



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 2019**

	Note	1st Quarter Ended		Three Months Ended	
		31 March	31 March	31 March	31 March
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Group					
Interest income	A8	2,035,062	1,937,557	2,035,062	1,937,557
Interest expense	A9	(1,154,806)	(1,007,329)	(1,154,806)	(1,007,329)
Net interest income		880,256	930,228	880,256	930,228
Other operating income	A10	481,199	564,810	481,199	564,810
Income from Islamic Banking business	A28(b)	380,950	273,824	380,950	273,824
Net income		1,742,405	1,768,862	1,742,405	1,768,862
Other operating expenses	A11	(846,336)	(862,444)	(846,336)	(862,444)
Operating profit before allowances		896,069	906,418	896,069	906,418
Allowance for credit losses on financial assets	A12	(72,868)	(114,500)	(72,868)	(114,500)
		823,201	791,918	823,201	791,918
Share of results of joint ventures		(30)	(9)	(30)	(9)
Profit before taxation		823,171	791,909	823,171	791,909
Taxation	B5	(192,104)	(200,898)	(192,104)	(200,898)
Net profit for the financial period		631,067	591,011	631,067	591,011
Attributable to:					
- Equity holders of the Bank		630,186	590,820	630,186	590,820
- Non-controlling interests		881	191	881	191
		631,067	591,011	631,067	591,011
Earnings per share (sen)					
- Basic	B12	15.7	14.7	15.7	14.7
- Diluted	B12	15.7	14.7	15.7	14.7

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2018.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2019

	1st Quarter Ended		Three Months Ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period	631,067	591,011	631,067	591,011
Other comprehensive income/(loss) in respect of:				
(i) Items that will not be reclassified to profit or loss:				
(a) Actuarial loss on defined benefit plan of subsidiaries	(2,189)	(185)	(2,189)	(185)
(b) Equity instruments designated at fair value through other comprehensive income ('FVOCI')				
- Net gain on disposal	4,788	26	4,788	26
- Unrealised net gain/(loss) on revaluation	1,251	(1,310)	1,251	(1,310)
(ii) Items that will be reclassified subsequently to profit or loss:				
(a) Foreign currency translation reserves				
- Currency translation differences	(36,011)	(140,136)	(36,011)	(140,136)
- Net investment hedge	9	9,187	9	9,187
(b) Debt instruments measured at FVOCI				
- Unrealised net gain	468,473	6,773	468,473	6,773
- Net transfer to income statements on disposal	(41,513)	(36,033)	(41,513)	(36,033)
- Changes in expected credit losses and exchange differences	(5,561)	(3,135)	(5,561)	(3,135)
Income tax relating to components of other comprehensive loss	3,647	7,317	3,647	7,317
Other comprehensive income/(loss), net of tax, for the financial period	392,894	(157,496)	392,894	(157,496)
Total comprehensive income for the financial period	1,023,961	433,515	1,023,961	433,515
Total comprehensive income attributable to:				
- Equity holders of the Bank	1,023,113	433,457	1,023,113	433,457
- Non-controlling interests	848	58	848	58
	1,023,961	433,515	1,023,961	433,515

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 2018.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2019

	Note	1st Quarter Ended		Three Months Ended	
		31 March	31 March	31 March	31 March
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Bank					
Interest income	A8	2,025,852	1,926,742	2,025,852	1,926,742
Interest expense	A9	(1,125,076)	(982,544)	(1,125,076)	(982,544)
Net interest income		900,776	944,198	900,776	944,198
Other operating income	A10	267,648	246,297	267,648	246,297
Income from Islamic Banking business	A28(b)	587	(7)	587	(7)
Net income		1,169,011	1,190,488	1,169,011	1,190,488
Other operating expenses	A11	(565,761)	(570,389)	(565,761)	(570,389)
Operating profit before allowances		603,250	620,099	603,250	620,099
Allowance for credit losses	A12	(67,081)	(86,692)	(67,081)	(86,692)
Profit before taxation		536,169	533,407	536,169	533,407
Taxation	B5	(137,134)	(138,703)	(137,134)	(138,703)
Net profit for the financial period		399,035	394,704	399,035	394,704

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 2018.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2019

	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Bank				
Net profit for the financial period	399,035	394,704	399,035	394,704
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')				
- Net gain on disposal	668	-	668	-
- Unrealised net gain/(loss) on revaluation	44	(1,310)	44	(1,310)
(ii) Items that will be reclassified subsequently to profit or loss:				
(a) Foreign currency translation reserves				
- Currency translation differences	(15,508)	(50,416)	(15,508)	(50,416)
(b) Debt instruments measured at FVOCI				
- Unrealised net gain	390,921	187	390,921	187
- Net transfer to income statements on disposal	(38,090)	(35,922)	(38,090)	(35,922)
- Changes in expected credit losses and exchange differences	(4,993)	(2,854)	(4,993)	(2,854)
Income tax relating to components of other comprehensive loss	22,664	8,891	22,664	8,891
Other comprehensive income/(loss), net of tax, for the financial period	355,706	(81,424)	355,706	(81,424)
Total comprehensive income for the financial period	754,741	313,280	754,741	313,280

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 2018.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	Group		Bank	
		As at	As at	As at	As at
		31 March 2019	31 December 2018	31 March 2019	31 December 2018
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		11,675,426	12,553,188	7,426,119	8,855,326
Deposits and placements with banks and other financial institutions		1,829,689	898,120	10,889,774	10,990,797
Financial assets at fair value through profit or loss ('FVTPL')	A13	4,023,550	3,800,649	2,113,862	1,891,771
Financial assets at fair value through other comprehensive income ('FVOCI')	A14	36,776,752	32,577,833	30,070,059	27,584,376
Financial investments at amortised cost	A15	14,179,490	14,090,275	10,058,938	10,228,651
Loans, advances and financing	A16	166,825,233	165,629,774	107,647,025	108,216,146
Clients' and brokers' balances		1,445,378	943,056	-	-
Reinsurance assets		501,386	511,236	-	-
Other assets	A17	1,303,416	1,489,839	833,783	921,813
Derivative assets	B8	952,146	1,131,057	974,063	1,147,494
Statutory deposits		4,847,012	4,795,230	2,883,360	2,978,677
Tax recoverable		491,067	389,172	436,216	351,451
Deferred tax assets		43,034	79,191	22,993	32,490
Investments in subsidiaries		-	-	4,911,660	4,911,660
Investments in associates and joint ventures		9,513	25,352	-	-
Right of use assets		102,995	-	66,273	-
Property, plant and equipment		1,004,270	999,962	760,601	753,531
Goodwill		2,654,122	2,649,307	1,651,542	1,651,542
Intangible assets		612,135	602,438	539,255	527,562
TOTAL ASSETS		249,276,614	243,165,679	181,285,523	181,043,287
LIABILITIES					
Deposits from customers	A18/B7(a)	186,889,700	178,856,330	130,957,427	127,145,222
Deposits and placements of banks and other financial institutions	A19/B7(a)	15,556,388	18,290,894	14,608,293	17,526,185
Obligations on securities sold under repurchase agreements		400,188	2,194,324	1,345,078	3,120,449
Bills and acceptances payable		283,119	301,603	173,145	247,552
Clients' and brokers' balances		1,384,837	841,782	-	-
General insurance contract liabilities		1,099,436	1,094,114	-	-
Other liabilities	A20	3,183,480	2,922,556	1,876,736	2,082,123
Derivative liabilities	B8	974,706	1,116,701	966,964	1,120,287
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		5,274,802	5,266,116	3,002,217	2,995,877
Tax liabilities		26,437	24,578	-	-
Deferred tax liabilities		3,762	2,308	-	-
Lease liabilities		106,073	-	67,978	-
Borrowings	B7(b)	1,162,178	1,182,885	885,204	981,849
Senior debt securities	B7(c)	4,534,340	3,323,664	4,534,340	3,323,664
Hybrid Tier-1 Capital Securities	B7(d)	229,369	603,221	234,466	608,235
Subordinated obligations	B7(e)	3,750,955	3,748,655	2,577,398	2,589,066
TOTAL LIABILITIES		224,859,770	219,769,731	161,229,246	161,740,509

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 2018.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2019

	Note	Group		Bank	
		As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
EQUITY					
Share capital		6,994,103	6,994,103	6,994,103	6,994,103
Reserves		17,383,939	16,363,884	13,062,174	12,308,675
Equity attributable to holders of the Bank		24,378,042	23,357,987	20,056,277	19,302,778
Non-controlling interests ('NCI')		38,802	37,961	-	-
TOTAL EQUITY		24,416,844	23,395,948	20,056,277	19,302,778
TOTAL LIABILITIES AND EQUITY		249,276,614	243,165,679	181,285,523	181,043,287
COMMITMENTS AND CONTINGENCIES	A25(a)	153,200,500	172,941,427	145,928,133	167,318,657
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK (RM)		6.08	5.82		

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 2018.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2019

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			
Balance as at 1 January 2019											
- As previously reported		6,994,103	513	249,687	376,108	684,275	23,331	15,029,970	23,357,987	37,961	23,395,948
- Effect of adoption of MFRS 16	B10	-	-	-	-	-	-	(3,058)	(3,058)	(7)	(3,065)
- As restated		6,994,103	513	249,687	376,108	684,275	23,331	15,026,912	23,354,929	37,954	23,392,883
Net profit for the financial period		-	-	-	-	-	-	630,186	630,186	881	631,067
Foreign currency translation reserves:											
- Currency translation differences		-	-	-	(6)	(36,001)	-	-	(36,007)	(4)	(36,011)
- Net investment hedge		-	-	-	-	9	-	-	9	-	9
Financial assets measured at FVOCI:											
- Equity instruments											
- Net gain/(loss) on disposal		-	-	-	(1,729)	-	-	6,517	4,788	-	4,788
- Unrealised net gain on revaluation		-	-	-	1,251	-	-	-	1,251	-	1,251
- Debt instruments											
- Unrealised net gain on revaluation		-	-	-	468,473	-	-	-	468,473	-	468,473
- Net transfer to income statements on disposal		-	-	-	(41,513)	-	-	-	(41,513)	-	(41,513)
- Changes in expected credit losses and exchange differences		-	-	-	(5,561)	-	-	-	(5,561)	-	(5,561)
Actuarial loss on defined benefit plan of subsidiaries		-	-	-	-	-	-	(2,170)	(2,170)	(19)	(2,189)
Income tax relating to components of other comprehensive (income)/loss		-	-	-	4,828	-	-	(1,171)	3,657	(10)	3,647
Other comprehensive income/(loss), net of tax, for the financial period		-	-	-	425,743	(35,992)	-	3,176	392,927	(33)	392,894
Total comprehensive income/(loss) for the financial period		-	-	-	425,743	(35,992)	-	633,362	1,023,113	848	1,023,961
Transfer to regulatory reserves		-	-	317,245	-	-	-	(317,245)	-	-	-
Balance as at 31 March 2019		6,994,103	513	566,932	801,851	648,283	23,331	15,343,029	24,378,042	38,802	24,416,844

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 2018.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2019

Group	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	RM'000	RM'000	RM'000
Balance as at 1 January 2018	6,994,103	513	799,494	350,787	629,011	23,331	12,869,790	21,667,029	34,257	21,701,286
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)
- Changes in expected credit losses and exchange differences	-	-	-	(3,135)	-	-	-	(3,135)	-	(3,135)
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	-	-	-	(26,385)	(130,821)	-	(157)	(157,363)	(133)	(157,496)
Total comprehensive income/(loss) for the financial period	-	-	-	(26,385)	(130,821)	-	590,663	433,457	58	433,515
Transfer from regulatory reserves	-	-	(135,490)	-	-	-	135,490	-	-	-
Balance as at 31 March 2018	6,994,103	513	664,004	324,402	498,190	23,331	13,595,943	22,100,486	34,315	22,134,801

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 2018.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2019

Bank	Note	← Non-Distributable →			Distributable	Total Equity	
		Share Capital	Regulatory Reserves	FVOCI Reserves	Translation Reserves		Retained Profits
		RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2019							
- As previously reported		6,994,103	126,230	349,347	371,680	11,461,418	19,302,778
- Effect of adoption of MFRS 16	B10	-	-	-	-	(1,242)	(1,242)
- As restated		6,994,103	126,230	349,347	371,680	11,460,176	19,301,536
Net profit for the financial period		-	-	-	-	399,035	399,035
Foreign currency translation reserves:							
- Currency translation differences		-	-	-	(15,508)	-	(15,508)
Financial assets measured at FVOCI:							
- Equity instruments							
- Net gain/(loss) on disposal		-	-	(479)	-	1,147	668
- Unrealised net gain on revaluation		-	-	44	-	-	44
- Debt instruments							
- Unrealised net gain on revaluation		-	-	390,921	-	-	390,921
- Net transfer to income statements on disposal		-	-	(38,090)	-	-	(38,090)
- Changes in expected credit losses and exchange differences		-	-	(4,993)	-	-	(4,993)
Income tax relating to components of other comprehensive loss		-	-	22,664	-	-	22,664
Other comprehensive income/(loss), net of tax, for the financial period		-	-	370,067	(15,508)	1,147	355,706
Total comprehensive income/(loss) for the financial period		-	-	370,067	(15,508)	400,182	754,741
Transfer to regulatory reserves		-	145,739	-	-	(145,739)	-
Balance as at 31 March 2019		6,994,103	271,969	719,414	356,172	11,714,619	20,056,277

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RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2019

	← Non-Distributable →			Distributable		Total Equity
	Share Capital	Regulatory Reserves	FVOCI Reserves	Translation Reserves	Retained Profits	
Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2018	6,994,103	722,579	340,457	343,563	9,933,442	18,334,144
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)
- Changes in expected credit losses and exchange differences	-	-	(2,854)	-	-	(2,854)
Income tax relating to components of other comprehensive loss	-	-	8,891	-	-	8,891
Other comprehensive loss, net of tax, for the financial period	-	-	(31,008)	(50,416)	-	(81,424)
Total comprehensive income/(loss) for the financial period	-	-	(31,008)	(50,416)	394,704	313,280
Transfer from regulatory reserves	-	(403,606)	-	-	403,606	-
Balance as at 31 March 2018	<u>6,994,103</u>	<u>318,973</u>	<u>309,449</u>	<u>293,147</u>	<u>10,731,752</u>	<u>18,647,424</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 2018.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2019

	Three Months Ended	
	31 March 2019	31 March 2018
	RM'000	RM'000
Group		
Cash flows from operating activities		
Profit before taxation	823,171	791,909
Adjustments for:		
Allowance for credit losses on loans, advances and financing	159,187	170,036
Allowance for credit losses on other financial assets	5,380	3,738
Property, plant and equipment:		
- Depreciation	30,596	29,569
- Loss/(Gain) on disposal	(274)	(97)
- Written off	263	-
Intangible assets:		
- Amortisation	28,775	23,401
- Written off	5	-
Right of use assets:		
- Depreciation	17,260	-
Net allowance (written back)/made on financial assets at FVOCI and financial investments at amortised cost	(24,668)	7,088
Share of results of joint ventures	30	9
Net gain on financial instruments	(94,891)	(118,633)
Gain on disposal of a joint venture	(258)	-
Dividend income	(24,857)	(11,474)
Interest expense on borrowings, senior debt securities, Hybrid Tier-1 Capital Securities, subordinated obligations and right of use assets	95,575	85,206
Other non-cash items	(484,082)	(417,727)
Operating profit before working capital changes	<u>531,212</u>	<u>563,025</u>
(Increase)/Decrease in operating assets:		
Deposits and placements with banks and other financial institutions	(939,713)	114,379
Financial assets at FVTPL	(124,707)	17,170
Loans, advances and financing	(1,437,640)	(1,831,714)
Clients' and brokers' balances	(502,322)	(230,755)
Other assets	346,071	109,901
Statutory deposits	(56,628)	(382,127)
	<u>(2,714,939)</u>	<u>(2,203,146)</u>
Increase/(Decrease) in operating liabilities:		
Deposits from customers	8,154,260	3,446,501
Deposits and placements of banks and other financial institutions	(2,721,718)	991,203
Obligations on securities sold under repurchase agreements	(1,792,595)	(604,163)
Investment account from customers	-	50
Bills and acceptances payable	(18,430)	6,222
Clients' and brokers' balances	543,055	40,777
Other liabilities	64,094	(303,001)
Recourse obligation on loans sold to Cagamas	8,686	2,272,750
	<u>4,237,352</u>	<u>5,850,339</u>
Cash generated from operations	2,053,625	4,210,218
Interest paid	(70,493)	(90,929)
Net tax paid	(250,006)	(138,392)
Net cash generated from operating activities	<u>1,733,126</u>	<u>3,980,897</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 2018.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2019

	Three Months Ended	
	31 March 2019	31 March 2018
	<u>RM'000</u>	<u>RM'000</u>
Group		
Cash flows from investing activities		
Net (purchase)/proceeds from disposal of financial assets at FVOCI and financial investments at amortised cost	(3,803,077)	2,910,615
Property, plant and equipment:		
- Purchase	(36,839)	(30,514)
- Proceeds from disposal	277	152
Intangible assets:		
- Purchase	(38,750)	(80,666)
Financial assets at FVOCI and financial investments at amortised cost:		
- Interest received	356,950	333,265
- Investment income received	65,282	61,310
Dividend income received from financial assets at FVTPL and financial assets at FVOCI	24,857	11,474
Net cash inflow from additional equity acquisition of a joint venture	10,710	-
Net cash (used in)/generated from investing activities	<u>(3,420,590)</u>	<u>3,205,636</u>
Cash flows from financing activities		
Drawdown of borrowings	568,087	1,211,918
Repayment of borrowings	(572,813)	(1,012,600)
Proceeds from issuance of senior debt securities	1,255,580	-
Redemption of Hybrid Tier-1 Capital Securities	(370,000)	-
Principal lease payments	(17,742)	-
Net cash generated from financing activities	<u>863,112</u>	<u>199,318</u>
Net (decrease)/increase in cash and cash equivalents	(824,352)	7,385,851
Effects of exchange rate differences	(53,410)	(141,382)
Cash and cash equivalents:		
- at the beginning of the financial period	12,553,188	9,911,146
- at the end of the financial period	<u>11,675,426</u>	<u>17,155,615</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>11,675,426</u>	<u>17,155,615</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 2018.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2019

	Three Months Ended	
	31 March 2019	31 March 2018
	<u>RM'000</u>	<u>RM'000</u>
Bank		
Cash flows from operating activities		
Profit before taxation	536,169	533,407
Adjustments for:		
Allowance for credit losses on loans, advances and financing	149,679	141,161
Allowance for credit losses on other financial assets	1,139	1,386
Property, plant and equipment:		
- Depreciation	23,516	21,968
- Gain on disposal	(126)	(41)
- Written off	106	-
Intangible assets:		
- Amortisation	23,715	18,833
- Written off	5	-
Right of use assets:		
- Depreciation	11,220	-
Net allowance (written back)/made on financial assets at FVOCI and financial investments at amortised cost	(21,212)	7,538
Net gain on financial instruments	(71,462)	(56,691)
Dividend income	-	(9,259)
Interest expense on borrowings, senior debt securities, Hybrid Tier-1 Capital Securities, subordinated obligations and right of use assets	79,071	69,987
Other non-cash items	(378,171)	(310,733)
Operating profit before working capital changes	<u>353,649</u>	<u>417,556</u>
Decrease/(Increase) in operating assets:		
Deposits and placements with banks and other financial institutions	99,982	1,334,838
Financial assets at FVTPL	(167,376)	(25,939)
Loans, advances and financing	349,078	549,617
Other assets	256,820	(808,406)
Statutory deposits	94,504	(247,893)
	<u>633,008</u>	<u>802,217</u>
Increase/(Decrease) in operating liabilities:		
Deposits from customers	3,812,205	1,402,797
Deposits and placements of banks and other financial institutions	(2,826,184)	372,654
Obligations on securities sold under repurchase agreements	(1,766,041)	(970,672)
Bills and acceptances payable	(72,866)	(47,939)
Other liabilities	(415,989)	(64,671)
Recourse obligation on loans sold to Cagamas	6,340	1,272,391
	<u>(1,262,535)</u>	<u>1,964,560</u>
Cash (used in)/generated from operations	(275,878)	3,184,333
Interest paid	(67,902)	(89,594)
Net tax paid	(190,051)	(87,806)
Net cash (used in)/generated from operating activities	<u>(533,831)</u>	<u>3,006,933</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 2018.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2019

	Three Months Ended	
	31 March 2019	31 March 2018
	<u>RM'000</u>	<u>RM'000</u>
Bank		
Cash flows from investing activities		
Net (purchase)/proceeds from disposal of financial assets at FVOCI and financial investments at amortised cost	(1,914,630)	1,905,293
Property, plant and equipment:		
- Purchase	(31,011)	(23,723)
- Proceeds from disposal	126	61
Intangible assets:		
- Purchase	(35,588)	(78,997)
Interest received from financial assets at FVOCI and financial investments at amortised cost	328,937	346,988
Dividend income received from subsidiaries	-	97,959
Additional investments in subsidiaries	-	(415,823)
Net cash (used in)/generated from investing activities	<u>(1,652,166)</u>	<u>1,831,758</u>
Cash flows from financing activities		
Drawdown of borrowings	-	193,136
Repayment of borrowings	(84,068)	(81,721)
Proceeds from issuance of senior debt securities	1,255,580	-
Redemption of Hybrid Tier-1 Capital Securities	(370,000)	-
Principal lease payments	(11,020)	-
Net cash generated from financing activities	<u>790,492</u>	<u>111,415</u>
Net (decrease)/increase in cash and cash equivalents	(1,395,505)	4,950,106
Effects of exchange rate differences	(33,702)	(126,989)
Cash and cash equivalents:		
- at the beginning of the financial period	8,855,326	7,570,207
- at the end of the financial period	<u>7,426,119</u>	<u>12,393,324</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>7,426,119</u>	<u>12,393,324</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 2018.



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2019

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 2018.

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 2018, 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 2019:
- MFRS 16 'Leases'
 - Annual Improvements to MFRS 2015-2017 Cycle:
 - Amendments to MFRS 3 'Business Combinations'
 - Amendments to MFRS 11 'Joint Arrangements'
 - Amendments to MFRS 112 'Income Taxes'
 - Amendments to MFRS 123 'Borrowing Costs'
 - Amendments to MFRS 9 'Prepayment Features with Negative Compensation'
 - Amendments to MFRS 128 'Long-term Interests in Associates and Joint Ventures'
 - Amendments to MFRS 119 'Plan Amendment, Curtailment or Settlement'
 - IC Interpretation 23 'Uncertainty over Income Tax Treatments'

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 16 as disclosed in Note B10.

A2. Auditors' Report

The auditors' report for the financial year ended 31 December 2018 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 2019.



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2019

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 2019.

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 2019, other than as disclosed below:

- (a) The Bank had on 19 February 2019 completed its third issuance of USD300 million in nominal value senior notes under the USD5 billion (or its equivalent in other currencies) euro medium term note programme. The senior notes which have a tenure of 5 years from the issuance date, will mature on 19 February 2024.
- (b) The Bank had on 29 March 2019 fully redeemed its RM370 million in nominal value of Hybrid Tier-I Capital Securities which were issued on 31 March 2009.

A7. Dividends Paid

No dividend was paid during three months ended 31 March 2019.

Subsequent to balance sheet date, the Bank had paid a final single-tier dividend of 13.0 sen per share in respect of the financial year ended 31 December 2018, amounting to RM521,306,000 on 23 May 2019.



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2019

A8. Interest Income

Group	1st Quarter Ended		Three Months Ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	RM'000	RM'000	RM'000	RM'000
Loans and advances	1,580,604	1,531,959	1,580,604	1,531,959
Money at call and deposits and placements with banks and other financial institutions	51,831	54,842	51,831	54,842
Securities purchased under resale agreements	-	-	-	-
Financial assets at FVTPL	19,992	18,212	19,992	18,212
Financial assets at FVOCI - debt instruments	259,717	207,017	259,717	207,017
Financial investments at amortised cost	118,269	123,244	118,269	123,244
Others	4,649	2,283	4,649	2,283
	2,035,062	1,937,557	2,035,062	1,937,557
Of which:				
Interest income accrued on impaired financial assets	24,306	24,968	24,306	24,968
Bank				
Loans and advances	1,490,253	1,445,863	1,490,253	1,445,863
Money at call and deposits and placements with banks and other financial institutions	155,070	147,080	155,070	147,080
Securities purchased under resale agreements	-	281	-	281
Financial assets at FVTPL	19,787	17,747	19,787	17,747
Financial assets at FVOCI - debt instruments	251,433	197,991	251,433	197,991
Financial investments at amortised cost	107,121	115,161	107,121	115,161
Others	2,188	2,619	2,188	2,619
	2,025,852	1,926,742	2,025,852	1,926,742
Of which:				
Interest income accrued on impaired financial assets	22,595	23,058	22,595	23,058



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2019

A9. Interest Expense

Group	1st Quarter Ended		Three Months Ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	129,072	108,951	129,072	108,951
Deposits from customers	893,045	792,858	893,045	792,858
Obligations on securities sold under repurchase agreements	8,136	303	8,136	303
Recourse obligation on loans sold to Cagamas	32,994	22,391	32,994	22,391
Subordinated obligations	36,136	36,133	36,136	36,133
Senior debt securities	27,942	21,737	27,942	21,737
Hybrid Tier-1 Capital Securities	10,907	11,146	10,907	11,146
Borrowings	10,419	7,079	10,419	7,079
Others	6,155	6,731	6,155	6,731
	1,154,806	1,007,329	1,154,806	1,007,329
Bank				
Deposits and placements of banks and other financial institutions	140,135	126,525	140,135	126,525
Deposits from customers	849,906	747,697	849,906	747,697
Obligations on securities sold under repurchase agreements	18,372	9,173	18,372	9,173
Recourse obligation on loans sold to Cagamas	32,994	22,391	32,994	22,391
Subordinated obligations	31,278	31,275	31,278	31,275
Senior debt securities	27,942	21,737	27,942	21,737
Hybrid Tier-1 Capital Securities	10,991	11,229	10,991	11,229
Borrowings	8,218	5,746	8,218	5,746
Others	5,240	6,771	5,240	6,771
	1,125,076	982,544	1,125,076	982,544



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2019

A10. Other Operating Income

Group	1st Quarter Ended		Three Months Ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	RM'000	RM'000	RM'000	RM'000
Fee income				
- Service charges and fees	41,191	41,400	41,191	41,400
- Commission	35,606	39,274	35,606	39,274
- Guarantee fees	8,119	10,330	8,119	10,330
- Commitment fees	10,702	13,083	10,702	13,083
- Net brokerage income	61,188	86,048	61,188	86,048
- Fund management fees	53,909	56,784	53,909	56,784
- Unit trust fee income	13,599	21,203	13,599	21,203
- Corporate advisory fees	19,541	11,887	19,541	11,887
- Underwriting and arrangement fees	15,461	1,532	15,461	1,532
- Other fee income	23,138	19,507	23,138	19,507
	282,454	301,048	282,454	301,048
- Fee and commission expenses	(35,713)	(41,367)	(35,713)	(41,367)
	246,741	259,681	246,741	259,681
Net gain/(loss) arising from financial assets at FVTPL				
- Net gain on disposal	30,612	5,152	30,612	5,152
- Unrealised net gain/(loss) on revaluation	31,473	(2,028)	31,473	(2,028)
- Dividend income	24,773	11,474	24,773	11,474
	86,858	14,598	86,858	14,598
Net (loss)/gain on revaluation of derivatives	(28,075)	56,181	(28,075)	56,181
Net loss on fair values hedges	(4,606)	(32)	(4,606)	(32)
Net gain arising from financial assets at FVOCI				
- Net gain on debt instruments on disposal	38,205	57,749	38,205	57,749
- Dividend on equity instruments	84	-	84	-
	38,289	57,749	38,289	57,749
Other income				
Net foreign exchange gain	86,960	138,226	86,960	138,226
Insurance underwriting surplus before management expenses	44,807	20,314	44,807	20,314
Gain on disposal of property, plant and equipment	274	97	274	97
Gain on disposal of a joint venture	258	-	258	-
Rental income	530	572	530	572
Other operating income	8,827	16,983	8,827	16,983
Other non-operating income	336	441	336	441
	141,992	176,633	141,992	176,633
	481,199	564,810	481,199	564,810



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2019

A10. Other Operating Income (continued)

	1st Quarter Ended		Three Months Ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Bank	RM'000	RM'000	RM'000	RM'000
Fee income				
- Service charges and fees	38,023	36,745	38,023	36,745
- Commission	42,507	44,154	42,507	44,154
- Guarantee fees	7,852	10,179	7,852	10,179
- Commitment fees	9,804	11,792	9,804	11,792
- Other fee income	5,423	5,516	5,423	5,516
	103,609	108,386	103,609	108,386
Net gain/(loss) arising from financial assets at FVTPL				
- Net gain on disposal	18,749	2,908	18,749	2,908
- Unrealised net gain/(loss) on revaluation	17,657	(8,640)	17,657	(8,640)
	36,406	(5,732)	36,406	(5,732)
Net (loss)/gain on revaluation of derivatives	(3,057)	26,530	(3,057)	26,530
Net gain/(loss) on fair values hedges	23	(32)	23	(32)
Net gain arising from financial assets at FVOCI				
- Net gain on debt instruments on disposal	38,090	35,925	38,090	35,925
Dividend income from subsidiaries	-	9,259	-	9,259
Other income				
Net foreign exchange gain	80,696	52,961	80,696	52,961
Gain on disposal of property, plant and equipment	126	41	126	41
Rental income	2,968	2,919	2,968	2,919
Other operating income	8,321	15,329	8,321	15,329
Other non-operating income	466	711	466	711
	92,577	71,961	92,577	71,961
	267,648	246,297	267,648	246,297



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2019

A11. Other Operating Expenses

Group	1st Quarter Ended		Three Months Ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	411,896	437,025	411,896	437,025
- Defined contribution plan	56,339	57,409	56,339	57,409
- Other staff related costs	39,522	38,969	39,522	38,969
	507,757	533,403	507,757	533,403
Establishment costs				
- Property, plant and equipment:				
- Depreciation	30,596	29,569	30,596	29,569
- Written off	263	-	263	-
- Intangible assets:				
- Amortisation	28,775	23,401	28,775	23,401
- Written off	5	-	5	-
- Right of use assets:				
- Depreciation	17,260	-	17,260	-
- Rental of premises	9,878	26,835	9,878	26,835
- Rental of equipment	1,568	3,086	1,568	3,086
- Insurance	7,730	9,608	7,730	9,608
- Water and electricity	7,331	7,107	7,331	7,107
- Repair and maintenance	7,677	7,270	7,677	7,270
- Security and escorting expenses	11,446	11,015	11,446	11,015
- Information technology expenses	69,689	73,645	69,689	73,645
- Others	1,708	2,378	1,708	2,378
	193,926	193,914	193,926	193,914
Marketing expenses				
- Sales commission	22,176	19,996	22,176	19,996
- Advertisement and publicity	14,600	7,189	14,600	7,189
- Others	22,261	25,054	22,261	25,054
	59,037	52,239	59,037	52,239
Administration and general expenses				
- Communication expenses	40,066	38,284	40,066	38,284
- Legal and professional fee	7,714	7,121	7,714	7,121
- Others	37,836	37,483	37,836	37,483
	85,616	82,888	85,616	82,888
	846,336	862,444	846,336	862,444



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2019

A11. Other Operating Expenses (continued)

	1st Quarter Ended		Three Months Ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	RM'000	RM'000	RM'000	RM'000
Bank				
Personnel costs				
- Salaries, allowances and bonuses	273,844	279,936	273,844	279,936
- Defined contribution plan	38,798	35,901	38,798	35,901
- Other staff related costs	22,853	16,798	22,853	16,798
	335,495	332,635	335,495	332,635
Establishment costs				
- Property, plant and equipment:				
- Depreciation	23,516	21,968	23,516	21,968
- Written off	106	-	106	-
- Intangible assets:				
- Amortisation	23,715	18,833	23,715	18,833
- Written off	5	-	5	-
- Right of use assets:				
- Depreciation	11,220	-	11,220	-
- Rental of premises	5,056	14,524	5,056	14,524
- Rental of equipment	1,397	2,923	1,397	2,923
- Insurance	8,093	8,391	8,093	8,391
- Water and electricity	4,329	4,451	4,329	4,451
- Repair and maintenance	5,331	5,524	5,331	5,524
- Security and escorting expenses	10,899	10,864	10,899	10,864
- Information technology expenses	39,994	47,307	39,994	47,307
	133,661	134,785	133,661	134,785
Marketing expenses				
- Sales commission	15,133	12,973	15,133	12,973
- Advertisement and publicity	8,118	2,604	8,118	2,604
- Others	9,005	8,062	9,005	8,062
	32,256	23,639	32,256	23,639
Administration and general expenses				
- Communication expenses	24,463	23,475	24,463	23,475
- Legal and professional fee	16,085	35,689	16,085	35,689
- Others	23,801	20,166	23,801	20,166
	64,349	79,330	64,349	79,330
	565,761	570,389	565,761	570,389



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2019

A12. Allowance for Credit Losses on Financial Assets

	1st Quarter Ended		Three Months Ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	RM'000	RM'000	RM'000	RM'000
Group				
<u>Charge/(Writeback)</u>				
Loans, advances and financing:				
- Net charge	116,602	136,956	116,602	136,956
- Bad debts recovered	(67,031)	(66,362)	(67,031)	(66,362)
- Bad debts written off	42,585	33,080	42,585	33,080
	92,156	103,674	92,156	103,674
Financial assets at FVOCI	(5,483)	7,936	(5,483)	7,936
Financial investments at amortised cost	(19,185)	(848)	(19,185)	(848)
Other financial assets	5,380	3,738	5,380	3,738
	72,868	114,500	72,868	114,500
Bank				
<u>Charge/(Writeback)</u>				
Loans, advances and financing:				
- Net charge	113,995	112,161	113,995	112,161
- Bad debts recovered	(62,525)	(63,393)	(62,525)	(63,393)
- Bad debts written off	35,684	29,000	35,684	29,000
	87,154	77,768	87,154	77,768
Financial assets at FVOCI	(4,914)	7,830	(4,914)	7,830
Financial investments at amortised cost	(16,298)	(292)	(16,298)	(292)
Other financial assets	1,139	1,386	1,139	1,386
	67,081	86,692	67,081	86,692



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2019

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

	Group		Bank	
	As at 31 March 2019	As at 31 December 2018	As at 31 March 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Mandatory measured at fair value				
<u>Money market instruments:</u>				
Malaysian Government Securities	337,641	745,056	337,641	745,056
Malaysian Government Treasury Bills	-	24,411	-	24,411
Malaysian Government Investment Issues	904,382	813,898	751,704	539,672
Foreign Government Investment Issues	16,644	-	16,644	-
Bank Negara Malaysia Monetary Notes	299,974	24,873	299,974	24,873
Other foreign government securities	27,147	-	27,147	-
<u>Quoted securities:</u>				
In Malaysia				
Shares, exchange traded funds and warrants	61,739	111,544	77	-
Unit trusts	68,702	67,553	-	-
Corporate bond/sukuk	3,187	13,704	3,187	3,179
Outside Malaysia				
Shares, exchange traded funds and warrants	224,871	227,837	5,315	5,294
<u>Unquoted securities:</u>				
In Malaysia				
Corporate bond/sukuk	379,505	277,460	379,479	277,460
Unit trusts	971,331	785,212	-	-
Outside Malaysia				
Corporate bond/sukuk	292,694	271,826	292,694	271,826
Private equity funds	435,733	437,275	-	-
	4,023,550	3,800,649	2,113,862	1,891,771



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A14. Financial Assets at Fair Value Through Other Comprehensive Income ('FVOCI')

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
At fair value				
(a) Debt instruments	36,100,028	31,900,621	29,433,037	26,946,919
(b) Equity instruments	676,724	677,212	637,022	637,457
	36,776,752	32,577,833	30,070,059	27,584,376
(a) Debt instruments				
<u>Money market instruments:</u>				
Malaysian Government Securities	2,640,963	3,043,129	2,510,420	2,914,403
Malaysian Government Investment Issues	4,959,015	4,317,009	3,790,498	3,235,390
Cagamas bonds	320,638	317,761	310,576	307,617
Khazanah bonds	53,787	52,942	-	-
Negotiable instruments of deposits	3,594,176	1,102,277	2,057,447	903,443
Other foreign government investment issues	42,300	20,633	42,300	20,633
Sukuk Perumahan Kerajaan	121,881	119,853	50,784	49,939
Singapore Government Securities	1,096,453	1,199,663	1,096,453	1,199,663
Thailand Government Securities	790,399	810,958	790,399	810,958
Singapore Government Treasury Bills	1,108,659	935,933	1,108,659	935,933
Singapore Housing Development Board	600,589	610,132	600,589	610,132
<u>Unquoted securities:</u>				
In Malaysia				
Corporate bond/sukuk	15,453,603	14,276,552	11,807,915	10,915,972
Perpetual notes/sukuk	101,830	102,750	101,830	102,750
Prasarana bonds	1,571,730	1,189,007	1,546,332	1,163,546
Outside Malaysia				
Corporate bond/sukuk	3,644,005	3,802,022	3,618,835	3,776,540
	36,100,028	31,900,621	29,433,037	26,946,919
(b) Equity instruments				
<u>Quoted securities:</u>				
In Malaysia				
Shares	-	514	-	-
Outside Malaysia				
Shares	2,542	2,082	-	-
<u>Unquoted securities:</u>				
In Malaysia				
Shares	673,783	674,218	637,021	637,456
Outside Malaysia				
Shares	399	398	1	1
	676,724	677,212	637,022	637,457

Included in financial investments at FVOCI of the Group and the Bank are corporate bond/sukuk, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM206,000,000 (31 December 2018: RM208,000,000).



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A14. Financial Assets at Fair Value Through Other Comprehensive Income ('FVOCI') (continued)

(a) Movement in credit impaired financial assets at FVOCI

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Balance as at the beginning of the financial period/year	5,252	8,520	5,252	8,520
Derecognition	-	(2,003)	-	(2,003)
Changes in market value/accrued interest	75	(2,336)	75	(2,336)
Exchange differences	(32)	1,071	(32)	1,071
Balance as at the end of the financial period/year	<u>5,295</u>	<u>5,252</u>	<u>5,295</u>	<u>5,252</u>

(b) Movement in allowance for credit losses recognised in FVOCI reserves

Group	12-month	Lifetime ECL	Lifetime ECL	Total
	ECL (Stage 1)	not credit impaired (Stage 2)	credit impaired (Stage 3)	
31 March 2019	RM'000	RM'000	RM'000	RM'000
Balance as at the beginning of the financial period	55,977	306	-	56,283
Transfer to 12-month ECL (Stage 1)	306	(306)	-	-
Allowance written back during the financial period	(9,448)	-	-	(9,448)
Purchases and origination	7,712	-	-	7,712
Derecognition and disposal	(3,747)	-	-	(3,747)
Exchange differences	(86)	-	-	(86)
Balance as at the end of the financial period	<u>50,714</u>	<u>-</u>	<u>-</u>	<u>50,714</u>
31 December 2018				
Balance as at the beginning of the financial year	58,128	794	-	58,922
Transfer to 12-month ECL (Stage 1)	802	(802)	-	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(238)	238	-	-
Allowance (written back)/made during the financial year	(11,908)	870	-	(11,038)
Purchases and origination	47,630	-	-	47,630
Derecognition and disposal	(36,964)	(793)	-	(37,757)
Exchange differences	(1,473)	(1)	-	(1,474)
Balance as at the end of the financial year	<u>55,977</u>	<u>306</u>	<u>-</u>	<u>56,283</u>



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A14. Financial Assets at Fair Value Through Other Comprehensive Income ('FVOCI') (continued)

(b) Movement in allowance for credit losses recognised in FVOCI reserves (continued)

Bank	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
31 March 2019				
Balance as at the beginning of the financial period	50,278	-	-	50,278
Allowance written back during the financial period	(7,543)	-	-	(7,543)
Purchases and origination	6,157	-	-	6,157
Derecognition and disposal	(3,528)	-	-	(3,528)
Exchange differences	(79)	-	-	(79)
Balance as at the end of the financial period	<u>45,285</u>	<u>-</u>	<u>-</u>	<u>45,285</u>
31 December 2018				
Balance as at the beginning of the financial year	52,371	794	-	53,165
Allowance written back during the financial year	(10,753)	-	-	(10,753)
Purchases and origination	45,869	-	-	45,869
Derecognition and disposal	(35,723)	(793)	-	(36,516)
Exchange differences	(1,486)	(1)	-	(1,487)
Balance as at the end of the financial year	<u>50,278</u>	<u>-</u>	<u>-</u>	<u>50,278</u>



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A15. Financial Investments at Amortised Cost

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
At amortised cost				
<u>Money market instruments:</u>				
Malaysian Government Securities	99,746	100,602	99,746	100,602
Malaysian Government Investment Issues	3,752,366	3,727,517	3,184,089	3,164,199
Cagamas bonds	1,476,970	1,152,842	1,013,544	934,517
Khazanah bonds	111,678	110,467	76,522	75,672
Wakala Global Sukuk	8,409	8,626	-	-
Sukuk Perumahan Kerajaan	111,135	111,065	101,041	101,066
Singapore Government Treasury bills	118,336	121,160	118,336	121,160
Singapore Government Securities	91,172	91,476	91,172	91,476
Sukuk (Brunei) Incorporation	36,756	39,425	36,756	39,425
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Corporate bond/sukuk	8,390,763	8,667,354	5,365,119	5,647,529
Corporate loan stocks	27,023	27,023	860	860
Prasarana bonds	277,188	274,065	211,581	208,371
	14,501,542	14,431,622	10,298,766	10,484,877
Allowance for credit losses	(322,052)	(341,347)	(239,828)	(256,226)
	14,179,490	14,090,275	10,058,938	10,228,651

Included in financial investments at amortised cost of the Group and the Bank are corporate bond/sukuk, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM200,000,000 (31 December 2018: RM2,040,000,000) and RM1,140,000,000 (31 December 2018: RM2,970,000,000) respectively.

(a) Movement in credit impaired financial investments at amortised cost

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Balance as at the beginning of the financial period/year	141,405	144,100	63,341	64,695
Derecognition	(65)	(2,771)	(65)	(1,430)
Changes in market value/accrued interest	(100)	(102)	(100)	(102)
Exchange differences	-	178	-	178
Balance as at the end of the financial period/year	141,240	141,405	63,176	63,341



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A15. Financial investments at amortised costs (continued)

(b) Movement in allowance for credit losses

Group	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
31 March 2019				
Balance as at the beginning of the financial period	23,820	176,683	140,844	341,347
Allowance written back during the financial period	(597)	(17,179)	(65)	(17,841)
Purchases and origination	2,037	-	-	2,037
Derecognition	(2,856)	(525)	-	(3,381)
Exchange differences	(10)	-	(100)	(110)
Balance as at the end of the financial period	<u>22,394</u>	<u>158,979</u>	<u>140,679</u>	<u>322,052</u>
31 December 2018				
Balance as at the beginning of the financial year	23,276	185,629	143,539	352,444
Allowance (written back)/made during the financial year	17	(7,592)	(1,518)	(9,093)
Purchases and origination	14,981	-	-	14,981
Derecognition	(14,473)	(1,354)	(1,340)	(17,167)
Exchange differences	19	-	163	182
Balance as at the end of the financial year	<u>23,820</u>	<u>176,683</u>	<u>140,844</u>	<u>341,347</u>
Bank				
	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
31 March 2019				
Balance as at the beginning of the financial period	19,017	174,430	62,779	256,226
Allowance (written back)/made during the financial period	632	(15,893)	(65)	(15,326)
Purchases and origination	1,882	-	-	1,882
Derecognition	(2,854)	-	-	(2,854)
Exchange differences	-	-	(100)	(100)
Balance as at the end of the financial period	<u>18,677</u>	<u>158,537</u>	<u>62,614</u>	<u>239,828</u>
31 December 2018				
Balance as at the beginning of the financial year	20,705	184,311	64,134	269,150
Allowance written back during the financial year	(166)	(8,527)	(1,518)	(10,211)
Purchases and origination	10,929	-	-	10,929
Derecognition	(12,451)	(1,354)	-	(13,805)
Exchange differences	-	-	163	163
Balance as at the end of the financial year	<u>19,017</u>	<u>174,430</u>	<u>62,779</u>	<u>256,226</u>



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A16. Loans, Advances and Financing

(a) By type

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
At amortised cost				
Overdrafts	6,918,971	6,786,330	5,869,359	5,770,136
Term loans/financing				
- Housing loans/financing	57,555,609	56,096,417	41,080,733	40,489,870
- Syndicated term loans/financing	5,786,620	6,475,098	3,019,374	2,993,804
- Hire purchase receivables/financing	9,392,579	9,441,182	1,963,533	2,195,103
- Lease receivables	485	715	-	-
- Other term loans/financing	67,670,410	68,123,168	43,420,458	45,025,256
Bills receivables	3,908,719	3,429,081	2,784,430	2,388,667
Trust receipts	582,995	587,595	562,673	564,973
Claims on customers under acceptance credits	3,346,673	3,293,614	3,346,673	3,293,614
Staff loans/financing	112,757	116,296	110,160	113,618
Credit/charge card receivables	2,099,278	2,149,984	1,821,073	1,865,814
Revolving credits/financing	12,681,286	12,379,047	6,139,555	5,970,550
Gross loans, advances and financing	170,056,382	168,878,527	110,118,021	110,671,405
Fair value changes arising from fair value hedges	18,825	2,840	2,433	1,873
	170,075,207	168,881,367	110,120,454	110,673,278
Less: Allowance for credit losses	(3,249,974)	(3,251,593)	(2,473,429)	(2,457,132)
Net loans, advances and financing	166,825,233	165,629,774	107,647,025	108,216,146

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 RM4,854,844,000 (31 December 2018: RM4,926,536,000) and RM2,676,073,000 (31 December 2018: RM2,723,536,000) respectively.

(b) By type of customer

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Domestic non-bank financial institutions:				
- Others	3,794,032	4,002,667	764,015	544,223
Domestic business enterprises:				
- Small medium enterprises	27,471,893	27,215,078	22,984,384	22,858,685
- Others	26,460,256	27,079,712	14,014,379	14,813,073
Government and statutory bodies	6,967,597	6,966,868	1,892,134	1,941,949
Individuals	86,200,931	84,651,922	55,452,212	55,763,504
Other domestic entities	142,818	144,079	14,758	14,087
Foreign entities	19,018,855	18,818,201	14,996,139	14,735,884
	170,056,382	168,878,527	110,118,021	110,671,405



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A16. Loans, Advances and Financing (continued)

(c) By geographical distribution

	Group		Bank	
	As at 31 March 2019	As at 31 December 2018	As at 31 March 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	151,856,700	150,434,800	96,588,583	97,353,043
Labuan Offshore	1,971,555	2,483,266	-	-
Singapore	12,256,821	11,894,363	12,036,070	11,696,999
Thailand	1,581,060	1,628,349	1,326,000	1,453,771
Brunei	167,368	167,592	167,368	167,592
Indonesia	90,975	128,070	-	-
Hong Kong	73,695	88,022	-	-
Cambodia	1,843,235	1,822,861	-	-
Lao	214,973	231,204	-	-
	170,056,382	168,878,527	110,118,021	110,671,405

(d) By interest/profit rate sensitivity

	Group		Bank	
	As at 31 March 2019	As at 31 December 2018	As at 31 March 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Housing loans/financing	518,241	534,779	99,078	101,320
- Hire purchase receivables/financing	4,961,744	5,464,754	1,963,533	2,195,103
- Other fixed rate loans/financing	16,357,510	18,188,907	9,339,142	9,559,918
Variable rate				
- Base lending/financing rate plus	106,694,459	102,592,662	67,986,828	67,621,594
- Cost-plus	30,040,219	30,492,993	24,942,881	25,317,549
- Other variable rates	11,484,209	11,604,432	5,786,559	5,875,921
	170,056,382	168,878,527	110,118,021	110,671,405



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A16. Loans, Advances and Financing (continued)

(e) By economic sector

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Agriculture, hunting, forestry and fishing	3,675,077	3,739,027	2,381,674	2,461,618
Mining and quarrying	620,920	1,186,963	271,330	326,975
Manufacturing	8,550,316	8,453,566	6,559,841	6,613,596
Electricity, gas and water	2,049,889	2,191,232	1,730,911	1,795,537
Construction	12,161,288	12,155,342	7,927,135	7,801,936
Wholesale and retail trade and restaurant and hotel	13,219,468	12,852,649	10,952,575	10,596,310
Transport, storage and communication	7,688,231	7,886,642	2,856,615	3,026,887
Real estate	4,865,328	4,592,967	3,338,469	3,364,082
Finance, insurance and business services	14,771,703	15,123,493	9,975,757	10,265,837
Government and government agencies	5,441,493	5,456,807	1,892,134	1,941,949
Education, health and others	5,337,414	5,196,479	2,658,163	2,547,949
Household sector	90,535,967	88,914,861	58,867,063	59,260,651
Others	1,139,288	1,128,499	706,354	668,078
	170,056,382	168,878,527	110,118,021	110,671,405

(f) By purpose

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Purchase of securities	11,354,437	11,049,203	6,049,878	6,538,214
Purchase of transport vehicles	8,865,643	8,860,127	1,386,154	1,558,419
Purchase of landed property:				
- Residential	55,996,188	54,684,923	40,429,042	39,841,953
- Non-residential	18,220,370	18,035,783	13,903,679	14,001,746
Purchase of property, plant and equipment other than land and building	2,637,318	2,763,968	1,947,446	2,050,330
Personal use	10,310,677	10,329,313	6,529,577	6,696,533
Credit card	2,099,278	2,149,984	1,821,073	1,865,814
Purchase of consumer durables	15,457	15,956	15,457	15,956
Construction	7,170,761	7,276,962	5,433,281	5,376,007
Working capital	37,438,693	37,840,088	23,713,412	23,987,333
Merger and acquisition	2,591,205	2,858,468	1,340,526	1,429,580
Other purposes	13,356,355	13,013,752	7,548,496	7,309,520
	170,056,382	168,878,527	110,118,021	110,671,405



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A16. Loans, Advances and Financing (continued)

(g) By remaining contractual maturities

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Maturity within one year	41,144,589	42,198,881	32,052,946	32,450,920
One year to three years	11,279,323	11,255,456	6,648,904	6,811,286
Three years to five years	12,832,226	13,171,605	6,332,929	6,731,774
Over five years	104,800,244	102,252,585	65,083,242	64,677,425
	170,056,382	168,878,527	110,118,021	110,671,405

(h) Impaired loans, advances and financing

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

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Balance as at the beginning of the financial period/year	3,483,554	4,044,770	2,555,206	3,140,438
Transfer to 12-month ECL (Stage 1)	(85,856)	(304,304)	(66,279)	(236,391)
Transfer to Lifetime ECL not credit impaired (Stage 2)	(150,147)	(235,168)	(122,605)	(199,628)
Transfer to Lifetime ECL credit impaired (Stage 3)	595,299	951,593	502,029	700,325
Purchases and origination	114,513	599,037	94,790	511,037
Derecognition	(198,369)	(850,707)	(151,270)	(772,789)
Amount written off	(145,221)	(727,464)	(127,605)	(584,161)
Exchange differences	(10,919)	5,797	(5,967)	(3,625)
Balance as at the end of the financial period/year	3,602,854	3,483,554	2,678,299	2,555,206



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A16. Loans, Advances and Financing (continued)

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

(ii) By economic sector

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Agriculture, hunting, forestry and fishing	72,900	67,839	48,114	42,726
Mining and quarrying	205,697	202,393	3,162	1,467
Manufacturing	534,063	478,806	390,400	337,886
Electricity, gas and water	89,431	89,747	31,971	32,175
Construction	402,376	305,692	319,048	221,789
Wholesale and retail trade and restaurant and hotel	339,552	359,494	249,299	268,985
Transport, storage and communication	468,574	455,837	458,575	445,785
Real estate	283,748	283,473	273,098	272,860
Finance, insurance and business services	78,972	78,583	60,392	58,247
Education, health and others	16,406	17,924	5,929	6,143
Household sector	1,079,707	1,109,278	831,945	862,454
Others	31,428	34,488	6,366	4,689
	3,602,854	3,483,554	2,678,299	2,555,206

(iii) By geographical distribution

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Malaysia	2,353,501	2,195,609	1,849,853	1,686,163
Labuan Offshore	292,954	285,737	-	-
Singapore	798,691	838,978	787,318	827,655
Thailand	33,998	33,682	25,274	25,031
Brunei	15,854	16,357	15,854	16,357
Indonesia	394	-	-	-
Cambodia	87,618	88,715	-	-
Hong Kong	112	16	-	-
Lao	19,732	24,460	-	-
	3,602,854	3,483,554	2,678,299	2,555,206



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A16. Loans, Advances and Financing (continued)

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

(iv) Movement in allowance for credit losses

Group	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
31 March 2019				
Balance as at the beginning of the financial period	591,911	994,604	1,665,078	3,251,593
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to 12-month ECL (Stage 1)	112,120	(90,550)	(21,570)	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	(20,280)	69,687	(49,407)	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	(1,861)	(38,649)	40,510	-
	89,979	(59,512)	(30,467)	-
Allowance made/(written back) during the financial period	(44,961)	126,310	178,247	259,596
Bad debts written off	-	-	(107,494)	(107,494)
Derecognition	(11,962)	(88,450)	(42,582)	(142,994)
Exchange differences	(852)	(2,965)	(6,910)	(10,727)
Balance as at the end of the financial period	<u>624,115</u>	<u>969,987</u>	<u>1,655,872</u>	<u>3,249,974</u>
31 December 2018				
Balance as at the beginning of the financial year	513,570	925,900	1,803,107	3,242,577
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to 12-month ECL (Stage 1)	210,496	(131,950)	(78,546)	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	(42,112)	87,737	(45,625)	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	(12,056)	(45,327)	57,383	-
	156,328	(89,540)	(66,788)	-
Allowance made/(written back) during the financial year	(31,805)	250,854	724,343	943,392
Bad debts written off	-	-	(561,971)	(561,971)
Derecognition	(46,617)	(95,675)	(375,675)	(517,967)
Reclassification from financial assets at FVOCI	-	-	135,716	135,716
Exchange differences	435	3,065	6,346	9,846
Balance as at the end of the financial year	<u>591,911</u>	<u>994,604</u>	<u>1,665,078</u>	<u>3,251,593</u>



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A16. Loans, Advances and Financing (continued)

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

(iv) Movement in allowance for credit losses (continued)

Bank	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
31 March 2019				
Balance as at the beginning of the financial period	489,408	774,591	1,193,133	2,457,132
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to 12-month ECL (Stage 1)	86,150	(69,838)	(16,312)	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	(16,048)	56,377	(40,329)	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	(1,747)	(35,598)	37,345	-
	68,355	(49,059)	(19,296)	-
Allowance made/(written back) during the financial period	(50,237)	108,419	159,098	217,280
Bad debts written off	-	-	(92,203)	(92,203)
Derecognition	(10,113)	(59,591)	(33,581)	(103,285)
Exchange differences	(355)	(1,683)	(3,457)	(5,495)
Balance as at the end of the financial period	<u>497,058</u>	<u>772,677</u>	<u>1,203,694</u>	<u>2,473,429</u>
31 December 2018				
Balance as at the beginning of the financial year	430,239	720,125	1,302,193	2,452,557
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to 12-month ECL (Stage 1)	174,619	(108,172)	(66,447)	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	(27,641)	65,614	(37,973)	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	(11,202)	(38,131)	49,333	-
	135,776	(80,689)	(55,087)	-
Allowance made/(written back) during the financial year	(43,162)	214,994	577,807	749,639
Bad debts written off	-	-	(427,029)	(427,029)
Derecognition	(33,154)	(80,650)	(340,580)	(454,384)
Reclassification from financial assets at FVOCI	-	-	135,716	135,716
Exchange differences	(291)	811	113	633
Balance as at the end of the financial year	<u>489,408</u>	<u>774,591</u>	<u>1,193,133</u>	<u>2,457,132</u>



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A17. Other Assets

	Group		Bank	
	As at	As at	As at	As at
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Other receivables	1,001,484	1,091,121	445,903	343,376
Cash collateral in relation to derivative transactions	115,692	239,348	115,692	239,348
Deposits	51,238	53,400	31,788	30,495
Prepayments	135,002	105,970	81,166	61,840
Amounts due from subsidiaries	-	-	159,234	246,754
	1,303,416	1,489,839	833,783	921,813



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A18. Deposits from Customers

(a) By type of deposits

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Demand deposits	35,415,309	36,284,375	29,372,062	30,229,454
Savings deposits	10,283,309	10,107,052	8,509,647	8,404,126
Fixed/investment deposits	139,645,244	131,278,948	91,529,880	87,325,687
Negotiable instruments of deposits	1,545,838	1,185,955	1,545,838	1,185,955
	186,889,700	178,856,330	130,957,427	127,145,222

(b) By type of customer

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Government and statutory bodies	16,370,041	11,817,181	4,472,194	4,631,954
Business enterprises	102,972,986	105,062,527	75,786,610	73,724,271
Individuals	61,712,281	56,325,426	45,423,997	43,595,983
Others	5,834,392	5,651,196	5,274,626	5,193,014
	186,889,700	178,856,330	130,957,427	127,145,222

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

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Due within six months	100,755,035	96,317,780	62,520,949	63,439,942
Six months to one year	37,075,529	33,947,548	28,374,396	23,149,265
One year to three years	2,868,014	1,299,374	2,164,317	1,113,157
Three years to five years	492,504	900,201	16,056	809,278
	141,191,082	132,464,903	93,075,718	88,511,642



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A19. Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	As at 31 March 2019	As at 31 December 2018	As at 31 March 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Licensed banks	13,983,589	16,057,418	14,144,455	16,846,493
Licensed Islamic banks	918,429	1,598,865	2,458	3,256
Licensed investment banks	149,192	191,678	8,303	298,982
Bank Negara Malaysia	493,406	415,127	450,395	374,670
Other financial institutions	11,772	27,806	2,682	2,784
	15,556,388	18,290,894	14,608,293	17,526,185

A20. Other Liabilities

	Group		Bank	
	As at 31 March 2019	As at 31 December 2018	As at 31 March 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Other creditors and accruals	1,933,448	1,612,110	1,082,834	1,214,257
Amount payable for redemption units	196,081	13,955	-	-
Contract liabilities	65,342	61,418	36,750	42,000
Short term employee benefits	171,542	383,495	141,224	288,683
Accrual for operational expenses	204,633	236,914	152,601	147,185
Prepaid instalments	44,561	47,328	44,462	47,189
Cash collateral pledged for derivative transactions	390,360	321,125	390,360	321,125
Remisiers' trust deposits	64,447	62,917	-	-
Amount due to trust funds	94,406	112,679	-	-
Amounts due to subsidiaries	-	-	28,505	21,684
Puttable instruments	18,660	70,615	-	-
	3,183,480	2,922,556	1,876,736	2,082,123



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

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

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

(a) Group Retail Banking

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



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

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

(d) Group International Business

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

(e) Support Center and Others

Support Center and Others comprise results from other business segments in the Group (general insurance business, 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.

Foreign exchange income that was generated from the customers of Group Business Banking ('GBB') and Group Corporate Banking ('GCB') is now allocated fully to Group Treasury and Global Markets. The comparatives which were previously partially accounted for under GBB and GCB have now been restated accordingly.



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A21. Segmental Reporting (continued)

Three months ended 31 March 2019

	← 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	607,789	267,297	386,723	377,358	135,690	(32,452)	-	1,742,405
Inter-segment revenue	5,329	-	6,449	(388)	1,873	7,458	(20,721)	-
Segment revenue	613,118	267,297	393,172	376,970	137,563	(24,994)	(20,721)	1,742,405
Other operating expenses	(308,516)	(159,179)	(204,781)	(46,644)	(109,134)	(38,803)	20,721	(846,336)
Including:								
- Depreciation of property, plant and equipment	(13,848)	(4,698)	(5,666)	(735)	(4,914)	(735)	-	(30,596)
- Depreciation of right of use assets	(4,670)	(3,459)	(4,499)	(47)	(3,901)	(684)	-	(17,260)
- Amortisation of intangible assets	(11,470)	(7,263)	(5,058)	(827)	(3,285)	(872)	-	(28,775)
Allowance for credit losses on financial assets	(54,277)	(7,637)	(33,115)	(2,015)	25,849	(1,673)	-	(72,868)
Segment profit/(loss)	250,325	100,481	155,276	328,311	54,278	(65,470)	-	823,201
Share of results of joint ventures								(30)
Profit before taxation								823,171
Taxation								(192,104)
Net profit for the financial period								631,067



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A21. Segmental Reporting (continued)

As at 31 March 2019

	←——— 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	87,067,352	25,331,266	51,965,436	55,977,798	25,550,252	2,067,597	247,959,701
Investments in associates and joint ventures							9,513
Tax recoverable							491,067
Deferred tax assets							43,034
Unallocated assets							773,299
Total assets							<u>249,276,614</u>
Segment liabilities	56,754,991	27,250,227	62,500,685	46,641,160	19,757,955	1,199,665	214,104,683
Tax liabilities							26,437
Deferred tax liabilities							3,762
Borrowings							1,162,178
Senior debt securities							4,534,340
Hybrid Tier-1 Capital Securities							229,369
Subordinated obligations							3,750,955
Unallocated liabilities							1,048,046
Total liabilities							<u>224,859,770</u>



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2019

A21. 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	581,766	267,363	430,818	409,596	140,234	(60,915)	-	1,768,862
Inter-segment revenue	5,313	-	14,670	(12,858)	1,608	1,959	(10,692)	-
Segment revenue	587,079	267,363	445,488	396,738	141,842	(58,956)	(10,692)	1,768,862
Other operating expenses	(309,849)	(156,672)	(235,701)	(32,179)	(100,175)	(38,560)	10,692	(862,444)
Including:								
- Depreciation of property, plant and equipment	(14,924)	(4,224)	(5,975)	(542)	(3,185)	(719)	-	(29,569)
- Amortisation of intangible assets	(10,137)	(5,322)	(4,379)	(1,130)	(2,115)	(318)	-	(23,401)
Allowance for credit losses on financial assets	(42,107)	(25,162)	(37,827)	(5,508)	(185)	(3,711)	-	(114,500)
Segment profit/(loss)	235,123	85,529	171,960	359,051	41,482	(101,227)	-	791,918
Share of results of joint ventures								(9)
Profit before taxation								791,909
Taxation								(200,898)
Net profit for the financial period								591,011



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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2019

A21. Segmental Reporting (continued)

As at 31 December 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	85,399,122	25,354,862	52,926,258	50,642,438	25,049,775	2,409,184	241,781,639
Investments in associates and joint ventures							25,352
Tax recoverable							389,172
Deferred tax assets							79,191
Unallocated assets							890,325
Total assets							<u>243,165,679</u>
Segment liabilities	52,510,894	25,901,243	54,095,596	56,427,360	20,089,033	1,313,292	210,337,418
Tax liabilities							24,578
Deferred tax liabilities							2,308
Borrowings							1,182,885
Senior debt securities							3,323,664
Hybrid Tier-1 Capital Securities							603,221
Subordinated obligations							3,748,655
Unallocated liabilities							547,002
Total liabilities							<u>219,769,731</u>



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A22. Valuation of Property, Plant and Equipment

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

A23. Events Subsequent to Balance Sheet Date

There were no significant events subsequent to the balance sheet date that have not been reflected in the financial statements, other than as disclosed below and in Notes A24(d) and B6(a):

- (a) RHB Islamic Bank Berhad ('RHB Islamic Bank'), a wholly-owned subsidiary, had on 15 May 2019, fully redeemed RM500 million in nominal value of Subordinated Sukuk Murabahah issued in 2014 ('Redeemed Subordinated Sukuk').

In addition, RHB Islamic Bank had on 21 May 2019 issued Subordinated Sukuk Murabahah ('Subordinated Sukuk Murabahah') of RM500 million in nominal value to replenish the Redeemed Subordinated Sukuk. The Subordinated Sukuk Murabahah is issued for a tenure of 10 non-callable 5 years with a fixed profit rate of 4.32% per annum, payable semi-annually in arrears throughout the entire tenure.

Proceeds from the Subordinated Sukuk Murabahah will be utilised for RHB Islamic Bank's Shariah compliant working capital and general banking purposes.

A24. 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 2019 other than the following:

- (a) Acquisition by RHB Investment Bank Berhad ('RHB Investment Bank') of the remaining 51% equity interest in RHB Securities Vietnam Company Limited ('RHB Securities Vietnam') ('Acquisition')

Prior to 19 February 2019, RHB Investment Bank, a wholly-owned subsidiary of the Bank, holds 49% equity interest in RHB Securities Vietnam (formerly known as Vietnam Securities Corporation ('VSEC')) and has accounted for this investment as a joint venture.

RHB Investment Bank has on 19 February 2019 completed the acquisition of the remaining 51% equity interest in RHB Securities Vietnam following the full payment of the purchase consideration of VND121,629,915,000 (equivalent to RM21,400,000) to Chu Thi Phuong Dung, Truong Lan Anh and Viet Quoc Insurance Broker Joint Stock Company.

RHB Securities Vietnam has since become a wholly-owned subsidiary of RHB Investment Bank effective 19 February 2019.

The State Securities Commission of Vietnam ('Vietnam SSC') had on 9 January 2019 granted its approval for the conversion of the legal form of RHB Securities Vietnam from a joint company to a single-member limited liability company. Subsequently, Vietnam SSC had on 29 January 2019 granted RHB Securities Vietnam a license for establishment and operation ('New Licence') to operate as a single-member limited liability company.

With the issuance of the New License, and to reflect the new status as a single-member limited liability company, the name of VSEC had been changed to RHB Securities Vietnam on 29 January 2019.

The Group has accounted for the Acquisition of RHB Securities Vietnam in accordance with MFRS 3 'Business Combination' and the following are the accounting effects:

- (i) Equity interest previously held as joint venture at 49% in RHB Securities Vietnam is now deemed as disposed at fair value, giving rise to a gain on disposal of RM258,000 as disclosed in Note A10:

	RM'000
Fair value of previously held equity interest	15,934
Less: Equity attributable to net assets	<u>(15,676)</u>
Gain on deemed disposal of a joint venture	<u><u>258</u></u>



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A24. Changes in the Composition of the Group (continued)

There were no significant changes in the composition of the Group for the three months ended 31 March 2019 other than the following: (continued)

- (a) Acquisition by RHB Investment Bank Berhad ('RHB Investment Bank') of the remaining 51% equity interest in RHB Securities Vietnam Company Limited ('RHB Securities Vietnam') ('Acquisition') (continued)

- (ii) The acquisition of assets and liabilities of RHB Securities Vietnam on acquisition date are as follows:

	RM'000
Cash and short term funds	1,765
Deposits and placements with banks and other financial institutions	30,345
Other assets	397
Property, plant and equipment	30
Other liabilities	(18)
Total identifiable net assets	<u>32,519</u>
Less: Fair value of previously held equity interest	(15,934)
Goodwill arising from acquisition	<u>4,815</u>
Cash consideration	<u><u>21,400</u></u>

Post acquisition profit which has been included in the Group's results is not material for the first quarter ended 31 March 2019.

- (iii) The net cash flows arising from this Acquisition is as follows:

	RM'000
Cash settlement	(21,400)
Cash and short term funds	1,765
Deposits and placements with banks and other financial institutions	<u>30,345</u>
Acquisition of a subsidiary, net of cash and cash equivalents acquired	<u><u>10,710</u></u>

- (b) RHB Trade Services Limited, a wholly-owned subsidiary of the Bank, was deregistered on 1 March 2019 and accordingly dissolved pursuant to Section 751 of the Hong Kong Companies Ordinance.
- (c) During the current quarter, RHB Investment Bank's shareholding in RHB Entrepreneur Fund, has increased from 49.78% as at 31 December 2018 to 79.65% as at 31 March 2019 following a fund unit holder who has redeemed its holding in the said fund.
- (d) RHB Fundamental Capital Hong Kong Limited, an indirect wholly-owned subsidiary of the Bank, was deregistered on 18 April 2019 and accordingly dissolved pursuant to Section 751 of the Hong Kong Companies Ordinance.



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

(a) Commitments and Contingencies

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

The commitments and contingencies comprise the following:

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Direct credit substitutes	1,483,213	1,586,463	1,472,139	1,565,728
Transaction-related contingent items	5,081,889	5,189,623	4,759,959	4,861,283
Short term self-liquidating trade-related contingencies	1,002,532	1,096,962	967,177	1,055,709
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	1,449,438	3,300,032	1,449,438	3,300,032
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	892,578	20,361	335,320	20,361
Irrevocable commitments to extend credit				
- Maturity less than one year	2,020,889	1,903,660	527,010	516,646
- Maturity more than one year	27,125,995	27,844,792	19,261,677	20,302,395
Foreign exchange related contracts [^]				
- Less than one year	55,339,859	75,290,044	57,037,870	77,918,858
- One year to less than five years	3,042,203	3,024,523	3,762,314	3,865,873
- More than five years	1,230,582	1,238,167	1,230,582	1,238,167
Interest rate related contracts [^]				
- Less than one year	10,940,023	10,520,565	12,215,023	11,785,566
- One year to less than five years	18,443,797	17,225,565	19,033,796	17,815,564
- More than five years	9,983,847	9,642,534	10,983,847	10,327,534
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	15,163,655	15,058,136	12,891,981	12,744,941
	153,200,500	172,941,427	145,928,133	167,318,657

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



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

(b) Guarantees Issued by the Group and the Bank

	Group	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Corporate guarantee issued in favour of Monetary Authority of Singapore in relation to undertaking of subsidiaries	150,755	151,647
Corporate guarantee issued in favour of the Stock Exchange of Thailand in relation to a derivative warrant programme of a subsidiary	291	359
	151,046	152,006

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

A26. Capital Commitments

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Authorised and contracted for:				
- Property, plant and equipment	204,746	163,698	184,432	139,123
- Investment securities	7,406	8,845	-	-
	212,152	172,543	184,432	139,123



RHB BANK BERHAD (6171-M)
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A27. Capital Adequacy Ratio

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

RHB Indochina Bank Limited ('RHB Indochina Bank') is subject to National Bank of Cambodia's capital adequacy requirements.

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

	Group		Bank [@]	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Common Equity Tier I ('CET I')/Tier I Capital				
Share capital	6,994,103	6,994,103	6,994,103	6,994,103
Retained profits	14,471,604	14,791,837	11,947,979	12,116,174
Other reserves	686,549	722,541	472,480	499,913
FVOCI reserves	751,156	319,844	674,382	299,322
	22,903,412	22,828,325	20,088,944	19,909,512
Less:				
Goodwill	(2,638,198)	(2,633,383)	(1,651,542)	(1,651,542)
Intangible assets (include associated deferred tax liabilities)	(499,869)	(563,693)	(442,558)	(504,752)
Deferred tax assets	(137,056)	(100,192)	(119,694)	(55,305)
55% of cumulative gains arising from change in value of FVOCI instruments	(413,136)	(175,914)	(370,910)	(164,627)
Investments in subsidiaries	(111,938)	(127,779)	(4,711,343)	(4,711,343)
Other deductions [#]	(35,209)	(39,524)	(29,112)	(34,675)
Total CET I Capital	19,068,006	19,187,840	12,763,785	12,787,268
Hybrid Tier-I Capital Securities ^{**}	180,000	240,000	180,000	240,000
Qualifying non-controlling interests recognised as Tier I Capital	3,174	10,606	-	-
Total Tier I Capital	19,251,180	19,438,446	12,943,785	13,027,268
Tier II Capital				
Subordinated obligations subject to gradual phase out treatment ^{***}	300,000	300,000	300,000	300,000
Subordinated obligations meeting all relevant criteria	2,249,333	2,249,272	2,249,333	2,249,272
Qualifying capital instruments of a subsidiary issued to third parties ⁺	518,796	501,504	-	-
Surplus eligible provisions over expected losses	464,352	473,875	366,713	379,954
General provisions [^]	250,995	192,590	156,391	144,014
Total Tier II Capital	3,783,476	3,717,241	3,072,437	3,073,240
Total Capital	23,034,656	23,155,687	16,016,222	16,100,508



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A27. Capital Adequacy Ratio (continued)

	Group		Bank [@]	
	As at 31 March 2019	As at 31 December 2018	As at 31 March 2019	As at 31 December 2018
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	16.107%	15.920%	14.160%	13.818%
Tier I Capital Ratio	16.262%	16.128%	14.360%	14.077%
Total Capital Ratio	19.458%	19.213%	17.769%	17.398%
After proposed dividends:				
CET I Capital Ratio	15.667%	15.488%	13.582%	13.254%
Tier I Capital Ratio	15.822%	15.696%	13.782%	13.514%
Total Capital Ratio	19.018%	18.780%	17.190%	16.835%

[@] 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.

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

^{**} Hybrid Tier-1 Capital Securities that are recognised as Tier I capital instruments are subject to gradual phase out treatment effective from 1 January 2013 as prescribed under paragraph 37.7 of the BNM's Guideline on Capital Adequacy Framework (Capital Components).

^{***} Subordinated obligations that are recognised as Tier II capital instruments are subject to gradual phase out treatment effective from 1 January 2013 as prescribed under paragraph 37.7 of the BNM's Guideline on Capital Adequacy Framework (Capital Components).

⁺ Qualifying subordinated sukuk that are recognised as Tier-II capital instruments held by third parties as prescribed under paragraph 17.6 of the BNM's Guideline on Capital Adequacy Framework (Capital Components) which are issued by a fully consolidated subsidiary of the Bank.

[^] Pursuant to BNM's policy document on Financial Reporting and Financial Reporting for Islamic Banking Institutions, general provision refers to loss allowance measured at an amount equal to 12-month and lifetime expected credit losses as defined under MFRS 9 'Financial Instruments' and regulatory reserves, to the extent they are ascribed to non-credit impaired exposures, determined under standardised approach for credit risk.

Includes the qualifying regulatory reserves of the Group and the Bank of RM143,094,000 (31 December 2018: RM61,723,000) and RM66,984,000 (31 December 2018: RM27,796,000) respectively.



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A27. Capital Adequacy Ratio (continued)

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

	RHB Islamic Bank		RHB Investment Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
CET I/Tier I Capital				
Share capital	1,673,424	1,673,424	1,487,773	1,487,773
Retained profits	1,968,779	2,013,893	555,035	558,690
FVOCI reserves	49,312	(3,499)	24,397	20,853
	3,691,515	3,683,818	2,067,205	2,067,316
Less:				
Goodwill	-	-	(372,395)	(372,395)
Investments in subsidiaries, associates and joint ventures	-	-	(1,222,497)	(1,203,286)
Intangible assets (include associated deferred tax liabilities)	(3,440)	(4,271)	(26,392)	(27,055)
Deferred tax assets	(5,863)	(23,499)	-	(5,832)
55% of cumulative gains arising from change in value of FVOCI instruments	(27,123)	-	(13,418)	(11,469)
Other deductions [#]	(6,098)	(4,849)	-	-
Total CET I Capital/Tier I Capital	3,648,991	3,651,199	432,503	447,279
Tier II Capital				
Subordinated sukuk	750,000	750,000	-	-
Subordinated obligations meeting all relevant criteria	-	-	400,000	400,000
Surplus eligible provisions over expected losses	98,053	94,333	-	-
General provisions [^]	50,713	54,330	7,849	7,657
Total Tier II Capital	898,766	898,663	407,849	407,657
Total Capital	4,547,757	4,549,862	840,352	854,936
Capital ratios				
Before proposed dividends:				
CET I Capital Ratio	12.734%	13.222%	24.185%	21.323%
Tier I Capital Ratio	12.734%	13.222%	24.185%	21.323%
Total Capital Ratio	15.870%	16.476%	46.991%	40.757%
After proposed dividends:				
CET I Capital Ratio	12.734%	13.222%	24.185%	21.323%
Tier I Capital Ratio	12.734%	13.222%	24.185%	21.323%
Total Capital Ratio	15.870%	16.476%	46.991%	40.757%



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A27. Capital Adequacy Ratio (continued)

- # 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.
- ^ Pursuant to BNM's policy document on Financial Reporting and Financial Reporting for Islamic Banking Institutions, general provision refers to loss allowance measured at an amount equal to 12-month and lifetime expected credit losses as defined under MFRS 9 'Financial Instruments' and regulatory reserves, to the extent they are ascribed to non-credit impaired exposures, determined under standardised approach for credit risk.

Includes the qualifying regulatory reserves for non-impaired loans of RHB Islamic Bank and RHB Investment Bank of RM37,430,000 (31 December 2018: RM42,756,000) and RM7,820,000 (31 December 2018: RM7,501,000) respectively.

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

	Group	Bank[@]	RHB Islamic Bank	RHB Investment Bank
	RM'000	RM'000	RM'000	RM'000
31 March 2019				
Credit risk	103,524,083	79,175,592	20,399,128	627,938
Market risk	3,058,463	2,565,071	196,001	346,360
Operational risk	11,797,724	8,397,277	1,738,853	814,039
Additional risk-weighted assets due to capital floor	-	-	6,321,695	-
Total risk-weighted assets	<u>118,380,270</u>	<u>90,137,940</u>	<u>28,655,677</u>	<u>1,788,337</u>
	Group	Bank[@]	RHB Islamic Bank	RHB Investment Bank
	RM'000	RM'000	RM'000	RM'000
31 December 2018				
Credit risk	104,908,738	81,202,389	20,068,530	612,585
Market risk	3,852,444	2,945,831	268,130	678,014
Operational risk	11,762,542	8,394,333	1,679,551	807,022
Additional risk-weighted assets due to capital floor	-	-	5,599,323	-
Total risk-weighted assets	<u>120,523,724</u>	<u>92,542,553</u>	<u>27,615,534</u>	<u>2,097,621</u>

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



RHB BANK BERHAD (6171-M)
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A27. Capital Adequacy Ratio (continued)

The total risk-weighted assets of the Group and Bank are computed based on BNM's Guideline on Risk Weighted Capital Adequacy Framework: Internal Ratings Based Approach for Credit Risk and 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'): Internal Ratings Based Approach for Credit and Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

The total risk-weighted assets of RHB Investment Bank are computed based on BNM's Guideline on Risk Weighted Capital Adequacy Framework: Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

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

	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Before proposed dividends:		
Solvency ratio	17.596%	19.438%
After proposed dividends:		
Solvency ratio	17.596%	19.438%

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%.



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
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A28. Operations of Islamic Banking

(a) Statement of Financial Position as at 31 March 2019

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
ASSETS				
Cash and short-term funds	4,183,870	3,461,246	-	-
Financial assets at FVTPL	152,678	274,226	-	-
Financial assets at FVOCI	5,858,792	4,150,325	-	-
Financial investments at amortised cost	3,064,867	2,856,789	-	-
Financing and advances	54,377,888	52,247,410	418,504	416,301
Other assets	265,220	488,423	21,473	10,888
Derivative assets	36,620	90,384	-	-
Statutory deposits	1,549,000	1,420,450	-	-
Deferred tax assets	5,122	23,241	-	-
Right of use assets	4,884	-	-	-
Property, plant and equipment	4,292	4,251	-	-
Intangible assets	4,181	4,529	-	-
Total assets	69,507,415	65,021,274	439,978	427,189
LIABILITIES				
Deposits from customers	50,908,452	45,732,352	-	-
Deposits and placements of banks and other financial institutions	2,116,695	2,819,397	403,426	393,699
Bills and acceptances payable	29,161	9,515	-	-
Other liabilities	591,461	75,747	36,769	35,382
Derivative liabilities	114,813	106,382	-	-
Recourse obligation on financing sold to Cagamas	2,272,585	2,270,239	-	-
Tax liabilities and zakat	12,862	8,376	-	-
Lease liabilities	5,024	-	-	-
Subordinated obligations	764,437	755,326	-	-
Total liabilities	56,815,490	51,777,334	440,195	429,081
Islamic Banking Funds	12,691,925	13,243,940	(217)	(1,892)
Total liabilities and Islamic Banking Funds	69,507,415	65,021,274	439,978	427,189
Commitments and contingencies	14,792,985	13,825,247	21,046	12,811



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2019

A28. Operations of Islamic Banking (continued)

(b) Income Statement for the Three Months Ended 31 March 2019

	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Group				
Income derived from investment of depositors' funds	662,186	539,916	662,186	539,916
Income derived from investment account funds	107,196	103,844	107,196	103,844
Income derived from investment of shareholders' funds	62,904	(19,071)	62,904	(19,071)
Allowance for credit losses	(3,228)	(22,100)	(3,228)	(22,100)
Total distributable income	829,058	602,589	829,058	602,589
Income attributable to depositors	(451,336)	(350,865)	(451,336)	(350,865)
	377,722	251,724	377,722	251,724
Personnel expenses	(8,983)	(8,881)	(8,983)	(8,881)
Other overheads and expenditures	(100,892)	(91,102)	(100,892)	(91,102)
Profit before taxation and zakat	267,847	151,741	267,847	151,741
Taxation and zakat	(37,379)	(35,360)	(37,379)	(35,360)
Net profit for the financial period	230,468	116,381	230,468	116,381

Statement of Comprehensive Income for the Three Months Ended 31 March 2019

	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period	230,468	116,381	230,468	116,381
Other comprehensive income/(loss) in respect of:				
Items that will be reclassified subsequently to profit or loss				
(a) Debt instruments measured at FVOCI				
- Unrealised net gain	72,911	6,811	72,911	6,811
- Net transfer to income statement on disposal	(3,423)	(86)	(3,423)	(86)
- Changes in expected credit losses	(569)	121	(569)	121
Income tax relating to components of other comprehensive income	(16,677)	(1,614)	(16,677)	(1,614)
Other comprehensive income, net of tax, for the financial period	52,242	5,232	52,242	5,232
Total comprehensive income for the financial period	282,710	121,613	282,710	121,613



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A28. Operations of Islamic Banking (continued)

(b) Income Statement for the Three Months Ended 31 March 2019

	1st Quarter Ended		Three Months Ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	RM'000	RM'000	RM'000	RM'000
Bank				
Income derived from investment of depositors' funds	2,579	36	2,579	36
Income derived from investment of shareholders' funds	3	-	3	-
Allowance for credit losses	1,074	(2)	1,074	(2)
Total distributable income	3,656	34	3,656	34
Income attributable to depositors	(1,995)	(43)	(1,995)	(43)
	1,661	(9)	1,661	(9)
Other overheads and expenditures	-	-	-	-
Profit/(Loss) before taxation	1,661	(9)	1,661	(9)
Taxation	-	-	-	-
Net profit/(loss) for the financial period	1,661	(9)	1,661	(9)

Statement of Comprehensive Income for the Three Months Ended 31 March 2019

	1st Quarter Ended		Three Months Ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	RM'000	RM'000	RM'000	RM'000
Bank				
Net profit/(loss) for the financial period	1,661	(9)	1,661	(9)
Total comprehensive income/(loss) for the financial period	1,661	(9)	1,661	(9)



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A28. Operations of Islamic Banking (continued)

(d) Financing and Advances

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
At amortised cost				
Cashline	731,004	688,933	-	-
Term financing				
- Housing financing	16,220,422	15,347,041	-	-
- Syndicated term financing	2,025,569	2,130,199	-	-
- Hire purchase receivables	7,429,045	7,246,079	-	-
- Other term financing	22,974,590	21,854,185	419,847	418,736
Bills receivables	1,124,289	1,040,414	-	-
Trust receipts	20,323	22,622	-	-
Staff financing	2,238	2,291	-	-
Credit/charge card receivables	278,205	284,170	-	-
Revolving financing	3,990,984	4,056,999	-	-
Gross financing and advances	54,796,669	52,672,933	419,847	418,736
Less: Allowance for credit losses	(418,781)	(425,523)	(1,343)	(2,435)
Net financing and advances	54,377,888	52,247,410	418,504	416,301

(i) Movements in impaired financing and advances

Balance as at the beginning of the financial period/year	509,183	464,974	-	-
Transfer to 12-month ECL (Stage 1)	(17,723)	(53,484)	-	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(26,124)	(35,399)	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	88,591	204,163	-	-
Purchases and origination	7,730	54,516	-	-
Derecognition	(40,987)	(57,374)	-	-
Amount written off	(17,617)	(68,213)	-	-
Balance as at the end of the financial period/year	503,053	509,183	-	-



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

(d) Financing and Advances (continued)

(ii) Movement in allowance for credit losses

Group	12-month	Lifetime ECL	Lifetime ECL	Total
	ECL	not credit	credit	
	(Stage 1)	impaired	impaired	
	RM'000	RM'000	RM'000	RM'000
31 March 2019				
Balance as at the beginning of the financial period	76,050	116,254	233,219	425,523
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to 12-month ECL (Stage 1)	24,986	(19,726)	(5,260)	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	(4,146)	12,933	(8,787)	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	(113)	(3,001)	3,114	-
	20,727	(9,794)	(10,933)	-
Allowance made/(written back) during the financial period	(18,775)	17,272	24,421	22,918
Bad debts written off	-	-	(10,800)	(10,800)
Derecognition	(967)	(9,785)	(8,090)	(18,842)
Exchange differences	(18)	-	-	(18)
Balance as at the end of the financial period	77,017	113,947	227,817	418,781
31 December 2018				
Balance as at the beginning of the financial year	53,268	105,450	217,603	376,321
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to 12-month ECL (Stage 1)	34,882	(22,784)	(12,098)	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	(13,222)	20,844	(7,622)	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	(679)	(5,966)	6,645	-
	20,981	(7,906)	(13,075)	-
Allowance made during the financial year	12,914	31,760	122,537	167,211
Bad debts written off	-	-	(59,852)	(59,852)
Derecognition	(11,104)	(13,050)	(33,994)	(58,148)
Exchange differences	(9)	-	-	(9)
Balance as at the end of the financial year	76,050	116,254	233,219	425,523



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL
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A28. Operations of Islamic Banking (continued)

(d) Financing and Advances (continued)

(ii) Movement in allowance for credit losses

Bank	12-month	Lifetime ECL	Lifetime ECL	Total
	ECL	not credit	credit	
	(Stage 1)	impaired	impaired	
	RM'000	RM'000	RM'000	RM'000
31 March 2019				
Balance as at the beginning of the financial period	2,435	-	-	2,435
Allowance written back during the financial period	(1,074)	-	-	(1,074)
Exchange differences	(18)	-	-	(18)
Balance as at the end of the financial period	<u>1,343</u>	<u>-</u>	<u>-</u>	<u>1,343</u>
31 December 2018				
Balance as at the beginning of the financial year	43	-	-	43
Allowance made during the financial year	2,401	-	-	2,401
Exchange differences	(9)	-	-	(9)
Balance as at the end of the financial year	<u>2,435</u>	<u>-</u>	<u>-</u>	<u>2,435</u>



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

	Group		Bank	
	As at	As at	As at	As at
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
(e) Other Assets				
Prepayments	24,715	23,288	-	-
Deposits	1,593	1,591	-	-
Other receivables	238,912	463,544	21,473	10,888
	265,220	488,423	21,473	10,888

	Group	
	As at	As at
	31 March	31 December
	2019	2018
	RM'000	RM'000
(f) Deposits from Customers		
Saving Deposits		
- Wadiah	1,519,307	1,451,012
Demand Deposits		
- Wadiah	5,138,933	5,161,736
- Commodity Murabahah	-	231,130
Term Deposits		
- Commodity Murabahah	37,960,584	29,045,477
Specific Investment Account		
- Murabahah	6,179,468	9,730,411
General Investment Account		
- Mudharabah	110,160	112,586
	50,908,452	45,732,352



**RHB BANK BERHAD (6171-M)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2019**

B1. Review of Group Results

(a) Current Financial Year vs Previous Financial Year

The Group reported a net profit of RM630.2 million for the first three months ended 31 March 2019, an increase of 6.7%. The year-on-year earnings improvement was mainly due to lower expected credit losses on loans and other financial assets and lower operating expenses, partially offset by lower net funding income.

Gross fund based income increased by 8.5% year-on-year on the back of a 5.6% increase in gross loans and financing. Funding and interest expense was 18.3% higher mainly due to the full impact of the deposit cost when OPR was increased towards the end of January 2018. Competition for deposits has remained keen for the year. This resulted in net fund based income decreasing by 2.2% to RM1,208.4 million with a lower net interest margin (NIM) of 2.16% for the quarter compared with 2.28% a year ago.

Non-fund based income was stable at RM534.0 million, contributed largely by higher trading and investment income, higher insurance underwriting surplus and higher capital market fee income, partially offset by lower net foreign exchange gain and derivatives, and lower brokerage income.

Operating expenses declined by 1.9% to RM846.3 million from a year ago driven by lower personnel costs and IT-related expense, partially negated by higher marketing costs. Cost-to-income ratio improved to 48.6% from 48.8% a year ago.

Allowances for credit losses was at RM72.9 million, 36.4% lower than previous year, primarily due to higher writeback in losses for financial investments at amortised cost and financial assets at fair value through other comprehensive income, and lower allowances for loan impairment. Annualised loan credit costs improved to 0.22% as compared to 0.26% over the same period last year.

Total assets of the Group increased by 2.5% from December 2018 to RM249.3 billion as at 31 March 2019, primarily due increase in investments portfolio and loans and advances. Shareholders' equity stood at RM24.4 billion, with net assets per share at RM6.08.

The Group's gross loans and financing grew by 5.6% year-on-year to RM170.1 billion, supported mainly by resilient growth in mortgages and SME while Singapore loans grew by 8.2% year-on-year. The Group's domestic loan market share stood at 9.1% as at end March 2019.

Customer deposits increased by 9.5% to RM186.9 billion, largely attributable to growth in fixed deposits and money market time deposits ("MMTD"). CASA composition stood at 24.5% as at 31 March 2019.

Compared to December 2018, gross impaired loans increased 3.4% to RM3.6 billion, with gross impaired loans ratio stood at 2.12%. Loan loss coverage for the Group, including regulatory reserves was at 106.26%.



**RHB BANK BERHAD (6171-M)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2019**

B1. Review of Group Results

(b) Performance by Operating Segment

(i) Group Retail Banking

Group Retail Banking reported a pre-tax profit of RM250.3 million for the first three months ended 31 March 2019, 6.5% higher than previous year. This was mainly attributed to higher net fund based income and lower operating expenses, partially offset by higher allowances for loans and financing and lower non-fund based income.

Retail loans and financing was at RM86.2 billion, 10.0% higher year-on-year primarily from growth recorded in mortgages and personal loans.

Retail deposits increased by 17.0% over the last one year to RM56.7 billion as at March 2019, mainly contributed by higher fixed deposits.

(ii) Group Business Banking

Group Business Banking recorded a pre-tax profit of RM100.5 million for the first quarter, 17.5% higher mainly due to lower allowances for loans and financing, partially offset by higher operating expenses.

Gross loans and financing expanded by 3.4% over the year, driven mainly by the Retail SME portfolio. Strong fixed deposits and current account growth contributed to the overall deposits growth of 21.6% over the same period to RM27.1 billion.

(iii) GWB

Group Wholesale Banking (“GWB”) recorded a pre-tax profit of RM483.6 million, a decrease of 8.9% from the previous year.

(a) Group Corporate & Investment Banking registered a pre-tax profit of RM155.3 million, a 9.7% decline on the back of lower net funding income, lower non-fund based income and higher loan loss impairment, partially offset by higher impairment writeback on securities.

Gross loans and financing declined by 2.7% to RM43.1 billion due primarily to a few large corporate repayments.

Deposits remained relatively stable at RM59.0 billion, largely contributed by growth in fixed deposits but negated by decline in current account.

(b) Group Treasury & Global Markets recorded a 8.6% decline in pre-tax profit to RM328.3 million over the year, mainly due to lower net foreign exchange gain and derivatives, partially offset by higher net funding income, higher trading/investment income and lower impairment losses on financial assets.

Total deposits grew by 9.9% to RM26.8 billion with increase in money market time deposits.



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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2019**

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 SGD8.6 million, 6.2% increase compared to the previous year, mainly attributed to higher impairment losses on loans written back, partially offset by lower non-fund based income and higher operating expenses.

Singapore loans and advances increased 8.2% to SGD4.0 billion year-on-year, while deposits increased by a marginal 0.3% to SGD4.5 billion over the same period.

Group International Business excluding Singapore registered a pre-tax profit of RM28.1 million, 60.3% higher over a year ago. This was mainly due to improved profitability in Cambodia and Lao.

B2. Current Quarter vs Previous Quarter

Net profit of the Group grew 11.4% to RM630.2 million from RM565.4 million recorded in the preceding quarter ended 31 December 2018. This was primarily due to higher non-fund based income, lower operating expenses and higher impairment writeback on other assets, partially offset by lower fund based income and higher loan loss impairment.

B3. Prospects for Financial Year 2019

Malaysia's economy is expected to moderate to 4.6% in 2019 from 4.7% recorded in 2018 on account of slowing global growth and continued uncertainty over the US-China trade tensions that could weigh on Malaysia's exports. For the banking sector, loans are expected to grow by mid-single digit supported by the consumer and business segments.

Given the challenging environment, we remain cautious in our business approach while we continue to pursue opportunities for long term growth and improve efficiency across the Group.

Our five-year strategy, FIT22, is making progress as we continue to build strong foundation and deliver strategic priorities with a focus to serve our customers better. We will also continue to invest in our workforce, technology infrastructure and digital capabilities and promote the AGILE way of working to enhance our competitive edge.

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.



RHB BANK BERHAD (6171-M)
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FOR THE THREE MONTHS ENDED 31 MARCH 2019

B5. Taxation

	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Group				
Income tax based on profit for the financial period				
- Malaysian income tax	148,289	154,050	148,289	154,050
- Overseas tax	4,680	3,265	4,680	3,265
Deferred tax	40,964	33,421	40,964	33,421
	<u>193,933</u>	<u>190,736</u>	<u>193,933</u>	<u>190,736</u>
(Over)/Under provision in respect of prior financial years	(1,829)	10,162	(1,829)	10,162
	<u><u>192,104</u></u>	<u><u>200,898</u></u>	<u><u>192,104</u></u>	<u><u>200,898</u></u>

The effective tax rate of the Group for the first quarter and three months ended 31 March 2019 was lower than the statutory tax rate mainly due to certain income not subject to tax.

	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Bank				
Income tax based on profit for the financial period				
- Malaysian income tax	105,282	95,552	105,282	95,552
Deferred tax	31,852	34,151	31,852	34,151
	<u>137,134</u>	<u>129,703</u>	<u>137,134</u>	<u>129,703</u>
Under provision in respect of prior financial years	-	9,000	-	9,000
	<u><u>137,134</u></u>	<u><u>138,703</u></u>	<u><u>137,134</u></u>	<u><u>138,703</u></u>

The effective tax rate of the Bank for the first quarter and three months ended 31 March 2019 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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FOR THE THREE MONTHS ENDED 31 MARCH 2019**

B6. Status of Corporate Proposals

(a) Proposed reorganisation of the equity, economic and fixed income and currencies research operations of RHB Research Institute Sdn Bhd ('RHBRI') into RHB Investment Bank and the Bank

RHB Investment Bank is proposing to undertake a reorganisation of its equity and economic research operations, currently housed under RHBRI, into a division within RHB Investment Bank, while their fixed income and currencies research function is to be absorbed by the Bank, subject to all applicable approvals ('Reorganisation'). RHBRI is currently a wholly-owned subsidiary of RHB Investment Bank.

The Reorganisation is intended to streamline the research operations under RHB Investment Bank and the Bank, and to rationalise the costs of maintaining a separate licensed entity for research.

The Reorganisation is subject to the approval of Securities Commission Malaysia ('SC') and conditional upon the successful application for a variation in RHB Investment Bank's Capital Market Services Licence ('CMSL') to include the regulated activity of Investment Advice.

The Reorganisation will be effected via an Asset Purchase Agreement ('APA') to be entered into between RHB Investment Bank and RHBRI and will include a novation of contracts entered into by RHBRI and a transfer of employees. Similarly, the Bank and RHBRI propose to enter into an APA in relation to the transfer of assets.

Upon completion of the Reorganisation, the equity and economic research operations under RHBRI will become a division of RHB Investment Bank, whereas the fixed income and currencies research function will be absorbed by the Bank. RHBRI will thereafter surrender its CMSL and be wound up.

The SC has on 15 April 2019, granted approval for the Reorganisation, including the variation of RHB Investment Bank's CMSL to include the regulated activity of Investment Advice.

Following SC's approval, the Asset Purchase Agreements entered between RHB Investment Bank and RHBRI, as well as between the Bank and RHBRI in relation to the transfer of research operations have been completed on 2 May 2019.

The Reorganisation will not have any effect on the issued capital and substantial shareholders' shareholdings of the Bank, and it is not expected to have any material effect on the earnings and net assets of the Bank and its subsidiaries for the financial year ending 31 December 2019.



RHB BANK BERHAD (6171-M)
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B7. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings, Senior Debt Securities, Hybrid Tier-1 Capital Securities and Subordinated Obligations

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

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Deposits from customers				
- One year or less	183,529,182	176,656,755	128,777,054	125,222,787
- More than one year	3,360,518	2,199,575	2,180,373	1,922,435
	<u>186,889,700</u>	<u>178,856,330</u>	<u>130,957,427</u>	<u>127,145,222</u>
Deposits and placements of banks and other financial institutions				
- One year or less	15,173,463	17,986,818	14,268,380	17,262,566
- More than one year	382,925	304,076	339,913	263,619
	<u>15,556,388</u>	<u>18,290,894</u>	<u>14,608,293</u>	<u>17,526,185</u>

(b) Borrowings

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Secured				
Term loans:				
- Cambodian Riel	8,567	-	-	-
Unsecured				
Revolving credits:				
- Hong Kong Dollar	41,616	39,584	-	-
- Singapore Dollar	120,739	-	-	-
Term loans:				
- United States Dollar	885,204	981,849	885,204	981,849
- Thai Baht	64,306	-	-	-
- Singapore Dollar	-	90,999	-	-
Promissory note:				
- Indonesia Rupiah	28,890	57,706	-	-
- Thai Baht	12,856	12,747	-	-
	<u>1,162,178</u>	<u>1,182,885</u>	<u>885,204</u>	<u>981,849</u>
Scheduled repayment of borrowings:				
- Within one year	345,763	335,756	68,789	134,720
- One year to three years	816,415	847,129	816,415	847,129
	<u>1,162,178</u>	<u>1,182,885</u>	<u>885,204</u>	<u>981,849</u>



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

(c) Senior debt securities

	Group and Bank	
	As at	As at
	31 March	31 December
	2019	2018
	RM'000	RM'000
USD300 million 3.088% senior debt securities due in 2019	1,242,722	1,248,208
USD500 million 2.503% senior debt securities due in 2021	2,063,219	2,075,456
USD300 million 3.766% senior debt securities due in 2024	1,228,399	-
	4,534,340	3,323,664

(d) Hybrid Tier-1 Capital Securities

	Group		Bank	
	As at	As at	As at	As at
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
RM370 million 8.00% Hybrid Tier-I Capital Securities due in 2039, callable with step-up coupon rate at 9.00% in 2019	-	377,597	-	377,597
RM230 million 6.75% Hybrid Tier-I Capital Securities due in 2039, callable with step-up coupon rate at 7.75% in 2019	229,369	225,624	234,466	230,638
	229,369	603,221	234,466	608,235

(e) Subordinated obligations

	Group		Bank	
	As at	As at	As at	As at
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
5.60% RM300 million Tier II Subordinated Notes 2010/2025	307,088	302,946	307,088	302,946
4.95% RM500 million Tier II Subordinated Sukuk Murabahah 2014/2024 [^]	509,290	503,187	-	-
4.99% RM1 billion Tier II Subordinated Notes 2014/2024	1,011,210	1,023,925	1,011,210	1,023,925
4.95% RM200 million Tier II Subordinated Notes 2015/2025	204,502	202,061	-	-
4.75% RM500 million Tier II Subordinated Notes 2015/2025	509,246	503,363	509,246	503,363
4.88% RM250 million Tier II Subordinated Sukuk Murabahah 2017/2027	255,147	252,139	-	-
4.82% RM750 million Tier II Subordinated Notes 2017/2027	749,854	758,832	749,854	758,832
4.90% RM200 million Tier II Subordinated Notes 2017/2027	204,618	202,202	-	-
	3,750,955	3,748,655	2,577,398	2,589,066

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

[^] RHB Islamic Bank had on 15 May 2019 fully redeemed the existing Subordinated Sukuk Murabahah of RM500 million in nominal value as disclosed in Note A23(a).



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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 2019			As at 31 December 2018		
	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	50,694,623	251,629	328,328	72,781,350	408,504	488,934
- Options	2,802,875	11,003	9,662	583,492	8,504	8,255
- Cross-currency interest rate swaps	6,115,764	460,152	429,238	6,190,687	503,616	455,016
	59,613,262	722,784	767,228	79,555,529	920,624	952,205
Interest rate related contracts						
- Swaps	37,622,667	224,556	181,594	36,833,664	210,433	156,483
	37,622,667	224,556	181,594	36,833,664	210,433	156,483
Structured warrants						
	47,007	-	6,192	89,405	-	4,246
	47,007	-	6,192	89,405	-	4,246
Structured investments						
	18,116	4,806	-	-	-	-
	18,116	4,806	-	-	-	-
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	1,745,000	-	19,692	555,000	-	3,767
	1,745,000	-	19,692	555,000	-	3,767
Total	99,046,052	952,146	974,706	117,033,598	1,131,057	1,116,701



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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 2019			As at 31 December 2018		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
By type						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Forwards/swaps	51,848,741	256,122	326,299	74,972,799	420,881	496,622
- Options	2,802,875	11,003	9,662	583,492	8,504	8,255
- Cross-currency interest rate swaps	7,379,150	459,865	429,712	7,466,607	502,989	455,154
	62,030,766	726,990	765,673	83,022,898	932,374	960,031
Interest rate related contracts						
- Swaps	40,487,666	245,517	181,599	39,373,664	215,120	156,489
	40,487,666	245,517	181,599	39,373,664	215,120	156,489
Structured investments	5,866	1,556	-	-	-	-
	5,866	1,556	-	-	-	-
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	1,745,000	-	19,692	555,000	-	3,767
	1,745,000	-	19,692	555,000	-	3,767
Total	104,269,298	974,063	966,964	122,951,562	1,147,494	1,120,287



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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 2019			As at 31 December 2018		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
By remaining period to maturity/next re-pricing date						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than one year	55,340,477	539,075	555,567	75,292,838	719,117	725,516
- One year to three years	2,152,016	79,012	103,922	1,588,167	85,318	93,988
- More than three years	2,120,769	104,697	107,739	2,674,524	116,189	132,701
	59,613,262	722,784	767,228	79,555,529	920,624	952,205
Interest rate related contracts						
- Less than one year	10,750,023	17,732	20,461	10,220,565	16,327	32,060
- One year to three years	10,787,304	40,514	25,744	11,133,059	51,552	18,974
- More than three years	16,085,340	166,310	135,389	15,480,040	142,554	105,449
	37,622,667	224,556	181,594	36,833,664	210,433	156,483
Structured warrants						
- Less than one year	47,007	-	6,192	89,405	-	4,246
	47,007	-	6,192	89,405	-	4,246
Structured investments						
- Less than one year	18,116	4,806	-	-	-	-
	18,116	4,806	-	-	-	-
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than one year	190,000	-	495	300,000	-	621
- More than three years	1,555,000	-	19,197	255,000	-	3,146
	1,745,000	-	19,692	555,000	-	3,767
Total	99,046,052	952,146	974,706	117,033,598	1,131,057	1,116,701



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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 2019			As at 31 December 2018		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
By remaining period to maturity/next re-pricing date						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than one year	57,037,870	543,568	553,562	77,918,858	731,207	732,951
- One year to three years	2,770,075	79,012	104,294	2,326,208	84,978	94,021
- More than three years	2,222,821	104,410	107,817	2,777,832	116,189	133,059
	62,030,766	726,990	765,673	83,022,898	932,374	960,031
Interest rate related contracts						
- Less than one year	12,025,023	17,991	20,461	11,485,566	16,542	32,060
- One year to three years	10,877,302	40,889	25,749	11,223,057	51,823	18,980
- More than three years	17,585,341	186,637	135,389	16,665,041	146,755	105,449
	40,487,666	245,517	181,599	39,373,664	215,120	156,489
Structured investments						
- Less than one year	5,866	1,556	-	-	-	-
	5,866	1,556	-	-	-	-
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than one year	190,000	-	495	300,000	-	621
- More than three years	1,555,000	-	19,197	255,000	-	3,146
	1,745,000	-	19,692	555,000	-	3,767
Total	104,269,298	974,063	966,964	122,951,562	1,147,494	1,120,287



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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 and recorded as net interest income.

(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. They are recorded in the income or expense lines in which the revenue or expense associated with the related hedged item is reported.

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 in the periods when the hedged item affects profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss previously recognised in other comprehensive income is immediately reclassified 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
31 March 2019				
<u>Financial assets</u>				
Financial assets at FVTPL:	353,107	3,216,994	453,449	4,023,550
- Money market instruments	-	1,585,788	-	1,585,788
- Quoted securities	353,107	-	5,392	358,499
- Unquoted securities	-	1,631,206	448,057	2,079,263
Financial assets at FVOCI:	2,542	36,007,704	766,506	36,776,752
- Money market instruments	-	15,328,860	-	15,328,860
- Quoted securities	2,542	-	-	2,542
- Unquoted securities	-	20,678,844	766,506	21,445,350
Derivative assets	3,250	948,896	-	952,146
	<u>358,899</u>	<u>40,173,594</u>	<u>1,219,955</u>	<u>41,752,448</u>
<u>Financial liabilities</u>				
Derivative liabilities	6,192	968,514	-	974,706
	<u>6,192</u>	<u>968,514</u>	<u>-</u>	<u>974,706</u>
31 December 2018				
<u>Financial assets</u>				
Financial assets at FVTPL:	415,344	2,932,295	453,010	3,800,649
- Money market instruments	-	1,608,238	-	1,608,238
- Quoted securities	415,344	1,704	3,590	420,638
- Unquoted securities	-	1,322,353	449,420	1,771,773
Financial assets at FVOCI:	2,596	31,807,311	767,926	32,577,833
- Money market instruments	-	12,530,290	-	12,530,290
- Quoted securities	2,596	-	-	2,596
- Unquoted securities	-	19,277,021	767,926	20,044,947
Derivative assets	-	1,131,057	-	1,131,057
	<u>417,940</u>	<u>35,870,663</u>	<u>1,220,936</u>	<u>37,509,539</u>
<u>Financial liabilities</u>				
Derivative liabilities	4,246	1,112,455	-	1,116,701
	<u>4,246</u>	<u>1,112,455</u>	<u>-</u>	<u>1,116,701</u>



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B9. Fair Value of Financial Instruments (continued)

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

Bank	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31 March 2019				
<u>Financial assets</u>				
Financial assets at FVTPL:	3,187	2,092,959	17,716	2,113,862
- Money market instruments	-	1,433,110	-	1,433,110
- Quoted securities	3,187	-	5,392	8,579
- Unquoted securities	-	659,849	12,324	672,173
Financial assets at FVOCI:	-	29,432,017	638,042	30,070,059
- Money market instruments	-	12,358,125	-	12,358,125
- Unquoted securities	-	17,073,892	638,042	17,711,934
Derivative assets	-	974,063	-	974,063
	<u>3,187</u>	<u>32,499,039</u>	<u>655,758</u>	<u>33,157,984</u>
<u>Financial liabilities</u>				
Derivative liabilities	-	966,964	-	966,964
31 December 2018				
<u>Financial assets</u>				
Financial assets at FVTPL:	3,179	1,872,857	15,735	1,891,771
- Money market instruments	-	1,334,012	-	1,334,012
- Quoted securities	3,179	1,704	3,590	8,473
- Unquoted securities	-	537,141	12,145	549,286
Financial assets at FVOCI:	-	26,945,899	638,477	27,584,376
- Money market instruments	-	10,988,111	-	10,988,111
- Unquoted securities	-	15,957,788	638,477	16,596,265
Derivative assets	-	1,147,494	-	1,147,494
	<u>3,179</u>	<u>29,966,250</u>	<u>654,212</u>	<u>30,623,641</u>
<u>Financial liabilities</u>				
Derivative liabilities	-	1,120,287	-	1,120,287



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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 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Financial assets at FVTPL				
Balance as at the beginning of the financial period/year	453,010	375,384	15,735	15,525
Total gain/(loss) recognised in income statements	1,654	32,393	(782)	(1,654)
Purchases	4,966	46,359	2,844	1,851
Settlements	(791)	(10,660)	-	-
Exchange differences	(5,390)	9,534	(81)	13
Balance as at the end of the financial period/year	<u>453,449</u>	<u>453,010</u>	<u>17,716</u>	<u>15,735</u>
Financial assets at FVOCI				
Balance as at the beginning of the financial period/year	767,926	1,123,485	638,477	799,425
Total loss recognised in other comprehensive income	(435)	(42,161)	(435)	(55,589)
Transfer to level 2	-	(102,750)	-	(102,750)
Purchases	1,596	5,839	-	(236)
Settlements/disposal	(1,459)	(218,407)	-	(2,373)
Exchange differences	(1,122)	1,920	-	-
Balance as at the end of the financial period/year	<u>766,506</u>	<u>767,926</u>	<u>638,042</u>	<u>638,477</u>



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B10. Change in Accounting Policies

The Group and the Bank have adopted MFRS 16 'Leases' issued by MASB with its mandatory adoption date of 1 January 2019. MFRS 16 supersedes MFRS 117 'Leases' and the related interpretations. As permitted by MFRS 16, the Group and the Bank have adopted the simplified transitional approach and will not restate comparative amounts for the year prior to first adoption.

Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

On adoption of MFRS 16, the Group and the Bank recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of MFRS 117 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group and the Bank's borrowing rate as of 1 January 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 for the Group and the Bank was at 4.05%.

Summarised below are the effects upon adoption of MFRS 16 as at 1 January 2019:

	As previously reported	Effect of adoption of MFRS 16	As restated
	RM'000	RM'000	RM'000
Group			
Deferred tax assets	79,191	323	79,514
Right of use assets	-	115,123	115,123
Lease liabilities	-	118,511	118,511
Reserves	16,363,884	(3,058)	16,360,826
NCI	37,961	(7)	37,954
Bank			
Deferred tax assets	32,490	250	32,740
Right of use assets	-	72,201	72,201
Lease liabilities	-	73,693	73,693
Reserves	12,308,675	(1,242)	12,307,433

The reconciliation on operating lease commitments under MFRS 117 to MFRS 16 are as follows:

	Group RM'000	Bank RM'000
Operating lease commitments as at 31 December 2018	168,632	85,197
Discounted using the incremental borrowing rate	(5,516)	(2,803)
Finance lease liabilities recognised under MFRS 117	163,116	82,394
Short term lease recognised on a straight-line basis as expenses	(34,636)	(8,684)
Low-value lease recognised on a straight-line basis as expenses	(17)	(17)
Contracts reassessed as service agreements	(9,952)	-
Lease liability recognised as at 1 January 2019	118,511	73,693

The recognised right-of-use assets relate to the following types of assets:

Properties	106,057	63,135
Information technology equipment	1,688	1,688
Office equipment	7,217	7,217
Motor vehicle	161	161
	115,123	72,201



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B11. Dividends

No dividend has been declared for the first quarter ended 31 March 2019.

B12. Earnings per Share

	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
Basic earnings per share				
Profit attributable to equity holders of the Bank (RM'000)	<u>630,186</u>	<u>590,820</u>	<u>630,186</u>	<u>590,820</u>
Weighted average number of ordinary shares in issue ('000)	<u>4,010,045</u>	<u>4,010,045</u>	<u>4,010,045</u>	<u>4,010,045</u>
Earnings per share (sen)				
- Basic	<u>15.7</u>	<u>14.7</u>	<u>15.7</u>	<u>14.7</u>
- Diluted	<u>15.7</u>	<u>14.7</u>	<u>15.7</u>	<u>14.7</u>

There were no dilutive potential ordinary shares outstanding as at 31 March 2019. As a result, the diluted earnings per share equal to the basic earnings per share for the financial year ended 31 March 2019.

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
(License No. LS0006901)

Company Secretary
27 May 2019