

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015**

	Note	Group		Bank	
		As at	As at	As at	As at
		30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
<b>ASSETS</b>					
Cash and short-term funds		15,616,838	15,536,640	10,371,169	11,493,133
Securities purchased under resale agreements		608,285	376,418	595,117	320,480
Deposits and placements with banks and other financial institutions		2,870,763	2,045,284	8,364,239	7,737,974
Financial assets held-for-trading	8	2,498,353	2,043,302	2,304,362	1,691,414
Financial investments available-for-sale	9	17,589,163	15,783,001	14,691,322	13,313,563
Financial investments held-to-maturity	10	18,291,220	19,698,097	16,023,609	17,594,801
Loans, advances and financing	11	142,171,761	139,544,308	110,192,605	109,982,719
Other assets	12	1,201,548	1,071,882	1,555,926	1,157,823
Derivative assets		1,917,226	1,283,855	1,916,108	1,283,574
Statutory deposits		5,204,457	5,201,170	3,989,358	4,055,229
Tax recoverable		54,895	59,792	54,891	59,771
Deferred tax assets		4,791	9,956	-	-
Investments in subsidiaries		-	-	1,918,889	1,864,514
Property, plant and equipment		657,543	666,426	473,028	487,906
Goodwill and intangible assets		1,344,198	1,316,923	1,119,070	1,091,300
<b>TOTAL ASSETS</b>		<b>210,031,041</b>	<b>204,637,054</b>	<b>173,569,693</b>	<b>172,134,201</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	13	155,909,765	154,856,511	125,808,147	127,815,617
Deposits and placements of banks and other financial institutions	14	17,382,973	17,956,370	14,817,031	16,201,550
Obligations on securities sold under repurchase agreements		2,741,979	489,506	2,741,979	489,506
Bills and acceptances payable		1,713,326	476,322	1,706,192	467,486
Other liabilities	15	1,181,043	1,214,536	1,005,350	916,455
Derivative liabilities		1,746,897	1,193,538	1,756,744	1,214,797
Recourse obligation on loans sold to Cagamas Berhad		3,221,635	3,315,335	2,156,189	2,167,659
Tax liabilities		19,531	22,418	-	-
Deferred tax liabilities		50,045	40,818	50,041	40,814
Borrowings		567,530	669,892	567,530	669,892
Subordinated obligations		5,346,622	5,549,961	4,843,435	5,046,910
Hybrid Tier-I Capital Securities		606,571	606,529	606,571	606,529
Senior debt securities		3,034,525	2,810,655	3,034,525	2,810,655
<b>TOTAL LIABILITIES</b>		<b>193,522,442</b>	<b>189,202,391</b>	<b>159,093,734</b>	<b>158,447,870</b>
Share capital		3,460,585	3,365,486	3,460,585	3,365,486
Reserves		13,048,014	12,069,177	11,015,374	10,320,845
<b>TOTAL EQUITY</b>		<b>16,508,599</b>	<b>15,434,663</b>	<b>14,475,959</b>	<b>13,686,331</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>210,031,041</b>	<b>204,637,054</b>	<b>173,569,693</b>	<b>172,134,201</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	24	<b>145,698,255</b>	<b>131,915,311</b>	<b>139,550,254</b>	<b>127,828,020</b>

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

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2015**

Group	Note	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
		30 June 2015	30 June 2014	30 June 2015	30 June 2014
		RM'000	RM'000	RM'000	RM'000
Interest income	16	1,859,888	1,733,856	3,758,849	3,395,404
Interest expense	17	<u>(1,082,210)</u>	<u>(923,551)</u>	<u>(2,186,206)</u>	<u>(1,775,322)</u>
Net interest income		777,678	810,305	1,572,643	1,620,082
Other operating income	18	<u>258,758</u>	<u>231,720</u>	<u>523,983</u>	<u>476,812</u>
Income from Islamic Banking business	19	<u>1,036,436</u>	<u>1,042,025</u>	<u>2,096,626</u>	<u>2,096,894</u>
Net Income		1,249,127	1,225,382	2,510,409	2,431,595
Other operating expenses	20	<u>(614,625)</u>	<u>(587,343)</u>	<u>(1,199,400)</u>	<u>(1,141,588)</u>
Operating profit before allowances		634,502	638,039	1,311,009	1,290,007
Writeback/(allowance) for impairment on loans, advances and financing	21	46,327	(32,377)	(5,867)	(86,062)
Impairment written back on other assets		<u>3,786</u>	<u>113,162</u>	<u>6,590</u>	<u>121,680</u>
Profit before taxation		684,615	718,824	1,311,732	1,325,625
Taxation		<u>(159,487)</u>	<u>(166,986)</u>	<u>(311,674)</u>	<u>(325,160)</u>
Net profit for the financial period		<u>525,128</u>	<u>551,838</u>	<u>1,000,058</u>	<u>1,000,465</u>
Earnings per share (sen)					
- Basic	22	<u>7.59</u>	<u>8.32</u>	<u>14.65</u>	<u>15.08</u>

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2015**

<b>Group</b>	<u><b>2nd Quarter Ended</b></u>		<u><b>Six Months Ended</b></u>	
	<b>30 June</b>	30 June	<b>30 June</b>	30 June
	<b>2015</b>	2014	<b>2015</b>	2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Net profit for the financial period	<b>525,128</b>	551,838	<b>1,000,058</b>	1,000,465
Other comprehensive income/(loss):				
Items that will be reclassified subsequently to profit or loss				
- Currency translation differences	<b>61,023</b>	(37,062)	<b>176,593</b>	(35,157)
- Unrealised net gain on revaluation of financial investments available-for-sale ('AFS')	<b>18,050</b>	74,422	<b>101,370</b>	66,395
- Net transfer to income statements on disposal or impairment of financial investments AFS	<b>(26,469)</b>	(6,356)	<b>(43,551)</b>	(2,727)
Income tax relating to components of other comprehensive loss/(income)	<b>1,906</b>	(17,063)	<b>(14,716)</b>	(15,996)
Other comprehensive income, net of tax, for the financial period	<b>54,510</b>	13,941	<b>219,696</b>	12,515
Total comprehensive income for the financial period	<b>579,638</b>	565,779	<b>1,219,754</b>	1,012,980

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2015**

Bank	Note	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
		30 June 2015	30 June 2014	30 June 2015	30 June 2014
		RM'000	RM'000	RM'000	RM'000
Interest income	16	1,870,468	1,738,326	3,780,693	3,387,326
Interest expense	17	(1,072,520)	(915,578)	(2,168,087)	(1,759,723)
Net interest income		797,948	822,748	1,612,606	1,627,603
Other operating income	18	253,620	228,152	512,244	470,784
Net Income		1,051,568	1,050,900	2,124,850	2,098,387
Other operating expenses	20	(548,065)	(519,214)	(1,073,094)	(1,008,029)
Operating profit before allowances		503,503	531,686	1,051,756	1,090,358
Writeback/(allowance) for impairment on loans, advances and financing	21	49,185	(33,083)	19,984	(86,272)
Impairment written back on other assets		3,786	113,522	6,590	121,532
Profit before taxation		556,474	612,125	1,078,330	1,125,618
Taxation		(133,517)	(151,172)	(266,592)	(292,985)
Net profit for the financial period		422,957	460,953	811,738	832,633
Earnings per share (sen)					
- Basic	22	6.11	6.95	11.89	12.55

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**RHB BANK BERHAD (6171-M)**  
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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2015**

<b>Bank</b>	<u><b>2nd Quarter Ended</b></u>		<u><b>Six Months Ended</b></u>	
	<b>30 June</b>	30 June	<b>30 June</b>	30 June
	<b>2015</b>	2014	<b>2015</b>	2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Net profit for the financial period	<b>422,957</b>	460,953	<b>811,738</b>	832,633
Other comprehensive income/(loss):				
Items that will be reclassified subsequently to profit or loss				
- Currency translation differences	<b>37,234</b>	(20,342)	<b>91,386</b>	(15,139)
- Unrealised net gain on revaluation of financial investments AFS	<b>15,763</b>	73,347	<b>81,206</b>	72,955
- Net transfer to income statements on disposal or impairment of financial investments AFS	<b>(22,915)</b>	(6,229)	<b>(38,110)</b>	(4,955)
Income tax relating to components of other comprehensive loss/(income)	<b>1,788</b>	(16,779)	<b>(10,774)</b>	(17,000)
Other comprehensive income, net of tax, for the financial period	<b>31,870</b>	29,997	<b>123,708</b>	35,861
Total comprehensive income for the financial period	<b>454,827</b>	490,950	<b>935,446</b>	868,494

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RHB BANK BERHAD (6171-M)  
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INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2015

Group	Attributable to equity holders of the Bank							Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Translation reserves RM'000	Regulatory reserves RM'000	AFS reserves RM'000	Retained profits RM'000	
<b>Balance as at 1 January 2015</b>	3,365,486	136,162	4,031,903	135,471	-	190,466	7,575,175	15,434,663
Net profit for the financial period	-	-	-	-	-	-	1,000,058	1,000,058
Other comprehensive income/(loss):								
Items that will be reclassified subsequently to profit or loss:								
Currency translation differences	-	-	-	176,593	-	-	-	176,593
Financial investments AFS:								
- Unrealised net gain on revaluation	-	-	-	-	-	101,370	-	101,370
- Net transfer to income statements on disposal or impairment	-	-	-	-	-	(43,551)	-	(43,551)
Income tax relating to components of other comprehensive income	-	-	-	-	-	(14,716)	-	(14,716)
Other comprehensive income, net of tax, for the financial period	-	-	-	176,593	-	43,103	-	219,696
Total comprehensive income for the financial period	-	-	-	176,593	-	43,103	1,000,058	1,219,754
Issuance of rights issue	95,099	342,355	-	-	-	-	-	437,454
Dividend paid	-	-	-	-	-	-	(583,272)	(583,272)
Transfer to statutory reserves	-	-	63,295	-	-	-	(63,295)	-
Transfer to regulatory reserves	-	-	-	-	491,522	-	(491,522)	-
<b>Balance as at 30 June 2015</b>	<b>3,460,585</b>	<b>478,517</b>	<b>4,095,198</b>	<b>312,064</b>	<b>491,522</b>	<b>233,569</b>	<b>7,437,144</b>	<b>16,508,599</b>
<b>Balance as at 1 January 2014</b>	3,318,085	8,563	3,919,746	19,469	-	150,571	5,995,662	13,412,096
Net profit for the financial period	-	-	-	-	-	-	1,000,465	1,000,465
Other comprehensive income/(loss):								
Items that will be reclassified subsequently to profit or loss:								
Currency translation differences	-	-	-	(35,157)	-	-	-	(35,157)
Financial investments AFS:								
- Unrealised net gain on revaluation	-	-	-	-	-	66,395	-	66,395
- Net transfer to income statements on disposal or impairment	-	-	-	-	-	(2,727)	-	(2,727)
Income tax relating to components of other comprehensive income	-	-	-	-	-	(15,996)	-	(15,996)
Other comprehensive (loss)/income, net of tax, for the financial period	-	-	-	(35,157)	-	47,672	-	12,515
Total comprehensive (loss)/income for the financial period	-	-	-	(35,157)	-	47,672	1,000,465	1,012,980
Transfer to statutory reserves	-	-	47,580	-	-	-	(47,580)	-
<b>Balance as at 30 June 2014</b>	<b>3,318,085</b>	<b>8,563</b>	<b>3,967,326</b>	<b>(15,688)</b>	<b>-</b>	<b>198,243</b>	<b>6,948,547</b>	<b>14,425,076</b>

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RHB BANK BERHAD (6171-M)  
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INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2015

Bank	Share capital		Non-distributable			Distributable		Total RM'000
	RM'000	Share premium RM'000	Statutory reserves RM'000	Translation reserves RM'000	Regulatory reserves RM'000	AFS reserves RM'000	Retained profits RM'000	
<b>Balance as at 1 January 2015</b>	<b>3,365,486</b>	<b>136,162</b>	<b>3,478,138</b>	<b>109,350</b>	-	<b>219,930</b>	<b>6,377,265</b>	<b>13,686,331</b>
Net profit for the financial period	-	-	-	-	-	-	<b>811,738</b>	<b>811,738</b>
Other comprehensive income/(loss):								
Items that will be reclassified subsequently to profit or loss:								
Currency translation differences	-	-	-	<b>91,386</b>	-	-	-	<b>91,386</b>
Financial investments AFS:								
- Unrealised net gain on revaluation	-	-	-	-	-	<b>81,206</b>	-	<b>81,206</b>
- Net transfer to income statements on disposal or impairment	-	-	-	-	-	<b>(38,110)</b>	-	<b>(38,110)</b>
Income tax relating to components of other comprehensive income	-	-	-	-	-	<b>(10,774)</b>	-	<b>(10,774)</b>
Other comprehensive income, net of tax, for the financial period	-	-	-	<b>91,386</b>	-	<b>32,322</b>	-	<b>123,708</b>
Total comprehensive income for the financial period	-	-	-	<b>91,386</b>	-	<b>32,322</b>	<b>811,738</b>	<b>935,446</b>
Issuance of rights issue	<b>95,099</b>	<b>342,355</b>	-	-	-	-	-	<b>437,454</b>
Dividend paid	-	-	-	-	-	-	<b>(583,272)</b>	<b>(583,272)</b>
Transfer to regulatory reserves	-	-	-	-	<b>348,551</b>	-	<b>(348,551)</b>	-
<b>Balance as at 30 June 2015</b>	<b>3,460,585</b>	<b>478,517</b>	<b>3,478,138</b>	<b>200,736</b>	<b>348,551</b>	<b>252,252</b>	<b>6,257,180</b>	<b>14,475,959</b>
<b>Balance as at 1 January 2014</b>	<b>3,318,085</b>	<b>8,563</b>	<b>3,478,138</b>	<b>55,541</b>	-	<b>180,119</b>	<b>5,035,720</b>	<b>12,076,166</b>
Net profit for the financial period	-	-	-	-	-	-	<b>832,633</b>	<b>832,633</b>
Other comprehensive income/(loss):								
Items that will be reclassified subsequently to profit or loss:								
Currency translation differences	-	-	-	<b>(15,139)</b>	-	-	-	<b>(15,139)</b>
Financial investments AFS:								
- Unrealised net gain on revaluation	-	-	-	-	-	<b>72,955</b>	-	<b>72,955</b>
- Net transfer to income statements on disposal or impairment	-	-	-	-	-	<b>(4,955)</b>	-	<b>(4,955)</b>
Income tax relating to components of other comprehensive income	-	-	-	-	-	<b>(17,000)</b>	-	<b>(17,000)</b>
Other comprehensive (loss)/income, net of tax, for the financial period	-	-	-	<b>(15,139)</b>	-	<b>51,000</b>	-	<b>35,861</b>
Total comprehensive income for the financial period	-	-	-	<b>(15,139)</b>	-	<b>51,000</b>	<b>832,633</b>	<b>868,494</b>
<b>Balance as at 30 June 2014</b>	<b>3,318,085</b>	<b>8,563</b>	<b>3,478,138</b>	<b>40,402</b>	-	<b>231,119</b>	<b>5,868,353</b>	<b>12,944,660</b>

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	<b>Six Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,311,732	1,325,625
Adjustments for non-cash items	<u>(328,021)</u>	<u>(280,860)</u>
Operating profit before changes in working capital	983,711	1,044,765
Changes in working capital:		
Net changes in operating assets	<b>(3,666,844)</b>	(12,370,565)
Net changes in operating liabilities	<b>2,596,794</b>	14,214,931
Cash (used in)/generated from operations	<u>(1,070,050)</u>	1,844,366
Taxation paid	<u>(316,662)</u>	<u>(271,490)</u>
Net cash (used in)/generated from operating activities	<u>(403,001)</u>	<u>2,617,641</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(21,909)</b>	(28,886)
Purchase of computer software license	<b>(53,168)</b>	(37,874)
Proceeds from disposal of property, plant and equipment	<b>8,305</b>	72
Financial investments AFS:		
- net purchase	<b>(1,175,251)</b>	(1,838,651)
- interest received	<b>244,937</b>	194,949
- investment income received	<b>52,647</b>	43,836
- dividend income	<b>3,373</b>	3,416
Financial investments held-to-maturity:		
- net redemption	<b>1,442,500</b>	411,916
- interest received	<b>361,275</b>	377,522
- investment income received	<b>45,644</b>	41,504
Net cash generated from/(used in) investing activities	<u>908,353</u>	<u>(832,196)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of ordinary shares	<b>437,454</b>	-
Proceeds from issuance of Subordinated Sukuk Murabahah	-	500,000
Net repayment of subordinated obligations	<b>(200,000)</b>	-
Net repayment of borrowings	<b>(247,624)</b>	(52,967)
Dividends paid to shareholders	<b>(583,272)</b>	-
Net cash (used in)/generated from financing activities	<u>(593,442)</u>	<u>447,033</u>
Net (decrease)/increase in cash and cash equivalents	<b>(88,090)</b>	2,232,478
Effects of exchange rate differences	<b>168,288</b>	(30,843)
Cash and cash equivalents:		
- at the beginning of the financial period	<b>15,536,640</b>	9,231,558
- at the end of the financial period	<u><b>15,616,838</b></u>	<u>11,433,193</u>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS:</b>		
Cash and short-term funds	<u><b>15,616,838</b></u>	<u>11,433,193</u>

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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	<b>Six Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Bank</u></b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,078,330	1,125,618
Adjustments for non-cash items	<u>(260,836)</u>	<u>(431,788)</u>
Operating profit before changes in working capital	817,494	693,830
Changes in working capital:		
Net changes in operating assets	(1,505,705)	(11,989,447)
Net changes in operating liabilities	<u>(1,009,597)</u>	<u>14,578,931</u>
Cash (used in)/generated from operations	(2,515,302)	2,589,484
Taxation paid	<u>(264,319)</u>	<u>(248,818)</u>
Net cash (used in)/generated from operating activities	<u>(1,962,127)</u>	<u>3,034,496</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(20,684)	(26,788)
Purchase of computer software license	(52,558)	(37,482)
Proceeds from disposal of property, plant and equipment	8,219	72
Financial investments AFS:		
- net purchase	(771,510)	(1,577,481)
- interest received	242,952	193,079
- dividend income	3,371	3,415
Financial investments held-to-maturity:		
- net redemption	1,607,521	624,219
- interest received	357,751	374,181
Additional share subscription/investment in a subsidiary	<u>(54,375)</u>	<u>(124,200)</u>
Net cash generated from/(used in) investing activities	<u>1,320,687</u>	<u>(570,985)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of ordinary shares	437,454	-
Net repayment of borrowings	(247,624)	(52,967)
Net repayment of subordinated obligations	(200,000)	-
Dividends paid to shareholders	<u>(583,272)</u>	<u>-</u>
Net cash used in financing activities	<u>(593,442)</u>	<u>(52,967)</u>
Net (decrease)/increase in cash and cash equivalents	(1,234,882)	2,410,544
Effects of exchange rate differences	112,918	(11,019)
Cash and cash equivalents:		
- at the beginning of the financial period	<u>11,493,133</u>	<u>5,575,273</u>
- at the end of the financial period	<u>10,371,169</u>	<u>7,974,798</u>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS:</b>		
Cash and short-term funds	<u>10,371,169</u>	<u>7,974,798</u>

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015**

**1 Basis Of Preparation**

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

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

(a) Annual Improvements to MFRS 2012 - 2014 Cycle

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

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

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

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

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

**2 Auditors' Report**

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

**3 Seasonal Or Cyclical Factors**

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

**4 Exceptional Or Unusual Items**

There were no exceptional or unusual items for the six months ended 30 June 2015.

**5 Changes In Estimates**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the six months ended 30 June 2015.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (CONT'D)**

**6 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 six months ended 30 June 2015, other than as disclosed below:

- (a) The Bank has on 3 April 2015 increased its issued and paid up share capital from RM3,365,486,000 to RM3,460,585,000 via the issuance of rights issue of 190,197,391 new ordinary shares of RM0.50 sen each at an issue price of RM2.30 per share, amounting to RM437,454,000 to preserve its capital adequacy for business growth purposes.

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

- (b) On 29 April 2015, the Bank has fully redeemed its existing subordinated notes of 5.00% RM700.0 million in nominal value. This subordinated notes which was due for step-up in coupon rates was issued on 29 April 2010.
- (c) On 8 May 2015, the Bank completed its first issuance of RM500.0 million subordinated notes in nominal value under its RM5.0 billion MCMTN Programme. The subordinated notes, which qualify as Tier II Capital in accordance with the Capital Adequacy Framework (Capital Components) issued by Bank Negara Malaysia on 28 November 2012, are issued for a tenure of 10 non-callable 5 years with a fixed coupon rate of 4.75% per annum, payable semi-annually throughout the entire tenure.

**7 Dividends Paid**

During the six months ended 30 June 2015, the Bank has paid a second interim dividend in respect of the financial year ended 31 December 2014, amounting to RM583,272,000, of which 75% of the paid dividend has been recapitalised into the Bank as disclosed in Note 6(a) above.

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

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

	Group		Bank	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
<b>At fair value</b>				
<u>Money market instruments:</u>				
Malaysian Government Securities	501,056	557,950	501,056	557,950
Malaysian Government Investment Issues	1,020,418	728,286	876,196	376,398
Cagamas bonds	32,258	6,968	32,258	6,968
Thailand Government bond	23,429	-	23,429	-
Singapore Government Treasury Bills	560,491	502,281	560,491	502,281
Sukuk Perumahan Kerajaan (SPK)	278,703	20,116	228,934	20,116
<u>Quoted securities:</u>				
<u>In Malaysia</u>				
Private debt securities	4,049	3,841	4,049	3,841
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Private debt securities	77,949	-	77,949	-
Commercial paper	-	49,870	-	49,870
<u>Outside Malaysia</u>				
Credit link notes	-	173,990	-	173,990
	<u>2,498,353</u>	<u>2,043,302</u>	<u>2,304,362</u>	<u>1,691,414</u>

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

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

	Group		Group	
	Carrying amount		Fair value	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
Reclassified from financial assets HFT to financial investments HTM	-	21,140	-	21,409

	Group	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
Fair value gain that would have been recognised if the financial assets HFT had not been reclassified	-	269

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

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

	Group		Bank	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
<b>At fair value</b>				
<u>Money market instruments:</u>				
Malaysian Government Securities	1,037,636	740,436	1,037,636	740,436
Malaysian Government Investment Issues	1,783,958	1,859,753	1,176,306	1,275,744
Cagamas bonds	115,731	101,364	55,629	41,450
Khazanah bonds	8,499	8,285	-	-
Singapore Government Treasury Bills	742,763	409,666	742,763	409,666
Singapore Government Securities	334,423	161,233	334,423	161,233
Thailand Government bonds	245,500	120,895	245,500	120,895
1 Malaysia Sukuk	-	330,256	-	330,256
Wakala Global Sukuk	90,866	84,587	78,092	72,734
Sukuk Perumahan Kerajaan (SPK)	166,663	57,640	166,663	57,640
Malaysia Sovereign Sukuk	37,619	-	37,619	-
<u>Quoted securities:</u>				
<u>In Malaysia</u>				
Shares	6,218	15,783	5,146	13,882
<u>Outside Malaysia</u>				
Shares	7,975	212	7,740	-
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Corporate loan stocks	3,425	3,425	3,425	3,425
Shares	565,457	511,703	564,733	510,991
Prasarana bonds	100,321	-	100,321	-
Private debt securities	12,181,391	11,217,008	10,174,998	9,614,889
Perpetual notes/sukuk	286,051	286,084	85,530	85,530
<u>Outside Malaysia</u>				
Shares	156	145	-	-
Private debt securities	447	425	447	425
	<u>17,715,099</u>	<u>15,908,900</u>	<u>14,816,971</u>	<u>13,439,196</u>
Accumulated impairment losses	<u>(125,936)</u>	<u>(125,899)</u>	<u>(125,649)</u>	<u>(125,633)</u>
	<u><u>17,589,163</u></u>	<u><u>15,783,001</u></u>	<u><u>14,691,322</u></u>	<u><u>13,313,563</u></u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

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

	Group		Bank	
	As at 30 June 2015 <u>RM'000</u>	As at 31 December 2014 RM'000	As at 30 June 2015 <u>RM'000</u>	As at 31 December 2014 RM'000
<b>At amortised cost</b>				
<u>Money market instruments:</u>				
Malaysian Government Securities	2,219,846	2,322,570	2,219,846	2,322,570
Malaysian Government Investment Issues	5,096,784	5,254,804	4,502,459	4,629,323
Cagamas bonds	1,429,124	1,846,208	1,348,245	1,647,832
Khazanah bonds	93,578	91,554	64,543	63,107
Negotiable instruments of deposits	1,304,443	2,027,550	1,005,608	2,027,550
Singapore Government Securities	198,826	187,519	198,826	187,519
Thailand Government Securities	170,913	275,711	170,913	275,711
Bankers' acceptances	131,119	-	131,119	-
Sukuk (Brunei) Incorporation	42,069	39,689	42,069	39,689
Wakala Global Sukuk	261,968	242,456	261,968	242,456
Sukuk Perumahan Kerajaan (SPK)	111,148	111,177	101,199	101,233
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Bonds	860	860	860	860
Prasarana bonds	768,955	770,025	768,955	770,025
Private debt securities	6,533,887	6,581,282	5,279,299	5,361,374
Corporate loan stocks	35,065	38,334	35,065	38,334
<u>Outside Malaysia</u>				
Private debt securities	-	21,140	-	-
	<u>18,398,585</u>	<u>19,810,879</u>	<u>16,130,974</u>	<u>17,707,583</u>
Accumulated impairment losses	<u>(107,365)</u>	<u>(112,782)</u>	<u>(107,365)</u>	<u>(112,782)</u>
	<u><u>18,291,220</u></u>	<u><u>19,698,097</u></u>	<u><u>16,023,609</u></u>	<u><u>17,594,801</u></u>

Included in financial investments HTM for the Group and the Bank are unquoted private debt securities in Malaysia, which is pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM2,761,100,000 (31 December 2014: RM500,000,000).

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

**11 Loans, Advances and Financing**

**(i) By type**

	Group		Bank	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
<b>At amortised cost</b>				
Overdrafts	6,414,581	6,327,913	5,974,770	5,939,301
Term loans/financing:				
- housing loans/financing	35,282,489	31,988,629	28,222,868	25,672,576
- syndicated term loans/financing	6,368,548	5,536,833	3,041,570	3,276,960
- hire purchase receivables	12,533,796	13,348,197	6,643,431	7,464,572
- lease receivables	27,811	33,706	-	-
- other term loans/financing	65,205,631	66,085,317	52,188,546	54,313,571
Bills receivable	2,789,727	2,452,642	2,256,119	1,983,046
Trust receipts	728,220	626,381	708,146	604,938
Claims on customers under acceptance credits	3,844,280	3,662,085	3,844,280	3,662,085
Staff loans/financing	205,874	219,567	193,553	208,797
Credit card receivables	1,952,147	1,994,710	1,718,088	1,770,794
Revolving credit	8,490,514	9,051,092	6,800,087	6,600,840
Floor stocking	2,540	664	2,540	664
	<u>143,846,158</u>	<u>141,327,736</u>	<u>111,593,998</u>	<u>111,498,144</u>
Gross loans, advances and financing				
Fair value changes arising from fair value hedge	(12,890)	(26,870)	2,148	(1,678)
	<u>143,833,268</u>	<u>141,300,866</u>	<u>111,596,146</u>	<u>111,496,466</u>
Allowance for impaired loans, advances and financing:				
- individual impairment allowance	(467,724)	(409,674)	(440,280)	(382,769)
- collective impairment allowance	(1,193,783)	(1,346,884)	(963,261)	(1,130,978)
	<u>(1,661,507)</u>	<u>(1,756,558)</u>	<u>(1,403,541)</u>	<u>(1,513,747)</u>
Net loans, advances and financing	<u>142,171,761</u>	<u>139,544,308</u>	<u>110,192,605</u>	<u>109,982,719</u>

Included in loans, advances and financing are housing loans, hire purchase receivables and other term loans/financing sold to Cagamas with recourse for the Group and the Bank amounting to RM3,211,513,000 (31 December 2014: RM3,304,749,000) and RM2,151,954,000 (31 December 2014: RM2,163,306,000) respectively.

**(ii) By type of customer**

	Group		Bank	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
Domestic non-bank financial institutions:				
- Others	1,909,728	2,048,118	816,618	1,029,470
Domestic business enterprises:				
- Small medium enterprises	20,667,282	16,230,833	18,657,859	15,009,234
- Others	33,118,407	36,747,824	24,406,051	28,458,818
Government and statutory bodies	5,330,660	7,457,968	1,987,616	4,141,761
Individuals	66,158,251	63,721,685	51,823,704	50,386,600
Other domestic entities	136,500	124,840	27,457	13,426
Foreign entities	16,525,330	14,996,468	13,874,693	12,458,835
	<u>143,846,158</u>	<u>141,327,736</u>	<u>111,593,998</u>	<u>111,498,144</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

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

**(iii) By geographical distribution**

	Group		Bank	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
Malaysia	126,590,850	125,145,269	99,016,277	99,749,771
Labuan Offshore	3,683,314	3,639,900	-	-
Singapore operations	11,789,949	10,736,087	11,789,949	10,736,087
Thailand operations	652,615	897,289	652,615	897,289
Brunei operations	135,157	114,997	135,157	114,997
Cambodia operations	927,624	758,885	-	-
Lao operations	66,649	35,309	-	-
	<b>143,846,158</b>	<b>141,327,736</b>	<b>111,593,998</b>	<b>111,498,144</b>

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

	Group		Bank	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
Fixed rate:				
- Housing loans/financing	1,271,815	1,522,767	646,682	851,244
- Hire purchase receivables	12,533,796	13,348,197	6,643,431	7,464,572
- Other fixed rate loans/financing	15,701,552	17,745,722	8,219,673	10,326,613
Variable rate:				
- BLR/BFR plus	66,685,128	62,930,045	53,444,878	51,816,270
- Cost-plus	36,842,486	37,358,039	35,264,188	35,715,358
- Other variable rates	10,811,381	8,422,966	7,375,146	5,324,087
	<b>143,846,158</b>	<b>141,327,736</b>	<b>111,593,998</b>	<b>111,498,144</b>

**(v) By purpose**

	Group		Bank	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
Purchase of securities	13,271,475	13,531,675	13,195,877	13,531,675
Purchase of transport vehicles	11,456,454	12,222,703	5,344,742	6,122,060
Purchase of landed property:				
- Residential	34,914,162	31,467,991	28,113,807	25,412,842
- Non-residential	11,694,907	10,470,961	10,426,368	9,356,160
Purchase of property, plant and equipment other than land and building	3,782,563	3,675,777	2,845,737	2,782,323
Personal use	7,901,985	7,650,256	6,285,535	6,270,575
Credit card	1,952,147	1,994,710	1,718,088	1,770,794
Purchase of consumer durables	33,354	28,926	27,744	28,920
Construction	5,730,273	4,914,115	4,894,892	4,256,028
Working capital	36,686,811	36,206,818	27,776,055	27,881,940
Merger and acquisition	2,307,072	3,227,805	1,841,781	2,772,946
Other purposes	14,114,955	15,935,999	9,123,372	11,311,881
	<b>143,846,158</b>	<b>141,327,736</b>	<b>111,593,998</b>	<b>111,498,144</b>



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

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

**(vi) By remaining contractual maturities**

	Group		Bank	
	As at 30 June 2015 <u>RM'000</u>	As at 31 December 2014 RM'000	As at 30 June 2015 <u>RM'000</u>	As at 31 December 2014 RM'000
Maturity within one year	44,082,565	47,412,371	40,461,730	43,183,764
One year to three years	8,950,625	8,338,602	5,298,621	4,991,549
Three years to five years	11,755,091	11,447,995	7,446,646	7,447,491
Over five years	79,057,877	74,128,768	58,387,001	55,875,340
	<u>143,846,158</u>	<u>141,327,736</u>	<u>111,593,998</u>	<u>111,498,144</u>

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

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

	Group		Bank	
	As at 30 June 2015 <u>RM'000</u>	As at 31 December 2014 RM'000	As at 30 June 2015 <u>RM'000</u>	As at 31 December 2014 RM'000
Balance as at the beginning of financial period/year	2,729,581	3,347,712	2,393,693	2,850,589
Classified as impaired during the financial period/year	2,124,106	3,501,847	1,735,537	3,000,886
Reclassified as non-impaired during the financial period/year	(1,247,899)	(2,450,741)	(1,037,993)	(2,067,413)
Amount recovered	(524,272)	(655,545)	(486,100)	(536,657)
Amount written off	(239,509)	(1,019,003)	(217,692)	(853,561)
Exchange differences	8,162	5,311	7,864	(151)
Balance as at the end of financial period/year	<u>2,850,169</u>	<u>2,729,581</u>	<u>2,395,309</u>	<u>2,393,693</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

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

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

**(b) By purpose**

	Group		Bank	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
Purchase of securities	57,200	129,450	57,200	129,450
Purchase of transport vehicles	164,834	180,120	100,628	119,630
Purchase of landed property:				
- Residential	753,384	783,908	622,201	651,929
- Non-residential	161,269	112,590	108,730	95,017
Purchase of property, plant and equipment other than land and building	51,224	38,835	26,123	25,690
Personal use	156,130	153,432	153,352	150,158
Credit card	44,305	36,911	37,828	31,703
Purchase of consumer durables	1,519	1,425	1,519	1,425
Construction	124,308	115,694	124,308	115,694
Working capital	1,275,263	1,139,888	1,136,626	1,062,901
Other purposes	60,733	37,328	26,794	10,096
	<b>2,850,169</b>	<b>2,729,581</b>	<b>2,395,309</b>	<b>2,393,693</b>

**(c) By geographical distribution**

	Group		Bank	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
Malaysia	2,655,106	2,594,152	2,222,524	2,262,000
Labuan Offshore	12,591	-	-	-
Singapore operations	140,901	101,577	140,901	101,577
Thailand operations	23,091	21,871	23,091	21,871
Brunei operations	8,793	8,245	8,793	8,245
Cambodia operations	9,687	3,736	-	-
	<b>2,850,169</b>	<b>2,729,581</b>	<b>2,395,309</b>	<b>2,393,693</b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

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

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

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

	Group		Bank	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
<b>Individual impairment allowance</b>				
Balance as at the beginning of financial period/year	409,674	891,294	382,769	723,024
Net allowance made during the period/year	58,052	4,594	57,761	28,899
Reclassified (to)/from collective impairment allowance	-	(64)	-	1,677
Transfer to impairment of financial investments HTM	-	(9,871)	-	(9,871)
Amount written off	(3,249)	(481,317)	(3,249)	(362,446)
Exchange differences	3,247	5,038	2,999	1,486
Balance as at the end of financial period/year	<u>467,724</u>	<u>409,674</u>	<u>440,280</u>	<u>382,769</u>
<b>Collective impairment allowance</b>				
Balance as at the beginning of financial period/year	1,346,884	1,272,637	1,130,978	1,088,121
Net allowance made/(write back) during the period/year	11,280	410,921	(20,359)	352,069
Reclassified from/(to) individual impairment allowance	-	64	-	(1,677)
Amount written off	(168,609)	(339,179)	(149,297)	(308,587)
Exchange differences	4,228	2,441	1,939	1,052
Balance as at the end of financial period/year	<u>1,193,783</u>	<u>1,346,884</u>	<u>963,261</u>	<u>1,130,978</u>

**12 Other Assets**

	Group		Bank	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
Other receivables	265,821	355,837	57,317	234,748
Collateral pledged for derivative transactions	784,567	600,081	784,567	600,081
Deposits	54,178	49,169	48,309	43,670
Prepayments	68,681	40,686	56,252	33,693
Amount due from holding company	2,208	131	2,208	131
Amounts due from subsidiaries	-	-	581,176	219,543
Amounts due from related companies	26,093	25,978	26,097	25,957
	<u>1,201,548</u>	<u>1,071,882</u>	<u>1,555,926</u>	<u>1,157,823</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

**13 Deposits from Customers**

**(i) By type of deposits**

	<b>Group</b>		<b>Bank</b>	
	<b>As at 30 June 2015 RM'000</b>	<b>As at 31 December 2014 RM'000</b>	<b>As at 30 June 2015 RM'000</b>	<b>As at 31 December 2014 RM'000</b>
Demand deposits	28,738,471	26,420,489	24,737,431	23,340,867
Savings deposits	8,186,899	7,927,118	6,988,181	6,788,828
Fixed/investment deposits	118,961,702	120,506,630	94,059,842	97,683,648
Negotiable instruments of deposits	22,693	2,274	22,693	2,274
	<b>155,909,765</b>	<b>154,856,511</b>	<b>125,808,147</b>	<b>127,815,617</b>

**(ii) By type of customer**

	<b>Group</b>		<b>Bank</b>	
	<b>As at 30 June 2015 RM'000</b>	<b>As at 31 December 2014 RM'000</b>	<b>As at 30 June 2015 RM'000</b>	<b>As at 31 December 2014 RM'000</b>
Government and statutory bodies	11,595,595	10,601,035	6,397,486	6,953,171
Business enterprises	94,674,694	95,419,158	74,886,730	76,077,473
Individuals	43,224,784	42,815,080	38,821,715	39,470,312
Others	6,414,692	6,021,238	5,702,216	5,314,661
	<b>155,909,765</b>	<b>154,856,511</b>	<b>125,808,147</b>	<b>127,815,617</b>

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

	<b>Group</b>		<b>Bank</b>	
	<b>As at 30 June 2015 RM'000</b>	<b>As at 31 December 2014 RM'000</b>	<b>As at 30 June 2015 RM'000</b>	<b>As at 31 December 2014 RM'000</b>
Due within six months	100,800,645	99,416,368	78,830,852	79,569,121
Six months to one year	17,675,866	20,292,663	14,803,079	17,632,469
One year to three years	477,205	782,244	418,902	467,453
Three years to five years	30,679	17,629	29,702	16,879
	<b>118,984,395</b>	<b>120,508,904</b>	<b>94,082,535</b>	<b>97,685,922</b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

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

	Group		Bank	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
Licensed banks	12,395,376	14,868,881	12,981,916	14,834,962
Islamic banks	1,754,111	221,130	-	-
Licensed investments banks	2,191,543	1,491,249	1,297,145	746,776
Bank Negara Malaysia	538,835	515,027	537,396	514,252
Others	503,108	860,083	574	105,560
	<b>17,382,973</b>	17,956,370	<b>14,817,031</b>	16,201,550

**15 Other Liabilities**

	Group		Bank	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
Amount due to holding company	45	126	-	-
Amounts due to subsidiaries	-	-	27,616	27,675
Amounts due to related companies	36,929	3,847	9,105	3,417
Amount due to Danaharta	2,044	1,935	2,044	1,935
Prepaid instalments	70,150	71,037	70,150	71,037
Lessee deposits	-	27,029	-	-
Accrual for operational expenses	133,738	140,452	119,241	125,682
Short term employee benefits	126,137	239,510	118,725	225,033
Other creditors and accruals	812,000	730,600	658,469	461,676
	<b>1,181,043</b>	1,214,536	<b>1,005,350</b>	916,455

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

**16 Interest Income**

	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
	<b>30 June</b>	30 June	<b>30 June</b>	30 June
	<b>2015</b>	2014	<b>2015</b>	2014
<u>Group</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Loans and advances	<b>1,527,528</b>	1,404,406	<b>3,073,247</b>	2,746,002
Money at call and deposits and placements with banks and other financial institutions	<b>24,053</b>	33,184	<b>68,649</b>	70,012
Securities purchased under resale agreements	<b>748</b>	27	<b>1,115</b>	75
Financial assets held-for-trading	<b>15,791</b>	8,206	<b>26,853</b>	10,781
Financial investments available-for-sale	<b>124,430</b>	107,463	<b>243,498</b>	203,351
Financial investments held-to-maturity	<b>164,764</b>	180,239	<b>340,408</b>	364,246
Others	<b>2,574</b>	331	<b>5,079</b>	937
	<b><u>1,859,888</u></b>	<u>1,733,856</u>	<b><u>3,758,849</u></b>	<u>3,395,404</u>
Of which:				
Interest income accrued on impaired financial assets	<b><u>34,307</u></b>	<u>38,817</u>	<b><u>83,969</u></b>	<u>83,471</u>
<b><u>Bank</u></b>				
Loans and advances	<b>1,478,761</b>	1,359,586	<b>2,974,564</b>	2,662,012
Money at call and deposits and placements with banks and other financial institutions	<b>86,087</b>	85,068	<b>194,673</b>	151,104
Securities purchased under resale agreements	<b>748</b>	27	<b>1,115</b>	75
Financial assets held-for-trading	<b>15,791</b>	8,206	<b>26,853</b>	10,781
Financial investments available-for-sale	<b>123,386</b>	106,531	<b>241,448</b>	201,492
Financial investments held-to-maturity	<b>163,121</b>	178,577	<b>336,961</b>	360,925
Others	<b>2,574</b>	331	<b>5,079</b>	937
	<b><u>1,870,468</u></b>	<u>1,738,326</u>	<b><u>3,780,693</u></b>	<u>3,387,326</u>
Of which:				
Interest income accrued on impaired financial assets	<b><u>30,607</u></b>	<u>35,036</u>	<b><u>76,272</u></b>	<u>75,791</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

**17 Interest Expense**

<u>Group</u>	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Deposits and placements of banks and other financial institutions	<b>81,086</b>	65,052	<b>174,279</b>	121,065
Deposits from customers	<b>858,944</b>	758,315	<b>1,731,876</b>	1,454,420
Obligations on securities sold under repurchase agreements	<b>11,968</b>	364	<b>15,418</b>	817
Subordinated obligations	<b>57,578</b>	47,641	<b>117,006</b>	94,757
Recourse obligation on loans sold to Cagamas	<b>24,699</b>	10,615	<b>49,036</b>	21,138
Senior Debt Securities	<b>23,508</b>	13,079	<b>46,935</b>	26,446
Hybrid Tier-I Capital Securities	<b>11,336</b>	11,329	<b>22,543</b>	22,530
Borrowings	<b>1,403</b>	1,109	<b>2,844</b>	2,382
Others	<b>11,688</b>	16,047	<b>26,269</b>	31,767
	<b>1,082,210</b>	923,551	<b>2,186,206</b>	1,775,322
<b><u>Bank</u></b>				
Deposits and placements of banks and other financial institutions	<b>82,567</b>	63,275	<b>175,162</b>	118,054
Deposits from customers	<b>847,773</b>	752,119	<b>1,712,874</b>	1,441,832
Obligations on securities sold under repurchase agreements	<b>11,968</b>	364	<b>15,418</b>	817
Subordinated obligations	<b>57,578</b>	47,641	<b>117,006</b>	94,757
Recourse obligation on loans sold to Cagamas	<b>24,699</b>	10,615	<b>49,036</b>	21,138
Senior Debt Securities	<b>23,508</b>	13,079	<b>46,935</b>	26,446
Hybrid Tier-I Capital Securities	<b>11,336</b>	11,329	<b>22,543</b>	22,530
Borrowings	<b>1,403</b>	1,109	<b>2,844</b>	2,382
Others	<b>11,688</b>	16,047	<b>26,269</b>	31,767
	<b>1,072,520</b>	915,578	<b>2,168,087</b>	1,759,723

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

**18 Other Operating Income**

<u>Group</u>	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
a) Fee Income:				
Commission	<b>44,358</b>	38,986	<b>82,350</b>	80,106
Service charges and fees	<b>49,311</b>	53,136	<b>111,534</b>	116,531
Guarantee fees	<b>14,288</b>	18,736	<b>39,532</b>	42,115
Commitment fees	<b>15,090</b>	13,259	<b>29,468</b>	27,325
Other fee income	<b>5,479</b>	4,008	<b>11,077</b>	10,800
	<b>128,526</b>	128,125	<b>273,961</b>	276,877
b) Net (loss)/gain arising from financial assets held-for-trading	<b>(5,405)</b>	8,443	<b>8,499</b>	16,385
c) Net (loss)/gain on revaluation of derivatives	<b>(1,802)</b>	(22,042)	<b>761</b>	(21,110)
d) Net gain on fair values hedges	<b>743</b>	36	<b>1,070</b>	2,444
e) Net gain arising from financial investments available-for-sale:				
- net gain on disposal	<b>22,914</b>	6,502	<b>38,110</b>	5,228
- gross dividend income	<b>3,372</b>	1,612	<b>3,372</b>	3,416
	<b>26,286</b>	8,114	<b>41,482</b>	8,644
f) Net gain arising from financial investments held-to-maturity:				
- net gain on early redemption	<b>228</b>	179	<b>228</b>	218
g) Other income:				
Foreign exchange gain/(loss)				
- realised	<b>143,620</b>	109,974	<b>78,782</b>	207,808
- unrealised	<b>(55,053)</b>	(18,015)	<b>79,215</b>	(47,310)
Gain on disposal of property, plant and equipment	<b>6,476</b>	36	<b>6,530</b>	36
Other operating income	<b>13,821</b>	15,586	<b>31,237</b>	29,701
Other non-operating income	<b>1,318</b>	1,284	<b>2,218</b>	3,119
	<b>110,182</b>	108,865	<b>197,982</b>	193,354
	<b>258,758</b>	231,720	<b>523,983</b>	476,812



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

**18 Other Operating Income (cont'd)**

<u>Bank</u>	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
a) Fee Income:				
Commission	43,996	38,873	81,689	79,827
Service charges and fees	49,021	52,959	110,914	116,242
Guarantee fees	13,827	16,654	36,096	40,033
Commitment fees	12,130	11,632	24,509	23,723
Other fee income	4,737	4,780	9,672	9,782
	<u>123,711</u>	<u>124,898</u>	<u>262,880</u>	<u>269,607</u>
b) Net (loss)/gain arising from financial assets held-for-trading	(5,405)	8,443	8,499	16,385
c) Net (loss)/gain on revaluation of derivatives	(1,080)	(21,178)	2,269	(16,347)
d) Net (loss)/gain on fair values hedges	(85)	-	39	1,499
e) Net gain arising from financial investments available-for-sale:				
- net gain on disposal	22,914	6,229	38,110	4,955
- gross dividend income	3,371	1,611	3,371	3,415
	<u>26,285</u>	<u>7,840</u>	<u>41,481</u>	<u>8,370</u>
f) Net gain arising from financial investments held-to-maturity:				
- net gain on early redemption	228	179	228	218
g) Other income:				
Foreign exchange gain/(loss)				
- realised	144,071	110,446	78,941	208,165
- unrealised	(55,053)	(18,015)	79,215	(47,310)
Gain on disposal of property, plant and equipment	6,461	36	6,483	36
Other operating income	13,692	14,816	31,037	28,229
Other non-operating income	795	687	1,172	1,932
	<u>109,966</u>	<u>107,970</u>	<u>196,848</u>	<u>191,052</u>
	<u>253,620</u>	<u>228,152</u>	<u>512,244</u>	<u>470,784</u>

**19 Income from Islamic Banking Business**

	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Income derived from investment of depositors' funds	422,292	309,014	818,125	592,087
Income derived from investment of shareholder's funds	35,788	36,551	68,047	63,964
Total distributable income	<u>458,080</u>	<u>345,565</u>	<u>886,172</u>	<u>656,051</u>
Income attributable to depositors	<u>(245,389)</u>	<u>(162,208)</u>	<u>(472,389)</u>	<u>(321,350)</u>
Income from Islamic Banking Business	<u>212,691</u>	<u>183,357</u>	<u>413,783</u>	<u>334,701</u>
Of which:				
Financing income earned on impaired financing and advances	<u>3,700</u>	<u>3,781</u>	<u>7,697</u>	<u>7,680</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

**20 Other Operating Expenses**

<b>Group</b>	<b><u>2nd Quarter Ended</u></b>		<b><u>Six Months Ended</u></b>	
	<b>30 June</b>	30 June	<b>30 June</b>	30 June
	<b>2015</b>	2014	<b>2015</b>	2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b><u>Personnel costs</u></b>				
- Salaries, allowances and bonuses	<b>301,461</b>	276,682	<b>593,296</b>	548,881
- Contributions to Employees Provident Fund	<b>44,700</b>	41,606	<b>88,952</b>	83,396
- Other staff related costs	<b>26,553</b>	29,941	<b>53,366</b>	50,490
	<b>372,714</b>	348,229	<b>735,614</b>	682,767
<b><u>Establishment costs</u></b>				
- Property, plant and equipment:				
- Depreciation	<b>19,646</b>	20,935	<b>42,693</b>	41,847
- Written off	<b>11</b>	-	<b>13</b>	1
- Amortisation of computer software license	<b>13,062</b>	9,876	<b>25,369</b>	22,287
- Rental of premises	<b>30,992</b>	31,521	<b>61,700</b>	61,887
- Rental of equipment	<b>1,832</b>	1,391	<b>3,338</b>	2,825
- Insurance	<b>14,848</b>	7,701	<b>23,217</b>	14,354
- Water and electricity	<b>6,368</b>	7,032	<b>13,473</b>	13,519
- Repair and maintenance	<b>5,615</b>	7,725	<b>12,305</b>	13,066
- Security and escorting expenses	<b>14,021</b>	14,643	<b>27,810</b>	26,279
- Information technology expenses	<b>30,084</b>	33,547	<b>62,564</b>	60,721
- Others	<b>166</b>	276	<b>324</b>	473
	<b>136,645</b>	134,647	<b>272,806</b>	257,259
<b><u>Marketing expenses</u></b>				
- Sales commission	<b>14,212</b>	14,761	<b>23,611</b>	26,111
- Advertisement and publicity	<b>10,655</b>	11,752	<b>15,423</b>	22,933
- Others	<b>18,142</b>	14,519	<b>29,226</b>	32,424
	<b>43,009</b>	41,032	<b>68,260</b>	81,468
<b><u>Administration and general expenses</u></b>				
- Communication expenses	<b>25,535</b>	27,836	<b>52,107</b>	53,675
- Others	<b>36,722</b>	35,599	<b>70,613</b>	66,419
	<b>62,257</b>	63,435	<b>122,720</b>	120,094
	<b>614,625</b>	587,343	<b>1,199,400</b>	1,141,588

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

**20 Other Operating Expenses (cont'd)**

	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b><u>Bank</u></b>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	<b>285,485</b>	253,259	<b>560,441</b>	499,297
- Contributions to Employees Provident Fund	<b>42,737</b>	38,210	<b>84,781</b>	76,117
- Other staff related costs	<b>24,308</b>	27,849	<b>49,785</b>	47,396
	<b>352,530</b>	319,318	<b>695,007</b>	622,810
<u>Establishment costs</u>				
- Property, plant and equipment:				
- Depreciation	<b>17,243</b>	18,948	<b>38,305</b>	37,769
- Written off	<b>4</b>	-	<b>6</b>	-
- Amortisation of computer software license	<b>12,247</b>	9,376	<b>23,755</b>	18,659
- Rental of premises	<b>30,135</b>	30,362	<b>59,870</b>	59,534
- Rental of equipment	<b>1,829</b>	1,367	<b>3,326</b>	2,788
- Insurance	<b>12,444</b>	6,186	<b>20,502</b>	12,456
- Water and electricity	<b>5,775</b>	6,456	<b>12,327</b>	12,226
- Repair and maintenance	<b>4,790</b>	6,995	<b>10,550</b>	11,322
- Security and escorting expenses	<b>12,944</b>	13,434	<b>25,613</b>	24,068
- Information technology expenses	<b>27,802</b>	30,249	<b>57,660</b>	54,674
	<b>125,213</b>	123,373	<b>251,914</b>	233,496
<u>Marketing expenses</u>				
- Sales commission	<b>13,003</b>	10,943	<b>21,194</b>	21,226
- Advertisement and publicity	<b>9,785</b>	10,900	<b>13,137</b>	21,320
- Others	<b>17,075</b>	14,094	<b>27,010</b>	29,340
	<b>39,863</b>	35,937	<b>61,341</b>	71,886
<u>Administration and general expenses</u>				
- Communication expenses	<b>23,890</b>	24,841	<b>47,618</b>	48,376
- Others	<b>6,569</b>	15,745	<b>17,214</b>	31,461
	<b>30,459</b>	40,586	<b>64,832</b>	79,837
	<b>548,065</b>	519,214	<b>1,073,094</b>	1,008,029

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

**21 (Writeback)/allowance for Impairment on Loans, Advances and Financing**

	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>30 June</u>	30 June	<u>30 June</u>	30 June
	<u>2015</u>	2014	<u>2015</u>	2014
	<u>RM'000</u>	RM'000	<u>RM'000</u>	RM'000
<b><u>Group</u></b>				
Individual impairment allowance	50,672	(33,549)	58,052	(30,191)
Collective impairment allowance	(65,100)	82,860	11,280	173,853
Impaired loans and financing recovered	(64,813)	(68,546)	(131,917)	(156,902)
Impaired loans written off	32,914	51,612	68,452	99,302
	<u>(46,327)</u>	<u>32,377</u>	<u>5,867</u>	<u>86,062</u>
<b><u>Bank</u></b>				
Individual impairment allowance	49,731	(16,298)	57,761	(10,831)
Collective impairment allowance	(67,961)	62,143	(20,359)	152,136
Impaired loans and financing recovered	(62,568)	(62,456)	(123,374)	(144,993)
Impaired loans written off	31,613	49,694	65,988	89,960
	<u>(49,185)</u>	<u>33,083</u>	<u>(19,984)</u>	<u>86,272</u>

**22 Earnings Per Share**

	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>30 June</u>	30 June	<u>30 June</u>	30 June
	<u>2015</u>	2014	<u>2015</u>	2014
<b><u>Group</u></b>				
Net profit for the financial period (RM'000)	525,128	551,838	1,000,058	1,000,465
Weighted average number of ordinary shares in issue ('000)	6,916,989	6,636,170	6,824,494	6,636,170
Basic earnings per share (sen)	<u>7.59</u>	<u>8.32</u>	<u>14.65</u>	<u>15.08</u>
<b><u>Bank</u></b>				
Net profit for the financial period (RM'000)	422,957	460,953	811,738	832,633
Weighted average number of ordinary shares in issue ('000)	6,916,989	6,636,170	6,824,494	6,636,170
Basic earnings per share (sen)	<u>6.11</u>	<u>6.95</u>	<u>11.89</u>	<u>12.55</u>

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**23 Capital Adequacy**

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

	<b>RHB Bank*</b>		<b>RHB Islamic Bank</b>	
	<b>30 June 2015</b>	31 December 2014	<b>30 June 2015</b>	31 December 2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Common Equity Tier-I ('CET-I') Capital/Tier-I Capital</b>				
Paid-up ordinary share capital	<b>3,460,585</b>	3,365,486	<b>1,173,424</b>	1,173,424
Share premium	<b>478,517</b>	136,162	-	-
Retained profits	<b>6,740,572</b>	6,860,657	<b>493,766</b>	553,560
Other reserves	<b>3,737,387</b>	3,589,300	<b>617,060</b>	553,765
AFS reserves	<b>250,093</b>	218,816	<b>(16,525)</b>	(28,352)
	<b>14,667,154</b>	14,170,421	<b>2,267,725</b>	2,252,397
Less: Goodwill	<b>(905,519)</b>	(905,519)	-	-
Net deferred tax assets	-	-	<b>(10,156)</b>	(15,497)
Other intangible assets (include associated deferred tax liability)	<b>(181,744)</b>	(166,462)	<b>(602)</b>	(1,119)
55% of cumulative gains of AFS financial instruments	<b>(137,551)</b>	(120,349)	-	-
Shortfall of eligible provisions to expected losses under the IRB approach	<b>(187,705)</b>	(307,612)	-	-
Investments in subsidiaries***	<b>(687,429)</b>	(332,839)	-	-
Other deduction <sup>#</sup>	<b>(39,786)</b>	(29,667)	<b>(121)</b>	(551)
Total CET-I Capital	<b>12,527,420</b>	12,307,973	<b>2,256,846</b>	2,235,230
Hybrid Tier-I Capital Securities**	<b>420,000</b>	480,000	-	-
Total Tier-I Capital	<b>12,947,420</b>	12,787,973	<b>2,256,846</b>	2,235,230
<b>Tier-II Capital</b>				
Subordinated obligations <sup>@</sup>	<b>2,800,000</b>	3,200,000	-	-
Subordinated obligations meeting all relevant criteria	<b>1,499,497</b>	1,000,000	-	-
Subordinated sukuk <sup>^^</sup>	-	-	<b>500,000</b>	500,000
Collective impairment allowance <sup>^</sup>	<b>332,532</b>	258,406	<b>224,682</b>	100,832
	<b>4,632,029</b>	4,458,406	<b>724,682</b>	600,832
Less: Investments in subsidiaries***	<b>(1,031,143)</b>	(1,331,358)	-	-
Total Tier-II Capital	<b>3,600,886</b>	3,127,048	<b>724,682</b>	600,832
<b>Total Capital</b>	<b>16,548,306</b>	15,915,021	<b>2,981,528</b>	2,836,062
<b>Capital ratios</b>				
Before deducting proposed dividends:				
CET-I capital ratio	<b>12.006%</b>	11.678%	<b>11.490%</b>	12.875%
Tier-I capital ratio	<b>12.409%</b>	12.133%	<b>11.490%</b>	12.875%
Total capital ratio	<b>15.860%</b>	15.100%	<b>15.180%</b>	16.336%
After deducting proposed dividends:				
CET-I capital ratio	<b>12.006%</b>	11.124%	<b>11.490%</b>	12.875%
Tier-I capital ratio	<b>12.409%</b>	11.580%	<b>11.490%</b>	12.875%
Total capital ratio	<b>15.860%</b>	14.547%	<b>15.180%</b>	16.336%

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

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

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

	<b>RHB Bank*</b>		<b>RHB Islamic Bank</b>	
	<b>30 June 2015</b>	31 December 2014	<b>30 June 2015</b>	31 December 2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Credit risk	<b>92,355,999</b>	94,067,828	<b>18,447,278</b>	16,316,757
Market risk	<b>3,909,561</b>	3,369,497	<b>228,586</b>	124,357
Operational risk	<b>8,072,763</b>	7,957,062	<b>964,330</b>	918,886
Total risk-weighted assets	<b><u>104,338,323</u></b>	<u>105,394,387</u>	<b><u>19,640,194</u></b>	<u>17,360,000</u>

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

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

Includes the qualifying regulatory reserves for non-impaired loans of the Bank and RHB Islamic Bank of RM348,551,000 (31 December 2014 : Nil) and RM123,090,000 (31 December 2014 : Nil) respectively.

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

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

\*\* Hybrid Tier-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).

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

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

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

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

	<b>RHB Bank Group</b>	
	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CET-I/Tier-I Capital</b>		
Paid-up ordinary share capital	3,460,585	3,365,486
Share premium	478,517	136,162
Retained profits	7,375,414	7,575,175
Other reserves	4,407,262	4,167,374
AFS reserves	233,569	190,466
	<b>15,955,347</b>	<b>15,434,663</b>
Less: Goodwill	(1,120,318)	(1,120,318)
Net deferred tax assets	-	-
Other intangible assets (include associated deferred tax liability)	(186,373)	(171,380)
55% of cumulative gains of AFS financial instruments	(128,463)	(104,757)
Shortfall of eligible provisions to expected losses under the IRB approach	(214,405)	(376,960)
Other deduction <sup>#</sup>	(40,094)	(30,218)
Total CET-I Capital	<b>14,265,694</b>	<b>13,631,030</b>
Hybrid Tier-I Capital Securities**	<b>420,000</b>	<b>480,000</b>
Total Tier-I Capital	<b>14,685,694</b>	<b>14,111,030</b>
<b>Tier-II Capital</b>		
Subordinated obligations <sup>@</sup>	2,800,000	3,200,000
Subordinated obligations meeting all relevant criteria	1,499,497	1,000,000
Qualifying capital instruments of a subsidiary issued to third parties*	344,069	321,075
Collective impairment allowance <sup>^</sup>	512,758	436,711
Total Tier-II Capital	<b>5,156,324</b>	<b>4,957,786</b>
<b>Total Capital</b>	<b>19,842,018</b>	<b>19,068,816</b>

**Capital ratios**

Before deducting proposed dividends:		
CET-I capital ratio	11.896%	11.062%
Tier-I capital ratio	12.247%	11.451%
Total capital ratio	<b>16.547%</b>	<b>15.475%</b>
After deducting proposed dividends:		
CET-I capital ratio	11.896%	10.589%
Tier-I capital ratio	12.247%	10.978%
Total capital ratio	<b>16.547%</b>	<b>15.002%</b>

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

	<b>RHB Bank Group</b>	
	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit risk	106,845,981	110,761,239
Market risk	3,936,105	3,508,449
Operational risk	9,129,775	8,949,426
Total risk-weighted assets	<b>119,911,861</b>	<b>123,219,114</b>

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

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

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

Includes the qualifying regulatory reserves for non-impaired loans of the Group of RM491,522,000 (31 December 2014 : Nil).

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

<sup>\*</sup> Qualifying subordinated sukuk that are recognised as Tier-II capital instruments held by third parties as prescribed under paragraph 16.3 of the BNM Guidelines Capital Adequacy Framework (Capital Components) which are issued by a fully consolidated subsidiary of the Bank.

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

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

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

	<b>RHBIBL</b>	
	<b>30 June 2015</b>	<b>31 December 2014</b>
Before deducting proposed dividends:		
Core capital ratio	#	#
Solvency ratio	19.99%	17.042%
After deducting proposed dividends:		
Core capital ratio	#	#
Solvency ratio	19.99%	17.042%

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

<sup>#</sup> No equivalent ratio in Cambodia.



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**24 Commitments And Contingencies**

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

<u>Group</u>	<u>30 June 2015</u>			<u>31 December 2014</u>		
	<u>Principal amount</u> RM'000	<u>Credit equivalent amount*</u> RM'000	<u>Risk weighted amount</u> RM'000	<u>Principal amount</u> RM'000	<u>Credit equivalent amount*</u> RM'000	<u>Risk weighted amount</u> RM'000
Direct credit substitutes	2,343,957	2,313,933	1,345,560	2,659,088	2,628,097	1,656,364
Transaction-related contingent items	4,684,298	2,318,673	1,307,440	4,829,166	2,388,120	1,308,323
Short-term self-liquidating trade-related contingencies	1,994,372	396,984	189,125	1,822,569	362,511	177,431
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	2,650,135	2,650,135	39,710	517,610	517,610	27,897
Irrevocable commitments to extend credit:						
- maturity more than one year	29,573,659	20,524,136	10,354,057	30,645,996	14,277,260	9,875,579
- maturity less than one year	750,048	147,541	48,579	1,428,561	144,588	50,232
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	15,164,051	607,919	245,238	15,137,896	605,393	240,215
Foreign exchange related contracts <sup>@</sup> :						
- less than one year	40,645,570	1,401,917	805,551	28,320,308	926,671	559,625
- one year to less than five years	11,004,930	2,033,742	842,275	11,236,064	1,696,626	753,543
- more than five years	526,992	148,329	96,735	469,108	596,943	444,525
Interest rate related contracts <sup>@</sup> :						
- less than one year	6,571,309	17,477	6,809	6,289,805	14,886	4,557
- one year to less than five years	28,405,380	800,968	284,134	27,571,220	812,079	281,569
- more than five years	1,383,554	131,016	72,356	987,920	73,660	34,400
<b>Total</b>	<b>145,698,255</b>	<b>33,492,770</b>	<b>15,637,569</b>	<b>131,915,311</b>	<b>25,044,444</b>	<b>15,414,260</b>

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

<sup>@</sup> 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.

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

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

**24 Commitments And Contingencies (cont'd)**

<b>Bank</b>	<b>30 June 2015</b>			<b>31 December 2014</b>		
	<b>Principal amount</b>	<b>Credit equivalent amount*</b>	<b>Risk weighted amount</b>	<b>Principal amount</b>	<b>Credit equivalent amount*</b>	<b>Risk weighted amount</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Direct credit substitutes	2,332,631	2,302,607	1,335,574	2,622,714	2,591,723	1,624,312
Transaction-related contingent items	4,090,264	2,021,657	1,089,993	4,295,883	2,121,478	1,125,821
Short-term self-liquidating trade-related contingencies	1,965,111	391,132	186,865	1,767,022	351,401	175,167
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	2,650,135	2,650,135	39,710	517,610	517,610	27,897
Irrevocable commitments to extend credit:						
- maturity more than one year	23,440,006	16,397,112	8,100,215	26,380,190	11,925,958	7,957,393
- maturity less than one year	693,024	136,136	39,148	1,374,689	133,814	40,829
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	12,956,133	514,367	175,074	13,059,575	514,983	172,408
Foreign exchange related contracts <sup>@</sup> :						
- less than one year	40,545,887	1,392,624	755,313	28,302,199	924,363	533,150
- one year to less than five years	11,014,828	2,034,522	834,079	11,236,064	1,698,406	737,627
- more than five years	526,992	148,329	96,735	469,108	596,943	444,525
Interest rate related contracts <sup>@</sup> :						
- less than one year	7,371,309	19,006	7,114	6,918,826	16,490	4,871
- one year to less than five years	30,580,380	846,080	293,157	29,806,220	863,268	291,807
- more than five years	1,383,554	131,016	72,356	1,077,920	78,160	35,300
<b>Total</b>	<b>139,550,254</b>	<b>28,984,723</b>	<b>13,025,333</b>	<b>127,828,020</b>	<b>22,334,597</b>	<b>13,171,107</b>

\* The credit equivalent amount is arrived at using the credit conversion factors as per Bank Negara Malaysia 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.

The CE and RWA of the Bank are computed in accordance with BNM's Guidelines on Capital Adequacy Framework (Basel II - RWA): IRB Approach for Credit Risk, Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

**25 Capital Commitments**

	Group		Bank	
	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
Capital expenditure for property, plant and equipment:				
- authorised and contracted for	92,183	92,562	88,310	92,562
- authorised but not contracted for	245,454	191,674	239,794	148,761
	<u>337,637</u>	<u>284,236</u>	<u>328,104</u>	<u>241,323</u>

**26 Fair Value of Financial Instruments**

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

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

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

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

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

<u>Group</u>	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<b>30 June 2015</b>				
<b><u>Financial assets</u></b>				
Financial assets held-for-trading:	4,049	2,494,304	-	2,498,353
- money market instruments	-	2,416,355	-	2,416,355
- quoted securities	4,049	-	-	4,049
- unquoted securities	-	77,949	-	77,949
Financial investments available-for-sale:	1,168	16,653,079	934,916	17,589,163
- money market instruments	-	4,563,658	-	4,563,658
- quoted securities	1,168	-	7,740	8,908
- unquoted securities	-	12,089,421	927,176	13,016,597
Derivative assets:				
- money market instruments	-	1,917,226	-	1,917,226
	<u>5,217</u>	<u>21,064,609</u>	<u>934,916</u>	<u>22,004,742</u>
<b><u>Financial liabilities</u></b>				
Derivative liabilities:				
- money market instruments	-	1,746,897	-	1,746,897
	<u>-</u>	<u>1,746,897</u>	<u>-</u>	<u>1,746,897</u>
<b>31 December 2014</b>				
<b><u>Financial assets</u></b>				
Financial assets held-for-trading:	3,841	2,039,461	-	2,043,302
- money market instruments	-	1,815,601	-	1,815,601
- quoted securities	3,841	-	-	3,841
- unquoted securities	-	223,860	-	223,860
Financial investments available-for-sale:	10,719	14,905,036	867,246	15,783,001
- money market instruments	-	3,874,115	-	3,874,115
- quoted securities	10,719	-	-	10,719
- unquoted securities	-	11,030,921	867,246	11,898,167
Derivative assets:				
- money market instruments	-	1,283,855	-	1,283,855
	<u>14,560</u>	<u>18,228,352</u>	<u>867,246</u>	<u>19,110,158</u>
<b><u>Financial liabilities</u></b>				
Derivative liabilities:				
- money market instruments	-	1,193,538	-	1,193,538
	<u>-</u>	<u>1,193,538</u>	<u>-</u>	<u>1,193,538</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

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

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

<b>Bank</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 June 2015</b>				
<b>Financial assets</b>				
Financial assets held-for-trading:	4,049	2,300,313	-	2,304,362
- money market instruments	-	2,222,364	-	2,222,364
- quoted securities	4,049	-	-	4,049
- unquoted securities	-	77,949	-	77,949
Financial investments available-for-sale:	-	14,041,725	649,597	14,691,322
- money market instruments	-	3,874,631	-	3,874,631
- quoted securities	-	-	7,740	7,740
- unquoted securities	-	10,167,094	641,857	10,808,951
Derivative assets:				
- money market instruments	-	1,916,108	-	1,916,108
	<u>4,049</u>	<u>18,258,146</u>	<u>649,597</u>	<u>18,911,792</u>
<b>Financial liabilities</b>				
Derivative liabilities:				
- money market instruments	-	1,756,744	-	1,756,744
	<u>-</u>	<u>1,756,744</u>	<u>-</u>	<u>1,756,744</u>
<b>31 December 2014</b>				
<b>Financial assets</b>				
Financial assets held-for-trading:	3,841	1,687,573	-	1,691,414
- money market instruments	-	1,463,713	-	1,463,713
- quoted securities	3,841	-	-	3,841
- unquoted securities	-	223,860	-	223,860
Financial investments available-for-sale:	8,736	12,716,719	588,108	13,313,563
- money market instruments	-	3,210,054	-	3,210,054
- quoted securities	8,736	-	-	8,736
- unquoted securities	-	9,506,665	588,108	10,094,773
Derivative assets:				
- money market instruments	-	1,283,574	-	1,283,574
	<u>12,577</u>	<u>15,687,866</u>	<u>588,108</u>	<u>16,288,551</u>
<b>Financial liabilities</b>				
Derivative liabilities:				
- money market instruments	-	1,214,797	-	1,214,797
	<u>-</u>	<u>1,214,797</u>	<u>-</u>	<u>1,214,797</u>

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

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

(i) Valuation techniques and sensitivity analysis

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

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

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

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

The following represents the changes in Level 3 instruments for the financial period/year ended 30 June 2015 and 31 December 2014 for the Group and the Bank.

**Financial investments available-for-sale**

	<b>Group</b>		<b>Bank</b>	
	<b>As at 30 June 2015 RM'000</b>	<b>As at 31 December 2014 RM'000</b>	<b>As at 30 June 2015 RM'000</b>	<b>As at 31 December 2014 RM'000</b>
Balance as at the beginning of the financial period/year	<b>867,246</b>	907,396	<b>588,108</b>	633,063
Total gains recognised in other comprehensive income	<b>53,743</b>	43,065	<b>53,743</b>	43,065
Purchases	<b>15,754</b>	15,897	<b>7,740</b>	-
Settlements	<b>(8,057)</b>	(217,905)	-	(201,950)
Impairment losses written back	-	113,930	-	113,930
Exchange differences	<b>6,230</b>	4,863	<b>6</b>	-
Balance as at the end of the financial period/year	<b><u>934,916</u></b>	<u>867,246</u>	<b><u>649,597</u></b>	<u>588,108</u>

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

**27 Segmental Reporting**

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

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

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

(a) Corporate Banking

Corporate Banking caters to funding or lending needs of corporate customers including public listed corporations and its related entities, multinational corporations (including Japanese), financial institutions and Government and state owned 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.

(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 funding needs as well as deposit collection from small and medium sized enterprises and wholesale clients.

(d) Group Treasury

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

(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) Others

Others comprise results from other business segments in the Group (nominee services, property investment and rental of premises and other related financial services). 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 centre and the application of transfer pricing, where appropriate, has been used in preparing the segmental reporting.

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Incorporated in Malaysia

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

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

**Group**

**Six months ended 30 June 2015**

	<b>Corporate Banking</b>	<b>Retail Banking</b>	<b>Business Banking</b>	<b>Group Treasury</b>	<b>Group International Business</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	417,304	1,174,213	461,084	197,289	258,896	1,623	-	2,510,409
Inter-segment revenue	(4,108)	-	-	4,713	2,447	416	(3,468)	-
Segment revenue	<b>413,196</b>	<b>1,174,213</b>	<b>461,084</b>	<b>202,002</b>	<b>261,343</b>	<b>2,039</b>	<b>(3,468)</b>	<b>2,510,409</b>
Overhead expenses including:	(96,339)	(605,143)	(230,150)	(69,041)	(167,468)	(34,727)	3,468	(1,199,400)
Depreciation of property, plant and equipment	(1,182)	(30,492)	(3,496)	(1,404)	(6,022)	(97)	-	(42,693)
Amortisation of computer software license	(1,460)	(13,404)	(5,090)	(2,411)	(3,004)	-	-	(25,369)
(Allowance)/write-back for impairment on loans, advances and financing	(10,046)	62,800	(49,407)	(1,979)	(8,752)	1,517	-	(5,867)
Impairment written back/(made) on other assets	6,320	-	-	-	270	-	-	6,590
Profit before taxation	<b>313,131</b>	<b>631,870</b>	<b>181,527</b>	<b>130,982</b>	<b>85,393</b>	<b>(31,171)</b>	<b>-</b>	<b>1,311,732</b>
Taxation								(311,674)
Net profit for the financial period								<b>1,000,058</b>

**Six months ended 30 June 2014**

	<b>Corporate Banking</b>	<b>Retail Banking</b>	<b>Business Banking</b>	<b>Group Treasury</b>	<b>Group International Business</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	453,528	1,144,413	434,062	239,470	185,524	(25,402)	-	2,431,595
Inter-segment revenue	(7,637)	-	-	8,223	1,892	412	(2,890)	-
Segment revenue	<b>445,891</b>	<b>1,144,413</b>	<b>434,062</b>	<b>247,693</b>	<b>187,416</b>	<b>(24,990)</b>	<b>(2,890)</b>	<b>2,431,595</b>
Overhead expenses including:	(89,802)	(624,864)	(206,547)	(56,343)	(140,797)	(26,125)	2,890	(1,141,588)
Depreciation of property, plant and equipment	(1,069)	(32,118)	(3,095)	(1,237)	(4,231)	(97)	-	(41,847)
Amortisation of computer software license	(1,441)	(12,219)	(4,768)	(2,586)	-	(1,273)	-	(22,287)
(Allowance)/writeback for impairment on loans, advances and financing	80,751	(160,089)	2,460	(14,311)	827	4,300	-	(86,062)
Impairment written back/(made) on other assets	121,532	-	623	-	5	(480)	-	121,680
Profit before taxation	<b>558,372</b>	<b>359,460</b>	<b>230,598</b>	<b>177,039</b>	<b>47,451</b>	<b>(47,295)</b>	<b>-</b>	<b>1,325,625</b>
Taxation								(325,160)
Net profit for the financial period								<b>1,000,465</b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

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

**Group**

**As at 30 June 2015**

	<b>Corporate Banking</b>	<b>Retail Banking</b>	<b>Business Banking</b>	<b>Group Treasury</b>	<b>Group International Business</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Segment assets	50,202,292	69,244,617	19,389,460	53,692,503	25,279,403	195,233	(9,271,626)	208,731,882
Deferred tax assets								4,791
Tax recoverable								54,895
Unallocated assets								1,239,473
Total assets								<u>210,031,041</u>
Segment liabilities	39,908,963	55,246,347	17,203,177	59,467,009	19,163,883	11,770,614	(9,946,657)	192,813,336
Deferred tax liabilities								50,045
Tax liabilities								19,531
Unallocated liabilities								639,530
Total liabilities								<u>193,522,442</u>

**As at 31 December 2014**

	<b>Corporate Banking</b>	<b>Retail Banking</b>	<b>Business Banking</b>	<b>Group Treasury</b>	<b>Group International Business</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Segment assets	50,260,028	66,121,767	18,726,577	53,322,357	22,795,976	201,079	(8,170,294)	203,257,490
Deferred tax assets								9,956
Tax recoverable								59,792
Unallocated assets								1,309,816
Total assets								<u>204,637,054</u>
Segment liabilities	34,393,188	44,021,482	13,823,462	75,383,980	17,015,729	12,226,860	(8,500,524)	188,364,177
Deferred tax liabilities								40,818
Tax liabilities								22,418
Unallocated liabilities								774,978
Total liabilities								<u>189,202,391</u>



**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

**28 Credit exposures arising from transactions with connected parties**

Credit exposures with connected parties as per Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties are as follows:

	<b>Group</b>		<b>Bank</b>	
	<b>As at 30 June 2015</b>	As at 31 December 2014	<b>As at 30 June 2015</b>	As at 31 December 2014
Outstanding credit exposures with connected parties (RM'000)	<b>7,805,905</b>	7,774,174	<b>5,988,620</b>	7,253,965
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures (%)	<b>4.56</b>	4.65	<b>4.43</b>	5.41
Percentage of outstanding credit exposures to connected parties which is non-performing or in default (%)	<b>0.03</b>	0.01	<b>0.03</b>	0.01

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

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

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

**30 Status of Corporate Proposals**

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

The holding company, RHB Capital Berhad ('RHB Capital') had announced that it proposes to undertake the following proposals:

**(i) Proposed Rights Issue**

RHB Capital is proposing to undertake a renounceable rights issue of new RHB Capital Shares ('Rights Shares') to entitled shareholders on an entitlement date to be determined later ('Entitlement Date'). The Proposed Rights Issue is intended to raise gross proceeds of up to RM2.5 billion ('Intended Gross Proceeds').

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

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

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

In the event that the Proposed Internal Reorganisation is not implemented, the Intended Gross Proceeds shall be utilised to repay the bank borrowings of RHB Capital and/or injected as equity into the Bank to further capitalise the Bank, if required.

**(ii) Proposed Internal Reorganisation**

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

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

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

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

**30 Status of Corporate Proposals (cont'd)**

(iii) Proposed Distribution and Capital Repayment

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

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

(iv) Proposed Transfer of Listing Status

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

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

The inter-conditionally of the Proposals are as follows:

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

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

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

RHB Capital had on 30 April 2015 submitted an application to BNM to seek the approval of BNM and/or its recommendations to MoF for approval for the Proposals. BNM had vide its letter dated 23 July 2015 informed that MOF and/or BNM (as the case may be) have granted their approval for the Proposed Rights Issue, Proposed Internal Reorganisation and the Proposed Distribution and Capital Repayment under the Financial Services Act, 2013.

On 28 May 2015, RHB Capital had submitted an application to Bursa Securities for the listing of and quotation for the Rights Shares to be issued pursuant to the Proposed Rights Issue. Bursa Securities had vide its letter dated 30 July 2015, approved the listing of and quotation for the Rights Shares to be issued pursuant to the Proposed Rights Issue, on the Main Market of Bursa Securities.

On 30 June 2015, RHB Capital had also submitted an application to Bursa Securities for the Proposed Transfer of Listing Status. The decision from Bursa Securities for the Proposed Transfer of Listing Status is currently pending.

The shareholders of RHB Capital had at the EGM of the Company held on 27 August 2015, approved the Proposed Rights Issue, Proposed Distribution and Capital Repayment, Proposed Transfer of Listing Status as well as Proposed M&A Amendments. The Proposed M&A Amendments entails the consequential amendments to the memorandum and articles of association RHB Capital to facilitate the Proposed Distribution and Capital Repayment and Proposed Transfer of Listing Status.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 (cont'd)**

**30 Status of Corporate Proposals (cont'd)**

**(b) Proposed disposal of RHB OSK Indochina Securities Limited ('RHBISL')**

On 1 October 2014, RHBIBL has entered into a share sale agreement with RHB Investment Bank Berhad for the disposal of the entire equity interest in RHBISL for a consideration of USD12,500,000.

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

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

Upon completion of the disposal, RHBISL will ceased to be the wholly-owned subsidiary of RHBIBL.

**31 Events Subsequent to Balance Sheet Date**

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

**Bancatakaful service arrangement between RHB Islamic Bank and Syarikat Takaful Malaysia Berhad ('STMB') ("BANCATAKAFUL SERVICE ARRANGEMENT")**

RHB Islamic Bank, a wholly-owned subsidiary of the Bank has on 26 August 2015 entered into an exclusive Bancatakaful Service Arrangement with STMB.

STMB shall pay RHB Islamic Bank a total service fee of RM110 million and in consideration thereof, RHB Islamic Bank shall commit to a 10-year bancatakaful relationship with STMB to distribute Family and General takaful products developed by STMB pursuant to the terms of the Bancatakaful Service Agreement.

**32 Changes in the Composition of the Group**

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

Other than the above, there are no significant changes in the composition of the Group for the six months ended 30 June 2015.

**33 Changes in Profit for the Quarter**

During the quarter ended 30 June 2015, the Group recorded a pre-tax profit of RM684.6 million, 9.2% or RM57.5 million higher as compared to the preceding quarter ended 31 March 2015. The higher profit was mainly due to higher impairment allowance written back for loans, advances and financing by RM98.5 million, higher income from Islamic Banking business by RM11.6 million and higher impairment written back on other assets by RM1.0 million, partially offset by higher other operating expenses by RM29.8 million, lower net interest income by RM17.3 million and lower other operating income by RM6.5 million.

**34 Performance Review**

For the six months ended 30 June 2015, the Group recorded a pre-tax profit of RM1,311.7 million, 1.0% or RM13.9 million lower as compared to the corresponding period ended 30 June 2014 of RM1,325.6 million. The lower profit was due to lower impairment written back on other assets by RM115.1 million, higher other operating expenses by RM57.8 million and lower net interest income by RM47.4 million, partially offset by lower impairment allowance for loans, advances and financing by RM80.2 million, higher income from Islamic Banking business by RM79.1 million and higher operating income by RM47.1 million.

**35 Prospects for Financial Year 2015**

Economic growth will remain challenging in the second half of 2015. Domestic loan growth should moderate, on the back of softer consumer spending and private investment, while capital market and wholesale banking activities are expected to remain modest.

In view of the challenging operating environment, the Group will continue to focus on optimizing cost and capital efficiency. Meanwhile, our IGNITE 2017 Transformation Programme continues to gain traction and produce positive results. Barring unforeseen circumstances, the Group's 2015 performance will be satisfactory.