



**RHB BANK BERHAD**  
**Registration No. 196501000373 (6171-M)**

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**

Group	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Interest income	A8	<b>1,562,998</b>	1,767,036	<b>3,149,643</b>	3,668,730
Interest expense	A9	<b>(549,763)</b>	(878,393)	<b>(1,135,028)</b>	(1,887,215)
Net interest income		<b>1,013,235</b>	888,643	<b>2,014,615</b>	1,781,515
Other operating income	A10	<b>500,784</b>	667,474	<b>937,450</b>	1,056,791
Income from Islamic Banking business	A32(b)	<b>491,503</b>	394,573	<b>1,013,647</b>	841,631
Net modification loss	A11	<b>-</b>	(392,385)	<b>(37,271)</b>	(392,385)
Net income		<b>2,005,522</b>	1,558,305	<b>3,928,441</b>	3,287,552
Other operating expenses	A12	<b>(864,508)</b>	(826,382)	<b>(1,749,572)</b>	(1,643,593)
Operating profit before allowances		<b>1,141,014</b>	731,923	<b>2,178,869</b>	1,643,959
Allowance for credit losses on financial assets	A13	<b>(227,259)</b>	(203,401)	<b>(401,159)</b>	(354,147)
Impairment losses made on other non-financial assets		<b>(314)</b>	(9,500)	<b>(314)</b>	(9,500)
Profit before taxation and zakat		<b>913,441</b>	519,022	<b>1,777,396</b>	1,280,312
Taxation and zakat	B5	<b>(209,979)</b>	(110,701)	<b>(423,306)</b>	(290,940)
Profit from continuing operations		<b>703,462</b>	408,321	<b>1,354,090</b>	989,372
Loss from discontinued operation attributable to equity holders		<b>-</b>	(4,646)	<b>-</b>	(13,537)
Net profit for the financial period		<b>703,462</b>	403,675	<b>1,354,090</b>	975,835
Attributable to:					
- Equity holders of the Bank		<b>701,343</b>	400,770	<b>1,351,631</b>	971,650
- Non-controlling interests		<b>2,119</b>	2,905	<b>2,459</b>	4,185
		<b>703,462</b>	403,675	<b>1,354,090</b>	975,835
Earnings per share (sen):					
- Profit from continuing operations attributable to equity holders of the Bank					
- Basic	B12	<b>17.5</b>	10.1	<b>33.7</b>	24.5
- Diluted	B12	<b>17.5</b>	10.1	<b>33.7</b>	24.5
- Profit attributable to equity holders of the Bank					
- Basic	B12	<b>17.5</b>	10.0	<b>33.7</b>	24.2
- Diluted	B12	<b>17.5</b>	10.0	<b>33.7</b>	24.2

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



**RHB BANK BERHAD**  
**Registration No. 196501000373 (6171-M)**

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**

Group	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
		RM'000	RM'000	RM'000	RM'000
Net profit for the financial period		<b>703,462</b>	403,675	<b>1,354,090</b>	975,835
Other comprehensive income/(loss) in respect of:					
(i) Items that will not be reclassified to profit or loss:					
(a) Actuarial gain on defined benefit plan of subsidiaries		<b>2,494</b>	50	<b>1,894</b>	1,653
(b) Equity instruments designated at fair value through other comprehensive income ('FVOCI')					
- Unrealised net gain on revaluation		<b>23,290</b>	34,672	<b>26,488</b>	35,958
(ii) Items that will be reclassified subsequently to profit or loss:					
(a) Foreign currency translation reserves					
- Currency translation differences		<b>(11,821)</b>	32,887	<b>71,491</b>	122,922
(b) Realisation of foreign exchange reserve and net investment hedge from discontinued operation		-	193	-	149
(c) Debt instruments measured at FVOCI					
- Unrealised net (loss)/gain on revaluation		<b>321,306</b>	1,148,802	<b>(963,191)</b>	715,453
- Net transfer to income statements on disposal		<b>(116,366)</b>	(154,110)	<b>(256,075)</b>	(234,748)
- Changes in expected credit losses and exchange differences		<b>10,417</b>	(605)	<b>10,465</b>	(2,224)
Income tax relating to components of other comprehensive loss/(income)		<b>(49,805)</b>	(238,771)	<b>291,918</b>	(115,801)
Other comprehensive (loss)/income, net of tax, for the financial period		<b>179,515</b>	823,118	<b>(817,010)</b>	523,362
Total comprehensive income for the financial period		<b>882,977</b>	1,226,793	<b>537,080</b>	1,499,197
Total comprehensive income attributable to:					
- Equity holders of the Bank		<b>880,853</b>	1,223,630	<b>534,630</b>	1,494,959
- Non-controlling interests		<b>2,124</b>	3,163	<b>2,450</b>	4,238
		<b>882,977</b>	1,226,793	<b>537,080</b>	1,499,197
Total comprehensive income/(loss) attributable to equity holders of the Bank from:					
- Continuing operations		<b>880,853</b>	1,228,083	<b>534,630</b>	1,508,347
- Discontinued operation		-	(4,453)	-	(13,388)
		<b>880,853</b>	1,223,630	<b>534,630</b>	1,494,959

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**RHB BANK BERHAD**  
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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	Note	2nd Quarter Ended		Six Months Ended	
		30 June	30 June	30 June	30 June
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
<b>Bank</b>					
Interest income	A8	<b>1,532,462</b>	1,748,908	<b>3,097,348</b>	3,651,014
Interest expense	A9	<b>(533,788)</b>	(857,241)	<b>(1,101,057)</b>	(1,846,973)
Net interest income		<b>998,674</b>	891,667	<b>1,996,291</b>	1,804,041
Other operating income	A10	<b>318,647</b>	536,153	<b>583,239</b>	1,025,962
Income from Islamic Banking business	A32(b)	<b>1,482</b>	204	<b>2,828</b>	1,088
Net modification loss	A11	<b>-</b>	(159,597)	<b>(16,674)</b>	(159,597)
Net income		<b>1,318,803</b>	1,268,427	<b>2,565,684</b>	2,671,494
Other operating expenses	A12	<b>(589,403)</b>	(528,750)	<b>(1,190,211)</b>	(1,096,990)
Operating profit before allowances		<b>729,400</b>	739,677	<b>1,375,473</b>	1,574,504
Allowance for credit losses on financial assets	A13	<b>20,462</b>	(207,696)	<b>(44,206)</b>	(258,433)
Impairment losses made on other non-financial assets		<b>-</b>	(52,500)	<b>-</b>	(52,500)
Profit before taxation		<b>749,862</b>	479,481	<b>1,331,267</b>	1,263,571
Taxation	B5	<b>(165,228)</b>	(97,144)	<b>(301,863)</b>	(234,074)
Net profit for the financial period		<b>584,634</b>	382,337	<b>1,029,404</b>	1,029,497

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



**RHB BANK BERHAD**  
**Registration No. 196501000373 (6171-M)**

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Net profit for the financial period	<b>584,634</b>	382,337	<b>1,029,404</b>	1,029,497
Other comprehensive income/(loss) in respect of:				
(i) Items that will not be reclassified to profit or loss:				
(a) Equity instruments designated at fair value through other comprehensive income ('FVOCI')				
- Unrealised net gain on revaluation	<b>23,716</b>	32,381	<b>24,973</b>	34,060
(ii) Items that will be reclassified subsequently to profit or loss:				
(a) Foreign currency translation reserves				
- Currency translation differences	<b>(8,862)</b>	18,409	<b>12,614</b>	27,307
(b) Debt instruments measured at FVOCI				
- Unrealised net (loss)/gain on revaluation	<b>271,848</b>	975,621	<b>(792,722)</b>	566,479
- Net transfer to income statements on disposal	<b>(86,231)</b>	(138,643)	<b>(189,476)</b>	(211,758)
- Changes in expected credit losses and exchange differences	<b>10,722</b>	(386)	<b>10,801</b>	(1,630)
Income tax relating to components of other comprehensive (loss)/income	<b>(44,548)</b>	(200,875)	<b>235,728</b>	(85,133)
Other comprehensive (loss)/income, net of tax, for the financial period	<b>166,645</b>	686,507	<b>(698,082)</b>	329,325
Total comprehensive income for the financial period	<b>751,279</b>	1,068,844	<b>331,322</b>	1,358,822

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**RHB BANK BERHAD**  
**Registration No. 196501000373 (6171-M)**

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	Note	Group		Bank	
		As at	As at	As at	As at
		30 June	31 December	30 June	31 December
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
Cash and short-term funds		19,459,004	8,904,285	13,413,301	7,905,636
Deposits and placements with banks and other financial institutions		4,561,191	6,069,443	8,710,653	9,447,903
Investment account due from designated financial institutions	A14	-	-	8,786,757	8,840,858
Financial assets at fair value through profit or loss ('FVTPL')	A15	2,939,071	4,462,106	1,123,109	2,285,301
Financial assets at fair value through other comprehensive income ('FVOCI')	A16	41,191,709	42,903,259	34,862,841	35,869,640
Financial investments at amortised cost	A17	16,723,342	16,005,267	10,271,662	10,195,993
Loans, advances and financing	A18	187,190,513	182,424,879	111,191,595	109,515,184
Clients' and brokers' balances		1,069,715	1,339,568	-	-
Reinsurance assets		397,516	467,504	-	-
Other assets	A19	2,222,893	1,528,592	1,516,827	1,278,048
Derivative assets	B8	989,914	1,653,479	1,070,511	1,790,567
Statutory deposits		656,478	612,671	377,783	228,107
Tax recoverable		223,829	289,969	104,404	251,917
Deferred tax assets		167,994	35,338	82,775	-
Investments in subsidiaries		-	-	4,633,624	4,901,397
Investments in associates and joint venture		12	12	-	-
Right of use assets		154,526	149,898	74,451	76,166
Property, plant and equipment		1,030,810	1,013,255	775,924	766,626
Goodwill		2,654,122	2,654,122	1,714,913	1,714,913
Intangible assets		679,806	636,311	604,659	565,485
<b>TOTAL ASSETS</b>		<b>282,312,445</b>	<b>271,149,958</b>	<b>199,315,789</b>	<b>195,633,741</b>
<b>LIABILITIES</b>					
Deposits from customers	A20/B7(a)	215,593,900	203,470,783	136,298,238	134,310,974
Deposits and placements of banks and other financial institutions	A21/B7(a)	18,234,959	21,035,186	24,710,156	24,610,611
Obligations on securities sold under repurchase agreements		2,062,559	972,963	4,946,352	4,740,494
Investment account due to designated financial institutions	A22	348,966	-	-	-
Bills and acceptances payable		301,823	187,020	286,440	174,838
Clients' and brokers' balances		1,103,461	1,171,930	-	-
General insurance contract liabilities		1,029,825	1,086,385	-	-
Other liabilities	A23	3,627,417	3,822,314	1,950,121	2,287,372
Derivative liabilities	B8	965,596	2,034,795	973,379	1,979,142
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		2,012,373	3,023,760	-	-
Provision for taxation and zakat		156,349	69,623	-	-
Deferred tax liabilities		2,050	165,938	-	152,111
Lease liabilities		161,026	154,188	75,753	77,356
Borrowings	B7(b)	214,249	634,630	-	201,101
Senior debt securities	B7(c)	5,724,576	3,545,150	5,724,576	3,545,150
Subordinated obligations	B7(d)	3,221,586	2,718,729	2,264,866	1,762,067
<b>TOTAL LIABILITIES</b>		<b>254,760,715</b>	<b>244,093,394</b>	<b>177,229,881</b>	<b>173,841,216</b>

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RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2021

	Note	Group		Bank	
		As at	As at	As at	As at
		30 June	31 December	30 June	31 December
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
<b>EQUITY</b>					
Share capital		6,994,103	6,994,103	6,994,103	6,994,103
Reserves		20,526,423	20,029,732	15,091,805	14,798,422
<b>Equity attributable to holders of the Bank</b>		<b>27,520,526</b>	27,023,835	<b>22,085,908</b>	21,792,525
Non-controlling interests ('NCI')		31,204	32,729	-	-
<b>TOTAL EQUITY</b>		<b>27,551,730</b>	27,056,564	<b>22,085,908</b>	21,792,525
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>282,312,445</b>	271,149,958	<b>199,315,789</b>	195,633,741
<b>COMMITMENTS AND CONTINGENCIES</b>	A28(a)	<b>158,109,157</b>	157,480,418	<b>151,359,317</b>	154,247,517
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK (RM)</b>		<b>6.86</b>	6.74		

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**RHB BANK BERHAD**

Registration No. 196501000373 (6171-M)

**INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

Group	← Attributable to equity holders of the Bank →							Total Shareholders' Equity	Non-controlling Interests	Total Equity
	Share Capital	Statutory Reserves	Regulatory Reserves	FVOCI Reserves	Translation Reserves	Other Reserves	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 1 January 2021</b>	<b>6,994,103</b>	<b>515</b>	<b>51,672</b>	<b>1,855,531</b>	<b>518,376</b>	<b>23,331</b>	<b>17,580,307</b>	<b>27,023,835</b>	<b>32,729</b>	<b>27,056,564</b>
Net profit for the financial period	-	-	-	-	-	-	1,351,631	1,351,631	2,459	1,354,090
Foreign currency translation reserves:										
- Currency translation differences	-	-	-	24	70,184	-	1,285	71,493	(2)	71,491
Financial assets measured at FVOCI:										
- Equity instruments										
- Net gain/(loss) on disposal	-	-	-	(1,954)	-	-	1,954	-	-	-
- Unrealised net gain on revaluation	-	-	-	26,488	-	-	-	26,488	-	26,488
- Debt instruments										
- Unrealised net loss on revaluation	-	-	-	(963,191)	-	-	-	(963,191)	-	(963,191)
- Net transfer to income statements on disposal	-	-	-	(256,075)	-	-	-	(256,075)	-	(256,075)
- Changes in expected credit losses and exchange differences	-	-	-	10,465	-	-	-	10,465	-	10,465
Actuarial gain/(loss) on defined benefit plan of subsidiaries	-	-	-	-	-	-	1,899	1,899	(5)	1,894
Income tax relating to components of other comprehensive loss/(income)	-	-	-	292,619	-	-	(699)	291,920	(2)	291,918
Other comprehensive (loss)/income, net of tax, for the financial period	-	-	-	(891,624)	70,184	-	4,439	(817,001)	(9)	(817,010)
Total comprehensive income/(loss) for the financial period	-	-	-	(891,624)	70,184	-	1,356,070	534,630	2,450	537,080
Dividends paid/payable	-	-	-	-	-	-	(37,939)	(37,939)	(3,975)	(41,914)
Transfer to statutory reserves	-	41,501	-	-	-	-	(41,501)	-	-	-
Transfer to regulatory reserves	-	-	8,546	-	-	-	(8,546)	-	-	-
<b>Balance as at 30 June 2021</b>	<b>6,994,103</b>	<b>42,016</b>	<b>60,218</b>	<b>963,907</b>	<b>588,560</b>	<b>23,331</b>	<b>18,848,391</b>	<b>27,520,526</b>	<b>31,204</b>	<b>27,551,730</b>

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**RHB BANK BERHAD**

Registration No. 196501000373 (6171-M)

**INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

Group	← Attributable to equity holders of the Bank →							Total Shareholders' Equity	Non-controlling Interests	Total Equity
	Share Capital	Statutory Reserves	Regulatory Reserves	FVOCI Reserves	Translation Reserves	Other Reserves	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 1 January 2020</b>	6,994,103	513	838,992	1,328,060	688,866	23,331	15,901,529	25,775,394	35,415	25,810,809
Net profit for the financial period	-	-	-	-	-	-	971,650	971,650	4,185	975,835
Foreign currency translation reserves:										
- Currency translation differences	-	-	-	(79)	122,960	-	-	122,881	41	122,922
- Realisation of foreign exchange reserve and net investment hedge from discontinued operation	-	-	-	-	149	-	-	149	-	149
Financial assets measured at FVOCI:										
- Equity instruments										
- Unrealised net gain on revaluation	-	-	-	35,958	-	-	-	35,958	-	35,958
- Debt instruments										
- Unrealised net gain on revaluation	-	-	-	715,453	-	-	-	715,453	-	715,453
- Net transfer to income statements on disposal	-	-	-	(234,748)	-	-	-	(234,748)	-	(234,748)
- Changes in expected credit losses and exchange differences	-	-	-	(2,224)	-	-	-	(2,224)	-	(2,224)
Actuarial gain on defined benefit plan of subsidiaries	-	-	-	-	-	-	1,637	1,637	16	1,653
Income tax relating to components of other comprehensive income	-	-	-	(115,388)	-	-	(409)	(115,797)	(4)	(115,801)
Other comprehensive income, net of tax, for the financial period	-	-	-	398,972	123,109	-	1,228	523,309	53	523,362
Total comprehensive income for the financial period	-	-	-	398,972	123,109	-	972,878	1,494,959	4,238	1,499,197
Dividends paid	-	-	-	-	-	-	(741,858)	(741,858)	(7,950)	(749,808)
Transfer from regulatory reserves	-	-	(296,189)	-	-	-	296,189	-	-	-
<b>Balance as at 30 June 2020</b>	<b>6,994,103</b>	<b>513</b>	<b>542,803</b>	<b>1,727,032</b>	<b>811,975</b>	<b>23,331</b>	<b>16,428,738</b>	<b>26,528,495</b>	<b>31,703</b>	<b>26,560,198</b>

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**RHB BANK BERHAD**

Registration No. 196501000373 (6171-M)

**INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

Bank	← Non-Distributable →			Distributable	Total Equity	
	Share Capital	Regulatory Reserves	FVOCI Reserves	Translation Reserves		Retained Profits
	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Balance as at 1 January 2021</b>	<b>6,994,103</b>	-	<b>1,578,045</b>	<b>349,672</b>	<b>12,870,705</b>	<b>21,792,525</b>
Net profit for the financial period	-	-	-	-	<b>1,029,404</b>	<b>1,029,404</b>
Foreign currency translation reserves:						
- Currency translation differences	-	-	-	<b>12,614</b>	-	<b>12,614</b>
Financial assets measured at FVOCI:						
- Equity instruments						
- Net gain/(loss) on disposal	-	-	(4)	-	<b>4</b>	-
- Unrealised net gain on revaluation	-	-	<b>24,973</b>	-	-	<b>24,973</b>
- Debt instruments						
- Unrealised net loss on revaluation	-	-	(792,722)	-	-	(792,722)
- Net transfer to income statements on disposal	-	-	(189,476)	-	-	(189,476)
- Changes in expected credit losses and exchange differences	-	-	<b>10,801</b>	-	-	<b>10,801</b>
Income tax relating to components of other comprehensive loss	-	-	<b>235,728</b>	-	-	<b>235,728</b>
Other comprehensive (loss)/income, net of tax, for the financial period	-	-	(710,700)	<b>12,614</b>	<b>4</b>	(698,082)
Total comprehensive income/(loss) for the financial period	-	-	(710,700)	<b>12,614</b>	<b>1,029,408</b>	<b>331,322</b>
Dividends payable	-	-	-	-	(37,939)	(37,939)
<b>Balance as at 30 June 2021</b>	<b>6,994,103</b>	-	<b>867,345</b>	<b>362,286</b>	<b>13,862,174</b>	<b>22,085,908</b>

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



**RHB BANK BERHAD**

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**INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

Bank	← Non-Distributable →			Distributable		Total Equity RM'000
	Share Capital RM'000	Regulatory Reserves RM'000	FVOCI Reserves RM'000	Translation Reserves RM'000	Retained Profits RM'000	
<b>Balance as at 1 January 2020</b>	6,994,103	352,506	1,165,505	374,754	11,862,355	20,749,223
Net profit for the financial period	-	-	-	-	1,029,497	1,029,497
Foreign currency translation reserves:						
- Currency translation differences	-	-	-	27,307	-	27,307
Financial assets measured at FVOCI:						
- Equity instruments						
- Unrealised net gain on revaluation	-	-	34,060	-	-	34,060
- Debt instruments						
- Unrealised net gain on revaluation	-	-	566,479	-	-	566,479
- Net transfer to income statements on disposal	-	-	(211,758)	-	-	(211,758)
- Changes in expected credit losses and exchange differences	-	-	(1,630)	-	-	(1,630)
Income tax relating to components of other comprehensive income	-	-	(85,133)	-	-	(85,133)
Other comprehensive income, net of tax, for the financial period	-	-	302,018	27,307	-	329,325
Total comprehensive income for the financial period	-	-	302,018	27,307	1,029,497	1,358,822
Dividends paid	-	-	-	-	(741,858)	(741,858)
Transfer from regulatory reserves	-	(255,803)	-	-	255,803	-
<b>Balance as at 30 June 2020</b>	<b>6,994,103</b>	<b>96,703</b>	<b>1,467,523</b>	<b>402,061</b>	<b>12,405,797</b>	<b>21,366,187</b>

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



**RHB BANK BERHAD**  
**Registration No. 196501000373 (6171-M)**

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	Six Months Ended	
	30 June 2021	30 June 2020
Group	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit/(Loss) before taxation and zakat:		
- Continuing operations	1,777,396	1,280,312
- Discontinued operation	-	(13,807)
Profit before taxation and zakat, including discontinued operation	<u>1,777,396</u>	<u>1,266,505</u>
Adjustments for:		
Allowance for credit losses on loans, advances and financing	567,960	473,365
Allowance for credit losses on other financial assets	(4,083)	(1,865)
Property, plant and equipment:		
- Depreciation	57,814	54,842
- Gain on disposal	(4,844)	(55)
- Written off	433	6
- Impairment losses	193	-
Intangible assets:		
- Amortisation	60,167	59,119
Right of use assets:		
- Depreciation	34,700	38,964
- Gain on modification	-	(38)
- Impairment losses	121	-
Net allowance made/(written back) on financial assets at FVOCI and financial investments at amortised cost	6,690	(1,741)
Net gain on financial instruments	(140,798)	(341,117)
Gain on disposal of a subsidiary	(752)	-
Dividend income from financial assets at FVTPL and financial assets at FVOCI	(33,792)	(29,455)
Net modification loss	37,271	392,385
Interest expense on borrowings, senior debt securities, subordinated obligations and lease liabilities	121,791	128,549
Other non-cash items	(891,343)	(672,274)
Operating profit before working capital changes	<u>1,588,924</u>	<u>1,367,190</u>
Decrease/(Increase) in operating assets:		
Deposits and placements with banks and other financial institutions	1,530,274	(1,696,139)
Financial assets at FVTPL	1,504,433	907,868
Loans, advances and financing	(5,069,622)	(5,394,777)
Clients' and brokers' balances	269,853	(370,615)
Other assets	(1,067,978)	(993,747)
Statutory deposits	(30,979)	3,928,404
	<u>(2,864,019)</u>	<u>(3,619,006)</u>
Increase/(Decrease) in operating liabilities:		
Deposits from customers	11,672,895	8,826,070
Deposits and placements of banks and other financial institutions	(2,860,002)	(2,541,527)
Obligations on securities sold under repurchase agreements	1,086,871	(1,328,844)
Investment account due to designated financial institutions	348,966	-
Bills and acceptances payable	114,375	112,508
Clients' and brokers' balances	(68,469)	238,567
Other liabilities	15,442	(230,347)
Recourse obligation on loans sold to Cagamas	(1,011,387)	(1,265,959)
	<u>9,298,691</u>	<u>3,810,468</u>

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



**RHB BANK BERHAD**

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**INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF CASH FLOWS (CONTINUED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	Six Months Ended	
	30 June 2021	30 June 2020
<b>Group</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities (continued)</b>		
Cash generated from operations	8,023,596	1,558,652
Interest paid	(117,398)	(131,840)
Net tax and zakat paid	(273,560)	(271,622)
Net cash generated from operating activities	<u>7,632,638</u>	<u>1,155,190</u>
<b>Cash flows from investing activities</b>		
Net proceeds/(purchase) of financial assets at FVOCI and financial investments at amortised cost	119,182	(2,800,347)
Property, plant and equipment:		
- Purchase	(75,306)	(63,786)
- Proceeds from disposal	8,367	79
Intangible assets:		
- Purchase	(104,340)	(52,591)
Financial assets at FVOCI and financial investments at amortised cost:		
- Interest received	811,096	849,877
- Investment income received	221,607	178,518
Contingent consideration received arising from disposal of a subsidiary	219	-
Dividend income received from financial assets at FVTPL and financial assets at FVOCI	33,792	29,455
Net cash inflow from disposal of a subsidiary	494	-
Net cash generated from/(used in) investing activities	<u>1,015,111</u>	<u>(1,858,795)</u>
<b>Cash flows from financing activities</b>		
Net repayment of borrowings	(438,645)	23,878
Proceeds from issuance of senior debt securities	2,028,676	
Proceeds from issuance of subordinated notes	500,000	500,000
Redemption of subordinated notes	-	(1,000,000)
Dividends paid to equity holders of the Bank	(401,005)	(741,858)
Dividends paid to NCI	(3,975)	(7,950)
Principal lease payments	(39,979)	(25,605)
Net cash generated from/(used in) financing activities	<u>1,645,072</u>	<u>(1,251,535)</u>
Net increase/(decrease) in cash and cash equivalents	10,292,821	(1,955,140)
Effects of exchange rate differences	261,898	126,576
Cash and cash equivalents:		
- at the beginning of the financial year	8,904,285	11,627,992
- at the end of the financial year	<u>19,459,004</u>	<u>9,799,428</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>19,459,004</u>	<u>9,799,428</u>

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



**RHB BANK BERHAD**

Registration No. 196501000373 (6171-M)

**INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF CASH FLOWS (CONTINUED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	Six Months Ended	
	30 June 2021	30 June 2020
<b>Bank</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	1,331,267	1,263,571
Adjustments for:		
Allowance for credit losses on loans, advances and financing	191,500	360,922
Allowance for credit losses on other financial assets	2,405	3,661
Property, plant and equipment:		
- Depreciation	46,994	43,886
- Gain on disposal	(135)	(5)
- Written off	28	-
Intangible assets:		
- Amortisation	51,709	49,738
Right of use assets:		
- Depreciation	26,222	26,128
Impairment loss on investment in a subsidiary	-	52,500
Net allowance made/(written back) on financial assets at FVOCI and financial investments at amortised cost	6,472	(1,139)
Net gain on financial instruments	(90,344)	(280,866)
Dividend income from financial assets at FVOCI	(3,202)	(1,760)
Dividend income from subsidiaries	(121,228)	(377,910)
Net modification loss	16,674	159,597
Interest expense on borrowings, senior debt securities, subordinated obligations and lease liabilities	93,009	97,022
Other non-cash items	(597,266)	(463,203)
Operating profit before working capital changes	<u>954,105</u>	<u>932,142</u>
Decrease/(Increase) in operating assets:		
Deposits and placements with banks and other financial institutions	739,877	(185,620)
Investment accounts due from designated financial institutions	54,101	371,756
Financial assets at FVTPL	1,130,728	804,161
Loans, advances and financing	(1,628,662)	(1,721,999)
Other assets	464,040	(804,695)
Statutory deposits	(147,904)	2,388,040
	<u>612,180</u>	<u>851,643</u>
Increase/(Decrease) in operating liabilities:		
Deposits from customers	1,611,649	1,670,497
Deposits and placements of banks and other financial institutions	68,754	2,485,916
Obligations on securities sold under repurchase agreements	202,784	(2,336,588)
Bills and acceptances payable	111,126	146,186
Other liabilities	(1,170,952)	437,526
Recourse obligation on loans sold to Cagamas	-	(1,265,757)
	<u>823,361</u>	<u>1,137,780</u>

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



**RHB BANK BERHAD**

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**INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF CASH FLOWS (CONTINUED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	Six Months Ended	
	30 June 2021	30 June 2020
<b>Bank</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities (continued)</b>		
Cash generated from operations	2,389,646	2,921,565
Interest paid	(88,550)	(100,538)
Net tax paid	(152,843)	(149,527)
Net cash generated from operating activities	<u>2,148,253</u>	<u>2,671,500</u>
<b>Cash flows from investing activities</b>		
Net proceeds/(purchase) of financial assets at FVOCI and financial investments at amortised cost	223,791	(2,132,934)
Property, plant and equipment:		
- Purchase	(55,976)	(49,270)
- Proceeds from disposal	135	5
Intangible assets:		
- Purchase	(91,767)	(48,177)
Interest received from financial assets at FVOCI and financial investments at amortised cost	786,913	814,243
Dividend income received from subsidiaries	121,228	378,910
Dividend income received from financial assets at FVOCI	3,202	1,760
Capital reduction in a subsidiary	267,773	-
Additional investment in a subsidiary	-	(39,418)
Net cash generated from/(used in) investing activities	<u>1,255,299</u>	<u>(1,074,881)</u>
<b>Cash flows from financing activities</b>		
Net repayment of borrowings	(206,320)	(21,073)
Proceeds from issuance of senior debt securities	2,028,676	-
Proceeds from issuance of subordinated notes	500,000	500,000
Redemption of subordinated notes	-	(800,000)
Dividends paid to equity holders of the Bank	(401,005)	(741,858)
Principal lease payments	(26,147)	(23,617)
Net cash generated from/(used in) financing activities	<u>1,895,204</u>	<u>(1,086,548)</u>
Net increase in cash and cash equivalents	5,298,756	510,071
Effects of exchange rate differences	208,909	243,086
Cash and cash equivalents:		
- at the beginning of the financial year	7,905,636	5,502,893
- at the end of the financial year	<u>13,413,301</u>	<u>6,256,050</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>13,413,301</u>	<u>6,256,050</u>

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



**RHB BANK BERHAD**

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**A1. 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 2020.

The accounting policies and presentation adopted by the Group and the Bank for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2020, except for the adoption of the following during the current financial period:

(a) Accounting standards, annual improvements and amendments to MFRS which are effective and applicable for the Group and the Bank for financial period beginning on or after 1 January 2021:

- Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)
- Amendments to MFRS 16 - COVID-19 Related Rent Concessions

The adoption of the above accounting standards, annual improvements and amendments do not give rise to any material financial impact to the Group and the Bank.

**A2. Auditors' Report**

The auditors' report for the financial year ended 31 December 2020 was not subject to any qualification.

**A3. Seasonal Or Cyclical Factors**

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

**A4. Exceptional Or Unusual Items**

There were no exceptional or unusual items for the six months ended 30 June 2021.

**A5. 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 2021.

**A6. Changes In Debt and Equity Securities**

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the six months ended 30 June 2021, other than as disclosed below:

- (a) The Bank had on 28 April 2021 issued Subordinated Notes of RM500 million in nominal value under a RM5 billion (or its equivalent in other currencies) multi-currency medium term note programme ('Subordinated Notes'). The Subordinated Notes is issued for a tenure of 10 non-callable 5 years with a fixed coupon rate of 3.65% per annum, payable semi-annually in arrears throughout the entire tenure; and
- (b) The Bank had on 29 June 2021 completed its fourth issuance of USD500 million senior unsecured notes ('Senior Notes') under the USD5.0 billion (or its equivalent in other currencies) euro medium term note programme. The Senior Notes were priced at 5-year US Treasury +78 bps or yield of 1.658% and will pay a coupon of 1.658% per annum. The tenure of the Senior Notes is for 5 years, maturing on 29 June 2026.

**A7. Dividends Paid**

No dividend was paid during the six months ended 30 June 2021.

- (a) In respect of the single-tier final dividend of 7.65 sen per share amounting to RM306,769,000 for the financial year ended 31 December 2020:
  - (i) the Bank has issued 58,314,499 new RHB Bank shares on 8 July 2021, representing a reinvestment rate of 87.65% to the Dividend Reinvestment Plan ('DRP') as further disclosed in Note B6(b); and
  - (ii) the Bank has accounted for cash dividend of RM37,939,000 in the shareholders' equity as an appropriation of retained profits as at 30 June 2021, of which payment has been made on 8 July 2021.
- (b) The Board of Directors have declared an interim single-tier dividend of 15.00 sen per share in respect of the financial year ending 31 December 2021, amounting to RM610,254,000, consisting of cash portion of 5.00 sen per share and an electable portion of 10.00 sen per share. Subject to the relevant regulatory approvals being obtained, the Board of Directors in its absolute discretion, recommends that the shareholders of the Bank be given an option to elect to reinvest the electable portion of the interim dividend into new ordinary shares of the Bank in accordance with the DRP as disclosed in Note B6(b).



**RHB BANK BERHAD**

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**A8. Interest Income**

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
Loans and advances	<b>1,146,910</b>	1,300,764	<b>2,306,242</b>	2,736,056
Money at call and deposits and placements with banks and other financial institutions	<b>24,930</b>	19,826	<b>47,651</b>	45,569
Financial assets at FVTPL	<b>10,903</b>	18,135	<b>28,791</b>	35,519
Financial assets at FVOCI - debt instruments	<b>282,457</b>	314,066	<b>568,583</b>	621,716
Financial investments at amortised cost	<b>94,623</b>	109,425	<b>189,948</b>	220,645
Others	<b>3,175</b>	4,820	<b>8,428</b>	9,225
	<b>1,562,998</b>	1,767,036	<b>3,149,643</b>	3,668,730
Of which:				
Interest income accrued on impaired financial assets	<b>23,320</b>	12,501	<b>47,992</b>	32,100
<b>Bank</b>				
Loans and advances	<b>1,058,257</b>	1,213,036	<b>2,131,311</b>	2,559,520
Money at call and deposits and placements with banks and other financial institutions	<b>35,936</b>	40,405	<b>78,564</b>	96,012
Investment account due from designated financial institutions	<b>66,701</b>	71,714	<b>133,020</b>	153,511
Financial assets at FVTPL	<b>10,868</b>	18,133	<b>28,733</b>	35,514
Financial assets at FVOCI - debt instruments	<b>277,077</b>	307,644	<b>558,045</b>	608,593
Financial investments at amortised cost	<b>83,231</b>	96,359	<b>166,837</b>	195,028
Others	<b>392</b>	1,617	<b>838</b>	2,836
	<b>1,532,462</b>	1,748,908	<b>3,097,348</b>	3,651,014
Of which:				
Interest income accrued on impaired financial assets	<b>22,549</b>	12,333	<b>46,092</b>	31,758





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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**A9. Interest Expense**

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	38,145	83,013	87,095	206,816
Deposits from customers	446,376	737,077	923,173	1,539,657
Obligations on securities sold under repurchase agreements	4,036	6,079	6,261	12,560
Recourse obligation on loans sold to Cagamas	-	-	-	11,045
Subordinated obligations	22,804	17,200	42,189	41,299
Senior debt securities	27,161	26,186	54,015	52,060
Borrowings	1,845	6,424	5,384	14,549
Others	9,396	2,414	16,911	9,229
	<b>549,763</b>	<b>878,393</b>	<b>1,135,028</b>	<b>1,887,215</b>
<b>Bank</b>				
Deposits and placements of banks and other financial institutions	47,397	98,187	104,584	226,183
Deposits from customers	413,918	699,762	859,796	1,473,449
Obligations on securities sold under repurchase agreements	17,100	13,389	30,738	34,029
Recourse obligation on loans sold to Cagamas	-	-	-	11,045
Subordinated obligations	20,361	14,322	37,330	33,510
Senior debt securities	27,161	26,186	54,015	52,060
Borrowings	-	4,191	485	9,905
Others	7,851	1,204	14,109	6,792
	<b>533,788</b>	<b>857,241</b>	<b>1,101,057</b>	<b>1,846,973</b>



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**A10. Other Operating Income**

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
<b>Fee income</b>				
- Service charges and fees	37,452	23,009	72,584	67,409
- Commission	46,901	27,091	110,291	75,710
- Guarantee fees	7,589	6,016	14,498	14,612
- Commitment fees	10,664	10,224	21,277	20,340
- Brokerage income	94,122	101,577	233,929	171,503
- Fund management fees	74,045	60,298	144,315	124,949
- Unit trust fee income	39,381	13,700	114,020	37,453
- Corporate advisory fees	18,502	3,411	23,564	7,537
- Underwriting and arrangement fees	1,562	2,321	3,054	7,357
- Other fee income	21,817	12,700	43,129	27,630
	<b>352,035</b>	260,347	<b>780,661</b>	554,500
- Fee and commission expenses	(81,614)	(46,821)	(186,557)	(98,202)
	<b>270,421</b>	213,526	<b>594,104</b>	456,298
<b>Net (loss)/gain arising from financial assets at FVTPL</b>				
- Net (loss)/gain on disposal	(41,276)	98,915	(49,062)	105,184
- Unrealised net (loss)/gain on revaluation	70,163	171,552	(31,530)	82,572
- Dividend income	14,455	13,104	30,321	27,422
	<b>43,342</b>	283,571	<b>(50,271)</b>	215,178
<b>Net loss on revaluation of derivatives</b>	(27,853)	(121,426)	(45,170)	(85,431)
<b>Net gain on fair value hedges</b>	134	573	415	4,489
<b>Net gain/(loss) arising from derecognition of financial investments at amortised cost</b>	-	(6)	14,924	(8)
<b>Net gain arising from financial assets at FVOCI</b>				
- Net gain on debt instruments on disposal	86,314	138,825	189,611	212,022
- Dividend income	3,471	2,033	3,471	2,033
	<b>89,785</b>	140,858	<b>193,082</b>	214,055
<b>Other income</b>				
Net foreign exchange gain	51,915	59,830	81,302	89,534
Insurance underwriting surplus before management expenses	64,254	68,753	119,753	121,485
Gain on disposal of property, plant and equipment	55	-	4,876	55
Gain on disposal of a subsidiary	-	-	752	-
Gain on modification of right of use assets	-	-	-	38
Rental income	484	379	1,059	869
Other operating income	6,836	5,896	12,338	10,537
Other non-operating income	1,411	15,520	10,286	29,692
	<b>124,955</b>	150,378	<b>230,366</b>	252,210
	<b>500,784</b>	667,474	<b>937,450</b>	1,056,791



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**A10. Other Operating Income (continued)**

	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Bank	RM'000	RM'000	RM'000	RM'000
<b>Fee income</b>				
- Service charges and fees	33,799	19,018	65,947	59,081
- Commission	55,188	29,242	137,429	82,437
- Guarantee fees	7,556	5,784	14,446	13,974
- Commitment fees	10,288	9,909	20,563	19,676
- Corporate advisory fees	3,282	-	3,282	-
- Other fee income	4,811	5,057	9,980	10,343
	<b>114,924</b>	<b>69,010</b>	<b>251,647</b>	<b>185,511</b>
<b>Net (loss)/gain arising from financial assets at FVTPL</b>				
- Net (loss)/gain on disposal	(47,870)	33,268	(88,449)	105,283
- Unrealised net (loss)/gain on revaluation	60,201	71,349	(8,974)	(8,160)
	<b>12,331</b>	<b>104,617</b>	<b>(97,423)</b>	<b>97,123</b>
<b>Net loss on revaluation of derivatives</b>	<b>(22,294)</b>	<b>(5,142)</b>	<b>(17,048)</b>	<b>(32,502)</b>
<b>Net gain on fair values hedges</b>	<b>134</b>	<b>573</b>	<b>415</b>	<b>4,489</b>
<b>Net gain/(loss) arising from derecognition of financial investments at amortised cost</b>	<b>-</b>	<b>(6)</b>	<b>14,924</b>	<b>(8)</b>
<b>Net gain arising from financial assets at FVOCI</b>				
- Net gain on debt instruments on disposal	86,231	138,644	189,476	211,764
- Dividend income	3,202	1,760	3,202	1,760
	<b>89,433</b>	<b>140,404</b>	<b>192,678</b>	<b>213,524</b>
<b>Dividend income from subsidiaries</b>	<b>71,025</b>	<b>145,047</b>	<b>121,228</b>	<b>377,910</b>
<b>Other income</b>				
Net foreign exchange gain	41,859	59,037	91,187	136,477
Gain on disposal of property, plant and equipment	8	-	135	5
Rental income	2,821	2,695	5,727	5,544
Other operating income	6,211	5,254	11,078	9,650
Other non-operating income	2,195	14,664	8,691	28,239
	<b>53,094</b>	<b>81,650</b>	<b>116,818</b>	<b>179,915</b>
	<b>318,647</b>	<b>536,153</b>	<b>583,239</b>	<b>1,025,962</b>

**A11. Net Modification Loss**

In connection with the Covid-19 pandemic, Bank Negara Malaysia ('BNM') and the Ministry of Finance have introduced several relief measures to customers/borrowers. As a result, the Group and the Bank have recognised a loss arising from the modification of cash flows of the loan/financing. This loss is set-off against the fair value gain on concessionary funding received as part of the Covid-19 relief measures. The net modification loss is unwound through the income statements over the remaining tenure of the loan/financing and funding.



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**A12. Other Operating Expenses**

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
<b>Personnel costs</b>				
- Salaries, allowances and bonuses	429,363	419,449	883,202	820,195
- Defined contribution plan	61,129	54,941	122,321	116,133
- Other staff related costs	38,237	33,676	75,535	75,556
	<b>528,729</b>	508,066	<b>1,081,058</b>	1,011,884
<b>Establishment costs</b>				
- Property, plant and equipment:				
- Depreciation	28,719	27,381	57,814	54,087
- Written off	34	2	433	6
- Intangible assets:				
- Amortisation	30,660	28,100	60,167	57,480
- Right of use assets:				
- Depreciation	17,705	18,605	34,700	36,119
- Rental of premises	5,982	8,418	12,662	16,232
- Rental of equipment	2,782	2,311	5,161	4,448
- Insurance	4,906	7,027	9,915	16,486
- Water and electricity	6,077	6,813	11,529	13,873
- Repair and maintenance	8,618	7,166	14,887	14,837
- Security and escorting expenses	10,882	10,966	22,570	21,884
- Information technology expenses	69,021	65,857	137,739	129,398
- Others	3,414	3,504	8,754	5,651
	<b>188,800</b>	186,150	<b>376,331</b>	370,501
<b>Marketing expenses</b>				
- Sales commission	30,157	22,211	62,880	45,012
- Advertisement and publicity	6,978	9,249	21,673	18,952
- Others	16,388	14,998	34,809	34,264
	<b>53,523</b>	46,458	<b>119,362</b>	98,228
<b>Administration and general expenses</b>				
- Communication expenses	34,484	34,438	73,405	71,005
- Legal and professional fee	14,043	9,372	22,124	16,522
- Others	44,929	41,898	77,292	75,453
	<b>93,456</b>	85,708	<b>172,821</b>	162,980
	<b>864,508</b>	826,382	<b>1,749,572</b>	1,643,593



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**A12. Other Operating Expenses (continued)**

	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Bank	RM'000	RM'000	RM'000	RM'000
<b>Personnel costs</b>				
- Salaries, allowances and bonuses	280,875	250,807	567,985	519,879
- Defined contribution plan	43,115	37,628	86,619	81,356
- Other staff related costs	26,293	21,684	47,775	47,829
	<b>350,283</b>	<b>310,119</b>	<b>702,379</b>	<b>649,064</b>
<b>Establishment costs</b>				
- Property, plant and equipment:				
- Depreciation	23,505	21,697	46,994	43,886
- Written off	28	-	28	-
- Intangible assets:				
- Amortisation	26,295	24,681	51,709	49,738
- Right of use assets:				
- Depreciation	13,276	12,952	26,222	26,128
- Rental of premises	3,949	3,545	7,961	7,181
- Rental of equipment	2,754	2,355	5,111	4,485
- Insurance	5,818	7,090	11,499	16,125
- Water and electricity	3,873	4,010	7,448	8,319
- Repair and maintenance	6,645	5,215	11,102	10,965
- Security and escorting expenses	10,915	10,921	22,585	22,254
- Information technology expenses	41,638	39,250	82,632	76,625
	<b>138,696</b>	<b>131,716</b>	<b>273,291</b>	<b>265,706</b>
<b>Marketing expenses</b>				
- Sales commission	22,732	16,048	47,066	32,331
- Advertisement and publicity	3,604	6,961	14,556	11,341
- Others	8,594	6,258	17,697	15,567
	<b>34,930</b>	<b>29,267</b>	<b>79,319</b>	<b>59,239</b>
<b>Administration and general expenses</b>				
- Communication expenses	21,139	23,046	46,779	47,373
- Legal and professional fee	24,206	18,010	45,711	38,174
- Others	20,149	16,592	42,732	37,434
	<b>65,494</b>	<b>57,648</b>	<b>135,222</b>	<b>122,981</b>
	<b>589,403</b>	<b>528,750</b>	<b>1,190,211</b>	<b>1,096,990</b>



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**A13. Allowance for Credit Losses on Financial Assets**

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<u>Charge/(Writeback)</u>				
Loans, advances and financing:				
- Net charge	252,937	216,196	489,936	399,512
- Bad debts recovered	(79,630)	(44,521)	(169,408)	(114,387)
- Bad debts written off	45,448	35,702	78,024	72,921
	218,755	207,377	398,552	358,046
Financial assets at FVOCI	10,429	(956)	10,205	(2,386)
Financial investments at amortised cost	(4,283)	256	(3,515)	645
Other financial assets	2,358	(3,276)	(4,083)	(2,158)
	227,259	203,401	401,159	354,147

**Bank**

Charge/(Writeback)

Loans, advances and financing:				
- Net charge	3,564	213,463	123,233	295,371
- Bad debts recovered	(72,998)	(41,736)	(156,171)	(105,011)
- Bad debts written off	40,305	32,632	68,267	65,551
	(29,129)	204,359	35,329	255,911
Financial assets at FVOCI	10,734	(737)	10,541	(1,792)
Financial investments at amortised cost	(4,201)	113	(4,069)	653
Other financial assets	2,134	3,961	2,405	3,661
	(20,462)	207,696	44,206	258,433

**A14. Investment Account Due From Designated Financial Institutions**

This investment account which is exposure to Restricted Profit Sharing Investment Account ('RPSIA'), is an arrangement by the Bank with its wholly-owned subsidiary, RHB Islamic Bank Berhad ('RHB Islamic Bank').

The underlying assets of RHB Islamic Bank for the RPSIA are as follows:

	Bank	
	As at	As at
	30 June	31 December
	2021	2020
	RM'000	RM'000
<u>Principal</u>		
Personal financing	1,000,000	1,000,000
Other term financing	6,651,641	6,917,534
Unquoted securities	1,009,026	811,775
	8,660,667	8,729,309



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**A15. Financial Assets at Fair Value Through Profit or Loss ('FVTPL')**

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
<b>Mandatory measured at fair value</b>				
<b><u>Money market instruments:</u></b>				
Malaysian Government Securities	344,533	656,342	344,531	656,342
Malaysian Government Investment Issues	571,954	1,582,566	541,495	1,474,888
Khazanah bonds	12,432	-	12,432	-
<b><u>Quoted securities:</u></b>				
<b>In Malaysia</b>				
Shares, exchange traded funds and warrants	70,169	209,443	-	-
Unit trusts	73,860	69,450	-	-
Corporate bond/sukuk	3,383	3,482	3,383	3,482
<b>Outside Malaysia</b>				
Shares, exchange traded funds and warrants	70,647	210,408	1,068	3,400
Unit trusts	24,699	25,676	-	-
<b><u>Unquoted securities:</u></b>				
<b>In Malaysia</b>				
Corporate bond/sukuk	84,441	52,781	80,986	51,370
Unit trusts	994,907	1,022,686	-	-
Commercial paper	-	36	-	36
<b>Outside Malaysia</b>				
Corporate bond/sukuk	139,214	95,783	139,214	95,783
Private equity funds	548,832	533,453	-	-
	<b>2,939,071</b>	<b>4,462,106</b>	<b>1,123,109</b>	<b>2,285,301</b>



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**A16. Financial Assets at Fair Value Through Other Comprehensive Income ('FVOCI')**

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
<b>At fair value</b>				
(a) Debt instruments	<b>40,416,969</b>	42,148,529	<b>34,127,501</b>	35,158,058
(b) Equity instruments	<b>774,740</b>	754,730	<b>735,340</b>	711,582
	<b>41,191,709</b>	42,903,259	<b>34,862,841</b>	35,869,640
<b>(a) Debt instruments</b>				
<b><u>Money market instruments:</u></b>				
Malaysian Government Securities	<b>2,322,638</b>	1,906,961	<b>2,187,618</b>	1,768,796
Malaysian Government Investment Issues	<b>7,219,276</b>	8,126,745	<b>5,915,404</b>	6,391,365
Cagamas bonds	<b>60,812</b>	102,082	<b>60,812</b>	91,926
Khazanah bonds	<b>160,552</b>	48,408	<b>111,753</b>	-
Negotiable instruments of deposits	<b>449,386</b>	397,744	-	-
Other foreign government investment issues	<b>105,396</b>	54,580	<b>105,396</b>	54,580
Sukuk Perumahan Kerajaan	<b>72,397</b>	73,100	-	-
Singapore Government Securities	<b>860,424</b>	866,267	<b>860,424</b>	866,267
Thailand Government Securities	<b>676,885</b>	654,851	<b>676,885</b>	654,851
Singapore Central Bank Bills	<b>2,251,724</b>	2,247,864	<b>2,251,724</b>	2,247,864
Thailand Central Bank Bonds	<b>25,964</b>	86,290	<b>25,964</b>	86,290
Singapore Housing Development Board	<b>700,532</b>	723,066	<b>700,532</b>	723,066
<b><u>Unquoted securities:</u></b>				
<b><u>In Malaysia</u></b>				
Corporate bond/sukuk	<b>20,708,231</b>	23,300,160	<b>16,428,237</b>	18,712,642
Perpetual notes/sukuk	<b>51,163</b>	51,155	<b>51,163</b>	51,155
<b><u>Outside Malaysia</u></b>				
Corporate bond/sukuk	<b>4,751,589</b>	3,509,256	<b>4,751,589</b>	3,509,256
	<b>40,416,969</b>	42,148,529	<b>34,127,501</b>	35,158,058
<b>(b) Equity instruments</b>				
<b><u>Quoted securities:</u></b>				
<b><u>Outside Malaysia</u></b>				
Shares	<b>2,328</b>	1,922	-	-
<b><u>Unquoted securities:</u></b>				
<b><u>In Malaysia</u></b>				
Shares	<b>772,009</b>	752,403	<b>735,339</b>	711,580
<b><u>Outside Malaysia</u></b>				
Shares	<b>403</b>	405	<b>1</b>	2
	<b>774,740</b>	754,730	<b>735,340</b>	711,582

Included in financial investments at FVOCI of the Group and the Bank are corporate bond/sukuk, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM1,589,000,000 (31 December 2020: RM733,000,000) and RM2,425,000,000 (31 December 2020: RM2,088,000,000) respectively.





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**A16. Financial Assets at Fair Value Through Other Comprehensive Income ('FVOCI') (continued)**

**(a) Movement in credit impaired financial assets at FVOCI**

	Group and Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Balance as at the beginning of the financial period/year	1,020	1,020
Balance as at the end of the financial period/year	<u>1,020</u>	<u>1,020</u>

**(b) Movement in allowance for credit losses recognised in FVOCI reserves**

Group	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
<b>30 June 2021</b>				
Balance as at the beginning of the financial period	37,729	134	-	37,863
Transfer to lifetime ECL not credit impaired (Stage 2)	(212)	212	-	-
Allowance made during the financial period	2,204	2,671	-	4,875
Purchases and origination	3,431	-	-	3,431
Changes to model methodologies	6,150	-	-	6,150
Derecognition and disposal	(4,243)	(8)	-	(4,251)
Exchange differences	260	-	-	260
Balance as at the end of the financial period	<u>45,319</u>	<u>3,009</u>	<u>-</u>	<u>48,328</u>
<b>31 December 2020</b>				
Balance as at the beginning of the financial year	44,264	-	-	44,264
Transfer to lifetime ECL not credit impaired (Stage 2)	(20)	20	-	-
Allowance (written back)/made during the financial year	(3,860)	27	-	(3,833)
Purchases and origination	6,723	87	-	6,810
Derecognition and disposal	(9,341)	-	-	(9,341)
Exchange differences	(37)	-	-	(37)
Balance as at the end of the financial year	<u>37,729</u>	<u>134</u>	<u>-</u>	<u>37,863</u>



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**A16. Financial Assets at Fair Value Through Other Comprehensive Income ('FVOCI') (continued)**

**(b) Movement in allowance for credit losses recognised in FVOCI reserves (continued)**

<b>Bank</b>	<b>12-month ECL (Stage 1)</b>	<b>Lifetime ECL not credit impaired (Stage 2)</b>	<b>Lifetime ECL credit impaired (Stage 3)</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 June 2021</b>				
Balance as at the beginning of the financial period	35,723	134	-	35,857
Transfer to lifetime ECL not credit impaired (Stage 2)	(212)	212	-	-
Allowance made during the financial period	2,383	2,671	-	5,054
Purchases and origination	3,078	-	-	3,078
Changes to model methodologies	6,150	-	-	6,150
Derecognition and disposal	(3,733)	(8)	-	(3,741)
Exchange differences	260	-	-	260
Balance as at the end of the financial period	<u>43,649</u>	<u>3,009</u>	<u>-</u>	<u>46,658</u>
<b>31 December 2020</b>				
Balance as at the beginning of the financial year	41,865	-	-	41,865
Transfer to lifetime ECL not credit impaired (Stage 2)	(20)	20	-	-
Allowance (written back)/made during the financial year	(3,712)	27	-	(3,685)
Purchases and origination	5,797	87	-	5,884
Derecognition and disposal	(8,170)	-	-	(8,170)
Exchange differences	(37)	-	-	(37)
Balance as at the end of the financial year	<u>35,723</u>	<u>134</u>	<u>-</u>	<u>35,857</u>



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**A17. Financial Investments at Amortised Cost**

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
<b>At amortised cost</b>				
<b><u>Money market instruments:</u></b>				
Malaysian Government Securities	702,697	427,341	609,893	334,463
Malaysian Government Investment Issues	2,654,752	2,816,735	2,015,081	2,058,384
Cagamas bonds	552,144	477,050	552,144	477,050
Khazanah bonds	155,756	198,175	20,356	39,958
Wakala Global Sukuk	29,711	28,928	21,222	20,666
Sukuk Perumahan Kerajaan	110,981	111,014	100,944	100,983
Singapore Government Treasury Bills	647,307	577,258	647,307	577,258
Sukuk (Brunei) Incorporation	30,848	30,411	30,848	30,411
<b><u>Unquoted securities:</u></b>				
<b><u>In Malaysia</u></b>				
Corporate bond/sukuk	12,232,257	11,684,211	6,609,477	6,845,749
Corporate loan stocks	25,853	25,853	-	-
	<b>17,142,306</b>	<b>16,376,976</b>	<b>10,607,272</b>	<b>10,484,922</b>
Allowance for credit losses	(418,964)	(371,709)	(335,610)	(288,929)
	<b>16,723,342</b>	<b>16,005,267</b>	<b>10,271,662</b>	<b>10,195,993</b>

Included in financial investments at amortised cost of the Group and the Bank are corporate bond/sukuk, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM392,000,000 (31 December 2020: RM224,000,000) and RM2,388,000,000 (31 December 2020: RM2,571,000,000) respectively.

**(a) Movement in credit impaired financial investments at amortised cost**

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Balance as at the beginning of the financial period/year	140,252	140,425	62,805	62,978
Derecognition	-	(38)	-	(38)
Exchange differences	254	(135)	254	(135)
Balance as at the end of the financial period/year	<b>140,506</b>	<b>140,252</b>	<b>63,059</b>	<b>62,805</b>



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**A17. Financial investments at amortised cost (continued)**

**(b) Movement in allowance for credit losses**

Group	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
<b>30 June 2021</b>				
Balance as at the beginning of the financial period	11,871	220,148	139,690	371,709
Transferred to 12-month ECL (Stage 1)	123	(123)	-	-
Allowance (written back)/made during the financial period	418	(4,822)	-	(4,404)
Purchases and origination	1,535	-	-	1,535
Derecognition	(634)	(12)	-	(646)
Transfer from loans, advances and financing	-	50,496	-	50,496
Exchange differences	20	-	254	274
Balance as at the end of the financial period	<u>13,333</u>	<u>265,687</u>	<u>139,944</u>	<u>418,964</u>
<b>31 December 2020</b>				
Balance as at the beginning of the financial year	23,081	149,285	139,863	312,229
Allowance made/(written back) during the financial year	(11,371)	70,917	(38)	59,508
Purchases and origination	5,923	135	-	6,058
Derecognition	(5,753)	(189)	-	(5,942)
Exchange differences	(9)	-	(135)	(144)
Balance as at the end of the financial year	<u>11,871</u>	<u>220,148</u>	<u>139,690</u>	<u>371,709</u>
<b>Bank</b>				
<b>30 June 2021</b>				
Balance as at the beginning of the financial period	6,674	220,013	62,242	288,929
Allowance (written back)/made during the financial period	750	(4,822)	-	(4,072)
Purchases and origination	623	-	-	623
Derecognition	(620)	-	-	(620)
Transfer from loans, advances and financing	-	50,496	-	50,496
Exchange differences	-	-	254	254
Balance as at the end of the financial period	<u>7,427</u>	<u>265,687</u>	<u>62,496</u>	<u>335,610</u>
<b>31 December 2020</b>				
Balance as at the beginning of the financial year	16,970	149,096	62,415	228,481
Allowance made/(written back) during the financial year	(10,355)	70,917	(38)	60,524
Purchases and origination	2,028	-	-	2,028
Derecognition	(1,969)	-	-	(1,969)
Exchange differences	-	-	(135)	(135)
Balance as at the end of the financial year	<u>6,674</u>	<u>220,013</u>	<u>62,242</u>	<u>288,929</u>



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS  
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**A18. Loans, Advances and Financing**

**(a) By type**

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
<b>At amortised cost</b>				
Overdrafts	5,723,562	5,591,112	4,347,644	4,414,180
Term loans/financing				
- Housing loans/financing	67,940,695	65,651,613	44,792,666	44,045,052
- Syndicated term loans/financing	10,799,336	9,903,531	6,127,499	5,613,808
- Hire purchase receivables/financing	9,759,999	9,614,361	804,520	1,015,862
- Other term loans/financing	74,323,358	72,934,923	41,556,685	41,164,003
Bills receivables	4,184,447	3,765,638	3,965,147	3,378,674
Trust receipts	619,240	562,226	558,614	525,147
Claims on customers under acceptance credits	4,464,351	3,699,294	3,200,449	2,934,996
Share margin financing	2,191,404	2,185,523	335,664	356,465
Staff loans/financing	102,333	108,452	90,737	97,201
Credit/charge card receivables	1,856,554	2,021,947	1,597,187	1,747,981
Revolving credits/financing	9,047,033	10,074,892	6,567,414	7,116,639
Gross loans, advances and financing	191,012,312	186,113,512	113,944,226	112,410,008
Fair value changes arising from fair value hedges	48,566	117,725	5,802	8,681
	191,060,878	186,231,237	113,950,028	112,418,689
Less: Allowance for credit losses	(3,870,365)	(3,806,358)	(2,758,433)	(2,903,505)
Net loans, advances and financing	187,190,513	182,424,879	111,191,595	109,515,184

Included in loans, advances and financing are housing loans/financing sold to Cagamas with recourse to the Group amounting to RM1,906,148,000 (31 December 2020: RM2,896,091,000).



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**A18. Loans, Advances and Financing (continued)**

**(b) By type of customer**

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Domestic non-bank financial institutions	3,531,029	4,028,623	534,571	710,488
Domestic business enterprises:				
- Small medium enterprises	27,690,250	28,122,412	21,723,144	22,614,690
- Others	30,411,638	28,960,697	15,290,104	14,938,302
Government and statutory bodies	6,509,994	6,512,428	58,781	65,260
Individuals	96,242,843	95,182,250	54,679,466	55,495,220
Other domestic entities	155,276	149,412	29,698	27,685
Foreign entities	26,471,282	23,157,690	21,628,462	18,558,363
	<b>191,012,312</b>	<b>186,113,512</b>	<b>113,944,226</b>	<b>112,410,008</b>

**(c) By geographical distribution**

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Malaysia	165,843,072	163,801,243	93,751,079	95,236,486
Labuan Offshore	1,909,715	2,321,773	-	-
Singapore	18,577,643	15,567,576	18,577,643	15,567,576
Thailand	1,623,737	1,548,312	1,423,133	1,433,375
Brunei	192,371	172,571	192,371	172,571
Cambodia	2,606,619	2,353,437	-	-
Lao	151,736	159,617	-	-
Indonesia	107,412	188,983	-	-
Vietnam	7	-	-	-
	<b>191,012,312</b>	<b>186,113,512</b>	<b>113,944,226</b>	<b>112,410,008</b>



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**A18. Loans, Advances and Financing (continued)**

**(d) By interest/profit rate sensitivity**

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Fixed rate				
- Housing loans/financing	122,343	107,350	91,128	87,334
- Hire purchase receivables/financing	2,161,829	2,559,984	804,498	1,015,862
- Other fixed rate loans/financing	21,246,034	21,721,680	9,217,268	9,035,344
Variable rate				
- Base lending/financing rate plus	109,254,430	105,332,857	69,681,756	68,875,787
- Cost-plus	46,244,867	46,787,748	24,253,319	25,523,231
- Other variable rates	11,982,809	9,603,893	9,896,257	7,872,450
	<b>191,012,312</b>	<b>186,113,512</b>	<b>113,944,226</b>	<b>112,410,008</b>

**(e) By economic sector**

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Agriculture, hunting, forestry and fishing	3,448,167	3,500,827	1,841,153	1,967,721
Mining and quarrying	250,903	565,203	165,516	258,361
Manufacturing	10,105,637	9,717,560	7,285,773	7,143,108
Electricity, gas and water	1,601,943	1,734,819	979,901	1,362,272
Construction	13,317,488	13,318,314	8,203,934	8,121,305
Wholesale and retail trade and restaurant and hotel	19,006,772	17,874,802	15,629,462	14,876,841
Transport, storage and communication	7,349,266	7,410,118	1,780,268	1,929,825
Finance, insurance, real estate and business services	23,221,962	21,491,620	16,193,594	14,896,692
Government and government agencies	3,495,028	3,497,372	58,781	65,260
Education, health and others	6,207,115	6,099,353	2,117,815	2,019,308
Household sector	102,067,546	100,026,690	59,269,627	59,403,172
Others	940,485	876,834	418,402	366,143
	<b>191,012,312</b>	<b>186,113,512</b>	<b>113,944,226</b>	<b>112,410,008</b>



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS  
 FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**A18. Loans, Advances and Financing (continued)**

**(f) By purpose**

	Group		Bank	
	As at 30 June 2021	As at 31 December 2020	As at 30 June 2021	As at 31 December 2020
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	10,949,021	12,046,734	3,830,995	4,794,695
Purchase of transport vehicles	9,458,333	9,248,129	472,353	628,177
Purchase of landed property:				
- Residential	66,211,718	63,791,998	44,185,309	43,335,901
- Non-residential	19,769,576	19,503,376	13,716,255	13,792,771
Purchase of property, plant and equipment other than land and building	2,545,839	2,570,144	1,760,170	1,847,838
Personal use	11,073,487	11,063,576	6,376,002	6,456,314
Credit card	1,856,554	2,021,947	1,597,187	1,747,981
Purchase of consumer durables	10,622	12,014	10,622	12,014
Construction	7,934,566	7,704,997	6,263,510	6,051,960
Working capital	44,845,252	42,705,757	27,143,369	26,195,745
Merger and acquisition	1,582,607	1,804,322	267,879	489,461
Other purposes	14,774,737	13,640,518	8,320,575	7,057,151
	<b>191,012,312</b>	<b>186,113,512</b>	<b>113,944,226</b>	<b>112,410,008</b>

**(g) By remaining contractual maturities**

	Group		Bank	
	As at 30 June 2021	As at 31 December 2020	As at 30 June 2021	As at 31 December 2020
	RM'000	RM'000	RM'000	RM'000
Maturity within one year	39,468,569	41,798,823	29,994,831	32,547,239
One year to three years	11,639,094	8,390,912	4,530,103	3,420,980
Three years to five years	12,145,223	13,464,779	7,156,461	5,759,252
Over five years	127,759,426	122,458,998	72,262,831	70,682,537
	<b>191,012,312</b>	<b>186,113,512</b>	<b>113,944,226</b>	<b>112,410,008</b>





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A18. Loans, Advances and Financing (continued)

(h) Impaired loans, advances and financing

(i) Movement in impaired loans, advances  
and financing

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Balance as at the beginning of the financial period/year	3,181,282	3,479,175	2,354,397	2,623,781
Transfer to 12-month ECL (Stage 1)	(44,312)	(81,820)	(32,968)	(61,711)
Transfer to lifetime ECL not credit impaired (Stage 2)	(156,262)	(285,113)	(110,175)	(242,488)
Transfer to lifetime ECL credit impaired (Stage 3)	642,851	757,571	461,036	559,554
Purchases and origination	137,365	453,405	119,647	297,792
Derecognition	(169,956)	(581,479)	(94,443)	(393,580)
Amount written off	(493,679)	(548,226)	(243,360)	(426,865)
Modification of contractual cash flow	(83)	(1,308)	(72)	(1,069)
Disposal of a subsidiary	-	(1,874)	-	-
Exchange differences	22,736	(9,049)	10,941	(1,017)
Balance as at the end of the financial period/year	<u>3,119,942</u>	<u>3,181,282</u>	<u>2,465,003</u>	<u>2,354,397</u>

(ii) By economic sector

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Agriculture, hunting, forestry and fishing	41,600	49,306	33,746	40,740
Mining and quarrying	3,801	196,348	3,797	4,518
Manufacturing	438,026	405,332	326,702	296,285
Electricity, gas and water	262,061	258,065	257,718	253,821
Construction	334,390	334,416	292,851	286,425
Wholesale and retail trade and restaurant and hotel	306,660	311,533	203,693	205,386
Transport, storage and communication	406,083	351,259	389,273	336,673
Finance, insurance, real estate and business services	241,743	248,228	207,272	214,185
Education, health and others	6,738	11,878	6,085	2,324
Household sector	1,050,593	988,055	740,355	710,475
Others	28,247	26,862	3,511	3,565
	<u>3,119,942</u>	<u>3,181,282</u>	<u>2,465,003</u>	<u>2,354,397</u>



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**A18. Loans, Advances and Financing (continued)**

**(h) Impaired loans, advances and financing (continued)**

**(iii) By purpose**

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Purchase of securities	34,059	35,392	24,404	25,048
Purchase of transport vehicles	69,282	66,693	18,082	14,979
Purchase of landed property:				
- Residential	722,550	648,636	506,683	454,832
- Non-residential	399,494	379,793	299,509	273,214
Purchase of property, plant and equipment other than land and building	25,869	28,109	22,753	24,187
Personal use	170,821	191,429	147,963	183,944
Credit card	32,947	27,229	29,072	23,619
Purchase of consumer durables	528	885	528	885
Construction	98,857	97,811	71,235	70,838
Working capital	1,422,599	1,557,327	1,258,955	1,191,595
Other purposes	142,936	147,978	85,819	91,256
	<b>3,119,942</b>	<b>3,181,282</b>	<b>2,465,003</b>	<b>2,354,397</b>

**(iv) By geographical distribution**

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Malaysia	2,079,638	1,968,795	1,621,672	1,533,431
Labuan Offshore	76,511	265,901	-	-
Singapore	786,109	761,963	786,109	761,963
Thailand	60,503	61,364	51,710	52,413
Brunei	5,512	6,590	5,512	6,590
Cambodia	109,093	103,851	-	-
Lao	2,576	12,102	-	-
Indonesia	-	716	-	-
	<b>3,119,942</b>	<b>3,181,282</b>	<b>2,465,003</b>	<b>2,354,397</b>



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**A18. Loans, Advances and Financing (continued)**

**(h) Impaired loans, advances and financing (continued)**

**(v) Movement in allowance for credit losses**

<b>Group</b>	<b>12-month ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not credit impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>30 June 2021</b>				
Balance as at the beginning of the financial period	812,037	1,385,283	1,609,038	3,806,358
Changes due to financial assets recognised in the opening balance that have been:				
- Transferred to 12-month ECL (Stage 1)	228,125	(215,099)	(13,026)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(53,455)	102,026	(48,571)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(6,658)	(72,255)	78,913	-
	<b>168,012</b>	<b>(185,328)</b>	<b>17,316</b>	<b>-</b>
Allowance made during the financial period	112,410	237,908	307,488	657,806
Bad debts written off	-	-	(393,632)	(393,632)
Changes to model methodologies	34,883	(24,251)	3,426	14,058
Derecognition	(36,343)	(75,173)	(70,412)	(181,928)
Transfer to financial investments at amortised cost	-	(50,496)	-	(50,496)
Exchange differences	2,063	5,498	10,638	18,199
Balance as at the end of the financial period	<b>1,093,062</b>	<b>1,293,441</b>	<b>1,483,862</b>	<b>3,870,365</b>
<b>31 December 2020</b>				
Balance as at the beginning of the financial year	567,095	864,051	1,548,936	2,980,082
Changes due to financial assets recognised in the opening balance that have been:				
- Transferred to 12-month ECL (Stage 1)	179,319	(156,045)	(23,274)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(45,425)	93,250	(47,825)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(3,267)	(38,185)	41,452	-
	<b>130,627</b>	<b>(100,980)</b>	<b>(29,647)</b>	<b>-</b>
Allowance made during the financial year	198,306	691,376	611,623	1,501,305
Bad debts written off	-	-	(377,862)	(377,862)
Derecognition	(83,571)	(68,327)	(141,724)	(293,622)
Disposal of a subsidiary	-	-	(1,560)	(1,560)
Exchange differences	(420)	(837)	(728)	(1,985)
Balance as at the end of the financial year	<b>812,037</b>	<b>1,385,283</b>	<b>1,609,038</b>	<b>3,806,358</b>



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**A18. Loans, Advances and Financing (continued)**

**(h) Impaired loans, advances and financing (continued)**

**(v) Movement in allowance for credit losses (continued)**

<b>Bank</b>	<b>12-month ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not credit impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>30 June 2021</b>				
Balance as at the beginning of the financial period	638,222	1,037,670	1,227,613	2,903,505
Changes due to financial assets recognised in the opening balance that have been:				
- Transferred to 12-month ECL (Stage 1)	181,376	(171,299)	(10,077)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(41,812)	75,473	(33,661)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(6,348)	(64,469)	70,817	-
	<b>133,216</b>	<b>(160,295)</b>	<b>27,079</b>	<b>-</b>
Allowance made/(written back) during the financial period	(107,896)	112,346	224,515	228,965
Bad debts written off	-	-	(226,283)	(226,283)
Changes to model methodologies	35,430	(23,021)	3,371	15,780
Derecognition	(30,754)	(39,584)	(51,174)	(121,512)
Transfer to financial investments at amortised cost	-	(50,496)	-	(50,496)
Exchange differences	1,609	1,296	5,569	8,474
Balance as at the end of the financial period	<b>669,827</b>	<b>877,916</b>	<b>1,210,690</b>	<b>2,758,433</b>
<b>31 December 2020</b>				
Balance as at the beginning of the financial year	324,042	802,764	1,179,090	2,305,896
Changes due to financial assets recognised in the opening balance that have been:				
- Transferred to 12-month ECL (Stage 1)	148,967	(130,984)	(17,983)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(34,802)	69,675	(34,873)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(2,984)	(34,081)	37,065	-
	<b>111,181</b>	<b>(95,390)</b>	<b>(15,791)</b>	<b>-</b>
Allowance made during the financial year	274,086	392,238	457,683	1,124,007
Bad debts written off	-	-	(285,614)	(285,614)
Derecognition	(70,641)	(62,068)	(107,089)	(239,798)
Exchange differences	(446)	126	(666)	(986)
Balance as at the end of the financial year	<b>638,222</b>	<b>1,037,670</b>	<b>1,227,613</b>	<b>2,903,505</b>



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**A19. Other Assets**

	<b>Group</b>		<b>Bank</b>	
	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other receivables	<b>991,822</b>	920,774	<b>556,926</b>	454,334
Cash collateral in relation to derivative transactions	<b>373,751</b>	407,594	<b>373,751</b>	407,594
Deposits	<b>44,495</b>	43,477	<b>32,641</b>	30,637
Prepayments	<b>162,962</b>	120,392	<b>104,950</b>	67,678
Amount receivable for release of units from funds	<b>649,863</b>	36,355	-	-
Amounts due from subsidiaries	-	-	<b>448,559</b>	317,805
	<b>2,222,893</b>	1,528,592	<b>1,516,827</b>	1,278,048



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A20. Deposits from Customers

(a) By type of deposits

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Demand deposits	48,521,910	49,511,159	40,166,033	41,522,937
Savings deposits	14,578,075	13,267,557	11,861,917	10,913,587
Fixed/investment deposits	152,367,452	140,273,598	84,143,825	81,455,981
Negotiable instruments of deposits	126,463	418,469	126,463	418,469
	<b>215,593,900</b>	<b>203,470,783</b>	<b>136,298,238</b>	<b>134,310,974</b>

(b) By type of customer

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Government and statutory bodies	19,932,311	20,183,118	7,263,031	6,656,689
Business enterprises	113,690,558	103,449,050	75,146,516	70,758,550
Individuals	74,757,696	72,922,998	47,340,965	50,626,789
Others	7,213,335	6,915,617	6,547,726	6,268,946
	<b>215,593,900</b>	<b>203,470,783</b>	<b>136,298,238</b>	<b>134,310,974</b>

(c) By maturity structure of fixed/investment deposits and negotiable instruments of deposits

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Due within six months	115,395,387	105,692,228	65,696,927	63,247,679
Six months to one year	35,012,841	32,833,137	17,856,771	17,843,488
One year to three years	2,045,724	1,625,159	700,056	657,610
Three years to five years	39,963	541,543	16,534	125,673
	<b>152,493,915</b>	<b>140,692,067</b>	<b>84,270,288</b>	<b>81,874,450</b>



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS  
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**A21. Deposits and Placements of Banks and Other Financial Institutions**

	Note	Group		Bank	
		As at 30 June 2021	As at 31 December 2020	As at 30 June 2021	As at 31 December 2020
		RM'000	RM'000	RM'000	RM'000
Licensed banks		13,591,866	16,933,907	20,069,202	20,834,955
Licensed Islamic banks		867,670	948,447	942	1,307
Licensed investment banks		116,690	947,073	1,438,495	1,712,484
BNM/Other central banks	(a)	3,241,976	1,983,092	3,108,010	1,861,342
Other financial institutions		416,757	222,667	93,507	200,523
		<b>18,234,959</b>	<b>21,035,186</b>	<b>24,710,156</b>	<b>24,610,611</b>

(a) Included in deposits and placements by BNM/other central banks are amounts received under the Government scheme as part of the COVID-19 relief measures for the purpose of lending/financing to SMEs at a concessionary rate and with maturity period ranging between two to nine years.

**A22. Investment Account Due To Designated Financial Institutions**

	Group	
	As at 30 June 2021	As at 31 December 2020
	RM'000	RM'000
<u>Restricted Investment Account:</u>		
Mudharabah	348,966	-
<u>By type of counterparty:</u>		
Licensed banks	348,966	-
<u>Investment asset (principal):</u>		
Unquoted securities	348,966	-



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**A23. Other Liabilities**

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Other creditors and accruals	1,006,857	1,304,456	489,517	504,368
Amount payable for redemption units	715,004	58,430	-	-
Contract liabilities	220,557	244,711	73,500	84,000
Short term employee benefits	251,973	389,914	207,178	298,803
Accrual for operational expenses	219,088	220,404	168,524	171,107
Prepaid instalments	25,593	29,946	25,593	29,946
Cash collateral pledged for derivative transactions	161,020	428,280	161,020	428,280
Structured deposits	735,531	356,712	735,531	356,712
Remisiers' trust deposits	96,760	92,060	-	-
Dividend payable	37,939	401,005	37,939	401,005
Amount due to trust funds	157,095	296,396	-	-
Amounts due to subsidiaries	-	-	51,319	13,151
	<b>3,627,417</b>	<b>3,822,314</b>	<b>1,950,121</b>	<b>2,287,372</b>





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**A24. Segmental 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 its Management Committee as its chief operating decision-maker.

Pursuant to the Group's internal management reporting framework and the change in revenue sharing for certain treasury related products, the Group has restated the related corresponding segment information arising from the following:

- (i) The Group's Asset Management business is now streamlined under 'Group Investment Banking' from 'Group Retail Banking' previously; and
- (ii) Revenue sharing for certain treasury related products is now allocated to respective business segments from Group Treasury and Global Markets to adequately recognise and reward the efforts of respective business segment in the value chain.

The Group's business segments can be organised into the following main segments reflecting the Group's internal reporting structure:

(a) Group Retail Banking

Group Retail Banking focuses on providing products and services to individual customers. The products and services offered to customers include credit facilities (mortgages, non-residential mortgages, hire purchase, purchase of securities, credit cards and other personal loans and financing), remittances, deposits collection, investment related products, and bancassurance/bancatakaful products.

(b) Group Business Banking

Group Business Banking caters for funding needs as well as deposit collection from small and medium sized enterprises and wholesale clients.

(c) Group Wholesale Banking

(i) Group Corporate Banking and Group Investment Banking

Group Corporate Banking caters to funding or lending needs of corporate customers including public listed corporations and its related entities, multinational corporations (including Japanese), financial institutions and Government and state owned enterprises. Included under Group Corporate Banking are offshore banking activities carried out by RHB Bank (L) Ltd whose borrowings and lending facilities are offered in major currencies mainly to corporate customers.

Group Investment Banking provides services for advisory, fund raising in the structuring and issuance of debt securities and capital market instruments, corporate and debt restructuring, mergers and acquisitions, private placements, underwriting and structuring of bilateral lending, project financing, loans syndication, infrastructure financing, initial public offerings of equity related instruments, private placements and underwriting. This segment also covers:

- (a) facilities for equity share trading in local and foreign markets, share margin financing, futures broking products and services and custodian and nominee services under the investment banking group; and
- (b) asset management business that focuses on providing investment management services, unit trust fund management services, Islamic funds management services, wills and trustee services.



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**A24. Segmental Reporting (continued)**

The Group's business segments can be organised into the following main segments reflecting the Group's internal reporting structure (continued):

(c) Group Wholesale Banking (continued)

(i) Group Corporate Banking and Group Investment Banking (continued)

In 2020, the Group has ceased its stockbroking business in Singapore pursuant to the disposal of RHB Securities Singapore Pte Ltd ('RHBSS') and the capital market business in Singapore was transferred to the Bank (Singapore Branch) which is now grouped under 'Group International Business'. The cessation of the operations of RHBSS has been accounted for as discontinued operation in accordance with MFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'.

This segment also offers stockbroking and investment banking products and services to the Group's regional customers in Hong Kong, Indonesia, Thailand and Vietnam.

(ii) Group Treasury and Global Markets

Group Treasury and Global Markets operations are involved in proprietary and non-proprietary trading in fixed income securities and foreign exchange, derivatives trading and structuring, managing customer-based foreign exchange and money market transactions, funding and investments in ringgit and foreign currencies for the Group, as well as funding center.

(d) Group International Business

Group International Business primarily focuses on providing commercial and investment banking related products and services tailored to the specific needs of the customers in foreign countries in which the Group has operations. The Group currently has foreign presences in Singapore, Thailand, Brunei, Cambodia and Lao.

(e) Support Center and Others

Support Center and Others comprise results from other business segments in the Group (general insurance business, nominee services, property investment and rental of premises and other related financial services). The results of these other businesses are not material to the Group and therefore do not render a separate disclosure and are reported in aggregate in the financial statements.

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 center and the application of transfer pricing, where appropriate, has been used in preparing the segmental reporting.



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**A24. Segmental Reporting (continued)**

Six months ended 30 June 2021

	←— GWB —→							
	Group Retail Banking	Group Business Banking	Group CBIB	Group Treasury and Global Markets	Group International Business	Support Center and Others	Inter- Segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	1,351,344	604,295	825,740	828,356	341,016	(22,310)	-	3,928,441
Inter-segment revenue	-	-	21,717	(8,318)	613	17,459	(31,471)	-
Segment revenue	<u>1,351,344</u>	<u>604,295</u>	<u>847,457</u>	<u>820,038</u>	<u>341,629</u>	<u>(4,851)</u>	<u>(31,471)</u>	<u>3,928,441</u>
Other operating expenses	(656,516)	(322,074)	(362,097)	(84,647)	(231,156)	(124,553)	31,471	(1,749,572)
Including:								
- Depreciation of property, plant and equipment	(28,602)	(10,070)	(8,368)	(1,419)	(8,203)	(1,152)	-	(57,814)
- Depreciation of right of use assets	(10,046)	(7,459)	(8,059)	(338)	(8,256)	(542)	-	(34,700)
- Amortisation of intangible assets	(24,742)	(16,783)	(8,276)	(2,024)	(6,572)	(1,770)	-	(60,167)
Allowance for credit losses on financial assets	(153,921)	(126,483)	(49,722)	(24,130)	(40,022)	(6,881)	-	(401,159)
Impairment losses made on other non-financial assets	-	-	(314)	-	-	-	-	(314)
Segment profit/(loss)	<u>540,907</u>	<u>155,738</u>	<u>435,324</u>	<u>711,261</u>	<u>70,451</u>	<u>(136,285)</u>	<u>-</u>	<u>1,777,396</u>
Share of results of joint venture								-
Profit before taxation and zakat								<u>1,777,396</u>
Taxation and zakat								<u>(423,306)</u>
Net profit for the financial period								<u><u>1,354,090</u></u>



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**A24. Segmental Reporting (continued)**

As at 30 June 2021

	←— GWB —→						
	Group Retail Banking	Group Business Banking	Group CBIB	Group Treasury and Global Markets	Group International Business	Support Center and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	96,070,347	29,483,934	48,576,666	67,571,584	36,229,005	2,566,687	280,498,223
Investments in associates and joint venture							12
Tax recoverable							223,829
Deferred tax assets							167,994
Unallocated assets							1,422,387
Total assets							<u>282,312,445</u>
Segment liabilities	69,366,279	37,664,583	60,516,977	44,546,327	29,986,082	1,274,414	243,354,662
Provision for taxation and zakat							156,349
Deferred tax liabilities							2,050
Borrowings							214,249
Senior debt securities							5,724,576
Subordinated obligations							3,221,586
Unallocated liabilities							2,087,243
Total liabilities							<u>254,760,715</u>



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**A24. Segmental Reporting (continued)**

Six months ended 30 June 2020

	Continuing Operations							Discontinued Operation	Total	
	Group Retail Banking	Group Business Banking	Group CBIB	Group Treasury and Global Markets	Group International Business	Support Center and Others	Inter- Segment Elimination			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
External revenue	1,275,255	575,351	789,084	710,047	298,146	(360,331)	-	3,287,552	31,378	3,318,930
Inter-segment revenue	(6,369)	-	21,908	(7,737)	869	16,924	(25,595)	-	-	-
Segment revenue	1,268,886	575,351	810,992	702,310	299,015	(343,407)	(25,595)	3,287,552	31,378	3,318,930
Other operating expenses	(609,618)	(308,995)	(367,851)	(82,835)	(211,868)	(88,021)	25,595	(1,643,593)	(43,962)	(1,687,555)
Including:										
- Depreciation of property, plant and equipment	(27,534)	(8,065)	(7,992)	(1,632)	(7,712)	(1,152)	-	(54,087)	(755)	(54,842)
- Depreciation of right of use assets	(9,929)	(7,319)	(7,910)	(230)	(9,123)	(1,608)	-	(36,119)	(2,844)	(38,963)
- Amortisation of intangible assets	(25,015)	(14,667)	(8,414)	(2,144)	(5,585)	(1,655)	-	(57,480)	(1,639)	(59,119)
Allowance for credit losses on financial assets	(190,126)	(68,806)	(45,338)	(363)	(52,476)	2,962	-	(354,147)	(1,223)	(355,370)
Impairment losses made on other non-financial assets	-	-	(9,500)	-	-	-	-	(9,500)	-	(9,500)
Segment profit/(loss)	469,142	197,550	388,303	619,112	34,671	(428,466)	-	1,280,312	(13,807)	1,266,505
Share of results of joint venture								-	-	-
Profit/(Loss) before taxation and zakat								1,280,312	(13,807)	1,266,505
Taxation and zakat								(290,940)	270	(290,670)
Net profit/(loss) for the financial period								989,372	(13,537)	975,835



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**A24. Segmental Reporting (continued)**

As at 31 December 2020

	←— GWB —→						
	Group Retail Banking	Group Business Banking	Group CBIB	Group Treasury and Global Markets	Group International Business	Support Center and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	94,369,731	28,507,682	49,341,855	62,251,352	32,182,559	2,954,910	269,608,089
Investments in associates and joint venture							12
Tax recoverable							289,969
Deferred tax assets							35,338
Unallocated assets							1,216,550
Total assets							<u>271,149,958</u>
Segment liabilities	66,719,504	34,410,579	60,595,179	44,867,638	26,619,204	1,582,783	234,794,887
Provision for taxation and zakat							69,623
Deferred tax liabilities							165,938
Borrowings							634,630
Senior debt securities							3,545,150
Subordinated obligations							2,718,729
Unallocated liabilities							2,164,437
Total liabilities							<u>244,093,394</u>



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**A25. Valuation of Property, Plant and Equipment**

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

**A26. Events Subsequent to Balance Sheet Date**

There were no significant events subsequent to the balance sheet date that have not been reflected in the financial statements other than as disclosed below:

- (a) On 6 July 2021, BNM has announced that individuals, micro-enterprise borrowers and SMEs affected by the COVID-19 pandemic, may start applying for the six-month moratorium from 7 July 2021 onwards, in line with the Government's Pakej Perlindungan Rakyat dan Pemulihan Ekonomi ('PEMULIH'). In addition to the moratorium, banks will offer a reduction in instalments and other packages, including to reschedule and restructure financing and advances to suit the specific financial circumstances of borrowers.

Arising from this, where the original contractual terms of the loans, advances and financing have been modified for credit reasons and the loans, advances and financing have not been derecognised, this may result in modification loss to be recognised in the income statements, with a corresponding decrease in the gross carrying value of the loans, advances and financing.

- (b) PT RHB Sekuritas Indonesia ('RHB Sekuritas'), a wholly-owned subsidiary of RHB Investment Bank Berhad ('RHB Investment Bank') which in turn is a wholly-owned subsidiary of the Bank, had on 23 July 2021, entered into a conditional share purchase agreement ('CSPA') with Allianz Global Investors Asia Pacific Limited ('AllianzGI') and PT Asuransi Allianz Life Indonesia ('Allianz Life Indonesia') to dispose its entire 99.62% equity interest in PT Asset Management Indonesia ('RHBAMI') ('Proposed Disposal') for a consideration of approximately EUR7.47 million (or approximately RM37.25 million).

The Proposed Disposal will entail the disposal by RHB Sekuritas of its entire 98.62% equity interest and 1.00% equity interest in RHBAMI to AllianzGI and Allianz Life Indonesia respectively.

The Proposed Disposal is conditional upon of inter-alia, the approval of the Financial Services Authority of Indonesia or Otoritas Jasa Keuangan ('OJK') for the fit and proper test of AllianzGI as the new controlling shareholder of RHBAMI and the candidate for new member(s) of Board of Commissioners of RHBAMI as proposed by AllianzGI. The last date to fulfil all the conditions precedent for the Proposed Disposal is 8-months from the date of the CSPA which can be mutually extended. The Proposed Disposal is not subject to the approval of the shareholders of the Bank or any relevant regulatory authority in Malaysia.

Upon completion of the Proposed Disposal, RHBAMI will cease to be a subsidiary of RHB Sekuritas. Barring unforeseen circumstances and subject to the relevant approvals being obtained, the Proposed Disposal is expected to be completed in the fourth quarter of 2021.

**A27. 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 2021 other than the following:

- (a) RHB International Trust (L) Ltd ('RHBIT') ceased to be an indirect wholly-owned subsidiary of the Bank with effect from 11 March 2021 following the disposal by RHB Bank (L) Ltd ('RHBBL') as further disclosed in Note B10. Prior to the completion of the disposal of RHBIT, RHBBL has on 1 March 2021, completed the acquisition of the entire equity interest of RHB Corporate Services Sdn Bhd ('RHBCS') from RHBIT for a cash consideration of RM470,041 (equivalent to USD115,396).



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**A27. Changes in the Composition of the Group (continued)**

There were no significant changes in the composition of the Group for the six months ended 30 June 2021 other than the following (continued):

(b) RHB Finance Hong Kong Limited, an indirect wholly-owned subsidiary of the Bank, has been dissolved upon its deregistration as a legal entity on 17 March 2021 pursuant to Section 751 of The Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong, as further disclosed in Note B6(a).

(c) Capital repayment from RHB Investment Bank

RHB Investment Bank has sought and obtained approval via a special resolution to reduce its issued and paid up ordinary share capital pursuant to Section 117 of the Companies Act 2016 ('CA 2016') on 12 January 2021. Following the approval and confirmation received from Companies Commission of Malaysia ('CCM') on 2 April 2021 that all the requirements of CA 2016 with respect to reduction of share capital have been complied with, the reduction of the issued and paid-up ordinary share capital of RHB Investment Bank has on the same date been effected by way of:

(i) cancellation of 20,000,000 ordinary shares in RHB Investment Bank which are held by the Bank resulting in the total number of issued ordinary shares in RHB Investment Bank being reduced from 100,000,000 ordinary shares to 80,000,000 ordinary shares; and

(ii) reduction of RHB Investment Bank's share capital from RM1,487,773,000 to RM1,220,000,000 by repaying the surplus capital of the amount of RM267,773,000 to the Bank.

(d) On 15 July 2021, RHBIB Nominees (Asing) Sdn Bhd and Utama Gilang Sdn Bhd, an indirect and a direct wholly-owned subsidiary of the Bank respectively, have been dissolved pursuant to Section 459(5) of the Companies Act 2016.





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A28. Changes In Contingent Liabilities Since The Last Annual Statements Of Financial Position

(a) Commitments and Contingencies

In the normal course of business, the Group and the Bank make various commitments and incurs certain contingent liabilities with legal recourse to its customers. Apart from the allowance for commitments and contingencies already made in the interim 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 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Direct credit substitutes	1,283,663	1,219,814	1,282,412	1,219,050
Transaction-related contingent items	2,769,507	3,202,339	2,421,911	2,865,660
Short term self-liquidating trade-related contingencies	986,341	903,594	899,623	895,540
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions, and commitment to buy-back Islamic securities under Sell and Buy Back Agreement transactions	5,548,219	4,915,427	5,548,219	5,223,433
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	22,911	5,843	12,793	-
Irrevocable commitments to extend credit				
- Maturity less than one year	1,729,903	1,727,065	717,762	594,618
- Maturity more than one year	31,358,371	29,238,089	21,153,211	19,585,676
Foreign exchange related contracts <sup>^</sup>				
- Less than one year	49,772,629	55,476,927	50,236,919	58,071,384
- One year to less than five years	3,108,133	3,397,368	3,211,885	3,497,906
- More than five years	782,499	1,141,832	782,499	1,141,832
Commodity related contracts <sup>^</sup>				
- Less than one year	76,260	374,040	76,260	374,040
- One year to less than five years	160,311	181,225	160,311	181,225
Equity related contracts <sup>^</sup>				
- Less than one year	1,044,632	451,701	1,048,886	458,784
Interest rate related contracts <sup>^</sup>				
- Less than one year	8,824,702	8,933,780	11,734,702	12,453,887
- One year to less than five years	25,707,963	20,627,991	27,707,963	22,292,883
- More than five years	8,505,413	9,470,841	10,305,413	11,585,841
Any commitments that are unconditionally cancellable at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	16,427,700	16,212,542	14,058,548	13,805,758
	<b>158,109,157</b>	<b>157,480,418</b>	<b>151,359,317</b>	<b>154,247,517</b>

<sup>^</sup> These derivatives are revalued on gross position basis and the unrealised gains or losses has been reflected in the income statements and statements of financial position as derivative assets or derivative liabilities.



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**A28. Changes In Contingent Liabilities Since The Last Annual Statements Of Financial Position (continued)**

**(b) Guarantees Issued by the Group and the Bank**

	<b>Group</b>	
	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Corporate guarantee issued in favour of the Stock Exchange of Thailand in relation to a derivative warrant programme of a subsidiary	-	16

The Group and the Bank has given a continuing guarantee to Labuan Financial Services Authority to meet the liabilities and financial obligations and requirements of its subsidiary, RHB Bank (L) Ltd, arising from its offshore banking business in the Federal Territory of Labuan.

The Group and the Bank has also given a guarantee to the Bank of Thailand to provide support to meet any legal liabilities which may be incurred in respect of its operations in Thailand.

**(c) Contingent Liabilities**

As at 30 June 2021, the Group has contingent liabilities amounting to approximately RM76 million in respect of litigation. As the cases are still preliminary and the reliable exposure cannot be estimated, no provision is recognised in the financial statements.

**A29. Capital Commitments**

	<b>Group</b>		<b>Bank</b>	
	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Authorised and contracted for:				
- Property, plant and equipment	292,575	206,086	262,170	182,260
- Investment securities	11,862	13,266	-	-
	<b>304,437</b>	<b>219,352</b>	<b>262,170</b>	<b>182,260</b>



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**A30. Capital Adequacy Ratio**

BNM Guidelines on capital adequacy requires the Group, the Bank and the banking subsidiaries 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.

RHB Bank (Cambodia) Plc ('RHB Bank Cambodia') is subject to National Bank of Cambodia's capital adequacy requirements.

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

	Group		Bank <sup>@</sup>	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
<b>Common Equity Tier I ('CET I')/Tier I Capital</b>				
Share capital	6,994,103	6,994,103	6,994,103	6,994,103
Retained profits	18,509,772	17,339,102	14,652,149	13,660,680
Other reserves	668,329	556,644	492,259	444,776
FVOCI reserves	915,562	1,817,650	820,502	1,541,980
	<b>27,087,766</b>	26,707,499	<b>22,959,013</b>	22,641,539
<b>Less:</b>				
Goodwill	(2,638,198)	(2,638,198)	(1,714,913)	(1,714,913)
Intangible assets (include associated deferred tax liabilities)	(558,184)	(533,609)	(506,623)	(487,937)
Deferred tax assets	(368,338)	(352,107)	(267,177)	(247,523)
55% of cumulative gains arising from change in value of FVOCI instruments	(503,559)	(999,707)	(451,276)	(848,089)
Investments in subsidiaries	(102,425)	(102,425)	(4,433,307)	(4,701,080)
Investments in associates and joint venture	(12)	(12)	-	-
Other deductions <sup>#</sup>	(10,784)	(19,504)	(12,363)	(21,261)
Total CET I Capital	<b>22,906,266</b>	22,061,937	<b>15,573,354</b>	14,620,736
Qualifying non-controlling interests recognised as Tier I Capital	170	210	-	-
Total Tier I Capital	<b>22,906,436</b>	22,062,147	<b>15,573,354</b>	14,620,736
<b>Tier II Capital</b>				
Subordinated obligations meeting all relevant criteria	2,249,137	1,749,531	2,249,137	1,749,531
Qualifying capital instruments of a subsidiary issued to third parties <sup>+</sup>	474,160	465,001	-	-
Surplus eligible provisions over expected losses	521,299	538,079	383,243	401,269
General provisions <sup>^</sup>	173,315	179,727	83,378	85,599
Total Tier II Capital	<b>3,417,911</b>	2,932,338	<b>2,715,758</b>	2,236,399
<b>Total Capital</b>	<b>26,324,347</b>	24,994,485	<b>18,289,112</b>	16,857,135



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**A30. Capital Adequacy Ratio (continued)**

	Group		Bank <sup>@</sup>	
	As at 30 June 2021	As at 31 December 2020	As at 30 June 2021	As at 31 December 2020
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	<b>17.060%</b>	16.416%	<b>16.225%</b>	14.945%
Tier I Capital Ratio	<b>17.061%</b>	16.416%	<b>16.225%</b>	14.945%
Total Capital Ratio	<b>19.606%</b>	18.598%	<b>19.054%</b>	17.231%
After proposed dividends and DRP:				
CET I Capital Ratio	<b>16.757% *</b>	16.188% **	<b>15.801% *</b>	14.632% **
Tier I Capital Ratio	<b>16.758%</b>	16.188%	<b>15.801%</b>	14.632%
Total Capital Ratio	<b>19.303%</b>	18.370%	<b>18.631%</b>	16.918%

<sup>@</sup> The capital adequacy ratios of the Bank consist of capital base and risk-weighted assets derived from the Bank and its wholly-owned offshore banking subsidiary, RHB Bank (L) Ltd.

<sup>#</sup> Pursuant to Basel II Market Risk para 5.19 & 5.20 - Valuation Adjustments, the Capital Adequacy Framework (Basel II - RWA) calculation shall account for the ageing, liquidity and holding back adjustments on its trading portfolio.

<sup>+</sup> Qualifying subordinated sukuk that are recognised as Tier II capital instruments held by third parties as prescribed under paragraph 17.6 of the BNM's Guideline on Capital Adequacy Framework (Capital Components) which are issued by a fully consolidated subsidiary of the Bank.

<sup>^</sup> Pursuant to BNM's policy document on Financial Reporting and Financial Reporting for Islamic Banking Institutions, 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 of RM15,813,000 (31 December 2020: RM12,200,000).

<sup>\*</sup> In arriving at the capital adequacy ratios, reference is made to the Implementation Guidance on Capital Adequacy Framework (Capital Components) dated 9 December 2020 where the amount of deduction of declared dividend from CET I capital ratio may reduce by taking into account the following items:

- (i) The Bank has obtained irrevocable written undertaking from its shareholders on 28 June 2021 to reinvest up to 87.65% of the dividend into new ordinary shares of the Bank pursuant to the DRP (as disclosed in Note B6(b)); and
- (ii) The Board of Directors have declared an interim single-tier dividend of 15.00 sen per share in respect of the financial year ending 31 December 2021, amounting to RM610,254,000, consisting of cash portion of 5.00 sen per share to be paid in cash and an electable portion of 10.00 sen per share (as disclosed in Note A7(b)). There is no irrevocable written undertaking from its shareholders, hence, the amount of the proposed interim dividend may be reduced either by the average of the preceding 3-year take up rates or if less than 3 preceding years, the available average historical take up rates, subject to the amount being not more than 50% of the total electable portion of the dividend.

<sup>\*\*</sup> With the implementation of the Proposed DRP (as disclosed in Note B6(b)), the amount of dividend to be deducted from the Group and the Bank's CET I Capital may be reduced by the portion of dividend reinvested by the shareholders. This will correspondingly increase the Group and the Bank capital ratios.



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**A30. Capital Adequacy Ratio (continued)**

(b) The capital adequacy ratios of RHB Islamic Bank and RHB Investment Bank are as follows:

	RHB Islamic Bank		RHB Investment Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
<b>CET I/Tier I Capital</b>				
Share capital	1,673,424	1,673,424	1,220,000	1,487,773
Retained profits	3,263,728	2,896,031	475,531	331,261
FVOCI reserves	50,264	224,848	43,984	47,839
	<b>4,987,416</b>	4,794,303	<b>1,739,515</b>	1,866,873
<b>Less:</b>				
Goodwill	-	-	(372,395)	(372,395)
Investments in subsidiaries, associates and joint venture	-	-	(719,096)	(720,426)
Intangible assets (include associated deferred tax liabilities)	(2,366)	(2,767)	(25,696)	(24,296)
Deferred tax assets	(84,373)	(78,167)	(10,343)	(17,985)
55% of cumulative gains arising from change in value of FVOCI instruments	(27,645)	(123,666)	(24,191)	(26,311)
Other deductions <sup>#</sup>	(1,055)	(2,643)	(9)	-
Total CET I Capital/Tier I Capital	<b>4,871,977</b>	4,587,060	<b>587,785</b>	705,460
<b>Tier II Capital</b>				
Subordinated sukuk	750,000	750,000	-	-
Subordinated obligations meeting all relevant criteria	-	-	200,000	200,000
Surplus eligible provisions over expected losses	138,181	137,002	-	-
General provisions <sup>^</sup>	66,880	69,026	13,027	9,921
Total Tier II Capital	<b>955,061</b>	956,028	<b>213,027</b>	209,921
<b>Total Capital</b>	<b>5,827,038</b>	5,543,088	<b>800,812</b>	915,381
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	14.486%	14.877%	24.976%	36.116%
Tier I Capital Ratio	14.486%	14.877%	24.976%	36.116%
Total Capital Ratio	17.326%	17.977%	34.029%	46.862%
After proposed dividends:				
CET I Capital Ratio	14.486%	14.714%	20.727%	36.116%
Tier I Capital Ratio	14.486%	14.714%	20.727%	36.116%
Total Capital Ratio	17.326%	17.815%	29.779%	46.862%



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**A30. Capital Adequacy Ratio (continued)**

- # Pursuant to Basel II Market Risk para 5.19 & 5.20 - Valuation Adjustments, the Capital Adequacy Framework (Basel II - RWA) calculation shall account for the ageing, liquidity and holding back adjustments on its trading portfolio.
- ^ Pursuant to BNM's policy document on Financial Reporting and Financial Reporting for Islamic Banking Institutions, 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 RHB Islamic Bank and RHB Investment Bank of RM54,118,000 (31 December 2020: RM54,526,000) and RM12,990,000 (31 December 2020: RM9,903,000) respectively.

(c) The breakdown of risk-weighted assets in the various categories of risk-weights are as follows;

	<b>Group</b>	<b>Bank<sup>@</sup></b>	<b>RHB Islamic Bank</b>	<b>RHB Investment Bank</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 June 2021</b>				
Credit risk	117,820,237	84,269,142	28,380,611	1,042,192
Market risk	3,570,531	2,989,096	134,907	388,670
Operational risk	12,875,075	8,725,637	2,400,223	922,493
Additional risk-weighted assets due to capital floor	-	-	2,715,490	-
Total risk-weighted assets	<u>134,265,843</u>	<u>95,983,875</u>	<u>33,631,231</u>	<u>2,353,355</u>
	<b>Group</b>	<b>Bank<sup>@</sup></b>	<b>RHB Islamic Bank</b>	<b>RHB Investment Bank</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 December 2020</b>				
Credit risk	117,398,841	85,311,553	28,355,786	793,669
Market risk	4,314,070	3,783,371	210,344	300,706
Operational risk	12,677,517	8,734,782	2,223,938	858,966
Additional risk-weighted assets due to capital floor	-	-	43,510	-
Total risk-weighted assets	<u>134,390,428</u>	<u>97,829,706</u>	<u>30,833,578</u>	<u>1,953,341</u>

<sup>@</sup> The capital adequacy ratios of the Bank consist of capital base and risk-weighted assets derived from the Bank and its wholly-owned offshore banking subsidiary, RHB Bank (L) Ltd.



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**A30. Capital Adequacy Ratio (continued)**

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

The total risk-weighted assets of RHB Islamic Bank are computed based on BNM's Capital Adequacy Framework for Islamic Banks ('CAFIB'): Internal Ratings Based Approach for Credit and Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

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

(d) The capital adequacy ratios of RHB Bank Cambodia are as follows:

	<b>As at 30 June 2021 RM'000</b>	<b>As at 31 December 2020 RM'000</b>
Before proposed dividends:		
Solvency ratio	<b>15.713%</b>	18.819%
After proposed dividends:		
Solvency ratio	<b>15.713%</b>	18.819%

The Solvency Ratio of RHB Bank Cambodia is the nearest equivalent regulatory compliance ratio in Cambodia computed in accordance with Prakas B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived as RHB Bank Cambodia's net worth divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory solvency ratio requirement in Cambodia is 15%.

**A31. Credit Exposures Arising from Transactions with Connected Parties**

	<b>Group</b>		<b>Bank</b>	
	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>
Outstanding credit exposures with connected parties (RM'000)	<b>13,241,315</b>	15,707,526	<b>8,773,671</b>	11,155,639
Percentage of outstanding credit exposures with connected parties as proportion of total credit exposures (%)	<b>5.65</b>	6.89	<b>5.99</b>	7.78
Percentage of outstanding credit exposures with connected parties which is impaired or in default (%)	<b>0.04</b>	0.09	<b>0.003</b>	0.02

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



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**A32. Operations of Islamic Banking**

**(a) Statement of Financial Position as at 30 June 2021**

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
<b>ASSETS</b>				
Cash and short-term funds	5,317,712	2,259,802	-	-
Deposits and placements with banks and other financial institutions	1,838,221	2,410,219	-	-
Financial assets at FVTPL	30,459	107,678	-	-
Financial assets at FVOCI	5,699,044	6,409,937	-	-
Financial investments at amortised cost	5,258,810	4,577,078	-	-
Financing and advances	71,075,718	67,675,470	985,438	996,810
Other assets	375,637	417,837	127,799	96,937
Derivative assets	40,264	6,573	-	-
Statutory deposits	25,000	12,000	-	-
Deferred tax assets	67,938	6,794	-	-
Right of use assets	2,426	4,750	-	-
Property, plant and equipment	3,403	3,944	-	-
Intangible assets	2,928	3,133	-	-
Total assets	<b>89,737,560</b>	<b>83,895,215</b>	<b>1,113,237</b>	<b>1,093,747</b>
<b>LIABILITIES</b>				
Deposits from customers	67,584,062	60,830,175	-	-
Deposits and placements of banks and other financial institutions	3,977,345	2,879,907	1,048,090	1,032,244
Investment account due to designated financial institutions	348,966	-	-	-
Bills and acceptances payable	15,383	12,182	-	-
Other liabilities	233,523	526,778	184	-
Derivative liabilities	26,619	193,402	-	-
Recourse obligation on financing sold to Cagamas	2,012,373	3,023,760	-	-
Provision for taxation and zakat	131,154	52,548	-	-
Lease liabilities	2,810	4,840	-	-
Subordinated obligations	754,599	754,514	-	-
Total liabilities	<b>75,086,834</b>	<b>68,278,106</b>	<b>1,048,274</b>	<b>1,032,244</b>
Islamic Banking Funds	14,650,726	15,617,109	64,963	61,503
Total liabilities and Islamic Banking Funds	<b>89,737,560</b>	<b>83,895,215</b>	<b>1,113,237</b>	<b>1,093,747</b>
Commitments and contingencies	<b>17,815,113</b>	<b>18,555,062</b>	<b>43,075</b>	<b>36,157</b>





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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS  
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**A32. Operations of Islamic Banking (continued)**

**(b) Income Statement for the Six Months Ended 30 June 2021**

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Income derived from investment of depositors' funds	741,670	685,362	1,448,959	1,409,316
Income derived from investment account funds	89,698	91,822	174,992	195,080
Income derived from investment of shareholders' funds	30,701	45,078	119,483	140,743
Net modification loss	-	(232,788)	(20,597)	(232,788)
Allowance for credit losses	(85,463)	(26,670)	(121,395)	(62,422)
Total distributable income	776,606	562,804	1,601,442	1,449,929
Income attributable to depositors	(363,135)	(427,689)	(722,356)	(903,508)
Profit distributed to investment account holders	(7,431)	-	(7,431)	-
	406,040	135,115	871,655	546,421
Personnel expenses	(6,455)	(7,498)	(14,301)	(15,173)
Other overheads and expenditures	(97,591)	(89,953)	(196,658)	(178,351)
Profit before taxation and zakat	301,994	37,664	660,696	352,897
Taxation and zakat	(64,337)	21,270	(127,052)	(22,221)
Net profit for the financial period	237,657	58,934	533,644	330,676

**Statement of Comprehensive Income for the Six Months Ended 30 June 2021**

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Net profit for the financial period	237,657	58,934	533,644	330,676
Other comprehensive income/(loss) in respect of items that will be reclassified subsequently to profit or loss				
(a) Debt instruments measured at FVOCI				
- Unrealised net (loss)/gain	51,017	166,347	(163,116)	141,807
- Net transfer to income statement on disposal	(30,135)	(15,467)	(66,599)	(22,991)
- Changes in expected credit losses	(306)	(218)	(336)	(594)
Income tax relating to components of other comprehensive loss/(income)	(5,012)	(36,212)	55,131	(28,517)
Other comprehensive (loss)/income, net of tax, for the financial period	15,564	114,450	(174,920)	89,705
Total comprehensive income for the financial period	253,221	173,384	358,724	420,381



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**A32. Operations of Islamic Banking (continued)**

**(b) Income Statement for the Six Months Ended 30 June 2021**

	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Income derived from investment of depositors' funds	2,850	3,347	5,503	7,646
Income derived from investment of shareholders' funds	15	2	15	78
Allowance for credit losses	3,950	(1,540)	(270)	(2,414)
Total distributable income	6,815	1,809	5,248	5,310
Income attributable to depositors	(1,383)	(3,145)	(2,690)	(6,636)
	5,432	(1,336)	2,558	(1,326)
Personnel expenses	-	(380)	-	(735)
Other overheads and expenditures	-	(5)	-	(21)
Profit/(Loss) before taxation	5,432	(1,721)	2,558	(2,082)
Taxation	-	-	-	-
Net profit/(loss) for the financial period	5,432	(1,721)	2,558	(2,082)

**Statement of Comprehensive Income for the Six Months Ended 30 June 2021**

	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Net profit/(loss) for the financial period	5,432	(1,721)	2,558	(2,082)
Total comprehensive income/(loss) for the financial period	5,432	(1,721)	2,558	(2,082)



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS  
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**A32. Operations of Islamic Banking (continued)**

**(d) Financing and Advances**

	Group		Bank	
	As at 30 June 2021	As at 31 December 2020	As at 30 June 2021	As at 31 December 2020
	RM'000	RM'000	RM'000	RM'000
<b>At amortised cost</b>				
Cashline	976,214	856,366	-	-
Term financing				
- Housing financing	22,647,086	21,169,443	-	-
- Syndicated term financing	3,394,266	3,067,225	-	-
- Hire purchase receivables	8,961,559	8,598,499	-	-
- Other term financing	31,562,087	30,582,237	992,735	1,003,732
Bills receivables	219,300	386,964	-	-
Trust receipts	60,626	37,079	-	-
Claims on customers under acceptance credits	1,263,902	764,298	-	-
Share margin financing	1,444	2,546	-	-
Staff financing	11,299	10,941	-	-
Credit/charge card receivables	259,367	273,966	-	-
Revolving financing	2,348,835	2,464,088	-	-
Gross financing and advances	71,705,985	68,213,652	992,735	1,003,732
Less: Allowance for credit losses	(630,267)	(538,182)	(7,297)	(6,922)
Net financing and advances	71,075,718	67,675,470	985,438	996,810

**(i) Movements in impaired financing and advances**

Balance as at the beginning of the financial period/year	435,207	466,169	-	-
Transfer to 12-month ECL (Stage 1)	(9,228)	(15,918)	-	-
Transfer to lifetime ECL not credit impaired (Stage 2)	(45,003)	(42,625)	-	-
Transfer to lifetime ECL credit impaired (Stage 3)	174,869	176,565	-	-
Purchases and origination	15,930	26,127	4,359	-
Derecognition	(67,118)	(104,208)	-	-
Amount written off	(42,465)	(70,664)	-	-
Modification of contractual cash flow	(11)	(239)	-	-
Exchange differences	32	-	32	-
Balance as at the end of the financial period/year	462,213	435,207	4,391	-



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**A32. Operations of Islamic Banking (continued)**

**(d) Financing and Advances (continued)**

**(ii) Movement in allowance for credit losses**

Group	Lifetime ECL		Lifetime ECL	Total
	12-month ECL (Stage 1)	not credit impaired (Stage 2)	credit impaired (Stage 3)	
	RM'000	RM'000	RM'000	RM'000
<b>30 June 2021</b>				
Balance as at the beginning of the financial period	163,558	195,019	179,605	538,182
Changes due to financial assets recognised in the opening balance that have been:				
- Transferred to 12-month ECL (Stage 1)	32,067	(29,118)	(2,949)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(11,243)	25,932	(14,689)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(284)	(7,670)	7,954	-
	20,540	(10,856)	(9,684)	-
Allowance made/(written back) during the financial period	(24,545)	99,161	75,601	150,217
Bad debts written off	-	-	(29,840)	(29,840)
Changes to model methodologies	(547)	(1,230)	55	(1,722)
Derecognition	(2,608)	(7,412)	(16,655)	(26,675)
Exchange differences	119	-	(14)	105
Balance as at the end of the financial period	156,517	274,682	199,068	630,267
<b>31 December 2020</b>				
Balance as at the beginning of the financial year	71,816	99,609	173,882	345,307
Changes due to financial assets recognised in the opening balance that have been:				
- Transferred to 12-month ECL (Stage 1)	29,383	(24,092)	(5,291)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(8,766)	21,718	(12,952)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(266)	(3,841)	4,107	-
	20,351	(6,215)	(14,136)	-
Allowance made during the financial year	80,272	107,516	91,163	278,951
Bad debts written off	-	-	(41,550)	(41,550)
Derecognition	(8,882)	(5,891)	(29,754)	(44,527)
Exchange differences	1	-	-	1
Balance as at the end of the financial year	163,558	195,019	179,605	538,182



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**A32. Operations of Islamic Banking (continued)**

**(d) Financing and Advances (continued)**

**(ii) Movement in allowance for credit losses (continued)**

<b>Bank</b>	<b>12-month</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	<b>Total</b>
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
	<b>(Stage 1)</b>	<b>(Stage 2)</b>	<b>(Stage 3)</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 June 2021</b>				
Balance as at the beginning of the financial period	6,922	-	-	6,922
Allowance made/(written back) during the financial period	(3,528)	-	3,798	270
Exchange differences	119	-	(14)	105
Balance as at the end of the financial period	<u>3,513</u>	<u>-</u>	<u>3,784</u>	<u>7,297</u>
<b>31 December 2020</b>				
Balance as at the beginning of the financial year	4,254	-	-	4,254
Allowance made during the financial year	2,667	-	-	2,667
Exchange differences	1	-	-	1
Balance as at the end of the financial year	<u>6,922</u>	<u>-</u>	<u>-</u>	<u>6,922</u>



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**A32. Operations of Islamic Banking (continued)**

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
<b>(e) Other Assets</b>				
Prepayments	30,767	27,588	-	-
Deposits	1,520	1,535	-	-
Other receivables	343,350	388,714	127,799	96,937
	<b>375,637</b>	<b>417,837</b>	<b>127,799</b>	<b>96,937</b>

	Group	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
<b>(f) Deposits from Customers</b>		
Saving Deposits		
- Qard	2,494,223	2,094,100
Demand Deposits		
- Qard	5,550,709	5,981,871
- Commodity Murabahah	2,329,362	1,464,521
Term Deposits		
- Commodity Murabahah	47,706,417	42,962,476
Specific Investment Account		
- Murabahah	9,501,531	8,289,588
General Investment Account		
- Mudharabah	1,820	37,619
	<b>67,584,062</b>	<b>60,830,175</b>



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**B1. Review of Group Results**

**(a) Current Financial Period vs Previous Financial Period**

The Group reported a net profit of RM1,351.6 million for the first half year ended 30 June 2021, 39.1% higher from RM971.7 million recorded a year ago. The year-on-year earnings improvement was mainly due to higher net fund based income and lower net modification loss, partially offset by higher allowances for credit losses, higher operating expenses and lower non-fund based income.

Net fund based income improved to RM2,848.9 million driven by proactive funding cost management, which dropped 33.2% year-on-year supported by CASA growth of 10.8%.

Non-fund based income declined by 5.6% to RM1,116.8 million from a year ago driven by lower net trading and investment income, partly offset by higher commercial banking, brokerage, capital market and wealth management fee income.

Operating expenses increased by 6.4% from a year ago at RM1,749.6 million. With positive JAWS, cost-to-income ratio improved to 44.5% compared with 50.0% a year ago.

Given the ongoing uncertainties, the Group remained prudent and continued setting aside additional provisions to cater for potential adverse impact to asset quality. Consequently, allowances for credit losses increased by 13.3% from the previous corresponding period to RM401.2 million, with the annualised credit charge ratio standing at 0.42% compared with 0.40% for the same period last year.

Total assets of the Group increased by 4.1% from December 2020 to RM282.3 billion as at 30 June 2021. Net assets per share was at RM6.86, with shareholders' equity at RM27.5 billion as at 30 June 2021.

The Group's gross loans and financing grew by 5.7% year-on-year to RM191.0 billion, mainly supported by growth in mortgage, auto finance, SME and Singapore. Domestic loans and financing grew 4.1% year-on-year. The Group's domestic loan market share stood at 9.0% as at end-June 2021.

Customer deposits increased by 8.1% year-on-year to RM215.6 billion, predominantly attributed to CASA growth of 10.8%, and fixed and money market time deposits of 7.6%. CASA composition stood at 29.3% as at 30 June 2021.

Gross impaired loans was RM3.1 billion as at 30 June 2021, with gross impaired loans ratio of 1.63% compared with RM3.4 billion and 1.87% respectively as at 30 June 2020. Loan loss coverage ratio for the Group, excluding regulatory reserves, remained strong at 124.1% as at end-June 2021.



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**B1. Review of Group Results**

**(b) Performance by Operating Segment**

(i) Group Retail Banking

Group Retail Banking reported a pre-tax profit of RM540.9 million for the first half year ended 30 June 2021, 15.3% higher than previous year. This was mainly attributed to higher net fund based income and non-fund based income, and lower allowances for loans and financing, partially offset by higher operating expenses.

Retail loans and financing was at RM96.4 billion, 6.4% higher year-on-year, primarily driven by growth in mortgages, auto financing and personal financing.

Retail deposits increased by 12.9% year-on-year to RM69.4 billion as at 30 June 2021, contributed by growth in CASA and fixed deposits.

(ii) Group Business Banking

Group Business Banking recorded a pre-tax profit of RM155.7 million for the half year, a 21.2% decrease year-on-year mainly due higher allowances for credit losses on loans and higher operating expenses, partially offset by higher net fund based income and non-fund based income.

Gross loans and financing expanded by 9.1% over the year to RM29.8 billion, driven mainly by Retail SME portfolio at 9.6%.

Customer deposits recorded a 20.2% growth over the year to reach RM35.7 billion as at 30 June 2021 due to growth in fixed deposits and current account.

(iii) GWB

Group Wholesale Banking ('GWB') posted a 13.8% increase in pre-tax profit to RM1,146.6 million.

(a) Group Corporate & Investment Banking registered a pre-tax profit of RM435.3 million, an increase of 12.1% on the back of higher non-fund based income and lower operating expenses, partially offset by lower net fund based income and higher expected credit losses on loans.

Gross loans and financing decreased by 4.1% year-on-year to RM41.9 billion. Total deposits decreased by 9.6% to RM57.5 billion mainly due to decline in fixed deposits and current account.

(b) Group Treasury and Global Markets recorded a 14.9% growth in pre-tax profit to RM711.3 million over the year, mainly due to higher net fund based income, partially offset by lower net trading and investment income and lower gain on foreign exchange and derivatives.

Total deposits grew by 33.5% to RM29.6 billion with increase in money market time deposits.





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**B1. Review of Group Results (continued)**

**(b) Performance by Operating Segment (continued)**

(iv) Group International Business

RHB Bank Singapore recorded a pre-tax profit of SGD6.1 million, 0.8% higher than the previous year. This was mainly due to higher net fund based income and non-fund based income, partially offset by higher expected credit losses on loans and higher operating expenses.

Singapore loans and advances increased by 24.8% year-on-year to SGD6.0 billion, while deposits increased by 5.4% to SGD6.2 billion.

Group International Business excluding Singapore registered a pre-tax profit of RM51.6 million as compared to pre-tax profit of RM16.3 million in the corresponding year. This was mainly due to higher profitability recorded in Cambodia and Thailand.

**B2. Current Quarter vs Previous Quarter**

Net profit of the Group increased by 7.9% to RM701.3 million from RM650.3 million recorded in the preceding quarter ended 31 March 2021. This was primarily due to higher total income and lower operating expenses, partially offset by higher allowances for credit losses.

**B3. Prospects for Financial Year 2021**

The Group remains prudent and cautious especially in light of the recent surge in COVID-19 cases seen since the second half of Q2 2021. This, together with the extended MCO in Selangor and Kuala Lumpur are expected to have negative impacts on Malaysia's GDP growth in 2021. Nevertheless, the accelerated pace of vaccination nationwide is a positive development towards opening up of more economic activities, relaxation of MCO measures and the overall economic recovery. The banking sector, overall, is projected to remain resilient, from liquidity and capital perspective, to support growth and provide relief to affected borrowers. Our expected credit losses provision remains conservative, having done proactive provisioning since last year. On the monetary front, the OPR is expected to remain stable for the rest of the year.

We continue to engage and facilitate our borrowers in this challenging period especially to those who are in need of assistance, through extending relief measures such as those offered under the PEMULIH package, which includes various cash handouts and loan moratorium, made available effective 7 July 2021.

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

**B4. Variance of Actual Profit from Forecast Profit and Profit Guarantee**

There were no profit forecast or profit guarantee issued by the Group and the Bank.



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**B5. Taxation and Zakat**

	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Income tax based on profit for the financial period				
- Malaysian income tax	235,738	152,138	408,488	301,291
- Overseas tax	3,197	(1,703)	14,939	3,845
Deferred tax	(28,312)	(41,098)	(3,547)	(16,125)
	<u>210,623</u>	<u>109,337</u>	<u>419,880</u>	<u>289,011</u>
Under/(Over) provision in respect of prior financial years	(2,144)	-	558	(344)
Tax expense	<u>208,479</u>	<u>109,337</u>	<u>420,438</u>	<u>288,667</u>
Zakat	1,500	1,364	2,868	2,273
	<u>209,979</u>	<u>110,701</u>	<u>423,306</u>	<u>290,940</u>

The effective tax rate of the Group for for the second quarter and six months ended 30 June 2021 was lower than the statutory tax rate mainly due to certain income not subject to tax.

	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Income tax based on profit for the financial period				
- Malaysian income tax	192,584	144,204	301,484	254,481
- Overseas tax	381	634	381	782
Deferred tax	(25,985)	(47,694)	1,750	(21,189)
	<u>166,980</u>	<u>97,144</u>	<u>303,615</u>	<u>234,074</u>
Over provision in respect of prior financial years	(1,752)	-	(1,752)	-
	<u>165,228</u>	<u>97,144</u>	<u>301,863</u>	<u>234,074</u>

The effective tax rate of the Bank for the second quarter and six months ended 30 June 2021 was lower than the statutory tax rate mainly due to certain income not subject to tax.



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**B6. Status of Corporate Proposals**

**(a) Proposed cessation of business operations of subsidiaries in Hong Kong**

RHB Hong Kong Limited ('RHB Hong Kong') and its subsidiaries (collectively, 'RHB Hong Kong Group'), had on 4 December 2019 decided that they will commence to cease their business operations ('Proposed Cessation'). RHB Hong Kong is a wholly-owned subsidiary of RHB Investment Bank, which in turn is wholly-owned by the Bank.

Pursuant to the Proposed Cessation, RHB Hong Kong Group will gradually discontinue offering financial services to its existing and potential clients. RHB Investment Bank, being the shareholder of RHB Hong Kong Group will provide the requisite support to ensure an orderly winding down of their business operations.

The increasingly challenging operating broking environment in Hong Kong has resulted in losses being recorded for RHB Hong Kong Group. As a result, it is no longer viable for RHB Hong Kong Group to continue its business operations. The Proposed Cessation would allow RHB Investment Bank to refocus efforts and resources in driving long-term growth in other ASEAN markets in line with the larger RHB Banking Group's FIT22 strategy.

As part of RHB Hong Kong Group, RHB Finance Hong Kong Limited had been dissolved as disclosed in Note A27(b).

**(b) Proposed establishment of a Dividend Reinvestment Plan ('DRP')**

On 17 December 2020, the Bank announced that it proposes to undertake the establishment of a DRP that provides the shareholders of the Bank ('Shareholders') with an option to elect to reinvest, in whole or in part, their cash dividend declared by the Bank in new RHB Bank Shares ('DRP Shares') ('Proposed DRP').

The rationale of the Proposed DRP is as follows:

- (i) It provides the Bank with flexibility in managing and strengthening its capital position as part of the Bank's capital management strategy. The reinvestment of dividend by the Shareholders for DRP Shares will also enlarge the share capital base of the Bank.

The cash retained which would otherwise be used for the payment of dividend, may be utilised for working capital, repay borrowings and/or other requirements of the Bank or RHB Banking Group to be identified at the point when such funds are retained.

- (ii) It allows Shareholders to have the option of reinvesting further into the Bank and provides the Shareholders with the following:
  - (a) an opportunity to enhance and maximise the value of their shareholdings in the Bank by investing in DRP Shares at a discount; and
  - (b) flexibility to the Shareholders in meeting their investment objectives as the Shareholders would have the option of receiving dividend in cash and/or reinvesting in DRP Shares.
- (iii) The implementation of the Proposed DRP will provide an avenue to the Shareholders to exercise the electable portion under the reinvestment option into DRP Shares in lieu of receiving cash.
- (iv) The Proposed DRP may potentially improve the trading liquidity of RHB Bank shares as well as strengthen the financial position and capital base of the Bank through the issuance of DRP Shares.



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**B6. Status of Corporate Proposals (continued)**

**(b) Proposed establishment of a Dividend Reinvestment Plan ('DRP') (continued)**

The Proposed DRP is not conditional or inter-conditional upon any other corporate exercise being or proposed to be undertaken by the Bank. However, the Proposed DRP is conditional upon the following:

- (i) approval from BNM for the increase in issued share capital arising from the issuance of DRP Shares pertaining to the proposed final dividend in respect of financial year ended 31 December 2020, of which BNM has granted its approval via its letter dated 29 March 2021;
- (ii) Bursa Malaysia Securities Berhad ('Bursa Securities') for the listing and quotation of the DRP Shares on the Main Market of Bursa Securities, of which Bursa Securities had vide its letter dated 7 April 2021 approved the listing and quotation of up to 85,213,469 DRP shares on the Main Market of Bursa Securities in respect of the proposed final dividend for the financial year ended 31 December 2020;
- (iii) approval from Shareholders for the Proposed DRP at the Annual General Meeting ('AGM'); and
- (iv) any other relevant authority and/or party, if required.

The effects of the Proposed DRP on the share capital, substantial shareholders' shareholdings, net assets, gearing, earnings and earnings per share as well as the number of new ordinary shares to be issued by the Bank are dependent on the following:

- (i) the quantum of the dividend to be announced by the Board of which the Proposed DRP can be applied with;
- (ii) the Board's decision on the proportion/size of the electable portion;
- (iii) the issue price;
- (iv) the extent to which Shareholders elect to exercise the reinvestment option;
- (v) the applicable withholding tax rates of the Shareholders; and
- (vi) any necessary downward adjustment by the Board to the final number of DRP Shares to be allotted and issued to any of the Shareholders.

On 27 January 2021, the Board of Directors of the Bank had proposed a final dividend of 7.65 sen per share ('Final Dividend') in respect of the financial year ended 31 December 2020 amounting to RM306,768,000 and had recommended that the Proposed DRP as mentioned above shall apply to the said Final Dividend, subject to shareholders' approval.

The shareholders had, on 25 May 2021, approved the Final Dividend, the Proposed DRP and the authority to the Directors to allot and issue such number of DRP shares from time to time as may be required in respect of the Final Dividend and on dividend that may be declared and to be subject to DRP as may be decided by the Board. The authority to the Board to allot and issue DRP shares shall continue to be in force until the conclusion of the next AGM.

On 25 May 2021, the issue price of the new ordinary shares in the Bank ('RHB Bank Shares') to be issued pursuant to the DRP has been fixed at RM4.61 per share. The issue price is fixed based on the 5-day volume weighted average market price ('VWAP') of RHB Bank Shares of RM5.1930 up to and including 24 May 2021, being the last trading day before the Price Fixing Date after adjusting for the following:

- (i) a dividend adjustment of RM0.0765 to the 5-day VWAP of RHB Bank Shares ('Ex-Dividend VWAP'); and
- (ii) a discount of RM0.5065, which is approximately 10% discount to the Ex-Dividend VWAP of RM5.1165.

The book closure for the Final Dividend and DRP has been fixed on 10 June 2021.



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**B6. Status of Corporate Proposals (continued)**

**(b) Proposed establishment of a Dividend Reinvestment Plan ('DRP') (continued)**

On 2 July 2021, RHB Investment Bank, on behalf of the Bank, announced that the Bank would be issuing 58,314,499 new RHB Bank shares, representing 87.65% of the total number of 66,533,313 new RHB Bank shares that would have been issued pursuant to the DRP, had all the entitled shareholders elect to reinvest their respective electable portions of the Final Dividend into new RHB Bank shares.

The Bank had, on 8 July 2021, allotted and issued 58,314,499 new RHB Bank shares pursuant to the DRP. With the listing and quotation of the said new RHB Bank shares on the Main Market of Bursa Securities on 9 July 2021, the DRP was completed and the enlarged issued share capital of the Bank comprises 4,068,360,120 RHB Bank shares.

**(c) Memorandum of understanding ('MOU') with Axiata Group Berhad ('Axiata Group')**

On 2 June 2021, the Bank entered into a MOU with Axiata Group to jointly explore potential collaboration opportunities including to jointly apply to BNM for a digital banking license. The proposed Axiata entity selected to collaborate with the Bank for the joint application for the digital bank license is Boost Holdings Sdn Bhd ('Boost Holdings').

The Board of Directors of the Bank and Boost Holdings have entered into a heads of agreement ('HOA') setting out the terms of the proposed application to BNM for a digital banking license. The Bank and Boost Holdings will collectively be the 'Parties' and individually, the 'Party'. The key salient terms of the HOA are as follows:

**(i) Identity of the digital bank**

The Parties will as soon as reasonably practicable following the date of this HOA, discuss in good faith and agree whether the digital bank will be a new company which will be incorporated for the purposes of the application or will be an existing entity named as Axiata Digital Capital Sdn Bhd ('Aspirasi').

If regulatory requirements and/or directions require so, the Parties agree to discuss in good faith and identify an alternative entity which fulfils any such relevant requirements and/or directions as soon as practicable.

**(ii) Submission of the application of the digital bank license**

The Parties shall use all reasonable and commercial endeavours to submit the application to BNM for the digital bank on or before 30 June 2021 ('Submission Date').

**(iii) Capital requirements of the digital bank**

The Parties agree that the minimum initial issued share capital of the digital bank as required by BNM under applicable laws shall be RM100 million unimpaired by losses or any other amount as is required by BNM pursuant to any applicable laws.

**(iv) Contribution of assets into the digital bank**

The Parties agree that as soon as possible after the date of this HOA but prior to the Submission Date, to agree in writing, the multiples which will be applied in arriving at a valuation of the business of Aspirasi, either as the applicant of the digital bank license or the assets of Aspirasi to be injected into the digital bank.

The Parties agree that as soon as possible after the date of this HOA but prior to the Submission Date, to identify other assets that can be injected into the digital bank and the valuation of such assets.

The Parties agree that any additional assets to be injected into the digital bank shall as soon as possible after the date of this HOA but prior to the Submission Date be clearly identified and subject to due diligence and thereafter mutually agree in writing the multiples which will be applied in arriving at the valuation of the additional assets.



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**B6. Status of Corporate Proposals (continued)**

**(c) Memorandum of understanding ('MOU') with Axiata Group Berhad ('Axiata Group') (continued)**

The Board of Directors of the Bank and Boost Holdings have entered into a heads of agreement ('HOA') setting out the terms of the proposed application to BNM for a digital banking license. The Bank and Boost Holdings will collectively be the 'Parties' and individually, the 'Party'. The key salient terms of the HOA are as follows (continued):

(v) Shareholding structure of the digital bank

Boost Holdings shall hold 60% of the equity share capital of the digital bank, with the Bank holding the remaining 40% of the equity share capital, subject to BNM's approval.

(vi) Other transaction documents

The Parties shall, as soon as reasonably practicable following the date of the HOA but before the Submission Date:

- agree the details of the number of shares they will each subscribe for and the subscription price per share ('Subscription Agreement'); and
- confirm the agreed terms or form of the shareholders' agreement which will govern the relationship between the Parties as regards the digital bank ('Shareholders' Agreement').

The agreed form of the Subscription Agreement and the Shareholders' Agreement shall be executed on a date to be agreed between the Parties, being a date as soon as reasonably practicable following BNM's approval of the application for the digital bank license.

(vii) Target segment of the digital bank

The Parties agree that the digital bank shall focus on the segments of the market who are underserved, unserved and/or unbanked primarily within Malaysia.

(viii) Termination

The HOA may be terminated in the following circumstances:

- (a) the digital bank application has been notified by BNM as unsuccessful;
- (b) BNM has notified Parties that the digital bank application will not be processed without material changes which will negatively impact on the commercially agreed arrangement of the Parties in relation to the digital bank;
- (c) BNM, during its initial consultation stages recommends Parties to materially change their intended commercial arrangements in respect of the digital bank whereby such recommendations are not able to be resolved between Parties;
- (d) BNM imposes conditions on the grant of the digital bank licence which the Parties are unable to comply with or which would materially and negatively impact on the commercially agreed scope of the joint-venture or either Parties;
- (e) where the due diligence performed on assets (which includes Aspirasi) that is to be injected into the digital bank reveals that there are material issues or material gap in information which cannot be resolved which will result in a negative impact to the Parties;
- (f) where subsequent due diligence performed on agreed assets (which includes Aspirasi) after submission but prior to operationalisation reveals that there are fraud or material breaches of any applicable laws which would result in material reputational damage to the Parties which the Parties cannot resolve;
- (g) the valuation methodology (valuation multiples or range) of Aspirasi or any identified assets to be injected to the digital bank cannot be agreed upon in good faith by the Parties; and
- (h) the non-terminating Party fails to rectify a breach within thirty (30) days upon notice.



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**B6. Status of Corporate Proposals (continued)**

**(c) Memorandum of understanding ('MOU') with Axiata Group Berhad ('Axiata Group') (continued)**

The Board of Directors of the Bank and Boost Holdings have entered into a heads of agreement ('HOA') setting out the terms of the proposed application to BNM for a digital banking license. The Bank and Boost Holdings will collectively be the 'Parties' and individually, the 'Party'. The key salient terms of the HOA are as follows (continued):

(viii) Termination (continued)

Further, the HOA will be terminated upon execution of the Subscription Agreement and Shareholders Agreement and any other transaction documents to be entered into between the Parties required for the formation for the digital bank.

(ix) Exclusivity

The Parties agree that it shall not, and shall procure that no member of its group and/or any of its or any other member of its group's employees and agents, shall make any discussions or negotiations with any other person on matters covered under this HOA until BNM notifies the Parties that the application for the digital bank license has been unsuccessful.

The rationale of the HOA is to set out the terms of the joint application to BNM for the digital banking license and the conduct, funding and formation of the digital bank.



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**B7. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings, Senior Debt Securities and Subordinated Obligations**

**(a) Deposits from customers and placements of banks  
and other financial institutions**

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Deposits from customers				
- One year or less	213,508,213	201,304,081	135,581,648	133,527,691
- More than one year	2,085,687	2,166,702	716,590	783,283
	<u>215,593,900</u>	<u>203,470,783</u>	<u>136,298,238</u>	<u>134,310,974</u>
Deposits and placements of banks and other financial institutions				
- Maturing within one year	15,074,818	19,126,009	21,673,951	22,820,715
- One year to three years	1,245,188	417,425	1,209,887	381,011
- Three years to five years	341,074	270,001	262,021	207,987
- Over five years	1,573,879	1,221,751	1,564,297	1,200,898
	<u>18,234,959</u>	<u>21,035,186</u>	<u>24,710,156</u>	<u>24,610,611</u>

**(b) Borrowings**

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
<b>Secured</b>				
Term loans:				
- Cambodian Riel	96,194	137,750	-	-
<b>Unsecured</b>				
Term loans:				
- United States Dollar	-	201,101	-	201,101
Promissory note:				
- Indonesia Rupiah	28,630	150,665	-	-
- Thai Baht	89,425	145,114	-	-
	<u>214,249</u>	<u>634,630</u>	<u>-</u>	<u>201,101</u>
Scheduled repayment of borrowings:				
- Within one year	<u>214,249</u>	<u>634,630</u>	<u>-</u>	<u>201,101</u>





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**B7. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings, Senior Debt Securities and Subordinated Obligations (continued)**

**(c) Senior debt securities**

	Group and Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
USD500 million 2.503% senior debt securities due in 2021	2,087,048	2,021,872
USD300 million 3.766% senior debt securities due in 2024	1,260,917	1,221,568
RM300 million 2.85% senior Sukuk Murabahah due in 2025	301,548	301,710
USD500 million 1.658% senior debt securities due in 2026	2,075,063	-
	<b>5,724,576</b>	<b>3,545,150</b>

**(d) Subordinated obligations**

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
4.88% RM250 million Tier II Subordinated Sukuk Murabahah 2017/2027	252,173	252,206	-	-
4.82% RM750 million Tier II Subordinated Notes 2017/2027	759,008	759,029	759,008	759,029
4.90% RM200 million Tier II Subordinated Notes 2017/2027	202,121	202,148	-	-
4.32% RM500 million Tier II Subordinated Sukuk Murabahah 2019/2029	502,426	502,308	-	-
3.35% RM500 million Tier II Subordinated Notes 2020/2030	501,392	501,280	501,392	501,280
3.13% RM500 million Tier II Subordinated Notes 2020/2030	501,523	501,758	501,523	501,758
3.65% RM500 million Tier II Subordinated Notes 2021/2031	502,943	-	502,943	-
	<b>3,221,586</b>	<b>2,718,729</b>	<b>2,264,866</b>	<b>1,762,067</b>

The subordinated obligations comprise unsecured liabilities of the Bank and its investment and islamic bank subsidiaries and are subordinated to the senior indebtedness in accordance with their respective terms and conditions of issuance and qualify as Tier II capital (as disclosed in Note A30) for the purpose of determining the capital adequacy ratios of the Bank and the respective subsidiaries.



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**B8. Derivative Financial Instruments**

Details of derivative financial instruments outstanding are as follows:

(a) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts

Group	As at 30 June 2021			As at 31 December 2020		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Forwards/swaps	48,382,716	308,132	148,936	55,252,294	709,273	789,622
- Options	425,432	5,627	544	635,544	5,358	2,047
- Cross-currency interest rate swaps	4,855,113	169,396	131,225	4,128,289	275,156	211,792
	<b>53,663,261</b>	<b>483,155</b>	<b>280,705</b>	<b>60,016,127</b>	<b>989,787</b>	<b>1,003,461</b>
Interest rate related contracts						
- Swaps	35,006,678	462,730	455,390	30,993,176	632,982	617,341
Commodity related contracts						
- Options	236,571	5,082	5,082	555,265	12,189	12,189
Equity related contracts						
- Options	1,044,632	1,911	1,785	451,701	17,280	17,426
Futures related contracts	66,282	409	258	200,537	895	-
Structured warrants	162,693	-	20,246	456,101	-	71,703
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	8,031,400	36,627	202,130	8,039,436	346	312,675
<b>Total</b>	<b>98,211,517</b>	<b>989,914</b>	<b>965,596</b>	<b>100,712,343</b>	<b>1,653,479</b>	<b>2,034,795</b>



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**B8. Derivative Financial Instruments (continued)**

Details of derivative financial instruments outstanding are as follows: (continued)

(a) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts (continued)

Bank	As at 30 June 2021			As at 31 December 2020		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Forwards/swaps	48,473,494	312,893	148,572	57,484,810	726,266	805,366
- Options	425,432	5,627	544	635,544	5,358	2,047
- Cross-currency interest rate swaps	5,332,377	169,396	131,491	4,590,768	275,156	212,086
	<b>54,231,303</b>	<b>487,916</b>	<b>280,607</b>	<b>62,711,122</b>	<b>1,006,780</b>	<b>1,019,499</b>
Interest rate related contracts						
- Swaps	45,516,678	569,013	558,763	42,093,175	754,318	735,456
Commodity related contracts						
- Options	236,571	5,082	5,082	555,265	12,189	12,189
Equity related contracts						
- Options	1,048,886	1,911	1,785	458,784	17,280	17,426
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	4,231,400	6,589	127,142	4,239,436	-	194,572
Total	<b>105,264,838</b>	<b>1,070,511</b>	<b>973,379</b>	<b>110,057,782</b>	<b>1,790,567</b>	<b>1,979,142</b>



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**B8. Derivative Financial Instruments (continued)**

Details of derivative financial instruments outstanding are as follows: (continued)

(a) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts (continued)

Group	As at 30 June 2021			As at 31 December 2020		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
<b>By remaining period to maturity/next re-pricing date</b>						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than one year	49,772,629	371,934	169,535	55,476,927	750,346	805,183
- One year to three years	1,734,100	44,696	54,334	2,249,295	116,978	95,624
- More than three years	2,156,532	66,525	56,836	2,289,905	122,463	102,654
	<u>53,663,261</u>	<u>483,155</u>	<u>280,705</u>	<u>60,016,127</u>	<u>989,787</u>	<u>1,003,461</u>
Interest rate related contracts						
- Less than one year	8,366,658	13,994	27,203	8,515,850	36,905	49,469
- One year to three years	10,750,902	75,825	88,858	7,793,323	51,842	62,671
- More than three years	15,889,118	372,911	339,329	14,684,003	544,235	505,201
	<u>35,006,678</u>	<u>462,730</u>	<u>455,390</u>	<u>30,993,176</u>	<u>632,982</u>	<u>617,341</u>
Commodity related contracts						
- Less than one year	76,260	590	590	374,040	12,189	12,189
- One year to three years	50,840	394	394	73,466	-	-
- More than three years	109,471	4,098	4,098	107,759	-	-
	<u>236,571</u>	<u>5,082</u>	<u>5,082</u>	<u>555,265</u>	<u>12,189</u>	<u>12,189</u>
Equity related contracts						
- Less than one year	1,044,632	1,911	1,785	451,701	17,280	17,426
	<u>1,044,632</u>	<u>1,911</u>	<u>1,785</u>	<u>451,701</u>	<u>17,280</u>	<u>17,426</u>
Futures related contracts						
- Less than one year	66,282	409	258	200,537	895	-
	<u>66,282</u>	<u>409</u>	<u>258</u>	<u>200,537</u>	<u>895</u>	<u>-</u>
Structured warrants						
- Less than one year	162,693	-	20,246	456,101	-	71,703
	<u>162,693</u>	<u>-</u>	<u>20,246</u>	<u>456,101</u>	<u>-</u>	<u>71,703</u>
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than one year	458,044	-	2,338	417,930	-	5,252
- One year to three years	738,092	-	28,077	606,456	-	29,337
- More than three years	6,835,264	36,627	171,715	7,015,050	346	278,086
	<u>8,031,400</u>	<u>36,627</u>	<u>202,130</u>	<u>8,039,436</u>	<u>346</u>	<u>312,675</u>
<b>Total</b>	<b><u>98,211,517</u></b>	<b><u>989,914</u></b>	<b><u>965,596</u></b>	<b><u>100,712,343</u></b>	<b><u>1,653,479</u></b>	<b><u>2,034,795</u></b>



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B8. Derivative Financial Instruments (continued)

Details of derivative financial instruments outstanding are as follows: (continued)

(a) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts (continued)

Bank	As at 30 June 2021			As at 31 December 2020		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
<b>By remaining period to maturity/next re-pricing date</b>						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than one year	50,236,919	376,695	169,170	58,071,384	767,339	820,928
- One year to three years	1,837,852	44,696	54,334	2,349,833	116,978	95,624
- More than three years	2,156,532	66,525	57,103	2,289,905	122,463	102,947
	<u>54,231,303</u>	<u>487,916</u>	<u>280,607</u>	<u>62,711,122</u>	<u>1,006,780</u>	<u>1,019,499</u>
Interest rate related contracts						
- Less than one year	11,276,658	13,993	27,203	12,035,957	36,903	49,473
- One year to three years	11,750,902	95,929	108,694	8,773,216	78,888	89,397
- More than three years	22,489,118	459,091	422,866	21,284,002	638,527	596,586
	<u>45,516,678</u>	<u>569,013</u>	<u>558,763</u>	<u>42,093,175</u>	<u>754,318</u>	<u>735,456</u>
Commodity related contracts						
- Less than one year	76,260	590	590	374,040	12,189	12,189
- One year to three years	50,840	394	394	73,466	-	-
- More than three years	109,471	4,098	4,098	107,759	-	-
	<u>236,571</u>	<u>5,082</u>	<u>5,082</u>	<u>555,265</u>	<u>12,189</u>	<u>12,189</u>
Equity related contracts						
- Less than one year	1,048,886	1,911	1,785	458,784	17,280	17,426
	<u>1,048,886</u>	<u>1,911</u>	<u>1,785</u>	<u>458,784</u>	<u>17,280</u>	<u>17,426</u>
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than one year	458,044	-	2,338	417,930	-	5,252
- One year to three years	238,091	-	8,241	106,456	-	2,611
- More than three years	3,535,265	6,589	116,563	3,715,050	-	186,709
	<u>4,231,400</u>	<u>6,589</u>	<u>127,142</u>	<u>4,239,436</u>	<u>-</u>	<u>194,572</u>
Total	<u>105,264,838</u>	<u>1,070,511</u>	<u>973,379</u>	<u>110,057,782</u>	<u>1,790,567</u>	<u>1,979,142</u>



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**B8. Derivative Financial Instruments (continued)**

(b) Related accounting policies

Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date on which derivative contracts are entered into and are subsequently remeasured at their fair values. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated and qualifies as a hedging instrument, and if so, the nature of the item being hedged. The Group and the Bank designate certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge); or (2) net investment hedge. Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statements, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

The Group and the Bank apply fair value hedge accounting for hedging fixed interest risk on loans, advances and financing and financial assets at FVOCI. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate loans, advances and financing is recognised in income statements within other operating income. The gain or loss relating to the ineffective portion is recognised in income statements within net gain or loss on fair value hedges.

For fair value hedge of financial assets designated as FVOCI, any changes in fair value of the hedged financial assets FVOCI are recycled from FVOCI reserves to income statements, while the changes in fair value of the derivatives that is related to the effective portion of the hedge is recognised in income statements within other operating income. The ineffective portion of the aforesaid hedging derivatives is recognised in income statements within net gain or loss on fair value changes of derivatives.

For financial instruments measured at amortised cost, if the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the income statements over the period to maturity and recorded as other operating income. Effective interest rate amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statements.

(ii) Net investment hedge

Net investment hedge is a hedge against the exposure to exchange rate fluctuations on the net assets of the Group's foreign operations/subsidiaries. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised directly in the foreign currency translation reserve in equity via other comprehensive income while any gain or loss relating to the ineffective portion is recognised directly in the income statements. On disposal of the foreign operations/subsidiaries, the cumulative value of any such gains or losses recognised in equity is transferred to the income statements.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statements.



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**B9. Fair Value of Financial Instruments**

The Group and the Bank analyses its 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 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:

<b>Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 June 2021</b>				
<b><u>Financial assets</u></b>				
Financial assets at FVTPL:	<b>242,758</b>	<b>2,133,417</b>	<b>562,896</b>	<b>2,939,071</b>
- Money market instruments	-	<b>928,919</b>	-	<b>928,919</b>
- Quoted securities	<b>242,758</b>	-	-	<b>242,758</b>
- Unquoted securities	-	<b>1,204,498</b>	<b>562,896</b>	<b>1,767,394</b>
Financial assets at FVOCI:	<b>2,328</b>	<b>40,415,949</b>	<b>773,432</b>	<b>41,191,709</b>
- Money market instruments	-	<b>14,905,986</b>	-	<b>14,905,986</b>
- Quoted securities	<b>2,328</b>	-	-	<b>2,328</b>
- Unquoted securities	-	<b>25,509,963</b>	<b>773,432</b>	<b>26,283,395</b>
Derivative assets	-	<b>989,914</b>	-	<b>989,914</b>
	<b>245,086</b>	<b>43,539,280</b>	<b>1,336,328</b>	<b>45,120,694</b>
<b><u>Financial liabilities</u></b>				
Derivative liabilities	<b>20,246</b>	<b>945,350</b>	-	<b>965,596</b>
<b>31 December 2020</b>				
<b><u>Financial assets</u></b>				
Financial assets at FVTPL:	518,459	3,396,562	547,085	4,462,106
- Money market instruments	-	2,238,908	-	2,238,908
- Quoted securities	518,459	-	-	518,459
- Unquoted securities	-	1,157,654	547,085	1,704,739
Financial assets at FVOCI:	1,922	42,147,509	753,828	42,903,259
- Money market instruments	-	15,287,958	-	15,287,958
- Quoted securities	1,922	-	-	1,922
- Unquoted securities	-	26,859,551	753,828	27,613,379
Derivative assets	-	1,653,479	-	1,653,479
	520,381	47,197,550	1,300,913	49,018,844
<b><u>Financial liabilities</u></b>				
Derivative liabilities	71,703	1,963,092	-	2,034,795

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**B9. Fair Value of Financial Instruments (continued)**

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

<b>Bank</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 June 2021</b>				
<b><u>Financial assets</u></b>				
Financial assets at FVTPL:	4,451	1,104,594	14,064	1,123,109
- Money market instruments	-	898,458	-	898,458
- Quoted securities	4,451	-	-	4,451
- Unquoted securities	-	206,136	14,064	220,200
Financial assets at FVOCI:	-	34,126,480	736,361	34,862,841
- Money market instruments	-	12,896,512	-	12,896,512
- Unquoted securities	-	21,229,968	736,361	21,966,329
Derivative assets	-	1,070,511	-	1,070,511
	<u>4,451</u>	<u>36,301,585</u>	<u>750,425</u>	<u>37,056,461</u>
<b><u>Financial liabilities</u></b>				
Derivative liabilities	-	973,379	-	973,379
<b>31 December 2020</b>				
<b><u>Financial assets</u></b>				
Financial assets at FVTPL:	6,882	2,264,762	13,657	2,285,301
- Money market instruments	-	2,131,230	-	2,131,230
- Quoted securities	6,882	-	-	6,882
- Unquoted securities	-	133,532	13,657	147,189
Financial assets at FVOCI:	-	35,157,038	712,602	35,869,640
- Money market instruments	-	12,885,005	-	12,885,005
- Unquoted securities	-	22,272,033	712,602	22,984,635
Derivative assets	-	1,790,567	-	1,790,567
	<u>6,882</u>	<u>39,212,367</u>	<u>726,259</u>	<u>39,945,508</u>
<b><u>Financial liabilities</u></b>				
Derivative liabilities	-	1,979,142	-	1,979,142

There were no transfers between Level 1 and 2 during the financial period.





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**B9. Fair Value of Financial Instruments (continued)**

(i) 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 is 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 determine 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, unquoted private equity funds, non-transferable and non-tradable perpetual notes/sukuk, impaired securities and unquoted corporate loan stocks. Fair values for shares held for socio-economic reasons are based on the net tangible assets of the affected companies. Fair values for unquoted private equity funds are based on enterprise valuation method where the main input include earnings before interest, taxes, depreciation and amortisation ('EBITDA'), comparable companies earning multiple and marketable discount. For unquoted corporate loan stocks, discounted cash flow analysis has been performed to determine the recoverability of the instruments.

(ii) Reconciliation of fair value movements in Level 3

The following represents the changes in Level 3 instruments for the Group and the Bank:

	Group		Bank	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
<b>Financial assets at FVTPL</b>				
Balance as at the beginning of the financial period/year	547,085	505,596	13,657	12,879
Total net gain recognised in income statements	15,202	56,815	-	-
Purchases	6,228	7,567	407	778
Settlement/distribution	(22,815)	(12,249)	-	-
Exchange differences	17,196	(10,644)	-	-
Balance as at the end of the financial period/year	<u>562,896</u>	<u>547,085</u>	<u>14,064</u>	<u>13,657</u>
<b>Financial assets at FVOCI</b>				
Balance as at the beginning of the financial period/year	753,828	694,400	712,602	655,331
Total net gain recognised in other comprehensive income	26,689	60,340	24,973	58,169
Settlement/disposal	(7,083)	(898)	(1,214)	(898)
Exchange differences	(2)	(14)	-	-
Balance as at the end of the financial period/year	<u>773,432</u>	<u>753,828</u>	<u>736,361</u>	<u>712,602</u>



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**B10. Significant Event During the Financial Period**

**Disposal of RHB International Trust (L) Ltd ('RHBIT')**

RHBBL has on 14 December 2020 entered into a conditional share sale and purchase agreement with Pacific Trustees Berhad ('Pacific Trustees') in respect of the disposal of its entire equity interest in RHBIT for a cash consideration of approximately USD173,490 ('Disposal'). The Disposal was completed on 11 March 2021.

The cash flow and net assets on disposal date are as follows:

	<b>RM'000</b>
Cash and short term fund	337
Statutory deposits	102
Other assets	19
Other liabilities	(191)
Amount due to other related companies	(6)
Provision for taxation	(97)
Translation reserves	(203)
Total net liabilities derecognised	(39)
Gain on disposal of a subsidiary	752
Sales consideration	713
Less: Contingent consideration	(219)
<b>Cash inflow on disposal of a subsidiary</b>	<b>494</b>

The financial results of the Disposal in the period between the beginning of the financial period to the date of disposal is not significant to the Group.

**B11. Dividends**

Dividend declared during the current financial period ended 30 June 2021:

- (a) Amount per share: Single-tier interim dividend of 15.0 sen per share, consisting of cash portion of 5.0 sen per share to be paid in cash and an electable portion of 10.0 sen per share
- (b) Previous corresponding period: Nil
- (c) Entitlement date: To be determined later
- (d) Payment date: To be determined later

Subject to the relevant regulatory approvals being obtained, the Board of Directors in its absolute discretion, recommends that the shareholders of the Bank be given an option to elect to reinvest the electable portion of the interim dividend into new ordinary shares of the Bank in accordance with the Dividend Reinvestment Plan as disclosed in Note B6(b).



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**B12. Earnings per Share**

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 June 2021</b>	<b>30 June 2020</b>	<b>30 June 2021</b>	<b>30 June 2020</b>
Profit/(Loss) attributable to equity holders of the Bank (RM'000)				
- Continuing operations	<b>701,343</b>	405,416	<b>1,351,631</b>	985,187
- Discontinued operation	-	(4,646)	-	(13,537)
	<b>701,343</b>	400,770	<b>1,351,631</b>	971,650
Weighted average number of ordinary shares in issue ('000)	<b>4,010,045</b>	4,010,045	<b>4,010,045</b>	4,010,045
Earnings/(Loss) per share (sen)				
- Continuing operations	<b>17.5</b>	10.1	<b>33.7</b>	24.5
- Discontinued operation	-	(0.1)	-	(0.3)
	<b>17.5</b>	10.0	<b>33.7</b>	24.2

There were no dilutive potential ordinary shares outstanding as at 30 June 2021. As a result, the diluted earnings per share equal to the basic earnings per share for the financial period ended 30 June 2021.

**BY ORDER OF THE BOARD**

**AZMAN SHAH MD YAMAN**  
 (License No. LS0006901)

Company Secretary  
 27 August 2021