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**RHB CAPITAL BERHAD (312952 – H)
 INTERIM FINANCIAL STATEMENTS
 UNAUDITED INCOME STATEMENTS
 FOR THE THREE MONTHS ENDED 31 MARCH 2016**

	Note	1st quarter ended		Three months ended	
		31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Group					
<u>Discontinued Operations</u>					
Interest income	A8	2,010,461	1,990,926	2,010,461	1,990,926
Interest expense	A9	(1,127,734)	(1,191,147)	(1,127,734)	(1,191,147)
Net interest income		882,727	799,779	882,727	799,779
Other operating income	A10	476,844	506,487	476,844	506,487
		1,359,571	1,306,266	1,359,571	1,306,266
Net income from Islamic Banking business		243,929	202,490	243,929	202,490
Net income		1,603,500	1,508,756	1,603,500	1,508,756
Other operating expenses	A11	(777,267)	(819,911)	(777,267)	(819,911)
Operating profit before allowances		826,233	688,845	826,233	688,845
Allowance for impairment on loans, financing and other losses	A12	(80,229)	(50,213)	(80,229)	(50,213)
Impairment losses written back on other assets		411	6,104	411	6,104
		746,415	644,736	746,415	644,736
Share of results of joint ventures		56	85	56	85
Profit before taxation		746,471	644,821	746,471	644,821
Taxation	B5	(192,699)	(165,301)	(192,699)	(165,301)
Net profit for the financial period		553,772	479,520	553,772	479,520
Attributable to:					
- Equity holders of the Company		552,017	476,277	552,017	476,277
- Non-controlling interests		1,755	3,243	1,755	3,243
		553,772	479,520	553,772	479,520
Earnings per share (sen)					
- Basic	B12	18.0	18.5	18.0	18.5
- Diluted	B12	18.0	18.5	18.0	18.5

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015.



RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2016

	1st quarter ended		Three months ended	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Group				
<u>Discontinued Operations</u>				
Net profit for the financial period	<u>553,772</u>	479,520	<u>553,772</u>	479,520
Other comprehensive income/(loss) in respect of:				
(i) Items that will not be reclassified to profit or loss:				
- Actuarial gain on defined benefit plan of subsidiaries	348	231	348	231
(ii) Items that will be reclassified subsequently to profit or loss:				
(a) Foreign currency translation reserves				
- Currency translation differences	(338,583)	148,057	(338,583)	148,057
- Net investment hedge	38,124	-	38,124	-
(b) Unrealised net gain on revaluation of financial investments available-for-sale ('AFS')	184,612	105,614	184,612	105,614
(c) Net transfer to income statements on disposal or impairment of financial investments AFS	(16,613)	(19,309)	(16,613)	(19,309)
Income tax relating to components of other comprehensive income	<u>(40,465)</u>	(21,847)	<u>(40,465)</u>	(21,847)
Other comprehensive (loss)/income, net of tax, for the financial period	<u>(172,577)</u>	212,746	<u>(172,577)</u>	212,746
Total comprehensive income for the financial period	<u><u>381,195</u></u>	<u>692,266</u>	<u><u>381,195</u></u>	<u>692,266</u>
Total comprehensive income attributable to:				
- Equity holders of the Company	382,047	687,135	382,047	687,135
- Non-controlling interests	(852)	5,131	(852)	5,131
	<u><u>381,195</u></u>	<u>692,266</u>	<u><u>381,195</u></u>	<u>692,266</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015.



**RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2016**

	Note	1st quarter ended		Three months ended	
		31 March	31 March	31 March	31 March
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
Company					
<u>Discontinued Operations</u>					
Interest income	A8	21,808	58	21,808	58
Interest expense	A9	(32,376)	(33,309)	(32,376)	(33,309)
Net interest expense		<u>(10,568)</u>	<u>(33,251)</u>	<u>(10,568)</u>	<u>(33,251)</u>
Other operating expenses	A11	(643)	(4,470)	(643)	(4,470)
Loss before taxation		<u>(11,211)</u>	<u>(37,721)</u>	<u>(11,211)</u>	<u>(37,721)</u>
Taxation	B5	(3,867)	-	(3,867)	-
Net loss for the financial period		<u><u>(15,078)</u></u>	<u><u>(37,721)</u></u>	<u><u>(15,078)</u></u>	<u><u>(37,721)</u></u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015.



**RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2016**

	1st quarter ended		Three months ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	RM'000	RM'000	RM'000	RM'000
Company				
<u>Discontinued Operations</u>				
Net loss for the financial period	<u>(15,078)</u>	<u>(37,721)</u>	<u>(15,078)</u>	<u>(37,721)</u>
Other comprehensive income, net of tax, for the financial period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive loss for the financial period	<u><u>(15,078)</u></u>	<u><u>(37,721)</u></u>	<u><u>(15,078)</u></u>	<u><u>(37,721)</u></u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015.



**RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2016**

	Note	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
Group			
ASSETS HELD FOR SALE			
Cash and short term funds		14,020,942	12,882,261
Securities purchased under resale agreements		362,109	188,380
Deposits and placements with banks and other financial institutions		1,571,920	1,376,202
Financial assets at fair value through profit or loss ('FVTPL')	A13	2,079,967	1,752,641
Financial investments available-for-sale ('AFS')	A14	22,276,134	24,738,796
Financial investments held-to-maturity ('HTM')	A15	18,840,574	20,532,236
Loans, advances and financing	A16	147,847,694	149,590,961
Clients' and brokers' balances		2,554,539	1,654,213
Reinsurance assets		379,787	371,238
Other assets	A17	1,777,081	2,477,769
Derivative assets	B8	2,879,577	3,102,389
Statutory deposits		4,154,439	5,272,230
Tax recoverable		294,515	260,965
Deferred tax assets		44,625	112,201
Investments in associates and joint ventures		14,492	15,764
Property, plant and equipment		1,004,308	1,041,890
Goodwill and intangible assets		5,369,518	5,347,531
TOTAL ASSETS HELD FOR SALE		225,472,221	230,717,667
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE AND EQUITY			
Deposits from customers	A18/B7(a)	157,475,486	158,151,008
Deposits and placements of banks and other financial institutions	A19/B7(a)	17,440,250	20,645,860
Obligations on securities sold under repurchase agreements		1,761,093	4,906,214
Obligations on securities borrowed		7,838	12,202
Bills and acceptances payable		632,716	626,399
Clients' and brokers' balances		2,185,359	1,348,728
General insurance contract liabilities		895,469	870,884
Other liabilities	A20	2,765,722	2,395,125
Derivative liabilities	B8	3,303,509	3,089,781
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		3,100,180	3,127,656
Tax liabilities		46,155	37,247
Deferred tax liabilities		16,346	11,334
Borrowings	B7(b)	2,563,148	2,436,796
Subordinated obligations	B7(c)	5,965,707	5,895,786
Hybrid Tier-1 Capital Securities	B7(d)	598,270	601,856
Senior debt securities	B7(e)	3,162,808	3,451,380
TOTAL LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE		201,920,056	207,608,256
Share capital		3,074,675	3,074,675
Reserves		20,391,992	20,010,118
		23,466,667	23,084,793
Non-controlling interests ('NCI')		85,498	24,618
TOTAL EQUITY		23,552,165	23,109,411
TOTAL LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE AND EQUITY		225,472,221	230,717,667
COMMITMENTS AND CONTINGENCIES	A25(a)	177,313,547	186,762,170
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)		7.63	7.51

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015.



**RHB CAPITAL BERHAD (312952 – H)
 INTERIM FINANCIAL STATEMENTS
 UNAUDITED STATEMENT OF FINANCIAL POSITION
 AS AT 31 MARCH 2016**

	Note	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
Company			
ASSETS HELD FOR SALE			
Cash and short term funds		2,350,916	2,348,680
Deposits and placements with banks and other financial institutions		409	1,050
Other assets	A17	124	50
Amounts due from subsidiaries		25	27
Tax recoverable		90,356	93,624
Investments in subsidiaries		11,479,799	11,479,799
Property, plant and equipment		273	305
TOTAL ASSETS HELD FOR SALE		13,921,902	13,923,535
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE AND EQUITY			
Other liabilities	A20	25,603	36,864
Amounts due to subsidiaries		566	1,929
Borrowings	B7(b)	3,130,643	3,104,574
TOTAL LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE		3,156,812	3,143,367
Share capital		3,074,675	3,074,675
Reserves		7,690,415	7,705,493
TOTAL EQUITY		10,765,090	10,780,168
TOTAL LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE AND EQUITY		13,921,902	13,923,535

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015.



**RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2016**

	← 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	RM'000	RM'000
Group											
Discontinued Operations											
Balance as at 1 January 2016	3,074,675	6,993,584	3,972,226	29,609	124,997	745,967	583,153	7,560,582	23,084,793	24,618	23,109,411
Net profit for the financial period	-	-	-	-	-	-	-	552,017	552,017	1,755	553,772
Foreign currency translation reserves:											
- Currency translation differences	-	-	-	(1,550)	-	(334,463)	-	-	(336,013)	(2,570)	(338,583)
- Net investment hedge	-	-	-	-	-	38,124	-	-	38,124	-	38,124
Financial investments AFS:											
- Unrealised net gain/(loss) on revaluation	-	-	-	-	184,652	-	-	-	184,652	(40)	184,612
- Net transfer to income statements on disposal or impairment	-	-	-	-	(16,613)	-	-	-	(16,613)	-	(16,613)
Actuarial gain on defined benefit plan of subsidiaries	-	-	-	-	-	-	-	344	344	4	348
Income tax relating to components of other comprehensive income	-	-	-	-	(40,378)	-	-	(86)	(40,464)	(1)	(40,465)
Other comprehensive (loss)/income, net of tax, for the financial period	-	-	-	(1,550)	127,661	(296,339)	-	258	(169,970)	(2,607)	(172,577)
Total comprehensive (loss)/income for the financial period	-	-	-	(1,550)	127,661	(296,339)	-	552,275	382,047	(852)	381,195
Transfer from regulatory reserve	-	-	-	-	-	-	(34,527)	34,527	-	-	-
Contribution by NCI	-	-	-	-	-	-	-	-	-	61,559	61,559
Dilution of interest in a subsidiary	-	-	-	-	-	-	-	(173)	(173)	173	-
Balance as at 31 March 2016	3,074,675	6,993,584	3,972,226	28,059	252,658	449,628	548,626	8,147,211	23,466,667	85,498	23,552,165

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015.



RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2016

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

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015.



RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2016

	<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
Company				
<u>Discontinued Operations</u>				
Balance as at 1 January 2016	3,074,675	6,993,584	711,909	10,780,168
Net loss for the financial period	-	-	(15,078)	(15,078)
Balance as at 31 March 2016	<u><u>3,074,675</u></u>	<u><u>6,993,584</u></u>	<u><u>696,831</u></u>	<u><u>10,765,090</u></u>
Balance as at 1 January 2015	2,572,457	5,053,063	415,461	8,040,981
Net loss for the financial period	-	-	(37,721)	(37,721)
Balance as at 31 March 2015	<u><u>2,572,457</u></u>	<u><u>5,053,063</u></u>	<u><u>377,740</u></u>	<u><u>8,003,260</u></u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015.



RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

	Three months ended	
	31 March	31 March
	2016	2015
	RM'000	RM'000
Group		
<u>Discontinued Operations</u>		
Cash flows from operating activities		
Profit before taxation	746,471	644,821
Adjustments for:		
Allowance for impairment on loans, financing and other losses	150,741	117,351
Property, plant and equipment:		
- Depreciation	29,986	32,347
- Gain on disposal	(1,627)	(54)
- Written off	84	16
Intangible assets:		
- Amortisation	16,650	18,358
Net impairment written back on financial investments AFS and HTM	(411)	(6,104)
Share of results of associates and joint ventures	(56)	(85)
Net gain arising from sale/redemption of financial assets FVTPL, financial investments AFS and HTM	(19,991)	(21,767)
Net gain on fair value hedges	(2,119)	(327)
Net unrealised (gain)/loss on revaluation of financial assets FVTPL and derivatives	(115,208)	193,290
Net unrealised foreign exchange (loss)/gain	566,074	(131,961)
Gross dividend income from financial assets FVTPL and financial investments AFS	(10,772)	(14,912)
Accretion of discount for borrowings and subordinated obligations	(152)	(600)
Interest income from financial assets FVTPL, financial investments AFS and HTM	(367,777)	(354,807)
Investment income from financial assets FVTPL, financial investments AFS and HTM	(52,834)	(50,505)
Operating profit before working capital changes	<u>939,059</u>	<u>425,061</u>
Decrease/(Increase) in operating assets:		
Securities purchased under resale agreements	(242,004)	(153,090)
Deposits and placements with banks and other financial institutions	(226,794)	(770,020)
Financial assets FVTPL	(304,314)	(22,276)
Loans, advances and financing	822,140	(895,733)
Clients' and brokers' balances	(900,326)	(593,316)
Other assets	676,103	(120,740)
Statutory deposits	1,088,273	(10,044)
	<u>913,078</u>	<u>(2,565,219)</u>
(Decrease)/Increase in operating liabilities:		
Deposits from customers	155,469	1,258,827
Deposits and placements of banks and other financial institutions	(3,112,928)	288,264
Obligations on securities sold under repurchase agreements	(3,145,121)	999,939
Obligations on securities borrowed	(1,644)	(58,310)
Bills and acceptances payable	6,481	433,192
Clients' and brokers' balances	836,631	725,046
Other liabilities	359,447	(153,088)
Recourse obligation on loans sold to Cagamas	(27,476)	(26,981)
	<u>(4,929,142)</u>	<u>3,466,889</u>
Cash (used in)/generated from operations	(3,077,005)	1,326,731
Net tax paid	(184,350)	(201,390)
Net cash (used in)/generated from operating activities	<u>(3,261,355)</u>	<u>1,125,341</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015.



**RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2016**

	Three months ended	
	31 March 2016	31 March 2015
	<u>RM'000</u>	<u>RM'000</u>
Group		
<u>Discontinued Operations</u>		
Cash flows from investing activities		
Net proceeds from disposal/(purchase) of financial investments AFS and HTM	3,999,627	(2,221,305)
Property, plant and equipment:		
- Purchase	(7,895)	(33,669)
- Proceeds from disposal	4,173	118
Intangible assets		
- Purchase	(40,681)	(38,063)
Financial investments AFS and HTM:		
- Interest received	350,739	318,699
- Investment income received	39,701	41,491
Dividend income received from financial assets FVTPL and financial investments AFS	10,772	14,912
Net cash generated from/(used in) investing activities	<u>4,356,437</u>	<u>(1,917,817)</u>
Cash flows from financing activities		
Net drawdown of borrowings	209,018	427,487
Contributions by NCI	61,559	-
Net cash generated from financing activities	<u>270,577</u>	<u>427,487</u>
Net increase/(decrease) in cash and cash equivalents	1,365,659	(364,989)
Effects of exchange rate differences	(226,977)	120,559
Cash and cash equivalents:		
- at the beginning of the financial period	<u>12,882,261</u>	<u>16,236,908</u>
- at the end of the financial period	<u>14,020,942</u>	<u>15,992,478</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	14,020,942	15,992,492
- Overdrafts	-	(14)
	<u>14,020,942</u>	<u>15,992,478</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015.



**RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2016**

	Three months ended	
	31 March 2016	31 March 2015
	RM'000	RM'000
Company		
<u>Discontinued Operations</u>		
Cash flows from operating activities		
Loss before taxation	(11,211)	(37,721)
Adjustments for:		
Interest expense	32,376	33,309
Property, plant and equipment:		
- Depreciation	32	53
Interest income	(21,808)	(58)
Operating loss before working capital changes	(611)	(4,417)
Decrease/(Increase) in deposits and placements with banks and other financial institutions	643	(10)
(Increase)/Decrease in inter-company balances	(1,361)	10,857
Decrease/(Increase) in other assets	372	(68)
Decrease in other liabilities	(11,263)	(10,317)
Cash used in operations	(12,220)	(3,955)
Net tax paid	(599)	(38)
Net cash used in operating activities	(12,819)	(3,993)
Cash flows from investing activities		
Interest income received	21,361	60
Purchase of property, plant and equipment	-	(92)
Net cash generated from/(used in) investing activities	21,361	(32)
Cash flows from financing activities		
Net drawdown of borrowings	28,000	20,000
Interest expense paid	(34,306)	(38,205)
Net cash used in financing activities	(6,306)	(18,205)
Net increase/(decrease) in cash and cash equivalents	2,236	(22,230)
Cash and cash equivalents:		
- at the beginning of the financial period	2,348,680	24,940
- at the end of the financial period	2,350,916	2,710
Cash and cash equivalents comprise the following:		
- Cash and short term funds	2,350,916	2,724
- Overdrafts	-	(14)
	2,350,916	2,710

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016**

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 2015.

The financial statements of the Group and the Company have been prepared using a liquidation basis of accounting pursuant to the completion of the Internal Reorganisation, the Proposed Distribution and Capital Repayment and the Proposed Transfer of Listing Status of the Company, details as disclosed in Note B6(a).

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 2015, except for the adoption of the following annual improvements and amendments to MFRS which are effective for annual periods beginning on or after 1 January 2016:

- Annual Improvements to MFRSs 2012 - 2014 Cycle
- Amendments to MFRS 11 'Joint Arrangements'
- Amendments to MFRS 116 'Property Plant and Equipment' and MFRS 138 'Intangible Assets'
- Amendments to MFRS 127 'Separate Financial Statements'
- Amendments to MFRS 10 'Consolidated Financial Statements' and MFRS 128 'Investments in Associates'
- Amendments to MFRS 101 'Presentation of Financial Statements'

The adoption of the above annual improvements and amendments do not give rise to any material financial impact to the Group and the Company.

A2. Auditors' Report

The auditors' report for the financial year ended 31 December 2015 was not subject to any qualification.

A3. Seasonal or Cyclical Factors

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

A4. Exceptional or Unusual Items

There were no exceptional or unusual items for the three months ended 31 March 2016.

A5. Changes in Estimates

There were no material changes in estimates of amount reported in prior financial years that have a material effect for the three months ended 31 March 2016.

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 three months ended 31 March 2016.

A7. Dividends Paid

No dividend was paid during the three months ended 31 March 2016.

Subsequent to the quarter-end, the Company has on 29 April 2016 paid an interim single-tier cash dividend of 12 sen per share in respect of the financial year ended 31 December 2015, amounting to RM368,961,000.



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

	1st quarter ended		Three months ended	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
A8. Interest Income				
<u>Group</u>				
Loans and advances	1,601,411	1,572,038	1,601,411	1,572,038
Money at call and deposits and placements with banks and other financial institutions	29,013	56,899	29,013	56,899
Securities purchased under resale agreements	320	367	320	367
Financial assets FVTPL	6,505	13,350	6,505	13,350
Financial investments AFS	176,112	159,036	176,112	159,036
Financial investments HTM	184,510	182,421	184,510	182,421
Others	12,590	6,815	12,590	6,815
	2,010,461	1,990,926	2,010,461	1,990,926
Of which:				
Interest income accrued on impaired financial assets	39,671	52,188	39,671	52,188
<u>Company</u>				
Money at call and deposits and placements with banks and other financial institutions	21,808	58	21,808	58
A9. Interest Expense				
<u>Group</u>				
Deposits and placements of banks and other financial institutions	103,322	127,725	103,322	127,725
Deposits from customers	840,470	892,184	840,470	892,184
Borrowings	20,445	26,568	20,445	26,568
Senior debt securities	26,263	23,427	26,263	23,427
Subordinated obligations	63,767	66,925	63,767	66,925
Hybrid Tier-1 Capital Securities	11,255	11,124	11,255	11,124
Recourse obligation on loans sold to Cagamas	24,301	24,337	24,301	24,337
Obligations on securities sold under repurchase agreements	26,768	3,897	26,768	3,897
Others	11,143	14,960	11,143	14,960
	1,127,734	1,191,147	1,127,734	1,191,147
<u>Company</u>				
Borrowings	32,376	33,309	32,376	33,309



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

	1st quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income				
Group				
Fee income				
- Service charges and fees	49,347	65,216	49,347	65,216
- Commission	32,724	35,615	32,724	35,615
- Guarantee fees	35,915	25,244	35,915	25,244
- Commitment fees	12,024	14,354	12,024	14,354
- Net brokerage income	76,310	86,436	76,310	86,436
- Fund management fees	41,989	26,213	41,989	26,213
- Unit trust fee income	9,166	12,010	9,166	12,010
- Corporate advisory fees	25,189	14,323	25,189	14,323
- Underwriting and arrangement fees	7,217	17,359	7,217	17,359
- Other fee income	18,598	18,902	18,598	18,902
	308,479	315,672	308,479	315,672
Net gain arising from financial assets FVTPL				
- Net gain on disposal	1,210	999	1,210	999
- Unrealised net gain on revaluation	13,633	9,467	13,633	9,467
- Gross dividend income	3,964	9,173	3,964	9,173
	18,807	19,639	18,807	19,639
Net gain on revaluation of derivatives	5,976	11,495	5,976	11,495
Net gain on fair value hedges	2,119	327	2,119	327
Net gain arising from financial investments AFS				
- Net gain on disposal	17,006	19,914	17,006	19,914
- Gross dividend income	6,808	5,739	6,808	5,739
	23,814	25,653	23,814	25,653
Net gain arising from financial investments HTM				
- Net gain on early redemption	26	-	26	-
Other income				
- Net foreign exchange gain/(loss)				
- Realised	622,723	(58,396)	622,723	(58,396)
- Unrealised	(574,996)	132,584	(574,996)	132,584
- Insurance underwriting surplus before management expenses	48,410	38,114	48,410	38,114
- Net gain on disposal of property, plant and equipment	1,627	54	1,627	54
- Rental income	603	261	603	261
- Other operating income	17,235	19,665	17,235	19,665
- Other non-operating income	2,021	1,419	2,021	1,419
	117,623	133,701	117,623	133,701
	476,844	506,487	476,844	506,487



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

	1st quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses				
<u>Group</u>				
Personnel costs				
- Salaries, bonus, wages and allowances	354,823	408,459	354,823	408,459
- Defined contribution plan	49,553	54,218	49,553	54,218
- Other staff related costs	26,837	39,816	26,837	39,816
	431,213	502,493	431,213	502,493
Establishment costs				
- Property, plant and equipment				
- Depreciation	29,986	32,347	29,986	32,347
- Written off	84	16	84	16
- Intangible assets				
- Amortisation	16,650	18,358	16,650	18,358
- Information technology expenses	46,788	42,024	46,788	42,024
- Repair and maintenance	7,272	8,835	7,272	8,835
- Security and escorting charges	12,914	12,396	12,914	12,396
- Rental of premises	39,478	37,126	39,478	37,126
- Water and electricity	8,786	10,312	8,786	10,312
- Rental of equipment	4,205	2,767	4,205	2,767
- Insurance	8,813	7,732	8,813	7,732
- Others	3,454	3,645	3,454	3,645
	178,430	175,558	178,430	175,558
Marketing expenses				
- Sales commission	25,884	28,225	25,884	28,225
- Advertisement and publicity	11,250	8,599	11,250	8,599
- Others	32,962	25,495	32,962	25,495
	70,096	62,319	70,096	62,319
Administration and general expenses				
- Communication expenses	41,601	37,541	41,601	37,541
- Legal and professional fee	4,948	8,185	4,948	8,185
- Others	50,979	33,815	50,979	33,815
	97,528	79,541	97,528	79,541
	777,267	819,911	777,267	819,911



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

	1st quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses (continued)				
<u>Company</u>				
Personnel costs				
- Salaries, bonus, wages and allowances	-	469	-	469
- Defined contribution plan	-	75	-	75
- Other staff related costs	3	57	3	57
	3	601	3	601
Establishment costs				
- Rental of premises	25	25	25	25
- Depreciation of property, plant and equipment	32	53	32	53
- Repair and maintenance	3	9	3	9
- Water and electricity	-	12	-	12
	60	99	60	99
Marketing expenses				
- Advertisements and publicity	2	346	2	346
- Others	6	11	6	11
	8	357	8	357
Administration and general expenses				
- Communication expenses	26	25	26	25
- Legal and professional fee	98	2,887	98	2,887
- Others	448	501	448	501
	572	3,413	572	3,413
	643	4,470	643	4,470

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

Group

Allowance for impaired loans and financing

- Individual impairment allowance made	8,244	7,543	8,244	7,543
- Collective impairment allowance made	99,121	75,180	99,121	75,180
Impaired loans and financing recovered	(70,512)	(67,138)	(70,512)	(67,138)
Impaired loans and financing written off	39,018	35,578	39,018	35,578
Allowance made/(written back) for impairment on other debtors	4,358	(950)	4,358	(950)
	80,229	50,213	80,229	50,213



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016**

	Group	
	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
A13. Financial Assets at Fair Value Through Profit or Loss ('FVTPL')		
(a) Designated as fair value through profit or loss	161,728	170,314
(b) Held-for-trading	1,918,239	1,582,327
	2,079,967	1,752,641
(a) Financial assets designated as fair value through profit or loss		
<u>Quoted securities:</u>		
In Malaysia		
Unit trusts	51,919	51,583
<u>Unquoted securities:</u>		
Outside Malaysia		
Private equity funds	109,809	118,731
	161,728	170,314
(b) Financial assets held-for-trading		
At fair value		
<u>Money market instruments:</u>		
Malaysian Government Securities	273,181	289,533
Malaysian Government Investment Issues	463,797	50,583
Cagamas bonds	-	60,163
Sukuk Perumahan Kerajaan ('SPK') bonds	-	48,819
Thailand Government bonds	55,274	-
Other foreign government securities	11,752	84,207
<u>Quoted securities:</u>		
In Malaysia		
Shares, exchanged traded funds and warrants	209,865	220,526
Unit trusts	2,251	1,910
Private debt securities	3,383	3,636
Outside Malaysia		
Shares, exchanged traded funds and warrants	212,901	103,946
Unit trusts	145,801	126,504
<u>Unquoted securities:</u>		
In Malaysia		
Private debt securities	485,864	538,373
Commercial paper	49,882	49,379
Outside Malaysia		
Private debt securities	4,288	4,748
	1,918,239	1,582,327



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

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. The reclassifications have been accounted for in accordance with BNM's circular on 'Reclassification of Securities under Specific Circumstances', dated 17 October 2008, which is effective from 1 July 2008 until 31 December 2009.

The effects of the reclassification on the income statements for the period from the date of reclassification to 31 March 2016 were as follows:

	Group	
	As at 31 March 2016	As at 31 December 2015
	RM'000	RM'000
Reclassified from financial assets FVTPL to financial investments AFS:		
- Carrying amount	30,443	30,188
- Fair value	30,459	30,146
Fair value gain/(loss) that would have been recognised if the financial assets FVTPL had not been reclassified	16	(42)



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

	Group	
	As at 31 March 2016	As at 31 December 2015
	RM'000	RM'000
A14. Financial Investments Available-for-sale ('AFS')		
At fair value		
<u>Money market instruments:</u>		
Malaysian Government Securities	1,140,605	1,560,326
Malaysian Government Investment Issues	2,534,728	2,757,496
Cagamas Bonds	337,634	343,970
Khazanah bonds	61,917	60,365
1 Malaysia Sukuk	-	-
Wakala Global Sukuk	92,211	102,010
Bankers' acceptances and Islamic acceptable bills	-	58,458
Negotiable instruments of deposits	250,804	349,010
SPK bonds	177,260	230,466
Malaysia Sovereign Sukuk	83,301	64,572
Singapore Government Securities	291,094	286,214
Singapore Government Treasury Bills	1,086,697	1,184,564
Thailand Government bonds	482,540	358,074
Other foreign government securities	27,431	30,806
<u>Quoted securities:</u>		
In Malaysia		
Shares	9,451	6,014
Unit trusts	14,537	14,752
Outside Malaysia		
Shares	9,756	10,252
Unit trusts	37,973	28,562
<u>Unquoted securities:</u>		
In Malaysia		
Private and Islamic debt securities	13,776,222	15,404,565
Shares	669,743	672,480
Corporate loan stocks	18,573	18,422
Prasarana bonds	283,143	145,188
Perpetual notes/Sukuk	290,461	286,117
Outside Malaysia		
Private and Islamic debt securities	874,488	1,040,551
Shares	360	387
	22,550,929	25,013,621
Accumulated impairment losses	(274,795)	(274,825)
	22,276,134	24,738,796

Included in financial investments AFS are private and Islamic debt securities, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RMNil (31 December 2015: RM188,814,000).



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

	Group	
	As at 31 March 2016	As at 31 December 2015
	RM'000	RM'000
A15. Financial Investments Held-to-maturity ('HTM')		
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government Securities	2,227,003	2,239,247
Malaysian Government Investment Issues	5,384,864	5,366,226
Cagamas bonds	1,308,866	1,357,117
Khazanah bonds	107,532	106,368
Negotiable instruments of deposits	601,337	2,222,850
Wakala Global Sukuk	277,537	306,836
SPK bonds	111,226	111,147
Singapore Government Securities	57,989	61,267
Thailand Government Securities	73,905	163,746
Sukuk (Brunei) Incorporation	43,488	45,582
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Private and Islamic debt securities	7,834,073	7,736,966
Corporate loan stocks	62,196	62,607
Bonds	883	883
Prasarana bonds	812,514	808,227
Credit link notes	30,043	30,043
<u>Outside Malaysia</u>		
Private and Islamic debt securities	140,238	147,959
	19,073,694	20,767,071
Accumulated impairment losses	(233,120)	(234,835)
	18,840,574	20,532,236

Included in financial investments HTM are government securities and private and Islamic debt securities, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM1,795,000,000 (31 December 2015: RM4,865,000,000).



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

	Group	
	As at 31 March 2016	As at 31 December 2015
	RM'000	RM'000
A16. Loans, Advances and Financing		
At amortised cost		
Overdrafts	6,416,228	6,311,063
Term loans/financing		
- Housing loans/financing	37,459,290	37,023,836
- Syndicated term loans/financing	6,717,846	7,353,366
- Hire purchase receivables/financing	11,287,297	11,697,202
- Lease receivables	17,369	20,357
- Other term loans/financing	69,070,619	70,123,673
Bills receivables	2,317,498	2,450,943
Trust receipts	757,385	802,714
Claims on customers under acceptance credits	3,708,192	3,687,879
Staff loans/financing	188,308	198,233
Credit/charge card receivables	1,912,250	1,978,968
Revolving credits/financing	9,778,415	9,738,150
Gross loans, advances and financing	<u>149,630,697</u>	<u>151,386,384</u>
Fair value changes arising from fair value hedges	10,204	(11,158)
	<u>149,640,901</u>	<u>151,375,226</u>
Allowance for impaired loans, advances and financing		
- Individual impairment allowance	(588,462)	(593,147)
- Collective impairment allowance	(1,204,745)	(1,191,118)
Net loans, advances and financing	<u>147,847,694</u>	<u>149,590,961</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 RM2,988,525,000 (31 December 2015: RM3,057,518,000).



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

	Group	
	As at 31 March 2016	As at 31 December 2015
	RM'000	RM'000
A16. Loans, Advances and Financing (continued)		
(a) By type of customer		
Domestic non-bank financial institutions		
- Others	1,938,206	2,096,562
Domestic business enterprises		
- Small and medium enterprises	23,202,228	22,598,253
- Others	32,818,784	33,678,193
Government and statutory bodies	5,389,483	5,370,404
Individuals	67,995,379	68,212,126
Other domestic entities	138,352	144,371
Foreign entities	18,148,265	19,286,475
	149,630,697	151,386,384
(b) By geographical distribution		
Malaysia	130,657,892	131,237,797
Labuan Offshore	3,727,215	4,246,116
Singapore	12,167,783	12,715,681
Thailand	1,089,415	1,065,947
Brunei	138,485	146,351
Indonesia	50,849	28,977
Hong Kong	290,853	358,550
Cambodia	1,386,328	1,484,137
Lao	121,877	102,828
	149,630,697	151,386,384
(c) By interest/profit rate sensitivity		
Fixed rate		
- Housing loans/financing	1,435,226	1,515,718
- Hire purchase receivables/financing	11,287,297	11,697,202
- Other fixed rate loans/financing	18,116,920	18,021,189
Variable rate		
- Base lending/financing rate plus	71,319,599	70,835,309
- Cost-plus	34,019,561	36,183,664
- Other variable rates	13,452,094	13,133,302
	149,630,697	151,386,384



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

	Group	
	As at 31 March 2016	As at 31 December 2015
	RM'000	RM'000
A16. Loans, Advances and Financing (continued)		
(d) By purpose		
Purchase of securities	13,078,266	14,440,659
Purchase of transport vehicles	10,440,738	10,853,772
Purchase of landed property		
- Residential	39,035,943	37,866,118
- Non-residential	13,499,997	12,849,551
Purchase of property, plant and equipment other than land and building	3,719,688	3,951,869
Personal use	8,191,252	8,331,723
Credit card	1,912,250	1,978,968
Purchase of consumer durables	53,329	37,787
Construction	6,126,973	5,803,757
Working capital	37,214,967	37,775,816
Merger and acquisition	2,414,848	3,172,991
Other purpose	13,942,446	14,323,373
	149,630,697	151,386,384
(e) By remaining contractual maturities		
Maturity within one year	45,688,217	47,115,707
One year to three years	8,350,399	9,240,476
Three years to five years	16,865,147	15,372,854
Over five years	78,726,934	79,657,347
	149,630,697	151,386,384



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

Group	
As at 31 March 2016	As at 31 December 2015
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	2,841,211	2,892,367
Classified as impaired	854,576	4,070,140
Reclassified as non-impaired	(578,421)	(2,468,834)
Amount recovered	(250,953)	(1,093,995)
Amount written off	(122,524)	(581,340)
Exchange differences	(14,990)	22,873
Balance as at the end of the financial period/year	<u>2,728,899</u>	<u>2,841,211</u>

(ii) By purpose

Purchase of securities	82,800	122,487
Purchase of transport vehicles	129,641	135,530
Purchase of landed property		
- Residential	770,863	788,011
- Non-residential	198,346	181,580
Purchase of property, plant and equipment other than land and building	56,684	48,212
Personal use	164,094	164,915
Credit card	32,193	37,233
Purchase of consumer durables	1,223	868
Construction	100,545	108,541
Working capital	1,132,059	1,178,142
Other purpose	60,451	75,692
	<u>2,728,899</u>	<u>2,841,211</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

Group	
As at 31 March 2016	As at 31 December 2015
RM'000	RM'000

A16. Loans, Advances and Financing (continued)

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

(iii) By geographical distribution

Malaysia	2,440,690	2,539,116
Labuan Offshore	10,850	12,728
Singapore	208,953	235,737
Thailand	25,992	25,792
Brunei	9,951	13,077
Hong Kong	1,562	1,908
Cambodia	30,567	12,853
Lao	334	-
	2,728,899	2,841,211

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

Individual impairment allowance

Balance as at the beginning of the financial period/year	593,147	417,232
Net allowance made	8,244	235,504
Amount written off	(6,614)	(69,249)
Exchange differences	(6,315)	9,660
Balance as at the end of the financial period/year	588,462	593,147

Collective impairment allowance

Balance as at the beginning of the financial period/year	1,191,118	1,349,085
Net allowance made	99,121	194,513
Amount written off	(77,085)	(365,182)
Exchange differences	(8,409)	12,702
Balance as at the end of the financial period/year	1,204,745	1,191,118



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

	Group		Company	
	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
A17. Other Assets				
Other debtors	611,411	682,510	-	-
Cash collateral in relation to derivative transactions	973,960	1,615,586	-	-
Deposits	92,819	98,786	-	-
Prepayments	98,891	80,887	124	50
	1,777,081	2,477,769	124	50

	Group	
	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000

A18. Deposits from Customers

(a) By type of deposits

Demand deposits	29,209,768	29,468,662
Savings deposits	8,772,392	8,459,822
Fixed/investment deposits	119,384,541	120,190,223
Negotiable instruments of deposits	108,785	32,301
	157,475,486	158,151,008

(b) By type of customer

Government and statutory bodies	10,104,297	10,651,504
Business enterprises	95,855,417	97,016,465
Individuals	46,538,414	45,392,366
Others	4,977,358	5,090,673
	157,475,486	158,151,008

(c) By maturity structure of fixed/investment deposits and negotiable instruments of deposits

Due within six months	98,535,297	102,084,856
Six months to one year	19,442,310	16,572,590
One year to three years	1,482,510	1,532,750
Three years to five years	33,209	32,328
	119,493,326	120,222,524



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

	Group	
	As at 31 March 2016	As at 31 December 2015
	RM'000	RM'000
A19. Deposits and Placements of Banks and Other Financial Institutions		
Licensed banks	11,955,597	15,456,428
Licensed Islamic banks	2,042,315	1,853,985
Licensed investment banks	309,625	1,008,216
BNM	551,413	545,216
Other financial institutions	2,581,300	1,782,015
	<u>17,440,250</u>	<u>20,645,860</u>

	Group		Company	
	As at 31 March 2016	As at 31 December 2015	As at 31 March 2016	As at 31 December 2015
	RM'000	RM'000	RM'000	RM'000
A20. Other Liabilities				
Other creditors and accruals	1,735,745	1,294,101	25,603	36,864
Deferred income	160,054	170,305	-	-
Short term employee benefits	207,488	362,078	-	-
Prepaid instalments	65,953	67,846	-	-
Cash collateral in relation to derivative transactions	338,575	224,721	-	-
Remisiers' trust deposits	62,245	62,824	-	-
Amount due to Danaharta	2,077	2,199	-	-
Amount due to trust funds	2,701	23,783	-	-
Puttable instruments	190,884	187,268	-	-
	<u>2,765,722</u>	<u>2,395,125</u>	<u>25,603</u>	<u>36,864</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016**

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 Group Management Committee as its chief operating decision-maker.

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

(a) Group 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) Group 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 and takaful insurance products.

(c) Group 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 and Global Markets

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.

(e) Group International Business

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

(f) Support Center and Others

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

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



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

A21. Segment Reporting (continued)

Three months ended 31 March 2016

	Group CIB	Group Retail Banking	Group Business Banking	Group Treasury and Global Markets	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	439,968	621,929	241,077	128,108	171,145	1,273	-	1,603,500
Inter-segment revenue	15,860	10,012	-	13,057	(4,359)	(4,241)	(30,329)	-
Segment revenue	<u>455,828</u>	<u>631,941</u>	<u>241,077</u>	<u>141,165</u>	<u>166,786</u>	<u>(2,968)</u>	<u>(30,329)</u>	<u>1,603,500</u>
Other operating expenses	(240,830)	(311,035)	(117,229)	(36,352)	(93,705)	(8,445)	30,329	(777,267)
Including:								
Depreciation of property, plant and equipment	(6,659)	(17,450)	(1,846)	(662)	(1,532)	(1,837)	-	(29,986)
Amortisation of intangible assets	(3,718)	(7,840)	(3,053)	(1,750)	(289)	-	-	(16,650)
Allowance for impairment on loans, financing and other losses	(23,025)	(26,302)	(18,392)	1,872	(15,567)	1,185	-	(80,229)
Impairment losses written back on other assets	411	-	-	-	-	-	-	411
Segment profit/(loss)	<u>192,384</u>	<u>294,604</u>	<u>105,456</u>	<u>106,685</u>	<u>57,514</u>	<u>(10,228)</u>	<u>-</u>	<u>746,415</u>
Share of results of joint ventures								56
Profit before taxation								<u>746,471</u>
Taxation								<u>(192,699)</u>
Net profit for the financial period								<u><u>553,772</u></u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016**

A21. Segment Reporting (continued)

As at 31 March 2016

	Group CIB	Group Retail Banking	Group Business Banking	Group Treasury and Global Markets	Group International Business	Support Center and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	55,088,067	70,226,146	20,854,590	51,244,556	25,268,579	1,297,507	223,979,445
Investments in associates and joint ventures							14,492
Tax recoverable							294,515
Deferred tax assets							44,625
Unallocated assets							1,139,144
Total assets							<u>225,472,221</u>
Segment liabilities	50,386,764	43,461,361	21,747,089	54,646,791	18,095,395	45,814	188,383,213
Tax liabilities							46,155
Deferred tax liabilities							16,346
Borrowings							2,563,148
Subordinated obligations							5,965,707
Hybrid Tier-1 Capital Securities							598,270
Senior debt securities							3,162,808
Unallocated liabilities							1,184,409
Total liabilities							<u>201,920,056</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

A21. Segment Reporting (continued)

Three months ended 31 March 2015

	Group CIB RM'000	Group Retail Banking RM'000	Group Business Banking RM'000	Group Treasury and Global Markets RM'000	Group International Business RM'000	Support Center and Others RM'000	Inter-segment Elimination RM'000	Total RM'000
External revenue	444,749	650,370	236,125	84,825	122,268	(29,581)	-	1,508,756
Inter-segment revenue	8,518	5,064	-	14,220	1,206	1,092	(30,100)	-
Segment revenue	453,267	655,434	236,125	99,045	123,474	(28,489)	(30,100)	1,508,756
Other operating expenses	(257,522)	(314,427)	(114,099)	(41,836)	(81,241)	(40,886)	30,100	(819,911)
Including:								
Depreciation of property, plant and equipment	(7,546)	(16,851)	(1,831)	(748)	(2,932)	(2,439)	-	(32,347)
Amortisation of intangible assets	(6,551)	(6,614)	(2,481)	(1,195)	(1,517)	-	-	(18,358)
Allowance for impairment on loans, financing and other losses	(744)	(32,123)	(9,300)	(4,230)	(3,798)	(18)	-	(50,213)
Impairment losses written back on other assets	6,104	-	-	-	-	-	-	6,104
Segment profit/(loss)	201,105	308,884	112,726	52,979	38,435	(69,393)	-	644,736
Share of results of joint ventures								85
Profit before taxation								644,821
Taxation								(165,301)
Net profit for the financial period								479,520



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016**

A21. Segment Reporting (continued)

As at 31 December 2015

	Group CIB RM'000	Group Retail Banking RM'000	Group Business Banking RM'000	Group Treasury and Global Markets RM'000	Group International Business RM'000	Support Center and Others RM'000	Total RM'000
Segment assets	53,924,237	69,780,308	19,873,763	57,457,406	26,933,037	1,269,465	229,238,216
Investments in associates and joint ventures							15,764
Tax recoverable							260,965
Deferred tax assets							112,201
Unallocated assets							1,090,521
Total assets							<u>230,717,667</u>
Segment liabilities	45,178,444	42,179,978	22,216,305	63,205,292	20,742,032	83,353	193,605,404
Tax liabilities							37,247
Deferred tax liabilities							11,334
Borrowings							2,436,796
Subordinated obligations							5,895,786
Hybrid Tier-1 Capital Securities							601,856
Senior debt securities							3,451,380
Unallocated liabilities							1,568,453
Total liabilities							<u>207,608,256</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016**

A22. Valuation of Property, Plant and Equipment

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

A23. Material Events Subsequent to the Balance Sheet Date

There were no significant events subsequent to the balance sheet date that have not been reflected in the financial statements other than the following:

- (i) Updates in corporate proposals as disclosed in Note B6(a);
- (ii) The Company has on 7 April 2016, capitalised the entire interim dividend income from RHB Bank Berhad ('RHB Bank') amounting to RM565,000,000 as cost of investment. The recapitalisation is via the issuance of rights issue of 101,618,705 new RHB Bank ordinary shares of RM1.00 per share at an issue price of RM5.56 per share;
- (iii) The payment of interim dividend for the financial year ended 31 December 2015 as disclosed in Note A7; and
- (iv) On 15 April 2016, RHB Investment Bank Berhad ('RHB Investment Bank') has fully redeemed its existing subordinated notes of RM100 million in nominal value issued on 15 April 2011.

A24. Changes in Composition of the Group

During the financial quarter, RHB Investment Bank has acquired effective control in RHB Entrepreneur Fund ('Fund'), via:

- (a) injection of capital amounting to SGD5,000,000, equivalent to RM15,325,000 on 22 January 2016; and
- (b) additional capital injection of SGD15,000,000, equivalent to RM45,105,000 on 15 March 2016.

The Group has consolidated the Fund in accordance with MFRS 10 'Consolidated Financial Statements' as a subsidiary of RHB Investment Bank with effective equity interest of 49.44% as at 31 March 2016.

Other than the above, there are no significant changes in the composition of the Group for the three months ended 31 March 2016.



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

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>2015</u>	<u>2014</u>
	<u>RM'000</u>	<u>RM'000</u>
Direct credit substitutes	2,153,501	2,352,315
Transaction-related contingent items	4,768,246	5,148,273
Short term self-liquidating trade-related contingencies	1,852,110	1,840,490
Obligations under underwriting agreements	99,955	76,000
Lending of banking subsidiaries' securities or the posting of securities as collateral by banking subsidiaries, including instances where these arise out of repo-style transactions	1,872,975	5,212,499
Irrevocable commitments to extend credit		
- Maturity not exceeding one year	2,600,998	2,903,165
- Maturity exceeding one year	29,203,901	29,517,195
Foreign exchange related contracts^		
- Less than one year	65,520,790	67,040,910
- One year to less than five years	11,748,489	13,240,884
- More than five years	702,398	541,189
Equity related contracts^		
- Less than one year	100	315
Interest rate related contracts^		
- Less than one year	8,020,036	8,067,611
- One year to less than five years	29,780,202	31,884,672
- More than five years	1,978,991	2,077,995
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		
	<u>17,010,855</u>	<u>16,858,657</u>
	<u>177,313,547</u>	<u>186,762,170</u>

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



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016**

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

(a) Commitments and Contingencies (continued)

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 Bank of Thailand to provide support to meet any legal liabilities which may be incurred in respect of its operations in Thailand.

(b) Guarantees Issued by Group and Company

	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
<u>Group</u>		
Corporate guarantee in favour of client's trading facilities granted by a subsidiary	68,000	68,000
<u>Company</u>		
Corporate guarantee provided to licensed banks for credit facilities granted to subsidiaries	83,070	91,401
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	145,033	151,950
	296,103	311,351

A26. Capital Commitments

	Group	
	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
Capital expenditure for property, plant and equipment:		
- authorised and contracted for	165,829	177,638
- authorised but not contracted for	284,501	300,694
	450,330	478,332



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

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

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

	RHB Bank[@]	
	As at 31 March 2016	As at 31 December 2015
	RM'000	RM'000
Common Equity Tier 1 ('CET 1')/Tier I Capital		
Paid-up ordinary share capital	3,460,585	3,460,585
Share premium	478,517	478,517
Retained profits	7,132,462	7,096,570
Other reserves	3,799,380	3,994,464
AFS reserves	240,571	154,358
	15,111,515	15,184,494
Less:		
Goodwill	(905,519)	(905,519)
Intangible assets (include associated deferred tax liabilities)	(262,236)	(239,193)
Net deferred tax assets	(13,474)	(84,375)
55% of cumulative gains of AFS financial instruments	(132,314)	(84,897)
Shortfall of eligible provisions to expected losses under the IRB approach	(119,463)	(123,459)
Investments in subsidiaries*	(1,031,143)	(687,429)
Other deductions#	(51,024)	(76,619)
Total CET 1 Capital	12,596,342	12,983,003
Hybrid Tier-I Capital Securities**	360,000	420,000
Total Tier I Capital	12,956,342	13,403,003
Tier II Capital		
Subordinated obligations***	2,400,000	2,800,000
Subordinated obligations meeting all relevant criteria	1,499,568	1,499,544
Collective impairment allowance and regulatory reserve [^]	364,041	332,233
	4,263,609	4,631,777
Less:		
Investments in subsidiaries*	(687,429)	(1,031,143)
Total Tier II Capital	3,576,180	3,600,634
Total Capital	16,532,522	17,003,637
Capital ratios		
Before proposed dividends:		
CET 1 Capital Ratio	12.263%	12.126%
Tier I Capital Ratio	12.613%	12.518%
Total Capital Ratio	16.094%	15.881%
After proposed dividends:		
CET 1 Capital Ratio	11.713%	11.598%
Tier I Capital Ratio	12.063%	11.990%
Total Capital Ratio	15.544%	15.353%



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016**

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).
- ^ 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 under the Standardised Approach for non-impaired loans of RHB Bank of RM137,125,000 (31 December 2015: RM138,588,000).



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

A27. Capital Adequacy Ratio (continued)

	RHB Islamic Bank	
	As at	As at
	31 March	31 December
	2016	2015
	RM'000	RM'000
CET 1/Tier I Capital		
Paid-up ordinary share capital	1,173,424	1,173,424
Retained profits	508,030	520,625
Other reserves	681,192	681,192
AFS reserves	(9,886)	(39,195)
	2,352,760	2,336,046
Less:		
Net deferred tax assets	(20,269)	(16,840)
Intangible assets (include associated deferred tax liabilities)	(1,003)	(687)
Other deductions#	(1,621)	(763)
Total CET 1 Capital/Total Tier I Capital	2,329,867	2,317,756
Tier II Capital		
Subordinated sukuk*	500,000	500,000
Collective impairment allowance and regulatory reserve^	259,184	248,696
Total Tier II Capital	759,184	748,696
Total Capital	3,089,051	3,066,452
<u>Capital ratios</u>		
Before proposed dividends:		
CET 1 Capital Ratio	10.611%	11.041%
Tier I Capital Ratio	10.611%	11.041%
Total Capital Ratio	14.069%	14.608%
After proposed dividends:		
CET 1 Capital Ratio	10.611%	11.041%
Tier I Capital Ratio	10.611%	11.041%
Total Capital Ratio	14.069%	14.608%

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 under the Standardised Approach for non-impaired loans of RHB Islamic Bank of RM148,067,000 (31 December 2015: RM140,615,000).

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



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

A27. Capital Adequacy Ratio (continued)

	RHB Investment Bank	
	As at 31 March 2016 RM'000	As at 31 December 2015 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	303,722	303,449
Other reserves	433,295	433,295
AFS reserves	6,271	(5,149)
	3,077,084	3,065,391
Less:		
Goodwill	(1,118,418)	(1,118,418)
Investments in subsidiaries, associates and joint ventures*	(911,793)	(588,970)
Intangible assets (include associated deferred tax liabilities)	(27,750)	(25,530)
55% of cumulative gains of AFS financial instruments	(3,449)	-
Other deductions	(64)	(84)
Deferred tax assets	(16,320)	(21,063)
Reduction in excess of Tier II capital due to insufficient Tier II Capital#	(47,487)	(322,564)
Total CET 1 Capital/Total Tier I Capital	951,803	988,762
Tier II Capital		
Subordinated obligations**	345,000	345,000
Subordinated obligations meeting all relevant criteria	200,000	200,000
Collective impairment allowance and regulatory reserve^	15,375	15,890
	560,375	560,890
Less:		
Investments in subsidiaries, associates and joint ventures*	(560,375)	(560,890)
Total Tier II Capital	-	-
Total Capital	951,803	988,762
<u>Capital ratios</u>		
Before proposed dividends:		
CET 1 Capital Ratio	23.368%	22.917%
Tier I Capital Ratio	23.368%	22.917%
Total Capital Ratio	23.368%	22.917%
After proposed dividends:		
CET 1 Capital Ratio	23.368%	22.917%
Tier I Capital Ratio	23.368%	22.917%
Total Capital Ratio	23.368%	22.917%



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016**

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 RM13,132,000 (31 December 2015: RM13,405,000).



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

A27. Capital Adequacy Ratio (continued)

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

	RHB Bank[@]	RHB Islamic Bank	RHB Investment Bank
<u>31 March 2016</u>			
Credit risk	90,906,506	20,734,683	2,389,933
Market risk	3,483,025	150,134	434,950
Operational risk	8,332,501	1,071,823	1,248,220
Total risk-weighted assets	<u>102,722,032</u>	<u>21,956,640</u>	<u>4,073,103</u>
<u>31 December 2015</u>			
Credit risk	95,747,368	19,895,738	2,640,434
Market risk	3,086,116	61,645	469,440
Operational risk	8,233,562	1,032,842	1,204,734
Total risk-weighted assets	<u>107,067,046</u>	<u>20,990,225</u>	<u>4,314,608</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 31 March 2016 RM'000	As at 31 December 2015 RM'000
Before proposed dividends:		
Core capital ratio	#	#
Solvency ratio	17.990%	16.884%
After proposed dividends:		
Core capital ratio	#	#
Solvency ratio	17.990%	16.884%

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

No equivalent ratio in Cambodia.



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

	Group	
	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
A28. Operations of Islamic Banking		
(a) Statement of Financial Position as at 31 March 2016		
ASSETS		
Cash and short-term funds	6,338,802	6,149,135
Deposits and placements with banks and other financial institutions	417,494	618,072
Financial assets held-for-trading	151,363	20,248
Financial investments AFS	3,100,738	3,062,645
Financial investments HTM	1,848,923	1,861,693
Financing and advances	32,116,173	30,902,020
Other assets	112,358	133,284
Derivative assets	21,882	131,758
Statutory deposits	865,451	1,168,500
Deferred tax assets	15,279	11,964
Property, plant and equipment	7,724	8,384
Intangible assets	5,993	5,564
Total assets	<u>45,002,180</u>	<u>44,073,267</u>
LIABILITIES		
Deposits from customers	30,402,825	27,928,029
Deposits and placements of banks and other financial institutions	2,849,310	2,750,309
Bills and acceptances payable	7,196	5,549
Recourse obligation on financing sold to Cagamas	941,238	982,760
Other liabilities	152,736	205,023
Derivative liabilities	77,875	1,549
Tax liabilities	37,368	20,932
Subordinated obligations	509,273	503,119
Total liabilities	<u>34,977,821</u>	<u>32,397,270</u>
Islamic Banking Funds	10,024,359	11,675,997
Total liabilities and Islamic Banking Funds	<u>45,002,180</u>	<u>44,073,267</u>
Commitments and contingencies	<u>14,134,365</u>	<u>11,923,681</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

	1st quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000

A28. Operations of Islamic Banking (continued)

**(b) Income Statement for the Three Months
 Ended 31 March 2016**

Group

Income derived from investment of depositors' funds	417,000	395,833	417,000	395,833
Income derived from investment account funds	82,320	-	82,320	-
Income derived from investment of shareholder's funds	39,192	32,577	39,192	32,577
Allowance for impairment on financing and advances	(14,838)	(18,728)	(14,838)	(18,728)
Total distributable income	523,674	409,682	523,674	409,682
Income attributable to depositors	(294,583)	(225,920)	(294,583)	(225,920)
	229,091	183,762	229,091	183,762
Personnel expenses	(7,859)	(11,018)	(7,859)	(11,018)
Other overheads and expenditures	(53,100)	(40,403)	(53,100)	(40,403)
Profit before taxation	168,132	132,341	168,132	132,341
Taxation	(22,724)	(17,885)	(22,724)	(17,885)
Net profit for the financial period	145,408	114,456	145,408	114,456



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

	1st quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000

A28. Operations of Islamic Banking (continued)

**(c) Statement of Comprehensive Income for the
 Three Months Ended 31 March 2016**

<u>Group</u>				
Net profit for the financial period	145,408	114,456	145,408	114,456
Other comprehensive income/(loss) in respect of:				
Items that will be reclassified subsequently to profit or loss				
- Unrealised net gain on revaluation of financial investments AFS	39,520	18,128	39,520	18,128
- Net transfer to income statement on disposal or impairment of financial investments AFS	(956)	(1,886)	(956)	(1,886)
- Income tax relating to components of other comprehensive income	(9,255)	(4,061)	(9,255)	(4,061)
Other comprehensive income, net of tax, for the financial period	29,309	12,181	29,309	12,181
Total comprehensive income for the financial period	174,717	126,637	174,717	126,637



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

	Group	
	As at 31 March 2016	As at 31 December 2015
	RM'000	RM'000
A28. Operations of Islamic Banking (continued)		
(d) Financing and Advances		
At amortised cost		
Cashline	313,195	279,865
Term financing		
- Housing financing	7,954,823	7,605,725
- Syndicated term financing	1,324,880	1,408,554
- Hire purchase receivables	5,907,701	5,930,758
- Other term financing	14,302,869	13,816,396
Bills receivable	574,515	442,388
Trust receipts	14,926	17,614
Staff financing	4,374	4,465
Credit/charge card receivables	249,766	251,270
Revolving financing	1,689,046	1,367,287
Gross financing and advances	<u>32,336,095</u>	<u>31,124,322</u>
Less: Allowance for impaired financing and advances		
- Individual impairment allowance	(18,411)	(22,649)
- Collective impairment allowance	(201,511)	(199,653)
Net financing and advances	<u><u>32,116,173</u></u>	<u><u>30,902,020</u></u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

	Group	
	As at 31 March 2016	As at 31 December 2015
	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	362,736	330,701
Classified as impaired	127,178	627,425
Reclassified as non-impaired	(91,003)	(411,779)
Amount recovered	(21,741)	(121,031)
Amount written off	(21,322)	(62,580)
Balance as at the end of the financial period/year	<u>355,848</u>	<u>362,736</u>
(ii) Movements in allowance for impaired financing and advances		
<u>Individual impairment allowance</u>		
Balance as at the beginning of the financial period/year	22,649	25,289
Net allowance written back	(891)	(2,640)
Amount written off	(3,347)	-
Balance as at the end of the financial period/year	<u>18,411</u>	<u>22,649</u>
<u>Collective impairment allowance</u>		
Balance as at the beginning of the financial period/year	199,653	187,307
Net allowance made	15,649	65,749
Amount written off	(13,791)	(53,403)
Balance as at the end of the financial period/year	<u>201,511</u>	<u>199,653</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

	Group	
	As at 31 March 2016	As at 31 December 2015
	RM'000	RM'000
A28. Operations of Islamic Banking (continued)		
(e) Other Assets		
Prepayments	11,173	10,777
Deposits	1,303	1,297
Other debtors	99,882	121,210
	<u>112,358</u>	<u>133,284</u>
(f) Deposits from Customers		
Saving Deposits		
- Wadiah	1,230,423	1,129,320
Demand Deposits		
- Wadiah	3,784,934	3,403,515
Term Deposits		
- Commodity Murabahah	11,503,140	10,828,229
- Wadiah Corporate Deposit	474,781	1,249,671
Specific Investment Account		
- Murabahah	13,142,710	11,136,182
General Investment Account		
- Mudharabah	167,838	181,112
Islamic Negotiable Instrument		
- Bai Bithaman Ajil	98,999	-
	<u>30,402,825</u>	<u>27,928,029</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016**

B1. Review of Group Results

(a) Current Financial Year vs Previous Financial Year

The Group recorded a pre-tax profit at RM746.5 million, representing 15.8% growth year-on-year. Net profit for the same period stood at RM552.0 million which was a growth of 15.9% year-on-year. The strong performance was primarily contributed by net interest income growth and positive results of our cost improvement efforts.

Total income increased by 6.3% during the period under review to RM1,603.5 million, supported by solid net interest and fund based income growth of 12.1% to RM1,098.1 million. This was mainly attributable to improved net interest margin and an expanded loan base. Gross fund based income rose 5.1% on the back of a 4.2% growth year-on-year in loans and financing, whereas funding and interest expense was marginally higher by 0.4% mainly due to lower cost of deposits and rights issue proceeds. Net interest margin improved by 7 basis points to 2.22% in the first quarter 2016.

Non-fund based income was lower by 4.4% at RM505.4 million, primarily due to lower net foreign exchange gain, lower fee income and lower net gain on revaluation of derivatives, partially mitigated by improvement in insurance underwriting surplus. While fee income attributable to loans and markets-related fee income were lower, wealth management fee income registered an encouraging 33.8% improvement year-on-year.

The Group's effective cost optimisation efforts have produced positive results. Operating expenses were lower by 5.2% from a year ago and cost to income ratio of the Group improved significantly to 48.5% as compared to 54.3% in the previous corresponding period.

Allowances for impairment on loans and financing for the year increased to RM80.2 million from RM50.2 million, primarily due to higher collective allowances.

Total assets decreased by 2.3% or RM5.2 billion to RM225.5 billion as at 31 March 2016, mainly due to a reduction in financial assets/investments by RM3.8 billion and net loans portfolio by RM1.7 billion.

Shareholders' funds increased to RM23.5 billion, with net assets per share standing at RM7.63 as at 31 March 2016.

The Group's gross loans and financing grew by 4.2% year-on-year to RM149.6 billion, but decreased by 1.2% from December 2015 mainly due to one large corporate repayment amounting to RM1.0 billion. Business Banking loans and financing recorded the strongest growth at 14.5% on annualised basis. The Group's domestic loan market share stood at 9.3% as at 31 March 2016.

Customer deposits decreased marginally by 0.4% year-to-date and 0.8% year-on-year to RM157.5 billion as the Group continues to focus on efficient liquidity management and actively seeks opportunities to diversify funding mix. Current and savings account ('CASA') composition improved to 24.1% as at 31 March 2016 from 24.0% in December 2015. Notwithstanding the flattish customer deposits, annualised domestic CASA growth of 1.4% has outpaced that of the industry which registered an annualised decline of 3.5%.

Asset quality continued to improve with gross impaired loans ratio declining to 1.82% from 1.88% in December 2015. Loan loss coverage for the Group increased further to 85.8% as at March 2016 compared to 83.3% in December 2015.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016**

B1. Review of Group Results (continued)

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

Performance by Operating Segment

(i) Group Corporate and Investment Banking

Corporate and Investment Banking's pre-tax profit was lower by 4.3% to RM192.4 million. Whilst net fund based income was higher and overhead expenses was lower, the results were impacted by lower investment banking and securities market related fee income and higher impairment allowances for loans and financing, partially negated by higher wealth management fee. Gross loans and financing decreased by 3.6% in the first three months to RM46.5 billion due mainly to one large corporate repayment totalling RM1.0 billion. Deposits was lower by 1.9% over the same period to RM45.3 billion primarily due to decrease in fixed deposits.

(ii) Group Retail Banking

Retail Banking recorded a pre-tax profit of RM294.6 million for the first three months ended 31 March 2016, 4.6% lower than the previous year. This was mainly due to lower net fund based income, partially offset by lower allowances for loans and financing. Gross loans and financing stood at RM68.0 billion as growth in mortgages was offset by contraction in auto financing and loans for purchase of securities. Deposits increased by 3.1% mainly due to growth in fixed deposits and savings account balances by 2.9% and 4.2% respectively.

(iii) Group Business Banking

Business Banking's pre-tax profit was lower by 6.1% at RM105.5 million mainly due to higher allowances for loans and financing, partially offset by higher net funding income. Gross loans and financing grew by 14.5% annualised for the quarter to RM20.5 billion, driven mainly by Program Lending and Middle Market. Deposits declined by 0.8% from December 2015 to RM21.3 billion, attributable mainly by a decrease in current deposits by 2.9%.

(iv) Group Treasury and Global Markets

Group Treasury's pre-tax profit doubled to RM106.7 million, mainly due to net fund based income growth, partially offset by lower investment and trading gain.

(v) Group International Business

Group International Business' pre-tax profit increased by 49.6% to RM57.5 million, mainly attributed to higher net interest income, partially offset by higher operating expenses and higher loan impairment. Singapore, being the largest contributor of Group International Business, recorded pre-tax profit growth of 10.4% to SGD16.1 million for the first three months in 2016. Gross loans and advances in Singapore stood at SGD4.1 billion, whilst customer deposits declined by 1.9% in the first three months to SGD4.8 billion.

B2. Current Quarter vs Previous Quarter

Pre-tax profit for the current quarter was significantly higher by 57.1% at RM746.5 million as compared to pre-tax profit of RM475.2 million recorded in the preceding quarter ended 31 December 2015. This was primarily due to lower impairment on loans and financing, and lower operating expenses, partly offset by lower non-fund based income.



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

B3. Prospects for Financial Year 2016

The Malaysian economy started the year on a firmer footing following the rebound of commodity prices and the strengthening of Ringgit. Nevertheless, GDP growth is expected to moderate to 4% to 4.5% in 2016 from 5.0% in 2015 on the back of slower public spending, more cautious investment trends and sluggish global growth.

Growth in the banking sector is expected to be modest, with slower loan demand, pressure on margins, continued subdued fee income from investment banking and capital markets and expectation of deterioration in asset quality.

The Company has on 14 April 2016 successfully completed its Internal Reorganisation which entails the transfer by the Company of its entire equity interests in identified subsidiaries (amongst others, RHB Investment Bank and RHB Insurance Berhad), and certain assets and liabilities of RHB Hartanah Sdn Bhd, to RHB Bank for a total consideration of RM3.61 billion.

Concurrently, the Company has injected via a rights issue an aggregate of RM2.49 billion into RHB Bank, increasing its number of ordinary shares to 4,010 million of RM1.00 per share.

As stated in Note B6, RHB Capital will undergo a capital distribution involving the distribution of RHB Bank shares to shareholders of the Company. With this distribution, shareholders of RHB Capital will hold shares directly in RHB Bank, the new holding company of the RHB Banking Group. RHB Bank will also take over the listing status of RHB Capital. The proposed distribution is expected to be completed in the second quarter of 2016.

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

	1st quarter ended		Three months ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	RM'000	RM'000	RM'000	RM'000
Group				
Income tax based on profit for the financial period				
- Malaysian income tax	147,401	122,124	147,401	122,124
- Overseas tax	9,312	9,018	9,312	9,018
Deferred tax	31,537	28,683	31,537	28,683
	188,250	159,825	188,250	159,825
Under provision in respect of prior financial years	4,449	5,476	4,449	5,476
	192,699	165,301	192,699	165,301

The effective tax rate of the Group for the first quarter ended 31 March 2016 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.

	1st quarter ended		Three months ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	RM'000	RM'000	RM'000	RM'000
Company				
Income tax based on profit for the financial period				
- Malaysian income tax	3,867	-	3,867	-

The effective tax rate of the Company for the first quarter ended 31 March 2016 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016**

B6. Status of Corporate Proposals

(a) Rights Issue, Internal Reorganisation, 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

On 21 December 2015, RHB Capital completed its renounceable rights issue of new ordinary shares of RM1.00 each in RHB Capital ('RHB Capital Shares') via the listing of and quotation for 486,193,294 new RHB Capital Shares on the Main Market of Bursa Malaysia Securities Berhad ('Bursa Securities'), raising proceeds of approximately RM2.343 billion ('Proceeds').

The entire Proceeds have been injected into RHB Bank to further capitalise RHB Bank and to finance the working capital requirements of RHB Bank and its subsidiaries ('RHB Bank Group') as further explained in part (ii) below.

(ii) Internal Reorganisation

On 14 April 2016, RHB Capital completed its Internal Reorganisation which entails the transfer by RHB Capital of its entire equity interests in, and certain assets and liabilities of, its subsidiaries to RHB Bank ('Identified Assets'), for a total consideration of approximately RM3.61 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/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.

The Identified Assets 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.

Approximately RM3.13 billion of the Disposal Consideration had been utilised to repay bank borrowings of RHB Capital and approximately RM47 million will be utilised to defray expenses relating to the Internal Reorganisation. After setting aside approximately RM399 million cash to defray any expenses of RHB Capital and for payment of dividends by RHB Capital, the remaining cash of approximately RM35 million had been injected into RHB Bank as capital ('Excess Cash'). Following the completion of the Internal Reorganisation, RHB Capital had injected an aggregate of approximately RM2.49 billion into RHB Bank, being the proceeds raised from its Rights Issue exercise and the proceeds arising from the redemption of its investment in RHB Rupiah Liquid Fund as well as the Excess Cash, in exchange for approximately 447.84 million new ordinary shares of RM1.00 each in RHB Bank ('RHB Bank Shares') which were issued at an issue price of RM5.56 per RHB Bank Share.

With the completion of the Internal Reorganisation, RHB Bank is effectively the new group holding company which will now spearhead the Group's future growth and is expected to achieve greater synergy and efficiency.

(iii) Distribution and Capital Repayment

The Distribution and Capital Repayment will entail the distribution of the entire shareholdings of the Company in RHB Bank [i.e RM4,010,045,621 comprising 4,010,045,621 ordinary shares of RM1.00 each in RHB Bank to entitled shareholders of RHB Capital whose names appear in the Record of Depositors of RHB Capital on 6 June 2016 ('Distribution Entitlement Date').

Fractional entitlements of RHB Bank Shares arising from the Distribution and Capital Repayment (if any) shall be disregarded and the Board of Directors of RHB Capital has decided to allocate such fractional RHB Bank Shares to the entitled shareholders to minimise the incidence of odd lots on a best effort basis. For the avoidance of doubt, such fractional RHB Bank Shares, where available, will be allocated to entitled shareholders who are not substantial shareholders, starting from the next largest shareholder.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016**

B6. Status of Corporate Proposals (continued)

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

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

(iii) Distribution and Capital Repayment (continued)

The 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 ('Capital Reduction'), 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.

On 13 May 2016, the High Court of Malaya had granted an order confirming the reduction of the Company's issued and paid-up share capital and share premium account pursuant to Section 60(2) and 64 of the Companies Act, 1965 for the Distribution and Capital Repayment.

Upon completion of the 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. The Board has, on 20 May 2016, proposed to undertake the Proposed Winding Up under Section 254(1)(b) of the Companies Act, 1965 upon completion of the Distribution and Capital Repayment.

RHB Capital will cease to be a shareholder of RHB Bank upon completion of the 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.

(iv) Proposed Transfer of Listing Status

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 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 as mentioned in part (iii) above.

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 will also 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 Proposed M&A Amendments was approved by shareholders of RHB Capital on 27 August 2015.

The inter-conditionality of the Proposals are as follows:

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



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016**

B6. Status of Corporate Proposals (continued)

(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 2016.



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

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

	Group	
	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
(a) Deposits from customers and placements of banks and other financial institutions		
Deposits from customers		
- One year or less	155,959,767	156,585,930
- More than one year	<u>1,515,719</u>	<u>1,565,078</u>
	<u>157,475,486</u>	<u>158,151,008</u>
Deposits and placements of banks and other financial institutions		
- One year or less	16,599,519	19,779,040
- More than one year	<u>840,731</u>	<u>866,820</u>
	<u>17,440,250</u>	<u>20,645,860</u>
	Group	
	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
(b) Borrowings		
Unsecured		
Revolving credits:		
- Ringgit Malaysia ('RM')	496,347	596,840
- United States Dollar ('USD')	-	107,436
- Hong Kong Dollar ('HKD')	151,037	192,778
- Thai Baht ('THB')	11,093	-
Term loans:		
- RM	1,051,617	1,051,706
- USD	738,150	468,282
- Singapore Dollar	-	19,754
- Indonesia Rupiah	14,720	-
RM1.1 billion 7 years Commercial Papers/Medium Term Notes	<u>100,184</u>	<u>-</u>
	<u>2,563,148</u>	<u>2,436,796</u>
Schedule repayment of borrowings:		
- Within one year	2,070,267	2,109,417
- One year to three years	429,440	236,143
- Three years to five years	<u>63,441</u>	<u>91,236</u>
	<u>2,563,148</u>	<u>2,436,796</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

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

	Company	
	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
(b) Borrowings (continued)		
Unsecured:		
Revolving credits - RM	1,978,842	2,052,868
Term loans - RM	1,051,617	1,051,706
RM1.1 billion 7 years Commercial Papers/Medium Term Notes	100,184	-
	<u>3,130,643</u>	<u>3,104,574</u>
 Schedule repayment of borrowings:		
- Within one year	<u>3,130,643</u>	<u>3,104,574</u>
	Group	
	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
(c) Subordinated obligations		
5.50% RM700 million Tier II Subordinated Notes 2007/2022	712,975	703,376
5.60% RM300 million Tier II Subordinated Notes 2010/2025	307,134	302,946
4.25% RM250 million Tier II Subordinated Notes 2011/2021	254,313	251,591
4.30% RM750 million Tier II Subordinated Notes 2012/2022	762,486	754,394
4.40% RM1,300 million Tier II Subordinated Notes 2012/2022	1,318,812	1,304,484
4.40% RM245 million Tier II Subordinated Notes 2012/2022	248,337	245,650
5.20% RM100 million Tier II Subordinated Notes 2011/2021	102,409	101,112
4.95% RM500 million Tier II Subordinated Sukuk Murabahah 2014/2024	509,272	503,119
4.99% RM1 billion Tier II Subordinated Notes 2014/2024	1,036,502	1,024,061
4.75% RM500 million Tier II Subordinated Notes 2015/2025	508,938	502,993
4.95% RM200 million Tier II Subordinated Notes 2015/2025	204,529	202,060
	<u>5,965,707</u>	<u>5,895,786</u>

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



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

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 31 March 2016	As at 31 December 2015
	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	361,076	368,448
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>598,270</u>	<u>601,856</u>

The Hybrid Tier-1 Capital Securities comprise 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 31 March 2016	As at 31 December 2015
	RM'000	RM'000
USD300 million 3.25% senior debt securities due in 2017	1,184,063	1,291,357
USD200 million 3.25% senior debt securities due in 2017	793,306	866,244
USD300 million 3.088% senior debt securities due in 2019	1,185,439	1,293,779
	<u>3,162,808</u>	<u>3,451,380</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

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 31 March 2016</u>			<u>As at 31 December 2015</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	64,525,432	1,496,470	1,807,021	67,057,530	1,164,438	947,415
- Options	1,840,232	18,214	16,356	1,207,428	8,452	6,444
- Cross-currency interest rate swaps	12,044,382	1,172,784	1,268,702	12,746,295	1,765,293	1,977,751
	<u>78,410,046</u>	<u>2,687,468</u>	<u>3,092,079</u>	<u>81,011,253</u>	<u>2,938,183</u>	<u>2,931,610</u>
Interest rate related contracts						
- Swaps	37,429,229	182,559	180,489	39,680,278	154,197	125,923
	<u>37,429,229</u>	<u>182,559</u>	<u>180,489</u>	<u>39,680,278</u>	<u>154,197</u>	<u>125,923</u>
Equity related contracts						
- Options	100	-	-	303	-	8
- Index futures	-	-	-	12	1	-
	<u>100</u>	<u>-</u>	<u>-</u>	<u>315</u>	<u>1</u>	<u>8</u>
Structured warrants						
	94,392	-	23,919	87,608	-	30,038
	<u>94,392</u>	<u>-</u>	<u>23,919</u>	<u>87,608</u>	<u>-</u>	<u>30,038</u>
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	2,350,000	9,550	7,022	2,350,000	10,008	2,202
	<u>2,350,000</u>	<u>9,550</u>	<u>7,022</u>	<u>2,350,000</u>	<u>10,008</u>	<u>2,202</u>
Total	<u>118,283,767</u>	<u>2,879,577</u>	<u>3,303,509</u>	<u>123,129,454</u>	<u>3,102,389</u>	<u>3,089,781</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

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 31 March 2016			As at 31 December 2015		
	<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>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
By remaining period to maturity/next re-pricing date						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than 1 year	65,959,159	1,569,124	1,931,906	67,229,178	1,156,565	1,082,438
- 1 year to 3 years	7,494,707	697,489	759,716	8,660,732	1,323,734	1,426,311
- More than 3 years	4,956,180	420,855	400,457	5,121,343	457,884	422,861
	<u>78,410,046</u>	<u>2,687,468</u>	<u>3,092,079</u>	<u>81,011,253</u>	<u>2,938,183</u>	<u>2,931,610</u>
Interest rate related contracts						
- Less than 1 year	7,990,035	8,791	6,814	8,067,611	11,851	9,934
- 1 year to 3 years	17,027,107	37,242	53,043	18,393,771	75,574	65,287
- More than 3 years	12,412,087	136,526	120,632	13,218,896	66,772	50,702
	<u>37,429,229</u>	<u>182,559</u>	<u>180,489</u>	<u>39,680,278</u>	<u>154,197</u>	<u>125,923</u>
Equity related contracts						
- Less than 1 year	100	-	-	315	1	8
	<u>100</u>	<u>-</u>	<u>-</u>	<u>315</u>	<u>1</u>	<u>8</u>
Structured warrants						
- Less than 1 year	94,392	-	23,919	87,608	-	30,038
	<u>94,392</u>	<u>-</u>	<u>23,919</u>	<u>87,608</u>	<u>-</u>	<u>30,038</u>
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- 1 year to 3 years	2,050,000	9,550	3,400	2,050,000	10,008	1,547
- More than 3 years	300,000	-	3,622	300,000	-	655
	<u>2,350,000</u>	<u>9,550</u>	<u>7,022</u>	<u>2,350,000</u>	<u>10,008</u>	<u>2,202</u>
Total	<u>118,283,767</u>	<u>2,879,577</u>	<u>3,303,509</u>	<u>123,129,454</u>	<u>3,102,389</u>	<u>3,089,781</u>

**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016**

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. Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

(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.

(b) Cash flow hedge

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

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

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

(c) 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 THREE MONTHS ENDED 31 MARCH 2016

B9. Fair Value of Financial Instruments

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

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

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

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

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

<u>Group</u>	<u>Level 1</u> <u>RM'000</u>	<u>Level 2</u> <u>RM'000</u>	<u>Level 3</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
<u>As at 31 March 2016</u>				
<u>Financial assets</u>				
Financial assets FVTPL:	626,120	1,308,904	144,943	2,079,967
- Money market instruments	-	804,004	-	804,004
- Quoted securities	626,120	-	-	626,120
- Unquoted securities	-	504,900	144,943	649,843
Financial investments AFS:	59,213	21,149,389	1,067,532	22,276,134
- Money market instruments	-	6,566,222	-	6,566,222
- Quoted securities	59,213	-	7,987	67,200
- Unquoted securities	-	14,583,167	1,059,545	15,642,712
Derivative assets	-	2,879,577	-	2,879,577
	685,333	25,337,870	1,212,475	27,235,678
<u>Financial liabilities</u>				
Derivative liabilities	21,847	3,281,662	-	3,303,509

As at 31 December 2015

<u>Financial assets</u>				
Financial assets FVTPL:	508,105	1,090,673	153,863	1,752,641
- Money market instruments	-	533,305	-	533,305
- Quoted securities	508,105	-	-	508,105
- Unquoted securities	-	557,368	153,863	711,231
Financial investments AFS:	46,649	23,617,443	1,074,704	24,738,796
- Money market instruments	-	7,386,331	-	7,386,331
- Quoted securities	46,649	-	8,399	55,048
- Unquoted securities	-	16,231,112	1,066,305	17,297,417
Derivative assets	-	3,102,389	-	3,102,389
	554,754	27,810,505	1,228,567	29,593,826
<u>Financial liabilities</u>				
Derivative liabilities	30,036	3,059,745	-	3,089,781

**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016**

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, impaired securities and unquoted corporate loan stocks. Fair values for shares held for socio economic reasons are based on the net tangible assets of the affected companies. For unquoted corporate loan stocks, discounted cash flow analysis has been performed to determine the recoverability of the instruments.

Reconciliation of fair value measurements in Level 3

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

	Financial assets FVTPL		Financial investments AFS	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000
Group				
Balance as at the beginning of the financial period/year	153,863	40,000	1,074,704	991,142
Total net (loss)/gain recognised in other comprehensive income	-	-	(1,302)	61,644
Total net gain/(loss) recognised in income statements	1,321	(19,868)	273	(5,519)
(Disposal)/Purchases	(10,241)	133,731	4,106	26,724
Settlements	-	-	(1,092)	(17,034)
Exchange differences	-	-	(9,157)	17,747
Balance as at the end of the financial period/year	144,943	153,863	1,067,532	1,074,704



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

B10. Realised and Unrealised Profits

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

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

<u>Group</u>	As at 31 March 2016		
	Realised	Unrealised	Total
	Profits/ (Losses)	Losses	
	RM'000	RM'000	RM'000
Operating subsidiaries	10,343,728	(447,050)	9,896,678
Dormant subsidiaries*	(7,874,716)	-	(7,874,716)
Total retained profits/(accumulated losses) of the Group	2,469,012	(447,050)	2,021,962
Total share of retained profits from associates and joint ventures	3,791	-	3,791
	<u>2,472,803</u>	<u>(447,050)</u>	<u>2,025,753</u>
Less: Consolidation adjustments			6,121,458
Total Group retained profits			<u>8,147,211</u>

<u>Group</u>	As at 31 December 2015		
	Realised	Unrealised	Total
	Profits/ (Losses)	Profits	
	RM'000	RM'000	RM'000
Operating subsidiaries	9,178,355	145,976	9,324,331
Dormant subsidiaries*	(7,874,716)	-	(7,874,716)
Total retained profits of the Group	1,303,639	145,976	1,449,615
Total share of retained profits from associates and joint ventures	3,735	-	3,735
	<u>1,307,374</u>	<u>145,976</u>	<u>1,453,350</u>
Less: Consolidation adjustments			6,107,232
Total Group retained profits			<u>7,560,582</u>

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

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

<u>Company</u>	As at	As at
	31 March	31 December
	2016	2015
	RM'000	RM'000
Realised profits	<u>696,831</u>	711,909
Total Company retained profits	<u>696,831</u>	711,909

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

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

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



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

B11. Dividends

No dividend has been declared for the first quarter ended 31 March 2016.

B12. Earnings per Share

	1st quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
Basic/diluted earnings per share				
Profit attributable to equity holders of the Company (RM'000)	<u>552,017</u>	<u>476,277</u>	<u>552,017</u>	<u>476,277</u>
Weighted average number of ordinary shares in issue ('000)	<u>3,074,675</u>	<u>2,572,457</u>	<u>3,074,675</u>	<u>2,572,457</u>
Earnings per share (sen)				
- Basic	<u>18.0</u>	<u>18.5</u>	<u>18.0</u>	<u>18.5</u>
- Fully diluted	<u>18.0</u>	<u>18.5</u>	<u>18.0</u>	<u>18.5</u>

There were no dilutive potential ordinary shares outstanding as at 31 March 2016. As a result, the diluted earnings per share equal to the basic earnings per share for the three months ended 31 March 2016.

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
(License No. LS0006901)

Company Secretary
25 May 2016