

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	Group		Bank	
		As at	As at	As at	As at
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		2,840,265	2,403,096	2,393,902	1,518,663
Deposits and placements with banks and other financial institutions		226,855	196,780	-	-
Financial assets at fair value through profit or loss ('FVTPL')	8	853,062	851,797	97,210	116,690
Financial assets at fair value through other comprehensive income ('FVOCI')	9	434,994	597,672	432,505	595,235
Financial investments at amortised costs	10	988,482	1,486,708	988,482	1,486,708
Loans and advances	11	1,578,880	1,681,479	1,250,787	1,348,177
Clients' and brokers' balances	12	757,194	879,595	603,528	641,119
Other assets	13	141,727	324,725	32,628	85,529
Derivative assets		783	928	271	17
Statutory deposits		8,032	13,090	3,700	9,000
Tax recoverable		33,887	7,294	29,663	3,841
Deferred tax assets		28,802	32,651	20,005	22,684
Investments in subsidiaries		-	-	707,799	712,127
Investments in associates and joint ventures		4,674	4,644	5,028	5,028
Right-of-use assets		21,078	23,013	8,878	9,860
Property, plant and equipment		37,074	36,486	19,995	19,471
Goodwill and other intangible assets		496,642	496,272	403,413	402,578
		8,452,431	9,036,230	6,997,794	6,976,727
Non-current assets held for sale	32(b)	-	12,521	-	-
TOTAL ASSETS		8,452,431	9,048,751	6,997,794	6,976,727
LIABILITIES AND EQUITY					
Deposits from customers	14	1,546,267	1,560,040	1,546,267	1,560,040
Deposits and placements of banks and other financial institutions	15	1,879,841	2,428,314	1,879,841	2,428,314
Obligations on securities sold under repurchase agreements		780,061	-	780,061	-
Clients' and brokers' balances		833,133	948,511	695,014	722,891
Other liabilities	16	501,702	1,187,487	203,409	270,780
Derivative liabilities		16,512	21,941	15,904	21,567
Tax liabilities		9,860	8,753	-	-
Lease liabilities		21,071	22,871	9,051	9,999
Borrowings		568,970	531,588	-	-
Subordinated obligations		202,148	202,175	202,148	202,175
		6,359,565	6,911,680	5,331,695	5,215,766
Non-current liabilities held for sale	32(b)	-	6,003	-	-
TOTAL LIABILITIES		6,359,565	6,917,683	5,331,695	5,215,766
Share capital		1,220,000	1,220,000	1,220,000	1,220,000
Reserves		861,914	900,801	446,099	540,961
		2,081,914	2,120,801	1,666,099	1,760,961
Non-controlling interests		10,952	10,267	-	-
TOTAL EQUITY		2,092,866	2,131,068	1,666,099	1,760,961
TOTAL LIABILITIES AND EQUITY		8,452,431	9,048,751	6,997,794	6,976,727
COMMITMENTS AND CONTINGENCIES	27	2,034,400	941,817	1,805,273	707,601

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021.

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

Group	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2022	30 June 2021	30 June 2022	30 June 2021
		RM'000	RM'000	RM'000	RM'000
Interest income	17	52,601	54,651	105,567	109,736
Interest expense	18	(27,971)	(24,946)	(54,389)	(50,228)
Net interest income		24,630	29,705	51,178	59,508
Fee and commission income	19	135,831	243,414	287,779	551,492
Fee and commission expense	20	(36,776)	(88,183)	(77,775)	(210,954)
Other operating income	21	17,469	70,899	32,961	128,058
		141,154	255,835	294,143	528,104
Other operating expenses	22	(126,070)	(129,407)	(250,772)	(259,604)
Operating profit before allowances		15,084	126,428	43,371	268,500
Allowance written back/(made) for expected credit losses	23	719	493	(1,177)	3,830
Impairment loss on other non-financial assets	24	-	(314)	-	(314)
		15,803	126,607	42,194	272,016
Share of results of associates		15	7	30	12
Share of results of joint ventures		2	-	-	-
Profit before taxation		15,820	126,614	42,224	272,028
Taxation		(4,964)	(20,566)	(14,244)	(57,002)
Profit from continuing operations		10,856	106,048	27,980	215,026
(Loss)/Profit from discontinued operation attributable to equity holder	32(b)	-	(836)	20,848	(1,356)
Net profit for the financial period		10,856	105,212	48,828	213,670
Profit attributable to:					
- Equity holder of the Bank	25	10,618	104,834	48,158	212,989
- Non-controlling interests		238	378	670	681
		10,856	105,212	48,828	213,670
Basic earnings/(loss) per share (sen)					
- Continuing operations	25	13.3	131.7	34.1	238.0
- Discontinued operation	25	-	(1.0)	26.1	(1.5)
		13.3	130.7	60.2	236.5

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2022

Group	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2022	30 June 2021	30 June 2022	30 June 2021
		RM'000	RM'000	RM'000	RM'000
Net profit for the financial period		10,856	105,212	48,828	213,670
Other comprehensive income/(loss):					
(a) Items that will not be reclassified to income statements:					
(i) Actuarial gain on defined benefit plan of subsidiaries		-	2,493	93	1,894
(ii) Financial assets at FVOCI, equity instruments:					
- Unrealised net gain/(loss) on revaluation		1,704	(962)	1,900	1,465
(b) Items that will be reclassified subsequently to income statements:					
(i) Foreign currency translation reserves:					
- Currency translation differences		13,455	(4,048)	17,679	3,709
- Realisation of translation reserves from discontinued operation	32(b)	-	-	(347)	-
(ii) Financial assets at FVOCI, debt instruments:					
- Unrealised net loss on revaluation		(4,791)	(1,028)	(8,632)	(7,330)
Income tax relating to components of other comprehensive loss/(income)		1,150	(246)	2,302	1,058
Other comprehensive income/(loss), net of tax, for the financial period		11,518	(3,791)	12,995	796
Total comprehensive income for the financial period		22,374	101,421	61,823	214,466
Total comprehensive income/(loss) attributable to:					
- Equity holder of the Bank		22,142	101,573	61,113	213,844
- Non-controlling interests		232	(152)	710	622
		22,374	101,421	61,823	214,466
Total comprehensive income/(loss) attributable to equity holder of the Bank from:					
- Continuing operations		22,142	102,409	40,259	215,318
- Discontinued operation	32(b)	-	(836)	20,854	(1,474)
		22,142	101,573	61,113	213,844

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021.

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2022

Bank	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2022	30 June 2021	30 June 2022	30 June 2021
		RM'000	RM'000	RM'000	RM'000
Interest income	17	42,633	43,816	85,316	87,269
Interest expense	18	(23,443)	(21,345)	(45,961)	(41,801)
Net interest income		19,190	22,471	39,355	45,468
Fee and commission income	19	50,653	95,925	106,709	225,042
Fee and commission expense	20	(1,730)	(11,148)	(3,293)	(20,691)
Other operating income	21	11,859	32,374	23,868	86,881
		79,972	139,622	166,639	336,700
Other operating expenses	22	(73,675)	(72,887)	(146,768)	(145,579)
Operating profit before allowances		6,297	66,735	19,871	191,121
Allowance written back/(made) for expected credit losses	23	487	(654)	(1,618)	(219)
Impairment loss on other non-financial assets	24	(672)	(554)	(1,328)	(1,101)
Profit before taxation		6,112	65,527	16,925	189,801
Taxation		(1,941)	(15,524)	(7,075)	(45,328)
Net profit for the financial period		4,171	50,003	9,850	144,473

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021.

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2022

Bank	2nd Quarter Ended		Six Months Ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	4,171	50,003	9,850	144,473
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	1,848	1,716	1,848	1,716
(b) Item that will be reclassified subsequently to income statement:				
(i) Financial assets at FVOCI, debt instruments:				
- Unrealised net loss on revaluation	(4,791)	(1,028)	(8,632)	(7,330)
Income tax relating to components of other comprehensive loss	1,150	247	2,072	1,759
Other comprehensive (loss)/income, net of tax, for the financial period	(1,793)	935	(4,712)	(3,855)
Total comprehensive income for the financial period	2,378	50,938	5,138	140,618

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RHB INVESTMENT BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 2022		1,220,000	515	38,949	63,460	30,471	767,406	2,120,801	10,267	2,131,068
Net profit for the financial period		-	-	-	-	-	48,158	48,158	670	48,828
Foreign currency translation reserves:										
- Currency translation differences		-	-	-	17,654	-	-	17,654	25	17,679
- Realisation of translation reserves from discontinued operation	32(b)	-	-	-	(347)	-	-	(347)	-	(347)
Financial assets at FVOCI:										
- Equity instruments										
- Unrealised net gain on revaluation		-	-	1,890	-	-	-	1,890	10	1,900
- Debt instruments										
- Unrealised net loss on revaluation		-	-	(8,632)	-	-	-	(8,632)	-	(8,632)
Actuarial gain on defined benefit plan of subsidiaries		-	-	-	-	-	90	90	3	93
Income tax relating to components of other comprehensive loss		-	-	2,072	-	-	228	2,300	2	2,302
Other comprehensive (loss)/income, net of tax, for the financial period		-	-	(4,670)	17,307	-	318	12,955	40	12,995
Total comprehensive (loss)/income for the financial period		-	-	(4,670)	17,307	-	48,476	61,113	710	61,823
Disposal of a subsidiary		-	-	-	-	-	-	-	(25)	(25)
Transfer from regulatory reserves		-	-	-	-	(3,284)	3,284	-	-	-
Dividend paid	7	-	-	-	-	-	(100,000)	(100,000)	-	(100,000)
Balance as at 30 June 2022		1,220,000	515	34,279	80,767	27,187	719,166	2,081,914	10,952	2,092,866

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

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RHB INVESTMENT BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	Non-Distributable		Distributable	Total	
		Share capital	FVOCI reserves	Regulatory reserves		Retained profits
<u>Bank</u>		RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2022		1,220,000	38,642	21,030	481,289	1,760,961
Net profit for the financial period		-	-	-	9,850	9,850
Financial assets at FVOCI:						
- Equity instruments						
- Unrealised net gain on revaluation		-	1,848	-	-	1,848
- Debt instruments						
- Unrealised net loss on revaluation		-	(8,632)	-	-	(8,632)
Income tax relating to components of other comprehensive loss		-	2,072	-	-	2,072
Other comprehensive loss, net of tax, for the financial period		-	(4,712)	-	-	(4,712)
Total comprehensive (loss)/income for the financial period		-	(4,712)	-	9,850	5,138
Transfer from regulatory reserves		-	-	(1,160)	1,160	-
Dividend paid	7	-	-	-	(100,000)	(100,000)
Balance as at 30 June 2022		1,220,000	33,930	19,870	392,299	1,666,099

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 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 2021	1,487,773	47,839	24,937	331,261	1,891,810
Net profit for the financial period	-	-	-	144,473	144,473
Financial assets at FVOCI:					
- Equity instruments					
- Unrealised net gain on revaluation	-	1,716	-	-	1,716
- Debt instruments					
- Unrealised net loss on revaluation	-	(7,330)	-	-	(7,330)
Income tax relating to components of other comprehensive loss	-	1,759	-	-	1,759
Other comprehensive loss, net of tax, for the financial period	-	(3,855)	-	-	(3,855)
Total comprehensive (loss)/income for the financial period	-	(3,855)	-	144,473	140,618
Transfer to regulatory reserves	-	-	203	(203)	-
Capital cancellation	(267,773)	-	-	-	(267,773)
Balance as at 30 June 2021	1,220,000	43,984	25,140	475,531	1,764,655

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021.

INTERIM FINANCIAL STATEMENTS
 UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
 FOR THE SIX MONTHS ENDED 30 JUNE 2022

Note	Six Months Ended	
	30 June 2022	30 June 2021
	RM'000	RM'000
Group		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation:		
- Continuing operations	42,224	272,028
- Discontinued operation	32(b) 24,646	(1,354)
	66,870	270,674
Adjustments for non-operating and non-cash items	(35,440)	(73,172)
Operating profit before working capital changes	31,430	197,502
Changes in working capital:		
Net changes in operating assets	323,754	(38,240)
Net changes in operating liabilities	(501,210)	858,020
Cash (used in)/generated from operations	(146,026)	1,017,282
Lease interest	(510)	(719)
Net tax paid	(33,589)	(44,518)
Net cash (used in)/generated from operating activities	(180,125)	972,045
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment:		
- Purchases	(6,830)	(3,909)
- Proceeds from disposal	-	78
Purchase of other intangible assets	(6,267)	(8,959)
Net proceeds from financial assets at FVOCI and financial investments at amortised costs	650,556	35,912
Net gain on 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	32,189	22,686
Dividend income received from financial assets at FVTPL and FVOCI	3,988	8,857
Net cash inflow from disposal of a subsidiary	32(b) 26,652	-
Contingent consideration received arising from disposal of a subsidiary	-	1,256
Net cash generated from investing activities	700,288	61,155
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital repayment to shareholder	-	(267,773)
Subordinated obligations interest paid	(4,887)	(4,887)
Net drawdown/(repayment) of borrowings	37,333	(199,734)
Borrowings interest paid	(7,615)	(7,519)
Lease principal payment	(5,163)	(5,287)
Dividend paid to shareholder	7 (100,000)	-
Net cash used in financing activities	(80,332)	(485,200)
Net increase in cash and cash equivalents	439,831	548,000
Effects of exchange rate differences	(2,989)	(1,547)
Cash and cash equivalents:		
- At the beginning of the financial year	2,403,573	2,422,584
- At the end of the financial period	2,840,415	2,969,037
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short-term funds before expected credit losses ('ECL')	2,840,415	2,969,037
Less: Allowance for expected credit losses	(150)	(153)
Cash and short-term funds, net of expected credit losses	2,840,265	2,968,884
Cash flows of discontinued operation	32(b) (3,707)	5,489

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021.

INTERIM FINANCIAL STATEMENTS
 UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
 FOR THE SIX MONTHS ENDED 30 JUNE 2022

Note	Six Months Ended	
	30 June 2022	30 June 2021
	RM'000	RM'000
Bank		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	16,925	189,801
Adjustments for non-operating and non-cash items	(16,334)	(43,578)
Operating profit before working capital changes	591	146,223
Changes in working capital:		
Net changes in operating assets	145,609	145,792
Net changes in operating liabilities	143,104	594,170
Cash generated from operations	289,304	886,185
Lease interest	(173)	(164)
Net tax paid	(28,146)	(36,872)
Net cash generated from operating activities	260,985	849,149
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment:		
- Purchases	(3,902)	(1,376)
- Proceeds from disposal	-	74
Purchase of other intangible assets	(4,853)	(4,569)
Net proceeds from financial assets at FVOCI and financial investments at amortised costs	650,557	35,876
Interest income received from financial assets at FVTPL, FVOCI and financial investments at amortised costs	32,187	22,686
Dividend income received from financial assets at FVTPL and FVOCI	747	2,258
Dividend income received from subsidiaries	43,900	37,000
Subscription of redeemable preference shares issued by a subsidiary	32(c) (10,000)	-
Capital distribution from winding up subsidiaries	13,000	229
Contingent consideration received arising from disposal of a subsidiary	-	1,256
Net cash generated from investing activities	721,636	93,434
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital repayment to shareholder	-	(267,773)
Subordinated obligations interest paid	(4,887)	(4,887)
Lease principal payment	(2,474)	(2,470)
Dividend paid to shareholder	7 (100,000)	-
Net cash used in financing activities	(107,361)	(275,130)
Net increase in cash and cash equivalents	875,260	667,453
Cash and cash equivalents:		
- At the beginning of the financial year	1,518,690	1,793,383
- At the end of the financial period	2,393,950	2,460,836
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short-term funds before expected credit losses	2,393,950	2,460,836
Less: Allowance for expected credit losses	(48)	(33)
Cash and short-term funds, net of expected credit losses	2,393,902	2,460,803

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 2021.

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 2021, 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 2022:

- Amendment to MFRS 16 'COVID-19-Related Rent Concessions' beyond 30 June 2021
- Amendments to MFRS 116 'Proceeds Before Intended Use'
- Amendments to MFRS 3 'Reference to the Conceptual Framework'
- Annual Improvements to MFRS 1 'Subsidiary as First-time Adopter'
- Annual Improvements to Illustrative Example accompanying MFRS 16 'Leases: Lease Incentives'
- Annual Improvements to MFRS 9 'Fees in the '10 Percent' Test for Derecognition of Financial Liabilities'
- Amendments to MFRS 137 'Onerous Contracts – Cost of Fulfilling a Contract'

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 2021 was not subject to any qualification.

3 Seasonal or Cyclical Factors

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

4 Exceptional or Unusual Items

There were no exceptional or unusual items for the six months ended 30 June 2022.

5 Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the six months ended 30 June 2022.

6 Changes in Debt and Equity Securities

There were no issuances and repayments of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares for the six months ended 30 June 2022.

7 Dividend Paid

The dividend paid by the Bank since 31 December 2021 was as follows:

In respect of the financial year ended 31 December 2021:

Second single-tier interim dividend of 125.00 sen per ordinary share, paid on 28 March 2022

RM'000

100,000

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (cont'd)

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

	Group		Bank	
	As at	As at	As at	As at
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
At fair value				
<u>Quoted securities:</u>				
In Malaysia				
Shares and exchange traded funds	61,028	74,375	61,028	74,375
Unit trusts	25,397	28,076	8,187	8,261
Outside Malaysia				
Shares and exchange traded funds	70,223	94,878	3,942	6,249
Unit trusts	24,051	24,386	24,051	24,386
<u>Unquoted securities:</u>				
In Malaysia				
Corporate bonds/Sukuk	2	3,419	2	3,419
Outside Malaysia				
Private equity funds	672,361	626,663	-	-
	853,062	851,797	97,210	116,690

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (cont'd)

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

	Note	Group		Bank	
		As at	As at	As at	As at
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
		RM'000	RM'000	RM'000	RM'000
At fair value					
Debt instruments	(a)	393,987	558,565	393,987	558,565
Equity instruments	(b)	41,007	39,107	38,518	36,670
		<u>434,994</u>	<u>597,672</u>	<u>432,505</u>	<u>595,235</u>
(a) Debt instruments					
<u>Money market instruments:</u>					
Malaysian Government Securities		129,583	132,908	129,583	132,908
Malaysian Government Investment Issues		59,516	61,291	59,516	61,291
Khazanah bonds		49,792	49,368	49,792	49,368
Sukuk Perumahan Kerajaan		70,914	71,888	70,914	71,888
<u>Unquoted securities:</u>					
<u>In Malaysia</u>					
Corporate bonds/Sukuk		20,400	178,020	20,400	178,020
Prasarana bonds		63,782	65,090	63,782	65,090
		<u>393,987</u>	<u>558,565</u>	<u>393,987</u>	<u>558,565</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	2,200	2,146	-	-
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Unquoted securities:

In Malaysia

Shares	38,518	36,670	38,518	36,670
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Outside Malaysia

Shares	289	291	-	-
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	<u>41,007</u>	<u>39,107</u>	<u>38,518</u>	<u>36,670</u>
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Included in financial assets at FVOCI of the Group and the Bank are bonds/sukuk, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM62,062,000 (31 December 2021: RM NIL).

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (cont'd)

10 Financial Investments at Amortised Costs

	As at 30 June 2022	Group and Bank As at 31 December 2021
	RM'000	RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government Securities	415,151	92,757
Malaysian Government Investment Issues	118,542	300,603
Khazanah bonds	13,787	13,522
Negotiable Instruments of Deposit	-	500,596
<u>Unquoted securities:</u>		
In Malaysia		
Corporate bonds/Sukuk	458,404	596,600
Loan stocks	23,835	23,835
Prasarana bonds	30,545	30,577
	1,060,264	1,558,490
Allowance for expected credit losses	(71,782)	(71,782)
	988,482	1,486,708

Included in financial investments at amortised costs of the Group and the Bank are bonds/sukuk, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM707,898,000 (31 December 2021: RM NIL).

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

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

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

	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
Group and Bank 30 June 2022				
Balance as at the beginning/end of the financial year/period	-	-	71,782	71,782
Group and Bank 31 December 2021				
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

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (cont'd)

11 Loans and Advances

	Group		Bank	
	As at 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021
	RM'000	RM'000	RM'000	RM'000
(a) By type				
At amortised cost				
Term loans	2	2	2	2
Share margin financing	1,589,810	1,691,779	1,250,517	1,347,893
Staff loans	269	283	269	283
Other loans	14	399	-	-
Gross loans and advances	<u>1,590,095</u>	<u>1,692,463</u>	<u>1,250,788</u>	<u>1,348,178</u>
Less: Allowance for ECL	(11,215)	(10,984)	(1)	(1)
Net loans and advances	<u><u>1,578,880</u></u>	<u><u>1,681,479</u></u>	<u><u>1,250,787</u></u>	<u><u>1,348,177</u></u>
(b) By type of customer				
Domestic business enterprises:				
- Small and medium enterprises	193,535	206,970	193,535	206,970
- Others	258,242	228,527	258,242	228,527
Individuals	759,602	870,950	759,602	870,950
Foreign entities	378,716	386,016	39,409	41,731
	<u>1,590,095</u>	<u>1,692,463</u>	<u>1,250,788</u>	<u>1,348,178</u>
(c) By geographical distribution				
In Malaysia	1,250,788	1,348,178	1,250,788	1,348,178
Outside Malaysia:				
- Thailand operations	247,139	210,201	-	-
- Indonesia operations	88,551	131,127	-	-
- Vietnam operations	3,617	2,957	-	-
	<u>1,590,095</u>	<u>1,692,463</u>	<u>1,250,788</u>	<u>1,348,178</u>
(d) By interest rate sensitivity				
Fixed rate:				
- Other fixed rate loans	1,342,954	1,482,260	1,250,786	1,348,176
Variable rate:				
- Base rate plus	247,141	210,203	2	2
	<u>1,590,095</u>	<u>1,692,463</u>	<u>1,250,788</u>	<u>1,348,178</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (cont'd)

11 Loans and Advances (cont'd)

	Group		Bank	
	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000
(e) By purpose				
Purchase of securities	1,589,824	1,692,178	1,250,517	1,347,893
Purchase of landed property:				
- Residential	271	285	271	285
	<u>1,590,095</u>	<u>1,692,463</u>	<u>1,250,788</u>	<u>1,348,178</u>

(f) By economic sector

Agriculture, hunting, forestry and fishing	387	-	387	-
Mining and quarrying	86	86	86	86
Manufacturing	2,860	3,369	2,860	3,369
Construction	4,727	5,156	4,727	5,156
Wholesale and retail trade and restaurant and hotel	1,394	1,926	1,391	1,582
Transport, storage and communication	4,872	4,992	4,872	4,992
Finance, insurance, real estate and business services	438,908	420,457	436,579	419,434
Education, health and others	2,494	2,499	2,494	2,499
Household sector	1,134,367	1,253,978	797,392	911,060
	<u>1,590,095</u>	<u>1,692,463</u>	<u>1,250,788</u>	<u>1,348,178</u>

(g) By remaining contractual maturities

Maturity within one year	1,589,826	1,692,182	1,250,519	1,347,897
Three years to five years	15	17	15	17
Over five years	254	264	254	264
	<u>1,590,095</u>	<u>1,692,463</u>	<u>1,250,788</u>	<u>1,348,178</u>

(h) By stages

Group	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
Balance as at the beginning of the financial year	1,681,439	16	11,008	1,692,463
Transfer to 12-month ECL (Stage 1)	8,466	(8,440)	(26)	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(9,532)	9,532	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(1)	-	1	-
Addition and origination	1,944,509	-	-	1,944,509
Derecognition	(2,047,196)	-	-	(2,047,196)
Exchange differences and other movements	88	-	231	319
Balance as at the end of the financial period	<u>1,577,773</u>	<u>1,108</u>	<u>11,214</u>	<u>1,590,095</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (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
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>
Bank				
30 June 2022				
Balance as at the beginning of the financial year	1,348,138	15	25	1,348,178
Transfer to 12-month ECL (Stage 1)	8,466	(8,440)	(26)	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(9,533)	9,533	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(1)	-	1	-
Addition and origination	1,125,013	-	-	1,125,013
Derecognition	(1,222,403)	-	-	(1,222,403)
Balance as at the end of the financial period	<u>1,249,680</u>	<u>1,108</u>	<u>-</u>	<u>1,250,788</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>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (cont'd)

11 Loans and Advances (cont'd)

	Group		Bank	
	As at 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021
	RM'000	RM'000	RM'000	RM'000
(i) Impaired loans and advances				
(i) By purpose				
Purchase of securities	11,214	11,008	-	25
(ii) By economic sector				
Household sector	11,214	11,008	-	25
(iii) By geographical distribution				
In Malaysia	-	25	-	25
Outside Malaysia:				
- Thailand	11,214	10,983	-	-
	11,214	11,008	-	25
(iv) Movement in allowance for ECL				
	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
Group	RM'000	RM'000	RM'000	RM'000
30 June 2022				
Balance as at the beginning of the financial year	1	-	10,983	10,984
Exchange differences and other movements	-	-	231	231
Balance as at the end of the financial period	1	-	11,214	11,215
Group				
31 December 2021				
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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (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				
30 June 2022				
Balance as at the beginning/end of the financial year/period	1	-	-	1
Bank				
31 December 2021				
Balance as at the beginning/end of the financial year	1	-	-	1

12 Clients' and Brokers' Balances

	Group		Bank	
	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000
Amounts owing by clients	460,991	507,679	305,979	360,827
Less: Allowance for ECL	(24,364)	(23,545)	(3,871)	(2,946)
	436,627	484,134	302,108	357,881
Amounts owing by brokers	112,572	138,381	112,566	138,375
Amounts owing by clearing houses and stock exchanges	207,995	257,080	188,854	144,863
	757,194	879,595	603,528	641,119

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (cont'd)

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

Movement in allowance for ECL

	Group		Bank	
	As at 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021
	RM'000	RM'000	RM'000	RM'000
(a) Non-credit impaired				
Balance as at the beginning of the financial year	47	2	47	2
Transferred to credit impaired	(48)	-	(48)	-
Allowance for expected credit losses	2	50	2	50
Derecognition	-	(5)	-	(5)
Balance as at the end of the financial period/year	<u>1</u>	<u>47</u>	<u>1</u>	<u>47</u>
(b) Credit impaired				
Balance as at the beginning of the financial year	23,498	30,065	2,899	4,463
Transferred from non-credit impaired	48	-	48	-
Allowance for expected credit losses	2,094	2,074	2,094	575
Derecognition	(914)	(7,157)	(718)	(768)
Amount written off	(453)	(1,371)	(453)	(1,371)
Exchange differences	90	(113)	-	-
Balance as at the end of the financial period/year	<u>24,363</u>	<u>23,498</u>	<u>3,870</u>	<u>2,899</u>

13 Other Assets

	Group		Bank	
	As at 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021
	RM'000	RM'000	RM'000	RM'000
Other receivables	38,359	45,859	14,676	19,154
Unit trust fee receivables	21,651	33,359	-	-
Management fee receivables	4,055	3,855	-	-
Deposits	6,751	6,707	2,657	2,642
Prepayments	20,158	14,672	11,680	9,992
Amount receivable for release of units from funds	48,272	207,850	-	-
Transferable memberships	262	262	262	262
Amount due from subsidiaries	-	-	1,134	41,344
Amount due from related companies	2,219	12,161	2,219	12,135
	<u>141,727</u>	<u>324,725</u>	<u>32,628</u>	<u>85,529</u>

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14 Deposits from Customers

	As at 30 June 2022 RM'000	Group and Bank As at 31 December 2021 RM'000
(a) By type of deposits		
Short-term deposits	1,546,267	1,560,040
(b) By type of customers		
Government and statutory bodies	184,256	305,808
Business enterprises	1,362,011	1,254,232
	1,546,267	1,560,040
(c) By maturity structure of the deposits		
Due within six months	1,546,267	1,560,040

15 Deposits and Placements of Banks and Other Financial Institutions

	As at 30 June 2022 RM'000	Group and Bank As at 31 December 2021 RM'000
Licensed banks	1,879,841	2,428,314

16 Other Liabilities

	Group		Bank	
	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000
Other creditors and accruals	136,473	166,923	67,563	90,426
Contract liabilities	5,637	5,940	1,607	1,769
Remisiers' trust deposits	96,582	97,828	96,582	97,828
Amount payable for creation of units due to funds	19,560	457,587	-	-
Amount payable for redemption units	191,477	348,404	-	-
Short-term employee benefits	32,144	70,200	21,477	48,425
Amount due to holding company	18,387	39,182	16,054	32,157
Amount due to subsidiaries	-	-	59	26
Amount due to related companies	416	235	67	149
Provision for restructuring costs	1,026	1,188	-	-
	501,702	1,187,487	203,409	270,780

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	2nd Quarter Ended		Six Months Ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	RM'000	RM'000	RM'000	RM'000
17 Interest Income				
<u>Group</u>				
Loans and advances	22,153	25,001	45,332	50,421
Money at call and deposit placements with banks and other financial institutions	15,846	11,260	30,194	22,243
Financial assets at FVTPL	-	35	16	58
Financial assets at FVOCI, debt instruments	4,023	5,380	8,637	10,538
Financial investments at amortised costs	9,642	9,268	19,207	18,891
Others	937	3,707	2,181	7,585
	52,601	54,651	105,567	109,736
Of which:				
Interest income accrued on impaired financial assets	859	771	1,670	1,900
<u>Bank</u>				
Loans and advances	15,558	17,905	31,785	35,446
Money at call and deposit placements with banks and other financial institutions	12,962	8,644	24,507	16,766
Financial assets at FVTPL	-	35	16	58
Financial assets at FVOCI, debt instrument	4,023	5,380	8,635	10,538
Financial investments at amortised costs	9,642	9,268	19,207	18,891
Others	448	2,584	1,166	5,570
	42,633	43,816	85,316	87,269
Of which:				
Interest income accrued on impaired financial assets	1	1	3	3

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (cont'd)

	2nd Quarter Ended		Six Months Ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	RM'000	RM'000	RM'000	RM'000
18 Interest Expense				
<u>Group</u>				
Deposits and placements of banks and other financial institutions	10,151	13,623	21,531	26,761
Deposits from customers	8,993	5,077	17,623	9,891
Obligations on securities sold under repurchase agreements	1,765	-	1,765	-
Subordinated obligations	2,444	2,444	4,860	4,860
Borrowings	4,165	3,152	7,664	7,470
Others	453	650	946	1,246
	27,971	24,946	54,389	50,228
<u>Bank</u>				
Deposits and placements of banks and other financial institutions	10,151	13,623	21,531	26,761
Deposits from customers	8,993	5,077	17,623	9,891
Obligations on securities sold under repurchase agreements	1,765	-	1,765	-
Subordinated obligations	2,444	2,444	4,860	4,860
Others	90	201	182	289
	23,443	21,345	45,961	41,801

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	2nd Quarter Ended		Six Months Ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	RM'000	RM'000	RM'000	RM'000
19 Fee and Commission Income				
(a) By type of fee income				
<u>Group</u>				
Brokerage income	45,593	94,086	104,786	233,850
Fund management fees	60,860	72,472	123,307	141,182
Unit trust fee income	7,334	39,381	18,782	114,020
Corporate advisory fees	3,597	15,320	6,786	20,457
Arrangement fees and underwriting	290	1,561	1,236	3,053
Placement fees	568	722	1,287	5,381
Rollover fees	1,022	1,165	2,089	2,318
Commission	894	980	1,520	2,108
Service charges and fees	439	359	842	681
Other fee income	15,234	17,368	27,144	28,442
	135,831	243,414	287,779	551,492
<u>Bank</u>				
Brokerage income	33,634	76,034	77,119	187,895
Corporate advisory fees	3,550	5,430	6,607	9,707
Arrangement fees and underwriting	290	348	308	823
Placement fees	568	722	1,287	5,381
Rollover fees	1,022	1,165	2,089	2,318
Commission	191	276	397	565
Service charges and fees	290	186	557	371
Other fee income	11,108	11,764	18,345	17,982
	50,653	95,925	106,709	225,042

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (cont'd)

	2nd Quarter Ended		Six Months Ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	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	121,077	210,326	254,883	483,915
Thailand	6,930	15,411	17,746	30,182
Indonesia	5,917	14,799	12,186	30,971
Singapore	1,663	2,796	2,302	6,148
Cambodia	218	76	579	181
Vietnam	26	6	62	8
Hong Kong	-	-	21	87
	<u>135,831</u>	<u>243,414</u>	<u>287,779</u>	<u>551,492</u>
<u>Bank</u>				
Malaysia	<u>50,653</u>	<u>95,925</u>	<u>106,709</u>	<u>225,042</u>
(c) By timing of fee income recognition				
<u>Group</u>				
At a point in time	71,191	166,745	157,516	402,330
Over time	64,640	76,669	130,263	149,162
	<u>135,831</u>	<u>243,414</u>	<u>287,779</u>	<u>551,492</u>
<u>Bank</u>				
At a point in time	49,213	95,064	104,408	223,041
Over time	1,440	861	2,301	2,001
	<u>50,653</u>	<u>95,925</u>	<u>106,709</u>	<u>225,042</u>
20 Fee and Commission Expense				
<u>Group</u>				
Fund management fees	25,474	32,954	50,835	65,057
Unit trust fees	7,211	39,664	18,827	114,541
Commission and incentives	4,091	15,565	8,113	31,356
	<u>36,776</u>	<u>88,183</u>	<u>77,775</u>	<u>210,954</u>
<u>Bank</u>				
Commission and incentives	<u>1,730</u>	<u>11,148</u>	<u>3,293</u>	<u>20,691</u>

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	2nd Quarter Ended		Six Months Ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	RM'000	RM'000	RM'000	RM'000
21 Other Operating Income				
<u>Group</u>				
(a) Net (loss)/gain arising from financial assets at FVTPL				
- net (loss)/gain on disposal	(9,698)	6,595	(20,738)	39,397
- unrealised net (loss)/gain on revaluation	(5,114)	30,753	(4,771)	30,320
- gross dividend income	1,006	4,794	3,754	8,588
	<u>(13,806)</u>	<u>42,142</u>	<u>(21,755)</u>	<u>78,305</u>
(b) Net gain/(loss) arising from derivatives	<u>21,188</u>	<u>4,448</u>	<u>36,339</u>	<u>(8,342)</u>
(c) Net loss on fair value hedge	<u>(278)</u>	<u>-</u>	<u>(278)</u>	<u>-</u>
(d) Net gain arising from financial assets at FVOCI, debt instruments				
- net gain on disposal	<u>204</u>	<u>82</u>	<u>277</u>	<u>135</u>
(e) Dividend income from financial assets at FVOCI, equity instruments	<u>234</u>	<u>269</u>	<u>234</u>	<u>269</u>
(f) Other income				
- net foreign exchange gain	6,706	5,754	11,354	16,389
- net gain on disposal of property, plant and equipment	-	8	-	74
- gain on modification of right-of-use assets	4	-	4	-
- fair value changes to sales consideration	-	-	-	1,251
- other operating income	3,217	18,196	6,786	39,977
	<u>9,927</u>	<u>23,958</u>	<u>18,144</u>	<u>57,691</u>
	<u>17,469</u>	<u>70,899</u>	<u>32,961</u>	<u>128,058</u>

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	2nd Quarter Ended		Six Months Ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	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	(5,670)	5,011	(16,504)	(4,242)
- unrealised net (loss)/gain on revaluation	(10,871)	(3,826)	(8,902)	3,726
- gross dividend income	232	837	567	2,078
	<u>(16,309)</u>	<u>2,022</u>	<u>(24,839)</u>	<u>1,562</u>
(b) Net gain arising from derivatives	<u>15,292</u>	<u>2,109</u>	<u>27,830</u>	<u>23,472</u>
(c) Net loss on fair value hedge	<u>(278)</u>	<u>-</u>	<u>(278)</u>	<u>-</u>
(d) Net gain arising from financial assets at FVOCI, debt instruments				
- net gain on disposal	<u>204</u>	<u>82</u>	<u>277</u>	<u>135</u>
(e) Dividend income from financial assets at FVOCI, equity instruments	<u>180</u>	<u>180</u>	<u>180</u>	<u>180</u>
(f) Gross dividend income from subsidiaries in Malaysia	<u>3,700</u>	<u>4,000</u>	<u>3,700</u>	<u>4,000</u>
(g) Other income				
- net foreign exchange gain	6,288	5,903	10,900	16,678
- net gain on disposal of property, plant and equipment	-	1	-	74
- fair value changes to sales consideration	-	-	-	1,251
- other operating income	2,782	18,077	6,098	39,529
	<u>9,070</u>	<u>23,981</u>	<u>16,998</u>	<u>57,532</u>
	<u>11,859</u>	<u>32,374</u>	<u>23,868</u>	<u>86,881</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (cont'd)

	2nd Quarter Ended		Six Months Ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	RM'000	RM'000	RM'000	RM'000
22 Other Operating Expenses				
<u>Group</u>				
<u>Personnel costs</u>				
- Salaries, bonus, wages and allowances	63,477	65,480	125,409	127,716
- Defined contribution plan	7,386	7,133	14,172	14,353
- Other staff related costs	6,530	5,235	14,726	13,649
	77,393	77,848	154,307	155,718
<u>Establishment costs</u>				
- Property, plant and equipment				
- Depreciation	3,101	2,887	6,272	5,738
- Written off	13	4	83	4
- Amortisation of other intangible assets	2,939	2,486	5,980	4,735
- Depreciation of right-of-use assets	2,716	2,873	5,405	5,531
- Information technology expenses	12,429	14,678	24,793	30,371
- Security and escorting charges	113	203	245	319
- Repair and maintenance	737	919	1,318	1,488
- Rental of premises	3,001	3,197	5,973	6,969
- Water and electricity	784	800	1,497	1,624
- Rental of equipment	14	13	25	26
- Insurance	1,049	994	1,966	1,965
- Others	1,368	3,175	3,088	8,354
	28,264	32,229	56,645	67,124
<u>Marketing expenses</u>				
- Advertisements and publicity	1,177	737	2,501	1,690
- Sales commission	433	629	1,031	1,715
- Others	1,199	2,152	2,518	4,843
	2,809	3,518	6,050	8,248
<u>Administration and general expenses</u>				
- Communication expenses	6,108	6,075	11,761	11,865
- Legal and professional fees	1,251	3,936	2,775	6,104
- Management fee	4,424	173	8,280	357
- Others	5,821	5,628	10,954	10,188
	17,604	15,812	33,770	28,514
	126,070	129,407	250,772	259,604

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (cont'd)

	2nd Quarter Ended		Six Months Ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	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	37,246	35,814	73,214	69,153
- Defined contribution plan	5,545	5,390	10,440	10,669
- Other staff related costs	2,616	1,722	6,792	5,730
	45,407	42,926	90,446	85,552
<u>Establishment costs</u>				
- Property, plant and equipment				
- Depreciation	1,618	1,467	3,352	2,927
- Written off	-	-	26	-
- Amortisation of other intangible assets	1,907	1,636	4,017	3,169
- Depreciation of right-of-use assets	1,256	1,260	2,509	2,473
- Information technology expenses	8,075	10,478	16,298	22,124
- Security and escorting charges	91	144	198	235
- Repair and maintenance	538	360	924	684
- Rental of premises	1,719	1,742	3,437	3,729
- Water and electricity	591	598	1,137	1,217
- Rental of equipment	10	7	13	11
- Insurance	611	613	1,217	1,199
- Others	1,368	3,168	3,088	8,354
	17,784	21,473	36,216	46,122
<u>Marketing expenses</u>				
- Advertisements and publicity	258	149	575	198
- Sales commission	40	83	136	205
- Others	506	1,140	1,087	2,742
	804	1,372	1,798	3,145
<u>Administration and general expenses</u>				
- Communication expenses	3,214	2,722	6,224	5,557
- Legal and professional fees	86	1,228	209	1,423
- Management fee	3,706	125	6,914	256
- Others	2,674	3,041	4,961	3,524
	9,680	7,116	18,308	10,760
	73,675	72,887	146,768	145,579

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	2nd Quarter Ended		Six Months Ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	RM'000	RM'000	RM'000	RM'000
23 Allowance (Written Back)/Made for Expected Credit Losses				
<u>Group</u>				
Allowance (written back)/made for expected credit losses on other receivables and clients' and brokers' balances	(1,195)	197	741	(3,117)
Bad debts recovered	(18)	(715)	(91)	(715)
Bad debts written off	453	-	453	-
Other financial assets	41	25	74	2
	<u>(719)</u>	<u>(493)</u>	<u>1,177</u>	<u>(3,830)</u>
<u>Bank</u>				
Allowance (written back)/made for expected credit losses on other receivables and clients' and brokers' balances	(934)	667	1,243	223
Bad debts recovered	(18)	(22)	(91)	(22)
Bad debts written off	453	-	453	-
Other financial assets	12	9	13	18
	<u>(487)</u>	<u>654</u>	<u>1,618</u>	<u>219</u>
24 Impairment Loss on Other Non-financial Assets				
<u>Group</u>				
Right-of-use assets	-	121	-	121
Property, plant and equipment	-	193	-	193
	<u>-</u>	<u>314</u>	<u>-</u>	<u>314</u>
<u>Bank</u>				
Investments in subsidiaries	<u>672</u>	<u>554</u>	<u>1,328</u>	<u>1,101</u>

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25 Basic Earnings/(Loss) Per Share

Basic earnings/(loss) per share ('EPS') is calculated by dividing the net profit/(loss) attributable to equity holder of the Group for the second quarter and six months ended 30 June by the weighted average number of outstanding ordinary shares during the financial period.

<u>Group</u>	<u>Note</u>	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
		<u>30 June 2022</u>	<u>30 June 2021</u>	<u>30 June 2022</u>	<u>30 June 2021</u>
Net profit/(loss) attributable to equity holder (RM'000)					
- Continuing operations		10,618	105,670	27,310	214,345
- Discontinued operation	32(b)	-	(836)	20,848	(1,356)
		10,618	104,834	48,158	212,989
Weighted average number of ordinary shares in issue ('000)					
- Issued ordinary shares at 1 April / 1 January		80,000	100,000	80,000	100,000
- Effect of capital cancellation		-	(19,780)	-	(9,945)
		80,000	80,220	80,000	90,055
Basic earnings/(loss) per share (sen)					
- Continuing operations		13.3	131.7	34.1	238.0
- Discontinued operation		-	(1.0)	26.1	(1.5)
		13.3	130.7	60.2	236.5

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (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 30 June 2022 RM'000	As at 31 December 2021 RM'000	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000
<u>Common Equity Tier I ('CET I')</u>				
<u>Tier I Capital</u>				
Share capital	1,220,000	1,220,000	1,220,000	1,220,000
Retained profits	670,690	767,406	380,900	481,289
Other reserves	81,282	63,975	-	-
FVOCI reserves	34,279	38,949	33,930	38,642
	2,006,251	2,090,330	1,634,830	1,739,931
Less:				
- Goodwill	(449,978)	(449,978)	(372,395)	(372,395)
- Investments in subsidiaries	-	-	(707,799)	(712,127)
- Investments in associates and joint ventures	(4,674)	(4,644)	(5,028)	(5,028)
- Other intangible assets	(46,664)	(46,663)	(31,018)	(30,183)
- 55% of cumulative gains arising from change in value of FVOCI financial instruments	(18,853)	(21,422)	(18,662)	(21,253)
- Other deductions #	-	(71)	-	(71)
- Deferred tax assets	(28,802)	(33,571)	(20,005)	(22,684)
Total CET I Capital	1,457,280	1,533,981	479,923	576,190
Qualifying non-controlling interests recognised as Tier I Capital	1,035	1,187	-	-
Total Tier I Capital	1,458,315	1,535,168	479,923	576,190
<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	75	98	-	-
General provision ^	25,547	29,480	8,289	10,428
Total Tier II Capital	225,622	229,578	208,289	210,428
Total Capital	1,683,937	1,764,746	688,212	786,618

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (cont'd)

26 Capital Adequacy Ratio (cont'd)

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

	Group		Bank	
	As at 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	36.584%	35.348%	26.851%	29.319%
Tier I Capital Ratio	36.610%	35.376%	26.851%	29.319%
Total Capital Ratio	<u>42.274%</u>	<u>40.666%</u>	<u>38.504%</u>	<u>40.027%</u>
After proposed dividends:				
CET I Capital Ratio	36.584%	33.044%	26.851%	24.231%
Tier I Capital Ratio	36.610%	33.071%	26.851%	24.231%
Total Capital Ratio	<u>42.274%</u>	<u>38.361%</u>	<u>38.504%</u>	<u>34.938%</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 RM24,833,000 (31 December 2021: RM28,903,000) and RM8,197,000 (31 December 2021: RM10,400,000) respectively.

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

	Group		Bank	
	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000
Credit risk	2,043,750	2,358,408	663,084	834,269
Market risk	292,934	285,276	179,294	162,040
Operational risk	1,646,729	1,695,946	944,993	968,930
Total risk-weighted assets	<u>3,983,413</u>	<u>4,339,630</u>	<u>1,787,371</u>	<u>1,965,239</u>

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (cont'd)

27 Commitments and Contingencies

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

The commitments and contingencies comprise the following:

	Group		Bank	
	As at 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021
	RM'000	RM'000	RM'000	RM'000
Principal amount				
Direct credit substitutes #	-	-	30,012	35,265
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	900,195	-	900,195	-
Irrevocable commitments to extend credit:				
- maturity not exceeding one year	932,666	917,299	673,527	647,818
- maturity exceeding one year	22	22	22	22
Interest rate related contracts: ^				
- one year to less than five years	160,000	-	160,000	-
Equity related contracts: ^				
- less than one year	948	-	948	-
Foreign exchange related contracts: ^				
- less than one year	40,569	24,496	40,569	24,496
	2,034,400	941,817	1,805,273	707,601

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 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021
	RM'000	RM'000	RM'000	RM'000
Authorised and contracted for:				
Property, plant and equipment	25,834	28,192	19,968	22,004

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (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

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 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).

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 financial statements, other than as discussed below:

Establishment of Share Grant Scheme ('SGS') at RHB Banking Group

RHB Bank has on 2 June 2022 implemented the SGS, which was approved by the shareholders of RHB Bank at an extraordinary general meeting ('EGM') held on 27 April 2022.

The SGS is intended to motivate employees, attract talents and retain key employees through the grant of the ordinary shares in RHB Bank ('RHB Bank Share(s)') of up to 2% of the total number of issued shares of RHB Bank (excluding treasury shares, if any) at any point in time during the duration of the SGS for employees and Executive Directors of RHB Bank and its subsidiaries (excluding subsidiaries which are dormant) who fulfil the eligibility criteria ('Eligible Employees'). The SGS shall be in force for a period of nine years commencing from the effective date of implementation of the SGS.

RHB Bank has on 4 July 2022, made an offer to the Eligible Employees, which include certain employees of the Bank and its subsidiaries. The vesting period of the shares offered will be 3 years from 4 July 2022.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (cont'd)

32 Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the six months ended 30 June 2022 other than the following:

(a) Dissolution of RHB Wealth Management Hong Kong Limited ('RHBWMHK')

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.

The 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 ending 31 December 2022.

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

In prior year

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 Disposal.

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

The Disposal entailed 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 Disposal was 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 Disposal was 8 months from the date of the CSPA which can be mutually extended.

This exercise was 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.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (cont'd)

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

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

During the period

The Disposal was completed on 31 January 2022 for a sales consideration of EUR6,532,000 (or approximately RM30,827,000), following the approval of the Financial Services Authority of Indonesia or Otoritas Jasa Keuangan ('OJK') for AllianzGI as the new controlling shareholder of RAMI on 6 January 2022 and the approval of OJK for the new Board of Commissioners of RAMI as proposed by AllianzGI on 29 December 2021 and 27 December 2021.

With the completion of Disposal, the Group recorded a gain on disposal of RM24,595,000 and accordingly, RAMI is no longer an indirect subsidiary of the Bank.

The Group has accounted for the Disposal as non-current assets/(liabilities) held for sale and discontinued operation in accordance with MFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. Financial information relating to the Disposal are as follows:

(i) Assets and Liabilities of RAMI

	<u>31 January 2022</u>	<u>Group</u> <u>31 December 2021</u>
	RM'000	RM'000
<u>Non-current assets held for sale</u>		
Cash and short-term funds, net of ECL	4,522	8,205
Other assets	972	912
Tax recoverable	285	278
Deferred tax assets	1,081	920
Right-of-use assets	1,007	1,042
Property, plant and equipment	785	795
Other intangible assets	355	369
	<u>9,007</u>	<u>12,521</u>
<u>Non-current liabilities held for sale</u>		
Other liabilities	1,518	4,854
Lease liabilities	1,134	1,129
Tax liabilities	22	20
	<u>2,674</u>	<u>6,003</u>

(ii) Cash flow and net assets of RAMI on completion date

	<u>Group</u> <u>RM'000</u>
Non-current assets held for sale	9,007
Non-current liabilities held for sale	(2,674)
Total net assets derecognised	6,333
Gain on disposal of a subsidiary, gross	24,595
Exchange differences	(101)
Sales consideration received in cash	30,827
Less: Cash and short-term fund of the subsidiary disposed	(4,522)
Gain from realisation of translation reserves from discontinued operation	347
Cash inflow on disposal of a subsidiary	26,652
Estimated income tax expense payable	(3,608)
Estimated cash inflow on disposal of a subsidiary	<u>23,044</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (cont'd)

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

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

The Group has accounted for the Disposal as non-current assets/(liabilities) held for sale and discontinued operation in accordance with MFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. Financial information relating to the Disposal are as follows: (cont'd)

(iii) Unaudited Income Statements

	2nd Quarter Ended		Six Months Ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	RM'000	RM'000	RM'000	RM'000
Interest income	-	80	14	171
Interest expense	-	(38)	(11)	(79)
Net interest income	-	42	3	92
Fee and commission income	-	1,620	453	3,376
Fee and commission expense	-	(285)	(66)	(588)
Other operating income	-	88	378	177
	-	1,465	768	3,057
Other operating expenses	-	(2,301)	(721)	(4,411)
Operating (loss)/profit before allowances	-	(836)	47	(1,354)
Allowance written back for expected credit losses	-	-	4	-
(Loss)/Profit before taxation of discontinued operation	-	(836)	51	(1,354)
Taxation	-	-	(3,798)	(2)
Gain on disposal of a subsidiary, gross	-	-	24,595	-
Net (loss)/profit after tax from discontinued operation for the financial period	-	(836)	20,848	(1,356)

(iv) Unaudited Statements of Comprehensive Income

	2nd Quarter Ended		Six Months Ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit after tax from discontinued operation for the financial period	-	(836)	20,848	(1,356)
Other comprehensive income/(loss) in respect of:				
(a) Item that will not be reclassified to income statements:				
- Actuarial loss on defined benefit plan of a subsidiary	-	-	-	(67)
(b) Item that will be reclassified subsequently to income statements:				
- Realisation of translation reserves from discontinued operation	-	-	(347)	-
Income tax relating to components of other comprehensive loss/(income)	-	-	353	(51)
Other comprehensive income/(loss), net of tax for the financial period	-	-	6	(118)
Total comprehensive (loss)/income from discontinued operation for the financial period	-	(836)	20,854	(1,474)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (cont'd)

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

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

The Group has accounted for the Disposal as non-current assets/(liabilities) held for sale and discontinued operation in accordance with MFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. Financial information relating to the Disposal are as follows:
 (cont'd)

(v) Unaudited Condensed Statements of Cash Flow

	Six Months Ended	
	30 June 2022	30 June 2021
	RM'000	RM'000
Net cash (used in)/generated from operating activities	(3,708)	5,667
Net cash used in investing activities	(9)	(13)
Net cash generated from/(used in) financing activities	10	(165)
Net (decrease)/increase in cash and cash equivalents	(3,707)	5,489

(c) Subscription of 5 million Redeemable Preference Shares ('RPS') in RHB Private Equity Holdings Sdn Bhd ('RHBPEH')

On 9 March 2022, the Bank subscribed for 5 million RPS of RM2.00 each in RHBPEH amounting to RM10,000,000 for additional working capital purpose. Upon completion of the subscription, the equity interest held by the Bank in RHBPEH remains the same.

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 30 June 2022	As at 31 December 2021
Outstanding credit exposures with connected parties (RM'000)	272,912	278,165
Percentage of outstanding credit exposures with connected parties as proportion of total credit exposures	3.97%	4.70%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	-	-

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

34 Changes in Profit for the Quarter

For the current financial quarter ended 30 June 2022, the Group recorded a pre-tax profit of RM15.8 million, 40.2% lower as compared to the immediate preceding quarter pre-tax profit of RM26.4 million. The decrease in profit is contributed by lower net fee and commission income of RM11.8 million, lower net interest income of RM2.0 million and higher other operating expenses of RM1.4 million; partially offset by higher allowance written back for expected credit losses of RM2.6 million and higher other operating income of RM2.0 million.

35 Performance Review

For the six months ended 30 June 2022, the Group recorded a pre-tax profit of RM42.2 million, 84.5% lower as compared to the previous corresponding financial period of RM272.0 million. The decrease in profit is contributed by lower net fee and commission income of RM130.5 million, lower operating income of RM95.1 million, lower net interest income of RM8.3 million and higher allowance made for expected credit losses of RM5.0 million; partially offset with lower other operating expenses of RM8.8 million and lower impairment loss on other non-financial assets of RM0.3 million.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (cont'd)

36 Prospects for Financial Year 2022

For 2022, Malaysia's economic outlook is expected to be anchored by resilient domestic demand following the reopening of the economy as strict containment measures are lifted. However, rising inflationary pressures, geopolitical conflicts, supply chain disruption and a slow-down in global growth are factors which could potentially slow the upward momentum in domestic demand towards end-2022.

Nevertheless, the banking sector is projected to remain robust underpinned by healthy capital and liquidity positions as well as adequate levels of provisioning. In addition, the Central Bank could raise overnight policy rate further.

The Group remains focused on its 3-year Strategy, TWP24 which aims at improving business performance by driving quality growth and service excellence where digitalisation and innovation will continue to be featured prominently in the execution of the strategy.

37 Client Trust Accounts

In accordance with Financial Reporting Standards Implementation Committee Consensus 18 'Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad' ('FRSIC 18'), the cash held in trust for clients by the Group and the Bank amounted to RM3,302,358,000 (31 December 2021: RM2,951,342,000) and RM2,799,893,000 (31 December 2021: RM2,553,551,000) respectively, are not recognised in the financial statements as the Group and the Bank held them in a fiduciary capacity.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (cont'd)

38 Fair Value of Financial Instruments

Determination of fair value and fair value hierarchy

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

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

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

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

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

Group	Level 1	Level 2	Level 3	Total
30 June 2022	RM'000	RM'000	RM'000	RM'000
<u>Financial assets</u>				
Financial assets at FVTPL	180,699	2	672,361	853,062
- quoted securities	180,699	-	-	180,699
- unquoted securities	-	2	672,361	672,363
Financial assets at FVOCI	2,200	393,987	38,807	434,994
- money market instruments	-	309,805	-	309,805
- quoted securities	2,200	-	-	2,200
- unquoted securities	-	84,182	38,807	122,989
Derivative assets	-	783	-	783
	<u>182,899</u>	<u>394,772</u>	<u>711,168</u>	<u>1,288,839</u>
<u>Financial liabilities</u>				
Derivative liabilities	<u>15,892</u>	<u>620</u>	<u>-</u>	<u>16,512</u>
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
	<u>223,861</u>	<u>562,912</u>	<u>663,624</u>	<u>1,450,397</u>
<u>Financial liabilities</u>				
Derivative liabilities	<u>21,549</u>	<u>392</u>	<u>-</u>	<u>21,941</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (cont'd)

38 Fair Value of Financial Instruments (cont'd)

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

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

Bank 30 June 2022	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Financial assets</u>				
Financial assets at FVTPL	97,208	2	-	97,210
- quoted securities	97,208	-	-	97,208
- unquoted securities	-	2	-	2
Financial assets at FVOCI	-	393,987	38,518	432,505
- money market instruments	-	309,805	-	309,805
- unquoted securities	-	84,182	38,518	122,700
Derivative assets	-	271	-	271
	<u>97,208</u>	<u>394,260</u>	<u>38,518</u>	<u>529,986</u>
<u>Financial liabilities</u>				
Derivative liabilities	<u>15,892</u>	<u>12</u>	<u>-</u>	<u>15,904</u>

Bank 31 December 2021	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total 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>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (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 measurements in Level 3

The following represents the changes in Level 3 instruments for the financial period/year ended 30 June 2022 and 31 December 2021 for the Group and the Bank:

	Group		Bank	
	As at 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021
	RM'000	RM'000	RM'000	RM'000
<u>Financial assets at FVTPL</u>				
Balance as at the beginning of the financial year	626,663	534,684	-	1,256
Total gain recognised in income statements	8,389	66,813	-	1,251
Additions	3,901	34,175	-	-
Settlements/Distributions	(3,085)	(28,184)	-	(2,510)
Exchange differences	36,493	19,175	-	3
Balance as at the end of the financial period/year	672,361	626,663	-	-

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (cont'd)

38 Fair Value of Financial Instruments (cont'd)

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

The following represents the changes in Level 3 instruments for the financial period/year ended 30 June 2022 and 31 December 2021 for the Group and the Bank: (cont'd)

	Group		Bank	
	As at 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021
	RM'000	RM'000	RM'000	RM'000
<u>Financial assets at FVOCI</u>				
Balance as at the beginning of the financial year	36,961	41,125	36,670	34,954
Total gain recognised in other comprehensive income	1,848	1,716	1,848	1,716
Disposals	-	(5,869)	-	-
Exchange differences	(2)	(11)	-	-
Balance as at the end of the financial period/year	38,807	36,961	38,518	36,670

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (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 and initial public offerings of equity related instruments. 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.

Asset Management business in Indonesia was disposed on 31 January 2022. The details are disclosed in Note 32(b).

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (cont'd)

39 Segment Reporting (cont'd)

Segment Profit and Loss for the Six Months Ended 30 June 2022

Group	Continuing Operations				Discontinued Operation		
	Investment Banking	Treasury	Asset Management	Others and Elimination	Total	Asset Management	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	180,903	29,275	83,965	-	294,143	25,363	319,506
Inter-segment revenue	2,548	-	(499)	(2,049)	-	-	-
Segment revenue	183,451	29,275	83,466	(2,049)	294,143	25,363	319,506
Other operating expenses	(191,661)	(6,957)	(54,203)	2,049	(250,772)	(721)	(251,493)
Including:							
Depreciation of property, plant and equipment	(5,678)	(42)	(552)	-	(6,272)	(25)	(6,297)
Depreciation of right-of-use assets	(4,736)	(43)	(626)	-	(5,405)	(31)	(5,436)
Amortisation of other intangible assets	(5,053)	(47)	(880)	-	(5,980)	(3)	(5,983)
Allowance (made)/written back for expected credit losses	(1,047)	(56)	(74)	-	(1,177)	4	(1,173)
	(9,257)	22,262	29,189	-	42,194	24,646	66,840
Share of results of associates					30	-	30
Profit before taxation					42,224	24,646	66,870
Taxation					(14,244)	(3,798)	(18,042)
Net profit for the financial period					27,980	20,848	48,828

Segment Assets and Liabilities as at 30 June 2022

Group	Investment Banking	Treasury	Asset Management	Others and Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	4,281,420	3,799,466	600,742	(746,538)	7,935,090
Goodwill	306,611	-	143,367	-	449,978
Investments in associates and joint ventures					4,674
Tax recoverable					33,887
Deferred tax assets					28,802
Total assets					8,452,431
Segment liabilities	1,124,441	4,192,240	269,231	(7,325)	5,578,587
Tax liabilities					9,860
Borrowings					568,970
Subordinated obligations					202,148
Total liabilities					6,359,565

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (cont'd)

39 Segment Reporting (cont'd)

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

Group	Continuing Operations				Discontinued Operation		
	Investment Banking	Treasury	Asset Management	Others and Elimination	Total	Asset Management	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	383,993	58,540	85,571	-	528,104	3,057	531,161
Inter-segment revenue	826	-	(663)	(163)	-	-	-
Segment revenue	384,819	58,540	84,908	(163)	528,104	3,057	531,161
Other operating expenses	(207,025)	(4,720)	(48,022)	163	(259,604)	(4,411)	(264,015)
Including:							
Depreciation of property, plant and equipment	(5,200)	(31)	(507)	-	(5,738)	(169)	(5,907)
Depreciation of right-of-use assets	(5,065)	(41)	(425)	-	(5,531)	(188)	(5,719)
Amortisation of other intangible assets	(3,959)	(110)	(666)	-	(4,735)	(16)	(4,751)
Allowance written back/(made) for expected credit losses	3,916	9	(95)	-	3,830	-	3,830
Impairment loss on other non-financial assets	(314)	-	-	-	(314)	-	(314)
	181,396	53,829	36,791	-	272,016	(1,354)	270,662
Share of results of associates					12	-	12
Profit/(Loss) before taxation					272,028	(1,354)	270,674
Taxation					(57,002)	(2)	(57,004)
Net profit/(loss) for the financial period					215,026	(1,356)	213,670

Segment Assets and Liabilities as at 31 December 2021

Group	Continuing Operations				Discontinued Operation		
	Investment Banking	Treasury	Asset Management	Others and Elimination	Total	Asset Management	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	4,741,156	3,325,073	1,248,087	(772,653)	8,541,663	11,323	8,552,986
Goodwill	306,611	-	143,367	-	449,978	-	449,978
Investments in associates and joint ventures					4,644	-	4,644
Tax recoverable					7,294	278	7,572
Deferred tax assets					32,651	920	33,571
Total assets					9,036,230	12,521	9,048,751
Segment liabilities	1,321,448	3,971,775	930,413	(54,472)	6,169,164	5,983	6,175,147
Tax liabilities					8,753	20	8,773
Borrowings					531,588	-	531,588
Subordinated obligations					202,175	-	202,175
Total liabilities					6,911,680	6,003	6,917,683