



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

INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2020

| | Note | 1st Quarter Ended | | Three Months Ended | |
|---|--------|--------------------|-------------|--------------------|-------------|
| | | 31 March | 31 March | 31 March | 31 March |
| | | 2020 | 2019 | 2020 | 2019 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | | |
| Interest income | A8 | 1,903,709 | 2,035,062 | 1,903,709 | 2,035,062 |
| Interest expense | A9 | (1,009,241) | (1,154,806) | (1,009,241) | (1,154,806) |
| Net interest income | | 894,468 | 880,256 | 894,468 | 880,256 |
| Other operating income | A10 | 403,652 | 481,199 | 403,652 | 481,199 |
| Income from Islamic Banking business | A29(b) | 447,058 | 380,950 | 447,058 | 380,950 |
| Net income | | 1,745,178 | 1,742,405 | 1,745,178 | 1,742,405 |
| Other operating expenses | A11 | (841,487) | (846,336) | (841,487) | (846,336) |
| Operating profit before allowances | | 903,691 | 896,069 | 903,691 | 896,069 |
| Allowance for credit losses on financial assets | A12 | (151,427) | (72,868) | (151,427) | (72,868) |
| | | 752,264 | 823,201 | 752,264 | 823,201 |
| Share of results of joint ventures | | - | (30) | - | (30) |
| Profit before taxation and zakat | | 752,264 | 823,171 | 752,264 | 823,171 |
| Taxation and zakat | B5 | (180,104) | (192,104) | (180,104) | (192,104) |
| Net profit for the financial period | | 572,160 | 631,067 | 572,160 | 631,067 |
| Attributable to: | | | | | |
| - Equity holders of the Bank | | 570,880 | 630,186 | 570,880 | 630,186 |
| - Non-controlling interests | | 1,280 | 881 | 1,280 | 881 |
| | | 572,160 | 631,067 | 572,160 | 631,067 |
| Earnings per share (sen) | | | | | |
| - Basic | B11 | 14.2 | 15.7 | 14.2 | 15.7 |
| - Diluted | B11 | 14.2 | 15.7 | 14.2 | 15.7 |

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2019.



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

| | 1st Quarter Ended | | Three Months Ended | |
|--|-------------------|------------------|--------------------|------------------|
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| Net profit for the financial period | 572,160 | 631,067 | 572,160 | 631,067 |
| Other comprehensive (loss)/income in respect of: | | | | |
| (i) Items that will not be reclassified to profit or loss: | | | | |
| (a) Actuarial gain/(loss) on defined benefit plan of subsidiaries | 1,603 | (2,189) | 1,603 | (2,189) |
| (b) Equity instruments designated at fair value through other comprehensive income ('FVOCI') | | | | |
| - Net gain on disposal | - | 4,788 | - | 4,788 |
| - Unrealised net gain on revaluation | 1,286 | 1,251 | 1,286 | 1,251 |
| (ii) Items that will be reclassified subsequently to profit or loss: | | | | |
| (a) Foreign currency translation reserves | | | | |
| - Currency translation differences | 89,380 | (36,011) | 89,380 | (36,011) |
| - Net investment hedge | 611 | 9 | 611 | 9 |
| (b) Debt instruments measured at FVOCI | | | | |
| - Unrealised net (loss)/gain on revaluation | (433,349) | 468,473 | (433,349) | 468,473 |
| - Net transfer to income statements on disposal | (80,638) | (41,513) | (80,638) | (41,513) |
| - Changes in expected credit losses and exchange differences | (1,619) | (5,561) | (1,619) | (5,561) |
| Income tax relating to components of other comprehensive loss | 122,970 | 3,647 | 122,970 | 3,647 |
| Other comprehensive (loss)/income, net of tax, for the financial period | (299,756) | 392,894 | (299,756) | 392,894 |
| Total comprehensive income for the financial period | 272,404 | 1,023,961 | 272,404 | 1,023,961 |
| Total comprehensive income attributable to: | | | | |
| - Equity holders of the Bank | 271,329 | 1,023,113 | 271,329 | 1,023,113 |
| - Non-controlling interests | 1,075 | 848 | 1,075 | 848 |
| | 272,404 | 1,023,961 | 272,404 | 1,023,961 |

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 2019.



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

INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2020

| | Note | 1st Quarter Ended | | Three Months Ended | |
|---|--------|-------------------|-------------|--------------------|-------------|
| | | 31 March | 31 March | 31 March | 31 March |
| | | 2020 | 2019 | 2020 | 2019 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Bank | | | | | |
| Interest income | A8 | 1,902,106 | 2,025,852 | 1,902,106 | 2,025,852 |
| Interest expense | A9 | (989,732) | (1,125,076) | (989,732) | (1,125,076) |
| Net interest income | | 912,374 | 900,776 | 912,374 | 900,776 |
| Other operating income | A10 | 489,809 | 267,648 | 489,809 | 267,648 |
| Income from Islamic Banking business | A29(b) | 884 | 587 | 884 | 587 |
| Net income | | 1,403,067 | 1,169,011 | 1,403,067 | 1,169,011 |
| Other operating expenses | A11 | (568,240) | (565,761) | (568,240) | (565,761) |
| Operating profit before allowances | | 834,827 | 603,250 | 834,827 | 603,250 |
| Allowance for credit losses on financial assets | A12 | (50,737) | (67,081) | (50,737) | (67,081) |
| Profit before taxation | | 784,090 | 536,169 | 784,090 | 536,169 |
| Taxation | B5 | (136,930) | (137,134) | (136,930) | (137,134) |
| Net profit for the financial period | | 647,160 | 399,035 | 647,160 | 399,035 |

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 2019.



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

| | 1st Quarter Ended | | Three Months Ended | |
|--|-------------------|------------------|--------------------|------------------|
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Bank | | | | |
| Net profit for the financial period | 647,160 | 399,035 | 647,160 | 399,035 |
| Other comprehensive (loss)/income in respect of: | | | | |
| (i) Items that will not be reclassified to profit or loss: | | | | |
| (a) Equity instruments designated at fair value through other comprehensive income ('FVOCI') | | | | |
| - Net gain on disposal | - | 668 | - | 668 |
| - Unrealised net gain on revaluation | 1,679 | 44 | 1,679 | 44 |
| (ii) Items that will be reclassified subsequently to profit or loss: | | | | |
| (a) Foreign currency translation reserves | | | | |
| - Currency translation differences | 8,898 | (15,508) | 8,898 | (15,508) |
| (b) Debt instruments measured at FVOCI | | | | |
| - Unrealised net (loss)/gain on revaluation | (409,142) | 390,921 | (409,142) | 390,921 |
| - Net transfer to income statements on disposal | (73,115) | (38,090) | (73,115) | (38,090) |
| - Changes in expected credit losses and exchange differences | (1,244) | (4,993) | (1,244) | (4,993) |
| Income tax relating to components of other comprehensive loss | 115,742 | 22,664 | 115,742 | 22,664 |
| Other comprehensive (loss)/income, net of tax, for the financial period | (357,182) | 355,706 | (357,182) | 355,706 |
| Total comprehensive income for the financial period | 289,978 | 754,741 | 289,978 | 754,741 |

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 2019.



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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2020

| | Note | Group | | Bank | |
|---|-----------|-------------------------------------|--|-------------------------------------|--|
| | | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| ASSETS | | | | | |
| Cash and short-term funds | | 10,405,833 | 11,627,992 | 7,659,814 | 5,502,893 |
| Deposits and placements with banks and other financial institutions | | 1,180,033 | 1,095,567 | 3,670,091 | 5,349,632 |
| Investment account due from designated financial institutions | A13 | - | - | 8,069,361 | 8,229,334 |
| Financial assets at fair value through profit or loss ('FVTPL') | A14 | 4,489,572 | 4,623,447 | 2,649,730 | 2,530,288 |
| Financial assets at fair value through other comprehensive income ('FVOCI') | A15 | 41,922,803 | 39,805,304 | 36,083,043 | 33,934,272 |
| Financial investments at amortised cost | A16 | 14,921,624 | 14,249,409 | 10,074,342 | 9,702,802 |
| Loans, advances and financing | A17 | 173,225,353 | 173,236,672 | 107,528,740 | 107,345,665 |
| Clients' and brokers' balances | | 1,083,714 | 893,448 | - | - |
| Reinsurance assets | | 482,445 | 510,176 | - | - |
| Other assets | A18 | 1,593,612 | 1,258,179 | 1,331,815 | 1,104,726 |
| Derivative assets | B8 | 1,951,554 | 855,256 | 2,043,772 | 903,584 |
| Statutory deposits | | 1,634,065 | 4,549,296 | 1,036,742 | 2,608,316 |
| Tax recoverable | | 410,690 | 467,103 | 365,716 | 433,364 |
| Deferred tax assets | | 22,042 | 22,989 | - | - |
| Investments in subsidiaries | | - | - | 4,913,885 | 4,913,885 |
| Investments in associates and joint ventures | | 9,512 | 9,512 | - | - |
| Right of use assets | | 160,574 | 112,807 | 85,370 | 85,960 |
| Property, plant and equipment | | 1,001,837 | 991,305 | 766,868 | 753,638 |
| Goodwill | | 2,654,122 | 2,654,122 | 1,651,542 | 1,651,542 |
| Intangible assets | | 618,798 | 629,912 | 540,353 | 548,434 |
| TOTAL ASSETS | | 257,768,183 | 257,592,496 | 188,471,184 | 185,598,335 |
| LIABILITIES | | | | | |
| Deposits from customers | A19/B7(a) | 193,978,973 | 190,555,225 | 132,595,863 | 131,571,124 |
| Deposits and placements of banks and other financial institutions | A20/B7(a) | 19,331,756 | 21,539,329 | 20,697,952 | 19,173,832 |
| Obligations on securities sold under repurchase agreements | | 1,815,960 | 2,048,516 | 4,596,750 | 3,772,623 |
| Bills and acceptances payable | | 476,239 | 254,945 | 461,723 | 205,528 |
| Clients' and brokers' balances | | 1,142,468 | 824,166 | - | - |
| General insurance contract liabilities | | 1,093,726 | 1,106,886 | - | - |
| Other liabilities | A21 | 2,223,679 | 3,210,479 | 1,283,976 | 1,780,860 |
| Derivative liabilities | B8 | 1,742,704 | 1,160,927 | 1,745,327 | 1,155,074 |
| Recourse obligation on loans sold to Cagamas Berhad ('Cagamas') | | 2,272,695 | 3,535,996 | - | 1,265,757 |
| Tax liabilities | | 50,809 | 60,172 | - | - |
| Deferred tax liabilities | | 71,471 | 169,763 | 47,790 | 136,711 |
| Lease liabilities | | 160,983 | 111,769 | 85,995 | 85,267 |
| Borrowings | B7(b) | 1,100,236 | 1,182,527 | 865,504 | 840,177 |
| Senior debt securities | B7(c) | 3,484,546 | 3,296,763 | 3,484,546 | 3,296,763 |
| Subordinated obligations | B7(d) | 2,738,725 | 2,724,224 | 1,566,557 | 1,565,396 |
| TOTAL LIABILITIES | | 231,684,970 | 231,781,687 | 167,431,983 | 164,849,112 |

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 2019.



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2020

| | Note | Group | | Bank | |
|---|--------|-------------------------------------|--|-------------------------------------|--|
| | | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| EQUITY | | | | | |
| Share capital | | 6,994,103 | 6,994,103 | 6,994,103 | 6,994,103 |
| Reserves | | 19,052,620 | 18,781,291 | 14,045,098 | 13,755,120 |
| Equity attributable to holders of the Bank | | 26,046,723 | 25,775,394 | 21,039,201 | 20,749,223 |
| Non-controlling interests ('NCI') | | 36,490 | 35,415 | - | - |
| TOTAL EQUITY | | 26,083,213 | 25,810,809 | 21,039,201 | 20,749,223 |
| TOTAL LIABILITIES AND EQUITY | | 257,768,183 | 257,592,496 | 188,471,184 | 185,598,335 |
| COMMITMENTS AND CONTINGENCIES | A26(a) | 157,927,206 | 150,427,794 | 151,237,485 | 143,445,965 |
| NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK (RM) | | 6.50 | 6.43 | | |

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RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

| 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 2020 | | 6,994,103 | 513 | 838,992 | 1,328,060 | 688,866 | 23,331 | 15,901,529 | 25,775,394 | 35,415 | 25,810,809 |
| Net profit for the financial period | | - | - | - | - | - | - | 570,880 | 570,880 | 1,280 | 572,160 |
| Foreign currency translation reserves: | | | | | | | | | | | |
| - Currency translation differences | | - | - | - | (183) | 89,780 | - | - | 89,597 | (217) | 89,380 |
| - Net investment hedge | | - | - | - | - | 611 | - | - | 611 | - | 611 |
| Financial assets measured at FVOCI: | | | | | | | | | | | |
| - Equity instruments | | | | | | | | | | | |
| - Unrealised net gain on revaluation | | - | - | - | 1,286 | - | - | - | 1,286 | - | 1,286 |
| - Debt instruments | | | | | | | | | | | |
| - Unrealised net loss on revaluation | | - | - | - | (433,349) | - | - | - | (433,349) | - | (433,349) |
| - Net transfer to income statements on disposal | | - | - | - | (80,638) | - | - | - | (80,638) | - | (80,638) |
| - Changes in expected credit losses and exchange differences | | - | - | - | (1,619) | - | - | - | (1,619) | - | (1,619) |
| Actuarial gain on defined benefit plan of subsidiaries | | - | - | - | - | - | - | 1,587 | 1,587 | 16 | 1,603 |
| Income tax relating to components of other comprehensive (income)/loss | | - | - | - | 123,333 | - | - | (359) | 122,974 | (4) | 122,970 |
| Other comprehensive income/(loss), net of tax, for the financial period | | - | - | - | (391,170) | 90,391 | - | 1,228 | (299,551) | (205) | (299,756) |
| Total comprehensive income/(loss) for the financial period | | - | - | - | (391,170) | 90,391 | - | 572,108 | 271,329 | 1,075 | 272,404 |
| Transfer from regulatory reserves | | - | - | (61,152) | - | - | - | 61,152 | - | - | - |
| Balance as at 31 March 2020 | | 6,994,103 | 513 | 777,840 | 936,890 | 779,257 | 23,331 | 16,534,789 | 26,046,723 | 36,490 | 26,083,213 |

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RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

| Group | ← Attributable to equity holders of the Bank → | | | | | | | Total Shareholders' Equity | Non-controlling Interests | Total Equity |
|---|--|--------------------|---------------------|----------------|----------------------|----------------|-------------------|----------------------------|---------------------------|-------------------|
| | Share Capital | Statutory Reserves | Regulatory Reserves | FVOCI Reserves | Translation Reserves | Other Reserves | Retained Profits | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 1 January 2019 | 6,994,103 | 513 | 249,687 | 376,108 | 684,275 | 23,331 | 15,026,912 | 23,354,929 | 37,954 | 23,392,883 |
| Net profit for the financial period | - | - | - | - | - | - | 630,186 | 630,186 | 881 | 631,067 |
| Foreign currency translation reserves: | | | | | | | | | | |
| - Currency translation differences | - | - | - | (6) | (36,001) | - | - | (36,007) | (4) | (36,011) |
| - Net investment hedge | - | - | - | - | 9 | - | - | 9 | - | 9 |
| Financial assets measured at FVOCI: | | | | | | | | | | |
| - Equity instruments | | | | | | | | | | |
| - Net gain/(loss) on disposal | - | - | - | (1,729) | - | - | 6,517 | 4,788 | - | 4,788 |
| - Unrealised net gain on revaluation | - | - | - | 1,251 | - | - | - | 1,251 | - | 1,251 |
| - Debt instruments | | | | | | | | | | |
| - Unrealised net gain on revaluation | - | - | - | 468,473 | - | - | - | 468,473 | - | 468,473 |
| - Net transfer to income statements on disposal | - | - | - | (41,513) | - | - | - | (41,513) | - | (41,513) |
| - Changes in expected credit losses and exchange differences | - | - | - | (5,561) | - | - | - | (5,561) | - | (5,561) |
| Actuarial loss on defined benefit plan of subsidiaries | - | - | - | - | - | - | (2,170) | (2,170) | (19) | (2,189) |
| Income tax relating to components of other comprehensive (income)/loss | - | - | - | 4,828 | - | - | (1,171) | 3,657 | (10) | 3,647 |
| Other comprehensive income/(loss), net of tax, for the financial period | - | - | - | 425,743 | (35,992) | - | 3,176 | 392,927 | (33) | 392,894 |
| Total comprehensive income/(loss) for the financial period | - | - | - | 425,743 | (35,992) | - | 633,362 | 1,023,113 | 848 | 1,023,961 |
| Transfer to regulatory reserves | - | - | 317,245 | - | - | - | (317,245) | - | - | - |
| Balance as at 31 March 2019 | 6,994,103 | 513 | 566,932 | 801,851 | 648,283 | 23,331 | 15,343,029 | 24,378,042 | 38,802 | 24,416,844 |

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2019.



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

| Bank | Note | ← Non-Distributable → | | | Distributable | Total Equity | |
|---|------|-----------------------|------------------------|-------------------|-------------------------|-------------------|---------------------|
| | | Share Capital | Regulatory Reserves | FVOCI Reserves | Translation Reserves | | Retained Profits |
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| Balance as at 1 January 2020 | | 6,994,103 | 352,506 | 1,165,505 | 374,754 | 11,862,355 | 20,749,223 |
| Net profit for the financial period | | - | - | - | - | 647,160 | 647,160 |
| Foreign currency translation reserves: | | | | | | | |
| - Currency translation differences | | - | - | - | 8,898 | - | 8,898 |
| Financial assets measured at FVOCI: | | | | | | | |
| - Equity instruments | | | | | | | |
| - Unrealised net gain on revaluation | | - | - | 1,679 | - | - | 1,679 |
| - Debt instruments | | | | | | | |
| - Unrealised net loss on revaluation | | - | - | (409,142) | - | - | (409,142) |
| - Net transfer to income statements on disposal | | - | - | (73,115) | - | - | (73,115) |
| - Changes in expected credit losses and exchange differences | | - | - | (1,244) | - | - | (1,244) |
| Income tax relating to components of other comprehensive loss | | - | - | 115,742 | - | - | 115,742 |
| Other comprehensive income/(loss), net of tax, for the financial period | | - | - | (366,080) | 8,898 | - | (357,182) |
| Total comprehensive income/(loss) for the financial period | | - | - | (366,080) | 8,898 | 647,160 | 289,978 |
| Transfer from regulatory reserves | | - | (5,944) | - | - | 5,944 | - |
| Balance as at 31 March 2020 | | 6,994,103 | 346,562 | 799,425 | 383,652 | 12,515,459 | 21,039,201 |

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 2019.



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

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



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

| | Three Months Ended | |
|--|--------------------|--------------------|
| | 31 March 2020 | 31 March 2019 |
| | RM'000 | RM'000 |
| Group | | |
| Cash flows from operating activities | | |
| Profit before taxation and zakat | 752,264 | 823,171 |
| Adjustments for: | | |
| Allowance for credit losses on loans, advances and financing | 220,520 | 159,187 |
| Allowance for credit losses on other financial assets | 1,814 | 5,380 |
| Property, plant and equipment: | | |
| - Depreciation | 27,444 | 30,596 |
| - Gain on disposal | (55) | (274) |
| - Written off | 4 | 263 |
| Intangible assets: | | |
| - Amortisation | 29,920 | 28,775 |
| - Written off | - | 5 |
| Right of use assets: | | |
| - Depreciation | 18,926 | 17,260 |
| - Gain on modification | (38) | - |
| Net allowance written back on financial assets at FVOCI and financial investments at amortised cost | (1,041) | (24,668) |
| Share of results of joint ventures | - | 30 |
| Net gain on financial instruments | (33,065) | (76,373) |
| Gain on remeasurement of previously held equity interest in a joint venture | - | (258) |
| Dividend income from financial assets at FVTPL and financial assets at FVOCI | (14,318) | (24,857) |
| Interest expense on borrowings, senior debt securities, Hybrid Tier-1 Capital Securities, subordinated obligations and lease liabilities | 68,454 | 95,575 |
| Other non-cash items | (525,907) | (484,816) |
| Operating profit before working capital changes | <u>544,922</u> | <u>548,996</u> |
| Decrease/(Increase) in operating assets: | | |
| Deposits and placements with banks and other financial institutions | (85,511) | (939,713) |
| Financial assets at FVTPL | 64,321 | (123,973) |
| Loans, advances and financing | (281,461) | (1,437,640) |
| Clients' and brokers' balances | (190,266) | (502,322) |
| Other assets | (1,368,954) | 346,071 |
| Statutory deposits | <u>2,914,415</u> | <u>(56,628)</u> |
| | <u>1,052,544</u> | <u>(2,714,205)</u> |
| Increase/(Decrease) in operating liabilities: | | |
| Deposits from customers | 3,515,481 | 8,154,260 |
| Deposits and placements of banks and other financial institutions | (2,198,239) | (2,721,718) |
| Obligations on securities sold under repurchase agreements | (231,015) | (1,792,595) |
| Bills and acceptances payable | 221,348 | (18,430) |
| Clients' and brokers' balances | 318,302 | 543,055 |
| Other liabilities | (267,015) | 45,576 |
| Recourse obligation on loans sold to Cagamas | (1,263,301) | 8,686 |
| | <u>95,561</u> | <u>4,218,834</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 2019.



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Registration No. 196501000373 (6171-M)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2020

| | Three Months Ended | |
|---|---------------------------|--------------------|
| | 31 March | 31 March |
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| Group | | |
| Cash flows from operating activities (continued) | | |
| Cash generated from operations | 1,693,027 | 2,053,625 |
| Interest paid | (49,155) | (70,493) |
| Net tax and zakat paid | (106,958) | (250,006) |
| Net cash generated from operating activities | <u>1,536,914</u> | <u>1,733,126</u> |
| Cash flows from investing activities | | |
| Net purchase of financial assets at FVOCI and financial investments at amortised cost | (3,063,047) | (3,803,077) |
| Property, plant and equipment: | | |
| - Purchase | (39,100) | (36,839) |
| - Proceeds from disposal | 80 | 277 |
| Intangible assets: | | |
| - Purchase | (19,235) | (38,750) |
| Financial assets at FVOCI and financial investments at amortised cost: | | |
| - Interest received | 349,486 | 356,950 |
| - Investment income received | 86,560 | 65,282 |
| Dividend income received from financial assets at FVTPL and financial assets at FVOCI | 14,318 | 24,857 |
| Net cash inflow from additional equity acquisition of a joint venture | - | 10,710 |
| Net cash used in investing activities | <u>(2,670,938)</u> | <u>(3,420,590)</u> |
| Cash flows from financing activities | | |
| Net repayment of borrowings | (153,489) | (4,726) |
| Proceeds from issuance of senior debt securities | - | 1,255,580 |
| Redemption of Hybrid Tier-1 Capital Securities | - | (370,000) |
| Principal lease payments | (19,313) | (17,742) |
| Net cash (used in)/generated from financing activities | <u>(172,802)</u> | <u>863,112</u> |
| Net decrease in cash and cash equivalents | (1,306,826) | (824,352) |
| Effects of exchange rate differences | 84,667 | (53,410) |
| Cash and cash equivalents: | | |
| - at the beginning of the financial year | <u>11,627,992</u> | <u>12,553,188</u> |
| - at the end of the financial year | <u>10,405,833</u> | <u>11,675,426</u> |
| Cash and cash equivalents comprise the following: | | |
| - Cash and short term funds | <u>10,405,833</u> | <u>11,675,426</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 2019.



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**INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

| | Three Months Ended | |
|--|--------------------|--------------------|
| | 31 March 2020 | 31 March 2019 |
| | RM'000 | RM'000 |
| Bank | | |
| Cash flows from operating activities | | |
| Profit before taxation | 784,090 | 536,169 |
| Adjustments for: | | |
| Allowance for credit losses on loans, advances and financing | 114,827 | 149,679 |
| Allowance for credit losses on other financial assets | (300) | 1,139 |
| Property, plant and equipment: | | |
| - Depreciation | 22,189 | 23,516 |
| - Gain on disposal | (5) | (126) |
| - Written off | - | 106 |
| Intangible assets: | | |
| - Amortisation | 25,057 | 23,715 |
| - Written off | - | 5 |
| Right of use assets: | | |
| - Depreciation | 13,176 | 11,220 |
| Net allowance written back on financial assets at FVOCI and financial investments at amortised cost | (515) | (21,212) |
| Net gain on financial instruments | (41,030) | (71,462) |
| Dividend income from subsidiaries | (232,863) | - |
| Interest expense on borrowings, senior debt securities, Hybrid Tier-1 Capital Securities, subordinated obligations and lease liabilities | 51,584 | 79,071 |
| Other non-cash items | (416,999) | (378,341) |
| Operating profit before working capital changes | <u>319,211</u> | <u>353,479</u> |
| Decrease/(Increase) in operating assets: | | |
| Deposits and placements with banks and other financial institutions | 1,679,192 | 256,333 |
| Investment accounts due from designated financial institutions | 159,973 | (156,351) |
| Financial assets at FVTPL | (110,322) | (167,206) |
| Loans, advances and financing | (447,348) | 349,078 |
| Other assets | (1,421,579) | 256,820 |
| Statutory deposits | 1,571,230 | 94,504 |
| | <u>1,431,146</u> | <u>633,178</u> |
| Increase/(Decrease) in operating liabilities: | | |
| Deposits from customers | 1,024,739 | 3,812,205 |
| Deposits and placements of banks and other financial institutions | 1,640,820 | (2,826,184) |
| Obligations on securities sold under repurchase agreements | 858,766 | (1,766,041) |
| Bills and acceptances payable | 256,826 | (72,866) |
| Other liabilities | 193,451 | (415,989) |
| Recourse obligation on loans sold to Cagamas | (1,265,757) | 6,340 |
| | <u>2,708,845</u> | <u>(1,262,535)</u> |
| Cash generated from/(used in) operations | 4,459,202 | (275,878) |
| Interest paid | (46,963) | (67,902) |
| Net tax paid | (42,839) | (190,051) |
| Net cash generated from/(used in) operating activities | <u>4,369,400</u> | <u>(533,831)</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 2019.



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INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE THREE MONTHS ENDED 31 MARCH 2020

| | Three Months Ended | |
|--|---------------------------|--------------------------|
| | 31 March 2020 | 31 March 2019 |
| | RM'000 | RM'000 |
| Bank | | |
| Cash flows from investing activities | | |
| Net purchase of financial assets at FVOCI and financial investments at amortised cost | (2,929,246) | (1,914,630) |
| Property, plant and equipment: | | |
| - Purchase | (35,688) | (31,011) |
| - Proceeds from disposal | 5 | 126 |
| Intangible assets: | | |
| - Purchase | (17,192) | (35,588) |
| Interest received from financial assets at FVOCI and financial investments at amortised cost | 335,583 | 328,937 |
| Dividend income received from subsidiaries | 232,863 | - |
| Net cash used in investing activities | <u>(2,413,675)</u> | <u>(1,652,166)</u> |
| Cash flows from financing activities | | |
| Net repayment of borrowings | (21,073) | (84,068) |
| Proceeds from issuance of senior debt securities | - | 1,255,580 |
| Redemption of Hybrid Tier-1 Capital Securities | - | (370,000) |
| Principal lease payments | (11,872) | (11,020) |
| Net cash (used in)/generated from financing activities | <u>(32,945)</u> | <u>790,492</u> |
| Net increase/(decrease) in cash and cash equivalents | 1,922,780 | (1,395,505) |
| Effects of exchange rate differences | 234,141 | (33,702) |
| Cash and cash equivalents: | | |
| - at the beginning of the financial year | 5,502,893 | 8,855,326 |
| - at the end of the financial year | <u>7,659,814</u> | <u>7,426,119</u> |
| Cash and cash equivalents comprise the following: | | |
| - Cash and short term funds | <u>7,659,814</u> | <u>7,426,119</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 2019.



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

A1. Basis Of Preparation

The interim financial statements are unaudited and has been prepared in compliance with Malaysian Financial Reporting Standard ('MFRS') 134, 'Interim Financial Reporting' issued by Malaysian Accounting Standards Board ('MASB') and should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2019.

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 2019, except for the adoption of the following:

- (a) Accounting standards, annual improvements and amendments to MFRS which are effective and applicable for the Group and the Bank for financial period beginning on or after 1 January 2020:
- The Conceptual Framework for Financial Reporting (Revised 2018)
 - Amendments to MFRS 101 and MFRS 108 'Definition of Material'
 - Amendments to MFRS 3 'Definition of a Business'
 - Amendments to MFRS 7, MFRS 9 and MFRS 139 'Interest Rate Benchmark Reform'

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.

- (b) Changes in regulatory requirements - additional measures issued by Bank Negara Malaysia ('BNM')

Given the exceptional circumstances brought about by the COVID-19 pandemic, BNM announced on 24 March 2020 the following measures which are aimed to ensure that the financial intermediation function of the financial sector remains intact, access to financing continues to be available and banking institutions remain focused on supporting the economy during this challenging period:

- (i) Banking institutions to grant an automatic moratorium on all loan/financing repayments covering both principal and interest/profit (except for credit card balances) by individuals and small and medium-sized enterprises ('SMEs') for a period of 6 months effective 1 April 2020. This automatic moratorium is applicable to loans/financing that are not in arrears exceeding 90 days as at 1 April 2020 and denominated in Malaysian Ringgit;
- (ii) For credit cards, customers shall have the option of converting the outstanding balances into a term loan/financing of a tenure of not more than 3 years and an effective interest/profit rate capped at 13% per annum. For customers who have been unable to meet the minimum repayment for 3 consecutive months, their credit card balances will be automatically converted into a term loan with the abovementioned terms;
- (iii) Banking institutions are also strongly encouraged to facilitate requests for a moratorium for corporate borrowers in a way that enables viable corporations to preserve jobs and swiftly resume economic activities;
- (iv) Banking institutions are given the following relaxation of the prudential buffers, which will need to be restored to the minimum regulatory requirements by 30 September 2021:
 - Drawdown of capital conservation buffer of 2.5%;
 - Operate below the minimum liquidity coverage ratio ('LCR') of 100%; and
 - Reduce the regulatory reserves held against expected credit losses to 0%.
- (v) The implementation of the Net Stable Funding Ratio ('NSFR') will proceed as scheduled on 1 July 2020. However, the minimum NSFR will be lowered to 80% and banking institutions will be required to comply with the requirement of 100% from 30 September 2021.

The adoption of the above additional measures will give rise to the following observations:

- (i) Loans/Financing granted with moratorium will not be considered as 'restructured and rescheduled', unless they come with other concessions such as tenure extension and/or revision of repayment amount;
- (ii) Forward-looking information used must be reasonable and supportable including reflecting the impact of COVID-19 pandemic and fully accounting for the mitigating effects of the economic and financial measures announced;
- (iii) Moratorium should not automatically result in stage transfer under MFRS 9 in the absence of other factors relevant to the assessment of whether there has been a significant increase in credit risk. Instead, the Group and the Bank will assess other factors, such as historical repayment and delinquency trends before the COVID-19 outbreak, in considering whether the borrower has experienced a significant increase in credit risk.

The Group and the Bank are now progressing to assess the financial impact of these additional measures, the results of which will be released in the interim financial statements in the next quarter.



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

A2. Auditors' Report

The auditors' report for the financial year ended 31 December 2019 was not subject to any qualification.

A3. Seasonal Or Cyclical Factors

The business operations of the Group and the Bank have not been affected by any material seasonal or cyclical factors.

A4. Exceptional Or Unusual Items

There were no exceptional or unusual items for the three months ended 31 March 2020.

A5. Changes In Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the three months ended 31 March 2020.

A6. Changes In Debt and Equity Securities

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the three months ended 31 March 2020.

A7. Dividends Paid

No dividend was paid during the three months ended 31 March 2020.



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

A8. Interest Income

| Group | 1st Quarter Ended | | Three Months Ended | |
|--|-------------------|------------------|--------------------|------------------|
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Loans and advances | 1,437,196 | 1,580,604 | 1,437,196 | 1,580,604 |
| Money at call and deposits and placements with banks and other financial institutions | 25,745 | 51,831 | 25,745 | 51,831 |
| Financial assets at FVTPL | 17,384 | 19,992 | 17,384 | 19,992 |
| Financial assets at FVOCI - debt instruments | 307,650 | 259,717 | 307,650 | 259,717 |
| Financial investments at amortised cost | 111,220 | 118,269 | 111,220 | 118,269 |
| Others | 4,514 | 4,649 | 4,514 | 4,649 |
| | 1,903,709 | 2,035,062 | 1,903,709 | 2,035,062 |
| Of which: | | | | |
| Interest income accrued on impaired financial assets | 22,878 | 29,307 | 22,878 | 29,307 |
| Bank | | | | |
| Loans and advances | 1,346,484 | 1,490,253 | 1,346,484 | 1,490,253 |
| Money at call and deposits and placements with banks and other financial institutions | 55,607 | 69,909 | 55,607 | 69,909 |
| Investment account due from designated financial institutions | 81,797 | 85,161 | 81,797 | 85,161 |
| Financial assets at FVTPL | 17,381 | 19,787 | 17,381 | 19,787 |
| Financial assets at FVOCI - debt instruments | 300,949 | 251,433 | 300,949 | 251,433 |
| Financial investments at amortised cost | 98,669 | 107,121 | 98,669 | 107,121 |
| Others | 1,219 | 2,188 | 1,219 | 2,188 |
| | 1,902,106 | 2,025,852 | 1,902,106 | 2,025,852 |
| Of which: | | | | |
| Interest income accrued on impaired financial assets | 19,425 | 22,298 | 19,425 | 22,298 |



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

A9. Interest Expense

| Group | 1st Quarter Ended | | Three Months Ended | |
|---|-------------------|------------------|--------------------|------------------|
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Deposits and placements of banks and other financial institutions | 123,803 | 129,072 | 123,803 | 129,072 |
| Deposits from customers | 802,580 | 893,045 | 802,580 | 893,045 |
| Obligations on securities sold under repurchase agreements | 6,481 | 8,136 | 6,481 | 8,136 |
| Recourse obligation on loans sold to Cagamas | 11,045 | 32,994 | 11,045 | 32,994 |
| Subordinated obligations | 24,099 | 36,136 | 24,099 | 36,136 |
| Senior debt securities | 25,874 | 27,942 | 25,874 | 27,942 |
| Hybrid Tier-1 Capital Securities | - | 10,907 | - | 10,907 |
| Borrowings | 8,527 | 10,419 | 8,527 | 10,419 |
| Others | 6,832 | 6,155 | 6,832 | 6,155 |
| | 1,009,241 | 1,154,806 | 1,009,241 | 1,154,806 |
| Bank | | | | |
| Deposits and placements of banks and other financial institutions | 127,996 | 140,135 | 127,996 | 140,135 |
| Deposits from customers | 773,687 | 849,906 | 773,687 | 849,906 |
| Obligations on securities sold under repurchase agreements | 20,640 | 18,372 | 20,640 | 18,372 |
| Recourse obligation on loans sold to Cagamas | 11,045 | 32,994 | 11,045 | 32,994 |
| Subordinated obligations | 19,188 | 31,278 | 19,188 | 31,278 |
| Senior debt securities | 25,874 | 27,942 | 25,874 | 27,942 |
| Hybrid Tier-1 Capital Securities | - | 10,991 | - | 10,991 |
| Borrowings | 5,714 | 8,218 | 5,714 | 8,218 |
| Others | 5,588 | 5,240 | 5,588 | 5,240 |
| | 989,732 | 1,125,076 | 989,732 | 1,125,076 |



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

A10. Other Operating Income

| Group | 1st Quarter Ended | | Three Months Ended | |
|---|-------------------|------------------|--------------------|------------------|
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Fee income | | | | |
| - Service charges and fees | 43,666 | 41,191 | 43,666 | 41,191 |
| - Commission | 48,619 | 35,606 | 48,619 | 35,606 |
| - Guarantee fees | 8,596 | 8,119 | 8,596 | 8,119 |
| - Commitment fees | 10,116 | 10,702 | 10,116 | 10,702 |
| - Net brokerage income | 78,596 | 61,188 | 78,596 | 61,188 |
| - Fund management fees | 64,651 | 53,909 | 64,651 | 53,909 |
| - Unit trust fee income | 23,753 | 13,599 | 23,753 | 13,599 |
| - Corporate advisory fees | 7,974 | 19,541 | 7,974 | 19,541 |
| - Underwriting and arrangement fees | 5,036 | 15,461 | 5,036 | 15,461 |
| - Other fee income | 15,926 | 23,138 | 15,926 | 23,138 |
| | 306,933 | 282,454 | 306,933 | 282,454 |
| - Fee and commission expenses | (51,162) | (35,713) | (51,162) | (35,713) |
| | 255,771 | 246,741 | 255,771 | 246,741 |
| Net (loss)/gain arising from financial assets at FVTPL | | | | |
| - Net gain on disposal | 6,270 | 30,612 | 6,270 | 30,612 |
| - Unrealised net (loss)/gain on revaluation | (88,980) | 31,473 | (88,980) | 31,473 |
| - Dividend income | 14,318 | 24,773 | 14,318 | 24,773 |
| | (68,392) | 86,858 | (68,392) | 86,858 |
| Net gain/(loss) on revaluation of derivatives | 35,995 | (32,704) | 35,995 | (32,704) |
| Net gain on fair value hedges | 2,766 | 23 | 2,766 | 23 |
| Net loss arising from derecognition of financial investments at amortised cost | (2) | - | (2) | - |
| Net gain arising from financial assets at FVOCI | | | | |
| - Net gain on debt instruments on disposal | 73,197 | 38,205 | 73,197 | 38,205 |
| - Dividend income | - | 84 | - | 84 |
| | 73,197 | 38,289 | 73,197 | 38,289 |
| Other income | | | | |
| Net foreign exchange gain | 30,796 | 86,960 | 30,796 | 86,960 |
| Insurance underwriting surplus before management expenses | 52,732 | 44,807 | 52,732 | 44,807 |
| Gain on disposal of property, plant and equipment | 55 | 274 | 55 | 274 |
| Gain on remeasurement of previously held equity interest in a joint venture | - | 258 | - | 258 |
| Gain on modification of right of use assets | 38 | - | 38 | - |
| Rental income | 490 | 530 | 490 | 530 |
| Other operating income | 6,034 | 8,827 | 6,034 | 8,827 |
| Other non-operating income | 14,172 | 336 | 14,172 | 336 |
| | 104,317 | 141,992 | 104,317 | 141,992 |
| | 403,652 | 481,199 | 403,652 | 481,199 |



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

A10. Other Operating Income (continued)

| Bank | 1st Quarter Ended | | Three Months Ended | |
|---|-------------------|------------------|--------------------|------------------|
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Fee income | | | | |
| - Service charges and fees | 40,063 | 38,023 | 40,063 | 38,023 |
| - Commission | 53,195 | 42,507 | 53,195 | 42,507 |
| - Guarantee fees | 8,190 | 7,852 | 8,190 | 7,852 |
| - Commitment fees | 9,767 | 9,804 | 9,767 | 9,804 |
| - Other fee income | 5,286 | 5,423 | 5,286 | 5,423 |
| | 116,501 | 103,609 | 116,501 | 103,609 |
| Net (loss)/gain arising from financial assets at FVTPL | | | | |
| - Net gain on disposal | 72,015 | 18,749 | 72,015 | 18,749 |
| - Unrealised net (loss)/gain on revaluation | (79,509) | 17,657 | (79,509) | 17,657 |
| | (7,494) | 36,406 | (7,494) | 36,406 |
| Net loss on revaluation of derivatives | (27,360) | (3,057) | (27,360) | (3,057) |
| Net gain on fair values hedges | 2,766 | 23 | 2,766 | 23 |
| Net loss arising from derecognition of financial investments at amortised cost | (2) | - | (2) | - |
| Net gain arising from financial assets at FVOCI | | | | |
| - Net gain on debt instruments on disposal | 73,120 | 38,090 | 73,120 | 38,090 |
| Dividend income from subsidiaries | 232,863 | - | 232,863 | - |
| Other income | | | | |
| Net foreign exchange gain | 77,440 | 80,696 | 77,440 | 80,696 |
| Gain on disposal of property, plant and equipment | 5 | 126 | 5 | 126 |
| Rental income | 2,849 | 2,968 | 2,849 | 2,968 |
| Other operating income | 5,546 | 8,321 | 5,546 | 8,321 |
| Other non-operating income | 13,575 | 466 | 13,575 | 466 |
| | 99,415 | 92,577 | 99,415 | 92,577 |
| | 489,809 | 267,648 | 489,809 | 267,648 |



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

A11. Other Operating Expenses

| Group | 1st Quarter Ended | | Three Months Ended | |
|--|-------------------|------------------|--------------------|------------------|
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Personnel costs | | | | |
| - Salaries, allowances and bonuses | 413,574 | 411,896 | 413,574 | 411,896 |
| - Defined contribution plan | 61,908 | 56,339 | 61,908 | 56,339 |
| - Other staff related costs | 41,989 | 39,522 | 41,989 | 39,522 |
| | 517,471 | 507,757 | 517,471 | 507,757 |
| Establishment costs | | | | |
| - Property, plant and equipment: | | | | |
| - Depreciation | 27,444 | 30,596 | 27,444 | 30,596 |
| - Written off | 4 | 263 | 4 | 263 |
| - Intangible assets: | | | | |
| - Amortisation | 29,920 | 28,775 | 29,920 | 28,775 |
| - Written off | - | 5 | - | 5 |
| - Right of use assets: | | | | |
| - Depreciation | 18,926 | 17,260 | 18,926 | 17,260 |
| - Rental of premises | 8,423 | 9,878 | 8,423 | 9,878 |
| - Rental of equipment | 2,138 | 1,568 | 2,138 | 1,568 |
| - Insurance | 9,620 | 7,730 | 9,620 | 7,730 |
| - Water and electricity | 7,179 | 7,331 | 7,179 | 7,331 |
| - Repair and maintenance | 7,715 | 7,677 | 7,715 | 7,677 |
| - Security and escorting expenses | 10,922 | 11,446 | 10,922 | 11,446 |
| - Information technology expenses | 67,317 | 69,689 | 67,317 | 69,689 |
| - Others | 2,147 | 1,708 | 2,147 | 1,708 |
| | 191,755 | 193,926 | 191,755 | 193,926 |
| Marketing expenses | | | | |
| - Sales commission | 22,964 | 22,176 | 22,964 | 22,176 |
| - Advertisement and publicity | 9,705 | 14,600 | 9,705 | 14,600 |
| - Others | 19,814 | 22,261 | 19,814 | 22,261 |
| | 52,483 | 59,037 | 52,483 | 59,037 |
| Administration and general expenses | | | | |
| - Communication expenses | 38,079 | 40,066 | 38,079 | 40,066 |
| - Legal and professional fee | 7,267 | 7,714 | 7,267 | 7,714 |
| - Others | 34,432 | 37,836 | 34,432 | 37,836 |
| | 79,778 | 85,616 | 79,778 | 85,616 |
| | 841,487 | 846,336 | 841,487 | 846,336 |



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A11. Other Operating Expenses (continued)

| | 1st Quarter Ended | | Three Months Ended | |
|--|-------------------|------------------|--------------------|------------------|
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Bank | | | | |
| Personnel costs | | | | |
| - Salaries, allowances and bonuses | 269,072 | 273,844 | 269,072 | 273,844 |
| - Defined contribution plan | 43,728 | 38,798 | 43,728 | 38,798 |
| - Other staff related costs | 26,145 | 22,853 | 26,145 | 22,853 |
| | 338,945 | 335,495 | 338,945 | 335,495 |
| Establishment costs | | | | |
| - Property, plant and equipment: | | | | |
| - Depreciation | 22,189 | 23,516 | 22,189 | 23,516 |
| - Written off | - | 106 | - | 106 |
| - Intangible assets: | | | | |
| - Amortisation | 25,057 | 23,715 | 25,057 | 23,715 |
| - Written off | - | 5 | - | 5 |
| - Right of use assets: | | | | |
| - Depreciation | 13,176 | 11,220 | 13,176 | 11,220 |
| - Rental of premises | 3,636 | 5,056 | 3,636 | 5,056 |
| - Rental of equipment | 2,130 | 1,397 | 2,130 | 1,397 |
| - Insurance | 9,035 | 8,093 | 9,035 | 8,093 |
| - Water and electricity | 4,309 | 4,329 | 4,309 | 4,329 |
| - Repair and maintenance | 5,750 | 5,331 | 5,750 | 5,331 |
| - Security and escorting expenses | 11,333 | 10,899 | 11,333 | 10,899 |
| - Information technology expenses | 37,375 | 39,994 | 37,375 | 39,994 |
| | 133,990 | 133,661 | 133,990 | 133,661 |
| Marketing expenses | | | | |
| - Sales commission | 16,283 | 15,133 | 16,283 | 15,133 |
| - Advertisement and publicity | 4,380 | 8,118 | 4,380 | 8,118 |
| - Others | 9,309 | 9,005 | 9,309 | 9,005 |
| | 29,972 | 32,256 | 29,972 | 32,256 |
| Administration and general expenses | | | | |
| - Communication expenses | 24,327 | 24,463 | 24,327 | 24,463 |
| - Legal and professional fee | 20,164 | 16,085 | 20,164 | 16,085 |
| - Others | 20,842 | 23,801 | 20,842 | 23,801 |
| | 65,333 | 64,349 | 65,333 | 64,349 |
| | 568,240 | 565,761 | 568,240 | 565,761 |



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A12. Allowance for Credit Losses on Financial Assets

| | 1st Quarter Ended | | Three Months Ended | |
|---|-------------------|------------------|--------------------|------------------|
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| <u>Charge/(Writeback)</u> | | | | |
| Loans, advances and financing: | | | | |
| - Net charge | 183,301 | 116,602 | 183,301 | 116,602 |
| - Bad debts recovered | (69,866) | (67,031) | (69,866) | (67,031) |
| - Bad debts written off | 37,219 | 42,585 | 37,219 | 42,585 |
| | 150,654 | 92,156 | 150,654 | 92,156 |
| Financial assets at FVOCI | (1,430) | (5,483) | (1,430) | (5,483) |
| Financial investments at amortised cost | 389 | (19,185) | 389 | (19,185) |
| Other financial assets | 1,814 | 5,380 | 1,814 | 5,380 |
| | 151,427 | 72,868 | 151,427 | 72,868 |
| Bank | | | | |
| <u>Charge/(Writeback)</u> | | | | |
| Loans, advances and financing: | | | | |
| - Net charge | 81,908 | 113,995 | 81,908 | 113,995 |
| - Bad debts recovered | (63,275) | (62,525) | (63,275) | (62,525) |
| - Bad debts written off | 32,919 | 35,684 | 32,919 | 35,684 |
| | 51,552 | 87,154 | 51,552 | 87,154 |
| Financial assets at FVOCI | (1,055) | (4,914) | (1,055) | (4,914) |
| Financial investments at amortised cost | 540 | (16,298) | 540 | (16,298) |
| Other financial assets | (300) | 1,139 | (300) | 1,139 |
| | 50,737 | 67,081 | 50,737 | 67,081 |

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:

| | Bank | |
|----------------------|---------------------------|------------------------------|
| | As at 31 March 2020 | As at 31 December 2019 |
| | RM'000 | RM'000 |
| <u>Principal</u> | | |
| Personal financing | 1,000,000 | 1,000,000 |
| Other term financing | 6,157,801 | 6,320,301 |
| Unquoted securities | 811,775 | 811,775 |
| | 7,969,576 | 8,132,076 |



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

| | Group | | Bank | |
|--|-------------------------------------|--|-------------------------------------|--|
| | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| Mandatory measured at fair value | | | | |
| <u>Money market instruments:</u> | | | | |
| Malaysian Government Securities | 732,889 | 491,029 | 732,887 | 491,029 |
| Malaysian Government Investment Issues | 1,618,463 | 1,606,524 | 1,489,818 | 1,399,379 |
| Thailand Government bonds | 44,960 | - | 44,960 | - |
| 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 | 25,179 | 23,716 | - | - |
| Unit trusts | 72,898 | 65,906 | - | - |
| Corporate bond/sukuk | 3,328 | 3,324 | 3,328 | 3,324 |
| Outside Malaysia | | | | |
| Shares, exchange traded funds and warrants | 53,192 | 282,457 | 3,410 | 3,337 |
| <u>Unquoted securities:</u> | | | | |
| In Malaysia | | | | |
| Corporate bond/sukuk | 69,797 | 254,807 | 69,498 | 254,807 |
| Unit trusts | 1,030,117 | 1,024,555 | - | - |
| Commercial paper | - | 119,813 | - | 119,813 |
| Outside Malaysia | | | | |
| Corporate bond/sukuk | 305,829 | 211,294 | 305,829 | 211,294 |
| Private equity funds | 532,920 | 492,717 | - | - |
| | 4,489,572 | 4,623,447 | 2,649,730 | 2,530,288 |



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

| | Group | | Bank | |
|--|-------------------------------------|--|-------------------------------------|--|
| | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| At fair value | | | | |
| (a) Debt instruments | 41,226,014 | 39,109,505 | 35,427,053 | 33,279,961 |
| (b) Equity instruments | 696,789 | 695,799 | 655,990 | 654,311 |
| | 41,922,803 | 39,805,304 | 36,083,043 | 33,934,272 |
| (a) Debt instruments | | | | |
| <u>Money market instruments:</u> | | | | |
| Malaysian Government Securities | 3,175,323 | 2,471,928 | 3,042,251 | 2,338,619 |
| Malaysian Government Investment Issues | 6,775,375 | 6,111,157 | 5,455,735 | 4,618,503 |
| Cagamas bonds | 169,182 | 168,360 | 159,064 | 158,135 |
| Khazanah bonds | 46,468 | 45,910 | - | - |
| Negotiable instruments of deposits | - | 650,517 | - | 500,980 |
| Other foreign government investment issues | 48,598 | 50,473 | 48,598 | 50,473 |
| Sukuk Perumahan Kerajaan | 72,591 | 71,596 | - | - |
| Singapore Government Securities | 1,126,543 | 1,125,612 | 1,126,543 | 1,125,612 |
| Thailand Government Securities | 651,860 | 581,245 | 651,860 | 581,245 |
| Other Foreign Government Treasury Bills | 1,830,145 | 1,920,742 | 1,830,145 | 1,920,742 |
| Singapore Housing Development Board | 655,291 | 677,603 | 655,291 | 677,603 |
| <u>Unquoted securities:</u> | | | | |
| <u>In Malaysia</u> | | | | |
| Corporate bond/sukuk | 19,705,537 | 18,990,597 | 15,514,159 | 15,115,781 |
| Perpetual notes/sukuk | 101,839 | 102,651 | 101,839 | 102,651 |
| Prasarana bonds | 2,661,090 | 2,175,940 | 2,635,396 | 2,150,023 |
| <u>Outside Malaysia</u> | | | | |
| Corporate bond/sukuk | 4,206,172 | 3,965,174 | 4,206,172 | 3,939,594 |
| | 41,226,014 | 39,109,505 | 35,427,053 | 33,279,961 |
| (b) Equity instruments | | | | |
| <u>Quoted securities:</u> | | | | |
| <u>Outside Malaysia</u> | | | | |
| Shares | 1,792 | 2,418 | - | - |
| <u>Unquoted securities:</u> | | | | |
| <u>In Malaysia</u> | | | | |
| Shares | 694,589 | 692,963 | 655,989 | 654,310 |
| <u>Outside Malaysia</u> | | | | |
| Shares | 408 | 418 | 1 | 1 |
| | 696,789 | 695,799 | 655,990 | 654,311 |

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 RMNil (31 December 2019: RM204,000,000) and RM1,857,000,000 (31 December 2019: RM787,000,000) 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 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| Balance as at the beginning of the financial period/year | 1,020 | 5,252 |
| Derecognition | - | (4,224) |
| Exchange differences | - | (8) |
| Balance as at the end of the financial period/year | <u>1,020</u> | <u>1,020</u> |

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

| Group | 12-month ECL (Stage 1) RM'000 | Lifetime ECL not credit impaired (Stage 2) RM'000 | Lifetime ECL credit impaired (Stage 3) RM'000 | Total RM'000 |
|---|--|---|---|-----------------|
| 31 March 2020 | | | | |
| Balance as at the beginning of the financial period | 44,264 | - | - | 44,264 |
| Allowance made during the financial period | 356 | - | - | 356 |
| Purchases and origination | 2,176 | - | - | 2,176 |
| Derecognition and disposal | (3,962) | - | - | (3,962) |
| Exchange differences | (189) | - | - | (189) |
| Balance as at the end of the financial period | <u>42,645</u> | <u>-</u> | <u>-</u> | <u>42,645</u> |
| 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> |



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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 March 2020 | | | | |
| Balance as at the beginning of the financial period | 41,865 | - | - | 41,865 |
| Allowance made during the financial period | 418 | - | - | 418 |
| Purchases and origination | 2,113 | - | - | 2,113 |
| Derecognition and disposal | (3,586) | - | - | (3,586) |
| Exchange differences | (189) | - | - | (189) |
| Balance as at the end of the financial period | <u>40,621</u> | <u>-</u> | <u>-</u> | <u>40,621</u> |
| 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> |



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A16. Financial Investments at Amortised Cost

| | Group | | Bank | |
|---|-------------------------------------|--|-------------------------------------|--|
| | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| At amortised cost | | | | |
| <u>Money market instruments:</u> | | | | |
| Malaysian Government Securities | 233,538 | 100,698 | 141,453 | 100,698 |
| Malaysian Government Investment Issues | 3,314,185 | 3,182,753 | 2,673,805 | 2,651,130 |
| Cagamas bonds | 238,589 | 237,412 | 238,589 | 237,412 |
| Khazanah bonds | 127,458 | 186,108 | 19,541 | 79,180 |
| Wakala Global Sukuk | 30,930 | 29,682 | 22,101 | 21,211 |
| Sukuk Perumahan Kerajaan | 111,116 | 111,034 | 101,005 | 101,020 |
| Singapore Government Treasury Bills | 540,513 | 272,494 | 540,513 | 272,494 |
| Sukuk (Brunei) Incorporation | 30,308 | 30,400 | 30,308 | 30,400 |
| <u>Unquoted securities:</u> | | | | |
| <u>In Malaysia</u> | | | | |
| Corporate bond/sukuk | 10,210,421 | 10,041,472 | 6,235,364 | 6,164,844 |
| Corporate loan stocks | 25,853 | 25,853 | - | - |
| Prasarana bonds | 371,797 | 343,732 | 301,101 | 272,894 |
| | 15,234,708 | 14,561,638 | 10,303,780 | 9,931,283 |
| Allowance for credit losses | (313,084) | (312,229) | (229,438) | (228,481) |
| | 14,921,624 | 14,249,409 | 10,074,342 | 9,702,802 |

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 RM1,760,000,000 (31 December 2019: RM1,839,000,000) and RM2,630,000,000 (31 December 2019: RM2,973,000,000) respectively.

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

| | Group | | Bank | |
|--|-------------------------------------|--|-------------------------------------|--|
| | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| Balance as at the beginning of the financial period/year | 140,425 | 141,405 | 62,978 | 63,341 |
| Derecognition | (38) | (897) | (38) | (280) |
| Exchange differences | 455 | (83) | 455 | (83) |
| Balance as at the end of the financial period/year | 140,842 | 140,425 | 63,395 | 62,978 |



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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 March 2020 | | | | |
| Balance as at the beginning of the financial period | 23,081 | 149,285 | 139,863 | 312,229 |
| Allowance (written back)/made during the financial period | (671) | 405 | - | (266) |
| Purchases and origination | 862 | 219 | - | 1,081 |
| Derecognition | (237) | (189) | - | (426) |
| Exchange differences | 49 | - | 417 | 466 |
| Balance as at the end of the financial period | <u>23,084</u> | <u>149,720</u> | <u>140,280</u> | <u>313,084</u> |
| 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> |
| Bank | | | | |
| 31 March 2020 | | | | |
| Balance as at the beginning of the financial period | 16,970 | 149,096 | 62,415 | 228,481 |
| Allowance (written back)/made during the financial period | (417) | 405 | - | (12) |
| Purchases and origination | 782 | - | - | 782 |
| Derecognition | (230) | - | - | (230) |
| Exchange differences | - | - | 417 | 417 |
| Balance as at the end of the financial period | <u>17,105</u> | <u>149,501</u> | <u>62,832</u> | <u>229,438</u> |
| 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> |



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A17. Loans, Advances and Financing

(a) By type

| | Group | | Bank | |
|---|-------------------------------------|--|-------------------------------------|--|
| | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| At amortised cost | | | | |
| Overdrafts | 6,707,117 | 6,837,516 | 5,505,522 | 5,639,721 |
| Term loans/financing | | | | |
| - Housing loans/financing | 62,063,549 | 61,144,001 | 42,686,925 | 42,455,732 |
| - Syndicated term loans/financing | 7,293,792 | 7,016,496 | 3,840,477 | 3,466,440 |
| - Hire purchase receivables/financing | 8,952,974 | 9,108,539 | 1,224,779 | 1,385,512 |
| - Lease receivables | 181 | 193 | - | - |
| - Other term loans/financing | 67,782,331 | 67,530,547 | 40,803,719 | 40,939,402 |
| Bills receivables | 4,270,213 | 3,961,067 | 3,348,665 | 3,049,995 |
| Trust receipts | 685,180 | 686,290 | 632,716 | 657,190 |
| Claims on customers under acceptance credits | 3,372,950 | 3,452,118 | 3,372,950 | 3,452,118 |
| Staff loans/financing | 110,499 | 112,373 | 102,036 | 105,342 |
| Credit/charge card receivables | 2,077,015 | 2,225,932 | 1,797,147 | 1,932,411 |
| Revolving credits/financing | 12,883,235 | 14,099,776 | 6,514,004 | 6,564,356 |
| Gross loans, advances and financing | 176,199,036 | 176,174,848 | 109,828,940 | 109,648,219 |
| Fair value changes arising from fair value hedges | 102,774 | 41,906 | 8,063 | 3,342 |
| | 176,301,810 | 176,216,754 | 109,837,003 | 109,651,561 |
| Less: Allowance for credit losses | (3,076,457) | (2,980,082) | (2,308,263) | (2,305,896) |
| Net loans, advances and financing | 173,225,353 | 173,236,672 | 107,528,740 | 107,345,665 |

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 RM2,124,319,000 (31 December 2019: RM3,312,744,000) and RMNil (31 December 2019: RM1,173,094,000) respectively.

(b) By type of customer

| | Group | | Bank | |
|---|-------------------------------------|--|-------------------------------------|--|
| | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| Domestic non-bank financial institutions: | | | | |
| - Others | 3,250,141 | 3,923,700 | 423,804 | 831,549 |
| Domestic business enterprises: | | | | |
| - Small medium enterprises | 25,305,693 | 25,523,338 | 20,616,823 | 20,702,527 |
| - Others | 28,796,531 | 29,410,330 | 14,727,723 | 14,866,227 |
| Government and statutory bodies | 7,042,958 | 7,005,672 | 1,882,974 | 1,911,967 |
| Individuals | 89,890,008 | 90,163,496 | 54,698,514 | 55,525,488 |
| Other domestic entities | 138,699 | 137,795 | 16,593 | 15,456 |
| Foreign entities | 21,775,006 | 20,010,517 | 17,462,509 | 15,795,005 |
| | 176,199,036 | 176,174,848 | 109,828,940 | 109,648,219 |



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A17. Loans, Advances and Financing (continued)

(c) By geographical distribution

| | Group | | Bank | |
|-----------------|-------------------------------------|--|-------------------------------------|--|
| | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| Malaysia | 155,193,995 | 156,943,906 | 93,703,271 | 95,203,293 |
| Labuan Offshore | 2,030,269 | 1,978,689 | - | - |
| Singapore | 14,733,408 | 12,828,721 | 14,589,300 | 12,614,249 |
| Thailand | 1,483,263 | 1,829,253 | 1,367,498 | 1,663,059 |
| Brunei | 168,871 | 167,618 | 168,871 | 167,618 |
| Indonesia | 33,533 | 88,690 | - | - |
| Hong Kong | 17 | 27,032 | - | - |
| Cambodia | 2,347,791 | 2,113,095 | - | - |
| Lao | 207,889 | 197,844 | - | - |
| | 176,199,036 | 176,174,848 | 109,828,940 | 109,648,219 |

(d) By interest/profit rate sensitivity

| | Group | | Bank | |
|---------------------------------------|-------------------------------------|--|-------------------------------------|--|
| | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| Fixed rate | | | | |
| - Housing loans/financing | 113,738 | 114,426 | 91,122 | 93,249 |
| - Hire purchase receivables/financing | 3,250,720 | 3,631,363 | 1,224,779 | 1,385,512 |
| - Other fixed rate loans/financing | 15,398,743 | 16,270,398 | 8,566,192 | 9,117,878 |
| Variable rate | | | | |
| - Base lending/financing rate plus | 99,639,706 | 98,476,244 | 68,338,319 | 68,357,932 |
| - Cost-plus | 49,196,243 | 50,043,944 | 24,525,933 | 24,521,787 |
| - Other variable rates | 8,599,886 | 7,638,473 | 7,082,595 | 6,171,861 |
| | 176,199,036 | 176,174,848 | 109,828,940 | 109,648,219 |



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A17. Loans, Advances and Financing (continued)

(e) By economic sector

| | Group | | Bank | |
|--|-------------------------------------|--|-------------------------------------|--|
| | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| Agriculture, hunting, forestry and fishing | 3,556,881 | 3,640,554 | 2,010,450 | 2,096,069 |
| Mining and quarrying | 631,272 | 655,608 | 319,219 | 350,371 |
| Manufacturing | 9,174,236 | 9,492,621 | 6,950,697 | 7,075,716 |
| Electricity, gas and water | 2,065,197 | 2,122,290 | 1,690,070 | 1,728,133 |
| Construction | 12,771,824 | 12,316,993 | 7,512,269 | 7,282,412 |
| Wholesale and retail trade and restaurant and hotel | 17,122,892 | 14,319,252 | 14,383,042 | 11,702,940 |
| Transport, storage and communication | 6,779,158 | 7,216,382 | 2,047,874 | 2,066,500 |
| Finance, insurance, real estate and business services | 18,750,149 | 19,982,481 | 12,616,875 | 13,316,611 |
| Government and government agencies | 5,516,760 | 5,495,679 | 1,882,974 | 1,911,967 |
| Education, health and others | 4,786,191 | 5,514,353 | 2,056,112 | 2,791,386 |
| Household sector | 93,945,377 | 94,400,973 | 57,924,764 | 58,856,599 |
| Others | 1,099,099 | 1,017,662 | 434,594 | 469,515 |
| | 176,199,036 | 176,174,848 | 109,828,940 | 109,648,219 |

(f) By purpose

| | Group | | Bank | |
|---|-------------------------------------|--|-------------------------------------|--|
| | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| Purchase of securities | 10,268,109 | 11,305,453 | 4,348,393 | 5,072,680 |
| Purchase of transport vehicles | 8,593,392 | 8,702,883 | 830,905 | 947,556 |
| Purchase of landed property: | | | | |
| - Residential | 60,343,134 | 59,458,474 | 41,993,560 | 41,770,722 |
| - Non-residential | 18,801,816 | 18,786,302 | 13,622,393 | 13,772,009 |
| Purchase of property, plant and equipment other than land and building | 2,569,538 | 2,645,065 | 1,880,628 | 1,962,043 |
| Personal use | 10,346,382 | 10,420,875 | 5,986,742 | 6,146,621 |
| Credit card | 2,077,015 | 2,225,932 | 1,797,147 | 1,932,411 |
| Purchase of consumer durables | 13,678 | 14,585 | 13,678 | 14,585 |
| Construction | 7,969,413 | 7,551,967 | 6,064,982 | 5,558,253 |
| Working capital | 37,610,583 | 37,465,094 | 24,636,659 | 23,752,175 |
| Merger and acquisition | 2,092,887 | 2,423,564 | 792,416 | 1,022,647 |
| Other purposes | 15,513,089 | 15,174,654 | 7,861,437 | 7,696,517 |
| | 176,199,036 | 176,174,848 | 109,828,940 | 109,648,219 |



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A17. Loans, Advances and Financing (continued)

(g) By remaining contractual maturities

| | Group | | Bank | |
|---------------------------|-------------------------------------|--|-------------------------------------|--|
| | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| Maturity within one year | 44,002,687 | 45,435,134 | 33,612,736 | 33,846,039 |
| One year to three years | 7,989,921 | 7,541,535 | 4,111,649 | 4,286,651 |
| Three years to five years | 14,122,245 | 14,742,896 | 5,648,190 | 5,581,448 |
| Over five years | 110,084,183 | 108,455,283 | 66,456,365 | 65,934,081 |
| | 176,199,036 | 176,174,848 | 109,828,940 | 109,648,219 |

(h) Impaired loans, advances and financing

(i) Movement in impaired loans, advances
and financing

| | Group | | Bank | |
|--|-------------------------------------|--|-------------------------------------|--|
| | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| Balance as at the beginning of the financial period/year | 3,479,175 | 3,483,554 | 2,623,781 | 2,555,206 |
| Transfer to 12-month ECL (Stage 1) | (40,970) | (140,946) | (29,329) | (107,565) |
| Transfer to Lifetime ECL not credit impaired (Stage 2) | (147,372) | (204,057) | (113,142) | (132,860) |
| Transfer to Lifetime ECL credit impaired (Stage 3) | 538,845 | 1,161,633 | 381,701 | 920,681 |
| Purchases and origination | 237,702 | 706,283 | 154,426 | 605,266 |
| Derecognition | (422,769) | (668,725) | (263,924) | (516,048) |
| Amount written off | (131,442) | (857,988) | (109,018) | (704,846) |
| Exchange differences | 12,346 | (579) | (4,215) | 3,947 |
| Balance as at the end of the financial period/year | 3,525,515 | 3,479,175 | 2,640,280 | 2,623,781 |



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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 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| Agriculture, hunting, forestry and fishing | 65,531 | 60,515 | 43,527 | 39,635 |
| Mining and quarrying | 209,961 | 205,586 | 4,540 | 4,778 |
| Manufacturing | 522,852 | 505,152 | 405,210 | 392,742 |
| Electricity, gas and water | 269,010 | 288,619 | 263,868 | 267,404 |
| Construction | 299,964 | 272,855 | 253,018 | 222,660 |
| Wholesale and retail trade and restaurant and hotel | 294,413 | 311,918 | 225,752 | 241,942 |
| Transport, storage and communication | 387,825 | 422,749 | 371,259 | 408,896 |
| Finance, insurance, real estate and business services | 267,320 | 222,659 | 231,439 | 195,084 |
| Education, health and others | 34,977 | 32,962 | 22,394 | 23,000 |
| Household sector | 1,137,622 | 1,124,457 | 811,978 | 821,157 |
| Others | 36,040 | 31,703 | 7,295 | 6,483 |
| | 3,525,515 | 3,479,175 | 2,640,280 | 2,623,781 |

(iii) By purpose

| | Group | | Bank | |
|---|-------------------------------------|--|-------------------------------------|--|
| | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| Purchase of securities | 44,670 | 49,214 | 27,024 | 25,534 |
| Purchase of transport vehicles | 84,935 | 75,345 | 23,118 | 22,676 |
| Purchase of landed property: | | | | |
| - Residential | 783,533 | 775,570 | 552,832 | 560,655 |
| - Non-residential | 350,238 | 350,674 | 275,008 | 273,914 |
| Purchase of property, plant and equipment other than land and building | 78,755 | 86,651 | 76,650 | 78,999 |
| Personal use | 172,312 | 178,882 | 160,673 | 168,579 |
| Credit card | 31,645 | 29,456 | 27,768 | 25,852 |
| Purchase of consumer durables | 669 | 853 | 669 | 853 |
| Construction | 117,158 | 119,083 | 89,215 | 92,915 |
| Working capital | 1,708,210 | 1,691,412 | 1,311,199 | 1,301,656 |
| Other purposes | 153,390 | 122,035 | 96,124 | 72,148 |
| | 3,525,515 | 3,479,175 | 2,640,280 | 2,623,781 |



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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 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| Malaysia | 2,248,569 | 2,206,536 | 1,777,578 | 1,740,174 |
| Labuan Offshore | 282,057 | 266,821 | - | - |
| Singapore | 815,815 | 865,907 | 809,371 | 852,015 |
| Thailand | 56,590 | 34,476 | 46,884 | 25,152 |
| Brunei | 6,447 | 6,440 | 6,447 | 6,440 |
| Cambodia | 90,948 | 81,881 | - | - |
| Hong Kong | 17 | 97 | - | - |
| Lao | 25,072 | 17,017 | - | - |
| | 3,525,515 | 3,479,175 | 2,640,280 | 2,623,781 |



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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 March 2020 | | | | |
| Balance as at the beginning of the financial period | 567,095 | 864,051 | 1,548,936 | 2,980,082 |
| Changes due to financial assets recognised in the opening balance that have been: | | | | |
| - Transferred to 12-month ECL (Stage 1) | 78,073 | (67,998) | (10,075) | - |
| - Transferred to Lifetime ECL not credit impaired (Stage 2) | (21,487) | 65,391 | (43,904) | - |
| - Transferred to Lifetime ECL credit impaired (Stage 3) | (937) | (35,677) | 36,614 | - |
| | 55,649 | (38,284) | (17,365) | - |
| Allowance made/(written back) during the financial period | (41,617) | 89,173 | 198,433 | 245,989 |
| Bad debts written off | - | - | (95,213) | (95,213) |
| Derecognition | (11,648) | (13,757) | (37,283) | (62,688) |
| Exchange differences | 739 | (201) | 7,749 | 8,287 |
| Balance as at the end of the financial period | <u>570,218</u> | <u>900,982</u> | <u>1,605,257</u> | <u>3,076,457</u> |
| 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 | <u>567,095</u> | <u>864,051</u> | <u>1,548,936</u> | <u>2,980,082</u> |



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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) RM'000 | Lifetime ECL not credit impaired (Stage 2) RM'000 | Lifetime ECL credit impaired (Stage 3) RM'000 | Total RM'000 |
|--|--|--|--|-------------------------|
| 31 March 2020 | | | | |
| Balance as at the beginning of the financial period | 324,042 | 802,764 | 1,179,090 | 2,305,896 |
| Changes due to financial assets recognised in the opening balance that have been: | | | | |
| - Transferred to 12-month ECL (Stage 1) | 65,277 | (57,794) | (7,483) | - |
| - Transferred to Lifetime ECL not credit impaired (Stage 2) | (17,214) | 50,733 | (33,519) | - |
| - Transferred to Lifetime ECL credit impaired (Stage 3) | (795) | (31,204) | 31,999 | - |
| | 47,268 | (38,265) | (9,003) | - |
| Allowance made/(written back) during the financial period | (32,077) | 20,836 | 143,275 | 132,034 |
| Bad debts written off | - | - | (76,570) | (76,570) |
| Derecognition | (8,588) | (12,491) | (29,047) | (50,126) |
| Exchange differences | (452) | (439) | (2,080) | (2,971) |
| Balance as at the end of the financial period | <u>330,193</u> | <u>772,405</u> | <u>1,205,665</u> | <u>2,308,263</u> |
| 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 | <u>324,042</u> | <u>802,764</u> | <u>1,179,090</u> | <u>2,305,896</u> |



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A18. Other Assets

| | Group | | Bank | |
|--|------------------------------------|---------------------------------------|------------------------------------|---------------------------------------|
| | As at 31 March 2020 | As at 31 December 2019 | As at 31 March 2020 | As at 31 December 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Other receivables | 788,920 | 929,870 | 384,720 | 384,159 |
| Cash collateral in relation to derivative transactions | 598,164 | 162,603 | 562,784 | 162,603 |
| Deposits | 62,399 | 63,768 | 32,224 | 31,892 |
| Prepayments | 144,129 | 101,938 | 82,406 | 58,374 |
| Amounts due from subsidiaries | - | - | 269,681 | 467,698 |
| | <u>1,593,612</u> | <u>1,258,179</u> | <u>1,331,815</u> | <u>1,104,726</u> |



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A19. Deposits from Customers

(a) By type of deposits

| | Group | | Bank | |
|------------------------------------|-------------------------------------|--|-------------------------------------|--|
| | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| Demand deposits | 42,012,208 | 38,376,019 | 34,001,175 | 31,538,822 |
| Savings deposits | 11,161,256 | 10,554,978 | 9,209,335 | 8,739,694 |
| Fixed/investment deposits | 139,966,277 | 140,705,781 | 88,546,121 | 90,374,161 |
| Negotiable instruments of deposits | 839,232 | 918,447 | 839,232 | 918,447 |
| | 193,978,973 | 190,555,225 | 132,595,863 | 131,571,124 |

(b) By type of customer

| | Group | | Bank | |
|---------------------------------|-------------------------------------|--|-------------------------------------|--|
| | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| Government and statutory bodies | 18,369,178 | 13,905,730 | 6,256,514 | 3,711,730 |
| Business enterprises | 105,010,144 | 107,669,851 | 74,787,432 | 79,328,733 |
| Individuals | 64,336,505 | 62,773,983 | 45,725,231 | 42,718,943 |
| Others | 6,263,146 | 6,205,661 | 5,826,686 | 5,811,718 |
| | 193,978,973 | 190,555,225 | 132,595,863 | 131,571,124 |

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

| | Group | | Bank | |
|---------------------------|-------------------------------------|--|-------------------------------------|--|
| | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| Due within six months | 100,448,650 | 95,216,919 | 63,244,914 | 62,411,341 |
| Six months to one year | 36,136,419 | 41,871,670 | 23,392,492 | 25,827,669 |
| One year to three years | 3,804,418 | 3,935,590 | 2,727,797 | 2,936,737 |
| Three years to five years | 416,022 | 600,049 | 20,150 | 116,861 |
| | 140,805,509 | 141,624,228 | 89,385,353 | 91,292,608 |



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A20. Deposits and Placements of Banks and Other Financial Institutions

| | Group | | Bank | |
|------------------------------|------------------------------------|---------------------------------------|------------------------------------|---------------------------------------|
| | As at 31 March 2020 | As at 31 December 2019 | As at 31 March 2020 | As at 31 December 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Licensed banks | 17,775,832 | 19,492,073 | 18,306,434 | 18,640,809 |
| Licensed Islamic banks | 659,443 | 996,510 | 2,391 | 2,739 |
| Licensed investment banks | 300,188 | 500,155 | 1,958,674 | 76,175 |
| Bank Negara Malaysia | 492,799 | 511,165 | 428,276 | 451,805 |
| Other financial institutions | 103,494 | 39,426 | 2,177 | 2,304 |
| | 19,331,756 | 21,539,329 | 20,697,952 | 19,173,832 |

A21. Other Liabilities

| | Group | | Bank | |
|---|------------------------------------|---------------------------------------|------------------------------------|---------------------------------------|
| | As at 31 March 2020 | As at 31 December 2019 | As at 31 March 2020 | As at 31 December 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Other creditors and accruals | 1,222,623 | 1,879,774 | 602,931 | 1,004,785 |
| Amount payable for redemption units | 174,258 | 312,101 | - | - |
| Contract liabilities | 119,128 | 47,498 | 99,750 | 22,710 |
| Short term employee benefits | 150,768 | 416,781 | 120,719 | 323,540 |
| Accrual for operational expenses | 201,909 | 217,227 | 156,204 | 173,804 |
| Prepaid instalments | 33,452 | 36,220 | 33,452 | 36,220 |
| Cash collateral pledged for derivative transactions | 246,374 | 194,010 | 246,374 | 194,010 |
| Remisiers' trust deposits | 64,173 | 64,861 | - | - |
| Amount due to trust funds | 10,994 | 42,007 | - | - |
| Amounts due to subsidiaries | - | - | 24,546 | 25,791 |
| | 2,223,679 | 3,210,479 | 1,283,976 | 1,780,860 |



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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.

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.



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A22. Segmental Reporting (continued)

Three months ended 31 March 2020

| | ←——— 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 | 678,502 | 282,468 | 341,256 | 300,046 | 150,136 | (7,230) | - | 1,745,178 |
| Inter-segment revenue | 223 | - | 18,497 | (13,901) | 446 | 7,897 | (13,162) | - |
| Segment revenue | <u>678,725</u> | <u>282,468</u> | <u>359,753</u> | <u>286,145</u> | <u>150,582</u> | <u>667</u> | <u>(13,162)</u> | <u>1,745,178</u> |
| Other operating expenses | (345,875) | (153,914) | (176,024) | (40,747) | (103,451) | (34,638) | 13,162 | (841,487) |
| Including: | | | | | | | | |
| - Depreciation of property, plant and equipment | (14,325) | (3,595) | (4,369) | (850) | (3,738) | (567) | - | (27,444) |
| - Depreciation of right of use assets | (5,029) | (3,620) | (5,209) | (104) | (3,911) | (1,053) | - | (18,926) |
| - Amortisation of intangible assets | (13,400) | (6,593) | (5,228) | (1,108) | (2,766) | (825) | - | (29,920) |
| Allowance for credit losses on financial assets | (59,562) | (24,870) | (35,861) | 1,637 | (34,935) | 2,164 | - | (151,427) |
| Segment profit/(loss) | <u>273,288</u> | <u>103,684</u> | <u>147,868</u> | <u>247,035</u> | <u>12,196</u> | <u>(31,807)</u> | <u>-</u> | <u>752,264</u> |
| Share of results of joint ventures | | | | | | | | - |
| Profit before taxation and zakat | | | | | | | | <u>752,264</u> |
| Taxation and zakat | | | | | | | | <u>(180,104)</u> |
| Net profit for the financial period | | | | | | | | <u><u>572,160</u></u> |



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A22. Segmental Reporting (continued)

As at 31 March 2020

| | ←——— 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 | 90,438,414 | 26,095,761 | 49,154,295 | 55,848,250 | 31,166,777 | 3,678,036 | 256,381,533 |
| Investments in associates and joint ventures | | | | | | | 9,512 |
| Tax recoverable | | | | | | | 410,690 |
| Deferred tax assets | | | | | | | 22,042 |
| Unallocated assets | | | | | | | 944,406 |
| Total assets | | | | | | | <u>257,768,183</u> |
| Segment liabilities | 59,342,501 | 28,415,084 | 60,073,968 | 50,904,785 | 23,317,602 | 1,364,403 | 223,418,343 |
| Tax liabilities | | | | | | | 50,809 |
| Deferred tax liabilities | | | | | | | 71,471 |
| Borrowings | | | | | | | 1,100,236 |
| Senior debt securities | | | | | | | 3,484,546 |
| Subordinated obligations | | | | | | | 2,738,725 |
| Unallocated liabilities | | | | | | | 820,840 |
| Total liabilities | | | | | | | <u>231,684,970</u> |



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A22. Segmental Reporting (continued)

Three months ended 31 March 2019

| | ← GWB → | | | | | | | |
|---|----------------------------|------------------------------|---------------|--|------------------------------------|---------------------------------|----------------------------------|-----------|
| | Group Retail Banking | Group Business Banking | Group CBIB | Group Treasury and Global Markets | Group International Business | Support Center and Others | Inter- Segment Elimination | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| External revenue | 648,831 | 267,297 | 345,681 | 377,358 | 135,690 | (32,452) | - | 1,742,405 |
| Inter-segment revenue | 5,329 | - | 6,449 | (388) | 1,873 | 7,458 | (20,721) | - |
| Segment revenue | 654,160 | 267,297 | 352,130 | 376,970 | 137,563 | (24,994) | (20,721) | 1,742,405 |
| Other operating expenses | (336,430) | (159,179) | (176,867) | (46,644) | (109,134) | (38,803) | 20,721 | (846,336) |
| Including: | | | | | | | | |
| - Depreciation of property, plant and equipment | (13,988) | (4,698) | (5,526) | (735) | (4,914) | (735) | - | (30,596) |
| - Depreciation of right of use assets | (4,772) | (3,459) | (4,397) | (47) | (3,901) | (684) | - | (17,260) |
| - Amortisation of intangible assets | (11,620) | (7,263) | (4,908) | (827) | (3,285) | (872) | - | (28,775) |
| Allowance for credit losses on financial assets | (54,335) | (7,637) | (33,057) | (2,015) | 25,849 | (1,673) | - | (72,868) |
| Segment profit/(loss) | 263,395 | 100,481 | 142,206 | 328,311 | 54,278 | (65,470) | - | 823,201 |
| Share of results of joint ventures | | | | | | | | (30) |
| Profit before taxation and zakat | | | | | | | | 823,171 |
| Taxation and zakat | | | | | | | | (192,104) |
| Net profit for the financial period | | | | | | | | 631,067 |



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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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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) The Bank has on 9 April 2020 injected additional capital of LAK79.4 billion (equivalent to RM39.4 million) into its wholly-owned subsidiary, RHB Bank Lao Limited ('RHB Bank Lao'). As a result, the issued share capital of RHB Bank Lao increased from LAK301.5 billion to LAK380.9 billion.
- (b) RHB Investment Bank Berhad ('RHB Investment Bank'), a wholly-owned subsidiary of the Bank, had on 16 April 2020 fully redeemed its existing subordinated notes of RM200 million in nominal value under a RM1 billion Multi-Currency Medium Term Note Programme which was issued on 16 April 2015.
- (c) The Bank had on 29 April 2020 fully redeemed its existing subordinated notes of RM300 million in nominal value under a RM3 billion medium term note programme which was issued on 29 April 2010.
- (d) The Bank had on 8 May 2020 fully redeemed its existing subordinated notes of RM500 million in nominal value under a RM5 billion multi-currency medium term note programme which was issued on 8 May 2015.
- (e) The Bank had on 28 May 2020 issued Subordinated Notes of RM500 million in nominal value under a RM5 billion (or its equivalent in other currencies) multi-currency medium term note programme ('Subordinated Notes'). The Subordinated Notes is issued for a tenure of 10 non-callable 5 years with a fixed coupon rate of 3.35% per annum, payable semi-annually in arrears throughout the entire tenure.

Proceeds raised from the Subordinated Notes will be utilised for the Bank's general working capital and other corporate purposes.

A25. Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the three months ended 31 March 2020 other than the following:

- (a) Subscription of 10 million Redeemable Preference Shares ('RPS') in RHB Private Equity Holdings Sdn Bhd ('RHBPEH')

RHB Investment Bank had on 28 January 2020, subscribed for 10 million RPS of RM2.00 each in RHBPEH amounting to RM20,000,000 for additional working capital purpose. Upon completion of the subscription, the equity interest held by the Bank in RHBPEH remains the same.
- (b) Subscription of HKD150,000,000 new ordinary shares in RHB Hong Kong Limited ('RHB Hong Kong')

RHB Investment Bank had on 14 February 2020, subscribed for 150 million new ordinary shares in RHB Hong Kong amounting to HKD150,000,000. The issued and paid-up share capital of RHB Hong Kong increased from HKD300,000,000 to HKD450,000,000. The rationale for the increase is to ensure that RHB Hong Kong Group are solvent for the purposes of the Proposed Cessation and winding up as disclosed in Note B6(a).
- (c) Application for dissolution of RHB (China) Investment Advisory Co. Ltd

RHB (China) Investment Advisory Co. Ltd., an indirect wholly-owned subsidiary of the Bank, had on 31 March 2020, commenced the application for dissolution pursuant to Article 180(ii) of the Company Law of the People's Republic of China. An application for dissolution will be submitted to Shanghai Tax Bureau, Shanghai Municipal Commission of Commerce and Shanghai Municipal Administration of Industry and Commerce accordingly.

The dissolution of RHB (China) Investment Advisory Co. Ltd., will not have any material effect on the earnings and net assets of the Group for the financial year ending 31 December 2020.



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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 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| Direct credit substitutes | 1,274,598 | 1,386,004 | 1,270,250 | 1,381,759 |
| Transaction-related contingent items | 4,297,231 | 4,258,393 | 3,913,516 | 3,984,356 |
| Short term self-liquidating trade-related contingencies | 1,732,937 | 1,311,586 | 1,580,822 | 1,240,297 |
| 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 | 4,199,754 | 4,119,202 | 5,056,237 | 4,119,202 |
| Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns | 109,394 | - | 45,434 | - |
| Irrevocable commitments to extend credit | | | | |
| - Maturity less than one year | 2,179,521 | 1,861,774 | 548,315 | 670,237 |
| - Maturity more than one year | 27,720,216 | 27,701,607 | 19,705,637 | 19,424,618 |
| Foreign exchange related contracts [^] | | | | |
| - Less than one year | 58,076,842 | 54,600,403 | 59,872,527 | 56,549,934 |
| - One year to less than five years | 3,079,216 | 2,719,057 | 3,187,219 | 2,821,309 |
| - More than five years | 1,023,442 | 1,112,190 | 1,023,442 | 1,112,190 |
| Commodity related contracts [^] | | | | |
| - Less than one year | 255,537 | 266,117 | 255,537 | 266,117 |
| - One year to less than five years | - | 24,192 | - | 24,192 |
| Equity related contracts [^] | | | | |
| - Less than one year | 1,896 | - | 1,896 | - |
| Interest rate related contracts [^] | | | | |
| - Less than one year | 7,646,180 | 6,407,422 | 9,736,180 | 8,267,422 |
| - One year to less than five years | 20,321,781 | 19,713,844 | 21,321,781 | 20,713,844 |
| - More than five years | 9,226,791 | 8,642,163 | 9,726,791 | 9,142,163 |
| 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 | 16,781,870 | 16,303,840 | 13,991,901 | 13,728,325 |
| | 157,927,206 | 150,427,794 | 151,237,485 | 143,445,965 |

[^] 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 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| Corporate guarantee issued in favour of Monetary Authority of Singapore in relation to undertaking of subsidiaries | 151,540 | 152,009 |
| Corporate guarantee issued in favour of the Stock Exchange of Thailand in relation to a derivative warrant programme of a subsidiary | 965 | 458 |
| | <u>152,505</u> | <u>152,467</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 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| Authorised and contracted for: | | | | |
| - Property, plant and equipment | 202,044 | 209,078 | 179,101 | 185,483 |
| - Investment securities | 6,122 | 5,796 | - | - |
| | <u>208,166</u> | <u>214,874</u> | <u>179,101</u> | <u>185,483</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 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 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 | 15,675,737 | 15,614,585 | 12,604,675 | 12,606,320 |
| Other reserves | 817,523 | 727,132 | 565,929 | 490,905 |
| FVOCI reserves | 894,228 | 1,283,816 | 758,729 | 1,123,748 |
| | 24,381,591 | 24,619,636 | 20,923,436 | 21,215,076 |
| Less: | | | | |
| Goodwill | (2,638,198) | (2,638,198) | (1,651,542) | (1,651,542) |
| Intangible assets (include associated deferred tax liabilities) | (528,873) | (535,880) | (473,755) | (478,305) |
| Deferred tax assets | (143,484) | (175,214) | (111,338) | (141,690) |
| 55% of cumulative gains arising from change in value of FVOCI instruments | (491,825) | (706,099) | (417,301) | (618,061) |
| Investments in subsidiaries | (102,425) | (102,425) | (4,713,568) | (4,713,568) |
| Investments in associates and joint ventures | (9,512) | (9,512) | - | - |
| Other deductions [#] | (14,696) | (16,144) | (18,113) | (14,189) |
| Total CET I Capital | 20,452,578 | 20,436,164 | 13,537,819 | 13,597,721 |
| Qualifying non-controlling interests recognised as Tier I Capital | 219 | 220 | - | - |
| Total Tier I Capital | 20,452,797 | 20,436,384 | 13,537,819 | 13,597,721 |
| 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 | 1,249,593 | 1,249,527 | 1,249,593 | 1,249,527 |
| Qualifying capital instruments of a subsidiary issued to third parties ⁺ | 495,103 | 490,764 | - | - |
| Surplus eligible provisions over expected losses | 490,567 | 478,626 | 372,291 | 363,909 |
| General provisions [^] | 273,399 | 293,276 | 174,687 | 183,354 |
| Investment in capital instrument of financial and insurance/takaful entities | (3,934) | - | (224,936) | (134,187) |
| Total Tier II Capital | 2,804,728 | 2,812,193 | 1,871,635 | 1,962,603 |
| Total Capital | 23,257,525 | 23,248,577 | 15,409,454 | 15,560,324 |



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A28. Capital Adequacy Ratio (continued)

| | Group | | Bank [@] | |
|----------------------------|---------------------------|------------------------------|---------------------------|------------------------------|
| | As at 31 March 2020 | As at 31 December 2019 | As at 31 March 2020 | As at 31 December 2019 |
| <u>Capital ratios</u> | | | | |
| Before proposed dividends: | | | | |
| CET I Capital Ratio | 16.648% | 16.883% | 14.932% | 15.145% |
| Tier I Capital Ratio | 16.648% | 16.884% | 14.932% | 15.145% |
| Total Capital Ratio | 18.931% | 19.207% | 16.996% | 17.331% |
| After proposed dividends: | | | | |
| CET I Capital Ratio | 16.044% | 16.271% | 14.114% | 14.319% |
| Tier I Capital Ratio | 16.044% | 16.271% | 14.114% | 14.319% |
| Total Capital Ratio | 18.327% | 18.594% | 16.178% | 16.505% |

[@] 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.

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

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

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

Includes the qualifying regulatory reserves of the Group and the Bank of RM183,181,000 (31 December 2019: RM202,449,000) and RM97,142,000 (31 December 2019: RM101,096,000) 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 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| CET I/Tier I Capital | | | | |
| Share capital | 1,673,424 | 1,673,424 | 1,487,773 | 1,487,773 |
| Retained profits | 2,451,410 | 2,530,491 | 425,144 | 567,193 |
| FVOCI reserves | 93,267 | 117,635 | 39,691 | 39,360 |
| | 4,218,101 | 4,321,550 | 1,952,608 | 2,094,326 |
| Less: | | | | |
| Goodwill | - | - | (372,395) | (372,395) |
| Investments in subsidiaries, associates and joint ventures | - | - | (1,148,242) | (1,098,725) |
| Intangible assets (include associated deferred tax liabilities) | (2,796) | (3,295) | (25,345) | (25,905) |
| Deferred tax assets | (12,019) | (12,068) | (9,521) | (10,106) |
| 55% of cumulative gains arising from change in value of FVOCI instruments | (51,297) | (64,699) | (21,830) | (21,648) |
| Other deductions [#] | (1,471) | (1,955) | - | - |
| Total CET I Capital/Tier I Capital | 4,150,518 | 4,239,533 | 375,275 | 565,547 |
| 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 | 118,581 | 114,957 | - | - |
| General provisions [^] | 48,345 | 53,940 | 11,505 | 9,932 |
| Total Tier II Capital | 916,926 | 918,897 | 411,505 | 409,932 |
| Total Capital | 5,067,444 | 5,158,430 | 786,780 | 975,479 |
| <u>Capital ratios</u> | | | | |
| Before proposed dividends: | | | | |
| CET I Capital Ratio | 13.719% | 13.922% | 20.623% | 33.144% |
| Tier I Capital Ratio | 13.719% | 13.922% | 20.623% | 33.144% |
| Total Capital Ratio | 16.750% | 16.939% | 43.237% | 57.169% |
| After proposed dividends: | | | | |
| CET I Capital Ratio | 13.719% | 13.627% | 20.623% | 24.764% |
| Tier I Capital Ratio | 13.719% | 13.627% | 20.623% | 24.764% |
| Total Capital Ratio | 16.750% | 16.644% | 43.237% | 48.788% |



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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 RM39,800,000 (31 December 2019: RM44,447,000) and RM11,236,000 (31 December 2019: RM9,917,000) respectively.

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

| | Group | Bank[@] | RHB Islamic Bank | RHB Investment Bank |
|--|--------------------|-------------------------|---------------------------------|------------------------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| 31 March 2020 | | | | |
| Credit risk | 106,953,826 | 78,695,008 | 23,631,133 | 920,364 |
| Market risk | 3,729,728 | 3,377,291 | 239,215 | 141,804 |
| Operational risk | 12,172,842 | 8,592,356 | 1,997,799 | 757,515 |
| Additional risk-weighted assets due to capital floor | - | - | 4,386,041 | - |
| Total risk-weighted assets | <u>122,856,396</u> | <u>90,664,655</u> | <u>30,254,188</u> | <u>1,819,683</u> |
| | | | | |
| | 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 | <u>121,042,914</u> | <u>89,781,663</u> | <u>30,452,251</u> | <u>1,706,317</u> |

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



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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 March 2020 RM'000 | As at 31 December 2019 RM'000 |
|----------------------------|---|--|
| Before proposed dividends: | | |
| Solvency ratio | 16.886% | 15.477% |
| After proposed dividends: | | |
| Solvency ratio | 16.886% | 15.477% |

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. Operations of Islamic Banking

(a) Statement of Financial Position as at 31 March 2020

| | Group | | Bank | |
|--|-------------------------------------|--|-------------------------------------|--|
| | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| ASSETS | | | | |
| Cash and short-term funds | 3,204,476 | 4,051,889 | - | - |
| Deposits and placements with banks and other financial institutions | - | 36,886 | - | - |
| Financial assets at FVTPL | 128,646 | 207,145 | - | - |
| Financial assets at FVOCI | 5,086,031 | 5,118,305 | - | - |
| Financial investments at amortised cost | 3,600,942 | 3,407,470 | - | - |
| Financing and advances | 61,205,133 | 60,799,611 | 1,014,737 | 570,204 |
| Other assets | 773,418 | 452,036 | 633,589 | 183,075 |
| Derivative assets | 176,234 | 8,703 | - | - |
| Statutory deposits | 161,175 | 1,517,000 | - | - |
| Right of use assets | 2,763 | 2,924 | - | - |
| Property, plant and equipment | 3,798 | 3,979 | - | - |
| Intangible assets | 3,381 | 3,633 | - | - |
| Total assets | <u>74,345,997</u> | <u>75,609,581</u> | <u>1,648,326</u> | <u>753,279</u> |
| LIABILITIES | | | | |
| Deposits from customers | 55,732,486 | 54,416,970 | - | - |
| Deposits and placements of banks and other financial institutions | 2,646,315 | 2,506,723 | 1,180,627 | 576,300 |
| Bills and acceptances payable | 14,516 | 12,460 | - | - |
| Other liabilities | 712,186 | 644,477 | 407,359 | 143,419 |
| Derivative liabilities | 29,445 | 123,614 | - | - |
| Recourse obligation on financing sold to Cagamas | 2,272,695 | 2,270,239 | - | - |
| Provision for taxation and zakat | 36,593 | 36,025 | - | - |
| Deferred tax liabilities | 18,018 | 25,421 | - | - |
| Lease liabilities | 2,852 | 3,040 | - | - |
| Subordinated obligations | 762,992 | 754,565 | - | - |
| Total liabilities | <u>62,228,098</u> | <u>60,793,534</u> | <u>1,587,986</u> | <u>719,719</u> |
| Islamic Banking Funds | 12,117,899 | 14,816,047 | 60,340 | 33,560 |
| Total liabilities and Islamic Banking Funds | <u>74,345,997</u> | <u>75,609,581</u> | <u>1,648,326</u> | <u>753,279</u> |
| Commitments and contingencies | <u>17,629,411</u> | <u>15,779,974</u> | <u>28,894</u> | <u>13,422</u> |



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A29. Operations of Islamic Banking (continued)

(b) Income Statement for the Three Months Ended 31 March 2020

| | 1st Quarter Ended | | Three Months Ended | |
|---|-------------------|-----------|--------------------|-----------|
| | 31 March | 31 March | 31 March | 31 March |
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| Income derived from investment of depositors' funds | 723,954 | 662,186 | 723,954 | 662,186 |
| Income derived from investment account funds | 103,258 | 107,196 | 103,258 | 107,196 |
| Income derived from investment of shareholders' funds | 95,665 | 62,904 | 95,665 | 62,904 |
| Allowance for credit losses | (35,752) | (3,228) | (35,752) | (3,228) |
| Total distributable income | 887,125 | 829,058 | 887,125 | 829,058 |
| Income attributable to depositors | (475,819) | (451,336) | (475,819) | (451,336) |
| | 411,306 | 377,722 | 411,306 | 377,722 |
| Personnel expenses | (7,675) | (8,983) | (7,675) | (8,983) |
| Other overheads and expenditures | (88,398) | (100,892) | (88,398) | (100,892) |
| Profit before taxation and zakat | 315,233 | 267,847 | 315,233 | 267,847 |
| Taxation and zakat | (43,491) | (37,379) | (43,491) | (37,379) |
| Net profit for the financial period | 271,742 | 230,468 | 271,742 | 230,468 |

Statement of Comprehensive Income for the Three Months Ended 31 March 2020

| | 1st Quarter Ended | | Three Months Ended | |
|---|-------------------|----------|--------------------|----------|
| | 31 March | 31 March | 31 March | 31 March |
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| Net profit for the financial period | 271,742 | 230,468 | 271,742 | 230,468 |
| 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 (loss)/gain | (24,540) | 72,911 | (24,540) | 72,911 |
| - Net transfer to income statement on disposal | (7,524) | (3,423) | (7,524) | (3,423) |
| - Changes in expected credit losses | (376) | (569) | (376) | (569) |
| Income tax relating to components of other comprehensive loss/(income) | 7,695 | (16,677) | 7,695 | (16,677) |
| Other comprehensive (loss)/income, net of tax, for the financial period | (24,745) | 52,242 | (24,745) | 52,242 |
| Total comprehensive income for the financial period | 246,997 | 282,710 | 246,997 | 282,710 |



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A29. Operations of Islamic Banking (continued)

(b) Income Statement for the Three Months Ended 31 March 2020

| | 1st Quarter Ended | | Three Months Ended | |
|--|-------------------|----------|--------------------|----------|
| | 31 March | 31 March | 31 March | 31 March |
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Bank | | | | |
| Income derived from investment of depositors' funds | 4,299 | 2,579 | 4,299 | 2,579 |
| Income derived from investment of shareholders' funds | 76 | 3 | 76 | 3 |
| Allowance for credit losses | (874) | 1,074 | (874) | 1,074 |
| Total distributable income | 3,501 | 3,656 | 3,501 | 3,656 |
| Income attributable to depositors | (3,491) | (1,995) | (3,491) | (1,995) |
| | 10 | 1,661 | 10 | 1,661 |
| Personnel expenses | (355) | - | (355) | - |
| Other overheads and expenditures | (16) | - | (16) | - |
| (Loss)/Profit before taxation | (361) | 1,661 | (361) | 1,661 |
| Taxation | - | - | - | - |
| Net (loss)/profit for the financial period | (361) | 1,661 | (361) | 1,661 |

Statement of Comprehensive Income for the Three Months Ended 31 March 2020

| | 1st Quarter Ended | | Three Months Ended | |
|---|-------------------|----------|--------------------|----------|
| | 31 March | 31 March | 31 March | 31 March |
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Bank | | | | |
| Net (loss)/profit for the financial period | (361) | 1,661 | (361) | 1,661 |
| Total comprehensive (loss)/income for the financial period | (361) | 1,661 | (361) | 1,661 |



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A29. Operations of Islamic Banking (continued)

(d) Financing and Advances

| | Group | | Bank | |
|-----------------------------------|-------------------------------------|--|-------------------------------------|--|
| | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| At amortised cost | | | | |
| Cashline | 862,200 | 847,596 | - | - |
| Term financing | | | | |
| - Housing financing | 18,992,113 | 18,357,927 | - | - |
| - Syndicated term financing | 2,785,107 | 2,881,891 | - | - |
| - Hire purchase receivables | 7,728,195 | 7,723,027 | - | - |
| - Other term financing | 25,961,721 | 25,317,460 | 1,019,851 | 574,458 |
| Bills receivables | 921,548 | 910,771 | - | - |
| Trust receipts | 52,464 | 29,100 | - | - |
| Staff financing | 8,148 | 6,709 | - | - |
| Credit/charge card receivables | 279,868 | 293,523 | - | - |
| Revolving financing | 3,986,506 | 4,776,914 | - | - |
| Gross financing and advances | 61,577,870 | 61,144,918 | 1,019,851 | 574,458 |
| Less: Allowance for credit losses | (372,737) | (345,307) | (5,114) | (4,254) |
| Net financing and advances | 61,205,133 | 60,799,611 | 1,014,737 | 570,204 |

(i) Movements in impaired financing and advances

| | | | | |
|--|----------|-----------|---|---|
| Balance as at the beginning of the financial period/year | 466,169 | 509,183 | - | - |
| Transfer to 12-month ECL (Stage 1) | (8,440) | (18,522) | - | - |
| Transfer to Lifetime ECL not credit impaired (Stage 2) | (32,989) | (71,197) | - | - |
| Transfer to Lifetime ECL credit impaired (Stage 3) | 138,708 | 209,647 | - | - |
| Purchases and origination | 6,279 | 46,347 | - | - |
| Derecognition | (83,789) | (99,603) | - | - |
| Amount written off | (15,334) | (109,686) | - | - |
| Balance as at the end of the financial period/year | 470,604 | 466,169 | - | - |



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A29. Operations of Islamic Banking (continued)

(d) Financing and Advances (continued)

(ii) Movement in allowance for credit losses

| Group | 12-month | Lifetime ECL | Lifetime ECL | Total |
|---|---------------|----------------|----------------|----------------|
| | ECL | not credit | credit | |
| | (Stage 1) | (Stage 2) | (Stage 3) | |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| 31 March 2020 | | | | |
| Balance as at the beginning of the financial period | 71,816 | 99,609 | 173,882 | 345,307 |
| Changes due to financial assets recognised in the opening balance that have been: | | | | |
| - Transferred to 12-month ECL (Stage 1) | 12,775 | (10,184) | (2,591) | - |
| - Transferred to Lifetime ECL not credit impaired (Stage 2) | (3,859) | 13,991 | (10,132) | - |
| - Transferred to Lifetime ECL credit impaired (Stage 3) | (131) | (4,239) | 4,370 | - |
| | 8,785 | (432) | (8,353) | - |
| Allowance made/(written back) during the financial period | (9,748) | 14,846 | 43,456 | 48,554 |
| Bad debts written off | - | - | (11,001) | (11,001) |
| Derecognition | (1,067) | (1,141) | (7,901) | (10,109) |
| Exchange differences | (14) | - | - | (14) |
| Balance as at the end of the financial period | <u>69,772</u> | <u>112,882</u> | <u>190,083</u> | <u>372,737</u> |
| 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 | <u>71,816</u> | <u>99,609</u> | <u>173,882</u> | <u>345,307</u> |



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A29. Operations of Islamic Banking (continued)

(d) Financing and Advances (continued)

(ii) Movement in allowance for credit losses

| Bank | 12-month | Lifetime ECL | Lifetime ECL | Total |
|---|------------------|---------------------|---------------------|---------------|
| | ECL | not credit | credit | |
| | (Stage 1) | impaired | impaired | |
| | RM'000 | (Stage 2) | (Stage 3) | RM'000 |
| 31 March 2020 | | | | |
| Balance as at the beginning of the financial period | 4,254 | - | - | 4,254 |
| Allowance made during the financial period | 874 | - | - | 874 |
| Exchange differences | (14) | - | - | (14) |
| Balance as at the end of the financial period | <u>5,114</u> | <u>-</u> | <u>-</u> | <u>5,114</u> |
| 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> |



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A29. Operations of Islamic Banking (continued)

| | Group | | Bank | |
|-------------------------|-------------------------------------|--|-------------------------------------|--|
| | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| (e) Other Assets | | | | |
| Prepayments | 27,725 | 26,794 | - | - |
| Deposits | 1,516 | 1,527 | - | - |
| Other receivables | 744,177 | 423,715 | 633,589 | 183,075 |
| | 773,418 | 452,036 | 633,589 | 183,075 |

| | Group | |
|------------------------------------|-------------------------------------|--|
| | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| (f) Deposits from Customers | | |
| Saving Deposits | | |
| - Qard | 1,721,609 | 1,546,038 |
| Demand Deposits | | |
| - Qard | 5,712,494 | 4,922,269 |
| - Commodity Murabahah | 1,172,336 | 899,010 |
| Term Deposits | | |
| - Commodity Murabahah | 39,586,549 | 39,937,853 |
| Specific Investment Account | | |
| - Murabahah | 7,445,056 | 7,011,168 |
| General Investment Account | | |
| - Mudharabah | 94,442 | 100,632 |
| | 55,732,486 | 54,416,970 |



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B1. Review of Group Results

(a) Current Financial Period vs Previous Financial Period

The Group reported a net profit of RM570.9 million for the first three months ended 31 March 2020, 9.4% lower from RM630.2 million recorded a year ago. The year-on-year earnings decline was mainly due to higher allowances for credit losses and lower non-funding income, partially offset by higher net funding income and lower operating expenses.

Net fund based income increased by 4.4% to RM1,260.4 million from a year ago, driven by proactive management of funding costs which dropped 7.5% year-on-year as a result of the increase in CASA composition and redemption of RM600 million Hybrid Tier- I Capital and RM1 billion sub-debts in 2019.

Non-fund based income was 9.3% lower at RM484.8 million. This was largely attributed to the lower trading and investment income in line with higher bond yields at the end of the quarter, lower foreign exchange gain and lower capital market fee income, partially offset by an increase in transactional banking fee income and brokerage income as well as higher insurance underwriting surplus.

Operating expenses declined by 0.6% to RM841.5 million from a year ago driven by disciplined cost management efforts in the current volatile market. Cost-to-income ratio improved to 48.2% from 48.6% a year ago.

Allowances for credit losses was at RM151.4 million, primarily due to higher allowances for loan impairment and higher allowances written back for financial investments at amortised cost and financial assets at fair value through other comprehensive income in the corresponding year. Annualised loan credit costs stood at 0.34%.

Total assets of the Group remained stable from December 2019 to RM257.8 billion as at 31 March 2020. Net assets per share was at RM6.50, with shareholders' equity at RM26.0 billion as at 31 March 2020.

The Group's gross loans and financing grew by 3.6% year-on-year to RM176.2 billion, supported mainly by resilient growth in mortgages, SME and Singapore loans. Domestic loans and financing grew 2.2% year-on-year. The Group's domestic loan market share stood at 8.8% as at end March 2020.

Customer deposits increased by 3.8% year-on-year to RM194.0 billion, largely attributable to growth in CASA and money market time deposits ("MMTD"), partially offset by decrease in fixed deposits. CASA increased by 16.4% year-on-year, with CASA composition at 27.4% as at 31 March 2020.

Gross impaired loans remained relatively stable at RM3.5 billion, with gross impaired loans ratio at 2.00%. Loan loss coverage for the Group, including regulatory reserves was at 107.63%.



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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 RM273.3 million for the first three months ended 31 March 2020, 3.8% higher than previous year. This was mainly attributed to higher net fund based income, partially offset by lower non-fund based income, higher operating expenses and higher allowances for loans and financing.

Retail loans and financing was at RM90.1 billion, 4.5% higher year-on-year primarily from growth recorded in mortgages.

Retail deposits increased by 3.9% over the last one year to RM59.0 billion as at March 2020, contributed by growth in both CASA and fixed deposits.

(ii) Group Business Banking

Group Business Banking recorded a pre-tax profit of RM103.7 million for the first quarter, 3.2% higher mainly due to higher net fund based income and lower operating expenses, partially offset by higher allowances for loans and financing.

Gross loans and financing expanded by 4.3% over the year, driven mainly by the Middle Market and Retail SME portfolio.

Strong current account growth contributed to the overall deposits growth of 3.6% over the same period to RM28.1 billion.

(iii) GWB

Group Wholesale Banking (“GWB”) recorded a pre-tax profit of RM394.9 million, a decrease of 16.1% from the previous year.

(a) Group Corporate & Investment Banking registered a pre-tax profit of RM147.9 million, a 4.0% improvement on the back of higher net funding income, partially offset by lower non-fund based income.

Gross loans and financing declined by 3.7% to RM40.9 billion due primarily to a few large corporate repayments.

Deposits declined by 3.1% to RM57.2 billion, largely contributed by decrease in fixed deposits but negated by growth in current account.

(b) Group Treasury & Global Markets recorded a 24.8% decline in pre-tax profit to RM247.0 million over the year, mainly due to lower net funding income, lower trading/investment income and lower net foreign exchange gain and derivatives.

Total deposits grew by 6.3% to RM28.5 billion with increase 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 SGD5.8 million, 28.4% lower compared to the previous year, mainly attributed to higher impairment losses on loans, partially offset by higher non-fund based income and lower operating expenses.

Singapore loans and advances recorded a robust 20.4% growth to SGD4.8 billion year-on-year, while deposits increased by 24.0% to SGD5.6 billion over the same period.

Group International Business excluding Singapore registered a pre-tax loss of RM5.5 million as compared to a pre-tax profit in the corresponding year, mainly due to higher losses recorded in Thailand and lower profitability in Cambodia.

B2. Current Quarter vs Previous Quarter

Net profit of the Group declined by 8.1% to RM570.9 million from RM621.0 million recorded in the preceding quarter ended 31 December 2019. This was primarily due to higher allowances for credit losses and lower total income, partially offset by lower operating expenses and tax expense.

B3. Prospects for Financial Year 2020

The COVID-19 pandemic has caused a significant disruption to economic activities. Another challenge facing the industry is the potential effects of low commodities prices, although it is too early to ascertain its full impact to the economy. The Malaysian government's relief measures, however, are expected to mitigate the negative effects of the pandemic.

One of the relief measures was the introduction by Bank Negara Malaysia of automatic moratorium on all loans/financing repayments by individuals and SME borrowers for a period of six months from April to September 2020. While borrowers are relieved of repayment obligations during this period, the banking industry will be actively monitoring the portfolio of clients during this period to assess the implications to the banks post the moratorium period. Nevertheless, RHB Banking Group has sufficient liquidity and ample capital to steer through the moratorium and pandemic.

Under the challenging operating environment, we remain cautious, placing utmost importance in ensuring business continuity, attending to urgent customer needs and assisting our staff who may be facing difficulties. We will continue to engage with our customers and support them in this difficult period. Our focus on implementing FIT22 remains, though we may have to prioritise certain initiatives in light of the pandemic and Movement Control Order.

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

| | 1st Quarter Ended | | Three Months Ended | |
|---|-------------------|------------------|--------------------|------------------|
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| Income tax based on profit for the financial period | | | | |
| - Malaysian income tax | 149,153 | 147,471 | 149,153 | 147,471 |
| - Overseas tax | 5,548 | 4,680 | 5,548 | 4,680 |
| Deferred tax | 24,838 | 40,644 | 24,838 | 40,644 |
| | <u>179,539</u> | <u>192,795</u> | <u>179,539</u> | <u>192,795</u> |
| Under provision in respect of prior financial years | (344) | (1,509) | (344) | (1,509) |
| Tax expense | <u>179,195</u> | <u>191,286</u> | <u>179,195</u> | <u>191,286</u> |
| Zakat | 909 | 818 | 909 | 818 |
| | <u>180,104</u> | <u>192,104</u> | <u>180,104</u> | <u>192,104</u> |

The effective tax rate of the Group for the first quarter and three months ended 31 March 2020 was lower than the statutory tax rate mainly due to the effects of lower tax rates in other tax jurisdictions and certain income not subject to tax.

| | 1st Quarter Ended | | Three Months Ended | |
|---|-------------------|------------------|--------------------|------------------|
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Bank | | | | |
| Income tax based on profit for the financial period | | | | |
| - Malaysian income tax | 110,277 | 105,282 | 110,277 | 105,282 |
| - Overseas tax | 148 | - | 148 | - |
| Deferred tax | 26,505 | 31,852 | 26,505 | 31,852 |
| | <u>136,930</u> | <u>137,134</u> | <u>136,930</u> | <u>137,134</u> |

The effective tax rate of the Bank for the first quarter and three months ended 31 March 2020 was lower than the statutory tax rate mainly due to certain income not subject to tax.



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B6. Status of Corporate Proposals

(a) 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. RHB Investment Bank had on 14 February 2020 injected additional capital into RHB Hong Kong as disclosed in Note A25(b).

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.

As part of RHB Hong Kong Group, RHB (China) Investment Advisory Co. Ltd had commenced the application for dissolution as disclosed in Note A25(c).



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

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

| | Group | | Bank | |
|--|-------------------------------------|--|-------------------------------------|--|
| | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| Deposits from customers | | | | |
| - One year or less | 189,758,533 | 186,019,586 | 129,847,916 | 128,517,526 |
| - More than one year | 4,220,440 | 4,535,639 | 2,747,947 | 3,053,598 |
| | <u>193,978,973</u> | <u>190,555,225</u> | <u>132,595,863</u> | <u>131,571,124</u> |
| Deposits and placements of banks and other financial institutions | | | | |
| - Maturing within one year | 18,916,339 | 21,112,852 | 20,346,944 | 18,806,380 |
| - One year to three years | 147,131 | 155,872 | 121,259 | 136,630 |
| - Three years to five years | 66,376 | 69,400 | 27,839 | 29,617 |
| - Over five years | 201,910 | 201,205 | 201,910 | 201,205 |
| | <u>19,331,756</u> | <u>21,539,329</u> | <u>20,697,952</u> | <u>19,173,832</u> |

(b) Borrowings

| | Group | | Bank | |
|------------------------------------|-------------------------------------|--|-------------------------------------|--|
| | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| Secured | | | | |
| Term loans: | | | | |
| - Cambodian Riel | 177,242 | 112,930 | - | - |
| Unsecured | | | | |
| Term loans: | | | | |
| - United States Dollar | 865,504 | 840,177 | 865,504 | 840,177 |
| - Hong Kong Dollar | 2,340 | 3,101 | - | - |
| - Singapore Dollar | 28,491 | 72,972 | - | - |
| Promissory note: | | | | |
| - Indonesia Rupiah | 26,659 | 29,673 | - | - |
| - Thai Baht | - | 123,674 | - | - |
| | <u>1,100,236</u> | <u>1,182,527</u> | <u>865,504</u> | <u>840,177</u> |
| Scheduled repayment of borrowings: | | | | |
| - Within one year | 1,100,236 | 978,026 | 865,504 | 635,676 |
| - One year to three years | - | 204,501 | - | 204,501 |
| | <u>1,100,236</u> | <u>1,182,527</u> | <u>865,504</u> | <u>840,177</u> |



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

(c) Senior debt securities

| | Group and Bank | |
|--|---|--|
| | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| USD500 million 2.503% senior debt securities due in 2021 | 2,184,744 | 2,055,132 |
| USD300 million 3.766% senior debt securities due in 2024 | 1,299,802 | 1,241,631 |
| | <u>3,484,546</u> | <u>3,296,763</u> |

(d) Subordinated obligations

| | Note | Group | | Bank | |
|--|-------|---|--|---|--|
| | | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| 5.60% RM300 million Tier II Subordinated Notes 2010/2025 | (i) | 307,134 | 302,946 | 307,134 | 302,946 |
| 4.95% RM200 million Tier II Subordinated Notes 2015/2025 | (ii) | 204,530 | 202,061 | - | - |
| 4.75% RM500 million Tier II Subordinated Notes 2015/2025 | (iii) | 509,423 | 503,474 | 509,423 | 503,474 |
| 4.88% RM250 million Tier II Subordinated Sukuk Murabahah 2017/2027 | | 255,181 | 252,139 | - | - |
| 4.82% RM750 million Tier II Subordinated Notes 2017/2027 | | 750,000 | 758,976 | 750,000 | 758,976 |
| 4.90% RM200 million Tier II Subordinated Notes 2017/2027 | | 204,645 | 202,202 | - | - |
| 4.32% RM500 million Tier II Subordinated Sukuk Murabahah 2019/2029 | | 507,812 | 502,426 | - | - |
| | | <u>2,738,725</u> | <u>2,724,224</u> | <u>1,566,557</u> | <u>1,565,396</u> |

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

- (i) The Bank had on 29 April 2020 fully redeemed the existing RM300 million in nominal value of subordinated notes as disclosed in Note A24(c).
- (ii) RHB Investment Bank had on 16 April 2020 fully redeemed the existing RM200 million in nominal value of subordinated notes as disclosed in Note A24(b).
- (iii) The Bank had on 8 May 2020 fully redeemed the existing RM500 million in nominal value of subordinated notes as disclosed in Note A24(d).



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B8. Derivative Financial Instruments

Details of derivative financial instruments outstanding are as follows:

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

| Group | As at 31 March 2020 | | | As at 31 December 2019 | | |
|--|---------------------------------|------------------|-----------------------|---------------------------------|------------------|-----------------------|
| | 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 | 55,232,636 | 954,366 | 553,337 | 52,494,800 | 304,168 | 623,039 |
| - Options | 2,931,241 | 33,283 | 24,054 | 2,181,278 | 11,933 | 5,226 |
| - Cross-currency interest rate swaps | 4,015,623 | 220,623 | 166,440 | 3,755,572 | 217,884 | 161,926 |
| | 62,179,500 | 1,208,272 | 743,831 | 58,431,650 | 533,985 | 790,191 |
| Interest rate related contracts | | | | | | |
| - Swaps | 32,228,334 | 714,603 | 694,568 | 30,255,839 | 303,302 | 262,100 |
| Commodity related contracts | | | | | | |
| - Options | 255,537 | 27,337 | 27,337 | 290,309 | 11,831 | 11,831 |
| Equity related contracts | | | | | | |
| - Options | 1,896 | 48 | 62 | - | - | - |
| Structured warrants | 141,428 | - | 5,658 | 43,817 | - | 4,277 |
| Structured investments | 18,116 | 1,294 | - | 18,116 | 4,437 | - |
| <u>Fair Value Hedging Derivatives:</u> | | | | | | |
| Interest rate related contracts | | | | | | |
| - Swaps | 4,966,418 | - | 271,248 | 4,507,590 | 1,701 | 92,528 |
| Total | 99,791,229 | 1,951,554 | 1,742,704 | 93,547,321 | 855,256 | 1,160,927 |



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B8. Derivative Financial Instruments (continued)

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

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

| Bank | As at 31 March 2020 | | | As at 31 December 2019 | | |
|--|---------------------------------|------------------|-----------------------|---------------------------------|------------------|-----------------------|
| | Contract/ Notional Amount | Fair Value | | Contract/ Notional Amount | Fair Value | |
| | RM'000 | Assets RM'000 | Liabilities RM'000 | RM'000 | Assets RM'000 | Liabilities RM'000 |
| By type | | | | | | |
| <u>Trading Derivatives:</u> | | | | | | |
| Foreign exchange related contracts | | | | | | |
| - Forwards/swaps | 55,905,665 | 950,075 | 563,146 | 53,381,479 | 314,700 | 622,944 |
| - Options | 2,931,241 | 33,283 | 24,054 | 2,181,278 | 11,933 | 5,226 |
| - Cross-currency interest rate swaps | 5,246,282 | 218,564 | 164,896 | 4,920,676 | 215,877 | 160,422 |
| | 64,083,188 | 1,201,922 | 752,096 | 60,483,433 | 542,510 | 788,592 |
| Interest rate related contracts | | | | | | |
| - Swaps | 37,318,334 | 814,046 | 792,226 | 35,115,839 | 346,105 | 302,968 |
| Commodity related contracts | | | | | | |
| - Options | 255,537 | 27,337 | 27,337 | 290,309 | 11,831 | 11,831 |
| Equity related contracts | | | | | | |
| - Options | 1,896 | 48 | 62 | - | - | - |
| Structured investments | 5,866 | 419 | - | 5,866 | 1,437 | - |
| <u>Fair Value Hedging Derivatives:</u> | | | | | | |
| Interest rate related contracts | | | | | | |
| - Swaps | 3,466,418 | - | 173,606 | 3,007,590 | 1,701 | 51,683 |
| Total | 105,131,239 | 2,043,772 | 1,745,327 | 98,903,037 | 903,584 | 1,155,074 |



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B8. Derivative Financial Instruments (continued)

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

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

| Group | As at 31 March 2020 | | | As at 31 December 2019 | | |
|---|---------------------------------|-------------------------|-------------------------|---------------------------------|-----------------------|-------------------------|
| | Contract/ Notional Amount | Fair Value | | Contract/ Notional Amount | Fair Value | |
| | RM'000 | Assets RM'000 | Liabilities RM'000 | RM'000 | Assets RM'000 | Liabilities RM'000 |
| By remaining period to maturity/next re-pricing date | | | | | | |
| <u>Trading Derivatives:</u> | | | | | | |
| Foreign exchange related contracts | | | | | | |
| - Less than one year | 58,076,842 | 1,028,189 | 606,642 | 54,600,403 | 372,580 | 639,164 |
| - One year to three years | 2,242,848 | 90,335 | 62,304 | 2,254,492 | 91,489 | 58,394 |
| - More than three years | 1,859,810 | 89,748 | 74,885 | 1,576,755 | 69,916 | 92,633 |
| | <u>62,179,500</u> | <u>1,208,272</u> | <u>743,831</u> | <u>58,431,650</u> | <u>533,985</u> | <u>790,191</u> |
| Interest rate related contracts | | | | | | |
| - Less than one year | 7,646,180 | 24,141 | 29,431 | 6,407,422 | 9,842 | 5,154 |
| - One year to three years | 9,793,285 | 65,505 | 86,717 | 11,123,197 | 39,942 | 44,133 |
| - More than three years | 14,788,869 | 624,957 | 578,420 | 12,725,220 | 253,518 | 212,813 |
| | <u>32,228,334</u> | <u>714,603</u> | <u>694,568</u> | <u>30,255,839</u> | <u>303,302</u> | <u>262,100</u> |
| Commodity related contracts | | | | | | |
| - Less than one year | 255,537 | 27,337 | 27,337 | 266,117 | 10,665 | 10,665 |
| - One year to three years | - | - | - | 24,192 | 1,166 | 1,166 |
| | <u>255,537</u> | <u>27,337</u> | <u>27,337</u> | <u>290,309</u> | <u>11,831</u> | <u>11,831</u> |
| Equity related contracts | | | | | | |
| - Less than one year | 1,896 | 48 | 62 | - | - | - |
| | <u>1,896</u> | <u>48</u> | <u>62</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Structured warrants | | | | | | |
| - Less than one year | 141,286 | - | 5,645 | 43,817 | - | 4,277 |
| - One year to three years | 142 | - | 13 | - | - | - |
| | <u>141,428</u> | <u>-</u> | <u>5,658</u> | <u>43,817</u> | <u>-</u> | <u>4,277</u> |
| Structured investments | | | | | | |
| - Less than one year | 18,116 | 1,294 | - | 18,116 | 4,437 | - |
| | <u>18,116</u> | <u>1,294</u> | <u>-</u> | <u>18,116</u> | <u>4,437</u> | <u>-</u> |
| Fair Value Hedging Derivatives: | | | | | | |
| Interest rate related contracts | | | | | | |
| - One year to three years | 525,466 | - | 11,610 | 514,567 | 299 | 5,338 |
| - More than three years | 4,440,952 | - | 259,638 | 3,993,023 | 1,402 | 87,190 |
| | <u>4,966,418</u> | <u>-</u> | <u>271,248</u> | <u>4,507,590</u> | <u>1,701</u> | <u>92,528</u> |
| Total | <u>99,791,229</u> | <u>1,951,554</u> | <u>1,742,704</u> | <u>93,547,321</u> | <u>855,256</u> | <u>1,160,927</u> |



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B8. Derivative Financial Instruments (continued)

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

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

| Bank | As at 31 March 2020 | | | As at 31 December 2019 | | |
|---|---------------------------------|------------------|-----------------------|---------------------------------|------------------|-----------------------|
| | Contract/ Notional Amount | Fair Value | | Contract/ Notional Amount | Fair Value | |
| | RM'000 | Assets RM'000 | Liabilities RM'000 | RM'000 | Assets RM'000 | Liabilities RM'000 |
| By remaining period to maturity/next re-pricing date | | | | | | |
| <u>Trading Derivatives:</u> | | | | | | |
| Foreign exchange related contracts | | | | | | |
| - Less than one year | 59,872,527 | 1,023,714 | 616,441 | 56,549,934 | 382,939 | 639,060 |
| - One year to three years | 2,242,847 | 90,335 | 62,314 | 2,254,494 | 91,489 | 58,403 |
| - More than three years | 1,967,814 | 87,873 | 73,341 | 1,679,005 | 68,082 | 91,129 |
| | 64,083,188 | 1,201,922 | 752,096 | 60,483,433 | 542,510 | 788,592 |
| Interest rate related contracts | | | | | | |
| - Less than one year | 9,736,180 | 24,287 | 29,447 | 8,267,422 | 10,100 | 5,154 |
| - One year to three years | 9,814,885 | 65,502 | 86,717 | 11,296,204 | 39,942 | 44,156 |
| - More than three years | 17,767,269 | 724,257 | 676,062 | 15,552,213 | 296,063 | 253,658 |
| | 37,318,334 | 814,046 | 792,226 | 35,115,839 | 346,105 | 302,968 |
| Commodity related contracts | | | | | | |
| - Less than one year | 255,537 | 27,337 | 27,337 | 266,117 | 10,665 | 10,665 |
| - One year to three years | - | - | - | 24,192 | 1,166 | 1,166 |
| | 255,537 | 27,337 | 27,337 | 290,309 | 11,831 | 11,831 |
| Equity related contracts | | | | | | |
| - Less than one year | 1,896 | 48 | 62 | - | - | - |
| | 1,896 | 48 | 62 | - | - | - |
| Structured investments | | | | | | |
| - Less than one year | 5,866 | 419 | - | 5,866 | 1,437 | - |
| | 5,866 | 419 | - | 5,866 | 1,437 | - |
| <u>Fair Value Hedging Derivatives:</u> | | | | | | |
| Interest rate related contracts | | | | | | |
| - One year to three years | 525,466 | - | 11,610 | 514,567 | 299 | 5,338 |
| - More than three years | 2,940,952 | - | 161,996 | 2,493,023 | 1,402 | 46,345 |
| | 3,466,418 | - | 173,606 | 3,007,590 | 1,701 | 51,683 |
| Total | 105,131,239 | 2,043,772 | 1,745,327 | 98,903,037 | 903,584 | 1,155,074 |



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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 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
| 31 March 2020 | | | | |
| <u>Financial assets</u> | | | | |
| Financial assets at FVTPL: | 151,187 | 3,788,986 | 549,399 | 4,489,572 |
| - Money market instruments | - | 2,396,312 | - | 2,396,312 |
| - Quoted securities | 151,187 | - | 3,410 | 154,597 |
| - Unquoted securities | - | 1,392,674 | 545,989 | 1,938,663 |
| Financial assets at FVOCI: | 1,792 | 41,224,993 | 696,018 | 41,922,803 |
| - Money market instruments | - | 14,551,376 | - | 14,551,376 |
| - Quoted securities | 1,792 | - | - | 1,792 |
| - Unquoted securities | - | 26,673,617 | 696,018 | 27,369,635 |
| Derivative assets | 875 | 1,950,679 | - | 1,951,554 |
| | <u>153,854</u> | <u>46,964,658</u> | <u>1,245,417</u> | <u>48,363,929</u> |
| <u>Financial liabilities</u> | | | | |
| Derivative liabilities | 5,658 | 1,737,046 | - | 1,742,704 |
| | <u>5,658</u> | <u>1,737,046</u> | <u>-</u> | <u>1,742,704</u> |
| 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 |
| | <u>377,484</u> | <u>43,703,190</u> | <u>1,203,333</u> | <u>45,284,007</u> |
| <u>Financial liabilities</u> | | | | |
| Derivative liabilities | 4,277 | 1,156,650 | - | 1,160,927 |
| | <u>4,277</u> | <u>1,156,650</u> | <u>-</u> | <u>1,160,927</u> |



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B9. Fair Value of Financial Instruments (continued)

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

| Bank | <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 March 2020 | | | | |
| <u>Financial assets</u> | | | | |
| Financial assets at FVTPL: | 3,328 | 2,629,923 | 16,479 | 2,649,730 |
| - Money market instruments | - | 2,267,665 | - | 2,267,665 |
| - Quoted securities | 3,328 | - | 3,410 | 6,738 |
| - Unquoted securities | - | 362,258 | 13,069 | 375,327 |
| Financial assets at FVOCI: | - | 35,426,033 | 657,010 | 36,083,043 |
| - Money market instruments | - | 12,969,487 | - | 12,969,487 |
| - Unquoted securities | - | 22,456,546 | 657,010 | 23,113,556 |
| Derivative assets | - | 2,043,772 | - | 2,043,772 |
| | <u>3,328</u> | <u>40,099,728</u> | <u>673,489</u> | <u>40,776,545</u> |
| <u>Financial liabilities</u> | | | | |
| Derivative liabilities | - | 1,745,327 | - | 1,745,327 |
| 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 |

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



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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 March 2020 RM'000 | As at 31 December 2019 RM'000 | As at 31 March 2020 RM'000 | As at 31 December 2019 RM'000 |
| Financial assets at FVTPL | | | | |
| Balance as at the beginning of the financial period/year | 508,933 | 453,010 | 16,216 | 15,735 |
| Total net gain/(loss) recognised in income statements | 12,389 | 30,847 | (23) | (2,970) |
| Purchases | 328 | 30,908 | 328 | 3,424 |
| Settlements | - | (792) | - | - |
| Exchange differences | 27,749 | (5,040) | (42) | 27 |
| Balance as at the end of the financial period/year | <u>549,399</u> | <u>508,933</u> | <u>16,479</u> | <u>16,216</u> |
| Financial assets at FVOCI | | | | |
| Balance as at the beginning of the financial period/year | 694,400 | 767,926 | 655,331 | 638,477 |
| Total net gain recognised in other comprehensive income | 1,627 | 18,745 | 1,679 | 16,854 |
| Settlements/disposal | - | (92,290) | - | - |
| Exchange differences | (9) | 19 | - | - |
| Balance as at the end of the financial period/year | <u>696,018</u> | <u>694,400</u> | <u>657,010</u> | <u>655,331</u> |



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B10. Dividends

No dividend has been declared for the first quarter ended 31 March 2020.

B11. Earnings per Share

| | 1st Quarter Ended | | Three Months Ended | |
|---|--------------------------|-----------------|---------------------------|-----------------|
| | 31 March | 31 March | 31 March | 31 March |
| | 2020 | 2019 | 2020 | 2019 |
| Basic earnings per share | | | | |
| Profit attributable to equity holders of the Bank (RM'000) | 570,880 | 630,186 | 570,880 | 630,186 |
| 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 | 14.2 | 15.7 | 14.2 | 15.7 |
| - Diluted | 14.2 | 15.7 | 14.2 | 15.7 |

There were no dilutive potential ordinary shares outstanding as at 31 March 2020. As a result, the diluted earnings per share equal to the basic earnings per share for the financial period ended 31 March 2020.

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN

(License No. LS0006901)

Company Secretary

29 May 2020