

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

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

	Note	Group		Bank	
		As at 30 September 2021 RM'000	As at 31 December 2020 RM'000	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
ASSETS					
Cash and short-term funds		2,388,619	2,422,065	1,735,225	1,793,368
Deposits and placements with banks and other financial institutions		185,583	214,766	-	-
Financial assets at fair value through profit or loss ('FVTPL')	8	869,638	1,034,843	126,253	258,837
Financial assets at fair value through other comprehensive income ('FVOCI')	9	600,269	623,525	597,824	615,488
Financial investments at amortised costs	10	1,375,421	1,009,646	1,375,421	1,009,646
Loans and advances	11	1,701,699	1,817,874	1,423,649	1,496,483
Clients' and brokers' balances	12	1,060,654	1,339,568	827,563	946,680
Other assets	13	277,722	144,430	23,777	65,629
Derivative assets		579	1,017	30	122
Statutory deposits		17,605	16,977	13,500	13,000
Tax recoverable		3,578	1,781	-	-
Deferred tax assets		23,103	28,392	13,356	17,985
Investments in subsidiaries		-	-	714,068	715,398
Investments in associates and joint ventures		4,631	4,611	5,028	5,028
Right of use assets		20,848	23,034	5,438	6,733
Property, plant and equipment		36,314	38,374	18,548	19,272
Goodwill and other intangible assets		492,676	487,392	399,564	396,691
TOTAL ASSETS		9,058,939	9,208,295	7,279,244	7,360,360
LIABILITIES AND EQUITY					
Deposits from customers	14	1,356,821	1,252,094	1,356,821	1,252,094
Deposits and placements of banks and other financial institutions	15	2,982,680	2,773,193	2,982,680	2,773,193
Clients' and brokers' balances		953,419	1,171,930	739,903	824,677
Other liabilities	16	888,832	813,038	257,161	331,179
Derivative liabilities		26,624	71,748	26,364	71,732
Tax liabilities		18,640	15,481	5,376	6,646
Lease liabilities		20,851	22,739	5,564	6,881
Borrowings		529,488	717,427	-	-
Subordinated obligations		204,591	202,148	204,591	202,148
TOTAL LIABILITIES		6,981,946	7,039,798	5,578,460	5,468,550
Share capital		1,220,000	1,487,773	1,220,000	1,487,773
Reserves		845,738	670,486	480,784	404,037
		2,065,738	2,158,259	1,700,784	1,891,810
Non-controlling interests		11,255	10,238	-	-
TOTAL EQUITY		2,076,993	2,168,497	1,700,784	1,891,810
TOTAL LIABILITIES AND EQUITY		9,058,939	9,208,295	7,279,244	7,360,360
COMMITMENTS AND CONTINGENCIES	27	1,064,555	1,157,647	772,513	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 NINE MONTHS ENDED 30 SEPTEMBER 2021

Group	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
		RM'000	RM'000	RM'000	RM'000
Interest income	17	56,232	52,996	166,139	166,603
Interest expense	18	(27,044)	(25,951)	(77,351)	(100,382)
Net interest income		29,188	27,045	88,788	66,221
Fee and commission income	19	230,807	279,660	785,675	654,916
Fee and commission expense	20	(87,872)	(98,557)	(299,414)	(205,980)
Other operating income	21	34,510	31,665	162,745	115,133
		206,633	239,813	737,794	630,290
Other operating expenses	22	(121,706)	(139,082)	(385,721)	(413,014)
Operating profit before allowances		84,927	100,731	352,073	217,276
Allowance written back/(made) for expected credit losses	23	127	(17,323)	3,957	(19,296)
Impairment loss on other non-financial assets	24	-	(14,800)	(314)	(24,300)
		85,054	68,608	355,716	173,680
Share of results of associates		8	3	20	30
Profit before taxation		85,062	68,611	355,736	173,710
Taxation		(16,855)	(25,930)	(73,859)	(50,692)
Profit from continuing operations		68,207	42,681	281,877	123,018
Profit from discontinued operation attributable to equity holder		-	40,135	-	32,073
Net profit for the financial period		68,207	82,816	281,877	155,091
Profit attributable to:					
- Equity holder of the Bank	25	67,829	82,689	280,818	154,371
- Non-controlling interests		378	127	1,059	720
		68,207	82,816	281,877	155,091
Basic earnings per share (sen)					
- Continuing operations	25	84.8	42.6	324.0	122.3
- Discontinued operation	25	-	40.1	-	32.1
		84.8	82.7	324.0	154.4

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 STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	68,207	82,816	281,877	155,091
Other comprehensive loss in respect of:				
(a) Item that will not be reclassified to income statements:				
(i) Actuarial (loss)/gain on defined benefit plan of subsidiaries	(18)	(31)	1,876	1,623
(ii) Financial assets at FVOCI, equity instruments:				
- Unrealised net (loss)/gain on revaluation	(93)	(126)	1,372	1,692
(b) Items that will be reclassified subsequently to income statements:				
(i) Foreign currency translation reserve				
- Currency translation differences	(3,123)	(35,420)	586	(20,910)
- Disposal of a subsidiary	-	(50,895)	-	(50,895)
- Net investment hedge	-	1,599	-	-
(ii) Financial assets at FVOCI, debt instruments:				
- Unrealised net (loss)/gain on revaluation	(4,195)	2,363	(11,525)	9,613
- Net transfer to income statements on disposal	-	-	-	(3)
Income tax relating to components of other comprehensive loss/(income)	1,025	(537)	2,083	(2,690)
Other comprehensive loss, net of tax, for the financial period	(6,404)	(83,047)	(5,608)	(61,570)
Total comprehensive income/(loss) for the financial period	61,803	(231)	276,269	93,521
Total comprehensive income/(loss) attributable to:				
- Equity holder of the Bank	61,408	(183)	275,252	93,003
- Non-controlling interests	395	(48)	1,017	518
	61,803	(231)	276,269	93,521
Total comprehensive income/(loss) attributable to equity holder of the Bank arises from:				
- Continuing operations	61,408	10,683	275,252	111,825
- Discontinued operation	-	(10,866)	-	(18,822)
	61,408	(183)	275,252	93,003

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 NINE MONTHS ENDED 30 SEPTEMBER 2021

Bank	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
		RM'000	RM'000	RM'000	RM'000
Interest income	17	46,015	41,926	133,284	135,098
Interest expense	18	(23,567)	(21,446)	(65,368)	(83,268)
Net interest income		22,448	20,480	67,916	51,830
Fee and commission income	19	86,245	148,639	311,287	313,906
Fee and commission expense	20	(11,598)	(25,984)	(32,289)	(35,929)
Other operating income	21	21,375	84,970	108,256	129,995
		118,470	228,105	455,170	459,802
Other operating expenses	22	(66,376)	(79,523)	(211,955)	(228,606)
Operating profit before allowances		52,094	148,582	243,215	231,196
Allowance made for expected credit losses	23	(233)	(643)	(452)	(1,304)
Impairment loss on other non-financial assets	24	-	(164,723)	(1,101)	(164,723)
Profit/(loss) before taxation		51,861	(16,784)	241,662	65,169
Taxation		(12,544)	(22,675)	(57,872)	(41,435)
Net profit/(loss) for the financial period		39,317	(39,459)	183,790	23,734

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 STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

Bank	3rd Quarter Ended		Nine Months Ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	RM'000	RM'000	RM'000	RM'000
Net profit/(loss) for the financial period	39,317	(39,459)	183,790	23,734
Other comprehensive (loss)/income in respect of:				
(a) Item that will not be reclassified to income statement:				
(i) Financial assets at FVOCI, equity instruments:				
- Unrealised net gain on revaluation	-	-	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	(4,195)	2,363	(11,525)	9,613
- Net transfer to income statement on disposal	-	-	-	(3)
Income tax relating to components of other comprehensive loss/(income)	1,007	(567)	2,766	(2,307)
Other comprehensive (loss)/income, net of tax, for the financial period	(3,188)	1,796	(7,043)	9,526
Total comprehensive income/(loss) for the financial period	36,129	(37,663)	176,747	33,260

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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		-	-	-	-	-	280,818	280,818	1,059	281,877
Foreign currency translation reserve:										
- Currency translation differences		-	-	-	552	-	-	552	34	586
Financial assets at FVOCI:										
- Equity instruments										
- Unrealised net gain/(loss) on revaluation		-	-	1,441	-	-	-	1,441	(69)	1,372
- Net gain on disposal		-	-	(1,950)	-	-	1,950	-	-	-
- Debt instruments										
- Unrealised net loss on revaluation		-	-	(11,525)	-	-	-	(11,525)	-	(11,525)
Actuarial gain/(loss) on defined benefit plan of subsidiaries		-	-	-	-	-	1,881	1,881	(5)	1,876
Income tax relating to components of other comprehensive loss/(income)		-	-	2,766	-	-	(681)	2,085	(2)	2,083
Other comprehensive (loss)/income, net of tax, for the financial period		-	-	(9,268)	552	-	3,150	(5,566)	(42)	(5,608)
Total comprehensive (loss)/income for the financial period		-	-	(9,268)	552	-	283,968	275,252	1,017	276,269
Transfer from regulatory reserves		-	-	-	-	(2,544)	2,544	-	-	-
Dividend paid	7	-	-	-	-	-	(100,000)	(100,000)	-	(100,000)
Capital cancellation	6	(267,773)	-	-	-	-	-	(267,773)	-	(267,773)
Balance as at 30 September 2021		1,220,000	515	41,112	62,134	32,738	709,239	2,065,738	11,255	2,076,993

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

Group	Attributable to Equity Holder of the Bank							Non-	Total
	Share capital	Statutory reserves	FVOCI reserves	Translation reserves	Regulatory reserves	Retained profits	Total	controlling interests	
	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	-	-	-	-	-	154,371	154,371	720	155,091
Foreign currency translation reserve:									
- Currency translation differences	-	-	(1)	(20,801)	-	-	(20,802)	(108)	(20,910)
- Recycled to income statement on disposal of a subsidiary	-	-	-	(50,895)	-	-	(50,895)	-	(50,895)
Financial assets at FVOCI:									
- Equity instruments									
- Unrealised net gain/(loss) on revaluation	-	-	1,798	-	-	-	1,798	(106)	1,692
- Derecognition	-	-	162	-	-	(162)	-	-	-
- Debt instruments									
- Unrealised net gain on revaluation	-	-	9,613	-	-	-	9,613	-	9,613
- Net transfer to income statements on disposal	-	-	(3)	-	-	-	(3)	-	(3)
Actuarial gain on defined benefit plan of subsidiaries	-	-	-	-	-	1,607	1,607	16	1,623
Income tax relating to components of other comprehensive income	-	-	(2,307)	-	-	(379)	(2,686)	(4)	(2,690)
Other comprehensive income/(loss), net of tax, for the financial period	-	-	9,262	(71,696)	-	1,066	(61,368)	(202)	(61,570)
Total comprehensive income/(loss) for the financial period	-	-	9,262	(71,696)	-	155,437	93,003	518	93,521
Transfer from statutory reserves	-	(2)	-	-	-	2	-	-	-
Transfer to regulatory reserves	-	-	-	-	1,354	(1,354)	-	-	-
Dividend paid	-	-	-	-	-	(143,000)	(143,000)	-	(143,000)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(1,000)	(1,000)
Balance as at 30 September 2020	1,487,773	515	51,180	63,082	33,358	598,383	2,234,291	9,726	2,244,017

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

	Note	Non-Distributable		Distributable	Total	
		Share capital	FVOCI reserves	Regulatory reserves		Retained profits
Bank		RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2021		1,487,773	47,839	24,937	331,261	1,891,810
Net profit for the financial period		-	-	-	183,790	183,790
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		-	(11,525)	-	-	(11,525)
Income tax relating to components of other comprehensive loss		-	2,766	-	-	2,766
Other comprehensive loss, net of tax, for the financial period		-	(7,043)	-	-	(7,043)
Total comprehensive (loss)/income for the financial period		-	(7,043)	-	183,790	176,747
Transfer from regulatory reserves		-	-	(1,481)	1,481	-
Dividend paid	7	-	-	-	(100,000)	(100,000)
Capital cancellation	6	(267,773)	-	-	-	(267,773)
Balance as at 30 September 2021		1,220,000	40,796	23,456	416,532	1,700,784

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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	-	-	-	23,734	23,734
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	-	9,613	-	-	9,613
- Net transfer to income statements on disposal	-	(3)	-	-	(3)
Income tax relating to components of other comprehensive income	-	(2,307)	-	-	(2,307)
Other comprehensive income, net of tax, for the financial period	-	9,526	-	-	9,526
Total comprehensive income for the financial period	-	9,526	-	23,734	33,260
Transfer to regulatory reserves	-	-	1,423	(1,423)	-
Dividend paid	-	-	-	(143,000)	(143,000)
Balance as at 30 September 2020	1,487,773	48,886	21,980	446,504	2,005,143

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 NINE MONTHS ENDED 30 SEPTEMBER 2021

	Note	Nine Months Ended	
		30 September 2021	30 September 2020
		RM'000	RM'000
Group			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation:			
- Continuing operations		355,736	173,710
- Discontinued operation		-	30,542
		355,736	204,252
Adjustments for non-operating and non-cash items		(92,220)	(38,406)
Operating profit before working capital changes		263,516	165,846
Changes in working capital:			
Net changes in operating assets		553,984	(404,018)
Net changes in operating liabilities		121,619	638,772
Cash generated from operations		939,119	400,600
Lease interest		(1,030)	(1,140)
Net taxation paid		(65,178)	(25,725)
Net cash generated from operating activities		872,911	373,735
CASH FLOWS FROM INVESTING ACTIVITIES			
Net (purchase of)/proceeds from financial assets at FVOCI and financial investments at amortised costs		(350,698)	40,095
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		36,777	43,201
Property, plant and equipment			
- Purchase		(7,135)	(7,908)
- Proceeds from disposal		78	98
Purchase of other intangible assets		(12,607)	(5,486)
Net cash inflow from disposal of subsidiaries		-	136,201
Dividend income received from financial assets at FVTPL and FVOCI		10,617	8,093
Dividend income received from an associate		-	2,002
Net cash inflow from business transfer		-	62,798
Contingent consideration received from disposal of a subsidiary		1,256	15,961
Net cash (used in)/generated from investing activities		(316,478)	295,055
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital repayment to shareholder	6	(267,773)	-
Redemption of subordinated obligations		-	(200,000)
Net repayment of borrowings		(196,707)	(310,385)
Borrowings interest paid		(10,498)	(15,975)
Lease principal payment		(7,901)	(14,111)
Subordinated obligations interest paid		(4,887)	(9,931)
Dividend paid to shareholder	7	(100,000)	(143,000)
Dividend paid to non-controlling interests		-	(1,000)
Net cash used in financing activities		(587,766)	(694,402)
Net decrease in cash and cash equivalents		(31,333)	(25,612)
Effects of exchange rate differences		(2,460)	3,500
Cash and cash equivalents			
- at the beginning of the financial year		2,422,584	2,146,595
- at the end of the financial period		2,388,791	2,124,483
ANALYSIS OF CASH AND CASH EQUIVALENTS:			
Cash and short-term funds before expected credit losses		2,388,791	2,124,483
Less: Allowance for expected credit losses		(172)	(160)
Cash and short-term funds, net of expected credit losses		2,388,619	2,124,323
Cash flows of discontinued operation		-	14,433

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 NINE MONTHS ENDED 30 SEPTEMBER 2021

Note	Nine Months Ended		
	30 September 2021	30 September 2020	
	RM'000	RM'000	
Bank			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	241,662	65,169	
Adjustments for non-operating and non-cash items	(56,564)	74,404	
Operating profit before working capital changes	185,098	139,573	
Changes in working capital:			
Net changes in operating assets	329,813	(219,122)	
Net changes in operating liabilities	136,260	380,163	
Cash generated from operations	651,171	300,614	
Lease interest	(224)	(238)	
Net taxation paid	(51,747)	(16,558)	
Net cash generated from operating activities	599,200	283,818	
CASH FLOWS FROM INVESTING ACTIVITIES			
Net (purchase of)/proceeds from financial assets at FVOCI and financial investments at amortised costs	(350,738)	39,949	
Interest income received from financial assets at FVTPL, FVOCI and financial investments at amortised costs	36,777	42,924	
Property, plant and equipment			
- Purchase	(3,754)	(2,762)	
- Proceeds from disposal	74	-	
Purchase of other intangible assets	(7,654)	(3,014)	
Capital repayment from subsidiaries	229	-	
Dividend income received from financial assets at FVTPL and FVOCI	2,851	2,560	
Dividend income received from subsidiaries	40,000	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)	
Proceeds from disposal of a subsidiary	-	253,273	
Contingent consideration received from disposal of a subsidiary	1,256	15,961	
Net cash (used in)/generated from investing activities	(280,959)	299,918	
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		(3,714)	(3,884)
Dividend paid to shareholder	7	(100,000)	(143,000)
Net cash used in financing activities		(376,374)	(356,815)
Net (decrease)/increase in cash and cash equivalents		(58,133)	226,921
Cash and cash equivalents			
- at the beginning of the financial year		1,793,383	1,443,799
- at the end of the financial period		1,735,250	1,670,720
ANALYSIS OF CASH AND CASH EQUIVALENTS:			
Cash and short-term funds before expected credit losses		1,735,250	1,670,720
Less: Allowance for expected credit losses		(25)	(32)
Cash and short-term funds, net of expected credit losses		1,735,225	1,670,688

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 NINE MONTHS ENDED 30 SEPTEMBER 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 nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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 Dividend Paid

The dividend paid by the Bank since 31 December 2020 was as follows:

In respect of the financial year ending 31 December 2021:	RM'000
Single-tier interim dividend of 125.00 sen per share, paid on 15 September 2021	<u>100,000</u>

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

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

	Group		Bank	
	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
At fair value				
<u>Quoted securities:</u>				
In Malaysia				
Shares and exchange traded funds	75,770	209,292	75,770	209,292
Unit trusts	62,057	58,077	8,200	8,218
Outside Malaysia				
Shares	90,033	205,677	14,063	12,958
Unit trusts	24,791	25,676	24,791	25,676
<u>Unquoted securities:</u>				
In Malaysia				
Prasarana bonds	-	25	-	25
Corporate bonds/Sukuk	3,429	1,412	3,429	1,412
Outside Malaysia				
Private equity funds	613,558	533,428	-	-
	869,638	1,033,587	126,253	257,581
Contingent consideration	-	1,256	-	1,256
	869,638	1,034,843	126,253	258,837

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 September 2021	31 December 2020	30 September 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
At fair value				
(a) Debt instruments	561,154	580,534	561,154	580,534
(b) Equity instruments	39,115	42,991	36,670	34,954
	<u>600,269</u>	<u>623,525</u>	<u>597,824</u>	<u>615,488</u>
(a) Debt instruments				
<u>Money market instruments:</u>				
Malaysian Government Securities	133,557	138,165	133,557	138,165
Malaysian Government Investment Issues	61,390	21,072	61,390	21,072
Khazanah bonds	49,082	48,408	49,082	48,408
Sukuk Perumahan Kerajaan	72,821	73,100	72,821	73,100
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Corporate bonds/Sukuk	179,196	273,620	179,196	273,620
Prasarana bonds	65,108	26,169	65,108	26,169
	<u>561,154</u>	<u>580,534</u>	<u>561,154</u>	<u>580,534</u>

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	2,158	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	287	302	-	-
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	<u>39,115</u>	<u>42,991</u>	<u>36,670</u>	<u>34,954</u>
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (cont'd)

10 Financial Investments at Amortised Costs

	As at 30 September 2021 RM'000	Group and Bank As at 31 December 2020 RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government Securities	91,911	92,878
Malaysian Government Investment Issues	302,089	369,222
Khazanah bonds	13,389	13,003
Wakala Global Sukuk	-	8,262
Negotiable instruments of deposits	400,181	-
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Corporate bonds/Sukuk	558,871	507,075
Loan stocks	25,853	25,853
Prasarana bonds	60,574	70,800
	1,452,868	1,087,093
Allowance for expected credit losses	(77,447)	(77,447)
	1,375,421	1,009,646

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

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

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

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

11 Loans and Advances

	Group		Bank	
	As at	As at	As at	As at
	30 September 2021	31 December 2020	30 September 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	1,709,767	1,826,512	1,423,359	1,496,171
Staff loans	289	311	289	311
Other loans	41	-	-	-
Gross loans and advances	<u>1,710,099</u>	<u>1,826,825</u>	<u>1,423,650</u>	<u>1,496,484</u>
Less: Allowance for expected credit losses	(8,400)	(8,951)	(1)	(1)
Net loans and advances	<u>1,701,699</u>	<u>1,817,874</u>	<u>1,423,649</u>	<u>1,496,483</u>
(b) By type of customer				
Domestic business enterprises:				
- small and medium enterprises	215,129	190,074	215,129	190,074
- others	226,538	201,109	226,538	201,109
Individuals	935,993	1,079,583	935,993	1,079,583
Foreign entities	332,439	356,059	45,990	25,718
	<u>1,710,099</u>	<u>1,826,825</u>	<u>1,423,650</u>	<u>1,496,484</u>
(c) By geographical distribution				
In Malaysia	1,423,650	1,496,484	1,423,650	1,496,484
Outside Malaysia				
- Indonesia	97,126	188,983	-	-
- Thailand	189,232	141,358	-	-
- Vietnam	91	-	-	-
	<u>1,710,099</u>	<u>1,826,825</u>	<u>1,423,650</u>	<u>1,496,484</u>
(d) By interest rate sensitivity				
Fixed rate:				
- other fixed rate loans	1,520,865	1,685,465	1,423,648	1,496,482
Variable rate:				
- base lending rate plus	189,234	141,360	2	2
	<u>1,710,099</u>	<u>1,826,825</u>	<u>1,423,650</u>	<u>1,496,484</u>

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

11 Loans and Advances (cont'd)

	Group		Bank	
	As at	As at	As at	As at
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
(e) By purpose				
Purchase of securities	1,709,808	1,826,512	1,423,359	1,496,171
Purchase of landed property:				
- residential	291	313	291	313
	<u>1,710,099</u>	<u>1,826,825</u>	<u>1,423,650</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	2,406	3,180	2,406	3,180
Construction	5,178	5,974	5,178	5,974
Wholesale and retail trade and restaurant and hotel	1,671	1,670	1,671	1,670
Transport, storage and communication	4,992	4,253	4,992	4,253
Finance, insurance, real estate and business services	426,577	387,219	426,450	378,667
Education, health & others	2,499	-	2,499	-
Household sector	1,266,685	1,424,333	980,363	1,102,544
	<u>1,710,099</u>	<u>1,826,825</u>	<u>1,423,650</u>	<u>1,496,484</u>
(g) By remaining contractual maturities				
Maturity within one year	1,709,808	1,826,512	1,423,359	1,496,171
One year to three years	5	8	5	8
Three years to five years	18	21	18	21
Over five years	268	284	268	284
	<u>1,710,099</u>	<u>1,826,825</u>	<u>1,423,650</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 September 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)	9,101	(6,940)	(2,161)	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(7,075)	7,075	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(1,430)	-	1,430	-
Addition and origination	10,937,092	-	-	10,937,092
Derecognition	(11,048,861)	(276)	-	(11,049,137)
Exchange differences	(4,152)	7	(536)	(4,681)
Balance as at the end of the financial period	<u>1,700,710</u>	<u>989</u>	<u>8,400</u>	<u>1,710,099</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 September 2021				
Balance as at beginning of the financial year	1,495,682	802	-	1,496,484
Transfer to 12-month ECL (Stage 1)	5,420	(5,104)	(316)	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(5,567)	5,567	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(316)	-	316	-
Addition and origination	4,054,545	-	-	4,054,545
Derecognition	(4,127,103)	(276)	-	(4,127,379)
Balance as at the end of the financial period	<u>1,422,661</u>	<u>989</u>	<u>-</u>	<u>1,423,650</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 NINE MONTHS ENDED 30 SEPTEMBER 2021 (cont'd)

11 Loans and Advances (cont'd)

	Group		Bank	
	As at	As at	As at	As at
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
(i) Impaired loans and advances				
(i) By purpose				
Purchase of securities	8,400	9,667	-	-
(ii) By economic sector				
Household sector	8,400	9,667	-	-
(iii) By geographical distribution				
Outside Malaysia:				
- Indonesia	-	716	-	-
- Thailand	8,400	8,951	-	-
	8,400	9,667	-	-

(iv) Movement in allowance for expected credit losses

Group	12-month ECL	Lifetime ECL not	Lifetime ECL	Total
	(Stage 1)	credit impaired	credit impaired	
	RM'000	RM'000	RM'000	RM'000
30 September 2021				
Balance as at beginning of the financial year	1	-	8,950	8,951
Exchange differences	-	-	(551)	(551)
Balance as at the end of the financial period	1	-	8,399	8,400
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	1	-	8,950	8,951

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 September 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 September 2021 RM'000	As at 31 December 2020 RM'000	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
Amounts owing by clients	711,478	1,084,974	535,223	743,519
Less: Allowance for expected credit losses	(25,235)	(30,067)	(2,817)	(4,465)
	686,243	1,054,907	532,406	739,054
Amounts owing by brokers	175,360	151,220	175,275	150,831
Amounts owing by clearing houses and stock exchanges	199,051	133,441	119,882	56,795
	1,060,654	1,339,568	827,563	946,680

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 September 2021 RM'000	As at 31 December 2020 RM'000	As at 30 September 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	5	850	5	17
Derecognition	(4)	(445)	(4)	(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	1,690	19,003	192	429
Derecognition	(4,927)	(2,228)	(470)	(600)
Amount written off	(1,371)	(4,058)	(1,371)	(1)
Disposal of a subsidiary	-	(3,335)	-	-
Exchange differences	(225)	(323)	-	-
Balance as at the end of the financial period/year	<u>25,231</u>	<u>30,064</u>	<u>2,814</u>	<u>4,463</u>

13 Other Assets

	Group		Bank	
	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
Other receivables	39,314	59,303	13,372	18,129
Unit trust fee receivables	28,062	25,147	-	-
Management fee receivables	2,430	3,237	-	-
Deposits	6,859	7,506	2,644	2,952
Prepayments	13,071	10,307	6,383	4,630
Amount receivable for release of units from funds	187,496	36,355	-	-
Transferable memberships	262	262	262	262
Amount due from holding company	-	1,557	-	-
Amount due from subsidiaries	-	-	888	38,937
Amount due from related companies	228	756	228	719
	<u>277,722</u>	<u>144,430</u>	<u>23,777</u>	<u>65,629</u>

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

14 Deposits from Customers

	Group and Bank	
	As at	As at
	<u>30 September 2021</u>	<u>31 December 2020</u>
	RM'000	RM'000
(a) By type of deposits		
Short-term deposits	<u>1,356,821</u>	<u>1,252,094</u>
(b) By type of customers		
Government and statutory bodies	100,202	215,262
Business enterprises	<u>1,256,619</u>	<u>1,036,832</u>
	<u>1,356,821</u>	<u>1,252,094</u>
(c) By maturity structure of short-term deposits		
Due within six months	<u>1,356,821</u>	<u>1,252,094</u>

15 Deposits and Placements of Banks and Other Financial Institutions

	Group and Bank	
	As at	As at
	<u>30 September 2021</u>	<u>31 December 2020</u>
	RM'000	RM'000
Licensed banks	2,982,680	2,722,491
Licensed investment banks	-	50,702
	<u>2,982,680</u>	<u>2,773,193</u>

16 Other Liabilities

	Group		Bank	
	As at	As at	As at	As at
	<u>30 September 2021</u>	<u>31 December 2020</u>	<u>30 September 2021</u>	<u>31 December 2020</u>
	RM'000	RM'000	RM'000	RM'000
Other creditors and accruals	201,046	262,092	114,700	166,551
Contract liabilities	5,496	5,691	1,600	1,981
Remisiers' trust deposits	98,682	92,060	98,682	92,060
Amount payable for creation of units due to funds	194,813	296,396	-	-
Amount payable for redemption units	327,257	58,430	-	-
Short-term employee benefits	45,549	69,357	29,456	49,468
Amount due to holding company	14,295	27,078	12,519	20,757
Amount due to subsidiaries	-	-	-	20
Amount due to related companies	391	529	204	342
Provision for restructuring costs	1,303	1,405	-	-
	<u>888,832</u>	<u>813,038</u>	<u>257,161</u>	<u>331,179</u>

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

	3rd Quarter Ended		Nine Months Ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	RM'000	RM'000	RM'000	RM'000
17 Interest Income				
<u>Group</u>				
Loans and advances	24,348	21,243	74,769	62,619
Money at call and deposits and placements with banks and other financial institutions	14,242	11,373	36,656	44,999
Financial assets at FVTPL	37	280	95	286
Financial assets at FVOCI, debt instruments	5,226	5,642	15,764	18,765
Financial investments at amortised costs	9,166	9,905	28,057	29,005
Others	3,213	4,553	10,798	10,929
	56,232	52,996	166,139	166,603
of which:				
Interest income accrued on impaired financial assets	855	178	2,755	520
<u>Bank</u>				
Loans and advances	17,816	16,296	53,262	49,532
Money at call and deposits and placements with banks and other financial institutions	11,455	7,671	28,221	33,283
Financial assets at FVTPL	37	4	95	9
Financial assets at FVOCI, debt instrument	5,226	5,642	15,764	18,765
Financial investments at amortised costs	9,166	9,905	28,057	29,005
Others	2,315	2,408	7,885	4,504
	46,015	41,926	133,284	135,098
of which:				
Interest income accrued on impaired financial assets	10	1	13	4

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

	3rd Quarter Ended		Nine Months Ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	RM'000	RM'000	RM'000	RM'000
18 Interest Expense				
<u>Group</u>				
Deposits and placements of banks and other financial institutions	15,446	15,428	42,207	52,102
Deposits from customers	5,651	3,463	15,542	20,675
Subordinated obligations	2,470	2,470	7,330	10,259
Borrowings	3,015	3,990	10,485	15,044
Others	462	600	1,787	2,302
	27,044	25,951	77,351	100,382
<u>Bank</u>				
Deposits and placements of banks and other financial institutions	15,446	15,428	42,207	52,102
Deposits from customers	5,651	3,463	15,542	20,675
Subordinated obligations	2,470	2,470	7,330	10,259
Others	-	85	289	232
	23,567	21,446	65,368	83,268
19 Fee and Commission Income				
(a) By type of fee income				
<u>Group</u>				
Brokerage income	82,870	144,737	316,720	316,240
Fund management fees	75,796	65,554	220,354	190,895
Unit trust fee income	38,824	40,889	152,844	78,342
Corporate advisory fees	4,855	6,865	25,312	13,477
Arrangement fees and underwriting	4,680	2,295	7,733	4,780
Placement fees	6,350	1,031	11,731	2,954
Rollover fees	1,131	1,103	3,449	3,858
Commission	1,122	810	3,230	2,543
Service charges and fees	409	449	1,090	1,028
Other fee income	14,770	15,927	43,212	40,799
	230,807	279,660	785,675	654,916
<u>Bank</u>				
Brokerage income	64,496	129,598	252,391	267,390
Corporate advisory fees	3,960	5,817	13,667	11,482
Arrangement fees and underwriting	1,776	424	2,599	1,194
Placement fees	6,152	1,031	11,533	2,954
Rollover fees	1,131	1,103	3,449	3,857
Commission	296	317	861	942
Service charges and fees	256	256	627	699
Other fee income	8,178	10,093	26,160	25,388
	86,245	148,639	311,287	313,906

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	3rd Quarter Ended		Nine Months Ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 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	201,476	254,910	685,391	576,906
Indonesia	11,216	9,889	45,563	25,195
Thailand	13,981	10,403	44,163	35,809
Singapore	3,650	3,675	9,798	12,929
Cambodia	475	435	656	528
Vietnam	8	-	16	6
Hong Kong	1	348	88	3,543
	230,807	279,660	785,675	654,916
<u>Bank</u>				
Malaysia	86,245	148,639	311,287	313,906
(c) By timing of fee income recognition				
<u>Group</u>				
At a point in time	150,822	210,689	553,152	454,038
Over time	79,985	68,971	232,523	200,878
	230,807	279,660	785,675	654,916
<u>Bank</u>				
At a point in time	85,351	147,859	308,392	311,830
Over time	894	780	2,895	2,076
	86,245	148,639	311,287	313,906
20 Fee and Commission Expense				
<u>Group</u>				
Fund management fees	34,193	28,557	99,838	84,885
Unit trust fees	38,719	41,310	153,260	78,545
Commission and incentives	14,960	28,690	46,316	42,550
	87,872	98,557	299,414	205,980
<u>Bank</u>				
Commission and incentives	11,598	25,984	32,289	35,929

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	3rd Quarter Ended		Nine Months Ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	RM'000	RM'000	RM'000	RM'000
21 Other Operating Income				
<u>Group</u>				
(a) Net gain arising from financial assets at FVTPL				
- net (loss)/gain on disposal	(2,200)	127,099	37,197	127,001
- unrealised net gain/(loss) on revaluation	13,988	(19,791)	44,308	61,078
- gross dividend income	1,428	4,029	10,016	7,516
	<u>13,216</u>	<u>111,337</u>	<u>91,521</u>	<u>195,595</u>
(b) Net gain/(loss) arising from derivatives	<u>8,449</u>	<u>(101,396)</u>	<u>107</u>	<u>(147,222)</u>
(c) Net gain arising from financial assets at FVOCI, debt instruments				
- net gain on disposal	<u>85</u>	<u>122</u>	<u>220</u>	<u>381</u>
(d) Dividend income from FVOCI, equity instruments	<u>332</u>	<u>345</u>	<u>601</u>	<u>577</u>
(e) Other income				
- net foreign exchange gain	5,844	5,270	22,218	13,315
- net gain on disposal of property, plant and equipment	-	98	74	98
- (loss)/gain on modification of right of use assets	-	(25)	-	13
- fair value changes to sale consideration	-	-	1,251	-
- other operating income	6,584	15,914	46,753	52,376
	<u>12,428</u>	<u>21,257</u>	<u>70,296</u>	<u>65,802</u>
	<u>34,510</u>	<u>31,665</u>	<u>162,745</u>	<u>115,133</u>

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

	3rd Quarter Ended		Nine Months Ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 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 (loss)/gain on disposal	(1,023)	124,366	(5,265)	171,564
- unrealised net gain/(loss) on revaluation	1,871	(28,685)	5,597	(2,155)
- gross dividend income	337	1,243	2,415	2,124
	<u>1,185</u>	<u>96,924</u>	<u>2,747</u>	<u>171,533</u>
(b) Net gain/(loss) arising from derivatives	<u>7,708</u>	<u>(87,448)</u>	<u>31,180</u>	<u>(168,871)</u>
(c) Net gain arising from financial assets at FVOCI, debt instruments				
- net gain on disposal	85	122	220	381
(d) Dividend income from FVOCI, equity instruments	<u>256</u>	<u>256</u>	<u>436</u>	<u>436</u>
(e) Gross dividend income from subsidiaries in Malaysia	-	62,000	4,000	68,800
(f) Gross dividend income from an associate in Malaysia	-	-	-	2,002
(g) Other income				
- net foreign exchange gain	6,015	5,300	22,693	12,089
- gain on disposal of property, plant and equipment	-	-	74	-
- loss on disposal of a subsidiary	-	(7,685)	-	(7,685)
- fair value changes to sales consideration	-	(938)	1,251	(938)
- gain on modification of right of use assets	-	-	-	2
- other operating income	6,126	16,439	45,655	52,246
	<u>12,141</u>	<u>13,116</u>	<u>69,673</u>	<u>55,714</u>
	<u>21,375</u>	<u>84,970</u>	<u>108,256</u>	<u>129,995</u>

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

	3rd Quarter Ended		Nine Months Ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	RM'000	RM'000	RM'000	RM'000
22 Other Operating Expenses				
<u>Group</u>				
<u>Personnel costs</u>				
- Salaries, bonus and allowances	64,455	69,483	194,324	205,186
- Defined contribution plan	7,008	7,559	21,361	22,350
- Other staff related costs	6,150	5,871	20,391	20,307
	77,613	82,913	236,076	247,843
<u>Establishment costs</u>				
- Property, plant and equipment				
- depreciation	2,971	2,757	8,878	8,318
- written off	3	17	7	23
- Amortisation of other intangible assets	2,480	2,092	7,231	6,595
- Depreciation of right of use assets	2,785	2,851	8,504	8,659
- Information technology expenses	11,677	15,475	42,440	45,546
- Security and escorting charges	133	121	452	212
- Repair and maintenance	570	675	2,058	2,219
- Rental of premises	3,106	2,813	10,179	13,739
- Water and electricity	706	1,058	2,335	3,023
- Rental of equipment	9	59	35	73
- Insurance	849	986	2,818	3,686
- Others	2,393	5,527	10,747	10,830
	27,682	34,431	95,684	102,923
<u>Marketing expenses</u>				
- Advertisements and publicity	632	1,078	2,327	3,177
- Sales commission	401	1,020	2,116	2,570
- Others	1,714	4,362	6,579	10,054
	2,747	6,460	11,022	15,801
<u>Administration and general expenses</u>				
- Communication expenses	5,594	5,945	17,501	18,383
- Legal and professional fees	3,245	4,223	9,560	9,603
- Others	4,825	5,110	15,878	18,461
	13,664	15,278	42,939	46,447
	121,706	139,082	385,721	413,014

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

	3rd Quarter Ended		Nine Months Ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 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	35,060	38,558	104,213	115,391
- Defined contribution plan	5,287	5,746	15,956	16,860
- Other staff related costs	2,041	1,837	7,771	8,304
	42,388	46,141	127,940	140,555
<u>Establishment costs</u>				
- Depreciation of property, plant and equipment	1,551	1,399	4,478	4,112
- Amortisation of other intangible assets	1,612	1,427	4,781	4,468
- Depreciation of right of use assets	1,219	1,293	3,692	3,863
- Information technology expenses	7,421	9,929	29,545	28,664
- Security and escorting charges	108	100	343	179
- Repair and maintenance	347	467	1,031	1,194
- Rental of premises	1,731	1,693	5,460	5,065
- Water and electricity	512	836	1,729	2,188
- Rental of equipment	5	45	16	50
- Insurance	533	754	1,732	2,330
- Others	2,393	5,527	10,747	10,901
	17,432	23,470	63,554	63,014
<u>Marketing expenses</u>				
- Advertisements and publicity	134	50	332	414
- Sales commission	50	233	255	604
- Others	1,094	1,865	3,836	4,355
	1,278	2,148	4,423	5,373
<u>Administration and general expenses</u>				
- Communication expenses	2,518	2,929	8,075	8,585
- Legal and professional fees	217	1,781	1,640	2,409
- Others	2,543	3,054	6,323	8,670
	5,278	7,764	16,038	19,664
	66,376	79,523	211,955	228,606

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	3rd Quarter Ended		Nine Months Ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 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	-	(37)	-	(90)
Allowance (written back)/made for expected credit losses on other receivables and clients' and brokers' balances	(126)	17,403	(3,243)	19,169
Bad debts recovered	-	(1)	(715)	(92)
Other financial assets	(1)	(42)	1	309
	(127)	17,323	(3,957)	19,296
<u>Bank</u>				
Net allowance written back on loans and advances	-	(37)	-	-
Allowance made for expected credit losses on other receivables and clients' and brokers' balances	187	928	410	1,650
Bad debts recovered	-	(1)	(22)	(92)
Other financial assets	46	(247)	64	(254)
	233	643	452	1,304
24 Impairment Loss on Other Non-financial Assets				
<u>Group</u>				
Investment in an associate	-	-	-	9,500
Goodwill	-	14,800	-	14,800
Property, plant and equipment	-	-	193	-
Right of use assets	-	-	121	-
	-	14,800	314	24,300
<u>Bank</u>				
Investments in subsidiaries	-	164,723	1,101	164,723

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

25 Basic Earnings Per Share

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

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Net profit attributable to equity holders (RM'000)				
- Continuing operations	67,829	42,554	280,818	122,298
- Discontinued operation	-	40,135	-	32,073
	67,829	82,689	280,818	154,371
Weighted average number of ordinary shares in issue ('000)				
- Issued ordinary shares at 1 July / 1 January	100,000	100,000	100,000	100,000
- Effect of capital cancellation (Note 6)	(20,000)	-	(13,333)	-
	80,000	100,000	86,667	100,000
Basic earnings per share (sen)				
- Continuing operations	84.8	42.6	324.0	122.3
- Discontinued operation	-	40.1	-	32.1
	84.8	82.7	324.0	154.4

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 September 2021 RM'000	As at 31 December 2020 RM'000	As at 30 September 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	566,845	522,727	377,215	331,261
Other reserves	62,649	62,097	-	-
FVOCI reserves	41,112	50,380	40,796	47,839
	<u>1,890,606</u>	<u>2,122,977</u>	<u>1,638,011</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	(4,631)	(4,611)	(5,028)	(5,028)
Other intangible assets	(42,698)	(37,414)	(27,169)	(24,296)
55% of cumulative gains arising from change in value of FVOCI financial instruments	(22,612)	(27,709)	(22,438)	(26,311)
Other deductions #	(53)	-	(53)	-
Deferred tax assets	(23,103)	(28,392)	(13,356)	(17,985)
Total CET I Capital	<u>1,347,531</u>	<u>1,574,873</u>	<u>483,504</u>	<u>705,460</u>
Qualifying non-controlling interests recognised as Tier I Capital	1,638	2,060	-	-
Total Tier I Capital	<u>1,349,169</u>	<u>1,576,933</u>	<u>483,504</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	211	231	-	-
General provision ^	29,652	26,003	10,562	9,921
Total Tier II Capital	<u>229,863</u>	<u>226,234</u>	<u>210,562</u>	<u>209,921</u>
Total Capital	<u>1,579,032</u>	<u>1,803,167</u>	<u>694,066</u>	<u>915,381</u>

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

26 Capital Adequacy Ratio (cont'd)

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

	Group		Bank	
	As at 30 September 2021	As at 31 December 2020	As at 30 September 2021	As at 31 December 2020
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	31.251%	38.246%	24.465%	36.116%
Tier I Capital Ratio	31.289%	38.296%	24.465%	36.116%
Total Capital Ratio	<u>36.620%</u>	<u>43.790%</u>	<u>35.119%</u>	<u>46.862%</u>
After proposed dividends:				
CET I Capital Ratio	31.251%	38.246%	24.465%	36.116%
Tier I Capital Ratio	31.289%	38.296%	24.465%	36.116%
Total Capital Ratio	<u>36.620%</u>	<u>43.790%</u>	<u>35.119%</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 RM29,003,000 (31 December 2020: RM25,377,000) and RM10,534,000 (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 September 2021 RM'000	As at 31 December 2020 RM'000	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
Credit risk	2,372,140	2,080,268	844,962	793,669
Market risk	294,304	457,113	199,998	300,706
Operational risk	1,645,469	1,580,409	931,349	858,966
Total risk-weighted assets	<u>4,311,913</u>	<u>4,117,790</u>	<u>1,976,309</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 NINE MONTHS ENDED 30 SEPTEMBER 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 September 2021	As at 31 December 2020	As at 30 September 2021	As at 31 December 2020
	RM'000	RM'000	RM'000	RM'000
Principal amount				
Direct credit substitutes [#]	-	-	36,269	16
Forward assets purchases	-	5,843	-	5,843
Irrevocable commitments to extend credit:				
- maturity not exceeding one year	1,013,516	1,100,162	685,205	729,357
- maturity exceeding one year	22	22	22	22
Equity related contracts: [^]				
- less than one year	-	7,082	-	7,082
Foreign exchange related contracts: [^]				
- less than one year	51,017	44,538	51,017	44,538
	1,064,555	1,157,647	772,513	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 September 2021	As at 31 December 2020	As at 30 September 2021	As at 31 December 2020
	RM'000	RM'000	RM'000	RM'000
Authorised and contracted for				
- Property, plant and equipment	30,489	21,005	22,762	13,899
- Investment securities	1,094	13,266	-	-
	31,583	34,271	22,762	13,899

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 period 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 banking 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 NINE MONTHS ENDED 30 SEPTEMBER 2021 (cont'd)

32 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 2021 other than the following:

(a) Dissolution of RHB Finance Hong Kong Limited ('RHBFinHK'), RHB Asset Management Hong Kong Limited ('RHBAMHK') and RHB Capital Hong Kong Limited ('RHBCHK')

The following indirect wholly-owned subsidiaries of the Bank, have been dissolved pursuant to The Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong as summarised below:

On 17 March 2021

- 1) RHB Finance Hong Kong Limited

On 15 October 2021

- 1) RHB Asset Management Hong Kong Limited
- 2) RHB Capital Hong Kong Limited

The dissolution of RHBFinHK, RHBAMHK and RHBCHK 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 Changes in Profit for the Quarter

For the current financial quarter ended 30 September 2021, the Group recorded a pre-tax profit of RM85.1 million, 32.4% lower as compared to the immediate preceding quarter pre-tax profit of RM125.8 million. The decrease in profit is contributed by lower other operating income of RM36.5 million, lower net fee and commission income of RM13.6 million, lower net interest income of RM0.5 million, and lower allowance written back for expected credit losses of RM0.4 million; partially offset with lower other operating expenses of RM10.0 million and lower impairment loss on other non-financial assets of RM0.3 million.

34 Performance Review

For the nine months ended 30 September 2021, the Group recorded a pre-tax profit of RM355.7 million, 105.0% higher as compared to the previous corresponding period of RM173.7 million. The increase in profit is contributed by higher other operating income by RM47.5 million, higher net fee and commission income of RM37.4 million, lower other operating expenses of RM27.3 million, lower impairment loss on other non-financial assets of RM24.0 million, higher allowance written back for expected credit losses of RM23.3 million, and higher net interest income of RM22.5 million.

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

35 Prospects for 2021

As we enter the last quarter of the year, we expect the economy to be on a recovery path premised on the high vaccination rate nationwide, continued relaxation of MCO measures, including the lifting of the inter-state travel ban and reopening of more economic activities.

The Group will continue to extend financial relief to our affected customers who require assistance through our repayment assistance programme, whilst assistance package of URUS and FIRST will help affected borrowers to reduce their burden of making their financial commitments as they graduate towards normalisation of repayment on the back of improving economic and business activities. With the recovery expected to be uneven, we will continue to remain vigilant. Nevertheless, the banking sector is expected to remain resilient, supported by strong capital and liquidity levels, and the proactive provisioning that has been made since last year. On the monetary front, while MGS yield across all maturities has been trending upwards, we expect OPR to remain stable for the rest of the year.

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

36 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 RM3,193,708,000 and RM2,795,746,000 (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 NINE MONTHS ENDED 30 SEPTEMBER 2021 (cont'd)

37 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 September 2021	RM'000	RM'000	RM'000	RM'000
<u>Financial assets</u>				
Financial assets at FVTPL	252,651	3,429	613,558	869,638
- quoted securities	252,651	-	-	252,651
- unquoted securities	-	3,429	613,558	616,987
Financial assets at FVOCI	2,158	561,154	36,957	600,269
- money market instruments	-	316,850	-	316,850
- quoted securities	2,158	-	-	2,158
- unquoted securities	-	244,304	36,957	281,261
Derivative assets	-	579	-	579
	<u>254,809</u>	<u>565,162</u>	<u>650,515</u>	<u>1,470,486</u>
<u>Financial liabilities</u>				
Derivative liabilities	<u>26,346</u>	<u>278</u>	<u>-</u>	<u>26,624</u>
Group	Level 1	Level 2	Level 3	Total
31 December 2020	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
	<u>500,588</u>	<u>582,988</u>	<u>575,809</u>	<u>1,659,385</u>
<u>Financial liabilities</u>				
Derivative liabilities	<u>71,703</u>	<u>45</u>	<u>-</u>	<u>71,748</u>

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

37 Fair Value of Financial Instruments (cont'd)

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

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

Bank	Level 1	Level 2	Level 3	Total
30 September 2021	RM'000	RM'000	RM'000	RM'000
<u>Financial assets</u>				
Financial assets at FVTPL	122,824	3,429	-	126,253
- quoted securities	122,824	-	-	122,824
- unquoted securities	-	3,429	-	3,429
Financial assets at FVOCI	-	561,154	36,670	597,824
- money market instruments	-	316,850	-	316,850
- unquoted securities	-	244,304	36,670	280,974
Derivative assets	-	30	-	30
	<u>122,824</u>	<u>564,613</u>	<u>36,670</u>	<u>724,107</u>
<u>Financial liabilities</u>				
Derivative liabilities	<u>26,346</u>	<u>18</u>	<u>-</u>	<u>26,364</u>

Bank	Level 1	Level 2	Level 3	Total
31 December 2020	RM'000	RM'000	RM'000	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 NINE MONTHS ENDED 30 SEPTEMBER 2021 (cont'd)

37 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 September 2021 and 31 December 2020 for the Group and the Bank:

	Group		Bank	
	As at 30 September 2021	As at 31 December 2020	As at 30 September 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	51,191	55,877	1,251	(938)
Additions	30,879	24,006	-	17,217
Settlements/Distributions	(25,521)	(27,272)	(2,510)	(15,023)
Exchange differences	22,325	(10,644)	3	-
Balance as at the end of the financial period/year	613,558	534,684	-	1,256

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

37 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 September 2021 and 31 December 2020 for the Group and the Bank: (cont'd)

	Group		Bank	
	As at 30 September 2021	As at 31 December 2020	As at 30 September 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	(15)	(13)	-	-
Balance as at the end of financial period/year	<u>36,957</u>	<u>41,125</u>	<u>36,670</u>	<u>34,954</u>

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

38 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 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 NINE MONTHS ENDED 30 SEPTEMBER 2021 (cont'd)

38 Segment Reporting (cont'd)

Segment Profit and Loss for the Nine Months Ended 30 September 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	524,347	76,058	137,389	-	737,794
Inter-segment revenue	1,259	-	(1,017)	(242)	-
Segment revenue	525,606	76,058	136,372	(242)	737,794
Overhead expenses	(301,159)	(7,368)	(77,436)	242	(385,721)
Including:					
Depreciation of property, plant and equipment	(7,820)	(47)	(1,011)	-	(8,878)
Depreciation of right of use assets	(7,431)	(62)	(1,011)	-	(8,504)
Amortisation of other intangible assets	(5,998)	(157)	(1,076)	-	(7,231)
Allowance written back/(made) for expected credit losses	4,061	6	(110)	-	3,957
Impairment loss on other non-financial assets	(314)	-	-	-	(314)
	228,194	68,696	58,826	-	355,716
Share of results of associates					20
Profit before taxation					355,736
Taxation					(73,859)
Net profit for the financial period					281,877

Segment Assets and Liabilities as at 30 September 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	3,491,952	4,859,730	952,863	(726,896)	8,577,649
Goodwill	306,611	-	143,367	-	449,978
Investments in associates and joint ventures					4,631
Tax recoverable					3,578
Deferred tax assets					23,103
Total assets					9,058,939
Segment liabilities	1,314,411	4,322,860	598,561	(6,605)	6,229,227
Tax liabilities					18,640
Borrowings					529,488
Subordinated obligations					204,591
Total liabilities					6,981,946

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

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

38 Segment Reporting (cont'd)

Segment Profit and Loss for the Nine Months Ended 30 September 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	449,939	64,428	115,923	-	630,290	94,264	724,554
Inter-segment revenue	1,961	-	(1,037)	(924)	-	-	-
Segment revenue	451,900	64,428	114,886	(924)	630,290	94,264	724,554
Overhead expenses	(319,843)	(13,401)	(80,694)	924	(413,014)	(62,785)	(475,799)
Including:							
Depreciation of property, plant and equipment	(7,477)	(51)	(790)	-	(8,318)	(978)	(9,296)
Depreciation of right of use assets	(7,950)	(62)	(647)	-	(8,659)	(3,801)	(12,460)
Amortisation of other intangible assets	(5,455)	(164)	(976)	-	(6,595)	(2,250)	(8,845)
Allowance (made)/written back for expected credit losses	(19,305)	(14)	23	-	(19,296)	(937)	(20,233)
Impairment loss on other non-financial assets	(24,300)	-	-	-	(24,300)	-	(24,300)
	88,452	51,013	34,215	-	173,680	30,542	204,222
Share of results of associates					30	-	30
Profit before taxation					173,710	30,542	204,252
Taxation					(50,692)	1,531	(49,161)
Net profit for the financial period					123,018	32,073	155,091

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