



RHB Bank Berhad (6171 - M)

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**RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

	Note	2nd Quarter Ended		Six Months Ended	
		30 June	30 June	30 June	30 June
		2017	2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
Group					
Interest income	A8	1,937,422	1,950,637	3,851,192	3,970,271
Interest expense	A9	(1,051,731)	(1,097,938)	(2,113,907)	(2,226,088)
Net interest income		885,691	852,699	1,737,285	1,744,183
Other operating income	A10	397,061	458,725	845,121	917,166
Income from Islamic Banking business	A29(b)	296,496	239,181	552,264	471,281
Net income		1,579,248	1,550,605	3,134,670	3,132,630
Other operating expenses	A11	(784,309)	(769,785)	(1,545,526)	(1,516,474)
Operating profit before allowances		794,939	780,820	1,589,144	1,616,156
Allowance for impairment on loans, financing and other losses	A12	(32,889)	(59,739)	(165,258)	(140,070)
Impairment losses made on other assets		(108,246)	(251,987)	(111,906)	(251,576)
		653,804	469,094	1,311,980	1,224,510
Share of results of joint ventures		111	245	207	301
Profit before taxation		653,915	469,339	1,312,187	1,224,811
Taxation	B5	(151,752)	(115,765)	(308,434)	(304,597)
Net profit for the financial period		502,163	353,574	1,003,753	920,214
Attributable to:					
- Equity holders of the Bank		500,963	350,169	1,001,240	915,054
- Non-controlling interests		1,200	3,405	2,513	5,160
		502,163	353,574	1,003,753	920,214
Earnings per share (sen)					
- Basic	B12	12.5	8.9	25.0	24.7
- Diluted	B12	12.5	8.9	25.0	24.7

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2016.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period	502,163	353,574	1,003,753	920,214
Other comprehensive income/(loss) in respect of:				
(i) Items that will not be reclassified to profit or loss:				
- Actuarial gain/(loss) on defined benefit plan of subsidiaries	2	(6)	396	342
(ii) Items that will be reclassified subsequently to profit or loss:				
(a) Foreign currency translation reserves				
- Currency translation differences	(100,547)	140,716	(97,126)	(169,302)
- Net investment hedge	5,750	(15,773)	1,926	22,351
(b) Unrealised net gain on revaluation of financial investments available-for-sale ('AFS')	81,764	121,734	164,054	306,346
(c) Net transfer to income statements on disposal or impairment of financial investments AFS	99,889	53,812	91,439	37,199
Income tax relating to components of other comprehensive income	(43,782)	(42,235)	(60,555)	(82,700)
Other comprehensive income, net of tax, for the financial period	43,076	258,248	100,134	114,236
Total comprehensive income for the financial period	545,239	611,822	1,103,887	1,034,450
Total comprehensive income attributable to:				
- Equity holders of the Bank	544,126	606,570	1,101,460	1,030,050
- Non-controlling interests	1,113	5,252	2,427	4,400
	545,239	611,822	1,103,887	1,034,450

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 2016.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Note	2nd Quarter Ended		Six Months Ended	
		30 June	30 June	30 June	30 June
		2017	2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
Bank					
Interest income	A8	1,902,824	1,896,352	3,778,592	3,852,243
Interest expense	A9	(1,017,740)	(1,067,479)	(2,056,395)	(2,147,861)
Net interest income		885,084	828,873	1,722,197	1,704,382
Other operating income	A10	180,859	222,043	364,585	467,854
Net income		1,065,943	1,050,916	2,086,782	2,172,236
Other operating expenses	A11	(504,087)	(502,464)	(995,191)	(1,002,676)
Operating profit before allowances		561,856	548,452	1,091,591	1,169,560
Allowance for impairment on loans, financing and other losses	A12	23,220	(47,139)	(65,666)	(81,728)
Impairment losses made on other assets		(108,775)	(251,464)	(108,775)	(251,053)
Profit before taxation		476,301	249,849	917,150	836,779
Taxation	B5	(98,089)	(68,022)	(208,714)	(218,453)
Net profit for the financial period		378,212	181,827	708,436	618,326

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 2016.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	2nd Quarter Ended		Six Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Bank				
Net profit for the financial period	378,212	181,827	708,436	618,326
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	(30,978)	62,616	(14,327)	(45,632)
(b) Unrealised net gain on revaluation of financial investments AFS	59,505	95,185	111,369	224,178
(c) Net transfer to income statements on disposal or impairment of financial investments AFS	102,079	55,312	94,440	39,851
Income tax relating to components of other comprehensive income	(38,780)	(36,119)	(49,394)	(63,367)
Other comprehensive income, net of tax, for the financial period	91,826	176,994	142,088	155,030
Total comprehensive income for the financial period	470,038	358,821	850,524	773,356

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 2016.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	Group		Bank	
		As at 30 June 2017 RM'000	As at 31 December 2016 RM'000	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
ASSETS					
Cash and short-term funds		14,278,629	14,682,943	9,036,177	12,430,270
Securities purchased under resale agreements		9,026	1,303,589	-	1,289,891
Deposits and placements with banks and other financial institutions		2,547,327	1,362,448	11,277,860	9,641,121
Financial assets at fair value through profit or loss ('FVTPL')	A13	2,694,254	2,324,723	1,175,116	1,095,862
Financial investments available-for-sale ('AFS')	A14	26,773,202	25,109,662	21,481,664	19,692,075
Financial investments held-to-maturity ('HTM')	A15	17,589,408	21,365,103	14,515,121	17,986,112
Loans, advances and financing	A16	154,403,507	152,350,304	110,186,274	111,953,651
Clients' and brokers' balances		1,864,428	2,090,783	-	-
Reinsurance assets		415,626	378,311	-	-
Other assets	A17	2,119,588	2,916,551	1,801,166	3,127,293
Derivative assets	B8	2,330,413	4,075,418	2,341,939	4,096,153
Statutory deposits		3,619,219	4,241,509	2,335,526	2,829,242
Tax recoverable		207,314	246,895	144,647	180,705
Deferred tax assets		47,962	100,611	14,628	55,515
Investments in subsidiaries		-	-	5,358,360	5,340,659
Investments in associates and joint ventures		49,019	49,537	-	-
Property, plant and equipment		1,005,169	1,032,131	733,971	756,899
Goodwill		2,649,307	2,649,307	905,519	905,519
Intangible assets		438,457	399,004	380,496	335,153
TOTAL ASSETS		233,041,855	236,678,829	181,688,464	191,716,120
LIABILITIES					
Deposits from customers	A18/B7(a)	165,788,731	165,636,253	122,826,923	127,585,747
Deposits and placements of banks and other financial institutions	A19/B7(a)	22,823,871	22,700,616	22,667,793	22,686,846
Obligations on securities sold under repurchase agreements		157,857	362,706	1,196,125	2,716,656
Investment account from customers		12,998	-	-	-
Bills and acceptances payable		636,883	476,300	512,722	286,318
Clients' and brokers' balances		1,533,982	1,743,242	-	-
General insurance contract liabilities		942,709	872,183	-	-
Other liabilities	A20	2,320,621	2,846,146	1,457,364	1,898,825
Derivative liabilities	B8	2,941,278	3,679,020	2,918,256	3,671,822
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		3,406,166	3,554,053	2,738,851	2,738,811
Tax liabilities		57,489	57,329	-	-
Deferred tax liabilities		5,026	3,194	-	-
Borrowings	B7(b)	725,435	972,030	530,415	698,651
Subordinated obligations	B7(c)	5,040,836	5,543,358	3,837,937	4,592,576
Hybrid Tier-1 Capital Securities	B7(d)	602,215	602,143	607,226	607,155
Senior debt securities	B7(e)	3,448,707	5,856,389	3,448,707	5,856,389
TOTAL LIABILITIES		210,444,804	214,904,962	162,742,319	173,339,796

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 2016.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2017

	Note	Group		Bank	
		As at 30 June 2017 RM'000	As at 31 December 2016 RM'000	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
EQUITY					
Share capital		6,994,103	4,010,045	6,994,103	4,010,045
Reserves		15,571,444	17,734,733	11,952,042	14,366,279
Equity attributable to holders of the Bank		22,565,547	21,744,778	18,946,145	18,376,324
Non-controlling interests ('NCI')		31,504	29,089	-	-
TOTAL EQUITY		22,597,051	21,773,867	18,946,145	18,376,324
TOTAL LIABILITIES AND EQUITY		233,041,855	236,678,829	181,688,464	191,716,120
COMMITMENTS AND CONTINGENCIES	A25(a)	196,317,292	196,190,300	191,792,413	190,735,669
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK (RM)		5.63	5.42		

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 2016.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2017

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			
Balance as at 1 January 2017		4,010,045	2,984,058	4,931,227	669,501	80,567	888,864	23,331	8,157,185	21,744,778	29,089	21,773,867
Net profit for the financial period		-	-	-	-	-	-	-	1,001,240	1,001,240	2,513	1,003,753
Foreign currency translation reserves:												
- Currency translation differences		-	-	-	-	-	(97,045)	-	-	(97,045)	(81)	(97,126)
- Net investment hedge		-	-	-	-	-	1,926	-	-	1,926	-	1,926
Financial investments AFS:												
- Unrealised net gain/(loss) on revaluation		-	-	-	-	164,062	-	-	-	164,062	(8)	164,054
- Net transfer to income statements on disposal or impairment		-	-	-	-	91,439	-	-	-	91,439	-	91,439
Actuarial gain on defined benefit plan of subsidiaries		-	-	-	-	-	-	-	392	392	4	396
Income tax relating to components of other comprehensive income		-	-	-	-	(60,453)	-	-	(101)	(60,554)	(1)	(60,555)
Other comprehensive income/(loss), net of tax, for the financial period		-	-	-	-	195,048	(95,119)	-	291	100,220	(86)	100,134
Total comprehensive income/(loss) for the financial period		-	-	-	-	195,048	(95,119)	-	1,001,531	1,101,460	2,427	1,103,887
Dividends paid		-	-	-	-	-	-	-	(280,703)	(280,703)	-	(280,703)
Transfer to share capital	A1(b)(i)	2,984,058	(2,984,058)	-	-	-	-	-	-	-	-	-
Transfer from statutory reserves	A1(b)(ii)	-	-	(4,930,714)	-	-	-	-	4,930,714	-	-	-
Transfer to regulatory reserves		-	-	-	66,467	-	-	-	(66,467)	-	-	-
Accretion of interest in a subsidiary		-	-	-	-	-	-	-	12	12	(12)	-
Balance as at 30 June 2017		6,994,103	-	513	735,968	275,615	793,745	23,331	13,742,272	22,565,547	31,504	22,597,051

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 2016.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2017

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	RM'000
Balance as at 1 January 2016		3,460,585	478,517	4,527,434	589,637	126,340	712,004	23,331	7,750,021	17,667,869	24,618	17,692,487
Net profit for the financial period		-	-	-	-	-	-	-	915,054	915,054	5,160	920,214
Foreign currency translation reserves:												
- Currency translation differences		-	-	-	-	-	(168,480)	-	-	(168,480)	(822)	(169,302)
- Net investment hedge		-	-	-	-	-	22,351	-	-	22,351	-	22,351
Financial investments AFS:												
- Unrealised net gain on revaluation		-	-	-	-	306,286	-	-	-	306,286	60	306,346
- Net transfer to income statements on disposal or impairment		-	-	-	-	37,199	-	-	-	37,199	-	37,199
Actuarial gain on defined benefit plan of subsidiaries		-	-	-	-	-	-	-	339	339	3	342
Income tax relating to components of other comprehensive income		-	-	-	-	(82,614)	-	-	(85)	(82,699)	(1)	(82,700)
Other comprehensive income/(loss), net of tax, for the financial period		-	-	-	-	260,871	(146,129)	-	254	114,996	(760)	114,236
Total comprehensive income/(loss) for the financial period		-	-	-	-	260,871	(146,129)	-	915,308	1,030,050	4,400	1,034,450
Shares issued pursuant to:												
- Rights issue via recapitalisation of dividend		101,618	463,382	-	-	-	-	-	-	565,000	-	565,000
- Rights issue		447,842	2,042,159	-	-	-	-	-	-	2,490,001	-	2,490,001
Dividends paid:												
- By the Bank		-	-	-	-	-	-	-	(565,000)	(565,000)	-	(565,000)
- By subsidiaries to the former holding company and NCI		-	-	-	-	-	-	-	(23,675)	(23,675)	(1,325)	(25,000)
Transfer to statutory reserves		-	-	191,873	-	-	-	-	(191,873)	-	-	-
Transfer to regulatory reserves		-	-	-	40,472	-	-	-	(40,472)	-	-	-
Dilution of interest in a subsidiary		-	-	-	-	-	-	-	(580)	(580)	580	-
Balance as at 30 June 2016		4,010,045	2,984,058	4,719,307	630,109	387,211	565,875	23,331	7,843,729	21,163,665	28,273	21,191,938

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 2016.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2017

Bank	Note	←		Non-Distributable			→	Total Equity	
		Share Capital	Share Premium	Statutory Reserves	Regulatory Reserves	AFS Reserves	Translation Reserves		Distributable Retained Profits
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2017		4,010,045	2,984,058	3,784,558	461,870	116,933	400,289	6,618,571	18,376,324
Net profit for the financial period		-	-	-	-	-	-	708,436	708,436
Foreign currency translation reserves:									
- Currency translation differences		-	-	-	-	-	(14,327)	-	(14,327)
Financial investments AFS:									
- Unrealised net gain on revaluation		-	-	-	-	111,369	-	-	111,369
- Net transfer to income statements on disposal or impairment		-	-	-	-	94,440	-	-	94,440
Income tax relating to components of other comprehensive income		-	-	-	-	(49,394)	-	-	(49,394)
Other comprehensive income/(loss), net of tax, for the financial period		-	-	-	-	156,415	(14,327)	-	142,088
Total comprehensive income/(loss) for the financial period		-	-	-	-	156,415	(14,327)	708,436	850,524
Dividends paid		-	-	-	-	-	-	(280,703)	(280,703)
Transfer to share capital	A1(b)(i)	2,984,058	(2,984,058)	-	-	-	-	-	-
Transfer from statutory reserves	A1(b)(ii)	-	-	(3,784,558)	-	-	-	3,784,558	-
Transfer to regulatory reserves		-	-	-	31,025	-	-	(31,025)	-
Balance as at 30 June 2017		6,994,103	-	-	492,895	273,348	385,962	10,799,837	18,946,145

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 2016.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	←		Non-Distributable			→		Total Equity
	Share Capital	Share Premium	Statutory Reserves	Regulatory Reserves	AFS Reserves	Translation Reserves	Distributable Retained Profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank								
Balance as at 1 January 2016	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	-	-	-	-	-	-	618,326	618,326
Foreign currency translation reserves:								
- Currency translation differences	-	-	-	-	-	(45,632)	-	(45,632)
Financial investments AFS:								
- Unrealised net gain on revaluation	-	-	-	-	224,178	-	-	224,178
- Net transfer to income statements on disposal or impairment	-	-	-	-	39,851	-	-	39,851
Income tax relating to components of other comprehensive income	-	-	-	-	(63,367)	-	-	(63,367)
Other comprehensive income/(loss), net of tax, for the financial period	-	-	-	-	200,662	(45,632)	-	155,030
Total comprehensive income/(loss) for the financial period	-	-	-	-	200,662	(45,632)	618,326	773,356
Shares issued pursuant to:								
- Rights issue via recapitalisation of dividend	101,618	463,382	-	-	-	-	-	565,000
- Rights issue	447,842	2,042,159	-	-	-	-	-	2,490,001
Dividends paid	-	-	-	-	-	-	(565,000)	(565,000)
Transfer to statutory reserves	-	-	154,582	-	-	-	(154,582)	-
Transfer to regulatory reserves	-	-	-	14,054	-	-	(14,054)	-
Balance as at 30 June 2016	4,010,045	2,984,058	3,632,720	399,548	357,846	302,841	6,425,876	18,112,934

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 2016.



**RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

	Six Months Ended	
	30 June 2017	30 June 2016
	<u>RM'000</u>	<u>RM'000</u>
Group		
Cash flows from operating activities		
Profit before taxation	1,312,187	1,224,811
Adjustments for:		
Allowance for impairment on loans, financing and other losses	292,456	276,122
Property, plant and equipment:		
- Depreciation	59,424	59,185
- Gain on disposal	(50)	(1,662)
- Written off	776	113
Intangible assets:		
- Amortisation	36,122	33,469
Net impairment losses made on financial investments AFS and HTM	111,906	251,576
Share of results of joint ventures	(207)	(301)
Net gain on financial instruments	(119,443)	(221,756)
Dividend income	(26,022)	(24,550)
Other non-cash items	(286,942)	(458,014)
Operating profit before working capital changes	<u>1,380,207</u>	<u>1,138,993</u>
(Increase)/Decrease in operating assets:		
Securities purchased under resale agreements	1,262,664	(1,452,406)
Deposits and placements with banks and other financial institutions	(1,184,879)	(709,339)
Financial assets FVTPL	(316,353)	96,910
Loans, advances and financing	(2,359,860)	(883,154)
Clients' and brokers' balances	226,355	(1,187,358)
Other assets	845,239	658,798
Statutory deposits	<u>611,090</u>	<u>1,047,581</u>
	<u>(915,744)</u>	<u>(2,428,968)</u>
Increase/(Decrease) in operating liabilities:		
Deposits from customers	125,536	6,363,964
Deposits and placements of banks and other financial institutions	138,948	(3,341,721)
Obligations on securities sold under repurchase agreements	(205,106)	(2,569,015)
Obligations on securities borrowed	12,998	(12,202)
Bills and acceptances payable	160,435	(265,619)
Clients' and brokers' balances	(209,260)	1,100,343
Other liabilities	(280,085)	(940,260)
Recourse obligation on loans sold to Cagamas	<u>(147,887)</u>	<u>(96,872)</u>
	<u>(404,421)</u>	<u>238,618</u>
Cash generated from/(used in) operations	<u>60,042</u>	<u>(1,051,357)</u>
Net tax paid	<u>(273,223)</u>	<u>(328,118)</u>
Net cash used in operating activities	<u>(213,181)</u>	<u>(1,379,475)</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 2016.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Six Months Ended	
	30 June 2017	30 June 2016
	RM'000	RM'000
Group		
Cash flows from investing activities		
Net proceeds from disposal of financial investments AFS and HTM	2,316,187	2,153,212
Property, plant and equipment:		
- Purchase	(34,008)	(34,459)
- Proceeds from disposal	135	4,252
Intangible assets:		
- Purchase	(75,674)	(66,852)
Financial investments AFS and HTM:		
- Interest received	711,985	712,142
- Investment income received	124,874	102,256
Dividend income received from financial assets FVTPL and financial investments AFS	26,022	24,550
Acquisition of additional interest from NCI	(12)	-
Net cash outflow arising from internal reorganisation	-	(3,614,753)
Net cash generated from/(used in) investing activities	<u>3,069,509</u>	<u>(719,652)</u>
Cash flows from financing activities		
Proceeds from issuance of subordinated notes	250,000	-
Redemption of subordinated notes	(750,000)	(100,000)
Redemption of senior debt securities	(2,173,766)	-
Drawdown of borrowings	1,064,415	1,585,200
Repayment of borrowings	(1,290,483)	(1,321,103)
Proceeds from issuance of share capital	-	2,490,001
Dividends paid to equity holders of the Bank	(280,703)	-
Dividends paid by subsidiaries arising from effect of predecessor accounting	-	(25,000)
Net cash (used in)/generated from financing activities	<u>(3,180,537)</u>	<u>2,629,098</u>
Net (decrease)/increase in cash and cash equivalents	(324,209)	529,971
Effects of exchange rate differences	(80,105)	(103,847)
Cash and cash equivalents:		
- at the beginning of the financial period	<u>14,682,943</u>	<u>12,881,395</u>
- at the end of the financial period	<u>14,278,629</u>	<u>13,307,519</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>14,278,629</u>	<u>13,307,519</u>
	<u>14,278,629</u>	<u>13,307,519</u>
Note:		
Significant non-cash transaction during the financial period is as follows:		
- Re-capitalisation of dividend	<u>-</u>	<u>565,000</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 2016.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Six Months Ended	
	30 June 2017	30 June 2016
	<u>RM'000</u>	<u>RM'000</u>
Bank		
Cash flows from operating activities		
Profit before taxation	917,150	836,779
Adjustments for:		
Allowance for impairment on loans, financing and other losses	186,949	210,230
Property, plant and equipment:		
- Depreciation	41,879	41,310
- Gain on disposal	(18)	(1,611)
- Written off	232	22
Intangible assets:		
- Amortisation	27,084	24,619
Net impairment made on financial investments AFS and HTM	108,775	251,053
Net gain on financial instruments	(34,054)	(108,115)
Dividend Income	(1,760)	(3,371)
Other non-cash items	(204,002)	(354,714)
Operating profit before working capital changes	<u>1,042,235</u>	<u>896,202</u>
Decrease/(Increase) in operating assets:		
Securities purchased under resale agreements	1,295,041	(1,417,314)
Deposits and placements with banks and other financial institutions	(1,636,344)	66,629
Financial assets FVTPL	(48,562)	214,799
Loans, advances and financing	1,642,210	1,343,921
Other assets	1,346,900	336,089
Statutory deposits	494,433	814,899
	<u>3,093,678</u>	<u>1,359,023</u>
(Decrease)/Increase in operating liabilities:		
Deposits from customers	(4,843,281)	2,568,642
Deposits and placements of banks and other financial institutions	(23,559)	(4,991,976)
Obligations on securities sold under repurchase agreements	(1,520,787)	45,425
Bills and acceptances payable	226,256	(256,730)
Other liabilities	(203,048)	1,179,188
Recourse obligation on loans sold to Cagamas	40	(13,353)
	<u>(6,364,379)</u>	<u>(1,468,804)</u>
Cash (used in)/generated from operations	(2,228,466)	786,421
Net tax paid	(181,507)	(236,451)
Net cash (used in)/generated from operating activities	<u>(2,409,973)</u>	<u>549,970</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 2016.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Six Months Ended	
	30 June 2017	30 June 2016
	RM'000	RM'000
Bank		
Cash flows from investing activities		
Net proceeds from disposal of financial investments AFS and HTM	1,846,824	2,595,746
Property, plant and equipment:		
- Purchase	(19,055)	(24,529)
- Proceeds from disposal	103	3,984
Intangible assets:		
- Purchase	(72,327)	(57,940)
Interest received from financial investments AFS and HTM	658,000	637,392
Net cash outflow arising from internal reorganisation	-	(3,614,753)
Dividend income received from financial assets FVTPL and financial investments AFS	1,760	3,371
Additional investments in subsidiaries	(17,701)	-
Net cash generated from/(used in) investing activities	<u>2,397,604</u>	<u>(456,729)</u>
Cash flows from financing activities		
Drawdown of borrowings	-	747,638
Repayment of borrowings	(167,948)	(537,815)
Proceeds from issuance of share capital	-	2,490,001
Redemption of subordinated notes	(750,000)	-
Redemption of senior debt securities	(2,173,766)	-
Dividends paid to equity holders of the Bank	(280,703)	-
Net cash (used in)/generated from financing activities	<u>(3,372,417)</u>	<u>2,699,824</u>
Net (decrease)/increase in cash and cash equivalents	(3,384,786)	2,793,065
Effects of exchange rate differences	(9,307)	(53,969)
Cash and cash equivalents:		
- at the beginning of the financial period	12,430,270	8,213,683
- at the end of the financial period	<u>9,036,177</u>	<u>10,952,779</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>9,036,177</u>	10,952,779
	<u>9,036,177</u>	<u>10,952,779</u>
Note:		
Significant non-cash transaction during the financial period is as follows:		
- Re-capitalisation of dividend	-	565,000

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 2016.



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

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 2016.

(a) 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 2016, except for the adoption of the following annual improvements and amendments to MFRS which are effective for annual periods beginning on or after 1 January 2017:

- Amendments to MFRS 112 'Income Taxes'
- Amendments to MFRS 107 'Statements of Cash Flows'

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

(b) Changes in regulatory requirements

(i) Companies Act 2016

The Companies Act 2016 ('New Act') was enacted to replace the Companies Act 1965 with the objective of creating a regulatory structure that will facilitate business and promote accountability as well as protection of corporate directors and shareholders, taking into consideration the interest of other stakeholders. The New Act was passed on 4 April 2016 by Dewan Rakyat and on 29 April 2016 by Dewan Negara and gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the date on which the New Act comes into operation (except Section 241 and Division 8 of Part III of the New Act) would be 31 January 2017.

Amongst the key changes introduced in the New Act which will affect the financial statements of the Group and the Bank upon the commencement of the New Act on 31 January 2017 are:

- (1) abolition of the authorised capital; and
- (2) abolition of the concept of nominal value in shares which will also render the share premium account of a company to be no longer relevant. Instead, the amount standing in the share premium account will be recognised as part of the Bank's share capital.

During the financial period, the Group and the Bank had transferred a total of RM2,984,058,000 from its share premium account to the share capital pursuant to the New Act.

(ii) Revised Policy Document on Capital Funds

Bank Negara Malaysia ('BNM') had on 3 May 2017, issued a Revised Policy Document on Capital Funds and Capital Funds for Islamic Banks ('Revised Policy Document') which is applicable to banking institutions in Malaysia that covers licensed bank, licensed investment bank and licensed Islamic bank. The issuance of this Revised Policy Document has superseded two guidelines issued by BNM previously, namely Capital Funds and Capital Funds for Islamic Banks dated 1 July 2013.

The key changes in the Revised Policy Document are:

- (1) the removal of the requirement on maintenance of a reserve fund; and
- (2) the revised component of capital funds shall exclude share premium and reserve fund.

The Revised Policy Document is only applicable for banking institutions operating in Malaysia.

During the financial period, the Group and the Bank had transferred a total of RM4,930,714,000 and RM3,784,558,000 respectively from the statutory reserves to retained profits pursuant to the adoption of the Revised Policy Document.

The adoption of the New Act and the Revised Policy Document are not expected to have any financial impact on the Group and the Bank for the current financial year as any effect of adoption, if applicable, will mainly be on disclosures to the financial statements.



**RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

A2. Auditors' Report

The auditors' report for the financial year ended 31 December 2016 was not subject to any qualification.

A3. Seasonal Or Cyclical Factors

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

A4. Exceptional Or Unusual Items

There were no exceptional or unusual items for the six months ended 30 June 2017.

A5. Changes In Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the six months ended 30 June 2017.

A6. Changes In Debt and Equity Securities

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the six months ended 30 June 2017, other than as disclosed below:

- (a) RHB Islamic Bank Berhad ('RHB Islamic Bank'), a wholly-owned subsidiary had on 27 April 2017 issued Subordinated Sukuk Murabahah of RM250 million in nominal value under a RM1 billion programme. The Subordinated Sukuk Murabahah is issued for a tenure of 10 non-callable 5 years with a fixed profit rate of 4.88% per annum, payable semi-annually in arrears throughout the entire tenure.
- (b) The Bank had on 5 May 2017 fully redeemed its existing subordinated notes of RM750 million in nominal value under a RM3 billion multi-currency medium term note programme which was issued on 7 May 2012.
- (c) The Bank had on 12 May 2017 fully redeemed its existing USD500 million senior unsecured notes issued pursuant to USD500 million Euro Medium Term Note Programme in 2012.

A7. Dividends Paid

During the six months ended 30 June 2017, the Bank has paid a final single-tier dividend of 7.0 sen per share in respect of the financial year ended 31 December 2016, amounting to RM280,703,000, on 29 May 2017.

The Board of Directors have proposed to declare an interim single-tier dividend of 5.0 sen per share in respect of the financial year ending 31 December 2017, amounting to RM200,502,000. The payment date for this interim dividend will be determined later.



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

A8. Interest Income

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Loans and advances	1,507,643	1,573,469	3,008,764	3,189,476
Money at call and deposits and placements with banks and other financial institutions	60,158	24,800	105,897	49,585
Securities purchased under resale agreements	171	848	1,305	1,168
Financial assets FVTPL	7,813	6,110	15,617	11,422
Financial investments AFS	198,617	166,766	380,504	342,878
Financial investments HTM	155,256	170,157	320,626	354,667
Others	7,764	8,487	18,479	21,075
	1,937,422	1,950,637	3,851,192	3,970,271
Of which:				
Interest income accrued on impaired financial assets	34,382	39,455	76,393	79,125
Bank				
Loans and advances	1,411,147	1,473,270	2,813,988	2,985,561
Money at call and deposits and placements with banks and other financial institutions	145,034	107,193	274,115	214,990
Securities purchased under resale agreements	171	848	1,305	1,168
Financial assets FVTPL	7,768	6,006	15,496	11,179
Financial investments AFS	182,125	142,734	347,780	290,605
Financial investments HTM	150,444	162,936	312,721	340,096
Others	6,135	3,365	13,187	8,644
	1,902,824	1,896,352	3,778,592	3,852,243
Of which:				
Interest income accrued on impaired financial assets	28,249	33,220	65,741	67,345



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

A9. Interest Expense

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	122,761	85,066	228,565	188,388
Deposits from customers	787,293	861,741	1,587,252	1,720,847
Obligations on securities sold under repurchase agreements	91	14,283	243	41,051
Recourse obligation on loans sold to Cagamas	28,764	24,430	57,229	48,731
Subordinated obligations	54,687	62,673	113,786	126,440
Senior debt securities	31,729	25,688	74,195	51,951
Hybrid Tier-1 Capital Securities	11,266	11,258	22,404	22,513
Borrowings	5,200	4,397	10,900	7,062
Others	9,940	8,402	19,333	19,105
	1,051,731	1,097,938	2,113,907	2,226,088
Bank				
Deposits and placements of banks and other financial institutions	127,011	75,426	250,481	169,493
Deposits from customers	746,531	835,987	1,499,367	1,664,775
Obligations on securities sold under repurchase agreements	10,832	26,672	25,153	53,591
Recourse obligation on loans sold to Cagamas	28,764	24,430	57,229	48,731
Subordinated obligations	49,531	57,317	103,531	114,632
Senior debt securities	31,729	25,688	74,195	51,951
Hybrid Tier-1 Capital Securities	11,350	11,342	22,571	22,681
Borrowings	2,772	2,720	5,985	3,946
Others	9,220	7,897	17,883	18,061
	1,017,740	1,067,479	2,056,395	2,147,861



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

A10. Other Operating Income

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Fee income				
- Service charges and fees	40,601	50,764	83,203	100,111
- Commission	39,637	34,151	71,448	68,218
- Guarantee fees	13,132	13,671	24,646	49,586
- Commitment fees	12,208	12,122	25,066	24,146
- Net brokerage income	80,841	70,657	172,964	146,967
- Fund management fees	57,798	41,258	112,109	75,876
- Unit trust fee income	34,701	13,959	69,789	23,125
- Corporate advisory fees	9,901	24,987	21,196	50,176
- Underwriting and arrangement fees	5,669	10,448	20,175	17,665
- Other fee income	23,673	12,309	37,327	30,907
	318,161	284,326	637,923	586,777
- Fee and commission expenses	(55,232)	(24,015)	(106,159)	(44,230)
	262,929	260,311	531,764	542,547
Net gain/(loss) arising from financial assets FVTPL				
- Net gain/(loss) on disposal	15,066	6,658	(4,646)	7,902
- Unrealised net (loss)/gain on revaluation	(2,121)	4,031	40,449	17,004
- Gross dividend income	4,086	2,950	8,590	6,914
	17,031	13,639	44,393	31,820
Net (loss)/gain on revaluation of derivatives	(9,397)	2,150	15,554	20,677
Net gain/(loss) on fair values hedges	132	468	(4,828)	1,865
Net gain arising from financial investments AFS				
- Net gain on disposal	9,239	14,019	17,334	31,025
- Gross dividend income	9,932	10,828	17,432	17,636
	19,171	24,847	34,766	48,661
Net gain arising from financial investments HTM				
- Net gain on early redemption	782	46	12,661	72
Other income				
Foreign exchange gain	44,137	88,907	93,697	136,631
Insurance underwriting surplus before management expenses	44,617	52,386	89,002	100,796
Gain on disposal of property, plant and equipment	15	35	50	1,662
Rental income	1,132	1,299	1,699	1,902
Other operating income	11,407	12,466	20,355	25,594
Other non-operating income	5,105	2,171	6,008	4,939
	106,413	157,264	210,811	271,524
	397,061	458,725	845,121	917,166



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

A10. Other Operating Income (continued)

	2nd Quarter Ended		Six Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Bank	RM'000	RM'000	RM'000	RM'000
Fee income				
- Service charges and fees	36,978	48,004	73,734	93,575
- Commission	43,577	36,837	81,560	72,602
- Guarantee fees	12,592	12,895	22,918	46,438
- Commitment fees	11,550	11,440	23,433	22,791
- Other fee income	5,417	4,674	10,398	9,681
	110,114	113,850	212,043	245,087
Net gain/(loss) arising from financial assets FVTPL				
- Net gain/(loss) on disposal	8,738	3,971	(23,725)	14,931
- Unrealised net (loss)/gain on revaluation	(1,085)	(165)	38,624	1,261
	7,653	3,806	14,899	16,192
Net loss on revaluation of derivatives	(10,851)	(1,487)	(9,304)	(6,467)
Net gain/(loss) on fair values hedges	29	(29)	77	122
Net gain arising from financial investments AFS				
- Net gain on disposal	8,082	13,911	15,721	29,372
- Gross dividend income	1,760	3,371	1,760	3,371
	9,842	17,282	17,481	32,743
Net gain arising from financial investments HTM				
- Net gain on early redemption	782	46	12,661	72
Other income				
Foreign exchange gain	50,902	73,900	91,950	148,091
Gain on disposal of property, plant and equipment	15	-	18	1,611
Rental income	3,079	3,042	5,834	5,455
Other operating income	8,993	11,254	18,090	23,383
Other non-operating income	301	379	836	1,565
	63,290	88,575	116,728	180,105
	180,859	222,043	364,585	467,854



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

A11. Other Operating Expenses

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	358,544	355,885	732,849	710,708
- Defined contribution plan	51,685	50,934	103,532	100,487
- Other staff related costs	37,173	35,325	69,625	62,158
	447,402	442,144	906,006	873,353
Establishment costs				
- Property, plant and equipment:				
- Depreciation	29,379	29,231	59,424	59,185
- Written off	458	29	776	113
- Intangible assets:				
- Amortisation	18,223	16,819	36,122	33,469
- Rental of premises	27,144	41,654	53,101	81,107
- Rental of equipment	3,124	3,732	6,719	7,079
- Insurance	8,118	7,440	18,005	16,253
- Water and electricity	7,318	8,992	14,424	17,778
- Repair and maintenance	7,933	9,159	14,712	16,431
- Security and escorting expenses	10,408	11,948	19,915	24,862
- Information technology expenses	57,916	51,702	111,797	99,348
- Others	4,781	3,750	8,755	7,202
	174,802	184,456	343,750	362,827
Marketing expenses				
- Sales commission	18,448	18,957	34,153	37,292
- Advertisement and publicity	19,067	10,835	32,142	22,079
- Others	29,630	28,367	48,987	52,902
	67,145	58,159	115,282	112,273
Administration and general expenses				
- Communication expenses	41,525	45,576	83,847	87,150
- Legal and professional fee	13,921	6,246	19,401	11,089
- Others	39,514	33,204	77,240	69,782
	94,960	85,026	180,488	168,021
	784,309	769,785	1,545,526	1,516,474



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

A11. Other Operating Expenses (continued)

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Bank				
Personnel costs				
- Salaries, allowances and bonuses	221,039	231,286	453,612	470,691
- Defined contribution plan	34,961	35,324	70,624	71,148
- Other staff related costs	20,898	23,865	39,308	46,044
	<u>276,898</u>	<u>290,475</u>	<u>563,544</u>	<u>587,883</u>
Establishment costs				
- Property, plant and equipment:				
- Depreciation	20,876	20,396	41,879	41,310
- Written off	118	19	232	22
- Intangible assets:				
- Amortisation	13,704	12,413	27,084	24,619
- Rental of premises	15,036	26,385	29,650	53,305
- Rental of equipment	3,083	3,509	6,326	6,361
- Insurance	7,265	6,295	14,964	15,166
- Water and electricity	4,519	5,776	8,952	11,371
- Repair and maintenance	5,893	6,028	10,834	11,082
- Security and escorting expenses	10,056	11,933	19,370	24,251
- Information technology expenses	35,740	26,658	67,296	52,051
	<u>116,290</u>	<u>119,412</u>	<u>226,587</u>	<u>239,538</u>
Marketing expenses				
- Sales commission	14,749	13,109	26,153	25,265
- Advertisement and publicity	10,652	6,497	18,397	12,588
- Others	10,749	9,386	12,790	19,408
	<u>36,150</u>	<u>28,992</u>	<u>57,340</u>	<u>57,261</u>
Administration and general expenses				
- Communication expenses	23,861	30,838	47,265	54,792
- Legal and professional fee	28,556	12,425	58,450	23,236
- Others	22,332	20,322	42,005	39,966
	<u>74,749</u>	<u>63,585</u>	<u>147,720</u>	<u>117,994</u>
	<u>504,087</u>	<u>502,464</u>	<u>995,191</u>	<u>1,002,676</u>



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

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Group				
Allowance for impaired loans and financing:				
- Individual impairment allowance	57,708	109,101	121,728	117,345
- Collective impairment allowance	1,064	(14,055)	95,779	85,168
Impaired loans and financing recovered	(63,451)	(65,540)	(127,198)	(136,052)
Impaired loans and financing written off	26,865	28,992	65,255	68,010
Allowance made for impairment on other debtors	10,703	1,241	9,694	5,599
	<u>32,889</u>	<u>59,739</u>	<u>165,258</u>	<u>140,070</u>
Bank				
Allowance for impaired loans and advances:				
- Individual impairment allowance	(350)	74,293	53,478	79,456
- Collective impairment allowance	12,854	8,087	72,002	69,070
Impaired loans and financing recovered	(60,293)	(62,360)	(121,283)	(128,502)
Impaired loans and financing written off	24,569	27,119	61,469	61,704
	<u>(23,220)</u>	<u>47,139</u>	<u>65,666</u>	<u>81,728</u>



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

	Group		Bank	
	As at 30 June 2017	As at 31 December 2016	As at 30 June 2017	As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
(a) Designated as fair value through profit or loss	193,688	202,855	-	-
(b) Held-for-trading	2,500,566	2,121,868	1,175,116	1,095,862
	2,694,254	2,324,723	1,175,116	1,095,862
(a) Financial assets designated as fair value through profit or loss				
<u>Quoted securities:</u>				
In Malaysia				
Unit trusts	51,197	51,343	-	-
<u>Unquoted securities:</u>				
Outside Malaysia				
Private equity funds	142,491	151,512	-	-
	193,688	202,855	-	-
(b) Financial assets held-for-trading				
At fair value				
<u>Money market instruments:</u>				
Malaysian Government Securities	509,193	479,119	509,193	479,119
Malaysian Government Investment Issues	583,437	499,148	429,541	488,971
Cagamas bonds	-	49,992	-	49,992
Other foreign government securities	104,327	-	104,327	-
<u>Quoted securities:</u>				
In Malaysia				
Shares, exchange traded funds and warrants	245,762	111,710	-	-
Unit trusts	14,960	15,989	-	-
Corporate bond/sukuk	3,281	3,287	3,281	3,287
Outside Malaysia				
Shares, exchange traded funds and warrants	310,892	360,421	-	-
<u>Unquoted securities:</u>				
In Malaysia				
Corporate bond/sukuk	640,578	527,709	40,638	-
Outside Malaysia				
Corporate bond/sukuk	88,136	74,493	88,136	74,493
	2,500,566	2,121,868	1,175,116	1,095,862



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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 Bank Negara Malaysia's circular on 'Reclassification of Securities under Specific Circumstances' dated 17 October 2008, which is effective from 1 July 2008 until 31 December 2009.

The effects of reclassification on the income statements for the period from the date of reclassification to 30 June 2017 were as follows:

	Group	
	As at	As at
	30 June	31 December
	2017	2016
	RM'000	RM'000
Reclassified from financial assets FVTPL to financial investments AFS:		
- Carrying amount	15,463	15,535
- Fair value	15,448	15,478
Fair value loss that would have been recognised if the financial assets FVTPL had not been reclassified	(15)	(57)



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

	Group		Bank	
	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government Securities	1,218,896	1,469,989	999,572	1,252,917
Malaysian Government Investment Issues	2,918,839	2,227,247	2,118,601	1,387,257
Cagamas bonds	202,730	295,161	162,621	255,143
Khazanah bonds	49,742	48,462	-	-
Wakala Global Sukuk	114,297	115,242	100,099	100,524
Negotiable instruments of deposits	129,338	-	129,338	-
Singapore Government Treasury Bills	1,277,290	1,612,515	1,277,290	1,612,515
Singapore Government Securities	1,406,695	283,655	1,406,695	283,655
Thailand Government bonds	802,597	804,706	802,597	804,706
Sukuk Perumahan Kerajaan	148,052	146,827	78,546	77,907
Malaysia Sovereign Sukuk	54,879	55,161	54,879	55,161
Other foreign government securities	-	4,592	-	4,592
<u>Quoted securities:</u>				
In Malaysia				
Shares	3,763	284	-	-
Unit trusts	15,153	14,263	-	-
Outside Malaysia				
Shares	6,834	7,436	4,402	5,171
Unit trusts	42,085	43,539	-	-
<u>Unquoted securities:</u>				
In Malaysia				
Corporate bond/sukuk	16,273,061	15,870,737	12,419,281	12,338,330
Shares	652,475	645,282	618,022	612,217
Corporate loan stocks	19,359	19,037	3,425	3,425
Prasarana bonds	396,903	258,161	371,514	232,919
Perpetual notes/sukuk	388,027	388,126	187,440	187,507
Outside Malaysia				
Corporate bond/sukuk	1,246,194	1,279,066	1,246,194	865,762
Shares	404	408	-	-
	27,367,613	25,589,896	21,980,516	20,079,708
Accumulated impairment losses	(594,411)	(480,234)	(498,852)	(387,633)
	26,773,202	25,109,662	21,481,664	19,692,075

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 RM155,920,000 (31 December 2016: RM62,120,000) and RM155,920,000 (31 December 2016: RM 62,120,000) respectively.



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

	Group		Bank	
	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
At amortised cost				
<u>Money market instruments:</u>				
Malaysian Government Securities	2,185,041	2,236,862	2,164,789	2,216,567
Malaysian Government Investment Issues	4,709,995	5,037,022	4,102,725	4,388,725
Cagamas bonds	870,338	1,097,100	870,338	947,006
Khazanah bonds	103,338	101,094	70,675	69,103
Negotiable instruments of deposits	1,204,112	4,702,294	1,204,112	3,807,060
Wakala Global Sukuk	32,238	33,663	22,733	23,853
Sukuk Perumahan Kerajaan	111,095	111,125	101,119	101,155
Singapore Government Securities	62,873	62,630	62,873	62,630
Thailand Government Securities	13,595	13,674	13,595	13,674
Sukuk (Brunei) Incorporation	46,779	46,598	46,779	46,598
<u>Unquoted securities:</u>				
In Malaysia				
Corporate bond/sukuk	8,002,290	7,644,677	5,546,935	6,000,343
Corporate loan stocks	57,155	57,353	29,776	29,849
Prasarana bonds	253,889	254,101	233,715	233,870
Credit link notes	-	30,047	-	-
Outside Malaysia				
Corporate bond/sukuk	145,368	146,844	145,368	146,844
	17,798,106	21,575,084	14,615,532	18,087,277
Accumulated impairment losses	(208,698)	(209,981)	(100,411)	(101,165)
	17,589,408	21,365,103	14,515,121	17,986,112

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 RMNil (31 December 2016: RM300,000,000) and RM1,060,000,000 (31 December 2016: RM2,660,000,000) respectively.



RHB BANK BERHAD (6171-M)
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A16. Loans, Advances and Financing

(a) By type

	Group		Bank	
	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
At amortised cost				
Overdrafts	6,375,649	6,340,264	5,545,438	5,637,288
Term loans/financing				
- Housing loans/financing	46,410,574	43,719,962	36,259,689	34,519,131
- Syndicated term loans/financing	7,185,259	7,656,204	3,755,889	3,873,291
- Hire purchase receivables/financing	9,383,343	9,911,076	3,656,453	4,277,547
- Lease receivables	6,086	9,653	-	-
- Other term loans/financing	67,173,304	68,480,261	48,758,123	51,034,477
Bills receivables	2,817,150	2,404,180	1,770,886	1,610,897
Trust receipts	646,441	668,038	632,221	653,267
Claims on customers under acceptance credits	3,574,832	3,641,348	3,574,832	3,641,348
Staff loans/financing	155,200	170,933	136,718	153,053
Credit/charge card receivables	1,975,187	2,032,899	1,712,267	1,758,367
Revolving credits/financing	10,870,220	9,434,578	6,045,449	6,474,842
Gross loans, advances and financing	156,573,245	154,469,396	111,847,965	113,633,508
Fair value changes arising from fair value hedges	10,243	13,072	4,370	4,112
	156,583,488	154,482,468	111,852,335	113,637,620
Allowance for impaired loans, advances and financing:				
- Individual impairment allowance	(1,091,404)	(999,328)	(849,000)	(817,539)
- Collective impairment allowance	(1,088,577)	(1,132,836)	(817,061)	(866,430)
Net loans, advances and financing	154,403,507	152,350,304	110,186,274	111,953,651

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 RM3,315,625,000 (31 December 2016: RM3,506,645,000) and RM2,663,413,000 (31 December 2016: RM2,715,407,000) respectively.



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A16. Loans, Advances and Financing (continued)

(b) By type of customer

	Group		Bank	
	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Domestic non-bank financial institutions:				
- Others	4,249,958	3,996,874	732,449	948,135
Domestic business enterprises:				
- Small medium enterprises	26,052,430	25,154,454	23,128,350	22,411,410
- Others	29,973,217	30,122,281	18,106,761	19,764,225
Government and statutory bodies	5,186,840	5,476,853	1,974,068	2,388,962
Individuals	71,840,067	70,238,753	53,082,608	52,882,295
Other domestic entities	121,323	131,022	11,251	27,280
Foreign entities	19,149,410	19,349,159	14,812,478	15,211,201
	156,573,245	154,469,396	111,847,965	113,633,508

(c) By geographical distribution

	Group		Bank	
	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Malaysia	137,204,184	134,338,438	98,040,003	99,351,878
Labuan Offshore	2,865,889	3,282,900	-	-
Singapore	12,585,442	13,025,998	12,436,805	12,942,011
Thailand	1,463,196	1,439,806	1,212,082	1,184,501
Brunei	159,075	155,118	159,075	155,118
Indonesia	89,705	52,511	-	-
Hong Kong	263,995	368,798	-	-
Cambodia	1,731,268	1,622,419	-	-
Lao	210,491	183,408	-	-
	156,573,245	154,469,396	111,847,965	113,633,508



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A16. Loans, Advances and Financing (continued)

(d) By interest/profit rate sensitivity

	Group		Bank	
	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Fixed rate				
- Housing loans/financing	822,939	1,289,823	327,613	764,614
- Hire purchase receivables/financing	9,383,343	9,911,076	3,656,453	4,277,547
- Other fixed rate loans/financing	17,383,769	16,441,425	7,671,564	7,760,099
Variable rate				
- Base lending/financing rate plus	74,954,951	73,279,049	52,801,637	52,992,455
- Cost-plus	33,688,416	35,602,267	30,785,082	33,655,563
- Other variable rates	20,339,827	17,945,756	16,605,616	14,183,230
	156,573,245	154,469,396	111,847,965	113,633,508

(e) By purpose

	Group		Bank	
	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Purchase of securities	11,564,183	12,222,870	8,983,314	10,238,473
Purchase of transport vehicles	8,713,728	9,181,216	2,834,755	3,369,743
Purchase of landed property:				
- Residential	45,517,202	42,894,096	35,738,054	34,014,640
- Non-residential	16,388,130	15,185,536	13,257,777	12,600,114
Purchase of property, plant and equipment other than land and building	3,505,734	3,533,786	2,579,226	2,554,979
Personal use	8,717,073	8,387,583	6,355,316	6,224,656
Credit card	1,975,187	2,032,899	1,712,267	1,758,367
Purchase of consumer durables	22,144	55,829	21,427	22,311
Construction	6,597,082	6,815,337	5,254,250	5,458,478
Working capital	37,732,353	37,181,494	25,704,863	27,033,966
Merger and acquisition	2,194,701	2,581,065	590,385	705,163
Other purposes	13,645,728	14,397,685	8,816,331	9,652,618
	156,573,245	154,469,396	111,847,965	113,633,508



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A16. Loans, Advances and Financing (continued)

(f) By remaining contractual maturities

	Group		Bank	
	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Maturity within one year	45,088,622	45,740,764	37,063,803	39,006,800
One year to three years	9,552,255	8,781,255	4,701,247	4,736,823
Three years to five years	15,229,413	16,342,012	8,429,845	8,927,185
Over five years	86,702,955	83,605,365	61,653,070	60,962,700
	156,573,245	154,469,396	111,847,965	113,633,508

(g) Impaired loans, advances and financing

(i) Movement in impaired loans, advances and financing

	Group		Bank	
	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Balance as at the beginning of financial period/year	3,749,949	2,841,211	2,703,321	2,333,889
Classified as impaired	1,874,975	4,661,442	1,448,107	3,373,527
Reclassified as non-impaired	(1,406,436)	(2,228,423)	(1,032,527)	(1,875,566)
Amount recovered	(388,345)	(1,020,258)	(237,132)	(674,421)
Amount written off	(224,427)	(532,350)	(204,097)	(473,573)
Transfer from financial investments HTM	-	3,589	-	3,589
Exchange differences	(24,618)	24,738	1,667	15,876
Balance as at the end of financial period/year	3,581,098	3,749,949	2,679,339	2,703,321



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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 June 2017	As at 31 December 2016	As at 30 June 2017	As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	223,515	220,280	99,868	99,429
Purchase of transport vehicles	117,428	121,974	62,420	67,784
Purchase of landed property:				
- Residential	786,573	761,214	639,018	601,381
- Non-residential	210,380	221,882	166,398	134,710
Purchase of property, plant and equipment other than land and building	33,771	41,685	30,295	28,424
Personal use	171,338	168,615	165,465	163,746
Credit card	37,890	36,182	32,170	30,819
Purchase of consumer durables	1,260	1,387	1,260	1,387
Construction	166,926	454,234	92,043	287,346
Working capital	1,767,333	1,671,782	1,353,073	1,264,066
Other purposes	64,684	50,714	37,329	24,229
	3,581,098	3,749,949	2,679,339	2,703,321

(iii) By geographical distribution

	Group		Bank	
	As at 30 June 2017	As at 31 December 2016	As at 30 June 2017	As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
Malaysia	2,483,842	2,597,474	2,080,490	2,148,122
Labuan Offshore	356,286	481,559	-	-
Singapore	559,038	516,184	559,038	515,828
Thailand	37,929	29,365	29,351	29,365
Brunei	10,460	10,006	10,460	10,006
Cambodia	50,091	39,630	-	-
Hong Kong	77,355	73,007	-	-
Lao	6,097	2,724	-	-
	3,581,098	3,749,949	2,679,339	2,703,321



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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 June 2017 RM'000	As at 31 December 2016 RM'000	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Individual impairment allowance				
Balance as at the beginning of financial period/year	999,328	593,147	817,539	545,521
Net allowance made	121,728	475,332	53,478	342,931
Transfer from impairment of financial investments HTM	-	2,570	-	2,570
Amount written off	(22,931)	(89,043)	(22,574)	(80,445)
Exchange differences	(6,721)	17,322	557	6,962
Balance as at the end of financial period/year	<u>1,091,404</u>	<u>999,328</u>	<u>849,000</u>	<u>817,539</u>
Collective impairment allowance				
Balance as at the beginning of financial period/year	1,132,836	1,202,106	866,430	953,269
Net allowance made	95,779	222,739	72,002	175,942
Amount written off	(137,935)	(294,093)	(121,705)	(264,621)
Exchange differences	(2,103)	2,084	334	1,840
Balance as at the end of financial period/year	<u>1,088,577</u>	<u>1,132,836</u>	<u>817,061</u>	<u>866,430</u>

A17. Other Assets

	Group		Bank	
	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Other receivables	836,576	852,326	271,522	303,092
Cash collateral in relation to derivative transactions	1,068,171	1,877,347	1,065,134	1,865,918
Deposits	90,781	99,186	38,516	52,230
Prepayments	124,060	87,692	78,184	53,930
Amounts due from subsidiaries	-	-	347,810	852,123
	<u>2,119,588</u>	<u>2,916,551</u>	<u>1,801,166</u>	<u>3,127,293</u>



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A18. Deposits from Customers

(a) By type of deposits

	Group		Bank	
	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Demand deposits	36,439,952	33,165,717	30,860,790	29,370,827
Savings deposits	9,734,049	9,297,898	8,150,844	7,902,328
Fixed/investment deposits	119,471,545	123,066,986	83,672,909	90,210,180
Negotiable instruments of deposits	143,185	105,652	142,380	102,412
	165,788,731	165,636,253	122,826,923	127,585,747

(b) By type of customer

	Group		Bank	
	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Government and statutory bodies	11,515,127	8,445,695	4,983,646	4,434,553
Business enterprises	95,678,483	99,851,495	65,489,754	72,986,000
Individuals	53,164,020	51,999,571	47,584,735	45,430,914
Other financial institutions	5,431,101	5,339,492	4,768,788	4,734,280
	165,788,731	165,636,253	122,826,923	127,585,747

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

	Group		Bank	
	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Due within six months	89,770,213	102,045,773	64,686,825	73,360,586
Six months to one year	29,385,044	20,552,944	18,767,539	16,522,421
One year to three years	441,935	546,193	344,965	402,307
Three years to five years	17,538	27,728	15,960	27,278
	119,614,730	123,172,638	83,815,289	90,312,592



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A19. Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	As at 30 June 2017	As at 31 December 2016	As at 30 June 2017	As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
Licensed banks	18,619,844	16,652,234	21,769,093	21,538,426
Licensed Islamic banks	1,539,750	4,179,222	2,035	1,845
Licensed investments banks	769,558	350,913	58,453	563,423
Bank Negara Malaysia	546,417	586,468	534,317	582,578
Other financial institutions	1,348,302	931,779	303,895	574
	22,823,871	22,700,616	22,667,793	22,686,846

A20. Other Liabilities

	Group		Bank	
	As at 30 June 2017	As at 31 December 2016	As at 30 June 2017	As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
Other creditors and accruals	1,277,586	1,334,725	723,135	698,036
Deferred income	113,766	140,908	73,500	84,000
Short term employee benefits	233,172	345,597	154,535	222,419
Accrual for operational expenses	185,701	186,149	116,272	136,727
Prepaid instalments	57,219	58,814	56,509	58,814
Cash collateral pledged for derivative transactions	287,923	625,396	287,923	625,396
Remisiers' trust deposits	62,569	60,060	-	-
Amount due to trust funds	28,228	25,792	-	-
Amounts due to subsidiaries	-	-	45,490	73,433
Puttable instruments	74,457	68,705	-	-
	2,320,621	2,846,146	1,457,364	1,898,825



**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.

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 Banking and Group 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 Group 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.

Group 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 center.

(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.



**RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
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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):

(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 center 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)

Six months ended 30 June 2017

	← GWB →							
	Group Retail Banking	Group Business Banking	Group CBIB	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	1,164,326	497,299	739,774	669,174	288,453	(224,356)	-	3,134,670
Inter-segment revenue	19,500	-	34,104	(29,909)	(4,804)	8,448	(27,339)	-
Segment revenue	1,183,826	497,299	773,878	639,265	283,649	(215,908)	(27,339)	3,134,670
Other operating expenses	(623,122)	(257,749)	(454,065)	(55,341)	(172,921)	(9,667)	27,339	(1,545,526)
Including:								
- Depreciation of property, plant and equipment	(31,319)	(6,165)	(13,448)	(992)	(7,345)	(155)	-	(59,424)
- Amortisation of intangible assets	(15,086)	(6,855)	(8,540)	(1,857)	(3,780)	(4)	-	(36,122)
Allowance for impairment on loans, financing and other losses	(15,248)	(49,650)	(43,668)	17,371	(74,349)	286	-	(165,258)
Impairment losses made on other assets	-	-	(2,748)	-	(109,158)	-	-	(111,906)
Segment profit/(loss)	545,456	189,900	273,397	601,295	(72,779)	(225,289)	-	1,311,980
Share of results of joint ventures								207
Profit before taxation								1,312,187
Taxation								(308,434)
Net profit for the financial period								1,003,753



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A21. Segmental Reporting (continued)

As at 30 June 2017

	←——— GWB ———→						
	Group Retail Banking	Group Business Banking	Group CBIB	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	73,823,438	22,928,249	59,818,222	46,752,885	28,019,493	705,425	232,047,712
Investments in associates and joint ventures							49,019
Tax recoverable							207,314
Deferred tax assets							47,962
Unallocated assets							689,848
Total assets							<u>233,041,855</u>
Segment liabilities	45,633,882	22,243,238	60,633,005	49,023,271	22,768,882	58,739	200,361,017
Tax liabilities							57,489
Deferred tax liabilities							5,026
Borrowings							725,435
Subordinated obligations							5,040,836
Hybrid Tier-1 Capital Securities							602,215
Senior debt securities							3,448,707
Unallocated liabilities							204,079
Total liabilities							<u>210,444,804</u>



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

A21. Segmental Reporting (continued)

Six months ended 30 June 2016

	←——— GWB ———→							
	Group Retail Banking	Group Business Banking	Group CBIB	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	1,232,149	484,956	806,574	508,500	322,984	(222,533)	-	3,132,630
Inter-segment revenue	22,522	-	1,675	1,804	6,100	8,894	(40,995)	-
Segment revenue	1,254,671	484,956	808,249	510,304	329,084	(213,639)	(40,995)	3,132,630
Other operating expenses	(626,383)	(235,024)	(438,496)	(53,637)	(183,804)	(20,125)	40,995	(1,516,474)
Including:								
- Depreciation of property, plant and equipment	(31,623)	(5,467)	(13,771)	(1,384)	(6,789)	(151)	-	(59,185)
- Amortisation of intangible assets	(13,209)	(6,377)	(8,314)	(2,298)	(3,271)	-	-	(33,469)
Allowance for impairment on loans, financing and other losses	(58,182)	(20,908)	(1,308)	(15,361)	(46,204)	1,893	-	(140,070)
Impairment losses (made)/written back on other assets	-	-	3,627	(2,121)	(253,082)	-	-	(251,576)
Segment profit/(loss)	570,106	229,024	372,072	439,185	(154,006)	(231,871)	-	1,224,510
Share of results of joint ventures								301
Profit before taxation								1,224,811
Taxation								(304,597)
Net profit for the financial period								920,214



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

A21. Segmental Reporting (continued)

As at 31 December 2016

	←——— GWB ———→						
	Group Retail Banking	Group Business Banking	Group CBIB	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	72,066,503	22,272,314	59,336,499	51,192,526	30,132,007	714,426	235,714,275
Investments in associates and joint ventures							49,537
Tax recoverable							246,895
Deferred tax assets							100,611
Unallocated assets							567,511
Total assets							<u>236,678,829</u>
Segment liabilities	45,139,824	22,611,713	57,013,031	52,719,015	24,084,365	73,379	201,641,327
Tax liabilities							57,329
Deferred tax liabilities							3,194
Borrowings							972,030
Subordinated obligations							5,543,358
Hybrid Tier-1 Capital Securities							602,143
Senior debt securities							5,856,389
Unallocated liabilities							229,192
Total liabilities							<u>214,904,962</u>



**RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

A22. Valuation of Property, Plant and Equipment

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

A23. Events Subsequent to Balance Sheet Date

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

A24. Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the six months ended 30 June 2017, other than the following:

- (a) On 23 March 2017, RHB Investment Bank Berhad ('RHB Investment Bank') acquired additional 37,500 ordinary shares of THB2.61 each in RHB Securities (Thailand) Public Company Limited ('RST') for a total consideration of THB98,000 (equivalent to RM12,000). Accordingly, RHB Investment Bank's equity interest in RST increased from 99.949% to 99.954%.
- (b) On 30 March 2017, the Bank injected additional capital to its wholly-owned commercial bank subsidiary, RHB Indochina Bank Limited ('RHB Indochina Bank'), which is incorporated in Cambodia, amounting to USD4,000,000 (equivalent to RM17,701,000). As a result, the issued share capital of RHB Indochina Bank increased from USD67,000,000 to USD71,000,000.

RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

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 June 2017 RM'000	As at 31 December 2016 RM'000	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Direct credit substitutes	1,730,545	1,958,320	2,019,527	2,308,064
Transaction-related contingent items	4,723,192	4,974,915	4,396,874	4,527,903
Short term self-liquidating trade-related contingencies	991,312	965,839	955,306	955,407
Obligations under underwriting agreements	-	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	157,167	307,856	1,227,705	2,743,442
Irrevocable commitments to extend credit				
- Maturity not exceeding one year	2,962,867	2,821,168	607,383	641,526
- Maturity exceeding one year	26,289,312	22,964,647	20,884,502	17,546,299
Foreign exchange related contracts [^]				
- Less than one year	94,930,709	93,465,618	95,992,081	93,922,890
- One year to less than five years	6,911,857	7,442,666	7,988,390	7,442,666
- More than five years	1,176,593	1,175,060	1,291,107	1,175,060
Equity related contracts [^]				
- Less than one year	51,708	14,368	-	-
Interest rate related contracts [^]				
- Less than one year	11,718,719	11,067,109	12,828,719	11,292,108
- One year to less than five years	24,481,349	26,387,742	25,556,349	28,347,742
- More than five years	4,533,141	3,500,545	4,533,141	3,500,545
Any commitments that are unconditionally cancelled at any time by the Bank and the banking subsidiaries without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	15,658,821	19,068,447	13,511,329	16,332,017
	196,317,292	196,190,300	191,792,413	190,735,669

[^] 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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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
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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

	Group		Bank	
	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Corporate guarantee provided to licensed banks for facilities granted to subsidiaries	315,260	390,957	287,771	362,037
Corporate guarantee issued in favour of Monetary Authority of Singapore in relation to undertaking of subsidiaries	155,920	155,302	-	-
Corporate guarantee issued in favour of the Stock Exchange of Thailand in relation to a derivative warrant programme of a subsidiary	235	-	-	-
	471,415	546,259	287,771	362,037

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

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

A26. Capital Commitments

	Group		Bank	
	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Capital expenditure for property, plant and equipment:				
- Authorised and contracted for	264,464	223,849	231,839	188,126
- Authorised but not contracted for	344,545	228,247	288,042	167,843
	609,009	452,096	519,881	355,969



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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 is subject to National Bank of Cambodia's capital adequacy requirements.

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

	Group		Bank [@]	
	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Common Equity Tier I ('CET I')/Tier I Capital				
Share capital	6,994,103	4,010,045	6,994,103	4,010,045
Share premium	-	2,984,058	-	2,984,058
Retained profits	13,471,478	7,987,701	11,416,613	7,228,090
Other reserves	832,011	5,857,844	554,020	4,399,075
AFS reserves	274,946	82,091	273,487	113,451
	21,572,538	20,921,739	19,238,223	18,734,719
Less:				
Goodwill	(2,633,383)	(2,633,383)	(905,519)	(905,519)
Intangible assets (include associated deferred tax liabilities)	(408,106)	(370,192)	(359,417)	(316,088)
Net deferred tax assets	(70,992)	(120,584)	(35,851)	(74,772)
55% of cumulative gains of financial investments AFS	(151,220)	(45,150)	(150,418)	(62,398)
Shortfall of eligible provisions to expected losses under the IRB approach	(352,833)	(308,827)	(321,262)	(300,089)
Investments in subsidiaries and associates*	(121,154)	(91,176)	(4,126,434)	(3,084,205)
Other deductions [#]	(65,713)	(85,550)	(63,934)	(82,630)
Total CET I Capital	17,769,137	17,266,877	13,275,388	13,909,018
Hybrid Tier-1 Capital Securities**	300,000	360,000	300,000	360,000
Qualifying non-controlling interests recognised as Tier I Capital	13,458	11,677	-	-
Total Tier I Capital	18,082,595	17,638,554	13,575,388	14,269,018
Tier II Capital				
Subordinated obligations***	2,000,000	2,400,000	2,000,000	2,400,000
Subordinated obligations meeting all inclusion	1,499,691	1,499,641	1,499,691	1,499,641
Qualifying capital instruments of a subsidiary issued to third parties [†]	403,499	539,456	-	-
Collective impairment allowance and regulatory reserves [^]	555,449	533,379	285,854	277,357
	4,458,639	4,972,476	3,785,545	4,176,998
Less:				
Investments in subsidiaries and associates*	(30,289)	(60,783)	(1,031,609)	(2,056,137)
Total Tier II Capital	4,428,350	4,911,693	2,753,936	2,120,861
Total Capital	22,510,945	22,550,247	16,329,324	16,389,879



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A27. Capital Adequacy Ratio (continued)

	Group		Bank [@]	
	As at 30 June 2017	As at 31 December 2016	As at 30 June 2017	As at 31 December 2016
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	13.513%	13.328%	12.991%	13.321%
Tier I Capital Ratio	13.751%	13.614%	13.285%	13.666%
Total Capital Ratio	17.119%	17.406%	15.980%	15.697%
After proposed dividends:				
CET I Capital Ratio	13.361%	13.111%	12.795%	13.052%
Tier I Capital Ratio	13.599%	13.398%	13.089%	13.397%
Total Capital Ratio	16.967%	17.189%	15.784%	15.428%

[@] 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-1 Capital Securities that are recognised as Tier I capital instruments are subject to the gradual phase-out treatment effective from 1 January 2013 as prescribed under paragraph 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 RM307,561,000 (31 December 2016: RM283,467,000) and RM173,499,000 (31 December 2016: RM165,135,000) 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 June 2017 RM'000	As at 31 December 2016 RM'000	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
CET I/Tier I Capital				
Share capital	1,273,424	1,273,424	2,333,796	818,646
Share premium	-	-	-	1,515,150
Retained profits	1,676,358	766,058	800,881	351,586
Other reserves	-	762,388	-	449,208
AFS reserves	(12,307)	(31,944)	21,043	7,850
	2,937,475	2,769,926	3,155,720	3,142,440
Less:				
Goodwill	-	-	(1,118,418)	(1,118,418)
Investments in subsidiaries, associates and joint ventures*	-	-	(1,221,206)	(915,469)
Intangible assets (include associated deferred tax liabilities)	-	-	(24,305)	(27,086)
Net deferred tax assets	(17,086)	(25,748)	(2,517)	(7,919)
55% of cumulative gains of financial investments AFS	-	-	(11,574)	(4,318)
Reduction in excess of Tier II Capital due to insufficient Tier II Capital [†]	-	-	-	(151,853)
Other deductions [#]	(1,758)	(2,891)	(20)	(29)
Total CET I Capital/Tier I Capital	2,918,631	2,741,287	777,680	917,348
Tier II Capital				
Subordinated sukuk	750,000	500,000	-	-
Subordinated obligations**	-	-	245,000	245,000
Subordinated obligations meeting all relevant criteria	-	-	200,000	200,000
Collective impairment allowance and regulatory reserves [^]	302,266	290,408	8,412	13,460
	1,052,266	790,408	453,412	458,460
Less:				
Investments in subsidiaries, associates and joint ventures*	-	-	(305,301)	(458,460)
Total Tier II Capital	1,052,266	790,408	148,111	-
Total Capital	3,970,897	3,531,695	925,791	917,348
Capital ratios				
Before proposed dividends:				
CET I Capital Ratio	11.342%	10.868%	32.818%	29.623%
Tier I Capital Ratio	11.342%	10.868%	32.818%	29.623%
Total Capital Ratio	15.431%	14.002%	39.068%	29.623%
After proposed dividends:				
CET I Capital Ratio	11.342%	10.868%	32.818%	29.623%
Tier I Capital Ratio	11.342%	10.868%	32.818%	29.623%
Total Capital Ratio	15.431%	14.002%	39.068%	29.623%



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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 RM165,884,000 (31 December 2016: RM158,516,000) and RM12,921,000 (31 December 2016: RM13,008,000) respectively.

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

	Group	Bank[@]	RHB Islamic Bank	RHB Investment Bank
	RM'000	RM'000	RM'000	RM'000
30 June 2017				
Credit risk	112,196,844	88,520,984	24,181,244	672,962
Market risk	8,146,828	5,419,849	251,048	571,053
Operational risk	11,152,023	8,245,599	1,301,716	1,125,673
Total risk-weighted assets	<u>131,495,695</u>	<u>102,186,432</u>	<u>25,734,008</u>	<u>2,369,688</u>
31 December 2016				
Credit risk	113,882,724	92,398,972	23,958,399	1,269,201
Market risk	4,846,916	3,733,756	63,426	676,232
Operational risk	10,828,115	8,283,570	1,200,381	1,151,279
Total risk-weighted assets	<u>129,557,755</u>	<u>104,416,298</u>	<u>25,222,206</u>	<u>3,096,712</u>

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



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A27. Capital Adequacy Ratio (continued)

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).

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

	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Before proposed dividends:		
Core capital ratio	#	#
Solvency ratio	18.674%	17.002%
After proposed dividends:		
Core capital ratio	#	#
Solvency ratio	18.674%	17.002%

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

No equivalent ratio in Cambodia.



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A28. Credit Exposures Arising from Transactions with Connected Parties

	Group		Bank	
	As at 30 June 2017	As at 31 December 2016	As at 30 June 2017	As at 31 December 2016
Outstanding credit exposures with connected parties (RM'000)	11,086,545	7,094,156	12,129,696	8,472,131
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures (%)	5.83	3.78	8.76	6.02
Percentage of outstanding credit exposures to connected parties which is non-performing or in default (%)	0.01	0.29	0.01	0.24

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



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A29. Operations of Islamic Banking

(a) Statement of Financial Position as at 30 June 2017

	Group	
	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
ASSETS		
Cash and short-term funds	5,744,587	3,436,482
Deposits and placements with banks and other financial institutions	681,968	537,141
Financial assets held-for-trading	153,896	10,177
Financial investments AFS	3,463,090	3,459,647
Financial investments HTM	2,552,567	2,820,123
Financing and advances	38,012,623	33,834,735
Other assets	167,331	171,730
Derivative assets	67,999	356,311
Statutory deposits	898,400	1,051,050
Deferred tax assets	12,362	20,929
Property, plant and equipment	6,292	6,576
Intangible assets	3,845	4,750
Total assets	<u>51,764,960</u>	<u>45,709,651</u>
LIABILITIES		
Deposits from customers	34,863,756	29,419,928
Deposits and placements of banks and other financial institutions	3,371,642	5,287,330
Investment account from customers	12,998	-
Bills and acceptances payable	12,492	9,050
Recourse obligation on financing sold to Cagamas	667,315	815,243
Other liabilities	111,641	187,603
Derivative liabilities	85,101	36,487
Tax liabilities and zakat	37,166	29,451
Subordinated obligations	755,360	503,187
Total liabilities	<u>39,917,471</u>	<u>36,288,279</u>
Islamic Banking Funds	11,847,489	9,421,372
Total liabilities and Islamic Banking Funds	<u>51,764,960</u>	<u>45,709,651</u>
Commitments and contingencies	<u>13,732,765</u>	<u>14,215,011</u>



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A29. Operations of Islamic Banking (continued)

(b) Income Statement for the Six Months Ended 30 June 2017

	2nd Quarter Ended		Six Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Group				
Income derived from investment of depositors' funds	443,381	417,662	884,798	834,662
Income derived from investment account funds	94,617	75,348	178,644	157,668
Income derived from investment of shareholders' funds	58,470	41,632	79,027	68,995
Allowance for impairment on financing and advances	11,376	(18,215)	(16,840)	(33,053)
Total distributable income	607,844	516,427	1,125,629	1,028,272
Income attributable to depositors	(299,972)	(295,461)	(590,205)	(590,044)
	307,872	220,966	535,424	438,228
Personnel expenses	(7,121)	(7,969)	(14,609)	(15,828)
Other overheads and expenditures	(71,816)	(52,980)	(141,451)	(106,080)
Profit before taxation	228,935	160,017	379,364	316,320
Taxation	(37,032)	(24,983)	(60,781)	(47,707)
Net profit for the financial period	191,903	135,034	318,583	268,613

(c) Statement of Comprehensive Income for the Six Months Ended 30 June 2017

	2nd Quarter Ended		Six Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period	191,903	135,034	318,583	268,613
Other comprehensive income/(loss) in respect of:				
Items that will be reclassified subsequently to profit or loss				
- Unrealised net gain on revaluation of financial investments AFS	12,355	14,717	27,559	54,237
- Net transfer to income statement on disposal or impairment of financial investments AFS	(1,080)	(1,705)	(1,721)	(2,661)
- Income tax relating to components of other comprehensive income	(2,706)	(3,123)	(6,201)	(12,378)
Other comprehensive income, net of tax, for the financial period	8,569	9,889	19,637	39,198
Total comprehensive income for the financial period	200,472	144,923	338,220	307,811



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A29. Operations of Islamic Banking (continued)

(d) Financing and Advances

	Group	
	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
At amortised cost		
Cashline	457,054	402,800
Term financing		
- Housing financing	9,967,865	9,057,346
- Syndicated term financing	1,819,568	1,422,695
- Hire purchase receivables	5,726,879	5,633,510
- Other term financing	16,562,318	15,476,386
Bills receivables	1,046,264	793,283
Trust receipts	10,263	14,026
Staff financing	2,700	3,394
Credit/charge card receivables	262,919	274,532
Revolving financing	2,411,762	1,009,152
Gross financing and advances	<u>38,267,592</u>	<u>34,087,124</u>
Less: Allowance for impaired financing and advances		
- Individual impairment allowance	(17,577)	(15,864)
- Collective impairment allowance	<u>(237,392)</u>	<u>(236,525)</u>
Net financing and advances	<u><u>38,012,623</u></u>	<u><u>33,834,735</u></u>
(i) Movements in impaired financing and advances		
Balance as at the beginning of the financial period/year	393,096	362,736
Classified as impaired	252,436	514,915
Reclassified as non-impaired	(200,234)	(352,703)
Amount recovered	(38,472)	(78,617)
Amount written off	<u>(19,964)</u>	<u>(53,235)</u>
Balance as at the end of the financial period/year	<u><u>386,862</u></u>	<u><u>393,096</u></u>
(ii) Movements in allowance for impaired financing and advances		
Individual impairment allowance		
Balance as at the beginning of the financial period/year	15,864	22,649
Net allowance made/(written back)	1,713	(3,438)
Amount written off	-	(3,347)
Balance as at the end of the financial period/year	<u><u>17,577</u></u>	<u><u>15,864</u></u>
Collective impairment allowance		
Balance as at the beginning of the financial period/year	236,525	199,653
Net allowance made	17,088	77,902
Amount written off	<u>(16,221)</u>	<u>(41,030)</u>
Balance as at the end of the financial period/year	<u><u>237,392</u></u>	<u><u>236,525</u></u>



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A29. Operations of Islamic Banking (continued)

	Group	
	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
(e) Other Assets		
Prepayments	15,116	11,751
Deposits	1,715	1,305
Other receivables	150,500	158,674
	<u>167,331</u>	<u>171,730</u>
(f) Deposits from Customers		
Saving Deposits		
- Wadiah	1,333,036	1,221,616
Demand Deposits		
- Wadiah	5,329,001	3,764,386
- Commodity Murabahah	6,854	5,926
Term Deposits		
- Commodity Murabahah	21,344,930	16,716,463
Specific Investment Account		
- Murabahah	6,708,182	7,556,178
General Investment Account		
- Mudharabah	141,753	155,359
	<u>34,863,756</u>	<u>29,419,928</u>



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B1. Review of Group Results

(a) Current Financial Period vs Previous Financial Period

For the first six months ended 30 June 2017, the Group reported a net profit of RM1,001.2 million as compared to RM915.1 million for the same period in 2016, an increase of 9.4%. The year-on-year earnings improvement was mainly due to lower impairment losses on other assets and higher net funding income, partially offset by lower non-fund based income, higher overheads and higher loan loss impairment.

Net fund based income increased by 3.3% to RM2,239.6 million from a year ago due mainly to loans growth and lower interest expense from prudent funding cost management and redemption of sub-debts and senior notes in the second quarter of the period. This has improved net interest margin for the quarter, rising to 2.19% from 2.17% in the preceding quarter.

Non-fund based income was 7.1% lower at RM895.1 million, contributed largely by lower net foreign exchange gain, lower insurance underwriting surplus and lower commercial/investment banking fee income, partially offset by an increase in net wealth management fee income and higher brokerage income in line with better trading volumes.

Operating expenses rose by 1.9% to RM1,545.5 million from a year ago driven by a rise in personnel costs and higher IT-related expenses as the Group continued to invest into technology infrastructure and capabilities. This was offset by a decline in office rental and related premises maintenance cost. The Group's disciplined cost management efforts delivered an improved cost to income ratio at 49.3%, from 50% for financial year 2016.

Allowances for impairment on loans and financing was higher at RM165.3 million, primarily due to higher collective impairment on the back of loans growth and lower loans and financing recovered. Total credit costs for first half 2017 was at 21 basis points compared to 18 basis points a year ago.

Impairment losses on other assets for both years were primarily provided for corporate bonds in Singapore, reflecting market developments in the oil and gas industry.

Total assets decreased by 1.5% to RM233.0 billion as at 30 June 2017 due primarily to lower financial investments in the held-to-maturity portfolio and derivative assets, partially offset by growth in loans and financing. Shareholders' funds for the Group increased to RM22.6 billion, with net assets per share improving by 3.9% to RM5.63 as at 30 June 2017.

The Group's gross loans and financing grew by 3.2% year-on-year and 1.4% for the first six months to RM156.6 billion. The increases were mainly from mortgages and SME which recorded resilient annualised growth rate of 12.2% and 7.1% respectively.

Customer deposits increased by 1.1% year-on-year to RM165.8 billion, but remained constant for the first six months of 2017. Total current and savings account ('CASA') registered a strong growth of 13.5% over the year and 8.7% year-to-date, with CASA composition improving to 27.9% as at 30 June 2017 from 25.6% recorded in December 2016. Domestic CASA grew at an annualised 13.3%, outpacing the industry which grew by 8.1%. The Group's loan-to-deposit ratio stood at 94.4%.

Compared to December 2016, gross impaired loans declined slightly to RM3.6 billion, with gross impaired loans ratio improving to 2.29% from 2.43%.



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(c) Performance by Operating Segment

(i) Group Retail Banking

Retail Banking remained the biggest contributor to the Group and it reported a pre-tax profit of RM545.5 million for the first six months ended 30 June 2017, 4.3% lower from the previous year's corresponding quarter. This was mainly attributed to lower net fund based income as yield competition intensified, partially offset by lower allowances for loans and financing and lower operating expenses.

Retail loans and financing was at RM71.7 billion, 4.9% and 2.3% higher year-on-year and for the first six months of 2017 respectively, as growth in mortgages was negated by contraction recorded in loans for purchase of securities and auto financing. Mortgage loans grew at a strong annualised rate of 14.1%, resulting in an improvement in domestic market share to 8.8% from 8.6% as at December 2016.

Retail deposits increased by 6.1% over the last one year and 0.9% from the end of 2016 to RM44.6 billion as at June 2017.

(ii) Group Business Banking

Group Business Banking recorded a 17.1% decrease in pre-tax profit to RM189.9 million in the first six months, mainly due to higher allowances for loans and financing and higher operating expenses. Net funding income and non-funding income remained relatively stable over the years.

Gross loans and financing expanded by an annualised rate of 8.4%, driven mainly by the SME portfolio growth. Market share for SME continued to improve to 8.9% as at June 2017 from 8.8% in December 2016.

Deposits remained relatively stable at RM22.0 billion from December 2016 and June 2016 respectively.

(iii) GWB

Group Wholesale Banking recorded a pre-tax profit of RM874.7 million, an increase of 7.8% from the previous year corresponding period.

- (a) Group Corporate and Investment Banking registered a 26.5% decline in pre-tax profit to RM273.4 million on the back of lower net funding income and non-fund based income and higher loan loss impairment.

Gross loans and financing remained relatively flat in the first half of the year at RM46.2 billion as new drawdowns were offset by few large corporate repayments.

Deposits increased by 7.2% in the first six months, largely contributed by 4.3% growth in fixed deposits and 23.8% in current account. On a year-on-year basis, deposits remained relatively stable at RM56.5 billion as growth in current deposits was negated by contraction in fixed deposits.

- (b) Group Treasury and Global Markets recorded a strong 36.9% growth in pre-tax profit to RM601.3 million in the first six months, mainly due to higher net funding income and higher impairment write-back on loans, 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 RM72.8 million for the first half of the year. Singapore Bank operations recorded a pre-tax loss of SGD30.9 million compared to a pre-tax loss of SGD60.6 million in the previous year's corresponding period. Losses in both periods were attributed to impairment losses made on corporate bonds and loans relating substantially to the oil and gas industry, lower net and non-fund based income, partially offset by lower operating expenses. Singapore loans and advances remained relatively stable at SGD4.0 billion in the first six months, but deposits decreased by 8.1% to SGD5.5 billion over the same period, largely attributable to decrease in fixed deposits which was a conscious decision in view of surplus liquidity position, partially offset by growth in current account.

International Business excluding Singapore registered a pre-tax profit of RM22.0 million in the first six months, 1.6% higher compared to a year ago. This was mainly due to improved profitability in Cambodia and Lao, partially negated by losses recorded in Thailand.

B2. Current Quarter vs Previous Quarter

Net profit for the second quarter of 2017 was RM501.0 million, at a similar level as the RM500.3 million recorded in the preceding quarter ended 31 March 2017. This was primarily due to lower impairment losses on loans and higher net funding income achieved in the second quarter of 2017, offset by higher impairment losses on other assets, lower non-fund based income and higher operating expenses.

B3. Prospects for Financial Year 2017

Malaysia's real GDP recorded a robust growth of 5.8% year-on-year in the second quarter of 2017, up from 5.6% in the first quarter, on the back of stronger external activities and private consumption. Real GDP for the year is forecast to grow at 5.3%, up from 4.2% recorded in 2016 on the back of continued expansion in exports, albeit at a moderate pace, pick up in domestic demand and increase in public spending and investments.

The Malaysian banking sector is expected to see signs of modest growth, underpinned by moderate increase in lending to household sector and recovery in business loans. A rebound in the capital market activities and the return of investors' interest are expected to contribute to an improved outlook for non-funding income.

The Group will continue to pursue selective growth while also effectively managing asset quality and enhancing productivity. The Group expects to deliver a better performance this year and is 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

	2nd Quarter Ended		Six Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Group				
Income tax based on profit for the financial period				
- Malaysian income tax	158,461	118,165	326,119	266,148
- Overseas tax	3,106	8,430	6,330	17,742
Deferred tax	7,945	(10,830)	(6,255)	20,707
	<u>169,512</u>	<u>115,765</u>	<u>326,194</u>	<u>304,597</u>
Over provision in respect of prior financial year	(17,760)	-	(17,760)	-
	<u><u>151,752</u></u>	<u><u>115,765</u></u>	<u><u>308,434</u></u>	<u><u>304,597</u></u>

The effective tax rate of the Group for the second quarter and six months ended 30 June 2017 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.

	2nd Quarter Ended		Six Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Bank				
Income tax based on profit for the financial period				
- Malaysian income tax	108,413	74,914	235,451	177,060
- Overseas tax	7	6,834	7	13,899
Deferred tax	7,564	(13,726)	(8,849)	27,494
	<u>115,984</u>	<u>68,022</u>	<u>226,609</u>	<u>218,453</u>
Over provision in respect of prior financial year	(17,895)	-	(17,895)	-
	<u><u>98,089</u></u>	<u><u>68,022</u></u>	<u><u>208,714</u></u>	<u><u>218,453</u></u>

The effective tax rate of the Bank for the second quarter and six months ended 30 June 2017 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 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, 2016; 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) 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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B6. Status of Corporate Proposals (continued)

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

Bursa Securities has, vide its letter dated 15 December 2016, approved the listing of and quotation for the new RHB Bank Shares to be issued pursuant to the Proposed SGS subject to the following conditions:

- (i) RHB Investment Bank, the adviser for the Proposed SGS, is required to submit a confirmation to Bursa Securities of full compliance of the SGS pursuant to paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders approving the Proposed SGS in a general meeting; and
- (ii) the Bank is required to furnish Bursa Securities on a quarterly basis a summary of the total number of RHB Bank Shares listed as at the end of each quarter together with a detailed computation a listing fees payable.

Subsequent thereto, Bursa Securities had, vide its letter dated 5 January 2017, granted the Bank an extension of time until 28 April 2017 to comply with Paragraph 9.33(1)(b) of the Main Market Listing Requirements of Bursa Securities.

On 11 April 2017, the Bank has submitted the following two applications to Bursa Securities:

- (i) Extension of time until 29 December 2017 to implement the Proposed SGS; and
- (ii) Further extension of time from 28 April 2017 to 14 December 2017 for the Bank to comply with Paragraph 9.33(1)(b) of the Main Market Listing Requirements of Bursa Securities.

Bursa Securities had on 21 April 2017 granted the Bank the extension of time until 29 December 2017 to implement the Proposed SGS, and further extension of time from 28 April 2017 to 14 December 2017 to comply with Paragraph 9.33(1)(6) of the Main Market Listing Requirements of Bursa Securities.

(b) Proposal to commence negotiation for a merger of business and undertakings

On 1 June 2017, the Bank had announced that BNM has vide its letter dated on even date, stated that it has no objection for the Bank to commence negotiations with AMMB Holdings Berhad ('AMMB') for a possible merger of their businesses and undertakings ('Proposed Merger'). BNM's approval is valid until 30 November 2017.

(The Bank and AMMB are collectively defined as the 'Parties'.)

Pursuant to BNM's approval, the Bank and AMMB had on 1 June 2017 entered into an exclusivity agreement to negotiate and finalise pricing, structure, and other relevant terms and conditions for the Proposed Merger from and including 1 June 2017 until 5.00 p.m. on 30 August 2017 (unless otherwise agreed by the Parties) ('Exclusivity Period'). There will be an automatic extension of the Exclusivity Period upon a submission being made to BNM for an application for the approval of the Minister of Finance for the Proposed Merger by any or both of the Parties, until the date of execution of the relevant definitive agreement(s) to effect the Proposed Merger.

Subsequent thereto, the Bank had on 22 August 2017 announced that after much deliberation and negotiations, the Bank and AMMB have not been able to reach an agreement on mutually acceptable terms and conditions for the Proposed Merger.

Following thereto, the parties have mutually agreed to end the negotiations and not proceed with the Proposed Merger. In this respect, the Exclusivity Period pursuant to the exclusivity agreement between the Parties dated 1 June 2017 had lapsed with immediate effect.



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

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

	Group		Bank	
	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Deposits from customers				
- One year or less	165,329,258	165,062,332	122,465,998	127,156,162
- More than one year	459,473	573,921	360,925	429,585
	<u>165,788,731</u>	<u>165,636,253</u>	<u>122,826,923</u>	<u>127,585,747</u>
Deposits and placements of banks and other financial institutions				
- One year or less	22,799,414	22,698,392	22,665,810	22,684,622
- More than one year	24,457	2,224	1,983	2,224
	<u>22,823,871</u>	<u>22,700,616</u>	<u>22,667,793</u>	<u>22,686,846</u>

(b) Borrowings

	Group		Bank	
	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Unsecured				
Revolving credits:				
- Hong Kong Dollar	116,009	185,691	-	-
- Thai Baht	79,011	87,688	-	-
Term loans:				
- United States Dollar	530,415	698,651	530,415	698,651
	<u>725,435</u>	<u>972,030</u>	<u>530,415</u>	<u>698,651</u>
Scheduled repayment of borrowings:				
- Within one year	450,606	563,182	255,586	289,803
- One year to three years	274,829	408,848	274,829	408,848
	<u>725,435</u>	<u>972,030</u>	<u>530,415</u>	<u>698,651</u>



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

(c) Subordinated obligations

	Group		Bank	
	As at 30 June 2017	As at 31 December 2016	As at 30 June 2017	As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
5.50% RM700 million Tier II Subordinated Notes 2007/2022	703,375	703,375	703,375	703,375
5.60% RM300 million Tier II Subordinated Notes 2010/2025	302,946	302,854	302,946	302,854
4.30% RM750 million Tier II Subordinated Notes 2012/2022	-	754,784	-	754,784
4.40% RM1,300 million Tier II Subordinated Notes 2012/2022	1,304,896	1,304,757	1,304,896	1,304,757
4.40% RM245 million Tier II Subordinated Notes 2012/2022	245,532	245,561	-	-
4.95% RM500 million Tier II Subordinated Sukuk Murabahah 2014/2024	503,187	503,187	-	-
4.99% RM1 billion Tier II Subordinated Notes 2014/2024	1,023,515	1,023,651	1,023,515	1,023,651
4.95% RM200 million Tier II Subordinated Notes 2015/2025	202,007	202,034	-	-
4.75% RM500 million Tier II Subordinated Notes 2015/2025	503,205	503,155	503,205	503,155
4.88% RM250 million Tier II Subordinated Sukuk Murabahah 2017/2027	252,173	-	-	-
	5,040,836	5,543,358	3,837,937	4,592,576

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

(d) Hybrid Tier-1 Capital Securities

	Group		Bank	
	As at 30 June 2017	As at 31 December 2016	As at 30 June 2017	As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
RM370 million 8.00% Hybrid Tier-I Capital Securities due in 2039, callable with step-up coupon rate at 9.00% in 2019	368,932	368,818	368,932	368,818
RM230 million 6.75% Hybrid Tier-I Capital Securities due in 2039, callable with step-up coupon rate at 7.75% in 2019	233,283	233,325	238,294	238,337
	602,215	602,143	607,226	607,155



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

(e) Senior debt securities

	Group and Bank	
	As at 30 June 2017	As at 31 December 2016
	RM'000	RM'000
USD300 million 3.25% senior debt securities due in 2017	-	1,350,942
USD200 million 3.25% senior debt securities due in 2017	-	902,110
USD300 million 3.088% senior debt securities due in 2019	1,294,805	1,352,808
USD500 million 2.503% senior debt securities due in 2021	2,153,902	2,250,529
	<u>3,448,707</u>	<u>5,856,389</u>



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B8. Derivative Financial Instruments

Details of derivative financial instruments outstanding are as follows:

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

Group	As at 30 June 2017			As at 31 December 2016		
	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	88,155,178	673,743	1,116,758	87,708,353	1,980,966	1,390,728
- Options	1,604,233	4,154	3,209	1,126,466	6,220	4,257
- Cross-currency interest rate swaps	13,260,020	1,502,857	1,667,503	13,333,589	1,909,089	2,170,087
	103,019,431	2,180,754	2,787,470	102,168,408	3,896,275	3,565,072
Interest rate related contracts						
- Swaps	38,383,209	149,491	117,553	38,605,396	178,605	90,977
	38,383,209	149,491	117,553	38,605,396	178,605	90,977
Equity related contracts						
- Options	51,708	-	12	14,368	123	24
	51,708	-	12	14,368	123	24
Structured warrants						
	242,400	-	28,221	52,380	-	11,817
	242,400	-	28,221	52,380	-	11,817
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	2,350,000	168	8,022	2,350,000	415	11,130
	2,350,000	168	8,022	2,350,000	415	11,130
Total	144,046,748	2,330,413	2,941,278	143,190,552	4,075,418	3,679,020



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B8. Derivative Financial Instruments (continued)

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

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

Bank	As at 30 June 2017			As at 31 December 2016		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities
By type	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Forwards/swaps	90,332,440	678,201	1,121,284	88,232,096	1,994,626	1,393,427
- Options	1,591,205	4,154	3,235	974,931	6,224	5,048
- Cross-currency interest rate swaps	13,347,933	1,501,934	1,667,888	13,333,589	1,907,908	2,170,389
	105,271,578	2,184,289	2,792,407	102,540,616	3,908,758	3,568,864
Interest rate related contracts						
- Swaps	40,568,209	157,482	117,827	40,790,395	186,980	91,828
	40,568,209	157,482	117,827	40,790,395	186,980	91,828
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	2,350,000	168	8,022	2,350,000	415	11,130
	2,350,000	168	8,022	2,350,000	415	11,130
Total	148,189,787	2,341,939	2,918,256	145,681,011	4,096,153	3,671,822



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B8. Derivative Financial Instruments (continued)

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

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

Group	As at 30 June 2017			As at 31 December 2016		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
By remaining period to maturity/next re-pricing date						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than one year	94,930,979	1,483,575	2,060,073	93,550,683	3,020,104	2,497,672
- One year to three years	5,139,140	591,679	628,411	5,952,649	715,778	938,839
- More than three years	2,949,312	105,500	98,986	2,665,076	160,393	128,561
	103,019,431	2,180,754	2,787,470	102,168,408	3,896,275	3,565,072
Interest rate related contracts						
- Less than one year	11,718,718	15,843	4,698	11,067,111	16,279	4,822
- One year to three years	14,919,157	53,846	47,281	17,449,051	59,329	46,840
- More than three years	11,745,334	79,802	65,574	10,089,234	102,997	39,315
	38,383,209	149,491	117,553	38,605,396	178,605	90,977
Equity related contracts						
- Less than one year	51,708	-	12	14,368	123	24
	51,708	-	12	14,368	123	24
Structured warrants						
- Less than one year	242,400	-	28,221	52,380	-	11,817
	242,400	-	28,221	52,380	-	11,817
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- One year to three years	2,350,000	168	8,022	2,350,000	415	11,130
	2,350,000	168	8,022	2,350,000	415	11,130
Total	144,046,748	2,330,413	2,941,278	143,190,552	4,075,418	3,679,020



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B8. Derivative Financial Instruments (continued)

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

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

Bank	As at 30 June 2017			As at 31 December 2016		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
By remaining period to maturity/next re-pricing date						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than one year	95,992,079	1,488,034	2,064,622	93,922,890	3,033,760	2,501,162
- One year to three years	5,617,859	591,671	628,677	5,952,649	715,742	939,141
- More than three years	3,661,640	104,584	99,108	2,665,077	159,256	128,561
	105,271,578	2,184,289	2,792,407	102,540,616	3,908,758	3,568,864
Interest rate related contracts						
- Less than one year	12,828,718	16,678	4,962	11,292,110	16,970	4,640
- one year to three years	15,994,157	61,061	47,282	19,319,051	66,416	47,862
- More than three years	11,745,334	79,743	65,583	10,179,234	103,594	39,326
	40,568,209	157,482	117,827	40,790,395	186,980	91,828
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- one year to three years	2,350,000	168	8,022	2,350,000	415	11,130
	2,350,000	168	8,022	2,350,000	415	11,130
Total	148,189,787	2,341,939	2,918,256	145,681,011	4,096,153	3,671,822



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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 and the Bank designate 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 is recognised in other comprehensive income and accumulated in reserves within 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 terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statements. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statements.

(iii) Net investment hedge

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

(iv) Derivatives that do not qualify for hedge accounting

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



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B9. Fair Value of Financial Instruments

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

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

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

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

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

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30 June 2017				
<u>Financial assets</u>				
Financial assets FVTPL:	626,092	1,909,281	158,881	2,694,254
- Money market instruments	-	1,196,957	-	1,196,957
- Quoted securities	626,092	-	-	626,092
- Unquoted securities	-	712,324	158,881	871,205
Financial investments AFS:	59,751	25,571,645	1,141,806	26,773,202
- Money market instruments	-	8,323,355	-	8,323,355
- Quoted securities	59,751	-	4,402	64,153
- Unquoted securities	-	17,248,290	1,137,404	18,385,694
Derivative assets	-	2,330,413	-	2,330,413
	<u>685,843</u>	<u>29,811,339</u>	<u>1,300,687</u>	<u>31,797,869</u>
<u>Financial liabilities</u>				
Derivative liabilities	28,221	2,913,057	-	2,941,278
	<u>28,221</u>	<u>2,913,057</u>	<u>-</u>	<u>2,941,278</u>
31 December 2016				
<u>Financial assets</u>				
Financial assets FVTPL:	542,750	1,614,072	167,901	2,324,723
- Money market instruments	-	1,028,259	-	1,028,259
- Quoted securities	542,750	-	-	542,750
- Unquoted securities	-	585,813	167,901	753,714
Financial investments AFS:	60,185	23,910,677	1,138,800	25,109,662
- Money market instruments	-	7,063,557	-	7,063,557
- Quoted securities	60,185	-	5,171	65,356
- Unquoted securities	-	16,847,120	1,133,629	17,980,749
Derivative assets	-	4,075,418	-	4,075,418
	<u>602,935</u>	<u>29,600,167</u>	<u>1,306,701</u>	<u>31,509,803</u>
<u>Financial liabilities</u>				
Derivative liabilities	11,817	3,667,203	-	3,679,020
	<u>11,817</u>	<u>3,667,203</u>	<u>-</u>	<u>3,679,020</u>



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B9. Fair Value of Financial Instruments (continued)

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

Bank	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
30 June 2017				
<u>Financial assets</u>				
Financial assets FVTPL:	3,281	1,171,835	-	1,175,116
- Money market instruments	-	1,043,061	-	1,043,061
- Quoted securities	3,281	-	-	3,281
- Unquoted securities	-	128,774	-	128,774
Financial investments AFS:	-	20,685,487	796,177	21,481,664
- Money market instruments	-	7,130,238	-	7,130,238
- Quoted securities	-	-	4,402	4,402
- Unquoted securities	-	13,555,249	791,775	14,347,024
Derivative assets	-	2,341,939	-	2,341,939
	3,281	24,199,261	796,177	24,998,719
<u>Financial liabilities</u>				
Derivative liabilities	-	2,918,256	-	2,918,256
31 December 2016				
<u>Financial assets</u>				
Financial assets FVTPL:	3,287	1,092,575	-	1,095,862
- Money market instruments	-	1,018,082	-	1,018,082
- Quoted securities	3,287	-	-	3,287
- Unquoted securities	-	74,493	-	74,493
Financial investments AFS:	-	18,900,866	791,209	19,692,075
- Money market instruments	-	5,834,377	-	5,834,377
- Quoted securities	-	-	5,171	5,171
- Unquoted securities	-	13,066,489	786,038	13,852,527
Derivative assets	-	4,096,153	-	4,096,153
	3,287	24,089,594	791,209	24,884,090
<u>Financial liabilities</u>				
Derivative liabilities	-	3,671,822	-	3,671,822

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B9. Fair Value of Financial Instruments (continued)

(i) Valuation techniques

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

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

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

(ii) Reconciliation of fair value movements in Level 3

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

	Group	
	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Financial assets FVTPL		
Balance as at the beginning of financial period/year	167,901	153,863
Total net loss recognised in income statements	(6,442)	(4,936)
Purchases	8,593	252,042
Settlements	(4,840)	(238,577)
Exchange differences	(6,331)	5,509
Balance as at the end of the financial period/year	<u>158,881</u>	<u>167,901</u>

	Group		Bank	
	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Financial investments AFS				
Balance as at the beginning of financial period/year	1,138,800	1,074,704	791,209	657,769
Total gain recognised in other comprehensive income	6,938	10,388	4,993	30,789
Total net gain/(loss) recognised in income statements	321	(7,135)	-	-
Purchases	8,674	74,651	-	102,429
Settlements	(8,650)	(17,766)	(67)	-
Impairment losses	-	(549)	-	-
Exchange differences	(4,277)	4,507	42	222
Balance as at the end of the financial period/year	<u>1,141,806</u>	<u>1,138,800</u>	<u>796,177</u>	<u>791,209</u>



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B10. Realised and Unrealised Profits

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

The breakdown of retained profits of the Group and the Bank are as follows:

	Group		Bank	
	As at 30 June 2017	As at 31 December 2016	As at 30 June 2017	As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
Total retained profits of the Bank and its subsidiaries				
- Realised	14,668,265	8,039,282	11,270,256	6,097,608
- Unrealised	(428,937)	553,524	(470,419)	520,963
	14,239,328	8,592,806	10,799,837	6,618,571
Total share of retained profits from associates and joint ventures				
- Realised	4,439	4,232	-	-
	14,243,767	8,597,038	10,799,837	6,618,571
Less: Consolidation adjustments	(501,495)	(439,853)	-	-
Total retained profits	13,742,272	8,157,185	10,799,837	6,618,571

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

During the financial period, the Group and the Bank had transferred a total of RM4,930,714,000 and RM3,784,558,000 respectively from the statutory reserves to retained profits pursuant to the adoption of the Revised Policy Document as mentioned in Note A1(b)(ii).

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



RHB BANK BERHAD (6171-M)
NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

B11. Dividends

Dividend declared during the current financial period ended 30 June 2017:

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

B12. Earnings per Share

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
Basic earnings per share				
Profit attributable to equity holders of the Bank (RM'000)	500,963	350,169	1,001,240	915,054
Weighted average number of ordinary shares in issue ('000)	4,010,045	3,939,368	4,010,045	3,699,977
Earnings per share (sen)				
- Basic	12.5	8.9	25.0	24.7
- Diluted	12.5	8.9	25.0	24.7

There were no dilutive potential ordinary shares outstanding as at 30 June 2017. As a result, the diluted earnings per share equal to the basic earnings per share for the financial year ended 30 June 2017.

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
(License No. LS0006901)

Company Secretary
29 August 2017