



RHB Bank Berhad (6171 - M)

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**RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
AUDITED INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Note	4th Quarter Ended		Twelve Months Ended	
		31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Group					
Interest income	A8	1,926,824	1,939,946	7,705,830	7,832,315
Interest expense	A9	(1,034,630)	(1,079,346)	(4,184,023)	(4,378,846)
Net interest income		892,194	860,600	3,521,807	3,453,469
Other operating income	A10	520,220	345,807	1,786,059	1,759,306
Income from Islamic Banking business	A29(b)	255,227	271,800	1,078,877	977,168
Net income		1,667,641	1,478,207	6,386,743	6,189,943
Other operating expenses	A11	(847,403)	(802,497)	(3,186,549)	(3,095,437)
Operating profit before allowances		820,238	675,710	3,200,194	3,094,506
Allowance for impairment on loans, financing and other losses	A12	(114,185)	(308,731)	(426,783)	(595,162)
Impairment losses made on other assets		(104,264)	(22,896)	(215,670)	(268,227)
		601,789	344,083	2,557,741	2,231,117
Share of results of joint ventures		90	328	391	724
Profit before taxation		601,879	344,411	2,558,132	2,231,841
Taxation	B5	(139,775)	(87,693)	(602,092)	(544,253)
Net profit for the financial period/year		462,104	256,718	1,956,040	1,687,588
Attributable to:					
- Equity holders of the Bank		460,077	261,243	1,950,145	1,681,624
- Non-controlling interests		2,027	(4,525)	5,895	5,964
		462,104	256,718	1,956,040	1,687,588
Earnings per share (sen)					
- Basic	B12	11.5	6.5	48.6	43.6
- Diluted	B12	11.5	6.5	48.6	43.6

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 2016.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	4th Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period/year	462,104	256,718	1,956,040	1,687,588
Other comprehensive income/(loss) in respect of:				
(i) Items that will not be reclassified to profit or loss:				
- Actuarial gain/(loss) on defined benefit plan of subsidiaries	481	(2,000)	891	(1,612)
(ii) Items that will be reclassified subsequently to profit or loss:				
(a) Foreign currency translation reserves				
- Currency translation differences	(142,539)	259,521	(273,138)	173,014
- Net investment hedge	8,869	(11,510)	12,773	3,975
(b) Unrealised net (loss)/gain on revaluation of financial investments available-for-sale ('AFS')	(10,279)	(506,743)	168,711	(64,839)
(c) Net transfer to income statements on disposal or impairment of financial investments AFS	(2,439)	(4,198)	86,567	12,686
Income tax relating to components of other comprehensive (income)/loss	3,491	117,171	(60,078)	6,757
Other comprehensive (loss)/income, net of tax, for the financial period/year	(142,416)	(147,759)	(64,274)	129,981
Total comprehensive income for the financial period/year	319,688	108,959	1,891,766	1,817,569
Total comprehensive income/(loss) attributable to:				
- Equity holders of the Bank	317,768	112,919	1,886,129	1,811,423
- Non-controlling interests	1,920	(3,960)	5,637	6,146
	319,688	108,959	1,891,766	1,817,569

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 2016.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
AUDITED INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	4th Quarter Ended		Twelve Months Ended	
		31 December	31 December	31 December	31 December
		2017	2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
Bank					
Interest income	A8	1,910,289	1,898,926	7,592,080	7,625,537
Interest expense	A9	(1,011,137)	(1,064,285)	(4,079,559)	(4,272,147)
Net interest income		899,152	834,641	3,512,521	3,353,390
Other operating income	A10	345,212	237,459	881,708	917,224
Income from Islamic Banking business	A29(b)	(6)	-	(6)	-
Net income		1,244,358	1,072,100	4,394,223	4,270,614
Other operating expenses	A11	(571,210)	(534,065)	(2,072,904)	(2,039,165)
Operating profit before allowances		673,148	538,035	2,321,319	2,231,449
Allowance for impairment on loans, financing and other losses	A12	(82,853)	(246,766)	(257,857)	(405,434)
Impairment losses made on other assets		(105,633)	(811)	(214,219)	(249,259)
Profit before taxation		484,662	290,458	1,849,243	1,576,756
Taxation	B5	(95,381)	(39,157)	(414,674)	(351,073)
Net profit for the financial period/year		389,281	251,301	1,434,569	1,225,683

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 2016.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	4th Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Bank				
Net profit for the financial period/year	<u>389,281</u>	251,301	<u>1,434,569</u>	1,225,683
Other comprehensive income/(loss) in respect of:				
(i) Items that will be reclassified subsequently to profit or loss:				
(a) Foreign currency translation reserves				
- Currency translation differences	(42,318)	78,470	(56,726)	51,816
(b) Unrealised net (loss)/gain on revaluation of financial investments AFS	(919)	(381,350)	117,565	(71,863)
(c) Net transfer to income statements on disposal or impairment of financial investments AFS	865	(2,598)	86,719	18,902
Income tax relating to components of other comprehensive (income)/loss	(2,104)	92,147	(51,603)	12,710
Other comprehensive (loss)/income, net of tax, for the financial period/year	<u>(44,476)</u>	(213,331)	<u>95,955</u>	11,565
Total comprehensive income for the financial period/year	<u>344,805</u>	37,970	<u>1,530,524</u>	1,237,248

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 2016.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	Group		Bank	Restated
		As at 31 December 2017 RM'000	As at 31 December 2016 RM'000	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000
ASSETS					
Cash and short-term funds		9,951,878	14,682,943	7,614,663	12,430,270
Securities purchased under resale agreements		-	1,303,589	-	1,289,891
Deposits and placements with banks and other financial institutions		1,161,601	1,362,448	11,275,105	9,641,121
Financial assets at fair value through profit or loss ('FVTPL')	A13	2,564,269	2,324,723	828,006	1,112,252
Financial investments available-for-sale ('AFS')	A14	25,816,616	25,109,662	21,427,655	20,527,252
Financial investments held-to-maturity ('HTM')	A15	19,045,943	21,365,103	14,496,205	18,032,412
Loans, advances and financing	A16	158,301,463	152,350,304	109,530,317	111,959,491
Clients' and brokers' balances		1,599,594	2,090,783	-	-
Reinsurance assets		482,760	378,311	-	-
Other assets	A17	1,106,048	2,916,551	906,895	3,127,293
Derivative assets	B8	1,826,667	4,075,418	1,834,676	4,096,153
Statutory deposits		4,001,002	4,241,509	2,538,107	2,829,242
Tax recoverable		115,874	246,895	58,871	180,705
Deferred tax assets		36,072	100,611	-	58,300
Investments in subsidiaries		-	-	4,495,837	5,340,659
Investments in associates and joint ventures		48,253	49,537	-	-
Property, plant and equipment		1,013,710	1,032,131	756,434	756,899
Goodwill		2,649,307	2,649,307	1,651,542	1,651,542
Intangible assets		488,869	399,004	415,690	335,153
TOTAL ASSETS		230,209,926	236,678,829	177,830,003	193,368,635
LIABILITIES					
Deposits from customers	A18/B7(a)	166,157,751	165,636,253	120,732,215	127,585,747
Deposits and placements of banks and other financial institutions	A19/B7(a)	21,787,017	22,700,616	22,536,941	22,686,846
Obligations on securities sold under repurchase agreements		604,163	362,706	1,587,979	2,716,656
Bills and acceptances payable		302,152	476,300	286,751	286,318
Clients' and brokers' balances		1,369,395	1,743,242	-	-
General insurance contract liabilities		998,310	872,183	-	-
Other liabilities	A20	2,715,111	2,846,146	1,573,546	3,549,430
Derivative liabilities	B8	2,551,504	3,679,020	2,513,980	3,671,822
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		1,729,606	3,554,053	1,729,606	2,738,811
Tax liabilities		33,531	57,329	-	-
Deferred tax liabilities		19,698	3,194	14,467	-
Borrowings	B7(b)	1,153,719	972,030	978,068	698,651
Subordinated obligations	B7(c)	3,748,294	5,543,358	2,588,638	4,592,576
Hybrid Tier-1 Capital Securities	B7(d)	602,666	602,143	607,678	607,155
Senior debt securities	B7(e)	3,252,581	5,856,389	3,252,581	5,856,389
TOTAL LIABILITIES		207,025,498	214,904,962	158,402,450	174,990,401

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 2016.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2017

	Note	Group		Bank	Restated
		As at 31 December 2017 RM'000	As at 31 December 2016 RM'000	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000
EQUITY					
Share capital		6,994,103	4,010,045	6,994,103	4,010,045
Reserves		16,155,611	17,734,733	12,433,450	14,368,189
Equity attributable to holders of the Bank		23,149,714	21,744,778	19,427,553	18,378,234
Non-controlling interests ('NCI')		34,714	29,089	-	-
TOTAL EQUITY		23,184,428	21,773,867	19,427,553	18,378,234
TOTAL LIABILITIES AND EQUITY		230,209,926	236,678,829	177,830,003	193,368,635
COMMITMENTS AND CONTINGENCIES	A25(a)	172,225,623	196,190,300	165,378,488	190,735,669
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK (RM)		5.77	5.42		

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 2016.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Group	Note	Attributable to equity holders of the Bank								Total Shareholders' Equity	Non-controlling Interests	Total Equity
		Share Capital	Share Premium	Statutory Reserves	Regulatory Reserves	AFS Reserves	Translation Reserves	Other Reserves	Retained Profits			
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
Balance as at 1 January 2017		4,010,045	2,984,058	4,931,227	669,501	80,567	888,864	23,331	8,157,185	21,744,778	29,089	21,773,867
Net profit for the financial year		-	-	-	-	-	-	-	1,950,145	1,950,145	5,895	1,956,040
Foreign currency translation reserves:												
- Currency translation differences		-	-	-	-	-	(272,884)	-	-	(272,884)	(254)	(273,138)
- Net investment hedge		-	-	-	-	-	12,773	-	-	12,773	-	12,773
Financial investments AFS:												
- Unrealised net gain/(loss) on revaluation		-	-	-	-	168,722	-	-	-	168,722	(11)	168,711
- Net transfer to income statements on disposal or impairment		-	-	-	-	86,567	-	-	-	86,567	-	86,567
Actuarial gain on defined benefit plan of subsidiaries		-	-	-	-	-	-	-	882	882	9	891
Income tax relating to components of other comprehensive income		-	-	-	-	(59,919)	-	-	(157)	(60,076)	(2)	(60,078)
Other comprehensive income/(loss), net of tax, for the financial year		-	-	-	-	195,370	(260,111)	-	725	(64,016)	(258)	(64,274)
Total comprehensive income/(loss) for the financial year		-	-	-	-	195,370	(260,111)	-	1,950,870	1,886,129	5,637	1,891,766
Dividends paid		-	-	-	-	-	-	-	(481,205)	(481,205)	-	(481,205)
Transfer to share capital	A1(b)(i)	2,984,058	(2,984,058)	-	-	-	-	-	-	-	-	-
Transfer from statutory reserves	A1(b)(ii)	-	-	(4,930,714)	-	-	-	-	4,930,714	-	-	-
Transfer to regulatory reserves		-	-	-	1,128,402	-	-	-	(1,128,402)	-	-	-
Accretion of interest in a subsidiary		-	-	-	-	-	-	-	12	12	(12)	-
Balance as at 31 December 2017		6,994,103	-	513	1,797,903	275,937	628,753	23,331	13,429,174	23,149,714	34,714	23,184,428

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 2016.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Group	Note	Attributable to equity holders of the Bank							Total Shareholders' Equity	Non-controlling Interests	Total Equity	
		Share Capital	Share Premium	Statutory Reserves	Regulatory Reserves	AFS Reserves	Translation Reserves	Other Reserves				Retained Profits
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2016		3,460,585	478,517	4,527,434	589,637	126,340	712,004	23,331	7,750,021	17,667,869	24,618	17,692,487
Net profit for the financial year		-	-	-	-	-	-	-	1,681,624	1,681,624	5,964	1,687,588
Foreign currency translation reserves:												
- Currency translation differences		-	-	-	-	-	172,885	-	-	172,885	129	173,014
- Net investment hedge		-	-	-	-	-	3,975	-	-	3,975	-	3,975
Financial investments AFS:												
- Unrealised net (loss)/gain on revaluation		-	-	-	-	(64,901)	-	-	-	(64,901)	62	(64,839)
- Net transfer to income statements on disposal or impairment		-	-	-	-	12,686	-	-	-	12,686	-	12,686
Actuarial loss on defined benefit plan of subsidiaries		-	-	-	-	-	-	-	(1,600)	(1,600)	(12)	(1,612)
Income tax relating to components of other comprehensive loss		-	-	-	-	6,442	-	-	312	6,754	3	6,757
Other comprehensive income/(loss), net of tax, for the financial year		-	-	-	-	(45,773)	176,860	-	(1,288)	129,799	182	129,981
Total comprehensive income/(loss) for the financial year		-	-	-	-	(45,773)	176,860	-	1,680,336	1,811,423	6,146	1,817,569
Shares issued pursuant to:												
- Rights issue via recapitalisation of dividend		101,618	463,382	-	-	-	-	-	-	565,000	-	565,000
- Rights issue		447,842	2,042,159	-	-	-	-	-	-	2,490,001	-	2,490,001
Dividends paid:												
- By the Bank		-	-	-	-	-	-	-	(765,502)	(765,502)	-	(765,502)
- By subsidiaries to the former holding company and NCI		-	-	-	-	-	-	-	(23,675)	(23,675)	(1,325)	(25,000)
Transfer to statutory reserves		-	-	403,793	-	-	-	-	(403,793)	-	-	-
Transfer to regulatory reserves		-	-	-	79,864	-	-	-	(79,864)	-	-	-
Dilution of interest in a subsidiary		-	-	-	-	-	-	-	(338)	(338)	338	-
Disposal of a subsidiary		-	-	-	-	-	-	-	-	-	(688)	(688)
Balance as at 31 December 2016		4,010,045	2,984,058	4,931,227	669,501	80,567	888,864	23,331	8,157,185	21,744,778	29,089	21,773,867

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 2016.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Bank	Note	Non-Distributable				Distributable		Total Equity	
		Share Capital	Share Premium	Statutory Reserves	Regulatory Reserves	AFS Reserves	Translation Reserves		Retained Profits
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2017									
- As previously reported		4,010,045	2,984,058	3,784,558	461,870	116,933	400,289	6,618,571	18,376,324
- Effect of predecessor accounting	B10	-	-	-	-	1,910	-	-	1,910
- As restated		4,010,045	2,984,058	3,784,558	461,870	118,843	400,289	6,618,571	18,378,234
Net profit for the financial year		-	-	-	-	-	-	1,434,569	1,434,569
Foreign currency translation reserves:									
- Currency translation differences		-	-	-	-	-	(56,726)	-	(56,726)
Financial investments AFS:									
- Unrealised net gain on revaluation		-	-	-	-	117,565	-	-	117,565
- Net transfer to income statements on disposal or impairment		-	-	-	-	86,719	-	-	86,719
Income tax relating to components of other comprehensive income		-	-	-	-	(51,603)	-	-	(51,603)
Other comprehensive income/(loss), net of tax, for the financial year		-	-	-	-	152,681	(56,726)	-	95,955
Total comprehensive income/(loss) for the financial year		-	-	-	-	152,681	(56,726)	1,434,569	1,530,524
Dividends paid		-	-	-	-	-	-	(481,205)	(481,205)
Transfer to share capital	A1(b)(i)	2,984,058	(2,984,058)	-	-	-	-	-	-
Transfer from statutory reserves	A1(b)(ii)	-	-	(3,784,558)	-	-	-	3,784,558	-
Transfer to regulatory reserves		-	-	-	1,023,032	-	-	(1,023,032)	-
Balance as at 31 December 2017		6,994,103	-	-	1,484,902	271,524	343,563	10,333,461	19,427,553

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RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	←		Non-Distributable			→		Total Equity
	Share Capital	Share Premium	Statutory Reserves	Regulatory Reserves	AFS Reserves	Translation Reserves	Distributable Retained Profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank								
Balance as at 1 January 2016								
- As previously reported	3,460,585	478,517	3,478,138	385,494	157,184	348,473	6,541,186	14,849,577
- Effect of predecessor accounting	-	-	-	-	1,910	-	-	1,910
- As restated	3,460,585	478,517	3,478,138	385,494	159,094	348,473	6,541,186	14,851,487
Net profit for the financial year	-	-	-	-	-	-	1,225,683	1,225,683
Foreign currency translation reserves:								
- Currency translation differences	-	-	-	-	-	51,816	-	51,816
Financial investments AFS:								
- Unrealised net loss on revaluation	-	-	-	-	(71,863)	-	-	(71,863)
- Net transfer to income statements on disposal or impairment	-	-	-	-	18,902	-	-	18,902
Income tax relating to components of other comprehensive loss	-	-	-	-	12,710	-	-	12,710
Other comprehensive income/(loss), net of tax, for the financial year	-	-	-	-	(40,251)	51,816	-	11,565
Total comprehensive income/(loss) for the financial year	-	-	-	-	(40,251)	51,816	1,225,683	1,237,248
Shares issued pursuant to:								
- Rights issue via recapitalisation of dividend	101,618	463,382	-	-	-	-	-	565,000
- Rights issue	447,842	2,042,159	-	-	-	-	-	2,490,001
Dividends paid	-	-	-	-	-	-	(765,502)	(765,502)
Transfer to statutory reserves	-	-	306,420	-	-	-	(306,420)	-
Transfer to regulatory reserves	-	-	-	76,376	-	-	(76,376)	-
Balance as at 31 December 2016	4,010,045	2,984,058	3,784,558	461,870	118,843	400,289	6,618,571	18,378,234

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RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Twelve Months Ended	
	31 December 2017	31 December 2016
	RM'000	RM'000
Group		
Cash flows from operating activities		
Profit before taxation	2,558,132	2,231,841
Adjustments for:		
Allowance for impairment on loans, financing and other losses	696,228	867,620
Property, plant and equipment:		
- Depreciation	119,342	119,919
- Gain on disposal	(50)	(838)
- Written off	727	11,285
Intangible assets:		
- Amortisation	81,009	69,081
- Written off	239	12
- Impairment losses written back	(336)	-
Net impairment losses made on financial investments AFS and HTM	216,006	255,727
Share of results of joint ventures	(391)	(724)
Net gain on financial instruments	(149,345)	(153,572)
Gain on disposal of a subsidiary	-	(434)
Dividend income	(53,923)	(47,711)
Other non-cash items	(1,707,013)	(1,987,899)
Operating profit before working capital changes	<u>1,760,625</u>	<u>1,364,307</u>
(Increase)/Decrease in operating assets:		
Securities purchased under resale agreements	1,270,272	(1,138,067)
Deposits and placements with banks and other financial institutions	146,280	(148,561)
Financial assets FVTPL	(140,564)	(675,340)
Loans, advances and financing	(7,137,119)	(3,246,979)
Clients' and brokers' balances	491,189	(436,570)
Other assets	1,720,579	(407,652)
Statutory deposits	209,050	1,045,189
	<u>(3,440,313)</u>	<u>(5,007,980)</u>
Increase/(Decrease) in operating liabilities:		
Deposits from customers	1,127,853	7,232,284
Deposits and placements of banks and other financial institutions	(861,868)	2,006,694
Obligations on securities sold under repurchase agreements	243,050	(4,543,508)
Obligations on securities borrowed	-	(12,202)
Bills and acceptances payable	(173,237)	(151,419)
Clients' and brokers' balances	(373,847)	394,514
Other liabilities	753,732	(299,271)
Recourse obligation on loans sold to Cagamas	(1,824,447)	426,397
	<u>(1,108,764)</u>	<u>5,053,489</u>
Cash (used in)/generated from operations	(2,788,452)	1,409,816
Net tax paid	(472,895)	(596,052)
Net cash (used in)/generated from operating activities	<u>(3,261,347)</u>	<u>813,764</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 2016.



**RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Twelve Months Ended	
	31 December 2017	31 December 2016
	RM'000	RM'000
Group		
Cash flows from investing activities		
Net proceeds from disposal/(purchase) of financial investments AFS and HTM	1,520,951	(1,269,809)
Property, plant and equipment:		
- Purchase	(105,103)	(117,645)
- Proceeds from disposal	143	4,979
Intangible assets:		
- Purchase	(176,490)	(140,826)
Financial investments AFS and HTM:		
- Interest received	1,382,256	1,402,217
- Investment income received	261,034	215,634
Dividend income received from financial assets FVTPL and financial investments AFS	53,923	47,711
Net cash outflow arising from internal reorganisation	-	(3,614,753)
Net cash inflow from disposal of a subsidiary	-	845
Net cash generated from/(used in) investing activities	<u>2,936,714</u>	<u>(3,471,647)</u>
Cash flows from financing activities		
Proceeds from issuance of subordinated notes	1,200,000	-
Redemption of subordinated notes	(2,995,000)	(350,000)
(Redemption)/Proceeds from issuance of senior debt securities	(2,173,766)	2,242,600
Drawdown of borrowings	2,475,972	2,404,716
Repayment of borrowings	(2,227,672)	(2,246,038)
Net proceeds from issuance of share capital	-	2,490,001
Dividends paid to equity holders of the Bank	(481,205)	(200,502)
Dividends paid by subsidiaries to the former holding company and NCI	-	(25,000)
Net cash (used in)/generated from financing activities	<u>(4,201,671)</u>	<u>4,315,777</u>
Net (decrease)/increase in cash and cash equivalents	(4,526,304)	1,657,894
Effects of exchange rate differences	(204,761)	143,654
Cash and cash equivalents:		
- at the beginning of the financial year	14,682,943	12,881,395
- at the end of the financial year	<u>9,951,878</u>	<u>14,682,943</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>9,951,878</u>	<u>14,682,943</u>
Note:		
Significant non-cash transaction during the financial year is as follows:		
- Re-capitalisation of dividend	-	<u>565,000</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 2016.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Twelve Months Ended	
	31 December 2017	Restated 31 December 2016
	RM'000	RM'000
Bank		
Cash flows from operating activities		
Profit before taxation	1,849,243	1,576,756
Adjustments for:		
Allowance for impairment on loans, financing and other losses	514,421	663,910
Property, plant and equipment:		
- Depreciation	84,729	85,145
- Gain on disposal	(18)	(697)
- Written off	114	8,664
Intangible assets:		
- Amortisation	62,664	51,180
- Written off	239	-
Net impairment made on financial investments AFS and HTM	214,219	249,259
Net gain on financial instruments	(62,153)	(80,533)
Dividend income	(103,590)	(114,950)
Other non-cash items	(1,406,592)	(1,708,479)
Operating profit before working capital changes	<u>1,153,276</u>	<u>730,255</u>
 (Increase)/Decrease in operating assets:		
Securities purchased under resale agreements	1,257,914	(1,121,097)
Deposits and placements with banks and other financial institutions	(1,636,510)	142,239
Financial assets FVTPL	313,702	(498,252)
Loans, advances and financing	1,586,098	(1,307,344)
Other assets	2,362,562	(1,630,551)
Statutory deposits	286,669	894,345
	<u>4,170,435</u>	<u>(3,520,660)</u>
 Increase/(Decrease) in operating liabilities:		
Deposits from customers	(6,377,437)	4,122,333
Deposits and placements of banks and other financial institutions	(143,922)	3,288,763
Obligations on securities sold under repurchase agreements	(1,127,084)	(2,018,989)
Bills and acceptances payable	1,345	(197,058)
Other liabilities	(1,167,496)	1,279,711
Recourse obligation on loans sold to Cagamas	(1,009,205)	593,915
	<u>(9,823,799)</u>	<u>7,068,675</u>
 Cash (used in)/generated from operations	(4,500,088)	4,278,270
Net tax paid	(273,408)	(399,948)
Net cash (used in)/generated from operating activities	<u>(4,773,496)</u>	<u>3,878,322</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 2016.



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Twelve Months Ended	
	31 December 2017	Restated 31 December 2016
Note	RM'000	RM'000
Bank		
Cash flows from investing activities		
Net proceeds from disposal/(purchase) of financial investments AFS and HTM	2,484,657	(1,579,818)
Property, plant and equipment:		
- Purchase	(80,881)	(86,529)
- Proceeds from disposal	104	4,573
Intangible assets:		
- Purchase	(148,414)	(125,183)
Interest received from financial investments AFS and HTM	1,307,474	1,265,194
Dividend income received from financial investments AFS	6,515	5,481
Dividend income received from subsidiaries	2,375	109,469
Capital reduction in subsidiaries	862,523	-
Net cash outflow arising from internal reorganisation	-	(3,614,753)
Additional investments in subsidiaries	(17,701)	(100,000)
Net cash generated from/(used in) investing activities	<u>4,416,652</u>	<u>(4,121,566)</u>
Cash flows from financing activities		
Drawdown of borrowings	606,983	783,021
Repayment of borrowings	(277,195)	(669,928)
Proceeds from issuance of share capital	-	2,490,001
Proceeds from issuance of subordinated notes	750,000	-
Redemption of subordinated notes	(2,750,000)	(250,000)
(Redemption)/Proceeds from issuance of senior debt securities	(2,173,766)	2,242,600
Dividends paid to equity holders of the Bank	(481,205)	(200,502)
Net cash (used in)/generated from financing activities	<u>(4,325,183)</u>	<u>4,395,192</u>
Net (decrease)/increase in cash and cash equivalents	(4,682,027)	4,151,948
Effects of exchange rate differences	(133,580)	64,639
Cash and cash equivalents:		
- at the beginning of the financial year	12,430,270	8,213,683
- at the end of the financial year	<u>7,614,663</u>	<u>12,430,270</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>7,614,663</u>	<u>12,430,270</u>
Note:		
Significant non-cash transaction during the financial year is as follows:		
- Re-capitalisation of dividend	<u>-</u>	<u>565,000</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 2016.



RHB BANK BERHAD (6171-M)
NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

A1. Basis Of Preparation

The interim financial statements are audited and has been prepared in compliance with Malaysian Financial Reporting Standards ('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 2016.

The Bank has completed the transfer of the treasury business and structured lending business from RHB Investment Bank Berhad ('RHB Investment Bank') during the current financial year. The Bank has applied the predecessor accounting to account for the above business combinations under common control. Details of the business transfer and restatement of comparative financial information of the Bank are as disclosed in Note B10.

(a) 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 2016, except for the adoption of the following annual improvements and amendments to MFRS which are effective for annual periods beginning on or after 1 January 2017:

- Amendments to MFRS 112 'Income Taxes'
- Amendments to MFRS 107 'Statements of Cash Flows'
- Annual improvements to MFRSs 2014 - 2016 Cycle: Amendments to MFRS 12 'Disclosures of Interests in Other Entities'

The adoption of the above annual improvements and amendments do not give rise to any material financial impact to the Group and the Bank.

(b) Changes in regulatory requirements

(i) Companies Act 2016

The Companies Act 2016 ('New Act') was enacted to replace the Companies Act 1965 with the objective of creating a regulatory structure that will facilitate business and promote accountability as well as protection of corporate directors and shareholders, taking into consideration the interest of other stakeholders. The New Act was passed on 4 April 2016 by Dewan Rakyat and on 29 April 2016 by Dewan Negara and gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the date on which the New Act comes into operation (except Section 241 and Division 8 of Part III of the New Act) would be 31 January 2017.

Amongst the key changes introduced in the New Act which will affect the financial statements of the Group and the Bank upon the commencement of the New Act on 31 January 2017 are:

- (1) abolition of the authorised capital; and
- (2) abolition of the concept of nominal value in shares which will also render the share premium account of a company to be no longer relevant. Instead, the amount standing in the share premium account will be recognised as part of the Bank's share capital.

During the financial year, the Group and the Bank had transferred a total of RM2,984,058,000 from its share premium account to the share capital pursuant to the New Act.

(ii) Revised Policy Document on Capital Funds

Bank Negara Malaysia ('BNM') had on 3 May 2017, issued a Revised Policy Document on Capital Funds and Capital Funds for Islamic Banks ('Revised Policy Document') which is applicable to banking institutions in Malaysia that covers licensed bank, licensed investment bank and licensed Islamic bank. The issuance of this Revised Policy Document has superseded two guidelines issued by BNM previously, namely Capital Funds and Capital Funds for Islamic Banks dated 1 July 2013.

The key changes in the Revised Policy Document are:

- (1) the removal of the requirement on maintenance of a reserve fund; and
- (2) the revised component of capital funds shall exclude share premium and reserve fund.

During the financial year, the Group and the Bank had transferred a total of RM4,930,714,000 and RM3,784,558,000 respectively from the statutory reserves to retained profits pursuant to the adoption of the Revised Policy Document.

The adoption of the New Act and the Revised Policy Document are not expected to have any financial impact on the Group and the Bank for the current financial year as any effect of adoption, if applicable, will mainly be on disclosures to the financial statements.



RHB BANK BERHAD (6171-M)
NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

A2. Auditors' Report

The auditors' report for the financial year ended 31 December 2016 was not subject to any qualification.

A3. Seasonal Or Cyclical Factors

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

A4. Exceptional Or Unusual Items

There were no exceptional or unusual items for the financial year ended 31 December 2017.

A5. Changes In Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the financial year ended 31 December 2017.

A6. Changes In Debt and Equity Securities

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial year ended 31 December 2017, other than as disclosed below:

- (a) RHB Islamic Bank Berhad ('RHB Islamic Bank'), a wholly-owned subsidiary had on 27 April 2017 issued Subordinated Sukuk Murabahah of RM250 million in nominal value under a RM1 billion programme. The Subordinated Sukuk Murabahah is issued for a tenure of 10 non-callable 5 years with a fixed profit rate of 4.88% per annum, payable semi-annually in arrears throughout the entire tenure.
- (b) The Bank had on 5 May 2017 fully redeemed its existing subordinated notes of RM750 million in nominal value under a RM3 billion multi-currency medium term note programme which was issued on 7 May 2012.
- (c) The Bank had on 12 May 2017 fully redeemed its existing USD500 million senior unsecured notes issued pursuant to USD500 million Euro Medium Term Note Programme in 2012.
- (d) The Bank had on 27 September 2017 issued Subordinated Notes of RM750 million in nominal value under a RM5 billion (or its equivalent in other foreign currencies) multi-currency medium term note programme ('MCMTN Programme'). The Subordinated Notes is issued for a tenure of 10 non-callable 5 years with a fixed coupon rate of 4.82% per annum, payable semi-annually in arrears throughout the entire tenure.
- (e) RHB Investment Bank, a wholly-owned subsidiary had on 11 October 2017 issued Subordinated Notes of RM200 million in nominal value under a RM1 billion (or its equivalent in other foreign currencies) multi-currency medium term note programme. The Subordinated Notes is issued for a tenure of 10 non-callable 5 years with a fixed coupon rate of 4.90% per annum, payable semi-annually in arrears throughout the entire tenure.
- (f) The Bank had on 30 November 2017 fully redeemed its existing subordinated notes of RM700 million in nominal value under a RM3 billion medium term note programme which was issued on 30 November 2007.
- (g) The Bank had on 30 November 2017 fully redeemed its existing subordinated notes of RM1,300 million in nominal value under a RM3 billion multi-currency medium term note programme which was issued on 30 November 2012.
- (h) RHB Investment Bank had on 11 December 2017 fully redeemed its existing subordinated notes of RM245 million in nominal value issued on 10 December 2012.

A7. Dividends Paid

During the financial year ended 31 December 2017, the Bank paid the following dividends:

- (a) a final single-tier dividend of 7.0 sen per share in respect of the financial year ended 31 December 2016, amounting to RM280,703,000, on 29 May 2017; and
- (b) an interim single-tier dividend of 5.0 sen per share in respect of the financial year ending 31 December 2017, amounting to RM200,502,000, on 13 October 2017.

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the current financial year of 10.0 sen per share amounting to RM401,005,000 will be proposed for shareholders' approval.



RHB BANK BERHAD (6171-M)
NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

A8. Interest Income

Group	4th Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Loans and advances	1,542,611	1,532,614	6,072,485	6,259,442
Money at call and deposits and placements with banks and other financial institutions	43,032	37,517	204,461	119,432
Securities purchased under resale agreements	-	1,851	1,572	4,554
Financial assets FVTPL	8,652	10,344	34,031	29,254
Financial investments AFS	183,427	194,031	756,523	708,164
Financial investments HTM	144,923	154,785	608,086	673,516
Others	4,179	8,804	28,672	37,953
	1,926,824	1,939,946	7,705,830	7,832,315
Of which:				
Interest income accrued on impaired financial assets	33,877	33,037	152,064	149,911
Bank				
Loans and advances	1,444,866	1,433,743	5,682,915	5,858,648
Money at call and deposits and placements with banks and other financial institutions	140,585	125,264	561,100	456,220
Securities purchased under resale agreements	-	1,851	1,305	4,554
Financial assets FVTPL	8,715	10,249	33,903	28,887
Financial investments AFS	174,375	175,109	703,273	614,624
Financial investments HTM	138,753	148,072	588,636	645,745
Others	2,995	4,638	20,948	16,859
	1,910,289	1,898,926	7,592,080	7,625,537
Of which:				
Interest income accrued on impaired financial assets	29,832	29,740	133,037	130,037



RHB BANK BERHAD (6171-M)
NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

A9. Interest Expense

Group	4th Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	122,227	94,391	467,549	367,013
Deposits from customers	788,554	820,943	3,163,341	3,380,779
Obligations on securities sold under repurchase agreements	528	3,733	2,347	54,404
Recourse obligation on loans sold to Cagamas	20,179	30,986	104,828	105,826
Subordinated obligations	54,543	61,305	220,856	250,907
Senior debt securities	22,999	41,679	120,906	119,760
Hybrid Tier-1 Capital Securities	11,393	11,385	45,186	45,280
Borrowings	5,186	5,329	20,436	17,246
Others	9,021	9,595	38,574	37,631
	1,034,630	1,079,346	4,184,023	4,378,846
Bank				
Deposits and placements of banks and other financial institutions	134,605	94,262	511,682	342,130
Deposits from customers	749,479	791,412	2,996,731	3,271,569
Obligations on securities sold under repurchase agreements	12,674	26,205	53,060	113,116
Recourse obligation on loans sold to Cagamas	20,179	30,986	104,828	105,826
Subordinated obligations	47,750	56,092	198,595	228,674
Senior debt securities	22,999	41,679	120,906	119,760
Hybrid Tier-1 Capital Securities	11,479	11,471	45,525	45,619
Borrowings	3,649	3,144	12,392	10,058
Others	8,323	9,034	35,840	35,395
	1,011,137	1,064,285	4,079,559	4,272,147



RHB BANK BERHAD (6171-M)
NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

A10. Other Operating Income

Group	4th Quarter Ended		Twelve Months Ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Fee income				
- Service charges and fees	44,036	48,307	168,469	192,481
- Commission	40,810	35,185	155,174	136,091
- Guarantee fees	9,791	11,109	48,318	72,937
- Commitment fees	11,124	13,538	47,898	50,012
- Net brokerage income	75,815	68,084	324,541	290,050
- Fund management fees	57,816	49,484	229,331	169,313
- Unit trust fee income	16,859	27,442	108,509	81,306
- Corporate advisory fees	13,091	11,114	48,359	76,156
- Underwriting and arrangement fees	13,744	22,402	38,921	63,577
- Other fee income	16,012	11,691	62,897	56,996
	<u>299,098</u>	<u>298,356</u>	<u>1,232,417</u>	<u>1,188,919</u>
- Fee and commission expenses	(40,156)	(41,898)	(190,328)	(126,628)
	<u>258,942</u>	<u>256,458</u>	<u>1,042,089</u>	<u>1,062,291</u>
Net gain/(loss) arising from financial assets FVTPL				
- Net gain/(loss) on disposal	24,553	(2,181)	27,599	75,717
- Unrealised net (loss)/gain on revaluation	(10,323)	(46,280)	35,575	(37,610)
- Dividend income	2,335	2,253	14,848	13,125
	<u>16,565</u>	<u>(46,208)</u>	<u>78,022</u>	<u>51,232</u>
Net gain on revaluation of derivatives	30,404	34,449	77,542	49,544
Net gain/(loss) gain on fair values hedges	398	(2,141)	115	(16)
Net gain arising from financial investments AFS				
- Net gain on disposal	27,374	3,625	51,494	60,420
- Dividend income	12,780	8,283	39,075	34,586
	<u>40,154</u>	<u>11,908</u>	<u>90,569</u>	<u>95,006</u>
Net gain arising from financial investments HTM				
- Net gain on early redemption	180	-	13,866	856
Other income				
Net foreign exchange gain	113,143	28,005	236,464	234,948
Insurance underwriting surplus before management expenses	45,662	53,193	190,497	207,642
(Loss)/Gain on disposal of property, plant and equipment	-	(991)	50	838
Gain on disposal of a subsidiary	-	-	-	434
Rental income	1,029	677	3,618	3,230
Other operating income	11,749	6,359	42,671	43,153
Other non-operating income	1,994	4,098	10,556	10,148
	<u>173,577</u>	<u>91,341</u>	<u>483,856</u>	<u>500,393</u>
	<u>520,220</u>	<u>345,807</u>	<u>1,786,059</u>	<u>1,759,306</u>



RHB BANK BERHAD (6171-M)
NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

A10. Other Operating Income (continued)

Bank	4th Quarter Ended		Twelve Months Ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Fee income				
- Service charges and fees	38,050	44,023	145,548	178,943
- Commission	45,554	36,883	173,944	146,412
- Guarantee fees	9,755	10,742	46,372	68,913
- Commitment fees	10,331	12,694	44,986	47,291
- Other fee income	5,571	4,783	21,128	19,015
	109,261	109,125	431,978	460,574
Net gain/(loss) arising from financial assets FVTPL				
- Net (loss)/gain on disposal	(3,076)	(6,255)	(27,491)	22,256
- Unrealised net (loss)/gain on revaluation	(14,458)	(41,842)	24,890	(43,571)
	(17,534)	(48,097)	(2,601)	(21,315)
Net gain on revaluation of derivatives	3,090	37,447	893	45,062
Net (loss)/gain on fair values hedges	(4)	(59)	115	(16)
Net gain arising from financial investments AFS				
- Net gain on disposal	27,372	2,598	49,880	56,144
- Dividend income	4,445	1,241	6,515	5,481
	31,817	3,839	56,395	61,625
Net gain arising from financial investments HTM				
- Net gain on early redemption	180	-	13,866	658
Dividend income from subsidiaries	97,075	109,469	97,075	109,469
Other income				
Net foreign exchange gain	107,082	12,293	231,877	202,112
(Loss)/Gain on disposal of property, plant and equipment	-	(1,081)	18	697
Rental income	3,112	2,871	11,915	11,183
Other operating income	10,557	10,689	38,359	43,123
Other non-operating income	576	963	1,818	4,052
	121,327	25,735	283,987	261,167
	345,212	237,459	881,708	917,224



RHB BANK BERHAD (6171-M)
NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

A11. Other Operating Expenses

Group	4th Quarter Ended		Twelve Months Ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	386,332	341,844	1,493,490	1,413,065
- Defined contribution plan	53,525	46,829	209,817	196,932
- Other staff related costs	51,032	55,945	163,503	161,521
	<u>490,889</u>	<u>444,618</u>	<u>1,866,810</u>	<u>1,771,518</u>
Establishment costs				
- Property, plant and equipment:				
- Depreciation	30,744	29,856	119,342	119,919
- Written off	69	11,089	727	11,285
- Intangible assets:				
- Amortisation	23,172	18,063	81,009	69,081
- Written off	-	12	239	12
- Rental of premises	26,769	28,941	105,416	146,746
- Rental of equipment	3,644	3,359	13,335	14,171
- Insurance	6,804	5,659	30,792	23,864
- Water and electricity	8,031	9,491	30,301	36,310
- Repair and maintenance	9,682	10,913	32,333	33,235
- Security and escorting expenses	10,189	12,140	41,063	47,309
- Information technology expenses	62,550	58,320	230,648	209,966
- Others	2,759	3,585	13,959	15,080
	<u>184,413</u>	<u>191,428</u>	<u>699,164</u>	<u>726,978</u>
Marketing expenses				
- Sales commission	21,119	17,709	75,335	73,570
- Advertisement and publicity	21,860	22,235	67,112	58,516
- Others	28,868	24,518	107,331	105,575
	<u>71,847</u>	<u>64,462</u>	<u>249,778</u>	<u>237,661</u>
Administration and general expenses				
- Communication expenses	38,393	55,066	163,842	193,481
- Legal and professional fees	20,527	13,094	48,947	28,054
- Others	41,334	33,829	158,008	137,745
	<u>100,254</u>	<u>101,989</u>	<u>370,797</u>	<u>359,280</u>
	<u>847,403</u>	<u>802,497</u>	<u>3,186,549</u>	<u>3,095,437</u>



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A11. Other Operating Expenses (continued)

	4th Quarter Ended		Twelve Months Ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Bank				
Personnel costs				
- Salaries, allowances and bonuses	251,134	213,759	939,003	913,789
- Defined contribution plan	37,261	30,571	144,500	135,657
- Other staff related costs	35,476	40,546	96,310	113,728
	<u>323,871</u>	<u>284,876</u>	<u>1,179,813</u>	<u>1,163,174</u>
Establishment costs				
- Property, plant and equipment:				
- Depreciation	21,907	21,828	84,729	85,145
- Written off	-	8,641	114	8,664
- Intangible assets:				
- Amortisation	18,273	13,266	62,664	51,180
- Written off	-	-	239	-
- Rental of premises	14,515	15,794	59,040	93,721
- Rental of equipment	3,483	3,191	12,657	12,730
- Insurance	7,817	7,893	30,748	30,002
- Water and electricity	5,030	5,819	18,709	23,207
- Repair and maintenance	6,382	8,082	23,017	23,740
- Security and escorting expenses	9,989	11,784	40,080	45,923
- Information technology expenses	34,001	33,234	133,276	112,812
	<u>121,397</u>	<u>129,532</u>	<u>465,273</u>	<u>487,124</u>
Marketing expenses				
- Sales commission	17,011	15,491	59,471	54,775
- Advertisement and publicity	21,118	20,223	48,171	41,804
- Others	12,107	9,138	35,999	38,510
	<u>50,236</u>	<u>44,852</u>	<u>143,641</u>	<u>135,089</u>
Administration and general expenses				
- Communication expenses	24,068	35,076	95,873	118,162
- Legal and professional fees	29,762	17,272	103,029	54,213
- Others	21,876	22,457	85,275	81,403
	<u>75,706</u>	<u>74,805</u>	<u>284,177</u>	<u>253,778</u>
	<u>571,210</u>	<u>534,065</u>	<u>2,072,904</u>	<u>2,039,165</u>



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**A12. Allowance for Impairment on Loans,
 Financing and Other Losses**

	4th Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Group				
Allowance for impaired loans and financing:				
- Individual impairment allowance	134,805	260,666	309,870	475,332
- Collective impairment allowance	4,337	65,103	225,669	222,739
Impaired loans and financing recovered	(68,511)	(70,086)	(269,445)	(272,458)
Impaired loans and financing written off	44,140	43,038	151,299	154,323
Allowance (written back)/made for impairment on other debtors	(586)	10,010	9,390	15,226
	<u>114,185</u>	<u>308,731</u>	<u>426,783</u>	<u>595,162</u>
Bank				
Allowance for impaired loans and advances:				
- Individual impairment allowance	97,405	220,351	190,532	342,931
- Collective impairment allowance	11,544	52,110	186,321	175,942
Impaired loans and financing recovered	(65,447)	(66,844)	(256,564)	(258,476)
Impaired loans and financing written off	39,351	41,149	137,568	145,037
	<u>82,853</u>	<u>246,766</u>	<u>257,857</u>	<u>405,434</u>



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

	Group		Bank	
	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000	As at 31 December 2017 RM'000	Restated As at 31 December 2016 RM'000
(a) Designated as fair value through profit or loss	424,642	202,855	-	-
(b) Held-for-trading	2,139,627	2,121,868	828,006	1,112,252
	<u>2,564,269</u>	<u>2,324,723</u>	<u>828,006</u>	<u>1,112,252</u>
(a) Financial assets designated as fair value through profit or loss				
<u>Quoted securities:</u>				
In Malaysia				
Unit trusts	64,783	51,343	-	-
<u>Unquoted securities:</u>				
Outside Malaysia				
Private equity funds	359,859	151,512	-	-
	<u>424,642</u>	<u>202,855</u>	<u>-</u>	<u>-</u>
(b) Financial assets held-for-trading				
At fair value				
<u>Money market instruments:</u>				
Malaysian Government Securities	263,769	479,119	263,769	479,119
Malaysian Government Treasury Bills	16,559	-	16,559	-
Malaysian Government Investment Issues	548,495	499,148	375,959	488,971
Cagamas bonds	20,198	49,992	20,198	49,992
<u>Quoted securities:</u>				
In Malaysia				
Shares, exchange traded funds and warrants	257,230	111,710	-	-
Unit trusts	16,989	15,989	-	-
Corporate bond/sukuk	3,235	3,287	3,235	3,287
Outside Malaysia				
Shares, exchange traded funds and warrants	255,172	360,421	-	-
<u>Unquoted securities:</u>				
In Malaysia				
Corporate bond/sukuk	614,700	527,709	5,006	16,390
Outside Malaysia				
Corporate bond/sukuk	143,280	74,493	143,280	74,493
	<u>2,139,627</u>	<u>2,121,868</u>	<u>828,006</u>	<u>1,112,252</u>



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

In 2008, the Group reclassified a portion of its financial assets FVTPL into financial investments AFS. The reclassification has been accounted for in accordance with Bank Negara Malaysia's circular on 'Reclassification of Securities under Specific Circumstances' dated 17 October 2008, which is effective from 1 July 2008 until 31 December 2009.

The effects of reclassification on the income statements for the period from the date of reclassification to 31 December 2017 were as follows:

	Group	
	As at	As at
	31 December	31 December
	2017	2016
	RM'000	RM'000
Reclassified from financial assets FVTPL to financial investments AFS:		
- Carrying amount	15,393	15,535
- Fair value	15,416	15,478
Fair value gain/(loss) that would have been recognised if the financial assets FVTPL had not been reclassified	23	(57)



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

	Group		Bank	
	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000	As at 31 December 2017 RM'000	Restated As at 31 December 2016 RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government Securities	1,377,296	1,469,989	1,238,204	1,334,125
Malaysian Government Investment Issues	3,310,678	2,227,247	2,521,291	1,395,086
Cagamas bonds	238,437	295,161	207,952	255,143
Khazanah bonds	50,785	48,462	-	-
Wakala Global Sukuk	94,532	115,242	94,532	100,524
Negotiable instruments of deposits	121,436	-	121,436	-
Singapore Government Treasury Bills	935,009	1,612,515	935,009	1,612,515
Singapore Government Securities	1,348,580	283,655	1,348,580	283,655
Thailand Government bonds	734,094	804,706	734,094	804,706
Sukuk Perumahan Kerajaan	147,857	146,827	78,382	77,907
Malaysia Sovereign Sukuk	51,977	55,161	51,977	55,161
Other foreign government securities	-	4,592	-	4,592
<u>Quoted securities:</u>				
In Malaysia				
Shares	3,506	284	-	-
Unit trusts	14,934	14,263	-	-
Outside Malaysia				
Shares	7,568	7,436	4,072	5,171
Unit trusts	41,530	43,539	-	-
<u>Unquoted securities:</u>				
In Malaysia				
Corporate bond/sukuk	13,319,105	15,870,737	10,323,291	13,096,493
Shares	658,245	645,282	623,253	612,217
Corporate loan stocks	19,689	19,037	19,689	19,037
Prasarana bonds	1,051,682	258,161	1,026,294	232,919
Perpetual notes/sukuk	388,059	388,126	187,440	187,507
Outside Malaysia				
Corporate bond/sukuk	2,408,955	1,279,066	2,408,955	865,762
Shares	390	408	-	-
	26,324,344	25,589,896	21,924,451	20,942,520
Accumulated impairment losses	(507,728)	(480,234)	(496,796)	(415,268)
	25,816,616	25,109,662	21,427,655	20,527,252

Included in financial investments AFS 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 (2016: RM62,120,000).



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

	Group		Bank	
	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000	As at 31 December 2017 RM'000	Restated As at 31 December 2016 RM'000
At amortised cost				
<u>Money market instruments:</u>				
Malaysian Government Securities	1,303,583	2,236,862	1,303,583	2,216,567
Malaysian Government Investment Issues	5,296,360	5,037,022	4,503,836	4,388,725
Cagamas bonds	350,601	1,097,100	350,601	947,006
Khazanah bonds	105,673	101,094	72,312	69,103
Negotiable instruments of deposits	3,697,694	4,702,294	1,859,604	3,807,060
Wakala Global Sukuk	30,182	33,663	21,348	23,853
Sukuk Perumahan Kerajaan	111,098	111,125	101,113	101,155
Singapore Government Securities	61,086	62,630	61,086	62,630
Thailand Government Securities	13,166	13,674	13,166	13,674
Sukuk (Brunei) Incorporation	37,862	46,598	37,862	46,598
<u>Unquoted securities:</u>				
In Malaysia				
Corporate bond/sukuk	7,859,344	7,644,677	5,989,837	6,051,083
Corporate loan stocks	56,857	57,353	30,144	29,849
Prasarana bonds	283,708	254,101	233,579	233,870
Credit link notes	-	30,047	-	-
Outside Malaysia				
Corporate bond/sukuk	20,603	146,844	20,603	146,844
	19,227,817	21,575,084	14,598,674	18,138,017
Accumulated impairment losses	(181,874)	(209,981)	(102,469)	(105,605)
	19,045,943	21,365,103	14,496,205	18,032,412

Included in financial investments HTM 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 RM615,000,000 (2016: RM300,000,000) and RM1,600,000,000 (2016: RM2,660,000,000) respectively.



RHB BANK BERHAD (6171-M)
NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
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A16. Loans, Advances and Financing

(a) By type

	Group		Bank	Restated
	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000
At amortised cost				
Overdrafts	6,471,039	6,340,264	5,610,819	5,637,288
Term loans/financing				
- Housing loans/financing	49,566,956	43,719,962	37,523,253	34,519,131
- Syndicated term loans/financing	6,409,437	7,656,204	3,171,702	3,873,291
- Hire purchase receivables/financing	9,316,262	9,911,076	3,130,528	4,277,547
- Lease receivables	3,455	9,653	-	-
- Other term loans/financing	67,121,063	68,480,261	47,294,834	51,050,283
Bills receivables	2,714,555	2,404,180	1,669,445	1,610,897
Trust receipts	560,934	668,038	541,284	653,267
Claims on customers under acceptance credits	3,464,404	3,641,348	3,464,404	3,641,348
Staff loans/financing	146,789	170,933	127,447	153,053
Credit/charge card receivables	2,094,608	2,032,899	1,827,031	1,758,367
Revolving credits/financing	12,254,408	9,434,578	6,467,021	6,474,842
Gross loans, advances and financing	160,123,910	154,469,396	110,827,768	113,649,314
Fair value changes arising from fair value hedges	3,531	13,072	2,735	4,112
	160,127,441	154,482,468	110,830,503	113,653,426
Allowance for impaired loans, advances and financing:				
- Individual impairment allowance	(761,692)	(999,328)	(493,112)	(827,505)
- Collective impairment allowance	(1,064,286)	(1,132,836)	(807,074)	(866,430)
Net loans, advances and financing	158,301,463	152,350,304	109,530,317	111,959,491

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 RM1,593,068,000 (2016: RM3,506,645,000) and RM1,593,068,000 (2016: RM2,715,407,000) respectively.



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A16. Loans, Advances and Financing (continued)

(b) By type of customer

	Group		Bank	
	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000	As at 31 December 2017 RM'000	Restated As at 31 December 2016 RM'000
Domestic non-bank financial institutions:				
- Others	3,222,619	3,996,874	538,467	948,135
Domestic business enterprises:				
- Small medium enterprises	27,333,435	25,154,454	24,048,771	22,411,410
- Others	28,770,957	30,122,281	15,863,860	19,780,031
Government and statutory bodies	5,952,097	5,476,853	1,947,074	2,388,962
Individuals	76,401,814	70,238,753	54,403,698	52,882,295
Other domestic entities	118,489	131,022	18,312	27,280
Foreign entities	18,324,499	19,349,159	14,007,586	15,211,201
	160,123,910	154,469,396	110,827,768	113,649,314

(c) By geographical distribution

	Group		Bank	
	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000	As at 31 December 2017 RM'000	Restated As at 31 December 2016 RM'000
Malaysia	141,991,108	134,338,438	98,067,587	99,367,684
Labuan Offshore	2,813,607	3,282,900	-	-
Singapore	11,456,127	13,025,998	11,309,482	12,942,011
Thailand	1,566,795	1,439,806	1,297,959	1,184,501
Brunei	152,740	155,118	152,740	155,118
Indonesia	111,148	52,511	-	-
Hong Kong	170,649	368,798	-	-
Cambodia	1,650,403	1,622,419	-	-
Lao	211,333	183,408	-	-
	160,123,910	154,469,396	110,827,768	113,649,314



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A16. Loans, Advances and Financing (continued)

(d) By interest/profit rate sensitivity

	Group		Bank	
	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000	As at 31 December 2017 RM'000	Restated As at 31 December 2016 RM'000
Fixed rate				
- Housing loans/financing	585,855	1,289,823	113,242	764,614
- Hire purchase receivables/financing	7,583,002	9,911,076	3,130,528	4,277,547
- Other fixed rate loans/financing	17,887,103	16,441,425	8,036,358	7,775,905
Variable rate				
- Base lending/financing rate/base rate plus	81,427,609	73,279,049	53,413,028	52,992,455
- Cost-plus	30,805,844	35,602,267	27,987,482	33,655,563
- Other variable rates	21,834,497	17,945,756	18,147,130	14,183,230
	160,123,910	154,469,396	110,827,768	113,649,314

(e) By purpose

	Group		Bank	
	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000	As at 31 December 2017 RM'000	Restated As at 31 December 2016 RM'000
Purchase of securities	12,052,907	12,222,870	8,442,043	10,254,279
Purchase of transport vehicles	8,727,290	9,181,216	2,366,712	3,369,743
Purchase of landed property:				
- Residential	48,547,367	42,894,096	36,968,845	34,014,640
- Non-residential	17,120,395	15,185,536	13,513,090	12,600,114
Purchase of property, plant and equipment other than land and building	3,138,179	3,533,786	2,252,525	2,554,979
Personal use	9,023,193	8,387,583	6,224,880	6,224,656
Credit card	2,094,608	2,032,899	1,827,031	1,758,367
Purchase of consumer durables	20,439	55,829	20,238	22,311
Construction	7,007,002	6,815,337	5,270,528	5,458,478
Working capital	36,976,750	37,181,494	25,425,147	27,033,966
Merger and acquisition	3,037,916	2,581,065	1,545,552	705,163
Other purposes	12,377,864	14,397,685	6,971,177	9,652,618
	160,123,910	154,469,396	110,827,768	113,649,314



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A16. Loans, Advances and Financing (continued)

(f) By remaining contractual maturities

	Group		Bank	
	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	Restated As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
Maturity within one year	44,794,269	45,740,764	33,861,312	39,006,800
One year to three years	13,972,130	8,781,255	7,574,660	4,736,823
Three years to five years	10,789,675	16,342,012	6,699,923	8,942,991
Over five years	90,567,836	83,605,365	62,691,873	60,962,700
	160,123,910	154,469,396	110,827,768	113,649,314

(g) Impaired loans, advances and financing

(i) Movement in impaired loans, advances and financing

	Group		Bank	
	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	Restated As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
Balance as at the beginning of financial year				
- As previously reported	3,749,949	2,841,211	2,703,321	2,333,889
- Effect of predecessor accounting	-	-	15,806	15,806
- As restated	3,749,949	2,841,211	2,719,127	2,349,695
Classified as impaired	4,121,726	4,661,442	3,471,543	3,373,527
Reclassified as non-impaired	(2,504,932)	(2,228,423)	(1,971,469)	(1,875,566)
Amount recovered	(787,464)	(1,020,258)	(528,042)	(674,421)
Amount written off	(946,957)	(532,350)	(887,533)	(473,573)
Transfer from financial investments HTM	-	3,589	-	3,589
Exchange differences	(64,534)	24,738	(19,156)	15,876
Balance as at the end of financial year	3,567,788	3,749,949	2,784,470	2,719,127



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A16. Loans, Advances and Financing (continued)

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

(ii) By purpose

	Group		Bank	
	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	Restated As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	176,696	220,280	70,571	115,235
Purchase of transport vehicles	113,095	121,974	58,087	67,784
Purchase of landed property:				
- Residential	620,088	761,214	504,010	601,381
- Non-residential	250,094	221,882	200,928	134,710
Purchase of property, plant and equipment other than land and building	12,308	41,685	10,917	28,424
Personal use	172,254	168,615	167,123	163,746
Credit card	30,886	36,182	26,303	30,819
Purchase of consumer durables	1,247	1,387	1,247	1,387
Construction	150,371	454,234	80,547	287,346
Working capital	1,957,482	1,671,782	1,622,931	1,264,066
Other purposes	83,267	50,714	41,806	24,229
	3,567,788	3,749,949	2,784,470	2,719,127

(iii) By geographical distribution

	Group		Bank	
	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	Restated As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
Malaysia	1,839,499	2,597,474	1,494,742	2,163,928
Labuan Offshore	275,857	481,559	-	-
Singapore	1,268,365	516,184	1,253,371	515,828
Thailand	37,295	29,365	28,865	29,365
Brunei	7,492	10,006	7,492	10,006
Cambodia	63,103	39,630	-	-
Hong Kong	69,800	73,007	-	-
Lao	6,377	2,724	-	-
	3,567,788	3,749,949	2,784,470	2,719,127



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A16. Loans, Advances and Financing (continued)

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

(iv) Movement in allowance for impaired loans, advances and financing

	Group		Bank	
	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000	As at 31 December 2017 RM'000	Restated As at 31 December 2016 RM'000
Individual impairment allowance				
Balance as at the beginning of financial year				
- As previously reported	999,328	593,147	817,539	545,521
- Effect of predecessor accounting	-	-	9,966	9,966
- As restated	999,328	593,147	827,505	555,487
Net allowance made	309,870	475,332	190,532	342,931
Amount written off	(517,524)	(89,043)	(514,721)	(80,445)
Transfer from impairment of financial investments HTM	-	2,570	-	2,570
Exchange differences	(29,982)	17,322	(10,204)	6,962
Balance as at the end of financial year	761,692	999,328	493,112	827,505
Collective impairment allowance				
Balance as at the beginning of financial year	1,132,836	1,202,106	866,430	953,269
Net allowance made	225,669	222,739	186,321	175,942
Amount written off	(288,436)	(294,093)	(244,386)	(264,621)
Exchange differences	(5,783)	2,084	(1,291)	1,840
Balance as at the end of financial year	1,064,286	1,132,836	807,074	866,430

A17. Other Assets

	Group		Bank	
	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000
Other receivables	663,468	852,326	239,555	303,092
Cash collateral in relation to derivative transactions	271,320	1,877,347	268,434	1,865,918
Deposits	71,620	99,186	31,773	52,230
Prepayments	99,640	87,692	53,931	53,930
Amount due from subsidiaries	-	-	313,202	852,123
	1,106,048	2,916,551	906,895	3,127,293



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A18. Deposits from Customers

(a) By type of deposits

	Group		Bank	
	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
Demand deposits	40,599,769	33,165,717	33,819,798	29,370,827
Savings deposits	9,861,321	9,297,898	8,302,388	7,902,328
Fixed/investment deposits	115,624,467	123,066,986	78,537,835	90,210,180
Negotiable instruments of deposits	72,194	105,652	72,194	102,412
	166,157,751	165,636,253	120,732,215	127,585,747

(b) By type of customer

	Group		Bank	
	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	8,947,445	8,445,695	4,634,166	4,434,553
Business enterprises	98,108,327	99,851,495	67,937,474	72,986,000
Individuals	53,968,119	51,999,571	43,546,269	45,430,914
Other financial institutions	5,133,860	5,339,492	4,614,306	4,734,280
	166,157,751	165,636,253	120,732,215	127,585,747

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

	Group		Bank	
	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
Due within six months	94,841,819	102,045,773	66,160,033	73,581,751
Six months to one year	20,406,629	20,552,944	12,010,770	16,301,372
One year to three years	435,387	546,193	428,470	402,191
Three years to five years	12,826	27,728	10,756	27,278
	115,696,661	123,172,638	78,610,029	90,312,592



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A19. Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000
Licensed banks	17,268,724	16,652,234	20,926,529	21,538,426
Licensed Islamic banks	2,945,973	4,179,222	5,912	1,845
Licensed investments banks	479,730	350,913	618,214	563,423
Bank Negara Malaysia	500,867	586,468	480,178	582,578
Other financial institutions	591,723	931,779	506,108	574
	21,787,017	22,700,616	22,536,941	22,686,846

A20. Other Liabilities

	Group		Bank	
	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000	As at 31 December 2017 RM'000	Restated As at 31 December 2016 RM'000
Other creditors and accruals	1,259,331	1,334,725	514,606	698,036
Deferred income	97,913	140,908	63,000	84,000
Short term employee benefits	368,423	345,597	257,227	222,419
Accrual for operational expenses	101,959	186,149	126,696	136,727
Prepaid instalments	55,079	58,814	54,609	58,814
Cash collateral pledged for derivative transactions	530,465	625,396	530,465	625,396
Remisiers' trust deposits	62,902	60,060	-	-
Amount due to trust funds	160,214	25,792	-	-
Amount due to subsidiaries	-	-	26,943	1,724,038
Puttable instruments	78,825	68,705	-	-
	2,715,111	2,846,146	1,573,546	3,549,430



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A21. Segmental Reporting

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

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

(a) Group Retail Banking

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

(b) Group Business Banking

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

(c) Group Wholesale Banking

(i) Group Corporate Banking and Group Investment Banking

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

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

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

(ii) Group Treasury and Global Markets

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

(d) Group International Business

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



**RHB BANK BERHAD (6171-M)
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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

A21. Segmental Reporting (continued)

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

(e) Support Center and Others

Support Center and Others comprise results from other business segments in the Group (nominee services, property investment and rental of premises and other related financial services). The results of these other businesses are not material to the Group and therefore do not render a separate disclosure and are reported in aggregate in the financial statements.

The business segment results are prepared based on the Group's internal management reporting, which reflects the organisation's management reporting structure. Internal allocation of costs, for example, back office support, centralised cost, funding center and the application of transfer pricing, where appropriate, has been used in preparing the segmental reporting.



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A21. Segmental Reporting (continued)

Twelve months ended 31 December 2017

	← GWB →							
	Group Retail Banking	Group Business Banking	Group CBIB	Group Treasury and Global Markets	Group International Business	Support Center and Others	Inter- Segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	2,428,025	1,016,584	1,494,153	1,327,854	537,879	(417,752)	-	6,386,743
Inter-segment revenue	14,782	-	65,851	(52,102)	6,317	17,327	(52,175)	-
Segment revenue	<u>2,442,807</u>	<u>1,016,584</u>	<u>1,560,004</u>	<u>1,275,752</u>	<u>544,196</u>	<u>(400,425)</u>	<u>(52,175)</u>	<u>6,386,743</u>
Other operating expenses	(1,272,820)	(533,376)	(910,279)	(125,301)	(382,884)	(14,064)	52,175	(3,186,549)
Including:								
- Depreciation of property, plant and equipment	(62,720)	(12,864)	(26,115)	(1,964)	(15,379)	(300)	-	(119,342)
- Amortisation of intangible assets	(36,177)	(15,921)	(17,128)	(3,933)	(7,844)	(6)	-	(81,009)
Allowance for impairment on loans, financing and other losses	(80,048)	(90,718)	(78,416)	17,371	(198,291)	3,319	-	(426,783)
Impairment losses (made)/written back on other assets	-	-	(994)	(2,552)	(212,460)	336	-	(215,670)
Segment profit/(loss)	<u>1,089,939</u>	<u>392,490</u>	<u>570,315</u>	<u>1,165,270</u>	<u>(249,439)</u>	<u>(410,834)</u>	<u>-</u>	<u>2,557,741</u>
Share of results of joint ventures								<u>391</u>
Profit before taxation								<u>2,558,132</u>
Taxation								<u>(602,092)</u>
Net profit for the financial year								<u><u>1,956,040</u></u>



RHB BANK BERHAD (6171-M)
NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
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A21. Segmental Reporting (continued)

As at 31 December 2017

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



RHB BANK BERHAD (6171-M)
NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
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A21. Segmental Reporting (continued)

Twelve months ended 31 December 2016

	←——— GWB ———→							
	Group Retail Banking	Group Business Banking	Group CBIB	Group Treasury and Global Markets	Group International Business	Support Center and Others	Inter- Segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	2,441,235	970,299	1,537,835	1,060,604	599,525	(419,555)	-	6,189,943
Inter-segment revenue	36,977	-	74,968	(52,615)	12,187	20	(71,537)	-
Segment revenue	2,478,212	970,299	1,612,803	1,007,989	611,712	(419,535)	(71,537)	6,189,943
Other operating expenses	(1,269,503)	(481,707)	(906,413)	(106,064)	(373,404)	(29,883)	71,537	(3,095,437)
Including:								
- Depreciation of property, plant and equipment	(63,767)	(11,747)	(27,721)	(2,327)	(14,050)	(307)	-	(119,919)
- Amortisation of intangible assets	(27,107)	(13,641)	(17,198)	(4,497)	(6,638)	-	-	(69,081)
Allowance for impairment on loans, financing and other losses	(150,518)	(41,970)	(173,542)	(14,072)	(218,228)	3,168	-	(595,162)
Impairment losses made on other assets	-	-	(7,042)	(5,933)	(253,082)	(2,170)	-	(268,227)
Segment profit/(loss)	1,058,191	446,622	525,806	881,920	(233,002)	(448,420)	-	2,231,117
Share of results of joint ventures								724
Profit before taxation								2,231,841
Taxation								(544,253)
Net profit for the financial year								1,687,588



RHB BANK BERHAD (6171-M)
NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

A21. Segmental Reporting (continued)

As at 31 December 2016

	←——— 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	72,066,503	22,272,314	59,336,499	51,192,526	30,132,007	714,426	235,714,275
Investments in associates and joint ventures							49,537
Tax recoverable							246,895
Deferred tax assets							100,611
Unallocated assets							567,511
Total assets							<u>236,678,829</u>
Segment liabilities	45,139,824	22,611,713	57,013,031	52,719,015	24,084,365	73,379	201,641,327
Tax liabilities							57,329
Deferred tax liabilities							3,194
Borrowings							972,030
Subordinated obligations							5,543,358
Hybrid Tier-1 Capital Securities							602,143
Senior debt securities							5,856,389
Unallocated liabilities							229,192
Total liabilities							<u>214,904,962</u>



**RHB BANK BERHAD (6171-M)
NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
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A22. Valuation of Property, Plant and Equipment

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

A23. Events Subsequent to Balance Sheet Date

There were no significant events subsequent to the balance sheet date that have not been reflected in the financial statements, other than as disclosed in Note A24(b) and the following:

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

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

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

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

The Proposed Acquisition is expected to be completed by the second quarter of 2018.

A24. Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the financial year ended 31 December 2017, other than the following:

- (a) On 23 March 2017, RHB Investment Bank acquired additional 37,500 ordinary shares of THB2.61 each in RHB Securities (Thailand) Public Company Limited ('RST') for a total consideration of THB98,000 (equivalent to RM12,000). Accordingly, RHB Investment Bank's equity interest in RST increased from 99.949% to 99.954%.
- (b) On 30 March 2017, the Bank injected additional capital to its wholly-owned commercial bank subsidiary, RHB Indochina Bank Limited ('RHB Indochina Bank'), which is incorporated in Cambodia, amounting to USD4,000,000 (equivalent to RM17,701,000). As a result, the issued share capital of RHB Indochina Bank increased from USD67,000,000 to USD71,000,000.

The Bank has on 29 January 2018 further injected additional USD4,000,000 (equivalent to RM15,823,000) into RHB Indochina Bank, raising the issued share capital of RHB Indochina Bank to USD75,000,000.

- (c) The High Court of Malaya have granted orders confirming the following pursuant to Section 116 of the Companies Act 2016:
- (i) Cancellation of 14,500,000 shares in RHB Capital Properties Sdn Bhd ('RHBCP') amounting to RM14,500,000; and
- (ii) Cancellation of 2,000,000 shares in Utama Assets Sdn Bhd ('UA') amounting to RM2,000,000.

Both RHBCP and UA remain wholly-owned subsidiaries of the Bank after the above capital reduction.



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

(a) Commitments and Contingencies

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

The commitments and contingencies comprise the following:

	Group		Bank	
	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000
Direct credit substitutes	1,713,757	1,958,320	1,691,694	2,308,064
Transaction-related contingent items	5,241,528	4,974,915	4,997,587	4,527,903
Short term self-liquidating trade-related contingencies	1,062,958	965,839	975,179	955,407
Obligations under underwriting agreements	-	76,000	-	-
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions, and commitment to buy-back Islamic securities under Sell and Buy Back Agreement transactions	629,085	307,856	1,657,649	2,743,442
Irrevocable commitments to extend credit				
- Maturity not exceeding one year	2,215,137	2,821,168	548,057	641,526
- Maturity exceeding one year	28,020,104	22,964,647	20,464,906	17,546,299
Foreign exchange related contracts [^]				
- Less than one year	72,013,970	93,465,618	73,557,981	93,922,890
- One year to less than five years	5,284,174	7,442,666	6,262,028	7,442,666
- More than five years	2,613,222	1,175,060	2,721,200	1,175,060
Equity related contracts [^]				
- Less than one year	7,262	14,368	-	-
Interest rate related contracts [^]				
- Less than one year	10,804,368	11,067,109	11,724,368	11,292,108
- One year to less than five years	15,171,523	26,387,742	15,596,523	28,347,742
- More than five years	11,825,636	3,500,545	11,825,636	3,500,545
Any commitments that are unconditionally cancellable at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	15,622,899	19,068,447	13,355,680	16,332,017
	172,225,623	196,190,300	165,378,488	190,735,669

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



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

(b) Guarantees Issued by the Group and the Bank

	Group		Bank	
	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
Corporate guarantee provided to licensed banks for facilities granted to subsidiaries	-	390,957	-	362,037
Corporate guarantee issued in favour of Monetary Authority of Singapore in relation to undertaking of subsidiaries	151,450	155,302	-	-
Corporate guarantee issued in favour of the Stock Exchange of Thailand in relation to a derivative warrant programme of a subsidiary	133	-	-	-
	151,583	546,259	-	362,037

The Group and the Bank has given a continuing guarantee to BNM 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.

A26. Capital Commitments

	Group		Bank	
	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
Authorised and contracted for:				
- Property, plant and equipment	433,157	223,849	399,518	188,126
- Investment securities	40,905	305,767	-	-
	474,062	529,616	399,518	188,126



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A27. Capital Adequacy Ratio

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

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

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

	Group		Bank [@]	
	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000	As at 31 December 2017 RM'000	Restated As at 31 December 2016 RM'000
Common Equity Tier I ('CET I')/Tier I Capital				
Share capital	6,994,103	4,010,045	6,994,103	4,010,045
Share premium	-	2,984,058	-	2,984,058
Retained profits	13,249,895	7,987,701	11,019,987	7,228,090
Other reserves	667,019	5,857,844	450,926	4,399,075
AFS reserves	275,224	82,091	272,449	115,361
	21,186,241	20,921,739	18,737,465	18,736,629
Less:				
Goodwill	(2,633,383)	(2,633,383)	(1,651,542)	(1,651,542)
Intangible assets (include associated deferred tax liabilities)	(447,837)	(370,192)	(390,769)	(316,088)
Deferred tax assets	(44,629)	(120,584)	(10,542)	(77,557)
55% of cumulative gains arising from change in value of AFS instruments	(151,373)	(45,150)	(149,847)	(63,449)
Shortfall of eligible provisions to expected losses under the IRB approach	-	(308,827)	-	(296,432)
Investments in subsidiaries*	(120,542)	(91,176)	(3,436,416)	(3,084,205)
Other deductions [#]	(35,272)	(85,550)	(30,965)	(82,630)
Total CET I Capital	17,753,205	17,266,877	13,067,384	13,164,726
Hybrid Tier-1 Capital Securities**	300,000	360,000	300,000	360,000
Qualifying non-controlling interests recognised as Tier I Capital	20,207	11,677	-	-
Total Tier I Capital	18,073,412	17,638,554	13,367,384	13,524,726
Tier II Capital				
Subordinated obligations subject to gradual phase out treatment***	300,000	2,400,000	300,000	2,400,000
Subordinated obligations meeting all relevant criteria	2,249,028	1,499,641	2,249,028	1,499,641
Qualifying capital instruments of a subsidiary issued to third parties ⁺	385,523	539,456	-	-
Surplus eligible provisions over expected losses	457,989	-	376,282	-
Collective impairment allowance and regulatory reserves [^]	399,560	533,379	284,839	277,942
	3,792,100	4,972,476	3,210,149	4,177,583
Less:				
Investments in subsidiaries*	(30,135)	(60,783)	(859,104)	(2,056,137)
Total Tier II Capital	3,761,965	4,911,693	2,351,045	2,121,446
Total Capital	21,835,377	22,550,247	15,718,429	15,646,172



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A27. Capital Adequacy Ratio (continued)

	Group		Bank [@]	
	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	Restated As at 31 December 2016
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	14.228%	13.328%	13.523%	12.586%
Tier I Capital Ratio	14.485%	13.614%	13.833%	12.930%
Total Capital Ratio	17.500%	17.406%	16.266%	14.959%
After proposed dividends:				
CET I Capital Ratio	13.907%	13.111%	13.108%	12.318%
Tier I Capital Ratio	14.164%	13.398%	13.418%	12.662%
Total Capital Ratio	17.179%	17.189%	15.851%	14.690%

[@] 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.

^{*} Investments in subsidiaries are subject to the gradual deduction in the calculation under CET I Capital effective from 1 January 2014 as prescribed under paragraph 37.11 of the BNM's Capital Adequacy Framework (Capital Components).

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

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

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

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

[^] Excludes collective impairment allowance attributable to loans, advances and financing classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on 'Classification and Impairment Provisions for Loans/Financing'.

Includes the qualifying regulatory reserves under the Standardised Approach for non-impaired loans of the Group and the Bank of RM268,407,000 (2016: RM283,467,000) and RM202,172,000 (Restated 2016: RM165,720,000) respectively.



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A27. Capital Adequacy Ratio (continued)

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

	RHB Islamic Bank		RHB Investment Bank	
	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000
CET I/Tier I Capital				
Share capital	1,273,424	1,273,424	1,487,773	818,646
Share premium	-	-	-	1,515,150
Retained profits	1,787,323	766,058	883,218	351,586
Other reserves	-	762,388	-	449,208
AFS reserves	(15,929)	(31,944)	26,120	7,850
	3,044,818	2,769,926	2,397,111	3,142,440
Less:				
Goodwill	-	-	(372,395)	(1,118,418)
Investments in subsidiaries, associates and joint ventures*	-	-	(1,199,358)	(915,469)
Intangible assets (include associated deferred tax liabilities)	(4,412)	-	(27,700)	(27,086)
Deferred tax assets	(17,140)	(25,748)	(1,180)	(7,919)
55% of cumulative gains arising from change in value of AFS instruments	-	-	(14,366)	(4,318)
Reduction in excess of Tier II Capital due to insufficient Tier II Capital [†]	-	-	-	(151,853)
Other deductions [#]	(4,296)	(2,891)	(12)	(29)
Total CET I Capital/Tier I Capital	3,018,970	2,741,287	782,100	917,348
Tier II Capital				
Subordinated sukuk	750,000	500,000	-	-
Subordinated obligations subject to gradual phase out treatment**	-	-	-	245,000
Subordinated obligations meeting all relevant criteria	-	-	400,000	200,000
Collective impairment allowance and regulatory reserves [^]	343,212	290,408	8,987	13,460
	1,093,212	790,408	408,987	458,460
Less:				
Investments in subsidiaries, associates and joint ventures*	-	-	(299,839)	(458,460)
Total Tier II Capital	1,093,212	790,408	109,148	-
Total Capital	4,112,182	3,531,695	891,248	917,348
Capital ratios				
Before proposed dividends:				
CET I Capital Ratio	10.376%	10.868%	34.995%	29.623%
Tier I Capital Ratio	10.376%	10.868%	34.995%	29.623%
Total Capital Ratio	14.134%	14.002%	39.878%	29.623%
After proposed dividends:				
CET I Capital Ratio	10.376%	10.868%	34.995%	29.623%
Tier I Capital Ratio	10.376%	10.868%	34.995%	29.623%
Total Capital Ratio	14.134%	14.002%	39.878%	29.623%



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A27. Capital Adequacy Ratio (continued)

- * Investments in subsidiaries are subject to the gradual deduction in the calculation under CET I Capital effective from 1 January 2014 as prescribed under paragraph 37.11 of the BNM's Capital Adequacy Framework (Capital Components).
- + The remaining portion of regulatory adjustments not deducted in the calculation of Tier II capital shall be deducted in the next higher tier of capital as prescribed under paragraph 31.1 of the BNM's Capital Adequacy Framework (Capital Components).
- # Pursuant to Basel II Market Risk para 5.19 & 5.20 - Valuation Adjustments, the Capital Adequacy Framework (Basel II - RWA) calculation shall account for the ageing, liquidity and holding back adjustments on its trading portfolio.
- ** Subordinated obligations that are recognised as Tier II capital instruments are subject to the gradual phase-out treatment effective from 1 January 2013 as prescribed under paragraph 37.7 of the BNM's Capital Adequacy Framework (Capital Components).
- ^ Excludes collective impairment allowance attributable to loans, advances and financing classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on 'Classification and Impairment Provisions for Loans/Financing'.

Includes the qualifying regulatory reserves under the Standardised Approach for non-impaired loans and financing of RHB Islamic Bank and RHB Investment Bank of RM204,312,000 (2016: RM158,516,000) and RM8,987,000 (2016: RM13,008,000) respectively.

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

	Group	Bank[@]	RHB Islamic Bank	RHB Investment Bank
	RM'000	RM'000	RM'000	RM'000
31 December 2017				
Credit risk	108,296,294	85,500,785	27,456,953	718,961
Market risk	4,960,017	2,872,562	240,688	610,542
Operational risk	11,516,719	8,260,751	1,397,487	905,417
Total risk-weighted assets	<u>124,773,030</u>	<u>96,634,098</u>	<u>29,095,128</u>	<u>2,234,920</u>
	Group	Restated Bank[@]	RHB Islamic Bank	RHB Investment Bank
	RM'000	RM'000	RM'000	RM'000
31 December 2016				
Credit risk	113,882,724	92,579,559	23,958,399	1,269,201
Market risk	4,846,916	3,733,756	63,426	676,232
Operational risk	10,828,115	8,283,570	1,200,381	1,151,279
Total risk-weighted assets	<u>129,557,755</u>	<u>104,596,885</u>	<u>25,222,206</u>	<u>3,096,712</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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A27. Capital Adequacy Ratio (continued)

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

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

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

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

	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000
Before proposed dividends:		
Core capital ratio	#	#
Solvency ratio	18.686%	17.002%
After proposed dividends:		
Core capital ratio	#	#
Solvency ratio	18.686%	17.002%

The Solvency Ratio of RHB Indochina Bank is the nearest equivalent regulatory compliance ratio in Cambodia computed in accordance with Prakas B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived as RHB Indochina Bank's net worth divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory solvency ratio requirement in Cambodia is 15%.

No equivalent ratio in Cambodia.



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A28. Credit Exposures Arising from Transactions with Connected Parties

	Group		Bank	
	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
Outstanding credit exposures with connected parties (RM'000)	11,154,524	7,094,156	10,933,966	8,472,131
Percentage of outstanding credit exposures with connected parties as proportion of total credit exposures (%)	5.76	3.78	7.90	6.02
Percentage of outstanding credit exposures with connected parties which is non-performing or in default (%)	0.001	0.29	0.001	0.24

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



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A29. Operations of Islamic Banking

(a) Statement of Financial Position as at 31 December 2017

	Group		Bank
	As at	As at	As at
	31 December	31 December	31 December
	2017	2016	2017
	RM'000	RM'000	RM'000
ASSETS			
Cash and short-term funds	2,019,457	3,436,482	-
Deposits and placements with banks and other financial institutions	432,597	537,141	-
Financial assets held-for-trading	172,536	10,177	-
Financial investments AFS	3,394,493	3,459,647	-
Financial investments HTM	3,820,734	2,820,123	-
Financing and advances	42,703,025	33,834,735	14,373
Other assets	90,934	171,730	8,577
Derivative assets	6,370	356,311	-
Statutory deposits	1,116,200	1,051,050	-
Deferred tax assets	16,513	20,929	-
Property, plant and equipment	6,193	6,576	-
Intangible assets	5,039	4,750	-
Total assets	53,784,091	45,709,651	22,950
LIABILITIES			
Deposits from customers	37,850,205	29,419,928	-
Deposits and placements of banks and other financial institutions	4,183,323	5,287,330	14,641
Obligations on securities sold under repurchase agreements	604,163	-	-
Bills and acceptances payable	9,216	9,050	-
Recourse obligation on financing sold to Cagamas	-	815,243	-
Other liabilities	177,169	187,603	8,319
Derivative liabilities	313,134	36,487	-
Tax liabilities and zakat	15,623	29,451	-
Subordinated obligations	755,393	503,187	-
Total liabilities	43,908,226	36,288,279	22,960
Islamic Banking Funds	9,875,865	9,421,372	(10)
Total liabilities and Islamic Banking Funds	53,784,091	45,709,651	22,950
Commitments and contingencies	16,678,885	14,215,011	3,029



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A29. Operations of Islamic Banking (continued)

(b) Income Statement for the Financial Year Ended 31 December 2017

	4th Quarter Ended		Twelve Months Ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Group				
Income derived from investment of depositors' funds	524,629	438,223	1,906,333	1,691,383
Income derived from investment account funds	99,121	78,762	375,939	317,988
Income derived from investment of shareholders' funds	4,035	57,043	98,002	157,106
Allowance for impairment on financing and advances	(15,299)	(13,490)	(66,734)	(70,168)
Impairment losses written back/(made) on other assets	336	(549)	336	(549)
Total distributable income	612,822	559,989	2,313,876	2,095,760
Income attributable to depositors	(372,558)	(302,228)	(1,301,397)	(1,189,309)
	240,264	257,761	1,012,479	906,451
Personnel expenses	(7,071)	(7,607)	(27,082)	(32,307)
Other overheads and expenditures	(79,036)	(57,425)	(295,603)	(219,767)
Profit before taxation	154,157	192,729	689,794	654,377
Taxation	(30,542)	(34,080)	(112,458)	(106,873)
Net profit for the financial period/year	123,615	158,649	577,336	547,504

Statement of Comprehensive Income for the Financial Year Ended 31 December 2017

	4th Quarter Ended		Twelve Months Ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period/year	123,615	158,649	577,336	547,504
Other comprehensive income/(loss) in respect of:				
Items that will be reclassified subsequently to profit or loss				
- Unrealised net (loss)/gain on revaluation of financial investments AFS	(9,880)	(71,316)	23,601	14,889
- Net transfer to income statement on disposal or impairment of financial investments AFS	(139)	(149)	(2,529)	(5,348)
- Income tax relating to components of other comprehensive loss/(income)	2,405	17,151	(5,057)	(2,290)
Other comprehensive (loss)/income, net of tax, for the financial period/year	(7,614)	(54,314)	16,015	7,251
Total comprehensive income for the financial period/year	116,001	104,335	593,351	554,755



**RHB BANK BERHAD (6171-M)
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A29. Operations of Islamic Banking (continued)

(b) Income Statement for the Financial Year Ended 31 December 2017

	4th Quarter Ended 31 December 2017 RM'000	Twelve Months Ended 31 December 2017 RM'000
Bank		
Income derived from investment of depositors' funds	<u>8</u>	<u>8</u>
Total distributable income	<u>8</u>	<u>8</u>
Income attributable to depositors	<u>(14)</u>	<u>(14)</u>
	<u>(6)</u>	<u>(6)</u>
Other overheads and expenditures	<u>(4)</u>	<u>(4)</u>
Loss before taxation	<u>(10)</u>	<u>(10)</u>
Taxation	<u>-</u>	<u>-</u>
Net loss for the financial period/year	<u><u>(10)</u></u>	<u><u>(10)</u></u>

Statement of Comprehensive Income for the Financial Year Ended 31 December 2017

	4th Quarter Ended 31 December 2017 RM'000	Twelve Months Ended 31 December 2017 RM'000
Bank		
Net loss for the financial period/year	<u>(10)</u>	<u>(10)</u>
Total comprehensive loss for the financial period/year	<u><u>(10)</u></u>	<u><u>(10)</u></u>



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A29. Operations of Islamic Banking (continued)

(c) Financing and Advances

	Group		Bank
	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000	As at 31 December 2017 RM'000
At amortised cost			
Cashline	535,776	402,800	-
Term financing			
- Housing financing	11,847,106	9,057,346	-
- Syndicated term financing	1,808,947	1,422,695	-
- Hire purchase receivables	6,185,724	5,633,510	-
- Other term financing	18,162,711	15,476,386	14,394
Bills receivables	1,045,110	793,283	-
Trust receipts	15,558	14,026	-
Staff financing	2,592	3,394	-
Credit/charge card receivables	267,577	274,532	-
Revolving financing	3,104,581	1,009,152	-
Gross financing and advances	<u>42,975,682</u>	<u>34,087,124</u>	<u>14,394</u>
Less: Allowance for impaired financing and advances			
- Individual impairment allowance	(42,612)	(15,864)	-
- Collective impairment allowance	<u>(230,045)</u>	<u>(236,525)</u>	<u>(21)</u>
Net financing and advances	<u><u>42,703,025</u></u>	<u><u>33,834,735</u></u>	<u><u>14,373</u></u>
(i) Movements in impaired financing and advances			
Balance as at the beginning of the financial year	393,096	362,736	-
Classified as impaired	472,890	514,915	-
Reclassified as non-impaired	(385,958)	(352,703)	-
Amount recovered	(77,000)	(78,617)	-
Amount written off	(59,067)	(53,235)	-
Balance as at the end of the financial year	<u><u>343,961</u></u>	<u><u>393,096</u></u>	<u><u>-</u></u>
(ii) Movements in allowance for impaired financing and advances			
Individual impairment allowance			
Balance as at the beginning of the financial year	15,864	22,649	-
Net allowance made/(written back)	29,204	(3,438)	-
Amount written off	(2,456)	(3,347)	-
Balance as at the end of the financial year	<u><u>42,612</u></u>	<u><u>15,864</u></u>	<u><u>-</u></u>
Collective impairment allowance			
Balance as at the beginning of the financial year	236,525	199,653	-
Net allowance made	37,562	77,902	21
Amount written off	(44,042)	(41,030)	-
Balance as at the end of the financial year	<u><u>230,045</u></u>	<u><u>236,525</u></u>	<u><u>21</u></u>



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A29. Operations of Islamic Banking (continued)

	Group		Bank
	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017
	RM'000	RM'000	RM'000
(d) Other Assets			
Prepayments	15,998	11,751	-
Deposits	1,732	1,305	-
Other receivables	73,204	158,674	8,577
	<u>90,934</u>	<u>171,730</u>	<u>8,577</u>
(e) Deposits from Customers			
Saving Deposits			
- Wadiah	1,353,675	1,221,616	-
Demand Deposits			
- Wadiah	6,392,228	3,764,386	-
- Commodity Murabahah	55,952	5,926	-
Term Deposits			
- Commodity Murabahah	24,813,727	16,716,463	-
Specific Investment Account			
- Commodity Murabahah	5,098,668	7,556,178	-
General Investment Account			
- Mudharabah	135,955	155,359	-
	<u>37,850,205</u>	<u>29,419,928</u>	<u>-</u>



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B1. Review of Group Results

(a) Current Financial Year vs Previous Financial Year

The Group reported a net profit of RM1,950.1 million compared with RM1,681.6 million recorded in 2016 or an increase of 16.0%. The improved performance was largely driven by higher net funding income, lower loan loss impairment and lower impairment losses on other assets, partially offset by higher overheads and lower non-fund based income.

Net fund based income increased by 5.4% to RM4,554.0 million year-on-year (Y-o-Y). This was mainly underpinned by growth in loans and prudent funding cost management particularly reflected in the healthy 18.8% CASA growth and replenishment of new sub-debts issuances at lower rates as well as redemption of a portion of senior notes during the year. The efforts brought about a stable NIM performance at 2.18% for the full year.

Non-fund based income declined 1.9% to record RM1,832.7 million from lower net gain on derivatives, commercial/investment banking fee income and insurance underwriting surplus. However, the impact was partly compensated by higher brokerage income in line with better trading volumes, higher Treasury trading and investment income, increase in net wealth management fee income and higher net foreign exchange gain.

Operating expenses were closely managed and rose by 2.9% to RM3,186.5 million from the previous financial year, attributed to higher personnel costs and IT-related expenses arising from investment in technology infrastructure and capabilities but a decline in office rental and related premises maintenance cost partially negated the impact. As a result, the Group's effective cost management continued to deliver positive results, translating to cost-income ratio of 49.9% from 50.0% a year ago.

Allowances for impairment on loans and financing declined by 28.3% to RM426.8 million, primarily due to pre-emptive provisions for legacy steel related exposure provided in the previous year. This led to improvement in credit charge for the full year to 0.27%, compared with 0.39% recorded last year.

Overall, impairment losses on other assets was lower by 19.6%, even after the Group took a more prudent approach for impairment of corporate bonds in Singapore.

Total assets of the Group stood at RM230.2 billion as at 31 December 2017 while shareholders' fund improved further by 6.5% to RM23.1 billion. Net assets per share also rose 6.5% to RM5.77 from RM5.42 previously.

The Group's gross loans and financing grew by 3.7% Y-o-Y to RM160.1 billion. Domestic loans and financing grew 5.2% Y-o-Y with the Group's domestic loan market share up to 9.1% by end 2017 from 9.0% in 2016. The increase came mainly from mortgages and SME which grew 13.2% and 8.7% respectively, negated by a decline in corporate loans which is in line with the Group's strategy to rebalance its loan composition.

Customer deposits remained stable at RM166.2 billion as the Group consciously released more expensive deposits. The continued strong growth of total CASA at 18.8% over the year helped improve CASA composition to 30.4% from 25.6% a year ago.

Overall, asset quality for the Group has improved. Gross impaired loans declined 4.9% to RM3.6 billion, while gross impaired loans ratio improved to 2.23% from 2.43% in 2016. Loan loss coverage for the Group including regulatory reserve has also surged to 101.6% from 74.7% a year ago.



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(c) Performance by Operating Segment

(i) Group Retail Banking

Group Retail Banking reported a pre-tax profit of RM1,089.9 million, 3.0% higher than the previous year driven by higher non fund based income and lower allowances for loans and financing. The impact was partially offset by lower net fund based income as yield competition intensified.

Retail loans and financing grew 8.7% to RM76.3 billion, boosted by expansion in mortgages and personal loans but were affected by contraction recorded in loans for purchase of securities and auto financing. Mortgage loans grew 15.8%, resulting in an improvement in domestic market share to 9.1% from 8.6% as at December 2016.

Retail deposits increased by 7.6% to RM47.6 million from higher fixed deposits and CASA account balances.

(ii) Group Business Banking

Group Business Banking achieved 4.8% growth in revenue. However, pre-tax profit declined by 12.1% to RM392.5 million owing to higher allowances for loans and financing and higher operating expenses.

Gross loans and financing registered an 8.6% growth driven mainly by the SME portfolio which improved its market share from 8.8% in 2016 to 9.0% as at December 2017. Strong current account growth contributed to the overall deposits growth of 2.3% from December 2016.

(iii) GWB

Group Wholesale Banking registered a stronger performance for the year reflected in its pre-tax profit growth of 23.3% to RM1,735.6 million.

- (a) Group Corporate & Investment Banking recorded pre-tax profit of RM570.3 million or 8.5% increase arising from lower loan impairment, partially offset by lower net funding income and non-fund based income. Investment Banking in particular registered higher brokerage income but was affected by softer capital market and higher provision on margin accounts from overseas business. Asset management on the other hand recorded a 20.5% increase in pre-tax profit to RM59.3 million.

Gross loans and financing declined slightly by 1.9% to RM45.3 billion due to a few scheduled large corporate repayments.

Deposits increased by 7.7% to RM56.8 billion supported by 4.7% growth in fixed deposits and 24.7% growth in current account.

- (b) Group Treasury & Global Markets recorded a strong 32.1% growth in pre-tax profit to RM1,165.3 million mainly due to higher net fund based income and higher net foreign exchange gain, partially offset by lower trading/investment income.



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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 loss of SGD102.3 million compared with a pre-tax loss of SGD90.3 million in the previous year, as the Group took a prudent approach to impairment losses made on corporate bonds and loans, especially those relating to the oil and gas industry. Singapore loans and advances declined 10.4% to SGD3.7 billion as the Group continued its strategy to rebalance its Singapore lending portfolio.

Group International Business excluding Singapore registered a pre-tax profit of RM60.6 million or 68.3% higher than a year ago, mainly due to improved profitability in Cambodia and Lao.

B2. Current Quarter vs Previous Quarter

Net profit for the fourth quarter of 2017 was 5.9% lower at RM460.1 million compared with RM488.8 million recorded in the preceding quarter while operating profit before allowances grew 3.7% Q-o-Q, more prudent stance in impairment losses on other assets resulted in the reduction in profit.

B3. Prospects for Financial Year 2018

Malaysia's 2018 real GDP is projected to grow at a healthy pace of 5.2% on the back of sustained strong growth in private consumption and private investments.

The Malaysian banking sector is expected to see a recovery in loans growth primarily from stronger business loans. Capital market activities are also expected to pick up which would help support non-interest income of banks.

In line with the above, the Group sees positive momentum across its core businesses. This, and a robust balance sheet which includes a comfortable loan loss coverage, capital and liquidity levels, will place the Group in a good position to drive value creation from key businesses and segments.

With the conclusion of IGNITE 2017, the Group has embarked on a new 5-year Strategy which is underpinned by three key strategic thrusts, namely Funding the Group Journey, Invest to Win in the medium term and Transform the Organisation or "FIT 22" for short. Within this Strategy, digital enablement will be a core priority towards better productivity and efficiency, enhanced customer service and improved workplace for our employees.

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

	4th Quarter Ended		Twelve Months Ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Group				
Income tax based on profit for the financial period/year				
- Malaysian income tax	158,682	124,539	590,860	536,163
- Overseas tax	352	5,850	13,172	15,014
Deferred tax	(16,727)	(22,841)	18,844	11,482
	<u>142,307</u>	<u>107,548</u>	<u>622,876</u>	<u>562,659</u>
Over provision in respect of prior financial year	(2,532)	(19,855)	(20,784)	(18,406)
	<u>139,775</u>	<u>87,693</u>	<u>602,092</u>	<u>544,253</u>

The effective tax rate of the Group for the financial year ended 31 December 2017 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.

The effective tax rate of the Group for the fourth quarter was lower than the statutory tax rate mainly due to certain income not subject to tax.

	4th Quarter Ended		Twelve Months Ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Bank				
Income tax based on profit for the financial period/year				
- Malaysian income tax	114,098	82,611	413,689	367,804
- Overseas tax	(48)	382	2,131	2,038
Deferred tax	(18,764)	(21,461)	19,349	15,507
	<u>95,286</u>	<u>61,532</u>	<u>435,169</u>	<u>385,349</u>
Under/(Over) provision in respect of prior financial year	95	(22,375)	(20,495)	(34,276)
	<u>95,381</u>	<u>39,157</u>	<u>414,674</u>	<u>351,073</u>

The effective tax rate of the Bank for the fourth quarter and the financial year ended 31 December 2017 was lower than the statutory tax rate mainly due certain income not subject to tax.



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B6. Status of Corporate Proposals

(a) Proposed Establishment of a Share Grant Scheme for Eligible Employees and Executive Directors of the Bank and its Subsidiaries ('Proposed SGS')

The Bank had on 26 August 2016 announced that it proposed to establish and implement a share grant scheme of up to 5% of the issued and paid-up share capital of the Bank (excluding treasury shares, if any) at any point in time during the duration of the Proposed SGS for employees and Executive Directors of the Bank and its subsidiaries (excluding subsidiaries which are dormant) who fulfil the eligibility criteria ('Eligible Employees').

The Proposed SGS is to allow the Bank to award the grant of ordinary shares in the Bank ('RHB Bank Share(s)') ('Grant(s)') to be vested in selected Eligible Employees ('Selected Employees') for the attainment of identified performance objectives. The Proposed SGS serves to attract, retain, motivate and reward valuable Eligible Employees.

The Proposed SGS is to be administered by a committee ('SGS Committee') comprising such persons as may be appointed by the Board from time to time. The SGS Committee will have the discretion in administering the Proposed SGS in accordance with the by-laws governing the Proposed SGS ('By-Laws').

The Proposed SGS shall be in force for a period of eight (8) years commencing from the effective date of implementation of the Proposed SGS, being the date of full compliance with all relevant provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ('Bursa Securities') in relation to the Proposed SGS, more particularly set out in the By-Laws.

In implementing the Proposed SGS, the SGS Committee may at its discretion decide that the vesting of any RHB Bank Shares comprised in a Grant under the Proposed SGS be satisfied by any of the following methods:

- (i) allotment and issuance of new RHB Bank Shares by the Bank to the Selected Employees, who accepted the Grants' offers being made in writing to the Selected Employees ('Offer(s)') ('Grantee(s)');
- (ii) acquisition of existing RHB Bank Shares from the Main Market of Bursa Securities by the Trustee, followed by the transfer of such RHB Bank Shares purchased by the trustee to the Grantees;
- (iii) cash payment in lieu of (i) or (ii) above;
- (iv) any other methods as may be permitted by the Companies Act, 2016; or
- (v) any combination of any of the above.

The new RHB Bank Shares to be allotted and issued pursuant to the Proposed SGS shall, upon allotment and issuance, rank equally in all respects with the then existing issued RHB Bank Shares.

The Proposed SGS is subject to approvals being obtained from the following:

- (i) Bursa Securities, for the listing of the new RHB Bank Shares to be issued pursuant to the Proposed SGS on the Main Market of Bursa Securities;
- (ii) Bursa Malaysia Depository Sdn Bhd for the transfer of existing RHB Bank Shares from the Trustee to the Grantees pursuant to the Proposed SGS at any point in time during the duration of the Proposed SGS, if required;
- (iii) BNM for the increase in the issued and paid-up share capital of the Bank pursuant to the Proposed SGS;
- (iv) shareholders of the Bank at an extraordinary general meeting ('EGM') to be convened; and
- (v) any other relevant authorities/parties, if required.

The Proposed SGS is not conditional or inter-conditional upon any other corporate exercise/scheme by the Bank.

BNM has, vide its letter dated 4 October 2016, approved the application by the Bank for the increase of up to 5% of its issued and paid-up ordinary share capital arising from the issuance of new RHB Bank Shares under the Proposed SGS.



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B6. Status of Corporate Proposals (continued)

(a) Proposed Establishment of a Share Grant Scheme for Eligible Employees and Executive Directors of the Bank and its Subsidiaries ('Proposed SGS') (continued)

Bursa Securities has, vide its letter dated 15 December 2016, approved the listing of and quotation for the new RHB Bank Shares to be issued pursuant to the Proposed SGS subject to the following conditions:

- (i) RHB Investment Bank, the adviser for the Proposed SGS, is required to submit a confirmation to Bursa Securities of full compliance of the Proposed SGS pursuant to paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders approving the Proposed SGS in a general meeting; and
- (ii) the Bank is required to furnish Bursa Securities on a quarterly basis a summary of the total number of RHB Bank Shares listed as at the end of each quarter together with a detailed computation a listing fees payable.

Subsequent thereto, Bursa Securities had, vide its letter dated 5 January 2017, granted the Bank an extension of time until 28 April 2017 to comply with Paragraph 9.33(1)(b) of the Main Market Listing Requirements of Bursa Securities.

On 11 April 2017, the Bank has submitted the following two applications to Bursa Securities:

- (i) Extension of time until 29 December 2017 to implement the Proposed SGS; and
- (ii) Further extension of time from 28 April 2017 to 14 December 2017 for the Bank to comply with Paragraph 9.33(1)(b) of the Main Market Listing Requirements of Bursa Securities.

Bursa Securities had on 21 April 2017 granted the Bank the extension of time until 29 December 2017 to implement the Proposed SGS, and further extension of time from 28 April 2017 to 14 December 2017 to comply with Paragraph 9.33(1)(b) of the Main Market Listing Requirements of Bursa Securities.

The Bank had on 21 December 2017 announced that it has decided to explore alternative schemes for its employees and Executive Directors. In this regard, the Bank shall not proceed with the implementation of the Proposed SGS. As such, the approval from Bursa Securities for an extension of time until 29 December 2017 above will therefore be allowed to lapse.



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

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

	Group		Bank	
	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000
Deposits from customers				
- One year or less	165,709,538	165,062,332	120,292,989	127,156,278
- More than one year	448,213	573,921	439,226	429,469
	<u>166,157,751</u>	<u>165,636,253</u>	<u>120,732,215</u>	<u>127,585,747</u>
Deposits and placements of banks and other financial institutions				
- One year or less	20,880,685	22,201,990	21,651,298	22,188,220
- More than one year	906,332	498,626	885,643	498,626
	<u>21,787,017</u>	<u>22,700,616</u>	<u>22,536,941</u>	<u>22,686,846</u>

(b) Borrowings

	Group		Bank	
	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000
Unsecured				
Revolving credits:				
- Hong Kong Dollar	16,576	185,691	-	-
Term loans:				
- United States Dollar	978,068	698,651	978,068	698,651
- Thai Baht	62,180	-	-	-
Promissory note:				
- Thai Baht	96,895	87,688	-	-
	<u>1,153,719</u>	<u>972,030</u>	<u>978,068</u>	<u>698,651</u>
Scheduled repayment of borrowings:				
- Within one year	333,119	563,182	157,468	289,803
- One year to three years	820,600	408,848	820,600	408,848
	<u>1,153,719</u>	<u>972,030</u>	<u>978,068</u>	<u>698,651</u>



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

(c) Subordinated obligations

	Group		Bank	
	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
5.50% RM700 million Tier II Subordinated Notes 2007/2022	-	703,375	-	703,375
5.60% RM300 million Tier II Subordinated Notes 2010/2025	302,900	302,854	302,900	302,854
4.30% RM750 million Tier II Subordinated Notes 2012/2022	-	754,784	-	754,784
4.40% RM1,300 million Tier II Subordinated Notes 2012/2022	-	1,304,757	-	1,304,757
4.40% RM245 million Tier II Subordinated Notes 2012/2022	-	245,561	-	-
4.95% RM500 million Tier II Subordinated Sukuk Murabahah 2014/2024	503,187	503,187	-	-
4.99% RM1 billion Tier II Subordinated Notes 2014/2024	1,023,788	1,023,651	1,023,788	1,023,651
4.95% RM200 million Tier II Subordinated Notes 2015/2025	202,061	202,034	-	-
4.75% RM500 million Tier II Subordinated Notes 2015/2025	503,256	503,155	503,256	503,155
4.88% RM250 million Tier II Subordinated Sukuk Murabahah 2017/2027	252,206	-	-	-
4.82% RM750 million Tier II Subordinated Notes 2017/2027	758,694	-	758,694	-
4.90% RM200 million Tier II Subordinated Notes 2017/2027	202,202	-	-	-
	3,748,294	5,543,358	2,588,638	4,592,576

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

(d) Hybrid Tier-1 Capital Securities

	Group		Bank	
	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
	RM'000	RM'000	RM'000	RM'000
RM370 million 8.00% Hybrid Tier-I Capital Securities due in 2039, callable with step-up coupon rate at 9.00% in 2019	377,083	368,818	377,083	368,818
RM230 million 6.75% Hybrid Tier-I Capital Securities due in 2039, callable with step-up coupon rate at 7.75% in 2019	225,583	233,325	230,595	238,337
	602,666	602,143	607,678	607,155



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

(e) Senior debt securities

	Group and Bank	
	As at	As at
	31 December	31 December
	2017	2016
	RM'000	RM'000
USD300 million 3.25% senior debt securities due in 2017	-	1,350,942
USD200 million 3.25% senior debt securities due in 2017	-	902,110
USD300 million 3.088% senior debt securities due in 2019	1,221,292	1,352,808
USD500 million 2.503% senior debt securities due in 2021	2,031,289	2,250,529
	3,252,581	5,856,389



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B8. Derivative Financial Instruments

Details of derivative financial instruments outstanding are as follows:

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

Group	As at 31 December 2017			As at 31 December 2016		
	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	69,831,012	1,067,756	1,696,944	87,708,353	1,980,966	1,390,728
- Options	1,102,069	6,054	4,276	1,126,466	6,220	4,257
- Cross-currency interest rate swaps	8,982,468	617,212	695,320	13,333,589	1,909,089	2,170,087
	79,915,549	1,691,022	2,396,540	102,168,408	3,896,275	3,565,072
Interest rate related contracts						
- Swaps	35,451,527	135,645	104,467	38,605,396	178,605	90,977
	35,451,527	135,645	104,467	38,605,396	178,605	90,977
Equity related contracts						
- Options	7,262	-	-	14,368	123	24
	7,262	-	-	14,368	123	24
Structured warrants						
	233,286	-	45,947	107,939	-	11,817
	233,286	-	45,947	107,939	-	11,817
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	2,350,000	-	4,550	2,350,000	415	11,130
	2,350,000	-	4,550	2,350,000	415	11,130
Total	117,957,624	1,826,667	2,551,504	143,246,111	4,075,418	3,679,020



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B8. Derivative Financial Instruments (continued)

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

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

Bank	As at 31 December 2017			As at 31 December 2016		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities
By type	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Forwards/swaps	72,253,738	1,072,083	1,704,894	88,232,096	1,994,626	1,393,427
- Options	1,102,069	6,054	4,276	974,931	6,224	5,048
- Cross-currency interest rate swaps	9,185,402	616,499	695,706	13,333,589	1,907,908	2,170,389
	82,541,209	1,694,636	2,404,876	102,540,616	3,908,758	3,568,864
Interest rate related contracts						
- Swaps	36,796,527	140,040	104,554	40,790,395	186,980	91,828
	36,796,527	140,040	104,554	40,790,395	186,980	91,828
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	2,350,000	-	4,550	2,350,000	415	11,130
	2,350,000	-	4,550	2,350,000	415	11,130
Total	121,687,736	1,834,676	2,513,980	145,681,011	4,096,153	3,671,822



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B8. Derivative Financial Instruments (continued)

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

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

Group	As at 31 December 2017			As at 31 December 2016		
	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	72,018,153	1,220,583	1,959,001	93,550,683	3,020,104	2,497,672
- One year to three years	4,936,719	352,106	321,744	5,952,649	715,778	938,839
- More than three years	2,960,677	118,333	115,795	2,665,076	160,393	128,561
	79,915,549	1,691,022	2,396,540	102,168,408	3,896,275	3,565,072
Interest rate related contracts						
- Less than one year	8,754,368	10,130	6,159	11,067,111	16,279	4,822
- One year to three years	13,968,727	44,921	33,386	17,449,051	59,329	46,840
- More than three years	12,728,432	80,594	64,922	10,089,234	102,997	39,315
	35,451,527	135,645	104,467	38,605,396	178,605	90,977
Equity related contracts						
- Less than one year	7,262	-	-	14,368	123	24
	7,262	-	-	14,368	123	24
Structured warrants						
- Less than one year	233,278	-	45,946	107,939	-	11,817
- One year to three years	8	-	1	-	-	-
	233,286	-	45,947	107,939	-	11,817
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than one year	2,050,000	-	3,056	-	-	-
- One year to three years	300,000	-	1,494	2,350,000	415	11,130
	2,350,000	-	4,550	2,350,000	415	11,130
Total	117,957,624	1,826,667	2,551,504	143,246,111	4,075,418	3,679,020



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B8. Derivative Financial Instruments (continued)

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

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

Bank	As at 31 December 2017			As at 31 December 2016		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
By remaining period to maturity/next re-pricing date						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than one year	73,557,981	1,224,910	1,965,722	93,922,890	3,033,760	2,501,162
- One year to three years	5,914,575	351,680	323,032	5,952,649	715,742	939,141
- More than three years	3,068,654	118,046	116,122	2,665,077	159,256	128,561
	82,541,209	1,694,636	2,404,876	102,540,616	3,908,758	3,568,864
Interest rate related contracts						
- Less than one year	9,674,368	13,356	6,238	11,292,110	16,970	4,640
- One year to three years	14,393,727	46,137	33,386	19,319,051	66,416	47,862
- More than three years	12,728,431	80,547	64,930	10,179,234	103,594	39,326
	36,796,527	140,040	104,554	40,790,395	186,980	91,828
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than one year	2,050,000	-	3,056	-	-	-
- One year to three years	300,000	-	1,494	2,350,000	415	11,130
	2,350,000	-	4,550	2,350,000	415	11,130
Total	121,687,736	1,834,676	2,513,980	145,681,011	4,096,153	3,671,822



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B8. Derivative Financial Instruments (continued)

(b) Related accounting policies

Derivative financial instruments and hedge accounting

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

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

(i) Fair value

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statements, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the income statements over the period to maturity.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves within equity. The gain and loss relating to the ineffective portion is recognised immediately in the income statements.

Amounts accumulated in equity are recycled to the income statements in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statements. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statements.

(iii) Net investment hedge

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

(iv) Derivatives that do not qualify for hedge accounting

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

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B9. Fair Value of Financial Instruments

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

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

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

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

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

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2017				
<u>Financial assets</u>				
Financial assets FVTPL:	597,409	1,607,001	359,859	2,564,269
- Money market instruments	-	849,021	-	849,021
- Quoted securities	597,409	-	-	597,409
- Unquoted securities	-	757,980	359,859	1,117,839
Financial investments AFS:	59,995	24,617,611	1,139,010	25,816,616
- Money market instruments	-	8,410,681	-	8,410,681
- Quoted securities	59,995	-	4,072	64,067
- Unquoted securities	-	16,206,930	1,134,938	17,341,868
Derivative assets	-	1,826,667	-	1,826,667
	<u>657,404</u>	<u>28,051,279</u>	<u>1,498,869</u>	<u>30,207,552</u>
<u>Financial liabilities</u>				
Derivative liabilities	<u>45,947</u>	<u>2,505,557</u>	<u>-</u>	<u>2,551,504</u>
31 December 2016				
<u>Financial assets</u>				
Financial assets FVTPL:	542,750	1,614,072	167,901	2,324,723
- Money market instruments	-	1,028,259	-	1,028,259
- Quoted securities	542,750	-	-	542,750
- Unquoted securities	-	585,813	167,901	753,714
Financial investments AFS:	60,185	23,910,677	1,138,800	25,109,662
- Money market instruments	-	7,063,557	-	7,063,557
- Quoted securities	60,185	-	5,171	65,356
- Unquoted securities	-	16,847,120	1,133,629	17,980,749
Derivative assets	-	4,075,418	-	4,075,418
	<u>602,935</u>	<u>29,600,167</u>	<u>1,306,701</u>	<u>31,509,803</u>
<u>Financial liabilities</u>				
Derivative liabilities	<u>11,817</u>	<u>3,667,203</u>	<u>-</u>	<u>3,679,020</u>



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B9. Fair Value of Financial Instruments (continued)

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

Bank	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31 December 2017				
<u>Financial assets</u>				
Financial assets FVTPL:	3,235	824,771	-	828,006
- Money market instruments	-	676,485	-	676,485
- Quoted securities	3,235	-	-	3,235
- Unquoted securities	-	148,286	-	148,286
Financial investments AFS:	-	20,612,705	814,950	21,427,655
- Money market instruments	-	7,331,457	-	7,331,457
- Quoted securities	-	-	4,072	4,072
- Unquoted securities	-	13,281,248	810,878	14,092,126
Derivative assets	-	1,834,676	-	1,834,676
	<u>3,235</u>	<u>23,272,152</u>	<u>814,950</u>	<u>24,090,337</u>
<u>Financial liabilities</u>				
Derivative liabilities	-	2,513,980	-	2,513,980
Restated				
31 December 2016				
<u>Financial assets</u>				
Financial assets FVTPL:	3,287	1,092,575	16,390	1,112,252
- Money market instruments	-	1,018,082	-	1,018,082
- Quoted securities	3,287	-	-	3,287
- Unquoted securities	-	74,493	16,390	90,883
Financial investments AFS:	-	19,720,273	806,979	20,527,252
- Money market instruments	-	5,923,414	-	5,923,414
- Quoted securities	-	-	5,171	5,171
- Unquoted securities	-	13,796,859	801,808	14,598,667
Derivative assets	-	4,096,153	-	4,096,153
	<u>3,287</u>	<u>24,909,001</u>	<u>823,369</u>	<u>25,735,657</u>
<u>Financial liabilities</u>				
Derivative liabilities	-	3,671,822	-	3,671,822

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B9. Fair Value of Financial Instruments (continued)

(i) Valuation techniques

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

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

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

(ii) Reconciliation of fair value measurements in Level 3

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

	Group		Bank	
	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000	As at 31 December 2017 RM'000	Restated As at 31 December 2016 RM'000
Financial assets FVTPL				
Balance as at the beginning of financial year				
- As previously reported	167,901	153,863	-	-
- Effect of predecessor accounting	-	-	16,390	16,390
- As restated	167,901	153,863	16,390	16,390
Total losses recognised in income statements	(27,067)	(4,936)	(16,390)	-
Purchases	243,928	252,042	-	-
Settlements	(10,685)	(238,577)	-	-
Exchange differences	(14,218)	5,509	-	-
Balance as at the end of the financial year	<u>359,859</u>	<u>167,901</u>	<u>-</u>	<u>16,390</u>
Financial investments AFS				
Balance as at the beginning of financial year				
- As previously reported	1,138,800	1,074,704	791,209	657,769
- Effect of predecessor accounting	-	-	15,770	15,770
- As restated	1,138,800	1,074,704	806,979	673,539
Total gain recognised in other comprehensive income	13,906	10,388	61	30,789
Total losses recognised in income statements	-	(7,135)	-	-
Purchases	16,001	74,651	10,793	102,429
Settlements	(17,087)	(17,766)	(67)	-
Impairment losses	(2,551)	(549)	(2,551)	-
Exchange differences	(10,059)	4,507	(265)	222
Balance as at the end of the financial year	<u>1,139,010</u>	<u>1,138,800</u>	<u>814,950</u>	<u>806,979</u>



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B10. Significant Events During the Financial Year

Internal reorganisation - transfer of certain businesses of RHB Investment Bank to the Bank

During the current financial year, the Bank and its wholly-owned subsidiary, RHB Investment Bank have undertaken an internal reorganisation which includes the following:

(i) Transfer of Treasury Business and Transfer of Structured Lending Business

The Transfer of Treasury Business and Transfer of Structured Lending Business entailed the transfer of treasury business and structured lending business of RHB Investment Bank to the Bank by way of a business transfer scheme pursuant to Section 100 of the Financial Services Act, 2013 ('FSA') and the Order of the High Court of Malaya pursuant to Sections 102 and 104 of the FSA.

Approvals from the relevant regulatory authorities have been obtained and the transfer of the businesses was effectively completed on 24 July 2017, based on the respective carrying value of the related securities and structured lending, with the corresponding goodwill in accordance with predecessor accounting at the Bank level. The business transfers do not have any significant effect to the financial results of the Bank and there is no financial impact from the Group's perspective.

(ii) Capital Repayment

The capital repayment entailed RHB Investment Bank cancelling a portion of its consolidated share capital (which includes the issued and paid-up share capital and the share premium).

The High Court of Malaya had on 18 September 2017, granted an order confirming the cancellation of 718,646,000 shares of RHB Investment Bank amounting to RM846,023,000 from the entire consolidated issued capital of RM2,333,796,000 (representing issued capital of RM818,646,000 and the share premium amount formerly in the share premium account being RM1,515,150,000) pursuant to Section 116 of the Companies Act 2016. The capital repayment was effectively completed on 25 September 2017, and RHB Investment Bank remains a wholly-owned subsidiary of the Bank upon completion of the capital repayment.

The Bank has adopted the predecessor accounting to reflect the above transfer of businesses and the effects of the restatement arising therefrom are as follows:

Statements of Financial Position
As at 31 December 2016

Bank	As previously reported	Effect of predecessor accounting	As restated
	RM'000	RM'000	RM'000
ASSETS			
Cash and short-term funds	12,430,270	-	12,430,270
Securities purchased under resale agreements	1,289,891	-	1,289,891
Deposits and placements with banks and other financial institutions	9,641,121	-	9,641,121
Financial assets FVTPL	1,095,862	16,390	1,112,252
Financial investments AFS	19,692,075	835,177	20,527,252
Financial investments HTM	17,986,112	46,300	18,032,412
Loans, advances and financing	111,953,651	5,840	111,959,491
Other assets	3,127,293	-	3,127,293
Derivative assets	4,096,153	-	4,096,153
Statutory deposits	2,829,242	-	2,829,242
Tax recoverable	180,705	-	180,705
Deferred tax assets	55,515	2,785	58,300
Investments in subsidiaries	5,340,659	-	5,340,659
Property, plant and equipment	756,899	-	756,899
Goodwill	905,519	746,023	1,651,542
Intangible assets	335,153	-	335,153
TOTAL ASSETS	191,716,120	1,652,515	193,368,635



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NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS
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B10. Significant Events During the Financial Year (continued)

Statements of Financial Position (continued)

As at 31 December 2016

Bank	As previously reported	Effect of predecessor accounting	As restated
	RM'000	RM'000	RM'000
LIABILITIES AND EQUITY			
Deposits from customers	127,585,747	-	127,585,747
Deposits and placements of banks and other financial institutions	22,686,846	-	22,686,846
Obligations on securities sold under repurchase agreements	2,716,656	-	2,716,656
Bills and acceptances payable	286,318	-	286,318
Other liabilities	1,898,825	1,650,605	3,549,430
Derivative liabilities	3,671,822	-	3,671,822
Recourse obligation on loans sold to Cagamas	2,738,811	-	2,738,811
Borrowings	698,651	-	698,651
Subordinated obligations	4,592,576	-	4,592,576
Hybrid Tier-I Capital Securities	607,155	-	607,155
Senior debt securities	5,856,389	-	5,856,389
TOTAL LIABILITIES	173,339,796	1,650,605	174,990,401
Share capital	4,010,045	-	4,010,045
Reserves	14,366,279	1,910	14,368,189
TOTAL EQUITY	18,376,324	1,910	18,378,234
TOTAL LIABILITIES AND EQUITY	191,716,120	1,652,515	193,368,635

Statements of Cash Flow

For the Financial Year Ended 31 December 2017

Bank	As previously reported	Effect of predecessor accounting	As restated
	RM'000	RM'000	RM'000
Net cash generated from operating activities	2,996,845	881,477	3,878,322
Net cash used in investing activities	(3,240,089)	(881,477)	(4,121,566)
Net cash generated from financing activities	4,395,192	-	4,395,192
Net increase in cash and cash equivalents	4,151,948	-	4,151,948
Effects of exchange rate difference	64,639	-	64,639
Cash and cash equivalents at the end of the financial year	12,430,270	-	12,430,270



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B11. Dividends

- (a) The Directors have proposed a final single-tier dividend of 10.0 sen per share, amounting to RM401.0 million in respect of the financial year ended 31 December 2017.
- (i) Amount per share: single-tier dividend of 10.0 sen
 - (ii) Entitlement date: To be determined and announced later
 - (iii) Payment date: To be determined and announced later
- (b) Total dividend per share for the current financial year:
- (i) Single-tier interim dividend of 5.00 sen per share, paid on 13 October 2017
 - (ii) Proposed single-tier final dividend of 10.0 sen per share
- (c) Total dividend paid for the previous financial year ended 31 December 2016:
- (i) Single-tier interim dividend of 5.00 sen per share
 - (ii) Single-tier final dividend of 7.0 sen per share.

B12. Earnings per Share

	4th Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2017	2016	2017	2016
Basic earnings per share				
Profit attributable to equity holders of the Bank (RM'000)	460,077	261,243	1,950,145	1,681,624
Weighted average number of ordinary shares in issue ('000)	4,010,045	4,010,045	4,010,045	3,855,858
Earnings per share (sen)				
- Basic	11.5	6.5	48.6	43.6
- Diluted	11.5	6.5	48.6	43.6

There were no dilutive potential ordinary shares outstanding as at 31 December 2017. As a result, the diluted earnings per share equal to the basic earnings per share for the financial year ended 31 December 2017.

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
(License No. LS0006901)

Company Secretary
27 February 2018