



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

INTERIM FINANCIAL STATEMENTS
AUDITED INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	Note	4th Quarter Ended		Twelve Months Ended	
		31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Interest income	A8	1,702,074	1,994,992	6,987,381	8,088,822
Interest expense	A9	(627,752)	(1,065,673)	(3,225,973)	(4,486,296)
Net interest income		1,074,322	929,319	3,761,408	3,602,526
Other operating income	A10	550,965	520,703	2,176,656	1,840,537
Income from Islamic Banking business	A31(b)	468,349	383,364	1,665,652	1,614,464
Net modification loss	A11	(25,619)	-	(418,004)	-
Net income		2,068,017	1,833,386	7,185,712	7,057,527
Other operating expenses	A12	(889,385)	(899,994)	(3,386,723)	(3,387,336)
Operating profit before allowances		1,178,632	933,392	3,798,989	3,670,191
Allowance for credit losses on financial assets	A13	(604,425)	(67,775)	(1,145,086)	(275,819)
Impairment losses made on other non-financial assets		-	-	(9,500)	-
		574,207	865,617	2,644,403	3,394,372
Share of results of joint venture		-	-	-	(30)
Profit before taxation and zakat		574,207	865,617	2,644,403	3,394,342
Taxation and zakat	B5	(134,866)	(229,153)	(639,912)	(862,307)
Profit from continuing operations		439,341	636,464	2,004,491	2,532,035
Profit/(Loss) from discontinued operation attributable to equity holders	B10	-	(13,687)	34,661	(44,226)
Net profit for the financial period/year		439,341	622,777	2,039,152	2,487,809
Attributable to:					
- Equity holders of the Bank		438,631	621,008	2,032,530	2,482,432
- Non-controlling interests		710	1,769	6,622	5,377
		439,341	622,777	2,039,152	2,487,809
Earnings per share (sen):					
- Profit from continuing operations attributable to equity holders of the Bank					
- Basic	B12	10.9	15.8	49.8	63.0
- Diluted	B12	10.9	15.8	49.8	63.0
- Profit attributable to equity holders of the Bank					
- Basic	B12	10.9	15.5	50.7	61.9
- Diluted	B12	10.9	15.5	50.7	61.9

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



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

INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	4th Quarter Ended		Twelve Months Ended	
		31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Group					
Net profit for the financial period/year		439,341	622,777	2,039,152	2,487,809
Other comprehensive income/(loss) in respect of:					
(i) Items that will not be reclassified to profit or loss:					
(a) Actuarial gain/(loss) on defined benefit plan of subsidiaries		1,651	(1)	3,274	(2,157)
(b) Equity instruments designated at fair value through other comprehensive income ('FVOCI')					
- Net gain on disposal		-	-	-	5,664
- Unrealised net gain/(loss) on revaluation		(1,077)	(684)	59,314	20,435
(ii) Items that will be reclassified subsequently to profit or loss:					
(a) Foreign currency translation reserves					
- Currency translation differences		(82,539)	(62,178)	(95,268)	5,222
- Net investment hedge		-	133	-	(687)
(b) Realisation of foreign exchange reserve and net investment hedge from discontinued operation	B10	-	169	(75,603)	(25)
(c) Debt instruments measured at FVOCI					
- Unrealised net gain/(loss) on revaluation		(238,117)	(59,938)	1,025,119	1,314,290
- Net transfer to income statements on disposal		(55,537)	(76,592)	(401,665)	(220,972)
- Changes in expected credit losses and exchange differences		(3,529)	1,775	(6,401)	(12,019)
Income tax relating to components of other comprehensive (income)/loss		70,484	32,770	(150,029)	(149,122)
Other comprehensive income/(loss), net of tax, for the financial period/year		(308,664)	(164,546)	358,741	960,629
Total comprehensive income for the financial period/year		130,677	458,231	2,397,893	3,448,438
Total comprehensive income attributable to:					
- Equity holders of the Bank		129,904	456,464	2,391,304	3,443,027
- Non-controlling interests		773	1,767	6,589	5,411
		130,677	458,231	2,397,893	3,448,438
Total comprehensive income/(loss) attributable to equity holders of the Bank from:					
- Continuing operations		129,904	469,982	2,432,246	3,487,278
- Discontinued operation	B10	-	(13,518)	(40,942)	(44,251)
		129,904	456,464	2,391,304	3,443,027

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



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

INTERIM FINANCIAL STATEMENTS
AUDITED INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		4th Quarter Ended		Twelve Months Ended	
	Note	31 December 2020	31 December 2019	31 December 2020	31 December 2019
		RM'000	RM'000	RM'000	RM'000
Bank					
Interest income	A8	1,689,973	1,991,620	6,930,514	8,042,465
Interest expense	A9	(612,464)	(1,041,865)	(3,143,823)	(4,384,157)
Net interest income		1,077,509	949,755	3,786,691	3,658,308
Other operating income	A10	450,056	277,830	1,750,090	1,150,372
Income from Islamic Banking business	A31(b)	1,803	1,322	4,272	3,538
Net modification loss	A11	826	-	(158,771)	-
Net income		1,530,194	1,228,907	5,382,282	4,812,218
Other operating expenses	A12	(630,011)	(656,791)	(2,290,393)	(2,357,650)
Operating profit before allowances		900,183	572,116	3,091,889	2,454,568
Allowance for credit losses on financial assets	A13	(513,809)	(33,297)	(806,291)	(263,334)
Impairment losses made on other non-financial assets		-	-	(52,500)	-
Profit before taxation		386,374	538,819	2,233,098	2,191,234
Taxation	B5	(53,503)	(142,585)	(433,493)	(542,240)
Net profit for the financial period/year		332,871	396,234	1,799,605	1,648,994

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



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

INTERIM FINANCIAL STATEMENTS

**AUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	4th Quarter Ended		Twelve Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Bank				
Net profit for the financial period/year	332,871	396,234	1,799,605	1,648,994
Other comprehensive income/(loss) income in respect of:				
(i) Items that will not be reclassified to profit or loss:				
(a) Equity instruments designated at fair value through other comprehensive income ('FVOCI')				
- Net gain on disposal	-	-	-	1,544
- Unrealised net gain/(loss) on revaluation	(1,324)	(708)	57,269	17,332
(ii) Items that will be reclassified subsequently to profit or loss:				
(a) Foreign currency translation reserves				
- Currency translation differences	(12,805)	(18,100)	(25,082)	3,074
(b) Debt instruments measured at FVOCI				
- Unrealised net gain/(loss) on revaluation	(185,588)	(44,510)	835,906	1,126,782
- Net transfer to income statements on disposal	(50,762)	(73,420)	(361,720)	(205,237)
- Changes in expected credit losses and exchange differences	(3,359)	2,072	(6,008)	(8,413)
Income tax relating to components of other comprehensive (income)/loss	56,724	28,303	(113,805)	(113,827)
Other comprehensive income/(loss), net of tax, for the financial period/year	(197,114)	(106,363)	386,560	821,255
Total comprehensive income for the financial period/year	135,757	289,871	2,186,165	2,470,249

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


RHB BANK BERHAD
Registration No. 196501000373 (6171-M)
**INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

		Group		Bank	Restated
		As at	As at	As at	As at
	Note	31 December	31 December	31 December	31 December
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		8,904,285	11,627,992	7,905,636	5,502,893
Deposits and placements with banks and other financial institutions		6,069,443	1,095,567	9,447,903	5,349,632
Investment account due from designated financial institutions	A14	-	-	8,840,858	8,229,334
Financial assets at fair value through profit or loss ('FVTPL')	A15	4,462,106	4,623,447	2,285,301	2,530,288
Financial assets at fair value through other comprehensive income ('FVOCI')	A16	42,903,259	39,805,304	35,869,640	33,934,272
Financial investments at amortised cost	A17	16,005,267	14,249,409	10,195,993	9,702,802
Loans, advances and financing	A18	182,424,879	173,236,672	109,515,184	107,345,665
Clients' and brokers' balances		1,339,568	893,448	-	-
Reinsurance assets		467,504	510,176	-	-
Other assets	A19	1,528,592	1,258,179	1,278,048	1,104,841
Derivative assets	B8	1,653,479	855,256	1,790,567	903,584
Statutory deposits		612,671	4,549,296	228,107	2,608,316
Tax recoverable		289,969	467,103	251,917	433,364
Deferred tax assets		35,338	22,989	-	-
Investments in subsidiaries		-	-	4,901,397	4,914,479
Investments in associates and joint venture		12	9,512	-	-
Right of use assets		149,898	112,807	76,166	86,015
Property, plant and equipment		1,013,255	991,305	766,626	753,671
Goodwill		2,654,122	2,654,122	1,714,913	1,714,913
Intangible assets		636,311	629,912	565,485	548,437
TOTAL ASSETS		271,149,958	257,592,496	195,633,741	185,662,506
LIABILITIES					
Deposits from customers	A20/B7(a)	203,470,783	190,555,225	134,310,974	131,571,124
Deposits and placements of banks and other financial institutions	A21/B7(a)	21,035,186	21,539,329	24,610,611	19,173,832
Obligations on securities sold under repurchase agreements		972,963	2,048,516	4,740,494	3,772,623
Bills and acceptances payable		187,020	254,945	174,838	205,528
Clients' and brokers' balances		1,171,930	824,166	-	-
General insurance contract liabilities		1,086,385	1,106,886	-	-
Other liabilities	A22	3,822,314	3,210,479	2,287,372	1,844,975
Derivative liabilities	B8	2,034,795	1,160,927	1,979,142	1,155,074
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		3,023,760	3,535,996	-	1,265,757
Provision for taxation and zakat		69,623	60,172	-	-
Deferred tax liabilities		165,938	169,763	152,111	136,711
Lease liabilities		154,188	111,769	77,356	85,323
Borrowings	B7(b)	634,630	1,182,527	201,101	840,177
Senior debt securities	B7(c)	3,545,150	3,296,763	3,545,150	3,296,763
Subordinated obligations	B7(d)	2,718,729	2,724,224	1,762,067	1,565,396
TOTAL LIABILITIES		244,093,394	231,781,687	173,841,216	164,913,283

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



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

INTERIM FINANCIAL STATEMENTS

AUDITED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2020

		Group		Bank	Restated
		As at	As at	As at	As at
	Note	31 December	31 December	31 December	31 December
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
EQUITY					
Share capital		6,994,103	6,994,103	6,994,103	6,994,103
Reserves		20,029,732	18,781,291	14,798,422	13,755,120
Equity attributable to holders of the Bank		27,023,835	25,775,394	21,792,525	20,749,223
Non-controlling interests ('NCI')		32,729	35,415	-	-
TOTAL EQUITY		27,056,564	25,810,809	21,792,525	20,749,223
TOTAL LIABILITIES AND EQUITY		271,149,958	257,592,496	195,633,741	185,662,506
COMMITMENTS AND CONTINGENCIES	A27(a)	157,480,418	150,427,794	154,247,517	143,445,965
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK (RM)		6.74	6.43		

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


RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

Group	Note	Attributable to equity holders of the Bank						Total Shareholders' Equity	Non-controlling Interests	Total Equity
		Share Capital	Statutory Reserves	Regulatory Reserves	FVOCI Reserves	Translation Reserves	Other Reserves	Retained Profits	RM'000	RM'000
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2020		6,994,103	513	838,992	1,328,060	688,866	23,331	15,901,529	25,775,394	25,810,809
Net profit for the financial year		-	-	-	-	-	-	2,032,530	2,032,530	2,039,152
Foreign currency translation reserves:										
- Currency translation differences		-	-	-	(319)	(94,887)	-	-	(95,206)	(95,268)
- Realisation of foreign exchange reserve and net investment hedge from discontinued operation	B10	-	-	-	-	(75,603)	-	-	(75,603)	(75,603)
Financial assets measured at FVOCI:										
- Equity instruments										
- Net gain/(loss) on disposal		-	-	-	1,060	-	-	(1,060)	-	-
- Unrealised net gain on revaluation		-	-	-	59,314	-	-	-	59,314	59,314
- Debt instruments										
- Unrealised net gain on revaluation		-	-	-	1,025,119	-	-	-	1,025,119	1,025,119
- Net transfer to income statements on disposal		-	-	-	(401,665)	-	-	-	(401,665)	(401,665)
- Changes in expected credit losses and exchange differences		-	-	-	(6,401)	-	-	-	(6,401)	(6,401)
Actuarial gain on defined benefit plan of subsidiaries		-	-	-	-	-	-	3,241	3,241	3,274
Income tax relating to components of other comprehensive income		-	-	-	(149,637)	-	-	(388)	(150,025)	(150,029)
Other comprehensive income/(loss), net of tax, for the financial year		-	-	-	527,471	(170,490)	-	1,793	358,774	358,741
Total comprehensive income/(loss) for the financial year		-	-	-	527,471	(170,490)	-	2,034,323	2,391,304	2,397,893
Dividends paid/payable		-	-	-	-	-	-	(1,142,863)	(1,142,863)	(9,275)
Transfer to statutory reserves		-	2	-	-	-	-	(2)	-	-
Transfer from regulatory reserves		-	-	(787,320)	-	-	-	787,320	-	-
Balance as at 31 December 2020		6,994,103	515	51,672	1,855,531	518,376	23,331	17,580,307	27,023,835	27,056,564

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



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

INTERIM FINANCIAL STATEMENTS

AUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	Attributable to equity holders of the Bank							Total Shareholders' Equity	Non-controlling Interests	Total Equity
	Share Capital	Statutory Reserves	Regulatory Reserves	FVOCI Reserves	Translation Reserves	Other Reserves	Retained Profits	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2019	6,994,103	513	249,687	376,108	684,275	23,331	15,026,912	23,354,929	37,954	23,392,883
Net profit for the financial year	-	-	-	-	-	-	2,482,432	2,482,432	5,377	2,487,809
Foreign currency translation reserves:										
- Currency translation differences	-	-	-	(144)	5,303	-	-	5,159	63	5,222
- Net investment hedge	-	-	-	-	(687)	-	-	(687)	-	(687)
- Realisation of foreign exchange reserve and net investment hedge from discontinued operation	-	-	-	-	(25)	-	-	(25)	-	(25)
Financial assets measured at FVOCI:										
- Equity instruments										
- Net gain/(loss) on disposal	-	-	-	(1,729)	-	-	7,393	5,664	-	5,664
- Unrealised net gain on revaluation	-	-	-	20,435	-	-	-	20,435	-	20,435
- Debt instruments										
- Unrealised net gain on revaluation	-	-	-	1,314,290	-	-	-	1,314,290	-	1,314,290
- Net transfer to income statements on disposal	-	-	-	(220,972)	-	-	-	(220,972)	-	(220,972)
- Changes in expected credit losses and exchange differences	-	-	-	(12,019)	-	-	-	(12,019)	-	(12,019)
Actuarial loss on defined benefit plan of subsidiaries	-	-	-	-	-	-	(2,138)	(2,138)	(19)	(2,157)
Income tax relating to components of other comprehensive income	-	-	-	(147,909)	-	-	(1,203)	(149,112)	(10)	(149,122)
Other comprehensive income, net of tax, for the financial year	-	-	-	951,952	4,591	-	4,052	960,595	34	960,629
Total comprehensive income for the financial year	-	-	-	951,952	4,591	-	2,486,484	3,443,027	5,411	3,448,438
Dividends paid	-	-	-	-	-	-	(1,022,562)	(1,022,562)	(7,950)	(1,030,512)
Transfer to regulatory reserves	-	-	589,305	-	-	-	(589,305)	-	-	-
Balance as at 31 December 2019	6,994,103	513	838,992	1,328,060	688,866	23,331	15,901,529	25,775,394	35,415	25,810,809

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



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

Bank	Non-Distributable				Distributable	Total Equity
	Share Capital	Regulatory Reserves	FVOCI Reserves	Translation Reserves	Retained Profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2020	6,994,103	352,506	1,165,505	374,754	11,862,355	20,749,223
Net profit for the financial year	-	-	-	-	1,799,605	1,799,605
Foreign currency translation reserves:						
- Currency translation differences	-	-	-	(25,082)	-	(25,082)
Financial assets measured at FVOCI:						
- Equity instruments						
- Net gain/(loss) on disposal	-	-	898	-	(898)	-
- Unrealised net gain on revaluation	-	-	57,269	-	-	57,269
- Debt instruments						
- Unrealised net gain on revaluation	-	-	835,906	-	-	835,906
- Net transfer to income statements on disposal	-	-	(361,720)	-	-	(361,720)
- Changes in expected credit losses and exchange differences	-	-	(6,008)	-	-	(6,008)
Income tax relating to components of other comprehensive income	-	-	(113,805)	-	-	(113,805)
Other comprehensive income/(loss), net of tax, for the financial year	-	-	412,540	(25,082)	(898)	386,560
Total comprehensive income/(loss) for the financial year	-	-	412,540	(25,082)	1,798,707	2,186,165
Dividends paid/payable	-	-	-	-	(1,142,863)	(1,142,863)
Transfer from regulatory reserves	-	(352,506)	-	-	352,506	-
Balance as at 31 December 2020	6,994,103	-	1,578,045	349,672	12,870,705	21,792,525

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



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

Bank	Non-Distributable				Distributable	Total Equity
	Share Capital	Regulatory Reserves	FVOCI Reserves	Translation Reserves	Retained Profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2019	6,994,103	126,230	349,347	371,680	11,460,176	19,301,536
Net profit for the financial year	-	-	-	-	1,648,994	1,648,994
Foreign currency translation reserves:						
- Currency translation differences	-	-	-	3,074	-	3,074
Financial assets measured at FVOCI:						
- Equity instruments						
- Net gain/(loss) on disposal	-	-	(479)	-	2,023	1,544
- Unrealised net gain on revaluation	-	-	17,332	-	-	17,332
- Debt instruments						
- Unrealised net gain on revaluation	-	-	1,126,782	-	-	1,126,782
- Net transfer to income statements on disposal	-	-	(205,237)	-	-	(205,237)
- Changes in expected credit losses and exchange differences	-	-	(8,413)	-	-	(8,413)
Income tax relating to components of other comprehensive income	-	-	(113,827)	-	-	(113,827)
Other comprehensive income, net of tax, for the financial year	-	-	816,158	3,074	2,023	821,255
Total comprehensive income for the financial year	-	-	816,158	3,074	1,651,017	2,470,249
Dividends paid	-	-	-	-	(1,022,562)	(1,022,562)
Transfer to regulatory reserves	-	226,276	-	-	(226,276)	-
Balance as at 31 December 2019	6,994,103	352,506	1,165,505	374,754	11,862,355	20,749,223

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



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

INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Twelve Months Ended	
	31 December	31 December
	2020	2019
	RM'000	RM'000
Group		
Cash flows from operating activities		
Profit/(Loss) before taxation and zakat:		
- Continuing operations	2,644,403	3,394,342
- Discontinued operation	33,130	(43,898)
Profit before taxation and zakat, including discontinued operation	2,677,533	3,350,444
Adjustments for:		
Allowance for credit losses on loans, advances and financing	1,372,465	584,111
Allowance for credit losses on other financial assets	17,550	812
Property, plant and equipment:		
- Depreciation	112,564	128,431
- Gain on disposal	(2,319)	(2,856)
- Written off	25	1,149
Intangible assets:		
- Amortisation	117,646	121,257
- Written off	4,766	252
Right of use assets:		
- Depreciation	74,137	75,810
- Gain on modification	(17)	(9)
Net allowance made/(written back) on financial assets at FVOCI and financial investments at amortised cost	53,260	(41,378)
Share of results of joint venture	-	30
Net gain on financial instruments	(537,849)	(330,370)
Gain on remeasurement of previously held equity interest in a joint venture	-	(258)
(Gain)/Loss on disposal of subsidiaries	(55,017)	51
Dividend income from financial assets at FVTPL and financial assets at FVOCI	(59,877)	(87,023)
Net modification loss	418,004	-
Interest expense on borrowings, senior debt securities, Hybrid Tier-1 Capital Securities, subordinated obligations and lease liabilities	244,336	343,668
Other non-cash items	(2,114,897)	(2,336,942)
Operating profit before working capital changes	2,322,310	1,807,179
Decrease/(Increase) in operating assets:		
Deposits and placements with banks and other financial institutions	(4,963,537)	(204,469)
Financial assets at FVTPL	556,075	(583,855)
Loans, advances and financing	(11,297,877)	(8,273,107)
Clients' and brokers' balances	(528,464)	49,608
Other assets	(496,144)	449,446
Statutory deposits	3,942,044	241,724
	(12,787,903)	(8,320,653)
Increase/(Decrease) in operating liabilities:		
Deposits from customers	13,070,755	11,951,319
Deposits and placements of banks and other financial institutions	(310,598)	3,328,672
Obligations on securities sold under repurchase agreements	(1,075,043)	(144,267)
Bills and acceptances payable	(67,861)	(46,604)
Clients' and brokers' balances	347,764	(17,616)
Other liabilities	380,045	573,495
Recourse obligation on loans sold to Cagamas	(512,236)	(1,730,120)
	11,832,826	13,914,879

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



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

INTERIM FINANCIAL STATEMENTS

AUDITED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Twelve Months Ended	
		31 December 2020	31 December 2019
Group		RM'000	RM'000
Cash flows from operating activities (continued)			
Cash generated from operations		1,367,233	7,401,405
Interest paid		(245,855)	(369,862)
Net tax and zakat paid		(615,478)	(826,929)
Net cash generated from operating activities		505,900	6,204,614
Cash flows from investing activities			
Net purchase of financial assets at FVOCI and financial investments at amortised cost		(3,942,087)	(6,132,734)
Property, plant and equipment:			
- Purchase		(138,266)	(130,988)
- Proceeds from disposal		3,110	5,421
Intangible assets:			
- Purchase		(131,815)	(140,524)
Financial assets at FVOCI and financial investments at amortised cost:			
- Interest received		1,677,747	1,618,231
- Investment income received		357,963	327,679
Dividend income received from financial assets at FVTPL and financial assets at FVOCI		59,877	87,023
Net cash inflow from disposal of subsidiaries	B10	136,201	16,548
Net cash inflow from additional equity acquisition of a joint venture		-	10,710
Contingent consideration received arising from disposal of a subsidiary		15,961	-
Net cash used in investing activities		(1,961,309)	(4,338,634)
Cash flows from financing activities			
Net repayment of borrowings		(529,049)	(627)
Redemption of senior debt securities		-	(1,256,100)
Proceeds from issuance of senior debt securities		300,000	1,255,580
Redemption of Hybrid Tier-1 Capital Securities		-	(595,000)
Proceeds from issuance of Subordinated Sukuk Murabahah		-	500,000
Redemption of Subordinated Sukuk Murabahah		-	(500,000)
Proceeds from issuance of subordinated notes		1,000,000	-
Redemption of subordinated notes		(1,000,000)	(1,000,000)
Redemption of puttable financial instruments		-	(74,185)
Dividends paid to equity holders of the Bank		(741,858)	(1,022,562)
Dividends paid to NCI		(9,275)	(7,950)
Principal lease payments		(66,531)	(79,422)
Net cash used in financing activities		(1,046,713)	(2,780,266)
Net decrease in cash and cash equivalents		(2,502,122)	(914,286)
Effects of exchange rate differences		(221,585)	(10,910)
Cash and cash equivalents:			
- at the beginning of the financial year		11,627,992	12,553,188
- at the end of the financial year		8,904,285	11,627,992
Cash and cash equivalents comprise the following:			
- Cash and short term funds		8,904,285	11,627,992

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



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

INTERIM FINANCIAL STATEMENTS

AUDITED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Twelve Months Ended	
	31 December 2020	31 December 2019
	RM'000	RM'000
Bank		
Cash flows from operating activities		
Profit before taxation	2,233,098	2,191,234
Adjustments for:		
Allowance for credit losses on loans, advances and financing	1,019,203	546,792
Allowance for credit losses on other financial assets	4,042	(319)
Property, plant and equipment:		
- Depreciation	92,591	99,854
- Gain on disposal	(2,209)	(2,489)
- Written off	1	956
Intangible assets:		
- Amortisation	100,434	99,694
- Written off	-	5
Right of use assets:		
- Depreciation	52,083	47,952
- Gain on modification	(4)	-
Impairment loss on investment in a subsidiary	52,500	-
Net allowance made/(written back) on financial assets at FVOCI and financial investments at amortised cost	54,612	(36,402)
Net gain on financial instruments	(462,751)	(230,399)
Dividend income from financial assets at FVOCI	(4,404)	(9,566)
Dividend income from subsidiaries	(580,585)	(63,544)
Net modification loss	158,771	-
Interest expense on borrowings, senior debt securities, Hybrid Tier-1 Capital Securities, subordinated obligations and lease liabilities	182,023	279,975
Other non-cash items	(1,683,948)	(1,768,333)
Operating profit before working capital changes	1,215,457	1,155,410
Decrease/(Increase) in operating assets:		
Deposits and placements with banks and other financial institutions	(4,098,229)	(2,257,107)
Investment accounts due from designated financial institutions	(611,524)	(330,723)
Financial assets at FVTPL	432,624	(466,598)
Loans, advances and financing	(3,653,911)	454,259
Other assets	(1,100,007)	44,503
Statutory deposits	2,380,258	370,624
	(6,650,789)	(2,185,042)
Increase/(Decrease) in operating liabilities:		
Deposits from customers	2,822,311	4,365,190
Deposits and placements of banks and other financial institutions	5,635,585	1,606,605
Obligations on securities sold under repurchase agreements	995,764	651,676
Bills and acceptances payable	(30,784)	(42,043)
Other liabilities	1,031,246	(317,499)
Recourse obligation on loans sold to Cagamas	(1,265,757)	(1,730,120)
	9,188,365	4,533,809

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



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

INTERIM FINANCIAL STATEMENTS

AUDITED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Twelve Months Ended	
	31 December 2020	31 December 2019
	RM'000	RM'000
Bank		
Cash flows from operating activities (continued)		
Cash generated from operations	3,753,033	3,504,177
Interest paid	(183,821)	(303,352)
Net tax paid	(350,750)	(568,688)
Net cash generated from operating activities	<u>3,218,462</u>	<u>2,632,137</u>
 Cash flows from investing activities		
Net purchase of financial assets at FVOCI and financial investments at amortised cost	(1,689,715)	(4,551,513)
Property, plant and equipment:		
- Purchase	(106,198)	(99,136)
- Proceeds from disposal	2,765	5,043
Intangible assets:		
- Purchase	(117,565)	(124,079)
Interest received from financial assets at FVOCI and financial investments at amortised cost	1,607,002	1,540,450
Dividend income received from subsidiaries	580,585	63,544
Dividend income received from financial assets at FVOCI	4,404	9,566
Additional investments in a subsidiary	(39,418)	(2,225)
Net cash generated from/(used in) investing activities	<u>241,860</u>	<u>(3,158,350)</u>
 Cash flows from financing activities		
Net repayment of borrowings	(644,344)	(130,606)
Redemption of senior debt securities	-	(1,256,100)
Proceeds from issuance of senior debt securities	300,000	1,255,580
Redemption of Hybrid Tier-1 Capital Securities	-	(600,000)
Proceeds from issuance of subordinated notes	1,000,000	-
Redemption of subordinated notes	(800,000)	(1,000,000)
Dividends paid to equity holders of the Bank	(741,858)	(1,022,562)
Principal lease payments	(50,348)	(50,323)
Net cash used in financing activities	<u>(936,550)</u>	<u>(2,804,011)</u>
 Net increase/(decrease) in cash and cash equivalents	2,523,772	(3,330,224)
Effects of exchange rate differences	(121,029)	(22,209)
Cash and cash equivalents:		
- at the beginning of the financial year	5,502,893	8,855,326
- at the end of the financial year	<u>7,905,636</u>	<u>5,502,893</u>
 Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>7,905,636</u>	<u>5,502,893</u>

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



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A1. Basis Of Preparation

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

The accounting policies and presentation adopted by the Group and the Bank for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2019, except for the adoption of the following during the current financial year:

- (a) Accounting standards, annual improvements and amendments to MFRS which are effective and applicable for the Group and the Bank for financial year beginning on or after 1 January 2020:

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 'Definition of Material'
- Amendments to MFRS 3 'Definition of a Business'
- Amendments to MFRS 7, MFRS 9 and MFRS 139 'Interest Rate Benchmark Reform'

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

- (b) Changes in regulatory requirements

- (i) Additional measures issued by Bank Negara Malaysia ('BNM')

On 24 March 2020 and 24 July 2020, BNM announced that the following measures which are aimed to ensure that the financial intermediation function of the financial sector remains intact, access to financing continues to be available and banking institutions remain focused on supporting the economy during the COVID-19 pandemic:

I Moratorium on repayment/payment of loans/financing

- (1) Banking institutions to grant an automatic moratorium on all loan/financing repayments covering both principal and interest/profit (except for credit card balances) by individuals and small and medium-sized enterprises ('SMEs') for a period of 6 months effective 1 April 2020. This automatic moratorium is applicable to loans/financing that are not in arrears exceeding 90 days as at 1 April 2020 and denominated in Malaysian Ringgit;
- (2) For credit cards, customers shall have the option of converting the outstanding balances into a term loan/financing of a tenure of not more than 3 years and an effective interest/profit rate capped at 13% per annum. For customers who have been unable to meet the minimum repayment for 3 consecutive months, their credit card balances will be automatically converted into a term loan with the abovementioned terms; and
- (3) Banking institutions are also strongly encouraged to facilitate requests for a moratorium for corporate borrowers in a way that enables viable corporations to preserve jobs and swiftly resume economic activities.

II Definition of defaulted exposures under the policy documents on Capital Adequacy Framework and Capital Adequacy Framework for Islamic Banks

In applying the definition of defaulted exposures under the above policies to loans/financing for which repayment assistance is extended:

- (1) The determination of 'days past due' should be based on the new repayment terms of a loan/financing that has been rescheduled and restructured. Where the repayment terms include a repayment deferral, the determination of days past due should exclude the deferred repayment period;
- (2) For loans/financing to individuals or SMEs, a borrower/customer should not be considered to be in default based on 'unlikelihood to repay' at the time the repayment assistance is granted, except where the loan/financing is sold by the banking institution at a material loss or the borrower/customer is subjected to bankruptcy actions; and
- (3) For loans/financing to corporates, the assessment of 'unlikelihood to repay' should not be based solely on the borrower/customer taking up an offer of repayment assistance extended by the banking institution but based on a more holistic assessment of all relevant indicators and information available on the corporate borrower/customer.



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A1. Basis Of Preparation (Continued)

(b) Changes in regulatory requirements (continued)

(i) Additional measures issued by Bank Negara Malaysia ('BNM') (continued)

II Definition of defaulted exposures under the policy documents on Capital Adequacy Framework and Capital Adequacy Framework for Islamic Banks (continued)

Regulatory Capital Treatment

The regulatory capital treatment above shall apply to loans/financing denominated in Malaysian Ringgit or foreign currency that meet the following criteria:

- (1) The principal or interest/profit, or both, is not in arrears exceeding 90 days as at the date of application for repayment assistance; and
- (2) The application for repayment assistance by a borrower/customer is received on or before 30 June 2021.

The regulatory capital treatment would also be applicable to rescheduled and restructured loans/financing that are facilitated by Agensi Kaunseling dan Pengurusan Kredit, the Small Debt Resolution Scheme and the Corporate Debt Restructuring Committee.

III Drawdown of prudential buffers

- (1) Banking institutions are given the following relaxation of the prudential buffers, which will need to be restored to the minimum regulatory requirements by 30 September 2021:
 - Drawdown of capital conservation buffer of 2.5%;
 - Operate below the minimum liquidity coverage ratio ('LCR') of 100%; and
 - Reduce the regulatory reserves held against expected credit losses to 0%.
- (2) The implementation of the Net Stable Funding Ratio ('NSFR') will proceed as scheduled on 1 July 2020. However, the minimum NSFR will be lowered to 80% and banking institutions will be required to comply with the requirement of 100% from 30 September 2021.

The adoption of the above additional measures gave rise to the following observations and financial impact:

- (1) The financial impact to the Group and the Bank are as disclosed in Note A11;
- (2) Loan/financing granted with moratorium will not be considered as 'restructuring and rescheduling', unless with extended tenure and revising original repayment amount;
- (3) The moratorium does not automatically result in stage transfer under MFRS 9 in the absence of other factors relevant to the assessment of whether there has been a significant increase in credit risk. Instead, the Group and the Bank will assess other factors, such as historical repayment and delinquency trends before the COVID-19 outbreak, in considering whether the borrower has experienced a significant increase in credit risk; and
- (4) The Group and the Bank have continued to maintain in aggregate the loss allowance for non-credit impaired exposures and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A1. Basis Of Preparation (Continued)

(b) Changes in regulatory requirements (continued)

(i) Additional measures issued by Bank Negara Malaysia ('BNM') (continued)

The adoption of the above additional measures gave rise to the following observations and financial impact (continued):

(5) Measurement of expected credit losses

The impact of the COVID-19 pandemic remains uncertain and represents a material downside risk to the economy. While the methodologies and assumptions applied in the base expected credit loss ('ECL') calculations remained unchanged from those applied in the 2019 audited financial statements, the Group and the Bank have incorporated the following estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of ECL:

- Forward looking macro-economic information and assumptions relating to the COVID-19 pandemic have been considered, including potential impacts of the COVID-19 pandemic, recognising uncertainty still exists in relation to the duration of the COVID-19 pandemic-related restrictions, the anticipated impact of government stimulus and regulatory actions;
- When determining whether the risk of default has increased significantly since initial recognition, both quantitative and qualitative information is considered, including expert credit assessment, forward looking information and analysis based on the Group's historical loss experience; and
- Consistent with industry guidance, customer support payment deferrals as part of the COVID-19 pandemic moratorium packages, by itself, will not result in a significant increase in credit risk, and therefore will not trigger an automatic migration from stage 1 (12-month ECL) to stage 2 (lifetime ECL) in the credit impairment provision for such loans/financing.

A2. Auditors' Report

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

A3. Seasonal Or Cyclical Factors

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

A4. Exceptional Or Unusual Items

There were no exceptional or unusual items for the financial year ended 31 December 2020, other than the impact of COVID-19 pandemic, net modification loss as disclosed in Note A11 and the disposal of a subsidiary as disclosed in Note B10.

A5. Changes In Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the financial year ended 31 December 2020, other than as disclosed in Note A1(b).



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A6. Changes In Debt and Equity Securities

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial year ended 31 December 2020, other than as disclosed below:

- (a) RHB Investment Bank Berhad ('RHB Investment Bank'), a wholly-owned subsidiary of the Bank, had on 16 April 2020 fully redeemed its existing subordinated notes of RM200 million in nominal value under a RM1 billion Multi-Currency Medium Term Note Programme which was issued on 16 April 2015;
- (b) The Bank had on 29 April 2020 fully redeemed its existing subordinated notes of RM300 million in nominal value under a RM3 billion medium term note programme which was issued on 29 April 2010;
- (c) The Bank had on 8 May 2020 fully redeemed its existing subordinated notes of RM500 million in nominal value under a RM5 billion multi-currency medium term note programme which was issued on 8 May 2015;
- (d) The Bank had on 28 May 2020 issued Subordinated Notes of RM500 million in nominal value under a RM5 billion (or its equivalent in other currencies) multi-currency medium term note programme ('Subordinated Notes'). The Subordinated Notes is issued for a tenure of 10 non-callable 5 years with a fixed coupon rate of 3.35% per annum, payable semi-annually in arrears throughout the entire tenure;
- (e) The Bank had on 20 October 2020 issued Senior Sukuk of RM300 million in nominal value based on the Shariah principle of Murabahah (via Tawarruq arrangement) ('Senior Sukuk Murabahah') under the Multi-Currency Islamic Medium Term Notes Programme of up to RM10 billion (or its equivalent in other currencies) in nominal value. The Senior Sukuk Murabahah is issued for a tenure of 5 years with a fixed coupon rate of 2.85% per annum, payable semi-annually in arrears; and
- (f) The Bank had on 20 November 2020 issued Subordinated Notes of RM500 million in nominal value under a RM5 billion (or its equivalent in other currencies) multi-currency medium term note programme ('Subordinated Notes'). The Subordinated Notes is issued for a tenure of 10 non-callable 5 years with a fixed coupon rate of 3.13% per annum, payable semi-annually in arrears throughout the entire tenure.

A7. Dividends Paid

During the financial year ended 31 December 2020:

- (a) The Bank had paid a final single-tier dividend of 18.50 sen per share in respect of the financial year ended 31 December 2019, amounting to RM741,858,000 on 26 June 2020;
- (b) The Bank had declared an interim single-tier dividend of 10.00 sen per share in respect of the financial year ended 31 December 2020, amounting to RM401,005,000. This interim dividend has been accounted for in the shareholders' equity as an appropriation of retained profits for the financial year ended 31 December 2020, and payment has been made on 9 February 2020.

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the current financial year of 7.65 sen per share amounting to RM306,768,000 will be proposed for shareholders' approval.

Subject to the relevant regulatory approvals being obtained, the Board of Directors in its absolute discretion, recommends that the shareholders of the Bank be given an option to elect to reinvest the entire final dividend into new ordinary shares of the Bank in accordance with the proposed Dividend Reinvestment Plan as disclosed in Note B6(c).



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A8. Interest Income

Group	4th Quarter Ended		Twelve Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Loans and advances	1,273,946	1,512,942	5,192,892	6,189,748
Money at call and deposits and placements with banks and other financial institutions	20,544	36,319	84,895	170,980
Financial assets at FVTPL	15,717	21,089	63,731	81,517
Financial assets at FVOCI - debt instruments	286,577	302,125	1,199,568	1,149,047
Financial investments at amortised cost	100,315	118,717	426,602	480,822
Others	4,975	3,800	19,693	16,708
	<u>1,702,074</u>	<u>1,994,992</u>	<u>6,987,381</u>	<u>8,088,822</u>
Of which:				
Interest income accrued on impaired financial assets	<u>33,720</u>	<u>25,941</u>	<u>80,973</u>	<u>106,546</u>
Bank				
Loans and advances	1,190,757	1,431,850	4,848,253	5,845,375
Money at call and deposits and placements with banks and other financial institutions	42,412	51,277	173,792	218,355
Investment account due from designated financial institutions	70,949	84,573	288,753	339,436
Securities purchased under resale agreements	10	-	70	-
Financial assets at FVTPL	15,703	21,063	63,431	80,721
Financial assets at FVOCI - debt instruments	281,136	295,351	1,175,362	1,121,941
Financial investments at amortised cost	88,250	106,059	376,381	429,538
Others	756	1,447	4,472	7,099
	<u>1,689,973</u>	<u>1,991,620</u>	<u>6,930,514</u>	<u>8,042,465</u>
Of which:				
Interest income accrued on impaired financial assets	<u>30,952</u>	<u>22,298</u>	<u>70,795</u>	<u>94,145</u>



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A9. Interest Expense

Group	4th Quarter Ended		Twelve Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	49,498	131,852	314,995	511,439
Deposits from customers	520,777	827,973	2,657,885	3,486,141
Obligations on securities sold under repurchase agreements	2,636	9,578	18,619	29,982
Recourse obligation on loans sold to Cagamas	-	28,901	11,045	128,982
Subordinated obligations	17,584	24,363	74,735	122,494
Senior debt securities	26,437	25,337	103,853	123,641
Hybrid Tier-1 Capital Securities	-	3,219	-	21,741
Borrowings	4,084	8,245	23,801	36,987
Others	6,736	6,205	21,040	24,889
	627,752	1,065,673	3,225,973	4,486,296
Bank				
Deposits and placements of banks and other financial institutions	57,231	131,595	350,945	524,908
Deposits from customers	491,059	800,614	2,527,099	3,351,339
Obligations on securities sold under repurchase agreements	16,133	21,425	60,309	80,873
Recourse obligation on loans sold to Cagamas	-	28,901	11,045	128,982
Subordinated obligations	15,141	19,398	62,033	102,794
Senior debt securities	26,437	25,337	103,853	123,641
Hybrid Tier-1 Capital Securities	-	3,276	-	22,050
Borrowings	979	6,067	13,087	28,720
Others	5,484	5,252	15,452	20,850
	612,464	1,041,865	3,143,823	4,384,157


RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**
A10. Other Operating Income

Group	4th Quarter Ended		Twelve Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Fee income				
- Service charges and fees	43,520	44,755	137,941	168,908
- Commission	42,940	38,833	156,698	151,404
- Guarantee fees	6,248	8,629	30,374	33,439
- Commitment fees	11,187	10,084	42,495	42,000
- Brokerage income	134,645	52,913	450,885	214,333
- Fund management fees	65,809	62,803	256,118	234,438
- Unit trust fee income	49,352	31,459	127,694	110,128
- Corporate advisory fees	5,416	16,267	19,926	42,778
- Underwriting and arrangement fees	6,434	7,912	16,086	31,959
- Other fee income	20,473	31,468	68,258	79,495
	386,024	305,123	1,306,475	1,108,882
- Fee and commission expenses	(92,234)	(60,943)	(278,737)	(212,065)
	293,790	244,180	1,027,738	896,817
Net gain arising from financial assets at FVTPL				
- Net gain/(loss) on disposal	2,969	(4,156)	260,573	105,867
- Unrealised net gain/(loss) on revaluation	(2,995)	(10,348)	62,743	52,738
- Dividend income	10,340	21,850	54,640	76,500
	10,314	7,346	377,956	235,105
Net (loss)/gain on revaluation of derivatives	35,413	22,013	(162,985)	(57,411)
Net gain/(loss) on fair value hedges	108	(389)	4,256	(528)
Net loss arising from derecognition of financial investments at amortised cost	-	-	(9)	-
Net gain arising from financial assets at FVOCI				
- Net gain on debt instruments on disposal	50,822	73,485	362,166	205,576
- Dividend income	124	5,493	5,237	10,523
	50,946	78,978	367,403	216,099
Other income				
Net foreign exchange gain	98,570	93,696	269,003	283,515
Insurance underwriting surplus before management expenses	38,818	54,163	216,464	192,980
Gain on disposal of property, plant and equipment	2,147	962	2,319	2,856
Gain on remeasurement of previously held equity interest in a joint venture	-	-	-	258
Loss on disposal of a subsidiary	-	-	-	(51)
Gain on modification of right of use assets	4	9	17	9
Rental income	560	278	1,440	1,368
Other operating income	7,746	10,211	23,840	34,800
Other non-operating income	12,549	9,256	49,214	34,720
	160,394	168,575	562,297	550,455
	550,965	520,703	2,176,656	1,840,537


RHB BANK BERHAD
Registration No. 196501000373 (6171-M)
**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**
A10. Other Operating Income (continued)

	4th Quarter Ended		Twelve Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Bank	RM'000	RM'000	RM'000	RM'000
Fee income				
- Service charges and fees	37,604	35,979	122,542	152,272
- Commission	53,623	44,455	183,123	176,384
- Guarantee fees	6,168	8,511	29,615	32,386
- Commitment fees	10,840	9,696	41,126	39,472
- Corporate advisory fees	-	-	243	-
- Other fee income	5,807	8,467	22,486	23,902
	<u>114,042</u>	<u>107,108</u>	<u>399,135</u>	<u>424,416</u>
Net gain/(loss) arising from financial assets at FVTPL				
- Net gain/(loss) on disposal	(1,238)	6,581	129,365	89,327
- Unrealised net (loss)/gain on revaluation	6,144	(11,628)	(4,455)	1,840
	<u>4,906</u>	<u>(5,047)</u>	<u>124,910</u>	<u>91,167</u>
Net (loss)/gain on revaluation of derivatives	4,946	5,936	(28,131)	(16,649)
Net gain/(loss) on fair values hedges	108	(389)	4,256	(528)
Net loss arising from derecognition of financial investments at amortised cost	-	-	(9)	-
Net gain arising from financial assets at FVOCI				
- Net gain on debt instruments on disposal	50,762	73,420	361,725	205,237
- Dividend income	-	5,310	4,404	9,566
	<u>50,762</u>	<u>78,730</u>	<u>366,129</u>	<u>214,803</u>
Dividend income from subsidiaries	201,675	1,000	580,585	63,544
Other income				
Net foreign exchange gain	48,521	70,378	219,752	312,124
Gain on disposal of property, plant and equipment	2,195	815	2,209	2,489
Gain on modification of right of use assets	4	-	4	-
Rental income	2,895	2,503	11,324	11,811
Other operating income	5,825	8,829	20,729	32,364
Other non-operating income	14,177	7,967	49,197	14,831
	<u>73,617</u>	<u>90,492</u>	<u>303,215</u>	<u>373,619</u>
	<u>450,056</u>	<u>277,830</u>	<u>1,750,090</u>	<u>1,150,372</u>



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

A11. Net Modification Loss

The Group and the Bank have granted an automatic payment moratorium on certain loan/financing to individuals and SMEs as further disclosed in Note A1(b). As a result of the payment moratorium, the Group and the Bank have recognised a loss arising from the modification of cash flows of the loan/financing. This loss is set-off against the fair value gain on concessionary funding received as part of the COVID-19 relief measures. The net modification loss will be unwound through the income statements over the remaining tenure of the loan/financing and funding.

A12. Other Operating Expenses

	4th Quarter Ended		Twelve Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Group	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	393,843	404,337	1,654,640	1,611,950
- Defined contribution plan	61,751	56,117	236,076	221,271
- Other staff related costs	44,234	54,608	150,860	179,843
	<u>499,828</u>	<u>515,062</u>	<u>2,041,576</u>	<u>2,013,064</u>
Establishment costs				
- Property, plant and equipment:				
- Depreciation	29,053	34,037	111,586	126,188
- Written off	1	882	25	1,107
- Intangible assets:				
- Amortisation	28,664	30,813	115,397	117,550
- Written off	5	247	5	252
- Right of use assets:				
- Depreciation	17,029	18,876	70,336	70,125
- Rental of premises	5,532	6,646	26,188	31,249
- Rental of equipment	3,010	2,864	10,163	8,111
- Insurance	4,556	7,891	20,475	33,698
- Water and electricity	6,672	7,570	27,228	30,560
- Repair and maintenance	9,475	12,233	31,945	36,552
- Security and escorting expenses	11,985	12,016	45,596	45,229
- Information technology expenses	74,928	62,245	271,937	250,056
- Others	5,199	914	16,578	6,774
	<u>196,109</u>	<u>197,234</u>	<u>747,459</u>	<u>757,451</u>
Marketing expenses				
- Sales commission	34,649	23,216	106,396	93,334
- Advertisement and publicity	27,065	21,818	55,760	65,187
- Others	23,221	24,308	78,063	92,076
	<u>84,935</u>	<u>69,342</u>	<u>240,219</u>	<u>250,597</u>
Administration and general expenses				
- Communication expenses	51,557	38,572	165,723	149,401
- Legal and professional fee	13,417	38,287	38,487	65,169
- Others	43,539	41,497	153,259	151,654
	<u>108,513</u>	<u>118,356</u>	<u>357,469</u>	<u>366,224</u>
	<u>889,385</u>	<u>899,994</u>	<u>3,386,723</u>	<u>3,387,336</u>



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A12. Other Operating Expenses (continued)

	4th Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
Bank	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	289,224	290,837	1,082,925	1,074,370
- Defined contribution plan	42,601	39,503	164,854	153,816
- Other staff related costs	31,638	37,113	99,500	114,607
	<u>363,463</u>	<u>367,453</u>	<u>1,347,279</u>	<u>1,342,793</u>
Establishment costs				
- Property, plant and equipment:				
- Depreciation	23,767	26,972	92,591	99,854
- Written off	-	850	1	956
- Intangible assets:				
- Amortisation	25,122	25,409	100,434	99,694
- Written off	-	-	-	5
- Right of use assets:				
- Depreciation	12,777	13,566	52,083	47,952
- Rental of premises	3,232	2,943	13,260	18,748
- Rental of equipment	2,978	2,792	10,093	7,858
- Insurance	6,366	8,845	23,297	33,927
- Water and electricity	4,113	4,613	16,527	18,287
- Repair and maintenance	6,359	6,987	22,906	24,338
- Security and escorting expenses	11,828	12,648	45,681	45,571
- Information technology expenses	45,627	38,115	161,894	151,176
	<u>142,169</u>	<u>143,740</u>	<u>538,767</u>	<u>548,366</u>
Marketing expenses				
- Sales commission	27,310	17,867	78,835	67,577
- Advertisement and publicity	23,410	22,779	41,565	50,783
- Others	8,992	12,145	33,264	42,004
	<u>59,712</u>	<u>52,791</u>	<u>153,664</u>	<u>160,364</u>
Administration and general expenses				
- Communication expenses	31,129	25,502	103,718	98,435
- Legal and professional fee	18,612	43,353	72,119	111,578
- Others	14,926	23,952	74,846	96,114
	<u>64,667</u>	<u>92,807</u>	<u>250,683</u>	<u>306,127</u>
	<u><u>630,011</u></u>	<u><u>656,791</u></u>	<u><u>2,290,393</u></u>	<u><u>2,357,650</u></u>



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

A13. Allowance for Credit Losses on Financial Assets

Group	4th Quarter Ended		Twelve Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
<u>Charge/(Writeback)</u>				
Loans, advances and financing:				
- Net charge	581,250	88,105	1,207,891	400,580
- Bad debts recovered	(87,759)	(69,689)	(297,242)	(264,903)
- Bad debts written off	55,957	61,589	164,730	183,151
	549,448	80,005	1,075,379	318,828
Financial assets at FVOCI	(3,597)	1,707	(6,364)	(12,347)
Financial investments at amortised cost	56,721	(12,377)	59,624	(29,031)
Other financial assets	1,853	(1,560)	16,447	(1,631)
	604,425	67,775	1,145,086	275,819

Bank

Charge/(Writeback)

Loans, advances and financing:				
- Net charge	495,320	58,425	884,209	390,905
- Bad debts recovered	(81,084)	(63,937)	(271,566)	(246,737)
- Bad debts written off	40,089	47,806	134,994	155,887
	454,325	42,294	747,637	300,055
Financial assets at FVOCI	(3,427)	2,003	(5,971)	(8,741)
Financial investments at amortised cost	60,515	(11,896)	60,583	(27,661)
Other financial assets	2,396	896	4,042	(319)
	513,809	33,297	806,291	263,334

A14. Investment Account Due From Designated Financial Institutions

This investment account which is exposure to Restricted Profit Sharing Investment Account ('RPSIA'), is an arrangement by the Bank with its wholly-owned subsidiary, RHB Islamic Bank Berhad ('RHB Islamic Bank').

The underlying assets of RHB Islamic Bank for the RPSIA are as follows:

	Bank	
	As at 31 December 2020	As at 31 December 2019
	RM'000	RM'000
<u>Principal</u>		
Personal financing	1,000,000	1,000,000
Other term financing	6,917,534	6,320,301
Unquoted securities	811,775	811,775
	8,729,309	8,132,076



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A15. Financial Assets at Fair Value Through Profit or Loss ('FVTPL')

	Group		Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
	RM'000	RM'000	RM'000	RM'000
Mandatory measured at fair value				
<u>Money market instruments:</u>				
Malaysian Government Securities	656,342	491,029	656,342	491,029
Malaysian Government Investment Issues	1,582,566	1,606,524	1,474,888	1,399,379
Singapore Housing Development Board	-	30,383	-	30,383
Singapore Government Securities	-	16,922	-	16,922
<u>Quoted securities:</u>				
In Malaysia				
Shares, exchange traded funds and warrants	209,443	23,716	-	-
Unit trusts	69,450	65,906	-	-
Corporate bond/sukuk	3,482	3,324	3,482	3,324
Outside Malaysia				
Shares, exchange traded funds and warrants	236,084	282,457	3,400	3,337
<u>Unquoted securities:</u>				
In Malaysia				
Corporate bond/sukuk	52,781	254,807	51,370	254,807
Unit trusts	1,022,686	1,024,555	-	-
Prasarana bonds	-	-	-	-
Commercial paper	36	119,813	36	119,813
Outside Malaysia				
Corporate bond/sukuk	95,783	211,294	95,783	211,294
Private equity funds	533,453	492,717	-	-
	4,462,106	4,623,447	2,285,301	2,530,288



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

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A16. Financial Assets at Fair Value Through Other Comprehensive Income ('FVOCI')

	Group		Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
	RM'000	RM'000	RM'000	RM'000
At fair value				
(a) Debt instruments	42,148,529	39,109,505	35,158,058	33,279,961
(b) Equity instruments	754,730	695,799	711,582	654,311
	42,903,259	39,805,304	35,869,640	33,934,272
(a) Debt instruments				
<u>Money market instruments:</u>				
Malaysian Government Securities	1,906,961	2,471,928	1,768,796	2,338,619
Malaysian Government Investment Issues	8,126,745	6,111,157	6,391,365	4,618,503
Cagamas bonds	102,082	168,360	91,926	158,135
Khazanah bonds	48,408	45,910	-	-
Negotiable instruments of deposits	397,744	650,517	-	500,980
Other foreign government investment issues	54,580	50,473	54,580	50,473
Sukuk Perumahan Kerajaan	73,100	71,596	-	-
Singapore Government Securities	866,267	1,125,612	866,267	1,125,612
Thailand Government Securities	654,851	581,245	654,851	581,245
Singapore Central Bank Bills	2,247,864	1,858,251	2,247,864	1,858,251
Thailand Central Bank Bonds	86,290	62,491	86,290	62,491
Singapore Housing Development Board	723,066	677,603	723,066	677,603
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Corporate bond/sukuk	20,626,872	18,990,597	16,065,523	15,115,781
Perpetual notes/sukuk	51,155	102,651	51,155	102,651
Prasarana bonds	2,673,288	2,175,940	2,647,119	2,150,023
<u>Outside Malaysia</u>				
Corporate bond/sukuk	3,509,256	3,965,174	3,509,256	3,939,594
	42,148,529	39,109,505	35,158,058	33,279,961
(b) Equity instruments				
<u>Quoted securities:</u>				
<u>Outside Malaysia</u>				
Shares	1,922	2,418	-	-
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Shares	752,403	692,963	711,580	654,310
<u>Outside Malaysia</u>				
Shares	405	418	2	1
	754,730	695,799	711,582	654,311

Included in financial investments at FVOCI of the Group and the Bank are corporate bond/sukuk, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM733,000,000 (2019: RM204,000,000) and RM2,088,000,000 (2019: RM787,000,000) respectively.



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A16. Financial Assets at Fair Value Through Other Comprehensive Income ('FVOCI') (continued)

(a) Movement in credit impaired financial assets at FVOCI

	Group and Bank	
	As at	As at
	31 December	31 December
	2020	2019
	RM'000	RM'000
Balance as at the beginning of the financial year	1,020	5,252
Derecognition	-	(4,224)
Exchange differences	-	(8)
Balance as at the end of the financial year	1,020	1,020

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

Group	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
31 December 2020				
Balance as at the beginning of the financial year	44,264	-	-	44,264
Transfer to lifetime ECL not credit impaired (Stage 2)	(20)	20	-	-
Allowance (written back)/made during the financial year	(3,860)	27	-	(3,833)
Purchases and origination	6,723	87	-	6,810
Derecognition and disposal	(9,341)	-	-	(9,341)
Exchange differences	(37)	-	-	(37)
Balance as at the end of the financial year	37,729	134	-	37,863
31 December 2019				
Balance as at the beginning of the financial year	55,977	306	-	56,283
Transfer to 12-month ECL (Stage 1)	306	(306)	-	-
Allowance written back during the financial year	(5,065)	-	-	(5,065)
Purchases and origination	8,125	-	-	8,125
Derecognition and disposal	(15,407)	-	-	(15,407)
Exchange differences	328	-	-	328
Balance as at the end of the financial year	44,264	-	-	44,264



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

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A16. Financial Assets at Fair Value Through Other Comprehensive Income ('FVOCI') (continued)

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

Bank	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
31 December 2020				
Balance as at the beginning of the financial year	41,865	-	-	41,865
Transfer to lifetime ECL not credit impaired (Stage 2)	(20)	20	-	-
Allowance (written back)/made during the financial year	(3,712)	27	-	(3,685)
Purchases and origination	5,797	87	-	5,884
Derecognition and disposal	(8,170)	-	-	(8,170)
Exchange differences	(37)	-	-	(37)
Balance as at the end of the financial year	<u>35,723</u>	<u>134</u>	<u>-</u>	<u>35,857</u>
31 December 2019				
Balance as at the beginning of the financial year	50,278	-	-	50,278
Allowance written back during the financial year	(2,921)	-	-	(2,921)
Purchases and origination	7,851	-	-	7,851
Derecognition and disposal	(13,671)	-	-	(13,671)
Exchange differences	328	-	-	328
Balance as at the end of the financial year	<u>41,865</u>	<u>-</u>	<u>-</u>	<u>41,865</u>



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

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A17. Financial Investments at Amortised Cost

	Group		Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
<u>Money market instruments:</u>				
Malaysian Government Securities	427,341	100,698	334,463	100,698
Malaysian Government Investment Issues	2,816,735	3,182,753	2,058,384	2,651,130
Cagamas bonds	477,050	237,412	477,050	237,412
Khazanah bonds	198,175	186,108	39,958	79,180
Wakala Global Sukuk	28,928	29,682	20,666	21,211
Sukuk Perumahan Kerajaan	111,014	111,034	100,983	101,020
Singapore Government Treasury Bills	577,258	272,494	577,258	272,494
Sukuk (Brunei) Incorporation	30,411	30,400	30,411	30,400
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Corporate bond/sukuk	11,181,082	10,041,472	6,413,420	6,164,844
Corporate loan stocks	25,853	25,853	-	-
Prasarana bonds	503,129	343,732	432,329	272,894
	16,376,976	14,561,638	10,484,922	9,931,283
Allowance for credit losses	(371,709)	(312,229)	(288,929)	(228,481)
	16,005,267	14,249,409	10,195,993	9,702,802

Included in financial investments at amortised cost of the Group and the Bank are corporate bond/sukuk, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM224,000,000 (2019: RM1,839,000,000) and RM2,571,000,000 (2019: RM2,973,000,000) respectively.

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

	Group		Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
	RM'000	RM'000	RM'000	RM'000
Balance as at the beginning of the financial year	140,425	141,405	62,978	63,341
Derecognition	(38)	(897)	(38)	(280)
Exchange differences	(135)	(83)	(135)	(83)
Balance as at the end of the financial year	140,252	140,425	62,805	62,978



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A17. Financial investments at amortised cost (continued)

(b) Movement in allowance for credit losses

Group	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
31 December 2020				
Balance as at the beginning of the financial year	23,081	149,285	139,863	312,229
Allowance made/(written back) during the financial year	(11,371)	70,917	(38)	59,508
Purchases and origination	5,923	135	-	6,058
Derecognition	(5,753)	(189)	-	(5,942)
Exchange differences	(9)	-	(135)	(144)
Balance as at the end of the financial year	<u>11,871</u>	<u>220,148</u>	<u>139,690</u>	<u>371,709</u>
31 December 2019				
Balance as at the beginning of the financial year	23,820	176,683	140,844	341,347
Allowance written back during the financial year	(2,429)	(26,873)	(280)	(29,582)
Purchases and origination	7,211	-	-	7,211
Derecognition	(5,518)	(525)	(617)	(6,660)
Exchange differences	(3)	-	(84)	(87)
Balance as at the end of the financial year	<u>23,081</u>	<u>149,285</u>	<u>139,863</u>	<u>312,229</u>
Bank				
31 December 2020				
Balance as at the beginning of the financial year	16,970	149,096	62,415	228,481
Allowance made/(written back) during the financial year	(10,355)	70,917	(38)	60,524
Purchases and origination	2,028	-	-	2,028
Derecognition	(1,969)	-	-	(1,969)
Exchange differences	-	-	(135)	(135)
Balance as at the end of the financial year	<u>6,674</u>	<u>220,013</u>	<u>62,242</u>	<u>288,929</u>
31 December 2019				
Balance as at the beginning of the financial year	19,017	174,430	62,779	256,226
Allowance written back during the financial year	(757)	(25,334)	(280)	(26,371)
Purchases and origination	3,249	-	-	3,249
Derecognition	(4,539)	-	-	(4,539)
Exchange differences	-	-	(84)	(84)
Balance as at the end of the financial year	<u>16,970</u>	<u>149,096</u>	<u>62,415</u>	<u>228,481</u>



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A18. Loans, Advances and Financing

(a) By type

	Group		Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
Overdrafts	5,591,112	6,553,680	4,414,180	5,355,885
Term loans/financing				
- Housing loans/financing	65,651,613	61,144,001	44,045,052	42,455,732
- Syndicated term loans/financing	9,903,531	9,666,554	5,915,125	5,810,288
- Hire purchase receivables/financing	9,614,361	9,108,539	1,015,862	1,385,512
- Lease receivables	156	193	-	-
- Other term loans/financing	72,633,450	66,014,239	40,862,686	38,508,287
Bills receivables	3,765,638	3,279,270	3,378,674	3,131,190
Trust receipts	562,226	686,290	525,147	657,190
Claims on customers under acceptance credits	3,699,294	4,220,358	2,934,996	3,457,367
Share margin financing	2,185,523	2,138,891	356,465	283,836
Staff loans/financing	108,452	112,373	97,201	105,342
Credit/charge card receivables	2,021,947	2,225,932	1,747,981	1,932,411
Revolving credits/financing	10,376,209	11,024,528	7,116,639	6,565,179
Gross loans, advances and financing	186,113,512	176,174,848	112,410,008	109,648,219
Fair value changes arising from fair value hedges	117,725	41,906	8,681	3,342
	186,231,237	176,216,754	112,418,689	109,651,561
Less: Allowance for credit losses	(3,806,358)	(2,980,082)	(2,903,505)	(2,305,896)
Net loans, advances and financing	182,424,879	173,236,672	109,515,184	107,345,665

Certain comparative balances have been reclassified to conform to current year's presentation which more accurately reflects the type of loans, advances and financing.

Included in loans, advances and financing are housing loans/financing sold to Cagamas with recourse to the Group and the Bank amounting to RM2,896,091,000 (2019: RM3,312,744,000) and RMNil (2019: RM1,173,094,000) respectively.



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A18. Loans, Advances and Financing (continued)

(b) By type of customer

	Group		Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
	RM'000	RM'000	RM'000	RM'000
Domestic non-bank financial institutions:				
- Others	4,028,623	3,923,700	710,488	831,549
Domestic business enterprises:				
- Small medium enterprises	28,122,412	25,523,338	22,614,690	20,702,527
- Others	28,960,697	29,410,330	14,938,302	14,866,227
Government and statutory bodies	6,512,428	7,005,672	65,260	1,911,967
Individuals	95,182,250	90,163,496	55,495,220	55,525,488
Other domestic entities	149,412	137,795	27,685	15,456
Foreign entities	23,157,690	20,010,517	18,558,363	15,795,005
	186,113,512	176,174,848	112,410,008	109,648,219

(c) By geographical distribution

	Group		Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
	RM'000	RM'000	RM'000	RM'000
Malaysia	163,801,243	156,943,906	95,236,486	95,203,293
Labuan Offshore	2,321,773	1,978,689	-	-
Singapore	15,567,576	12,828,721	15,567,576	12,614,249
Thailand	1,548,312	1,829,253	1,433,375	1,663,059
Brunei	172,571	167,618	172,571	167,618
Indonesia	188,983	88,690	-	-
Hong Kong	-	27,032	-	-
Cambodia	2,353,437	2,113,095	-	-
Lao	159,617	197,844	-	-
	186,113,512	176,174,848	112,410,008	109,648,219



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A18. Loans, Advances and Financing (continued)

(d) By interest/profit rate sensitivity

	Group		Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Housing loans/financing	107,350	114,426	87,334	93,249
- Hire purchase receivables/financing	2,559,984	3,631,363	1,015,862	1,385,512
- Other fixed rate loans/financing	21,721,680	20,186,390	9,035,344	9,117,878
Variable rate				
- Base lending/financing rate plus	105,332,857	98,476,244	68,875,787	68,357,932
- Cost-plus	46,787,748	46,127,952	25,523,231	24,521,787
- Other variable rates	9,603,893	7,638,473	7,872,450	6,171,861
	186,113,512	176,174,848	112,410,008	109,648,219

(e) By economic sector

	Group		Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
	RM'000	RM'000	RM'000	RM'000
Agriculture, hunting, forestry and fishing	3,500,827	3,640,554	1,967,721	2,096,069
Mining and quarrying	565,203	655,608	258,361	350,371
Manufacturing	9,717,560	9,492,621	7,143,108	7,075,716
Electricity, gas and water	1,734,819	2,122,290	1,362,272	1,728,133
Construction	13,318,314	12,316,993	8,121,305	7,282,412
Wholesale and retail trade and restaurant and hotel	17,874,802	15,179,612	14,876,841	12,563,300
Transport, storage and communication	7,410,118	7,216,382	1,929,825	2,066,500
Finance, insurance, real estate and business services	21,491,620	19,982,481	14,896,692	13,316,611
Government and government agencies	3,497,372	5,495,679	65,260	1,911,967
Education, health and others	6,099,353	4,653,993	2,019,308	1,931,026
Household sector	100,026,690	94,386,378	59,403,172	58,856,599
Others	876,834	1,032,257	366,143	469,515
	186,113,512	176,174,848	112,410,008	109,648,219



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A18. Loans, Advances and Financing (continued)

(f) By purpose

	Group		Bank	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	12,046,734	11,305,453	4,794,695	5,072,680
Purchase of transport vehicles	9,248,129	8,702,883	628,177	947,556
Purchase of landed property:				
- Residential	63,791,998	59,458,474	43,335,901	41,770,722
- Non-residential	19,503,376	18,786,302	13,792,771	13,772,009
Purchase of property, plant and equipment other than land and building	2,824,997	2,645,065	2,102,691	1,962,043
Personal use	11,063,576	10,420,875	6,456,314	6,146,621
Credit card	2,021,947	2,225,932	1,747,981	1,932,411
Purchase of consumer durables	12,014	14,585	12,014	14,585
Construction	7,704,997	7,551,967	6,051,960	5,558,253
Working capital	42,450,904	37,465,094	25,940,892	23,752,175
Merger and acquisition	1,804,322	2,423,564	489,461	1,022,647
Other purposes	13,640,518	15,174,654	7,057,151	7,696,517
	186,113,512	176,174,848	112,410,008	109,648,219

(g) By remaining contractual maturities

	Group		Bank	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Maturity within one year	41,798,823	45,435,134	32,547,239	33,846,039
One year to three years	8,390,912	7,541,535	3,420,980	4,286,651
Three years to five years	13,464,779	14,742,896	5,759,252	5,581,448
Over five years	122,458,998	108,455,283	70,682,537	65,934,081
	186,113,512	176,174,848	112,410,008	109,648,219



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A18. Loans, Advances and Financing (continued)

(h) Impaired loans, advances and financing

**(i) Movement in impaired loans, advances
and financing**

	Group		Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
	RM'000	RM'000	RM'000	RM'000
Balance as at the beginning of the financial year	3,479,175	3,483,554	2,623,781	2,555,206
Transfer to 12-month ECL (Stage 1)	(81,820)	(140,946)	(61,711)	(107,565)
Transfer to lifetime ECL not credit impaired (Stage 2)	(285,113)	(204,057)	(242,488)	(132,860)
Transfer to lifetime ECL credit impaired (Stage 3)	757,571	1,161,633	559,554	920,681
Purchases and origination	453,405	706,283	297,792	605,266
Derecognition	(581,479)	(668,725)	(393,580)	(516,048)
Amount written off	(548,226)	(857,988)	(426,865)	(704,846)
Modification of contractual cash flow	(1,308)	-	(1,069)	-
Disposal of a subsidiary	(1,874)	-	-	-
Exchange differences	(9,049)	(579)	(1,017)	3,947
Balance as at the end of the financial year	<u>3,181,282</u>	<u>3,479,175</u>	<u>2,354,397</u>	<u>2,623,781</u>

(ii) By economic sector

	Group		Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
	RM'000	RM'000	RM'000	RM'000
Agriculture, hunting, forestry and fishing	49,306	60,515	40,740	39,635
Mining and quarrying	196,348	205,586	4,518	4,778
Manufacturing	405,332	505,152	296,285	392,742
Electricity, gas and water	258,065	288,619	253,821	267,404
Construction	334,416	272,855	286,425	222,660
Wholesale and retail trade and restaurant and hotel	311,533	311,918	205,386	241,942
Transport, storage and communication	351,259	422,749	336,673	408,896
Finance, insurance, real estate and business services	248,228	222,659	214,185	195,084
Education, health and others	11,878	32,962	2,324	23,000
Household sector	988,055	1,124,457	710,475	821,157
Others	26,862	31,703	3,565	6,483
	<u>3,181,282</u>	<u>3,479,175</u>	<u>2,354,397</u>	<u>2,623,781</u>



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A18. Loans, Advances and Financing (continued)

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

(iii) By purpose

	Group		Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	35,392	49,214	25,048	25,534
Purchase of transport vehicles	66,693	75,345	14,979	22,676
Purchase of landed property:				
- Residential	648,636	775,570	454,832	560,655
- Non-residential	379,793	350,674	273,214	273,914
Purchase of property, plant and equipment other than land and building	28,109	86,651	24,187	78,999
Personal use	191,429	178,882	183,944	168,579
Credit card	27,229	29,456	23,619	25,852
Purchase of consumer durables	885	853	885	853
Construction	97,811	119,083	70,838	92,915
Working capital	1,557,327	1,691,412	1,191,595	1,301,656
Other purposes	147,978	122,035	91,256	72,148
	3,181,282	3,479,175	2,354,397	2,623,781

(iv) By geographical distribution

	Group		Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
	RM'000	RM'000	RM'000	RM'000
Malaysia	1,968,795	2,206,536	1,533,431	1,740,174
Labuan Offshore	265,901	266,821	-	-
Singapore	761,963	865,907	761,963	852,015
Thailand	61,364	34,476	52,413	25,152
Brunei	6,590	6,440	6,590	6,440
Indonesia	716	-	-	-
Cambodia	103,851	81,881	-	-
Hong Kong	-	97	-	-
Lao	12,102	17,017	-	-
	3,181,282	3,479,175	2,354,397	2,623,781



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER**

A18. Loans, Advances and Financing (continued)

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

(v) Movement in allowance for credit losses

Group	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
31 December 2020				
Balance as at the beginning of the financial year	567,095	864,051	1,548,936	2,980,082
Changes due to financial assets recognised in the opening balance that have been:				
- Transferred to 12-month ECL (Stage 1)	179,319	(156,045)	(23,274)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(45,425)	93,250	(47,825)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(3,267)	(38,185)	41,452	-
	130,627	(100,980)	(29,647)	-
Allowance made during the financial year	198,306	691,376	611,623	1,501,305
Bad debts written off	-	-	(377,862)	(377,862)
Derecognition	(83,571)	(68,327)	(141,724)	(293,622)
Disposal of a subsidiary	-	-	(1,560)	(1,560)
Exchange differences	(420)	(837)	(728)	(1,985)
Balance as at the end of the financial year	812,037	1,385,283	1,609,038	3,806,358
31 December 2019				
Balance as at the beginning of the financial year	591,911	994,604	1,665,078	3,251,593
Changes due to financial assets recognised in the opening balance that have been:				
- Transferred to 12-month ECL (Stage 1)	182,069	(141,866)	(40,203)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(35,256)	87,303	(52,047)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(11,211)	(49,845)	61,056	-
	135,602	(104,408)	(31,194)	-
Allowance made/(written back) during the financial year	(71,778)	219,210	740,370	887,802
Bad debts written off	-	-	(672,336)	(672,336)
Changes to model methodologies	(15,311)	(24,356)	(2)	(39,669)
Derecognition	(73,990)	(220,406)	(152,777)	(447,173)
Exchange differences	661	(593)	(203)	(135)
Balance as at the end of the financial year	567,095	864,051	1,548,936	2,980,082



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER**

A18. Loans, Advances and Financing (continued)

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

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

Bank	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
31 December 2020				
Balance as at the beginning of the financial year	324,042	802,764	1,179,090	2,305,896
Changes due to financial assets recognised in the opening balance that have been:				
- Transferred to 12-month ECL (Stage 1)	148,967	(130,984)	(17,983)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(34,802)	69,675	(34,873)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(2,984)	(34,081)	37,065	-
	111,181	(95,390)	(15,791)	-
Allowance made during the financial year	274,086	392,238	457,683	1,124,007
Bad debts written off	-	-	(285,614)	(285,614)
Derecognition	(70,641)	(62,068)	(107,089)	(239,798)
Exchange differences	(446)	126	(666)	(986)
Balance as at the end of the financial year	638,222	1,037,670	1,227,613	2,903,505
31 December 2019				
Balance as at the beginning of the financial year	489,408	774,591	1,193,133	2,457,132
Changes due to financial assets recognised in the opening balance that have been:				
- Transferred to 12-month ECL (Stage 1)	148,061	(114,425)	(33,636)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(29,318)	68,519	(39,201)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(10,688)	(45,922)	56,610	-
	108,055	(91,828)	(16,227)	-
Allowance made/(written back) during the financial year	(205,027)	247,662	667,330	709,965
Bad debts written off	-	-	(545,426)	(545,426)
Changes to model methodologies	(12,683)	(20,252)	(2)	(32,937)
Derecognition	(56,477)	(107,903)	(121,743)	(286,123)
Exchange differences	766	494	2,025	3,285
Balance as at the end of the financial year	324,042	802,764	1,179,090	2,305,896



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A19. Other Assets

	Group		Bank	Restated
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Other receivables	957,129	929,870	454,334	384,274
Cash collateral in relation to derivative transactions	407,594	162,603	407,594	162,603
Deposits	43,477	63,768	30,637	31,892
Prepayments	120,392	101,938	67,678	58,374
Amounts due from subsidiaries	-	-	317,805	467,698
	1,528,592	1,258,179	1,278,048	1,104,841



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A20. Deposits from Customers

(a) By type of deposits

	Group		Bank	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Demand deposits	49,511,159	38,376,019	41,522,937	31,538,822
Savings deposits	13,267,557	10,554,978	10,913,587	8,739,694
Fixed/investment deposits	140,273,598	140,705,781	81,455,981	90,374,161
Negotiable instruments of deposits	418,469	918,447	418,469	918,447
	203,470,783	190,555,225	134,310,974	131,571,124

(b) By type of customer

	Group		Bank	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	20,183,118	13,905,730	6,656,689	3,711,730
Business enterprises	103,449,050	107,669,851	70,758,550	79,328,733
Individuals	72,922,998	62,773,983	50,626,789	42,718,943
Others	6,915,617	6,205,661	6,268,946	5,811,718
	203,470,783	190,555,225	134,310,974	131,571,124

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

	Group		Bank	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Due within six months	105,692,228	95,216,919	63,247,679	62,411,341
Six months to one year	32,833,137	41,871,670	17,843,488	25,827,669
One year to three years	1,625,159	3,935,590	657,610	2,936,737
Three years to five years	541,543	600,049	125,673	116,861
	140,692,067	141,624,228	81,874,450	91,292,608



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A21. Deposits and Placements of Banks and Other Financial Institutions

Note	Group		Bank	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Licensed banks	17,133,944	19,492,073	21,034,992	18,640,809
Licensed Islamic banks	948,447	996,510	1,307	2,739
Licensed investment banks	947,073	500,155	1,712,484	76,175
BNM/Other central banks	(a) 1,983,092	511,165	1,861,342	451,805
Other financial institutions	22,630	39,426	486	2,304
	<u>21,035,186</u>	<u>21,539,329</u>	<u>24,610,611</u>	<u>19,173,832</u>

(a) Included in deposits and placements by BNM/other central banks are amounts received under the Government scheme as part of the COVID-19 relief measures for the purpose of lending/financing to SMEs at a concessionary rate and with maturity period ranging between two to nine years.

A22. Other Liabilities

	Group		Bank	
	As at	As at	As at	Restated As at
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Other creditors and accruals	1,661,168	1,879,774	861,080	1,004,830
Amount payable for redemption units	58,430	312,101	-	-
Contract liabilities	244,711	47,498	84,000	22,710
Short term employee benefits	389,914	416,781	298,803	324,812
Accrual for operational expenses	220,404	217,227	171,107	173,804
Prepaid instalments	29,946	36,220	29,946	36,220
Cash collateral pledged for derivative transactions	428,280	194,010	428,280	194,010
Remisiers' trust deposits	92,060	64,861	-	-
Dividend payable	401,005	-	401,005	-
Amount due to trust funds	296,396	42,007	-	-
Amounts due to subsidiaries	-	-	13,151	88,589
	<u>3,822,314</u>	<u>3,210,479</u>	<u>2,287,372</u>	<u>1,844,975</u>



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A23. Segmental Reporting

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

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

(a) Group Retail Banking

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

This segment also covers the asset management business that focuses on providing investment management services, unit trust fund management services, Islamic funds management services, wills and trustee services.

(b) Group Business Banking

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

(c) Group Wholesale Banking

(i) Group Corporate Banking and Group Investment Banking

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

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

As disclosed in Note B10, the Group has during the current financial year:

- Ceased its stockbroking business in Singapore pursuant to the disposal of RHB Securities Singapore; and
- The capital market business in Singapore has been transferred to the Bank (Singapore Branch) and is now grouped under 'Group International Business'.

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

(ii) Group Treasury and Global Markets

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



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A23. Segmental Reporting (continued)

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

(d) Group International Business

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

(e) Support Center and Others

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

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



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A23. Segmental Reporting (continued)

Twelve months ended 31 December 2020

	Continuing Operations									
	← GWB →									
	Group Retail Banking	Group Business Banking	Group CBIB	Group Treasury and Global Markets	Group International Business	Support Center and Others	Inter- Segment Elimination	Total	Discontinued Operation	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	2,723,157	1,136,491	1,466,857	1,404,682	609,182	(154,657)	-	7,185,712	95,207	7,280,919
Inter-segment revenue	(2,761)	-	19,451	22,032	906	12,450	(52,078)	-	-	-
Segment revenue	2,720,396	1,136,491	1,486,308	1,426,714	610,088	(142,207)	(52,078)	7,185,712	95,207	7,280,919
Other operating expenses	(1,392,202)	(636,392)	(636,731)	(160,215)	(432,435)	(180,826)	52,078	(3,386,723)	(61,140)	(3,447,863)
Including:										
- Depreciation of property, plant and equipment	(57,251)	(18,681)	(15,682)	(3,431)	(14,159)	(2,382)	-	(111,586)	(978)	(112,564)
- Depreciation of right of use assets	(19,986)	(14,825)	(15,836)	(641)	(16,985)	(2,063)	-	(70,336)	(3,801)	(74,137)
- Amortisation of intangible assets	(49,601)	(31,354)	(15,317)	(4,452)	(11,467)	(3,206)	-	(115,397)	(2,249)	(117,646)
Allowance for credit losses on financial assets	(477,621)	(269,322)	(234,027)	(209)	(167,809)	3,902	-	(1,145,086)	(937)	(1,146,023)
Impairment losses made on other non-financial assets	-	-	(9,500)	-	-	-	-	(9,500)	-	(9,500)
Segment profit/(loss)	850,573	230,777	606,050	1,266,290	9,844	(319,131)	-	2,644,403	33,130	2,677,533
Share of results of joint venture								-	-	-
Profit before taxation and zakat								2,644,403	33,130	2,677,533
Taxation and zakat								(639,912)	1,531	(638,381)
Net profit for the financial year								2,004,491	34,661	2,039,152



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A23. Segmental Reporting (continued)

As at 31 December 2020

	← GWB →						
	Group Retail Banking	Group Business Banking	Group CBIB	Group Treasury and Global Markets	Group International Business	Support Center and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	95,125,141	28,507,682	48,586,445	62,251,352	32,182,559	3,287,128	269,940,307
Investments in associates and joint venture							12
Tax recoverable							289,969
Deferred tax assets							35,338
Unallocated assets							884,332
Total assets							<u>271,149,958</u>
Segment liabilities	67,170,342	34,410,579	60,144,341	44,867,638	29,139,723	1,222,021	236,954,644
Provision for taxation and zakat							69,623
Deferred tax liabilities							165,938
Borrowings							634,630
Senior debt securities							3,545,150
Subordinated obligations							2,718,729
Unallocated liabilities							4,680
Total liabilities							<u>244,093,394</u>



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A23. Segmental Reporting (continued)

Twelve months ended 31 December 2019

	Continuing Operations							Discontinued Operation	Total	
	GWB			Group Treasury and Global Markets	Group International Business	Support Center and Others	Inter- Segment Elimination			
	Group Retail Banking	Group Business Banking	Group CBIB							
	RM'000	RM'000	RM'000							
External revenue	2,699,239	1,126,376	1,322,676	1,382,215	579,953	(52,932)	-	7,057,527	43,243	7,100,770
Inter-segment revenue	1,837	-	15,743	18,294	6,113	17,344	(59,331)	-		-
Segment revenue	2,701,076	1,126,376	1,338,419	1,400,509	586,066	(35,588)	(59,331)	7,057,527	43,243	7,100,770
Other operating expenses	(1,376,480)	(645,067)	(661,333)	(162,726)	(449,584)	(151,477)	59,331	(3,387,336)	(84,423)	(3,471,759)
Including:										
- Depreciation of property, plant and equipment	(59,937)	(20,064)	(20,920)	(3,216)	(19,180)	(2,871)	-	(126,188)	(2,243)	(128,431)
- Depreciation of right of use assets	(19,517)	(13,885)	(17,704)	(326)	(17,482)	(1,211)	-	(70,125)	(5,685)	(75,810)
- Amortisation of intangible assets	(49,463)	(30,396)	(16,612)	(3,779)	(13,242)	(4,058)	-	(117,550)	(3,707)	(121,257)
Allowance for credit losses on financial assets	(267,973)	(3,577)	(58,310)	17,684	34,709	1,648	-	(275,819)	(2,718)	(278,537)
Segment profit/(loss)	1,056,623	477,732	618,776	1,255,467	171,191	(185,417)	-	3,394,372	(43,898)	3,350,474
Share of results of joint venture								(30)	-	(30)
Profit before taxation and zakat								3,394,342	(43,898)	3,350,444
Taxation and zakat								(862,307)	(328)	(862,635)
Net profit for the financial year								2,532,035	(44,226)	2,487,809



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A23. Segmental Reporting (continued)

As at 31 December 2019

	Continuing Operations						Discontinued Operation	Total	
	← GWB →								
	Group Retail Banking	Group Business Banking	Group CBIB	Group Treasury and Global Markets	Group International Business	Support Center and Others			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
Segment assets	91,471,562	25,929,113	50,453,592	56,697,032	28,517,801	2,581,607	255,650,707	391,796	256,042,503
Investments in associates and joint venture							9,512	-	9,512
Tax recoverable							467,103	-	467,103
Deferred tax assets							22,989	-	22,989
Unallocated assets							1,050,389	-	1,050,389
Total assets							257,200,700	391,796	257,592,496
Segment liabilities	58,428,690	28,550,756	54,914,220	57,408,420	22,115,796	2,612,349	224,030,231	91,907	224,122,138
Provision for taxation and zakat							60,158	14	60,172
Deferred tax liabilities							169,763	-	169,763
Borrowings							1,106,454	76,073	1,182,527
Senior debt securities							3,296,763	-	3,296,763
Subordinated obligations							2,724,224	-	2,724,224
Unallocated liabilities							226,100	-	226,100
Total liabilities							231,613,693	167,994	231,781,687



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A24. Valuation of Property, Plant and Equipment

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

A25. Events Subsequent to Balance Sheet Date

There were no significant events subsequent to the balance sheet date that have not been reflected in the financial statements other than as disclosed below:

(a) Proposed capital repayment by RHB Investment Bank

RHB Investment Bank had on 12 January 2021 passed a special resolution to reduce its issued and paid up ordinary share capital pursuant to Section 117 of Companies Act 2016 ('CA 2016'), by way of:

- (i) cancellation of 20,000,000 ordinary shares in RHB Investment Bank which are held by the Bank, resulting in the total number of issued ordinary shares in RHB Investment Bank being reduced from 100,000,000 ordinary shares to 80,000,000 ordinary shares; and
- (ii) reduction of RHB Investment Bank's share capital from RM1,487,773,000 to RM1,220,000,000 by repaying the surplus capital of the amount of RM267,773,000 to the Bank.

Upon the elapsed time as required under CA 2016, RHB Investment Bank shall make the necessary lodgments with the Companies Commission of Malaysia ('CCM') for the Proposed Capital Repayment. The reduction of the share capital shall take effect upon CCM issuing a confirmation notice.

- (b) On 13 January 2021, the Government of Malaysia reintroduced the movement control order to curb the soaring number of COVID-19 cases. The lock down may have a negative impact on the Group's and the Bank's results of operations. The Group and the Bank are not able to predict the potential future direct or indirect effects resulted from the movement control order. However, the Group and the Bank are taking actions to mitigate the impacts, and will continue to closely monitor the impact and the related risks as they evolve.

A26. Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the financial year ended 31 December 2020 other than the following:

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

RHB Investment Bank had on 28 January 2020, subscribed for 10 million RPS of RM2.00 each in RHBPEH amounting to RM20,000,000 for additional working capital purpose. Upon completion of the subscription, the equity interest held by RHB Investment Bank in RHBPEH remains the same.

(b) Subscription of HKD150,000,000 new ordinary shares in RHB Hong Kong Limited ('RHB Hong Kong')

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

(c) Dissolution of RHB (China) Investment Advisory Co. Ltd ('RHBCIA')

RHBCIA, an indirect wholly-owned subsidiary of the Bank, had on 17 June 2020 been dissolved upon its deregistration pursuant to Article 180(ii) of the Company Law of the People's Republic of China.



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A26. Changes in the Composition of the Group (continued)

There were no significant changes in the composition of the Group for the financial year ended 31 December 2020 other than the following (continued):

(d) Additional capital injection into RHB Bank Lao Limited ('RHB Bank Lao')

The Bank has on 9 April 2020 injected additional capital of LAK79.4 billion (equivalent to RM39.4 million) into its wholly owned subsidiary, RHB Bank Lao. As a result, the issued share capital of RHB Bank Lao increased from LAK301.5 billion to LAK380.9 billion.

(e) Commencement of voluntary liquidation and dissolution of RHB (Philippines) Inc. ('RHB Philippines')

RHB Philippines, a wholly-owned subsidiary of RHB Capital (Jersey) Limited, which in turn is a wholly-owned subsidiary of the Bank had, on 25 June 2020, commenced the application for the amendment of the Articles of Incorporation with the Philippines Securities and Exchange Commission ('SEC') pursuant to the Corporation Code of the Philippines.

(f) Voluntary winding-up of subsidiaries

(1) The following direct and indirect wholly-owned subsidiaries of the Bank have commenced member's voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016:

- (i) RHB Equities Sdn Bhd and RHBF Sdn Bhd on 3 August 2020; and
- (ii) RHB Research Institute Sdn Bhd on 30 September 2020.

(2) The following indirect wholly-owned subsidiaries of the Bank have commenced the application for member's voluntary winding-up pursuant to The Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong:

- (i) RHB Finance Hong Kong Limited on 21 August 2020; and
- (ii) RHB Asset Management Limited, RHB Capital Hong Kong Limited and RHB Wealth Management Hong Kong Limited on 22 December 2020.

(g) RHB Securities Singapore Pte Ltd ('RHB Securities Singapore') ceased to be a subsidiary of RHB Investment Bank with effect from 11 September 2020 following the completion of disposal as further disclosed in Note B10.



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A27. Changes In Contingent Liabilities Since The Last Annual Statements Of Financial Position

(a) Commitments and Contingencies

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

The commitments and contingencies comprise the following:

	Group		Bank	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	1,219,814	1,386,004	1,219,050	1,381,759
Transaction-related contingent items	3,202,339	4,258,393	2,865,660	3,984,356
Short term self-liquidating trade-related contingencies	903,594	1,311,586	895,540	1,240,297
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions, and commitment to buy-back Islamic securities under Sell and Buy Back Agreement transactions	4,915,427	4,119,202	5,223,433	4,119,202
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	5,843	-	-	-
Irrevocable commitments to extend credit				
- Maturity less than one year	1,727,065	1,861,774	594,618	670,237
- Maturity more than one year	29,238,089	27,701,607	19,585,676	19,424,618
Foreign exchange related contracts [^]				
- Less than one year	55,476,927	54,600,403	58,071,384	56,549,934
- One year to less than five years	3,397,368	2,719,057	3,497,906	2,821,309
- More than five years	1,141,832	1,112,190	1,141,832	1,112,190
Commodity related contracts [^]				
- Less than one year	374,040	266,117	374,040	266,117
- One year to less than five years	181,225	24,192	181,225	24,192
Equity related contracts [^]				
- Less than one year	451,701	-	458,784	-
Interest rate related contracts [^]				
- Less than one year	8,933,780	6,407,422	12,453,887	8,267,422
- One year to less than five years	20,627,991	19,713,844	22,292,883	20,713,844
- More than five years	9,470,841	8,642,163	11,585,841	9,142,163
Any commitments that are unconditionally cancellable at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	16,212,542	16,303,840	13,805,758	13,728,325
	157,480,418	150,427,794	154,247,517	143,445,965

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



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A27. Changes In Contingent Liabilities Since The Last Annual Statements Of Financial Position (continued)

(b) Guarantees Issued by the Group and the Bank

	Group	
	As at	As at
	31 December	31 December
	2020	2019
	RM'000	RM'000
Corporate guarantee issued in favour of Monetary Authority of Singapore in relation to undertaking of subsidiaries	-	152,009
Corporate guarantee issued in favour of the Stock Exchange of Thailand in relation to a derivative warrant programme of a subsidiary	16	458
	16	152,467

The Group and the Bank has given a continuing guarantee to Labuan Offshore Financial Services Authority to meet the liabilities and financial obligations and requirements of its subsidiary, RHB Bank (L) Ltd, arising from its offshore banking business in the Federal Territory of Labuan.

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

(c) Contingent Liabilities

As at 31 December 2020, the Group has contingent liabilities amounting to approximately RM77 million in respect of litigation. As the cases are still preliminary and the reliable exposure cannot be estimated, no provision is recognised in the financial statements.

A28. Capital Commitments

	Group		Bank	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Authorised and contracted for:				
- Property, plant and equipment	206,086	209,078	182,260	185,483
- Investment securities	13,266	5,796	-	-
	219,352	214,874	182,260	185,483



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

A29. Capital Adequacy Ratio

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

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

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

	Group		Bank [@]	
	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000
Common Equity Tier I ('CET I')/Tier I Capital				
Share capital	6,994,103	6,994,103	6,994,103	6,994,103
Retained profits	17,339,102	15,614,585	13,660,680	12,606,320
Other reserves	556,644	727,132	444,776	490,905
FVOCI reserves	1,817,650	1,283,816	1,541,980	1,123,748
	26,707,499	24,619,636	22,641,539	21,215,076
Less:				
Goodwill	(2,638,198)	(2,638,198)	(1,714,913)	(1,651,542)
Intangible assets (include associated deferred tax liabilities)	(533,609)	(535,880)	(487,937)	(478,305)
Deferred tax assets	(352,107)	(175,214)	(247,523)	(141,690)
55% of cumulative gains arising from change in value of FVOCI instruments	(999,707)	(706,099)	(848,089)	(618,061)
Investments in subsidiaries	(102,425)	(102,425)	(4,701,080)	(4,713,568)
Investments in associates and joint venture	(12)	(9,512)	-	-
Other deductions [#]	(19,504)	(16,144)	(21,261)	(14,189)
Total CET I Capital	22,061,937	20,436,164	14,620,736	13,597,721
Qualifying non-controlling interests recognised as Tier I Capital	210	220	-	-
Total Tier I Capital	22,062,147	20,436,384	14,620,736	13,597,721
Tier II Capital				
Subordinated obligations subject to gradual phase out treatment [*]	-	300,000	-	300,000
Subordinated obligations meeting all relevant criteria	1,749,531	1,249,527	1,749,531	1,249,527
Qualifying capital instruments of a subsidiary issued to third parties ⁺	465,001	490,764	-	-
Surplus eligible provisions over expected losses	538,079	478,626	401,269	363,909
General provisions [^]	179,727	293,276	85,599	183,354
Investment in capital instrument of financial and insurance/takaful entities	-	-	-	(134,187)
Total Tier II Capital	2,932,338	2,812,193	2,236,399	1,962,603
Total Capital	24,994,485	23,248,577	16,857,135	15,560,324



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A29. Capital Adequacy Ratio (continued)

	Group		Bank[@]	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	16.416%	16.883%	14.945%	15.145%
Tier I Capital Ratio	16.416%	16.884%	14.945%	15.145%
Total Capital Ratio	18.598%	19.207%	17.231%	17.331%
After proposed dividends [~] :				
CET I Capital Ratio	16.188%	16.271%	14.632%	14.319%
Tier I Capital Ratio	16.188%	16.271%	14.632%	14.319%
Total Capital Ratio	18.370%	18.594%	16.918%	16.505%

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

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

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

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

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

Includes the qualifying regulatory reserves of the Group and the Bank of RM12,200,000 (2019: RM202,449,000) and RMNil (2019: RM101,096,000) respectively.

[~] With the implementation of the Proposed DRP (as disclosed in Note B6(c)), the amount of dividend to be deducted from the Group and the Bank's CET I Capital may be reduced by the portion of dividend reinvested by the shareholders. This will correspondingly increase the Group and the Bank capital ratios.


RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**
A29. Capital Adequacy Ratio (continued)

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

	RHB Islamic Bank		RHB Investment Bank	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
CET I/Tier I Capital				
Share capital	1,673,424	1,673,424	1,487,773	1,487,773
Retained profits	2,896,031	2,530,491	331,261	567,193
FVOCI reserves	224,848	117,635	47,839	39,360
	4,794,303	4,321,550	1,866,873	2,094,326
Less:				
Goodwill	-	-	(372,395)	(372,395)
Investments in subsidiaries, associates and joint venture	-	-	(720,426)	(1,098,725)
Intangible assets (include associated deferred tax liabilities)	(2,767)	(3,295)	(24,296)	(25,905)
Deferred tax assets	(78,167)	(12,068)	(17,985)	(10,106)
55% of cumulative gains arising from change in value of FVOCI instruments	(123,666)	(64,699)	(26,311)	(21,648)
Other deductions [#]	(2,643)	(1,955)	-	-
Total CET I Capital/Tier I Capital	4,587,060	4,239,533	705,460	565,547
Tier II Capital				
Subordinated sukuk	750,000	750,000	-	-
Subordinated obligations meeting all relevant criteria	-	-	200,000	400,000
Surplus eligible provisions over expected losses	137,002	114,957	-	-
General provisions [^]	69,026	53,940	9,921	9,932
Total Tier II Capital	956,028	918,897	209,921	409,932
Total Capital	5,543,088	5,158,430	915,381	975,479
Capital ratios				
Before proposed dividends:				
CET I Capital Ratio	14.877%	13.922%	36.116%	33.144%
Tier I Capital Ratio	14.877%	13.922%	36.116%	33.144%
Total Capital Ratio	17.977%	16.939%	46.862%	57.169%
After proposed dividends:				
CET I Capital Ratio	14.714%	13.627%	36.116%	24.764%
Tier I Capital Ratio	14.714%	13.627%	36.116%	24.764%
Total Capital Ratio	17.815%	16.644%	46.862%	48.788%



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A29. Capital Adequacy Ratio (continued)

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

Includes the qualifying regulatory reserves of RHB Islamic Bank and RHB Investment Bank of RM54,526,000 (2019: RM44,447,000) and RM9,903,000 (2019: RM9,917,000) respectively.

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

	Group	Bank[@]	RHB Islamic Bank	RHB Investment Bank
	RM'000	RM'000	RM'000	RM'000
31 December 2020				
Credit risk	117,398,841	85,311,553	28,355,786	793,669
Market risk	4,314,070	3,783,371	210,344	300,706
Operational risk	12,677,517	8,734,782	2,223,938	858,966
Additional risk-weighted assets due to capital floor	-	-	43,510	-
Total risk-weighted assets	<u>134,390,428</u>	<u>97,829,706</u>	<u>30,833,578</u>	<u>1,953,341</u>
	Group	Bank[@]	RHB Islamic Bank	RHB Investment Bank
	RM'000	RM'000	RM'000	RM'000
31 December 2019				
Credit risk	105,139,766	77,851,675	23,474,740	794,533
Market risk	3,844,722	3,394,037	293,518	127,778
Operational risk	12,058,426	8,535,951	1,937,774	784,006
Additional risk-weighted assets due to capital floor	-	-	4,746,219	-
Total risk-weighted assets	<u>121,042,914</u>	<u>89,781,663</u>	<u>30,452,251</u>	<u>1,706,317</u>

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



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A29. Capital Adequacy Ratio (continued)

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

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

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

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

	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000
Before proposed dividends:		
Solvency ratio	18.819%	15.477%
After proposed dividends:		
Solvency ratio	18.819%	15.477%

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



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A30. Credit Exposures Arising from Transactions with Connected Parties

	Group		Bank	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
Outstanding credit exposures with connected parties (RM'000)	<u>15,707,526</u>	<u>14,117,329</u>	<u>11,155,639</u>	<u>10,712,232</u>
Percentage of outstanding credit exposures with connected parties as proportion of total credit exposures (%)	<u>6.89</u>	<u>6.44</u>	<u>7.78</u>	<u>7.45</u>
Percentage of outstanding credit exposures with connected parties which is impaired or in default (%)	<u>0.09</u>	<u>0.09</u>	<u>0.02</u>	<u>0.0002</u>

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



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A31. Operations of Islamic Banking

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

	Group		Bank	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Cash and short-term funds	2,259,802	4,051,889	-	-
Deposits and placements with banks and other financial institutions	2,410,219	36,886	-	-
Financial assets at FVTPL	107,678	207,145	-	-
Financial assets at FVOCI	6,409,937	5,118,305	-	-
Financial investments at amortised cost	4,577,078	3,407,470	-	-
Financing and advances	67,675,470	60,799,611	996,810	570,204
Other assets	417,837	452,036	96,937	183,075
Derivative assets	6,573	8,703	-	-
Statutory deposits	12,000	1,517,000	-	-
Deferred tax assets	6,794	-	-	-
Right of use assets	4,750	2,924	-	-
Property, plant and equipment	3,944	3,979	-	-
Intangible assets	3,133	3,633	-	-
Total assets	<u>83,895,215</u>	<u>75,609,581</u>	<u>1,093,747</u>	<u>753,279</u>
LIABILITIES				
Deposits from customers	60,830,175	54,416,970	-	-
Deposits and placements of banks and other financial institutions	2,879,907	2,506,723	1,032,244	576,300
Bills and acceptances payable	12,182	12,460	-	-
Other liabilities	526,778	644,477	-	143,419
Derivative liabilities	193,402	123,614	-	-
Recourse obligation on financing sold to Cagamas	3,023,760	2,270,239	-	-
Provision for taxation and zakat	52,548	36,025	-	-
Deferred tax liabilities	-	25,421	-	-
Lease liabilities	4,840	3,040	-	-
Subordinated obligations	754,514	754,565	-	-
Total liabilities	<u>68,278,106</u>	<u>60,793,534</u>	<u>1,032,244</u>	<u>719,719</u>
Islamic Banking Funds	15,617,109	14,816,047	61,503	33,560
Total liabilities and Islamic Banking Funds	<u>83,895,215</u>	<u>75,609,581</u>	<u>1,093,747</u>	<u>753,279</u>
Commitments and contingencies	<u>18,555,062</u>	<u>15,779,974</u>	<u>36,157</u>	<u>13,422</u>

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**
A31. Operations of Islamic Banking (continued)
(b) Income Statement for the Financial Year Ended 31 December 2020

	4th Quarter Ended		Twelve Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Group				
Income derived from investment of depositors' funds	721,246	741,795	2,789,835	2,803,295
Income derived from investment account funds	85,895	116,461	364,011	439,805
Income derived from investment of shareholders' funds	20,841	43,284	179,567	310,323
Net modification loss	(26,445)	-	(259,233)	-
Allowance for credit losses	(104,078)	9,037	(237,643)	(8,022)
Total distributable income	697,459	910,577	2,836,537	3,545,401
Income attributable to depositors	(359,633)	(518,176)	(1,667,761)	(1,938,959)
	337,826	392,401	1,168,776	1,606,442
Personnel expenses	(8,539)	(7,910)	(30,607)	(35,674)
Other overheads and expenditures	(118,219)	(90,352)	(389,533)	(364,292)
Profit before taxation and zakat	211,068	294,139	748,636	1,206,476
Taxation and zakat	(38,069)	(57,771)	(110,180)	(194,009)
Net profit for the financial period/year	172,999	236,368	638,456	1,012,467

Statement of Comprehensive Income for the Financial Year Ended 31 December 2020

	4th Quarter Ended		Twelve Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period/year	172,999	236,368	638,456	1,012,467
Other comprehensive income/(loss) in respect of:				
Items that will be reclassified subsequently to profit or loss				
(a) Debt instruments measured at FVOCI				
- Unrealised net gain/(loss)	(51,219)	(15,711)	181,011	175,122
- Net transfer to income statement on disposal	(4,775)	(3,172)	(39,942)	(15,735)
- Changes in expected credit losses	(171)	(298)	(394)	(3,002)
Income tax relating to components of other comprehensive (income)/loss	13,440	4,532	(33,856)	(38,253)
Other comprehensive income/(loss), net of tax, for the financial period/year	(42,725)	(14,649)	106,819	118,132
Total comprehensive income for the financial period/year	130,274	221,719	745,275	1,130,599



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A31. Operations of Islamic Banking (continued)

(b) Income Statement for the Financial Year Ended 31 December 2020

	4th Quarter Ended		Twelve Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Bank				
Income derived from investment of depositors' funds	2,718	3,896	12,981	12,101
Income derived from investment of shareholders' funds	401	475	479	977
Allowance for credit losses	6,920	(804)	(2,667)	(1,822)
Total distributable income	10,039	3,567	10,793	11,256
Income attributable to depositors	(1,316)	(3,049)	(9,188)	(9,540)
	8,723	518	1,605	1,716
Personnel expenses	(7)	(483)	(997)	(3,285)
Other overheads and expenditures	-	(17)	(22)	(72)
Profit/(Loss) before taxation	8,716	18	586	(1,641)
Taxation	-	-	-	-
Net profit/(loss) for the financial period/year	8,716	18	586	(1,641)

Statement of Comprehensive Income for the Financial Year Ended 31 December 2020

	4th Quarter Ended		Twelve Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Bank				
Net profit/(loss) for the financial period/year	8,716	18	586	(1,641)
Total comprehensive income/(loss) for the financial period/year	8,716	18	586	(1,641)



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A31. Operations of Islamic Banking (continued)

(d) Financing and Advances

	Group		Bank	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
Cashline	856,366	847,596	-	-
Term financing				
- Housing financing	21,169,443	18,357,927	-	-
- Syndicated term financing	3,067,225	3,188,102	-	-
- Hire purchase receivables	8,598,499	7,723,027	-	-
- Other term financing	30,582,237	26,232,265	1,003,732	574,458
Bills receivables	386,964	147,779	-	-
Trust receipts	37,079	29,100	-	-
Claims on customers under acceptance credits	764,298	762,992	-	-
Share margin financing	2,546	-	-	-
Staff financing	10,941	6,709	-	-
Credit/charge card receivables	273,966	293,523	-	-
Revolving financing	2,464,088	3,555,898	-	-
Gross financing and advances	68,213,652	61,144,918	1,003,732	574,458
Less: Allowance for credit losses	(538,182)	(345,307)	(6,922)	(4,254)
Net financing and advances	67,675,470	60,799,611	996,810	570,204

(i) Movements in impaired financing and advances

Balance as at the beginning of the financial year	466,169	509,183	-	-
Transfer to 12-month ECL (Stage 1)	(15,918)	(18,522)	-	-
Transfer to lifetime ECL not credit impaired (Stage 2)	(42,625)	(71,197)	-	-
Transfer to lifetime ECL credit impaired (Stage 3)	176,565	209,647	-	-
Purchases and origination	26,127	46,347	-	-
Derecognition	(104,208)	(99,603)	-	-
Amount written off	(70,664)	(109,686)	-	-
Modification of contractual cash flow	(239)	-	-	-
Balance as at the end of the financial year	435,207	466,169	-	-



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A31. Operations of Islamic Banking (continued)

(d) Financing and Advances (continued)

(ii) Movement in allowance for credit losses

Group	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
31 December 2020				
Balance as at the beginning of the financial year	71,816	99,609	173,882	345,307
Changes due to financial assets recognised in the opening balance that have been:				
- Transferred to 12-month ECL (Stage 1)	29,383	(24,092)	(5,291)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(8,766)	21,718	(12,952)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(266)	(3,841)	4,107	-
	20,351	(6,215)	(14,136)	-
Allowance made during the financial year	80,272	107,516	91,163	278,951
Bad debts written off	-	-	(41,550)	(41,550)
Derecognition	(8,882)	(5,891)	(29,754)	(44,527)
Exchange differences	1	-	-	1
Balance as at the end of the financial year	163,558	195,019	179,605	538,182
31 December 2019				
Balance as at the beginning of the financial year	76,050	116,254	233,219	425,523
Changes due to financial assets recognised in the opening balance that have been:				
- Transferred to 12-month ECL (Stage 1)	31,585	(25,017)	(6,568)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(5,332)	18,178	(12,846)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(483)	(3,649)	4,132	-
	25,770	(10,488)	(15,282)	-
Allowance made/(written back) during the financial year	(19,113)	13,448	66,258	60,593
Bad debts written off	-	-	(84,924)	(84,924)
Changes to model methodologies	(2,628)	(4,104)	-	(6,732)
Derecognition	(8,260)	(15,501)	(25,389)	(49,150)
Exchange differences	(3)	-	-	(3)
Balance as at the end of the financial year	71,816	99,609	173,882	345,307



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A31. Operations of Islamic Banking (continued)

(d) Financing and Advances (continued)

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

Bank	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
31 December 2020				
Balance as at the beginning of the financial year	4,254	-	-	4,254
Allowance made during the financial year	2,667	-	-	2,667
Exchange differences	1	-	-	1
Balance as at the end of the financial year	<u>6,922</u>	<u>-</u>	<u>-</u>	<u>6,922</u>
31 December 2019				
Balance as at the beginning of the financial year	2,435	-	-	2,435
Allowance made during the financial year	1,822	-	-	1,822
Exchange differences	(3)	-	-	(3)
Balance as at the end of the financial year	<u>4,254</u>	<u>-</u>	<u>-</u>	<u>4,254</u>



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

A31. Operations of Islamic Banking (continued)

	Group		Bank	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
(e) Other Assets				
Prepayments	27,588	26,794	-	-
Deposits	1,535	1,527	-	-
Other receivables	388,714	423,715	96,937	183,075
	417,837	452,036	96,937	183,075
			Group	
			As at	As at
			31 December	31 December
			2020	2019
			RM'000	RM'000
(f) Deposits from Customers				
Saving Deposits				
- Qard			2,094,100	1,546,038
Demand Deposits				
- Qard			5,981,871	4,922,269
- Commodity Murabahah			1,464,521	899,010
Term Deposits				
- Commodity Murabahah			42,962,476	39,937,853
Specific Investment Account				
- Murabahah			8,289,588	7,011,168
General Investment Account				
- Mudharabah			37,619	100,632
			60,830,175	54,416,970



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

B1. Review of Group Results

(a) Current Financial Year vs Previous Financial Year

The Group reported a net profit of RM2,032.5 million for the financial year ended 31 December 2020, a decline of 18.1% over the last financial year. This was mainly due to net modification loss, higher allowances for credit losses and impairment loss in an associate, partially offset by higher net fund based income, non-fund based income and lower operating expenses.

Net fund based income increased by 6.3% to RM5,267.6 million from a year ago, driven by proactive funding costs management which dropped 23.8% year-on-year, supported by an increase in CASA composition and the redemption of certain Hybrid Tier-1 Capital and sub-debt instruments over the course of 2019 and 2020.

Non-fund based income rose by 11.2% to RM2,336.1 million, contributed largely by higher net trading and investment income, brokerage income and insurance underwriting surplus, partially offset by lower net gain on foreign exchange and derivatives and lower capital market and transactional banking related fee income.

Operating expenses remained constant year-on-year at RM3,386.7 million. Cost-to-income ratio improved to 47.1% compared with 48.0% a year ago.

The Group remained prudent and continued to set aside pre-emptive provisions to cater for potential adverse impact to asset quality brought about by the COVID-19 pandemic. As a result, allowances for credit losses on financial assets increased significantly from RM275.8 million in the previous year to RM1,145.1 million. Full year credit charge ratio for loans and financing was at 0.58% compared with 0.18% last year.

Total assets for the Group increased by 5.3% from December 2019 to RM271.1 billion as at 31 December 2020, attributed to an increase in loans and financing and securities portfolio. Net assets per share was at RM6.74, with shareholders' equity at RM27.0 billion as at 31 December 2020.

The Group's gross loans and financing grew by 5.6% year-on-year to RM186.1 billion, mainly supported by growth in mortgage, auto finance, SME and Singapore. Domestic loans and financing grew 4.5% year on year. The Group's domestic loan market share stood at 9.1% as at end-December 2020.

Customer deposits increased by 6.8% year-on-year to RM203.5 billion, predominantly attributed to CASA growth of 28.3%. CASA composition stood at 30.9% as at 31 December 2020.

Gross impaired loans was at RM3.2 billion as at 31 December 2020, with gross impaired loans ratio of 1.71%, compared with RM3.5 billion and 1.97% as at 31 December 2019. Loan loss coverage ratio for the Group, excluding regulatory reserves was well above 100% at 119.7% as at end-December 2020.



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

B1. Review of Group Results

(b) Performance by Operating Segment

(i) Group Retail Banking

Group Retail Banking reported a pre-tax profit of RM850.6 million for the year, 19.5% lower than the previous year. This was mainly due to higher allowances for credit losses on loans, lower non-fund based income and higher operating expenses, partially offset by higher net fund based income.

Retail loans and financing rose 5.4% to RM95.0 billion, primarily driven by growth in mortgages.

Retail deposits increased by 15.5% to RM66.7 billion, mainly contributed by growth in fixed deposits and CASA.

(ii) Group Business Banking

Group Business Banking recorded a pre-tax profit of RM230.8 million for the year, a 51.7% decrease mainly due to higher allowances for credit losses on loans and lower non-fund based income, partly offset by higher net fund based income.

Gross loans and financing grew by 11.3% to RM28.8 billion, driven mainly by Retail SME portfolio at 9.3%.

Customer deposits recorded a 16.1% growth to reach RM32.8 billion as at 31 December 2020 due to strong growth in fixed deposits and current account.

(iii) GWB

Group Wholesale Banking ("GWB") posted a marginal drop in pre-tax profit to RM1,872.3 million.

- (a) Group Corporate and Investment Banking registered a pre-tax profit of RM606.1 million, a 2.1% decrease on the back of higher expected credit losses on loans and other financial assets, partially offset by higher net fund based income and non-fund based income.

Gross loans and financing decreased by 1.9% to RM42.6 billion. Deposits increased by 10.8% to RM58.0 billion primarily due to growth in current account and fixed deposits.

- (b) Group Treasury and Global Markets recorded a 0.9% growth in pre-tax profit to RM1,266.3 million over the year, mainly due to higher net trading and investment income, partially offset by lower net fund based income, lower net gain on foreign exchange and derivatives, and higher expected credit losses on financial assets.

Total deposits decreased by 23.2% to RM24.2 billion mainly due to decline in money market time deposits.



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

B1. Review of Group Results (continued)

(b) Performance by Operating Segment (continued)

(iv) Group International Business

RHB Bank Singapore recorded a pre-tax profit of SGD4.6 million, 81.3% lower than the previous year. This was mainly due to higher expected credit losses on loans and other financial assets, partially offset by higher net fund based income, lower operating expenses and higher non-fund based income.

Singapore loans and advances increased by 23.4% to SGD5.1 billion, while deposits increased by 8.5% to SGD5.8 billion.

Group International Business excluding Singapore registered a pre-tax loss of RM4.5 million. This was mainly due to losses in Thailand and Lao, and lower profitability in Cambodia.

B2. Current Quarter vs Previous Quarter

Pre-tax for the current quarter excluding discontinued operation decreased 27.3% to RM574.2 million, from RM789.9 million recorded in the preceding quarter ended 30 September 2020. This was due to higher expected credit losses on loans and other financial assets and higher operating expenses and lower non-fund based income, partially offset by higher net fund based income.

B3. Prospects for Financial Year 2021

We are cautious about the outlook for 2021 as it still depends largely on the stimulus measures undertaken by central banks and governments worldwide, and the speed and coverage of the COVID-19 vaccination efforts. The recent resurgence of COVID-19 cases could restrain the initial pick-up in global economic activity.

Domestically, Malaysia's GDP is expected to rebound. There is room for further cut in OPR this year as the imposition of MCO 2.0 recently presents downside risks to growth in first half of 2021.

The Group continues to offer support to borrowers who are in need, via targeted repayment assistance until 30 June 2021. We continue to engage our customers, discuss their latest developments and assist them, including R&R where required, to ensure that they are able to see through these difficult times.

As the operating environment continues to be challenging, we remain cautious, placing emphasis on strengthening our business fundamentals, ensuring safe workplace for our employees, and attending to the needs of our customers. We continue to exercise prudence with ample loan loss coverage and have set aside pre-emptive provisions to cater for the possibility of worsening asset quality. With FIT22, we will stay the course, prioritising certain initiatives to improve our readiness to respond to the impact of the economic slowdown, through measures such as digitalisation of the customer journey, transformation of credit risk management and readying the workforce for the future.

B4. Variance of Actual Profit from Forecast Profit and Profit Guarantee

There were no profit forecast or profit guarantee issued by the Group and the Bank.



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

B5. Taxation and Zakat

	4th Quarter Ended		Twelve Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Group				
Income tax based on profit for the financial period				
- Malaysian income tax	240,835	237,438	808,475	786,342
- Overseas tax	(4,078)	6,491	4,949	23,681
Deferred tax	(100,277)	(17,653)	(175,190)	17,518
	136,480	226,276	638,234	827,541
(Over)/Under provision in respect of prior financial years	(2,069)	1,350	(2,413)	29,766
Tax expense	134,411	227,626	635,821	857,307
 Zakat	 455	 1,527	 4,091	 5,000
	134,866	229,153	639,912	862,307

The effective tax rate of the Group for the fourth quarter ended 31 December 2020 was lower than the statutory tax rate mainly due to certain income not subject to tax.

The effective tax rate of the Group for the financial year ended 31 December 2020 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.

	4th Quarter Ended		Twelve Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Bank				
Income tax based on profit for the financial period				
- Malaysian income tax	123,584	159,284	538,900	538,744
- Overseas tax	2,275	414	3,057	2,709
Deferred tax	(73,940)	(17,300)	(110,048)	4,826
	51,919	142,398	431,909	546,279
Under/(Over) provision in respect of prior financial years	1,584	187	1,584	(4,039)
	53,503	142,585	433,493	542,240

The effective tax rate of the Bank for the fourth quarter and financial year ended 31 December 2020 was lower than the statutory tax rate mainly due to certain income not subject to tax.



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

B6. Status of Corporate Proposals

(a) Proposed cessation of business operations of subsidiaries in Hong Kong

RHB Hong Kong Limited ('RHB Hong Kong') and its subsidiaries (collectively, 'RHB Hong Kong Group'), had on 4 December 2019 decided that they will commence to cease their business operations ('Proposed Cessation'). RHB Hong Kong is a wholly-owned subsidiary of RHB Investment Bank, which in turn is wholly-owned by the Bank.

Pursuant to the Proposed Cessation, RHB Hong Kong Group will gradually discontinue offering financial services to its existing and potential clients. RHB Investment Bank, being the shareholder of RHB Hong Kong Group will provide the requisite support to ensure an orderly winding down of their business operations. RHB Investment Bank had on 14 February 2020 injected additional capital into RHB Hong Kong as disclosed in Note A26(b).

The increasingly challenging operating broking environment in Hong Kong has resulted in losses being recorded for RHB Hong Kong Group. As a result, it is no longer viable for RHB Hong Kong Group to continue its business operations. The Proposed Cessation would allow RHB Investment Bank to refocus efforts and resources in driving long-term growth in other ASEAN markets in line with the larger RHB Banking Group's FIT22 strategy.

As part of RHB Hong Kong Group:

- (i) RHB (China) Investment Advisory Co. Ltd had been deregistered with the registration authority in China on 17 June 2020 as disclosed in Note A26(c); and
- (ii) RHB Finance Hong Kong Limited, RHB Asset Management Limited, RHB Capital Hong Kong Limited and RHB Wealth Management Hong Kong Limited have commenced the application for member's voluntary winding up as disclosed in Note A26(f)(2).

(b) Proposed disposal of RHB International Trust (L) Ltd ('RHBIT')

RHB Bank (L) Ltd ('RHBBL') has on 14 December 2020 entered into a conditional share sale and purchase agreement with Pacific Trustees Berhad ('Pacific Trustee') in respect of the proposed disposal of its entire equity interest in RHBIT for a cash consideration of approximately USD173,490 ('Proposed Disposal').

Upon completion of the Proposed Disposal, RHBIT will cease to be a wholly-owned subsidiary of RHBBL. Barring any unforeseen circumstances and subject to regulatory approval being obtained from the Labuan Financial Services Authority ('Labuan FSA') for the Proposed Disposal, the Proposed Disposal is expected to be completed in the first quarter of 2021.

(c) Proposed establishment of a Dividend Reinvestment Plan ('DRP')

On 17 December 2020, the Bank announced that it proposes to undertake the establishment of a DRP that provides the shareholders of the Bank ('Shareholders') with an option to elect to reinvest, in whole or in part, their cash dividend declared by the Bank in new RHB Bank Shares ('DRP Shares') ('Proposed DRP').

The rationale of the Proposed DRP is as follows:

- (i) It provides the Bank with flexibility in managing and strengthening its capital position as part of the Bank's capital management strategy. The reinvestment of dividend by the Shareholders for DRP Shares will also enlarge the share capital base of the Bank.

The cash retained which would otherwise be used for the payment of dividend, may be utilised for working capital, repay borrowings and/or other requirements of the Bank or RHB Banking Group to be identified at the point when such funds are retained.



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

B6. Status of Corporate Proposals (continued)

(c) Proposed establishment of a Dividend Reinvestment Plan ('DRP') (continued)

The rationale of the Proposed DRP is as follows (continued):

- (ii) It allows Shareholders to have the option of reinvesting further into the Bank and provides the Shareholders with the following:
 - (a) an opportunity to enhance and maximise the value of their shareholdings in the Bank by investing in DRP Shares at a discount; and
 - (b) flexibility to the Shareholders in meeting their investment objectives as the Shareholders would have the option of receiving dividend in cash and/or reinvesting in DRP Shares.
- (iii) The implementation of the Proposed DRP will provide an avenue to the Shareholders to exercise the electable portion under the reinvestment option into DRP Shares in lieu of receiving cash.
- (iv) The Proposed DRP may potentially improve the trading liquidity of RHB Bank shares as well as strengthen the financial position and capital base of the Bank through the issuance of DRP Shares.

The Proposed DRP is not conditional or inter-conditional upon any other corporate exercise being or proposed to be undertaken by the Bank. However, the Proposed DRP is conditional upon the following:

- (i) approval from BNM for the implementation of the Proposed DRP, of which application to BNM has been submitted on 18 January 2021;
- (ii) Bursa Malaysia Securities Berhad ('Bursa Securities') for the listing and quotation of the DRP Shares on the Main Market of Bursa Securities;
- (iii) the approval from Shareholders for the Proposed DRP at the forthcoming Annual General Meeting; and
- (iv) any other relevant authority and/or party, if required.

The effects of the Proposed DRP on the share capital, substantial shareholders' shareholdings, net assets, gearing, earnings and earnings per share as well as the number of new ordinary shares to be issued by the Bank are dependent on the following:

- (i) the quantum of the dividend to be announced by the Board of which the Proposed DRP can be applied with;
- (ii) the Board's decision on the proportion/size of the electable portion;
- (iii) the issue price;
- (iv) the extent to which Shareholders elect to exercise the reinvestment option;
- (v) the applicable withholding tax rates of the Shareholders; and
- (vi) any necessary downward adjustment by the Board to the final number of DRP Shares to be allotted and issued to any of the Shareholders.

None of the Bank's Directors, major shareholders and/or persons connected with them have any interest, direct or indirect, in the Proposed DRP apart from their respective entitlements under the Proposed DRP to which all Shareholders are similarly entitled.



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

B7. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings, Senior Debt Securities and Subordinated Obligations

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

	Group		Bank	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- One year or less	201,304,081	186,019,586	133,527,691	128,517,526
- More than one year	2,166,702	4,535,639	783,283	3,053,598
	203,470,783	190,555,225	134,310,974	131,571,124
Deposits and placements of banks and other financial institutions				
- Maturing within one year	19,126,009	21,112,852	22,820,715	18,806,380
- One year to three years	417,425	155,872	381,011	136,630
- Three years to five years	270,001	69,400	207,987	29,617
- Over five years	1,221,751	201,205	1,200,898	201,205
	21,035,186	21,539,329	24,610,611	19,173,832

(b) Borrowings

	Group		Bank	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Secured				
Term loans:				
- Cambodian Riel	137,750	112,930	-	-
Unsecured				
Term loans:				
- United States Dollar	201,101	840,177	201,101	840,177
- Hong Kong Dollar	-	3,101	-	-
- Singapore Dollar	-	72,972	-	-
Promissory note:				
- Indonesia Rupiah	150,665	29,673	-	-
- Thai Baht	145,114	123,674	-	-
	634,630	1,182,527	201,101	840,177
Scheduled repayment of borrowings:				
- Within one year	634,630	978,026	201,101	635,676
- One year to three years	-	204,501	-	204,501
	634,630	1,182,527	201,101	840,177



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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

(c) Senior debt securities

	Group and Bank	
	As at	As at
	31 December	31 December
	2020	2019
	RM'000	RM'000
USD500 million 2.503% senior debt securities due in 2021	2,021,872	2,055,132
USD300 million 3.766% senior debt securities due in 2024	1,221,568	1,241,631
RM300 million 2.85% senior Sukuk Murabahah due in 2025	301,710	-
	<u>3,545,150</u>	<u>3,296,763</u>

(d) Subordinated obligations

	Group		Bank	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
5.60% RM300 million Tier II Subordinated Notes 2010/2025	-	302,946	-	302,946
4.95% RM200 million Tier II Subordinated Notes 2015/2025	-	202,061	-	-
4.75% RM500 million Tier II Subordinated Notes 2015/2025	-	503,474	-	503,474
4.88% RM250 million Tier II Subordinated Sukuk Murabahah 2017/2027	252,206	252,139	-	-
4.82% RM750 million Tier II Subordinated Notes 2017/2027	759,029	758,976	759,029	758,976
4.90% RM200 million Tier II Subordinated Notes 2017/2027	202,148	202,202	-	-
4.32% RM500 million Tier II Subordinated Sukuk Murabahah 2019/2029	502,308	502,426	-	-
3.35% RM500 million Tier II Subordinated Notes 2020/2030	501,280	-	501,280	-
3.13% RM500 million Tier II Subordinated Notes 2020/2030	501,758	-	501,758	-
	<u>2,718,729</u>	<u>2,724,224</u>	<u>1,762,067</u>	<u>1,565,396</u>

The subordinated obligations comprise unsecured liabilities of the Bank and its investment and islamic bank subsidiaries and are subordinated to the senior indebtedness in accordance with their respective terms and conditions of issuance and qualify as Tier II capital (as disclosed in Note A29) for the purpose of determining the capital adequacy ratios of the Bank and the respective subsidiaries.



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

B8. Derivative Financial Instruments

Details of derivative financial instruments outstanding are as follows:

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

Group	As at 31 December 2020			As at 31 December 2019		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
By type						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Forwards/swaps	55,252,294	709,273	789,622	52,494,800	304,168	623,039
- Options	635,544	5,358	2,047	2,181,278	11,933	5,226
- Cross-currency interest rate swaps	4,128,289	275,156	211,792	3,755,572	217,884	161,926
	60,016,127	989,787	1,003,461	58,431,650	533,985	790,191
Interest rate related contracts						
- Swaps	30,993,176	632,982	617,341	30,255,839	303,302	262,100
Commodity related contracts						
- Options	555,265	12,189	12,189	290,309	11,831	11,831
Equity related contracts						
- Options	451,701	17,280	17,426	-	-	-
Futures related contracts	200,537	895	-	-	-	-
Structured warrants	456,101	-	71,703	43,817	-	4,277
Structured investments	-	-	-	18,116	4,437	-
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	8,039,436	346	312,675	4,507,590	1,701	92,528
Total	100,712,343	1,653,479	2,034,795	93,547,321	855,256	1,160,927



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

B8. Derivative Financial Instruments (continued)

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

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

Bank By type	As at 31 December 2020			As at 31 December 2019		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Forwards/swaps	57,484,810	726,266	805,366	53,381,479	314,700	622,944
- Options	635,544	5,358	2,047	2,181,278	11,933	5,226
- Cross-currency interest rate swaps	4,590,768	275,156	212,086	4,920,676	215,877	160,422
	<u>62,711,122</u>	<u>1,006,780</u>	<u>1,019,499</u>	<u>60,483,433</u>	<u>542,510</u>	<u>788,592</u>
Interest rate related contracts						
- Swaps	42,093,175	754,318	735,456	35,115,839	346,105	302,968
Commodity related contracts						
- Options	555,265	12,189	12,189	290,309	11,831	11,831
Equity related contracts						
- Options	458,784	17,280	17,426	-	-	-
Structured investments	-	-	-	5,866	1,437	-
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	4,239,436	-	194,572	3,007,590	1,701	51,683
Total	<u>110,057,782</u>	<u>1,790,567</u>	<u>1,979,142</u>	<u>98,903,037</u>	<u>903,584</u>	<u>1,155,074</u>



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

B8. Derivative Financial Instruments (continued)

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

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

Group	As at 31 December 2020			As at 31 December 2019		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
By remaining period to maturity/next re-pricing date						
Trading Derivatives:						
Foreign exchange related contracts						
- Less than one year	55,476,927	750,346	805,183	54,600,403	372,580	639,164
- One year to three years	2,249,295	116,978	95,624	2,254,492	91,489	58,394
- More than three years	2,289,905	122,463	102,654	1,576,755	69,916	92,633
	60,016,127	989,787	1,003,461	58,431,650	533,985	790,191
Interest rate related contracts						
- Less than one year	8,515,850	36,905	49,469	6,407,422	9,842	5,154
- One year to three years	7,793,323	51,842	62,671	11,123,197	39,942	44,133
- More than three years	14,684,003	544,235	505,201	12,725,220	253,518	212,813
	30,993,176	632,982	617,341	30,255,839	303,302	262,100
Commodity related contracts						
- Less than one year	374,040	12,189	12,189	266,117	10,665	10,665
- One year to three years	73,466	-	-	24,192	1,166	1,166
- More than three years	107,759	-	-	-	-	-
	555,265	12,189	12,189	290,309	11,831	11,831
Equity related contracts						
- Less than one year	451,701	17,280	17,426	-	-	-
	451,701	17,280	17,426	-	-	-
Futures related contracts						
- Less than one year	200,537	895	-	-	-	-
	200,537	895	-	-	-	-
Structured warrants						
- Less than one year	456,101	-	71,703	43,817	-	4,277
	456,101	-	71,703	43,817	-	4,277
Structured investments						
- Less than one year	-	-	-	18,116	4,437	-
	-	-	-	18,116	4,437	-
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than one year	417,930	-	5,252	-	-	-
- One year to three years	606,456	-	29,337	514,567	299	5,338
- More than three years	7,015,050	346	278,086	3,993,023	1,402	87,190
	8,039,436	346	312,675	4,507,590	1,701	92,528
Total	100,712,343	1,653,479	2,034,795	93,547,321	855,256	1,160,927



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

B8. Derivative Financial Instruments (continued)

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

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

Bank	As at 31 December 2020			As at 31 December 2019		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
By remaining period to maturity/next re-pricing date						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than one year	58,071,384	767,339	820,928	56,549,934	382,939	639,060
- One year to three years	2,349,833	116,978	95,624	2,254,494	91,489	58,403
- More than three years	2,289,905	122,463	102,947	1,679,005	68,082	91,129
	62,711,122	1,006,780	1,019,499	60,483,433	542,510	788,592
Interest rate related contracts						
- Less than one year	12,035,957	36,903	49,473	8,267,422	10,100	5,154
- One year to three years	8,773,216	78,888	89,397	11,296,204	39,942	44,156
- More than three years	21,284,002	638,527	596,586	15,552,213	296,063	253,658
	42,093,175	754,318	735,456	35,115,839	346,105	302,968
Commodity related contracts						
- Less than one year	374,040	12,189	12,189	266,117	10,665	10,665
- One year to three years	73,466	-	-	24,192	1,166	1,166
- More than three years	107,759	-	-	-	-	-
	555,265	12,189	12,189	290,309	11,831	11,831
Equity related contracts						
- Less than one year	458,784	17,280	17,426	-	-	-
	458,784	17,280	17,426	-	-	-
Structured investments						
- Less than one year	-	-	-	5,866	1,437	-
	-	-	-	5,866	1,437	-
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than one year	417,930	-	5,252	-	-	-
- One year to three years	106,456	-	2,611	514,567	299	5,338
- More than three years	3,715,050	-	186,709	2,493,023	1,402	46,345
	4,239,436	-	194,572	3,007,590	1,701	51,683
Total	110,057,782	1,790,567	1,979,142	98,903,037	903,584	1,155,074

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020****B8. Derivative Financial Instruments (continued)****(b) Related accounting policies**Derivative financial instruments and hedge accounting

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

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

(i) Fair value hedge

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

The Group and the Bank apply fair value hedge accounting for hedging fixed interest risk on loans, advances and financing and financial assets at FVOCI. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate loans, advances and financing and financial assets at FVOCI is recognised in income statements within other operating income. The gain or loss relating to the ineffective portion is recognised in income statements within net gain or loss on fair value hedges. Changes in the fair value of the hedged fixed rate loans, advances and financing attributable to interest rate risk are recognised in income statements within other operating income. Changes in the fair value of the hedged financial assets at FVOCI are recycled from FVOCI reserves to income statements within other operating income.

For fair value hedge of financial assets designated as FVOCI, any changes in fair value of the hedged financial assets FVOCI are recycled from FVOCI reserves to income statements, while the changes in fair value of the derivatives that is related to the effective portion of the hedge is recognised in income statements within other operating income. The ineffective portion of the aforesaid hedging derivatives is recognised in income statements with net gain or loss on fair value changes of derivatives.

For financial instruments measured at amortised cost, if the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the income statements over the period to maturity and recorded as other operating income.

(ii) Cash flow hedge

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

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

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



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

B8. Derivative Financial Instruments (continued)

(b) Related accounting policies (continued)

(iii) Net investment hedge

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

(iv) Derivatives that do not qualify for hedge accounting

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



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

B9. Fair Value of Financial Instruments

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

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

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

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

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

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2020				
<u>Financial assets</u>				
Financial assets at FVTPL:	518,459	3,396,562	547,085	4,462,106
- Money market instruments	-	2,238,908	-	2,238,908
- Quoted securities	518,459	-	-	518,459
- Unquoted securities	-	1,157,654	547,085	1,704,739
Financial assets at FVOCI:	1,922	42,147,509	753,828	42,903,259
- Money market instruments	-	15,287,958	-	15,287,958
- Quoted securities	1,922	-	-	1,922
- Unquoted securities	-	26,859,551	753,828	27,613,379
Derivative assets	-	1,653,479	-	1,653,479
	<u>520,381</u>	<u>47,197,550</u>	<u>1,300,913</u>	<u>49,018,844</u>
<u>Financial liabilities</u>				
Derivative liabilities	<u>71,703</u>	<u>1,963,092</u>	<u>-</u>	<u>2,034,795</u>
31 December 2019				
<u>Financial assets</u>				
Financial assets at FVTPL:	375,403	3,742,448	505,596	4,623,447
- Money market instruments	-	2,144,858	-	2,144,858
- Quoted securities	375,403	-	-	375,403
- Unquoted securities	-	1,597,590	505,596	2,103,186
Financial assets at FVOCI:	2,418	39,108,486	694,400	39,805,304
- Money market instruments	-	13,875,143	-	13,875,143
- Quoted securities	2,418	-	-	2,418
- Unquoted securities	-	25,233,343	694,400	25,927,743
Derivative assets	3,000	852,256	-	855,256
	<u>380,821</u>	<u>43,703,190</u>	<u>1,199,996</u>	<u>45,284,007</u>
<u>Financial liabilities</u>				
Derivative liabilities	<u>4,277</u>	<u>1,156,650</u>	<u>-</u>	<u>1,160,927</u>



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

B9. Fair Value of Financial Instruments (continued)

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

Bank	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31 December 2020				
<u>Financial assets</u>				
Financial assets at FVTPL:	6,882	2,264,762	13,657	2,285,301
- Money market instruments	-	2,131,230	-	2,131,230
- Quoted securities	6,882	-	-	6,882
- Unquoted securities	-	133,532	13,657	147,189
Financial assets at FVOCI:	-	35,157,038	712,602	35,869,640
- Money market instruments	-	12,885,005	-	12,885,005
- Unquoted securities	-	22,272,033	712,602	22,984,635
Derivative assets	-	1,790,567	-	1,790,567
	<u>6,882</u>	<u>39,212,367</u>	<u>726,259</u>	<u>39,945,508</u>
<u>Financial liabilities</u>				
Derivative liabilities	-	1,979,142	-	1,979,142
31 December 2019				
<u>Financial assets</u>				
Financial assets at FVTPL:	6,661	2,510,748	12,879	2,530,288
- Money market instruments	-	1,937,713	-	1,937,713
- Quoted securities	6,661	-	-	6,661
- Unquoted securities	-	573,035	12,879	585,914
Financial assets at FVOCI:	-	33,278,941	655,331	33,934,272
- Money market instruments	-	11,971,912	-	11,971,912
- Unquoted securities	-	21,307,029	655,331	21,962,360
Derivative assets	-	903,584	-	903,584
	<u>6,661</u>	<u>36,693,273</u>	<u>668,210</u>	<u>37,368,144</u>
<u>Financial liabilities</u>				
Derivative liabilities	-	1,155,074	-	1,155,074

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

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**
B9. Fair Value of Financial Instruments (continued)
(i) Valuation techniques

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

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

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). This category includes unquoted shares held for socio-economic reasons, unquoted private equity funds, non-transferable and non-tradable perpetual notes/sukuk, impaired securities and unquoted corporate loan stocks. Fair values for shares held for socio-economic reasons are based on the net tangible assets of the affected companies. Fair values for unquoted private equity funds are based on enterprise valuation method where the main input include earnings before interest, taxes, depreciation and amortisation ('EBITDA'), comparable companies earning multiple and marketable discount. For unquoted corporate loan stocks, discounted cash flow analysis has been performed to determine the recoverability of the instruments.

(ii) Reconciliation of fair value movements in Level 3

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

	Group		Bank	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Financial assets at FVTPL				
Balance as at the beginning of the financial year	505,596	449,420	12,879	12,145
Total net gain recognised in income statements	56,815	33,817	-	-
Purchases	7,567	28,218	778	734
Settlements/distribution	(12,249)	(792)	-	-
Exchange differences	(10,644)	(5,067)	-	-
Balance as at the end of the financial year	547,085	505,596	13,657	12,879
Financial assets at FVOCI				
Balance as at the beginning of the financial year	694,400	767,926	655,331	638,477
Total net gain recognised in other comprehensive income	60,340	18,745	58,169	16,854
Settlements/disposal	(898)	(92,290)	(898)	-
Exchange differences	(14)	19	-	-
Balance as at the end of the financial year	753,828	694,400	712,602	655,331



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

B10. Significant Events During the Financial Period

Disposal of RHB Securities Singapore Pte Ltd ('RHB Securities Singapore')

RHB Investment Bank, a wholly owned subsidiary of the Bank has on 29 June 2020, entered into a conditional share purchase agreement with Phillip Securities Pte Ltd ('Purchaser') in respect of the disposal of its entire equity interest in its wholly owned subsidiary, RHB Securities Singapore ('Disposal').

Prior to the completion of the Disposal, RHB Securities Singapore undertook a corporate exercise to transfer the following businesses and assets to the Bank ('Business Transfer'):

- (i) the client coverage team, research and advisory services in relation to corporate finance, mergers and acquisitions, equity capital markets and institutional equities sales;
- (ii) the entire equity interests of RHB Securities Singapore's wholly-owned subsidiaries in RHB Nominees Singapore Pte Ltd, Summit Nominees Singapore Pte Ltd and RHB Research Institute Singapore Pte Ltd; and
- (iii) other assets and liabilities in respect of item (i) above.

The Disposal is conditional upon the completion of the Business Transfer but not vice versa.

With the Disposal, the Bank will be in a position to better serve its wholesale clients in Singapore with the transfer of the capital markets business to RHB Bank Singapore. The increasingly competitive broking environment has made it no longer viable for RHB Securities Singapore to continue its stock broking business.

The Business Transfer and the Disposal were completed on 31 August 2020 and 11 September 2020 respectively, following approvals from the relevant regulatory authorities in Malaysia and Singapore.

(i) Effects of Business Transfer

The Business Transfer which was based on the respective carrying value of the identified businesses, assets and liabilities of SGD20,572,000 (equivalent to RM62,798,000) on completion date, with a corresponding goodwill in accordance with predecessor accounting at the Bank level, was settled in cash. The Business Transfer does not have any significant effect to the financial results of the Bank and there is no financial impact from the Group's perspective.



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

B10. Significant Events During the Financial Period (continued)

Disposal of RHB Securities Singapore Pte Ltd ('RHB Securities Singapore') (continued)

(i) Effects of Business Transfer (continued)

The Bank has adopted the predecessor accounting to reflect the Business Transfer and the effects of the restatement arising therefrom are as follows:

Statements of Financial Position as at 31 December 2019

Bank	As previously reported RM'000	Effect of predecessor accounting RM'000	As restated RM'000
ASSETS			
Cash and short term funds	5,502,893	-	5,502,893
Deposits and placements with banks and other financial institutions	5,349,632	-	5,349,632
Investment account due from designated financial institutions	8,229,334	-	8,229,334
Financial assets at FVTPL	2,530,288	-	2,530,288
Financial assets at FVOCI	33,934,272	-	33,934,272
Financial investments at amortised cost	9,702,802	-	9,702,802
Loans, advances and financing	107,345,665	-	107,345,665
Other assets	1,104,726	115	1,104,841
Derivative assets	903,584	-	903,584
Statutory deposits	2,608,316	-	2,608,316
Tax recoverable	433,364	-	433,364
Investments in subsidiaries	4,913,885	594	4,914,479
Right of use assets	85,960	55	86,015
Property, plant and equipment	753,638	33	753,671
Goodwill	1,651,542	63,371	1,714,913
Intangible assets	548,434	3	548,437
TOTAL ASSETS	185,598,335	64,171	185,662,506



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

B10. Significant Events During the Financial Period (continued)

Disposal of RHB Securities Singapore Pte Ltd ('RHB Securities Singapore') (continued)

(i) Effects of Business Transfer (continued)

The Bank has adopted the predecessor accounting to reflect the Business Transfer and the effects of the restatement arising therefrom are as follows (continued):

Statements of Financial Position as at 31 December 2019

Bank	As previously reported RM'000	Effect of predecessor accounting RM'000	As restated RM'000
LIABILITIES			
Deposits from customers	131,571,124	-	131,571,124
Deposits and placements of banks and other financial institutions	19,173,832	-	19,173,832
Obligations on securities sold under repurchase agreements	3,772,623	-	3,772,623
Bills and acceptances payable	205,528	-	205,528
Other liabilities	1,780,860	64,115	1,844,975
Derivative liabilities	1,155,074	-	1,155,074
Recourse obligation on loans sold to Cagamas	1,265,757	-	1,265,757
Deferred tax liabilities	136,711	-	136,711
Lease liabilities	85,267	56	85,323
Borrowings	840,177	-	840,177
Senior debt securities	3,296,763	-	3,296,763
Subordinated obligations	1,565,396	-	1,565,396
TOTAL LIABILITIES	164,849,112	64,171	164,913,283
Share capital	6,994,103	-	6,994,103
Reserves	13,755,120	-	13,755,120
TOTAL EQUITY	20,749,223	-	20,749,223
TOTAL LIABILITIES AND EQUITY	185,598,335	64,171	185,662,506



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

B10. Significant Events During the Financial Period (continued)

Disposal of RHB Securities Singapore Pte Ltd ('RHB Securities Singapore') (continued)

(ii) Effects of Disposal

The Disposal consideration which was based on the net tangible assets of RHB Securities Singapore preceding the completion date and adjustments mutually agreed between RHB Investment Bank and the Purchaser, was settled partially via cash and a set-off against intercompany balances owing by RHB Investment Bank to RHB Securities Singapore arising from the Business Transfer.

The Group had accounted for the Disposal of RHB Securities Singapore as a discontinued operation in accordance with MFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. Financial information relating to the discontinued operation are as follows:

(a) Cash flows and net assets on disposal date

	RM'000
Cash and short-term funds	37,327
Loans and advances	61,554
Net clients and brokers' balances	82,344
Other assets	115,436
Derivative assets	23
Right of use assets	3,466
Property, plant and equipment	3,277
Intangible assets	2,783
Other liabilities	(9,585)
Lease liabilities	(3,598)
Borrowings	(6,177)
Total net assets derecognised	286,850
Less: Realisation of foreign exchange reserve and net investment hedge	(75,603)
Gain on disposal of a subsidiary	55,017
Sales consideration	266,264
Less: Contingent consideration	(17,228)
Less: Non cash consideration	(12,991)
Less: Deed of set-off on proceeds from Business Transfer	(62,798)
Sales consideration received in cash	173,247
Less: Cash and short-term funds of the subsidiary disposed	(37,327)
Exchange differences	281
Cash inflow on disposal of a subsidiary	136,201



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

B10. Significant Events During the Financial Period (continued)

Disposal of RHB Securities Singapore Pte Ltd ('RHB Securities Singapore') (continued)

(ii) Effects of Disposal (continued)

The Group had accounted for the Disposal of RHB Securities Singapore as a discontinued operation in accordance with MFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. Financial information relating to the discontinued operation are as follows (continued):

(b) Financial performance and cash flow

Income Statements for the Financial Year Ended 31 December 2020

	4th Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interest income	-	2,356	4,339	9,506
Interest expense	-	(449)	(709)	(2,440)
Net interest income	-	1,907	3,630	7,066
Other operating income	-	5,346	36,560	36,177
Net income	-	7,253	40,190	43,243
Other operating expenses	-	(20,968)	(61,140)	(84,423)
Operating loss before allowances	-	(13,715)	(20,950)	(41,180)
Allowance for credit losses on financial assets	-	(108)	(937)	(2,718)
Net operating loss before taxation	-	(13,823)	(21,887)	(43,898)
Taxation	-	136	1,531	(328)
Gain on disposal of a subsidiary	-	-	55,017	-
Net profit/(loss) from discontinued operation for the financial period/year	-	(13,687)	34,661	(44,226)



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

B10. Significant Events During the Financial Period (continued)

Disposal of RHB Securities Singapore Pte Ltd ('RHB Securities Singapore') (continued)

(ii) Effects of Disposal (continued)

The Group had accounted for the Disposal of RHB Securities Singapore as a discontinued operation in accordance with MFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. Financial information relating to the discontinued operation are as follows (continued):

(b) Financial performance and cash flow (continued)

Statements of Comprehensive Income for the Financial Year Ended 31 December 2020

	4th Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Net profit/(loss) from discontinued operation for the financial period/year	-	(13,687)	34,661	(44,226)
Other comprehensive income/(loss) in respect of:				
Items that will be reclassified subsequently to profit or loss:				
- Realisation of foreign exchange reserve and net investment hedge from discontinued operation	-	169	(75,603)	(25)
Other comprehensive (loss)/income, net of tax, for the financial period/year	-	169	(75,603)	(25)
Total comprehensive loss from discontinued operation for the financial period/year	-	(13,518)	(40,942)	(44,251)

Statements of Cash Flow for the Financial Year Ended 31 December 2020

	Twelve Months Ended	
	31 December	31 December
	2020	2019
	RM'000	RM'000
From discontinued operation:		
Net cash generated from operating activities	27,134	28,999
Net cash used in investing activities	(585)	(1,899)
Net cash used in financing activities	(74,912)	(22,736)
Net (decrease)/increase in cash and cash equivalents	(48,363)	4,364



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

B11. Dividends

- (a) The Directors have proposed a final single-tier dividend of 7.65 sen per share, amounting to RM306,768,000 in respect of the financial year ended 31 December 2020.

- (i) Amount per share: Single-tier dividend of 7.65 sen
- (ii) Entitlement date: To be determined and announced later
- (iii) Payment date: To be determined and announced later

Subject to the relevant regulatory approvals being obtained, the Board of Directors in its absolute discretion, recommends that the shareholders of the Bank be given an option to elect to reinvest the entire final dividend into new ordinary shares of the Bank in accordance with the proposed DRP as disclosed in Note B6(c).

- (b) Total dividend per share for the current financial year:
- (i) Single-tier interim dividend of 10.00 sen per share; and
 - (ii) Proposed single-tier final dividend of 7.65 sen per share.
- (c) Total dividend paid for the previous financial year ended 31 December 2019:
- (i) Single-tier interim dividend of 12.50 sen per share; and
 - (ii) Single-tier final dividend of 18.50 sen per share.

B12. Earnings per Share

	4th Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
Profit/(Loss) attributable to equity holders of the Bank (RM'000)				
- Continuing operations	438,631	634,695	1,997,869	2,526,658
- Discontinued operation	-	(13,687)	34,661	(44,226)
	<u>438,631</u>	<u>621,008</u>	<u>2,032,530</u>	<u>2,482,432</u>
Weighted average number of ordinary shares in issue ('000)	<u>4,010,045</u>	<u>4,010,045</u>	<u>4,010,045</u>	<u>4,010,045</u>
Earnings/(Loss) per share (sen)				
- Continuing operations	10.9	15.8	49.8	63.0
- Discontinued operation	-	(0.3)	0.9	(1.1)
	<u>10.9</u>	<u>15.5</u>	<u>50.7</u>	<u>61.9</u>

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

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN

(License No. LS0006901)

Company Secretary

26 February 2021