

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2016**

	Note	Group		Bank	
		As at 31 March 2016	As at 31 December 2015	As at 31 March 2016	As at 31 December 2015
		RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
Cash and short-term funds		13,808,189	13,530,998	8,100,829	8,213,683
Securities purchased under resale agreements		354,167	175,872	349,868	165,153
Deposits and placements with banks and other financial institutions		1,677,309	1,456,536	9,825,770	9,782,274
Financial assets held-for-trading ('HFT')	8	857,269	626,676	705,906	606,428
Financial investments available-for-sale ('AFS')	9	19,608,718	21,325,551	16,420,382	18,166,278
Financial investments held-to-maturity ('HTM')	10	18,347,744	19,931,391	16,816,694	18,876,308
Loans, advances and financing	11	147,655,024	149,191,114	110,327,714	112,447,582
Other assets	12	1,445,675	2,238,362	1,579,059	2,222,829
Derivative assets		2,892,318	3,060,637	2,908,940	3,060,699
Statutory deposits		4,055,122	5,128,078	2,962,272	3,719,819
Tax recoverable		143,584	117,359	143,582	117,357
Deferred tax assets		15,294	74,117	-	62,139
Investments in subsidiaries		-	-	1,918,889	1,918,889
Property, plant and equipment		638,585	671,092	453,123	474,881
Goodwill and intangible assets		1,412,057	1,391,364	1,187,560	1,166,647
<b>TOTAL ASSETS</b>		<b>212,911,055</b>	<b>218,919,147</b>	<b>173,700,588</b>	<b>181,000,966</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	13	159,196,288	159,847,884	122,785,213	125,609,459
Deposits and placements of banks and other financial institutions	14	15,187,034	18,849,105	15,488,095	19,365,704
Obligations on securities sold under repurchase agreements		1,761,093	4,735,645	2,755,780	4,735,645
Bills and acceptances payable		744,198	487,604	737,002	482,056
Other liabilities	15	2,115,722	1,675,473	1,849,808	1,341,504
Derivative liabilities		3,220,091	2,977,154	3,254,192	2,997,719
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		3,100,180	3,127,656	2,158,942	2,144,896
Tax liabilities		42,093	29,768	-	-
Deferred tax liabilities		6,579	5	6,575	-
Borrowings		738,149	575,718	738,149	575,718
Subordinated obligations		5,410,433	5,346,964	4,901,160	4,843,845
Hybrid Tier-I Capital Securities		603,368	606,870	603,368	606,870
Senior debt securities		3,162,809	3,451,380	3,162,809	3,451,380
<b>TOTAL LIABILITIES</b>		<b>195,288,037</b>	<b>201,711,226</b>	<b>158,441,093</b>	<b>166,154,796</b>
Share capital		3,460,585	3,460,585	3,460,585	3,460,585
Reserves		14,162,433	13,747,336	11,798,910	11,385,585
<b>TOTAL EQUITY</b>		<b>17,623,018</b>	<b>17,207,921</b>	<b>15,259,495</b>	<b>14,846,170</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>212,911,055</b>	<b>218,919,147</b>	<b>173,700,588</b>	<b>181,000,966</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	23	<b>175,053,143</b>	<b>184,409,979</b>	<b>169,047,895</b>	<b>178,724,173</b>

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

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2016**

	<b>Note</b>	<b>Group</b>		<b>Bank</b>	
		<b>Individual Quarter</b>		<b>Individual Quarter</b>	
		<b>Quarter Ended</b> <b>31 March</b> <b>2016</b> <b>RM'000</b>	<b>Quarter Ended</b> <b>31 March</b> <b>2015</b> <b>RM'000</b>	<b>Quarter Ended</b> <b>31 March</b> <b>2016</b> <b>RM'000</b>	<b>Quarter Ended</b> <b>31 March</b> <b>2015</b> <b>RM'000</b>
Interest income	<b>16</b>	<b>1,948,599</b>	1,898,961	<b>1,955,891</b>	1,910,225
Interest expense	<b>17</b>	<b>(1,093,950)</b>	(1,103,996)	<b>(1,080,468)</b>	(1,095,567)
Net interest income		<b>854,649</b>	794,965	<b>875,423</b>	814,658
Other operating income	<b>18</b>	<b>228,737</b>	265,225	<b>245,737</b>	258,624
Income from Islamic Banking business	<b>19</b>	<b>1,083,386</b> <b>243,782</b>	1,060,190 201,092	<b>1,121,160</b> <b>-</b>	1,073,282 -
Net Income		<b>1,327,168</b>	1,261,282	<b>1,121,160</b>	1,073,282
Other operating expenses	<b>20</b>	<b>(572,741)</b>	(584,775)	<b>(502,120)</b>	(525,029)
Operating profit before allowances		<b>754,427</b>	676,507	<b>619,040</b>	548,253
Allowance for impairment on loans, and financing	<b>21</b>	<b>(65,762)</b>	(52,194)	<b>(34,589)</b>	(29,201)
Impairment written back on other assets		<b>411</b>	2,804	<b>411</b>	2,804
Profit before taxation		<b>689,076</b>	627,117	<b>584,862</b>	521,856
Taxation		<b>(175,914)</b>	(152,187)	<b>(149,573)</b>	(133,075)
Net profit for the financial period		<b>513,162</b>	474,930	<b>435,289</b>	388,781
Earnings per share (sen)					
- Basic per RM1.00 per share		<b>14.83</b>	-	<b>12.58</b>	-
- Basic per RM0.50 per share		-	7.06	-	5.78

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

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2016**

	<b>Group</b>		<b>Bank</b>	
	<b>Individual Quarter</b>		<b>Individual Quarter</b>	
	<b>Quarter Ended 31 March 2016 RM'000</b>	<b>Quarter Ended 31 March 2015 RM'000</b>	<b>Quarter Ended 31 March 2016 RM'000</b>	<b>Quarter Ended 31 March 2015 RM'000</b>
Net profit for the financial period	<b>513,162</b>	474,930	<b>435,289</b>	388,781
Other comprehensive income/(loss):				
Items that will be reclassified subsequently to profit or loss				
- Foreign currency translation reserves:				
- Currency translation differences	<b>(240,462)</b>	115,570	<b>(108,248)</b>	54,152
- Net investment hedge	<b>26,876</b>	-	-	-
- Financial investment AFS:				
- Unrealised net gain on revaluation	<b>168,442</b>	83,320	<b>128,993</b>	65,443
- Net transfer to income statements on disposal or impairment	<b>(16,418)</b>	(17,082)	<b>(15,461)</b>	(15,195)
Income tax relating to components of other comprehensive income	<b>(36,503)</b>	(16,622)	<b>(27,248)</b>	(12,562)
Other comprehensive (loss)/income, net of tax, for the financial period	<b>(98,065)</b>	165,186	<b>(21,964)</b>	91,838
Total comprehensive income for the financial period	<b>415,097</b>	640,116	<b>413,325</b>	480,619

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

**RHB BANK BERHAD (6171-M)**  
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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2016**

Group	←		Attributable to equity holders of the Bank			→		Total
	Share capital	Share premium	Statutory reserves	Translation reserves	Regulatory reserves	AFS reserves	Retained profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 1 January 2016</b>	<b>3,460,585</b>	<b>478,517</b>	<b>4,159,330</b>	<b>582,755</b>	<b>549,517</b>	<b>115,164</b>	<b>7,862,053</b>	<b>17,207,921</b>
Net profit for the financial period	-	-	-	-	-	-	513,162	513,162
Foreign currency translation reserves:								
- Currency translation differences	-	-	-	(240,462)	-	-	-	(240,462)
- Net investment hedge	-	-	-	26,876	-	-	-	26,876
Financial investments AFS:								
- Unrealised net gain on revaluation	-	-	-	-	-	168,442	-	168,442
- Net transfer to income statements on disposal or impairment	-	-	-	-	-	(16,418)	-	(16,418)
Income tax relating to components of other comprehensive income	-	-	-	-	-	(36,503)	-	(36,503)
Other comprehensive (loss)/income, net of tax, for the financial period	-	-	-	(213,586)	-	115,521	-	(98,065)
Total comprehensive (loss)/income for the financial period	-	-	-	(213,586)	-	115,521	513,162	415,097
Transfer from regulatory reserves	-	-	-	-	(23,630)	-	23,630	-
<b>Balance as at 31 March 2016</b>	<b>3,460,585</b>	<b>478,517</b>	<b>4,159,330</b>	<b>369,169</b>	<b>525,887</b>	<b>230,685</b>	<b>8,398,845</b>	<b>17,623,018</b>
<b>Balance as at 1 January 2015</b>	<b>3,365,486</b>	<b>136,162</b>	<b>4,031,903</b>	<b>135,471</b>	<b>-</b>	<b>190,466</b>	<b>7,575,175</b>	<b>15,434,663</b>
Net profit for the financial period	-	-	-	-	-	-	474,930	474,930
Currency translation differences	-	-	-	115,570	-	-	-	115,570
Financial investments AFS:								
- Unrealised net gain on revaluation	-	-	-	-	-	83,320	-	83,320
- Net transfer to income statements on disposal or impairment	-	-	-	-	-	(17,082)	-	(17,082)
Income tax relating to components of other comprehensive income	-	-	-	-	-	(16,622)	-	(16,622)
Other comprehensive income, net of tax, for the financial period	-	-	-	115,570	-	49,616	-	165,186
Total comprehensive income for the financial period	-	-	-	115,570	-	49,616	474,930	640,116
<b>Balance as at 31 March 2015</b>	<b>3,365,486</b>	<b>136,162</b>	<b>4,031,903</b>	<b>251,041</b>	<b>-</b>	<b>240,082</b>	<b>8,050,105</b>	<b>16,074,779</b>

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2016**

	Share capital		Non-distributable			Distributable		Total
	Share capital	Share premium	Statutory reserves	Translation reserves	Regulatory reserves	AFS reserves	Retained profits	
<b>Bank</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 1 January 2016</b>	3,460,585	478,517	3,478,138	348,473	385,494	157,184	6,537,779	14,846,170
Net profit for the financial period	-	-	-	-	-	-	435,289	435,289
Currency translation differences	-	-	-	(108,248)	-	-	-	(108,248)
Financial investments AFS:								
- Unrealised net gain on revaluation	-	-	-	-	-	128,993	-	128,993
- Net transfer to income statements on disposal or impairment	-	-	-	-	-	(15,461)	-	(15,461)
Income tax relating to components of other comprehensive income	-	-	-	-	-	(27,248)	-	(27,248)
Other comprehensive (loss)/income, net of tax, for the financial period	-	-	-	(108,248)	-	86,284	-	(21,964)
Total comprehensive (loss)/income for the financial period	-	-	-	(108,248)	-	86,284	435,289	413,325
Transfer from regulatory reserves	-	-	-	-	(20,632)	-	20,632	-
<b>Balance as at 31 March 2016</b>	<b>3,460,585</b>	<b>478,517</b>	<b>3,478,138</b>	<b>240,225</b>	<b>364,862</b>	<b>243,468</b>	<b>6,993,700</b>	<b>15,259,495</b>
<b>Balance as at 1 January 2015</b>	3,365,486	136,162	3,478,138	109,350	-	219,930	6,377,265	13,686,331
Net profit for the financial period	-	-	-	-	-	-	388,781	388,781
Currency translation differences	-	-	-	54,152	-	-	-	54,152
Financial investments AFS:								
- Unrealised net gain on revaluation	-	-	-	-	-	65,443	-	65,443
- Net transfer to income statements on disposal or impairment	-	-	-	-	-	(15,195)	-	(15,195)
Income tax relating to components of other comprehensive income	-	-	-	-	-	(12,562)	-	(12,562)
Other comprehensive income, net of tax, for the financial period	-	-	-	54,152	-	37,686	-	91,838
Total comprehensive income for the financial period	-	-	-	54,152	-	37,686	388,781	480,619
<b>Balance as at 31 March 2015</b>	<b>3,365,486</b>	<b>136,162</b>	<b>3,478,138</b>	<b>163,502</b>	<b>-</b>	<b>257,616</b>	<b>6,766,046</b>	<b>14,166,950</b>

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2016**

	<b>Three Months Ended</b>	
	<b>31 March 2016</b>	<b>31 March 2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	689,076	627,117
Adjustments for non-cash items	125,497	(181,905)
Operating profit before changes in working capital	814,573	445,212
Changes in working capital:		
Net changes in operating assets	1,831,174	(2,070,327)
Net changes in operating liabilities	(5,708,998)	3,962,684
Cash (used in)/generated from operations	(3,877,824)	1,892,357
Taxation paid	(159,918)	(166,724)
Net cash (used in)/generated from operating activities	(3,223,169)	2,170,845
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(2,349)	(26,325)
Purchase of computer software license	(35,174)	(30,124)
Proceeds from disposal of property, plant and equipment	3,984	118
Financial investments AFS:		
- net proceeds from disposal/(purchase)	1,553,174	(711,730)
- interest received	163,700	124,544
- investment income received	19,614	18,144
Financial investments HTM:		
- net redemption/(purchase)	1,578,209	(1,247,635)
- interest received	151,347	153,292
- investment income received	20,087	23,347
Net cash generated from/(used in) investing activities	3,452,592	(1,696,369)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown/(repayment) of borrowings	200,332	(36,780)
Net cash generated from/(used in) financing activities	200,332	(36,780)
Net increase in cash and cash equivalents	429,755	437,696
Effects of exchange rate differences	(152,564)	88,343
Cash and cash equivalents:		
- at the beginning of the financial period	13,530,998	15,536,640
- at the end of the financial period	13,808,189	16,062,679
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS:</b>		
Cash and short-term funds	13,808,189	16,062,679

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

**RHB BANK BERHAD (6171-M)**  
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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2016**

	<b>Three Months Ended</b>	
	<b>31 March</b>	<b>31 March</b>
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Bank</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	584,862	521,856
Adjustments for non-cash items	158,487	(169,673)
Operating profit before changes in working capital	743,349	352,183
Changes in working capital:		
Net changes in operating assets	2,485,917	(783,592)
Net changes in operating liabilities	(7,135,455)	1,942,123
Cash (used in)/generated from operations	(4,649,538)	1,158,531
Taxation paid	(133,415)	(137,449)
Net cash (used in)/generated from operating activities	(4,039,604)	1,373,265
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,811)	(25,763)
Purchase of computer software license	(34,171)	(29,782)
Proceeds from disposal of property, plant and equipment	3,314	48
Financial investments AFS:		
- net proceeds from disposal/(purchase)	1,530,948	(147,211)
- interest received	162,420	123,571
Financial investments HTM:		
- net redemption/(purchase)	2,053,035	(1,082,935)
- interest received	149,427	151,839
Additional share subscription/acquisition of a subsidiary	-	(54,375)
Net cash generated from/(used in) investing activities	3,863,162	(1,064,608)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown/(repayment) of borrowings	200,332	(36,780)
Net cash generated from/(used in) financing activities	200,332	(36,780)
Net increase in cash and cash equivalents	23,890	271,877
Effects of exchange rate differences	(136,744)	49,014
Cash and cash equivalents:		
- at the beginning of the financial period	8,213,683	11,493,133
- at the end of the financial period	8,100,829	11,814,024
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS:</b>		
Cash and short-term funds	8,100,829	11,814,024

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016**

**1 Basis Of Preparation**

The interim financial statements are unaudited and has been prepared in compliance with Malaysian Financial Reporting Standard ('MFRS') 134, 'Interim Financial Reporting' issued by Malaysian Accounting Standards Boards ('MASB') and should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2015.

The accounting policies and presentation adopted by the Group and the Bank for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2015, except for the adoption of the following annual improvements and amendments to MFRS which are effective for annual periods beginning on or after 1 January 2016:

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

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

**2 Auditors' Report**

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

**3 Seasonal Or Cyclical Factors**

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

**4 Exceptional Or Unusual Items**

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

**5 Changes In Estimates**

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

**6 Changes In Debt and Equity Securities**

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

On 18 February 2016, the Bank has undertaken a consolidation of two (2) ordinary shares of RM0.50 each into one (1) ordinary share of RM1.00 each. As a result, the number of ordinary shares of the Bank has reduced from 6,921,169,000 to 3,460,585,000.

**7 Dividends Paid**

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

Subsequent to the quarter-end, the Bank has paid an interim dividend of 16.3267 sen per RM1.00 share on 7 April 2016 in respect of the financial year ended 31 December 2015, amounting to RM565,000,000, of which the entire amount has been recapitalised into the Bank to preserve its capital adequacy for business growth purposes. The recapitalisation is via the issuance of rights issue of 101,618,705 new ordinary shares of RM1.00 each at an issue price of RM5.56 per share.



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016 (cont'd)**

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

<b>At fair value</b>	<b>Group</b>		<b>Bank</b>	
	<b>As at 31 March 2016 RM'000</b>	<b>As at 31 December 2015 RM'000</b>	<b>As at 31 March 2016 RM'000</b>	<b>As at 31 December 2015 RM'000</b>
<u>Money market instruments:</u>				
Malaysian Government Securities	<b>273,181</b>	289,532	<b>273,181</b>	289,532
Malaysian Government Investment Issues	<b>463,797</b>	50,583	<b>312,434</b>	30,335
Cagamas bonds	-	60,163	-	60,163
Thailand Treasury Bills	<b>55,274</b>	-	<b>55,274</b>	-
Sukuk Perumahan Kerajaan	-	48,819	-	48,819
Other foreign government securities	<b>11,752</b>	84,207	<b>11,752</b>	84,207
<u>Quoted securities:</u>				
<u>In Malaysia</u>				
Private debt securities	<b>3,383</b>	3,636	<b>3,383</b>	3,636
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Private debt securities	-	40,357	-	40,357
Commercial paper	<b>49,882</b>	49,379	<b>49,882</b>	49,379
	<b>857,269</b>	626,676	<b>705,906</b>	606,428

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016 (cont'd)**

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

	Group		Bank	
	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
<b>At fair value</b>				
<u>Money market instruments:</u>				
Malaysian Government Securities	898,357	1,178,334	898,357	1,178,334
Malaysian Government Investment Issues	2,383,328	2,341,538	1,674,316	1,635,735
Cagamas bonds	302,261	308,734	241,430	248,670
Khazanah bonds	8,784	8,665	-	-
Singapore Government Treasury Bills	1,086,697	1,184,564	1,086,697	1,184,564
Singapore Government Securities	291,093	286,214	291,093	286,214
Thailand Government bonds	482,540	358,074	482,540	358,074
Wakala Global Sukuk	92,211	102,010	79,277	87,835
Sukuk Perumahan Kerajaan	107,708	163,426	107,708	163,426
Malaysia Sovereign Sukuk	83,301	64,572	83,301	64,572
Other foreign government securities	27,431	30,806	27,431	30,806
 <u>Quoted securities:</u>				
<u>In Malaysia</u>				
Shares	5,584	5,974	5,146	5,146
 <u>Outside Malaysia</u>				
Shares	8,226	8,657	7,987	8,399
 <u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Corporate loan stocks	3,425	3,425	3,425	3,425
Shares	570,388	573,125	569,660	572,382
Private and Islamic debt securities	12,631,858	14,254,866	10,439,843	12,086,496
Perpetual notes/sukuk	290,461	286,117	86,907	85,530
Prasarana bonds	258,014	120,286	258,014	120,286
 <u>Outside Malaysia</u>				
Shares	98	107	-	-
Private debt securities	202,587	171,721	202,587	171,721
	<u>19,734,352</u>	<u>21,451,215</u>	<u>16,545,719</u>	<u>18,291,615</u>
 Accumulated impairment losses	 (125,634)	 (125,664)	 (125,337)	 (125,337)
	<u>19,608,718</u>	<u>21,325,551</u>	<u>16,420,382</u>	<u>18,166,278</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016 (cont'd)**

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

	Group		Bank	
	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
<b>At amortised cost</b>				
<u>Money market instruments:</u>				
Malaysian Government Securities	2,206,852	2,218,877	2,206,852	2,218,877
Malaysian Government Investment Issues	5,034,914	5,018,548	4,492,363	4,478,120
Cagamas bonds	1,308,866	1,357,117	1,298,860	1,296,497
Khazanah bonds	96,736	95,677	66,786	66,033
Negotiable instruments of deposits	701,337	2,222,850	1,149,660	3,073,064
Singapore Government Securities	57,989	61,267	57,989	61,267
Thailand Government Securities	73,905	163,746	73,905	163,746
Sukuk (Brunei) Incorporation	43,488	45,582	43,488	45,582
Wakala Global Sukuk	269,320	297,683	269,320	297,683
Sukuk Perumahan Kerajaan	111,226	111,147	101,174	101,190
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Bonds	860	860	860	860
Prasarana bonds	771,712	767,840	771,712	767,840
Private and Islamic debt securities	7,601,439	7,494,836	6,214,625	6,230,188
Corporate loan stocks	33,763	34,174	33,763	34,174
<u>Outside Malaysia</u>				
Private debt securities	139,902	147,479	139,902	147,479
	<b>18,452,309</b>	20,037,683	<b>16,921,259</b>	18,982,600
Accumulated impairment losses	<b>(104,565)</b>	(106,292)	<b>(104,565)</b>	(106,292)
	<b>18,347,744</b>	19,931,391	<b>16,816,694</b>	18,876,308

Included in financial investments HTM of the Group and the Bank are government securities and unquoted private debt securities, which is pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM1,795,000,000 (31 December 2015: RM4,865,000,000) and RM2,795,000,000 (31 December 2015: RM4,865,000,000) respectively.

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016 (cont'd)**

**11 Loans, Advances and Financing**

**(i) By type**

	Group		Bank	
	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
<b>At amortised cost</b>				
Overdrafts	6,416,228	6,311,174	5,870,277	5,779,074
Term loans/financing:				
- housing loans/financing	37,459,290	37,023,837	29,399,779	29,307,241
- syndicated term loans/financing	6,679,939	7,306,964	3,128,420	3,360,493
- hire purchase receivables	11,287,297	11,697,202	5,379,358	5,766,195
- lease receivables	17,369	20,357	-	-
- other term loans/financing	68,727,439	69,704,568	52,490,012	53,743,100
Bills receivable	2,317,498	2,450,943	1,742,983	2,008,555
Trust receipts	757,385	802,714	740,164	785,100
Claims on customers under acceptance credits	3,708,192	3,687,879	3,708,192	3,687,879
Staff loans/financing	187,383	197,271	172,369	181,641
Credit card receivables	1,912,250	1,978,968	1,662,484	1,727,698
Revolving credit	9,972,249	9,819,969	7,516,412	7,597,251
Floor stocking	2,462	1,579	2,462	1,579
	<u>149,444,981</u>	<u>151,003,425</u>	<u>111,812,912</u>	<u>113,945,806</u>
Fair value changes arising from fair value hedge	10,204	(11,158)	6,043	566
	<u>149,455,185</u>	<u>150,992,267</u>	<u>111,818,955</u>	<u>113,946,372</u>
Allowance for impaired loans, advances and financing:				
- individual impairment allowance	(574,742)	(580,846)	(542,652)	(545,521)
- collective impairment allowance	(1,225,419)	(1,220,307)	(948,589)	(953,269)
	<u>147,655,024</u>	<u>149,191,114</u>	<u>110,327,714</u>	<u>112,447,582</u>

Included in loans, advances and financing are housing loans, hire purchase receivables and other term loans/financing sold to Cagamas with recourse to the Group and the Bank amounting to RM2,988,525,000 (31 December 2015: RM3,057,518,000) and RM2,052,871,000 (31 December 2015: RM2,080,525,000) respectively.

**(ii) By type of customer**

	Group		Bank	
	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
Domestic non-bank financial institutions:				
- Others	1,938,206	2,096,562	818,695	846,420
Domestic business enterprises:				
- Small medium enterprises	23,069,258	22,491,619	20,680,198	20,114,429
- Others	33,982,811	34,744,759	22,527,713	23,914,740
Government and statutory bodies	5,389,483	5,370,404	1,992,364	2,014,417
Individuals	67,338,374	67,548,357	51,636,744	52,243,895
Other domestic entities	138,352	144,371	33,836	37,924
Foreign entities	17,588,497	18,607,353	14,123,362	14,773,981
	<u>149,444,981</u>	<u>151,003,425</u>	<u>111,812,912</u>	<u>113,945,806</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016 (cont'd)**

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

**(iii) By geographical distribution**

	Group		Bank	
	As at 31 March 2016	As at 31 December 2015	As at 31 March 2016	As at 31 December 2015
	RM'000	RM'000	RM'000	RM'000
Malaysia	130,936,906	131,427,775	98,725,029	100,424,681
Labuan Offshore	3,911,987	4,467,560	-	-
Singapore operations	12,020,253	12,493,180	12,020,253	12,493,180
Thailand operations	929,148	881,594	929,148	881,594
Brunei operations	138,482	146,351	138,482	146,351
Cambodia operations	1,386,328	1,484,137	-	-
Lao operations	121,877	102,828	-	-
	<b>149,444,981</b>	<b>151,003,425</b>	<b>111,812,912</b>	<b>113,945,806</b>

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

	Group		Bank	
	As at 31 March 2016	As at 31 December 2015	As at 31 March 2016	As at 31 December 2015
	RM'000	RM'000	RM'000	RM'000
Fixed rate:				
- Housing loans/financing	1,435,226	1,515,718	867,562	929,289
- Hire purchase receivables	11,287,297	11,697,202	5,379,358	5,766,195
- Other fixed rate loans/financing	16,771,310	16,566,745	8,344,483	8,404,429
Variable rate:				
- BLR/BFR plus	70,908,689	70,340,127	53,897,954	54,202,540
- Cost-plus	35,590,365	37,750,331	33,797,365	35,789,522
- Other variable rates	13,452,094	13,133,302	9,526,190	8,853,831
	<b>149,444,981</b>	<b>151,003,425</b>	<b>111,812,912</b>	<b>113,945,806</b>

**(v) By purpose**

	Group		Bank	
	As at 31 March 2016	As at 31 December 2015	As at 31 March 2016	As at 31 December 2015
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	11,277,713	12,477,521	11,071,880	12,251,051
Purchase of transport vehicles	10,440,669	10,853,700	4,279,801	4,608,555
Purchase of landed property:				
- Residential	39,035,084	37,865,225	31,244,989	30,416,766
- Non-residential	13,446,338	12,795,709	11,515,983	10,937,551
Purchase of property, plant and equipment other than land and building	3,719,688	3,951,868	2,823,060	2,986,719
Personal use	8,191,252	8,331,723	6,200,289	6,431,686
Credit card	1,912,250	1,978,968	1,662,484	1,727,698
Purchase of consumer durables	53,329	37,787	24,557	25,174
Construction	6,118,443	5,791,704	5,147,599	4,780,432
Working capital	38,931,047	39,477,209	28,459,278	28,986,523
Merger and acquisition	2,414,848	3,172,991	529,153	1,494,108
Other purposes	13,904,320	14,269,020	8,853,839	9,299,543
	<b>149,444,981</b>	<b>151,003,425</b>	<b>111,812,912</b>	<b>113,945,806</b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016 (cont'd)**

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

**(vi) By remaining contractual maturities**

	Group		Bank	
	As at 31 March 2016 <u>RM'000</u>	As at 31 December 2015 <u>RM'000</u>	As at 31 March 2016 <u>RM'000</u>	As at 31 December 2015 <u>RM'000</u>
Maturity within one year	45,621,431	46,860,334	39,817,967	41,991,602
One year to three years	8,277,799	9,163,959	4,872,365	4,985,007
Three years to five years	16,819,373	15,322,351	8,847,604	8,400,252
Over five years	78,726,378	79,656,781	58,274,976	58,568,945
	<u>149,444,981</u>	<u>151,003,425</u>	<u>111,812,912</u>	<u>113,945,806</u>

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

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

	Group		Bank	
	As at 31 March 2016 <u>RM'000</u>	As at 31 December 2015 <u>RM'000</u>	As at 31 March 2016 <u>RM'000</u>	As at 31 December 2015 <u>RM'000</u>
Balance as at the beginning of financial period/year	2,723,068	2,729,581	2,333,889	2,393,693
Classified as impaired during the financial period/year	850,022	3,999,257	703,216	3,344,473
Reclassified as non-impaired during the financial period/year	(578,421)	(2,453,762)	(487,126)	(2,041,945)
Amount recovered	(228,933)	(995,149)	(206,324)	(867,658)
Amount written off	(122,524)	(579,323)	(101,202)	(516,278)
Exchange differences	(14,796)	22,464	(12,476)	21,604
Balance as at the end of financial period/year	<u>2,628,416</u>	<u>2,723,068</u>	<u>2,229,977</u>	<u>2,333,889</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016 (cont'd)**

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

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

**(b) By purpose**

	Group		Bank	
	As at 31 March 2016	As at 31 December 2015	As at 31 March 2016	As at 31 December 2015
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	53,254	90,248	53,254	90,248
Purchase of transport vehicles	129,641	135,530	79,333	83,268
Purchase of landed property:				
- Residential	770,863	788,011	634,424	655,149
- Non-residential	144,687	127,738	107,566	98,893
Purchase of property, plant and equipment other than land and building	56,684	48,212	38,483	23,014
Personal use	164,094	164,915	160,686	162,115
Credit card	32,193	37,233	27,166	31,469
Purchase of consumer durables	1,223	868	1,223	868
Construction	92,015	96,488	92,015	96,488
Working capital	1,132,059	1,178,141	1,011,152	1,063,770
Other purposes	51,703	55,684	24,675	28,607
	<b>2,628,416</b>	<b>2,723,068</b>	<b>2,229,977</b>	<b>2,333,889</b>

**(c) By geographical distribution**

	Group		Bank	
	As at 31 March 2016	As at 31 December 2015	As at 31 March 2016	As at 31 December 2015
	RM'000	RM'000	RM'000	RM'000
Malaysia	2,342,419	2,423,561	1,985,731	2,059,963
Labuan Offshore	10,850	12,728	-	-
Singapore operations	208,303	235,057	208,303	235,057
Thailand operations	25,992	25,792	25,992	25,792
Brunei operations	9,951	13,077	9,951	13,077
Cambodia operations	30,567	12,853	-	-
Lao operations	334	-	-	-
	<b>2,628,416</b>	<b>2,723,068</b>	<b>2,229,977</b>	<b>2,333,889</b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016 (cont'd)**

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

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

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

	Group		Bank	
	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
<b>Individual impairment allowance</b>				
Balance as at the beginning of financial period/year	580,846	409,674	545,521	382,769
Net allowance made during the period/year	6,632	229,153	5,163	221,883
Amount written off	(6,614)	(67,231)	(3,268)	(67,231)
Exchange differences	(6,122)	9,250	(4,764)	8,100
Balance as at the end of financial period/year	<u>574,742</u>	<u>580,846</u>	<u>542,652</u>	<u>545,521</u>
<b>Collective impairment allowance</b>				
Balance as at the beginning of financial period/year	1,220,307	1,346,884	953,269	1,130,978
Net allowance made during the period/year	90,608	215,631	60,983	118,634
Amount written off	(77,086)	(354,911)	(63,302)	(301,043)
Exchange differences	(8,410)	12,703	(2,361)	4,700
Balance as at the end of financial period/year	<u>1,225,419</u>	<u>1,220,307</u>	<u>948,589</u>	<u>953,269</u>

**12 Other Assets**

	Group		Bank	
	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
Other receivables	339,819	395,706	238,190	274,134
Cash collateral in relation to derivative transactions	904,192	1,541,069	904,192	1,541,069
Deposits	51,900	53,280	49,471	50,887
Prepayments	77,285	59,127	59,106	44,416
Amount due from holding company	616	1,976	616	1,976
Amounts due from subsidiaries	-	-	255,621	176,533
Amounts due from related companies	71,863	187,204	71,863	133,814
	<u>1,445,675</u>	<u>2,238,362</u>	<u>1,579,059</u>	<u>2,222,829</u>



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016 (cont'd)**

**13 Deposits from Customers**

**(i) By type of deposits**

	Group		Bank	
	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
Demand deposits	29,377,637	29,691,276	25,380,483	26,020,152
Savings deposits	8,772,392	8,459,822	7,444,002	7,203,311
Fixed/investment deposits	120,947,034	121,672,745	89,960,503	92,361,955
Negotiable instruments of deposits	99,225	24,041	225	24,041
	<b>159,196,288</b>	<b>159,847,884</b>	<b>122,785,213</b>	<b>125,609,459</b>

**(ii) By type of customer**

	Group		Bank	
	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
Government and statutory bodies	10,054,700	10,489,633	5,256,162	5,949,423
Business enterprises	97,588,405	98,887,046	71,461,438	74,612,149
Individuals	46,531,176	45,380,533	41,646,137	40,528,199
Others	5,022,007	5,090,672	4,421,476	4,519,688
	<b>159,196,288</b>	<b>159,847,884</b>	<b>122,785,213</b>	<b>125,609,459</b>

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

	Group		Bank	
	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
Due within six months	100,096,505	103,565,965	73,264,458	77,561,756
Six months to one year	19,434,035	16,565,845	15,190,706	13,293,831
One year to three years	1,482,510	1,532,648	1,472,931	1,498,917
Three years to five years	33,209	32,328	32,633	31,492
	<b>121,046,259</b>	<b>121,696,786</b>	<b>89,960,728</b>	<b>92,385,996</b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016 (cont'd)**

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

	Group		Bank	
	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
Licensed banks	11,855,090	15,055,954	14,856,458	18,133,895
Islamic banks	2,042,315	1,853,985	-	-
Licensed investments banks	280,499	936,016	81,016	687,169
Bank Negara Malaysia	551,413	545,216	550,047	544,066
Others	457,717	457,934	574	574
	<b>15,187,034</b>	<b>18,849,105</b>	<b>15,488,095</b>	<b>19,365,704</b>

**15 Other Liabilities**

	Group		Bank	
	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
Amounts due to subsidiaries	-	-	27,990	28,601
Amounts due to related companies	14,826	45,772	14,552	45,277
Amount due to Danaharta	2,077	2,199	2,077	2,199
Prepaid instalments	65,953	67,846	64,503	66,197
Accrual for operational expenses	122,351	114,351	113,031	104,733
Short term employee benefits	131,560	238,013	126,431	225,555
Cash collateral in relation to derivative transactions	338,575	224,721	338,575	224,721
Deferred income	147,645	157,011	94,500	100,800
Other creditors and accruals	1,292,735	825,560	1,068,149	543,421
	<b>2,115,722</b>	<b>1,675,473</b>	<b>1,849,808</b>	<b>1,341,504</b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016 (cont'd)**

**16 Interest Income**

	<u>Group</u>		<u>Bank</u>	
	<u>Individual Quarter</u>		<u>Individual Quarter</u>	
	Quarter Ended 31 March 2016 RM'000	Quarter Ended 31 March 2015 RM'000	Quarter Ended 31 March 2016 RM'000	Quarter Ended 31 March 2015 RM'000
Loans and advances	1,582,994	1,545,719	1,512,291	1,495,803
Money at call and deposits and placements with banks and other financial institutions	26,741	44,596	107,797	108,586
Securities purchased under resale agreements	320	367	320	367
Financial assets HFT	5,173	11,062	5,173	11,062
Financial investments AFS	149,094	119,068	147,871	118,062
Financial investments HTM	178,994	175,644	177,160	173,840
Others	5,283	2,505	5,279	2,505
	<u>1,948,599</u>	<u>1,898,961</u>	<u>1,955,891</u>	<u>1,910,225</u>
Of which:				
Interest income accrued on impaired financial assets	<u>37,561</u>	<u>49,662</u>	<u>34,125</u>	<u>45,665</u>

**17 Interest Expense**

	<u>Group</u>		<u>Bank</u>	
	<u>Individual Quarter</u>		<u>Individual Quarter</u>	
	Quarter Ended 31 March 2016 RM'000	Quarter Ended 31 March 2015 RM'000	Quarter Ended 31 March 2016 RM'000	Quarter Ended 31 March 2015 RM'000
Deposits and placements of banks and other financial institutions	85,889	93,193	94,067	92,595
Deposits from customers	853,699	872,932	831,888	865,101
Obligations on securities sold under repurchase agreements	26,768	3,450	26,919	3,450
Subordinated obligations	57,315	59,428	57,315	59,428
Recourse obligation on loans sold to Cagamas	24,301	24,337	24,301	24,337
Senior debt securities	26,263	23,427	26,263	23,427
Hybrid Tier-I Capital Securities	11,339	11,207	11,339	11,207
Borrowings	1,226	1,441	1,226	1,441
Others	7,150	14,581	7,150	14,581
	<u>1,093,950</u>	<u>1,103,996</u>	<u>1,080,468</u>	<u>1,095,567</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016 (cont'd)**

**18 Other Operating Income**

	<u>Group</u>		<u>Bank</u>	
	<u>Individual Quarter</u>		<u>Individual Quarter</u>	
	Quarter Ended 31 March 2016 RM'000	Quarter Ended 31 March 2015 RM'000	Quarter Ended 31 March 2016 RM'000	Quarter Ended 31 March 2015 RM'000
a) Fee Income:				
Commission	36,344	37,992	35,764	37,693
Service charges and fees	48,049	62,223	45,571	61,893
Guarantee fees	35,915	25,244	33,543	22,269
Commitment fees	12,109	14,378	11,351	12,379
Other fee income	6,067	5,598	5,007	4,935
	<b>138,484</b>	145,435	<b>131,236</b>	139,169
b) Net gain arising from financial assets HFT	12,386	13,904	12,386	13,904
c) Net (loss)/gain on revaluation of derivatives	(6,218)	2,563	(4,979)	3,349
d) Net gain on fair values hedges	2,119	327	151	124
e) Net gain arising from financial investments AFS	15,461	15,196	15,461	15,196
f) Net gain arising from financial investments HTM:				
- net gain on early redemption	26	-	26	-
g) Other income:				
Foreign exchange gain/(loss)				
- realised	570,487	(64,838)	569,150	(65,130)
- unrealised	(521,835)	134,268	(494,959)	134,268
Gain on disposal of property, plant and equipment	1,611	54	1,611	22
Other operating income	13,930	17,416	13,839	17,345
Other non-operating income	2,286	900	1,815	377
	<b>66,479</b>	87,800	<b>91,456</b>	86,882
	<b>228,737</b>	265,225	<b>245,737</b>	258,624

**19 Income from Islamic Banking Business**

	<u>Group</u>	
	<u>Individual Quarter</u>	
	Quarter Ended 31 March 2016 RM'000	Quarter Ended 31 March 2015 RM'000
Income derived from investment of depositors' funds	499,325	395,833
Income derived from investment of shareholders' funds	39,206	32,259
Total distributable income	<b>538,531</b>	428,092
Income attributable to depositors	<b>(294,749)</b>	(227,000)
	<b>243,782</b>	201,092
Of which:		
Financing income earned on impaired financing and advances	<b>3,435</b>	3,997

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**20 Other Operating Expenses**

	<u>Group</u>		<u>Bank</u>	
	<u>Individual Quarter</u>		<u>Individual Quarter</u>	
	Quarter Ended 31 March 2016 RM'000	Quarter Ended 31 March 2015 RM'000	Quarter Ended 31 March 2016 RM'000	Quarter Ended 31 March 2015 RM'000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	268,356	291,835	252,182	274,956
- Contributions to Employees Provident Fund	40,495	44,252	38,295	42,044
- Other staff related costs	23,695	26,813	22,758	25,477
	<u>332,546</u>	<u>362,900</u>	<u>313,235</u>	<u>342,477</u>
<u>Establishment costs</u>				
- Property, plant and equipment:				
- Depreciation	21,594	23,047	19,189	21,062
- Written off	3	2	3	2
- Amortisation of computer software license	13,063	12,307	12,206	11,508
- Rental of premises	32,034	30,708	31,225	29,735
- Rental of equipment	2,856	1,506	2,852	1,497
- Insurance	10,196	8,369	8,885	8,058
- Water and electricity	6,340	7,105	5,732	6,552
- Repair and maintenance	5,800	6,690	4,929	5,760
- Security and escorting expenses	13,970	13,789	12,675	12,669
- Information technology expenses	34,219	32,480	30,432	29,858
- Others	184	158	-	-
	<u>140,259</u>	<u>136,161</u>	<u>128,128</u>	<u>126,701</u>
<u>Marketing expenses</u>				
- Sales commission	14,692	9,399	12,156	8,191
- Advertisement and publicity	7,262	4,768	6,099	3,352
- Others	13,077	11,084	12,600	9,935
	<u>35,031</u>	<u>25,251</u>	<u>30,855</u>	<u>21,478</u>
<u>Administration and general expenses</u>				
- Communication expenses	27,461	26,572	24,941	23,728
- Others	37,444	33,891	4,961	10,645
	<u>64,905</u>	<u>60,463</u>	<u>29,902</u>	<u>34,373</u>
	<u>572,741</u>	<u>584,775</u>	<u>502,120</u>	<u>525,029</u>

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

	<u>Group</u>		<u>Bank</u>	
	<u>Individual Quarter</u>		<u>Individual Quarter</u>	
	Quarter Ended 31 March 2016 RM'000	Quarter Ended 31 March 2015 RM'000	Quarter Ended 31 March 2016 RM'000	Quarter Ended 31 March 2015 RM'000
Individual impairment allowance	6,632	7,380	5,163	8,030
Collective impairment allowance	90,608	76,380	60,983	47,602
Impaired loans and financing recovered	(70,496)	(67,104)	(66,142)	(60,806)
Impaired loans written off	39,018	35,538	34,585	34,375
	<u>65,762</u>	<u>52,194</u>	<u>34,589</u>	<u>29,201</u>

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**22 Capital Adequacy**

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

	<b>RHB Bank*</b>		<b>RHB Islamic Bank</b>	
	<b>31 March 2016</b>	31 December 2015	<b>31 March 2016</b>	31 December 2015
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Common Equity Tier-I ('CET-I') Capital/Tier-I Capital</b>				
Paid-up ordinary share capital	<b>3,460,585</b>	3,460,585	<b>1,173,424</b>	1,173,424
Share premium	<b>478,517</b>	478,517	-	-
Retained profits	<b>7,132,462</b>	7,096,570	<b>508,030</b>	520,625
Other reserves	<b>3,799,380</b>	3,994,464	<b>681,192</b>	681,192
AFS reserves	<b>240,571</b>	154,358	<b>(9,886)</b>	(39,195)
	<b>15,111,515</b>	15,184,494	<b>2,352,760</b>	2,336,046
Less:				
Goodwill	<b>(905,519)</b>	(905,519)	-	-
Net deferred tax assets	<b>(13,474)</b>	(84,375)	<b>(20,269)</b>	(16,840)
Intangible assets (include associated deferred tax liabilities)	<b>(262,236)</b>	(239,193)	<b>(1,003)</b>	(687)
55% of cumulative gains of AFS financial instruments	<b>(132,314)</b>	(84,897)	-	-
Shortfall of eligible provisions to expected losses under the IRB approach	<b>(119,463)</b>	(123,459)	-	-
Investments in subsidiaries***	<b>(1,031,143)</b>	(687,429)	-	-
Other deductions#	<b>(51,024)</b>	(76,619)	<b>(1,621)</b>	(763)
Total CET-I Capital	<b>12,596,342</b>	12,983,003	<b>2,329,867</b>	2,317,756
Hybrid Tier-I Capital Securities**	<b>360,000</b>	420,000	-	-
Total Tier-I Capital	<b>12,956,342</b>	13,403,003	<b>2,329,867</b>	2,317,756
<b>Tier-II Capital</b>				
Subordinated obligations@	<b>2,400,000</b>	2,800,000	-	-
Subordinated obligations meeting all relevant criteria	<b>1,499,568</b>	1,499,544	-	-
Subordinated sukuk^^	-	-	<b>500,000</b>	500,000
Collective impairment allowance and regulatory reserve^	<b>364,041</b>	332,233	<b>259,184</b>	248,696
	<b>4,263,609</b>	4,631,777	<b>759,184</b>	748,696
Less: Investments in subsidiaries***	<b>(687,429)</b>	(1,031,143)	-	-
Total Tier-II Capital	<b>3,576,180</b>	3,600,634	<b>759,184</b>	748,696
<b>Total Capital</b>	<b>16,532,522</b>	17,003,637	<b>3,089,051</b>	3,066,452
<b>Capital ratios</b>				
Before proposed dividends:				
CET-I capital ratio	<b>12.263%</b>	12.126%	<b>10.611%</b>	11.041%
Tier-I capital ratio	<b>12.613%</b>	12.518%	<b>10.611%</b>	11.041%
Total capital ratio	<b>16.094%</b>	15.881%	<b>14.069%</b>	14.608%
After proposed dividends:				
CET-I capital ratio	<b>11.713%</b>	11.598%	<b>10.611%</b>	11.041%
Tier-I capital ratio	<b>12.063%</b>	11.990%	<b>10.611%</b>	11.041%
Total capital ratio	<b>15.544%</b>	15.353%	<b>14.069%</b>	14.608%

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016 (cont'd)**

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

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

	<b>RHB Bank*</b>		<b>RHB Islamic Bank</b>	
	<b>31 March 2016</b>	31 December 2015	<b>31 March 2016</b>	31 December 2015
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Credit risk	<b>90,906,506</b>	95,747,368	<b>20,734,683</b>	19,895,738
Market risk	<b>3,483,025</b>	3,086,116	<b>150,134</b>	61,645
Operational risk	<b>8,332,501</b>	8,233,562	<b>1,071,823</b>	1,032,842
Total risk-weighted assets	<b><u>102,722,032</u></b>	<u>107,067,046</u>	<b><u>21,956,640</u></b>	<u>20,990,225</u>

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

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

Includes the qualifying regulatory reserves under the Standardised Approach for non-impaired loans of RHB Bank and RHB Islamic Bank of RM137,125,000 (2015: RM138,588,000) and RM148,067,000 (2015: RM140,615,000) respectively.

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

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

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

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

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

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016 (cont'd)**

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

	<b>RHB Bank Group</b>	
	<b>31 March 2016</b>	<b>31 December 2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CET-I/Tier-I Capital</b>		
Paid-up ordinary share capital	3,460,585	3,460,585
Share premium	478,517	478,517
Retained profits	7,885,683	7,862,053
Other reserves	4,528,495	4,742,085
AFS reserves	230,685	115,164
	<b>16,583,965</b>	<b>16,658,404</b>
Less:		
Goodwill	(1,120,318)	(1,120,318)
Net deferred tax assets	(33,752)	(101,224)
Intangible assets (include associated deferred tax liabilities)	(266,700)	(243,934)
55% of cumulative gains of AFS financial instruments	(126,877)	(63,340)
Shortfall of eligible provisions to expected losses under the IRB approach	(199,096)	(109,920)
Other deductions <sup>#</sup>	(52,645)	(77,382)
Total CET-I Capital	<b>14,784,577</b>	<b>14,942,286</b>
Hybrid Tier-I Capital Securities**	<b>360,000</b>	<b>420,000</b>
Total Tier-I Capital	<b>15,144,577</b>	<b>15,362,286</b>
<b>Tier-II Capital</b>		
Subordinated obligations <sup>@</sup>	2,400,000	2,800,000
Subordinated obligations meeting all inclusion	1,499,568	1,499,544
Qualifying capital instruments of a subsidiary issued to third parties*	369,948	359,758
Collective impairment allowance and regulatory reserve <sup>^</sup>	560,843	521,380
Total Tier-II Capital	<b>4,830,359</b>	<b>5,180,682</b>
<b>Total Capital</b>	<b>19,974,936</b>	<b>20,542,968</b>
<b>Capital ratios</b>		
Before proposed dividends:		
CET-I capital ratio	12.212%	12.029%
Tier-I capital ratio	12.509%	12.367%
Total capital ratio	<b>16.499%</b>	<b>16.538%</b>
After proposed dividends:		
CET-I capital ratio	11.745%	11.574%
Tier-I capital ratio	12.042%	11.912%
Total capital ratio	<b>16.032%</b>	<b>16.083%</b>

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

	<b>RHB Bank Group</b>	
	<b>31 March 2016</b>	<b>31 December 2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit risk	108,012,755	111,696,360
Market risk	3,509,868	3,129,916
Operational risk	9,542,818	9,388,516
Total risk-weighted assets	<b>121,065,441</b>	<b>124,214,792</b>



**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016 (cont'd)**

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

- <sup>^</sup> Excludes collective impairment allowance attributable to loans, advances and financing classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on "Classification and Impairment Provisions for Loans/Financing".  
  
Includes the qualifying regulatory reserves under the Standardised Approach for non-impaired loans of the Group of RM233,178,000 (2015: RM227,335,000).
- <sup>#</sup> Pursuant to Basel II Market Risk para 5.19 & 5.20 - Valuation Adjustments, the Capital Adequacy Framework (Basel II - RWA) calculation shall account for the ageing, liquidity and holding back adjustments on its trading portfolio.
- <sup>\*</sup> Qualifying subordinated sukuk that are recognised as Tier-II capital instruments held by third parties as prescribed under paragraph 16.3 of the BNM Guidelines Capital Adequacy Framework (Capital Components) which are issued by a fully consolidated subsidiary of the Bank.
- <sup>\*\*</sup> Hybrid Tier-I Capital Securities that are recognised as Tier-I capital instruments are subject to the gradual phase-out treatment effective from 1 January 2013 as prescribed under paragraph 36.10 of the BNM's Capital Adequacy Framework (Capital Components).
- <sup>@</sup> Subordinated obligations that are recognised as Tier-II capital instruments are subject to the gradual phase-out treatment effective from 1 January 2013 as prescribed under paragraph 36.10 of the BNM's Guidelines Capital Adequacy Framework (Capital Components).

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

	<b>RHBIBL</b>	
	<b>31 March 2016</b>	<b>31 December 2015</b>
Before proposed dividends:		
Core capital ratio	#	#
Solvency ratio	17.990%	16.884%
After proposed dividends:		
Core capital ratio	#	#
Solvency ratio	17.990%	16.884%

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

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

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**23 Commitments and Contingencies**

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

The notional amounts of the commitments and contingencies of the Group and the Bank are as follows:

	Group		Bank	
	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
Direct credit substitutes	2,153,502	2,352,315	2,128,920	2,325,282
Transaction-related contingent items	4,768,246	5,148,273	4,214,481	4,566,341
Short-term self-liquidating trade-related contingencies	1,852,110	1,840,490	1,783,702	1,757,633
Obligations under underwriting agreements	76,000	76,000	-	-
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	1,872,975	5,017,446	2,902,677	5,017,446
Irrevocable commitments to extend credit:				
- maturity more than one year	29,203,879	29,517,173	22,724,403	24,504,613
- maturity less than one year	758,701	1,141,299	678,380	1,034,773
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	17,010,856	16,858,657	14,508,328	14,102,852
Foreign exchange related contracts <sup>@</sup> :				
- less than one year	65,126,759	66,686,218	65,044,145	66,657,554
- one year to less than five years	11,748,489	13,240,641	11,756,233	13,251,212
- more than five years	702,398	541,189	702,398	541,189
Interest rate related contracts <sup>@</sup> :				
- less than one year	7,960,035	7,967,611	8,660,035	8,817,611
- one year to less than five years	29,840,202	31,944,672	31,965,202	34,069,672
- more than five years	1,978,991	2,077,995	1,978,991	2,077,995
<b>Total</b>	<b>175,053,143</b>	<b>184,409,979</b>	<b>169,047,895</b>	<b>178,724,173</b>

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

**24 Capital Commitments**

	Group		Bank	
	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
Capital expenditure for property, plant and equipment:				
- authorised and contracted for	122,687	133,350	118,549	132,303
- authorised but not contracted for	229,528	245,722	228,795	244,353
	352,215	379,072	347,344	376,656
Proposed Internal Reorganisation (Note 28 (ii))	3,710,000	3,710,000	3,710,000	3,710,000
	<b>4,062,215</b>	<b>4,089,072</b>	<b>4,057,344</b>	<b>4,086,656</b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016 (cont'd)**

**25 Fair Value of Financial Instruments**

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

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

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

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

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

<u>Group</u>	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<b>31 March 2016</b>				
<b>Financial assets</b>				
Financial assets held-for-trading:	3,383	853,886	-	857,269
- money market instruments	-	804,004	-	804,004
- quoted securities	3,383	-	-	3,383
- unquoted securities	-	49,882	-	49,882
Financial investments available-for-sale:	533	18,660,978	947,207	19,608,718
- money market instruments	-	5,763,711	-	5,763,711
- quoted securities	533	-	7,987	8,520
- unquoted securities	-	12,897,267	939,220	13,836,487
Derivative assets	-	2,892,318	-	2,892,318
	<u>3,916</u>	<u>22,407,182</u>	<u>947,207</u>	<u>23,358,305</u>
<b>Financial liabilities</b>				
Derivative liabilities	-	3,220,091	-	3,220,091
<b>31 December 2015</b>				
<b>Financial assets</b>				
Financial assets held-for-trading:	3,636	623,040	-	626,676
- money market instruments	-	533,304	-	533,304
- quoted securities	3,636	-	-	3,636
- unquoted securities	-	89,736	-	89,736
Financial investments available-for-sale:	926	20,369,992	954,633	21,325,551
- money market instruments	-	6,026,937	-	6,026,937
- quoted securities	926	-	8,399	9,325
- unquoted securities	-	14,343,055	946,234	15,289,289
Derivative assets	-	3,060,637	-	3,060,637
	<u>4,562</u>	<u>24,053,669</u>	<u>954,633</u>	<u>25,012,864</u>
<b>Financial liabilities</b>				
Derivative liabilities	-	2,977,154	-	2,977,154

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016 (cont'd)**

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

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

<b>Bank</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 March 2016</b>				
<b>Financial assets</b>				
Financial assets held-for-trading:	3,383	702,523	-	705,906
- money market instruments	-	652,641	-	652,641
- quoted securities	3,383	-	-	3,383
- unquoted securities	-	49,882	-	49,882
Financial investments available-for-sale:	-	15,764,370	656,012	16,420,382
- money market instruments	-	4,972,150	-	4,972,150
- quoted securities	-	-	7,987	7,987
- unquoted securities	-	10,792,220	648,025	11,440,245
Derivative assets	-	2,908,940	-	2,908,940
	<u>3,383</u>	<u>19,375,833</u>	<u>656,012</u>	<u>20,035,228</u>
<b>Financial liabilities</b>				
Derivative liabilities	-	3,254,192	-	3,254,192
	<u>-</u>	<u>3,254,192</u>	<u>-</u>	<u>3,254,192</u>
<b>31 December 2015</b>				
<b>Financial assets</b>				
Financial assets held-for-trading:	3,636	602,792	-	606,428
- money market instruments	-	513,056	-	513,056
- quoted securities	3,636	-	-	3,636
- unquoted securities	-	89,736	-	89,736
Financial investments available-for-sale:	-	17,508,509	657,769	18,166,278
- money market instruments	-	5,238,230	-	5,238,230
- quoted securities	-	-	8,399	8,399
- unquoted securities	-	12,270,279	649,370	12,919,649
Derivative assets	-	3,060,699	-	3,060,699
	<u>3,636</u>	<u>21,172,000</u>	<u>657,769</u>	<u>21,833,405</u>
<b>Financial liabilities</b>				
Derivative liabilities	-	2,997,719	-	2,997,719
	<u>-</u>	<u>2,997,719</u>	<u>-</u>	<u>2,997,719</u>

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016 (cont'd)**

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

(i) Valuation techniques and sensitivity analysis

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

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine 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 and impaired securities. Fair values for shares held for socio-economic reasons are based on the net tangible assets of the affected companies.

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

The following represents the changes in Level 3 instruments for the financial period/year ended 31 March 2016 and 31 December 2015 for the Group and the Bank.

**Financial investments available-for-sale**

	Group		Bank	
	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
Balance as at the beginning of the financial period/year	954,633	867,246	657,769	588,108
Total (loss)/gain recognised in other comprehensive income	(2,679)	59,780	(2,679)	59,780
Purchases/income recognition	5,483	26,724	1,377	10,010
Settlements	(1,092)	(16,844)	-	(144)
Exchange differences	(9,138)	17,727	(455)	15
Balance as at the end of the financial period/year	<u>947,207</u>	<u>954,633</u>	<u>656,012</u>	<u>657,769</u>

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016 (cont'd)**

**26 Segmental Reporting**

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

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

(a) Corporate Banking

Corporate Banking 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.

(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 bancassurance products.

(c) Business Banking

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

(d) Group Treasury and Global Markets

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

(e) Group International Business

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

(f) Others

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

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

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016 (cont'd)**

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

**Group**

**Three months ended 31 March 2016**

	Corporate Banking RM'000	Retail Banking RM'000	Business Banking RM'000	Group Treasury and Global Markets RM'000	Group International Business RM'000	Others RM'000	Elimination RM'000	Total RM'000
External revenue	227,966	570,321	241,077	126,539	166,786	(5,521)	-	1,327,168
Inter-segment revenue	(4,372)	-	-	4,478	1,666	207	(1,979)	-
Segment revenue	223,594	570,321	241,077	131,017	168,452	(5,314)	1,979	1,327,168
Overhead expenses including:	(40,846)	(285,639)	(117,229)	(35,263)	(95,371)	(372)	1,979	(572,741)
Depreciation of property, plant and equipment	(626)	(16,879)	(1,846)	(662)	(1,532)	(49)	-	(21,594)
Amortisation of computer software license	(772)	(8,090)	(2,717)	(1,195)	(289)	-	-	(13,063)
Allowance for impairment on loans, advances and financing	(7,537)	(27,323)	(18,392)	1,872	(15,567)	1,185	-	(65,762)
Impairment written back on other assets	411	-	-	-	-	-	-	411
Profit before taxation	175,622	257,359	105,456	97,626	57,514	(4,501)	3,958	689,076
Taxation								(175,914)
Net profit for the financial period								513,162

**Three months ended 31 March 2015**

	Corporate Banking RM'000	Retail Banking RM'000	Business Banking RM'000	Group Treasury and Global Markets RM'000	Group International Business RM'000	Others RM'000	Elimination RM'000	Total RM'000
External revenue	232,258	601,908	236,125	73,289	122,262	(4,560)	-	1,261,282
Inter-segment revenue	(2,897)	-	-	3,196	1,212	207	(1,718)	-
Segment revenue	229,361	601,908	236,125	76,485	123,474	(4,353)	(1,718)	1,261,282
Overhead expenses including:	(46,998)	(291,720)	(114,099)	(34,190)	(81,241)	(18,245)	1,718	(584,775)
Depreciation of property, plant and equipment	(636)	(16,851)	(1,831)	(748)	(2,932)	(49)	-	(23,047)
Amortisation of computer software license	(707)	(6,407)	(2,481)	(1,195)	(1,517)	-	-	(12,307)
Allowance for impairment on loans, advances and financing	(3,592)	(31,256)	(9,300)	(4,230)	(3,798)	(18)	-	(52,194)
Impairment written back on other assets	2,804	-	-	-	-	-	-	2,804
Profit before taxation	181,575	278,932	112,726	38,065	38,435	(22,616)	-	627,117
Taxation								(152,187)
Net profit for the financial period								474,930

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016 (cont'd)**

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

**Group**

**As at 31 March 2016**

	Corporate Banking	Retail Banking	Business Banking	Group Treasury and Global Markets	Group International Business	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	50,874,306	68,116,718	20,612,294	46,067,714	25,130,626	615,911	-	211,417,569
Deferred tax assets								15,294
Tax recoverable								143,584
Unallocated assets								1,334,608
Total assets								<u>212,911,055</u>
Segment liabilities	47,379,658	42,462,426	21,747,089	54,605,373	18,095,395	9,867	-	184,299,808
Deferred tax liabilities								6,579
Tax liabilities								42,093
Borrowings								738,149
Subordinated obligations								5,410,433
Hybrid Tier-I Capital Securities								603,368
Senior debt securities								3,162,809
Unallocated liabilities								1,024,798
Total liabilities								<u>195,288,037</u>

**As at 31 December 2015**

	Corporate Banking	Retail Banking	Business Banking	Group Treasury and Global Markets	Group International Business	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	50,173,347	68,469,882	19,636,319	51,829,475	26,795,085	659,837	-	217,563,945
Deferred tax assets								74,117
Tax recoverable								117,359
Unallocated assets								1,163,726
Total assets								<u>218,919,147</u>
Segment liabilities	46,093,905	41,169,990	22,216,305	60,030,196	20,742,032	51,207	-	190,303,635
Deferred tax liabilities								5
Tax liabilities								29,768
Borrowings								575,718
Subordinated obligations								5,346,964
Hybrid Tier-I Capital Securities								606,870
Senior debt securities								3,451,380
Unallocated liabilities								1,396,886
Total liabilities								<u>201,711,226</u>



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016**  
**(cont'd)**

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

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

**28 Corporate Proposals/Events Subsequent to Balance Sheet Date**

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

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

(i) Rights Issue

On 21 December 2015, RHB Capital completed its renounceable rights issue, raising a total gross proceeds of RM2.343 billion ('Proceeds').

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

(ii) Internal Reorganisation

On 14 April 2016, RHB Capital completed its Internal Reorganisation which entails the transfer by RHB Capital of its entire equity interests in, and certain assets and liabilities of, its subsidiaries to the Bank ('Identified Assets'), for a total consideration of approximately RM3.61 billion ('Disposal Consideration'). The Disposal Consideration was arrived at based on a 'willing-buyer, willing-seller' basis after taking into consideration the audited net assets/net liabilities and/or the audited net book value of the Identified Assets as extracted from the audited financial statements of the respective subsidiaries of RHB Capital as at 31 December 2014.

The Identified Assets comprise amongst others, the entire equity interest in RHB Investment Bank Berhad (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 Disposal Consideration received by RHB Capital under the Internal Reorganisation has been utilised to repay the bank borrowings of RHB Capital as well as to defray expenses relating to the Internal Reorganisation. Following the completion of the Internal Reorganisation, RHB Capital has also injected an aggregate of approximately RM2.49 billion into the Bank, being the proceeds raised from its Rights Issue exercise and the proceeds arising from the redemption of its investment in RHB Rupiah Liquid Fund as well as excess cash available to date (after setting aside adequate cash to defray any expenses of RHB Capital and for payment of dividends by RHB Capital), in exchange for approximately 447.84 million new RHB Bank ordinary shares of RM1.00 each ('RHB Bank Share') which were issued at an issue price of RM5.56 per RHB Bank Share.

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

(iii) Distribution and Capital Repayment

The Distribution and Capital Repayment will entail the distribution of the entire shareholdings of RHB Capital in the Bank to entitled shareholders of RHB Capital whose names appear in the Record of Depositors on 6 June 2016.

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

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016**  
**(cont'd)**

**28 Corporate Proposals/Events Subsequent to Balance Sheet Date (cont'd)**

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

(iv) Proposed Transfer of Listing Status

The Bank will assume the listing status of RHB Capital. The 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 the Bank on the Main Market of Bursa Securities. The Proposed Transfer of Listing Status can only be effected after the approval of the shareholders of RHB Capital for the Proposed Winding Up of RHB Capital have been obtained at a separate Extraordinary General Meeting ('EGM') to be convened.

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

The inter-conditionally of the Proposals are as follows:

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

**29 Changes in Profit for the Quarter**

During the quarter ended 31 March 2016, the Group recorded a pre-tax profit of RM689.1 million, 45.6% or RM215.7 million higher as compared to the preceding year quarter ended 31 December 2015 of RM473.4 million. The higher profit was contributed by lower impairment allowances for loans, advances and financing by RM175.6 million, lower other operating expenses by RM75.3 million, higher income from Islamic Banking business by RM6.8 million and higher net interest income by RM0.8 million, partially offset by lower other operating income by RM42.3 million and lower impairment written back on other assets by RM0.5 million.

**30 Performance Review**

The Group recorded a pre-tax profit of RM689.1 million, 9.9% or RM62.0 million higher as compared to preceding year corresponding quarter ended 31 March 2015. The higher profit was mainly due to higher net interest income by RM59.7 million, higher income from Islamic Banking business by RM42.7 million and lower other operating expenses by RM12.1 million, partially offset by lower other operating income by RM36.5 million, higher impairment allowances for loans, advances and financing by RM13.5 million and lower impairment written back on other assets by RM2.4 million.

**31 Prospects for Financial Year 2016**

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

Growth in the banking sector is expected to be modest, with slower loan demand, pressure on margins and expectation of deterioration in asset quality.

The Bank has on 14 April 2016 completed the acquisition of the entire equity interests in certain identified subsidiaries (amongst others, RHB Investment Bank Berhad and RHB Insurance Berhad) from RHB Capital Berhad ("RHB Capital"), and certain assets and liabilities of RHB Hartanah Sdn Bhd, for a total consideration of RM3.61 billion.

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

As stated in Note 28, RHB Capital will undergo a capital distribution involving the distribution of the Bank shares to the shareholders of RHB Capital, and the Bank will take over the listing status from RHB Capital. With the proposed distribution which is expected to be completed in the second quarter of 2016, the Bank will effectively be the new holding company of the RHB Banking Group.