

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

INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	Group		Bank	
		As at 31 December 2021 RM'000	As at 31 December 2020 RM'000	As at 31 December 2021 RM'000	As at 31 December 2020 RM'000
ASSETS					
Cash and short-term funds		2,403,096	2,422,065	1,518,663	1,793,368
Deposits and placements with banks and other financial institutions		196,780	214,766	-	-
Financial assets at fair value through profit or loss ('FVTPL')	8	851,797	1,034,843	116,690	258,837
Financial assets at fair value through other comprehensive income ('FVOCI')	9	597,672	623,525	595,235	615,488
Financial investments at amortised costs	10	1,486,708	1,009,646	1,486,708	1,009,646
Loans and advances	11	1,681,479	1,817,874	1,348,177	1,496,483
Clients' and brokers' balances	12	879,595	1,339,568	641,119	946,680
Other assets	13	324,725	144,430	85,529	65,629
Derivative assets		928	1,017	17	122
Statutory deposits		13,090	16,977	9,000	13,000
Tax recoverable		7,294	1,781	3,841	-
Deferred tax assets		32,651	28,392	22,684	17,985
Investments in subsidiaries		-	-	712,127	715,398
Investments in associates and joint ventures		4,644	4,611	5,028	5,028
Right-of-use assets		23,013	23,034	9,860	6,733
Property, plant and equipment		36,486	38,374	19,471	19,272
Goodwill and other intangible assets		496,272	487,392	402,578	396,691
		9,036,230	9,208,295	6,976,727	7,360,360
Non-current assets held for sale		12,521	-	-	-
TOTAL ASSETS		9,048,751	9,208,295	6,976,727	7,360,360
LIABILITIES AND EQUITY					
Deposits from customers	14	1,560,040	1,252,094	1,560,040	1,252,094
Deposits and placements of banks and other financial institutions	15	2,428,314	2,773,193	2,428,314	2,773,193
Clients' and brokers' balances		948,511	1,171,930	722,891	824,677
Other liabilities	16	1,187,487	813,038	270,780	331,179
Derivative liabilities		21,941	71,748	21,567	71,732
Tax liabilities		8,753	15,481	-	6,646
Lease liabilities		22,871	22,739	9,999	6,881
Borrowings		531,588	717,427	-	-
Subordinated obligations		202,175	202,148	202,175	202,148
		6,911,680	7,039,798	5,215,766	5,468,550
Non-current liabilities held for sale		6,003	-	-	-
TOTAL LIABILITIES		6,917,683	7,039,798	5,215,766	5,468,550
Share capital		1,220,000	1,487,773	1,220,000	1,487,773
Reserves		900,801	670,486	540,961	404,037
		2,120,801	2,158,259	1,760,961	1,891,810
Non-controlling interests		10,267	10,238	-	-
TOTAL EQUITY		2,131,068	2,168,497	1,760,961	1,891,810
TOTAL LIABILITIES AND EQUITY		9,048,751	9,208,295	6,976,727	7,360,360
COMMITMENTS AND CONTINGENCIES	27	941,817	1,157,647	707,601	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
AUDITED INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	Note	4th Quarter Ended		Twelve Months Ended	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
		RM'000	RM'000	RM'000	RM'000
Interest income	17	56,127	56,560	222,266	223,163
Interest expense	18	(25,373)	(25,909)	(102,724)	(126,291)
Net interest income		30,754	30,651	119,542	96,872
Fee and commission income	19	212,771	287,893	998,446	942,809
Fee and commission expense	20	(70,173)	(104,057)	(369,587)	(310,037)
Other operating income	21	33,533	60,445	196,278	175,578
		206,885	274,932	944,679	905,222
Other operating expenses	22	(153,656)	(142,846)	(539,377)	(555,860)
Operating profit before allowances		53,229	132,086	405,302	349,362
Allowance written back/(made) for expected credit losses	23	9,070	(834)	13,027	(20,130)
Impairment loss on other non-financial assets	24	-	-	(314)	(24,300)
		62,299	131,252	418,015	304,932
Share of results of associates		13	-	33	30
Profit before taxation		62,312	131,252	418,048	304,962
Taxation		(5,060)	(28,222)	(78,919)	(78,914)
Profit from continuing operations		57,252	103,030	339,129	226,048
Profit from discontinued operation attributable to equity holder		-	-	-	32,073
Net profit for the financial period/year		57,252	103,030	339,129	258,121
Profit attributable to:					
- Equity holder of the Bank	25	57,021	102,643	337,839	257,014
- Non-controlling interests		231	387	1,290	1,107
		57,252	103,030	339,129	258,121
Basic earnings per share (sen)					
- Continuing operations	25	71.3	102.6	397.5	224.9
- Discontinued operation	25	-	-	-	32.1
		71.3	102.6	397.5	257.0

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
AUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	4th Quarter Ended		Twelve Months Ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period/year	57,252	103,030	339,129	258,121
Other comprehensive loss:				
(a) Items that will not be reclassified to income statements:				
(i) Actuarial (loss)/gain on defined benefit plan of subsidiaries	(1,125)	1,651	751	3,274
(ii) Financial assets at FVOCI, equity instruments:				
- Unrealised net (loss)/gain on revaluation	(11)	309	1,361	2,001
(b) Items that will be reclassified subsequently to income statements:				
(i) Foreign currency translation reserve:				
- Currency translation differences	1,320	(1,454)	1,906	(22,364)
- Disposal of a subsidiary	-	-	-	(50,895)
(ii) Financial assets at FVOCI, debt instruments:				
- Unrealised net (loss)/gain on revaluation	(2,834)	(1,377)	(14,359)	8,236
- Net transfer to income statements on disposal	-	(1)	-	(4)
Income tax relating to components of other comprehensive loss/(income)	673	322	2,756	(2,368)
Other comprehensive loss, net of tax, for the financial period/year	(1,977)	(550)	(7,585)	(62,120)
Total comprehensive income for the financial period/year	55,275	102,480	331,544	196,001
Total comprehensive income attributable to:				
- Equity holder of the Bank	55,063	101,968	330,315	194,971
- Non-controlling interests	212	512	1,229	1,030
	55,275	102,480	331,544	196,001
Total comprehensive income/(loss) attributable to equity holder of the Bank arises from:				
- Continuing operations	55,063	101,968	330,315	213,793
- Discontinued operation	-	-	-	(18,822)
	55,063	101,968	330,315	194,971

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
AUDITED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Bank	Note	4th Quarter Ended		Twelve Months Ended	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
		RM'000	RM'000	RM'000	RM'000
Interest income	17	45,870	44,740	179,154	179,838
Interest expense	18	(21,568)	(21,234)	(86,936)	(104,502)
Net interest income		24,302	23,506	92,218	75,336
Fee and commission income	19	88,810	138,441	400,097	452,347
Fee and commission expense	20	(9,011)	(22,600)	(41,300)	(58,529)
Other operating income	21	55,533	39,643	163,789	169,638
		159,634	178,990	614,804	638,792
Other operating expenses	22	(100,060)	(84,495)	(312,015)	(313,101)
Operating profit before allowances		59,574	94,495	302,789	325,691
Allowance written back/(made) for expected credit losses	23	6,824	(1,323)	6,372	(2,627)
Impairment loss on other non-financial assets	24	(1,941)	(4,018)	(3,042)	(168,741)
Profit before taxation		64,457	89,154	306,119	154,323
Taxation		(2,126)	(23,440)	(59,998)	(64,875)
Net profit for the financial period/year		62,331	65,714	246,121	89,448

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
AUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Bank	4th Quarter Ended		Twelve Months Ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period/year	62,331	65,714	246,121	89,448
Other comprehensive (loss)/income:				
(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	(2,834)	(1,377)	(14,359)	8,236
- Net transfer to income statement on disposal	-	(1)	-	(4)
Income tax relating to components of other comprehensive loss/(income)	680	331	3,446	(1,976)
Other comprehensive (loss)/income, net of tax, for the financial period/year	(2,154)	(1,047)	(9,197)	8,479
Total comprehensive income for the financial period/year	60,177	64,667	236,924	97,927

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

INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 year		-	-	-	-	-	337,839	337,839	1,290	339,129
Foreign currency translation reserve:										
- Currency translation differences		-	-	-	1,878	-	-	1,878	28	1,906
Financial assets at FVOCI:										
- Equity instruments										
- Unrealised net gain/(loss) on revaluation		-	-	1,432	-	-	-	1,432	(71)	1,361
- Net (loss)/gain on disposal		-	-	(1,950)	-	-	1,950	-	-	-
- Debt instruments										
- Unrealised net loss on revaluation		-	-	(14,359)	-	-	-	(14,359)	-	(14,359)
Actuarial gain/(loss) on defined benefit plan of subsidiaries		-	-	-	-	-	767	767	(16)	751
Income tax relating to components of other comprehensive loss/(income)		-	-	3,446	-	-	(688)	2,758	(2)	2,756
Other comprehensive (loss)/income, net of tax, for the financial year		-	-	(11,431)	1,878	-	2,029	(7,524)	(61)	(7,585)
Total comprehensive (loss)/income for the financial year		-	-	(11,431)	1,878	-	339,868	330,315	1,229	331,544
Capital cancellation	6	(267,773)	-	-	-	-	-	(267,773)	-	(267,773)
Transfer from regulatory reserves		-	-	-	-	(4,811)	4,811	-	-	-
Dividend paid	7	-	-	-	-	-	(100,000)	(100,000)	-	(100,000)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	(1,200)	(1,200)
Balance as at 31 December 2021		1,220,000	515	38,949	63,460	30,471	767,406	2,120,801	10,267	2,131,068

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INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 year	-	-	-	-	-	257,014	257,014	1,107	258,121
Foreign currency translation reserve:									
- Currency translation differences	-	-	(1)	(22,301)	-	-	(22,302)	(62)	(22,364)
- Recycled to income statements on disposal of a subsidiary	-	-	-	(50,895)	-	-	(50,895)	-	(50,895)
Financial assets at FVOCI:									
- Equity instruments									
- Unrealised net gain/(loss) on revaluation	-	-	2,045	-	-	-	2,045	(44)	2,001
- Derecognition	-	-	162	-	-	(162)	-	-	-
- Debt instruments									
- Unrealised net gain on revaluation	-	-	8,236	-	-	-	8,236	-	8,236
- Net transfer to income statements on disposal	-	-	(4)	-	-	-	(4)	-	(4)
Actuarial gain on defined benefit plan of subsidiaries	-	-	-	-	-	3,241	3,241	33	3,274
Income tax relating to components of other comprehensive income	-	-	(1,976)	-	-	(388)	(2,364)	(4)	(2,368)
Other comprehensive income/(loss), net of tax, for the financial year	-	-	8,462	(73,196)	-	2,691	(62,043)	(77)	(62,120)
Total comprehensive income/(loss) for the financial year	-	-	8,462	(73,196)	-	259,705	194,971	1,030	196,001
Transfer from statutory reserves	-	(2)	-	-	-	2	-	-	-
Transfer to regulatory reserves	-	-	-	-	3,278	(3,278)	-	-	-
Dividends paid	-	-	-	-	-	(321,000)	(321,000)	-	(321,000)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(1,000)	(1,000)
Balance as at 31 December 2020	1,487,773	515	50,380	61,582	35,282	522,727	2,158,259	10,238	2,168,497

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Registration No. 197401002639 (19663-P)

INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 year		-	-	-	246,121	246,121
Financial assets at FVOCI:						
- Equity instruments						
- Unrealised net gain on revaluation		-	1,716	-	-	1,716
- Debt instruments						
- Unrealised net loss on revaluation		-	(14,359)	-	-	(14,359)
Income tax relating to components of other comprehensive loss		-	3,446	-	-	3,446
Other comprehensive loss, net of tax, for the financial year		-	(9,197)	-	-	(9,197)
Total comprehensive (loss)/income for the financial year		-	(9,197)	-	246,121	236,924
Capital cancellation	6	(267,773)	-	-	-	(267,773)
Transfer from regulatory reserves		-	-	(3,907)	3,907	-
Dividend paid	7	-	-	-	(100,000)	(100,000)
Balance as at 31 December 2021		1,220,000	38,642	21,030	481,289	1,760,961

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 Registration No. 197401002639 (19663-P)

INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	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 year	-	-	-	89,448	89,448
Financial assets at FVOCI:					
- Equity instruments					
- Unrealised net gain on revaluation	-	2,223	-	-	2,223
- Debt instruments					
- Unrealised net gain on revaluation	-	8,236	-	-	8,236
- Net transfer to income statement on disposal	-	(4)	-	-	(4)
Income tax relating to components of other comprehensive income	-	(1,976)	-	-	(1,976)
Other comprehensive income, net of tax, for the financial year	-	8,479	-	-	8,479
Total comprehensive income for the financial year	-	8,479	-	89,448	97,927
Transfer to regulatory reserves	-	-	4,380	(4,380)	-
Dividends paid	-	-	-	(321,000)	(321,000)
Balance as at 31 December 2020	1,487,773	47,839	24,937	331,261	1,891,810

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
 AUDITED STATEMENTS OF CASH FLOWS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	31 December 2021 RM'000	31 December 2020 RM'000
Group			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation:			
- Continuing operations		418,048	304,962
- Discontinued operation		-	30,542
		418,048	335,504
Adjustments for non-operating and non-cash items		(128,132)	(77,890)
Operating profit before working capital changes		289,916	257,614
Changes in working capital:			
Net changes in operating assets		736,581	(696,007)
Net changes in operating liabilities		69,847	1,174,825
Cash generated from operations		1,096,344	736,432
Lease interest		(1,348)	(1,511)
Net tax paid		(93,897)	(65,210)
Net cash generated from operating activities		1,001,099	669,711
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment:			
- Purchases		(11,067)	(11,782)
- Proceeds from disposal		78	101
Purchase of other intangible assets		(19,186)	(7,760)
Net (purchases of)/proceeds from financial assets at FVOCI and financial investments at amortised costs		(454,747)	46,346
Net gain/(loss) on disposal of financial assets at FVOCI, equity instruments		5,234	(162)
Interest income received from financial assets at FVTPL, FVOCI and financial investments at amortised costs		52,771	58,537
Dividend income received from financial assets at FVTPL and FVOCI		11,962	9,189
Dividend income received from an associate		-	2,002
Proceeds from disposal of a subsidiary, net of cash and cash equivalents received		-	136,201
Contingent consideration received arising from disposal of a subsidiary		1,256	15,961
Net cash inflow from business transfer		-	62,798
Net cash (used in)/generated from investing activities		(413,699)	311,431
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital repayment to shareholder	6	(267,773)	-
Redemption of subordinated obligations		-	(200,000)
Subordinated obligations interest paid		(9,773)	(14,817)
Net repayment of borrowings		(194,826)	(138,523)
Borrowings interest paid		(13,870)	(20,085)
Lease principal payment		(10,571)	(14,602)
Dividends paid to shareholder	7	(100,000)	(321,000)
Dividends paid to non-controlling interests		(1,200)	(1,000)
Net cash used in financing activities		(598,013)	(710,027)
Net (decrease)/increase in cash and cash equivalents		(10,613)	271,115
Effects of exchange rate differences		(186)	4,874
Cash and cash equivalents:			
- At the beginning of the financial year		2,422,584	2,146,595
- Assets classified as held for sale		(8,212)	-
- At the end of the financial year		2,403,573	2,422,584
ANALYSIS OF CASH AND CASH EQUIVALENTS:			
Cash and short-term funds before expected credit losses ('ECL')		2,403,573	2,422,584
Less: Allowance for expected credit losses		(477)	(519)
Cash and short-term funds, net of expected credit losses		2,403,096	2,422,065
Cash flows of discontinued operation		-	14,435

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
 AUDITED STATEMENT OF CASH FLOWS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Note	31 December 2021 RM'000	31 December 2020 RM'000
Bank		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	306,119	154,323
Adjustments for non-operating and non-cash items	(118,515)	50,612
Operating profit before working capital changes	187,604	204,935
Changes in working capital:		
Net changes in operating assets	577,355	(562,547)
Net changes in operating liabilities	(213,084)	955,664
Cash generated from operations	551,875	598,052
Lease interest	(308)	(318)
Net tax paid	(71,738)	(52,802)
Net cash generated from operating activities	479,829	544,932
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment:		
- Purchases	(6,252)	(4,113)
- Proceeds from disposal	74	-
Purchase of other intangible assets	(12,413)	(4,341)
Net (purchases of)/proceeds from financial assets at FVOCI and financial investments at amortised costs	(454,908)	46,217
Interest income received from financial assets at FVTPL, FVOCI and financial investments at amortised costs	52,771	58,261
Dividend income received from financial assets at FVTPL and FVOCI	3,014	3,301
Dividend income received from subsidiaries	44,200	75,800
Dividend income received from an associate	-	2,002
Additional investment in a subsidiary	-	(80,775)
Subscription of redeemable preference shares issued by a subsidiary	-	(20,000)
Proceeds from disposal of a subsidiary	-	253,273
Capital distribution from winding up subsidiaries	229	-
Contingent consideration received arising from disposal of a subsidiary	1,256	15,961
Net cash (used in)/generated from investing activities	(372,029)	345,586
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital repayment to shareholder	6 (267,773)	-
Redemption of subordinated obligations	-	(200,000)
Subordinated obligations interest paid	(9,773)	(14,817)
Lease principal payment	(4,947)	(5,117)
Dividends paid to shareholder	7 (100,000)	(321,000)
Net cash used in financing activities	(382,493)	(540,934)
Net (decrease)/increase in cash and cash equivalents	(274,693)	349,584
Cash and cash equivalents:		
- At the beginning of the financial year	1,793,383	1,443,799
- At the end of the financial year	1,518,690	1,793,383
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short-term funds before expected credit losses	1,518,690	1,793,383
Less: Allowance for expected credit losses	(27)	(15)
Cash and short-term funds, net of expected credit losses	1,518,663	1,793,368

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

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1 Basis of Preparation

The interim financial statements are audited 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 financial year ended 31 December 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 financial year ended 31 December 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 financial year ended 31 December 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 and Proposed Dividend

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

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

The Board of Directors proposed a second interim single-tier dividend of 125.00 sen per ordinary share, amounting to RM100,000,000 in respect of the financial year ended 31 December 2021, which was approved by Board of Directors on 24 January 2022.

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

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

	Group		Bank	
	As at 31 December 2021 RM'000	As at 31 December 2020 RM'000	As at 31 December 2021 RM'000	As at 31 December 2020 RM'000
At fair value				
<u>Quoted securities:</u>				
In Malaysia				
Shares and exchange traded funds	74,375	209,292	74,375	209,292
Unit trusts	28,076	58,077	8,261	8,218
Outside Malaysia				
Shares	94,878	205,677	6,249	12,958
Unit trusts	24,386	25,676	24,386	25,676
<u>Unquoted securities:</u>				
In Malaysia				
Prasarana bonds	-	25	-	25
Corporate bonds/Sukuk	3,419	1,412	3,419	1,412
Outside Malaysia				
Private equity funds	626,663	533,428	-	-
	851,797	1,033,587	116,690	257,581
Contingent consideration	-	1,256	-	1,256
	851,797	1,034,843	116,690	258,837

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

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

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

	Note	Group		Bank	
		As at	As at	As at	As at
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
		RM'000	RM'000	RM'000	RM'000
At fair value					
Debt instruments	(a)	558,565	580,534	558,565	580,534
Equity instruments	(b)	39,107	42,991	36,670	34,954
		<u>597,672</u>	<u>623,525</u>	<u>595,235</u>	<u>615,488</u>
(a) Debt instruments					
<u>Money market instruments:</u>					
Malaysian Government Securities		132,908	138,165	132,908	138,165
Malaysian Government Investment Issues		61,291	21,072	61,291	21,072
Khazanah bonds		49,368	48,408	49,368	48,408
Sukuk Perumahan Kerajaan		71,888	73,100	71,888	73,100
<u>Unquoted securities:</u>					
<u>In Malaysia</u>					
Corporate bonds/Sukuk		178,020	273,620	178,020	273,620
Prasarana bonds		65,090	26,169	65,090	26,169
		<u>558,565</u>	<u>580,534</u>	<u>558,565</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	2,146	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	291	302	-	-
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	<u>39,107</u>	<u>42,991</u>	<u>36,670</u>	<u>34,954</u>
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NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

10 Financial Investments at Amortised Costs

	As at 31 December 2021 RM'000	Group and Bank As at 31 December 2020 RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government Securities	92,757	92,878
Malaysian Government Investment Issues	300,603	369,222
Khazanah bonds	13,522	13,003
Wakala Global Sukuk	-	8,262
Negotiable Instruments of Deposit	500,596	-
<u>Unquoted securities:</u>		
In Malaysia		
Corporate bonds/Sukuk	596,600	507,075
Loan stocks	23,835	25,853
Prasarana bonds	30,577	70,800
	1,558,490	1,087,093
Allowance for expected credit losses	(71,782)	(77,447)
	1,486,708	1,009,646

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

Balance as at the beginning of the financial year	77,447	77,447
Amount recovered	(5,665)	-
Balance as at the end of the financial year	71,782	77,447

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

Group and Bank 31 December 2021	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
Balance as at the beginning of the financial year	-	-	77,447	77,447
Net allowance written back	-	-	(5,665)	(5,665)
Balance as at the end of the financial year	-	-	71,782	71,782
Group and Bank 31 December 2020				
Balance as at the beginning/end of the financial year	-	-	77,447	77,447

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

11 Loans and Advances

	Group		Bank	
	As at	As at	As at	As at
	31 December 2021	31 December 2020	31 December 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	1,691,779	1,826,512	1,347,893	1,496,171
Staff loans	283	311	283	311
Other loans	399	-	-	-
Gross loans and advances	<u>1,692,463</u>	<u>1,826,825</u>	<u>1,348,178</u>	<u>1,496,484</u>
Less: Allowance for ECL	(10,984)	(8,951)	(1)	(1)
Net loans and advances	<u><u>1,681,479</u></u>	<u><u>1,817,874</u></u>	<u><u>1,348,177</u></u>	<u><u>1,496,483</u></u>
(b) By type of customer				
Domestic business enterprises:				
- Small and medium enterprises	206,970	190,074	206,970	190,074
- Others	228,527	201,109	228,527	201,109
Individuals	870,950	1,079,583	870,950	1,079,583
Foreign entities	386,016	356,059	41,731	25,718
	<u>1,692,463</u>	<u>1,826,825</u>	<u>1,348,178</u>	<u>1,496,484</u>
(c) By geographical distribution				
In Malaysia	1,348,178	1,496,484	1,348,178	1,496,484
Outside Malaysia:				
- Thailand operations	210,201	141,358	-	-
- Indonesia operations	131,127	188,983	-	-
- Vietnam operations	2,957	-	-	-
	<u>1,692,463</u>	<u>1,826,825</u>	<u>1,348,178</u>	<u>1,496,484</u>
(d) By interest rate sensitivity				
Fixed rate:				
- Other fixed rate loans	1,482,260	1,685,465	1,348,176	1,496,482
Variable rate:				
- Base rate plus	210,203	141,360	2	2
	<u>1,692,463</u>	<u>1,826,825</u>	<u>1,348,178</u>	<u>1,496,484</u>

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

11 Loans and Advances (cont'd)

	Group		Bank	
	As at 31 December 2021 RM'000	As at 31 December 2020 RM'000	As at 31 December 2021 RM'000	As at 31 December 2020 RM'000
(e) By purpose				
Purchase of securities	1,692,178	1,826,512	1,347,893	1,496,171
Purchase of landed property:				
- Residential	285	313	285	313
	<u>1,692,463</u>	<u>1,826,825</u>	<u>1,348,178</u>	<u>1,496,484</u>
(f) By economic sector				
Agriculture, hunting, forestry and fishing	-	105	-	105
Mining and quarrying	86	91	86	91
Manufacturing	3,369	3,180	3,369	3,180
Construction	5,156	5,974	5,156	5,974
Wholesale and retail trade and restaurant and hotel	1,926	1,670	1,582	1,670
Transport, storage and communication	4,992	4,253	4,992	4,253
Finance, insurance, real estate and business services	420,457	387,219	419,434	378,667
Education, health and others	2,499	-	2,499	-
Household sector	1,253,978	1,424,333	911,060	1,102,544
	<u>1,692,463</u>	<u>1,826,825</u>	<u>1,348,178</u>	<u>1,496,484</u>
(g) By remaining contractual maturities				
Maturity within one year	1,692,182	1,826,512	1,347,897	1,496,171
One year to three years	-	8	-	8
Three years to five years	17	21	17	21
Over five years	264	284	264	284
	<u>1,692,463</u>	<u>1,826,825</u>	<u>1,348,178</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
31 December 2021	RM'000	RM'000	RM'000	RM'000
Balance as at the beginning of the financial year	1,816,035	1,123	9,667	1,826,825
Transfer to 12-month ECL (Stage 1)	11,001	(8,817)	(2,184)	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(7,979)	7,979	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(1,477)	-	1,477	-
Addition and origination	12,321,037	-	-	12,321,037
Derecognition	(12,454,716)	(276)	-	(12,454,992)
Exchange differences and other movements	(2,462)	7	2,048	(407)
Balance as at the end of the financial year	<u>1,681,439</u>	<u>16</u>	<u>11,008</u>	<u>1,692,463</u>

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 the 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 and other movements	(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				
31 December 2021				
Balance as at the beginning of the financial year	1,495,682	802	-	1,496,484
Transfer to 12-month ECL (Stage 1)	7,322	(6,983)	(339)	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(6,471)	6,471	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(364)	-	364	-
Addition and origination	4,819,769	-	-	4,819,769
Derecognition	(4,967,800)	(275)	-	(4,968,075)
Balance as at the end of the financial year	<u>1,348,138</u>	<u>15</u>	<u>25</u>	<u>1,348,178</u>
Bank				
31 December 2020				
Balance as at the 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 AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

11 Loans and Advances (cont'd)

	Group		Bank	
	As at	As at	As at	As at
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
(i) Impaired loans and advances				
(i) By purpose				
Purchase of securities	11,008	9,667	25	-
(ii) By economic sector				
Household sector	11,008	9,667	25	-
(iii) By geographical distribution				
In Malaysia	25	-	25	-
Outside Malaysia:				
- Thailand	10,983	8,951	-	-
- Indonesia	-	716	-	-
	11,008	9,667	25	-

(iv) Movement in allowance for ECL

Group	12-month ECL	Lifetime ECL not	Lifetime ECL	Total
	(Stage 1)	credit impaired	credit impaired	
31 December 2021	RM'000	RM'000	RM'000	RM'000
Balance as at the beginning of the financial year	1	-	8,950	8,951
Exchange differences and other movements	-	-	2,033	2,033
Balance as at the end of the financial year	1	-	10,983	10,984

**Group
31 December 2020**

Balance as at the 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 and other movements	-	-	(427)	(427)
Balance as at the end of the financial year	1	-	8,950	8,951

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

11 Loans and Advances (cont'd)

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

(iv) Movement in allowance for ECL (cont'd)

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

12 Clients' and Brokers' Balances

	Group		Bank	
	As at 31 December 2021 RM'000	As at 31 December 2020 RM'000	As at 31 December 2021 RM'000	As at 31 December 2020 RM'000
Amounts owing by clients	507,679	1,084,974	360,827	743,519
Less: Allowance for ECL	(23,545)	(30,067)	(2,946)	(4,465)
	484,134	1,054,907	357,881	739,054
Amounts owing by brokers	138,381	151,220	138,375	150,831
Amounts owing by clearing houses and stock exchanges	257,080	133,441	144,863	56,795
	879,595	1,339,568	641,119	946,680

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

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

Movement in allowance for ECL

(a) Non-credit impaired

	Group		Bank	
	As at 31 December 2021 RM'000	As at 31 December 2020 RM'000	As at 31 December 2021 RM'000	As at 31 December 2020 RM'000
Balance as at the beginning of the financial year	2	107	2	1
Transferred to credit impaired	-	(340)	-	-
Allowance for credit losses	50	850	50	17
Derecognition	(5)	(446)	(5)	(16)
Disposal of a subsidiary	-	(169)	-	-
Balance as at the end of the financial year	<u>47</u>	<u>2</u>	<u>47</u>	<u>2</u>

(b) Credit impaired

Balance as at the beginning of the financial year	30,065	20,665	4,463	4,635
Transferred from non-credit impaired	-	340	-	-
Allowance for credit losses	2,074	19,003	575	429
Derecognition	(7,157)	(2,228)	(768)	(600)
Amount written off	(1,371)	(4,058)	(1,371)	(1)
Disposal of a subsidiary	-	(3,335)	-	-
Exchange differences	(113)	(322)	-	-
Balance as at the end of the financial year	<u>23,498</u>	<u>30,065</u>	<u>2,899</u>	<u>4,463</u>

13 Other Assets

	Group		Bank	
	As at 31 December 2021 RM'000	As at 31 December 2020 RM'000	As at 31 December 2021 RM'000	As at 31 December 2020 RM'000
Other receivables	45,859	59,303	19,154	18,129
Unit trust fee receivables	33,359	25,147	-	-
Management fee receivables	3,855	3,237	-	-
Deposits	6,707	7,506	2,642	2,952
Prepayments	14,672	10,307	9,992	4,630
Amount receivable for release of units from funds	207,850	36,355	-	-
Transferable memberships	262	262	262	262
Amount due from holding company	-	1,557	-	-
Amount due from subsidiaries	-	-	41,344	38,937
Amount due from related companies	12,161	756	12,135	719
	<u>324,725</u>	<u>144,430</u>	<u>85,529</u>	<u>65,629</u>

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

14 Deposits from Customers

	Group and Bank	
	As at	As at
	31 December 2021	31 December 2020
	RM'000	RM'000
(a) By type of deposits		
Short-term deposits	1,560,040	1,252,094
(b) By type of customers		
Government and statutory bodies	305,808	215,262
Business enterprises	1,254,232	1,036,832
	<u>1,560,040</u>	<u>1,252,094</u>
(c) By maturity structure of the deposits		
Due within six months	1,560,040	1,252,094

15 Deposits and Placements of Banks and Other Financial Institutions

	Group and Bank	
	As at	As at
	31 December 2021	31 December 2020
	RM'000	RM'000
Licensed banks	2,428,314	2,722,491
Licensed investment banks	-	50,702
	<u>2,428,314</u>	<u>2,773,193</u>

16 Other Liabilities

	Group		Bank	
	As at	As at	As at	As at
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Other creditors and accruals	166,923	262,092	90,426	166,551
Contract liabilities	5,940	5,691	1,769	1,981
Remisiers' trust deposits	97,828	92,060	97,828	92,060
Amount payable for creation of units due to funds	457,587	296,396	-	-
Amount payable for redemption units	348,404	58,430	-	-
Short-term employee benefits	70,200	69,357	48,425	49,468
Amount due to holding company	39,182	27,078	32,157	20,757
Amount due to subsidiaries	-	-	26	20
Amount due to related companies	235	529	149	342
Provision for restructuring costs	1,188	1,405	-	-
	<u>1,187,487</u>	<u>813,038</u>	<u>270,780</u>	<u>331,179</u>

RHB INVESTMENT BANK BERHAD
 Incorporated in Malaysia
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NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

	4th Quarter Ended		Twelve Months Ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
17 Interest Income				
<u>Group</u>				
Loans and advances	24,405	23,652	99,174	86,271
Money at call and deposit placements with banks and other financial institutions	11,788	13,365	48,444	58,364
Financial assets at FVTPL	42	14	137	300
Financial assets at FVOCI, debt instruments	5,066	5,441	20,830	24,206
Financial investments at amortised costs	12,455	9,881	40,512	38,886
Others	2,371	4,207	13,169	15,136
	56,127	56,560	222,266	223,163
Of which:				
Interest income accrued on impaired financial assets	833	189	3,588	709
<u>Bank</u>				
Loans and advances	17,289	16,846	70,551	66,378
Money at call and deposit placements with banks and other financial institutions	9,123	9,955	37,344	43,238
Financial assets at FVTPL	42	15	137	24
Financial assets at FVOCI, debt instrument	5,066	5,441	20,830	24,206
Financial investments at amortised costs	12,455	9,881	40,512	38,886
Others	1,895	2,602	9,780	7,106
	45,870	44,740	179,154	179,838
Of which:				
Interest income accrued on impaired financial assets	(6)	2	7	6

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

	4th Quarter Ended		Twelve Months Ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
18 Interest Expense				
<u>Group</u>				
Deposits and placements of banks and other financial institutions	11,518	13,295	53,725	65,397
Deposits from customers	7,490	5,405	23,032	26,080
Subordinated obligations	2,470	2,443	9,800	12,702
Borrowings	3,361	4,111	13,846	19,155
Others	534	655	2,321	2,957
	25,373	25,909	102,724	126,291
<u>Bank</u>				
Deposits and placements of banks and other financial institutions	11,518	13,295	53,725	65,397
Deposits from customers	7,490	5,405	23,032	26,080
Subordinated obligations	2,470	2,443	9,800	12,702
Others	90	91	379	323
	21,568	21,234	86,936	104,502
19 Fee and Commission Income				
(a) By type of fee income				
<u>Group</u>				
Brokerage income	65,103	134,596	381,823	450,836
Fund management fees	73,261	66,006	293,615	256,901
Unit trust fee income	22,325	49,352	175,169	127,694
Corporate advisory fees	4,600	5,542	29,912	19,019
Arrangement fees and underwriting	4,608	6,434	12,341	11,214
Placement fees	551	3,961	12,282	6,915
Rollover fees	1,064	1,120	4,513	4,978
Commission	435	981	3,665	3,524
Service charges and fees	399	372	1,489	1,400
Other fee income	40,425	19,529	83,637	60,328
	212,771	287,893	998,446	942,809
<u>Bank</u>				
Brokerage income	49,075	113,150	301,466	380,540
Corporate advisory fees	4,108	5,032	17,775	16,514
Arrangement fees and underwriting	3,818	1,319	6,417	2,513
Placement fees	552	3,961	12,085	6,915
Rollover fees	1,064	1,121	4,513	4,978
Commission	298	318	1,159	1,260
Service charges and fees	217	217	844	916
Other fee income	29,678	13,323	55,838	38,711
	88,810	138,441	400,097	452,347

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	4th Quarter Ended		Twelve Months Ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 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	183,528	255,044	868,919	831,950
Thailand	10,870	17,372	55,033	53,181
Indonesia	8,290	12,923	53,853	38,118
Singapore	9,856	2,534	19,654	15,463
Cambodia	132	118	788	646
Vietnam	34	2	50	8
Hong Kong	61	(100)	149	3,443
	212,771	287,893	998,446	942,809
	212,771	287,893	998,446	942,809
<u>Bank</u>				
Malaysia	88,810	138,441	400,097	452,347
	88,810	138,441	400,097	452,347
(c) By timing of fee income recognition				
<u>Group</u>				
At a point in time	134,879	217,845	688,031	671,883
Over time	77,892	70,048	310,415	270,926
	212,771	287,893	998,446	942,809
	212,771	287,893	998,446	942,809
<u>Bank</u>				
At a point in time	87,249	137,129	395,641	448,959
Over time	1,561	1,312	4,456	3,388
	88,810	138,441	400,097	452,347
	88,810	138,441	400,097	452,347
20 Fee and Commission Expense				
<u>Group</u>				
Fund management fees	36,659	27,159	136,497	112,044
Unit trust fees	21,747	49,634	175,007	128,179
Commission and incentives	11,767	27,264	58,083	69,814
	70,173	104,057	369,587	310,037
	70,173	104,057	369,587	310,037
<u>Bank</u>				
Commission and incentives	9,011	22,600	41,300	58,529
	9,011	22,600	41,300	58,529

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	4th Quarter Ended		Twelve Months Ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 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	(3,997)	4,235	33,200	131,236
- unrealised net gain/(loss) on revaluation	17,317	(3,601)	61,625	57,477
- gross dividend income	1,345	978	11,361	8,494
	14,665	1,612	106,186	197,207
(b) Net gain/(loss) arising from derivatives	9,870	36,840	9,977	(110,382)
(c) Net gain arising from financial assets at FVOCI, debt instruments				
- net gain on disposal	164	60	384	441
(d) Dividend income from financial assets at FVOCI, equity instruments	-	118	601	695
(e) Other income				
- net foreign exchange gain	4,481	3,862	26,699	17,177
- net (loss)/gain on disposal of property, plant and equipment	-	(4)	74	94
- gain on modification of right-of-use assets	-	-	-	13
- fair value changes to sales consideration	-	-	1,251	-
- other operating income	4,353	17,957	51,106	70,333
	8,834	21,815	79,130	87,617
	33,533	60,445	196,278	175,578

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

	4th Quarter Ended		Twelve Months Ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
21 Other Operating Income (cont'd)				
<u>Bank</u>				
(a) Net (loss)/gain arising from financial assets at FVTPL				
- net (loss)/gain on disposal	(4,794)	9,652	(10,059)	181,216
- unrealised net gain/(loss) on revaluation	2,161	(10,264)	7,758	(12,419)
- gross dividend income	163	741	2,578	2,865
	<u>(2,470)</u>	<u>129</u>	<u>277</u>	<u>171,662</u>
(b) Net gain/(loss) arising from derivatives	<u>9,464</u>	<u>19,026</u>	<u>40,644</u>	<u>(149,845)</u>
(c) Net gain arising from financial assets at FVOCI, debt instruments				
- net gain on disposal	<u>164</u>	<u>60</u>	<u>384</u>	<u>441</u>
(d) Dividend income from financial assets at FVOCI, equity instruments	<u>-</u>	<u>-</u>	<u>436</u>	<u>436</u>
(e) Gross dividend income from subsidiaries in Malaysia	<u>40,200</u>	<u>-</u>	<u>44,200</u>	<u>68,800</u>
(f) Gross dividend income from an associate in Malaysia	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,002</u>
(g) Other income				
- net foreign exchange gain	4,669	4,209	27,362	16,298
- net gain on disposal of property, plant and equipment	-	-	74	-
- gain on modification of right-of-use assets	-	-	-	2
- loss on disposal of a subsidiary	-	-	-	(7,685)
- fair value changes to sales consideration	-	-	1,251	(938)
- other operating income	3,506	16,219	49,161	68,465
	<u>8,175</u>	<u>20,428</u>	<u>77,848</u>	<u>76,142</u>
	<u>55,533</u>	<u>39,643</u>	<u>163,789</u>	<u>169,638</u>

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

	4th Quarter Ended		Twelve Months Ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
22 Other Operating Expenses				
<u>Group</u>				
<u>Personnel costs</u>				
- Salaries, bonus, wages and allowances	71,959	67,007	266,283	272,193
- Defined contribution plan	9,241	7,521	30,602	29,871
- Other staff related costs	4,460	5,727	24,851	26,034
	85,660	80,255	321,736	328,098
<u>Establishment costs</u>				
- Property, plant and equipment				
- Depreciation	3,025	2,874	11,903	11,192
- Written off	-	1	7	24
- Amortisation of other intangible assets	2,652	2,182	9,883	8,777
- Depreciation of right-of-use assets	2,779	2,767	11,283	11,426
- Information technology expenses	10,084	15,424	52,524	60,970
- Security and escorting charges	120	329	572	541
- Repair and maintenance	705	1,221	2,763	3,440
- Rental of premises	863	3,365	11,042	17,104
- Water and electricity	734	951	3,069	3,974
- Rental of equipment	15	(56)	50	17
- Insurance	892	763	3,710	4,449
- Others	1,917	4,829	12,664	15,659
	23,786	34,650	119,470	137,573
<u>Marketing expenses</u>				
- Advertisements and publicity	405	630	2,732	3,800
- Sales commission	536	195	2,652	2,765
- Others	77	3,929	6,656	13,990
	1,018	4,754	12,040	20,555
<u>Administration and general expenses</u>				
- Communication expenses	7,754	9,329	25,255	27,712
- Legal and professional fees	4,009	5,278	13,569	14,881
- Others	31,429	8,580	47,307	27,041
	43,192	23,187	86,131	69,634
	153,656	142,846	539,377	555,860

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	4th Quarter Ended		Twelve Months Ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
22 Other Operating Expenses (cont'd)				
<u>Bank</u>				
<u>Personnel costs</u>				
- Salaries, bonus, wages and allowances	43,540	40,932	147,753	156,323
- Defined contribution plan	7,197	5,882	23,153	22,742
- Other staff related costs	2,865	1,999	10,636	10,303
	53,602	48,813	181,542	189,368
<u>Establishment costs</u>				
- Depreciation of property, plant and equipment	1,575	1,446	6,053	5,558
- Amortisation of other intangible assets	1,745	1,487	6,526	5,955
- Depreciation of right-of-use assets	1,246	1,239	4,938	5,102
- Information technology expenses	6,216	10,448	35,761	39,112
- Security and escorting charges	108	292	451	471
- Repair and maintenance	631	509	1,662	1,703
- Rental of premises	89	1,779	5,549	6,844
- Water and electricity	558	708	2,287	2,896
- Rental of equipment	11	7	27	57
- Insurance	584	463	2,316	2,793
- Others	1,917	4,755	12,664	15,656
	14,680	23,133	78,234	86,147
<u>Marketing expenses</u>				
- Advertisements and publicity	123	136	455	550
- Sales commission	191	90	446	694
- Others	(923)	1,394	2,913	5,749
	(609)	1,620	3,814	6,993
<u>Administration and general expenses</u>				
- Communication expenses	4,609	5,974	12,684	14,559
- Legal and professional fees	1,095	1,984	2,735	4,393
- Others	26,683	2,971	33,006	11,641
	32,387	10,929	48,425	30,593
	100,060	84,495	312,015	313,101

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

	4th Quarter Ended		Twelve Months Ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 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	-	-	-	(90)
Allowance (written back)/made for expected credit losses on other receivables and clients' and brokers' balances	(2,077)	779	(5,320)	19,948
Bad debts recovered	(385)	(1)	(1,100)	(93)
Other recovery	(875)	-	(875)	-
Financial investments at amortised costs	(5,665)	-	(5,665)	-
Other financial assets	(68)	56	(67)	365
	(9,070)	834	(13,027)	20,130
<u>Bank</u>				
Allowance made for expected credit losses on other receivables and clients' and brokers' balances	103	1,340	513	2,990
Bad debts recovered	(385)	(1)	(407)	(93)
Other recovery	(875)	-	(875)	-
Financial investments at amortised costs	(5,665)	-	(5,665)	-
Other financial assets	(2)	(16)	62	(270)
	(6,824)	1,323	(6,372)	2,627
24 Impairment Loss on Other Non-financial Assets				
<u>Group</u>				
Investment in an associate	-	-	-	9,500
Right-of-use assets	-	-	121	-
Property, plant and equipment	-	-	193	-
Goodwill	-	-	-	14,800
	-	-	314	24,300
<u>Bank</u>				
Investments in subsidiaries	1,941	4,018	3,042	168,741

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25 Basic Earnings Per Share

Basic earnings per share ('EPS') is calculated by dividing the net profit attributable to equity holder of the Group for the fourth quarter and financial year ended 31 December by the weighted average number of outstanding ordinary shares during the financial period/year.

<u>Group</u>	4th Quarter Ended		Twelve Months Ended	
	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2021</u>	<u>31 December 2020</u>
Net profit attributable to equity holder (RM'000)				
- Continuing operations	57,021	102,643	337,839	224,941
- Discontinued operation	-	-	-	32,073
	57,021	102,643	337,839	257,014
Weighted average number of ordinary shares in issue ('000)				
- Issued ordinary shares at 1 October / 1 January	80,000	100,000	100,000	100,000
- Effect of capital cancellation (Note 6)	-	-	(15,014)	-
	80,000	100,000	84,986	100,000
Basic earnings per share (sen)				
- Continuing operations	71.3	102.6	397.5	224.9
- Discontinued operation	-	-	-	32.1
	71.3	102.6	397.5	257.0

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

26 Capital Adequacy Ratio

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

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

	Group		Bank	
	As at 31 December 2021 RM'000	As at 31 December 2020 RM'000	As at 31 December 2021 RM'000	As at 31 December 2020 RM'000
<u>Common Equity Tier I ('CET I')</u>				
<u>Tier I Capital</u>				
Share capital	1,220,000	1,487,773	1,220,000	1,487,773
Retained profits	767,406	522,727	481,289	331,261
Other reserves	63,975	62,097	-	-
FVOCI reserves	38,949	50,380	38,642	47,839
	2,090,330	2,122,977	1,739,931	1,866,873
Less:				
- Goodwill	(449,978)	(449,978)	(372,395)	(372,395)
- Investments in subsidiaries	-	-	(712,127)	(715,398)
- Investments in associates and joint ventures	(4,644)	(4,611)	(5,028)	(5,028)
- Other intangible assets	(46,663)	(37,414)	(30,183)	(24,296)
- 55% of cumulative gains arising from change in value of FVOCI financial instruments	(21,422)	(27,709)	(21,253)	(26,311)
- Other deductions #	(71)	-	(71)	-
- Deferred tax assets	(33,571)	(28,392)	(22,684)	(17,985)
Total CET I Capital	1,533,981	1,574,873	576,190	705,460
Qualifying non-controlling interests recognised as Tier I Capital	1,187	2,060	-	-
Total Tier I Capital	1,535,168	1,576,933	576,190	705,460
<u>Tier II Capital</u>				
Subordinated obligations meeting all relevant criteria	200,000	200,000	200,000	200,000
Qualifying non-controlling interests recognised as Tier II Capital	98	231	-	-
General provision ^	29,480	26,003	10,428	9,921
Total Tier II Capital	229,578	226,234	210,428	209,921
Total Capital	1,764,746	1,803,167	786,618	915,381

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	35.348%	38.246%	29.319%	36.116%
Tier I Capital Ratio	35.376%	38.296%	29.319%	36.116%
Total Capital Ratio	<u>40.666%</u>	<u>43.790%</u>	<u>40.027%</u>	<u>46.862%</u>
After proposed dividends:				
CET I Capital Ratio	33.044%	38.246%	24.231%	36.116%
Tier I Capital Ratio	33.071%	38.296%	24.231%	36.116%
Total Capital Ratio	<u>38.361%</u>	<u>43.790%</u>	<u>34.938%</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 RM28,903,000 (2020: RM25,377,000) and RM10,400,000 (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 31 December 2021 RM'000	As at 31 December 2020 RM'000	As at 31 December 2021 RM'000	As at 31 December 2020 RM'000
Credit risk	2,358,408	2,080,268	834,269	793,669
Market risk	285,276	457,113	162,040	300,706
Operational risk	1,695,946	1,580,409	968,930	858,966
Total risk-weighted assets	<u>4,339,630</u>	<u>4,117,790</u>	<u>1,965,239</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).

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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 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
	RM'000	RM'000	RM'000	RM'000
Principal amount				
Direct credit substitutes [#]	-	-	35,265	16
Forward assets purchases	-	5,843	-	5,843
Irrevocable commitments to extend credit:				
- maturity not exceeding one year	917,299	1,100,162	647,818	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	24,496	44,538	24,496	44,538
	941,817	1,157,647	707,601	786,858

[#] Included in direct credit substitutes is financial guarantee contract to external parties for 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 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
	RM'000	RM'000	RM'000	RM'000
Authorised and contracted for:				
- Property, plant and equipment	28,192	21,005	22,004	13,899
- Investment securities	-	13,266	-	-
	28,192	34,271	22,004	13,899

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 ('RHB Hong Kong') and its subsidiaries (collectively known as 'RHB Hong Kong Group') had on 4 December 2019 decided to cease 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 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 year is as disclosed in Note 31(a) and 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.

The Group has accounted for the Proposed Disposal as non-current assets/(liabilities) held for sale in accordance with MFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. The assets and liabilities of RAMI as at 31 December 2021 are as follows:

	Group 2021
	RM'000
<u>Non-current assets held for sale</u>	
Cash and short-term funds (Net of ECL)	8,205
Other assets	912
Tax recoverable	278
Deferred tax assets	920
Right-of-use assets	1,042
Property, plant and equipment	795
Other intangible assets	369
	12,521

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

30 Status of Corporate Proposal (cont'd)

(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') (cont'd)

The Group has accounted for the Proposed Disposal as non-current assets/(liabilities) held for sale in accordance with MFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. The assets and liabilities of RAMI as at 31 December 2021 are as follows: (cont'd)

	Group 2021
	RM'000
<u>Non-current liabilities held for sale</u>	
Other liabilities	4,854
Lease liabilities	1,129
Tax liabilities	20
	6,003

31 Subsequent Events after the Financial Year

(a) RHB Wealth Management Hong Kong Limited ('RHBWMHK'), an indirect wholly-owned subsidiary of the Bank, has been dissolved on 4 January 2022 pursuant to The Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong.

Arising therefrom, RHBWMHK is no longer an indirect wholly-owned subsidiary of the Bank.

(b) RHB Bank announced that RSI had on 31 January 2022, completed the Proposed Disposal as disclosed in Note 30(b).

The approval of the Financial Services Authority of Indonesia or Otoritas Jasa Keuangan ('OJK') for AllianzGI as the new controlling shareholder of RAMI was obtained on 6 January 2022 and the approval of OJK for the new Board of Commissioners of RAMI as proposed by AllianzGI were obtained on 29 December 2021 and 27 December 2021.

With the completion of the Proposed Disposal, RAMI is no longer an indirect subsidiary of the Bank.

32 Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the financial year ended 31 December 2021 other than the following:

(a) Dissolution of RHB Finance Hong Kong Limited, RHB Asset Management Hong Kong Limited, RHB Capital Hong Kong Limited and RHB Wealth Management Hong Kong Limited

The following indirect wholly-owned subsidiaries of the Bank had commenced the application for Member's Voluntary Winding Up and dissolved pursuant to The Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong as summarised below:

	Date of Commencement of Member's Voluntary Winding Up	Date of Dissolution
RHB Finance Hong Kong Limited	21 August 2020	17 March 2021
RHB Asset Management Limited	22 December 2020	15 October 2021
RHB Capital Hong Kong Limited	22 December 2020	15 October 2021
RHB Wealth Management Hong Kong Limited	22 December 2020	4 January 2022

The commencement of Member's Voluntary Winding Up and dissolution of the indirect wholly-owned subsidiaries do not have any material effect on the earnings and net assets of the Group for the financial year.

(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 ended 31 December 2021.

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

32 Changes in the Composition of the Group (cont'd)

There were no significant changes in the composition of the Group for the financial year ended 31 December 2021 other than the following: (cont'd)

(c) Commencement of Member's Voluntary Winding Up of RHB Islamic Asset Management Sdn Bhd, RHB International Asset Management Sdn Bhd and RHBIM Berhad

On 27 December 2021, the following direct and indirect subsidiaries have commenced Member's Voluntary Winding Up pursuant to Section 439(1)(b) of the Companies Act 2016.

Direct subsidiaries

RHBIM Berhad
 RHB International Asset Management Sdn Bhd

Indirect subsidiary

RHB Islamic Asset Management Sdn Bhd

The Member's Voluntary Winding Up of the subsidiaries do not have any material effect on the earnings and net assets of the Group for the financial year ended 31 December 2021.

33 Credit Exposure Arising from Transactions with Connected Parties

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

	Group and Bank	
	As at	As at
	31 December 2021	31 December 2020
Outstanding credit exposures with connected parties (RM'000)	<u>278,165</u>	<u>213,766</u>
Percentage of outstanding credit exposures with connected parties as proportion of total credit exposures	<u>4.70%</u>	<u>3.47%</u>
Percentage of outstanding credit exposures with connected parties which is impaired or in default	<u>-</u>	<u>-</u>

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 31 December 2021, the Group recorded a pre-tax profit of RM62.3 million, 26.8% lower as compared to the immediate preceding quarter pre-tax profit of RM85.1 million. The decrease in profit is contributed by higher other operating expenses of RM32.0 million, lower other operating income of RM1.0 million and lower net fee and commission income of RM0.3 million; partially offset with higher allowance written back for expected credit losses of RM9.0 million and higher net interest income of RM1.5 million.

35 Performance Review

For the financial year ended 31 December 2021, the Group recorded a pre-tax profit of RM418.0 million, 37.1% higher as compared to the previous corresponding financial year of RM304.9 million. The increase in profit is contributed by higher allowance written back for expected credit losses of RM33.1 million, lower impairment loss on other non-financial assets of RM24.0 million, higher net interest income of RM22.7 million, higher operating income of RM20.8 million and lower other operating expenses of RM16.5 million; partially offset with lower net fee and commission income of RM4.0 million.

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

36 Prospects for Financial Year 2022

The global economy is on its path to recovery, supported by the positive momentum in economic activities worldwide and the gradual reopening of international borders. Domestically, Malaysia's GDP is expected to grow by 5.5% in 2022. However, the emergence of new COVID-19 variants still poses downside risks.

For the banking sector, the demand for credit is expected to improve in tandem with improving economic growth prospect. Interest rate is also expected to gradually normalise with potential increase in OPR in 2022. Overall, the sector is projected to remain resilient supported by strong capital and liquidity levels as well as adequate impairment provisions made in the last two years. Notwithstanding the expectation of economic recovery, RHB Group will remain prudent and continue to monitor market development closely.

In response to the demands brought about by the pandemic including changing customer behaviors and preferences, we decided to reassess, reprioritise and accelerate certain initiatives which are reflected in our newly embarked 5-year (2022-2026) strategy, Together We Progress (TWP26). The focus of TWP26 will be on driving quality growth by embedding continuous emphasis on digitalisation, sustainability and building a future-ready workforce.

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 RM2,951,342,000 (2020: RM3,129,512,000) and RM2,553,551,000 (2020: 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 AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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
31 December 2021	RM'000	RM'000	RM'000	RM'000
<u>Financial assets</u>				
Financial assets at FVTPL	221,715	3,419	626,663	851,797
- quoted securities	221,715	-	-	221,715
- unquoted securities	-	3,419	626,663	630,082
Financial assets at FVOCI	2,146	558,565	36,961	597,672
- money market instruments	-	315,455	-	315,455
- quoted securities	2,146	-	-	2,146
- unquoted securities	-	243,110	36,961	280,071
Derivative assets	-	928	-	928
	223,861	562,912	663,624	1,450,397
<u>Financial liabilities</u>				
Derivative liabilities	21,549	392	-	21,941
	21,549	392	-	21,941
<u>Group</u>				
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
	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 AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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	Level 1	Level 2	Level 3	Total
31 December 2021	RM'000	RM'000	RM'000	RM'000
<u>Financial assets</u>				
Financial assets at FVTPL	113,271	3,419	-	116,690
- quoted securities	113,271	-	-	113,271
- unquoted securities	-	3,419	-	3,419
Financial assets at FVOCI	-	558,565	36,670	595,235
- money market instruments	-	315,455	-	315,455
- unquoted securities	-	243,110	36,670	279,780
Derivative assets	-	17	-	17
	<u>113,271</u>	<u>562,001</u>	<u>36,670</u>	<u>711,942</u>
<u>Financial liabilities</u>				
Derivative liabilities	<u>21,549</u>	<u>18</u>	<u>-</u>	<u>21,567</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 AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

38 Fair Value of Financial Instruments (cont'd)

Valuation techniques

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices 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 ('EBITDA') and adjusted for contingent receivable.

Reconciliation of fair value measurement in Level 3

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

	Group		Bank	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 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 gain/(loss) recognised in income statements	66,813	55,877	1,251	(938)
Additions	34,175	24,006	-	17,217
Settlements/Distributions	(28,184)	(27,272)	(2,510)	(15,023)
Exchange differences	19,175	(10,644)	3	-
Balance as at the end of the financial year	626,663	534,684	-	1,256

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

38 Fair Value of Financial Instruments (cont'd)

Reconciliation of fair value measurement in Level 3 (cont'd)

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

	Group		Bank	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 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	(11)	(13)	-	-
Balance as at the end of the financial year	<u>36,961</u>	<u>41,125</u>	<u>36,670</u>	<u>34,954</u>

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 business segment results are prepared based on the Group's internal management reporting, which reflects the organisation's management reporting structure. Internal allocation of costs for example back office support, centralised cost, funding centre and the application of transfer pricing, where appropriate, has been used in preparing the segmental reporting.

The Group's business segments are 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 AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

39 Segment Reporting (cont'd)

Segment Profit and Loss for the Financial Year Ended 31 December 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	665,929	89,381	189,369	-	944,679
Inter-segment revenue	5,206	-	(1,377)	(3,829)	-
Segment revenue	671,135	89,381	187,992	(3,829)	944,679
Other operating expenses	(426,065)	(10,150)	(106,991)	3,829	(539,377)
Including:					
Depreciation of property, plant and equipment	(10,480)	(64)	(1,359)	-	(11,903)
Depreciation of right-of-use assets	(9,786)	(83)	(1,414)	-	(11,283)
Amortisation of other intangible assets	(8,174)	(205)	(1,504)	-	(9,883)
Allowance written back/(made) for expected credit losses	13,060	42	(75)	-	13,027
Impairment loss on other non-financial assets	(314)	-	-	-	(314)
	257,816	79,273	80,926	-	418,015
Share of results of associates					33
Profit before taxation					418,048
Taxation					(78,919)
Net profit for the financial year					339,129

Segment Assets and Liabilities as at 31 December 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	3,344,902	4,721,327	1,260,608	(772,653)	8,554,184
Goodwill	306,611	-	143,367	-	449,978
Investments in associates and joint ventures					4,644
Tax recoverable					7,294
Deferred tax assets					32,651
Total assets					9,048,751
Segment liabilities	1,321,448	3,971,775	936,416	(54,472)	6,175,167
Tax liabilities					8,753
Borrowings					531,588
Subordinated obligations					202,175
Total liabilities					6,917,683

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

39 Segment Reporting (cont'd)

Segment Profit and Loss for the Financial Year Ended 31 December 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	632,655	104,967	167,600	-	905,222	94,264	999,486
Inter-segment revenue	2,468	-	(1,457)	(1,011)	-	-	-
Segment revenue	635,123	104,967	166,143	(1,011)	905,222	94,264	999,486
Other operating expenses Including:	(432,890)	(17,375)	(106,606)	1,011	(555,860)	(62,785)	(618,645)
Depreciation of property, plant and equipment	(10,061)	(65)	(1,066)	-	(11,192)	(978)	(12,170)
Depreciation of right-of-use assets	(10,494)	(83)	(849)	-	(11,426)	(3,801)	(15,227)
Amortisation of other intangible assets	(7,294)	(219)	(1,264)	-	(8,777)	(2,250)	(11,027)
Allowance made for expected credit losses	(19,943)	(66)	(121)	-	(20,130)	(937)	(21,067)
Impairment loss on other non-financial assets	(24,300)	-	-	-	(24,300)	-	(24,300)
	157,990	87,526	59,416	-	304,932	30,542	335,474
Share of results of associates					30	-	30
Profit before taxation					304,962	30,542	335,504
Taxation					(78,914)	1,531	(77,383)
Net profit for the financial year					226,048	32,073	258,121

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