



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

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**RHB BANK BERHAD (6171-M)  
INTERIM FINANCIAL STATEMENTS  
UNAUDITED INCOME STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2018**

	Note	1st Quarter Ended		Three Months Ended	
		31 March	31 March	31 March	31 March
		2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
<b>Group</b>					
Interest income	A8	<b>1,937,557</b>	1,913,770	<b>1,937,557</b>	1,913,770
Interest expense	A9	<b>(1,008,611)</b>	(1,062,176)	<b>(1,008,611)</b>	(1,062,176)
Net interest income		<b>928,946</b>	851,594	<b>928,946</b>	851,594
Other operating income	A10	<b>566,689</b>	453,831	<b>566,689</b>	453,831
Income from Islamic Banking business	A30(b)	<b>273,768</b>	249,997	<b>273,768</b>	249,997
Net income		<b>1,769,403</b>	1,555,422	<b>1,769,403</b>	1,555,422
Other operating expenses	A11	<b>(862,985)</b>	(761,217)	<b>(862,985)</b>	(761,217)
Operating profit before allowances		<b>906,418</b>	794,205	<b>906,418</b>	794,205
Allowance for credit losses	A12	<b>(114,500)</b>	(136,029)	<b>(114,500)</b>	(136,029)
		<b>791,918</b>	658,176	<b>791,918</b>	658,176
Share of results of joint ventures		<b>(9)</b>	96	<b>(9)</b>	96
Profit before taxation		<b>791,909</b>	658,272	<b>791,909</b>	658,272
Taxation	B5	<b>(200,898)</b>	(156,682)	<b>(200,898)</b>	(156,682)
Net profit for the financial period		<b>591,011</b>	501,590	<b>591,011</b>	501,590
Attributable to:					
- Equity holders of the Bank		<b>590,820</b>	500,277	<b>590,820</b>	500,277
- Non-controlling interests		<b>191</b>	1,313	<b>191</b>	1,313
		<b>591,011</b>	501,590	<b>591,011</b>	501,590
Earnings per share (sen)					
- Basic	B12	<b>14.7</b>	12.5	<b>14.7</b>	12.5
- Diluted	B12	<b>14.7</b>	12.5	<b>14.7</b>	12.5

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 2017.



**RHB BANK BERHAD (6171-M)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2018**

	1st Quarter Ended		Three Months Ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Net profit for the financial period	<b>591,011</b>	501,590	<b>591,011</b>	501,590
Other comprehensive income/(loss) in respect of:				
(i) Items that will not be reclassified to profit or loss:				
(a) Actuarial (loss)/gain on defined benefit plan of subsidiaries	<b>(185)</b>	394	<b>(185)</b>	394
(b) Equity instruments designated at fair value through other comprehensive income ('FVOCI')				
- Net gain on disposal	<b>26</b>	-	<b>26</b>	-
- Unrealised net loss on revaluation	<b>(1,310)</b>	-	<b>(1,310)</b>	-
(ii) Items that will be reclassified subsequently to profit or loss:				
(a) Foreign currency translation reserves				
- Currency translation differences	<b>(140,136)</b>	3,421	<b>(140,136)</b>	3,421
- Net investment hedge	<b>9,187</b>	(3,824)	<b>9,187</b>	(3,824)
(b) Financial investments available-for-sale ('AFS')				
- Unrealised net gain on revaluation	-	82,290	-	82,290
- Net transfer to income statements on disposal or impairment	-	(8,450)	-	(8,450)
(c) Debt instruments measured at FVOCI				
- Unrealised net gain	<b>6,773</b>	-	<b>6,773</b>	-
- Net transfer to income statements on disposal	<b>(36,033)</b>	-	<b>(36,033)</b>	-
Income tax relating to components of other comprehensive loss/(income)	<b>7,317</b>	(16,773)	<b>7,317</b>	(16,773)
Other comprehensive (loss)/income, net of tax, for the financial period	<b>(154,361)</b>	57,058	<b>(154,361)</b>	57,058
Total comprehensive income for the financial period	<b>436,650</b>	558,648	<b>436,650</b>	558,648
Total comprehensive income attributable to:				
- Equity holders of the Bank	<b>436,592</b>	557,334	<b>436,592</b>	557,334
- Non-controlling interests	<b>58</b>	1,314	<b>58</b>	1,314
	<b>436,650</b>	558,648	<b>436,650</b>	558,648

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 2017.



**RHB BANK BERHAD (6171-M)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2018**

	Note	1st Quarter Ended		Three Months Ended	
		31 March	31 March	31 March	31 March
		2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
<b>Bank</b>					
Interest income	A8	<b>1,926,742</b>	1,875,768	<b>1,926,742</b>	1,875,768
Interest expense	A9	<b>(983,826)</b>	(1,038,655)	<b>(983,826)</b>	(1,038,655)
Net interest income		<b>942,916</b>	837,113	<b>942,916</b>	837,113
Other operating income	A10	<b>246,886</b>	183,726	<b>246,886</b>	183,726
Income from Islamic Banking business	A30(b)	<b>(7)</b>	-	<b>(7)</b>	-
Net income		<b>1,189,795</b>	1,020,839	<b>1,189,795</b>	1,020,839
Other operating expenses	A11	<b>(569,696)</b>	(491,104)	<b>(569,696)</b>	(491,104)
Operating profit before allowances		<b>620,099</b>	529,735	<b>620,099</b>	529,735
Allowance for credit losses	A12	<b>(86,692)</b>	(88,886)	<b>(86,692)</b>	(88,886)
Profit before taxation		<b>533,407</b>	440,849	<b>533,407</b>	440,849
Taxation	B5	<b>(138,703)</b>	(110,625)	<b>(138,703)</b>	(110,625)
Net profit for the financial period		<b>394,704</b>	330,224	<b>394,704</b>	330,224

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 2017.



**RHB BANK BERHAD (6171-M)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2018**

	1st Quarter Ended		Three Months Ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Net profit for the financial period	<b>394,704</b>	330,224	<b>394,704</b>	330,224
Other comprehensive income/(loss) in respect of:				
(i) Items that will not be reclassified to profit or loss:				
(a) Equity instruments designated at fair value through other comprehensive income ('FVOCI')				
- Unrealised net loss on revaluation	<b>(1,310)</b>	-	<b>(1,310)</b>	-
(ii) Items that will be reclassified subsequently to profit or loss:				
(a) Foreign currency translation reserves				
- Currency translation differences	<b>(50,416)</b>	16,651	<b>(50,416)</b>	16,651
(b) Financial investments available-for-sale ('AFS')				
- Unrealised net gain on revaluation	-	51,864	-	51,864
- Net transfer to income statements on disposal or impairment	-	(7,639)	-	(7,639)
(c) Debt instruments measured at FVOCI				
- Unrealised net gain	<b>187</b>	-	<b>187</b>	-
- Net transfer to income statements on disposal	<b>(35,922)</b>	-	<b>(35,922)</b>	-
Income tax relating to components of other comprehensive loss/(income)	<b>8,891</b>	(10,614)	<b>8,891</b>	(10,614)
Other comprehensive (loss)/income, net of tax, for the financial period	<b>(78,570)</b>	50,262	<b>(78,570)</b>	50,262
Total comprehensive income for the financial period	<b>316,134</b>	380,486	<b>316,134</b>	380,486

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 2017.



**RHB BANK BERHAD (6171-M)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2018**

	Note	Group		Bank	
		As at	As at	As at	As at
		31 March 2018	31 December 2017	31 March 2018	31 December 2017
		RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
Cash and short-term funds		17,155,615	9,951,878	12,393,324	7,614,663
Deposits and placements with banks and other financial institutions		1,020,226	1,161,601	9,936,963	11,275,105
Financial assets at fair value through profit or loss ('FVTPL')	A13	3,557,698	2,564,269	1,786,557	828,006
Financial investments available-for-sale ('AFS')	A14	-	25,816,616	-	21,427,655
Financial investments held-to-maturity ('HTM')	A15	-	19,045,943	-	14,496,205
Financial assets at FVOCI	A16	26,051,256	-	21,724,751	-
Financial assets at amortised costs	A17	14,627,923	-	10,988,053	-
Loans, advances and financing	A18	158,061,897	158,301,463	107,329,640	109,530,317
Clients' and brokers' balances		1,719,292	1,599,594	-	-
Reinsurance assets		511,808	482,760	-	-
Other assets	A19	1,085,466	1,106,048	1,704,991	906,895
Derivative assets	B8	1,763,392	1,826,667	1,775,461	1,834,676
Statutory deposits		4,367,016	4,001,002	2,783,103	2,538,107
Tax recoverable		434,578	115,874	392,036	58,871
Deferred tax assets		36,638	36,072	-	-
Investments in subsidiaries		-	-	4,911,660	4,495,837
Investments in associates and joint ventures		46,421	48,253	-	-
Property, plant and equipment		1,001,391	1,013,710	752,269	756,434
Goodwill		2,649,307	2,649,307	1,651,542	1,651,542
Intangible assets		551,044	488,869	479,706	415,690
<b>TOTAL ASSETS</b>		<b>234,640,968</b>	<b>230,209,926</b>	<b>178,610,056</b>	<b>177,830,003</b>
<b>LIABILITIES</b>					
Deposits from customers	A20/B7(a)	169,816,200	166,157,751	122,224,843	120,732,215
Deposits and placements of banks and other financial institutions	A21/B7(a)	22,034,247	21,787,017	22,385,742	22,536,941
Obligations on securities sold under repurchase agreements		-	604,163	617,307	1,587,979
Investment account from customers		50	-	-	-
Bills and acceptances payable		306,670	302,152	237,109	286,751
Clients' and brokers' balances		1,410,172	1,369,395	-	-
General insurance contract liabilities		1,070,194	998,310	-	-
Other liabilities and provisions	A22	2,713,748	2,715,111	2,025,677	1,573,546
Derivative liabilities	B8	2,070,855	2,551,504	2,065,053	2,513,980
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		4,002,356	1,729,606	3,001,997	1,729,606
Tax liabilities		15,340	33,531	-	-
Deferred tax liabilities		49,497	19,698	46,980	14,467
Borrowings	B7(b)	1,286,314	1,153,719	1,046,517	978,068
Senior debt securities	B7(c)	3,126,166	3,252,581	3,126,166	3,252,581
Hybrid Tier-1 Capital Securities	B7(d)	599,052	602,666	604,148	607,678
Subordinated obligations	B7(e)	3,750,729	3,748,294	2,577,105	2,588,638
<b>TOTAL LIABILITIES</b>		<b>212,251,590</b>	<b>207,025,498</b>	<b>159,958,644</b>	<b>158,402,450</b>

Note:

Comparatives have not been restated as provided in the transitional provision of MFRS 9.

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 2017.



**RHB BANK BERHAD (6171-M)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 MARCH 2018**

	Note	Group		Bank	
		As at 31 March 2018 RM'000	As at 31 December 2017 RM'000	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000
<b>EQUITY</b>					
Share capital		6,994,103	6,994,103	6,994,103	6,994,103
Reserves		15,360,960	16,155,611	11,657,309	12,433,450
<b>Equity attributable to holders of the Bank</b>		<b>22,355,063</b>	23,149,714	<b>18,651,412</b>	19,427,553
Non-controlling interests ('NCI')		34,315	34,714	-	-
<b>TOTAL EQUITY</b>		<b>22,389,378</b>	23,184,428	<b>18,651,412</b>	19,427,553
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>234,640,968</b>	230,209,926	<b>178,610,056</b>	177,830,003
<b>COMMITMENTS AND CONTINGENCIES</b>	A27(a)	<b>163,935,139</b>	172,225,623	<b>156,955,961</b>	165,378,488
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK (RM)</b>		<b>5.57</b>	5.77		

Note:

Comparatives have not been restated as provided in the transitional provision of MFRS 9.

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 2017.



**RHB BANK BERHAD (6171-M)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2018**

Group	Note	← Attributable to equity holders of the Bank →							Total Shareholders' Equity	Non-controlling Interests	Total Equity
		Share Capital	Statutory Reserves	Regulatory Reserves	FVOCI Reserves	Translation Reserves	Other Reserves	Retained Profits			
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
<b>Balance as at 1 January 2018</b>											
- As previously reported		6,994,103	513	1,797,903	275,937	628,753	23,331	13,429,174	23,149,714	34,714	23,184,428
- Effect of adoption of MFRS 9	B10	-	-	(1,124,358)	15,931	258	-	(123,074)	(1,231,243)	(457)	(1,231,700)
- As restated		6,994,103	513	673,545	291,868	629,011	23,331	13,306,100	21,918,471	34,257	21,952,728
Net profit for the financial period		-	-	-	-	-	-	590,820	590,820	191	591,011
Foreign currency translation reserves:											
- Currency translation differences		-	-	-	3	(140,008)	-	-	(140,005)	(131)	(140,136)
- Net investment hedge		-	-	-	-	9,187	-	-	9,187	-	9,187
Financial assets measured at FVOCI:											
- Equity instruments											
- Net gain on disposal		-	-	-	-	-	-	26	26	-	26
- Unrealised net loss on revaluation		-	-	-	(1,310)	-	-	-	(1,310)	-	(1,310)
- Debt instruments											
- Unrealised net gain		-	-	-	6,773	-	-	-	6,773	-	6,773
- Net transfer to income statements on disposal		-	-	-	(36,033)	-	-	-	(36,033)	-	(36,033)
Actuarial loss on defined benefit plan of subsidiaries		-	-	-	-	-	-	(183)	(183)	(2)	(185)
Income tax relating to components of other comprehensive loss		-	-	-	7,317	-	-	-	7,317	-	7,317
Other comprehensive loss, net of tax, for the financial period		-	-	-	(23,250)	(130,821)	-	(157)	(154,228)	(133)	(154,361)
Total comprehensive income/(loss) for the financial period		-	-	-	(23,250)	(130,821)	-	590,663	436,592	58	436,650
Transfer from regulatory reserves		-	-	(9,541)	-	-	-	9,541	-	-	-
<b>Balance as at 31 March 2018</b>		<b>6,994,103</b>	<b>513</b>	<b>664,004</b>	<b>268,618</b>	<b>498,190</b>	<b>23,331</b>	<b>13,906,304</b>	<b>22,355,063</b>	<b>34,315</b>	<b>22,389,378</b>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2017.



**RHB BANK BERHAD (6171-M)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2018**

Group	Note	Attributable to equity holders of the Bank							Total Shareholders' Equity	Non-controlling Interests	Total Equity	
		Share Capital	Share Premium	Statutory Reserves	Regulatory Reserves	AFS Reserves	Translation Reserves	Other Reserves				Retained Profits
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Balance as at 1 January 2017</b>		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		-	-	-	-	-	-	-	500,277	500,277	1,313	501,590
Foreign currency translation reserves:												
- Currency translation differences		-	-	-	-	-	3,425	-	-	3,425	(4)	3,421
- Net investment hedge		-	-	-	-	-	(3,824)	-	-	(3,824)	-	(3,824)
Financial investments AFS:												
- Unrealised net gain on revaluation		-	-	-	-	82,288	-	-	-	82,288	2	82,290
- Net transfer to income statements on disposal or impairment		-	-	-	-	(8,450)	-	-	-	(8,450)	-	(8,450)
Actuarial gain on defined benefit plan of subsidiaries		-	-	-	-	-	-	-	390	390	4	394
Income tax relating to components of other comprehensive income		-	-	-	-	(16,671)	-	-	(101)	(16,772)	(1)	(16,773)
Other comprehensive income/(loss), net of tax, for the financial period		-	-	-	-	57,167	(399)	-	289	57,057	1	57,058
Total comprehensive income/(loss) for the financial period		-	-	-	-	57,167	(399)	-	500,566	557,334	1,314	558,648
Transfer to share capital		2,984,058	(2,984,058)	-	-	-	-	-	-	-	-	-
Transfer from regulatory reserves		-	-	-	(19,622)	-	-	-	19,622	-	-	-
Accretion of interest in a subsidiary		-	-	-	-	-	-	-	12	12	(12)	-
<b>Balance as at 31 March 2017</b>		<b>6,994,103</b>	<b>-</b>	<b>4,931,227</b>	<b>649,879</b>	<b>137,734</b>	<b>888,465</b>	<b>23,331</b>	<b>8,677,385</b>	<b>22,302,124</b>	<b>30,391</b>	<b>22,332,515</b>

Note:

Comparatives have not been restated as provided in the transitional provision of MFRS 9.

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 2017.





**RHB BANK BERHAD (6171-M)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2018**

Bank	Note	← Non-Distributable →				Distributable	Total Equity	
		Share Capital	Statutory Reserves	Regulatory Reserves	FVOCI Reserves	Translation Reserves		Retained Profits
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Balance as at 1 January 2018</b>								
- As previously reported		6,994,103	-	1,484,902	271,524	343,563	10,333,461	19,427,553
- Effect of adoption of MFRS 9	B10	-	-	(980,562)	15,768	-	(127,481)	(1,092,275)
- As restated		6,994,103	-	504,340	287,292	343,563	10,205,980	18,335,278
Net profit for the financial period		-	-	-	-	-	394,704	394,704
Foreign currency translation reserves:								
- Currency translation differences		-	-	-	-	(50,416)	-	(50,416)
Financial assets measured at FVOCI:								
- Equity instruments								
- Unrealised net loss on revaluation		-	-	-	(1,310)	-	-	(1,310)
- Debt instruments								
- Unrealised net gain		-	-	-	187	-	-	187
- Net transfer to income statements on disposal		-	-	-	(35,922)	-	-	(35,922)
Income tax relating to components of other comprehensive loss		-	-	-	8,891	-	-	8,891
Other comprehensive loss, net of tax, for the financial period		-	-	-	(28,154)	(50,416)	-	(78,570)
Total comprehensive income/(loss) for the financial period		-	-	-	(28,154)	(50,416)	394,704	316,134
Transfer from regulatory reserves		-	-	(185,367)	-	-	185,367	-
<b>Balance as at 31 March 2018</b>		<b>6,994,103</b>	<b>-</b>	<b>318,973</b>	<b>259,138</b>	<b>293,147</b>	<b>10,786,051</b>	<b>18,651,412</b>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2017.



**RHB BANK BERHAD (6171-M)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2018**

	← Non-Distributable →					Distributable	Total Equity	
	Share Capital	Share Premium	Statutory Reserves	Regulatory Reserves	AFS Reserves	Translation Reserves		Retained Profits
Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Balance as at 1 January 2017</b>	4,010,045	2,984,058	3,784,558	461,870	116,933	400,289	6,618,571	18,376,324
Net profit for the financial period	-	-	-	-	-	-	330,224	330,224
Foreign currency translation reserves:								
- Currency translation differences	-	-	-	-	-	16,651	-	16,651
Financial investments AFS:								
- Unrealised net gain on revaluation	-	-	-	-	51,864	-	-	51,864
- Net transfer to income statements on disposal or impairment	-	-	-	-	(7,639)	-	-	(7,639)
Income tax relating to components of other comprehensive income	-	-	-	-	(10,614)	-	-	(10,614)
Other comprehensive income, net of tax, for the financial period	-	-	-	-	33,611	16,651	-	50,262
Total comprehensive income for the financial period	-	-	-	-	33,611	16,651	330,224	380,486
Transfer to share capital	2,984,058	(2,984,058)	-	-	-	-	-	-
Transfer from regulatory reserves	-	-	-	(11,090)	-	-	11,090	-
<b>Balance as at 31 March 2017</b>	<u>6,994,103</u>	<u>-</u>	<u>3,784,558</u>	<u>450,780</u>	<u>150,544</u>	<u>416,940</u>	<u>6,959,885</u>	<u>18,756,810</u>

Note:

Comparatives have not been restated as provided in the transitional provision of MFRS 9.

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 2017.



**RHB BANK BERHAD (6171-M)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2018**

	Three Months Ended	
	31 March 2018	31 March 2017
	RM'000	RM'000
<b>Group</b>		
<b>Cash flows from operating activities</b>		
Profit before taxation	791,909	658,272
Adjustments for:		
Allowance for credit losses on loans, advances and financing	170,036	197,125
Allowance for credit losses on other financial assets	3,738	(1,009)
Property, plant and equipment:		
- Depreciation	29,569	30,045
- Gain on disposal	(97)	(35)
- Written off	-	318
Intangible assets:		
- Amortisation	23,401	17,899
- Written off	33	-
Net allowance made on financial assets at FVOCI and amortised cost/ financial investments AFS and HTM	7,088	3,660
Share of results of joint ventures	9	(96)
Net gain on financial instruments	(119,042)	(64,990)
Dividend income	(11,474)	(12,004)
Other non-cash items	(423,450)	182,418
Operating profit before working capital changes	<u>471,720</u>	<u>1,011,603</u>
(Increase)/Decrease in operating assets:		
Securities purchased under resale agreements	-	1,147,387
Deposits and placements with banks and other financial institutions	114,379	(784,008)
Financial assets FVTPL	17,170	(194,299)
Loans, advances and financing	(1,677,451)	146,555
Clients' and brokers' balances	(119,698)	(382,154)
Other assets	68,941	230,474
Statutory deposits	(382,127)	591,735
	<u>(1,978,786)</u>	<u>755,690</u>
Increase/(Decrease) in operating liabilities:		
Deposits from customers	4,153,781	(346,132)
Deposits and placements of banks and other financial institutions	283,923	(2,484,741)
Obligations on securities sold under repurchase agreements	(604,163)	(363,926)
Investment account from customers	50	100
Bills and acceptances payable	6,222	(107,563)
Clients' and brokers' balances	40,777	403,878
Other liabilities	(553,997)	(189,521)
Recourse obligation on loans sold to Cagamas	2,272,750	(103,397)
	<u>5,599,343</u>	<u>(3,191,302)</u>
Cash generated from/(used in) operations	4,092,277	(1,424,009)
Net tax paid	(138,392)	(133,523)
Net cash generated from/(used in) operating activities	<u>3,953,885</u>	<u>(1,557,532)</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 2017.



**RHB BANK BERHAD (6171-M)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2018**

	Three Months Ended	
	31 March 2018	31 March 2017
	<u>RM'000</u>	<u>RM'000</u>
<b>Group</b>		
<b>Cash flows from investing activities</b>		
Net proceeds from disposal of financial assets at FVOCI and amortised costs/ financial investments AFS and HTM	2,903,270	1,797,420
Property, plant and equipment:		
- Purchase	(30,514)	(20,978)
- Proceeds from disposal	152	35
Intangible assets:		
- Purchase	(80,666)	(33,036)
Financial assets at FVOCI and amortised costs/financial investments AFS and HTM:		
- Interest received	333,265	367,634
- Investment income received	61,310	56,507
Dividend income received from financial assets FVTPL, FVOCI and amortised costs/ financial investments AFS	11,474	12,004
Net cash generated from investing activities	<u>3,198,291</u>	<u>2,179,586</u>
<b>Cash flows from financing activities</b>		
Drawdown of borrowings	1,211,918	694,420
Repayment of borrowings	(1,012,600)	(894,311)
Net cash generated from/(used in) financing activities	<u>199,318</u>	<u>(199,891)</u>
Net increase in cash and cash equivalents	7,351,494	422,163
Effects of exchange rate differences	(141,382)	16,818
Cash and cash equivalents:		
- at the beginning of the financial period	9,945,503	14,682,943
- at the end of the financial period	<u>17,155,615</u>	<u>15,121,924</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>17,155,615</u>	<u>15,121,924</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 2017.



**RHB BANK BERHAD (6171-M)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2018**

	Three Months Ended	
	31 March 2018	31 March 2017
	<u>RM'000</u>	<u>RM'000</u>
<b>Bank</b>		
<b>Cash flows from operating activities</b>		
Profit before taxation	533,407	440,849
Adjustments for:		
Allowance for credit losses on loans, advances and financing	141,161	149,876
Allowance for credit losses on other financial assets	1,386	-
Property, plant and equipment:		
- Depreciation	21,968	21,003
- Gain on disposal	(41)	(3)
- Written off	-	114
Intangible assets:		
- Amortisation	18,833	13,380
Net allowance made on financial assets at FVOCI and amortised cost/ financial investments AFS and HTM	7,538	-
Net gain on financial instruments	(57,973)	(28,359)
Dividend income	(9,259)	-
Other non-cash items	(330,340)	190,758
Operating profit before working capital changes	<u>326,680</u>	<u>787,618</u>
Decrease/(Increase) in operating assets:		
Securities purchased under resale agreements	-	1,184,798
Deposits and placements with banks and other financial institutions	1,334,838	(484,196)
Financial assets FVTPL	(25,939)	79,995
Loans, advances and financing	535,238	1,511,554
Other assets	(833,563)	250,394
Statutory deposits	(247,893)	419,982
	<u>762,681</u>	<u>2,962,527</u>
(Decrease)/Increase in operating liabilities:		
Deposits from customers	1,908,330	(2,819,562)
Deposits and placements of banks and other financial institutions	(132,879)	(1,267,937)
Obligations on securities sold under repurchase agreements	(970,672)	(535,494)
Bills and acceptances payable	(47,939)	(71,977)
Other liabilities	(64,524)	(300,319)
Recourse obligation on loans sold to Cagamas	1,272,391	10,976
	<u>1,964,707</u>	<u>(4,984,313)</u>
Cash generated from/(used in) operations	<u>3,054,068</u>	<u>(1,234,168)</u>
Net tax paid	(87,806)	(83,726)
Net cash generated from/(used in) operating activities	<u>2,966,262</u>	<u>(1,317,894)</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 2017.



**RHB BANK BERHAD (6171-M)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2018**

	Three Months Ended	
	31 March 2018	31 March 2017
	<u>RM'000</u>	<u>RM'000</u>
<b>Bank</b>		
<b>Cash flows from investing activities</b>		
Net proceeds from disposal of financial assets at FVOCI and amortised costs/ financial investments AFS and HTM	1,903,937	414,032
Property, plant and equipment:		
- Purchase	(23,723)	(14,619)
- Proceeds from disposal	61	3
Intangible assets:		
- Purchase	(78,997)	(31,865)
Interest received from financial assets at FVOCI and amortised costs/financial investments AFS and HTM	346,988	336,762
Dividend income received from subsidiaries	97,959	-
Additional investments in subsidiaries	(415,823)	(17,701)
Net cash generated from investing activities	<u>1,830,402</u>	<u>686,612</u>
<b>Cash flows from financing activities</b>		
Drawdown of borrowings	193,136	-
Repayment of borrowings	(81,721)	(140,905)
Net cash generated from/(used in) financing activities	<u>111,415</u>	<u>(140,905)</u>
Net increase/(decrease) in cash and cash equivalents	4,908,079	(772,187)
Effects of exchange rate differences	(126,989)	38,005
Cash and cash equivalents:		
- at the beginning of the financial period	7,612,234	12,430,270
- at the end of the financial period	<u>12,393,324</u>	<u>11,696,088</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>12,393,324</u>	<u>11,696,088</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 2017.



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2018**

**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 2017.

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 2017, except for the adoption of the following:

(a) Accounting standards, annual improvements and amendments to MFRS which are effective for annual periods beginning on or after 1 January 2018:

- MFRS 9 'Financial Instruments'
- MFRS 15 'Revenue from Contracts with Customers'
- Annual Improvements to MFRS 2014-2016 Cycle:
  - Amendment to MFRS 1 'First-time Adoption of Malaysian Financial Reporting Standards'
  - Amendment to MFRS 128 'Investments in Associates and Joint Ventures'
  - Amendment to MFRS 4 'Insurance Contracts'
  - IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration'

The adoption of the above accounting standards, annual improvements and amendments do not give rise to any material financial impact to the Group and the Bank other than the effects and change in accounting policy arising from the adoption of MFRS 9 as disclosed in Note B10.

(b) Changes in regulatory requirements - Financial Reporting and Financial Reporting for Islamic Banking Institutions

On 2 February 2018, Bank Negara Malaysia ('BNM') issued the revised policy document on Financial Reporting and Financial Reporting for Islamic Banking Institutions which prescribes the regulatory reserves to be maintained by banking institutions.

With effect from 1 January 2018, the Bank and its domestic banking subsidiaries companies must maintain, in aggregate, loss allowance for non-credit impaired exposures and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

In the previous year, the Group and the Bank have maintained, in aggregate collective impairment allowances and regulatory reserves of no less than 1.2% of total outstanding loans/financing, net of impairment allowances.

The effect of this change is as disclosed in Note B10.

**A2. Auditors' Report**

The auditors' report for the financial year ended 31 December 2017 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 three months ended 31 March 2018.



**RHB BANK BERHAD (6171-M)  
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2018**

**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 three months ended 31 March 2018.

**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 three months ended 31 March 2018.

**A7. Dividends Paid**

No dividend was paid during three months ended 31 March 2018.





**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2018**

**A8. Interest Income**

<b>Group</b>	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>31 March 2018</b>	<b>31 March 2017</b>	<b>31 March 2018</b>	<b>31 March 2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans and advances	<b>1,531,959</b>	1,501,121	<b>1,531,959</b>	1,501,121
Money at call and deposits and placements with banks and other financial institutions	<b>53,782</b>	45,739	<b>53,782</b>	45,739
Securities purchased under resale agreements	-	1,134	-	1,134
Financial assets FVTPL	<b>18,212</b>	7,804	<b>18,212</b>	7,804
Financial investments AFS	-	181,887	-	181,887
Financial investments HTM	-	165,370	-	165,370
Financial assets at FVOCI - debt instruments	<b>207,017</b>	-	<b>207,017</b>	-
Financial assets at amortised costs	<b>123,244</b>	-	<b>123,244</b>	-
Others	<b>3,343</b>	10,715	<b>3,343</b>	10,715
	<b>1,937,557</b>	1,913,770	<b>1,937,557</b>	1,913,770
Of which:				
Interest income accrued on impaired financial assets	<b>20,316</b>	42,011	<b>20,316</b>	42,011
<b>Bank</b>				
Loans and advances	<b>1,445,863</b>	1,402,841	<b>1,445,863</b>	1,402,841
Money at call and deposits and placements with banks and other financial institutions	<b>147,080</b>	129,081	<b>147,080</b>	129,081
Securities purchased under resale agreements	<b>281</b>	1,134	<b>281</b>	1,134
Financial assets FVTPL	<b>17,747</b>	7,728	<b>17,747</b>	7,728
Financial investments AFS	-	165,655	-	165,655
Financial investments HTM	-	162,277	-	162,277
Financial assets at FVOCI - debt instruments	<b>197,991</b>	-	<b>197,991</b>	-
Financial assets at amortised costs	<b>115,161</b>	-	<b>115,161</b>	-
Others	<b>2,619</b>	7,052	<b>2,619</b>	7,052
	<b>1,926,742</b>	1,875,768	<b>1,926,742</b>	1,875,768
Of which:				
Interest income accrued on impaired financial assets	<b>15,895</b>	37,492	<b>15,895</b>	37,492



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2018**

**A9. Interest Expense**

<b>Group</b>	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>31 March 2018</b>	<b>31 March 2017</b>	<b>31 March 2018</b>	<b>31 March 2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of banks and other financial institutions	<b>111,610</b>	105,804	<b>111,610</b>	105,804
Deposits from customers	<b>790,199</b>	801,480	<b>790,199</b>	801,480
Obligations on securities sold under repurchase agreements	<b>303</b>	152	<b>303</b>	152
Recourse obligation on loans sold to Cagamas	<b>22,391</b>	28,465	<b>22,391</b>	28,465
Subordinated obligations	<b>36,133</b>	59,099	<b>36,133</b>	59,099
Senior debt securities	<b>21,737</b>	42,466	<b>21,737</b>	42,466
Hybrid Tier-1 Capital Securities	<b>11,146</b>	11,138	<b>11,146</b>	11,138
Borrowings	<b>7,079</b>	5,700	<b>7,079</b>	5,700
Others	<b>8,013</b>	7,872	<b>8,013</b>	7,872
	<b>1,008,611</b>	1,062,176	<b>1,008,611</b>	1,062,176
<b>Bank</b>				
Deposits and placements of banks and other financial institutions	<b>126,525</b>	123,470	<b>126,525</b>	123,470
Deposits from customers	<b>747,697</b>	752,836	<b>747,697</b>	752,836
Obligations on securities sold under repurchase agreements	<b>9,173</b>	14,321	<b>9,173</b>	14,321
Recourse obligation on loans sold to Cagamas	<b>22,391</b>	28,465	<b>22,391</b>	28,465
Subordinated obligations	<b>31,275</b>	54,000	<b>31,275</b>	54,000
Senior debt securities	<b>21,737</b>	42,466	<b>21,737</b>	42,466
Hybrid Tier-1 Capital Securities	<b>11,229</b>	11,221	<b>11,229</b>	11,221
Borrowings	<b>5,746</b>	3,213	<b>5,746</b>	3,213
Others	<b>8,053</b>	8,663	<b>8,053</b>	8,663
	<b>983,826</b>	1,038,655	<b>983,826</b>	1,038,655



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2018**

**A10. Other Operating Income**

Group	1st Quarter Ended		Three Months Ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	RM'000	RM'000	RM'000	RM'000
<b>Fee income</b>				
- Service charges and fees	39,627	42,602	39,627	42,602
- Commission	39,274	31,811	39,274	31,811
- Guarantee fees	10,330	11,514	10,330	11,514
- Commitment fees	13,083	12,858	13,083	12,858
- Net brokerage income	87,393	92,123	87,393	92,123
- Fund management fees	53,758	54,311	53,758	54,311
- Unit trust fee income	21,203	35,088	21,203	35,088
- Corporate advisory fees	11,887	11,295	11,887	11,295
- Underwriting and arrangement fees	1,532	14,506	1,532	14,506
- Other fee income	21,082	13,654	21,082	13,654
	<b>299,169</b>	319,762	<b>299,169</b>	319,762
- Fee and commission expenses	(39,916)	(50,927)	(39,916)	(50,927)
	<b>259,253</b>	268,835	<b>259,253</b>	268,835
<b>Net gain/(loss) arising from financial assets FVTPL</b>				
- Net gain/(loss) on disposal	5,152	(17,845)	5,152	(17,845)
- Unrealised net (loss)/gain on revaluation	(2,028)	40,703	(2,028)	40,703
- Dividend income	11,474	4,504	11,474	4,504
	<b>14,598</b>	27,362	<b>14,598</b>	27,362
<b>Net gain on revaluation of derivatives</b>	<b>57,463</b>	24,951	<b>57,463</b>	24,951
<b>Net (loss)/gain on fair values hedges</b>	(32)	811	(32)	811
<b>Net gain arising from financial investments AFS</b>				
- Net gain on disposal	-	8,095	-	8,095
- Dividend income	-	7,500	-	7,500
	-	15,595	-	15,595
<b>Net gain arising from financial investments HTM</b>				
- Net gain on early redemption	-	11,879	-	11,879
<b>Net gain arising from financial assets at FVOCI</b>				
- Net gain on debt instruments on disposal	57,749	-	57,749	-



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2018**

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

	1st Quarter Ended		Three Months Ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>Group (continued)</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Other income</b>				
Net foreign exchange gain	139,251	49,560	139,251	49,560
Insurance underwriting surplus before management expenses	20,314	44,385	20,314	44,385
Gain on disposal of property, plant and equipment	97	35	97	35
Rental income	572	567	572	567
Other operating income	16,983	8,948	16,983	8,948
Other non-operating income	441	903	441	903
	<b>177,658</b>	<b>104,398</b>	<b>177,658</b>	<b>104,398</b>
	<b>566,689</b>	<b>453,831</b>	<b>566,689</b>	<b>453,831</b>
<b>Bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Fee income</b>				
- Service charges and fees	35,027	36,756	35,027	36,756
- Commission	44,154	37,983	44,154	37,983
- Guarantee fees	10,179	10,326	10,179	10,326
- Commitment fees	11,792	11,883	11,792	11,883
- Other fee income	5,516	4,981	5,516	4,981
	<b>106,668</b>	<b>101,929</b>	<b>106,668</b>	<b>101,929</b>
<b>Net gain/(loss) arising from financial assets FVTPL</b>				
- Net gain/(loss) on disposal	2,908	(32,463)	2,908	(32,463)
- Unrealised net (loss)/gain on revaluation	(8,640)	39,709	(8,640)	39,709
	<b>(5,732)</b>	<b>7,246</b>	<b>(5,732)</b>	<b>7,246</b>
<b>Net gain on revaluation of derivatives</b>	<b>27,812</b>	<b>1,547</b>	<b>27,812</b>	<b>1,547</b>
<b>Net (loss)/gain on fair values hedges</b>	<b>(32)</b>	<b>48</b>	<b>(32)</b>	<b>48</b>
<b>Net gain arising from financial investments AFS</b>				
- Net gain on disposal	-	7,639	-	7,639
<b>Net gain arising from financial investments HTM</b>				
- Net gain on early redemption	-	11,879	-	11,879



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2018**

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

	1st Quarter Ended		Three Months Ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>Bank (continued)</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net gain arising from financial assets at FVOCI</b>				
- Net gain on debt instruments on disposal	35,925	-	35,925	-
<b>Dividend income from subsidiaries</b>	<b>9,259</b>	<b>-</b>	<b>9,259</b>	<b>-</b>
<b>Other income</b>				
Net foreign exchange gain	53,986	41,048	53,986	41,048
Gain on disposal of property, plant and equipment	41	3	41	3
Rental income	2,919	2,755	2,919	2,755
Other operating income	15,329	9,097	15,329	9,097
Other non-operating income	711	535	711	535
	<b>72,986</b>	<b>53,438</b>	<b>72,986</b>	<b>53,438</b>
	<b>246,886</b>	<b>183,726</b>	<b>246,886</b>	<b>183,726</b>



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**A11. Other Operating Expenses**

Group	1st Quarter Ended		Three Months Ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	RM'000	RM'000	RM'000	RM'000
<b>Personnel costs</b>				
- Salaries, allowances and bonuses	437,025	374,305	437,025	374,305
- Defined contribution plan	57,409	51,847	57,409	51,847
- Other staff related costs	38,969	36,741	38,969	36,741
	<b>533,403</b>	<b>462,893</b>	<b>533,403</b>	<b>462,893</b>
<b>Establishment costs</b>				
- Property, plant and equipment:				
- Depreciation	29,569	30,045	29,569	30,045
- Written off	-	318	-	318
- Intangible assets:				
- Amortisation	23,401	17,899	23,401	17,899
- Written off	33	-	33	-
- Rental of premises	26,835	25,957	26,835	25,957
- Rental of equipment	3,086	3,595	3,086	3,595
- Insurance	9,608	5,598	9,608	5,598
- Water and electricity	7,107	7,106	7,107	7,106
- Repair and maintenance	7,237	6,779	7,237	6,779
- Security and escorting expenses	11,015	9,507	11,015	9,507
- Information technology expenses	73,645	53,881	73,645	53,881
- Others	3,425	3,974	3,425	3,974
	<b>194,961</b>	<b>164,659</b>	<b>194,961</b>	<b>164,659</b>
<b>Marketing expenses</b>				
- Sales commission	19,996	15,705	19,996	15,705
- Advertisement and publicity	7,189	13,075	7,189	13,075
- Others	25,054	19,357	25,054	19,357
	<b>52,239</b>	<b>48,137</b>	<b>52,239</b>	<b>48,137</b>
<b>Administration and general expenses</b>				
- Communication expenses	38,284	42,322	38,284	42,322
- Legal and professional fee	7,121	5,480	7,121	5,480
- Others	36,977	37,726	36,977	37,726
	<b>82,382</b>	<b>85,528</b>	<b>82,382</b>	<b>85,528</b>
	<b>862,985</b>	<b>761,217</b>	<b>862,985</b>	<b>761,217</b>



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

	1st Quarter Ended		Three Months Ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
<b>Personnel costs</b>				
- Salaries, allowances and bonuses	279,936	232,573	279,936	232,573
- Defined contribution plan	35,901	35,663	35,901	35,663
- Other staff related costs	16,798	18,410	16,798	18,410
	<u>332,635</u>	<u>286,646</u>	<u>332,635</u>	<u>286,646</u>
<b>Establishment costs</b>				
- Property, plant and equipment:				
- Depreciation	21,968	21,003	21,968	21,003
- Written off	-	114	-	114
- Intangible assets:				
- Amortisation	18,833	13,380	18,833	13,380
- Rental of premises	14,524	14,614	14,524	14,614
- Rental of equipment	2,923	3,243	2,923	3,243
- Insurance	8,391	7,699	8,391	7,699
- Water and electricity	4,451	4,433	4,451	4,433
- Repair and maintenance	5,524	4,941	5,524	4,941
- Security and escorting expenses	10,864	9,314	10,864	9,314
- Information technology expenses	47,307	31,556	47,307	31,556
	<u>134,785</u>	<u>110,297</u>	<u>134,785</u>	<u>110,297</u>
<b>Marketing expenses</b>				
- Sales commission	12,973	11,404	12,973	11,404
- Advertisement and publicity	2,604	7,745	2,604	7,745
- Others	8,062	2,041	8,062	2,041
	<u>23,639</u>	<u>21,190</u>	<u>23,639</u>	<u>21,190</u>
<b>Administration and general expenses</b>				
- Communication expenses	23,475	23,404	23,475	23,404
- Legal and professional fee	35,689	29,894	35,689	29,894
- Others	19,473	19,673	19,473	19,673
	<u>78,637</u>	<u>72,971</u>	<u>78,637</u>	<u>72,971</u>
	<u>569,696</u>	<u>491,104</u>	<u>569,696</u>	<u>491,104</u>



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**A12. Allowance for credit losses**

	1st Quarter Ended		Three Months Ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
<u>Charge/(Writeback)</u>				
Loans, advances and financing:				
- Net charge	<b>136,956</b>	158,735	<b>136,956</b>	158,735
- Bad debts recovered	<b>(66,362)</b>	(63,747)	<b>(66,362)</b>	(63,747)
- Bad debts written off	<b>33,080</b>	38,390	<b>33,080</b>	38,390
	<b>103,674</b>	133,378	<b>103,674</b>	133,378
Financial assets at FVOCI	<b>7,936</b>	3,660	<b>7,936</b>	3,660
Financial assets at amortised cost	<b>(848)</b>	-	<b>(848)</b>	-
Other financial assets	<b>3,738</b>	(1,009)	<b>3,738</b>	(1,009)
	<b>114,500</b>	136,029	<b>114,500</b>	136,029
<b>Bank</b>				
<u>Charge/(Writeback)</u>				
Loans, advances and financing:				
- Net charge	<b>112,161</b>	112,976	<b>112,161</b>	112,976
- Bad debts recovered	<b>(63,393)</b>	(60,990)	<b>(63,393)</b>	(60,990)
- Bad debts written off	<b>29,000</b>	36,900	<b>29,000</b>	36,900
	<b>77,768</b>	88,886	<b>77,768</b>	88,886
Financial assets at FVOCI	<b>7,830</b>	-	<b>7,830</b>	-
Financial assets at amortised cost	<b>(292)</b>	-	<b>(292)</b>	-
Other financial assets	<b>1,386</b>	-	<b>1,386</b>	-
	<b>86,692</b>	88,886	<b>86,692</b>	88,886





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

	<b>Group</b>		<b>Bank</b>	
	<b>As at 31 March 2018</b>	<b>As at 31 December 2017</b>	<b>As at 31 March 2018</b>	<b>As at 31 December 2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Money market instruments:</u></b>				
Malaysian Government Securities	<b>403,414</b>	263,769	<b>403,414</b>	263,769
Malaysian Government Treasury Bills	-	16,559	-	16,559
Malaysian Government Investment Issues	<b>399,239</b>	548,495	<b>348,180</b>	375,959
Cagamas bonds	<b>100,658</b>	20,198	<b>60,498</b>	20,198
<b><u>Quoted securities:</u></b>				
<b>In Malaysia</b>				
Shares, exchange traded funds and warrants	<b>184,740</b>	257,230	-	-
Unit trusts	<b>77,392</b>	81,772	-	-
Corporate bond/sukuk	<b>13,767</b>	3,235	<b>3,199</b>	3,235
<b>Outside Malaysia</b>				
Shares, exchange traded funds and warrants	<b>271,825</b>	255,172	-	-
<b><u>Unquoted securities:</u></b>				
<b>In Malaysia</b>				
Corporate bond/sukuk	<b>331,110</b>	5,028	<b>331,043</b>	5,006
Unit trusts	<b>717,041</b>	609,672	-	-
<b>Outside Malaysia</b>				
Corporate bond/sukuk	<b>682,353</b>	143,280	<b>640,223</b>	143,280
Private equity funds	<b>376,159</b>	359,859	-	-
	<b>3,557,698</b>	2,564,269	<b>1,786,557</b>	828,006



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

	<b>Group As at 31 December 2017 RM'000</b>	<b>Bank As at 31 December 2017 RM'000</b>
<b>At fair value</b>		
<b><u>Money market instruments:</u></b>		
Malaysian Government Securities	1,377,296	1,238,204
Malaysian Government Investment Issues	3,310,678	2,521,291
Cagamas bonds	238,437	207,952
Khazanah bonds	50,785	-
Wakala Global Sukuk	94,532	94,532
Negotiable instruments of deposits	121,436	121,436
Singapore Government Treasury Bills	935,009	935,009
Singapore Government Securities	1,348,580	1,348,580
Thailand Government bonds	734,094	734,094
Sukuk Perumahan Kerajaan	147,857	78,382
Malaysia Sovereign Sukuk	51,977	51,977
<b><u>Quoted securities:</u></b>		
<b>In Malaysia</b>		
Shares	3,506	-
Unit trusts	14,934	-
<b>Outside Malaysia</b>		
Shares	7,568	4,072
Unit trusts	41,530	-
<b><u>Unquoted securities:</u></b>		
<b>In Malaysia</b>		
Corporate bond/sukuk	13,319,105	10,323,291
Shares	658,245	623,253
Corporate loan stocks	19,689	19,689
Prasarana bonds	1,051,682	1,026,294
Perpetual notes/sukuk	388,059	187,440
<b>Outside Malaysia</b>		
Corporate bond/sukuk	2,408,955	2,408,955
Shares	390	-
	<u>26,324,344</u>	<u>21,924,451</u>
Accumulated impairment losses	(507,728)	(496,796)
	<u>25,816,616</u>	<u>21,427,655</u>



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

	<b>Group As at 31 December 2017 RM'000</b>	<b>Bank As at 31 December 2017 RM'000</b>
<b>At amortised cost</b>		
<b><u>Money market instruments:</u></b>		
Malaysian Government Securities	1,303,583	1,303,583
Malaysian Government Investment Issues	5,296,360	4,503,836
Cagamas bonds	350,601	350,601
Khazanah bonds	105,673	72,312
Negotiable instruments of deposits	3,697,694	1,859,604
Wakala Global Sukuk	30,182	21,348
Sukuk Perumahan Kerajaan	111,098	101,113
Singapore Government Securities	61,086	61,086
Thailand Government Securities	13,166	13,166
Sukuk (Brunei) Incorporation	37,862	37,862
<b><u>Unquoted securities:</u></b>		
<b>In Malaysia</b>		
Corporate bond/sukuk	7,859,344	5,989,837
Corporate loan stocks	56,857	30,144
Prasarana bonds	283,708	233,579
<b>Outside Malaysia</b>		
Corporate bond/sukuk	20,603	20,603
	<u>19,227,817</u>	<u>14,598,674</u>
Accumulated impairment losses	(181,874)	(102,469)
	<u>19,045,943</u>	<u>14,496,205</u>

Included in financial investments HTM of the Group and the Bank as at 31 December 2017 were corporate bond/sukuk, which were pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM615,000,000 and RM1,600,000,000 respectively.



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**A16. Financial Assets at FVOCI**

	Group As at 31 March 2018 RM'000	Bank As at 31 March 2018 RM'000
<b>At fair value</b>		
(a) Debt instruments	25,405,935	21,116,672
(b) Equity instruments	645,321	608,079
	<u>26,051,256</u>	<u>21,724,751</u>
<b>(a) Debt instruments</b>		
<b><u>Money market instruments:</u></b>		
Malaysian Government Securities	1,187,711	1,058,575
Malaysian Government Investment Issues	3,050,157	2,248,222
Cagamas bonds	313,783	273,608
Khazanah bonds	51,075	-
BNM Monetary Notes	4,368	-
Malaysia Sukuk Global	88,257	88,257
Malaysia Sovereign Sukuk	48,793	48,793
Sukuk Perumahan Kerajaan	148,777	78,607
Singapore Government Securities	1,512,354	1,512,354
Thailand Government Securities	742,505	742,505
Singapore Government Treasury Bills	849,684	849,684
Singapore Housing Development Board	578,938	578,938
<b><u>Unquoted securities:</u></b>		
<b><u>In Malaysia</u></b>		
Corporate bond/sukuk	12,161,245	9,186,171
Perpetual notes/sukuk	390,652	187,098
Prasarana bonds	1,143,319	1,118,247
<b><u>Outside Malaysia</u></b>		
Corporate bond/sukuk	3,671,672	3,671,672
Allowance for credit losses	(537,355)	(526,059)
	<u>25,405,935</u>	<u>21,116,672</u>
<b>(b) Equity instruments</b>		
<b><u>Quoted securities:</u></b>		
<b><u>In Malaysia</u></b>		
Shares	195	-
<b><u>Outside Malaysia</u></b>		
Shares	3,247	-
<b><u>Unquoted securities:</u></b>		
<b><u>In Malaysia</u></b>		
Shares	640,867	608,078
<b><u>Outside Malaysia</u></b>		
Shares	1,012	1
	<u>645,321</u>	<u>608,079</u>



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**A16. Financial Assets at FVOCI (continued)**

**(a) Movement in credit impaired financial assets at FVOCI**

	Group As at 31 March 2018 RM'000	Bank As at 31 March 2018 RM'000
<b>As at 31 March 2018</b>		
Balance as at the beginning of the financial period		
- As previously reported	-	-
- Effect of adoption of MFRS 9	513,107	507,848
- As restated	513,107	507,848
Derecognition and disposal	(30,089)	(30,089)
Exchange differences	(13,466)	(13,466)
Balance as at the end of the financial period	<u>469,552</u>	<u>464,293</u>

**(b) Movement in allowance for credit losses**

31 March 2018	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
<b>Group</b>				
Balance as at the beginning of the financial period				
- As previously reported	-	-	-	-
- Effect of adoption of MFRS 9	62,764	-	479,799	542,563
- As restated	62,764	-	479,799	542,563
Charge during the financial period	3,371	-	-	3,371
Written back during the financial period	(1,356)	-	(4,408)	(5,764)
Purchases and origination	10,930	-	-	10,930
Derecognition and disposal	(601)	-	-	(601)
Exchange differences	(566)	-	(12,578)	(13,144)
Balance as at the end of the financial period	<u>74,542</u>	<u>-</u>	<u>462,813</u>	<u>537,355</u>
<b>Bank</b>				
Balance as at the beginning of the financial period				
- As previously reported	-	-	-	-
- Effect of adoption of MFRS 9	56,807	-	474,540	531,347
- As restated	56,807	-	474,540	531,347
Charge during the financial period	3,258	-	-	3,258
Written back during the financial period	(1,065)	-	(4,408)	(5,473)
Purchases and origination	10,430	-	-	10,430
Derecognition and disposal	(385)	-	-	(385)
Exchange differences	(540)	-	(12,578)	(13,118)
Balance as at the end of the financial period	<u>68,505</u>	<u>-</u>	<u>457,554</u>	<u>526,059</u>



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**A17. Financial Assets at Amortised Costs**

	<b>Group</b>	<b>Bank</b>
	<b>As at</b>	<b>As at</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2018</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
<b><u>Money market instruments:</u></b>		
Malaysian Government Securities	284,757	284,757
Malaysian Government Investment Issues	4,284,811	3,488,085
Cagamas bonds	601,810	601,810
Khazanah bonds	106,839	73,131
Negotiable instruments of deposits	1,397,966	601,938
Wakala Global Sukuk	28,353	20,110
Sukuk Perumahan Kerajaan	111,171	101,091
Thailand Government Securities	12,849	12,849
Sukuk (Brunei) Incorporation	36,855	36,855
<b><u>Unquoted securities:</u></b>		
<b>In Malaysia</b>		
Corporate bond/sukuk	7,730,109	5,729,625
Corporate loan stocks	27,574	860
Prasarana bonds	282,872	232,254
<b>Outside Malaysia</b>		
Corporate bond/sukuk	12,199	12,199
	<b>14,918,165</b>	<b>11,195,564</b>
Allowance for credit losses	<b>(290,242)</b>	<b>(207,511)</b>
	<b>14,627,923</b>	<b>10,988,053</b>

Included in financial assets at amortised costs of the Bank as at 31 March 2018 are corporate bond/sukuk, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM620,000,000.



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**A17. Financial Assets at Amortised Costs (continued)**

**(a) Movement in credit impaired financial assets at amortised costs**

	Group As at 31 March 2018 RM'000	Bank As at 31 March 2018 RM'000
<b>As at 31 March 2018</b>		
Balance as at the beginning of the financial period		
- As previously reported	-	-
- Effect of adoption of MFRS 9	144,100	64,695
- As restated	144,100	64,695
Derecognition	(42)	-
Changes in market value/accrued interest	(491)	(491)
Balance as at the end of the financial period	<u>143,567</u>	<u>64,204</u>

**(b) Movement in allowance for credit losses**

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
<b>31 March 2018</b>				
<b>Group</b>				
Balance as at the beginning of the financial period				
- As previously reported	-	-	-	-
- Effect of adoption of MFRS 9	17,225	130,365	143,539	291,129
- As restated	17,225	130,365	143,539	291,129
Transfer in/(out) to Lifetime ECL not credit impaired (Stage 2)	(18)	18	-	-
Charge during the financial period	-	292	-	292
Written back during the financial period	(930)	(435)	(532)	(1,897)
Purchases and origination	9,456	-	-	9,456
Derecognition	(2,547)	(150)	-	(2,697)
Remeasurement	-	(6,002)	-	(6,002)
Exchange differences	(39)	-	-	(39)
Balance as at the end of the financial period	<u>23,147</u>	<u>124,088</u>	<u>143,007</u>	<u>290,242</u>

**Bank**

Balance as at the beginning of the financial period				
- As previously reported	-	-	-	-
- Effect of adoption of MFRS 9	14,517	129,152	64,134	207,803
- As restated	14,517	129,152	64,134	207,803
Transfer in/(out) to Lifetime ECL not credit impaired (Stage 2)	(6)	6	-	-
Charge during the financial period	-	292	-	292
Written back during the financial period	(874)	-	(490)	(1,364)
Purchases and origination	8,810	-	-	8,810
Derecognition	(2,028)	-	-	(2,028)
Remeasurement	-	(6,002)	-	(6,002)
Balance as at the end of the financial period	<u>20,419</u>	<u>123,448</u>	<u>63,644</u>	<u>207,511</u>



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**A18. Loans, Advances and Financing**

**(a) By type**

	Group		Bank	
	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000
<b>At amortised cost</b>				
Overdrafts	6,482,801	6,471,039	5,630,835	5,610,819
Term loans/financing				
- Housing loans/financing	51,522,235	49,566,956	38,386,524	37,523,253
- Syndicated term loans/financing	6,269,779	6,409,437	3,052,623	3,171,702
- Hire purchase receivables/financing	9,333,241	9,316,262	2,866,117	3,130,528
- Lease receivables	2,514	3,455	-	-
- Other term loans/financing	66,904,488	67,121,063	45,956,424	47,294,834
Bills receivables	2,911,360	2,714,555	1,857,147	1,669,445
Trust receipts	554,682	560,934	524,119	541,284
Claims on customers under acceptance credits	3,510,587	3,464,404	3,510,587	3,464,404
Staff loans/financing	143,967	146,789	124,685	127,447
Credit/charge card receivables	2,033,656	2,094,608	1,773,685	1,827,031
Revolving credits/financing	11,537,012	12,254,408	6,139,041	6,467,021
Gross loans, advances and financing	161,206,322	160,123,910	109,821,787	110,827,768
Fair value changes arising from fair value hedges	2,475	3,531	2,009	2,735
	161,208,797	160,127,441	109,823,796	110,830,503
Less:				
- Allowance for credit losses	(3,146,900)	-	(2,494,156)	-
- Individual impairment allowance	-	(761,692)	-	(493,112)
- Collective impairment allowance	-	(1,064,286)	-	(807,074)
Net loans, advances and financing	158,061,897	158,301,463	107,329,640	109,530,317

Included in loans, advances and financing are housing loans, hire purchase receivables and other term loans/financing sold to Cagamas with recourse to the Group and the Bank amounting to RM3,804,185,000 (31 December 2017: RM1,593,068,000) and RM2,806,871,000 (31 December 2017: RM1,593,068,000) respectively.





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**A18. Loans, Advances and Financing (continued)**

**(b) By type of customer**

	Group		Bank	
	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000
Domestic non-bank financial institutions:				
- Others	2,954,806	3,222,619	346,919	538,467
Domestic business enterprises:				
- Small medium enterprises	26,748,249	27,333,435	23,427,470	24,048,771
- Others	29,631,108	28,770,957	16,011,837	15,863,860
Government and statutory bodies	6,125,912	5,952,097	1,922,375	1,947,074
Individuals	78,659,989	76,401,814	54,495,838	54,403,698
Other domestic entities	157,310	118,489	23,103	18,312
Foreign entities	16,928,948	18,324,499	13,594,245	14,007,586
	<b>161,206,322</b>	<b>160,123,910</b>	<b>109,821,787</b>	<b>110,827,768</b>

**(c) By geographical distribution**

	Group		Bank	
	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000
Malaysia	144,379,913	141,991,108	97,499,441	98,067,587
Labuan Offshore	2,043,234	2,813,607	-	-
Singapore	11,063,103	11,456,127	10,899,349	11,309,482
Thailand	1,510,938	1,566,795	1,269,882	1,297,959
Brunei	153,115	152,740	153,115	152,740
Indonesia	117,963	111,148	-	-
Hong Kong	145,205	170,649	-	-
Cambodia	1,585,297	1,650,403	-	-
Lao	207,554	211,333	-	-
	<b>161,206,322</b>	<b>160,123,910</b>	<b>109,821,787</b>	<b>110,827,768</b>



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**A18. Loans, Advances and Financing (continued)**

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

	Group		Bank	
	As at 31 March 2017 RM'000	As at 31 December 2016 RM'000	As at 31 March 2017 RM'000	As at 31 December 2016 RM'000
Fixed rate				
- Housing loans/financing	567,982	585,855	111,500	113,242
- Hire purchase receivables/financing	6,993,397	7,583,002	2,866,117	3,130,528
- Other fixed rate loans/financing	18,236,417	17,887,103	7,997,483	8,036,358
Variable rate				
- Base lending/financing rate plus	83,759,525	81,427,609	52,880,652	53,413,028
- Cost-plus	29,433,297	30,805,844	26,666,028	27,987,482
- Other variable rates	22,215,704	21,834,497	19,300,007	18,147,130
	<b>161,206,322</b>	<b>160,123,910</b>	<b>109,821,787</b>	<b>110,827,768</b>

**(e) By economic sector**

	Group		Bank	
	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000
Agriculture, hunting, forestry and fishing	4,047,513	4,636,416	2,846,563	2,907,175
Mining and quarrying	1,237,620	1,154,489	375,007	272,349
Manufacturing	8,607,103	8,589,318	6,871,449	6,810,028
Electricity, gas and water	2,327,218	2,304,182	1,940,414	1,908,591
Construction	12,186,100	11,039,039	7,927,312	7,826,427
Wholesale and retail trade and restaurant and hotel	11,396,681	11,521,445	9,354,010	9,554,468
Transport, storage and communication	8,127,953	8,375,796	3,043,241	3,231,028
Real estate	3,722,936	3,781,156	2,356,041	2,421,062
Finance, insurance and business services	14,790,278	16,026,747	10,778,258	11,777,761
Government and government agencies	4,459,061	4,301,239	1,922,375	1,947,074
Education, health & others	6,063,705	6,029,951	3,589,146	3,362,044
Household sector	83,079,552	81,028,604	58,150,481	58,083,176
Others	1,160,602	1,335,528	667,490	726,585
	<b>161,206,322</b>	<b>160,123,910</b>	<b>109,821,787</b>	<b>110,827,768</b>



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**A18. Loans, Advances and Financing (continued)**

**(f) By remaining contractual maturities**

	Group		Bank	
	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000
Maturity within one year	44,326,099	44,794,269	32,838,561	33,861,312
One year to three years	13,465,030	13,972,130	7,858,108	7,574,660
Three years to five years	10,682,790	10,789,675	6,241,185	6,699,923
Over five years	92,732,403	90,567,836	62,883,933	62,691,873
	<b>161,206,322</b>	<b>160,123,910</b>	<b>109,821,787</b>	<b>110,827,768</b>

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

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

	Group		Bank	
	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000
Balance as at the beginning of the financial period/year	-	3,749,949	-	2,719,127
- As previously reported	3,816,952	-	2,971,510	-
- Effect of adoption of MFRS 9	3,816,952	3,749,949	2,971,510	2,719,127
- As restated	(144,634)	-	(123,796)	-
Transfer in/(out) to 12-month ECL (Stage 1)	(112,472)	-	(81,257)	-
Transfer in/(out) to Lifetime ECL not credit impaired (Stage 2)	476,901	-	361,322	-
Transfer in/(out) to Lifetime ECL credit impaired (Stage 3)	-	4,121,726	-	3,471,543
Classified as impaired	-	(2,504,932)	-	(1,971,469)
Reclassified as non-impaired	164,615	-	128,613	-
Purchases and origination	(291,062)	-	(255,195)	-
Derecognition	-	(787,464)	-	(528,042)
Amount recovered	(167,253)	(946,957)	(154,809)	(887,533)
Amount written off	(52,927)	(64,534)	(33,682)	(19,156)
Exchange differences				
Balance as at the end of the financial period/year	<b>3,690,120</b>	<b>3,567,788</b>	<b>2,812,706</b>	<b>2,784,470</b>



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**A18. Loans, Advances and Financing (continued)**

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

**(ii) By economic sector**

	Group		Bank	
	As at 31 March 2018	As at 31 December 2017	As at 31 March 2018	As at 31 December 2017
	RM'000	RM'000	RM'000	RM'000
Agriculture, hunting, forestry and fishing	66,023	67,014	43,707	41,095
Mining and quarrying	177,751	183,277	1,317	1,581
Manufacturing	446,323	474,311	318,970	357,347
Electricity, gas and water	59,744	61,788	30,834	31,524
Construction	705,730	673,448	623,520	632,724
Wholesale and retail trade and restaurant and hotel	470,950	436,655	353,634	329,192
Transport, storage and communication	255,217	311,404	244,093	300,151
Real estate	228,819	219,700	219,706	214,220
Finance, insurance and business services	155,046	143,412	94,129	92,492
Education, health & others	16,165	12,343	9,361	8,522
Household sector	1,101,892	982,253	869,640	775,224
Others	6,460	2,183	3,795	398
	<b>3,690,120</b>	<b>3,567,788</b>	<b>2,812,706</b>	<b>2,784,470</b>

**(iii) By geographical distribution**

	Group		Bank	
	As at 31 March 2018	As at 31 December 2017	As at 31 March 2018	As at 31 December 2017
	RM'000	RM'000	RM'000	RM'000
Malaysia	2,141,583	1,839,499	1,707,315	1,494,742
Labuan Offshore	255,882	275,857	-	-
Singapore	1,082,095	1,268,365	1,067,172	1,253,371
Thailand	37,199	37,295	28,796	28,865
Brunei	9,423	7,492	9,423	7,492
Indonesia	7,805	-	-	-
Cambodia	74,557	63,103	-	-
Hong Kong	66,319	69,800	-	-
Lao	15,257	6,377	-	-
	<b>3,690,120</b>	<b>3,567,788</b>	<b>2,812,706</b>	<b>2,784,470</b>



**RHB BANK BERHAD (6171-M)**  
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**A18. Loans, Advances and Financing (continued)**

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

**(iv) Allowance for credit losses**

	<b>Group</b>	<b>Bank</b>
	<b>As at</b>	<b>As at</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2018</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
12-month ECL (Stage 1)	<b>597,943</b>	<b>515,603</b>
Lifetime ECL not credit impaired (Stage 2)	<b>894,202</b>	<b>767,173</b>
Lifetime ECL credit impaired (Stage 3)	<b>1,654,755</b>	<b>1,211,380</b>
	<b><u>3,146,900</u></b>	<b><u>2,494,156</u></b>



**RHB BANK BERHAD (6171-M)  
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**A18. Loans, Advances and Financing (continued)**

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

**(v) Movement in allowance for credit losses**

<b>31 March 2018 Group</b>	<b>12-month ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not credit impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
Balance as at the beginning of the financial period				
- As previously reported	-	-	-	-
- Effect of adoption of MFRS 9	556,786	903,751	1,726,087	3,186,624
- As restated	556,786	903,751	1,726,087	3,186,624
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to 12-month ECL (Stage 1)	160,465	(134,029)	(26,436)	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	(43,065)	97,159	(54,094)	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	(991)	(64,876)	65,867	-
	116,409	(101,746)	(14,663)	-
Allowance made/(written back) during the financial period	(42,235)	119,289	155,355	232,409
Bad debts written off	-	-	(142,038)	(142,038)
Derecognised during the financial period	(29,186)	(18,976)	(47,291)	(95,453)
Exchange differences	(3,831)	(8,116)	(22,695)	(34,642)
Balance as at the end of the financial period	<u>597,943</u>	<u>894,202</u>	<u>1,654,755</u>	<u>3,146,900</u>



**RHB BANK BERHAD (6171-M)**  
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**A18. Loans, Advances and Financing (continued)**

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

**(v) Movement in allowance for credit losses (continued)**

<b>31 March 2018</b>	<b>12-month ECL (Stage 1)</b>	<b>Lifetime ECL not credit impaired (Stage 2)</b>	<b>Lifetime ECL credit impaired (Stage 3)</b>	<b>Total</b>
<b>Bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance as at the beginning of the financial period				
- As previously reported	-	-	-	-
- Effect of adoption of MFRS 9	<b>464,863</b>	<b>784,601</b>	<b>1,273,566</b>	<b>2,523,030</b>
- As restated	<b>464,863</b>	<b>784,601</b>	<b>1,273,566</b>	<b>2,523,030</b>
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to 12-month ECL (Stage 1)	<b>119,969</b>	<b>(96,928)</b>	<b>(23,041)</b>	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	<b>(34,625)</b>	<b>82,836</b>	<b>(48,211)</b>	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	<b>(730)</b>	<b>(53,429)</b>	<b>54,159</b>	-
	<b>84,614</b>	<b>(67,521)</b>	<b>(17,093)</b>	-
Allowance made/(written back) during the financial period	<b>(16,270)</b>	<b>72,540</b>	<b>125,663</b>	<b>181,933</b>
Bad debts written off	-	-	<b>(121,857)</b>	<b>(121,857)</b>
Derecognised during the financial period	<b>(15,766)</b>	<b>(16,434)</b>	<b>(37,572)</b>	<b>(69,772)</b>
Exchange differences	<b>(1,838)</b>	<b>(6,013)</b>	<b>(11,327)</b>	<b>(19,178)</b>
Balance as at the end of the financial period	<b>515,603</b>	<b>767,173</b>	<b>1,211,380</b>	<b>2,494,156</b>



**RHB BANK BERHAD (6171-M)**  
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**A18. Loans, Advances and Financing (continued)**

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

**(vi) Movement in allowance for impaired loans, advances**

	<b>Group</b>	<b>Bank</b>
	<b>As at</b>	<b>As at</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2017</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Individual impairment allowance</b>		
Balance as at the beginning of the financial year	999,328	827,505
Net allowance made	309,870	190,532
Amount written off	(517,524)	(514,721)
Exchange differences	(29,982)	(10,204)
Balance as at the end of the financial year	<u>761,692</u>	<u>493,112</u>
<b>Collective impairment allowance</b>		
Balance as at the beginning of the financial year	1,132,836	866,430
Net allowance made	225,669	186,321
Amount written off	(288,436)	(244,386)
Exchange differences	(5,783)	(1,291)
Balance as at the end of the financial year	<u>1,064,286</u>	<u>807,074</u>

**A19. Other Assets**

	<b>Group</b>		<b>Bank</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other receivables	<b>700,307</b>	663,468	<b>260,397</b>	239,555
Cash collateral in relation to derivative transactions	<b>188,465</b>	271,320	<b>188,465</b>	268,434
Deposits	<b>66,343</b>	71,620	<b>31,033</b>	31,773
Prepayments	<b>130,351</b>	99,640	<b>76,847</b>	53,931
Amounts due from subsidiaries	-	-	<b>1,148,249</b>	313,202
	<u><b>1,085,466</b></u>	<u>1,106,048</u>	<u><b>1,704,991</b></u>	<u>906,895</u>





**RHB BANK BERHAD (6171-M)**  
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**A20. Deposits from Customers**

**(a) By type of deposits**

	Group		Bank	
	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000
Demand deposits	39,682,425	40,599,769	32,514,964	33,819,798
Savings deposits	10,040,404	9,861,321	8,418,402	8,302,388
Fixed/investment deposits	120,039,851	115,624,467	81,237,957	78,537,835
Negotiable instruments of deposits	53,520	72,194	53,520	72,194
	<b>169,816,200</b>	<b>166,157,751</b>	<b>122,224,843</b>	<b>120,732,215</b>

**(b) By type of customer**

	Group		Bank	
	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000
Government and statutory bodies	9,889,632	8,947,445	5,768,129	4,634,166
Business enterprises	100,663,099	98,108,327	70,582,451	67,937,474
Individuals	53,788,023	53,968,119	40,938,044	43,546,269
Other financial institutions	5,475,446	5,133,860	4,936,219	4,614,306
	<b>169,816,200</b>	<b>166,157,751</b>	<b>122,224,843</b>	<b>120,732,215</b>

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

	Group		Bank	
	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000
Due within six months	96,833,488	94,841,819	65,915,812	66,160,033
Six months to one year	21,191,028	20,406,629	15,008,976	12,010,770
One year to three years	1,969,694	435,387	356,293	428,470
Three years to five years	99,161	12,826	10,396	10,756
	<b>120,093,371</b>	<b>115,696,661</b>	<b>81,291,477</b>	<b>78,610,029</b>



**RHB BANK BERHAD (6171-M)**  
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**A21. Deposits and Placements of Banks and Other Financial Institutions**

	<b>Group</b>		<b>Bank</b>	
	<b>As at 31 March 2018</b>	<b>As at 31 December 2017</b>	<b>As at 31 March 2018</b>	<b>As at 31 December 2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	<b>18,695,641</b>	17,268,724	<b>20,851,339</b>	20,926,529
Licensed Islamic banks	<b>1,511,062</b>	2,945,973	<b>26,235</b>	5,912
Licensed investment banks	<b>727,045</b>	479,730	<b>547,112</b>	618,214
Bank Negara Malaysia	<b>484,411</b>	500,867	<b>456,898</b>	480,178
Other financial institutions	<b>616,088</b>	591,723	<b>504,158</b>	506,108
	<b>22,034,247</b>	21,787,017	<b>22,385,742</b>	22,536,941

**A22. Other Liabilities**

	<b>Group</b>		<b>Bank</b>	
	<b>As at 31 March 2018</b>	<b>As at 31 December 2017</b>	<b>As at 31 March 2018</b>	<b>As at 31 December 2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other creditors and accruals	<b>1,135,819</b>	1,259,331	<b>818,125</b>	514,606
Deferred income	<b>89,581</b>	97,913	<b>57,750</b>	63,000
Short term employee benefits	<b>191,499</b>	368,423	<b>132,731</b>	257,227
Accrual for operational expenses	<b>248,563</b>	101,959	<b>163,977</b>	126,696
Prepaid instalments	<b>52,756</b>	55,079	<b>52,425</b>	54,609
Cash collateral pledged for derivative transactions	<b>762,265</b>	530,465	<b>762,265</b>	530,465
Remisiers' trust deposits	<b>63,371</b>	62,902	-	-
Amount due to trust funds	<b>91,695</b>	160,214	-	-
Amounts due to subsidiaries	-	-	<b>38,404</b>	26,943
Puttable instruments	<b>78,199</b>	78,825	-	-
	<b>2,713,748</b>	2,715,111	<b>2,025,677</b>	1,573,546



**RHB BANK BERHAD (6171-M)  
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**A23. Segmental Reporting**

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

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

(a) Group Retail Banking

Group Retail Banking focuses on providing products and services to individual customers. The products and services offered to customers include credit facilities (mortgages, non-residential mortgages, hire purchase, purchase of securities, credit cards and other personal loans and financing), remittances, deposits collection, investment related products, and general and takaful insurance products.

(b) Group Business Banking

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

(c) Group Wholesale Banking

(i) Group Corporate Banking and Group Investment Banking

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

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

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

(ii) Group Treasury and Global Markets

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

(d) Group International Business

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



**RHB BANK BERHAD (6171-M)  
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FOR THE SIX MONTHS ENDED 30 JUNE 2017**

**A23. 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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**A23. Segmental Reporting (continued)**

Three months ended 31 March 2018

	←— 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	610,310	271,270	433,984	403,868	140,234	(90,263)	-	1,769,403
Inter-segment revenue	2,688	-	14,670	(12,858)	1,608	4,584	(10,692)	-
Segment revenue	<b>612,998</b>	<b>271,270</b>	<b>448,654</b>	<b>391,010</b>	<b>141,842</b>	<b>(85,679)</b>	<b>(10,692)</b>	<b>1,769,403</b>
Other operating expenses	<b>(342,477)</b>	<b>(156,672)</b>	<b>(237,046)</b>	<b>(32,179)</b>	<b>(100,175)</b>	<b>(5,128)</b>	<b>10,692</b>	<b>(862,985)</b>
Including:								
- Depreciation of property, plant and equipment	<b>(15,567)</b>	<b>(4,224)</b>	<b>(5,975)</b>	<b>(542)</b>	<b>(3,185)</b>	<b>(76)</b>	-	<b>(29,569)</b>
- Amortisation of intangible assets	<b>(10,879)</b>	<b>(5,322)</b>	<b>(4,379)</b>	<b>(1,130)</b>	<b>(2,115)</b>	<b>424</b>	-	<b>(23,401)</b>
Allowance for credit losses	<b>(45,317)</b>	<b>(25,162)</b>	<b>(37,827)</b>	<b>(16,872)</b>	<b>11,179</b>	<b>(501)</b>	-	<b>(114,500)</b>
Segment profit/(loss)	<b>225,204</b>	<b>89,436</b>	<b>173,781</b>	<b>341,959</b>	<b>52,846</b>	<b>(91,308)</b>	-	<b>791,918</b>
Share of results of joint ventures								<b>(9)</b>
Profit before taxation								<b>791,909</b>
Taxation								<b>(200,898)</b>
Net profit for the financial period								<b>591,011</b>



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**A23. Segmental Reporting (continued)**

As at 31 March 2018

	←——— 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	80,876,870	24,427,281	58,213,355	45,947,232	23,755,862	427,846	233,648,446
Investments in associates and joint ventures							46,421
Tax recoverable							434,578
Deferred tax assets							36,638
Unallocated assets							474,885
Total assets							<u>234,640,968</u>
Segment liabilities	49,653,157	22,440,617	62,719,208	48,868,677	19,138,969	3,967	202,824,595
Tax liabilities							15,340
Deferred tax liabilities							49,497
Borrowings							1,286,314
Senior debt securities							3,126,166
Hybrid Tier-1 Capital Securities							599,052
Subordinated obligations							3,750,729
Unallocated liabilities							599,897
Total liabilities							<u>212,251,590</u>



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**A23. Segmental Reporting (continued)**

Three months ended 31 March 2017

	←——— GWB ———→							
	<b>Group Retail Banking</b>	<b>Group Business Banking</b>	<b>Group CBIB</b>	<b>Group Treasury and Global Markets</b>	<b>Group International Business</b>	<b>Support Center and Others</b>	<b>Inter- Segment Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
External revenue	575,366	246,458	387,740	343,716	137,186	(135,044)	-	1,555,422
Inter-segment revenue	10,539	-	14,580	(17,741)	1,942	3,920	(13,240)	-
Segment revenue	585,905	246,458	402,320	325,975	139,128	(131,124)	(13,240)	1,555,422
Other operating expenses	(300,872)	(123,234)	(227,487)	(23,182)	(96,373)	(3,309)	13,240	(761,217)
Including:								
- Depreciation of property, plant and equipment	(15,783)	(3,130)	(6,807)	(523)	(3,727)	(75)	-	(30,045)
- Amortisation of intangible assets	(7,466)	(3,396)	(4,214)	(944)	(1,879)	-	-	(17,899)
Allowance for credit losses	(27,579)	(35,139)	(18,660)	-	(55,065)	414	-	(136,029)
Segment profit/(loss)	257,454	88,085	156,173	302,793	(12,310)	(134,019)	-	658,176
Share of results of joint ventures								96
Profit before taxation								658,272
Taxation								(156,682)
Net profit for the financial period								<u>501,590</u>



**RHB BANK BERHAD (6171-M)**  
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**A23. Segmental Reporting (continued)**

As at 31 December 2017

	←——— GWB ———→						
	<b>Group Retail Banking</b>	<b>Group Business Banking</b>	<b>Group CBIB</b>	<b>Group Treasury and Global Markets</b>	<b>Group International Business</b>	<b>Support Center and Others</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Segment assets	78,901,011	24,134,440	59,842,186	40,599,762	25,643,884	468,183	229,589,466
Investments in associates and joint ventures							48,253
Tax recoverable							115,874
Deferred tax assets							36,072
Unallocated assets							420,261
Total assets							<u>230,209,926</u>
Segment liabilities	48,769,609	22,809,848	62,109,781	43,540,492	20,869,184	21,514	198,120,428
Tax liabilities							33,531
Deferred tax liabilities							19,698
Borrowings							1,153,719
Senior debt securities							3,252,581
Hybrid Tier-1 Capital Securities							602,666
Subordinated obligations							3,748,294
Unallocated liabilities							94,581
Total liabilities							<u>207,025,498</u>





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**A24. Valuation of Property, Plant and Equipment**

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

**A25. 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.

**A26. Changes in the Composition of the Group**

There were no significant changes in the composition of the Group for the three months ended 31 March 2018 other than the following:

- (a) The Bank has on 29 January 2018 injected additional capital of USD4,000,000 (equivalent to RM15,823,000) into its wholly-owned subsidiary, RHB Indochina Bank Limited ('RHB Indochina Bank'). As a result, the issued share capital of RHB Indochina Bank increased from USD71,000,000 to USD75,000,000.
- (b) The Bank has on 8 March 2018 injected additional capital of RM400,000,000 into its wholly-owned subsidiary, RHB Islamic Bank Berhad ('RHB Islamic Bank'). As a result, the paid up share capital of RHB Islamic Bank increased from RM1,273,424,002 to RM1,673,424,002.

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**A27. 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 31 March 2018 RM'000	As at 31 December 2017 RM'000	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000
Direct credit substitutes	1,512,569	1,713,757	1,490,429	1,691,694
Transaction-related contingent items	5,202,901	5,241,528	4,986,652	4,997,587
Short term self-liquidating trade-related contingencies	1,268,548	1,062,958	1,168,666	975,179
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions, and commitment to buy-back Islamic securities under Sell and Buy Back Agreement transactions	-	629,085	648,258	1,657,649
Irrevocable commitments to extend credit				
- Maturity not exceeding one year	2,195,041	2,215,137	479,424	548,057
- Maturity exceeding one year	27,644,055	28,020,104	20,236,370	20,464,906
Foreign exchange related contracts <sup>^</sup>				
- Less than one year	66,327,816	72,013,970	67,922,723	73,557,981
- One year to less than five years	5,190,260	5,284,174	6,084,871	6,262,028
- More than five years	2,441,522	2,613,222	2,544,594	2,721,200
Equity related contracts <sup>^</sup>				
- Less than one year	7,260	7,262	-	-
Interest rate related contracts <sup>^</sup>				
- Less than one year	9,668,368	10,804,368	10,708,368	11,724,368
- One year to less than five years	15,641,493	15,171,523	16,066,493	15,596,523
- More than five years	11,497,398	11,825,636	11,497,398	11,825,636
Any commitments that are unconditionally cancellable at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	15,337,908	15,622,899	13,121,715	13,355,680
	<b>163,935,139</b>	<b>172,225,623</b>	<b>156,955,961</b>	<b>165,378,488</b>

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



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**A27. Changes In Contingent Liabilities Since The Last Annual Statements Of Financial Position (continued)**

**(b) Guarantees Issued by the Group and the Bank**

	<b>Group</b>	
	<b>As at</b>	<b>As at</b>
	<b>31 March</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Corporate guarantee issued in favour of Monetary Authority of Singapore in relation to undertaking of subsidiaries	<b>147,414</b>	151,450
Corporate guarantee issued in favour of the Stock Exchange of Thailand in relation to a derivative warrant programme of a subsidiary	<b>202</b>	133
	<b>147,616</b>	<b>151,583</b>

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.

**A28. Capital Commitments**

	<b>Group</b>		<b>Bank</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Authorised and contracted for:				
- Property, plant and equipment	<b>493,644</b>	433,157	<b>458,744</b>	399,518
- Investment securities	<b>38,580</b>	40,905	-	-
	<b>532,224</b>	<b>474,062</b>	<b>458,744</b>	<b>399,518</b>



**RHB BANK BERHAD (6171-M)**  
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**A29. 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 <sup>@</sup>	
	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000
<b>Common Equity Tier I ('CET I')/Tier I Capital</b>				
Share capital	6,994,103	6,994,103	6,994,103	6,994,103
Retained profits	13,144,247	13,249,895	10,949,651	11,019,987
Other reserves	536,456	667,019	358,341	450,926
FVOCI/AFS reserves	268,634	275,224	260,004	272,449
	<b>20,943,440</b>	21,186,241	<b>18,562,099</b>	18,737,465
<b>Less:</b>				
Goodwill	(2,633,383)	(2,633,383)	(1,651,542)	(1,651,542)
Intangible assets (include associated deferred tax liabilities)	(513,728)	(447,837)	(457,694)	(390,769)
Deferred tax assets	(9,237)	(44,629)	-	(10,542)
55% of cumulative gains arising from change in value of FVOCI/AFS instruments	(147,749)	(151,373)	(143,002)	(149,847)
Investments in subsidiaries*	(148,846)	(120,542)	(4,711,343)	(3,436,416)
Other deductions <sup>#</sup>	(46,430)	(35,272)	(37,992)	(30,965)
Total CET I Capital	17,444,067	17,753,205	11,560,526	13,067,384
Hybrid Tier-1 Capital Securities**	240,000	300,000	240,000	300,000
Qualifying non-controlling interests recognised as Tier I Capital	20,048	20,207	-	-
Total Tier I Capital	<b>17,704,115</b>	18,073,412	<b>11,800,526</b>	13,367,384
<b>Tier II Capital</b>				
Subordinated obligations subject to gradual phase out treatment***	300,000	300,000	300,000	300,000
Subordinated obligations meeting all relevant criteria	2,249,087	2,249,028	2,249,087	2,249,028
Qualifying capital instruments of a subsidiary issued to third parties <sup>+</sup>	366,313	385,523	-	-
Surplus eligible provisions over expected losses	510,442	457,989	422,387	376,282
General provision and regulatory reserves <sup>^</sup>	315,185	399,560	211,270	284,839
	<b>3,741,027</b>	3,792,100	<b>3,182,744</b>	3,210,149
<b>Less:</b>				
Investments in subsidiaries*	-	(30,135)	-	(859,104)
Total Tier II Capital	<b>3,741,027</b>	3,761,965	<b>3,182,744</b>	2,351,045
<b>Total Capital</b>	<b>21,445,142</b>	21,835,377	<b>14,983,270</b>	15,718,429



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**A29. Capital Adequacy Ratio (continued)**

	Group		Bank <sup>@</sup>	
	As at 31 March 2018	As at 31 December 2017	As at 31 March 2018	As at 31 December 2017
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	<b>13.805%</b>	14.228%	<b>11.786%</b>	13.523%
Tier I Capital Ratio	<b>14.010%</b>	14.485%	<b>12.031%</b>	13.833%
Total Capital Ratio	<b>16.971%</b>	17.500%	<b>15.276%</b>	16.266%
After proposed dividends:				
CET I Capital Ratio	<b>13.487%</b>	13.907%	<b>11.377%</b>	13.108%
Tier I Capital Ratio	<b>13.693%</b>	14.164%	<b>11.622%</b>	13.418%
Total Capital Ratio	<b>16.653%</b>	17.179%	<b>14.867%</b>	15.851%

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

<sup>\*</sup> 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).

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

<sup>\*\*</sup> 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).

<sup>\*\*\*</sup> Subordinated obligations that are recognised as Tier II capital instruments are subject to the gradual phase-out treatment effective from 1 January 2013 as prescribed under paragraph 37.7 of the BNM's Capital Adequacy Framework (Capital Components).

<sup>+</sup> 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.

<sup>^</sup> Excludes general provision 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 RMNil (31 December 2017: RM268,407,000) and RMNil (31 December 2017: RM202,172,000) respectively.



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**A29. 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 31 March 2018 RM'000	As at 31 December 2017 RM'000	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000
<b>CET I/Tier I Capital</b>				
Share capital	1,673,424	1,273,424	1,487,773	1,487,773
Retained profits	1,643,244	1,787,323	882,129	883,218
FVOCI/AFS reserves	(10,818)	(15,929)	19,491	26,120
	<b>3,305,850</b>	<b>3,044,818</b>	<b>2,389,393</b>	<b>2,397,111</b>
<b>Less:</b>				
Goodwill	-	-	(372,395)	(372,395)
Investments in subsidiaries, associates and joint ventures*	-	-	(1,490,686)	(1,199,358)
Intangible assets (include associated deferred tax liabilities)	(4,251)	(4,412)	(27,001)	(27,700)
Deferred tax assets	(14,507)	(17,140)	(5,159)	(1,180)
55% of cumulative gains arising from change in value of FVOCI/AFS instruments	-	-	(10,720)	(14,366)
Other deductions <sup>#</sup>	(8,431)	(4,296)	(7)	(12)
Total CET I Capital/Tier I Capital	<b>3,278,661</b>	<b>3,018,970</b>	<b>483,425</b>	<b>782,100</b>
<b>Tier II Capital</b>				
Subordinated sukuk	750,000	750,000	-	-
Subordinated obligations meeting all relevant criteria	-	-	400,000	400,000
General provision and regulatory reserves <sup>^</sup>	358,654	343,212	9,203	8,987
	<b>1,108,654</b>	<b>1,093,212</b>	<b>409,203</b>	<b>408,987</b>
<b>Less:</b>				
Investments in subsidiaries, associates and joint ventures*	-	-	-	(299,839)
Total Tier II Capital	<b>1,108,654</b>	<b>1,093,212</b>	<b>409,203</b>	<b>109,148</b>
<b>Total Capital</b>	<b>4,387,315</b>	<b>4,112,182</b>	<b>892,628</b>	<b>891,248</b>
<b>Capital ratios</b>				
Before proposed dividends:				
CET I Capital Ratio	10.807%	10.376%	22.709%	34.995%
Tier I Capital Ratio	10.807%	10.376%	22.709%	34.995%
Total Capital Ratio	14.461%	14.134%	41.931%	39.878%
After proposed dividends:				
CET I Capital Ratio	10.807%	10.376%	22.709%	34.995%
Tier I Capital Ratio	10.807%	10.376%	22.709%	34.995%
Total Capital Ratio	14.461%	14.134%	41.931%	39.878%



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**A29. 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).

# 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.

^ Excludes general provision 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 RM216,369,000 (31 December 2016: RM204,312,000) and RM8,947,000 (31 December 2016: RM8,987,000) respectively.

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

	<b>Group</b>	<b>Bank<sup>@</sup></b>	<b>RHB Islamic Bank</b>	<b>RHB Investment Bank</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 March 2018</b>				
Credit risk	110,288,502	87,299,479	28,692,344	736,232
Market risk	4,432,614	2,481,618	166,558	472,930
Operational risk	11,643,833	8,303,117	1,479,361	919,651
Total risk-weighted assets	<u>126,364,949</u>	<u>98,084,214</u>	<u>30,338,263</u>	<u>2,128,813</u>
	<b>Group</b>	<b>Bank<sup>@</sup></b>	<b>RHB Islamic Bank</b>	<b>RHB Investment Bank</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 December 2017</b>				
Credit risk	108,296,294	85,500,785	27,456,953	718,961
Market risk	4,960,017	2,872,562	240,688	610,542
Operational risk	11,516,719	8,260,751	1,397,487	905,417
Total risk-weighted assets	<u>124,773,030</u>	<u>96,634,098</u>	<u>29,095,128</u>	<u>2,234,920</u>

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



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**A29. 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:

	<b>As at 31 March 2018 RM'000</b>	<b>As at 31 December 2017 RM'000</b>
Before proposed dividends:		
Core capital ratio	#	#
Solvency ratio	20.831%	18.686%
After proposed dividends:		
Core capital ratio	#	#
Solvency ratio	20.831%	18.686%

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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**A30. Operations of Islamic Banking**

**(a) Statement of Financial Position as at 31 March 2018**

	Group		Bank	
	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000
<b>ASSETS</b>				
Cash and short-term funds	4,946,300	2,019,457	-	-
Deposits and placements with banks and other financial institutions	346,437	432,597	-	-
Financial assets FVTPL/ held-for-trading	91,219	172,536	-	-
Financial investments AFS	-	3,394,493	-	-
Financial investments HTM	-	3,820,734	-	-
Financial assets at FVOCI	3,401,529	-	-	-
Financial assets at amortised costs	2,824,104	-	-	-
Financing and advances	45,773,322	42,717,398	13,876	14,373
Other assets	205,065	99,511	8,497	8,577
Derivative assets	6,822	6,370	-	-
Statutory deposits	1,237,201	1,116,200	-	-
Deferred tax assets	13,952	16,513	-	-
Property, plant and equipment	5,833	6,193	-	-
Intangible assets	4,806	5,039	-	-
Total assets	<b>58,856,590</b>	<b>53,807,041</b>	<b>22,373</b>	<b>22,950</b>
<b>LIABILITIES</b>				
Deposits from customers	42,119,482	37,850,205	-	-
Deposits and placements of banks and other financial institutions	1,977,449	4,183,323	14,294	14,641
Investment accounts from customers	50	-	-	-
Obligations on securities sold under repurchase agreements	-	604,163	-	-
Bills and acceptances payable	13,953	9,216	-	-
Recourse obligation on financing sold to Cagamas	1,000,359	-	-	-
Other liabilities	112,888	177,169	8,096	8,319
Derivative liabilities	436,565	313,134	-	-
Tax liabilities and zakat	5,456	15,623	-	-
Subordinated obligations	764,504	755,393	-	-
Total liabilities	<b>46,430,706</b>	<b>43,908,226</b>	<b>22,390</b>	<b>22,960</b>
Islamic Banking Funds	12,425,884	9,898,815	(17)	(10)
Total liabilities and Islamic Banking Funds	<b>58,856,590</b>	<b>53,807,041</b>	<b>22,373</b>	<b>22,950</b>
Commitments and contingencies	<b>14,073,152</b>	<b>16,678,885</b>	<b>2,948</b>	<b>3,029</b>



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**A30. Operations of Islamic Banking (continued)**

**(b) Income Statement for the Three Months Ended 31 March 2018**

	1st Quarter Ended		Three Months Ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Income derived from investment of depositors' funds	539,916	441,417	539,916	441,417
Income derived from investment account funds	103,844	84,027	103,844	84,027
Income derived from investment of shareholders' funds	(19,127)	14,786	(19,127)	14,786
Allowance for credit losses	(22,098)	(28,216)	(22,098)	(28,216)
Total distributable income	602,535	512,014	602,535	512,014
Income attributable to depositors	(350,865)	(290,233)	(350,865)	(290,233)
	251,670	221,781	251,670	221,781
Personnel expenses	(8,881)	(7,488)	(8,881)	(7,488)
Other overheads and expenditures	(91,046)	(69,635)	(91,046)	(69,635)
Profit before taxation	151,743	144,658	151,743	144,658
Taxation	(35,360)	(23,749)	(35,360)	(23,749)
Net profit for the financial period	116,383	120,909	116,383	120,909

**Statement of Comprehensive Income for the Three Months Ended 31 March 2018**

	1st Quarter Ended		Three Months Ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Net profit for the financial period	116,383	120,909	116,383	120,909
Other comprehensive income/(loss) in respect of:				
Items that will be reclassified subsequently to profit or loss				
(a) Financial investments available-for-sale ('AFS')				
- Unrealised net gain on revaluation	-	15,204	-	15,204
- Net transfer to income statements on disposal or impairment	-	(641)	-	(641)
(b) Debt instruments measured at FVOCI				
- Unrealised net gain	6,811	-	6,811	-
- Net transfer to income statements on disposal	(86)	-	(86)	-
Income tax relating to components of other comprehensive income	(1,614)	(3,495)	(1,614)	(3,495)
Other comprehensive income, net of tax, for the financial period	5,111	11,068	5,111	11,068
Total comprehensive income for the financial period	121,494	131,977	121,494	131,977



**RHB BANK BERHAD (6171-M)  
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS  
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**A30. Operations of Islamic Banking (continued)**

**(b) Income Statement for the Three Months Ended 31 March 2018**

	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Income derived from investment of depositors' funds	36	-	36	-
Total distributable income	36	-	36	-
Income attributable to depositors	(43)	-	(43)	-
	(7)	-	(7)	-
Other overheads and expenditures	-	-	-	-
Loss before taxation	(7)	-	(7)	-
Taxation	-	-	-	-
Net loss for the financial period	(7)	-	(7)	-

**Statement of Comprehensive Income for the Three Months Ended 31 March 2018**

	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Net loss for the financial period	(7)	-	(7)	-
Total comprehensive loss for the financial period	(7)	-	(7)	-



**RHB BANK BERHAD (6171-M)**  
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**A30. Operations of Islamic Banking (continued)**

**(d) Financing and Advances**

	Group		Bank	
	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000
<b>At amortised cost</b>				
Cashline	577,797	535,776	-	-
Term financing				
- Housing financing	12,939,142	11,847,106	-	-
- Syndicated term financing	1,873,747	1,808,947	-	-
- Hire purchase receivables	6,467,124	6,185,724	-	-
- Other term financing	19,383,289	18,177,105	13,916	14,394
Bills receivables	1,054,213	1,045,110	-	-
Trust receipts	26,684	15,558	-	-
Staff financing	2,464	2,592	-	-
Credit/charge card receivables	259,972	267,577	-	-
Revolving financing	3,519,539	3,104,581	-	-
Gross financing and advances	46,103,971	42,990,076	13,916	14,394
Less:				
- Allowance for credit losses	(330,649)	-	(40)	-
- Individual impairment allowance	-	(42,612)	-	-
- Collective impairment allowance	-	(230,066)	-	(21)
Net financing and advances	45,773,322	42,717,398	13,876	14,373

**(i) Movements in impaired financing and advances**

Balance as at the beginning of the financial period/year

- As previously reported	-	393,096	-	-
- Effect of adoption of MFRS 9	406,084	-	-	-
- As restated	406,084	393,096	-	-
Transfer in/(out) to 12-month ECL (Stage 1)	(20,684)	-	-	-
Transfer in/(out) to Lifetime ECL not credit impaired (Stage 2)	(22,430)	-	-	-
Transfer in/(out) to Lifetime ECL credit impaired provision (Stage 3)	85,156	-	-	-
Classified as impaired	-	472,890	-	-
Reclassified as non-impaired	-	(385,958)	-	-
Purchases and origination	14,719	-	-	-
Derecognition	(16,481)	-	-	-
Amount recovered	-	(77,000)	-	-
Amount written off	(12,445)	(59,067)	-	-
Balance as at the end of the financial period/year	433,919	343,961	-	-



**RHB BANK BERHAD (6171-M)**  
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**A30. Operations of Islamic Banking (continued)**

**(d) Financing and Advances (continued)**

**(ii) Movement in allowance for credit losses**

31 March 2018	Lifetime ECL		Lifetime ECL credit impaired (Stage 3)	Total
	12-month ECL (Stage 1)	not credit impaired (Stage 2)		
Group	RM'000	RM'000	RM'000	RM'000
Balance as at the beginning of the financial period				
- As previously reported	-	-	-	-
- Effect of adoption of MFRS 9	52,625	75,980	200,695	329,300
- As restated	52,625	75,980	200,695	329,300
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to 12-month ECL (Stage 1)	39,187	(35,792)	(3,395)	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	(7,965)	13,759	(5,794)	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	(261)	(8,741)	9,002	-
	30,961	(30,774)	(187)	-
New financial assets originated or purchased	3,971	10,567	-	14,538
Allowance made/(written back) during the financial period	(29,866)	27,688	19,947	17,769
Bad debts written off	-	-	(20,181)	(20,181)
Derecognised during the financial period	(1,323)	(1,846)	(7,607)	(10,776)
Exchange differences	(1)	-	-	(1)
Balance as at the end of the financial period	<b>56,367</b>	<b>81,615</b>	<b>192,667</b>	<b>330,649</b>
<b>Bank</b>				
Balance as at the beginning of the financial period				
- As previously reported	-	-	-	-
- Effect of adoption of MFRS 9	43	-	-	43
- As restated	43	-	-	43
Allowance written back during the financial period	(2)	-	-	(2)
Exchange differences	(1)	-	-	(1)
Balance as at the end of the financial period	<b>40</b>	<b>-</b>	<b>-</b>	<b>40</b>



**RHB BANK BERHAD (6171-M)**  
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**A30. Operations of Islamic Banking (continued)**

**(d) Financing and Advances (continued)**

**(ii) Movements in allowance for impaired financing and advances**

	<b>Group</b> <b>As at</b> <b>31 December</b> <b>2017</b> <b>RM'000</b>	<b>Bank</b> <b>As at</b> <b>31 December</b> <b>2017</b> <b>RM'000</b>
<b>Individual impairment allowance</b>		
Balance as at the beginning of the financial year	15,864	-
Net allowance made	29,204	-
Amount written off	(2,456)	-
Balance as at the end of the financial year	<u>42,612</u>	<u>-</u>
<b>Collective impairment allowance</b>		
Balance as at the beginning of the financial year	236,525	-
Net allowance made	37,583	21
Amount written off	(44,042)	-
Balance as at the end of the financial year	<u>230,066</u>	<u>21</u>

	<b>Group</b>		<b>Bank</b>	
	<b>As at</b> <b>31 March</b> <b>2018</b> <b>RM'000</b>	<b>As at</b> <b>31 December</b> <b>2017</b> <b>RM'000</b>	<b>As at</b> <b>31 March</b> <b>2018</b> <b>RM'000</b>	<b>As at</b> <b>31 December</b> <b>2017</b> <b>RM'000</b>
<b>(e) Other Assets</b>				
Prepayments	18,751	15,998	-	-
Deposits	1,732	1,732	-	-
Other receivables	184,582	81,781	8,497	8,577
	<u>205,065</u>	<u>99,511</u>	<u>8,497</u>	<u>8,577</u>

	<b>Group</b>	
	<b>As at</b> <b>31 March</b> <b>2018</b> <b>RM'000</b>	<b>As at</b> <b>31 December</b> <b>2017</b> <b>RM'000</b>
<b>(f) Deposits from Customers</b>		
Saving Deposits		
- Wadiah	1,414,841	1,353,675
Demand Deposits		
- Wadiah	6,636,186	6,392,228
- Commodity Murabahah	-	55,952
Term Deposits		
- Commodity Murabahah	28,175,681	24,813,727
Specific Investment Account		
- Murabahah	5,760,673	5,098,668
General Investment Account		
- Mudharabah	132,101	135,955
	<u>42,119,482</u>	<u>37,850,205</u>



**RHB BANK BERHAD (6171-M)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
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**B1. Review of Group Results**

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

The Group reported a net profit of RM590.8 million for the first quarter ended 31 March 2018, up 18.1% Y-o-Y. The improved performance was largely driven by higher net fund based and non-fund based income as well as lower allowance for expected credit losses.

Net fund based income increased by 13.0% to RM1,234.9 million from a year ago. Gross fund based income increased by 6.1% arising from growth in loans and financing. Funding and interest expense remained relatively flat throughout the year despite growth in total deposits, primarily due to better funding cost management, a healthy 14.3% Y-o-Y current and savings account (“CASA”) growth and redemption of certain sub-debts and senior notes over the year. These factors together with the positive impact from the OPR hike in January 2018 have resulted in improved NIM of 2.28% for the first quarter.

Non-fund based income was 15.7% higher at RM534.5 million, contributed largely by higher net foreign exchange gain and higher trading and investment income, partially offset by lower insurance underwriting surplus and lower brokerage income.

Operating expenses rose by 13.4% Y-o-Y to RM863.0 million driven by a rise in personnel costs and IT-related expenses as the Group continued to invest in technology infrastructure and capabilities. Nevertheless, cost to income ratio continued to show improvement to 48.8% from 48.9% a year ago.

Allowances for credit losses was lower by 15.8% Y-o-Y at RM114.5 million. This was largely due to lower allowances for loan impairment as one-off impairment was provided on certain corporate accounts relating to the oil and gas industry in the corresponding period last year. Annualised loan credit costs improved to 0.26% compared with 0.35% over the same period last year.

Total assets of the Group increased by 1.9% from December 2017 to RM234.6 billion as at 31 March 2018. Post implementation of MFRS9 (Financial Instruments), shareholders’ equity stood at RM22.4 billion, with net assets per share at RM5.57 from RM5.77 in Dec 2017.

The Group’s gross loans and financing grew by 4.3% Y-o-Y and 0.7% in the first three months to RM161.2 billion. Domestic loans and financing grew 6.7% Y-o-Y contributed mainly by growth in mortgages and SME. The Group’s domestic loan market share remained at 9.1% as at end March 2018.

Customer deposits increased by 2.6% Y-o-Y to RM169.8 billion, largely attributed to growth in current account, whereas an increase of 2.2% for the quarter was driven mainly from fixed deposits and money market time deposits. As at 31 March 2018, total CASA composition stood at 29.3% compared with 26.3% a year ago.

Gross impaired loans was at RM3.7 billion as at 31 March 2018, with gross impaired loans ratio seeing a reduction to 2.29% from 2.39% as at 31 March 2017. Loan loss coverage for the Group, including regulatory reserves improved to 107.4%.



**RHB BANK BERHAD (6171-M)**  
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**(c) Performance by Operating Segment**

(i) Group Retail Banking

Group Retail Banking achieved a 6.1% growth in revenue for the first three months ended 31 March 2018 due to higher net fund based income in line with the OPR increase. However, higher operating expenses and higher expected credit losses for loans and financing, resulted in pre-tax profit declining to RM225.2 million.

Retail loans and financing rose 11.4% Y-o-Y to RM78.5 billion as of March 2018, primarily driven by growth in mortgages and personal financing. Mortgage loans grew at a strong annualised rate of 17.0% from December 2017.

Retail deposits increased by an annualised 7.8%, mainly contributed by higher fixed deposits which increased by an annualised rate of 13.8%.

(ii) Group Business Banking

Group Business Banking recorded a 1.5% increase in pre-tax profit to RM89.4 million in the first quarter, mainly due to higher net funding income and lower expected credit losses for loans and financing, partially offset by higher operating expenses.

Gross loans and financing expanded by an annualised rate of 7.2%, driven mainly by the Retail SME portfolio growth.

Customer deposits remained relatively flat at RM22.3 billion as at 31 March 2018 from December 2017, but increased 5.2% year-on-year, mainly attributed to growth in current account.

(iii) GWB

Group Wholesale Banking (“GWB”) recorded a 12.4% Y-o-Y increase in pre-tax profit to RM515.8 million.

- (a) Group Corporate & Investment Banking registered a 11.3% Y-o-Y improvement in pre-tax profit to RM173.8 million on the back of higher non-fund based and net fund based income, partially offset by higher expected credit losses for loans and financing and higher operating expenses.

Gross loans and financing decreased by 2.3% during the first three months to RM44.3 billion due to a few large corporate repayments. Deposits increased by 2.8% over the same period to RM58.8 billion primarily due to an increase in fixed deposits and current deposits.

- (b) Group Treasury and Global Markets recorded a strong 12.9% Y-o-Y growth in pre-tax profit to RM342.0 million in the first three months, mainly due to higher foreign exchange gain and higher investment and trading gain.

Total deposits increased by 13.0% to RM23.6 billion in the first three months in line with the Group’s funding needs.





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

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

(iv) Group International Business

RHB Bank Singapore recorded a pre-tax profit of SGD11.4 million in the first three months compared with a pre-tax loss of SGD9.1 million a year ago. This was mainly attributed to significantly lower impairment losses and higher non-fund based income. Singapore loans and advances remained flat at SGD3.7 billion during the first three months.

Group International Business excluding Singapore registered a pre-tax profit of RM17.5 million, 12.5% higher compared with the previous corresponding period. This was mainly due to improved profitability in Cambodia and Thailand.

**B2. Current Quarter vs Previous Quarter**

Net profit grew 28.4% to RM590.8 million from RM460.1 million recorded in the preceding quarter ended 31 December 2017. This was primarily due to higher net fund based and non-fund based income and lower allowance for expected credit losses, partially offset by higher operating expenses.

**B3. Prospects for Financial Year 2018**

Malaysia is expected to register a moderate GDP expansion of 5.2% in 2018, against 5.9% growth registered in 2017. Growth is expected to be supported by resilient domestic demand, even as exports continue to expand and create positive spillover effects into consumer spending and private investments.

Market and industry players will be keenly awaiting the economic policies of the new government, which are expected to boost consumer spending. It is anticipated that the private sector would play an increasing role in the economic growth. This in turn is expected to have a positive effect on the banking sector which is further supported by healthy asset quality, strong capital position and ample liquidity.

The Group remains focused in executing its five-year strategy FIT22, to boost performance, build scale and deliver service excellence. Digital enhancements and AGILE way of working will feature prominently in the implementation of the strategy. Barring unforeseen circumstances, the Group expects to achieve 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**

	1st Quarter Ended		Three Months Ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Income tax based on profit for the financial period				
- Malaysian income tax	154,050	130,772	154,050	130,772
- Overseas tax	3,265	3,224	3,265	3,224
Deferred tax	33,421	22,686	33,421	22,686
	<u>190,736</u>	<u>156,682</u>	<u>190,736</u>	<u>156,682</u>
Under provision in respect of prior financial year	10,162	-	10,162	-
	<u>200,898</u>	<u>156,682</u>	<u>200,898</u>	<u>156,682</u>

The effective tax rate of the Group for the first quarter and three months ended 31 March 2018 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.

	1st Quarter Ended		Three Months Ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Income tax based on profit for the financial period				
- Malaysian income tax	95,552	90,152	95,552	90,152
- Overseas tax	-	-	-	-
Deferred tax	34,151	20,473	34,151	20,473
	<u>129,703</u>	<u>110,625</u>	<u>129,703</u>	<u>110,625</u>
Under provision in respect of prior financial year	9,000	-	9,000	-
	<u>138,703</u>	<u>110,625</u>	<u>138,703</u>	<u>110,625</u>

The effective tax rate of the Bank for the first quarter and three months ended 31 March 2018 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.



**RHB BANK BERHAD (6171-M)  
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**B6. Status of Corporate Proposals**

**(a) Proposed acquisition by RHB Investment Bank of the remaining 51% equity interest in Vietnam Securities Corporation ('VSEC') ('Proposed Acquisition')**

RHB Investment Bank, a wholly-owned subsidiary of the Bank, has on 9 February 2018 entered into a conditional share purchase agreement ('CSPA') with Chu Thi Phuong Dung, Truong Lan Anh and Viet Quoc Insurance Broker Joint Stock Company for the acquisition of the remaining 51% equity interest in VSEC, comprising 6,885,000 existing common shares of VND10,000 each in VSEC for a purchase consideration of VND121,629,915,000 (equivalent to approximately USD5.365 million or RM21.285 million) to be satisfied wholly in cash.

The Proposed Acquisition is subject to the approvals of BNM and State Securities Commission of Vietnam ('Vietnam SSC'). With the signing of the CSPA, the Bank will submit an application to BNM for the approval of the Proposed Acquisition and Vietnam SSC for the approval of the Proposed Acquisition and the conversion of the status of VSEC from a joint stock company into a single-member limited liability company ('Conversion').

Upon completion of the Proposed Acquisition and subject to approval from Vietnam SSC for the Conversion, VSEC will become a wholly-owned subsidiary of RHB Investment Bank.



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

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

	Group		Bank	
	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000
Deposits from customers				
- One year or less	167,747,345	165,709,538	121,858,154	120,292,989
- More than one year	2,068,855	448,213	366,689	439,226
	<u>169,816,200</u>	<u>166,157,751</u>	<u>122,224,843</u>	<u>120,732,215</u>
Deposits and placements of banks and other financial institutions				
- One year or less	21,147,155	20,880,685	21,526,162	21,651,298
- More than one year	887,092	906,332	859,580	885,643
	<u>22,034,247</u>	<u>21,787,017</u>	<u>22,385,742</u>	<u>22,536,941</u>

**(b) Borrowings**

	Group		Bank	
	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000
<b>Unsecured</b>				
Revolving credits:				
- Hong Kong Dollar	25,098	16,576	-	-
Term loans:				
- United States Dollar	1,046,517	978,068	1,046,517	978,068
- Thai Baht	61,962	62,180	-	-
- Singapore Dollar	79,618	-	-	-
Promissory note:				
- Indonesia Rupiah	42,157	-	-	-
- Thai Baht	30,962	96,895	-	-
	<u>1,286,314</u>	<u>1,153,719</u>	<u>1,046,517</u>	<u>978,068</u>
Scheduled repayment of borrowings:				
- Within one year	451,000	333,119	211,203	157,468
- One year to three years	835,314	820,600	835,314	820,600
	<u>1,286,314</u>	<u>1,153,719</u>	<u>1,046,517</u>	<u>978,068</u>



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

**(c) Senior debt securities**

	<b>Group and Bank</b>	
	<b>As at</b>	<b>As at</b>
	<b>31 March</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
USD300 million 3.088% senior debt securities due in 2019	<b>1,174,942</b>	1,221,292
USD500 million 2.503% senior debt securities due in 2021	<b>1,951,224</b>	2,031,289
	<b>3,126,166</b>	<b>3,252,581</b>

**(d) Hybrid Tier-1 Capital Securities**

	<b>Group</b>		<b>Bank</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
RM370 million 8.00% Hybrid Tier-I Capital Securities due in 2039, callable with step-up coupon rate at 9.00% in 2019	<b>369,725</b>	377,083	<b>369,725</b>	377,083
RM230 million 6.75% Hybrid Tier-I Capital Securities due in 2039, callable with step-up coupon rate at 7.75% in 2019	<b>229,327</b>	225,583	<b>234,423</b>	230,595
	<b>599,052</b>	<b>602,666</b>	<b>604,148</b>	<b>607,678</b>

**(e) Subordinated obligations**

	<b>Group</b>		<b>Bank</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
5.60% RM300 million Tier II Subordinated Notes 2010/2025	<b>307,042</b>	302,900	<b>307,042</b>	302,900
4.95% RM500 million Tier II Subordinated Sukuk Murabahah 2014/2024	<b>509,290</b>	503,187	-	-
4.99% RM1 billion Tier II Subordinated Notes 2014/2024	<b>1,011,211</b>	1,023,788	<b>1,011,211</b>	1,023,788
4.95% RM200 million Tier II Subordinated Notes 2015/2025	<b>204,502</b>	202,061	-	-
4.75% RM500 million Tier II Subordinated Notes 2015/2025	<b>509,138</b>	503,256	<b>509,138</b>	503,256
4.88% RM250 million Tier II Subordinated Sukuk Murabahah 2017/2027	<b>255,214</b>	252,206	-	-
4.82% RM750 million Tier II Subordinated Notes 2017/2027	<b>749,714</b>	758,694	<b>749,714</b>	758,694
4.90% RM200 million Tier II Subordinated Notes 2017/2027	<b>204,618</b>	202,202	-	-
	<b>3,750,729</b>	<b>3,748,294</b>	<b>2,577,105</b>	<b>2,588,638</b>

The subordinated obligations comprise unsecured liabilities of the Bank and its investment and Islamic bank subsidiaries and are subordinated to the senior indebtedness in accordance with their respective terms and conditions of issuance and qualify as Tier II capital (as disclosed in Note A29) for the purpose of determining the capital adequacy ratios of the respective subsidiaries.



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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 31 March 2018			As at 31 December 2017		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Forwards/swaps	63,137,285	942,568	1,348,906	69,831,012	1,067,756	1,696,944
- Options	3,383,007	7,802	8,040	1,102,069	6,054	4,276
- Cross-currency interest rate swaps	7,470,246	610,761	558,818	8,982,468	617,212	695,320
	<b>73,990,538</b>	<b>1,561,131</b>	<b>1,915,764</b>	<b>79,915,549</b>	<b>1,691,022</b>	<b>2,396,540</b>
Interest rate related contracts						
- Swaps	36,302,259	200,844	132,760	35,451,527	135,645	104,467
	<b>36,302,259</b>	<b>200,844</b>	<b>132,760</b>	<b>35,451,527</b>	<b>135,645</b>	<b>104,467</b>
Equity related contracts						
- Options	7,260	1,417	-	7,262	-	-
	<b>7,260</b>	<b>1,417</b>	<b>-</b>	<b>7,262</b>	<b>-</b>	<b>-</b>
Structured warrants						
	293,233	-	20,850	233,286	-	45,947
	<b>293,233</b>	<b>-</b>	<b>20,850</b>	<b>233,286</b>	<b>-</b>	<b>45,947</b>
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	505,000	-	1,481	2,350,000	-	4,550
	<b>505,000</b>	<b>-</b>	<b>1,481</b>	<b>2,350,000</b>	<b>-</b>	<b>4,550</b>
Total	<b>111,098,290</b>	<b>1,763,392</b>	<b>2,070,855</b>	<b>117,957,624</b>	<b>1,826,667</b>	<b>2,551,504</b>



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**B8. Derivative Financial Instruments (continued)**

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

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

Bank	As at 31 March 2018			As at 31 December 2017		
	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	65,563,480	953,771	1,363,038	72,253,738	1,072,083	1,704,894
- Options	2,334,241	7,802	8,040	1,102,069	6,054	4,276
- Cross-currency interest rate swaps	8,654,467	610,474	559,593	9,185,402	616,499	695,706
	<b>76,552,188</b>	<b>1,572,047</b>	<b>1,930,671</b>	82,541,209	1,694,636	2,404,876
Interest rate related contracts						
- Swaps	37,767,259	203,414	132,901	36,796,527	140,040	104,554
	<b>37,767,259</b>	<b>203,414</b>	<b>132,901</b>	36,796,527	140,040	104,554
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	505,000	-	1,481	2,350,000	-	4,550
	<b>505,000</b>	-	<b>1,481</b>	2,350,000	-	4,550
Total	<b>114,824,447</b>	<b>1,775,461</b>	<b>2,065,053</b>	121,687,736	1,834,676	2,513,980



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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 31 March 2018			As at 31 December 2017		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
<b>By remaining period to maturity/next re-pricing date</b>						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than one year	66,358,757	1,098,579	1,448,377	72,018,153	1,220,583	1,959,001
- One year to three years	4,856,871	287,490	293,425	4,936,719	352,106	321,744
- More than three years	2,774,910	175,062	173,962	2,960,677	118,333	115,795
	<b>73,990,538</b>	<b>1,561,131</b>	<b>1,915,764</b>	<b>79,915,549</b>	<b>1,691,022</b>	<b>2,396,540</b>
Interest rate related contracts						
- Less than one year	9,463,368	3,700	8,390	8,754,368	10,130	6,159
- One year to three years	14,613,619	62,251	43,870	13,968,727	44,921	33,386
- More than three years	12,225,272	134,893	80,500	12,728,432	80,594	64,922
	<b>36,302,259</b>	<b>200,844</b>	<b>132,760</b>	<b>35,451,527</b>	<b>135,645</b>	<b>104,467</b>
Equity related contracts						
- Less than one year	7,260	1,417	-	7,262	-	-
	<b>7,260</b>	<b>1,417</b>	<b>-</b>	<b>7,262</b>	<b>-</b>	<b>-</b>
Structured warrants						
- Less than one year	293,233	-	20,850	233,278	-	45,946
- One year to three years	-	-	-	8	-	1
	<b>293,233</b>	<b>-</b>	<b>20,850</b>	<b>233,286</b>	<b>-</b>	<b>45,947</b>
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than one year	205,000	-	528	2,050,000	-	3,056
- One year to three years	300,000	-	953	300,000	-	1,494
	<b>505,000</b>	<b>-</b>	<b>1,481</b>	<b>2,350,000</b>	<b>-</b>	<b>4,550</b>
<b>Total</b>	<b>111,098,290</b>	<b>1,763,392</b>	<b>2,070,855</b>	<b>117,957,624</b>	<b>1,826,667</b>	<b>2,551,504</b>





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**B8. Derivative Financial Instruments (continued)**

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

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

Bank	As at 31 March 2018			As at 31 December 2017		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<b>By remaining period to maturity/next re-pricing date</b>						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than one year	67,922,723	1,109,782	1,462,489	73,557,981	1,224,910	1,965,722
- One year to three years	5,751,483	287,490	294,101	5,914,575	351,680	323,032
- More than three years	2,877,982	174,775	174,081	3,068,654	118,046	116,122
	<b>76,552,188</b>	<b>1,572,047</b>	<b>1,930,671</b>	<b>82,541,209</b>	<b>1,694,636</b>	<b>2,404,876</b>
Interest rate related contracts						
- Less than one year	10,503,367	5,730	8,525	9,674,368	13,356	6,238
- One year to three years	15,038,620	62,791	43,870	14,393,727	46,137	33,386
- More than three years	12,225,272	134,893	80,506	12,728,431	80,547	64,930
	<b>37,767,259</b>	<b>203,414</b>	<b>132,901</b>	<b>36,796,527</b>	<b>140,040</b>	<b>104,554</b>
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than one year	205,000	-	528	2,050,000	-	3,056
- One year to three years	300,000	-	953	300,000	-	1,494
	<b>505,000</b>	<b>-</b>	<b>1,481</b>	<b>2,350,000</b>	<b>-</b>	<b>4,550</b>
<b>Total</b>	<b>114,824,447</b>	<b>1,775,461</b>	<b>2,065,053</b>	<b>121,687,736</b>	<b>1,834,676</b>	<b>2,513,980</b>



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**B8. Derivative Financial Instruments (continued)**

(b) Related accounting policies

Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date on which derivative contracts are entered into and are subsequently remeasured at their fair values. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group 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
<b>31 March 2018</b>				
<b><u>Financial assets</u></b>				
Financial assets FVTPL:	547,724	2,618,330	391,644	3,557,698
- Money market instruments	-	903,311	-	903,311
- Quoted securities	547,724	-	-	547,724
- Unquoted securities	-	1,715,019	391,644	2,106,663
Financial assets at FVOCI:	3,442	24,929,214	1,118,600	26,051,256
- Money market instruments	-	8,554,171	-	8,554,171
- Quoted securities	3,442	-	-	3,442
- Unquoted securities	-	16,375,043	1,118,600	17,493,643
Derivative assets	-	1,761,975	1,417	1,763,392
	<u>551,166</u>	<u>29,309,519</u>	<u>1,511,661</u>	<u>31,372,346</u>
<b><u>Financial liabilities</u></b>				
Derivative liabilities	<u>20,850</u>	<u>2,050,005</u>	<u>-</u>	<u>2,070,855</u>
<b>31 December 2017</b>				
<b><u>Financial assets</u></b>				
Financial assets FVTPL:	597,409	1,607,001	359,859	2,564,269
- Money market instruments	-	849,021	-	849,021
- Quoted securities	597,409	-	-	597,409
- Unquoted securities	-	757,980	359,859	1,117,839
Financial investments AFS:	59,995	24,617,611	1,139,010	25,816,616
- Money market instruments	-	8,410,681	-	8,410,681
- Quoted securities	59,995	-	4,072	64,067
- Unquoted securities	-	16,206,930	1,134,938	17,341,868
Derivative assets	-	1,826,667	-	1,826,667
	<u>657,404</u>	<u>28,051,279</u>	<u>1,498,869</u>	<u>30,207,552</u>
<b><u>Financial liabilities</u></b>				
Derivative liabilities	<u>45,947</u>	<u>2,505,557</u>	<u>-</u>	<u>2,551,504</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):

<b>Bank</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 March 2018</b>				
<b><u>Financial assets</u></b>				
Financial assets FVTPL:	<b>3,199</b>	<b>1,767,873</b>	<b>15,485</b>	<b>1,786,557</b>
- Money market instruments	-	<b>812,092</b>	-	<b>812,092</b>
- Quoted securities	<b>3,199</b>	-	-	<b>3,199</b>
- Unquoted securities	-	<b>955,781</b>	<b>15,485</b>	<b>971,266</b>
Financial assets at FVOCI:	-	<b>20,928,552</b>	<b>796,199</b>	<b>21,724,751</b>
- Money market instruments	-	<b>7,457,313</b>	-	<b>7,457,313</b>
- Unquoted securities	-	<b>13,471,239</b>	<b>796,199</b>	<b>14,267,438</b>
Derivative assets	-	<b>1,775,461</b>	-	<b>1,775,461</b>
	<b>3,199</b>	<b>24,471,886</b>	<b>811,684</b>	<b>25,286,769</b>
<b><u>Financial liabilities</u></b>				
Derivative liabilities	-	<b>2,065,053</b>	-	<b>2,065,053</b>
<b>31 December 2017</b>				
<b><u>Financial assets</u></b>				
Financial assets FVTPL:	3,235	824,771	-	828,006
- Money market instruments	-	676,485	-	676,485
- Quoted securities	3,235	-	-	3,235
- Unquoted securities	-	148,286	-	148,286
Financial investments AFS:	-	20,612,705	814,950	21,427,655
- Money market instruments	-	7,331,457	-	7,331,457
- Quoted securities	-	-	4,072	4,072
- Unquoted securities	-	13,281,248	810,878	14,092,126
Derivative assets	-	1,834,676	-	1,834,676
	3,235	23,272,152	814,950	24,090,337
<b><u>Financial liabilities</u></b>				
Derivative liabilities	-	2,513,980	-	2,513,980

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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 31 March 2018 RM'000	As at 31 December 2017 RM'000	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000
<b>Financial assets FVTPL</b>				
Balance as at the beginning of the financial period/year				
- As previously reported	359,859	167,901	-	16,390
- Effect of adoption of MFRS 9	15,525	-	15,525	-
- As restated	375,384	167,901	15,525	16,390
Total gain/(loss) recognised in income statements	32,344	(27,067)	238	(16,390)
Purchases	3,315	243,928	-	-
Settlements	(2,377)	(10,685)	-	-
Exchange differences	(17,022)	(14,218)	(278)	-
Balance as at the end of the financial period/year	<u>391,644</u>	<u>359,859</u>	<u>15,485</u>	<u>-</u>

	Group	Bank
	As at 31 March 2018 RM'000	As at 31 March 2018 RM'000
<b>Financial assets at FVOCI</b>		
Balance as at the beginning of the financial period		
- As previously reported	-	-
- Effect of adoption of MFRS 9	1,123,485	799,425
- As restated	1,123,485	799,425
Total gain/(loss) recognised in other comprehensive income	50	(2,884)
Purchases	2,688	1,362
Settlements	(2,980)	(1,704)
Impairment losses	(535)	-
Exchange differences	(4,108)	-
Balance as at the end of the financial period	<u>1,118,600</u>	<u>796,199</u>



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**B9. Fair Value of Financial Instruments (continued)**

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

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

	<b>Group</b>	<b>Bank</b>
	<b>As at</b>	<b>As at</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2017</b>	<b>2017</b>
	<u>RM'000</u>	<u>RM'000</u>
<b>Financial investments AFS</b>		
Balance as at the beginning of financial year	1,138,800	806,979
Total gain recognised in other comprehensive income	13,906	61
Purchases	16,001	10,793
Settlements	(17,087)	(67)
Impairment losses	(2,551)	(2,551)
Exchange differences	(10,059)	(265)
Balance as at the end of the financial year	<u>1,139,010</u>	<u>814,950</u>



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**B10 Change in Accounting Policies**

**(1) Adoption of MFRS 9 'Financial Instruments'**

The Group and the Bank have adopted MFRS 9 'Financial Instruments', issued by the MASB on 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements.

As permitted by the transitional provisions of MFRS 9, the Group and the Bank elected not to restate comparatives figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained profits and other reserves of the current period.

The adoption of MFRS 9 has resulted in changes in the Group and the Bank's accounting policies for recognition, classification and measurement of financial assets and liabilities and impairment of financial assets.

Set out below are disclosures relating to the impact of the adoption of MFRS 9 on the Group and the Bank:

**(a) Classification and measurement of financial assets**

From 1 January 2018, the Group and the Bank have applied MFRS 9 and classifies its financial assets in the following measurement categories:

- Amortised cost
- Fair value through other comprehensive income ('FVOCI')
- Fair value through profit or loss ('FVTPL')

As a result, the financial instruments available for sale ('AFS') and held to maturity ('HTM') categories were removed.

The classification and subsequent measurement of financial assets depend on:

- (i) The Group and the Bank's business model for managing the financial assets; and
- (ii) The contractual cash flow characteristics of the financial assets.

Based on these factors, the Group and the Bank classify their financial assets into one of the following three (3) measurement categories:

- (i) Financial assets classified and measured at amortised cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated as FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted for any expected credit losses that are recognised into profit or loss. The interest income is recognised into profit or loss using the effective interest rate method.

The majority of the Group's and Bank's debt instruments that were classified as HTM and measured at amortised cost meet the condition for classification as amortised cost under MFRS 9, except for:

- the reclassification of certain debt instruments to FVOCI arising from changes in the Group and Bank's business model from 'hold to collect the contractual cash flows' to 'held to collect the contractual cash flows and sell', amounted to RM2,108,721,000 for the Group and the Bank. The difference between the fair value and the amortised cost, net of tax effects, of RM20,023,000 (net gains) for the Group and the Bank was recognised to FVOCI reserve on 1 January 2018.
- the reclassification of debt instrument, which contain a contingent provision which may reduce the amount of principal payable if certain key performance indicators are met by the issuer, and due to this proviso, failed to meet the SPPI's requirements for amortised cost classification under MFRS 9, to FVTPL, amounted to RM15,484,000 and RM5,104,000 for the Group and the Bank respectively. The difference between the fair value and the amortised cost, net of tax effects, of RM264,000 (net gains) and RM30,000 (net loss) for the Group and the Bank respectively, was recognised to retained profits on 1 January 2018.



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**B10 Change in Accounting Policies (continued)**

**(1) Adoption of MFRS 9 'Financial Instruments' (continued)**

**(a) Classification and measurement of financial assets (continued)**

(ii) Financial assets classified and measured at fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection for contractual cash flow where those cash flows represent SPPI and held in a business model whose objective is achieved by both collecting the contractual cash flows and selling the financial assets, and that are not designated as FVTPL, are measured at FVOCI. Changes in the fair value of these assets are recognised in OCI, except for recognition of interest, dividend, foreign exchange gains or losses and expected credit losses which are recognised in profit or loss.

When these financial assets, other than equity instruments held in FVOCI, are derecognised, the cumulative gains or losses previously recognised in OCI is reclassified from equity to profit or loss.

The majority of the Group's and Bank's debts and equity instruments that were classified as financial instruments AFS satisfy the conditions for classification as FVOCI and hence there will be no change to the accounting for these assets.

However, the Group and Bank hold a portfolio of debt instruments in AFS, which contain contractual clauses on non-viability and loss absorption in the event of default, and due to these clauses, failed to meet the SPPI requirements for FVOCI classification under MFRS 9. As a result, these instruments, which amounted to RM971,996,000 for the Group and RM915,533,000 for the Bank, were classified as FVTPL and its cumulative gains arising from changes in fair value, net of tax of RM6,068,000 (net gains) and RM4,255,000 (net gains) for the Group and the Bank respectively, have been transferred from equity to retained profits on 1 January 2018.

**(b) Classification and measurement of financial liabilities**

The Group and the Bank's financial liabilities continue to be measured at amortised cost.

There will be no impact on the Group and the Bank's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group and the Bank do not have any such liabilities as at the balance sheet date.

**(c) Hedge accounting**

The Group and the Bank have elected to continue to apply the hedge accounting requirements of MFRS 139 on the adoption of MFRS 9.

**(d) Impairment of financial assets**

MFRS 9 introduces a new impairment model that requires the recognition of expected credit loss ('ECL'), replacing the incurred loss methodology model under MFRS 139, for all financial assets, except for financial assets classified or designated as FVTPL and equity securities, which are not subject to impairment assessment. Off-balance sheet items that are subject to ECL include financial guarantees and undrawn loan commitments.

MFRS 9 does not distinguish between individual assessment and collective assessment. The Group and the Bank first assess whether objective evidence of impairment exists for financial assets which are individually significant. If the Group and the Bank determine that objective evidence of impairment exists, i.e. credit impaired, for an individually assessed financial asset, a lifetime ECL will be recognised for impairment loss which has been incurred. Financial assets which are individually significant but non-impaired and not individually significant are grouped on the basis of similar credit risk characteristics (such as credit quality, instrument type, credit risk ratings, credit utilisation, level of collateralisation and other relevant factors) for collective assessment. Collectively, the individually assessment allowance and collective assessment allowance form the total expected credit allowance for the Group and the Bank.





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**B10 Change in Accounting Policies (continued)**

**(1) Adoption of MFRS 9 'Financial Instruments' (continued)**

**(d) Impairment of financial assets (continued)**

ECL will be assessed using an approach which classifies financial assets into three stages which reflects the change in credit quality of the financial assets since initial recognition:

(i) Stage 1: 12 months ECL – not credit

For credit exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the ECL associated with the probability of default events occurring within the next 12 months will be recognised.

(ii) Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, the ECL associated with the probability of default events occurring within the lifetime ECL will be recognised.

(iii) Stage 3: Lifetime ECL – credit impaired

Financial assets are assessed as credit impaired when one or more objective evidence of defaults that have a detrimental impact on the estimated future cashflows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL will be recognised.

The changes in ECL between two-periods will be recognised in profit and loss.

The assessment of significant deterioration in credit risk since initial recognition is key in establishing the point of switching between the requirement to measure an allowance based on 12-month ECL and one that is based on lifetime ECL. The quantitative and qualitative assessments are required to estimate the significant increase in credit risk by comparing the risk of a default occurring on the financial assets as at reporting date with the risk of default occurring on the financial assets as at the date of initial recognition.

The assessment of credit risk, as well as the estimation of ECL, are required to be unbiased, probability-weighted and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. The measurement of ECL is based on the discounted products of the Probability of Default model (PD), Loss Given Default model (LGD) and Exposure at Default model (EAD). Certain ECL models are leveraging on the existing Group and the Bank's Basel II Internal Ratings-Based model, where feasible or available, with necessary adjustment to meet MFRS 9 requirements.

As a result of the changes in basis of determining the level of allowances for credit losses mentioned above, the total ECL allowances computed under MFRS 9 is higher by RM1,230,154,000 (net of tax) and RM1,088,051,000 (net of tax) for the Group and the Bank respectively, than the total allowance for impairment on financial assets under MFRS 139.

**(2) BNM's Revised Policy Documents on Financial Reporting and Financial Reporting for Islamic Banking Institutions**

On 2 February 2018, BNM issued the revised policy documents on Financial Reporting and Financial Reporting for Islamic Banking Institutions which prescribe the regulatory reserves to be maintained by banking institutions.

With effect from 1 January 2018, the Bank and its domestic banking subsidiary companies must maintain, in aggregate, loss allowance for non-credit impaired exposures and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

The financial effects of the adoption of the revised policy are presented in Note B10(3).



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**B10 Change in Accounting Policies (continued)**

**(3) Financial effects**

Summary of the impact on classification and measurement, and a reconciliation of the financial position of the Group and the Bank upon adoption of MFRS 9 as at 31 December 2017 and 1 January 2018 are as follows:

Group	MFRS 139 measurement category	MFRS 9 measurement category	MFRS 139 carrying amount as at 31 December 2017	Classification and measurement		Carrying amount post classification and measurement	Expected credit losses	MFRS 9 carrying amount as at 1 January 2018
				Fair value through profit and loss	Fair value through other comprehensive income			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>								
Cash and short-term funds	Loans and receivables	Amortised costs	9,951,878	-	-	9,951,878	(6,375)	<b>9,945,503</b>
Deposits and placements with banks and other financial institutions	Loans and receivables	Amortised costs	1,161,601	-	-	1,161,601	(25)	<b>1,161,576</b>
Financial assets at FVTPL	FVTPL	FVTPL	2,564,269	987,916	-	3,552,185	-	<b>3,552,185</b>
Financial assets at FVOCI:								
- Debt instruments	Financial investments AFS	FVOCI	25,167,193	(971,996)	2,135,066	26,330,263	(68,660)	<b>26,261,603</b>
- Equity instruments	Financial investments AFS	FVOCI	649,423	-	-	649,423	-	<b>649,423</b>
Financial assets at amortised costs	Financial investments HTM	Amortised costs	19,045,943	(15,484)	(2,108,721)	16,921,738	(147,589)	<b>16,774,149</b>
Loans, advances and financing	Loans and receivables	Amortised costs	158,301,463	-	-	158,301,463	(1,360,646)	<b>156,940,817</b>
Clients' and brokers' balances	Loans and receivables	Amortised costs	1,599,594	-	-	1,599,594	-	<b>1,599,594</b>
Reinsurance assets	Loans and receivables	Amortised costs	482,760	-	-	482,760	-	<b>482,760</b>
Other assets	Loans and receivables	Amortised costs	1,106,048	-	-	1,106,048	(9,467)	<b>1,096,581</b>
Derivative assets	FVTPL	FVTPL	1,826,667	(31,001)	-	1,795,666	-	<b>1,795,666</b>
Statutory deposits	Loans and receivables	Amortised costs	4,001,002	-	-	4,001,002	-	<b>4,001,002</b>
Tax recoverable	NA	NA	115,874	6,304	-	122,178	343,586	<b>465,764</b>
Deferred tax assets	NA	NA	36,072	1,987	-	38,059	-	<b>38,059</b>
Investments in associates and joint ventures	NA	NA	48,253	-	-	48,253	-	<b>48,253</b>
Property, plant and equipment	NA	NA	1,013,710	-	-	1,013,710	-	<b>1,013,710</b>
Goodwill	NA	NA	2,649,307	-	-	2,649,307	-	<b>2,649,307</b>
Intangible assets	NA	NA	488,869	-	-	488,869	-	<b>488,869</b>
<b>TOTAL ASSETS</b>			<b>230,209,926</b>	<b>(22,274)</b>	<b>26,345</b>	<b>230,213,997</b>	<b>(1,249,176)</b>	<b>228,964,821</b>



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**B10 Change in Accounting Policies (continued)**

**(3) Financial effects (continued)**

Summary of the impact on classification and measurement, and a reconciliation of the financial position of the Group and the Bank upon adoption of MFRS 9 as at 31 December 2017 and 1 January 2018 are as follows (continued):

Group	MFRS 139 measurement category	MFRS 9 measurement category	MFRS 139 carrying amount as at 31 December 2017	Classification and measurement		Carrying amount post classification and measurement	Expected credit losses	MFRS 9 carrying amount as at 1 January 2018
				Fair value through profit and loss	Fair value through other comprehensive income			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>LIABILITIES</b>								
Deposits from customers	Amortised costs	Amortised costs	166,157,751	-	-	166,157,751	-	<b>166,157,751</b>
Deposits and placements of banks and other financial institutions	Amortised costs	Amortised costs	21,787,017	-	-	21,787,017	-	<b>21,787,017</b>
Obligations on securities sold under repurchase agreements	Amortised costs	Amortised costs	604,163	-	-	604,163	-	<b>604,163</b>
Bills and acceptances payable	Amortised costs	Amortised costs	302,152	-	-	302,152	-	<b>302,152</b>
Clients' and brokers' balances	Amortised costs	FVTPL	1,369,395	-	-	1,369,395	-	<b>1,369,395</b>
General insurance contract liabilities	Amortised costs	Amortised costs	998,310	-	-	998,310	-	<b>998,310</b>
Other liabilities and provisions	Amortised costs	Amortised costs	2,715,111	-	-	2,715,111	-	<b>2,715,111</b>
Derivative liabilities	FVTPL	FVTPL	2,551,504	-	-	2,551,504	-	<b>2,551,504</b>
Cagamas	Amortised costs	Amortised costs	1,729,606	-	-	1,729,606	-	<b>1,729,606</b>
Tax liabilities	NA	NA	33,531	-	-	33,531	(15,663)	<b>17,868</b>
Deferred tax liabilities	NA	NA	19,698	(1,188)	6,322	24,832	(2,876)	<b>21,956</b>
Borrowings	Amortised costs	Amortised costs	1,153,719	-	-	1,153,719	-	<b>1,153,719</b>
Senior debt securities	Amortised costs	Amortised costs	3,252,581	-	-	3,252,581	-	<b>3,252,581</b>
Hybrid Tier-1 Capital Securities	Amortised costs	Amortised costs	602,666	-	-	602,666	-	<b>602,666</b>
Subordinated obligations	Amortised costs	Amortised costs	3,748,294	-	-	3,748,294	-	<b>3,748,294</b>
<b>TOTAL LIABILITIES</b>			<b>207,025,498</b>	<b>(1,188)</b>	<b>6,322</b>	<b>207,030,632</b>	<b>(18,539)</b>	<b>207,012,093</b>
<b>EQUITY</b>								
Share capital			6,994,103	-	-	6,994,103	-	<b>6,994,103</b>
Reserves			16,155,611	(21,112)	20,023	16,154,522	(1,230,154)	<b>14,924,368</b>
<b>Equity attributable to holders of the Bank</b>			<b>23,149,714</b>	<b>(21,112)</b>	<b>20,023</b>	<b>23,148,625</b>	<b>(1,230,154)</b>	<b>21,918,471</b>
NCI			34,714	26	-	34,740	(483)	<b>34,257</b>
<b>TOTAL EQUITY</b>			<b>23,184,428</b>	<b>(21,086)</b>	<b>20,023</b>	<b>23,183,365</b>	<b>(1,230,637)</b>	<b>21,952,728</b>
<b>TOTAL LIABILITIES AND EQUITY</b>			<b>230,209,926</b>	<b>(22,274)</b>	<b>26,345</b>	<b>230,213,997</b>	<b>(1,249,176)</b>	<b>228,964,821</b>



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**B10 Change in Accounting Policies (continued)**

**(3) Financial effects (continued)**

Summary of the impact on classification and measurement, and a reconciliation of the financial position of the Group and the Bank upon adoption of MFRS 9 as at 31 December 2017 and 1 January 2018 are as follows (continued):

Bank	MFRS 139 measurement category	MFRS 9 measurement category	MFRS 139 carrying amount as at 31 December 2017	Classification and measurement		Carrying amount post classification and measurement	Expected credit losses	MFRS 9 carrying amount as at 1 January 2018
				Fair value through profit and loss	Fair value through other comprehensive income			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>								
Cash and short-term funds	Loans and receivables	Amortised costs	7,614,663	-	-	7,614,663	(2,429)	<b>7,612,234</b>
Deposits and placements with banks and other financial institutions	Loans and receivables	Amortised costs	11,275,105	-	-	11,275,105	-	<b>11,275,105</b>
Financial assets at FVTPL	FVTPL	FVTPL	828,006	920,597	-	1,748,603	-	<b>1,748,603</b>
Financial assets at FVOCI:								
- Debt instruments	Financial investments AFS	FVOCI	20,814,018	(915,533)	2,135,066	22,033,551	(62,703)	<b>21,970,848</b>
- Equity instruments	Financial investments AFS	FVOCI	613,637	-	-	613,637	-	<b>613,637</b>
Financial assets at amortised costs	Financial investments HTM	Amortised costs	14,496,205	(5,104)	(2,108,721)	12,382,380	(143,668)	<b>12,238,712</b>
Loans, advances and financing	Loans and receivables	Amortised costs	109,530,317	-	-	109,530,317	(1,222,844)	<b>108,307,473</b>
Other assets	Loans and receivables	Amortised costs	906,895	-	-	906,895	-	<b>906,895</b>
Derivative assets	FVTPL	FVTPL	1,834,676	(31,865)	-	1,802,811	-	<b>1,802,811</b>
Statutory deposits	Loans and receivables	Amortised costs	2,538,107	-	-	2,538,107	-	<b>2,538,107</b>
Tax recoverable	NA	NA	58,871	6,314	-	65,185	343,593	<b>408,778</b>
Investments in subsidiaries	NA	NA	4,495,837	-	-	4,495,837	-	<b>4,495,837</b>
Property, plant and equipment	NA	NA	756,434	-	-	756,434	-	<b>756,434</b>
Goodwill	NA	NA	1,651,542	-	-	1,651,542	-	<b>1,651,542</b>
Intangible assets	NA	NA	415,690	-	-	415,690	-	<b>415,690</b>
<b>TOTAL ASSETS</b>			<b>177,830,003</b>	<b>(25,591)</b>	<b>26,345</b>	<b>177,830,757</b>	<b>(1,088,051)</b>	<b>176,742,706</b>



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**B10 Change in Accounting Policies (continued)**

**(3) Financial effects (continued)**

Summary of the impact on classification and measurement, and a reconciliation of the financial position of the Group and the Bank upon adoption of MFRS 9 as at 31 December 2017 and 1 January 2018 are as follows (continued):

Bank	MFRS 139 measurement category	MFRS 9 measurement category	MFRS 139 carrying amount as at 31 December 2017	Classification and measurement		Carrying amount post classification and measurement	Expected credit losses	MFRS 9 carrying amount as at 1 January 2018
				Fair value through profit and loss	Fair value through other comprehensive income			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>LIABILITIES</b>								
Deposits from customers	Amortised costs	Amortised costs	120,732,215	-	-	120,732,215	-	120,732,215
Deposits and placements of banks and other financial institutions	Amortised costs	Amortised costs	22,536,941	-	-	22,536,941	-	22,536,941
Obligations on securities sold under repurchase agreements	Amortised costs	Amortised costs	1,587,979	-	-	1,587,979	-	1,587,979
Bills and acceptances payable	Amortised costs	Amortised costs	286,751	-	-	286,751	-	286,751
Other liabilities and provisions	Amortised costs	Amortised costs	1,573,546	-	-	1,573,546	-	1,573,546
Derivative liabilities	FVTPL	FVTPL	2,513,980	-	-	2,513,980	-	2,513,980
Recourse obligation on loans sold to Cagamas	Amortised costs	Amortised costs	1,729,606	-	-	1,729,606	-	1,729,606
Deferred tax liabilities	NA	NA	14,467	(1,344)	6,322	19,445	-	19,445
Borrowings	Amortised costs	Amortised costs	978,068	-	-	978,068	-	978,068
Senior debt securities	Amortised costs	Amortised costs	3,252,581	-	-	3,252,581	-	3,252,581
Hybrid Tier-1 Capital Securities	Amortised costs	Amortised costs	607,678	-	-	607,678	-	607,678
Subordinated obligations	Amortised costs	Amortised costs	2,588,638	-	-	2,588,638	-	2,588,638
<b>TOTAL LIABILITIES</b>			<b>158,402,450</b>	<b>(1,344)</b>	<b>6,322</b>	<b>158,407,428</b>	<b>-</b>	<b>158,407,428</b>
<b>EQUITY</b>								
Share capital			6,994,103	-	-	6,994,103	-	6,994,103
Reserves			12,433,450	(24,247)	20,023	12,429,226	(1,088,051)	11,341,175
<b>TOTAL EQUITY</b>			<b>19,427,553</b>	<b>(24,247)</b>	<b>20,023</b>	<b>19,423,329</b>	<b>(1,088,051)</b>	<b>18,335,278</b>
<b>TOTAL LIABILITIES AND EQUITY</b>			<b>177,830,003</b>	<b>(25,591)</b>	<b>26,345</b>	<b>177,830,757</b>	<b>(1,088,051)</b>	<b>176,742,706</b>



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**B10 Change in Accounting Policies (Continued)**

**(3) Financial effects (continued)**

The following table shows the effects on FVOCI reserves, regulatory reserves and retained profits as at 31 December 2017 and 1 January 2018:

	Group RM'000	Bank RM'000
<b>FVOCI reserves</b>		
Closing balance under MFRS 139 as at 31 December 2017	275,937	271,524
Reclassification of investment securities (debt and equity) from AFS to FVTPL	(4,092)	(4,255)
Reclassification of investment securities (equity) measured at fair value from HTM to FVOCI	20,023	20,023
	<u>15,931</u>	<u>15,768</u>
Opening balance under MFRS 9 as at 1 January 2018	<u>291,868</u>	<u>287,292</u>
	<b>Group RM'000</b>	<b>Bank RM'000</b>
<b>Regulatory reserves</b>		
Closing balance under MFRS 139 as at 31 December 2017	1,797,903	1,484,902
Transfer to retained profits	(1,124,358)	(980,562)
Closing balance under MFRS 9 as at 1 January 2018	<u>673,545</u>	<u>504,340</u>
	<b>Group RM'000</b>	<b>Bank RM'000</b>
<b>Retained profits</b>		
Closing balance under MFRS 139 as at 31 December 2017	13,429,174	10,333,461
Effect of reclassification of investment assets	(17,020)	(19,992)
Effect of ECL adjustments, net of tax	(1,230,412)	(1,088,051)
Transfer from regulatory reserves	1,124,358	980,562
	<u>(123,074)</u>	<u>(127,481)</u>
Closing balance under MFRS 9 as at 1 January 2018	<u>13,306,100</u>	<u>10,205,980</u>

The following table reconciles the opening ECL allowance determined in accordance with MFRS 9 as at 1 January 2018:

Group	MFRS 139 Allowance as at 31 December 2017	Classification and measurement	Expected credit losses	MFRS 9 Allowance as at 1 January 2018
	RM'000			RM'000
Cash and short-term funds	-	-	6,375	6,375
Deposits and placements with banks and other financial institutions	-	-	25	25
Financial assets at FVTPL	-	59,172	(59,172)	-
Financial assets at FVOCI	507,728	(20,838)	55,673 <sup>N1</sup>	542,563
Financial assets at amortised costs	181,874	(38,334)	147,589	291,129
Loans, advances and financing	1,825,978	-	1,360,646	3,186,624
Clients' and brokers' balances	31,882	-	-	31,882
Other debtors	23,709	-	9,467	33,176
	<u>2,571,171</u>	<u>-</u>	<u>1,520,603</u>	<u>4,091,774</u>

N1: Excluding of impairment for equity instruments under FVOCI which was previously provided of RM12,987,000.



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**B10 Change in Accounting Policies (Continued)**

**(3) Financial effects (continued)**

The following table reconciles the opening ECL allowance determined in accordance with MFRS 9 as at 1 January 2018 (continued):

<b>Bank</b>	<b>MFRS 139 Allowance as at 31 December 2017 RM'000</b>	<b>Classification and measurement RM'000</b>	<b>Expected credit losses RM'000</b>	<b>MFRS 9 Allowance as at 1 January 2018 RM'000</b>
Cash and short-term funds	-	-	2,429	2,429
Financial assets at FVTPL	-	57,128	(57,128)	-
Financial assets at FVOCI	496,796	(18,794)	53,345 N1	531,347
Financial assets at amortised costs	102,469	(38,334)	143,668	207,803
Loans, advances and financing	1,300,186	-	1,222,844	2,523,030
	<u>1,899,451</u>	<u>-</u>	<u>1,365,158</u>	<u>3,264,609</u>

N1: Excluding of impairment for equity instruments under FVOCI which was previously provided of RM9,358,000.



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**B11. Dividends**

No dividend has been declared for the first quarter ended 31 March 2018.

**B12. Earnings per Share**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Basic earnings per share</b>				
Profit attributable to equity holders of the Bank (RM'000)	<b>590,820</b>	500,277	<b>590,820</b>	500,277
Weighted average number of ordinary shares in issue ('000)	<b>4,010,045</b>	4,010,045	<b>4,010,045</b>	4,010,045
Earnings per share (sen)				
- Basic	<b>14.7</b>	12.5	<b>14.7</b>	12.5
- Diluted	<b>14.7</b>	12.5	<b>14.7</b>	12.5

There were no dilutive potential ordinary shares outstanding as at 31 March 2018. As a result, the diluted earnings per share equal to the basic earnings per share for the financial year ended 31 March 2018.

**BY ORDER OF THE BOARD**

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

Company Secretary  
31 May 2018