

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020**

	Note	Group		Bank	
		As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
<b>ASSETS</b>					
Cash and short term funds		2,141,533	2,146,388	1,489,897	1,443,786
Deposits and placements with banks and other financial institutions		238,966	206,999	-	-
Financial assets at fair value through profit or loss ('FVTPL')	8	950,832	847,934	253,657	60,382
Financial assets at fair value through other comprehensive income ('FVOCI')	9	651,610	752,242	643,741	743,970
Financial investments at amortised costs	10	1,010,509	911,838	1,010,509	911,838
Loans and advances	11	1,572,330	1,855,873	1,247,250	1,405,692
Clients' and brokers' balances	12	1,264,063	893,448	738,037	466,285
Other assets	13	150,441	199,535	33,612	79,616
Derivative assets		7,143	3,091	7,143	3,054
Statutory deposits		13,385	66,015	9,200	62,000
Tax recoverable		9,968	17,102	7,651	15,282
Deferred tax assets		15,089	19,410	5,668	10,106
Investments in subsidiaries		-	-	1,145,379	1,093,697
Investments in associates and joint ventures		4,608	16,083	5,028	5,028
Right of use assets		27,115	29,962	7,896	7,038
Property, plant and equipment		40,024	42,601	19,250	20,722
Goodwill and other intangible assets		557,150	559,553	397,189	398,300
<b>TOTAL ASSETS</b>		<b>8,654,766</b>	<b>8,568,074</b>	<b>7,021,107</b>	<b>6,726,796</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	14	770,044	1,410,984	770,044	1,410,984
Deposits and placements of banks and other financial institutions	15	2,951,445	2,014,638	2,951,445	2,014,638
Bills and acceptances payable		-	36,957	-	-
Clients' and brokers' balances		1,062,733	824,166	743,921	544,849
Other liabilities	16	635,197	659,424	197,546	226,103
Derivative liabilities		105,676	4,509	105,187	3,873
Tax liabilities		5,556	5,503	-	-
Deferred tax liabilities		1,807	1,531	-	-
Lease liabilities		26,820	29,567	8,037	7,203
Borrowings		648,119	882,036	-	-
Subordinated obligations		202,121	404,263	202,121	404,263
<b>TOTAL LIABILITIES</b>		<b>6,409,518</b>	<b>6,273,578</b>	<b>4,978,301</b>	<b>4,611,913</b>
Share capital		1,487,773	1,487,773	1,487,773	1,487,773
Reserves		746,701	796,515	555,033	627,110
		2,234,474	2,284,288	2,042,806	2,114,883
Non-controlling interests		10,774	10,208	-	-
<b>TOTAL EQUITY</b>		<b>2,245,248</b>	<b>2,294,496</b>	<b>2,042,806</b>	<b>2,114,883</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>8,654,766</b>	<b>8,568,074</b>	<b>7,021,107</b>	<b>6,726,796</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	27	<b>1,216,148</b>	<b>1,254,782</b>	<b>930,632</b>	<b>778,989</b>

*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 STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020**

<b>Group</b>	<b>Note</b>	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
		<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	17	54,457	61,238	117,062	120,121
Interest expense	18	(32,625)	(42,646)	(75,080)	(86,382)
Net interest income		21,832	18,592	41,982	33,739
Fee and commission income	19	207,409	171,898	404,659	357,801
Fee and commission expense	20	(51,223)	(53,494)	(107,934)	(94,179)
Other operating income	21	65,880	51,819	89,864	101,011
		243,898	188,815	428,571	398,372
Other operating expenses	22	(156,241)	(165,909)	(319,135)	(319,401)
Operating profit before allowances		87,657	22,906	109,436	78,971
Allowance written back/(made) for expected credit losses	23	952	910	(3,196)	(1,784)
Impairment loss on other non-financial assets	24	(9,500)	-	(9,500)	-
		79,109	23,816	96,740	77,187
Share of results of associates		13	4,762	27	4,836
Share of results of joint ventures		-	-	-	(30)
<b>Profit before taxation</b>		<b>79,122</b>	<b>28,578</b>	<b>96,767</b>	<b>81,993</b>
Taxation		(19,877)	(34,474)	(24,492)	(47,498)
<b>Net profit/(loss) for the financial period</b>		<b>59,245</b>	<b>(5,896)</b>	<b>72,275</b>	<b>34,495</b>
Profit/(Loss) attributable to:					
Equity holder of the Bank		59,027	(6,242)	71,682	33,872
Non-controlling interests		218	346	593	623
		59,245	(5,896)	72,275	34,495
Basic earnings/(loss) per share (sen)	25	59.0	(6.2)	71.7	33.9

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020**

<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net profit/(loss) for the financial period	<b>59,245</b>	(5,896)	<b>72,275</b>	34,495
Other comprehensive income in respect of:				
(a) Item that will not be reclassified to income statements:				
(i) Actuarial gain/(loss) on defined benefit plan of subsidiaries	<b>52</b>	23	<b>1,654</b>	(2,176)
(ii) Financial assets at FVOCI, equity instruments:				
- Unrealised net gain on revaluation	<b>2,309</b>	1,985	<b>1,818</b>	1,931
- Net gain on disposal	-	-	-	5,370
(b) Items that will be reclassified subsequently to income statements:				
(i) Foreign currency translation reserve				
- Currency translation differences	<b>37,977</b>	13,431	<b>14,510</b>	15,341
- Net investment hedge	<b>(2,165)</b>	3,663	<b>(1,599)</b>	1,570
(ii) Financial assets at FVOCI, debt instruments:				
- Unrealised net gain on revaluation	<b>6,814</b>	4,607	<b>7,250</b>	9,270
- Net transfer to income statements on disposal	<b>(3)</b>	-	<b>(3)</b>	-
Income tax relating to components of other comprehensive income	<b>(1,685)</b>	(1,583)	<b>(2,153)</b>	(3,923)
Other comprehensive income, net of tax, for the financial period	<b>43,299</b>	22,126	<b>21,477</b>	27,383
Total comprehensive income for the financial period	<b>102,544</b>	16,230	<b>93,752</b>	61,878
Total comprehensive income attributable to:				
Equity holder of the Bank	<b>102,050</b>	15,816	<b>93,186</b>	61,241
Non-controlling interests	<b>494</b>	414	<b>566</b>	637
	<b>102,544</b>	16,230	<b>93,752</b>	61,878

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**Registration No. 197401002639 (19663-P)**

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020**

<b>Bank</b>	<b>Note</b>	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
		<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	17	43,535	44,494	93,172	87,428
Interest expense	18	(27,666)	(32,251)	(61,822)	(66,073)
Net interest income		15,869	12,243	31,350	21,355
Fee and commission income	19	98,111	55,232	165,267	133,386
Fee and commission expense	20	(7,982)	(2,323)	(9,945)	(3,548)
Other operating income	21	37,443	29,642	45,025	54,849
		143,441	94,794	231,697	206,042
Other operating expenses	22	(71,670)	(75,127)	(149,083)	(146,630)
Operating profit before allowances		71,771	19,667	82,614	59,412
Allowance written back/(made) for expected credit losses	23	2,650	621	(661)	888
<b>Profit before taxation</b>		<b>74,421</b>	<b>20,288</b>	<b>81,953</b>	<b>60,300</b>
Taxation		(16,702)	(31,305)	(18,760)	(42,056)
<b>Net profit/(loss) for the financial period</b>		<b>57,719</b>	<b>(11,017)</b>	<b>63,193</b>	<b>18,244</b>

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020**

<b>Bank</b>	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net profit/(loss) for the financial period	<b>57,719</b>	<b>(11,017)</b>	<b>63,193</b>	<b>18,244</b>
Other comprehensive income in respect of:				
(a) Item that will not be reclassified to income statement:				
(i) Financial assets at FVOCI, equity instruments:				
- Unrealised net gain on revaluation	<b>2,223</b>	<b>1,891</b>	<b>2,223</b>	<b>1,891</b>
- Net gain on disposal	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,370</b>
(b) Items that will be reclassified subsequently to income statement:				
(i) Financial assets at FVOCI, debt instruments:				
- Unrealised net gain on revaluation	<b>6,814</b>	<b>4,607</b>	<b>7,250</b>	<b>9,270</b>
- Net transfer to income statement on disposal	<b>(3)</b>	<b>-</b>	<b>(3)</b>	<b>-</b>
Income tax relating to components of other comprehensive income	<b>(1,635)</b>	<b>(1,560)</b>	<b>(1,740)</b>	<b>(2,679)</b>
Other comprehensive income, net of tax, for the financial period	<b>7,399</b>	<b>4,938</b>	<b>7,730</b>	<b>13,852</b>
Total comprehensive income/(loss) for the financial period	<b>65,118</b>	<b>(6,079)</b>	<b>70,923</b>	<b>32,096</b>

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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020**

Attributable to the Equity Holder of the Bank

<b>Group</b>	<b>Note</b>	<b>Share capital RM'000</b>	<b>Statutory reserves RM'000</b>	<b>FVOCI reserves RM'000</b>	<b>Translation reserves RM'000</b>	<b>Regulatory reserves RM'000</b>	<b>Retained profits RM'000</b>	<b>Total RM'000</b>	<b>Non-controlling interests RM'000</b>	<b>Total RM'000</b>
<b>Balance as at 1 January 2020</b>		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		-	-	-	-	-	71,682	71,682	593	72,275
Foreign currency translation reserve:-										
- Currency translation differences		-	-	(1)	14,470	-	-	14,469	41	14,510
- Net investment hedge		-	-	-	(1,599)	-	-	(1,599)	-	(1,599)
Financial assets at FVOCI:-										
- Equity instruments										
- Unrealised net gain/(loss) on revaluation		-	-	1,899	-	-	-	1,899	(81)	1,818
- Debt instruments										
- Unrealised net gain on revaluation		-	-	7,250	-	-	-	7,250	-	7,250
- Net transfer to income statements on disposal		-	-	(3)	-	-	-	(3)	-	(3)
Actuarial gain on defined benefit plan of subsidiaries		-	-	-	-	-	1,637	1,637	17	1,654
Income tax relating to components of other comprehensive income		-	-	(1,740)	-	-	(409)	(2,149)	(4)	(2,153)
Other comprehensive income, net of tax, for the financial period		-	-	7,405	12,871	-	1,228	21,504	(27)	21,477
Total comprehensive income for the financial period		-	-	7,405	12,871	-	72,910	93,186	566	93,752
Transfer from statutory reserves		-	(2)	-	-	-	2	-	-	-
Transfer to regulatory reserves		-	-	-	-	923	(923)	-	-	-
Dividend paid	7	-	-	-	-	-	(143,000)	(143,000)	-	(143,000)
<b>Balance as at 30 June 2020</b>		<b>1,487,773</b>	<b>515</b>	<b>49,323</b>	<b>147,649</b>	<b>32,927</b>	<b>516,287</b>	<b>2,234,474</b>	<b>10,774</b>	<b>2,245,248</b>

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

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

**Attributable to Equity Holder of the Bank**

<b>Group</b>	<b>Share capital</b>	<b>Statutory reserves</b>	<b>FVOCI reserves</b>	<b>Translation reserves</b>	<b>Regulatory reserves</b>	<b>Retained profits</b>	<b>Total</b>	<b>Non-controlling interests</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January 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	-	-	-	-	-	33,872	33,872	623	34,495
Foreign currency translation reserve:-									
- Currency translation differences	-	-	(1)	15,297	-	-	15,296	45	15,341
- Net investment hedge	-	-	-	1,570	-	-	1,570	-	1,570
Financial assets at FVOCI:-									
- Equity instruments									
- Unrealised net gain on revaluation	-	-	1,923	-	-	-	1,923	8	1,931
- Net gain on disposal	-	-	-	-	-	5,370	5,370	-	5,370
- Debt instruments									
- Unrealised net gain on revaluation	-	-	9,270	-	-	-	9,270	-	9,270
Actuarial loss on defined benefit plan of subsidiaries	-	-	-	-	-	(2,147)	(2,147)	(29)	(2,176)
Income tax relating to components of other comprehensive income	-	-	(2,718)	-	-	(1,195)	(3,913)	(10)	(3,923)
Other comprehensive income, net of tax, for the financial period	-	-	8,474	16,867	-	2,028	27,369	14	27,383
Total comprehensive income for the financial period	-	-	8,474	16,867	-	35,900	61,241	637	61,878
Transfer from regulatory reserves	-	-	-	-	(1,276)	1,276	-	-	-
Balance as at 30 June 2019	1,487,773	513	31,963	130,002	31,455	597,773	2,279,479	10,670	2,290,149

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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	Note	Non-Distributable		Distributable	Total	
		Share capital	FVOCI reserves	Regulatory reserves		Retained profits
<b>Bank</b>		RM'000	RM'000	RM'000	RM'000	
<b>Balance as at 1 January 2020</b>		1,487,773	39,360	20,557	567,193	2,114,883
Net profit for the financial period		-	-	-	63,193	63,193
Financial assets at FVOCI, equity instruments:						
- Unrealised net gain on revaluation		-	2,223	-	-	2,223
Financial assets at FVOCI, debt instruments:						
- Unrealised net gain on revaluation		-	7,250	-	-	7,250
- Net transfer to income statement on disposal		-	(3)	-	-	(3)
Income tax relating to components of other comprehensive income		-	(1,740)	-	-	(1,740)
Other comprehensive income, net of tax, for the financial period		-	7,730	-	-	7,730
Total comprehensive income for the financial period		-	7,730	-	63,193	70,923
Transfer to regulatory reserves		-	-	1,332	(1,332)	-
Dividend paid	7	-	-	-	(143,000)	(143,000)
<b>Balance as at 30 June 2020</b>		<b>1,487,773</b>	<b>47,090</b>	<b>21,889</b>	<b>486,054</b>	<b>2,042,806</b>

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

<b>Bank</b>	<u>Non-Distributable</u>		<u>Distributable</u>		<b>Total</b>
	<b>Share capital</b>	<b>FVOCI reserves</b>	<b>Regulatory reserves</b>	<b>Retained profits</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January 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	-	-	-	18,244	18,244
Financial assets at FVOCI, equity instruments:					
- Unrealised net gain on revaluation	-	1,891	-	-	1,891
- Net gain on disposal	-	-	-	5,370	5,370
Financial assets at FVOCI, debt instruments:					
- Unrealised net gain on revaluation	-	9,270	-	-	9,270
Income tax relating to components of other comprehensive income	-	(2,679)	-	-	(2,679)
Other comprehensive income, net of tax, for the financial period	-	8,482	-	5,370	13,852
Total comprehensive income for the financial period	-	8,482	-	23,614	32,096
Transfer from regulatory reserves	-	-	(1,052)	1,052	-
Balance as at 30 June 2019	1,487,773	29,335	18,102	583,250	2,118,460

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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	Six Months Ended	
	30 June 2020	30 June 2019
	RM'000	RM'000
<b>Group</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	96,767	81,993
Adjustments for non-operating and non-cash items	<b>(16,561)</b>	(43,412)
Operating profit before working capital changes	<b>80,206</b>	38,581
Changes in working capital:		
Net changes in operating assets	67,265	(352,860)
Net changes in operating liabilities	<b>464,886</b>	176,232
Cash generated from/(used in) operations	<b>612,357</b>	(138,047)
Lease interest	(820)	(421)
Net taxation paid	<b>(14,783)</b>	(52,132)
Net cash generated from/(used in) operating activities	<b>596,754</b>	(190,600)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net proceeds/(purchase) of financial assets at FVOCI and financial investments at amortised costs	14,603	(49,479)
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	<b>28,939</b>	31,042
Property, plant and equipment		
- Purchase	<b>(3,647)</b>	(5,545)
- Proceeds from disposal	-	453
Purchase of other intangible assets	<b>(3,539)</b>	(6,278)
Acquisition of a subsidiary, net of cash and cash equivalents acquired	-	10,710
Dividend income received from financial assets at FVTPL and FVOCI	3,719	19,435
Dividend income received from an associate	<b>2,002</b>	4,806
Net cash generated from investing activities	<b>42,077</b>	10,514
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Redemption of subordinated obligations	<b>(200,000)</b>	-
Net (repayment)/drawdown of borrowings	<b>(263,217)</b>	65,811
Borrowings interest paid	<b>(11,889)</b>	(19,275)
Lease principal payment	<b>(8,406)</b>	(5,122)
Subordinated obligations interest paid	<b>(9,931)</b>	(9,823)
Dividend paid to shareholder	<b>(143,000)</b>	-
Dividend paid to non-controlling interest	<b>(1,000)</b>	-
Net cash (used in)/generated from financing activities	<b>(637,443)</b>	31,591
Net increase/(decrease) in cash and cash equivalents	1,388	(148,495)
Effects of exchange rate differences	<b>(6,258)</b>	9,620
Cash and cash equivalents		
- at the beginning of the financial period	<b>2,146,595</b>	1,859,445
- at the end of the financial period	<b>2,141,725</b>	1,720,570
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS:</b>		
Cash and short term funds before expected credit losses	<b>2,141,725</b>	1,720,570
Less: Allowance for expected credit losses	<b>(192)</b>	(214)
Cash and short-term funds, net of expected credit losses	<b>2,141,533</b>	1,720,356

*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 SIX MONTHS ENDED 30 JUNE 2020**

	Six Months Ended	
	30 June 2020	30 June 2019
	RM'000	RM'000
<b>Bank</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	81,953	60,300
Adjustments for non-operating and non-cash items	<b>(16,784)</b>	(31,313)
Operating profit before working capital changes	<b>65,169</b>	28,987
Changes in working capital:		
Net changes in operating assets	<b>(184,093)</b>	(84,734)
Net changes in operating liabilities	<b>536,727</b>	(9,136)
Cash generated from/(used in) operations	<b>417,803</b>	(64,883)
Lease interest	<b>(156)</b>	(52)
Net taxation paid	<b>(8,430)</b>	(46,039)
Net cash generated from/(used in) operating activities	<b>409,217</b>	(110,974)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net proceeds/(purchase) of financial assets at FVOCI and financial investments at amortised costs	<b>14,575</b>	(50,343)
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	<b>28,939</b>	30,861
Property, plant and equipment		
- Purchase	<b>(1,241)</b>	(2,400)
- Proceeds from disposal	-	152
Purchase of other intangible assets	<b>(1,930)</b>	(2,445)
Dividend income received from financial assets at FVTPL and FVOCI	<b>1,061</b>	1,102
Dividend income received from subsidiaries	<b>49,800</b>	-
Dividend income received from an associate	<b>2,002</b>	4,806
Acquisition of additional equity interest from joint venture	-	(21,400)
Additional investments in a subsidiary	<b>(80,775)</b>	-
Subscription of redeemable preference shares issued by a subsidiary	<b>(20,000)</b>	-
Net cash used in investing activities	<b>(7,569)</b>	(34,297)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Redemption of subordinated obligations	<b>(200,000)</b>	-
Subordinated obligations interest paid	<b>(9,931)</b>	(9,823)
Lease principal payment	<b>(2,592)</b>	(822)
Dividend paid to shareholder	<b>(143,000)</b>	-
Net cash used in financing activities	<b>(355,523)</b>	(10,645)
Net increase/(decrease) in cash and cash equivalents	<b>46,125</b>	(155,916)
Cash and cash equivalents		
- at the beginning of the financial period	<b>1,443,799</b>	1,192,739
- at the end of the financial period	<b>1,489,924</b>	1,036,823
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS:</b>		
Cash and short term funds before expected credit losses	<b>1,489,924</b>	1,036,823
Less: Allowance for expected credit losses	<b>(27)</b>	(29)
Cash and short-term funds, net of expected credit losses	<b>1,489,897</b>	1,036,794

*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 SIX MONTHS ENDED 30 JUNE 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; and
- (ii) 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.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (cont'd)**

**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 six months ended 30 June 2020, other than disclosed in Note 32.

**5 Changes in Estimates**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the six months ended 30 June 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 six months ended 30 June 2020, other than as disclosed below:-

On 16 April 2020, the Bank has fully redeemed its 4.95% RM200.0 million Tier II Subordinated Notes which were issued on 16 April 2015.

**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

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (cont'd)

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

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
<b>At fair value</b>				
<b><u>Money market instruments:</u></b>				
Malaysian Government Securities	2	-	2	-
Malaysian Government Investment Issues	2	-	2	-
<b><u>Quoted securities:</u></b>				
<b>In Malaysia</b>				
Shares and exchange traded funds	222,650	23,565	222,650	23,565
Unit trusts	52,894	56,514	7,733	8,863
<b>Outside Malaysia</b>				
Shares	106,781	247,184	-	-
Unit trusts	23,252	27,954	23,252	27,954
<b><u>Unquoted securities:</u></b>				
<b>In Malaysia</b>				
Sukuk	16	-	16	-
<b>Outside Malaysia</b>				
Corporate bonds	2	-	2	-
Private equity funds	545,233	492,717	-	-
	<b>950,832</b>	<b>847,934</b>	<b>253,657</b>	<b>60,382</b>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (cont'd)

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

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
<b>At fair value</b>				
(a) Debt instruments	608,787	711,239	608,787	711,239
(b) Equity instruments	42,823	41,003	34,954	32,731
	<b>651,610</b>	<b>752,242</b>	<b>643,741</b>	<b>743,970</b>
<b>(a) Debt instruments</b>				
<b><u>Money market instruments:</u></b>				
Malaysian Government Securities	136,232	133,309	136,232	133,309
Malaysian Government Investment Issues	21,090	40,878	21,090	40,878
Khazanah bonds	47,429	45,910	47,429	45,910
Sukuk Perumahan Kerajaan	72,907	71,596	72,907	71,596
<b><u>Unquoted securities:</u></b>				
<b><u>In Malaysia</u></b>				
Corporate bonds/Sukuk	304,939	393,629	304,939	393,629
Prasarana bonds	26,190	25,917	26,190	25,917
	<b>608,787</b>	<b>711,239</b>	<b>608,787</b>	<b>711,239</b>
There are no allowance for expected credit losses on FVOCI, debt instruments as all instruments are guaranteed by the Government of Malaysia.				
<b>(b) Equity instruments</b>				
<b><u>Quoted securities:</u></b>				
<b><u>Outside Malaysia</u></b>				
Shares	1,682	2,035	-	-
<b><u>Unquoted securities:</u></b>				
<b><u>In Malaysia</u></b>				
Shares	40,823	38,653	34,954	32,731
<b><u>Outside Malaysia</u></b>				
Shares	318	315	-	-
	<b>42,823</b>	<b>41,003</b>	<b>34,954</b>	<b>32,731</b>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (cont'd)

10 Financial Investments at Amortised Costs

	As at 30 June 2020 RM'000	Group and Bank As at 31 December 2019 RM'000
<b>At amortised cost</b>		
<b><u>Money market instruments:</u></b>		
Malaysian Government Investment Issues	369,641	364,232
Malaysian Government Securities	92,923	-
Khazanah bonds	12,750	12,504
Wakala Global Sukuk	8,833	8,471
<b><u>Unquoted Securities:</u></b>		
<b>In Malaysia</b>		
Corporate bonds/Sukuk	507,147	507,387
Loan stocks	25,853	25,853
Prasarana bonds	70,809	70,838
	<b>1,087,956</b>	989,285
Allowance for expected credit losses	<b>(77,447)</b>	<b>(77,447)</b>
	<b>1,010,509</b>	911,838

(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	<b>77,447</b>	<b>77,447</b>

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

	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
<b>Group and Bank 30 June 2020</b>				
Balance as at the beginning/end of the financial year/period	-	-	77,447	77,447
<b>Group and Bank 31 December 2019</b>				
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	-	-	77,447	77,447



NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (cont'd)

11 Loans and Advances

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
<b>(a) By type</b>				
<b>At amortised cost</b>				
Term loans	2	20,113	2	2
Revolving credits	-	-	4,283	26,589
Share margin financing	1,585,669	1,855,055	1,242,687	1,378,780
Staff loans	316	322	316	322
Gross loans and advances	<u>1,585,987</u>	<u>1,875,490</u>	<u>1,247,288</u>	<u>1,405,693</u>
Less: Allowance for expected credit losses	<u>(13,657)</u>	<u>(19,617)</u>	<u>(38)</u>	<u>(1)</u>
Net loans and advances	<u><u>1,572,330</u></u>	<u><u>1,855,873</u></u>	<u><u>1,247,250</u></u>	<u><u>1,405,692</u></u>
<b>(b) By type of customer</b>				
Domestic non-bank financial institutions:				
- others	21	-	21	-
Domestic business enterprises:				
- small and medium enterprises	187,339	193,205	187,339	193,205
- others	208,502	200,659	208,502	200,659
Individuals	817,445	954,015	817,445	954,015
Foreign entities	372,680	527,611	33,981	57,814
	<u>1,585,987</u>	<u>1,875,490</u>	<u>1,247,288</u>	<u>1,405,693</u>
<b>(c) By geographical distribution</b>				
In Malaysia	1,243,005	1,379,104	1,243,005	1,379,104
Outside Malaysia				
- Singapore	135,662	214,471	-	-
- Hong Kong	-	27,031	4,283	26,589
- Indonesia	67,733	88,690	-	-
- Thailand	139,587	166,194	-	-
	<u>1,585,987</u>	<u>1,875,490</u>	<u>1,247,288</u>	<u>1,405,693</u>
<b>(d) By interest rate sensitivity</b>				
Fixed rate:				
- other fixed rate loans	1,446,398	1,682,262	1,243,003	1,379,102
Variable rate:				
- cost plus	-	27,032	4,283	26,589
- base lending rate plus	139,589	166,196	2	2
	<u>1,585,987</u>	<u>1,875,490</u>	<u>1,247,288</u>	<u>1,405,693</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (cont'd)

11 Loans and Advances (cont'd)

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
<b>(e) By purpose</b>				
Purchase of securities	1,585,669	1,875,166	1,242,687	1,378,780
Purchase of landed property:				
- residential	318	324	318	324
Working capital	-	-	4,283	26,589
	<u>1,585,987</u>	<u>1,875,490</u>	<u>1,247,288</u>	<u>1,405,693</u>
<b>(f) By economic sector</b>				
Agriculture, hunting, forestry and fishing	1,727	5,437	945	1,077
Mining and quarrying	91	7,039	91	103
Manufacturing	3,398	22,743	3,398	2,631
Construction	6,313	8,871	6,313	8,871
Wholesale and retail trade and restaurant and hotel	369	577	369	577
Transport, storage and communication	2,314	2,587	2,314	2,587
Finance, insurance, real estate and business services	413,493	426,240	389,740	409,054
Household sector	1,158,282	1,401,996	844,118	980,793
	<u>1,585,987</u>	<u>1,875,490</u>	<u>1,247,288</u>	<u>1,405,693</u>
<b>(g) By remaining contractual maturities</b>				
Maturity within one year	1,585,669	1,875,166	1,246,970	1,405,369
One year to three years	9	10	9	10
Over five years	309	314	309	314
	<u>1,585,987</u>	<u>1,875,490</u>	<u>1,247,288</u>	<u>1,405,693</u>
<b>(h) By stages</b>				
Group	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
30 June 2020				
Balance as at beginning of the financial year	1,852,148	29	23,313	1,875,490
Transfer to 12-month ECL (Stage 1)	75,549	(71,834)	(3,715)	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(82,027)	82,027	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(4,709)	-	4,709	-
Addition and origination	5,712,542	-	-	5,712,542
Derecognition	(5,991,395)	(6,247)	(3,565)	(6,001,207)
Amount written off	-	-	(6,904)	(6,904)
Exchange differences	5,979	-	87	6,066
Balance as at the end of the financial period	<u>1,568,087</u>	<u>3,975</u>	<u>13,925</u>	<u>1,585,987</u>

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (cont'd)**

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

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

<b>Group</b>	<b>12-month ECL (Stage 1)</b>	<b>Lifetime ECL not credit impaired (Stage 2)</b>	<b>Lifetime ECL credit impaired (Stage 3)</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 December 2019</b>				
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	-	-	-	-
Exchange 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>
<b>Bank</b>				
<b>30 June 2020</b>				
Balance as at beginning of the financial year	<b>1,405,664</b>	<b>29</b>	<b>-</b>	<b>1,405,693</b>
Transfer to 12-month ECL (Stage 1)	<b>64,738</b>	<b>(64,543)</b>	<b>(195)</b>	<b>-</b>
Transfer to Lifetime ECL not credit impaired (Stage 2)	<b>(73,647)</b>	<b>73,647</b>	<b>-</b>	<b>-</b>
Transfer to Lifetime ECL credit impaired (Stage 3)	<b>(401)</b>	<b>-</b>	<b>401</b>	<b>-</b>
Addition and origination	<b>2,435,855</b>	<b>-</b>	<b>-</b>	<b>2,435,855</b>
Derecognition	<b>(2,589,049)</b>	<b>(6,168)</b>	<b>(169)</b>	<b>(2,595,386)</b>
Exchange differences	<b>1,126</b>	<b>-</b>	<b>-</b>	<b>1,126</b>
Balance as at the end of the financial period	<u><b>1,244,286</b></u>	<u><b>2,965</b></u>	<u><b>37</b></u>	<u><b>1,247,288</b></u>
<b>Bank</b>				
<b>31 December 2019</b>				
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 SIX MONTHS ENDED 30 JUNE 2020 (cont'd)

11 Loans and Advances (cont'd)

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
<b>(i) Impaired loans and advances</b>				
<b>(i) By purpose</b>				
Purchase of securities	13,925	23,313	37	-
<b>(ii) By economic sector</b>				
Mining and quarrying	-	6,936	-	-
Household sector	13,925	16,377	37	-
	<b>13,925</b>	<b>23,313</b>	<b>37</b>	<b>-</b>
<b>(iii) By geographical distribution</b>				
In Malaysia	37	-	37	-
Outside Malaysia:				
- Singapore	4,488	13,892	-	-
- Hong Kong	-	97	-	-
- Thailand	9,400	9,324	-	-
	<b>13,925</b>	<b>23,313</b>	<b>37</b>	<b>-</b>

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

	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
<b>Group</b>				
<b>30 June 2020</b>				
Balance as at beginning of the financial year	1	-	19,616	19,617
Net allowance made	-	-	879	879
Amount written off	-	-	(6,904)	(6,904)
Exchange differences	-	-	65	65
Balance as at the end of the financial period	<b>1</b>	<b>-</b>	<b>13,656</b>	<b>13,657</b>
<b>Group</b>				
<b>31 December 2019</b>				
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	<b>1</b>	<b>-</b>	<b>19,616</b>	<b>19,617</b>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 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
<b>Bank</b>				
<b>30 June 2020</b>				
Balance as at beginning of the financial year	1	-	-	1
Net allowance made	-	-	37	37
Balance as at the end of the financial period	<u>1</u>	<u>-</u>	<u>37</u>	<u>38</u>
<b>Bank</b>				
<b>31 December 2019</b>				
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 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Amounts owing by clients	1,036,695	696,427	582,364	325,231
Less: Allowance for expected credit losses	(19,165)	(20,772)	(4,681)	(4,636)
	<u>1,017,530</u>	<u>675,655</u>	<u>577,683</u>	<u>320,595</u>
Amounts owing by brokers	117,723	75,556	101,884	69,740
Amounts owing by clearing houses and stock exchanges	128,810	142,237	58,470	75,950
	<u>1,264,063</u>	<u>893,448</u>	<u>738,037</u>	<u>466,285</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 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 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 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	(337)	(386)	-	-
Allowance for expected credit losses	784	953	11	6
Derecognition	(444)	(714)	(9)	(5)
Exchange differences	1	1	-	-
Balance as at the end of the financial period/year	<u>111</u>	<u>107</u>	<u>3</u>	<u>1</u>

(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	337	386	-	-
Allowance for expected credit losses	2,164	2,985	284	118
Derecognition	(945)	(1,666)	(241)	(664)
Amount written off	(3,276)	(975)	-	(975)
Exchange differences	109	626	-	-
Balance as at the end of the financial period/year	<u>19,054</u>	<u>20,665</u>	<u>4,678</u>	<u>4,635</u>

13 Other Assets

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Other receivables	86,927	85,095	23,032	25,980
Unit trust fee receivables	24,819	25,804	-	-
Management fee receivables	2,623	2,976	-	-
Deposits	11,536	20,893	2,944	2,949
Prepayments	16,870	14,391	5,684	5,485
Amount receivable for release of units from funds	7,383	48,611	-	-
Transferable memberships	262	262	262	262
Amount due from holding company	20	1,463	-	-
Amount due from subsidiaries	-	-	1,689	44,938
Amount due from related companies	1	40	1	2
	<u>150,441</u>	<u>199,535</u>	<u>33,612</u>	<u>79,616</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (cont'd)

14 Deposits from Customers

	As at 30 June 2020 RM'000	Group and Bank As at 31 December 2019 RM'000
<b>(a) By type of deposits</b>		
Short term deposits	770,044	1,410,984
<b>(b) By type of customers</b>		
Government and statutory bodies	100,096	100,080
Business enterprises	669,948	1,310,904
	<b>770,044</b>	<b>1,410,984</b>
<b>(c) By maturity structure of fixed deposits</b>		
Due within six months	770,044	1,410,984

15 Deposits and Placements of Banks and Other Financial Institutions

	As at 30 June 2020 RM'000	Group and Bank As at 31 December 2019 RM'000
Licensed banks	2,901,355	1,813,803
Licensed investment banks	50,090	200,835
	<b>2,951,445</b>	<b>2,014,638</b>

16 Other Liabilities

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Other creditors and accruals	201,682	145,867	96,620	62,736
Contract liabilities	4,629	7,409	1,364	3,274
Remisiers' trust deposits	71,401	64,861	71,401	64,861
Amount payable for creation of units due to funds	129,298	42,007	-	-
Amount payable for redemption units	177,049	312,101	-	-
Short-term employee benefits	36,941	68,122	21,105	39,083
Amount due to holding company	9,617	12,034	7,040	6,573
Amount due to subsidiaries	-	-	15	16
Amount due to related companies	112	149	1	102
Provision for restructuring costs	4,468	6,874	-	49,458
	<b>635,197</b>	<b>659,424</b>	<b>197,546</b>	<b>226,103</b>

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	2nd Quarter Ended		Six Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
<b>17 Interest Income</b>				
<b><u>Group</u></b>				
Loans and advances	19,838	25,176	44,600	48,916
Money at call and deposits and placements with banks and other financial institutions	15,122	17,791	33,637	35,031
Financial assets at FVTPL	3	181	6	181
Financial assets at FVOCI, debt instruments	6,422	6,865	13,123	13,550
Financial investments at amortised costs	9,762	9,055	19,100	17,804
Others	3,310	2,170	6,596	4,639
	<b>54,457</b>	<b>61,238</b>	<b>117,062</b>	<b>120,121</b>
of which:				
Interest income accrued on impaired financial assets	<b>224</b>	390	<b>535</b>	758
<b><u>Bank</u></b>				
Loans and advances	15,129	14,956	33,236	28,604
Money at call and deposits and placements with banks and other financial institutions	11,163	12,954	25,612	26,255
Financial assets at FVTPL	3	-	5	-
Financial assets at FVOCI, debt instrument	6,422	6,874	13,123	13,550
Financial investments at amortised costs	9,762	9,055	19,100	17,804
Others	1,056	655	2,096	1,215
	<b>43,535</b>	<b>44,494</b>	<b>93,172</b>	<b>87,428</b>
of which:				
Interest income accrued on impaired financial assets	<b>(3)</b>	-	<b>3</b>	-



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	2nd Quarter Ended		Six Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
<b>18 Interest Expense</b>				
<b>Group</b>				
Deposits and placements of banks and other financial institutions	18,159	15,784	36,674	33,843
Deposits from customers	6,547	11,463	17,212	22,343
Subordinated obligations	2,877	4,911	7,789	9,769
Borrowings	4,283	9,560	11,669	18,708
Others	759	928	1,736	1,719
	<b>32,625</b>	<b>42,646</b>	<b>75,080</b>	<b>86,382</b>

**Bank**

Deposits and placements of banks and other financial institutions	18,159	15,784	36,674	33,843
Deposits from customers	6,547	11,463	17,212	22,343
Subordinated obligations	2,877	4,911	7,789	9,769
Others	83	93	147	118
	<b>27,666</b>	<b>32,251</b>	<b>61,822</b>	<b>66,073</b>

**19 Fee and Commission Income**

**(a) By type of fee income**

**Group**

Brokerage income	111,152	59,654	189,748	120,842
Fund management fees	60,494	57,328	125,341	111,466
Unit trust fee income	13,700	24,230	37,453	37,829
Corporate advisory fees	3,480	8,104	11,654	29,040
Arrangement fees and underwriting	2,321	3,088	7,357	19,796
Placement fees	1,813	6,727	1,923	6,908
Rollover fees	1,280	1,200	2,635	2,442
Commission	708	680	1,733	1,235
Service charges and fees	264	802	1,036	1,530
Other fee income	12,197	10,085	25,779	26,713
	<b>207,409</b>	<b>171,898</b>	<b>404,659</b>	<b>357,801</b>

**Bank**

Brokerage income	83,834	39,938	137,792	79,648
Corporate advisory fees	2,510	3,801	5,665	14,577
Arrangement fees and underwriting	770	323	770	15,723
Placement fees	1,813	4,124	1,923	4,211
Rollover fees	1,280	1,200	2,754	2,442
Commission	303	386	625	749
Service charges and fees	131	109	443	111
Other fee income	7,470	5,351	15,295	15,925
	<b>98,111</b>	<b>55,232</b>	<b>165,267</b>	<b>133,386</b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (cont'd)**

	2nd Quarter Ended		Six Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
<b>19 Fee and Commission Income (cont'd)</b>				
<b>(b) By geographical market of fee income</b>				
<b><u>Group</u></b>				
Malaysia	165,287	132,965	318,263	273,679
Singapore	18,948	17,794	42,428	40,837
Indonesia	7,212	9,941	15,306	20,155
Thailand	14,906	8,451	25,406	16,167
Hong Kong	961	2,663	3,157	6,863
Cambodia	91	84	93	87
Vietnam	4	-	6	13
	<b>207,409</b>	<b>171,898</b>	<b>404,659</b>	<b>357,801</b>
<b><u>Bank</u></b>				
Malaysia	<b>98,111</b>	55,232	<b>165,267</b>	133,386
<b>(c) By timing of fee income recognition</b>				
<b><u>Group</u></b>				
At a point in time	144,093	111,942	273,474	239,606
Over time	63,316	59,956	131,185	118,195
	<b>207,409</b>	<b>171,898</b>	<b>404,659</b>	<b>357,801</b>
<b><u>Bank</u></b>				
At a point in time	97,473	54,620	163,971	131,921
Over time	638	612	1,296	1,465
	<b>98,111</b>	<b>55,232</b>	<b>165,267</b>	<b>133,386</b>
<b>20 Fee and Commission Expense</b>				
<b><u>Group</u></b>				
Fund management fees	26,791	25,996	56,328	51,213
Unit trust fees	13,668	23,330	37,235	35,615
Commission and incentives	10,764	4,168	14,371	7,351
	<b>51,223</b>	<b>53,494</b>	<b>107,934</b>	<b>94,179</b>
<b><u>Bank</u></b>				
Commission and incentives	<b>7,982</b>	2,323	<b>9,945</b>	3,548

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	2nd Quarter Ended		Six Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
<b>21 Other Operating Income</b>				
<b>Group</b>				
(a) Net gain arising from financial instruments at FVTPL				
- net gain/(loss) on disposal	65,664	10,108	(81)	18,290
- unrealised net gain on revaluation	82,938	37,081	80,869	51,597
- gross dividend income	1,832	3,998	3,487	19,069
	<b>150,434</b>	<b>51,187</b>	<b>84,275</b>	<b>88,956</b>
(b) Net loss arising from derivatives	<b>(110,951)</b>	(21,983)	<b>(45,826)</b>	(28,991)
(c) Net gain arising from financial assets at FVOCI, debt instruments				
- net gain on disposal	182	99	259	214
(d) Dividend income from FVOCI, equity instruments	232	306	232	366
(e) Other income				
- net foreign exchange gain/(loss)				
- realised	851	1,554	9,579	2,553
- unrealised	1,858	1,269	(488)	(564)
- net gain on disposal of property, plant and equipment	-	71	-	197
- gain on disposal of a joint venture	-	-	-	258
- gain on modification of right of use assets	-	-	38	-
- other operating income	23,274	19,316	41,795	38,022
	<b>25,983</b>	<b>22,210</b>	<b>50,924</b>	<b>40,466</b>
	<b>65,880</b>	<b>51,819</b>	<b>89,864</b>	<b>101,011</b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (cont'd)**

	2nd Quarter Ended		Six Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
<b>21 Other Operating Income (cont'd)</b>				
<b>Bank</b>				
(a) Net gain arising from financial assets at FVTPL				
- net gain on disposal	55,433	618	47,198	1,637
- unrealised net gain on revaluation	39,216	1,243	26,530	3,200
- gross dividend income	697	379	881	862
	<b>95,346</b>	<b>2,240</b>	<b>74,609</b>	<b>5,699</b>
(b) Net (loss)/gain arising from derivatives	<b>(87,323)</b>	1,465	<b>(81,423)</b>	4,693
(c) Net gain arising from financial assets at FVOCI, debt instruments				
- net gain on disposal	182	99	259	214
(d) Dividend income from FVOCI, equity instruments	180	180	180	240
(e) Gross dividend income from subsidiaries in Malaysia	5,300	-	6,800	-
(f) Gross dividend income from an associate in Malaysia	2,002	4,806	2,002	4,806
(g) Other income				
- net foreign exchange gain/(loss)				
- realised	2,923	2,393	7,641	2,124
- unrealised	1,314	562	(852)	646
- gain on disposal of property, plant and equipment	-	47	-	152
- gain on modification of right of use assets	-	-	2	-
- other operating income	17,519	17,850	35,807	36,275
	<b>21,756</b>	<b>20,852</b>	<b>42,598</b>	<b>39,197</b>
	<b>37,443</b>	<b>29,642</b>	<b>45,025</b>	<b>54,849</b>

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	2nd Quarter Ended		Six Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
<b>22 Other Operating Expenses</b>				
<b>Group</b>				
<u>Personnel costs</u>				
- Salaries, bonus and allowances	76,695	80,015	157,258	149,225
- Defined contribution plan	7,758	7,886	16,175	14,843
- Other staff related costs	7,040	9,650	14,583	17,892
	<b>91,493</b>	<b>97,551</b>	<b>188,016</b>	<b>181,960</b>
<u>Establishment costs</u>				
- Property, plant and equipment				
- depreciation	3,231	4,394	6,316	8,766
- written off	2	-	6	48
- Other intangible assets				
- amortisation	2,961	3,227	6,142	6,454
- Right of use assets				
- depreciation	4,334	4,703	8,653	9,359
- Information technology expenses	19,180	19,371	37,534	38,398
- Security and escorting charges	41	29	98	103
- Repair and maintenance	915	993	1,624	1,931
- Rental of premises	5,805	6,548	11,844	13,006
- Water and electricity	1,022	1,473	2,199	2,832
- Rental of equipment	-	-	15	7
- Insurance	1,724	1,300	3,024	2,452
- Others	3,290	1,691	5,303	3,255
	<b>42,505</b>	<b>43,729</b>	<b>82,758</b>	<b>86,611</b>
<u>Marketing expenses</u>				
- Advertisements and publicity	689	885	1,803	1,874
- Sales commission	916	1,369	1,884	2,806
- Others	2,795	3,781	6,904	7,528
	<b>4,400</b>	<b>6,035</b>	<b>10,591</b>	<b>12,208</b>
<u>Administration and general expenses</u>				
- Communication expenses	7,544	8,092	15,465	17,875
- Legal and professional fees	4,238	2,887	6,427	4,535
- Others	6,061	7,615	15,878	16,212
	<b>17,843</b>	<b>18,594</b>	<b>37,770</b>	<b>38,622</b>
	<b>156,241</b>	<b>165,909</b>	<b>319,135</b>	<b>319,401</b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (cont'd)**

	2nd Quarter Ended		Six Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
<b>22 Other Operating Expenses (cont'd)</b>				
<b>Bank</b>				
<u>Personnel costs</u>				
- Salaries, bonus and allowances	36,405	35,983	76,833	66,161
- Defined contribution plan	5,384	5,259	11,114	9,641
- Other staff related costs	2,531	3,818	6,467	7,559
	<b>44,320</b>	<b>45,060</b>	<b>94,414</b>	<b>83,361</b>
<u>Establishment costs</u>				
- Property, plant and equipment				
- depreciation	1,469	1,660	2,713	3,373
- written off	-	-	-	6
- Other intangible assets				
- amortisation	1,467	1,470	3,041	2,956
- Right of use assets				
- depreciation	1,287	1,347	2,570	2,676
- Information technology expenses	10,273	10,898	18,735	21,202
- Security and escorting charges	32	22	79	85
- Repair and maintenance	346	431	727	869
- Rental of premises	1,689	2,046	3,372	3,897
- Water and electricity	619	972	1,352	1,807
- Rental of equipment	-	-	5	-
- Insurance	708	843	1,576	1,636
- Others	3,339	1,645	5,374	3,178
	<b>21,229</b>	<b>21,334</b>	<b>39,544</b>	<b>41,685</b>
<u>Marketing expenses</u>				
- Advertisements and publicity	56	273	129	324
- Sales commission	159	107	371	317
- Others	1,334	1,370	2,725	2,621
	<b>1,549</b>	<b>1,750</b>	<b>3,225</b>	<b>3,262</b>
<u>Administration and general expenses</u>				
- Communication expenses	2,946	2,638	5,656	6,406
- Legal and professional fees	479	634	628	793
- Others	1,147	3,711	5,616	11,123
	<b>4,572</b>	<b>6,983</b>	<b>11,900</b>	<b>18,322</b>
	<b>71,670</b>	<b>75,127</b>	<b>149,083</b>	<b>146,630</b>

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	2nd Quarter Ended		Six Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
<b>23 Allowance (Written Back)/Made for Expected Credit Losses</b>				
<b><u>Group</u></b>				
Net allowance made on loans and advances	708	91	879	484
Allowance (written back)/made for expected credit losses on other receivables and clients' and brokers' balances	(1,559)	(482)	2,055	1,902
Bad debts recovered	(6)	(333)	(93)	(372)
Bad debts written off	-	184	-	187
Financial investments at amortised costs	-	(307)	-	(307)
Other financial assets	(95)	(63)	355	(110)
	<u>(952)</u>	<u>(910)</u>	<u>3,196</u>	<u>1,784</u>
<b><u>Bank</u></b>				
Net allowance(written back)/ made on loans and advances	(169)	-	37	-
Allowance (written back)/made for expected credit losses on other receivables and clients' and brokers' balances	(2,491)	(283)	722	(332)
Bad debts recovered	(4)	(274)	(91)	(312)
Bad debts written off	-	184	-	187
Financial investments at amortised costs	-	(307)	-	(307)
Other financial assets	14	59	(7)	(124)
	<u>(2,650)</u>	<u>(621)</u>	<u>661</u>	<u>(888)</u>
<b>24 Impairment Loss on Other Non-financial Assets</b>				
<b><u>Group</u></b>				
Investment in an associate	<u>9,500</u>	<u>-</u>	<u>9,500</u>	<u>-</u>

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

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

<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
Net profit/(loss) attributable to equity holders (RM'000)	<b>59,027</b>	<b>(6,242)</b>	<b>71,682</b>	<b>33,872</b>
Weighted average number of ordinary shares in issue ('000)	<b>100,000</b>	100,000	<b>100,000</b>	100,000
Basic earnings/(loss) per share (sen)	<b>59.0</b>	<b>(6.2)</b>	<b>71.7</b>	33.9



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**26 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 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
<b>Common Equity Tier I ('CET I') Tier I Capital</b>				
Share capital	1,487,773	1,487,773	1,487,773	1,487,773
Retained profits	443,377	587,298	422,861	567,193
Other reserves	148,164	135,295	-	-
FVOCI reserves	49,323	41,918	47,090	39,360
	<u>2,128,637</u>	<u>2,252,284</u>	<u>1,957,724</u>	<u>2,094,326</u>
Less: Goodwill	(511,221)	(511,221)	(372,395)	(372,395)
Investments in subsidiaries	-	-	(1,145,379)	(1,093,697)
Investments in associates and joint ventures	(4,608)	(16,083)	(5,028)	(5,028)
Other intangible assets	(45,929)	(48,332)	(24,794)	(25,905)
55% of cumulative gains arising from change in value of FVOCI financial instruments	(27,128)	(23,055)	(25,900)	(21,648)
Deferred tax assets	(15,089)	(19,410)	(5,668)	(10,106)
Total CET I Capital	<u>1,524,662</u>	<u>1,634,183</u>	<u>378,560</u>	<u>565,547</u>
Qualifying non-controlling interests recognised as Tier I Capital	2,006	2,121	-	-
Total Tier I Capital	<u>1,526,668</u>	<u>1,636,304</u>	<u>378,560</u>	<u>565,547</u>
<b>Tier II Capital</b>				
Subordinated obligations meeting all relevant criteria	200,000	400,000	200,000	400,000
Qualifying non-controlling interests recognised as Tier II Capital	220	226	-	-
General provision ^	26,638	24,564	9,928	9,932
Total Tier II Capital	<u>226,858</u>	<u>424,790</u>	<u>209,928</u>	<u>409,932</u>
<b>Total Capital</b>	<u>1,753,526</u>	<u>2,061,094</u>	<u>588,488</u>	<u>975,479</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (cont'd)**

**26 Capital Adequacy Ratio (cont'd)**

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

	Group		Bank	
	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	36.664%	43.964%	21.296%	33.144%
Tier I Capital Ratio	36.712%	44.021%	21.296%	33.144%
Total Capital Ratio	<b>42.168%</b>	55.449%	<b>33.106%</b>	57.169%
After proposed dividends:				
CET I Capital Ratio	36.664%	40.117%	21.296%	24.764%
Tier I Capital Ratio	36.712%	40.174%	21.296%	24.764%
Total Capital Ratio	<b>42.168%</b>	51.602%	<b>33.106%</b>	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 RM25,625,000 (31 December 2019: RM24,184,000) and RM9,646,000 (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 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Credit risk	2,131,062	1,965,132	794,218	794,533
Market risk	548,132	258,450	214,023	127,778
Operational risk	1,479,250	1,493,492	769,354	784,006
Total risk-weighted assets	<b>4,158,444</b>	3,717,074	<b>1,777,595</b>	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).

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (cont'd)**

**27 Commitments and Contingencies**

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

The commitments and contingencies comprise the following:

<b><u>Group</u></b>	<b>As at 30 June 2020 RM'000</b>	<b>As at 31 December 2019 RM'000</b>
<b>Principal amount</b>		
Forward assets purchases	15,691	-
Irrevocable commitments to extend credit:		
- maturity not exceeding one year	1,135,832	1,129,454
- maturity exceeding one year	22	6,313
Equity related contracts: ^		
- less than one year	1,900	-
Foreign exchange related contracts: ^		
- less than one year	62,703	119,015
	<b><u>1,216,148</u></b>	<b><u>1,254,782</u></b>

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

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (cont'd)**

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

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

<u>Bank</u>	<u>As at 30 June 2020 RM'000</u>	<u>As at 31 December 2019 RM'000</u>
<b>Principal amount</b>		
Direct credit substitutes #	153,661	152,467
Forward assets purchases	15,691	-
Irrevocable commitments to extend credit:		
- maturity not exceeding one year	703,046	583,387
- maturity exceeding one year	22	22
Equity related contracts: ^		
- less than one year	1,900	-
Foreign exchange related contracts: ^		
- less than one year	56,312	43,113
	<u>930,632</u>	<u>778,989</u>

# 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.

**28 Capital Commitments**

	<b>Group</b>		<b>Bank</b>	
	<u>As at 30 June 2020 RM'000</u>	<u>As at 31 December 2019 RM'000</u>	<u>As at 30 June 2020 RM'000</u>	<u>As at 31 December 2019 RM'000</u>
Authorised and contracted for				
- Property, plant and equipment	19,953	19,614	13,214	12,218
- Investment securities	14,125	5,796	-	-
	<u>34,078</u>	<u>25,410</u>	<u>13,214</u>	<u>12,218</u>

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (cont'd)**

**29 Valuation of Property, Plant and Equipment**

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

**30 Status of Corporate Proposals**

**(a) Proposed Cessation of Business Operations of Subsidiaries in Hong Kong**

On 5 December 2019, RHB Bank had 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, as disclosed in Note 32(b).

As part of RHB Hong Kong Group, RHB (China) Investment Advisory Co Ltd had commenced the application for dissolution as disclosed in Note 32(c).

**(b) Proposed Disposal of Entire Equity Interest in RHB Securities Singapore Pte Ltd ('RHBSS') ('Proposed Disposal')**

On 29 June 2020, RHB Bank announced that the Bank has entered into a conditional share purchase agreement with Phillip Securities Pte. Ltd. ('Purchaser') in respect of the Proposed Disposal.

The Proposed Disposal will entail the disposal by the Bank of its entire equity interest in RHBSS to the Purchaser for a consideration based on the net tangible assets of RHBSS preceding the completion date and adjustments mutually agreed between the Bank and the Purchaser.

Prior to the proposed disposal, RHBSS will undertake a corporate exercise to transfer the following businesses and assets to RHB Bank (Singapore Branch) ('Proposed Transfer'), subject to approvals from the relevant regulatory authorities:

- (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) certain share margin accounts;
- (iii) the entire equity interests of RHBSS's wholly-owned subsidiaries, which comprise of RHB Nominees Singapore Pte Ltd, Summit Nominees Singapore Pte Ltd and RHB Research Institute Singapore Pte Ltd; and
- (iv) other assets and liabilities in respect of items (i) and (ii) above.

The Proposed Disposal is subject to approvals from the relevant regulatory authorities in Singapore and/or parties, where required. The Proposed Disposal is not subject to the approval of the shareholders of RHB Bank or any relevant regulatory authorities in Malaysia.

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

Upon completion of the Proposed Disposal, RHBSS will cease to be a wholly-owned subsidiary of the Bank.

Barring unforeseen circumstances and subject to the relevant approvals being obtained, the Proposed Disposal is expected to be completed in the third quarter of 2020.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (cont'd)**

**31 Events Subsequent to the Date of Statements of Financial Position**

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

**32 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 30(a).

**(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 has been submitted to Shanghai Tax Bureau and Shanghai Municipal Administration of Industry and Commerce accordingly.

RHBCIA had on 17 June 2020 received a final notice of deregistration as a legal entity from Shanghai Municipal Administration of Industry and Commerce.

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

**(d) Application for Member's Voluntary Winding Up of RHB Finance Hong Kong Limited ('RHBFINHK')**

Further to the announcement on 5 December 2019, RHBFINHK, an indirect wholly-owned subsidiary of the Bank had on 21 August 2020, commenced the application for Member's Voluntary Winding Up pursuant to The Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong.

The Member's Voluntary Winding Up of RHBFINHK, will not have any material effect on the earnings and net assets of the Group for the financial year ending 31 December 2020.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (cont'd)**

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

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

	<b>Group and Bank</b>	
	<b>As at</b>	<b>As at</b>
	<b>30 June 2020</b>	<b>31 December 2019</b>
Outstanding credit exposures with connected parties (RM'000)	<b>334,181</b>	372,176
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<b>6.01%</b>	6.81%
Percentage of outstanding credit exposures to connected parties which is impaired or in default	-	-

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

**34 Changes in Profit for the Quarter**

For the current financial quarter ended 30 June 2020, the Group recorded a pre-tax profit of RM79.1 million, 349.4% higher as compared to the immediate preceding quarter pre-tax profit of RM17.6 million. The increase in profit is due to higher other operating income by RM41.9 million, higher net fee and commission income by RM15.7 million, lower other operating expenses by RM6.6 million, lower allowance made for expected credit losses by RM5.1 million and higher net interest income by RM1.7 million; partially offset by higher impairment loss made on other non-financial assets by RM9.5 million.

**35 Performance Review**

For the six months ended 30 June 2020, the Group recorded a pre-tax profit of RM96.8 million, 18.0% higher as compared to the previous corresponding period of RM82.0 million. The increase in profit was due to higher net fee and commission income by RM33.1 million, higher net interest income by RM8.2 million, lower other operating expenses by RM0.3 million; partially offset with lower other operating income by RM11.1 million, higher impairment loss made on other non-financial assets by RM9.5 million, lower share of results of associates by RM4.8 million and higher allowance made for expected credit losses by RM1.4 million.

**36 Prospects for 2020**

The COVID-19 pandemic will have a significant impact on global and domestic economic growth. The opening up of economic sectors in Malaysia is a positive sign but the pace and extent of the economic recovery in Malaysia will largely depend on not only Malaysia's ability to contain the pandemic but also the ability of Malaysia's major trading partners to do the same.

As the automatic payment moratorium on all loans/financing repayments by individuals and SME borrowers will end in September 2020, RHB continues to engage with our customers and offer our support to them especially those that are in need of further repayment assistance.

RHB Banking Group's fundamentals remain strong, with sufficient liquidity and ample capital to steer through the pandemic. However, we expect financial performance this year to be affected as we account for the Day-1 modification loss arising from the payment moratorium and set aside additional loan loss provision to account for the unprecedented economic and health crises. Our focus on implementing FIT22 remains, though we will prioritise certain initiatives to proactively respond to the impact of the pandemic crisis and economic slowdown.

**37 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 RM3,119,393,233 and RM2,597,061,593 (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.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (cont'd)**

**38 Fair Value of Financial Instruments**

**Determination of fair value and fair value hierarchy**

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

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

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

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

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

<b>Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>30 June 2020</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Financial assets</u></b>				
Financial assets at FVTPL	405,577	22	545,233	950,832
- money market instruments	-	4	-	4
- quoted securities	405,577	-	-	405,577
- unquoted securities	-	18	545,233	545,251
Financial assets at FVOCI	1,682	608,787	41,141	651,610
- money market instruments	-	277,658	-	277,658
- quoted securities	1,682	-	-	1,682
- unquoted securities	-	331,129	41,141	372,270
Derivative assets	1,000	6,143	-	7,143
	<b>408,259</b>	<b>614,952</b>	<b>586,374</b>	<b>1,609,585</b>
<b><u>Financial liabilities</u></b>				
Derivative liabilities	105,616	60	-	105,676
	<b>105,616</b>	<b>60</b>	<b>-</b>	<b>105,676</b>
<b>Group</b>				
<b>31 December 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Financial assets</u></b>				
Financial assets at FVTPL	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
	<b>360,252</b>	<b>711,330</b>	<b>531,685</b>	<b>1,603,267</b>
<b><u>Financial liabilities</u></b>				
Derivative liabilities	4,277	232	-	4,509
	<b>4,277</b>	<b>232</b>	<b>-</b>	<b>4,509</b>



NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (cont'd)

38 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)

<b>Bank</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>30 June 2020</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Financial assets</u></b>				
Financial assets at FVTPL	253,635	22	-	253,657
- money market instruments	-	4	-	4
- quoted securities	253,635	-	-	253,635
- unquoted securities	-	18	-	18
Financial assets at FVOCI	-	608,787	34,954	643,741
- money market instruments	-	277,658	-	277,658
- unquoted securities	-	331,129	34,954	366,083
Derivative assets	1,000	6,143	-	7,143
	<u>254,635</u>	<u>614,952</u>	<u>34,954</u>	<u>904,541</u>
<b><u>Financial liabilities</u></b>				
Derivative liabilities	<u>105,159</u>	<u>28</u>	<u>-</u>	<u>105,187</u>
<b>Bank</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>31 December 2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Financial assets</u></b>				
Financial assets at FVTPL	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>
<b><u>Financial liabilities</u></b>				
Derivative liabilities	<u>3,819</u>	<u>54</u>	<u>-</u>	<u>3,873</u>

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (cont'd)**

**38 Fair Value of Financial Instruments (cont'd)**

**Valuation techniques and sensitivity analysis**

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

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

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

**Reconciliation of movements in Level 3 financial instruments**

The following represents the changes in Level 3 instruments for the financial period/year ended 30 June 2020 and 31 December 2019 for the Group and the Bank:

	<b>Group</b>		<b>Bank</b>	
	<b>As at 30 June 2020 RM'000</b>	<b>As at 31 December 2019 RM'000</b>	<b>As at 30 June 2020 RM'000</b>	<b>As at 31 December 2019 RM'000</b>
<b><u>Financial assets at FVTPL</u></b>				
Balance as at the beginning of the financial year	492,717	437,275	-	-
Total gain recognised in income statements				
- other operating income	37,010	33,817	-	-
Purchases	5,204	27,484	-	-
Settlements	(12,850)	(792)	-	-
Exchange differences	23,152	(5,067)	-	-
Balance as at the end of the financial period/year	<b>545,233</b>	<b>492,717</b>	<b>-</b>	<b>-</b>

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (cont'd)**

**38 Fair Value of Financial Instruments (cont'd)**

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

The following represents the changes in Level 3 instruments for the financial period/year ended 30 June 2020 and 31 December 2019 for the Group and the Bank: (cont'd)

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
<b><u>Financial assets at FVOCI</u></b>				
Balance as at the beginning of the financial year	38,968	37,056	32,731	30,840
Total gain recognised in other comprehensive income	2,170	1,891	2,223	1,891
Exchange differences	3	21	-	-
Balance as at the end of financial period/year	<u>41,141</u>	<u>38,968</u>	<u>34,954</u>	<u>32,731</u>

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (cont'd)**

**39 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.

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (cont'd)**

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

**Segment Profit and Loss for the Six Months Ended 30 June 2020**

<u>Group</u>	<u>Investment Banking</u> RM'000	<u>Treasury</u> RM'000	<u>Asset Management</u> RM'000	<u>Others and Elimination</u> RM'000	<u>Total</u> RM'000
External revenue	309,248	43,579	75,744	-	428,571
Inter-segment revenue	1,492	-	(682)	(810)	-
Segment revenue	<b>310,740</b>	<b>43,579</b>	<b>75,062</b>	<b>(810)</b>	<b>428,571</b>
Overhead expenses	(254,395)	(9,540)	(56,010)	810	(319,135)
Including:					
Depreciation of property, plant and equipment	(5,809)	-	(507)	-	(6,316)
Depreciation of right of use assets	(8,204)	-	(449)	-	(8,653)
Amortisation of other intangible assets	(5,360)	(94)	(688)	-	(6,142)
Allowance (made)/written back for expected credit losses	(3,216)	(44)	64	-	(3,196)
Impairment loss made on other-financial assets	(9,500)	-	-	-	(9,500)
	<b>43,629</b>	<b>33,995</b>	<b>19,116</b>	<b>-</b>	<b>96,740</b>
Share of results of associates					27
Profit before taxation					96,767
Taxation					(24,492)
Net profit for the financial period					<b>72,275</b>

**Segment Assets and Liabilities as at 30 June 2020**

<u>Group</u>	<u>Investment Banking</u> RM'000	<u>Treasury</u> RM'000	<u>Asset Management</u> RM'000	<u>Others and Elimination</u> RM'000	<u>Total</u> RM'000
Segment assets	4,644,203	3,919,769	705,589	(1,155,681)	8,113,880
Goodwill	367,854	-	143,367	-	511,221
Investments in associates and joint ventures					4,608
Tax recoverable					9,968
Deferred tax assets					15,089
Total assets					<b>8,654,766</b>
Segment liabilities	1,670,777	3,523,197	399,910	(41,969)	5,551,915
Tax liabilities					5,556
Deferred tax liabilities					1,807
Borrowings					648,119
Subordinated obligations					202,121
Total liabilities					<b>6,409,518</b>

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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (cont'd)**

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

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

<b>Group</b>	<b>Investment Banking RM'000</b>	<b>Treasury RM'000</b>	<b>Asset Management RM'000</b>	<b>Others and Elimination RM'000</b>	<b>Total RM'000</b>
External revenue	271,273	45,700	81,399	-	398,372
Inter-segment revenue	1,489	-	(776)	(713)	-
Segment revenue	272,762	45,700	80,623	(713)	398,372
Overhead expenses Including:	(259,380)	(9,291)	(51,443)	713	(319,401)
Depreciation of property, plant and equipment	(8,057)	-	(709)	-	(8,766)
Depreciation of right of use assets	(8,839)	-	(520)	-	(9,359)
Amortisation of other intangible assets	(5,859)	(207)	(388)	-	(6,454)
Allowance (made)/written back for expected credit losses	(1,852)	86	(18)	-	(1,784)
	11,530	36,495	29,162	-	77,187
Share of results of associates					4,836
Share of results of joint ventures					(30)
Profit before taxation					81,993
Taxation					(47,498)
Net profit for the financial period					34,495

**Segment Assets and Liabilities as at 31 December 2019**

<b>Group</b>	<b>Investment Banking RM'000</b>	<b>Treasury RM'000</b>	<b>Asset Management RM'000</b>	<b>Others and Elimination RM'000</b>	<b>Total RM'000</b>
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