



RHB Bank Berhad (6171 - M)

Level 9, Tower One, RHB Centre, Jalan Tun Razak,

50400 Kuala Lumpur, Malaysia

TEL +603 9285 2233 FAX +603 2142 7568

**RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

	Note	2nd Quarter Ended		Six Months Ended	
		30 June	Restated	30 June	Restated
		2016	30 June	2016	30 June
		RM'000	RM'000	RM'000	RM'000
Group					
Interest income	A8	1,950,637	1,950,957	3,970,271	3,963,904
Interest expense	A9	(1,097,938)	(1,139,662)	(2,226,088)	(2,323,566)
Net interest income		852,699	811,295	1,744,183	1,640,338
Other operating income	A10	509,075	491,194	996,207	1,004,817
Income from Islamic Banking business	A29(b)	226,979	212,178	460,209	406,881
Net income		1,588,753	1,514,667	3,200,599	3,052,036
Other operating expenses	A11	(807,933)	(838,530)	(1,584,443)	(1,653,094)
Operating profit before allowances		780,820	676,137	1,616,156	1,398,942
Allowance for impairment on loans, financing and other losses	A12	(59,739)	41,136	(140,070)	(9,407)
Impairment (made)/written back on other assets		(251,987)	7,593	(251,576)	13,697
		469,094	724,866	1,224,510	1,403,232
Share of results of joint ventures		245	40	301	125
Profit before taxation		469,339	724,906	1,224,811	1,403,357
Taxation	B5	(115,765)	(165,439)	(304,597)	(329,291)
Net profit for the financial period		353,574	559,467	920,214	1,074,066
Attributable to:					
- Equity holders of the Bank		350,169	559,026	915,054	1,072,337
- Non-controlling interests		3,405	441	5,160	1,729
		353,574	559,467	920,214	1,074,066
Basic earnings per share (sen)					
- Per RM1.00 per share	B14	8.9	N/A	24.7	N/A
- Per RM0.50 per share	B14	N/A	8.1	N/A	15.7

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)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	2nd Quarter Ended		Six Months Ended	
		Restated		Restated
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
Note	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period	353,574	559,467	920,214	1,074,066
Other comprehensive income/(loss) in respect of:				
(i) Items that will not be reclassified to profit or loss:				
- Actuarial gain/(loss) on defined benefit plan of subsidiaries	(6)	54	342	229
(ii) Items that will be reclassified subsequently to profit or loss:				
(a) Foreign currency translation reserves				
- Currency translation differences	140,716	74,288	(169,302)	220,318
- Net investment hedge	(15,773)	-	22,351	-
(b) Unrealised net gain on revaluation of financial investments available-for-sale ('AFS')	121,734	20,157	306,346	125,777
(c) Net transfer to income statements on disposal or impairment of financial investments AFS	53,812	(25,762)	37,199	(45,072)
Income tax relating to components of other comprehensive (income)/loss	(42,235)	1,416	(82,700)	(20,373)
Other comprehensive income, net of tax, for the financial period	258,248	70,153	114,236	280,879
Total comprehensive income for the financial period	611,822	629,620	1,034,450	1,354,945
Total comprehensive income attributable to:				
- Equity holders of the Bank	606,570	629,212	1,030,050	1,353,212
- Non-controlling interests	5,252	408	4,400	1,733
	611,822	629,620	1,034,450	1,354,945

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RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Note	2nd Quarter Ended		Six Months Ended	
			Restated		Restated
		30 June 2016	30 June 2015	30 June 2016	30 June 2015
		RM'000	RM'000	RM'000	RM'000
Bank					
Interest income	A8	1,896,352	1,870,468	3,852,243	3,780,693
Interest expense	A9	(1,067,479)	(1,072,444)	(2,147,861)	(2,167,925)
Net interest income		828,873	798,024	1,704,382	1,612,768
Other operating income	A10	225,268	255,807	473,317	516,842
Net income		1,054,141	1,053,831	2,177,699	2,129,610
Other operating expenses	A11	(505,689)	(548,351)	(1,008,139)	(1,074,537)
Operating profit before allowances		548,452	505,480	1,169,560	1,055,073
Allowance for impairment on loans, advances and financing	A12	(47,139)	49,185	(81,728)	19,984
Impairment (made)/written back on other assets		(251,464)	3,786	(251,053)	6,590
Profit before taxation		249,849	558,451	836,779	1,081,647
Taxation	B5	(68,022)	(134,364)	(218,453)	(268,146)
Net profit for the financial period		181,827	424,087	618,326	813,501

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)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	2nd Quarter Ended		Six Months Ended	
		Restated		Restated
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
Note	RM'000	RM'000	RM'000	RM'000
Bank				
Net profit for the financial period	181,827	424,087	618,326	813,501
Other comprehensive income/(loss) in respect of:				
(i) Items that will be reclassified subsequently to profit or loss:				
(a) Foreign currency translation reserves				
- Currency translation differences	62,616	37,234	(45,632)	91,386
(b) Unrealised net gain on revaluation of financial investments AFS	95,185	15,763	224,178	81,206
(c) Net transfer to income statements on disposal or impairment of financial investments AFS	55,312	(22,915)	39,851	(38,110)
Income tax relating to components of other comprehensive (income)/loss	(36,119)	1,788	(63,367)	(10,774)
Other comprehensive income, net of tax, for the financial period	176,994	31,870	155,030	123,708
Total comprehensive income for the financial period	358,821	455,957	773,356	937,209

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)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	Group		Bank	
		As at	Restated	As at	Restated
		30 June	31 December	30 June	31 December
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		13,307,519	12,881,395	10,952,779	8,213,683
Securities purchased under resale agreements		1,587,933	188,380	1,579,875	165,153
Deposits and placements with banks and other financial institutions		1,887,920	1,199,032	9,714,884	9,782,274
Financial assets at fair value through profit or loss ('FVTPL')	A13	1,567,982	1,626,137	419,000	606,428
Financial investments available-for-sale ('AFS')	A14	23,720,942	24,738,795	17,614,450	18,166,278
Financial investments held-to-maturity ('HTM')	A15	19,380,297	20,532,236	16,735,200	18,876,308
Loans, advances and financing	A16	149,862,372	149,579,973	109,213,883	110,991,554
Clients' and brokers' balances		2,841,571	1,654,213	-	-
Reinsurance assets		400,824	371,238	-	-
Other assets	A17	1,785,715	2,478,704	1,883,418	2,219,507
Derivative assets	B8	2,299,952	3,102,389	2,329,176	3,060,699
Statutory deposits		4,207,122	5,272,230	2,902,241	3,719,819
Tax recoverable		232,071	166,052	162,621	116,870
Deferred tax assets		35,163	114,228	-	57,991
Investments in associates and joint ventures		15,198	15,764	-	-
Investments in subsidiaries		-	-	5,240,659	5,240,659
Property, plant and equipment		1,008,939	1,041,583	747,172	766,910
Goodwill		2,649,306	2,649,306	905,519	905,519
Intangible assets		358,847	326,692	293,779	261,128
TOTAL ASSETS		227,149,673	227,938,347	180,694,656	183,150,780
LIABILITIES					
Deposits from customers	A18/B7(a)	164,141,082	158,157,840	127,843,521	123,250,716
Deposits and placements of banks and other financial institutions	A19/B7(a)	17,259,472	20,645,860	14,350,822	19,365,704
Obligations on securities sold under repurchase agreements		2,337,199	4,906,214	4,781,070	4,735,645
Obligations on securities borrowed		-	12,202	-	-
Bills and acceptances payable		359,840	626,399	224,386	482,056
Clients' and brokers' balances		2,449,071	1,348,728	-	-
General insurance contract liabilities		906,112	870,884	-	-
Other liabilities	A20	2,193,759	6,674,454	1,277,307	5,846,654
Derivative liabilities	B8	2,491,682	3,089,781	2,494,797	2,997,719
Recourse obligation on loans sold to Cagamas Berhad		3,030,784	3,127,656	2,131,543	2,144,896
Tax liabilities		59,793	37,238	-	-
Deferred tax liabilities		36,879	11,332	33,419	-
Borrowings	B7(b)	996,145	788,250	756,619	575,718
Subordinated obligations	B7(c)	5,794,644	5,895,786	4,843,959	4,843,845
Hybrid Tier-I Capital Securities	B7(d)	601,914	601,856	606,927	606,870
Senior debt securities	B7(e)	3,237,352	3,451,380	3,237,352	3,451,380
TOTAL LIABILITIES		205,895,728	210,245,860	162,581,722	168,301,203

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RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2016

	Note	Group		Bank	
		As at	Restated	As at	Restated
		30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
EQUITY					
Share capital		4,010,045	3,460,585	4,010,045	3,460,585
Reserves		17,153,620	14,207,284	14,102,889	11,388,992
Equity attributable to holders of the Bank		21,163,665	17,667,869	18,112,934	14,849,577
Non-controlling interests ('NCI')		90,280	24,618	-	-
TOTAL EQUITY		21,253,945	17,692,487	18,112,934	14,849,577
TOTAL LIABILITIES AND EQUITY		227,149,673	227,938,347	180,694,656	183,150,780
COMMITMENTS AND CONTINGENCIES	A25(a)	177,932,254	186,762,170	173,326,918	178,724,173
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK (RM)					
- Per RM1.00 per share		5.28	N/A	4.52	N/A
- Per RM0.50 per share		N/A	2.55	N/A	2.15

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RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2016

Group	Note	Attributable to equity holders of the Bank							Total Shareholders' Equity	Non-controlling Interests	Total Equity	
		Share Capital	Share Premium	Statutory Reserves	Regulatory Reserves	AFS Reserves	Translation Reserves	Other Reserves				Retained Profits
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2016												
- As previously reported		3,460,585	478,517	4,159,330	549,517	115,164	582,755	-	7,862,053	17,207,921	-	17,207,921
- Effect of predecessor accounting on acquisition of subsidiaries	B12	-	-	368,104	40,120	11,176	129,249	23,331	(112,032)	459,948	24,618	484,566
- As restated		3,460,585	478,517	4,527,434	589,637	126,340	712,004	23,331	7,750,021	17,667,869	24,618	17,692,487
Net profit for the financial period		-	-	-	-	-	-	-	915,054	915,054	5,160	920,214
Foreign currency translation reserves:												
- Currency translation differences		-	-	-	-	-	(168,480)	-	-	(168,480)	(822)	(169,302)
- Net investment hedge		-	-	-	-	-	22,351	-	-	22,351	-	22,351
Financial investments AFS:												
- Unrealised net gain on revaluation		-	-	-	-	306,286	-	-	-	306,286	60	306,346
- Net transfer to income statements on disposal or impairment		-	-	-	-	37,199	-	-	-	37,199	-	37,199
Actuarial gain on defined benefit plan of subsidiaries		-	-	-	-	-	-	-	339	339	3	342
Income tax relating to components of other comprehensive income		-	-	-	-	(82,614)	-	-	(85)	(82,699)	(1)	(82,700)
Other comprehensive income/(loss), net of tax, for the financial period		-	-	-	-	260,871	(146,129)	-	254	114,996	(760)	114,236
Total comprehensive income/(loss) for the financial period		-	-	-	-	260,871	(146,129)	-	915,308	1,030,050	4,400	1,034,450
Shares issued pursuant to:												
- Rights issue via recapitalisation of dividend	A6(a)(ii)	101,618	463,382	-	-	-	-	-	-	565,000	-	565,000
- Rights issue	A6(a)(iii)	447,842	2,042,159	-	-	-	-	-	-	2,490,001	-	2,490,001
Dividends paid:												
- By the Bank		-	-	-	-	-	-	-	(565,000)	(565,000)	-	(565,000)
- By subsidiaries to the former holding company and NCI		-	-	-	-	-	-	-	(23,675)	(23,675)	(1,325)	(25,000)
Transfer to statutory reserves		-	-	191,873	-	-	-	-	(191,873)	-	-	-
Transfer to regulatory reserves		-	-	-	40,472	-	-	-	(40,472)	-	-	-
Dilution of interest in a subsidiary		-	-	-	-	-	-	-	(580)	(580)	580	-
Contribution by NCI		-	-	-	-	-	-	-	-	-	62,007	62,007
Balance as at 30 June 2016		4,010,045	2,984,058	4,719,307	630,109	387,211	565,875	23,331	7,843,729	21,163,665	90,280	21,253,945

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RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2016

Group	Attributable to equity holders of the Bank								Total Shareholders' Equity	Non-controlling Interests	Total Equity
	Share Capital	Share Premium	Statutory Reserves	Regulatory Reserves	AFS Reserves	Translation Reserves	Other Reserves	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2015											
- As previously reported	3,365,486	136,162	4,031,903	-	190,465	135,471	-	7,575,176	15,434,663	-	15,434,663
- Effect of predecessor accounting on acquisition of subsidiaries	-	-	341,104	-	2,491	31,880	23,331	(133,133)	265,673	22,034	287,707
- As restated	3,365,486	136,162	4,373,007	-	192,956	167,351	23,331	7,442,043	15,700,336	22,034	15,722,370
Net profit for the financial period	-	-	-	-	-	-	-	1,072,337	1,072,337	1,729	1,074,066
Foreign currency translation reserves:											
- Currency translation differences	-	-	-	-	-	220,275	-	-	220,275	43	220,318
Financial investments AFS:											
- Unrealised net gain/(loss) on revaluation	-	-	-	-	125,817	-	-	-	125,817	(40)	125,777
- Net transfer to income statements on disposal or impairment	-	-	-	-	(45,072)	-	-	-	(45,072)	-	(45,072)
Actuarial gain on defined benefit plan of subsidiaries	-	-	-	-	-	-	-	227	227	2	229
Income tax relating to components of other comprehensive income	-	-	-	-	(20,315)	-	-	(57)	(20,372)	(1)	(20,373)
Other comprehensive income, net of tax, for the financial period	-	-	-	-	60,430	220,275	-	170	280,875	4	280,879
Total comprehensive income for the financial period	-	-	-	-	60,430	220,275	-	1,072,507	1,353,212	1,733	1,354,945
Issuance of rights issue via recapitalisation of dividend	95,099	342,355	-	-	-	-	-	-	437,454	-	437,454
Dividends paid:											
- By the Bank	-	-	-	-	-	-	-	(583,272)	(583,272)	-	(583,272)
- By subsidiaries to the former holding company and NCI	-	-	-	-	-	-	-	(30,891)	(30,891)	(1,325)	(32,216)
Transfer to statutory reserves	-	-	63,295	-	-	-	-	(63,295)	-	-	-
Transfer to regulatory reserves	-	-	-	507,157	-	-	-	(507,157)	-	-	-
Accretion of interest in a subsidiary	-	-	-	-	-	-	-	5	5	(5)	-
Balance as at 30 June 2015	3,460,585	478,517	4,436,302	507,157	253,386	387,626	23,331	7,329,940	16,876,844	22,437	16,899,281

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RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2016

Bank	Note	Non-Distributable				Distributable		Total Equity
		Share Capital	Share Premium	Statutory Reserves	Regulatory Reserves	AFS Reserves	Translation Reserves	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2016								
- As previously reported		3,460,585	478,517	3,478,138	385,494	157,184	348,473	6,537,779
- Effect of predecessor accounting on acquisition of subsidiaries	B12							3,407
- As restated		3,460,585	478,517	3,478,138	385,494	157,184	348,473	6,541,186
Net profit for the financial period		-	-	-	-	-	-	618,326
Foreign currency translation reserves:								
- Currency translation differences		-	-	-	-	-	(45,632)	(45,632)
Financial investments AFS:								
- Unrealised net gain on revaluation		-	-	-	-	224,178	-	224,178
- Net transfer to income statements on disposal or impairment		-	-	-	-	39,851	-	39,851
Income tax relating to components of other comprehensive income		-	-	-	-	(63,367)	-	(63,367)
Other comprehensive income/(loss), net of tax, for the financial period		-	-	-	-	200,662	(45,632)	-
Total comprehensive income/(loss) for the financial period		-	-	-	-	200,662	(45,632)	618,326
Shares issued pursuant to:								
- Rights issue via recapitalisation of dividend	A6(a)(ii)	101,618	463,382	-	-	-	-	565,000
- Rights issue	A6(a)(iii)	447,842	2,042,159	-	-	-	-	2,490,001
Dividends paid		-	-	-	-	-	-	(565,000)
Transfer to statutory reserves		-	-	154,582	-	-	-	(154,582)
Transfer to regulatory reserves		-	-	-	14,054	-	-	(14,054)
Balance as at 30 June 2016		4,010,045	2,984,058	3,632,720	399,548	357,846	302,841	6,425,876
								18,112,934

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RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	←		Non-Distributable			→		Total Equity
	Share Capital	Share Premium	Statutory Reserves	Regulatory Reserves	AFS Reserves	Translation Reserves	Distributable Retained Profits	
Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2015								
- As previously reported	3,365,486	136,162	3,478,138	-	219,930	109,350	6,377,265	13,686,331
- Effect of predecessor accounting on acquisition of subsidiaries							(1,253)	(1,253)
- As restated	3,365,486	136,162	3,478,138	-	219,930	109,350	6,376,012	13,685,078
Net profit for the financial period	-	-	-	-	-	-	813,501	813,501
Foreign currency translation reserves:								
- Currency translation differences	-	-	-	-	-	91,386	-	91,386
Financial investments AFS:								
- Unrealised net gain on revaluation	-	-	-	-	81,206	-	-	81,206
- Net transfer to income statements on disposal or impairment	-	-	-	-	(38,110)	-	-	(38,110)
Income tax relating to components of other comprehensive income	-	-	-	-	(10,774)	-	-	(10,774)
Other comprehensive income, net of tax, for the financial period	-	-	-	-	32,322	91,386	-	123,708
Total comprehensive income for the financial period	-	-	-	-	32,322	91,386	813,501	937,209
Issuance of rights issue via recapitalisation of dividend	95,099	342,355	-	-	-	-	-	437,454
Dividends paid	-	-	-	-	-	-	(583,272)	(583,272)
Transfer to regulatory reserves	-	-	-	348,551	-	-	(348,551)	-
Balance as at 30 June 2015	3,460,585	478,517	3,478,138	348,551	252,252	200,736	6,257,690	14,476,469

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RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six Months Ended	
	30 June 2016	Restated 30 June 2015
	RM'000	RM'000
Group		
Cash flows from operating activities		
Profit before taxation	1,224,811	1,403,357
Adjustments for:		
Allowance for impairment on loans, financing and other losses	276,122	141,391
Property, plant and equipment:		
- Depreciation	59,185	60,541
- Gain on disposal	(1,662)	(6,508)
- Written off	113	29
- Impairment losses written back	-	(32)
Intangible assets:		
- Amortisation	33,469	37,029
Net impairment made/(written back) on financial investments AFS and HTM	251,575	(13,664)
Share of results of joint ventures	(301)	(125)
Net gain arising from sale/redemption of financial assets FVTPL, financial investments AFS and HTM	(42,465)	(65,300)
Net gain on fair value hedges	(15,892)	(10,790)
Net unrealised loss/(gain) on revaluation of financial assets FVTPL and derivatives	(163,399)	311,144
Net unrealised foreign exchange loss/(gain)	359,706	(126,808)
Gross dividend income from financial assets FVTPL and financial investments AFS	(24,550)	(27,159)
Amortisation of premium/(Accretion of discount) for borrowings, subordinated obligations and Hybrid Tier-I Capital Securities	399	(133)
Interest income from financial assets FVTPL, financial investments AFS and HTM	(708,967)	(703,829)
Investment income from financial assets FVTPL, financial investments AFS and HTM	(109,152)	(100,192)
Operating profit before working capital changes	<u>1,138,992</u>	<u>898,949</u>
(Increase)/Decrease in operating assets:		
Securities purchased under resale agreements	(1,452,406)	(142,255)
Deposits and placements with banks and other financial institutions	(709,339)	(421,315)
Financial assets FVTPL	96,910	(378,114)
Loans, advances and financing	(883,154)	(1,690,161)
Clients' and brokers' balances	(1,187,358)	(592,225)
Other assets	658,798	(110,956)
Statutory deposits	<u>1,047,581</u>	<u>45,616</u>
	<u>(2,428,968)</u>	<u>(3,289,411)</u>
Increase/(Decrease) in operating liabilities:		
Deposits from customers	6,310,075	(785,646)
Deposits and placements of banks and other financial institutions	(3,341,721)	(1,475,366)
Obligations on securities sold under repurchase agreements	(2,569,015)	2,233,563
Obligations on securities borrowed	(12,202)	(71,036)
Bills and acceptances payable	(265,619)	815,143
Clients' and brokers' balances	1,100,343	617,717
Other liabilities	(948,377)	(62,851)
Recourse obligation on loans sold to Cagamas	(96,872)	(93,700)
	<u>176,612</u>	<u>1,177,824</u>
Cash used in operations	<u>(1,113,364)</u>	<u>(1,212,638)</u>
Net tax paid	<u>(328,118)</u>	<u>(377,349)</u>
Net cash used in operating activities	<u>(1,441,482)</u>	<u>(1,589,987)</u>

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



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six Months Ended	
	30 June 2016	Restated 30 June 2015
	RM'000	RM'000
Group		
Cash flows from investing activities		
Net proceeds from disposal/(purchase) of financial investments AFS and HTM	2,153,212	(69,707)
Property, plant and equipment:		
- Purchase	(34,459)	(41,490)
- Proceeds from disposal	4,252	8,759
Intangible assets:		
- Purchase	(66,852)	(67,242)
Financial investments AFS and HTM:		
- Interest received	712,142	697,123
- Investment income received	102,256	97,989
Dividend income received from financial assets FVTPL and financial investments AFS	24,550	27,159
Cash outflow arising from internal reorganisation	(3,614,753)	-
Net cash (used in)/generated from investing activities	<u>(719,652)</u>	<u>652,590</u>
Cash flows from financing activities		
Net drawdown/(repayment) of borrowings	264,097	(74,322)
Contributions by NCI	62,007	-
Redemption of subordinated notes	(100,000)	(900,000)
Proceeds from issuance of subordinated notes	-	700,000
Dividends paid to equity holders of the Bank	(565,000)	(583,272)
Dividends paid by subsidiaries arising from effect of predecessor accounting	(25,000)	(32,216)
Proceeds from issuance of share capital	3,055,001	437,454
Net cash generated from/(used in) financing activities	<u>2,691,105</u>	<u>(452,356)</u>
Net increase/(decrease) in cash and cash equivalents	529,971	(1,389,752)
Effects of exchange rate differences	(103,847)	216,589
Cash and cash equivalents:		
- at the beginning of the financial period	12,881,395	16,049,927
- at the end of the financial period	<u>13,307,519</u>	<u>14,876,764</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>13,307,519</u>	14,876,764
	<u>13,307,519</u>	<u>14,876,764</u>

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



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six Months Ended	
	30 June 2016	Restated 30 June 2015
	RM'000	RM'000
Bank		
Cash flows from operating activities		
Profit before taxation	836,779	1,081,647
Adjustments for:		
Allowance for impairment on loans, financing and other losses	210,230	103,390
Property, plant and equipment:		
- Depreciation	41,310	41,656
- Gain on disposal	(1,611)	(6,483)
- Written off	22	6
Intangible assets:		
- Amortisation	24,619	23,755
Net impairment made/(written back) on financial investments AFS and HTM	251,053	(6,590)
Net gain arising from sale/redemption of financial assets FVTPL, financial investments AFS and HTM	(44,375)	(44,040)
Net gain on fair value hedges	(122)	(39)
Net unrealised gain on revaluation of financial assets FVTPL and derivatives	(63,618)	(18,784)
Net unrealised foreign exchange loss/(gain)	286,471	(79,215)
Gross dividend income from financial investments AFS	(3,371)	(3,371)
Amortisation of premium for borrowings, subordinated obligations and Hybrid Tier-I Capital Securities	695	739
Interest income from financial assets FVTPL, financial investments AFS and HTM	(641,880)	(605,262)
Operating profit before working capital changes	<u>896,202</u>	<u>487,409</u>
Decrease/(Increase) in operating assets:		
Securities purchased under resale agreements	(1,417,314)	(255,381)
Deposits and placements with banks and other financial institutions	66,629	(623,565)
Financial assets FVTPL	214,799	(547,416)
Loans, advances and financing	1,343,921	384,829
Other assets	336,089	(399,388)
Statutory deposits	814,899	74,963
	<u>1,359,023</u>	<u>(1,365,957)</u>
(Decrease)/Increase in operating liabilities:		
Deposits from customers	2,514,140	(2,757,662)
Deposits and placements of banks and other financial institutions	(4,991,976)	(1,568,263)
Obligations on securities sold under repurchase agreements	45,425	2,252,472
Bills and acceptances payable	(256,730)	1,237,267
Other liabilities	1,233,690	211,839
Recourse obligation on loans sold to Cagamas	(13,353)	(11,470)
	<u>(1,468,804)</u>	<u>(635,816)</u>
Cash generated from/(used in) operations	786,421	(1,514,365)
Net tax paid	(236,451)	(265,625)
Net cash generated from/(used in) operating activities	<u>549,970</u>	<u>(1,779,990)</u>

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



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six Months Ended	
	30 June 2016	Restated 30 June 2015
	RM'000	RM'000
Bank		
Cash flows from investing activities		
Net proceeds from disposal of financial investments AFS and HTM	2,595,746	662,020
Property, plant and equipment:		
- Purchase	(24,529)	(28,831)
- Proceeds from disposal	3,984	8,219
Intangible assets:		
- Purchase	(57,940)	(52,558)
Interest received from financial investments AFS and HTM	637,392	600,703
Dividend income received from financial assets FVTPL and financial investments AFS	3,371	3,371
Cash outflow arising from internal reorganisation	(3,614,753)	-
Additional share subscription/investment in a subsidiary	-	(54,375)
Net cash (used in)/generated from investing activities	<u>(456,729)</u>	<u>1,138,550</u>
Cash flows from financing activities		
Net drawdown/(repayment) of borrowings	209,823	(247,624)
Proceeds from issuance of share capital	3,055,001	437,454
Redemption of subordinated obligations	-	(200,000)
Dividends paid to equity holders of the Bank	(565,000)	(583,272)
Net cash generated from/(used in) financing activities	<u>2,699,824</u>	<u>(593,442)</u>
Net increase/(decrease) in cash and cash equivalents	2,793,065	(1,234,882)
Effects of exchange rate differences	(53,969)	112,918
Cash and cash equivalents:		
- at the beginning of the financial period	8,213,683	11,493,133
- at the end of the financial period	<u>10,952,779</u>	<u>10,371,169</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>10,952,779</u>	<u>10,371,169</u>
	<u>10,952,779</u>	<u>10,371,169</u>

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



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

A1. Basis Of Preparation

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

The Group and the Bank have completed the acquisition of the entire equity interests in, and certain assets and liabilities of, selected subsidiaries from the former holding company, RHB Capital Berhad as disclosed in Note B11.

The Group and the Bank have applied the predecessor accounting to account for the above business combinations under common control. Under the predecessor accounting, assets and liabilities acquired are not restated to their respective fair values but at the carrying amounts from the consolidated financial statements of the former holding company of the Bank and adjusted to ensure uniform accounting policies of the Group and the Bank. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities (as of the date of the transaction) of the acquired entity is recorded as an adjustment to retained earnings. No additional goodwill is recognised.

The acquired subsidiaries' results, assets and liabilities are consolidated from the date on which the business combination under common control occurred. Consequently, the consolidated financial statements reflect all subsidiaries' full years results. The corresponding amounts for the previous year reflect the combined results of all subsidiaries.

Certain comparative financial information of the Group and the Bank have been restated arising from the business combination above and the restatement are as disclosed in Note B12.

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:

(a) Applicable accounting policies arising from the newly acquired subsidiaries

Arising from the acquisition of subsidiaries as disclosed in Note B11, the following are the applicable accounting policies adopted by the Group during the current financial year:

- MFRS 4 'Insurance Contracts'
- MFRS 118 'Revenue' on revenue recognition for investment banking and insurance related income
- MFRS 128 'Investments in Associates and Joint Ventures'

The adoption of the above applicable accounting policies have been accounted for accordingly in the comparative and current financial information of the Group and the Bank.

(b) Annual improvements 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 do not give rise to any material financial impact to the Group and the Bank.



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

A2 Auditors' Report

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

A3 Seasonal Or Cyclical Factors

The business operations of the Group and the Bank 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 six months ended 30 June 2016.

A5 Changes In Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the six months ended 30 June 2016.

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 six months ended 30 June 2016, other than as disclosed below:

(a) Changes in equity securities

- (i) 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 6,921,170,061 to 3,460,585,030.
- (ii) On 7 April 2016, the Bank has increased its issued and paid-up share capital from RM3,460,585,030 to RM3,562,203,735 via the issuance of 101,618,705 new ordinary shares of RM1.00 each at an issue price of RM5.56 per share pursuant to the recapitalisation of the interim dividend for the financial year ended 31 December 2015 as disclosed in Note A7 below.
- (iii) On 14 April 2016, the Bank has increased its issued and paid-up share capital from RM3,562,203,735 to RM4,010,045,621 via the issuance of 447,841,886 new ordinary shares of RM1.00 each at an issue price of RM5.56 per share pursuant to the capital injection by the former holding company, RHB Capital Berhad of RM2.49 billion as disclosed in Note B11.

(b) Changes in debt securities

- (i) On 15 April 2016, RHB Investment Bank Berhad ('RHB Investment Bank'), the investment bank subsidiary, has fully redeemed its existing subordinated notes of RM100 million in nominal value issued on 15 April 2011.

A7. Dividends Paid and Proposed Dividend

During the six months ended 30 June 2016, the Bank has paid an interim single-tier dividend of 16.3267 sen per RM1.00 share in respect of the financial year ended 31 December 2015, amounting to RM565,000,000, on 7 April 2016. The entire dividend amount has been recapitalised into the Bank, as disclosed in Note A6(a)(ii), to preserve its capital adequacy for business growth purposes.

The Board of Directors have proposed to declare an interim single-tier dividend of 5 sen per share in respect of the financial year ending 31 December 2016, amounting to RM200.5 million. The payment date of this interim dividend will be determined later.



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

A8. Interest Income

Group	2nd Quarter Ended		Six Months Ended	
	30 June	Restated	30 June	Restated
	2016	30 June	30 June	30 June
	RM'000	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Loans and advances	1,573,469	1,563,349	3,189,476	3,146,581
Money at call and deposits and placements with banks and other financial institutions	24,800	33,034	49,585	102,550
Securities purchased under resale agreements	848	748	1,168	1,115
Financial assets FVTPL	6,110	15,827	11,422	27,387
Financial investments AFS	166,766	159,765	342,878	318,801
Financial investments HTM	170,157	171,785	354,667	354,206
Others	8,487	6,449	21,075	13,264
	1,950,637	1,950,957	3,970,271	3,963,904
Of which:				
Interest income accrued on impaired financial assets	39,455	36,590	79,125	88,778
Bank				
Loans and advances	1,473,270	1,478,761	2,985,561	2,974,564
Money at call and deposits and placements with banks and other financial institutions	107,193	86,087	214,990	194,673
Securities purchased under resale agreements	848	748	1,168	1,115
Financial assets FVTPL	6,006	15,791	11,179	26,853
Financial investments AFS	142,734	123,386	290,605	241,448
Financial investments HTM	162,936	163,121	340,096	336,961
Others	3,365	2,574	8,644	5,079
	1,896,352	1,870,468	3,852,243	3,780,693
Of which:				
Interest income accrued on impaired financial assets	33,220	30,607	67,345	76,272



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

A9. Interest Expense

Group	2nd Quarter Ended		Six Months Ended	
	30 June	Restated	30 June	Restated
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	85,066	108,568	188,388	236,664
Deposits from customers	864,063	879,359	1,726,346	1,786,044
Obligations on securities sold under repurchase agreements	14,283	11,967	41,051	15,864
Recourse obligation on loans sold to Cagamas	24,430	24,699	48,731	49,036
Subordinated obligations	62,673	64,514	126,440	131,439
Senior debt securities	25,688	23,508	51,951	46,935
Hybrid Tier-I Capital Securities	11,258	11,251	22,513	22,375
Borrowings	4,397	3,734	7,062	8,187
Others	6,080	12,062	13,606	27,022
	1,097,938	1,139,662	2,226,088	2,323,566
Bank				
Deposits and placements of banks and other financial institutions	75,426	82,567	169,493	175,162
Deposits from customers	838,153	847,697	1,669,955	1,712,712
Obligations on securities sold under repurchase agreements	26,672	11,968	53,591	15,418
Recourse obligation on loans sold to Cagamas	24,430	24,699	48,731	49,036
Subordinated obligations	57,317	57,578	114,632	117,006
Senior debt securities	25,688	23,508	51,951	46,935
Hybrid Tier-I Capital Securities	11,342	11,336	22,681	22,543
Borrowings	2,720	1,403	3,946	2,844
Others	5,731	11,688	12,881	26,269
	1,067,479	1,072,444	2,147,861	2,167,925



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

A10. Other Operating Income

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2016 RM'000	Restated 30 June 2015 RM'000	30 June 2016 RM'000	Restated 30 June 2015 RM'000
Fee income				
- Service charges and fees	50,764	54,015	100,111	119,231
- Commission	35,494	38,554	68,218	74,169
- Guarantee fees	13,671	14,288	49,586	39,532
- Commitment fees	12,122	15,049	24,146	29,403
- Net brokerage income	70,657	87,930	146,967	174,366
- Fund management fees	52,159	31,469	94,148	57,682
- Unit trust fee income	13,959	24,395	23,125	36,405
- Corporate advisory fees	24,987	9,749	50,176	24,072
- Underwriting and arrangement fees	10,448	25,747	17,665	43,106
- Other fee income	12,309	14,845	30,907	34,037
	296,570	316,041	605,049	632,003
Net gain arising from financial assets FVTPL				
- Net gain on disposal	6,658	17,246	7,902	18,159
- Unrealised net gain/(loss) on revaluation	4,031	(11,417)	17,004	(2,131)
- Gross dividend income	2,950	2,295	6,914	11,468
	13,639	8,124	31,820	27,496
Net gain/(loss) on revaluation of derivatives	11,746	(17,305)	17,722	(4,050)
Net gain on fair values hedges	3,074	2,676	15,892	10,790
Net gain arising from financial investments AFS				
- Net gain on disposal	14,019	22,579	31,025	42,493
- Gross dividend income	10,828	9,952	17,636	15,691
	24,847	32,531	48,661	58,184
Net gain arising from financial investments HTM				
- Net gain on early redemption	46	249	72	249
Other income				
Foreign exchange gain/(loss):				
- Realised	(119,805)	97,891	502,918	39,495
- Unrealised	208,712	(1,732)	(366,287)	129,092
Insurance underwriting surplus before management expenses	52,386	27,874	100,796	65,988
Gain on disposal of property, plant and equipment	35	6,454	1,662	6,508
Rental income	1,299	323	1,902	585
Other operating income	14,362	15,350	31,073	35,019
Other non-operating income	2,164	2,718	4,927	3,458
	159,153	148,878	276,991	280,145
	509,075	491,194	996,207	1,004,817



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

A10. Other Operating Income (continued)

	2nd Quarter Ended		Six Months Ended	
	30 June 2016	Restated 30 June 2015	30 June 2016	Restated 30 June 2015
	RM'000	RM'000	RM'000	RM'000
Bank				
Fee income				
- Service charges and fees	48,004	49,021	93,575	110,914
- Commission	36,837	43,996	72,602	81,689
- Guarantee fees	12,895	13,827	46,438	36,096
- Commitment fees	11,440	12,130	22,791	24,509
- Other fee income	4,674	4,737	9,681	9,672
	<u>113,850</u>	<u>123,711</u>	<u>245,087</u>	<u>262,880</u>
Net gain/(loss) arising from financial assets FVTPL				
- Net gain on disposal	3,971	5,702	14,931	5,702
- Unrealised net (loss)/gain on revaluation	(165)	(11,107)	1,261	2,797
	<u>3,806</u>	<u>(5,405)</u>	<u>16,192</u>	<u>8,499</u>
Net (loss)/gain on revaluation of derivatives	(1,487)	(1,080)	(6,467)	2,269
Net (loss)/gain on fair values hedges	(29)	(85)	122	39
Net gain arising from financial investments AFS				
- Net gain on disposal	13,911	22,914	29,372	38,110
- Gross dividend income	3,371	3,371	3,371	3,371
	<u>17,282</u>	<u>26,285</u>	<u>32,743</u>	<u>41,481</u>
Net gain arising from financial investments HTM				
- Net gain on early redemption	46	228	72	228
	<u>46</u>	<u>228</u>	<u>72</u>	<u>228</u>
Other income				
Foreign exchange (loss)/gain:				
- Realised	(134,588)	144,071	434,562	78,941
- Unrealised	208,488	(55,053)	(286,471)	79,215
Gain on disposal of property, plant and equipment	-	6,461	1,611	6,483
Rental income	3,042	2,351	5,455	4,864
Other operating income	14,508	13,035	27,824	30,310
Other non-operating income	350	1,288	2,587	1,633
	<u>91,800</u>	<u>112,153</u>	<u>185,568</u>	<u>201,446</u>
	<u>225,268</u>	<u>255,807</u>	<u>473,317</u>	<u>516,842</u>



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

A11. Other Operating Expenses

	2nd Quarter Ended		Six Months Ended	
	30 June	Restated	30 June	Restated
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Group				
Personnel costs				
- Salaries, allowances and bonuses	355,885	405,292	710,708	813,282
- Defined contribution plan	50,934	56,308	100,487	110,451
- Other staff related costs	35,325	35,366	62,158	75,126
	<u>442,144</u>	<u>496,966</u>	<u>873,353</u>	<u>998,859</u>
Establishment costs				
- Property, plant and equipment:				
- Depreciation	29,231	28,247	59,185	60,541
- Written off	29	13	113	29
- Intangible assets:				
- Amortisation	16,819	18,671	33,469	37,029
- Rental of premises	41,654	37,468	81,107	74,569
- Rental of equipment	2,874	3,582	7,079	6,349
- Insurance	7,440	13,076	16,253	20,808
- Water and electricity	8,992	10,452	17,778	21,363
- Repair and maintenance	9,159	7,813	16,431	16,642
- Security and escorting expenses	11,948	12,517	24,862	24,913
- Information technology expenses	52,560	38,910	99,348	79,965
- Others	3,750	3,659	7,202	7,302
	<u>184,456</u>	<u>174,408</u>	<u>362,827</u>	<u>349,510</u>
Marketing expenses				
- Sales commission	28,205	34,826	54,089	62,764
- Advertisement and publicity	10,835	15,160	22,079	23,413
- Others	42,312	38,569	75,268	64,341
	<u>81,352</u>	<u>88,555</u>	<u>151,436</u>	<u>150,518</u>
Administration and general expenses				
- Communication expenses	45,576	38,581	87,150	77,066
- Legal and professional fee	6,246	7,207	11,089	12,794
- Others	48,159	32,813	98,588	64,347
	<u>99,981</u>	<u>78,601</u>	<u>196,827</u>	<u>154,207</u>
	<u>807,933</u>	<u>838,530</u>	<u>1,584,443</u>	<u>1,653,094</u>



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A11. Other Operating Expenses (continued)

	2nd Quarter Ended		Six Months Ended	
	30 June 2016	Restated 30 June 2015	30 June 2016	Restated 30 June 2015
	RM'000	RM'000	RM'000	RM'000
Bank				
Personnel costs				
- Salaries, allowances and bonuses	244,826	285,485	497,008	560,441
- Defined contribution plan	37,961	42,737	76,256	84,781
- Other staff related costs	25,326	24,308	48,084	49,785
	<u>308,113</u>	<u>352,530</u>	<u>621,348</u>	<u>695,007</u>
Establishment costs				
- Property, plant and equipment:				
- Depreciation	20,395	18,917	41,310	41,656
- Written off	19	4	22	6
- Intangible assets:				
- Amortisation	12,413	12,247	24,619	23,755
- Rental of premises	27,805	26,487	55,372	52,616
- Rental of equipment	3,509	1,829	6,361	3,326
- Insurance	6,365	12,286	15,303	20,608
- Water and electricity	5,995	5,785	11,740	12,354
- Repair and maintenance	6,397	5,385	11,832	12,051
- Security and escorting expenses	12,188	13,137	25,029	26,014
- Information technology expenses	32,597	27,802	63,029	57,660
	<u>127,683</u>	<u>123,879</u>	<u>254,617</u>	<u>250,046</u>
Marketing expenses				
- Sales commission	13,109	13,003	25,265	21,194
- Advertisement and publicity	6,533	9,784	12,632	13,137
- Others	12,958	16,910	25,399	26,844
	<u>32,600</u>	<u>39,697</u>	<u>63,296</u>	<u>61,175</u>
Administration and general expenses				
- Communication expenses	29,763	23,889	54,704	47,618
- Others	7,530	8,356	14,174	20,691
	<u>37,293</u>	<u>32,245</u>	<u>68,878</u>	<u>68,309</u>
	<u>505,689</u>	<u>548,351</u>	<u>1,008,139</u>	<u>1,074,537</u>



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**A12. Allowance for Impairment on Loans,
 Financing and Other Losses**

	2nd Quarter Ended		Six Months Ended	
	30 June 2016	Restated 30 June 2015	30 June 2016	Restated 30 June 2015
	RM'000	RM'000	RM'000	RM'000
Group				
Allowance for impaired loans and financing:				
- Individual impairment allowance	109,101	52,029	117,345	59,572
- Collective impairment allowance	(14,055)	(66,286)	85,168	9,224
Impaired loans and financing recovered	(65,540)	(64,846)	(136,052)	(131,984)
Impaired loans and financing written off	28,992	32,913	68,010	68,491
Allowance made for impairment on other debtors	1,241	5,054	5,599	4,104
	<u>59,739</u>	<u>(41,136)</u>	<u>140,070</u>	<u>9,407</u>
Bank				
Allowance for impaired loans and advances:				
- Individual impairment allowance	74,293	49,731	79,456	57,761
- Collective impairment allowance	8,087	(67,961)	69,070	(20,359)
Impaired loans and financing recovered	(62,360)	(62,568)	(128,502)	(123,374)
Impaired loans and financing written off	27,119	31,613	61,704	65,988
	<u>47,139</u>	<u>(49,185)</u>	<u>81,728</u>	<u>(19,984)</u>



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

	Group		Bank	
	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000
(a) Designated as fair value through profit or loss	168,045	170,314	-	-
(b) Held-for-trading	1,399,937	1,455,823	419,000	606,428
	1,567,982	1,626,137	419,000	606,428
(a) Financial assets designated as fair value through profit or loss				
<u>Quoted securities:</u>				
In Malaysia				
Unit trusts	52,575	51,583	-	-
<u>Unquoted securities:</u>				
Outside Malaysia				
Private equity funds	115,470	118,731	-	-
	168,045	170,314	-	-
(b) Financial assets held-for-trading				
At fair value				
<u>Money market instruments:</u>				
Malaysian Government Securities	80,654	289,533	80,654	289,532
Malaysian Government Investment Issues	284,463	50,583	284,463	30,335
Cagamas bonds	-	60,163	-	60,163
1 Malaysia Sukuk	20,708	-	20,708	-
Sukuk Perumahan Kerajaan (SPK) bonds	-	48,819	-	48,819
Other foreign government securities	-	84,207	-	84,207
<u>Quoted securities:</u>				
In Malaysia				
Shares, exchanged traded funds and warrants	157,849	220,526	-	-
Unit trusts	13,885	1,910	-	-
Private debt securities	3,325	3,636	3,325	3,636
Outside Malaysia				
Shares, exchanged traded funds and warrants	323,339	103,946	-	-
<u>Unquoted securities:</u>				
In Malaysia				
Private debt securities	485,864	538,373	-	40,357
Commercial paper	29,850	49,379	29,850	49,379
Outside Malaysia				
Private debt securities	-	4,748	-	-
	1,399,937	1,455,823	419,000	606,428



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

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

The effects of reclassification on the income statements for the period from the date of reclassification to 30 June 2016 were as follows:

	Group	
	As at	As at
	30 June	31 December
	2016	2015
	RM'000	RM'000
Reclassified from financial assets FVTPL to financial investments AFS		
- Carrying amount	30,375	30,188
- Fair value	30,490	30,146
Fair value gain/(loss) that would have been recognised if the financial assets FVTPL had not been reclassified	115	(42)



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A14. Financial Investments Available-For-Sale ('AFS')

	Group		Bank	
	As at 30 June 2016	Restated As at 31 December 2015	As at 30 June 2016	Restated As at 31 December 2015
	RM'000	RM'000	RM'000	RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	1,573,649	1,560,326	1,329,619	1,178,334
Malaysian Government Investment Issues	2,350,420	2,757,496	1,446,374	1,635,735
Cagamas bonds	344,635	343,970	274,167	248,670
Khazanah bonds	62,743	60,365	-	-
Negotiable instruments of deposits	50,661	349,010	-	-
Singapore Government Treasury Bills	1,419,316	1,184,564	1,419,316	1,184,564
Singapore Government Securities	175,965	286,214	175,965	286,214
Thailand Government bonds	541,057	358,074	541,057	358,074
Wakala Global Sukuk	95,602	102,010	81,891	87,835
Bankers' acceptances and Islamic accepted bills	-	58,458	-	-
Sukuk Perumahan Kerajaan (SPK) bonds	148,042	230,466	78,511	163,426
Malaysia Sovereign Sukuk	69,870	64,572	69,870	64,572
Other foreign government securities	-	30,806	-	30,806
Quoted securities:				
In Malaysia				
Shares	5,186	6,014	5,146	5,146
Unit trusts	28,005	14,752	-	-
Outside Malaysia				
Shares	10,240	10,252	8,407	8,399
Unit trusts	40,652	28,562	-	-
Unquoted securities:				
In Malaysia				
Corporate loan stocks	18,725	18,422	3,425	3,425
Shares	705,411	672,480	603,546	572,382
Prasarana bonds	278,327	145,188	252,788	120,286
Private and Islamic debt securities	14,415,811	15,404,565	10,786,463	12,086,496
Perpetual notes/sukuk	286,117	286,117	85,530	85,530
Outside Malaysia				
Shares	372	387	-	-
Private and Islamic debt securities	1,629,403	1,040,551	831,225	171,721
	24,250,209	25,013,621	17,993,300	18,291,615
Accumulated impairment losses	(529,267)	(274,825)	(378,850)	(125,337)
	23,720,942	24,738,795	17,614,450	18,166,278

Included in financial investments AFS of the Group and the Bank are private and Islamic debt securities, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RMNil (31 December 2015: RM188,814,000).



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A15. Financial Investments Held-To-Maturity ('HTM')

	Group		Bank	
	As at 30 June 2016	Restated As at 31 December 2015	As at 30 June 2016	Restated As at 31 December 2015
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
<u>Money market instruments:</u>				
Malaysian Government Securities	2,237,825	2,239,247	2,217,495	2,218,877
Malaysian Government Investment Issues	5,359,888	5,366,226	4,473,246	4,478,120
Cagamas bonds	1,295,155	1,357,117	1,285,143	1,296,497
Khazanah bonds	108,701	106,368	67,539	66,033
Negotiable instruments of deposits	1,154,968	2,222,850	1,154,968	3,073,064
Singapore Government Securities	60,302	61,267	60,302	61,267
Thailand Government Securities	35,751	163,746	35,751	163,746
Sukuk (Brunei) Incorporation	44,870	45,582	44,870	45,582
Wakala Global Sukuk	288,559	306,836	279,417	297,683
Sukuk Perumahan Kerajaan (SPK)	111,122	111,147	101,159	101,190
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Bonds	883	883	860	860
Prasarana bonds	807,114	808,227	766,764	767,840
Private and Islamic debt securities	7,874,926	7,736,966	6,177,298	6,230,188
Corporate loan stocks	57,719	62,607	29,982	34,174
Credit link notes	30,044	30,043	-	-
<u>Outside Malaysia</u>				
Private and Islamic debt securities	141,354	147,959	141,162	147,479
	19,609,181	20,767,071	16,835,956	18,982,600
Accumulated impairment losses	(228,884)	(234,835)	(100,756)	(106,292)
	19,380,297	20,532,236	16,735,200	18,876,308

Included in financial investments HTM of the Group and the Bank are private and Islamic debt securities, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM1,900,000,000 (31 December 2015: RM4,865,000,000) and RM4,350,000,000 (31 December 2015: RM4,865,000,000) respectively.



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FOR THE SIX MONTHS ENDED 30 JUNE 2016

A16. Loans, Advances and Financing

(a) By type

	Group		Bank	
	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000
At amortised cost				
Overdrafts	6,458,901	6,311,063	5,871,607	5,779,074
Term loans/financing				
- Housing loans/financing	37,952,388	37,023,836	29,506,453	29,307,241
- Syndicated term loans/financing	7,066,308	7,353,366	3,497,332	3,360,493
- Hire purchase receivables/financing	10,754,270	11,697,202	4,991,712	5,766,195
- Lease receivables	14,664	20,357	-	-
- Other term loans/financing	70,624,990	70,123,673	53,202,297	53,743,100
Bills receivable	2,576,103	2,450,943	1,823,352	2,008,555
Trust receipts	719,668	802,714	704,462	785,100
Claims on customers under acceptance credits	3,571,015	3,687,879	3,571,015	3,687,879
Staff loans/financing	185,739	198,233	168,732	181,641
Credit/charge card receivables	1,960,624	1,978,968	1,698,211	1,727,698
Revolving credits/financing	9,801,533	9,738,150	5,689,752	6,142,802
Gross loans, advances and financing	151,686,203	151,386,384	110,724,925	112,489,778
Fair value changes arising from fair value hedges	15,247	(11,158)	7,212	566
	151,701,450	151,375,226	110,732,137	112,490,344
Allowance for impaired loans, advances and financing:				
- Individual impairment allowance	(699,809)	(593,147)	(618,556)	(545,521)
- Collective impairment allowance	(1,139,269)	(1,202,106)	(899,698)	(953,269)
Net loans, advances and financing	149,862,372	149,579,973	109,213,883	110,991,554

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 RM2,953,020,000 (31 December 2015: RM3,057,518,000) and RM2,059,188,000 (31 December 2015: RM2,080,525,000) respectively.



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A16. Loans, Advances and Financing (continued)

(b) By type of customer

	Group		Bank	
	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000
Domestic non-bank financial institutions:				
- Others	1,748,658	2,096,562	895,573	846,420
Domestic business enterprises:				
- Small medium enterprises	23,972,590	22,598,253	21,398,061	20,114,429
- Others	32,252,969	33,678,193	19,574,488	22,458,712
Government and statutory bodies	5,988,051	5,370,404	2,013,219	2,014,417
Individuals	68,430,589	68,212,126	51,754,686	52,243,895
Other domestic entities	132,094	144,371	28,774	37,924
Foreign entities	19,161,252	19,286,475	15,060,124	14,773,981
	151,686,203	151,386,384	110,724,925	112,489,778

(c) By geographical distribution

	Group		Bank	
	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000
Malaysia	131,706,006	131,237,797	96,702,438	98,968,653
Labuan Offshore	3,732,837	4,246,116	-	-
Singapore	12,833,459	12,715,681	12,701,480	12,493,180
Thailand	1,351,065	1,065,947	1,177,198	881,594
Brunei	143,809	146,351	143,809	146,351
Indonesia	57,246	28,977	-	-
Hong Kong	279,061	358,550	-	-
Cambodia	1,447,076	1,484,137	-	-
Lao	135,644	102,828	-	-
	151,686,203	151,386,384	110,724,925	112,489,778



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
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A16. Loans, Advances and Financing (continued)

(d) By interest/profit rate sensitivity

	Group		Bank	
	As at 30 June As at RM'000	Restated As at 31 December As at RM'000	As at 30 June As at RM'000	Restated As at 31 December As at RM'000
Fixed rate				
- Housing loans/financing	1,408,523	1,515,718	855,677	929,289
- Hire purchase receivables	10,754,270	11,697,202	4,991,712	5,766,195
- Other fixed rate loans/financing	18,330,334	18,021,189	8,298,968	8,404,429
Variable rate				
- BLR/BFR plus	71,834,145	70,835,309	53,083,788	54,202,540
- Cost-plus	34,327,892	36,183,664	32,468,587	35,789,522
- Other variable rates	15,031,039	13,133,302	11,026,193	7,397,803
	151,686,203	151,386,384	110,724,925	112,489,778

(e) By purpose

	Group		Bank	
	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000
Purchase of securities	12,595,088	14,440,659	10,496,038	12,251,051
Purchase of transport vehicles	9,967,688	10,853,772	3,958,275	4,608,555
Purchase of landed property:				
- Residential	40,367,925	37,866,118	32,206,253	30,416,766
- Non-residential	14,047,332	12,849,551	11,914,293	10,937,551
Purchase of property, plant and equipment other than land and building	3,780,637	3,951,869	2,863,687	2,986,719
Personal use	8,081,594	8,331,723	6,059,260	6,431,686
Credit card	1,960,624	1,978,968	1,698,211	1,727,698
Purchase of consumer durables	58,819	37,787	24,967	25,174
Construction	6,225,961	5,803,757	5,167,041	4,780,432
Working capital	37,053,289	37,775,816	26,359,072	27,530,495
Merger and acquisition	2,592,425	3,172,991	674,595	1,494,108
Other purposes	14,954,821	14,323,373	9,303,233	9,299,543
	151,686,203	151,386,384	110,724,925	112,489,778



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A16. Loans, Advances and Financing (continued)

(f) By remaining contractual maturities

	Group		Bank	
	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000
Maturity within one year	52,118,434	47,115,707	44,173,473	40,535,574
One year to three years	8,498,889	9,240,476	4,370,627	4,985,007
Three years to five years	15,062,751	15,372,854	7,599,072	8,400,252
Over five years	76,006,129	79,657,347	54,581,753	58,568,945
	151,686,203	151,386,384	110,724,925	112,489,778

(g) Impaired loans, advances and financing

(i) Movement in impaired loans, advances and financing

	Group		Bank	
	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000
Balance as at the beginning of financial period/year				
- As previously reported	2,723,068	2,729,581	2,333,889	2,393,693
- Effect of predecessor accounting on acquisition of subsidiaries	118,143	162,786	-	-
- As restated	2,841,211	2,892,367	2,333,889	2,393,693
Classified as impaired	2,085,743	4,070,140	1,565,554	3,344,473
Reclassified as non-impaired	(1,113,589)	(2,468,834)	(939,401)	(2,041,945)
Amount recovered	(470,252)	(1,093,995)	(371,178)	(867,658)
Amount written off	(222,379)	(581,340)	(191,125)	(516,278)
Transfer from financial investments HTM	3,589	-	3,589	-
Exchange differences	(6,982)	22,873	(5,263)	21,604
Balance as at the end of financial period/year	3,117,341	2,841,211	2,396,065	2,333,889



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FOR THE SIX MONTHS ENDED 30 JUNE 2016

A16. Loans, Advances and Financing (continued)

(g) Impaired loans, advances and financing (continued)

(ii) By purpose

	Group		Bank	
	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000
Purchase of securities	77,486	122,487	55,224	90,248
Purchase of transport vehicles	127,825	135,530	76,514	83,268
Purchase of landed property:				
- Residential	759,372	788,011	616,121	655,149
- Non-residential	271,045	181,580	93,097	98,893
Purchase of property, plant and equipment other than land and building	56,086	48,212	38,272	23,014
Personal use	175,344	164,915	171,329	162,115
Credit card	35,682	37,233	30,445	31,469
Purchase of consumer durables	1,346	868	1,346	868
Construction	381,141	108,541	233,865	96,488
Working capital	1,173,762	1,178,142	1,053,995	1,063,770
Other purposes	58,252	75,692	25,857	28,607
	3,117,341	2,841,211	2,396,065	2,333,889

(iii) By geographical distribution

	Group		Bank	
	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000
Malaysia	2,588,656	2,539,116	2,059,468	2,059,963
Labuan Offshore	157,725	12,728	-	-
Singapore	301,201	235,737	300,530	235,057
Thailand	26,894	25,792	26,894	25,792
Brunei	9,173	13,077	9,173	13,077
Cambodia	32,202	12,853	-	-
Hong Kong	1,136	1,908	-	-
Lao	354	-	-	-
	3,117,341	2,841,211	2,396,065	2,333,889



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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

A16. Loans, Advances and Financing (continued)

(g) Impaired loans, advances and financing (continued)

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

	Group		Bank	
	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000
Individual impairment allowance				
Balance as at the beginning of financial period/year				
- As previously reported	580,846	409,674	545,521	382,769
- Effect of predecessor accounting on acquisition of subsidiaries	12,301	7,558	-	-
- As restated	593,147	417,232	545,521	382,769
Net allowance made	117,345	235,504	79,456	221,883
Transfer from impairment of financial investments HTM	2,475	-	2,475	-
Amount written off	(10,989)	(69,249)	(7,641)	(67,231)
Exchange differences	(2,169)	9,660	(1,255)	8,100
Balance as at the end of financial period/year	699,809	593,147	618,556	545,521
Collective impairment allowance				
Balance as at the beginning of financial period/year				
- As previously reported	1,220,307	1,346,884	953,269	1,130,978
- Effect of predecessor accounting on acquisition of subsidiaries	(18,201)	10,050	-	-
- As restated	1,202,106	1,356,934	953,269	1,130,978
Net allowance made	85,168	197,651	69,070	118,634
Amount written off	(143,700)	(365,182)	(121,819)	(301,043)
Exchange differences	(4,305)	12,703	(822)	4,700
Balance as at the end of financial period/year	1,139,269	1,202,106	899,698	953,269

A17. Other Assets

	Group		Bank	
	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000
Other receivables	633,891	681,517	197,100	274,340
Cash collateral in relation to derivative transactions	948,973	1,615,589	923,782	1,541,069
Deposits	89,384	98,786	51,386	50,968
Prepayments	113,467	80,836	66,651	44,416
Amount due from former holding company	-	1,976	-	1,976
Amounts due from subsidiaries	-	-	644,499	306,738
	1,785,715	2,478,704	1,883,418	2,219,507



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A18. Deposits from Customers

(a) By type of deposits

	Group		Bank	
	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000
Demand deposits	31,773,089	29,472,045	27,169,735	26,018,417
Savings deposits	8,898,275	8,459,822	7,548,247	7,203,311
Fixed/investment deposits	123,300,678	120,193,672	92,964,507	90,004,947
Negotiable instruments of deposits	169,040	32,301	161,032	24,041
	164,141,082	158,157,840	127,843,521	123,250,716

(b) By type of customer

	Group		Bank	
	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000
Government and statutory bodies	11,200,979	10,651,504	5,602,602	5,949,423
Business enterprises	100,534,039	97,023,297	76,627,116	72,253,406
Individuals	47,068,118	45,392,366	40,826,370	40,528,199
Others	5,337,946	5,090,673	4,787,433	4,519,688
	164,141,082	158,157,840	127,843,521	123,250,716

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

	Group		Bank	
	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000
Due within six months	93,587,467	102,088,305	73,581,609	75,204,748
Six months to one year	29,126,223	16,572,590	18,887,998	13,293,831
One year to three years	720,571	1,532,750	626,044	1,498,917
Three years to five years	35,457	32,328	29,888	31,492
	123,469,718	120,225,973	93,125,539	90,028,988



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A19. Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000
Licensed banks	11,093,148	15,456,428	13,160,607	18,133,895
Licensed Islamic banks	3,689,962	1,853,985	-	-
Licensed investments banks	461,769	1,008,216	264,505	687,169
Bank Negara Malaysia	926,442	545,216	925,136	544,066
Others	1,088,151	1,782,015	574	574
	17,259,472	20,645,860	14,350,822	19,365,704

A20. Other Liabilities

	Note	Group		Bank	
		As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000
Amount due to former holding company	B11/B12	-	4,504,225	-	4,504,225
Amounts due to subsidiaries		-	-	58,271	73,321
Amount due to Danaharta		2,145	2,199	2,145	2,199
Amount due to trust funds		50,205	23,783	-	-
Remisiers' trust deposits		61,044	62,824	-	-
Prepaid instalments		62,715	67,846	61,464	66,197
Accrual for operational expenses		166,668	192,396	108,930	104,733
Short term employee benefits		248,386	362,078	167,260	225,555
Collateral pledged for derivative transactions		236,203	224,721	236,203	224,721
Deferred income		152,836	170,305	88,200	100,800
Other creditors and accruals		1,213,557	1,064,077	554,834	544,903
		2,193,759	6,674,454	1,277,307	5,846,654



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A21. Segmental Reporting

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

Following the change in the composition of the Group arising from the Internal Reorganisation as disclosed in Note B11, two new business groups have been added to the Group, namely the investment banking and insurance business which have been grouped under the Group Corporate and Investment Banking ('CIB') and Group Retail Banking segments respectively.

Comparative segment information has been restated accordingly in conformity with the changes to the reportable business segments.

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

(a) Group CIB

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

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

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

(b) Group Retail Banking

Group 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) Group Business Banking

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

(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.



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A21. Segmental Reporting (continued)

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

(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). The results of these other businesses are not material to the Group and therefore do not render a separate disclosure and are reported in aggregate in the financial statements.

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



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A21. Segmental Reporting (continued)

Six months ended 30 June 2016

	Group CIB	Group Retail Banking	Group Business Banking	Group Treasury and Global Markets	Group International Business	Support Center and Others	Inter- Segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	874,543	1,232,149	484,956	508,500	322,984	(222,533)	-	3,200,599
Inter-segment revenue	1,675	22,522	-	1,804	6,100	8,894	(40,995)	-
Segment revenue	876,218	1,254,671	484,956	510,304	329,084	(213,639)	(40,995)	3,200,599
Other operating expenses	(506,465)	(626,383)	(235,024)	(53,637)	(183,804)	(20,125)	40,995	(1,584,443)
Including:								
- Depreciation of property, plant and equipment	(13,771)	(31,623)	(5,467)	(1,384)	(6,789)	(151)	-	(59,185)
- Amortisation of intangible assets	(8,314)	(13,209)	(6,377)	(2,298)	(3,271)	-	-	(33,469)
Allowance for impairment on loans, financing and other losses	(1,308)	(58,182)	(20,908)	(15,361)	(46,204)	1,893	-	(140,070)
Impairment losses (made)/written back on other assets	3,627	-	-	(2,121)	(253,082)	-	-	(251,576)
Segment profit/(loss)	372,072	570,106	229,024	439,185	(154,006)	(231,871)	-	1,224,510
Share of results of joint ventures								301
Profit before taxation								1,224,811
Taxation								(304,597)
Net profit for the financial period								920,214



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A21. Segmental Reporting (continued)

As at 30 June 2016

	Group CIB	Group Retail Banking	Group Business Banking	Group Treasury and Global Markets	Group International Business	Support Center and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	56,964,838	70,204,810	21,335,055	47,822,871	28,519,195	702,910	225,549,680
Investments in associates and joint ventures							15,198
Tax recoverable							232,071
Deferred tax assets							35,163
Unallocated assets							1,317,561
Total assets							<u>227,149,673</u>
Segment liabilities	59,253,114	43,015,054	21,976,486	49,177,875	21,321,104	53,529	194,797,162
Tax liabilities							59,793
Deferred tax liabilities							36,879
Borrowings							996,145
Subordinated obligations							5,794,644
Hybrid Tier-I Capital Securities							601,914
Senior debt securities							3,237,352
Unallocated liabilities							371,838
Total liabilities							<u>205,895,728</u>



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A21. Segmental Reporting (continued)

Six months ended 30 June 2015 - Restated

	Group CIB	Group Retail Banking	Group Business Banking	Group Treasury and Global Markets	Group International Business	Support Center and Others	Inter- Segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	875,560	1,242,990	461,085	439,133	254,925	(221,657)	-	3,052,036
Inter-segment revenue	684	18,218	-	957	6,387	22,312	(48,559)	-
Segment revenue	876,244	1,261,208	461,085	440,090	261,312	(199,345)	(48,559)	3,052,036
Other operating expenses	(538,630)	(663,645)	(258,407)	(53,520)	(165,047)	(22,403)	48,559	(1,653,094)
Including:								
- Depreciation of property, plant and equipment	(14,704)	(29,558)	(4,293)	(1,126)	(6,022)	(4,838)	-	(60,541)
- Amortisation of intangible assets	(12,223)	(12,539)	(6,175)	(3,088)	(3,004)	-	-	(37,029)
Allowance for impairment on loans, financing and other losses	(15,047)	65,938	(49,411)	(3,654)	(8,752)	1,520	-	(9,407)
Impairment losses written back on other assets	13,427	-	-	-	270	-	-	13,697
Segment profit/(loss)	335,994	663,501	153,267	382,916	87,783	(220,229)	-	1,403,232
Share of results of joint ventures								125
Profit before taxation								1,403,357
Taxation								(329,291)
Net profit for the financial period								1,074,066



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A21. Segmental Reporting (continued)

As at 31 December 2015 - Restated

	Group CIB	Group Retail Banking	Group Business Banking	Group Treasury and Global Markets	Group International Business	Support Center and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	57,628,793	69,959,066	19,859,869	50,718,250	26,864,016	673,959	225,703,952
Investments in associates and joint ventures							15,764
Tax recoverable							166,052
Deferred tax assets							114,228
Unallocated assets							1,938,351
Total assets							<u>227,938,347</u>
Segment liabilities	50,772,027	42,179,978	21,488,751	60,357,533	19,464,164	471,366	194,733,820
Tax liabilities							37,238
Deferred tax liabilities							11,332
Borrowings							788,250
Subordinated obligations							5,895,786
Hybrid Tier-I Capital Securities							601,856
Senior debt securities							3,451,380
Unallocated liabilities							4,726,199
Total liabilities							<u>210,245,860</u>



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A22. Valuation of Property, Plant and Equipment

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

A23. Events Subsequent to Balance Sheet Date

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

A24. Changes in the Composition of the Group

Changes to the composition of the Group for the six months ended 30 June 2016 are as follows:

- (a) Following the completion of the acquisition of the identified subsidiaries from the former holding company, RHB Capital Berhad on 14 April 2016 under the Group Internal Reorganisation as disclosed in Note B11, the following have effectively become subsidiaries, associates and joint ventures of the Bank on even date:
- (i) RHB Investment Bank and all its subsidiaries, associates and joint ventures;
 - (ii) RHB Insurance Berhad;
 - (iii) RHB Finexasia.Com Sdn Bhd and its subsidiary, RHB Stock188.Com Sdn Bhd (formerly known as RHB OSK Stock188.Com Sdn Bhd)
 - (iv) RHB Capital (Jersey) Limited and its subsidiary, RHB Philippines Inc;
 - (v) RHB Kawal Sdn Bhd
 - (vi) RHBFB Sdn Bhd
 - (vii) RHB Equities Sdn Bhd
 - (viii) RHB Property Management Sdn Bhd
 - (ix) Malaysian Trustees Sdn Bhd
 - (x) RHB Trustees Sdn Bhd
- (b) RHB Investment Bank has acquired effective control in RHB Entrepreneur Fund ('Fund'), via:
- (i) injection of capital amounting to SGD5,000,000, equivalent to RM15,325,000 on 22 January 2016; and
 - (ii) additional capital injection of SGD15,000,000, equivalent to RM45,105,000 on 15 March 2016.

The Group has consolidated the Fund as a subsidiary as the Group is deemed to have control in accordance with MFRS 10 'Consolidated Financial Statements'. The effective equity interest held by the Group is at 49.26% as at 30 June 2016.

Other than the above, there are no significant changes in the composition of the Group for the six months ended 30 June 2016.

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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:

	Group		Bank	
	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000
Direct credit substitutes	2,157,599	2,352,315	2,461,641	2,325,282
Transaction-related contingent items	4,735,010	5,148,273	4,181,395	4,566,341
Short term self-liquidating trade-related contingencies	1,806,165	1,840,490	1,853,793	1,757,633
Obligations under underwriting agreements	95,530	76,000	-	-
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	1,985,896	5,212,499	4,563,993	5,017,446
Irrevocable commitments to extend credit				
- Maturity not exceeding one year	3,892,522	2,903,165	1,942,237	1,034,773
- Maturity exceeding one year	23,268,995	29,517,195	17,839,084	24,504,613
Foreign exchange related contracts [^]				
- Less than one year	65,356,377	67,040,910	65,299,670	66,657,554
- One year to less than five years	11,851,174	13,240,884	11,851,174	13,251,212
- More than five years	706,716	541,189	706,716	541,189
Equity related contracts [^]				
- Less than one year	4,382	315	-	-
- One year to less than five years	4,500	-	-	-
Interest rate related contracts [^]				
- Less than one year	8,705,085	8,067,611	9,405,085	8,817,611
- One year to less than five years	29,807,512	31,884,672	31,992,512	34,069,672
- More than five years	2,298,006	2,077,995	2,298,006	2,077,995
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	21,256,785	16,858,657	18,931,612	14,102,852
	177,932,254	186,762,170	173,326,918	178,724,173

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



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

(b) Guarantees Issued by the Group and the Bank

	Bank	
	As at	Restated
	30 June	31 December
	2016	2015
	RM'000	RM'000
Corporate guarantee provided to licensed banks for credit facilities granted to subsidiaries	328,238	-
	328,238	-

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

The Group and the 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.

A26. Capital Commitments

	Group		Bank	
	As at	Restated	As at	Restated
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Capital expenditure for property, plant and equipment:				
- Authorised and contracted for	153,916	177,638	125,159	132,303
- Authorised but not contracted for	318,395	300,694	252,806	244,353
	472,311	478,332	377,965	376,656



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A27. Capital Adequacy Ratio

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

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

(a) The capital adequacy ratios of the Group and the Bank are as follows:

	Group		Bank [@]	
	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000
Common Equity Tier I ('CET I')/Tier I Capital				
Paid-up ordinary share capital	4,010,045	3,460,585	4,010,045	3,460,585
Share premium	2,984,058	478,517	2,984,058	478,517
Retained profits	7,629,961	7,660,143	6,959,909	7,099,976
Other reserves	5,322,935	5,277,191	4,043,922	3,994,464
AFS reserves	386,628	127,924	354,412	154,358
	20,333,627	17,004,360	18,352,346	15,187,900
Less:				
Goodwill	(2,633,382)	(2,633,382)	(905,519)	(905,519)
Intangible assets (include associated deferred tax liabilities)	(328,971)	(295,381)	(274,275)	(239,193)
Net deferred tax assets	(22,035)	(126,730)	-	(80,227)
55% of cumulative gains of financial investments AFS	(212,645)	(70,358)	(194,927)	(84,897)
Shortfall of eligible provisions to expected losses under the IRB approach	(112,928)	(92,942)	(136,771)	(124,232)
Investments in subsidiaries*	(70,573)	(47,275)	(3,024,205)	(2,016,137)
Other deductions [#]	(52,281)	(77,466)	(50,421)	(76,619)
Total CET I Capital	16,900,812	13,660,826	13,766,228	11,661,076
Hybrid Tier-I Capital Securities**	360,000	420,000	360,000	420,000
Qualifying non-controlling interests recognised as Tier I Capital	12,157	193	-	-
Total Tier I Capital	17,272,969	14,081,019	14,126,228	12,081,076
Tier II Capital				
Subordinated obligations***	2,400,000	2,800,000	2,400,000	2,800,000
Subordinated obligations meeting all inclusion	1,499,592	1,499,544	1,499,592	1,499,544
Qualifying capital instruments of a subsidiary issued to third parties ⁺	547,140	526,581	-	-
Collective impairment allowance and regulatory reserves [^]	568,569	530,578	328,463	333,007
	5,015,301	5,356,703	4,228,055	4,632,551
Less:				
Investments in subsidiaries*	(47,049)	(70,913)	(2,016,137)	(3,024,206)
Total Tier II Capital	4,968,252	5,285,790	2,211,918	1,608,345
Total Capital	22,241,221	19,366,809	16,338,146	13,689,421
Capital ratios				
Before proposed dividends:				
CET I Capital Ratio	13.203%	10.711%	13.174%	10.862%
Tier I Capital Ratio	13.494%	11.040%	13.518%	11.253%
Total Capital Ratio	17.375%	15.184%	15.635%	12.752%
After proposed dividends:				
CET I Capital Ratio	13.047%	10.268%	12.982%	10.336%
Tier I Capital Ratio	13.337%	10.597%	13.326%	10.727%
Total Capital Ratio	17.219%	14.741%	15.443%	12.225%



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A27. Capital Adequacy Ratio (continued)

- ® The capital adequacy ratios of the Bank consist of capital base and risk-weighted assets derived from the 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 37.11 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-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 37.7 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 37.7 of the BNM's Capital Adequacy Framework (Capital Components).
- + Qualifying subordinated sukuk that are recognised as Tier-II capital instruments held by third parties as prescribed under paragraph 17.6 of the BNM Guidelines Capital Adequacy Framework (Capital Components) which are issued by a fully consolidated subsidiary of the Bank.
- ^ 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 and the Bank of RM298,546,000 (31 December 2015: RM250,478,000) and RM171,688,000 (31 December 2015: RM139,361,000) respectively.



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A27. Capital Adequacy Ratio (continued)

(b) The capital adequacy ratios of RHB Investment Bank and RHB Islamic Bank Berhad ('RHB Islamic Bank') are as follows:

	RHB Islamic Bank		RHB Investment Bank	
	As at 30 June 2016 RM'000	As at 31 December 2015 RM'000	As at 30 June 2016 RM'000	As at 31 December 2015 RM'000
CET I/Tier I Capital				
Paid-up ordinary share capital	1,173,424	1,173,424	818,646	818,646
Share premium	-	-	1,515,150	1,515,150
Retained profits	620,583	520,625	302,728	303,449
Other reserves	718,483	681,192	433,295	433,295
AFS reserves	3	(39,195)	14,881	(5,149)
	2,512,493	2,336,046	3,084,700	3,065,391
Less:				
Goodwill	-	-	(1,118,418)	(1,118,418)
Investments in subsidiaries, associates and joint ventures*	-	-	(917,627)	(588,970)
Intangible assets (include associated deferred tax liabilities)	(719)	(687)	(26,574)	(25,530)
Net deferred tax assets	(16,451)	(16,840)	(12,123)	(21,063)
55% of cumulative gains of financial investments AFS	(2)	-	(8,185)	-
Reduction in excess of Tier II Capital due to insufficient Tier II Capital ⁺	-	-	(151,084)	(322,564)
Other deductions [#]	(1,820)	(763)	(41)	(84)
Total CET I Capital/Tier I Capital	2,493,501	2,317,756	850,648	988,762
Tier II Capital				
Subordinated sukuk**	500,000	500,000	-	-
Subordinated obligations**	-	-	245,000	345,000
Subordinated obligations meeting all relevant criteria	-	-	200,000	200,000
Collective impairment allowance and regulatory reserves [^]	274,553	248,696	15,668	15,890
	774,553	748,696	460,668	560,890
Less:				
Investments in subsidiaries, associates and joint ventures*	-	-	(460,668)	(560,890)
Total Tier II Capital	774,553	748,696	-	-
Total Capital	3,268,054	3,066,452	850,648	988,762
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	10.732%	11.041%	23.251%	22.917%
Tier I Capital Ratio	10.732%	11.041%	23.251%	22.917%
Total Capital Ratio	14.066%	14.608%	23.251%	22.917%
After proposed dividends:				
CET I Capital Ratio	10.732%	11.041%	23.251%	22.917%
Tier I Capital Ratio	10.732%	11.041%	23.251%	22.917%
Total Capital Ratio	14.066%	14.608%	23.251%	22.917%



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A27. Capital Adequacy Ratio (continued)

- * 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 37.11 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).
- # 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.
- ** 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 37.7 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 reserves under the Standardised Approach for non-impaired loans and financing of RHB Islamic Bank and RHB Investment Bank of RM153,832,000 (31 December 2015: RM140,615,000) and RM14,126,000 (31 December 2015: RM13,405,000) respectively.

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

	Group	Bank[@]	RHB Islamic Bank	RHB Investment Bank
	RM'000	RM'000	RM'000	RM'000
30 June 2016				
Credit risk	112,182,783	92,179,850	21,964,206	1,744,812
Market risk	5,192,326	3,950,639	159,902	714,017
Operational risk	10,629,323	8,368,068	1,110,064	1,199,746
Total risk-weighted assets	<u>128,004,432</u>	<u>104,498,557</u>	<u>23,234,172</u>	<u>3,658,575</u>
	Restated Group	Restated Bank[@]	RHB Islamic Bank	RHB Investment Bank
	RM'000	RM'000	RM'000	RM'000
31 December 2015				
Credit risk	113,854,996	96,035,586	19,895,738	2,640,434
Market risk	3,614,236	3,086,116	61,645	469,440
Operational risk	10,076,575	8,233,562	1,032,842	1,204,734
Total risk-weighted assets	<u>127,545,807</u>	<u>107,355,264</u>	<u>20,990,225</u>	<u>4,314,608</u>

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

The total risk-weighted assets of the 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).



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A27. Capital Adequacy Ratio (continued)

(d) The capital adequacy ratios of RHB Indochina Bank are as follows:

	As at	As at
	30 June	31 December
	2016	2015
	RM'000	RM'000
Before proposed dividends:		
Core capital ratio	#	#
Solvency ratio	17.653%	16.884%
After proposed dividends:		
Core capital ratio	#	#
Solvency ratio	17.653%	16.884%

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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A28. Credit exposures arising from transactions with connected parties

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

	Group		Bank	
	As at 30 June 2016	Restated As at 31 December 2015	As at 30 June 2016	Restated As at 31 December 2015
Outstanding credit exposures with connected parties (RM'000)	7,681,526	7,825,016	11,918,084	10,575,048
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures (%)	4.19%	4.24%	8.77%	7.63%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default (%)	0.03%	0.05%	0.01%	0.02%

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



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A29. Operations of Islamic Banking

(a) Unaudited Statement of Financial Position as at 30 June 2016

	Group	
	As at 30 June 2016	As at 31 December 2015
	<u>RM'000</u>	<u>RM'000</u>
ASSETS		
Cash and short-term funds	4,037,219	6,149,135
Deposits and placements with banks and other financial institutions	517,565	618,072
Financial assets held-for-trading	-	20,248
Financial investments AFS	3,429,591	3,062,645
Financial investments HTM	1,952,028	1,861,693
Financing and advances	33,673,444	30,902,020
Other assets	111,682	133,284
Derivative assets	20,010	131,758
Statutory deposits	955,950	1,168,500
Deferred tax assets	11,419	11,964
Property, plant and equipment	6,803	8,384
Intangible assets	5,751	5,564
Total assets	<u>44,721,462</u>	<u>44,073,267</u>
LIABILITIES		
Deposits from customers	30,610,770	27,928,029
Deposits and placements of banks and other financial institutions	4,357,375	2,750,309
Bills and acceptances payable	11,631	5,549
Recourse obligation on financing sold to Cagamas	899,241	982,760
Other liabilities	298,883	205,023
Derivative liabilities	62,844	1,549
Tax liabilities	45,114	20,932
Subordinated obligations	503,085	503,119
Total liabilities	<u>36,788,943</u>	<u>32,397,270</u>
Islamic Banking Funds	7,932,519	11,675,997
Total liabilities and Islamic Banking Funds	<u>44,721,462</u>	<u>44,073,267</u>
Commitments and contingencies	<u>16,801,398</u>	<u>11,923,681</u>



RHB BANK BERHAD (6171-M)
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A29. Operations of Islamic Banking (continued)

(b) Unaudited Income Statement for the Six Months Ended 30 June 2016

	2nd Quarter Ended		Six Months Ended	
	As at 30 June 2016 RM'000	As at 30 June 2015 RM'000	As at 30 June 2016 RM'000	As at 30 June 2015 RM'000
Group				
Income derived from investment of depositors' funds	414,808	420,359	821,109	808,405
Income derived from investment account funds	75,348	-	157,668	-
Income derived from investment of shareholders' funds	32,284	35,050	71,476	67,627
Allowance for impairment on financing and advances	(18,215)	605	(33,053)	(18,123)
Total distributable income	504,225	456,014	1,017,200	857,909
Income attributable to depositors	(295,461)	(243,231)	(590,044)	(469,151)
	208,764	212,783	427,156	388,758
Personnel expenses	(7,969)	(11,340)	(15,828)	(22,358)
Other overheads and expenditures	(52,980)	(46,070)	(106,080)	(86,473)
Profit before taxation	147,815	155,373	305,248	279,927
Taxation	(24,983)	(24,363)	(47,707)	(42,248)
Net profit for the financial period	122,832	131,010	257,541	237,679

(c) Unaudited Statement of Comprehensive Income for the Six Months Ended 30 June 2016

	2nd Quarter Ended		Six Months Ended	
	As at 30 June 2016 RM'000	As at 30 June 2015 RM'000	As at 30 June 2016 RM'000	As at 30 June 2015 RM'000
Group				
Net profit for the financial period	122,832	131,010	257,541	237,679
Other comprehensive income/(loss) in respect of: Items that will be reclassified subsequently to profit or loss				
- Unrealised net gain on revaluation of financial investments AFS	14,717	3,082	54,237	21,210
- Net transfer to income statement on disposal or impairment of financial investments AFS	(1,705)	(3,555)	(2,661)	(5,441)
- Income tax relating to components of other comprehensive (income)/loss	(3,123)	119	(12,378)	(3,942)
Other comprehensive income/(loss), net of tax, for the financial period	9,889	(354)	39,198	11,827
Total comprehensive income for the financial period	132,721	130,656	296,739	249,506



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A29. Operations of Islamic Banking (continued)

(d) Financing and Advances

	Group	
	As at 30 June 2016 RM'000	As at 31 December 2015 RM'000
At amortised cost		
Cashline	332,232	279,865
Term financing		
- Housing financing	8,331,615	7,605,725
- Syndicated term financing	1,318,704	1,408,554
- Hire purchase receivables	5,762,462	5,930,758
- Other term financing	15,218,040	13,816,396
Bills receivable	752,751	442,388
Trust receipts	12,266	17,614
Staff financing	4,122	4,465
Credit/charge card receivables	262,413	251,270
Revolving financing	1,910,314	1,367,287
Gross financing and advances	<u>33,904,919</u>	<u>31,124,322</u>
Less: Allowance for impaired financing and advances		
- Individual impairment allowance	(17,525)	(22,649)
- Collective impairment allowance	(213,950)	(199,653)
Net financing and advances	<u><u>33,673,444</u></u>	<u><u>30,902,020</u></u>

(i) Movements in impaired financing and advances

Balance as at the beginning of the financial period/year	362,736	330,701
Classified as impaired	244,123	627,425
Reclassified as non-impaired	(173,887)	(411,779)
Amount recovered	(36,811)	(121,031)
Amount written off	(31,039)	(62,580)
Balance as at the end of the financial period/year	<u><u>365,122</u></u>	<u><u>362,736</u></u>

(ii) Movements in allowance for impaired financing and advances

Individual impairment allowance

Balance as at the beginning of the financial period/year	22,649	25,289
Net allowance written back	(1,777)	(2,640)
Amount written off	(3,347)	-
Balance as at the end of the financial period/year	<u><u>17,525</u></u>	<u><u>22,649</u></u>

Collective impairment allowance

Balance as at the beginning of the financial period/year	199,653	187,307
Net allowance made	35,992	65,749
Amount written off	(21,695)	(53,403)
Balance as at the end of the financial period/year	<u><u>213,950</u></u>	<u><u>199,653</u></u>



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A29. Operations of Islamic Banking (continued)

	Group	
	As at 30 June 2016	As at 31 December 2015
	RM'000	RM'000
(e) Other Assets		
Prepayments	12,334	10,777
Deposits	1,303	1,297
Other debtors	98,045	121,210
	<u>111,682</u>	<u>133,284</u>
(f) Deposits from Customers		
Saving Deposits		
- Wadiah	1,228,785	1,129,320
Demand Deposits		
- Wadiah	4,617,529	3,403,515
Term Deposits		
- Commodity Murabahah	16,944,906	10,828,229
- Wadiah Corporate Deposit	-	1,249,671
Specific Investment Account		
- Murabahah	7,654,771	11,136,182
General Investment Account		
- Mudharabah	164,779	181,112
	<u>30,610,770</u>	<u>27,928,029</u>



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B1. Review of Group Results

(a) Current Financial Year vs Previous Financial Year

The Group reported a pre-tax profit of RM1,224.8 million and net profit of RM915.1 million for the first half of 2016. The 12.7% reduction in pre-tax profit was primarily due to a one-off full impairment on a corporate bond in Singapore for an equivalent amount of RM253.5 million in the current period and a write back for mortgage portfolio collective allowances totalling RM131.4 million in 2015. Excluding these two items, normalised pre-tax and net profit increased by 16.2% and 13.8% respectively.

The Group's operating profit before allowances increased by 15.5% to RM1,616.2 million in the first half of 2016. The commendable growth was underpinned by strong net fund based income growth and effective cost management initiatives. Total income increased by 4.9% to RM3,200.6 million, supported by solid net interest and fund based income growth of 7.9% to RM2,168.9 million, on the back of 4.8% growth in loan and financing assets. Net interest margin was lower by 3 basis points to 2.19%.

Non-fund based income remained relatively stable at RM1,031.7 million despite challenging market conditions. Lower net foreign exchange gain and lower fee income was mitigated by improvement in insurance underwriting surplus. While loans and markets-related fee income were lower, wealth management fee income continued to expand at an encouraging pace of 24.6% year-on-year.

The Group's efficient cost transformation programme continued to deliver positive results. Operating expenses were lower by 4.2% from a year ago and cost to income ratio improved to 49.5% as compared to 54.2% in the previous year's corresponding period.

Allowances for impairment on loans and financing was higher at RM140.1 million from RM9.4 million a year ago, primarily due to a write back arising from one-off model refinement on mortgage portfolio amounting to RM131.4 million in 2015 as mentioned earlier.

Total impairment losses on other assets was at RM251.6 million as full impairment was made for the corporate bond in Singapore.

Total assets remained stable at RM227.1 billion as at 30 June 2016. Shareholders' funds of the Group increased to RM21.2 billion following the completion of RM2.49 billion rights issue in April 2016. Net assets per share stood at RM5.28 as at 30 June 2016.

The Group's gross loans and financing was substantially unchanged at RM151.7 billion for the first six months. However, loans grew by 1.4% in the second quarter compared to a decrease of 1.2% in the first quarter. The increase was mainly from mortgages and SME. On a year-on-year comparison, gross loans and financing increased by 4.8%. SME loan and financing growth was resilient with an annualised growth rate of 12.2%, more than offset the annualised 6.9% decrease in corporate loan portfolios. The Group's domestic loan market share stood at 9.2% as at 30 June 2016.

Customer deposits increased by an annualised rate of 7.6% to RM164.1 billion. Domestic CASA grew at an annualised 9.2%, outpacing the industry which grew by 2.7%. Current and savings account ('CASA') composition improved to 24.8% as at 30 June 2016 from 24.0% in December 2015.

Gross impaired loans ratio was higher at 2.06% from 1.88% as at 31 December 2015. This was mainly due to the restructuring of a loan to a steel related manufacturer which was required to be classified as impaired in accordance to BNM Guidelines "Classification and Impairment Provisions for Loans/Financing".



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B1. Review of Group Results (continued)

(b) Performance by Operating Segment

(i) Group CIB

Group CIB's pre-tax profit was higher by 10.7% to RM372.1 million on account of higher non fund based income and lower impairment allowances for loans and financing, partially offset by lower write-back on impairment of securities and lower net fund-based income.

Corporate Banking registered a 6.4% growth in pre-tax profit to RM308.6 million on the back of lower loan loss impairment, partially offset by lower net fund based income. Investment Banking business fee based income was affected by a softer financial and capital market. However, pre-tax profit of Investment Banking increased by 50.9% due mainly to lower operating expenses.

Gross loans and financing decreased by 3.6% in the first six months to RM46.6 billion due mainly to one large corporate repayment totalling RM1.0 billion. Deposits increased by 22.5% over the same period to RM56.7 billion primarily due to increases in fixed and current deposits.

Total Assets under Management ("AUM") increased by 2.1% to RM53.1 billion, up from RM52.0 billion as at 31 December 2015 and domestic retail fund market share was maintained at 12.3%.

(ii) Group Retail Banking

Group Retail Banking reported a pre-tax profit of RM570.1 million for the first half of the year, 14.1% lower from the previous year's corresponding period. Excluding a one-off write back on mortgage portfolio in 2015, pre-tax profit increased by 7.1%, underpinned by lower operating expenses and allowances for loans and financing, partially offset by lower net fund based income and non-fund based income.

Retail loans and financing stood at RM68.4 billion. Mortgage loans and financing growth was largely offset by the contraction in auto financing and loans for purchase of securities. Mortgage loans grew at a strong annualised rate of 13.2% with domestic market share increased to 8.4% from 8.2% as at December 2015.

Retail deposits increased by an annualised 4.1% due mainly to higher fixed deposits and savings account balances by 3.6% and 9.5% respectively, surpassing industry growth rate of 6.5% and 3.8% respectively.

(iii) Group Business Banking

Group Business Banking's pre-tax profit increased by 49.4% to RM229.0 million. This was mainly due to lower allowances for loans and financing and higher net funding income.

Gross loans and financing expanded by 13.8% on an annualised basis for the first half of 2016 to RM21.1 billion, driven mainly by the SME portfolio growth. Market share for SME continued to improve to 8.8% as at June 2016 from 8.4% a year ago.

Deposits grew by 1.7% from December 2015 to RM21.8 billion, reflecting positive outcome of our SME strategy under the IGNITE 2017 programme.



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B1. Review of Group Results (continued)

(b) Performance by Operating Segment (continued)

(iv) Group Treasury

Group Treasury recorded a strong 14.7% growth in pre-tax profit to RM439.2 million, mainly due to higher net fund based income, partially offset by lower foreign exchange gain and lower investment and trading gain.

(v) Group International Business

Group International Business recorded a pre-tax loss of RM154.0 million. Excluding the one-off impairment on a corporate bond, Singapore Bank operations recorded a pre-tax profit of SGD30.9 million, 2.8% lower than the previous year corresponding period. Against the backdrop of a weaker economic environment in Singapore, gross loans and advances was relatively unchanged at SGD4.2 billion, customer deposits increased by 9.5% in the first half to SGD5.4 billion.

International business excluding Singapore registered a pre-tax profit of RM23.1 million, 55.0% higher from 2015. This was mainly due to improved profitability in Cambodia which recorded an increase in pre-tax profit by 14.3% to USD3.2 million. Lao recorded a pre-tax profit of USD0.6 million in its second year of operations.

B2. Current Quarter vs Previous Quarter

Against preceding quarter ended 31 March 2016, the pre-tax profit for the current quarter was 37.9% lower at RM469.3 million, due primarily to the impairment made on the corporate bond in Singapore.

B3. Prospects for Financial Year 2016

The second half of 2016 will continue to be challenging as macro-economic uncertainties in most parts of the world will not spare Malaysia from the headwinds. Risks on external demands and softer consumer sentiments are expected to moderate Malaysia's GDP growth in 2016 to about 4.0% from 5.0% in 2015.

The Malaysian banking sector growth will remain modest, attributed to a deceleration in corporate loans growth and ongoing consolidation in the growth of household loans. A softer financial and capital market, and rising pressure on liquidity and asset quality will also weigh on the performance of banks.

Effective 14 April 2016, RHB Bank is the new group holding company and has officially been listed on Bursa Securities on 28 June 2016. The Bank is now on a much firmer footing with stronger capitalisation, leaner organisation and greater efficiency.

The Group will continue to remain steadfast on delivering the various initiatives under the Group 2017 IGNITE transformation programme, that has thus far registered many positive achievements, while remaining vigilant on the challenging macro environment and volatility in the market place.

The Group is expected to deliver a better performance this year and is on the right trajectory to achieve its long-term objectives.

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

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



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B5. Taxation

	2nd Quarter Ended		Six Months Ended	
	30 June 2016	Restated 30 June 2015	30 June 2016	Restated 30 June 2015
	RM'000	RM'000	RM'000	RM'000
Group				
Income tax based on profit for the financial period				
- Malaysian income tax	114,158	190,507	257,691	312,625
- Overseas tax	8,430	6,026	17,742	15,044
Deferred tax	(10,830)	(30,777)	20,707	(3,609)
	<u>111,758</u>	<u>165,756</u>	<u>296,140</u>	<u>324,060</u>
Under/(Over) provision in respect of prior financial years	4,007	(317)	8,457	5,231
	<u>115,765</u>	<u>165,439</u>	<u>304,597</u>	<u>329,291</u>

The effective tax rate of the Group for the second quarter ended 30 June 2016 was lower than the statutory tax rate mainly due to certain income not subject to tax.

The effective tax rate of the Group for the six months ended 30 June 2016 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.

	2nd Quarter Ended		Six Months Ended	
	30 June 2016	Restated 30 June 2015	30 June 2016	Restated 30 June 2015
	RM'000	RM'000	RM'000	RM'000
Bank				
Income tax based on profit for the financial period				
- Malaysian income tax	74,914	158,445	177,060	256,818
- Overseas tax	6,834	4,090	13,899	11,613
Deferred tax	(13,727)	(28,171)	27,494	(285)
	<u>68,022</u>	<u>134,364</u>	<u>218,453</u>	<u>268,146</u>

The effective tax rate of the Bank for the second quarter and six months ended 30 June 2016 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.

B6. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 30 June 2016.



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

(a) Deposits from customers and placements of banks and other financial institutions

	Group		Bank	
	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000
Deposits from customers				
- One year or less	163,385,054	156,592,762	127,187,589	121,720,307
- More than one year	756,028	1,565,078	655,932	1,530,409
	<u>164,141,082</u>	<u>158,157,840</u>	<u>127,843,521</u>	<u>123,250,716</u>
Deposits and placements of banks and other financial institutions				
- One year or less	16,441,992	19,779,040	13,871,685	18,855,254
- More than one year	817,480	866,820	479,137	510,450
	<u>17,259,472</u>	<u>20,645,860</u>	<u>14,350,822</u>	<u>19,365,704</u>

(b) Borrowings

	Group		Bank	
	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000
Unsecured				
Revolving credits:				
- United States Dollar ('USD')	-	107,436	-	107,436
- Hong Kong Dollar	150,523	192,778	-	-
- Thai Baht	63,092	-	-	-
Term loans:				
- USD	756,619	468,282	756,619	468,282
- Singapore Dollar	19,444	19,754	-	-
- Japanese Yen	6,467	-	-	-
	<u>996,145</u>	<u>788,250</u>	<u>756,619</u>	<u>575,718</u>
Schedule repayment of borrowings:				
- Within one year	467,536	460,871	228,010	248,339
- One year to three years	463,162	236,143	463,162	236,143
- Three years to five years	65,447	91,236	65,447	91,236
	<u>996,145</u>	<u>788,250</u>	<u>756,619</u>	<u>575,718</u>



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

(c) Subordinated obligations

	Group		Bank	
	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000
5.50% RM700 million Tier II Subordinated Notes 2007/2022	703,375	703,376	703,375	703,376
5.60% RM300 million Tier II Subordinated Notes 2010/2025	302,900	302,946	302,900	302,946
4.25% RM250 million Tier II Subordinated Notes 2011/2021	251,738	251,591	251,738	251,591
4.30% RM750 million Tier II Subordinated Notes 2012/2022	754,499	754,394	754,499	754,394
4.40% RM1,300 million Tier II Subordinated Notes 2012/2022	1,304,618	1,304,484	1,304,618	1,304,484
4.40% RM245 million Tier II Subordinated Notes 2012/2022	245,620	245,650	-	-
5.20% RM100 million Tier II Subordinated Notes 2011/2021	-	101,112	-	-
4.95% RM500 million Tier II Subordinated Sukuk Murabahah 2014/2024	503,085	503,119	-	-
4.99% RM1 billion Tier II Subordinated Notes 2014/2024	1,023,788	1,024,061	1,023,788	1,024,061
4.75% RM500 million Tier II Subordinated Notes 2015/2025	503,041	502,993	503,041	502,993
4.95% RM200 million Tier II Subordinated Notes 2015/2025	201,980	202,060	-	-
	5,794,644	5,895,786	4,843,959	4,843,845

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

(d) Hybrid Tier-I Capital Securities

	Group		Bank	
	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000
RM370 million 8.00% Hybrid Tier-I Capital Securities due in 2039, callable with step-up coupon rate at 9.00% in 2019	368,548	368,448	368,548	368,448
RM230 million 6.75% Hybrid Tier-I Capital Securities due in 2039, callable with step-up coupon rate at 7.75% in 2019	233,366	233,408	238,379	238,422
	601,914	601,856	606,927	606,870

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



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

(e) Senior debt securities

	Group and Bank	
	As at	Restated
	30 June	As at
	2016	31 December
	RM'000	2015
		RM'000
USD300 million 3.25% senior debt securities due in 2017	1,212,167	1,291,357
USD200 million 3.25% senior debt securities due in 2017	811,269	866,244
USD300 million 3.088% senior debt securities due in 2019	1,213,916	1,293,779
	<u>3,237,352</u>	<u>3,451,380</u>



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B8. Derivative Financial Instruments

Details of derivative financial instruments outstanding are as follows:

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

Group	As at 30 June 2016			Restated As at 31 December 2015		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Forwards/swaps	63,834,711	735,420	820,357	67,057,530	1,164,438	947,415
- Options	1,849,615	10,614	11,001	1,207,428	8,452	6,444
- Cross-currency interest rate swaps	12,442,189	1,325,355	1,406,700	12,746,295	1,765,293	1,977,751
	<u>78,126,515</u>	<u>2,071,389</u>	<u>2,238,058</u>	<u>81,011,253</u>	<u>2,938,183</u>	<u>2,931,610</u>
Interest rate related contracts						
- Swaps	38,460,603	225,637	227,744	39,680,278	154,197	125,923
	<u>38,460,603</u>	<u>225,637</u>	<u>227,744</u>	<u>39,680,278</u>	<u>154,197</u>	<u>125,923</u>
Equity related contracts						
- Options	8,882	-	(8)	303	-	8
- Index futures	-	-	-	12	1	-
	<u>8,882</u>	<u>-</u>	<u>(8)</u>	<u>315</u>	<u>1</u>	<u>8</u>
Structured warrants						
	104,343	-	12,107	87,608	-	30,038
	<u>104,343</u>	<u>-</u>	<u>12,107</u>	<u>87,608</u>	<u>-</u>	<u>30,038</u>
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	2,350,000	2,926	13,781	2,350,000	10,008	2,202
	<u>2,350,000</u>	<u>2,926</u>	<u>13,781</u>	<u>2,350,000</u>	<u>10,008</u>	<u>2,202</u>
Total	<u>119,050,343</u>	<u>2,299,952</u>	<u>2,491,682</u>	<u>123,129,454</u>	<u>3,102,389</u>	<u>3,089,781</u>



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B8. Derivative Financial Instruments (continued)

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

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

Bank	As at 30 June 2016			As at 31 December 2015		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
By type						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Forwards/swaps	64,220,053	747,579	807,216	66,858,703	1,114,365	867,828
- Options	1,294,267	9,206	9,103	740,292	5,036	4,989
- Cross-currency interest rate swaps	12,343,240	1,330,617	1,437,791	12,850,960	1,773,506	1,983,750
	<u>77,857,560</u>	<u>2,087,402</u>	<u>2,254,110</u>	<u>80,449,955</u>	<u>2,892,907</u>	<u>2,856,567</u>
Interest rate related contracts						
- Swaps	41,345,602	238,848	226,906	42,615,278	157,784	138,950
	<u>41,345,602</u>	<u>238,848</u>	<u>226,906</u>	<u>42,615,278</u>	<u>157,784</u>	<u>138,950</u>
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	2,350,000	2,926	13,781	2,350,000	10,008	2,202
	<u>2,350,000</u>	<u>2,926</u>	<u>13,781</u>	<u>2,350,000</u>	<u>10,008</u>	<u>2,202</u>
Total	<u>121,553,162</u>	<u>2,329,176</u>	<u>2,494,797</u>	<u>125,415,233</u>	<u>3,060,699</u>	<u>2,997,719</u>



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B8. Derivative Financial Instruments (continued)

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

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

Group	As at 30 June 2016			Restated As at 31 December 2015		
	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
By remaining period to maturity/next re-pricing date						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than 1 year	65,568,626	817,264	953,224	67,229,178	1,156,565	1,082,438
- 1 year to 3 years	7,578,251	792,210	827,377	8,660,732	1,323,734	1,426,311
- More than 3 years	4,979,638	461,915	457,457	5,121,343	457,884	422,861
	78,126,515	2,071,389	2,238,058	81,011,253	2,938,183	2,931,610
Interest rate related contracts						
- Less than 1 year	8,705,084	10,175	6,477	8,067,611	11,851	9,934
- 1 year to 3 years	16,785,018	62,129	54,633	18,393,771	75,574	65,287
- More than 3 years	12,970,501	153,333	166,634	13,218,896	66,772	50,702
	38,460,603	225,637	227,744	39,680,278	154,197	125,923
Equity related contracts						
- Less than 1 year	4,382	-	(8)	315	1	8
- More than 3 years	4,500	-	-	-	-	-
	8,882	-	(8)	315	1	8
Structured warrants						
- Less than 1 year	104,343	-	12,107	87,608	-	30,038
	104,343	-	12,107	87,608	-	30,038
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- 1 year to 3 years	2,050,000	2,926	9,501	2,050,000	10,008	1,547
- More than 3 years	300,000	-	4,280	300,000	-	655
	2,350,000	2,926	13,781	2,350,000	10,008	2,202
Total	119,050,343	2,299,952	2,491,682	123,129,454	3,102,389	3,089,781



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B8. Derivative Financial Instruments (continued)

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

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

Bank	As at 30 June 2016			As at 31 December 2015		
	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
By remaining period to maturity/next re-pricing date						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than 1 year	65,299,671	831,473	938,059	66,657,554	1,105,135	1,012,764
- 1 year to 3 years	7,578,251	794,764	849,284	8,671,058	1,329,883	1,414,957
- More than 3 years	4,979,638	461,165	466,767	5,121,343	457,885	428,839
	77,857,560	2,087,402	2,254,110	80,449,955	2,892,903	2,856,560
Interest rate related contracts						
- Less than 1 year	9,405,084	10,197	6,865	8,817,611	11,673	14,452
- 1 year to 3 years	18,670,017	72,325	55,875	20,153,771	79,344	72,008
- More than 3 years	13,270,501	156,326	164,166	13,643,896	66,771	52,497
	41,345,602	238,848	226,906	42,615,278	157,788	138,957
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- 1 year to 3 years	2,050,000	2,926	9,501	2,050,000	10,008	1,547
- More than 3 years	300,000	-	4,280	300,000	-	655
	2,350,000	2,926	13,781	2,350,000	10,008	2,202
Total	121,553,162	2,329,176	2,494,797	125,415,233	3,060,699	2,997,719



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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
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B8. Derivative Financial Instruments (continued)

(b) 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.

(i) 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.

(ii) Cash flow hedge

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

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

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

(iii) 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.

(iv) 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 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:

Group	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
30 June 2016				
<u>Financial assets</u>				
Financial assets FVTPL:	550,973	866,407	150,602	1,567,982
- Money market instruments	-	385,825	-	385,825
- Quoted securities	550,973	-	-	550,973
- Unquoted securities	-	480,582	150,602	631,184
Financial investments AFS:	71,123	22,547,477	1,102,342	23,720,942
- Money market instruments	-	6,831,960	-	6,831,960
- Quoted securities	70,380	-	8,407	78,787
- Unquoted securities	743	15,715,517	1,093,935	16,810,195
Derivative assets	-	2,299,952	-	2,299,952
	622,096	25,713,836	1,252,944	27,588,876
<u>Financial liabilities</u>				
Derivative liabilities	12,099	2,479,583	-	2,491,682
Restated				
31 December 2015				
<u>Financial assets</u>				
Financial assets held-for-trading:	381,601	1,090,673	153,863	1,626,137
- Money market instruments	-	533,305	-	533,305
- Quoted securities	381,601	-	-	381,601
- Unquoted securities	-	557,368	153,863	711,231
Financial investments AFS:	46,649	23,617,442	1,074,704	24,738,795
- Money market instruments	-	7,386,331	-	7,386,331
- Quoted securities	46,649	-	8,399	55,048
- Unquoted securities	-	16,231,111	1,066,305	17,297,416
Derivative assets	-	3,102,389	-	3,102,389
	428,250	27,810,504	1,228,567	29,467,321
<u>Financial liabilities</u>				
Derivative liabilities	30,036	3,059,745	-	3,089,781



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B9. Fair Value of Financial Instruments (continued)

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

Bank	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
30 June 2016				
<u>Financial assets</u>				
Financial assets HFT:	3,325	415,675	-	419,000
- Money market instruments	-	385,825	-	385,825
- Quoted securities	3,325	-	-	3,325
- Unquoted securities	-	29,850	-	29,850
Financial investments AFS:	-	16,925,509	688,941	17,614,450
- Money market instruments	-	5,416,770	-	5,416,770
- Quoted securities	-	-	8,407	8,407
- Unquoted securities	-	11,508,739	680,534	12,189,273
Derivative assets	-	2,329,176	-	2,329,176
	<u>3,325</u>	<u>19,670,360</u>	<u>688,941</u>	<u>20,362,626</u>
<u>Financial liabilities</u>				
Derivative liabilities	-	2,494,797	-	2,494,797
Restated				
31 December 2015				
<u>Financial assets</u>				
Financial assets HFT:	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 AFS:	-	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>
<u>Financial liabilities</u>				
Derivative liabilities	-	2,997,719	-	2,997,719



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B9. Fair Value of Financial Instruments (continued)

(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 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 and the Bank 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-traded 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 have been performed to determine the recoverability of the instruments.

(ii) Reconciliation of fair value movements in Level 3:

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

	Group	
	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000
Financial assets FVTPL		
Balance as at the beginning of financial period/year		
- As previously reported	-	-
- Effect of predecessor accounting on acquisition of subsidiaries	153,863	40,000
- As restated	153,863	40,000
Total net loss recognised in income statements	-	(19,868)
Purchases	4,136	133,731
Exchange differences	(7,397)	-
Balance as at the end of the financial period/year	<u>150,602</u>	<u>153,863</u>

	Group		Bank	
	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 June 2016 RM'000	As at 31 December 2015 RM'000
Financial investments AFS				
Balance as at the beginning of financial period/year				
- As previously reported	954,633	867,246	657,769	588,108
- Effect of predecessor accounting on acquisition of subsidiaries	120,071	123,896	-	-
- As restated	1,074,704	991,142	657,769	588,108
Total gains recognised in other comprehensive income	32,671	61,644	30,894	59,780
Total net gains/(losses) recognised in income statements	547	(5,519)	-	-
Purchases	8,756	26,724	435	10,010
Settlements	(8,239)	(17,034)	-	(144)
Exchange differences	(6,097)	17,747	(157)	15
Balance as at the end of the financial period/year	<u>1,102,342</u>	<u>1,074,704</u>	<u>688,941</u>	<u>657,769</u>



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B10. Realised and Unrealised Profits

The following analysis of realised and unrealised profits or losses of the Group and the Bank 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 and the Bank are as follows:

	Group		Bank	
	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 June 2016 RM'000	Restated As at 31 December 2015 RM'000
Total retained profits of the Bank and its subsidiaries				
- Realised	8,322,051	7,950,326	6,501,946	6,368,199
- Unrealised	(33,011)	148,004	(76,070)	172,987
	8,289,040	8,098,330	6,425,876	6,541,186
Total share of retained profits from associates and joint ventures				
- Realised	3,809	3,508	-	-
	8,292,849	8,101,838	6,425,876	6,541,186
Less: Consolidation adjustments	(449,120)	(351,817)	-	-
Total retained profits	7,843,729	7,750,021	6,425,876	6,541,186

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.



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FOR THE SIX MONTHS ENDED 30 JUNE 2016**

B11. Significant Events During the Financial Period

(a) Group Internal Reorganisation

On 14 April 2016, the Bank has completed the following acquisitions under the Group Internal Reorganisation:

- (i) the entire equity interests in certain subsidiaries as disclosed in Note A24 ('Identified Assets') from the former holding company, RHB Capital Berhad ('RHB Capital') under a Share Sale Agreement dated 6 April 2016, for a total cash consideration of approximately RM3.32 billion. The 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.
- (ii) certain assets and liabilities of RHB Hartanah Sdn Bhd, including its subsidiary, RHB Property Management Sdn Bhd under an Asset Purchase Agreement dated 6 April 2016, for a total cash consideration of approximately RM298.37 million.

Following the completion of the Group Internal Reorganisation, RHB Capital has injected an aggregate of approximately RM2.49 billion into the Bank ('Capital Injection'), being proceeds raised from its rights issue exercise, proceeds from the redemption of its investment in RHB Liquid Fund as well as excess cash available (after setting aside adequate cash to defray any expenses of RHB Capital), in exchange for approximately 447.84 million new shares of the Bank of RM1.00 each, which were issued at an issue price of RM5.56 per share.

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

(b) Distribution and Capital Repayment

On 13 June 2016, RHB Capital ceased to be the shareholder of the Bank upon the completion of its Distribution and Capital Repayment, which entails the distribution of its entire shareholding in the Bank after the capital injection in (a) above to entitled shareholders of RHB Capital whose names appear in the Record of Depositors of RHB Capital.

(c) Transfer of Listing Status

The Bank has assumed the listing status of RHB Capital, and has been admitted to the Official List of Bursa Malaysia Securities Berhad ('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 on 28 June 2016.

The Transfer of Listing Status will enable the shareholders to have a direct participation in the equity and envisaged growth of the Group as well as enable the 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 the Group in expanding its customer base.



RHB BANK BERHAD (6171-M)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
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B12. Restatement of Comparatives

The Group and the Bank have restated certain comparatives due to the following:

- (a) The adoption of the predecessor accounting to reflect the acquisition of certain subsidiaries, and assets and liabilities under the Group Internal Reorganisation as disclosed in Note B11; and
- (b) Following the completion of the Group Internal Reorganisation, the former holding company, RHB Capital had utilised the disposal consideration received to repay its entire bank borrowings outstanding, of which included RM1.5 billion financing from the Bank that had been classified as loans, advances and financing previously. In addition, RHB Capital had uplifted the proceeds from its rights issue of RM2.3 billion in December 2015 and injected into the Bank. The proceeds was previously placed with the Bank and classified as deposits from customers.

The Bank has now restated the outstanding financing to RHB Capital and the placements from the rights issue in 2015 as part of intercompany balances in order to better reflect the overall intercompany, loans and deposits balances of the Group and the Bank relating to the Group Internal Reorganisation.

Statements of Financial Position
As at 31 December 2015

	Group				Bank			
	As previously reported RM'000	Effect of predecessor accounting RM'000	Reclassification of loans/deposits as intercompany RM'000	As restated RM'000	As previously reported RM'000	Effect of predecessor accounting RM'000	Reclassification of loans/deposits as intercompany RM'000	As restated RM'000
ASSETS								
Cash and short-term funds	13,530,998	(649,603)	-	12,881,395	8,213,683	-	-	8,213,683
Securities purchased under resale agreements	175,872	12,508	-	188,380	165,153	-	-	165,153
Deposits and placements with banks and other financial institutions	1,456,536	(257,504)	-	1,199,032	9,782,274	-	-	9,782,274
Financial assets FVTPL	626,676	999,461	-	1,626,137	606,428	-	-	606,428
Financial investments AFS	21,325,551	3,413,244	-	24,738,795	18,166,278	-	-	18,166,278
Financial investments HTM	19,931,391	600,845	-	20,532,236	18,876,308	-	-	18,876,308
Loans, advances and financing	149,191,114	1,844,887	(1,456,028)	149,579,973	112,447,582	-	(1,456,028)	110,991,554
Clients' and brokers' balances	-	1,654,213	-	1,654,213	-	-	-	-
Reinsurance assets	-	371,238	-	371,238	-	-	-	-
Other assets	2,238,362	240,342	-	2,478,704	2,222,829	(3,322)	-	2,219,507
Derivative assets	3,060,637	41,752	-	3,102,389	3,060,699	-	-	3,060,699
Statutory deposits	5,128,078	144,152	-	5,272,230	3,719,819	-	-	3,719,819
Tax recoverable	117,359	48,693	-	166,052	117,357	(487)	-	116,870
Deferred tax assets	74,117	40,111	-	114,228	62,139	(4,148)	-	57,991
Investments in associates and joint ventures	-	15,764	-	15,764	-	-	-	-
Investments in subsidiaries	-	-	-	-	1,918,889	3,321,770	-	5,240,659
Property, plant and equipment	671,092	370,491	-	1,041,583	474,881	292,029	-	766,910
Goodwill	1,120,318	1,528,988	-	2,649,306	905,519	-	-	905,519
Intangible assets	271,046	55,646	-	326,692	261,128	-	-	261,128
TOTAL ASSETS	218,919,147	10,475,228	(1,456,028)	227,938,347	181,000,966	3,605,842	(1,456,028)	183,150,780



RHB BANK BERHAD (6171-M)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

B12. Restatement of Comparatives (continued)

Statements of Financial Position (continued)
As at 31 December 2015

	Group				Bank			
	As previously reported	Effect of predecessor accounting	Reclassification of loans/deposits as intercompany	As restated	As previously reported	Effect of predecessor accounting	Reclassification of loans/deposits as intercompany	As restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LIABILITIES AND EQUITY								
Deposits from customers	159,847,884	655,456	(2,345,500)	158,157,840	125,609,459	(13,243)	(2,345,500)	123,250,716
Deposits and placements of banks and other financial institutions	18,849,105	1,796,755	-	20,645,860	19,365,704	-	-	19,365,704
Obligations on securities sold under repurchase agreements	4,735,645	170,569	-	4,906,214	4,735,645	-	-	4,735,645
Obligations on securities borrowed	-	12,202	-	12,202	-	-	-	-
Bills and acceptances payable	487,604	138,795	-	626,399	482,056	-	-	482,056
Clients' and brokers' balances	-	1,348,728	-	1,348,728	-	-	-	-
General insurance contract liabilities	-	870,884	-	870,884	-	-	-	-
Other liabilities	1,675,473	4,109,509	889,472	6,674,454	1,341,504	3,615,678	889,472	5,846,654
Derivative liabilities	2,977,154	112,627	-	3,089,781	2,997,719	-	-	2,997,719
Recourse obligation on loans sold to Cagamas Berhad	3,127,656	-	-	3,127,656	2,144,896	-	-	2,144,896
Tax liabilities	29,768	7,470	-	37,238	-	-	-	-
Deferred tax liabilities	5	11,327	-	11,332	-	-	-	-
Borrowings	575,718	212,532	-	788,250	575,718	-	-	575,718
Subordinated obligations	5,346,964	548,822	-	5,895,786	4,843,845	-	-	4,843,845
Hybrid Tier-I Capital Securities	606,870	(5,014)	-	601,856	606,870	-	-	606,870
Senior debt securities	3,451,380	-	-	3,451,380	3,451,380	-	-	3,451,380
TOTAL LIABILITIES	201,711,226	9,990,662	(1,456,028)	210,245,860	166,154,796	3,602,435	(1,456,028)	168,301,203
Share capital	3,460,585	-	-	3,460,585	3,460,585	-	-	3,460,585
Reserves	13,747,336	459,948	-	14,207,284	11,385,585	3,407	-	11,388,992
	17,207,921	459,948	-	17,667,869	14,846,170	3,407	-	14,849,577
NCI	-	24,618	-	24,618	-	-	-	-
TOTAL EQUITY	17,207,921	484,566	-	17,692,487	14,846,170	3,407	-	14,849,577
TOTAL LIABILITIES AND EQUITY	218,919,147	10,475,228	-	227,938,347	181,000,966	3,605,842	-	183,150,780



RHB BANK BERHAD (6171-M)
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FOR THE SIX MONTHS ENDED 30 JUNE 2016

B12. Restatement of Comparatives (continued)

Income Statements
For the six months ended 30 June 2015

	2nd Quarter Ended 30 June 2015			Six Months Ended 30 June 2015		
	As previously reported RM'000	Effect of predecessor accounting RM'000	As restated RM'000	As previously reported RM'000	Effect of predecessor accounting RM'000	As restated RM'000
Group						
Interest income	1,859,888	91,069	1,950,957	3,758,849	205,055	3,963,904
Interest expense	(1,082,210)	(57,452)	(1,139,662)	(2,186,206)	(137,360)	(2,323,566)
Net interest income	777,678	33,617	811,295	1,572,643	67,695	1,640,338
Other operating income	258,758	232,436	491,194	523,983	480,834	1,004,817
Income from Islamic Banking business	212,691	(513)	212,178	413,783	(6,902)	406,881
Net income	1,249,127	265,540	1,514,667	2,510,409	541,627	3,052,036
Other operating expenses	(614,625)	(223,905)	(838,530)	(1,199,400)	(453,694)	(1,653,094)
Operating profit before allowances	634,502	41,635	676,137	1,311,009	87,933	1,398,942
Allowance for impairment on loans, financing and other losses	46,327	(5,191)	41,136	(5,867)	(3,540)	(9,407)
Impairment written back on other assets	3,786	3,807	7,593	6,590	7,107	13,697
	684,615	40,251	724,866	1,311,732	91,500	1,403,232
Share of results of joint ventures	-	40	40	-	125	125
Profit before taxation	684,615	40,291	724,906	1,311,732	91,625	1,403,357
Taxation	(159,487)	(5,952)	(165,439)	(311,674)	(17,617)	(329,291)
Net profit for the financial period	525,128	34,339	559,467	1,000,058	74,008	1,074,066
Attributable to:						
- Equity holders of the Bank	525,128	33,898	559,026	1,000,058	72,279	1,072,337
- Non-controlling interests	-	441	441	-	1,729	1,729
	525,128	34,339	559,467	1,000,058	74,008	1,074,066



RHB BANK BERHAD (6171-M)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

B12. Restatement of Comparatives (continued)

Income Statements
For the six months ended 30 June 2015

	2nd Quarter Ended 30 June 2015			Six Months Ended 30 June 2015		
	As previously reported	Effect of predecessor accounting	As restated	As previously reported	Effect of predecessor accounting	As restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank						
Interest income	1,870,468	-	1,870,468	3,780,693	-	3,780,693
Interest expense	(1,072,520)	76	(1,072,444)	(2,168,087)	162	(2,167,925)
Net interest income	797,948	76	798,024	1,612,606	162	1,612,768
Other operating income	253,620	2,187	255,807	512,244	4,598	516,842
Net income	1,051,568	2,263	1,053,831	2,124,850	4,760	2,129,610
Other operating expenses	(548,065)	(286)	(548,351)	(1,073,094)	(1,443)	(1,074,537)
Operating profit before allowances	503,503	1,977	505,480	1,051,756	3,317	1,055,073
Allowance for impairment on loans, financing and other losses	49,185	-	49,185	19,984	-	19,984
Impairment written back on other assets	3,786	-	3,786	6,590	-	6,590
Profit before taxation	556,474	1,977	558,451	1,078,330	3,317	1,081,647
Taxation	(133,517)	(847)	(134,364)	(266,592)	(1,554)	(268,146)
Net profit for the financial period	422,957	1,130	424,087	811,738	1,763	813,501



**RHB BANK BERHAD (6171-M)
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B13. Dividends

Dividend declared during the current financial period ended 30 June 2016:

- (a) Amount per share: Single-tier interim dividend of 5.0 sen per RM1.00 share
- (b) Previous corresponding period: Nil
- (c) Entitlement date: To be determined later
- (d) Payment date: To be determined later

B14. Earnings per Share

	2nd Quarter Ended		Six Months Ended	
	30 June 2016	Restated 30 June 2015	30 June 2016	Restated 30 June 2015
Basic earnings per share				
Profit attributable to equity holders of the Bank (RM'000)	<u>350,169</u>	559,026	<u>915,054</u>	1,072,337
Weighted average number of ordinary shares in issue ('000)	<u>3,939,368</u>	6,916,989	<u>3,699,977</u>	6,824,494
Earnings per share (sen)				
- Basic per RM1.00 per share	<u>8.9</u>	N/A	<u>24.7</u>	N/A
- Basic per RM0.50 per share	<u>N/A</u>	8.1	<u>N/A</u>	15.7

There were no dilutive potential ordinary shares outstanding as at 30 June 2016. As a result, the diluted earnings per share equal to the basic earnings per share for the six months ended 30 June 2016.

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
(License No. LS0006901)

Company Secretary
24 August 2016