

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

INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	Group		Bank	
		As at	As at	As at	As at
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		2,081,604	2,678,203	1,678,243	2,149,479
Deposits and placements with banks and other financial institutions		223,130	198,012	-	-
Financial assets at fair value through profit or loss ('FVTPL')	8	985,113	880,028	136,475	71,822
Financial assets at fair value through other comprehensive income ('FVOCI')	9	511,048	280,036	505,784	277,307
Financial investments at amortised costs	10	900,011	957,408	900,011	957,408
Loans and advances	11	1,876,945	1,873,654	1,436,958	1,365,826
Clients' and brokers' balances	12	1,203,013	741,140	1,108,739	641,294
Other assets	13	122,421	142,916	82,492	63,745
Derivative assets		6,022	1,275	5,621	716
Statutory deposits		58,201	44,381	53,700	40,100
Tax recoverable		37,591	36,172	37,196	31,382
Deferred tax assets		20,944	16,875	12,391	8,381
Investments in subsidiaries		-	-	715,344	699,324
Investments in associates and joint venture		13,139	4,721	5,028	5,028
Investment property		3,357	-	-	-
Right-of-use assets		16,135	16,532	5,494	6,951
Property, plant and equipment		30,616	36,749	15,601	20,001
Goodwill and other intangible assets		497,986	497,661	402,401	403,716
TOTAL ASSETS		8,587,276	8,405,763	7,101,478	6,742,480
LIABILITIES AND EQUITY					
Deposits from customers	14	1,127,382	1,289,098	1,127,382	1,289,098
Deposits and placements of banks and other financial institutions	15	2,270,575	1,918,878	2,270,575	1,918,878
Obligations on securities sold under repurchase agreements		369,585	789,281	369,585	789,281
Clients' and brokers' balances		1,285,362	776,789	1,207,638	692,619
Other liabilities	16	508,082	599,694	200,141	230,235
Derivative liabilities		63,043	19,746	60,210	10,277
Tax liabilities		3,901	6,061	-	-
Lease liabilities		16,024	16,745	5,636	7,125
Borrowings		590,080	755,916	-	-
Subordinated obligations		101,097	101,097	101,097	101,097
TOTAL LIABILITIES		6,335,131	6,273,305	5,342,264	5,038,610
Share capital		1,220,000	1,220,000	1,220,000	1,220,000
Reserves		1,021,387	901,877	539,214	483,870
		2,241,387	2,121,877	1,759,214	1,703,870
Non-controlling interests		10,758	10,581	-	-
TOTAL EQUITY		2,252,145	2,132,458	1,759,214	1,703,870
TOTAL LIABILITIES AND EQUITY		8,587,276	8,405,763	7,101,478	6,742,480
COMMITMENTS AND CONTINGENCIES	27	1,643,978	2,208,981	1,318,328	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
Incorporated in Malaysia
Registration No. 197401002639 (19663-P)

INTERIM FINANCIAL STATEMENTS
AUDITED INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Note	4th Quarter Ended		Twelve Months Ended	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
		RM'000	RM'000	RM'000	RM'000
Interest income	17	71,104	65,793	281,838	229,310
Interest expense	18	(48,185)	(41,598)	(197,854)	(130,372)
Net interest income		22,919	24,195	83,984	98,938
Fee and commission income	19	138,781	127,966	531,315	558,090
Fee and commission expense	20	(29,321)	(29,796)	(130,206)	(146,508)
Other operating income	21	24,992	22,573	169,159	92,972
		157,371	144,938	654,252	603,492
Other operating expenses	22	(136,423)	(119,632)	(530,118)	(498,849)
Operating profit before allowances		20,948	25,306	124,134	104,643
Allowance written back for expected credit losses	23	2,475	2,524	7,823	1,890
Impairment losses on other non-financial assets	24	-	(30)	-	(43)
		23,423	27,800	131,957	106,490
Share of results of associates		42	43	148	89
Share of results of joint venture		-	31	-	31
Profit before taxation		23,465	27,874	132,105	106,610
Taxation		4,257	(7,762)	(14,947)	(34,637)
Profit from continuing operations		27,722	20,112	117,158	71,973
Profit from discontinued operation attributable to equity holder		-	-	-	20,848
Net profit for the financial period/year		27,722	20,112	117,158	92,821
Profit attributable to:					
- Equity holder of the Bank	25	27,672	19,861	116,041	91,526
- Non-controlling interests		50	251	1,117	1,295
		27,722	20,112	117,158	92,821
Basic earnings per share (sen) attributable to equity holder of the Bank					
- Continuing operations	25	34.6	24.8	145.1	88.3
- Discontinued operation	25	-	-	-	26.1
		34.6	24.8	145.1	114.4

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

INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	4th Quarter Ended		Twelve Months Ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period/year	27,722	20,112	117,158	92,821
Other comprehensive income/(loss):				
(a) Items that will not be reclassified to income statements:				
(i) Actuarial gain on defined benefit plan of subsidiaries	796	1,624	274	1,717
(ii) Financial assets at FVOCI, equity instruments:				
- Unrealised net gain on revaluation	66	103	2,328	2,139
- Net loss on disposal	-	-	(271)	-
(b) Items that will be reclassified subsequently to income statements:				
(i) Foreign currency translation reserves:				
- Currency translation differences	(5,537)	(27,316)	37,257	10,426
- Recycled to income statements on disposal of a subsidiary	-	-	-	(347)
(ii) Financial assets at FVOCI, debt instruments:				
- Unrealised net gain/(loss) on revaluation	887	2,165	2,116	(7,144)
Income tax relating to components of other comprehensive (income)/loss	(213)	(519)	(747)	1,945
Other comprehensive (loss)/income, net of tax, for the financial period/year	(4,001)	(23,943)	40,957	8,736
Total comprehensive income/(loss) for the financial period/year	23,721	(3,831)	158,115	101,557
Total comprehensive income/(loss) attributable to:				
- Equity holder of the Bank	23,496	(3,967)	156,823	100,249
- Non-controlling interests	225	136	1,292	1,308
	23,721	(3,831)	158,115	101,557
Total comprehensive income/(loss) attributable to:				
to equity holder of the Bank from:				
- Continuing operations	23,496	(3,967)	156,823	79,395
- Discontinued operation	-	-	-	20,854
	23,496	(3,967)	156,823	100,249

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
AUDITED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Bank	Note	4th Quarter Ended		Twelve Months Ended	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
		RM'000	RM'000	RM'000	RM'000
Interest income	17	56,742	53,681	225,941	186,414
Interest expense	18	(37,147)	(32,171)	(152,613)	(106,002)
Net interest income		19,595	21,510	73,328	80,412
Fee and commission income	19	68,010	53,035	224,985	213,144
Fee and commission expense	20	(3,567)	(2,126)	(11,380)	(8,167)
Other operating income	21	54,364	44,208	121,716	96,533
		138,402	116,627	408,649	381,922
Other operating expenses	22	(83,969)	(67,588)	(315,076)	(288,738)
Operating profit before allowances		54,433	49,039	93,573	93,184
Allowance written back for expected credit losses	23	2,348	2,311	1,958	1,080
Impairment losses on other non-financial assets	24	-	(24,576)	(3,970)	(26,398)
Profit before taxation		56,781	26,774	91,561	67,866
Taxation		7,367	(5,344)	(1,706)	(22,060)
Net profit for the financial period/year		64,148	21,430	89,855	45,806

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
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INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Bank	4th Quarter Ended		Twelve Months Ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period/year	64,148	21,430	89,855	45,806
Other comprehensive income/(loss):				
(a) Items that will not be reclassified to income statement:				
(i) Financial assets at FVOCI, equity instruments:				
- Unrealised net gain on revaluation	-	(1)	2,007	1,847
- Net loss on disposal	-	-	(271)	-
(b) Items that will be reclassified subsequently to income statement:				
(i) Financial assets at FVOCI, debt instruments:				
- Unrealised net gain/(loss) on revaluation	887	2,165	2,116	(7,144)
Income tax relating to components of other comprehensive (income)/loss	(213)	(519)	(508)	1,715
Other comprehensive income/(loss), net of tax, for the financial period/year	674	1,645	3,344	(3,582)
Total comprehensive income for the financial period/year	64,822	23,075	93,199	42,224

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RHB INVESTMENT BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Attributable to 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 year		-	-	-	-	-	-	116,041	116,041	1,117	117,158
Foreign currency translation reserves:											
- Currency translation differences		-	-	-	-	37,141	-	-	37,141	116	37,257
Financial assets at FVOCI:											
- Equity instruments											
- Unrealised net gain on revaluation		-	-	2,264	-	-	-	-	2,264	64	2,328
- Net loss on disposal		-	-	-	-	-	-	(271)	(271)	-	(271)
- Debt instruments											
- Unrealised net gain on revaluation		-	-	2,116	-	-	-	-	2,116	-	2,116
Actuarial gain/(loss) on defined benefit plan of subsidiaries		-	-	-	-	-	-	277	277	(3)	274
Income tax relating to components of other comprehensive income		-	-	(508)	-	-	-	(237)	(745)	(2)	(747)
Other comprehensive income/(loss), net of tax, for the financial year		-	-	3,872	-	37,141	-	(231)	40,782	175	40,957
Total comprehensive income for the financial year		-	-	3,872	-	37,141	-	115,810	156,823	1,292	158,115
Share-based payment expenses		-	-	-	2,687	-	-	-	2,687	9	2,696
Transfer to regulatory reserves		-	-	-	-	-	4,988	(4,988)	-	-	-
Dividend paid	7	-	-	-	-	-	-	(40,000)	(40,000)	-	(40,000)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	(1,124)	(1,124)
Total transactions with owner		-	-	-	2,687	-	4,988	(44,988)	(37,313)	(1,115)	(38,428)
Balance as at 31 December 2023		1,220,000	515	39,473	3,514	110,746	34,754	832,385	2,241,387	10,758	2,252,145

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INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Attributable to Equity Holder of the Bank

<u>Group</u>	Share capital RM'000	Statutory reserves RM'000	FVOCI reserves RM'000	Capital contribution by ultimate holding company RM'000	Translation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total RM'000	Non- controlling interests RM'000	Total 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 year	-	-	-	-	-	-	91,526	91,526	1,295	92,821
Foreign currency translation reserves:										
- Currency translation differences	-	-	-	-	10,492	-	-	10,492	(66)	10,426
- Recycled to income statements on disposal of a subsidiary	-	-	-	-	(347)	-	-	(347)	-	(347)
Financial assets at FVOCI:										
- Equity instruments										
- Unrealised net gain on revaluation	-	-	2,081	-	-	-	-	2,081	58	2,139
- Debt instruments										
- Unrealised net loss on revaluation	-	-	(7,144)	-	-	-	-	(7,144)	-	(7,144)
Actuarial gain on defined benefit plan of subsidiary	-	-	-	-	-	-	1,698	1,698	19	1,717
Income tax relating to components of other comprehensive loss	-	-	1,715	-	-	-	228	1,943	2	1,945
Other comprehensive (loss)/income, net of tax, for the financial year	-	-	(3,348)	-	10,145	-	1,926	8,723	13	8,736
Total comprehensive (loss)/income for the financial year	-	-	(3,348)	-	10,145	-	93,452	100,249	1,308	101,557
Share-based payment expenses	-	-	-	827	-	-	-	827	3	830
Transfer from regulatory reserves	-	-	-	-	-	(705)	705	-	-	-
Dividend paid	-	-	-	-	-	-	(100,000)	(100,000)	-	(100,000)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(972)	(972)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(25)	(25)
Total transactions with owner	-	-	-	827	-	(705)	(99,295)	(99,173)	(994)	(100,167)
Balance as at 31 December 2022	1,220,000	515	35,601	827	73,605	29,766	761,563	2,121,877	10,581	2,132,458

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RHB INVESTMENT BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Non-Distributable				Distributable	
	Share capital	FVOCI reserves	Capital contribution by ultimate holding company	Regulatory reserves	Retained profits	Total
<u>Bank</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2023	1,220,000	35,060	685	21,379	426,746	1,703,870
Net profit for the financial year	-	-	-	-	89,855	89,855
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	-	2,116	-	-	-	2,116
Income tax relating to components of other comprehensive income	-	(508)	-	-	-	(508)
Other comprehensive income/(loss), net of tax, for the financial year	-	3,615	-	-	(271)	3,344
Total comprehensive income for the financial year	-	3,615	-	-	89,584	93,199
Share-based payment expenses	-	-	2,145	-	-	2,145
Transfer to regulatory reserves	-	-	-	6,607	(6,607)	-
Dividend paid	-	-	-	-	(40,000)	(40,000)
Total transactions with owner	-	-	2,145	6,607	(46,607)	(37,855)
Balance as at 31 December 2023	1,220,000	38,675	2,830	27,986	469,723	1,759,214

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INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	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	
Bank						
Balance as at 1 January 2022	1,220,000	38,642	-	21,030	481,289	1,760,961
Net profit for the financial year	-	-	-	-	45,806	45,806
Financial assets at FVOCI:						
- Equity instruments						
- Unrealised net gain on revaluation	-	1,847	-	-	-	1,847
- Debt instruments						
- Unrealised net loss on revaluation	-	(7,144)	-	-	-	(7,144)
Income tax relating to components of other comprehensive loss	-	1,715	-	-	-	1,715
Other comprehensive loss, net of tax, for the financial year	-	(3,582)	-	-	-	(3,582)
Total comprehensive (loss)/income for the financial year	-	(3,582)	-	-	45,806	42,224
Share-based payment expenses	-	-	685	-	-	685
Transfer to regulatory reserves	-	-	-	349	(349)	-
Dividend paid	-	-	-	-	(100,000)	(100,000)
Total transactions with owner	-	-	685	349	(100,349)	(99,315)
Balance as at 31 December 2022	1,220,000	35,060	685	21,379	426,746	1,703,870

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
 AUDITED STATEMENTS OF CASH FLOWS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	31 December 2023 RM'000	31 December 2022 RM'000
Group			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation:			
- Continuing operations		132,105	106,610
- Discontinued operation		-	24,646
		132,105	131,256
Adjustments for non-operating and non-cash items		(66,725)	(48,432)
Operating profit before working capital changes		65,380	82,824
Changes in working capital:			
Net changes in operating assets		(487,891)	(359,853)
Net changes in operating liabilities		263,828	(256,585)
Cash used in operations		(158,683)	(533,614)
Lease interest		(637)	(962)
Net tax paid		(23,219)	(51,814)
Net cash used in operating activities		(182,539)	(586,390)
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment:			
- Purchases		(6,148)	(13,038)
- Proceeds from disposal		173	109
Other intangible assets			
- Purchases		(12,463)	(12,995)
- Proceeds from disposal		7	-
Net (purchases of)/proceeds from financial assets at FVOCI and financial investments at amortised costs		(162,756)	838,511
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		46,933	59,472
Dividend income received from financial assets at FVTPL and FVOCI		29,947	9,328
Proceeds from disposal of a subsidiary, net of cash and cash equivalents received		-	26,652
Contingent consideration paid arising from disposal of a subsidiary	21	(138)	(136)
Acquisition of equity interest in associates		(8,269)	-
Net cash (used in)/generated from investing activities		(112,985)	907,903
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of subordinated obligations		-	100,000
Redemption of subordinated obligations		-	(200,000)
Subordinated obligations interest paid		(4,450)	(9,800)
Net (repayment)/drawdown of borrowings		(196,124)	199,493
Borrowings interest paid		(43,792)	(22,255)
Lease principal payment		(10,454)	(10,194)
Dividend paid to shareholder	7	(40,000)	(100,000)
Dividends paid to non-controlling interests		(1,124)	(972)
Net cash used in financing activities		(295,944)	(43,728)
Net (decrease)/increase in cash and cash equivalents		(591,468)	277,785
Effects of exchange rate differences		(5,099)	(2,621)
Cash and cash equivalents:			
- At the beginning of the financial year		2,678,737	2,403,573
- At the end of the financial year		2,082,170	2,678,737
ANALYSIS OF CASH AND CASH EQUIVALENTS:			
Cash and short-term funds before expected credit losses ('ECL')		2,082,170	2,678,737
Less: Allowance for ECL		(566)	(534)
Cash and short-term funds, net of ECL		2,081,604	2,678,203
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
 AUDITED STATEMENT OF CASH FLOWS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	31 December 2023 RM'000	31 December 2022 RM'000
Bank			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		91,561	67,866
Adjustments for non-operating and non-cash items		(79,179)	(41,332)
Operating profit before working capital changes		12,382	26,534
Changes in working capital:			
Net changes in operating assets		(624,468)	(21,312)
Net changes in operating liabilities		306,413	(39,379)
Cash used in operations		(305,673)	(34,157)
Lease interest		(245)	(315)
Net tax paid		(12,038)	(33,583)
Net cash used in operating activities		(317,956)	(68,055)
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment:			
- Purchases		(2,092)	(7,254)
- Proceeds from disposal		126	-
Other intangible assets			
- Purchases		(6,878)	(8,891)
- Proceeds from disposal		7	-
Net (purchases of)/proceeds from financial assets at FVOCI and financial investments at amortised costs		(162,756)	838,511
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		46,961	59,472
Dividend income received from financial assets at FVTPL and FVOCI		1,103	1,556
Dividend income received from subsidiaries		39,572	43,900
Subscription of redeemable preference shares issued by a subsidiary		(20,000)	(30,000)
Capital distributions from winding up subsidiaries		63	16,405
Contingent consideration paid arising from disposal of a subsidiary	21	(138)	(136)
Net cash (used in)/generated from investing activities		(104,303)	913,563
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of subordinated obligations		-	100,000
Redemption of subordinated obligations		-	(200,000)
Subordinated obligations interest paid		(4,450)	(9,800)
Lease principal payment		(4,524)	(4,881)
Dividend paid to shareholder	7	(40,000)	(100,000)
Net cash used in financing activities		(48,974)	(214,681)
Net (decrease)/increase in cash and cash equivalents		(471,233)	630,827
Cash and cash equivalents:			
- At the beginning of the financial year		2,149,517	1,518,690
- At the end of the financial year		1,678,284	2,149,517
ANALYSIS OF CASH AND CASH EQUIVALENTS:			
Cash and short-term funds before ECL		1,678,284	2,149,517
Less: Allowance for ECL		(41)	(38)
Cash and short-term funds, net of ECL		1,678,243	2,149,479

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

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1 Basis of Preparation

The interim financial statements are audited 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 financial year ended 31 December 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 financial year ended 31 December 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 financial year ended 31 December 2023.

7 Dividend Paid/Declared

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

	RM'000
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	<u>40,000</u>

The Directors proposed an interim single-tier dividend of 82.50 sen per ordinary share, amounting to RM66,000,000 in respect of the financial year ended 31 December 2023, which was approved by the Board of Directors on 22 January 2024.

The financial statements for the current financial year do not reflect this interim single-tier dividend. This dividend payment will be accounted for in the shareholder's equity as an appropriation of retained profits in the financial year ending 31 December 2024.

RHB INVESTMENT BANK BERHAD
Incorporated in Malaysia
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NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (cont'd)

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

	Group		Bank	
	As at 31 December 2023	As at 31 December 2022	As at 31 December 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government Securities	4,189	-	4,189	-
<u>Quoted securities:</u>				
In Malaysia				
Shares and exchange traded funds	132,769	36,970	130,126	36,970
Unit trusts	33,627	26,947	-	8,558
Outside Malaysia				
Shares	55,647	101,776	2,137	1,443
Unit trusts	-	24,849	-	24,849
<u>Unquoted securities:</u>				
In Malaysia				
Corporate bonds/Sukuk	25,546	2	23	2
Outside Malaysia				
Private equity funds	733,335	689,484	-	-
	985,113	880,028	136,475	71,822

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
		RM'000	RM'000	RM'000	RM'000
At fair value					
Debt instruments	(a)	465,260	238,790	465,260	238,790
Equity instruments	(b)	45,788	41,246	40,524	38,517
		<u>511,048</u>	<u>280,036</u>	<u>505,784</u>	<u>277,307</u>
(a) Debt instruments					
<u>Money market instruments:</u>					
Malaysian Government Securities		60,406	59,356	60,406	59,356
Malaysian Government Investment Issues		40,200	39,598	40,200	39,598
Sukuk Perumahan Kerajaan ('SPK')		-	70,637	-	70,637
<u>Unquoted securities:</u>					
In Malaysia					
Corporate bonds/Sukuk		309,778	15,242	309,778	15,242
Prasarana bonds		54,876	53,957	54,876	53,957
		<u>465,260</u>	<u>238,790</u>	<u>465,260</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	2,759	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	2,505	291	-	-
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	<u>45,788</u>	<u>41,246</u>	<u>40,524</u>	<u>38,517</u>
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NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (cont'd)

10 Financial Investments at Amortised Costs

	As at 31 December 2023 RM'000	Group and Bank As at 31 December 2022 RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government Securities	434,437	414,996
Malaysian Government Investment Issues	159,055	118,221
Khazanah bonds	14,621	14,061
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Corporate bonds/Sukuk	268,954	426,729
Loan stocks	21,505	22,652
Prasarana bonds	69,183	30,544
	967,755	1,027,203
Allowance for ECL	(67,744)	(69,795)
	900,011	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 RM365,796,000 (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	(2,051)	(1,987)
Balance as at the end of the financial year	67,744	69,795

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

	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
Group and Bank 31 December 2023					
Balance as at the beginning of the financial year		-	-	69,795	69,795
Net allowance written back	23	-	-	(2,051)	(2,051)
Balance as at the end of the financial year		-	-	67,744	67,744
Group and Bank 31 December 2022					
Balance as at the beginning of the financial year		-	-	71,782	71,782
Net allowance written back	23	-	-	(1,987)	(1,987)
Balance as at the end of the financial year		-	-	69,795	69,795

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (cont'd)

11 Loans and Advances

	Group		Bank	
	As at	As at	As at	As at
	31 December 2023	31 December 2022	31 December 2023	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	1,875,073	1,883,237	1,436,740	1,365,572
Staff loans	218	254	218	254
Other loans	1,654	1,876	-	-
Gross loans and advances	<u>1,876,946</u>	<u>1,885,368</u>	<u>1,436,959</u>	<u>1,365,827</u>
Less: Allowance for ECL	(1)	(11,714)	(1)	(1)
Net loans and advances	<u><u>1,876,945</u></u>	<u><u>1,873,654</u></u>	<u><u>1,436,958</u></u>	<u><u>1,365,826</u></u>
(b) By type of customer				
Domestic business enterprises:				
- Small and medium enterprises	263,837	244,580	263,837	244,580
- Others	180,530	275,051	180,530	275,051
Individuals	953,218	806,780	953,218	806,780
Foreign entities	479,361	558,957	39,374	39,416
	<u>1,876,946</u>	<u>1,885,368</u>	<u>1,436,959</u>	<u>1,365,827</u>
(c) By geographical distribution				
In Malaysia	1,436,959	1,365,827	1,436,959	1,365,827
Outside Malaysia:				
- Thailand operations	285,580	384,931	-	-
- Indonesia operations	138,474	118,223	-	-
- Vietnam operations	15,933	16,387	-	-
	<u>1,876,946</u>	<u>1,885,368</u>	<u>1,436,959</u>	<u>1,365,827</u>
(d) By interest rate sensitivity				
Fixed rate:				
- Other fixed rate loans	1,591,365	1,500,436	1,436,958	1,365,826
Variable rate:				
- Base rate plus	285,581	384,932	1	1
	<u>1,876,946</u>	<u>1,885,368</u>	<u>1,436,959</u>	<u>1,365,827</u>

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (cont'd)

11 Loans and Advances (cont'd)

	Group		Bank	
	As at 31 December 2023	As at 31 December 2022	As at 31 December 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
(e) By purpose				
Purchase of securities	1,876,727	1,885,113	1,436,740	1,365,572
Purchase of landed property:				
- Residential	219	255	219	255
	<u>1,876,946</u>	<u>1,885,368</u>	<u>1,436,959</u>	<u>1,365,827</u>
(f) By economic sector				
Agriculture, hunting, forestry and fishing	4,040	452	1,025	452
Mining and quarrying	76	76	76	76
Manufacturing	30,680	4,418	30,680	4,418
Electricity, gas and water	295	295	295	295
Construction	10,637	2,189	10,637	2,189
Wholesale, retail trade, restaurant and hotel	7,366	2,076	7,366	2,076
Transport, storage and communication	4,717	4,696	4,717	4,696
Finance, insurance, real estate and business services	414,881	514,667	387,072	504,551
Education, health and others	2,499	2,499	2,499	2,499
Household sector	1,401,755	1,354,000	992,592	844,575
	<u>1,876,946</u>	<u>1,885,368</u>	<u>1,436,959</u>	<u>1,365,827</u>
(g) By remaining contractual maturities				
Maturity within one year	1,876,727	1,885,113	1,436,740	1,365,572
One year to three years	-	12	-	12
Three years to five years	60	-	60	-
Over five years	159	243	159	243
	<u>1,876,946</u>	<u>1,885,368</u>	<u>1,436,959</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
31 December 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)	16,916	(8,803)	(8,113)	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(8,793)	8,804	(11)	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(8,124)	-	8,124	-
Addition and origination	3,373,647	-	-	3,373,647
Derecognition	(3,396,602)	(1)	-	(3,396,603)
Amount written off	-	-	(12,465)	(12,465)
Exchange differences and other movements	26,247	-	752	26,999
Balance as at the end of the financial year	<u>1,876,925</u>	<u>21</u>	<u>-</u>	<u>1,876,946</u>

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

31 December 2023

Balance as at the beginning of the financial year	1,365,811	16	-	1,365,827
Transfer to 12-month ECL (Stage 1)	16,911	(8,798)	(8,113)	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(8,793)	8,804	(11)	-
Transfer to Lifetime ECL credit impaired (Stage 3)	(8,124)	-	8,124	-
Addition and origination	2,793,782	-	-	2,793,782
Derecognition	(2,722,649)	(1)	-	(2,722,650)
Balance as at the end of the financial year	<u>1,436,938</u>	<u>21</u>	<u>-</u>	<u>1,436,959</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 AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (cont'd)

11 Loans and Advances (cont'd)

	Group		Bank	
	As at 31 December 2023	As at 31 December 2022	As at 31 December 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
(i) Impaired loans and advances				
(i) By purpose				
Purchase of securities	-	11,713	-	-
(ii) By economic sector				
Household sector	-	11,713	-	-
(iii) By geographical distribution				
Outside Malaysia:				
- Thailand	-	11,713	-	-
(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
31 December 2023				
Balance as at the beginning of the financial year	1	-	11,713	11,714
Amount written off	-	-	(12,465)	(12,465)
Exchange differences and other movements	-	-	752	752
Balance as at the end of the financial year	1	-	-	1
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 AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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				
31 December 2023				
Balance as at the beginning/end of the financial year	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 31 December 2023 RM'000	As at 31 December 2022 RM'000	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000
Amounts owing by clients	900,694	508,535	840,123	405,428
Less: Allowance for ECL	(2,409)	(21,349)	(585)	(1,417)
	<u>898,285</u>	<u>487,186</u>	<u>839,538</u>	<u>404,011</u>
Amounts owing by brokers	87,842	54,012	86,081	53,234
Amounts owing by clearing houses and stock exchanges	216,886	199,942	183,120	184,049
	<u>1,203,013</u>	<u>741,140</u>	<u>1,108,739</u>	<u>641,294</u>

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (cont'd)

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

Movement in allowance for ECL

	Group		Bank	
	As at 31 December 2023	As at 31 December 2022	As at 31 December 2023	As at 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	(6)	(49)	(6)	(49)
Allowance for ECL	6	3	6	3
Balance as at the end of the financial year	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
(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	6	49	6	49
Allowance for ECL	69	2,109	51	2,109
Derecognition	(6,052)	(1,888)	(889)	(1,568)
Amount written off	(14,252)	(2,073)	-	(2,073)
Exchange differences	1,289	(347)	-	-
Balance as at the end of the financial year	<u>2,408</u>	<u>21,348</u>	<u>584</u>	<u>1,416</u>

13 Other Assets

	Group		Bank	
	As at 31 December 2023	As at 31 December 2022	As at 31 December 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
Other receivables	59,491	44,589	29,680	15,607
Unit trust fee receivables	18,751	19,520	-	-
Management fee receivables	3,778	3,169	-	-
Deposits	5,532	6,334	2,321	2,641
Prepayments	12,110	12,309	6,527	7,701
Amount receivable for release of units from funds	18,354	56,073	-	-
Transferable memberships	262	262	262	262
Amount due from subsidiaries	-	-	39,566	36,937
Amount due from related companies	4,143	660	4,136	597
	<u>122,421</u>	<u>142,916</u>	<u>82,492</u>	<u>63,745</u>

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (cont'd)

14 Deposits from Customers

	Group and Bank	
	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000
(a) By type of deposits		
Short-term deposits	1,127,382	1,289,098
(b) By type of customers		
Government and statutory bodies	352,576	150,290
Business enterprises	774,806	1,138,808
	<u>1,127,382</u>	<u>1,289,098</u>
(c) By maturity structure of the deposits		
Due within six months	1,127,382	1,289,098

15 Deposits and Placements of Banks and Other Financial Institutions

	Group and Bank	
	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000
Licensed bank	2,270,575	1,918,878

16 Other Liabilities

	Group		Bank	
	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000
Other creditors and accruals	112,737	146,970	58,975	89,169
Contract liabilities	5,968	5,957	1,604	1,637
Remisiers' trust deposits	89,737	94,266	89,737	94,266
Amount payable for creation of units due to funds	144,102	203,132	-	-
Amount payable for redemption units	70,734	82,211	-	-
Short-term employee benefits	61,148	49,690	42,433	33,271
Puttable financial instruments	12,410	-	-	-
Amount due to holding company	11,041	16,896	7,313	11,768
Amount due to subsidiaries	-	-	12	53
Amount due to related companies	205	572	67	71
	<u>508,082</u>	<u>599,694</u>	<u>200,141</u>	<u>230,235</u>

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NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (cont'd)

	4th Quarter Ended		Twelve Months Ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
17 Interest Income				
<u>Group</u>				
Loans and advances	27,459	25,197	109,185	93,361
Money at call and deposit placements with banks and other financial institutions	26,496	26,190	113,304	77,085
Financial assets at FVTPL	(4)	4	525	20
Financial assets at FVOCI, debt instruments	5,936	2,169	13,949	13,782
Financial investments at amortised costs	8,456	10,356	34,473	39,280
Others	2,761	1,877	10,402	5,782
	71,104	65,793	281,838	229,310
Of which:				
Interest income accrued on impaired financial assets	271	922	2,464	3,492
<u>Bank</u>				
Loans and advances	17,804	17,175	72,522	65,003
Money at call and deposit placements with banks and other financial institutions	22,628	22,905	97,574	65,067
Financial assets at FVTPL	21	4	21	20
Financial assets at FVOCI, debt instruments	5,936	2,171	13,949	13,782
Financial investments at amortised costs	8,456	10,356	34,473	39,280
Others	1,897	1,070	7,402	3,262
	56,742	53,681	225,941	186,414
Of which:				
Interest income accrued on impaired financial assets	-	-	-	3

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NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (cont'd)

	4th Quarter Ended		Twelve Months Ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
18 Interest Expense				
<u>Group</u>				
Deposits and placements of banks and other financial institutions	22,566	13,824	89,201	47,265
Deposits from customers	10,610	12,272	45,610	38,698
Obligations on securities sold under repurchase agreements	2,786	4,610	13,049	10,985
Subordinated obligations	1,122	1,392	4,450	8,722
Borrowings	10,808	9,062	44,240	22,926
Others	293	438	1,304	1,776
	48,185	41,598	197,854	130,372
<u>Bank</u>				
Deposits and placements of banks and other financial institutions	22,566	13,824	89,201	47,265
Deposits from customers	10,610	12,272	45,610	38,698
Obligations on securities sold under repurchase agreements	2,786	4,610	13,049	10,985
Subordinated obligations	1,122	1,392	4,450	8,722
Others	63	73	303	332
	37,147	32,171	152,613	106,002

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NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (cont'd)

	4th Quarter Ended		Twelve Months Ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 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	44,577	42,682	178,493	190,029
Fund management fees	52,731	56,524	222,644	238,783
Unit trust fee income	4,126	3,941	25,276	33,996
Corporate advisory fees	9,556	6,342	25,349	21,093
Arrangement fees and underwriting	1,975	640	5,474	5,021
Placement fees	103	239	6,502	1,918
Rollover fees	937	1,015	3,692	4,104
Commission	1,299	469	4,567	2,911
Service charges and fees	95	460	1,032	1,733
Other fee income	23,382	15,654	58,286	58,502
	138,781	127,966	531,315	558,090
<u>Bank</u>				
Brokerage income	37,035	33,518	145,349	141,220
Corporate advisory fees	8,523	5,557	22,322	19,802
Arrangement fees and underwriting	1,801	925	4,076	3,983
Placement fees	103	239	6,502	1,918
Rollover fees	937	1,015	3,692	4,104
Commission	112	141	501	684
Service charges and fees	(29)	303	504	1,150
Other fee income	19,528	11,337	42,039	40,283
	68,010	53,035	224,985	213,144

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NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (cont'd)

	4th Quarter Ended		Twelve Months Ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 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	128,878	116,439	485,603	498,972
Thailand	3,526	4,929	18,433	29,188
Indonesia	5,994	4,914	22,766	23,757
Singapore	(153)	1,092	2,936	4,386
Cambodia	496	374	1,421	1,450
Vietnam	40	38	156	136
Hong Kong	-	180	-	201
	138,781	127,966	531,315	558,090
<u>Bank</u>				
Malaysia	68,010	53,035	224,985	213,144
(c) By timing of fee income recognition				
<u>Group</u>				
At a point in time	82,636	67,237	295,109	304,140
Over time	56,145	60,729	236,206	253,950
	138,781	127,966	531,315	558,090
<u>Bank</u>				
At a point in time	66,989	51,598	221,294	208,137
Over time	1,021	1,437	3,691	5,007
	68,010	53,035	224,985	213,144
20 Fee and Commission Expense				
<u>Group</u>				
Fund management fees	20,108	22,055	87,267	96,943
Unit trust fees	3,592	3,725	23,835	32,091
Commission and incentives	5,621	4,016	19,104	17,474
	29,321	29,796	130,206	146,508
<u>Bank</u>				
Commission and incentives	3,567	2,126	11,380	8,167

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (cont'd)

	4th Quarter Ended		Twelve Months Ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 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	(3,660)	(9,406)	(4,373)	(41,448)
- unrealised net gain on revaluation	3,503	24,706	48,924	23,602
- gross dividend income	1,106	399	29,445	8,882
	<u>949</u>	<u>15,699</u>	<u>73,996</u>	<u>(8,964)</u>
(b) Net gain arising from derivatives	<u>14,597</u>	<u>3,778</u>	<u>39,839</u>	<u>55,110</u>
(c) Net (loss)/gain arising from fair value hedge	<u>-</u>	<u>(30)</u>	<u>52</u>	<u>(52)</u>
(d) Net gain arising from financial assets at FVOCI, debt instruments				
- net gain on disposal	<u>208</u>	<u>237</u>	<u>859</u>	<u>546</u>
(e) Dividend income from financial assets at FVOCI, equity instruments	<u>-</u>	<u>-</u>	<u>2,747</u>	<u>446</u>
(f) Other income				
- net foreign exchange gain/(loss)	1,471	(2,156)	16,718	17,937
- net gain on disposal of property, plant and equipment	38	105	173	105
- gain on modification of right-of-use assets	10	-	15	7
- fair value changes to sales consideration	-	-	(138)	(136)
- other operating income	7,719	4,940	34,898	27,973
	<u>9,238</u>	<u>2,889</u>	<u>51,666</u>	<u>45,886</u>
	<u>24,992</u>	<u>22,573</u>	<u>169,159</u>	<u>92,972</u>

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (cont'd)

	4th Quarter Ended		Twelve Months Ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 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	1,558	(4,561)	13,410	(31,870)
- unrealised net (loss)/gain on revaluation	(4,285)	3,890	3,482	(2,165)
- gross dividend income	259	111	765	1,218
	<u>(2,468)</u>	<u>(560)</u>	<u>17,657</u>	<u>(32,817)</u>
(b) Net gain arising from derivatives	<u>8,751</u>	<u>5,929</u>	<u>14,616</u>	<u>45,429</u>
(c) Net (loss)/gain arising from fair value hedge	<u>-</u>	<u>(30)</u>	<u>52</u>	<u>(52)</u>
(d) Net gain arising from financial assets at FVOCI, debt instruments				
- net gain on disposal	<u>208</u>	<u>237</u>	<u>859</u>	<u>546</u>
(e) Dividend income from financial assets at FVOCI, equity instruments	<u>-</u>	<u>-</u>	<u>338</u>	<u>338</u>
(f) Dividend income from subsidiaries in Malaysia	<u>39,124</u>	<u>35,972</u>	<u>42,724</u>	<u>39,672</u>
(g) Other income				
- net foreign exchange gain/(loss)	1,806	(1,498)	14,947	17,546
- net gain on disposal of property, plant and equipment	38	-	104	-
- gain on modification of right-of-use assets	10	-	15	3
- fair value changes to sales consideration	-	-	(138)	(136)
- gain on liquidation of subsidiaries	-	-	53	-
- other operating income	6,895	4,158	30,489	26,004
	<u>8,749</u>	<u>2,660</u>	<u>45,470</u>	<u>43,417</u>
	<u><u>54,364</u></u>	<u><u>44,208</u></u>	<u><u>121,716</u></u>	<u><u>96,533</u></u>

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (cont'd)

	4th Quarter Ended		Twelve Months Ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 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	68,008	55,255	257,595	242,319
- Defined contribution plan	8,409	6,609	31,269	27,966
- Share-based payment expenses	972	376	2,696	830
- Other staff related costs	8,796	4,705	30,404	26,297
	86,185	66,945	321,964	297,412
<u>Establishment costs</u>				
- Depreciation of investment property	41	-	41	-
- Property, plant and equipment				
- Depreciation	3,152	3,228	12,936	12,690
- Written off	-	-	35	90
- Other intangible assets				
- Amortisation	3,266	2,839	12,322	11,570
- Written off	-	-	237	-
- Depreciation of right-of-use assets	2,631	2,609	10,635	10,692
- Information technology expenses	13,943	12,351	56,000	50,002
- Security and escorting charges	145	144	601	512
- Repair and maintenance	685	842	3,086	2,984
- Rental of premises	2,905	2,933	11,559	11,890
- Water and electricity	748	770	3,121	3,098
- Rental of equipment	9	18	52	55
- Insurance	1,531	1,576	6,060	4,635
- Others	1,542	1,264	5,689	5,561
	30,598	28,574	122,374	113,779
<u>Marketing expenses</u>				
- Advertisement and publicity	659	1,102	5,126	5,062
- Sales commission	505	197	1,079	1,516
- Others	870	1,702	5,184	5,732
	2,034	3,001	11,389	12,310
<u>Administration and general expenses</u>				
- Communication expenses	5,127	6,760	23,499	25,294
- Legal and professional fees	1,863	4,834	10,117	10,298
- Management fee	4,844	4,274	17,504	17,350
- Others	5,772	5,244	23,271	22,406
	17,606	21,112	74,391	75,348
	136,423	119,632	530,118	498,849

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (cont'd)

	4th Quarter Ended		Twelve Months Ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 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	45,277	31,058	156,958	140,526
- Defined contribution plan	6,553	4,749	23,690	20,582
- Share-based payment expenses	727	323	2,145	685
- Other staff related costs	3,360	2,618	15,078	12,748
	55,917	38,748	197,871	174,541
<u>Establishment costs</u>				
- Property, plant and equipment				
- Depreciation	1,549	1,705	6,436	6,691
- Written off	-	-	34	33
- Other intangible assets				
- Amortisation	2,084	1,844	7,949	7,753
- Written off	-	-	237	-
- Depreciation of right-of-use assets	1,087	1,195	4,507	4,919
- Information technology expenses	7,910	7,754	35,843	32,117
- Security and escorting charges	111	114	460	412
- Repair and maintenance	482	604	2,047	2,055
- Rental of premises	1,814	1,731	7,158	6,928
- Water and electricity	538	556	2,246	2,324
- Rental of equipment	4	10	30	32
- Insurance	892	1,125	3,782	2,948
- Others	1,542	1,264	5,689	5,561
	18,013	17,902	76,418	71,773
<u>Marketing expenses</u>				
- Advertisement and publicity	615	426	1,500	1,156
- Sales commission	102	(29)	250	128
- Others	107	654	1,201	2,382
	824	1,051	2,951	3,666
<u>Administration and general expenses</u>				
- Communication expenses	2,847	3,696	12,160	13,607
- Legal and professional fees	715	722	1,414	1,188
- Management fee	3,874	3,448	13,943	14,238
- Others	1,779	2,021	10,319	9,725
	9,215	9,887	37,836	38,758
	83,969	67,588	315,076	288,738

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	Note	4th Quarter Ended		Twelve Months Ended	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
		RM'000	RM'000	RM'000	RM'000
23 Allowance (Written Back)/Made for Expected Credit Losses					
<u>Group</u>					
Allowance written back for expected credit losses on other receivables and clients' and brokers' balances		(426)	(354)	(5,682)	(1,881)
Bad debts recovered		(34)	(147)	(42)	(282)
Bad debts written off		-	2	3	2,226
Financial investments at amortised costs	10(c)	(2,039)	(1,987)	(2,051)	(1,987)
Other financial assets		24	(38)	(51)	34
		<u>(2,475)</u>	<u>(2,524)</u>	<u>(7,823)</u>	<u>(1,890)</u>
<u>Bank</u>					
Allowance (written back)/made for expected credit losses on other receivables and clients' and brokers' balances		(284)	(178)	126	(961)
Bad debts recovered		(34)	(147)	(42)	(282)
Bad debts written off		-	1	3	2,146
Financial investments at amortised costs	10(c)	(2,039)	(1,987)	(2,051)	(1,987)
Other financial assets		9	-	6	4
		<u>(2,348)</u>	<u>(2,311)</u>	<u>(1,958)</u>	<u>(1,080)</u>
24 Impairment Losses on Other Non-financial Assets					
<u>Group</u>					
Investment in a joint venture		-	30	-	43
<u>Bank</u>					
Investments in subsidiaries		-	24,576	3,970	26,398

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25 Basic Earnings Per Share

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

Group	4th Quarter Ended		Twelve Months Ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Net profit attributable to equity holder (RM'000)				
- Continuing operations	27,672	19,861	116,041	70,678
- Discontinued operation	-	-	-	20,848
	27,672	19,861	116,041	91,526
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic earnings per share (sen)				
- Continuing operations	34.6	24.8	145.1	88.3
- Discontinued operation	-	-	-	26.1
	34.6	24.8	145.1	114.4

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 31 December 2023 RM'000	As at 31 December 2022 RM'000	As at 31 December 2023 RM'000	As at 31 December 2022 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	832,385	761,563	469,723	426,746
Other reserves	114,775	74,947	2,830	685
FVOCI reserves	39,473	35,601	38,675	35,060
	2,206,633	2,092,111	1,731,228	1,682,491
Less:				
- Goodwill	(449,978)	(449,978)	(372,395)	(372,395)
- Investments in subsidiaries	-	-	(715,344)	(699,324)
- Investments in associates and joint venture	(13,139)	(4,721)	(5,028)	(5,028)
- Other intangible assets	(43,076)	(41,954)	(25,074)	(25,592)
- 55% of cumulative gains arising from change in value of FVOCI financial instruments	(21,710)	(19,581)	(21,271)	(19,283)
- Deferred tax assets	(25,573)	(21,793)	(17,020)	(13,300)
Total CET I Capital	1,653,157	1,554,084	575,096	547,569
Qualifying non-controlling interests recognised as Tier I Capital	1,177	1,104	-	-
Total Tier I Capital	1,654,334	1,555,188	575,096	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 provisions ^	25,763	25,412	7,700	7,933
Total Tier II Capital	125,848	125,495	107,700	107,933
Total Capital	1,780,182	1,680,683	682,796	655,502

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 31 December 2023	As at 31 December 2022	As at 31 December 2023	As at 31 December 2022
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	44.297%	38.815%	36.653%	31.348%
Tier I Capital Ratio	44.328%	38.842%	36.653%	31.348%
Total Capital Ratio	47.701%	41.976%	43.517%	37.528%
After proposed dividends:				
CET I Capital Ratio	42.528%	37.815%	32.446%	29.058%
Tier I Capital Ratio	42.560%	37.843%	32.446%	29.058%
Total Capital Ratio	45.932%	40.977%	39.310%	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 RM25,113,000 (31 December 2022: RM24,741,000) and RM7,611,000 (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 31 December 2023	As at 31 December 2022	As at 31 December 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
Credit risk	2,061,013	2,032,947	616,039	634,603
Market risk	282,091	368,264	155,584	188,204
Operational risk	1,388,888	1,602,662	797,424	923,914
Total risk-weighted assets	3,731,992	4,003,873	1,569,047	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 31 December 2023 RM'000	As at 31 December 2022 RM'000	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000
Principal amount				
Direct credit substitutes [#]	33,166	30,660	33,166	30,660
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	388,784	904,157	388,784	904,157
Irrevocable commitments to extend credit:				
- maturity not exceeding one year	1,193,334	1,007,743	867,684	732,487
- maturity exceeding one year	22	22	22	22
Equity related contracts: [^]				
- less than one year	200	110	200	110
Foreign exchange related contracts: [^]				
- less than one year	28,472	106,289	28,472	39,807
Interest rate related contracts: [^]				
- less than one year	-	160,000	-	160,000
	1,643,978	2,208,981	1,318,328	1,867,243

[#] Included in direct credit substitutes is financial guarantee contract of RM33,166,000 (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 31 December 2023 RM'000	As at 31 December 2022 RM'000	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000
Authorised and contracted for:				
Property, plant and equipment	24,769	28,242	16,920	19,679

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (cont'd)

29 Valuation of Property, Plant and Equipment and Investment Property

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

30 Event Subsequent to the Date of Statements of Financial Position

There were no significant event subsequent to the date of statements of financial position that have not been reflected in the financial statements, other than as disclosed below:

Proposed Disposal by RHB Investment Bank Berhad ('the Bank') of its Entire Equity Interest in RHB Securities Vietnam Company Limited ('RHBSVN') ('Proposed Disposal')

On 19 February 2024, RHB Bank Berhad ('RHB Bank') announced that the Bank, a wholly-owned subsidiary of RHB Bank, had on the even date, entered into a Conditional Sale and Purchase Agreement ('CSPA') with Public Bank Vietnam Limited, a wholly-owned subsidiary of Public Bank Berhad, in respect of the Proposed Disposal for sales consideration of VND374 billion (or approximately RM73 million).

The Proposed Disposal is conditional and subject to the approval from the State Securities Commission of Vietnam ('SSC'). The submission of the application to the SSC will be made within 1 month from the date of signing the CSPA.

The Proposed Disposal will enable the Bank to monetise its investment in RHBSVN to be utilised for working capital requirements of the Group. Accordingly, RHB Bank has decided to exit from the stockbroking/securities business in Vietnam to focus on its existing securities business in other regions.

Upon completion of the Proposed Disposal, RHBSVN will cease to be a subsidiary of the Bank.

31 Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the financial year ended 31 December 2023, other than as disclosed below.

(a) Consolidation of RHB Dana Hazeem, RHB Smart Income Fund and RHB Smart Balanced Fund

During the financial year, RHB Asset Management Sdn Bhd ('RHBAM'), a wholly-owned subsidiary of the Bank, has acquired effective control in RHB Dana Hazeem and RHB Smart Income Fund in June 2023 with effective equity interest of 53.50% and 56.38% and acquired effective control in RHB Smart Balanced Fund in December 2023, 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 indirect subsidiaries of the Group with effective equity interest of 53.58%, 57.55% and 53.25% respectively as at the end of the financial year.

(b) Dissolution of joint venture and subsidiaries

On 25 August 2022, RHB GC-Millennium Capital Pte. Ltd. ('RHB-GC'), an indirect joint venture of the Bank, had commenced Member's Voluntary Winding Up pursuant to Section 160(1)(b) of the Insolvency, Restructuring and Dissolution Act 2018 (No. 40 of 2018). RHB-GC has been subsequently 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.

On 30 June 2017, KE-ZAN Nominees (Asing) Sdn Bhd ('KE-ZAN'), a direct wholly-owned subsidiary of the Bank, had commenced Member's Voluntary Winding Up pursuant to Section 439(1)(b) of the Companies Act 2016 ('CA 2016'). KE-ZAN has been subsequently dissolved on 11 August 2023 pursuant to Section 459(5) of the CA 2016. Arising therefrom, KE-ZAN is no longer a direct wholly-owned subsidiary of the Bank.

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (cont'd)

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

(b) Dissolution of joint venture and subsidiaries (cont'd)

On 14 December 2022, RHB Futures Hong Kong Limited ('RHBFBHK'), an indirect wholly-owned subsidiary of the Bank, had commenced Member's Voluntary Winding Up pursuant to The Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong and has been subsequently dissolved on 15 September 2023 pursuant to The Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong. Arising therefrom, RHBFBHK is no longer an indirect wholly-owned subsidiary of the Bank.

On 30 June 2017, RHBIB Nominees (Tempatan) Sdn Bhd ('RHBIBNT'), a direct wholly-owned subsidiary of the Bank, had commenced Member's Voluntary Winding Up pursuant to Section 439(1)(b) of the Companies Act 2016 ('CA 2016'). RHBIBNT has been subsequently dissolved on 25 November 2023 pursuant to Section 459(5) of the Companies Act 2016. Arising therefrom, RHBIBNT is no longer a direct wholly-owned subsidiary of the Bank.

The dissolutions of the indirect joint venture and direct and indirect wholly-owned subsidiaries do not have any material effect on the earnings and net assets of the Group for the financial year ended 31 December 2023.

(c) Subscription of 10 million Redeemable Preference Shares ('RPS') in RHB Private Equity Holdings Sdn Bhd ('RHBPEH')

On 7 November 2023, the Bank subscribed for 10 million RPS of RM2.00 each in RHBPEH amounting to RM20,000,000 for additional working capital purpose. Upon completion of the subscription, the equity interest held by the Bank in RHBPEH remains the same.

(d) Consolidation of RHB Growth and Income Focus Trust and RHB Goldenlife 2030

RHBAM, a wholly-owned subsidiary of the Bank, has gained significant influence in RHB Growth and Income Focus Trust and RHB Goldenlife 2030 in December 2023.

The Group has consolidated these two funds in accordance with the equity method of accounting as indirect associates of the Group with effective equity interest of 42.44% and 47.62% respectively as at the end of the financial year.

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	Group and Bank
	31 December 2023	31 December 2022
Outstanding credit exposures with connected parties (RM'000)	339,866	333,560
Percentage of outstanding credit exposures with connected parties as proportion of total credit exposures	5.28%	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 AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (cont'd)

33 Changes in Profit for the Quarter

For the current financial quarter ended 31 December 2023, the Group recorded a pre-tax profit of RM23.5 million, 27.5% lower as compared to the immediate preceding quarter pre-tax profit of RM32.4 million. The decrease in profit is contributed by lower other operating income of RM16.8 million and higher other operating expenses of RM3.9 million, partially offset by higher net fee and commission income of RM9.3 million, higher allowance written back for expected credit losses of RM2.4 million and higher net interest income of RM0.1 million.

34 Performance Review

For the financial year ended 31 December 2023, the Group recorded a pre-tax profit of RM132.1 million, 23.9% higher as compared to the previous corresponding financial year of RM106.6 million, excluding pre-tax profit from discontinued operation of RM24.6 million. The increase in profit is contributed by higher other operating income of RM76.2 million and higher allowance written back for expected credit losses of RM5.9 million, partially offset with higher other operating expenses of RM31.2 million, lower net interest income of RM14.9 million and lower net fee and commission income of RM10.5 million.

35 Prospects for Financial Year 2023

Global economic growth is expected to accelerate in 2024, supported by easing of monetary policy trends and China's potential economic recovery. Similarly, Malaysia's growth momentum is expected to improve in 2024 with GDP projected to grow at 4.6%, underpinned by revival of external sector, including manufacturing and exports, as well as strong domestic demand arising from robust consumer and investment spending. Nevertheless, the Group remains vigilant as risk from external factors persists, such as uncertainty of monetary policy stance in the US, inflationary pressures and escalation of geopolitical conflicts.

For the banking sector, demand for credit is expected to improve in the current year in tandem with better economic growth prospect. Overall, the sector is anticipated to remain resilient, bolstered by robust capital and liquidity positions, adequate level of provisioning, as well as conducive monetary policy.

In the dynamic banking landscape of 2024, the Group, through its TWP24 strategy, continues to prioritise on 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 RM2,649,623,000 (31 December 2022: RM2,920,798,000) and RM2,305,766,000 (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 AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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
31 December 2023	RM'000	RM'000	RM'000	RM'000
<u>Financial assets</u>				
Financial assets at FVTPL	222,043	29,735	733,335	985,113
- money market instruments	-	4,189	-	4,189
- quoted securities	222,043	-	-	222,043
- unquoted securities	-	25,546	733,335	758,881
Financial assets at FVOCI	2,759	465,260	43,029	511,048
- money market instruments	-	100,606	-	100,606
- quoted securities	2,759	-	-	2,759
- unquoted securities	-	364,654	43,029	407,683
Derivative assets	-	6,022	-	6,022
	<u>224,802</u>	<u>501,017</u>	<u>776,364</u>	<u>1,502,183</u>
<u>Financial liabilities</u>				
Derivative liabilities	32,089	30,954	-	63,043
Puttable financial instruments	12,410	-	-	12,410
	<u>44,499</u>	<u>30,954</u>	<u>-</u>	<u>75,453</u>
Group				
31 December 2022	Level 1	Level 2	Level 3	Total
	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
	<u>192,980</u>	<u>240,067</u>	<u>728,292</u>	<u>1,161,339</u>
<u>Financial liabilities</u>				
Derivative liabilities	16,917	2,829	-	19,746

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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
31 December 2023	RM'000	RM'000	RM'000	RM'000
<u>Financial assets</u>				
Financial assets at FVTPL	132,263	4,212	-	136,475
- money market instruments	-	4,189	-	4,189
- quoted securities	132,263	-	-	132,263
- unquoted securities	-	23	-	23
Financial assets at FVOCI	-	465,260	40,524	505,784
- money market instruments	-	100,606	-	100,606
- unquoted securities	-	364,654	40,524	405,178
Derivative assets	-	5,621	-	5,621
	132,263	475,093	40,524	647,880
<u>Financial liabilities</u>				
Derivative liabilities	29,386	30,824	-	60,210
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 AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 year ended 31 December 2023 and 31 December 2022 for the Group and the Bank:

	Group		Bank	
	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000	As at 31 December 2023 RM'000	As at 31 December 2022 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	44,269	22,504	-	-
Additions	35,390	8,095	-	-
Distributions	(65,921)	(3,915)	-	-
Exchange differences	30,113	36,137	-	-
Balance as at the end of the financial year	733,335	689,484	-	-

	Group		Bank	
	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000	As at 31 December 2023 RM'000	As at 31 December 2022 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
Additions	2,238	-	-	-
Exchange differences	(24)	-	-	-
Balance as at the end of the financial year	43,029	38,808	40,524	38,517

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (cont'd)

38 Segment Reporting (cont'd)

Segment Profit and Loss for the Financial Year Ended 31 December 2023

Group	Continuing Operations				
	Investment Banking	Treasury	Asset Management	Others and Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	445,093	42,991	166,168	-	654,252
Inter-segment revenue	4,237	-	(719)	(3,518)	-
Segment revenue	449,330	42,991	165,449	(3,518)	654,252
Other operating expenses	(407,943)	(14,670)	(111,023)	3,518	(530,118)
Including:					
Depreciation of property, plant and equipment	(11,563)	(72)	(1,301)	-	(12,936)
Depreciation of right-of-use assets	(9,315)	(93)	(1,227)	-	(10,635)
Amortisation of other intangible assets	(10,163)	-	(2,159)	-	(12,322)
Allowance written back for expected credit losses	7,871	(3)	(45)	-	7,823
	49,258	28,318	54,381	-	131,957
Share of results of associates					148
Profit before taxation					132,105
Taxation					(14,947)
Net profit for the financial year					117,158

Segment Assets and Liabilities as at 31 December 2023

Group	Continuing Operations				
	Investment Banking	Treasury	Asset Management	Others and Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	5,081,912	3,177,776	608,053	(802,117)	8,065,624
Goodwill	306,611	-	143,367	-	449,978
Investments in associates and joint venture					13,139
Tax recoverable					37,591
Deferred tax assets					20,944
Total assets					8,587,276
Segment liabilities	1,613,936	3,756,345	323,100	(53,328)	5,640,053
Tax liabilities					3,901
Borrowings					590,080
Subordinated obligations					101,097
Total liabilities					6,335,131

NOTES TO AUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (cont'd)

38 Segment Reporting (cont'd)

Segment Profit and Loss for the Financial Year Ended 31 December 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	369,179	63,513	170,800	-	603,492	25,363	628,855
Inter-segment revenue	4,870	-	(812)	(4,058)	-	-	-
Segment revenue	374,049	63,513	169,988	(4,058)	603,492	25,363	628,855
Other operating expenses Including:	(380,928)	(14,591)	(107,388)	4,058	(498,849)	(721)	(499,570)
Depreciation of property, plant and equipment	(11,469)	(83)	(1,138)	-	(12,690)	(25)	(12,715)
Depreciation of right-of-use assets	(9,399)	(89)	(1,204)	-	(10,692)	(31)	(10,723)
Amortisation of other intangible assets	(9,721)	(47)	(1,802)	-	(11,570)	(3)	(11,573)
Allowance written back/(made) for expected credit losses	2,198	(34)	(274)	-	1,890	4	1,894
Impairment loss on other non-financial assets	-	-	(43)	-	(43)	-	(43)
	(4,681)	48,888	62,283	-	106,490	24,646	131,136
Share of results of associates					89	-	89
Share of results of joint venture					31	-	31
Profit before taxation					106,610	24,646	131,256
Taxation					(34,637)	(3,798)	(38,435)
Net profit for the financial year					71,973	20,848	92,821

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