

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	Group		Bank	
		As at	As at	As at	As at
		30 June 2023	31 December 2022	30 June 2023	31 December 2022
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		2,898,136	2,678,203	2,614,371	2,149,479
Deposits and placements with banks and other financial institutions		281,725	198,012	-	-
Financial assets at fair value through profit or loss ('FVTPL')	8	915,530	880,028	84,469	71,822
Financial assets at fair value through other comprehensive income ('FVOCI')	9	213,715	280,036	210,836	277,307
Financial investments at amortised costs	10	1,367,535	957,408	1,367,535	957,408
Loans and advances	11	1,924,192	1,873,654	1,493,756	1,365,826
Clients' and brokers' balances	12	744,787	741,140	596,509	641,294
Other assets	13	353,582	142,916	38,616	63,745
Derivative assets		22,482	1,275	17,686	716
Statutory deposits		37,916	44,381	33,400	40,100
Tax recoverable		39,512	36,172	37,000	31,382
Deferred tax assets		17,170	16,875	9,620	8,381
Investments in subsidiaries		-	-	699,314	699,324
Investments in associates and joint venture		4,785	4,721	5,028	5,028
Right-of-use assets		15,523	16,532	6,864	6,951
Property, plant and equipment		38,129	36,749	17,852	20,001
Goodwill and other intangible assets		498,412	497,661	403,346	403,716
TOTAL ASSETS		9,373,131	8,405,763	7,636,202	6,742,480
LIABILITIES AND EQUITY					
Deposits from customers	14	1,426,063	1,289,098	1,426,063	1,289,098
Deposits and placements of banks and other financial institutions	15	3,152,289	1,918,878	3,152,289	1,918,878
Obligations on securities sold under repurchase agreements		366,118	789,281	366,118	789,281
Clients' and brokers' balances		811,978	776,789	697,608	692,619
Other liabilities	16	610,444	599,694	189,449	230,235
Derivative liabilities		21,479	19,746	19,428	10,277
Tax liabilities		3,584	6,061	-	-
Lease liabilities		15,302	16,745	7,020	7,125
Borrowings		652,850	755,916	-	-
Subordinated obligations		101,085	101,097	101,085	101,097
TOTAL LIABILITIES		7,161,192	6,273,305	5,959,060	5,038,610
Share capital		1,220,000	1,220,000	1,220,000	1,220,000
Reserves		980,539	901,877	457,142	483,870
		2,200,539	2,121,877	1,677,142	1,703,870
Non-controlling interests		11,400	10,581	-	-
TOTAL EQUITY		2,211,939	2,132,458	1,677,142	1,703,870
TOTAL LIABILITIES AND EQUITY		9,373,131	8,405,763	7,636,202	6,742,480
COMMITMENTS AND CONTINGENCIES	27	2,258,693	2,178,321	1,830,846	1,867,243

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022.

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

Group	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
		RM'000	RM'000	RM'000	RM'000
Interest income	17	71,234	52,601	137,714	105,567
Interest expense	18	(52,798)	(27,971)	(99,463)	(54,389)
Net interest income		18,436	24,630	38,251	51,178
Fee and commission income	19	126,504	135,831	256,945	287,779
Fee and commission expense	20	(32,245)	(36,776)	(65,501)	(77,775)
Other operating income	21	46,757	17,469	102,389	32,961
		159,452	141,154	332,084	294,143
Other operating expenses	22	(130,222)	(126,070)	(261,178)	(250,772)
Operating profit before allowances		29,230	15,084	70,906	43,371
Allowance written back/(made) for expected credit losses	23	4,768	719	5,239	(1,177)
		33,998	15,803	76,145	42,194
Share of results of associates		51	15	64	30
Share of results of joint venture		-	2	-	-
Profit before taxation		34,049	15,820	76,209	42,224
Taxation		(5,002)	(4,964)	(10,185)	(14,244)
Profit from continuing operations		29,047	10,856	66,024	27,980
Profit from discontinued operation attributable to equity holder		-	-	-	20,848
Net profit for the financial period		29,047	10,856	66,024	48,828
Profit attributable to:					
- Equity holder of the Bank	25	28,755	10,618	65,427	48,158
- Non-controlling interests		292	238	597	670
		29,047	10,856	66,024	48,828
Basic earnings per share (sen)					
- Continuing operations	25	35.9	13.3	81.8	34.1
- Discontinued operation	25	-	-	-	26.1
		35.9	13.3	81.8	60.2

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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 2023

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	29,047	10,856	66,024	48,828
Other comprehensive income:				
(a) Items that will not be reclassified to income statements:				
(i) Actuarial (loss)/gain on defined benefit plan of subsidiaries	-	-	(524)	93
(ii) Financial assets at FVOCI, equity instruments:				
- Unrealised net gain on revaluation	2,076	1,704	2,142	1,900
- Net loss on disposal	(271)	-	(271)	-
(b) Items that will be reclassified subsequently to income statements:				
(i) Foreign currency translation reserves:				
- Currency translation differences	36,640	13,455	50,211	17,679
- Recycled to income statements on disposal of a subsidiary	-	-	-	(347)
(ii) Financial assets at FVOCI, debt instruments:				
- Unrealised net (loss)/gain on revaluation	(221)	(4,791)	1,510	(8,632)
Income tax relating to components of other comprehensive loss/(income)	53	1,150	(441)	2,302
Other comprehensive income, net of tax, for the financial period	38,277	11,518	52,627	12,995
Total comprehensive income for the financial period	67,324	22,374	118,651	61,823
Total comprehensive income attributable to:				
- Equity holder of the Bank	66,896	22,142	117,835	61,113
- Non-controlling interests	428	232	816	710
	67,324	22,374	118,651	61,823
Total comprehensive income attributable to equity holder of the Bank from:				
- Continuing operations	66,896	22,142	117,835	40,259
- Discontinued operation	-	-	-	20,854
	66,896	22,142	117,835	61,113

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022.

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 2023

Bank	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
		RM'000	RM'000	RM'000	RM'000
Interest income	17	57,497	42,633	110,311	85,316
Interest expense	18	(41,105)	(23,443)	(76,818)	(45,961)
Net interest income		16,392	19,190	33,493	39,355
Fee and commission income	19	49,005	50,653	99,492	106,709
Fee and commission expense	20	(2,058)	(1,730)	(3,491)	(3,293)
Other operating income	21	21,056	11,859	36,351	23,868
		84,395	79,972	165,845	166,639
Other operating expenses	22	(74,419)	(73,675)	(153,366)	(146,768)
Operating profit before allowances		9,976	6,297	12,479	19,871
Allowance (made)/written back for expected credit losses	23	(365)	487	(167)	(1,618)
Impairment loss on other non-financial assets	24	-	(672)	-	(1,328)
Profit before taxation		9,611	6,112	12,312	16,925
Taxation		(1,633)	(1,941)	(2,609)	(7,075)
Net profit for the financial period		7,978	4,171	9,703	9,850

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RHB INVESTMENT BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2023

Bank	2nd Quarter Ended		Six Months Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	7,978	4,171	9,703	9,850
Other comprehensive income/(loss):				
(a) Item that will not be reclassified to income statement:				
(i) Financial assets at FVOCI, equity instruments:				
- Unrealised net gain on revaluation	2,007	1,848	2,007	1,848
- Net loss on disposal	(271)	-	(271)	-
(b) Item that will be reclassified subsequently to income statement:				
(ii) Financial assets at FVOCI, debt instruments:				
- Unrealised net (loss)/gain on revaluation	(221)	(4,791)	1,510	(8,632)
Income tax relating to components of other comprehensive loss/(income)	53	1,150	(362)	2,072
Other comprehensive income/(loss), net of tax, for the financial period	1,568	(1,793)	2,884	(4,712)
Total comprehensive income for the financial period	9,546	2,378	12,587	5,138

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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 2023

Attributable to the Equity Holder of the Bank

Group	Note	Share capital	Statutory reserves	FVOCI reserves	Capital contribution by ultimate holding company	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	RM'000
Balance as at 1 January 2023		1,220,000	515	35,601	827	73,605	29,766	761,563	2,121,877	10,581	2,132,458
Net profit for the financial period		-	-	-	-	-	-	65,427	65,427	597	66,024
Foreign currency translation reserves:											
- Currency translation differences		-	-	-	-	50,005	-	-	50,005	206	50,211
Financial assets at FVOCI:											
- Equity instruments											
- Unrealised net gain on revaluation		-	-	2,115	-	-	-	-	2,115	27	2,142
- Net loss on disposal		-	-	-	-	-	-	(271)	(271)	-	(271)
- Debt instruments											
- Unrealised net gain on revaluation		-	-	1,510	-	-	-	-	1,510	-	1,510
Actuarial loss on defined benefit plan of subsidiaries		-	-	-	-	-	-	(511)	(511)	(13)	(524)
Income tax relating to components of other comprehensive income		-	-	(362)	-	-	-	(78)	(440)	(1)	(441)
Other comprehensive income/(loss), net of tax, for the financial period		-	-	3,263	-	50,005	-	(860)	52,408	219	52,627
Total comprehensive income for the financial period		-	-	3,263	-	50,005	-	64,567	117,835	816	118,651
Share-based payment expenses		-	-	-	827	-	-	-	827	3	830
Transfer to regulatory reserves		-	-	-	-	-	2,421	(2,421)	-	-	-
Dividend paid	7	-	-	-	-	-	-	(40,000)	(40,000)	-	(40,000)
Total transactions with owner		-	-	-	827	-	2,421	(42,421)	(39,173)	3	(39,170)
Balance as at 30 June 2023		1,220,000	515	38,864	1,654	123,610	32,187	783,709	2,200,539	11,400	2,211,939

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

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 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
- Recycled to income statements on disposal of a subsidiary	-	-	-	(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	-	-	-	-	-	(100,000)	(100,000)	-	(100,000)
Total transactions with owner	-	-	-	-	(3,284)	(96,716)	(100,000)	(25)	(100,025)
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 STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Non-Distributable				Distributable		Total RM'000
	Share capital RM'000	FVOCI reserves RM'000	Capital contribution by ultimate holding company RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total RM'000	
Bank							
Balance as at 1 January 2023	1,220,000	35,060	685	21,379	426,746		1,703,870
Net profit for the financial period	-	-	-	-	9,703		9,703
Financial assets at FVOCI:							
- Equity instruments							
- Unrealised net gain on revaluation	-	2,007	-	-	-		2,007
- Net loss on disposal	-	-	-	-	(271)		(271)
- Debt instruments							
- Unrealised net gain on revaluation	-	1,510	-	-	-		1,510
Income tax relating to components of other comprehensive income	-	(362)	-	-	-		(362)
Other comprehensive income/(loss), net of tax, for the financial period	-	3,155	-	-	(271)		2,884
Total comprehensive income for the financial period	-	3,155	-	-	9,432		12,587
Share-based payment expenses	-	-	685	-	-		685
Transfer to regulatory reserves	-	-	-	819	(819)		-
Dividend paid	-	-	-	-	(40,000)		(40,000)
Total transactions with owner	-	-	685	819	(40,819)		(39,315)
Balance as at 30 June 2023	1,220,000	38,215	1,370	22,198	395,359		1,677,142

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

	Non-Distributable			Distributable	Total
	Share capital RM'000	FVOCI reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	
Bank					
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	-	-	-	(100,000)	(100,000)
Total transactions with owner	-	-	(1,160)	(98,840)	(100,000)
Balance as at 30 June 2022	1,220,000	33,930	19,870	392,299	1,666,099

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022.

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Note	Six Months Ended	
		30 June 2023	30 June 2022
		RM'000	RM'000
Group			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation:			
- Continuing operations		76,209	42,224
- Discontinued operation		-	24,646
		<u>76,209</u>	<u>66,870</u>
Adjustments for non-operating and non-cash items		(75,648)	(35,440)
Operating profit before working capital changes		<u>561</u>	<u>31,430</u>
Changes in working capital:			
Net changes in operating assets		(253,729)	323,754
Net changes in operating liabilities		<u>1,010,105</u>	<u>(501,210)</u>
Cash generated from/(used in) operations		<u>756,937</u>	<u>(146,026)</u>
Lease interest		(346)	(510)
Net tax paid		<u>(16,574)</u>	<u>(33,589)</u>
Net cash generated from/(used in) operating activities		<u>740,017</u>	<u>(180,125)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment:			
- Purchases		(3,613)	(6,830)
- Proceeds from disposal		69	-
Purchases of other intangible assets		(6,036)	(6,267)
Net (purchase of)/proceeds from financial assets at FVOCI and financial investments at amortised costs		<u>(340,112)</u>	<u>650,556</u>
Net loss on disposal of financial assets at FVOCI, equity instruments		(271)	-
Interest income received from financial assets at FVTPL, FVOCI and financial investments at amortised costs		<u>21,485</u>	<u>32,189</u>
Dividend income received from financial assets at FVTPL and FVOCI		<u>27,839</u>	<u>3,988</u>
Proceeds from disposal of a subsidiary, net of cash and cash equivalents received		-	26,652
Net cash (used in)/generated from investing activities		<u>(300,639)</u>	<u>700,288</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Subordinated obligations interest paid		(2,219)	(4,887)
Net (repayment)/drawdown of borrowings		<u>(144,528)</u>	<u>37,333</u>
Borrowings interest paid		(20,798)	(7,615)
Lease principal payment		(5,263)	(5,163)
Dividend paid to shareholder	7	<u>(40,000)</u>	<u>(100,000)</u>
Net cash used in financing activities		<u>(212,808)</u>	<u>(80,332)</u>
Net increase in cash and cash equivalents		<u>226,570</u>	<u>439,831</u>
Effects of exchange rate differences		(7,053)	(2,989)
Cash and cash equivalents:			
- At the beginning of the financial year		<u>2,678,737</u>	<u>2,403,573</u>
- At the end of the financial period		<u>2,898,254</u>	<u>2,840,415</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS:			
Cash and short-term funds before expected credit losses ('ECL')		<u>2,898,254</u>	<u>2,840,415</u>
Less: Allowance for ECL		(118)	(150)
Cash and short-term funds, net of ECL		<u>2,898,136</u>	<u>2,840,265</u>
Cash flows of discontinued operation		-	(3,707)

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022.

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Note	Six Months Ended	
		30 June 2023	30 June 2022
		RM'000	RM'000
Bank			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		12,312	16,925
Adjustments for non-operating and non-cash items		(38,183)	(16,334)
Operating (loss)/profit before working capital changes		(25,871)	591
Changes in working capital:			
Net changes in operating assets		(97,056)	145,609
Net changes in operating liabilities		925,902	143,104
Cash generated from operations		802,975	289,304
Lease interest		(126)	(173)
Net tax paid		(9,828)	(28,146)
Net cash generated from operating activities		793,021	260,985
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(1,254)	(3,902)
Purchases of other intangible assets		(3,444)	(4,853)
Net (purchase of)/proceeds from financial assets at FVOCI and financial investments at amortised costs		(340,112)	650,557
Net loss from disposal of financial assets at FVOCI, equity instruments		(271)	-
Interest income received from financial assets at FVTPL, FVOCI and financial investments at amortised costs		21,545	32,187
Dividend income received from financial assets at FVTPL and FVOCI		322	747
Dividend income received from subsidiaries		39,572	43,900
Subscription of redeemable preference shares issued by a subsidiary		-	(10,000)
Capital distributions from winding up subsidiaries		58	13,000
Net cash (used in)/generated from investing activities		(283,584)	721,636
CASH FLOWS FROM FINANCING ACTIVITIES			
Subordinated obligations interest paid		(2,219)	(4,887)
Lease principal payment		(2,332)	(2,474)
Dividend paid to shareholder	7	(40,000)	(100,000)
Net cash used in financing activities		(44,551)	(107,361)
Net increase in cash and cash equivalents		464,886	875,260
Cash and cash equivalents:			
- At the beginning of the financial year		2,149,517	1,518,690
- At the end of the financial period		2,614,403	2,393,950
ANALYSIS OF CASH AND CASH EQUIVALENTS:			
Cash and short-term funds before ECL		2,614,403	2,393,950
Less: Allowance for ECL		(32)	(48)
Cash and short-term funds, net of ECL		2,614,371	2,393,902

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

1 Basis of Preparation

The interim financial statements are unaudited and have 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 2022.

(a) 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 2022, 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 2023:

- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates
- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'

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 2022 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 2023.

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 2023.

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 2023.

7 Dividend Paid

The dividend paid by the Bank since 31 December 2022 was as follows:

In respect of the financial year ended 31 December 2022:

Single-tier interim dividend of 50.00 sen per ordinary share, paid on 27 March 2023

RM'000

40,000

RHB INVESTMENT BANK BERHAD
Incorporated in Malaysia
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (cont'd)

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

	Group		Bank	
	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
At fair value				
<u>Quoted securities:</u>				
In Malaysia				
Shares and exchange traded funds	62,140	36,970	60,574	36,970
Unit trusts	23,526	26,947	5,836	8,558
Outside Malaysia				
Shares	34,542	101,776	946	1,443
Unit trusts	17,067	24,849	17,067	24,849
<u>Unquoted securities:</u>				
In Malaysia				
Prasarana bonds	5	-	5	-
Corporate bonds/Sukuk	17,331	2	41	2
Outside Malaysia				
Private equity funds	760,919	689,484	-	-
	915,530	880,028	84,469	71,822

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (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 2023	31 December 2022	30 June 2023	31 December 2022
		RM'000	RM'000	RM'000	RM'000
At fair value					
Debt instruments	(a)	170,312	238,790	170,312	238,790
Equity instruments	(b)	43,403	41,246	40,524	38,517
		<u>213,715</u>	<u>280,036</u>	<u>210,836</u>	<u>277,307</u>

(a) Debt instruments

Money market instruments:

Malaysian Government Securities	60,429	59,356	60,429	59,356
Malaysian Government Investment Issues	40,034	39,598	40,034	39,598
Sukuk Perumahan Kerajaan ('SPK')	-	70,637	-	70,637

Unquoted securities:

In Malaysia

Corporate bonds/Sukuk	15,258	15,242	15,258	15,242
Prasarana bonds	54,591	53,957	54,591	53,957
	<u>170,312</u>	<u>238,790</u>	<u>170,312</u>	<u>238,790</u>

(i) There are no allowance for ECL on FVOCI, debt instruments as all instruments are guaranteed by the Government of Malaysia.

(ii) 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 RM NIL (31 December 2022: RM62,279,000).

(b) Equity instruments

Quoted securities:

Outside Malaysia

Shares	2,574	2,438	-	-
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Unquoted securities:

In Malaysia

Shares	40,524	38,517	40,524	38,517
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Outside Malaysia

Shares	305	291	-	-
	<u>43,403</u>	<u>41,246</u>	<u>40,524</u>	<u>38,517</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (cont'd)

10 Financial Investments at Amortised Costs

	As at 30 June 2023 RM'000	Group and Bank As at 31 December 2022 RM'000
At amortised cost		
Money market instruments:		
Malaysian Government Securities	414,710	414,996
Malaysian Government Investment Issues	159,448	118,221
Khazanah bonds	14,336	14,061
Negotiable Instruments of Deposit	500,734	-
Unquoted securities:		
In Malaysia		
Corporate bonds/Sukuk	320,277	426,729
Loan stocks	22,652	22,652
Prasarana bonds	5,161	30,544
	1,437,318	1,027,203
Allowance for ECL	(69,783)	(69,795)
	1,367,535	957,408

(a) 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 RM365,860,000 (31 December 2022: RM712,004,000).

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

Balance as at the beginning of the financial year	69,795	71,782
Amount recovered	(12)	(1,987)
Balance as at the end of the financial period/year	69,783	69,795

(c) Movement in allowance for ECL for financial investments at amortised costs

Group and Bank 30 June 2023	Note	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		-	-	69,795	69,795
Net allowance written back	23	-	-	(12)	(12)
Balance as at the end of the financial period		-	-	69,783	69,783

**Group and Bank
31 December 2022**

Balance as at the beginning of the financial year	-	-	71,782	71,782
Net allowance written back	-	-	(1,987)	(1,987)
Balance as at the end of the financial year	-	-	69,795	69,795

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (cont'd)

11 Loans and Advances

	Group		Bank	
	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
(a) By type				
At amortised cost				
Term loans	1	1	1	1
Share margin financing	1,935,164	1,883,237	1,493,526	1,365,572
Staff loans	230	254	230	254
Other loans	1,360	1,876	-	-
Gross loans and advances	<u>1,936,755</u>	<u>1,885,368</u>	<u>1,493,757</u>	<u>1,365,827</u>
Less: Allowance for ECL	<u>(12,563)</u>	<u>(11,714)</u>	<u>(1)</u>	<u>(1)</u>
Net loans and advances	<u><u>1,924,192</u></u>	<u><u>1,873,654</u></u>	<u><u>1,493,756</u></u>	<u><u>1,365,826</u></u>
(b) By type of customer				
Domestic non-bank financial institutions:				
- Others	903	-	903	-
Domestic business enterprises:				
- Small and medium enterprises	233,752	244,580	233,752	244,580
- Others	280,224	275,051	280,224	275,051
Individuals	941,210	806,780	941,210	806,780
Foreign entities	480,666	558,957	37,668	39,416
	<u>1,936,755</u>	<u>1,885,368</u>	<u>1,493,757</u>	<u>1,365,827</u>
(c) By geographical distribution				
In Malaysia	1,493,757	1,365,827	1,493,757	1,365,827
Outside Malaysia:				
- Thailand operations	306,566	384,931	-	-
- Indonesia operations	118,607	118,223	-	-
- Vietnam operations	17,825	16,387	-	-
	<u>1,936,755</u>	<u>1,885,368</u>	<u>1,493,757</u>	<u>1,365,827</u>
(d) By interest rate sensitivity				
Fixed rate:				
- Other fixed rate loans	1,630,188	1,500,436	1,493,756	1,365,826
Variable rate:				
- Base rate plus	306,567	384,932	1	1
	<u>1,936,755</u>	<u>1,885,368</u>	<u>1,493,757</u>	<u>1,365,827</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (cont'd)

11 Loans and Advances (cont'd)

	Group		Bank	
	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
(e) By purpose				
Purchase of securities	1,936,524	1,885,113	1,493,526	1,365,572
Purchase of landed property:				
- Residential	231	255	231	255
	<u>1,936,755</u>	<u>1,885,368</u>	<u>1,493,757</u>	<u>1,365,827</u>
(f) By economic sector				
Agriculture, hunting, forestry and fishing	4,310	452	1,193	452
Mining and quarrying	76	76	76	76
Manufacturing	9,139	4,418	9,139	4,418
Electricity, gas and water	295	295	295	295
Construction	7,819	2,189	7,819	2,189
Wholesale, retail trade, restaurant and hotel	7,199	2,076	7,199	2,076
Transport, storage and communication	4,496	4,696	4,496	4,696
Finance, insurance, real estate and business services	513,072	514,667	482,163	504,551
Education, health and others	2,499	2,499	2,499	2,499
Household sector	1,387,850	1,354,000	978,878	844,575
	<u>1,936,755</u>	<u>1,885,368</u>	<u>1,493,757</u>	<u>1,365,827</u>
(g) By remaining contractual maturities				
Maturity within one year	1,936,524	1,885,113	1,493,526	1,365,572
One year to three years	-	12	-	12
Over five years	231	243	231	243
	<u>1,936,755</u>	<u>1,885,368</u>	<u>1,493,757</u>	<u>1,365,827</u>
(h) By stages				
Group	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
30 June 2023	RM'000	RM'000	RM'000	RM'000
Balance as at the beginning of the financial year	1,873,634	21	11,713	1,885,368
Transfer to 12-month ECL (Stage 1)	15,398	(7,343)	(8,055)	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(8,681)	8,692	(11)	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(8,067)	-	8,067	-
Addition and origination	1,571,303	-	-	1,571,303
Derecognition	(1,548,235)	(1)	-	(1,548,236)
Exchange differences and other movements	27,471	-	849	28,320
Balance as at the end of the financial period	<u>1,922,823</u>	<u>1,369</u>	<u>12,563</u>	<u>1,936,755</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (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 2022	RM'000	RM'000	RM'000	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)	13,499	(13,465)	(34)	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(13,475)	13,475	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(9)	-	9	-
Addition and origination	3,766,473	-	-	3,766,473
Derecognition	(3,571,466)	(5)	-	(3,571,471)
Exchange differences and other movements	(2,827)	-	730	(2,097)
Balance as at the end of the financial year	<u>1,873,634</u>	<u>21</u>	<u>11,713</u>	<u>1,885,368</u>

Bank

30 June 2023

Balance as at the beginning of the financial year	1,365,811	16	-	1,365,827
Transfer to 12-month ECL (Stage 1)	15,393	(7,338)	(8,055)	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(8,681)	8,692	(11)	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(8,067)	-	8,067	-
Addition and origination	1,235,697	-	-	1,235,697
Derecognition	(1,107,766)	(1)	-	(1,107,767)
Balance as at the end of the financial period	<u>1,492,387</u>	<u>1,369</u>	<u>1</u>	<u>1,493,757</u>

Bank

31 December 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)	13,499	(13,465)	(34)	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(13,471)	13,471	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(9)	-	9	-
Addition and origination	2,164,006	-	-	2,164,006
Derecognition	(2,146,352)	(5)	-	(2,146,357)
Balance as at the end of the financial year	<u>1,365,811</u>	<u>16</u>	<u>-</u>	<u>1,365,827</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (cont'd)

11 Loans and Advances (cont'd)

	Group		Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
(i) Impaired loans and advances				
(i) By purpose				
Purchase of securities	12,563	11,713	1	-
(ii) By economic sector				
Household sector	12,563	11,713	1	-
(iii) By geographical distribution				
In Malaysia	1	-	1	-
Outside Malaysia:				
- Thailand	12,562	11,713	-	-
	12,563	11,713	1	-
(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 2023				
Balance as at the beginning of the financial year	1	-	11,713	11,714
Exchange differences and other movements	-	-	849	849
Balance as at the end of the financial period	1	-	12,562	12,563
Group				
31 December 2022				
Balance as at the beginning of the financial year	1	-	10,983	10,984
Exchange differences and other movements	-	-	730	730
Balance as at the end of the financial year	1	-	11,713	11,714

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (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 2023				
Balance as at the beginning/end of the financial year/period	1	-	-	1
Bank				
31 December 2022				
Balance as at the beginning/end of the financial year	1	-	-	1

12 Clients' and Brokers' Balances

	Group		Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Amounts owing by clients	436,932	508,535	315,434	405,428
Less: Allowance for ECL	(10,546)	(21,349)	(807)	(1,417)
	426,386	487,186	314,627	404,011
Amounts owing by brokers	48,454	54,012	45,961	53,234
Amounts owing by clearing houses and stock exchanges	269,947	199,942	235,921	184,049
	744,787	741,140	596,509	641,294

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (cont'd)

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

Movement in allowance for ECL

	Group		Bank	
	As at	As at	As at	As at
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
(a) Non-credit impaired				
Balance as at the beginning of the financial year	1	47	1	47
Transferred to credit impaired	(2)	(49)	(2)	(49)
Allowance for ECL	5	3	5	3
Balance as at the end of the financial period/year	4	1	4	1
(b) Credit impaired				
Balance as at the beginning of the financial year	21,348	23,498	1,416	2,899
Transferred from non-credit impaired	2	49	2	49
Allowance for ECL	24	2,109	24	2,109
Derecognition	(5,747)	(1,888)	(639)	(1,568)
Amount written off	(6,593)	(2,073)	-	(2,073)
Exchange differences	1,508	(347)	-	-
Balance as at the end of the financial period/year	10,542	21,348	803	1,416

13 Other Assets

	Group		Bank	
	As at	As at	As at	As at
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Other receivables	53,153	44,589	24,291	15,607
Unit trust fee receivables	20,183	19,520	-	-
Management fee receivables	3,928	3,169	-	-
Deposits	5,651	6,334	2,343	2,641
Prepayments	20,328	12,309	10,841	7,701
Amount receivable for release of units from funds	249,658	56,073	-	-
Transferable memberships	262	262	262	262
Amount due from subsidiaries	-	-	460	36,937
Amount due from related companies	419	660	419	597
	353,582	142,916	38,616	63,745

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (cont'd)

14 Deposits from Customers

	Group and Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
(a) By type of deposits		
Short-term deposits	1,426,063	1,289,098
(b) By type of customers		
Government and statutory bodies	293,000	150,290
Business enterprises	1,133,063	1,138,808
	1,426,063	1,289,098
(c) By maturity structure of the deposits		
Due within six months	1,426,063	1,289,098

15 Deposits and Placements of Banks and Other Financial Institutions

	Group and Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Licensed bank	3,152,289	1,918,878

16 Other Liabilities

	Group		Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Other creditors and accruals	119,564	146,970	62,117	89,169
Contract liabilities	5,744	5,957	1,668	1,637
Remisiers' trust deposits	89,882	94,266	89,882	94,266
Cash collateral pledged for derivative transactions	11,230	-	11,230	-
Amount payable for creation of units due to funds	18,981	203,132	-	-
Amount payable for redemption units	316,204	82,211	-	-
Short-term employee benefits	29,580	49,690	18,018	33,271
Puttable financial instruments	9,961	-	-	-
Amount due to holding company	9,180	16,896	6,466	11,768
Amount due to subsidiaries	-	-	4	53
Amount due to related companies	118	572	64	71
	610,444	599,694	189,449	230,235

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (cont'd)

	2nd Quarter Ended		Six Months Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM'000	RM'000	RM'000	RM'000
17 Interest Income				
<u>Group</u>				
Loans and advances	27,693	22,153	53,921	45,332
Money at call and deposit placements with banks and other financial institutions	30,378	15,846	57,573	30,194
Financial assets at FVTPL	228	-	228	16
Financial assets at FVOCI, debt instruments	1,524	4,023	3,614	8,637
Financial investments at amortised costs	8,949	9,642	17,395	19,207
Others	2,462	937	4,983	2,181
	<u>71,234</u>	<u>52,601</u>	<u>137,714</u>	<u>105,567</u>
Of which:				
Interest income accrued on impaired financial assets	<u>838</u>	<u>859</u>	<u>1,781</u>	<u>1,670</u>
<u>Bank</u>				
Loans and advances	18,779	15,558	36,105	31,785
Money at call and deposit placements with banks and other financial institutions	26,423	12,962	49,660	24,507
Financial assets at FVTPL	-	-	-	16
Financial assets at FVOCI, debt instrument	1,582	4,023	3,616	8,635
Financial investments at amortised costs	8,949	9,642	17,395	19,207
Others	1,764	448	3,535	1,166
	<u>57,497</u>	<u>42,633</u>	<u>110,311</u>	<u>85,316</u>
Of which:				
Interest income accrued on impaired financial assets	<u>-</u>	<u>1</u>	<u>-</u>	<u>3</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (cont'd)

	2nd Quarter Ended		Six Months Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM'000	RM'000	RM'000	RM'000
18 Interest Expense				
<u>Group</u>				
Deposits and placements of banks and other financial institutions	26,077	10,151	43,030	21,531
Deposits from customers	10,990	8,993	24,077	17,623
Obligations on securities sold under repurchase agreements	2,839	1,765	7,349	1,765
Subordinated obligations	1,110	2,444	2,207	4,860
Borrowings	11,436	4,165	22,109	7,664
Others	346	453	691	946
	52,798	27,971	99,463	54,389
<u>Bank</u>				
Deposits and placements of banks and other financial institutions	26,077	10,151	43,030	21,531
Deposits from customers	10,990	8,993	24,077	17,623
Obligations on securities sold under repurchase agreements	2,839	1,765	7,349	1,765
Subordinated obligations	1,110	2,444	2,207	4,860
Others	89	90	155	182
	41,105	23,443	76,818	45,961

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (cont'd)

	2nd Quarter Ended		Six Months Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM'000	RM'000	RM'000	RM'000
19 Fee and Commission Income				
(a) By type of fee income				
<u>Group</u>				
Brokerage income	38,912	45,593	85,573	104,786
Fund management fees	56,750	60,860	112,913	123,307
Unit trust fee income	6,150	7,334	13,781	18,782
Corporate advisory fees	6,033	3,597	11,356	6,786
Arrangement fees and underwriting	865	290	1,916	1,236
Placement fees	1,170	568	2,474	1,287
Rollover fees	931	1,022	1,835	2,089
Commission	916	894	2,441	1,520
Service charges and fees	397	439	745	842
Other fee income	14,380	15,234	23,911	27,144
	126,504	135,831	256,945	287,779
<u>Bank</u>				
Brokerage income	31,166	33,634	68,667	77,119
Corporate advisory fees	4,840	3,550	9,655	6,607
Arrangement fees and underwriting	576	290	785	308
Placement fees	1,170	568	2,474	1,287
Rollover fees	931	1,022	1,835	2,089
Commission	131	191	271	397
Service charges and fees	248	290	469	557
Other fee income	9,943	11,108	15,336	18,345
	49,005	50,653	99,492	106,709

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (cont'd)

	2nd Quarter Ended		Six Months Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	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	114,862	121,077	232,124	254,883
Thailand	4,653	6,930	10,446	17,746
Indonesia	5,426	5,917	11,352	12,186
Singapore	989	1,663	2,072	2,302
Cambodia	539	218	885	579
Vietnam	35	26	66	62
Hong Kong	-	-	-	21
	126,504	135,831	256,945	287,779
<u>Bank</u>				
Malaysia	49,005	50,653	99,492	106,709
(c) By timing of fee income recognition				
<u>Group</u>				
At a point in time	66,082	71,191	137,096	157,516
Over time	60,422	64,640	119,849	130,263
	126,504	135,831	256,945	287,779
<u>Bank</u>				
At a point in time	48,171	49,213	97,663	104,408
Over time	834	1,440	1,829	2,301
	49,005	50,653	99,492	106,709
20 Fee and Commission Expense				
<u>Group</u>				
Fund management fees	22,709	25,474	45,048	50,835
Unit trust fees	5,515	7,211	13,135	18,827
Commission and incentives	4,021	4,091	7,318	8,113
	32,245	36,776	65,501	77,775
<u>Bank</u>				
Commission and incentives	2,058	1,730	3,491	3,293

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (cont'd)

	2nd Quarter Ended		Six Months Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM'000	RM'000	RM'000	RM'000
21 Other Operating Income				
<u>Group</u>				
(a) Net gain/(loss) arising from financial assets at FVTPL				
- net loss on disposal	(2,127)	(9,698)	(9,437)	(20,738)
- unrealised net gain/(loss) on revaluation	15,143	(5,114)	30,643	(4,771)
- gross dividend income	6,179	1,006	27,577	3,754
	<u>19,195</u>	<u>(13,806)</u>	<u>48,783</u>	<u>(21,755)</u>
(b) Net gain arising from derivatives	<u>8,527</u>	<u>21,188</u>	<u>25,206</u>	<u>36,339</u>
(c) Net gain/(loss) arising from fair value hedge	<u>31</u>	<u>(278)</u>	<u>114</u>	<u>(278)</u>
(d) Net gain arising from financial assets at FVOCI, debt instruments				
- net gain on disposal	<u>417</u>	<u>204</u>	<u>550</u>	<u>277</u>
(e) Gross dividend income from financial assets at FVOCI, equity instruments	<u>262</u>	<u>234</u>	<u>262</u>	<u>234</u>
(f) Other income				
- net foreign exchange gain	12,869	6,706	16,208	11,354
- net gain on disposal of property, plant and equipment	69	-	69	-
- gain on modification of right-of-use assets	5	4	34	4
- other operating income	5,382	3,217	11,163	6,786
	<u>18,325</u>	<u>9,927</u>	<u>27,474</u>	<u>18,144</u>
	<u>46,757</u>	<u>17,469</u>	<u>102,389</u>	<u>32,961</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (cont'd)

	2nd Quarter Ended		Six Months Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM'000	RM'000	RM'000	RM'000
21 Other Operating Income (cont'd)				
<u>Bank</u>				
(a) Net gain/(loss) arising from financial assets at FVTPL				
- net gain/(loss) on disposal	4,683	(5,670)	2,774	(16,504)
- unrealised net loss on revaluation	(2,971)	(10,871)	(1,179)	(8,902)
- gross dividend income	94	232	142	567
	<u>1,806</u>	<u>(16,309)</u>	<u>1,737</u>	<u>(24,839)</u>
(b) Net gain arising from derivatives	<u>592</u>	<u>15,292</u>	<u>7,203</u>	<u>27,830</u>
(c) Net gain/(loss) arising from fair value hedge	<u>31</u>	<u>(278)</u>	<u>114</u>	<u>(278)</u>
(d) Net gain arising from financial assets at FVOCI, debt instruments				
- net gain on disposal	<u>417</u>	<u>204</u>	<u>550</u>	<u>277</u>
(e) Gross 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>3,600</u>	<u>3,700</u>	<u>3,600</u>	<u>3,700</u>
(g) Other income				
- net foreign exchange gain	11,400	6,288	14,844	10,900
- gain on modification of right-of-use assets	5	-	5	-
- gain on liquidation of subsidiary	-	-	48	-
- other operating income	3,025	2,782	8,070	6,098
	<u>14,430</u>	<u>9,070</u>	<u>22,967</u>	<u>16,998</u>
	<u>21,056</u>	<u>11,859</u>	<u>36,351</u>	<u>23,868</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (cont'd)

	2nd Quarter Ended		Six Months Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM'000	RM'000	RM'000	RM'000
22 Other Operating Expenses				
<u>Group</u>				
<u>Personnel costs</u>				
- Salaries, bonus, wages and allowances	63,040	63,477	127,931	125,409
- Defined contribution plan	7,410	7,386	15,521	14,172
- Share-based payment expenses	414	-	829	-
- Other staff related costs	6,360	6,530	13,136	14,726
	77,224	77,393	157,417	154,307
<u>Establishment costs</u>				
- Property, plant and equipment				
- Depreciation	3,296	3,101	6,641	6,272
- Written off	1	13	6	83
- Amortisation of other intangible assets	2,969	2,939	5,882	5,980
- Depreciation of right-of-use assets	2,651	2,716	5,348	5,405
- Information technology expenses	13,478	12,429	27,107	24,793
- Security and escorting charges	156	113	297	245
- Repair and maintenance	842	737	1,615	1,318
- Rental of premises	2,892	3,001	5,710	5,973
- Water and electricity	801	784	1,586	1,497
- Rental of equipment	10	14	20	25
- Insurance	1,453	1,049	3,034	1,966
- Others	1,174	1,368	2,581	3,088
	29,723	28,264	59,827	56,645
<u>Marketing expenses</u>				
- Advertisements and publicity	1,376	1,177	3,045	2,501
- Sales commission	154	433	318	1,031
- Others	1,737	1,199	3,271	2,518
	3,267	2,809	6,634	6,050
<u>Administration and general expenses</u>				
- Communication expenses	6,172	6,108	12,118	11,761
- Legal and professional fees	3,656	1,251	5,953	2,775
- Management fee	4,355	4,424	7,865	8,280
- Others	5,825	5,821	11,364	10,954
	20,008	17,604	37,300	33,770
	130,222	126,070	261,178	250,772

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	2nd Quarter Ended		Six Months Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	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	36,745	37,246	75,342	73,214
- Defined contribution plan	5,536	5,545	11,610	10,440
- Share-based payment expenses	342	-	685	-
- Other staff related costs	2,644	2,616	7,635	6,792
	45,267	45,407	95,272	90,446
<u>Establishment costs</u>				
- Property, plant and equipment				
- Depreciation	1,634	1,618	3,398	3,352
- Written off	-	-	5	26
- Amortisation of other intangible assets	1,927	1,907	3,814	4,017
- Depreciation of right-of-use assets	1,121	1,256	2,319	2,509
- Information technology expenses	8,722	8,075	17,558	16,298
- Security and escorting charges	115	91	224	198
- Repair and maintenance	594	538	1,025	924
- Rental of premises	1,793	1,719	3,522	3,437
- Water and electricity	575	591	1,153	1,137
- Rental of equipment	5	10	9	13
- Insurance	919	611	1,935	1,217
- Others	1,174	1,368	2,581	3,088
	18,579	17,784	37,543	36,216
<u>Marketing expenses</u>				
- Advertisements and publicity	111	258	488	575
- Sales commission	7	40	94	136
- Others	580	506	1,218	1,087
	698	804	1,800	1,798
<u>Administration and general expenses</u>				
- Communication expenses	3,052	3,214	6,175	6,224
- Legal and professional fees	192	86	247	209
- Management fee	3,545	3,706	6,372	6,914
- Others	3,086	2,674	5,957	4,961
	9,875	9,680	18,751	18,308
	74,419	73,675	153,366	146,768

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	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
		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		(4,750)	(1,195)	(5,211)	741
Bad debts recovered		(5)	(18)	(5)	(91)
Bad debts written off		-	453	-	453
Financial investments at amortised costs	10(c)	(12)	-	(12)	-
Other financial assets		(1)	41	(11)	74
		<u>(4,768)</u>	<u>(719)</u>	<u>(5,239)</u>	<u>1,177</u>
<u>Bank</u>					
Allowance made/(written back) for expected credit losses on other receivables and clients' and brokers' balances		387	(934)	173	1,243
Bad debts recovered		(5)	(18)	(5)	(91)
Bad debts written off		-	453	-	453
Financial investments at amortised costs	10(c)	(12)	-	(12)	-
Other financial assets		(5)	12	11	13
		<u>365</u>	<u>(487)</u>	<u>167</u>	<u>1,618</u>
24 Impairment Loss on Other Non-financial Assets					
<u>Bank</u>					
Investments in subsidiaries		-	672	-	1,328

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (cont'd)

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 second quarter and six months ended 30 June by the weighted average number of outstanding ordinary shares during the financial period.

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Net profit attributable to equity holder (RM'000)				
- Continuing operations	28,755	10,618	65,427	27,310
- Discontinued operation	-	-	-	20,848
	28,755	10,618	65,427	48,158
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic earnings per share (sen)				
- Continuing operations	35.9	13.3	81.8	34.1
- Discontinued operation	-	-	-	26.1
	35.9	13.3	81.8	60.2

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (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 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
<u>Common Equity Tier I ('CET I')/ Tier I Capital</u>				
Share capital	1,220,000	1,220,000	1,220,000	1,220,000
Retained profits	719,142	761,563	385,927	426,746
Other reserves	125,779	74,947	1,370	685
FVOCI reserves	38,864	35,601	38,215	35,060
	2,103,785	2,092,111	1,645,512	1,682,491
Less:				
- Goodwill	(449,978)	(449,978)	(372,395)	(372,395)
- Investments in subsidiaries	-	-	(699,314)	(699,324)
- Investments in associates and joint venture	(4,785)	(4,721)	(5,028)	(5,028)
- Other intangible assets	(43,020)	(41,954)	(25,538)	(25,592)
- 55% of cumulative gains arising from change in value of FVOCI financial instruments	(21,375)	(19,581)	(21,018)	(19,283)
- Deferred tax assets	(22,135)	(21,793)	(14,585)	(13,300)
Total CET I Capital	1,562,492	1,554,084	507,634	547,569
Qualifying non-controlling interests recognised as Tier I Capital	1,124	1,104	-	-
Total Tier I Capital	1,563,616	1,555,188	507,634	547,569
<u>Tier II Capital</u>				
Subordinated obligations meeting all relevant criteria	100,000	100,000	100,000	100,000
Qualifying non-controlling interests recognised as Tier II Capital	85	83	-	-
General provision ^	30,664	25,412	9,448	7,933
Total Tier II Capital	130,749	125,495	109,448	107,933
Total Capital	1,694,365	1,680,683	617,082	655,502

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (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 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	35.710%	38.815%	27.480%	31.348%
Tier I Capital Ratio	35.736%	38.842%	27.480%	31.348%
Total Capital Ratio	38.724%	41.976%	33.405%	37.528%
After proposed dividends:				
CET I Capital Ratio	35.710%	37.815%	27.480%	29.058%
Tier I Capital Ratio	35.736%	37.843%	27.480%	29.058%
Total Capital Ratio	38.724%	40.977%	33.405%	35.238%

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

Includes the qualifying regulatory reserves of the Group and the Bank of RM29,947,000 (31 December 2022: RM24,741,000) and RM9,351,000 (31 December 2022: RM7,850,000) respectively.

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

	Group		Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Credit risk	2,453,081	2,032,947	755,821	634,603
Market risk	377,301	368,264	205,629	188,204
Operational risk	1,545,136	1,602,662	885,826	923,914
Total risk-weighted assets	4,375,518	4,003,873	1,847,276	1,746,721

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 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
Principal amount				
Direct credit substitutes [#]	-	-	42,560	30,660
Forward assets purchases	207,606	-	207,606	-
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	388,956	904,157	388,956	904,157
Irrevocable commitments to extend credit:				
- maturity not exceeding one year	1,057,777	1,007,743	728,166	732,487
- maturity exceeding one year	22	22	22	22
Equity related contracts: [^]				
- less than one year	100	110	100	110
Foreign exchange related contracts: [^]				
- less than one year	444,232	106,289	303,436	39,807
Interest rate related contracts: [^]				
- less than one year	160,000	160,000	160,000	160,000
	2,258,693	2,178,321	1,830,846	1,867,243

[#] Included in direct credit substitutes is financial guarantee contract of RM42,560,000 (2022: RM30,660,000) to external party for our subsidiary.

[^] 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 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
Authorised and contracted for:				
Property, plant and equipment	25,773	28,242	17,251	19,679

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (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 Events 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 disclosed below.

(a) Dissolution of KE-ZAN Nominees (Asing) Sdn Bhd ('KE-ZAN')

KE-ZAN, a direct wholly-owned subsidiary of the Bank has been dissolved on 11 August 2023 pursuant to Section 459(5) of the Companies Act 2016. Arising therefrom, KE-ZAN is no longer a direct wholly-owned subsidiary of the Bank.

(b) Dissolution of RHB GC-Millennium Capital Pte. Ltd. ('RHB-GC')

RHB-GC, an indirect joint venture of the Bank, which held a 40% equity interest has been dissolved on 2 August 2023 pursuant to Section 180(6) of the Insolvency, Restructuring and Dissolution Act 2018 (No. 40 of 2018). Arising therefrom, RHB-GC is no longer an indirect joint venture of the Bank.

31 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 2023, other than as disclosed below.

During the financial quarter, RHB Asset Management Sdn Bhd ("RHBAM"), a wholly-owned subsidiary of the Bank, has acquired effective control in RHB Dana Hazeem Fund and RHB Smart Income Fund (collectively known as "Funds"), by virtue of its holdings in the units issued by the Funds.

The Group has consolidated the Funds in accordance with MFRS 10 "Consolidated Financial Statements" as a subsidiary of the Bank with effective equity interest of 50.65% and 50.55% respectively as at the end of the financial quarter.

32 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:

	As at 30 June 2023	Group and Bank As at 31 December 2022
Outstanding credit exposures with connected parties (RM'000)	254,260	333,560
Percentage of outstanding credit exposures with connected parties as proportion of total credit exposures	3.51%	5.00%
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.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (cont'd)

33 Changes in Profit for the Quarter

For the current financial quarter ended 30 June 2023, the Group recorded a pre-tax profit of RM34.0 million, 19.4% lower as compared to the immediate preceding quarter pre-tax profit of RM42.2 million. The decrease in profit is contributed by lower other operating income of RM8.9 million, lower net fee and commission income of RM2.9 million and lower net interest income of RM1.4 million; partially offset by higher allowance written back for expected credit losses of RM4.3 million and lower other operating expenses of RM0.7 million.

34 Performance Review

For the six months ended 30 June 2023, the Group recorded a pre-tax profit of RM76.2 million, 80.6% higher as compared to the previous corresponding financial period of RM42.2 million, excluding pre-tax profit from discontinued operation of RM24.6 million. The increase in profit is contributed by higher other operating income of RM69.4 million, higher allowance written back for expected credit losses of RM6.4 million and higher share of results of associates of RM0.1 million; partially offset with lower net fee and commission income of RM18.6 million, lower net interest income of RM12.9 million and higher other operating expenses of RM10.4 million.

35 Prospects for Financial Year 2023

Malaysia is expected to sustain its economic growth momentum throughout the remainder of the year, anchored by resilient domestic demand. This is underpinned by robust household spending on the back of healthy labour market conditions, revival of tourism related activities and continued progress of multi-year infrastructure projects. However, the Group remains vigilant as the growth outlook is still subject to downside risks, mainly from escalation of geopolitical tensions, inflationary pressures, and slower economic expansion in major economies.

The banking sector will continue to play its role as one of the fundamental pillars supporting the country's economic growth. Prudent measures have been taken to create a sector which is well capitalised and sufficiently liquid, with adequate levels of provisioning capable of handling any external shocks. The present OPR rate is also expected to remain accommodative to support Malaysia's economy.

Given the challenging operating environment, the Group intends to remain resilient, deliver sustainable value while maintaining its robust fundamentals for the rest of the current year. We remain focused on our three-year strategy, TWP24 which aims at achieving quality growth, driving service excellence and improving efficiency.

36 Client Trust Accounts

In accordance with Financial Reporting Standards Implementation Committee Consensus 18 'Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad' ('FRSIC 18'), the cash held in trust for clients by the Group and the Bank amounted to RM2,763,210,000 (31 December 2022: RM2,920,798,000) and RM2,329,337,000 (31 December 2022: RM2,505,651,000) 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 2023 (cont'd)

37 Fair Value of Financial Instruments

Determination of fair value and fair value hierarchy

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

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

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

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

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

Group	Level 1	Level 2	Level 3	Total
30 June 2023	RM'000	RM'000	RM'000	RM'000
<u>Financial assets</u>				
Financial assets at FVTPL	137,275	17,336	760,919	915,530
- quoted securities	137,275	-	-	137,275
- unquoted securities	-	17,336	760,919	778,255
Financial assets at FVOCI	2,574	170,312	40,829	213,715
- money market instruments	-	100,463	-	100,463
- quoted securities	2,574	-	-	2,574
- unquoted securities	-	69,849	40,829	110,678
Derivative assets	-	22,482	-	22,482
	139,849	210,130	801,748	1,151,727
<u>Financial liabilities</u>				
Derivative liabilities	21,262	217	-	21,479
Puttable financial instruments	9,961	-	-	9,961
	31,223	217	-	31,440
<u>Group</u>				
31 December 2022	Level 1	Level 2	Level 3	Total
31 December 2022	RM'000	RM'000	RM'000	RM'000
<u>Financial assets</u>				
Financial assets at FVTPL	190,542	2	689,484	880,028
- quoted securities	190,542	-	-	190,542
- unquoted securities	-	2	689,484	689,486
Financial assets at FVOCI	2,438	238,790	38,808	280,036
- money market instruments	-	169,591	-	169,591
- quoted securities	2,438	-	-	2,438
- unquoted securities	-	69,199	38,808	108,007
Derivative assets	-	1,275	-	1,275
	192,980	240,067	728,292	1,161,339
<u>Financial liabilities</u>				
Derivative liabilities	16,917	2,829	-	19,746

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (cont'd)

37 Fair Value of Financial Instruments (cont'd)

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

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

Bank	Level 1	Level 2	Level 3	Total
30 June 2023	RM'000	RM'000	RM'000	RM'000
<u>Financial assets</u>				
Financial assets at FVTPL	84,423	46	-	84,469
- quoted securities	84,423	-	-	84,423
- unquoted securities	-	46	-	46
Financial assets at FVOCI	-	170,312	40,524	210,836
- money market instruments	-	100,463	-	100,463
- unquoted securities	-	69,849	40,524	110,373
Derivative assets	-	17,686	-	17,686
	84,423	188,044	40,524	312,991
<u>Financial liabilities</u>				
Derivative liabilities	19,418	10	-	19,428

Bank	Level 1	Level 2	Level 3	Total
31 December 2022	RM'000	RM'000	RM'000	RM'000
<u>Financial assets</u>				
Financial assets at FVTPL	71,820	2	-	71,822
- quoted securities	71,820	-	-	71,820
- unquoted securities	-	2	-	2
Financial assets at FVOCI	-	238,790	38,517	277,307
- money market instruments	-	169,591	-	169,591
- unquoted securities	-	69,199	38,517	107,716
Derivative assets	-	716	-	716
	71,820	239,508	38,517	349,845
<u>Financial liabilities</u>				
Derivative liabilities	10,231	46	-	10,277

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (cont'd)

37 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 unquoted 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 2023 and 31 December 2022 for the Group and the Bank:

	Group		Bank	
	As at	As at	As at	As at
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
<u>Financial assets at FVTPL</u>				
Balance as at the beginning of the financial year	689,484	626,663	-	-
Total gain recognised in income statements	32,144	22,504	-	-
Additions	19,562	8,095	-	-
Distributions	(21,303)	(3,915)	-	-
Exchange differences	41,032	36,137	-	-
Balance as at the end of the financial period/year	760,919	689,484	-	-

	Group		Bank	
	As at	As at	As at	As at
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
<u>Financial assets at FVOCI</u>				
Balance as at the beginning of the financial year	38,808	36,961	38,517	36,670
Total gain recognised in other comprehensive income	2,007	1,847	2,007	1,847
Exchange differences	14	-	-	-
Balance as at the end of the financial period/year	40,829	38,808	40,524	38,517

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (cont'd)

38 Segment Reporting

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

The 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.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (cont'd)

38 Segment Reporting (cont'd)

Segment Profit and Loss for the Six Months Ended 30 June 2023

Group	Continuing Operations				Total
	Investment		Asset	Others and	
	Banking		Treasury	Management	
	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	225,302	23,483	83,299	-	332,084
Inter-segment revenue	1,814	-	(363)	(1,451)	-
Segment revenue	227,116	23,483	82,936	(1,451)	332,084
Other operating expenses	(198,604)	(7,154)	(56,871)	1,451	(261,178)
Including:					
Depreciation of property, plant and equipment	(5,962)	(37)	(642)	-	(6,641)
Depreciation of right-of-use assets	(4,696)	(46)	(606)	-	(5,348)
Amortisation of other intangible assets	(4,881)	-	(1,001)	-	(5,882)
Allowance written back/(made) for expected credit losses	5,234	9	(4)	-	5,239
	33,746	16,338	26,061	-	76,145
Share of results of associates					64
Profit before taxation					76,209
Taxation					(10,185)
Net profit for the financial period					66,024

Segment Assets and Liabilities as at 30 June 2023

Group					Total
	Investment		Asset	Others and	
	Banking		Treasury	Management	
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	4,565,434	4,305,188	731,900	(740,836)	8,861,686
Goodwill	306,611	-	143,367	-	449,978
Investments in associates and joint venture					4,785
Tax recoverable					39,512
Deferred tax assets					17,170
Total assets					9,373,131
Segment liabilities	1,070,424	4,944,741	396,274	(7,766)	6,403,673
Tax liabilities					3,584
Borrowings					652,850
Subordinated obligations					101,085
Total liabilities					7,161,192

RHB INVESTMENT BANK BERHAD
Incorporated in Malaysia
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (cont'd)

38 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 Including:	(191,661)	(6,957)	(54,203)	2,049	(250,772)	(721)	(251,493)
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 31 December 2022

Group	Investment Banking	Treasury	Asset Management	Others and Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	4,519,806	3,457,478	701,306	(780,573)	7,898,017
Goodwill	306,611	-	143,367	-	449,978
Investments in associates and joint venture					4,721
Tax recoverable					36,172
Deferred tax assets					16,875
Total assets					8,405,763
Segment liabilities	1,087,726	3,985,697	383,623	(46,815)	5,410,231
Tax liabilities					6,061
Borrowings					755,916
Subordinated obligations					101,097
Total liabilities					6,273,305