



RHB Bank Berhad (6171 - M)

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

	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Group					
Interest income	A8	1,927,814	1,922,098	5,779,006	5,892,369
Interest expense	A9	(1,035,486)	(1,073,412)	(3,149,393)	(3,299,500)
Net interest income		892,328	848,686	2,629,613	2,592,869
Other operating income	A10	414,947	496,333	1,260,068	1,413,499
Income from Islamic Banking business	A28(b)	277,157	234,087	829,421	705,368
Net income		1,584,432	1,579,106	4,719,102	4,711,736
Other operating expenses	A11	(793,620)	(776,466)	(2,339,146)	(2,292,940)
Operating profit before allowances		790,812	802,640	2,379,956	2,418,796
Allowance for impairment on loans, financing and other losses	A12	(147,340)	(146,361)	(312,598)	(286,431)
Impairment losses written back/(made) on other assets		500	6,245	(111,406)	(245,331)
		643,972	662,524	1,955,952	1,887,034
Share of results of joint ventures		94	95	301	396
Profit before taxation		644,066	662,619	1,956,253	1,887,430
Taxation	B5	(153,883)	(151,963)	(462,317)	(456,560)
Net profit for the financial period		490,183	510,656	1,493,936	1,430,870
Attributable to:					
- Equity holders of the Bank		488,828	505,327	1,490,068	1,420,381
- Non-controlling interests		1,355	5,329	3,868	10,489
		490,183	510,656	1,493,936	1,430,870
Earnings per share (sen)					
- Basic	B13	12.2	12.6	37.2	37.3
- Diluted	B13	12.2	12.6	37.2	37.3

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 NINE MONTHS ENDED 30 SEPTEMBER 2017

	3rd Quarter Ended		Nine Months Ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period	490,183	510,656	1,493,936	1,430,870
Other comprehensive income/(loss) in respect of:				
(i) Items that will not be reclassified to profit or loss:				
- Actuarial gain on defined benefit plan of subsidiaries	14	46	410	388
(ii) Items that will be reclassified subsequently to profit or loss:				
(a) Foreign currency translation reserves				
- Currency translation differences	(33,473)	82,795	(130,599)	(86,507)
- Net investment hedge	1,978	(6,866)	3,904	15,485
(b) Unrealised net gain on revaluation of financial investments available-for-sale ('AFS')	14,936	135,558	178,990	441,904
(c) Net transfer to income statements on disposal or impairment of financial investments AFS	(2,433)	(20,315)	89,006	16,884
Income tax relating to components of other comprehensive income	(3,014)	(27,714)	(63,569)	(110,414)
Other comprehensive income/(loss), net of tax, for the financial period	(21,992)	163,504	78,142	277,740
Total comprehensive income for the financial period	468,191	674,160	1,572,078	1,708,610
Total comprehensive income attributable to:				
- Equity holders of the Bank	466,901	668,454	1,568,361	1,698,504
- Non-controlling interests	1,290	5,706	3,717	10,106
	468,191	674,160	1,572,078	1,708,610

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 NINE MONTHS ENDED 30 SEPTEMBER 2017

	Note	3rd Quarter Ended		Nine Months Ended	
		30 September	30 September	30 September	30 September
		2017	2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
Bank					
Interest income	A8	1,903,199	1,874,368	5,681,791	5,726,611
Interest expense	A9	(1,012,027)	(1,060,001)	(3,068,422)	(3,207,862)
Net interest income		891,172	814,367	2,613,369	2,518,749
Other operating income	A10	171,911	211,912	536,496	679,765
Net income		1,063,083	1,026,279	3,149,865	3,198,514
Other operating expenses	A11	(506,503)	(502,425)	(1,501,694)	(1,505,100)
Operating profit before allowances		556,580	523,854	1,648,171	1,693,414
Allowance for impairment on loans, financing and other losses	A12	(109,338)	(76,940)	(175,004)	(158,668)
Impairment losses written back/(made) on other assets		189	2,605	(108,586)	(248,448)
Profit before taxation		447,431	449,519	1,364,581	1,286,298
Taxation	B5	(110,579)	(93,463)	(319,293)	(311,916)
Net profit for the financial period		336,852	356,056	1,045,288	974,382

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 NINE MONTHS ENDED 30 SEPTEMBER 2017

	3rd Quarter Ended		Nine Months Ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
Bank				
Net profit for the financial period	336,852	356,056	1,045,288	974,382
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	(81)	18,978	(14,408)	(26,654)
(b) Unrealised net gain on revaluation of financial investments AFS	7,115	85,309	118,484	309,487
(c) Net transfer to income statements on disposal or impairment of financial investments AFS	(8,586)	(18,351)	85,854	21,500
Income tax relating to components of other comprehensive income	(105)	(16,070)	(49,499)	(79,437)
Other comprehensive income/(loss), net of tax, for the financial period	(1,657)	69,866	140,431	224,896
Total comprehensive income for the financial period	335,195	425,922	1,185,719	1,199,278

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 SEPTEMBER 2017

	Note	Group		Bank	
		As at	As at	As at	Restated
		30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
ASSETS					
Cash and short-term funds		17,876,092	14,682,943	9,103,834	12,430,270
Securities purchased under resale agreements		91,756	1,303,589	-	1,289,891
Deposits and placements with banks and other financial institutions		1,028,927	1,362,448	10,632,922	9,641,121
Financial assets at fair value through profit or loss ('FVTPL')	A13	2,559,578	2,324,723	1,062,832	1,112,252
Financial investments available-for-sale ('AFS')	A14	26,134,952	25,109,662	21,575,662	20,527,252
Financial investments held-to-maturity ('HTM')	A15	16,645,558	21,365,103	13,676,722	18,032,412
Loans, advances and financing	A16	155,767,296	152,350,304	109,159,152	111,959,491
Clients' and brokers' balances		1,930,292	2,090,783	-	-
Reinsurance assets		480,122	378,311	-	-
Other assets	A17	1,941,871	2,916,551	1,146,033	3,127,293
Derivative assets	B8	2,290,117	4,075,418	2,296,686	4,096,153
Statutory deposits		4,035,157	4,241,509	2,623,421	2,829,242
Tax recoverable		170,529	246,895	112,174	180,705
Deferred tax assets		38,130	100,611	4,265	58,300
Investments in subsidiaries		-	-	4,512,337	5,340,659
Investments in associates and joint ventures		48,837	49,537	-	-
Property, plant and equipment		1,015,318	1,032,131	746,126	756,899
Goodwill		2,649,307	2,649,307	1,651,542	1,651,542
Intangible assets		435,820	399,004	379,534	335,153
TOTAL ASSETS		235,139,659	236,678,829	178,683,242	193,368,635
LIABILITIES					
Deposits from customers	A18/B7(a)	168,519,602	165,636,253	122,383,205	127,585,747
Deposits and placements of banks and other financial institutions	A19/B7(a)	22,014,835	22,700,616	19,224,074	22,686,846
Obligations on securities sold under repurchase agreements		326,216	362,706	2,092,453	2,716,656
Bills and acceptances payable		481,174	476,300	400,971	286,318
Clients' and brokers' balances		1,772,979	1,743,242	-	-
General insurance contract liabilities		1,003,894	872,183	-	-
Other liabilities	A20	3,088,579	2,846,146	1,964,454	3,549,430
Derivative liabilities	B8	2,577,704	3,679,020	2,543,974	3,671,822
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		1,833,892	3,554,053	1,749,347	2,738,811
Tax liabilities		49,704	57,329	-	-
Deferred tax liabilities		3,510	3,194	-	-
Borrowings	B7(b)	560,841	972,030	412,355	698,651
Subordinated obligations	B7(c)	5,827,793	5,543,358	4,610,369	4,592,576
Hybrid Tier-1 Capital Securities	B7(d)	598,845	602,143	603,941	607,155
Senior debt securities	B7(e)	3,414,849	5,856,389	3,414,849	5,856,389
TOTAL LIABILITIES		212,074,417	214,904,962	159,399,992	174,990,401

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 SEPTEMBER 2017

	Note	Group		Bank	
		As at 30 September 2017 RM'000	As at 31 December 2016 RM'000	As at 30 September 2017 RM'000	Restated As at 31 December 2016 RM'000
EQUITY					
Share capital		6,994,103	4,010,045	6,994,103	4,010,045
Reserves		16,038,345	17,734,733	12,289,147	14,368,189
Equity attributable to holders of the Bank		23,032,448	21,744,778	19,283,250	18,378,234
Non-controlling interests ('NCI')		32,794	29,089	-	-
TOTAL EQUITY		23,065,242	21,773,867	19,283,250	18,378,234
TOTAL LIABILITIES AND EQUITY		235,139,659	236,678,829	178,683,242	193,368,635
COMMITMENTS AND CONTINGENCIES	A25(a)	198,471,488	196,190,300	194,575,493	190,735,669
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK (RM)		5.74	5.42		

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RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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		-	-	-	-	-	-	-	1,490,068	1,490,068	3,868	1,493,936
Foreign currency translation reserves:												
- Currency translation differences		-	-	-	-	-	(130,456)	-	-	(130,456)	(143)	(130,599)
- Net investment hedge		-	-	-	-	-	3,904	-	-	3,904	-	3,904
Financial investments AFS:												
- Unrealised net gain/(loss) on revaluation		-	-	-	-	179,001	-	-	-	179,001	(11)	178,990
- Net transfer to income statements on disposal or impairment		-	-	-	-	89,006	-	-	-	89,006	-	89,006
Actuarial gain on defined benefit plan of subsidiaries		-	-	-	-	-	-	-	406	406	4	410
Income tax relating to components of other comprehensive income		-	-	-	-	(63,467)	-	-	(101)	(63,568)	(1)	(63,569)
Other comprehensive income/(loss), net of tax, for the financial period		-	-	-	-	204,540	(126,552)	-	305	78,293	(151)	78,142
Total comprehensive income/(loss) for the financial period		-	-	-	-	204,540	(126,552)	-	1,490,373	1,568,361	3,717	1,572,078
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		-	-	-	477,112	-	-	-	(477,112)	-	-	-
Accretion of interest in a subsidiary		-	-	-	-	-	-	-	12	12	(12)	-
Balance as at 30 September 2017		6,994,103	-	513	1,146,613	285,107	762,312	23,331	13,820,469	23,032,448	32,794	23,065,242

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 NINE MONTHS ENDED 30 SEPTEMBER 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		-	-	-	-	-	-	-	1,420,381	1,420,381	10,489	1,430,870
Foreign currency translation reserves:												
- Currency translation differences		-	-	-	-	-	(86,059)	-	-	(86,059)	(448)	(86,507)
- Net investment hedge		-	-	-	-	-	15,485	-	-	15,485	-	15,485
Financial investments AFS:												
- Unrealised net gain on revaluation		-	-	-	-	441,842	-	-	-	441,842	62	441,904
- Net transfer to income statements on disposal or impairment		-	-	-	-	16,884	-	-	-	16,884	-	16,884
Actuarial gain on defined benefit plan of subsidiaries		-	-	-	-	-	-	-	384	384	4	388
Income tax relating to components of other comprehensive income		-	-	-	-	(110,325)	-	-	(88)	(110,413)	(1)	(110,414)
Other comprehensive income/(loss), net of tax, for the financial period		-	-	-	-	348,401	(70,574)	-	296	278,123	(383)	277,740
Total comprehensive income/(loss) for the financial period		-	-	-	-	348,401	(70,574)	-	1,420,677	1,698,504	10,106	1,708,610
Shares issued pursuant to:												
- Rights issue via recapitalisation of dividend		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		-	-	-	-	-	-	-	(765,502)	(765,502)	-	(765,502)
- By subsidiaries to the former holding company and NCI		-	-	-	-	-	-	-	(23,675)	(23,675)	(1,325)	(25,000)
Transfer to statutory reserves		-	-	191,873	-	-	-	-	(191,873)	-	-	-
Transfer to regulatory reserves		-	-	-	41,264	-	-	-	(41,264)	-	-	-
Dilution of interest in a subsidiary		-	-	-	-	-	-	-	(1,025)	(1,025)	(1,025)	-
Disposal of a subsidiary		-	-	-	-	-	-	-	-	-	(688)	(688)
Balance as at 30 September 2016		4,010,045	2,984,058	4,719,307	630,901	474,741	641,430	23,331	8,147,359	21,631,172	31,686	21,664,908

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

Bank	Note	Non-Distributable				Distributable		Total Equity	
		Share Capital	Share Premium	Statutory Reserves	Regulatory Reserves	AFS Reserves	Translation Reserves		Retained Profits
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2017									
- As previously reported		4,010,045	2,984,058	3,784,558	461,870	116,933	400,289	6,618,571	18,376,324
- Effect of predecessor accounting	B 11	-	-	-	-	1,910	-	-	1,910
- As restated		4,010,045	2,984,058	3,784,558	461,870	118,843	400,289	6,618,571	18,378,234
Net profit for the financial period		-	-	-	-	-	-	1,045,288	1,045,288
Foreign currency translation reserves:									
- Currency translation differences		-	-	-	-	-	(14,408)	-	(14,408)
Financial investments AFS:									
- Unrealised net gain on revaluation		-	-	-	-	118,484	-	-	118,484
- Net transfer to income statements on disposal or impairment		-	-	-	-	85,854	-	-	85,854
Income tax relating to components of other comprehensive income		-	-	-	-	(49,499)	-	-	(49,499)
Other comprehensive income/(loss), net of tax, for the financial period		-	-	-	-	154,839	(14,408)	-	140,431
Total comprehensive income/(loss) for the financial period		-	-	-	-	154,839	(14,408)	1,045,288	1,185,719
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		-	-	-	424,822	-	-	(424,822)	-
Balance as at 30 September 2017		6,994,103	-	-	886,692	273,682	385,881	10,742,892	19,283,250

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

	←		Non-Distributable			→		Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserves RM'000	Regulatory Reserves RM'000	AFS Reserves RM'000	Translation Reserves RM'000	Distributable Retained Profits RM'000	
Bank								
Balance as at 1 January 2016								
- As previously reported	3,460,585	478,517	3,478,138	385,494	157,184	348,473	6,541,186	14,849,577
- Effect of predecessor accounting	-	-	-	-	1,910	-	-	1,910
- As restated	3,460,585	478,517	3,478,138	385,494	159,094	348,473	6,541,186	14,851,487
Net profit for the financial period	-	-	-	-	-	-	974,382	974,382
Foreign currency translation reserves:								
- Currency translation differences	-	-	-	-	-	(26,654)	-	(26,654)
Financial investments AFS:								
- Unrealised net gain on revaluation	-	-	-	-	309,487	-	-	309,487
- Net transfer to income statements on disposal or impairment	-	-	-	-	21,500	-	-	21,500
Income tax relating to components of other comprehensive income	-	-	-	-	(79,437)	-	-	(79,437)
Other comprehensive income/(loss), net of tax, for the financial period	-	-	-	-	251,550	(26,654)	-	224,896
Total comprehensive income/(loss) for the financial period	-	-	-	-	251,550	(26,654)	974,382	1,199,278
Shares issued pursuant to:								
- Rights issue via recapitalisation of dividend	101,618	463,382	-	-	-	-	-	565,000
- Rights issue	447,842	2,042,159	-	-	-	-	-	2,490,001
Dividends paid	-	-	-	-	-	-	(765,502)	(765,502)
Transfer to statutory reserves	-	-	154,582	-	-	-	(154,582)	-
Transfer to regulatory reserves	-	-	-	39,056	-	-	(39,056)	-
Balance as at 30 September 2016	4,010,045	2,984,058	3,632,720	424,550	410,644	321,819	6,556,428	18,340,264

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

	Nine Months Ended	
	30 September 2017	30 September 2016
	RM'000	RM'000
Group		
Cash flows from operating activities		
Profit before taxation	1,956,253	1,887,430
Adjustments for:		
Allowance for impairment on loans, financing and other losses	513,532	488,803
Property, plant and equipment:		
- Depreciation	88,598	90,063
- Gain on disposal	(50)	(1,829)
- Written off	658	196
Intangible assets:		
- Amortisation	57,835	51,018
- Written off	241	-
Net impairment losses made on financial investments AFS and HTM	111,406	245,331
Share of results of joint ventures	(301)	(396)
Net gain on financial instruments	(121,328)	(147,765)
Gain on disposal of a subsidiary	-	(434)
Dividend income	(38,808)	(37,175)
Other non-cash items	(1,110,001)	(986,945)
Operating profit before working capital changes	<u>1,458,035</u>	<u>1,588,297</u>
(Increase)/Decrease in operating assets:		
Securities purchased under resale agreements	1,175,871	(1,666,093)
Deposits and placements with banks and other financial institutions	302,228	(692,770)
Financial assets FVTPL	(158,480)	(760,009)
Loans, advances and financing	(4,015,921)	(2,242,521)
Clients' and brokers' balances	160,491	(558,221)
Other assets	937,361	222,743
Statutory deposits	190,149	806,112
	<u>(1,408,301)</u>	<u>(4,890,759)</u>
Increase/(Decrease) in operating liabilities:		
Deposits from customers	2,942,342	8,167,994
Deposits and placements of banks and other financial institutions	(663,119)	(3,220,924)
Obligations on securities sold under repurchase agreements	(36,519)	(3,946,072)
Obligations on securities borrowed	-	(12,202)
Bills and acceptances payable	4,856	633,986
Clients' and brokers' balances	29,737	571,236
Other liabilities	604,254	(934,808)
Recourse obligation on loans sold to Cagamas	(1,720,161)	874,051
	<u>1,161,390</u>	<u>2,133,261</u>
Cash generated from/(used in) operations	1,211,124	(1,169,201)
Net tax paid	(392,201)	(505,405)
Net cash generated from/(used in) operating activities	<u>818,923</u>	<u>(1,674,606)</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 NINE MONTHS ENDED 30 SEPTEMBER 2017

	Nine Months Ended	
	30 September 2017	30 September 2016
	RM'000	RM'000
Group		
Cash flows from investing activities		
Net proceeds from disposal of financial investments AFS and HTM	3,894,838	3,601,853
Property, plant and equipment:		
- Purchase	(74,586)	(75,665)
- Proceeds from disposal	135	4,565
Intangible assets:		
- Purchase	(94,812)	(93,200)
Financial investments AFS and HTM:		
- Interest received	1,056,441	1,050,960
- Investment income received	185,945	153,407
Dividend income received from financial assets FVTPL and financial investments AFS	38,808	37,175
Net cash inflow from disposal of a subsidiary	-	845
Net cash outflow arising from internal reorganisation	-	(3,614,753)
Net cash generated from investing activities	<u>5,006,769</u>	<u>1,065,187</u>
Cash flows from financing activities		
Proceeds from issuance of subordinated notes	1,000,000	-
Redemption of subordinated notes	(750,000)	(100,000)
Redemption of senior debt securities	(2,173,766)	-
Drawdown of borrowings	1,313,358	1,763,615
Repayment of borrowings	(1,661,729)	(1,655,323)
Proceeds from issuance of share capital	-	2,490,001
Dividends paid to equity holders of the Bank	(280,703)	(200,502)
Dividends paid by subsidiaries arising from effect of predecessor accounting	-	(25,000)
Net cash (used in)/generated from financing activities	<u>(2,552,840)</u>	<u>2,272,791</u>
Net increase in cash and cash equivalents	3,272,852	1,663,372
Effects of exchange rate differences	(79,703)	(23,635)
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><u>17,876,092</u></u>	<u><u>14,521,132</u></u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>17,876,092</u>	<u>14,521,132</u>
	<u><u>17,876,092</u></u>	<u><u>14,521,132</u></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 NINE MONTHS ENDED 30 SEPTEMBER 2017

	Nine Months Ended	
	30 September 2017	Restated 30 September 2016
	RM'000	RM'000
Bank		
Cash flows from operating activities		
Profit before taxation	1,364,581	1,286,298
Adjustments for:		
Allowance for impairment on loans, financing and other losses	366,121	350,300
Property, plant and equipment:		
- Depreciation	62,822	63,317
- Gain on disposal	(18)	(1,778)
- Written off	114	23
Intangible assets:		
- Amortisation	44,391	37,914
- Written off	239	-
Net impairment made on financial investments AFS and HTM	108,586	248,448
Net gain on financial instruments	(49,049)	(88,644)
Dividend income	(2,070)	(4,240)
Other non-cash items	(1,029,010)	(786,475)
Operating profit before working capital changes	<u>866,707</u>	<u>1,105,163</u>
(Increase)/Decrease in operating assets:		
Securities purchased under resale agreements	1,290,472	(1,632,980)
Deposits and placements with banks and other financial institutions	(991,667)	(838,862)
Financial assets FVTPL	89,574	(268,449)
Loans, advances and financing	2,452,788	(58,738)
Other assets	2,015,618	(336,498)
Statutory deposits	205,919	666,477
	<u>5,062,704</u>	<u>(2,469,050)</u>
Increase/(Decrease) in operating liabilities:		
Deposits from customers	(5,222,224)	1,940,063
Deposits and placements of banks and other financial institutions	(3,467,741)	(5,049,979)
Obligations on securities sold under repurchase agreements	(624,232)	(494,994)
Bills and acceptances payable	114,635	602,303
Other liabilities	(1,187,143)	2,970,625
Recourse obligation on loans sold to Cagamas	(989,464)	999,553
	<u>(11,376,169)</u>	<u>967,571</u>
Cash used in operations	(5,446,758)	(396,316)
Net tax paid	(249,503)	(360,853)
Net cash used in operating activities	<u>(5,696,261)</u>	<u>(757,169)</u>

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



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

	Nine Months Ended	
	30 September 2017	Restated 30 September 2016
Note	RM'000	RM'000
Bank		
Cash flows from investing activities		
Net proceeds from disposal of financial investments AFS and HTM	3,442,876	2,598,240
Property, plant and equipment:		
- Purchase	(52,145)	(57,065)
- Proceeds from disposal	103	4,289
Intangible assets:		
- Purchase	(88,942)	(81,388)
Interest received from financial investments AFS and HTM	988,245	947,909
Net cash outflow arising from internal reorganisation	-	(3,614,753)
Dividend income received from financial assets FVTPL and financial investments AFS	2,070	4,240
Capital reduction in a subsidiary	846,023	-
Additional investments in subsidiaries	(17,701)	-
Net cash generated from/(used in) investing activities	<u>5,120,529</u>	<u>(198,528)</u>
Cash flows from financing activities		
Drawdown of borrowings	-	392,873
Repayment of borrowings	(250,818)	(281,375)
Proceeds from issuance of share capital	-	2,490,001
Proceeds from issuance of subordinated notes	750,000	-
Redemption of subordinated notes	(750,000)	-
Redemption of senior debt securities	(2,173,766)	-
Dividends paid to equity holders of the Bank	(280,703)	(200,502)
Net cash (used in)/generated from financing activities	<u>(2,705,287)</u>	<u>2,400,997</u>
Net (decrease)/increase in cash and cash equivalents	(3,281,019)	1,445,300
Effects of exchange rate differences	(45,417)	(28,907)
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>9,103,834</u>	<u>9,630,076</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>9,103,834</u>	9,630,076
	<u>9,103,834</u>	<u>9,630,076</u>
Note:		
Significant non-cash transaction during the financial period is as follows:		
- Re-capitalisation of dividend	-	<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)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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.

The Bank has completed the transfer of the treasury business and structured lending business from RHB Investment Bank Berhad ('RHB Investment Bank') during the current financial period. The Bank has applied the predecessor accounting to account for the above business combinations under common control. Details of the business transfer and restatement of comparative financial information of the Bank are as disclosed in Note B11.

(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 NINE MONTHS ENDED 30 SEPTEMBER 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 nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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.
- (d) The Bank had on 27 September 2017 issued Subordinated Notes of RM750 million in nominal value under a RM5 billion (or its equivalent in other foreign currencies) multi-currency medium term note programme ('MCMTN Programme'). The Subordinated Notes is issued for a tenure of 10 non-callable 5 years with a fixed coupon rate of 4.82% per annum, payable semi-annually in arrears throughout the entire tenure.

A7. Dividends Paid

During the nine months ended 30 September 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.

Subsequent to balance sheet date, the Bank has paid 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, on 13 October 2017.



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

A8. Interest Income

Group	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Loans and advances	1,521,110	1,537,352	4,529,874	4,726,828
Money at call and deposits and placements with banks and other financial institutions	55,532	32,330	161,429	81,915
Securities purchased under resale agreements	267	1,535	1,572	2,703
Financial assets FVTPL	9,762	7,488	25,379	18,910
Financial investments AFS	192,592	171,255	573,096	514,133
Financial investments HTM	142,537	164,064	463,163	518,731
Others	6,014	8,074	24,493	29,149
	1,927,814	1,922,098	5,779,006	5,892,369
Of which:				
Interest income accrued on impaired financial assets	41,794	37,749	118,187	116,874
Bank				
Loans and advances	1,424,061	1,439,344	4,238,049	4,424,905
Money at call and deposits and placements with banks and other financial institutions	146,400	115,966	420,515	330,956
Securities purchased under resale agreements	-	1,535	1,305	2,703
Financial assets FVTPL	9,692	7,459	25,188	18,638
Financial investments AFS	181,118	148,910	528,898	439,515
Financial investments HTM	137,162	157,577	449,883	497,673
Others	4,766	3,577	17,953	12,221
	1,903,199	1,874,368	5,681,791	5,726,611
Of which:				
Interest income accrued on impaired financial assets	37,464	32,952	103,205	100,297



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

A9. Interest Expense

Group	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	116,757	84,234	345,322	272,622
Deposits from customers	787,535	838,989	2,374,787	2,559,836
Obligations on securities sold under repurchase agreements	1,576	9,620	1,819	50,671
Recourse obligation on loans sold to Cagamas	27,420	26,109	84,649	74,840
Subordinated obligations	52,527	63,162	166,313	189,602
Senior debt securities	23,712	26,130	97,907	78,081
Hybrid Tier-1 Capital Securities	11,390	11,382	33,794	33,895
Borrowings	4,350	4,855	15,250	11,917
Others	10,219	8,931	29,552	28,036
	1,035,486	1,073,412	3,149,393	3,299,500
Bank				
Deposits and placements of banks and other financial institutions	126,596	78,375	377,077	247,868
Deposits from customers	747,884	815,382	2,247,252	2,480,157
Obligations on securities sold under repurchase agreements	15,233	33,320	40,386	86,911
Recourse obligation on loans sold to Cagamas	27,420	26,109	84,649	74,840
Subordinated obligations	47,315	57,950	150,845	172,582
Senior debt securities	23,712	26,130	97,907	78,081
Hybrid Tier-1 Capital Securities	11,475	11,467	34,046	34,148
Borrowings	2,758	2,968	8,743	6,914
Others	9,634	8,300	27,517	26,361
	1,012,027	1,060,001	3,068,422	3,207,862



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

A10. Other Operating Income

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
Fee income				
- Service charges and fees	41,230	44,063	124,433	144,174
- Commission	42,916	32,688	114,364	100,906
- Guarantee fees	13,881	12,242	38,527	61,828
- Commitment fees	11,708	12,328	36,774	36,474
- Net brokerage income	75,762	74,999	248,726	221,966
- Fund management fees	59,406	43,953	171,515	119,829
- Unit trust fee income	21,861	30,739	91,650	53,864
- Corporate advisory fees	14,072	14,866	35,268	65,042
- Underwriting and arrangement fees	5,002	23,510	25,177	41,175
- Other fee income	9,558	14,398	46,885	45,305
	<u>295,396</u>	<u>303,786</u>	<u>933,319</u>	<u>890,563</u>
- Fee and commission expenses	(44,013)	(40,500)	(150,172)	(84,730)
	<u>251,383</u>	<u>263,286</u>	<u>783,147</u>	<u>805,833</u>
Net gain/(loss) arising from financial assets FVTPL				
- Net gain on disposal	7,692	69,996	3,046	77,898
- Unrealised net gain/(loss) on revaluation	5,449	(8,334)	45,898	8,670
- Dividend income	3,923	3,958	12,513	10,872
	<u>17,064</u>	<u>65,620</u>	<u>61,457</u>	<u>97,440</u>
Net gain/(loss) on revaluation of derivatives	31,584	(5,582)	47,138	15,095
Net (loss)/gain on fair values hedges	(1,226)	260	(6,054)	2,125
Net gain arising from financial investments AFS				
- Net gain on disposal	6,786	25,770	24,120	56,795
- Dividend income	8,863	8,667	26,295	26,303
	<u>15,649</u>	<u>34,437</u>	<u>50,415</u>	<u>83,098</u>
Net gain arising from financial investments HTM				
- Net gain on early redemption	1,025	784	13,686	856
Other income				
Foreign exchange gain	29,624	70,312	123,321	206,943
Insurance underwriting surplus before management expenses	55,833	53,653	144,835	154,449
Gain on disposal of property, plant and equipment	-	167	50	1,829
Gain on disposal of a subsidiary	-	434	-	434
Rental income	890	651	2,589	2,553
Other operating income	10,567	11,200	30,922	36,794
Other non-operating income	2,554	1,111	8,562	6,050
	<u>99,468</u>	<u>137,528</u>	<u>310,279</u>	<u>409,052</u>
	<u>414,947</u>	<u>496,333</u>	<u>1,260,068</u>	<u>1,413,499</u>



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

A10. Other Operating Income (continued)

Bank	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Fee income				
- Service charges and fees	33,764	41,345	107,498	134,920
- Commission	46,830	36,927	128,390	109,529
- Guarantee fees	13,699	11,733	36,617	58,171
- Commitment fees	11,222	11,806	34,655	34,597
- Other fee income	5,159	4,551	15,557	14,232
	110,674	106,362	322,717	351,449
Net gain/(loss) arising from financial assets FVTPL				
- Net (loss)/gain on disposal	(690)	13,580	(24,415)	28,511
- Unrealised net gain/(loss) on revaluation	724	(2,990)	39,348	(1,729)
	34	10,590	14,933	26,782
Net gain/(loss) on revaluation of derivatives	7,107	14,082	(2,197)	7,615
Net gain/(loss) on fair values hedges	42	(79)	119	43
Net gain arising from financial investments AFS				
- Net gain on disposal	6,787	24,174	22,508	53,546
- Dividend income	310	869	2,070	4,240
	7,097	25,043	24,578	57,786
Net gain arising from financial investments HTM				
- Net gain on early redemption	1,025	586	13,686	658
Other income				
Foreign exchange gain	32,845	41,728	124,795	189,819
Gain on disposal of property, plant and equipment	-	167	18	1,778
Rental income	2,969	2,857	8,803	8,312
Other operating income	9,712	9,052	27,802	32,434
Other non-operating income	406	1,524	1,242	3,089
	45,932	55,328	162,660	235,432
	171,911	211,912	536,496	679,765



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

A11. Other Operating Expenses

Group	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	374,309	360,513	1,107,158	1,071,221
- Defined contribution plan	52,760	49,616	156,292	150,103
- Other staff related costs	38,951	39,933	108,576	102,091
	<u>466,020</u>	<u>450,062</u>	<u>1,372,026</u>	<u>1,323,415</u>
Establishment costs				
- Property, plant and equipment:				
- Depreciation	29,174	30,878	88,598	90,063
- Written off	-	83	658	196
- Intangible assets:				
- Amortisation	21,713	17,549	57,835	51,018
- Written off	241	-	241	-
- Rental of premises	25,546	36,698	78,647	117,805
- Rental of equipment	2,972	3,733	9,691	10,812
- Insurance	9,878	5,437	27,883	21,690
- Water and electricity	7,846	9,041	22,270	26,819
- Repair and maintenance	7,821	5,891	22,651	22,322
- Security and escorting expenses	10,959	10,307	30,874	35,169
- Information technology expenses	56,301	52,298	168,098	151,646
- Others	2,445	4,293	11,200	11,495
	<u>174,896</u>	<u>176,208</u>	<u>518,646</u>	<u>539,035</u>
Marketing expenses				
- Sales commission	20,063	18,569	54,216	55,861
- Advertisement and publicity	13,110	14,202	45,252	36,281
- Others	29,476	28,155	78,463	81,057
	<u>62,649</u>	<u>60,926</u>	<u>177,931</u>	<u>173,199</u>
Administration and general expenses				
- Communication expenses	41,602	51,265	125,449	138,415
- Legal and professional fee	9,019	3,871	28,420	14,960
- Others	39,434	34,134	116,674	103,916
	<u>90,055</u>	<u>89,270</u>	<u>270,543</u>	<u>257,291</u>
	<u>793,620</u>	<u>776,466</u>	<u>2,339,146</u>	<u>2,292,940</u>



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A11. Other Operating Expenses (continued)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
Bank				
Personnel costs				
- Salaries, allowances and bonuses	234,257	229,338	687,869	700,030
- Defined contribution plan	36,615	33,938	107,239	105,086
- Other staff related costs	21,526	27,138	60,834	73,182
	<u>292,398</u>	<u>290,414</u>	<u>855,942</u>	<u>878,298</u>
Establishment costs				
- Property, plant and equipment:				
- Depreciation	20,943	22,007	62,822	63,317
- Written off	-	1	114	23
- Intangible assets:				
- Amortisation	17,307	13,295	44,391	37,914
- Written off	239	-	239	-
- Rental of premises	14,875	24,623	44,525	77,927
- Rental of equipment	2,848	3,178	9,174	9,539
- Insurance	7,967	6,943	22,931	22,109
- Water and electricity	4,727	6,017	13,679	17,388
- Repair and maintenance	5,683	4,577	16,635	15,658
- Security and escorting expenses	10,721	9,888	30,091	34,139
- Information technology expenses	31,979	27,526	99,275	79,578
	<u>117,289</u>	<u>118,055</u>	<u>343,876</u>	<u>357,592</u>
Marketing expenses				
- Sales commission	16,307	14,019	42,460	39,284
- Advertisement and publicity	8,656	8,993	27,053	21,581
- Others	11,102	9,964	23,892	29,372
	<u>36,065</u>	<u>32,976</u>	<u>93,405</u>	<u>90,237</u>
Administration and general expenses				
- Communication expenses	24,540	28,295	71,805	83,086
- Legal and professional fee	14,817	13,705	73,267	36,941
- Others	21,394	18,980	63,399	58,946
	<u>60,751</u>	<u>60,980</u>	<u>208,471</u>	<u>178,973</u>
	<u>506,503</u>	<u>502,425</u>	<u>1,501,694</u>	<u>1,505,100</u>



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

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Group				
Allowance for impaired loans and financing:				
- Individual impairment allowance	53,337	97,321	175,065	214,666
- Collective impairment allowance	125,553	72,468	221,332	157,636
Impaired loans and financing recovered	(73,736)	(66,320)	(200,934)	(202,372)
Impaired loans and financing written off	41,904	43,275	107,159	111,285
Allowance made/(written back) for impairment on other debtors	282	(383)	9,976	5,216
	147,340	146,361	312,598	286,431
Bank				
Allowance for impaired loans and advances:				
- Individual impairment allowance	39,649	43,124	93,127	122,580
- Collective impairment allowance	102,775	54,762	174,777	123,832
Impaired loans and financing recovered	(69,834)	(63,130)	(191,117)	(191,632)
Impaired loans and financing written off	36,748	42,184	98,217	103,888
	109,338	76,940	175,004	158,668



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

	Group		Bank	
	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000	As at 30 September 2017 RM'000	Restated As at 31 December 2016 RM'000
(a) Designated as fair value through profit or loss	189,337	202,855	-	-
(b) Held-for-trading	2,370,241	2,121,868	1,062,832	1,112,252
	<u>2,559,578</u>	<u>2,324,723</u>	<u>1,062,832</u>	<u>1,112,252</u>
(a) Financial assets designated as fair value through profit or loss				
<u>Quoted securities:</u>				
In Malaysia				
Unit trusts	50,498	51,343	-	-
<u>Unquoted securities:</u>				
Outside Malaysia				
Private equity funds	138,839	151,512	-	-
	<u>189,337</u>	<u>202,855</u>	<u>-</u>	<u>-</u>
(b) Financial assets held-for-trading				
At fair value				
<u>Money market instruments:</u>				
Malaysian Government Securities	497,461	479,119	497,461	479,119
Malaysian Government Treasury Bills	49,630	-	49,630	-
Malaysian Government Investment Issues	658,130	499,148	404,989	488,971
Cagamas bonds	-	49,992	-	49,992
<u>Quoted securities:</u>				
In Malaysia				
Shares, exchange traded funds and warrants	233,612	111,710	-	-
Unit trusts	14,996	15,989	-	-
Corporate bond/sukuk	3,278	3,287	3,278	3,287
Outside Malaysia				
Shares, exchange traded funds and warrants	245,245	360,421	-	-
<u>Unquoted securities:</u>				
In Malaysia				
Corporate bond/sukuk	596,866	527,709	36,451	16,390
Outside Malaysia				
Corporate bond/sukuk	71,023	74,493	71,023	74,493
	<u>2,370,241</u>	<u>2,121,868</u>	<u>1,062,832</u>	<u>1,112,252</u>



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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 September 2017 were as follows:

	Group	
	As at	As at
	30 September	31 December
	2017	2016
	RM'000	RM'000
Reclassified from financial assets FVTPL to financial investments AFS:		
- Carrying amount	15,589	15,535
- Fair value	15,622	15,478
Fair value gain/(loss) that would have been recognised if the financial assets FVTPL had not been reclassified	33	(57)



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

	Group		Bank	
	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000	As at 30 September 2017 RM'000	Restated As at 31 December 2016 RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government Securities	1,262,037	1,469,989	1,122,916	1,334,125
Malaysian Government Investment Issues	2,764,119	2,227,247	1,963,156	1,395,086
Cagamas bonds	279,912	295,161	209,212	255,143
Khazanah bonds	50,270	48,462	-	-
Wakala Global Sukuk	99,623	115,242	99,623	100,524
Negotiable instruments of deposits	127,786	-	127,786	-
Singapore Government Treasury Bills	1,335,041	1,612,515	1,335,041	1,612,515
Singapore Government Securities	1,394,055	283,655	1,394,055	283,655
Thailand Government bonds	725,079	804,706	725,079	804,706
Sukuk Perumahan Kerajaan	148,516	146,827	78,468	77,907
Malaysia Sovereign Sukuk	54,611	55,161	54,611	55,161
Other foreign government securities	-	4,592	-	4,592
<u>Quoted securities:</u>				
In Malaysia				
Shares	3,695	284	-	-
Unit trusts	15,105	14,263	-	-
Outside Malaysia				
Shares	7,485	7,436	4,967	5,171
Unit trusts	40,965	43,539	-	-
<u>Unquoted securities:</u>				
In Malaysia				
Corporate bond/sukuk	15,160,990	15,870,737	11,990,809	13,096,493
Shares	652,472	645,282	618,022	612,217
Corporate loan stocks	19,523	19,037	19,523	19,037
Prasarana bonds	868,926	258,161	843,779	232,919
Perpetual notes/sukuk	390,696	388,126	187,110	187,507
Outside Malaysia				
Corporate bond/sukuk	1,326,665	1,279,066	1,326,665	865,762
Shares	401	408	-	-
	26,727,972	25,589,896	22,100,822	20,942,520
Accumulated impairment losses	(593,020)	(480,234)	(525,160)	(415,268)
	26,134,952	25,109,662	21,575,662	20,527,252

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 RM125,912,000 (31 December 2016: RM62,120,000) and RM125,912,000 (31 December 2016: RM 62,120,000) respectively.



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

	Group		Bank	
	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000	As at 30 September 2017 RM'000	Restated As at 31 December 2016 RM'000
At amortised cost				
<u>Money market instruments:</u>				
Malaysian Government Securities	1,391,002	2,236,862	1,391,002	2,216,567
Malaysian Government Investment Issues	4,695,939	5,037,022	4,112,948	4,388,725
Cagamas bonds	769,938	1,097,100	769,938	947,006
Khazanah bonds	104,493	101,094	71,482	69,103
Negotiable instruments of deposits	804,501	4,702,294	804,501	3,807,060
Wakala Global Sukuk	31,267	33,663	22,065	23,853
Sukuk Perumahan Kerajaan	111,181	111,125	101,108	101,155
Singapore Government Securities	62,132	62,630	62,132	62,630
Thailand Government Securities	13,345	13,674	13,345	13,674
Sukuk (Brunei) Incorporation	38,883	46,598	38,883	46,598
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Corporate bond/sukuk	8,375,827	7,644,677	5,986,360	6,046,643
Corporate loan stocks	56,964	57,353	29,700	29,849
Prasarana bonds	252,778	254,101	232,414	233,870
Credit link notes	-	30,047	-	-
<u>Outside Malaysia</u>				
Corporate bond/sukuk	145,328	146,844	145,328	146,844
	16,853,578	21,575,084	13,781,206	18,133,577
Accumulated impairment losses	(208,020)	(209,981)	(104,484)	(101,165)
	16,645,558	21,365,103	13,676,722	18,032,412

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 RM165,000,000 (31 December 2016: RM300,000,000) and RM1,945,000,000 (31 December 2016: RM2,660,000,000) respectively.



RHB BANK BERHAD (6171-M)
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FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

A16. Loans, Advances and Financing

(a) By type

	Group		Bank	
	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000	As at 30 September 2017 RM'000	Restated As at 31 December 2016 RM'000
At amortised cost				
Overdrafts	6,369,207	6,340,264	5,547,877	5,637,288
Term loans/financing				
- Housing loans/financing	47,747,101	43,719,962	36,877,538	34,519,131
- Syndicated term loans/financing	6,736,321	7,656,204	3,366,537	3,873,291
- Hire purchase receivables/financing	9,316,020	9,911,076	3,395,210	4,277,547
- Lease receivables	4,669	9,653	-	-
- Other term loans/financing	67,408,430	68,480,261	47,992,908	51,050,283
Bills receivables	2,812,181	2,404,180	1,872,937	1,610,897
Trust receipts	621,508	668,038	606,193	653,267
Claims on customers under acceptance credits	3,420,131	3,641,348	3,420,131	3,641,348
Staff loans/financing	150,798	170,933	131,393	153,053
Credit/charge card receivables	1,993,626	2,032,899	1,732,897	1,758,367
Revolving credits/financing	11,443,937	9,434,578	5,957,720	6,474,842
Gross loans, advances and financing	158,023,929	154,469,396	110,901,341	113,649,314
Fair value changes arising from fair value hedges	9,474	13,072	4,138	4,112
	158,033,403	154,482,468	110,905,479	113,653,426
Allowance for impaired loans, advances and financing:				
- Individual impairment allowance	(1,127,207)	(999,328)	(884,613)	(827,505)
- Collective impairment allowance	(1,138,900)	(1,132,836)	(861,714)	(866,430)
Net loans, advances and financing	155,767,296	152,350,304	109,159,152	111,959,491

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 RM1,670,131,000 (31 December 2016: RM3,506,645,000) and RM1,593,050,000 (31 December 2016: RM2,715,407,000) respectively.



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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

A16. Loans, Advances and Financing (continued)

(b) By type of customer

	Group		Bank	
	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000	As at 30 September 2017 RM'000	Restated As at 31 December 2016 RM'000
Domestic non-bank financial institutions:				
- Others	3,433,664	3,996,874	486,043	948,135
Domestic business enterprises:				
- Small medium enterprises	25,969,312	25,154,454	22,813,679	22,411,410
- Others	30,318,078	30,122,281	17,657,331	19,780,031
Government and statutory bodies	5,697,188	5,476,853	1,915,377	2,388,962
Individuals	73,726,887	70,238,753	53,632,135	52,882,295
Other domestic entities	119,222	131,022	19,289	27,280
Foreign entities	18,759,578	19,349,159	14,377,487	15,211,201
	158,023,929	154,469,396	110,901,341	113,649,314

(c) By geographical distribution

	Group		Bank	
	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000	As at 30 September 2017 RM'000	Restated As at 31 December 2016 RM'000
Malaysia	139,330,965	134,338,438	97,700,814	99,367,684
Labuan Offshore	2,914,005	3,282,900	-	-
Singapore	11,909,362	13,025,998	11,748,163	12,942,011
Thailand	1,536,096	1,439,806	1,292,349	1,184,501
Brunei	160,015	155,118	160,015	155,118
Indonesia	102,202	52,511	-	-
Hong Kong	213,571	368,798	-	-
Cambodia	1,639,768	1,622,419	-	-
Lao	217,945	183,408	-	-
	158,023,929	154,469,396	110,901,341	113,649,314



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A16. Loans, Advances and Financing (continued)

(d) By interest/profit rate sensitivity

	Group		Bank	
	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000	As at 30 September 2017 RM'000	Restated As at 31 December 2016 RM'000
Fixed rate				
- Housing loans/financing	599,430	1,289,823	116,747	764,614
- Hire purchase receivables/financing	9,316,020	9,911,076	3,395,210	4,277,547
- Other fixed rate loans/financing	17,683,071	16,441,425	7,818,906	7,775,905
Variable rate				
- Base lending/financing rate plus	76,956,600	73,279,049	52,590,761	52,992,455
- Cost-plus	31,927,039	35,602,267	29,183,662	33,655,563
- Other variable rates	21,541,769	17,945,756	17,796,055	14,183,230
	158,023,929	154,469,396	110,901,341	113,649,314

(e) By purpose

	Group		Bank	
	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000	As at 30 September 2017 RM'000	Restated As at 31 December 2016 RM'000
Purchase of securities	11,850,604	12,222,870	8,590,614	10,254,279
Purchase of transport vehicles	8,679,930	9,181,216	2,585,682	3,369,743
Purchase of landed property:				
- Residential	46,853,769	42,894,096	36,355,567	34,014,640
- Non-residential	16,669,380	15,185,536	13,416,994	12,600,114
Purchase of property, plant and equipment other than land and building	3,430,658	3,533,786	2,521,851	2,554,979
Personal use	8,953,008	8,387,583	6,409,974	6,224,656
Credit card	1,993,626	2,032,899	1,732,897	1,758,367
Purchase of consumer durables	21,818	55,829	21,467	22,311
Construction	6,552,062	6,815,337	5,160,403	5,458,478
Working capital	37,698,873	37,181,494	25,165,589	27,033,966
Merger and acquisition	2,691,087	2,581,065	1,090,139	705,163
Other purposes	12,629,114	14,397,685	7,850,164	9,652,618
	158,023,929	154,469,396	110,901,341	113,649,314



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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
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A16. Loans, Advances and Financing (continued)

(f) By remaining contractual maturities

	Group		Bank	
	As at 30 September 2017	As at 31 December 2016	As at 30 September 2017	Restated As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
Maturity within one year	45,107,760	45,740,764	35,209,691	39,006,800
One year to three years	10,762,051	8,781,255	7,058,863	4,736,823
Three years to five years	13,479,961	16,342,012	6,411,094	8,942,991
Over five years	88,674,157	83,605,365	62,221,693	60,962,700
	158,023,929	154,469,396	110,901,341	113,649,314

(g) Impaired loans, advances and financing

(i) Movement in impaired loans, advances and financing

	Group		Bank	
	As at 30 September 2017	As at 31 December 2016	As at 30 September 2017	Restated As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
Balance as at the beginning of financial period/year				
- As previously reported	3,749,949	2,841,211	2,703,321	2,333,889
- Effect of predecessor accounting	-	-	15,806	15,806
- As restated	3,749,949	2,841,211	2,719,127	2,349,695
Classified as impaired	2,859,459	4,661,442	2,281,714	3,373,527
Reclassified as non-impaired	(1,937,832)	(2,228,423)	(1,473,618)	(1,875,566)
Amount recovered	(634,010)	(1,020,258)	(386,283)	(674,421)
Amount written off	(352,788)	(532,350)	(310,620)	(473,573)
Transfer from financial investments HTM	-	3,589	-	3,589
Exchange differences	(37,035)	24,738	(1,215)	15,876
Balance as at the end of financial period/year	3,647,743	3,749,949	2,829,105	2,719,127



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A16. Loans, Advances and Financing (continued)

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

(ii) By purpose

	Group		Bank	
	As at 30 September 2017	As at 31 December 2016	As at 30 September 2017	Restated As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	191,448	220,280	79,856	115,235
Purchase of transport vehicles	115,691	121,974	61,233	67,784
Purchase of landed property:				
- Residential	814,773	761,214	668,579	601,381
- Non-residential	237,963	221,882	196,065	134,710
Purchase of property, plant and equipment other than land and building	28,986	41,685	27,560	28,424
Personal use	183,973	168,615	177,111	163,746
Credit card	32,554	36,182	27,692	30,819
Purchase of consumer durables	1,141	1,387	1,141	1,387
Construction	169,497	454,234	92,013	287,346
Working capital	1,808,761	1,671,782	1,458,065	1,264,066
Other purposes	62,956	50,714	39,790	24,229
	3,647,743	3,749,949	2,829,105	2,719,127

(iii) By geographical distribution

	Group		Bank	
	As at 30 September 2017	As at 31 December 2016	As at 30 September 2017	Restated As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
Malaysia	2,503,885	2,597,474	2,124,253	2,163,928
Labuan Offshore	290,057	481,559	-	-
Singapore	677,289	516,184	665,129	515,828
Thailand	38,010	29,365	29,417	29,365
Brunei	10,306	10,006	10,306	10,006
Cambodia	47,084	39,630	-	-
Hong Kong	73,545	73,007	-	-
Lao	7,567	2,724	-	-
	3,647,743	3,749,949	2,829,105	2,719,127



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FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

A16. Loans, Advances and Financing (continued)

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

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

	Group		Bank	
	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000	As at 30 September 2017 RM'000	Restated As at 31 December 2016 RM'000
Individual impairment allowance				
Balance as at the beginning of financial period/year				
- As previously reported	999,328	593,147	817,539	545,521
- Effect of predecessor accounting	-	-	9,966	9,966
- As restated	999,328	593,147	827,505	555,487
Net allowance made	175,065	475,332	93,127	342,931
Transfer from impairment of financial investments HTM	-	2,570	-	2,570
Amount written off	(35,154)	(89,043)	(34,757)	(80,445)
Exchange differences	(12,032)	17,322	(1,262)	6,962
Balance as at the end of financial period/year	1,127,207	999,328	884,613	827,505
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	221,332	222,739	174,777	175,942
Amount written off	(212,410)	(294,093)	(179,666)	(264,621)
Exchange differences	(2,858)	2,084	173	1,840
Balance as at the end of financial period/year	1,138,900	1,132,836	861,714	866,430

A17. Other Assets

	Group		Bank	
	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000
Other receivables	1,100,540	852,326	297,531	303,092
Cash collateral in relation to derivative transactions	651,536	1,877,347	648,541	1,865,918
Deposits	76,708	99,186	36,555	52,230
Prepayments	113,087	87,692	62,410	53,930
Amounts due from subsidiaries	-	-	100,996	852,123
	1,941,871	2,916,551	1,146,033	3,127,293



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A18. Deposits from Customers

(a) By type of deposits

	Group		Bank	
	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000
Demand deposits	35,811,785	33,165,717	30,869,133	29,370,827
Savings deposits	9,795,055	9,297,898	8,255,687	7,902,328
Fixed/investment deposits	122,846,596	123,066,986	83,192,219	90,210,180
Negotiable instruments of deposits	66,166	105,652	66,166	102,412
	168,519,602	165,636,253	122,383,205	127,585,747

(b) By type of customer

	Group		Bank	
	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000
Government and statutory bodies	11,949,191	8,445,695	5,465,529	4,434,553
Business enterprises	96,979,434	99,851,495	66,167,777	72,986,000
Individuals	54,286,699	51,999,571	46,082,417	45,430,914
Other financial institutions	5,304,278	5,339,492	4,667,482	4,734,280
	168,519,602	165,636,253	122,383,205	127,585,747

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

	Group		Bank	
	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000
Due within six months	89,753,695	102,045,773	63,583,619	73,360,586
Six months to one year	32,570,723	20,552,944	19,156,443	16,522,421
One year to three years	573,121	546,193	504,790	402,307
Three years to five years	15,223	27,728	13,533	27,278
	122,912,762	123,172,638	83,258,385	90,312,592



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A19. Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	As at 30 September 2017	As at 31 December 2016	As at 30 September 2017	As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
Licensed banks	16,219,806	16,652,234	17,916,662	21,538,426
Licensed Islamic banks	3,380,335	4,179,222	6,043	1,845
Licensed investments banks	796,694	350,913	323,152	563,423
Bank Negara Malaysia	540,985	586,468	525,822	582,578
Other financial institutions	1,077,015	931,779	452,395	574
	22,014,835	22,700,616	19,224,074	22,686,846

A20. Other Liabilities

	Group		Bank	
	As at 30 September 2017	As at 31 December 2016	As at 30 September 2017	Restated As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
Other creditors and accruals	1,876,306	1,334,725	1,015,285	698,036
Deferred income	105,951	140,908	68,250	84,000
Short term employee benefits	298,721	345,597	204,677	222,419
Accrual for operational expenses	147,007	186,149	112,217	136,727
Prepaid instalments	55,762	58,814	55,183	58,814
Cash collateral pledged for derivative transactions	429,041	625,396	429,041	625,396
Remisiers' trust deposits	63,249	60,060	-	-
Amount due to trust funds	36,031	25,792	-	-
Amounts due to subsidiaries	-	-	79,801	1,724,038
Puttable instruments	76,511	68,705	-	-
	3,088,579	2,846,146	1,964,454	3,549,430



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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.



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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.



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A21. Segmental Reporting (continued)

Nine months ended 30 September 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	1,774,939	750,879	1,114,099	975,158	425,985	(321,958)	-	4,719,102
Inter-segment revenue	28,053	-	45,681	(41,193)	(5,410)	13,048	(40,179)	-
Segment revenue	1,802,992	750,879	1,159,780	933,965	420,575	(308,910)	(40,179)	4,719,102
Other operating expenses	(941,284)	(387,494)	(674,462)	(86,602)	(275,806)	(13,677)	40,179	(2,339,146)
Including:								
- Depreciation of property, plant and equipment	(46,660)	(9,333)	(19,877)	(1,468)	(11,029)	(231)	-	(88,598)
- Amortisation of intangible assets	(25,044)	(11,278)	(12,842)	(2,891)	(5,775)	(5)	-	(57,835)
Allowance for impairment on loans, financing and other losses	(62,242)	(86,186)	(70,525)	17,371	(112,927)	1,911	-	(312,598)
Impairment losses made on other assets	-	-	(2,248)	-	(109,158)	-	-	(111,406)
Segment profit/(loss)	799,466	277,199	412,545	864,734	(77,316)	(320,676)	-	1,955,952
Share of results of joint ventures								301
Profit before taxation								1,956,253
Taxation								(462,317)
Net profit for the financial period								1,493,936



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A21. Segmental Reporting (continued)

As at 30 September 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	75,809,802	23,430,712	58,343,656	49,707,959	26,284,513	663,647	234,240,289
Investments in associates and joint ventures							48,837
Tax recoverable							170,529
Deferred tax assets							38,130
Unallocated assets							641,874
Total assets							<u>235,139,659</u>
Segment liabilities	47,598,158	22,052,276	61,568,138	49,071,629	21,076,113	15,189	201,381,503
Tax liabilities							49,704
Deferred tax liabilities							3,510
Borrowings							560,841
Subordinated obligations							5,827,793
Hybrid Tier-1 Capital Securities							598,845
Senior debt securities							3,414,849
Unallocated liabilities							237,372
Total liabilities							<u>212,074,417</u>



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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
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A21. Segmental Reporting (continued)

Nine months ended 30 September 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	1,846,315	727,722	1,189,857	806,615	459,960	(318,733)	-	4,711,736
Inter-segment revenue	32,142	-	9,827	48	9,864	13,637	(65,518)	-
Segment revenue	1,878,457	727,722	1,199,684	806,663	469,824	(305,096)	(65,518)	4,711,736
Other operating expenses	(939,667)	(352,725)	(662,451)	(93,830)	(280,237)	(29,548)	65,518	(2,292,940)
Including:								
- Depreciation of property, plant and equipment	(48,285)	(8,450)	(20,652)	(2,106)	(10,394)	(176)	-	(90,063)
- Amortisation of intangible assets	(20,457)	(9,816)	(12,328)	(3,503)	(4,914)	-	-	(51,018)
Allowance for impairment on loans, financing and other losses	(113,192)	(45,527)	(12,648)	(14,228)	(103,415)	2,579	-	(286,431)
Impairment losses (made)/written back on other assets	-	-	3,675	4,076	(253,082)	-	-	(245,331)
Segment profit/(loss)	825,598	329,470	528,260	702,681	(166,910)	(332,065)	-	1,887,034
Share of results of joint ventures								396
Profit before taxation								1,887,430
Taxation								(456,560)
Net profit for the financial period								1,430,870



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

As at 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 NINE MONTHS ENDED 30 SEPTEMBER 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, other than the following:

- (a) RHB Investment Bank, a wholly-owned subsidiary, had on 11 October 2017 issued Subordinated Notes of RM200 million in nominal value under a RM1 billion (or its equivalent in other foreign currencies) multi-currency medium term note programme ('MCMTN Programme'). The Subordinated Notes is issued for a tenure of 10 non-callable 5 years with a fixed coupon rate of 4.90% per annum, payable semi-annually in arrears throughout the entire tenure.

A24. Changes in the Composition of the Group

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

- (a) On 23 March 2017, 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.

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

(a) Commitments and Contingencies

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

The commitments and contingencies comprise the following:

	Group		Bank	
	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000
Direct credit substitutes	1,757,405	1,958,320	1,731,615	2,308,064
Transaction-related contingent items	4,995,523	4,974,915	4,753,762	4,527,903
Short term self-liquidating trade-related contingencies	983,433	965,839	951,242	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	332,354	307,856	2,154,932	2,743,442
Irrevocable commitments to extend credit				
- Maturity not exceeding one year	2,195,060	2,821,168	545,703	641,526
- Maturity exceeding one year	26,915,261	22,964,647	20,774,691	17,546,299
Foreign exchange related contracts [^]				
- Less than one year	97,938,792	93,465,618	99,322,795	93,922,890
- One year to less than five years	6,083,644	7,442,666	7,135,760	7,442,666
- More than five years	1,388,002	1,175,060	1,500,615	1,175,060
Equity related contracts [^]				
- Less than one year	24,555	14,368	-	-
Interest rate related contracts [^]				
- Less than one year	11,375,080	11,067,109	12,367,080	11,292,108
- One year to less than five years	23,039,860	26,387,742	24,114,860	28,347,742
- More than five years	5,370,035	3,500,545	5,370,035	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	16,072,484	19,068,447	13,852,403	16,332,017
	198,471,488	196,190,300	194,575,493	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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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 September 2017 RM'000	As at 31 December 2016 RM'000	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000
Corporate guarantee provided to licensed banks for facilities granted to subsidiaries	27,018	390,957	-	362,037
Corporate guarantee issued in favour of Monetary Authority of Singapore in relation to undertaking of subsidiaries	155,370	155,302	-	-
Corporate guarantee issued in favour of the Stock Exchange of Thailand in relation to a derivative warrant programme of a subsidiary	465	-	-	-
	182,853	546,259	-	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 September 2017 RM'000	As at 31 December 2016 RM'000	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000
Capital expenditure for property, plant and equipment:				
- Authorised and contracted for	332,377	223,849	298,858	188,126
- Authorised but not contracted for	245,816	228,247	191,132	167,843
	578,193	452,096	489,990	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 September 2017 RM'000	As at 31 December 2016 RM'000	As at 30 September 2017 RM'000	Restated 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	13,060,832	7,987,701	11,018,894	7,228,090
Other reserves	800,578	5,857,844	536,592	4,399,075
AFS reserves	283,926	82,091	273,857	115,361
	21,139,439	20,921,739	18,823,446	18,736,629
Less:				
Goodwill	(2,633,383)	(2,633,383)	(1,651,542)	(1,651,542)
Intangible assets (include associated deferred tax liabilities)	(408,088)	(370,192)	(360,765)	(316,088)
Net deferred tax assets	(58,944)	(120,584)	(23,150)	(77,557)
55% of cumulative gains of financial investments AFS	(156,159)	(45,150)	(150,622)	(63,449)
Shortfall of eligible provisions to expected losses under the IRB approach	-	(308,827)	-	(296,432)
Investments in subsidiaries and associates*	(121,009)	(91,176)	(3,449,616)	(3,084,205)
Other deductions [#]	(62,603)	(85,550)	(60,190)	(82,630)
Total CET I Capital	17,699,253	17,266,877	13,127,561	13,164,726
Hybrid Tier-1 Capital Securities**	300,000	360,000	300,000	360,000
Qualifying non-controlling interests recognised as Tier I Capital	18,131	11,677	-	-
Total Tier I Capital	18,017,384	17,638,554	13,427,561	13,524,726
Tier II Capital				
Subordinated obligations***	2,000,000	2,400,000	2,000,000	2,400,000
Subordinated obligations meeting relevant criteria	2,249,717	1,499,641	2,249,717	1,499,641
Qualifying capital instruments of a subsidiary issued to third parties [†]	419,388	539,456	-	-
Collective impairment allowance and regulatory reserves [^]	598,806	533,379	372,023	277,941
	5,267,911	4,972,476	4,621,740	4,177,582
Less:				
Investments in subsidiaries and associates*	(30,252)	(60,783)	(862,404)	(2,056,137)
Total Tier II Capital	5,237,659	4,911,693	3,759,336	2,121,445
Total Capital	23,255,043	22,550,247	17,186,897	15,646,171



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A27. Capital Adequacy Ratio (continued)

	Group		Bank [@]	
	As at 30 September 2017	As at 31 December 2016	As at 30 September 2017	Restated As at 31 December 2016
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	13.734%	13.328%	13.274%	12.586%
Tier I Capital Ratio	13.980%	13.614%	13.577%	12.930%
Total Capital Ratio	18.045%	17.406%	17.378%	14.959%
After proposed dividends:				
CET I Capital Ratio	13.578%	13.111%	13.071%	12.394%
Tier I Capital Ratio	13.825%	13.398%	13.374%	12.739%
Total Capital Ratio	17.889%	17.189%	17.175%	14.767%

[@] 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 RM474,354,000 (31 December 2016: RM283,467,000) and RM295,481,000 (31 December 2016: RM165,720,000) respectively.



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A27. Capital Adequacy Ratio (continued)

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

	RHB Islamic Bank		RHB Investment Bank	
	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000
CET I/Tier I Capital				
Share capital	1,273,424	1,273,424	1,487,773	818,646
Share premium	-	-	-	1,515,150
Retained profits	1,664,081	766,058	800,541	351,586
Other reserves	-	762,388	-	449,208
AFS reserves	(8,315)	(31,944)	25,745	7,850
	2,929,190	2,769,926	2,314,059	3,142,440
Less:				
Goodwill	-	-	(372,395)	(1,118,418)
Investments in subsidiaries, associates and joint ventures*	-	-	(1,221,032)	(915,469)
Intangible assets (include associated deferred tax liabilities)	(3,124)	-	(23,062)	(27,086)
Net deferred tax assets	(15,099)	(25,748)	-	(7,919)
55% of cumulative gains of financial investments AFS	-	-	(14,160)	(4,318)
Reduction in excess of Tier II Capital due to insufficient Tier II Capital [†]	-	-	(1,983)	(151,853)
Other deductions [#]	(2,397)	(2,891)	(16)	(29)
Total CET I Capital/Tier I Capital	2,908,570	2,741,287	681,411	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 [^]	322,971	290,408	8,406	13,460
	1,072,971	790,408	453,406	458,460
Less:				
Investments in subsidiaries, associates and joint ventures*	-	-	(305,258)	(458,460)
Total Tier II Capital	1,072,971	790,408	148,148	-
Total Capital	3,981,541	3,531,695	829,559	917,348
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	10.537%	10.868%	28.225%	29.623%
Tier I Capital Ratio	10.537%	10.868%	28.225%	29.623%
Total Capital Ratio	14.423%	14.002%	34.362%	29.623%
After proposed dividends:				
CET I Capital Ratio	10.537%	10.868%	28.225%	29.623%
Tier I Capital Ratio	10.537%	10.868%	28.225%	29.623%
Total Capital Ratio	14.423%	14.002%	34.362%	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 RM168,092,000 (31 December 2016: RM158,516,000) and RM8,406,000 (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 September 2017				
Credit risk	112,524,311	87,737,165	25,837,643	672,475
Market risk	5,045,953	2,933,151	418,655	685,359
Operational risk	11,305,068	8,229,889	1,348,330	1,056,345
Total risk-weighted assets	<u>128,875,332</u>	<u>98,900,205</u>	<u>27,604,628</u>	<u>2,414,179</u>
31 December 2016				
Credit risk	113,882,724	92,579,559	23,958,399	1,269,201
Market risk	4,846,916	3,733,756	63,426	676,232
Operational risk	10,828,115	8,283,571	1,200,381	1,151,279
Total risk-weighted assets	<u>129,557,755</u>	<u>104,596,886</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 September 2017 RM'000	As at 31 December 2016 RM'000
Before proposed dividends:		
Core capital ratio	#	#
Solvency ratio	19.574%	17.002%
After proposed dividends:		
Core capital ratio	#	#
Solvency ratio	19.574%	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.



**RHB BANK BERHAD (6171-M)
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A28. Operations of Islamic Banking

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

	Group	
	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000
ASSETS		
Cash and short-term funds	9,120,786	3,436,482
Deposits and placements with banks and other financial institutions	116,219	537,141
Financial assets held-for-trading	253,141	10,177
Financial investments AFS	3,559,858	3,459,647
Financial investments HTM	2,514,696	2,820,123
Financing and advances	40,448,869	33,834,735
Other assets	135,621	171,730
Derivative assets	13,504	356,311
Statutory deposits	1,077,200	1,051,050
Deferred tax assets	14,340	20,929
Property, plant and equipment	6,346	6,576
Intangible assets	3,883	4,750
Total assets	<u>57,264,463</u>	<u>45,709,651</u>
LIABILITIES		
Deposits from customers	39,767,270	29,419,928
Deposits and placements of banks and other financial institutions	5,369,588	5,287,330
Bills and acceptances payable	9,604	9,050
Recourse obligation on financing sold to Cagamas	84,546	815,243
Other liabilities	206,346	187,603
Derivative liabilities	158,933	36,487
Tax liabilities and zakat	27,463	29,451
Subordinated obligations	764,673	503,187
Total liabilities	<u>46,388,423</u>	<u>36,288,279</u>
Islamic Banking Funds	10,876,040	9,421,372
Total liabilities and Islamic Banking Funds	<u>57,264,463</u>	<u>45,709,651</u>
Commitments and contingencies	<u>14,215,365</u>	<u>14,215,011</u>



RHB BANK BERHAD (6171-M)
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A28. Operations of Islamic Banking (continued)

(b) Income Statement for the Nine Months Ended 30 September 2017

	3rd Quarter Ended		Nine Months Ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
Group				
Income derived from investment of depositors' funds	496,906	418,498	1,381,704	1,253,160
Income derived from investment account funds	98,174	81,558	276,818	239,226
Income derived from investment of shareholders' funds	20,711	31,068	99,738	100,063
Allowance for impairment on financing and advances	(34,595)	(23,625)	(51,435)	(56,678)
Total distributable income	581,196	507,499	1,706,825	1,535,771
Income attributable to depositors	(338,634)	(297,037)	(928,839)	(887,081)
	242,562	210,462	777,986	648,690
Personnel expenses	(5,402)	(8,872)	(20,011)	(24,700)
Other overheads and expenditures	(75,116)	(56,262)	(216,567)	(162,342)
Profit before taxation	162,044	145,328	541,408	461,648
Taxation	(21,135)	(25,086)	(81,916)	(72,793)
Net profit for the financial period	140,909	120,242	459,492	388,855

(c) Statement of Comprehensive Income for the Nine Months Ended 30 September 2017

	3rd Quarter Ended		Nine Months Ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period	140,909	120,242	459,492	388,855
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	5,922	31,968	33,481	86,205
- Net transfer to income statement on disposal or impairment of financial investments AFS	(669)	(2,538)	(2,390)	(5,199)
- Income tax relating to components of other comprehensive income	(1,261)	(7,063)	(7,462)	(19,441)
Other comprehensive income, net of tax, for the financial period	3,992	22,367	23,629	61,565
Total comprehensive income for the financial period	144,901	142,609	483,121	450,420



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A28. Operations of Islamic Banking (continued)

(d) Financing and Advances

	Group	
	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000
At amortised cost		
Cashline	500,015	402,800
Term financing		
- Housing financing	10,676,119	9,057,346
- Syndicated term financing	1,851,035	1,422,695
- Hire purchase receivables	5,920,800	5,633,510
- Other term financing	17,677,751	15,476,386
Bills receivables	939,244	793,283
Trust receipts	11,423	14,026
Staff financing	2,643	3,394
Credit/charge card receivables	260,730	274,532
Revolving financing	2,880,851	1,009,152
Gross financing and advances	<u>40,720,611</u>	<u>34,087,124</u>
Less: Allowance for impaired financing and advances		
- Individual impairment allowance	(23,509)	(15,864)
- Collective impairment allowance	(248,233)	(236,525)
Net financing and advances	<u>40,448,869</u>	<u>33,834,735</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	381,156	514,915
Reclassified as non-impaired	(292,720)	(352,703)
Amount recovered	(60,745)	(78,617)
Amount written off	(41,803)	(53,235)
Balance as at the end of the financial period/year	<u>378,984</u>	<u>393,096</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)	7,686	(3,438)
Amount written off	(41)	(3,347)
Balance as at the end of the financial period/year	<u>23,509</u>	<u>15,864</u>
Collective impairment allowance		
Balance as at the beginning of the financial period/year	236,525	199,653
Net allowance made	44,443	77,902
Amount written off	(32,735)	(41,030)
Balance as at the end of the financial period/year	<u>248,233</u>	<u>236,525</u>



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A28. Operations of Islamic Banking (continued)

	Group	
	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000
(e) Other Assets		
Prepayments	15,108	11,751
Deposits	1,738	1,305
Other receivables	118,775	158,674
	<u>135,621</u>	<u>171,730</u>
(f) Deposits from Customers		
Saving Deposits		
- Wadiah	1,325,792	1,221,616
Demand Deposits		
- Wadiah	4,660,389	3,764,386
- Commodity Murabahah	8,266	5,926
Term Deposits		
- Commodity Murabahah	25,748,196	16,716,463
Specific Investment Account		
- Murabahah	7,886,056	7,556,178
General Investment Account		
- Mudharabah	138,571	155,359
	<u>39,767,270</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 nine months ended 30 September 2017, the Group reported a net profit of RM1,490.1 million as compared to RM1,420.4 million for the same period in 2016, an increase of 4.9%. 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 5.2% to RM3,398.0 million from a year ago mainly due 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 resulted in net interest margin to stabilise at 2.19% over the last two quarters.

Non-fund based income was 10.9% lower at RM1,321.1 million, contributed largely by lower net foreign exchange gain, lower commercial/investment banking fee income, lower trading and investment income and lower insurance underwriting surplus, 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 2.0% to RM2,339.1 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 49.6%, from 50% for financial year 2016.

Allowances for impairment on loans and financing was higher at RM312.6 million, primarily due to higher collective impairment, partially offset by lower individual impairment. Annualised credit costs for the first nine months of 2017 was at 26 basis points.

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 0.7% to RM235.1 billion as at 30 September 2017 primarily due to lower financial investments in the held-to-maturity portfolio and derivative assets, partially offset by growth in loans and financing and cash and short-term funds. Shareholders' funds for the Group increased to RM23.0 billion, with net assets per share improving by 5.9% to RM5.74 as at 30 September 2017.

The Group's gross loans and financing grew by 3.3% year-on-year and 2.3% for the first nine months to RM158.0 billion. The increases were mainly from mortgages and SME which recorded resilient annualised growth rate of 12.3% and 4.3% respectively.

Customer deposits increased by 1.7% for both year-on-year and the first nine months to RM168.5 billion. Total current and savings account ('CASA') registered a strong growth of 11.9% over the year and 7.4% year-to-date, with CASA composition improving to 27.1% as at 30 September 2017 from 25.6% recorded in December 2016. The Group's loan-to-deposit ratio stood at 93.8%, whereas the liquidity coverage ratio and net stable funding ratio are above the regulatory requirement as at September 2017.

Compared to December 2016, gross impaired loans declined slightly to RM3.6 billion, with gross impaired loans ratio improving to 2.31% from 2.43%.



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(c) Performance by Operating Segment

(i) Group Retail Banking

Group Retail Banking reported a pre-tax profit of RM799.5 million for the first nine months ended 30 September 2017, 3.2% lower from the previous year's corresponding period. This was mainly attributed to lower net fund based income as yield competition intensified, partially offset by lower allowances for loans and financing.

Retail loans and financing was at RM73.6 billion, 6.7% and 4.9% higher year-on-year and for the first nine months of 2017 respectively, as growth in mortgages and personal loans were negated by contraction recorded in loans for purchase of securities and auto financing. Mortgage loans grew at a strong annualised rate of 14.7%, resulting in an improvement in domestic market share to 8.9% from 8.6% as at December 2016.

Retail deposits increased by 10.4% over the last one year and 5.2% from the end of 2016 to RM46.5 billion as at September 2017, mainly contributed by higher fixed deposits and current account balances.

(ii) Group Business Banking

Group Business Banking recorded a pre-tax profit of RM277.2 million in the first nine months, a decrease of 15.9% 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 period.

Gross loans and financing expanded by an annualised rate of 8.7%, driven mainly by the SME portfolio growth.

Deposits remained relatively stable at RM21.9 billion as at September 2017.

(iii) GWB

Group Wholesale Banking recorded a pre-tax profit of RM1,277.3 million, an increase of 3.8% from the previous year's corresponding period.

- (a) Group Corporate and Investment Banking registered pre-tax profit of RM412.5 million, a 21.9% decline 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 nine months at RM45.9 billion as new drawdowns were offset by a few large corporate repayments.

Deposits increased by 8.1% in the first nine months, largely contributed by 8.9% growth in fixed deposits and 3.7% growth in current account. On a year-on-year basis, deposits increased by 3.8%, mainly contributed by growth in fixed deposits.

- (b) Group Treasury and Global Markets recorded a strong 23.1% growth in pre-tax profit to RM864.7 million in the first nine months, mainly due to higher net funding income and higher impairment write-back on loans, partially offset by lower net foreign exchange gain.



**RHB BANK BERHAD (6171-M)
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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 RM77.3 million for the first nine months of 2017. RHB Bank Singapore recorded a pre-tax loss of SGD38.1 million compared to a pre-tax loss of SGD65.3 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 declined 9.3% to SGD3.8 billion in the first nine months mainly due to tightening of underwriting process and large corporate repayments. Deposits decreased by 18.5% to SGD4.8 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 RM39.3 million in the first nine months, 45.2% higher compared to a year ago, mainly due to improved profitability in Cambodia and Lao.

B2. Current Quarter vs Previous Quarter

Net profit for the third quarter of 2017 was RM488.8 million, marginally lower by 2.4% as compared to RM501.0 million recorded in the preceding quarter ended 30 June 2017. This was primarily due to higher impairment losses on loans, higher operating expenses and lower non-fund based income, partially offset by lower impairment losses on other assets and higher net funding income.

B3. Prospects for Financial Year 2017

The Malaysian economy grew at a robust pace in the first nine months of the year with the third quarter registering a 6.2% growth year-on-year. This was achieved through a combination of higher exports and increase in domestic demand. Moving forward, sustained domestic demand underpinned by investment spending will be the principal growth catalysts while improving exports will provide additional boost. Real GDP for the year is estimated to grow at 5.6%, up from 4.2% recorded in 2016.

The Malaysian banking sector is expected to see modest growth, with lending momentum expected to improve in the last quarter of the year. Nevertheless, rising pressure on funding cost may weigh on the performance of banks.

The Group will continue to focus on selective areas of growth while also effectively managing asset quality and enhancing productivity, particularly through our various digitisation initiatives. The Group expects to deliver a better performance this year.

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

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



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B5. Taxation

	3rd Quarter Ended		Nine Months Ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
Group				
Income tax based on profit for the financial period				
- Malaysian income tax	147,345	153,933	469,064	411,624
- Overseas tax	6,490	(8,578)	12,820	9,164
Deferred tax	4,940	13,616	(1,315)	34,323
	<u>158,775</u>	<u>158,971</u>	<u>480,569</u>	<u>455,111</u>
Over provision in respect of prior financial year	(4,892)	(7,008)	(18,252)	1,449
	<u><u>153,883</u></u>	<u><u>151,963</u></u>	<u><u>462,317</u></u>	<u><u>456,560</u></u>

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

	3rd Quarter Ended		Nine Months Ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
Bank				
Income tax based on profit for the financial period				
- Malaysian income tax	101,026	108,133	336,477	285,193
- Overseas tax	2,172	(12,243)	2,179	1,656
Deferred tax	10,076	9,474	1,227	36,968
	<u>113,274</u>	<u>105,364</u>	<u>339,883</u>	<u>323,817</u>
Over provision in respect of prior financial year	(2,695)	(11,901)	(20,590)	(11,901)
	<u><u>110,579</u></u>	<u><u>93,463</u></u>	<u><u>319,293</u></u>	<u><u>311,916</u></u>

The effective tax rate of the Bank for the third quarter and nine months ended 30 September 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.



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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 September 2017	As at 31 December 2016	As at 30 September 2017	As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- One year or less	167,931,258	165,062,332	121,864,882	127,156,162
- More than one year	588,344	573,921	518,323	429,585
	<u>168,519,602</u>	<u>165,636,253</u>	<u>122,383,205</u>	<u>127,585,747</u>
Deposits and placements of banks and other financial institutions				
- One year or less	22,013,006	22,698,392	19,222,245	22,684,622
- More than one year	1,829	2,224	1,829	2,224
	<u>22,014,835</u>	<u>22,700,616</u>	<u>19,224,074</u>	<u>22,686,846</u>

(b) Borrowings

	Group		Bank	
	As at 30 September 2017	As at 31 December 2016	As at 30 September 2017	As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
Unsecured				
Revolving credits:				
- Hong Kong Dollar	53,501	185,691	-	-
- Thai Baht	94,985	87,688	-	-
Term loans:				
- United States Dollar	412,355	698,651	412,355	698,651
	<u>560,841</u>	<u>972,030</u>	<u>412,355</u>	<u>698,651</u>
Scheduled repayment of borrowings:				
- Within one year	378,631	563,182	230,145	289,803
- One year to three years	182,210	408,848	182,210	408,848
	<u>560,841</u>	<u>972,030</u>	<u>412,355</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 September 2017	As at 31 December 2016	As at 30 September 2017	As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
5.50% RM700 million Tier II Subordinated Notes 2007/2022	713,079	703,375	713,079	703,375
5.60% RM300 million Tier II Subordinated Notes 2010/2025	307,180	302,854	307,180	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	1,319,386	1,304,757	1,319,386	1,304,757
4.40% RM245 million Tier II Subordinated Notes 2012/2022	248,249	245,561	-	-
4.95% RM500 million Tier II Subordinated Sukuk Murabahah 2014/2024	512,500	503,187	-	-
4.99% RM1 billion Tier II Subordinated Notes 2014/2024	1,011,210	1,023,651	1,011,210	1,023,651
4.95% RM200 million Tier II Subordinated Notes 2015/2025	204,502	202,034	-	-
4.75% RM500 million Tier II Subordinated Notes 2015/2025	509,217	503,155	509,217	503,155
4.88% RM250 million Tier II Subordinated Sukuk Murabahah 2017/2027	252,173	-	-	-
4.82% RM750 million Tier II Subordinated Notes 2017/2027	750,297	-	750,297	-
	5,827,793	5,543,358	4,610,369	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 September 2017	As at 31 December 2016	As at 30 September 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	361,734	368,818	361,734	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	237,111	233,325	242,207	238,337
	598,845	602,143	603,941	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	As at
	30 September	31 December
	2017	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	1,283,300	1,352,808
USD500 million 2.503% senior debt securities due in 2021	2,131,549	2,250,529
	3,414,849	5,856,389



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B8. Derivative Financial Instruments

Details of derivative financial instruments outstanding are as follows:

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

Group	As at 30 September 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 type						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Forwards/swaps	89,375,726	737,276	1,058,347	87,708,353	1,980,966	1,390,728
- Options	2,758,000	7,346	6,655	1,126,466	6,220	4,257
- Cross-currency interest rate swaps	13,292,814	1,399,117	1,366,628	13,333,589	1,909,089	2,170,087
	105,426,540	2,143,739	2,431,630	102,168,408	3,896,275	3,565,072
Interest rate related contracts						
- Swaps	37,434,975	143,586	100,983	38,605,396	178,605	90,977
	37,434,975	143,586	100,983	38,605,396	178,605	90,977
Equity related contracts						
- Options	24,758	2,695	17	14,368	123	24
	24,758	2,695	17	14,368	123	24
Structured warrants	83,696	-	37,709	52,380	-	11,817
	83,696	-	37,709	52,380	-	11,817
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	2,350,000	97	7,365	2,350,000	415	11,130
	2,350,000	97	7,365	2,350,000	415	11,130
Total	145,319,969	2,290,117	2,577,704	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 September 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	91,698,498	740,284	1,061,857	88,232,096	1,994,626	1,393,427
- Options	2,757,900	7,346	6,655	974,931	6,224	5,048
- Cross-currency interest rate swaps	13,502,772	1,398,220	1,367,024	13,333,589	1,907,908	2,170,389
	107,959,170	2,145,850	2,435,536	102,540,616	3,908,758	3,568,864
Interest rate related contracts						
- Swaps	39,501,975	150,739	101,073	40,790,395	186,980	91,828
	39,501,975	150,739	101,073	40,790,395	186,980	91,828
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	2,350,000	97	7,365	2,350,000	415	11,130
	2,350,000	97	7,365	2,350,000	415	11,130
Total	149,811,145	2,296,686	2,543,974	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 September 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	97,954,894	1,667,093	1,930,759	93,550,683	3,020,104	2,497,672
- One year to three years	4,055,035	376,737	363,429	5,952,649	715,778	938,839
- More than three years	3,416,611	99,909	137,442	2,665,076	160,393	128,561
	105,426,540	2,143,739	2,431,630	102,168,408	3,896,275	3,565,072
Interest rate related contracts						
- Less than one year	10,437,080	11,849	7,411	11,067,111	16,279	4,822
- One year to three years	14,431,955	49,052	34,675	17,449,051	59,329	46,840
- More than three years	12,565,940	82,685	58,897	10,089,234	102,997	39,315
	37,434,975	143,586	100,983	38,605,396	178,605	90,977
Equity related contracts						
- Less than one year	24,758	2,695	17	14,368	123	24
	24,758	2,695	17	14,368	123	24
Structured warrants						
- Less than one year	83,696	-	37,709	52,380	-	11,817
	83,696	-	37,709	52,380	-	11,817
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than 1 year	938,000	97	869	-	-	-
- One year to three years	1,412,000	-	6,496	2,350,000	415	11,130
	2,350,000	97	7,365	2,350,000	415	11,130
Total	145,319,969	2,290,117	2,577,704	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 September 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	99,322,795	1,670,101	1,933,897	93,922,890	3,033,760	2,501,162
- One year to three years	4,519,264	376,735	384,087	5,952,649	715,742	939,141
- More than three years	4,117,111	99,014	117,552	2,665,077	159,256	128,561
	107,959,170	2,145,850	2,435,536	102,540,616	3,908,758	3,568,864
Interest rate related contracts						
- Less than one year	11,429,080	12,119	7,493	11,292,110	16,970	4,640
- one year to three years	15,506,955	55,988	34,675	19,319,051	66,416	47,862
- More than three years	12,565,940	82,632	58,905	10,179,234	103,594	39,326
	39,501,975	150,739	101,073	40,790,395	186,980	91,828
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than 1 year	938,000	97	869	-	-	-
- one year to three years	1,412,000	-	6,496	2,350,000	415	11,130
	2,350,000	97	7,365	2,350,000	415	11,130
Total	149,811,145	2,296,686	2,543,974	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 September 2017				
<u>Financial assets</u>				
Financial assets FVTPL:	547,629	1,856,720	155,229	2,559,578
- Money market instruments	-	1,205,221	-	1,205,221
- Quoted securities	547,629	-	-	547,629
- Unquoted securities	-	651,499	155,229	806,728
Financial investments AFS:	58,662	24,932,734	1,143,556	26,134,952
- Money market instruments	-	8,241,049	-	8,241,049
- Quoted securities	58,662	-	4,967	63,629
- Unquoted securities	-	16,691,685	1,138,589	17,830,274
Derivative assets	-	2,290,117	-	2,290,117
	<u>606,291</u>	<u>29,079,571</u>	<u>1,298,785</u>	<u>30,984,647</u>
<u>Financial liabilities</u>				
Derivative liabilities	<u>37,709</u>	<u>2,539,995</u>	<u>-</u>	<u>2,577,704</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	<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 September 2017				
<u>Financial assets</u>				
Financial assets FVTPL:	3,278	1,043,164	16,390	1,062,832
- Money market instruments	-	952,080	-	952,080
- Quoted securities	3,278	-	-	3,278
- Unquoted securities	-	91,084	16,390	107,474
Financial investments AFS:	-	20,762,993	812,669	21,575,662
- Money market instruments	-	7,109,947	-	7,109,947
- Quoted securities	-	-	4,967	4,967
- Unquoted securities	-	13,653,046	807,702	14,460,748
Derivative assets	-	2,296,686	-	2,296,686
	3,278	24,102,843	829,059	24,935,180
<u>Financial liabilities</u>				
Derivative liabilities	-	2,543,974	-	2,543,974
Restated				
31 December 2016				
<u>Financial assets</u>				
Financial assets FVTPL:	3,287	1,092,575	16,390	1,112,252
- Money market instruments	-	1,018,082	-	1,018,082
- Quoted securities	3,287	-	-	3,287
- Unquoted securities	-	74,493	16,390	90,883
Financial investments AFS:	-	19,720,273	806,979	20,527,252
- Money market instruments	-	5,923,414	-	5,923,414
- Quoted securities	-	-	5,171	5,171
- Unquoted securities	-	13,796,859	801,808	14,598,667
Derivative assets	-	4,096,153	-	4,096,153
	3,287	24,909,001	823,369	25,735,657
<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		Bank	
	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000	As at 30 September 2017 RM'000	Restated As at 31 December 2016 RM'000
Financial assets FVTPL				
Balance as at the beginning of financial period/year				
- As previously reported	167,901	153,863	-	-
- Effect of predecessor accounting	-	-	16,390	16,390
- As restated	167,901	153,863	16,390	16,390
Total net loss recognised in income statements	(6,442)	(4,936)	-	-
Purchases	10,563	252,042	-	-
Settlements	(8,160)	(238,577)	-	-
Exchange differences	(8,633)	5,509	-	-
Balance as at the end of the financial period/year	155,229	167,901	16,390	16,390
Financial investments AFS				
Balance as at the beginning of financial period/year				
- As previously reported	1,138,800	1,074,704	791,209	657,769
- Effect of predecessor accounting	-	-	15,770	15,770
- As restated	1,138,800	1,074,704	806,979	673,539
Total gain recognised in other comprehensive income	7,541	10,388	5,596	30,789
Total net loss recognised in income statements	-	(7,135)	-	-
Purchases	14,849	74,651	1,880	102,429
Settlements	(11,728)	(17,766)	(1,790)	-
Impairment losses	-	(549)	-	-
Exchange differences	(5,906)	4,507	4	222
Balance as at the end of the financial period/year	1,143,556	1,138,800	812,669	806,979



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B10. Realised and Unrealised Profits

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

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

	Group		Bank	
	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000
Total retained profits of the Bank and its subsidiaries				
- Realised	14,440,220	8,039,282	10,895,264	6,097,608
- Unrealised	(111,355)	553,524	(152,372)	520,963
	14,328,865	8,592,806	10,742,892	6,618,571
Total share of retained profits from associates and joint ventures				
- Realised	4,533	4,232	-	-
	14,333,398	8,597,038	10,742,892	6,618,571
Less: Consolidation adjustments	(512,929)	(439,853)	-	-
Total retained profits	13,820,469	8,157,185	10,742,892	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 course of business.

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.



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B11. Significant Events During the Financial Period

Internal reorganisation - transfer of certain businesses of RHB Investment Bank to the Bank

During the current financial period, the Bank and its wholly-owned subsidiary, RHB Investment Bank have undertaken an internal reorganisation which includes the following:

(i) Transfer of Treasury Business and Transfer of Structured Lending Business

The Transfer of Treasury Business and Transfer of Structured Lending Business entail the transfer of treasury business and structured lending business of RHB Investment Bank to the Bank by way of a business transfer scheme pursuant to Section 100 of the Financial Services Act, 2013 ('FSA') and the Order of the High Court of Malaya pursuant to Sections 102 and 104 of the FSA.

Approvals from the relevant regulatory authorities have been obtained and the transfer of the businesses was effectively completed on 24 July 2017, based on the respective carrying value of the related securities and structured lending, with the corresponding goodwill in accordance with predecessor accounting at the Bank level. The business transfers do not have any significant effect to the financial results of the Bank and there is no financial impact from the Group's perspective.

(ii) Capital Repayment

The capital repayment entails RHB Investment Bank cancelling a portion of its consolidated share capital (which includes the issued and paid-up share capital and the share premium).

The High Court of Malaya had on 18 September 2017, granted an order confirming the cancellation of 718,646,000 shares of RHB Investment Bank amounting to RM846,023,000 from the entire consolidated issued capital of RM2,333,796,000 (representing issued capital of RM818,646,000 and the share premium amount formerly in the share premium account being RM1,515,150,000) pursuant to Section 116 of the Companies Act 2016. The capital repayment was effectively completed on 25 September 2017, and RHB Investment Bank remains a wholly-owned subsidiary of the Bank upon completion of the capital repayment.

The Bank has adopted the predecessor accounting to reflect the transfer of the treasury business and structured lending business and the effects of the restatement arising therefrom are as follows:

Statements of Financial Position
As at 31 December 2016

Bank	As previously reported	Effect of predecessor accounting	As restated
	RM'000	RM'000	RM'000
ASSETS			
Cash and short-term funds	12,430,270	-	12,430,270
Securities purchased under resale agreements	1,289,891	-	1,289,891
Deposits and placements with banks and other financial institutions	9,641,121	-	9,641,121
Financial assets FVTPL	1,095,862	16,390	1,112,252
Financial investments AFS	19,692,075	835,177	20,527,252
Financial investments HTM	17,986,112	46,300	18,032,412
Loans, advances and financing	111,953,651	5,840	111,959,491
Other assets	3,127,293	-	3,127,293
Derivative assets	4,096,153	-	4,096,153
Statutory deposits	2,829,242	-	2,829,242
Tax recoverable	180,705	-	180,705
Deferred tax assets	55,515	2,785	58,300
Investments in subsidiaries	5,340,659	-	5,340,659
Property, plant and equipment	756,899	-	756,899
Goodwill	905,519	746,023	1,651,542
Intangible assets	335,153	-	335,153
TOTAL ASSETS	191,716,120	1,652,515	193,368,635



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B11. Significant Events During the Financial Period (continued)

Statements of Financial Position (continued)

As at 31 December 2016

Bank	As previously reported	Effect of predecessor accounting	As restated
	RM'000	RM'000	RM'000
LIABILITIES AND EQUITY			
Deposits from customers	127,585,747	-	127,585,747
Deposits and placements of banks and other financial institutions	22,686,846	-	22,686,846
Obligations on securities sold under repurchase agreements	2,716,656	-	2,716,656
Bills and acceptances payable	286,318	-	286,318
Other liabilities	1,898,825	1,650,605	3,549,430
Derivative liabilities	3,671,822	-	3,671,822
Recourse obligation on loans sold to Cagamas	2,738,811	-	2,738,811
Borrowings	698,651	-	698,651
Subordinated obligations	4,592,576	-	4,592,576
Hybrid Tier-I Capital Securities	607,155	-	607,155
Senior debt securities	5,856,389	-	5,856,389
TOTAL LIABILITIES	173,339,796	1,650,605	174,990,401
Share capital	4,010,045	-	4,010,045
Reserves	14,366,279	1,910	14,368,189
TOTAL EQUITY	18,376,324	1,910	18,378,234
TOTAL LIABILITIES AND EQUITY	191,716,120	1,652,515	193,368,635

Statements of Cash Flow

For the nine months ended 30 September 2016

Bank	As previously reported	Effect of predecessor accounting	As restated
	RM'000	RM'000	RM'000
Net cash used in operating activities	(1,638,646)	881,477	(757,169)
Net cash generated from/(used in) investing activities	682,949	(881,477)	(198,528)
Net cash generated from financing activities	2,400,997	-	2,400,997
Net increase in cash and cash equivalents	1,445,300	-	1,445,300
Effects of exchange rate differences	(28,907)	-	(28,907)
Cash and cash equivalents at the end of the financial period	9,630,076	-	9,630,076



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B12. Dividends

No dividend has been declared for the third quarter ended 30 September 2017.

B13. Earnings per Share

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
Basic earnings per share				
Profit attributable to equity holders of the Bank (RM'000)	<u>488,828</u>	<u>505,327</u>	<u>1,490,068</u>	<u>1,420,381</u>
Weighted average number of ordinary shares in issue ('000)	<u>4,010,045</u>	<u>4,010,045</u>	<u>4,010,045</u>	<u>3,804,087</u>
Earnings per share (sen)				
- Basic	12.2	12.6	37.2	37.3
- Diluted	<u>12.2</u>	<u>12.6</u>	<u>37.2</u>	<u>37.3</u>

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

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
(License No. LS0006901)

Company Secretary
27 November 2017