

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	Group		Bank	
		As at	As at	As at	As at
		30 June 2021	31 December 2020	30 June 2021	31 December 2020
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		2,968,884	2,422,065	2,460,803	1,793,368
Deposits and placements with banks and other financial institutions		220,582	214,766	-	-
Financial assets at fair value through profit or loss ('FVTPL')	8	801,746	1,034,843	112,103	258,837
Financial assets at fair value through other comprehensive income ('FVOCI')	9	629,644	623,525	627,096	615,488
Financial investments at amortised costs	10	963,255	1,009,646	963,255	1,009,646
Loans and advances	11	1,845,801	1,817,874	1,546,570	1,496,483
Clients' and brokers' balances	12	1,069,715	1,339,568	884,636	946,680
Other assets	13	752,565	144,430	40,859	65,629
Derivative assets		492	1,017	83	122
Statutory deposits		20,790	16,977	16,716	13,000
Tax recoverable		1,273	1,781	-	-
Deferred tax assets		19,839	28,392	10,343	17,985
Investments in subsidiaries		-	-	714,068	715,398
Investments in associates and joint ventures		4,623	4,611	5,028	5,028
Right of use assets		21,958	23,034	5,273	6,733
Property, plant and equipment		36,128	38,374	17,721	19,272
Goodwill and other intangible assets		491,560	487,392	398,091	396,691
TOTAL ASSETS		9,848,855	9,208,295	7,802,645	7,360,360
LIABILITIES AND EQUITY					
Deposits from customers	14	1,315,614	1,252,094	1,315,614	1,252,094
Deposits and placements of banks and other financial institutions	15	3,318,433	2,773,193	3,318,433	2,773,193
Clients' and brokers' balances		1,103,461	1,171,930	935,409	824,677
Other liabilities	16	1,206,316	813,038	235,034	331,179
Derivative liabilities		20,512	71,748	20,255	71,732
Tax liabilities		17,387	15,481	5,700	6,646
Deferred tax liabilities		492	-	-	-
Lease liabilities		22,131	22,739	5,424	6,881
Borrowings		527,198	717,427	-	-
Subordinated obligations		202,121	202,148	202,121	202,148
TOTAL LIABILITIES		7,733,665	7,039,798	6,037,990	5,468,550
Share capital		1,220,000	1,487,773	1,220,000	1,487,773
Reserves		884,330	670,486	544,655	404,037
		2,104,330	2,158,259	1,764,655	1,891,810
Non-controlling interests		10,860	10,238	-	-
TOTAL EQUITY		2,115,190	2,168,497	1,764,655	1,891,810
TOTAL LIABILITIES AND EQUITY		9,848,855	9,208,295	7,802,645	7,360,360
COMMITMENTS AND CONTINGENCIES	27	1,028,029	1,157,647	723,815	786,858

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020.

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

Group	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
		RM'000	RM'000	RM'000	RM'000
Interest income	17	54,731	53,021	109,907	113,607
Interest expense	18	(24,984)	(32,395)	(50,307)	(74,431)
Net interest income		29,747	20,626	59,600	39,176
Fee and commission income	19	245,034	196,930	554,868	375,256
Fee and commission expense	20	(88,468)	(50,493)	(211,542)	(107,423)
Other operating income	21	70,987	60,864	128,235	83,468
		257,300	227,927	531,161	390,477
Other operating expenses	22	(131,708)	(135,927)	(264,015)	(273,932)
Operating profit before allowances		125,592	92,000	267,146	116,545
Allowance written back/(made) for expected credit losses	23	493	1,494	3,830	(1,973)
Impairment loss on other non-financial assets	24	(314)	(9,500)	(314)	(9,500)
		125,771	83,994	270,662	105,072
Share of results of associates		7	13	12	27
Profit before taxation		125,778	84,007	270,674	105,099
Taxation		(20,566)	(20,012)	(57,004)	(24,762)
Profit from continuing operations		105,212	63,995	213,670	80,337
Loss from discontinued operation		-	(4,750)	-	(8,062)
Profit for the period		105,212	59,245	213,670	72,275
Profit attributable to:					
- Equity holder of the Bank	25	104,834	59,027	212,989	71,682
- Non-controlling interests		378	218	681	593
		105,212	59,245	213,670	72,275
Basic earnings/(loss) per share (sen)					
- Continuing operations	25	130.7	63.8	236.5	79.7
- Discontinued operation	25	-	(4.8)	-	(8.1)
		130.7	59.0	236.5	71.6

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2021

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	105,212	59,245	213,670	72,275
Other comprehensive (loss)/income in respect of:				
(a) Item that will not be reclassified to income statements:				
(i) Actuarial gain on defined benefit plan of subsidiaries	2,493	52	1,894	1,654
(ii) Financial assets at FVOCI, equity instruments:				
- Unrealised net (loss)/gain on revaluation	(962)	2,309	1,465	1,818
(b) Items that will be reclassified subsequently to income statements:				
(i) Foreign currency translation reserve				
- Currency translation differences	(4,048)	37,977	3,709	14,510
- Net investment hedge	-	(2,165)	-	(1,599)
(ii) Financial assets at FVOCI, debt instruments:				
- Unrealised net (loss)/gain on revaluation	(1,028)	6,814	(7,330)	7,250
- Net transfer to income statements on disposal	-	(3)	-	(3)
Income tax relating to components of other comprehensive (income)/loss	(246)	(1,685)	1,058	(2,153)
Other comprehensive (loss)/income, net of tax, for the financial period	(3,791)	43,299	796	21,477
Total comprehensive income for the financial period	101,421	102,544	214,466	93,752
Total comprehensive income attributable to:				
- Equity holder of the Bank	101,573	102,050	213,844	93,186
- Non-controlling interests	(152)	494	622	566
	101,421	102,544	214,466	93,752
Total comprehensive income attributable to equity holder of the Bank arises from:				
- Continuing operations	101,573	106,605	213,844	101,142
- Discontinued operation	-	(4,555)	-	(7,956)
	101,573	102,050	213,844	93,186

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020.

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2021

Bank	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
		RM'000	RM'000	RM'000	RM'000
Interest income	17	43,816	43,535	87,269	93,172
Interest expense	18	(21,345)	(27,666)	(41,801)	(61,822)
Net interest income		22,471	15,869	45,468	31,350
Fee and commission income	19	95,925	98,111	225,042	165,267
Fee and commission expense	20	(11,148)	(7,982)	(20,691)	(9,945)
Other operating income	21	32,374	37,443	86,881	45,025
		139,622	143,441	336,700	231,697
Other operating expenses	22	(72,887)	(71,670)	(145,579)	(149,083)
Operating profit before allowances		66,735	71,771	191,121	82,614
Allowance (made)/written back for expected credit losses	23	(654)	2,650	(219)	(661)
Impairment loss on other non-financial assets	24	(554)	-	(1,101)	-
Profit before taxation		65,527	74,421	189,801	81,953
Taxation		(15,524)	(16,702)	(45,328)	(18,760)
Net profit for the financial period		50,003	57,719	144,473	63,193

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2021

Bank	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	50,003	57,719	144,473	63,193
Other comprehensive income/(loss) in respect of:				
(a) Item that will not be reclassified to income statement:				
(i) Financial assets at FVOCI, equity instruments:				
- Unrealised net gain on revaluation	1,716	2,223	1,716	2,223
(b) Items that will be reclassified subsequently to income statement:				
(i) Financial assets at FVOCI, debt instruments:				
- Unrealised net (loss)/gain on revaluation	(1,028)	6,814	(7,330)	7,250
- Net transfer to income statement on disposal	-	(3)	-	(3)
Income tax relating to components of other comprehensive loss/(income)	247	(1,635)	1,759	(1,740)
Other comprehensive income/(loss), net of tax, for the financial period	935	7,399	(3,855)	7,730
Total comprehensive income for the financial period	50,938	65,118	140,618	70,923

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RHB INVESTMENT BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2021

Attributable to the Equity Holder of the Bank

Group	Note	Share capital	Statutory reserves	FVOCI reserves	Translation reserves	Regulatory reserves	Retained profits	Total	Non-controlling interests	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2021		1,487,773	515	50,380	61,582	35,282	522,727	2,158,259	10,238	2,168,497
Net profit for the financial period		-	-	-	-	-	212,989	212,989	681	213,670
Foreign currency translation reserve:										
- Currency translation differences		-	-	-	3,711	-	-	3,711	(2)	3,709
Financial assets at FVOCI:										
- Equity instruments										
- Unrealised net gain/(loss) on revaluation		-	-	1,515	-	-	-	1,515	(50)	1,465
- Net gain on disposal		-	-	(1,950)	-	-	1,950	-	-	-
- Debt instruments										
- Unrealised net loss on revaluation		-	-	(7,330)	-	-	-	(7,330)	-	(7,330)
Actuarial gain/(loss) on defined benefit plan of subsidiaries		-	-	-	-	-	1,899	1,899	(5)	1,894
Income tax relating to components of other comprehensive loss/(income)		-	-	1,759	-	-	(699)	1,060	(2)	1,058
Other comprehensive (loss)/income, net of tax, for the financial period		-	-	(6,006)	3,711	-	3,150	855	(59)	796
Total comprehensive (loss)/income for the financial period		-	-	(6,006)	3,711	-	216,139	213,844	622	214,466
Transfer to regulatory reserves		-	-	-	-	3,947	(3,947)	-	-	-
Capital cancellation	6	(267,773)	-	-	-	-	-	(267,773)	-	(267,773)
Balance as at 30 June 2021		1,220,000	515	44,374	65,293	39,229	734,919	2,104,330	10,860	2,115,190

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

Attributable to Equity Holder of the Bank

Group	Share capital	Statutory reserves	FVOCI reserves	Translation reserves	Regulatory reserves	Retained profits	Total	Non-controlling interests	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2020	1,487,773	517	41,918	134,778	32,004	587,298	2,284,288	10,208	2,294,496
Net profit for the financial period	-	-	-	-	-	71,682	71,682	593	72,275
Foreign currency translation reserve:									
- Currency translation differences	-	-	(1)	14,470	-	-	14,469	41	14,510
- Net investment hedge	-	-	-	(1,599)	-	-	(1,599)	-	(1,599)
Financial assets at FVOCI:									
- Equity instruments									
- Unrealised net gain/(loss) on revaluation	-	-	1,899	-	-	-	1,899	(81)	1,818
- Debt instruments									
- Unrealised net gain on revaluation	-	-	7,250	-	-	-	7,250	-	7,250
- Net transfer to income statements on disposal	-	-	(3)	-	-	-	(3)	-	(3)
Actuarial gain on defined benefit plan of subsidiaries	-	-	-	-	-	1,637	1,637	17	1,654
Income tax relating to components of other comprehensive income	-	-	(1,740)	-	-	(409)	(2,149)	(4)	(2,153)
Other comprehensive income/(loss), net of tax, for the financial period	-	-	7,405	12,871	-	1,228	21,504	(27)	21,477
Total comprehensive income for the financial period	-	-	7,405	12,871	-	72,910	93,186	566	93,752
Transfer from statutory reserves	-	(2)	-	-	-	2	-	-	-
Transfer to regulatory reserves	-	-	-	-	923	(923)	-	-	-
Dividend paid	-	-	-	-	-	(143,000)	(143,000)	-	(143,000)
Balance as at 30 June 2020	1,487,773	515	49,323	147,649	32,927	516,287	2,234,474	10,774	2,245,248

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Note	Non-Distributable		Distributable	Total	
		Share capital	FVOCI reserves	Regulatory reserves		Retained profits
		RM'000	RM'000	RM'000	RM'000	
Bank						
Balance as at 1 January 2021		1,487,773	47,839	24,937	331,261	1,891,810
Net profit for the financial period		-	-	-	144,473	144,473
Financial assets at FVOCI, equity instruments:						
- Unrealised net gain on revaluation		-	1,716	-	-	1,716
Financial assets at FVOCI, debt instruments:						
- Unrealised net loss on revaluation		-	(7,330)	-	-	(7,330)
Income tax relating to components of other comprehensive loss		-	1,759	-	-	1,759
Other comprehensive loss, net of tax, for the financial period		-	(3,855)	-	-	(3,855)
Total comprehensive (loss)/income for the financial period		-	(3,855)	-	144,473	140,618
Transfer to regulatory reserves		-	-	203	(203)	-
Capital cancellation	6	(267,773)	-	-	-	(267,773)
Balance as at 30 June 2021		1,220,000	43,984	25,140	475,531	1,764,655

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

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

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020.

INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Note	Six Months Ended	
		30 June 2021	30 June 2020
		RM'000	RM'000
Group			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation:			
- Continuing operations		270,674	105,099
- Discontinued operation		-	(8,332)
		<u>270,674</u>	<u>96,767</u>
Adjustments for non-operating and non-cash items		(73,172)	(16,561)
Operating profit before working capital changes		<u>197,502</u>	<u>80,206</u>
Changes in working capital:			
Net changes in operating assets		(38,240)	67,265
Net changes in operating liabilities		858,020	464,886
Cash generated from operations		<u>1,017,282</u>	<u>612,357</u>
Lease interest		(719)	(820)
Net taxation paid		(44,518)	(14,783)
Net cash generated from operating activities		<u>972,045</u>	<u>596,754</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds of financial assets at FVOCI and financial investments at amortised costs		35,912	14,603
Proceeds from disposal of financial assets at FVOCI, equity instruments		5,234	-
Interest income received from financial assets at FVTPL, FVOCI and financial investments at amortised costs		22,686	28,939
Property, plant and equipment			
- Purchase		(3,909)	(3,647)
- Proceeds from disposal		78	-
Purchase of other intangible assets		(8,959)	(3,539)
Dividend income received from financial assets at FVTPL and FVOCI		8,857	3,719
Dividend income received from an associate		-	2,002
Contingent consideration received from disposal of a subsidiary		1,256	-
Net cash generated from investing activities		<u>61,155</u>	<u>42,077</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital repayment to shareholder	6	(267,773)	-
Redemption of subordinated obligations		-	(200,000)
Net repayment of borrowings		(199,734)	(263,217)
Borrowings interest paid		(7,519)	(11,889)
Lease principal payment		(5,287)	(8,406)
Subordinated obligations interest paid		(4,887)	(9,931)
Dividend paid to shareholder		-	(143,000)
Dividend paid to non-controlling interest		-	(1,000)
Net cash used in financing activities		<u>(485,200)</u>	<u>(637,443)</u>
Net increase in cash and cash equivalents		548,000	1,388
Effects of exchange rate differences		(1,547)	(6,258)
Cash and cash equivalents			
- at the beginning of the financial year		2,422,584	2,146,595
- at the end of the financial period		<u>2,969,037</u>	<u>2,141,725</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS:			
Cash and short-term funds before expected credit losses		2,969,037	2,141,725
Less: Allowance for expected credit losses		(153)	(192)
Cash and short-term funds, net of expected credit losses		<u>2,968,884</u>	<u>2,141,533</u>
Cash flows of discontinued operation		-	49,491

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020.

INTERIM FINANCIAL STATEMENTS
 UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
 FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Note	Six Months Ended	
		30 June 2021	30 June 2020
		RM'000	RM'000
Bank			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		189,801	81,953
Adjustments for non-operating and non-cash items		(43,578)	(16,784)
Operating profit before working capital changes		146,223	65,169
Changes in working capital:			
Net changes in operating assets		145,792	(184,093)
Net changes in operating liabilities		594,170	536,727
Cash generated from operations		886,185	417,803
Lease interest		(164)	(156)
Net taxation paid		(36,872)	(8,430)
Net cash generated from operating activities		849,149	409,217
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds of financial assets at FVOCI and financial investments at amortised costs		35,876	14,575
Interest income received from financial assets at FVTPL, FVOCI and financial investments at amortised costs		22,686	28,939
Property, plant and equipment			
- Purchase		(1,376)	(1,241)
- Proceeds from disposal		74	-
Purchase of other intangible assets		(4,569)	(1,930)
Capital repayment from subsidiaries		229	-
Dividend income received from financial assets at FVTPL and FVOCI		2,258	1,061
Dividend income received from subsidiaries		37,000	49,800
Dividend income received from an associate		-	2,002
Additional investments in a subsidiary		-	(80,775)
Subscription of redeemable preference shares issued by a subsidiary		-	(20,000)
Contingent consideration received from disposal of a subsidiary		1,256	-
Net cash generated from/(used in) investing activities		93,434	(7,569)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital repayment to shareholder	6	(267,773)	-
Redemption of subordinated obligations		-	(200,000)
Subordinated obligations interest paid		(4,887)	(9,931)
Lease principal payment		(2,470)	(2,592)
Dividend paid to shareholder		-	(143,000)
Net cash used in financing activities		(275,130)	(355,523)
Net increase in cash and cash equivalents		667,453	46,125
Cash and cash equivalents			
- at the beginning of the financial year		1,793,383	1,443,799
- at the end of the financial period		2,460,836	1,489,924
ANALYSIS OF CASH AND CASH EQUIVALENTS:			
Cash and short-term funds before expected credit losses		2,460,836	1,489,924
Less: Allowance for expected credit losses		(33)	(27)
Cash and short-term funds, net of expected credit losses		2,460,803	1,489,897

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

1 Basis of Preparation

The interim financial statements are unaudited and has been prepared in compliance with Malaysian Financial Reporting Standard ('MFRS') 134, 'Interim Financial Reporting' issued by Malaysian Accounting Standards Board ('MASB') and should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020.

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 2020, except for the adoption of the following accounting standards, annual improvements and amendments to MFRS which are effective and applicable for the Group and the Bank for financial periods beginning on or after 1 January 2021:

- Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7 and MFRS 16)
- Amendments to MFRS 16 - COVID-19 Related Rent Concessions

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.

2 Auditors' Report

The auditors' report for the financial year ended 31 December 2020 was not subject to any qualification.

3 Seasonal or Cyclical Factors

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

4 Exceptional or Unusual Items

There were no exceptional or unusual items for the six months ended 30 June 2021, other than as disclosed in Note 6.

5 Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the six months ended 30 June 2021.

6 Changes in Debt and Equity Securities

There were no issuances and repayments of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares for the six months ended 30 June 2021, other than as disclosed below:

Changes in Equity Securities

The Bank has sought and obtained approval via a special resolution to reduce its issued and paid up ordinary share capital pursuant to Section 117 of the Companies Act 2016 ('CA 2016') on 12 January 2021. Following the confirmation received from Companies Commission of Malaysia ('CCM') on 2 April 2021 that all the requirements of CA 2016 with respect to reduction of share capital have been complied with, the reduction of the issued and paid-up ordinary share capital of the Bank has on the same date been effected by way of:

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

7 Dividends Paid and Proposed Dividend

No dividend was paid by the Bank during the six months ended 30 June 2021.

The Board of Directors proposed an interim single-tier dividend of 125.00 sen per ordinary share, amounting to RM100.0 million in respect of the financial year ending 31 December 2021, which was approved by the Board of Directors on 26 July 2021.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (cont'd)

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

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government Securities	2	-	2	-
<u>Quoted securities:</u>				
In Malaysia				
Shares and exchange traded funds	70,169	209,292	70,169	209,292
Unit trusts	62,384	58,077	8,108	8,218
Outside Malaysia				
Shares	69,033	205,677	5,669	12,958
Unit trusts	24,699	25,676	24,699	25,676
<u>Unquoted securities:</u>				
In Malaysia				
Prasarana bonds	-	25	-	25
Corporate bonds/sukuk	3,456	1,412	3,456	1,412
Outside Malaysia				
Private equity funds	572,003	533,428	-	-
	801,746	1,033,587	112,103	257,581
Contingent consideration	-	1,256	-	1,256
	801,746	1,034,843	112,103	258,837

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (cont'd)

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

	Group		Bank	
	As at	As at	As at	As at
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
At fair value				
(a) Debt instruments	590,426	580,534	590,426	580,534
(b) Equity instruments	39,218	42,991	36,670	34,954
	629,644	623,525	627,096	615,488
(a) Debt instruments				
<u>Money market instruments:</u>				
Malaysian Government Securities	135,020	138,165	135,020	138,165
Malaysian Government Investment Issues	62,185	21,072	62,185	21,072
Khazanah bonds	48,799	48,408	48,799	48,408
Sukuk Perumahan Kerajaan	72,397	73,100	72,397	73,100
<u>Unquoted securities:</u>				
In Malaysia				
Corporate bonds/sukuk	246,146	273,620	246,146	273,620
Prasarana bonds	25,879	26,169	25,879	26,169
	590,426	580,534	590,426	580,534

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

(b) Equity instruments

Quoted securities:

Outside Malaysia

Shares	2,250	1,866	-	-
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Unquoted securities:

In Malaysia

Shares	36,670	40,823	36,670	34,954
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Outside Malaysia

Shares	298	302	-	-
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	39,218	42,991	36,670	34,954
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (cont'd)

10 Financial Investments at Amortised Costs

	As at 30 June 2021	Group and Bank As at 31 December 2020
	RM'000	RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government Securities	92,804	92,878
Malaysian Government Investment Issues	268,819	369,222
Khazanah bonds	13,258	13,003
Wakala Global Sukuk	8,489	8,262
<u>Unquoted securities:</u>		
In Malaysia		
Corporate bonds/sukuk	560,715	507,075
Loan stocks	25,853	25,853
Prasarana bonds	70,764	70,800
	<u>1,040,702</u>	<u>1,087,093</u>
Allowance for expected credit losses	<u>(77,447)</u>	<u>(77,447)</u>
	<u>963,255</u>	<u>1,009,646</u>

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

Balance as at the beginning/end of the financial year/period	<u>77,447</u>	<u>77,447</u>
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(b) Movement in allowance for expected credit losses at financial investments at amortised costs

	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
Group and Bank 30 June 2021				
Balance as at the beginning/end of the financial year/period	<u>-</u>	<u>-</u>	<u>77,447</u>	<u>77,447</u>
Group and Bank 31 December 2020				
Balance as at the beginning/end of the financial year/period	<u>-</u>	<u>-</u>	<u>77,447</u>	<u>77,447</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (cont'd)

11 Loans and Advances

	Group		Bank	
	As at	As at	As at	As at
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
(a) By type				
At amortised cost				
Term loans	2	2	2	2
Share margin financing	1,854,296	1,826,512	1,546,273	1,496,171
Staff loans	296	311	296	311
Gross loans and advances	1,854,594	1,826,825	1,546,571	1,496,484
Less: Allowance for expected credit losses	(8,793)	(8,951)	(1)	(1)
Net loans and advances	<u>1,845,801</u>	<u>1,817,874</u>	<u>1,546,570</u>	<u>1,496,483</u>
(b) By type of customer				
Domestic business enterprises:				
- small and medium enterprises	213,565	190,074	213,565	190,074
- others	228,603	201,109	228,603	201,109
Individuals	1,060,025	1,079,583	1,060,025	1,079,583
Foreign entities	352,401	356,059	44,378	25,718
	<u>1,854,594</u>	<u>1,826,825</u>	<u>1,546,571</u>	<u>1,496,484</u>
(c) By geographical distribution				
In Malaysia	1,546,571	1,496,484	1,546,571	1,496,484
Outside Malaysia				
- Indonesia	107,412	188,983	-	-
- Thailand	200,604	141,358	-	-
- Vietnam	7	-	-	-
	<u>1,854,594</u>	<u>1,826,825</u>	<u>1,546,571</u>	<u>1,496,484</u>
(d) By interest rate sensitivity				
Fixed rate:				
- other fixed rate loans	1,653,988	1,685,465	1,546,569	1,496,482
Variable rate:				
- base lending rate plus	200,606	141,360	2	2
	<u>1,854,594</u>	<u>1,826,825</u>	<u>1,546,571</u>	<u>1,496,484</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (cont'd)

11 Loans and Advances (cont'd)

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
(e) By purpose				
Purchase of securities	1,854,296	1,826,512	1,546,273	1,496,171
Purchase of landed property:				
- residential	298	313	298	313
	<u>1,854,594</u>	<u>1,826,825</u>	<u>1,546,571</u>	<u>1,496,484</u>
(f) By economic sector				
Agriculture, hunting, forestry and fishing	-	105	-	105
Mining and quarrying	91	91	91	91
Manufacturing	2,754	3,180	2,754	3,180
Construction	5,414	5,974	5,414	5,974
Wholesale and retail trade and restaurant and hotel	1,560	1,670	1,560	1,670
Transport, storage and communication	4,992	4,253	4,992	4,253
Finance, insurance, real estate and business services	426,749	387,219	426,749	378,667
Education, health & others	2,229	-	2,229	-
Household sector	1,410,805	1,424,333	1,102,782	1,102,544
	<u>1,854,594</u>	<u>1,826,825</u>	<u>1,546,571</u>	<u>1,496,484</u>
(g) By remaining contractual maturities				
Maturity within one year	1,854,296	1,826,512	1,546,273	1,496,171
One year to three years	6	8	6	8
Three years to five years	19	21	19	21
Over five years	273	284	273	284
	<u>1,854,594</u>	<u>1,826,825</u>	<u>1,546,571</u>	<u>1,496,484</u>
(h) By stages				
Group	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
30 June 2021	RM'000	RM'000	RM'000	RM'000
Balance as at beginning of the financial year	1,816,035	1,123	9,667	1,826,825
Transfer to 12-month ECL (Stage 1)	7,617	(5,500)	(2,117)	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(4,852)	4,852	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(1,407)	-	1,407	-
Addition and origination	9,070,695	-	-	9,070,695
Derecognition	(9,040,095)	(276)	-	(9,040,371)
Exchange differences	(2,397)	-	(158)	(2,555)
Balance as at the end of the financial period	<u>1,845,596</u>	<u>199</u>	<u>8,799</u>	<u>1,854,594</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (cont'd)

11 Loans and Advances (cont'd)

(h) By stages (cont'd)

Group	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
31 December 2020				
Balance as at beginning of the financial year	1,852,148	29	23,313	1,875,490
Transfer to 12-month ECL (Stage 1)	86,370	(82,179)	(4,191)	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(91,243)	91,243	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(5,850)	-	5,850	-
Addition and origination	15,822,794	-	-	15,822,794
Derecognition	(15,779,111)	(7,970)	(4,632)	(15,791,713)
Amount written off	-	-	(8,381)	(8,381)
Disposal of a subsidiary	(61,240)	-	(1,874)	(63,114)
Exchange differences	(7,833)	-	(418)	(8,251)
Balance as at the end of the financial year	<u>1,816,035</u>	<u>1,123</u>	<u>9,667</u>	<u>1,826,825</u>
Bank				
30 June 2021				
Balance as at beginning of the financial year	1,495,682	802	-	1,496,484
Transfer to 12-month ECL (Stage 1)	4,014	(3,704)	(310)	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(3,376)	3,376	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(316)	-	316	-
Addition and origination	3,222,189	-	-	3,222,189
Derecognition	(3,171,826)	(276)	-	(3,172,102)
Balance as at the end of the financial period	<u>1,546,367</u>	<u>198</u>	<u>6</u>	<u>1,546,571</u>
Bank				
31 December 2020				
Balance as at beginning of the financial year	1,405,664	29	-	1,405,693
Transfer to 12-month ECL (Stage 1)	70,003	(69,301)	(702)	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(77,853)	77,853	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(896)	-	896	-
Addition and origination	6,807,780	-	-	6,807,780
Derecognition	(6,710,104)	(7,779)	(194)	(6,718,077)
Exchange differences	1,088	-	-	1,088
Balance as at the end of the financial year	<u>1,495,682</u>	<u>802</u>	<u>-</u>	<u>1,496,484</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (cont'd)

11 Loans and Advances (cont'd)

	Group		Bank	
	As at 30 June 2021	As at 31 December 2020	As at 30 June 2021	As at 31 December 2020
	RM'000	RM'000	RM'000	RM'000
(i) Impaired loans and advances				
(i) By purpose				
Purchase of securities	8,799	9,667	6	-
(ii) By economic sector				
Household sector	8,799	9,667	6	-
(iii) By geographical distribution				
In Malaysia	6	-	6	-
Outside Malaysia:				
- Indonesia	-	716	-	-
- Thailand	8,793	8,951	-	-
	<u>8,799</u>	<u>9,667</u>	<u>6</u>	<u>-</u>

(iv) Movement in allowance for expected credit losses

	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
Group	RM'000	RM'000	RM'000	RM'000
30 June 2021				
Balance as at beginning of the financial year	1	-	8,950	8,951
Exchange differences	-	-	(158)	(158)
Balance as at the end of the financial period	<u>1</u>	<u>-</u>	<u>8,792</u>	<u>8,793</u>

Group
31 December 2020

Balance as at beginning of the financial year	1	-	19,616	19,617
Net allowance written back	-	-	(298)	(298)
Amount written off	-	-	(8,381)	(8,381)
Disposal of a subsidiary	-	-	(1,560)	(1,560)
Exchange differences	-	-	(427)	(427)
Balance as at the end of the financial year	<u>1</u>	<u>-</u>	<u>8,950</u>	<u>8,951</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (cont'd)

11 Loans and Advances (cont'd)

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

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

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
Bank				
30 June 2021				
Balance as at beginning/end of the financial year/period	1	-	-	1
Bank				
31 December 2020				
Balance as at beginning/end of the financial year	1	-	-	1

12 Clients' and Brokers' Balances

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Amounts owing by clients	677,391	1,084,974	517,984	743,519
Less: Allowance for expected credit losses	(25,656)	(30,067)	(2,964)	(4,465)
	651,735	1,054,907	515,020	739,054
Amounts owing by brokers	275,036	151,220	274,269	150,831
Amounts owing by clearing houses and stock exchanges	142,944	133,441	95,347	56,795
	1,069,715	1,339,568	884,636	946,680

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (cont'd)

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

Movement in allowance for expected credit losses

(a) Non-credit impaired

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Balance as at the beginning of the financial year	3	107	2	1
Transferred to credit impaired	-	(340)	-	-
Allowance for expected credit losses	3	850	3	17
Derecognition	(2)	(445)	(2)	(16)
Disposal of a subsidiary	-	(169)	-	-
Balance as at the end of the financial period/year	<u>4</u>	<u>3</u>	<u>3</u>	<u>2</u>

(b) Credit impaired

Balance as at the beginning of the financial year	30,064	20,665	4,463	4,635
Transferred from non-credit impaired	-	340	-	-
Allowance for expected credit losses	1,640	19,003	164	429
Derecognition	(4,538)	(2,228)	(295)	(600)
Amount written off	(1,371)	(4,058)	(1,371)	(1)
Disposal of a subsidiary	-	(3,335)	-	-
Exchange differences	(143)	(323)	-	-
Balance as at the end of the financial period/year	<u>25,652</u>	<u>30,064</u>	<u>2,961</u>	<u>4,463</u>

13 Other Assets

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Other receivables	50,909	59,303	24,527	18,129
Unit trust fee receivables	27,696	25,147	-	-
Management fee receivables	1,005	3,237	-	-
Deposits	7,169	7,506	2,624	2,952
Prepayments	14,997	10,307	7,611	4,630
Amount receivable for release of units from funds	649,863	36,355	-	-
Transferable memberships	262	262	262	262
Amount due from holding company	-	1,557	-	-
Amount due from subsidiaries	-	-	5,171	38,937
Amount due from related companies	664	756	664	719
	<u>752,565</u>	<u>144,430</u>	<u>40,859</u>	<u>65,629</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (cont'd)

14 Deposits from Customers

	Group and Bank	
	As at	As at
	30 June 2021	31 December 2020
	RM'000	RM'000
(a) By type of deposits		
Short-term deposits	<u>1,315,614</u>	<u>1,252,094</u>
(b) By type of customers		
Government and statutory bodies	100,088	215,262
Business enterprises	<u>1,215,526</u>	<u>1,036,832</u>
	<u>1,315,614</u>	<u>1,252,094</u>
(c) By maturity structure of short-term deposits		
Due within six months	<u>1,315,614</u>	<u>1,252,094</u>

15 Deposits and Placements of Banks and Other Financial Institutions

	Group and Bank	
	As at	As at
	30 June 2021	31 December 2020
	RM'000	RM'000
Licensed banks	3,318,433	2,722,491
Licensed investment banks	-	50,702
	<u>3,318,433</u>	<u>2,773,193</u>

16 Other Liabilities

	Group		Bank	
	As at	As at	As at	As at
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Other creditors and accruals	174,733	262,092	94,301	166,551
Contract liabilities	5,197	5,691	1,730	1,981
Remisiers' trust deposits	96,760	92,060	96,760	92,060
Amount payable for creation of units due to funds	157,095	296,396	-	-
Amount payable for redemption units	715,004	58,430	-	-
Short-term employee benefits	32,183	69,357	20,799	49,468
Amount due to holding company	23,603	27,078	21,377	20,757
Amount due to subsidiaries	-	-	-	20
Amount due to related companies	446	529	67	342
Provision for restructuring costs	1,295	1,405	-	-
	<u>1,206,316</u>	<u>813,038</u>	<u>235,034</u>	<u>331,179</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (cont'd)

	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
17 Interest Income				
<u>Group</u>				
Loans and advances	25,001	18,518	50,421	41,376
Money at call and deposits and placements with banks and other financial institutions	11,340	15,117	22,414	33,626
Financial assets at FVTPL	35	3	58	6
Financial assets at FVOCI, debt instruments	5,380	6,422	10,538	13,123
Financial investments at amortised costs	9,268	9,762	18,891	19,100
Others	3,707	3,199	7,585	6,376
	54,731	53,021	109,907	113,607
of which:				
Interest income accrued on impaired financial assets	771	168	1,900	342
<u>Bank</u>				
Loans and advances	17,905	15,129	35,446	33,236
Money at call and deposits and placements with banks and other financial institutions	8,644	11,163	16,766	25,612
Financial assets at FVTPL	35	3	58	5
Financial assets at FVOCI, debt instrument	5,380	6,422	10,538	13,123
Financial investments at amortised costs	9,268	9,762	18,891	19,100
Others	2,584	1,056	5,570	2,096
	43,816	43,535	87,269	93,172
of which:				
Interest income accrued on impaired financial assets	1	(3)	3	3

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (cont'd)

	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
18 Interest Expense				
<u>Group</u>				
Deposits and placements of banks and other financial institutions	13,623	18,159	26,761	36,674
Deposits from customers	5,077	6,547	9,891	17,212
Subordinated obligations	2,444	2,877	4,860	7,789
Borrowings	3,152	4,070	7,470	11,054
Others	688	742	1,325	1,702
	24,984	32,395	50,307	74,431
<u>Bank</u>				
Deposits and placements of banks and other financial institutions	13,623	18,159	26,761	36,674
Deposits from customers	5,077	6,547	9,891	17,212
Subordinated obligations	2,444	2,877	4,860	7,789
Others	201	83	289	147
	21,345	27,666	41,801	61,822
19 Fee and Commission Income				
(a) By type of fee income				
<u>Group</u>				
Brokerage income	94,086	101,577	233,850	171,503
Fund management fees	74,092	60,494	144,558	125,341
Unit trust fee income	39,381	13,700	114,020	37,453
Corporate advisory fees	15,320	2,892	20,457	6,612
Arrangement fees and underwriting	1,561	2,321	3,053	2,485
Placement fees	722	1,813	5,381	1,923
Rollover fees	1,165	1,280	2,318	2,755
Commission	980	708	2,108	1,733
Service charges and fees	359	60	681	579
Other fee income	17,368	12,085	28,442	24,872
	245,034	196,930	554,868	375,256
<u>Bank</u>				
Brokerage income	76,034	83,834	187,895	137,792
Corporate advisory fees	5,430	2,510	9,707	5,665
Arrangement fees and underwriting	348	770	823	770
Placement fees	722	1,813	5,381	1,923
Rollover fees	1,165	1,280	2,318	2,754
Commission	276	303	565	625
Service charges and fees	186	131	371	443
Other fee income	11,764	7,470	17,982	15,295
	95,925	98,111	225,042	165,267

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	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
19 Fee and Commission Income (cont'd)				
(b) By geographical market of fee income				
<u>Group</u>				
Malaysia	210,326	169,020	483,915	321,996
Singapore	2,796	4,698	6,148	9,254
Indonesia	16,419	7,212	34,347	15,306
Thailand	15,411	14,906	30,182	25,406
Hong Kong	-	999	87	3,195
Cambodia	76	91	181	93
Vietnam	6	4	8	6
	245,034	196,930	554,868	375,256
<u>Bank</u>				
Malaysia	95,925	98,111	225,042	165,267
(c) By timing of fee income recognition				
<u>Group</u>				
At a point in time	166,745	132,947	402,330	243,349
Over time	78,289	63,983	152,538	131,907
	245,034	196,930	554,868	375,256
<u>Bank</u>				
At a point in time	95,064	97,473	223,041	163,971
Over time	861	638	2,001	1,296
	95,925	98,111	225,042	165,267
20 Fee and Commission Expense				
<u>Group</u>				
Fund management fees	33,239	26,791	65,645	56,328
Unit trust fees	39,664	13,668	114,541	37,235
Commission and incentives	15,565	10,034	31,356	13,860
	88,468	50,493	211,542	107,423
<u>Bank</u>				
Commission and incentives	11,148	7,982	20,691	9,945

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	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
21 Other Operating Income				
<u>Group</u>				
(a) Net gain arising from financial instruments at FVTPL				
- net gain/(loss) on disposal	6,595	65,648	39,397	(98)
- unrealised net gain on revaluation	30,753	82,938	30,320	80,869
- gross dividend income	4,794	1,832	8,588	3,487
	42,142	150,418	78,305	84,258
(b) Net gain/(loss) arising from derivatives	4,448	(110,951)	(8,342)	(45,826)
(c) Net gain arising from financial assets at FVOCI, debt instruments				
- net gain on disposal	82	182	135	259
(d) Dividend income from FVOCI, equity instruments	269	232	269	232
(e) Other income				
- net foreign exchange gain	5,746	2,799	16,374	8,045
- net gain on disposal of property, plant and equipment	8	-	74	-
- gain on modification of right of use assets	-	-	-	38
- fair value changes to sale consideration	-	-	1,251	-
- other operating income	18,292	18,184	40,169	36,462
	24,046	20,983	57,868	44,545
	70,987	60,864	128,235	83,468

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	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
21 Other Operating Income (cont'd)				
<u>Bank</u>				
(a) Net gain arising from financial assets at FVTPL				
- net gain/(loss) on disposal	5,011	55,433	(4,242)	47,198
- unrealised net (loss)/gain on revaluation	(3,826)	39,216	3,726	26,530
- gross dividend income	837	697	2,078	881
	<u>2,022</u>	<u>95,346</u>	<u>1,562</u>	<u>74,609</u>
(b) Net gain/(loss) arising from derivatives	<u>2,109</u>	<u>(87,323)</u>	<u>23,472</u>	<u>(81,423)</u>
(c) Net gain arising from financial assets at FVOCI, debt instruments				
- net gain on disposal	<u>82</u>	<u>182</u>	<u>135</u>	<u>259</u>
(d) Dividend income from FVOCI, equity instruments	<u>180</u>	<u>180</u>	<u>180</u>	<u>180</u>
(e) Gross dividend income from subsidiaries in Malaysia	<u>4,000</u>	<u>5,300</u>	<u>4,000</u>	<u>6,800</u>
(f) Gross dividend income from an associate in Malaysia	<u>-</u>	<u>2,002</u>	<u>-</u>	<u>2,002</u>
(g) Other income				
- net foreign exchange gain	5,903	4,237	16,678	6,789
- gain on disposal of property, plant and equipment	1	-	74	-
- fair value changes to sales consideration	-	-	1,251	-
- gain on modification of right of use assets	-	-	-	2
- other operating income	18,077	17,519	39,529	35,807
	<u>23,981</u>	<u>21,756</u>	<u>57,532</u>	<u>42,598</u>
	<u><u>32,374</u></u>	<u><u>37,443</u></u>	<u><u>86,881</u></u>	<u><u>45,025</u></u>

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	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
22 Other Operating Expenses				
<u>Group</u>				
<u>Personnel costs</u>				
- Salaries, bonus and allowances	66,635	67,968	129,869	135,703
- Defined contribution plan	7,133	7,090	14,353	14,791
- Other staff related costs	5,516	7,003	14,241	14,436
	79,284	82,061	158,463	164,930
<u>Establishment costs</u>				
- Property, plant and equipment				
- depreciation	2,971	2,886	5,907	5,561
- written off	4	2	4	6
- Amortisation of other intangible assets	2,494	2,191	4,751	4,503
- Depreciation of right of use assets	2,967	2,901	5,719	5,808
- Information technology expenses	14,890	15,493	30,763	30,071
- Security and escorting charges	203	38	319	91
- Repair and maintenance	919	879	1,488	1,544
- Rental of premises	3,249	5,496	7,073	10,926
- Water and electricity	803	907	1,629	1,965
- Rental of equipment	13	-	26	14
- Insurance	1,000	1,561	1,969	2,700
- Others	3,175	3,290	8,354	5,303
	32,688	35,644	68,002	68,492
<u>Marketing expenses</u>				
- Advertisements and publicity	604	687	1,484	1,799
- Sales commission	629	745	1,715	1,550
- Others	2,302	2,431	5,076	5,992
	3,535	3,863	8,275	9,341
<u>Administration and general expenses</u>				
- Communication expenses	6,097	6,029	11,907	12,438
- Legal and professional fees	4,064	3,308	6,315	5,380
- Others	6,040	5,022	11,053	13,351
	16,201	14,359	29,275	31,169
	131,708	135,927	264,015	273,932

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	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
22 Other Operating Expenses (cont'd)				
<u>Bank</u>				
<u>Personnel costs</u>				
- Salaries, bonus and allowances	35,814	36,405	69,153	76,833
- Defined contribution plan	5,390	5,384	10,669	11,114
- Other staff related costs	1,722	2,531	5,730	6,467
	42,926	44,320	85,552	94,414
<u>Establishment costs</u>				
- Depreciation of property, plant and equipment	1,467	1,469	2,927	2,713
- Amortisation of other intangible assets	1,636	1,467	3,169	3,041
- Depreciation of right of use assets	1,260	1,287	2,473	2,570
- Information technology expenses	10,478	10,273	22,124	18,735
- Security and escorting charges	144	32	235	79
- Repair and maintenance	360	346	684	727
- Rental of premises	1,742	1,689	3,729	3,372
- Water and electricity	598	619	1,217	1,352
- Rental of equipment	7	-	11	5
- Insurance	613	708	1,199	1,576
- Others	3,168	3,339	8,354	5,374
	21,473	21,229	46,122	39,544
<u>Marketing expenses</u>				
- Advertisements and publicity	32	56	38	129
- Sales commission	83	159	205	371
- Others	1,257	1,334	2,902	2,725
	1,372	1,549	3,145	3,225
<u>Administration and general expenses</u>				
- Communication expenses	2,722	2,946	5,557	5,656
- Legal and professional fees	1,228	479	1,423	628
- Others	3,166	1,147	3,780	5,616
	7,116	4,572	10,760	11,900
	72,887	71,670	145,579	149,083

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	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
23 Allowance (Written Back)/Made for Expected Credit Losses				
<u>Group</u>				
Net allowance written back on loans and advances	-	(239)	-	(53)
Allowance made/(written back) for expected credit losses on other receivables and clients' and brokers' balances	197	(1,156)	(3,117)	1,766
Bad debts recovered	(715)	(4)	(715)	(91)
Other financial assets	25	(95)	2	351
	(493)	(1,494)	(3,830)	1,973
<u>Bank</u>				
Net allowance (written back)/made on loans and advances	-	(169)	-	37
Allowance made/(written back) for expected credit losses on other receivables and clients' and brokers' balances	667	(2,491)	223	722
Bad debts recovered	(22)	(4)	(22)	(91)
Other financial assets	9	14	18	(7)
	654	(2,650)	219	661
24 Impairment Loss on Other Non-financial Assets				
<u>Group</u>				
Investment in an associate	-	9,500	-	9,500
Property, plant and equipment	193	-	193	-
Right of use assets	121	-	121	-
	314	9,500	314	9,500
<u>Bank</u>				
Investments in subsidiaries	554	-	1,101	-

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (cont'd)

25 Basic Earnings/(Loss) Per Share

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

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Net profit/(loss) attributable to equity holders (RM'000)				
- Continuing operations	104,834	63,777	212,989	79,744
- Discontinued operation	-	(4,750)	-	(8,062)
	104,834	59,027	212,989	71,682
Weighted average number of ordinary shares in issue ('000)				
- Issued ordinary shares at 1 April / 1 January	100,000	100,000	100,000	100,000
- Effect of capital cancellation (Note 6)	(19,780)	-	(9,945)	-
	80,220	100,000	90,055	100,000
Basic earnings/(loss) per share (sen)				
- Continuing operations	130.7	63.8	236.5	79.7
- Discontinued operation	-	(4.8)	-	(8.1)
	130.7	59.0	236.5	71.6

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (cont'd)

26 Capital Adequacy Ratio

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

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

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Common Equity Tier I ('CET I')/ Tier I Capital				
Share capital	1,220,000	1,487,773	1,220,000	1,487,773
Retained profits	660,355	522,727	475,531	331,261
Other reserves	65,808	62,097	-	-
FVOCI reserves	44,374	50,380	43,984	47,839
	<u>1,990,537</u>	<u>2,122,977</u>	<u>1,739,515</u>	<u>1,866,873</u>
Less: Goodwill	(449,978)	(449,978)	(372,395)	(372,395)
Investments in subsidiaries	-	-	(714,068)	(715,398)
Investments in associates and joint ventures	(4,623)	(4,611)	(5,028)	(5,028)
Other intangible assets	(41,582)	(37,414)	(25,696)	(24,296)
55% of cumulative gains arising from change in value of FVOCI financial instruments	(24,406)	(27,709)	(24,191)	(26,311)
Other deductions #	(9)	-	(9)	-
Deferred tax assets	(19,839)	(28,392)	(10,343)	(17,985)
Total CET I Capital	<u>1,450,100</u>	<u>1,574,873</u>	<u>587,785</u>	<u>705,460</u>
Qualifying non-controlling interests recognised as Tier I Capital	1,599	2,060	-	-
Total Tier I Capital	<u>1,451,699</u>	<u>1,576,933</u>	<u>587,785</u>	<u>705,460</u>
Tier II Capital				
Subordinated obligations meeting all relevant criteria	200,000	200,000	200,000	200,000
Qualifying non-controlling interests recognised as Tier II Capital	202	231	-	-
General provision ^	37,080	26,003	13,027	9,921
Total Tier II Capital	<u>237,282</u>	<u>226,234</u>	<u>213,027</u>	<u>209,921</u>
Total Capital	<u><u>1,688,981</u></u>	<u><u>1,803,167</u></u>	<u><u>800,812</u></u>	<u><u>915,381</u></u>

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26 Capital Adequacy Ratio (cont'd)

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

	Group		Bank	
	As at 30 June 2021	As at 31 December 2020	As at 30 June 2021	As at 31 December 2020
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	28.385%	38.246%	24.976%	36.116%
Tier I Capital Ratio	28.417%	38.296%	24.976%	36.116%
Total Capital Ratio	<u>33.061%</u>	<u>43.790%</u>	<u>34.029%</u>	<u>46.862%</u>
After proposed dividends:				
CET I Capital Ratio	26.428%	38.246%	20.727%	36.116%
Tier I Capital Ratio	26.459%	38.296%	20.727%	36.116%
Total Capital Ratio	<u>31.104%</u>	<u>43.790%</u>	<u>29.779%</u>	<u>46.862%</u>

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

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

Includes the qualifying regulatory reserves of the Group and the Bank of RM36,436,000 (31 December 2020: RM25,377,000) and RM12,990,000 (31 December 2020: RM9,903,000) respectively.

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

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Credit risk	2,966,373	2,080,268	1,042,192	793,669
Market risk	512,713	457,113	388,670	300,706
Operational risk	1,629,556	1,580,409	922,493	858,966
Total risk-weighted assets	<u>5,108,642</u>	<u>4,117,790</u>	<u>2,353,355</u>	<u>1,953,341</u>

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (cont'd)

27 Commitments and Contingencies

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

The commitments and contingencies comprise the following:

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Principal amount				
Direct credit substitutes #	-	-	-	16
Forward assets purchases	5,059	5,843	5,059	5,843
Irrevocable commitments to extend credit:				
- maturity not exceeding one year	978,148	1,100,162	673,934	729,357
- maturity exceeding one year	21	22	21	22
Equity related contracts: ^				
- less than one year	3,154	7,082	3,154	7,082
Foreign exchange related contracts: ^				
- less than one year	41,647	44,538	41,647	44,538
	1,028,029	1,157,647	723,815	786,858

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

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

28 Capital and Other Commitments

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Authorised and contracted for				
- Property, plant and equipment	28,640	21,005	21,377	13,899
- Investment securities	11,862	13,266	-	-
	40,502	34,271	21,377	13,899

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (cont'd)

29 Valuation of Property, Plant and Equipment

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

30 Status of Corporate Proposal

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

On 5 December 2019, RHB Bank announced that RHB Hong Kong Limited ('RHBHK') and its subsidiaries (collectively known as 'RHB Hong Kong Group') had on 4 December 2019 decided to cease their business operations ('Cessation').

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

Pursuant to the Cessation, RHB Hong Kong Group has discontinued offering financial services to its existing and potential clients. The Bank being the shareholder of RHB Hong Kong Group has provided the requisite support to ensure an orderly winding down of their business operations.

In relation to this Corporate Proposal, the significant update for the quarter is as disclosed in Note 32(a).

(b) Proposed Disposal by PT RHB Sekuritas Indonesia ('RSI') of Its Entire 99.62% Equity Interest in PT RHB Asset Management Indonesia ('RAMI') ('Proposed Disposal')

On 26 July 2021, RHB Bank announced that RSI, a 99% subsidiary of the Bank, had on 23 July 2021, entered into Conditional Share Purchase Agreement ('CSPA') with Allianz Global Investors Asia Pacific Limited ('AllianzGI') and PT Asuransi Allianz Life Indonesia ('Allianz Life Indonesia') in respect of the Proposed Disposal.

RAMI, a company incorporated in Indonesia, is a 99.62% subsidiary of RSI. The remaining 0.38% equity interest is held by Daniel Budiman. The principal activity of RAMI is rendering of investment management services in Indonesia.

The Proposed Disposal will entail the disposal by RSI of its entire 98.62% equity interest and 1.00% equity interest in RAMI to AllianzGI and Allianz Life Indonesia respectively.

The Proposed Disposal is conditional upon of inter-alia, the approval of the Financial Services Authority of Indonesia or Otoritas Jasa Keuangan for the fit and proper test of AllianzGI as the new controlling shareholder of RAMI and the candidate for new member(s) of Board of Commissioners of RAMI as proposed by AllianzGI. The last date to fulfil all the conditions precedent for the Proposed Disposal is 8-months from the date of the CSPA which can be mutually extended.

This exercise is part of the Group's strategic plan to reprioritise its overseas businesses to focus on niche markets, leveraging on the key strengths of its investment banking team in order to meet its customers' needs. Accordingly, RHB Bank has decided to exit from the asset management business and to focus on its stock broking and investment business in Indonesia.

Upon completion of the Proposed Disposal, RAMI will cease to be a subsidiary of RSI. Barring unforeseen circumstances and subject to the relevant approvals being obtained, the Proposed Disposal is expected to be completed in the fourth quarter of 2021.

31 Event Subsequent to the Date of Statements of Financial Position

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (cont'd)

32 Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the six months ended 30 June 2021 other than the following:

(a) Dissolution of RHB Finance Hong Kong Limited ('RHBFinHK')

On 21 August 2020, RHBFinHK, an indirect wholly-owned subsidiary of the Bank, commenced the application for Member's Voluntary Winding Up pursuant to The Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong.

RHBFinHK has been dissolved upon its deregistration as a legal entity on 17 March 2021 pursuant to Section 751 of The Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong.

The dissolution of RHBFinHK do not have any material effect on the earnings and net assets of the Group for the financial year ending 31 December 2021.

(b) Dissolution of RHBIB Nominees (Asing) Sdn Bhd ('RHBIBNA')

On 30 June 2017, RHBIBNA, a direct wholly-owned subsidiary of the Bank, had commenced member's voluntary winding up pursuant to Section 439(1)(b) of the Companies Act 2016 ('CA 2016').

RHBIBNA has been subsequently dissolved on 15 July 2021 pursuant to Section 459(5) of the CA 2016. Arising therefrom, RHBIBNA is no longer a direct wholly-owned subsidiary of the Bank.

The dissolution of RHBIBNA do not have any material effect on the earnings and net assets of the Group for the financial year ending 31 December 2021.

33 Credit Exposure Arising from Transactions with Connected Parties

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

	As at 30 June 2021	Group and Bank As at 31 December 2020
Outstanding credit exposures with connected parties (RM'000)	272,900	213,766
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	4.05%	3.47%
Percentage of outstanding credit exposures to connected parties which is impaired or in default	-	-

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

34 Changes in Profit for the Quarter

For the current financial quarter ended 30 June 2021, the Group recorded a pre-tax profit of RM125.8 million, 13.1% lower as compared to the immediate preceding quarter pre-tax profit of RM144.9 million. The decrease in profit is contributed by lower net fee and commission income of RM30.2 million, lower allowance written back for expected credit losses of RM2.8 million, higher impairment loss on other non-financial assets of RM0.3 million, lower net interest income of RM0.2 million; partially offset with higher other operating income of RM13.8 million, and lower other operating expenses of RM0.6 million.

35 Performance Review

For the six months ended 30 June 2021, the Group recorded a pre-tax profit of RM270.7 million, 157.6% higher as compared to the previous corresponding period of RM105.1 million. The increase in profit is contributed by higher net fee and commission income of RM75.5 million, higher operating income by RM44.8 million, higher net interest income of RM20.4 million, lower other operating expenses of RM9.9 million, lower allowance loss on other non-financial assets of RM9.2 million, and higher allowance written back for expected credit losses of RM5.8 million.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (cont'd)

36 Prospects for 2021

The Group remains prudent and cautious especially in light of the recent surge in COVID-19 cases seen since the second half of Q2 2021. This, together with the extended MCO in Selangor and Kuala Lumpur are expected to have negative impacts on Malaysia's GDP growth in 2021. Nevertheless, the accelerated pace of vaccination nationwide is a positive development towards opening up of more economic activities, relaxation of MCO measures and the overall economic recovery. The banking sector, overall, is projected to remain resilient, from liquidity and capital perspective, to support growth and provide relief to affected borrowers. On the monetary front, the OPR is expected to remain stable for the rest of the year.

We will stay the course with our FIT22 measures, with continued focus on improving business performance through digitalisation initiatives and AGILE way of working, improving customer experience and enhancing enterprise risk management.

37 Client Trust Accounts

In accordance with Financial Reporting Standards Implementation Committee Consensus 18 'Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad' ('FRSIC 18'), the cash held in trust for clients by the Group and the Bank amounted to RM3,339,309,000 and RM2,905,395,000 (2020: RM3,129,512,000 and RM2,765,490,000) respectively, are not recognised in the financial statements as the Group and the Bank held them in a fiduciary capacity.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (cont'd)

38 Fair Value of Financial Instruments

Determination of fair value and fair value hierarchy

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

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

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

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

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

Group	Level 1	Level 2	Level 3	Total
30 June 2021	RM'000	RM'000	RM'000	RM'000
<u>Financial assets</u>				
Financial assets at FVTPL	226,285	3,458	572,003	801,746
- money market instruments	-	2	-	2
- quoted securities	226,285	-	-	226,285
- unquoted securities	-	3,456	572,003	575,459
Financial assets at FVOCI	2,250	590,426	36,968	629,644
- money market instruments	-	318,401	-	318,401
- quoted securities	2,250	-	-	2,250
- unquoted securities	-	272,025	36,968	308,993
Derivative assets	-	492	-	492
	228,535	594,376	608,971	1,431,882
<u>Financial liabilities</u>				
Derivative liabilities	20,246	266	-	20,512
	20,246	266	-	20,512
<u>Group</u>				
31 December 2020	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<u>Financial assets</u>				
Financial assets at FVTPL	498,722	1,437	534,684	1,034,843
- quoted securities	498,722	-	-	498,722
- unquoted securities	-	1,437	533,428	534,865
- contingent consideration	-	-	1,256	1,256
Financial assets at FVOCI	1,866	580,534	41,125	623,525
- money market instruments	-	280,745	-	280,745
- quoted securities	1,866	-	-	1,866
- unquoted securities	-	299,789	41,125	340,914
Derivative assets	-	1,017	-	1,017
	500,588	582,988	575,809	1,659,385
<u>Financial liabilities</u>				
Derivative liabilities	71,703	45	-	71,748
	71,703	45	-	71,748

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (cont'd)

38 Fair Value of Financial Instruments (cont'd)

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

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

Bank 30 June 2021	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Financial assets</u>				
Financial assets at FVTPL	108,645	3,458	-	112,103
- money market instruments	-	2	-	2
- quoted securities	108,645	-	-	108,645
- unquoted securities	-	3,456	-	3,456
Financial assets at FVOCI	-	590,426	36,670	627,096
- money market instruments	-	318,401	-	318,401
- unquoted securities	-	272,025	36,670	308,695
Derivative assets	-	83	-	83
	<u>108,645</u>	<u>593,967</u>	<u>36,670</u>	<u>739,282</u>
<u>Financial liabilities</u>				
Derivative liabilities	<u>20,246</u>	<u>9</u>	<u>-</u>	<u>20,255</u>

Bank 31 December 2020	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Financial assets</u>				
Financial assets at FVTPL	256,144	1,437	1,256	258,837
- quoted securities	256,144	-	-	256,144
- unquoted securities	-	1,437	-	1,437
- contingent consideration	-	-	1,256	1,256
Financial assets at FVOCI	-	580,534	34,954	615,488
- money market instruments	-	280,745	-	280,745
- unquoted securities	-	299,789	34,954	334,743
Derivative assets	-	122	-	122
	<u>256,144</u>	<u>582,093</u>	<u>36,210</u>	<u>874,447</u>
<u>Financial liabilities</u>				
Derivative liabilities	<u>71,687</u>	<u>45</u>	<u>-</u>	<u>71,732</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (cont'd)

38 Fair Value of Financial Instruments (cont'd)

Valuation techniques and sensitivity analysis

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

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

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). This category includes unquoted shares held for socio economic reasons and private equity funds. Fair values for shares held for socio economic reasons are based on the net tangible assets of the affected companies. Fair value for private equity funds are based on enterprise valuation method where the main input include earnings before interest, taxes, depreciation and amortisation ('EBITA') and adjusted for contingent receivable.

Reconciliation of movements in Level 3 financial instruments

The following represents the changes in Level 3 instruments for the financial period/year ended 30 June 2021 and 31 December 2020 for the Group and the Bank:

	Group		Bank	
	As at 30 June 2021	As at 31 December 2020	As at 30 June 2021	As at 31 December 2020
	RM'000	RM'000	RM'000	RM'000
<u>Financial assets at FVTPL</u>				
Balance as at the beginning of the financial year	534,684	492,717	1,256	-
Total net gain/(loss) recognised in income statements	39,624	55,877	1,251	(938)
Additions	5,821	24,006	-	17,217
Settlements/Distributions	(25,325)	(27,272)	(2,510)	(15,023)
Exchange differences	17,199	(10,644)	3	-
Balance as at the end of the financial period/year	572,003	534,684	-	1,256

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (cont'd)

38 Fair Value of Financial Instruments (cont'd)

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

The following represents the changes in Level 3 instruments for the financial period/year ended 30 June 2021 and 31 December 2020 for the Group and the Bank: (cont'd)

	Group		Bank	
	As at 30 June 2021	As at 31 December 2020	As at 30 June 2021	As at 31 December 2020
	RM'000	RM'000	RM'000	RM'000
<u>Financial assets at FVOCI</u>				
Balance as at the beginning of the financial year	41,125	38,968	34,954	32,731
Total gain recognised in other comprehensive income	1,716	2,170	1,716	2,223
Disposals	(5,869)	-	-	-
Exchange differences	(4)	(13)	-	-
Balance as at the end of financial period/year	<u>36,968</u>	<u>41,125</u>	<u>36,670</u>	<u>34,954</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (cont'd)

39 Segment Reporting

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

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

(a) Investment Banking

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

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

(b) Treasury

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

Treasury includes treasury operations in Malaysia, Indonesia and Thailand.

(c) Asset Management

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

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (cont'd)

39 Segment Reporting (cont'd)

Segment Profit and Loss for the Six Months Ended 30 June 2021

<u>Group</u>	Investment Banking	Treasury	Asset Management	Others and Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	383,993	58,540	88,628	-	531,161
Inter-segment revenue	826	-	(663)	(163)	-
Segment revenue	384,819	58,540	87,965	(163)	531,161
Overhead expenses	(207,025)	(4,720)	(52,433)	163	(264,015)
Including:					
Depreciation of property, plant and equipment	(5,399)	-	(508)	-	(5,907)
Depreciation of right of use assets	(5,252)	(41)	(426)	-	(5,719)
Amortisation of other intangible assets	(3,975)	(110)	(666)	-	(4,751)
Allowance written back/(made) for expected credit losses	3,916	9	(95)	-	3,830
Impairment loss on other non-financial assets	(314)	-	-	-	(314)
	181,396	53,829	35,437	-	270,662
Share of results of associates					12
Profit before taxation					270,674
Taxation					(57,004)
Profit for the period					213,670

Segment Assets and Liabilities as at 30 June 2021

<u>Group</u>	Investment Banking	Treasury	Asset Management	Others and Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	3,983,237	4,845,193	1,275,503	(730,791)	9,373,142
Goodwill	306,611	-	143,367	-	449,978
Investments in associates and joint ventures					4,623
Tax recoverable					1,273
Deferred tax assets					19,839
Total assets					9,848,855
Segment liabilities	1,087,133	4,634,055	1,275,503	(10,224)	6,986,467
Tax liabilities					17,387
Deferred tax liabilities					492
Borrowings					527,198
Subordinated obligations					202,121
Total liabilities					7,733,665

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (cont'd)

39 Segment Reporting (cont'd)

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

Group	Continuing Operations				Discontinued Operation		
	Investment Banking	Treasury	Asset Management	Others and Elimination	Total	Investment Banking	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	271,154	43,579	75,744	-	390,477	38,094	428,571
Inter-segment revenue	1,492	-	(682)	(810)	-	-	-
Segment revenue	272,646	43,579	75,062	(810)	390,477	38,094	428,571
Overhead expenses	(209,192)	(9,540)	(56,010)	810	(273,932)	(45,203)	(319,135)
Including:							
Depreciation of property, plant and equipment	(5,054)	-	(507)	-	(5,561)	(755)	(6,316)
Depreciation of right of use assets	(5,359)	-	(449)	-	(5,808)	(2,845)	(8,653)
Amortisation of other intangible assets	(3,721)	(94)	(688)	-	(4,503)	(1,639)	(6,142)
Allowance (made)/written back for expected credit losses	(1,993)	(44)	64	-	(1,973)	(1,223)	(3,196)
Impairment loss on other non-financial assets	(9,500)	-	-	-	(9,500)	-	(9,500)
	51,961	33,995	19,116	-	105,072	(8,332)	96,740
Share of results of associates					27	-	27
Profit/(Loss) before taxation					105,099	(8,332)	96,767
Taxation					(24,762)	270	(24,492)
Profit/(Loss) for the period					80,337	(8,062)	72,275

Segment Assets and Liabilities as at 31 December 2020

Group	Investment Banking	Treasury	Asset Management	Others and Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	4,452,854	4,224,514	771,520	(725,355)	8,723,533
Goodwill	306,611	-	143,367	-	449,978
Investments in associates and joint ventures					4,611
Tax recoverable					1,781
Deferred tax assets					28,392
Total assets					9,208,295
Segment liabilities	1,655,816	4,026,200	458,398	(35,672)	6,104,742
Tax liabilities					15,481
Borrowings					717,427
Subordinated obligations					202,148
Total liabilities					7,039,798