



RHB Capital Berhad 312952-H  
 Level 9, Tower One, RHB Centre, Jalan Tun Razak,  
 50400 Kuala Lumpur, Malaysia  
 TEL +603 9285 2233 FAX +603 2142 7568

**RHB CAPITAL BERHAD (312952 – H)  
 INTERIM FINANCIAL STATEMENTS  
 AUDITED INCOME STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	Note	4th quarter ended		Twelve months ended	
		31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<b>Group</b>					
<b><u>Discontinued Operations</u></b>					
Interest income	A8	2,038,282	1,964,072	7,935,334	7,469,699
Interest expense	A9	(1,166,388)	(1,158,519)	(4,635,536)	(4,178,367)
Net interest income		871,894	805,553	3,299,798	3,291,332
Other operating income	A10	573,388	670,601	2,015,456	2,211,396
		1,445,282	1,476,154	5,315,254	5,502,728
Net income from Islamic Banking business		236,787	200,632	875,917	732,151
Net income		1,682,069	1,676,786	6,191,171	6,234,879
Other operating expenses	A11	(961,660)	(987,032)	(3,793,162)	(3,411,168)
Operating profit before allowances		720,409	689,754	2,398,009	2,823,711
Allowance for impairment on loans, financing and other losses	A12	(234,546)	(40,470)	(340,314)	(206,242)
Impairment losses (made)/written back on other assets		(10,719)	(5,876)	48,750	117,309
		475,144	643,408	2,106,445	2,734,778
Share of results of associates		-	-	-	(105)
Share of results of joint ventures		62	178	299	380
<b>Profit before taxation</b>		<b>475,206</b>	<b>643,586</b>	<b>2,106,744</b>	<b>2,735,053</b>
Taxation	B5	(152,098)	(144,616)	(582,711)	(671,589)
<b>Net profit for the financial period/year</b>		<b>323,108</b>	<b>498,970</b>	<b>1,524,033</b>	<b>2,063,464</b>
Attributable to:					
- Equity holders of the Company		316,120	486,191	1,511,427	2,038,000
- Non-controlling interests		6,988	12,779	12,606	25,464
		323,108	498,970	1,524,033	2,063,464
<b>Earnings per share (sen)</b>					
- Basic	B12	11.9	18.9	58.1	79.7
- Diluted	B12	11.9	18.9	58.1	79.7

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



**RHB CAPITAL BERHAD (312952 – H)  
 INTERIM FINANCIAL STATEMENTS  
 AUDITED STATEMENTS OF COMPREHENSIVE INCOME  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
<b><u>Discontinued Operations</u></b>				
Net profit for the financial period/year	<b>323,108</b>	498,970	<b>1,524,033</b>	2,063,464
Other comprehensive income/(loss) in respect of:				
(i) Items that will not be reclassified to profit or loss:				
- Actuarial gain on defined benefit plan of subsidiaries	<b>1,335</b>	43	<b>1,568</b>	1,290
(ii) Items that will be reclassified subsequently to profit or loss:				
(a) Foreign currency translation reserves				
- Currency translation differences	<b>(45,894)</b>	169,778	<b>651,021</b>	160,170
- Net investment hedge	<b>(39,244)</b>	-	<b>(74,929)</b>	-
(b) Unrealised net (loss)/gain on revaluation of financial investments available-for-sale ('AFS')	<b>(1,010)</b>	(29,293)	<b>(28,303)</b>	115,900
(c) Net transfer to income statements on disposal or impairment of financial investments AFS	<b>(10,415)</b>	(38,691)	<b>(62,926)</b>	(43,854)
Income tax relating to components of other comprehensive loss/(income)	<b>4,880</b>	21,944	<b>24,308</b>	(15,578)
Other comprehensive (loss)/income, net of tax, for the financial period/year	<b>(90,348)</b>	123,781	<b>510,739</b>	217,928
Total comprehensive income for the financial period/year	<b>232,760</b>	622,751	<b>2,034,772</b>	2,281,392
Total comprehensive income attributable to:				
- Equity holders of the Company	<b>208,883</b>	614,498	<b>2,003,181</b>	2,266,152
- Non-controlling interests	<b>23,877</b>	8,253	<b>31,591</b>	15,240
	<b>232,760</b>	622,751	<b>2,034,772</b>	2,281,392

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



**RHB CAPITAL BERHAD (312952 – H)  
 INTERIM FINANCIAL STATEMENTS  
 AUDITED INCOME STATEMENT  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	Note	4th quarter ended		Twelve months ended	
		31 December	31 December	31 December	31 December
		2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
<b>Company</b>					
<b><u>Discontinued Operations</u></b>					
Interest income	A8	4,234	103	4,669	6,694
Interest expense	A9	(33,691)	(33,794)	(132,309)	(128,154)
Net interest expense		<u>(29,457)</u>	<u>(33,691)</u>	<u>(127,640)</u>	<u>(121,460)</u>
Other operating income	A10	-	175,280	614,318	179,092
Net (loss)/income		<u>(29,457)</u>	<u>141,589</u>	<u>486,678</u>	<u>57,632</u>
Other operating expenses	A11	(25,133)	(12,514)	(35,195)	(28,152)
Operating (loss)/profit before allowances		<u>(54,590)</u>	<u>129,075</u>	<u>451,483</u>	<u>29,480</u>
Impairment losses (made)/written back on other assets		(34)	2,828	(34)	2,828
<b>(Loss)/profit before taxation</b>		<u>(54,624)</u>	<u>131,903</u>	<u>451,449</u>	<u>32,308</u>
Taxation	B5	(577)	(614)	(654)	(986)
<b>Net (loss)/profit for the financial period/year</b>		<u><u>(55,201)</u></u>	<u><u>131,289</u></u>	<u><u>450,795</u></u>	<u><u>31,322</u></u>

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



**RHB CAPITAL BERHAD (312952 – H)  
INTERIM FINANCIAL STATEMENTS  
AUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	<b>4th quarter ended</b>		<b>Twelve months ended</b>	
	<b>31 December 2015</b>	<b>31 December 2014</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Company</b>				
<b><u>Discontinued Operations</u></b>				
Net (loss)/profit for the financial period/year	<u>(55,201)</u>	<u>131,289</u>	<u>450,795</u>	<u>31,322</u>
Other comprehensive income, net of tax, for the financial period/year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive (loss)/income for the financial period/year	<u><b>(55,201)</b></u>	<u><b>131,289</b></u>	<u><b>450,795</b></u>	<u><b>31,322</b></u>

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



**RHB CAPITAL BERHAD (312952 – H)  
INTERIM FINANCIAL STATEMENTS  
AUDITED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015**

		As at 31 December 2015	As at 31 December 2014
	Note	RM'000	RM'000
<b>Group</b>			
<b>ASSETS HELD FOR SALE</b>			
Cash and short term funds		<b>12,882,261</b>	16,236,908
Securities purchased under resale agreements		<b>188,380</b>	491,510
Deposits and placements with banks and other financial institutions		<b>1,376,202</b>	2,298,588
Financial assets at fair value through profit or loss ('FVTPL')	A13	<b>1,752,641</b>	2,930,681
Financial investments available-for-sale ('AFS')	A14	<b>24,738,796</b>	19,602,176
Financial investments held-to-maturity ('HTM')	A15	<b>20,532,236</b>	20,469,831
Loans, advances and financing	A16	<b>149,590,961</b>	140,693,003
Clients' and brokers' balances		<b>1,654,213</b>	1,525,147
Reinsurance assets		<b>371,238</b>	332,113
Other assets	A17	<b>2,477,769</b>	1,541,989
Derivative assets	B8	<b>3,102,389</b>	1,285,230
Statutory deposits		<b>5,272,230</b>	5,421,007
Tax recoverable		<b>260,965</b>	162,181
Deferred tax assets		<b>112,201</b>	38,465
Investments in associates and joint ventures		<b>15,764</b>	21,021
Property, plant and equipment		<b>1,041,890</b>	1,030,681
Goodwill and intangible assets		<b>5,347,531</b>	5,273,905
<b>TOTAL ASSETS HELD FOR SALE</b>		<b><u>230,717,667</u></b>	<b><u>219,354,436</u></b>

Note:

On 13 April 2015, the Company announced that it proposed to undertake the Proposed Internal Reorganisation, Proposed Distribution and Capital Repayment and Proposed Transfer of Listing Status of the Company, details of which are as disclosed in Note B6(a). The Company is currently in the midst of procuring all relevant approvals required for the Proposals from the relevant parties/regulatory authorities.

The Proposals will entail the transfer by the Company of its entire equity interests in, or certain assets and liabilities of its subsidiaries to RHB Bank Berhad, and subsequently the delisting and winding up of the Company. Consequentially, the results of the Group and the Company have been disclosed as discontinued operations in the financial statements and all assets and liabilities are therefore classified as held for sale as at year end in accordance with the requirements of MFRS 5: Non-current Assets Held for Sale and Discontinued Operations.

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



**RHB CAPITAL BERHAD (312952 – H)  
INTERIM FINANCIAL STATEMENTS  
AUDITED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015**

	Note	As at 31 December 2015 RM'000	As at 31 December 2014 RM'000
<b>Group</b>			
<b>LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE AND EQUITY</b>			
Deposits from customers	A18/B7(a)	<b>158,151,008</b>	157,133,993
Deposits and placements of banks and other financial institutions	A19/B7(a)	<b>20,645,860</b>	21,349,618
Obligations on securities sold under repurchase agreements		<b>4,906,214</b>	508,416
Obligations on securities borrowed		<b>12,202</b>	113,780
Bills and acceptances payable		<b>626,399</b>	614,031
Clients' and brokers' balances		<b>1,348,728</b>	1,214,065
General insurance contract liabilities		<b>870,884</b>	775,699
Other liabilities	A20	<b>2,395,125</b>	1,714,098
Derivative liabilities	B8	<b>3,089,781</b>	1,224,684
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		<b>3,127,656</b>	3,315,335
Tax liabilities		<b>37,247</b>	57,321
Deferred tax liabilities		<b>11,334</b>	53,041
Borrowings	B7(b)	<b>2,436,796</b>	2,874,697
Subordinated obligations	B7(c)	<b>5,895,786</b>	6,099,402
Hybrid Tier-1 Capital Securities	B7(d)	<b>601,856</b>	601,515
Senior debt securities	B7(e)	<b>3,451,380</b>	2,810,655
<b>LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE AND EQUITY</b>		<b>207,608,256</b>	200,460,350
Share capital		<b>3,074,675</b>	2,572,457
Reserves		<b>20,010,118</b>	16,221,840
		<b>23,084,793</b>	18,794,297
Non-controlling interests ('NCI')		<b>24,618</b>	99,789
<b>TOTAL EQUITY</b>		<b>23,109,411</b>	18,894,086
<b>LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE AND EQUITY</b>		<b>230,717,667</b>	219,354,436
<b>COMMITMENTS AND CONTINGENCIES</b>	A25(a)	<b>186,762,170</b>	133,504,271
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)</b>		<b>7.51</b>	7.31

Note:

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INTERIM FINANCIAL STATEMENTS  
AUDITED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015**

	Note	As at 31 December 2015 RM'000	As at 31 December 2014 RM'000
<b>Company</b>			
<b>ASSETS HELD FOR SALE</b>			
Cash and short term funds		2,348,680	24,940
Deposits and placements with banks and other financial institutions		1,050	1,017
Other assets	A17	50	3,637
Amounts due from subsidiaries		27	93
Tax recoverable		93,624	94,219
Investments in subsidiaries		11,479,799	11,042,345
Property, plant and equipment		305	322
<b>TOTAL ASSETS HELD FOR SALE</b>		<b>13,923,535</b>	<b>11,166,573</b>
<b>LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE AND EQUITY</b>			
Other liabilities	A20	36,864	12,340
Amounts due to subsidiaries		1,929	1,799
Deferred tax liabilities		-	20
Borrowings	B7(b)	3,104,574	3,111,433
<b>LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE AND EQUITY</b>		<b>3,143,367</b>	<b>3,125,592</b>
Share capital		3,143,367	2,572,457
Reserves		7,705,493	5,468,524
<b>TOTAL EQUITY</b>		<b>10,848,860</b>	<b>8,040,981</b>
<b>LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE AND EQUITY</b>		<b>13,992,227</b>	<b>11,166,573</b>

Note:

On 13 April 2015, the Company announced that it proposed to undertake the Proposed Internal Reorganisation, Proposed Distribution and Capital Repayment and Proposed Transfer of Listing Status of the Company, details of which are as disclosed in Note B6(a). The Company is currently in the midst of procuring all relevant approvals required for the Proposals from the relevant parties/regulatory authorities.

The Proposals will entail the transfer by the Company of its entire equity interests in, or certain assets and liabilities of its subsidiaries to RHB Bank Berhad, and subsequently the delisting and winding up of the Company. Consequentially, the results of the Group and the Company have been disclosed as discontinued operations in the financial statements and all assets and liabilities are therefore classified as held for sale as at year end in accordance with the requirements of MFRS 5: Non-current Assets Held for Sale and Discontinued Operations.

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**RHB CAPITAL BERHAD (312952 – H)  
INTERIM FINANCIAL STATEMENTS  
AUDITED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	← Attributable to equity holders of the Company →								Non- controlling Interests	Total Equity	
	Share Capital	Share Premium	Statutory Reserve	Other Reserves	AFS Reserves	Translation Reserves	Regulatory Reserve	Retained Profits			Sub-total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>											
<b>Discontinued Operations</b>											
Balance as at 1 January 2015	2,572,457	5,053,063	3,817,799	28,196	191,619	191,334	-	6,939,829	18,794,297	99,789	18,894,086
Net profit for the financial year	-	-	-	-	-	-	-	1,511,427	1,511,427	12,606	1,524,033
Foreign currency translation reserves:											
- Currency translation differences	-	-	-	3,693	-	628,380	-	-	632,073	18,948	651,021
- Net investment hedge	-	-	-	-	-	(74,929)	-	-	(74,929)	-	(74,929)
Financial investments AFS:											
- Unrealised net (loss)/gain on revaluation	-	-	-	-	(28,336)	-	-	-	(28,336)	33	(28,303)
- Net transfer to income statements on disposal or impairment	-	-	-	-	(62,926)	-	-	-	(62,926)	-	(62,926)
Actuarial gain on defined benefit plan of subsidiaries	-	-	-	-	-	-	-	1,563	1,563	5	1,568
Income tax relating to components of other comprehensive loss/(income)	-	-	-	-	24,640	-	-	(331)	24,309	(1)	24,308
Other comprehensive income/(loss), net of tax, for the financial year	-	-	-	3,693	(66,622)	553,451	-	1,232	491,754	18,985	510,739
Total comprehensive income/(loss) for the financial year	-	-	-	3,693	(66,622)	553,451	-	1,512,659	2,003,181	31,591	2,034,772
Transfer to statutory reserve	-	-	154,427	-	-	-	-	(154,427)	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	583,153	(583,153)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(154,347)	(154,347)	(1,325)	(155,672)
Shares issued pursuant to:											
- Dividend Reinvestment Plan ('DRP')	16,024	96,628	-	-	-	-	-	-	112,652	-	112,652
- Rights issue	486,194	1,843,893	-	-	-	-	-	-	2,330,087	-	2,330,087
Dilution of interest in a subsidiary	-	-	-	(2,280)	-	1,182	-	21	(1,077)	1,077	-
Reclassification of puttable instruments to other liabilities	-	-	-	-	-	-	-	-	-	(106,514)	(106,514)
<b>Balance as at 31 December 2015</b>	<b>3,074,675</b>	<b>6,993,584</b>	<b>3,972,226</b>	<b>29,609</b>	<b>124,997</b>	<b>745,967</b>	<b>583,153</b>	<b>7,560,582</b>	<b>23,084,793</b>	<b>24,618</b>	<b>23,109,411</b>

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





**RHB CAPITAL BERHAD (312952 – H)  
INTERIM FINANCIAL STATEMENTS  
AUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	← Attributable to equity holders of the Company →							Non- controlling Interests	Total Equity	
	Share Capital	Share Premium	Statutory Reserve	Other Reserves	AFS Reserves	Translation Reserves	Retained Profits			Sub-total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			RM'000
<b>Group</b>										
<b>Balance as at 1 January 2014</b>	2,546,910	4,888,541	3,577,647	28,196	122,389	12,211	5,563,177	16,739,071	203,656	16,942,727
Net profit for the financial year	-	-	-	-	-	-	2,038,000	2,038,000	25,464	2,063,464
Currency translation differences	-	-	-	-	-	157,965	-	157,965	2,205	160,170
Financial investments AFS:										
- Unrealised net gain/(loss) on revaluation	-	-	-	-	115,977	-	-	115,977	(77)	115,900
- Net transfer to income statements on disposal or impairment	-	-	-	-	(28,960)	-	-	(28,960)	(14,894)	(43,854)
Actuarial gain on defined benefit plan of subsidiaries	-	-	-	-	-	-	1,276	1,276	14	1,290
Income tax relating to components of other comprehensive (income)/loss	-	-	-	-	(17,787)	-	(319)	(18,106)	2,528	(15,578)
Other comprehensive income/(loss), net of tax, for the financial year	-	-	-	-	69,230	157,965	957	228,152	(10,224)	217,928
Total comprehensive income for the financial year	-	-	-	-	69,230	157,965	2,038,957	2,266,152	15,240	2,281,392
Transfer to statutory reserve	-	-	240,152	-	-	-	(240,152)	-	-	-
Dividends paid	-	-	-	-	-	-	(262,332)	(262,332)	(993)	(263,325)
Shares issued pursuant to DRP	25,547	164,522	-	-	-	-	-	190,069	-	190,069
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	51,044	51,044
Acquisition of additional interests by NCI	-	-	-	-	-	-	-	-	21,389	21,389
Acquisition of additional interests from NCI	-	-	-	-	-	19,450	(158,113)	(138,663)	(190,547)	(329,210)
Disposal of a subsidiary	-	-	-	-	-	1,708	(1,708)	-	-	-
<b>Balance as at 31 December 2014</b>	<b>2,572,457</b>	<b>5,053,063</b>	<b>3,817,799</b>	<b>28,196</b>	<b>191,619</b>	<b>191,334</b>	<b>6,939,829</b>	<b>18,794,297</b>	<b>99,789</b>	<b>18,894,086</b>

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



**RHB CAPITAL BERHAD (312952 – H)  
 INTERIM FINANCIAL STATEMENTS  
 AUDITED STATEMENT OF CHANGES IN EQUITY  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	<u>Share Capital</u> RM'000	<u>Non- distributable Share Premium</u> RM'000	<u>Distributable Retained Profits</u> RM'000	<u>Total</u> RM'000
<b>Company</b>				
<b><u>Discontinued Operations</u></b>				
<b>Balance as at 1 January 2015</b>	2,572,457	5,053,063	415,461	8,040,981
Net profit for the financial year	-	-	450,795	450,795
Dividends paid	-	-	(154,347)	(154,347)
Shares issued pursuant to:				
- DRP	16,024	96,628	-	112,652
- Rights issue	486,194	1,843,893	-	2,330,087
<b>Balance as at 31 December 2015</b>	<u>3,074,675</u>	<u>6,993,584</u>	<u>711,909</u>	<u>10,780,168</u>
<b>Balance as at 1 January 2014</b>	2,546,910	4,888,541	646,471	8,081,922
Net profit for the financial year	-	-	31,322	31,322
Dividends paid	-	-	(262,332)	(262,332)
Shares issued pursuant to DRP	25,547	164,522	-	190,069
<b>Balance as at 31 December 2014</b>	<u>2,572,457</u>	<u>5,053,063</u>	<u>415,461</u>	<u>8,040,981</u>

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



**RHB CAPITAL BERHAD (312952 – H)**  
**INTERIM FINANCIAL STATEMENTS**  
**AUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	Twelve months ended	
	31 December 2015	31 December 2014
	RM'000	RM'000
<b>Group</b>		
<b><u>Discontinued Operations</u></b>		
<b>Cash flows from operating activities</b>		
Profit before taxation	2,106,744	2,735,053
Adjustments for:		
Allowance for impairment on loans, financing and other losses	605,614	583,281
Property, plant and equipment:		
- Depreciation	121,288	115,282
- Gain on disposal	(7,109)	(17,686)
- Written off	655	403
- Impairment losses written back	(182)	(1,252)
Intangible assets:		
- Amortisation	71,760	67,720
- Gain on disposal	(161)	-
- Written off	2,409	99
- Impairment losses (written back)/made	(2,283)	3,321
Net impairment written back on financial investments AFS and HTM	(54,118)	(119,378)
Share of results of associates and joint ventures	(299)	(275)
Net gain arising from sale/redemption of financial assets FVTPL, financial investments AFS and HTM	(33,239)	(135,637)
Net gain on fair value hedges	(680)	(2,374)
Net unrealised loss on revaluation of financial assets FVTPL and derivatives	399,409	84,477
Net unrealised foreign exchange gain	(494,044)	(37,055)
Gross dividend income from financial assets FVTPL and financial investments AFS	(48,023)	(35,452)
Accretion of discount for borrowings and subordinated obligations	1,211	916
Impairment losses on investment in a joint venture	7,833	-
Net gain on disposal of an associate	-	(8,202)
Net loss on disposal of a subsidiary	-	247
Interest income from financial assets FVTPL, financial investments AFS and HTM	(1,424,802)	(1,367,091)
Investment income from financial assets FVTPL, financial investments AFS and HTM	(210,711)	(189,824)
Operating profit before working capital changes	<u>1,041,272</u>	<u>1,676,573</u>
(Increase)/Decrease in operating assets:		
Securities purchased under resale agreements	490,980	(270,285)
Deposits and placements with banks and other financial institutions	959,873	476,503
Financial assets FVTPL	1,285,763	1,257,923
Loans, advances and financing	(7,617,388)	(21,531,456)
Clients' and brokers' balances	(129,066)	1,048,436
Other assets	(962,122)	(792,907)
Statutory deposits	189,964	(1,241,341)
	<u>(5,781,996)</u>	<u>(21,053,127)</u>
Increase/(Decrease) in operating liabilities:		
Deposits from customers	(959,306)	19,155,751
Deposits and placements of banks and other financial institutions	(1,210,606)	4,282,655
Obligations on securities sold under repurchase agreements	4,397,798	(61,560)
Obligations on securities borrowed	(105,133)	81,803
Bills and acceptances payable	11,633	(1,462,506)
Clients' and brokers' balances	134,663	(1,101,745)
Other liabilities	899,015	622,452
Recourse obligation on loans sold to Cagamas	(187,679)	1,045,982
	<u>2,980,385</u>	<u>22,562,832</u>
Cash (used in)/generated from operations	(1,760,339)	3,186,278
Net tax paid	(773,657)	(680,200)
Net cash (used in)/generated from operating activities	<u>(2,533,996)</u>	<u>2,506,078</u>

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



**RHB CAPITAL BERHAD (312952 – H)  
INTERIM FINANCIAL STATEMENTS  
AUDITED STATEMENTS OF CASH FLOWS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	Twelve months ended	
	31 December 2015	31 December 2014
	RM'000	RM'000
<b>Group</b>		
<b><u>Discontinued Operations</u></b>		
<b>Cash flows from investing activities</b>		
Net (purchase)/disposal of financial investments AFS and HTM	(4,196,621)	7,628
Property, plant and equipment:		
- Purchase	(100,231)	(125,644)
- Proceeds from disposal	9,484	27,543
Intangible assets		
- Purchase	(142,018)	(110,859)
- Proceeds from disposal	242	-
Financial investments AFS and HTM:		
- Interest received	1,390,357	1,356,044
- Investment income received	199,806	180,669
Refund of Bank Mestika deposits	-	112,515
Dividend income received from financial assets FVTPL and financial investments AFS	48,023	35,452
Acquisition of additional interests from NCI	-	(329,210)
Net cash inflow from disposal of an associate	-	9,070
Net cash inflow from disposal of a subsidiary	-	265
Net cash inflow from acquisition of a subsidiary	-	1,520
Net cash (used in)/generated from investing activities	<u>(2,790,958)</u>	<u>1,164,993</u>
<b>Cash flows from financing activities</b>		
Net repayment of borrowings	(638,482)	(53,578)
Proceeds from issuance of USD senior notes	-	1,048,950
Proceeds from issuance of subordinated notes	-	1,000,000
Drawdown of subordinated notes	700,000	-
Repayment of subordinated notes	(900,000)	-
Proceeds from issuance of Subordinated Sukuk Murabahah	-	500,000
Net proceeds from shares issued pursuant to rights issue	2,330,087	-
Dividends paid to equity holders of the Company	(41,695)	(72,263)
Dividends paid to NCI	(1,325)	(993)
Net cash generated from financing activities	<u>1,448,585</u>	<u>2,422,116</u>
Net (decrease)/increase in cash and cash equivalents	(3,876,369)	6,093,187
Effects of exchange rate differences	521,722	145,054
Cash and cash equivalents:		
- at the beginning of the financial year	<u>16,236,908</u>	<u>9,998,667</u>
- at the end of the financial year	<u>12,882,261</u>	<u>16,236,908</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>12,882,261</u>	<u>16,236,908</u>

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



**RHB CAPITAL BERHAD (312952 – H)  
INTERIM FINANCIAL STATEMENTS  
AUDITED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	Twelve months ended	
	31 December 2015	31 December 2014
	RM'000	RM'000
<b>Company</b>		
<b><u>Discontinued Operations</u></b>		
<b>Cash flows from operating activities</b>		
Profit before taxation	451,449	32,308
Adjustments for:		
Interest expense	132,309	128,154
Property, plant and equipment:		
- Depreciation	194	216
- Gain on disposal	(55)	-
Dividend income	(614,163)	(206,956)
Interest income	(4,669)	(6,694)
Impairment losses made/(written back) on other assets	34	(2,828)
Operating loss before working capital changes	(34,901)	(55,800)
Increase in deposits and placements with banks and other financial institutions	(33)	(34)
Decrease/(Increase) in inter-company balances	162	(699)
Decrease in other assets	542	2,762
Increase in other liabilities	24,525	6,096
Cash used in operations	(9,705)	(47,675)
Net tax paid	(79)	(71)
Net cash used in operating activities	(9,784)	(47,746)
<b>Cash flows from investing activities</b>		
Dividend income received from subsidiaries	176,709	31,956
Interest income received	4,132	6,687
Purchase of property, plant and equipment	(177)	(212)
Refund of Bank Mestika deposits	-	112,515
Increase in investments in subsidiaries	-	(90,610)
Proceeds from disposal of property, plant and equipment	55	-
Net cash generated from investing activities	180,719	60,336
<b>Cash flows from financing activities</b>		
Net drawdown of borrowings	4,500	209,000
Advances from a subsidiary	-	21,411
Interest expense paid	(140,087)	(162,771)
Dividends paid to equity holders of the Company	(41,695)	(72,263)
Net proceeds from shares issued pursuant to rights issue	2,330,087	-
Net cash generated from/(used in) financing activities	2,152,805	(4,623)
Net increase in cash and cash equivalents	2,323,740	7,967
Cash and cash equivalents:		
- at the beginning of the financial year	24,940	16,973
- at the end of the financial year	2,348,680	24,940
Cash and cash equivalents comprise the following:		
- Cash and short term funds	2,348,680	24,940

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



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

**A1. Basis of Preparation**

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

On 13 April 2015, the Company announced that it proposed to undertake the Proposed Internal Reorganisation, Proposed Distribution and Capital Repayment and Proposed Transfer of Listing Status of the Company, details of which are disclosed in Note B6(a). The Company is currently in the midst of procuring all relevant approvals required for the Proposals from the relevant parties/regulatory authorities.

The Proposals will entail the transfer by the Company of its entire equity interests in, or certain assets and liabilities of its subsidiaries to RHB Bank Berhad, and subsequently the delisting and winding up of the Company. Consequentially, the results of the Group and the Company have been disclosed as discontinued operations in the financial statements and all assets and liabilities are therefore classified as held for sale as at year end in accordance with the requirements of MFRS 5: Non-current Assets Held for Sale and Discontinued Operations. As such, the going concern assumption can no longer be used for the preparation of financial statements. The financial statements of the Group and the Company have therefore been prepared using a liquidation basis of accounting.

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

(a) Annual Improvements to MFRS 2012 - 2014 Cycle

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

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

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

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

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

**A2. Auditors' Report**

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

**A3. Seasonal or Cyclical Factors**

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

**A4. Exceptional or Unusual Items**

There were no exceptional or unusual items for the financial year ended 31 December 2015.

**A5. Changes in Estimates**

There were no material changes in estimates of amount reported in prior financial years that have a material effect for the financial year ended 31 December 2015.



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

**A6. Changes in Debt and Equity Securities**

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial year ended 31 December 2015, other than as disclosed below:

(a) Changes in equity securities

- (i) On 24 April 2015, the Company increased its issued and paid up share capital from RM2,572,456,783 to RM2,588,481,428 via the issuance of 16,024,645 new ordinary shares of RM1.00 each arising from the DRP pursuant to the single-tier interim dividend of 6.0% in respect of financial year ended 31 December 2014.
- (ii) On 18 December 2015, the Company increased its issued and paid up share capital from RM2,588,481,428 to RM3,074,674,722 via the renounceable rights issue of 486,193,294 new ordinary shares of RM1.00 each at an issue price of RM4.82 per share, on the basis of one (1) right share for every five (5) existing shares held.

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

(b) Changes in debt securities

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

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

**A7. Dividends Paid**

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



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	4th quarter ended		Twelve months ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
<b>A8. Interest Income</b>				
<b><u>Group</u></b>				
Loans and advances	1,614,626	1,537,859	6,326,183	5,863,498
Money at call and deposits and placements with banks and other financial institutions	41,265	73,740	149,639	222,062
Securities purchased under resale agreements	296	126	2,027	268
Financial assets FVTPL	13,428	13,658	59,419	48,449
Financial investments AFS	188,587	152,120	681,801	572,043
Financial investments HTM	168,548	180,658	683,582	746,599
Others	11,532	5,911	32,683	16,780
	<u>2,038,282</u>	<u>1,964,072</u>	<u>7,935,334</u>	<u>7,469,699</u>
Of which:				
Interest income accrued on impaired financial assets	<u>40,639</u>	<u>39,876</u>	<u>164,069</u>	<u>167,672</u>
<b><u>Company</u></b>				
Money at call and deposits and placements with banks and other financial institutions	4,234	103	4,669	559
Others	-	-	-	6,135
	<u>4,234</u>	<u>103</u>	<u>4,669</u>	<u>6,694</u>
<b>A9. Interest Expense</b>				
<b><u>Group</u></b>				
Deposits and placements of banks and other financial institutions	97,609	123,518	425,090	430,515
Deposits from customers	879,223	875,406	3,497,578	3,186,110
Borrowings	23,922	27,340	100,156	106,982
Senior debt securities	27,465	21,474	101,054	60,906
Subordinated obligations	64,466	67,443	260,368	235,886
Hybrid Tier-1 Capital Securities	11,378	11,371	45,128	45,102
Recourse obligation on loans sold to Cagamas	24,693	14,773	98,485	46,418
Obligations on securities sold under repurchase agreements	29,188	894	61,985	1,815
Others	8,444	16,300	45,692	64,633
	<u>1,166,388</u>	<u>1,158,519</u>	<u>4,635,536</u>	<u>4,178,367</u>
<b><u>Company</u></b>				
Borrowings	<u>33,691</u>	<u>33,794</u>	<u>132,309</u>	<u>128,154</u>





**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<b>A10. Other Operating Income</b>				
<b>Group</b>				
<b>Fee income</b>				
- Service charges and fees	42,323	50,152	223,275	235,220
- Commission	33,365	51,708	148,823	169,780
- Guarantee fees	14,840	13,270	65,937	66,636
- Commitment fees	15,668	14,537	60,559	56,381
- Net brokerage income	82,193	91,894	336,759	362,875
- Fund management fees	43,135	34,292	135,891	114,532
- Unit trust fee income	39,587	9,561	91,145	45,849
- Corporate advisory fees	14,395	107,965	50,093	161,611
- Underwriting and arrangement fees	55,910	32,152	122,681	105,628
- Other fee income	17,998	47,353	63,393	135,319
	<b>359,414</b>	<b>452,884</b>	<b>1,298,556</b>	<b>1,453,831</b>
<b>Net (loss)/gain arising from financial assets FVTPL</b>				
- Net (loss)/gain on disposal	(29,313)	(7,891)	(30,118)	62,558
- Unrealised net gain/(loss) on revaluation	15,725	(40,044)	1,342	(30,775)
- Gross dividend income	1,812	2,036	18,045	8,526
	<b>(11,776)</b>	<b>(45,899)</b>	<b>(10,731)</b>	<b>40,309</b>
<b>Net gain/(loss) on revaluation of derivatives</b>	<b>38,239</b>	<b>(4,113)</b>	<b>41,921</b>	<b>6,982</b>
<b>Net (loss)/gain on fair value hedges</b>	<b>(5,337)</b>	<b>(1,105)</b>	<b>680</b>	<b>2,374</b>
<b>Net gain arising from financial investments AFS</b>				
- Net gain on disposal	10,692	46,396	59,227	50,851
- Gross dividend income	7,286	7,364	29,978	26,926
	<b>17,978</b>	<b>53,760</b>	<b>89,205</b>	<b>77,777</b>
<b>Net gain arising from financial investments HTM</b>				
- Net gain on early redemption/disposal	-	107	249	12,782



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	4th quarter ended		Twelve months ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
<b>A10. Other Operating Income (continued)</b>				
<b>Other income</b>				
- Net foreign exchange gain/(loss)				
- Realised	127,080	38,020	(126,322)	325,069
- Unrealised	(20,989)	104,291	494,044	37,055
- Insurance underwriting surplus before management expenses	46,467	37,812	141,826	144,223
- Net gain on disposal of property, plant and equipment	286	17,207	7,270	17,686
- Rental income	227	119	1,222	1,489
- Net loss on disposal of a subsidiary	-	-	-	(247)
- Net gain on disposal of an associate	-	-	-	8,202
- Other operating income	21,789	15,634	72,236	76,434
- Other non-operating income	10	1,884	5,300	7,430
	<u>174,870</u>	<u>214,967</u>	<u>595,576</u>	<u>617,341</u>
	<u>573,388</u>	<u>670,601</u>	<u>2,015,456</u>	<u>2,211,396</u>
<b>Company</b>				
<b>Gross dividend income from:</b>				
- Subsidiaries	-	175,000	614,163	206,956
<b>Other income</b>				
- Net foreign exchange gain/(loss)				
- Realised	-	176	-	(27,864)
- Unrealised	-	104	-	-
- Net gain on disposal of property, plant and equipment	-	-	55	-
- Other non-operating income	-	-	100	-
	-	280	155	(27,864)
	-	175,280	614,318	179,092



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	4th quarter ended		Twelve months ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
<b>A11. Other Operating Expenses</b>				
<b>Group</b>				
<b>Personnel costs</b>				
- Salaries, bonus, wages and allowances	404,904	470,020	1,622,442	1,627,368
- Defined contribution plan	56,411	60,611	223,499	223,598
- Career transition scheme ('CTS')	-	-	308,801	-
- Other staff related costs	52,058	46,583	164,365	176,604
	<u>513,373</u>	<u>577,214</u>	<u>2,319,107</u>	<u>2,027,570</u>
<b>Establishment costs</b>				
- Property, plant and equipment				
- Depreciation	30,424	27,875	121,288	115,282
- Written off	625	253	655	403
- Intangible assets				
- Amortisation	17,057	18,254	71,760	67,720
- Written off	2,409	99	2,409	99
- Information technology expenses	54,747	41,391	186,744	159,349
- Repair and maintenance	9,689	8,544	35,362	37,780
- Security and escorting charges	13,764	15,895	49,146	52,031
- Rental of premises	38,805	35,927	151,603	144,911
- Water and electricity	9,477	9,676	39,751	38,183
- Rental of equipment	4,559	3,259	14,959	11,501
- Insurance	13,371	5,540	48,144	23,458
- Others	3,376	2,905	14,311	15,757
	<u>198,303</u>	<u>169,618</u>	<u>736,132</u>	<u>666,474</u>
<b>Marketing expenses</b>				
- Sales commission	50,405	60,248	142,261	139,243
- Advertisement and publicity	33,295	35,592	79,180	83,687
- Others	27,861	35,014	127,594	133,374
	<u>111,561</u>	<u>130,854</u>	<u>349,035</u>	<u>356,304</u>
<b>Administration and general expenses</b>				
- Communication expenses	51,580	42,247	166,384	153,874
- Legal and professional fee	9,715	28,294	30,195	62,153
- Others	77,128	38,805	192,309	144,793
	<u>138,423</u>	<u>109,346</u>	<u>388,888</u>	<u>360,820</u>
	<u><u>961,660</u></u>	<u><u>987,032</u></u>	<u><u>3,793,162</u></u>	<u><u>3,411,168</u></u>



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	4th quarter ended		Twelve months ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
<b>A11. Other Operating Expenses (continued)</b>				
<b><u>Company</u></b>				
<b>Personnel costs</b>				
- Salaries, bonus, wages and allowances	-	3,437	2,512	11,652
- Defined contribution plan	-	551	402	1,649
- Other staff related costs	6	8	121	239
	<b>6</b>	<b>3,996</b>	<b>3,035</b>	<b>13,540</b>
<b>Establishment costs</b>				
- Rental of premises	25	25	100	279
- Depreciation of property, plant and equipment	35	52	194	216
- Information technology expenses	-	1	3	5
- Repair and maintenance	3	30	22	82
- Security and escorting charges	-	-	-	10
- Water and electricity	-	8	17	58
	<b>63</b>	<b>116</b>	<b>336</b>	<b>650</b>
<b>Marketing expenses</b>				
- Advertisements and publicity	139	6	1,169	1,239
- Others	7	14	33	120
	<b>146</b>	<b>20</b>	<b>1,202</b>	<b>1,359</b>
<b>Administration and general expenses</b>				
- Communication expenses	47	21	123	156
- Legal and professional fee	1,925	7,922	5,800	10,257
- Others	22,946	439	24,699	2,190
	<b>24,918</b>	<b>8,382</b>	<b>30,622</b>	<b>12,603</b>
	<b>25,133</b>	<b>12,514</b>	<b>35,195</b>	<b>28,152</b>
<b>A12. Allowance for Impairment on Loans, Financing and Other Losses</b>				
<b><u>Group</u></b>				
Allowance for impaired loans and financing				
- Individual impairment allowance made/ (written back)	151,807	15,358	235,504	(27,937)
- Collective impairment allowance made	96,686	141,594	194,513	405,898
Impaired loans and financing recovered	(65,164)	(158,724)	(265,300)	(377,039)
Impaired loans and financing written off	44,288	43,769	157,947	204,425
Allowance made for impairment on other debtors	6,929	(1,527)	17,650	895
	<b>234,546</b>	<b>40,470</b>	<b>340,314</b>	<b>206,242</b>



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	Group	
	As at 31 December 2015	As at 31 December 2014
	RM'000	RM'000
<b>A13. Financial Assets at Fair Value Through Profit or Loss ('FVTPL')</b>		
(a) Designated as fair value through profit or loss	170,314	-
(b) Held-for-trading	1,582,327	2,930,681
	<b>1,752,641</b>	<b>2,930,681</b>
<b>(a) Financial assets designated as fair value through profit or loss</b>		
<b><u>Quoted securities:</u></b>		
<b>In Malaysia</b>		
Unit trusts	51,583	-
<b><u>Unquoted securities:</u></b>		
<b>Outside Malaysia</b>		
Private equity funds	118,731	-
	<b>170,314</b>	<b>-</b>
<b>(b) Financial assets held-for-trading</b>		
<b>At fair value</b>		
<b><u>Money market instruments:</u></b>		
Malaysian Government Securities	289,533	557,950
Malaysian Government Investment Issues	50,583	728,287
Cagamas bonds	60,163	6,968
Sukuk Perumahan Kerajaan ('SPK') bonds	48,819	20,116
Singapore Government Treasury Bills	-	502,281
Other foreign government securities	84,207	-
<b><u>Quoted securities:</u></b>		
<b>In Malaysia</b>		
Shares	220,526	155,976
Unit trusts	1,910	56,483
Private debt securities	3,636	3,841
<b>Outside Malaysia</b>		
Shares	103,946	150,145
Unit trusts	126,504	82,994
<b><u>Unquoted securities:</u></b>		
<b>In Malaysia</b>		
Private debt securities	538,373	424,192
Commercial paper	49,379	49,870
<b>Outside Malaysia</b>		
Private debt securities	4,748	17,588
Credit link notes	-	173,990
	<b>1,582,327</b>	<b>2,930,681</b>



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

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

The effects of the reclassification on the income statements for the period from the date of reclassification to 31 December 2015 were as follows:

	<b>Group</b>	
	<b>As at 31 December 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Carrying amount</u>		
Reclassified from financial assets FVTPL to financial investments AFS	<b>30,188</b>	29,823
Reclassified from financial assets FVTPL to financial investments HTM	-	21,140
	<b>30,188</b>	50,963
<u>Fair value</u>		
Reclassified from financial assets FVTPL to financial investments AFS	<b>30,146</b>	29,450
Reclassified from financial assets FVTPL to financial investments HTM	-	21,409
	<b>30,146</b>	50,859
Fair value loss that would have been recognised if the financial assets FVTPL had not been reclassified	<b>(42)</b>	(104)



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	<b>Group</b>	
	<b>As at 31 December 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A14. Financial Investments Available-for-sale ('AFS')</b>		
<b>At fair value</b>		
<b><u>Money market instruments:</u></b>		
Malaysian Government Securities	1,560,326	1,168,982
Malaysian Government Investment Issues	2,757,496	2,413,705
Cagamas Bonds	343,970	176,532
Khazanah bonds	60,365	58,123
1 Malaysia Sukuk	-	330,256
Wakala Global Sukuk	102,010	84,587
Bankers' acceptances and Islamic acceptable bills	58,458	73,627
Negotiable instruments of deposits	349,010	649,516
SPK bonds	230,466	125,034
Malaysia Sovereign Sukuk	64,572	-
Singapore Government Securities	286,214	161,233
Singapore Government Treasury Bills	1,184,564	409,666
Thailand Government bonds	358,074	120,895
Other foreign government securities	30,806	-
<b><u>Quoted securities:</u></b>		
<b>In Malaysia</b>		
Shares	6,014	15,830
Unit trusts	14,752	12,976
<b>Outside Malaysia</b>		
Shares	10,252	1,800
Unit trusts	28,562	30,368
<b><u>Unquoted securities:</u></b>		
<b>In Malaysia</b>		
Private and Islamic debt securities	15,404,565	12,664,877
Shares	672,480	609,194
Corporate loan stocks	18,422	17,843
Prasarana bonds	145,188	35,185
Perpetual notes/Sukuk	286,117	286,084
<b>Outside Malaysia</b>		
Private and Islamic debt securities	1,040,551	442,042
Corporate loan stocks	-	2,151
Shares	387	396
	<b>25,013,621</b>	19,890,902
Accumulated impairment losses	<b>(274,825)</b>	<b>(288,726)</b>
	<b>24,738,796</b>	<b>19,602,176</b>

Included in financial investments AFS are private and Islamic debt securities, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM188,814,000 (2014: RM20,484,000).



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	<b>Group</b>	
	<b>As at 31 December 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A15. Financial Investments Held-to-maturity ('HTM')</b>		
<b>At amortised cost</b>		
<b><u>Money market instruments:</u></b>		
Malaysian Government Securities	2,239,247	2,343,015
Malaysian Government Investment Issues	5,366,226	5,710,589
Cagamas bonds	1,357,117	1,846,208
Khazanah bonds	106,368	101,835
Negotiable instruments of deposits	2,222,850	2,027,550
Wakala Global Sukuk	306,836	249,958
SPK bonds	111,147	111,178
Singapore Government Securities	61,267	187,519
Thailand Government Securities	163,746	275,711
Sukuk (Brunei) Incorporation	45,582	39,689
<b><u>Unquoted securities:</u></b>		
<b><u>In Malaysia</u></b>		
Private and Islamic debt securities	7,736,966	6,868,950
Corporate loan stocks	62,607	70,171
Bonds	883	883
Prasarana bonds	808,227	810,498
Credit link notes	30,043	45,058
<b><u>Outside Malaysia</u></b>		
Private and Islamic debt securities	147,959	37,222
Credit link notes	-	17,891
	<b>20,767,071</b>	<b>20,743,925</b>
Accumulated impairment losses	<b>(234,835)</b>	<b>(274,094)</b>
	<b>20,532,236</b>	<b>20,469,831</b>

Included in financial investments HTM are government securities and private and Islamic debt securities, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM4,865,000,000 (2014: RM500,000,000).





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	<b>Group</b>	
	<b>As at 31 December 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A16. Loans, Advances and Financing</b>		
<b>At amortised cost</b>		
Overdrafts	6,311,063	6,327,913
Term loans/financing		
- Housing loans/financing	37,023,836	31,988,629
- Syndicated term loans/financing	7,353,366	5,581,599
- Hire purchase receivables/financing	11,697,202	13,348,197
- Lease receivables	20,357	33,706
- Other term loans/financing	70,123,673	66,671,673
Bills receivables	2,450,943	2,452,642
Trust receipts	802,714	626,381
Claims on customers under acceptance credits	3,687,879	3,662,085
Staff loans/financing	198,233	221,146
Credit/charge card receivables	1,978,968	1,994,710
Revolving credits/financing	9,738,150	9,577,509
Gross loans, advances and financing	<u>151,386,384</u>	<u>142,486,190</u>
Fair value changes arising from fair value hedges	(11,158)	(26,870)
	<u>151,375,226</u>	<u>142,459,320</u>
Allowance for impaired loans, advances and financing		
- Individual impairment allowance	(593,147)	(417,232)
- Collective impairment allowance	(1,191,118)	(1,349,085)
Net loans, advances and financing	<u><u>149,590,961</u></u>	<u><u>140,693,003</u></u>

Included in loans, advances and financing are housing loans, hire purchase receivables and other term loans/financing sold to Cagamas with recourse amounting to RM3,057,518,000 (2014: RM3,304,749,000).



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	<b>Group</b>	
	<b>As at 31 December 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A16. Loans, Advances and Financing (continued)</b>		
<b>(a) By type of customer</b>		
Domestic non-bank financial institutions		
- Others	2,096,562	2,048,118
Domestic business enterprises		
- Small and medium enterprises	22,598,253	16,255,916
- Others	33,678,193	36,538,619
Government and statutory bodies	5,370,404	7,457,968
Individuals	68,212,126	64,275,120
Other domestic entities	144,371	124,840
Foreign entities	19,286,475	15,785,609
	<b>151,386,384</b>	<b>142,486,190</b>
<b>(b) By geographical distribution</b>		
Malaysia	131,237,797	125,761,783
Labuan Offshore	4,246,116	3,585,654
Singapore	12,715,681	11,017,471
Thailand	1,065,947	1,061,038
Brunei	146,351	114,997
Indonesia	28,977	7,209
Hong Kong	358,550	143,844
Cambodia	1,484,137	758,885
Lao	102,828	35,309
	<b>151,386,384</b>	<b>142,486,190</b>
<b>(c) By interest/profit rate sensitivity</b>		
Fixed rate		
- Housing loans/financing	1,515,718	1,522,767
- Hire purchase receivables/financing	11,697,202	13,348,197
- Other fixed rate loans/financing	18,021,189	19,506,915
Variable rate		
- Base lending/financing rate plus	70,835,309	63,266,561
- Cost-plus	36,183,664	36,418,784
- Other variable rates	13,133,302	8,422,966
	<b>151,386,384</b>	<b>142,486,190</b>



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	<b>Group</b>	
	<b>As at 31 December 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A16. Loans, Advances and Financing (continued)</b>		
<b>(d) By purpose</b>		
Purchase of securities	14,440,659	15,606,564
Purchase of transport vehicles	10,853,772	12,222,831
Purchase of landed property		
- Residential	37,866,118	31,469,445
- Non-residential	12,849,551	10,633,960
Purchase of property, plant and equipment other than land and building	3,951,869	3,675,777
Personal use	8,331,723	7,650,256
Credit card	1,978,968	1,994,710
Purchase of consumer durables	37,787	28,926
Construction	5,803,757	4,929,162
Working capital	37,775,816	35,060,938
Merger and acquisition	3,172,991	3,227,805
Other purpose	14,323,373	15,985,816
	<b>151,386,384</b>	<b>142,486,190</b>
<b>(e) By remaining contractual maturities</b>		
Maturity within one year	47,115,707	48,168,576
One year to three years	9,240,476	8,693,192
Three years to five years	15,372,854	11,464,772
Over five years	79,657,347	74,159,650
	<b>151,386,384</b>	<b>142,486,190</b>



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<b>Group</b>	
<b>As at 31 December 2015</b>	<b>As at 31 December 2014</b>
<b>RM'000</b>	<b>RM'000</b>

**A16. Loans, Advances and Financing (continued)**

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

**(i) Movements in impaired loans, advances and financing**

Balance as at the beginning of the financial year	<b>2,892,367</b>	3,426,629
Classified as impaired	<b>4,070,140</b>	3,704,991
Reclassified as non-impaired	<b>(2,468,834)</b>	(2,497,162)
Amount recovered	<b>(1,093,995)</b>	(765,732)
Amount written off	<b>(581,340)</b>	(1,021,213)
Transfer from financial investments AFS	-	39,543
Exchange differences	<b>22,873</b>	5,311
Balance as at the end of the financial year	<b>2,841,211</b>	2,892,367

**(ii) By purpose**

Purchase of securities	<b>122,487</b>	218,313
Purchase of transport vehicles	<b>135,530</b>	180,120
Purchase of landed property		
- Residential	<b>788,011</b>	783,908
- Non-residential	<b>181,580</b>	181,589
Purchase of property, plant and equipment other than land and building	<b>48,212</b>	38,834
Personal use	<b>164,915</b>	153,432
Credit card	<b>37,233</b>	36,911
Purchase of consumer durables	<b>868</b>	1,425
Construction	<b>108,541</b>	115,694
Working capital	<b>1,178,142</b>	1,139,887
Other purpose	<b>75,692</b>	42,254
	<b>2,841,211</b>	2,892,367



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<b>Group</b>	
<b>As at 31 December 2015</b>	<b>As at 31 December 2014</b>
<b>RM'000</b>	<b>RM'000</b>

**A16. Loans, Advances and Financing (continued)**

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

**(iii) By geographical distribution**

Malaysia	2,539,116	2,754,303
Labuan Offshore	12,728	-
Singapore	235,737	104,211
Thailand	25,792	21,872
Brunei	13,077	8,245
Hong Kong	1,908	-
Cambodia	12,853	3,736
	<u>2,841,211</u>	<u>2,892,367</u>

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

Individual impairment allowance

Balance as at the beginning of the financial year	417,232	903,388
Net allowance made/(written back)	235,504	(27,937)
Amount written off	(69,249)	(482,988)
Reclassified to collective impairment allowance	-	(64)
Transfer to impairment of financial investments HTM	-	(9,871)
Transfer from impairment of financial investments AFS	-	29,666
Exchange differences	9,660	5,038
Balance as at the end of the financial year	<u>593,147</u>	<u>417,232</u>

Collective impairment allowance

Balance as at the beginning of the financial year	1,349,085	1,280,266
Net allowance made	194,513	405,898
Amount written off	(365,182)	(339,584)
Reclassified from individual impairment allowance	-	64
Exchange differences	12,702	2,441
Balance as at the end of the financial year	<u>1,191,118</u>	<u>1,349,085</u>



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	Group		Company	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<b>A17. Other Assets</b>				
Other debtors	682,510	770,176	-	2
Cash collateral in relation to derivative transactions	1,615,586	620,577	-	-
Deposits	98,786	87,536	-	-
Prepayments	80,887	63,700	50	3,635
	<u>2,477,769</u>	<u>1,541,989</u>	<u>50</u>	<u>3,637</u>

	Group	
	As at	As at
	31 December	31 December
	2015	2014
	RM'000	RM'000
<b>A18. Deposits from Customers</b>		
<b>(a) By type of deposits</b>		
Demand deposits	29,468,662	26,239,569
Savings deposits	8,459,822	7,927,118
Fixed/investment deposits	120,190,223	122,935,277
Negotiable instruments of deposits	32,301	32,029
	<u>158,151,008</u>	<u>157,133,993</u>
<b>(b) By type of customer</b>		
Government and statutory bodies	10,651,504	11,148,094
Business enterprises	97,016,465	97,051,175
Individuals	45,392,366	44,344,043
Others	5,090,673	4,590,681
	<u>158,151,008</u>	<u>157,133,993</u>
<b>(c) By maturity structure of fixed/investment deposits and negotiable instruments of deposits</b>		
Due within six months	102,084,856	101,842,151
Six months to one year	16,572,590	20,318,902
One year to three years	1,532,750	788,624
Three years to five years	32,328	17,629
	<u>120,222,524</u>	<u>122,967,306</u>



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	<b>Group</b>	
	<b>As at 31 December 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A19. Deposits and Placements of Banks and Other Financial Institutions</b>		
Licensed banks	<b>15,456,428</b>	14,973,762
Licensed Islamic banks	<b>1,853,985</b>	221,130
Licensed investment banks	<b>1,008,216</b>	1,607,590
BNM	<b>545,216</b>	515,027
Other financial institutions	<b>1,782,015</b>	4,032,109
	<b><u>20,645,860</u></b>	<u>21,349,618</u>

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 December 2015</b>	<b>As at 31 December 2014</b>	<b>As at 31 December 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>A20. Other Liabilities</b>				
Other creditors and accruals	<b>1,294,101</b>	1,017,879	<b>36,864</b>	7,925
Deferred income	<b>170,305</b>	11,384	-	-
Short term employee benefits	<b>362,078</b>	402,475	-	4,415
Prepaid instalments	<b>67,846</b>	71,037	-	-
Cash collateral in relation to derivative transactions	<b>224,721</b>	105,640	-	-
Remisiers' trust deposits	<b>62,824</b>	59,480	-	-
Amount due to Danaharta	<b>2,199</b>	1,935	-	-
Amount due to trust funds	<b>23,783</b>	44,268	-	-
Puttable instruments	<b>187,268</b>	-	-	-
	<b><u>2,395,125</u></b>	<u>1,714,098</u>	<b><u>36,864</u></b>	<u>12,340</u>



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**A21. Segment Reporting**

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

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

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

(a) Corporate and Investment Banking ('CIB')

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

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

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

(b) Retail Banking

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

(c) Business Banking

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

(d) Group Treasury

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





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**A21. Segment Reporting (continued)**

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

(e) Group International Business

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

(f) Support Center and Others

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

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

During the financial year, no one group of related customers accounted for more than 10% of the Group's revenue.



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

**Twelve months ended 31 December 2015**

	<b>CIB</b>	<b>Retail Banking</b>	<b>Business Banking</b>	<b>Group Treasury</b>	<b>Group International Business</b>	<b>Support Center and Others</b>	<b>Inter-segment 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>
External revenue	1,758,079	2,464,246	937,992	537,156	557,887	(64,189)	-	6,191,171
Inter-segment revenue	50,408	41,314	-	42,991	6,203	(5,151)	(135,765)	-
Segment revenue	<b>1,808,487</b>	<b>2,505,560</b>	<b>937,992</b>	<b>580,147</b>	<b>564,090</b>	<b>(69,340)</b>	<b>(135,765)</b>	<b>6,191,171</b>
Other operating expenses	(1,139,533)	(1,330,846)	(474,435)	(177,526)	(358,463)	(448,124)	135,765	(3,793,162)
Including:								
Depreciation of property, plant and equipment	(27,571)	(61,191)	(7,103)	(2,882)	(12,888)	(9,653)	-	(121,288)
Amortisation of intangible assets	(20,839)	(27,494)	(10,240)	(6,851)	(6,336)	-	-	(71,760)
CTS	-	-	-	-	-	(308,801)	-	(308,801)
Allowance for impairment on loans, financing and other losses	(133,512)	(27,267)	(101,021)	(8,461)	(70,701)	648	-	(340,314)
Impairment losses written back on other assets	15,428	12	23	32,975	312	-	-	48,750
Segment profit/(loss)	<b>550,870</b>	<b>1,147,459</b>	<b>362,559</b>	<b>427,135</b>	<b>135,238</b>	<b>(516,816)</b>	<b>-</b>	<b>2,106,445</b>
Share of results of associates and joint ventures								<b>299</b>
Profit before taxation								<b>2,106,744</b>
Taxation								<b>(582,711)</b>
Net profit for the financial year								<b>1,524,033</b>



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

**As at 31 December 2015**

	<b>CIB</b>	<b>Retail Banking</b>	<b>Business Banking</b>	<b>Group Treasury</b>	<b>Group International Business</b>	<b>Support Center and Others</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>
Segment assets	53,924,237	69,218,588	19,873,763	57,457,406	26,933,037	704,765	228,111,796
Investments in associates and joint ventures							15,764
Tax recoverable							260,965
Deferred tax assets							112,201
Unallocated assets							2,216,941
Total assets							<u>230,717,667</u>
Segment liabilities	44,822,949	41,169,990	22,216,305	63,205,292	20,742,032	40,605	192,197,173
Tax liabilities							37,247
Deferred tax liabilities							11,334
Borrowings							2,436,796
Subordinated obligations							5,895,786
Hybrid Tier-1 Capital Securities							601,856
Senior debt securities							3,451,380
Unallocated liabilities							2,976,684
Total liabilities							<u>207,608,256</u>



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

**Twelve months ended 31 December 2014**

	<b>CIB</b>	<b>Retail Banking</b>	<b>Business Banking</b>	<b>Group Treasury</b>	<b>Group International Business</b>	<b>Support Center and Others</b>	<b>Inter-segment 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>
External revenue	1,988,085	2,537,704	893,718	509,173	422,536	(116,337)	-	6,234,879
Inter-segment revenue	44,847	21,078	35	43,262	3,956	32,664	(145,842)	-
Segment revenue	2,032,932	2,558,782	893,753	552,435	426,492	(83,673)	(145,842)	6,234,879
Other operating expenses	(1,132,449)	(1,359,880)	(437,530)	(199,705)	(304,218)	(123,228)	145,842	(3,411,168)
Including:								
Depreciation of property, plant and equipment	(23,802)	(64,194)	(6,596)	(2,725)	(8,953)	(9,012)	-	(115,282)
Amortisation of intangible assets	(25,280)	(24,920)	(9,285)	(5,017)	(3,218)	-	-	(67,720)
Allowance for impairment on loans, financing and other losses	235,519	(348,107)	(58,633)	(25,179)	(18,571)	8,729	-	(206,242)
Impairment losses written back/(made) on other assets	127,850	-	623	(11,385)	1,373	(1,152)	-	117,309
Segment profit/(loss)	1,263,852	850,795	398,213	316,166	105,076	(199,324)	-	2,734,778
Share of results of associates								(105)
Share of results of joint ventures								380
Profit before taxation								2,735,053
Taxation								(671,589)
Net profit for the financial year								<u>2,063,464</u>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS  
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**A21. Segment Reporting (continued)**

**As at 31 December 2014**

	<b>CIB</b>	<b>Retail Banking</b>	<b>Business Banking</b>	<b>Group Treasury</b>	<b>Group International Business</b>	<b>Support Center and Others</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>
Segment assets	52,251,192	65,023,028	18,359,314	58,296,263	23,068,520	545,352	217,543,669
Investments in associates and joint ventures							21,021
Tax recoverable							162,181
Deferred tax assets							38,465
Unallocated assets							1,589,100
Total assets							<u>219,354,436</u>
Segment liabilities	38,976,927	40,682,043	21,689,281	66,798,718	17,582,367	17,790	185,747,126
Tax liabilities							57,321
Deferred tax liabilities							53,041
Borrowings							2,874,697
Subordinated obligations							6,099,402
Hybrid Tier-1 Capital Securities							601,515
Senior debt securities							2,810,655
Unallocated liabilities							2,216,593
Total liabilities							<u>200,460,350</u>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS  
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**A22. Valuation of Property, Plant and Equipment**

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

**A23. Material Events Subsequent to the Balance Sheet Date**

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

**A24. Changes in Composition of the Group**

There are no significant changes in the composition of the Group for the financial year ended 31 December 2015 other than the following:

- (a) On 30 January 2015, RHB Bank injected additional capital to its wholly-owned commercial bank subsidiary, RHB Indochina Bank Limited ('RHB Indochina Bank'), which is incorporated in Cambodia, amounting to USD15,000,000 (equivalent to RM54,375,000). As a result, RHB Indochina Bank's share capital increased from USD52,000,000 to USD67,000,000.
- (b) On 3 April 2015, the Company has capitalised 75% of the second interim dividend income from RHB Bank amounting to RM437,454,000 as cost of investment. The recapitalisation is via the issuance of rights issue of 190,197,391 new RHB Bank ordinary shares of RM0.50 per share at an issue price of RM2.30 per share.
- (c) On 30 June 2015, RHB Investment Bank subscribed for SGD3,000,000 new ordinary shares in RHB International Investments Pte Ltd (formerly known as RHB OSK International Investments Pte Ltd) ('RII'). On even date, RII subscribed for SGD3,000,000 new ordinary shares in RHB Asset Management Pte Ltd (formerly known as RHB OSK Asset Management Pte Ltd) ('RAM') for purposes of its business expansion and growth.  
  
RAM is a wholly-owned subsidiary of RII which in turn is a wholly-owned subsidiary of RHB Investment Bank. Upon completion of the subscription, the equity interest held by RII in RAM remains the same.
- (d) On 9 December 2015, RHB OSK Indochina Securities Limited ('RHBISL') became a wholly owned subsidiary of RHB Investment Bank, upon divestment of 100% equity interest in RHBISL by RHB Indochina Bank for a cash consideration of USD12,500,000.
- (e) On 12 March 2015, RHB Private Equity Management Ltd ('RHBPEM'), a wholly-owned indirect subsidiary of RHB Investment Bank entered into a Shareholders Agreement with Prostar Capital Management Ltd., an exempted company with limited liability incorporated under the laws of the Cayman Islands, for the subscription of 33.33% equity interest in Prostar Capital (Asia-Pacific) Ltd ('Prostar Capital AP') at a consideration of USD20.

Prostar Capital AP is an exempted company with limited liability incorporated under the laws of Cayman Islands and was formed for the purpose of undertaking the establishment, management and/or operations of private equity funds.



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

**(a) Commitments and Contingencies**

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

The commitments and contingencies comprise the following:

<b>Group</b>	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Direct credit substitutes#	<b>2,352,315</b>	2,659,088
Transaction-related contingent items#	<b>5,148,273</b>	4,829,166
Short term self-liquidating trade-related contingencies	<b>1,840,490</b>	1,822,569
Obligations under underwriting agreements	<b>76,000</b>	-
Lending of banking subsidiaries' securities or the posting of securities as collateral by banking subsidiaries, including instances where these arise out of repo-style transactions	<b>5,212,499</b>	517,610
Irrevocable commitments to extend credit		
- Maturity not exceeding one year	<b>2,903,165</b>	2,701,468
- Maturity exceeding one year	<b>29,517,195</b>	30,652,168
Foreign exchange related contracts^		
- Less than one year	<b>67,040,910</b>	28,493,237
- One year to less than five years	<b>13,240,884</b>	11,522,508
- More than five years	<b>541,189</b>	469,108
Equity related contracts^		
- Less than one year	<b>315</b>	15,508
Interest rate related contracts^		
- Less than one year	<b>8,067,611</b>	5,959,805
- One year to less than five years	<b>31,884,672</b>	27,736,220
- More than five years	<b>2,077,995</b>	987,920
Any commitments that are unconditionally cancelled at any time by the banking subsidiaries without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	<b>16,858,657</b>	15,137,896
	<b><u>186,762,170</u></b>	<b><u>133,504,271</u></b>

# Included in direct credit substitutes and transaction-related contingent items are financial guarantee contract of RM5,148,273,000 (2014: RM4,829,166,000), of which fair value at the time of issuance is zero.

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



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

**(a) Commitments and Contingencies (continued)**

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

RHB Bank, has also given a guarantee to the Bank of Thailand to provide support to meet any legal liabilities which may be incurred in respect of its operations in Thailand.

**(b) Guarantees Issued by Group and Company**

	<b>As at 31 December 2015 RM'000</b>	<b>As at 31 December 2014 RM'000</b>
<b><u>Group</u></b>		
Corporate guarantee in favour of client's trading facilities granted by a subsidiary	<b>68,000</b>	68,000
<b><u>Company</u></b>		
Corporate guarantee provided to licensed banks for credit facilities granted to subsidiaries	<b>91,401</b>	214,243
Corporate guarantee in favour of client's trading facilities granted by a subsidiary	<b>68,000</b>	68,000
Letter of undertaking in favour of Monetary Authority of Singapore provided for a subsidiary	<b>151,950</b>	132,315
	<b>311,351</b>	414,558

**A26. Capital Commitments**

	<b>Group</b>	
	<b>As at 31 December 2015 RM'000</b>	<b>As at 31 December 2014 RM'000</b>
Capital expenditure for property, plant and equipment:		
- authorised and contracted for	<b>177,638</b>	109,535
- authorised but not contracted for	<b>300,694</b>	202,131
	<b>478,332</b>	311,666





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

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

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

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

	<b>RHB Bank<sup>@</sup></b>	
	<b>As at 31 December 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Common Equity Tier 1 ('CET 1')/Tier I Capital</b>		
Paid-up ordinary share capital	3,460,585	3,365,486
Share premium	478,517	136,162
Retained profits	7,096,570	6,860,657
Other reserves	3,994,464	3,589,300
AFS reserves	154,358	218,816
	<b>15,184,494</b>	<b>14,170,421</b>
<b>Less:</b>		
Goodwill	(905,519)	(905,519)
Intangible assets (include associated deferred tax liabilities)	(239,193)	(166,462)
Net deferred tax assets	(84,375)	-
55% of cumulative gains of AFS financial instruments	(84,897)	(120,349)
Shortfall of eligible provisions to expected losses under the IRB approach	(123,459)	(307,612)
Investments in subsidiaries*	(687,429)	(332,839)
Other deductions#	(76,619)	(29,667)
Total CET 1 Capital	<b>12,983,003</b>	<b>12,307,973</b>
Hybrid Tier-I Capital Securities**	<b>420,000</b>	<b>480,000</b>
Total Tier I Capital	<b>13,403,003</b>	<b>12,787,973</b>
<b>Tier II Capital</b>		
Subordinated obligations***	2,800,000	3,200,000
Subordinated obligations meeting all relevant criteria	1,499,544	1,000,000
Collective impairment allowance and regulatory reserve <sup>^</sup>	332,233	258,406
	<b>4,631,777</b>	<b>4,458,406</b>
<b>Less:</b>		
Investments in subsidiaries*	(1,031,143)	(1,331,358)
Total Tier II Capital	<b>3,600,634</b>	<b>3,127,048</b>
<b>Total Capital</b>	<b>17,003,637</b>	<b>15,915,021</b>
<b>Capital ratios</b>		
Before proposed dividends:		
CET 1 Capital Ratio	12.126%	11.678%
Tier I Capital Ratio	12.518%	12.133%
Total Capital Ratio	15.881%	15.100%
After proposed dividends:		
CET 1 Capital Ratio	11.598%	11.124%
Tier I Capital Ratio	11.990%	11.580%
Total Capital Ratio	15.353%	14.547%



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

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

Includes the qualifying regulatory reserve under the Standardised Approach for non-impaired loans of RHB Bank of RM138,588,000 (2014: RMNil).



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**A27. Capital Adequacy Ratio (continued)**

	<b>RHB Islamic Bank</b>	
	<b>As at 31 December 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CET 1/Tier I Capital</b>		
Paid-up ordinary share capital	1,173,424	1,173,424
Retained profits	520,625	553,560
Other reserves	681,192	553,765
AFS reserves	(39,195)	(28,352)
	<b>2,336,046</b>	<b>2,252,397</b>
<b>Less:</b>		
Net deferred tax assets	(16,840)	(15,497)
Intangible assets (include associated deferred tax liabilities)	(687)	(1,119)
Other deductions#	(763)	(551)
Total CET 1 Capital/Total Tier I Capital	<b>2,317,756</b>	<b>2,235,230</b>
<b>Tier II Capital</b>		
Subordinated sukuk*	500,000	500,000
Collective impairment allowance and regulatory reserve^	248,696	100,832
Total Tier II Capital	<b>748,696</b>	<b>600,832</b>
<b>Total Capital</b>	<b>3,066,452</b>	<b>2,836,062</b>
<u>Capital ratios</u>		
Before proposed dividends:		
CET 1 Capital Ratio	11.041%	12.875%
Tier I Capital Ratio	11.041%	12.875%
Total Capital Ratio	14.608%	16.336%
After proposed dividends:		
CET 1 Capital Ratio	11.041%	12.875%
Tier I Capital Ratio	11.041%	12.875%
Total Capital Ratio	14.608%	16.336%

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

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

Includes the qualifying regulatory reserve under the Standardised Approach for non-impaired loans of RHB Islamic Bank of RM140,615,000 (2014: RMNil).

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



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**A27. Capital Adequacy Ratio (continued)**

	<b>RHB Investment Bank</b>	
	<b>As at 31 December 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CET 1/Tier I Capital</b>		
Paid-up ordinary share capital	818,646	818,646
Share premium	1,515,150	1,515,150
Retained profits	303,449	290,106
Other reserves	433,295	406,544
AFS reserves	(5,149)	(11,933)
	<b>3,065,391</b>	<b>3,018,513</b>
<b>Less:</b>		
Goodwill	(1,118,418)	(1,118,418)
Investments in subsidiaries*	(588,970)	(283,162)
Intangible assets (include associated deferred tax liabilities)	(25,529)	(29,718)
Other deductions	(84)	(234)
Deferred tax assets	(21,063)	(23,891)
Reduction in excess of Tier II capital due to insufficient Tier II Capital#	(322,564)	(581,966)
Total CET 1 Capital/Total Tier I Capital	<b>988,763</b>	<b>981,124</b>
<b>Tier II Capital</b>		
Subordinated obligations**	345,000	539,765
Subordinated obligations meeting all relevant criteria	200,000	-
Collective impairment allowance and regulatory reserve^	15,890	10,916
	<b>560,890</b>	<b>550,681</b>
<b>Less:</b>		
Investments in subsidiaries and associates*	(560,890)	(550,681)
Total Tier II Capital	<b>-</b>	<b>-</b>
<b>Total Capital</b>	<b>988,763</b>	<b>981,124</b>
<u>Capital ratios</u>		
Before proposed dividends:		
CET 1 Capital Ratio	22.917%	26.337%
Tier I Capital Ratio	22.917%	26.337%
Total Capital Ratio	22.917%	26.337%
After proposed dividends:		
CET 1 Capital Ratio	22.917%	26.337%
Tier I Capital Ratio	22.917%	26.337%
Total Capital Ratio	22.917%	26.337%



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

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

Includes the qualifying regulatory reserve for non-impaired loans of RHB Investment Bank of RM13,405,000 (2014: RMNil).



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

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

	<b>RHB Bank<sup>@</sup></b>	<b>RHB Islamic Bank</b>	<b>RHB Investment Bank</b>
<b><u>31 December 2015</u></b>			
Credit risk	95,747,368	19,895,738	2,640,434
Market risk	3,086,116	61,645	469,440
Operational risk	8,233,562	1,032,842	1,204,734
Total risk-weighted assets	<u>107,067,046</u>	<u>20,990,225</u>	<u>4,314,608</u>
<b><u>31 December 2014</u></b>			
Credit risk	94,067,828	16,316,757	2,448,720
Market risk	3,369,497	124,357	284,376
Operational risk	7,957,062	918,886	992,064
Total risk-weighted assets	<u>105,394,387</u>	<u>17,360,000</u>	<u>3,725,160</u>

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

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

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

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

(c) RHB Indochina Bank

	<b>As at 31 December 2015 RM'000</b>	<b>As at 31 December 2014 RM'000</b>
Before proposed dividends:		
Core capital ratio	#	#
Solvency ratio	16.884%	17.042%
After proposed dividends:		
Core capital ratio	#	#
Solvency ratio	16.884%	17.042%

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

# No equivalent ratio in Cambodia.



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	Group	
	As at 31 December 2015	As at 31 December 2014
	RM'000	RM'000
<b>A28. Operations of Islamic Banking</b>		
<b>(a) Statement of Financial Position as at 31 December 2015</b>		
<b>ASSETS</b>		
Cash and short-term funds	6,149,135	4,022,466
Deposits and placements with banks and other financial institutions	618,072	893,146
Financial assets held-for-trading	20,248	351,888
Financial investments AFS	3,062,645	2,389,447
Financial investments HTM	1,861,693	1,965,362
Financing and advances	30,902,020	25,290,635
Other assets	133,284	81,394
Derivative assets	131,758	26,167
Statutory deposits	1,168,500	1,063,700
Deferred tax assets	11,964	9,942
Property, plant and equipment	8,384	12,339
Intangible assets	5,564	6,673
Total assets	<u>44,073,267</u>	<u>36,113,159</u>
<b>LIABILITIES</b>		
Deposits from customers	27,928,029	24,370,954
Deposits and placements of banks and other financial institutions	2,750,309	1,720,900
Bills and acceptances payable	5,549	8,836
Recourse obligation on financing sold to Cagamas	982,760	1,147,677
Other liabilities	205,023	196,973
Derivative liabilities	1,549	46
Tax liabilities	20,932	10,414
Subordinated obligations	503,119	503,051
Total liabilities	<u>32,397,270</u>	<u>27,958,851</u>
Islamic Banking Funds	11,675,997	8,154,308
Total liabilities and Islamic Banking Funds	<u>44,073,267</u>	<u>36,113,159</u>
Commitments and contingencies	<u>11,923,681</u>	<u>6,445,224</u>



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4th quarter ended		Twelve months ended	
31 December	31 December	31 December	31 December
2015	2014	2015	2014
<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>

**A28. Operations of Islamic Banking (continued)**

**(b) Income Statement for the Financial Year Ended 31 December 2015**

<u>Group</u>				
Income derived from investment of depositors' funds	459,789	378,186	1,713,727	1,325,425
Income derived from investment of shareholder's funds	44,420	37,100	141,147	130,232
Allowance for impairment on financing and advances	(15,031)	(2,088)	(56,173)	(22,313)
Impairment losses on other assets	-	(359)	-	(576)
Total distributable income	<u>489,178</u>	412,839	<u>1,798,701</u>	1,432,768
Income attributable to depositors	<u>(267,422)</u>	(214,654)	<u>(978,957)</u>	(723,506)
	221,756	198,185	819,744	709,262
Personnel expenses	(7,687)	(10,751)	(44,145)	(54,953)
Other overheads and expenditures	(49,733)	(46,880)	(183,901)	(172,368)
<b>Profit before taxation</b>	<u>164,336</u>	140,554	<u>591,698</u>	481,941
Taxation	(30,368)	(20,540)	(93,872)	(79,335)
<b>Net profit for the financial period/year</b>	<u><u>133,968</u></u>	<u><u>120,014</u></u>	<u><u>497,826</u></u>	<u><u>402,606</u></u>





**RHB CAPITAL BERHAD (312952 – H)**  
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	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000

**A28. Operations of Islamic Banking (continued)**

**(c) Statement of Comprehensive Income for the  
Financial Year Ended 31 December 2015**

<u>Group</u>				
Net profit for the financial period/year	<u>133,968</u>	<u>120,014</u>	<u>497,826</u>	<u>402,606</u>
Other comprehensive income/(loss) in respect of:				
Items that will be reclassified subsequently to profit or loss				
- Unrealised net (loss)/gain on financial investments AFS	2,330	(6,287)	(7,054)	3,613
- Net transfer to income statement on disposal or impairment of financial investments AFS	(63)	(1,612)	(6,716)	(2,346)
- Income tax relating to components of other comprehensive loss/ (income)	(1,082)	1,974	2,927	(317)
Other comprehensive (loss)/income net of tax, for the financial period/year	<u>1,185</u>	<u>(5,925)</u>	<u>(10,843)</u>	<u>950</u>
Total comprehensive income for the financial period/year	<u>135,153</u>	<u>114,089</u>	<u>486,983</u>	<u>403,556</u>



**RHB CAPITAL BERHAD (312952 – H)**  
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	<b>Group</b>	
	<b>As at</b>	<b>As at</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<u>RM'000</u>	<u>RM'000</u>
<b>A28. Operations of Islamic Banking (continued)</b>		
<b>(d) Financing and Advances</b>		
<b>At amortised cost</b>		
Cashline	279,865	255,115
Term financing		
- Housing financing	7,605,725	6,253,140
- Syndicated term financing	1,408,554	105,752
- Hire purchase receivables	5,930,758	5,883,027
- Other term financing	13,816,396	10,340,396
Bills receivable	442,388	469,596
Trust receipts	17,614	20,859
Staff financing	4,465	5,279
Credit/charge card receivables	251,270	223,916
Revolving financing	1,367,287	1,946,151
Gross financing and advances	<u>31,124,322</u>	<u>25,503,231</u>
Less: Allowance for impaired financing and advances		
- Individual impairment allowance	(22,649)	(25,289)
- Collective impairment allowance	(199,653)	(187,307)
Net financing and advances	<u><u>30,902,020</u></u>	<u><u>25,290,635</u></u>



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS**  
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	<b>Group</b>	
	<b>As at 31 December 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A28. Operations of Islamic Banking (continued)</b>		
<b>(d) Financing and Advances (continued)</b>		
<b>(i) Movements in impaired financing and advances</b>		
Balance as at the beginning of the financial year	330,701	431,267
Classified as impaired	627,425	480,870
Reclassified as non-impaired	(411,779)	(360,795)
Amount recovered	(121,031)	(111,964)
Amount written off	(62,580)	(109,706)
Exchange differences	-	1,029
Balance as at the end of the financial year	<u>362,736</u>	<u>330,701</u>
<b>(ii) Movements in allowance for impaired financing and advances</b>		
<u>Individual impairment allowance</u>		
Balance as at the beginning of the financial year	25,289	111,703
Net allowance written back	(2,640)	(21,538)
Amount written off	-	(63,135)
Reclassified to collective impairment allowance	-	(1,741)
Balance as at the end of the financial year	<u>22,649</u>	<u>25,289</u>
<u>Collective impairment allowance</u>		
Balance as at the beginning of the financial year	187,307	145,769
Net allowance made	65,749	69,650
Amount written off	(53,403)	(29,853)
Reclassified from individual impairment allowance	-	1,741
Balance as at the end of the financial year	<u>199,653</u>	<u>187,307</u>



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	<b>Group</b>	
	<b>As at 31 December 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A28. Operations of Islamic Banking (continued)</b>		
<b>(e) Other Assets</b>		
Prepayments	10,777	3,349
Deposits	1,297	1,221
Other debtors	121,210	76,824
	<u>133,284</u>	<u>81,394</u>
<b>(f) Deposits from Customers</b>		
Saving Deposits		
- Wadiah	1,129,320	1,054,313
Demand Deposits		
- Wadiah	3,403,515	2,813,680
Term Deposits		
- Commodity Murabahah	10,828,229	5,435,819
- Wadiah Corporate Deposit	1,249,671	11,573,684
Specific Investment Account		
- Murabahah	11,136,182	3,134,728
- Mudharabah	-	51,577
General Investment Account		
- Mudharabah	181,112	307,153
	<u>27,928,029</u>	<u>24,370,954</u>



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS  
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**B1. Review of Group Results**

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

The Group recorded a pre-tax profit of RM2,106.7 million and net profit of RM1,511.4 million respectively for the financial year ended 31 December 2015. Excluding one-off Career Transition Scheme (“CTS”) expenses of RM308.8 million, the Group’s normalised pre-tax profit was at RM2,415.5 million.

The Group’s performance was affected by lower investment banking and securities market related fee income, lower trading income, higher loan impairment charges, and absence of large write-back and income from disposal of investments during the year.

Gross fund based income increased by 9.7% on the back of 6.2% increase in gross loans and financing. Funding and interest expense however, was higher by 14.5% mainly due to higher customer deposits and higher funding expense on sukuk and sub-debts totaling RM1.5 billion and USD300 million senior unsecured notes issued during the second half of 2014. As a result, net fund based income grew by 3.7% to RM4,083.3 million with net interest margin for the year lower at 2.14% as compared to 2.30% in 2014.

Non-fund based income was lower by 8.2% at RM2,107.9 million. Capital and financial market volatility resulted in lower investment banking and securities market related fee income, as well as lower trading and investment income. This was partially offset by increase in wealth management fee income. Asset Under Management under the Group’s wealth management business increased by RM3.5 billion or 7.2% to RM52.0 billion, affirming our position as the 3rd largest fund manager in the country.

Excluding the one off CTS expenses, other operating expenses rose marginally by 2.1%, reflecting our effective cost management across the Group.

Allowances for impairment on loans and financing for the year increased to RM340.3 million or 65.0%. The increase was primarily due to higher individual allowances and absence of one-off major recoveries in 2014. However, this was partially mitigated by lower collective allowances arising from the refinement of Retail collective assessment impairment methodology in previous year.

Impairment losses written back on other assets were lower at RM48.8 million due to non-recurrence of a one-off recovery amounting to RM112.4 million in 2014.

Total assets rose by 5.2% or RM11.4 billion to RM230.7 billion as at 31 December 2015. Shareholders’ funds increased by 22.8% to RM23.1 billion with the completion of rights issue of RM2.3 billion and the profit recorded for the year. Net assets per share stood at RM7.51 as at 31 December 2015.

Common Equity Tier-1 and Total Capital ratio of RHB Bank Group is strong at 11.6% and 16.1% respectively as at 31 December 2015.

The Group's gross loans and financing grew by 6.2% year-on-year to RM151.4 billion. Gross loans growth picked up in the second half of 2015 compared to a growth of only 1.5% in the first half of 2015. The growth was broad based, predominantly from purchase of residential and non-residential properties, working capital and construction. The Group’s domestic loan market share stood at 9.4% as at 31 December 2015.

As the Group continues to rebalance its liquidity and funding mix, customer deposits grew by a marginal 0.6% during the year to RM158.2 billion. Current and savings account (“CASA”) balances registered a strong growth of 11.0%, resulting in the CASA composition improving to 24.0% as at 31 December 2015 from 21.7% in December 2014.

Asset quality continued to improve with gross impaired loans ratio decreasing to 1.88% from 2.03% in December 2014.



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

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

Performance by Operating Segment

(i) Corporate and Investment Banking

Corporate and Investment Banking's pre-tax profit was lower by 56.4% to RM550.9 million. This was mainly attributed to lower investment banking and securities market related fee income both in Malaysia and Singapore, higher impairment allowances for loans and financing, several major recoveries in 2014 and the absence of write-back on other assets amounting to RM112.4 million recorded in 2014. Gross loans and financing was marginally higher by 0.8% for the year at RM48.3 billion, whilst deposits increased by 19.5% to RM45.6 billion with fixed deposits and current deposits growing by 19.8% and 18.4% respectively.

(ii) Retail Banking

Retail Banking recorded a pre-tax profit of RM1,147.5 million for the financial year ended 31 December 2015, 34.9% higher than the previous year. This was mainly due to lower allowances for loans and financing, and lower overhead expenses. However, this was mitigated by lower net fund based income despite higher average loans volume as competition in retail market remained keen. Gross loans and financing grew by 6.2% year-on-year to RM68.2 billion mainly driven by growth in mortgage and commercial property financing, partially offset by a decrease in auto loans. Deposits increased by 1.2% mainly due to growth in current and savings account balances of 5.9%.

(iii) Business Banking

Business Banking's pre-tax profit was lower by 9.0% at RM362.6 million, mainly attributed to higher allowances for loans and financing and higher overhead expenses, partially offset by higher net fund based income. Gross loans and financing grew by 11.3% in 2015 to RM19.8 billion driven mainly by SME loans. SME market share improved to 8.7% from 7.2% as at December 2014. Deposits increased by 5.3% to RM22.0 billion attributable mainly by a 9.9% growth in current deposits.

(iv) Group Treasury

Group Treasury's pre-tax profit was higher by 35.1% to RM427.1 million, mainly due to higher net fund based income and net foreign exchange gain, and higher impairment write-back on other assets, partially offset by lower investment and trading gain.

(v) Group International Business

Group International Business' pre-tax profit increased by 28.7% to RM135.2 million, mainly attributed to higher net interest income, partially offset by higher operating expenses and higher loan impairment. Singapore, being the largest contributor of Group International Business, recorded pre-tax profit growth of 9.5% to SGD46.4 million for financial year 2015. Gross loans and advances in Singapore grew by 1.3% to SGD 4.1 billion year-on-year, due mainly to the increase in business banking and retail loans by 16.0% and 10.5% respectively, partially offset by several large corporate repayments during the year. Customer deposits increased by 9.7% to SGD 4.9 billion.

**B2. Current Quarter vs Previous Quarter**

Pre-tax profit for the quarter was at RM475.2 million compared to pre-tax profit of RM603.1 million (excluding one-off CTS cost) recorded in the preceding quarter ended 30 September 2015. This was mainly due to higher impairment on loans and financing, higher operating expenses and higher impairment losses on other assets, partly offset by higher non-fund based and net fund based income.



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**B3. Prospects for Financial Year 2016**

The Malaysian economic outlook continues to be challenging as the global economic landscape remains volatile. Domestic demand and export growth are expected to be subdued. Real GDP is projected to grow by 3.9% in 2016 from 5.0% in 2015.

Growth in the Malaysian banking sector is expected to be moderate, with weaker loan demand and narrower margin as competition for deposits remains intense. Non-interest income will be affected by a softer financial and capital market.

However, the Group's transformation program IGNITE 2017 consisting of initiatives covering cost optimisation, asset quality preservation and investment in growth areas, will position the Group on a firm footing to withstand these challenges.

The rights issue by the Company was completed on 21 December 2015, bringing in RM2.35 billion fresh funds to support growth and strengthen its capital base. The proposed internal reorganisation is expected to be completed by the second quarter of 2016, culminating with the listing of RHB Bank Berhad on the Bursa Securities, to take over the listing status of the Company.

Barring unforeseen circumstances, the Group believes that its performance for the financial year 2016 will be better than 2015.

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

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

**B5. Taxation**

	4th quarter ended		Twelve months ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Income tax based on profit for the financial period/year				
- Malaysian income tax	186,866	145,289	603,075	680,961
- Overseas tax	8,255	17,328	29,351	34,937
Deferred tax	(54,645)	(23,660)	(90,005)	(21,919)
	140,476	138,957	542,421	693,979
Under/(Over) provision in respect of prior financial years	11,622	5,659	40,290	(22,390)
	152,098	144,616	582,711	671,589

The effective tax rate of the Group for the fourth quarter and financial year ended 31 December 2015 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.

	4th quarter ended		Twelve months ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
<b>Company</b>				
Income tax based on profit for the financial period/year				
- Malaysian income tax	597	54	669	61
Deferred tax	(20)	560	(20)	1,201
	577	614	649	1,262
Under/(Over) provision in respect of prior financial years	-	-	5	(276)
	577	614	654	986

The effective tax rate of the Company for the fourth quarter and financial year ended 31 December 2015 was lower than the statutory tax rate mainly due to certain income not subject to tax.



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**B6. Status of Corporate Proposals**

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

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

(i) Rights Issue

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

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

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

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

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

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

(ii) Proposed Internal Reorganisation

The Proposed Internal Reorganisation will entail the transfer by RHB Capital of its entire equity interests in, or certain assets and liabilities of its subsidiaries to RHB Bank ('Identified Assets'), after the Rights Issue, for a total indicative consideration of approximately RM3.71 billion ('Disposal Consideration'). The Disposal Consideration was arrived at based on a 'willing-buyer, willing-seller' basis after taking into consideration the audited net assets/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 (which shall include its subsidiaries, associates and joint ventures), the entire equity interest in RHB Insurance Berhad and certain assets and liabilities of RHB Hartanah Sdn Bhd, including its subsidiary, RHB Property Management Sdn Bhd. The Identified Assets are not exhaustive and may be varied as the Board may deem fit until completion of the Proposed Internal Reorganisation.

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





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**B6. Status of Corporate Proposals (continued)**

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

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

(ii) Proposed Internal Reorganisation (continued)

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

(iii) Proposed Distribution and Capital Repayment

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

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

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

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

(iv) Proposed Transfer of Listing Status

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

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

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

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**B6. Status of Corporate Proposals (continued)**

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

The inter-conditionality of the Proposals are as follows:

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

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

To date, approvals which have been obtained for the Proposals include, amongst others, the following:

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

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

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

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

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

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

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



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

	<b>Group</b>	
	<b>As at 31 December 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(a) Deposits from customers and placements of banks and other financial institutions</b>		
Deposits from customers		
- One year or less	<b>156,585,930</b>	156,327,740
- More than one year	<b>1,565,078</b>	806,253
	<b>158,151,008</b>	157,133,993
Deposits and placements of banks and other financial institutions		
- One year or less	<b>19,779,040</b>	20,461,232
- More than one year	<b>866,820</b>	888,386
	<b>20,645,860</b>	21,349,618
<b>(b) Borrowings</b>		
<b>Unsecured</b>		
Revolving credits:		
- Ringgit Malaysia ('RM')	<b>596,840</b>	404,196
- United States Dollar ('USD')	<b>107,436</b>	174,863
- Hong Kong Dollar ('HKD')	<b>192,778</b>	13,524
Term loans:		
- RM	<b>1,051,706</b>	1,051,674
- USD	<b>468,282</b>	495,029
- Singapore Dollar	<b>19,754</b>	119,089
- Indonesia Rupiah	-	14,115
- Japanese Yen	-	2,115
RM1.1 billion 7 years Commercial Papers/Medium Term Notes	-	600,092
	<b>2,436,796</b>	2,874,697
Schedule repayment of borrowings:		
- Within one year	<b>2,109,417</b>	2,494,452
- One year to three years	<b>236,143</b>	227,273
- Three years to five years	<b>91,236</b>	135,489
- Over five years	-	17,483
	<b>2,436,796</b>	2,874,697



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

	Company	
	As at 31 December 2015 RM'000	As at 31 December 2014 RM'000
<b>(b) Borrowings (continued)</b>		
<b>Unsecured:</b>		
Revolving credits - RM	2,052,868	1,194,481
Term loans - RM	1,051,706	1,316,860
RM1.1 billion 7 years Commercial Papers/Medium Term Notes	-	600,092
	<u>3,104,574</u>	<u>3,111,433</u>
 Schedule repayment of borrowings:		
- Within one year	<u>3,104,574</u>	<u>3,111,433</u>
	Group	
	As at 31 December 2015 RM'000	As at 31 December 2014 RM'000
<b>(c) Subordinated obligations</b>		
5.50% RM700 million Tier II Subordinated Notes 2007/2022	703,376	703,586
5.00% RM700 million Tier II Subordinated Notes 2010/2020	-	706,137
5.60% RM300 million Tier II Subordinated Notes 2010/2025	302,946	302,946
4.25% RM250 million Tier II Subordinated Notes 2011/2021	251,591	251,276
4.30% RM750 million Tier II Subordinated Notes 2012/2022	754,394	754,367
4.40% RM1,300 million Tier II Subordinated Notes 2012/2022	1,304,484	1,304,537
4.40% RM245 million Tier II Subordinated Notes 2012/2022	245,650	245,650
7.25% RM125 million Tier II Subordinated Notes 2010/2020	-	127,135
7.15% RM75 million Tier II Subordinated Notes 2010/2020	-	75,543
5.20% RM100 million Tier II Subordinated Notes 2011/2021	101,112	101,112
4.95% RM500 million Tier II Subordinated Sukuk Murabahah 2014/2024	503,119	503,051
4.99% RM1 billion Tier II Subordinated Notes 2014/2024	1,024,061	1,024,062
4.75% RM500 million Tier II Subordinated Notes 2015/2025	502,993	-
4.95% RM200 million Tier II Subordinated Notes 2015/2025	202,060	-
	<u>5,895,786</u>	<u>6,099,402</u>

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



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

**(d) Hybrid Tier-1 Capital Securities**

	<b>Group</b>	
	<b>As at 31 December 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
RM370 million 8.00% Hybrid Tier-1 Capital Securities due in 2039, callable with step-up coupon rate at 9.00% in 2019	<b>368,448</b>	368,107
RM230 million 6.75% Hybrid Tier-1 Capital Securities due in 2039, callable with step-up coupon rate at 7.75% in 2019	<b>233,408</b>	233,408
	<b><u>601,856</u></b>	<b><u>601,515</u></b>

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

**(e) Senior Debt Securities**

	<b>Group</b>	
	<b>As at 31 December 2015</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
USD300 million 3.25% senior debt securities due in 2017	<b>1,291,357</b>	1,049,892
USD200 million 3.25% senior debt securities due in 2017	<b>866,244</b>	707,214
USD300 million 3.088% senior debt securities due in 2019	<b>1,293,779</b>	1,053,549
	<b><u>3,451,380</u></b>	<b><u>2,810,655</u></b>



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**B8. Derivative Financial Instruments**

Details of derivative financial instruments outstanding are as follows:

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

<u>Group</u>	<u>As at 31 December 2015</u>			<u>As at 31 December 2014</u>		
	<u>Contract/ Notional Amount</u>	<u>Fair Value</u>		<u>Contract/ Notional Amount</u>	<u>Fair Value</u>	
	<u>RM'000</u>	<u>Assets</u>	<u>Liabilities</u>	<u>RM'000</u>	<u>Assets</u>	<u>Liabilities</u>
<b>By type</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>
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Forwards/swaps	67,057,530	1,164,438	947,415	23,827,241	454,871	393,667
- Options	1,207,428	8,452	6,444	4,954,671	42,665	43,381
- Cross-currency interest rate swaps	12,746,295	1,765,293	1,977,751	11,838,652	640,085	637,832
	<b>81,011,253</b>	<b>2,938,183</b>	<b>2,931,610</b>	<b>40,620,564</b>	<b>1,137,621</b>	<b>1,074,880</b>
Interest rate related contracts						
- Swaps	39,680,278	154,197	125,923	32,733,945	127,082	136,691
	<b>39,680,278</b>	<b>154,197</b>	<b>125,923</b>	<b>32,733,945</b>	<b>127,082</b>	<b>136,691</b>
Equity related contracts						
- Options	303	-	8	15,508	4,914	-
- Index futures	12	1	-	-	-	-
	<b>315</b>	<b>1</b>	<b>8</b>	<b>15,508</b>	<b>4,914</b>	<b>-</b>
Structured warrants						
	87,608	-	30,038	50,412	-	13,113
	<b>87,608</b>	<b>-</b>	<b>30,038</b>	<b>50,412</b>	<b>-</b>	<b>13,113</b>
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	2,350,000	10,008	2,202	1,950,000	15,613	-
	<b>2,350,000</b>	<b>10,008</b>	<b>2,202</b>	<b>1,950,000</b>	<b>15,613</b>	<b>-</b>
<b>Total</b>	<b>123,129,454</b>	<b>3,102,389</b>	<b>3,089,781</b>	<b>75,370,429</b>	<b>1,285,230</b>	<b>1,224,684</b>



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**B8. Derivative Financial Instruments (continued)**

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

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

<u>Group</u>	As at 31 December 2015			As at 31 December 2014		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<b>By remaining period to maturity/next re-pricing date</b>						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than 1 year	67,229,178	1,156,565	1,082,438	28,628,947	475,739	457,701
- 1 year to 3 years	8,660,732	1,323,734	1,426,311	6,965,870	467,257	423,199
- More than 3 years	5,121,343	457,884	422,861	5,025,747	194,625	193,980
	<b>81,011,253</b>	<b>2,938,183</b>	<b>2,931,610</b>	<b>40,620,564</b>	<b>1,137,621</b>	<b>1,074,880</b>
Interest rate related contracts						
- Less than 1 year	8,067,611	11,851	9,934	5,959,805	4,838	12,034
- 1 year to 3 years	18,393,771	75,574	65,287	12,343,637	53,264	45,517
- More than 3 years	13,218,896	66,772	50,702	14,430,503	68,980	79,140
	<b>39,680,278</b>	<b>154,197</b>	<b>125,923</b>	<b>32,733,945</b>	<b>127,082</b>	<b>136,691</b>
Equity related contracts						
- Less than 1 year	315	1	8	15,508	4,914	-
	<b>315</b>	<b>1</b>	<b>8</b>	<b>15,508</b>	<b>4,914</b>	<b>-</b>
Structured warrants						
- Less than 1 year	87,608	-	30,038	49,390	-	11,864
- 1 year to 3 years	-	-	-	1,022	-	1,249
	<b>87,608</b>	<b>-</b>	<b>30,038</b>	<b>50,412</b>	<b>-</b>	<b>13,113</b>
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- 1 year to 3 years	2,050,000	10,008	1,547	1,300,000	9,104	-
- More than 3 years	300,000	-	655	650,000	6,509	-
	<b>2,350,000</b>	<b>10,008</b>	<b>2,202</b>	<b>1,950,000</b>	<b>15,613</b>	<b>-</b>
<b>Total</b>	<b>123,129,454</b>	<b>3,102,389</b>	<b>3,089,781</b>	<b>75,370,429</b>	<b>1,285,230</b>	<b>1,224,684</b>

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**B8. Derivative Financial Instruments (continued)**

ii) Related accounting policies

Derivative financial instruments and hedge accounting

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

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

(a) Fair value

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

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the income statements over the period to maturity.

(b) Cash flow hedge

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

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

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

(c) Net investment hedge

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

(d) Derivatives that do not qualify for hedge accounting

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



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**B9. Fair Value of Financial Instruments**

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

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

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

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

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

<u>Group</u>	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<b><u>As at 31 December 2015</u></b>				
<u>Financial assets</u>				
Financial assets FVTPL:	<b>508,105</b>	<b>1,090,673</b>	<b>153,863</b>	<b>1,752,641</b>
- Money market instruments	-	533,305	-	533,305
- Quoted securities	508,105	-	-	508,105
- Unquoted securities	-	557,368	153,863	711,231
Financial investments AFS:	<b>46,649</b>	<b>23,617,443</b>	<b>1,074,704</b>	<b>24,738,796</b>
- Money market instruments	-	7,386,331	-	7,386,331
- Quoted securities	46,649	-	8,399	55,048
- Unquoted securities	-	16,231,112	1,066,305	17,297,417
Derivative assets	-	3,102,389	-	3,102,389
	<b>554,754</b>	<b>27,810,505</b>	<b>1,228,567</b>	<b>29,593,826</b>
<u>Financial liabilities</u>				
Derivative liabilities	<b>30,036</b>	<b>3,059,745</b>	-	<b>3,089,781</b>
<b><u>As at 31 December 2014</u></b>				
<u>Financial assets</u>				
Financial assets FVTPL:	449,439	2,441,242	40,000	2,930,681
- Money market instruments	-	1,815,602	-	1,815,602
- Quoted securities	449,439	-	-	449,439
- Unquoted securities	-	625,640	40,000	665,640
Financial investments AFS:	56,360	18,554,674	991,142	19,602,176
- Money market instruments	-	5,772,156	-	5,772,156
- Quoted securities	56,360	-	-	56,360
- Unquoted securities	-	12,782,518	991,142	13,773,660
Derivative assets	-	1,285,230	-	1,285,230
	<b>505,799</b>	<b>22,281,146</b>	<b>1,031,142</b>	<b>23,818,087</b>
<u>Financial liabilities</u>				
Derivative liabilities	<b>13,114</b>	<b>1,211,570</b>	-	<b>1,224,684</b>

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**B9. Fair Value of Financial Instruments (Continued)**

Valuation techniques

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

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

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). This category includes unquoted shares held for socio economic reasons, non-transferable and non-tradable perpetual notes/sukuk, impaired securities and unquoted corporate loan stocks. Fair values for shares held for socio economic reasons are based on the net tangible assets of the affected companies. For unquoted corporate loan stocks, discounted cash flow analysis has been performed to determine the recoverability of the instruments.

Reconciliation of fair value measurements in Level 3

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

	Financial assets FVTPL		Financial investments AFS	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Balance as at the beginning of the financial year	<b>40,000</b>	33,295	<b>991,142</b>	1,062,016
Total net gains recognised in other comprehensive income	-	-	<b>61,644</b>	72,290
Total net (losses)/gains recognised in income statements	<b>(19,868)</b>	9,153	<b>(5,519)</b>	73,940
Purchases	<b>133,731</b>	-	<b>26,724</b>	15,897
Settlements	-	(2,448)	<b>(17,034)</b>	(224,446)
Disposal	-	-	-	(3,459)
Transfer to loans and advances	-	-	-	(9,877)
Exchange differences	-	-	<b>17,747</b>	4,781
Balance as at the end of the financial year	<b>153,863</b>	40,000	<b>1,074,704</b>	991,142



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**B10. Realised and Unrealised Profits**

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

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

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

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

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

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

<u>Company</u>	<b>As at</b>	<b>As at</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Realised profits	<u>711,909</u>	415,481
Unrealised loss	<u>-</u>	(20)
Total Company retained profits	<u><u>711,909</u></u>	<u><u>415,461</u></u>

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

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

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



**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

**B11. Dividends**

- (a) The directors have declared a single-tier interim cash dividend of 12.0% amounting to RM368.96 million in respect of the financial year ended 31 December 2015.
- (i) Amount per share: Single-tier interim dividend of 12.0%
  - (ii) Entitlement date: To be determined and announced later
  - (iii) Payment date: To be determined and announced later
- (b) Total dividends paid for the previous financial year ended 31 December 2014: Interim single-tier dividend of 6.0%

**B12. Earnings per Share**

	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
<b>Basic/diluted earnings per share</b>				
Profit attributable to equity holders of the Company (RM'000)	<u>316,120</u>	<u>486,191</u>	<u>1,511,427</u>	<u>2,038,000</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,662,467</u>	<u>2,572,457</u>	<u>2,602,169</u>	<u>2,558,249</u>
Earnings per share (sen)				
- Basic	<u>11.9</u>	<u>18.9</u>	<u>58.1</u>	<u>79.7</u>
- Fully diluted	<u>11.9</u>	<u>18.9</u>	<u>58.1</u>	<u>79.7</u>

There were no dilutive potential ordinary shares outstanding as at 31 December 2015. As a result, the diluted earnings per share equal to the basic earnings per share for the financial year ended 31 December 2015.

**BY ORDER OF THE BOARD**

**AZMAN SHAH MD YAMAN**  
(License No. LS0006901)

Company Secretary  
26 February 2016