



RHB Bank Berhad (6171 - M)

Level 10, Tower One, RHB Centre, Jalan Tun Razak,

50400 Kuala Lumpur, Malaysia

TEL +603 9287 8888 FAX +603 9281 9314

**RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019**

	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Group					
Interest income	A8	2,029,653	2,022,615	6,100,980	5,939,952
Interest expense	A9	(1,112,423)	(1,132,156)	(3,422,614)	(3,182,334)
Net interest income		917,230	890,459	2,678,366	2,757,618
Other operating income	A10	405,026	398,872	1,350,665	1,273,788
Income from Islamic Banking business	A29(b)	418,837	396,804	1,231,100	1,041,671
Net income		1,741,093	1,686,135	5,260,131	5,073,077
Other operating expenses	A11	(843,245)	(824,926)	(2,550,797)	(2,487,334)
Operating profit before allowances		897,848	861,209	2,709,334	2,585,743
Allowance for credit losses on financial assets	A12	(63,882)	(82,193)	(210,654)	(241,848)
		833,966	779,016	2,498,680	2,343,895
Share of results of joint ventures		-	26	(30)	64
Profit before taxation		833,966	779,042	2,498,650	2,343,959
Taxation	B5	(217,161)	(198,852)	(633,618)	(602,602)
Net profit for the financial period		616,805	580,190	1,865,032	1,741,357
Attributable to:					
- Equity holders of the Bank		615,828	578,690	1,861,424	1,739,771
- Non-controlling interests		977	1,500	3,608	1,586
		616,805	580,190	1,865,032	1,741,357
Earnings per share (sen)					
- Basic	B12	15.4	14.4	46.4	43.4
- Diluted	B12	15.4	14.4	46.4	43.4

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 NINE MONTHS ENDED 30 SEPTEMBER 2019

	3rd Quarter Ended		Nine Months Ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period	616,805	580,190	1,865,032	1,741,357
Other comprehensive income/(loss) in respect of:				
(i) Items that will not be reclassified to profit or loss:				
(a) Actuarial (loss)/gain on defined benefit plan of subsidiaries	9	(291)	(2,156)	974
(b) Equity instruments designated at fair value through other comprehensive income ('FVOCI')				
- Net gain/(loss) on disposal	-	7	5,664	(1,440)
- Unrealised net gain/(loss) on revaluation	(11,337)	24,882	21,119	33,790
(ii) Items that will be reclassified subsequently to profit or loss:				
(a) Foreign currency translation reserves				
- Currency translation differences	34,497	106,443	66,935	65,190
- Net investment hedge	891	(3,200)	(549)	2,193
(b) Debt instruments measured at FVOCI				
- Unrealised net gain	475,512	211,893	1,374,228	76,297
- Net transfer to income statements on disposal	(43,034)	(27,318)	(144,380)	(69,842)
- Changes in expected credit losses and exchange differences	(7,705)	14,730	(13,794)	1,058
Income tax relating to components of other comprehensive income	(96,169)	(50,286)	(181,892)	(8,821)
Other comprehensive income, net of tax, for the financial period	352,664	276,860	1,125,175	99,399
Total comprehensive income for the financial period	969,469	857,050	2,990,207	1,840,756
Total comprehensive income attributable to:				
- Equity holders of the Bank	968,472	855,575	2,986,563	1,839,318
- Non-controlling interests	997	1,475	3,644	1,438
	969,469	857,050	2,990,207	1,840,756

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 NINE MONTHS ENDED 30 SEPTEMBER 2019

	Note	3rd Quarter Ended		Nine Months Ended	
		30 September	30 September	30 September	30 September
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Bank					
Interest income	A8	2,014,063	2,005,645	6,050,845	5,899,170
Interest expense	A9	(1,094,329)	(1,088,261)	(3,342,292)	(3,076,166)
Net interest income		919,734	917,384	2,708,553	2,823,004
Other operating income	A10	254,866	218,144	872,542	606,684
Income from Islamic Banking business	A29(b)	991	143	2,216	113
Net income		1,175,591	1,135,671	3,583,311	3,429,801
Other operating expenses	A11	(569,070)	(545,697)	(1,700,859)	(1,624,838)
Operating profit before allowances		606,521	589,974	1,882,452	1,804,963
Allowance for credit losses	A12	(57,359)	(35,090)	(230,037)	(122,450)
Profit before taxation		549,162	554,884	1,652,415	1,682,513
Taxation	B5	(133,277)	(147,874)	(399,655)	(455,293)
Net profit for the financial period		415,885	407,010	1,252,760	1,227,220

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 NINE MONTHS ENDED 30 SEPTEMBER 2019

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Bank				
Net profit for the financial period	415,885	407,010	1,252,760	1,227,220
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/(loss) on disposal	-	-	1,544	(1,442)
- Unrealised net gain/(loss) on revaluation	(11,243)	24,885	18,040	30,681
(ii) Items that will be reclassified subsequently to profit or loss:				
(a) Foreign currency translation reserves				
- Currency translation differences	7,627	51,250	21,174	37,116
(b) Debt instruments measured at FVOCI				
- Unrealised net gain	405,068	171,923	1,171,292	55,464
- Net transfer to income statements on disposal	(35,773)	(23,052)	(131,817)	(64,923)
- Changes in expected credit losses and exchange differences	(6,133)	14,667	(10,485)	1,323
Income tax relating to components of other comprehensive income	(88,631)	(41,701)	(142,130)	(4,953)
Other comprehensive income, net of tax, for the financial period	270,915	197,972	927,618	53,266
Total comprehensive income for the financial period	686,800	604,982	2,180,378	1,280,486

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



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	Note	Group		Bank	
		As at	As at	As at	As at
		30 September 2019	31 December 2018	30 September 2019	31 December 2018
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		9,622,299	12,553,188	6,973,354	8,855,326
Deposits and placements with banks and other financial institutions		1,033,129	898,120	3,750,738	3,092,186
Investment account due from designated financial institutions	A13	-	-	8,010,329	7,898,611
Financial assets at fair value through profit or loss ('FVTPL')	A14	4,589,556	3,800,649	2,563,272	1,891,771
Financial assets at fair value through other comprehensive income ('FVOCI')	A15	39,403,755	32,577,833	33,602,020	27,584,376
Financial investments at amortised cost	A16	14,158,803	14,090,275	9,762,791	10,228,651
Loans, advances and financing	A17	169,675,107	165,629,774	106,820,617	108,216,146
Clients' and brokers' balances		872,084	943,056	-	-
Reinsurance assets		562,938	511,236	-	-
Other assets	A18	1,363,815	1,489,839	652,635	921,813
Derivative assets	B8	981,030	1,131,057	1,030,919	1,147,494
Statutory deposits		4,955,573	4,795,230	2,880,017	2,978,677
Tax recoverable		532,647	389,172	483,104	351,451
Deferred tax assets		21,424	79,191	-	32,490
Investments in subsidiaries		-	-	4,911,660	4,911,660
Investments in associates and joint ventures		9,512	25,352	-	-
Right of use assets		95,645	-	57,155	-
Property, plant and equipment		990,638	999,962	752,635	753,531
Goodwill		2,654,122	2,649,307	1,651,542	1,651,542
Intangible assets		623,114	602,438	550,357	527,562
TOTAL ASSETS		252,145,191	243,165,679	184,453,145	181,043,287
LIABILITIES					
Deposits from customers	A19/B7(a)	183,117,892	178,856,330	128,069,166	127,145,222
Deposits and placements of banks and other financial institutions	A20/B7(a)	21,362,103	18,290,894	18,251,806	17,526,185
Obligations on securities sold under repurchase agreements		1,300,000	2,194,324	3,423,202	3,120,449
Bills and acceptances payable		272,314	301,603	186,756	247,552
Clients' and brokers' balances		860,932	841,782	-	-
General insurance contract liabilities		1,179,543	1,094,114	-	-
Other liabilities	A21	2,742,837	2,922,556	1,966,894	2,082,123
Derivative liabilities	B8	1,040,754	1,116,701	1,042,149	1,120,287
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		5,274,607	5,266,116	3,001,994	2,995,877
Tax liabilities		76,936	24,578	-	-
Deferred tax liabilities		217,899	2,308	181,872	-
Lease liabilities		94,258	-	56,510	-
Borrowings	B7(b)	1,132,026	1,182,885	860,061	981,849
Senior debt securities	B7(c)	4,651,225	3,323,664	4,651,225	3,323,664
Hybrid Tier-1 Capital Securities	B7(d)	229,411	603,221	234,509	608,235
Subordinated obligations	B7(e)	2,738,620	3,748,655	1,566,393	2,589,066
TOTAL LIABILITIES		226,291,357	219,769,731	163,492,537	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 30 SEPTEMBER 2019

	Note	Group		Bank	
		As at 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 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		18,826,083	16,363,884	13,966,505	12,308,675
Equity attributable to holders of the Bank		25,820,186	23,357,987	20,960,608	19,302,778
Non-controlling interests ('NCI')		33,648	37,961	-	-
TOTAL EQUITY		25,853,834	23,395,948	20,960,608	19,302,778
TOTAL LIABILITIES AND EQUITY		252,145,191	243,165,679	184,453,145	181,043,287
COMMITMENTS AND CONTINGENCIES	A26(a)	158,206,018	172,941,427	152,649,249	167,318,657
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK (RM)		6.44	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 NINE MONTHS ENDED 30 SEPTEMBER 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	-	-	-	-	-	-	(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	-	-	-	-	-	-	1,861,424	1,861,424	3,608	1,865,032
	Foreign currency translation reserves:										
-	Currency translation differences	-	-	-	(118)	66,988	-	-	66,870	65	66,935
-	Net investment hedge	-	-	-	-	(549)	-	-	(549)	-	(549)
	Financial assets measured at FVOCI:										
-	Equity instruments										
-	Net gain/(loss) on disposal	-	-	-	(1,729)	-	-	7,393	5,664	-	5,664
-	Unrealised net gain on revaluation	-	-	-	21,119	-	-	-	21,119	-	21,119
-	Debt instruments										
-	Unrealised net gain on revaluation	-	-	-	1,374,228	-	-	-	1,374,228	-	1,374,228
-	Net transfer to income statements on disposal	-	-	-	(144,380)	-	-	-	(144,380)	-	(144,380)
-	Changes in expected credit losses and exchange differences	-	-	-	(13,794)	-	-	-	(13,794)	-	(13,794)
	Actuarial loss on defined benefit plan of subsidiaries	-	-	-	-	-	-	(2,137)	(2,137)	(19)	(2,156)
	Income tax relating to components of other comprehensive income	-	-	-	(180,678)	-	-	(1,204)	(181,882)	(10)	(181,892)
	Other comprehensive income, net of tax, for the financial period	-	-	-	1,054,648	66,439	-	4,052	1,125,139	36	1,125,175
	Total comprehensive income for the financial period	-	-	-	1,054,648	66,439	-	1,865,476	2,986,563	3,644	2,990,207
	Dividends paid	-	-	-	-	-	-	(521,306)	(521,306)	(7,950)	(529,256)
	Transfer to regulatory reserves	-	-	529,660	-	-	-	(529,660)	-	-	-
	Balance as at 30 September 2019	6,994,103	513	779,347	1,430,756	750,714	23,331	15,841,422	25,820,186	33,648	25,853,834

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 NINE MONTHS ENDED 30 SEPTEMBER 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	-	-	-	-	-	-	1,739,771	1,739,771	1,586	1,741,357
Foreign currency translation reserves:										
- Currency translation differences	-	-	-	(1)	65,338	-	-	65,337	(147)	65,190
- Net investment hedge	-	-	-	-	2,193	-	-	2,193	-	2,193
Financial assets measured at FVOCI:										
- Equity instruments										
- Net loss on disposal	-	-	-	(608)	-	-	(832)	(1,440)	-	(1,440)
- Unrealised net gain on revaluation	-	-	-	33,790	-	-	-	33,790	-	33,790
- Debt instruments										
- Unrealised net gain on revaluation	-	-	-	76,297	-	-	-	76,297	-	76,297
- Net transfer to income statements on disposal	-	-	-	(69,842)	-	-	-	(69,842)	-	(69,842)
- Changes in expected credit losses and exchange differences	-	-	-	1,058	-	-	-	1,058	-	1,058
Actuarial gain/(loss) on defined benefit plan of subsidiaries	-	-	-	-	-	-	975	975	(1)	974
Income tax relating to components of other comprehensive income	-	-	-	(8,821)	-	-	-	(8,821)	-	(8,821)
Other comprehensive income/(loss), net of tax, for the financial period	-	-	-	31,873	67,531	-	143	99,547	(148)	99,399
Total comprehensive income for the financial period	-	-	-	31,873	67,531	-	1,739,914	1,839,318	1,438	1,840,756
Dividend paid	-	-	-	-	-	-	(401,005)	(401,005)	-	(401,005)
Transfer from regulatory reserves	-	-	(105,112)	-	-	-	105,112	-	-	-
Balance as at 30 September 2018	6,994,103	513	694,382	382,660	696,542	23,331	14,313,811	23,105,342	35,695	23,141,037

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 NINE MONTHS ENDED 30 SEPTEMBER 2019

Bank	Note	← Non-Distributable →			Distributable	Total Equity
		Share Capital	Regulatory Reserves	FVOCI Reserves	Translation Reserves	
		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
- Effect of adoption of MFRS 16	B10	-	-	-	-	(1,242)
- As restated		6,994,103	126,230	349,347	371,680	11,460,176
Net profit for the financial period		-	-	-	-	1,252,760
Foreign currency translation reserves:						
- Currency translation differences		-	-	-	21,174	-
Financial assets measured at FVOCI:						
- Equity instruments						
- Net gain/(loss) on disposal		-	-	(479)	-	2,023
- Unrealised net gain on revaluation		-	-	18,040	-	-
- Debt instruments						
- Unrealised net gain on revaluation		-	-	1,171,292	-	-
- Net transfer to income statements on disposal		-	-	(131,817)	-	-
- Changes in expected credit losses and exchange differences		-	-	(10,485)	-	-
Income tax relating to components of other comprehensive income		-	-	(142,130)	-	-
Other comprehensive income, net of tax, for the financial period		-	-	904,421	21,174	2,023
Total comprehensive income for the financial period		-	-	904,421	21,174	1,254,783
Dividends paid		-	-	-	-	(521,306)
Transfer to regulatory reserves		-	296,738	-	-	(296,738)
Balance as at 30 September 2019		6,994,103	422,968	1,253,768	392,854	11,896,915
						20,960,608

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 NINE MONTHS ENDED 30 SEPTEMBER 2019

Bank	← 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	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	-	-	-	-	1,227,220	1,227,220
Foreign currency translation reserves:						
- Currency translation differences	-	-	-	37,116	-	37,116
Financial assets measured at FVOCI:						
- Equity instruments						
- Net loss on disposal	-	-	(584)	-	(858)	(1,442)
- Unrealised net gain on revaluation	-	-	30,681	-	-	30,681
- Debt instruments						
- Unrealised net gain on revaluation	-	-	55,464	-	-	55,464
- Net transfer to income statements on disposal	-	-	(64,923)	-	-	(64,923)
- Changes in expected credit losses and exchange differences	-	-	1,323	-	-	1,323
Income tax relating to components of other comprehensive income	-	-	(4,953)	-	-	(4,953)
Other comprehensive income/(loss), net of tax, for the financial period	-	-	17,008	37,116	(858)	53,266
Total comprehensive income for the financial period	-	-	17,008	37,116	1,226,362	1,280,486
Dividend paid	-	-	-	-	(401,005)	(401,005)
Transfer from regulatory reserves	-	(377,010)	-	-	377,010	-
Balance as at 30 September 2018	6,994,103	345,569	357,465	380,679	11,135,809	19,213,625

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 NINE MONTHS ENDED 30 SEPTEMBER 2019

	Nine Months Ended	
	30 September 2019	30 September 2018
	RM'000	RM'000
Group		
Cash flows from operating activities		
Profit before taxation	2,498,650	2,343,959
Adjustments for:		
Allowance for credit losses on loans, advances and financing	434,438	447,006
Allowance for credit losses on other financial assets	2,243	2,004
Property, plant and equipment:		
- Depreciation	93,849	89,423
- Gain on disposal	(1,894)	(118)
- Written off	267	11
Intangible assets:		
- Amortisation	89,537	73,040
- Written off	5	28
Right of use assets:		
- Depreciation	55,504	-
Net allowance written back on financial assets at FVOCI and financial investments at amortised cost	(30,708)	(5,859)
Share of results of joint ventures	30	(64)
Net gain on financial instruments	(247,507)	(193,246)
Gain on disposal of a joint venture	(258)	-
Loss on disposal of a subsidiary	51	-
Dividend income from financial assets at FVTPL and financial assets at FVOCI	(59,686)	(36,152)
Interest expense on borrowings, senior debt securities, Hybrid Tier-1 Capital Securities, subordinated obligations and right of use assets	274,861	264,740
Other non-cash items	(1,537,379)	(1,306,697)
Operating profit before working capital changes	<u>1,572,003</u>	<u>1,678,075</u>
(Increase)/Decrease in operating assets:		
Deposits and placements with banks and other financial institutions	(136,053)	(32,091)
Financial assets at FVTPL	(557,755)	(765,871)
Loans, advances and financing	(4,552,457)	(4,944,820)
Clients' and brokers' balances	70,972	141,300
Other assets	143,397	(271,200)
Statutory deposits	(161,159)	(760,881)
	<u>(5,193,055)</u>	<u>(6,633,563)</u>
Increase/(Decrease) in operating liabilities:		
Deposits from customers	4,353,293	6,342,943
Deposits and placements of banks and other financial institutions	3,080,542	(103,905)
Obligations on securities sold under repurchase agreements	(892,783)	(398,059)
Investment account from customers	-	100
Bills and acceptances payable	(29,235)	(28,166)
Clients' and brokers' balances	19,150	(96,126)
Other liabilities	113,399	(458,617)
Recourse obligation on loans sold to Cagamas	8,491	2,272,702
	<u>6,652,857</u>	<u>7,530,872</u>
Cash generated from operations	3,031,805	2,575,384
Interest paid	(258,255)	(265,319)
Net tax paid	(632,190)	(401,734)
Net cash generated from operating activities	<u>2,141,360</u>	<u>1,908,331</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 NINE MONTHS ENDED 30 SEPTEMBER 2019

	Nine Months Ended	
	30 September 2019	30 September 2018
	<u>RM'000</u>	<u>RM'000</u>
Group		
Cash flows from investing activities		
Net purchase of financial assets at FVOCI and financial investments at amortised cost	(5,632,974)	(1,364,422)
Property, plant and equipment:		
- Purchase	(85,910)	(90,735)
- Proceeds from disposal	3,584	176
Intangible assets:		
- Purchase	(109,751)	(164,927)
Financial assets at FVOCI and financial investments at amortised cost:		
- Interest received	1,155,891	1,010,144
- Investment income received	241,334	183,147
Dividend income received from financial assets at FVTPL and financial assets at FVOCI	59,686	36,152
Net cash inflow from disposal of a subsidiary	16,548	-
Net cash inflow from additional equity acquisition of a joint venture	10,710	-
Net cash used in investing activities	<u>(4,340,882)</u>	<u>(390,465)</u>
Cash flows from financing activities		
Drawdown of borrowings	2,048,413	3,016,732
Repayment of borrowings	(2,130,171)	(2,895,571)
Proceeds from issuance of senior debt securities	1,255,580	-
Redemption of Hybrid Tier-1 Capital Securities	(370,000)	-
Redemption of subordinated notes	(1,000,000)	-
Proceeds from issuance of Subordinated Sukuk Murabahah	500,000	-
Redemption of Subordinated Sukuk Murabahah	(500,000)	-
Dividends paid to equity holders of the Bank	(521,306)	(401,005)
Dividends paid to NCI	(7,950)	-
Principal lease payments	(64,593)	-
Net cash used in financing activities	<u>(790,027)</u>	<u>(279,844)</u>
Net (decrease)/increase in cash and cash equivalents	(2,989,549)	1,238,022
Effects of exchange rate differences	58,660	34,304
Cash and cash equivalents:		
- at the beginning of the financial period	12,553,188	10,045,853
- at the end of the financial period	<u>9,622,299</u>	<u>11,318,179</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>9,622,299</u>	<u>11,318,179</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 NINE MONTHS ENDED 30 SEPTEMBER 2019

	Nine Months Ended	
	30 September 2019	30 September 2018
	<u>RM'000</u>	<u>RM'000</u>
Bank		
Cash flows from operating activities		
Profit before taxation	1,652,415	1,682,513
Adjustments for:		
Allowance for credit losses on loans, advances and financing	440,561	319,550
Allowance for credit losses on other financial assets	(1,215)	1,698
Property, plant and equipment:		
- Depreciation	72,882	67,813
- Gain on disposal	(1,674)	(62)
- Written off	106	10
Intangible assets:		
- Amortisation	74,285	59,225
- Written off	5	-
Right of use assets:		
- Depreciation	34,386	-
Net allowance written back on financial assets at FVOCI and financial investments at amortised cost	(26,509)	(8,220)
Net gain on financial instruments	(205,307)	(115,186)
Dividend income from financial assets at FVOCI	(4,256)	(2,070)
Dividend income from subsidiaries	(62,544)	(9,259)
Interest expense on borrowings, senior debt securities, Hybrid Tier-1 Capital Securities, subordinated obligations and right of use assets	224,995	217,809
Other non-cash items	(1,209,727)	(1,028,200)
Operating profit before working capital changes	<u>988,403</u>	<u>1,185,621</u>
(Increase)/Decrease in operating assets:		
Deposits and placements with banks and other financial institutions	(658,793)	765,456
Investment accounts due from designated financial institutions	(111,718)	534,503
Financial assets at FVTPL	(515,942)	(605,838)
Loans, advances and financing	1,043,602	237,677
Other assets	359,570	(313,603)
Statutory deposits	98,467	(534,518)
	<u>215,186</u>	<u>83,677</u>
Increase/(Decrease) in operating liabilities:		
Deposits from customers	857,452	4,150,017
Deposits and placements of banks and other financial institutions	693,949	(2,154,832)
Obligations on securities sold under repurchase agreements	303,121	(1,381,876)
Bills and acceptances payable	(60,785)	(64,966)
Other liabilities	(175,474)	(606,119)
Recourse obligation on loans sold to Cagamas	6,117	1,272,463
	<u>1,624,380</u>	<u>1,214,687</u>
Cash generated from operations	2,827,969	2,483,985
Interest paid	(220,372)	(231,996)
Net tax paid	(458,722)	(281,315)
Net cash generated from operating activities	<u>2,148,875</u>	<u>1,970,674</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 NINE MONTHS ENDED 30 SEPTEMBER 2019

	Nine Months Ended	
	30 September 2019	30 September 2018
	RM'000	RM'000
Bank		
Cash flows from investing activities		
Net purchase of financial assets at FVOCI and financial investments at amortised cost	(4,236,502)	(1,497,933)
Property, plant and equipment:		
- Purchase	(73,673)	(72,638)
- Proceeds from disposal	3,362	84
Intangible assets:		
- Purchase	(96,915)	(150,952)
Interest received from financial assets at FVOCI and financial investments at amortised cost	1,100,974	980,102
Dividend income received from subsidiaries	62,544	97,959
Dividend income received from financial assets at FVOCI	4,256	2,070
Additional investments in subsidiaries	-	(415,823)
Net cash used in investing activities	<u>(3,235,954)</u>	<u>(1,057,131)</u>
Cash flows from financing activities		
Drawdown of borrowings	-	206,906
Repayment of borrowings	(130,606)	(191,599)
Proceeds from issuance of senior debt securities	1,255,580	-
Redemption of Hybrid Tier-1 Capital Securities	(370,000)	-
Redemption of subordinated notes	(1,000,000)	-
Dividends paid to equity holders of the Bank	(521,306)	(401,005)
Principal lease payment	(35,745)	-
Net cash used in financing activities	<u>(802,077)</u>	<u>(385,698)</u>
Net (decrease)/increase in cash and cash equivalents	(1,889,156)	527,845
Effects of exchange rate differences	7,184	41,902
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>6,973,354</u>	<u>8,139,954</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>6,973,354</u>	<u>8,139,954</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 NINE MONTHS ENDED 30 SEPTEMBER 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 nine months ended 30 September 2019.



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 nine months ended 30 September 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 nine months ended 30 September 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.
- (c) 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.

- (d) The Bank had on 8 July 2019 fully redeemed its RM1 billion in nominal value of subordinated notes issued under a RM3 billion Medium Term Note Programme issued in 2014.

A7. Dividends Paid

During the nine months ended 30 September 2019, the Bank has 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.

Subsequent to balance sheet date, the Bank has paid an interim single-tier dividend of 12.5 sen per share in respect of the financial year ending 31 December 2019, amounting to RM501,256,000, on 1 October 2019.



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A8. Interest Income

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
Loans and advances	1,548,256	1,592,453	4,683,686	4,705,612
Money at call and deposits and placements with banks and other financial institutions	36,840	47,734	134,689	140,376
Financial assets at FVTPL	16,183	18,924	60,428	53,859
Financial assets at FVOCI - debt instruments	302,033	228,149	846,922	649,561
Financial investments at amortised cost	121,719	131,818	362,105	381,185
Others	4,622	3,537	13,150	9,359
	2,029,653	2,022,615	6,100,980	5,939,952
Of which:				
Interest income accrued on impaired financial assets	29,327	32,364	82,515	90,967
Bank				
Loans and advances	1,458,000	1,499,685	4,413,525	4,438,530
Money at call and deposits and placements with banks and other financial institutions	49,116	52,024	167,078	157,658
Investment account due from designated financial institutions	85,161	92,183	254,863	265,458
Securities purchased under resale agreements	-	-	-	281
Financial assets at FVTPL	16,001	18,711	59,658	53,056
Financial assets at FVOCI - debt instruments	295,214	218,914	826,590	622,172
Financial investments at amortised cost	108,816	121,474	323,479	352,972
Others	1,755	2,654	5,652	9,043
	2,014,063	2,005,645	6,050,845	5,899,170
Of which:				
Interest income accrued on impaired financial assets	26,283	26,607	73,014	76,028



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A9. Interest Expense

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	123,215	182,097	379,587	444,621
Deposits from customers	867,632	826,704	2,658,168	2,386,401
Obligations on securities sold under repurchase agreements	7,794	376	20,404	1,076
Recourse obligation on loans sold to Cagamas	33,727	33,727	100,081	89,478
Subordinated obligations	25,457	36,938	98,131	109,606
Senior debt securities	35,239	22,872	98,304	66,811
Hybrid Tier-1 Capital Securities	3,828	11,398	18,522	33,818
Borrowings	9,344	10,529	30,665	26,868
Others	6,187	7,515	18,752	23,655
	1,112,423	1,132,156	3,422,614	3,182,334
Bank				
Deposits and placements of banks and other financial institutions	124,713	174,500	393,313	453,870
Deposits from customers	836,934	797,229	2,550,725	2,280,441
Obligations on securities sold under repurchase agreements	27,323	376	59,448	10,761
Recourse obligation on loans sold to Cagamas	33,727	33,727	100,081	89,478
Subordinated obligations	20,491	31,972	83,396	94,871
Senior debt securities	35,239	22,872	98,304	66,811
Hybrid Tier-1 Capital Securities	3,913	11,483	18,774	34,070
Borrowings	7,006	8,501	22,653	22,057
Others	4,983	7,601	15,598	23,807
	1,094,329	1,088,261	3,342,292	3,076,166



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A10. Other Operating Income

Group	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Fee income				
- Service charges and fees	38,001	40,456	125,257	122,303
- Commission	37,559	40,802	112,571	120,106
- Guarantee fees	9,204	8,085	24,810	29,938
- Commitment fees	10,567	11,690	31,916	36,171
- Net brokerage income	58,952	61,002	179,794	212,365
- Fund management fees	60,614	55,838	171,635	168,294
- Unit trust fee income	40,840	12,352	78,669	43,906
- Corporate advisory fees	5,013	4,637	34,041	35,714
- Underwriting and arrangement fees	4,644	3,794	24,440	5,663
- Other fee income	14,043	16,089	51,227	53,031
	<u>279,437</u>	<u>254,745</u>	<u>834,360</u>	<u>827,491</u>
- Fee and commission expenses	(67,552)	(30,692)	(151,827)	(105,130)
	<u>211,885</u>	<u>224,053</u>	<u>682,533</u>	<u>722,361</u>
Net gain/(loss) arising from financial assets at FVTPL				
- Net gain/(loss) on disposal	37,574	9,854	110,089	(4,642)
- Unrealised net gain/(loss) on revaluation	(17,030)	29,776	63,086	1,919
- Dividend income	15,208	11,334	54,656	33,488
	<u>35,752</u>	<u>50,964</u>	<u>227,831</u>	<u>30,765</u>
Net (loss)/gain on revaluation of derivatives	5,166	19,477	(79,424)	103,602
Net (loss)/gain on fair value hedges	(177)	33	(139)	43
Net gain arising from derecognition of financial investments at amortised cost	-	275	-	275
Net gain arising from financial assets at FVOCI				
- Net gain on debt instruments on disposal	35,833	22,426	132,091	86,152
- Dividend income	930	527	5,030	2,664
	<u>36,763</u>	<u>22,953</u>	<u>137,121</u>	<u>88,816</u>
Other income				
Net foreign exchange gain	58,803	24,137	188,259	179,120
Insurance underwriting surplus before management expenses	40,085	47,063	138,817	104,216
Gain on disposal of property, plant and equipment	19	21	1,894	118
Gain on disposal of a joint venture	-	-	258	-
Loss on disposal of a subsidiary	(51)	-	(51)	-
Rental income	906	679	2,068	1,914
Other operating income	8,486	8,737	26,416	39,662
Other non-operating income	7,389	480	25,082	2,896
	<u>115,637</u>	<u>81,117</u>	<u>382,743</u>	<u>327,926</u>
	<u>405,026</u>	<u>398,872</u>	<u>1,350,665</u>	<u>1,273,788</u>



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A10. Other Operating Income (continued)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
Bank	RM'000	RM'000	RM'000	RM'000
Fee income				
- Service charges and fees	35,025	35,337	116,293	107,980
- Commission	43,532	46,863	131,929	135,454
- Guarantee fees	8,680	7,809	23,875	27,585
- Commitment fees	9,958	10,235	29,776	32,024
- Other fee income	4,656	5,049	15,435	16,000
	101,851	105,293	317,308	319,043
Net gain/(loss) arising from financial assets at FVTPL				
- Net gain on disposal	30,193	6,316	82,746	5,606
- Unrealised net gain/(loss) on revaluation	(7,077)	11,944	13,468	(10,202)
	23,116	18,260	96,214	(4,596)
Net (loss)/gain on revaluation of derivatives	(3,090)	18,528	(22,585)	54,566
Net (loss)/gain on fair values hedges	(177)	33	(139)	43
Net gain arising from derecognition of financial investments at amortised cost	-	247	-	247
Net gain arising from financial assets at FVOCI				
- Net gain on debt instruments on disposal	35,773	23,024	131,817	64,926
- Dividend income	586	310	4,256	2,070
	36,359	23,334	136,073	66,996
Dividend income from subsidiaries	8,000	-	62,544	9,259
Other income				
Net foreign exchange gain	72,340	38,080	241,746	112,946
Gain on disposal of property, plant and equipment	19	21	1,674	62
Rental income	3,261	3,120	9,308	9,129
Other operating income	7,474	10,567	23,535	36,659
Other non-operating income	5,713	661	6,864	2,330
	88,807	52,449	283,127	161,126
	254,866	218,144	872,542	606,684



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A11. Other Operating Expenses

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	403,380	377,582	1,233,803	1,192,460
- Defined contribution plan	55,168	54,743	167,408	166,217
- Other staff related costs	45,936	53,999	127,295	137,680
	504,484	486,324	1,528,506	1,496,357
Establishment costs				
- Property, plant and equipment:				
- Depreciation	32,029	29,957	93,849	89,423
- Written off	2	10	267	11
- Intangible assets:				
- Amortisation	30,356	25,198	89,537	73,040
- Written off	-	-	5	28
- Right of use assets:				
- Depreciation	21,292	-	55,504	-
- Rental of premises	6,778	27,002	26,636	80,640
- Rental of equipment	1,785	3,443	5,255	9,752
- Insurance	9,194	7,976	26,193	24,091
- Water and electricity	7,718	8,261	23,350	22,882
- Repair and maintenance	8,142	7,907	24,440	22,479
- Security and escorting expenses	10,872	10,485	33,223	31,924
- Information technology expenses	62,021	60,499	199,617	190,589
- Others	1,948	1,845	5,860	6,461
	192,137	182,583	583,736	551,320
Marketing expenses				
- Sales commission	23,350	22,509	70,118	63,747
- Advertisement and publicity	11,276	16,448	43,413	35,881
- Others	21,532	16,297	68,930	67,573
	56,158	55,254	182,461	167,201
Administration and general expenses				
- Communication expenses	36,990	38,667	116,396	119,767
- Legal and professional fee	11,858	24,759	27,281	39,946
- Others	41,618	37,339	112,417	112,743
	90,466	100,765	256,094	272,456
	843,245	824,926	2,550,797	2,487,334



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A11. Other Operating Expenses (continued)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
Bank				
Personnel costs				
- Salaries, allowances and bonuses	255,681	233,375	783,533	740,077
- Defined contribution plan	37,519	36,816	114,313	108,447
- Other staff related costs	28,322	27,811	77,494	67,811
	<u>321,522</u>	<u>298,002</u>	<u>975,340</u>	<u>916,335</u>
Establishment costs				
- Property, plant and equipment:				
- Depreciation	25,284	22,824	72,882	67,813
- Written off	-	10	106	10
- Intangible assets:				
- Amortisation	25,265	20,602	74,285	59,225
- Written off	-	-	5	-
- Right of use assets:				
- Depreciation	11,996	-	34,386	-
- Rental of premises	5,458	14,410	15,805	43,374
- Rental of equipment	1,935	3,216	5,066	9,105
- Insurance	8,505	7,457	25,082	23,509
- Water and electricity	4,570	4,824	13,674	13,951
- Repair and maintenance	5,423	6,072	17,351	17,335
- Security and escorting expenses	10,774	10,206	32,923	31,276
- Information technology expenses	35,987	34,418	113,061	115,150
	<u>135,197</u>	<u>124,039</u>	<u>404,626</u>	<u>380,748</u>
Marketing expenses				
- Sales commission	16,833	15,209	49,710	42,269
- Advertisement and publicity	7,934	10,198	28,004	21,012
- Others	10,233	8,029	29,859	27,175
	<u>35,000</u>	<u>33,436</u>	<u>107,573</u>	<u>90,456</u>
Administration and general expenses				
- Communication expenses	23,427	23,744	72,933	71,322
- Legal and professional fee	26,086	43,611	68,225	101,394
- Others	27,838	22,865	72,162	64,583
	<u>77,351</u>	<u>90,220</u>	<u>213,320</u>	<u>237,299</u>
	<u>569,070</u>	<u>545,697</u>	<u>1,700,859</u>	<u>1,624,838</u>



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A12. Allowance for Credit Losses on Financial Assets

	3rd Quarter Ended		Nine Months Ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
Group				
<u>Charge/(Writeback)</u>				
Loans, advances and financing:				
- Net charge	102,104	99,441	312,876	338,780
- Bad debts recovered	(72,953)	(71,073)	(195,319)	(201,303)
- Bad debts written off	41,751	36,451	121,562	108,226
	70,902	64,819	239,119	245,703
Financial assets at FVOCI	(7,637)	4,617	(14,054)	(6,491)
Financial investments at amortised cost	1,236	11,203	(16,654)	632
Other financial assets	(619)	1,554	2,243	2,004
	63,882	82,193	210,654	241,848

Bank

Charge/(Writeback)

Loans, advances and financing:

- Net charge	95,529	54,298	332,480	222,126
- Bad debts recovered	(68,650)	(66,727)	(182,800)	(190,578)
- Bad debts written off	38,396	33,754	108,081	97,424
	65,275	21,325	257,761	128,972
Financial assets at FVOCI	(6,064)	4,569	(10,744)	(6,012)
Financial investments at amortised cost	(923)	8,043	(15,765)	(2,208)
Other financial assets	(929)	1,153	(1,215)	1,698
	57,359	35,090	230,037	122,450

A13. Investment Account Due From Designated Financial Institutions

This investment account which is exposure to Restricted Profit Sharing Investment Account ('RPSIA'), is an arrangement by the Bank with its wholly-owned subsidiary, RHB Islamic Bank.

The underlying assets of RHB Islamic Bank for the RPSIA are as follows:

	Bank	
	As at 30 September 2019	As at 31 December 2018
	RM'000	RM'000
<u>Principal</u>		
Personal financing	1,000,000	700,000
Other term financing	6,164,201	6,422,927
Unquoted securities	753,775	693,775
	7,917,976	7,816,702



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A14. Financial Assets at Fair Value Through Profit or Loss ('FVTPL')

	Group		Bank	
	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000
Mandatory measured at fair value				
<u>Money market instruments:</u>				
Malaysian Government Securities	833,348	745,056	833,348	745,056
Malaysian Government Treasury Bills	-	24,411	-	24,411
Malaysian Government Investment Issues	1,408,063	813,898	1,242,959	539,672
Bank Negara Malaysia Monetary Notes	-	24,873	-	24,873
<u>Quoted securities:</u>				
In Malaysia				
Shares, exchange traded funds and warrants	28,786	111,544	-	-
Unit trusts	68,043	67,553	-	-
Corporate bond/sukuk	3,340	13,704	3,340	3,179
Outside Malaysia				
Shares, exchange traded funds and warrants	254,672	227,837	3,404	5,294
<u>Unquoted securities:</u>				
In Malaysia				
Corporate bond/sukuk	213,554	277,460	213,535	277,460
Unit trusts	1,015,500	785,212	-	-
Prasarana bonds	28,168	-	28,168	-
Commercial paper	49,935	-	49,935	-
Outside Malaysia				
Corporate bond/sukuk	188,583	271,826	188,583	271,826
Private equity funds	497,564	437,275	-	-
	4,589,556	3,800,649	2,563,272	1,891,771

Included in financial assets at FVTPL 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 RM133,000,000 (31 December 2018: RMNil).



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A15. Financial Assets at Fair Value Through Other Comprehensive Income ('FVOCI')

	Group		Bank	
	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000
At fair value				
(a) Debt instruments	38,707,251	31,900,621	32,947,001	26,946,919
(b) Equity instruments	696,504	677,212	655,019	637,457
	39,403,755	32,577,833	33,602,020	27,584,376
(a) Debt instruments				
<u>Money market instruments:</u>				
Malaysian Government Securities	3,009,721	3,043,129	2,877,030	2,914,403
Malaysian Government Investment Issues	7,290,149	4,317,009	5,758,732	3,235,390
Cagamas bonds	275,994	317,761	265,872	307,617
Khazanah bonds	45,478	52,942	-	-
Negotiable instruments of deposits	1,001,664	1,102,277	802,079	903,443
Other foreign government investment issues	37,283	20,633	37,283	20,633
Sukuk Perumahan Kerajaan	72,063	119,853	-	49,939
Singapore Government Securities	1,176,290	1,199,663	1,176,290	1,199,663
Thailand Government Securities	598,159	429,548	598,159	429,548
Other Foreign Government Treasury Bills	1,519,822	1,007,629	1,519,822	1,007,629
Singapore Housing Development Board	670,392	722,998	670,392	722,998
<u>Unquoted securities:</u>				
In Malaysia				
Corporate bond/sukuk	17,119,644	14,276,552	13,401,689	10,915,972
Perpetual notes/sukuk	101,744	102,750	101,744	102,750
Prasarana bonds	1,998,264	1,189,007	1,972,571	1,163,546
Outside Malaysia				
Corporate bond/sukuk	3,790,584	3,998,870	3,765,338	3,973,388
	38,707,251	31,900,621	32,947,001	26,946,919
(b) Equity instruments				
<u>Quoted securities:</u>				
In Malaysia				
Shares	-	514	-	-
Outside Malaysia				
Shares	2,414	2,082	-	-
<u>Unquoted securities:</u>				
In Malaysia				
Shares	693,671	674,218	655,018	637,456
Outside Malaysia				
Shares	419	398	1	1
	696,504	677,212	655,019	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 RM208,000,000 (31 December 2018: RM761,000,000) and RM1,148,000,000 (31 December 2018: RM761,000,000) respectively.



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A15. Financial Assets at Fair Value Through Other Comprehensive Income ('FVOCI') (continued)

(a) Movement in credit impaired financial assets at FVOCI

	Group and Bank	
	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000
Balance as at the beginning of the financial period/year	5,252	8,520
Derecognition	(4,161)	(2,003)
Accrued interest	(63)	(2,336)
Exchange differences	(8)	1,071
Balance as at the end of the financial period/year	<u>1,020</u>	<u>5,252</u>

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

Group	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
	30 September 2019			
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	(6,261)	-	-	(6,261)
Purchases and origination	5,284	-	-	5,284
Derecognition and disposal	(13,077)	-	-	(13,077)
Exchange differences	260	-	-	260
Balance as at the end of the financial period	<u>42,489</u>	<u>-</u>	<u>-</u>	<u>42,489</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>



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A15. 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) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
30 September 2019				
Balance as at the beginning of the financial period	50,278	-	-	50,278
Allowance written back during the financial period	(4,246)	-	-	(4,246)
Purchases and origination	4,955	-	-	4,955
Derecognition and disposal	(11,453)	-	-	(11,453)
Exchange differences	259	-	-	259
Balance as at the end of the financial period	<u>39,793</u>	<u>-</u>	<u>-</u>	<u>39,793</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>



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A16. Financial Investments at Amortised Cost

	Group		Bank	
	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000
At amortised cost				
<u>Money market instruments:</u>				
Malaysian Government Securities	99,799	100,602	99,799	100,602
Malaysian Government Investment Issues	3,214,368	3,705,897	2,677,174	3,142,579
Cagamas bonds	274,363	1,152,842	274,363	934,517
Khazanah bonds	184,217	110,467	78,280	75,672
Wakala Global Sukuk	30,108	30,246	21,517	21,620
Sukuk Perumahan Kerajaan	111,125	111,065	101,023	101,066
Other Foreign Government Treasury Bills	120,260	121,160	120,260	121,160
Singapore Government Securities	120,765	91,476	120,765	91,476
Sukuk (Brunei) Incorporation	30,275	39,425	30,275	39,425
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Corporate bond/sukuk	9,946,783	8,667,354	6,225,090	5,647,529
Corporate loan stocks	26,879	27,023	860	860
Prasarana bonds	324,681	274,065	253,954	208,371
	14,483,623	14,431,622	10,003,360	10,484,877
Allowance for credit losses	(324,820)	(341,347)	(240,569)	(256,226)
	14,158,803	14,090,275	9,762,791	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 RM954,000,000 (31 December 2018: RM1,428,000,000) and RM2,132,000,000 (31 December 2018: RM2,350,000,000) respectively.

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

	Group		Bank	
	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 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	(637)	(2,873)	(251)	(1,532)
Exchange differences	108	178	108	178
Balance as at the end of the financial period/year	140,876	141,405	63,198	63,341



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A16. Financial investments at amortised cost (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
30 September 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	(1,708)	(17,048)	(251)	(19,007)
Purchases and origination	6,923	-	-	6,923
Derecognition	(3,659)	(525)	(386)	(4,570)
Exchange differences	18	-	109	127
Balance as at the end of the financial period	<u>25,394</u>	<u>159,110</u>	<u>140,316</u>	<u>324,820</u>
31 December 2018				
Balance as at the beginning of the financial year	23,276	185,629	143,539	352,444
Allowance made/(written back) 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				
30 September 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	86	(15,504)	(251)	(15,669)
Purchases and origination	3,305	-	-	3,305
Derecognition	(3,401)	-	-	(3,401)
Exchange differences	-	-	108	108
Balance as at the end of the financial period	<u>19,007</u>	<u>158,926</u>	<u>62,636</u>	<u>240,569</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>



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A17. Loans, Advances and Financing

(a) By type

	Group		Bank	
	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000
At amortised cost				
Overdrafts	7,020,105	6,786,330	5,850,839	5,770,136
Term loans/financing				
- Housing loans/financing	60,041,601	56,096,417	42,089,689	40,489,870
- Syndicated term loans/financing	5,847,748	6,475,098	3,364,049	2,993,804
- Hire purchase receivables/financing	9,229,113	9,441,182	1,556,190	2,195,103
- Lease receivables	210	715	-	-
- Other term loans/financing	67,498,344	68,122,419	41,460,617	45,025,256
Bills receivables	3,669,344	3,429,081	2,748,951	2,388,667
Trust receipts	577,618	587,595	552,870	564,973
Claims on customers under acceptance credits	3,351,243	3,293,614	3,351,243	3,293,614
Staff loans/financing	112,753	117,045	107,236	113,618
Credit/charge card receivables	2,136,890	2,149,984	1,854,447	1,865,814
Revolving credits/financing	13,273,763	12,379,047	6,339,556	5,970,550
Gross loans, advances and financing	172,758,732	168,878,527	109,275,687	110,671,405
Fair value changes arising from fair value hedges	45,060	2,840	3,501	1,873
	172,803,792	168,881,367	109,279,188	110,673,278
Less: Allowance for credit losses	(3,128,685)	(3,251,593)	(2,458,571)	(2,457,132)
Net loans, advances and financing	169,675,107	165,629,774	106,820,617	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 RM4,783,306,000 (31 December 2018: RM4,926,536,000) and RM2,624,362,000 (31 December 2018: RM2,723,536,000) respectively.

(b) By type of customer

	Group		Bank	
	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000
Domestic non-bank financial institutions:				
- Others	3,898,038	4,002,667	792,753	544,223
Domestic business enterprises:				
- Small medium enterprises	28,611,830	27,276,825	22,831,058	22,858,685
- Others	24,562,043	27,017,965	12,943,585	14,813,073
Government and statutory bodies	7,015,777	6,966,868	1,879,728	1,941,949
Individuals	88,927,467	84,651,922	55,424,407	55,763,504
Other domestic entities	139,893	144,079	15,349	14,087
Foreign entities	19,603,684	18,818,201	15,388,807	14,735,884
	172,758,732	168,878,527	109,275,687	110,671,405



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A17. Loans, Advances and Financing (continued)

(c) By geographical distribution

	Group		Bank	
	As at 30 September 2019	As at 31 December 2018	As at 30 September 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	153,931,255	150,434,800	95,264,893	97,353,043
Labuan Offshore	2,013,241	2,483,266	-	-
Singapore	12,643,251	11,894,363	12,434,653	11,696,999
Thailand	1,653,453	1,628,349	1,410,002	1,453,771
Brunei	166,139	167,592	166,139	167,592
Indonesia	101,178	128,070	-	-
Hong Kong	42,856	88,022	-	-
Cambodia	2,001,041	1,822,861	-	-
Lao	206,318	231,204	-	-
	172,758,732	168,878,527	109,275,687	110,671,405

(d) By interest/profit rate sensitivity

	Group		Bank	
	As at 30 September 2019	As at 31 December 2018	As at 30 September 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Housing loans/financing	464,361	534,779	95,969	101,320
- Hire purchase receivables/financing	4,038,865	5,464,754	1,556,190	2,195,103
- Other fixed rate loans/financing	16,190,618	18,188,907	9,065,205	9,559,918
Variable rate				
- Base lending/financing rate plus	110,220,497	102,592,662	68,115,424	67,621,594
- Cost-plus	28,941,768	30,492,993	24,110,280	25,317,549
- Other variable rates	12,902,623	11,604,432	6,332,619	5,875,921
	172,758,732	168,878,527	109,275,687	110,671,405



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A17. Loans, Advances and Financing (continued)

(e) By economic sector

	Group		Bank	
	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000
Agriculture, hunting, forestry and fishing	3,518,990	3,739,027	2,188,458	2,461,618
Mining and quarrying	630,542	1,186,963	309,830	326,975
Manufacturing	8,806,076	8,453,566	7,040,495	6,613,596
Electricity, gas and water	2,179,879	2,445,122	1,795,391	2,049,427
Construction	12,485,535	12,155,342	7,546,922	7,801,936
Wholesale and retail trade and restaurant and hotel	13,977,333	12,852,649	11,480,993	10,596,310
Transport, storage and communication	6,846,227	7,886,642	2,202,038	3,026,887
Finance, insurance, real estate and business services	19,452,755	19,716,460	13,167,772	13,629,919
Government and government agencies	5,429,446	5,456,807	1,879,728	1,941,949
Education, health and others	5,103,243	4,942,589	2,328,237	2,294,059
Household sector	93,202,459	88,914,861	58,764,722	59,260,651
Others	1,126,247	1,128,499	571,101	668,078
	172,758,732	168,878,527	109,275,687	110,671,405

(f) By purpose

	Group		Bank	
	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000
Purchase of securities	11,279,370	11,049,203	5,196,544	6,538,214
Purchase of transport vehicles	8,812,430	8,860,127	1,090,004	1,558,419
Purchase of landed property:				
- Residential	58,391,458	54,684,923	41,408,853	39,841,953
- Non-residential	18,204,962	18,035,783	13,809,234	14,001,746
Purchase of property, plant and equipment other than land and building	2,754,702	3,017,858	2,084,458	2,304,220
Personal use	10,345,512	10,329,313	6,230,805	6,696,533
Credit card	2,136,890	2,149,984	1,854,447	1,865,814
Purchase of consumer durables	14,435	15,956	14,435	15,956
Construction	7,487,532	7,557,832	5,570,227	5,656,877
Working capital	36,398,421	37,305,328	22,935,427	23,452,573
Merger and acquisition	2,551,458	2,858,468	1,148,715	1,429,580
Other purposes	14,381,562	13,013,752	7,932,538	7,309,520
	172,758,732	168,878,527	109,275,687	110,671,405



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A17. Loans, Advances and Financing (continued)

(g) By remaining contractual maturities

	Group		Bank	
	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000
Maturity within one year	42,773,535	42,198,881	33,338,210	32,450,920
One year to three years	9,068,302	11,255,456	4,245,433	6,811,286
Three years to five years	14,744,698	13,171,605	5,914,856	6,731,774
Over five years	106,172,197	102,252,585	65,777,188	64,677,425
	172,758,732	168,878,527	109,275,687	110,671,405

(h) Impaired loans, advances and financing

(i) Movement in impaired loans, advances and financing

	Group		Bank	
	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 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)	(161,123)	(304,304)	(129,685)	(236,391)
Transfer to Lifetime ECL not credit impaired (Stage 2)	(128,208)	(235,168)	(95,911)	(199,628)
Transfer to Lifetime ECL credit impaired (Stage 3)	1,069,291	951,593	843,449	700,325
Purchases and origination	578,254	599,037	496,013	511,037
Derecognition	(548,123)	(850,707)	(401,330)	(772,789)
Amount written off	(561,786)	(727,464)	(439,547)	(584,161)
Exchange differences	5,277	5,797	183	(3,625)
Balance as at the end of the financial period/year	3,737,136	3,483,554	2,828,378	2,555,206



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A17. Loans, Advances and Financing (continued)

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

(ii) By economic sector

	Group		Bank	
	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000
Agriculture, hunting, forestry and fishing	65,491	67,839	41,913	42,726
Mining and quarrying	218,006	202,393	5,610	1,467
Manufacturing	545,719	478,806	427,561	337,886
Electricity, gas and water	342,819	89,747	287,019	32,175
Construction	278,019	305,692	230,646	221,789
Wholesale and retail trade and restaurant and hotel	287,120	359,494	217,076	268,985
Transport, storage and communication	510,864	455,837	491,901	445,785
Finance, insurance, real estate and business services	241,895	362,056	209,275	331,107
Education, health and others	32,009	17,924	22,766	6,143
Household sector	1,184,488	1,109,278	888,131	862,454
Others	30,706	34,488	6,480	4,689
	3,737,136	3,483,554	2,828,378	2,555,206

(iii) By purpose

	Group		Bank	
	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000
Purchase of securities	47,150	93,512	24,811	73,368
Purchase of transport vehicles	93,045	100,701	30,373	42,040
Purchase of landed property:				
- Residential	812,921	767,217	606,206	594,205
- Non-residential	384,293	315,270	307,354	242,075
Purchase of property, plant and equipment other than land and building	106,245	48,853	97,431	40,840
Personal use	184,910	173,526	177,413	167,697
Credit card	32,204	29,074	28,457	25,439
Purchase of consumer durables	829	590	829	590
Construction	113,637	95,637	86,849	76,422
Working capital	1,881,908	1,789,234	1,437,394	1,271,112
Other purposes	79,994	69,940	31,261	21,418
	3,737,136	3,483,554	2,828,378	2,555,206



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A17. Loans, Advances and Financing (continued)

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

(iv) By geographical distribution

	Group		Bank	
	As at 30 September 2019	As at 31 December 2018	As at 30 September 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	2,332,920	2,195,609	1,832,419	1,686,163
Labuan Offshore	279,269	285,737	-	-
Singapore	973,039	838,978	961,728	827,655
Thailand	34,296	33,682	25,006	25,031
Brunei	9,225	16,357	9,225	16,357
Indonesia	78	-	-	-
Cambodia	85,026	88,715	-	-
Hong Kong	38	16	-	-
Lao	23,245	24,460	-	-
	<u>3,737,136</u>	<u>3,483,554</u>	<u>2,828,378</u>	<u>2,555,206</u>



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A17. Loans, Advances and Financing (continued)

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

(v) Movement in allowance for credit losses

Group	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
30 September 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 been:				
- Transferred to 12-month ECL (Stage 1)	182,934	(134,675)	(48,259)	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	(29,507)	69,500	(39,993)	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	(8,762)	(48,904)	57,666	-
	144,665	(114,079)	(30,586)	-
Allowance made/(written back) during the financial period	(163,636)	202,529	576,806	615,699
Bad debts written off	-	-	(439,763)	(439,763)
Derecognition	(52,876)	(131,359)	(118,588)	(302,823)
Exchange differences	702	470	2,807	3,979
Balance as at the end of the financial period	520,766	952,165	1,655,754	3,128,685
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 been:				
- 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	591,911	994,604	1,665,078	3,251,593



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A17. Loans, Advances and Financing (continued)

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

(v) 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
30 September 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 been:				
- Transferred to 12-month ECL (Stage 1)	148,434	(107,337)	(41,097)	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	(23,923)	53,069	(29,146)	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	(8,242)	(44,898)	53,140	-
	116,269	(99,166)	(17,103)	-
Allowance made/(written back) during the financial period	(148,115)	183,468	535,651	571,004
Bad debts written off	-	-	(330,925)	(330,925)
Derecognition	(43,327)	(97,789)	(97,408)	(238,524)
Exchange differences	250	(346)	(20)	(116)
Balance as at the end of the financial period	414,485	760,758	1,283,328	2,458,571
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 been:				
- 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	489,408	774,591	1,193,133	2,457,132



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A18. Other Assets

	Group		Bank	
	As at 30 September 2019	As at 31 December 2018	As at 30 September 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Other receivables	1,024,778	1,091,121	286,219	343,376
Cash collateral in relation to derivative transactions	175,246	239,348	175,246	239,348
Deposits	50,859	53,400	32,743	30,495
Prepayments	112,932	105,970	62,285	61,840
Amounts due from subsidiaries	-	-	96,142	246,754
	1,363,815	1,489,839	652,635	921,813



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A19. Deposits from Customers

(a) By type of deposits

	Group		Bank	
	As at 30 September 2019	As at 31 December 2018	As at 30 September 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Demand deposits	36,154,497	36,284,375	30,259,899	30,229,454
Savings deposits	10,288,757	10,107,052	8,478,025	8,404,126
Fixed/investment deposits	135,414,885	131,278,948	88,071,489	87,325,687
Negotiable instruments of deposits	1,259,753	1,185,955	1,259,753	1,185,955
	183,117,892	178,856,330	128,069,166	127,145,222

(b) By type of customer

	Group		Bank	
	As at 30 September 2019	As at 31 December 2018	As at 30 September 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	14,858,945	11,817,181	2,476,005	4,631,954
Business enterprises	99,681,281	105,062,527	73,806,639	73,724,271
Individuals	61,865,653	56,325,426	46,141,948	43,595,983
Others	6,712,013	5,651,196	5,644,574	5,193,014
	183,117,892	178,856,330	128,069,166	127,145,222

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

	Group		Bank	
	As at 30 September 2019	As at 31 December 2018	As at 30 September 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Due within six months	99,466,510	96,317,780	67,119,479	63,439,942
Six months to one year	30,259,564	33,947,548	17,984,129	23,149,265
One year to three years	6,451,105	1,299,374	4,207,799	1,113,157
Three years to five years	497,459	900,201	19,835	809,278
	136,674,638	132,464,903	89,331,242	88,511,642



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A20. Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	As at 30 September 2019	As at 31 December 2018	As at 30 September 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Licensed banks	18,712,030	16,057,418	16,757,720	16,846,493
Licensed Islamic banks	1,149,877	1,598,865	2,765	3,256
Licensed investment banks	650,187	191,678	1,105,823	298,982
Bank Negara Malaysia	435,927	415,127	383,067	374,670
Other financial institutions	414,082	27,806	2,431	2,784
	21,362,103	18,290,894	18,251,806	17,526,185

A21. Other Liabilities

	Group		Bank	
	As at 30 September 2019	As at 31 December 2018	As at 30 September 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Other creditors and accruals	1,409,869	1,593,171	872,163	1,214,257
Amount payable for redemption units	212,813	13,955	-	-
Contract liabilities	55,320	80,357	26,250	42,000
Short term employee benefits	338,672	383,495	247,175	288,683
Accrual for operational expenses	194,185	236,914	144,379	147,185
Prepaid instalments	39,389	47,328	39,389	47,189
Cash collateral pledged for derivative transactions	346,685	321,125	346,685	321,125
Remisiers' trust deposits	63,593	62,917	-	-
Amount due to trust funds	82,311	112,679	-	-
Amounts due to subsidiaries	-	-	290,853	21,684
Puttable instruments	-	70,615	-	-
	2,742,837	2,922,556	1,966,894	2,082,123



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A22. 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)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019**

A22. 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.



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A22. Segmental Reporting (continued)

Nine months ended 30 September 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	1,859,080	826,648	1,080,095	1,142,083	423,772	(71,547)	-	5,260,131
Inter-segment revenue	15,953	-	62,529	(65,404)	5,697	24,650	(43,425)	-
Segment revenue	1,875,033	826,648	1,142,624	1,076,679	429,469	(46,897)	(43,425)	5,260,131
Other operating expenses	(915,307)	(468,154)	(624,423)	(117,483)	(330,249)	(138,606)	43,425	(2,550,797)
Including:								
- Depreciation of property, plant and equipment	(43,138)	(14,643)	(17,087)	(2,338)	(14,457)	(2,186)	-	(93,849)
- Depreciation of right of use assets	(14,108)	(10,491)	(16,907)	(184)	(11,781)	(2,033)	-	(55,504)
- Amortisation of intangible assets	(35,968)	(22,726)	(15,375)	(2,799)	(9,915)	(2,754)	-	(89,537)
Allowance for credit losses on financial assets	(237,242)	(796)	15,435	16,727	(3,230)	(1,548)	-	(210,654)
Segment profit/(loss)	722,484	357,698	533,636	975,923	95,990	(187,051)	-	2,498,680
Share of results of joint ventures								(30)
Profit before taxation								2,498,650
Taxation								(633,618)
Net profit for the financial period								<u>1,865,032</u>



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A22. Segmental Reporting (continued)

As at 30 September 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	89,709,360	26,278,167	49,609,616	56,093,192	26,727,688	2,452,178	250,870,201
Investments in associates and joint ventures							9,512
Tax recoverable							532,647
Deferred tax assets							21,424
Unallocated assets							711,407
Total assets							<u>252,145,191</u>
Segment liabilities	57,162,521	28,737,212	55,971,197	51,878,707	20,581,669	1,352,121	215,683,427
Tax liabilities							76,936
Deferred tax liabilities							217,899
Borrowings							1,132,026
Senior debt securities							4,651,225
Hybrid Tier-1 Capital Securities							229,411
Subordinated obligations							2,738,620
Unallocated liabilities							1,561,813
Total liabilities							<u>226,291,357</u>



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A22. Segmental Reporting (continued)

Nine months ended 30 September 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	1,787,405	800,054	1,161,817	1,064,256	398,702	(139,157)	-	5,073,077
Inter-segment revenue	15,832	-	24,874	(8,713)	4,724	6,128	(42,845)	-
Segment revenue	1,803,237	800,054	1,186,691	1,055,543	403,426	(133,029)	(42,845)	5,073,077
Other operating expenses	(879,316)	(442,359)	(677,120)	(105,830)	(307,243)	(118,311)	42,845	(2,487,334)
Including:								
- Depreciation of property, plant and equipment	(43,694)	(12,661)	(17,010)	(1,820)	(12,089)	(2,149)	-	(89,423)
- Amortisation of intangible assets	(30,266)	(16,517)	(13,572)	(3,408)	(7,043)	(2,234)	-	(73,040)
Allowance for credit losses on financial assets	(165,928)	(78,906)	(69,924)	(5,975)	76,916	1,969	-	(241,848)
Segment profit/(loss)	757,993	278,789	439,647	943,738	173,099	(249,371)	-	2,343,895
Share of results of joint ventures								64
Profit before taxation								2,343,959
Taxation								(602,602)
Net profit for the financial period								<u>1,741,357</u>



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A22. 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>



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A23. Valuation of Property, Plant and Equipment

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

A24. Events Subsequent to Balance Sheet Date

On 3 October 2019, the Bank has fully redeemed its USD300 million in nominal value senior notes under the USD5 billion (or its equivalent in other currencies) euro medium term note programme.

Other than as mentioned above, there were no other significant event subsequent to the balance sheet date that have not been reflected in the financial statements.

A25. Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the nine months ended 30 September 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>258</u>



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A25. Changes in the Composition of the Group (continued)

There were no significant changes in the composition of the Group for the nine months ended 30 September 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 nine months ended 30 September 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) 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.

- (d) Redemption of entire investment in RHB Entrepreneur Fund

On 16 September 2019, RHB Investment Bank has fully redeemed its entire investment in RHB Entrepreneur Fund, a subsidiary, for a total sale proceeds of RM71,922,000.

The effects of the redemption on the financial results of the Group for the current financial period is not material.



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A26. Changes In Contingent Liabilities Since The Last Annual Statements Of Financial Position

(a) Commitments and Contingencies

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

The commitments and contingencies comprise the following:

	Group		Bank	
	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000
Direct credit substitutes	1,422,403	1,586,463	1,421,616	1,565,728
Transaction-related contingent items	3,948,414	5,189,623	3,620,827	4,861,283
Short term self-liquidating trade-related contingencies	857,178	1,096,962	828,443	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	3,670,465	3,300,032	3,670,465	3,300,032
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	275,647	20,361	275,647	20,361
Irrevocable commitments to extend credit				
- Maturity less than one year	1,893,097	1,903,660	607,877	516,646
- Maturity more than one year	27,776,303	27,844,792	19,541,541	20,302,395
Foreign exchange related contracts [^]				
- Less than one year	59,611,560	75,141,589	62,124,739	77,770,403
- One year to less than five years	3,141,286	3,024,523	3,697,150	3,865,873
- More than five years	1,138,133	1,238,167	1,138,133	1,238,167
Commodity related contracts [^]				
- Less than one year	223,211	148,455	223,211	148,455
- One year to less than five years	99,066	-	99,066	-
Interest rate related contracts [^]				
- Less than one year	9,869,493	10,520,565	12,319,493	11,785,566
- One year to less than five years	18,722,982	17,225,565	19,222,982	17,815,564
- More than five years	9,557,901	9,642,534	10,557,901	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	15,998,879	15,058,136	13,300,158	12,744,941
	158,206,018	172,941,427	152,649,249	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.



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A26. 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 30 September 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	151,375	151,647
Corporate guarantee issued in favour of the Stock Exchange of Thailand in relation to a derivative warrant programme of a subsidiary	602	359
	<u>151,977</u>	<u>152,006</u>

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.

A27. Capital Commitments

	Group		Bank	
	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000
Authorised and contracted for:				
- Property, plant and equipment	194,740	163,698	172,934	139,123
- Investment securities	2,039	8,845	-	-
	<u>196,779</u>	<u>172,543</u>	<u>172,934</u>	<u>139,123</u>



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A28. 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 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 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	14,846,937	14,791,837	12,085,235	12,116,174
Other reserves	788,958	722,541	535,834	499,913
FVOCI reserves	1,388,287	319,844	1,214,109	299,322
	24,018,285	22,828,325	20,829,281	19,909,512
Less:				
Goodwill	(2,638,198)	(2,633,383)	(1,651,542)	(1,651,542)
Intangible assets (include associated deferred tax liabilities)	(500,813)	(563,693)	(444,366)	(504,752)
Deferred tax assets	-	(100,192)	-	(55,305)
55% of cumulative gains arising from change in value of FVOCI instruments	(763,558)	(175,914)	(667,760)	(164,627)
Investments in subsidiaries	(111,937)	(127,779)	(4,711,343)	(4,711,343)
Other deductions [#]	(21,684)	(39,524)	(20,334)	(34,675)
Total CET I Capital	19,982,095	19,187,840	13,333,936	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	199	10,606	-	-
Total Tier I Capital	20,162,294	19,438,446	13,513,936	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	1,249,462	2,249,272	1,249,462	2,249,272
Qualifying capital instruments of a subsidiary issued to third parties ⁺	489,764	501,504	-	-
Surplus eligible provisions over expected losses	471,532	473,875	367,822	379,954
General provisions [^]	276,416	192,590	178,301	144,014
Investment in capital instrument of financial and insurance/takaful entities	-	-	(3,340)	-
Total Tier II Capital	2,787,174	3,717,241	2,092,245	3,073,240
Total Capital	22,949,468	23,155,687	15,606,181	16,100,508



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A28. Capital Adequacy Ratio (continued)

	Group		Bank [@]	
	As at 30 September 2019	As at 31 December 2018	As at 30 September 2019	As at 31 December 2018
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	16.880%	15.920%	14.921%	13.818%
Tier I Capital Ratio	17.033%	16.128%	15.122%	14.077%
Total Capital Ratio	19.387%	19.213%	17.464%	17.398%
After proposed dividends:				
CET I Capital Ratio	16.457%	15.488%	14.360%	13.254%
Tier I Capital Ratio	16.609%	15.696%	14.562%	13.514%
Total Capital Ratio	18.964%	18.780%	16.903%	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 RM183,147,000 (31 December 2018: RM61,723,000) and RM98,961,000 (31 December 2018: RM27,796,000) respectively.



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A28. Capital Adequacy Ratio (continued)

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

	RHB Islamic Bank		RHB Investment Bank	
	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 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	2,195,581	2,013,893	559,512	558,690
FVOCI reserves	131,986	(3,499)	39,149	20,853
	4,000,991	3,683,818	2,086,434	2,067,316
Less:				
Goodwill	-	-	(372,395)	(372,395)
Investments in subsidiaries, associates and joint ventures	-	-	(1,163,292)	(1,203,286)
Intangible assets (include associated deferred tax liabilities)	(3,255)	(4,271)	(26,268)	(27,055)
Deferred tax assets	-	(23,499)	(7,770)	(5,832)
55% of cumulative gains arising from change in value of FVOCI instruments	(72,593)	-	(21,532)	(11,469)
Other deductions [#]	(1,349)	(4,849)	-	-
Total CET I Capital/Tier I Capital	3,923,794	3,651,199	495,177	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	103,975	94,333	-	-
General provisions [^]	52,087	54,330	7,743	7,657
Total Tier II Capital	906,062	898,663	407,743	407,657
Total Capital	4,829,856	4,549,862	902,920	854,936
Capital ratios				
Before proposed dividends:				
CET I Capital Ratio	13.837%	13.222%	31.545%	21.323%
Tier I Capital Ratio	13.837%	13.222%	31.545%	21.323%
Total Capital Ratio	17.032%	16.476%	57.520%	40.757%
After proposed dividends:				
CET I Capital Ratio	13.837%	13.222%	31.545%	21.323%
Tier I Capital Ratio	13.837%	13.222%	31.545%	21.323%
Total Capital Ratio	17.032%	16.476%	57.520%	40.757%



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A28. 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 RM42,555,000 (31 December 2018: RM42,756,000) and RM7,710,000 (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
30 September 2019				
Credit risk	102,731,098	77,586,502	21,496,100	619,406
Market risk	3,702,634	3,274,577	290,309	181,596
Operational risk	11,941,276	8,502,061	1,877,576	768,747
Additional risk-weighted assets due to capital floor	-	-	4,693,736	-
Total risk-weighted assets	<u>118,375,008</u>	<u>89,363,140</u>	<u>28,357,721</u>	<u>1,569,749</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)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A28. 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 30 September 2019 RM'000	As at 31 December 2018 RM'000
Before proposed dividends:		
Solvency ratio	17.023%	19.438%
After proposed dividends:		
Solvency ratio	17.023%	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
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A29. Operations of Islamic Banking

(a) Statement of Financial Position as at 30 September 2019

	Group		Bank	
	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000
ASSETS				
Cash and short-term funds	3,203,466	3,461,246	415	-
Financial assets at FVTPL	165,104	274,226	-	-
Financial assets at FVOCI	5,048,688	4,150,325	-	-
Financial investments at amortised cost	3,248,566	2,856,789	-	-
Financing and advances	57,807,516	52,247,410	555,873	416,301
Other assets	536,872	488,423	185,296	10,888
Derivative assets	27,571	90,384	-	-
Statutory deposits	1,670,000	1,420,450	-	-
Deferred tax assets	-	23,241	-	-
Right of use assets	3,478	-	-	-
Property, plant and equipment	3,947	4,251	-	-
Intangible assets	3,834	4,529	-	-
Total assets	71,719,042	65,021,274	741,584	427,189
LIABILITIES				
Deposits from customers	51,462,166	45,732,352	-	-
Deposits and placements of banks and other financial institutions	4,031,525	2,819,397	573,908	393,699
Bills and acceptances payable	7,793	9,515	-	-
Other liabilities	221,223	75,747	134,283	20,217
Derivative liabilities	36,825	106,382	-	-
Recourse obligation on financing sold to Cagamas	2,272,612	2,270,239	-	-
Tax liabilities and zakat	52,044	8,376	-	-
Deferred tax liabilities	29,063	-	-	-
Lease liabilities	3,605	-	-	-
Subordinated obligations	763,052	755,326	-	-
Total liabilities	58,879,908	51,777,334	708,191	413,916
Islamic Banking Funds	12,839,134	13,243,940	33,393	13,273
Total liabilities and Islamic Banking Funds	71,719,042	65,021,274	741,584	427,189
Commitments and contingencies	15,807,805	13,825,247	13,422	12,811



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A29. Operations of Islamic Banking (continued)

(b) Income Statement for the Nine Months Ended 30 September 2019

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Group				
Income derived from investment of depositors' funds	711,428	599,236	2,061,500	1,716,537
Income derived from investment account funds	107,710	98,514	323,344	308,600
Income derived from investment of shareholders' funds	83,811	86,071	267,039	143,606
Allowance for credit losses	(26,388)	(39,058)	(17,059)	(94,813)
Total distributable income	876,561	744,763	2,634,824	2,073,930
Income attributable to depositors	(484,112)	(387,017)	(1,420,783)	(1,127,072)
	392,449	357,746	1,214,041	946,858
Personnel expenses	(9,604)	(7,141)	(27,764)	(23,405)
Other overheads and expenditures	(85,964)	(85,317)	(273,939)	(260,323)
Profit before taxation and zakat	296,881	265,288	912,338	663,130
Taxation and zakat	(49,171)	(34,853)	(136,238)	(101,026)
Net profit for the financial period	247,710	230,435	776,100	562,104

Statement of Comprehensive Income for the Nine Months Ended 30 September 2019

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period	247,710	230,435	776,100	562,104
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	67,609	35,598	190,833	19,813
- Net transfer to income statement on disposal	(7,260)	(4,266)	(12,563)	(4,919)
- Changes in expected credit losses	(1,572)	(30)	(2,704)	(542)
Income tax relating to components of other comprehensive income	(14,484)	(7,520)	(42,785)	(3,575)
Other comprehensive income, net of tax, for the financial period	44,293	23,782	132,781	10,777
Total comprehensive income for the financial period	292,003	254,217	908,881	572,881



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A29. Operations of Islamic Banking (continued)

(b) Income Statement for the Nine Months Ended 30 September 2019

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Bank				
Income derived from investment of depositors' funds	2,798	1,937	8,205	2,046
Income derived from investment of shareholders' funds	499	-	502	-
Allowance for credit losses	(2,172)	(964)	(1,018)	(967)
Total distributable income	1,125	973	7,689	1,079
Income attributable to depositors	(2,306)	(1,794)	(6,491)	(1,933)
	(1,181)	(821)	1,198	(854)
Personnel expenses	(1,400)	-	(2,802)	-
Other overheads and expenditures	(46)	-	(55)	-
Loss before taxation	(2,627)	(821)	(1,659)	(854)
Taxation	-	-	-	-
Net loss for the financial period	(2,627)	(821)	(1,659)	(854)

Statement of Comprehensive Income for the Nine Months Ended 30 September 2019

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Bank				
Net loss for the financial period	(2,627)	(821)	(1,659)	(854)
Total comprehensive loss for the financial period	(2,627)	(821)	(1,659)	(854)



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A29. Operations of Islamic Banking (continued)

(d) Financing and Advances

	Group		Bank	
	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000
At amortised cost				
Cashline	834,719	688,933	-	-
Term financing				
- Housing financing	17,662,994	15,347,041	-	-
- Syndicated term financing	1,800,852	2,130,199	-	-
- Hire purchase receivables	7,672,923	7,246,079	-	-
- Other term financing	24,801,705	21,853,436	559,321	418,736
Bills receivables	920,013	1,040,414	-	-
Trust receipts	24,748	22,622	-	-
Staff financing	5,186	3,040	-	-
Credit/charge card receivables	282,443	284,170	-	-
Revolving financing	4,178,792	4,056,999	-	-
Gross financing and advances	58,184,375	52,672,933	559,321	418,736
Less: Allowance for credit losses	(376,859)	(425,523)	(3,448)	(2,435)
Net financing and advances	57,807,516	52,247,410	555,873	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)	(21,929)	(53,484)	-	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(31,669)	(35,399)	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	206,493	204,163	-	-
Purchases and origination	28,333	54,516	-	-
Derecognition	(109,528)	(57,374)	-	-
Amount written off	(80,952)	(68,213)	-	-
Balance as at the end of the financial period/year	499,931	509,183	-	-



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A29. 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)	(Stage 2)	(Stage 3)	
	RM'000	RM'000	RM'000	RM'000
30 September 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 been:				
- Transferred to 12-month ECL (Stage 1)	31,907	(24,906)	(7,001)	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	(5,267)	15,985	(10,718)	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	(487)	(3,832)	4,319	-
	26,153	(12,753)	(13,400)	-
Allowance made/(written back) during the financial period	(17,867)	18,069	59,980	60,182
Bad debts written off	-	-	(67,585)	(67,585)
Derecognition	(7,299)	(14,226)	(19,731)	(41,256)
Exchange differences	(5)	-	-	(5)
Balance as at the end of the financial period	77,032	107,344	192,483	376,859
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 been:				
- 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
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A29. 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	(Stage 2)	(Stage 3)	RM'000
30 September 2019				
Balance as at the beginning of the financial period	2,435	-	-	2,435
Allowance written back during the financial period	1,018	-	-	1,018
Exchange differences	(5)	-	-	(5)
Balance as at the end of the financial period	<u>3,448</u>	<u>-</u>	<u>-</u>	<u>3,448</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)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

A29. Operations of Islamic Banking (continued)

	Group		Bank	
	As at 30 September 2019	As at 31 December 2018	As at 30 September 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
(e) Other Assets				
Prepayments	27,195	23,288	-	-
Deposits	1,527	1,591	-	-
Other receivables	508,150	463,544	185,296	10,888
	536,872	488,423	185,296	10,888

	Group	
	As at 30 September 2019	As at 31 December 2018
	RM'000	RM'000
(f) Deposits from Customers		
Saving Deposits		
- Wadiah	1,547,368	1,451,012
Demand Deposits		
- Wadiah	5,133,967	5,161,736
- Commodity Murabahah	-	231,130
Term Deposits		
- Commodity Murabahah	37,338,285	29,045,477
Specific Investment Account		
- Murabahah	7,339,121	9,730,411
General Investment Account		
- Mudharabah	103,425	112,586
	51,462,166	45,732,352



**RHB BANK BERHAD (6171-M)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019**

B1. Review of Group Results

(a) Current Financial Period vs Previous Financial Period

The Group recorded a net profit to RM1,861.4 million for the nine months ended 30 September 2019, an increase of 7.0%. The year-on-year earnings improvement was mainly due to higher non-fund based income and lower expected credit losses for loans and other financial assets, partially offset by higher operating expenses and lower net fund based income.

Net fund based income decreased by 0.6% to RM3,677.4 million from a year ago. Gross fund based income increased by 6.4% on the back of a 5.2% increase in gross loans and financing notwithstanding the OPR cut in May 2019. Funding and interest expense rose 12.4% year-on-year due to the impact from the OPR hike in January 2018 and higher deposit base.

Non-fund based income rose significantly by 15.3% to RM1,582.7 million, contributed largely by higher net trading and investment income, higher insurance underwriting surplus and higher capital market related fee income, partially offset by lower brokerage income and net foreign exchange gain and derivatives.

Operating expenses rose by 2.6% to RM2,550.8 million from a year ago driven by a rise in personnel costs, IT-related expenses and marketing costs. Cost-to-income ratio improved to 48.5% from 49.0% a year ago.

Allowances for credit losses on loans was at RM239.1 million. Annualised credit charge ratio stood at 0.18% compared with 0.20% over the same period last year.

Total assets for the Group increased by 3.7% from December 2018 to RM252.1 billion as at 30 September 2019, primarily due to an increase in securities portfolio and loans and financing. Shareholders' equity stood at RM25.8 billion, with net assets per share at RM6.44.

The Group's gross loans and financing grew by 5.2% year-on-year to RM172.8 billion, supported by growth in all businesses, notably in mortgages and SME, while Singapore loans grew by 7.3% year-on-year. Domestic loans and financing grew 5.1% year-on-year.

Customer deposits recorded a 6.9% growth year-on-year to RM183.1 billion as at 30 September 2019, largely attributable to growth in fixed deposits. Total current and savings account ("CASA") increased by 0.6% over the same period, with CASA composition at 25.4%.

Gross impaired loans was at RM3.7 billion as at 30 September 2019, with gross impaired loans ratio of 2.16%. Loan loss coverage for the Group, including regulatory reserves was at 105.8%.



**RHB BANK BERHAD (6171-M)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019**

B1. Review of Group Results

(b) Performance by Operating Segment

(i) Group Retail Banking

Group Retail Banking reported a pre-tax profit of RM722.5 million for the first nine months of the year ended 30 September 2019, 4.7% lower than the previous year's corresponding period. This was mainly due to higher allowances for credit losses on loans, higher operating expenses and lower non-fund based income, partially offset by higher net fund based income.

Retail loans and financing rose 7.6% year-on-year to RM88.9 billion, primarily driven by growth in mortgages.

Retail deposits increased by 12.0% year-on-year to RM57.2 billion, mainly contributed by growth in fixed deposits.

(ii) Group Business Banking

Group Business Banking recorded a pre-tax profit of RM357.7 million in the first nine months of the year, a 28.3% increase mainly due to lower allowances for credit losses on loans and higher net fund based income, partly offset by higher operating expenses.

Gross loans and financing expanded by 4.4% year-on-year to RM26.0 billion, driven mainly by Retail SME portfolio at 6.7%.

Customer deposits recorded a 16.4% growth year-on-year to RM28.6 billion, mainly contributed by growth in fixed deposits.

(iii) GWB

(a) Group Corporate & Investment Banking registered a pre-tax profit of RM533.6 million, 21.4% increase over the corresponding period due mainly to lower expected credit losses on loans, lower operating expenses and higher impairment writeback on securities, partially offset by lower net fund based income and lower non-fund based income.

Gross loans and financing remained relatively stable at RM41.6 billion year-on-year.

Deposits increased by 3.7% over the same period to RM53.0 billion primarily due to a growth in fixed deposits.

(b) Group Treasury and Global Markets recorded a 3.4% increase in pre-tax profit to RM975.9 million in the first nine months, mainly due to higher net trading and investment income and higher expected credit losses written back on financial assets, partially offset by lower net fund based income, lower net gain on foreign exchange and derivatives, and higher operating expenses.

Total deposits decreased by 7.3% to RM25.6 billion year-on-year mainly due to decline in money market time deposits.



**RHB BANK BERHAD (6171-M)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 SGD9.9 million, 72.8% lower compared to the previous year's corresponding period. This was mainly attributed to higher expected credit losses on loans and higher operating expenses, partially offset by higher non-fund based income and net fund based income.

Singapore loans and advances increased by 7.1% year-on-year to SGD4.1 billion, while deposits increased by 12.3% to SGD5.0 billion.

Group International Business excluding Singapore registered a pre-tax profit of RM66.0 million, 1.5% higher than the previous year's corresponding period. This was mainly due to improved profitability in Cambodia, partially offset by lower profit in Thailand and Lao.

B2. Current Quarter vs Previous Quarter

Pre-tax for the current quarter decreased 0.9% to RM834.0 million, from RM841.5 million recorded in the preceding quarter ended 30 June 2019. This was primarily due to lower non-fund based income, partially offset by higher net fund based income, lower operating expenses and lower expected credit losses on loans and other financial assets.

B3. Prospects for Financial Year 2019

Malaysia's GDP grew 4.4% year-on-year in Q3 2019 from 4.9% in Q2 2019 as both exports and domestic demand moderated. For the full year, GDP is expected to grow by 4.5% (2018: 4.7%) as downside risks continue to weigh on Malaysia's economy as a result of the protracted global trade tensions. For the banking sector, loans growth is expected to be slow, supported by a resilient household sector and SMEs. Additionally, another OPR cut by BNM is possible in 2020, depending largely on global economic development.

Notwithstanding the prolonged challenges in the operating environment, the Group continues its effort to strengthen its fundamentals and improve business performance. Our strategic focus under the current five-year roadmap, FIT22, is growth through key segments of affluent, SME, mid-cap and large-cap, and innovation through digital technology and adopting the AGILE way of working across the organisation aimed at better productivity and efficiency as well as delivering a holistic customer journey and ecosystem.

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)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

B5. Taxation

	3rd Quarter Ended		Nine Months Ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
Group				
Income tax based on profit for the financial period				
- Malaysian income tax	209,573	195,104	552,377	536,354
- Overseas tax	8,831	2,037	17,200	8,164
- Deferred tax	(6,578)	(8,166)	36,449	11,424
	<u>211,826</u>	<u>188,975</u>	<u>606,026</u>	<u>555,942</u>
Under provision in respect of prior financial years	5,335	9,877	27,592	46,660
	<u>217,161</u>	<u>198,852</u>	<u>633,618</u>	<u>602,602</u>

The effective tax rate of the Group for the third quarter and nine months ended 30 September 2019 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.

	3rd Quarter Ended		Nine Months Ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
Bank				
Income tax based on profit for the financial period				
- Malaysian income tax	144,159	149,206	379,460	401,926
- Overseas tax	2,289	379	2,295	379
- Deferred tax	(8,476)	(9,538)	22,126	12,310
	<u>137,972</u>	<u>140,047</u>	<u>403,881</u>	<u>414,615</u>
(Over)/Under provision in respect of prior financial years	(4,695)	7,827	(4,226)	40,678
	<u>133,277</u>	<u>147,874</u>	<u>399,655</u>	<u>455,293</u>

The effective tax rate of the Bank for the third quarter and nine months ended 30 September 2019 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.

B6. Status of Corporate Proposals

(a) Proposed disposal of equity interest in RHB Insurance Berhad ('RHB Insurance')

The Bank has on 31 July 2019 announced that BNM has via its letter dated 29 July 2019 stated that it has no objection for the Bank to commence negotiations with Tokio Marine Asia Pte Ltd for the proposed disposal of up to 94.7% of its equity interest held in RHB Insurance ('Proposed Disposal'). The approval is valid for six months from the date of BNM's letter.

Pursuant to the Financial Services Act 2013, the relevant parties will be required to obtain prior approval of the Minister of Finance, with the recommendation of BNM, before entering into any definitive agreement to effect the Proposed Disposal. Accordingly, a detailed announcement on the Proposed Disposal will be made upon execution of the definitive agreement(s) for the Proposed Disposal.



RHB BANK BERHAD (6171-M)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

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 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000
Deposits from customers				
- One year or less	176,169,328	176,656,755	123,841,532	125,222,787
- More than one year	6,948,564	2,199,575	4,227,634	1,922,435
	<u>183,117,892</u>	<u>178,856,330</u>	<u>128,069,166</u>	<u>127,145,222</u>
Deposits and placements of banks and other financial institutions				
- Maturing within one year	21,016,648	17,986,818	17,959,211	17,262,566
- One year to three years	169,602	193,304	155,825	190,044
- Three years to five years	74,839	110,772	36,134	73,575
- Over five years	101,014	-	100,636	-
	<u>21,362,103</u>	<u>18,290,894</u>	<u>18,251,806</u>	<u>17,526,185</u>

(b) Borrowings

	Group		Bank	
	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000
Secured				
Term loans:				
- Cambodian Riel	28,763	-	-	-
Unsecured				
Revolving credits:				
- Hong Kong Dollar	5,342	39,584	-	-
Term loans:				
- United States Dollar	860,061	981,849	860,061	981,849
- Hong Kong Dollar	3,205	-	-	-
- Singapore Dollar	63,884	90,999	-	-
Promissory note:				
- Indonesia Rupiah	29,716	57,706	-	-
- Thai Baht	141,055	12,747	-	-
	<u>1,132,026</u>	<u>1,182,885</u>	<u>860,061</u>	<u>981,849</u>
Scheduled repayment of borrowings:				
- Within one year	292,929	335,756	20,964	134,720
- One year to three years	839,097	847,129	839,097	847,129
	<u>1,132,026</u>	<u>1,182,885</u>	<u>860,061</u>	<u>981,849</u>



RHB BANK BERHAD (6171-M)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

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 30 September 2019 RM'000	As at 31 December 2018 RM'000
USD300 million 3.088% senior debt securities due in 2019 [^]	1,275,185	1,248,208
USD500 million 2.503% senior debt securities due in 2021	2,116,856	2,075,456
USD300 million 3.766% senior debt securities due in 2024	1,259,184	-
	<u>4,651,225</u>	<u>3,323,664</u>

[^] The Bank had on 3 October 2019 fully redeemed the USD300 million in nominal value senior debt securities as disclosed in Note A24.

(d) Hybrid Tier-1 Capital Securities

	Group		Bank	
	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 2019 RM'000	As at 31 December 2018 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	229,411	225,624	234,509	230,638
	<u>229,411</u>	<u>603,221</u>	<u>234,509</u>	<u>608,235</u>

(e) Subordinated obligations

	Group		Bank	
	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000
5.60% RM300 million Tier II Subordinated Notes 2010/2025	307,134	302,946	307,134	302,946
4.95% RM500 million Tier II Subordinated Sukuk Murabahah 2014/2024	-	503,187	-	-
4.99% RM1 billion Tier II Subordinated Notes 2014/2024	-	1,023,925	-	1,023,925
4.95% RM200 million Tier II Subordinated Notes 2015/2025	204,530	202,061	-	-
4.75% RM500 million Tier II Subordinated Notes 2015/2025	509,432	503,363	509,432	503,363
4.88% RM250 million Tier II Subordinated Sukuk Murabahah 2017/2027	255,181	252,139	-	-
4.82% RM750 million Tier II Subordinated Notes 2017/2027	749,827	758,832	749,827	758,832
4.90% RM200 million Tier II Subordinated Notes 2017/2027	204,645	202,202	-	-
4.32% RM500 million Tier II Subordinated Sukuk Murabahah 2019/2029	507,871	-	-	-
	<u>2,738,620</u>	<u>3,748,655</u>	<u>1,566,393</u>	<u>2,589,066</u>

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 A28) for the purpose of determining the capital adequacy ratios of the respective subsidiaries.



RHB BANK BERHAD (6171-M)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

B8. Derivative Financial Instruments

Details of derivative financial instruments outstanding are as follows:

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

Group	As at 30 September 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
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Forwards/swaps	54,836,868	240,459	174,472	72,781,350	408,504	488,934
- Options	3,188,302	12,603	8,281	435,037	827	578
- Cross-currency interest rate swaps	5,865,809	327,169	400,034	6,190,687	503,616	455,016
	63,890,979	580,231	582,787	79,407,074	912,947	944,528
Interest rate related contracts						
- Swaps	36,459,376	380,895	404,903	36,833,664	210,433	156,483
	36,459,376	380,895	404,903	36,833,664	210,433	156,483
Commodity related contracts						
- Options	322,277	15,560	15,560	148,455	7,677	7,677
	322,277	15,560	15,560	148,455	7,677	7,677
Structured warrants	47,299	-	3,793	89,405	-	4,246
	47,299	-	3,793	89,405	-	4,246
Structured investments	18,116	4,252	-	-	-	-
	18,116	4,252	-	-	-	-
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	1,691,000	92	33,711	555,000	-	3,767
	1,691,000	92	33,711	555,000	-	3,767
Total	102,429,047	981,030	1,040,754	117,033,598	1,131,057	1,116,701



RHB BANK BERHAD (6171-M)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

B8. Derivative Financial Instruments (continued)

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

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

Bank	As at 30 September 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	56,827,119	247,695	179,595	74,972,799	420,881	496,622
- Options	3,188,302	12,603	8,281	435,037	827	578
- Cross-currency interest rate swaps	6,944,601	326,618	400,095	7,466,607	502,989	455,154
	66,960,022	586,916	587,971	82,874,443	924,697	952,354
Interest rate related contracts						
- Swaps	40,409,376	426,974	404,907	39,373,664	215,120	156,489
	40,409,376	426,974	404,907	39,373,664	215,120	156,489
Commodity related contracts						
- Options	322,277	15,560	15,560	148,455	7,677	7,677
	322,277	15,560	15,560	148,455	7,677	7,677
Structured investments	5,866	1,377	-	-	-	-
	5,866	1,377	-	-	-	-
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	1,691,000	92	33,711	555,000	-	3,767
	1,691,000	92	33,711	555,000	-	3,767
Total	109,388,541	1,030,919	1,042,149	122,951,562	1,147,494	1,120,287



RHB BANK BERHAD (6171-M)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

B8. Derivative Financial Instruments (continued)

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

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

Group	As at 30 September 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	59,611,560	444,565	418,552	75,144,383	711,440	717,839
- One year to three years	2,741,416	75,065	88,349	1,588,167	85,318	93,988
- More than three years	1,538,003	60,601	75,886	2,674,524	116,189	132,701
	63,890,979	580,231	582,787	79,407,074	912,947	944,528
Interest rate related contracts						
- Less than one year	9,869,493	14,018	7,997	10,220,565	16,327	32,060
- One year to three years	11,378,364	37,578	50,246	11,133,059	51,552	18,974
- More than three years	15,211,519	329,299	346,660	15,480,040	142,554	105,449
	36,459,376	380,895	404,903	36,833,664	210,433	156,483
Commodity related contracts						
- Less than one year	223,211	9,670	9,670	148,455	7,677	7,677
- One year to three years	99,066	5,890	5,890	-	-	-
	322,277	15,560	15,560	148,455	7,677	7,677
Structured warrants						
- Less than one year	47,299	-	3,793	89,405	-	4,246
	47,299	-	3,793	89,405	-	4,246
Structured investments						
- Less than one year	18,116	4,252	-	-	-	-
	18,116	4,252	-	-	-	-
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than one year	-	-	-	300,000	-	621
- More than three years	1,691,000	92	33,711	255,000	-	3,146
	1,691,000	92	33,711	555,000	-	3,767
Total	102,429,047	981,030	1,040,754	117,033,598	1,131,057	1,116,701



RHB BANK BERHAD (6171-M)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

B8. Derivative Financial Instruments (continued)

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

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

Bank	As at 30 September 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	62,124,739	451,800	423,656	77,770,403	723,530	725,274
- One year to three years	3,192,603	74,802	88,368	2,326,208	84,978	94,021
- More than three years	1,642,680	60,314	75,947	2,777,832	116,189	133,059
	66,960,022	586,916	587,971	82,874,443	924,697	952,354
Interest rate related contracts						
- Less than one year	12,319,493	14,562	7,997	11,485,566	16,542	32,060
- One year to three years	11,378,363	37,555	50,251	11,223,057	51,823	18,980
- More than three years	16,711,520	374,857	346,659	16,665,041	146,755	105,449
	40,409,376	426,974	404,907	39,373,664	215,120	156,489
Commodity related contracts						
- Less than one year	223,211	9,670	9,670	148,455	7,677	7,677
- One year to three years	99,066	5,890	5,890	-	-	-
	322,277	15,560	15,560	148,455	7,677	7,677
Structured investments						
- Less than one year	5,866	1,377	-	-	-	-
	5,866	1,377	-	-	-	-
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than one year	-	-	-	300,000	-	621
- More than three years	1,691,000	92	33,711	255,000	-	3,146
	1,691,000	92	33,711	555,000	-	3,767
Total	109,388,541	1,030,919	1,042,149	122,951,562	1,147,494	1,120,287



**RHB BANK BERHAD (6171-M)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019**

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.



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

B9. Fair Value of Financial Instruments

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

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

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

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

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

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30 September 2019				
<u>Financial assets</u>				
Financial assets at FVTPL:	351,438	3,724,460	513,658	4,589,556
- Money market instruments	-	2,241,411	-	2,241,411
- Quoted securities	351,438	-	3,403	354,841
- Unquoted securities	-	1,483,049	510,255	1,993,304
Financial assets at FVOCI:	2,414	38,706,231	695,110	39,403,755
- Money market instruments	-	15,697,015	-	15,697,015
- Quoted securities	2,414	-	-	2,414
- Unquoted securities	-	23,009,216	695,110	23,704,326
Derivative assets	2,875	978,155	-	981,030
	<u>356,727</u>	<u>43,408,846</u>	<u>1,208,768</u>	<u>44,974,341</u>
<u>Financial liabilities</u>				
Derivative liabilities	3,793	1,036,961	-	1,040,754
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	-	12,333,442	-	12,333,442
- Quoted securities	2,596	-	-	2,596
- Unquoted securities	-	19,473,869	767,926	20,241,795
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



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

B9. Fair Value of Financial Instruments (continued)

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

Bank	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
30 September 2019				
<u>Financial assets</u>				
Financial assets at FVTPL:	3,341	2,543,837	16,094	2,563,272
- Money market instruments	-	2,076,307	-	2,076,307
- Quoted securities	3,341	-	3,403	6,744
- Unquoted securities	-	467,530	12,691	480,221
Financial assets at FVOCI:	-	32,945,981	656,039	33,602,020
- Money market instruments	-	13,705,659	-	13,705,659
- Unquoted securities	-	19,240,322	656,039	19,896,361
Derivative assets	-	1,030,919	-	1,030,919
	<u>3,341</u>	<u>36,520,737</u>	<u>672,133</u>	<u>37,196,211</u>
<u>Financial liabilities</u>				
Derivative liabilities	-	1,042,149	-	1,042,149
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	-	10,791,263	-	10,791,263
- Unquoted securities	-	16,154,636	638,477	16,793,113
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



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

B9. Fair Value of Financial Instruments (continued)

(i) Valuation techniques

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

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

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

(ii) Reconciliation of fair value movements in Level 3

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

	Group		Bank	
	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000	As at 30 September 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	29,198	32,393	(2,846)	(1,654)
Purchases	26,307	46,359	3,225	1,851
Settlements	(811)	(10,660)	-	-
Exchange differences	5,954	9,534	(20)	13
Balance as at the end of the financial period/year	<u>513,658</u>	<u>453,010</u>	<u>16,094</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 gain/(loss) recognised in other comprehensive income	19,453	(42,161)	17,562	(55,589)
Transfer to level 2	-	(102,750)	-	(102,750)
Purchases	-	5,839	-	(236)
Settlements/disposal	(92,290)	(218,407)	-	(2,373)
Exchange differences	21	1,920	-	-
Balance as at the end of the financial period/year	<u>695,110</u>	<u>767,926</u>	<u>656,039</u>	<u>638,477</u>



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

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

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 type of assets:

	106,057	63,135
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



**RHB BANK BERHAD (6171-M)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019**

B11. Dividends

No dividend has been declared for the third quarter ended 30 September 2019.

B12. Earnings per Share

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
Basic earnings per share				
Profit attributable to equity holders of the Bank (RM'000)	615,828	578,690	1,861,424	1,739,771
Weighted average number of ordinary shares in issue ('000)	4,010,045	4,010,045	4,010,045	4,010,045
Earnings per share (sen)				
- Basic	15.4	14.4	46.4	43.4
- Diluted	15.4	14.4	46.4	43.4

There were no dilutive potential ordinary shares outstanding as at 30 September 2019. As a result, the diluted earnings per share equal to the basic earnings per share for the nine months ended 30 September 2019.

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
(License No. LS0006901)

Company Secretary
25 November 2019