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**RHB CAPITAL BERHAD (312952-H)
 INTERIM FINANCIAL STATEMENTS
 UNAUDITED INCOME STATEMENTS
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014**

	Note	3rd quarter ended		Nine months ended	
		30 September 2014	30 September 2013	30 September 2014	30 September 2013
		RM'000	RM'000	RM'000	RM'000
Group					
Interest income	A8	1,912,123	1,750,657	5,505,627	5,142,122
Interest expense	A9	(1,076,255)	(922,657)	(3,019,848)	(2,732,679)
Net interest income		835,868	828,000	2,485,779	2,409,443
Other operating income	A10	614,793	556,558	1,540,795	1,493,505
		1,450,661	1,384,558	4,026,574	3,902,948
Net income from Islamic Banking business		196,433	151,071	531,519	429,056
Net income		1,647,094	1,535,629	4,558,093	4,332,004
Other operating expenses	A11	(840,876)	(764,009)	(2,424,136)	(2,231,242)
Operating profit before allowances		806,218	771,620	2,133,957	2,100,762
Allowance for impairment on loans, financing and other losses	A12	(94,215)	(29,866)	(165,772)	(329,300)
Impairment losses written back on other assets		2,902	(2,226)	123,185	15,044
		714,905	739,528	2,091,370	1,786,506
Share of results of associates		7	73	(105)	793
Share of results of joint ventures		20	161	202	413
Profit before taxation		714,932	739,762	2,091,467	1,787,712
Taxation	B5	(163,188)	(174,946)	(526,973)	(439,923)
Net profit for the financial period		551,744	564,816	1,564,494	1,347,789
Attributable to:					
- Equity holders of the Company		544,610	559,148	1,551,809	1,326,673
- Non-controlling interests		7,134	5,668	12,685	21,116
		551,744	564,816	1,564,494	1,347,789
Earnings per share (sen)					
- Basic	B12	21.2	22.2	60.8	53.0
- Diluted	B12	21.2	22.2	60.8	53.0

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



**RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014**

	3rd quarter ended		Nine months ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period	551,744	564,816	1,564,494	1,347,789
Other comprehensive income/(loss) in respect of:				
(i) Items that will not be reclassified to profit or loss:				
- Actuarial gain/(loss) on defined benefit plan of subsidiaries	(10)	-	935	-
(ii) Items that will be reclassified subsequently to profit or loss:				
- Currency translation differences	31,754	61,483	(9,608)	107,722
- Share of reserves in an associate	-	-	-	31
- Unrealised net gain/(loss) on revaluation of financial investments available-for-sale ('AFS')	81,614	54,077	145,193	(33,910)
- Net transfer to income statements on disposal or impairment of financial investments AFS	(1,562)	2,211	(5,163)	(40,846)
Income tax relating to components of other comprehensive (income)/loss	(19,958)	(15,232)	(37,210)	18,802
Other comprehensive income, net of tax, for the financial period	91,838	102,539	94,147	51,799
Total comprehensive income for the financial period	643,582	667,355	1,658,641	1,399,588
Total comprehensive income attributable to:				
- Equity holders of the Company	636,408	655,717	1,651,654	1,370,686
- Non-controlling interests	7,174	11,638	6,987	28,902
	643,582	667,355	1,658,641	1,399,588

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



**RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014**

	Note	3rd quarter ended		Nine months ended	
		30 September 2014	30 September 2013	30 September 2014	30 September 2013
		RM'000	RM'000	RM'000	RM'000
<u>Company</u>					
Interest income	A8	321	1,005	6,591	1,573
Interest expense	A9	(33,914)	(33,523)	(94,360)	(99,245)
Net interest expense		<u>(33,593)</u>	<u>(32,518)</u>	<u>(87,769)</u>	<u>(97,672)</u>
Other operating income	A10	14,176	29,455	3,812	332,614
Net (loss)/profit		<u>(19,417)</u>	<u>(3,063)</u>	<u>(83,957)</u>	<u>234,942</u>
Other operating expenses	A11	(2,338)	(13,631)	(15,638)	(43,751)
(Loss)/profit before taxation		<u>(21,755)</u>	<u>(16,694)</u>	<u>(99,595)</u>	<u>191,191</u>
Taxation	B5	1,037	1,640	(372)	(10,515)
Net (loss)/profit for the financial period		<u><u>(20,718)</u></u>	<u><u>(15,054)</u></u>	<u><u>(99,967)</u></u>	<u><u>180,676</u></u>

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



**RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014**

	3rd quarter ended		Nine months ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
<u>Company</u>	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit for the financial period	<u>(20,718)</u>	<u>(15,054)</u>	<u>(99,967)</u>	<u>180,676</u>
Other comprehensive income, net of tax, for the financial period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive (loss)/profit, for the financial period	<u><u>(20,718)</u></u>	<u><u>(15,054)</u></u>	<u><u>(99,967)</u></u>	<u><u>180,676</u></u>

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



**RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014**

	Note	As at 30 September 2014 RM'000	As at 31 December 2013 RM'000
Group			
ASSETS			
Cash and short term funds		12,359,704	9,998,667
Securities purchased under resale agreements		512,484	217,475
Deposits and placements with banks and other financial institutions		3,734,003	2,773,314
Financial assets held-for-trading ('HFT')	A13	2,825,924	4,037,728
Financial investments available-for-sale ('AFS')	A14	19,465,840	16,930,513
Financial investments held-to-maturity ('HTM')	A15	21,328,333	22,778,009
Loans, advances and financing	A16	133,913,308	119,542,545
Clients' and brokers' balances		2,366,744	2,573,583
Reinsurance assets		285,515	260,952
Other assets	A17	732,991	887,824
Derivative assets	B8	386,209	459,033
Statutory deposits		5,141,305	4,171,462
Tax recoverable		100,537	148,677
Deferred tax assets		23,147	31,225
Investments in associates and joint ventures		19,636	20,949
Property, plant and equipment		1,010,670	1,020,481
Goodwill and intangible assets		5,247,294	5,237,470
TOTAL ASSETS		209,453,644	191,089,907
LIABILITIES AND EQUITY			
Deposits from customers	A18/B7(a)	148,107,526	137,741,241
Deposits and placements of banks and other financial institutions	A19/B7(a)	21,720,486	16,998,355
Obligations on securities sold under repurchase agreements		34,881	566,621
Obligations on securities borrowed		189,065	31,734
Bills and acceptances payable		3,029,101	2,076,481
Clients' and brokers' balances		1,972,000	2,315,810
General insurance contract liabilities		722,091	662,211
Other liabilities	A20	1,274,063	1,326,737
Derivative liabilities	B8	336,356	348,063
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		2,132,100	2,269,353
Tax liabilities		112,886	29,767
Deferred tax liabilities		77,878	51,814
Borrowings and senior debt securities	B7(b)	4,470,460	4,546,825
Subordinated obligations	B7(c)	6,148,880	4,580,967
Hybrid Tier-1 Capital Securities	B7(d)	597,759	601,201
TOTAL LIABILITIES		190,925,532	174,147,180
Share capital		2,572,457	2,546,910
Reserves		15,746,105	14,192,161
		18,318,562	16,739,071
Non-controlling interests		209,550	203,656
TOTAL EQUITY		18,528,112	16,942,727
TOTAL LIABILITIES AND EQUITY		209,453,644	191,089,907
COMMITMENTS AND CONTINGENCIES	A25(a)	117,907,288	100,232,255
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)		7.12	6.57

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



**RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014**

	Note	As at 30 September 2014 RM'000	As at 31 December 2013 RM'000
Company			
ASSETS			
Cash and short term funds		17,300	16,973
Deposits and placements with banks and other financial institutions		1,009	983
Financial investments available-for-sale ('AFS')	A14	90,309	-
Other assets	A17	1,054	118,478
Amounts due from subsidiaries		5,349	800
Tax recoverable		94,202	93,933
Deferred tax assets		540	1,181
Investments in subsidiaries		10,801,052	10,801,052
Property, plant and equipment		405	326
TOTAL ASSETS		11,011,220	11,033,726
LIABILITIES AND EQUITY			
Other liabilities	A20	2,486	6,244
Amounts due to subsidiaries		5,895	8,960
Borrowings	B7(b)	3,093,147	2,936,600
Total liabilities		3,101,528	2,951,804
Share capital		2,572,457	2,546,910
Reserves		5,337,235	5,535,012
TOTAL EQUITY		7,909,692	8,081,922
TOTAL LIABILITIES AND EQUITY		11,011,220	11,033,726

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



**RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014**

	← Attributable to equity holders of the Company →							Non-controlling Interests	Total Equity	
	Share Capital	Share Premium	Statutory Reserve	Other Reserves	AFS Reserves	Translation Reserves	Retained Profits			Sub-total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Group										
Balance as at 1 January 2014	2,546,910	4,888,541	3,577,647	28,196	122,389	12,211	5,563,177	16,739,071	203,656	16,942,727
Net profit for the financial period	-	-	-	-	-	-	1,551,809	1,551,809	12,685	1,564,494
Currency translation differences	-	-	-	-	-	(8,209)	(6)	(8,215)	(1,393)	(9,608)
Financial investments AFS										
- Unrealised net gain/(loss) on revaluation	-	-	-	-	149,507	-	-	149,507	(4,314)	145,193
- Net transfer to income statements on disposal or impairment	-	-	-	-	(5,163)	-	-	(5,163)	-	(5,163)
Actuarial gain on defined benefit plan of subsidiaries	-	-	-	-	-	-	926	926	9	935
Income tax relating to components of other comprehensive income	-	-	-	-	(37,210)	-	-	(37,210)	-	(37,210)
Other comprehensive income/(loss), net of tax, for the financial period	-	-	-	-	107,134	(8,209)	920	99,845	(5,698)	94,147
Total comprehensive income/(loss) for the financial period	-	-	-	-	107,134	(8,209)	1,552,729	1,651,654	6,987	1,658,641
Transfer to statutory reserves	-	-	80,050	-	-	-	(80,050)	-	-	-
Dividends paid	-	-	-	-	-	-	(262,332)	(262,332)	(993)	(263,325)
Shares issued pursuant to Dividend Reinvestment Plan ('DRP')	25,547	164,522	-	-	-	-	-	190,069	-	190,069
Subscription of shares by non-controlling interests in a subsidiary	-	-	-	-	-	-	100	100	(100)	-
Disposal of a subsidiary	-	-	-	-	-	1,708	(1,708)	-	-	-
Balance as at 30 September 2014	2,572,457	5,053,063	3,657,697	28,196	229,523	5,710	6,771,916	18,318,562	209,550	18,528,112

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



**RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014**

	Attributable to equity holders of the Company							Non-controlling Interests	Total Equity	
	Share Capital	Share Premium	Statutory Reserve	Other Reserves	AFS Reserves	Translation Reserves	Retained Profits			Sub-total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Group										
Balance as at 1 January 2013	2,494,208	4,548,602	3,494,397	28,196	234,337	(69,473)	4,386,948	15,117,215	223,265	15,340,480
Net profit for the financial period	-	-	-	-	-	-	1,326,673	1,326,673	21,116	1,347,789
Currency translation differences	-	-	-	-	-	101,271	-	101,271	6,451	107,722
Financial investments AFS										
- Unrealised net (loss)/gain on revaluation	-	-	-	-	(35,223)	-	-	(35,223)	1,313	(33,910)
- Net transfer to income statements on disposal or impairment	-	-	-	-	(40,846)	-	-	(40,846)	-	(40,846)
Share of reserves in an associate	-	-	-	-	-	-	31	31	-	31
Income tax relating to components of other comprehensive loss	-	-	-	-	18,780	-	-	18,780	22	18,802
Other comprehensive income/(loss), net of tax, for the financial period	-	-	-	-	(57,289)	101,271	31	44,013	7,786	51,799
Total comprehensive income/(loss) for the financial period	-	-	-	-	(57,289)	101,271	1,326,704	1,370,686	28,902	1,399,588
Transfer to statutory reserves	-	-	220,462	-	-	-	(220,462)	-	-	-
Dividends paid	-	-	-	-	-	-	(401,318)	(401,318)	(10,381)	(411,699)
Shares issued pursuant to DRP	37,166	246,411	-	-	-	-	-	283,577	-	283,577
Acquisition of additional shares from non-controlling interests	-	-	-	-	-	-	(727)	(727)	(4,537)	(5,264)
Balance as at 30 September 2013	2,531,374	4,795,013	3,714,859	28,196	177,048	31,798	5,091,145	16,369,433	237,249	16,606,682

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



**RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014**

	<u>Share Capital</u> RM'000	<u>Non- distributable Share Premium</u> RM'000	<u>Distributable Retained Profits</u> RM'000	<u>Total</u> RM'000
<u>Company</u>				
Balance as at 1 January 2014	2,546,910	4,888,541	646,471	8,081,922
Net loss for the financial period	-	-	(99,967)	(99,967)
Dividends paid	-	-	(262,332)	(262,332)
Shares issued pursuant to DRP	25,547	164,522	-	190,069
Balance as at 30 September 2014	<u>2,572,457</u>	<u>5,053,063</u>	<u>284,172</u>	<u>7,909,692</u>
Balance as at 1 January 2013	2,494,208	4,548,602	893,013	7,935,823
Net profit for the financial period	-	-	180,676	180,676
Dividends paid	-	-	(401,318)	(401,318)
Shares issued pursuant to DRP	37,166	246,411	-	283,577
Balance as at 30 September 2013	<u>2,531,374</u>	<u>4,795,013</u>	<u>672,371</u>	<u>7,998,758</u>

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



RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

	Nine months ended	
	30 September 2014	30 September 2013
	RM'000	RM'000
Group		
Cash flows from operating activities		
Profit before taxation	2,091,467	1,787,712
Adjustments for:		
Allowance for impairment on loans, financing and other losses	384,087	542,213
Property, plant and equipment		
- Depreciation	87,407	84,044
- Gain on disposal	(479)	(291)
- Written off	150	459
- Impairment	155	-
Intangible assets		
- Amortisation	49,466	32,956
- Impairment	2,937	-
Net impairment written back on financial investments AFS and HTM	(126,277)	16,796
Share of results of associates and joint ventures	(97)	(1,206)
Net gain arising from sale/redemption of financial assets HFT, financial investments AFS and HTM	(95,367)	(135,569)
Net (gain)/loss on fair value hedges	(8,583)	1,020
Net unrealised loss/(gain) on revaluation of financial assets HFT and derivatives	62,237	(139,289)
Unrealised net foreign exchange loss/(gain)	67,236	(98,542)
Gross dividend income from financial assets HFT, financial investments AFS and HTM	(26,052)	(22,527)
Accretion of discount for subordinated notes and borrowings	(232)	1,633
Net gain on disposal of an associate	(8,202)	-
Net loss on disposal of a subsidiary	247	-
Other non-cash items	(1,001,228)	(1,033,227)
Operating profit before working capital changes	<u>1,478,872</u>	<u>1,036,182</u>
(Increase)/decrease in operating assets:		
Securities purchased under resale agreements	(293,429)	567,486
Deposits and placements with banks and other financial institutions	(959,945)	110,033
Financial assets HFT	1,339,484	(65,116)
Loans, advances and financing	(14,703,040)	(10,375,999)
Clients' and brokers' balances	206,839	440,295
Other assets	(59,180)	(30,117)
Statutory deposits	(967,940)	(563,576)
	<u>(15,437,211)</u>	<u>(9,916,994)</u>
Increase/(decrease) in operating liabilities:		
Deposits from customers	10,443,537	(1,828,333)
Deposits and placements with banks and other financial institutions	4,731,943	(304,425)
Obligations on securities sold under repurchase agreements	(530,327)	286,625
Obligations on securities borrowed	157,331	(35,382)
Bills and acceptances payable	952,716	(405,322)
Clients' and brokers' balances	(343,810)	(699,052)
Other liabilities	(63,786)	(58,558)
Recourse obligation on loans sold to Cagamas	(137,253)	(130,360)
	<u>15,210,350</u>	<u>(3,174,807)</u>
Cash generated from/(used in) operations	1,252,011	(12,055,619)
Net tax paid	(393,719)	(534,110)
Net cash generated from/(used in) operating activities	<u>858,292</u>	<u>(12,589,729)</u>

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RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

	Nine months ended	
	30 September 2014	30 September 2013
	RM'000	RM'000
Group		
Cash flows from investing activities		
Net purchase of financial investments AFS and HTM	(701,096)	(2,253,580)
Property, plant and equipment:		
- Purchase	(74,540)	(55,881)
- Proceeds from disposal	643	852
Purchase of intangible assets	(64,595)	(50,617)
Financial investments AFS and HTM:		
- Interest received	827,084	664,765
- Investment income received	274,579	104,493
Refund of Bank Mestika deposits	112,515	-
Dividend income received from financial assets HFT and financial investments AFS	26,052	22,216
Net cash outflow from disposal of a subsidiary	(265)	-
Net cash inflow from disposal of an associate	9,070	-
Net cash generated from/(used in) investing activities	<u>409,447</u>	<u>(1,567,752)</u>
Cash flows from financing activities		
Repayment of subordinated notes	-	(141,342)
Proceeds from issuance of subordinated notes	1,000,000	-
Proceeds from issuance of Subordinated Sukuk Murabahah	500,000	-
Drawdown of borrowings	657,094	604,079
Repayment of borrowings	(745,790)	(372,748)
Proceeds from shares issued pursuant to DRP	190,069	283,577
Dividends paid to equity holders of the company	(262,332)	(401,318)
Dividends paid to non-controlling interests	(993)	(10,381)
Net cash generated from/(used in) financing activities	<u>1,338,048</u>	<u>(38,133)</u>
Net increase/(decrease) in cash and cash equivalents	2,605,787	(14,195,614)
Effects of exchange rate differences	(244,779)	229,528
Cash and cash equivalents		
- at the beginning of the financial year	9,998,667	23,973,950
- at the end of the financial year	<u>12,359,675</u>	<u>10,007,864</u>
Cash and cash equivalents comprise the following:		
Cash and short term funds	12,359,704	10,007,864
Overdrafts	(29)	-
	<u>12,359,675</u>	<u>10,007,864</u>

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



RHB CAPITAL BERHAD (312952 – H)
INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

	Nine months ended	
	30 September 2014	30 September 2013
	RM'000	RM'000
Company		
Cash flows from operating activities		
(Loss)/profit before taxation	(99,595)	191,191
Adjustments for:		
Interest expense	94,360	99,245
Unrealised foreign exchange loss	104	215
Property, plant and equipment		
- Depreciation	164	190
- Gain on disposal	-	(2)
Dividend income	(31,956)	(303,148)
Interest income	(6,591)	(1,573)
Operating loss before working capital changes	(43,514)	(13,882)
Increase in deposits and placements with banks and other financial institutions	(26)	(80,854)
(Increase)/decrease in inter-company balances	(7,396)	2,044
Decrease in other assets	2,710	34,972
Decrease in other liabilities	(3,758)	(57,249)
Cash used in operations	(51,984)	(114,969)
Net tax refunded	-	23,312
Net cash used in operating activities	(51,984)	(91,657)
Cash flows from investing activities		
Dividend income received from subsidiaries	31,956	273,232
Interest income received	6,588	1,261
Purchase of property, plant and equipment	(243)	(74)
Refund of Bank Mestika deposits	112,515	-
Purchase of financial investments AFS	(90,610)	-
Proceeds from disposal of investments in a subsidiary	-	7,964
Proceeds from disposal of property, plant and equipment	-	2
Net cash generated from investing activities	60,206	282,385
Cash flows from financing activities		
Drawdown of borrowings	447,000	186,300
Repayment of borrowings	(260,000)	(201,950)
Interest expense paid	(122,661)	(71,954)
Dividends paid to equity holders of the Company	(262,332)	(401,318)
Proceeds from shares issued pursuant to DRP	190,069	283,577
Net cash used in financing activities	(7,924)	(205,345)
Net increase/(decrease) in cash and cash equivalents	298	(14,617)
Cash and cash equivalents		
- at the beginning of the financial period	16,973	36,177
- at the end of the financial period	17,271	21,560
Cash and cash equivalents comprise the following:		
Cash and short term funds	17,300	21,560
Overdrafts	(29)	-
	17,271	21,560

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



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

The interim financial statements are 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 2013.

The accounting policies and presentation adopted by the Group and the Company for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2013, except for the adoption of the following relevant accounting standards, amendments to published 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 Company.

A2. Auditors' Report

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

A3. Seasonal or Cyclical Factors

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

A4. Exceptional or Unusual Items

There were no exceptional or unusual items for the nine months ended 30 September 2014.

A5. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the nine months ended 30 September 2014.

A6. Changes in Debt and Equity Securities

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the nine months ended 30 September 2014, other than as disclosed below:

(a) Changes in equity securities

- (i) The Company has increased its issued and paid up share capital from RM2,546,909,962 to RM2,572,456,783 via the issuance of 25,546,821 new ordinary shares of RM1.00 each arising from the DRP [as disclosed in Note B6(a)] relating to the single-tier final dividend of 10.30% in respect of the financial year ended 31 December 2013, on 23 July 2014.

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

(b) Changes in debt securities

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

A7. Dividends Paid

During the nine months ended 30 September 2014, the Company paid a single-tier final dividend of 10.30% amounting to RM262.3 million in respect of the financial year ended 31 December 2013 on 23 July 2014. The reinvestment rate for the DRP was 72.47%.



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	3rd quarter ended		Nine months ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	RM'000	RM'000	RM'000	RM'000
A8. Interest Income				
Group				
Loans and advances	1,504,237	1,373,083	4,325,639	3,995,856
Money at call and deposits and placements with banks and other financial institutions	59,194	71,519	148,322	272,260
Securities purchased under resale agreements	67	1,157	142	3,217
Financial assets HFT	11,640	6,781	34,791	33,208
Financial investments AFS	149,060	125,878	419,923	337,053
Financial investments HTM	183,846	169,349	565,941	490,734
Others	4,079	2,890	10,869	9,794
	1,912,123	1,750,657	5,505,627	5,142,122
Of which:				
Interest income accrued on impaired loans and advances	41,482	38,415	127,970	124,167
Company				
Money at call and deposits and placements with banks and other financial institutions	321	900	456	1,261
Others	-	105	6,135	312
	321	1,005	6,591	1,573



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	3rd quarter ended		Nine months ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	RM'000	RM'000	RM'000	RM'000
A9. Interest Expense				
<u>Group</u>				
Deposits and placements of banks and other financial institutions	113,297	65,423	306,997	214,593
Deposits from customers	819,234	716,312	2,310,704	2,102,804
Borrowings and senior debt securities	41,339	48,344	119,074	139,520
Subordinated obligations	64,412	56,110	168,443	170,381
Hybrid Tier-1 Capital Securities	11,368	11,362	33,731	33,713
Recourse obligation on loans sold to Cagamas	10,507	10,751	31,645	32,377
Others	16,098	14,355	49,254	39,291
	1,076,255	922,657	3,019,848	2,732,679
<u>Company</u>				
Borrowings	33,914	33,523	94,360	99,245



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	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income				
Group				
Fee income				
- Service charges and fees	69,543	60,663	192,470	164,228
- Commission	43,075	34,674	118,072	97,424
- Guarantee fees	11,251	11,734	53,366	32,542
- Commitment fees	14,504	13,062	41,844	36,516
- Net brokerage income	97,848	98,801	270,981	293,029
- Fund management fees	29,214	26,130	80,240	71,319
- Unit trust fee income	16,962	12,142	36,288	66,073
- Corporate advisory fees	23,856	7,085	53,646	29,736
- Underwriting and arrangement fees	50,949	33,955	73,476	72,406
- Other fee income	23,883	22,237	80,564	50,483
	381,085	320,483	1,000,947	913,756
Net gain/(loss) arising from financial assets HFT				
- Net gain/(loss) on disposal	32,244	(6,483)	70,449	19,212
- Unrealised net gain/(loss) on revaluation	4,119	6,035	9,269	(6,405)
- Gross dividend income	2,561	2,331	6,490	5,008
	38,924	1,883	86,208	17,815
Net gain on revaluation of derivatives	21,516	(12,950)	11,095	36,084
Net gain/(loss) on fair value hedges	6,138	(381)	8,583	(1,020)
Net gain arising from financial investments AFS				
- Net gain on disposal	52	64,664	4,455	107,878
- Gross dividend income	7,091	5,142	19,562	17,519
	7,143	69,806	24,017	125,397
Net gain arising from financial investments HTM				
- Net gain on disposal	12,454	-	12,675	10
	12,454	-	12,675	10



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	3rd quarter ended		Nine months ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income (continued)				
Other income				
- Net foreign exchange gain/(loss)				
- Realised	103,765	15,160	287,049	141,197
- Unrealised	(15,048)	89,106	(67,236)	98,542
- Insurance underwriting surplus before management expenses	34,226	25,007	106,411	71,182
- Net gain on disposal of property, plant and equipment	438	55	479	291
- Rental income	658	820	1,370	2,847
- Net loss on disposal of a subsidiary	-	-	(247)	-
- Net gain on disposal of an associate	8,202	-	8,202	-
- Other operating income	12,854	17,876	55,696	54,328
- Other non-operating income	2,438	29,693	5,546	33,076
	147,533	177,717	397,270	401,463
	614,793	556,558	1,540,795	1,493,505
Company				
Gross dividend income from:				
- Subsidiaries	14,200	-	31,956	303,148
Other income				
- Net foreign exchange loss				
- Realised	-	-	(28,040)	-
- Unrealised	(24)	(224)	(104)	(215)
- Net gain on disposal of property, plant and equipment	-	-	-	2
- Other-non operating income	-	29,679	-	29,679
	(24)	29,455	(28,144)	29,466
	14,176	29,455	3,812	332,614



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	3rd quarter ended		Nine months ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses				
Group				
Personnel costs				
- Salaries, bonus, wages and allowances	386,364	353,186	1,157,348	1,041,575
- Defined contribution plan	53,864	50,332	162,987	146,203
- Other staff related costs	51,222	38,742	130,021	95,700
	491,450	442,260	1,450,356	1,283,478
Establishment costs				
- Property, plant and equipment				
- Depreciation	30,117	28,026	87,407	84,044
- Written off	25	9	150	459
- Intangible assets				
- Amortisation	16,298	11,167	49,466	32,956
- Information technology expenses	41,606	39,438	111,159	102,527
- Repair and maintenance	10,167	10,037	29,236	30,129
- Security and escorting charges	12,902	11,273	36,136	32,809
- Rental of premises	35,579	35,484	108,984	103,013
- Water and electricity	9,831	9,017	28,507	25,623
- Rental of equipment	3,120	2,552	8,242	8,053
- Insurance	5,977	5,924	17,918	16,129
- Others	3,679	3,548	12,852	12,322
	169,301	156,475	490,057	448,064
Marketing expenses				
- Sales commission	32,106	27,426	78,995	93,632
- Advertisements and publicity	18,892	17,748	48,095	45,540
- Others	37,105	38,108	98,360	100,381
	88,103	83,282	225,450	239,553
Administration and general expenses				
- Communication expenses	37,726	37,908	118,426	120,052
- Legal and professional fee	16,921	6,129	33,859	31,554
- Others	37,375	37,955	105,988	108,541
	92,022	81,992	258,273	260,147
	840,876	764,009	2,424,136	2,231,242



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	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses (continued)				
Company				
Personnel costs				
- Salaries, bonus, wages and allowances	445	3,747	8,215	13,196
- Defined contribution plan	71	602	1,098	2,062
- Other staff related costs	391	644	1,259	1,744
	907	4,993	10,572	17,002
Establishment costs				
- Rental of premises	24	283	254	892
- Depreciation of property, plant and equipment	59	63	164	190
- Information technology expenses	-	5	4	11
- Repair and maintenance	8	23	52	96
- Security and escorting charges	2	10	10	30
- Rental of equipment	-	1	-	6
- Water and electricity	17	31	50	74
- Insurance	-	-	-	1
	110	416	534	1,300
Marketing expenses				
- Advertisements and publicity	706	1,391	1,233	1,660
- Others	7	89	106	223
	713	1,480	1,339	1,883
Administration and general expenses				
- Communication expenses	35	53	135	184
- Legal and professional fee	315	6,401	2,335	22,629
- Others	258	288	723	753
	608	6,742	3,193	23,566
	2,338	13,631	15,638	43,751



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	3rd quarter ended		Nine months ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	RM'000	RM'000	RM'000	RM'000
A12. Allowance for Impairment on Loans, Financing and Other Losses				
<u>Group</u>				
Allowance for impaired loans and financing				
- Individual impairment allowance made	(7,977)	8,183	(43,295)	173,460
- Collective impairment allowance made	96,279	36,338	264,304	161,251
Impaired loans and financing recovered	(61,354)	(74,646)	(218,315)	(212,913)
Bad debts written off	61,144	59,102	160,656	208,124
Allowance made for impairment on other assets	6,123	889	2,422	(622)
	94,215	29,866	165,772	329,300



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	Group	
	As at 30 September 2014	As at 31 December 2013
	RM'000	RM'000
A13. Financial Assets Held-for-trading		
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian Government Securities	234,733	498,989
Malaysian Government Investment Issues	945,233	266,950
Bank Negara Malaysia ('BNM') Monetary Notes	198,182	1,151,172
Negotiable instruments of deposits	-	198,686
Sukuk Perumahan Kerajaan ('SPK') bonds	31,015	-
Singapore Government Treasury Bills	449,829	466,438
Thailand Treasury Bills	-	6,372
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Shares, exchange traded funds and warrants	217,579	178,224
Unit trusts	55,982	3,323
Private debt securities	2,579	2,707
Outside Malaysia		
Shares, exchange traded funds and warrants	187,322	59,352
Unit trusts	25,044	34,008
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	413,405	816,024
Commercial paper	49,882	-
Outside Malaysia		
Private debt securities	15,139	355,483
	2,825,924	4,037,728

Included in financial assets HFT are private debt securities outside Malaysia, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RMNil (31 December 2013: RM200,296,000).



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A13. Financial Assets Held-for-trading (continued)

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

The effects of the reclassification on the income statements for the period from the date of reclassification to 30 September 2014 were as follows:

	Group	
	As at 30 September 2014	As at 31 December 2013
	RM'000	RM'000
<u>Carrying amount</u>		
Reclassified from financial assets HFT to financial investments AFS	30,370	31,214
Reclassified from financial assets HFT to financial investments HTM	20,086	19,786
	50,456	51,000
<u>Fair value</u>		
Reclassified from financial assets HFT to financial investments AFS	30,065	30,798
Reclassified from financial assets HFT to financial investments HTM	20,548	20,711
	50,613	51,509
Fair value gains that would have been recognised if the financial assets HFT had not been reclassified	157	509



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	Group	
	As at 30 September 2014	As at 31 December 2013
	RM'000	RM'000
A14. Financial Investments Available-for-sale		
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian Government Securities	994,920	1,051,413
Malaysian Government Investment Issues	2,221,454	2,078,025
Cagamas Bonds	135,831	130,468
Khazanah bonds	57,561	63,654
1 Malaysia Sukuk	314,415	318,010
Wakala Global Sukuk	79,038	153,099
Bankers' acceptances and Islamic acceptable bills	570,744	378,121
Negotiable instruments of deposits	201,084	503,046
Sukuk Perumahan Kerajaan ('SPK') bonds	136,927	114,212
Singapore Government Securities	156,641	136,433
Singapore Government Treasury Bills	462,708	272,185
Thailand Government bonds	119,173	96,341
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Corporate loan stocks	-	1,495
Shares and warrants	7,386	31,374
Unit trusts	8,378	5,571
Outside Malaysia		
Shares and warrants	1,656	1,332
Unit trusts	28,595	4,081
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private and Islamic debt securities	12,534,286	10,546,051
Shares and warrants	583,933	540,941
Corporate loan stocks	17,208	294,689
Prasarana bonds	35,063	19,816
Perpetual notes/Sukuk	290,509	286,149
Outside Malaysia		
Private and Islamic debt securities	511,050	360,082
Corporate loan stocks	2,042	2,093
Credit link notes	163,587	-
Shares	114,093	34,375
	19,748,282	17,423,056
Accumulated impairment losses	(282,442)	(492,543)
	19,465,840	16,930,513

Included in financial investments AFS are private and Islamic debt securities, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM40,380,000 (31 December 2013: RM260,231,000).



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	Company	
	As at 30 September 2014	As at 31 December 2013
	RM'000	RM'000
A14. Financial Investments Available-for-sale (continued)		
<u>QUOTED SECURITIES:</u>		
Outside Malaysia		
Unit trusts	90,309	-
	<hr/> <hr/>	<hr/> <hr/>
	Group	
	As at 30 September 2014	As at 31 December 2013
	RM'000	RM'000
A15. Financial Investments Held-to-maturity		
At amortised cost		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian Government Securities	2,330,825	2,639,090
Malaysian Government Investment Issues	5,873,238	6,833,778
Cagamas bonds	2,389,050	2,495,181
Khazanah bonds	100,717	79,176
Negotiable instruments of deposits	2,274,349	2,449,025
Bankers' acceptances and Islamic acceptable bills	-	33,634
Wakala Global Sukuk	232,271	234,800
SPK bonds	111,260	111,202
Singapore Government Securities	180,823	183,686
Thailand Government Securities	254,892	293,052
Sukuk (Brunei) Incorporation	38,567	38,897
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private and Islamic debt securities	6,873,148	6,724,212
Corporate loan stocks	71,995	43,292
Bonds	883	883
Prasarana bonds	815,798	822,555
Outside Malaysia		
Private and Islamic debt securities	53,113	70,063
	<hr/> 21,600,929	<hr/> 23,052,526
Accumulated impairment losses	(272,596)	(274,517)
	<hr/> 21,328,333	<hr/> 22,778,009

Included in financial investments HTM are private and Islamic debt securities, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RMNil (31 December 2013: RM168,571,000).



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	Group	
	As at 30 September 2014	As at 31 December 2013
	RM'000	RM'000
A16. Loans, Advances and Financing		
At amortised cost		
Overdrafts	6,378,198	5,990,867
Term loans/financing		
- Housing loans/financing	30,061,013	25,375,496
- Syndicated term loans/financing	5,730,956	3,974,387
- Hire purchase receivables	13,785,974	13,052,001
- Lease receivables	38,157	70,174
- Other term loans/financing	61,980,568	55,620,652
Bills receivable	2,503,309	2,561,904
Trust receipts	575,257	523,804
Claims on customers under acceptance credits	4,188,681	4,327,803
Staff loans/financing	227,247	252,240
Credit card receivables	1,964,676	2,004,163
Revolving credits/financing	8,574,612	7,999,405
Gross loans, advances and financing	136,008,648	121,752,896
Fair value changes arising from fair value hedges	(21,171)	(26,697)
	135,987,477	121,726,199
Allowance for impaired loans, advances and financing		
- Individual impairment allowance	(788,245)	(903,388)
- Collective impairment allowance	(1,285,924)	(1,280,266)
Net loans, advances and financing	133,913,308	119,542,545

Included in loans, advances and financing are housing loans, hire purchase receivables and other term loans/financing sold to Cagamas with recourse amounting to RM2,060,205,000 (31 December 2013: RM2,405,777,000).



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	Group	
	As at 30 September 2014	As at 31 December 2013
	RM'000	RM'000
A16. Loans, Advances and Financing (continued)		
(a) By type of customer		
Domestic non-bank financial institutions		
- Others	1,909,293	2,716,376
Domestic business enterprises		
- Small and medium enterprises	14,752,379	12,432,608
- Others	35,567,639	31,997,072
Government and statutory bodies	7,452,294	8,476,645
Individuals	62,352,360	55,093,448
Other domestic entities	129,598	126,933
Foreign entities	13,845,085	10,909,814
	136,008,648	121,752,896
(b) By geographical distribution		
Malaysia	121,401,714	110,010,249
Labuan Offshore	3,494,297	3,399,433
Singapore	9,235,802	6,861,280
Thailand	966,986	749,899
Brunei	108,812	94,029
Indonesia	17,130	20,639
Hong Kong	174,438	148,102
Cambodia	599,270	469,265
Lao	10,199	-
	136,008,648	121,752,896
(c) By interest/profit rate sensitivity		
Fixed rate		
- Housing loans/financing	1,061,589	1,021,668
- Hire purchase receivables	13,785,974	13,052,001
- Other fixed rate loans/financing	18,143,861	18,093,114
Variable rate		
- Base lending/financing rate plus	60,512,493	49,342,388
- Cost-plus	34,722,415	32,953,484
- Other variable rates	7,782,316	7,290,241
	136,008,648	121,752,896



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	Group	
	As at	As at
	30 September	31 December
	2014	2013
	RM'000	RM'000
A16. Loans, Advances and Financing (continued)		
(d) By purpose		
Purchase of securities	15,893,120	13,070,551
Purchase of transport vehicles	12,653,246	11,863,407
Purchase of landed property		
- Residential	29,700,093	25,518,909
- Non-residential	9,543,777	7,448,743
Purchase of property, plant and equipment other than land and building	3,650,015	3,350,106
Personal use	7,462,327	7,193,757
Credit card	1,964,676	2,004,163
Purchase of consumer durables	29,569	31,513
Construction	3,841,388	3,121,181
Working capital	32,751,103	29,096,506
Merger and acquisition	3,298,526	3,215,709
Other purpose	15,220,808	15,838,351
	<u>136,008,648</u>	<u>121,752,896</u>
(e) By remaining contractual maturities		
Maturity within one year	46,277,382	43,226,153
One year to three years	8,851,811	9,751,531
Three years to five years	9,773,999	10,125,124
Over five years	71,105,456	58,650,088
	<u>136,008,648</u>	<u>121,752,896</u>



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	Group	
	As at 30 September 2014	As at 31 December 2013
	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	3,426,629	3,337,637
Classified as impaired	2,495,368	4,122,777
Reclassified as non-impaired	(1,823,993)	(2,645,660)
Amount recovered	(511,195)	(782,440)
Amount written off	(511,541)	(614,408)
Transfer from financial investments AFS	39,543	-
Exchange differences	380	8,723
Balance as at the end of the financial period/year	<u>3,115,191</u>	<u>3,426,629</u>

	Group	
	As at 30 September 2014	As at 31 December 2013
	RM'000	RM'000
(ii) By purpose		
Purchase of securities	137,830	161,957
Purchase of transport vehicles	225,624	218,392
Purchase of landed property		
- Residential	794,209	876,201
- Non-residential	116,071	99,639
Purchase of property, plant and equipment other than land and building	42,512	45,211
Personal use	152,706	150,366
Credit card	41,553	41,330
Purchase of consumer durables	1,557	1,724
Construction	115,160	125,127
Working capital	1,353,613	1,536,514
Other purpose	134,356	170,168
	<u>3,115,191</u>	<u>3,426,629</u>



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	Group	
	As at 30 September 2014	As at 31 December 2013
	RM'000	RM'000
A16. Loans, Advances and Financing (continued)		
(f) Impaired loans, advances and financing (continued)		
(iii) By geographical distribution		
Malaysia	2,939,814	3,252,442
Labuan Offshore	51,880	49,901
Singapore	95,427	85,600
Thailand	16,141	16,025
Brunei	7,903	8,536
Cambodia	4,026	14,125
	3,115,191	3,426,629

	Group	
	As at 30 September 2014	As at 31 December 2013
	RM'000	RM'000
(iv) Movements in allowance for impaired loans, advances and financing		
<u>Individual impairment allowance</u>		
Balance as at the beginning of the financial period/year	903,388	801,495
Net allowance made	(43,295)	297,254
Amount written off	(87,675)	(203,000)
Reclassified (to)/from collective impairment allowance	(3,937)	2,509
Net transfer from financial investments AFS/HTM	20,075	-
Exchange differences	(311)	5,130
Balance as at the end of the financial period/year	788,245	903,388
<u>Collective impairment allowance</u>		
Balance as at the beginning of the financial period/year	1,280,266	1,401,946
Net allowance made	264,304	194,069
Amount written off	(262,291)	(316,200)
Reclassified from/(to) individual impairment allowance	3,937	(2,509)
Exchange differences	(292)	2,960
Balance as at the end of the financial period/year	1,285,924	1,280,266



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	Group	
	As at 30 September 2014	As at 31 December 2013
	RM'000	RM'000
A17. Other Assets		
Other debtors	557,794	624,877
Deposits	85,670	89,432
Prepayments	89,527	61,000
Deposits for proposed acquisition of PT Bank Mestika Dharma (refer to Note A26)	-	112,515
	732,991	887,824

	Company	
	As at 30 September 2014	As at 31 December 2013
	RM'000	RM'000
Other debtors	2	2,339
Prepayments	1,052	3,624
Deposits for proposed acquisition of PT Bank Mestika Dharma (refer to Note A26)	-	112,515
	1,054	118,478



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	Group	
	As at 30 September 2014 RM'000	As at 31 December 2013 RM'000
A18. Deposits from Customers		
(a) By type of deposits		
Demand deposits	25,523,264	24,572,177
Savings deposits	7,886,084	7,532,754
Fixed/investment deposits	114,661,883	105,594,645
Negotiable instruments of deposits	36,295	41,665
	148,107,526	137,741,241
(b) By type of customer		
Government and statutory bodies	11,443,598	11,940,337
Business enterprises	90,134,812	82,779,114
Individuals	40,584,241	38,461,412
Others	5,944,875	4,560,378
	148,107,526	137,741,241
(c) By maturity structure of fixed/investment deposits and negotiable instruments of deposits		
Due within six months	100,204,067	92,955,781
Six months to one year	12,734,009	12,212,827
One year to three years	1,744,067	438,629
Three years to five years	16,035	29,073
	114,698,178	105,636,310
A19. Deposits and Placements of Banks and Other Financial Institutions		
Licensed banks	13,431,493	10,564,885
Licensed Islamic banks	453,854	609,614
Licensed investment banks	1,721,080	362,348
BNM	1,738,895	826,123
Other financial institutions	4,375,164	4,635,385
	21,720,486	16,998,355



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	Group	
	As at 30 September 2014 RM'000	As at 31 December 2013 RM'000
A20. Other Liabilities		
Other creditors and accruals	846,894	871,628
Short term employee benefits	245,053	258,377
Lessee deposits	28,533	29,774
Prepaid instalment	70,910	73,852
Remisiers' trust deposits	61,299	55,887
Amount due to Danaharta	1,864	1,864
Amount due to trust funds	19,510	35,355
	1,274,063	1,326,737
	Company	
	As at 30 September 2014 RM'000	As at 31 December 2013 RM'000
Other creditors and accruals	1,436	2,535
Short term employee benefits	1,050	3,709
	2,486	6,244



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A21. Segment Reporting

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

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

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

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

(a) CIB

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

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

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

(b) Retail Banking

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

(c) Business Banking

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

(d) Group Treasury

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



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

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

(e) Group International Business

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

(f) Support Center and Others

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

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



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A21. Segment Reporting (continued)

Segment Profit and Loss for the Nine Months Ended 30 September 2014

	CIB	Retail Banking	Business Banking	Group Treasury	Group International Business	Support Center and Others	Inter-segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	1,387,909	1,894,092	663,136	484,149	291,617	(162,810)	-	4,558,093
Inter-segment revenue	23,261	15,515	-	26,839	11,893	1,323	(78,831)	-
Segment revenue	1,411,170	1,909,607	663,136	510,988	303,510	(161,487)	(78,831)	4,558,093
Other operating expenses	(765,780)	(995,628)	(316,591)	(115,749)	(216,029)	(93,190)	78,831	(2,424,136)
Including:								
Depreciation of property, plant and equipment	(18,454)	(48,872)	(4,962)	(2,096)	(6,371)	(6,652)	-	(87,407)
Amortisation of intangible assets	(16,623)	(18,427)	(7,043)	(5,262)	(2,111)	-	-	(49,466)
Allowance for impairment on loans, financing and other losses	131,367	(256,488)	(16,366)	(526)	(8,678)	(15,081)	-	(165,772)
Impairment losses written back/(made) on other assets	126,738	21	623	(3,363)	5	(839)	-	123,185
	903,495	657,512	330,802	391,350	78,808	(270,597)	-	2,091,370
Share of results of associates								(105)
Share of results of joint ventures								202
Profit before taxation								2,091,467
Taxation								(526,973)
Net profit for the financial period								1,564,494



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A21. Segment Information (continued)

Segment Profit and Loss for the Nine Months Ended 30 September 2013

	CIB	Retail Banking	Business Banking	Group Treasury	Group International Business	Support Center and Others	Inter-segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	1,303,749	1,784,646	617,593	405,285	240,185	(19,454)	-	4,332,004
Inter-segment revenue	14,293	8,887	-	19,048	2,690	8,876	(53,794)	-
Segment revenue	1,318,042	1,793,533	617,593	424,333	242,875	(10,578)	(53,794)	4,332,004
Other operating expenses	(727,255)	(903,107)	(292,722)	(86,968)	(180,488)	(94,496)	53,794	(2,231,242)
Including:								
Depreciation of property, plant and equipment	(19,533)	(46,437)	(5,989)	(2,118)	(5,119)	(4,848)	-	(84,044)
Amortisation of intangible assets	(7,843)	(14,032)	(6,202)	(3,532)	(1,347)	-	-	(32,956)
Allowance for impairment on loans, financing and other losses	(126,566)	(139,504)	(50,021)	-	(10,982)	(2,227)	-	(329,300)
Impairment losses written back on other assets	14,608	86	26	324	-	-	-	15,044
	478,829	751,008	274,876	337,689	51,405	(107,301)	-	1,786,506
Share of results of associates								793
Share of results of joint ventures								413
Profit before taxation								1,787,712
Taxation								(439,923)
Net profit for the financial period								1,347,789



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A21. Segment Reporting (continued)

Segment Assets as at 30 September 2014

	CIB	Retail Banking	Business Banking	Group Treasury	Group International Business	Support Center and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	52,318,190	66,033,225	17,933,938	51,119,877	19,648,909	851,754	207,905,893
Investments in associates and joint ventures							19,636
Tax recoverable							100,537
Deferred tax assets							23,147
Unallocated assets							1,404,431
Total assets							209,453,644
Segment liabilities	34,749,021	43,203,432	12,514,197	62,660,872	14,055,335	8,344,809	175,527,666
Tax liabilities							112,886
Deferred tax liabilities							77,878
Borrowings and senior debt securities							4,470,460
Subordinated obligations							6,148,880
Hybrid Tier-1 Capital Securities							597,759
Unallocated liabilities							3,990,003
Total liabilities							190,925,532



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A21. Segment Information (continued)

Segment Assets as at 31 December 2013

	CIB	Retail Banking	Business Banking	Group Treasury	Group International Business	Support Center and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	48,337,466	59,162,237	16,162,419	49,514,075	15,706,504	597,206	189,479,907
Investments in associates and joint ventures							20,949
Tax recoverable							148,677
Deferred tax assets							31,225
Unallocated assets							1,409,149
Total assets							191,089,907
Segment liabilities	30,492,105	41,530,299	11,897,733	60,541,429	12,536,052	5,559,403	162,557,021
Tax liabilities							29,767
Deferred tax liabilities							51,814
Borrowings and senior debt securities							4,546,825
Subordinated obligations							4,580,967
Hybrid Tier-1 Capital Securities							601,201
Unallocated liabilities							1,779,585
Total liabilities							174,147,180



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A22. Valuation of Property, Plant and Equipment

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

A23. Material Events Subsequent to the Balance Sheet Date

There were no significant events subsequent to the balance sheet date that have not been reflected in the financial statements, other than those disclosed in Note B6(d).

A24. Changes in Composition of the Group

There were no significant changes in the composition of the Group for the nine months ended 30 September 2014 other than the following:

- (a) The disposal of RD RHB OSK Indonesia Dynamic Resources Plus Fund by RHB Investment Bank Berhad ('RHB Investment Bank') for a cash consideration of RM6.5 million;
- (b) The establishment of RHB Bank (Lao) Limited ('RHB Bank Lao') following the granting of the Business Registration License by the Ministry Democratic Republic on 30 May 2014. RHB Bank Lao has commenced operations with effect from 6 June 2014; and
- (c) The disposal of 34.88% equity interest in iFast-OSK Sdn Bhd by RHB Investment Bank for a cash consideration of RM9.07 million.



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

(a) Commitments and Contingencies

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

The commitments and contingencies comprise the following:

<u>Group</u>	As at 30 September 2014			As at 31 December 2013		
	Principal amount	Credit equivalent amount*	Risk weighted amount	Principal amount	Credit equivalent amount*	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	2,683,715	2,649,103	1,838,262	3,738,396	3,705,381	2,144,445
Transaction-related contingent items	4,741,554	2,346,171	1,267,846	3,035,866	1,524,593	995,458
Short term self-liquidating trade-related contingencies	1,863,314	370,270	176,557	1,567,318	311,555	175,489
Obligations under underwriting agreements	128,258	64,129	64,129	343,648	171,824	123,356
Irrevocable commitments to extend credit						
- maturity not exceeding one year	5,504,353	1,053,504	600,822	12,531,458	6,181,453	4,611,035
- maturity exceeding one year	42,647,951	21,723,368	14,586,942	30,827,639	15,207,203	10,671,666
Foreign exchange related contracts^						
- less than one year	21,552,146	429,910	249,570	11,477,071	257,638	199,534
- one year to less than five years	8,903,034	1,296,007	512,719	8,496,637	1,259,794	461,462
Interest rate related contracts^						
- less than one year	5,083,662	17,910	6,047	4,780,460	10,730	4,364
- one year to less than five years	23,606,873	701,317	236,957	21,957,869	674,566	265,257
- more than five years	1,192,428	84,617	36,920	1,475,893	103,342	38,207
	117,907,288	30,736,306	19,576,771	100,232,255	29,408,079	19,690,273

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

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



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

(a) Commitments and Contingencies (continued)

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

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

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

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



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

(b) Guarantees Issued by Group and Company

	As at 30 September 2014 RM'000	As at 31 December 2013 RM'000
Group		
Corporate guarantee in favour of client's trading facilities granted by a subsidiary	<u>68,000</u>	<u>68,000</u>
Company		
Corporate guarantee provided to licensed banks for credit facilities granted to subsidiaries	200,876	327,742
Corporate guarantee in favour of client's trading facilities granted by a subsidiary	68,000	68,000
Letter of undertaking in favour of Monetary Authority of Singapore provided for a subsidiary	<u>128,570</u>	<u>129,680</u>
	<u>397,446</u>	<u>525,422</u>

A26. Capital Commitments

	Group As at 30 September 2014 RM'000	As at 31 December 2013 RM'000
Capital expenditure for property, plant and equipment:		
- authorised and contracted for	77,990	52,638
- authorised but not contracted for	<u>204,402</u>	<u>215,323</u>
	<u>282,392</u>	<u>267,961</u>
Proposed acquisition of PT Bank Mestika Dharma*	-	538,620
	<u>282,392</u>	<u>806,581</u>

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



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A27. Capital Adequacy Ratio

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

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

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

	RHB Bank[@]	
	As at	As at
	30 September 2014	31 December 2013
	RM'000	RM'000
Common Equity Tier 1 ('CET 1')/Tier I Capital		
Paid-up ordinary share capital	3,318,085	3,318,085
Share premium	8,563	8,563
Retained profits	6,257,631	5,424,998
Other reserves	3,483,907	3,492,002
AFS reserves	263,312	179,873
	13,331,498	12,423,521
Less:		
Goodwill	(905,519)	(905,519)
Intangible assets (include associated deferred tax liabilities)	(134,066)	(109,845)
55% of cumulative gains of AFS financial instruments	(144,822)	(98,930)
Shortfall of eligible provisions to expected losses under the IRB approach	(299,872)	(280,768)
Investments in subsidiaries***	(332,839)	-
Other deductions#	(15,688)	(17,374)
Total CET 1 Capital	11,498,692	11,011,085
Hybrid Tier-I Capital Securities*	480,000	540,000
Total Tier I Capital	11,978,692	11,551,085
Tier II Capital		
Subordinated obligations**	4,200,000	3,600,000
Collective impairment allowance^	278,873	269,973
	4,478,873	3,869,973
Less:		
Investments in subsidiaries***	(1,331,358)	(1,539,997)
Total Tier II Capital	3,147,515	2,329,976
Total Capital	15,126,207	13,881,061
<u>Capital ratios</u>		
Before proposed dividends:		
CET I Capital Ratio	10.907%	11.103%
Tier I Capital Ratio	11.363%	11.647%
Total Capital Ratio	14.348%	13.997%
After proposed dividends:		
CET I Capital Ratio	10.741%	11.103%
Tier I Capital Ratio	11.197%	11.647%
Total Capital Ratio	14.182%	13.997%

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

[^] 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'.

[#] 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-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).

^{**} 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).

^{***} 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).



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

	RHB Islamic Bank	
	As at 30 September 2014	As at 31 December 2013
	RM'000	RM'000
CET 1/Tier I Capital		
Paid-up ordinary share capital	1,173,424	1,173,424
Retained profits	488,981	441,401
Other reserves	489,188	441,609
AFS reserves	(22,427)	(29,302)
	2,129,166	2,027,132
Less:		
Net deferred tax assets	(13,257)	(17,281)
Intangible assets (include associated deferred tax liabilities)	(2,221)	(5,580)
55% of cumulative gains of AFS financial instruments	(18)	-
Other deductions#	-	(92)
Total CET I Capital/Total Tier I Capital	2,113,670	2,004,179
Tier II Capital		
Collective impairment allowance^	89,455	81,059
Subordinated sukuk*	500,000	-
Total Tier II Capital	589,455	81,059
Total Capital	2,703,125	2,085,238
<u>Capital ratios</u>		
Before proposed dividends:		
CET I Capital Ratio	12.236%	13.864%
Tier I Capital Ratio	12.236%	13.864%
Total Capital Ratio	15.648%	14.424%
After proposed dividends:		
CET I Capital Ratio	12.236%	13.864%
Tier I Capital Ratio	12.236%	13.864%
Total Capital Ratio	15.648%	14.424%

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

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

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



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A27. Capital Adequacy Ratio (continued)

	RHB Investment Bank	
	As at 30 September 2014	As at 31 December 2013
	RM'000	RM'000
CET 1/Tier I capital		
Paid-up ordinary share capital	818,646	818,646
Share premium	1,515,150	1,515,150
Retained profits	194,578	176,310
Other reserves	311,018	278,549
AFS reserves	(9,001)	(32,510)
	2,830,391	2,756,145
Less:		
Goodwill	(1,118,418)	(1,118,418)
Investments in subsidiaries**	(220,255)	-
Intangible assets (include associated deferred tax liabilities)	(29,639)	(42,967)
Securitisation exposure subject to deductions	(478)	(1,744)
Other deductions	(1,791)	(2,019)
Deferred tax assets	(7,203)	(11,382)
Reduction in excess of Tier II capital due to insufficient Tier II Capital#	(333,513)	(554,041)
Total CET I Capital/Tier I Capital	1,119,094	1,025,574
Tier II Capital		
Subordinated obligations*	539,765	545,000
Collective impairment allowance^	7,744	7,714
	547,509	552,714
Less:		
Investments in subsidiaries and associates**	(547,509)	(552,714)
Total Tier II Capital	-	-
Total Capital	1,119,094	1,025,574
Capital ratios		
Before proposed dividends:		
CET I Capital Ratio	30.852%	24.556%
Tier I Capital Ratio	30.852%	24.556%
Total Capital Ratio	30.852%	24.556%
After proposed dividends:		
CET I Capital Ratio	30.852%	24.556%
Tier I Capital Ratio	30.852%	24.556%
Total Capital Ratio	30.852%	24.556%

^ 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'.

* 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).

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).

** 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).



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A27. Capital Adequacy Ratio (continued)

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

	RHB Bank[@]	RHB Islamic Bank	RHB Investment Bank
30 September 2014			
Credit risk	93,985,967	16,242,092	2,427,484
Market risk	3,544,018	151,549	405,193
Operational risk	7,891,925	880,750	794,545
Total risk-weighted assets	105,421,910	17,274,391	3,627,222
31 December 2013			
Credit risk	88,598,853	13,511,201	2,518,192
Market risk	2,899,375	160,838	1,070,638
Operational risk	7,670,991	783,884	587,482
Total risk-weighted assets	99,169,219	14,455,923	4,176,312

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

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

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

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

(c) **RHB Indochina Bank**

	As at 30 September 2014 RM'000	As at 31 December 2013 RM'000
Before deducting proposed dividends:		
Core capital ratio	#	#
Solvency ratio	18.898%	18.987%
After deducting proposed dividends:		
Core capital ratio	#	#
Solvency ratio	18.898%	18.987%

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

No equivalent ratio in Cambodia.



RHB CAPITAL BERHAD (312952 – H)
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	Group	
	As at 30 September 2014 RM'000	As at 31 December 2013 RM'000
A28. Operations of Islamic Banking		
(a) Unaudited Statement of Financial Position as at 30 September 2014		
ASSETS		
Cash and short-term funds	2,192,591	3,330,835
Deposits and placements with banks and other financial institutions	1,150,934	704,325
Financial assets HFT	221,323	793,559
Financial investments AFS	2,391,331	2,379,701
Financial investments HTM	2,512,065	2,586,660
Financing and advances	23,214,993	18,463,746
Other assets	74,753	48,131
Derivative assets	4,781	-
Statutory deposits	927,500	790,000
Deferred tax assets	8,289	12,146
Property, plant and equipment	12,976	13,923
Intangible assets	7,188	10,715
Total assets	32,718,724	29,133,741
LIABILITIES		
Deposits from customers	21,364,043	21,034,100
Deposits and placements of banks and other financial institutions	1,719,073	1,604,395
Bills and acceptances payable	78,877	15,090
Recourse obligation on financing sold to Cagamas	1,188,253	1,308,332
Other liabilities	58,280	92,816
Derivative liabilities	850	-
Tax liabilities	28,608	13,799
Subordinated obligations	509,425	-
Total liabilities	24,947,409	24,068,532
Islamic Banking Funds	7,771,315	5,065,209
Total liabilities and Islamic Banking Funds	32,718,724	29,133,741
Commitments and contingencies	7,276,470	5,539,470



RHB CAPITAL BERHAD (312952 – H)
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	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
A28. Operations of Islamic Banking (continued)				
(b) Unaudited Income Statement for the Nine Months Ended 30 September 2014				
Group				
Income derived from investment of depositors' funds	355,152	277,965	947,239	819,962
Income derived from investment of shareholder's funds	29,241	30,459	93,132	84,230
Allowance for impairment on financing and advances	(7,822)	(6,709)	(20,225)	(37,509)
Impairment losses on other assets	(359)	-	(217)	(701)
Total distributable income	<u>376,212</u>	<u>301,715</u>	<u>1,019,929</u>	<u>865,982</u>
Income attributable to depositors	<u>(187,960)</u>	<u>(157,353)</u>	<u>(508,852)</u>	<u>(475,136)</u>
Total net income	188,252	144,362	511,077	390,846
Personnel expenses	(5,928)	(19,764)	(44,202)	(58,655)
Other overheads and expenditures	<u>(43,462)</u>	<u>(35,300)</u>	<u>(125,488)</u>	<u>(104,963)</u>
Profit before taxation	138,862	89,298	341,387	227,228
Taxation	<u>(27,438)</u>	<u>(22,791)</u>	<u>(58,795)</u>	<u>(38,809)</u>
Net profit for the financial period	<u>111,424</u>	<u>66,507</u>	<u>282,592</u>	<u>188,419</u>



RHB CAPITAL BERHAD (312952 – H)
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	3rd quarter ended		Nine months ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	RM'000	RM'000	RM'000	RM'000
A28. Operations of Islamic Banking (continued)				
(c) Unaudited Statement of Comprehensive Income for the Nine Months Ended 30 September 2014				
Group				
Net profit for the financial period	<u>111,424</u>	<u>66,507</u>	<u>282,592</u>	<u>188,419</u>
Other comprehensive income/(loss) in respect of: Items that will be reclassified subsequently to profit or loss				
- Unrealised net gain/(loss) on revaluation of financial investments AFS	16,417	(18,829)	9,900	(31,052)
- Net transfer to income statements on disposal or impairment of financial investments AFS	(3,235)	3,637	(734)	(3,796)
- Income tax relating to components of other comprehensive (income)/loss	<u>(3,295)</u>	<u>3,798</u>	<u>(2,291)</u>	<u>8,712</u>
Other comprehensive income/(loss) net of tax, for the financial period	<u>9,887</u>	<u>(11,394)</u>	<u>6,875</u>	<u>(26,136)</u>
Total comprehensive income for the financial period	<u><u>121,311</u></u>	<u><u>55,113</u></u>	<u><u>289,467</u></u>	<u><u>162,283</u></u>



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	Group	
	As at 30 September 2014	As at 31 December 2013
	RM'000	RM'000
A28. Operations of Islamic Banking (continued)		
(d) Financing and Advances		
At amortised cost		
Cashline	219,584	173,543
Term financing		
- Housing financing	5,828,052	4,555,440
- Syndicated term financing	279,080	439,831
- Hire purchase receivables	5,906,575	4,921,395
- Other term financing	9,207,182	6,254,242
Bills receivable	620,987	667,633
Trust receipts	23,932	36,094
Staff financing	5,359	5,717
Credit card receivables	215,642	199,631
Revolving financing	1,159,587	1,467,692
Gross financing and advances	<u>23,465,980</u>	<u>18,721,218</u>
Less: Allowance for impaired financing and advances		
- Individual impairment allowance	(84,828)	(111,703)
- Collective impairment allowance	(166,159)	(145,769)
Net financing and advances	<u><u>23,214,993</u></u>	<u><u>18,463,746</u></u>



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	Group	
	As at 30 September 2014 RM'000	As at 31 December 2013 RM'000
A28. Operations of Islamic Banking (continued)		
(d) Financing and Advances (continued)		
(i) Movements in impaired financing and advances		
Balance as at the beginning of the financial period/year	431,267	409,064
Classified as impaired	332,893	474,197
Reclassified as non-impaired	(272,360)	(308,232)
Amount recovered	(49,383)	(85,391)
Amount written off	(43,966)	(58,371)
Exchange differences	1,029	-
Balance as at the end of the financial period/year	<u>399,480</u>	<u>431,267</u>
(ii) Movements in allowance for impaired financing and advances		
<u>Individual impairment allowance</u>		
Balance as at the beginning of the financial period/year	111,703	89,013
Net allowance (written back)/made	(19,347)	24,677
Amount written off	(3,591)	(6,637)
Reclassified (to)/from collective impairment allowance	(3,937)	4,650
Balance as at the end of the financial period/year	<u>84,828</u>	<u>111,703</u>
<u>Collective impairment allowance</u>		
Balance as at the beginning of the financial period/year	145,769	177,774
Net allowance made	41,167	6,521
Amount written off	(24,714)	(33,876)
Reclassified from/(to) individual impairment allowance	3,937	(4,650)
Balance as at the end of the financial period/year	<u>166,159</u>	<u>145,769</u>



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	Group	
	As at 30 September 2014 RM'000	As at 31 December 2013 RM'000
A28. Operations of Islamic Banking (continued)		
(e) Other Assets		
Prepayments	2,898	1,005
Deposits	1,221	1,213
Other debtors	70,634	45,913
	<u>74,753</u>	<u>48,131</u>
(f) Deposits from Customers		
<u>Non-Mudharabah Funds</u>		
Demand deposits	3,030,095	2,090,486
Savings deposits	1,105,459	779,844
Commodity Murabahah	5,313,032	3,835,078
Wakalah money market deposits	-	3,867
Wadiah corporate deposits	7,883,225	-
	<u>17,331,811</u>	<u>6,709,275</u>
<u>Mudharabah Funds</u>		
Demand deposits	27,719	537,782
Savings deposits	-	156,497
General investment accounts	407,258	896,771
Special investment accounts	3,597,255	12,733,775
	<u>21,364,043</u>	<u>21,034,100</u>



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

(a) Current Financial Year vs Previous Financial Year

The Group recorded a pre-tax profit of RM2.1 billion for the first nine months of 2014, an increase of 17.0% over the previous year corresponding period. Net profit recorded a similar 17.0% growth to reach RM1.6 billion, as compared to RM1.3 billion recorded a year ago.

The earnings growth was achieved on the back of 5.2% total income growth, higher impairment write back of other assets and significant improvement in loan impairment charges, partially offset by higher operating expenses.

Interest income rose by 7.1% to RM5.5 billion for the first nine months on the back of a 9.5% increase in conventional gross loans year-on-year. Interest expenses was higher by 10.5% to RM3.0 billion, attributed mainly to higher deposit base and diversification of funding mix with the issuance of RM1 billion subordinated debts in July 2014.

Other operating income increased by 3.2% or RM47.3 million year-on-year, attributed mainly to higher fee income and insurance underwriting, partially offset by lower gain on derivatives and lower net gains from trading and investment securities. Higher fee income was driven mainly from higher capital market-related activities, mitigated by lower brokerage and wealth management fee income.

Islamic Banking income increased by 23.9% to RM531.5 million, mainly due to higher net funding income on the back of 25.6% increase year-on-year in financing base to RM23.5 billion.

Other operating expenses increased by 8.6% or RM19.3 million to RM2.4 billion. This was mainly due to a 13.0% increase in personnel costs in line with the increase in business volume and enhanced staff bench strength and key senior hires to support the Group's business growth agenda.

Allowance for impairment on loans and financing decreased significantly by RM163.5 million to RM165.8 million. This was primarily due to the non-recurrence of impairment made on certain corporate accounts and one-time bad debts written off pertaining to the refinement of application of MFRS 139 (Financial Instruments: Recognition and Measurement) in last year, partially offset by higher collective impairment allowance.

Total assets increased by 9.7% or RM18.5 billion to RM209.6 billion as at 30 September 2014, whilst shareholders' equity strengthened further with a 9.4% growth to RM18.3 billion. Net assets per share improved to RM7.12 compared to RM6.57 as at 31 December 2013.

For the first nine months of 2014, the Group recorded strong loans growth of 11.7% to RM136.0 billion. The growth was broad based, predominantly from purchase of residential and non-residential properties, working capital and purchase of securities. The Group continued to gain traction in the domestic loans segment. Domestic loans market share increased to 9.6% from 9.3% as at 31 December 2013.

Asset quality strengthened further with impaired loans ratio improved to 2.29% vis-à-vis 2.81% in December 2013. On an absolute basis, gross impaired loans decreased by 9.1% over the nine months period to RM3.1 billion.

For the first nine months of the year, customer deposits expanded at a healthy rate of 7.5% to RM148.1 billion. Fixed deposits increased by 8.6% to RM114.7 billion, and current and savings accounts balances increased by 4.1% to RM33.4 billion. CASA composition was at 22.6% as at 30 September 2014.



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

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

Performance by Operating Segment

Corporate and Investment Banking

Segment profit increased significantly to RM903.5 million, mainly attributable to the absence of large individual allowance made on certain corporate accounts in the previous year, higher impairment write back on other assets, higher capital market related income and higher net interest income, partially offset with higher other operating expenses.

Retail Banking

Segment profit was lower by 12.4% to RM657.5 million mainly due to higher collective allowance for loans, advances and financing, higher overhead expenses and lower net interest income. This was partially offset by higher general insurance related income, higher fee income and higher net interest income.

Business Banking

Segment profit increased by 20.3% to RM330.8 million, mainly attributable to higher net interest income and lower allowances for loans, advances and financing, partially offset by higher overhead expenses.

Group Treasury

Segment profit was higher by 15.9% to RM391.4 million, mainly due to higher net gain from trading securities and higher net interest income, partially offset by lower net foreign exchange gain and lower investment income.

Group International Business

Segment profit was higher by 53.3% to RM78.8 million, mainly due to higher net interest income, higher fee income and higher net foreign exchange gain, partially offset by higher overhead expenses.

B2. Current Quarter vs Previous Quarter

Pre-tax profit for the third quarter of 2014 was at RM714.9 million, 3.3% lower as compared to RM739.1 million recorded in the preceding quarter ended 30 June 2014. This was mainly attributable to lower impairment write back on other assets, higher impairment allowances for loans and financing and higher other operating expenses. This was however partially offset by higher other operating income, higher income from Islamic Banking business and higher net interest income.

B3. Prospects for Financial Year 2014

Economic growth for the remainder of 2014 is expected to be at a slower pace compared to the 6.3% recorded in 1H 2014. The increase in exports will be lower and domestic demand will be moderated given the effect of the earlier macro prudential measures to rein in household debt as well as the 25 basis point OPR hike in July 2014. GDP for the full year is expected to grow by 5.8%, stronger than 2013. This higher growth is due to increased exports and domestic demand, particularly in private investment and consumer spending.

The Malaysian Banking Sector will continue its growth trend for the rest of the year. This is supported by broadly resilient private investments and the various economic programmes driving SME business growth, although this may be partially offset by some moderation in the household segment.

Our IGNITE 2017 transformation programme initiatives have yielded good results and is continuing to show strong momentum. Barring unforeseen circumstances, the Group's 2014 performance will be better than 2013.

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

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



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B5. Taxation

	3rd quarter ended		Nine months ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	RM'000	RM'000	RM'000	RM'000
Group				
Income tax based on profit for the financial period				
- Malaysian income tax	197,321	173,380	535,672	423,828
- Overseas tax	7,338	487	17,609	2,442
Deferred tax	(17,623)	7,337	820	11,307
	<u>187,036</u>	<u>181,204</u>	<u>554,101</u>	<u>437,577</u>
(Over)/under provision in respect of prior financial years				
- Taxation	(22,446)	(6,258)	(28,049)	(5,425)
- Deferred tax	(1,402)	-	921	7,771
	<u>163,188</u>	<u>174,946</u>	<u>526,973</u>	<u>439,923</u>

The effective tax rate of the Group for the third quarter and nine months ended 30 September 2014 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purpose.

	3rd quarter ended		Nine months ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	RM'000	RM'000	RM'000	RM'000
Company				
Income tax based on profit for the financial period				
- Malaysian income tax	(668)	(1,407)	7	11,312
Deferred tax	(93)	(233)	641	(797)
	<u>(761)</u>	<u>(1,640)</u>	<u>648</u>	<u>10,515</u>
Over provision in respect of prior financial years	(276)	-	(276)	-
	<u>(1,037)</u>	<u>(1,640)</u>	<u>372</u>	<u>10,515</u>

The effective tax rate of the Company for the nine months ended 30 September 2014 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purpose.



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B6. Status of Corporate Proposals

(a) Dividend Reinvestment Plan

On 1 March 2011, RHB Investment Bank, on behalf of the Company, announced that as part of the Company's capital management plan and to enhance the Company's shareholders' value, the Company has proposed to undertake a dividend reinvestment plan that provides the shareholders the option to elect to reinvest their cash dividend declared by the Company (whether interim, final, special or any other cash dividend) ('Dividend') into new ordinary shares of RM1.00 each in the Company ('RHB Capital Shares') [hereinafter referred to as Dividend Reinvestment Plan ('DRP')]. Approval from shareholders for the DRP and the issuance of New Shares arising from the DRP was obtained at the Extraordinary General Meeting held on 6 April 2011.

The DRP further provides that whenever a cash dividend is proposed, the Board may, in its absolute discretion, determine that the DRP to be applied to the whole or a portion of the cash Dividend and where applicable, any remaining portion of the Dividend will be paid in cash.

(b) Issuance of Multi-Currency Medium Term Note Programme ('MCMTN Programme') by RHB Bank and RHB Investment Bank

RHB Investment Bank and RHB Bank have obtained approval from BNM and the Securities Commission of Malaysia ('SC') for their respective MCMTN Programme:

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

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

As of todate, RHB Investment Bank and RHB Bank has yet to issue any part of the MCMTN Programme.

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

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

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

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

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

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



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B6. Status of Corporate Proposals (continued)

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

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

(e) Proposed Acquisition of Remaining 49% Equity Interest in DMG & Partners Securities Pte Ltd ('DMG')

On 25 August 2014, RHB Investment Bank has entered into a conditional share purchase agreement with Deutsche Asia Pacific Holdings Pte Ltd ('DAPH') to acquire 36,750,000 ordinary shares of SGD1.00 each, representing the remaining 49% equity interest in DMG, not already owned by RHB Investment Bank, from DAPH for a total cash consideration of SGD123,502,067 (equivalent to approximately RM315.1 million based on exchange rate of SGD1: RM2.5514, being the prevailing exchange rate on 8 July 2014 as published by BNM) ('Proposed Acquisition').

The completion of the Proposed Acquisition is conditional upon, among others, the clearance from BNM, SC, Monetary Authority of Singapore and Singapore Exchange Securities Trading Limited. The Singapore Exchange Securities Trading Limited and BNM had, on 7 July 2014 and 6 November 2014 respectively, noted the Proposed Acquisition.

(f) Group Internal Reorganisation

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

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

The Acquisition will not have any effect on the issued and paid-up capital and substantial shareholders' shareholdings of RHB Capital, and it is not expected to have any material effect on the earnings per share, net assets per share and gearing of RHB Capital Group for the financial year ending 31 December 2014.

The Acquisition is subject to the approvals of BNM, SC, National Bank of Cambodia and the SECC. Approvals from BNM and the SC were obtained on 25 June 2014 and 1 July 2014 respectively.

The Acquisition is an internal reorganisation exercise within RHB Capital Group and is expected to be completed by the first quarter of 2015.

(g) Proposal to Commence Negotiation for a Merger of Business and Undertakings

As announced by the Company on 10 July 2014, BNM had vide its letter dated on even date stated that it has no objection for the Company to commence negotiations with CIMB Group Holdings Berhad ('CIMB Group') and Malaysia Building Society Berhad ('MBSB') for a possible merger of the businesses and undertakings of CIMB Group and RHB Capital, and the merger of Islamic banking businesses with MBSB ('Proposed Merger'). The approval is valid for a period of six months from the date of BNM's letter.

(RHB Capital, CIMB Group and MBSB collectively defined as the 'Parties')

Pursuant to BNM's approval, the Parties have on the same day, entered into an exclusivity agreement to negotiate and finalise pricing, structure, and other relevant terms and conditions for the Proposed Merger for a period of ninety (90) days (unless otherwise agreed by the Parties) ('Exclusivity Period'). There will be an automatic extension of the Exclusivity Period upon a submission being made to BNM by the Parties on the Proposed Merger, until the date of execution of the relevant definitive agreement(s) to effect the Proposed Merger.

All consideration used to effect the Proposed Merger shall be referenced to the closing price of RHB Capital, CIMB Group and MBSB on the stock exchange on 9 July 2014.

RHB Capital and CIMB Group, as well as their relevant subsidiaries, had made a joint application to BNM on 8 October 2014 to seek the approval of BNM and/or Minister of Finance through BNM for, amongst others, the Proposed Merger.



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

(g) Proposal to Commence Negotiation for a Merger of Business and Undertakings (continued)

The Proposed Merger is intended to encompass the following:

- (i) The proposed acquisition by RHB Capital of all the assets, liabilities, business and undertakings of CIMB Group ('Proposed Acquisition');
- (ii) The proposed disposal by RHB Islamic Bank of all assets and liabilities to CIMB Islamic Bank Berhad ('Proposed RHB Islamic Disposal'), and
- (iii) The proposed merger of the assets and liabilities of CIMB Islamic Bank Berhad, RHB Islamic Bank and MBSB to create a Mega Islamic Bank ('Proposed Islamic Merger').

The Proposed Acquisition and Proposed RHB Islamic Disposal are not conditional upon the Proposed Islamic Merger and vice versa, or any other transaction or proposal involving the Parties.

Bursa Malaysia Securities Berhad ('Bursa Securities') had, vide its letter dated 21 October 2014, rejected the application to Bursa Securities for a waiver from complying with the related party transaction requirements under paragraph 10.08(7)(a) of the Main Market Listing Requirements of Bursa Securities ('Listing Requirements') in respect of the rights of Employees Provident Fund Board ('EPF') as a shareholder to vote on the resolution(s) to approve the Proposed Acquisition and Proposed RHB Islamic Disposal at an extraordinary general meeting of RHB Capital to be convened ('Proposed Waiver'), as there are no adequate justifications that the potential conflicts of interests involving EPF has been eliminated or sufficiently mitigated.

In arriving at its decision, Bursa Securities took into consideration the following:

- (i) The objective of the related party transaction framework under the Listing Requirements is to govern potential conflict of interest situations. In related party transactions, related parties may be able to assert influence over a listed issuer's actions or transactions which then present a risk of potential abuse to the listed issuer. By virtue of EPF being a common major shareholder in all 3 affected companies (i.e. RHB Capital, MBSB and CIMB Group) as well as being the single largest shareholder of both RHB Capital and MBSB, there exists such a potential conflict of interest situation, where EPF may be able to influence the Proposed Merger to its own benefit; and
- (ii) EPF's position is not the same as the other shareholders of RHB Capital premised on the following:
 - (a) EPF's controlling stakes in RHB Capital (41.5%) and MBSB (64.5%) place it in a position of significant influence in these companies;
 - (b) as the single largest shareholder of RHB Capital and MBSB and a major shareholder in CIMB Group, EPF may benefit from the transaction as a shareholder of MBSB and/or CIMB Group. As such, its overall position would differ from a party who is merely a shareholder of RHB Capital, especially given the differing terms and valuations applicable to the 3 affected companies; and
 - (c) EPF has prior knowledge of the Proposed Merger as it was notified by CIMB Group before the issuance of the letter of intent by CIMB Group dated 9 July 2014.

On 24 October 2014, RHB Capital had received a notification from EPF requesting RHB Capital to lodge an appeal to Bursa Securities on its decision to reject the Proposed Waiver ('Appeal Application'). In relation thereto, on behalf of RHB Capital, RHB Investment Bank had on 31 October 2014 submitted the Appeal Application.

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

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

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

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

The winding-up of the above subsidiaries will not have any material effect on the Group's performance for the financial year 2014.



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

	Group	
	As at 30 September 2014 RM'000	As at 31 December 2013 RM'000
(a) Deposits from customers and placements of banks and other financial institutions		
Deposits from customers		
- one year or less	146,347,424	137,273,539
- more than one year	1,760,102	467,702
	<u>148,107,526</u>	<u>137,741,241</u>
Deposits and placements of banks and other financial institutions		
- one year or less	21,137,395	16,056,312
- more than one year	583,091	942,043
	<u>21,720,486</u>	<u>16,998,355</u>
	Group	
	As at 30 September 2014 RM'000	As at 31 December 2013 RM'000
(b) Borrowings and Senior Debt Securities		
<u>Borrowings</u>		
Secured		
Revolving credits:		
- Hong Kong Dollar	91,423	66,805
Unsecured		
Revolving credits:		
- Ringgit Malaysia ('RM')	399,918	439,265
- Singapore Dollar ('SGD')	72,001	-
- Thai Baht	33,377	-
Term loans:		
- RM	1,051,575	1,151,592
- United States Dollar	485,036	571,049
- SGD	-	25,937
- Indonesia Rupiah	71,338	44,451
Overdrafts	29	-
RM1.1 billion 7 years Commercial Papers/Medium Term Notes	604,281	600,092
<u>Senior debt securities</u>		
USD300 million 3.25% senior debt securities due in 2017	992,406	982,867
USD200 million 3.25% senior debt securities due in 2017	669,076	664,767
	<u>4,470,460</u>	<u>4,546,825</u>
Schedule repayment of borrowings and senior debt securities:		
Within one year	1,106,809	2,093,811
One year to three years	3,199,651	563,404
Three years to five years	147,600	1,819,942
Over five years	16,400	69,668
	<u>4,470,460</u>	<u>4,546,825</u>



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

	Company	
	As at 30 September 2014	As at 31 December 2013
	RM'000	RM'000
(b) Borrowings and Senior Debt Securities (continued)		
<u>Borrowings</u>		
Unsecured:		
Revolving credits - RM	1,175,058	920,227
Overdrafts	29	-
Term loans - RM	1,313,779	1,416,281
RM1.1 billion 7 years Commercial Papers/Medium Term Notes	604,281	600,092
	<u>3,093,147</u>	<u>2,936,600</u>
 Schedule repayment of borrowings:		
Within one year	1,747,147	2,586,600
One year to three years	1,346,000	350,000
	<u>3,093,147</u>	<u>2,936,600</u>



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

	Group	
	As at 30 September 2014	As at 31 December 2013
	RM'000	RM'000
(c) Subordinated obligations		
5.50% RM700 million Tier II Subordinated Notes 2007/2022	713,080	703,481
5.00% RM700 million Tier II Subordinated Notes 2010/2020	714,863	706,137
5.60% RM300 million Tier II Subordinated Notes 2010/2025	307,134	302,946
4.25% RM250 million Tier II Subordinated Notes 2011/2021	253,884	251,003
4.30% RM750 million Tier II Subordinated Notes 2012/2022	762,445	754,171
4.40% RM1,300 million Tier II Subordinated Notes 2012/2022	1,318,577	1,304,131
4.40% RM245 million Tier II Subordinated Notes 2012/2022	248,337	245,659
7.25% RM125 million Tier II Subordinated Notes 2010/2020	129,837	131,536
7.15% RM75 million Tier II Subordinated Notes 2010/2020	77,161	78,342
5.20% RM100 million Tier II Subordinated Notes 2011/2021	102,653	103,561
4.95% RM500 million Tier II Subordinated Sukuk Murabahah 2014/2024	509,425	-
4.99% RM1.0 billion Tier II Subordinated Notes 2014/2024	1,011,484	-
	6,148,880	4,580,967

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

(d) Hybrid Tier-1 Capital Securities

	Group	
	As at 30 September 2014	As at 31 December 2013
	RM'000	RM'000
RM370 million 8.00% Hybrid Tier-1 Capital Securities due in 2039, callable with step-up coupon rate at 9.00% in 2019	368,348	375,577
RM230 million 6.75% Hybrid Tier-1 Capital Securities due in 2039, callable with step-up coupon rate at 7.75% in 2019	229,411	225,624
	597,759	601,201

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



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B8. Derivative Financial Instruments

Details of derivative financial instruments outstanding are as follows:

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

<u>Group</u>	<u>As at 30 September 2014</u>			<u>As at 31 December 2013</u>		
	<u>Contract/ Notional Amount</u>	<u>Fair Value</u>		<u>Contract/ Notional Amount</u>	<u>Fair Value</u>	
	<u>RM'000</u>	<u>Assets</u>	<u>Liabilities</u>	<u>RM'000</u>	<u>Assets</u>	<u>Liabilities</u>
By type						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- forwards/swaps	20,667,297	143,983	139,303	11,661,635	137,103	85,439
- options	887,392	4,553	4,513	174,339	772	772
- cross-currency	8,900,491	106,933	49,739	8,137,734	143,163	105,309
	30,455,180	255,469	193,555	19,973,708	281,038	191,520
Interest rate related contracts						
- futures	-	20	-	-	-	-
- swaps	29,882,963	130,664	114,734	27,069,222	177,995	136,913
	29,882,963	130,684	114,734	27,069,222	177,995	136,913
Structured warrants						
	-	56	28,067	13,099	-	16,642
	-	56	28,067	13,099	-	16,642
<u>Hedging Derivatives:</u>						
Interest rate related contracts						
- swaps	-	-	-	1,145,000	-	2,988
	-	-	-	1,145,000	-	2,988
Total	60,338,143	386,209	336,356	48,201,029	459,033	348,063



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B8. Derivative Financial Instruments (continued)

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

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

<u>Group</u>	<u>As at 30 September 2014</u>			<u>As at 31 December 2013</u>		
	<u>Contract/</u>	<u>Fair Value</u>		<u>Contract/</u>	<u>Fair Value</u>	
	<u>Notional</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Notional</u>	<u>Assets</u>	<u>Liabilities</u>
	<u>Amount</u>	<u>RM'000</u>	<u>RM'000</u>	<u>Amount</u>	<u>RM'000</u>	<u>RM'000</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	
By remaining period to maturity/next re-pricing date						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than 1 year	21,552,146	135,154	135,432	11,477,071	120,670	76,257
- 1 year to 3 years	3,058,867	31,915	16,099	2,367,471	20,831	27,986
- More than 3 years	5,844,167	88,400	42,024	6,129,166	139,537	87,277
	<u>30,455,180</u>	<u>255,469</u>	<u>193,555</u>	<u>19,973,708</u>	<u>281,038</u>	<u>191,520</u>
Interest rate related contracts						
- Less than 1 year	5,083,662	4,159	13,737	4,180,460	16,950	5,323
- 1 year to 3 years	10,011,114	35,316	36,919	7,616,128	33,770	31,151
- More than 3 years	14,788,187	91,209	64,078	15,272,634	127,275	100,439
	<u>29,882,963</u>	<u>130,684</u>	<u>114,734</u>	<u>27,069,222</u>	<u>177,995</u>	<u>136,913</u>
Structured warrants						
- Less than 1 year	-	56	28,067	13,099	-	16,642
- 1 year to 3 years	-	-	-	-	-	-
	<u>-</u>	<u>56</u>	<u>28,067</u>	<u>13,099</u>	<u>-</u>	<u>16,642</u>
<u>Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than 1 year	-	-	-	600,000	-	959
- 1 year to 3 years	-	-	-	545,000	-	2,029
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,145,000</u>	<u>-</u>	<u>2,988</u>
Total	<u>60,338,143</u>	<u>386,209</u>	<u>336,356</u>	<u>48,201,029</u>	<u>459,033</u>	<u>348,063</u>



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B8. Derivative Financial Instruments (continued)

ii) Related accounting policies

Derivative financial instruments and hedge accounting

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

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

(a) Fair value hedge

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

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

(b) Cash flow hedge

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

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

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

(c) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statements.



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B9. Fair Value of Financial Instruments

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

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

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

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

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

<u>Group</u>	<u>Level 1</u> <u>RM'000</u>	<u>Level 2</u> <u>RM'000</u>	<u>Level 3</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
<u>As at 30 September 2014</u>				
Recurring fair value measurements				
<u>Financial assets</u>				
Financial investments HFT:	488,506	2,297,418	40,000	2,825,924
- Money market instruments	-	1,858,992	-	1,858,992
- Quoted securities	488,506	-	-	488,506
- Unquoted securities	-	438,426	40,000	478,426
Financial investments AFS:	41,316	18,440,904	983,620	19,465,840
- Money market instruments	-	5,450,496	-	5,450,496
- Quoted securities	41,316	-	-	41,316
- Unquoted securities	-	12,990,408	983,620	13,974,028
Derivative assets				
- Money market instruments	-	386,209	-	386,209
	529,822	21,124,531	1,023,620	22,677,973
<u>Financial liabilities</u>				
Derivative liabilities	27,096	309,260	-	336,356

As at 31 December 2013

Recurring fair value measurements

Financial assets

Financial assets HFT:	277,614	3,726,819	33,295	4,037,728
- Money market instruments	-	2,588,607	-	2,588,607
- Quoted securities	277,614	-	-	277,614
- Unquoted securities	-	1,138,212	33,295	1,171,507
Financial investments AFS:	24,102	15,844,395	1,062,016	16,930,513
- Money market instruments	-	5,295,007	-	5,295,007
- Quoted securities	24,102	-	-	24,102
- Unquoted securities	-	10,549,388	1,062,016	11,611,404
Derivative assets				
- Money market instruments	-	459,033	-	459,033
	301,716	20,030,247	1,095,311	21,427,274
<u>Financial liabilities</u>				
Derivative liabilities	16,462	331,601	-	348,063



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B9. Fair Value of Financial Instruments (Continued)

Valuation techniques 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 is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include quoted securities and unit trusts.

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

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). This category includes unquoted shares held for socio economic reasons and unquoted corporate loan stocks. Fair values for shares held for socio economic reasons are based on the net tangible assets of the affected companies. For unquoted corporate loan stocks, discounted cash flow analysis have been performed to determine the recoverability of the instruments, in accordance with the Group's impairment losses policy.

Current year valuation methodologies were consistent with those disclosed in the audited financial statements for the financial year ended 31 December 2013.

Reconciliation of movements in Level 3 financial instruments

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

	Financial assets HFT		Financial investments AFS	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Group				
Balance as at the beginning of the financial period/year	33,295	-	1,062,016	629,617
Total gains/(losses) recognised in other comprehensive income	455	(8,550)	38,646	123,256
Purchases	-	-	11,723	348,925
Settlements	(2,300)	-	(267,486)	(60,329)
Impairment losses written back/(made)	8,550	-	138,728	(14,692)
Transferred from Level 2	-	41,845	-	30,297
Exchange differences	-	-	(7)	4,942
Balance as at the end of the financial period/year	40,000	33,295	983,620	1,062,016



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B10. Supplementary Information Disclosed Pursuant to Bursa Securities Listing Requirements

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 30 September 2014		
	Realised Profits/ (Losses) RM'000	Unrealised Profits RM'000	Total RM'000
Operating subsidiaries	8,156,590	413,635	8,570,224
Dormant subsidiaries*	(7,875,156)	-	(7,875,156)
Total retained profits of the Group	<u>281,433</u>	<u>413,635</u>	<u>695,068</u>
Total share of retained profits from associates and joint ventures	4,346	-	4,346
	<u>285,779</u>	<u>413,635</u>	<u>699,414</u>
Less: Consolidation adjustments			<u>6,072,502</u>
Total Group retained profits			<u><u>6,771,916</u></u>

<u>Group</u>	As at 31 December 2013		
	Realised Profits/ (Losses) RM'000	Unrealised Profits RM'000	Total RM'000
Operating subsidiaries	6,763,395	491,177	7,254,572
Dormant subsidiaries*	(7,925,232)	-	(7,925,232)
Total retained profits/(losses) of the Group	<u>(1,161,837)</u>	<u>491,177</u>	<u>(670,660)</u>
Total share of retained profits from associates and joint ventures	4,249	-	4,249
	<u>(1,157,588)</u>	<u>491,177</u>	<u>(666,411)</u>
Less: Consolidation adjustments			<u>6,229,588</u>
Total Group retained profits			<u><u>5,563,177</u></u>

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



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B10. Supplementary Information Disclosed Pursuant to Bursa Securities Listing Requirements (continued)

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

<u>Company</u>	As at 30 September 2014 RM'000	As at 31 December 2013 RM'000
Realised profits	283,632	645,290
Unrealised profits	540	1,181
Total Company retained profits	<u>284,172</u>	<u>646,471</u>

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

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

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

B11 Dividends

No dividend has been proposed for the third quarter ended 30 September 2014.



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B12. Earnings per Share

	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
Basic/diluted earnings per share				
Profit attributable to equity holders of the Company (RM'000)	544,610	559,148	1,551,809	1,326,673
Weighted average number of ordinary shares in issue ('000)	2,566,348	2,518,851	2,553,461	2,502,512
Earnings per share (sen)				
- Basic	21.2	22.2	60.8	53.0
- Fully diluted	21.2	22.2	60.8	53.0

There were no dilutive potential ordinary shares outstanding as at 30 September 2014. As a result, the diluted earnings per share was equal to the basic earnings per share for the nine months ended 30 September 2014.

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
(License No. LS0006901)

Company Secretary
20 November 2014