



**RHB Bank Berhad (6171 - M)**

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

	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2016 RM'000	Restated 30 September 2015 RM'000	30 September 2016 RM'000	Restated 30 September 2015 RM'000
<b>Group</b>					
Interest income	A8	<b>1,922,098</b>	1,991,685	<b>5,892,369</b>	5,955,589
Interest expense	A9	<b>(1,073,412)</b>	(1,115,155)	<b>(3,299,500)</b>	(3,438,721)
Net interest income		<b>848,686</b>	876,530	<b>2,592,869</b>	2,516,868
Other operating income	A10	<b>546,395</b>	439,449	<b>1,531,530</b>	1,444,266
Income from Islamic Banking business	A28(b)	<b>234,087</b>	230,036	<b>705,368</b>	636,917
Net income		<b>1,629,168</b>	1,546,015	<b>4,829,767</b>	4,598,051
Other operating expenses	A11	<b>(826,528)</b>	(1,166,271)	<b>(2,410,971)</b>	(2,819,365)
Operating profit before allowances		<b>802,640</b>	379,744	<b>2,418,796</b>	1,778,686
Allowance for impairment on loans, financing and other losses	A12	<b>(146,361)</b>	(96,477)	<b>(286,431)</b>	(105,884)
Impairment (made)/written back on other assets		<b>6,245</b>	45,772	<b>(245,331)</b>	59,469
		<b>662,524</b>	329,039	<b>1,887,034</b>	1,732,271
Share of results of joint ventures		<b>95</b>	112	<b>396</b>	237
Profit before taxation		<b>662,619</b>	329,151	<b>1,887,430</b>	1,732,508
Taxation	B5	<b>(151,963)</b>	(99,794)	<b>(456,560)</b>	(429,085)
Net profit for the financial period		<b>510,656</b>	229,357	<b>1,430,870</b>	1,303,423
Attributable to:					
- Equity holders of the Bank		<b>505,327</b>	229,261	<b>1,420,381</b>	1,301,598
- Non-controlling interests		<b>5,329</b>	96	<b>10,489</b>	1,825
		<b>510,656</b>	229,357	<b>1,430,870</b>	1,303,423
Basic earnings per share (sen)					
- Per RM1.00 per share	B14	<b>12.6</b>	N/A	<b>37.3</b>	N/A
- Per RM0.50 per share	B14	<b>N/A</b>	3.3	<b>N/A</b>	19.0

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 NINE MONTHS ENDED 30 SEPTEMBER 2016**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	Restated 30 September 2015	30 September 2016	Restated 30 September 2015
Note	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Net profit for the financial period	<b>510,656</b>	229,357	<b>1,430,870</b>	1,303,423
Other comprehensive income/(loss) in respect of:				
(i) Items that will not be reclassified to profit or loss:				
- Actuarial gain on defined benefit plan of subsidiaries	<b>46</b>	4	<b>388</b>	233
(ii) Items that will be reclassified subsequently to profit or loss:				
(a) Foreign currency translation reserves				
- Currency translation differences	<b>82,795</b>	474,295	<b>(86,507)</b>	694,613
- Net investment hedge	<b>(6,866)</b>	(35,685)	<b>15,485</b>	(35,685)
(b) Unrealised net gain/(loss) on revaluation of financial investments available-for-sale ('AFS')	<b>135,558</b>	(153,070)	<b>441,904</b>	(27,293)
(c) Net transfer to income statements on disposal or impairment of financial investments AFS	<b>(20,315)</b>	(7,439)	<b>16,884</b>	(52,511)
Income tax relating to components of other comprehensive (income)/loss	<b>(27,714)</b>	39,801	<b>(110,414)</b>	19,428
Other comprehensive income, net of tax, for the financial period	<b>163,504</b>	317,906	<b>277,740</b>	598,785
Total comprehensive income for the financial period	<b>674,160</b>	547,263	<b>1,708,610</b>	1,902,208
Total comprehensive income attributable to:				
- Equity holders of the Bank	<b>668,454</b>	546,888	<b>1,698,504</b>	1,900,100
- Non-controlling interests	<b>5,706</b>	375	<b>10,106</b>	2,108
	<b>674,160</b>	547,263	<b>1,708,610</b>	1,902,208

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 INCOME STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016**

	Note	3rd Quarter Ended		Nine Months Ended	
		Restated		Restated	
		30 September 2016	30 September 2015	30 September 2016	30 September 2015
		RM'000	RM'000	RM'000	RM'000
<b>Bank</b>					
Interest income	A8	<b>1,874,368</b>	1,902,218	<b>5,726,611</b>	5,682,911
Interest expense	A9	<b>(1,060,001)</b>	(1,048,218)	<b>(3,207,862)</b>	(3,216,143)
Net interest income		<b>814,367</b>	854,000	<b>2,518,749</b>	2,466,768
Other operating income	A10	<b>214,952</b>	186,883	<b>688,269</b>	703,725
Net income		<b>1,029,319</b>	1,040,883	<b>3,207,018</b>	3,170,493
Other operating expenses	A11	<b>(505,465)</b>	(816,560)	<b>(1,513,604)</b>	(1,891,097)
Operating profit before allowances		<b>523,854</b>	224,323	<b>1,693,414</b>	1,279,396
Allowance for impairment on loans, advances and financing	A12	<b>(76,940)</b>	(56,236)	<b>(158,668)</b>	(36,252)
Impairment (made)/written back on other assets		<b>2,605</b>	2,179	<b>(248,448)</b>	8,769
Profit before taxation		<b>449,519</b>	170,266	<b>1,286,298</b>	1,251,913
Taxation	B5	<b>(93,463)</b>	(55,332)	<b>(311,916)</b>	(323,478)
Net profit for the financial period		<b>356,056</b>	114,934	<b>974,382</b>	928,435

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 NINE MONTHS ENDED 30 SEPTEMBER 2016**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
Note	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Net profit for the financial period	<b>356,056</b>	114,934	<b>974,382</b>	928,435
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	<b>18,978</b>	182,266	<b>(26,654)</b>	273,652
(b) Unrealised net gain/(loss) on revaluation of financial investments AFS	<b>85,309</b>	(91,229)	<b>309,487</b>	(10,023)
(c) Net transfer to income statements on disposal or impairment of financial investments AFS	<b>(18,351)</b>	(6,506)	<b>21,500</b>	(44,616)
Income tax relating to components of other comprehensive (income)/loss	<b>(16,070)</b>	24,434	<b>(79,437)</b>	13,660
Other comprehensive income, net of tax, for the financial period	<b>69,866</b>	108,965	<b>224,896</b>	232,673
Total comprehensive income for the financial period	<b>425,922</b>	223,899	<b>1,199,278</b>	1,161,108

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 SEPTEMBER 2016**

	Note	Group		Bank	
		As at	Restated	As at	Restated
		30 September	31 December	30 September	31 December
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
Cash and short-term funds		14,521,132	12,881,395	9,630,076	8,213,683
Securities purchased under resale agreements		1,801,965	188,380	1,797,622	165,153
Deposits and placements with banks and other financial institutions		1,870,940	1,199,032	10,620,986	9,782,274
Financial assets at fair value through profit or loss ('FVTPL')	A13	2,495,090	1,626,137	903,906	606,428
Financial investments available-for-sale ('AFS')	A14	23,829,561	24,738,796	18,058,032	18,166,278
Financial investments held-to-maturity ('HTM')	A15	17,976,450	20,532,236	15,609,966	18,876,308
Loans, advances and financing	A16	151,009,058	149,579,973	110,666,542	110,991,554
Clients' and brokers' balances		2,212,434	1,654,213	-	-
Reinsurance assets		388,810	371,238	-	-
Other assets	A17	2,069,473	2,478,703	1,707,101	2,219,507
Derivative assets	B8	2,325,967	3,102,389	2,346,146	3,060,699
Statutory deposits		4,448,591	5,272,230	3,052,813	3,719,819
Tax recoverable		268,132	166,052	202,818	116,870
Deferred tax assets		18,959	114,228	-	57,991
Investments in associates and joint ventures		15,704	15,764	-	-
Investments in subsidiaries		-	-	5,240,659	5,240,659
Property, plant and equipment		1,023,067	1,041,583	758,161	766,910
Goodwill		2,649,306	2,649,306	905,519	905,519
Intangible assets		368,346	326,692	304,225	261,128
<b>TOTAL ASSETS</b>		<b>229,292,985</b>	<b>227,938,347</b>	<b>181,804,572</b>	<b>183,150,780</b>
<b>LIABILITIES</b>					
Deposits from customers	A18/B7(a)	165,999,001	158,157,840	127,491,331	123,250,716
Deposits and placements of banks and other financial institutions	A19/B7(a)	17,380,269	20,645,860	14,312,605	19,365,704
Obligations on securities sold under repurchase agreements		960,142	4,906,214	4,240,651	4,735,645
Obligations on securities borrowed		-	12,202	-	-
Bills and acceptances payable		1,259,445	626,399	1,084,174	482,056
Clients' and brokers' balances		1,919,964	1,348,728	-	-
General insurance contract liabilities		891,984	870,884	-	-
Other liabilities	A20	1,978,400	6,674,454	1,261,040	5,846,654
Derivative liabilities	B8	2,402,800	3,089,781	2,372,900	2,997,719
Recourse obligation on loans sold to Cagamas Berhad		4,001,707	3,127,656	3,144,449	2,144,896
Tax liabilities		56,587	37,238	-	-
Deferred tax liabilities		61,728	11,332	58,321	-
Borrowings	B7(b)	865,001	788,250	669,909	575,718
Subordinated obligations	B7(c)	5,838,736	5,895,786	4,876,617	4,843,845
Hybrid Tier-I Capital Securities	B7(d)	598,456	601,856	603,553	606,870
Senior debt securities	B7(e)	3,350,668	3,451,380	3,350,668	3,451,380
<b>TOTAL LIABILITIES</b>		<b>207,564,888</b>	<b>210,245,860</b>	<b>163,466,218</b>	<b>168,301,203</b>

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

	Note	Group		Bank	
		As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000
<b>EQUITY</b>					
Share capital		4,010,045	3,460,585	4,010,045	3,460,585
Reserves		17,621,127	14,207,284	14,328,309	11,388,992
<b>Equity attributable to holders of the Bank</b>		<b>21,631,172</b>	17,667,869	<b>18,338,354</b>	14,849,577
Non-controlling interests ('NCI')		96,925	24,618	-	-
<b>TOTAL EQUITY</b>		<b>21,728,097</b>	17,692,487	<b>18,338,354</b>	14,849,577
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>229,292,985</b>	227,938,347	<b>181,804,572</b>	183,150,780
<b>COMMITMENTS AND CONTINGENCIES</b>	A25(a)	<b>179,368,853</b>	186,762,170	<b>176,034,090</b>	178,724,173
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK (RM)</b>					
- Per RM1.00 per share		5.39	N/A	4.57	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 NINE MONTHS ENDED 30 SEPTEMBER 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	
<b>Balance as at 1 January 2016</b>												
- 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		-	-	-	-	-	-	-	1,420,381	1,420,381	10,489	1,430,870
Foreign currency translation reserves:												
- Currency translation differences		-	-	-	-	-	(86,059)	-	-	(86,059)	(448)	(86,507)
- Net investment hedge		-	-	-	-	-	15,485	-	-	15,485	-	15,485
Financial investments AFS:												
- Unrealised net gain on revaluation		-	-	-	-	441,842	-	-	-	441,842	62	441,904
- Net transfer to income statements on disposal or impairment		-	-	-	-	16,884	-	-	-	16,884	-	16,884
Actuarial gain on defined benefit plan of subsidiaries		-	-	-	-	-	-	-	384	384	4	388
Income tax relating to components of other comprehensive income		-	-	-	-	(110,325)	-	-	(88)	(110,413)	(1)	(110,414)
Other comprehensive income/(loss), net of tax, for the financial period		-	-	-	-	348,401	(70,574)	-	296	278,123	(383)	277,740
Total comprehensive income/(loss) for the financial period		-	-	-	-	348,401	(70,574)	-	1,420,677	1,698,504	10,106	1,708,610
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		-	-	-	-	-	-	-	(765,502)	(765,502)	-	(765,502)
- 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		-	-	-	41,264	-	-	-	(41,264)	-	-	-
Dilution of interest in a subsidiary		-	-	-	-	-	-	-	(1,025)	(1,025)	1,025	-
Disposal of a subsidiary		-	-	-	-	-	-	-	-	-	(688)	(688)
Contribution by NCI		-	-	-	-	-	-	-	-	-	63,189	63,189
<b>Balance as at 30 September 2016</b>		<b>4,010,045</b>	<b>2,984,058</b>	<b>4,719,307</b>	<b>630,901</b>	<b>474,741</b>	<b>641,430</b>	<b>23,331</b>	<b>8,147,359</b>	<b>21,631,172</b>	<b>96,925</b>	<b>21,728,097</b>

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**RHB BANK BERHAD (6171-M)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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
<b>Balance as at 1 January 2015</b>											
- 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	-	-	-	-	-	-	-	1,301,598	1,301,598	1,825	1,303,423
Foreign currency translation reserves:											
- Currency translation differences	-	-	-	-	-	694,393	-	-	694,393	220	694,613
- Net investment hedge	-	-	-	-	-	(35,685)	-	-	(35,685)	-	(35,685)
Financial investments AFS:											
- Unrealised net (loss)/gain on revaluation	-	-	-	-	(27,354)	-	-	-	(27,354)	61	(27,293)
- Net transfer to income statements on disposal or impairment	-	-	-	-	(52,511)	-	-	-	(52,511)	-	(52,511)
Actuarial gain on defined benefit plan of subsidiaries	-	-	-	-	-	-	-	230	230	3	233
Income tax relating to components of other comprehensive loss/(income)	-	-	-	-	19,486	-	-	(57)	19,429	(1)	19,428
Other comprehensive income/(loss), net of tax, for the financial period	-	-	-	-	(60,379)	658,708	-	173	598,502	283	598,785
Total comprehensive income/(loss) for the financial period	-	-	-	-	(60,379)	658,708	-	1,301,771	1,900,100	2,108	1,902,208
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	-	-	-	568,365	-	-	-	(568,365)	-	-	-
Accretion of interest in a subsidiary	-	-	-	-	-	-	-	13	13	(13)	-
<b>Balance as at 30 September 2015</b>	<b>3,460,585</b>	<b>478,517</b>	<b>4,436,302</b>	<b>568,365</b>	<b>132,577</b>	<b>826,059</b>	<b>23,331</b>	<b>7,498,004</b>	<b>17,423,740</b>	<b>22,804</b>	<b>17,446,544</b>

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

Bank	Note	Non-Distributable				Distributable		Total Equity	
		Share Capital	Share Premium	Statutory Reserves	Regulatory Reserves	AFS Reserves	Translation Reserves		Retained Profits
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Balance as at 1 January 2016</b>									
- As previously reported		3,460,585	478,517	3,478,138	385,494	157,184	348,473	6,537,779	14,846,170
- Effect of predecessor accounting on acquisition of subsidiaries	B12	-	-	-	-	-	-	3,407	3,407
- As restated		3,460,585	478,517	3,478,138	385,494	157,184	348,473	6,541,186	14,849,577
Net profit for the financial period		-	-	-	-	-	-	974,382	974,382
Foreign currency translation reserves:									
- Currency translation differences		-	-	-	-	-	(26,654)	-	(26,654)
Financial investments AFS:									
- Unrealised net gain on revaluation		-	-	-	-	309,487	-	-	309,487
- Net transfer to income statements on disposal or impairment		-	-	-	-	21,500	-	-	21,500
Income tax relating to components of other comprehensive income		-	-	-	-	(79,437)	-	-	(79,437)
Other comprehensive income/(loss), net of tax, for the financial period		-	-	-	-	251,550	(26,654)	-	224,896
Total comprehensive income/(loss) for the financial period		-	-	-	-	251,550	(26,654)	974,382	1,199,278
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		-	-	-	-	-	-	(765,502)	(765,502)
Transfer to statutory reserves		-	-	154,582	-	-	-	(154,582)	-
Transfer to regulatory reserves		-	-	-	39,056	-	-	(39,056)	-
<b>Balance as at 30 September 2016</b>		<b>4,010,045</b>	<b>2,984,058</b>	<b>3,632,720</b>	<b>424,550</b>	<b>408,734</b>	<b>321,819</b>	<b>6,556,428</b>	<b>18,338,354</b>

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



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

	←		Non-Distributable		→		Distributable Retained Profits	Total Equity
	Share Capital	Share Premium	Statutory Reserves	Regulatory Reserves	AFS Reserves	Translation Reserves		
Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 1 January 2015</b>								
- 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	-	-	-	-	-	-	928,435	928,435
Foreign currency translation reserves:								
- Currency translation differences	-	-	-	-	-	273,652	-	273,652
Financial investments AFS:								
- Unrealised net loss on revaluation	-	-	-	-	(10,023)	-	-	(10,023)
- Net transfer to income statements on disposal or impairment	-	-	-	-	(44,616)	-	-	(44,616)
Income tax relating to components of other comprehensive loss	-	-	-	-	13,660	-	-	13,660
Other comprehensive income/(loss), net of tax, for the financial period	-	-	-	-	(40,979)	273,652	-	232,673
Total comprehensive income/(loss) for the financial period	-	-	-	-	(40,979)	273,652	928,435	1,161,108
Issuance of rights issue via recapitalisation of dividend	95,099	342,355	-	-	-	-	-	437,454
Dividends paid	-	-	-	-	-	-	(583,272)	(583,272)
Transfer to regulatory reserves	-	-	-	392,519	-	-	(392,519)	-
<b>Balance as at 30 September 2015</b>	<b>3,460,585</b>	<b>478,517</b>	<b>3,478,138</b>	<b>392,519</b>	<b>178,951</b>	<b>383,002</b>	<b>6,328,656</b>	<b>14,700,368</b>

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



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

	Nine Months Ended	
	30 September 2016	Restated 30 September 2015
	RM'000	RM'000
<b>Group</b>		
<b>Cash flows from operating activities</b>		
Profit before taxation	1,887,430	1,732,508
Adjustments for:		
Allowance for impairment on loans, financing and other losses	488,803	306,020
Property, plant and equipment:		
- Depreciation	90,063	90,705
- Gain on disposal	(1,829)	(6,929)
- Written off	196	30
- Impairment losses written back	-	(36)
Intangible assets:		
- Amortisation	51,018	54,703
Net impairment made/(written back) on financial investments AFS and HTM	245,331	(59,433)
Share of results of joint ventures	(396)	(237)
Net gain arising from sale/redemption of financial assets FVTPL, financial investments AFS and HTM	(142,346)	(52,440)
Net gain on fair value hedges	(18,278)	(8,230)
Net unrealised loss on revaluation of financial assets FVTPL and derivatives	12,859	18,096
Net unrealised foreign exchange loss/(gain)	230,862	(496,109)
Net gain on disposal of a subsidiary	(434)	-
Gross dividend income from financial assets FVTPL and financial investments AFS	(37,175)	(38,925)
Amortisation of premium for borrowings, subordinated obligations and Hybrid Tier-I Capital Securities	849	943
Interest income from financial assets FVTPL, financial investments AFS and HTM	(1,051,774)	(1,048,451)
Investment income from financial assets FVTPL, financial investments AFS and HTM	(166,882)	(157,739)
Operating profit before working capital changes	<u>1,588,297</u>	<u>334,476</u>
(Increase)/Decrease in operating assets:		
Securities purchased under resale agreements	(1,666,093)	473,737
Deposits and placements with banks and other financial institutions	(692,770)	229,795
Financial assets FVTPL	(760,009)	895,583
Loans, advances and financing	(2,242,521)	(5,347,218)
Clients' and brokers' balances	(558,221)	(738,592)
Other assets	222,743	(89,688)
Statutory deposits	<u>806,112</u>	<u>261,835</u>
	<u>(4,890,759)</u>	<u>(4,314,548)</u>
Increase/(Decrease) in operating liabilities:		
Deposits from customers	8,167,994	(436,952)
Deposits and placements of banks and other financial institutions	(3,220,924)	(3,247,206)
Obligations on securities sold under repurchase agreements	(3,946,072)	4,129,103
Obligations on securities borrowed	(12,202)	(65,653)
Bills and acceptances payable	633,986	393,887
Clients' and brokers' balances	571,236	692,737
Other liabilities	(997,997)	176,203
Recourse obligation on loans sold to Cagamas	<u>874,051</u>	<u>(120,581)</u>
	<u>2,070,072</u>	<u>1,521,538</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 NINE MONTHS ENDED 30 SEPTEMBER 2016**

	Nine Months Ended	
	30 September 2016	Restated 30 September 2015
	RM'000	RM'000
<b>Group</b>		
<b>Cash flows from operating activities (continued)</b>		
Cash used in operations	(1,232,390)	(2,458,534)
Net tax paid	(505,405)	(557,193)
Net cash used in operating activities	<u>(1,737,795)</u>	<u>(3,015,727)</u>
<b>Cash flows from investing activities</b>		
Net proceeds from disposal/(purchase) of financial investments AFS and HTM	3,601,853	(2,877,330)
Property, plant and equipment:		
- Purchase	(75,665)	(59,159)
- Proceeds from disposal	4,565	9,285
Intangible assets:		
- Purchase	(93,200)	(89,581)
Financial investments AFS and HTM:		
- Interest received	1,050,960	1,002,926
- Investment income received	153,407	135,397
Dividend income received from financial assets FVTPL and financial investments AFS	37,175	38,925
Net cash inflow from disposal of a subsidiary	845	-
Cash outflow arising from internal reorganisation	(3,614,753)	-
Net cash generated from/(used in) investing activities	<u>1,065,187</u>	<u>(1,839,537)</u>
<b>Cash flows from financing activities</b>		
Net drawdown/(repayment) of borrowings	108,292	(183,643)
Contributions by NCI	63,189	-
Redemption of subordinated obligations	(100,000)	(200,000)
Dividends paid to equity holders of the Bank	(765,502)	(583,272)
Dividends paid by subsidiaries to the former holding company and NCI	(25,000)	(32,216)
Proceeds from issuance of share capital	3,055,001	437,454
Net cash generated from/(used in) financing activities	<u>2,335,980</u>	<u>(561,677)</u>
Net increase/(decrease) in cash and cash equivalents	1,663,372	(5,416,941)
Effects of exchange rate differences	(23,635)	623,117
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>14,521,132</u>	<u>11,256,103</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>14,521,132</u>	<u>11,256,103</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 NINE MONTHS ENDED 30 SEPTEMBER 2016**

	Nine Months Ended	
	30 September 2016	Restated 30 September 2015
	RM'000	RM'000
<b>Bank</b>		
<b>Cash flows from operating activities</b>		
Profit before taxation	1,286,298	1,251,913
Adjustments for:		
Allowance for impairment on loans, financing and other losses	350,300	225,082
Property, plant and equipment:		
- Depreciation	63,317	62,803
- Gain on disposal	(1,778)	(6,553)
- Written off	23	7
Intangible assets:		
- Amortisation	37,914	35,412
Net impairment made/(written back) on financial investments AFS and HTM	248,448	(8,769)
Net gain arising from sale/redemption of financial assets FVTPL, financial investments AFS and HTM	(82,715)	(45,252)
Net gain on fair value hedges	(43)	(24)
Net unrealised (gain)/loss on revaluation of financial assets FVTPL and derivatives	(5,886)	14,055
Net unrealised foreign exchange loss/(gain)	168,303	(411,477)
Gross dividend income from financial investments AFS	(4,240)	(3,902)
Amortisation of premium for borrowings, subordinated obligations and Hybrid Tier-I Capital Securities	1,048	1,058
Interest income from financial assets FVTPL, financial investments AFS and HTM	(955,826)	(911,016)
Operating profit before working capital changes	<u>1,105,163</u>	<u>203,337</u>
(Increase)/Decrease in operating assets:		
Securities purchased under resale agreements	(1,632,980)	374,505
Deposits and placements with banks and other financial institutions	(838,862)	(682,498)
Financial assets FVTPL	(252,059)	667,449
Loans, advances and financing	(52,898)	(404,080)
Other assets	409,525	(1,536,770)
Statutory deposits	<u>666,477</u>	<u>235,471</u>
	<u>(1,700,797)</u>	<u>(1,345,923)</u>
(Decrease)/Increase in operating liabilities:		
Deposits from customers	1,940,063	(4,262,544)
Deposits and placements of banks and other financial institutions	(5,049,979)	(2,730,096)
Obligations on securities sold under repurchase agreements	(494,994)	3,752,732
Bills and acceptances payable	602,303	492,937
Other liabilities	1,320,895	247,214
Recourse obligation on loans sold to Cagamas	<u>999,553</u>	<u>2,976</u>
	<u>(682,159)</u>	<u>(2,496,781)</u>
Cash used in operations	<u>(1,277,793)</u>	<u>(3,639,367)</u>
Net tax paid	<u>(360,853)</u>	<u>(394,082)</u>
Net cash used in operating activities	<u>(1,638,646)</u>	<u>(4,033,449)</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 NINE MONTHS ENDED 30 SEPTEMBER 2016**

	Nine Months Ended	
	30 September 2016	Restated 30 September 2015
	RM'000	RM'000
	RM'000	RM'000
<b>Bank</b>		
<b>Cash flows from investing activities</b>		
Net proceeds from disposal/(purchase) of financial investments AFS and HTM	3,479,717	(2,499,863)
Property, plant and equipment:		
- Purchase	(57,065)	(37,817)
- Proceeds from disposal	4,289	8,291
Intangible assets:		
- Purchase	(81,388)	(71,894)
Financial investments AFS and HTM:		
- Interest received	947,909	862,610
Dividend income received from financial investments AFS	4,240	3,902
Cash outflow arising from internal reorganisation	(3,614,753)	-
Additional share subscription/investment in a subsidiary	-	(54,375)
Net cash generated from/(used in) investing activities	<u>682,949</u>	<u>(1,789,146)</u>
<b>Cash flows from financing activities</b>		
Net drawdown/(repayment) of borrowings	111,498	(291,044)
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	(765,502)	(583,272)
Net cash generated from/(used in) financing activities	<u>2,400,997</u>	<u>(636,862)</u>
Net increase/(decrease) in cash and cash equivalents	1,445,300	(6,459,457)
Effects of exchange rate differences	(28,907)	338,254
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>9,630,076</u>	<u>5,371,930</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>9,630,076</u>	5,371,930
	<u>9,630,076</u>	<u>5,371,930</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 NINE MONTHS ENDED 30 SEPTEMBER 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 Board ('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 year 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 period:

- 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 NINE MONTHS ENDED 30 SEPTEMBER 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 nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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**

During the nine months ended 30 September 2016, the Bank paid the following dividends:

- (a) 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; and
- (b) an interim single-tier dividend of 5.0 sen per share in respect of the financial year ending 31 December 2016, amounting to RM200.5 million on 30 September 2016.





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

**A8. Interest Income**

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	Restated 30 September 2015	30 September 2016	Restated 30 September 2015
	RM'000	RM'000	RM'000	RM'000
Loans and advances	1,537,352	1,598,868	4,726,828	4,745,449
Money at call and deposits and placements with banks and other financial institutions	32,330	36,258	81,915	138,808
Securities purchased under resale agreements	1,535	616	2,703	1,731
Financial assets FVTPL	7,488	12,816	18,910	40,203
Financial investments AFS	171,255	174,413	514,133	493,214
Financial investments HTM	164,064	160,828	518,731	515,034
Others	8,074	7,886	29,149	21,150
	<b>1,922,098</b>	<b>1,991,685</b>	<b>5,892,369</b>	<b>5,955,589</b>
Of which:				
Interest income accrued on impaired financial assets	<b>37,749</b>	<b>38,271</b>	<b>116,874</b>	<b>127,049</b>
<b>Bank</b>				
Loans and advances	1,439,344	1,506,978	4,424,905	4,481,542
Money at call and deposits and placements with banks and other financial institutions	115,966	84,729	330,956	279,402
Securities purchased under resale agreements	1,535	616	2,703	1,731
Financial assets FVTPL	7,459	12,203	18,638	39,056
Financial investments AFS	148,910	140,507	439,515	381,955
Financial investments HTM	157,577	153,044	497,673	490,005
Others	3,577	4,141	12,221	9,220
	<b>1,874,368</b>	<b>1,902,218</b>	<b>5,726,611</b>	<b>5,682,911</b>
Of which:				
Interest income accrued on impaired financial assets	<b>32,952</b>	<b>34,175</b>	<b>100,297</b>	<b>110,447</b>



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

**A9. Interest Expense**

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	Restated 30 September 2015	30 September 2016	Restated 30 September 2015
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	84,234	92,464	272,622	329,128
Deposits from customers	841,080	864,963	2,567,426	2,651,007
Obligations on securities sold under repurchase agreements	9,620	16,933	50,671	32,797
Recourse obligation on loans sold to Cagamas	26,109	24,756	74,840	73,792
Subordinated obligations	63,162	64,463	189,602	195,902
Senior debt securities	26,130	26,654	78,081	73,589
Hybrid Tier-I Capital Securities	11,382	11,375	33,895	33,750
Borrowings	4,855	3,337	11,917	11,524
Others	6,840	10,210	20,446	37,232
	<b>1,073,412</b>	<b>1,115,155</b>	<b>3,299,500</b>	<b>3,438,721</b>
<b>Bank</b>				
Deposits and placements of banks and other financial institutions	78,375	69,629	247,868	244,791
Deposits from customers	817,363	829,668	2,487,318	2,542,380
Obligations on securities sold under repurchase agreements	33,320	16,928	86,911	32,346
Recourse obligation on loans sold to Cagamas	26,109	24,756	74,840	73,792
Subordinated obligations	57,950	57,940	172,582	174,946
Senior debt securities	26,130	26,654	78,081	73,589
Hybrid Tier-I Capital Securities	11,467	11,459	34,148	34,002
Borrowings	2,968	1,394	6,914	4,238
Others	6,319	9,790	19,200	36,059
	<b>1,060,001</b>	<b>1,048,218</b>	<b>3,207,862</b>	<b>3,216,143</b>



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

**A10. Other Operating Income**

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2016 RM'000	Restated 30 September 2015 RM'000	30 September 2016 RM'000	Restated 30 September 2015 RM'000
<b>Fee income</b>				
- Service charges and fees	44,063	61,721	144,174	180,952
- Commission	32,688	41,289	100,906	115,458
- Guarantee fees	12,242	11,565	61,828	51,097
- Commitment fees	12,328	15,488	36,474	44,891
- Net brokerage income	74,999	80,200	221,966	254,566
- Fund management fees	50,480	35,074	144,628	92,756
- Unit trust fee income	30,739	15,153	53,864	51,558
- Corporate advisory fees	14,866	11,626	65,042	35,698
- Underwriting and arrangement fees	23,510	23,665	41,175	66,771
- Other fee income	14,398	11,647	45,305	45,684
	<b>310,313</b>	<b>307,428</b>	<b>915,362</b>	<b>939,431</b>
<b>Net gain/(loss) arising from financial assets FVTPL</b>				
- Net gain/(loss) on disposal	69,996	(19,317)	77,898	(1,158)
- Unrealised net gain/(loss) on revaluation	(8,334)	(12,448)	8,670	(14,579)
- Gross dividend income	3,958	4,765	10,872	16,233
	<b>65,620</b>	<b>(27,000)</b>	<b>97,440</b>	<b>496</b>
<b>Net (loss)/gain on revaluation of derivatives</b>	<b>(7,811)</b>	<b>7,732</b>	<b>(1,058)</b>	<b>3,682</b>
<b>Net gain/(loss) on fair values hedges</b>	<b>2,489</b>	<b>(2,560)</b>	<b>18,278</b>	<b>8,230</b>
<b>Net gain arising from financial investments AFS</b>				
- Net gain on disposal	25,770	7,040	56,795	49,533
- Gross dividend income	8,667	7,001	26,303	22,692
	<b>34,437</b>	<b>14,041</b>	<b>83,098</b>	<b>72,225</b>
<b>Net gain arising from financial investments HTM</b>				
- Net gain on early redemption	784	-	856	249
<b>Other income</b>				
Foreign exchange gain/(loss):				
- Realised	(57,707)	(292,897)	445,211	(253,402)
- Unrealised	128,019	385,952	(238,268)	515,044
Insurance underwriting surplus before management expenses	53,653	29,371	154,449	95,359
Gain on disposal of property, plant and equipment	167	421	1,829	6,929
Gain on disposal of a subsidiary	434	-	434	-
Rental income	651	410	2,553	995
Other operating income	14,235	15,289	45,296	50,776
Other non-operating income	1,111	1,262	6,050	4,252
	<b>140,563</b>	<b>139,808</b>	<b>417,554</b>	<b>419,953</b>
	<b>546,395</b>	<b>439,449</b>	<b>1,531,530</b>	<b>1,444,266</b>



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**A10. Other Operating Income (continued)**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	Restated 30 September 2015	30 September 2016	Restated 30 September 2015
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
<b>Fee income</b>				
- Service charges and fees	41,345	58,766	134,920	169,680
- Commission	36,927	43,374	109,529	125,063
- Guarantee fees	11,733	11,195	58,171	47,291
- Commitment fees	11,806	11,889	34,597	36,398
- Other fee income	4,551	4,437	14,232	14,109
	<u>106,362</u>	<u>129,661</u>	<u>351,449</u>	<u>392,541</u>
<b>Net gain/(loss) arising from financial assets FVTPL</b>				
- Net gain/(loss) on disposal	13,580	(5,295)	28,511	408
- Unrealised net loss on revaluation	(2,990)	(5,857)	(1,729)	(3,061)
	<u>10,590</u>	<u>(11,152)</u>	<u>26,782</u>	<u>(2,653)</u>
<b>Net gain/(loss) on revaluation of derivatives</b>	14,082	(13,263)	7,615	(10,994)
<b>Net (loss)/gain on fair values hedges</b>	(79)	(15)	43	24
<b>Net gain arising from financial investments AFS</b>				
- Net gain on disposal	24,174	6,506	53,546	44,616
- Gross dividend income	869	531	4,240	3,902
	<u>25,043</u>	<u>7,037</u>	<u>57,786</u>	<u>48,518</u>
<b>Net gain arising from financial investments HTM</b>				
- Net gain on early redemption	586	-	658	228
	<u>586</u>	<u>-</u>	<u>658</u>	<u>228</u>
<b>Other income</b>				
Foreign exchange gain/(loss):				
- Realised	(76,440)	(272,300)	358,122	(193,359)
- Unrealised	118,168	332,262	(168,303)	411,477
Gain on disposal of property, plant and equipment	167	70	1,778	6,553
Rental income	2,857	2,458	8,312	7,322
Other operating income	13,124	12,002	40,936	42,780
Other non-operating income	492	123	3,091	1,288
	<u>58,368</u>	<u>74,615</u>	<u>243,936</u>	<u>276,061</u>
	<u>214,952</u>	<u>186,883</u>	<u>688,269</u>	<u>703,725</u>



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**A11. Other Operating Expenses**

Group	3rd Quarter Ended		Nine Months Ended	
	30 September	Restated 30 September	30 September	Restated 30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>Personnel costs</b>				
- Salaries, allowances and bonuses	360,513	401,744	1,071,221	1,215,026
- Defined contribution plan	49,616	56,235	150,103	166,686
- Career transition scheme	-	308,801	-	308,801
- Other staff related costs	39,933	37,068	102,091	112,194
	<u>450,062</u>	<u>803,848</u>	<u>1,323,415</u>	<u>1,802,707</u>
<b>Establishment costs</b>				
- Property, plant and equipment:				
- Depreciation	30,878	30,164	90,063	90,705
- Written off	83	1	196	30
- Intangible assets:				
- Amortisation	17,549	17,674	51,018	54,703
- Rental of premises	36,698	38,154	117,805	112,723
- Rental of equipment	3,733	4,051	10,812	10,400
- Insurance	5,437	13,965	21,690	34,773
- Water and electricity	9,041	8,894	26,819	30,257
- Repair and maintenance	5,891	9,021	22,322	25,663
- Security and escorting expenses	10,307	10,469	35,169	35,382
- Information technology expenses	52,298	48,954	151,646	128,919
- Others	4,293	3,626	11,495	10,928
	<u>176,208</u>	<u>184,973</u>	<u>539,035</u>	<u>534,483</u>
<b>Marketing expenses</b>				
- Sales commission	42,074	29,092	96,163	91,856
- Advertisement and publicity	14,202	21,442	36,281	44,855
- Others	43,564	35,367	118,832	99,708
	<u>99,840</u>	<u>85,901</u>	<u>251,276</u>	<u>236,419</u>
<b>Administration and general expenses</b>				
- Communication expenses	51,265	40,737	138,415	117,803
- Legal and professional fee	3,871	4,126	14,960	16,920
- Others	45,282	46,686	143,870	111,033
	<u>100,418</u>	<u>91,549</u>	<u>297,245</u>	<u>245,756</u>
	<u>826,528</u>	<u>1,166,271</u>	<u>2,410,971</u>	<u>2,819,365</u>



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**A11. Other Operating Expenses (continued)**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	Restated 30 September 2015	30 September 2016	Restated 30 September 2015
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
<b>Personnel costs</b>				
- Salaries, allowances and bonuses	242,282	275,977	739,290	836,418
- Defined contribution plan	36,808	41,746	113,064	126,527
- Career transition scheme	-	270,956	-	270,956
- Other staff related costs	28,947	23,478	77,031	73,263
	<u>308,037</u>	<u>612,157</u>	<u>929,385</u>	<u>1,307,164</u>
<b>Establishment costs</b>				
- Property, plant and equipment:				
- Depreciation	22,007	21,147	63,317	62,803
- Written off	1	1	23	7
- Intangible assets:				
- Amortisation	13,295	11,657	37,914	35,412
- Rental of premises	23,660	26,085	79,032	78,701
- Rental of equipment	3,178	2,496	9,539	5,822
- Insurance	7,018	14,245	22,321	34,853
- Water and electricity	6,144	6,529	17,884	18,883
- Repair and maintenance	4,920	6,138	16,752	18,189
- Security and escorting expenses	10,409	11,346	35,438	37,360
- Information technology expenses	33,789	35,173	96,818	92,833
	<u>124,421</u>	<u>134,817</u>	<u>379,038</u>	<u>384,863</u>
<b>Marketing expenses</b>				
- Sales commission	14,019	12,986	39,284	34,180
- Advertisement and publicity	9,082	12,845	21,714	25,982
- Others	13,173	13,237	38,572	40,081
	<u>36,274</u>	<u>39,068</u>	<u>99,570</u>	<u>100,243</u>
<b>Administration and general expenses</b>				
- Communication expenses	30,661	23,576	85,365	71,194
- Others	6,072	6,942	20,246	27,633
	<u>36,733</u>	<u>30,518</u>	<u>105,611</u>	<u>98,827</u>
	<u>505,465</u>	<u>816,560</u>	<u>1,513,604</u>	<u>1,891,097</u>



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

	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	Restated 30 September 2015	30 September 2016	Restated 30 September 2015
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Allowance for impaired loans and financing:				
- Individual impairment allowance	97,321	24,125	214,666	83,697
- Collective impairment allowance	72,468	88,719	157,636	97,943
Impaired loans and financing recovered	(66,320)	(68,152)	(202,372)	(200,136)
Impaired loans and financing written off	43,275	45,168	111,285	113,659
Allowance made/(written back) for impairment on other debtors	(383)	6,617	5,216	10,721
	<u>146,361</u>	<u>96,477</u>	<u>286,431</u>	<u>105,884</u>
<b>Bank</b>				
Allowance for impaired loans and advances:				
- Individual impairment allowance	43,124	16,434	122,580	74,195
- Collective impairment allowance	54,762	65,119	123,832	44,760
Impaired loans and financing recovered	(63,130)	(65,456)	(191,632)	(188,830)
Impaired loans and financing written off	42,184	40,139	103,888	106,127
	<u>76,940</u>	<u>56,236</u>	<u>158,668</u>	<u>36,252</u>



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

	Group		Bank	
	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000
(a) Designated as fair value through profit or loss	<b>396,855</b>	170,314	-	-
(b) Held-for-trading	<b>2,098,235</b>	1,455,823	<b>903,906</b>	606,428
	<b>2,495,090</b>	1,626,137	<b>903,906</b>	606,428
<b>(a) Financial assets designated as fair value through profit or loss</b>				
<b><u>Quoted securities:</u></b>				
<b>In Malaysia</b>				
Unit trusts	<b>53,034</b>	51,583	-	-
<b><u>Unquoted securities:</u></b>				
<b>Outside Malaysia</b>				
Private equity funds	<b>343,821</b>	118,731	-	-
	<b>396,855</b>	170,314	-	-
<b>(b) Financial assets held-for-trading</b>				
<b>At fair value</b>				
<b><u>Money market instruments:</u></b>				
Malaysian Government Securities	<b>508,885</b>	289,533	<b>508,885</b>	289,532
Malaysian Government Investment Issues	<b>302,081</b>	50,583	<b>229,853</b>	30,335
Cagamas bonds	-	60,163	-	60,163
Thailand Government bonds	<b>61,943</b>	-	<b>61,943</b>	-
Sukuk Perumahan Kerajaan (SPK)	-	48,819	-	48,819
Other foreign government securities	-	84,207	-	84,207
<b><u>Quoted securities:</u></b>				
<b>In Malaysia</b>				
Shares, exchange traded funds and warrants	<b>185,241</b>	220,526	-	-
Unit trusts	<b>15,768</b>	1,910	-	-
Corporate bond/sukuk	<b>3,362</b>	3,636	<b>3,362</b>	3,636
<b>Outside Malaysia</b>				
Shares exchange traded funds and warrants	<b>369,222</b>	103,946	-	-
<b><u>Unquoted securities:</u></b>				
<b>In Malaysia</b>				
Corporate bond/sukuk	<b>551,870</b>	538,373	-	40,357
Commercial paper	-	49,379	-	49,379
<b>Outside Malaysia</b>				
Corporate bond/sukuk	<b>99,863</b>	4,748	<b>99,863</b>	-
	<b>2,098,235</b>	1,455,823	<b>903,906</b>	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 its financial assets FVTPL into financial investments AFS. The reclassification has 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 September 2016 were as follows:

	<b>Group</b>	
	<b>As at</b>	<b>Restated</b>
	<b>30 September</b>	<b>31 December</b>
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Reclassified from financial assets FVTPL to financial investments AFS		
- Carrying amount	<b>30,632</b>	30,188
- Fair value	<b>30,820</b>	30,146
Fair value gain/(loss) that would have been recognised if the financial assets FVTPL had not been reclassified	<b>188</b>	(42)



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

	Group		Bank	
	As at 30 September 2016	Restated As at 31 December 2015	As at 30 September 2016	Restated As at 31 December 2015
	RM'000	RM'000	RM'000	RM'000
<b>At fair value</b>				
<b><u>Money market instruments:</u></b>				
Malaysian Government Securities	1,282,690	1,560,326	1,059,735	1,178,334
Malaysian Government Investment Issues	1,827,008	2,757,496	1,105,826	1,635,735
Cagamas bonds	259,714	343,970	198,739	248,670
Khazanah bonds	63,659	60,365	-	-
Negotiable instruments of deposits	82	349,010	-	-
Singapore Government Treasury Bills	877,503	1,184,564	877,503	1,184,564
Singapore Government Securities	220,875	286,214	220,875	286,214
Thailand Government bonds	684,877	358,074	684,877	358,074
Wakala Global Sukuk	115,155	102,010	101,110	87,835
Bankers' acceptances and Islamic accepted bills	-	58,458	-	-
Sukuk Perumahan Kerajaan (SPK)	150,634	230,466	79,590	163,426
Malaysia Sovereign Sukuk	55,430	64,572	55,430	64,572
Other foreign government securities	-	30,806	-	30,806
<b><u>Quoted securities:</u></b>				
<b><u>In Malaysia</u></b>				
Shares	234	6,014	-	5,146
Unit trusts	14,488	14,752	-	-
<b><u>Outside Malaysia</u></b>				
Shares	10,222	10,252	8,351	8,399
Unit trusts	42,971	28,562	-	-
<b><u>Unquoted securities:</u></b>				
<b><u>In Malaysia</u></b>				
Corporate loan stocks	18,880	18,422	3,425	3,425
Shares	711,392	672,480	609,524	572,382
Prasarana bonds	278,187	145,188	252,747	120,286
Corporate bond/sukuk	15,982,628	15,404,565	12,282,142	12,086,496
Perpetual notes/sukuk	290,509	286,117	86,922	85,530
<b><u>Outside Malaysia</u></b>				
Shares	385	387	-	-
Corporate bond/sukuk	1,410,394	1,040,551	810,773	171,721
	<b>24,297,917</b>	<b>25,013,621</b>	<b>18,437,569</b>	<b>18,291,615</b>
Accumulated impairment losses	(468,356)	(274,825)	(379,537)	(125,337)
	<b>23,829,561</b>	<b>24,738,796</b>	<b>18,058,032</b>	<b>18,166,278</b>

Included in financial investments AFS of the Group and the Bank are corporate bond/sukuk, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM302,960,000 (31 December 2015: RM188,814,000).



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

	Group		Bank	
	As at 30 September 2016	Restated As at 31 December 2015	As at 30 September 2016	Restated As at 31 December 2015
	RM'000	RM'000	RM'000	RM'000
<b>At amortised cost</b>				
<b><u>Money market instruments:</u></b>				
Malaysian Government Securities	2,225,658	2,239,247	2,205,547	2,218,877
Malaysian Government Investment Issues	5,074,266	5,366,226	4,406,473	4,478,120
Cagamas bonds	982,748	1,357,117	972,729	1,296,497
Khazanah bonds	109,896	106,368	68,311	66,033
Negotiable instruments of deposits	702,900	2,222,850	702,900	3,073,064
Singapore Government Securities	60,568	61,267	60,568	61,267
Thailand Government Securities	37,104	163,746	37,104	163,746
Sukuk (Brunei) Incorporation	30,294	45,582	30,294	45,582
Wakala Global Sukuk	31,146	306,836	21,796	297,683
Sukuk Perumahan Kerajaan (SPK)	111,208	111,147	101,149	101,190
<b><u>Unquoted securities:</u></b>				
<b><u>In Malaysia</u></b>				
Bonds	883	883	860	860
Prasarana bonds	811,462	808,227	770,699	767,840
Corporate bond/sukuk	7,795,917	7,736,966	6,160,493	6,230,188
Corporate loan stocks	57,720	62,607	29,982	34,174
Credit link notes	30,043	30,043	-	-
<b><u>Outside Malaysia</u></b>				
Corporate bond/sukuk	142,147	147,959	142,099	147,479
	<b>18,203,960</b>	20,767,071	<b>15,711,004</b>	18,982,600
Accumulated impairment losses	(227,510)	(234,835)	(101,038)	(106,292)
	<b>17,976,450</b>	20,532,236	<b>15,609,966</b>	18,876,308

Included in financial investments HTM of the Group and the Bank are corporate bond/sukuk, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM640,000,000 (31 December 2015: RM4,865,000,000) and RM3,880,000,000 (31 December 2015: RM4,865,000,000) respectively.



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**A16. Loans, Advances and Financing**

**(a) By type**

	Group		Bank	
	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000
<b>At amortised cost</b>				
Overdrafts	6,455,360	6,311,063	5,812,189	5,779,074
Term loans/financing				
- Housing loans/financing	42,271,282	38,503,221	33,501,815	30,786,626
- Syndicated term loans/financing	7,429,480	7,353,366	3,694,978	3,360,493
- Hire purchase receivables/financing	10,313,178	11,697,202	4,633,794	5,766,195
- Lease receivables	11,830	20,357	-	-
- Other term loans/financing	67,703,019	68,644,288	50,379,880	52,263,715
Bills receivables	2,583,043	2,450,943	1,649,691	2,008,555
Trust receipts	738,373	802,714	721,464	785,100
Claims on customers under acceptance credits	3,535,602	3,687,879	3,535,602	3,687,879
Staff loans/financing	180,286	198,233	162,924	181,641
Credit/charge card receivables	1,979,648	1,978,968	1,710,420	1,727,698
Revolving credits/financing	9,726,970	9,738,150	6,404,811	6,142,802
Gross loans, advances and financing	152,928,071	151,386,384	112,207,568	112,489,778
Fair value changes arising from fair value hedges	23,337	(11,158)	9,137	566
	152,951,408	151,375,226	112,216,705	112,490,344
Allowance for impaired loans, advances and financing:				
- Individual impairment allowance	(794,900)	(593,147)	(662,174)	(545,521)
- Collective impairment allowance	(1,147,450)	(1,202,106)	(887,989)	(953,269)
Net loans, advances and financing	151,009,058	149,579,973	110,666,542	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 RM3,856,524,000 (31 December 2015: RM3,057,518,000) and RM3,024,194,000 (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 September 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000
Domestic non-bank financial institutions:				
- Others	2,167,003	2,096,562	1,244,776	846,420
Domestic business enterprises:				
- Small medium enterprises	24,845,666	22,598,253	22,057,568	20,114,429
- Others	31,420,072	33,678,193	19,231,866	22,458,712
Government and statutory bodies	6,442,813	5,370,404	2,368,846	2,014,417
Individuals	68,952,422	68,212,126	52,083,275	52,243,895
Other domestic entities	124,926	144,371	22,028	37,924
Foreign entities	18,975,169	19,286,475	15,199,209	14,773,981
	<b>152,928,071</b>	<b>151,386,384</b>	<b>112,207,568</b>	<b>112,489,778</b>

**(c) By geographical distribution**

	Group		Bank	
	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000
Malaysia	133,049,066	131,237,797	97,941,588	98,968,653
Labuan Offshore	3,319,874	4,246,116	-	-
Singapore	12,998,840	12,715,681	12,917,870	12,493,180
Thailand	1,413,090	1,065,947	1,196,283	881,594
Brunei	151,827	146,351	151,827	146,351
Indonesia	54,195	28,977	-	-
Hong Kong	308,978	358,550	-	-
Cambodia	1,481,121	1,484,137	-	-
Lao	151,080	102,828	-	-
	<b>152,928,071</b>	<b>151,386,384</b>	<b>112,207,568</b>	<b>112,489,778</b>



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

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

	Group		Bank	
	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000
Fixed rate				
- Housing loans/financing	1,358,201	1,515,718	819,289	929,289
- Hire purchase receivables	10,313,178	11,697,202	4,633,794	5,766,195
- Other fixed rate loans/financing	17,636,097	18,021,189	8,191,253	8,404,429
Variable rate				
- BLR/BFR plus	72,478,301	70,835,309	53,168,305	54,202,540
- Cost-plus	35,068,136	36,183,664	32,965,738	35,789,522
- Other variable rates	16,074,158	13,133,302	12,429,189	7,397,803
	<b>152,928,071</b>	<b>151,386,384</b>	<b>112,207,568</b>	<b>112,489,778</b>

**(e) By purpose**

	Group		Bank	
	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000
Purchase of securities	11,986,847	14,440,659	10,081,262	12,251,051
Purchase of transport vehicles	9,505,265	10,853,772	3,661,464	4,608,555
Purchase of landed property:				
- Residential	41,671,075	37,866,118	33,193,538	30,416,766
- Non-residential	14,581,789	12,849,551	12,183,400	10,937,551
Purchase of property, plant and equipment other than land and building	3,784,434	3,951,869	2,857,330	2,986,719
Personal use	8,185,660	8,331,723	6,159,318	6,431,686
Credit card	1,979,648	1,978,968	1,710,420	1,727,698
Purchase of consumer durables	53,703	37,787	23,762	25,174
Construction	6,570,482	5,803,757	5,395,105	4,780,432
Working capital	36,710,443	37,775,816	26,728,354	27,530,495
Merger and acquisition	2,574,068	3,172,991	674,934	1,494,108
Other purposes	15,324,657	14,323,373	9,538,681	9,299,543
	<b>152,928,071</b>	<b>151,386,384</b>	<b>112,207,568</b>	<b>112,489,778</b>



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

**(f) By remaining contractual maturities**

	Group		Bank	
	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000
Maturity within one year	46,797,916	47,115,707	39,231,785	40,535,574
One year to three years	8,030,833	9,240,476	4,343,369	4,985,007
Three years to five years	16,067,303	15,372,854	8,439,060	8,400,252
Over five years	82,032,019	79,657,347	60,193,354	58,568,945
	<b>152,928,071</b>	<b>151,386,384</b>	<b>112,207,568</b>	<b>112,489,778</b>

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

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

	Group		Bank	
	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 September 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	3,318,162	4,070,140	2,498,685	3,344,473
Reclassified as non-impaired	(1,640,892)	(2,468,834)	(1,390,315)	(2,041,945)
Amount recovered	(726,910)	(1,093,995)	(502,513)	(867,658)
Amount written off	(351,005)	(581,340)	(303,227)	(516,278)
Transfer from financial investments HTM	3,589	-	3,589	-
Exchange differences	2,221	22,873	2,705	21,604
Balance as at the end of financial period/year	<b>3,446,376</b>	<b>2,841,211</b>	<b>2,642,813</b>	<b>2,333,889</b>



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

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

**(ii) By purpose**

	Group		Bank	
	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000
Purchase of securities	135,080	122,487	77,366	90,248
Purchase of transport vehicles	129,310	135,530	74,952	83,268
Purchase of landed property:				
- Residential	790,190	788,011	634,862	655,149
- Non-residential	214,484	181,580	132,172	98,893
Purchase of property, plant and equipment other than land and building	50,307	48,212	37,036	23,014
Personal use	179,498	164,915	175,868	162,115
Credit card	36,884	37,233	32,431	31,469
Purchase of consumer durables	1,223	868	1,223	868
Construction	351,373	108,541	200,586	96,488
Working capital	1,420,143	1,178,142	1,248,769	1,063,770
Other purposes	137,884	75,692	27,548	28,607
	<b>3,446,376</b>	<b>2,841,211</b>	<b>2,642,813</b>	<b>2,333,889</b>

**(iii) By geographical distribution**

	Group		Bank	
	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000
Malaysia	2,579,855	2,539,116	2,136,000	2,059,963
Labuan Offshore	312,104	12,728	-	-
Singapore	467,438	235,737	466,759	235,057
Thailand	27,960	25,792	27,960	25,792
Brunei	12,094	13,077	12,094	13,077
Cambodia	41,387	12,853	-	-
Hong Kong	-	1,908	-	-
Lao	5,538	-	-	-
	<b>3,446,376</b>	<b>2,841,211</b>	<b>2,642,813</b>	<b>2,333,889</b>





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**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 September 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000
<b>Individual impairment allowance</b>				
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	214,666	235,504	122,580	221,883
Transfer from impairment of financial investments HTM	2,507	-	2,507	-
Amount written off	(17,962)	(69,249)	(9,693)	(67,231)
Exchange differences	2,542	9,660	1,259	8,100
Balance as at the end of financial period/year	794,900	593,147	662,174	545,521
<b>Collective impairment allowance</b>				
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	157,636	197,651	123,832	118,634
Amount written off	(209,917)	(365,182)	(189,345)	(301,043)
Exchange differences	(2,375)	12,703	233	4,700
Balance as at the end of financial period/year	1,147,450	1,202,106	887,989	953,269

**A17. Other Assets**

	Group		Bank	
	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000
Other receivables	772,983	681,516	308,358	274,340
Cash collateral in relation to derivative transactions	1,090,916	1,615,589	1,062,825	1,541,069
Deposits	97,360	98,786	51,636	50,968
Prepayments	108,214	80,836	64,114	44,416
Amount due from former holding company	-	1,976	-	1,976
Amounts due from subsidiaries	-	-	220,168	306,738
	2,069,473	2,478,703	1,707,101	2,219,507



**RHB BANK BERHAD (6171-M)**  
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**A18. Deposits from Customers**

**(a) By type of deposits**

	Group		Bank	
	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000
Demand deposits	31,617,994	29,472,045	27,844,965	26,018,417
Savings deposits	9,132,683	8,459,822	7,717,788	7,203,311
Fixed/investment deposits	125,143,555	120,193,672	91,831,243	90,004,947
Negotiable instruments of deposits	104,769	32,301	97,335	24,041
	<b>165,999,001</b>	<b>158,157,840</b>	<b>127,491,331</b>	<b>123,250,716</b>

**(b) By type of customer**

	Group		Bank	
	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000
Government and statutory bodies	10,467,798	10,651,504	5,313,384	5,949,423
Business enterprises	101,631,388	97,023,297	74,961,620	72,253,406
Individuals	48,569,820	45,392,366	42,494,193	40,528,199
Other financial institutions	5,329,995	5,090,673	4,722,134	4,519,688
	<b>165,999,001</b>	<b>158,157,840</b>	<b>127,491,331</b>	<b>123,250,716</b>

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

	Group		Bank	
	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000
Due within six months	102,794,038	102,088,305	72,608,696	75,204,748
Six months to one year	21,850,645	16,572,590	18,820,889	13,293,831
One year to three years	569,721	1,532,750	470,670	1,498,917
Three years to five years	33,920	32,328	28,323	31,492
	<b>125,248,324</b>	<b>120,225,973</b>	<b>91,928,578</b>	<b>90,028,988</b>



**RHB BANK BERHAD (6171-M)**  
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**A19. Deposits and Placements of Banks and Other Financial Institutions**

	Group		Bank	
	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000
Licensed banks	9,936,890	15,456,428	13,066,686	18,133,895
Licensed Islamic banks	5,223,456	1,853,985	-	-
Licensed investments banks	429,161	1,008,216	258,086	687,169
Bank Negara Malaysia	988,494	545,216	987,259	544,066
Other financial institutions	802,268	1,782,015	574	574
	<b>17,380,269</b>	<b>20,645,860</b>	<b>14,312,605</b>	<b>19,365,704</b>

**A20. Other Liabilities**

	Note	Group		Bank	
		As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 September 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		-	-	67,736	73,321
Amount due to Danaharta		2,197	2,199	2,197	2,199
Amount due to trust funds		53,704	23,783	-	-
Remisiers' trust deposits		60,129	62,824	-	-
Prepaid instalments		60,741	67,846	59,662	66,197
Accrual for operational expenses		170,730	192,396	105,823	104,733
Short term employee benefits		312,874	362,078	207,073	225,555
Collateral pledged for derivative transactions		311,460	224,721	311,460	224,721
Deferred income		143,843	170,305	84,000	100,800
Other creditors and accruals		862,722	1,064,077	423,089	544,903
		<b>1,978,400</b>	<b>6,674,454</b>	<b>1,261,040</b>	<b>5,846,654</b>



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

With effect from 1 July 2016, the Group has further enhanced its organisational structure with the establishment of Group Wholesale Banking ('GWB'), to enable the Group to serve corporate clients better across all products and strengthen its regional footprint. The business pillars under GWB comprise (i) Group Corporate and Investment Banking; and (ii) Group Treasury and Global Markets.

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

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

(a) 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.

(b) Group Business Banking

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

(c) Group Wholesale Banking

(i) Group Corporate and Investment Banking

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

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.

(ii) 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.



**RHB BANK BERHAD (6171-M)  
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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):

(d) 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.

(e) 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.



**RHB BANK BERHAD (6171-M)**  
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**A21. Segmental Reporting (continued)**

Nine months ended 30 September 2016

	←——— GWB ———→							
	Group Retail Banking	Group Business Banking	Group CIB	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	1,846,315	727,722	1,307,888	806,615	459,960	(318,733)	-	4,829,767
Inter-segment revenue	32,142	-	9,827	48	9,864	13,637	(65,518)	-
Segment revenue	1,878,457	727,722	1,317,715	806,663	469,824	(305,096)	(65,518)	4,829,767
Other operating expenses	(939,667)	(352,725)	(780,482)	(93,830)	(280,237)	(29,548)	65,518	(2,410,971)
Including:								
- Depreciation of property, plant and equipment	(48,285)	(8,450)	(20,652)	(2,106)	(10,394)	(176)	-	(90,063)
- Amortisation of intangible assets	(20,457)	(9,816)	(12,328)	(3,503)	(4,914)	-	-	(51,018)
Allowance for impairment on loans, financing and other losses	(113,192)	(45,527)	(12,648)	(14,228)	(103,415)	2,579	-	(286,431)
Impairment losses (made)/written back on other assets	-	-	3,675	4,076	(253,082)	-	-	(245,331)
Segment profit/(loss)	825,598	329,470	528,260	702,681	(166,910)	(332,065)	-	1,887,034
Share of results of joint ventures								396
Profit before taxation								1,887,430
Taxation								(456,560)
Net profit for the financial period								1,430,870



**RHB BANK BERHAD (6171-M)**  
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**A21. Segmental Reporting (continued)**

As at 30 September 2016

	←——— GWB ———→						
	Group Retail Banking	Group Business Banking	Group CIB	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	70,860,074	21,927,012	58,770,402	46,081,704	29,042,076	670,947	227,352,215
Investments in associates and joint ventures							15,704
Tax recoverable							268,132
Deferred tax assets							18,959
Unallocated assets							1,637,975
Total assets							<u>229,292,985</u>
Segment liabilities	43,053,088	22,888,653	60,077,532	47,528,684	22,738,489	27,925	196,314,371
Tax liabilities							56,587
Deferred tax liabilities							61,728
Borrowings							865,001
Subordinated obligations							5,838,736
Hybrid Tier-I Capital Securities							598,456
Senior debt securities							3,350,668
Unallocated liabilities							479,341
Total liabilities							<u>207,564,888</u>



**RHB BANK BERHAD (6171-M)**  
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**A21. Segmental Reporting (continued)**

**Nine months ended 30 September 2015 - Restated**

	←——— GWB ———→							
	<b>Group Retail Banking</b>	<b>Group Business Banking</b>	<b>Group CIB</b>	<b>Group Treasury and Global Markets</b>	<b>Group International Business</b>	<b>Support Center and Others</b>	<b>Inter- Segment Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
External revenue	1,848,119	695,524	1,307,049	687,153	399,060	(338,854)	-	4,598,051
Inter-segment revenue	27,426	-	2,884	3,986	7,352	31,546	(73,194)	-
Segment revenue	1,875,545	695,524	1,309,933	691,139	406,412	(307,308)	(73,194)	4,598,051
Other operating expenses	(1,005,926)	(391,206)	(800,685)	(96,498)	(256,575)	(341,669)	73,194	(2,819,365)
Including:								
- Depreciation of property, plant and equipment	(46,040)	(7,487)	(20,760)	(1,877)	(9,299)	(5,242)	-	(90,705)
- Amortisation of intangible assets	(18,616)	(10,728)	(17,565)	(3,166)	(4,628)	-	-	(54,703)
- Career transition scheme	-	-	-	-	-	(308,801)	-	(308,801)
Allowance for impairment on loans, financing and other losses	33,984	(82,686)	(24,229)	(2,825)	(32,011)	1,883	-	(105,884)
Impairment losses written back on other assets	-	23	18,758	40,376	312	-	-	59,469
Segment profit/(loss)	903,603	221,655	503,777	632,192	118,138	(647,094)	-	1,732,271
Share of results of joint ventures								237
Profit before taxation								1,732,508
Taxation								(429,085)
Net profit for the financial period								1,303,423





**RHB BANK BERHAD (6171-M)**  
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**A21. Segmental Reporting (continued)**

As at 31 December 2015 - Restated

	←——— GWB ———→						
	Group Retail Banking	Group Business Banking	Group CIB	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	69,959,066	19,859,869	57,628,793	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	42,179,978	21,488,751	50,772,027	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>



**RHB BANK BERHAD (6171-M)  
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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. Event Subsequent to Balance Sheet Date**

There was no significant event subsequent to the balance sheet date that has not been reflected in the financial statements other than the following:

- (a) Issuance of USD500 million senior unsecured notes in nominal value ('Senior Notes') under the USD5 billion (or its equivalent in other currencies) Euro Medium Term Note Programme ('EMTN Programme') by the Bank

On 6 October 2016, the Bank completed its second issuance of USD500 million Senior Notes under the USD5 billion EMTN Programme which was established on 23 September 2014.

The Senior Notes rated A3 by Moody's Investors Service Inc. and BBB+ by Standard & Poor's Rating Services, were priced at 5-year US Treasury +137.5 bps or a yield of 2.503% and will pay a coupon of 2.503% per annum. The Senior Notes has a tenure of 5 years from the issue date and will mature on 6 October 2021.

The net proceeds from the issuance of the Senior Notes will be utilised by the Bank for general working capital purposes.

- (b) Redemption of RM250 million nominal value subordinated notes under a RM3 billion Multi-currency Medium Term Note Programme by RHB Bank

On 31 October 2016, the Bank fully redeemed its existing subordinated notes of RM250 million in nominal value issued on 31 October 2011.

- (c) Additional capital injection in RHB Islamic Bank Berhad ('RHB Islamic Bank')

On 18 November 2016, the Bank injected additional capital of RM100 million to its wholly owned subsidiary, RHB Islamic Bank. As a result, the share capital of RHB Islamic Bank increased from RM1,173,424,000 to RM1,273,424,000.

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

Changes to the composition of the Group for the nine months ended 30 September 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) RHBF 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 48.92% as at 30 September 2016.

- (c) RHB Investment Bank has on 12 August 2016, disposed its entire equity interest in RHB Resources Fund, a fund that was deemed as subsidiary in accordance with MFRS10, for a cash consideration of RM5.5 million.

Other than the above, there are no significant changes in the composition of the Group for the nine months ended 30 September 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 and the Bank make 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 September 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000
Direct credit substitutes	2,126,783	2,352,315	2,441,299	2,325,282
Transaction-related contingent items	4,936,015	5,148,273	4,373,268	4,566,341
Short term self-liquidating trade-related contingencies	1,857,951	1,840,490	1,845,197	1,757,633
Obligations under underwriting agreements	76,000	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	678,813	5,212,499	4,133,366	5,017,446
Irrevocable commitments to extend credit				
- Maturity not exceeding one year	3,387,773	2,903,165	1,383,398	1,034,773
- Maturity exceeding one year	22,723,080	29,517,195	18,127,587	24,504,613
Foreign exchange related contracts <sup>^</sup>				
- Less than one year	72,792,329	67,040,910	73,054,739	66,657,554
- One year to less than five years	11,246,061	13,240,884	11,246,062	13,251,212
- More than five years	709,019	541,189	709,019	541,189
Equity related contracts <sup>^</sup>				
- Less than one year	12,442	315	-	-
Interest rate related contracts <sup>^</sup>				
- Less than one year	9,074,356	8,067,611	9,192,357	8,817,611
- One year to less than five years	28,967,567	31,884,672	31,034,567	34,069,672
- More than five years	2,437,446	2,077,995	2,437,445	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	18,343,218	16,858,657	16,055,786	14,102,852
	<b>179,368,853</b>	<b>186,762,170</b>	<b>176,034,090</b>	<b>178,724,173</b>

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



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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**

	<b>Bank</b>
	<b>As at</b>
	<b>As at</b>
	<b>30 September</b>
	<b>31 December</b>
	<b>2015</b>
	<b>2015</b>
	<b>RM'000</b>
	<b>RM'000</b>
Corporate guarantee provided to licensed banks for credit facilities granted to subsidiaries	-
	<b>339,392</b>
	<b>339,392</b>

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**

	<b>Group</b>		<b>Bank</b>	
	<b>As at</b>	<b>Restated</b>	<b>As at</b>	<b>Restated</b>
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>30 September</b>	<b>31 December</b>	<b>30 September</b>	<b>31 December</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Capital expenditure for property, plant and equipment:				
- Authorised and contracted for	<b>185,829</b>	177,638	<b>155,095</b>	132,303
- Authorised but not contracted for	<b>308,990</b>	300,694	<b>250,344</b>	244,353
	<b>494,819</b>	478,332	<b>405,439</b>	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 <sup>@</sup>	
	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000
<b>Common Equity Tier I ('CET I')/Tier I Capital</b>				
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	7,428,668	7,660,143	6,735,857	7,099,976
Other reserves	5,398,489	5,277,191	4,087,886	3,994,464
AFS reserves	472,014	127,924	405,425	154,358
	<b>20,293,274</b>	<b>17,004,360</b>	<b>18,223,271</b>	<b>15,187,900</b>
<b>Less:</b>				
Goodwill	(2,633,381)	(2,633,382)	(905,519)	(905,519)
Intangible assets (include associated deferred tax liabilities)	(337,083)	(295,381)	(283,034)	(239,193)
Net deferred tax assets	-	(126,730)	-	(80,227)
55% of cumulative gains of financial investments AFS	(259,608)	(70,358)	(222,984)	(84,897)
Shortfall of eligible provisions to expected losses under the IRB approach	(190,659)	(92,942)	(182,862)	(124,232)
Investments in subsidiaries*	(70,876)	(47,275)	(3,024,205)	(2,016,137)
Other deductions <sup>#</sup>	(64,595)	(77,466)	(63,236)	(76,619)
Total CET I Capital	<b>16,737,072</b>	<b>13,660,826</b>	<b>13,541,431</b>	<b>11,661,076</b>
Hybrid Tier-I Capital Securities**	<b>360,000</b>	<b>420,000</b>	<b>360,000</b>	<b>420,000</b>
Qualifying non-controlling interests recognised as Tier I Capital	<b>12,565</b>	<b>193</b>	<b>-</b>	<b>-</b>
Total Tier I Capital	<b>17,109,637</b>	<b>14,081,019</b>	<b>13,901,431</b>	<b>12,081,076</b>
<b>Tier II Capital</b>				
Subordinated obligations***	2,400,000	2,800,000	2,400,000	2,800,000
Subordinated obligations meeting all inclusion	1,499,617	1,499,544	1,499,617	1,499,544
Qualifying capital instruments of a subsidiary issued to third parties <sup>+</sup>	548,807	526,581	-	-
Collective impairment allowance and regulatory reserves <sup>^</sup>	587,006	530,578	340,223	333,007
	<b>5,035,430</b>	<b>5,356,703</b>	<b>4,239,840</b>	<b>4,632,551</b>
<b>Less:</b>				
Investments in subsidiaries*	(47,251)	(70,913)	(2,016,137)	(3,024,206)
Total Tier II Capital	<b>4,988,179</b>	<b>5,285,790</b>	<b>2,223,703</b>	<b>1,608,345</b>
<b>Total Capital</b>	<b>22,097,816</b>	<b>19,366,809</b>	<b>16,125,134</b>	<b>13,689,421</b>
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	12.988%	10.711%	12.951%	10.862%
Tier I Capital Ratio	13.277%	11.040%	13.296%	11.253%
Total Capital Ratio	17.148%	15.184%	15.423%	12.752%
After proposed dividends:				
CET I Capital Ratio	12.988%	10.268%	12.951%	10.336%
Tier I Capital Ratio	13.277%	10.597%	13.296%	10.727%
Total Capital Ratio	17.148%	14.741%	15.423%	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 I 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's Guidelines on 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 RM290,719,000 (31 December 2015: RM250,478,000) and RM174,186,000 (31 December 2015: RM139,361,000) respectively.



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

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

	RHB Islamic Bank		RHB Investment Bank	
	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
<b>CET I/Tier I Capital</b>				
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	633,325	520,625	304,129	303,449
Other reserves	718,483	681,192	433,295	433,295
AFS reserves	22,370	(39,195)	27,239	(5,149)
	<b>2,547,602</b>	<b>2,336,046</b>	<b>3,098,459</b>	<b>3,065,391</b>
<b>Less:</b>				
Goodwill	-	-	(1,118,418)	(1,118,418)
Investments in subsidiaries, associates and joint ventures*	-	-	(918,206)	(588,970)
Intangible assets (include associated deferred tax liabilities)	(416)	(687)	(26,583)	(25,530)
Net deferred tax assets	(9,321)	(16,840)	(3,255)	(21,063)
55% of cumulative gains of financial investments AFS	(12,304)	-	(14,981)	-
Reduction in excess of Tier II Capital due to insufficient Tier II Capital <sup>+</sup>	-	-	(153,818)	(322,564)
Other deductions <sup>#</sup>	(1,326)	(763)	(33)	(84)
Total CET I Capital/Tier I Capital	<b>2,524,235</b>	<b>2,317,756</b>	<b>863,165</b>	<b>988,762</b>
<b>Tier II Capital</b>				
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 <sup>^</sup>	283,238	248,696	13,319	15,890
	<b>783,238</b>	<b>748,696</b>	<b>458,319</b>	<b>560,890</b>
<b>Less:</b>				
Investments in subsidiaries, associates and joint ventures*	-	-	(458,319)	(560,890)
Total Tier II Capital	<b>783,238</b>	<b>748,696</b>	<b>-</b>	<b>-</b>
<b>Total Capital</b>	<b>3,307,473</b>	<b>3,066,452</b>	<b>863,165</b>	<b>988,762</b>
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	10.564%	11.041%	28.100%	22.917%
Tier I Capital Ratio	10.564%	11.041%	28.100%	22.917%
Total Capital Ratio	13.842%	14.608%	28.100%	22.917%
After proposed dividends:				
CET I Capital Ratio	10.564%	11.041%	28.100%	22.917%
Tier I Capital Ratio	10.564%	11.041%	28.100%	22.917%
Total Capital Ratio	13.842%	14.608%	28.100%	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 RM152,364,000 (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;

	<b>Group</b>	<b>Bank<sup>@</sup></b>	<b>RHB Islamic Bank</b>	<b>RHB Investment Bank</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 September 2016</b>				
Credit risk	112,814,034	92,137,347	22,659,025	1,456,948
Market risk	5,229,449	4,101,287	83,672	408,838
Operational risk	10,820,157	8,316,483	1,151,550	1,205,921
Total risk-weighted assets	<u>128,863,639</u>	<u>104,555,117</u>	<u>23,894,247</u>	<u>3,071,707</u>
	<b>Restated Group</b>	<b>Restated Bank<sup>@</sup></b>	<b>RHB Islamic Bank</b>	<b>RHB Investment Bank</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 December 2015</b>				
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>

<sup>@</sup> 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 Group and 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:

	<b>As at</b>	<b>As at</b>
	<b>30 September</b>	<b>31 December</b>
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Before proposed dividends:		
Core capital ratio	#	#
Solvency ratio	<b>18.434%</b>	16.884%
After proposed dividends:		
Core capital ratio	#	#
Solvency ratio	<b>18.434%</b>	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. Operations of Islamic Banking**

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

	Group	
	As at 30 September 2016	As at 31 December 2015
	RM'000	RM'000
<b>ASSETS</b>		
Cash and short-term funds	6,142,925	6,149,135
Deposits and placements with banks and other financial institutions	375,969	618,072
Financial assets held-for-trading	72,228	20,248
Financial investments AFS	3,440,636	3,062,645
Financial investments HTM	1,771,853	1,861,693
Financing and advances	33,966,212	30,902,020
Other assets	156,261	133,284
Derivative assets	86,578	131,758
Statutory deposits	1,055,950	1,168,500
Deferred tax assets	4,539	11,964
Property, plant and equipment	6,235	8,384
Intangible assets	5,198	5,564
Total assets	<u>47,084,584</u>	<u>44,073,267</u>
<b>LIABILITIES</b>		
Deposits from customers	30,963,524	27,928,029
Deposits and placements of banks and other financial institutions	6,244,536	2,750,309
Bills and acceptances payable	9,175	5,549
Recourse obligation on financing sold to Cagamas	857,259	982,760
Other liabilities	166,683	205,023
Derivative liabilities	42,798	1,549
Tax liabilities and zakat	38,832	20,932
Subordinated obligations	509,307	503,119
Total liabilities	<u>38,832,114</u>	<u>32,397,270</u>
Islamic Banking Funds	8,252,470	11,675,997
Total liabilities and Islamic Banking Funds	<u>47,084,584</u>	<u>44,073,267</u>
Commitments and contingencies	<u>19,447,648</u>	<u>11,923,681</u>



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

**(b) Unaudited Income Statement for the Nine Months Ended 30 September 2016**

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Income derived from investment of depositors' funds	418,498	372,445	1,253,160	1,190,570
Income derived from investment account funds	81,558	63,368	239,226	63,368
Income derived from investment of shareholders' funds	31,068	36,607	100,063	94,514
Allowance for impairment on financing and advances	(23,625)	(23,019)	(56,678)	(41,142)
Total distributable income	507,499	449,401	1,535,771	1,307,310
Income attributable to depositors	(297,037)	(242,384)	(887,081)	(711,535)
	210,462	207,017	648,690	595,775
Personnel expenses	(8,872)	(14,100)	(24,700)	(36,458)
Other overheads and expenditures	(56,262)	(47,695)	(162,342)	(134,168)
<b>Profit before taxation</b>	<b>145,328</b>	<b>145,222</b>	<b>461,648</b>	<b>425,149</b>
Taxation	(25,086)	(21,256)	(72,793)	(63,504)
<b>Net profit for the financial period</b>	<b>120,242</b>	<b>123,966</b>	<b>388,855</b>	<b>361,645</b>

**(c) Unaudited Statement of Comprehensive Income for the Nine Months Ended 30 September 2016**

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Net profit for the financial period	120,242	123,966	388,855	361,645
Other comprehensive income/(loss) in respect of:				
Items that will be reclassified subsequently to profit or loss				
- Unrealised net gain/(loss) on revaluation of financial investments AFS	31,968	(30,594)	86,205	(9,384)
- Net transfer to income statement on disposal or impairment of financial investments AFS	(2,538)	(1,212)	(5,199)	(6,653)
- Income tax relating to components of other comprehensive (income)/loss	(7,063)	7,951	(19,441)	4,009
Other comprehensive income/(loss), net of tax, for the financial period	22,367	(23,855)	61,565	(12,028)
Total comprehensive income for the financial period	142,609	100,111	450,420	349,617



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

**(d) Financing and Advances**

	Group	
	As at 30 September 2016	As at 31 December 2015
	RM'000	RM'000
<b>At amortised cost</b>		
Cashline	375,783	279,865
Term financing		
- Housing financing	8,642,976	7,605,725
- Syndicated term financing	1,361,650	1,408,554
- Hire purchase receivables	5,679,363	5,930,758
- Other term financing	15,448,756	13,816,396
Bills receivables	933,352	442,388
Trust receipts	14,111	17,614
Staff financing	3,915	4,465
Credit/charge card receivables	269,229	251,270
Revolving financing	1,483,721	1,367,287
Gross financing and advances	34,212,856	31,124,322
Less: Allowance for impaired financing and advances		
- Individual impairment allowance	(17,070)	(22,649)
- Collective impairment allowance	(229,574)	(199,653)
Net financing and advances	<u>33,966,212</u>	<u>30,902,020</u>
<b>(i) Movements in impaired financing and advances</b>		
Balance as at the beginning of the financial period/year	362,736	330,701
Classified as impaired	368,686	627,425
Reclassified as non-impaired	(250,582)	(411,779)
Amount recovered	(54,779)	(121,031)
Amount written off	(42,568)	(62,580)
Balance as at the end of the financial period/year	<u>383,493</u>	<u>362,736</u>
<b>(ii) Movements in allowance for impaired financing and advances</b>		
<b>Individual impairment allowance</b>		
Balance as at the beginning of the financial period/year	22,649	25,289
Net allowance written back	(2,232)	(2,640)
Amount written off	(3,347)	-
Balance as at the end of the financial period/year	<u>17,070</u>	<u>22,649</u>
<b>Collective impairment allowance</b>		
Balance as at the beginning of the financial period/year	199,653	187,307
Net allowance made	62,053	65,749
Amount written off	(32,132)	(53,403)
Balance as at the end of the financial period/year	<u>229,574</u>	<u>199,653</u>



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

	<b>Group</b>	
	<b>As at 30 September 2016</b>	<b>As at 31 December 2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(e) Other Assets</b>		
Prepayments	10,828	10,777
Deposits	1,300	1,297
Other debtors	144,133	121,210
	<u>156,261</u>	<u>133,284</u>
<b>(f) Deposits from Customers</b>		
Saving Deposits		
- Wadiah	1,210,879	1,129,320
Demand Deposits		
- Wadiah	3,896,785	3,403,515
Term Deposits		
- Commodity Murabahah	15,783,849	10,828,229
- Wadiah Corporate Deposit	-	1,249,671
Specific Investment Account		
- Murabahah	9,910,821	11,136,182
General Investment Account		
- Mudharabah	161,190	181,112
	<u>30,963,524</u>	<u>27,928,029</u>



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**B1. Review of Group Results**

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

For the nine months ended September 2016, the Group reported a net profit of RM1,420.4 million, an increase of 9.1% over the previous year's corresponding period. The improved performance was mainly attributed to a strong growth in operating profit before allowances, though this was partly offset by an increase in impairment losses for loans and other assets.

Included in the current period results was a one-off full impairment on a corporate bond in Singapore of RM253.5 million incurred in the second quarter ended June 2016, whereas in 2015, the Group incurred a CTS expenses of RM308.8 million and benefited from a collective allowances written back due to model refinement on mortgage portfolio amounting to RM131.4 million. Excluding the effects of these one-offs, normalised net profit increased by 12.4%.

The Group's operating profit before allowances increased by 36.0% to RM2,418.8 million in the first nine months of 2016. The strong growth was underpinned by healthy net fund based and non-fund based income growth and effective cost management. Total income increased by 5.0% to RM4,829.8 million, supported by solid net fund-based income growth of 4.4% to RM3,229.8 million, on the back of 2.3% growth in loans and financing, and higher non-fund based income which grew by 6.3%. Net interest margin for the quarter was lower by 4 basis points at 2.15% mainly due to the impact of the 25 basis point reduction in Overnight Policy Rate in July 2016.

Non-fund based income grew by 6.3% to RM1,600.00 million despite challenging market conditions, attributable mainly to higher trading and investment income and higher insurance underwriting surplus, partly offset by lower net foreign exchange gain and lower investment banking related fee income. Wealth management fee income continued to expand at an encouraging rate of 37.5% year-on-year.

The Group's efficient cost transformation programme continued to deliver positive results. Excluding the CTS cost last year, normalised operating expenses were lower by 4.0% from a year ago. The decline in expenses was largely attributed to headcount cost savings, partly offset by higher IT-related expenses as the Group continued to invest in technology capabilities and infrastructure. Cost to income ratio improved to 49.9% compared to 54.6% (normalised excluding CTS expenses) in the previous year's corresponding period.

Allowances for impairment on loans and financing increased to RM286.4 million from a year ago, primarily due to higher individual impairment provided on certain corporate accounts. There was also absence of a one off collective allowances written back due to model refinement on mortgage portfolio in 2015.

Total assets increased to RM229.3 billion as at 30 September 2016, whilst shareholders' funds for the Group increased to RM21.6 billion following the completion of RM2.49 billion rights issue in April 2016 and higher retained earnings. Net assets per share stood at RM5.39 as at 30 September 2016.

For the first nine months of 2016, gross loans recorded a 1.4% annualised growth to RM152.9 billion, whereas on a year-on-year comparison, growth was at 2.3%. The increase came mainly from mortgages and SME, negated by a decline in corporate loans. Mortgages and SME loans and financing growth were resilient with an annualised growth rate of 13.4% and 13.3% respectively, more than offset the annualised 5.5% decrease in corporate loan portfolios. The Group's domestic loan market share stood at 9.2% as at 30 September 2016.

Customer deposits increased by an annualised rate of 6.6% to RM166.0 billion, whilst total CASA registered an annualised growth of 9.9%. Current and savings account ('CASA') composition improved to 24.5% as at 30 September 2016 from 24.0% in December 2015.

Gross impaired loans ratio was higher at 2.25% from 1.88% as at 31 December 2015. This was mainly due to the restructuring of a steel related manufacturer loan and classification of certain oil and gas customer accounts 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 Retail Banking

Group Retail Banking remained the biggest contributor to the Group and it reported a pre-tax profit of RM825.6 million for the first nine months of the year, 8.6% lower from the previous year's corresponding period. Excluding a one-off collective allowance write back on mortgage portfolio in 2015, pre-tax profit increased by 6.9%, underpinned by lower operating expenses, partially offset by higher allowances for loans and financing.

Retail loans and financing grew by 1.1% to RM69.0 billion, as growth in mortgages was largely offset by the contraction in auto financing and loans for purchase of securities. Mortgage loans grew at a strong annualised rate of 13.4%, resulting in an increase in domestic market share to 8.5% from 8.2% as at December 2015.

Retail deposits increased by an annualised 3.0% due mainly to higher fixed deposits and savings account balances by 3.1% and 6.6% respectively.

(ii) Group Business Banking

Group Business Banking's pre-tax profit increased by 48.6% to RM329.5 million. This was mainly due to lower allowances for loans and financing, lower operating expenses and higher net funding income.

Gross loans and financing expanded by a strong annualised rate of 13.3% for the first nine months of 2016 to RM21.7 billion, driven mainly by the SME portfolio growth. Market share for SME continued to improve to 9.0% as at September 2016 from 8.7% in December 2015.

Strong fixed deposits growth contributed to the overall annualised deposits growth of 4.5% from December 2015, reflecting positive outcome of our SME strategy under the IGNITE 2017 programme.

(iii) GWB

For the first nine months of 2016, GWB recorded a pre-tax profit of RM1,230.9 million, an increase of 8.4% from the previous corresponding year.

(a) Group CIB

Corporate Banking registered a 3.8% growth in pre-tax profit to RM470.9 million on the back of lower loan loss impairment, partially offset by lower net fund based income.

Pre-tax profit for Investment Banking was higher by 14.3% to RM57.4 million on account of higher non fund based income and lower operating expenses, partially offset by lower write-back on impairment of securities and lower net fund-based income.

Gross loans and financing decreased by 4.2% in the first nine months to RM46.3 billion due to a few large corporate repayments. Deposits increased by a strong 18.9% over the same period to RM54.9 billion primarily due to increases in fixed and current deposits.

Total Assets under Management ("AUM") increased by 5.4% to RM54.9 billion, up from RM52.0 billion as at 31 December 2015.

(b) Group Treasury and Global Market

Group Treasury recorded a 11.1% growth in pre-tax profit to RM702.7 million, mainly due to higher investment and trading gain and higher net fund based income, partially offset by lower net foreign exchange gain.



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**B1. Review of Group Results (continued)**

**(b) Performance by Operating Segment (continued)**

(iv) Group International Business

Group International Business recorded a pre-tax loss of RM166.9 million for the first nine months of 2016. Excluding the one-off impairment on a corporate bond, Singapore Bank operations would have recorded a pre-tax profit of SGD25.4 million, 39.0% lower than the previous year corresponding period, largely attributed to higher impairment losses on loans. Singapore loans and advances increased by 3.7% to SGD4.3 billion, whilst customer deposits increased by 17.6% in the first nine months to SGD5.8 billion.

International business excluding Singapore registered a pre-tax profit of RM29.3 million, 31.9% higher over the same period in 2015. This was mainly due to improved profitability in Cambodia which recorded an increase in pre-tax profit by 35.9% to USD5.9 million, whilst Lao recorded a pre-tax profit of USD0.7 million in its second year of operation.

**B2. Current Quarter vs Previous Quarter**

For the third quarter 2016, the Group recorded a net profit of RM505.3 million, an increase of 44.3% compared to RM350.2 million in the preceding quarter. Against a normalised preceding quarter which was impacted by impairment incurred on a corporate bond in Singapore, net profit for the quarter was lower by 6.9%, mainly due to higher impairment on loans and financing and higher operating expenses, partly offset by higher non-fund based income.

**B3. Prospects for Financial Year 2016**

Malaysia's GDP for 2016 is expected to grow between 4% to 5%. The growth is driven mainly by consumer spending, but partly offset by decline in net exports.

The Malaysian banking sector growth will remain modest. Corporate loans growth is expected to be lower and there will be ongoing consolidation in the household loans segment. The financial and capital market is expected to be softer and rising pressure on liquidity and asset quality will also affect the performance of the banking sector.

The Group will continue to execute the various initiatives under the Group 2017 IGNITE transformation programme that has thus far registered many positive achievements. The Group will remain vigilant by focusing on asset quality and improving operational efficiency.

We expect to maintain our performance this year notwithstanding the challenging global environment and we are on track to achieve our 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 Bank.





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**B5. Taxation**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	Restated 30 September 2015	30 September 2016	Restated 30 September 2015
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Income tax based on profit for the financial period				
- Malaysian income tax	153,933	103,504	411,624	416,129
- Overseas tax	(8,578)	6,052	9,164	21,096
Deferred tax	13,616	(33,266)	34,323	(36,875)
	<u>158,971</u>	<u>76,290</u>	<u>455,111</u>	<u>400,350</u>
Under/(Over) provision in respect of prior financial years	(7,008)	23,504	1,449	28,735
	<u>151,963</u>	<u>99,794</u>	<u>456,560</u>	<u>429,085</u>

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

	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	Restated 30 September 2015	30 September 2016	Restated 30 September 2015
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Income tax based on profit for the financial period				
- Malaysian income tax	108,133	61,429	285,193	318,247
- Overseas tax	(12,243)	4,925	1,656	16,538
Deferred tax	9,474	(29,641)	36,968	(29,926)
	<u>105,364</u>	<u>36,713</u>	<u>323,817</u>	<u>304,859</u>
Under/(Over) provision in respect of prior financial years	(11,901)	18,619	(11,901)	18,619
	<u>93,463</u>	<u>55,332</u>	<u>311,916</u>	<u>323,478</u>

The effective tax rate of the Bank for the third quarter ended 30 September 2016 was lower than the statutory tax rate mainly due to certain income not subject to tax.

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



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**B6. Status of Corporate Proposals**

**(a) Proposed Establishment of a Share Grant Scheme for Eligible Employees and Executive Directors of the Bank and its subsidiaries ('Proposed SGS')**

The Bank had on 26 August 2016 announced that it proposed to establish and implement a share grant scheme of up to 5% of the issued and paid-up share capital of the Bank (excluding treasury shares, if any) at any point in time during the duration of the Proposed SGS for employees and Executive Directors of the Bank and its subsidiaries (excluding subsidiaries which are dormant) who fulfil the eligibility criteria ('Eligible Employees').

The Proposed SGS is to allow the Bank to award the grant of ordinary shares of RM1.00 each in the Bank ('RHB Bank Share(s)') ('Grant(s)') to be vested in selected Eligible Employees ('Selected Employees') for the attainment of identified performance objectives. The Proposed SGS serves to attract, retain, motivate and reward valuable Eligible Employees.

The Proposed SGS is to be administered by a committee ('SGS Committee') comprising such persons as may be appointed by the Board from time to time. The SGS Committee will have the discretion in administering the Proposed SGS in accordance with the by-laws governing the Proposed SGS ('By-Laws').

The Proposed SGS shall be in force for a period of eight (8) years commencing from the effective date of implementation of the Proposed SGS, being the date of full compliance with all relevant provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ('Bursa Securities') in relation to the Proposed SGS, more particularly set out in the By-Laws.

In implementing the Proposed SGS, the SGS Committee may at its discretion decide that the vesting of any RHB Bank Shares comprised in a Grant under the Proposed SGS be satisfied by any of the following methods:

- (i) allotment and issuance of new RHB Bank Shares by the Bank to the Selected Employees, who accepted the Grants' offers being made in writing to the Selected Employees ('Offer(s)') ('Grantee(s)');
- (ii) acquisition of existing RHB Bank Shares from the Main Market of Bursa Securities by the trustee, followed by the transfer of such RHB Bank Shares purchased by the trustee to the Grantees;
- (iii) cash payment in lieu of (i) or (ii) above;
- (iv) any other methods as may be permitted by the Companies Act, 1965; or
- (v) any combination of any of the above.

The new RHB Bank Shares to be allotted and issued pursuant to the Proposed SGS shall, upon allotment and issuance, rank equally in all respects with the then existing issued RHB Bank Shares.

The Proposed SGS is subject to approvals being obtained from the following:

- (i) Bursa Securities, for the listing of the new RHB Bank Shares to be issued pursuant to the Proposed SGS on the Main Market of Bursa Securities;
- (ii) Bursa Malaysia Depository Sdn Bhd for the transfer of existing RHB Bank Shares from the Trustee to the Grantees pursuant to the Proposed SGS at any point in time during the duration of the Proposed SGS, if required;
- (iii) Bank Negara Malaysia ('BNM') for the increase in the issued and paid-up share capital of the Bank pursuant to the Proposed SGS;
- (iv) shareholders of the Bank at an extraordinary general meeting ('EGM') to be convened; and
- (v) any other relevant authorities/parties, if required.

The Proposed SGS is not conditional or inter-conditional upon any other corporate exercise/scheme by the Bank.

BNM has, vide its letter dated 4 October 2016, approved the application by the Bank for the increase of up to 5% of its issued and paid-up ordinary share capital arising from the issuance of new RHB Bank Shares under the Proposed SGS.



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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 September 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000
Deposits from customers				
- One year or less	165,395,360	156,592,762	126,992,338	121,720,307
- More than one year	603,641	1,565,078	498,993	1,530,409
	<u>165,999,001</u>	<u>158,157,840</u>	<u>127,491,331</u>	<u>123,250,716</u>
Deposits and placements of banks and other financial institutions				
- One year or less	16,854,150	19,779,040	13,821,979	18,855,254
- More than one year	526,119	866,820	490,626	510,450
	<u>17,380,269</u>	<u>20,645,860</u>	<u>14,312,605</u>	<u>19,365,704</u>

**(b) Borrowings**

	Group		Bank	
	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000
<b>Unsecured</b>				
Revolving credits:				
- United States Dollar ('USD')	-	107,436	-	107,436
- Hong Kong Dollar	171,236	192,778	-	-
- Thai Baht	23,856	-	-	-
Term loans:				
- USD	669,909	468,282	669,909	468,282
- Singapore Dollar	-	19,754	-	-
	<u>865,001</u>	<u>788,250</u>	<u>669,909</u>	<u>575,718</u>
Schedule repayment of borrowings:				
- Within one year	462,182	460,871	267,091	248,339
- One year to three years	382,141	236,143	382,141	236,143
- Three years to five years	20,678	91,236	20,677	91,236
	<u>865,001</u>	<u>788,250</u>	<u>669,909</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 September 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000
5.50% RM700 million Tier II Subordinated Notes 2007/2022	713,079	703,376	713,079	703,376
5.60% RM300 million Tier II Subordinated Notes 2010/2025	307,134	302,946	307,134	302,946
4.25% RM250 million Tier II Subordinated Notes 2011/2021 <sup>^</sup>	254,491	251,591	254,491	251,591
4.30% RM750 million Tier II Subordinated Notes 2012/2022	762,682	754,394	762,682	754,394
4.40% RM1,300 million Tier II Subordinated Notes 2012/2022	1,319,105	1,304,484	1,319,105	1,304,484
4.40% RM245 million Tier II Subordinated Notes 2012/2022	248,337	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	509,307	503,119	-	-
4.99% RM1 billion Tier II Subordinated Notes 2014/2024	1,011,074	1,024,061	1,011,074	1,024,061
4.75% RM500 million Tier II Subordinated Notes 2015/2025	509,052	502,993	509,052	502,993
4.95% RM200 million Tier II Subordinated Notes 2015/2025	204,475	202,060	-	-
	<b>5,838,736</b>	<b>5,895,786</b>	<b>4,876,617</b>	<b>4,843,845</b>

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.

<sup>^</sup> The Bank had on 31 October 2016 fully redeemed the existing subordinated notes of RM250 million in nominal value.

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

	Group		Bank	
	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 September 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	361,261	368,448	361,261	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	237,195	233,408	242,292	238,422
	<b>598,456</b>	<b>601,856</b>	<b>603,553</b>	<b>606,870</b>



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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

	<b>Group and Bank</b>	
	<b>As at</b>	<b>Restated</b>
	<b>30 September</b>	<b>31 December</b>
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
USD300 million 3.25% senior debt securities due in 2017	<b>1,255,219</b>	1,291,357
USD200 million 3.25% senior debt securities due in 2017	<b>839,119</b>	866,244
USD300 million 3.088% senior debt securities due in 2019	<b>1,256,330</b>	1,293,779
	<b><u>3,350,668</u></b>	<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 September 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	71,480,731	649,161	572,795	67,057,530	1,164,438	947,415
- Options	842,060	2,783	2,441	1,207,428	8,452	6,444
- Cross-currency interest rate swaps	12,470,364	1,422,677	1,574,615	12,746,295	1,765,293	1,977,751
	<b>84,793,155</b>	<b>2,074,621</b>	<b>2,149,851</b>	<b>81,011,253</b>	<b>2,938,183</b>	<b>2,931,610</b>
Interest rate related contracts						
- Swaps	38,129,369	250,261	205,903	39,680,278	154,197	125,923
	<b>38,129,369</b>	<b>250,261</b>	<b>205,903</b>	<b>39,680,278</b>	<b>154,197</b>	<b>125,923</b>
Equity related contracts						
- Options	12,442	-	99	303	-	8
- Index futures	-	-	-	12	1	-
	<b>12,442</b>	<b>-</b>	<b>99</b>	<b>315</b>	<b>1</b>	<b>8</b>
Structured warrants						
	106,975	-	28,880	87,608	-	30,038
	<b>106,975</b>	<b>-</b>	<b>28,880</b>	<b>87,608</b>	<b>-</b>	<b>30,038</b>
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	2,350,000	1,085	18,067	2,350,000	10,008	2,202
	<b>2,350,000</b>	<b>1,085</b>	<b>18,067</b>	<b>2,350,000</b>	<b>10,008</b>	<b>2,202</b>
Total	<b>125,391,941</b>	<b>2,325,967</b>	<b>2,402,800</b>	<b>123,129,454</b>	<b>3,102,389</b>	<b>3,089,781</b>



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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 September 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
<b>By type</b>						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Forwards/swaps	71,907,949	652,983	571,322	66,858,703	1,114,365	867,828
- Options	746,651	2,466	2,337	740,292	5,036	4,989
- Cross-currency interest rate swaps	12,355,220	1,421,835	1,575,258	12,850,960	1,773,506	1,983,750
	<b>85,009,820</b>	<b>2,077,284</b>	<b>2,148,917</b>	<b>80,449,955</b>	<b>2,892,907</b>	<b>2,856,567</b>
Interest rate related contracts						
- Swaps	40,314,369	267,777	205,916	42,615,278	157,784	138,950
	<b>40,314,369</b>	<b>267,777</b>	<b>205,916</b>	<b>42,615,278</b>	<b>157,784</b>	<b>138,950</b>
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	2,350,000	1,085	18,067	2,350,000	10,008	2,202
	<b>2,350,000</b>	<b>1,085</b>	<b>18,067</b>	<b>2,350,000</b>	<b>10,008</b>	<b>2,202</b>
Total	<b>127,674,189</b>	<b>2,346,146</b>	<b>2,372,900</b>	<b>125,415,233</b>	<b>3,060,699</b>	<b>2,997,719</b>



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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 September 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
<b>By remaining period to maturity/next re-pricing date</b>						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than 1 year	72,838,075	769,837	874,555	67,229,178	1,156,565	1,082,438
- 1 year to 3 years	7,439,069	839,417	807,880	8,660,732	1,323,734	1,426,311
- More than 3 years	4,516,011	465,367	467,416	5,121,343	457,884	422,861
	<b>84,793,155</b>	<b>2,074,621</b>	<b>2,149,851</b>	81,011,253	2,938,183	2,931,610
Interest rate related contracts						
- Less than 1 year	9,074,356	10,252	4,663	8,067,611	11,851	9,934
- 1 year to 3 years	17,321,626	83,307	67,064	18,393,771	75,574	65,287
- More than 3 years	11,733,387	156,702	134,176	13,218,896	66,772	50,702
	<b>38,129,369</b>	<b>250,261</b>	<b>205,903</b>	39,680,278	154,197	125,923
Equity related contracts						
- Less than 1 year	12,442	-	99	315	1	8
	<b>12,442</b>	-	<b>99</b>	315	1	8
Structured warrants						
- Less than 1 year	106,975	-	28,880	87,608	-	30,038
	<b>106,975</b>	-	<b>28,880</b>	87,608	-	30,038
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- 1 year to 3 years	2,050,000	1,085	18,067	2,050,000	10,008	1,547
- More than 3 years	300,000	-	-	300,000	-	655
	<b>2,350,000</b>	<b>1,085</b>	<b>18,067</b>	2,350,000	10,008	2,202
<b>Total</b>	<b>125,391,941</b>	<b>2,325,967</b>	<b>2,402,800</b>	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 September 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
<b>By remaining period to maturity/next re-pricing date</b>						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than 1 year	73,054,740	772,088	872,949	66,657,554	1,105,135	1,012,764
- 1 year to 3 years	7,439,068	840,599	808,380	8,671,058	1,329,883	1,414,957
- More than 3 years	4,516,012	464,597	467,588	5,121,343	457,889	428,846
	<b>85,009,820</b>	<b>2,077,284</b>	<b>2,148,917</b>	<b>80,449,955</b>	<b>2,892,907</b>	<b>2,856,567</b>
Interest rate related contracts						
- Less than 1 year	9,192,356	10,576	4,352	8,817,611	11,673	14,452
- 1 year to 3 years	19,088,626	96,247	67,320	20,153,771	79,344	72,008
- More than 3 years	12,033,387	160,954	134,244	13,643,896	66,767	52,490
	<b>40,314,369</b>	<b>267,777</b>	<b>205,916</b>	<b>42,615,278</b>	<b>157,784</b>	<b>138,950</b>
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- 1 year to 3 years	2,050,000	1,085	18,067	2,050,000	10,008	1,547
- More than 3 years	300,000	-	-	300,000	-	655
	<b>2,350,000</b>	<b>1,085</b>	<b>18,067</b>	<b>2,350,000</b>	<b>10,008</b>	<b>2,202</b>
<b>Total</b>	<b>127,674,189</b>	<b>2,346,146</b>	<b>2,372,900</b>	<b>125,415,233</b>	<b>3,060,699</b>	<b>2,997,719</b>



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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:

<b>Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 September 2016</b>				
<b><u>Financial assets</u></b>				
Financial assets FVTPL:	626,627	1,489,510	378,953	2,495,090
- Money market instruments	-	872,909	-	872,909
- Quoted securities	626,627	-	-	626,627
- Unquoted securities	-	616,601	378,953	995,554
Financial investments AFS:	59,411	22,658,395	1,111,755	23,829,561
- Money market instruments	-	5,537,627	-	5,537,627
- Quoted securities	59,411	-	8,351	67,762
- Unquoted securities	-	17,120,768	1,103,404	18,224,172
Derivative assets	-	2,325,967	-	2,325,967
	<b>686,038</b>	<b>26,473,872</b>	<b>1,490,708</b>	<b>28,650,618</b>
<b><u>Financial liabilities</u></b>				
Derivative liabilities	<b>28,965</b>	<b>2,373,835</b>	<b>-</b>	<b>2,402,800</b>
<b>Restated</b>				
<b>31 December 2015</b>				
<b><u>Financial assets</u></b>				
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
	<b>428,250</b>	<b>27,810,504</b>	<b>1,228,567</b>	<b>29,467,321</b>
<b><u>Financial liabilities</u></b>				
Derivative liabilities	<b>30,036</b>	<b>3,059,745</b>	<b>-</b>	<b>3,089,781</b>



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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):

<b>Bank</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 September 2016</b>				
<b><u>Financial assets</u></b>				
Financial assets HFT:	3,362	900,544	-	903,906
- Money market instruments	-	800,681	-	800,681
- Quoted securities	3,362	-	-	3,362
- Unquoted securities	-	99,863	-	99,863
Financial investments AFS:	-	17,366,923	691,109	18,058,032
- Money market instruments	-	4,383,685	-	4,383,685
- Quoted securities	-	-	8,351	8,351
- Unquoted securities	-	12,983,238	682,758	13,665,996
Derivative assets	-	2,346,146	-	2,346,146
	<u>3,362</u>	<u>20,613,613</u>	<u>691,109</u>	<u>21,308,084</u>
<b><u>Financial liabilities</u></b>				
Derivative liabilities	-	2,372,900	-	2,372,900
<b>Restated</b>				
<b>31 December 2015</b>				
<b><u>Financial assets</u></b>				
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>
<b><u>Financial liabilities</u></b>				
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 September 2016 RM'000	Restated As at 31 December 2015 RM'000
<b>Financial assets FVTPL</b>		
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	229,501	133,731
Exchange differences	(4,411)	-
Balance as at the end of the financial period/year	<u>378,953</u>	<u>153,863</u>

	Group		Bank	
	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
<b>Financial investments AFS</b>				
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	34,929	61,644	31,538	59,780
Total net gains/(losses) recognised in income statements	793	(5,519)	-	-
Purchases	14,431	26,724	1,833	10,010
Settlements	(9,548)	(17,034)	-	(144)
Exchange differences	(3,554)	17,747	(31)	15
Balance as at the end of the financial period/year	<u>1,111,755</u>	<u>1,074,704</u>	<u>691,109</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 September 2016 RM'000	Restated As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	Restated As at 31 December 2015 RM'000
Total retained profits of the Bank and its subsidiaries				
- Realised	8,507,622	7,950,326	6,503,031	6,368,199
- Unrealised	65,621	148,004	53,397	172,987
	<b>8,573,243</b>	<b>8,098,330</b>	<b>6,556,428</b>	<b>6,541,186</b>
Total share of retained profits from associates and joint ventures				
- Realised	3,904	3,508	-	-
	<b>8,577,147</b>	<b>8,101,838</b>	<b>6,556,428</b>	<b>6,541,186</b>
Less: Consolidation adjustments	(429,788)	(351,817)	-	-
Total retained profits	<b>8,147,359</b>	<b>7,750,021</b>	<b>6,556,428</b>	<b>6,541,186</b>

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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**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 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.



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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, 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 sales 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	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
<b>ASSETS</b>								
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	3,413,245	-	24,738,796	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	240,341	-	2,478,703	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
<b>TOTAL ASSETS</b>	<b>218,919,147</b>	<b>10,475,228</b>	<b>(1,456,028)</b>	<b>227,938,347</b>	<b>181,000,966</b>	<b>3,605,842</b>	<b>(1,456,028)</b>	<b>183,150,780</b>





**RHB BANK BERHAD (6171-M)**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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
<b>LIABILITIES AND EQUITY</b>								
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
<b>TOTAL LIABILITIES</b>	<b>201,711,226</b>	<b>9,990,662</b>	<b>(1,456,028)</b>	<b>210,245,860</b>	<b>166,154,796</b>	<b>3,602,435</b>	<b>(1,456,028)</b>	<b>168,301,203</b>
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	-	-	-	-
<b>TOTAL EQUITY</b>	<b>17,207,921</b>	<b>484,566</b>	<b>-</b>	<b>17,692,487</b>	<b>14,846,170</b>	<b>3,407</b>	<b>-</b>	<b>14,849,577</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>218,919,147</b>	<b>10,475,228</b>	<b>-</b>	<b>227,938,347</b>	<b>181,000,966</b>	<b>3,605,842</b>	<b>-</b>	<b>183,150,780</b>



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

**B12. Restatement of Comparatives (continued)**

**Income Statements**

**For the nine months ended 30 September 2015**

	3rd Quarter Ended 30 September 2015			Nine Months Ended 30 September 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
<b>Group</b>						
Interest income	1,898,972	92,713	1,991,685	5,657,821	297,768	5,955,589
Interest expense	(1,060,049)	(55,106)	(1,115,155)	(3,246,255)	(192,466)	(3,438,721)
Net interest income	838,923	37,607	876,530	2,411,566	105,302	2,516,868
Other operating income	196,514	242,935	439,449	720,497	723,769	1,444,266
Income from Islamic Banking business	221,864	8,172	230,036	635,647	1,270	636,917
Net income	1,257,301	288,714	1,546,015	3,767,710	830,341	4,598,051
Other operating expenses	(888,394)	(277,877)	(1,166,271)	(2,087,794)	(731,571)	(2,819,365)
Operating profit before allowances	368,907	10,837	379,744	1,679,916	98,770	1,778,686
Allowance for impairment on loans, financing and other losses	(90,477)	(6,000)	(96,477)	(96,344)	(9,540)	(105,884)
Impairment written back on other assets	2,179	43,593	45,772	8,769	50,700	59,469
	280,609	48,430	329,039	1,592,341	139,930	1,732,271
Share of results of joint ventures	-	112	112	-	237	237
Profit before taxation	280,609	48,542	329,151	1,592,341	140,167	1,732,508
Taxation	(77,449)	(22,345)	(99,794)	(389,123)	(39,962)	(429,085)
Net profit for the financial period	203,160	26,197	229,357	1,203,218	100,205	1,303,423
Attributable to:						
- Equity holders of the Bank	203,160	26,101	229,261	1,203,218	98,380	1,301,598
- Non-controlling interests	-	96	96	-	1,825	1,825
	203,160	26,197	229,357	1,203,218	100,205	1,303,423



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

**B12. Restatement of Comparatives (continued)**

**Income Statements**

**For the nine months ended 30 September 2015**

	3rd Quarter Ended 30 September 2015			Nine Months Ended 30 September 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
<b>Bank</b>						
Interest income	1,902,218	-	1,902,218	5,682,911	-	5,682,911
Interest expense	(1,048,307)	89	(1,048,218)	(3,216,394)	251	(3,216,143)
Net interest income	853,911	89	854,000	2,466,517	251	2,466,768
Other operating income	184,622	2,261	186,883	696,866	6,859	703,725
Net income	1,038,533	2,350	1,040,883	3,163,383	7,110	3,170,493
Other operating expenses	(816,405)	(155)	(816,560)	(1,889,499)	(1,598)	(1,891,097)
Operating profit before allowances	222,128	2,195	224,323	1,273,884	5,512	1,279,396
Allowance for impairment on loans, financing and other losses	(56,236)	-	(56,236)	(36,252)	-	(36,252)
Impairment written back on other assets	2,179	-	2,179	8,769	-	8,769
Profit before taxation	168,071	2,195	170,266	1,246,401	5,512	1,251,913
Taxation	(54,461)	(871)	(55,332)	(321,053)	(2,425)	(323,478)
Net profit for the financial period	113,610	1,324	114,934	925,348	3,087	928,435



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

**B13. Dividends**

No dividend has been declared for the third quarter ended 30 September 2016.

**B14. Earnings per Share**

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
<b>Basic earnings per share</b>				
Profit attributable to equity holders of the Bank (RM'000)	<u>505,327</u>	<u>229,261</u>	<u>1,420,381</u>	<u>1,301,598</u>
Weighted average number of ordinary shares in issue ('000)	<u>4,010,045</u>	<u>6,921,169</u>	<u>3,804,087</u>	<u>6,857,074</u>
Earnings per share (sen)				
- Basic per RM1.00 per share	<u>12.6</u>	<u>N/A</u>	<u>37.3</u>	<u>N/A</u>
- Basic per RM0.50 per share	<u>N/A</u>	<u>3.3</u>	<u>N/A</u>	<u>19.0</u>

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

**BY ORDER OF THE BOARD**

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

Company Secretary  
23 November 2016