <u>3,125,592</u> |
| Share capital | | 2,588,481 | 2,572,457 |
| Reserves | | 5,916,801 | 5,468,524 |
| TOTAL EQUITY | | <u>8,505,282</u> | <u>8,040,981</u> |
| TOTAL LIABILITIES AND EQUITY | | <u>11,577,369</u> | <u>11,166,573</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 CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 | Regulatory Reserve | Retained Profits | | | Sub-total |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | | | RM'000 |
| Group | | | | | | | | | | | |
| Balance as at 1 January 2015 | 2,572,457 | 5,053,063 | 3,817,799 | 28,196 | 191,619 | 191,334 | - | 6,939,829 | 18,794,297 | 99,789 | 18,894,086 |
| Net profit for the financial period | - | - | - | - | - | - | - | 1,195,307 | 1,195,307 | 5,618 | 1,200,925 |
| Foreign currency translation reserves | | | | | | | | | | | |
| - Currency translation differences | - | - | - | 1,122 | - | 693,760 | - | - | 694,882 | 2,033 | 696,915 |
| - Net investment hedge | - | - | - | - | - | (35,685) | - | - | (35,685) | - | (35,685) |
| Financial investments AFS | | | | | | | | | | | |
| - Unrealised net gain/(loss) on revaluation | - | - | - | - | (27,354) | - | - | - | (27,354) | 61 | (27,293) |
| - Net transfer to income statements on disposal or impairment | - | - | - | - | (52,511) | - | - | - | (52,511) | - | (52,511) |
| Actuarial gain on defined benefit plan of subsidiaries | - | - | - | - | - | - | - | 230 | 230 | 3 | 233 |
| Income tax relating to components of other comprehensive loss/(income) | - | - | - | - | 19,486 | - | - | (57) | 19,429 | (1) | 19,428 |
| Other comprehensive income/(loss), net of tax, for the financial period | - | - | - | 1,122 | (60,379) | 658,075 | - | 173 | 598,991 | 2,096 | 601,087 |
| Total comprehensive income/(loss) for the financial period | - | - | - | 1,122 | (60,379) | 658,075 | - | 1,195,480 | 1,794,298 | 7,714 | 1,802,012 |
| Transfer to statutory reserve | - | - | 63,296 | - | - | - | - | (63,296) | - | - | - |
| Transfer to regulatory reserve | - | - | - | - | - | - | 562,917 | (562,917) | - | - | - |
| Dividends paid | - | - | - | - | - | - | - | (154,347) | (154,347) | (1,325) | (155,672) |
| Shares issued pursuant to Dividend Reinvestment Plan ('DRP') | 16,024 | 96,628 | - | - | - | - | - | - | 112,652 | - | 112,652 |
| Accretion of interest in a subsidiary | - | - | - | (609) | - | 961 | - | 13 | 365 | (365) | - |
| Acquisition of additional interests by NCI | - | - | - | - | - | - | - | - | - | 38,118 | 38,118 |
| Balance as at 30 September 2015 | 2,588,481 | 5,149,691 | 3,881,095 | 28,709 | 131,240 | 850,370 | 562,917 | 7,354,762 | 20,547,265 | 143,931 | 20,691,196 |

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 NINE MONTHS ENDED 30 SEPTEMBER 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 |
| Group | | | | | | | | | | |
| Balance as at 1 January 2014 | 2,546,910 | 4,888,541 | 3,577,647 | 28,196 | 122,389 | 12,211 | 5,563,177 | 16,739,071 | 203,656 | 16,942,727 |
| Net profit for the financial period | - | - | - | - | - | - | 1,551,809 | 1,551,809 | 12,685 | 1,564,494 |
| Currency translation differences | - | - | - | - | - | (8,209) | (6) | (8,215) | (1,393) | (9,608) |
| Financial investments AFS | | | | | | | | | | |
| - Unrealised net gain/(loss) on revaluation | - | - | - | - | 149,507 | - | - | 149,507 | (4,314) | 145,193 |
| - Net transfer to income statements on disposal or impairment | - | - | - | - | (5,163) | - | - | (5,163) | - | (5,163) |
| Actuarial gain on defined benefit plan of subsidiaries | - | - | - | - | - | - | 1,235 | 1,235 | 12 | 1,247 |
| Income tax relating to components of other comprehensive income | - | - | - | - | (37,210) | - | (309) | (37,519) | (3) | (37,522) |
| Other comprehensive income/(loss), net of tax, for the financial period | - | - | - | - | 107,134 | (8,209) | 920 | 99,845 | (5,698) | 94,147 |
| Total comprehensive income/(loss) for the financial period | - | - | - | - | 107,134 | (8,209) | 1,552,729 | 1,651,654 | 6,987 | 1,658,641 |
| Transfer to statutory reserve | - | - | 80,050 | - | - | - | (80,050) | - | - | - |
| Dividends paid | - | - | - | - | - | - | (262,332) | (262,332) | (993) | (263,325) |
| Shares issued pursuant to DRP | 25,547 | 164,522 | - | - | - | - | - | 190,069 | - | 190,069 |
| Accretion of interest in a subsidiary | - | - | - | - | - | - | 100 | 100 | (100) | - |
| Disposal of a subsidiary | - | - | - | - | - | 1,708 | (1,708) | - | - | - |
| Balance as at 30 September 2014 | 2,572,457 | 5,053,063 | 3,657,697 | 28,196 | 229,523 | 5,710 | 6,771,916 | 18,318,562 | 209,550 | 18,528,112 |

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 NINE MONTHS ENDED 30 SEPTEMBER 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 |
|--|------------------------------------|---|---|------------------------|
| <u>Company</u> | | | | |
| Balance as at 1 January 2015 | 2,572,457 | 5,053,063 | 415,461 | 8,040,981 |
| Net profit for the financial period | - | - | 505,996 | 505,996 |
| Dividends paid | - | - | (154,347) | (154,347) |
| Shares issued pursuant to DRP | 16,024 | 96,628 | - | 112,652 |
| Balance as at 30 September 2015 | <u>2,588,481</u> | <u>5,149,691</u> | <u>767,110</u> | <u>8,505,282</u> |
| Balance as at 1 January 2014 | 2,546,910 | 4,888,541 | 646,471 | 8,081,922 |
| Net loss for the financial period | - | - | (99,967) | (99,967) |
| Dividends paid | - | - | (262,332) | (262,332) |
| Shares issued pursuant to DRP | 25,547 | 164,522 | - | 190,069 |
| Balance as at 30 September 2014 | <u>2,572,457</u> | <u>5,053,063</u> | <u>284,172</u> | <u>7,909,692</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 NINE MONTHS ENDED 30 SEPTEMBER 2015

| | Nine months ended | |
|---|----------------------|----------------------|
| | 30 September 2015 | 30 September 2014 |
| | RM'000 | RM'000 |
| Group | | |
| Cash flows from operating activities | | |
| Profit before taxation | 1,631,538 | 2,091,467 |
| Adjustments for: | | |
| Allowance for impairment on loans, financing and other losses | 305,904 | 384,087 |
| Property, plant and equipment | | |
| - Depreciation | 90,864 | 87,407 |
| - Gain on disposal | (6,984) | (479) |
| - Written off | 30 | 150 |
| - Impairment losses (written back)/made | (37) | 155 |
| Intangible assets | | |
| - Amortisation | 54,703 | 49,466 |
| - Impairment losses made | - | 2,937 |
| Net impairment written back on financial investments AFS and HTM | (59,433) | (126,277) |
| Share of results of associates and joint ventures | (237) | (97) |
| Net gain arising from sale/early redemption of financial assets FVTPL, financial investments AFS and HTM | (51,795) | (95,367) |
| Net gain on fair value hedges | (6,017) | (3,479) |
| Net unrealised loss on revaluation of financial assets FVTPL and derivatives | 359,404 | 62,237 |
| Net unrealised foreign exchange (gain)/loss | (515,033) | 67,236 |
| Gross dividend income from financial assets FVTPL and financial investments AFS | (38,925) | (26,052) |
| Accretion of discount/(amortisation of premium) for borrowings and subordinated obligations | 943 | (232) |
| Net gain on disposal of an associate | - | (8,202) |
| Net loss on disposal of a subsidiary | - | 247 |
| Other non-cash items | (1,210,623) | (1,006,332) |
| Operating profit before working capital changes | <u>554,302</u> | <u>1,478,872</u> |
| (Increase)/decrease in operating assets: | | |
| Securities purchased under resale agreements | 594,745 | (293,429) |
| Deposits and placements with banks and other financial institutions | 211,829 | (959,945) |
| Financial assets FVTPL | 866,522 | 1,339,484 |
| Loans, advances and financing | (5,347,221) | (14,703,040) |
| Clients' and brokers' balances | (738,592) | 206,839 |
| Other assets | (614,453) | (59,711) |
| Statutory deposits | 261,835 | (967,940) |
| | <u>(4,765,335)</u> | <u>(15,437,742)</u> |
| Increase/(decrease) in operating liabilities: | | |
| Deposits from customers | (412,647) | 10,443,537 |
| Deposits and placements of banks and other financial institutions | (3,247,205) | 4,731,943 |
| Obligations on securities sold under repurchase agreements | 4,129,103 | (530,327) |
| Obligations on securities borrowed | (65,653) | 157,331 |
| Bills and acceptances payable | 393,887 | 952,716 |
| Clients' and brokers' balances | 692,737 | (343,810) |
| Other liabilities | 159,592 | (63,786) |
| Recourse obligation on loans sold to Cagamas | (120,581) | (137,253) |
| | <u>1,529,233</u> | <u>15,210,351</u> |
| Cash (used in)/generated from operations | (2,681,799) | 1,251,481 |
| Net tax paid | (554,774) | (393,719) |
| Net cash (used in)/generated from operating activities | <u>(3,236,573)</u> | <u>857,762</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 NINE MONTHS ENDED 30 SEPTEMBER 2015**

| | Nine months ended | |
|--|----------------------|----------------------|
| | 30 September 2015 | 30 September 2014 |
| | RM'000 | RM'000 |
| Group | | |
| Cash flows from investing activities | | |
| Net purchase of financial investments AFS and HTM | (2,880,288) | (701,096) |
| Property, plant and equipment: | | |
| - Purchase | (59,331) | (74,540) |
| - Proceeds from disposal | 9,340 | 643 |
| Purchase of intangible assets | (89,581) | (64,595) |
| Financial investments AFS and HTM: | | |
| - Interest received | 1,002,926 | 827,084 |
| - Investment income received | 135,546 | 274,579 |
| Refund of Bank Mestika deposits | - | 112,515 |
| Dividend income received from financial assets FVTPL and financial investments AFS | 38,925 | 26,052 |
| Net cash inflow from disposal of an associate | - | 9,070 |
| Net cash inflow from disposal of a subsidiary | - | 265 |
| Net cash (used in)/generated from investing activities | <u>(1,842,463)</u> | <u>409,977</u> |
| Cash flows from financing activities | | |
| Net repayment of borrowings | (283,643) | (88,696) |
| Proceeds from issuance of subordinated notes | 700,000 | 1,000,000 |
| Redemption of subordinated notes | (900,000) | - |
| Proceeds from issuance of Subordinated Sukuk Murabahah | - | 500,000 |
| Proceeds from shares issued pursuant to DRP | 112,652 | 190,069 |
| Dividends paid to equity holders of the Company | (154,347) | (262,332) |
| Dividends paid to NCI | (1,325) | (993) |
| Net cash (used in)/generated from financing activities | <u>(526,663)</u> | <u>1,338,048</u> |
| Net (decrease)/increase in cash and cash equivalents | (5,605,700) | 2,605,787 |
| Effects of exchange rate differences | 625,259 | (244,779) |
| 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>11,256,467</u> | <u>12,359,675</u> |
| Cash and cash equivalents comprise the following: | | |
| - Cash and short term funds | 11,256,467 | 12,359,704 |
| - Overdrafts | - | (29) |
| | <u>11,256,467</u> | <u>12,359,675</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 NINE MONTHS ENDED 30 SEPTEMBER 2015**

| | Nine months ended | |
|---|----------------------|----------------------|
| | 30 September 2015 | 30 September 2014 |
| | RM'000 | RM'000 |
| Company | | |
| Cash flows from operating activities | | |
| Profit/(loss) before taxation | 506,073 | (99,595) |
| Adjustments for: | | |
| Interest expense | 98,618 | 94,360 |
| Unrealised foreign exchange loss | - | 104 |
| Property, plant and equipment | | |
| - Depreciation | 159 | 164 |
| - Gain on disposal | (55) | - |
| Dividend income | (614,163) | (31,956) |
| Interest income | (435) | (6,591) |
| Operating loss before working capital changes | (9,803) | (43,514) |
| Increase in deposits and placements with banks and other financial institutions | (27) | (26) |
| Increase in inter-company balances | (1,134) | (7,396) |
| (Increase)/Decrease in other assets | (565) | 2,710 |
| Decrease in other liabilities | (11,035) | (3,758) |
| Cash used in operations | (22,564) | (51,984) |
| Net tax paid | (72) | - |
| Net cash used in operating activities | (22,636) | (51,984) |
| Cash flows from investing activities | | |
| Dividend income received from subsidiaries | 614,163 | 31,956 |
| Interest income received | 449 | 6,588 |
| Purchase of property, plant and equipment | (171) | (243) |
| Refund of Bank Mestika deposits | - | 112,515 |
| Purchase of financial investments AFS | - | (90,610) |
| Increase in investments in subsidiaries | (437,454) | - |
| Proceeds from disposal of property, plant and equipment | 55 | - |
| Net cash generated from investing activities | 177,042 | 60,206 |
| Cash flows from financing activities | | |
| Net (repayment)/drawdown of borrowings | (33,000) | 187,000 |
| Interest expense paid | (103,915) | (122,661) |
| Dividends paid to equity holders of the Company | (154,347) | (262,332) |
| Proceeds from shares issued pursuant to DRP | 112,652 | 190,069 |
| Net cash used in financing activities | (178,610) | (7,924) |
| Net (decrease)/increase in cash and cash equivalents | (24,204) | 298 |
| Cash and cash equivalents: | | |
| - at the beginning of the financial period | 24,940 | 16,973 |
| - at the end of the financial period | 736 | 17,271 |
| Cash and cash equivalents comprise the following: | | |
| - Cash and short term funds | 736 | 17,300 |
| - Overdrafts | - | (29) |
| | 736 | 17,271 |

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 NINE MONTHS ENDED 30 SEPTEMBER 2015**

A1. Basis of Preparation

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

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

(a) Annual Improvements to MFRS 2012 - 2014 Cycle

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

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

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

- (i) Classification of a loan/financing as impaired when the loan/financing is classified as rescheduled and restructured ('R&R') in BNM's Central Credit Reference Information System ('CCRIS') effective on or after 1 April 2015. The R&R loan/financing shall only be reclassified from impaired to non-impaired when repayments based on revised and restructured terms have been observed continuously for a period of at least 6 months; and
- (ii) Banking institutions are required to maintain, in aggregate, collective impairment allowances and regulatory reserves of no less than 1.2% of total outstanding loans/financing, net of individual impairment allowances, effective beginning 31 December 2015.

The Group has early adopted the requirement to maintain, in aggregate, the collective impairment allowances and regulatory reserves of no less than 1.2% of total outstanding loans/financing, net of individual impairment allowances, effective from financial period ended 30 June 2015.

A2. Auditors' Report

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

A3. Seasonal or Cyclical Factors

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

A4. Exceptional or Unusual Items

There were no exceptional or unusual items for the nine months ended 30 September 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 nine months ended 30 September 2015.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 nine months ended 30 September 2015, other than as disclosed below:

(a) Changes in equity securities

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

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

(b) Changes in debt securities

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

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

A7. Dividends Paid

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



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

| | 3rd quarter ended | | Nine months ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 30 September 2015 | 30 September 2014 | 30 September 2015 | 30 September 2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| A8. Interest Income | | | | |
| <u>Group</u> | | | | |
| Loans and advances | 1,587,246 | 1,504,237 | 4,711,557 | 4,325,639 |
| Money at call and deposits and placements with banks and other financial institutions | 24,646 | 59,194 | 108,374 | 148,322 |
| Securities purchased under resale agreements | 615 | 67 | 1,731 | 142 |
| Financial assets FVTPL | 12,816 | 11,640 | 45,991 | 34,791 |
| Financial investments AFS | 174,413 | 149,060 | 493,214 | 419,923 |
| Financial investments HTM | 160,828 | 183,846 | 515,034 | 565,941 |
| Others | 7,887 | 4,079 | 21,151 | 10,869 |
| | 1,968,451 | 1,912,123 | 5,897,052 | 5,505,627 |
| Of which: | | | | |
| Interest income accrued on impaired financial assets | 34,651 | 41,423 | 123,429 | 127,795 |
| <u>Company</u> | | | | |
| Money at call and deposits and placements with banks and other financial institutions | 27 | 321 | 435 | 456 |
| Others | - | - | - | 6,135 |
| | 27 | 321 | 435 | 6,591 |
| A9. Interest Expense | | | | |
| <u>Group</u> | | | | |
| Deposits and placements of banks and other financial institutions | 92,447 | 113,297 | 328,721 | 306,997 |
| Deposits from customers | 853,341 | 819,234 | 2,617,115 | 2,310,704 |
| Borrowings | 24,563 | 28,353 | 76,234 | 79,642 |
| Senior debt securities | 26,654 | 12,986 | 73,589 | 39,432 |
| Subordinated obligations | 64,463 | 64,412 | 195,902 | 168,443 |
| Hybrid Tier-1 Capital Securities | 11,375 | 11,368 | 33,750 | 33,731 |
| Recourse obligation on loans sold to Cagamas | 24,755 | 10,507 | 73,792 | 31,645 |
| Obligations on securities sold under repurchase agreements | 16,933 | 103 | 32,797 | 921 |
| Others | 10,211 | 15,995 | 37,248 | 48,333 |
| | 1,124,742 | 1,076,255 | 3,469,148 | 3,019,848 |
| <u>Company</u> | | | | |
| Borrowings | 32,848 | 33,914 | 98,618 | 94,360 |



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

| | 3rd quarter ended | | Nine months ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 30 September 2015 | 30 September 2014 | 30 September 2015 | 30 September 2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| A10. Other Operating Income | | | | |
| Group | | | | |
| Fee income | | | | |
| - Service charges and fees | 61,721 | 62,141 | 180,952 | 185,068 |
| - Commission | 41,289 | 43,075 | 115,458 | 118,072 |
| - Guarantee fees | 11,565 | 11,251 | 51,097 | 53,366 |
| - Commitment fees | 15,488 | 14,504 | 44,891 | 41,844 |
| - Net brokerage income | 80,200 | 97,848 | 254,566 | 270,981 |
| - Fund management fees | 35,074 | 29,214 | 92,756 | 80,240 |
| - Unit trust fee income | 15,153 | 16,962 | 51,558 | 36,288 |
| - Corporate advisory fees | 11,626 | 23,856 | 35,698 | 53,646 |
| - Underwriting and arrangement fees | 23,665 | 50,949 | 66,771 | 73,476 |
| - Other fee income | 11,653 | 31,285 | 45,395 | 87,966 |
| | 307,434 | 381,085 | 939,142 | 1,000,947 |
| Net gain arising from financial assets FVTPL | | | | |
| - Net (loss)/gain on disposal | (19,317) | 32,244 | (805) | 71,366 |
| - Unrealised net (loss)/gain on revaluation | (12,448) | 4,119 | (14,383) | 9,269 |
| - Gross dividend income | 4,765 | 2,561 | 16,233 | 6,490 |
| | (27,000) | 38,924 | 1,045 | 87,125 |
| Net gain on revaluation of derivatives | 4,230 | 21,516 | 3,682 | 10,178 |
| Net gain on fair value hedges | 4,947 | 1,034 | 6,017 | 3,479 |
| Net gain arising from financial investments AFS | | | | |
| - Net gain on disposal | 7,040 | 52 | 48,535 | 4,455 |
| - Gross dividend income | 7,001 | 7,091 | 22,692 | 19,562 |
| | 14,041 | 7,143 | 71,227 | 24,017 |
| Net gain arising from financial investments HTM | | | | |
| - Net gain on early redemption | - | 12,454 | 249 | 12,675 |



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

| | 3rd quarter ended | | Nine months ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 30 September 2015 | 30 September 2014 | 30 September 2015 | 30 September 2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| A10. Other Operating Income (continued) | | | | |
| Other income | | | | |
| - Net foreign exchange gain/(loss) | | | | |
| - Realised | (292,897) | 103,765 | (253,402) | 287,049 |
| - Unrealised | 389,443 | (15,048) | 515,033 | (67,236) |
| - Insurance underwriting surplus before management expenses | 29,371 | 34,226 | 95,359 | 106,411 |
| - Net gain on disposal of property, plant and equipment | 476 | 438 | 6,984 | 479 |
| - Rental income | 411 | 658 | 995 | 1,370 |
| - Net loss on disposal of a subsidiary | - | - | - | (247) |
| - Net gain on disposal of an associate | - | 8,202 | - | 8,202 |
| - Other operating income | 15,435 | 17,958 | 50,447 | 60,800 |
| - Other non-operating income | 1,698 | 2,438 | 5,290 | 5,546 |
| | <u>143,937</u> | <u>152,637</u> | <u>420,706</u> | <u>402,374</u> |
| | <u>447,589</u> | <u>614,793</u> | <u>1,442,068</u> | <u>1,540,795</u> |
| Company | | | | |
| Gross dividend income from: | | | | |
| - Subsidiaries | - | 14,200 | 614,163 | 31,956 |
| Other income | | | | |
| - Net foreign exchange loss | | | | |
| - Realised | - | - | - | (28,040) |
| - Unrealised | - | (24) | - | (104) |
| - Net gain on disposal of property, plant and equipment | 55 | - | 55 | - |
| - Other non-operating income | - | - | 100 | - |
| | <u>55</u> | <u>(24)</u> | <u>155</u> | <u>(28,144)</u> |
| | <u>55</u> | <u>14,176</u> | <u>614,318</u> | <u>3,812</u> |



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

| | 3rd quarter ended | | Nine months ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 30 September 2015 | 30 September 2014 | 30 September 2015 | 30 September 2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| A11. Other Operating Expenses | | | | |
| Group | | | | |
| Personnel costs | | | | |
| - Salaries, bonus, wages and allowances | 401,744 | 386,364 | 1,217,538 | 1,155,784 |
| - Defined contribution plan | 56,235 | 53,864 | 167,088 | 164,551 |
| - Career transition scheme ('CTS') | 308,801 | - | 308,801 | - |
| - Other staff related costs | 37,099 | 51,222 | 112,307 | 130,021 |
| | 803,879 | 491,450 | 1,805,734 | 1,450,356 |
| Establishment costs | | | | |
| - Property, plant and equipment | | | | |
| - Depreciation | 30,221 | 30,117 | 90,864 | 87,407 |
| - Written off | 1 | 25 | 30 | 150 |
| - Intangible assets | | | | |
| - Amortisation | 17,674 | 16,298 | 54,703 | 49,466 |
| - Information technology expenses | 48,954 | 44,477 | 128,922 | 117,957 |
| - Repair and maintenance | 9,021 | 10,167 | 25,673 | 29,237 |
| - Security and escorting charges | 10,469 | 12,902 | 35,382 | 36,136 |
| - Rental of premises | 38,179 | 35,579 | 112,798 | 108,984 |
| - Water and electricity | 10,676 | 9,831 | 30,274 | 28,507 |
| - Rental of equipment | 4,051 | 3,120 | 10,400 | 8,242 |
| - Insurance | 13,965 | 5,977 | 34,773 | 17,918 |
| - Others | 3,629 | 3,679 | 10,935 | 12,852 |
| | 186,840 | 172,172 | 534,754 | 496,856 |
| Marketing expenses | | | | |
| - Sales commission | 28,498 | 32,106 | 91,856 | 78,995 |
| - Advertisements and publicity | 21,939 | 18,892 | 45,885 | 48,095 |
| - Others | 35,960 | 37,105 | 99,733 | 98,360 |
| | 86,397 | 88,103 | 237,474 | 225,450 |
| Administration and general expenses | | | | |
| - Communication expenses | 40,763 | 34,855 | 117,879 | 111,627 |
| - Legal and professional fee | 5,059 | 16,921 | 20,480 | 33,859 |
| - Others | 46,127 | 37,375 | 115,181 | 105,988 |
| | 91,949 | 89,151 | 253,540 | 251,474 |
| | 1,169,065 | 840,876 | 2,831,502 | 2,424,136 |



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

| | 3rd quarter ended | | Nine months ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 30 September 2015 | 30 September 2014 | 30 September 2015 | 30 September 2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| A11. Other Operating Expenses (continued) | | | | |
| <u>Company</u> | | | | |
| Personnel costs | | | | |
| - Salaries, bonus, wages and allowances | - | 445 | 2,512 | 8,215 |
| - Defined contribution plan | - | 71 | 402 | 1,098 |
| - Other staff related costs | 31 | 7 | 115 | 231 |
| | 31 | 523 | 3,029 | 9,544 |
| Establishment costs | | | | |
| - Rental of premises | 25 | 24 | 75 | 254 |
| - Depreciation of property, plant and equipment | 57 | 59 | 159 | 164 |
| - Information technology expenses | - | - | 3 | 4 |
| - Repair and maintenance | 3 | 8 | 19 | 52 |
| - Security and escorting charges | - | 2 | - | 10 |
| - Water and electricity | (7) | 17 | 17 | 50 |
| | 78 | 110 | 273 | 534 |
| Marketing expenses | | | | |
| - Advertisements and publicity | 497 | 706 | 1,030 | 1,233 |
| - Others | - | 7 | 26 | 106 |
| | 497 | 713 | 1,056 | 1,339 |
| Administration and general expenses | | | | |
| - Communication expenses | 26 | 35 | 76 | 135 |
| - Legal and professional fee | 942 | 571 | 3,875 | 2,335 |
| - Others | 642 | 386 | 1,753 | 1,751 |
| | 1,610 | 992 | 5,704 | 4,221 |
| | 2,216 | 2,338 | 10,062 | 15,638 |
| A12. Allowance for Impairment on Loans, Financing and Other Losses | | | | |
| <u>Group</u> | | | | |
| Allowance for impaired loans and financing | | | | |
| - Individual impairment allowance made/ (written back) | 24,125 | (7,977) | 83,697 | (43,295) |
| - Collective impairment allowance made | 88,552 | 96,279 | 97,827 | 264,304 |
| Impaired loans and financing recovered | (68,152) | (61,354) | (200,136) | (218,315) |
| Bad debts written off | 45,168 | 61,144 | 113,659 | 160,656 |
| Allowance made for impairment on other debtors | 6,617 | 6,123 | 10,721 | 2,422 |
| | 96,310 | 94,215 | 105,768 | 165,772 |



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

| | Group | |
|---|---|--|
| | As at 30 September 2015 RM'000 | As at 31 December 2014 RM'000 |
| A13. Financial Assets at Fair Value Through Profit or Loss ('FVTPL') | | |
| (a) Designated as fair value through profit or loss | 58,032 | - |
| (b) Held-for-trading | 2,123,899 | 2,930,681 |
| | 2,181,931 | 2,930,681 |
| (a) Financial assets designated as fair value through profit or loss | | |
| <u>Quoted securities:</u> | | |
| <u>In Malaysia</u> | | |
| Unit trusts | 58,032 | - |
| | 58,032 | - |
| (b) Financial assets held-for-trading | | |
| At fair value | | |
| <u>Money market instrument:</u> | | |
| Malaysian Government Securities | 118,241 | 557,950 |
| Malaysian Government Investment Issues | 577,993 | 728,287 |
| Cagamas bonds | - | 6,968 |
| Sukuk Perumahan Kerajaan ('SPK') bonds | 164,714 | 20,116 |
| Singapore Government Treasury Bills | 123,593 | 502,281 |
| Thailand Government bonds | 12,097 | - |
| Other foreign government securities | 143,786 | - |
| <u>Quoted securities:</u> | | |
| <u>In Malaysia</u> | | |
| Shares | 159,810 | 155,976 |
| Unit trusts | 1,494 | 56,483 |
| Private debt securities | 3,847 | 3,841 |
| <u>Outside Malaysia</u> | | |
| Shares and warrants | 194,248 | 150,145 |
| Unit trusts | 108,875 | 82,994 |
| <u>Unquoted securities:</u> | | |
| <u>In Malaysia</u> | | |
| Private debt securities | 515,178 | 424,192 |
| Commercial paper | - | 49,870 |
| <u>Outside Malaysia</u> | | |
| Private debt securities | 23 | 17,588 |
| Credit link notes | - | 173,990 |
| | 2,123,899 | 2,930,681 |



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

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

In 2008, the Group reclassified a portion of its financial assets FVTPL into financial investments AFS and financial investments HTM. The reclassifications have been accounted for in accordance with BNM's circular on 'Reclassification of Securities under Specific Circumstances', dated 17 October 2008, which is effective from 1 July 2008 until 31 December 2009.

The effects of the reclassification on the income statements for the period from the date of reclassification to 30 September 2015 were as follows:

| | Group | |
|--|--|---------------------------------------|
| | As at 30 September 2015 | As at 31 December 2014 |
| | RM'000 | RM'000 |
| <u>Carrying amount</u> | | |
| Reclassified from financial assets FVTPL to financial investments AFS | 30,255 | 29,823 |
| Reclassified from financial assets FVTPL to financial investments HTM | - | 21,140 |
| | <u>30,255</u> | <u>50,963</u> |
| <u>Fair value</u> | | |
| Reclassified from financial assets FVTPL to financial investments AFS | 29,993 | 29,450 |
| Reclassified from financial assets FVTPL to financial investments HTM | - | 21,409 |
| | <u>29,993</u> | <u>50,859</u> |
| Fair value loss that would have been recognised if the financial assets FVTPL had not been reclassified | <u>(262)</u> | <u>(104)</u> |



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

| | Group | |
|--|--|---------------------------------------|
| | As at 30 September 2015 | As at 31 December 2014 |
| | RM'000 | RM'000 |
| A14. Financial Investments Available-for-sale ('AFS') | | |
| At fair value | | |
| <u>Money market instrument:</u> | | |
| Malaysian Government Securities | 1,998,499 | 1,168,982 |
| Malaysian Government Investment Issues | 2,689,778 | 2,413,705 |
| Cagamas Bonds | 336,143 | 176,532 |
| Khazanah bonds | 59,673 | 58,123 |
| 1 Malaysia Sukuk | - | 330,256 |
| Wakala Global Sukuk | 104,558 | 84,587 |
| Bankers' acceptances and Islamic acceptable bills | 262,111 | 73,627 |
| Negotiable instruments of deposits | 295,596 | 649,516 |
| SPK bonds | 231,322 | 125,034 |
| Malaysia Sovereign Sukuk | 66,098 | - |
| Singapore Government Securities | 383,154 | 161,233 |
| Singapore Government Treasury Bills | 1,881,954 | 409,666 |
| Thailand Government bonds | 286,058 | 120,895 |
| <u>Quoted securities:</u> | | |
| In Malaysia | | |
| Shares and warrants | 6,209 | 15,830 |
| Unit trusts | 14,197 | 12,976 |
| Outside Malaysia | | |
| Shares and warrants | 10,369 | 1,800 |
| Unit trusts | 28,870 | 30,368 |
| <u>Unquoted securities:</u> | | |
| In Malaysia | | |
| Private and Islamic debt securities | 14,514,626 | 12,664,877 |
| Shares and warrants | 740,563 | 609,194 |
| Corporate loan stocks | 18,274 | 17,843 |
| Prasarana bonds | 123,003 | 35,185 |
| Perpetual notes/Sukuk | 290,443 | 286,084 |
| Outside Malaysia | | |
| Private and Islamic debt securities | 1,030,947 | 442,042 |
| Corporate loan stocks | - | 2,151 |
| Shares | 393 | 396 |
| | 25,372,838 | 19,890,902 |
| Accumulated impairment losses | (268,739) | (288,726) |
| | 25,104,099 | 19,602,176 |

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 RM423,555,000 (31 December 2014: RM20,484,000).



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

| | Group | |
|--|--|---------------------------------------|
| | As at 30 September 2015 | As at 31 December 2014 |
| | RM'000 | RM'000 |
| A15. Financial Investments Held-to-maturity ('HTM') | | |
| At amortised cost | | |
| <u>Money market instrument:</u> | | |
| Malaysian Government Securities | 2,228,103 | 2,343,015 |
| Malaysian Government Investment Issues | 5,390,593 | 5,710,589 |
| Cagamas bonds | 1,436,757 | 1,846,208 |
| Khazanah bonds | 105,204 | 101,835 |
| Negotiable instruments of deposits | 1,540,627 | 2,027,550 |
| Bankers' acceptances | 48,814 | - |
| Wakala Global Sukuk | 312,340 | 249,958 |
| SPK bonds | 111,234 | 111,178 |
| Singapore Government Securities | 61,814 | 187,519 |
| Thailand Government Securities | 172,335 | 275,711 |
| Sukuk (Brunei) Incorporation | 46,385 | 39,689 |
| <u>Unquoted securities:</u> | | |
| <u>In Malaysia</u> | | |
| Private and Islamic debt securities | 6,726,804 | 6,868,950 |
| Corporate loan stocks | 63,096 | 70,171 |
| Bonds | 883 | 883 |
| Prasarana bonds | 813,743 | 810,498 |
| Credit link notes | 45,058 | 45,058 |
| <u>Outside Malaysia</u> | | |
| Private and Islamic debt securities | 165,657 | 37,222 |
| Credit link notes | - | 17,891 |
| | 19,269,447 | 20,743,925 |
| Accumulated impairment losses | (236,024) | (274,094) |
| | 19,033,423 | 20,469,831 |

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 RM4,030,000,000 (31 December 2014: RM500,000,000).



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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

| | Group | |
|--|--|---------------------------------------|
| | As at 30 September 2015 | As at 31 December 2014 |
| | RM'000 | RM'000 |
| A16. Loans, Advances and Financing | | |
| At amortised cost | | |
| Overdrafts | 6,397,723 | 6,327,913 |
| Term loans/financing | | |
| - Housing loans/financing | 36,400,355 | 31,988,629 |
| - Syndicated term loans/financing | 7,113,145 | 5,581,599 |
| - Hire purchase receivables | 12,125,132 | 13,348,197 |
| - Lease receivables | 23,938 | 33,706 |
| - Other term loans/financing | 68,053,165 | 66,671,673 |
| Bills receivables | 2,703,043 | 2,452,642 |
| Trust receipts | 839,528 | 626,381 |
| Claims on customers under acceptance credits | 3,904,228 | 3,662,085 |
| Staff loans/financing | 203,415 | 221,146 |
| Credit/charge card receivables | 1,935,514 | 1,994,710 |
| Revolving credits/financing | 9,852,460 | 9,577,509 |
| Gross loans, advances and financing | <u>149,551,646</u> | 142,486,190 |
| Fair value changes arising from fair value hedges | (28,891) | (26,870) |
| | <u>149,522,755</u> | 142,459,320 |
| Allowance for impaired loans, advances and financing | | |
| - Individual impairment allowance | (452,537) | (417,232) |
| - Collective impairment allowance | (1,191,134) | (1,349,085) |
| Net loans, advances and financing | <u><u>147,879,084</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 RM3,102,278,000 (31 December 2014: RM3,304,749,000).



RHB CAPITAL BERHAD (312952 – H)
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FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

| | Group | |
|--|--|---------------------------------------|
| | As at 30 September 2015 | As at 31 December 2014 |
| | RM'000 | RM'000 |

A16. Loans, Advances and Financing (continued)

(a) By type of customer

| | | |
|--|--------------------|--------------------|
| Domestic non-bank financial institutions | | |
| - Others | 1,967,203 | 2,048,118 |
| Domestic business enterprises | | |
| - Small and medium enterprises | 22,096,771 | 16,255,916 |
| - Others | 33,640,405 | 36,538,619 |
| Government and statutory bodies | 5,354,783 | 7,457,968 |
| Individuals | 67,173,627 | 64,275,120 |
| Other domestic entities | 144,120 | 124,840 |
| Foreign entities | 19,174,737 | 15,785,609 |
| | 149,551,646 | 142,486,190 |

(b) By geographical distribution

| | | |
|-----------------|--------------------|--------------------|
| Malaysia | 129,404,536 | 125,761,783 |
| Labuan Offshore | 4,142,735 | 3,585,654 |
| Singapore | 13,216,303 | 11,017,471 |
| Thailand | 931,284 | 1,061,038 |
| Brunei | 144,745 | 114,997 |
| Indonesia | 18,676 | 7,209 |
| Hong Kong | 350,972 | 143,844 |
| Cambodia | 1,254,788 | 758,885 |
| Lao | 87,607 | 35,309 |
| | 149,551,646 | 142,486,190 |

(c) By interest/profit rate sensitivity

| | | |
|---------------------------------------|--------------------|--------------------|
| Fixed rate | | |
| - Housing loans/financing | 1,578,962 | 1,522,767 |
| - Hire purchase receivables/financing | 12,125,132 | 13,348,197 |
| - Other fixed rate loans/financing | 17,349,880 | 19,506,915 |
| Variable rate | | |
| - Base lending/financing rate plus | 67,846,855 | 63,266,561 |
| - Cost-plus | 37,609,923 | 36,418,784 |
| - Other variable rates | 13,040,894 | 8,422,966 |
| | 149,551,646 | 142,486,190 |



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

| Group | |
|--|---------------------------------------|
| As at 30 September 2015 | As at 31 December 2014 |
| RM'000 | RM'000 |

A16. Loans, Advances and Financing (continued)

(d) By purpose

| | | |
|---|---------------------------|--------------------|
| Purchase of securities | 14,726,721 | 15,606,564 |
| Purchase of transport vehicles | 11,157,057 | 12,222,831 |
| Purchase of landed property | | |
| - Residential | 36,591,853 | 31,469,445 |
| - Non-residential | 12,084,905 | 10,633,960 |
| Purchase of property, plant and equipment other than land and building | 3,919,382 | 3,675,777 |
| Personal use | 8,551,206 | 7,650,256 |
| Credit card | 1,935,514 | 1,994,710 |
| Purchase of consumer durables | 34,153 | 28,926 |
| Construction | 6,071,364 | 4,929,162 |
| Working capital | 37,480,345 | 35,060,938 |
| Merger and acquisition | 2,362,521 | 3,227,805 |
| Other purpose | 14,636,625 | 15,985,816 |
| | <u>149,551,646</u> | <u>142,486,190</u> |

(e) By remaining contractual maturities

| | | |
|---------------------------|---------------------------|--------------------|
| Maturity within one year | 47,975,650 | 48,168,576 |
| One year to three years | 10,136,617 | 8,693,192 |
| Three years to five years | 12,519,786 | 11,464,772 |
| Over five years | 78,919,593 | 74,159,650 |
| | <u>149,551,646</u> | <u>142,486,190</u> |



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

| Group | |
|--|---------------------------------------|
| As at 30 September 2015 | As at 31 December 2014 |
| RM'000 | RM'000 |

A16. Loans, Advances and Financing (continued)

(f) Impaired loans, advances and financing

(i) Movements in impaired loans, advances and financing

| | | |
|--|--------------------|-------------|
| Balance as at the beginning of the financial period/year | 2,892,367 | 3,426,629 |
| Classified as impaired | 3,098,316 | 3,704,991 |
| Reclassified as non-impaired | (1,853,379) | (2,497,162) |
| Amount recovered | (816,408) | (765,732) |
| Amount written off | (441,563) | (1,021,213) |
| Transfer from financial investments AFS | - | 39,543 |
| Exchange differences | 27,508 | 5,311 |
| Balance as at the end of the financial period/year | 2,906,841 | 2,892,367 |

(ii) By purpose

| | | |
|---|------------------|-----------|
| Purchase of securities | 90,655 | 218,313 |
| Purchase of transport vehicles | 144,785 | 180,120 |
| Purchase of landed property | | |
| - Residential | 761,263 | 783,908 |
| - Non-residential | 232,950 | 181,589 |
| Purchase of property, plant and equipment other than land and building | 53,053 | 38,834 |
| Personal use | 165,355 | 153,432 |
| Credit card | 42,897 | 36,911 |
| Purchase of consumer durables | 1,237 | 1,425 |
| Construction | 119,606 | 115,694 |
| Working capital | 1,237,334 | 1,139,887 |
| Other purpose | 57,706 | 42,254 |
| | 2,906,841 | 2,892,367 |



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

| Group | |
|--|---------------------------------------|
| As at 30 September 2015 | As at 31 December 2014 |
| RM'000 | RM'000 |

A16. Loans, Advances and Financing (continued)

(f) Impaired loans, advances and financing (continued)

(iii) By geographical distribution

| | | |
|-----------------|------------------|------------------|
| Malaysia | 2,653,839 | 2,754,303 |
| Labuan Offshore | 13,848 | - |
| Singapore | 185,982 | 104,211 |
| Thailand | 24,889 | 21,872 |
| Brunei | 11,989 | 8,245 |
| Hong Kong | 433 | - |
| Cambodia | 15,861 | 3,736 |
| | 2,906,841 | 2,892,367 |

(iv) Movements in allowance for impaired loans, advances and financing

Individual impairment allowance

| | | |
|--|----------------|----------------|
| Balance as at the beginning of the financial period/year | 417,232 | 903,388 |
| Net allowance made/(written back) | 83,697 | (27,937) |
| Amount written off | (59,806) | (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 | 11,414 | 5,038 |
| Balance as at the end of the financial period/year | 452,537 | 417,232 |

Collective impairment allowance

| | | |
|--|------------------|------------------|
| Balance as at the beginning of the financial period/year | 1,349,085 | 1,280,266 |
| Net allowance made | 97,827 | 405,898 |
| Amount written off | (270,178) | (339,584) |
| Reclassified from individual impairment allowance | - | 64 |
| Exchange differences | 14,400 | 2,441 |
| Balance as at the end of the financial period/year | 1,191,134 | 1,349,085 |



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

| | Group | | Company | |
|--|---|--|---|--|
| | As at 30 September 2015 RM'000 | As at 31 December 2014 RM'000 | As at 30 September 2015 RM'000 | As at 31 December 2014 RM'000 |
| A17. Other Assets | | | | |
| Other debtors | 727,610 | 770,176 | 1 | 2 |
| Collateral pledged for derivative transactions | 2,002,446 | 620,577 | - | - |
| Deposits | 100,898 | 87,536 | - | - |
| Prepayments | 89,199 | 63,700 | 1,204 | 3,635 |
| | <u>2,920,153</u> | <u>1,541,989</u> | <u>1,205</u> | <u>3,637</u> |

| | Group | |
|--|---|--|
| | As at 30 September 2015 RM'000 | As at 31 December 2014 RM'000 |
| A18. Deposits from Customers | | |
| (a) By type of deposits | | |
| Demand deposits | 28,721,833 | 26,239,569 |
| Savings deposits | 8,372,615 | 7,927,118 |
| Fixed/investment deposits | 121,864,428 | 122,935,277 |
| Negotiable instruments of deposits | 9,271 | 32,029 |
| | <u>158,968,147</u> | <u>157,133,993</u> |
| (b) By type of customer | | |
| Government and statutory bodies | 10,990,756 | 11,148,094 |
| Business enterprises | 98,111,538 | 97,051,175 |
| Individuals | 43,521,770 | 42,913,486 |
| Others | 6,344,083 | 6,021,238 |
| | <u>158,968,147</u> | <u>157,133,993</u> |
| (c) By maturity structure of fixed/investment deposits and negotiable instruments of deposits | | |
| Due within six months | 101,788,571 | 101,842,151 |
| Six months to one year | 19,574,568 | 20,318,902 |
| One year to three years | 477,379 | 788,624 |
| Three years to five years | 33,181 | 17,629 |
| | <u>121,873,699</u> | <u>122,967,306</u> |



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

| Group | |
|--|---------------------------------------|
| As at 30 September 2015 | As at 31 December 2014 |
| RM'000 | RM'000 |

A19. Deposits and Placements of Banks and Other Financial Institutions

| | | |
|------------------------------|--------------------------|-------------------|
| Licensed banks | 13,190,879 | 14,973,762 |
| Licensed Islamic banks | 1,599,030 | 221,130 |
| Licensed investment banks | 1,422,446 | 1,607,590 |
| BNM | 571,721 | 515,027 |
| Other financial institutions | 1,894,868 | 4,032,109 |
| | <u>18,678,944</u> | <u>21,349,618</u> |

| Group | | Company | |
|--|---------------------------------------|--|---------------------------------------|
| As at 30 September 2015 | As at 31 December 2014 | As at 30 September 2015 | As at 31 December 2014 |
| RM'000 | RM'000 | RM'000 | RM'000 |

A20. Other Liabilities

| | | | | |
|--|-------------------------|------------------|---------------------|---------------|
| Other creditors and accruals | 1,210,017 | 1,029,263 | 1,305 | 7,925 |
| Short term employee benefits | 296,969 | 402,475 | - | 4,415 |
| Career transition scheme | 308,801 | - | - | - |
| Prepaid instalments | 67,933 | 71,037 | - | - |
| Collateral pledged for derivative transactions | 344,104 | 105,640 | - | - |
| Remisiers' trust deposits | 61,633 | 59,480 | - | - |
| Amount due to Danaharta | 2,238 | 1,935 | - | - |
| Amount due to trust funds | 23,843 | 44,268 | - | - |
| | <u>2,315,538</u> | <u>1,714,098</u> | <u>1,305</u> | <u>12,340</u> |



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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, funding center is now under the purview and responsibility of Group Treasury. As such, 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 the 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, investment related products, and general insurance and bancassurance 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 NINE MONTHS ENDED 30 SEPTEMBER 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.



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A21. Segment Reporting (continued)

Nine months ended 30 September 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 | 1,284,295 | 1,848,121 | 695,524 | 352,951 | 401,574 | (73,363) | - | 4,509,102 |
| Inter-segment revenue | 33,029 | 27,424 | - | 37,958 | 4,879 | (2,558) | (100,732) | - |
| Segment revenue | 1,317,324 | 1,875,545 | 695,524 | 390,909 | 406,453 | (75,921) | (100,732) | 4,509,102 |
| Other operating expenses | (806,879) | (986,942) | (348,537) | (129,792) | (260,137) | (399,947) | 100,732 | (2,831,502) |
| Including: | | | | | | | | |
| Depreciation of property, plant and equipment | (20,913) | (45,727) | (5,486) | (2,157) | (9,299) | (7,282) | - | (90,864) |
| Amortisation of intangible assets | (16,805) | (20,561) | (7,587) | (5,121) | (4,629) | - | - | (54,703) |
| Career transition scheme | - | - | - | - | - | (308,801) | - | (308,801) |
| Allowance for impairment on loans, financing and other losses | (23,735) | 30,695 | (82,710) | 109 | (32,010) | 1,883 | - | (105,768) |
| Impairment losses written back on other assets | 18,759 | - | 23 | 40,376 | 311 | - | - | 59,469 |
| | 505,469 | 919,298 | 264,300 | 301,602 | 114,617 | (473,985) | - | 1,631,301 |
| Share of results of joint ventures | | | | | | | | 237 |
| Profit before taxation | | | | | | | | 1,631,538 |
| Taxation | | | | | | | | (430,613) |
| Net profit for the financial period | | | | | | | | 1,200,925 |



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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015**

A21. Segment Reporting (continued)

As at 30 September 2015

| | CIB | Retail Banking | Business Banking | Group Treasury | Group International Business | Support Center and Others | Total |
|----------------------------------|---------------|---------------------------|-----------------------------|---------------------------|---|--|--------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Segment assets | 55,079,542 | 71,393,828 | 20,235,825 | 54,491,226 | 26,102,386 | 904,838 | 228,207,645 |
| Investments in joint ventures | | | | | | | 23,929 |
| Tax recoverable | | | | | | | 220,523 |
| Deferred tax assets | | | | | | | 54,532 |
| Unallocated assets | | | | | | | 1,051,438 |
| Total assets | | | | | | | <u>229,558,067</u> |
| Segment liabilities | 40,166,607 | 45,649,632 | 16,875,945 | 72,614,726 | 18,538,986 | 988,694 | 194,834,590 |
| Tax liabilities | | | | | | | 32,068 |
| Deferred tax liabilities | | | | | | | 13,493 |
| Borrowings | | | | | | | 2,822,169 |
| Subordinated obligations | | | | | | | 5,941,330 |
| Hybrid Tier-1 Capital Securities | | | | | | | 598,092 |
| Senior debt securities | | | | | | | 3,563,153 |
| Unallocated liabilities | | | | | | | 1,061,976 |
| Total liabilities | | | | | | | <u>208,866,871</u> |



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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

A21. Segment Reporting (continued)

Nine months ended 30 September 2014

| | CIB | Retail Banking | Business Banking | Group Treasury | Group International Business | Support Center and Others | Inter-segment Elimination | Total |
|--|---------------|---------------------------|-----------------------------|---------------------------|---|--|--------------------------------------|------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| External revenue | 1,459,477 | 1,956,425 | 658,195 | 342,053 | 280,885 | (138,942) | - | 4,558,093 |
| Inter-segment revenue | 23,261 | 15,515 | - | 26,839 | 11,893 | 1,323 | (78,831) | - |
| Segment revenue | 1,482,738 | 1,971,940 | 658,195 | 368,892 | 292,778 | (137,619) | (78,831) | 4,558,093 |
| Other operating expenses | (754,037) | (995,628) | (316,591) | (139,197) | (216,029) | (81,485) | 78,831 | (2,424,136) |
| Including: | | | | | | | | |
| Depreciation of property, plant and equipment | (18,454) | (48,872) | (4,962) | (2,096) | (6,371) | (6,652) | - | (87,407) |
| Amortisation of intangible assets | (16,623) | (18,427) | (7,043) | (5,262) | (2,111) | - | - | (49,466) |
| Allowance for impairment on loans, financing and other losses | 131,367 | (256,488) | (16,366) | (22,841) | (8,678) | 7,234 | - | (165,772) |
| Impairment losses written back/(made) on other assets | 126,738 | 21 | 623 | (3,363) | 5 | (839) | - | 123,185 |
| | 986,806 | 719,845 | 325,861 | 203,491 | 68,076 | (212,709) | - | 2,091,370 |
| Share of results of associates | | | | | | | | (105) |
| Share of results of joint ventures | | | | | | | | 202 |
| Profit before taxation | | | | | | | | 2,091,467 |
| Taxation | | | | | | | | (526,973) |
| Net profit for the financial period | | | | | | | | <u>1,564,494</u> |



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FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015**

A21. Segment Reporting (continued)

As at 31 December 2014

| | CIB | Retail Banking | Business Banking | Group Treasury | Group International Business | Support Center and Others | Total |
|----------------------------------|---------------|---------------------------|-----------------------------|---------------------------|---|--|--------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Segment assets | 52,942,278 | 68,038,286 | 18,890,063 | 54,626,228 | 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
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A22. Valuation of Property, Plant and Equipment

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

A23. Material Events Subsequent to the Balance Sheet Date

There were no significant events subsequent to the balance sheet date that have not been reflected in the financial statements.

A24. Changes in Composition of the Group

There are no significant changes in the composition of the Group for the nine months ended 30 September 2015 other than the following:

- (a) On 30 January 2015, RHB Bank injected additional capital to its wholly-owned commercial bank subsidiary, RHB Indochina Bank Limited ('RHB Indochina Bank'), which is incorporated in Cambodia, amounting to USD15,000,000 (equivalent to RM54,375,000). As a result, RHB Indochina Bank's share capital increased from USD52,000,000 to USD67,000,000.
- (b) On 3 April 2015, the Company has capitalised 75% of the second interim dividend income from RHB Bank amounting to RM437,454,000 as cost of investment. The recapitalisation is via the issuance of rights issue of 190,197,391 new RHB Bank ordinary shares of RM0.50 per share at an issue price of RM2.30 per share.
- (c) On 30 June 2015, RHB Investment Bank subscribed for SGD3,000,000 new ordinary shares in RHB International Investments Pte Ltd (formerly known as RHB OSK International Investments Pte Ltd) ('RII'). On even date, RII subscribed for SGD3,000,000 new ordinary shares in RHB Asset Management Pte Ltd (formerly known as RHB OSK Asset Management Pte Ltd) ('RAM') for purposes of its business expansion and growth.

RAM is a wholly-owned subsidiary of RII which in turn is a wholly-owned subsidiary of RHB Investment Bank. Upon completion of the subscription, the equity interest held by RII in RAM remains the same.



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
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A25. Changes In Contingent Liabilities Since The Last Annual Statements Of Financial Position

(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> | <u>As at 30 September 2015</u> | | | <u>As at 31 December 2014</u> | | |
|--|--------------------------------|----------------------------------|-----------------------------|-------------------------------|----------------------------------|-----------------------------|
| | <u>Principal amount</u> | <u>Credit equivalent amount*</u> | <u>Risk weighted amount</u> | <u>Principal amount</u> | <u>Credit equivalent amount*</u> | <u>Risk weighted amount</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Direct credit substitutes | 2,406,721 | 2,377,119 | 1,573,468 | 2,659,088 | 2,628,097 | 1,656,364 |
| Transaction-related contingent items | 5,157,990 | 2,551,151 | 1,350,808 | 4,829,166 | 2,388,120 | 1,308,323 |
| Short term self-liquidating trade-related contingencies | 2,417,169 | 481,649 | 216,987 | 1,822,569 | 362,511 | 177,431 |
| Obligations under underwriting agreements | 9,717 | 4,858 | 4,858 | - | - | - |
| 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 | 3,934,545 | 3,934,545 | 16,286 | 517,610 | 517,610 | 27,897 |
| Irrevocable commitments to extend credit | | | | | | |
| - maturity less than one year | 2,585,943 | 519,249 | 270,295 | 2,701,468 | 399,169 | 144,743 |
| - maturity more than one year | 28,578,195 | 19,883,505 | 10,288,314 | 30,652,168 | 14,280,346 | 9,878,218 |
| Foreign exchange related contracts [^] | | | | | | |
| - less than one year | 59,652,222 | 3,133,572 | 1,533,702 | 28,493,237 | 922,273 | 556,942 |
| - one year to less than five years | 12,073,704 | 3,027,522 | 1,029,506 | 11,522,508 | 1,679,778 | 760,665 |
| - more than five years | 557,600 | 191,454 | 76,451 | 469,108 | 596,943 | 444,525 |
| Equity related contracts [^] | | | | | | |
| - less than one year | 1,718 | 177 | 159 | 15,508 | 5,844 | 5,844 |
| Interest rate related contracts [^] | | | | | | |
| - less than one year | 8,316,365 | 22,439 | 7,144 | 5,959,805 | 14,442 | 4,211 |
| - one year to less than five years | 30,367,361 | 923,461 | 332,610 | 27,736,220 | 814,933 | 281,190 |
| - more than five years | 2,120,349 | 209,535 | 108,070 | 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 | 16,093,873 | 631,251 | 256,769 | 15,137,896 | 605,393 | 240,215 |
| | 174,273,472 | 37,891,487 | 17,065,427 | 133,504,271 | 25,289,119 | 15,520,968 |

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

(a) Commitments and Contingencies (continued)

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

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

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

RHB Bank, has also given a guarantee to the Ministry of Finance of Negara Brunei Darussalam to undertake any liabilities which may be incurred in respect of its branch in Brunei. In addition, RHB Bank has issued a guarantee to Bank of Thailand to provide support to meet any legal liabilities which may be incurred in respect of its operations in Thailand.



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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
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A25. Changes In Contingent Liabilities Since The Last Annual Statements Of Financial Position (continued)

(b) Guarantees Issued by Group and Company

| | As at 30 September 2015 <u>RM'000</u> | As at 31 December 2014 <u>RM'000</u> |
|--|--|---|
| <u>Group</u> | | |
| Corporate guarantee in favour of client's trading facilities granted by a subsidiary | <u>68,000</u> | <u>68,000</u> |
| <u>Company</u> | | |
| Corporate guarantee provided to licensed banks for credit facilities granted to subsidiaries | 89,315 | 214,243 |
| Corporate guarantee in favour of client's trading facilities granted by a subsidiary | 68,000 | 68,000 |
| Letter of undertaking in favour of Monetary Authority of Singapore provided for a subsidiary | <u>149,370</u> | <u>132,315</u> |
| | <u>306,685</u> | <u>414,558</u> |

A26. Capital Commitments

| | Group | |
|--|--|---|
| | As at 30 September 2015 <u>RM'000</u> | As at 31 December 2014 <u>RM'000</u> |
| Capital expenditure for property, plant and equipment: | | |
| - authorised and contracted for | 47,450 | 109,535 |
| - authorised but not contracted for | <u>158,269</u> | <u>202,131</u> |
| | <u>205,719</u> | <u>311,666</u> |



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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
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A27. Capital Adequacy Ratio

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

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

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

| | RHB Bank[@] | |
|--|--|---------------------------------------|
| | As at 30 September 2015 | As at 31 December 2014 |
| | RM'000 | RM'000 |
| Common Equity Tier 1 ('CET 1')/Tier I Capital | | |
| Paid-up ordinary share capital | 3,460,585 | 3,365,486 |
| Share premium | 478,517 | 136,162 |
| Retained profits | 6,682,168 | 6,860,657 |
| Other reserves | 4,051,294 | 3,589,300 |
| AFS reserves | 176,236 | 218,816 |
| | 14,848,800 | 14,170,421 |
| Less: | | |
| Goodwill | (905,519) | (905,519) |
| Intangible assets (include associated deferred tax liabilities) | (189,242) | (166,462) |
| Net deferred tax assets | (37,678) | - |
| 55% of cumulative gains of AFS financial instruments | (96,930) | (120,349) |
| Shortfall of eligible provisions to expected losses under the IRB approach | (242,173) | (307,612) |
| Investments in subsidiaries* | (687,429) | (332,839) |
| Other deductions# | (84,950) | (29,667) |
| Total CET 1 Capital | 12,604,879 | 12,307,973 |
| Hybrid Tier-I Capital Securities** | 420,000 | 480,000 |
| Total Tier I Capital | 13,024,879 | 12,787,973 |
| Tier II Capital | | |
| Subordinated obligations*** | 2,800,000 | 3,200,000 |
| Subordinated obligations meeting all inclusion ⁺ | 1,499,521 | 1,000,000 |
| Collective impairment allowance and regulatory reserve [^] | 375,462 | 258,406 |
| | 4,674,983 | 4,458,406 |
| Less: | | |
| Investments in subsidiaries* | (1,031,143) | (1,331,358) |
| Total Tier II Capital | 3,643,840 | 3,127,048 |
| Total Capital | 16,668,719 | 15,915,021 |
| <u>Capital ratios</u> | | |
| Before proposed dividends: | | |
| CET 1 Capital Ratio | 11.856% | 11.678% |
| Tier I Capital Ratio | 12.251% | 12.133% |
| Total Capital Ratio | 15.678% | 15.100% |
| After proposed dividends: | | |
| CET 1 Capital Ratio | 11.856% | 11.124% |
| Tier I Capital Ratio | 12.251% | 11.580% |
| Total Capital Ratio | 15.678% | 14.547% |



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

- @ The capital adequacy ratios of RHB Bank consist of capital base and risk-weighted assets derived from RHB Bank and its wholly-owned offshore banking subsidiary, RHB Bank (L) Ltd.
- * Investments in subsidiaries are subject to the gradual deduction in the calculation under CET 1 Capital effective from 1 January 2014 as prescribed under paragraph 36.15 of the BNM's Capital Adequacy Framework (Capital Components).
- # Pursuant to Basel II Market Risk para 5.19 & 5.20 - Valuation Adjustments, the Capital Adequacy Framework (Basel II - RWA) calculation shall account for the ageing, liquidity and holding back adjustments on its trading portfolio.
- ** Hybrid Tier-1 Capital Securities that are recognised as Tier I capital instruments are subject to the gradual phase-out treatment effective from 1 January 2013 as prescribed under paragraph 36.10 of the BNM's Capital Adequacy Framework (Capital Components).
- *** Subordinated obligations that are recognised as Tier II capital instruments are subject to the gradual phase-out treatment effective from 1 January 2013 as prescribed under paragraph 36.10 of the BNM's Capital Adequacy Framework (Capital Components).
- + Qualify as Tier II capital as specified in the BNM's Capital Adequacy Framework (Capital Components).
- ^ Excludes collective impairment allowance attributable to loans, advances and financing classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on 'Classification and Impairment Provisions for Loans/Financing'.

Includes the qualifying regulatory reserve for non-impaired loans of RHB Bank of RM392,519,000 (31 December 2014: Nil).



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

| | RHB Islamic Bank | |
|---|---|--|
| | As at 30 September 2015 RM'000 | As at 31 December 2014 RM'000 |
| CET 1/Tier I Capital | | |
| Paid-up ordinary share capital | 1,173,424 | 1,173,424 |
| Retained profits | 479,630 | 553,560 |
| Other reserves | 617,060 | 553,765 |
| AFS reserves | (40,380) | (28,352) |
| | <u>2,229,734</u> | <u>2,252,397</u> |
| Less: | | |
| Net deferred tax assets | (17,874) | (15,497) |
| Intangible assets (include associated deferred tax liabilities) | (566) | (1,119) |
| Other deductions# | (1,001) | (551) |
| Total CET 1 Capital/Total Tier I Capital | <u>2,210,293</u> | <u>2,235,230</u> |
| Tier II Capital | | |
| Subordinated sukuk* | 500,000 | 500,000 |
| Collective impairment allowance and regulatory reserve^ | 240,601 | 100,832 |
| Total Tier II Capital | <u>740,601</u> | <u>600,832</u> |
| Total Capital | <u>2,950,894</u> | <u>2,836,062</u> |
| <u>Capital ratios</u> | | |
| Before proposed dividends: | | |
| CET 1 Capital Ratio | 10.853% | 12.875% |
| Tier I Capital Ratio | 10.853% | 12.875% |
| Total Capital Ratio | 14.490% | 16.336% |
| After proposed dividends: | | |
| CET 1 Capital Ratio | 10.853% | 12.875% |
| Tier I Capital Ratio | 10.853% | 12.875% |
| Total Capital Ratio | 14.490% | 16.336% |

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

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

Includes the qualifying regulatory reserve for non-impaired loans of RHB Islamic Bank of RM137,225,000 (31 December 2014: Nil).

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



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

| | RHB Investment Bank | |
|--|--|---------------------------------------|
| | As at 30 September 2015 | As at 31 December 2014 |
| | RM'000 | RM'000 |
| CET 1/Tier I Capital | | |
| Paid-up ordinary share capital | 818,646 | 818,646 |
| Share premium | 1,515,150 | 1,515,150 |
| Retained profits | 276,466 | 290,106 |
| Other reserves | 406,544 | 406,544 |
| AFS reserves | (18,081) | (11,933) |
| | 2,998,725 | 3,018,513 |
| Less: | | |
| Goodwill | (1,118,418) | (1,118,418) |
| Investments in subsidiaries* | (589,798) | (283,162) |
| Intangible assets (include associated deferred tax liabilities) | (27,595) | (29,718) |
| Other deductions | (94) | (234) |
| Deferred tax assets | (20,561) | (23,891) |
| Reduction in excess of Tier II capital due to insufficient Tier II Capital# | (323,062) | (581,966) |
| Total CET 1 Capital/Total Tier I Capital | 919,197 | 981,124 |
| Tier II Capital | | |
| Subordinated obligations** | 345,000 | 539,765 |
| Subordinated obligations meeting all relevant criteria | 200,000 | - |
| Collective impairment allowance and regulatory reserve^ | 16,636 | 10,916 |
| | 561,636 | 550,681 |
| Less: | | |
| Investments in subsidiaries and associates* | (561,636) | (550,681) |
| Total Tier II Capital | - | - |
| Total Capital | 919,197 | 981,124 |
| <u>Capital ratios</u> | | |
| Before proposed dividends: | | |
| CET 1 Capital Ratio | 21.303% | 26.337% |
| Tier I Capital Ratio | 21.303% | 26.337% |
| Total Capital Ratio | 21.303% | 26.337% |
| After proposed dividends: | | |
| CET 1 Capital Ratio | 21.303% | 26.337% |
| Tier I Capital Ratio | 21.303% | 26.337% |
| Total Capital Ratio | 21.303% | 26.337% |



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

A27. Capital Adequacy Ratio (continued)

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

Includes the qualifying regulatory reserve for non-impaired loans of RHB Investment Bank of RM13,640,000 (31 December 2014: RMNil).



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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A27. Capital Adequacy Ratio (continued)

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

| | RHB Bank[@] | RHB Islamic Bank | RHB Investment Bank |
|---------------------------------|---------------------------------|---------------------------------|------------------------------------|
| <u>30 September 2015</u> | | | |
| Credit risk | 94,883,483 | 19,262,795 | 2,468,824 |
| Market risk | 3,293,772 | 101,863 | 693,507 |
| Operational risk | 8,139,684 | 1,000,396 | 1,152,492 |
| Total risk-weighted assets | <u>106,316,939</u> | <u>20,365,054</u> | <u>4,314,823</u> |
| <u>31 December 2014</u> | | | |
| Credit risk | 94,067,828 | 16,316,757 | 2,448,720 |
| Market risk | 3,369,497 | 124,357 | 284,376 |
| Operational risk | 7,957,062 | 918,886 | 992,064 |
| Total risk-weighted assets | <u>105,394,387</u> | <u>17,360,000</u> | <u>3,725,160</u> |

[@] 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**

| | As at 30 September 2015 RM'000 | As at 31 December 2014 RM'000 |
|----------------------------|---|--|
| Before proposed dividends: | | |
| Core capital ratio | # | # |
| Solvency ratio | 16.913% | 17.042% |
| After proposed dividends: | | |
| Core capital ratio | # | # |
| Solvency ratio | 16.913% | 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 NINE MONTHS ENDED 30 SEPTEMBER 2015

| | Group | |
|--|-------------------------------|------------------------------|
| | As at 30 September 2015 | As at 31 December 2014 |
| | RM'000 | RM'000 |
| A28. Operations of Islamic Banking | | |
| (a) Unaudited Statement of Financial Position as at 30 September 2015 | | |
| ASSETS | | |
| Cash and short-term funds | 6,200,784 | 4,022,466 |
| Deposits and placements with banks and other financial institutions | 436,437 | 893,146 |
| Financial assets held-for-trading | 20,002 | 351,888 |
| Financial investments AFS | 2,954,450 | 2,389,447 |
| Financial investments HTM | 1,981,682 | 1,965,362 |
| Financing and advances | 28,361,173 | 25,290,635 |
| Other assets | 198,246 | 81,394 |
| Derivative assets | 165,514 | 26,167 |
| Statutory deposits | 1,017,200 | 1,063,700 |
| Deferred tax assets | 12,525 | 9,942 |
| Property, plant and equipment | 9,099 | 12,339 |
| Intangible assets | 5,919 | 6,673 |
| Total assets | <u>41,363,031</u> | <u>36,113,159</u> |
| LIABILITIES | | |
| Deposits from customers | 27,681,823 | 24,370,954 |
| Deposits and placements of banks and other financial institutions | 2,855,072 | 1,720,900 |
| Bills and acceptances payable | 6,452 | 8,836 |
| Recourse obligation on financing sold to Cagamas | 1,024,120 | 1,147,677 |
| Other liabilities | 107,958 | 196,973 |
| Derivative liabilities | 13,645 | 46 |
| Tax liabilities | 14,054 | 10,414 |
| Subordinated obligations | 509,425 | 503,051 |
| Total liabilities | <u>32,212,549</u> | <u>27,958,851</u> |
| Islamic Banking Funds | 9,150,482 | 8,154,308 |
| Total liabilities and Islamic Banking | <u>41,363,031</u> | <u>36,113,159</u> |
| Commitments and contingencies | <u>8,243,887</u> | <u>6,445,224</u> |



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
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| 3rd quarter ended | | Nine months ended | |
|-------------------|---------------|-------------------|---------------|
| 30 September | 30 September | 30 September | 30 September |
| 2015 | 2014 | 2015 | 2014 |
| <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |

A28. Operations of Islamic Banking (continued)

(b) Unaudited Income Statement for the Nine Months Ended 30 September 2015

Group

| | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Income derived from investment of depositors' funds | 435,813 | 355,152 | 1,253,938 | 947,239 |
| Income derived from investment of shareholder's funds | 29,100 | 29,241 | 96,727 | 93,132 |
| Allowance for impairment on financing and advances | (23,019) | (7,822) | (41,142) | (20,225) |
| Impairment losses on other assets | - | (359) | - | (217) |
| Total distributable income | <u>441,894</u> | <u>376,212</u> | <u>1,309,523</u> | <u>1,019,929</u> |
| Income attributable to depositors | <u>(242,384)</u> | <u>(187,960)</u> | <u>(711,535)</u> | <u>(508,852)</u> |
| | 199,510 | 188,252 | 597,988 | 511,077 |
| Personnel expenses | (14,100) | (5,928) | (36,458) | (44,202) |
| Other overheads and expenditures | (47,695) | (43,462) | (134,168) | (125,488) |
| Profit before taxation | <u>137,715</u> | <u>138,862</u> | <u>427,362</u> | <u>341,387</u> |
| Taxation | (21,256) | (27,438) | (63,504) | (58,795) |
| Net profit for the financial period | <u><u>116,459</u></u> | <u><u>111,424</u></u> | <u><u>363,858</u></u> | <u><u>282,592</u></u> |



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

| | 3rd quarter ended | | Nine months ended | |
|--|-------------------|--------------|-------------------|--------------|
| | 30 September | 30 September | 30 September | 30 September |
| | 2015 | 2014 | 2015 | 2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |

A28. Operations of Islamic Banking (continued)

**(c) Unaudited Statement of Comprehensive Income for the
 Nine Months Ended 30 September 2015**

| <u>Group</u> | | | | |
|---|-----------------|----------------|-----------------|----------------|
| Net profit for the financial period | <u>116,459</u> | <u>111,424</u> | <u>363,858</u> | <u>282,592</u> |
| Other comprehensive income/(loss) in respect of: | | | | |
| Items that will be reclassified subsequently to profit or loss | | | | |
| - Unrealised net (loss)/gain on financial investments AFS | (30,594) | 16,417 | (9,384) | 9,900 |
| - Net transfer to income statement on disposal or impairment of financial investments AFS | (1,212) | (3,235) | (6,653) | (734) |
| - Income tax relating to components of other comprehensive loss/(income) | <u>7,951</u> | <u>(3,295)</u> | <u>4,009</u> | <u>(2,291)</u> |
| Other comprehensive (loss)/income net of tax, for the financial period | <u>(23,855)</u> | <u>9,887</u> | <u>(12,028)</u> | <u>6,875</u> |
| Total comprehensive income for the financial period | <u>92,604</u> | <u>121,311</u> | <u>351,830</u> | <u>289,467</u> |



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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

| | Group | |
|---|--|---------------------------------------|
| | As at 30 September 2015 | As at 31 December 2014 |
| | RM'000 | RM'000 |
| A28. Operations of Islamic Banking (continued) | | |
| (d) Financing and Advances | | |
| At amortised cost | | |
| Cashline | 279,638 | 255,115 |
| Term financing | | |
| - Housing financing | 7,275,777 | 6,253,140 |
| - Syndicated term financing | 1,222,569 | 105,752 |
| - Hire purchase receivables | 5,931,623 | 5,883,027 |
| - Other term financing | 12,100,550 | 10,340,396 |
| Bills receivable | 552,517 | 469,596 |
| Trust receipts | 19,128 | 20,859 |
| Staff financing | 4,539 | 5,279 |
| Credit/charge card receivables | 236,504 | 223,916 |
| Revolving financing | 952,179 | 1,946,151 |
| Gross financing and advances | <u>28,575,024</u> | <u>25,503,231</u> |
| Less: Allowance for impaired financing and advances | | |
| - Individual impairment allowance | (21,782) | (25,289) |
| - Collective impairment allowance | (192,069) | (187,307) |
| Net financing and advances | <u><u>28,361,173</u></u> | <u><u>25,290,635</u></u> |



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| | Group | |
|--|--|---------------------------------------|
| | As at 30 September 2015 | As at 31 December 2014 |
| | RM'000 | RM'000 |
| A28. Operations of Islamic Banking (continued) | | |
| (d) Financing and Advances (continued) | | |
| (i) Movements in impaired financing and advances | | |
| Balance as at the beginning of the financial period/year | 330,701 | 431,267 |
| Classified as impaired | 509,144 | 480,870 |
| Reclassified as non-impaired | (309,366) | (360,795) |
| Amount recovered | (67,777) | (111,964) |
| Amount written off | (51,007) | (109,706) |
| Exchange differences | - | 1,029 |
| Balance as at the end of the financial period/year | 411,695 | 330,701 |
| (ii) Movements in allowance for impaired financing and advances | | |
| <u>Individual impairment allowance</u> | | |
| Balance as at the beginning of the financial period/year | 25,289 | 111,703 |
| Net allowance written back | (3,507) | (21,538) |
| Amount written off | - | (63,135) |
| Reclassified to collective impairment allowance | - | (1,741) |
| Balance as at the end of the financial period/year | 21,782 | 25,289 |
| <u>Collective impairment allowance</u> | | |
| Balance as at the beginning of the financial period/year | 187,307 | 145,769 |
| Net allowance made | 48,380 | 69,650 |
| Amount written off | (43,618) | (29,853) |
| Reclassified from individual impairment allowance | - | 1,741 |
| Balance as at the end of the financial period/year | 192,069 | 187,307 |



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FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

| | Group | |
|---|--|---------------------------------------|
| | As at 30 September 2015 | As at 31 December 2014 |
| | RM'000 | RM'000 |
| A28. Operations of Islamic Banking (continued) | | |
| (e) Other Assets | | |
| Prepayments | 8,893 | 3,349 |
| Deposits | 1,293 | 1,221 |
| Other debtors | 188,060 | 76,824 |
| | 198,246 | 81,394 |
| (f) Deposits from Customers | | |
| Saving Deposits | | |
| - Wadiah | 1,130,175 | 1,054,313 |
| Demand Deposits | | |
| - Wadiah | 3,781,944 | 2,813,680 |
| Term Deposits | | |
| - Commodity Murabahah | 10,450,944 | 5,435,819 |
| - Wadiah Corporate Deposit | 4,115,715 | 11,573,684 |
| Specific Investment Account | | |
| - Murabahah | 8,008,711 | 3,134,728 |
| - Mudharabah | - | 51,577 |
| General Investment Account | | |
| - Mudharabah | 194,334 | 307,153 |
| | 27,681,823 | 24,370,954 |



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

B1. Review of Group Results

(a) Current Financial Year vs Previous Financial Year

The Group recorded a pre-tax profit of RM1,631.5 million and net profit of RM1,195.3 million respectively for the first nine months of 2015.

Excluding a one-off CTS expenses of RM308.8 million, the Group's normalised pre-tax profit was at RM1,940.3 million lower by 7.2%. This was mainly attributed to lower investment banking related fee income and lower trading income and higher operating expenses. The lower impairment written back on other assets was offset by lower loan impairment charges during the period. The Group's net profit before the one-off CTS was at RM1,426.9 million, a decrease of 8.0% from the previous corresponding period.

For the first nine months of the year, net fund based income grew by 1.6% to RM3,004.4 million. Gross fund based income increased by 10.8% on the back of 10.0% increase in gross loans and financing. Funding and interest expense however, was higher by 18.5% mainly due to higher customer deposit and higher funding expense on sukuk and sub-debts totaling RM1.5 billion and USD300 million senior unsecured notes issued during the second half of 2014.

Non-fund based income was lower by 6.0% at RM1,504.7 million. This was mainly due to lower trading income and investment banking related fee income, partly offset by higher foreign exchange gain and increase in wealth management fee income.

Excluding the one off CTS expenses, other operating expenses rose by 4.1%, reflecting a strong cost discipline across the Group. The Group has completed the CTS in Malaysia with a total of 1,812 applications accepted and payout amounting to RM308.8 million.

Allowance for impairment on loans and financing for the period decreased by RM60.0 million to RM105.8 million. This was primarily due to lower collective allowance and lower bad debts written off, partially offset by higher individual allowance and lower impaired loans and financing recovered.

Impairment losses written back on other assets was lower at RM59.4 million due to the absence of a large one off recovery in 2014.

Total assets rose by 4.7% or RM10.2 billion to RM229.6 billion as at 30 September 2015, whilst shareholders' funds stood at RM20.5 billion. Net assets per share improved to RM7.94 compared to RM7.31 as at 31 December 2014.

The Group's gross loans and financing grew by 5.0% for the first nine months of 2015, and 10.0% year-on-year to RM149.6 billion. Excluding one large corporate repayment during the period, gross loans growth was at 6.5% for the first nine months of the year. The growth was broad based, predominantly from purchase of residential and non-residential properties, construction and working capital. The Group's domestic loan market share stood at 9.4% as at 30 September 2015.

As the Group continue to rebalance its liquidity and funding position, customer deposits grew by a marginal 1.2% for the first nine months of the year and expanded by 7.3% year-on-year to RM159.0 billion. However, current and savings account ('CASA') balances registered a strong growth of 8.6% and CASA composition improved to 23.3% as at 30 September 2015 from 21.7% in December 2014.

Asset quality continue to improve where gross impaired loans ratio decreased to 1.94% from 2.03% in December 2014.



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

B1. Review of Group Results (continued)

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

Performance by Operating Segment

(i) Corporate and Investment Banking

Corporate and Investment Banking pre-tax profit was lower by 48.8% to RM505.5 million. This was mainly attributable to higher impairment charge on allowance for loans and financing with a few non-recurring recoveries in 2014 and non-recurrence of a write back on other assets amounting to RM112.4 million. Performance was also affected by lower investment banking related fee income and higher operating expenses.

Gross loans and financing was marginally lower by 0.8% for the first nine months of 2015 to RM47.6 billion, mainly due to a large corporate customer loan repayment. Deposits increased by 23.3% to RM47.0 billion with fixed deposits and current deposits growing by 25.2% and 14.1% respectively.

(ii) Retail Banking

Retail Banking recorded pre-tax profit of RM919.3 million for the first nine months ended 30 September 2015, 27.7% higher than the previous year corresponding period. This was mainly due to higher write back on allowance for loans and financing, and lower overhead expenses. However, this was mitigated by lower net fund based income despite higher average loans volume as competition in retail market intensified.

Gross loans and financing grew by 4.7% for the first nine months of 2015 to RM67.2 billion mainly driven by growth in mortgage and commercial property financing, partially offset by a decrease in auto loans. Deposits remained stable given a 4.6% increase in current and savings account balances, offset by a decrease in fixed deposits by 2.1%.

(iii) Business Banking

Business Banking pre-tax profit was lower by 18.9% to RM264.3 million, mainly attributable to higher allowance for loans and financing and higher overhead expenses, partially offset by higher net fund based income.

Gross loans and financing grew by 10.1% for the first nine months of 2015 to RM19.6 billion driven mainly by programme lending and middle market business loans. SME market share improved to 8.7% from 7.2% as at December 2014. Deposits increased by 4.5% over the same period to RM21.9 billion attributable mainly by a 7.3% growth in current deposits.

(iv) Group Treasury

Treasury pre-tax profit was higher by 48.2% to RM301.6 million, mainly due to higher impairment write back of other assets, higher net fund based income and higher net foreign exchange gain, partially offset by lower investment and trading gain.

(v) Group International Business

Group International Business pre-tax profit increased by 68.4% to RM114.6 million, mainly attributable to higher net interest income, partially offset by higher operating expenses.

Singapore, being the largest contributor of Group International Business, recorded pre-tax profit growth of 25.1% to SGD41.7 million in the first nine months of 2015 compared to SGD33.3 million recorded a year ago. Gross loans and advances in Singapore grew by 3.5% for the first nine months of the year, whilst its deposits increased by 5.7%.



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B2. Current Quarter vs Previous Quarter

Normalised pre-tax profit for the quarter was at RM603.1 million, 18.7% lower as compared to RM692.4 million recorded in the preceding quarter ended 30 June 2015. This was mainly due to higher impairment on loans and financing, lower non-fund based income and higher operating expenses, partly offset by higher net interest and fund based income.

B3. Prospects for Financial Year 2015

The 2015 economic growth is expected to moderate to 4.8% from 6.0% in 2014 due to weaker external and domestic demand. Domestic industry loan growth is expected to moderate to 7.5% - 8.5%, while capital market activities will continue to remain low given the macroeconomic uncertainties.

The Group expected 2015 to be challenging and has focused on maintaining asset quality and improving operational efficiency. Following that, the Group has also reframed its strategy and the IGNITE 2017 Transformation Programme has been optimised to 17 high priority areas, with particular emphasis on performance. The strategy is anchored on three (3) key broad themes namely, funding our journey, winning by differentiating ourselves in the medium term, and getting the people and organization right.

The Group is confident that the Transformation Programme will continue its positive momentum to achieve its targets. Barring unforeseen circumstances, the Group's 2015 performance will be satisfactory.

B4. Variance of Actual Profit from Forecast Profit and Profit Guarantee

There were no profit forecast or profit guarantee issued by the Group and the Company.

B5. Taxation

| | 3rd quarter ended | | Nine months ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 30 September 2015 | 30 September 2014 | 30 September 2015 | 30 September 2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| Income tax based on profit for the financial period/year | | | | |
| - Malaysian income tax | 103,508 | 197,321 | 416,209 | 535,672 |
| - Overseas tax | 6,052 | 7,338 | 21,096 | 17,609 |
| Deferred tax | (9,318) | (17,623) | (5,698) | 820 |
| | 100,242 | 187,036 | 431,607 | 554,101 |
| Under/(Over) provision in respect of prior financial years | | | | |
| - Taxation | 23,510 | (22,446) | 28,668 | (28,049) |
| - Deferred tax | (23,948) | (1,402) | (29,662) | 921 |
| | 99,804 | 163,188 | 430,613 | 526,973 |

The effective tax rate of the Group for the third quarter and nine months ended 30 September 2015 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.



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B5. Taxation (continued)

| | 3rd quarter ended | | Nine months ended | |
|--|----------------------|-----------------------|----------------------|----------------------|
| | 30 September 2015 | 30 September 2014 | 30 September 2015 | 30 September 2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Company | | | | |
| Income tax based on profit for the financial period/year | | | | |
| - Malaysian income tax | 3 | (668) | 72 | 7 |
| Deferred tax | - | (93) | - | 641 |
| | <u>3</u> | <u>(761)</u> | <u>72</u> | <u>648</u> |
| Under/(Over) provision in respect of prior financial years | 5 | (276) | 5 | (276) |
| | <u><u>8</u></u> | <u><u>(1,037)</u></u> | <u><u>77</u></u> | <u><u>372</u></u> |

The effective tax rate of the Company for the third quarter and nine months ended 30 September 2015 was lower than the statutory tax rate mainly due to certain income not subject to tax.

B6. Status of Corporate Proposals

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

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

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

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

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

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

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

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

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

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



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B6. Status of Corporate Proposals (continued)

(c) Rights Issue, Proposed Internal Reorganisation, Proposed Distribution and Capital Repayment, Proposed Transfer of Listing Status and Proposed M&A Amendments (collectively referred to as the ‘Proposals’)

RHB Capital had announced that it proposes to undertake the following proposals:

(i) Rights Issue

RHB Capital is proposing to undertake a renounceable rights issue of new RHB Capital Shares (‘Rights Shares’) to entitled shareholders to raise proceeds of up to RM2.5 billion (“Intended Gross Proceeds”).

On 7 September 2015, the issue price and the entitlement basis for the Rights Issue has been fixed at RM4.82 per Rights Share on the basis of one (1) Right Share for every five (5) existing RHB Capital Shares held by the entitled shareholders of RHB Capital as at the entitlement date of 23 November 2015. The issue price for the Rights Shares represents a discount of approximately 20.3% to the theoretical ex-rights price of RHB Capital Shares of RM6.05 based on the five (5) day volume weighted average market price of RHB Capital Shares up to and including 4 September 2015 of approximately RM6.29.

The Intended Gross Proceeds shall be utilised to further capitalise RHB Bank and to finance the working capital requirements of RHB Bank and its subsidiaries (“RHB Bank Group”), only if the relevant approvals for the Proposed Internal Reorganisation are obtained and the Proposed Internal Reorganisation is implemented (“Capital Injection”).

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

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

In the event that the Proposed Internal Reorganisation is not implemented, the Intended Gross Proceeds shall be utilised to repay external bank borrowings of the Company and any surplus thereafter for injection as equity into RHB Bank and/or repayment of borrowings from RHB Bank, if required.

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

(ii) Proposed Internal Reorganisation

The Proposed Internal Reorganisation will entail the transfer by RHB Capital of its entire equity interests in, or certain assets and liabilities of its subsidiaries to RHB Bank (‘Identified Assets’), after the Rights Issue, for a total indicative consideration of approximately RM3.71 billion (‘Disposal Consideration’). The Disposal Consideration was arrived at based on a ‘willing-buyer, willing-seller’ basis after taking into consideration the audited net assets (‘NA’)/net liabilities and/or the audited net book value of the Identified Assets as extracted from the audited financial statements of the respective subsidiaries of RHB Capital as at 31 December 2014.



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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
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B6. Status of Corporate Proposals (continued)

(c) Rights Issue, Proposed Internal Reorganisation, Proposed Distribution and Capital Repayment, Proposed Transfer of Listing Status and Proposed M&A Amendments (collectively referred to as the ‘Proposals’) (continued)

(ii) Proposed Internal Reorganisation (continued)

The Identified Assets shall comprise, amongst others, the entire equity interest in RHB Investment Bank (which shall include its subsidiaries, associates and joint ventures), the entire equity interest in RHB Insurance Berhad and certain assets and liabilities of RHB Hartanah Sdn Bhd, including its subsidiary, RHB Property Management Sdn Bhd. The Identified Assets are not exhaustive and may be varied as the Board may deem fit until completion of the Proposed Internal Reorganisation.

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

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

(iii) Proposed Distribution and Capital Repayment

The Proposed Distribution and Capital Repayment will entail the distribution of the entire shareholdings of the Company in RHB Bank after the Rights Issue and Proposed Internal Reorganisation to entitled shareholders of the Company whose names appear in the Record of Depositors of RHB Capital on an entitlement date to be determined and announced later upon completion of the Rights Issue and Proposed Internal Reorganisation and the receipt of all relevant approvals for the Proposed Distribution and Capital Repayment (‘Distribution Entitlement Date’). The basis for the Proposed Distribution and Capital Repayment can only be determined later.

The Proposed Distribution and Capital Repayment will be implemented via a reduction of the entire share premium account of the Company and a reduction in the share capital of the Company in accordance with Sections 60(2) and 64 of the Companies Act, 1965, and the remaining balance via a distribution of the Company’s retained earnings. For the purposes of the reduction in the share capital of the Company, the par value of all the existing RHB Capital Shares shall be reduced from RM1.00 to RM0.05.

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

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



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B6. Status of Corporate Proposals (continued)

(c) Rights Issue, Proposed Internal Reorganisation, Proposed Distribution and Capital Repayment, Proposed Transfer of Listing Status and Proposed M&A Amendments (collectively referred to as the ‘Proposals’) (continued)

(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. RHB Bank will be admitted to the Official List of Bursa Securities in place of RHB Capital with the listing of and quotation for the entire issued and paid-up share capital of RHB Bank on the Main Market of Bursa Securities.

The Proposed Transfer of Listing Status will enable RHB Capital’s shareholders to have a direct participation in the equity and envisaged growth of RHB Bank Group as well as enable RHB Bank Group to gain direct access to the capital markets to raise funds for its continued growth, to gain recognition and corporate stature through its listing status and further enhance its corporate reputation and assist RHB Bank Group in expanding its customer base.

In addition to the above, RHB Capital also proposes to undertake the Proposed M&A Amendments which entails the consequential amendments to the memorandum and articles of association of the Company to facilitate the Proposed Distribution and Capital Repayment and Proposed Transfer of Listing Status.

The inter-conditionality of the Proposals are as follows:

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

The Proposed Transfer of Listing Status can only be effected after the approval of the shareholders of the Company for the Proposed Winding Up have been obtained at a separate EGM to be convened.

To date, the following approvals have been obtained for the Proposals:

- (i) Ministry of Finance and/or Bank Negara Malaysia (as the case may be) on 23 July 2015 for the Rights Issue, Proposed Internal Reorganisation and the Proposed Distribution and Capital Repayment under the Financial Services Act, 2013.
- (ii) Bursa Securities on 30 July 2015 and 4 September 2015 for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities pursuant to the Rights Issue as well as the Proposed Transfer of Listing Status, respectively.
- (iii) Shareholders of the Company on 27 August 2015 at the EGM of the Company for the Rights Issue, Proposed Distribution and Capital Repayment, Proposed Transfer of Listing Status and Proposed M&A Amendments.

RHB Capital is currently in the midst of procuring all the other approvals required for the Proposals from the relevant parties/regulatory authorities.

The Abridged Prospectus in relation to the Rights Issue has been despatched on 25 November 2015 and the Rights Issue is expected to be completed on 21 December 2015, upon the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.



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

| | Group | |
|---|-------------------------------|------------------------------|
| | As at 30 September 2015 | As at 31 December 2014 |
| | RM'000 | RM'000 |
| (a) Deposits from customers and placements of banks and other financial institutions | | |
| Deposits from customers | | |
| - one year or less | 158,457,587 | 156,327,740 |
| - more than one year | 510,560 | 806,253 |
| | <u>158,968,147</u> | <u>157,133,993</u> |
| Deposits and placements of banks and other financial institutions | | |
| - one year or less | 17,799,569 | 20,461,232 |
| - more than one year | 879,375 | 888,386 |
| | <u>18,678,944</u> | <u>21,349,618</u> |
| (b) Borrowings | | |
| Secured | | |
| Revolving credits: | | |
| - Hong Kong Dollar | 153,774 | 13,524 |
| Unsecured | | |
| Revolving credits: | | |
| - Ringgit Malaysia ('RM') | 396,599 | 404,196 |
| - United States Dollar ('USD') | 110,723 | 174,863 |
| - Thai Baht | 36,345 | - |
| - RM | 1,051,579 | 1,051,674 |
| - USD | 506,399 | 495,029 |
| - Singapore Dollar | 62,469 | 119,089 |
| - Indonesia Rupiah | - | 14,115 |
| - Japanese Yen | - | 2,115 |
| RM1.1 billion 7 years Commercial Papers/Medium Term Notes | 504,281 | 600,092 |
| | <u>2,822,169</u> | <u>2,874,697</u> |
| Schedule repayment of borrowings: | | |
| Within one year | 2,431,890 | 2,494,452 |
| One year to three years | 241,863 | 227,273 |
| Three years to five years | 148,416 | 135,489 |
| Over five years | - | 17,483 |
| | <u>2,822,169</u> | <u>2,874,697</u> |



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

| | Company | |
|--|---|--|
| | As at 30 September 2015 RM'000 | As at 31 December 2014 RM'000 |
| (b) Borrowings (continued) | | |
| Unsecured: | | |
| Revolving credits - RM | 1,514,293 | 1,194,481 |
| Term loans - RM | 1,051,579 | 1,316,860 |
| RM1.1 billion 7 years Commercial Papers/Medium Term Notes | 504,281 | 600,092 |
| | <u>3,070,153</u> | <u>3,111,433</u> |
| Schedule repayment of borrowings: | | |
| Within one year | <u>3,070,153</u> | <u>3,111,433</u> |
| | | |
| | Group | |
| | As at 30 September 2015 RM'000 | As at 31 December 2014 RM'000 |
| (c) Subordinated obligations | | |
| 5.50% RM700 million Tier II Subordinated Notes 2007/2022 | 713,184 | 703,586 |
| 5.00% RM700 million Tier II Subordinated Notes 2010/2020 | - | 706,137 |
| 5.60% RM300 million Tier II Subordinated Notes 2010/2025 | 307,134 | 302,946 |
| 4.25% RM250 million Tier II Subordinated Notes 2011/2021 | 254,167 | 251,276 |
| 4.30% RM750 million Tier II Subordinated Notes 2012/2022 | 762,647 | 754,367 |
| 4.40% RM1,300 million Tier II Subordinated Notes 2012/2022 | 1,318,992 | 1,304,537 |
| 4.40% RM245 million Tier II Subordinated Notes 2012/2022 | 248,337 | 245,650 |
| 7.25% RM125 million Tier II Subordinated Notes 2010/2020 | - | 127,135 |
| 7.15% RM75 million Tier II Subordinated Notes 2010/2020 | - | 75,543 |
| 5.20% RM100 million Tier II Subordinated Notes 2011/2021 | 102,408 | 101,112 |
| 4.95% RM500 million Tier II Subordinated Sukuk Murabahah 2014/2024 | 509,426 | 503,051 |
| 4.99% RM1.0 billion Tier II Subordinated Notes 2014/2024 | 1,011,484 | 1,024,062 |
| 4.75% RM500 million Tier II Subordinated Notes 2015/2025 | 509,021 | - |
| 4.95% RM200 million Tier II Subordinated Notes 2015/2025 | 204,530 | - |
| | <u>5,941,330</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.



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

(d) Hybrid Tier-1 Capital Securities

| | Group | |
|--|--|---------------------------------------|
| | As at 30 September 2015 | As at 31 December 2014 |
| | RM'000 | RM'000 |
| RM370 million 8.00% Hybrid Tier-1 Capital Securities due in 2039, callable with step-up coupon rate at 9.00% in 2019 | 360,898 | 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 | 237,194 | 233,408 |
| | <u>598,092</u> | <u>601,515</u> |

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

(e) Senior Debt Securities

| | Group | |
|--|--|---------------------------------------|
| | As at 30 September 2015 | As at 31 December 2014 |
| | RM'000 | RM'000 |
| USD300 million 3.25% senior debt securities due in 2017 | 1,332,923 | 1,049,892 |
| USD200 million 3.25% senior debt securities due in 2017 | 895,089 | 707,214 |
| USD300 million 3.088% senior debt securities due in 2019 | 1,335,141 | 1,053,549 |
| | <u>3,563,153</u> | <u>2,810,655</u> |



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B8. Derivative Financial Instruments

Details of derivative financial instruments outstanding are as follows:

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

| <u>Group</u> | <u>As at 30 September 2015</u> | | | <u>As at 31 December 2014</u> | | |
|--|--|-------------------|--------------------|--|-------------------|--------------------|
| | <u>Contract/ Notional Amount</u> | <u>Fair Value</u> | | <u>Contract/ Notional Amount</u> | <u>Fair Value</u> | |
| | | <u>Assets</u> | <u>Liabilities</u> | | <u>Assets</u> | <u>Liabilities</u> |
| <u>By type</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| <u>Trading Derivatives:</u> | | | | | | |
| Foreign exchange related contracts | | | | | | |
| - forwards/swaps | 58,419,973 | 2,321,203 | 1,864,465 | 23,827,241 | 454,871 | 393,667 |
| - options | 1,886,920 | 13,657 | 12,039 | 4,954,671 | 42,665 | 43,381 |
| - cross-currency interest rate swaps | 12,342,170 | 1,931,408 | 2,137,250 | 11,838,652 | 640,085 | 637,832 |
| | <u>72,649,063</u> | <u>4,266,268</u> | <u>4,013,754</u> | <u>40,620,564</u> | <u>1,137,621</u> | <u>1,074,880</u> |
| Interest rate related contracts | | | | | | |
| - swaps | 38,179,075 | 204,467 | 207,607 | 32,558,945 | 127,082 | 136,691 |
| | <u>38,179,075</u> | <u>204,467</u> | <u>207,607</u> | <u>32,558,945</u> | <u>127,082</u> | <u>136,691</u> |
| Equity related contracts | | | | | | |
| - options | 210 | 5 | - | 15,508 | 4,914 | - |
| - index futures | 1,508 | - | 149 | | | |
| | <u>1,718</u> | <u>5</u> | <u>149</u> | <u>15,508</u> | <u>4,914</u> | <u>-</u> |
| Structured warrants | | | | | | |
| | 63,823 | - | 20,664 | 50,412 | - | 13,113 |
| | <u>63,823</u> | <u>-</u> | <u>20,664</u> | <u>50,412</u> | <u>-</u> | <u>13,113</u> |
| <u>Fair Value Hedging Derivatives:</u> | | | | | | |
| Interest rate related contracts | | | | | | |
| - swaps | 2,625,000 | 27,851 | 4,247 | 2,125,000 | 15,613 | - |
| | <u>2,625,000</u> | <u>27,851</u> | <u>4,247</u> | <u>2,125,000</u> | <u>15,613</u> | <u>-</u> |
| Total | <u>113,518,679</u> | <u>4,498,591</u> | <u>4,246,421</u> | <u>75,370,429</u> | <u>1,285,230</u> | <u>1,224,684</u> |



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B8. Derivative Financial Instruments (continued)

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

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

| <u>Group</u> | As at 30 September 2015 | | | As at 31 December 2014 | | |
|---|---|------------------|-----------------------|---|------------------|-----------------------|
| | Contract/ Notional Amount RM'000 | Fair Value | | Contract/ Notional Amount RM'000 | Fair Value | |
| | | Assets RM'000 | Liabilities RM'000 | | Assets RM'000 | Liabilities RM'000 |
| By remaining period to maturity/next re-pricing date | | | | | | |
| <u>Trading Derivatives:</u> | | | | | | |
| Foreign exchange related contracts | | | | | | |
| - Less than 1 year | 60,017,759 | 2,292,425 | 1,987,450 | 28,628,947 | 475,739 | 457,701 |
| - 1 year to 3 years | 8,594,332 | 1,498,310 | 1,493,879 | 6,965,870 | 467,257 | 423,199 |
| - More than 3 years | 4,036,972 | 475,533 | 532,425 | 5,025,747 | 194,625 | 193,980 |
| | 72,649,063 | 4,266,268 | 4,013,754 | 40,620,564 | 1,137,621 | 1,074,880 |
| Interest rate related contracts | | | | | | |
| - Less than 1 year | 8,316,366 | 8,838 | 7,545 | 5,959,805 | 4,838 | 12,034 |
| - 1 year to 3 years | 16,703,968 | 62,675 | 101,182 | 12,293,637 | 53,264 | 45,517 |
| - More than 3 years | 13,158,741 | 132,954 | 98,880 | 14,305,503 | 68,980 | 79,140 |
| | 38,179,075 | 204,467 | 207,607 | 32,558,945 | 127,082 | 136,691 |
| Equity related contracts | | | | | | |
| - Less than 1 year | 1,718 | 5 | 149 | 15,508 | 4,914 | - |
| | 1,718 | 5 | 149 | 15,508 | 4,914 | - |
| Structured warrants | | | | | | |
| - Less than 1 year | 63,823 | - | 20,664 | 49,390 | - | 11,864 |
| - 1 year to 3 years | - | - | - | 1,022 | - | 1,249 |
| | 63,823 | - | 20,664 | 50,412 | - | 13,113 |
| <u>Fair Value Hedging Derivatives:</u> | | | | | | |
| Interest rate related contracts | | | | | | |
| - 1 year to 3 years | 1,170,000 | 12,832 | - | 1,000,000 | 9,104 | - |
| - More than 3 years | 1,455,000 | 15,019 | 4,247 | 1,125,000 | 6,509 | - |
| | 2,625,000 | 27,851 | 4,247 | 2,125,000 | 15,613 | - |
| Total | 113,518,679 | 4,498,591 | 4,246,421 | 75,370,429 | 1,285,230 | 1,224,684 |

**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
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B8. Derivative Financial Instruments (continued)

ii) Related accounting policies

Derivative financial instruments and hedge accounting

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

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge); or (2) hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge); or (3) net investment hedge.

(a) Fair value

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

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

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain and loss relating to the ineffective portion is recognised immediately in the income statements.

Amounts accumulated in equity are recycled to the income statements in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statements. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statements.

(c) Net investment hedge

Net investment hedge is a hedge against the exposure to exchange rate fluctuations on the net assets of the Group's foreign operations/subsidiaries. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised directly in the foreign currency translation reserve in equity via other comprehensive income while any gain or loss relating to the ineffective portion is recognised directly in the income statements. On disposal of the foreign operations/subsidiaries, the cumulative value of any such gains or losses recognised in equity is transferred to the income statements.

(d) 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 NINE MONTHS ENDED 30 SEPTEMBER 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 |
|---------------------------------------|--------------------------|--------------------------|--------------------------|------------------------|
| <u>As at 30 September 2015</u> | | | | |
| <u>Financial assets</u> | | | | |
| Financial assets FVTPL: | 526,306 | 1,615,625 | 40,000 | 2,181,931 |
| - Money market instruments | - | 1,140,424 | - | 1,140,424 |
| - Quoted securities | 526,306 | - | - | 526,306 |
| - Unquoted securities | - | 475,201 | 40,000 | 515,201 |
| Financial investments AFS: | 46,615 | 23,902,106 | 1,155,378 | 25,104,099 |
| - Money market instruments | - | 8,594,944 | - | 8,594,944 |
| - Quoted securities | 46,615 | - | 8,520 | 55,135 |
| - Unquoted securities | - | 15,307,162 | 1,146,858 | 16,454,020 |
| Derivative assets | | | | |
| - Money market instruments | - | 4,498,591 | - | 4,498,591 |
| | 572,921 | 30,016,322 | 1,195,378 | 31,784,621 |
| <u>Financial liabilities</u> | | | | |
| Derivative liabilities | | | | |
| - Money market instruments | 20,663 | 4,225,758 | - | 4,246,421 |

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 |
| | 505,799 | 22,281,146 | 1,031,142 | 23,818,087 |
| <u>Financial liabilities</u> | | | | |
| Derivative liabilities | | | | |
| - Money market instruments | 13,114 | 1,211,570 | - | 1,224,684 |

**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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B9. Fair Value of Financial Instruments (Continued)

Valuation techniques

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

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

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, non-transferable and non-tradable perpetual notes/sukuk and impaired securities. 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 instrument.

Reconciliation of fair value measurements in Level 3

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

| | Financial assets FVTPL | | Financial investments AFS | |
|--|------------------------|---------------------|---------------------------|---------------------|
| | 30 September 2015 | 31 December 2014 | 30 September 2015 | 31 December 2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| 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 | - | - | 63,707 | 72,290 |
| Total net gains/(losses) recognised in income statements | - | 9,153 | 251 | (29,006) |
| Purchases | - | - | 90,139 | 15,897 |
| Settlements | - | (2,448) | (9,982) | (224,446) |
| Sales | - | - | - | (3,459) |
| Impairment losses written back | - | - | - | 102,946 |
| Transfer to loans | - | - | - | (9,877) |
| Exchange differences | - | - | 20,121 | 4,781 |
| Balance as at the end of the financial period/year | 40,000 | 40,000 | 1,155,378 | 991,142 |



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B10. Realised and Unrealised Profits

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

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

| Group | As at 30 September 2015 | | |
|---|--|--|-------------------------------|
| | Realised Profits/ (Losses) RM'000 | Unrealised Profits RM'000 | Total RM'000 |
| Operating subsidiaries | 9,030,151 | 345,856 | 9,376,007 |
| Dormant subsidiaries* | (7,875,356) | - | (7,875,356) |
| Total retained profits of the Group | 1,154,795 | 345,856 | 1,500,651 |
| Total share of retained profits from joint ventures | 3,673 | - | 3,673 |
| | 1,158,468 | 345,856 | 1,504,324 |
| Less: Consolidation adjustments | | | 5,850,438 |
| Total Group retained profits | | | 7,354,762 |

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

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

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

| Company | As at 30 September 2015 RM'000 | As at 31 December 2014 RM'000 |
|--------------------------------|---|--|
| Realised profits | 767,130 | 415,481 |
| Unrealised loss | (20) | (20) |
| Total Company retained profits | 767,110 | 415,461 |

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

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

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



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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
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B11. Dividends

No dividend has been declared for the third quarter ended 30 September 2015.

B12. Earnings per Share

| | 3rd quarter ended | | Nine months ended | |
|---|--------------------------|---------------------|--------------------------|---------------------|
| | 30 September | 30 September | 30 September | 30 September |
| | 2015 | 2014 | 2015 | 2014 |
| Basic/diluted earnings per share | | | | |
| Profit attributable to equity holders of the Company (RM'000) | <u>194,436</u> | <u>544,610</u> | <u>1,195,307</u> | <u>1,551,809</u> |
| Weighted average number of ordinary shares in issue ('000) | <u>2,588,481</u> | <u>2,566,348</u> | <u>2,581,849</u> | <u>2,553,461</u> |
| Earnings per share (sen) | | | | |
| - Basic | <u>7.5</u> | <u>21.2</u> | <u>46.3</u> | <u>60.8</u> |
| - Fully diluted | <u>7.5</u> | <u>21.2</u> | <u>46.3</u> | <u>60.8</u> |

There were no dilutive potential ordinary shares outstanding as at 30 September 2015. As a result, the diluted earnings per share equal to the basic earnings per share for the nine months ended 30 September 2015.

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
(License No. LS0006901)

Company Secretary
30 November 2015