

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	Group		Bank	
		As at	As at	As at	As at
		31 March 2019	31 December 2018	31 March 2019	31 December 2018
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short term funds		1,343,368	1,859,024	643,057	1,192,584
Deposits and placements with banks and other financial institutions		274,970	90,449	108,346	-
Financial assets at fair value through profit or loss ('FVTPL')	8	756,831	743,221	74,486	55,642
Financial assets at fair value through other comprehensive income ('FVOCI')	9	755,981	750,225	747,735	741,927
Financial investments at amortised costs	10	919,627	867,307	919,627	867,307
Loans and advances	11	1,716,728	1,600,323	1,095,617	1,031,270
Clients' and brokers' balances	12	1,445,378	943,057	1,010,669	526,757
Other assets	13	249,765	154,321	48,825	25,622
Derivative assets		3,266	74	3,263	74
Statutory deposits		69,867	64,414	65,800	60,300
Tax recoverable		33,584	24,654	30,183	21,397
Deferred tax assets		11,187	19,610	-	5,832
Investments in subsidiaries		-	-	1,217,469	1,182,229
Investments in associates and joint ventures		14,880	30,646	5,028	21,057
Property, plant and equipment		39,502	40,044	20,448	20,104
Goodwill and other intangible assets		575,922	571,521	398,787	399,450
Right-of-use ('ROU')		20,771	-	2,107	-
TOTAL ASSETS		8,231,627	7,758,890	6,391,447	6,151,552
LIABILITIES AND EQUITY					
Deposits from customers	14	988,976	1,030,614	988,976	1,030,614
Deposits and placements of banks and other financial institutions	15	1,661,750	1,834,820	1,661,750	1,834,820
Bills and acceptances payable		80,814	44,536	-	-
Clients' and brokers' balances		1,381,544	832,160	1,046,397	619,201
Other liabilities	16	540,520	415,261	151,037	172,243
Lease liabilities		21,718	-	2,157	-
Derivative liabilities		6,200	5,917	5,927	3,941
Puttable financial instruments		18,660	70,615	-	-
Tax liabilities		4,608	6,288	-	-
Deferred tax liabilities		3,419	2,072	1,483	-
Borrowings		840,363	882,969	-	-
Subordinated obligations		409,121	404,263	409,121	404,263
TOTAL LIABILITIES		5,957,693	5,529,515	4,266,848	4,065,082
Share capital		1,487,773	1,487,773	1,487,773	1,487,773
Reserves		775,906	731,563	636,826	598,697
		2,263,679	2,219,336	2,124,599	2,086,470
Non-controlling interests		10,255	10,039	-	-
TOTAL EQUITY		2,273,934	2,229,375	2,124,599	2,086,470
TOTAL LIABILITIES AND EQUITY		8,231,627	7,758,890	6,391,447	6,151,552
COMMITMENTS AND CONTINGENCIES	26	1,871,383	1,472,872	971,321	553,804

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

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2019

Group	Note	1st Quarter Ended		Three Months Ended	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018
		RM'000	RM'000	RM'000	RM'000
Interest income	17	58,883	59,876	58,883	59,876
Interest expense	18	(43,736)	(40,081)	(43,736)	(40,081)
Net interest income		15,147	19,795	15,147	19,795
Fee and commission income	19	186,012	200,766	186,012	200,766
Fee and commission expense	20	(40,793)	(49,900)	(40,793)	(49,900)
Other operating income	21	49,192	100,972	49,192	100,972
Other operating expenses	22	(153,493)	(185,259)	(153,493)	(185,259)
Operating profit before allowances		56,065	86,374	56,065	86,374
Allowance made for expected credit losses	23	(2,694)	(2,840)	(2,694)	(2,840)
Share of results of associates		74	87	74	87
Share of results of joint ventures		(30)	(9)	(30)	(9)
Profit before taxation		53,415	83,612	53,415	83,612
Taxation		(13,024)	(17,211)	(13,024)	(17,211)
Net profit for the financial period		40,391	66,401	40,391	66,401
Profit attributable to:					
Equity holder of the Bank		40,114	66,176	40,114	66,176
Non-controlling interests		277	225	277	225
		40,391	66,401	40,391	66,401
Basic earnings per share (sen)	24	40.1	66.2	40.1	66.2

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

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2019

<u>Group</u>	1st Quarter Ended		Three Months Ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	40,391	66,401	40,391	66,401
Other comprehensive income in respect of:				
(a) Item that will not be reclassified to income statements:				
(i) Actuarial loss on defined benefit plan of subsidiaries	(2,199)	(185)	(2,199)	(185)
(ii) Financial assets at FVOCI, equity instruments:				
- Unrealised net (loss)/gain on revaluation	(54)	11	(54)	11
- Net gain on disposal	5,370	1	5,370	1
(b) Items that will be reclassified subsequently to income statements:				
(i) Foreign currency translation reserve				
- Currency translation differences	1,910	(26,813)	1,910	(26,813)
- Net investment hedge	(2,093)	8,511	(2,093)	8,511
(ii) Financial assets at FVOCI, debt instruments:				
- Unrealised net gain/(loss) on revaluation	4,663	(178)	4,663	(178)
- Net transfer to income statements on disposal	-	1	-	1
Income tax relating to components of other comprehensive (income)/loss	(2,340)	40	(2,340)	40
Other comprehensive income/(loss), net of tax, for the financial period	5,257	(18,612)	5,257	(18,612)
Total comprehensive income for the financial period	45,648	47,789	45,648	47,789
Total comprehensive income attributable to:				
Equity holder of the Bank	45,425	47,696	45,425	47,696
Non-controlling interests	223	93	223	93
	45,648	47,789	45,648	47,789

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

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2019

Bank	Note	1st Quarter Ended		Three Months Ended	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018
		RM'000	RM'000	RM'000	RM'000
Interest income	17	42,934	44,786	42,934	44,786
Interest expense	18	(33,822)	(32,862)	(33,822)	(32,862)
Net interest income		9,112	11,924	9,112	11,924
Fee and commission income	19	78,154	76,643	78,154	76,643
Fee and commission expense	20	(1,225)	(1,259)	(1,225)	(1,259)
Other operating income	21	25,207	75,225	25,207	75,225
		111,248	162,533	111,248	162,533
Other operating expenses	22	(71,503)	(99,317)	(71,503)	(99,317)
Operating profit before allowances		39,745	63,216	39,745	63,216
Allowance written back/(made) for expected credit losses	23	267	(71)	267	(71)
Profit before taxation		40,012	63,145	40,012	63,145
Taxation		(10,751)	(13,676)	(10,751)	(13,676)
Net profit for the financial period		29,261	49,469	29,261	49,469

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

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2019

Bank	1st Quarter Ended		Three Months Ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	29,261	49,469	29,261	49,469
Other comprehensive income in respect of:				
(a) Item that will not be reclassified to income statement:				
(i) Financial assets at FVOCI, equity instruments:				
- Net gain on disposal	5,370	-	5,370	-
(b) Items that will be reclassified subsequently to income statement:				
(i) Financial assets at FVOCI, debt instruments:				
- Unrealised net gain/(loss) on revaluation	4,663	(173)	4,663	(173)
- Net transfer to income statement on disposal	-	1	-	1
Income tax relating to components of other comprehensive (income)/loss	(1,119)	41	(1,119)	41
Other comprehensive income/(loss), net of tax, for the financial period	8,914	(131)	8,914	(131)
Total comprehensive income for the financial period	38,175	49,338	38,175	49,338

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

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2019

Attributable to the Equity Holder of the Bank

<u>Group</u>	<u>Note</u>	<u>Share capital</u> RM'000	<u>Statutory reserves</u> RM'000	<u>FVOCI reserves</u> RM'000	<u>Translation reserves</u> RM'000	<u>Regulatory reserves</u> RM'000	<u>Retained profits</u> RM'000	<u>Total</u> RM'000	<u>Non-controlling interests</u> RM'000	<u>Total</u> RM'000
Balance as at 1 January 2019										
- As previously reported		1,487,773	513	23,489	113,135	32,731	561,695	2,219,336	10,039	2,229,375
- Effect of adoption of MFRS 16	37	-	-	-	-	-	(1,082)	(1,082)	(7)	(1,089)
- As restated		1,487,773	513	23,489	113,135	32,731	560,613	2,218,254	10,032	2,228,286
Net profit for the financial period		-	-	-	-	-	40,114	40,114	277	40,391
Foreign currency translation reserve:-										
- Currency translation differences		-	-	1	1,913	-	-	1,914	(4)	1,910
- Net investment hedge		-	-	-	(2,093)	-	-	(2,093)	-	(2,093)
Financial assets at FVOCI:-										
- Equity instruments										
- Unrealised net loss on revaluation		-	-	(43)	-	-	-	(43)	(11)	(54)
- Net gain on disposal		-	-	-	-	-	5,370	5,370	-	5,370
- Debt instruments										
- Unrealised net gain on revaluation		-	-	4,663	-	-	-	4,663	-	4,663
Actuarial loss on defined benefit plan of subsidiaries		-	-	-	-	-	(2,170)	(2,170)	(29)	(2,199)
Income tax relating to components of other comprehensive income		-	-	(1,159)	-	-	(1,171)	(2,330)	(10)	(2,340)
Other comprehensive income/(loss), net of tax, for the financial period		-	-	3,462	(180)	-	2,029	5,311	(54)	5,257
Total comprehensive income/(loss) for the financial period		-	-	3,462	(180)	-	42,143	45,425	223	45,648
Transfer to regulatory reserves		-	-	-	-	3,180	(3,180)	-	-	-
Balance as at 31 March 2019		1,487,773	513	26,951	112,955	35,911	599,576	2,263,679	10,255	2,273,934

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

RHB INVESTMENT BANK BERHAD (19663-P)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2018

Attributable to Equity Holder of the Bank

<u>Group</u>	Share capital	Statutory reserves	FVOCI reserves	Translation reserves	Regulatory reserves	Retained profits	Total	Non- controlling interests	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2018									
- As previously reported	1,487,773	513	18,861	111,897	21,047	669,730	2,309,821	9,195	2,319,016
- Effect of adoption of MFRS 9	-	-	854	-	13,149	(12,319)	1,684	-	1,684
- Prior year adjustments	-	-	-	-	-	(91,545)	(91,545)	-	(91,545)
- As restated	1,487,773	513	19,715	111,897	34,196	565,866	2,219,960	9,195	2,229,155
Net profit for the financial period	-	-	-	-	-	66,176	66,176	225	66,401
Foreign currency translation reserve:-									
- Currency translation differences	-	-	4	(26,686)	-	-	(26,682)	(131)	(26,813)
- Net investment hedge	-	-	-	8,511	-	-	8,511	-	8,511
Financial assets at FVOCI:-									
- Equity instruments									
- Unrealised net gain on revaluation	-	-	11	-	-	-	11	-	11
- Net (loss)/gain on disposal	-	-	(31)	-	-	26	(5)	6	1
- Debt instruments									
- Unrealised net loss on revaluation	-	-	(173)	-	-	-	(173)	(5)	(178)
- Net transfer to income statements on disposal	-	-	1	-	-	-	1	-	1
Actuarial loss on defined benefit plan of subsidiaries	-	-	-	-	-	(183)	(183)	(2)	(185)
Income tax relating to components of other comprehensive loss	-	-	40	-	-	-	40	-	40
Other comprehensive loss, net of tax, for the financial period	-	-	(148)	(18,175)	-	(157)	(18,480)	(132)	(18,612)
Total comprehensive (loss)/income for the financial period	-	-	(148)	(18,175)	-	66,019	47,696	93	47,789
Transfer to regulatory reserves	-	-	-	-	1,603	(1,603)	-	-	-
Acquisition of additional interests from non-controlling interests	-	-	-	-	-	-	-	(800)	(800)
Balance as at 31 March 2018	1,487,773	513	19,567	93,722	35,799	630,282	2,267,656	8,488	2,276,144

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

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2019

	Note	Non-Distributable			Distributable	Total
		Share capital	FVOCI reserves	Regulatory reserves	Retained profits	
<u>Bank</u>		RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2019						
- As previously reported		1,487,773	20,853	19,154	558,690	2,086,470
- Effect of adoption of MFRS 16	37	-	-	-	(46)	(46)
- As restated		1,487,773	20,853	19,154	558,644	2,086,424
Net profit for the financial period		-	-	-	29,261	29,261
Financial assets at FVOCI, equity instruments:						
- Net gain on disposal		-	-	-	5,370	5,370
Financial assets at FVOCI, debt instruments:						
- Unrealised net gain on revaluation		-	4,663	-	-	4,663
Income tax relating to components of other comprehensive income		-	(1,119)	-	-	(1,119)
Other comprehensive income, net of tax, for the financial period		-	3,544	-	5,370	8,914
Total comprehensive income for the financial period		-	3,544	-	34,631	38,175
Transfer to regulatory reserves		-	-	3,609	(3,609)	-
Balance as at 31 March 2019		1,487,773	24,397	22,763	589,666	2,124,599

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

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2018

	Non-Distributable		Distributable		Total
	Share capital	FVOCI reserves	Regulatory reserves	Retained profits	
Bank	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2018					
- As previously reported	1,487,773	26,120	13,722	883,218	2,410,833
- Effect of adoption of MFRS 9	-	(6,498)	9,129	(954)	1,677
- Prior year adjustments	-	-	-	(91,545)	(91,545)
- As restated	1,487,773	19,622	22,851	790,719	2,320,965
Net profit for the financial period	-	-	-	49,469	49,469
Financial assets at FVOCI, debt instruments:					
- Unrealised net loss on revaluation	-	(173)	-	-	(173)
- Net transfer to income statements on disposal	-	1	-	-	1
Income tax relating to components of other comprehensive loss	-	41	-	-	41
Other comprehensive loss, net of tax, for the financial period	-	(131)	-	-	(131)
Total comprehensive (loss)/income for the financial period	-	(131)	-	49,469	49,338
Transfer from regulatory reserves	-	-	(2,366)	2,366	-
Balance as at 31 March 2018	1,487,773	19,491	20,485	842,554	2,370,303

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2019

	Three Months Ended	
	31 March 2019	31 March 2018
	RM'000	RM'000
Group		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	53,415	83,612
Adjustments for non-operating and non-cash items:-	(16,854)	(56,274)
Operating profit before working capital changes	36,561	27,338
Changes in working capital:		
Net changes in operating assets	(901,262)	1,185
Net changes in operating liabilities	429,121	(580,392)
Cash used in operations	(435,580)	(551,869)
Taxation paid	(16,200)	(5,319)
Net cash used in operating activities	(451,780)	(557,188)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchase of financial assets at FVOCI and financial investments at amortised costs	(49,776)	(11,178)
Net gain on disposal of financial assets at FVOCI, equity instruments	5,370	-
Interest income received from financial assets at FVTPL, FVOCI and financial investments at amortised costs	11,870	6,782
Property, plant and equipment		
- Purchase	(3,860)	(540)
- Proceeds from disposal	129	-
Purchase of other intangible assets	(2,827)	(1,879)
Acquisition of a subsidiary, net of cash and cash equivalents acquired	10,710	-
Dividend income received from financial assets at FVTPL and FVOCI	15,131	2,470
Dividend income received from an associate	-	1,041
Net cash used in investing activities	(13,253)	(3,304)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (repayment)/drawdown of borrowings	(40,474)	78,223
Borrowings interest paid	(9,745)	(6,311)
Dividend paid to non-controlling interest	-	(800)
Net cash (used in)/generated from financing activities	(50,219)	71,112
Net decrease in cash and cash equivalents	(515,252)	(489,380)
Effects of exchange rate differences	(579)	(10,485)
Cash and cash equivalents		
- at the beginning of the financial period	1,859,445	2,471,578
- at the end of the financial period	1,343,614	1,971,713
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short term funds before expected credit losses ('ECL')	1,343,614	1,971,713
Less: Allowance for ECL	(246)	(333)
Cash and short-term funds, net of ECL	1,343,368	1,971,380

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2019

	Three Months Ended	
	31 March 2019	31 March 2018
	RM'000	RM'000
Bank		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	40,012	63,145
Adjustments for non-operating and non-cash items:-	(14,160)	(44,378)
Operating profit before working capital changes	25,852	18,767
Changes in working capital:		
Net changes in operating assets	(704,177)	260,612
Net changes in operating liabilities	196,110	(654,242)
Cash used in operations	(482,215)	(374,863)
Taxation paid	(13,326)	-
Net cash used in operating activities	(495,541)	(374,863)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchase of financial assets at FVOCI and financial investments at amortised costs	(47,706)	(18,356)
Net gain from disposal of financial assets at FVOCI, equity instruments	5,370	-
Interest income received from financial assets at FVTPL, FVOCI and financial investments at amortised costs	11,861	6,723
Property, plant and equipment		
- Purchase	(2,063)	(417)
- Proceeds from disposal	105	-
Purchase of other intangible assets	(823)	(748)
Dividend income received from financial assets at FVTPL and FVOCI	543	195
Dividend income received from subsidiaries	-	11,400
Dividend income received from an associate	-	1,041
Acquisition of additional equity interest from joint venture	(21,400)	-
Net cash used in investing activities	(54,113)	(162)
Net decrease in cash and cash equivalents	(549,654)	(375,025)
Cash and cash equivalents		
- at the beginning of the financial period	1,192,739	1,795,452
- at the end of the financial period	643,085	1,420,427
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short term funds before ECL	643,085	1,420,427
Less: Allowance for ECL	(28)	(111)
Cash and short-term funds, net of ECL	643,057	1,420,316

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019

1 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.

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

- 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 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 37.

2 Auditors' Report

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

3 Seasonal or Cyclical Factors

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

4 Exceptional or Unusual Items

There were no exceptional or unusual items for the three months ended 31 March 2019, other than disclosed in Note 31.

5 Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the three months ended 31 March 2019.

6 Changes in Debt and Equity Securities

There were no issuances and repayments of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares for the three months ended 31 March 2019.

7 Dividends Paid

No dividend was paid by the Bank during the three months ended 31 March 2019.

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

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

	Group		Bank	
	As at 31 March 2019	As at 31 December 2018	As at 31 March 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
At fair value				
<u>Quoted securities:</u>				
In Malaysia				
Shares and exchange traded funds	37,282	20,158	36,491	17,894
Unit trusts	68,702	67,553	8,896	8,683
Outside Malaysia				
Shares	187,050	190,576	1,035	1,406
Unit trusts	28,037	27,659	28,037	27,659
<u>Unquoted securities:</u>				
In Malaysia				
Corporate bonds/Sukuk	27	-	27	-
Outside Malaysia				
Private equity funds	435,733	437,275	-	-
	756,831	743,221	74,486	55,642

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

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

	Group		Bank	
	As at	As at	As at	As at
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
(a) Debt instruments	716,895	711,087	716,895	711,087
(b) Equity instruments	39,086	39,138	30,840	30,840
	755,981	750,225	747,735	741,927

(a) Debt instruments

At fair value

Money market instruments:

Malaysian Government Securities	130,543	128,725	130,543	128,725
Malaysian Government Investment Issues	49,574	49,146	49,574	49,146
Khazanah bonds	43,929	43,180	43,929	43,180
Sukuk Perumahan Kerajaan	71,097	69,914	71,097	69,914

Unquoted securities:

In Malaysia

Corporate bonds/Sukuk	396,354	394,661	396,354	394,661
Prasarana bonds	25,398	25,461	25,398	25,461
	716,895	711,087	716,895	711,087

There are no allowance for expected credit losses on FVOCI, debt instruments as all instruments are guaranteed by the Government of Malaysia.

(b) Equity instruments

At fair value

Quoted securities:

Outside Malaysia

Shares	2,028	2,082	-	-
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Unquoted securities:

In Malaysia

Shares	36,762	36,762	30,840	30,840
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Outside Malaysia

Shares	296	294	-	-
	39,086	39,138	30,840	30,840

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

10 Financial Investments at Amortised Costs

	As at 31 March 2019	Group and Bank As at 31 December 2018
	RM'000	RM'000
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	378,543	375,258
Khazanah bonds	12,141	12,025
Wakala Global Sukuk	8,409	8,626
<u>Unquoted Securities:</u>		
In Malaysia		
Corporate bonds/Sukuk	506,828	457,605
Loan stocks	26,163	26,163
Prasarana bonds	65,607	65,694
	997,691	945,371
Allowance for expected credit losses	(78,064)	(78,064)
	919,627	867,307

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

Balance as at the beginning of the financial year		
- As previously reported	78,064	-
- Effect of adoption of MFRS 9	-	79,405
- As restated	78,064	79,405
Amount recovered	-	(1,341)
Balance as at the end of the financial period/year	78,064	78,064

(b) Movement in allowance for expected credit losses at financial investments at amortised costs

	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
Group and Bank 31 March 2019				
Balance as at the beginning of the financial year/end of the financial period	-	-	78,064	78,064

**Group and Bank
31 December 2018**

Balance as at the beginning of the financial year				
- As previously reported	-	-	-	-
- Effect of adoption of MFRS 9	-	-	79,405	79,405
- As restated	-	-	79,405	79,405
Net allowance written back	-	-	(1,341)	(1,341)
Balance as at the end of the financial year	-	-	78,064	78,064

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

11 Loans and Advances

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
(a) By type				
At amortised cost				
Other term loans	27,402	28,792	2	2
Share margin financing	1,708,336	1,590,125	1,095,257	1,030,882
Staff loans	359	387	359	387
Gross loans and advances	<u>1,736,097</u>	<u>1,619,304</u>	<u>1,095,618</u>	<u>1,031,271</u>
Less: Allowance for expected credit losses	<u>(19,369)</u>	<u>(18,981)</u>	<u>(1)</u>	<u>(1)</u>
Net loans and advances	<u><u>1,716,728</u></u>	<u><u>1,600,323</u></u>	<u><u>1,095,617</u></u>	<u><u>1,031,270</u></u>
(b) By type of customer				
Domestic non-bank financial institutions:				
- others	-	94	-	94
Domestic business enterprises:				
- small and medium enterprises	185,910	178,428	185,910	178,428
- others	104,637	105,479	104,637	105,479
Individuals	774,777	715,581	774,777	715,581
Foreign entities	670,773	619,722	30,294	31,689
	<u>1,736,097</u>	<u>1,619,304</u>	<u>1,095,618</u>	<u>1,031,271</u>
(c) By geographical distribution				
In Malaysia	1,095,618	1,031,271	1,095,618	1,031,271
Outside Malaysia				
- Singapore	220,750	197,364	-	-
- Hong Kong	73,695	88,022	-	-
- Indonesia	90,974	128,069	-	-
- Thailand	255,060	174,578	-	-
	<u>1,736,097</u>	<u>1,619,304</u>	<u>1,095,618</u>	<u>1,031,271</u>
(d) By interest rate sensitivity				
Fixed rate:				
- other fixed rate loans	1,407,341	1,356,702	1,095,616	1,031,269
Variable rate:				
- base lending rate plus	328,756	262,602	2	2
	<u>1,736,097</u>	<u>1,619,304</u>	<u>1,095,618</u>	<u>1,031,271</u>

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

11 Loans and Advances (cont'd)

	Group		Bank	
	As at 31 March 2019	As at 31 December 2018	As at 31 March 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
(e) By purpose				
Purchase of securities	1,735,736	1,618,916	1,095,257	1,030,883
Purchase of transport vehicles	10	14	10	14
Purchase of landed property:				
- residential	351	374	351	374
	<u>1,736,097</u>	<u>1,619,304</u>	<u>1,095,618</u>	<u>1,031,271</u>
(f) By economic sector				
Agriculture, hunting, forestry and fishing	8,123	29,784	967	905
Mining and quarrying	7,492	7,547	103	102
Manufacturing	27,113	29,211	3,876	4,775
Construction	13,391	12,931	1,841	1,357
Wholesale and retail trade and restaurant and hotel	5,678	4,881	1,518	527
Transport, storage and communication	3,358	2,988	3,358	2,988
Real estate	117,314	120,191	55,741	55,682
Finance, insurance and business services	259,076	236,786	228,369	223,309
Household sector	1,294,552	1,174,985	799,845	741,626
	<u>1,736,097</u>	<u>1,619,304</u>	<u>1,095,618</u>	<u>1,031,271</u>
(g) By remaining contractual maturities				
Maturity within one year	1,735,752	1,618,952	1,095,273	1,030,919
Three years to five years	13	14	13	14
Over five years	332	338	332	338
	<u>1,736,097</u>	<u>1,619,304</u>	<u>1,095,618</u>	<u>1,031,271</u>
(h) By stages				
Group	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
31 March 2019	RM'000	RM'000	RM'000	RM'000
Balance as at beginning of the financial year	1,596,297	3,017	19,990	1,619,304
Transfer in to 12-month ECL (Stage 1)	6,126	(4,271)	(1,855)	-
Transfer in to Lifetime ECL not credit impaired (Stage 2)	(2,254)	2,254	-	-
Transfer in to Lifetime ECL credit impaired (Stage 3)	(2,799)	-	2,799	-
Addition and origination	877,467	-	-	877,467
Derecognition	(759,006)	(111)	(12)	(759,129)
Exchanges differences	(1,495)	(39)	(11)	(1,545)
Balance as at the end of the financial period	<u>1,714,336</u>	<u>850</u>	<u>20,911</u>	<u>1,736,097</u>

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

11 Loans and Advances (cont'd)

(h) By stages (cont'd)

Group	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
31 December 2018	RM'000	RM'000	RM'000	RM'000
Balance as at beginning of the financial year				
- As previously reported	-	-	-	-
- Effect of adoption of MFRS 9	1,736,491	10,666	93,677	1,840,834
- As restated	1,736,491	10,666	93,677	1,840,834
Transfer in to 12-month ECL (Stage 1)	67,115	(52,704)	(14,411)	-
Transfer in to Lifetime ECL not credit impaired (Stage 2)	(52,805)	52,824	(19)	-
Transfer in to Lifetime ECL credit impaired (Stage 3)	(14,585)	-	14,585	-
Addition and origination	1,580,946	-	-	1,580,946
Derecognition	(1,725,616)	(7,877)	(321)	(1,733,814)
Amount written off	-	-	(75,090)	(75,090)
Exchanges differences	4,751	108	1,569	6,428
Balance as at the end of the financial year	1,596,297	3,017	19,990	1,619,304

Bank
31 March 2019

Balance as at beginning of the financial year	1,031,271	-	-	1,031,271
Transfer in to 12-month ECL (Stage 1)	1,800	-	(1,800)	-
Transfer in to Lifetime ECL not credit impaired (Stage 2)	(109)	109	-	-
Transfer in to Lifetime ECL credit impaired (Stage 3)	(2,107)	-	2,107	-
Addition and origination	612,035	-	-	612,035
Derecognition	(547,688)	-	-	(547,688)
Balance as at the end of the financial period	1,095,202	109	307	1,095,618

Bank
31 December 2018

Balance as at beginning of the financial year				
- As previously reported	-	-	-	-
- Effect of adoption of MFRS 9	1,138,775	4,328	454	1,143,557
- As restated	1,138,775	4,328	454	1,143,557
Transfer in to 12-month ECL (Stage 1)	54,035	(42,065)	(11,970)	-
Transfer in to Lifetime ECL not credit impaired (Stage 2)	(38,536)	38,536	-	-
Transfer in to Lifetime ECL credit impaired (Stage 3)	(11,517)	-	11,517	-
Addition and origination	846,231	-	-	846,231
Derecognition	(957,717)	(799)	(1)	(958,517)
Balance as at the end of the financial year	1,031,271	-	-	1,031,271

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

11 Loans and Advances (cont'd)

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
(i) Impaired loans and advances				
(i) By economic sector				
Mining and quarrying	7,390	7,445	-	-
Manufacturing	16	-	-	-
Household sector	13,505	12,545	307	-
	<u>20,911</u>	<u>19,990</u>	<u>307</u>	<u>-</u>

(ii) By geographical distribution

In Malaysia	307	-	307	-
Outside Malaysia:				
- Singapore	11,374	11,323	-	-
- Hong Kong	112	16	-	-
- Indonesia	394	-	-	-
- Thailand	8,724	8,651	-	-
	<u>20,911</u>	<u>19,990</u>	<u>307</u>	<u>-</u>

(iii) Movement in allowance for expected credit losses

Group	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
31 March 2019	RM'000	RM'000	RM'000	RM'000
Balance as at beginning of the financial year	1	-	18,980	18,981
Net allowance made	-	-	393	393
Exchange differences	-	-	(5)	(5)
Balance as at the end of the financial period	<u>1</u>	<u>-</u>	<u>19,368</u>	<u>19,369</u>

**Group
31 December 2018**

Balance as at beginning of the financial year				
- As previously reported	-	-	-	-
- Effect of adoption of MFRS 9	1	-	86,905	86,906
- As restated	1	-	86,905	86,906
Net allowance made	-	-	5,479	5,479
Amount written off	-	-	(75,090)	(75,090)
Exchange differences	-	-	1,686	1,686
Balance as at the end of the financial year	<u>1</u>	<u>-</u>	<u>18,980</u>	<u>18,981</u>

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

11 Loans and Advances (cont'd)

(i) Impaired loans and advances (cont'd)

(iii) Movement in allowance for expected credit losses (cont'd)

	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
Bank				
31 March 2019				
Balance as at beginning of the financial year/end of financial period	1	-	-	1
Bank				
31 December 2018				
Balance as at beginning of the financial year				
- As previously reported	-	-	-	-
- Effect of adoption of MFRS 9	1	-	5	6
- As restated	1	-	5	6
Net allowance written back	-	-	(5)	(5)
Balance as at the end of the financial year	1	-	-	1

12 Clients' and Brokers' Balances

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Amounts owing by clients	1,136,067	578,117	783,646	315,491
- Allowance for expected credit losses	(21,866)	(19,562)	(6,030)	(6,156)
	<u>1,114,201</u>	<u>558,555</u>	<u>777,616</u>	<u>309,335</u>
Amounts owing by brokers	123,909	119,980	104,576	51,714
Amounts owing by clearing houses and stock exchanges	207,268	264,522	128,477	165,708
	<u>1,445,378</u>	<u>943,057</u>	<u>1,010,669</u>	<u>526,757</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

12 Clients' and Brokers' Balances (cont'd)

Movement in allowance for expected credit losses

(a) Non-credit impaired

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Balance as at the beginning of the financial year				
- As previously reported	253	-	-	-
- Effect of adoption of MFRS 9	-	642	-	-
- As restated	253	642	-	-
Allowance for expected credit losses	2	254	2	1
Derecognition	(157)	(643)	(2)	
Exchange differences	(3)	-	-	(1)
Balance as at the end of the financial period/year	95	253	-	-

(b) Credit impaired

Balance as at the beginning of the financial year				
- As previously reported	19,309	-	6,156	-
- Effect of adoption of MFRS 9	-	31,240	-	6,809
- As restated	19,309	31,240	6,156	6,809
Allowance for expected credit losses	2,583	2,163	14	101
Derecognition	(141)	(1,493)	(140)	(754)
Amount written off	-	(12,820)	-	-
Exchange differences	20	219	-	-
Balance as at the end of the financial period/year	21,771	19,309	6,030	6,156

13 Other Assets

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Other receivables	96,762	83,122	32,575	14,651
Unit trust fee receivables	24,248	23,231	-	-
Management fee receivables	2,527	2,666	-	-
Deposits	14,230	16,143	3,637	3,974
Prepayments	23,277	18,208	7,618	5,316
Amount receivable for release of units from funds	86,555	10,447	-	-
Transferable memberships	341	342	262	262
Amount due from holding company	1,804	13	1,804	-
Amount due from subsidiaries	-	-	2,908	1,397
Amount due from related companies	21	149	21	22
	249,765	154,321	48,825	25,622

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

14 Deposits from Customers

	Group		Bank	
	As at 31 March 2019	As at 31 December 2018	As at 31 March 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
(a) By type of deposits				
Short term deposits	988,976	1,030,614	988,976	1,030,614
(b) By type of customers				
Government and statutory bodies	100,281	100,088	100,281	100,088
Business enterprises	888,695	930,526	888,695	930,526
	988,976	1,030,614	988,976	1,030,614
(c) By maturity structure of fixed deposits				
Due within six months	988,976	1,030,614	988,976	1,030,614

15 Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	As at 31 March 2019	As at 31 December 2018	As at 31 March 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Licensed banks	1,661,750	1,643,142	1,661,750	1,643,142
Licensed investment banks	-	191,678	-	191,678
	1,661,750	1,834,820	1,661,750	1,834,820

16 Other Liabilities

	Group		Bank	
	As at 31 March 2019	As at 31 December 2018	As at 31 March 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
Other creditors and accruals	150,562	133,745	62,169	53,287
Contract liabilities/Deferred income	6,954	7,401	1,921	1,359
Remisiers' trust deposits	64,447	62,918	64,447	62,918
Amount payable for creation of units due to funds	94,406	112,679	-	-
Amount payable for redemption units	196,081	13,955	-	-
Short-term employee benefits	24,800	71,853	13,858	44,022
Amount due to holding company	2,699	12,013	-	8,975
Amount due to subsidiaries	-	-	8,360	1,409
Amount due to related companies	571	697	282	273
	540,520	415,261	151,037	172,243

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

	1st Quarter Ended		Three Months Ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	RM'000	RM'000	RM'000	RM'000
17 Interest Income				
<u>Group</u>				
Loans and advances	23,740	25,019	23,740	25,019
Money at call and deposits and placements with banks and other financial institutions	17,240	19,092	17,240	19,092
Financial assets at FVTPL	-	248	-	248
Financial assets at FVOCI, debt instruments	6,685	7,679	6,685	7,679
Financial investments at amortised costs	8,749	6,064	8,749	6,064
Others	2,469	1,774	2,469	1,774
	58,883	59,876	58,883	59,876
of which:				
Interest income accrued on impaired financial assets	368	1,910	368	1,910
<u>Bank</u>				
Loans and advances	13,648	14,067	13,648	14,067
Money at call and deposits and placements with banks and other financial institutions	13,301	16,048	13,301	16,048
Financial assets at FVTPL	-	245	-	245
Financial assets at FVOCI, debt instrument	6,676	7,623	6,676	7,623
Financial investments at amortised costs	8,749	6,064	8,749	6,064
Others	560	739	560	739
	42,934	44,786	42,934	44,786
of which:				
Interest income accrued on impaired financial assets	1	-	1	-

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

	1st Quarter Ended		Three Months Ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	RM'000	RM'000	RM'000	RM'000
18 Interest Expense				
<u>Group</u>				
Deposits and placements of banks and other financial institutions	18,059	20,822	18,059	20,822
Deposits from customers	10,880	6,989	10,880	6,989
Subordinated obligations	4,858	4,858	4,858	4,858
Borrowings	9,148	6,708	9,148	6,708
Others	791	704	791	704
	43,736	40,081	43,736	40,081
<u>Bank</u>				
Deposits and placements of banks and other financial institutions	18,059	20,807	18,059	20,807
Deposits from customers	10,880	7,197	10,880	7,197
Subordinated obligations	4,858	4,858	4,858	4,858
Others	25	-	25	-
	33,822	32,862	33,822	32,862
19 Fee and Commission Income				
(a) By type of fee income				
<u>Group</u>				
Brokerage income	61,188	87,575	61,188	87,575
Fund management fees	54,138	57,638	54,138	57,638
Unit trust fee income	13,599	21,203	13,599	21,203
Corporate advisory fees	20,936	11,319	20,936	11,319
Arrangement fees and underwriting	16,708	1,532	16,708	1,532
Placement fees	181	5,529	181	5,529
Rollover fees	1,242	1,228	1,242	1,228
Commission	664	2,441	664	2,441
Service charges and fees	728	675	728	675
Other fee income	16,628	11,626	16,628	11,626
	186,012	200,766	186,012	200,766
<u>Bank</u>				
Brokerage income	39,710	56,576	39,710	56,576
Corporate advisory fees	10,776	5,728	10,776	5,728
Arrangement fees and underwriting	15,400	993	15,400	993
Placement fees	87	5,289	87	5,289
Rollover fees	1,242	1,228	1,242	1,228
Commission	363	378	363	378
Service charges and fees	2	1	2	1
Other fee income	10,574	6,450	10,574	6,450
	78,154	76,643	78,154	76,643

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

	1st Quarter Ended		Three Months Ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	RM'000	RM'000	RM'000	RM'000
19 Fee and Commission Income (cont'd)				
(b) By geographical market of fee income				
<u>Group</u>				
Malaysia	140,714	152,708	140,714	152,708
Singapore	23,043	18,076	23,043	18,076
Indonesia	10,323	5,459	10,323	5,459
Thailand	7,716	13,565	7,716	13,565
Hong Kong	4,200	10,950	4,200	10,950
Cambodia	3	8	3	8
Vietnam	13	-	13	-
	186,012	200,766	186,012	200,766
<u>Bank</u>				
Malaysia	78,154	76,643	78,154	76,643
(c) By timing of fee income recognition				
<u>Group</u>				
At a point in time	127,773	140,212	127,773	140,212
Over time	58,239	60,554	58,239	60,554
	186,012	200,766	186,012	200,766
<u>Bank</u>				
At a point in time	77,301	76,538	77,301	76,538
Over time	853	105	853	105
	78,154	76,643	78,154	76,643
20 Fee and Commission Expense				
<u>Group</u>				
Fund management fees	25,217	26,015	25,217	26,015
Unit trust fees	12,285	20,441	12,285	20,441
Commission and incentives	3,291	3,444	3,291	3,444
	40,793	49,900	40,793	49,900
<u>Bank</u>				
Commission and incentives	1,225	1,259	1,225	1,259

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

	1st Quarter Ended		Three Months Ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	RM'000	RM'000	RM'000	RM'000
21 Other Operating Income				
<u>Group</u>				
(a) Net gain arising from financial instruments at FVTPL				
- net gain/(loss) on disposal	8,182	(339)	8,182	(339)
- unrealised net gain on revaluation	14,516	10,424	14,516	10,424
- gross dividend income	15,071	2,470	15,071	2,470
	<u>37,769</u>	<u>12,555</u>	<u>37,769</u>	<u>12,555</u>
(b) Net (loss)/gain arising from derivatives	<u>(7,008)</u>	31,454	<u>(7,008)</u>	31,454
(c) Net gain arising from financial assets at FVOCI, debt instruments				
- net gain on disposal	<u>115</u>	21,824	<u>115</u>	21,824
(d) Dividend income from FVOCI, equity instruments	<u>60</u>	-	<u>60</u>	-
(e) Other income				
- net foreign exchange (loss)/gain				
- realised	999	987	999	987
- unrealised	(1,833)	(1,652)	(1,833)	(1,652)
- net gain on disposal of property, plant and equipment	126	-	126	-
- other operating income	18,964	35,804	18,964	35,804
	<u>18,256</u>	<u>35,139</u>	<u>18,256</u>	<u>35,139</u>
	<u>49,192</u>	<u>100,972</u>	<u>49,192</u>	<u>100,972</u>

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

	1st Quarter Ended		Three Months Ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	RM'000	RM'000	RM'000	RM'000
21 Other Operating Income (cont'd)				
<u>Bank</u>				
(a) Net gain/(loss) arising from financial assets at FVTPL				
- net gain/(loss) on disposal	1,019	(3,557)	1,019	(3,557)
- unrealised net gain/(loss) on revaluation	1,957	(16,126)	1,957	(16,126)
- gross dividend income	483	195	483	195
	<u>3,459</u>	<u>(19,488)</u>	<u>3,459</u>	<u>(19,488)</u>
(b) Net gain arising from derivatives	<u>3,228</u>	<u>25,399</u>	<u>3,228</u>	<u>25,399</u>
(c) Net gain arising from financial assets at FVOCI, debt instruments				
- net gain on disposal	<u>115</u>	<u>21,824</u>	<u>115</u>	<u>21,824</u>
(d) Dividend income from FVOCI, equity instruments	<u>60</u>	<u>-</u>	<u>60</u>	<u>-</u>
(e) Gross dividend income from subsidiaries in Malaysia	<u>-</u>	<u>11,400</u>	<u>-</u>	<u>11,400</u>
(f) Gross dividend income from an associate in Malaysia	<u>-</u>	<u>1,041</u>	<u>-</u>	<u>1,041</u>
(g) Other income				
- net foreign exchange (loss)/gain				
- realised	(269)	482	(269)	482
- unrealised	84	(1,243)	84	(1,243)
- gain on disposal of property, plant and equipment	105	-	105	-
- other operating income	<u>18,425</u>	<u>35,810</u>	<u>18,425</u>	<u>35,810</u>
	<u>18,345</u>	<u>35,049</u>	<u>18,345</u>	<u>35,049</u>
	<u>25,207</u>	<u>75,225</u>	<u>25,207</u>	<u>75,225</u>

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

	1st Quarter Ended		Three Months Ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	RM'000	RM'000	RM'000	RM'000
22 Other Operating Expenses				
<u>Group</u>				
<u>Personnel costs</u>				
- Salaries, bonus and allowances	69,210	93,097	69,210	93,097
- Defined contribution plan	6,957	10,578	6,957	10,578
- Other staff related costs	8,242	11,816	8,242	11,816
	84,409	115,491	84,409	115,491
<u>Establishment costs</u>				
- Property, plant and equipment				
- depreciation	4,372	4,819	4,372	4,819
- written off	48	-	48	-
- Amortisation of other intangible assets	3,227	2,989	3,227	2,989
- Depreciation for ROU	3,501	-	3,501	-
- Information technology expenses	19,027	16,028	19,027	16,028
- Security and escorting charges	74	44	74	44
- Repair and maintenance	938	652	938	652
- Rental of premises	7,440	11,438	7,440	11,438
- Water and electricity	1,359	1,286	1,359	1,286
- Rental of equipment	165	180	165	180
- Insurance	1,152	1,365	1,152	1,365
- Others	1,564	2,358	1,564	2,358
	42,867	41,159	42,867	41,159
<u>Marketing expenses</u>				
- Advertisements and publicity	989	952	989	952
- Sales commission	1,438	3,072	1,438	3,072
- Others	3,747	5,075	3,747	5,075
	6,174	9,099	6,174	9,099
<u>Administration and general expenses</u>				
- Communication expenses	9,783	9,694	9,783	9,694
- Legal and professional fees	1,648	1,542	1,648	1,542
- Others	8,612	8,274	8,612	8,274
	20,043	19,510	20,043	19,510
	153,493	185,259	153,493	185,259

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

	1st Quarter Ended		Three Months Ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	RM'000	RM'000	RM'000	RM'000
22 Other Operating Expenses (cont'd)				
<u>Bank</u>				
<u>Personnel costs</u>				
- Salaries, bonus and allowances	30,178	53,184	30,178	53,184
- Defined contribution plan	4,382	7,475	4,382	7,475
- Other staff related costs	3,741	4,366	3,741	4,366
	38,301	65,025	38,301	65,025
<u>Establishment costs</u>				
- Property, plant and equipment				
- depreciation	1,713	2,110	1,713	2,110
- written off	6	-	6	-
- Amortisation of other intangible assets	1,486	1,447	1,486	1,447
- Depreciation for ROU	400	-	400	-
- Information technology expenses	10,304	9,462	10,304	9,462
- Security and escorting charges	63	38	63	38
- Repair and maintenance	438	471	438	471
- Rental of premises	2,780	3,666	2,780	3,666
- Water and electricity	835	847	835	847
- Rental of equipment	-	13	-	13
- Insurance	793	841	793	841
- Others	1,533	2,161	1,533	2,161
	20,351	21,056	20,351	21,056
<u>Marketing expenses</u>				
- Advertisements and publicity	51	187	51	187
- Sales commission	210	221	210	221
- Others	1,251	1,553	1,251	1,553
	1,512	1,961	1,512	1,961
<u>Administration and general expenses</u>				
- Communication expenses	3,768	3,620	3,768	3,620
- Legal and professional fees	159	422	159	422
- Others	7,412	7,233	7,412	7,233
	11,339	11,275	11,339	11,275
	71,503	99,317	71,503	99,317

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

	1st Quarter Ended		Three Months Ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	RM'000	RM'000	RM'000	RM'000
23 Allowance Made/(Write Back) for Expected Credit Losses				
<u>Group</u>				
Net allowance made				
on loans and advances	393	2,418	393	2,418
Allowance for expected credit losses				
on other receivables and				
clients' and brokers' balances	2,384	361	2,384	361
Bad debts recovered	(39)	(1)	(39)	(1)
Bad debts written off	3	-	3	-
Financial investments at				
amortised costs	-	(42)	-	(42)
Other financial assets	(47)	104	(47)	104
	<u>2,694</u>	<u>2,840</u>	<u>2,694</u>	<u>2,840</u>
<u>Bank</u>				
Net allowance written back				
on loans and advances	-	(5)	-	(5)
Allowance (written back)/made for				
expected credit losses on other				
receivables and clients' and				
brokers' balances	(49)	68	(49)	68
Bad debts recovered	(38)	(1)	(38)	(1)
Bad debts written off	3	-	3	-
Financial investments at				
amortised costs	-	(42)	-	(42)
Other financial assets	(183)	51	(183)	51
	<u>(267)</u>	<u>71</u>	<u>(267)</u>	<u>71</u>

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

24 Basic Earnings Per Share

The basic earnings per share ('EPS') is calculated by dividing the net profit attributable to the owner of the Bank for the first quarter and three months ended 31 March by the weighted average number of ordinary shares in issue during the financial period.

Group	1st Quarter Ended		Three Months Ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Net profit attributable to equity holders (RM'000)	40,114	66,176	40,114	66,176
Weighted average number of ordinary shares in issue ('000)	100,000	100,000	100,000	100,000
Basic earnings per share (sen)	40.1	66.2	40.1	66.2

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

25 Capital Adequacy Ratio

BNM guidelines on capital adequacy requires the Group and the Bank 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.

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

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Common Equity Tier I ('CET I')/ Tier I Capital				
Share capital	1,487,773	1,487,773	1,487,773	1,487,773
Retained profits	557,433	561,695	555,035	558,690
Other reserves	113,468	113,648	-	-
FVOCI reserves	26,951	23,489	24,397	20,853
	<u>2,185,625</u>	<u>2,186,605</u>	<u>2,067,205</u>	<u>2,067,316</u>
Less: Goodwill	(528,726)	(523,911)	(372,395)	(372,395)
Investments in subsidiaries, associates and joint ventures	(14,880)	(30,646)	(1,222,497)	(1,203,286)
Other intangible assets	(47,196)	(47,610)	(26,392)	(27,055)
55% of cumulative gains arising from change in value of FVOCI financial instruments	(14,823)	(12,919)	(13,418)	(11,469)
Deferred tax assets	(11,187)	(19,610)	-	(5,832)
Total CET I Capital	<u>1,568,813</u>	<u>1,551,909</u>	<u>432,503</u>	<u>447,279</u>
Qualifying non-controlling interests recognised as Tier I Capital	4,667	12,359	-	-
Total Tier I Capital	<u>1,573,480</u>	<u>1,564,268</u>	<u>432,503</u>	<u>447,279</u>
Tier II Capital				
Subordinated obligations meeting all relevant criteria	400,000	400,000	400,000	400,000
Qualifying non-controlling interests recognised as Tier II Capital	899	2,700	-	-
General provision ^	25,750	24,172	7,849	7,657
Total Tier II Capital	<u>426,649</u>	<u>426,872</u>	<u>407,849</u>	<u>407,657</u>
Total Capital	<u><u>2,000,129</u></u>	<u><u>1,991,140</u></u>	<u><u>840,352</u></u>	<u><u>854,936</u></u>

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

25 Capital Adequacy Ratio (cont'd)

The capital adequacy ratios of the Group and the Bank are as follows: (cont'd)

	Group		Bank	
	As at 31 March 2019	As at 31 December 2018	As at 31 March 2019	As at 31 December 2018
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	37.144%	35.445%	24.185%	21.323%
Tier I Capital Ratio	37.254%	35.728%	24.185%	21.323%
Total Capital Ratio	47.355%	45.477%	46.991%	40.757%
After proposed dividends:				
CET I Capital Ratio	37.144%	35.445%	24.185%	21.323%
Tier I Capital Ratio	37.254%	35.728%	24.185%	21.323%
Total Capital Ratio	47.355%	45.477%	46.991%	40.757%

^ Pursuant to BNM's policy document on Financial Reporting, 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 RM25,205,000 (31 December 2018: RM23,673,000) and RM7,820,000 (31 December 2018: RM7,501,000) respectively.

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

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Credit risk	2,060,018	1,933,769	627,938	612,585
Market risk	604,964	877,506	346,360	678,014
Operational risk	1,558,667	1,567,043	814,039	807,022
Total risk-weighted assets	4,223,649	4,378,318	1,788,337	2,097,621

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

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

26 Commitments and Contingencies

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

The commitments and contingencies comprise the following:

<u>Group</u>	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Principal amount		
Forward assets purchases	388,356	-
Irrevocable commitments to extend credit:		
- maturity not exceeding one year	1,464,129	1,338,876
- maturity exceeding one year	4,182	4,243
Foreign exchange related contracts: ^		
- less than one year	14,716	129,753
	<u>1,871,383</u>	<u>1,472,872</u>

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

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

26 Commitments and Contingencies (cont'd)

The commitments and contingencies comprise the following: (cont'd)

<u>Bank</u>	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Principal amount		
Direct credit substitutes #	150,788	152,006
Forward assets purchases	388,356	-
Irrevocable commitments to extend credit:		
- maturity not exceeding one year	419,877	376,397
- maturity exceeding one year	22	22
Foreign exchange related contracts: ^		
- less than one year	12,278	25,379
	971,321	553,804

Included in direct credit substitutes comprise of financial guarantee given by the Bank to its subsidiaries.

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

27 Capital Commitments

	Group		Bank	
	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000	As at 31 March 2019 RM'000	As at 31 December 2018 RM'000
Authorised and contracted for				
- Property, plant and equipment	19,523	20,310	11,507	12,236
- Investment securities	7,406	8,845	-	-
	26,929	29,155	11,507	12,236

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

28 Valuation of Property, Plant and Equipment

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

29 Status of Corporate Proposals

Proposed reorganisation of the equity, economic and fixed income and currencies research operations of RHB Research Institute Sdn Bhd ('RHBRI')

The Bank is proposing to undertake a reorganisation of its equity and economic research operations, currently housed under RHBRI, into a division within the Bank while their fixed income and currencies research function is to be absorbed by its immediate holding company, RHB Bank, subject to all applicable approvals ('Proposed Reorganisation'). RHBRI is currently a wholly-owned subsidiary of the Bank.

The Proposed Reorganisation is intended to streamline the research operations under the Bank and RHB Bank, and rationalise the costs of maintaining a separate licensed entity for research.

The Proposed Reorganisation is subject to the approval of Securities Commission Malaysia ('SC') and conditional upon the successful application for a variation in the Bank's Capital Market Services License ('CMSL') pursuant to Section 69 of the Capital Markets and Services Act 2007 to include the regulated activity of Investment Advice.

The Proposed Reorganisation will be effected via an Asset Purchase Agreement ('APA') to be entered into between the Bank and RHBRI and will include a novation contracts entered into by RHBRI and a transfer of employees. Similarly, RHB Bank and RHBRI propose to enter into an APA in relation to the transfer of assets.

The SC has on 15 April 2019, granted approval for the Proposed Reorganisation and the transfer of fixed assets to Bank and RHB Bank have been completed on 2 May 2019.

30 Events Subsequent to the Date of Statements of Financial Position

There were no significant events subsequent to the date of statements of financial position that have not been reflected in the interim financial statements.

31 Changes in the Composition of the Group

- (a) Proposed acquisition of the remaining 51% equity interest in Vietnam Securities Corporation ('VSEC') not held by the Bank ('Proposed Acquisition')

The Bank had on 19 February 2019 completed the Proposed Acquisition following the full payment of the purchase consideration of VND121,629,915,000 to Chu Thi Phuong Dung, Truong Lan Anh and Viet Quoc Insurance Broker Joint Stock Company.

The Vietnam SSC had earlier on 9 January 2019 granted its approval for the conversion of the legal form of VSEC from a joint stock company to a single-member limited liability company.

Subsequently, Vietnam SSC had on 29 January 2019 granted VSEC a license for establishment and operation ('New License') to operate as a single-member limited liability company.

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

Following the granting of the New Licence and the completion of the Proposed Acquisition, RHB Securities Vietnam has become a wholly-owned subsidiary of the Bank.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

31 Changes in the Composition of the Group (cont'd)

- (a) Proposed acquisition of the remaining 51% equity interest in Vietnam Securities Corporation ('VSEC') not held by the Bank ('Proposed Acquisition') (cont'd)

The assets and liabilities recognised as a result of the acquisition 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

The net cash flows arising from 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

The effects of deemed disposal on the financial position of the Group as at 31 March 2019 is as below:-

	RM'000
Fair value of previously held equity interest	15,934
Equity attributable to net assets	15,676
Gain on deemed disposal of a joint venture	258

- (b) During the current quarter, a fund unit holder of Entrepreneur Funds has made total redemption of 14,544,473 in RHB Entrepreneur Fund ('RHBEF'), thereby increasing the Bank's equity interest in RHBEF from 49.78% to 79.65% as of 31 March 2019.
- (c) RHB Fundamental Capital Hong Kong Limited, an indirect wholly-owned subsidiary of the Bank, has been dissolved upon its deregistration on 18 April 2019 pursuant to Section 751 of the Hong Kong Companies Ordinance. Arising therefrom, RHB Fundamental Capital Hong Kong Limited is no longer an indirect wholly-owned subsidiary of the Bank.

The dissolution of RHB Fundamental Capital Hong Kong Limited will not have any material effect on the earnings and net tangible assets of the Group for the financial year ending 31 December 2019.

32 Changes in Profit for the Quarter

For the current financial quarter ended 31 March 2019, the Group recorded a pre-tax profit of RM53.4 million, 202.3% higher as compared to the immediate preceding quarter pre-tax loss of RM52.2 million. The higher profit was in tandem with higher other operating income by RM43.5 million, higher net fee and commission income by RM28.2 million, lower impairment losses made on other non-financial assets by RM23.0 million, lower other operating expenses by RM12.7 million, higher net interest income by RM0.2 million; partially offset with higher allowance made for expected credit losses by RM2.0 million.

33 Performance Review

For the three months ended 31 March 2019, the Group recorded a pre-tax profit of RM53.4 million, 36.1% lower as compared to the previous corresponding period of RM83.6 million. The decrease in profit was mainly due to lower other operating income by RM51.8 million, lower net fee and commission income by RM5.7 million, lower net interest income by RM4.6 million; partially offset with lower other operating expenses by RM31.8 million and lower allowance made for expected credit losses by RM0.1 million.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

34 Prospects for 2019

Malaysia's economy is expected to moderate to 4.6% in 2019 from 4.7% recorded in 2018 on account of slowing global growth and continued uncertainty over the US-China trade tensions that could weigh on Malaysia's exports. For the banking sector, loans are expected to grow by mid-single digit supported by the consumer and business segments.

Given the challenging environment, we remain cautious in our business approach while we continue to pursue opportunities for long term growth and improve efficiency across the Group.

Our five-year strategy, FIT22, is making progress as we continue to build strong foundation and deliver strategic priorities with a focus to serve our customers better. We will also continue to invest in our workforce, technology infrastructure and digital capabilities and promote the AGILE way of working to enhance our competitive edge.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

35 Fair Value of Financial Instruments

Determination of fair value and fair value hierarchy

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

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

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

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

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

Group	Level 1	Level 2	Level 3	Total
31 March 2019	RM'000	RM'000	RM'000	RM'000
<u>Financial assets</u>				
Financial assets at FVTPL	321,071	27	435,733	756,831
- quoted securities	321,071	-	-	321,071
- unquoted securities	-	27	435,733	435,760
Financial assets at FVOCI	2,028	716,895	37,058	755,981
- money market instruments	-	295,143	-	295,143
- quoted securities	2,028	-	-	2,028
- unquoted securities	-	421,752	37,058	458,810
Derivative assets	3,250	16	-	3,266
	<u>326,349</u>	<u>716,938</u>	<u>472,791</u>	<u>1,516,078</u>
<u>Financial liabilities</u>				
Derivative liabilities	6,192	8	-	6,200
Puttable financial instruments	18,660	-	-	18,660
	<u>24,852</u>	<u>8</u>	<u>-</u>	<u>24,860</u>
Group	Level 1	Level 2	Level 3	Total
31 December 2018	RM'000	RM'000	RM'000	RM'000
<u>Financial assets</u>				
Financial assets at FVTPL	305,946	-	437,275	743,221
- quoted securities	305,946	-	-	305,946
- unquoted securities	-	-	437,275	437,275
Financial investments FVOCI	2,082	711,087	37,056	750,225
- money market instruments	-	290,965	-	290,965
- quoted securities	2,082	-	-	2,082
- unquoted securities	-	420,122	37,056	457,178
Derivative assets	-	74	-	74
	<u>308,028</u>	<u>711,161</u>	<u>474,331</u>	<u>1,493,520</u>
<u>Financial liabilities</u>				
Derivative liabilities	4,246	1,671	-	5,917
Puttable financial instruments	70,615	-	-	70,615
	<u>74,861</u>	<u>1,671</u>	<u>-</u>	<u>76,532</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

35 Fair Value of Financial Instruments (cont'd)

Determination of fair value and fair value hierarchy (cont'd)

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

Bank	Level 1	Level 2	Level 3	Total
31 March 2019	RM'000	RM'000	RM'000	RM'000
<u>Financial assets</u>				
Financial assets at FVTPL	74,459	27	-	74,486
- quoted securities	74,459	-	-	74,459
- unquoted securities	-	27	-	27
Financial assets at FVOCI	-	716,895	30,840	747,735
- money market instruments	-	295,143	-	295,143
- unquoted securities	-	421,752	30,840	452,592
Derivative assets	3,250	13	-	3,263
	<u>77,709</u>	<u>716,935</u>	<u>30,840</u>	<u>825,484</u>
<u>Financial liabilities</u>				
Derivative liabilities	<u>5,921</u>	<u>6</u>	<u>-</u>	<u>5,927</u>
Bank	Level 1	Level 2	Level 3	Total
31 December 2018	RM'000	RM'000	RM'000	RM'000
<u>Financial assets</u>				
Financial assets at FVTPL	55,642	-	-	55,642
- quoted securities	55,642	-	-	55,642
Financial investments FVOCI	-	711,087	30,840	741,927
- money market instruments	-	290,965	-	290,965
- unquoted securities	-	420,122	30,840	450,962
Derivative assets	-	74	-	74
	<u>55,642</u>	<u>711,161</u>	<u>30,840</u>	<u>797,643</u>
<u>Financial liabilities</u>				
Derivative liabilities	<u>3,887</u>	<u>54</u>	<u>-</u>	<u>3,941</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

35 Fair Value of Financial Instruments (cont'd)

Valuation techniques and sensitivity analysis

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 are 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 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.

Reconciliation of movements in Level 3 financial instruments

The following represents the changes in Level 3 instruments for the financial period/year ended 31 March 2019 and 31 December 2018 for the Group and the Bank:

	Group		Bank	
	As at 31 March 2019	As at 31 December 2018	As at 31 March 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
<u>Financial assets at FVTPL</u>				
Balance as at the beginning of the financial year	437,275	359,859	-	-
Total gain recognised in income statements				
- other operating income	2,436	34,047	-	-
Purchases	2,122	44,508	-	-
Settlements	(790)	(10,660)	-	-
Exchange differences	(5,310)	9,521	-	-
Balance as at the end of the financial period/year	435,733	437,275	-	-

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

35 Fair Value of Financial Instruments (cont'd)

Reconciliation of movements in Level 3 financial instruments (cont'd)

The following represents the changes in Level 3 instruments for the financial period/year ended 31 March 2019 and 31 December 2018 for the Group and the Bank: (cont'd)

	Group		Bank	
	As at 31 March 2019	As at 31 December 2018	As at 31 March 2019	As at 31 December 2018
	RM'000	RM'000	RM'000	RM'000
<u>Financial assets at FVOCI</u>				
Balance as at the beginning of the financial year				
- As previously reported	37,056	-	30,840	-
- Effect of adoption of MFRS 9	-	33,078	-	30,280
- As restated	37,056	33,078	30,840	30,280
Total gains recognised in other comprehensive income	-	3,973	-	560
Exchange differences	2	5	-	-
Balance as at the end of financial period/year	37,058	37,056	30,840	30,840

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

36 Segment 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 RHB Banking Group's 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) Investment Banking

Investment banking provides services for advisory, fund raising in the structuring and issuance of debt securities and capital market instruments, mergers and acquisitions, private placements, underwriting, initial public offerings of equity related instruments, private placements and underwriting. This segment also covers facilities for equity share trading in local and foreign markets, share margin financing, futures broking products and services and custodian and nominees services.

Included in Investment Banking are Stockbroking and Investment Banking products and services to RHB regional customers in Singapore, Hong Kong, Indonesia and Thailand.

(b) Treasury

Treasury and money market operations are involved in non-proprietary trading of various financial products that include short-term money market instruments, long term securities and foreign exchange and derivatives products, as well as funding centre.

Treasury includes treasury operations in Malaysia, Singapore, Indonesia and Thailand.

(c) Asset Management

Asset Management business focuses on providing investment management services, unit trust fund management services, Islamic funds management services, wills and trustee services.

Asset Management consists of the Group's Asset Management and Trustee businesses, which includes overseas business operations in Singapore, Hong Kong and Indonesia.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

36 Segment Reporting (cont'd)

Segment Profit and Loss for the Three Months Ended 31 March 2019

<u>Group</u>	Investment Banking	Treasury	Asset Management	Others and Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	148,124	21,127	40,307	-	209,558
Inter-segment revenue	784	-	(431)	(353)	-
Segment revenue	148,908	21,127	39,876	(353)	209,558
Overhead expenses	(124,866)	(4,776)	(24,204)	353	(153,493)
Including:					
Depreciation of property, plant and equipment	(4,024)	-	(348)	-	(4,372)
Amortisation of other intangible assets	(2,939)	(103)	(185)	-	(3,227)
Allowance (made)/written back for expected credit losses	(2,728)	91	(57)	-	(2,694)
	21,314	16,442	15,615	-	53,371
Share of results of associates					74
Share of results of joint ventures					(30)
Profit before taxation					53,415
Taxation					(13,024)
Net profit for the financial period					40,391

Segment Assets and Liabilities as at 31 March 2019

<u>Group</u>	Investment Banking	Treasury	Asset Management	Others and Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	4,917,226	3,192,757	766,319	(1,233,052)	7,643,250
Goodwill	385,359	-	143,367	-	528,726
Investments in associates and joint ventures					14,880
Tax recoverable					33,584
Deferred tax assets					11,187
Total assets					8,231,627
Segment liabilities	1,700,815	2,650,003	442,337	(92,973)	4,700,182
Tax liabilities					4,608
Deferred tax liabilities					3,419
Borrowings					840,363
Subordinated obligations					409,121
Total liabilities					5,957,693

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

36 Segment Reporting (cont'd)

Segment Profit and Loss for the Three Months Ended 31 March 2018

<u>Group</u>	<u>Investment Banking</u>	<u>Treasury</u>	<u>Asset Management</u>	<u>Others and Elimination</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	181,745	51,709	38,179	-	271,633
Inter-segment revenue	3,673	92	(472)	(3,293)	-
Segment revenue	185,418	51,801	37,707	(3,293)	271,633
Overhead expenses	(152,922)	(8,084)	(24,346)	93	(185,259)
Including:					
Depreciation of property, plant and equipment	(4,572)	(4)	(243)	-	(4,819)
Amortisation of other intangible assets	(2,721)	(104)	(164)	-	(2,989)
Allowance (made)/written back for expected credit losses	(2,708)	(160)	28	-	(2,840)
	29,788	43,557	13,389	(3,200)	83,534
Share of results of associates					87
Share of results of joint ventures					(9)
Profit before taxation					83,612
Taxation					(17,211)
Net profit for the financial period					66,401

Segment Assets and Liabilities as at 31 December 2018

<u>Group</u>	<u>Investment Banking</u>	<u>Treasury</u>	<u>Asset Management</u>	<u>Others and Elimination</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	4,514,594	3,191,520	641,954	(1,187,999)	7,160,069
Goodwill	380,544	-	143,367	-	523,911
Investments in associates and joint ventures					30,646
Tax recoverable					24,654
Deferred tax assets					19,610
Total assets					7,758,890
Segment liabilities	1,130,855	2,862,240	330,815	(89,987)	4,233,923
Tax liabilities					6,288
Deferred tax liabilities					2,072
Borrowings					882,969
Subordinated obligations					404,263
Total liabilities					5,529,515

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

37 Changes in Accounting Policies

The Group and the Bank have adopted MFRS 16 'Leases' issued by the 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 were ranging from 1.5% to 11.5% and at 4.1% respectively.

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

	As previously reported	Effect of full adoption of MFRS 16	As restated
	RM'000	RM'000	RM'000
Group			
Deferred tax assets	19,610	17	19,627
Rights-of-use	-	24,304	24,304
Lease liabilities	-	25,410	25,410
Retained profits	561,695	(1,082)	560,613
Non-controlling interests	10,039	(7)	10,032
Bank			
Deferred tax assets	5,832	15	5,847
Rights-of-use	-	2,507	2,507
Lease liabilities	-	2,568	2,568
Retained profits	558,690	(46)	558,644

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (cont'd)

37 Changes in Accounting Policies (cont'd)

(2) Operating lease commitment reconciliation

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

	Group	Bank
	RM'000	RM'000
Operating lease commitments disclosed as at 31 December 2018	69,168	21,083
(Less) : Contracts excluded as not within MFRS 16	(34,848)	(18,401)
(Less) : Short-term leases recognised on a straight-line basis as expense	(7,702)	-
	26,618	2,682
 Lease liabilities recognised as at 1 January 2019	25,410	2,568