



RHB BANK BERHAD
Registration No. 196501000373 (6171-M)

INTERIM FINANCIAL STATEMENTS
AUDITED INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	4th Quarter Ended		Twelve Months Ended	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
		RM'000	RM'000	RM'000	RM'000
Group					
Interest income	A8	1,997,348	2,075,220	8,098,328	8,015,172
Interest expense	A9	(1,066,122)	(1,177,604)	(4,488,736)	(4,359,938)
Net interest income		931,226	897,616	3,609,592	3,655,234
Other operating income	A10	526,049	448,264	1,876,714	1,722,052
Income from Islamic Banking business	A30(b)	383,364	386,656	1,614,464	1,428,327
Net income		1,840,639	1,732,536	7,100,770	6,805,613
Other operating expenses	A11	(920,962)	(870,321)	(3,471,759)	(3,357,655)
Operating profit before allowances		919,677	862,215	3,629,011	3,447,958
Allowance for credit losses on financial assets	A12	(67,883)	(64,154)	(278,537)	(306,002)
Impairment losses made on other non-financial assets		-	(23,000)	-	(23,000)
		851,794	775,061	3,350,474	3,118,956
Share of results of joint ventures		-	35	(30)	99
Profit before taxation and zakat		851,794	775,096	3,350,444	3,119,055
Taxation and zakat	B5	(229,017)	(207,541)	(862,635)	(810,143)
Net profit for the financial period/year		622,777	567,555	2,487,809	2,308,912
Attributable to:					
- Equity holders of the Bank		621,008	565,425	2,482,432	2,305,196
- Non-controlling interests		1,769	2,130	5,377	3,716
		622,777	567,555	2,487,809	2,308,912
Earnings per share (sen)					
- Basic	B12	15.5	14.1	61.9	57.5
- Diluted	B12	15.5	14.1	61.9	57.5

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



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	4th Quarter Ended		Twelve Months Ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period/year	622,777	567,555	2,487,809	2,308,912
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	(1)	7,219	(2,157)	8,193
(b) Equity instruments designated at fair value through other comprehensive income ('FVOCI')				
- Net gain/(loss) on disposal	-	-	5,664	(1,440)
- Unrealised net gain/(loss) on revaluation	(684)	(70)	20,435	33,720
(ii) Items that will be reclassified subsequently to profit or loss:				
(a) Foreign currency translation reserves				
- Currency translation differences	(61,185)	(8,381)	5,750	56,809
- Net investment hedge	(691)	(3,813)	(1,240)	(1,620)
(b) Debt instruments measured at FVOCI				
- Unrealised net gain/(loss) on revaluation	(59,938)	(1,387)	1,314,290	74,910
- Net transfer to income statements on disposal	(76,592)	(2,225)	(220,972)	(72,067)
- Changes in expected credit losses and exchange differences	1,775	(3,697)	(12,019)	(2,639)
Income tax relating to components of other comprehensive (income)/loss	32,770	463	(149,122)	(8,358)
Other comprehensive income/(loss), net of tax, for the financial period/year	(164,546)	(11,891)	960,629	87,508
Total comprehensive income for the financial period/year	458,231	555,664	3,448,438	2,396,420
Total comprehensive income attributable to:				
- Equity holders of the Bank	456,464	553,398	3,443,027	2,392,716
- Non-controlling interests	1,767	2,266	5,411	3,704
	458,231	555,664	3,448,438	2,396,420

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
Registration No. 196501000373 (6171-M)

INTERIM FINANCIAL STATEMENTS
AUDITED INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	4th Quarter Ended		Twelve Months Ended	
		31 December	31 December	31 December	31 December
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Bank					
Interest income	A8	1,991,620	2,055,439	8,042,465	7,954,609
Interest expense	A9	(1,041,865)	(1,137,176)	(4,384,157)	(4,213,342)
Net interest income		949,755	918,263	3,658,308	3,741,267
Other operating income	A10	277,830	266,061	1,150,372	872,745
Income from Islamic Banking business	A30(b)	1,322	443	3,538	556
Net income		1,228,907	1,184,767	4,812,218	4,614,568
Other operating expenses	A11	(656,791)	(581,182)	(2,357,650)	(2,206,020)
Operating profit before allowances		572,116	603,585	2,454,568	2,408,548
Allowance for credit losses	A12	(33,297)	(50,381)	(263,334)	(172,831)
Profit before taxation		538,819	553,204	2,191,234	2,235,717
Taxation	B5	(142,585)	(146,181)	(542,240)	(601,474)
Net profit for the financial period/year		396,234	407,023	1,648,994	1,634,243

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

Registration No. 196501000373 (6171-M)

**INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	4th Quarter Ended		Twelve Months Ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
Bank				
Net profit for the financial period/year	396,234	407,023	1,648,994	1,634,243
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	(708)	(50)	17,332	30,631
(ii) Items that will be reclassified subsequently to profit or loss:				
(a) Foreign currency translation reserves				
- Currency translation differences	(18,100)	(8,999)	3,074	28,117
(b) Debt instruments measured at FVOCI				
- Unrealised net gain/(loss) on revaluation	(44,510)	(3,325)	1,126,782	52,139
- Net transfer to income statements on disposal	(73,420)	(1,767)	(205,237)	(66,690)
- Changes in expected credit losses and exchange differences	2,072	(4,210)	(8,413)	(2,887)
Income tax relating to components of other comprehensive (income)/loss	28,303	1,234	(113,827)	(3,719)
Other comprehensive income/(loss), net of tax, for the financial period/year	(106,363)	(17,117)	821,255	36,149
Total comprehensive income for the financial period/year	289,871	389,906	2,470,249	1,670,392

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
Registration No. 196501000373 (6171-M)

INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	Group		Bank	
		As at 31 December 2019 RM'000	As at 31 December 2018 RM'000	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000
ASSETS					
Cash and short-term funds		11,627,992	12,553,188	5,502,893	8,855,326
Deposits and placements with banks and other financial institutions		1,095,567	898,120	5,349,632	3,092,186
Investment account due from designated financial institutions	A13	-	-	8,229,334	7,898,611
Financial assets at fair value through profit or loss ('FVTPL')	A14	4,623,447	3,800,649	2,530,288	1,891,771
Financial assets at fair value through other comprehensive income ('FVOCI')	A15	39,805,304	32,577,833	33,934,272	27,584,376
Financial investments at amortised cost	A16	14,249,409	14,090,275	9,702,802	10,228,651
Loans, advances and financing	A17	173,236,672	165,629,774	107,345,665	108,216,146
Clients' and brokers' balances		893,448	943,056	-	-
Reinsurance assets		510,176	511,236	-	-
Other assets	A18	1,258,179	1,489,839	1,104,726	921,813
Derivative assets	B8	855,256	1,131,057	903,584	1,147,494
Statutory deposits		4,549,296	4,795,230	2,608,316	2,978,677
Tax recoverable		467,103	389,172	433,364	351,451
Deferred tax assets		22,989	79,191	-	32,490
Investments in subsidiaries		-	-	4,913,885	4,911,660
Investments in associates and joint ventures		9,512	25,352	-	-
Right of use assets		112,807	-	85,960	-
Property, plant and equipment		991,305	999,962	753,638	753,531
Goodwill		2,654,122	2,649,307	1,651,542	1,651,542
Intangible assets		629,912	602,438	548,434	527,562
TOTAL ASSETS		257,592,496	243,165,679	185,598,335	181,043,287
LIABILITIES					
Deposits from customers	A19/B7(a)	190,555,225	178,856,330	131,571,124	127,145,222
Deposits and placements of banks and other financial institutions	A20/B7(a)	21,539,329	18,290,894	19,173,832	17,526,185
Obligations on securities sold under repurchase agreements		2,048,516	2,194,324	3,772,623	3,120,449
Bills and acceptances payable		254,945	301,603	205,528	247,552
Clients' and brokers' balances		824,166	841,782	-	-
General insurance contract liabilities		1,106,886	1,094,114	-	-
Other liabilities	A21	3,210,479	2,922,556	1,780,860	2,082,123
Derivative liabilities	B8	1,160,927	1,116,701	1,155,074	1,120,287
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		3,535,996	5,266,116	1,265,757	2,995,877
Tax liabilities		60,172	24,578	-	-
Deferred tax liabilities		169,763	2,308	136,711	-
Lease liabilities		111,769	-	85,267	-
Borrowings	B7(b)	1,182,527	1,182,885	840,177	981,849
Senior debt securities	B7(c)	3,296,763	3,323,664	3,296,763	3,323,664
Hybrid Tier-1 Capital Securities	B7(d)	-	603,221	-	608,235
Subordinated obligations	B7(e)	2,724,224	3,748,655	1,565,396	2,589,066
TOTAL LIABILITIES		231,781,687	219,769,731	164,849,112	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

Registration No. 196501000373 (6171-M)

INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2019

	Note	Group		Bank	
		As at 31 December 2019 RM'000	As at 31 December 2018 RM'000	As at 31 December 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		18,781,291	16,363,884	13,755,120	12,308,675
Equity attributable to holders of the Bank		25,775,394	23,357,987	20,749,223	19,302,778
Non-controlling interests ('NCI')		35,415	37,961	-	-
TOTAL EQUITY		25,810,809	23,395,948	20,749,223	19,302,778
TOTAL LIABILITIES AND EQUITY		257,592,496	243,165,679	185,598,335	181,043,287
COMMITMENTS AND CONTINGENCIES	A26(a)	150,427,794	172,941,427	143,445,965	167,318,657
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK (RM)		6.43	5.82		

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RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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	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 year	-	-	-	-	-	-	2,482,432	2,482,432	5,377	2,487,809
	Foreign currency translation reserves:										
-	Currency translation differences	-	-	-	(144)	5,831	-	-	5,687	63	5,750
-	Net investment hedge	-	-	-	-	(1,240)	-	-	(1,240)	-	(1,240)
	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	-	-	-	20,435	-	-	-	20,435	-	20,435
-	Debt instruments										
-	Unrealised net gain on revaluation	-	-	-	1,314,290	-	-	-	1,314,290	-	1,314,290
-	Net transfer to income statements on disposal	-	-	-	(220,972)	-	-	-	(220,972)	-	(220,972)
-	Changes in expected credit losses and exchange differences	-	-	-	(12,019)	-	-	-	(12,019)	-	(12,019)
	Actuarial loss on defined benefit plan of subsidiaries	-	-	-	-	-	-	(2,138)	(2,138)	(19)	(2,157)
	Income tax relating to components of other comprehensive income	-	-	-	(147,909)	-	-	(1,203)	(149,112)	(10)	(149,122)
	Other comprehensive income, net of tax, for the financial year	-	-	-	951,952	4,591	-	4,052	960,595	34	960,629
	Total comprehensive income for the financial year	-	-	-	951,952	4,591	-	2,486,484	3,443,027	5,411	3,448,438
	Dividends paid	-	-	-	-	-	-	(1,022,562)	(1,022,562)	(7,950)	(1,030,512)
	Transfer to regulatory reserves	-	-	589,305	-	-	-	(589,305)	-	-	-
	Balance as at 31 December 2019	6,994,103	513	838,992	1,328,060	688,866	23,331	15,901,529	25,775,394	35,415	25,810,809

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RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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			
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 year	-	-	-	-	-	-	2,305,196	2,305,196	3,716	2,308,912
Foreign currency translation reserves:										
- Currency translation differences	-	-	-	(1)	56,884	-	-	56,883	(74)	56,809
- Net investment hedge	-	-	-	-	(1,620)	-	-	(1,620)	-	(1,620)
Financial assets measured at FVOCI:										
- Equity instruments										
- Net loss on disposal	-	-	-	(608)	-	-	(832)	(1,440)	-	(1,440)
- Unrealised net gain on revaluation	-	-	-	33,720	-	-	-	33,720	-	33,720
- Debt instruments										
- Unrealised net gain on revaluation	-	-	-	74,910	-	-	-	74,910	-	74,910
- Net transfer to income statements on disposal	-	-	-	(72,067)	-	-	-	(72,067)	-	(72,067)
- Changes in expected credit losses and exchange differences	-	-	-	(2,639)	-	-	-	(2,639)	-	(2,639)
Actuarial gain on defined benefit plan of subsidiaries	-	-	-	-	-	-	8,141	8,141	52	8,193
Income tax relating to components of other comprehensive (income)/loss	-	-	-	(7,994)	-	-	(374)	(8,368)	10	(8,358)
Other comprehensive income/(loss), net of tax, for the financial year	-	-	-	25,321	55,264	-	6,935	87,520	(12)	87,508
Total comprehensive income for the financial year	-	-	-	25,321	55,264	-	2,312,131	2,392,716	3,704	2,396,420
Dividends paid	-	-	-	-	-	-	(701,758)	(701,758)	-	(701,758)
Transfer from regulatory reserves	-	-	(549,807)	-	-	-	549,807	-	-	-
Balance as at 31 December 2018	6,994,103	513	249,687	376,108	684,275	23,331	15,029,970	23,357,987	37,961	23,395,948

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RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 year		-	-	-	-	1,648,994
Foreign currency translation reserves:						
- Currency translation differences		-	-	-	3,074	-
Financial assets measured at FVOCI:						
- Equity instruments						
- Net gain/(loss) on disposal		-	-	(479)	-	2,023
- Unrealised net gain on revaluation		-	-	17,332	-	-
- Debt instruments						
- Unrealised net gain on revaluation		-	-	1,126,782	-	-
- Net transfer to income statements on disposal		-	-	(205,237)	-	-
- Changes in expected credit losses and exchange differences		-	-	(8,413)	-	-
Income tax relating to components of other comprehensive income		-	-	(113,827)	-	-
Other comprehensive income, net of tax, for the financial year		-	-	816,158	3,074	2,023
Total comprehensive income for the financial year		-	-	816,158	3,074	1,651,017
Dividends paid		-	-	-	-	(1,022,562)
Transfer to regulatory reserves		-	226,276	-	-	(226,276)
Balance as at 31 December 2019		6,994,103	352,506	1,165,505	374,754	11,862,355

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RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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	
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 year	-	-	-	-	1,634,243	1,634,243
Foreign currency translation reserves:						
- Currency translation differences	-	-	-	28,117	-	28,117
Financial assets measured at FVOCI:						
- Equity instruments						
- Net loss on disposal	-	-	(584)	-	(858)	(1,442)
- Unrealised net gain on revaluation	-	-	30,631	-	-	30,631
- Debt instruments						
- Unrealised net gain on revaluation	-	-	52,139	-	-	52,139
- Net transfer to income statements on disposal	-	-	(66,690)	-	-	(66,690)
- Changes in expected credit losses and exchange differences	-	-	(2,887)	-	-	(2,887)
Income tax relating to components of other comprehensive income	-	-	(3,719)	-	-	(3,719)
Other comprehensive income/(loss), net of tax, for the financial year	-	-	8,890	28,117	(858)	36,149
Total comprehensive income for the financial year	-	-	8,890	28,117	1,633,385	1,670,392
Dividends paid	-	-	-	-	(701,758)	(701,758)
Transfer from regulatory reserves	-	(596,349)	-	-	596,349	-
Balance as at 31 December 2018	6,994,103	126,230	349,347	371,680	11,461,418	19,302,778

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

Registration No. 196501000373 (6171-M)

**INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Twelve Months Ended	
	31 December 2019	31 December 2018
	RM'000	RM'000
Group		
Cash flows from operating activities		
Profit before taxation and zakat	3,350,444	3,119,055
Adjustments for:		
Allowance for credit losses on loans, advances and financing	584,111	593,720
Allowance for credit losses on other financial assets	812	(3,975)
Property, plant and equipment:		
- Depreciation	128,431	119,721
- (Gain)/Loss on disposal	(2,856)	17
- Written off	1,149	763
Intangible assets:		
- Amortisation	121,257	100,714
- Written off	252	28
Right of use assets:		
- Depreciation	75,810	-
- Gain on modification	(9)	-
Impairment losses on investment in an associate	-	23,000
Net allowance written back on financial assets at FVOCI and financial investments at amortised cost	(41,378)	(12,444)
Share of results of joint ventures	30	(99)
Net gain on financial instruments	(330,370)	(181,910)
Gain on remeasurement of previously held equity interest in a joint venture	(258)	-
Loss on disposal of a subsidiary	51	-
Dividend income from financial assets at FVTPL and financial assets at FVOCI	(87,023)	(48,315)
Interest expense on borrowings, senior debt securities, Hybrid Tier-1 Capital Securities, subordinated obligations and lease liabilities	343,668	356,896
Other non-cash items	(2,200,809)	(1,843,875)
Operating profit before working capital changes	<u>1,943,312</u>	<u>2,223,296</u>
(Increase)/Decrease in operating assets:		
Deposits and placements with banks and other financial institutions	(204,469)	271,195
Financial assets at FVTPL	(583,855)	(203,238)
Loans, advances and financing	(8,273,107)	(9,697,218)
Clients' and brokers' balances	49,608	545,481
Other assets	449,446	365,107
Statutory deposits	241,724	(790,956)
	<u>(8,320,653)</u>	<u>(9,509,629)</u>
Increase/(Decrease) in operating liabilities:		
Deposits from customers	11,815,186	13,077,118
Deposits and placements of banks and other financial institutions	3,328,672	(3,497,147)
Obligations on securities sold under repurchase agreements	(144,267)	1,590,161
Bills and acceptances payable	(46,604)	1,155
Clients' and brokers' balances	(17,616)	(527,613)
Other liabilities	573,495	(835,292)
Recourse obligation on loans sold to Cagamas	(1,730,120)	3,536,510
	<u>13,778,746</u>	<u>13,344,892</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

Registration No. 196501000373 (6171-M)

**INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Twelve Months Ended	
	31 December 2019	31 December 2018
	RM'000	RM'000
Group		
Cash generated from operations	7,401,405	6,058,559
Interest paid	(369,862)	(344,438)
Net tax and zakat paid	(826,929)	(756,037)
Net cash generated from operating activities	<u>6,204,614</u>	<u>4,958,084</u>
Cash flows from investing activities		
Net purchase of financial assets at FVOCI and financial investments at amortised cost	(6,132,734)	(3,003,223)
Property, plant and equipment:		
- Purchase	(130,988)	(113,765)
- Proceeds from disposal	5,421	195
Intangible assets:		
- Purchase	(140,524)	(207,015)
Financial assets at FVOCI and financial investments at amortised cost:		
- Interest received	1,618,231	1,394,727
- Investment income received	327,679	254,931
Dividend income received from financial assets at FVTPL and financial assets at FVOCI	87,023	48,315
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>(4,338,634)</u>	<u>(1,625,835)</u>
Cash flows from financing activities		
Net repayment of borrowings	(627)	(1,375)
Redemption of senior debt securities	(1,256,100)	-
Proceeds from issuance of senior debt securities	1,255,580	-
Redemption of Hybrid Tier-1 Capital Securities	(595,000)	-
Redemption of subordinated notes	(1,000,000)	-
Proceeds from issuance of Subordinated Sukuk Murabahah	500,000	-
Redemption of Subordinated Sukuk Murabahah	(500,000)	-
Redemption of puttable financial instruments	(74,185)	-
Dividends paid to equity holders of the Bank	(1,022,562)	(701,758)
Dividends paid to NCI	(7,950)	-
Principal lease payments	(79,422)	-
Net cash used in financing activities	<u>(2,780,266)</u>	<u>(703,133)</u>
Net (decrease)/increase in cash and cash equivalents	(914,286)	2,629,116
Effects of exchange rate differences	(10,910)	12,926
Cash and cash equivalents:		
- at the beginning of the financial year	12,553,188	9,911,146
- at the end of the financial year	<u>11,627,992</u>	<u>12,553,188</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>11,627,992</u>	<u>12,553,188</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.



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**INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Twelve Months Ended	
	31 December 2019	31 December 2018
	RM'000	RM'000
Bank		
Cash flows from operating activities		
Profit before taxation	2,191,234	2,235,717
Adjustments for:		
Allowance for credit losses on loans, advances and financing	546,792	441,823
Allowance for credit losses on other financial assets	(319)	935
Property, plant and equipment:		
- Depreciation	99,854	91,556
- Gain on disposal	(2,489)	(71)
- Written off	956	10
Intangible assets:		
- Amortisation	99,694	81,998
- Written off	5	-
Right of use assets:		
- Depreciation	47,952	-
Net allowance written back on financial assets at FVOCI and financial investments at amortised cost	(36,402)	(14,487)
Net gain on financial instruments	(230,399)	(115,035)
Dividend income from financial assets at FVOCI	(9,566)	(2,656)
Dividend income from subsidiaries	(63,544)	(9,259)
Interest expense on borrowings, senior debt securities, Hybrid Tier-1 Capital Securities, subordinated obligations and right of use assets	279,975	292,520
Other non-cash items	(1,632,200)	(1,330,488)
Operating profit before working capital changes	<u>1,291,543</u>	<u>1,672,563</u>
(Increase)/Decrease in operating assets:		
Deposits and placements with banks and other financial institutions	(2,257,107)	488,547
Investment accounts due from designated financial institutions	(330,723)	(204,087)
Financial assets at FVTPL	(466,598)	(75,256)
Loans, advances and financing	454,259	(287,358)
Other assets	44,503	605,011
Statutory deposits	370,624	(440,431)
	<u>(2,185,042)</u>	<u>86,426</u>
Increase/(Decrease) in operating liabilities:		
Deposits from customers	4,229,057	6,376,021
Deposits and placements of banks and other financial institutions	1,606,605	(5,024,427)
Obligations on securities sold under repurchase agreements	651,676	1,532,470
Bills and acceptances payable	(42,043)	(39,281)
Other liabilities	(317,499)	(924,525)
Recourse obligation on loans sold to Cagamas	(1,730,120)	1,266,271
	<u>4,397,676</u>	<u>3,186,529</u>
Cash generated from operations	3,504,177	4,945,518
Interest paid	(303,352)	(279,992)
Net tax paid	(568,688)	(581,093)
Net cash generated from operating activities	<u>2,632,137</u>	<u>4,084,433</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
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INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Twelve Months Ended	
	31 December	31 December
	2019	2018
	RM'000	RM'000
Bank		
Cash flows from investing activities		
Net purchase of financial assets at FVOCI and financial investments at amortised cost	(4,551,513)	(2,861,030)
Property, plant and equipment:		
- Purchase	(99,136)	(93,302)
- Proceeds from disposal	5,043	99
Intangible assets:		
- Purchase	(124,079)	(189,577)
Interest received from financial assets at FVOCI and financial investments at amortised cost	1,540,450	1,340,677
Dividend income received from subsidiaries	63,544	97,959
Dividend income received from financial assets at FVOCI	9,566	2,656
Additional investments in subsidiaries	(2,225)	(415,823)
Net cash used in investing activities	<u>(3,158,350)</u>	<u>(2,118,341)</u>
Cash flows from financing activities		
Net repayment of borrowings	(130,606)	(10,845)
Redemption of senior debt securities	(1,256,100)	-
Proceeds from issuance of senior debt securities	1,255,580	-
Redemption of Hybrid Tier-1 Capital Securities	(600,000)	-
Redemption of subordinated notes	(1,000,000)	-
Dividends paid to equity holders of the Bank	(1,022,562)	(701,758)
Principal lease payments	(50,323)	-
Net cash used in financing activities	<u>(2,804,011)</u>	<u>(712,603)</u>
Net (decrease)/increase in cash and cash equivalents	(3,330,224)	1,253,489
Effects of exchange rate differences	(22,209)	31,630
Cash and cash equivalents:		
- at the beginning of the financial year	8,855,326	7,570,207
- at the end of the financial year	<u>5,502,893</u>	<u>8,855,326</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>5,502,893</u>	<u>8,855,326</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.



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**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

A1. Basis Of Preparation

The interim financial statements are audited 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.

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

On 27 September 2019, Bank Negara Malaysia ('BNM') issued the revised policy document on Financial Reporting and Financial Reporting for Islamic Banking Institutions with updates to clarify on the classification of a credit facility as credit impaired including where the credit facility is rescheduled and restructured, effective 1 October 2019.

The application of the revised policy document will only affect disclosure, measurement and classification of a rescheduled and restructured credit facility as credit impaired.

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 financial year ended 31 December 2019.



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**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 financial year ended 31 December 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 financial year ended 31 December 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.
- (e) The Bank had on 3 October 2019 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 that was issued in 2014.
- (f) The Bank had on 17 December 2019 fully redeemed its RM230 million in nominal value of Hybrid Tier-I Capital Securities which were issued on 17 December 2009.

A7. Dividends Paid

During the financial year ended 31 December 2019, the Bank paid the following dividends:

- (a) 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; and
- (b) an interim single-tier dividend of 12.5 sen per share in respect of the financial year ended 31 December 2019, amounting to RM501,256,000, on 1 October 2019.

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the current financial year of 18.5 sen per share amounting to RM741,858,000 will be proposed for shareholders' approval.



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**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

A8. Interest Income

Group	4th Quarter Ended		Twelve Months Ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
Loans and advances	1,515,166	1,602,307	6,198,852	6,307,919
Money at call and deposits and placements with banks and other financial institutions	36,320	63,425	171,009	203,801
Financial assets at FVTPL	21,089	22,740	81,517	76,599
Financial assets at FVOCI - debt instruments	302,125	254,059	1,149,047	903,620
Financial investments at amortised cost	118,717	126,013	480,822	507,198
Others	3,931	6,676	17,081	16,035
	1,997,348	2,075,220	8,098,328	8,015,172
Of which:				
Interest income accrued on impaired financial assets	25,961	33,842	107,109	124,809
Bank				
Loans and advances	1,431,850	1,508,624	5,845,375	5,947,154
Money at call and deposits and placements with banks and other financial institutions	51,277	69,427	218,355	227,085
Investment account due from designated financial institutions	84,573	92,240	339,436	357,698
Securities purchased under resale agreements	-	-	-	281
Financial assets at FVTPL	21,063	22,527	80,721	75,583
Financial assets at FVOCI - debt instruments	295,351	245,336	1,121,941	867,508
Financial investments at amortised cost	106,059	113,983	429,538	466,955
Others	1,447	3,302	7,099	12,345
	1,991,620	2,055,439	8,042,465	7,954,609
Of which:				
Interest income accrued on impaired financial assets	22,298	29,757	94,145	105,785



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**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

A9. Interest Expense

Group	4th Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	131,852	134,426	511,439	579,047
Deposits from customers	827,973	913,579	3,486,141	3,299,980
Obligations on securities sold under repurchase agreements	9,578	5,654	29,982	6,730
Recourse obligation on loans sold to Cagamas	28,901	33,727	128,982	123,205
Subordinated obligations	24,363	36,938	122,494	146,544
Senior debt securities	25,337	23,253	123,641	90,064
Hybrid Tier-1 Capital Securities	3,219	11,402	21,741	45,220
Borrowings	8,669	11,250	39,334	38,118
Others	6,230	7,375	24,982	31,030
	1,066,122	1,177,604	4,488,736	4,359,938
Bank				
Deposits and placements of banks and other financial institutions	131,595	136,533	524,908	590,403
Deposits from customers	800,614	873,905	3,351,339	3,154,346
Obligations on securities sold under repurchase agreements	21,425	13,863	80,873	24,624
Recourse obligation on loans sold to Cagamas	28,901	33,727	128,982	123,205
Subordinated obligations	19,398	31,973	102,794	126,844
Senior debt securities	25,337	23,253	123,641	90,064
Hybrid Tier-1 Capital Securities	3,276	11,488	22,050	45,558
Borrowings	6,067	7,997	28,720	30,054
Others	5,252	4,437	20,850	28,244
	1,041,865	1,137,176	4,384,157	4,213,342



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**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

A10. Other Operating Income

Group	4th Quarter Ended		Twelve Months Ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
Fee income				
- Service charges and fees	45,316	52,119	170,573	174,422
- Commission	38,833	43,667	151,404	163,773
- Guarantee fees	8,629	7,344	33,439	37,282
- Commitment fees	10,084	11,664	42,000	47,835
- Net brokerage income	57,759	60,030	237,553	272,395
- Fund management fees	62,803	52,727	234,438	221,021
- Unit trust fee income	31,459	9,045	110,128	52,951
- Corporate advisory fees	18,020	10,464	52,061	46,178
- Underwriting and arrangement fees	5,242	1,551	29,682	7,214
- Other fee income	31,999	16,841	83,226	69,872
	310,144	265,452	1,144,504	1,092,943
- Fee and commission expenses	(61,396)	(28,241)	(213,223)	(133,371)
	248,748	237,211	931,281	959,572
Net gain/(loss) arising from financial assets at FVTPL				
- Net gain/(loss) on disposal	(4,141)	(9,323)	105,948	(13,965)
- Unrealised net gain/(loss) on revaluation	(10,348)	(33,743)	52,738	(31,824)
- Dividend income	21,844	11,450	76,500	44,938
	7,355	(31,616)	235,186	(851)
Net (loss)/gain on revaluation of derivatives	22,013	17,829	(57,411)	121,431
Net (loss)/gain on fair value hedges	(389)	13	(528)	56
Net gain arising from derecognition of financial investments at amortised cost	-	-	-	275
Net gain arising from financial assets at FVOCI				
- Net gain on debt instruments on disposal	73,485	12,646	205,576	98,798
- Dividend income	5,493	713	10,523	3,377
	78,978	13,359	216,099	102,175
Other income				
Net foreign exchange gain	93,337	136,083	281,596	315,203
Insurance underwriting surplus before management expenses	54,163	61,078	192,980	165,294
Gain/(Loss) on disposal of property, plant and equipment	962	(135)	2,856	(17)
Gain on remeasurement of previously held equity interest in a joint venture	-	-	258	-
Loss on disposal of a subsidiary	-	-	(51)	-
Gain on modification of right of use assets	9	-	9	-
Rental income	75	92	2,143	2,006
Other operating income	11,160	11,283	37,576	50,945
Other non-operating income	9,638	3,067	34,720	5,963
	169,344	211,468	552,087	539,394
	526,049	448,264	1,876,714	1,722,052



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**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

A10. Other Operating Income (continued)

Bank	4th Quarter Ended		Twelve Months Ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
Fee income				
- Service charges and fees	35,979	45,750	152,272	153,730
- Commission	44,455	46,189	176,384	181,643
- Guarantee fees	8,511	7,074	32,386	34,659
- Commitment fees	9,696	10,730	39,472	42,754
- Other fee income	8,467	5,580	23,902	21,580
	107,108	115,323	424,416	434,366
Net gain/(loss) arising from financial assets at FVTPL				
- Net gain/(loss) on disposal	6,581	(73)	89,327	5,533
- Unrealised net gain/(loss) on revaluation	(11,628)	(2,413)	1,840	(12,615)
	(5,047)	(2,486)	91,167	(7,082)
Net (loss)/gain on revaluation of derivatives	5,936	(10,281)	(16,649)	44,285
Net (loss)/gain on fair values hedges	(389)	13	(528)	56
Net gain arising from derecognition of financial investments at amortised cost	-	-	-	247
Net gain arising from financial assets at FVOCI				
- Net gain on debt instruments on disposal	73,420	12,603	205,237	77,529
- Dividend income	5,310	586	9,566	2,656
	78,730	13,189	214,803	80,185
Dividend income from subsidiaries	1,000	-	63,544	9,259
Other income				
Net foreign exchange gain	70,378	136,182	312,124	249,128
Gain on disposal of property, plant and equipment	815	9	2,489	71
Rental income	2,503	3,082	11,811	12,211
Other operating income	8,829	10,212	32,364	46,871
Other non-operating income	7,967	818	14,831	3,148
	90,492	150,303	373,619	311,429
	277,830	266,061	1,150,372	872,745



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**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

A11. Other Operating Expenses

Group	4th Quarter Ended		Twelve Months Ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	413,277	395,744	1,647,080	1,588,204
- Defined contribution plan	56,852	55,131	224,260	221,348
- Other staff related costs	55,066	58,094	182,361	195,774
	525,195	508,969	2,053,701	2,005,326
Establishment costs				
- Property, plant and equipment:				
- Depreciation	34,582	30,298	128,431	119,721
- Written off	882	752	1,149	763
- Intangible assets:				
- Amortisation	31,720	27,674	121,257	100,714
- Written off	247	-	252	28
- Right of use assets:				
- Depreciation	20,306	-	75,810	-
- Rental of premises	6,977	24,945	33,613	105,585
- Rental of equipment	2,867	3,723	8,122	13,475
- Insurance	8,067	8,200	34,260	32,291
- Water and electricity	7,690	9,223	31,040	32,105
- Repair and maintenance	12,265	9,131	36,705	31,610
- Security and escorting expenses	12,019	10,497	45,242	42,421
- Information technology expenses	65,937	63,226	265,554	253,815
- Others	914	2,053	6,774	8,514
	204,473	189,722	788,209	741,042
Marketing expenses				
- Sales commission	23,315	26,726	93,433	90,473
- Advertisement and publicity	21,850	28,987	65,263	64,868
- Others	24,994	21,712	93,924	89,285
	70,159	77,425	252,620	244,626
Administration and general expenses				
- Communication expenses	40,366	42,493	156,762	162,260
- Legal and professional fee	38,571	12,488	65,852	52,434
- Others	42,198	39,224	154,615	151,967
	121,135	94,205	377,229	366,661
	920,962	870,321	3,471,759	3,357,655



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**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

A11. Other Operating Expenses (continued)

	4th Quarter Ended		Twelve Months Ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
Bank				
Personnel costs				
- Salaries, allowances and bonuses	290,837	250,575	1,074,370	990,652
- Defined contribution plan	39,503	38,226	153,816	146,673
- Other staff related costs	37,113	40,604	114,607	108,415
	367,453	329,405	1,342,793	1,245,740
Establishment costs				
- Property, plant and equipment:				
- Depreciation	26,972	23,743	99,854	91,556
- Written off	850	-	956	10
- Intangible assets:				
- Amortisation	25,409	22,773	99,694	81,998
- Written off	-	-	5	-
- Right of use assets:				
- Depreciation	13,566	-	47,952	-
- Rental of premises	2,943	14,388	18,748	57,762
- Rental of equipment	2,792	3,370	7,858	12,475
- Insurance	8,845	8,949	33,927	32,458
- Water and electricity	4,613	5,136	18,287	19,087
- Repair and maintenance	6,987	6,145	24,338	23,480
- Security and escorting expenses	12,648	11,288	45,571	42,564
- Information technology expenses	38,115	38,121	151,176	153,271
	143,740	133,913	548,366	514,661
Marketing expenses				
- Sales commission	17,867	16,838	67,577	59,107
- Advertisement and publicity	22,779	27,811	50,783	48,823
- Others	12,145	10,015	42,004	37,190
	52,791	54,664	160,364	145,120
Administration and general expenses				
- Communication expenses	25,502	25,253	98,435	96,575
- Legal and professional fee	43,353	12,221	111,578	113,615
- Others	23,952	25,726	96,114	90,309
	92,807	63,200	306,127	300,499
	656,791	581,182	2,357,650	2,206,020



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A12. Allowance for Credit Losses on Financial Assets

Group	4th Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<u>Charge/(Writeback)</u>				
Loans, advances and financing:				
- Net charge	88,084	86,645	400,960	425,425
- Bad debts recovered	(69,689)	(69,996)	(265,008)	(271,299)
- Bad debts written off	61,589	60,069	183,151	168,295
	79,984	76,718	319,103	322,421
Financial assets at FVOCI	1,707	5,326	(12,347)	(1,165)
Financial investments at amortised cost	(12,377)	(11,911)	(29,031)	(11,279)
Other financial assets	(1,431)	(5,979)	812	(3,975)
	67,883	64,154	278,537	306,002
Bank				
<u>Charge/(Writeback)</u>				
Loans, advances and financing:				
- Net charge	58,425	73,129	390,905	295,255
- Bad debts recovered	(63,937)	(64,862)	(246,737)	(255,440)
- Bad debts written off	47,806	49,144	155,887	146,568
	42,294	57,411	300,055	186,383
Financial assets at FVOCI	2,003	4,612	(8,741)	(1,400)
Financial investments at amortised cost	(11,896)	(10,879)	(27,661)	(13,087)
Other financial assets	896	(763)	(319)	935
	33,297	50,381	263,334	172,831

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 Berhad ('RHB Islamic Bank').

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

Principal	Bank	
	As at	As at
	31 December	31 December
	2019	2018
	RM'000	RM'000
Personal financing	1,000,000	700,000
Other term financing	6,320,301	6,422,927
Unquoted securities	811,775	693,775
	8,132,076	7,816,702



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

	Group		Bank	
	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000
Mandatory measured at fair value				
<u>Money market instruments:</u>				
Malaysian Government Securities	491,029	745,056	491,029	745,056
Malaysian Government Treasury Bills	-	24,411	-	24,411
Malaysian Government Investment Issues	1,606,524	813,898	1,399,379	539,672
Bank Negara Malaysia Monetary Notes	-	24,873	-	24,873
Singapore Housing Development Board	30,383	-	30,383	-
Singapore Government Securities	16,922	-	16,922	-
<u>Quoted securities:</u>				
In Malaysia				
Shares, exchange traded funds and warrants	23,716	111,544	-	-
Unit trusts	65,906	67,553	-	-
Corporate bond/sukuk	3,324	13,704	3,324	3,179
Outside Malaysia				
Shares, exchange traded funds and warrants	282,457	227,837	3,337	5,294
<u>Unquoted securities:</u>				
In Malaysia				
Corporate bond/sukuk	254,807	277,460	254,807	277,460
Unit trusts	1,024,555	785,212	-	-
Commercial paper	119,813	-	119,813	-
Outside Malaysia				
Corporate bond/sukuk	211,294	271,826	211,294	271,826
Private equity funds	492,717	437,275	-	-
	4,623,447	3,800,649	2,530,288	1,891,771



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

	Group		Bank	
	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000
At fair value				
(a) Debt instruments	39,109,505	31,900,621	33,279,961	26,946,919
(b) Equity instruments	695,799	677,212	654,311	637,457
	39,805,304	32,577,833	33,934,272	27,584,376
(a) Debt instruments				
<u>Money market instruments:</u>				
Malaysian Government Securities	2,471,928	3,043,129	2,338,619	2,914,403
Malaysian Government Investment Issues	6,111,157	4,317,009	4,618,503	3,235,390
Cagamas bonds	168,360	317,761	158,135	307,617
Khazanah bonds	45,910	52,942	-	-
Negotiable instruments of deposits	650,517	1,102,277	500,980	903,443
Other foreign government investment issues	50,473	20,633	50,473	20,633
Sukuk Perumahan Kerajaan	71,596	119,853	-	49,939
Singapore Government Securities	1,125,612	1,199,663	1,125,612	1,199,663
Thailand Government Securities	581,245	429,548	581,245	429,548
Other Foreign Government Treasury Bills	1,920,742	1,007,629	1,920,742	1,007,629
Singapore Housing Development Board	677,603	722,998	677,603	722,998
<u>Unquoted securities:</u>				
In Malaysia				
Corporate bond/sukuk	18,990,597	14,276,552	15,115,781	10,915,972
Perpetual notes/sukuk	102,651	102,750	102,651	102,750
Prasarana bonds	2,175,940	1,189,007	2,150,023	1,163,546
Outside Malaysia				
Corporate bond/sukuk	3,965,174	3,998,870	3,939,594	3,973,388
	39,109,505	31,900,621	33,279,961	26,946,919
(b) Equity instruments				
<u>Quoted securities:</u>				
In Malaysia				
Shares	-	514	-	-
Outside Malaysia				
Shares	2,418	2,082	-	-
<u>Unquoted securities:</u>				
In Malaysia				
Shares	692,963	674,218	654,310	637,456
Outside Malaysia				
Shares	418	398	1	1
	695,799	677,212	654,311	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 RM204,000,000 (2018: RM761,000,000) and RM787,000,000 (2018: RM761,000,000) respectively.



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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	As at
	31 December 2019	31 December 2018
	RM'000	RM'000
Balance as at the beginning of the financial year	5,252	8,520
Derecognition	(4,224)	(4,339)
Exchange differences	(8)	1,071
Balance as at the end of the financial year	<u>1,020</u>	<u>5,252</u>

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

Group	12-month	Lifetime ECL	Lifetime ECL	Total
	ECL	not credit	credit	
	(Stage 1)	impaired	impaired	
	RM'000	(Stage 2)	(Stage 3)	RM'000
	RM'000	RM'000	RM'000	RM'000
31 December 2019				
Balance as at the beginning of the financial year	55,977	306	-	56,283
Transfer to 12-month ECL (Stage 1)	306	(306)	-	-
Allowance written back during the financial year	(5,065)	-	-	(5,065)
Purchases and origination	8,125	-	-	8,125
Derecognition and disposal	(15,407)	-	-	(15,407)
Exchange differences	328	-	-	328
Balance as at the end of the financial year	<u>44,264</u>	<u>-</u>	<u>-</u>	<u>44,264</u>
31 December 2018				
Balance as at the beginning of the financial year	58,128	794	-	58,922
Transfer to 12-month ECL (Stage 1)	802	(802)	-	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(238)	238	-	-
Allowance (written back)/made during the financial year	(11,908)	870	-	(11,038)
Purchases and origination	47,630	-	-	47,630
Derecognition and disposal	(36,964)	(793)	-	(37,757)
Exchange differences	(1,473)	(1)	-	(1,474)
Balance as at the end of the financial year	<u>55,977</u>	<u>306</u>	<u>-</u>	<u>56,283</u>



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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
31 December 2019				
Balance as at the beginning of the financial year	50,278	-	-	50,278
Allowance written back during the financial year	(2,921)	-	-	(2,921)
Purchases and origination	7,851	-	-	7,851
Derecognition and disposal	(13,671)	-	-	(13,671)
Exchange differences	328	-	-	328
Balance as at the end of the financial year	<u>41,865</u>	<u>-</u>	<u>-</u>	<u>41,865</u>
31 December 2018				
Balance as at the beginning of the financial year	52,371	794	-	53,165
Allowance written back during the financial year	(10,753)	-	-	(10,753)
Purchases and origination	45,869	-	-	45,869
Derecognition and disposal	(35,723)	(793)	-	(36,516)
Exchange differences	(1,486)	(1)	-	(1,487)
Balance as at the end of the financial year	<u>50,278</u>	<u>-</u>	<u>-</u>	<u>50,278</u>



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A16. Financial Investments at Amortised Cost

	Group		Bank	
	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000
At amortised cost				
<u>Money market instruments:</u>				
Malaysian Government Securities	100,698	100,602	100,698	100,602
Malaysian Government Investment Issues	3,182,753	3,705,897	2,651,130	3,142,579
Cagamas bonds	237,412	1,152,842	237,412	934,517
Khazanah bonds	186,108	110,467	79,180	75,672
Wakala Global Sukuk	29,682	30,246	21,211	21,620
Sukuk Perumahan Kerajaan	111,034	111,065	101,020	101,066
Other Foreign Government Treasury Bills	272,494	212,636	272,494	212,636
Sukuk (Brunei) Incorporation	30,400	39,425	30,400	39,425
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Corporate bond/sukuk	10,041,472	8,667,354	6,164,844	5,647,529
Corporate loan stocks	25,853	27,023	-	860
Prasarana bonds	343,732	274,065	272,894	208,371
	14,561,638	14,431,622	9,931,283	10,484,877
Allowance for credit losses	(312,229)	(341,347)	(228,481)	(256,226)
	14,249,409	14,090,275	9,702,802	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 RM1,839,000,000 (2018: RM1,428,000,000) and RM2,973,000,000 (2018: RM2,350,000,000) respectively.

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

	Group		Bank	
	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000
Balance as at the beginning of the financial year	141,405	144,100	63,341	64,695
Derecognition	(897)	(2,873)	(280)	(1,532)
Exchange differences	(83)	178	(83)	178
Balance as at the end of the financial year	140,425	141,405	62,978	63,341



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A16. Financial investments at amortised cost (continued)

(b) 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
31 December 2019				
Balance as at the beginning of the financial year	23,820	176,683	140,844	341,347
Allowance written back during the financial year	(2,429)	(26,873)	(280)	(29,582)
Purchases and origination	7,211	-	-	7,211
Derecognition	(5,518)	(525)	(617)	(6,660)
Exchange differences	(3)	-	(84)	(87)
Balance as at the end of the financial year	<u>23,081</u>	<u>149,285</u>	<u>139,863</u>	<u>312,229</u>
31 December 2018				
Balance as at the beginning of the financial year	23,276	185,629	143,539	352,444
Allowance (written back)/made during the financial year	17	(7,592)	(1,518)	(9,093)
Purchases and origination	14,981	-	-	14,981
Derecognition	(14,473)	(1,354)	(1,340)	(17,167)
Exchange differences	19	-	163	182
Balance as at the end of the financial year	<u>23,820</u>	<u>176,683</u>	<u>140,844</u>	<u>341,347</u>
Bank				
31 December 2019				
Balance as at the beginning of the financial year	19,017	174,430	62,779	256,226
Allowance written back during the financial year	(757)	(25,334)	(280)	(26,371)
Purchases and origination	3,249	-	-	3,249
Derecognition	(4,539)	-	-	(4,539)
Exchange differences	-	-	(84)	(84)
Balance as at the end of the financial year	<u>16,970</u>	<u>149,096</u>	<u>62,415</u>	<u>228,481</u>
31 December 2018				
Balance as at the beginning of the financial year	20,705	184,311	64,134	269,150
Allowance written back during the financial year	(166)	(8,527)	(1,518)	(10,211)
Purchases and origination	10,929	-	-	10,929
Derecognition	(12,451)	(1,354)	-	(13,805)
Exchange differences	-	-	163	163
Balance as at the end of the financial year	<u>19,017</u>	<u>174,430</u>	<u>62,779</u>	<u>256,226</u>



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A17. Loans, Advances and Financing

(a) By type

	Group		Bank	
	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000
At amortised cost				
Overdrafts	6,837,516	6,786,330	5,639,721	5,770,136
Term loans/financing				
- Housing loans/financing	61,144,001	56,096,417	42,455,732	40,489,870
- Syndicated term loans/financing	7,016,496	6,475,098	3,466,440	2,993,804
- Hire purchase receivables/financing	9,108,539	9,441,182	1,385,512	2,195,103
- Lease receivables	193	715	-	-
- Other term loans/financing	67,530,547	68,122,419	40,939,402	45,025,256
Bills receivables	3,961,067	3,429,081	3,049,995	2,388,667
Trust receipts	686,290	587,595	657,190	564,973
Claims on customers under acceptance credits	3,452,118	3,293,614	3,452,118	3,293,614
Staff loans/financing	112,373	117,045	105,342	113,618
Credit/charge card receivables	2,225,932	2,149,984	1,932,411	1,865,814
Revolving credits/financing	14,099,776	12,379,047	6,564,356	5,970,550
Gross loans, advances and financing	176,174,848	168,878,527	109,648,219	110,671,405
Fair value changes arising from fair value hedges	41,906	2,840	3,342	1,873
	176,216,754	168,881,367	109,651,561	110,673,278
Less: Allowance for credit losses	(2,980,082)	(3,251,593)	(2,305,896)	(2,457,132)
Net loans, advances and financing	173,236,672	165,629,774	107,345,665	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 RM3,312,744,000 (2018: RM4,926,747,000) and RM1,173,094,000 (2018: RM2,723,536,000) respectively.

(b) By type of customer

	Group		Bank	
	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000
Domestic non-bank financial institutions:				
- Others	3,923,700	4,002,667	831,549	544,223
Domestic business enterprises:				
- Small medium enterprises	25,523,338	23,923,063	20,702,527	20,532,892
- Others	29,410,330	30,371,727	14,866,227	17,138,866
Government and statutory bodies	7,005,672	6,966,868	1,911,967	1,941,949
Individuals	90,163,496	84,651,922	55,525,488	55,763,504
Other domestic entities	137,795	144,079	15,456	14,087
Foreign entities	20,010,517	18,818,201	15,795,005	14,735,884
	176,174,848	168,878,527	109,648,219	110,671,405



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A17. Loans, Advances and Financing (continued)

(c) By geographical distribution

	Group		Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	156,943,906	150,434,800	95,203,293	97,353,043
Labuan Offshore	1,978,689	2,483,266	-	-
Singapore	12,828,721	11,894,363	12,614,249	11,696,999
Thailand	1,829,253	1,628,349	1,663,059	1,453,771
Brunei	167,618	167,592	167,618	167,592
Indonesia	88,690	128,070	-	-
Hong Kong	27,032	88,022	-	-
Cambodia	2,113,095	1,822,861	-	-
Lao	197,844	231,204	-	-
	176,174,848	168,878,527	109,648,219	110,671,405

(d) By interest/profit rate sensitivity

	Group		Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Housing loans/financing	114,426	147,880	93,249	101,320
- Hire purchase receivables/financing	3,631,363	5,463,962	1,385,512	2,195,103
- Other fixed rate loans/financing	16,270,398	16,602,512	9,117,878	9,559,918
Variable rate				
- Base lending/financing rate plus	98,476,244	91,179,109	68,357,932	67,621,594
- Cost-plus	50,043,944	47,752,540	24,521,787	25,317,549
- Other variable rates	7,638,473	7,732,524	6,171,861	5,875,921
	176,174,848	168,878,527	109,648,219	110,671,405



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A17. Loans, Advances and Financing (continued)

(e) By economic sector

	Group		Bank	
	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000
Agriculture, hunting, forestry and fishing	3,640,554	3,739,027	2,096,069	2,461,618
Mining and quarrying	655,608	1,186,963	350,371	326,975
Manufacturing	9,492,621	8,453,566	7,075,716	6,613,596
Electricity, gas and water	2,122,290	2,445,122	1,728,133	2,049,427
Construction	12,316,993	12,155,342	7,282,412	7,801,936
Wholesale and retail trade and restaurant and hotel	14,319,252	12,852,649	11,702,940	10,596,310
Transport, storage and communication	7,216,382	7,886,642	2,066,500	3,026,887
Finance, insurance, real estate and business services	19,982,481	19,716,460	13,316,611	13,629,919
Government and government agencies	5,495,679	5,456,807	1,911,967	1,941,949
Education, health and others	5,514,353	4,942,589	2,791,386	2,294,059
Household sector	94,400,973	88,914,861	58,856,599	59,260,651
Others	1,017,662	1,128,499	469,515	668,078
	176,174,848	168,878,527	109,648,219	110,671,405

(f) By purpose

	Group		Bank	
	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000
Purchase of securities	11,305,453	11,049,203	5,072,680	6,538,214
Purchase of transport vehicles	8,702,883	8,860,127	947,556	1,558,419
Purchase of landed property:				
- Residential	59,458,474	54,684,923	41,770,722	39,841,953
- Non-residential	18,786,302	18,035,783	13,772,009	14,001,746
Purchase of property, plant and equipment other than land and building	2,645,065	3,017,858	1,962,043	2,304,220
Personal use	10,420,875	10,329,313	6,146,621	6,696,533
Credit card	2,225,932	2,149,984	1,932,411	1,865,814
Purchase of consumer durables	14,585	15,956	14,585	15,956
Construction	7,551,967	7,499,847	5,558,253	5,598,892
Working capital	37,465,094	37,363,313	23,752,175	23,510,558
Merger and acquisition	2,423,564	2,858,468	1,022,647	1,429,580
Other purposes	15,174,654	13,013,752	7,696,517	7,309,520
	176,174,848	168,878,527	109,648,219	110,671,405



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A17. Loans, Advances and Financing (continued)

(g) By remaining contractual maturities

	Group		Bank	
	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000
Maturity within one year	45,435,134	42,198,881	33,846,039	32,450,920
One year to three years	7,541,535	11,255,456	4,286,651	6,811,286
Three years to five years	14,742,896	13,171,605	5,581,448	6,731,774
Over five years	108,455,283	102,252,585	65,934,081	64,677,425
	176,174,848	168,878,527	109,648,219	110,671,405

(h) Impaired loans, advances and financing

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

	Group		Bank	
	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000
Balance as at the beginning of the financial year	3,483,554	4,044,770	2,555,206	3,140,438
Transfer to 12-month ECL (Stage 1)	(140,946)	(304,304)	(107,565)	(236,391)
Transfer to Lifetime ECL not credit impaired (Stage 2)	(204,057)	(235,168)	(132,860)	(199,628)
Transfer to Lifetime ECL credit impaired (Stage 3)	1,161,633	951,593	920,681	700,325
Purchases and origination	706,283	599,037	605,266	511,037
Derecognition	(668,725)	(850,707)	(516,048)	(772,789)
Amount written off	(857,988)	(727,464)	(704,846)	(584,161)
Exchange differences	(579)	5,797	3,947	(3,625)
Balance as at the end of the financial year	3,479,175	3,483,554	2,623,781	2,555,206



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A17. Loans, Advances and Financing (continued)

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

(ii) By economic sector

	Group		Bank	
	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000
Agriculture, hunting, forestry and fishing	60,515	67,839	39,635	42,726
Mining and quarrying	205,586	202,393	4,778	1,467
Manufacturing	505,152	478,806	392,742	337,886
Electricity, gas and water	288,619	89,747	267,404	32,175
Construction	272,855	305,692	222,660	221,789
Wholesale and retail trade and restaurant and hotel	311,918	359,494	241,942	268,985
Transport, storage and communication	422,749	455,837	408,896	445,785
Finance, insurance, real estate and business services	222,659	362,056	195,084	331,107
Education, health and others	32,962	17,924	23,000	6,143
Household sector	1,124,457	1,109,278	821,157	862,454
Others	31,703	34,488	6,483	4,689
	3,479,175	3,483,554	2,623,781	2,555,206

(iii) By purpose

	Group		Bank	
	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000
Purchase of securities	49,214	93,512	25,534	73,368
Purchase of transport vehicles	75,345	100,701	22,676	42,040
Purchase of landed property:				
- Residential	775,570	767,217	560,655	594,205
- Non-residential	350,674	315,270	273,914	242,075
Purchase of property, plant and equipment other than land and building	86,651	48,853	78,999	40,840
Personal use	178,882	173,526	168,579	167,697
Credit card	29,456	29,074	25,852	25,439
Purchase of consumer durables	853	590	853	590
Construction	119,083	95,637	92,915	76,422
Working capital	1,691,412	1,789,234	1,301,656	1,271,112
Other purposes	122,035	69,940	72,148	21,418
	3,479,175	3,483,554	2,623,781	2,555,206



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A17. Loans, Advances and Financing (continued)

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

(iv) By geographical distribution

	Group		Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	2,206,536	2,195,609	1,740,174	1,686,163
Labuan Offshore	266,821	285,737	-	-
Singapore	865,907	838,978	852,015	827,655
Thailand	34,476	33,682	25,152	25,031
Brunei	6,440	16,357	6,440	16,357
Cambodia	81,881	88,715	-	-
Hong Kong	97	16	-	-
Lao	17,017	24,460	-	-
	3,479,175	3,483,554	2,623,781	2,555,206



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A17. Loans, Advances and Financing (continued)

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

(v) Movement in allowance for credit losses

Group	12-month	Lifetime ECL	Lifetime ECL	Total
	ECL	not credit	credit	
	(Stage 1)	impaired	impaired	
	RM'000	RM'000	RM'000	RM'000
31 December 2019				
Balance as at the beginning of the financial year	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)	182,069	(141,866)	(40,203)	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	(35,256)	87,303	(52,047)	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	(11,211)	(49,845)	61,056	-
	135,602	(104,408)	(31,194)	-
Allowance made/(written back) during the financial year	(71,778)	219,210	740,370	887,802
Bad debts written off	-	-	(672,336)	(672,336)
Changes to model methodologies	(15,311)	(24,356)	(2)	(39,669)
Derecognition	(73,990)	(220,406)	(152,777)	(447,173)
Exchange differences	661	(593)	(203)	(135)
Balance as at the end of the financial year	567,095	864,051	1,548,936	2,980,082
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



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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
31 December 2019				
Balance as at the beginning of the financial year	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)	148,061	(114,425)	(33,636)	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	(29,318)	68,519	(39,201)	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	(10,688)	(45,922)	56,610	-
	108,055	(91,828)	(16,227)	-
Allowance made/(written back) during the financial year	(205,027)	247,662	667,330	709,965
Bad debts written off	-	-	(545,426)	(545,426)
Changes to model methodologies	(12,683)	(20,252)	(2)	(32,937)
Derecognition	(56,477)	(107,903)	(121,743)	(286,123)
Exchange differences	766	494	2,025	3,285
Balance as at the end of the financial year	324,042	802,764	1,179,090	2,305,896
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



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A18. Other Assets

	Group		Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Other receivables	929,870	1,091,121	384,159	343,376
Cash collateral in relation to derivative transactions	162,603	239,348	162,603	239,348
Deposits	63,768	53,400	31,892	30,495
Prepayments	101,938	105,970	58,374	61,840
Amounts due from subsidiaries	-	-	467,698	246,754
	1,258,179	1,489,839	1,104,726	921,813



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A19. Deposits from Customers

(a) By type of deposits

	Group		Bank	
	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000
Demand deposits	38,376,019	36,284,375	31,538,822	30,229,454
Savings deposits	10,554,978	10,107,052	8,739,694	8,404,126
Fixed/investment deposits	140,705,781	131,278,948	90,374,161	87,325,687
Negotiable instruments of deposits	918,447	1,185,955	918,447	1,185,955
	190,555,225	178,856,330	131,571,124	127,145,222

(b) By type of customer

	Group		Bank	
	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000
Government and statutory bodies	13,905,730	11,817,181	3,711,730	4,631,954
Business enterprises	107,669,851	105,062,527	79,328,733	73,724,271
Individuals	62,773,983	56,325,426	42,718,943	43,595,983
Others	6,205,661	5,651,196	5,811,718	5,193,014
	190,555,225	178,856,330	131,571,124	127,145,222

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

	Group		Bank	
	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000
Due within six months	95,216,919	96,317,780	62,411,341	63,439,942
Six months to one year	41,871,670	33,947,548	25,827,669	23,149,265
One year to three years	3,935,590	1,299,374	2,936,737	1,113,157
Three years to five years	600,049	900,201	116,861	809,278
	141,624,228	132,464,903	91,292,608	88,511,642



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A20. Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000
Licensed banks	19,492,073	16,057,418	18,640,809	16,846,493
Licensed Islamic banks	996,510	1,598,865	2,739	3,256
Licensed investment banks	500,155	191,678	76,175	298,982
Bank Negara Malaysia	511,165	415,127	451,805	374,670
Other financial institutions	39,426	27,806	2,304	2,784
	21,539,329	18,290,894	19,173,832	17,526,185

A21. Other Liabilities

	Group		Bank	
	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000
Other creditors and accruals	1,879,774	1,593,171	1,004,785	1,214,257
Amount payable for redemption units	312,101	13,955	-	-
Contract liabilities	47,498	80,357	22,710	42,000
Short term employee benefits	416,781	383,495	323,540	288,683
Accrual for operational expenses	217,227	236,914	173,804	147,185
Prepaid instalments	36,220	47,328	36,220	47,189
Cash collateral pledged for derivative transactions	194,010	321,125	194,010	321,125
Remisiers' trust deposits	64,861	62,917	-	-
Amount due to trust funds	42,007	112,679	-	-
Amounts due to subsidiaries	-	-	25,791	21,684
Puttable financial instruments	-	70,615	-	-
	3,210,479	2,922,556	1,780,860	2,082,123



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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.

Pursuant to the Group's internal management reporting framework, the Group's Asset Management business is now streamlined under "Group Retail Banking". Previously, the Asset Management business was part of "Group Corporate Banking and Group Investment Banking". Accordingly, the Group has restated the related corresponding segment information.

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.

This segment also covers the asset management business that focuses on providing investment management services, unit trust fund management services, Islamic funds management services, wills and trustee services.

(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 and custodian and nominee services.

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

(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.



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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.



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A22. Segmental Reporting (continued)

Twelve months ended 31 December 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	2,680,136	1,126,376	1,311,207	1,477,143	579,952	(74,044)	-	7,100,770
Inter-segment revenue	20,940	-	70,455	(76,634)	6,114	38,456	(59,331)	-
Segment revenue	2,701,076	1,126,376	1,381,662	1,400,509	586,066	(35,588)	(59,331)	7,100,770
Other operating expenses	(1,376,480)	(645,067)	(745,756)	(162,726)	(449,584)	(151,477)	59,331	(3,471,759)
Including:								
- Depreciation of property, plant and equipment	(59,937)	(20,064)	(23,163)	(3,216)	(19,180)	(2,871)	-	(128,431)
- Depreciation of right of use assets	(19,517)	(13,885)	(23,389)	(326)	(17,482)	(1,211)	-	(75,810)
- Amortisation of intangible assets	(49,463)	(30,396)	(20,319)	(3,779)	(13,242)	(4,058)	-	(121,257)
Allowance for credit losses on financial assets	(267,973)	(3,577)	(61,028)	17,684	34,709	1,648	-	(278,537)
Segment profit/(loss)	1,056,623	477,732	574,878	1,255,467	171,191	(185,417)	-	3,350,474
Share of results of joint ventures								(30)
Profit before taxation and zakat								3,350,444
Taxation and zakat								(862,635)
Net profit for the financial period								<u>2,487,809</u>



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A22. Segmental Reporting (continued)

As at 31 December 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	91,298,174	25,945,544	50,791,190	56,309,901	28,517,801	3,179,893	256,042,503
Investments in associates and joint ventures							9,512
Tax recoverable							467,103
Deferred tax assets							22,989
Unallocated assets							1,050,389
Total assets							<u>257,592,496</u>
Segment liabilities	58,197,219	28,844,637	54,527,434	58,994,460	22,115,796	1,442,592	224,122,138
Tax liabilities							60,172
Deferred tax liabilities							169,763
Borrowings							1,182,527
Senior debt securities							3,296,763
Subordinated obligations							2,724,224
Unallocated liabilities							226,100
Total liabilities							<u>231,781,687</u>



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A22. Segmental Reporting (continued)

Twelve months ended 31 December 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	2,545,506	1,066,020	1,424,481	1,387,656	536,002	(154,052)	-	6,805,613
Inter-segment revenue	18,556	-	34,019	(10,289)	6,419	8,878	(57,583)	-
Segment revenue	2,564,062	1,066,020	1,458,500	1,377,367	542,421	(145,174)	(57,583)	6,805,613
Other operating expenses	(1,317,364)	(597,736)	(788,293)	(152,262)	(416,318)	(143,265)	57,583	(3,357,655)
Including:								
- Depreciation of property, plant and equipment	(58,368)	(17,534)	(21,698)	(2,615)	(16,610)	(2,896)	-	(119,721)
- Amortisation of intangible assets	(41,674)	(23,631)	(17,610)	(4,563)	(10,135)	(3,101)	-	(100,714)
Allowance for credit losses on financial assets	(212,851)	(88,678)	(94,460)	(8,364)	88,691	9,660	-	(306,002)
Impairment losses made on other non-financial assets	-	-	(23,000)	-	-	-	-	(23,000)
Segment profit/(loss)	1,033,847	379,606	552,747	1,216,741	214,794	(278,779)	-	3,118,956
Share of results of joint ventures								99
Profit before taxation and zakat								3,119,055
Taxation and zakat								(810,143)
Net profit for the financial period								2,308,912



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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	86,009,991	25,354,862	52,315,389	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	52,770,950	25,901,243	53,835,540	56,427,360	20,089,033	1,313,292	210,337,418
Tax liabilities							24,578
Deferred tax liabilities							2,308
Borrowings							1,182,885
Senior debt securities							3,323,664
Hybrid Tier-1 Capital Securities							603,221
Subordinated obligations							3,748,655
Unallocated liabilities							547,002
Total liabilities							<u>219,769,731</u>



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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

There were no significant events subsequent to the balance sheet date that have not been reflected in the financial statements other than as disclosed below:

- (a) Bancatakaful Service Arrangement between RHB Islamic Bank and Syarikat Takaful Malaysia Keluarga Berhad ('STMKB') (formerly known as Syarikat Takaful Malaysia Berhad)

On 15 January 2020, RHB Islamic Bank has notified STMKB, of its decision not to continue with the Bancatakaful Service Arrangement with STMKB ("Discontinuance") in accordance with the terms of the Bancatakaful Service Agreement entered into on 26 August 2015. With the Discontinuance, the Bancatakaful Service Arrangement will come to an end upon the expiry of the 5th anniversary of the Bancatakaful Service Arrangement on 31 July 2020.

RHB Islamic Bank will start the process to secure a new long term takaful partner and expects to complete this process before 31 July 2020.

A25. Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the financial year ended 31 December 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 License') 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	(15,676)
Gain on remeasurement of previously held equity interest in a joint venture	<u>258</u>



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

There were no significant changes in the composition of the Group for the financial year ended 31 December 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>

- (iii) Effect of financial results

The financial results of the Acquisition in the period between the date of acquisition and the date of statements of financial position was not significant to the Group.

- (iv) 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	30,345
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 year is not material.



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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 31 December 2019 RM'000	As at 31 December 2018 RM'000	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000
Direct credit substitutes	1,386,004	1,586,463	1,381,759	1,565,728
Transaction-related contingent items	4,258,393	5,189,623	3,984,356	4,861,283
Short term self-liquidating trade-related contingencies	1,311,586	1,096,962	1,240,297	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	4,119,202	3,300,032	4,119,202	3,300,032
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	-	20,361	-	20,361
Irrevocable commitments to extend credit				
- Maturity less than one year	1,861,774	1,903,660	670,237	516,646
- Maturity more than one year	2,701,607	27,844,792	19,424,618	20,302,395
Foreign exchange related contracts^				
- Less than one year	54,600,403	75,141,589	56,549,934	77,770,403
- One year to less than five years	2,719,057	3,024,523	2,821,309	3,865,873
- More than five years	1,112,190	1,238,167	1,112,190	1,238,167
Commodity related contracts^				
- Less than one year	266,117	148,455	266,117	148,455
- One year to less than five years	24,192	-	24,192	-
Interest rate related contracts^				
- Less than one year	6,407,422	10,520,565	8,267,422	11,785,566
- One year to less than five years	19,713,844	17,225,565	20,713,844	17,815,564
- More than five years	8,642,163	9,642,534	9,142,163	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	16,303,840	15,058,136	13,728,325	12,744,941
	150,427,794	172,941,427	143,445,965	167,318,657

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



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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 31 December 2019	As at 31 December 2018
	RM'000	RM'000
Corporate guarantee issued in favour of Monetary Authority of Singapore in relation to undertaking of subsidiaries	152,009	151,647
Corporate guarantee issued in favour of the Stock Exchange of Thailand in relation to a derivative warrant programme of a subsidiary	458	359
	<u>152,467</u>	<u>152,006</u>

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

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

A27. Capital Commitments

	Group		Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Authorised and contracted for:				
- Property, plant and equipment	209,078	162,026	185,483	139,123
- Investment securities	5,796	8,845	-	-
	<u>214,874</u>	<u>170,871</u>	<u>185,483</u>	<u>139,123</u>



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

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

	Group		Bank [@]	
	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000	As at 31 December 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	15,614,585	14,791,837	12,606,320	12,116,174
Other reserves	727,132	722,541	490,905	499,913
FVOCI reserves	1,283,816	319,844	1,123,748	299,322
	24,619,636	22,828,325	21,215,076	19,909,512
Less:				
Goodwill	(2,638,198)	(2,633,383)	(1,651,542)	(1,651,542)
Intangible assets (include associated deferred tax liabilities)	(535,880)	(563,693)	(478,305)	(504,752)
Deferred tax assets	(175,214)	(100,192)	(141,690)	(55,305)
55% of cumulative gains arising from change in value of FVOCI instruments	(706,099)	(175,914)	(618,061)	(164,627)
Investments in subsidiaries	(102,425)	(102,427)	(4,713,568)	(4,711,343)
Investments in associates and joint ventures	(9,512)	(25,352)	-	-
Other deductions [#]	(16,144)	(39,524)	(14,189)	(34,675)
Total CET I Capital	20,436,164	19,187,840	13,597,721	12,787,268
Hybrid Tier-1 Capital Securities*	-	240,000	-	240,000
Qualifying non-controlling interests recognised as Tier I Capital	220	10,606	-	-
Total Tier I Capital	20,436,384	19,438,446	13,597,721	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	1,249,527	2,249,272	1,249,527	2,249,272
Qualifying capital instruments of a subsidiary issued to third parties ⁺	490,764	501,504	-	-
Surplus eligible provisions over expected losses	478,626	473,875	363,909	379,954
General provisions [^]	293,276	192,590	183,354	144,014
Investment in capital instrument of financial and insurance/takaful entities	-	-	(134,187)	-
Total Tier II Capital	2,812,193	3,717,241	1,962,603	3,073,240
Total Capital	23,248,577	23,155,687	15,560,324	16,100,508



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A28. Capital Adequacy Ratio (continued)

	Group		Bank [@]	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	16.883%	15.920%	15.145%	13.818%
Tier I Capital Ratio	16.884%	16.128%	15.145%	14.077%
Total Capital Ratio	19.207%	19.213%	17.331%	17.398%
After proposed dividends:				
CET I Capital Ratio	16.271%	15.488%	14.319%	13.254%
Tier I Capital Ratio	16.271%	15.696%	14.319%	13.514%
Total Capital Ratio	18.594%	18.780%	16.505%	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 RM202,449,000 (2018: RM61,723,000) and RM101,096,000 (2018: RM27,796,000) respectively.



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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 31 December 2019 RM'000	As at 31 December 2018 RM'000	As at 31 December 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	2,530,491	2,013,893	567,193	558,690
FVOCI reserves	117,635	(3,499)	39,360	20,853
	4,321,550	3,683,818	2,094,326	2,067,316
Less:				
Goodwill	-	-	(372,395)	(372,395)
Investments in subsidiaries, associates and joint ventures	-	-	(1,098,725)	(1,203,286)
Intangible assets (include associated deferred tax liabilities)	(3,295)	(4,271)	(25,905)	(27,055)
Deferred tax assets	(12,068)	(23,499)	(10,106)	(5,832)
55% of cumulative gains arising from change in value of FVOCI instruments	(64,699)	-	(21,648)	(11,469)
Other deductions [#]	(1,955)	(4,849)	-	-
Total CET I Capital/Tier I Capital	4,239,533	3,651,199	565,547	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	114,957	94,333	-	-
General provisions [^]	53,940	54,330	9,932	7,657
Total Tier II Capital	918,897	898,663	409,932	407,657
Total Capital	5,158,430	4,549,862	975,479	854,936
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	13.922%	13.222%	33.144%	21.323%
Tier I Capital Ratio	13.922%	13.222%	33.144%	21.323%
Total Capital Ratio	16.939%	16.476%	57.169%	40.757%
After proposed dividends:				
CET I Capital Ratio	13.627%	13.222%	24.764%	21.323%
Tier I Capital Ratio	13.627%	13.222%	24.764%	21.323%
Total Capital Ratio	16.644%	16.476%	48.788%	40.757%



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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 RM44,447,000 (2018: RM42,756,000) and RM9,917,000 (2018: RM7,501,000) respectively.

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

	Group	Bank[@]	RHB Islamic Bank	RHB Investment Bank
	RM'000	RM'000	RM'000	RM'000
31 December 2019				
Credit risk	105,139,766	77,851,675	23,474,740	794,533
Market risk	3,844,722	3,394,037	293,518	127,778
Operational risk	12,058,426	8,535,951	1,937,774	784,006
Additional risk-weighted assets due to capital floor	-	-	4,746,219	-
Total risk-weighted assets	121,042,914	89,781,663	30,452,251	1,706,317
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	120,523,724	92,542,553	27,615,534	2,097,621

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



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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 Bank Cambodia are as follows:

	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000
Before proposed dividends:		
Solvency ratio	15.477%	19.438%
After proposed dividends:		
Solvency ratio	15.477%	19.438%

The Solvency Ratio of RHB Bank Cambodia 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 Bank Cambodia's net worth divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory solvency ratio requirement in Cambodia is 15%.



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A29. Credit Exposures Arising from Transactions with Connected Parties

	Group		Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Outstanding credit exposures with connected parties (RM'000)	<u>14,117,329</u>	<u>15,268,526</u>	<u>10,712,232</u>	<u>11,807,408</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures (%)	<u>6.44</u>	<u>7.41</u>	<u>7.45</u>	<u>8.43</u>
Percentage of outstanding credit exposures to connected parties which is impaired or in default (%)	<u>0.09</u>	<u>0.08</u>	<u>0.0002</u>	<u>0.0002</u>

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



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A30. Operations of Islamic Banking

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

	Group		Bank	
	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000
ASSETS				
Cash and short-term funds	4,051,889	3,461,246	-	-
Deposits and placements with banks and other financial institutions	36,886	-	-	-
Financial assets at FVTPL	207,145	274,226	-	-
Financial assets at FVOCI	5,118,305	4,150,325	-	-
Financial investments at amortised cost	3,407,470	2,856,789	-	-
Financing and advances	60,799,611	52,247,410	570,204	416,301
Other assets	452,036	488,423	183,075	10,888
Derivative assets	8,703	90,384	-	-
Statutory deposits	1,517,000	1,420,450	-	-
Deferred tax assets	-	23,241	-	-
Right of use assets	2,924	-	-	-
Property, plant and equipment	3,979	4,251	-	-
Intangible assets	3,633	4,529	-	-
Total assets	75,609,581	65,021,274	753,279	427,189
LIABILITIES				
Deposits from customers	54,416,970	45,732,352	-	-
Deposits and placements of banks and other financial institutions	2,506,723	2,819,397	576,300	393,699
Bills and acceptances payable	12,460	9,515	-	-
Other liabilities	644,477	75,747	143,419	20,217
Derivative liabilities	123,614	106,382	-	-
Recourse obligation on financing sold to Cagamas	2,270,239	2,270,239	-	-
Provision for tax and zakat	36,025	8,376	-	-
Deferred tax liabilities	25,421	-	-	-
Lease liabilities	3,040	-	-	-
Subordinated obligations	754,565	755,326	-	-
Total liabilities	60,793,534	51,777,334	719,719	413,916
Islamic Banking Funds	14,816,047	13,243,940	33,560	13,273
Total liabilities and Islamic Banking Funds	75,609,581	65,021,274	753,279	427,189
Commitments and contingencies	15,779,974	13,825,247	13,422	12,811



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A30. Operations of Islamic Banking (continued)

(b) Income Statement for the Financial Year Ended 31 December 2019

	4th Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Group				
Income derived from investment of depositors' funds	741,795	633,118	2,803,295	2,349,655
Income derived from investment account funds	116,461	101,957	439,805	410,557
Income derived from investment of shareholders' funds	43,284	52,948	310,323	196,554
Allowance for credit losses	9,037	(23,108)	(8,022)	(117,921)
Total distributable income	910,577	764,915	3,545,401	2,838,845
Income attributable to depositors	(518,176)	(401,367)	(1,938,959)	(1,528,439)
	392,401	363,548	1,606,442	1,310,406
Personnel expenses	(7,910)	(7,274)	(35,674)	(30,679)
Other overheads and expenditures	(90,352)	(92,287)	(364,292)	(352,610)
Profit before taxation and zakat	294,139	263,987	1,206,476	927,117
Taxation and zakat	(57,771)	(43,307)	(194,009)	(144,333)
Net profit for the financial period/year	236,368	220,680	1,012,467	782,784

Statement of Comprehensive Income for the Financial Year Ended 31 December 2019

	4th Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period/year	236,368	220,680	1,012,467	782,784
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/(loss)	(15,711)	1,925	175,122	21,738
- Net transfer to income statement on disposal	(3,172)	(463)	(15,735)	(5,382)
- Changes in expected credit losses	(298)	760	(3,002)	218
Income tax relating to components of other comprehensive (income)/loss	4,532	(351)	(38,253)	(3,926)
Other comprehensive income/(loss), net of tax, for the financial period/year	(14,649)	1,871	118,132	12,648
Total comprehensive income for the financial period/year	221,719	222,551	1,130,599	795,432



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A30. Operations of Islamic Banking (continued)

(b) Income Statement for the Financial Year Ended 31 December 2019

	4th Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Bank				
Income derived from investment of depositors' funds	3,896	2,292	12,101	4,338
Income derived from investment of shareholders' funds	475	-	977	-
Allowance for credit losses	(804)	(1,434)	(1,822)	(2,401)
Total distributable income	3,567	858	11,256	1,937
Income attributable to depositors	(3,049)	(1,849)	(9,540)	(3,782)
	518	(991)	1,716	(1,845)
Personnel expenses	(483)	-	(3,285)	-
Other overheads and expenditures	(17)	-	(72)	-
Profit/(Loss) before taxation	18	(991)	(1,641)	(1,845)
Taxation	-	-	-	-
Net profit/(loss) for the financial period/year	18	(991)	(1,641)	(1,845)

Statement of Comprehensive Income for the Financial Year Ended 31 December 2019

	4th Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Bank				
Net profit/(loss) for the financial period/year	18	(991)	(1,641)	(1,845)
Total comprehensive income/(loss) for the financial period/year	18	(991)	(1,641)	(1,845)



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A30. Operations of Islamic Banking (continued)

(d) Financing and Advances

	Group		Bank	
	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000
At amortised cost				
Cashline	847,596	688,933	-	-
Term financing				
- Housing financing	18,357,927	15,347,041	-	-
- Syndicated term financing	2,881,891	2,130,199	-	-
- Hire purchase receivables	7,723,027	7,246,079	-	-
- Other term financing	25,317,460	21,853,436	574,458	418,736
Bills receivables	910,771	1,040,414	-	-
Trust receipts	29,100	22,622	-	-
Staff financing	6,709	3,040	-	-
Credit/charge card receivables	293,523	284,170	-	-
Revolving financing	4,776,914	4,056,999	-	-
Gross financing and advances	61,144,918	52,672,933	574,458	418,736
Less: Allowance for credit losses	(345,307)	(425,523)	(4,254)	(2,435)
Net financing and advances	60,799,611	52,247,410	570,204	416,301

(i) Movements in impaired financing and advances

Balance as at the beginning of the financial year	509,183	464,974	-	-
Transfer to 12-month ECL (Stage 1)	(18,522)	(53,484)	-	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(71,197)	(35,399)	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	209,647	204,163	-	-
Purchases and origination	46,347	54,516	-	-
Derecognition	(99,603)	(57,374)	-	-
Amount written off	(109,686)	(68,213)	-	-
Balance as at the end of the financial year	466,169	509,183	-	-



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**NOTES TO AUDITED INTERIM FINANCIAL
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A30. 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
31 December 2019				
Balance as at the beginning of the financial year	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)	31,585	(25,017)	(6,568)	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	(5,332)	18,178	(12,846)	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	(483)	(3,649)	4,132	-
	25,770	(10,488)	(15,282)	-
Allowance made/(written back) during the financial year	(19,113)	13,448	66,258	60,593
Bad debts written off	-	-	(84,924)	(84,924)
Changes to model methodologies	(2,628)	(4,104)	-	(6,732)
Derecognition	(8,260)	(15,501)	(25,389)	(49,150)
Exchange differences	(3)	-	-	(3)
Balance as at the end of the financial year	71,816	99,609	173,882	345,307
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



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A30. 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)	(Stage 2)	(Stage 3)	
	RM'000	RM'000	RM'000	RM'000
31 December 2019				
Balance as at the beginning of the financial year	2,435	-	-	2,435
Allowance made during the financial year	1,822	-	-	1,822
Exchange differences	(3)	-	-	(3)
Balance as at the end of the financial year	<u>4,254</u>	<u>-</u>	<u>-</u>	<u>4,254</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>



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A30. Operations of Islamic Banking (continued)

	Group		Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
(e) Other Assets				
Prepayments	26,794	23,288	-	-
Deposits	1,527	1,591	-	-
Other receivables	423,715	463,544	183,075	10,888
	452,036	488,423	183,075	10,888

	Group	
	As at 31 December 2019	As at 31 December 2018
	RM'000	RM'000
(f) Deposits from Customers		
Saving Deposits		
- Wadiah	1,546,038	1,451,012
Demand Deposits		
- Wadiah	4,922,269	5,161,736
- Commodity Murabahah	899,010	231,130
Term Deposits		
- Commodity Murabahah	39,937,853	29,045,477
Specific Investment Account		
- Murabahah	7,011,168	9,730,411
General Investment Account		
- Mudharabah	100,632	112,586
	54,416,970	45,732,352



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B1. Review of Group Results

(a) Current Financial Year vs Previous Financial Year

The Group reported a net profit of RM2,482.4 million for the financial year ended 31 December 2019, an increase of 7.7% over the last financial year. The year-on-year earnings improvement was mainly due to higher net fund based income and non-fund based, higher expected credit losses written back for other financial assets and absence of one-off impairment on other non-financial assets, partially offset by higher operating expenses.

Net fund based income increased by 0.4% to RM4,964.4 million from a year ago. Gross fund based income increased by 5.2% on the back of a 4.3% increase in gross loans and financing. Funding and interest expense rose 9.2% 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 14.7% to RM2,136.4 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 3.4% to RM3,471.8 million from a year ago driven by a rise in personnel costs, IT-related expenses and marketing costs. Cost-to-income ratio improved to 48.9% from 49.3% a year ago.

Allowances for credit losses on loans was at RM319.1 million. Full year credit charge ratio improved to 0.18% compared with 0.19% over the same period last year.

Total assets for the Group increased by 5.9% from December 2018 to RM257.6 billion as at 31 December 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 RM6.43.

The Group's gross loans and financing grew by 4.3% year-on-year to RM176.2 billion, supported by growth in all businesses, notably in mortgages and SME, while Singapore loans grew by 7.6% year-on-year. Domestic loans and financing grew 3.9% year-on-year.

Customer deposits grew by 6.5% year-on-year to RM190.6 billion as at 31 December 2019, largely attributable to growth in fixed deposits. Total current and savings account ("CASA") increased by 5.5%, with CASA composition at 25.7%.

Gross impaired loans was at RM3.5 billion as at 31 December 2019, with gross impaired loans ratio improved to 1.97% from 2.06% a year ago. Loan loss coverage for the Group, including regulatory reserves was at 107.9%.



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**NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS
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B1. Review of Group Results

(b) Performance by Operating Segment

(i) Group Retail Banking

Group Retail Banking reported a pre-tax profit of RM1,056.6 million, 2.2% higher than the previous year. This was mainly due to higher net fund based income, partially offset by higher operating expenses and allowances for credit losses on loans.

Retail loans and financing rose 6.4% to RM90.1 billion, primarily driven by growth in mortgages.

Retail deposits increased by 10.0% to RM57.7 billion, mainly contributed by growth in fixed deposits and current account balances.

(ii) Group Business Banking

Group Business Banking recorded a 25.8% increase in pre-tax profit to RM477.7 million, mainly due to higher net fund based income and lower allowances for credit losses on loans, partly offset by higher operating expenses.

Gross loans and financing grew by 2.7% to RM25.9 billion, driven mainly by Retail SME portfolio at 4.2%.

Customer deposits recorded a robust 13.5% growth to reach RM28.7 billion as at 31 December 2019 due to strong growth in fixed deposits and current account.

(iii) GWB

(a) Group Corporate & Investment Banking registered a 4.0% increase in pre-tax profit to RM574.9 million. This is on the back of lower allowances for credit losses on loans, higher impairment losses written back on other financial assets, lower operating expenses and the absence of a one-off impairment in joint venture in 2018, partially offset by lower net fund based income and lower non-fund based income.

Gross loans and financing remained relatively stable at RM43.4 billion.

Deposits increased by 1.7% to RM51.9 billion primarily due to growth in fixed deposits.

(b) Group Treasury and Global Markets recorded a 3.2% increase in pre-tax profit to RM1,255.5 million, mainly due to higher net trading and investment income and higher expected credit losses written back on other 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 3.8% to RM31.4 billion mainly due to decline in money market time deposits.



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B1. Review of Group Results (continued)

(b) Performance by Operating Segment (continued)

(iv) Group International Business

RHB Bank Singapore recorded a pre-tax profit of SGD24.7 million, 40.9% lower compared to the previous year. This was mainly attributed to lower expected credit losses written back on loans and higher operating expenses, partially offset by higher net fund based income and non-fund based income.

Singapore loans and advances increased by 7.6% to SGD4.1 billion, while deposits increased by 21.2% to SGD5.4 billion.

Group International Business excluding Singapore registered a pre-tax profit of RM96.1 million, 7.3% 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 profit for the current quarter increased by 2.1% to RM851.8 million, from RM834.0 million recorded in the preceding quarter ended 30 September 2019. This was primarily due to higher non-fund based income and net fund based income, and lower expected credit losses on other financial assets, partially offset by higher operating expenses and higher expected credit losses on loans.

B3. Prospects for Financial Year 2020

Malaysia is expected to achieve a GDP growth of 4.0% in 2020 with private consumption continuing to be the primary driver for growth. Externally, protracted US-China trade tensions and the Covid-19 outbreak continue to project downside risks to the country's exports. For the Malaysian banking sector, loans and financing growth is expected to moderate slightly to 3.6% year-on-year, supported by a resilient household sector.

As the operating environment continues to be challenging, we remain cautious, placing emphasis on growing our assets responsibly, and managing cost and asset quality as we continue to strengthen our business fundamentals. Our five-year strategy, FIT22, has been progressing well and is now into its third year. We remain focused on improving business performance and enterprise wide capabilities through digital technology, customer journeys and ecosystems, as well as the implementation of the AGILE way of working.

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

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



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B5. Taxation and zakat

	4th Quarter Ended		Twelve Months Ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
Group				
Income tax based on profit for the financial period				
- Malaysian income tax	237,438	280,652	786,342	817,006
- Overseas tax	6,491	4,089	23,691	12,253
Deferred tax	(17,788)	(86,226)	18,661	(74,802)
	<u>226,141</u>	<u>198,515</u>	<u>828,694</u>	<u>754,457</u>
Under provision in respect of prior financial years	1,349	5,026	28,941	51,686
Tax expense	<u>227,490</u>	<u>203,541</u>	<u>857,635</u>	<u>806,143</u>
Zakat	1,527	4,000	5,000	4,000
	<u>229,017</u>	<u>207,541</u>	<u>862,635</u>	<u>810,143</u>

The effective tax rate of the Group for the fourth quarter and financial year ended 31 December 2019 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.

	4th Quarter Ended		Twelve Months Ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
Bank				
Income tax based on profit for the financial period				
- Malaysian income tax	159,284	215,707	538,744	617,633
- Overseas tax	414	(961)	2,709	(582)
Deferred tax	(17,300)	(73,834)	4,826	(61,524)
	<u>142,398</u>	<u>140,912</u>	<u>546,279</u>	<u>555,527</u>
(Over)/Under provision in respect of prior financial years	187	5,269	(4,039)	45,947
	<u>142,585</u>	<u>146,181</u>	<u>542,240</u>	<u>601,474</u>

The effective tax rate of the Bank for the fourth quarter and financial year ended 31 December 2019 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.



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B6. Status of Corporate Proposals

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

The Bank had on 31 July 2019, announced that BNM had 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 ('TMA') 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.

The Bank had on 12 December 2019, announced that after much negotiations and deliberations, both the Bank and TMA have not been able to reach an agreement on mutually acceptable terms and conditions for the Proposed Disposal. Accordingly, the Bank and TMA have mutually agreed to cease negotiations, and will not proceed with the Proposed Disposal.

(b) Proposed cessation of business operations of subsidiaries in Hong Kong

RHB Hong Kong Limited ('RHB Hong Kong') and its subsidiaries (collectively, 'RHB Hong Kong Group'), had on 4 December 2019 decided that they will commence to cease their business operations ('Proposed Cessation'). RHB Hong Kong is a wholly-owned subsidiary of RHB Investment Bank, which in turn is wholly-owned by the Bank.

Pursuant to the Proposed Cessation, RHB Hong Kong Group will gradually discontinue offering financial services to its existing and potential clients. RHB Investment Bank, being the shareholder of RHB Hong Kong Group will provide the requisite support to ensure an orderly winding down of their business operations.

The increasingly challenging operating broking environment in Hong Kong has resulted in losses being recorded for RHB Hong Kong Group. As a result, it is no longer viable for RHB Hong Kong Group to continue its business operations. The Proposed Cessation would allow RHB Investment Bank to refocus efforts and resources in driving long-term growth in other ASEAN markets in line with the larger RHB Banking Group's FIT22 strategy.

The Proposed Cessation is not subject to the approval of the shareholders of the Bank or any regulatory authorities. Barring any unforeseen circumstances, the Proposed Cessation is expected to be completed by the second quarter of 2020.



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

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

	Group		Bank	
	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000
Deposits from customers				
- One year or less	186,019,586	176,656,755	128,517,526	125,222,787
- More than one year	4,535,639	2,199,575	3,053,598	1,922,435
	<u>190,555,225</u>	<u>178,856,330</u>	<u>131,571,124</u>	<u>127,145,222</u>
Deposits and placements of banks and other financial institutions				
- Maturing within one year	21,112,852	17,986,818	18,806,380	17,262,566
- One year to three years	155,872	193,304	136,630	190,044
- Three years to five years	69,400	110,772	29,617	73,575
- Over five years	201,205	-	201,205	-
	<u>21,539,329</u>	<u>18,290,894</u>	<u>19,173,832</u>	<u>17,526,185</u>

(b) Borrowings

	Group		Bank	
	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000
Secured				
Term loans:				
- Cambodian Riel	112,930	-	-	-
Unsecured				
Revolving credits:				
- Hong Kong Dollar	-	39,584	-	-
Term loans:				
- United States Dollar	840,177	981,849	840,177	981,849
- Hong Kong Dollar	3,101	-	-	-
- Singapore Dollar	72,972	90,999	-	-
Promissory note:				
- Indonesia Rupiah	29,673	57,706	-	-
- Thai Baht	123,674	12,747	-	-
	<u>1,182,527</u>	<u>1,182,885</u>	<u>840,177</u>	<u>981,849</u>
Scheduled repayment of borrowings:				
- Within one year	978,026	335,756	635,676	134,720
- One year to three years	204,501	847,129	204,501	847,129
	<u>1,182,527</u>	<u>1,182,885</u>	<u>840,177</u>	<u>981,849</u>



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**NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 31 December 2019	As at 31 December 2018
	RM'000	RM'000
USD300 million 3.088% senior debt securities due in 2019	-	1,248,208
USD500 million 2.503% senior debt securities due in 2021	2,055,132	2,075,456
USD300 million 3.766% senior debt securities due in 2024	1,241,631	-
	3,296,763	3,323,664

(d) Hybrid Tier-1 Capital Securities

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

(e) Subordinated obligations

	Group		Bank	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
5.60% RM300 million Tier II Subordinated Notes 2010/2025	302,946	302,946	302,946	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	202,061	202,061	-	-
4.75% RM500 million Tier II Subordinated Notes 2015/2025	503,474	503,363	503,474	503,363
4.88% RM250 million Tier II Subordinated Sukuk Murabahah 2017/2027	252,139	252,139	-	-
4.82% RM750 million Tier II Subordinated Notes 2017/2027	758,976	758,832	758,976	758,832
4.90% RM200 million Tier II Subordinated Notes 2017/2027	202,202	202,202	-	-
4.32% RM500 million Tier II Subordinated Sukuk Murabahah 2019/2029	502,426	-	-	-
	2,724,224	3,748,655	1,565,396	2,589,066

The subordinated obligations comprise unsecured liabilities of the Bank and its investment and islamic bank subsidiaries and are subordinated to the senior indebtedness in accordance with their respective terms and conditions of issuance and qualify as Tier II capital (as disclosed in Note A28) for the purpose of determining the capital adequacy ratios of the respective subsidiaries.



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B8. Derivative Financial Instruments

Details of derivative financial instruments outstanding are as follows:

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

Group	As at 31 December 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	52,494,800	304,168	623,039	72,781,350	408,504	488,934
- Options	2,181,278	11,933	5,226	435,037	827	578
- Cross-currency interest rate swaps	3,755,572	217,884	161,926	6,190,687	503,616	455,016
	58,431,650	533,985	790,191	79,407,074	912,947	944,528
Interest rate related contracts						
- Swaps	30,255,839	303,302	262,100	35,416,884	200,473	136,414
Commodity related contracts						
- Options	290,309	11,831	11,831	148,455	7,677	7,677
Structured warrants	43,817	-	4,277	89,405	-	4,246
Structured investments	18,116	4,437	-	-	-	-
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	4,507,590	1,701	92,528	1,971,780	9,960	23,836
Total	93,547,321	855,256	1,160,927	117,033,598	1,131,057	1,116,701



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B8. Derivative Financial Instruments (continued)

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

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

Bank	As at 31 December 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	53,381,479	314,700	622,944	74,972,799	420,881	496,622
- Options	2,181,278	11,933	5,226	435,037	827	578
- Cross-currency interest rate swaps	4,920,676	215,877	160,422	7,466,607	502,989	455,154
	60,483,433	542,510	788,592	82,874,443	924,697	952,354
Interest rate related contracts						
- Swaps	35,115,839	346,105	302,968	37,956,884	205,160	136,420
Commodity related contracts						
- Options	290,309	11,831	11,831	148,455	7,677	7,677
Structured investments	5,866	1,437	-	-	-	-
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	3,007,590	1,701	51,683	1,971,780	9,960	23,836
Total	98,903,037	903,584	1,155,074	122,951,562	1,147,494	1,120,287



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B8. Derivative Financial Instruments (continued)

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

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

Group	As at 31 December 2019			As at 31 December 2018		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
By remaining period to maturity/next re-pricing date						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than one year	54,600,403	372,580	639,164	75,144,383	711,440	717,839
- One year to three years	2,254,492	91,489	58,394	1,588,167	85,318	93,988
- More than three years	1,576,755	69,916	92,633	2,674,524	116,189	132,701
	58,431,650	533,985	790,191	79,407,074	912,947	944,528
Interest rate related contracts						
- Less than one year	6,407,422	9,842	5,154	10,220,565	16,327	32,060
- One year to three years	11,123,197	39,942	44,133	10,686,771	48,092	18,410
- More than three years	12,725,220	253,518	212,813	14,509,548	136,054	85,944
	30,255,839	303,302	262,100	35,416,884	200,473	136,414
Commodity related contracts						
- Less than one year	266,117	10,665	10,665	148,455	7,677	7,677
- One year to three years	24,192	1,166	1,166	-	-	-
	290,309	11,831	11,831	148,455	7,677	7,677
Structured warrants						
- Less than one year	43,817	-	4,277	89,405	-	4,246
	43,817	-	4,277	89,405	-	4,246
Structured investments						
- Less than one year	18,116	4,437	-	-	-	-
	18,116	4,437	-	-	-	-
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than one year	-	-	-	300,000	-	621
- One year to three years	514,567	299	5,338	446,288	3,460	564
- More than three years	3,993,023	1,402	87,190	1,225,492	6,500	22,651
	4,507,590	1,701	92,528	1,971,780	9,960	23,836
Total	93,547,321	855,256	1,160,927	117,033,598	1,131,057	1,116,701



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B8. Derivative Financial Instruments (continued)

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

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

Bank	As at 31 December 2019			As at 31 December 2018		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
By remaining period to maturity/next re-pricing date						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than one year	56,549,934	382,939	639,060	77,770,403	723,530	725,274
- One year to three years	2,254,494	91,489	58,403	2,326,208	84,978	94,021
- More than three years	1,679,005	68,082	91,129	2,777,832	116,189	133,059
	60,483,433	542,510	788,592	82,874,443	924,697	952,354
Interest rate related contracts						
- Less than one year	8,267,422	10,100	5,154	11,485,566	16,542	32,060
- One year to three years	11,296,204	39,942	44,156	10,776,769	48,363	18,416
- More than three years	15,552,213	296,063	253,658	15,694,549	140,255	85,944
	35,115,839	346,105	302,968	37,956,884	205,160	136,420
Commodity related contracts						
- Less than one year	266,117	10,665	10,665	148,455	7,677	7,677
- One year to three years	24,192	1,166	1,166	-	-	-
	290,309	11,831	11,831	148,455	7,677	7,677
Structured investments						
- Less than one year	5,866	1,437	-	-	-	-
	5,866	1,437	-	-	-	-
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than one year	-	-	-	300,000	-	621
- One year to three years	514,567	299	5,338	446,288	3,460	564
- More than three years	2,493,023	1,402	46,345	1,225,492	6,500	22,651
	3,007,590	1,701	51,683	1,971,780	9,960	23,836
Total	98,903,037	903,584	1,155,074	122,951,562	1,147,494	1,120,287



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B8. Derivative Financial Instruments (continued)

(b) Related accounting policies

Derivative financial instruments and hedge accounting

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

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group and the Bank designate certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge); or (2) hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge); or (3) net investment hedge. Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

(i) Fair value hedge

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.

The Group and the Bank apply fair value hedge accounting for hedging fixed interest risk on loans, advances and financing and financial assets at FVOCI. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate loans, advances and financing and financial assets at FVOCI is recognised in income statements within other operating income. The gain or loss relating to the ineffective portion is recognised in income statements within net gain or loss on fair value hedges. Changes in the fair value of the hedge fixed rate loans, advances and financing attributable to interest rate risk are recognised in income statements within other operating income. Changes in the fair value of the hedge financial assets at FVOCI are recycled from FVOCI reserves to income statements within other operating income.

For fair value hedge of financial assets designated as FVOCI, any changes in fair value of the hedged financial assets FVOCI are recycled from FVOCI reserves to income statements, while the changes in fair value of the derivatives that is related to the effective portion of the hedge is recognised in income statements within other operating income. The ineffective portion of the aforesaid hedging derivatives is recognised in income statements with net gain or loss on fair value changes of derivatives.

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 other operating 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.



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B8. Derivative Financial Instruments (continued)

(b) Related accounting policies (continued)

(iii) Net investment hedge

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

(iv) Derivatives that do not qualify for hedge accounting

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



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B9. Fair Value of Financial Instruments

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

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

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

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

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

Group	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31 December 2019				
<u>Financial assets</u>				
Financial assets at FVTPL:	372,066	3,742,448	508,933	4,623,447
- Money market instruments	-	2,144,858	-	2,144,858
- Quoted securities	372,066	-	3,337	375,403
- Unquoted securities	-	1,597,590	505,596	2,103,186
Financial assets at FVOCI:	2,418	39,108,486	694,400	39,805,304
- Money market instruments	-	13,875,143	-	13,875,143
- Quoted securities	2,418	-	-	2,418
- Unquoted securities	-	25,233,343	694,400	25,927,743
Derivative assets	3,000	852,256	-	855,256
	377,484	43,703,190	1,203,333	45,284,007
<u>Financial liabilities</u>				
Derivative liabilities	4,277	1,156,650	-	1,160,927
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
	417,940	35,870,663	1,220,936	37,509,539
<u>Financial liabilities</u>				
Derivative liabilities	4,246	1,112,455	-	1,116,701



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B9. Fair Value of Financial Instruments (continued)

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

Bank	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
31 December 2019				
<u>Financial assets</u>				
Financial assets at FVTPL:	3,324	2,510,748	16,216	2,530,288
- Money market instruments	-	1,937,713	-	1,937,713
- Quoted securities	3,324	-	3,337	6,661
- Unquoted securities	-	573,035	12,879	585,914
Financial assets at FVOCI:	-	33,278,941	655,331	33,934,272
- Money market instruments	-	11,971,912	-	11,971,912
- Unquoted securities	-	21,307,029	655,331	21,962,360
Derivative assets	-	903,584	-	903,584
	<u>3,324</u>	<u>36,693,273</u>	<u>671,547</u>	<u>37,368,144</u>
<u>Financial liabilities</u>				
Derivative liabilities	-	1,155,074	-	1,155,074
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

There were no transfers between Level 1 and 2 during the financial year.

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B9. Fair Value of Financial Instruments (continued)

(i) Valuation techniques

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

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine 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, unquoted private equity funds, non-transferable and non-tradable 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. Fair values for unquoted private equity funds are based on enterprise valuation method where the main input include earnings before interest, taxes, depreciation and amortisation ('EBITDA'), comparable companies earning multiple and marketable discount. For unquoted corporate loan stocks, discounted cash flow analysis has been performed to determine the recoverability of the instruments.

(ii) Reconciliation of fair value movements in Level 3

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

	Group		Bank	
	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000
Financial assets at FVTPL				
Balance as at the beginning of the financial year	453,010	375,384	15,735	15,525
Total net gain/(loss) recognised in income statements	30,847	32,393	(2,970)	(1,654)
Purchases	30,908	46,359	3,424	1,851
Settlements	(792)	(10,660)	-	-
Exchange differences	(5,040)	9,534	27	13
Balance as at the end of the financial year	<u>508,933</u>	<u>453,010</u>	<u>16,216</u>	<u>15,735</u>
Financial assets at FVOCI				
Balance as at the beginning of the financial year	767,926	1,123,485	638,477	799,425
Total net gain/(loss) recognised in other comprehensive income	18,745	(42,161)	16,854	(55,589)
Transfer to level 2	-	(102,750)	-	(102,750)
Purchases	-	6,369	-	294
Settlements/disposal	(92,290)	(218,937)	-	(2,903)
Exchange differences	19	1,920	-	-
Balance as at the end of the financial year	<u>694,400</u>	<u>767,926</u>	<u>655,331</u>	<u>638,477</u>



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B10. Change in Accounting Policies

The Group and the Bank have adopted MFRS 16 'Leases' issued by MASB with its mandatory adoption date of 1 January 2019. MFRS 16 supersedes MFRS 117 'Leases' and its 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 financial year prior to first adoption.

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

On adoption of MFRS 16, the Group and the Bank recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of MFRS 117 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group and the Bank's borrowing rate as of 1 January 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 for the Group and the Bank were 4.78% and 4.05% respectively.

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			
Net deferred tax assets	76,883	323	77,206
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			
Net 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 the operating lease commitments disclosed 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
Out-of-scope contracts	(44,588)	(8,684)
Low-value lease recognised on a straight-line basis as expenses	(17)	(17)
Lease liabilities recognised as at 1 January 2019	118,511	73,693

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

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



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B11. Dividends

- (a) The Directors have proposed a final single-tier dividend of 18.50 sen per share, amounting to RM741,858,000 in respect of the financial year ended 31 December 2019.
- (i) Amount per share: Single-tier dividend of 18.50 sen
 - (ii) Entitlement date: To be determined and announced later
 - (iii) Payment date: To be determined and announced later
- (b) Total dividend per share for the current financial year:
- (i) Single-tier interim dividend of 12.50 sen per share, paid on 1 October 2019
 - (ii) Proposed single-tier final dividend of 18.50 sen per share
- (c) Total dividend paid for the previous financial year ended 31 December 2018:
- (i) Single-tier interim dividend of 7.50 sen per share
 - (ii) Single-tier final dividend of 13.00 sen per share

B12. Earnings per Share

	4th Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
Basic earnings per share				
Profit attributable to equity holders of the Bank (RM'000)	621,008	565,425	2,482,432	2,305,196
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	15.5	14.1	61.9	57.5
- Diluted	15.5	14.1	61.9	57.5

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

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN

(License No. LS0006901)

Company Secretary
27 February 2020