

RHB INVESTMENT BANK BERHAD
Incorporated in Malaysia
Registration No. 197401002639 (19663-P)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note	Group		Bank	
		As at	As at	As at	As at
		31 March 2020	31 December 2019	31 March 2020	31 December 2019
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short term funds		2,721,281	2,146,388	2,134,673	1,443,786
Deposits and placements with banks and other financial institutions		211,593	206,999	-	-
Financial assets at fair value through profit or loss ('FVTPL')	8	665,835	847,934	51,590	60,382
Financial assets at fair value through other comprehensive income ('FVOCI')	9	753,424	752,242	745,659	743,970
Financial investments at amortised costs	10	1,006,548	911,838	1,006,548	911,838
Loans and advances	11	1,419,847	1,855,873	1,143,000	1,405,692
Clients' and brokers' balances	12	1,083,713	893,448	639,146	466,285
Other assets	13	195,277	199,535	32,599	79,616
Derivative assets		929	3,091	929	3,054
Statutory deposits		55,246	66,015	51,000	62,000
Tax recoverable		16,312	17,102	14,007	15,282
Deferred tax assets		18,271	19,410	9,521	10,106
Investments in subsidiaries		-	-	1,143,214	1,093,697
Investments in associates and joint ventures		16,097	16,083	5,028	5,028
Property, plant and equipment		39,906	42,601	20,256	20,722
Goodwill and other intangible assets		557,675	559,553	397,740	398,300
Right of use assets		27,356	29,962	6,478	7,038
TOTAL ASSETS		8,789,310	8,568,074	7,401,388	6,726,796
LIABILITIES AND EQUITY					
Deposits from customers	14	1,415,047	1,410,984	1,415,047	1,410,984
Deposits and placements of banks and other financial institutions	15	2,643,122	2,014,638	2,643,122	2,014,638
Bills and acceptances payable		-	36,957	-	-
Clients' and brokers' balances		1,142,468	824,166	789,307	544,849
Other liabilities	16	444,402	659,424	155,680	226,103
Lease liabilities		27,051	29,567	6,621	7,203
Derivative liabilities		5,720	4,509	4,748	3,873
Tax liabilities		4,343	5,503	-	-
Deferred tax liabilities		1,916	1,531	-	-
Borrowings		553,362	882,036	-	-
Subordinated obligations		409,175	404,263	409,175	404,263
TOTAL LIABILITIES		6,646,606	6,273,578	5,423,700	4,611,913
Share capital		1,487,773	1,487,773	1,487,773	1,487,773
Reserves		644,651	796,515	489,915	627,110
		2,132,424	2,284,288	1,977,688	2,114,883
Non-controlling interests		10,280	10,208	-	-
TOTAL EQUITY		2,142,704	2,294,496	1,977,688	2,114,883
TOTAL LIABILITIES AND EQUITY		8,789,310	8,568,074	7,401,388	6,726,796
COMMITMENTS AND CONTINGENCIES	26	1,154,500	1,254,782	778,776	778,989

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

RHB INVESTMENT BANK BERHAD
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Registration No. 197401002639 (19663-P)

INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2020

Group	Note	1st Quarter Ended		Three Months Ended	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
		RM'000	RM'000	RM'000	RM'000
Interest income	17	62,605	58,883	62,605	58,883
Interest expense	18	(42,455)	(43,736)	(42,455)	(43,736)
Net interest income		20,150	15,147	20,150	15,147
Fee and commission income	19	197,250	185,903	197,250	185,903
Fee and commission expense	20	(56,711)	(40,685)	(56,711)	(40,685)
Other operating income	21	23,984	49,192	23,984	49,192
		184,673	209,557	184,673	209,557
Other operating expenses	22	(162,894)	(153,492)	(162,894)	(153,492)
Operating profit before allowances		21,779	56,065	21,779	56,065
Allowance made for expected credit losses	23	(4,148)	(2,694)	(4,148)	(2,694)
		17,631	53,371	17,631	53,371
Share of results of associates		14	74	14	74
Share of results of joint ventures		-	(30)	-	(30)
Profit before taxation		17,645	53,415	17,645	53,415
Taxation		(4,615)	(13,024)	(4,615)	(13,024)
Net profit for the financial period		13,030	40,391	13,030	40,391
Profit attributable to:					
Equity holder of the Bank		12,655	40,114	12,655	40,114
Non-controlling interests		375	277	375	277
		13,030	40,391	13,030	40,391
Basic earnings per share (sen)	24	12.7	40.1	12.7	40.1

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RHB INVESTMENT BANK BERHAD
Incorporated in Malaysia
Registration No. 197401002639 (19663-P)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2020

Group	1st Quarter Ended		Three Months Ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	13,030	40,391	13,030	40,391
Other comprehensive income in respect of:				
(a) Item that will not be reclassified to income statements:				
(i) Actuarial gain/(loss) on defined benefit plan of subsidiaries	1,602	(2,199)	1,602	(2,199)
(ii) Financial assets at FVOCI, equity instruments:				
- Unrealised net loss on revaluation	(491)	(54)	(491)	(54)
- Net gain on disposal	-	5,370	-	5,370
(b) Items that will be reclassified subsequently to income statements:				
(i) Foreign currency translation reserve				
- Currency translation differences	(23,467)	1,910	(23,467)	1,910
- Net investment hedge	566	(2,093)	566	(2,093)
(ii) Financial assets at FVOCI, debt instruments:				
- Unrealised net gain on revaluation	436	4,663	436	4,663
Income tax relating to components of other comprehensive income	(468)	(2,340)	(468)	(2,340)
Other comprehensive (loss)/income, net of tax, for the financial period	(21,822)	5,257	(21,822)	5,257
Total comprehensive (loss)/income for the financial period	(8,792)	45,648	(8,792)	45,648
Total comprehensive (loss)/income attributable to:				
Equity holder of the Bank	(8,864)	45,425	(8,864)	45,425
Non-controlling interests	72	223	72	223
	(8,792)	45,648	(8,792)	45,648

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

RHB INVESTMENT BANK BERHAD
Incorporated in Malaysia
Registration No. 197401002639 (19663-P)

INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2020

Bank	Note	1st Quarter Ended		Three Months Ended	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
		RM'000	RM'000	RM'000	RM'000
Interest income	17	49,637	42,934	49,637	42,934
Interest expense	18	(34,156)	(33,822)	(34,156)	(33,822)
Net interest income		15,481	9,112	15,481	9,112
Fee and commission income	19	67,156	78,154	67,156	78,154
Fee and commission expense	20	(1,963)	(1,225)	(1,963)	(1,225)
Other operating income	21	7,582	25,207	7,582	25,207
		88,256	111,248	88,256	111,248
Other operating expenses	22	(77,413)	(71,503)	(77,413)	(71,503)
Operating profit before allowances		10,843	39,745	10,843	39,745
Allowance (made)/written back for expected credit losses	23	(3,311)	267	(3,311)	267
Profit before taxation		7,532	40,012	7,532	40,012
Taxation		(2,058)	(10,751)	(2,058)	(10,751)
Net profit for the financial period		5,474	29,261	5,474	29,261

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

RHB INVESTMENT BANK BERHAD
 Incorporated in Malaysia
 Registration No. 197401002639 (19663-P)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2020

<u>Bank</u>	1st Quarter Ended		Three Months Ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	5,474	29,261	5,474	29,261
Other comprehensive income in respect of:				
(a) Item that will not be reclassified to income statement:				
(i) Financial assets at FVOCI, equity instruments:				
- Net gain on disposal	-	5,370	-	5,370
(b) Items that will be reclassified subsequently to income statement:				
(i) Financial assets at FVOCI, debt instruments:				
- Unrealised net gain on revaluation	436	4,663	436	4,663
Income tax relating to components of other comprehensive income	(105)	(1,119)	(105)	(1,119)
Other comprehensive income, net of tax, for the financial period	331	8,914	331	8,914
Total comprehensive income for the financial period	5,805	38,175	5,805	38,175

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

RHB INVESTMENT BANK BERHAD
 Incorporated in Malaysia
 Registration No. 197401002639 (19663-P)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2020

Attributable to the Equity Holder of the Bank

<u>Group</u>	<u>Note</u>	<u>Share capital</u>	<u>Statutory reserves</u>	<u>FVOCI reserves</u>	<u>Translation reserves</u>	<u>Regulatory reserves</u>	<u>Retained profits</u>	<u>Total</u>	<u>Non-controlling interests</u>	<u>Total</u>
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2020		1,487,773	517	41,918	134,778	32,004	587,298	2,284,288	10,208	2,294,496
Net profit for the financial period		-	-	-	-	-	12,655	12,655	375	13,030
Foreign currency translation reserve:-										
- Currency translation differences		-	-	-	(23,250)	-	-	(23,250)	(217)	(23,467)
- Net investment hedge		-	-	-	566	-	-	566	-	566
Financial assets at FVOCI:-										
- Equity instruments										
- Unrealised net loss on revaluation		-	-	(393)	-	-	-	(393)	(98)	(491)
- Debt instruments										
- Unrealised net gain on revaluation		-	-	436	-	-	-	436	-	436
Actuarial gain on defined benefit plan of subsidiaries		-	-	-	-	-	1,586	1,586	16	1,602
Income tax relating to components of other comprehensive income		-	-	(105)	-	-	(359)	(464)	(4)	(468)
Other comprehensive (loss)/income, net of tax, for the financial period		-	-	(62)	(22,684)	-	1,227	(21,519)	(303)	(21,822)
Total comprehensive (loss)/income for the financial period		-	-	(62)	(22,684)	-	13,882	(8,864)	72	(8,792)
Transfer from statutory reserves		-	(2)	-	-	-	2	-	-	-
Transfer from regulatory reserves		-	-	-	-	(1,537)	1,537	-	-	-
Dividend paid	7	-	-	-	-	-	(143,000)	(143,000)	-	(143,000)
Balance as at 31 March 2020		1,487,773	515	41,856	112,094	30,467	459,719	2,132,424	10,280	2,142,704

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

Attributable to Equity Holder of the Bank

Group	Share capital	Statutory reserves	FVOCI reserves	Translation reserves	Regulatory reserves	Retained profits	Total	Non-controlling interests	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2019									
- As previously reported	1,487,773	513	23,489	113,135	32,731	561,695	2,219,336	10,039	2,229,375
- Effect of adoption of MFRS 16	-	-	-	-	-	(1,098)	(1,098)	(6)	(1,104)
- As restated	1,487,773	513	23,489	113,135	32,731	560,597	2,218,238	10,033	2,228,271
Net profit for the financial period	-	-	-	-	-	40,114	40,114	277	40,391
Foreign currency translation reserve:-									
- Currency translation differences	-	-	1	1,913	-	-	1,914	(4)	1,910
- Net investment hedge	-	-	-	(2,093)	-	-	(2,093)	-	(2,093)
Financial assets at FVOCI:-									
- Equity instruments									
- Unrealised net loss on revaluation	-	-	(43)	-	-	-	(43)	(11)	(54)
- Net gain on disposal	-	-	-	-	-	5,370	5,370	-	5,370
- Debt instruments									
- Unrealised net gain on revaluation	-	-	4,663	-	-	-	4,663	-	4,663
Actuarial loss on defined benefit plan of subsidiaries	-	-	-	-	-	(2,170)	(2,170)	(29)	(2,199)
Income tax relating to components of other comprehensive income	-	-	(1,159)	-	-	(1,171)	(2,330)	(10)	(2,340)
Other comprehensive income/(loss), net of tax, for the financial period	-	-	3,462	(180)	-	2,029	5,311	(54)	5,257
Total comprehensive income/(loss) for the financial period	-	-	3,462	(180)	-	42,143	45,425	223	45,648
Transfer to regulatory reserves	-	-	-	-	3,180	(3,180)	-	-	-
Balance as at 31 March 2019	1,487,773	513	26,951	112,955	35,911	599,560	2,263,663	10,256	2,273,919

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2020

	Note	Non-Distributable		Distributable	Total	
		Share capital	FVOCI reserves	Regulatory reserves		Retained profits
		RM'000	RM'000	RM'000	RM'000	
Bank						
Balance as at 1 January 2020		1,487,773	39,360	20,557	567,193	2,114,883
Net profit for the financial period		-	-	-	5,474	5,474
Financial assets at FVOCI, debt instruments:						
- Unrealised net gain on revaluation		-	436	-	-	436
Income tax relating to components of other comprehensive income		-	(105)	-	-	(105)
Other comprehensive income, net of tax, for the financial period		-	331	-	-	331
Total comprehensive income for the financial period		-	331	-	5,474	5,805
Transfer from regulatory reserves		-	-	(951)	951	-
Dividend paid	7	-	-	-	(143,000)	(143,000)
Balance as at 31 March 2020		1,487,773	39,691	19,606	430,618	1,977,688

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

	Non-Distributable			Distributable	Total
	Share capital	FVOCI reserves	Regulatory reserves	Retained profits	
<u>Bank</u>	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2019					
- As previously reported	1,487,773	20,853	19,154	558,690	2,086,470
- Effect of adoption of MFRS 16	-	-	-	(106)	(106)
- As restated	1,487,773	20,853	19,154	558,584	2,086,364
Net profit for the financial period	-	-	-	29,261	29,261
Financial assets at FVOCI, equity instruments:					
- Net gain on disposal	-	-	-	5,370	5,370
Financial assets at FVOCI, debt instruments:					
- Unrealised net gain on revaluation	-	4,663	-	-	4,663
Income tax relating to components of other comprehensive income	-	(1,119)	-	-	(1,119)
Other comprehensive income, net of tax, for the financial period	-	3,544	-	5,370	8,914
Total comprehensive income for the financial period	-	3,544	-	34,631	38,175
Transfer to regulatory reserves	-	-	3,609	(3,609)	-
Balance as at 31 March 2019	1,487,773	24,397	22,763	589,606	2,124,539

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2020

	Three Months Ended	
	31 March 2020	31 March 2019
	RM'000	RM'000
Group		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	17,645	53,415
Adjustments for non-operating and non-cash items:-	14,747	(16,854)
Operating profit before working capital changes	32,392	36,561
Changes in working capital:		
Net changes in operating assets	386,929	(901,262)
Net changes in operating liabilities	750,550	432,960
Cash generated from/(used in) operations	1,169,871	(431,741)
Lease interest	(416)	(224)
Net taxation paid	(4,652)	(16,200)
Net cash generated from/(used in) operating activities	1,164,803	(448,165)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchase of financial assets at FVOCI and financial investments at amortised costs	(90,349)	(49,776)
Net gain on disposal of financial assets at FVOCI, equity instruments	-	5,370
Interest income received from financial assets at FVTPL, FVOCI and financial investments at amortised costs	10,537	11,870
Property, plant and equipment		
- Purchase	(1,430)	(3,860)
- Proceeds from disposal	-	129
Purchase of other intangible assets	(1,832)	(2,827)
Acquisition of a subsidiary, net of cash and cash equivalents acquired	-	10,710
Dividend income received from financial assets at FVTPL and FVOCI	1,655	15,131
Net cash used in investing activities	(81,419)	(13,253)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of borrowings	(345,623)	(40,474)
Borrowings interest paid	(7,606)	(9,745)
Lease principal payment	(4,123)	(3,615)
Dividend paid to shareholder	(143,000)	-
Dividend paid to non-controlling interest	(1,000)	-
Net cash used in financing activities	(501,352)	(53,834)
Net increase/(decrease) in cash and cash equivalents	582,032	(515,252)
Effects of exchange rate differences	(7,084)	(579)
Cash and cash equivalents		
- at the beginning of the financial period	2,146,595	1,859,445
- at the end of the financial period	2,721,543	1,343,614
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short term funds before expected credit losses	2,721,543	1,343,614
Less: Allowance for expected credit losses	(262)	(246)
Cash and short-term funds, net of expected credit losses	2,721,281	1,343,368

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2020

	Three Months Ended	
	31 March 2020	31 March 2019
	RM'000	RM'000
Bank		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,532	40,012
Adjustments for non-operating and non-cash items:-	11,869	(14,160)
Operating profit before working capital changes	19,401	25,852
Changes in working capital:		
Net changes in operating assets	89,997	(704,177)
Net changes in operating liabilities	863,900	196,546
Cash generated from/(used in) operations	973,298	(481,779)
Lease interest	(75)	(25)
Net taxation paid	(302)	(13,326)
Net cash generated from/(used in) operating activities	972,921	(495,130)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchase of financial assets at FVOCI and financial investments at amortised costs	(90,382)	(47,706)
Net gain from disposal of financial assets at FVOCI, equity instruments	-	5,370
Interest income received from financial assets at FVTPL, FVOCI and financial investments at amortised costs	10,536	11,861
Property, plant and equipment		
- Purchase	(778)	(2,063)
- Proceeds from disposal	-	105
Purchase of other intangible assets	(1,014)	(823)
Dividend income received from financial assets at FVTPL and FVOCI	184	543
Dividend income received from subsidiaries	44,500	-
Acquisition of additional equity interest from joint venture	-	(21,400)
Additional investments in a subsidiary	(80,775)	-
Subscription of redeemable preference shares issued by a subsidiary	(20,000)	-
Net cash used in investing activities	(137,729)	(54,113)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease principal payment	(1,303)	(411)
Dividend paid to shareholder	(143,000)	-
Net cash used in financing activities	(144,303)	(411)
Net increase/(decrease) in cash and cash equivalents	690,889	(549,654)
Cash and cash equivalents		
- at the beginning of the financial period	1,443,799	1,192,739
- at the end of the financial period	2,134,688	643,085
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short term funds before expected credit losses	2,134,688	643,085
Less: Allowance for expected credit losses	(15)	(28)
Cash and short-term funds, net of expected credit losses	2,134,673	643,057

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020

1 Basis of Preparation

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

- (a) The accounting policies and presentation adopted by the Group and the Bank for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2019, except for the adoption of the following accounting standards, annual improvements and amendments to MFRS which are effective and applicable for the Group and the Bank for financial periods 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 - additional measures issued by Bank Negara Malaysia ('BNM')

Given the exceptional circumstances brought about by the COVID-19 pandemic, BNM announced on 24 March 2020 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 this challenging period:

- (i) 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%.
- (ii) 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 will give rise to the following observations:

- (i) Forward-looking information used must be reasonable and supportable including reflecting the impact of COVID-19 pandemic and fully accounting for the mitigating effects of the economic and financial measures announced.

The Group and the Bank are now progressing to assess the financial impact of these additional measures, the results of which will be released in the interim financial statements in the next quarter.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020

2 Auditors' Report

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

3 Seasonal or Cyclical Factors

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

4 Exceptional or Unusual Items

There were no exceptional or unusual items for the three months ended 31 March 2020, other than disclosed in Note 31.

5 Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the three months ended 31 March 2020.

6 Changes in Debt and Equity Securities

There were no issuances and repayments of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares for the three months ended 31 March 2020.

7 Dividends Paid

The dividend paid by the Bank since 31 December 2019 were as follows:-

In respect of the financial year ended 31 December 2019:
Single-tier interim dividend of 143.00 sen per share, paid on 27 March 2020

RM'000

143,000

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020 (cont'd)

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

	Group		Bank	
	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government Securities	2	-	2	-
<u>Quoted securities:</u>				
<u>In Malaysia</u>				
Shares and exchange traded funds	24,991	23,565	24,991	23,565
Unit trusts	61,718	56,514	6,664	8,863
<u>Outside Malaysia</u>				
Shares	26,271	247,184	-	-
Unit trusts	19,634	27,954	19,634	27,954
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Corporate bonds/Sukuk	299	-	299	-
<u>Outside Malaysia</u>				
Private equity funds	532,920	492,717	-	-
	665,835	847,934	51,590	60,382

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020 (cont'd)

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

	Group		Bank	
	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000
At fair value				
(a) Debt instruments	712,928	711,239	712,928	711,239
(b) Equity instruments	40,496	41,003	32,731	32,731
	753,424	752,242	745,659	743,970
(a) Debt instruments				
<u>Money market instruments:</u>				
Malaysian Government Securities	133,072	133,309	133,072	133,309
Malaysian Government Investment Issues	41,211	40,878	41,211	40,878
Khazanah bonds	46,468	45,910	46,468	45,910
Sukuk Perumahan Kerajaan	72,591	71,596	72,591	71,596
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Corporate bonds/Sukuk	393,892	393,629	393,892	393,629
Prasarana bonds	25,694	25,917	25,694	25,917
	712,928	711,239	712,928	711,239

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

(b) Equity instruments

Quoted securities:

Outside Malaysia

Shares	1,597	2,035	-	-
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Unquoted securities:

In Malaysia

Shares	38,600	38,653	32,731	32,731
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Outside Malaysia

Shares	299	315	-	-
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	40,496	41,003	32,731	32,731
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020 (cont'd)

10 Financial Investments at Amortised Costs

	As at 31 March 2020	Group and Bank As at 31 December 2019
	RM'000	RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	367,647	364,232
Malaysian Government Securities	92,085	-
Khazanah bonds	12,626	12,504
Wakala Global Sukuk	8,829	8,471
<u>Unquoted Securities:</u>		
In Malaysia		
Corporate bonds/Sukuk	506,259	507,387
Loan stocks	25,853	25,853
Prasarana bonds	70,696	70,838
	<u>1,083,995</u>	<u>989,285</u>
Allowance for expected credit losses	(77,447)	(77,447)
	<u><u>1,006,548</u></u>	<u><u>911,838</u></u>

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

Balance as at the beginning of the financial year	77,447	78,064
Amount recovered	-	(617)
Balance as at the end of the financial period/year	<u><u>77,447</u></u>	<u><u>77,447</u></u>

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

Group and Bank	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
31 March 2020	RM'000	RM'000	RM'000	RM'000
Balance as at the beginning/end of the financial year/period	-	-	77,447	77,447
Group and Bank				
31 December 2019				
Balance as at the beginning of the financial year	-	-	78,064	78,064
Net allowance written back	-	-	(617)	(617)
Balance as at the end of the financial year	-	-	<u><u>77,447</u></u>	<u><u>77,447</u></u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020 (cont'd)

11 Loans and Advances

	Group		Bank	
	As at	As at	As at	As at
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
(a) By type				
At amortised cost				
Term loans	2	20,113	2	2
Revolving credits	-	-	4,321	26,589
Share margin financing	1,431,992	1,855,055	1,138,570	1,378,780
Staff loans	314	322	314	322
Gross loans and advances	<u>1,432,308</u>	<u>1,875,490</u>	<u>1,143,207</u>	<u>1,405,693</u>
Less: Allowance for expected credit losses	<u>(12,461)</u>	<u>(19,617)</u>	<u>(207)</u>	<u>(1)</u>
Net loans and advances	<u><u>1,419,847</u></u>	<u><u>1,855,873</u></u>	<u><u>1,143,000</u></u>	<u><u>1,405,692</u></u>
(b) By type of customer				
Domestic non-bank financial institutions:				
- others	24	-	24	-
Domestic business enterprises:				
- small and medium enterprises	183,219	193,205	183,219	193,205
- others	216,964	200,659	216,964	200,659
Individuals	710,090	954,015	710,090	954,015
Foreign entities	322,011	527,611	32,910	57,814
	<u>1,432,308</u>	<u>1,875,490</u>	<u>1,143,207</u>	<u>1,405,693</u>
(c) By geographical distribution				
In Malaysia	1,138,886	1,379,104	1,138,886	1,379,104
Outside Malaysia				
- Singapore	144,107	214,471	-	-
- Hong Kong	17	27,031	4,321	26,589
- Indonesia	33,533	88,690	-	-
- Thailand	115,765	166,194	-	-
	<u>1,432,308</u>	<u>1,875,490</u>	<u>1,143,207</u>	<u>1,405,693</u>
(d) By interest rate sensitivity				
Fixed rate:				
- other fixed rate loans	1,316,524	1,682,262	1,138,884	1,379,102
Variable rate:				
- cost plus	17	27,032	4,321	26,589
- base lending rate plus	115,767	166,196	2	2
	<u>1,432,308</u>	<u>1,875,490</u>	<u>1,143,207</u>	<u>1,405,693</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020 (cont'd)

11 Loans and Advances (cont'd)

	Group		Bank	
	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000
(e) By purpose				
Purchase of securities	1,431,992	1,875,166	1,138,570	1,378,780
Purchase of landed property:				
- residential	316	324	316	324
Working capital	-	-	4,321	26,589
	<u>1,432,308</u>	<u>1,875,490</u>	<u>1,143,207</u>	<u>1,405,693</u>
(f) By economic sector				
Agriculture, hunting, forestry and fishing	1,109	5,437	345	1,077
Mining and quarrying	91	7,039	91	103
Manufacturing	2,709	22,743	2,709	2,631
Construction	7,354	8,871	7,354	8,871
Wholesale and retail trade and restaurant and hotel	175	577	175	577
Transport, storage and communication	2,538	2,587	2,538	2,587
Finance, insurance, real estate and business services	427,453	426,240	394,439	409,054
Household sector	990,879	1,401,996	735,556	980,793
	<u>1,432,308</u>	<u>1,875,490</u>	<u>1,143,207</u>	<u>1,405,693</u>
(g) By remaining contractual maturities				
Maturity within one year	1,431,992	1,875,166	1,142,891	1,405,369
One year to three years	9	10	9	10
Over five years	307	314	307	314
	<u>1,432,308</u>	<u>1,875,490</u>	<u>1,143,207</u>	<u>1,405,693</u>
(h) By stages				
Group	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
31 March 2020	RM'000	RM'000	RM'000	RM'000
Balance as at beginning of the financial year	1,852,148	29	23,313	1,875,490
Transfer to 12-month ECL (Stage 1)	73,881	(70,681)	(3,200)	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(79,454)	79,454	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(4,473)	-	4,473	-
Addition and origination	2,227,358	-	-	2,227,358
Derecognition	(2,647,785)	(107)	(877)	(2,648,769)
Amount written off	-	-	(6,915)	(6,915)
Exchanges differences	(14,435)	-	(421)	(14,856)
Balance as at the end of the financial period	<u>1,407,240</u>	<u>8,695</u>	<u>16,373</u>	<u>1,432,308</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020 (cont'd)

11 Loans and Advances (cont'd)

(h) By stages (cont'd)

Group	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
31 December 2019	RM'000	RM'000	RM'000	RM'000
Balance as at beginning of the financial year	1,596,297	3,017	19,990	1,619,304
Transfer to 12-month ECL (Stage 1)	37,037	(22,177)	(14,860)	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(19,245)	19,245	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(18,697)	-	18,697	-
Addition and origination	9,091,535	-	-	9,091,535
Derecognition	(8,851,008)	(58)	(687)	(8,851,753)
Amount written off	-	-	-	-
Exchanges differences	16,229	2	173	16,404
Balance as at the end of the financial year	<u>1,852,148</u>	<u>29</u>	<u>23,313</u>	<u>1,875,490</u>

Bank

31 March 2020

Balance as at beginning of the financial year	1,405,664	29	-	1,405,693
Transfer to 12-month ECL (Stage 1)	64,511	(64,443)	(68)	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(72,971)	72,971	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(274)	-	274	-
Addition and origination	923,549	-	-	923,549
Derecognition	(1,187,229)	(38)	-	(1,187,267)
Exchanges differences	1,232	-	-	1,232
Balance as at the end of the financial period	<u>1,134,482</u>	<u>8,519</u>	<u>206</u>	<u>1,143,207</u>

Bank

31 December 2019

Balance as at beginning of the financial year	1,031,271	-	-	1,031,271
Transfer to 12-month ECL (Stage 1)	16,552	(9,516)	(7,036)	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(9,545)	9,545	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(7,036)	-	7,036	-
Addition and origination	3,013,126	-	-	3,013,126
Derecognition	(2,638,704)	-	-	(2,638,704)
Balance as at the end of the financial year	<u>1,405,664</u>	<u>29</u>	<u>-</u>	<u>1,405,693</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020 (cont'd)

11 Loans and Advances (cont'd)

	Group		Bank	
	As at	As at	As at	As at
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
(i) Impaired loans and advances				
(i) By purpose				
Purchase of securities	16,373	23,313	206	-
(ii) By economic sector				
Mining and quarrying	-	6,936	-	-
Household sector	16,373	16,377	206	-
	<u>16,373</u>	<u>23,313</u>	<u>206</u>	<u>-</u>
(iii) By geographical distribution				
In Malaysia	206	-	206	-
Outside Malaysia:				
- Singapore	6,444	13,892	-	-
- Hong Kong	17	97	-	-
- Thailand	9,706	9,324	-	-
	<u>16,373</u>	<u>23,313</u>	<u>206</u>	<u>-</u>

(iv) Movement in allowance for expected credit losses

	12-month ECL	Lifetime ECL not	Lifetime ECL	Total
	(Stage 1)	credit impaired	credit impaired	
Group	RM'000	RM'000	RM'000	RM'000
31 March 2020				
Balance as at beginning of the financial year	1	-	19,616	19,617
Net allowance made	-	-	171	171
Amount written off	-	-	(6,915)	(6,915)
Exchange differences	-	-	(412)	(412)
Balance as at the end of the financial period	<u>1</u>	<u>-</u>	<u>12,460</u>	<u>12,461</u>
Group				
31 December 2019				
Balance as at beginning of the financial year	1	-	18,980	18,981
Net allowance made	-	-	461	461
Exchange differences	-	-	175	175
Balance as at the end of the financial year	<u>1</u>	<u>-</u>	<u>19,616</u>	<u>19,617</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020 (cont'd)

11 Loans and Advances (cont'd)

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

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

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
Bank				
31 March 2020				
Balance as at beginning of the financial year	1	-	-	1
Net allowance made	-	-	206	206
Balance as at the end of the financial period	<u>1</u>	<u>-</u>	<u>206</u>	<u>207</u>
Bank				
31 December 2019				
Balance as at beginning/end of the financial year	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>

12 Clients' and Brokers' Balances

	Group		Bank	
	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000
Amounts owing by clients	651,953	696,427	320,577	325,231
Less: Allowance for expected credit losses	(17,639)	(20,772)	(4,534)	(4,636)
	<u>634,314</u>	<u>675,655</u>	<u>316,043</u>	<u>320,595</u>
Amounts owing by brokers	226,488	75,556	209,145	69,740
Amounts owing by clearing houses and stock exchanges	222,911	142,237	113,958	75,950
	<u>1,083,713</u>	<u>893,448</u>	<u>639,146</u>	<u>466,285</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020 (cont'd)

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

Movement in allowance for expected credit losses

(a) Non-credit impaired

	Group		Bank	
	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000
Balance as at the beginning of the financial year	107	253	1	-
Transferred to credit impaired	(35)	(386)	-	-
Allowance for expected credit losses	475	953	9	6
Derecognition	-	(714)	-	(5)
Exchange differences	-	1	-	-
Balance as at the end of the financial period/year	547	107	10	1

(b) Credit impaired

Balance as at the beginning of the financial year	20,665	19,309	4,635	6,156
Transferred from non-credit impaired	35	386	-	-
Allowance for expected credit losses	400	2,985	34	118
Derecognition	(577)	(1,666)	(145)	(664)
Amount written off	(3,072)	(975)	-	(975)
Exchange differences	(359)	626	-	-
Balance as at the end of the financial period/year	17,092	20,665	4,524	4,635

13 Other Assets

	Group		Bank	
	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000
Other receivables	88,085	85,095	20,304	25,980
Unit trust fee receivables	25,457	25,804	-	-
Management fee receivables	3,610	2,976	-	-
Deposits	24,436	20,893	2,936	2,949
Prepayments	20,169	14,391	7,612	5,485
Amount receivable for release of units from funds	32,211	48,611	-	-
Transferable memberships	262	262	262	262
Amount due from holding company	1,045	1,463	-	-
Amount due from subsidiaries	-	-	1,483	44,938
Amount due from related companies	2	40	2	2
	195,277	199,535	32,599	79,616

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020 (cont'd)

14 Deposits from Customers

	Group and Bank	
	As at	As at
	31 March 2020	31 December 2019
	RM'000	RM'000
(a) By type of deposits		
Short term deposits	1,415,047	1,410,984
(b) By type of customers		
Government and statutory bodies	100,016	100,080
Business enterprises	1,315,031	1,310,904
	<u>1,415,047</u>	<u>1,410,984</u>
(c) By maturity structure of fixed deposits		
Due within six months	1,314,468	1,410,984
Six months to one year	100,579	-
	<u>1,415,047</u>	<u>1,410,984</u>

15 Deposits and Placements of Banks and Other Financial Institutions

	Group and Bank	
	As at	As at
	31 March 2020	31 December 2019
	RM'000	RM'000
Licensed banks	2,643,122	1,813,803
Licensed investment banks	-	200,835
	<u>2,643,122</u>	<u>2,014,638</u>

16 Other Liabilities

	Group		Bank	
	As at	As at	As at	As at
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Other creditors and accruals	149,497	145,867	67,634	62,736
Contract liabilities	4,928	7,409	1,423	3,274
Remisiers' trust deposits	64,173	64,861	64,173	64,861
Amount payable for creation of units due to funds	10,994	42,007	-	-
Amount payable for redemption units	174,258	312,101	-	-
Short-term employee benefits	24,610	68,122	14,361	39,083
Amount due to holding company	10,077	12,034	7,976	6,573
Amount due to subsidiaries	-	-	14	16
Amount due to related companies	325	149	99	102
Provision for restructuring costs	5,540	6,874	-	49,458
	<u>444,402</u>	<u>659,424</u>	<u>155,680</u>	<u>226,103</u>

RHB INVESTMENT BANK BERHAD
Incorporated in Malaysia
Registration No. 197401002639 (19663-P)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020 (cont'd)

	1st Quarter Ended		Three Months Ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	RM'000	RM'000	RM'000	RM'000
17 Interest Income				
<u>Group</u>				
Loans and advances	24,762	23,740	24,762	23,740
Money at call and deposits and placements with banks and other financial institutions	18,515	17,240	18,515	17,240
Financial assets at FVTPL	3	-	3	-
Financial assets at FVOCI, debt instruments	6,701	6,685	6,701	6,685
Financial investments at amortised costs	9,338	8,749	9,338	8,749
Others	3,286	2,469	3,286	2,469
	62,605	58,883	62,605	58,883
of which:				
Interest income accrued on impaired financial assets	311	368	311	368
<u>Bank</u>				
Loans and advances	18,107	13,648	18,107	13,648
Money at call and deposits and placements with banks and other financial institutions	14,449	13,301	14,449	13,301
Financial assets at FVTPL	2	-	2	-
Financial assets at FVOCI, debt instrument	6,701	6,676	6,701	6,676
Financial investments at amortised costs	9,338	8,749	9,338	8,749
Others	1,040	560	1,040	560
	49,637	42,934	49,637	42,934
of which:				
Interest income accrued on impaired financial assets	6	1	6	1

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020 (cont'd)

	1st Quarter Ended		Three Months Ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	RM'000	RM'000	RM'000	RM'000
18 Interest Expense				
<u>Group</u>				
Deposits and placements of banks and other financial institutions	18,515	18,059	18,515	18,059
Deposits from customers	10,665	10,880	10,665	10,880
Subordinated obligations	4,912	4,858	4,912	4,858
Borrowings	7,386	9,148	7,386	9,148
Others	977	791	977	791
	42,455	43,736	42,455	43,736

Bank

Deposits and placements of banks and other financial institutions	18,515	18,059	18,515	18,059
Deposits from customers	10,665	10,880	10,665	10,880
Subordinated obligations	4,912	4,858	4,912	4,858
Others	64	25	64	25
	34,156	33,822	34,156	33,822

19 Fee and Commission Income

(a) By type of fee income

Group

Brokerage income	78,596	61,188	78,596	61,188
Fund management fees	64,847	54,138	64,847	54,138
Unit trust fee income	23,753	13,599	23,753	13,599
Corporate advisory fees	8,174	20,936	8,174	20,936
Arrangement fees and underwriting	5,036	16,708	5,036	16,708
Placement fees	110	181	110	181
Rollover fees	1,355	1,242	1,355	1,242
Commission	1,025	555	1,025	555
Service charges and fees	772	728	772	728
Other fee income	13,582	16,628	13,582	16,628
	197,250	185,903	197,250	185,903

Bank

Brokerage income	53,958	39,710	53,958	39,710
Corporate advisory fees	3,155	10,776	3,155	10,776
Arrangement fees and underwriting	-	15,400	-	15,400
Placement fees	110	87	110	87
Rollover fees	1,474	1,242	1,474	1,242
Commission	322	363	322	363
Service charges and fees	312	2	312	2
Other fee income	7,825	10,574	7,825	10,574
	67,156	78,154	67,156	78,154

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020 (cont'd)

	1st Quarter Ended		Three Months Ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	RM'000	RM'000	RM'000	RM'000
19 Fee and Commission Income (cont'd)				
(b) By geographical market of fee income				
<u>Group</u>				
Malaysia	152,976	140,714	152,976	140,714
Singapore	23,480	23,043	23,480	23,043
Indonesia	8,094	10,214	8,094	10,214
Thailand	10,500	7,716	10,500	7,716
Hong Kong	2,196	4,200	2,196	4,200
Cambodia	2	3	2	3
Vietnam	2	13	2	13
	197,250	185,903	197,250	185,903
	197,250	185,903	197,250	185,903
<u>Bank</u>				
Malaysia	67,156	78,154	67,156	78,154
	67,156	78,154	67,156	78,154
(c) By timing of fee income recognition				
<u>Group</u>				
At a point in time	129,381	127,664	129,381	127,664
Over time	67,869	58,239	67,869	58,239
	197,250	185,903	197,250	185,903
	197,250	185,903	197,250	185,903
<u>Bank</u>				
At a point in time	66,498	77,301	66,498	77,301
Over time	658	853	658	853
	67,156	78,154	67,156	78,154
	67,156	78,154	67,156	78,154
20 Fee and Commission Expense				
<u>Group</u>				
Fund management fees	29,537	25,217	29,537	25,217
Unit trust fees	23,567	12,285	23,567	12,285
Commission and incentives	3,607	3,183	3,607	3,183
	56,711	40,685	56,711	40,685
	56,711	40,685	56,711	40,685
<u>Bank</u>				
Commission and incentives	1,963	1,225	1,963	1,225
	1,963	1,225	1,963	1,225

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	1st Quarter Ended		Three Months Ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	RM'000	RM'000	RM'000	RM'000
21 Other Operating Income				
<u>Group</u>				
(a) Net (loss)/gain arising from financial instruments at FVTPL				
- net (loss)/gain on disposal	(65,745)	8,182	(65,745)	8,182
- unrealised net (loss)/gain on revaluation	(2,069)	14,516	(2,069)	14,516
- gross dividend income	1,655	15,071	1,655	15,071
	(66,159)	37,769	(66,159)	37,769
(b) Net gain/(loss) arising from derivatives	65,125	(7,008)	65,125	(7,008)
(c) Net gain arising from financial assets at FVOCI, debt instruments				
- net gain on disposal	77	115	77	115
(d) Dividend income from FVOCI, equity instruments	-	60	-	60
(e) Other income				
- net foreign exchange gain/(loss)				
- realised	8,728	999	8,728	999
- unrealised	(2,346)	(1,833)	(2,346)	(1,833)
- net gain on disposal of property, plant and equipment	-	126	-	126
- gain on disposal of a joint venture	-	258	-	258
- gain on modification of a right of use assets	38	-	38	-
- other operating income	18,521	18,706	18,521	18,706
	24,941	18,256	24,941	18,256
	23,984	49,192	23,984	49,192

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	1st Quarter Ended		Three Months Ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	RM'000	RM'000	RM'000	RM'000
21 Other Operating Income (cont'd)				
<u>Bank</u>				
(a) Net (loss)/gain arising from financial assets at FVTPL				
- net (loss)/gain on disposal	(8,235)	1,019	(8,235)	1,019
- unrealised net (loss)/gain on revaluation	(12,686)	1,957	(12,686)	1,957
- gross dividend income	184	483	184	483
	<u>(20,737)</u>	<u>3,459</u>	<u>(20,737)</u>	<u>3,459</u>
(b) Net gain arising from derivatives	<u>5,900</u>	<u>3,228</u>	<u>5,900</u>	<u>3,228</u>
(c) Net gain arising from financial assets at FVOCI, debt instruments				
- net gain on disposal	<u>77</u>	<u>115</u>	<u>77</u>	<u>115</u>
(d) Dividend income from FVOCI, equity instruments	<u>-</u>	<u>60</u>	<u>-</u>	<u>60</u>
(e) Gross dividend income from a subsidiary in Malaysia	<u>1,500</u>	<u>-</u>	<u>1,500</u>	<u>-</u>
(f) Other income				
- net foreign exchange gain/(loss)				
- realised	4,718	(269)	4,718	(269)
- unrealised	(2,166)	84	(2,166)	84
- gain on disposal of property, plant and equipment	-	105	-	105
- gain on modification of a right of use assets	2	-	2	-
- other operating income	18,288	18,425	18,288	18,425
	<u>20,842</u>	<u>18,345</u>	<u>20,842</u>	<u>18,345</u>
	<u>7,582</u>	<u>25,207</u>	<u>7,582</u>	<u>25,207</u>

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	1st Quarter Ended		Three Months Ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	RM'000	RM'000	RM'000	RM'000
22 Other Operating Expenses				
<u>Group</u>				
<u>Personnel costs</u>				
- Salaries, bonus and allowances	80,563	69,210	80,563	69,210
- Defined contribution plan	8,417	6,957	8,417	6,957
- Other staff related costs	7,543	8,242	7,543	8,242
	96,523	84,409	96,523	84,409
<u>Establishment costs</u>				
- Property, plant and equipment				
- depreciation	3,085	4,372	3,085	4,372
- written off	4	48	4	48
- Other intangible assets				
- amortisation	3,181	3,227	3,181	3,227
- Right of use assets				
- depreciation	4,319	4,656	4,319	4,656
- Information technology expenses	18,354	19,027	18,354	19,027
- Security and escorting charges	57	74	57	74
- Repair and maintenance	709	938	709	938
- Rental of premises	6,039	6,458	6,039	6,458
- Water and electricity	1,177	1,359	1,177	1,359
- Rental of equipment	62	7	62	7
- Insurance	1,300	1,152	1,300	1,152
- Others	1,966	1,564	1,966	1,564
	40,253	42,882	40,253	42,882
<u>Marketing expenses</u>				
- Advertisements and publicity	1,114	989	1,114	989
- Sales commission	968	1,437	968	1,437
- Others	4,109	3,747	4,109	3,747
	6,191	6,173	6,191	6,173
<u>Administration and general expenses</u>				
- Communication expenses	7,921	9,783	7,921	9,783
- Legal and professional fees	2,189	1,648	2,189	1,648
- Others	9,817	8,597	9,817	8,597
	19,927	20,028	19,927	20,028
	162,894	153,492	162,894	153,492

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	1st Quarter Ended		Three Months Ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	RM'000	RM'000	RM'000	RM'000
22 Other Operating Expenses (cont'd)				
<u>Bank</u>				
<u>Personnel costs</u>				
- Salaries, bonus and allowances	40,428	30,178	40,428	30,178
- Defined contribution plan	5,730	4,382	5,730	4,382
- Other staff related costs	3,936	3,741	3,936	3,741
	50,094	38,301	50,094	38,301
<u>Establishment costs</u>				
- Property, plant and equipment				
- depreciation	1,244	1,713	1,244	1,713
- written off	-	6	-	6
- Other intangible assets				
- amortisation	1,574	1,486	1,574	1,486
- Right of use assets				
- depreciation	1,283	1,329	1,283	1,329
- Information technology expenses	8,462	10,304	8,462	10,304
- Security and escorting charges	47	63	47	63
- Repair and maintenance	381	438	381	438
- Rental of premises	1,683	1,851	1,683	1,851
- Water and electricity	733	835	733	835
- Rental of equipment	5	-	5	-
- Insurance	868	793	868	793
- Others	2,035	1,533	2,035	1,533
	18,315	20,351	18,315	20,351
<u>Marketing expenses</u>				
- Advertisements and publicity	73	51	73	51
- Sales commission	212	210	212	210
- Others	1,391	1,251	1,391	1,251
	1,676	1,512	1,676	1,512
<u>Administration and general expenses</u>				
- Communication expenses	2,710	3,768	2,710	3,768
- Legal and professional fees	149	159	149	159
- Others	4,469	7,412	4,469	7,412
	7,328	11,339	7,328	11,339
	77,413	71,503	77,413	71,503

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	1st Quarter Ended		Three Months Ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	RM'000	RM'000	RM'000	RM'000
23 Allowance Made/(Written Back) for Expected Credit Losses				
<u>Group</u>				
Net allowance made on loans and advances	171	393	171	393
Allowance made for expected credit losses on other receivables and clients' and brokers' balances	3,614	2,384	3,614	2,384
Bad debts recovered	(87)	(39)	(87)	(39)
Bad debts written off	-	3	-	3
Other financial assets	450	(47)	450	(47)
	4,148	2,694	4,148	2,694
<u>Bank</u>				
Net allowance made on loans and advances	206	-	206	-
Allowance made/(written back) for expected credit losses on other receivables and clients' and brokers' balances	3,213	(49)	3,213	(49)
Bad debts recovered	(87)	(38)	(87)	(38)
Bad debts written off	-	3	-	3
Other financial assets	(21)	(183)	(21)	(183)
	3,311	(267)	3,311	(267)

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24 Basic Earnings Per Share

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

Group	1st Quarter Ended		Three Months Ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Net profit attributable to equity holders (RM'000)	12,655	40,114	12,655	40,114
Weighted average number of ordinary shares in issue ('000)	100,000	100,000	100,000	100,000
Basic earnings per share (sen)	12.7	40.1	12.7	40.1

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020 (cont'd)

25 Capital Adequacy Ratio

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

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

	Group		Bank	
	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000
Common Equity Tier I ('CET I')/ Tier I Capital				
Share capital	1,487,773	1,487,773	1,487,773	1,487,773
Retained profits	445,837	587,298	425,144	567,193
Other reserves	112,609	135,295	-	-
FVOCI reserves	41,856	41,918	39,691	39,360
	2,088,075	2,252,284	1,952,608	2,094,326
Less: Goodwill	(511,221)	(511,221)	(372,395)	(372,395)
Investments in subsidiaries	-	-	(1,143,214)	(1,093,697)
Investments in associates joint ventures	(16,097)	(16,083)	(5,028)	(5,028)
Other intangible assets	(46,454)	(48,332)	(25,345)	(25,905)
55% of cumulative gains arising from change in value of FVOCI financial instruments	(23,021)	(23,055)	(21,830)	(21,648)
Deferred tax assets	(18,271)	(19,410)	(9,521)	(10,106)
Total CET I Capital	1,473,011	1,634,183	375,275	565,547
Qualifying non-controlling interests recognised as Tier I Capital	1,981	2,121	-	-
Total Tier I Capital	1,474,992	1,636,304	375,275	565,547
Tier II Capital				
Subordinated obligations meeting all relevant criteria	400,000	400,000	400,000	400,000
Qualifying non-controlling interests recognised as Tier II Capital	212	226	-	-
General provision ^	28,187	24,564	11,505	9,932
Total Tier II Capital	428,399	424,790	411,505	409,932
Total Capital	1,903,391	2,061,094	786,780	975,479

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25 Capital Adequacy Ratio (cont'd)

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

	Group		Bank	
	As at 31 March 2020	As at 31 December 2019	As at 31 March 2020	As at 31 December 2019
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	37.027%	43.964%	20.623%	33.144%
Tier I Capital Ratio	37.077%	44.021%	20.623%	33.144%
Total Capital Ratio	47.845%	55.449%	43.237%	57.169%
After proposed dividends:				
CET I Capital Ratio	37.027%	40.117%	20.623%	24.764%
Tier I Capital Ratio	37.077%	40.174%	20.623%	24.764%
Total Capital Ratio	47.845%	51.602%	43.237%	48.788%

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

Includes the qualifying regulatory reserves of the Group and the Bank of RM26,892,000 (31 December 2019: RM24,184,000) and RM11,236,000 (31 December 2019: RM9,917,000) respectively.

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

	Group		Bank	
	As at 31 March 2020	As at 31 December 2019	As at 31 March 2020	As at 31 December 2019
	RM'000	RM'000	RM'000	RM'000
Credit risk	2,254,940	1,965,132	920,364	794,533
Market risk	262,504	258,450	141,804	127,778
Operational risk	1,460,774	1,493,492	757,515	784,006
Total risk-weighted assets	3,978,218	3,717,074	1,819,683	1,706,317

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020 (cont'd)

26 Commitments and Contingencies

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

The commitments and contingencies comprise the following:

<u>Group</u>	<u>As at 31 March 2020 RM'000</u>	<u>As at 31 December 2019 RM'000</u>
Principal amount		
Forward assets purchases	10,439	-
Irrevocable commitments to extend credit:		
- maturity not exceeding one year	1,095,878	1,129,454
- maturity exceeding one year	22	6,313
Foreign exchange related contracts: ^		
- less than one year	48,161	119,015
	<u>1,154,500</u>	<u>1,254,782</u>

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

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26 Commitments and Contingencies (cont'd)

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

<u>Bank</u>	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000
Principal amount		
Direct credit substitutes #	152,505	152,467
Forward assets purchases	10,439	-
Irrevocable commitments to extend credit:		
- maturity not exceeding one year	574,118	583,387
- maturity exceeding one year	22	22
Foreign exchange related contracts: ^		
- less than one year	41,692	43,113
	778,776	778,989

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

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

27 Capital Commitments

	Group		Bank	
	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000	As at 31 March 2020 RM'000	As at 31 December 2019 RM'000
Authorised and contracted for				
- Property, plant and equipment	19,172	19,614	11,974	12,218
- Investment securities	6,122	5,796	-	-
	25,294	25,410	11,974	12,218

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020 (cont'd)

28 Valuation of Property, Plant and Equipment

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

29 Status of Corporate Proposals

Proposed Cessation of Business Operations of Subsidiaries in Hong Kong

On 5 December 2019, the RHB Bank announced that RHB Hong Kong Limited ('RHBHK') and its subsidiaries (collectively known as 'RHB Hong Kong Group') had on 4 December 2019 decided that they will commence to cease their business operations ('Proposed Cessation'). RHBHK is a wholly-owned subsidiary of the Bank.

With 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 the 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.

Pursuant to the Proposed Cessation, RHB Hong Kong Group will gradually discontinue offering financial services to its existing and potential clients.

The Bank being the shareholder of RHB Hong Kong Group has provided the requisite support to ensure an orderly winding down of their business operations.

30 Events Subsequent to the Date of Statements of Financial Position

Redemption of RM200 million Tier 2 Subordinated Notes

The Bank had on 16 April 2020 fully redeemed its RM200 million in notional value of subordinated notes which were issued on 16 April 2015.

31 Changes in the Composition of the Group

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

On 28 January 2020, the Bank 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 the Bank in RHBPEH remains the same.

(b) Subscription of HKD150,000,000 new ordinary shares in RHBHK

On 14 February 2020, the Bank subscribed for 150 million new ordinary shares in RHBHK amounting to HKD150,000,000 (equivalent to RM80,775,000). The issued and paid-up share capital of RHBHK 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 29.

(c) Application for dissolution RHB (China) Investment Advisory Co Ltd ('RHBCIA')

On 31 March 2020, RHBCIA, an indirect wholly-owned subsidiary of the Bank had, commenced the application for dissolution pursuant to Article 180(ii) of the Company Law of the People's Republic of China. An application for dissolution will be submitted to Shanghai Tax Bureau, Shanghai Municipal Commission of Commerce and Shanghai Municipal Administration of Industry and Commerce accordingly.

The dissolution of RHBCIA, will not have any material effect on the earnings and net assets of the Group for the financial year ending 31 December 2020.

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32 Changes in Profit for the Quarter

For the current financial quarter ended 31 March 2020, the Group recorded a pre-tax profit of RM17.6 million, 4.8% higher as compared to the immediate preceding quarter pre-tax profit of RM16.8 million. The increase in profit is due to lower impairment losses made on other non-financial assets by RM17.5 million, lower provision for restructuring costs by RM9.8 million, lower other operating expenses by RM5.4 million and higher share of results of associates by RM0.1 million; partially offset with lower other operating income by RM19.6 million, lower net fee and commission income by RM7.0 million, higher allowance made for expected credit losses by RM4.4 million and lower net interest income by RM1.0 million.

33 Performance Review

For the three months ended 31 March 2020, the Group recorded a pre-tax profit of RM17.6 million, 67.0% lower as compared to the previous corresponding period of RM53.4 million. The decrease in profit was due to lower other operating income by RM25.2 million, higher other operating expenses by RM9.4 million, higher net fee and commission expenses by RM4.7 million, higher allowance made for expected credit losses by RM1.4 million and lower share of results of associates by RM0.1 million; partially offset with higher net interest income by RM5.0 million.

34 Prospects for 2020

The COVID-19 pandemic has caused a significant disruption to economic activities. Another challenge facing the industry is the potential effects of low commodities prices, although it is too early to ascertain its full impact to the economy. The Malaysian government's relief measures, however, are expected to mitigate the negative effects of the pandemic.

One of the relief measures was the introduction by Bank Negara Malaysia of automatic moratorium on all loans and financing repayments by individuals and SME borrowers for a period of six months from April to September 2020. While borrowers are relieved of repayment obligations during this period, the banking industry will be actively monitoring the portfolio of clients during this period to assess the implications to the banks post the moratorium period. Nevertheless, RHB Banking Group has sufficient liquidity and ample capital to steer through the moratorium and pandemic.

Under the challenging operating environment, we remain cautious, placing utmost importance in ensuring business continuity, attending to urgent customer needs and assisting our staff who may be facing difficulties. We will continue to engage with our customers and support them in this difficult period. Our focus on implementing FIT22 remains, though we may have to prioritise certain initiatives in light of the pandemic and Movement Control Order.

35 Client Trust Accounts

In accordance with Financial Reporting Standards Implementation Committee Consensus 18 'Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad' ('FRSIC 18'), the cash held in trust for clients by the Group and the Bank amounted to RM2,696,793,000 and RM2,118,506,000 (2019: RM1,901,389,000 and RM1,394,913,000) respectively, are not recognised in the financial statements as the Group and the Bank held them in a fiduciary capacity.

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36 Fair Value of Financial Instruments

Determination of fair value and fair value hierarchy

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

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

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

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

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

Group	Level 1	Level 2	Level 3	Total
31 March 2020	RM'000	RM'000	RM'000	RM'000
<u>Financial assets</u>				
Financial assets at FVTPL	132,614	301	532,920	665,835
- money market instruments	-	2	-	2
- quoted securities	132,614	-	-	132,614
- unquoted securities	-	299	532,920	533,219
Financial assets at FVOCI	1,597	712,928	38,899	753,424
- money market instruments	-	293,342	-	293,342
- quoted securities	1,597	-	-	1,597
- unquoted securities	-	419,586	38,899	458,485
Derivative assets	875	54	-	929
	<u>135,086</u>	<u>713,283</u>	<u>571,819</u>	<u>1,420,188</u>
<u>Financial liabilities</u>				
Derivative liabilities	5,657	63	-	5,720
	<u>5,657</u>	<u>63</u>	<u>-</u>	<u>5,720</u>
Group	Level 1	Level 2	Level 3	Total
31 December 2019	RM'000	RM'000	RM'000	RM'000
<u>Financial assets</u>				
Financial assets at FVTPL	355,217	-	492,717	847,934
- quoted securities	355,217	-	-	355,217
- unquoted securities	-	-	492,717	492,717
Financial investments FVOCI	2,035	711,239	38,968	752,242
- money market instruments	-	291,693	-	291,693
- quoted securities	2,035	-	-	2,035
- unquoted securities	-	419,546	38,968	458,514
Derivative assets	3,000	91	-	3,091
	<u>360,252</u>	<u>711,330</u>	<u>531,685</u>	<u>1,603,267</u>
<u>Financial liabilities</u>				
Derivative liabilities	4,277	232	-	4,509
	<u>4,277</u>	<u>232</u>	<u>-</u>	<u>4,509</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020 (cont'd)

36 Fair Value of Financial Instruments (cont'd)

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

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

Bank	Level 1	Level 2	Level 3	Total
31 March 2020	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at FVTPL	51,289	301	-	51,590
- money market instruments	-	2	-	2
- quoted securities	51,289	-	-	51,289
- unquoted securities	-	299	-	299
Financial assets at FVOCI	-	712,928	32,731	745,659
- money market instruments	-	293,342	-	293,342
- unquoted securities	-	419,586	32,731	452,317
Derivative assets	875	54	-	929
	<u>52,164</u>	<u>713,283</u>	<u>32,731</u>	<u>798,178</u>
Financial liabilities				
Derivative liabilities	4,693	55	-	4,748
	<u>4,693</u>	<u>55</u>	<u>-</u>	<u>4,748</u>
Bank	Level 1	Level 2	Level 3	Total
31 December 2019	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at FVTPL	60,382	-	-	60,382
- quoted securities	60,382	-	-	60,382
Financial investments FVOCI	-	711,239	32,731	743,970
- money market instruments	-	291,693	-	291,693
- unquoted securities	-	419,546	32,731	452,277
Derivative assets	3,000	54	-	3,054
	<u>63,382</u>	<u>711,293</u>	<u>32,731</u>	<u>807,406</u>
Financial liabilities				
Derivative liabilities	3,819	54	-	3,873
	<u>3,819</u>	<u>54</u>	<u>-</u>	<u>3,873</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020 (cont'd)

36 Fair Value of Financial Instruments (cont'd)

Valuation techniques and sensitivity analysis

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

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

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

Reconciliation of movements in Level 3 financial instruments

The following represents the changes in Level 3 instruments for the financial period/year ended 31 March 2020 and 31 December 2019 for the Group and the Bank:

	Group		Bank	
	As at 31 March 2020	As at 31 December 2019	As at 31 March 2020	As at 31 December 2019
	RM'000	RM'000	RM'000	RM'000
<u>Financial assets at FVTPL</u>				
Balance as at the beginning of the financial year	492,717	437,275	-	-
Total gain recognised in income statements				
- other operating income	12,412	33,817	-	-
Purchases	-	27,484	-	-
Settlements	-	(792)	-	-
Exchange differences	27,791	(5,067)	-	-
Balance as at the end of the financial period/year	532,920	492,717	-	-

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020 (cont'd)

36 Fair Value of Financial Instruments (cont'd)

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

The following represents the changes in Level 3 instruments for the financial period/year ended 31 March 2020 and 31 December 2019 for the Group and the Bank: (cont'd)

	Group		Bank	
	As at 31 March 2020	As at 31 December 2019	As at 31 March 2020	As at 31 December 2019
	RM'000	RM'000	RM'000	RM'000
<u>Financial assets at FVOCI</u>				
Balance as at the beginning of the financial year	38,968	37,056	32,731	30,840
Total (loss)/gain recognised in other comprehensive income	(53)	1,891	-	1,891
Exchange differences	(16)	21	-	-
Balance as at the end of financial period/year	38,899	38,968	32,731	32,731

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020 (cont'd)

37 Segment Reporting

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

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

(a) Investment Banking

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

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

(b) Treasury

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

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

(c) Asset Management

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

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020 (cont'd)

37 Segment Reporting (cont'd)

Segment Profit and Loss for the Three Months Ended 31 March 2020

<u>Group</u>	<u>Investment Banking</u>	<u>Treasury</u>	<u>Asset Management</u>	<u>Others and Elimination</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	129,449	24,310	30,914	-	184,673
Inter-segment revenue	752	-	(353)	(399)	-
Segment revenue	130,201	24,310	30,561	(399)	184,673
Overhead expenses Including:	(129,311)	(4,032)	(29,950)	399	(162,894)
Depreciation of property, plant and equipment	(2,837)	-	(248)	-	(3,085)
Depreciation of right of use assets	(4,096)	-	(223)	-	(4,319)
Amortisation of other intangible assets	(2,782)	(47)	(352)	-	(3,181)
Allowance (made)/written back for expected credit losses	(2,959)	(1,209)	20	-	(4,148)
	(2,069)	19,069	631	-	17,631
Share of results of associates					14
Profit before taxation					17,645
Taxation					(4,615)
Net profit for the financial period					13,030

Segment Assets and Liabilities as at 31 March 2020

<u>Group</u>	<u>Investment Banking</u>	<u>Treasury</u>	<u>Asset Management</u>	<u>Others and Elimination</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	3,939,151	4,875,471	565,961	(1,153,174)	8,227,409
Goodwill	367,854	-	143,367	-	511,221
Investments in associates and joint ventures					16,097
Tax recoverable					16,312
Deferred tax assets					18,271
Total assets					8,789,310
Segment liabilities	1,386,442	4,059,091	274,441	(42,164)	5,677,810
Tax liabilities					4,343
Deferred tax liabilities					1,916
Borrowings					553,362
Subordinated obligations					409,175
Total liabilities					6,646,606

RHB INVESTMENT BANK BERHAD
Incorporated in Malaysia
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020 (cont'd)

37 Segment Reporting (cont'd)

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

<u>Group</u>	<u>Investment Banking</u>	<u>Treasury</u>	<u>Asset Management</u>	<u>Others and Elimination</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	148,123	21,127	40,307	-	209,557
Inter-segment revenue	784	-	(431)	(353)	-
Segment revenue	148,907	21,127	39,876	(353)	209,557
Overhead expenses	(124,865)	(4,776)	(24,204)	353	(153,492)
Including:					
Depreciation of property, plant and equipment	(4,024)	-	(348)	-	(4,372)
Depreciation of right of use assets	(3,982)	-	(674)	-	(4,656)
Amortisation of other intangible assets	(2,939)	(103)	(185)	-	(3,227)
Allowance (made)/written back for expected credit losses	(2,728)	91	(57)	-	(2,694)
	21,314	16,442	15,615	-	53,371
Share of results of associates					74
Share of results of joint ventures					(30)
Profit before taxation					53,415
Taxation					(13,024)
Net profit for the financial period					40,391

Segment Assets and Liabilities as at 31 December 2019

<u>Group</u>	<u>Investment Banking</u>	<u>Treasury</u>	<u>Asset Management</u>	<u>Others and Elimination</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	4,199,594	4,242,522	743,245	(1,181,103)	8,004,258
Goodwill	367,854	-	143,367	-	511,221
Investments in associates and joint ventures					16,083
Tax recoverable					17,102
Deferred tax assets					19,410
Total assets					8,568,074
Segment liabilities	1,193,842	3,425,999	500,052	(139,648)	4,980,245
Tax liabilities					5,503
Deferred tax liabilities					1,531
Borrowings					882,036
Subordinated obligations					404,263
Total liabilities					6,273,578

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Group			Bank		
	As at	As at	Variance	As at	As at	Variance
	31 March 2020	31 December 2019		31 March 2020	31 December 2019	
	RM'000	RM'000	%	RM'000	RM'000	%
ASSETS						
Cash and short term funds	2,721,281	2,146,388	27%	2,134,673	1,443,786	48%
Deposits and placements with banks and other financial institutions	211,593	206,999	2%	-	-	0%
Financial assets at fair value through profit or loss ('FVTPL')	665,835	847,934	-21%	51,590	60,382	-15%
Financial assets at fair value through other comprehensive income ('FVOCI')	753,424	752,242	0%	745,659	743,970	0%
Financial investments at amortised costs	1,006,548	911,838	10%	1,006,548	911,838	10%
Loans and advances	1,419,847	1,855,873	-23%	1,143,000	1,405,692	-19%
Clients' and brokers' balances	1,083,713	893,448	21%	639,146	466,285	37%
Other assets	195,277	199,535	-2%	32,599	79,616	-59%
Derivative assets	929	3,091	-70%	929	3,054	-70%
Statutory deposits	55,246	66,015	-16%	51,000	62,000	-18%
Tax recoverable	16,312	17,102	-5%	14,007	15,282	-8%
Deferred tax assets	18,271	19,410	-6%	9,521	10,106	-6%
Investments in subsidiaries	-	-	0%	1,143,214	1,093,697	5%
Investments in associates and joint ventures	16,097	16,083	0%	5,028	5,028	0%
Property, plant and equipment	39,906	42,601	-6%	20,256	20,722	-2%
Goodwill and other intangible assets	557,675	559,553	0%	397,740	398,300	0%
Right of use assets	27,356	29,962	-9%	6,478	7,038	-8%
TOTAL ASSETS	8,789,310	8,568,074	3%	7,401,388	6,726,796	10%
LIABILITIES AND EQUITY						
Deposits from customers	1,415,047	1,410,984	0%	1,415,047	1,410,984	0%
Deposits and placements of banks and other financial institutions	2,643,122	2,014,638	31%	2,643,122	2,014,638	31%
Bills and acceptances payable	-	36,957	-100%	-	-	0%
Clients' and brokers' balances	1,142,468	824,166	39%	789,307	544,849	45%
Other liabilities	444,402	659,424	-33%	155,680	226,103	-31%
Lease liabilities	27,051	29,567	-9%	6,621	7,203	-8%
Derivative liabilities	5,720	4,509	27%	4,748	3,873	23%
Tax liabilities	4,343	5,503	-21%	-	-	0%
Deferred tax liabilities	1,916	1,531	25%	-	-	0%
Borrowings	553,362	882,036	-37%	-	-	0%
Subordinated obligations	409,175	404,263	1%	409,175	404,263	1%
TOTAL LIABILITIES	6,646,606	6,273,578	6%	5,423,700	4,611,913	18%
Share capital	1,487,773	1,487,773	0%	1,487,773	1,487,773	0%
Reserves	644,651	796,515	-19%	489,915	627,110	-22%
	2,132,424	2,284,288	-7%	1,977,688	2,114,883	-6%
Non-controlling interests	10,280	10,208	1%	-	-	0%
TOTAL EQUITY	2,142,704	2,294,496	-7%	1,977,688	2,114,883	-6%
TOTAL LIABILITIES AND EQUITY	8,789,310	8,568,074	3%	7,401,388	6,726,796	10%
COMMITMENTS AND CONTINGENCIES	1,154,500	1,254,782		778,776	778,989	

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INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2020

Group	1st Quarter Ended			Three Months Ended		
	31 March 2020	31 March 2019	Variance	31 March 2020	31 March 2019	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Interest income	62,605	58,883	6%	62,605	58,883	6%
Interest expense	(42,455)	(43,736)	3%	(42,455)	(43,736)	3%
Net interest income	20,150	15,147	33%	20,150	15,147	33%
Fee and commission income	197,250	185,903	6%	197,250	185,903	6%
Fee and commission expense	(56,711)	(40,685)	-39%	(56,711)	(40,685)	-39%
Other operating income	23,984	49,192	-51%	23,984	49,192	-51%
Other operating expenses	(162,894)	(153,492)	-6%	(162,894)	(153,492)	-6%
Operating profit before allowances	21,779	56,065	-61%	21,779	56,065	-61%
Allowance made for expected credit losses	(4,148)	(2,694)	-54%	(4,148)	(2,694)	-54%
Share of results of associates	14	74	-81%	14	74	-81%
Share of results of joint ventures	-	(30)	0%	-	(30)	0%
Profit before taxation	17,645	53,415	-67%	17,645	53,415	-67%
Taxation	(4,615)	(13,024)	65%	(4,615)	(13,024)	65%
Net profit for the financial period	13,030	40,391	-68%	13,030	40,391	-68%
Profit attributable to:						
Equity holder of the Bank	12,655	40,114	-68%	12,655	40,114	-68%
Non-controlling interests	375	277	35%	375	277	35%
	13,030	40,391	-68%	13,030	40,391	-68%
Basic earnings per share (sen)	12.7	40.1	-68%	12.7	40.1	-68%

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INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2020

	<u>1st Quarter Ended</u>			<u>Three Months Ended</u>		
	<u>31 March 2020</u>	<u>31 March 2019</u>	<u>Variance</u>	<u>31 March 2020</u>	<u>31 March 2019</u>	<u>Variance</u>
Bank	RM'000	RM'000	%	RM'000	RM'000	%
Interest income	49,637	42,934	16%	49,637	42,934	16%
Interest expense	(34,156)	(33,822)	-1%	(34,156)	(33,822)	-1%
Net interest income	15,481	9,112	70%	15,481	9,112	70%
Fee and commission income	67,156	78,154	-14%	67,156	78,154	-14%
Fee and commission expense	(1,963)	(1,225)	-60%	(1,963)	(1,225)	-60%
Other operating income	7,582	25,207	-70%	7,582	25,207	-70%
	88,256	111,248	-21%	88,256	111,248	-21%
Other operating expenses	(77,413)	(71,503)	-8%	(77,413)	(71,503)	-8%
Operating profit before allowances	10,843	39,745	-73%	10,843	39,745	-73%
Allowance (made)/written back for expected credit losses	(3,311)	267	>100%	(3,311)	267	>100%
Profit before taxation	7,532	40,012	-81%	7,532	40,012	-81%
Taxation	(2,058)	(10,751)	81%	(2,058)	(10,751)	81%
Net profit for the financial period	5,474	29,261	-81%	5,474	29,261	-81%