



**RHB Bank Berhad (6171 - M)**

Level 10, Tower One, RHB Centre, Jalan Tun Razak,

50400 Kuala Lumpur, Malaysia

TEL +603 9285 2233 FAX +603 2142 7568

**RHB BANK BERHAD (6171-M)  
INTERIM FINANCIAL STATEMENTS  
UNAUDITED INCOME STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
<b>Group</b>					
Interest income	A8	2,022,615	1,927,814	5,939,952	5,779,006
Interest expense	A9	(1,132,156)	(1,035,486)	(3,182,334)	(3,149,393)
Net interest income		890,459	892,328	2,757,618	2,629,613
Other operating income	A10	398,004	413,620	1,271,228	1,261,845
Income from Islamic Banking business	A30(b)	396,804	277,157	1,041,615	823,650
Net income		1,685,267	1,583,105	5,070,461	4,715,108
Other operating expenses	A11	(824,058)	(792,293)	(2,484,718)	(2,335,152)
Operating profit before allowances		861,209	790,812	2,585,743	2,379,956
Allowance for credit losses	A12	(82,193)	(146,840)	(241,848)	(424,004)
		779,016	643,972	2,343,895	1,955,952
Share of results of joint ventures		26	94	64	301
Profit before taxation		779,042	644,066	2,343,959	1,956,253
Taxation	B5	(198,852)	(153,883)	(602,602)	(462,317)
Net profit for the financial period		580,190	490,183	1,741,357	1,493,936
Attributable to:					
- Equity holders of the Bank		578,690	488,828	1,739,771	1,490,068
- Non-controlling interests		1,500	1,355	1,586	3,868
		580,190	490,183	1,741,357	1,493,936
Earnings per share (sen)					
- Basic	B12	14.4	12.2	43.4	37.2
- Diluted	B12	14.4	12.2	43.4	37.2

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2017.



**RHB BANK BERHAD (6171-M)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Net profit for the financial period	<b>580,190</b>	490,183	<b>1,741,357</b>	1,493,936
Other comprehensive income/(loss) in respect of:				
(i) Items that will not be reclassified to profit or loss:				
(a) Actuarial (loss)/gain on defined benefit plan of subsidiaries	(291)	14	974	410
(b) Equity instruments designated at fair value through other comprehensive income ('FVOCI')				
- Net gain/(loss) on disposal	7	-	(1,440)	-
- Unrealised net gain on revaluation	24,882	-	33,790	-
(ii) Items that will be reclassified subsequently to profit or loss:				
(a) Foreign currency translation reserves				
- Currency translation differences	106,443	(33,473)	65,190	(130,599)
- Net investment hedge	(3,200)	1,978	2,193	3,904
(b) Financial investments available-for-sale ('AFS')				
- Unrealised net gain on revaluation	-	14,936	-	178,990
- Net transfer to income statements on disposal or impairment	-	(2,433)	-	89,006
(c) Debt instruments measured at FVOCI				
- Unrealised net gain	211,893	-	76,297	-
- Net transfer to income statements on disposal	(27,318)	-	(69,842)	-
Income tax relating to components of other comprehensive income	(50,286)	(3,014)	(8,821)	(63,569)
Other comprehensive income/(loss), net of tax, for the financial period	<b>262,130</b>	(21,992)	<b>98,341</b>	78,142
Total comprehensive income for the financial period	<b>842,320</b>	468,191	<b>1,839,698</b>	1,572,078
Total comprehensive income attributable to:				
- Equity holders of the Bank	<b>840,845</b>	466,901	<b>1,838,260</b>	1,568,361
- Non-controlling interests	<b>1,475</b>	1,290	<b>1,438</b>	3,717
	<b>842,320</b>	468,191	<b>1,839,698</b>	1,572,078

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2017.



**RHB BANK BERHAD (6171-M)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

	Note	3rd Quarter Ended		Nine Months Ended	
		30 September	30 September	30 September	30 September
		2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
<b>Bank</b>					
Interest income	A8	<b>2,005,645</b>	1,903,199	<b>5,899,170</b>	5,681,791
Interest expense	A9	<b>(1,088,261)</b>	(1,012,027)	<b>(3,076,166)</b>	(3,068,422)
Net interest income		<b>917,384</b>	891,172	<b>2,823,004</b>	2,613,369
Other operating income	A10	<b>217,340</b>	171,911	<b>604,311</b>	536,496
Income from Islamic Banking business	A30(b)	<b>143</b>	-	<b>113</b>	-
Net income		<b>1,134,867</b>	1,063,083	<b>3,427,428</b>	3,149,865
Other operating expenses	A11	<b>(544,893)</b>	(506,503)	<b>(1,622,465)</b>	(1,501,694)
Operating profit before allowances		<b>589,974</b>	556,580	<b>1,804,963</b>	1,648,171
Allowance for credit losses	A12	<b>(35,090)</b>	(109,149)	<b>(122,450)</b>	(283,590)
Profit before taxation		<b>554,884</b>	447,431	<b>1,682,513</b>	1,364,581
Taxation	B5	<b>(147,874)</b>	(110,579)	<b>(455,293)</b>	(319,293)
Net profit for the financial period		<b>407,010</b>	336,852	<b>1,227,220</b>	1,045,288

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2017.



**RHB BANK BERHAD (6171-M)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Net profit for the financial period	<b>407,010</b>	336,852	<b>1,227,220</b>	1,045,288
Other comprehensive income/(loss) in respect of:				
(i) Items that will not be reclassified to profit or loss:				
(a) Equity instruments designated at fair value through other comprehensive income ('FVOCI')				
- Net loss on disposal	-	-	(1,442)	-
- Unrealised net gain on revaluation	<b>24,885</b>	-	<b>30,681</b>	-
(ii) Items that will be reclassified subsequently to profit or loss:				
(a) Foreign currency translation reserves				
- Currency translation differences	<b>51,250</b>	(81)	<b>37,116</b>	(14,408)
(b) Financial investments available-for-sale ('AFS')				
- Unrealised net gain on revaluation	-	7,115	-	118,484
- Net transfer to income statements on disposal or impairment	-	(8,586)	-	85,854
(c) Debt instruments measured at FVOCI				
- Unrealised net gain	<b>171,923</b>	-	<b>55,464</b>	-
- Net transfer to income statements on disposal	<b>(23,052)</b>	-	<b>(64,923)</b>	-
Income tax relating to components of other comprehensive income	<b>(41,701)</b>	(105)	<b>(4,953)</b>	(49,499)
Other comprehensive income/(loss), net of tax, for the financial period	<b>183,305</b>	(1,657)	<b>51,943</b>	140,431
Total comprehensive income for the financial period	<b>590,315</b>	335,195	<b>1,279,163</b>	1,185,719

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2017.



**RHB BANK BERHAD (6171-M)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2018**

	Note	Group		Bank	
		As at	As at	As at	As at
		30 September 2018	31 December 2017	30 September 2018	31 December 2017
		RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
Cash and short-term funds		11,318,179	9,951,878	8,139,954	7,614,663
Deposits and placements with banks and other financial institutions		1,189,401	1,161,601	9,974,933	11,275,105
Financial assets at fair value through profit or loss ('FVTPL')	A13	4,373,214	2,564,269	2,404,525	828,006
Financial investments available-for-sale ('AFS')	A14	-	25,816,616	-	21,427,655
Financial investments held-to-maturity ('HTM')	A15	-	19,045,943	-	14,496,205
Financial assets at FVOCI	A16	29,919,210	-	25,111,675	-
Financial assets at amortised costs	A17	15,092,795	-	11,311,521	-
Loans, advances and financing	A18	160,978,615	158,301,463	107,782,574	109,530,317
Clients' and brokers' balances		1,458,294	1,599,594	-	-
Reinsurance assets		540,797	482,760	-	-
Other assets	A19	1,526,338	1,106,048	1,301,856	906,895
Derivative assets	B8	1,689,496	1,826,667	1,695,281	1,834,676
Statutory deposits		4,758,453	4,001,002	3,072,438	2,538,107
Tax recoverable		296,492	115,874	254,885	58,871
Deferred tax assets		34,210	36,072	-	-
Investments in subsidiaries		-	-	4,911,660	4,495,837
Investments in associates and joint ventures		47,204	48,253	-	-
Property, plant and equipment		1,006,790	1,013,710	756,497	756,434
Goodwill		2,649,307	2,649,307	1,651,542	1,651,542
Intangible assets		586,439	488,869	511,686	415,690
<b>TOTAL ASSETS</b>		<b>237,465,234</b>	<b>230,209,926</b>	<b>178,881,027</b>	<b>177,830,003</b>
<b>LIABILITIES</b>					
Deposits from customers	A20/B7(a)	171,374,496	166,865,031	125,392,070	121,237,748
Deposits and placements of banks and other financial institutions	A21/B7(a)	22,371,331	21,079,737	19,890,069	22,031,408
Obligations on securities sold under repurchase agreements		206,104	604,163	206,104	1,587,979
Investment account from customers		100	-	-	-
Bills and acceptances payable		272,282	302,152	221,676	286,751
Clients' and brokers' balances		1,273,269	1,369,395	-	-
General insurance contract liabilities		1,121,903	998,310	-	-
Other liabilities and provisions	A22	3,016,222	2,715,111	2,018,359	1,573,546
Derivative liabilities	B8	1,350,340	2,551,504	1,351,350	2,513,980
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		4,002,308	1,729,606	3,002,069	1,729,606
Tax liabilities		29,605	33,531	-	-
Deferred tax liabilities		46,880	19,698	44,633	14,467
Borrowings	B7(b)	1,307,952	1,153,719	1,008,991	978,068
Senior debt securities	B7(c)	3,350,340	3,252,581	3,350,340	3,252,581
Hybrid Tier-1 Capital Securities	B7(d)	599,392	602,666	604,489	607,678
Subordinated obligations	B7(e)	3,751,289	3,748,294	2,577,441	2,588,638
<b>TOTAL LIABILITIES</b>		<b>214,073,813</b>	<b>207,025,498</b>	<b>159,667,591</b>	<b>158,402,450</b>

Note:

Comparatives have not been restated as provided in the transitional provision of MFRS 9.

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2017.



**RHB BANK BERHAD (6171-M)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 30 SEPTEMBER 2018**

	Note	Group		Bank	
		As at 30 September 2018 RM'000	As at 31 December 2017 RM'000	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000
<b>EQUITY</b>					
Share capital		6,994,103	6,994,103	6,994,103	6,994,103
Reserves		16,361,623	16,155,611	12,219,333	12,433,450
<b>Equity attributable to holders of the Bank</b>		<b>23,355,726</b>	23,149,714	<b>19,213,436</b>	19,427,553
Non-controlling interests ('NCI')		35,695	34,714	-	-
<b>TOTAL EQUITY</b>		<b>23,391,421</b>	23,184,428	<b>19,213,436</b>	19,427,553
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>237,465,234</b>	230,209,926	<b>178,881,027</b>	177,830,003
<b>COMMITMENTS AND CONTINGENCIES</b>	A27(a)	<b>181,467,421</b>	172,225,623	<b>172,551,349</b>	165,378,488
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK (RM)</b>		<b>5.82</b>	5.77		

Note:

Comparatives have not been restated as provided in the transitional provision of MFRS 9.

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2017.



**RHB BANK BERHAD (6171-M)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

Group	Note	Attributable to equity holders of the Bank							Total Shareholders' Equity	Non-controlling Interests	Total Equity
		Share Capital	Statutory Reserves	Regulatory Reserves	FVOCI Reserves	Translation Reserves	Other Reserves	Retained Profits			
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Balance as at 1 January 2018</b>											
- As previously reported		6,994,103	513	1,797,903	275,937	628,753	23,331	13,429,174	23,149,714	34,714	23,184,428
- Effect of adoption of MFRS 9	B10	-	-	(1,124,358)	15,931	258	-	(123,074)	(1,231,243)	(457)	(1,231,700)
- As restated		6,994,103	513	673,545	291,868	629,011	23,331	13,306,100	21,918,471	34,257	21,952,728
Net profit for the financial period		-	-	-	-	-	-	1,739,771	1,739,771	1,586	1,741,357
Foreign currency translation reserves:											
- Currency translation differences		-	-	-	(1)	65,338	-	-	65,337	(147)	65,190
- Net investment hedge		-	-	-	-	2,193	-	-	2,193	-	2,193
Financial assets measured at FVOCI:											
- Equity instruments											
- Unrealised net gain on revaluation		-	-	-	33,790	-	-	-	33,790	-	33,790
- Net loss on disposal		-	-	-	(608)	-	-	(832)	(1,440)	-	(1,440)
- Debt instruments											
- Unrealised net gain on revaluation		-	-	-	76,297	-	-	-	76,297	-	76,297
- Net transfer to income statements on disposal		-	-	-	(69,842)	-	-	-	(69,842)	-	(69,842)
Actuarial gain/(loss) on defined benefit plan of subsidiaries		-	-	-	-	-	-	975	975	(1)	974
Income tax relating to components of other comprehensive income		-	-	-	(8,821)	-	-	-	(8,821)	-	(8,821)
Other comprehensive income/(loss), net of tax, for the financial period		-	-	-	30,815	67,531	-	143	98,489	(148)	98,341
Total comprehensive income for the financial period		-	-	-	30,815	67,531	-	1,739,914	1,838,260	1,438	1,839,698
Dividends paid		-	-	-	-	-	-	(401,005)	(401,005)	-	(401,005)
Transfer to regulatory reserves		-	-	20,837	-	-	-	(20,837)	-	-	-
<b>Balance as at 30 September 2018</b>		<b>6,994,103</b>	<b>513</b>	<b>694,382</b>	<b>322,683</b>	<b>696,542</b>	<b>23,331</b>	<b>14,624,172</b>	<b>23,355,726</b>	<b>35,695</b>	<b>23,391,421</b>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2017.



**RHB BANK BERHAD (6171-M)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

Group	Note	Attributable to equity holders of the Bank							Retained Profits	Total Shareholders' Equity	Non-controlling Interests	Total Equity
		Share Capital	Share Premium	Statutory Reserves	Regulatory Reserves	AFS Reserves	Translation Reserves	Other Reserves				
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 1 January 2017</b>		4,010,045	2,984,058	4,931,227	669,501	80,567	888,864	23,331	8,157,185	21,744,778	29,089	21,773,867
Net profit for the financial period		-	-	-	-	-	-	-	1,490,068	1,490,068	3,868	1,493,936
Foreign currency translation reserves:												
- Currency translation differences		-	-	-	-	-	(130,456)	-	-	(130,456)	(143)	(130,599)
- Net investment hedge		-	-	-	-	-	3,904	-	-	3,904	-	3,904
Financial investments AFS:												
- Unrealised net gain/(loss) on revaluation		-	-	-	-	179,001	-	-	-	179,001	(11)	178,990
- Net transfer to income statements on disposal or impairment		-	-	-	-	89,006	-	-	-	89,006	-	89,006
Actuarial gain on defined benefit plan of subsidiaries		-	-	-	-	-	-	-	406	406	4	410
Income tax relating to components of other comprehensive income		-	-	-	-	(63,467)	-	-	(101)	(63,568)	(1)	(63,569)
Other comprehensive income/(loss), net of tax, for the financial period		-	-	-	-	204,540	(126,552)	-	305	78,293	(151)	78,142
Total comprehensive income/(loss) for the financial period		-	-	-	-	204,540	(126,552)	-	1,490,373	1,568,361	3,717	1,572,078
Dividends paid		-	-	-	-	-	-	-	(280,703)	(280,703)	-	(280,703)
Transfer to share capital		2,984,058	(2,984,058)	-	-	-	-	-	-	-	-	-
Transfer from statutory reserves		-	-	(4,930,714)	-	-	-	-	4,930,714	-	-	-
Transfer to regulatory reserves		-	-	-	477,112	-	-	-	(477,112)	-	-	-
Accretion of interest in a subsidiary		-	-	-	-	-	-	-	12	12	(12)	-
<b>Balance as at 30 September 2017</b>		<b>6,994,103</b>	<b>-</b>	<b>513</b>	<b>1,146,613</b>	<b>285,107</b>	<b>762,312</b>	<b>23,331</b>	<b>13,820,469</b>	<b>23,032,448</b>	<b>32,794</b>	<b>23,065,242</b>

Note:

Comparatives have not been restated as provided in the transitional provision of MFRS 9.

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2017.





**RHB BANK BERHAD (6171-M)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

Bank	Note	← Non-Distributable →			Distributable	Total Equity RM'000	
		Share Capital RM'000	Regulatory Reserves RM'000	FVOCI Reserves RM'000	Translation Reserves RM'000		Retained Profits RM'000
<b>Balance as at 1 January 2018</b>							
- As previously reported		6,994,103	1,484,902	271,524	343,563	10,333,461	19,427,553
- Effect of adoption of MFRS 9	B10	-	(980,562)	15,768	-	(127,481)	(1,092,275)
- As restated		6,994,103	504,340	287,292	343,563	10,205,980	18,335,278
Net profit for the financial period		-	-	-	-	1,227,220	1,227,220
Foreign currency translation reserves:							
- Currency translation differences		-	-	-	37,116	-	37,116
Financial assets measured at FVOCI:							
- Equity instruments							
- Unrealised net gain on revaluation		-	-	30,681	-	-	30,681
- Net loss on disposal		-	-	(584)	-	(858)	(1,442)
- Debt instruments							
- Unrealised net gain on revaluation		-	-	55,464	-	-	55,464
- Net transfer to income statements on disposal		-	-	(64,923)	-	-	(64,923)
Income tax relating to components of other comprehensive income		-	-	(4,953)	-	-	(4,953)
Other comprehensive income/(loss), net of tax, for the financial period		-	-	15,685	37,116	(858)	51,943
Total comprehensive income for the financial period		-	-	15,685	37,116	1,226,362	1,279,163
Dividends paid		-	-	-	-	(401,005)	(401,005)
Transfer from regulatory reserves		-	(158,771)	-	-	158,771	-
<b>Balance as at 30 September 2018</b>		<b>6,994,103</b>	<b>345,569</b>	<b>302,977</b>	<b>380,679</b>	<b>11,190,108</b>	<b>19,213,436</b>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2017.



**RHB BANK BERHAD (6171-M)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

	← Non-Distributable →					Distributable	Total Equity	
	Share Capital	Share Premium	Statutory Reserves	Regulatory Reserves	AFS Reserves	Translation Reserves		Retained Profits
Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Balance as at 1 January 2017</b>	4,010,045	2,984,058	3,784,558	461,870	118,843	400,289	6,618,571	18,378,234
Net profit for the financial period	-	-	-	-	-	-	1,045,288	1,045,288
Foreign currency translation reserves:								
- Currency translation differences	-	-	-	-	-	(14,408)	-	(14,408)
Financial investments AFS:								
- Unrealised net gain on revaluation	-	-	-	-	118,484	-	-	118,484
- Net transfer to income statements on disposal or impairment	-	-	-	-	85,854	-	-	85,854
Income tax relating to components of other comprehensive income	-	-	-	-	(49,499)	-	-	(49,499)
Other comprehensive income/(loss), net of tax, for the financial period	-	-	-	-	154,839	(14,408)	-	140,431
Total comprehensive income/(loss) for the financial period	-	-	-	-	154,839	(14,408)	1,045,288	1,185,719
Dividends paid	-	-	-	-	-	-	(280,703)	(280,703)
Transfer to share capital	2,984,058	(2,984,058)	-	-	-	-	-	-
Transfer from statutory reserves	-	-	(3,784,558)	-	-	-	3,784,558	-
Transfer to regulatory reserves	-	-	-	424,822	-	-	(424,822)	-
<b>Balance as at 30 September 2017</b>	<b>6,994,103</b>	<b>-</b>	<b>-</b>	<b>886,692</b>	<b>273,682</b>	<b>385,881</b>	<b>10,742,892</b>	<b>19,283,250</b>

Note:

Comparatives have not been restated as provided in the transitional provision of MFRS 9.

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2017.



**RHB BANK BERHAD (6171-M)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

	Nine Months Ended	
	30 September 2018	30 September 2017
	RM'000	RM'000
<b>Group</b>		
<b>Cash flows from operating activities</b>		
Profit before taxation	2,343,959	1,956,253
Adjustments for:		
Allowance for credit losses on loans, advances and financing	447,006	503,556
Allowance for credit losses on other financial assets	2,004	9,976
Property, plant and equipment:		
- Depreciation	89,423	88,598
- Gain on disposal	(118)	(50)
- Written off	11	658
Intangible assets:		
- Amortisation	73,040	57,837
- Written off	60	239
Net allowance (written back)/made on financial assets at FVOCI and amortised cost/ financial investments AFS and HTM	(5,859)	111,406
Share of results of joint ventures	(64)	(301)
Net gain on financial instruments	(193,057)	(121,328)
Dividend income	(36,152)	(38,808)
Other non-cash items	(1,306,697)	(1,110,001)
Operating profit before working capital changes	<u>1,413,556</u>	<u>1,458,035</u>
(Increase)/Decrease in operating assets:		
Securities purchased under resale agreements	-	1,175,871
Deposits and placements with banks and other financial institutions	(32,091)	302,228
Financial assets FVTPL	(765,871)	(158,480)
Loans, advances and financing	(4,790,557)	(4,015,921)
Clients' and brokers' balances	141,300	160,491
Other assets	(279,648)	937,361
Statutory deposits	(760,881)	190,149
	<u>(6,487,748)</u>	<u>(1,408,301)</u>
Increase/(Decrease) in operating liabilities:		
Deposits from customers	5,635,663	2,942,342
Deposits and placements of banks and other financial institutions	603,375	(663,119)
Obligations on securities sold under repurchase agreements	(398,059)	(36,519)
Bills and acceptances payable	(28,166)	4,856
Clients' and brokers' balances	(96,126)	29,737
Other liabilities	(497,537)	604,254
Recourse obligation on loans sold to Cagamas	2,272,702	(1,720,161)
	<u>7,491,952</u>	<u>1,161,390</u>
Cash generated from operations	2,417,760	1,211,124
Net tax paid	(401,734)	(392,201)
Net cash generated from operating activities	<u>2,016,026</u>	<u>818,923</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2017.



**RHB BANK BERHAD (6171-M)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

	Nine Months Ended	
	30 September 2018	30 September 2017
	RM'000	RM'000
<b>Group</b>		
<b>Cash flows from investing activities</b>		
Net (purchase)/proceeds from disposal of financial assets at FVOCI and amortised costs/ financial investments AFS and HTM	(1,371,767)	3,894,838
Property, plant and equipment:		
- Purchase	(90,735)	(74,586)
- Proceeds from disposal	176	135
Intangible assets:		
- Purchase	(164,927)	(94,812)
Financial assets at FVOCI and amortised costs/financial investments AFS and HTM:		
- Interest received	1,010,144	1,056,441
- Investment income received	183,147	185,945
Dividend income received from financial assets FVTPL and financial assets at FVOCI/ financial investments AFS	36,152	38,808
Net cash (used in)/generated from investing activities	<u>(397,810)</u>	<u>5,006,769</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of subordinated notes	-	1,000,000
Redemption of subordinated notes	-	(750,000)
Redemption of senior debt securities	-	(2,173,766)
Drawdown of borrowings	3,016,732	1,313,358
Repayment of borrowings	(2,895,571)	(1,661,729)
Dividends paid to equity holders of the Bank	(401,005)	(280,703)
Net cash used in financing activities	<u>(279,844)</u>	<u>(2,552,840)</u>
Net increase in cash and cash equivalents	1,338,372	3,272,852
Effects of exchange rate differences	34,304	(79,703)
Cash and cash equivalents:		
- at the beginning of the financial period	9,945,503	14,682,943
- at the end of the financial period	<u>11,318,179</u>	<u>17,876,092</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>11,318,179</u>	<u>17,876,092</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2017.



**RHB BANK BERHAD (6171-M)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

	Nine Months Ended	
	30 September 2018	30 September 2017
	RM'000	RM'000
<b>Bank</b>		
<b>Cash flows from operating activities</b>		
Profit before taxation	1,682,513	1,364,581
Adjustments for:		
Allowance for credit losses on loans, advances and financing	319,550	366,121
Allowance for credit losses on other financial assets	1,698	-
Property, plant and equipment:		
- Depreciation	67,813	62,822
- Gain on disposal	(62)	(18)
- Written off	10	114
Intangible assets:		
- Amortisation	59,225	44,391
- Written off	-	239
Net allowance (written back)/made on financial assets at FVOCI and amortised cost/ financial investments AFS and HTM	(8,220)	108,586
Net gain on financial instruments	(114,940)	(49,049)
Dividend income	(11,329)	(2,070)
Other non-cash items	(1,027,700)	(1,029,010)
Operating profit before working capital changes	<u>968,558</u>	<u>866,707</u>
Decrease/(Increase) in operating assets:		
Securities purchased under resale agreements	-	1,290,472
Deposits and placements with banks and other financial institutions	1,299,959	(991,667)
Financial assets FVTPL	(605,838)	89,574
Loans, advances and financing	223,298	2,452,788
Other assets	(322,052)	2,015,618
Statutory deposits	(534,518)	205,919
	<u>60,849</u>	<u>5,062,704</u>
Increase/(Decrease) Increase in operating liabilities:		
Deposits from customers	4,655,550	(5,222,224)
Deposits and placements of banks and other financial institutions	(2,660,365)	(3,467,741)
Obligations on securities sold under repurchase agreements	(1,381,876)	(624,232)
Bills and acceptances payable	(64,966)	114,635
Other liabilities	(638,895)	(1,187,143)
Recourse obligation on loans sold to Cagamas	1,272,463	(989,464)
	<u>1,181,911</u>	<u>(11,376,169)</u>
Cash generated from/(used in) operations	2,211,318	(5,446,758)
Net tax paid	(281,315)	(249,503)
Net cash generated from/(used in) operating activities	<u>1,930,003</u>	<u>(5,696,261)</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2017.



**RHB BANK BERHAD (6171-M)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

	<b>Nine Months Ended</b>	
	<b>30 September 2018</b>	<b>30 September 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Bank</b>		
<b>Cash flows from investing activities</b>		
Net purchase/(proceeds) from disposal of financial assets at FVOCI and amortised costs/ financial investments AFS and HTM	(1,499,289)	3,442,876
Property, plant and equipment:		
- Purchase	(72,638)	(52,145)
- Proceeds from disposal	84	103
Intangible assets:		
- Purchase	(150,952)	(88,942)
Interest received from financial assets at FVOCI and amortised costs/financial investments AFS and HTM	980,102	988,245
Dividend income received from subsidiaries	97,959	-
Dividend income received from financial assets at FVOCI/financial financial investments AFS	2,070	2,070
Capital reduction in a subsidiary	-	846,023
Additional investments in subsidiaries	(415,823)	(17,701)
Net cash (used in)/generated from investing activities	<u>(1,058,487)</u>	<u>5,120,529</u>
<b>Cash flows from financing activities</b>		
Drawdown of borrowings	206,906	-
Repayment of borrowings	(191,599)	(250,818)
Proceeds from issuance of subordinated notes		750,000
Redemption of subordinated notes	-	(750,000)
Redemption of senior debt securities	-	(2,173,766)
Dividends paid to equity holders of the Bank	(401,005)	(280,703)
Net cash used in financing activities	<u>(385,698)</u>	<u>(2,705,287)</u>
Net increase/(decrease) in cash and cash equivalents	485,818	(3,281,019)
Effects of exchange rate differences	41,902	(45,417)
Cash and cash equivalents:		
- at the beginning of the financial period	7,612,234	12,430,270
- at the end of the financial period	<u>8,139,954</u>	<u>9,103,834</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>8,139,954</u>	<u>9,103,834</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2017.



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A1. 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 2017.

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 2017, except for the adoption of the following:

(a) Accounting standards, annual improvements and amendments to MFRS which are effective for annual periods beginning on or after 1 January 2018:

- MFRS 9 'Financial Instruments'
- MFRS 15 'Revenue from Contracts with Customers'
- Annual Improvements to MFRS 2014-2016 Cycle:
  - Amendment to MFRS 1 'First-time Adoption of Malaysian Financial Reporting Standards'
  - Amendment to MFRS 128 'Investments in Associates and Joint Ventures'
  - Amendment to MFRS 4 'Insurance Contracts'
  - IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration'

The adoption of the above accounting standards, annual improvements and amendments do not give rise to any material financial impact to the Group and the Bank other than the effects and change in accounting policy arising from the adoption of MFRS 9 as disclosed in Note B10.

(b) Changes in regulatory requirements - Financial Reporting and Financial Reporting for Islamic Banking Institutions

On 2 February 2018, Bank Negara Malaysia ('BNM') issued the revised policy document on Financial Reporting and Financial Reporting for Islamic Banking Institutions which prescribes the regulatory reserves to be maintained by banking institutions.

With effect from 1 January 2018, the Bank and its domestic banking subsidiaries must maintain, in aggregate, 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.

In the previous year, the Group and the Bank have maintained, in aggregate collective impairment allowances and regulatory reserves of no less than 1.2% of total outstanding loans/financing, net of impairment allowances.

The effect of this change is as disclosed in Note B10.

**A2. Auditors' Report**

The auditors' report for the financial year ended 31 December 2017 was not subject to any qualification.

**A3. Seasonal Or Cyclical Factors**

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

**A4. Exceptional Or Unusual Items**

There were no exceptional or unusual items for the nine months ended 30 September 2018.



**RHB BANK BERHAD (6171-M)  
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A5. Changes In Estimates**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the nine months ended 30 September 2018.

**A6. Changes In Debt and Equity Securities**

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the nine months ended 30 September 2018.

**A7. Dividends Paid**

During the nine months ended 30 September 2018, the Bank has paid a final single-tier dividend of 10.0 sen per share in respect of the financial year ended 31 December 2017, amounting to RM401,005,000, on 19 June 2018.

Subsequent to balance sheet date, the Bank has paid an interim single-tier dividend of 7.5 sen per share in respect of the financial year ending 31 December 2018, amounting to RM300,753,000, on 3 October 2018.





**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A8. Interest Income**

<b>Group</b>	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September 2018</b>	<b>30 September 2017</b>	<b>30 September 2018</b>	<b>30 September 2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans and advances	<b>1,592,453</b>	1,521,110	<b>4,705,612</b>	4,529,874
Money at call and deposits and placements with banks and other financial institutions	<b>47,734</b>	55,532	<b>140,376</b>	161,429
Securities purchased under resale agreements	-	267	-	1,572
Financial assets FVTPL	<b>18,924</b>	9,762	<b>53,859</b>	25,379
Financial investments AFS	-	192,592	-	573,096
Financial investments HTM	-	142,537	-	463,163
Financial assets at FVOCI - debt instruments	<b>228,149</b>	-	<b>649,561</b>	-
Financial assets at amortised costs	<b>131,818</b>	-	<b>381,185</b>	-
Others	<b>3,537</b>	6,014	<b>9,359</b>	24,493
	<b>2,022,615</b>	1,927,814	<b>5,939,952</b>	5,779,006
Of which:				
Interest income accrued on impaired financial assets	<b>27,427</b>	41,794	<b>76,836</b>	118,187
<b>Bank</b>				
Loans and advances	<b>1,499,685</b>	1,424,061	<b>4,438,530</b>	4,238,049
Money at call and deposits and placements with banks and other financial institutions	<b>144,207</b>	146,400	<b>423,116</b>	420,515
Securities purchased under resale agreements	-	-	<b>281</b>	1,305
Financial assets FVTPL	<b>18,711</b>	9,692	<b>53,056</b>	25,188
Financial investments AFS	-	181,118	-	528,898
Financial investments HTM	-	137,162	-	449,883
Financial assets at FVOCI - debt instruments	<b>218,914</b>	-	<b>622,172</b>	-
Financial assets at amortised costs	<b>121,474</b>	-	<b>352,972</b>	-
Others	<b>2,654</b>	4,766	<b>9,043</b>	17,953
	<b>2,005,645</b>	1,903,199	<b>5,899,170</b>	5,681,791
Of which:				
Interest income accrued on impaired financial assets	<b>21,700</b>	37,464	<b>61,897</b>	103,205



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A9. Interest Expense**

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	182,097	111,462	444,621	323,054
Deposits from customers	826,704	792,830	2,386,401	2,397,055
Obligations on securities sold under repurchase agreements	376	1,576	1,076	1,819
Recourse obligation on loans sold to Cagamas	33,727	27,420	89,478	84,649
Subordinated obligations	36,938	52,527	109,606	166,313
Senior debt securities	22,872	23,712	66,811	97,907
Hybrid Tier-1 Capital Securities	11,398	11,390	33,818	33,794
Borrowings	10,529	4,350	26,868	15,250
Others	7,515	10,219	23,655	29,552
	<b>1,132,156</b>	<b>1,035,486</b>	<b>3,182,334</b>	<b>3,149,393</b>
<b>Bank</b>				
Deposits and placements of banks and other financial institutions	174,500	126,596	453,870	377,077
Deposits from customers	797,229	747,884	2,280,441	2,247,252
Obligations on securities sold under repurchase agreements	376	15,233	10,761	40,386
Recourse obligation on loans sold to Cagamas	33,727	27,420	89,478	84,649
Subordinated obligations	31,972	47,315	94,871	150,845
Senior debt securities	22,872	23,712	66,811	97,907
Hybrid Tier-1 Capital Securities	11,483	11,475	34,070	34,046
Borrowings	8,501	2,758	22,057	8,743
Others	7,601	9,634	23,807	27,517
	<b>1,088,261</b>	<b>1,012,027</b>	<b>3,076,166</b>	<b>3,068,422</b>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A10. Other Operating Income**

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
<b>Fee income</b>				
- Service charges and fees	39,588	41,230	119,743	124,433
- Commission	40,802	42,916	120,106	114,364
- Guarantee fees	8,085	13,881	29,938	38,527
- Commitment fees	11,690	11,708	36,171	36,774
- Net brokerage income	61,002	74,435	212,365	244,732
- Fund management fees	55,838	60,850	168,294	175,829
- Unit trust fee income	12,352	21,861	43,906	91,650
- Corporate advisory fees	4,637	14,072	35,714	35,268
- Underwriting and arrangement fees	3,794	5,002	5,663	25,177
- Other fee income	16,089	9,558	53,031	46,885
	<u>253,877</u>	<u>295,513</u>	<u>824,931</u>	<u>933,639</u>
- Fee and commission expenses	(30,692)	(45,457)	(105,130)	(154,486)
	<u>223,185</u>	<u>250,056</u>	<u>719,801</u>	<u>779,153</u>
<b>Net gain/(loss) arising from financial assets FVTPL</b>				
- Net gain/(loss) on disposal	9,854	7,692	(4,642)	3,046
- Unrealised net gain on revaluation	29,776	5,449	1,919	45,898
- Dividend income	11,334	3,923	33,488	12,513
	<u>50,964</u>	<u>17,064</u>	<u>30,765</u>	<u>61,457</u>
<b>Net gain on revaluation of derivatives</b>	19,477	31,584	103,602	47,138
<b>Net gain/(loss) on fair values hedges</b>	33	(1,226)	43	(283)
<b>Net gain arising from financial investments AFS</b>				
- Net gain on disposal	-	6,786	-	24,120
- Dividend income	-	8,863	-	26,295
	<u>-</u>	<u>15,649</u>	<u>-</u>	<u>50,415</u>
<b>Net gain arising from financial investments HTM</b>				
- Net gain on early redemption	-	1,025	-	13,686
<b>Net gain arising from derecognition of financial assets at amortised costs</b>	275	-	275	-
<b>Net gain arising from financial assets at FVOCI</b>				
- Net gain on debt instruments on disposal	22,426	-	86,152	-
- Dividend on equity instruments	527	-	2,664	-
	<u>22,953</u>	<u>-</u>	<u>88,816</u>	<u>-</u>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A10. Other Operating Income (continued)**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
<b>Group (continued)</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Other income</b>				
Net foreign exchange gain	24,137	29,624	179,120	123,321
Insurance underwriting surplus before management expenses	47,063	55,833	104,216	144,835
Gain on disposal of property, plant and equipment	21	-	118	50
Rental income	679	890	1,914	2,589
Other operating income	8,737	10,567	39,662	30,922
Other non-operating income	480	2,554	2,896	8,562
	<b>81,117</b>	<b>99,468</b>	<b>327,926</b>	<b>310,279</b>
	<b>398,004</b>	<b>413,620</b>	<b>1,271,228</b>	<b>1,261,845</b>

	3rd Quarter Ended		Nine Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
<b>Bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Fee income</b>				
- Service charges and fees	34,533	33,764	105,607	107,498
- Commission	46,863	46,830	135,454	128,390
- Guarantee fees	7,809	13,699	27,585	36,617
- Commitment fees	10,235	11,222	32,024	34,655
- Other fee income	5,049	5,159	16,000	15,557
	<b>104,489</b>	<b>110,674</b>	<b>316,670</b>	<b>322,717</b>
<b>Net gain/(loss) arising from financial assets FVTPL</b>				
- Net gain/(loss) on disposal	6,316	(690)	5,606	(24,415)
- Unrealised net gain/(loss) on revaluation	11,944	724	(10,202)	39,348
	<b>18,260</b>	<b>34</b>	<b>(4,596)</b>	<b>14,933</b>
<b>Net gain/(loss) on revaluation of derivatives</b>	<b>18,528</b>	<b>7,107</b>	<b>54,566</b>	<b>(2,197)</b>
<b>Net gain on fair values hedges</b>	<b>33</b>	<b>42</b>	<b>43</b>	<b>119</b>
<b>Net gain arising from financial investments AFS</b>				
- Net gain on disposal	-	6,787	-	22,508
- Dividend income	-	310	-	2,070
	<b>-</b>	<b>7,097</b>	<b>-</b>	<b>24,578</b>
<b>Net gain arising from financial investments HTM</b>				
- Net gain on early redemption	-	1,025	-	13,686



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A10. Other Operating Income (continued)**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
<b>Bank (continued)</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net gain arising from derecognition of financial assets at amortised costs</b>	<b>247</b>	<b>-</b>	<b>247</b>	<b>-</b>
<b>Net gain arising from financial assets at FVOCI</b>				
- Net gain on debt instruments on disposal	23,024	-	64,926	-
- Dividend income	310	-	2,070	-
	<b>23,334</b>	<b>-</b>	<b>66,996</b>	<b>-</b>
<b>Dividend income from subsidiaries</b>	<b>-</b>	<b>-</b>	<b>9,259</b>	<b>-</b>
<b>Other income</b>				
Net foreign exchange gain	38,080	32,845	112,946	124,795
Gain on disposal of property, plant and equipment	21	-	62	18
Rental income	3,120	2,969	9,129	8,803
Other operating income	10,567	9,712	36,659	27,802
Other non-operating income	661	406	2,330	1,242
	<b>52,449</b>	<b>45,932</b>	<b>161,126</b>	<b>162,660</b>
	<b>217,340</b>	<b>171,911</b>	<b>604,311</b>	<b>536,496</b>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A11. Other Operating Expenses**

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
<b>Personnel costs</b>				
- Salaries, allowances and bonuses	377,582	374,309	1,192,460	1,107,158
- Defined contribution plan	54,743	52,760	166,217	156,292
- Other staff related costs	53,999	38,951	137,680	108,576
	<b>486,324</b>	<b>466,020</b>	<b>1,496,357</b>	<b>1,372,026</b>
<b>Establishment costs</b>				
- Property, plant and equipment:				
- Depreciation	29,957	29,174	89,423	88,598
- Written off	10	-	11	658
- Intangible assets:				
- Amortisation	25,198	21,715	73,040	57,837
- Written off	-	239	60	239
- Rental of premises	27,002	25,546	80,640	78,647
- Rental of equipment	3,443	2,972	9,752	9,691
- Insurance	7,976	9,878	24,091	27,883
- Water and electricity	8,261	7,846	22,882	22,270
- Repair and maintenance	7,907	7,821	22,447	22,651
- Security and escorting expenses	10,485	10,959	31,924	30,874
- Information technology expenses	60,499	56,301	190,589	168,098
- Others	2,585	2,445	8,831	11,200
	<b>183,323</b>	<b>174,896</b>	<b>553,690</b>	<b>518,646</b>
<b>Marketing expenses</b>				
- Sales commission	22,509	20,063	63,747	54,216
- Advertisement and publicity	16,448	13,110	35,881	45,252
- Others	16,297	29,476	67,573	78,463
	<b>55,254</b>	<b>62,649</b>	<b>167,201</b>	<b>177,931</b>
<b>Administration and general expenses</b>				
- Communication expenses	38,667	41,602	119,767	125,449
- Legal and professional fee	24,759	9,019	39,946	28,420
- Others	35,731	38,107	107,757	112,680
	<b>99,157</b>	<b>88,728</b>	<b>267,470</b>	<b>266,549</b>
	<b>824,058</b>	<b>792,293</b>	<b>2,484,718</b>	<b>2,335,152</b>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A11. Other Operating Expenses (continued)**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
<b>Personnel costs</b>				
- Salaries, allowances and bonuses	233,375	234,257	740,077	687,869
- Defined contribution plan	36,816	36,615	108,447	107,239
- Other staff related costs	27,811	21,526	67,811	60,834
	<u>298,002</u>	<u>292,398</u>	<u>916,335</u>	<u>855,942</u>
<b>Establishment costs</b>				
- Property, plant and equipment:				
- Depreciation	22,824	20,943	67,813	62,822
- Written off	10	-	10	114
- Intangible assets:				
- Amortisation	20,602	17,307	59,225	44,391
- Written off	-	239	-	239
- Rental of premises	14,410	14,875	43,374	44,525
- Rental of equipment	3,216	2,848	9,105	9,174
- Insurance	7,457	7,967	23,509	22,931
- Water and electricity	4,824	4,727	13,951	13,679
- Repair and maintenance	6,072	5,683	17,335	16,635
- Security and escorting expenses	10,206	10,721	31,276	30,091
- Information technology expenses	34,418	31,979	115,150	99,275
	<u>124,039</u>	<u>117,289</u>	<u>380,748</u>	<u>343,876</u>
<b>Marketing expenses</b>				
- Sales commission	15,209	16,307	42,269	42,460
- Advertisement and publicity	10,198	8,656	21,012	27,053
- Others	8,029	11,102	27,175	23,892
	<u>33,436</u>	<u>36,065</u>	<u>90,456</u>	<u>93,405</u>
<b>Administration and general expenses</b>				
- Communication expenses	23,744	24,540	71,322	71,805
- Legal and professional fee	43,611	14,817	101,394	73,267
- Others	22,061	21,394	62,210	63,399
	<u>89,416</u>	<u>60,751</u>	<u>234,926</u>	<u>208,471</u>
	<u>544,893</u>	<u>506,503</u>	<u>1,622,465</u>	<u>1,501,694</u>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A12. Allowance for credit losses**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
<u>Charge/(Writeback)</u>				
Loans, advances and financing:				
- Net charge	99,441	178,890	338,780	396,397
- Bad debts recovered	(71,073)	(73,736)	(201,303)	(200,934)
- Bad debts written off	36,451	41,904	108,226	107,159
	<b>64,819</b>	147,058	<b>245,703</b>	302,622
Financial assets at FVOCI	4,617	-	(6,491)	112,818
Financial assets at amortised cost	11,203	(500)	632	(1,412)
Other financial assets	1,554	282	2,004	9,976
	<b>82,193</b>	146,840	<b>241,848</b>	424,004
<b>Bank</b>				
<u>Charge/(Writeback)</u>				
Loans, advances and financing:				
- Net charge	54,298	142,424	222,126	267,904
- Bad debts recovered	(66,727)	(69,834)	(190,578)	(191,117)
- Bad debts written off	33,754	36,748	97,424	98,217
	<b>21,325</b>	109,338	<b>128,972</b>	175,004
Financial assets at FVOCI	4,569	-	(6,012)	109,158
Financial assets at amortised cost	8,043	(189)	(2,208)	(572)
Other financial assets	1,153	-	1,698	-
	<b>35,090</b>	109,149	<b>122,450</b>	283,590





**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A13. Financial Assets at Fair Value Through Profit or Loss ('FVTPL')**

	<b>Group</b>		<b>Bank</b>	
	<b>As at 30 September 2018 RM'000</b>	<b>As at 31 December 2017 RM'000</b>	<b>As at 30 September 2018 RM'000</b>	<b>As at 31 December 2017 RM'000</b>
<b><u>Money market instruments:</u></b>				
Malaysian Government Securities	961,065	263,769	961,065	263,769
Malaysian Government Treasury Bills	-	16,559	-	16,559
Malaysian Government Investment Issues	789,605	548,495	617,041	375,959
Cagamas bonds	-	20,198	-	20,198
Thailand Government bonds	101,533	-	101,533	-
Other foreign government securities	20,467	-	20,467	-
<b><u>Quoted securities:</u></b>				
<b>In Malaysia</b>				
Shares, exchange traded funds and warrants	136,734	257,230	-	-
Unit trusts	54,673	81,772	-	-
Corporate bond/sukuk	13,586	3,235	3,187	3,235
<b>Outside Malaysia</b>				
Shares, exchange traded funds and warrants	385,808	255,172	5,278	-
<b><u>Unquoted securities:</u></b>				
<b>In Malaysia</b>				
Corporate bond/sukuk	297,443	5,028	297,429	5,006
Unit trusts	776,925	609,672	-	-
Prasarana bonds	10,225	-	10,225	-
<b>Outside Malaysia</b>				
Corporate bond/sukuk	388,300	143,280	388,300	143,280
Private equity funds	436,850	359,859	-	-
	<b>4,373,214</b>	<b>2,564,269</b>	<b>2,404,525</b>	<b>828,006</b>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A14. Financial Investments Available-For-Sale ('AFS')**

	<b>Group As at 31 December 2017 RM'000</b>	<b>Bank As at 31 December 2017 RM'000</b>
<b>At fair value</b>		
<b><u>Money market instruments:</u></b>		
Malaysian Government Securities	1,377,296	1,238,204
Malaysian Government Investment Issues	3,310,678	2,521,291
Cagamas bonds	238,437	207,952
Khazanah bonds	50,785	-
Wakala Global Sukuk	94,532	94,532
Negotiable instruments of deposits	121,436	121,436
Singapore Government Treasury Bills	935,009	935,009
Singapore Government Securities	1,348,580	1,348,580
Thailand Government bonds	734,094	734,094
Sukuk Perumahan Kerajaan	147,857	78,382
Malaysia Sovereign Sukuk	51,977	51,977
<b><u>Quoted securities:</u></b>		
<b>In Malaysia</b>		
Shares	3,506	-
Unit trusts	14,934	-
<b>Outside Malaysia</b>		
Shares	7,568	4,072
Unit trusts	41,530	-
<b><u>Unquoted securities:</u></b>		
<b>In Malaysia</b>		
Corporate bond/sukuk	13,319,105	10,323,291
Shares	658,245	623,253
Corporate loan stocks	19,689	19,689
Prasarana bonds	1,051,682	1,026,294
Perpetual notes/sukuk	388,059	187,440
<b>Outside Malaysia</b>		
Corporate bond/sukuk	2,408,955	2,408,955
Shares	390	-
	<u>26,324,344</u>	<u>21,924,451</u>
Accumulated impairment losses	<u>(507,728)</u>	<u>(496,796)</u>
	<u>25,816,616</u>	<u>21,427,655</u>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A15. Financial Investments Held-To-Maturity ('HTM')**

	<b>Group As at 31 December 2017 RM'000</b>	<b>Bank As at 31 December 2017 RM'000</b>
<b>At amortised cost</b>		
<b><u>Money market instruments:</u></b>		
Malaysian Government Securities	1,303,583	1,303,583
Malaysian Government Investment Issues	5,296,360	4,503,836
Cagamas bonds	350,601	350,601
Khazanah bonds	105,673	72,312
Negotiable instruments of deposits	3,697,694	1,859,604
Wakala Global Sukuk	30,182	21,348
Sukuk Perumahan Kerajaan	111,098	101,113
Singapore Government Securities	61,086	61,086
Thailand Government Securities	13,166	13,166
Sukuk (Brunei) Incorporation	37,862	37,862
<b><u>Unquoted securities:</u></b>		
<b>In Malaysia</b>		
Corporate bond/sukuk	7,859,344	5,989,837
Corporate loan stocks	56,857	30,144
Prasarana bonds	283,708	233,579
<b>Outside Malaysia</b>		
Corporate bond/sukuk	20,603	20,603
	<u>19,227,817</u>	<u>14,598,674</u>
Accumulated impairment losses	<u>(181,874)</u>	<u>(102,469)</u>
	<u>19,045,943</u>	<u>14,496,205</u>

Included in financial investments HTM of the Group and the Bank as at 31 December 2017 were corporate bond/sukuk, which were pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM615,000,000 and RM1,600,000,000 respectively.



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A16. Financial Assets at FVOCI**

	Group As at 30 September 2018 RM'000	Bank As at 30 September 2018 RM'000
<b>At fair value</b>		
(a) Debt instruments	29,241,690	24,474,168
(b) Equity instruments	677,520	637,507
	<u>29,919,210</u>	<u>25,111,675</u>
<b>(a) Debt instruments</b>		
<b><u>Money market instruments:</u></b>		
Malaysian Government Securities	2,232,551	2,104,003
Malaysian Government Investment Issues	3,847,110	2,867,420
Cagamas bonds	295,098	285,057
Khazanah bonds	52,357	-
Negotiable instruments of deposits	1,920,856	1,201,717
Other foreign government securities	20,500	20,500
Other foreign government Investment Issues	8,318	8,318
Sukuk Perumahan Kerajaan	120,854	50,356
Singapore Government Securities	1,130,865	1,130,865
Thailand Government Securities	844,581	844,581
Singapore Government Treasury Bills	856,959	856,959
Singapore Housing Development Board	590,085	590,085
<b><u>Unquoted securities:</u></b>		
<b><u>In Malaysia</u></b>		
Corporate bond/sukuk	12,626,407	10,038,054
Perpetual notes/sukuk	393,500	189,060
Prasarana bonds	1,142,094	1,116,888
<b><u>Outside Malaysia</u></b>		
Corporate bond/sukuk	3,484,840	3,484,840
Allowance for credit losses	(325,285)	(314,535)
	<u>29,241,690</u>	<u>24,474,168</u>
<b>(b) Equity instruments</b>		
<b><u>Quoted securities:</u></b>		
<b><u>In Malaysia</u></b>		
Shares	747	-
<b><u>Outside Malaysia</u></b>		
Shares	2,107	-
<b><u>Unquoted securities:</u></b>		
<b><u>In Malaysia</u></b>		
Shares	674,268	637,506
<b><u>Outside Malaysia</u></b>		
Shares	398	1
	<u>677,520</u>	<u>637,507</u>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A16. Financial Assets at FVOCI (continued)**

**(a) Movement in credit impaired financial assets at FVOCI**

	Group As at 30 September 2018 RM'000	Bank As at 30 September 2018 RM'000
Balance as at the beginning of the financial period		
- As previously reported	-	-
- Effect of adoption of MFRS 9	513,107	507,848
- As restated	513,107	507,848
Derecognition and disposal	(30,946)	(30,946)
Changes in market value/accrued interest	243	243
Transfer to loans, advances and financing and financial assets FVTPL	(211,149)	(211,149)
Exchange differences	(1,631)	(1,631)
Balance as at the end of the financial period	<u>269,624</u>	<u>264,365</u>

**(b) Movement in allowance for credit losses**

30 September 2018	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>				
Balance as at the beginning of the financial period				
- As previously reported	-	-	-	-
- Effect of adoption of MFRS 9	62,764	-	479,799	542,563
- As restated	62,764	-	479,799	542,563
Transfer in/(out) to 12-month ECL (Stage 1)	1,683	(1,683)	-	-
Transfer in/(out) to Lifetime ECL not credit impaired (Stage 2)	(271)	271	-	-
Charge during the financial period	9,252	230	-	9,482
Written back during the financial period	(25,581)	1,402	(4,408)	(28,587)
Purchases and origination	20,983	4,167	-	25,150
Derecognition and disposal	(12,498)	(38)	-	(12,536)
Transfer to allowance for credit losses for loans, advances and financing	-	-	(137,247)	(137,247)
Amount written off	-	-	(72,746)	(72,746)
Exchange differences	101	1	(896)	(794)
Balance as at the end of the financial period	<u>56,433</u>	<u>4,350</u>	<u>264,502</u>	<u>325,285</u>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A16. Financial Assets at FVOCI (continued)**

**(b) Movement in allowance for credit losses (continued)**

<b>30 September 2018</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>Bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance as at the beginning of the financial period				
- As previously reported	-	-	-	-
- Effect of adoption of MFRS 9	56,807	-	474,540	531,347
- As restated	56,807	-	474,540	531,347
Transfer in/(out) to 12-month ECL (Stage 1)	882	(882)	-	-
Transfer in/(out) to Lifetime ECL not credit impaired (Stage 2)	(146)	146	-	-
Charge during the financial period	7,641	230	-	7,871
Written back during the financial period	(22,704)	725	(4,408)	(26,387)
Purchases and origination	20,458	4,167	-	24,625
Derecognition and disposal	(12,083)	(38)	-	(12,121)
Transfer to allowance for credit losses for loans, advances and financing	-	-	(137,247)	(137,247)
Amount written off	-	-	(72,746)	(72,746)
Exchange differences	88	1	(896)	(807)
Balance as at the end of the financial period	<b>50,943</b>	<b>4,349</b>	<b>259,243</b>	<b>314,535</b>

**A17. Financial Assets at Amortised Costs**

	<b>Group As at 30 September 2018</b>	<b>Bank As at 30 September 2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
<b><u>Money market instruments:</u></b>		
Malaysian Government Securities	99,703	99,703
Malaysian Government Investment Issues	3,762,620	3,188,555
Cagamas bonds	1,105,783	994,495
Khazanah bonds	109,241	74,812
Negotiable instruments of deposits	1,153,899	804,588
Wakala Global Sukuk	8,558	-
Sukuk Perumahan Kerajaan	111,157	101,069
Singapore Government Treasury bills	331,673	331,673
Singapore Government Securities	91,946	91,946
Thailand Government Securities	13,068	13,068
Sukuk (Brunei) Incorporation	42,333	42,333
<b><u>Unquoted securities:</u></b>		
<b><u>In Malaysia</u></b>		
Corporate bond/sukuk	8,255,362	5,567,513
Corporate loan stocks	27,101	860
Prasarana bonds	272,308	206,676
	<b>15,384,752</b>	<b>11,517,291</b>
Allowance for credit losses	<b>(291,957)</b>	<b>(205,770)</b>
	<b>15,092,795</b>	<b>11,311,521</b>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A17. Financial Assets at Amortised Costs (continued)**

**(a) Movement in credit impaired financial assets at amortised costs**

	Group As at 30 September 2018 RM'000	Bank As at 30 September 2018 RM'000
Balance as at the beginning of the financial period		
- As previously reported	-	-
- Effect of adoption of MFRS 9	144,100	64,695
- As restated	144,100	64,695
Derecognition	(2,531)	(1,430)
Exchange differences	178	178
Balance as at the end of the financial period	<u>141,747</u>	<u>63,443</u>

**(b) Movement in allowance for credit losses**

30 September 2018	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>				
Balance as at the beginning of the financial period				
- As previously reported	-	-	-	-
- Effect of adoption of MFRS 9	17,225	130,365	143,539	291,129
- As restated	17,225	130,365	143,539	291,129
Transfer in/(out) to 12-month ECL (Stage 1)	132	(132)	-	-
Transfer in/(out) to Lifetime ECL not credit impaired (Stage 2)	(35)	35	-	-
Charge during the financial period	3,190	9,408	-	12,598
Written back during the financial period	(4,526)	(520)	(1,427)	(6,473)
Purchases and origination	20,681	-	-	20,681
Derecognition	(9,919)	(169)	(1,100)	(11,188)
Remeasurement	(9,311)	(5,675)	-	(14,986)
Exchange differences	21	-	175	196
Balance as at the end of the financial period	<u>17,458</u>	<u>133,312</u>	<u>141,187</u>	<u>291,957</u>
<b>Bank</b>				
Balance as at the beginning of the financial period				
- As previously reported	-	-	-	-
- Effect of adoption of MFRS 9	14,517	129,152	64,134	207,803
- As restated	14,517	129,152	64,134	207,803
Transfer in/(out) to 12-month ECL (Stage 1)	6	(6)	-	-
Transfer in/(out) to Lifetime ECL not credit impaired (Stage 2)	(12)	12	-	-
Charge during the financial period	2,114	7,014	-	9,128
Written back during the financial period	(1,273)	-	(1,427)	(2,700)
Purchases and origination	11,693	-	-	11,693
Derecognition	(5,418)	(6)	-	(5,424)
Remeasurement	(9,162)	(5,743)	-	(14,905)
Exchange differences	-	-	175	175
Balance as at the end of the financial period	<u>12,465</u>	<u>130,423</u>	<u>62,882</u>	<u>205,770</u>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A18. Loans, Advances and Financing**

**(a) By type**

	Group		Bank	
	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000
<b>At amortised cost</b>				
Overdrafts	6,842,135	6,471,039	5,866,049	5,610,819
Term loans/financing				
- Housing loans/financing	54,672,885	49,566,956	39,873,377	37,523,253
- Syndicated term loans/financing	6,223,101	6,409,437	2,873,329	3,171,702
- Hire purchase receivables/financing	9,506,488	9,316,262	2,415,280	3,130,528
- Lease receivables	1,187	3,455	-	-
- Other term loans/financing	65,772,522	67,121,063	45,078,464	47,294,834
Bills receivables	3,572,990	3,447,838	2,658,084	2,402,728
Trust receipts	570,066	560,934	550,721	541,284
Claims on customers under acceptance credits	3,245,782	3,464,404	3,245,782	3,464,404
Staff loans/financing	121,435	146,789	118,143	127,447
Credit/charge card receivables	2,105,383	2,094,608	1,828,807	1,827,031
Revolving credits/financing	11,678,464	11,521,125	5,855,622	5,733,738
Gross loans, advances and financing	164,312,438	160,123,910	110,363,658	110,827,768
Fair value changes arising from fair value hedges	1,977	3,531	1,903	2,735
	164,314,415	160,127,441	110,365,561	110,830,503
Less:				
- Allowance for credit losses	(3,335,800)	-	(2,582,987)	-
- Individual impairment allowance	-	(761,692)	-	(493,112)
- Collective impairment allowance	-	(1,064,286)	-	(807,074)
Net loans, advances and financing	160,978,615	158,301,463	107,782,574	109,530,317

Included in loans, advances and financing are housing loans, hire purchase receivables and other term loans/financing sold to Cagamas with recourse to the Group and the Bank amounting to RM3,742,691,000 (31 December 2017: RM1,593,068,000) and RM2,766,618,000 (31 December 2017: RM1,593,068,000) respectively.

**(b) By type of customer**

	Group		Bank	
	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000
Domestic non-bank financial institutions:				
- Others	4,221,315	3,222,619	686,211	538,467
Domestic business enterprises:				
- Small medium enterprises	26,691,902	27,333,435	22,954,605	24,048,771
- Others	28,345,928	28,770,957	14,925,102	15,863,860
Government and statutory bodies	3,930,361	5,952,097	1,900,230	1,947,074
Individuals	82,782,847	76,401,814	55,360,946	54,403,698
Other domestic entities	158,459	118,489	27,388	18,312
Foreign entities	18,181,626	18,324,499	14,509,176	14,007,586
	164,312,438	160,123,910	110,363,658	110,827,768





**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A18. Loans, Advances and Financing (continued)**

**(c) By geographical distribution**

	Group		Bank	
	As at 30 September 2018	As at 31 December 2017	As at 30 September 2018	As at 31 December 2017
	RM'000	RM'000	RM'000	RM'000
Malaysia	146,372,876	141,991,108	97,214,787	98,067,587
Labuan Offshore	2,035,694	2,813,607	-	-
Singapore	11,767,754	11,456,127	11,596,808	11,309,482
Thailand	1,615,914	1,566,795	1,381,807	1,297,959
Brunei	170,256	152,740	170,256	152,740
Indonesia	151,478	111,148	-	-
Hong Kong	145,032	170,649	-	-
Cambodia	1,826,684	1,650,403	-	-
Lao	226,750	211,333	-	-
	<b>164,312,438</b>	<b>160,123,910</b>	<b>110,363,658</b>	<b>110,827,768</b>

**(d) By interest/profit rate sensitivity**

	Group		Bank	
	As at 30 September 2018	As at 31 December 2017	As at 30 September 2018	As at 31 December 2017
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Housing loans/financing	553,629	585,855	105,579	113,242
- Hire purchase receivables/financing	5,967,561	7,583,002	2,415,280	3,130,528
- Other fixed rate loans/financing	17,644,646	17,887,103	9,004,317	8,036,358
Variable rate				
- Base lending/financing rate plus	100,123,468	94,279,009	68,667,457	66,264,428
- Cost-plus	29,539,909	30,805,844	24,556,419	27,987,482
- Other variable rates	10,483,225	8,983,097	5,614,606	5,295,730
	<b>164,312,438</b>	<b>160,123,910</b>	<b>110,363,658</b>	<b>110,827,768</b>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A18. Loans, Advances and Financing (continued)**

**(e) By economic sector**

	Group		Bank	
	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000
Agriculture, hunting, forestry and fishing	3,889,893	4,636,416	2,564,347	2,907,175
Mining and quarrying	1,292,550	1,154,489	394,377	272,349
Manufacturing	8,198,999	8,589,318	6,480,221	6,810,028
Electricity, gas and water	2,262,973	2,304,182	1,867,299	1,908,591
Construction	12,455,939	11,039,039	7,848,118	7,826,427
Wholesale and retail trade and restaurant and hotel	12,529,733	11,521,445	10,282,572	9,554,468
Transport, storage and communication	7,938,237	8,375,796	3,037,995	3,231,028
Real estate	4,374,572	3,781,156	2,926,419	2,421,062
Finance, insurance and business services	15,295,003	16,026,747	10,294,212	11,777,761
Government and government agencies	2,403,932	4,301,239	1,900,230	1,947,074
Education, health and others	5,456,025	6,029,951	3,224,528	3,362,044
Household sector	87,145,398	81,028,604	58,916,866	58,083,176
Others	1,069,184	1,335,528	626,474	726,585
	<b>164,312,438</b>	<b>160,123,910</b>	<b>110,363,658</b>	<b>110,827,768</b>

**(f) By purpose**

	Group		Bank	
	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000
Purchase of securities	11,056,272	12,052,907	6,768,343	8,442,043
Purchase of transport vehicles	8,858,538	8,727,290	1,743,859	2,366,712
Purchase of landed property:				
- Residential	53,352,830	48,547,367	39,265,642	36,968,845
- Non-residential	18,100,935	17,120,395	13,884,972	13,513,090
Purchase of property, plant and equipment other than land and building	2,874,105	3,138,179	2,095,123	2,252,525
Personal use	9,953,291	9,023,193	6,577,149	6,224,880
Credit card	2,105,383	2,094,608	1,828,807	1,827,031
Purchase of consumer durables	16,797	20,439	16,797	20,238
Construction	6,792,579	7,007,002	4,969,790	5,270,528
Working capital	37,981,630	36,976,750	24,690,030	25,425,147
Merger and acquisition	2,947,272	3,037,916	1,520,407	1,545,552
Other purposes	10,272,806	12,377,864	7,002,739	6,971,177
	<b>164,312,438</b>	<b>160,123,910</b>	<b>110,363,658</b>	<b>110,827,768</b>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A18. Loans, Advances and Financing (continued)**

**(g) By remaining contractual maturities**

	Group		Bank	
	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000
Maturity within one year	42,228,273	44,794,269	32,343,738	33,861,312
One year to three years	11,525,947	13,972,130	5,813,339	7,574,660
Three years to five years	13,606,223	10,789,675	8,181,121	6,699,923
Over five years	96,951,995	90,567,836	64,025,460	62,691,873
	<b>164,312,438</b>	<b>160,123,910</b>	<b>110,363,658</b>	<b>110,827,768</b>

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

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

	Group		Bank	
	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000
Balance as at the beginning of the financial period/year				
- As previously reported	-	3,749,949	-	2,719,127
- Effect of adoption of MFRS 9	3,816,952	-	2,971,510	-
- As restated	3,816,952	3,749,949	2,971,510	2,719,127
Transfer out to 12-month ECL (Stage 1)	(473,682)	-	(398,118)	-
Transfer out to Lifetime ECL not credit impaired (Stage 2)	(543,948)	-	(404,863)	-
Transfer in to Lifetime ECL credit impaired (Stage 3)	1,868,265	-	1,442,872	-
Classified as impaired	-	4,121,726	-	3,471,543
Reclassified as non-impaired	-	(2,504,932)	-	(1,971,469)
Purchases and origination	913,727	-	844,023	-
Derecognition	(1,413,168)	-	(1,319,816)	-
Amount recovered	-	(787,464)	-	(528,042)
Amount written off	(418,156)	(946,957)	(385,102)	(887,533)
Transfer from financial assets at FVOCI	137,247	-	137,247	-
Exchange differences	5,210	(64,534)	(7,568)	(19,156)
Balance as at the end of the financial period/year	<b>3,892,447</b>	<b>3,567,788</b>	<b>2,880,185</b>	<b>2,784,470</b>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A18. Loans, Advances and Financing (continued)**

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

**(ii) By economic sector**

	<b>Group</b>		<b>Bank</b>	
	<b>As at 30 September 2018</b>	<b>As at 31 December 2017</b>	<b>As at 30 September 2018</b>	<b>As at 31 December 2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Agriculture, hunting, forestry and fishing	66,501	67,014	42,168	41,095
Mining and quarrying	199,380	183,277	1,417	1,581
Manufacturing	597,839	474,311	482,942	357,347
Electricity, gas and water	89,472	61,788	31,710	31,524
Construction	591,985	673,448	505,376	632,724
Wholesale and retail trade and restaurant and hotel	429,363	436,655	300,740	329,192
Transport, storage and communication	280,696	311,404	270,234	300,151
Real estate	265,408	237,365	255,406	231,885
Finance, insurance and business services	135,168	125,747	83,254	74,827
Education, health and others	14,302	12,343	5,885	8,522
Household sector	1,190,321	982,253	894,319	775,224
Others	32,012	2,183	6,734	398
	<b>3,892,447</b>	<b>3,567,788</b>	<b>2,880,185</b>	<b>2,784,470</b>

**(iii) By geographical distribution**

	<b>Group</b>		<b>Bank</b>	
	<b>As at 30 September 2018</b>	<b>As at 31 December 2017</b>	<b>As at 30 September 2018</b>	<b>As at 31 December 2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysia	2,251,163	1,839,499	1,728,637	1,494,742
Labuan Offshore	288,395	275,857	-	-
Singapore	1,131,854	1,268,365	1,116,531	1,253,371
Thailand	33,668	37,295	24,988	28,865
Brunei	10,029	7,492	10,029	7,492
Cambodia	82,703	63,103	-	-
Hong Kong	71,297	69,800	-	-
Lao	23,338	6,377	-	-
	<b>3,892,447</b>	<b>3,567,788</b>	<b>2,880,185</b>	<b>2,784,470</b>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A18. Loans, Advances and Financing (continued)**

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

**(iv) Allowance for credit losses**

	Group As at 30 September 2018 RM'000	Bank As at 30 September 2018 RM'000
12-month ECL (Stage 1)	518,104	420,928
Lifetime ECL not credit impaired (Stage 2)	964,927	841,362
Lifetime ECL credit impaired (Stage 3)	1,852,769	1,320,697
	<u>3,335,800</u>	<u>2,582,987</u>

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

30 September 2018	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>				
Balance as at the beginning of the financial period				
- As previously reported	-	-	-	-
- Effect of adoption of MFRS 9	556,786	903,751	1,726,087	3,186,624
- As restated	556,786	903,751	1,726,087	3,186,624
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to 12-month ECL (Stage 1)	537,593	(430,962)	(106,631)	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	(151,460)	299,106	(147,646)	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	(4,872)	(198,658)	203,530	-
	381,261	(330,514)	(50,747)	-
Allowance made/(written back) during the financial period	(333,342)	460,794	526,360	653,812
Bad debts written off	-	-	(330,435)	(330,435)
Derecognised during the financial period	(86,656)	(55,736)	(172,640)	(315,032)
Transfer from financial assets at FVOCI	-	-	137,247	137,247
Exchange differences	55	(13,368)	16,897	3,584
Balance as at the end of the financial period	<u>518,104</u>	<u>964,927</u>	<u>1,852,769</u>	<u>3,335,800</u>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A18. Loans, Advances and Financing (continued)**

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

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

<b>30 September 2018</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>Bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance as at the beginning of the financial period				
- As previously reported	-	-	-	-
- Effect of adoption of MFRS 9	464,863	784,601	1,273,566	2,523,030
- As restated	464,863	784,601	1,273,566	2,523,030
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to 12-month ECL (Stage 1)	425,770	(334,827)	(90,943)	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	(132,381)	254,558	(122,177)	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	(4,205)	(166,000)	170,205	-
	289,184	(246,269)	(42,915)	-
Allowance made/(written back) during the financial period	(273,627)	353,665	397,519	477,557
Bad debts written off	-	-	(295,017)	(295,017)
Derecognised during the financial period	(59,146)	(49,331)	(146,954)	(255,431)
Transfer from financial assets at FVOCI	-	-	137,247	137,247
Exchange differences	(346)	(1,304)	(2,749)	(4,399)
Balance as at the end of the financial period	<u>420,928</u>	<u>841,362</u>	<u>1,320,697</u>	<u>2,582,987</u>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A18. Loans, Advances and Financing (continued)**

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

**(vi) Movement in allowance for impaired loans, advances**

	<b>Group</b>	<b>Bank</b>
	<b>As at</b>	<b>As at</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2017</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Individual impairment allowance</b>		
Balance as at the beginning of the financial year	999,328	827,505
Net allowance made	309,870	190,532
Amount written off	(517,524)	(514,721)
Exchange differences	(29,982)	(10,204)
Balance as at the end of the financial year	<u>761,692</u>	<u>493,112</u>
<b>Collective impairment allowance</b>		
Balance as at the beginning of the financial year	1,132,836	866,430
Net allowance made	225,669	186,321
Amount written off	(288,436)	(244,386)
Exchange differences	(5,783)	(1,291)
Balance as at the end of the financial year	<u>1,064,286</u>	<u>807,074</u>

**A19. Other Assets**

	<b>Group</b>		<b>Bank</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>30 September</b>	<b>31 December</b>	<b>30 September</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other receivables	<b>1,025,286</b>	663,468	<b>339,464</b>	239,555
Cash collateral in relation to derivative transactions	<b>330,170</b>	271,320	<b>330,170</b>	268,434
Deposits	<b>60,433</b>	71,620	<b>31,701</b>	31,773
Prepayments	<b>110,449</b>	99,640	<b>62,985</b>	53,931
Amounts due from subsidiaries	-	-	<b>537,536</b>	313,202
	<u><b>1,526,338</b></u>	<u>1,106,048</u>	<u><b>1,301,856</b></u>	<u>906,895</u>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A20. Deposits from Customers**

**(a) By type of deposits**

	Group		Bank	
	As at 30 September 2018	As at 31 December 2017	As at 30 September 2018	As at 31 December 2017
	RM'000	RM'000	RM'000	RM'000
Demand deposits	36,212,608	40,599,769	29,991,196	33,819,798
Savings deposits	9,932,191	9,861,321	8,237,617	8,302,388
Fixed/investment deposits	124,323,322	115,826,111	86,256,882	78,537,835
Negotiable instruments of deposits	906,375	577,830	906,375	577,727
	<b>171,374,496</b>	<b>166,865,031</b>	<b>125,392,070</b>	<b>121,237,748</b>

**(b) By type of customer**

	Group		Bank	
	As at 30 September 2018	As at 31 December 2017	As at 30 September 2018	As at 31 December 2017
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	9,047,818	8,947,445	4,677,168	4,634,166
Business enterprises	100,431,889	98,815,607	73,676,817	68,443,007
Individuals	56,119,436	53,968,119	41,783,810	43,546,269
Others	5,775,353	5,133,860	5,254,275	4,614,306
	<b>171,374,496</b>	<b>166,865,031</b>	<b>125,392,070</b>	<b>121,237,748</b>

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

	Group		Bank	
	As at 30 September 2018	As at 31 December 2017	As at 30 September 2018	As at 31 December 2017
	RM'000	RM'000	RM'000	RM'000
Due within six months	81,066,085	95,043,566	58,112,314	66,160,033
Six months to one year	38,965,391	20,406,629	24,737,598	12,010,770
One year to three years	5,099,019	435,387	4,303,264	428,470
Three years to five years	99,202	518,359	10,081	516,289
	<b>125,229,697</b>	<b>116,403,941</b>	<b>87,163,257</b>	<b>79,115,562</b>





**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A21. Deposits and Placements of Banks and Other Financial Institutions**

	<b>Group</b>		<b>Bank</b>	
	<b>As at 30 September 2018</b>	<b>As at 31 December 2017</b>	<b>As at 30 September 2018</b>	<b>As at 31 December 2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	<b>20,122,923</b>	17,268,724	<b>19,193,451</b>	20,926,529
Licensed Islamic banks	<b>1,660,989</b>	2,945,973	<b>2,245</b>	5,912
Licensed investment banks	<b>142,525</b>	348,905	<b>283,038</b>	618,214
Bank Negara Malaysia	<b>442,062</b>	500,867	<b>408,503</b>	480,178
Other financial institutions	<b>2,832</b>	15,268	<b>2,832</b>	575
	<b>22,371,331</b>	21,079,737	<b>19,890,069</b>	22,031,408

**A22. Other Liabilities**

	<b>Group</b>		<b>Bank</b>	
	<b>As at 30 September 2018</b>	<b>As at 31 December 2017</b>	<b>As at 30 September 2018</b>	<b>As at 31 December 2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other creditors and accruals	<b>1,621,966</b>	1,123,886	<b>1,139,425</b>	514,606
Amount payable for redemption units	<b>173,680</b>	40,745	-	-
Deferred income	<b>79,654</b>	97,913	<b>47,250</b>	63,000
Short term employee benefits	<b>325,060</b>	368,423	<b>242,879</b>	257,227
Accrual for operational expenses	<b>265,130</b>	196,659	<b>126,141</b>	126,696
Prepaid instalments	<b>48,993</b>	55,079	<b>48,813</b>	54,609
Cash collateral pledged for derivative transactions	<b>348,251</b>	530,465	<b>348,251</b>	530,465
Remisiers' trust deposits	<b>63,490</b>	62,902	-	-
Amount due to trust funds	<b>10,911</b>	160,214	-	-
Amounts due to subsidiaries	-	-	<b>65,600</b>	26,943
Puttable instruments	<b>79,087</b>	78,825	-	-
	<b>3,016,222</b>	2,715,111	<b>2,018,359</b>	1,573,546



**RHB BANK BERHAD (6171-M)  
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A23. Segmental Reporting**

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

Pursuant to the Group's internal management reporting framework, the operations of RHB Insurance Berhad ("RHB Insurance") is now grouped under "Support Centre and Others". RHB Insurance was previously categorised under "Group Retail Banking". Accordingly, the Group has restated the related corresponding segment information.

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

(a) Group Retail Banking

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

(b) Group Business Banking

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

(c) Group Wholesale Banking

(i) Group Corporate Banking and Group Investment Banking

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

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

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

(ii) Group Treasury and Global Markets

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



**RHB BANK BERHAD (6171-M)  
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A23. Segmental Reporting (continued)**

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

(d) Group International Business

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

(e) Support Center and Others

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

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



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A23. Segmental Reporting (continued)**

Nine months ended 30 September 2018

	←— GWB —→							
	Group Retail Banking	Group Business Banking	Group CBIB	Group Treasury and Global Markets	Group International Business	Support Center and Others	Inter- Segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	1,784,789	813,229	1,169,049	1,043,849	398,702	(139,157)	-	5,070,461
Inter-segment revenue	15,832	-	24,874	(8,713)	4,724	6,128	(42,845)	-
Segment revenue	<u>1,800,621</u>	<u>813,229</u>	<u>1,193,923</u>	<u>1,035,136</u>	<u>403,426</u>	<u>(133,029)</u>	<u>(42,845)</u>	<u>5,070,461</u>
Other operating expenses	<u>(876,700)</u>	<u>(442,359)</u>	<u>(677,120)</u>	<u>(105,830)</u>	<u>(307,243)</u>	<u>(118,311)</u>	<u>42,845</u>	<u>(2,484,718)</u>
Including:								
- Depreciation of property, plant and equipment	(43,694)	(12,661)	(17,010)	(1,820)	(12,089)	(2,149)	-	(89,423)
- Amortisation of intangible assets	(30,266)	(16,517)	(13,572)	(3,408)	(7,043)	(2,234)	-	(73,040)
Allowance for credit losses	(165,928)	(78,906)	(69,924)	(5,975)	76,916	1,969	-	(241,848)
Segment profit/(loss)	<u>757,993</u>	<u>291,964</u>	<u>446,879</u>	<u>923,331</u>	<u>173,099</u>	<u>(249,371)</u>	<u>-</u>	<u>2,343,895</u>
Share of results of joint ventures								<u>64</u>
Profit before taxation								<u>2,343,959</u>
Taxation								<u>(602,602)</u>
Net profit for the financial period								<u><u>1,741,357</u></u>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A23. Segmental Reporting (continued)**

As at 30 September 2018

	←——— GWB ———→						
	Group Retail Banking	Group Business Banking	Group CBIB	Group Treasury and Global Markets	Group International Business	Support Center and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	83,488,292	25,019,179	50,735,766	49,932,122	25,024,699	2,215,570	236,415,628
Investments in associates and joint ventures							47,204
Tax recoverable							296,492
Deferred tax assets							34,210
Unallocated assets							671,700
Total assets							<u>237,465,234</u>
Segment liabilities	51,052,065	24,743,827	54,841,926	52,637,255	19,874,085	1,251,522	204,400,680
Tax liabilities							29,605
Deferred tax liabilities							46,880
Borrowings							1,307,952
Senior debt securities							3,350,340
Hybrid Tier-1 Capital Securities							599,392
Subordinated obligations							3,751,289
Unallocated liabilities							587,675
Total liabilities							<u>214,073,813</u>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A23. Segmental Reporting (continued)**

Nine months ended 30 September 2017

	←——— GWB ———→							
	Group Retail Banking	Group Business Banking	Group CBIB	Group Treasury and Global Markets	Group International Business	Support Center and Others	Inter- Segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	1,602,236	750,879	1,110,105	975,158	425,985	(149,255)	-	4,715,108
Inter-segment revenue	19,600	-	45,681	(41,193)	(5,410)	21,501	(40,179)	-
Segment revenue	1,621,836	750,879	1,155,786	933,965	420,575	(127,754)	(40,179)	4,715,108
Other operating expenses	(851,020)	(387,494)	(670,468)	(86,602)	(275,806)	(103,941)	40,179	(2,335,152)
Including:								
- Depreciation of property, plant and equipment	(45,104)	(9,333)	(19,877)	(1,468)	(11,029)	(1,787)	-	(88,598)
- Amortisation of intangible assets	(23,875)	(11,278)	(12,842)	(2,891)	(5,775)	(1,176)	-	(57,837)
Allowance for credit losses	(59,886)	(86,186)	(72,773)	17,371	(222,085)	(445)	-	(424,004)
Segment profit/(loss)	710,930	277,199	412,545	864,734	(77,316)	(232,140)	-	1,955,952
Share of results of joint ventures								301
Profit before taxation								1,956,253
Taxation								(462,317)
Net profit for the financial period								1,493,936



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A23. Segmental Reporting (continued)**

As at 31 December 2017

	←——— GWB ———→						
	<b>Group Retail Banking</b>	<b>Group Business Banking</b>	<b>Group CBIB</b>	<b>Group Treasury and Global Markets</b>	<b>Group International Business</b>	<b>Support Center and Others</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>
Segment assets	77,185,915	24,134,440	59,842,186	40,599,762	25,643,884	2,183,279	229,589,466
Investments in associates and joint ventures							48,253
Tax recoverable							115,874
Deferred tax assets							36,072
Unallocated assets							420,261
Total assets							<u>230,209,926</u>
Segment liabilities	47,566,692	22,809,848	62,109,781	43,540,492	20,869,184	1,224,431	198,120,428
Tax liabilities							33,531
Deferred tax liabilities							19,698
Borrowings							1,153,719
Senior debt securities							3,252,581
Hybrid Tier-1 Capital Securities							602,666
Subordinated obligations							3,748,294
Unallocated liabilities							94,581
Total liabilities							<u>207,025,498</u>



**RHB BANK BERHAD (6171-M)  
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A24. Valuation of Property, Plant and Equipment**

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

**A25. Events Subsequent to Balance Sheet Date**

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

- (a) On 5 October 2018, KYB Sdn Bhd, an indirect wholly-owned subsidiary of the Bank, has been dissolved.

The dissolution of KYB Sdn Bhd did not have any material effect on the earnings and net tangible assets of the Group for the financial year ending 31 December 2018.

- (b) RHB Trade Services Limited ('RHBTS'), a wholly-owned subsidiary of the Bank had on 12 October 2018, commenced the application for deregistration pursuant to Section 750 of the Hong Kong Companies Ordinance (Chapter 622). An application for deregistration will be submitted to the Hong Kong Companies Registry accordingly.

The deregistration of RHBTS will not have any material effect on the earnings and net assets of the Group for the financial year ending 31 December 2018.

**A26. Changes in the Composition of the Group**

There were no significant changes in the composition of the Group for the nine months ended 30 September 2018 other than the following:

- (a) The Bank has on 29 January 2018 injected additional capital of USD4,000,000 (equivalent to RM15,823,000) into its wholly-owned subsidiary, RHB Indochina Bank Limited ('RHB Indochina Bank'). As a result, the issued share capital of RHB Indochina Bank increased from USD71,000,000 to USD75,000,000.
- (b) The Bank has on 8 March 2018 injected additional capital of RM400,000,000 into its wholly-owned subsidiary, RHB Islamic Bank Berhad ('RHB Islamic Bank'). As a result, the paid up share capital of RHB Islamic Bank increased from RM1,273,424,002 to RM1,673,424,002.





**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

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

**(a) Commitments and Contingencies**

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

The commitments and contingencies comprise the following:

	Group		Bank	
	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000
Direct credit substitutes	1,541,774	1,713,757	1,519,249	1,691,694
Transaction-related contingent items	5,032,563	5,241,528	4,625,700	4,997,587
Short term self-liquidating trade-related contingencies	1,015,915	1,062,958	964,489	975,179
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions, and commitment to buy-back Islamic securities under Sell and Buy Back Agreement transactions	319,494	629,085	319,494	1,657,649
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	715,279	-	602,967	-
Irrevocable commitments to extend credit				
- Maturity not exceeding one year	2,123,482	2,215,137	552,639	548,057
- Maturity exceeding one year	28,015,233	28,020,104	20,103,373	20,464,906
Foreign exchange related contracts <sup>^</sup>				
- Less than one year	84,196,022	72,013,970	85,745,834	73,557,981
- One year to less than five years	5,293,577	5,284,174	6,136,105	6,262,028
- More than five years	1,333,375	2,613,222	1,333,375	2,721,200
Equity related contracts <sup>^</sup>				
- Less than one year	-	7,262	-	-
Interest rate related contracts <sup>^</sup>				
- Less than one year	8,727,190	10,804,368	9,502,189	11,724,368
- One year to less than five years	19,775,807	15,171,523	20,075,807	15,596,523
- More than five years	8,347,508	11,825,636	8,347,508	11,825,636
Any commitments that are unconditionally cancellable at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	15,030,202	15,622,899	12,722,620	13,355,680
	<b>181,467,421</b>	<b>172,225,623</b>	<b>172,551,349</b>	<b>165,378,488</b>

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



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

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

**(b) Guarantees Issued by the Group and the Bank**

	<b>Group</b>	
	<b>As at 30 September 2018</b>	<b>As at 31 December 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Corporate guarantee issued in favour of Monetary Authority of Singapore in relation to undertaking of subsidiaries	<b>151,188</b>	151,450
Corporate guarantee issued in favour of the Stock Exchange of Thailand in relation to a derivative warrant programme of a subsidiary	<b>488</b>	133
	<b><u>151,676</u></b>	<u>151,583</u>

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

**A28. Capital Commitments**

	<b>Group</b>		<b>Bank</b>	
	<b>As at 30 September 2018</b>	<b>As at 31 December 2017</b>	<b>As at 30 September 2018</b>	<b>As at 31 December 2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Authorised and contracted for:				
- Property, plant and equipment	<b>175,207</b>	433,157	<b>151,170</b>	399,518
- Investment securities	<b>9,896</b>	40,905	-	-
	<b><u>185,103</u></b>	<u>474,062</u>	<b><u>151,170</u></b>	<u>399,518</u>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A29. Capital Adequacy Ratio**

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

With effect from 30 September 2018, RHB Islamic Bank migrates from Standardised Approach ('SA') to Internal Rating Based ('IRB') Approach for Credit Risk for its regulatory capital reporting. The comparative information on RHB Islamic Bank is not restated.

RHB Indochina Bank is subject to National Bank of Cambodia's capital adequacy requirements.

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

	Group		Bank <sup>@</sup>	
	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000
<b>Common Equity Tier I ('CET I')/Tier I Capital</b>				
Share capital	6,994,103	6,994,103	6,994,103	6,994,103
Retained profits	13,748,889	13,249,895	11,326,055	11,019,987
Other reserves	734,808	667,019	512,367	450,926
FVOCI/AFS reserves	322,701	275,224	303,462	272,449
	<b>21,800,501</b>	21,186,241	<b>19,135,987</b>	18,737,465
<b>Less:</b>				
Goodwill	(2,633,383)	(2,633,383)	(1,651,542)	(1,651,542)
Intangible assets (include associated deferred tax liabilities)	(558,130)	(447,837)	(497,692)	(390,769)
Deferred tax assets	(905)	(44,629)	-	(10,542)
55% of cumulative gains arising from change in value of FVOCI/AFS instruments	(177,486)	(151,373)	(166,904)	(149,847)
Investments in subsidiaries*	(149,629)	(120,542)	(4,711,343)	(3,436,416)
Other deductions <sup>†</sup>	(40,848)	(35,272)	(35,273)	(30,965)
Total CET I Capital	<b>18,240,120</b>	17,753,205	<b>12,073,233</b>	13,067,384
Hybrid Tier-1 Capital Securities**	240,000	300,000	240,000	300,000
Qualifying non-controlling interests recognised as Tier I Capital	20,247	20,207	-	-
Total Tier I Capital	<b>18,500,367</b>	18,073,412	<b>12,313,233</b>	13,367,384
<b>Tier II Capital</b>				
Subordinated obligations subject to gradual phase out treatment***	300,000	300,000	300,000	300,000
Subordinated obligations meeting all relevant criteria	2,249,209	2,249,028	2,249,209	2,249,028
Qualifying capital instruments of a subsidiary issued to third parties <sup>†</sup>	357,161	385,523	-	-
Surplus eligible provisions over expected losses	473,209	457,989	379,360	376,282
Collective impairment allowance <sup>^</sup> and regulatory reserves <sup>~</sup>	-	399,560	-	284,839
General provisions <sup>∇</sup>	312,989	-	222,839	-
	<b>3,692,568</b>	3,792,100	<b>3,151,408</b>	3,210,149
<b>Less:</b>				
Investments in subsidiaries*	-	(30,135)	-	(859,104)
Total Tier II Capital	<b>3,692,568</b>	3,761,965	<b>3,151,408</b>	2,351,045
<b>Total Capital</b>	<b>22,192,935</b>	21,835,377	<b>15,464,641</b>	15,718,429



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A29. Capital Adequacy Ratio (continued)**

	Group		Bank <sup>@</sup>	
	As at 30 September 2018	As at 31 December 2017	As at 30 September 2018	As at 31 December 2017
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	<b>15.023%</b>	14.228%	<b>13.006%</b>	13.523%
Tier I Capital Ratio	<b>15.237%</b>	14.485%	<b>13.264%</b>	13.833%
Total Capital Ratio	<b>18.278%</b>	17.500%	<b>16.659%</b>	16.266%
After proposed dividends:				
CET I Capital Ratio	<b>14.775%</b>	13.907%	<b>12.682%</b>	13.108%
Tier I Capital Ratio	<b>14.989%</b>	14.164%	<b>12.940%</b>	13.418%
Total Capital Ratio	<b>18.030%</b>	17.179%	<b>16.335%</b>	15.851%

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

<sup>\*</sup> Investments in subsidiaries are subject to gradual deduction using the corresponding deduction approach under CET I Capital effective from 1 January 2014 as prescribed under paragraph 37.11 of the BNM's Guideline on Capital Adequacy Framework (Capital Components).

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

<sup>\*\*</sup> Hybrid Tier-1 Capital Securities that are recognised as Tier I capital instruments are subject to gradual phase out treatment effective from 1 January 2013 as prescribed under paragraph 37.7 of the BNM's Guideline on Capital Adequacy Framework (Capital Components).

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

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

<sup>^</sup> Excludes collective impairment allowance attributable to loans, advances, and financing classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on Classification and Impairment Provisions for Loans/Financing.

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

<sup>~</sup> Includes the qualifying regulatory reserves of the Group and Bank of RM268,407,000 and RM202,172,000 respectively as at 31 December 2017.



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A29. Capital Adequacy Ratio (continued)**

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

	RHB Islamic Bank		RHB Investment Bank	
	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000
<b>CET I/Tier I Capital</b>				
Share capital	1,673,424	1,273,424	1,487,773	1,487,773
Retained profits	1,864,949	1,787,323	881,046	883,218
FVOCI/AFS reserves	(4,610)	(15,929)	20,659	26,120
	<b>3,533,763</b>	<b>3,044,818</b>	<b>2,389,478</b>	<b>2,397,111</b>
<b>Less:</b>				
Goodwill	-	-	(372,395)	(372,395)
Investments in subsidiaries, associates and joint ventures*	-	-	(1,494,388)	(1,199,358)
Intangible assets (include associated deferred tax liabilities)	(4,421)	(4,412)	(27,787)	(27,700)
Deferred tax assets	(11,121)	(17,140)	(4,924)	(1,180)
55% of cumulative gains arising from change in value of FVOCI/AFS instruments	-	-	(11,362)	(14,366)
Other deductions <sup>#</sup>	(5,575)	(4,296)	-	(12)
Total CET I Capital/Tier I Capital	<b>3,512,646</b>	<b>3,018,970</b>	<b>478,622</b>	<b>782,100</b>
<b>Tier II Capital</b>				
Subordinated sukuk	750,000	750,000	-	-
Subordinated obligations meeting all relevant criteria	-	-	400,000	400,000
Surplus eligible provisions over expected losses	94,358	-	-	-
Collective impairment allowance <sup>^</sup> and regulatory reserves <sup>~</sup>	-	343,212	-	8,987
General provisions <sup>v</sup> and regulatory reserves <sup>~</sup>	48,860	-	8,848	-
	<b>893,218</b>	<b>1,093,212</b>	<b>408,848</b>	<b>408,987</b>
<b>Less:</b>				
Investments in subsidiaries, associates and joint ventures*	-	-	-	(299,839)
Total Tier II Capital	<b>893,218</b>	<b>1,093,212</b>	<b>408,848</b>	<b>109,148</b>
<b>Total Capital</b>	<b>4,405,864</b>	<b>4,112,182</b>	<b>887,470</b>	<b>891,248</b>
<b>Capital ratios</b>				
Before proposed dividends:				
CET I Capital Ratio	13.457%	10.376%	24.223%	34.995%
Tier I Capital Ratio	13.457%	10.376%	24.223%	34.995%
Total Capital Ratio	16.879%	14.134%	44.915%	39.878%
After proposed dividends:				
CET I Capital Ratio	13.457%	10.376%	24.223%	34.995%
Tier I Capital Ratio	13.457%	10.376%	24.223%	34.995%
Total Capital Ratio	16.879%	14.134%	44.915%	39.878%



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A29. Capital Adequacy Ratio (continued)**

- \* Investments in subsidiaries are subject to the gradual deduction in the calculation under CET I Capital effective from 1 January 2014 as prescribed under paragraph 37.11 of the BNM's Capital Adequacy Framework (Capital Components).
- # Pursuant to Basel II Market Risk para 5.19 & 5.20 - Valuation Adjustments, the Capital Adequacy Framework (Basel II - RWA) calculation shall account for the ageing, liquidity and holding back adjustments on its trading portfolio.
- ^ Excludes collective impairment allowance attributable to loans, advances, and financing classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on Classification and Impairment Provisions for Loans/Financing.
- ∨ Pursuant to BNM's policy document on Financial Reporting and Financial Reporting for Islamic Banking Institutions, general provision refers to loss allowance measured at an amount equal to 12-month and lifetime expected credit losses as defined under MFRS9 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 for non-impaired loans of RHB Islamic Bank and RHB Investment Bank of RM24,887,000 (31 December 2017: RM204,312,000) and RM8,553,000 (31 December 2017: RM8,987,000) respectively.

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

	<b>Group</b>	<b>Bank<sup>@</sup></b>	<b>RHB Islamic Bank</b>	<b>RHB Investment Bank</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 September 2018</b>				
Credit risk	103,907,391	81,053,838	19,635,218	707,871
Market risk	5,754,607	3,393,522	225,602	408,640
Operational risk	11,756,025	8,383,031	1,606,774	859,398
Additional RWA due to capital floor	-	-	4,634,271	-
Total risk-weighted assets	<u>121,418,023</u>	<u>92,830,391</u>	<u>26,101,865</u>	<u>1,975,909</u>
	<b>Group</b>	<b>Bank<sup>@</sup></b>	<b>RHB Islamic Bank</b>	<b>RHB Investment Bank</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 December 2017</b>				
Credit risk	108,296,294	85,500,785	27,456,953	718,961
Market risk	4,960,017	2,872,562	240,688	610,542
Operational risk	11,516,719	8,260,751	1,397,487	905,417
Total risk-weighted assets	<u>124,773,030</u>	<u>96,634,098</u>	<u>29,095,128</u>	<u>2,234,920</u>

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



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A29. Capital Adequacy Ratio (continued)**

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

With effect from 30 September 2018, the total risk-weighted assets of RHB Islamic Bank are computed based on BNM's Capital Adequacy Framework for Islamic Banks ('CAFIB'): Internal Ratings Based Approach for Credit and Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk (Basel II). Prior to this, the total risk-weighted assets of RHB Islamic Bank are computed based on BNM's Capital Adequacy Framework for Islamic Banks ('CAFIB'): Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

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

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

	<b>As at 30 September 2018</b>	<b>As at 31 December 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Before proposed dividends:		
Solvency ratio	19.812%	18.686%
After proposed dividends:		
Solvency ratio	19.812%	18.686%

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



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A30. Operations of Islamic Banking**

**(a) Statement of Financial Position as at 30 September 2018**

	Group		Bank	
	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000
<b>ASSETS</b>				
Cash and short-term funds	2,311,907	2,019,457	-	-
Deposits and placements with banks and other financial institutions	300,109	432,597	-	-
Financial assets FVTPL/held-for-trading	172,564	172,536	-	-
Financial investments AFS	-	3,394,493	-	-
Financial investments HTM	-	3,820,734	-	-
Financial assets at FVOCI	3,872,527	-	-	-
Financial assets at amortised costs	2,650,258	-	-	-
Financing and advances	48,333,812	42,717,398	373,735	14,373
Other assets	299,681	99,511	11,802	8,577
Derivative assets	110,456	6,370	-	-
Statutory deposits	1,311,000	1,116,200	-	-
Deferred tax assets	10,601	16,513	-	-
Property, plant and equipment	4,576	6,193	-	-
Intangible assets	4,941	5,039	-	-
Total assets	<u>59,382,432</u>	<u>53,807,041</u>	<u>385,537</u>	<u>22,950</u>
<b>LIABILITIES</b>				
Deposits from customers	41,531,877	37,850,205	-	-
Deposits and placements of banks and other financial institutions	2,268,607	4,183,323	378,141	14,641
Investment accounts from customers	100	-	-	-
Obligations on securities sold under repurchase agreements	-	604,163	-	-
Bills and acceptances payable	12,300	9,216	-	-
Recourse obligation on financing sold to Cagamas	1,000,240	-	-	-
Other liabilities	256,868	177,169	8,305	8,319
Derivative liabilities	111,937	313,134	-	-
Tax liabilities and zakat	17,731	15,623	-	-
Subordinated obligations	764,673	755,393	-	-
Total liabilities	<u>45,964,333</u>	<u>43,908,226</u>	<u>386,446</u>	<u>22,960</u>
Islamic Banking Funds	13,418,099	9,898,815	(907)	(10)
Total liabilities and Islamic Banking Funds	<u>59,382,432</u>	<u>53,807,041</u>	<u>385,539</u>	<u>22,950</u>
Commitments and contingencies	<u>14,025,117</u>	<u>16,678,885</u>	<u>5,846</u>	<u>3,029</u>





**RHB BANK BERHAD (6171-M)  
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A30. Operations of Islamic Banking (continued)**

**(b) Income Statement for the Nine Months Ended 30 September 2018**

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Income derived from investment of depositors' funds	599,236	496,906	1,716,537	1,381,704
Income derived from investment account funds	98,514	98,174	308,600	276,818
Income derived from investment of shareholders' funds	86,071	20,711	143,550	93,967
Allowance for credit losses	(39,064)	(34,595)	(94,813)	(51,435)
Total distributable income	744,757	581,196	2,073,874	1,701,054
Income attributable to depositors	(387,017)	(338,634)	(1,127,072)	(928,839)
	357,740	242,562	946,802	772,215
Personnel expenses	(7,141)	(5,402)	(23,405)	(20,011)
Other overheads and expenditures	(85,373)	(75,116)	(260,323)	(216,567)
Profit before taxation	265,226	162,044	663,074	535,637
Taxation	(34,853)	(21,135)	(101,026)	(81,916)
Net profit for the financial period	230,373	140,909	562,048	453,721

**Statement of Comprehensive Income for the Nine Months Ended 30 September 2018**

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Net profit for the financial period	230,373	140,909	562,048	453,721
Other comprehensive income/(loss) in respect of:				
Items that will be reclassified subsequently to profit or loss				
(a) Financial investments available-for-sale ('AFS')				
- Unrealised net gain on revaluation	-	5,922	-	33,481
- Net transfer to income statements on disposal or impairment	-	(669)	-	(2,390)
(b) Debt instruments measured at FVOCI				
- Unrealised net gain	35,598	-	19,813	-
- Net transfer to income statements on disposal	(4,265)	-	(4,919)	-
Income tax relating to components of other comprehensive income	(7,520)	(1,261)	(3,575)	(7,462)
Other comprehensive income, net of tax, for the financial period	23,813	3,992	11,319	23,629
Total comprehensive income for the financial period	254,186	144,901	573,367	477,350



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A30. Operations of Islamic Banking (continued)**

**(b) Income Statement for the Nine Months Ended 30 September 2018**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Income derived from investment of depositors' funds	1,937	-	2,046	-
Allowance for credit losses	(970)	-	(967)	-
Total distributable income	967	-	1,079	-
Income attributable to depositors	(1,794)	-	(1,933)	-
	(827)	-	(854)	-
Other overheads and expenditures	-	-	-	-
Loss before taxation	(827)	-	(854)	-
Taxation	-	-	-	-
Net loss for the financial period	(827)	-	(854)	-

**Statement of Comprehensive Income for the Nine Months Ended 30 September 2018**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Net loss for the financial period	(827)	-	(854)	-
Total comprehensive loss for the financial period	(827)	-	(854)	-



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A30. Operations of Islamic Banking (continued)**

**(d) Financing and Advances**

	Group		Bank	
	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000
<b>At amortised cost</b>				
Cashline	673,678	535,776	-	-
Term financing				
- Housing financing	14,547,730	11,847,106	-	-
- Syndicated term financing	1,968,785	1,808,947	-	-
- Hire purchase receivables	7,091,208	6,185,724	-	-
- Other term financing	19,357,025	18,177,105	374,746	14,394
Bills receivables	914,906	1,045,110	-	-
Trust receipts	15,126	15,558	-	-
Staff financing	2,337	2,592	-	-
Credit/charge card receivables	276,577	267,577	-	-
Revolving financing	3,872,057	3,104,581	-	-
Gross financing and advances	48,719,429	42,990,076	374,746	14,394
Less:				
- Allowance for credit losses	(385,617)	-	(1,011)	-
- Individual impairment allowance	-	(42,612)	-	-
- Collective impairment allowance	-	(230,066)	-	(21)
Net financing and advances	48,333,812	42,717,398	373,735	14,373

**(i) Movements in impaired financing and advances**

Balance as at the beginning of the financial period/year

- As previously reported	-	393,096	-	-
- Effect of adoption of MFRS 9	406,084	-	-	-
- As restated	406,084	393,096	-	-
Transfer out to 12-month ECL (Stage 1)	(68,220)	-	-	-
Transfer out to Lifetime ECL not credit impaired (Stage 2)	(118,378)	-	-	-
Transfer in to Lifetime ECL credit impaired (Stage 3)	372,869	-	-	-
Classified as impaired	-	472,890	-	-
Reclassified as non-impaired	-	(385,958)	-	-
Purchases and origination	29,549	-	-	-
Derecognition	(66,605)	-	-	-
Amount recovered	-	(77,000)	-	-
Amount written off	(33,054)	(59,067)	-	-
Balance as at the end of the financial period/year	522,245	343,961	-	-



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A30. Operations of Islamic Banking (continued)**

**(d) Financing and Advances (continued)**

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

<b>30 September 2018</b>	<b>Lifetime ECL</b>		<b>Lifetime ECL</b>	<b>Total</b>
	<b>12-month ECL (Stage 1)</b>	<b>not credit impaired (Stage 2)</b>	<b>credit impaired (Stage 3)</b>	
<b>Group</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance as at the beginning of the financial period				
- As previously reported	-	-	-	-
- Effect of adoption of MFRS 9	52,625	75,980	200,695	329,300
- As restated	52,625	75,980	200,695	329,300
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to 12-month ECL (Stage 1)	109,672	(94,578)	(15,094)	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	(17,798)	40,738	(22,940)	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	(667)	(27,358)	28,025	-
	91,207	(81,198)	(10,009)	-
Allowance made/(written back) during the financial period	(68,170)	90,937	106,774	129,541
Bad debts written off	-	-	(35,417)	(35,417)
Derecognised during the financial period	(9,336)	(5,486)	(22,986)	(37,808)
Exchange differences	1	-	-	1
Balance as at the end of the financial period	<b>66,327</b>	<b>80,233</b>	<b>239,057</b>	<b>385,617</b>
<b>Bank</b>				
Balance as at the beginning of the financial period				
- As previously reported	-	-	-	-
- Effect of adoption of MFRS 9	43	-	-	43
- As restated	43	-	-	43
Allowance made during the financial period	967	-	-	967
Exchange differences	1	-	-	1
Balance as at the end of the financial period	<b>1,011</b>	<b>-</b>	<b>-</b>	<b>1,011</b>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**A30. Operations of Islamic Banking (continued)**

**(d) Financing and Advances (continued)**

**(ii) Movements in allowance for impaired financing and advances**

	<b>Group</b> <b>As at</b> <b>31 December</b> <b>2017</b> <b>RM'000</b>	<b>Bank</b> <b>As at</b> <b>31 December</b> <b>2017</b> <b>RM'000</b>
<b>Individual impairment allowance</b>		
Balance as at the beginning of the financial year	15,864	-
Net allowance made	29,204	-
Amount written off	(2,456)	-
Balance as at the end of the financial year	<u>42,612</u>	<u>-</u>
<b>Collective impairment allowance</b>		
Balance as at the beginning of the financial year	236,525	-
Net allowance made	37,583	21
Amount written off	(44,042)	-
Balance as at the end of the financial year	<u>230,066</u>	<u>21</u>

	<b>Group</b>		<b>Bank</b>	
	<b>As at</b> <b>30 September</b> <b>2018</b> <b>RM'000</b>	<b>As at</b> <b>31 December</b> <b>2017</b> <b>RM'000</b>	<b>As at</b> <b>30 September</b> <b>2018</b> <b>RM'000</b>	<b>As at</b> <b>31 December</b> <b>2017</b> <b>RM'000</b>
<b>(e) Other Assets</b>				
Prepayments	21,251	15,998	-	-
Deposits	1,619	1,732	-	-
Other receivables	276,811	81,781	11,802	8,577
	<u>299,681</u>	<u>99,511</u>	<u>11,802</u>	<u>8,577</u>

	<b>Group</b>	
	<b>As at</b> <b>30 September</b> <b>2018</b> <b>RM'000</b>	<b>As at</b> <b>31 December</b> <b>2017</b> <b>RM'000</b>
<b>(f) Deposits from Customers</b>		
Saving Deposits		
- Wadiah	1,432,354	1,353,675
Demand Deposits		
- Wadiah	5,689,258	6,392,228
- Commodity Murabahah	-	55,952
Term Deposits		
- Commodity Murabahah	28,692,037	24,813,727
Specific Investment Account		
- Murabahah	5,600,428	5,098,668
General Investment Account		
- Mudharabah	117,800	135,955
	<u>41,531,877</u>	<u>37,850,205</u>



**RHB BANK BERHAD (6171-M)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**B1. Review of Group Results**

**(a) Current Financial Period vs Previous Financial Period**

The Group recorded a significant improvement in net profit to RM1.7 billion, up 16.8% year-on-year, mainly due to higher net fund based and non-fund based income and lower allowances for credit losses on loans and other assets, partially offset by higher overheads.

Net fund based income increased by 8.9% to RM3.7 billion from a year ago. Gross fund based income increased by 7.1% on the back of a 4.0% increase in gross loans and financing, whilst funding and interest expense rose 5.6% year-on-year.

Non-fund based income recorded a 4.0% growth to RM1.4 billion, contributed largely by higher net foreign exchange gain and trading and investment income, partially offset by lower insurance underwriting surplus, brokerage income and capital-market related fee income.

Operating expenses rose by 6.4% to RM2.5 billion from a year ago driven by a rise in personnel costs and IT-related expenses as the Group continued to invest in technology infrastructure and Digital capabilities. Cost-to-income ratio improved to 49.0% from 49.5% recorded a year ago.

Allowances for credit losses on loans was at RM245.7 million, 18.8% lower than previous year. This was primarily due to certain recoveries recorded in current period, coupled with substantial impairment provided for oil and gas related companies in the corresponding period. Annualised credit charge ratio stood at 0.20% compared with 0.26% over the same period last year.

Allowances for credit losses on other assets was significantly lower by RM125.2 million mainly due to improved ratings of investment portfolio and the absence of impairment provided on an oil and gas related bond in Singapore in the previous corresponding period.

Total assets for the Group increased by 3.2% from December 2017 to RM237.5 billion as at 30 September 2018, primarily due to increase in loans, securities portfolio and cash and short-term funds. Shareholders' equity stood at RM23.4 billion, with net assets per share at RM5.82.

The Group's gross loans and financing grew by 4.0% year-on-year and 2.6% year to-date to RM164.3 billion as at 30 September 2018. Domestic loans and financing grew 4.6% year-on-year and 2.6% year to-date, contributed mainly by resilient growth in mortgages and SME, though negated by corporate repayments.

Customer deposits increased by 1.1% year-on-year and 2.7% year to-date to RM171.4 billion. As at 30 September 2018, total current and savings account ("CASA") composition stood at 26.9%.

Gross impaired loans was at RM3.9 billion as at 30 September 2018, with gross impaired loans ratio at 2.37%. Loan loss coverage for the Group, including regulatory reserves was at 104.2%.



**RHB BANK BERHAD (6171-M)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**(c) Performance by Operating Segment**

(i) Group Retail Banking

Group Retail Banking reported a pre-tax profit of RM758.0 million for the first nine months, 6.6% higher than the previous year's corresponding period. This was mainly due to higher net fund based income and non-fund based income, partially offset by higher allowances for credit losses on loans and higher operating expenses.

Retail loans and financing rose 12.4% year-on-year to RM82.7 billion as at 30 September 2018, primarily driven by growth in mortgages and personal financing. Mortgage loans grew at a strong annualised rate of 14.5% from December 2017.

Retail deposits increased by 9.9% year-on-year to RM51.0 billion, mainly contributed by 14.5% growth in fixed deposits.

(ii) Group Business Banking

Group Business Banking recorded a pre-tax profit of RM292.0 million in the first nine months of the year, a 5.3% increase year-on-year mainly due to higher net fund based income and lower allowances for credit losses on loans, partly offset by higher operating expenses.

Gross loans and financing expanded by 6.5% year-on-year, and at an annualised rate of 5.8%, driven mainly by Retail SME portfolio.

Customer deposits recorded a robust 13.7% growth year-on-year to reach RM24.6 billion as at 30 September 2018, mainly contributed by growth in fixed deposits and current account.

(iii) GWB

GWB recorded a pre-tax profit of RM1.4 billion, an increase of 7.3% from the previous year's corresponding period.

- (a) Group Corporate & Investment Banking registered a 8.3% increase in pre-tax profit to RM446.9 million on the back of higher non-fund based income and net fund based income and lower allowances for credit losses on loans.

Gross loans and financing decreased by 8.6% during the first nine months to RM41.4 billion due to several large corporate repayments. Deposits decreased by 10.7% over the same period to RM51.1 billion primarily due to a decrease in fixed deposits.

- (b) Group Treasury and Global Markets recorded a 6.8% growth in pre-tax profit to RM923.3 million in the first nine months, mainly due to higher net fund based income and non-fund based income.

Total deposits increased by 27.8% to RM27.6 billion in the first nine months in line with the Group's funding needs.



**RHB BANK BERHAD (6171-M)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**B1. Review of Group Results (continued)**

**(b) Performance by Operating Segment (continued)**

(iv) Group International Business

RHB Bank Singapore recorded a pre-tax profit of SGD36.5 million compared with a pre-tax loss of SGD39.0 million in the previous year's corresponding period. This was mainly attributed to lower expected credit losses as substantial losses were provided for corporate bonds and loans in the oil and gas industry last year, partially offset by higher operating expenses.

For the first nine months, Singapore loans and advances grew by 2.7% to SGD3.8 billion, whereas customer deposits declined by 11.8% to SGD4.4 billion.

Group International Business excluding Singapore registered a pre-tax profit of RM65.1 million, 58.3% higher than the previous year's corresponding period. This was mainly due to improved profitability in Thailand operations.

**B2. Current Quarter vs Previous Quarter**

Net profit for the current quarter increased by 1.5% to RM578.7 million, from RM570.3 million recorded in the preceding quarter ended 30 June 2018. This was driven by higher non-fund based income, contributed largely by higher marked-to-market (MTM) gain on securities and derivatives and lower allowances for credit losses on loans. This was however, offset by lower net fund based income, higher operating expenses and higher allowances for credit losses on other assets.

**B3. Prospects for Financial Year 2018**

Malaysia's GDP growth continued to moderate in Q2 2018 to 4.5% for the quarter. For the full year, the economy is expected to grow 5%, mainly from resilience in private sector consumption. Heightened trade tensions continue to add to the economy's downside risks. For the banking sector, loans growth is expected to be underpinned by the consumer segment.

The Group remains focused on its five-year strategy, FIT22, which aims at enhancing performance, asset quality, building scale and delivering service excellence. Digital enhancements and the AGILE way of working will feature prominently in the implementation of the strategy. Barring unforeseen circumstances, the Group expects to achieve better performance this year.

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

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





**RHB BANK BERHAD (6171-M)**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**B5. Taxation**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Income tax based on profit for the financial period				
- Malaysian income tax	195,104	147,345	536,354	432,178
- Overseas tax	2,037	6,490	8,164	12,820
Deferred tax	(339)	4,940	19,251	35,571
	<u>196,802</u>	<u>158,775</u>	<u>563,769</u>	<u>480,569</u>
Under/(Over) provision in respect of prior financial years	2,050	(4,892)	38,833	(18,252)
	<u>198,852</u>	<u>153,883</u>	<u>602,602</u>	<u>462,317</u>

The effective tax rate of the Group for the third quarter and nine months ended 30 September 2018 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.

	3rd Quarter Ended		Nine Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Income tax based on profit for the financial period				
- Malaysian income tax	149,206	101,026	401,926	299,591
- Overseas tax	379	2,172	379	2,179
Deferred tax	(1,711)	10,076	20,137	38,113
	<u>147,874</u>	<u>113,274</u>	<u>422,442</u>	<u>339,883</u>
Under/(Over) provision in respect of prior financial years	-	(2,695)	32,851	(20,590)
	<u>147,874</u>	<u>110,579</u>	<u>455,293</u>	<u>319,293</u>

The effective tax rate of the Bank for the third quarter and nine months ended 30 September 2018 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.



**RHB BANK BERHAD (6171-M)  
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**B6. Status of Corporate Proposals**

**(a) Proposed acquisition by RHB Investment Bank of the remaining 51% equity interest in Vietnam Securities Corporation ('VSEC') ('Proposed Acquisition')**

RHB Investment Bank, a wholly-owned subsidiary of the Bank, has on 9 February 2018 entered into a conditional share purchase agreement ('CSPA') with Chu Thi Phuong Dung, Truong Lan Anh and Viet Quoc Insurance Broker Joint Stock Company for the acquisition of the remaining 51% equity interest in VSEC, comprising 6,885,000 existing common shares of VND10,000 each in VSEC for a purchase consideration of VND121,629,915,000 (equivalent to approximately USD5.365 million or RM21.285 million) to be satisfied wholly in cash.

The Proposed Acquisition is amongst others, subject to the approvals of BNM and State Securities Commission of Vietnam ('Vietnam SSC'). The Bank and RHB Investment Bank have submitted applications to BNM for the approval of the Proposed Acquisition and VSEC has also submitted an application to Vietnam SSC for the approval of the Proposed Acquisition and the conversion of the status of VSEC from a joint stock company into a single-member limited liability company ('Conversion').

RHB Investment Bank, Chu Thi Phuong Dung, Truong Lan Anh and Viet Quoc Insurance Broker Joint Stock Company had on 7 August 2018, by way of an exchange of letter, mutually agreed to extend the period to satisfy or waive the conditions precedent of the CSPA to 31 December 2018.

Vietnam SSC had on 17 October 2018 granted its approval to VSEC for the Proposed Acquisition.

Upon completion of the Proposed Acquisition and subject to approval from Vietnam SSC for the Conversion and the issuance of an amended license as a single-member limited liability company, VSEC will become a wholly-owned subsidiary of RHB Investment Bank.



**RHB BANK BERHAD (6171-M)**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**B7. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings, Senior Debt Securities, Hybrid Tier-1 Capital Securities and Subordinated Obligations**

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

	Group		Bank	
	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000
Deposits from customers				
- One year or less	166,176,275	165,911,285	121,078,725	120,292,989
- More than one year	5,198,221	953,746	4,313,345	944,759
	<u>171,374,496</u>	<u>166,865,031</u>	<u>125,392,070</u>	<u>121,237,748</u>
Deposits and placements of banks and other financial institutions				
- One year or less	22,041,986	20,678,938	19,594,283	21,651,298
- More than one year	329,345	400,799	295,786	380,110
	<u>22,371,331</u>	<u>21,079,737</u>	<u>19,890,069</u>	<u>22,031,408</u>

**(b) Borrowings**

	Group		Bank	
	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000
<b>Unsecured</b>				
Revolving credits:				
- Hong Kong Dollar	13,221	16,576	-	-
Term loans:				
- United States Dollar	1,008,991	978,068	1,008,991	978,068
- Thai Baht	64,004	62,180	-	-
- Singapore Dollar	87,704	-	-	-
Promissory note:				
- Indonesia Rupiah	76,468	-	-	-
- Thai Baht	57,564	96,895	-	-
	<u>1,307,952</u>	<u>1,153,719</u>	<u>1,008,991</u>	<u>978,068</u>
Scheduled repayment of borrowings:				
- Within one year	459,637	333,119	160,676	157,468
- One year to three years	848,315	820,600	848,315	820,600
	<u>1,307,952</u>	<u>1,153,719</u>	<u>1,008,991</u>	<u>978,068</u>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**B7. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings, Senior Debt Securities, Hybrid Tier-1 Capital Securities and Subordinated Obligations (continued)**

**(c) Senior debt securities**

	<b>Group and Bank</b>	
	<b>As at</b>	<b>As at</b>
	<b>30 September</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
USD300 million 3.088% senior debt securities due in 2019	1,259,290	1,221,292
USD500 million 2.503% senior debt securities due in 2021	2,091,050	2,031,289
	<b>3,350,340</b>	<b>3,252,581</b>

**(d) Hybrid Tier-1 Capital Securities**

	<b>Group</b>		<b>Bank</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>30 September</b>	<b>31 December</b>	<b>30 September</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
RM370 million 8.00% Hybrid Tier-I Capital Securities due in 2039, callable with step-up coupon rate at 9.00% in 2019	370,023	377,083	370,023	377,083
RM230 million 6.75% Hybrid Tier-I Capital Securities due in 2039, callable with step-up coupon rate at 7.75% in 2019	229,369	225,583	234,466	230,595
	<b>599,392</b>	<b>602,666</b>	<b>604,489</b>	<b>607,678</b>

**(e) Subordinated obligations**

	<b>Group</b>		<b>Bank</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>30 September</b>	<b>31 December</b>	<b>30 September</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
5.60% RM300 million Tier II Subordinated Notes 2010/2025	307,088	302,900	307,088	302,900
4.95% RM500 million Tier II Subordinated Sukuk Murabahah 2014/2024	509,425	503,187	-	-
4.99% RM1 billion Tier II Subordinated Notes 2014/2024	1,011,347	1,023,788	1,011,347	1,023,788
4.95% RM200 million Tier II Subordinated Notes 2015/2025	204,530	202,061	-	-
4.75% RM500 million Tier II Subordinated Notes 2015/2025	509,322	503,256	509,322	503,256
4.88% RM250 million Tier II Subordinated Sukuk Murabahah 2017/2027	255,248	252,206	-	-
4.82% RM750 million Tier II Subordinated Notes 2017/2027	749,684	758,694	749,684	758,694
4.90% RM200 million Tier II Subordinated Notes 2017/2027	204,645	202,202	-	-
	<b>3,751,289</b>	<b>3,748,294</b>	<b>2,577,441</b>	<b>2,588,638</b>

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



**RHB BANK BERHAD (6171-M)**  
**NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**B8. Derivative Financial Instruments**

Details of derivative financial instruments outstanding are as follows:

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

Group	As at 30 September 2018			As at 31 December 2017		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities
By type	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Forwards/swaps	84,048,165	924,702	667,708	69,831,012	1,067,756	1,696,944
- Options	634,079	3,245	1,536	1,102,069	6,054	4,276
- Cross-currency interest rate swaps	6,143,397	491,489	507,625	8,982,468	617,212	695,320
	<b>90,825,641</b>	<b>1,419,436</b>	<b>1,176,869</b>	<b>79,915,549</b>	<b>1,691,022</b>	<b>2,396,540</b>
Interest rate related contracts						
- Swaps	36,290,505	270,060	165,983	35,451,527	135,645	104,467
	<b>36,290,505</b>	<b>270,060</b>	<b>165,983</b>	<b>35,451,527</b>	<b>135,645</b>	<b>104,467</b>
Equity related contracts						
- Options	-	-	-	7,262	-	-
	-	-	-	7,262	-	-
Structured warrants						
	115,605	-	6,481	233,286	-	45,947
	<b>115,605</b>	-	<b>6,481</b>	<b>233,286</b>	-	<b>45,947</b>
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	560,000	-	1,007	2,350,000	-	4,550
	<b>560,000</b>	-	<b>1,007</b>	<b>2,350,000</b>	-	<b>4,550</b>
Total	<b>127,791,751</b>	<b>1,689,496</b>	<b>1,350,340</b>	<b>117,957,624</b>	<b>1,826,667</b>	<b>2,551,504</b>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**B8. Derivative Financial Instruments (continued)**

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

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

Bank	As at 30 September 2018			As at 31 December 2017		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities
By type	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Forwards/swaps	85,137,014	929,624	674,560	72,253,738	1,072,083	1,704,894
- Options	634,079	3,245	1,536	1,102,069	6,054	4,276
- Cross-currency interest rate swaps	7,444,221	491,202	508,258	9,185,402	616,499	695,706
	<u>93,215,314</u>	<u>1,424,071</u>	<u>1,184,354</u>	<u>82,541,209</u>	<u>1,694,636</u>	<u>2,404,876</u>
Interest rate related contracts						
- Swaps	37,365,504	271,210	165,989	36,796,527	140,040	104,554
	<u>37,365,504</u>	<u>271,210</u>	<u>165,989</u>	<u>36,796,527</u>	<u>140,040</u>	<u>104,554</u>
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	560,000	-	1,007	2,350,000	-	4,550
	<u>560,000</u>	<u>-</u>	<u>1,007</u>	<u>2,350,000</u>	<u>-</u>	<u>4,550</u>
Total	<u>131,140,818</u>	<u>1,695,281</u>	<u>1,351,350</u>	<u>121,687,736</u>	<u>1,834,676</u>	<u>2,513,980</u>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**B8. Derivative Financial Instruments (continued)**

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

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

Group	As at 30 September 2018			As at 31 December 2017		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
<b>By remaining period to maturity/next re-pricing date</b>						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than one year	<b>84,198,689</b>	<b>1,063,091</b>	<b>720,300</b>	72,018,153	1,220,583	1,959,001
- One year to three years	<b>3,978,399</b>	<b>239,218</b>	<b>309,533</b>	4,936,719	352,106	321,744
- More than three years	<b>2,648,553</b>	<b>117,127</b>	<b>147,036</b>	2,960,677	118,333	115,795
	<b>90,825,641</b>	<b>1,419,436</b>	<b>1,176,869</b>	79,915,549	1,691,022	2,396,540
Interest rate related contracts						
- Less than one year	<b>8,412,190</b>	<b>12,808</b>	<b>12,397</b>	8,754,368	10,130	6,159
- One year to three years	<b>13,657,703</b>	<b>62,510</b>	<b>39,946</b>	13,968,727	44,921	33,386
- More than three years	<b>14,220,612</b>	<b>194,742</b>	<b>113,640</b>	12,728,432	80,594	64,922
	<b>36,290,505</b>	<b>270,060</b>	<b>165,983</b>	35,451,527	135,645	104,467
Equity related contracts						
- Less than one year	-	-	-	7,262	-	-
	-	-	-	7,262	-	-
Structured warrants						
- Less than one year	<b>115,605</b>	-	<b>6,481</b>	233,278	-	45,946
- One year to three years	-	-	-	8	-	1
	<b>115,605</b>	-	<b>6,481</b>	233,286	-	45,947
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than one year	<b>315,000</b>	-	<b>437</b>	2,050,000	-	3,056
- One year to three years	<b>190,000</b>	-	<b>499</b>	300,000	-	1,494
- More than three years	<b>55,000</b>	-	<b>71</b>	-	-	-
	<b>560,000</b>	-	<b>1,007</b>	2,350,000	-	4,550
<b>Total</b>	<b>127,791,751</b>	<b>1,689,496</b>	<b>1,350,340</b>	117,957,624	1,826,667	2,551,504



**RHB BANK BERHAD (6171-M)**  
**NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**B8. Derivative Financial Instruments (continued)**

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

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

Bank	As at 30 September 2018			As at 31 December 2017		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<b>By remaining period to maturity/next re-pricing date</b>						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than one year	85,745,834	1,068,013	727,242	73,557,981	1,224,910	1,965,722
- One year to three years	4,717,474	239,218	309,989	5,914,575	351,680	323,032
- More than three years	2,752,006	116,840	147,123	3,068,654	118,046	116,122
	<b>93,215,314</b>	<b>1,424,071</b>	<b>1,184,354</b>	<b>82,541,209</b>	<b>1,694,636</b>	<b>2,404,876</b>
Interest rate related contracts						
- Less than one year	9,187,189	13,511	12,397	9,674,368	13,356	6,238
- One year to three years	13,957,703	62,957	39,952	14,393,727	46,137	33,386
- More than three years	14,220,612	194,742	113,640	12,728,431	80,547	64,930
	<b>37,365,504</b>	<b>271,210</b>	<b>165,989</b>	<b>36,796,527</b>	<b>140,040</b>	<b>104,554</b>
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than one year	315,000	-	437	2,050,000	-	3,056
- One year to three years	190,000	-	499	300,000	-	1,494
- More than 3 years	55,000	-	71	-	-	-
	<b>560,000</b>	<b>-</b>	<b>1,007</b>	<b>2,350,000</b>	<b>-</b>	<b>4,550</b>
Total	<b>131,140,818</b>	<b>1,695,281</b>	<b>1,351,350</b>	<b>121,687,736</b>	<b>1,834,676</b>	<b>2,513,980</b>





**RHB BANK BERHAD (6171-M)**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**B8. Derivative Financial Instruments (continued)**

(b) Related accounting policies

Derivative financial instruments and hedge accounting

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

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

(i) Fair value

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

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the income statements over the period to maturity.

(ii) Cash flow hedge

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

Amounts accumulated in equity are recycled to the income statements in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statements. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statements.

(iii) Net investment hedge

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

(iv) Derivatives that do not qualify for hedge accounting

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



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**B9. Fair Value of Financial Instruments**

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

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

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

Level 3: Valuations derived from valuation techniques in which 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 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>30 September 2018</b>				
<b><u>Financial assets</u></b>				
Financial assets FVTPL:	585,523	3,335,293	452,398	4,373,214
- Money market instruments	-	1,872,670	-	1,872,670
- Quoted securities	585,523	1,698	3,580	590,801
- Unquoted securities	-	1,460,925	448,818	1,909,743
Financial assets at FVOCI:	2,854	28,755,297	1,161,059	29,919,210
- Money market instruments	-	11,901,819	-	11,901,819
- Quoted securities	2,854	-	-	2,854
- Unquoted securities	-	16,853,478	1,161,059	18,014,537
Derivative assets	-	1,689,496	-	1,689,496
	<u>588,377</u>	<u>33,780,086</u>	<u>1,613,457</u>	<u>35,981,920</u>
<b><u>Financial liabilities</u></b>				
Derivative liabilities	<u>6,482</u>	<u>1,343,858</u>	<u>-</u>	<u>1,350,340</u>
<b>31 December 2017</b>				
<b><u>Financial assets</u></b>				
Financial assets FVTPL:	597,409	1,607,001	359,859	2,564,269
- Money market instruments	-	849,021	-	849,021
- Quoted securities	597,409	-	-	597,409
- Unquoted securities	-	757,980	359,859	1,117,839
Financial investments AFS:	59,995	24,617,611	1,139,010	25,816,616
- Money market instruments	-	8,410,681	-	8,410,681
- Quoted securities	59,995	-	4,072	64,067
- Unquoted securities	-	16,206,930	1,134,938	17,341,868
Derivative assets	-	1,826,667	-	1,826,667
	<u>657,404</u>	<u>28,051,279</u>	<u>1,498,869</u>	<u>30,207,552</u>
<b><u>Financial liabilities</u></b>				
Derivative liabilities	<u>45,947</u>	<u>2,505,557</u>	<u>-</u>	<u>2,551,504</u>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**B9. Fair Value of Financial Instruments (continued)**

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

<b>Bank</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>30 September 2018</b>				
<b><u>Financial assets</u></b>				
Financial assets FVTPL:	3,187	2,385,790	15,548	2,404,525
- Money market instruments	-	1,700,106	-	1,700,106
- Quoted securities	3,187	1,698	3,580	8,465
- Unquoted securities	-	683,986	11,968	695,954
Financial assets at FVOCI:	-	24,284,087	827,588	25,111,675
- Money market instruments	-	9,941,551	-	9,941,551
- Unquoted securities	-	14,342,536	827,588	15,170,124
Derivative assets	-	1,695,281	-	1,695,281
	<u>3,187</u>	<u>28,365,158</u>	<u>843,136</u>	<u>29,211,481</u>
<b><u>Financial liabilities</u></b>				
Derivative liabilities	-	1,351,350	-	1,351,350
<b>31 December 2017</b>				
<b><u>Financial assets</u></b>				
Financial assets FVTPL:	3,235	824,771	-	828,006
- Money market instruments	-	676,485	-	676,485
- Quoted securities	3,235	-	-	3,235
- Unquoted securities	-	148,286	-	148,286
Financial investments AFS:	-	20,612,705	814,950	21,427,655
- Money market instruments	-	7,331,457	-	7,331,457
- Quoted securities	-	-	4,072	4,072
- Unquoted securities	-	13,281,248	810,878	14,092,126
Derivative assets	-	1,834,676	-	1,834,676
	<u>3,235</u>	<u>23,272,152</u>	<u>814,950</u>	<u>24,090,337</u>
<b><u>Financial liabilities</u></b>				
Derivative liabilities	-	2,513,980	-	2,513,980

**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**B9. Fair Value of Financial Instruments (continued)**

(i) Valuation techniques

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

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then 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, non-transferable and non-traded perpetual notes/sukuk, impaired securities and unquoted corporate loan stocks. Fair values for shares held for socio economic reasons are based on the net tangible assets of the affected companies. For unquoted corporate loan stocks, discounted cash flow analysis have been performed to determine the recoverability of the instruments.

(ii) Reconciliation of fair value movements in Level 3

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

	Group		Bank	
	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000	As at 30 September 2018 RM'000	As at 31 December 2017 RM'000
<b>Financial assets FVTPL</b>				
Balance as at the beginning of the financial period/year				
- As previously reported	359,859	167,901	-	16,390
- Effect of adoption of MFRS 9	15,525	-	15,525	-
- As restated	375,384	167,901	15,525	16,390
Total gain/(loss) recognised in income statements	32,810	(27,067)	(1,630)	(16,390)
Purchases	45,203	243,928	1,671	-
Settlements	(11,094)	(10,685)	-	-
Exchange differences	10,095	(14,218)	(18)	-
Balance as at the end of the financial period/year	<u>452,398</u>	<u>359,859</u>	<u>15,548</u>	<u>-</u>

	Group	Bank
	As at 30 September 2018 RM'000	As at 30 September 2018 RM'000
<b>Financial assets at FVOCI</b>		
Balance as at the beginning of the financial period		
- As previously reported	-	-
- Effect of adoption of MFRS 9	1,123,485	799,425
- As restated	1,123,485	799,425
Total gain recognised in other comprehensive income	43,074	30,657
Purchases	6,238	1,672
Settlements	(13,136)	(4,166)
Allowance for credit losses	(652)	-
Exchange differences	2,050	-
Balance as at the end of the financial period	<u>1,161,059</u>	<u>827,588</u>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**B9. Fair Value of Financial Instruments (continued)**

(ii) Reconciliation of fair value movements in Level 3 (continued)

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

	<b>Group</b>	<b>Bank</b>
	<b>As at</b>	<b>As at</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2017</b>	<b>2017</b>
	<u>RM'000</u>	<u>RM'000</u>
<b>Financial investments AFS</b>		
Balance as at the beginning of financial year	1,138,800	806,979
Total gain recognised in other comprehensive income	13,906	61
Purchases	16,001	10,793
Settlements	(17,087)	(67)
Impairment losses	(2,551)	(2,551)
Exchange differences	(10,059)	(265)
Balance as at the end of the financial year	<u>1,139,010</u>	<u>814,950</u>



**RHB BANK BERHAD (6171-M)  
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**B10 Change in Accounting Policies**

**(1) Adoption of MFRS 9 'Financial Instruments'**

The Group and the Bank have adopted MFRS 9 'Financial Instruments', issued by the MASB on 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements.

As permitted by the transitional provisions of MFRS 9, the Group and the Bank elected not to restate comparatives figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained profits and other reserves of the current period.

The adoption of MFRS 9 has resulted in changes in the Group and the Bank's accounting policies for recognition, classification and measurement of financial assets and liabilities and impairment of financial assets.

Set out below are disclosures relating to the impact of the adoption of MFRS 9 on the Group and the Bank:

**(a) Classification and measurement of financial assets**

From 1 January 2018, the Group and the Bank have applied MFRS 9 and classifies its financial assets in the following measurement categories:

- Amortised cost
- Fair value through other comprehensive income ('FVOCI')
- Fair value through profit or loss ('FVTPL')

As a result, the financial instruments available for sale ('AFS') and held to maturity ('HTM') categories were removed.

The classification and subsequent measurement of financial assets depend on:

- (i) The Group and the Bank's business model for managing the financial assets; and
- (ii) The contractual cash flow characteristics of the financial assets.

Based on these factors, the Group and the Bank classify their financial assets into one of the following three (3) measurement categories:

- (i) Financial assets classified and measured at amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated as FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted for any expected credit losses that are recognised into profit or loss. The interest income is recognised into profit or loss using the effective interest rate method.

The majority of the Group's and Bank's debt instruments that were classified as HTM and measured at amortised cost meet the condition for classification as amortised cost under MFRS 9, except for:

- the reclassification of certain debt instruments to FVOCI arising from changes in the Group and Bank's business model from 'hold to collect the contractual cash flows' to 'hold to collect the contractual cash flows and sell', amounted to RM2,108,721,000 for the Group and the Bank. The difference between the fair value and the amortised cost, net of tax effects, of RM20,023,000 (net gains) for the Group and the Bank was recognised to FVOCI reserve on 1 January 2018.
- the reclassification of debt instrument, which contain a contingent provision which may reduce the amount of principal payable if certain key performance indicators are met by the issuer, and due to this proviso, failed to meet the SPPI's requirements for amortised cost classification under MFRS 9, to FVTPL, amounted to RM15,484,000 and RM5,104,000 for the Group and the Bank respectively. The difference between the fair value and the amortised cost, net of tax effects, of RM264,000 (net gains) and RM30,000 (net loss) for the Group and the Bank respectively, was recognised to retained profits on 1 January 2018.



**RHB BANK BERHAD (6171-M)  
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**B10 Change in Accounting Policies (continued)**

**(1) Adoption of MFRS 9 'Financial Instruments' (continued)**

**(a) Classification and measurement of financial assets (continued)**

**(ii) Financial assets classified and measured at fair value through other comprehensive income (FVOCI)**

Financial assets that are held for collection for contractual cash flow where those cash flows represent SPPI and held in a business model whose objective is achieved by both collecting the contractual cash flows and selling the financial assets, and that are not designated as FVTPL, are measured at FVOCI. Changes in the fair value of these assets are recognised in OCI, except for recognition of interest, dividend, foreign exchange gains or losses and expected credit losses which are recognised in profit or loss.

When these financial assets, other than equity instruments held in FVOCI, are derecognised, the cumulative gains or losses previously recognised in OCI is reclassified from equity to profit or loss.

The majority of the Group's and Bank's debts and equity instruments that were classified as financial instruments AFS satisfy the conditions for classification as FVOCI and hence there will be no change to the accounting for these assets.

However, the Group and Bank hold a portfolio of debt instruments in AFS, which contain contractual clauses on non-viability and loss absorption in the event of default, and due to these clauses, failed to meet the SPPI requirements for FVOCI classification under MFRS 9. As a result, these instruments, which amounted to RM971,996,000 for the Group and RM915,533,000 for the Bank, were classified as FVTPL and its cumulative gains arising from changes in fair value, net of tax of RM4,092,000 (net gains) and RM4,255,000 (net gains) for the Group and the Bank respectively, have been transferred from equity to retained profits on 1 January 2018.

**(b) Classification and measurement of financial liabilities**

The Group and the Bank's financial liabilities continue to be measured at amortised cost.

There will be no impact on the Group and the Bank's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group and the Bank do not have any such liabilities as at the balance sheet date.

**(c) Hedge accounting**

The Group and the Bank have elected to continue to apply the hedge accounting requirements of MFRS 139 on the adoption of MFRS 9.

**(d) Impairment of financial assets**

MFRS 9 introduces a new impairment model that requires the recognition of expected credit loss ('ECL'), replacing the incurred loss methodology model under MFRS 139, for all financial assets, except for financial assets classified or designated as FVTPL and equity securities, which are not subject to impairment assessment. Off-balance sheet items that are subject to ECL include financial guarantees and undrawn loan commitments.

MFRS 9 does not distinguish between individual assessment and collective assessment. The Group and the Bank first assess whether objective evidence of impairment exists for financial assets which are individually significant. If the Group and the Bank determine that objective evidence of impairment exists, i.e. credit impaired, for an individually assessed financial asset, a lifetime ECL will be recognised for impairment loss which has been incurred. Financial assets which are individually significant but non-impaired and not individually significant are grouped on the basis of similar credit risk characteristics (such as credit quality, instrument type, credit risk ratings, credit utilisation, level of collateralisation and other relevant factors) for collective assessment. Collectively, the individually assessment allowance and collective assessment allowance form the total expected credit allowance for the Group and the Bank.



**RHB BANK BERHAD (6171-M)  
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**B10 Change in Accounting Policies (continued)**

**(1) Adoption of MFRS 9 'Financial Instruments' (continued)**

**(d) Impairment of financial assets (continued)**

ECL will be assessed using an approach which classifies financial assets into three stages which reflects the change in credit quality of the financial assets since initial recognition:

(i) Stage 1: 12 months ECL – not credit impaired

For credit exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the ECL associated with the probability of default events occurring within the next 12 months will be recognised.

(ii) Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, the ECL associated with the probability of default events occurring within the lifetime ECL will be recognised.

(iii) Stage 3: Lifetime ECL – credit impaired

Financial assets are assessed as credit impaired when one or more objective evidence of defaults that have a detrimental impact on the estimated future cashflows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL will be recognised.

The changes in ECL between two-periods will be recognised in profit and loss.

The assessment of significant deterioration in credit risk since initial recognition is key in establishing the point of switching between the requirement to measure an allowance based on 12-month ECL and one that is based on lifetime ECL. The quantitative and qualitative assessments are required to estimate the significant increase in credit risk by comparing the risk of a default occurring on the financial assets as at reporting date with the risk of default occurring on the financial assets as at the date of initial recognition.

The assessment of credit risk, as well as the estimation of ECL, are required to be unbiased, probability-weighted and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. The measurement of ECL is based on the discounted products of the Probability of Default model (PD), Loss Given Default model (LGD) and Exposure at Default model (EAD). Certain ECL models are leveraging on the existing Group and the Bank's Basel II Internal Ratings-Based model, where feasible or available, with necessary adjustment to meet MFRS 9 requirements.

As a result of the changes in basis of determining the level of allowances for credit losses mentioned above, the total ECL allowances computed under MFRS 9 is higher by RM1,230,154,000 (net of tax) and RM1,088,051,000 (net of tax) for the Group and the Bank respectively, than the total allowance for impairment on financial assets under MFRS 139.

**(2) BNM's Revised Policy Documents on Financial Reporting and Financial Reporting for Islamic Banking Institutions**

On 2 February 2018, BNM issued the revised policy documents on Financial Reporting and Financial Reporting for Islamic Banking Institutions which prescribe the regulatory reserves to be maintained by banking institutions.

With effect from 1 January 2018, the Bank and its domestic banking subsidiaries must maintain, in aggregate, 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.

The financial effects of the adoption of the revised policy are presented in Note B10(3).





**RHB BANK BERHAD (6171-M)**  
**NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**B10 Change in Accounting Policies (continued)**

**(3) Financial effects**

Summary of the impact on classification and measurement, and a reconciliation of the financial position of the Group and the Bank upon adoption of MFRS 9 as at 31 December 2017 and 1 January 2018 are as follows:

Group	MFRS 139 measurement category	MFRS 9 measurement category	MFRS 139 carrying amount as at 31 December 2017	Classification and measurement		Carrying amount post classification and measurement	Expected credit losses	MFRS 9 carrying amount as at 1 January 2018
				Fair value through profit and loss	Fair value through other comprehensive income			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>								
Cash and short-term funds	Loans and receivables	Amortised costs	9,951,878	-	-	9,951,878	(6,375)	<b>9,945,503</b>
Deposits and placements with banks and other financial institutions	Loans and receivables	Amortised costs	1,161,601	-	-	1,161,601	(25)	<b>1,161,576</b>
Financial assets at FVTPL	FVTPL	FVTPL	2,564,269	987,916	-	3,552,185	-	<b>3,552,185</b>
Financial assets at FVOCI:								
- Debt instruments	Financial investments AFS	FVOCI	25,167,193	(971,996)	2,135,066	26,330,263	(68,660)	<b>26,261,603</b>
- Equity instruments	Financial investments AFS	FVOCI	649,423	-	-	649,423	-	<b>649,423</b>
Financial assets at amortised costs	Financial investments HTM	Amortised costs	19,045,943	(15,484)	(2,108,721)	16,921,738	(147,589)	<b>16,774,149</b>
Loans, advances and financing	Loans and receivables	Amortised costs	158,301,463	-	-	158,301,463	(1,360,646)	<b>156,940,817</b>
Clients' and brokers' balances	Loans and receivables	Amortised costs	1,599,594	-	-	1,599,594	-	<b>1,599,594</b>
Reinsurance assets	Loans and receivables	Amortised costs	482,760	-	-	482,760	-	<b>482,760</b>
Other assets	Loans and receivables	Amortised costs	1,106,048	-	-	1,106,048	(9,467)	<b>1,096,581</b>
Derivative assets	FVTPL	FVTPL	1,826,667	(31,001)	-	1,795,666	-	<b>1,795,666</b>
Statutory deposits	Loans and receivables	Amortised costs	4,001,002	-	-	4,001,002	-	<b>4,001,002</b>
Tax recoverable	NA	NA	115,874	6,304	-	122,178	343,586	<b>465,764</b>
Deferred tax assets	NA	NA	36,072	1,987	-	38,059	-	<b>38,059</b>
Investments in associates and joint ventures	NA	NA	48,253	-	-	48,253	-	<b>48,253</b>
Property, plant and equipment	NA	NA	1,013,710	-	-	1,013,710	-	<b>1,013,710</b>
Goodwill	NA	NA	2,649,307	-	-	2,649,307	-	<b>2,649,307</b>
Intangible assets	NA	NA	488,869	-	-	488,869	-	<b>488,869</b>
<b>TOTAL ASSETS</b>			<b>230,209,926</b>	<b>(22,274)</b>	<b>26,345</b>	<b>230,213,997</b>	<b>(1,249,176)</b>	<b>228,964,821</b>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**B10 Change in Accounting Policies (continued)**

**(3) Financial effects (continued)**

Summary of the impact on classification and measurement, and a reconciliation of the financial position of the Group and the Bank upon adoption of MFRS 9 as at 31 December 2017 and 1 January 2018 are as follows (continued):

Group	MFRS 139 measurement category	MFRS 9 measurement category	MFRS 139 carrying amount as at 31 December 2017	Classification and measurement		Carrying amount post classification and measurement	Expected credit losses	MFRS 9 carrying amount as at 1 January 2018
				Fair value through profit and loss	Fair value through other comprehensive income			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>LIABILITIES</b>								
Deposits from customers	Amortised costs	Amortised costs	166,865,031	-	-	166,865,031	-	<b>166,865,031</b>
Deposits and placements of banks and other financial institutions	Amortised costs	Amortised costs	21,079,737	-	-	21,079,737	-	<b>21,079,737</b>
Obligations on securities sold under repurchase agreements	Amortised costs	Amortised costs	604,163	-	-	604,163	-	<b>604,163</b>
Bills and acceptances payable	Amortised costs	Amortised costs	302,152	-	-	302,152	-	<b>302,152</b>
Clients' and brokers' balances	Amortised costs	FVTPL	1,369,395	-	-	1,369,395	-	<b>1,369,395</b>
General insurance contract liabilities	Amortised costs	Amortised costs	998,310	-	-	998,310	-	<b>998,310</b>
Other liabilities and provisions	Amortised costs	Amortised costs	2,715,111	-	-	2,715,111	-	<b>2,715,111</b>
Derivative liabilities	FVTPL	FVTPL	2,551,504	-	-	2,551,504	-	<b>2,551,504</b>
Recourse obligation on loans sold to Cagamas	Amortised costs	Amortised costs	1,729,606	-	-	1,729,606	-	<b>1,729,606</b>
Tax liabilities	NA	NA	33,531	-	-	33,531	(15,663)	<b>17,868</b>
Deferred tax liabilities	NA	NA	19,698	(1,188)	6,322	24,832	(2,876)	<b>21,956</b>
Borrowings	Amortised costs	Amortised costs	1,153,719	-	-	1,153,719	-	<b>1,153,719</b>
Senior debt securities	Amortised costs	Amortised costs	3,252,581	-	-	3,252,581	-	<b>3,252,581</b>
Hybrid Tier-1 Capital Securities	Amortised costs	Amortised costs	602,666	-	-	602,666	-	<b>602,666</b>
Subordinated obligations	Amortised costs	Amortised costs	3,748,294	-	-	3,748,294	-	<b>3,748,294</b>
<b>TOTAL LIABILITIES</b>			<b>207,025,498</b>	<b>(1,188)</b>	<b>6,322</b>	<b>207,030,632</b>	<b>(18,539)</b>	<b>207,012,093</b>
<b>EQUITY</b>								
Share capital			6,994,103	-	-	6,994,103	-	<b>6,994,103</b>
Reserves			16,155,611	(21,112)	20,023	16,154,522	(1,230,154)	<b>14,924,368</b>
<b>Equity attributable to holders of the Bank</b>			<b>23,149,714</b>	<b>(21,112)</b>	<b>20,023</b>	<b>23,148,625</b>	<b>(1,230,154)</b>	<b>21,918,471</b>
NCI			34,714	26	-	34,740	(483)	<b>34,257</b>
<b>TOTAL EQUITY</b>			<b>23,184,428</b>	<b>(21,086)</b>	<b>20,023</b>	<b>23,183,365</b>	<b>(1,230,637)</b>	<b>21,952,728</b>
<b>TOTAL LIABILITIES AND EQUITY</b>			<b>230,209,926</b>	<b>(22,274)</b>	<b>26,345</b>	<b>230,213,997</b>	<b>(1,249,176)</b>	<b>228,964,821</b>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**B10 Change in Accounting Policies (continued)**

**(3) Financial effects (continued)**

Summary of the impact on classification and measurement, and a reconciliation of the financial position of the Group and the Bank upon adoption of MFRS 9 as at 31 December 2017 and 1 January 2018 are as follows (continued):

Bank	MFRS 139 measurement category	MFRS 9 measurement category	MFRS 139 carrying amount as at 31 December 2017	Classification and measurement		Carrying amount post classification and measurement	Expected credit losses	MFRS 9 carrying amount as at 1 January 2018
				Fair value through profit and loss	Fair value through other comprehensive income			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>								
Cash and short-term funds	Loans and receivables	Amortised costs	7,614,663	-	-	7,614,663	(2,429)	<b>7,612,234</b>
Deposits and placements with banks and other financial institutions	Loans and receivables	Amortised costs	11,275,105	-	-	11,275,105	-	<b>11,275,105</b>
Financial assets at FVTPL	FVTPL	FVTPL	828,006	920,597	-	1,748,603	-	<b>1,748,603</b>
Financial assets at FVOCI:								
- Debt instruments	Financial investments AFS	FVOCI	20,814,018	(915,533)	2,135,066	22,033,551	(62,703)	<b>21,970,848</b>
- Equity instruments	Financial investments AFS	FVOCI	613,637	-	-	613,637	-	<b>613,637</b>
Financial assets at amortised costs	Financial investments HTM	Amortised costs	14,496,205	(5,104)	(2,108,721)	12,382,380	(143,668)	<b>12,238,712</b>
Loans, advances and financing	Loans and receivables	Amortised costs	109,530,317	-	-	109,530,317	(1,222,844)	<b>108,307,473</b>
Other assets	Loans and receivables	Amortised costs	906,895	-	-	906,895	-	<b>906,895</b>
Derivative assets	FVTPL	FVTPL	1,834,676	(31,865)	-	1,802,811	-	<b>1,802,811</b>
Statutory deposits	Loans and receivables	Amortised costs	2,538,107	-	-	2,538,107	-	<b>2,538,107</b>
Tax recoverable	NA	NA	58,871	6,314	-	65,185	343,593	<b>408,778</b>
Investments in subsidiaries	NA	NA	4,495,837	-	-	4,495,837	-	<b>4,495,837</b>
Property, plant and equipment	NA	NA	756,434	-	-	756,434	-	<b>756,434</b>
Goodwill	NA	NA	1,651,542	-	-	1,651,542	-	<b>1,651,542</b>
Intangible assets	NA	NA	415,690	-	-	415,690	-	<b>415,690</b>
<b>TOTAL ASSETS</b>			<b>177,830,003</b>	<b>(25,591)</b>	<b>26,345</b>	<b>177,830,757</b>	<b>(1,088,051)</b>	<b>176,742,706</b>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**B10 Change in Accounting Policies (continued)**

**(3) Financial effects (continued)**

Summary of the impact on classification and measurement, and a reconciliation of the financial position of the Group and the Bank upon adoption of MFRS 9 as at 31 December 2017 and 1 January 2018 are as follows (continued):

Bank	MFRS 139 measurement category	MFRS 9 measurement category	MFRS 139 carrying amount as at 31 December 2017	Classification and measurement		Carrying amount post classification and measurement	Expected credit losses	MFRS 9 carrying amount as at 1 January 2018
				Fair value through profit and loss	Fair value through other comprehensive income			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>LIABILITIES</b>								
Deposits from customers	Amortised costs	Amortised costs	121,237,748	-	-	121,237,748	-	121,237,748
Deposits and placements of banks and other financial institutions	Amortised costs	Amortised costs	22,031,408	-	-	22,031,408	-	22,031,408
Obligations on securities sold under repurchase agreements	Amortised costs	Amortised costs	1,587,979	-	-	1,587,979	-	1,587,979
Bills and acceptances payable	Amortised costs	Amortised costs	286,751	-	-	286,751	-	286,751
Other liabilities and provisions	Amortised costs	Amortised costs	1,573,546	-	-	1,573,546	-	1,573,546
Derivative liabilities	FVTPL	FVTPL	2,513,980	-	-	2,513,980	-	2,513,980
Recourse obligation on loans sold to Cagamas	Amortised costs	Amortised costs	1,729,606	-	-	1,729,606	-	1,729,606
Deferred tax liabilities	NA	NA	14,467	(1,344)	6,322	19,445	-	19,445
Borrowings	Amortised costs	Amortised costs	978,068	-	-	978,068	-	978,068
Senior debt securities	Amortised costs	Amortised costs	3,252,581	-	-	3,252,581	-	3,252,581
Hybrid Tier-1 Capital Securities	Amortised costs	Amortised costs	607,678	-	-	607,678	-	607,678
Subordinated obligations	Amortised costs	Amortised costs	2,588,638	-	-	2,588,638	-	2,588,638
<b>TOTAL LIABILITIES</b>			<b>158,402,450</b>	<b>(1,344)</b>	<b>6,322</b>	<b>158,407,428</b>	<b>-</b>	<b>158,407,428</b>
<b>EQUITY</b>								
Share capital			6,994,103	-	-	6,994,103	-	6,994,103
Reserves			12,433,450	(24,247)	20,023	12,429,226	(1,088,051)	11,341,175
<b>TOTAL EQUITY</b>			<b>19,427,553</b>	<b>(24,247)</b>	<b>20,023</b>	<b>19,423,329</b>	<b>(1,088,051)</b>	<b>18,335,278</b>
<b>TOTAL LIABILITIES AND EQUITY</b>			<b>177,830,003</b>	<b>(25,591)</b>	<b>26,345</b>	<b>177,830,757</b>	<b>(1,088,051)</b>	<b>176,742,706</b>



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**B10 Change in Accounting Policies (Continued)**

**(3) Financial effects (continued)**

The following table shows the effects on FVOCI reserves, regulatory reserves and retained profits as at 31 December 2017 and 1 January 2018:

	Group RM'000	Bank RM'000
<b>FVOCI reserves</b>		
Closing balance under MFRS 139 as at 31 December 2017	275,937	271,524
Reclassification of investment securities (debt and equity) from AFS to FVTPL	(4,092)	(4,255)
Reclassification of investment securities (equity) measured at fair value from HTM to FVOCI	20,023	20,023
	<u>15,931</u>	<u>15,768</u>
Opening balance under MFRS 9 as at 1 January 2018	<u>291,868</u>	<u>287,292</u>
	<b>Group RM'000</b>	<b>Bank RM'000</b>
<b>Regulatory reserves</b>		
Closing balance under MFRS 139 as at 31 December 2017	1,797,903	1,484,902
Transfer to retained profits	(1,124,358)	(980,562)
Opening balance under MFRS 9 as at 1 January 2018	<u>673,545</u>	<u>504,340</u>
	<b>Group RM'000</b>	<b>Bank RM'000</b>
<b>Retained profits</b>		
Closing balance under MFRS 139 as at 31 December 2017	13,429,174	10,333,461
Effect of reclassification of investment assets	(17,020)	(19,992)
Effect of ECL adjustments, net of tax	(1,230,412)	(1,088,051)
Transfer from regulatory reserves	1,124,358	980,562
	<u>(123,074)</u>	<u>(127,481)</u>
Opening balance under MFRS 9 as at 1 January 2018	<u>13,306,100</u>	<u>10,205,980</u>

The following table reconciles the opening ECL allowance determined in accordance with MFRS 9 as at 1 January 2018:

Group	MFRS 139 Allowance as at 31 December 2017 RM'000	Classification and measurement RM'000	Expected credit losses RM'000	MFRS 9 Allowance as at 1 January 2018 RM'000
Cash and short-term funds	-	-	6,375	6,375
Deposits and placements with banks and other financial institutions	-	-	25	25
Financial assets at FVTPL	-	59,172	(59,172)	-
Financial assets at FVOCI	507,728	(20,838)	55,673 <sup>N1</sup>	542,563
Financial assets at amortised costs	181,874	(38,334)	147,589	291,129
Loans, advances and financing	1,825,978	-	1,360,646	3,186,624
Clients' and brokers' balances	31,882	-	-	31,882
Other debtors	23,709	-	9,467	33,176
	<u>2,571,171</u>	<u>-</u>	<u>1,520,603</u>	<u>4,091,774</u>

N1: Excluding impairment for equity instruments under FVOCI which was previously provided of RM12,987,000.



**RHB BANK BERHAD (6171-M)**  
**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**B10 Change in Accounting Policies (Continued)**

**(3) Financial effects (continued)**

The following table reconciles the opening ECL allowance determined in accordance with MFRS 9 as at 1 January 2018 (continued):

<b>Bank</b>	<b>MFRS 139 Allowance as at 31 December 2017 RM'000</b>	<b>Classification and measurement RM'000</b>	<b>Expected credit losses RM'000</b>	<b>MFRS 9 Allowance as at 1 January 2018 RM'000</b>
Cash and short-term funds	-	-	2,429	2,429
Financial assets at FVTPL	-	57,128	(57,128)	-
Financial assets at FVOCI	496,796	(18,794)	53,345 N1	531,347
Financial assets at amortised costs	102,469	(38,334)	143,668	207,803
Loans, advances and financing	1,300,186	-	1,222,844	2,523,030
	<u>1,899,451</u>	<u>-</u>	<u>1,365,158</u>	<u>3,264,609</u>

N1: Excluding impairment for equity instruments under FVOCI which was previously provided of RM9,358,000.



**RHB BANK BERHAD (6171-M)  
NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**B11. Dividends**

No dividend has been declared for the third quarter ended 30 September 2018

**B12. Earnings per Share**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Basic earnings per share</b>				
Profit attributable to equity holders of the Bank (RM'000)	<b>578,690</b>	488,828	<b>1,739,771</b>	1,490,068
Weighted average number of ordinary shares in issue ('000)	<b>4,010,045</b>	4,010,045	<b>4,010,045</b>	4,010,045
Earnings per share (sen)				
- Basic	<b>14.4</b>	12.2	<b>43.4</b>	37.2
- Diluted	<b>14.4</b>	12.2	<b>43.4</b>	37.2

There were no dilutive potential ordinary shares outstanding as at 30 September 2018. As a result, the diluted earnings per share equal to the basic earnings per share for the nine months ended 30 September 2018.

**BY ORDER OF THE BOARD**

**AZMAN SHAH MD YAMAN**  
(License No. LS0006901)

Company Secretary  
27 November 2018