

**RHB BANK BERHAD (6171-M)**  
**Incorporated in Malaysia**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014**

	Note	Group		Bank	
		As at	As at	As at	As at
		31.03.2014	31.12.2013	31.03.2014	31.12.2013
		RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
Cash and short-term funds		11,099,186	9,231,558	8,085,166	5,575,273
Securities purchased under resale agreements		231,942	184,560	231,942	184,560
Deposits and placements with banks and other financial institutions		2,495,913	2,517,976	5,072,407	5,056,311
Financial assets held-for-trading	8	1,701,444	2,367,098	1,619,561	1,573,539
Financial investments available-for-sale	9	13,979,042	13,258,584	11,777,407	10,802,836
Financial investments held-to-maturity	10	21,208,958	21,813,036	18,903,318	19,097,086
Loans, advances and financing	11	122,307,602	117,891,870	99,374,711	95,752,900
Other assets	12	642,933	547,543	1,016,360	696,129
Derivative assets		324,204	418,624	330,082	425,518
Statutory deposits		4,486,933	3,954,819	3,625,573	3,110,223
Tax recoverable		40,930	26,155	40,923	26,152
Deferred tax assets		12,443	12,160	-	-
Investments in subsidiaries		-	-	1,740,314	1,740,314
Property, plant and equipment		658,795	666,736	486,025	492,464
Goodwill and intangible assets		1,267,091	1,267,142	1,043,300	1,040,244
<b>TOTAL ASSETS</b>		<b>180,457,416</b>	<b>174,157,861</b>	<b>153,347,089</b>	<b>145,573,549</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	13	141,561,717	135,615,137	118,860,563	111,794,716
Deposits and placements of banks and other financial institutions	14	12,615,668	12,479,163	11,076,001	10,570,624
Obligations on securities sold under repurchase agreements		164,724	165,098	164,724	165,098
Bills and acceptances payable		2,088,482	2,076,481	2,075,049	2,061,391
Other liabilities	15	763,178	970,728	579,861	770,474
Derivative liabilities		240,806	270,024	262,400	291,922
Recourse obligation on loans sold to Cagamas Berhad		2,223,699	2,269,353	955,280	961,020
Tax liabilities		20,340	17,639	-	-
Deferred tax liabilities		58,155	35,376	58,151	35,372
Borrowings		535,948	571,049	535,948	571,049
Subordinated obligations		4,068,984	4,021,868	4,068,984	4,021,868
Hybrid Tier-I Capital Securities		602,656	606,215	602,656	606,215
Senior debt securities		1,653,762	1,647,634	1,653,762	1,647,634
<b>TOTAL LIABILITIES</b>		<b>166,598,119</b>	<b>160,745,765</b>	<b>140,893,379</b>	<b>133,497,383</b>
Share capital		3,318,085	3,318,085	3,318,085	3,318,085
Reserves		10,541,212	10,094,011	9,135,625	8,758,081
<b>TOTAL EQUITY</b>		<b>13,859,297</b>	<b>13,412,096</b>	<b>12,453,710</b>	<b>12,076,166</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>180,457,416</b>	<b>174,157,861</b>	<b>153,347,089</b>	<b>145,573,549</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	23	<b>104,171,672</b>	<b>95,495,234</b>	<b>100,557,544</b>	<b>92,178,814</b>

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

**RHB BANK BERHAD (6171-M)**  
**Incorporated in Malaysia**

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2014**

	<b>Note</b>	<b>Group</b>		<b>Bank</b>	
		<b>Individual Quarter</b>		<b>Individual Quarter</b>	
		<b>Current Financial Quarter Ended 31.03.2014 RM'000</b>	<b>Preceding Corresponding Quarter Ended 31.03.2013 RM'000</b>	<b>Current Financial Quarter Ended 31.03.2014 RM'000</b>	<b>Preceding Corresponding Quarter Ended 31.03.2013 RM'000</b>
Interest income	<b>16</b>	<b>1,661,548</b>	1,580,909	<b>1,649,000</b>	1,574,277
Interest expense	<b>17</b>	<b>(851,771)</b>	(804,796)	<b>(844,145)</b>	(798,154)
Net interest income		<b>809,777</b>	776,113	<b>804,855</b>	776,123
Other operating income	<b>18</b>	<b>245,092</b>	208,693	<b>242,632</b>	209,580
		<b>1,054,869</b>	984,806	<b>1,047,487</b>	985,703
Income from Islamic Banking business	<b>19</b>	<b>151,344</b>	132,503	<b>-</b>	-
Net Income		<b>1,206,213</b>	1,117,309	<b>1,047,487</b>	985,703
Other operating expenses	<b>20</b>	<b>(554,365)</b>	(493,149)	<b>(488,815)</b>	(438,778)
Operating profit before allowances		<b>651,848</b>	624,160	<b>558,672</b>	546,925
Allowance for impairment on loans, advances and financing	<b>21</b>	<b>(53,685)</b>	(147,835)	<b>(53,189)</b>	(134,113)
Impairment written back on other assets		<b>8,638</b>	4,486	<b>8,010</b>	4,486
Profit before taxation		<b>606,801</b>	480,811	<b>513,493</b>	417,298
Taxation		<b>(158,174)</b>	(123,157)	<b>(141,813)</b>	(108,716)
Net profit for the financial period		<b>448,627</b>	357,654	<b>371,680</b>	308,582
Earnings per share (sen)					
- Basic		<b>6.76</b>	5.39	<b>5.60</b>	4.65

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**RHB BANK BERHAD (6171-M)**  
**Incorporated in Malaysia**

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2014**

	<u>Group</u>		<u>Bank</u>	
	<u>Individual Quarter</u>		<u>Individual Quarter</u>	
	<b>Current Financial Quarter Ended 31.03.2014 RM'000</b>	<b>Preceding Corresponding Quarter Ended 31.03.2013 RM'000</b>	<b>Current Financial Quarter Ended 31.03.2014 RM'000</b>	<b>Preceding Corresponding Quarter Ended 31.03.2013 RM'000</b>
Net profit for the financial period	<u>448,627</u>	<u>357,654</u>	<u>371,680</u>	<u>308,582</u>
Other comprehensive income/(loss):				
Items that will subsequently be reclassified to profit or loss				
- Currency translation differences	1,905	31,290	5,203	15,352
- Unrealised net gain/(loss) on revaluation of financial investments available-for-sale ('AFS')	(8,027)	13,433	(392)	12,337
- Net transfer to income statements on disposal or impairment of financial investments AFS	3,629	(9,621)	1,274	(7,289)
Income tax relating to components of other comprehensive (income)/loss	1,067	(960)	(221)	(1,262)
Other comprehensive income/(loss), net of tax, for the financial period	(1,426)	34,142	5,864	19,138
Total comprehensive income for the financial period	<u><u>447,201</u></u>	<u><u>391,796</u></u>	<u><u>377,544</u></u>	<u><u>327,720</u></u>

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

**RHB BANK BERHAD (6171-M)**  
Incorporated in Malaysia

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2014**

<u>Group</u>	← Attributable to equity holders of the Bank →						<u>Total</u>
	Share capital	Share premium	Statutory reserves	Translation reserves	AFS reserves	Retained profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2014	3,318,085	8,563	3,919,746	19,469	150,571	5,995,662	13,412,096
Net profit for the financial period	-	-	-	-	-	448,627	448,627
Other comprehensive income/(loss) for the financial period:							
Currency translation differences	-	-	-	1,905	-	-	1,905
Financial investments AFS:							
- Unrealised net loss on revaluation	-	-	-	-	(8,027)	-	(8,027)
- Net transfer to income statements on disposal or impairment	-	-	-	-	3,629	-	3,629
Income tax relating to components of other comprehensive loss	-	-	-	-	1,067	-	1,067
Total comprehensive income/(loss) for the financial period	-	-	-	1,905	(3,331)	448,627	447,201
<b>Balance as at 31 March 2014</b>	<b>3,318,085</b>	<b>8,563</b>	<b>3,919,746</b>	<b>21,374</b>	<b>147,240</b>	<b>6,444,289</b>	<b>13,859,297</b>
Balance as at 1 January 2013	3,318,085	8,563	3,836,496	(69,739)	220,996	4,722,899	12,037,300
Net profit for the financial period	-	-	-	-	-	357,654	357,654
Other comprehensive income/(loss) for the financial period:							
Currency translation differences	-	-	-	31,290	-	-	31,290
Financial investments AFS:							
- Unrealised net gain on revaluation	-	-	-	-	13,433	-	13,433
- Net transfer to income statements on disposal or impairment	-	-	-	-	(9,621)	-	(9,621)
Income tax relating to components of other comprehensive income	-	-	-	-	(960)	-	(960)
Total comprehensive income for the financial period	-	-	-	31,290	2,852	357,654	391,796
Balance as at 31 March 2013	<b>3,318,085</b>	<b>8,563</b>	<b>3,836,496</b>	<b>(38,449)</b>	<b>223,848</b>	<b>5,080,553</b>	<b>12,429,096</b>

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**RHB BANK BERHAD (6171-M)**  
Incorporated in Malaysia

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2014**

<b>Bank</b>	←	Non-distributable			→	Distributable Retained profits	Total
	Share capital	Share premium	Statutory reserves	Translation reserves	AFS reserves		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2014	3,318,085	8,563	3,478,138	55,541	180,119	5,035,720	12,076,166
Net profit for the financial period	-	-	-	-	-	371,680	371,680
Other comprehensive income/(loss) for the financial period:							
Currency translation differences	-	-	-	5,203	-	-	5,203
Financial investments AFS:							
- Unrealised net loss on revaluation	-	-	-	-	(392)	-	(392)
- Net transfer to income statements on disposal or impairment	-	-	-	-	1,274	-	1,274
Income tax relating to components of other comprehensive income	-	-	-	-	(221)	-	(221)
Total comprehensive income for the financial period	-	-	-	5,203	661	371,680	377,544
<b>Balance as at 31 March 2014</b>	<b>3,318,085</b>	<b>8,563</b>	<b>3,478,138</b>	<b>60,744</b>	<b>180,780</b>	<b>5,407,400</b>	<b>12,453,710</b>
Balance as at 1 January 2013	3,318,085	8,563	3,478,138	12,023	217,933	3,921,038	10,955,780
Net profit for the financial period	-	-	-	-	-	308,582	308,582
Other comprehensive income/(loss) for the financial period:							
Currency translation differences	-	-	-	15,352	-	-	15,352
Financial investments AFS:							
- Unrealised net gain on revaluation	-	-	-	-	12,337	-	12,337
- Net transfer to income statements on disposal or impairment	-	-	-	-	(7,289)	-	(7,289)
Income tax relating to components of other comprehensive income	-	-	-	-	(1,262)	-	(1,262)
Total comprehensive income for the financial period	-	-	-	15,352	3,786	308,582	327,720
Balance as at 31 March 2013	3,318,085	8,563	3,478,138	27,375	221,719	4,229,620	11,283,500

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**RHB BANK BERHAD (6171-M)**  
**Incorporated in Malaysia**

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2014**

	<b>Three Months Ended</b>	
	<b>31.03.2014</b>	<b>31.03.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Group</u></b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	606,801	480,811
Adjustments for non-cash items	(159,726)	(112,513)
Operating profit before changes in working capital	447,075	368,298
Changes in working capital:		
Net changes in operating assets	(4,502,864)	(3,081,157)
Net changes in operating liabilities	5,937,618	(5,624,679)
Cash generated from/(used in) operations	1,434,754	(8,705,836)
Taxation paid	(146,641)	(166,605)
Net cash generated from/(used in) operating activities	1,735,188	(8,504,143)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(12,882)	(16,162)
Purchase of computer software license	(12,765)	(9,866)
Financial investments AFS:		
- net purchase	(721,105)	(443,861)
- interest received	85,376	66,575
- investment income received	13,118	12,693
- dividend income	1,804	30
Financial investments held-to-maturity:		
- net sale/(purchase)	626,392	(308,025)
- interest received	161,632	133,006
- investment income received	23,238	19,276
Net cash generated from/(used in) investing activities	164,808	(546,334)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(32,820)	(31,060)
Net cash used in financing activities	(32,820)	(31,060)
Net increase/(decrease) in cash and cash equivalents	1,867,176	(9,081,537)
Effects of exchange rate differences	452	30,205
Cash and cash equivalents:		
- at the beginning of the financial period	9,231,558	22,679,853
- at the end of the financial period	11,099,186	13,628,521
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS:</b>		
Cash and short-term funds	11,099,186	13,628,521

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**RHB BANK BERHAD (6171-M)**  
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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2014**

	<b>Three Months Ended</b>	
	<b>31.03.2014</b>	<b>31.03.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Bank</u></b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	513,493	417,298
Adjustments for non-cash items	<u>(132,616)</u>	<u>(83,656)</u>
Operating profit before changes in working capital	380,877	333,642
Changes in working capital:		
Net changes in operating assets	(4,667,245)	(1,960,323)
Net changes in operating liabilities	<u>7,481,680</u>	<u>(5,375,812)</u>
Cash generated from/(used in) operations	2,814,435	(7,336,135)
Taxation paid	<u>(134,010)</u>	<u>(155,438)</u>
Net cash generated from/(used in) operating activities	<u>3,061,302</u>	<u>(7,157,931)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(12,082)	(13,299)
Purchase of computer software license	(12,629)	(9,564)
Financial investments AFS:		
- net purchase	(964,288)	(330,698)
- interest received	84,441	65,705
- dividend income	1,804	30
Financial investments held-to-maturity:		
- net sale/(purchase)	218,962	(434,895)
- interest received	161,285	131,695
Acquisition of a subsidiary	-	(200,000)
Net cash used in investing activities	<u>(522,507)</u>	<u>(791,026)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(32,820)	(31,060)
Net cash used in financing activities	<u>(32,820)</u>	<u>(31,060)</u>
Net increase/(decrease) in cash and cash equivalents	2,505,975	(7,980,017)
Effects of exchange rate differences	3,918	28,517
Cash and cash equivalents:		
- at the beginning of the financial period	<u>5,575,273</u>	<u>19,022,404</u>
- at the end of the financial period	<u>8,085,166</u>	<u>11,070,904</u>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS:</b>		
Cash and short-term funds	<u>8,085,166</u>	<u>11,070,904</u>

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014**

**1 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 Board ('MASB') and should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2013.

The accounting policies and presentation adopted by the Group and the Bank for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2013, except for the adoption of the following relevant accounting standards, amendments to published accounting standards and interpretations to existing accounting standards which are effective from 1 January 2014:

Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities
Amendments to MFR 132	Offsetting Financial Assets and Financial Liabilities
Amendments to MFR 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFR 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

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

**2 Auditors' Report**

The auditors' report for the financial year ended 31 December 2013 was not subject to any qualification.

**3 Seasonal Or Cyclical Factors**

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

**4 Exceptional Or Unusual Items**

There were no exceptional or unusual items for the three months ended 31 March 2014.

**5 Changes In Estimates**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the three months ended 31 March 2014.

**6 Changes In Debt and Equity Securities**

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

**7 Dividends Paid**

No dividend was paid by the Bank during the three months ended 31 March 2014.



**RHB BANK BERHAD (6171-M)**  
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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014 (cont'd)**

**8 Financial Assets Held-For-Trading**

	Group		Bank	
	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000
<b>At fair value</b>				
<u>Money market instruments:</u>				
Malaysian Government Securities	216,101	370,838	216,101	370,838
Malaysian Government Investment Issues	135,997	145,440	113,231	122,362
Bank Negara Malaysia Monetary Notes	794,340	1,151,172	794,340	604,821
Cagamas bonds	39,996	-	-	-
Thailand Treasury Bills	14,247	6,372	14,247	6,372
Negotiable instruments of deposits	-	198,686	-	-
Singapore Government Treasury Bills	479,021	466,438	479,021	466,438
<u>Quoted securities:</u>				
<u>In Malaysia</u>				
Private debt securities	2,621	2,708	2,621	2,708
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Private debt securities	19,121	25,444	-	-
	<u>1,701,444</u>	<u>2,367,098</u>	<u>1,619,561</u>	<u>1,573,539</u>

In 2008, the Group and the Bank reclassified a portion of their financial assets held-for-trading ('HFT') into financial investments available-for-sale ('AFS') and financial investments held-to-maturity ('HTM'). The reclassifications have been accounted for in accordance with Bank Negara Malaysia (BNM)'s circular on " Reclassification of Securities under Specific Circumstances " dated 17 October 2008, which is effective from 1 July 2008 until 31 December 2009.

The effects of reclassification on the income statements for the period from the date of reclassification to 31 March 2014 were as follows:

	Group		Group	
	Carrying amount As at 31.03.2014 RM'000	As at 31.12.2013 RM'000	Fair value As at 31.03.2014 RM'000	As at 31.12.2013 RM'000
Reclassified from financial assets HFT to financial investments HTM:				
- Debt securities	<u>19,968</u>	<u>19,786</u>	<u>20,754</u>	<u>20,711</u>

	Group	
	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000
Fair value gain that would have been recognised if the financial assets HFT had not been reclassified	<u>786</u>	<u>925</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014 (cont'd)**

**9 Financial Investments Available-For-Sale**

At fair value	Group		Bank	
	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000
<u>Money market instruments:</u>				
Malaysian Government Securities	624,486	644,380	624,486	644,380
Malaysian Government Investment Issues	1,649,742	1,557,301	1,123,250	1,033,134
Cagamas bonds	85,777	85,349	25,303	25,391
Khazanah bonds	7,991	15,929	-	-
Negotiable instruments of deposits	-	99,488	-	-
Singapore Government Treasury Bills	453,158	272,185	453,158	272,185
Singapore Government Securities	147,921	136,433	147,921	136,433
Thailand Government bonds	97,395	96,341	97,395	96,341
1 Malaysia Sukuk	317,519	318,010	317,519	318,010
Wakala Global Sukuk	116,762	153,099	106,154	124,939
Sukuk Perumahan Kerajaan (SPK)	48,329	47,600	48,329	47,600
<u>Quoted securities:</u>				
<u>In Malaysia</u>				
Shares	7,876	29,283	5,146	25,005
<u>Outside Malaysia</u>				
Shares	37	32	-	-
<u>Unquoted Securities:</u>				
<u>In Malaysia</u>				
Corporate loan stocks	255,147	255,146	255,147	255,146
Shares	469,910	468,501	469,335	467,926
Private debt securities	9,703,831	9,102,487	8,314,793	7,579,381
Perpetual notes/sukuk	290,446	286,149	86,892	85,530
<u>Outside Malaysia</u>				
Shares	136	137	-	-
Private debt securities	400	400	400	400
	<u>14,276,863</u>	<u>13,568,250</u>	<u>12,075,228</u>	<u>11,111,801</u>
Accumulated impairment losses	<u>(297,821)</u>	<u>(309,666)</u>	<u>(297,821)</u>	<u>(308,965)</u>
	<u><u>13,979,042</u></u>	<u><u>13,258,584</u></u>	<u><u>11,777,407</u></u>	<u><u>10,802,836</u></u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014 (cont'd)**

**10 Financial Investments Held-To-Maturity**

	Group		Bank	
	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000
<b>At amortised cost</b>				
<u>Money market instruments:</u>				
Malaysian Government Securities	2,608,229	2,618,574	2,608,229	2,618,574
Malaysian Government Investment Issues	6,132,939	6,325,725	5,383,655	5,481,811
Cagamas bonds	2,421,571	2,444,755	2,214,971	2,220,854
Khazanah bonds	88,568	69,288	60,991	60,307
Negotiable instruments of deposits	1,845,771	2,449,025	1,596,203	1,803,165
Singapore Government Securities	182,116	183,686	182,116	183,686
Thailand Government Securities	304,432	293,052	304,432	293,052
Bankers' acceptances	2,699	33,634	2,699	-
Sukuk (Brunei) Incorporation	36,269	38,897	36,269	38,897
Wakala Global Sukuk	224,816	227,722	224,816	227,722
Sukuk Perumahan Kerajaan (SPK)	111,276	111,202	101,249	101,270
<u>Unquoted Securities:</u>				
<u>In Malaysia</u>				
Bonds	860	860	860	860
Prasarana bonds	775,827	772,004	775,827	771,978
Private debt securities	6,517,532	6,289,759	5,474,916	5,359,843
Corporate loan stocks	41,331	43,291	41,331	43,291
<u>Outside Malaysia</u>				
Private debt securities	19,968	19,786	-	-
	<b>21,314,204</b>	21,921,260	<b>19,008,564</b>	19,205,310
Accumulated impairment losses	<b>(105,246)</b>	(108,224)	<b>(105,246)</b>	(108,224)
	<b>21,208,958</b>	21,813,036	<b>18,903,318</b>	19,097,086

Included in financial investments HTM for the Group and the Bank are private debt securities, which is pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM169,811,000 (31.12.2013: RM168,571,000).

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014 (cont'd)**

**11 Loans, Advances and Financing**

**(i) By type**

	Group		Bank	
	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000
<b>At amortised cost</b>				
Overdrafts	6,073,135	5,990,867	5,881,703	5,817,324
Term loans/financing:				
- housing loans/financing	26,792,253	25,375,496	21,831,685	20,820,056
- syndicated term loans/financing	4,303,555	3,947,999	1,934,175	1,729,997
- hire purchase receivables	13,011,293	13,052,002	8,108,577	8,130,184
- lease receivables	43,293	70,174	-	-
- other term loans/financing	56,275,507	54,585,428	48,508,367	46,819,084
Bills receivable	2,420,690	2,561,904	1,822,350	1,894,271
Trust receipts	527,895	523,804	499,184	487,710
Claims on customers under acceptance credits	4,399,054	4,327,803	4,399,054	4,327,803
Staff loans/financing	239,969	249,959	231,306	241,672
Credit card receivables	1,971,333	2,004,163	1,762,439	1,804,532
Revolving credit/financing	8,446,245	7,392,659	6,225,654	5,490,915
Floor stocking	1,831	239	1,831	239
	<u>124,506,053</u>	120,082,497	<u>101,206,325</u>	97,563,787
Fair value changes arising from fair value hedge	(24,091)	(26,696)	337	258
	<u>124,481,962</u>	120,055,801	<u>101,206,662</u>	97,564,045
Allowance for impaired loans, advances and financing:				
- individual impairment allowance	(888,672)	(891,294)	(726,244)	(723,024)
- collective impairment allowance	(1,285,688)	(1,272,637)	(1,105,707)	(1,088,121)
	<u>(2,174,360)</u>	<u>(2,163,931)</u>	<u>(1,831,951)</u>	<u>(1,811,145)</u>
Net loans, advances and financing	<u>122,307,602</u>	<u>117,891,870</u>	<u>99,374,711</u>	<u>95,752,900</u>

Included in loans, advances and financing for the Group and the Bank are housing loans, hire purchase receivables and other term loans/financing sold to Cagamas with recourse amounting to RM2,159,923,000 (31.12.2013: RM2,405,777,000) and RM896,955,000 (31.12.2013: RM1,104,114,000) respectively.

**(ii) By type of customer**

	Group		Bank	
	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000
Domestic non-bank financial institutions:				
- Others	2,019,370	2,716,376	1,120,775	1,387,420
Domestic business enterprises:				
- Small medium enterprises	12,630,147	12,396,907	11,816,347	11,614,086
- Others	33,802,358	31,489,316	28,800,430	27,053,888
Government and statutory bodies	8,452,585	8,476,645	5,109,020	5,160,401
Individuals	56,923,102	54,820,397	46,074,067	44,431,236
Other domestic entities	122,773	122,919	8,499	7,965
Foreign entities:				
- Malaysian operations	1,680,363	1,550,382	675,313	622,095
- Singapore operations	7,646,337	7,306,871	6,928,627	6,586,132
- Thailand operations	608,899	639,390	576,037	606,535
- Brunei operations	97,210	94,029	97,210	94,029
- Cambodia operations	522,909	469,265	-	-
	<u>124,506,053</u>	120,082,497	<u>101,206,325</u>	97,563,787

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**11 Loans, Advances and Financing (cont'd)**

**(iii) By geographical distribution**

	Group		Bank	
	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000
Malaysia	112,730,368	108,927,103	93,604,451	90,277,091
Labuan Offshore	3,652,211	3,399,433	-	-
Singapore	6,928,627	6,586,132	6,928,627	6,586,132
Thailand	576,037	606,535	576,037	606,535
Brunei	97,210	94,029	97,210	94,029
Cambodia	521,600	469,265	-	-
	<b>124,506,053</b>	<b>120,082,497</b>	<b>101,206,325</b>	<b>97,563,787</b>

**(iv) By interest/profit rate sensitivity**

	Group		Bank	
	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000
Fixed rate:				
- Housing loans/financing	1,139,581	1,019,628	384,047	229,565
- Hire purchase receivables	13,011,293	13,052,001	8,108,577	8,130,184
- Other fixed rate loans/financing	17,373,414	16,543,030	10,854,577	10,144,309
Variable rate:				
- BLR/BFR plus	52,215,711	49,199,021	45,734,304	43,218,223
- Cost-plus	33,825,194	33,126,678	32,018,526	31,088,223
- Other variable rates	6,940,860	7,142,139	4,106,294	4,753,283
	<b>124,506,053</b>	<b>120,082,497</b>	<b>101,206,325</b>	<b>97,563,787</b>

**(v) By purpose**

	Group		Bank	
	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000
Purchase of securities	11,893,218	11,057,313	11,893,218	11,057,313
Purchase of transport vehicles	11,877,055	11,863,165	6,700,667	6,636,403
Purchase of landed property:				
- Residential	26,809,463	25,516,867	22,007,735	21,103,911
- Non-residential	7,837,295	7,367,419	7,362,291	6,945,553
Purchase of property, plant and equipment other than land and building	3,162,762	3,350,106	2,625,502	2,652,214
Personal use	7,183,736	7,193,757	6,045,617	6,106,322
Credit card	1,971,333	2,004,163	1,762,439	1,804,532
Purchase of consumer durables	30,284	31,513	30,284	31,503
Construction	3,392,138	3,114,303	2,712,806	2,417,366
Working capital	30,398,181	29,612,077	25,801,140	24,535,858
Merger and acquisition	3,279,640	3,215,709	2,821,366	3,083,302
Other purposes	16,670,948	15,756,105	11,443,260	11,189,510
	<b>124,506,053</b>	<b>120,082,497</b>	<b>101,206,325</b>	<b>97,563,787</b>

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**11 Loans, Advances and Financing (cont'd)**

**(vi) By remaining contractual maturities**

	Group		Bank	
	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000
Maturity within one year	45,134,472	42,429,415	41,226,882	38,159,722
One year to three years	7,350,255	8,906,271	4,413,696	6,612,215
Three years to five years	10,029,933	10,125,104	6,364,804	6,175,168
Over five years	61,991,393	58,621,707	49,200,943	46,616,682
	<u>124,506,053</u>	<u>120,082,497</u>	<u>101,206,325</u>	<u>97,563,787</u>

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

**(a) Movement in impaired loans, advances and financing**

	Group		Bank	
	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000
Balance as at the beginning of financial period/year	3,347,712	3,090,090	2,850,589	2,600,833
Classified as impaired during the financial period/year	788,488	4,053,558	691,547	3,560,559
Reclassified as non-impaired during the financial period/year	(635,307)	(2,459,599)	(540,660)	(2,150,448)
Amount recovered	(233,760)	(730,651)	(213,855)	(607,867)
Amount written off	(132,787)	(614,408)	(116,643)	(555,693)
Exchange differences	(299)	8,722	(79)	3,205
Balance as at the end of financial period/year	<u>3,134,047</u>	<u>3,347,712</u>	<u>2,670,899</u>	<u>2,850,589</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014 (cont'd)**

**11 Loans, Advances and Financing (cont'd)**

**(vii) Impaired loans, advances and financing (cont'd)**

**(b) By purpose**

	Group		Bank	
	As at	As at	As at	As at
	<u>31.03.2014</u>	<u>31.12.2013</u>	<u>31.03.2014</u>	<u>31.12.2013</u>
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	55,675	113,291	55,675	113,291
Purchase of transport vehicles	214,361	218,391	121,036	124,193
Purchase of landed property:				
- Residential	794,515	876,196	678,109	751,396
- Non-residential	94,916	99,645	75,024	72,345
Purchase of property, plant and equipment other than land and building	38,086	45,207	29,282	35,104
Personal use	148,532	150,363	145,567	147,523
Credit card	43,025	41,332	36,879	36,552
Purchase of consumer durables	1,417	1,724	1,417	1,724
Construction	118,215	118,246	117,654	117,286
Working capital	1,477,224	1,536,528	1,340,524	1,382,487
Other purposes	148,081	146,789	69,732	68,688
	<u>3,134,047</u>	<u>3,347,712</u>	<u>2,670,899</u>	<u>2,850,589</u>

**(c) By geographical distribution**

	Group		Bank	
	As at	As at	As at	As at
	<u>31.03.2014</u>	<u>31.12.2013</u>	<u>31.03.2014</u>	<u>31.12.2013</u>
	RM'000	RM'000	RM'000	RM'000
Malaysia	2,955,049	3,173,526	2,556,428	2,740,429
Labuan Offshore	50,333	49,901	-	-
Singapore	89,972	85,599	89,972	85,599
Thailand	16,138	16,025	16,138	16,025
Brunei	8,361	8,536	8,361	8,536
Cambodia	14,194	14,125	-	-
	<u>3,134,047</u>	<u>3,347,712</u>	<u>2,670,899</u>	<u>2,850,589</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014 (cont'd)**

**11 Loans, Advances and Financing (cont'd)**

**(vii) Impaired loans, advances and financing (cont'd)**

**(d) Movement in allowance for impaired loans, advances and financing**

	Group		Bank	
	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000
<b>Individual impairment allowance</b>				
Balance as at the beginning of financial period/year	891,294	780,081	723,024	648,256
Net allowance made during the period/year	3,358	306,575	5,467	271,595
Reclassified (to)/from collective impairment allowance	(3,485)	2,509	-	(2,141)
Amount written off	(2,219)	(203,000)	(2,219)	(196,363)
Exchange differences	(276)	5,129	(28)	1,677
Balance as at the end of financial period/year	<u>888,672</u>	<u>891,294</u>	<u>726,244</u>	<u>723,024</u>
<b>Collective impairment allowance</b>				
Balance as at the beginning of financial period/year	1,272,637	1,397,971	1,088,121	1,182,802
Net allowance made during the period/year	90,993	190,415	89,993	184,603
Reclassified from/(to) individual impairment allowance	3,485	(2,509)	-	2,141
Amount written off	(81,292)	(316,200)	(72,450)	(281,978)
Exchange differences	(135)	2,960	43	553
Balance as at the end of financial period/year	<u>1,285,688</u>	<u>1,272,637</u>	<u>1,105,707</u>	<u>1,088,121</u>

**12 Other Assets**

	Group		Bank	
	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000
Other receivables	298,387	187,920	232,517	134,488
Margin deposits	220,813	252,535	220,813	252,535
Deposits	47,541	44,661	42,813	39,908
Prepayments	45,980	38,397	45,034	37,348
Amount due from holding company	1,020	2,781	1,020	2,781
Amounts due from subsidiaries	-	-	444,971	207,820
Amounts due from related companies	29,192	21,249	29,192	21,249
	<u>642,933</u>	<u>547,543</u>	<u>1,016,360</u>	<u>696,129</u>



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014 (cont'd)**

**13 Deposits from Customers**

**(i) By type of deposits**

	Group		Bank	
	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000
Demand deposits	25,967,840	24,679,473	23,028,871	21,926,084
Savings deposits	7,909,477	7,532,754	6,817,969	6,560,214
Fixed/investment deposits	107,676,274	103,394,512	89,005,597	83,300,020
Negotiable instruments of deposits	8,126	8,398	8,126	8,398
	<u>141,561,717</u>	<u>135,615,137</u>	<u>118,860,563</u>	<u>111,794,716</u>

**(ii) By type of customer**

	Group		Bank	
	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000
Government and statutory bodies	13,021,886	11,450,071	7,409,366	6,296,863
Business enterprises	83,060,950	81,264,703	69,694,424	65,658,605
Individuals	40,284,417	38,339,984	37,051,211	35,694,868
Others	5,194,464	4,560,379	4,705,562	4,144,380
	<u>141,561,717</u>	<u>135,615,137</u>	<u>118,860,563</u>	<u>111,794,716</u>

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

	Group		Bank	
	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000
Due within six months	86,416,234	90,768,874	70,187,165	72,350,607
Six months to one year	20,667,155	12,172,795	18,250,440	10,515,667
One year to three years	569,944	432,270	552,094	422,099
Three years to five years	30,922	28,971	24,024	20,045
Over five years	145	-	-	-
	<u>107,684,400</u>	<u>103,402,910</u>	<u>89,013,723</u>	<u>83,308,418</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014 (cont'd)**

**14 Deposits and Placements of Banks and Other Financial Institutions**

	<b>Group</b>		<b>Bank</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31.03.2014</b>	<b>31.12.2013</b>	<b>31.03.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	9,968,606	10,201,228	9,485,158	9,516,893
Islamic banks	391,582	609,614	-	-
Licensed investments banks	752,625	253,063	702,758	253,063
Bank Negara Malaysia	800,048	800,698	799,263	800,094
Others	702,807	614,560	88,822	574
	<b>12,615,668</b>	<b>12,479,163</b>	<b>11,076,001</b>	<b>10,570,624</b>

**15 Other Liabilities**

	<b>Group</b>		<b>Bank</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31.03.2014</b>	<b>31.12.2013</b>	<b>31.03.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amount due to holding company	1,447	21,699	-	-
Amounts due to subsidiaries	-	-	25,256	25,331
Amounts due to related companies	29,309	6,365	7,246	5,940
Amount due to Danaharta	1,868	1,864	1,868	1,864
Prepaid instalments	72,863	73,852	72,863	73,852
Lessee deposits	29,919	29,774	-	-
Accrual for operational expenses	173,059	163,224	152,342	143,997
Short term employee benefits	58,101	177,566	53,248	163,459
Other creditors and accruals	396,612	496,384	267,038	356,031
	<b>763,178</b>	<b>970,728</b>	<b>579,861</b>	<b>770,474</b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014 (cont'd)**

**16 Interest Income**

	<b>Group</b>		<b>Bank</b>	
	<b>Individual Quarter</b>		<b>Individual Quarter</b>	
	<b>Current Financial Quarter Ended 31.03.2014 RM'000</b>	<b>Preceding Corresponding Quarter Ended 31.03.2013 RM'000</b>	<b>Current Financial Quarter Ended 31.03.2014 RM'000</b>	<b>Preceding Corresponding Quarter Ended 31.03.2013 RM'000</b>
Loans and advances	1,341,596	1,261,746	1,302,426	1,234,074
Money at call and deposit placements with banks and other financial institutions	36,828	96,918	66,036	120,376
Securities purchased under resale agreements	48	190	48	190
Financial assets held-for-trading	2,575	2,633	2,575	2,633
Financial investments available-for-sale	95,888	71,835	94,961	70,972
Financial investments held-to-maturity	184,007	147,381	182,348	145,836
Others	606	206	606	196
	<b>1,661,548</b>	<b>1,580,909</b>	<b>1,649,000</b>	<b>1,574,277</b>
Of which:				
Interest income accrued on impaired loans and advances	<b>44,654</b>	<b>37,578</b>	<b>40,755</b>	<b>37,405</b>

**17 Interest Expense**

	<b>Group</b>		<b>Bank</b>	
	<b>Individual Quarter</b>		<b>Individual Quarter</b>	
	<b>Current Financial Quarter Ended 31.03.2014 RM'000</b>	<b>Preceding Corresponding Quarter Ended 31.03.2013 RM'000</b>	<b>Current Financial Quarter Ended 31.03.2014 RM'000</b>	<b>Preceding Corresponding Quarter Ended 31.03.2013 RM'000</b>
Deposits and placements of banks and other financial institutions	56,013	48,035	54,779	47,562
Deposits from customers	696,105	661,041	689,713	655,517
Obligations on securities sold under repurchase agreements	453	-	453	-
Subordinated obligations	47,116	47,108	47,116	47,108
Recourse obligation on loans sold to Cagamas	10,523	10,765	10,523	10,765
Senior Debt Securities	13,367	12,522	13,367	12,522
Hybrid Tier-I Capital Securities	11,201	11,195	11,201	11,195
Borrowings	1,273	2,457	1,273	1,812
Others	15,720	11,673	15,720	11,673
	<b>851,771</b>	<b>804,796</b>	<b>844,145</b>	<b>798,154</b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014 (cont'd)**

**18 Other Operating Income**

	<u>Group</u>		<u>Bank</u>	
	<u>Individual Quarter</u>		<u>Individual Quarter</u>	
	<b>Current Financial Quarter Ended 31.03.2014</b>	Preceding Corresponding Quarter Ended 31.03.2013	<b>Current Financial Quarter Ended 31.03.2014</b>	Preceding Corresponding Quarter Ended 31.03.2013
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
a) Fee Income:				
Commission	41,120	32,707	40,954	30,747
Service charges and fees	63,395	44,686	63,283	47,636
Guarantee fees	23,379	9,687	23,379	9,687
Commitment fees	14,066	11,547	12,091	11,032
Other fee income	6,792	4,355	5,002	4,431
	<u>148,752</u>	<u>102,982</u>	<u>144,709</u>	<u>103,533</u>
b) Net gain arising from financial assets held-for-trading	7,942	9,733	7,942	9,733
c) Net gain on revaluation of derivatives	932	2,452	4,831	4,983
d) Net gain on fair values hedges	2,408	215	1,499	76
e) Net gain arising from financial investments available-for-sale:				
- net gain on disposal	(1,274)	7,289	(1,274)	7,289
- gross dividend income	1,804	30	1,804	30
	<u>530</u>	<u>7,319</u>	<u>530</u>	<u>7,319</u>
f) Net gain arising from financial investments held-to-maturity:				
- net gain on early redemption	39	-	39	-
g) Other income:				
Foreign exchange gain/(loss)				
- realised	97,834	43,132	97,719	43,221
- unrealised	(29,295)	23,761	(29,295)	23,761
Other operating income	14,115	16,928	13,413	15,386
Other non-operating income	1,835	2,171	1,245	1,568
	<u>84,489</u>	<u>85,992</u>	<u>83,082</u>	<u>83,936</u>
	<u>245,092</u>	<u>208,693</u>	<u>242,632</u>	<u>209,580</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014 (cont'd)**

**19 Income from Islamic Banking Business**

	<b>Group</b>	
	<b>Individual Quarter</b>	
	<b>Current Financial Quarter Ended 31.03.2014</b>	<b>Preceding Corresponding Quarter Ended 31.03.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds	<b>283,073</b>	263,551
Income derived from investment of shareholder's funds	<b>27,413</b>	25,947
Total distributable income	<b>310,486</b>	289,498
Income attributable to depositors	<b>(159,142)</b>	(156,995)
Income from Islamic Banking Business	<b>151,344</b>	132,503
Of which:		
Financing income earned on impaired financing and advances	<b>3,899</b>	173

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014 (cont'd)**

**20 Other Operating Expenses**

	<u>Group</u>		<u>Bank</u>	
	<u>Individual Quarter</u>		<u>Individual Quarter</u>	
	<b>Current Financial Quarter Ended 31.03.2014</b>	Preceding Corresponding Quarter Ended 31.03.2013	<b>Current Financial Quarter Ended 31.03.2014</b>	Preceding Corresponding Quarter Ended 31.03.2013
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	272,199	246,522	246,038	224,977
- Contributions to Employees Provident Fund	41,790	37,534	37,907	34,158
- Other staff related costs	20,549	17,444	19,547	17,222
	<b>334,538</b>	301,500	<b>303,492</b>	276,357
<u>Establishment costs</u>				
- Property, plant and equipment:				
- Depreciation	20,912	19,800	18,821	18,097
- Written off	1	3	-	3
- Amortisation of computer software license	12,411	7,945	9,283	7,763
- Rental of premises	30,366	27,803	29,172	26,616
- Rental of equipment	1,434	1,343	1,421	1,319
- Insurance	6,653	5,817	6,270	5,173
- Water and electricity	6,487	5,714	5,770	5,107
- Repair and maintenance	5,461	5,635	4,327	4,816
- Security and escorting expenses	11,636	12,173	10,634	10,697
- Information technology expenses	27,174	27,516	24,425	25,014
- Others	197	334	-	-
	<b>122,732</b>	114,083	<b>110,123</b>	104,605
<u>Marketing expenses</u>				
- Sales commission	11,350	10,388	10,283	8,031
- Advertisement and publicity	11,181	8,559	10,420	7,499
- Others	17,905	15,112	15,246	14,016
	<b>40,436</b>	34,059	<b>35,949</b>	29,546
<u>Administration and general expenses</u>				
- Communication expenses	25,839	23,652	23,535	21,629
- Others	30,820	19,855	15,716	6,641
	<b>56,659</b>	43,507	<b>39,251</b>	28,270
	<b>554,365</b>	493,149	<b>488,815</b>	438,778

**21 Allowance for Impairment on Loans, Advances and Financing**

	<u>Group</u>		<u>Bank</u>	
	<u>Individual Quarter</u>		<u>Individual Quarter</u>	
	<b>Current Financial Quarter Ended 31.03.2014</b>	Preceding Corresponding Quarter Ended 31.03.2013	<b>Current Financial Quarter Ended 31.03.2014</b>	Preceding Corresponding Quarter Ended 31.03.2013
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Individual impairment allowance	3,358	76,729	5,467	76,246
Collective impairment allowance	90,993	97,284	89,993	85,667
Impaired loans and financing recovered	(88,356)	(58,027)	(82,537)	(56,391)
Impaired loans written off	47,690	31,849	40,266	28,591
	<b>53,685</b>	147,835	<b>53,189</b>	134,113

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014 (cont'd)**

**22 Capital Adequacy**

BNM guidelines on capital adequacy requires the Group and the 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 ('RHBIBL'), a wholly owned subsidiary of RHB Bank is subject to National Bank of Cambodia's capital adequacy requirements.

	<b>RHB Bank*</b>		<b>RHB Islamic Bank</b>	
	<b>31.03.2014</b>	<b>31.12.2013</b>	<b>31.03.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Common Equity Tier-I Capital ('CET-I')/Tier-I Capital</b>				
Paid-up ordinary share capital	<b>3,318,085</b>	3,318,085	<b>1,173,424</b>	1,173,424
Share premium	<b>8,563</b>	8,563	-	-
Retained profits	<b>5,424,998</b>	5,424,998	<b>441,401</b>	441,401
Other reserves	<b>3,494,665</b>	3,492,002	<b>441,609</b>	441,609
AFS reserves	<b>180,404</b>	179,873	<b>(33,164)</b>	(29,302)
	<b>12,426,715</b>	12,423,521	<b>2,023,270</b>	2,027,132
Less: Goodwill	<b>(905,519)</b>	(905,519)	-	-
Net deferred tax assets	-	-	<b>(17,048)</b>	(17,281)
Intangible assets (include associated deferred tax liabilities)	<b>(114,619)</b>	(109,845)	<b>(3,129)</b>	(5,580)
55% of cumulative gains of AFS financing instruments	<b>(99,222)</b>	(98,930)	-	-
Shortfall of eligible provisions to expected losses under the IRB approach	<b>(253,109)</b>	(280,768)	-	-
Investments in subsidiaries***	<b>(307,999)</b>	-	-	-
Other deduction#	<b>(15,597)</b>	(17,374)	-	(92)
Total CET-I Capital	<b>10,730,650</b>	11,011,085	<b>2,003,093</b>	2,004,179
Hybrid Tier-I Capital Securities**	<b>480,000</b>	540,000	-	-
Total Tier-I Capital	<b>11,210,650</b>	11,551,085	<b>2,003,093</b>	2,004,179
<b>Tier-II Capital</b>				
Subordinated obligations@	<b>3,200,000</b>	3,600,000	-	-
Collective impairment allowance^	<b>280,094</b>	269,973	<b>78,994</b>	81,059
	<b>3,480,094</b>	3,869,973	<b>78,994</b>	81,059
Less: Investments in subsidiaries***	<b>(1,231,998)</b>	(1,539,997)	-	-
Total Tier-II Capital	<b>2,248,096</b>	2,329,976	<b>78,994</b>	81,059
<b>Total capital</b>	<b>13,458,746</b>	13,881,061	<b>2,082,087</b>	2,085,238

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014 (cont'd)**

**22 Capital Adequacy (cont'd)**

	<b>RHB Bank*</b>		<b>RHB Islamic Bank</b>	
	<b>31.03.2014</b>	31.12.2013	<b>31.03.2014</b>	31.12.2013
<b><u>Capital ratios</u></b>				
CET I capital ratio	<b>10.238%</b>	11.103%	<b>13.567%</b>	13.864%
Tier I capital ratio	<b>10.696%</b>	11.647%	<b>13.567%</b>	13.864%
Total capital ratio	<b>12.841%</b>	13.997%	<b>14.102%</b>	14.424%

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

	<b>RHB Bank*</b>		<b>RHB Islamic Bank</b>	
	<b>31.03.2014</b>	31.12.2013	<b>31.03.2014</b>	31.12.2013
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Credit risk	<b>94,428,699</b>	88,598,853	<b>13,900,268</b>	13,511,201
Market risk	<b>2,627,970</b>	2,899,375	<b>60,787</b>	160,838
Operational risk	<b>7,753,676</b>	7,670,991	<b>803,822</b>	783,884
Total risk-weighted assets	<b>104,810,345</b>	99,169,219	<b>14,764,877</b>	14,455,923

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

<sup>#</sup> 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.

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

<sup>\*\*</sup> Hybrid Tier-I 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).

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

<sup>@</sup> 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).



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014 (cont'd)**

**22 Capital Adequacy (cont'd)**

	<b>RHB Bank Group</b>	
	<b>31.03.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CET-I/Tier-I Capital</b>		
Paid-up ordinary share capital	3,318,085	3,318,085
Share premium	8,563	8,563
Retained profits	5,995,662	5,995,662
Other reserves	3,941,120	3,939,215
AFS reserves	147,240	150,571
	<b>13,410,670</b>	13,412,096
Less: Goodwill	(1,120,318)	(1,120,318)
Net deferred tax assets	-	(7,286)
Intangible assets (include associated deferred tax liabilities)	(118,551)	(116,322)
55% of cumulative gains of AFS financing instruments	(80,983)	(82,814)
Shortfall of eligible provisions to expected losses under the IRB approach	(312,115)	(336,828)
Other deduction <sup>#</sup>	(15,601)	(17,467)
Total CET-I Capital	<b>11,763,102</b>	11,731,061
Hybrid Tier-I Capital Securities**	<b>480,000</b>	540,000
Total Tier-I Capital	<b>12,243,102</b>	12,271,061
<b>Tier-II Capital</b>		
Subordinated obligations <sup>@</sup>	3,200,000	3,600,000
Collective impairment allowance <sup>^</sup>	428,567	417,143
Total Tier-II Capital	<b>3,628,567</b>	4,017,143
<b>Total Capital</b>	<b>15,871,669</b>	16,288,204
<b>Capital ratios</b>		
CET-I capital ratio	9.850%	10.329%
Tier-I capital ratio	10.252%	10.805%
Total capital ratio	<b>13.291%</b>	14.342%

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

	<b>RHB Bank Group</b>	
	<b>31.03.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit risk	108,197,330	102,147,842
Market risk	2,621,780	2,923,183
Operational risk	8,601,565	8,493,418
Total risk-weighted assets	<b>119,420,675</b>	113,564,443

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

<sup>#</sup> 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.

<sup>\*\*</sup> Hybrid Tier-I 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).

<sup>@</sup> 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 Guidelines Capital Adequacy Framework (Capital Components).

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014 (cont'd)**

**22 Capital Adequacy (cont'd)**

	<b>RHBIBL</b>	
	<b>31.03.2014</b>	<b>31.12.2013</b>
Before deducting proposed dividends:		
Core capital ratio	#	#
Solvency ratio	18.717%	18.987%
After deducting proposed dividends:		
Core capital ratio	#	#
Solvency ratio	18.717%	18.987%

The solvency ratio of RHBIBL 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 RHBIBL's net worth divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory solvency ratio requirement in Cambodia is 15%.

# No equivalent ratio in Cambodia.

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014 (cont'd)**

**23 Commitments And Contingencies**

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to customers.

<u>Group</u>	31.03.2014			31.12.2013		
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
Direct credit substitutes	3,946,256	3,913,322	2,097,769	3,843,994	3,810,979	2,144,445
Transaction-related contingent items	3,181,519	1,567,428	1,144,769	3,035,866	1,524,593	995,458
Short-term self-liquidating trade-related contingencies	1,813,972	360,560	213,515	1,567,318	311,555	175,489
Obligations under underwriting agreements	76,000	38,000	38,000	76,000	38,000	38,000
Irrevocable commitments to extend credit:						
- maturity more than one year	33,240,653	16,152,291	11,804,681	30,774,717	14,860,482	10,324,945
- maturity less than one year	11,078,288	6,139,556	4,551,954	10,797,853	6,154,992	4,584,569
Foreign exchange related contracts <sup>®</sup> :						
- less than one year	14,812,719	269,341	170,357	10,821,151	249,039	196,894
- one year to less than five years	7,363,449	1,094,880	410,301	7,267,793	1,114,996	436,998
Interest rate related contracts <sup>®</sup> :						
- less than one year	4,041,986	7,782	2,601	3,905,460	8,941	4,095
- one year to less than five years	22,561,569	673,669	229,153	21,929,189	664,292	271,961
- more than five years	2,055,261	127,628	39,593	1,475,893	103,342	38,207
<b>Total</b>	<b>104,171,672</b>	<b>30,344,457</b>	<b>20,702,693</b>	<b>95,495,234</b>	<b>28,841,211</b>	<b>19,211,061</b>
<b>Bank</b>						
Direct credit substitutes	3,946,256	3,913,322	2,097,770	3,843,994	3,810,979	2,144,445
Transaction-related contingent items	2,707,177	1,330,257	935,701	2,494,386	1,225,351	767,345
Short-term self-liquidating trade-related contingencies	1,721,168	342,000	195,182	1,464,026	290,896	155,017
Irrevocable commitments to extend credit:						
- maturity more than one year	29,588,812	14,306,551	10,224,125	27,375,316	13,135,644	8,856,786
- maturity less than one year	8,394,625	5,373,329	3,914,257	8,690,334	5,518,172	4,066,820
Foreign exchange related contracts <sup>®</sup> :						
- less than one year	14,989,325	266,385	166,962	10,327,094	248,520	195,807
- one year to less than five years	7,345,952	1,098,144	410,954	7,267,793	1,114,996	436,998
Interest rate related contracts <sup>®</sup> :						
- less than one year	4,641,986	9,644	2,974	4,505,460	12,036	4,714
- one year to less than five years	25,141,982	741,127	242,586	24,309,518	729,095	284,863
- more than five years	2,080,261	132,966	35,617	1,900,893	125,492	42,637
<b>Total</b>	<b>100,557,544</b>	<b>27,513,725</b>	<b>18,226,128</b>	<b>92,178,814</b>	<b>26,211,181</b>	<b>16,955,432</b>

<sup>®</sup> These derivatives are revalued on gross position basis and the unrealised gains or losses are reflected in derivatives assets/liabilities.

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

The credit equivalent amount ('CE') and risk weighted amount ('RWA') of the Group are an aggregate of CE and RWA of the Bank, which is computed in accordance with BNM's Guidelines on Capital Adequacy Framework (Basel II - RWA): IRB Approach for Credit Risk, Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk (Basel II) and the CE and RWA of its Islamic bank subsidiary, which is computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (CAFIB): Standardised Approach for Credit and Market Risk, and Basic Indicator Approach for Operational Risk (Basel II).

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014 (cont'd)**

**24 Capital Commitments**

	<b>Group</b>		<b>Bank</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31.3.2014</b>	<b>31.12.2013</b>	<b>31.3.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Capital expenditure for property, plant and equipment:				
- authorised and contracted for	<b>76,958</b>	51,278	<b>76,958</b>	51,278
- authorised but not contracted for	<b>186,062</b>	208,728	<b>129,513</b>	141,886
	<b>263,020</b>	260,006	<b>206,471</b>	193,164
 Proposed acquisition of Bank Mestika	 <b>538,620</b>	 538,620	 <b>538,620</b>	 538,620
	<b>801,640</b>	798,626	<b>745,091</b>	731,784

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014 (cont'd)**

**25 Fair Value of Financial Instruments**

The Group and the Bank 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>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>31.3.2014</b>				
<b><u>Financial assets</u></b>				
Financial assets held-for-trading:	2,621	1,698,823	-	1,701,444
- money market instruments	-	1,679,702	-	1,679,702
- quoted securities	2,621	-	-	2,621
- unquoted securities	-	19,121	-	19,121
Financial investments available-for-sale:	2,767	13,068,552	907,723	13,979,042
- money market instruments	-	3,549,080	-	3,549,080
- quoted securities	2,767	-	-	2,767
- unquoted securities	-	9,519,472	907,723	10,427,195
Derivative assets:				
- money market instruments	-	324,204	-	324,204
	<u>5,388</u>	<u>15,091,579</u>	<u>907,723</u>	<u>16,004,690</u>
<b><u>Financial liabilities</u></b>				
Derivative liabilities:				
- money market instruments	-	240,806	-	240,806
	<u>-</u>	<u>240,806</u>	<u>-</u>	<u>240,806</u>
<b>31.12.2013</b>				
<b><u>Financial assets</u></b>				
Financial assets held-for-trading:	2,708	2,364,390	-	2,367,098
- money market instruments	-	2,338,946	-	2,338,946
- quoted securities	2,708	-	-	2,708
- unquoted securities	-	25,444	-	25,444
Financial investments available-for-sale:	12,322	12,338,866	907,396	13,258,584
- money market instruments	-	3,426,115	-	3,426,115
- quoted securities	12,322	-	-	12,322
- unquoted securities	-	8,912,751	907,396	9,820,147
Derivative assets:				
- money market instruments	-	418,624	-	418,624
	<u>15,030</u>	<u>15,121,880</u>	<u>907,396</u>	<u>16,044,306</u>
<b><u>Financial liabilities</u></b>				
Derivative liabilities:				
- money market instruments	-	270,024	-	270,024
	<u>-</u>	<u>270,024</u>	<u>-</u>	<u>270,024</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014 (cont'd)**

**25 Fair Value of Financial Instruments (cont'd)**

The table below analyses financial instruments carried at fair value analysed by level within the fair value hierarchy (cont'd):

<u>Bank</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>31.3.2014</b>				
<b>Financial assets</b>				
Financial assets held-for-trading:	2,621	1,616,940	-	1,619,561
- money market instruments	-	1,616,940	-	1,616,940
- quoted securities	2,621	-	-	2,621
Financial investments available-for-sale:	-	11,146,635	630,772	11,777,407
- money market instruments	-	2,943,515	-	2,943,515
- quoted securities	-	-	-	-
- unquoted securities	-	8,203,120	630,772	8,833,892
Derivative assets:				
- money market instruments	-	330,082	-	330,082
	<u>2,621</u>	<u>13,093,657</u>	<u>630,772</u>	<u>13,727,050</u>
<b>Financial liabilities</b>				
Derivative liabilities:				
- money market instruments	-	262,400	-	262,400
	<u>-</u>	<u>262,400</u>	<u>-</u>	<u>262,400</u>
<b>31.12.2013</b>				
<b>Financial assets</b>				
Financial assets held-for-trading:	2,708	1,570,831	-	1,573,539
- money market instruments	-	1,570,831	-	1,570,831
- quoted securities	2,708	-	-	2,708
Financial investments available-for-sale:	8,713	10,161,060	633,063	10,802,836
- money market instruments	-	2,698,413	-	2,698,413
- quoted securities	8,713	-	-	8,713
- unquoted securities	-	7,462,647	633,063	8,095,710
Derivative assets:				
- money market instruments	-	425,518	-	425,518
	<u>11,421</u>	<u>12,157,409</u>	<u>633,063</u>	<u>12,801,893</u>
<b>Financial liabilities</b>				
Derivative liabilities:				
- money market instruments	-	291,922	-	291,922
	<u>-</u>	<u>291,922</u>	<u>-</u>	<u>291,922</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014 (cont'd)**

**25 Fair Value of Financial Instruments (cont'd)**

(i) Valuation techniques and sensitivity analysis

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 are 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. This would include quoted securities.

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 and the Bank then determines fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data. These would include certain bonds, government bonds, corporate debt securities and derivatives.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). This category includes unquoted shares held for socio-economic reasons, non-transferable and non-tradable perpetual notes/sukuk and impaired securities.

(ii) Reconciliation of movements in Level 3 financial instruments:

The following represents the changes in Level 3 instruments for the financial period/year ended 31 March 2014 and 31 December 2013 for the Group and the Bank.

**Financial investments available-for-sale**

	Group		Bank	
	As at 31.3.2014 RM'000	As at 31.12.2013 RM'000	As at 31.3.2014 RM'000	As at 31.12.2013 RM'000
Balance as at the beginning of the financial period/year	907,396	553,082	633,063	484,329
Total gains recognised in other comprehensive income	5,706	106,355	2,771	106,355
Purchases	2,294	289,899	-	85,530
Settlements	(7,368)	(44,696)	(5,062)	(40,992)
Impairment losses	-	(2,159)	-	(2,159)
Exchange differences	(305)	4,915	-	-
Balance as at the end of the financial period/year	<u>907,723</u>	<u>907,396</u>	<u>630,772</u>	<u>633,063</u>

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014 (cont'd)**

**26 Segmental Reporting**

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

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

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

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

(a) Corporate Banking

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

(b) Retail Banking

Retail Banking focuses on providing products and services to individual customers. The products and services offered to customers include credit facilities (mortgages, hire purchase financing, study loans, lease financing and personal loans), credit cards, remittance services, deposit collection and investment products.

(c) Business Banking

Business Banking caters to funding or lending needs to small and medium sized enterprises.

(d) Group Treasury

Treasury and money market operations are involved in 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.

(e) Group International Business

Group international business primarily focuses on providing commercial banking related products and services tailored to the specific needs in foreign countries. The Group has established its commercial banking business in Singapore, Cambodia, Thailand and Brunei.

(f) Others

Others comprise of results from other business segments in the Group (nominee services, property investment and rental, dormant operations and other related financial services) and funding center of the bank, whose results are not material to the Group and therefore do not render separate disclosure in the financial statements and thus, have been reported in aggregate.

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 and centralised cost, funding centre and application of transfer pricing, where appropriate, has been used in preparing the segmental reporting.



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014 (cont'd)**

**26 Segmental Reporting (cont'd)**

**Group**

**Three months ended 31 March 2014**

	Corporate Banking RM'000	Retail Banking RM'000	Business Banking RM'000	Group Treasury RM'000	Group International Business RM'000	Others RM'000	Elimination RM'000	Total RM'000
External revenue	250,393	569,964	219,797	102,341	84,540	(20,822)	-	1,206,213
Inter-segment revenue	(4,130)	-	-	4,424	939	205	(1,438)	-
Segment revenue	246,263	569,964	219,797	106,765	85,479	(20,617)	(1,438)	1,206,213
Overhead expenses including:	(42,871)	(304,452)	(103,926)	(23,407)	(67,612)	(13,535)	1,438	(554,365)
Depreciation of property, plant and equipment	(544)	(16,065)	(1,581)	(572)	(2,101)	(49)	-	(20,912)
Amortisation of computer software license	(902)	(6,830)	(2,583)	(1,491)	(605)	-	-	(12,411)
Allowance for impairment on loans, advances and financing	(17,606)	(40,715)	6,245	-	(2,005)	396	-	(53,685)
Impairment written back on other assets	8,010	-	623	-	5	-	-	8,638
Profit before taxation	193,796	224,797	122,739	83,358	15,867	(33,756)	-	606,801
Taxation								(158,174)
Net profit for the financial period								448,627

**Three months ended 31 March 2013**

	Corporate Banking RM'000	Retail Banking RM'000	Business Banking RM'000	Group Treasury RM'000	Group International Business RM'000	Others RM'000	Elimination RM'000	Total RM'000
External revenue	199,178	552,634	184,723	107,558	74,994	(1,778)	-	1,117,309
Inter-segment revenue	(5,079)	-	-	5,361	895	205	(1,382)	-
Segment revenue	194,099	552,634	184,723	112,919	75,889	(1,573)	(1,382)	1,117,309
Overhead expenses including:	(39,675)	(281,463)	(86,471)	(18,389)	(58,686)	(9,847)	1,382	(493,149)
Depreciation of property, plant and equipment	(581)	(15,379)	(1,641)	(550)	(1,600)	(49)	-	(19,800)
Amortisation of computer software license	(430)	(4,348)	(1,985)	(716)	(466)	-	-	(7,945)
Allowance for impairment on loans, advances and financing	(103,699)	(40,532)	(2,778)	-	(1,412)	586	-	(147,835)
Impairment written back on other assets	3,693	91	702	-	-	-	-	4,486
Profit before taxation	54,418	230,730	96,176	94,530	15,791	(10,834)	-	480,811
Taxation								(123,157)
Net profit for the financial period								357,654

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014 (cont'd)**

**26 Segmental Reporting (cont'd)**

**Group**

**As at 31 March 2014**

	Corporate Banking	Retail Banking	Business Banking	Group Treasury	Group International Business	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	45,786,029	59,117,945	16,375,159	43,968,507	17,127,065	292,170	(4,074,888)	178,591,987
Deferred tax assets								12,443
Tax recoverable								40,930
Unallocated assets								1,812,056
Total assets								<u>180,457,416</u>
Segment liabilities	30,529,603	41,146,805	11,872,858	58,551,914	14,249,020	13,010,306	(4,588,699)	164,771,807
Deferred tax liabilities								58,155
Tax liabilities								20,340
Unallocated liabilities								1,747,817
Total liabilities								<u>166,598,119</u>

**As at 31 December 2013**

	Corporate Banking	Retail Banking	Business Banking	Group Treasury	Group International Business	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	43,417,114	57,413,989	15,986,548	44,103,343	15,741,073	243,163	(4,219,268)	172,685,962
Deferred tax assets								12,160
Tax recoverable								26,155
Unallocated assets								1,433,584
Total assets								<u>174,157,861</u>
Segment liabilities	29,645,483	40,773,025	11,977,660	55,673,833	12,704,096	12,607,747	(4,553,735)	158,828,109
Deferred tax liabilities								35,376
Tax liabilities								17,639
Unallocated liabilities								1,864,641
Total liabilities								<u>160,745,765</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014**  
**(cont'd)**

**27 Valuation of Property, Plant and Equipment**

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

**28 Events subsequent to Balance Sheet Date**

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

**29 Changes in the Composition of the Group**

There are no significant changes in the composition of the Group for the three months ended 31 March 2014.

**30 Changes in Profit for the Quarter**

During the quarter ended 31 March 2014, the Group recorded a pre-tax profit of RM606.8 million, 3.0% or RM19.1 million lower as compared to the preceding quarter ended 31 December 2013 of RM625.9 million. The lower profit was mainly due to lower other operating income by RM51.4 million, lower net interest income by RM35.5 million and lower income from Islamic Banking business by RM8.6 million, partially offset by lower impairment allowances for loans, advances and financing by RM38.0 million, lower other operating expenses by RM33.6 million and higher impairment written back on other assets by RM4.8 million.

**31 Performance Review**

The Group recorded a pre-tax profit of RM606.8 million, 26.2% or RM126.0 million higher as compared to the preceding corresponding quarter ended 31 March 2013 of RM480.8 million. The higher profit was reflected by lower impairment allowances for loans, advances and financing by RM94.1 million, higher other operating income by RM36.4 million, higher net interest income by RM33.7 million, higher income from Islamic Banking business by RM18.8 million and higher impairment written back on other assets by RM4.2 million, partially offset by higher other operating expenses by RM61.2 million.

**32 Prospects for Financial Year 2014**

The Malaysian Gross Domestic Product is projected to expand by about 5.4% in 2014 versus 4.7% in 2013. The growth is expected to be supported by stronger external demand for the country's export on the back of improving global activities, coupled with sustained domestic demand and robust private investment. The ample liquidity in the financial system will also provide a conducive capital market.

The RHB Banking Group has launched IGNITE 2017, the third phase of its transformation program, which focuses on growing the domestic and regional business and developing the RHB Banking Group into a leading multinational financial services group by

Barring unforeseen circumstances, the Group expects 2014 performance to be better than 2013.