



RHB Bank Berhad (6171 - M)

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

50400 Kuala Lumpur, Malaysia

TEL +603 9287 8888 FAX +603 9281 9314

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

		2nd Quarter Ended		Six Months Ended	
		30 June	30 June	30 June	30 June
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Group					
Interest income	A8	2,036,265	1,979,780	4,071,327	3,917,337
Interest expense	A9	(1,155,385)	(1,042,849)	(2,310,191)	(2,050,178)
Net interest income		880,880	936,931	1,761,136	1,867,159
Other operating income	A10	464,440	310,106	945,639	874,916
Income from Islamic Banking business	A29(b)	431,313	371,043	812,263	644,867
Net income		1,776,633	1,618,080	3,519,038	3,386,942
Other operating expenses	A11	(861,216)	(799,964)	(1,707,552)	(1,662,408)
Operating profit before allowances		915,417	818,116	1,811,486	1,724,534
Allowance for credit losses on financial assets	A12	(73,904)	(45,155)	(146,772)	(159,655)
		841,513	772,961	1,664,714	1,564,879
Share of results of joint ventures		-	47	(30)	38
Profit before taxation		841,513	773,008	1,664,684	1,564,917
Taxation	B5	(224,353)	(202,852)	(416,457)	(403,750)
Net profit for the financial period		617,160	570,156	1,248,227	1,161,167
Attributable to:					
- Equity holders of the Bank		615,410	570,261	1,245,596	1,161,081
- Non-controlling interests		1,750	(105)	2,631	86
		617,160	570,156	1,248,227	1,161,167
Earnings per share (sen)					
- Basic	B12	15.3	14.2	31.1	29.0
- Diluted	B12	15.3	14.2	31.1	29.0

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



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period	617,160	570,156	1,248,227	1,161,167
Other comprehensive income/(loss) in respect of:				
(i) Items that will not be reclassified to profit or loss:				
(a) Actuarial gain/(loss) on defined benefit plan of subsidiaries	24	1,450	(2,165)	1,265
(b) Equity instruments designated at fair value through other comprehensive income ('FVOCI')				
- Net gain/(loss) on disposal	876	(1,473)	5,664	(1,447)
- Unrealised net gain on revaluation	31,205	10,218	32,456	8,908
(ii) Items that will be reclassified subsequently to profit or loss:				
(a) Foreign currency translation reserves				
- Currency translation differences	68,449	98,883	32,438	(41,253)
- Net investment hedge	(1,449)	(3,794)	(1,440)	5,393
(b) Debt instruments measured at FVOCI				
- Unrealised net gain/(loss)	430,243	(142,369)	898,716	(135,596)
- Net transfer to income statements on disposal	(59,833)	(6,491)	(101,346)	(42,524)
- Changes in expected credit losses and exchange differences	(528)	(16,807)	(6,089)	(13,672)
Income tax relating to components of other comprehensive (income)/loss	(89,370)	34,148	(85,723)	41,465
Other comprehensive income/(loss), net of tax, for the financial period	379,617	(26,235)	772,511	(177,461)
Total comprehensive income for the financial period	996,777	543,921	2,020,738	983,706
Total comprehensive income attributable to:				
- Equity holders of the Bank	994,978	544,016	2,018,091	983,743
- Non-controlling interests	1,799	(95)	2,647	(37)
	996,777	543,921	2,020,738	983,706

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



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2019

		2nd Quarter Ended		Six Months Ended	
		30 June	30 June	30 June	30 June
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Bank					
Interest income	A8	2,010,930	1,966,783	4,036,782	3,893,525
Interest expense	A9	(1,122,887)	(1,005,361)	(2,247,963)	(1,987,905)
Net interest income		888,043	961,422	1,788,819	1,905,620
Other operating income	A10	350,028	142,243	617,676	388,540
Income from Islamic Banking business	A29(b)	638	(23)	1,225	(30)
Net income		1,238,709	1,103,642	2,407,720	2,294,130
Other operating expenses	A11	(566,028)	(508,752)	(1,131,789)	(1,079,141)
Operating profit before allowances		672,681	594,890	1,275,931	1,214,989
Allowance for credit losses	A12	(105,597)	(668)	(172,678)	(87,360)
Profit before taxation		567,084	594,222	1,103,253	1,127,629
Taxation	B5	(129,244)	(168,716)	(266,378)	(307,419)
Net profit for the financial period		437,840	425,506	836,875	820,210

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



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Bank				
Net profit for the financial period	437,840	425,506	836,875	820,210
Other comprehensive income/(loss) in respect of:				
(i) Items that will not be reclassified to profit or loss:				
(a) Equity instruments designated at fair value through other comprehensive income ('FVOCI')				
- Net gain/(loss) on disposal	876	(1,442)	1,544	(1,442)
- Unrealised net gain on revaluation	29,239	7,106	29,283	5,796
(ii) Items that will be reclassified subsequently to profit or loss:				
(a) Foreign currency translation reserves				
- Currency translation differences	29,055	36,282	13,547	(14,134)
(b) Debt instruments measured at FVOCI				
- Unrealised net gain/(loss)	375,303	(116,646)	766,224	(116,459)
- Net transfer to income statements on disposal	(57,954)	(5,949)	(96,044)	(41,871)
- Changes in expected credit losses and exchange differences	641	(16,198)	(4,352)	(13,344)
Income tax relating to components of other comprehensive (income)/loss	(76,163)	27,857	(53,499)	36,748
Other comprehensive income/(loss), net of tax, for the financial period	300,997	(68,990)	656,703	(144,706)
Total comprehensive income for the financial period	738,837	356,516	1,493,578	675,504

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



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

	Note	Group		Bank	
		As at	As at	As at	As at
		30 June	31 December	30 June	31 December
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		14,467,815	12,553,188	6,159,187	8,855,326
Deposits and placements with banks and other financial institutions		1,407,136	898,120	10,653,424	10,990,797
Financial assets at fair value through profit or loss ('FVTPL')	A13	3,119,316	3,800,649	1,204,973	1,891,771
Financial assets at fair value through other comprehensive income ('FVOCI')	A14	37,663,594	32,577,833	31,839,176	27,584,376
Financial investments at amortised cost	A15	13,814,305	14,090,275	9,753,547	10,228,651
Loans, advances and financing	A16	169,232,448	165,629,774	108,100,726	108,216,146
Clients' and brokers' balances		808,550	943,056	-	-
Reinsurance assets		480,273	511,236	-	-
Other assets	A17	1,340,762	1,489,839	1,183,865	921,813
Derivative assets	B8	999,034	1,131,057	1,041,885	1,147,494
Statutory deposits		5,298,292	4,795,230	3,191,366	2,978,677
Tax recoverable		495,674	389,172	439,134	351,451
Deferred tax assets		14,560	79,191	-	32,490
Investments in subsidiaries		-	-	4,911,660	4,911,660
Investments in associates and joint ventures		9,513	25,352	-	-
Right of use assets		95,377	-	61,516	-
Property, plant and equipment		1,008,606	999,962	768,817	753,531
Goodwill		2,654,122	2,649,307	1,651,542	1,651,542
Intangible assets		621,864	602,438	547,531	527,562
TOTAL ASSETS		253,531,241	243,165,679	181,508,349	181,043,287
LIABILITIES					
Deposits from customers	A18/B7(a)	185,029,434	178,856,330	126,541,166	127,145,222
Deposits and placements of banks and other financial institutions	A19/B7(a)	20,715,176	18,290,894	17,191,590	17,526,185
Obligations on securities sold under repurchase agreements		703,238	2,194,324	2,863,393	3,120,449
Bills and acceptances payable		258,793	301,603	163,076	247,552
Clients' and brokers' balances		885,434	841,782	-	-
General insurance contract liabilities		1,081,677	1,094,114	-	-
Other liabilities	A20	3,680,648	2,922,556	2,036,669	2,082,123
Derivative liabilities	B8	1,065,328	1,116,701	1,062,263	1,120,287
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		5,265,750	5,266,116	2,995,658	2,995,877
Tax liabilities		51,907	24,578	-	-
Deferred tax liabilities		65,756	2,308	50,905	-
Lease liabilities		96,409	-	61,291	-
Borrowings	B7(b)	1,195,203	1,182,885	870,135	981,849
Senior debt securities	B7(c)	4,578,930	3,323,664	4,578,930	3,323,664
Hybrid Tier-1 Capital Securities	B7(d)	225,582	603,221	230,595	608,235
Subordinated obligations	B7(e)	3,747,611	3,748,655	2,588,870	2,589,066
TOTAL LIABILITIES		228,646,876	219,769,731	161,234,541	161,740,509

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



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

	Note	Group		Bank	
		As at	As at	As at	As at
		30 June 2019	31 December 2018	30 June 2019	31 December 2018
		RM'000	RM'000	RM'000	RM'000
EQUITY					
Share capital		6,994,103	6,994,103	6,994,103	6,994,103
Reserves		17,857,611	16,363,884	13,279,705	12,308,675
Equity attributable to holders of the Bank		24,851,714	23,357,987	20,273,808	19,302,778
Non-controlling interests ('NCI')		32,651	37,961	-	-
TOTAL EQUITY		24,884,365	23,395,948	20,273,808	19,302,778
TOTAL LIABILITIES AND EQUITY		253,531,241	243,165,679	181,508,349	181,043,287
COMMITMENTS AND CONTINGENCIES	A25(a)	158,647,309	172,941,427	156,807,395	167,318,657
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK (RM)		6.20	5.82		

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RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2019

Group	Note	Attributable to equity holders of the Bank							Non-controlling Interests	Total Equity
		Share Capital	Statutory Reserves	Regulatory Reserves	FVOCI Reserves	Translation Reserves	Other Reserves	Retained Profits		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2019										
- As previously reported	B10	6,994,103	513	249,687	376,108	684,275	23,331	15,029,970	23,357,987	23,395,948
- Effect of adoption of MFRS 16		-	-	-	-	-	-	(3,058)	(3,058)	(3,065)
- As restated		6,994,103	513	249,687	376,108	684,275	23,331	15,026,912	23,354,929	23,392,883
Net profit for the financial period		-	-	-	-	-	-	1,245,596	1,245,596	1,248,227
Foreign currency translation reserves:										
- Currency translation differences		-	-	-	(23)	32,416	-	-	32,393	32,438
- Net investment hedge		-	-	-	-	(1,440)	-	-	(1,440)	(1,440)
Financial assets measured at FVOCI:										
- Equity instruments										
- Net gain/(loss) on disposal		-	-	-	(1,729)	-	-	7,393	5,664	5,664
- Unrealised net gain on revaluation		-	-	-	32,456	-	-	-	32,456	32,456
- Debt instruments										
- Unrealised net gain on revaluation		-	-	-	898,716	-	-	-	898,716	898,716
- Net transfer to income statements on disposal		-	-	-	(101,346)	-	-	-	(101,346)	(101,346)
- Changes in expected credit losses and exchange differences		-	-	-	(6,089)	-	-	-	(6,089)	(6,089)
Actuarial loss on defined benefit plan of subsidiaries		-	-	-	-	-	-	(2,146)	(2,146)	(2,165)
Income tax relating to components of other comprehensive income		-	-	-	(84,518)	-	-	(1,195)	(85,713)	(85,723)
Other comprehensive income, net of tax, for the financial period		-	-	-	737,467	30,976	-	4,052	772,495	772,511
Total comprehensive income for the financial period		-	-	-	737,467	30,976	-	1,249,648	2,018,091	2,020,738
Dividends paid		-	-	-	-	-	-	(521,306)	(521,306)	(529,256)
Transfer to regulatory reserves		-	-	490,369	-	-	-	(490,369)	-	-
Balance as at 30 June 2019		6,994,103	513	740,056	1,113,575	715,251	23,331	15,264,885	24,851,714	24,884,365

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



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2019

Group	Attributable to equity holders of the Bank							Total Shareholders' Equity	Non-controlling Interests	Total Equity
	Share Capital	Statutory Reserves	Regulatory Reserves	FVOCI Reserves	Translation Reserves	Other Reserves	Retained Profits	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2018	6,994,103	513	799,494	350,787	629,011	23,331	12,869,790	21,667,029	34,257	21,701,286
Net profit for the financial period	-	-	-	-	-	-	1,161,081	1,161,081	86	1,161,167
Foreign currency translation reserves:										
- Currency translation differences	-	-	-	3	(41,134)	-	-	(41,131)	(122)	(41,253)
- Net investment hedge	-	-	-	-	5,393	-	-	5,393	-	5,393
Financial assets measured at FVOCI:										
- Equity instruments										
- Net loss on disposal	-	-	-	(615)	-	-	(832)	(1,447)	-	(1,447)
- Unrealised net gain on revaluation	-	-	-	8,908	-	-	-	8,908	-	8,908
- Debt instruments										
- Unrealised net loss	-	-	-	(135,596)	-	-	-	(135,596)	-	(135,596)
- Net transfer to income statements on disposal	-	-	-	(42,524)	-	-	-	(42,524)	-	(42,524)
- Changes in expected credit losses and exchange differences	-	-	-	(13,672)	-	-	-	(13,672)	-	(13,672)
Actuarial gain/(loss) on defined benefit plan of subsidiaries	-	-	-	-	-	-	1,266	1,266	(1)	1,265
Income tax relating to components of other comprehensive loss	-	-	-	41,465	-	-	-	41,465	-	41,465
Other comprehensive (loss)/income, net of tax, for the financial period	-	-	-	(142,031)	(35,741)	-	434	(177,338)	(123)	(177,461)
Total comprehensive income/(loss) for the financial period	-	-	-	(142,031)	(35,741)	-	1,161,515	983,743	(37)	983,706
Dividend paid	-	-	-	-	-	-	(401,005)	(401,005)	-	(401,005)
Transfer to regulatory reserves	-	-	43,755	-	-	-	(43,755)	-	-	-
Balance as at 30 June 2018	6,994,103	513	843,249	208,756	593,270	23,331	13,586,545	22,249,767	34,220	22,283,987

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RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2019

Bank	Note	Non-Distributable			Distributable	Total Equity
		Share Capital	Regulatory Reserves	FVOCI Reserves	Translation Reserves	Retained Profits
		RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2019						
- As previously reported		6,994,103	126,230	349,347	371,680	11,461,418
- Effect of adoption of MFRS 16	B10	-	-	-	-	(1,242)
- As restated		6,994,103	126,230	349,347	371,680	11,460,176
Net profit for the financial period		-	-	-	-	836,875
Foreign currency translation reserves:						
- Currency translation differences		-	-	-	13,547	-
Financial assets measured at FVOCI:						
- Equity instruments						
- Net gain/(loss) on disposal		-	-	(479)	-	2,023
- Unrealised net gain on revaluation		-	-	29,283	-	-
- Debt instruments						
- Unrealised net gain on revaluation		-	-	766,224	-	-
- Net transfer to income statements on disposal		-	-	(96,044)	-	-
- Changes in expected credit losses and exchange differences		-	-	(4,352)	-	-
Income tax relating to components of other comprehensive income		-	-	(53,499)	-	-
Other comprehensive income, net of tax, for the financial period		-	-	641,133	13,547	2,023
Total comprehensive income for the financial period		-	-	641,133	13,547	838,898
Dividends paid		-	-	-	-	(521,306)
Transfer to regulatory reserves		-	274,330	-	-	(274,330)
Balance as at 30 June 2019		6,994,103	400,560	990,480	385,227	11,503,438

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RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2019

Bank	Non-Distributable			Distributable		Total Equity
	Share Capital	Regulatory Reserves	FVOCI Reserves	Translation Reserves	Retained Profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2018	6,994,103	722,579	340,457	343,563	9,933,442	18,334,144
Net profit for the financial period	-	-	-	-	820,210	820,210
Foreign currency translation reserves:						
- Currency translation differences	-	-	-	(14,134)	-	(14,134)
Financial assets measured at FVOCI:						
- Equity instruments						
- Net loss on disposal	-	-	(584)	-	(858)	(1,442)
- Unrealised net gain on revaluation	-	-	5,796	-	-	5,796
- Debt instruments						
- Unrealised net loss	-	-	(116,459)	-	-	(116,459)
- Net transfer to income statements on disposal	-	-	(41,871)	-	-	(41,871)
- Changes in expected credit losses and exchange differences	-	-	(13,344)	-	-	(13,344)
Income tax relating to components of other comprehensive loss	-	-	36,748	-	-	36,748
Other comprehensive loss, net of tax, for the financial period	-	-	(129,714)	(14,134)	(858)	(144,706)
Total comprehensive income/(loss) for the financial period	-	-	(129,714)	(14,134)	819,352	675,504
Dividend paid	-	-	-	-	(401,005)	(401,005)
Transfer from regulatory reserves	-	(141,363)	-	-	141,363	-
Balance as at 30 June 2018	6,994,103	581,216	210,743	329,429	10,493,152	18,608,643

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RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Six Months Ended	
	30 June 2019	30 June 2018
	RM'000	RM'000
Group		
Cash flows from operating activities		
Profit before taxation	1,664,684	1,564,917
Adjustments for:		
Allowance for credit losses on loans, advances and financing	290,583	311,114
Allowance for credit losses on other financial assets	2,862	450
Property, plant and equipment:		
- Depreciation	61,820	59,466
- Gain on disposal	(1,875)	(97)
- Written off	265	1
Intangible assets:		
- Amortisation	59,181	47,842
- Written off	5	28
Right of use assets:		
- Depreciation	34,212	-
Net allowance written back on financial assets at FVOCI and financial investments at amortised cost	(24,307)	(21,679)
Share of results of joint ventures	30	(38)
Net gain on financial instruments	(176,977)	(105,372)
Gain on disposal of a joint venture	(258)	-
Dividend income from financial assets at FVTPL and financial assets at FVOCI	(43,548)	(24,291)
Interest expense on borrowings, senior debt securities, Hybrid Tier-1 Capital Securities, subordinated obligations and right of use assets	192,712	173,689
Other non-cash items	(1,007,371)	(852,194)
Operating profit before working capital changes	1,052,018	1,153,836
(Increase)/Decrease in operating assets:		
Deposits and placements with banks and other financial institutions	(510,060)	(762,234)
Financial assets at FVTPL	904,791	96,960
Loans, advances and financing	(3,966,562)	(2,028,858)
Clients' and brokers' balances	134,506	228,168
Other assets	223,987	(372,464)
Statutory deposits	(503,878)	(559,076)
	(3,717,216)	(3,397,504)
Increase/(Decrease) in operating liabilities:		
Deposits from customers	6,264,835	945,641
Deposits and placements of banks and other financial institutions	2,433,615	3,581,906
Obligations on securities sold under repurchase agreements	(1,489,545)	(604,163)
Bills and acceptances payable	(42,756)	50,600
Clients' and brokers' balances	43,652	(215,204)
Other liabilities	819,660	(697,635)
Recourse obligation on loans sold to Cagamas	(366)	2,277,086
	8,029,095	5,338,231
Cash generated from operations	5,363,897	3,094,563
Interest paid	(181,629)	(197,384)
Net tax paid	(451,780)	(252,317)
Net cash generated from operating activities	4,730,488	2,644,862

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



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Six Months Ended	
	30 June 2019	30 June 2018
	RM'000	RM'000
Group		
Cash flows from investing activities		
Net purchase of financial assets at FVOCI and financial investments at amortised cost	(3,990,215)	(919,672)
Property, plant and equipment:		
- Purchase	(70,662)	(65,901)
- Proceeds from disposal	3,548	152
Intangible assets:		
- Purchase	(78,090)	(121,212)
Financial assets at FVOCI and financial investments at amortised cost:		
- Interest received	771,670	660,329
- Investment income received	150,460	129,925
Dividend income received from financial assets at FVTPL and financial assets at FVOCI	43,548	24,291
Net cash inflow from additional equity acquisition of a joint venture	10,710	-
Net cash used in investing activities	<u>(3,159,031)</u>	<u>(292,088)</u>
Cash flows from financing activities		
Drawdown of borrowings	1,505,295	2,105,932
Repayment of borrowings	(1,503,178)	(2,094,294)
Proceeds from issuance of senior debt securities	1,255,580	-
Redemption of Hybrid Tier-1 Capital Securities	(370,000)	-
Proceeds from issuance of Subordinated Sukuk Murabahah	500,000	-
Redemption of Subordinated Sukuk Murabahah	(500,000)	-
Dividends paid to equity holders of the Bank	(521,306)	(401,005)
Dividends paid to NCI	(7,950)	-
Principal lease payments	(34,992)	-
Net cash generated from/(used in) financing activities	<u>323,449</u>	<u>(389,367)</u>
Net increase in cash and cash equivalents	1,894,906	1,963,407
Effects of exchange rate differences	19,721	(63,187)
Cash and cash equivalents:		
- at the beginning of the financial period	12,553,188	10,045,853
- at the end of the financial period	<u>14,467,815</u>	<u>11,946,073</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>14,467,815</u>	<u>11,946,073</u>

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



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Six Months Ended	
	30 June 2019	30 June 2018
	RM'000	RM'000
Bank		
Cash flows from operating activities		
Profit before taxation	1,103,253	1,127,629
Adjustments for:		
Allowance for credit losses on loans, advances and financing	306,636	231,498
Allowance for credit losses on other financial assets	(286)	545
Property, plant and equipment:		
- Depreciation	47,598	44,989
- Gain on disposal	(1,655)	(41)
- Written off	106	-
Intangible assets:		
- Amortisation	49,020	38,623
- Written off	5	-
Right of use assets:		
- Depreciation	22,390	-
Net allowance written back on financial assets at FVOCI and financial investments at amortised cost	(19,522)	(20,832)
Net gain on financial instruments	(149,685)	(55,094)
Dividend income from financial assets at FVOCI	(3,670)	(1,760)
Dividend income from subsidiaries	(54,544)	(9,259)
Interest expense on borrowings, senior debt securities, Hybrid Tier-1 Capital Securities, subordinated obligations and right of use assets	157,732	142,981
Other non-cash items	(789,696)	(668,481)
Operating profit before working capital changes	667,682	830,798
(Increase)/Decrease in operating assets:		
Deposits and placements with banks and other financial institutions	338,354	787,324
Financial assets at FVTPL	804,763	45,356
Loans, advances and financing	(32,470)	4,359,035
Other assets	(178,324)	(241,803)
Statutory deposits	(211,935)	(278,048)
	720,388	4,671,864
Increase/(Decrease) in operating liabilities:		
Deposits from customers	(768,272)	(4,504,637)
Deposits and placements of banks and other financial institutions	(373,666)	(642,692)
Obligations on securities sold under repurchase agreements	(258,482)	(1,587,979)
Bills and acceptances payable	(84,527)	(762)
Other liabilities	(160,626)	(1,450,096)
Recourse obligation on loans sold to Cagamas	(219)	1,265,832
	(1,645,792)	(6,920,334)
Cash used in operations	(257,722)	(1,417,672)
Interest paid	(146,650)	(166,589)
Net tax paid	(323,491)	(170,883)
Net cash used in operating activities	(727,863)	(1,755,144)

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



RHB BANK BERHAD (6171-M)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Six Months Ended	
	30 June	30 June
	2019	2018
	RM'000	RM'000
Bank		
Cash flows from investing activities		
Net (purchase)/proceeds from disposal of financial assets at FVOCI and financial investments at amortised cost	(2,850,691)	812,939
Property, plant and equipment:		
- Purchase	(64,233)	(49,329)
- Proceeds from disposal	3,326	61
Intangible assets:		
- Purchase	(68,672)	(117,036)
Interest received from financial assets at FVOCI and financial investments at amortised cost	723,660	652,201
Dividend income received from subsidiaries	54,544	97,959
Dividend income received from financial assets at FVOCI	3,670	1,760
Additional investments in subsidiaries	-	(415,823)
Net cash (used in)/generated from investing activities	<u>(2,198,396)</u>	<u>982,732</u>
Cash flows from financing activities		
Repayment of borrowings	(109,581)	(81,721)
Proceeds from issuance of senior debt securities	1,255,580	-
Redemption of Hybrid Tier-1 Capital Securities	(370,000)	-
Dividends paid to equity holders of the Bank	(521,306)	(401,005)
Principal lease payment	(22,420)	-
Net cash generated from/(used in) financing activities	<u>232,273</u>	<u>(482,726)</u>
Net decrease in cash and cash equivalents	(2,693,986)	(1,255,138)
Effects of exchange rate differences	(2,153)	664,396
Cash and cash equivalents:		
- at the beginning of the financial period	8,855,326	7,570,207
- at the end of the financial period	<u>6,159,187</u>	<u>6,979,465</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>6,159,187</u>	<u>6,979,465</u>

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



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

A1. Basis Of Preparation

The interim financial statements are unaudited and has been prepared in compliance with Malaysian Financial Reporting Standard ('MFRS') 134, 'Interim Financial Reporting' issued by Malaysian Accounting Standards Board ('MASB') and should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2018.

The accounting policies and presentation adopted by the Group and the Bank for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2018, except for the adoption of the following:

(a) Accounting standards, annual improvements and amendments to MFRS which are effective for annual periods beginning on or after 1 January 2019:

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

The adoption of the above accounting standards, annual improvements and amendments do not give rise to any material financial impact to the Group and the Bank other than the effects and change in accounting policy arising from the adoption of MFRS 16 as disclosed in Note B10.

A2. Auditors' Report

The auditors' report for the financial year ended 31 December 2018 was not subject to any qualification.

A3. Seasonal Or Cyclical Factors

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

A4. Exceptional Or Unusual Items

There were no exceptional or unusual items for the six months ended 30 June 2019.



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

A5. Changes In Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the six months ended 30 June 2019.

A6. Changes In Debt and Equity Securities

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the six months ended 30 June 2019, other than as disclosed below:

- (a) The Bank had on 19 February 2019 completed its third issuance of USD300 million in nominal value senior notes under the USD5 billion (or its equivalent in other currencies) euro medium term note programme. The senior notes which have a tenure of 5 years from the issuance date, will mature on 19 February 2024.
- (b) The Bank had on 29 March 2019 fully redeemed its RM370 million in nominal value of Hybrid Tier-I Capital Securities which were issued on 31 March 2009.
- (c) RHB Islamic Bank Berhad ('RHB Islamic Bank'), a wholly-owned subsidiary, had on 15 May 2019, fully redeemed RM500 million in nominal value of Subordinated Sukuk Murabahah issued in 2014 ('Redeemed Subordinated Sukuk').

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

A7. Dividends Paid

During the six months ended 30 June 2019, the Bank has paid a final single-tier dividend of 13.0 sen per share in respect of the financial year ended 31 December 2018, amounting to RM521,306,000 on 23 May 2019.

The Board of Directors have declared an interim single-tier dividend of 12.5 sen per share in respect of the financial year ending 31 December 2019, amounting to RM501,256,000. The payment date for this interim dividend will be determined later.



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

A8. Interest Income

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	RM'000	RM'000	RM'000	RM'000
Loans and advances	1,554,826	1,581,200	3,135,430	3,113,159
Money at call and deposits and placements with banks and other financial institutions	46,018	37,800	97,849	92,642
Financial assets at FVTPL	24,253	16,723	44,245	34,935
Financial assets at FVOCI - debt instruments	285,172	214,395	544,889	421,412
Financial investments at amortised cost	122,117	126,123	240,386	249,367
Others	3,879	3,539	8,528	5,822
	<u>2,036,265</u>	<u>1,979,780</u>	<u>4,071,327</u>	<u>3,917,337</u>
Of which:				
Interest income accrued on impaired financial assets	<u>25,201</u>	<u>33,635</u>	<u>53,188</u>	<u>58,603</u>
Bank				
Loans and advances	1,465,272	1,492,982	2,955,525	2,938,845
Money at call and deposits and placements with banks and other financial institutions	132,594	131,829	287,664	278,909
Securities purchased under resale agreements	-	-	-	281
Financial assets at FVTPL	23,870	16,598	43,657	34,345
Financial assets at FVOCI - debt instruments	279,943	205,267	531,376	403,258
Financial investments at amortised cost	107,542	116,337	214,663	231,498
Others	1,709	3,770	3,897	6,389
	<u>2,010,930</u>	<u>1,966,783</u>	<u>4,036,782</u>	<u>3,893,525</u>
Of which:				
Interest income accrued on impaired financial assets	<u>21,193</u>	<u>28,873</u>	<u>46,731</u>	<u>49,420</u>



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

A9. Interest Expense

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	127,300	153,573	256,372	262,524
Deposits from customers	897,491	766,839	1,790,536	1,559,697
Obligations on securities sold under repurchase agreements	4,474	397	12,610	700
Recourse obligation on loans sold to Cagamas	33,360	33,360	66,354	55,751
Subordinated obligations	36,538	36,535	72,674	72,668
Senior debt securities	35,123	22,202	63,065	43,939
Hybrid Tier-1 Capital Securities	3,787	11,274	14,694	22,420
Borrowings	10,902	9,260	21,321	16,339
Others	6,410	9,409	12,565	16,140
	1,155,385	1,042,849	2,310,191	2,050,178
Bank				
Deposits and placements of banks and other financial institutions	128,465	152,845	268,600	279,370
Deposits from customers	863,885	735,515	1,713,791	1,483,212
Obligations on securities sold under repurchase agreements	13,753	1,212	32,125	10,385
Recourse obligation on loans sold to Cagamas	33,360	33,360	66,354	55,751
Subordinated obligations	31,627	31,624	62,905	62,899
Senior debt securities	35,123	22,202	63,065	43,939
Hybrid Tier-1 Capital Securities	3,870	11,358	14,861	22,587
Borrowings	7,429	7,810	15,647	13,556
Others	5,375	9,435	10,615	16,206
	1,122,887	1,005,361	2,247,963	1,987,905



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

A10. Other Operating Income

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	RM'000	RM'000	RM'000	RM'000
Fee income				
- Service charges and fees	46,065	40,447	87,256	81,847
- Commission	39,406	40,030	75,012	79,304
- Guarantee fees	7,487	11,523	15,606	21,853
- Commitment fees	10,647	11,398	21,349	24,481
- Net brokerage income	59,654	65,315	120,842	151,363
- Fund management fees	57,112	55,672	111,021	112,456
- Unit trust fee income	24,230	10,351	37,829	31,554
- Corporate advisory fees	9,487	19,190	29,028	31,077
- Underwriting and arrangement fees	4,335	337	19,796	1,869
- Other fee income	14,046	17,435	37,184	36,942
	272,469	271,698	554,923	572,746
- Fee and commission expenses	(48,562)	(33,071)	(84,275)	(74,438)
	223,907	238,627	470,648	498,308
Net gain/(loss) arising from financial assets at FVTPL				
- Net gain/(loss) on disposal	41,903	(19,648)	72,515	(14,496)
- Unrealised net gain/(loss) on revaluation	48,643	(25,829)	80,116	(27,857)
- Dividend income	14,675	10,680	39,448	22,154
	105,221	(34,797)	192,079	(20,199)
Net (loss)/gain on revaluation of derivatives	(51,886)	27,944	(84,590)	84,125
Net gain on fair value hedges	15	42	38	10
Net gain arising from financial assets at FVOCI				
- Net gain on debt instruments on disposal	58,053	5,977	96,258	63,726
- Dividend income	4,016	2,137	4,100	2,137
	62,069	8,114	100,358	65,863
Other income				
Net foreign exchange gain	42,496	16,757	129,456	154,983
Insurance underwriting surplus before management expenses	53,925	36,839	98,732	57,153
Gain on disposal of property, plant and equipment	1,601	-	1,875	97
Gain on disposal of a joint venture	-	-	258	-
Rental income	632	663	1,162	1,235
Other operating income	9,103	13,942	17,930	30,925
Other non-operating income	17,357	1,975	17,693	2,416
	125,114	70,176	267,106	246,809
	464,440	310,106	945,639	874,916



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

A10. Other Operating Income (continued)

Bank	2nd Quarter Ended		Six Months Ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	RM'000	RM'000	RM'000	RM'000
Fee income				
- Service charges and fees	43,245	35,898	81,268	72,643
- Commission	45,890	44,437	88,397	88,591
- Guarantee fees	7,343	9,597	15,195	19,776
- Commitment fees	10,014	9,997	19,818	21,789
- Other fee income	5,356	5,435	10,779	10,951
	111,848	105,364	215,457	213,750
Net gain/(loss) arising from financial assets at FVTPL				
- Net gain/(loss) on disposal	33,804	(3,618)	52,553	(710)
- Unrealised net gain/(loss) on revaluation	2,888	(13,506)	20,545	(22,146)
	36,692	(17,124)	73,098	(22,856)
Net (loss)/gain on revaluation of derivatives	(16,438)	9,508	(19,495)	36,038
Net gain on fair values hedges	15	42	38	10
Net gain arising from financial assets at FVOCI				
- Net gain on debt instruments on disposal	57,954	5,977	96,044	41,902
- Dividend income	3,670	1,760	3,670	1,760
	61,624	7,737	99,714	43,662
Dividend income from subsidiaries	54,544	-	54,544	9,259
Other income				
Net foreign exchange gain	88,710	21,905	169,406	74,866
Gain on disposal of property, plant and equipment	1,529	-	1,655	41
Rental income	3,079	3,090	6,047	6,009
Other operating income	7,740	10,763	16,061	26,092
Other non-operating income	685	958	1,151	1,669
	101,743	36,716	194,320	108,677
	350,028	142,243	617,676	388,540



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

A11. Other Operating Expenses

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Personnel costs				
- Salaries, allowances and bonuses	418,527	377,853	830,423	814,878
- Defined contribution plan	55,901	54,065	112,240	111,474
- Other staff related costs	41,837	44,712	81,359	83,681
	<u>516,265</u>	<u>476,630</u>	<u>1,024,022</u>	<u>1,010,033</u>
Establishment costs				
- Property, plant and equipment:				
- Depreciation	31,224	29,897	61,820	59,466
- Written off	2	1	265	1
- Intangible assets:				
- Amortisation	30,406	24,441	59,181	47,842
- Written off	-	27	5	28
- Right of use assets:				
- Depreciation	16,952	-	34,212	-
- Rental of premises	9,980	26,803	19,858	53,638
- Rental of equipment	1,902	3,223	3,470	6,309
- Insurance	9,269	6,507	16,999	16,115
- Water and electricity	8,301	7,514	15,632	14,621
- Repair and maintenance	8,621	7,303	16,298	14,572
- Security and escorting expenses	10,905	10,424	22,351	21,439
- Information technology expenses	67,907	56,445	137,596	130,090
- Others	2,204	2,238	3,912	4,616
	<u>197,673</u>	<u>174,823</u>	<u>391,599</u>	<u>368,737</u>
Marketing expenses				
- Sales commission	24,592	21,242	46,768	41,238
- Advertisement and publicity	17,537	12,244	32,137	19,433
- Others	25,137	26,222	47,398	51,276
	<u>67,266</u>	<u>59,708</u>	<u>126,303</u>	<u>111,947</u>
Administration and general expenses				
- Communication expenses	39,340	42,816	79,406	81,100
- Legal and professional fee	7,709	8,066	15,423	15,187
- Others	32,963	37,921	70,799	75,404
	<u>80,012</u>	<u>88,803</u>	<u>165,628</u>	<u>171,691</u>
	<u>861,216</u>	<u>799,964</u>	<u>1,707,552</u>	<u>1,662,408</u>



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

A11. Other Operating Expenses (continued)

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Bank				
Personnel costs				
- Salaries, allowances and bonuses	254,008	226,766	527,852	506,702
- Defined contribution plan	37,996	35,730	76,794	71,631
- Other staff related costs	26,319	23,202	49,172	40,000
	318,323	285,698	653,818	618,333
Establishment costs				
- Property, plant and equipment:				
- Depreciation	24,082	23,021	47,598	44,989
- Written off	-	-	106	-
- Intangible assets:				
- Amortisation	25,305	19,790	49,020	38,623
- Written off	-	-	5	-
- Right of use assets:				
- Depreciation	11,170	-	22,390	-
- Rental of premises	5,291	14,440	10,347	28,964
- Rental of equipment	1,734	2,966	3,131	5,889
- Insurance	8,484	7,661	16,577	16,052
- Water and electricity	4,775	4,676	9,104	9,127
- Repair and maintenance	6,597	5,739	11,928	11,263
- Security and escorting expenses	11,250	10,206	22,149	21,070
- Information technology expenses	37,080	33,425	77,074	80,732
	135,768	121,924	269,429	256,709
Marketing expenses				
- Sales commission	17,744	14,087	32,877	27,060
- Advertisement and publicity	11,952	8,210	20,070	10,814
- Others	10,621	11,084	19,626	19,146
	40,317	33,381	72,573	57,020
Administration and general expenses				
- Communication expenses	25,043	24,103	49,506	47,578
- Legal and professional fee	26,054	22,094	42,139	57,783
- Others	20,523	21,552	44,324	41,718
	71,620	67,749	135,969	147,079
	566,028	508,752	1,131,789	1,079,141



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

A12. Allowance for Credit Losses on Financial Assets

	2nd Quarter Ended		Six Months Ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	RM'000	RM'000	RM'000	RM'000
Group				
<u>Charge/(Writeback)</u>				
Loans, advances and financing:				
- Net charge	94,170	102,383	210,772	239,339
- Bad debts recovered	(55,335)	(63,868)	(122,366)	(130,230)
- Bad debts written off	37,226	38,695	79,811	71,775
	76,061	77,210	168,217	180,884
Financial assets at FVOCI	(934)	(19,044)	(6,417)	(11,108)
Financial investments at amortised cost	1,295	(9,723)	(17,890)	(10,571)
Other financial assets	(2,518)	(3,288)	2,862	450
	73,904	45,155	146,772	159,655
Bank				
<u>Charge/(Writeback)</u>				
Loans, advances and financing:				
- Net charge	122,956	55,667	236,951	167,828
- Bad debts recovered	(51,625)	(60,458)	(114,150)	(123,851)
- Bad debts written off	34,001	34,670	69,685	63,670
	105,332	29,879	192,486	107,647
Financial assets at FVOCI	234	(18,411)	(4,680)	(10,581)
Financial investments at amortised cost	1,456	(9,959)	(14,842)	(10,251)
Other financial assets	(1,425)	(841)	(286)	545
	105,597	668	172,678	87,360



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

	Group		Bank	
	As at 30 June 2019	As at 31 December 2018	As at 30 June 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Mandatory measured at fair value				
<u>Money market instruments:</u>				
Malaysian Government Securities	73,930	745,056	73,930	745,056
Malaysian Government Treasury Bills	-	24,411	-	24,411
Malaysian Government Investment Issues	264,216	813,898	264,216	539,672
Bank Negara Malaysia Monetary Notes	-	24,873	-	24,873
Singapore Government Securities	7,049	-	-	-
<u>Quoted securities:</u>				
<u>In Malaysia</u>				
Shares, exchange traded funds and warrants	43,601	111,544	101	-
Unit trusts	72,460	67,553	-	-
Corporate bond/sukuk	3,271	13,704	3,271	3,179
<u>Outside Malaysia</u>				
Shares, exchange traded funds and warrants	385,391	227,837	5,392	5,294
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Corporate bond/sukuk	576,820	277,460	576,794	277,460
Unit trusts	950,871	785,212	-	-
<u>Outside Malaysia</u>				
Corporate bond/sukuk	281,269	271,826	281,269	271,826
Private equity funds	460,438	437,275	-	-
	3,119,316	3,800,649	1,204,973	1,891,771



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

	Group		Bank	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
At fair value				
(a) Debt instruments	36,955,643	31,900,621	31,172,915	26,946,919
(b) Equity instruments	707,951	677,212	666,261	637,457
	37,663,594	32,577,833	31,839,176	27,584,376
(a) Debt instruments				
<u>Money market instruments:</u>				
Malaysian Government Securities	2,875,101	3,043,129	2,743,703	2,914,403
Malaysian Government Investment Issues	6,574,993	4,317,009	4,934,502	3,235,390
Cagamas bonds	273,864	317,761	263,657	307,617
Khazanah bonds	44,819	52,942	-	-
Negotiable instruments of deposits	948,059	1,102,277	601,091	903,443
Other foreign government investment issues	44,919	20,633	44,919	20,633
Sukuk Perumahan Kerajaan	71,025	119,853	-	49,939
Singapore Government Securities	1,190,234	1,199,663	1,190,234	1,199,663
Thailand Government Securities	969,439	810,958	969,439	810,958
Singapore Government Treasury Bills	1,215,397	935,933	1,215,397	935,933
Singapore Housing Development Board	618,139	610,132	618,139	610,132
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Corporate bond/sukuk	16,359,224	14,276,552	12,872,863	10,915,972
Perpetual notes/sukuk	102,831	102,750	102,831	102,750
Prasarana bonds	1,777,250	1,189,007	1,751,403	1,163,546
<u>Outside Malaysia</u>				
Corporate bond/sukuk	3,890,349	3,802,022	3,864,737	3,776,540
	36,955,643	31,900,621	31,172,915	26,946,919
(b) Equity instruments				
<u>Quoted securities:</u>				
<u>In Malaysia</u>				
Shares	-	514	-	-
<u>Outside Malaysia</u>				
Shares	2,625	2,082	-	-
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Shares	704,913	674,218	666,260	637,456
<u>Outside Malaysia</u>				
Shares	413	398	1	1
	707,951	677,212	666,261	637,457

Included in financial investments at FVOCI of the Group and the Bank are corporate bond/sukuk, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM206,000,000 (31 December 2018: RM761,000,000) and RM736,000,000 (31 December 2018: RM761,000,000) respectively.



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

(a) Movement in credit impaired financial assets at FVOCI

	Group and Bank	
	As at	As at
	30 June	31 December
	2019	2018
	RM'000	RM'000
Balance as at the beginning of the financial period/year	5,252	8,520
Derecognition	-	(2,003)
Accrued interest	(25)	(2,336)
Exchange differences	29	1,071
Balance as at the end of the financial period/year	<u>5,256</u>	<u>5,252</u>

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

Group	12-month	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
	(Stage 1)	impaired	impaired	Total
	RM'000	RM'000	RM'000	RM'000
30 June 2019				
Balance as at the beginning of the financial period	55,977	306	-	56,283
Transfer to 12-month ECL (Stage 1)	306	(306)	-	-
Allowance written back during the financial period	(3,504)	-	-	(3,504)
Purchases and origination	8,203	-	-	8,203
Derecognition and disposal	(11,116)	-	-	(11,116)
Exchange differences	328	-	-	328
Balance as at the end of the financial period	<u>50,194</u>	<u>-</u>	<u>-</u>	<u>50,194</u>
31 December 2018				
Balance as at the beginning of the financial year	58,128	794	-	58,922
Transfer to 12-month ECL (Stage 1)	802	(802)	-	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(238)	238	-	-
Allowance (written back)/made during the financial year	(11,908)	870	-	(11,038)
Purchases and origination	47,630	-	-	47,630
Derecognition and disposal	(36,964)	(793)	-	(37,757)
Exchange differences	(1,473)	(1)	-	(1,474)
Balance as at the end of the financial year	<u>55,977</u>	<u>306</u>	<u>-</u>	<u>56,283</u>



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

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

Bank	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
30 June 2019				
Balance as at the beginning of the financial period	50,278	-	-	50,278
Allowance written back during the financial period	(1,761)	-	-	(1,761)
Purchases and origination	6,876	-	-	6,876
Derecognition and disposal	(9,795)	-	-	(9,795)
Exchange differences	328	-	-	328
Balance as at the end of the financial period	<u>45,926</u>	<u>-</u>	<u>-</u>	<u>45,926</u>
31 December 2018				
Balance as at the beginning of the financial year	52,371	794	-	53,165
Allowance written back during the financial year	(10,753)	-	-	(10,753)
Purchases and origination	45,869	-	-	45,869
Derecognition and disposal	(35,723)	(793)	-	(36,516)
Exchange differences	(1,486)	(1)	-	(1,487)
Balance as at the end of the financial year	<u>50,278</u>	<u>-</u>	<u>-</u>	<u>50,278</u>



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A15. Financial Investments at Amortised Cost

	Group		Bank	
	As at 30 June 2019	As at 31 December 2018	As at 30 June 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
<u>Money market instruments:</u>				
Malaysian Government Securities	100,634	100,602	100,634	100,602
Malaysian Government Investment Issues	3,760,893	3,727,517	3,198,343	3,164,199
Cagamas bonds	770,456	1,152,842	657,988	934,517
Khazanah bonds	112,917	110,467	77,391	75,672
Wakala Global Sukuk	8,592	8,626	-	-
Sukuk Perumahan Kerajaan	111,033	111,065	101,028	101,066
Singapore Government Treasury bills	120,670	121,160	120,670	121,160
Singapore Government Securities	121,183	91,476	121,183	91,476
Sukuk (Brunei) Incorporation	33,592	39,425	33,592	39,425
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Corporate bond/sukuk	8,686,732	8,667,354	5,369,936	5,647,529
Corporate loan stocks	26,908	27,023	860	860
Prasarana bonds	284,158	274,065	213,306	208,371
	14,137,768	14,431,622	9,994,931	10,484,877
Allowance for credit losses	(323,463)	(341,347)	(241,384)	(256,226)
	13,814,305	14,090,275	9,753,547	10,228,651

Included in financial investments at amortised cost of the Group and the Bank are corporate bond/sukuk, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM496,000,000 (31 December 2018: RM1,428,000,000) and RM2,124,000,000 (31 December 2018: RM2,350,000,000) respectively.

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

	Group		Bank	
	As at 30 June 2019	As at 31 December 2018	As at 30 June 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Balance as at the beginning of the financial period/year	141,405	144,100	63,341	64,695
Derecognition	(460)	(2,873)	(153)	(1,532)
Exchange differences	-	178	-	178
Balance as at the end of the financial period/year	140,945	141,405	63,188	63,341



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A15. Financial investments at amortised cost (continued)

(b) Movement in allowance for credit losses

Group	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
30 June 2019				
Balance as at the beginning of the financial period	23,820	176,683	140,844	341,347
Allowance written back during the financial period	(463)	(15,933)	(153)	(16,549)
Purchases and origination	2,496	-	-	2,496
Derecognition	(3,006)	(524)	(307)	(3,837)
Exchange differences	6	-	-	6
Balance as at the end of the financial period	<u>22,853</u>	<u>160,226</u>	<u>140,384</u>	<u>323,463</u>

31 December 2018

Balance as at the beginning of the financial year	23,276	185,629	143,539	352,444
Allowance made/(written back) during the financial year	17	(7,592)	(1,518)	(9,093)
Purchases and origination	14,981	-	-	14,981
Derecognition	(14,473)	(1,354)	(1,340)	(17,167)
Exchange differences	19	-	163	182
Balance as at the end of the financial year	<u>23,820</u>	<u>176,683</u>	<u>140,844</u>	<u>341,347</u>

Bank	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
30 June 2019				
Balance as at the beginning of the financial period	19,017	174,430	62,779	256,226
Allowance (written back)/made during the financial period	1,161	(14,670)	(153)	(13,662)
Purchases and origination	1,765	-	-	1,765
Derecognition	(2,945)	-	-	(2,945)
Balance as at the end of the financial period	<u>18,998</u>	<u>159,760</u>	<u>62,626</u>	<u>241,384</u>

31 December 2018

Balance as at the beginning of the financial year	20,705	184,311	64,134	269,150
Allowance written back during the financial year	(166)	(8,527)	(1,518)	(10,211)
Purchases and origination	10,929	-	-	10,929
Derecognition	(12,451)	(1,354)	-	(13,805)
Exchange differences	-	-	163	163
Balance as at the end of the financial year	<u>19,017</u>	<u>174,430</u>	<u>62,779</u>	<u>256,226</u>



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A16. Loans, Advances and Financing

(a) By type

	Group		Bank	
	As at 30 June 2019	As at 31 December 2018	As at 30 June 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
Overdrafts	6,914,605	6,786,330	5,860,207	5,770,136
Term loans/financing				
- Housing loans/financing	58,945,140	56,096,417	41,660,457	40,489,870
- Syndicated term loans/financing	5,626,535	6,475,098	2,944,319	2,993,804
- Hire purchase receivables/financing	9,342,318	9,441,182	1,754,764	2,195,103
- Lease receivables	269	715	-	-
- Other term loans/financing	68,090,631	68,123,168	43,182,443	45,025,256
Bills receivables	3,869,658	3,429,081	2,894,452	2,388,667
Trust receipts	557,531	587,595	530,898	564,973
Claims on customers under acceptance credits	3,390,637	3,293,614	3,390,637	3,293,614
Staff loans/financing	111,692	116,296	109,171	113,618
Credit/charge card receivables	2,134,397	2,149,984	1,852,836	1,865,814
Revolving credits/financing	13,362,611	12,379,047	6,387,102	5,970,550
Gross loans, advances and financing	172,346,024	168,878,527	110,567,286	110,671,405
Fair value changes arising from fair value hedges	32,560	2,840	2,907	1,873
	172,378,584	168,881,367	110,570,193	110,673,278
Less: Allowance for credit losses	(3,146,136)	(3,251,593)	(2,469,467)	(2,457,132)
Net loans, advances and financing	169,232,448	165,629,774	108,100,726	108,216,146

Included in loans, advances and financing are housing loans, hire purchase receivables and other term loans/financing sold to Cagamas with recourse to the Group and the Bank amounting to RM4,793,013,000 (31 December 2018: RM4,926,536,000) and RM2,631,739,000 (31 December 2018: RM2,723,536,000) respectively.

(b) By type of customer

	Group		Bank	
	As at 30 June 2019	As at 31 December 2018	As at 30 June 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Domestic non-bank financial institutions:				
- Others	3,923,598	4,002,667	798,991	544,223
Domestic business enterprises:				
- Small medium enterprises	28,128,733	27,215,078	23,089,491	22,858,685
- Others	26,096,678	27,079,712	14,168,787	14,813,073
Government and statutory bodies	6,978,186	6,966,868	1,902,776	1,941,949
Individuals	87,867,194	84,651,922	55,493,994	55,763,504
Other domestic entities	140,475	144,079	14,169	14,087
Foreign entities	19,211,160	18,818,201	15,099,078	14,735,884
	172,346,024	168,878,527	110,567,286	110,671,405



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A16. Loans, Advances and Financing (continued)

(c) By geographical distribution

	Group		Bank	
	As at 30 June 2019	As at 31 December 2018	As at 30 June 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	153,959,258	150,434,800	96,859,433	97,353,043
Labuan Offshore	1,938,317	2,483,266	-	-
Singapore	12,375,862	11,894,363	12,122,032	11,696,999
Thailand	1,654,084	1,628,349	1,413,729	1,453,771
Brunei	172,092	167,592	172,092	167,592
Indonesia	86,018	128,070	-	-
Hong Kong	59,804	88,022	-	-
Cambodia	1,883,521	1,822,861	-	-
Lao	217,068	231,204	-	-
	172,346,024	168,878,527	110,567,286	110,671,405

(d) By interest/profit rate sensitivity

	Group		Bank	
	As at 30 June 2019	As at 31 December 2018	As at 30 June 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Housing loans/financing	507,012	534,779	97,991	101,320
- Hire purchase receivables/financing	4,491,322	5,464,754	1,754,764	2,195,103
- Other fixed rate loans/financing	16,474,259	18,188,907	9,294,494	9,559,918
Variable rate				
- Base lending/financing rate plus	108,613,873	102,592,662	68,362,242	67,621,594
- Cost-plus	30,523,969	30,492,993	25,489,756	25,317,549
- Other variable rates	11,735,589	11,604,432	5,568,039	5,875,921
	172,346,024	168,878,527	110,567,286	110,671,405



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A16. Loans, Advances and Financing (continued)

(e) By economic sector

	Group		Bank	
	As at 30 June 2019	As at 31 December 2018	As at 30 June 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Agriculture, hunting, forestry and fishing	3,398,317	3,739,027	2,267,339	2,461,618
Mining and quarrying	659,008	1,186,963	335,893	326,975
Manufacturing	8,984,973	8,453,566	7,124,961	6,613,596
Electricity, gas and water	2,208,530	2,445,122	1,881,077	2,049,427
Construction	11,852,242	12,155,342	7,497,021	7,801,936
Wholesale and retail trade and restaurant and hotel	13,595,736	12,852,649	11,235,586	10,596,310
Transport, storage and communication	7,453,213	7,886,642	2,829,332	3,026,887
Real estate	4,694,686	4,592,967	3,149,112	3,364,082
Finance, insurance and business services	15,489,336	15,123,493	10,282,187	10,265,837
Government and government agencies	5,417,190	5,456,807	1,902,776	1,941,949
Education, health and others	5,259,083	4,942,589	2,561,875	2,294,059
Household sector	92,199,587	88,914,861	58,878,288	59,260,651
Others	1,134,123	1,128,499	621,839	668,078
	172,346,024	168,878,527	110,567,286	110,671,405

(f) By purpose

	Group		Bank	
	As at 30 June 2019	As at 31 December 2018	As at 30 June 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	11,339,672	11,049,203	5,474,439	6,538,214
Purchase of transport vehicles	8,863,479	8,860,127	1,224,158	1,558,419
Purchase of landed property:				
- Residential	57,342,725	54,684,923	40,988,609	39,841,953
- Non-residential	18,046,880	18,035,783	13,819,535	14,001,746
Purchase of property, plant and equipment other than land and building	2,834,027	3,017,858	2,185,188	2,304,220
Personal use	10,328,101	10,329,313	6,401,389	6,696,533
Credit card	2,134,397	2,149,984	1,852,836	1,865,814
Purchase of consumer durables	14,736	15,956	14,736	15,956
Construction	7,341,196	7,557,832	5,506,460	5,656,877
Working capital	37,857,420	37,305,328	24,307,191	23,452,573
Merger and acquisition	2,481,758	2,858,468	1,229,375	1,429,580
Other purposes	13,761,633	13,013,752	7,563,370	7,309,520
	172,346,024	168,878,527	110,567,286	110,671,405



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A16. Loans, Advances and Financing (continued)

(g) By remaining contractual maturities

	Group		Bank	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Maturity within one year	42,195,199	42,198,881	32,859,552	32,450,920
One year to three years	11,072,070	11,255,456	6,275,274	6,811,286
Three years to five years	14,677,876	13,171,605	6,033,646	6,731,774
Over five years	104,400,879	102,252,585	65,398,814	64,677,425
	172,346,024	168,878,527	110,567,286	110,671,405

(h) Impaired loans, advances and financing

(i) Movement in impaired loans, advances and financing

	Group		Bank	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Balance as at the beginning of the financial period/year	3,483,554	4,044,770	2,555,206	3,140,438
Transfer to 12-month ECL (Stage 1)	(143,540)	(304,304)	(121,833)	(236,391)
Transfer to Lifetime ECL not credit impaired (Stage 2)	(147,721)	(235,168)	(103,976)	(199,628)
Transfer to Lifetime ECL credit impaired (Stage 3)	881,665	951,593	702,720	700,325
Purchases and origination	509,752	599,037	455,002	511,037
Derecognition	(497,221)	(850,707)	(366,362)	(772,789)
Amount written off	(395,314)	(727,464)	(299,212)	(584,161)
Exchange differences	8,622	5,797	8,491	(3,625)
Balance as at the end of the financial period/year	3,699,797	3,483,554	2,830,036	2,555,206



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FOR THE SIX MONTHS ENDED 30 JUNE 2019

A16. Loans, Advances and Financing (continued)

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

(ii) By economic sector

	Group		Bank	
	As at 30 June 2019	As at 31 December 2018	As at 30 June 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Agriculture, hunting, forestry and fishing	132,450	67,839	107,364	42,726
Mining and quarrying	213,594	202,393	4,631	1,467
Manufacturing	468,793	478,806	352,064	337,886
Electricity, gas and water	347,671	89,747	289,520	32,175
Construction	310,309	305,692	263,387	221,789
Wholesale and retail trade and restaurant and hotel	298,103	359,494	233,321	268,985
Transport, storage and communication	489,142	455,837	472,038	445,785
Real estate	124,623	283,473	114,024	272,860
Finance, insurance and business services	119,702	78,583	95,669	58,247
Education, health and others	31,955	17,924	22,725	6,143
Household sector	1,134,204	1,109,278	866,347	862,454
Others	29,251	34,488	8,946	4,689
	3,699,797	3,483,554	2,830,036	2,555,206

(iii) By geographical distribution

	Group		Bank	
	As at 30 June 2019	As at 31 December 2018	As at 30 June 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	2,242,819	2,195,609	1,780,235	1,686,163
Labuan Offshore	274,772	285,737	-	-
Singapore	1,020,436	838,978	1,008,289	827,655
Thailand	33,670	33,682	24,529	25,031
Brunei	16,983	16,357	16,983	16,357
Indonesia	185	-	-	-
Cambodia	88,696	88,715	-	-
Hong Kong	27	16	-	-
Lao	22,209	24,460	-	-
	3,699,797	3,483,554	2,830,036	2,555,206



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

A16. Loans, Advances and Financing (continued)

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

(iv) Movement in allowance for credit losses

Group	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
30 June 2019				
Balance as at the beginning of the financial period	591,911	994,604	1,665,078	3,251,593
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to 12-month ECL (Stage 1)	155,235	(111,353)	(43,882)	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	(33,487)	77,961	(44,474)	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	(6,095)	(42,900)	48,995	-
	115,653	(76,292)	(39,361)	-
Allowance made/(written back) during the financial period	(106,148)	118,081	412,659	424,592
Bad debts written off	-	-	(321,746)	(321,746)
Derecognition	(20,828)	(118,443)	(74,549)	(213,820)
Exchange differences	488	899	4,130	5,517
Balance as at the end of the financial period	581,076	918,849	1,646,211	3,146,136
31 December 2018				
Balance as at the beginning of the financial year	513,570	925,900	1,803,107	3,242,577
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to 12-month ECL (Stage 1)	210,496	(131,950)	(78,546)	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	(42,112)	87,737	(45,625)	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	(12,056)	(45,327)	57,383	-
	156,328	(89,540)	(66,788)	-
Allowance made/(written back) during the financial year	(31,805)	250,854	724,343	943,392
Bad debts written off	-	-	(561,971)	(561,971)
Derecognition	(46,617)	(95,675)	(375,675)	(517,967)
Reclassification from financial assets at FVOCI	-	-	135,716	135,716
Exchange differences	435	3,065	6,346	9,846
Balance as at the end of the financial year	591,911	994,604	1,665,078	3,251,593



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

A16. Loans, Advances and Financing (continued)

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

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

Bank	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
30 June 2019				
Balance as at the beginning of the financial period	489,408	774,591	1,193,133	2,457,132
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to 12-month ECL (Stage 1)	130,473	(92,439)	(38,034)	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	(23,509)	54,279	(30,770)	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	(5,716)	(39,335)	45,051	-
	101,248	(77,495)	(23,753)	-
Allowance made/(written back) during the financial period	(116,966)	112,290	402,480	397,804
Bad debts written off	-	-	(230,989)	(230,989)
Derecognition	(16,493)	(86,088)	(58,272)	(160,853)
Exchange differences	664	1,180	4,529	6,373
Balance as at the end of the financial period	457,861	724,478	1,287,128	2,469,467
31 December 2018				
Balance as at the beginning of the financial year	430,239	720,125	1,302,193	2,452,557
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to 12-month ECL (Stage 1)	174,619	(108,172)	(66,447)	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	(27,641)	65,614	(37,973)	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	(11,202)	(38,131)	49,333	-
	135,776	(80,689)	(55,087)	-
Allowance made/(written back) during the financial year	(43,162)	214,994	577,807	749,639
Bad debts written off	-	-	(427,029)	(427,029)
Derecognition	(33,154)	(80,650)	(340,580)	(454,384)
Reclassification from financial assets at FVOCI	-	-	135,716	135,716
Exchange differences	(291)	811	113	633
Balance as at the end of the financial year	489,408	774,591	1,193,133	2,457,132



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

A17. Other Assets

	Group		Bank	
	As at 30 June 2019	As at 31 December 2018	As at 30 June 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Other receivables	985,111	1,091,121	403,714	343,376
Cash collateral in relation to derivative transactions	165,855	239,348	165,855	239,348
Deposits	49,506	53,400	31,858	30,495
Prepayments	140,290	105,970	82,835	61,840
Amounts due from subsidiaries	-	-	499,603	246,754
	1,340,762	1,489,839	1,183,865	921,813



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

A18. Deposits from Customers

(a) By type of deposits

	Group		Bank	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Demand deposits	38,877,300	36,284,375	29,884,697	30,229,454
Savings deposits	10,301,739	10,107,052	8,495,855	8,404,126
Fixed/investment deposits	133,870,381	131,278,948	86,180,600	87,325,687
Negotiable instruments of deposits	1,980,014	1,185,955	1,980,014	1,185,955
	185,029,434	178,856,330	126,541,166	127,145,222

(b) By type of customer

	Group		Bank	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	13,284,884	11,817,181	2,568,915	4,631,954
Business enterprises	103,418,348	105,062,527	73,447,945	73,724,271
Individuals	62,452,797	56,325,426	45,042,949	43,595,983
Others	5,873,405	5,651,196	5,481,357	5,193,014
	185,029,434	178,856,330	126,541,166	127,145,222

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

	Group		Bank	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Due within six months	97,476,675	96,317,780	64,061,379	63,439,942
Six months to one year	30,662,128	33,947,548	20,074,653	23,149,265
One year to three years	7,214,268	1,299,374	4,010,100	1,113,157
Three years to five years	497,324	900,201	14,482	809,278
	135,850,395	132,464,903	88,160,614	88,511,642



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

A19. Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	As at 30 June 2019	As at 31 December 2018	As at 30 June 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Licensed banks	17,111,778	16,057,418	15,874,940	16,846,493
Licensed Islamic banks	1,971,655	1,598,865	2,805	3,256
Licensed investment banks	499,719	191,678	892,917	298,982
Bank Negara Malaysia	465,695	415,127	418,371	374,670
Other financial institutions	666,329	27,806	2,557	2,784
	20,715,176	18,290,894	17,191,590	17,526,185

A20. Other Liabilities

	Group		Bank	
	As at 30 June 2019	As at 31 December 2018	As at 30 June 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Other creditors and accruals	2,481,299	1,593,171	1,265,222	1,214,257
Amount payable for redemption units	173,508	13,955	-	-
Contract liabilities	63,024	80,357	31,500	42,000
Short term employee benefits	263,669	383,495	193,606	288,683
Accrual for operational expenses	194,414	236,914	141,868	147,185
Prepaid instalments	42,466	47,328	42,464	47,189
Cash collateral pledged for derivative transactions	335,685	321,125	335,685	321,125
Remisiers' trust deposits	62,954	62,917	-	-
Amount due to trust funds	63,293	112,679	-	-
Amounts due to subsidiaries	-	-	26,324	21,684
Puttable instruments	336	70,615	-	-
	3,680,648	2,922,556	2,036,669	2,082,123



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

A21. Segmental Reporting

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

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

(a) Group Retail Banking

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

(b) Group Business Banking

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

(c) Group Wholesale Banking

(i) Group Corporate Banking and Group Investment Banking

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

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

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

(ii) Group Treasury and Global Markets

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



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

A21. Segmental Reporting (continued)

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

(d) Group International Business

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

(e) Support Center and Others

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

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

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



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

A21. Segmental Reporting (continued)

Six months ended 30 June 2019

	<div> <div>←</div> <div>GWB</div> <div>→</div> </div>							
	Group Retail Banking	Group Business Banking	Group CBIB	Group Treasury and Global Markets	Group International Business	Support Center and Others	Inter- Segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	1,232,678	545,210	747,754	777,925	268,085	(52,614)	-	3,519,038
Inter-segment revenue	10,493	-	45,819	(50,288)	7,070	16,107	(29,201)	-
Segment revenue	1,243,171	545,210	793,573	727,637	275,155	(36,507)	(29,201)	3,519,038
Other operating expenses	(612,701)	(312,019)	(419,317)	(79,022)	(217,927)	(95,767)	29,201	(1,707,552)
Including:								
- Depreciation of property, plant and equipment	(28,105)	(9,565)	(11,402)	(1,508)	(9,783)	(1,457)	-	(61,820)
- Depreciation of right of use assets	(9,159)	(6,911)	(9,017)	(96)	(7,664)	(1,365)	-	(34,212)
- Amortisation of intangible assets	(23,718)	(15,040)	(10,227)	(1,792)	(6,634)	(1,770)	-	(59,181)
Allowance for credit losses on financial assets	(129,119)	23,821	(58,558)	8,479	6,652	1,953	-	(146,772)
Segment profit/(loss)	501,351	257,012	315,698	657,094	63,880	(130,321)	-	1,664,714
Share of results of joint ventures								(30)
Profit before taxation								1,664,684
Taxation								(416,457)
Net profit for the financial period								1,248,227



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

A21. Segmental Reporting (continued)

As at 30 June 2019

	←— GWB —→						
	Group Retail Banking	Group Business Banking	Group CBIB	Group Treasury and Global Markets	Group International Business	Support Center and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	88,666,515	25,934,625	50,672,507	57,830,627	26,842,969	2,245,089	252,192,332
Investments in associates and joint ventures							9,513
Tax recoverable							495,674
Deferred tax assets							14,560
Unallocated assets							819,162
Total assets							<u>253,531,241</u>
Segment liabilities	57,279,167	27,507,131	61,544,236	48,288,001	21,533,319	1,253,020	217,404,874
Tax liabilities							51,907
Deferred tax liabilities							65,756
Borrowings							1,195,203
Senior debt securities							4,578,930
Hybrid Tier-1 Capital Securities							225,582
Subordinated obligations							3,747,611
Unallocated liabilities							1,377,013
Total liabilities							<u>228,646,876</u>



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

A21. Segmental Reporting (continued)

Six months ended 30 June 2018

	<div> <div></div> <div>GWB</div> <div></div> </div>							
	Group Retail Banking	Group Business Banking	Group CBIB	Group Treasury and Global Markets	Group International Business	Support Center and Others	Inter- Segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	1,179,418	534,682	798,632	715,506	271,053	(112,349)	-	3,386,942
Inter-segment revenue	9,703	-	22,706	(12,681)	3,125	4,557	(27,410)	-
Segment revenue	1,189,121	534,682	821,338	702,825	274,178	(107,792)	(27,410)	3,386,942
Other operating expenses	(588,232)	(295,918)	(449,979)	(70,849)	(206,444)	(78,396)	27,410	(1,662,408)
Including:								
- Depreciation of property, plant and equipment	(29,410)	(8,589)	(11,350)	(1,160)	(7,532)	(1,425)	-	(59,466)
- Amortisation of intangible assets	(19,997)	(10,995)	(8,960)	(2,300)	(4,531)	(1,059)	-	(47,842)
Allowance for credit losses on financial assets	(103,944)	(82,707)	(22,472)	(460)	48,357	1,571	-	(159,655)
Segment profit/(loss)	496,945	156,057	348,887	631,516	116,091	(184,617)	-	1,564,879
Share of results of joint ventures								38
Profit before taxation								1,564,917
Taxation								(403,750)
Net profit for the financial period								1,161,167



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

A21. Segmental Reporting (continued)

As at 31 December 2018

	← GWB →						
	Group Retail Banking	Group Business Banking	Group CBIB	Group Treasury and Global Markets	Group International Business	Support Center and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	85,399,122	25,354,862	52,926,258	50,642,438	25,049,775	2,409,184	241,781,639
Investments in associates and joint ventures							25,352
Tax recoverable							389,172
Deferred tax assets							79,191
Unallocated assets							890,325
Total assets							<u>243,165,679</u>
Segment liabilities	52,510,894	25,901,243	54,095,596	56,427,360	20,089,033	1,313,292	210,337,418
Tax liabilities							24,578
Deferred tax liabilities							2,308
Borrowings							1,182,885
Senior debt securities							3,323,664
Hybrid Tier-1 Capital Securities							603,221
Subordinated obligations							3,748,655
Unallocated liabilities							547,002
Total liabilities							<u>219,769,731</u>



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

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 the following:

- (a) Redemption of RM1.0 billion in nominal value of subordinated notes issued under a RM3.0 billion Medium Term Note Programme issued in 2014 by the Bank on 8 July 2019; and
- (a) Proposed disposal of equity interest in RHB Insurance Berhad as disclosed in Note B6.

A24. Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the six months ended 30 June 2019 other than the following:

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

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

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

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

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

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

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

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

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



RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
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A24. Changes in the Composition of the Group (continued)

There were no significant changes in the composition of the Group for the six months ended 30 June 2019 other than the following: (continued)

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

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

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

Post acquisition profit which has been included in the Group's results is not material for the six months ended 30 June 2019.

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

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

- (b) RHB Trade Services Limited, a wholly-owned subsidiary of the Bank, was deregistered on 1 March 2019 and accordingly dissolved pursuant to Section 751 of the Hong Kong Companies Ordinance.
- (c) RHB Fundamental Capital Hong Kong Limited, an indirect wholly-owned subsidiary of the Bank, was deregistered on 18 April 2019 and accordingly dissolved pursuant to Section 751 of the Hong Kong Companies Ordinance.
- (d) During the current period, RHB Investment Bank's shareholding in RHB Entrepreneur Fund, has increased from 49.78% as at 31 December 2018 to 99.55% as at 30 June 2019 following other fund unit holders who have redeemed their holding in the said fund.



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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 30 June 2019	As at 31 December 2018	As at 30 June 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	1,468,125	1,586,463	1,465,330	1,565,728
Transaction-related contingent items	4,176,414	5,189,623	3,887,872	4,861,283
Short term self-liquidating trade-related contingencies	966,299	1,096,962	937,057	1,055,709
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions, and commitment to buy-back Islamic securities under Sell and Buy Back Agreement transactions	2,728,830	3,300,032	3,037,789	3,300,032
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	672,208	20,361	672,208	20,361
Irrevocable commitments to extend credit				
- Maturity less than one year	2,086,010	1,903,660	531,825	516,646
- Maturity more than one year	28,147,767	27,844,792	19,546,252	20,302,395
Foreign exchange related contracts^				
- Less than one year	58,447,387	75,141,589	64,999,774	77,770,403
- One year to less than five years	3,011,333	3,024,523	3,561,999	3,865,873
- More than five years	1,268,913	1,238,167	1,268,912	1,238,167
Commodity related contracts^				
- Less than one year	297,094	148,455	297,094	148,455
- One year to less than five years	184,963	-	184,963	-
Interest rate related contracts^				
- Less than one year	11,211,258	10,520,565	13,401,258	11,785,566
- One year to less than five years	19,231,056	17,225,565	19,731,056	17,815,564
- More than five years	9,500,329	9,642,534	10,500,329	10,327,534
Any commitments that are unconditionally cancellable at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	15,249,323	15,058,136	12,783,677	12,744,941
	158,647,309	172,941,427	156,807,395	167,318,657

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



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

(b) Guarantees Issued by the Group and the Bank

	Group	
	As at 30 June 2019	As at 31 December 2018
	RM'000	RM'000
Corporate guarantee issued in favour of Monetary Authority of Singapore in relation to undertaking of subsidiaries	152,691	151,647
Corporate guarantee issued in favour of the Stock Exchange of Thailand in relation to a derivative warrant programme of a subsidiary	590	359
	153,281	152,006

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

A26. Capital Commitments

	Group		Bank	
	As at 30 June 2019	As at 31 December 2018	As at 30 June 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Authorised and contracted for:				
- Property, plant and equipment	185,015	163,698	161,865	139,123
- Investment securities	19,492	8,845	-	-
	204,507	172,543	161,865	139,123



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A27. Capital Adequacy Ratio

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

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

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

	Group		Bank[@]	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Common Equity Tier I ('CET I')/Tier I Capital				
Share capital	6,994,103	6,994,103	6,994,103	6,994,103
Retained profits	14,886,222	14,791,837	12,110,190	12,116,174
Other reserves	753,517	722,541	513,964	499,913
FVOCI reserves	1,063,400	319,844	944,786	299,322
	23,697,242	22,828,325	20,563,043	19,909,512
Less:				
Goodwill	(2,638,198)	(2,633,383)	(1,651,542)	(1,651,542)
Intangible assets (include associated deferred tax liabilities)	(505,380)	(563,693)	(448,142)	(504,752)
Deferred tax assets	(52,286)	(100,192)	(48,489)	(55,305)
55% of cumulative gains arising from change in value of FVOCI instruments	(584,870)	(175,914)	(519,632)	(164,627)
Investments in subsidiaries	(111,937)	(127,779)	(4,711,343)	(4,711,343)
Other deductions [#]	(49,323)	(39,524)	(47,139)	(34,675)
Total CET I Capital	19,755,248	19,187,840	13,136,756	12,787,268
Hybrid Tier-1 Capital Securities*	180,000	240,000	180,000	240,000
Qualifying non-controlling interests recognised as Tier I Capital	322	10,606	-	-
Total Tier I Capital	19,935,570	19,438,446	13,316,756	13,027,268
Tier II Capital				
Subordinated obligations subject to gradual phase out treatment**	300,000	300,000	300,000	300,000
Subordinated obligations meeting all relevant criteria	2,249,397	2,249,272	2,249,397	2,249,272
Qualifying capital instruments of a subsidiary issued to third parties ⁺	497,833	501,504	-	-
Surplus eligible provisions over expected losses	470,151	473,875	370,285	379,954
General provisions [^]	263,159	192,590	163,957	144,014
Investment in capital instrument of financial and insurance/takaful entities	(345,713)	-	(537,470)	-
Total Tier II Capital	3,434,827	3,717,241	2,546,169	3,073,240
Total Capital	23,370,397	23,155,687	15,862,925	16,100,508



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A27. Capital Adequacy Ratio (continued)

	Group		Bank[@]	
	As at 30 June 2019	As at 31 December 2018	As at 30 June 2019	As at 31 December 2018
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	16.744%	15.920%	14.709%	13.818%
Tier I Capital Ratio	16.897%	16.128%	14.911%	14.077%
Total Capital Ratio	19.808%	19.213%	17.762%	17.398%
After proposed dividends:				
CET I Capital Ratio	16.319%	15.488%	14.148%	13.254%
Tier I Capital Ratio	16.472%	15.696%	14.350%	13.514%
Total Capital Ratio	19.383%	18.780%	17.200%	16.835%

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

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

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

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

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

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

Includes the qualifying regulatory reserves of the Group and the Bank of RM179,982,000 (31 December 2018: RM61,723,000) and RM96,759,000 (31 December 2018: RM27,796,000) respectively.



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A27. Capital Adequacy Ratio (continued)

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

	RHB Islamic Bank		RHB Investment Bank	
	As at 30 June 2019 RM'000	As at 31 December 2018 RM'000	As at 30 June 2019 RM'000	As at 31 December 2018 RM'000
CET I/Tier I Capital				
Share capital	1,673,424	1,673,424	1,487,773	1,487,773
Retained profits	2,213,982	2,013,893	559,696	558,690
FVOCI reserves	86,121	(3,499)	29,335	20,853
	3,973,527	3,683,818	2,076,804	2,067,316
Less:				
Goodwill	-	-	(372,395)	(372,395)
Investments in subsidiaries, associates and joint ventures	-	-	(1,226,161)	(1,203,286)
Intangible assets (include associated deferred tax liabilities)	(3,461)	(4,271)	(26,544)	(27,055)
Deferred tax assets	-	(23,499)	-	(5,832)
55% of cumulative gains arising from change in value of FVOCI instruments	(47,367)	-	(16,134)	(11,469)
Other deductions [#]	(2,184)	(4,849)	-	-
Total CET I Capital/Tier I Capital	3,920,515	3,651,199	435,570	447,279
Tier II Capital				
Subordinated sukuk	750,000	750,000	-	-
Subordinated obligations meeting all relevant criteria	-	-	400,000	400,000
Surplus eligible provisions over expected losses	100,145	94,333	-	-
General provisions [^]	50,161	54,330	8,086	7,657
Total Tier II Capital	900,306	898,663	408,086	407,657
Total Capital	4,820,821	4,549,862	843,656	854,936
Capital ratios				
Before proposed dividends:				
CET I Capital Ratio	13.338%	13.222%	26.888%	21.323%
Tier I Capital Ratio	13.338%	13.222%	26.888%	21.323%
Total Capital Ratio	16.401%	16.476%	52.080%	40.757%
After proposed dividends:				
CET I Capital Ratio	13.338%	13.222%	26.888%	21.323%
Tier I Capital Ratio	13.338%	13.222%	26.888%	21.323%
Total Capital Ratio	16.401%	16.476%	52.080%	40.757%



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A27. Capital Adequacy Ratio (continued)

- # Pursuant to Basel II Market Risk para 5.19 & 5.20 - Valuation Adjustments, the Capital Adequacy Framework (Basel II - RWA) calculation shall account for the ageing, liquidity and holding back adjustments on its trading portfolio.
- ^ Pursuant to BNM's policy document on Financial Reporting and Financial Reporting for Islamic Banking Institutions, general provision refers to loss allowance measured at an amount equal to 12-month and lifetime expected credit losses as defined under MFRS 9 'Financial Instruments' and regulatory reserves, to the extent they are ascribed to non-credit impaired exposures, determined under standardised approach for credit risk.

Includes the qualifying regulatory reserves for non-impaired loans of RHB Islamic Bank and RHB Investment Bank of RM39,253,000 (31 December 2018: RM42,756,000) and RM8,054,000 (31 December 2018: RM7,501,000) respectively.

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

	Group	Bank[@]	RHB Islamic Bank	RHB Investment Bank
	RM'000	RM'000	RM'000	RM'000
30 June 2019				
Credit risk	103,360,001	78,511,826	20,703,646	646,928
Market risk	2,758,353	2,359,449	141,597	175,257
Operational risk	11,866,544	8,438,277	1,805,373	797,728
Additional risk-weighted assets due to capital floor	-	-	6,742,211	-
Total risk-weighted assets	<u>117,984,898</u>	<u>89,309,552</u>	<u>29,392,827</u>	<u>1,619,913</u>
	Group	Bank[@]	RHB Islamic Bank	RHB Investment Bank
	RM'000	RM'000	RM'000	RM'000
31 December 2018				
Credit risk	104,908,738	81,202,389	20,068,530	612,585
Market risk	3,852,444	2,945,831	268,130	678,014
Operational risk	11,762,542	8,394,333	1,679,551	807,022
Additional risk-weighted assets due to capital floor	-	-	5,599,323	-
Total risk-weighted assets	<u>120,523,724</u>	<u>92,542,553</u>	<u>27,615,534</u>	<u>2,097,621</u>

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



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

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

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

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

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

	As at 30 June 2019 RM'000	As at 31 December 2018 RM'000
Before proposed dividends:		
Solvency ratio	17.181%	19.438%
After proposed dividends:		
Solvency ratio	17.181%	19.438%

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



RHB BANK BERHAD (6171-M)
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A28. Credit Exposures Arising from Transactions with Connected Parties

	Group		Bank	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
Outstanding credit exposures with connected parties (RM'000)	11,008,711	13,214,043	11,620,943	11,807,408
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures (%)	5.21	6.41	8.21	8.43
Percentage of outstanding credit exposures to connected parties which is impaired or in default (%)	0.11	0.09	0.0005	0.0002

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.



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

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

	Group		Bank	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Cash and short-term funds	7,104,194	3,461,246	413	-
Deposits and placements with banks and other financial institutions	166,575	-	-	-
Financial assets at FVTPL	-	274,226	-	-
Financial assets at FVOCI	5,066,875	4,150,325	-	-
Financial investments at amortised cost	2,908,592	2,856,789	-	-
Financing and advances	56,167,930	52,247,410	426,657	416,301
Other assets	340,602	488,423	27,272	10,888
Derivative assets	23,932	90,384	-	-
Statutory deposits	1,709,000	1,420,450	-	-
Deferred tax assets	-	23,241	-	-
Right of use assets	4,111	-	-	-
Property, plant and equipment	4,106	4,251	-	-
Intangible assets	4,116	4,529	-	-
Total assets	73,500,033	65,021,274	454,342	427,189
LIABILITIES				
Deposits from customers	54,265,139	45,732,352	-	-
Deposits and placements of banks and other financial institutions	3,641,912	2,819,397	416,911	393,699
Bills and acceptances payable	10,677	9,515	-	-
Other liabilities	876,965	75,747	10,874	20,217
Derivative liabilities	65,487	106,382	-	-
Recourse obligation on financing sold to Cagamas	2,270,092	2,270,239	-	-
Tax liabilities and zakat	35,282	8,376	-	-
Deferred tax liabilities	7,669	-	-	-
Lease liabilities	4,246	-	-	-
Subordinated obligations	754,532	755,326	-	-
Total liabilities	61,932,001	51,777,334	427,785	413,916
Islamic Banking Funds	11,568,032	13,243,940	26,557	13,273
Total liabilities and Islamic Banking Funds	73,500,033	65,021,274	454,342	427,189
Commitments and contingencies	16,227,071	13,825,247	17,356	12,811



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A29. Operations of Islamic Banking (continued)

(b) Income Statement for the Six Months Ended 30 June 2019

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Group				
Income derived from investment of depositors' funds	687,886	577,385	1,350,072	1,117,301
Income derived from investment account funds	108,438	106,242	215,634	210,086
Income derived from investment of shareholders' funds	120,324	76,606	183,228	57,535
Allowance for credit losses	12,557	(33,655)	9,329	(55,755)
Total distributable income	929,205	726,578	1,758,263	1,329,167
Income attributable to depositors	(485,335)	(389,190)	(936,671)	(740,055)
	443,870	337,388	821,592	589,112
Personnel expenses	(9,219)	(7,383)	(18,202)	(16,264)
Other overheads and expenditures	(87,082)	(83,904)	(187,974)	(175,006)
Profit before taxation and zakat	347,569	246,101	615,416	397,842
Taxation and zakat	(49,688)	(30,813)	(87,067)	(66,173)
Net profit for the financial period	297,881	215,288	528,349	331,669

Statement of Comprehensive Income for the Six Months Ended 30 June 2019

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period	297,881	215,288	528,349	331,669
Other comprehensive income/(loss) in respect of:				
Items that will be reclassified subsequently to profit or loss				
(a) Debt instruments measured at FVOCI				
- Unrealised net gain/(loss)	50,313	(22,596)	123,224	(15,785)
- Net transfer to income statement on disposal	(1,880)	(566)	(5,303)	(653)
- Changes in expected credit losses	(563)	(633)	(1,132)	(512)
Income tax relating to components of other comprehensive (income)/loss	(11,624)	5,559	(28,301)	3,945
Other comprehensive income/(loss), net of tax, for the financial period	36,246	(18,236)	88,488	(13,005)
Total comprehensive income for the financial period	334,127	197,052	616,837	318,664



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A29. Operations of Islamic Banking (continued)

(b) Income Statement for the Six Months Ended 30 June 2019

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Bank				
Income derived from investment of depositors' funds	2,828	73	5,407	109
Income derived from investment of shareholders' funds	-	-	3	-
Allowance for credit losses	80	(1)	1,154	(3)
Total distributable income	2,908	72	6,564	106
Income attributable to depositors	(2,190)	(96)	(4,185)	(139)
	718	(24)	2,379	(33)
Personnel expenses	(1,444)	-	(1,444)	-
Other overheads and expenditures	(9)	-	(9)	-
Profit/(Loss) before taxation	(735)	(24)	926	(33)
Taxation	-	-	-	-
Net profit/(loss) for the financial period	(735)	(24)	926	(33)

Statement of Comprehensive Income for the Six Months Ended 30 June 2019

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Bank				
Net profit/(loss) for the financial period	(735)	(24)	926	(33)
Total comprehensive income/(loss) for the financial period	(735)	(24)	926	(33)

RHB BANK BERHAD (6171-M)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
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A29. Operations of Islamic Banking (continued)

(d) Financing and Advances

	Group		Bank	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
Cashline	731,198	688,933	-	-
Term financing				
- Housing financing	17,028,418	15,347,041	-	-
- Syndicated term financing	1,972,779	2,130,199	-	-
- Hire purchase receivables	7,587,554	7,246,079	-	-
- Other term financing	23,616,555	21,854,185	427,953	418,736
Bills receivables	975,206	1,040,414	-	-
Trust receipts	26,633	22,622	-	-
Staff financing	2,179	2,291	-	-
Credit/charge card receivables	281,561	284,170	-	-
Revolving financing	4,303,830	4,056,999	-	-
Gross financing and advances	56,525,913	52,672,933	427,953	418,736
Less: Allowance for credit losses	(357,983)	(425,523)	(1,296)	(2,435)
Net financing and advances	56,167,930	52,247,410	426,657	416,301

(i) Movements in impaired financing and advances

Balance as at the beginning of the financial period/year	509,183	464,974	-	-
Transfer to 12-month ECL (Stage 1)	(18,010)	(53,484)	-	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(37,607)	(35,399)	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	166,592	204,163	-	-
Purchases and origination	17,144	54,516	-	-
Derecognition	(105,182)	(57,374)	-	-
Amount written off	(69,766)	(68,213)	-	-
Balance as at the end of the financial period/year	462,354	509,183	-	-



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

A29. Operations of Islamic Banking (continued)

(d) Financing and Advances (continued)

(ii) Movement in allowance for credit losses

Group	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
30 June 2019				
Balance as at the beginning of the financial period	76,050	116,254	233,219	425,523
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to 12-month ECL (Stage 1)	23,896	(18,208)	(5,688)	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	(9,825)	22,277	(12,452)	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	(327)	(3,498)	3,825	-
	13,744	571	(14,315)	-
Allowance made/(written back) during the financial period	(12,855)	5,252	31,631	24,028
Bad debts written off	-	-	(59,927)	(59,927)
Derecognition	(3,265)	(13,024)	(15,367)	(31,656)
Exchange differences	15	-	-	15
Balance as at the end of the financial period	73,689	109,053	175,241	357,983
31 December 2018				
Balance as at the beginning of the financial year	53,268	105,450	217,603	376,321
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to 12-month ECL (Stage 1)	34,882	(22,784)	(12,098)	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	(13,222)	20,844	(7,622)	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	(679)	(5,966)	6,645	-
	20,981	(7,906)	(13,075)	-
Allowance made during the financial year	12,914	31,760	122,537	167,211
Bad debts written off	-	-	(59,852)	(59,852)
Derecognition	(11,104)	(13,050)	(33,994)	(58,148)
Exchange differences	(9)	-	-	(9)
Balance as at the end of the financial year	76,050	116,254	233,219	425,523



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A29. Operations of Islamic Banking (continued)

(d) Financing and Advances (continued)

(ii) Movement in allowance for credit losses

Bank	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
30 June 2019				
Balance as at the beginning of the financial period	2,435	-	-	2,435
Allowance written back during the financial period	(1,154)	-	-	(1,154)
Exchange differences	15	-	-	15
Balance as at the end of the financial period	<u>1,296</u>	<u>-</u>	<u>-</u>	<u>1,296</u>
31 December 2018				
Balance as at the beginning of the financial year	43	-	-	43
Allowance made during the financial year	2,401	-	-	2,401
Exchange differences	(9)	-	-	(9)
Balance as at the end of the financial year	<u>2,435</u>	<u>-</u>	<u>-</u>	<u>2,435</u>



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A29. Operations of Islamic Banking (continued)

	Group		Bank	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
(e) Other Assets				
Prepayments	26,819	23,288	-	-
Deposits	1,550	1,591	-	-
Other receivables	312,233	463,544	27,272	10,888
	340,602	488,423	27,272	10,888
			Group	
			As at	As at
			30 June	31 December
			2019	2018
			RM'000	RM'000
(f) Deposits from Customers				
Saving Deposits				
- Wadiah			1,543,825	1,451,012
Demand Deposits				
- Wadiah			8,178,362	5,161,736
- Commodity Murabahah			-	231,130
Term Deposits				
- Commodity Murabahah			37,620,862	29,045,477
Specific Investment Account				
- Murabahah			6,816,417	9,730,411
General Investment Account				
- Mudharabah			105,673	112,586
			54,265,139	45,732,352



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B1. Review of Group Results

(a) Current Financial Period vs Previous Financial Period

The Group recorded a net profit to RM1,245.6 million for the first half year ended 30 June 2019, an increase of 7.3%. The year-on-year earnings improvement was mainly due to higher non-fund based income and lower expected credit losses for loans, partially offset by higher operating expenses and lower net fund based income.

Net fund based income decreased by 2.6% to RM2,415.5 million from a year ago. Gross fund based income increased by 7.4% on the back of a 6.9% increase in gross loans and financing, marginally negated by the impact of OPR cut in May 2019. Funding and interest expense rose 16.4% year-on-year due to the impact from the OPR hike in January 2018 coupled with higher deposit base.

Non-fund based income improved significantly by 21.8% to RM1,103.5 million, contributed largely by higher net trading and investment income, higher insurance underwriting surplus and higher capital market related fee income, partially offset by lower brokerage income and net foreign exchange gain and derivatives.

Operating expenses rose by 2.7% to RM1,707.6 million from a year ago driven by a rise in personnel costs, IT-related expenses and marketing costs. Cost-to-income ratio improved to 48.5% from 49.1% a year ago.

Allowances for credit losses on loans was RM146.8 million, 8.1% lower than previous year. Annualised credit charge ratio stood at 0.20% compared with 0.22% over the same period last year.

Total assets for the Group increased by 4.3% from December 2018 to RM253.5 billion as at 30 June 2019, primarily due to an increase in securities portfolio, loans and financing and cash and short-term funds. Shareholders' equity stood at RM24.9 billion, with net assets per share at RM6.20.

The Group's gross loans and financing grew by 6.9% year-on-year to RM172.3 billion, supported by growth in all businesses, notably in mortgages, corporate and SME, while Singapore loans grew by 10.9% year-on-year. Domestic loans and financing grew 6.6% year-on-year.

Customer deposits recorded a 10.9% growth to RM185.0 billion as at 30 June 2019, largely attributable to growth in fixed deposits and money market time deposits. Total current and savings account ("CASA") increased by 2.2% over the same period, with CASA composition at 26.6%.

Gross impaired loans was at RM3.7 billion as at 30 June 2019, with gross impaired loans ratio of 2.15%. Loan loss coverage for the Group, including regulatory reserves was at 106.1%.



RHB BANK BERHAD (6171-M)
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
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B1. Review of Group Results

(b) Performance by Operating Segment

(i) Group Retail Banking

Group Retail Banking reported a pre-tax profit of RM501.4 million for the first half of the year ended 30 June 2019, 0.9% higher than the previous year's corresponding period. This was mainly due to higher net fund based income, partially offset by higher allowances for credit losses on loans, higher operating expenses and lower non-fund based income.

Retail loans and financing rose 9.1% year-on-year to RM87.8 billion, primarily driven by growth in mortgages and personal financing.

Retail deposits increased by 14.3% year-on-year to RM57.3 billion, mainly contributed by growth in fixed deposits.

(ii) Group Business Banking

Group Business Banking recorded a pre-tax profit of RM257.0 million in the first half of the year, a 64.7% increase mainly due to higher allowances for credit losses written back on loans and higher net fund based income, partly offset by higher operating expenses.

Gross loans and financing expanded by 4.5% year-on-year, and at an annualised rate of 3.5%, driven mainly by Retail SME portfolio at 6.6%.

Customer deposits recorded an encouraging 15.6% annualised growth rate to RM27.4 billion for the first six months, mainly contributed by growth in fixed deposits.

(iii) GWB

- (a) Group Corporate & Investment Banking registered a pre-tax profit of RM315.7 million, 9.5% decrease due to lower net fund based income, lower non fund based income and higher expected credit losses on loans, partially offset by lower operating expenses and higher impairment writeback on securities.

Gross loans and financing decreased by 1.2% during the first six months to RM43.1 billion.

Deposits increased by 15.0% over the same period to RM58.6 billion primarily due to a growth in fixed deposits and current account.

- (b) Group Treasury and Global Markets recorded a 4.1% increase in pre-tax profit to RM657.1 million in the first six months, mainly due to higher net trading and investment income and higher expected credit losses written back on financial assets, partially offset by lower net fund based income and lower net gain on foreign exchange and derivatives.

Total deposits decreased by 29.1% to RM23.2 billion in the first six months mainly due to decline in money market time deposits.



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B1. Review of Group Results (continued)

(b) Performance by Operating Segment (continued)

(iv) Group International Business

RHB Bank Singapore recorded a pre-tax profit of SGD6.3 million, 71.8% lower compared to the previous year's corresponding period. This was mainly attributed to higher expected credit losses on loans and higher operating expenses.

Singapore loans and advances increased by 7.6% year-on-year to SGD4.0 billion, while deposits increased by 11.7% to SGD4.9 billion.

Group International Business excluding Singapore registered a pre-tax profit of RM44.9 million, 9.5% lower than the previous year's corresponding period. This was mainly due to lower profit in Thailand, partially offset by improved profitability in Cambodia.

B2. Current Quarter vs Previous Quarter

Pre-tax for the current quarter grew 2.2% to RM841.5 million, from RM823.2 million recorded in the preceding quarter ended 31 March 2019. This was primarily due to higher non-fund based income and lower expected credit losses on loans, partially offset by lower expected credit losses written back on other assets and higher operating expenses.

B3. Prospects for Financial Year 2019

Malaysia is expected to register a GDP growth of 4.5% in 2019, against 4.7% recorded in 2018 as US-China trade tensions continue to weigh on Malaysia's external trade, further affecting the growth outlook.

Banking industry loans are projected to grow at mid-single digit for the year supported by resilient household sector. OPR is expected to remain at 3.0% for 2019, although there is a risk of further reduction.

As the operating environment continues to be challenging, we remain cautious, placing emphasis on growing our assets responsibly, and managing cost and asset quality as we build our momentum of strengthening our business fundamentals. Our 5-year strategy, FIT22 is progressing well, with a focus on improving business performance and enterprise wide capabilities through digital technology and the implementation of the AGILE way of working to boost efficiency and productivity.

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

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Group				
Income tax based on profit for the financial period				
- Malaysian income tax	194,515	187,200	342,804	341,250
- Overseas tax	3,689	2,862	8,369	6,127
Deferred tax	2,379	(13,831)	43,343	19,590
	200,583	176,231	394,516	366,967
Under provision in respect of prior financial years	23,770	26,621	21,941	36,783
	224,353	202,852	416,457	403,750

The effective tax rate of the Group for the second quarter and six months ended 30 June 2019 was lower than the statutory tax rate mainly due to certain income not subject to tax.

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Bank				
Income tax based on profit for the financial period				
- Malaysian income tax	130,019	157,168	235,301	252,720
- Overseas tax	6	-	6	-
Deferred tax	(1,250)	(12,303)	30,602	21,848
	128,775	144,865	265,909	274,568
Under provision in respect of prior financial years	469	23,851	469	32,851
	129,244	168,716	266,378	307,419

The effective tax rate of the Bank for the six months ended 30 June 2019 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.

The effective tax rate of the Bank for the second quarter ended 30 June 2019 was lower than the statutory tax rate mainly due to certain income not subject to tax.

B6. Status of Corporate Proposals

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

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

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



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

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

	Group		Bank	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- One year or less	177,317,842	176,656,755	122,516,584	125,222,787
- More than one year	7,711,592	2,199,575	4,024,582	1,922,435
	<u>185,029,434</u>	<u>178,856,330</u>	<u>126,541,166</u>	<u>127,145,222</u>
Deposits and placements of banks and other financial institutions				
- One year or less	20,351,287	17,986,818	16,875,026	17,262,566
- More than one year	363,889	304,076	316,564	263,619
	<u>20,715,176</u>	<u>18,290,894</u>	<u>17,191,590</u>	<u>17,526,185</u>

(b) Borrowings

	Group		Bank	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Secured				
Term loans:				
- Cambodian Riel	8,605	-	-	-
Unsecured				
Revolving credits:				
- Hong Kong Dollar	30,976	39,584	-	-
- Singapore Dollar	121,255	-	-	-
Term loans:				
- United States Dollar	870,135	981,849	870,135	981,849
- Thai Baht	67,391	-	-	-
- Singapore Dollar	-	90,999	-	-
Promissory note:				
- Indonesia Rupiah	29,479	57,706	-	-
- Thai Baht	67,362	12,747	-	-
	<u>1,195,203</u>	<u>1,182,885</u>	<u>870,135</u>	<u>981,849</u>
Scheduled repayment of borrowings:				
- Within one year	366,788	335,756	41,720	134,720
- One year to three years	828,415	847,129	828,415	847,129
	<u>1,195,203</u>	<u>1,182,885</u>	<u>870,135</u>	<u>981,849</u>



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

(c) Senior debt securities

	Group and Bank	
	As at	As at
	30 June	31 December
	2019	2018
	RM'000	RM'000
USD300 million 3.088% senior debt securities due in 2019	1,248,706	1,248,208
USD500 million 2.503% senior debt securities due in 2021	2,075,976	2,075,456
USD300 million 3.766% senior debt securities due in 2024	1,254,248	-
	4,578,930	3,323,664

(d) Hybrid Tier-1 Capital Securities

	Group		Bank	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
RM370 million 8.00% Hybrid Tier-I Capital Securities due in 2039, callable with step-up coupon rate at 9.00% in 2019	-	377,597	-	377,597
RM230 million 6.75% Hybrid Tier-I Capital Securities due in 2039, callable with step-up coupon rate at 7.75% in 2019	225,582	225,624	230,595	230,638
	225,582	603,221	230,595	608,235

(e) Subordinated obligations

	Group		Bank	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
5.60% RM300 million Tier II Subordinated Notes 2010/2025	302,900	302,946	302,900	302,946
4.95% RM500 million Tier II Subordinated Sukuk Murabahah 2014/2024	-	503,187	-	-
4.99% RM1 billion Tier II Subordinated Notes 2014/2024 [^]	1,023,651	1,023,925	1,023,651	1,023,925
4.95% RM200 million Tier II Subordinated Notes 2015/2025	202,034	202,061	-	-
4.75% RM500 million Tier II Subordinated Notes 2015/2025	503,417	503,363	503,417	503,363
4.88% RM250 million Tier II Subordinated Sukuk Murabahah 2017/2027	252,106	252,139	-	-
4.82% RM750 million Tier II Subordinated Notes 2017/2027	758,902	758,832	758,902	758,832
4.90% RM200 million Tier II Subordinated Notes 2017/2027	202,175	202,202	-	-
4.32% RM500 million Tier II Subordinated Sukuk Murabahah 2019/2029	502,426	-	-	-
	3,747,611	3,748,655	2,588,870	2,589,066

[^] The Bank had on 8 July 2019 fully redeemed the existing RM1 billion in nominal value of subordinated notes as disclosed in Note A23(a).

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.



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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 30 June 2019			As at 31 December 2018		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
By type						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Forwards/swaps	53,413,215	219,320	271,096	72,781,350	408,504	488,934
- Options	3,208,396	13,073	10,323	435,037	827	578
- Cross-currency interest rate swaps	6,106,022	438,408	421,639	6,190,687	503,616	455,016
	62,727,633	670,801	703,058	79,407,074	912,947	944,528
Interest rate related contracts						
- Swaps	38,197,643	304,814	303,222	36,833,664	210,433	156,483
	38,197,643	304,814	303,222	36,833,664	210,433	156,483
Commodity related contracts						
- Options	482,057	19,167	19,167	148,455	7,677	7,677
	482,057	19,167	19,167	148,455	7,677	7,677
Structured warrants	46,853	-	6,716	89,405	-	4,246
	46,853	-	6,716	89,405	-	4,246
Structured investments	18,116	4,252	-	-	-	-
	18,116	4,252	-	-	-	-
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	1,745,000	-	33,165	555,000	-	3,767
	1,745,000	-	33,165	555,000	-	3,767
Total	103,217,302	999,034	1,065,328	117,033,598	1,131,057	1,116,701



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B8. Derivative Financial Instruments (continued)

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

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

Bank	As at 30 June 2019			As at 31 December 2018		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
By type						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Forwards/swaps	59,451,572	231,389	274,676	74,972,799	420,881	496,622
- Options	3,208,396	13,073	10,323	435,037	827	578
- Cross-currency interest rate swaps	7,170,717	437,863	421,706	7,466,607	502,989	455,154
	69,830,685	682,325	706,705	82,874,443	924,697	952,354
Interest rate related contracts						
- Swaps	41,887,643	339,016	303,226	39,373,664	215,120	156,489
	41,887,643	339,016	303,226	39,373,664	215,120	156,489
Commodity related contracts						
- Options	482,057	19,167	19,167	148,455	7,677	7,677
	482,057	19,167	19,167	148,455	7,677	7,677
Structured investments	5,866	1,377	-	-	-	-
	5,866	1,377	-	-	-	-
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	1,745,000	-	33,165	555,000	-	3,767
	1,745,000	-	33,165	555,000	-	3,767
Total	113,951,251	1,041,885	1,062,263	122,951,562	1,147,494	1,120,287



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B8. Derivative Financial Instruments (continued)

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

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

Group	As at 30 June 2019			As at 31 December 2018		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
By remaining period to maturity/next re-pricing date						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than one year	58,447,387	496,675	517,667	75,144,383	711,440	717,839
- One year to three years	2,441,329	103,701	96,110	1,588,167	85,318	93,988
- More than three years	1,838,917	70,425	89,281	2,674,524	116,189	132,701
	62,727,633	670,801	703,058	79,407,074	912,947	944,528
Interest rate related contracts						
- Less than one year	11,021,258	16,702	20,044	10,220,565	16,327	32,060
- One year to three years	10,697,258	42,641	36,845	11,133,059	51,552	18,974
- More than three years	16,479,127	245,471	246,333	15,480,040	142,554	105,449
	38,197,643	304,814	303,222	36,833,664	210,433	156,483
Commodity related contracts						
- Less than one year	297,094	9,030	9,030	148,455	7,677	7,677
- One year to three years	184,963	10,137	10,137	-	-	-
	482,057	19,167	19,167	148,455	7,677	7,677
Structured warrants						
- Less than one year	46,853	-	6,716	89,405	-	4,246
	46,853	-	6,716	89,405	-	4,246
Structured investments						
- Less than one year	18,116	4,252	-	-	-	-
	18,116	4,252	-	-	-	-
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than one year	190,000	-	396	300,000	-	621
- More than three years	1,555,000	-	32,769	255,000	-	3,146
	1,745,000	-	33,165	555,000	-	3,767
Total	103,217,302	999,034	1,065,328	117,033,598	1,131,057	1,116,701



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B8. Derivative Financial Instruments (continued)

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

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

Bank	As at 30 June 2019			As at 31 December 2018		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
By remaining period to maturity/next re-pricing date						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than one year	64,999,774	508,744	521,224	77,770,403	723,530	725,274
- One year to three years	2,888,686	103,443	96,133	2,326,208	84,978	94,021
- More than three years	1,942,225	70,138	89,348	2,777,832	116,189	133,059
	69,830,685	682,325	706,705	82,874,443	924,697	952,354
Interest rate related contracts						
- Less than one year	13,211,258	17,352	20,044	11,485,566	16,542	32,060
- One year to three years	10,697,257	42,614	36,850	11,223,057	51,823	18,980
- More than three years	17,979,128	279,050	246,332	16,665,041	146,755	105,449
	41,887,643	339,016	303,226	39,373,664	215,120	156,489
Commodity related contracts						
- Less than one year	297,094	9,030	9,030	148,455	7,677	7,677
- One year to three years	184,963	10,137	10,137	-	-	-
	482,057	19,167	19,167	148,455	7,677	7,677
Structured investments						
- Less than one year	5,866	1,377	-	-	-	-
	5,866	1,377	-	-	-	-
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than one year	190,000	-	396	300,000	-	621
- More than three years	1,555,000	-	32,769	255,000	-	3,146
	1,745,000	-	33,165	555,000	-	3,767
Total	113,951,251	1,041,885	1,062,263	122,951,562	1,147,494	1,120,287

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B8. Derivative Financial Instruments (continued)

(b) Related accounting policies

Derivative financial instruments and hedge accounting

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

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

(i) Fair value

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

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

(ii) Cash flow hedge

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

Amounts accumulated in equity are recycled to the income statements in the periods when the hedged item affects profit or loss. They are recorded in the income or expense lines in which the revenue or expense associated with the related hedged item is reported.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in the periods when the hedged item affects profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss previously recognised in other comprehensive income is immediately reclassified to the income statements.

(iii) Net investment hedge

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

(iv) Derivatives that do not qualify for hedge accounting

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



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B9. Fair Value of Financial Instruments

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

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

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

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

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

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30 June 2019				
<u>Financial assets</u>				
Financial assets at FVTPL:	499,231	2,141,649	478,436	3,119,316
- Money market instruments	-	345,195	-	345,195
- Quoted securities	499,231	-	5,492	504,723
- Unquoted securities	-	1,796,454	472,944	2,269,398
Financial assets at FVOCI:	2,625	36,954,623	706,346	37,663,594
- Money market instruments	-	14,825,989	-	14,825,989
- Quoted securities	2,625	-	-	2,625
- Unquoted securities	-	22,128,634	706,346	22,834,980
Derivative assets	2,875	996,159	-	999,034
	<u>504,731</u>	<u>40,092,431</u>	<u>1,184,782</u>	<u>41,781,944</u>
<u>Financial liabilities</u>				
Derivative liabilities	6,716	1,058,612	-	1,065,328
	<u>6,716</u>	<u>1,058,612</u>	<u>-</u>	<u>1,065,328</u>
31 December 2018				
<u>Financial assets</u>				
Financial assets at FVTPL:	415,344	2,932,295	453,010	3,800,649
- Money market instruments	-	1,608,238	-	1,608,238
- Quoted securities	415,344	1,704	3,590	420,638
- Unquoted securities	-	1,322,353	449,420	1,771,773
Financial assets at FVOCI:	2,596	31,807,311	767,926	32,577,833
- Money market instruments	-	12,530,290	-	12,530,290
- Quoted securities	2,596	-	-	2,596
- Unquoted securities	-	19,277,021	767,926	20,044,947
Derivative assets	-	1,131,057	-	1,131,057
	<u>417,940</u>	<u>35,870,663</u>	<u>1,220,936</u>	<u>37,509,539</u>
<u>Financial liabilities</u>				
Derivative liabilities	4,246	1,112,455	-	1,116,701
	<u>4,246</u>	<u>1,112,455</u>	<u>-</u>	<u>1,116,701</u>



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B9. Fair Value of Financial Instruments (continued)

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

Bank	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
30 June 2019				
<u>Financial assets</u>				
Financial assets at FVTPL:	3,272	1,183,703	17,998	1,204,973
- Money market instruments	-	338,146	-	338,146
- Quoted securities	3,272	-	5,492	8,764
- Unquoted securities	-	845,557	12,506	858,063
Financial assets at FVOCI:	-	31,171,895	667,281	31,839,176
- Money market instruments	-	12,581,081	-	12,581,081
- Unquoted securities	-	18,590,814	667,281	19,258,095
Derivative assets	-	1,041,885	-	1,041,885
	3,272	33,397,483	685,279	34,086,034
<u>Financial liabilities</u>				
Derivative liabilities	-	1,062,263	-	1,062,263
31 December 2018				
<u>Financial assets</u>				
Financial assets at FVTPL:	3,179	1,872,857	15,735	1,891,771
- Money market instruments	-	1,334,012	-	1,334,012
- Quoted securities	3,179	1,704	3,590	8,473
- Unquoted securities	-	537,141	12,145	549,286
Financial assets at FVOCI:	-	26,945,899	638,477	27,584,376
- Money market instruments	-	10,988,111	-	10,988,111
- Unquoted securities	-	15,957,788	638,477	16,596,265
Derivative assets	-	1,147,494	-	1,147,494
	3,179	29,966,250	654,212	30,623,641
<u>Financial liabilities</u>				
Derivative liabilities	-	1,120,287	-	1,120,287

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B9. Fair Value of Financial Instruments (continued)

(i) Valuation techniques

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

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

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

(ii) Reconciliation of fair value movements in Level 3

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

	Group		Bank	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Financial assets at FVTPL				
Balance as at the beginning of the financial period/year	453,010	375,384	15,735	15,525
Total gain/(loss) recognised in income statements	18,400	32,393	(874)	(1,654)
Purchases	7,834	46,359	3,063	1,851
Settlements	(800)	(10,660)	-	-
Exchange differences	(8)	9,534	74	13
Balance as at the end of the financial period/year	478,436	453,010	17,998	15,735
Financial assets at FVOCI				
Balance as at the beginning of the financial period/year	767,926	1,123,485	638,477	799,425
Total loss recognised in other comprehensive income	30,695	(42,161)	28,804	(55,589)
Transfer to level 2	-	(102,750)	-	(102,750)
Purchases	-	5,839	-	(236)
Settlements/disposal	(92,290)	(218,407)	-	(2,373)
Exchange differences	15	1,920	-	-
Balance as at the end of the financial period/year	706,346	767,926	667,281	638,477



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B10. Change in Accounting Policies

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

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

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

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

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

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

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

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

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



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B11. Dividends

Dividend declared during the current financial period ended 30 June 2019:

- (a) Amount per share: Single-tier interim dividend of 12.5 sen per share
- (b) Previous corresponding period: Single-tier interim dividend of 7.5 sen per share
- (c) Entitlement date: To be determined later
- (d) Payment date: To be determined later

B12. Earnings per Share

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
Basic earnings per share				
Profit attributable to equity holders of the Bank (RM'000)	615,410	570,261	1,245,596	1,161,081
Weighted average number of ordinary shares in issue ('000)	4,010,045	4,010,045	4,010,045	4,010,045
Earnings per share (sen)				
- Basic	15.3	14.2	31.1	29.0
- Diluted	15.3	14.2	31.1	29.0

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

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
 (License No. LS0006901)

Company Secretary
 26 August 2019