

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2019**

|  | Note | Group                           |                                     | Bank                            |                                     |
|--|------|---------------------------------|-------------------------------------|---------------------------------|-------------------------------------|
|  |      | As at<br>30 June 2019<br>RM'000 | As at<br>31 December 2018<br>RM'000 | As at<br>30 June 2019<br>RM'000 | As at<br>31 December 2018<br>RM'000 |
| <b>ASSETS</b>  |      |                                 |                                     |                                 |                                     |
| Cash and short term funds  |      | 1,720,356                       | 1,859,024                           | 1,036,794                       | 1,192,584                           |
| Deposits and placements with banks<br>and other financial institutions         |      | 190,816                         | 90,449                              | -                               | -                                   |
| Financial assets at fair value through<br>profit or loss ('FVTPL')             | 8    | 948,567                         | 743,221                             | 70,688                          | 55,642                              |
| Financial assets at fair value through<br>other comprehensive income ('FVOCI') | 9    | 756,937                         | 750,225                             | 748,583                         | 741,927                             |
| Financial investments at amortised costs                                       | 10   | 922,306                         | 867,307                             | 922,306                         | 867,307                             |
| Loans and advances   | 11   | 1,829,383                       | 1,600,323                           | 1,209,406                       | 1,031,270                           |
| Clients' and brokers' balances   | 12   | 808,550                         | 943,057                             | 413,310                         | 526,757                             |
| Other assets   | 13   | 194,762                         | 154,321                             | 29,988                          | 25,622                              |
| Derivative assets  |      | 2,881                           | 74                                  | 2,881                           | 74                                  |
| Statutory deposits   |      | 67,065                          | 64,414                              | 63,000                          | 60,300                              |
| Tax recoverable  |      | 33,405                          | 24,654                              | 30,494                          | 21,397                              |
| Deferred tax assets  |      | 10,910                          | 19,610                              | -                               | 5,832                               |
| Investments in subsidiaries  |      | -                               | -                                   | 1,221,133                       | 1,182,229                           |
| Investments in associates<br>and joint ventures                                |      | 14,836                          | 30,646                              | 5,028                           | 21,057                              |
| Property, plant and equipment  |      | 36,908                          | 40,044                              | 19,125                          | 20,104                              |
| Goodwill and other intangible assets   |      | 576,371                         | 571,521                             | 398,939                         | 399,450                             |
| Right-of-use ('ROU')   |      | 19,925                          | -                                   | 2,365                           | -                                   |
| <b>TOTAL ASSETS</b>  |      | <b>8,133,978</b>                | <b>7,758,890</b>                    | <b>6,174,040</b>                | <b>6,151,552</b>                    |
| <b>LIABILITIES AND EQUITY</b>  |      |                                 |                                     |                                 |                                     |
| Deposits from customers  | 14   | 1,286,773                       | 1,030,614                           | 1,286,773                       | 1,030,614                           |
| Deposits and placements of banks<br>and other financial institutions           | 15   | 1,670,412                       | 1,834,820                           | 1,670,412                       | 1,834,820                           |
| Bills and acceptances payable  |      | 85,040                          | 44,536                              | -                               | -                                   |
| Clients' and brokers' balances   |      | 875,885                         | 832,160                             | 502,247                         | 619,201                             |
| Other liabilities  | 16   | 523,561                         | 415,261                             | 181,380                         | 172,243                             |
| Lease liabilities  |      | 20,721                          | -                                   | 2,420                           | -                                   |
| Derivative liabilities   |      | 7,018                           | 5,917                               | 6,133                           | 3,941                               |
| Puttable financial instruments   |      | 336                             | 70,615                              | -                               | -                                   |
| Tax liabilities  |      | 3,736                           | 6,288                               | -                               | -                                   |
| Deferred tax liabilities   |      | 3,747                           | 2,072                               | 1,946                           | -                                   |
| Borrowings   |      | 962,376                         | 882,969                             | -                               | -                                   |
| Subordinated obligations   |      | 404,209                         | 404,263                             | 404,209                         | 404,263                             |
| <b>TOTAL LIABILITIES</b>   |      | <b>5,843,814</b>                | <b>5,529,515</b>                    | <b>4,055,520</b>                | <b>4,065,082</b>                    |
| Share capital  |      | 1,487,773                       | 1,487,773                           | 1,487,773                       | 1,487,773                           |
| Reserves   |      | 791,722                         | 731,563                             | 630,747                         | 598,697                             |
|  |      | 2,279,495                       | 2,219,336                           | 2,118,520                       | 2,086,470                           |
| Non-controlling interests  |      | 10,669                          | 10,039                              | -                               | -                                   |
| <b>TOTAL EQUITY</b>  |      | <b>2,290,164</b>                | <b>2,229,375</b>                    | <b>2,118,520</b>                | <b>2,086,470</b>                    |
| <b>TOTAL LIABILITIES AND EQUITY</b>  |      | <b>8,133,978</b>                | <b>7,758,890</b>                    | <b>6,174,040</b>                | <b>6,151,552</b>                    |
| <b>COMMITMENTS AND CONTINGENCIES</b>   | 26   | <b>1,594,734</b>                | <b>1,472,872</b>                    | <b>680,268</b>                  | <b>553,804</b>                      |

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 SIX MONTHS ENDED 30 JUNE 2019**

| <u>Group</u>  | Note | 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        |
| Interest income   | 17   | 61,238            | 56,261          | 120,121          | 116,137       |
| Interest expense  | 18   | (42,646)          | (41,175)        | (86,382)         | (81,256)      |
| Net interest income   |      | 18,592            | 15,086          | 33,739           | 34,881        |
| Fee and commission income                                   | 19   | 171,898           | 170,119         | 357,801          | 369,973       |
| Fee and commission expense                                  | 20   | (53,494)          | (40,067)        | (94,179)         | (89,967)      |
| Other operating income                                      | 21   | 51,819            | 23,000          | 101,011          | 123,972       |
|   |      | 188,815           | 168,138         | 398,372          | 438,859       |
| Other operating expenses                                    | 22   | (165,909)         | (171,347)       | (319,401)        | (355,694)     |
| Operating profit/(loss) before allowances                   |      | 22,906            | (3,209)         | 78,971           | 83,165        |
| Allowance written back/(made) for<br>expected credit losses | 23   | 910               | (3,284)         | (1,784)          | (6,124)       |
|   |      | 23,816            | (6,493)         | 77,187           | 77,041        |
| Share of results of associates                              |      | 4,762             | 112             | 4,836            | 199           |
| Share of results of joint ventures                          |      | -                 | 47              | (30)             | 38            |
| <b>Profit/(Loss) before taxation</b>                        |      | <b>28,578</b>     | <b>(6,334)</b>  | <b>81,993</b>    | <b>77,278</b> |
| Taxation  |      | (34,474)          | (7,682)         | (47,498)         | (24,893)      |
| <b>Net (loss)/profit for the financial period</b>           |      | <b>(5,896)</b>    | <b>(14,016)</b> | <b>34,495</b>    | <b>52,385</b> |
| (Loss)/Profit attributable to:                              |      |                   |                 |                  |               |
| Equity holder of the Bank                                   |      | (6,242)           | (14,238)        | 33,872           | 51,938        |
| Non-controlling interests                                   |      | 346               | 222             | 623              | 447           |
|   |      | (5,896)           | (14,016)        | 34,495           | 52,385        |
| Basic (loss)/earnings per share (sen)                       | 24   | (6.2)             | (14.2)          | 33.9             | 51.9          |

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

| <b>Group</b>  | <b>2nd Quarter Ended</b> |                     | <b>Six Months Ended</b> |                     |
|---|--------------------------|---------------------|-------------------------|---------------------|
|   | <b>30 June 2019</b>      | <b>30 June 2018</b> | <b>30 June 2019</b>     | <b>30 June 2018</b> |
|   | <b>RM'000</b>            | <b>RM'000</b>       | <b>RM'000</b>           | <b>RM'000</b>       |
| Net (loss)/profit for the financial period                              | <b>(5,896)</b>           | (14,016)            | <b>34,495</b>           | 52,385              |
| Other comprehensive income in respect of:                               |                          |                     |                         |                     |
| (a) Item that will not be reclassified to income statements:            |                          |                     |                         |                     |
| (i) Actuarial gain/(loss) on defined benefit plan of subsidiaries       | <b>23</b>                | 1,450               | <b>(2,176)</b>          | 1,265               |
| (ii) Financial assets at FVOCI, equity instruments:                     |                          |                     |                         |                     |
| - Unrealised net gain on revaluation                                    | <b>1,985</b>             | 3,748               | <b>1,931</b>            | 3,759               |
| - Net gain on disposal  | -                        | -                   | <b>5,370</b>            | 1                   |
| (b) Items that will be reclassified subsequently to income statements:  |                          |                     |                         |                     |
| (i) Foreign currency translation reserve                                |                          |                     |                         |                     |
| - Currency translation differences                                      | <b>13,431</b>            | 2,833               | <b>15,341</b>           | (23,980)            |
| - Net investment hedge  | <b>3,663</b>             | (1,723)             | <b>1,570</b>            | 6,788               |
| (ii) Financial assets at FVOCI, debt instruments:                       |                          |                     |                         |                     |
| - Unrealised net gain/(loss) on revaluation                             | <b>4,607</b>             | (3,450)             | <b>9,270</b>            | (3,628)             |
| - Net transfer to income statements on disposal                         | -                        | -                   | -                       | 1                   |
| Income tax relating to components of other comprehensive (income)/loss  | <b>(1,583)</b>           | 732                 | <b>(3,923)</b>          | 772                 |
| Other comprehensive income/(loss), net of tax, for the financial period | <b>22,126</b>            | 3,590               | <b>27,383</b>           | (15,022)            |
| Total comprehensive income/(loss) for the financial period              | <b>16,230</b>            | (10,426)            | <b>61,878</b>           | 37,363              |
| Total comprehensive income/(loss) attributable to:                      |                          |                     |                         |                     |
| Equity holder of the Bank   | <b>15,593</b>            | (11,312)            | <b>61,241</b>           | 36,384              |
| Non-controlling interests   | <b>637</b>               | 886                 | <b>637</b>              | 979                 |
|   | <b>16,230</b>            | (10,426)            | <b>61,878</b>           | 37,363              |

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

| <b>Bank</b>  | <b>Note</b> | <b>2nd Quarter Ended</b> |                     | <b>Six Months Ended</b> |                     |
|--|-------------|--------------------------|---------------------|-------------------------|---------------------|
|  |             | <b>30 June 2019</b>      | <b>30 June 2018</b> | <b>30 June 2019</b>     | <b>30 June 2018</b> |
|  |             | <b>RM'000</b>            | <b>RM'000</b>       | <b>RM'000</b>           | <b>RM'000</b>       |
| Interest income                                      | 17          | 44,494                   | 40,929              | 87,428                  | 85,715              |
| Interest expense                                     | 18          | (32,251)                 | (33,095)            | (66,073)                | (65,957)            |
| Net interest income                                  |             | 12,243                   | 7,834               | 21,355                  | 19,758              |
| Fee and commission income                            | 19          | 55,232                   | 57,698              | 133,386                 | 134,341             |
| Fee and commission expense                           | 20          | (2,323)                  | (1,363)             | (3,548)                 | (2,622)             |
| Other operating income                               | 21          | 29,642                   | 21,576              | 54,849                  | 96,801              |
|  |             | 94,794                   | 85,745              | 206,042                 | 248,278             |
| Other operating expenses                             | 22          | (75,127)                 | (78,065)            | (146,630)               | (177,382)           |
| Operating profit before allowances                   |             | 19,667                   | 7,680               | 59,412                  | 70,896              |
| Allowance written back for<br>expected credit losses | 23          | 621                      | 1,068               | 888                     | 997                 |
| <b>Profit before taxation</b>                        |             | <b>20,288</b>            | <b>8,748</b>        | <b>60,300</b>           | <b>71,893</b>       |
| Taxation   |             | (31,305)                 | (4,935)             | (42,056)                | (18,611)            |
| <b>Net (loss)/profit for the financial period</b>    |             | <b>(11,017)</b>          | <b>3,813</b>        | <b>18,244</b>           | <b>53,282</b>       |

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

| <b>Bank</b>   | <b>2nd Quarter Ended</b> |                     | <b>Six Months Ended</b> |                     |
|---|--------------------------|---------------------|-------------------------|---------------------|
|   | <b>30 June 2019</b>      | <b>30 June 2018</b> | <b>30 June 2019</b>     | <b>30 June 2018</b> |
|   | <b>RM'000</b>            | <b>RM'000</b>       | <b>RM'000</b>           | <b>RM'000</b>       |
| Net (loss)/profit for the financial period                              | <b>(11,017)</b>          | 3,813               | <b>18,244</b>           | 53,282              |
| Other comprehensive income in respect of:                               |                          |                     |                         |                     |
| (a) Item that will not be reclassified to income statement:             |                          |                     |                         |                     |
| (i) Financial assets at FVOCI, equity instruments:                      |                          |                     |                         |                     |
| - Unrealised net gain on revaluation                                    | <b>1,891</b>             | 560                 | <b>1,891</b>            | 560                 |
| - Net gain on disposal  | -                        | -                   | <b>5,370</b>            | -                   |
| (b) Items that will be reclassified subsequently to income statement:   |                          |                     |                         |                     |
| (i) Financial assets at FVOCI, debt instruments:                        |                          |                     |                         |                     |
| - Unrealised net gain/(loss) on revaluation                             | <b>4,607</b>             | (3,455)             | <b>9,270</b>            | (3,628)             |
| - Net transfer to income statement on disposal                          | -                        | -                   | -                       | 1                   |
| Income tax relating to components of other comprehensive (income)/loss  | <b>(1,560)</b>           | 695                 | <b>(2,679)</b>          | 736                 |
| Other comprehensive income/(loss), net of tax, for the financial period | <b>4,938</b>             | (2,200)             | <b>13,852</b>           | (2,331)             |
| Total comprehensive (loss)/income for the financial period              | <b>(6,079)</b>           | 1,613               | <b>32,096</b>           | 50,951              |

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

Attributable to the Equity Holder of the Bank

| Group  | Note | 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           |
| <b>Balance as at 1 January 2019</b>                              |      |                  |                    |                |                      |                     |                  |                  |                           |                  |
| - 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                                  | 38   | -                | -                  | -              | -                    | -                   | (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                              |      | -                | -                  | -              | -                    | -                   | 33,872           | 33,872           | 623                       | 34,495           |
| Foreign currency translation reserve:-                           |      |                  |                    |                |                      |                     |                  |                  |                           |                  |
| - Currency translation differences                               |      | -                | -                  | (1)            | 15,297               | -                   | -                | 15,296           | 45                        | 15,341           |
| - Net investment hedge   |      | -                | -                  | -              | 1,570                | -                   | -                | 1,570            | -                         | 1,570            |
| Financial assets at FVOCI:-                                      |      |                  |                    |                |                      |                     |                  |                  |                           |                  |
| - Equity instruments   |      |                  |                    |                |                      |                     |                  |                  |                           |                  |
| - Unrealised net gain on revaluation                             |      | -                | -                  | 1,923          | -                    | -                   | -                | 1,923            | 8                         | 1,931            |
| - Net gain on disposal   |      | -                | -                  | -              | -                    | -                   | 5,370            | 5,370            | -                         | 5,370            |
| - Debt instruments   |      |                  |                    |                |                      |                     |                  |                  |                           |                  |
| - Unrealised net gain on revaluation                             |      | -                | -                  | 9,270          | -                    | -                   | -                | 9,270            | -                         | 9,270            |
| Actuarial loss on defined benefit plan of subsidiaries           |      | -                | -                  | -              | -                    | -                   | (2,147)          | (2,147)          | (29)                      | (2,176)          |
| Income tax relating to components of other comprehensive income  |      | -                | -                  | (2,718)        | -                    | -                   | (1,195)          | (3,913)          | (10)                      | (3,923)          |
| Other comprehensive income, net of tax, for the financial period |      | -                | -                  | 8,474          | 16,867               | -                   | 2,028            | 27,369           | 14                        | 27,383           |
| Total comprehensive income for the financial period              |      | -                | -                  | 8,474          | 16,867               | -                   | 35,900           | 61,241           | 637                       | 61,878           |
| Transfer from regulatory reserves                                |      | -                | -                  | -              | -                    | (1,276)             | 1,276            | -                | -                         | -                |
| <b>Balance as at 30 June 2019</b>                                |      | <b>1,487,773</b> | <b>513</b>         | <b>31,963</b>  | <b>130,002</b>       | <b>31,455</b>       | <b>597,789</b>   | <b>2,279,495</b> | <b>10,669</b>             | <b>2,290,164</b> |

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2018**

**Attributable to Equity Holder of the Bank**

| <b>Group</b>  | <b>Share capital</b> | <b>Statutory reserves</b> | <b>FVOCI reserves</b> | <b>Translation reserves</b> | <b>Regulatory reserves</b> | <b>Retained profits</b> | <b>Total</b>  | <b>Non-controlling interests</b> | <b>Total</b>  |
|---|----------------------|---------------------------|-----------------------|-----------------------------|----------------------------|-------------------------|---------------|----------------------------------|---------------|
|   | <b>RM'000</b>        | <b>RM'000</b>             | <b>RM'000</b>         | <b>RM'000</b>               | <b>RM'000</b>              | <b>RM'000</b>           | <b>RM'000</b> | <b>RM'000</b>                    | <b>RM'000</b> |
| 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                                     | -                    | -                         | -                     | -                           | -                          | 51,938                  | 51,938        | 447                              | 52,385        |
| Foreign currency translation reserve:-                                  |                      |                           |                       |                             |                            |                         |               |                                  |               |
| - Currency translation differences                                      | -                    | -                         | 3                     | (23,863)                    | -                          | -                       | (23,860)      | (120)                            | (23,980)      |
| - Net investment hedge  | -                    | -                         | -                     | 6,788                       | -                          | -                       | 6,788         | -                                | 6,788         |
| Financial assets at FVOCI:-   |                      |                           |                       |                             |                            |                         |               |                                  |               |
| - Equity instruments  |                      |                           |                       |                             |                            |                         |               |                                  |               |
| - Unrealised net gain on revaluation                                    | -                    | -                         | 3,112                 | -                           | -                          | -                       | 3,112         | 647                              | 3,759         |
| - Net (loss)/gain on disposal   | -                    | -                         | (31)                  | -                           | -                          | 26                      | (5)           | 6                                | 1             |
| - Debt instruments  |                      |                           |                       |                             |                            |                         |               |                                  |               |
| - Unrealised net loss on revaluation                                    | -                    | -                         | (3,628)               | -                           | -                          | -                       | (3,628)       | -                                | (3,628)       |
| - Net transfer to income statements on disposal                         | -                    | -                         | 1                     | -                           | -                          | -                       | 1             | -                                | 1             |
| 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           | -                    | -                         | 772                   | -                           | -                          | -                       | 772           | -                                | 772           |
| Other comprehensive income/(loss), net of tax, for the financial period | -                    | -                         | 229                   | (17,075)                    | -                          | 1,292                   | (15,554)      | 532                              | (15,022)      |
| Total comprehensive income/(loss) for the financial period              | -                    | -                         | 229                   | (17,075)                    | -                          | 53,230                  | 36,384        | 979                              | 37,363        |
| Transfer to regulatory reserves   | -                    | -                         | -                     | -                           | 5,171                      | (5,171)                 | -             | -                                | -             |
| Dividend paid to non-controlling interest                               | -                    | -                         | -                     | -                           | -                          | -                       | -             | (800)                            | (800)         |
| Balance as at 30 June 2018  | 1,487,773            | 513                       | 19,944                | 94,822                      | 39,367                     | 613,925                 | 2,256,344     | 9,374                            | 2,265,718     |

*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 SIX MONTHS ENDED 30 JUNE 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         |                  |
| <b>Balance as at 1 January 2019</b>                              |      |                   |                |                     |                |                  |
| - As previously reported   |      | 1,487,773         | 20,853         | 19,154              | 558,690        | 2,086,470        |
| - Effect of adoption of MFRS 16                                  | 38   | -                 | -              | -                   | (46)           | (46)             |
| - As restated  |      | 1,487,773         | 20,853         | 19,154              | 558,644        | 2,086,424        |
| Net profit for the financial period                              |      | -                 | -              | -                   | 18,244         | 18,244           |
| Financial assets at FVOCI, equity instruments:                   |      |                   |                |                     |                |                  |
| - Unrealised net gain on revaluation                             |      | -                 | 1,891          | -                   | -              | 1,891            |
| - Net gain on disposal   |      | -                 | -              | -                   | 5,370          | 5,370            |
| Financial assets at FVOCI, debt instruments:                     |      |                   |                |                     |                |                  |
| - Unrealised net gain on revaluation                             |      | -                 | 9,270          | -                   | -              | 9,270            |
| Income tax relating to components of other comprehensive income  |      | -                 | (2,679)        | -                   | -              | (2,679)          |
| Other comprehensive income, net of tax, for the financial period |      | -                 | 8,482          | -                   | 5,370          | 13,852           |
| Total comprehensive income for the financial period              |      | -                 | 8,482          | -                   | 23,614         | 32,096           |
| Transfer from regulatory reserves                                |      | -                 | -              | (1,052)             | 1,052          | -                |
| <b>Balance as at 30 June 2019</b>                                |      | <b>1,487,773</b>  | <b>29,335</b>  | <b>18,102</b>       | <b>583,310</b> | <b>2,118,520</b> |

*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 SIX MONTHS ENDED 30 JUNE 2018**

| <b>Bank</b>  | Non-Distributable    |                       |                            | Distributable           | <b>Total</b>  |
|--|----------------------|-----------------------|----------------------------|-------------------------|---------------|
|  | <b>Share capital</b> | <b>FVOCI reserves</b> | <b>Regulatory reserves</b> | <b>Retained profits</b> |               |
|  | <b>RM'000</b>        | <b>RM'000</b>         | <b>RM'000</b>              | <b>RM'000</b>           | <b>RM'000</b> |
| 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                            | -                    | -                     | -                          | 53,282                  | 53,282        |
| Financial assets at FVOCI, equity instruments:                 |                      |                       |                            |                         |               |
| - Unrealised net gain on revaluation                           | -                    | 560                   | -                          | -                       | 560           |
| Financial assets at FVOCI, debt instruments:                   |                      |                       |                            |                         |               |
| - Unrealised net loss on revaluation                           | -                    | (3,628)               | -                          | -                       | (3,628)       |
| - Net transfer to income statements on disposal                | -                    | 1                     | -                          | -                       | 1             |
| Income tax relating to components of other comprehensive loss  | -                    | 736                   | -                          | -                       | 736           |
| Other comprehensive loss, net of tax, for the financial period | -                    | (2,331)               | -                          | -                       | (2,331)       |
| Total comprehensive (loss)/income for the financial period     | -                    | (2,331)               | -                          | 53,282                  | 50,951        |
| Transfer from regulatory reserves                              | -                    | -                     | (1,733)                    | 1,733                   | -             |
| Balance as at 30 June 2018                                     | 1,487,773            | 17,291                | 21,118                     | 845,734                 | 2,371,916     |

*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 CONDENSED 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       |
| <b>Group</b>  |                  |              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                  |              |
| Profit before taxation  | 81,993           | 77,278       |
| Adjustments for non-operating and non-cash items:-  | (43,412)         | (52,141)     |
| Operating profit before working capital changes   | 38,581           | 25,137       |
| Changes in working capital:   |                  |              |
| Net changes in operating assets   | (352,860)        | 330,681      |
| Net changes in operating liabilities  | 170,689          | (934,964)    |
| Cash used in operations   | (143,590)        | (579,146)    |
| Taxation paid   | (52,132)         | (7,726)      |
| Net cash used in operating activities   | (195,722)        | (586,872)    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                  |              |
| Net purchase of financial assets at FVOCI and financial investments at amortised costs                      | (49,479)         | (90,060)     |
| 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 | 31,042           | 25,569       |
| Property, plant and equipment   |                  |              |
| - Purchase  | (5,545)          | (5,811)      |
| - Proceeds from disposal  | 453              | 1            |
| Purchase of other intangible assets   | (6,278)          | (3,429)      |
| Acquisition of a subsidiary, net of cash and cash equivalents acquired                                      | 10,710           | -            |
| Dividend income received from financial assets at FVTPL and FVOCI   | 19,435           | 4,303        |
| Dividend income received from an associate  | 4,806            | 1,041        |
| Net cash generated from/(used in) investing activities  | 10,514           | (68,386)     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                  |              |
| Net drawdown of borrowings  | 65,811           | 124,273      |
| Borrowings interest paid  | (19,275)         | (14,168)     |
| Subordinated obligations interest paid  | (9,823)          | (9,823)      |
| Dividend paid to non-controlling interest   | -                | (800)        |
| Net cash generated from financing activities  | 36,713           | 99,482       |
| Net decrease in cash and cash equivalents   | (148,495)        | (555,776)    |
| Effects of exchange rate differences  | 9,620            | (8,945)      |
| Cash and cash equivalents   |                  |              |
| - at the beginning of the financial period  | 1,859,445        | 2,471,578    |
| - at the end of the financial period  | 1,720,570        | 1,906,857    |
| <b>ANALYSIS OF CASH AND CASH EQUIVALENTS:</b>   |                  |              |
| Cash and short term funds before expected credit losses ('ECL')   | 1,720,570        | 1,906,857    |
| Less: Allowance for ECL   | (214)            | (262)        |
| Cash and short-term funds, net of ECL   | 1,720,356        | 1,906,595    |

*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 SIX MONTHS ENDED 30 JUNE 2019**

|   | Six Months Ended |              |
|---|------------------|--------------|
|   | 30 June 2019     | 30 June 2018 |
|   | RM'000           | RM'000       |
| <b>Bank</b>   |                  |              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                  |              |
| Profit before taxation  | 60,300           | 71,893       |
| Adjustments for non-operating and non-cash items:-  | <b>(31,313)</b>  | (53,310)     |
| Operating profit before working capital changes   | <b>28,987</b>    | 18,583       |
| Changes in working capital:   |                  |              |
| Net changes in operating assets   | <b>(84,734)</b>  | 514,491      |
| Net changes in operating liabilities  | <b>(10,010)</b>  | (982,895)    |
| Cash used in operations   | <b>(65,757)</b>  | (449,821)    |
| Taxation paid   | <b>(46,039)</b>  | -            |
| Net cash used in operating activities   | <b>(111,796)</b> | (449,821)    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                  |              |
| Net purchase of financial assets at FVOCI and financial investments at amortised costs                      | <b>(50,343)</b>  | (97,310)     |
| Net gain from disposal of financial assets at FVOCI, equity instruments                                     | <b>5,370</b>     | -            |
| Interest income received from financial assets at FVTPL, FVOCI and financial investments at amortised costs | <b>30,861</b>    | 25,307       |
| Property, plant and equipment   |                  |              |
| - Purchase  | <b>(2,400)</b>   | (3,013)      |
| - Proceeds from disposal  | <b>152</b>       | -            |
| Purchase of other intangible assets   | <b>(2,445)</b>   | (1,656)      |
| Dividend income received from financial assets at FVTPL and FVOCI   | <b>1,102</b>     | 658          |
| Dividend income received from subsidiaries  | <b>-</b>         | 11,400       |
| Dividend income received from an associate  | <b>4,806</b>     | 1,041        |
| Acquisition of additional equity interest from joint venture  | <b>(21,400)</b>  | -            |
| Net cash used in investing activities   | <b>(34,297)</b>  | (63,573)     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                  |              |
| Subordinated obligations interest paid  | <b>(9,823)</b>   | (9,823)      |
| Net cash used in financing activities   | <b>(9,823)</b>   | (9,823)      |
| Net decrease in cash and cash equivalents   | <b>(155,916)</b> | (523,217)    |
| Cash and cash equivalents   |                  |              |
| - at the beginning of the financial period  | <b>1,192,739</b> | 1,795,452    |
| - at the end of the financial period  | <b>1,036,823</b> | 1,272,235    |
| <b>ANALYSIS OF CASH AND CASH EQUIVALENTS:</b>   |                  |              |
| Cash and short term funds before ECL  | <b>1,036,823</b> | 1,272,235    |
| Less: Allowance for ECL   | <b>(29)</b>      | (106)        |
| Cash and short-term funds, net of ECL   | <b>1,036,794</b> | 1,272,129    |

## NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 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 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 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 38.

### 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 six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 2019.

### 7 Dividends Paid

No dividend was paid by the Bank during the six months ended 30 June 2019.

RHB INVESTMENT BANK BERHAD (19663-P)  
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)

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

|   | Group                 |                           | Bank                  |                           |
|---|-----------------------|---------------------------|-----------------------|---------------------------|
|   | As at<br>30 June 2019 | As at<br>31 December 2018 | As at<br>30 June 2019 | As at<br>31 December 2018 |
|   | RM'000                | RM'000                    | RM'000                | RM'000                    |
| <b>At fair value</b>                    |                       |                           |                       |                           |
| <b><u>Money market instruments:</u></b> |                       |                           |                       |                           |
| Singapore Government Securities         | 7,049                 | -                         | -                     | -                         |
| <b><u>Quoted securities:</u></b>        |                       |                           |                       |                           |
| <b>In Malaysia</b>                      |                       |                           |                       |                           |
| Shares and exchange traded funds        | 32,982                | 20,158                    | 32,167                | 17,894                    |
| Unit trusts                             | 72,460                | 67,553                    | 9,393                 | 8,683                     |
| <b>Outside Malaysia</b>                 |                       |                           |                       |                           |
| Shares                                  | 346,510               | 190,576                   | -                     | 1,406                     |
| Unit trusts                             | 29,101                | 27,659                    | 29,101                | 27,659                    |
| <b><u>Unquoted securities:</u></b>      |                       |                           |                       |                           |
| <b>In Malaysia</b>                      |                       |                           |                       |                           |
| Corporate bonds/Sukuk                   | 27                    | -                         | 27                    | -                         |
| <b>Outside Malaysia</b>                 |                       |                           |                       |                           |
| Private equity funds                    | 460,438               | 437,275                   | -                     | -                         |
|   | <b>948,567</b>        | <b>743,221</b>            | <b>70,688</b>         | <b>55,642</b>             |

RHB INVESTMENT BANK BERHAD (19663-P)  
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)

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

|   | Group                           |                                     | Bank                            |                                     |
|---|---------------------------------|-------------------------------------|---------------------------------|-------------------------------------|
|   | As at<br>30 June 2019<br>RM'000 | As at<br>31 December 2018<br>RM'000 | As at<br>30 June 2019<br>RM'000 | As at<br>31 December 2018<br>RM'000 |
| <b>At fair value</b>  |                                 |                                     |                                 |                                     |
| (a) Debt instruments  | 715,852                         | 711,087                             | 715,852                         | 711,087                             |
| (b) Equity instruments  | 41,085                          | 39,138                              | 32,731                          | 30,840                              |
|   | <b>756,937</b>                  | <b>750,225</b>                      | <b>748,583</b>                  | <b>741,927</b>                      |
| <b>(a) Debt instruments</b>   |                                 |                                     |                                 |                                     |
| <b><u>Money market instruments:</u></b>   |                                 |                                     |                                 |                                     |
| Malaysian Government Securities   | 131,398                         | 128,725                             | 131,398                         | 128,725                             |
| Malaysian Government Investment Issues  | 49,387                          | 49,146                              | 49,387                          | 49,146                              |
| Khazanah bonds  | 44,819                          | 43,180                              | 44,819                          | 43,180                              |
| Sukuk Perumahan Kerajaan  | 71,025                          | 69,914                              | 71,025                          | 69,914                              |
| <b><u>Unquoted securities:</u></b>  |                                 |                                     |                                 |                                     |
| <b><u>In Malaysia</u></b>   |                                 |                                     |                                 |                                     |
| Corporate bonds/Sukuk   | 393,376                         | 394,661                             | 393,376                         | 394,661                             |
| Prasarana bonds   | 25,847                          | 25,461                              | 25,847                          | 25,461                              |
|   | <b>715,852</b>                  | <b>711,087</b>                      | <b>715,852</b>                  | <b>711,087</b>                      |
| There are no allowance for expected credit losses on FVOCI, debt instruments as all instruments are guaranteed by the Government of Malaysia. |                                 |                                     |                                 |                                     |
| <b>(b) Equity instruments</b>   |                                 |                                     |                                 |                                     |
| <b><u>Quoted securities:</u></b>  |                                 |                                     |                                 |                                     |
| <b><u>Outside Malaysia</u></b>  |                                 |                                     |                                 |                                     |
| Shares  | 2,123                           | 2,082                               | -                               | -                                   |
| <b><u>Unquoted securities:</u></b>  |                                 |                                     |                                 |                                     |
| <b><u>In Malaysia</u></b>   |                                 |                                     |                                 |                                     |
| Shares  | 38,653                          | 36,762                              | 32,731                          | 30,840                              |
| <b><u>Outside Malaysia</u></b>  |                                 |                                     |                                 |                                     |
| Shares  | 309                             | 294                                 | -                               | -                                   |
|   | <b>41,085</b>                   | <b>39,138</b>                       | <b>32,731</b>                   | <b>30,840</b>                       |

RHB INVESTMENT BANK BERHAD (19663-P)  
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)

10 Financial Investments at Amortised Costs

|   | As at<br>30 June 2019 | Group and Bank<br>As at<br>31 December 2018 |
|---|-----------------------|---|
|   | RM'000                | RM'000                                      |
| <b>At amortised cost</b>                |                       |   |
| <b><u>Money market instruments:</u></b> |                       |   |
| Malaysian Government Investment Issues  | 374,764               | 375,258                                     |
| Khazanah bonds                          | 12,260                | 12,025                                      |
| Wakala Global Sukuk                     | 8,592                 | 8,626                                       |
| <b><u>Unquoted Securities:</u></b>      |                       |   |
| <b>In Malaysia</b>                      |                       |   |
| Corporate bonds/Sukuk                   | 507,547               | 457,605                                     |
| Loan stocks                             | 26,048                | 26,163                                      |
| Prasarana bonds                         | 70,852                | 65,694                                      |
|   | <b>1,000,063</b>      | <b>945,371</b>                              |
| Allowance for expected credit losses    | <b>(77,757)</b>       | <b>(78,064)</b>                             |
|   | <b>922,306</b>        | <b>867,307</b>                              |

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

|  |               |               |
|--|---------------|---------------|
| Balance as at the beginning of the financial year  | 78,064        | 79,405        |
| Amount recovered                                   | (307)         | (1,341)       |
| Balance as at the end of the financial period/year | <b>77,757</b> | <b>78,064</b> |

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

| Group and Bank<br>30 June 2019                    | 12-month ECL<br>(Stage 1)<br>RM'000 | Lifetime ECL not<br>credit impaired<br>(Stage 2)<br>RM'000 | Lifetime ECL<br>credit impaired<br>(Stage 3)<br>RM'000 | Total<br>RM'000 |
|---|-------------------------------------|--|--|-----------------|
| Balance as at the beginning of the financial year | -                                   | -  | 78,064   | 78,064          |
| Net allowance written back                        | -                                   | -  | (307)  | (307)           |
| Balance as at the end of the financial period     | -                                   | -  | <b>77,757</b>  | <b>77,757</b>   |

**Group and Bank  
31 December 2018**

|   |   |   |               |               |
|---|---|---|---------------|---------------|
| Balance as at the beginning of the financial year | - | - | 79,405        | 79,405        |
| Net allowance written back                        | - | - | (1,341)       | (1,341)       |
| Balance as at the end of the financial year       | - | - | <b>78,064</b> | <b>78,064</b> |

RHB INVESTMENT BANK BERHAD (19663-P)  
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)

11 Loans and Advances

|  | Group                   |                           | Bank                    |                           |
|--|-------------------------|---------------------------|-------------------------|---------------------------|
|  | As at<br>30 June 2019   | As at<br>31 December 2018 | As at<br>30 June 2019   | As at<br>31 December 2018 |
|  | RM'000                  | RM'000                    | RM'000                  | RM'000                    |
| <b>(a) By type</b>                         |                         |                           |                         |                           |
| <b>At amortised cost</b>                   |                         |                           |                         |                           |
| Other term loans                           | 25,688                  | 28,792                    | 2                       | 2                         |
| Share margin financing                     | 1,823,386               | 1,590,125                 | 1,209,063               | 1,030,882                 |
| Staff loans                                | 342                     | 387                       | 342                     | 387                       |
| Gross loans and advances                   | <u>1,849,416</u>        | <u>1,619,304</u>          | <u>1,209,407</u>        | <u>1,031,271</u>          |
| Less: Allowance for expected credit losses | (20,033)                | (18,981)                  | (1)                     | (1)                       |
| Net loans and advances                     | <u><u>1,829,383</u></u> | <u><u>1,600,323</u></u>   | <u><u>1,209,406</u></u> | <u><u>1,031,270</u></u>   |
| <b>(b) By type of customer</b>             |                         |                           |                         |                           |
| Domestic non-bank financial institutions:  |                         |                           |                         |                           |
| - others                                   | 212                     | 94                        | 212                     | 94                        |
| Domestic business enterprises:             |                         |                           |                         |                           |
| - small and medium enterprises             | 208,918                 | 178,428                   | 208,918                 | 178,428                   |
| - others                                   | 102,047                 | 105,479                   | 102,047                 | 105,479                   |
| Individuals                                | 863,720                 | 715,581                   | 863,720                 | 715,581                   |
| Foreign entities                           | 674,519                 | 619,722                   | 34,510                  | 31,689                    |
|  | <u>1,849,416</u>        | <u>1,619,304</u>          | <u>1,209,407</u>        | <u>1,031,271</u>          |
| <b>(c) By geographical distribution</b>    |                         |                           |                         |                           |
| In Malaysia                                | 1,209,407               | 1,031,271                 | 1,209,407               | 1,031,271                 |
| Outside Malaysia                           |                         |                           |                         |                           |
| - Singapore                                | 253,831                 | 197,364                   | -                       | -                         |
| - Hong Kong                                | 59,805                  | 88,022                    | -                       | -                         |
| - Indonesia                                | 86,018                  | 128,069                   | -                       | -                         |
| - Thailand                                 | 240,355                 | 174,578                   | -                       | -                         |
|  | <u>1,849,416</u>        | <u>1,619,304</u>          | <u>1,209,407</u>        | <u>1,031,271</u>          |
| <b>(d) By interest rate sensitivity</b>    |                         |                           |                         |                           |
| Fixed rate:                                |                         |                           |                         |                           |
| - other fixed rate loans                   | 1,549,254               | 1,356,702                 | 1,209,405               | 1,031,269                 |
| Variable rate:                             |                         |                           |                         |                           |
| - base lending rate plus                   | 300,162                 | 262,602                   | 2                       | 2                         |
|  | <u>1,849,416</u>        | <u>1,619,304</u>          | <u>1,209,407</u>        | <u>1,031,271</u>          |



NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)

11 Loans and Advances (cont'd)

|                                | Group                 |                           | Bank                  |                           |
|--------------------------------|-----------------------|---------------------------|-----------------------|---------------------------|
|                                | As at<br>30 June 2019 | As at<br>31 December 2018 | As at<br>30 June 2019 | As at<br>31 December 2018 |
|                                | RM'000                | RM'000                    | RM'000                | RM'000                    |
| <b>(e) By purpose</b>          |                       |                           |                       |                           |
| Purchase of securities         | 1,849,072             | 1,618,916                 | 1,209,063             | 1,030,883                 |
| Purchase of transport vehicles | 6                     | 14                        | 6                     | 14                        |
| Purchase of landed property:   |                       |                           |                       |                           |
| - residential                  | 338                   | 374                       | 338                   | 374                       |
|                                | <u>1,849,416</u>      | <u>1,619,304</u>          | <u>1,209,407</u>      | <u>1,031,271</u>          |

**(f) By economic sector**

|  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|
| Agriculture, hunting, forestry and fishing             | 7,727            | 29,784           | 862              | 905              |
| Mining and quarrying                                   | 7,599            | 7,547            | 103              | 102              |
| Manufacturing  | 25,086           | 29,211           | 3,636            | 4,775            |
| Construction   | 13,796           | 12,931           | 2,016            | 1,357            |
| Wholesale and retail trade and restaurant<br>and hotel | 5,509            | 4,881            | 1,275            | 527              |
| Transport, storage and communication                   | 3,144            | 2,988            | 3,144            | 2,988            |
| Real estate  | 136,750          | 120,191          | 73,532           | 55,682           |
| Finance, insurance and business services               | 260,457          | 236,786          | 231,813          | 223,309          |
| Household sector                                       | 1,389,348        | 1,174,985        | 893,026          | 741,626          |
|  | <u>1,849,416</u> | <u>1,619,304</u> | <u>1,209,407</u> | <u>1,031,271</u> |

**(g) By remaining contractual maturities**

|                           |                  |                  |                  |                  |
|---------------------------|------------------|------------------|------------------|------------------|
| Maturity within one year  | 1,849,077        | 1,618,952        | 1,209,068        | 1,030,919        |
| One year to three years   | 12               | -                | 12               | -                |
| Three years to five years | -                | 14               | -                | 14               |
| Over five years           | 327              | 338              | 327              | 338              |
|                           | <u>1,849,416</u> | <u>1,619,304</u> | <u>1,209,407</u> | <u>1,031,271</u> |

**(h) By stages**

| Group<br>30 June 2019  | 12-month ECL<br>(Stage 1)<br>RM'000 | Lifetime ECL not<br>credit impaired<br>(Stage 2)<br>RM'000 | Lifetime ECL<br>credit impaired<br>(Stage 3)<br>RM'000 | Total<br>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)                        | 16,939                              | (14,029)   | (2,910)  | -                |
| Transfer in to Lifetime ECL not credit<br>impaired (Stage 2) | (11,106)                            | 11,106   | -  | -                |
| Transfer in to Lifetime ECL credit<br>impaired (Stage 3)     | (3,964)                             | -  | 3,964  | -                |
| Addition and origination                                     | 1,814,176                           | -  | -  | 1,814,176        |
| Derecognition  | (1,597,758)                         | (25)   | (111)  | (1,597,894)      |
| Exchanges differences  | 13,243                              | 19   | 568  | 13,830           |
| Balance as at the end of the financial period                | <u>1,827,827</u>                    | <u>88</u>  | <u>21,501</u>  | <u>1,849,416</u> |

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)**

**11 Loans and Advances (cont'd)**

**(h) By stages (cont'd)**

| <b>Group</b>   | <b>12-month ECL<br/>(Stage 1)</b> | <b>Lifetime ECL not<br/>credit impaired<br/>(Stage 2)</b> | <b>Lifetime ECL<br/>credit impaired<br/>(Stage 3)</b> | <b>Total</b>     |
|--|-----------------------------------|---|---|------------------|
| <b>31 December 2018</b>                                      | <b>RM'000</b>                     | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>    |
| Balance as at beginning of the financial year                | 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<br>impaired (Stage 2) | (52,805)                          | 52,824  | (19)  | -                |
| Transfer in to Lifetime ECL credit<br>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                  | <u>1,596,297</u>                  | <u>3,017</u>  | <u>19,990</u>   | <u>1,619,304</u> |
| <b>Bank</b>  |                                   |   |   |                  |
| <b>30 June 2019</b>  |                                   |   |   |                  |
| Balance as at beginning of the financial year                | 1,031,271                         | -   | -   | 1,031,271        |
| Transfer in to 12-month ECL (Stage 1)                        | 9,388                             | (7,185)   | (2,203)   | -                |
| Transfer in to Lifetime ECL not credit<br>impaired (Stage 2) | (7,266)                           | 7,266   | -   | -                |
| Transfer in to Lifetime ECL credit<br>impaired (Stage 3)     | (2,203)                           | -   | 2,203   | -                |
| Addition and origination                                     | 1,366,593                         | -   | -   | 1,366,593        |
| Derecognition  | (1,188,457)                       | -   | -   | (1,188,457)      |
| Balance as at the end of the financial period                | <u>1,209,326</u>                  | <u>81</u>   | <u>-</u>  | <u>1,209,407</u> |
| <b>Bank</b>  |                                   |   |   |                  |
| <b>31 December 2018</b>                                      |                                   |   |   |                  |
| Balance as at beginning of the financial year                | 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<br>impaired (Stage 2) | (38,536)                          | 38,536  | -   | -                |
| Transfer in to Lifetime ECL credit<br>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                  | <u>1,031,271</u>                  | <u>-</u>  | <u>-</u>  | <u>1,031,271</u> |

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)

11 Loans and Advances (cont'd)

|  | Group                           |                                     | Bank                            |                                     |
|--|---------------------------------|-------------------------------------|---------------------------------|-------------------------------------|
|  | As at<br>30 June 2019<br>RM'000 | As at<br>31 December 2018<br>RM'000 | As at<br>30 June 2019<br>RM'000 | As at<br>31 December 2018<br>RM'000 |
| <b>(i) Impaired loans and advances</b>   |                                 |                                     |                                 |                                     |
| <b>(i) By economic sector</b>            |                                 |                                     |                                 |                                     |
| Mining and quarrying                     | 7,496                           | 7,445                               | -                               | -                                   |
| Household sector                         | 14,005                          | 12,545                              | -                               | -                                   |
|  | <b>21,501</b>                   | <b>19,990</b>                       | <b>-</b>                        | <b>-</b>                            |
| <b>(ii) By geographical distribution</b> |                                 |                                     |                                 |                                     |
| Outside Malaysia:                        |                                 |                                     |                                 |                                     |
| - Singapore                              | 12,147                          | 11,323                              | -                               | -                                   |
| - Hong Kong                              | 28                              | 16                                  | -                               | -                                   |
| - Indonesia                              | 185                             | -                                   | -                               | -                                   |
| - Thailand                               | 9,141                           | 8,651                               | -                               | -                                   |
|  | <b>21,501</b>                   | <b>19,990</b>                       | <b>-</b>                        | <b>-</b>                            |

**(iii) Movement in allowance for expected credit losses**

| Group   | 12-month ECL<br>(Stage 1)<br>RM'000 | Lifetime ECL not<br>credit impaired<br>(Stage 2)<br>RM'000 | Lifetime ECL<br>credit impaired<br>(Stage 3)<br>RM'000 | Total<br>RM'000 |
|---|-------------------------------------|--|--|-----------------|
| <b>30 June 2019</b>                           |                                     |  |  |                 |
| Balance as at beginning of the financial year | 1                                   | -  | 18,980   | 18,981          |
| Net allowance made                            | -                                   | -  | 484  | 484             |
| Exchange differences                          | -                                   | -  | 568  | 568             |
| Balance as at the end of the financial period | <b>1</b>                            | <b>-</b>   | <b>20,032</b>  | <b>20,033</b>   |
| <b>31 December 2018</b>                       |                                     |  |  |                 |
| Balance as at beginning of the financial year | 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   | <b>1</b>                            | <b>-</b>   | <b>18,980</b>  | <b>18,981</b>   |

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 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<br>(Stage 1)<br>RM'000 | Lifetime ECL not<br>credit impaired<br>(Stage 2)<br>RM'000 | Lifetime ECL<br>credit impaired<br>(Stage 3)<br>RM'000 | Total<br>RM'000 |
|--|-------------------------------------|--|--|-----------------|
| <b>Bank</b>  |                                     |  |  |                 |
| <b>30 June 2019</b>  |                                     |  |  |                 |
| Balance as at beginning of the<br>financial year/end of financial period | 1                                   | -  | -  | 1               |
| <b>Bank</b>  |                                     |  |  |                 |
| <b>31 December 2018</b>  |                                     |  |  |                 |
| Balance as at beginning of the<br>financial year                         | 1                                   | -  | 5  | 6               |
| Net allowance written back   | -                                   | -  | (5)  | (5)             |
| Balance as at the end of the<br>financial year                           | 1                                   | -  | -  | 1               |

12 Clients' and Brokers' Balances

|   | Group                           |                                     | Bank                            |                                     |
|---|---------------------------------|-------------------------------------|---------------------------------|-------------------------------------|
|   | As at<br>30 June 2019<br>RM'000 | As at<br>31 December 2018<br>RM'000 | As at<br>30 June 2019<br>RM'000 | As at<br>31 December 2018<br>RM'000 |
| Amounts owing by clients                                | 551,304                         | 578,117                             | 252,470                         | 315,491                             |
| - Allowance for expected credit losses                  | (21,996)                        | (19,562)                            | (5,545)                         | (6,156)                             |
|   | <b>529,308</b>                  | <b>558,555</b>                      | <b>246,925</b>                  | <b>309,335</b>                      |
| Amounts owing by brokers                                | 101,177                         | 119,980                             | 68,540                          | 51,714                              |
| Amounts owing by clearing houses and<br>stock exchanges | 178,065                         | 264,522                             | 97,845                          | 165,708                             |
|   | <b>808,550</b>                  | <b>943,057</b>                      | <b>413,310</b>                  | <b>526,757</b>                      |

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 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<br>30 June 2019 | As at<br>31 December 2018 | As at<br>30 June 2019 | As at<br>31 December 2018 |
|  | RM'000                | RM'000                    | RM'000                | RM'000                    |
| Balance as at the beginning of the financial year  | 253                   | 642                       | -                     | -                         |
| Allowance for expected credit losses               | 299                   | 254                       | 4                     | 1                         |
| Derecognition                                      | (470)                 | (643)                     | (2)                   |                           |
| Exchange differences                               | 2                     | -                         | -                     | (1)                       |
| Balance as at the end of the financial period/year | <u>84</u>             | <u>253</u>                | <u>2</u>              | <u>-</u>                  |

(b) Credit impaired

|  |               |               |              |              |
|--|---------------|---------------|--------------|--------------|
| Balance as at the beginning of the financial year  | 19,309        | 31,240        | 6,156        | 6,809        |
| Allowance for expected credit losses               | 3,050         | 2,163         | 39           | 101          |
| Derecognition                                      | (948)         | (1,493)       | (652)        | (754)        |
| Amount written off                                 | -             | (12,820)      | -            | -            |
| Exchange differences                               | 501           | 219           | -            | -            |
| Balance as at the end of the financial period/year | <u>21,912</u> | <u>19,309</u> | <u>5,543</u> | <u>6,156</u> |

13 Other Assets

|   | Group                 |                           | Bank                  |                           |
|---|-----------------------|---------------------------|-----------------------|---------------------------|
|   | As at<br>30 June 2019 | As at<br>31 December 2018 | As at<br>30 June 2019 | As at<br>31 December 2018 |
|   | RM'000                | RM'000                    | RM'000                | RM'000                    |
| Other receivables                                 | 89,963                | 83,122                    | 18,031                | 14,651                    |
| Unit trust fee receivables                        | 25,862                | 23,231                    | -                     | -                         |
| Management fee receivables                        | 2,851                 | 2,666                     | -                     | -                         |
| Deposits  | 12,273                | 16,143                    | 3,296                 | 3,974                     |
| Prepayments                                       | 23,511                | 18,208                    | 7,012                 | 5,316                     |
| Amount receivable for release of units from funds | 37,980                | 10,447                    | -                     | -                         |
| Transferable memberships                          | 342                   | 342                       | 262                   | 262                       |
| Amount due from holding company                   | 1,968                 | 13                        | -                     | -                         |
| Amount due from subsidiaries                      | -                     | -                         | 1,375                 | 1,397                     |
| Amount due from related companies                 | 12                    | 149                       | 12                    | 22                        |
|   | <u>194,762</u>        | <u>154,321</u>            | <u>29,988</u>         | <u>25,622</u>             |

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)

14 Deposits from Customers

|  | Group                           |                                     | Bank                            |                                     |
|--|---------------------------------|-------------------------------------|---------------------------------|-------------------------------------|
|  | As at<br>30 June 2019<br>RM'000 | As at<br>31 December 2018<br>RM'000 | As at<br>30 June 2019<br>RM'000 | As at<br>31 December 2018<br>RM'000 |
| <b>(a) By type of deposits</b>                     |                                 |                                     |                                 |                                     |
| Short term deposits                                | 1,286,773                       | 1,030,614                           | 1,286,773                       | 1,030,614                           |
| <b>(b) By type of customers</b>                    |                                 |                                     |                                 |                                     |
| Government and statutory bodies                    | 151,652                         | 100,088                             | 151,652                         | 100,088                             |
| Business enterprises                               | 1,135,121                       | 930,526                             | 1,135,121                       | 930,526                             |
|  | <b>1,286,773</b>                | <b>1,030,614</b>                    | <b>1,286,773</b>                | <b>1,030,614</b>                    |
| <b>(c) By maturity structure of fixed deposits</b> |                                 |                                     |                                 |                                     |
| Due within six months                              | 1,286,773                       | 1,030,614                           | 1,286,773                       | 1,030,614                           |

15 Deposits and Placements of Banks and Other Financial Institutions

|                              | Group                           |                                     | Bank                            |                                     |
|------------------------------|---------------------------------|-------------------------------------|---------------------------------|-------------------------------------|
|                              | As at<br>30 June 2019<br>RM'000 | As at<br>31 December 2018<br>RM'000 | As at<br>30 June 2019<br>RM'000 | As at<br>31 December 2018<br>RM'000 |
| Licensed banks               | 1,369,008                       | 1,643,142                           | 1,369,008                       | 1,643,142                           |
| Licensed investment banks    | -                               | 191,678                             | -                               | 191,678                             |
| Other financial institutions | 301,404                         | -                                   | 301,404                         | -                                   |
|                              | <b>1,670,412</b>                | <b>1,834,820</b>                    | <b>1,670,412</b>                | <b>1,834,820</b>                    |

16 Other Liabilities

|   | Group                           |                                     | Bank                            |                                     |
|---|---------------------------------|-------------------------------------|---------------------------------|-------------------------------------|
|   | As at<br>30 June 2019<br>RM'000 | As at<br>31 December 2018<br>RM'000 | As at<br>30 June 2019<br>RM'000 | As at<br>31 December 2018<br>RM'000 |
| Other creditors and accruals                      | 145,844                         | 133,745                             | 57,080                          | 53,287                              |
| Contract liabilities/Deferred income              | 6,331                           | 7,401                               | 1,925                           | 1,359                               |
| Remisiers' trust deposits                         | 62,954                          | 62,918                              | 62,954                          | 62,918                              |
| Amount payable for creation of units due to funds | 63,293                          | 112,679                             | -                               | -                                   |
| Amount payable for redemption units               | 173,508                         | 13,955                              | -                               | -                                   |
| Short-term employee benefits                      | 38,704                          | 71,853                              | 21,897                          | 44,022                              |
| Amount due to holding company                     | 32,529                          | 12,013                              | 30,856                          | 8,975                               |
| Amount due to subsidiaries                        | -                               | -                                   | 6,563                           | 1,409                               |
| Amount due to related companies                   | 398                             | 697                                 | 105                             | 273                                 |
|   | <b>523,561</b>                  | <b>415,261</b>                      | <b>181,380</b>                  | <b>172,243</b>                      |

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)**

|   | 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         |
| <b>17 Interest Income</b>   |                   |               |                  |                |
| <b><u>Group</u></b>   |                   |               |                  |                |
| Loans and advances  | 25,176            | 24,278        | 48,916           | 49,297         |
| Money at call and deposits and placements with banks and other financial institutions | 17,791            | 15,450        | 35,031           | 34,542         |
| Financial assets at FVTPL   | 181               | 43            | 181              | 291            |
| Financial assets at FVOCI, debt instruments   | 6,865             | 7,628         | 13,550           | 15,307         |
| Financial investments at amortised costs  | 9,055             | 7,533         | 17,804           | 13,597         |
| Others  | 2,170             | 1,329         | 4,639            | 3,103          |
|   | <b>61,238</b>     | <b>56,261</b> | <b>120,121</b>   | <b>116,137</b> |
| of which:   |                   |               |                  |                |
| Interest income accrued on impaired financial assets                                  | <b>390</b>        | 1,781         | <b>758</b>       | 3,691          |
| <b><u>Bank</u></b>  |                   |               |                  |                |
| Loans and advances  | 14,956            | 13,166        | 28,604           | 27,233         |
| Money at call and deposits and placements with banks and other financial institutions | 12,954            | 12,397        | 26,255           | 28,445         |
| Financial assets at FVTPL   | -                 | 26            | -                | 271            |
| Financial assets at FVOCI, debt instrument  | 6,874             | 7,442         | 13,550           | 15,065         |
| Financial investments at amortised costs  | 9,055             | 7,533         | 17,804           | 13,597         |
| Others  | 655               | 365           | 1,215            | 1,104          |
|   | <b>44,494</b>     | <b>40,929</b> | <b>87,428</b>    | <b>85,715</b>  |
| of which:   |                   |               |                  |                |
| Interest income accrued on impaired financial assets                                  | -                 | -             | -                | -              |

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)**

|  | 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         |
| <b>18 Interest Expense</b>   |                   |                |                  |                |
| <b><u>Group</u></b>  |                   |                |                  |                |
| Deposits and placements of banks<br>and other financial institutions | 15,784            | 20,187         | 33,843           | 40,994         |
| Deposits from customers  | 11,463            | 7,848          | 22,343           | 14,837         |
| Subordinated obligations   | 4,911             | 4,911          | 9,769            | 9,769          |
| Borrowings   | 9,560             | 7,516          | 18,708           | 14,224         |
| Others   | 928               | 713            | 1,719            | 1,432          |
|  | <b>42,646</b>     | <b>41,175</b>  | <b>86,382</b>    | <b>81,256</b>  |
| <b><u>Bank</u></b>   |                   |                |                  |                |
| Deposits and placements of banks<br>and other financial institutions | 15,784            | 20,187         | 33,843           | 40,994         |
| Deposits from customers  | 11,463            | 7,997          | 22,343           | 15,194         |
| Subordinated obligations   | 4,911             | 4,911          | 9,769            | 9,769          |
| Others   | 93                | -              | 118              | -              |
|  | <b>32,251</b>     | <b>33,095</b>  | <b>66,073</b>    | <b>65,957</b>  |
| <b>19 Fee and Commission Income</b>                                  |                   |                |                  |                |
| <b>(a) By type of fee income</b>                                     |                   |                |                  |                |
| <b><u>Group</u></b>  |                   |                |                  |                |
| Brokerage income   | 59,654            | 65,154         | 120,842          | 152,729        |
| Fund management fees   | 57,328            | 55,329         | 111,466          | 112,967        |
| Unit trust fee income  | 24,230            | 10,351         | 37,829           | 31,554         |
| Corporate advisory fees  | 8,104             | 19,782         | 29,040           | 31,101         |
| Arrangement fees and underwriting                                    | 3,088             | 337            | 19,796           | 1,869          |
| Placement fees   | 6,727             | 142            | 6,908            | 5,671          |
| Rollover fees  | 1,200             | 1,200          | 2,442            | 2,428          |
| Commission   | 680               | 619            | 1,235            | 2,148          |
| Service charges and fees   | 802               | 1,844          | 1,530            | 2,519          |
| Other fee income   | 10,085            | 15,361         | 26,713           | 26,987         |
|  | <b>171,898</b>    | <b>170,119</b> | <b>357,801</b>   | <b>369,973</b> |
| <b><u>Bank</u></b>   |                   |                |                  |                |
| Brokerage income   | 39,938            | 42,550         | 79,648           | 99,126         |
| Corporate advisory fees  | 3,801             | 5,034          | 14,577           | 10,762         |
| Arrangement fees and underwriting                                    | 323               | -              | 15,723           | 993            |
| Placement fees   | 4,124             | -              | 4,211            | 5,289          |
| Rollover fees  | 1,200             | 1,200          | 2,442            | 2,428          |
| Commission   | 386               | 378            | 749              | 756            |
| Service charges and fees   | 109               | 1              | 111              | 2              |
| Other fee income   | 5,351             | 8,535          | 15,925           | 14,985         |
|  | <b>55,232</b>     | <b>57,698</b>  | <b>133,386</b>   | <b>134,341</b> |



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)**

|   | 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         |
| <b>19 Fee and Commission Income (cont'd)</b>    |                   |                |                  |                |
| <b>(b) By geographical market of fee income</b> |                   |                |                  |                |
| <b><u>Group</u></b>                             |                   |                |                  |                |
| Malaysia  | 132,965           | 121,006        | 273,679          | 273,714        |
| Singapore                                       | 17,794            | 27,350         | 40,837           | 45,426         |
| Indonesia                                       | 9,941             | 5,585          | 20,155           | 10,132         |
| Thailand  | 8,451             | 7,481          | 16,167           | 21,046         |
| Hong Kong                                       | 2,663             | 8,617          | 6,863            | 19,567         |
| Cambodia  | 84                | 80             | 87               | 88             |
| Vietnam   | -                 | -              | 13               | -              |
|   | <u>171,898</u>    | <u>170,119</u> | <u>357,801</u>   | <u>369,973</u> |
| <b><u>Bank</u></b>                              |                   |                |                  |                |
| Malaysia  | <u>55,232</u>     | <u>57,698</u>  | <u>133,386</u>   | <u>134,341</u> |
| <b>(c) By timing of fee income recognition</b>  |                   |                |                  |                |
| <b><u>Group</u></b>                             |                   |                |                  |                |
| At a point in time                              | 111,942           | 111,559        | 239,606          | 250,859        |
| Over time                                       | 59,956            | 58,560         | 118,195          | 119,114        |
|   | <u>171,898</u>    | <u>170,119</u> | <u>357,801</u>   | <u>369,973</u> |
| <b><u>Bank</u></b>                              |                   |                |                  |                |
| At a point in time                              | 54,620            | 57,346         | 131,921          | 133,884        |
| Over time                                       | 612               | 352            | 1,465            | 457            |
|   | <u>55,232</u>     | <u>57,698</u>  | <u>133,386</u>   | <u>134,341</u> |
| <b>20 Fee and Commission Expense</b>            |                   |                |                  |                |
| <b><u>Group</u></b>                             |                   |                |                  |                |
| Fund management fees                            | 25,996            | 27,184         | 51,213           | 53,199         |
| Unit trust fees                                 | 23,330            | 10,042         | 35,615           | 30,483         |
| Commission and incentives                       | 4,168             | 2,841          | 7,351            | 6,285          |
|   | <u>53,494</u>     | <u>40,067</u>  | <u>94,179</u>    | <u>89,967</u>  |
| <b><u>Bank</u></b>                              |                   |                |                  |                |
| Commission and incentives                       | <u>2,323</u>      | <u>1,363</u>   | <u>3,548</u>     | <u>2,622</u>   |

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)**

|   | 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         |
| <b>21 Other Operating Income</b>                                      |                   |                 |                  |                |
| <b><u>Group</u></b>   |                   |                 |                  |                |
| (a) Net gain/(loss) arising from financial instruments at FVTPL       |                   |                 |                  |                |
| - net gain/(loss) on disposal   | 10,108            | (13,036)        | 18,290           | (13,375)       |
| - unrealised net gain/(loss) on revaluation                           | 37,081            | (5,841)         | 51,597           | 4,583          |
| - gross dividend income   | 3,998             | 1,619           | 19,069           | 4,089          |
|   | <u>51,187</u>     | <u>(17,258)</u> | <u>88,956</u>    | <u>(4,703)</u> |
| (b) Net (loss)/gain arising from derivatives                          | <u>(21,983)</u>   | 19,406          | <u>(28,991)</u>  | 50,860         |
| (c) Net gain arising from financial assets at FVOCI, debt instruments |                   |                 |                  |                |
| - net gain on disposal  | 99                | -               | 214              | 21,824         |
| (d) Dividend income from FVOCI, equity instruments                    | <u>306</u>        | 214             | <u>366</u>       | 214            |
| (e) Other income  |                   |                 |                  |                |
| - net foreign exchange gain/(loss)                                    |                   |                 |                  |                |
| - realised  | 1,554             | 2,896           | 2,553            | 3,883          |
| - unrealised  | 1,269             | 2,105           | (564)            | 453            |
| - net gain on disposal of property, plant and equipment               | 71                | -               | 197              | -              |
| - gain on disposal of a joint venture                                 | -                 | -               | 258              | -              |
| - other operating income  | 19,316            | 15,637          | 38,022           | 51,441         |
|   | <u>22,210</u>     | <u>20,638</u>   | <u>40,466</u>    | <u>55,777</u>  |
|   | <u>51,819</u>     | <u>23,000</u>   | <u>101,011</u>   | <u>123,972</u> |

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)**

|   | 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          |
| <b>21 Other Operating Income (cont'd)</b>                             |                   |                |                  |                 |
| <b><u>Bank</u></b>  |                   |                |                  |                 |
| (a) Net gain/(loss) arising from financial assets at FVTPL            |                   |                |                  |                 |
| - net gain/(loss) on disposal   | 618               | (9,537)        | 1,637            | (13,094)        |
| - unrealised net gain/(loss) on revaluation                           | 1,243             | 1,664          | 3,200            | (14,462)        |
| - gross dividend income   | 379               | 463            | 862              | 658             |
|   | <b>2,240</b>      | <b>(7,410)</b> | <b>5,699</b>     | <b>(26,898)</b> |
| (b) Net gain arising from derivatives                                 | <b>1,465</b>      | 6,817          | <b>4,693</b>     | 32,216          |
| (c) Net gain arising from financial assets at FVOCI, debt instruments |                   |                |                  |                 |
| - net gain on disposal  | 99                | -              | 214              | 21,824          |
| (d) Dividend income from FVOCI, equity instruments                    | <b>180</b>        | 180            | <b>240</b>       | 180             |
| (e) Gross dividend income from subsidiaries in Malaysia               | -                 | -              | -                | 11,400          |
| (f) Gross dividend income from an associate in Malaysia               | <b>4,806</b>      | -              | <b>4,806</b>     | 1,041           |
| (g) Other income  |                   |                |                  |                 |
| - net foreign exchange gain   |                   |                |                  |                 |
| - realised  | 2,393             | 4,764          | 2,124            | 5,246           |
| - unrealised  | 562               | 2,425          | 646              | 1,182           |
| - gain on disposal of property, plant and equipment                   | 47                | -              | 152              | -               |
| - other operating income  | 17,850            | 14,800         | 36,275           | 50,610          |
|   | <b>20,852</b>     | 21,989         | <b>39,197</b>    | 57,038          |
|   | <b>29,642</b>     | 21,576         | <b>54,849</b>    | 96,801          |

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)**

|  | 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         |
| <b>22 Other Operating Expenses</b>         |                   |                |                  |                |
| <b><u>Group</u></b>                        |                   |                |                  |                |
| <u>Personnel costs</u>                     |                   |                |                  |                |
| - Salaries, bonus and allowances           | 80,015            | 86,913         | 149,225          | 180,010        |
| - Defined contribution plan                | 7,886             | 8,019          | 14,843           | 18,597         |
| - Other staff related costs                | 9,650             | 8,643          | 17,892           | 20,459         |
|  | <b>97,551</b>     | <b>103,575</b> | <b>181,960</b>   | <b>219,066</b> |
| <u>Establishment costs</u>                 |                   |                |                  |                |
| - Property, plant and equipment            |                   |                |                  |                |
| - depreciation                             | 4,394             | 4,153          | 8,766            | 8,972          |
| - written off                              | -                 | 1              | 48               | 1              |
| - Other intangible assets                  |                   |                |                  |                |
| - amortisation                             | 3,227             | 3,052          | 6,454            | 6,041          |
| - written off                              | -                 | 28             | -                | 28             |
| - Depreciation for ROU                     | 3,543             | -              | 7,044            | -              |
| - Information technology expenses          | 19,371            | 15,967         | 38,398           | 31,995         |
| - Security and escorting charges           | 29                | 56             | 103              | 100            |
| - Repair and maintenance                   | 993               | 603            | 1,931            | 1,255          |
| - Rental of premises                       | 7,531             | 11,328         | 14,971           | 22,766         |
| - Water and electricity                    | 1,473             | 1,222          | 2,832            | 2,508          |
| - Rental of equipment                      | 160               | 256            | 325              | 436            |
| - Insurance                                | 1,300             | 1,357          | 2,452            | 2,722          |
| - Others                                   | 1,692             | 1,839          | 3,256            | 4,197          |
|  | <b>43,713</b>     | <b>39,862</b>  | <b>86,580</b>    | <b>81,021</b>  |
| <u>Marketing expenses</u>                  |                   |                |                  |                |
| - Advertisements and publicity             | 885               | 864            | 1,874            | 1,816          |
| - Sales commission                         | 1,369             | 1,879          | 2,806            | 4,039          |
| - Others                                   | 3,781             | 4,810          | 7,528            | 9,885          |
|  | <b>6,035</b>      | <b>7,553</b>   | <b>12,208</b>    | <b>15,740</b>  |
| <u>Administration and general expenses</u> |                   |                |                  |                |
| - Communication expenses                   | 8,123             | 9,428          | 17,906           | 19,122         |
| - Legal and professional fees              | 2,887             | 2,217          | 4,535            | 3,759          |
| - Others                                   | 7,600             | 8,712          | 16,212           | 16,986         |
|  | <b>18,610</b>     | <b>20,357</b>  | <b>38,653</b>    | <b>39,867</b>  |
|  | <b>165,909</b>    | <b>171,347</b> | <b>319,401</b>   | <b>355,694</b> |

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)**

|   | 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       |
| <b>22 Other Operating Expenses (cont'd)</b> |                   |              |                  |              |
| <b><u>Bank</u></b>                          |                   |              |                  |              |
| <u>Personnel costs</u>                      |                   |              |                  |              |
| - Salaries, bonus and allowances            | 35,983            | 33,321       | 66,161           | 86,505       |
| - Defined contribution plan                 | 5,259             | 5,142        | 9,641            | 12,617       |
| - Other staff related costs                 | 3,818             | 5,166        | 7,559            | 9,532        |
|   | <b>45,060</b>     | 43,629       | <b>83,361</b>    | 108,654      |
| <u>Establishment costs</u>                  |                   |              |                  |              |
| - Property, plant and equipment             |                   |              |                  |              |
| - depreciation                              | 1,660             | 1,970        | 3,373            | 4,080        |
| - written off                               | -                 | -            | 6                | -            |
| - Amortisation of other intangible assets   | 1,470             | 1,487        | 2,956            | 2,934        |
| - Depreciation for ROU                      | 416               | -            | 816              | -            |
| - Information technology expenses           | 10,898            | 9,351        | 21,202           | 18,813       |
| - Security and escorting charges            | 22                | 46           | 85               | 84           |
| - Repair and maintenance                    | 431               | 401          | 869              | 872          |
| - Rental of premises                        | 2,977             | 3,597        | 5,757            | 7,263        |
| - Water and electricity                     | 972               | 746          | 1,807            | 1,593        |
| - Rental of equipment                       | -                 | 36           | -                | 49           |
| - Insurance                                 | 843               | 800          | 1,636            | 1,641        |
| - Others                                    | 1,645             | 1,839        | 3,178            | 4,000        |
|   | <b>21,334</b>     | 20,273       | <b>41,685</b>    | 41,329       |
| <u>Marketing expenses</u>                   |                   |              |                  |              |
| - Advertisements and publicity              | 273               | 317          | 324              | 504          |
| - Sales commission                          | 107               | 386          | 317              | 607          |
| - Others                                    | 1,370             | 1,477        | 2,621            | 3,030        |
|   | <b>1,750</b>      | 2,180        | <b>3,262</b>     | 4,141        |
| <u>Administration and general expenses</u>  |                   |              |                  |              |
| - Communication expenses                    | 2,638             | 3,438        | 6,406            | 7,058        |
| - Legal and professional fees               | 634               | 555          | 793              | 977          |
| - Others                                    | 3,711             | 7,990        | 11,123           | 15,223       |
|   | <b>6,983</b>      | 11,983       | <b>18,322</b>    | 23,258       |
|   | <b>75,127</b>     | 78,065       | <b>146,630</b>   | 177,382      |

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)**

|  | 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       |
| <b>23 Allowance (Written Back)/Made for Expected Credit Losses</b>   |                   |                |                  |              |
| <b><u>Group</u></b>  |                   |                |                  |              |
| Net allowance made on loans and advances   | 91                | 2,518          | 484              | 4,936        |
| Allowance (written back)/made for expected credit losses on other receivables and clients' and brokers' balances | (482)             | 1,544          | 1,902            | 1,905        |
| Bad debts recovered  | (333)             | (2)            | (372)            | (3)          |
| Bad debts written off  | 184               | 53             | 187              | 53           |
| Financial investments at amortised costs   | (307)             | (763)          | (307)            | (805)        |
| Other financial assets   | (63)              | (66)           | (110)            | 38           |
|  | <b>(910)</b>      | <b>3,284</b>   | <b>1,784</b>     | <b>6,124</b> |
| <b><u>Bank</u></b>   |                   |                |                  |              |
| Net allowance written back on loans and advances   | -                 | -              | -                | (5)          |
| Allowance written back for expected credit losses on other receivables and clients' and brokers' balances        | (283)             | (353)          | (332)            | (285)        |
| Bad debts recovered  | (274)             | (2)            | (312)            | (3)          |
| Bad debts written off  | 184               | 53             | 187              | 53           |
| Financial investments at amortised costs   | (307)             | (763)          | (307)            | (805)        |
| Other financial assets   | 59                | (3)            | (124)            | 48           |
|  | <b>(621)</b>      | <b>(1,068)</b> | <b>(888)</b>     | <b>(997)</b> |

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)**

**24 Basic (Loss)/Earnings Per Share**

The basic (loss)/earnings per share ('EPS') is calculated by dividing the net (loss)/profit attributable to the owner of the Bank for the second quarter and six months ended 30 June by the weighted average number of ordinary shares in issue during the financial period.

| <b>Group</b>   | <b>2nd Quarter Ended</b> |                     | <b>Six Months Ended</b> |                     |
|--|--------------------------|---------------------|-------------------------|---------------------|
|  | <b>30 June 2019</b>      | <b>30 June 2018</b> | <b>30 June 2019</b>     | <b>30 June 2018</b> |
| Net (loss)/profit attributable to equity holders (RM'000)  | <b>(6,242)</b>           | (14,238)            | <b>33,872</b>           | 51,938              |
| Weighted average number of ordinary shares in issue ('000) | <b>100,000</b>           | 100,000             | <b>100,000</b>          | 100,000             |
| Basic (loss)/earnings per share (sen)                      | <b>(6.2)</b>             | (14.2)              | <b>33.9</b>             | 51.9                |

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 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<br>30 June 2019<br>RM'000 | As at<br>31 December 2018<br>RM'000 | As at<br>30 June 2019<br>RM'000 | As at<br>31 December 2018<br>RM'000 |
| <b>Common Equity Tier I ('CET I')/<br/>Tier I Capital</b>                                 |                                 |                                     |                                 |                                     |
| Share capital   | 1,487,773                       | 1,487,773                           | 1,487,773                       | 1,487,773                           |
| Retained profits  | 561,889                         | 561,695                             | 559,696                         | 558,690                             |
| Other reserves  | 130,515                         | 113,648                             | -                               | -                                   |
| FVOCI reserves  | 31,963                          | 23,489                              | 29,335                          | 20,853                              |
|   | <u>2,212,140</u>                | <u>2,186,605</u>                    | <u>2,076,804</u>                | <u>2,067,316</u>                    |
| Less: Goodwill  | (528,726)                       | (523,911)                           | (372,395)                       | (372,395)                           |
| Investments in subsidiaries,<br>associates and joint<br>ventures                          | (14,836)                        | (30,646)                            | (1,226,161)                     | (1,203,286)                         |
| Other intangible assets   | (47,645)                        | (47,610)                            | (26,544)                        | (27,055)                            |
| 55% of cumulative gains arising<br>from change in value of FVOCI<br>financial instruments | (17,580)                        | (12,919)                            | (16,134)                        | (11,469)                            |
| Deferred tax assets   | (10,910)                        | (19,610)                            | -                               | (5,832)                             |
| Total CET I Capital   | <u>1,592,443</u>                | <u>1,551,909</u>                    | <u>435,570</u>                  | <u>447,279</u>                      |
| Qualifying non-controlling interests<br>recognised as Tier I Capital                      | 1,769                           | 12,359                              | -                               | -                                   |
| Total Tier I Capital  | <u>1,594,212</u>                | <u>1,564,268</u>                    | <u>435,570</u>                  | <u>447,279</u>                      |
| <b>Tier II Capital</b>  |                                 |                                     |                                 |                                     |
| Subordinated obligations meeting<br>all relevant criteria                                 | 400,000                         | 400,000                             | 400,000                         | 400,000                             |
| Qualifying non-controlling interests<br>recognised as Tier II Capital                     | 217                             | 2,700                               | -                               | -                                   |
| General provision ^   | 24,747                          | 24,172                              | 8,086                           | 7,657                               |
| Total Tier II Capital   | <u>424,964</u>                  | <u>426,872</u>                      | <u>408,086</u>                  | <u>407,657</u>                      |
| <b>Total Capital</b>  | <u>2,019,176</u>                | <u>1,991,140</u>                    | <u>843,656</u>                  | <u>854,936</u>                      |



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 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<br>30 June 2019 | As at<br>31 December 2018 | As at<br>30 June 2019 | As at<br>31 December 2018 |
| <u>Capital ratios</u>      |                       |                           |                       |                           |
| Before proposed dividends: |                       |                           |                       |                           |
| CET I Capital Ratio        | 40.010%               | 35.445%                   | 26.888%               | 21.323%                   |
| Tier I Capital Ratio       | 40.054%               | 35.728%                   | 26.888%               | 21.323%                   |
| Total Capital Ratio        | <u>50.731%</u>        | <u>45.477%</u>            | <u>52.080%</u>        | <u>40.757%</u>            |
| After proposed dividends:  |                       |                           |                       |                           |
| CET I Capital Ratio        | 40.010%               | 35.445%                   | 26.888%               | 21.323%                   |
| Tier I Capital Ratio       | 40.054%               | 35.728%                   | 26.888%               | 21.323%                   |
| Total Capital Ratio        | <u>50.731%</u>        | <u>45.477%</u>            | <u>52.080%</u>        | <u>40.757%</u>            |

^ 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 RM24,326,000 (31 December 2018: RM23,673,000) and RM8,054,000 (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<br>30 June 2019<br>RM'000 | As at<br>31 December 2018<br>RM'000 | As at<br>30 June 2019<br>RM'000 | As at<br>31 December 2018<br>RM'000 |
| Credit risk                | 1,979,770                       | 1,933,769                           | 646,928                         | 612,585                             |
| Market risk                | 470,800                         | 877,506                             | 175,257                         | 678,014                             |
| Operational risk           | 1,529,554                       | 1,567,043                           | 797,728                         | 807,022                             |
| Total risk-weighted assets | <u>3,980,124</u>                | <u>4,378,318</u>                    | <u>1,619,913</u>                | <u>2,097,621</u>                    |

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).

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 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:

| <b><u>Group</u></b>                       | <b>As at<br/>30 June 2019<br/>RM'000</b> | <b>As at<br/>31 December 2018<br/>RM'000</b> |
|---|--|--|
| <b>Principal amount</b>                   |  |  |
| Irrevocable commitments to extend credit: |  |  |
| - maturity not exceeding one year         | <b>1,523,908</b>                         | 1,338,876                                    |
| - maturity exceeding one year             | <b>2,244</b>                             | 4,243  |
| Foreign exchange related contracts: ^     |  |  |
| - less than one year                      | <b>68,582</b>                            | 129,753                                      |
|   | <b>1,594,734</b>                         | 1,472,872                                    |

^ 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.

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)**

**26 Commitments and Contingencies (cont'd)**

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

| <u>Bank</u>                               | As at<br>30 June 2019<br>RM'000 | As at<br>31 December 2018<br>RM'000 |
|---|---------------------------------|-------------------------------------|
| <b>Principal amount</b>                   |                                 |                                     |
| Direct credit substitutes #               | 153,281                         | 152,006                             |
| Irrevocable commitments to extend credit: |                                 |                                     |
| - maturity not exceeding one year         | 520,545                         | 376,397                             |
| - maturity exceeding one year             | 22                              | 22                                  |
| Foreign exchange related contracts: ^     |                                 |                                     |
| - less than one year                      | 6,420                           | 25,379                              |
|   | <b>680,268</b>                  | <b>553,804</b>                      |

# 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<br>30 June 2019<br>RM'000 | As at<br>31 December 2018<br>RM'000 | As at<br>30 June 2019<br>RM'000 | As at<br>31 December 2018<br>RM'000 |
| Authorised and contracted for   |                                 |                                     |                                 |                                     |
| - Property, plant and equipment | 21,888                          | 20,310                              | 11,974                          | 12,236                              |
| - Investment securities         | 19,492                          | 8,845                               | -                               | -                                   |
|                                 | <b>41,380</b>                   | <b>29,155</b>                       | <b>11,974</b>                   | <b>12,236</b>                       |

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 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**

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

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

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

The SC had on 15 April 2019, granted approval for the Reorganisation, including the variation of the Bank's CMSL to include the regulated activity of Investment Advice.

Following SC's approval, the Asset Purchase Agreements entered between the Bank and RHBRI, as well as between RHB Bank and RHBRI in relation to the transfer of research operations have been completed on 2 May 2019.

Upon completion of the Reorganisation, the equity and economic research operations under RHBRI become a division of the Bank, whereas the fixed income and currencies research function is absorbed by RHB Bank. RHBRI had thereafter surrendered its CMSL and be wound up.

**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) Acquisition of the remaining 51% equity interest in RHB Securities Vietnam Company Limited ('RHB Securities Vietnam') ('Acquisition')

Prior to 19 February 2019, 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.

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

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

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)**

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

- (a) Acquisition of the remaining 51% equity interest in RHB Securities Vietnam Company Limited ('RHB Securities Vietnam') ('Acquisition') (cont'd)

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 21:-

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

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

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

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

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

- (b) For the current financial period, the Bank's unitholding in RHB Entrepreneur Fund, has increased from 49.78% as at 31 December 2018 to 99.55% as at 30 June 2019 following a fund unit holder who has redeemed its holding in the said fund.
- (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.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)**

**32 Credit Exposure Arising from Transactions with Connected Parties**

Credit exposures with connected parties as per Bank Negara Malaysia's Guidelines on Credit Transactions and Exposures with Connected Parties are as follows:

|   | <b>Group and Bank</b>         |                                   |
|---|-------------------------------|-----------------------------------|
|   | <b>As at<br/>30 June 2018</b> | <b>As at<br/>31 December 2018</b> |
| Outstanding credit exposures with connected parties (RM'000)  | <b>307,242</b>                | 335,403                           |
| Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures | <b>6.43%</b>                  | 6.96%                             |
| Percentage of outstanding credit exposures to connected parties which is impaired or in default         | -                             | -                                 |

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

**33 Changes in Profit for the Quarter**

For the current financial quarter ended 30 June 2019, the Group recorded a pre-tax profit of RM28.6 million, 46.4% lower as compared to the immediate preceding quarter pre-tax profit of RM53.4 million. The lower profit was in tandem with lower net fee and commission income by RM26.7 million, higher other operating expenses by RM12.4 million; partially offset with higher share of results of associates by RM4.7 million, lower allowance made for expected credit losses by RM3.6 million, higher net interest income by RM3.4 million and higher other operating income by RM2.6 million.

**34 Performance Review**

For the six months ended 30 June 2019, the Group recorded a pre-tax profit of RM82.0 million, 6.1% higher as compared to the previous corresponding period of RM77.3 million. The increase in profit was mainly due to lower other operating expenses by RM36.3 million, higher share of results of associates by RM4.5 million, lower allowance made for expected credit losses by RM4.3 million; partially offset with lower other operating income by RM23.0 million, lower net fee and commission income by RM16.3 million and lower net interest income by RM1.1 million.

**35 Prospects for 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.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)**

**36 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:

| <b>Group</b>                        | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>     |
|-------------------------------------|----------------|----------------|----------------|------------------|
| <b>30 June 2019</b>                 | <b>RM'000</b>  | <b>RM'000</b>  | <b>RM'000</b>  | <b>RM'000</b>    |
| <b><u>Financial assets</u></b>      |                |                |                |                  |
| Financial assets at FVTPL           | 481,053        | 7,076          | 460,438        | 948,567          |
| - money market instruments          | -              | 7,049          | -              | 7,049            |
| - quoted securities                 | 481,053        | -              | -              | 481,053          |
| - unquoted securities               | -              | 27             | 460,438        | 460,465          |
| Financial assets at FVOCI           | 2,123          | 715,852        | 38,962         | 756,937          |
| - money market instruments          | -              | 296,629        | -              | 296,629          |
| - quoted securities                 | 2,123          | -              | -              | 2,123            |
| - unquoted securities               | -              | 419,223        | 38,962         | 458,185          |
| Derivative assets                   | 2,875          | 6              | -              | 2,881            |
|                                     | <b>486,051</b> | <b>722,934</b> | <b>499,400</b> | <b>1,708,385</b> |
| <b><u>Financial liabilities</u></b> |                |                |                |                  |
| Derivative liabilities              | 6,716          | 302            | -              | 7,018            |
| Puttable financial instruments      | 336            | -              | -              | 336              |
|                                     | <b>7,052</b>   | <b>302</b>     | <b>-</b>       | <b>7,354</b>     |
| <br>                                |                |                |                |                  |
| <b>Group</b>                        | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>     |
| <b>31 December 2018</b>             | <b>RM'000</b>  | <b>RM'000</b>  | <b>RM'000</b>  | <b>RM'000</b>    |
| <b><u>Financial assets</u></b>      |                |                |                |                  |
| 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               |
|                                     | <b>308,028</b> | <b>711,161</b> | <b>474,331</b> | <b>1,493,520</b> |
| <b><u>Financial liabilities</u></b> |                |                |                |                  |
| Derivative liabilities              | 4,246          | 1,671          | -              | 5,917            |
| Puttable financial instruments      | 70,615         | -              | -              | 70,615           |
|                                     | <b>74,861</b>  | <b>1,671</b>   | <b>-</b>       | <b>76,532</b>    |

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)

36 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          |
|-------------------------------------|---------------|----------------|---------------|----------------|
| 30 June 2019                        | RM'000        | RM'000         | RM'000        | RM'000         |
| <b><u>Financial assets</u></b>      |               |                |               |                |
| Financial assets at FVTPL           | 70,661        | 27             | -             | 70,688         |
| - quoted securities                 | 70,661        | -              | -             | 70,661         |
| - unquoted securities               | -             | 27             | -             | 27             |
| Financial assets at FVOCI           | -             | 715,852        | 32,731        | 748,583        |
| - money market instruments          | -             | 296,629        | -             | 296,629        |
| - unquoted securities               | -             | 419,223        | 32,731        | 451,954        |
| Derivative assets                   | 2,875         | 6              | -             | 2,881          |
|                                     | <u>73,536</u> | <u>715,885</u> | <u>32,731</u> | <u>822,152</u> |
| <b><u>Financial liabilities</u></b> |               |                |               |                |
| Derivative liabilities              | 6,126         | 7              | -             | 6,133          |

| Bank                                | Level 1       | Level 2        | Level 3       | Total          |
|-------------------------------------|---------------|----------------|---------------|----------------|
| 31 December 2018                    | RM'000        | RM'000         | RM'000        | RM'000         |
| <b><u>Financial assets</u></b>      |               |                |               |                |
| 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> |
| <b><u>Financial liabilities</u></b> |               |                |               |                |
| Derivative liabilities              | 3,887         | 54             | -             | 3,941          |



**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)**

**36 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 30 June 2019 and 31 December 2018 for the Group and the Bank:

|  | <b>Group</b>                  |                                   | <b>Bank</b>                   |                                   |
|--|-------------------------------|-----------------------------------|-------------------------------|-----------------------------------|
|  | <b>As at<br/>30 June 2019</b> | <b>As at<br/>31 December 2018</b> | <b>As at<br/>30 June 2019</b> | <b>As at<br/>31 December 2018</b> |
|  | <b>RM'000</b>                 | <b>RM'000</b>                     | <b>RM'000</b>                 | <b>RM'000</b>                     |
| <b><u>Financial assets at FVTPL</u></b>            |                               |                                   |                               |                                   |
| Balance as at the beginning of the financial year  | <b>437,275</b>                | 359,859                           | -                             | -                                 |
| Total gain recognised in income statements         |                               |                                   |                               |                                   |
| - other operating income                           | <b>19,274</b>                 | 34,047                            | -                             | -                                 |
| Purchases  | <b>4,771</b>                  | 44,508                            | -                             | -                                 |
| Settlements  | <b>(800)</b>                  | (10,660)                          | -                             | -                                 |
| Exchange differences                               | <b>(82)</b>                   | 9,521                             | -                             | -                                 |
| Balance as at the end of the financial period/year | <b>460,438</b>                | 437,275                           | -                             | -                                 |

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)**

**36 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 30 June 2019 and 31 December 2018 for the Group and the Bank: (cont'd)

|  | <b>Group</b>                             |  | <b>Bank</b>                              |  |
|--|--|--|--|--|
|  | <b>As at<br/>30 June 2019<br/>RM'000</b> | <b>As at<br/>31 December 2018<br/>RM'000</b> | <b>As at<br/>30 June 2019<br/>RM'000</b> | <b>As at<br/>31 December 2018<br/>RM'000</b> |
| <b><u>Financial assets at FVOCI</u></b>              |  |  |  |  |
| Balance as at the beginning of the financial year    | <b>37,056</b>                            | -  | <b>30,840</b>                            | -  |
| Total gains recognised in other comprehensive income | <b>1,891</b>                             | 33,078                                       | <b>1,891</b>                             | 30,280                                       |
| Exchange differences                                 | <b>15</b>                                | 5  | -  | -  |
| Balance as at the end of financial period/year       | <b>38,962</b>                            | 37,056                                       | <b>32,731</b>                            | 30,840                                       |

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)**

**37 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.

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)**

**37 Segment Reporting (cont'd)**

**Segment Profit and Loss for the Six Months Ended 30 June 2019**

| <b>Group</b>  | <b>Investment<br/>Banking</b> | <b>Treasury</b> | <b>Asset<br/>Management</b> | <b>Others and<br/>Elimination</b> | <b>Total</b>    |
|---|-------------------------------|-----------------|-----------------------------|-----------------------------------|-----------------|
|   | <b>RM'000</b>                 | <b>RM'000</b>   | <b>RM'000</b>               | <b>RM'000</b>                     | <b>RM'000</b>   |
| External revenue  | 271,273                       | 45,700          | 81,399                      | -                                 | 398,372         |
| Inter-segment revenue                                       | 1,489                         | -               | (776)                       | (713)                             | -               |
| Segment revenue   | <b>272,762</b>                | <b>45,700</b>   | <b>80,623</b>               | <b>(713)</b>                      | <b>398,372</b>  |
| Overhead expenses   | (259,380)                     | (9,291)         | (51,443)                    | 713                               | (319,401)       |
| Including:  |                               |                 |                             |                                   |                 |
| Depreciation of property,<br>plant and equipment            | (8,057)                       | -               | (709)                       | -                                 | (8,766)         |
| Amortisation of other<br>intangible assets                  | (5,859)                       | (207)           | (388)                       | -                                 | (6,454)         |
| Allowance (made)/written back<br>for expected credit losses | (1,852)                       | 86              | (18)                        | -                                 | (1,784)         |
|   | <b>11,530</b>                 | <b>36,495</b>   | <b>29,162</b>               | <b>-</b>                          | <b>77,187</b>   |
| Share of results of associates                              |                               |                 |                             |                                   | 4,836           |
| Share of results of joint ventures                          |                               |                 |                             |                                   | (30)            |
| Profit before taxation                                      |                               |                 |                             |                                   | <b>81,993</b>   |
| Taxation  |                               |                 |                             |                                   | <b>(47,498)</b> |
| Net profit for the financial period                         |                               |                 |                             |                                   | <b>34,495</b>   |

**Segment Assets and Liabilities as at 30 June 2019**

| <b>Group</b>                                    | <b>Investment<br/>Banking</b> | <b>Treasury</b> | <b>Asset<br/>Management</b> | <b>Others and<br/>Elimination</b> | <b>Total</b>     |
|---|-------------------------------|-----------------|-----------------------------|-----------------------------------|------------------|
|   | <b>RM'000</b>                 | <b>RM'000</b>   | <b>RM'000</b>               | <b>RM'000</b>                     | <b>RM'000</b>    |
| Segment assets                                  | 4,111,483                     | 3,960,415       | 709,312                     | (1,235,109)                       | 7,546,101        |
| Goodwill  | 385,359                       | -               | 143,367                     | -                                 | 528,726          |
| Investments in associates and<br>joint ventures |                               |                 |                             |                                   | 14,836           |
| Tax recoverable                                 |                               |                 |                             |                                   | 33,405           |
| Deferred tax assets                             |                               |                 |                             |                                   | 10,910           |
| Total assets                                    |                               |                 |                             |                                   | <b>8,133,978</b> |
| Segment liabilities                             | 1,229,158                     | 2,957,528       | 372,825                     | (89,765)                          | 4,469,746        |
| Tax liabilities                                 |                               |                 |                             |                                   | 3,736            |
| Deferred tax liabilities                        |                               |                 |                             |                                   | 3,747            |
| Borrowings                                      |                               |                 |                             |                                   | 962,376          |
| Subordinated obligations                        |                               |                 |                             |                                   | 404,209          |
| Total liabilities                               |                               |                 |                             |                                   | <b>5,843,814</b> |

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)**

**37 Segment Reporting (cont'd)**

**Segment Profit and Loss for the Six Months Ended 30 June 2018**

| <b>Group</b>  | <b>Investment<br/>Banking</b> | <b>Treasury</b> | <b>Asset<br/>Management</b> | <b>Others and<br/>Elimination</b> | <b>Total</b>  |
|---|-------------------------------|-----------------|-----------------------------|-----------------------------------|---------------|
|   | <b>RM'000</b>                 | <b>RM'000</b>   | <b>RM'000</b>               | <b>RM'000</b>                     | <b>RM'000</b> |
| External revenue  | 314,129                       | 57,595          | 67,135                      | -                                 | 438,859       |
| Inter-segment revenue                                       | 4,051                         | 167             | (829)                       | (3,389)                           | -             |
| Segment revenue   | 318,180                       | 57,762          | 66,306                      | (3,389)                           | 438,859       |
| Overhead expenses   | (289,646)                     | (14,474)        | (51,763)                    | 189                               | (355,694)     |
| Including:  |                               |                 |                             |                                   |               |
| Depreciation of property,<br>plant and equipment            | (8,521)                       | (6)             | (445)                       | -                                 | (8,972)       |
| Amortisation of other<br>intangible assets                  | (5,491)                       | (207)           | (343)                       | -                                 | (6,041)       |
| Allowance (made)/written back<br>for expected credit losses | (6,231)                       | 49              | 58                          | -                                 | (6,124)       |
|   | 22,303                        | 43,337          | 14,601                      | (3,200)                           | 77,041        |
| Share of results of associates                              |                               |                 |                             |                                   | 199           |
| Share of results of joint ventures                          |                               |                 |                             |                                   | 38            |
| Profit before taxation                                      |                               |                 |                             |                                   | 77,278        |
| Taxation  |                               |                 |                             |                                   | (24,893)      |
| Net profit for the financial period                         |                               |                 |                             |                                   | 52,385        |

**Segment Assets and Liabilities as at 31 December 2018**

| <b>Group</b>                                    | <b>Investment<br/>Banking</b> | <b>Treasury</b> | <b>Asset<br/>Management</b> | <b>Others and<br/>Elimination</b> | <b>Total</b>  |
|---|-------------------------------|-----------------|-----------------------------|-----------------------------------|---------------|
|   | <b>RM'000</b>                 | <b>RM'000</b>   | <b>RM'000</b>               | <b>RM'000</b>                     | <b>RM'000</b> |
| 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<br>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 SIX MONTHS ENDED 30 JUNE 2019 (cont'd)**

**38 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<br>reported | Effect of full<br>adoption of<br>MFRS 16 | As restated |
|---------------------------|---------------------------|--|-------------|
|                           | RM'000                    | RM'000                                   | RM'000      |
| <b>Group</b>              |                           |  |             |
| 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      |
| <b>Bank</b>               |                           |  |             |
| 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     |

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (cont'd)**

**38 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:

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