



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

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

Group	Note	2nd Quarter Ended		Six Months Ended	
		30 June	Restated	30 June	Restated
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Interest income	A8	2,316,884	1,685,309	4,547,319	3,265,937
Interest expense	A9	(1,424,180)	(654,043)	(2,770,577)	(1,244,673)
Net interest income		892,704	1,031,266	1,776,742	2,021,264
Other operating income	A10	314,852	277,853	785,292	631,827
Income from Islamic Banking business	A31(b)	671,904	601,499	1,225,151	1,110,438
Net income		1,879,460	1,910,618	3,787,185	3,763,529
Other operating expenses	A11	(943,442)	(859,756)	(1,799,950)	(1,690,644)
Operating profit before allowances		936,018	1,050,862	1,987,235	2,072,885
Allowance for credit losses on financial assets	A12	131,506	(38,596)	85,470	(192,411)
		1,067,524	1,012,266	2,072,705	1,880,474
Share of results of associates		(4,434)	-	(4,433)	-
Share of results of joint venture		-	2	-	-
Profit before taxation and zakat		1,063,090	1,012,268	2,068,272	1,880,474
Taxation and zakat	B5	(253,391)	(381,704)	(495,944)	(667,609)
Net profit for the financial period		809,699	630,564	1,572,328	1,212,865
Attributable to:					
- Equity holders of the Bank		808,700	630,067	1,570,368	1,212,395
- Non-controlling interests		999	497	1,960	470
		809,699	630,564	1,572,328	1,212,865
Earnings per share (sen):					
- Profit attributable to equity holders of the Bank					
- Basic	B12	19.0	15.1	36.9	29.2
- Diluted	B12	19.0	15.1	36.9	29.2

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 2022.



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

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

	2nd Quarter Ended		Six Months Ended	
	30 June 2023	Restated 30 June 2022	30 June 2023	Restated 30 June 2022
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period	809,699	630,564	1,572,328	1,212,865
Other comprehensive income/(loss) in respect of:				
(i) Items that will not be reclassified to profit or loss:				
(a) Actuarial (loss)/gain on defined benefit plan of subsidiaries	-	-	(524)	91
(b) Equity instruments designated at fair value through other comprehensive income ('FVOCI')				
- Net loss on disposal	(270)	-	(270)	-
- Unrealised net gain/(loss) on revaluation	32,758	(20,443)	32,871	(19,985)
(ii) Items that will be reclassified subsequently to profit or loss:				
(a) Foreign currency translation reserves				
- Currency translation differences	181,033	91,720	220,069	116,097
- Realisation of translation reserves	-	-	-	(347)
(b) Debt instruments measured at FVOCI				
- Unrealised net gain/(loss) on revaluation	54,369	(891,139)	527,607	(1,583,362)
- Net transfer to income statements on disposal	(29,662)	(5,296)	(47,787)	(43,143)
- Changes in expected credit losses and exchange differences	(10,210)	13,136	(10,325)	12,639
Income tax relating to components of other comprehensive (income)/loss	(5,929)	215,133	(115,372)	390,591
Other comprehensive income/(loss), net of tax, for the financial period	222,089	(596,889)	606,269	(1,127,419)
Total comprehensive income for the financial period	1,031,788	33,675	2,178,597	85,446
Total comprehensive income attributable to:				
- Equity holders of the Bank	1,030,668	33,156	2,176,446	84,948
- Non-controlling interests	1,120	519	2,151	498
	1,031,788	33,675	2,178,597	85,446

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

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

	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
		RM'000	RM'000	RM'000	RM'000
Bank					
Interest income	A8	2,315,505	1,717,621	4,552,545	3,264,978
Interest expense	A9	(1,385,684)	(635,377)	(2,695,346)	(1,208,027)
Net interest income		929,821	1,082,244	1,857,199	2,056,951
Other operating income	A10	326,769	283,961	909,020	819,252
Income from Islamic Banking business	A31(b)	(5,200)	1,420	(10,833)	2,855
Net income		1,251,390	1,367,625	2,755,386	2,879,058
Other operating expenses	A11	(631,324)	(582,743)	(1,254,039)	(1,143,580)
Operating profit before allowances		620,066	784,882	1,501,347	1,735,478
Allowance for credit losses on financial assets	A12	55,891	132,778	22,490	113,002
Profit before taxation		675,957	917,660	1,523,837	1,848,480
Taxation	B5	(160,202)	(279,307)	(300,514)	(478,691)
Net profit for the financial period		515,755	638,353	1,223,323	1,369,789

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 2022.



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

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

	2nd Quarter Ended		Six Months Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM'000	RM'000	RM'000	RM'000
Bank				
Net profit for the financial period	515,755	638,353	1,223,323	1,369,789
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/(loss) on revaluation	30,695	(22,176)	30,755	(21,875)
(ii) Items that will be reclassified subsequently to profit or loss:				
(a) Foreign currency translation reserves				
- Currency translation differences	67,165	24,604	87,624	35,071
(b) Debt instruments measured at FVOCI				
- Unrealised net gain/(loss) on revaluation	26,622	(768,081)	423,733	(1,397,629)
- Net transfer to income statements on disposal	(24,575)	(4,486)	(38,646)	(37,874)
- Changes in expected credit losses and exchange differences	(6,503)	8,920	(7,048)	9,207
Income tax relating to components of other comprehensive (income)/loss	(491)	185,415	(92,421)	344,521
Other comprehensive income/(loss), net of tax, for the financial period	92,913	(575,804)	403,997	(1,068,579)
Total comprehensive income for the financial period	608,668	62,549	1,627,320	301,210

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RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

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

	Note	Group			Bank	
		As at	Restated	Restated	As at	As at
		30 June	31 December	1 January	30 June	31 December
		2023	2022	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
Cash and short-term funds		11,386,262	19,134,835	19,831,323	9,719,040	11,494,906
Securities purchased under resale agreements		-	101,258	-	366,118	890,539
Deposits and placements with banks and other financial institutions		643,600	652,365	3,486,773	5,460,304	6,740,026
Investment account due from designated financial institutions	A13	-	-	-	7,362,661	8,351,236
Financial assets at fair value through profit or loss ('FVTPL')	A14	4,881,034	3,089,411	2,778,239	2,300,118	1,080,766
Financial assets at fair value through other comprehensive income ('FVOCI')	A15	42,738,542	38,973,689	41,140,873	36,580,080	32,992,301
Financial investments at amortised cost	A16	30,288,284	27,006,708	17,961,511	18,287,349	18,264,654
Loans, advances and financing	A17	211,204,187	208,378,584	194,896,614	122,769,407	121,101,501
Clients' and brokers' balances		744,787	741,140	879,595	-	-
Reinsurance assets		469,272	522,920	438,215	-	-
Other assets	A18	1,936,057	1,412,381	1,680,022	3,157,305	1,912,440
Derivative assets	B8	2,959,265	1,960,479	718,615	2,969,678	1,987,476
Statutory deposits		3,668,144	3,429,582	635,012	1,798,550	1,686,475
Tax recoverable		89,421	121,033	131,283	-	-
Deferred tax assets		504,190	619,508	374,554	391,124	472,759
Investments in subsidiaries		-	-	-	4,662,804	4,661,589
Investments in associates and joint venture		35,592	25	12	40,000	-
Right-of-use assets		152,144	152,305	174,482	99,813	92,372
Property, plant and equipment		1,075,453	1,060,577	1,016,824	812,397	811,414
Goodwill		2,654,122	2,654,122	2,654,122	1,714,913	1,714,913
Intangible assets		788,792	760,340	694,753	680,165	647,903
TOTAL ASSETS		316,219,148	310,771,262	289,492,822	219,171,826	214,903,270
LIABILITIES						
Deposits from customers	A19/B7(a)	229,289,403	227,159,762	218,732,585	138,511,055	136,089,471
Deposits and placements of banks and other financial institutions	A20/B7(a)	24,183,406	24,593,869	23,406,827	30,926,704	32,445,462
Obligations on securities sold under repurchase agreements		8,264,385	7,298,911	2,066,068	8,264,385	7,875,962
Investment accounts	A21	772,235	1,246,026	581,291	-	-
Bills and acceptances payable		278,004	249,679	210,119	269,259	242,258
Clients' and brokers' balances		811,978	776,789	948,511	-	-
General insurance contract liabilities		1,080,148	1,109,466	965,141	-	-
Other liabilities	A22	4,208,559	4,097,501	4,034,220	3,057,956	2,868,404
Derivative liabilities	B8	1,747,962	1,939,391	887,926	1,854,922	2,018,925
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		4,786,130	4,786,746	2,259,895	3,021,280	3,021,685
Provision for taxation and zakat		234,449	396,041	124,163	134,879	261,391
Deferred tax liabilities		7,646	3,598	11,683	-	-
Lease liabilities		160,876	160,632	182,607	99,985	93,974
Borrowings	B7(b)	1,388,467	1,476,185	127,380	1,331,464	1,263,576
Senior debt securities	B7(c)	5,554,681	3,841,190	3,646,369	5,554,681	3,841,190
Subordinated obligations	B7(d)	3,376,747	2,867,083	3,221,882	2,521,432	2,011,558
TOTAL LIABILITIES		286,145,076	282,002,869	261,406,667	195,548,002	192,033,856

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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 2023

	Note	Group			Bank	
		As at	Restated	Restated	As at	As at
		30 June	As at	As at	30 June	31 December
		2023	31 December	1 January	2023	2022
		RM'000	2022	2022	RM'000	RM'000
EQUITY						
Share capital		8,330,324	8,145,585	7,612,612	8,330,324	8,145,585
Reserves		21,709,276	20,590,487	20,438,411	15,293,500	14,723,829
Equity attributable to holders of the Bank		30,039,600	28,736,072	28,051,023	23,623,824	22,869,414
Non-controlling interests ('NCI')		34,472	32,321	35,132	-	-
TOTAL EQUITY		30,074,072	28,768,393	28,086,155	23,623,824	22,869,414
TOTAL LIABILITIES AND EQUITY		316,219,148	310,771,262	289,492,822	219,171,826	214,903,270
COMMITMENTS AND CONTINGENCIES	A27(a)	243,853,633	206,796,408	157,777,145	235,452,496	199,316,377
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK (RM)		7.01	6.77	6.77		

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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 2023**

Group	Note	Attributable to equity holders of the Bank						Share-Based Payment Reserves	Retained Profits	Total Shareholders' Equity	Non- controlling Interests	Total Equity
		Share Capital	Statutory Reserves	Regulatory Reserves	FVOCI Reserves	Translation Reserves	Other Reserves					
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2023												
-	As previously reported	8,145,585	111,203	882,145	(546,712)	683,491	23,331	4,337	19,411,713	28,715,093	31,147	28,746,240
-	Effect of adoption of MFRS 17	-	-	-	-	-	-	-	20,979	20,979	1,174	22,153
-	As restated	8,145,585	111,203	882,145	(546,712)	683,491	23,331	4,337	19,432,692	28,736,072	32,321	28,768,393
	Net profit for the financial period	-	-	-	-	-	-	-	1,570,368	1,570,368	1,960	1,572,328
	Foreign currency translation reserves:											
-	Currency translation differences	-	6,404	-	-	213,452	-	8	-	219,864	205	220,069
	Financial assets measured at FVOCI:											
-	Equity instruments											
-	Net loss on disposal	-	-	-	-	-	-	-	(270)	(270)	-	(270)
-	Unrealised net gain on revaluation	-	-	-	32,871	-	-	-	-	32,871	-	32,871
-	Debt instruments											
-	Unrealised net gain on revaluation	-	-	-	527,607	-	-	-	-	527,607	-	527,607
-	Net transfer to income statements on disposal	-	-	-	(47,787)	-	-	-	-	(47,787)	-	(47,787)
-	Changes in expected credit losses and exchange differences	-	-	-	(10,325)	-	-	-	-	(10,325)	-	(10,325)
	Actuarial loss on defined benefit plan of subsidiaries	-	-	-	-	-	-	-	(511)	(511)	(13)	(524)
	Income tax relating to components of other comprehensive income	-	-	-	(115,293)	-	-	-	(78)	(115,371)	(1)	(115,372)
	Other comprehensive income/(loss), net of tax, for the financial period	-	6,404	-	387,073	213,452	-	8	(859)	606,078	191	606,269
	Total comprehensive income for the financial period	-	6,404	-	387,073	213,452	-	8	1,569,509	2,176,446	2,151	2,178,597
	Dividends paid	-	-	-	-	-	-	-	(1,061,843)	(1,061,843)	-	(1,061,843)
	Shares issued pursuant to Dividend Reinvestment Plan ('DRP')	184,739	-	-	-	-	-	-	-	184,739	-	184,739
	Share-based payment expenses	-	-	-	-	-	-	4,186	-	4,186	-	4,186
	Transfer to regulatory reserves	-	-	422,495	-	-	-	-	(422,495)	-	-	-
	Liquidation of a subsidiary	-	-	-	-	-	2,644	-	(2,644)	-	-	-
	Balance as at 30 June 2023	8,330,324	117,607	1,304,640	(159,639)	896,943	25,975	8,531	19,515,219	30,039,600	34,472	30,074,072

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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 2023**

Group	Note	← 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	
Balance as at 1 January 2022											
- As previously reported		7,612,612	104,645	328,129	443,003	562,410	23,331	18,924,198	27,998,328	32,183	28,030,511
- Effect of adoption of MFRS 17	B10	-	-	-	-	-	-	52,695	52,695	2,949	55,644
- As restated		7,612,612	104,645	328,129	443,003	562,410	23,331	18,976,893	28,051,023	35,132	28,086,155
Net profit for the financial period		-	-	-	-	-	-	1,212,395	1,212,395	470	1,212,865
Foreign currency translation reserves:											
- Currency translation differences		-	-	-	-	110,017	-	6,055	116,072	25	116,097
- Realisation of translation reserves		-	-	-	-	(347)	-	-	(347)	-	(347)
Financial assets measured at FVOCI:											
- Equity instruments											
- Unrealised net loss on revaluation		-	-	-	(19,985)	-	-	-	(19,985)	-	(19,985)
- Debt instruments											
- Unrealised net loss on revaluation		-	-	-	(1,583,362)	-	-	-	(1,583,362)	-	(1,583,362)
- Net transfer to income statements on disposal		-	-	-	(43,143)	-	-	-	(43,143)	-	(43,143)
- Changes in expected credit losses and exchange differences		-	-	-	12,639	-	-	-	12,639	-	12,639
Actuarial gain on defined benefit plan of subsidiaries		-	-	-	-	-	-	90	90	1	91
Income tax relating to components of other comprehensive loss		-	-	-	390,361	-	-	228	390,589	2	390,591
Other comprehensive (loss)/income, net of tax, for the financial period		-	-	-	(1,243,490)	109,670	-	6,373	(1,127,447)	28	(1,127,419)
Total comprehensive income/(loss) for the financial period		-	-	-	(1,243,490)	109,670	-	1,218,768	84,948	498	85,446
Dividends paid		-	-	-	-	-	-	(1,035,730)	(1,035,730)	(5,300)	(1,041,030)
Shares issued pursuant to DRP		357,550	-	-	-	-	-	-	357,550	-	357,550
Transfer to statutory reserves		-	6,055	-	-	-	-	(6,055)	-	-	-
Transfer to regulatory reserves		-	-	101,903	-	-	-	(101,903)	-	-	-
Disposal of a subsidiary		-	-	-	-	-	-	-	-	(25)	(25)
Balance as at 30 June 2022		7,970,162	110,700	430,032	(800,487)	672,080	23,331	19,051,973	27,457,791	30,305	27,488,096

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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 2023**

	← Non-Distributable →				Share-Based →		Distributable	Total Equity
	Share Capital	Regulatory Reserves	FVOCI Reserves	Translation Reserves	Payment Reserves	Retained Profits	RM'000	
Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2023	8,145,585	561,654	(471,165)	421,133	4,337	14,207,870	22,869,414	
Net profit for the financial period	-	-	-	-	-	1,223,323	1,223,323	
Foreign currency translation reserves:								
- Currency translation differences	-	-	-	87,624	-	-	87,624	
Financial assets measured at FVOCI:								
- Equity instruments								
- Unrealised net gain on revaluation	-	-	30,755	-	-	-	30,755	
- Debt instruments								
- Unrealised net gain on revaluation	-	-	423,733	-	-	-	423,733	
- Net transfer to income statements on disposal	-	-	(38,646)	-	-	-	(38,646)	
- Changes in expected credit losses and exchange differences	-	-	(7,048)	-	-	-	(7,048)	
Income tax relating to components of other comprehensive income	-	-	(92,421)	-	-	-	(92,421)	
Other comprehensive income, net of tax, for the financial period	-	-	316,373	87,624	-	-	403,997	
Total comprehensive income for the financial period	-	-	316,373	87,624	-	1,223,323	1,627,320	
Dividends paid	-	-	-	-	-	(1,061,843)	(1,061,843)	
Shares issued pursuant to DRP	184,739	-	-	-	-	-	184,739	
Share-based payment expenses	-	-	-	-	4,194	-	4,194	
Transfer to regulatory reserves	-	197,585	-	-	-	(197,585)	-	
Balance as at 30 June 2023	8,330,324	759,239	(154,792)	508,757	8,531	14,171,765	23,623,824	

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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 2023**

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	
Balance as at 1 January 2022	7,612,612	227,289	429,544	353,068	13,726,275	22,348,788
Net profit for the financial period	-	-	-	-	1,369,789	1,369,789
Foreign currency translation reserves:						
- Currency translation differences	-	-	-	35,071	-	35,071
Financial assets measured at FVOCI:						
- Equity instruments						
- Unrealised net loss on revaluation	-	-	(21,875)	-	-	(21,875)
- Debt instruments						
- Unrealised net loss on revaluation	-	-	(1,397,629)	-	-	(1,397,629)
- Net transfer to income statements on disposal	-	-	(37,874)	-	-	(37,874)
- Changes in expected credit losses and exchange differences	-	-	9,207	-	-	9,207
Income tax relating to components of other comprehensive loss	-	-	344,521	-	-	344,521
Other comprehensive (loss)/income, net of tax, for the financial period	-	-	(1,103,650)	35,071	-	(1,068,579)
Total comprehensive income/(loss) for the financial period	-	-	(1,103,650)	35,071	1,369,789	301,210
Dividends paid	-	-	-	-	(1,035,730)	(1,035,730)
Shares issued pursuant to DRP	357,550	-	-	-	-	357,550
Transfer to regulatory reserves	-	53,594	-	-	(53,594)	-
Balance as at 30 June 2022	7,970,162	280,883	(674,106)	388,139	14,006,740	21,971,818

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 2022.



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

	Six Months Ended	
	30 June 2023	Restated 30 June 2022
Group	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation and zakat	2,068,272	1,880,474
Adjustments for:		
Allowance for credit losses on loans, advances and financing	107,014	367,649
Allowance for credit losses on other financial assets	(11,125)	1,782
Property, plant and equipment:		
- Depreciation	73,529	66,103
- Gain on disposal	(872)	(167)
- Written off	14	112
Intangible assets:		
- Amortisation	86,466	76,144
Right-of-use assets:		
- Depreciation	32,504	36,176
- Gain on modification	(215)	(5)
Share-based payment expenses	4,186	-
Net allowance (written back)/made on financial assets at FVOCI and financial investments at amortised cost	(27,012)	26,017
Share of results of associates and joint venture	4,433	-
Gain on disposal of a subsidiary	-	(24,595)
Net gain on financial instruments	(279,799)	(17,141)
Dividend income from financial assets at FVTPL and financial assets at FVOCI	(47,413)	(20,734)
Interest expense on borrowings, senior debt securities, subordinated obligations and lease liabilities	153,470	115,911
Other non-cash items	(1,099,291)	(874,851)
Operating profit before working capital changes	<u>1,064,161</u>	<u>1,632,875</u>
Decrease/(Increase) in operating assets:		
Securities purchased under resale agreements	101,258	(101,714)
Deposits and placements with banks and other financial institutions	24,143	(572,447)
Financial assets at FVTPL	(1,699,547)	(1,811,571)
Loans, advances and financing	(2,593,272)	(6,081,982)
Clients' and brokers' balances	201	122,394
Other assets	(1,308,706)	(1,132,747)
Statutory deposits	(222,064)	121,381
	<u>(5,697,987)</u>	<u>(9,456,686)</u>
Increase/(Decrease) in operating liabilities:		
Deposits from customers	1,704,630	6,872,802
Deposits and placements of banks and other financial institutions	(441,076)	1,402,629
Obligations on securities sold under repurchase agreements	962,848	879,352
Investment accounts	(473,791)	574,185
Bills and acceptances payable	28,031	(4,759)
Clients' and brokers' balances	35,189	(115,378)
Other liabilities	(108,574)	123,408
Recourse obligation on loans sold to Cagamas	(616)	(178)
	<u>1,706,641</u>	<u>9,732,061</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 2022.



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INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six Months Ended	
	30 June 2023	Restated 30 June 2022
Group	RM'000	RM'000
Cash flows from operating activities (continued)		
Cash (used in)/generated from operations	(2,927,185)	1,908,250
Interest/Profit paid	(131,300)	(112,866)
Net tax and zakat paid	(580,409)	(212,152)
Net cash (used in)/generated from operating activities	<u>(3,638,894)</u>	<u>1,583,232</u>
Cash flows from investing activities		
Net purchase of financial assets at FVOCI and financial investments at amortised cost	(6,066,590)	(3,683,742)
Property, plant and equipment:		
- Purchase	(64,939)	(76,064)
- Proceeds from disposal	1,234	170
Intangible assets:		
- Purchase	(123,357)	(95,489)
Financial assets at FVOCI and financial investments at amortised cost:		
- Interest income received	933,251	779,792
- Investment income received	195,767	173,016
Dividend income received from financial assets at FVTPL and financial assets at FVOCI	47,413	20,734
Net cash inflow from disposal of a subsidiary	-	26,652
Capital injection in an associate	(40,000)	-
Net cash used in investing activities	<u>(5,117,221)</u>	<u>(2,854,931)</u>
Cash flows from financing activities		
Net (repayment)/drawdown of borrowings	(170,137)	2,129
Proceeds from issuance of subordinated notes/sukuk	500,000	250,000
Redemption of subordinated sukuk	-	(250,000)
Proceeds from issuance of senior debt securities	1,500,000	-
Dividends paid to equity holders of the Bank	(877,104)	(678,180)
Dividends paid to NCI	-	(5,300)
Principal lease payments	(35,310)	(40,009)
Net cash generated from/(used in) financing activities	<u>917,449</u>	<u>(721,360)</u>
Net decrease in cash and cash equivalents	(7,838,666)	(1,993,059)
Effects of exchange rate differences	90,093	74,925
Cash and cash equivalents:		
- at the beginning of the financial period	19,134,835	19,831,323
- at the end of the financial period	<u>11,386,262</u>	<u>17,913,189</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>11,386,262</u>	<u>17,913,189</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 2022.



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**INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	Six Months Ended	
	30 June 2023	30 June 2022
	RM'000	RM'000
Bank		
Cash flows from operating activities		
Profit before taxation	1,523,837	1,848,480
Adjustments for:		
Allowance for credit losses on loans, advances and financing	136,792	47,700
Allowance for credit losses on other financial assets	(3,977)	2,472
Property, plant and equipment:		
- Depreciation	60,906	54,398
- Gain on disposal	(2)	(167)
- Written off	7	26
Intangible assets:		
- Amortisation	73,228	65,032
Right-of-use assets:		
- Depreciation	25,775	28,405
- Gain on modification	(191)	-
Share-based payment expenses	2,964	-
Net allowance (written back)/made on financial assets at FVOCI and financial investments at amortised cost	(18,203)	17,697
Net gain on financial instruments	(181,869)	(72,142)
Loss on liquidation of a subsidiary	14	6
Dividend income from financial assets at FVOCI	(2,760)	(2,760)
Dividend income from subsidiaries	(302,014)	(428,979)
Interest expense on borrowings, senior debt securities, subordinated obligations and lease liabilities	131,690	91,256
Other non-cash items	(779,090)	(643,874)
Operating profit before working capital changes	<u>667,107</u>	<u>1,007,550</u>
 (Increase)/Decrease in operating assets:		
Securities purchased under resale agreements	524,421	(880,010)
Deposits and placements with banks and other financial institutions	1,309,488	138,322
Investment account due from designated financial institutions	988,575	1,335,268
Financial assets at FVTPL	(1,169,398)	(1,730,992)
Loans, advances and financing	(607,508)	(2,598,197)
Other assets	(2,118,772)	(1,433,381)
Statutory deposits	(106,110)	113,421
	<u>(1,179,304)</u>	<u>(5,055,569)</u>
 Increase/(Decrease) in operating liabilities:		
Deposits from customers	996,332	6,082,637
Deposits and placements of banks and other financial institutions	(1,766,963)	2,623,780
Obligations on securities sold under repurchase agreements	353,586	653,625
Bills and acceptances payable	23,940	(5,440)
Other liabilities	(184,855)	593,448
Recourse obligation on loans sold to Cagamas	(405)	(128)
	<u>(578,365)</u>	<u>9,947,922</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 2022.



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**INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	Six Months Ended	
	30 June 2023	30 June 2022
	RM'000	RM'000
Bank		
Cash flows from operating activities (continued)		
Cash (used in)/generated from operations	(1,090,562)	5,899,903
Interest paid	(110,639)	(89,978)
Net tax paid	(395,856)	(38,200)
Net cash (used in)/generated from operating activities	<u>(1,597,057)</u>	<u>5,771,725</u>
Cash flows from investing activities		
Net purchase of financial assets at FVOCI and financial investments at amortised cost	(2,432,409)	(3,876,607)
Property, plant and equipment:		
- Purchase	(47,153)	(56,046)
- Proceeds from disposal	13	169
Intangible assets:		
- Purchase	(116,747)	(88,105)
Interest received from financial assets at FVOCI and financial investments at amortised cost	920,519	771,788
Dividend income received from subsidiaries	302,986	430,179
Dividend income received from financial assets at FVOCI	2,760	2,760
Proceeds received from liquidation of a subsidiary	1	-
Capital injection in an associate	(40,000)	-
Additional investment in a subsidiary	-	(11,684)
Net cash used in investing activities	<u>(1,410,030)</u>	<u>(2,827,546)</u>
Cash flows from financing activities		
Proceeds from issuance of subordinated notes	500,000	-
Proceeds from issuance of senior debt securities	1,500,000	-
Dividends paid to equity holders of the Bank	(877,104)	(678,180)
Principal lease payments	(27,942)	(29,589)
Net cash generated from/(used in) financing activities	<u>1,094,954</u>	<u>(707,769)</u>
Net (decrease)/increase in cash and cash equivalents	(1,912,133)	2,236,410
Effects of exchange rate differences	136,267	72,655
Cash and cash equivalents:		
- at the beginning of the financial period	11,494,906	10,409,623
- at the end of the financial period	<u>9,719,040</u>	<u>12,718,688</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>9,719,040</u>	<u>12,718,688</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 2022.



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

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 2022.

The accounting policies and presentation adopted by the Group and the Bank for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2022, except for the adoption of the following accounting standards, annual improvements and amendments to MFRS 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 2023:
- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates
 - Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'
 - MFRS 17 'Insurance Contracts' and its amendments
 - Amendment to MFRS 17 'Insurance Contracts': Initial application of MFRS 17 and MFRS 9 - Comparative information

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 other than the effects and change in accounting policy arising from the adoption of MFRS 17 as disclosed in Note B10.

A2. Auditors' Report

The auditors' report for the financial year ended 31 December 2022 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 2023.

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 2023.

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 2023, other than as disclosed below:

- (a) Share capital
- (i) The Bank has on 15 May 2023 increased its issued and paid up share capital from RM8,145,585,311 to RM8,330,324,313 via the issuance of 38,974,473 new ordinary shares at RM4.74 per share arising from the DRP relating to the second interim single-tier dividend of 25.0 sen per share in respect of the financial year ended 31 December 2022, of which the shareholders may elect to reinvest up to 5.0 sen per RHB Bank Share. The new ordinary shares issued during the financial period rank *pari passu* in all respects with the existing shares of the Bank.



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

A6. Changes In Debt and Equity Securities (continued)

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 2023, other than as disclosed below (continued):

(b) Borrowings

- (i) The Bank had on 19 January 2023 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. The Subordinated Notes is issued for a tenure of 10 non-callable 5 years with a fixed coupon rate of 4.51% per annum, payable semi-annually in arrears throughout the entire tenure; and
- (ii) The Bank had on 25 May 2023 completed its second issuance of RM1.5 billion in nominal value Senior Sukuk based on the Shariah principle of Murabahah (via Tawarruq arrangement) ('Senior Sukuk Murabahah') under the Multi-Currency Islamic Medium Term Notes Programme of up to RM10 billion (or its equivalent in other currencies) in nominal value. The Senior Sukuk Murabahah is issued for a tenure of 3 years with a fixed coupon rate of 3.95% per annum, payable semi-annually in arrears.

A7. Dividends Paid/Declared

- (a) A second interim single-tier dividend of 25.0 sen per share in respect of the financial year ended 31 December 2022, amounting RM1,061,843,000 has been declared by the Board of Directors. This second interim dividend consists of cash portion of 20.0 sen per share and an electable portion of 5.0 sen per share which can be elected to be reinvested into new ordinary shares in accordance with the DRP. The reinvestment rate subsequent to the completion of the DRP was 87.0% and the total cash dividend of RM877,104,000 was paid on 15 May 2023.
- (b) The Board of Directors have declared a single-tier interim cash dividend of 15.0 sen per share in respect of the financial year ending 31 December 2023, amounting to RM642,952,000. The payment date for this interim dividend will be determined later.



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

A8. Interest Income

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM'000	RM'000	RM'000	RM'000
Loans and advances	1,701,884	1,229,030	3,324,506	2,398,931
Money at call and deposits and placements with banks and other financial institutions	69,958	40,741	166,386	77,329
Securities purchased under resale agreements	533	290	1,173	328
Financial assets at FVTPL	12,820	21,331	20,583	30,978
Financial assets at FVOCI - debt instruments	323,285	264,304	622,971	522,278
Financial investments at amortised cost	199,161	127,286	390,164	232,010
Others	9,243	2,327	21,536	4,083
	2,316,884	1,685,309	4,547,319	3,265,937
Of which:				
Interest income accrued on impaired financial assets	23,053	20,589	42,055	29,977
Bank				
Loans and advances	1,578,469	1,176,091	3,084,182	2,225,594
Money at call and deposits and placements with banks and other financial institutions	132,340	69,594	288,994	135,384
Investment account due from designated financial institutions	74,674	71,872	151,006	147,364
Securities purchased under resale agreements	3,373	2,055	8,523	2,093
Financial assets at FVTPL	12,592	21,332	20,355	30,963
Financial assets at FVOCI - debt instruments	321,760	260,281	619,356	513,641
Financial investments at amortised cost	185,512	115,005	363,578	208,037
Others	6,785	1,391	16,551	1,902
	2,315,505	1,717,621	4,552,545	3,264,978
Of which:				
Interest income accrued on impaired financial assets	22,855	19,730	41,673	28,307



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

A9. Interest Expense

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2023	Restated 30 June 2022	30 June 2023	Restated 30 June 2022
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	177,557	63,097	376,715	115,440
Deposits from customers	1,040,778	509,379	2,004,567	972,651
Obligations on securities sold under repurchase agreements	84,054	9,334	153,271	14,838
Recourse obligation on loans sold to Cagamas	26,890	11,671	53,484	23,213
Subordinated obligations	24,437	24,161	48,415	48,056
Senior debt securities	30,975	23,952	54,876	46,976
Borrowings	16,399	585	31,782	1,382
Others	23,090	11,864	47,467	22,117
	1,424,180	654,043	2,770,577	1,244,673
Bank				
Deposits and placements of banks and other financial institutions	270,882	74,236	574,969	130,335
Deposits from customers	910,026	472,268	1,732,727	905,836
Obligations on securities sold under repurchase agreements	85,360	20,724	157,979	38,500
Recourse obligation on loans sold to Cagamas	26,890	11,671	53,484	23,213
Subordinated obligations	23,791	21,718	46,206	43,196
Senior debt securities	30,975	23,952	54,876	46,976
Borrowings	15,535	-	29,385	-
Others	22,225	10,808	45,720	19,971
	1,385,684	635,377	2,695,346	1,208,027



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

A10. Other Operating Income

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2023	Restated 30 June 2022	30 June 2023	Restated 30 June 2022
	RM'000	RM'000	RM'000	RM'000
Fee income				
- Service charges and fees	44,818	40,572	78,421	76,271
- Commission	40,460	44,083	89,869	97,719
- Guarantee fees	9,311	8,808	18,506	16,552
- Commitment fees	9,824	9,995	19,595	20,054
- Brokerage income	38,922	45,598	85,585	104,794
- Fund management fees	56,686	60,768	112,780	123,579
- Unit trust fee income	6,150	7,334	13,781	18,782
- Corporate advisory fees	7,943	3,946	13,294	7,360
- Underwriting and arrangement fees	1,706	290	2,758	1,485
- Other fee income	16,254	18,503	30,596	37,390
	232,074	239,897	465,185	503,986
- Fee and commission expenses	(28,766)	(33,967)	(59,424)	(71,089)
	203,308	205,930	405,761	432,897
Net gain/(loss) arising from financial assets at FVTPL				
- Net gain/(loss) on disposal	11,435	(31,158)	23,641	(53,654)
- Unrealised net gain/(loss) on revaluation	19,671	(30,736)	39,305	(60,535)
- Dividend income	14,274	8,477	44,392	17,740
	45,380	(53,417)	107,338	(96,449)
Net gain on revaluation of derivatives	120,278	53,763	153,243	108,361
Net gain/(loss) on fair value hedges	(744)	(1,163)	532	(958)
Net (loss)/gain arising from derecognition of financial investments at amortised cost	(21)	-	(21)	206
Net gain arising from financial assets at FVOCI				
- Net gain on debt instruments on disposal	24,992	4,691	39,196	38,151
- Dividend income	2,021	1,994	3,021	2,994
	27,013	6,685	42,217	41,145
Other income				
Net foreign exchange gain/(loss)	(98,029)	31,725	43,587	61,883
Insurance service result	9,901	21,654	21,333	39,776
Net insurance finance expenses	(1,869)	(2,858)	(3,736)	(5,365)
Gain on disposal of property, plant and equipment	85	162	872	167
Gain on disposal of a subsidiary	-	-	-	24,595
Gain on modification of right-of-use assets	196	4	225	4
Rental income	667	58	1,072	117
Other operating income	4,664	7,451	8,403	15,559
Other non-operating income	4,023	7,859	4,466	9,889
	(80,362)	66,055	76,222	146,625
	314,852	277,853	785,292	631,827



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

A10. Other Operating Income (continued)

	2nd Quarter Ended		Six Months Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Bank	RM'000	RM'000	RM'000	RM'000
Fee income				
- Service charges and fees	40,255	34,619	70,915	68,469
- Commission	45,936	47,872	100,317	107,703
- Guarantee fees	9,244	8,766	18,238	16,470
- Commitment fees	9,522	9,812	18,955	19,488
- Corporate advisory fees	1,944	394	2,117	619
- Underwriting and arrangement fees	843	-	843	250
- Other fee income	4,619	5,002	9,632	10,116
	112,363	106,465	221,017	223,115
Net gain/(loss) arising from financial assets at FVTPL				
- Net gain/(loss) on disposal	13,468	(21,555)	32,966	(33,015)
- Unrealised net loss on revaluation	(789)	(13,193)	(6,817)	(23,531)
	12,679	(34,748)	26,149	(56,546)
Net gain on revaluation of derivatives	107,063	42,806	116,677	91,566
Net gain/(loss) on fair values hedges	(775)	(1,163)	418	(958)
Net (loss)/gain arising from derecognition of financial investments at amortised cost	(21)	-	(21)	206
Net gain arising from financial assets at FVOCI				
- Net gain on debt instruments on disposal	24,575	4,486	38,646	37,874
- Dividend income	1,760	1,760	2,760	2,760
	26,335	6,246	41,406	40,634
Dividend income from subsidiaries	11,000	94,700	302,014	428,979
Other income				
Net foreign exchange gain	51,077	51,607	186,141	62,231
Gain on disposal of property, plant and equipment	-	158	2	167
Gain on modification of right-of-use assets	191	-	191	-
Rental income	3,037	2,829	5,982	5,651
Loss on liquidation of a subsidiary	(14)	(6)	(14)	(6)
Other operating income	1,149	6,594	5,700	13,871
Other non-operating income	2,685	8,473	3,358	10,342
	58,125	69,655	201,360	92,256
	326,769	283,961	909,020	819,252



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

A11. Other Operating Expenses

Group	Note	2nd Quarter Ended		Six Months Ended	
		30 June	Restated	30 June	Restated
		2023	30 June	2023	30 June
		RM'000	2022	RM'000	2022
		RM'000	RM'000	RM'000	RM'000
Personnel costs					
- Salaries, allowances and bonuses		461,613	424,008	855,207	842,368
- Defined contribution plan		66,578	62,238	131,319	119,824
- Share-based expenses	(a)	2,011	-	4,058	-
- Other staff related costs		48,541	36,250	93,801	78,011
		<u>578,743</u>	<u>522,496</u>	<u>1,084,385</u>	<u>1,040,203</u>
Establishment costs					
- Property, plant and equipment:					
- Depreciation		36,192	32,891	72,729	65,100
- Written off		6	22	14	112
- Intangible assets:					
- Amortisation		42,827	37,673	84,118	74,123
- Right-of-use assets:					
- Depreciation		15,753	17,500	31,296	34,986
- Rental of premises		5,351	6,270	10,487	12,470
- Rental of equipment		3,836	2,690	6,352	4,877
- Insurance		9,781	9,896	20,175	19,443
- Water and electricity		7,405	6,305	12,925	12,026
- Repair and maintenance		7,928	9,228	17,374	16,938
- Security and escorting expenses		13,094	11,312	25,442	21,687
- Information technology expenses		76,029	66,748	150,209	132,802
- Others		1,421	1,507	2,879	3,312
		<u>219,623</u>	<u>202,042</u>	<u>434,000</u>	<u>397,876</u>
Marketing expenses					
- Sales commission		18,033	23,091	38,106	44,732
- Advertisement and publicity		11,010	10,247	19,380	16,892
- Others		20,703	15,778	42,184	30,454
		<u>49,746</u>	<u>49,116</u>	<u>99,670</u>	<u>92,078</u>
Administration and general expenses					
- Communication expenses		39,640	35,888	84,373	70,755
- Legal and professional fees		12,959	16,451	22,430	24,647
- Others		42,731	33,763	75,092	65,085
		<u>95,330</u>	<u>86,102</u>	<u>181,895</u>	<u>160,487</u>
		<u>943,442</u>	<u>859,756</u>	<u>1,799,950</u>	<u>1,690,644</u>



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A11. Other Operating Expenses (continued)

	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
Bank		RM'000	RM'000	RM'000	RM'000
Personnel costs					
- Salaries, allowances and bonuses		379,209	344,782	760,287	686,273
- Defined contribution plan		58,044	53,710	113,202	103,250
- Share-based expenses	(a)	1,468	-	2,964	-
- Other staff related costs		42,698	27,046	77,880	57,620
		<u>481,419</u>	<u>425,538</u>	<u>954,333</u>	<u>847,143</u>
Establishment costs					
- Property, plant and equipment:					
- Depreciation		30,489	27,480	60,906	54,398
- Written off		4	7	7	26
- Intangible assets:					
- Amortisation		37,314	33,043	73,228	65,032
- Right-of-use assets:					
- Depreciation		13,026	14,154	25,775	28,405
- Rental of premises		4,346	5,417	8,739	10,718
- Rental of equipment		3,824	2,675	6,329	4,849
- Insurance		9,428	9,682	19,545	19,585
- Water and electricity		4,676	4,490	8,788	8,605
- Repair and maintenance		5,860	7,415	13,554	13,552
- Security and escorting expenses		13,867	12,317	27,471	23,683
- Information technology expenses		60,700	52,153	119,118	103,519
		<u>183,534</u>	<u>168,833</u>	<u>363,460</u>	<u>332,372</u>
Marketing expenses					
- Sales commission		14,042	14,189	30,102	30,183
- Advertisement and publicity		8,390	8,894	14,980	13,729
- Others		16,408	13,445	32,972	25,910
		<u>38,840</u>	<u>36,528</u>	<u>78,054</u>	<u>69,822</u>
Administration and general expenses					
- Communication expenses		28,572	26,813	58,871	52,435
- Legal and professional fees		12,813	18,029	24,995	26,936
- Others		32,390	28,605	55,335	50,862
		<u>73,775</u>	<u>73,447</u>	<u>139,201</u>	<u>130,233</u>
Operating expenses allocated to subsidiaries		(146,244)	(121,603)	(281,009)	(235,990)
		<u>631,324</u>	<u>582,743</u>	<u>1,254,039</u>	<u>1,143,580</u>



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A11. Other Operating Expenses (continued)

- (a) The Share Grant Scheme ('SGS') was established and implemented by the Group and the Bank in June 2022. The SGS is intended to motivate employees, attract talents and retain key employees through the grant of the ordinary shares in the Bank of up to 2% of the total number of issued shares of the Bank (excluding treasury shares, if any) at any point in time during the duration of the SGS for employees and Executive Directors of the Bank and its subsidiaries (excluding subsidiaries which are dormant) who fulfil the eligibility criteria ('Eligible Employees'). The SGS which is to be administered by the Board Nominating and Remuneration Committee ('BNRC') comprising such persons as may be appointed by the Board from time to time, shall be in force for a period of nine years commencing from the effective implementation date of the SGS, and the vesting period for each grant offered will be 3 years from the offer date.

A12. Allowance for Credit Losses on Financial Assets

	2nd Quarter Ended		Six Months Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Group	RM'000	RM'000	RM'000	RM'000
<u>Charge/(Writeback)</u>				
Loans, advances and financing:				
- Net (writeback)/charge	(91,128)	98,558	(8,205)	306,003
- Bad debts recovered	(69,462)	(112,831)	(154,347)	(203,037)
- Bad debts written off	58,385	32,899	115,219	61,646
	(102,205)	18,626	(47,333)	164,612
Financial assets at FVOCI	(10,446)	12,826	(10,660)	12,249
Financial investments at amortised cost	(13,244)	11,511	(16,352)	13,768
Other financial assets	(5,611)	(4,367)	(11,125)	1,782
	(131,506)	38,596	(85,470)	192,411
Bank				
<u>Charge/(Writeback)</u>				
Loans, advances and financing:				
- Net charge/(writeback)	(21,142)	(74,643)	47,260	3,591
- Bad debts recovered	(61,073)	(100,010)	(137,102)	(180,871)
- Bad debts written off	41,575	26,416	89,532	44,109
	(40,640)	(148,237)	(310)	(133,171)
Financial assets at FVOCI	(6,738)	8,610	(7,383)	8,817
Financial investments at amortised cost	(8,889)	7,575	(10,820)	8,880
Other financial assets	376	(726)	(3,977)	2,472
	(55,891)	(132,778)	(22,490)	(113,002)



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A13. 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 30 June 2023 RM'000	As at 31 December 2022 RM'000
<u>Principal</u>		
Personal financing	1,000,000	1,000,000
Other term financing	5,043,910	6,238,222
Short-term funds	231,000	33,000
Unquoted securities	1,007,022	1,008,105
	<u>7,281,932</u>	<u>8,279,327</u>

A14. Financial Assets at Fair Value Through Profit or Loss ('FVTPL')

	Group		Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Mandatory measured at fair value				
<u>Money market instruments:</u>				
Malaysian Government Securities	155,750	49,879	155,750	49,879
Malaysian Government Investment Issues	1,240,909	803,720	931,659	711,723
Singapore Housing Development Board	-	23,503	-	23,503
Singapore Government Securities	59,682	-	59,682	-
Bank Negara Malaysia Monetary Notes	1,053,172	-	808,186	-
<u>Quoted securities:</u>				
<u>In Malaysia</u>				
Shares, exchange traded funds and warrants	62,140	36,970	-	-
Unit trusts	45,460	36,921	-	-
Corporate bond/sukuk	1,398	2,270	1,398	2,270
<u>Outside Malaysia</u>				
Shares, exchange traded funds and warrants	34,543	102,034	-	258
Unit trusts	17,067	24,849	-	-
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Corporate bond/sukuk	137,510	199,474	120,175	199,472
Unit trusts	1,089,216	1,026,646	-	-
Commercial paper	4,989	-	4,989	-
<u>Outside Malaysia</u>				
Corporate bond/sukuk	218,279	93,661	218,279	93,661
Private equity funds	760,919	689,484	-	-
	<u>4,881,034</u>	<u>3,089,411</u>	<u>2,300,118</u>	<u>1,080,766</u>



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A15. Financial Assets at Fair Value Through Other Comprehensive Income ('FVOCI')

	Group		Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
At fair value				
(a) Debt instruments	41,965,188	38,233,244	35,850,302	32,293,277
(b) Equity instruments	773,354	740,445	729,778	699,024
	42,738,542	38,973,689	36,580,080	32,992,301
(a) Debt instruments				
<u>Money market instruments:</u>				
Malaysian Government Securities	3,159,682	3,300,948	3,099,253	3,241,592
Malaysian Government Investment Issues	8,568,704	8,434,385	6,628,963	6,554,541
Cagamas bonds	1,209,344	770,075	1,014,846	770,075
Khazanah bonds	70,211	63,909	70,211	63,909
Negotiable instruments of deposits	500,733	999,506	500,733	998,876
Other foreign government investment issues	95,847	90,272	95,847	90,272
Sukuk Perumahan Kerajaan	-	70,637	-	-
Singapore Government Securities	1,006,215	997,372	1,006,215	997,372
Thailand Government Securities	626,196	593,194	626,196	593,194
Singapore Housing Development Board	520,177	494,852	520,177	494,852
<u>Unquoted securities:</u>				
In Malaysia				
Corporate bond/sukuk	16,558,372	16,186,552	12,638,154	12,257,052
Outside Malaysia				
Corporate bond/sukuk	9,649,707	6,231,542	9,649,707	6,231,542
	41,965,188	38,233,244	35,850,302	32,293,277
(b) Equity instruments				
<u>Quoted securities:</u>				
Outside Malaysia				
Shares	2,631	2,503	-	-
<u>Unquoted securities:</u>				
In Malaysia				
Shares	770,300	737,539	729,776	699,022
Outside Malaysia				
Shares	423	403	2	2
	773,354	740,445	729,778	699,024

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 RM3,619,000,000 (31 December 2022: RM2,841,000,000) and RM3,619,000,000 (31 December 2022: RM2,841,000,000) respectively.



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A15. 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 2023 RM'000	As at 31 December 2022 RM'000
Balance as at the beginning of the financial period/year	-	1,020
Derecognition	-	(1,020)
Balance as at the end of the financial period/year	-	-

(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
	30 June 2023			
Balance as at the beginning of the financial period	48,615	3,376	-	51,991
Transfer to 12-month ECL (Stage 1)	2,259	(2,259)	-	-
Changes in credit risk	(4,782)	350	-	(4,432)
Purchases and origination	5,343	-	-	5,343
Changes to model methodologies	(6,950)	(664)	-	(7,614)
Derecognition and disposal	(3,957)	-	-	(3,957)
Exchange differences	335	-	-	335
Balance as at the end of the financial period	40,863	803	-	41,666
31 December 2022				
Balance as at the beginning of the financial year	36,896	77	-	36,973
Transfer to 12-month ECL (Stage 1)	69	(69)	-	-
Transfer to lifetime ECL not credit impaired (Stage 2)	(64)	64	-	-
Changes in credit risk	8,588	3,312	-	11,900
Purchases and origination	10,215	-	-	10,215
Derecognition and disposal	(7,794)	(8)	-	(7,802)
Exchange differences	705	-	-	705
Balance as at the end of the financial year	48,615	3,376	-	51,991



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A15. Financial Assets at Fair Value Through Other Comprehensive Income ('FVOCI') (continued)

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

Bank	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
30 June 2023				
Balance as at the beginning of the financial period	42,517	3,376	-	45,893
Transfer to 12-month ECL (Stage 1)	2,259	(2,259)	-	-
Changes in credit risk	(2,034)	350	-	(1,684)
Purchases and origination	4,870	-	-	4,870
Changes to model methodologies	(5,762)	(664)	-	(6,426)
Derecognition and disposal	(4,143)	-	-	(4,143)
Exchange differences	335	-	-	335
Balance as at the end of the financial period	<u>38,042</u>	<u>803</u>	<u>-</u>	<u>38,845</u>
31 December 2022				
Balance as at the beginning of the financial year	34,554	77	-	34,631
Transfer to 12-month ECL (Stage 1)	69	(69)	-	-
Transfer to lifetime ECL not credit impaired (Stage 2)	(64)	64	-	-
Changes in credit risk	6,000	3,312	-	9,312
Purchases and origination	8,417	-	-	8,417
Derecognition and disposal	(7,164)	(8)	-	(7,172)
Exchange differences	705	-	-	705
Balance as at the end of the financial year	<u>42,517</u>	<u>3,376</u>	<u>-</u>	<u>45,893</u>



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A16. Financial Investments at Amortised Cost

	Group		Bank	
	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
<u>Money market instruments:</u>				
Malaysian Government Securities	4,086,131	3,725,255	3,671,421	3,310,259
Malaysian Government Investment Issues	7,324,999	5,447,600	3,270,752	3,111,955
Malaysian Government Treasury Bills	-	246,410	-	246,410
Cagamas bonds	1,480,705	1,581,202	1,141,955	1,242,431
Khazanah bonds	61,623	163,108	47,287	21,382
Negotiable instruments of deposits	500,734	-	-	-
Sukuk Perumahan Kerajaan	-	110,947	-	100,883
Singapore Government Treasury Bills	2,250,421	2,050,250	2,250,421	2,050,250
Singapore Government Securities	65,039	127,532	65,039	127,532
Singapore Central Bank Bills	1,711,074	1,143,713	1,711,074	1,143,713
Thailand Government Bonds	103,314	99,126	103,314	99,126
Sukuk (Brunei) Incorporation	51,069	32,529	51,069	32,529
Brunei Central Bank Bills	-	16,409	-	16,409
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Corporate bond/sukuk	13,259,172	12,885,413	6,549,593	7,347,688
Corporate loan stocks	22,652	22,652	-	-
<u>Outside Malaysia</u>				
Corporate bond/sukuk	56,709	55,714	26,295	25,294
	30,973,642	27,707,860	18,888,220	18,875,861
Allowance for credit losses	(685,358)	(701,152)	(600,871)	(611,207)
	30,288,284	27,006,708	18,287,349	18,264,654

- (i) 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 RM4,414,000,000 (31 December 2022: RM4,419,000,000) and RM4,414,000,000 (31 December 2022: RM4,995,000,000) respectively.
- (ii) Included in financial investments at amortised cost of the Group are exposures to Restricted Investment Account ('RIA'), as part of the arrangement between RHB Islamic Bank and other investors based on Mudharabah concept. The investors will provide capital and the business venture is managed solely by RHB Islamic Bank. The profit of the business venture will be shared based on pre-agreed ratios with RHB Islamic Bank as Mudharib (manager or manager of funds), and losses shall be borne solely by investors. As at 30 June 2023, gross exposure to RIA financing funded by investors at the Group is RM404,375,000 (31 December 2022: RM392,980,000). The portfolio expected credit losses for financial investments at amortised cost relating to RIA is borne solely by the investors.



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A16. Financial investments at amortised cost (continued)

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

	Group		Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Balance as at the beginning of the financial period/year	1,294,649	1,236,638	56,041	59,832
Purchases and origination	29,392	63,789	-	-
Derecognition	(106)	(6,231)	(94)	(4,244)
Exchange differences	483	453	483	453
Balance as at the end of the financial period/year	1,324,418	1,294,649	56,430	56,041

The credit impaired financial investments at amortised cost relate to certain exposures to RIA, of which exposure with other investors amounted to RM404,375,000 (31 December 2022: RM392,980,000).

(b) Movement in allowance for credit losses

Group	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
30 June 2023				
Balance as at the beginning of the financial period	35,582	5,371	660,199	701,152
Changes in credit risk	(9,853)	(624)	(106)	(10,583)
Purchases and origination	2,063	223	-	2,286
Changes to model methodologies	(5,232)	(1,705)	-	(6,937)
Derecognition	(1,042)	(76)	-	(1,118)
Exchange differences	74	-	484	558
Balance as at the end of the financial period	21,592	3,189	660,577	685,358
31 December 2022				
Balance as at the beginning of the financial year	18,599	1,778	577,742	598,119
Changes in credit risk	12,944	(119)	85,227	98,052
Purchases and origination	8,583	3,712	-	12,295
Derecognition	(4,626)	-	(1,053)	(5,679)
Written off	-	-	(2,170)	(2,170)
Exchange differences	82	-	453	535
Balance as at the end of the financial year	35,582	5,371	660,199	701,152



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A16. Financial investments at amortised cost (continued)

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

Bank	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
30 June 2023				
Balance as at the beginning of the financial period	17,587	3,217	590,403	611,207
Changes in credit risk	(5,669)	(744)	(94)	(6,507)
Purchases and origination	223	-	-	223
Changes to model methodologies	(2,579)	(1,092)	-	(3,671)
Derecognition	(789)	(76)	-	(865)
Exchange differences	-	-	484	484
Balance as at the end of the financial period	<u>8,773</u>	<u>1,305</u>	<u>590,793</u>	<u>600,871</u>
31 December 2022				
Balance as at the beginning of the financial year	13,560	-	505,959	519,519
Changes in credit risk	2,737	-	87,214	89,951
Purchases and origination	4,046	3,217	-	7,263
Derecognition	(2,756)	-	(1,053)	(3,809)
Written off	-	-	(2,170)	(2,170)
Exchange differences	-	-	453	453
Balance as at the end of the financial year	<u>17,587</u>	<u>3,217</u>	<u>590,403</u>	<u>611,207</u>



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A17. Loans, Advances and Financing

(a) By type

	Group		Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
At amortised cost				
Overdrafts	5,824,787	5,682,506	4,090,718	4,093,249
Term loans/financing:				
- Housing loans/financing	80,965,625	78,216,973	49,522,915	48,658,350
- Syndicated term loans/financing	15,067,883	15,544,484	9,170,000	8,909,063
- Hire purchase receivables/financing	10,601,138	10,315,968	304,066	392,188
- Other term loans/financing	76,459,093	77,332,120	42,821,240	42,640,686
Bills receivables	4,617,298	3,892,128	4,249,238	3,570,030
Trust receipts	1,062,693	807,390	977,435	739,682
Claims on customers under acceptance credits	5,091,041	5,432,419	3,804,658	4,033,264
Share margin financing	2,225,050	2,382,860	279,480	489,720
Staff loans/financing	87,859	92,367	69,266	73,934
Credit/charge card receivables	2,114,666	2,069,207	1,798,030	1,766,927
Revolving credits/financing	10,074,826	10,431,720	7,560,416	7,716,326
Gross loans, advances and financing	214,191,959	212,200,142	124,647,462	123,083,419
Fair value changes arising from fair value hedges	(91,040)	(111,556)	(18,580)	(19,709)
	214,100,919	212,088,586	124,628,882	123,063,710
Less: Allowance for credit losses	(2,896,732)	(3,710,002)	(1,859,475)	(1,962,209)
Net loans, advances and financing	211,204,187	208,378,584	122,769,407	121,101,501

(i) Included in loans, advances and financing are housing loans/financing sold to Cagamas with recourse to the Group and the Bank amounting to RM4,657,995,000 (31 December 2022: RM4,728,898,000) and RM2,860,196,000 (31 December 2022: RM2,908,132,000) respectively.

(ii) Included in loans, advances and financing of the Group are exposures to Unrestricted Investment Account ('URIA'), as part of the arrangement between RHB Islamic Bank and other investors based on Wakalah concept, a trust-based contract in which a party (muwakkil) appoints another party as his agent (wakil) to perform a particular task, in matters that may be delegated, either voluntarily or with imposition of a fee. The fee shall be recognised based on agreement. Profit generated/losses incurred is based on net distributable income calculated. Net distributable income is derived after deducting Wakalah fee, direct expenses and provisions (if any). Losses (if any) will be borne solely by the investors unless such losses are due to RHB Islamic Bank's misconduct, negligence or breach of specified terms in the contract between the investors and RHB Islamic Bank. As at 30 June 2023, gross exposure to URIA financing funded by investors at the Group is RM314,671,000 (31 December 2022: RM802,978,000). The portfolio expected credit losses for financing and advances relating to URIA is borne solely by the investors.



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A17. Loans, Advances and Financing (continued)

(b) By type of customer

	Group		Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Domestic non-bank financial institutions	3,361,465	3,193,617	1,367,346	1,064,672
Domestic business enterprises:				
- Small and medium enterprises	31,424,882	31,041,237	22,526,309	22,500,959
- Others	30,310,298	32,799,509	15,705,957	16,418,947
Government and statutory bodies	6,566,221	6,144,478	-	5,007
Individuals	108,483,782	106,201,343	57,008,884	56,641,963
Other domestic entities	159,673	163,611	28,075	28,550
Foreign entities	33,885,638	32,656,347	28,010,891	26,423,321
	214,191,959	212,200,142	124,647,462	123,083,419

(c) By geographical distribution

	Group		Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Malaysia	182,035,352	181,129,401	98,264,767	98,180,685
Labuan Offshore	1,609,738	2,277,954	-	-
Singapore	24,519,733	23,087,482	24,519,733	23,087,482
Thailand	1,962,685	1,967,516	1,656,119	1,620,513
Brunei	206,843	194,739	206,843	194,739
Cambodia	3,644,348	3,334,856	-	-
Lao	76,828	73,585	-	-
Indonesia	118,607	118,223	-	-
Vietnam	17,825	16,386	-	-
	214,191,959	212,200,142	124,647,462	123,083,419



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
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A17. Loans, Advances and Financing (continued)

(d) By interest/profit rate sensitivity

	Group		Bank	
	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
Fixed rate:				
- Housing loans/financing	128,725	142,068	77,976	93,267
- Hire purchase receivables/financing	806,913	1,066,701	304,066	392,188
- Other fixed rate loans/financing	21,948,541	21,893,082	9,944,920	10,356,895
Variable rate:				
- Base lending/financing rate/base rate plus	127,820,248	123,950,398	73,452,703	72,089,432
- Cost-plus	46,985,891	49,315,685	25,438,042	26,105,488
- Other variable rates	16,501,641	15,832,208	15,429,755	14,046,149
	214,191,959	212,200,142	124,647,462	123,083,419

(e) By economic sector

	Group		Bank	
	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
Agriculture, hunting, forestry and fishing	4,894,496	4,629,560	2,499,863	2,631,062
Mining and quarrying	231,103	249,354	120,872	141,146
Manufacturing	11,772,499	11,602,869	8,205,621	8,085,739
Electricity, gas and water	1,993,259	1,541,379	612,448	361,740
Construction	12,808,153	13,347,956	8,484,116	8,447,916
Wholesale and retail trade and restaurant and hotel	22,713,426	21,842,273	17,571,137	17,007,796
Transport, storage and communication	7,186,351	7,843,641	1,660,069	1,659,637
Finance, insurance, real estate and business services	26,769,828	26,757,642	19,802,168	19,252,052
Education, health and others	8,916,704	9,754,308	2,219,531	2,390,554
Household sector	116,389,594	114,176,607	63,167,339	62,875,805
Others	516,546	454,553	304,298	229,972
	214,191,959	212,200,142	124,647,462	123,083,419



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

A17. Loans, Advances and Financing (continued)

(f) By purpose

	Group		Bank	
	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	11,820,761	12,976,360	4,520,829	5,126,878
Purchase of transport vehicles	10,598,206	10,234,231	232,207	282,646
Purchase of landed property:				
- Residential	80,192,853	77,404,367	49,518,202	48,663,045
- Non-residential	25,509,200	25,399,348	19,341,822	19,161,912
Purchase of property, plant and equipment other than land and building	1,429,517	1,595,020	738,783	857,259
Personal use	12,415,782	12,019,969	6,887,148	6,863,166
Credit card	2,114,666	2,069,207	1,798,030	1,766,927
Purchase of consumer durables	6,620	7,279	6,620	7,279
Construction	6,248,692	6,567,401	5,011,292	5,303,859
Working capital	54,316,447	54,064,715	34,354,067	32,569,534
Merger and acquisition	1,647,650	1,648,237	176,270	176,529
Other purposes	7,891,565	8,214,008	2,062,192	2,304,385
	214,191,959	212,200,142	124,647,462	123,083,419

(g) By remaining contractual maturities

	Group		Bank	
	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
Maturity within one year	40,156,306	38,104,568	27,447,533	27,351,711
One year to three years	11,008,178	12,108,274	7,863,788	5,947,184
Three years to five years	18,727,483	19,327,578	9,556,109	10,728,433
Over five years	144,299,992	142,659,722	79,780,032	79,056,091
	214,191,959	212,200,142	124,647,462	123,083,419



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FOR THE SIX MONTHS ENDED 30 JUNE 2023

A17. 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 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Balance as at the beginning of the financial period/year	3,288,731	2,950,507	1,681,715	1,744,632
Transfer to 12-month ECL (Stage 1)	(46,250)	(61,383)	(26,279)	(49,481)
Transfer to lifetime ECL not credit impaired (Stage 2)	(183,125)	(100,346)	(102,495)	(81,400)
Transfer to lifetime ECL credit impaired (Stage 3)	1,240,921	1,256,207	732,907	765,463
Purchases and origination	432,626	601,612	69,351	483,641
Derecognition	(316,173)	(784,107)	(132,743)	(630,564)
Amount written off	(984,125)	(683,842)	(253,382)	(567,466)
Exchange differences	69,131	66,889	11,409	21,598
Other movements	10,699	43,194	5,896	(4,708)
Balance as at the end of the financial period/year	<u>3,512,435</u>	<u>3,288,731</u>	<u>1,986,379</u>	<u>1,681,715</u>

(ii) By economic sector

	Group		Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Agriculture, hunting, forestry and fishing	30,459	12,112	25,106	6,912
Mining and quarrying	21,199	20,471	16,614	15,638
Manufacturing	265,676	215,294	226,530	179,477
Electricity, gas and water	10,429	9,965	24	-
Construction	517,591	421,948	408,019	327,228
Wholesale and retail trade and restaurant and hotel	406,344	355,838	249,925	217,473
Transport, storage and communication	471,660	37,677	23,631	23,393
Finance, insurance, real estate and business services	442,604	334,117	383,811	277,813
Education, health and others	237,118	892,141	42,883	52,882
Household sector	1,058,605	937,738	609,836	580,899
Others	50,750	51,430	-	-
	<u>3,512,435</u>	<u>3,288,731</u>	<u>1,986,379</u>	<u>1,681,715</u>



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A17. Loans, Advances and Financing (continued)

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

(iii) By purpose

	Group		Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Purchase of securities	32,669	31,136	17,778	17,749
Purchase of transport vehicles	68,349	55,148	7,328	8,872
Purchase of landed property:				
- Residential	807,140	733,496	490,430	478,779
- Non-residential	620,606	610,074	333,184	331,844
Purchase of property, plant and equipment other than land and building	17,500	19,906	14,279	16,640
Personal use	169,615	153,747	123,672	123,910
Credit card	23,222	21,407	19,859	18,191
Purchase of consumer durables	574	595	574	595
Construction	119,272	51,858	115,149	51,728
Working capital	1,395,100	1,417,245	699,453	531,368
Other purposes	258,388	194,119	164,673	102,039
	3,512,435	3,288,731	1,986,379	1,681,715

(iv) By geographical distribution

	Group		Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Malaysia	2,779,977	2,007,232	1,646,323	1,406,744
Labuan Offshore	105,408	756,636	-	-
Singapore	165,018	198,679	165,018	198,679
Thailand	180,987	82,032	168,424	70,319
Brunei	6,614	5,973	6,614	5,973
Cambodia	266,883	234,447	-	-
Lao	7,548	3,732	-	-
	3,512,435	3,288,731	1,986,379	1,681,715



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A17. Loans, Advances and Financing (continued)

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

(v) 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
30 June 2023				
Balance as at the beginning of the financial period	846,101	1,055,527	1,808,374	3,710,002
Changes due to financial assets recognised in the opening balance that have been:				
- Transferred to 12-month ECL (Stage 1)	105,747	(93,274)	(12,473)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(25,680)	79,580	(53,900)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(5,045)	(94,926)	99,971	-
	75,022	(108,620)	33,598	-
Changes in credit risk	(200,139)	(84,527)	350,971	66,305
Purchases and origination	44,490	64,647	10,051	119,188
Changes to model methodologies	(54,629)	(21,651)	761	(75,519)
Derecognition	(23,768)	(40,794)	(53,617)	(118,179)
Bad debts written off	-	-	(867,329)	(867,329)
Exchange differences	4,201	3,247	44,117	51,565
Other movements	-	-	10,699	10,699
Balance as at the end of the financial period	691,278	867,829	1,337,625	2,896,732
31 December 2022				
Balance as at the beginning of the financial year	1,015,663	1,186,991	1,407,463	3,610,117
Changes due to financial assets recognised in the opening balance that have been:				
- Transferred to 12-month ECL (Stage 1)	196,146	(179,726)	(16,420)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(31,853)	65,382	(33,529)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(15,483)	(51,693)	67,176	-
	148,810	(166,037)	17,227	-
Changes in credit risk	(352,433)	9,865	1,191,823	849,255
Purchases and origination	113,114	118,999	27,149	259,262
Changes to model methodologies	(11,434)	(40,369)	(1,303)	(53,106)
Derecognition	(70,097)	(54,600)	(419,983)	(544,680)
Bad debts written off	-	-	(494,580)	(494,580)
Exchange differences	2,478	678	37,384	40,540
Other movements	-	-	43,194	43,194
Balance as at the end of the financial year	846,101	1,055,527	1,808,374	3,710,002



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A17. Loans, Advances and Financing (continued)

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

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

Bank	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
30 June 2023				
Balance as at the beginning of the financial period	554,551	620,951	786,707	1,962,209
Changes due to financial assets recognised in the opening balance that have been:				
- Transferred to 12-month ECL (Stage 1)	59,504	(50,797)	(8,707)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(21,143)	52,743	(31,600)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(4,581)	(58,312)	62,893	-
	33,780	(56,366)	22,586	-
Changes in credit risk	(108,306)	(9,733)	208,497	90,458
Purchases and origination	36,505	44,975	9,459	90,939
Changes to model methodologies	(36,230)	(6,812)	(5,379)	(48,421)
Derecognition	(18,505)	(26,868)	(40,343)	(85,716)
Bad debts written off	-	-	(162,021)	(162,021)
Exchange differences	3,814	767	1,550	6,131
Other movements	-	-	5,896	5,896
Balance as at the end of the financial period	465,609	566,914	826,952	1,859,475
31 December 2022				
Balance as at the beginning of the financial year	708,275	848,909	793,522	2,350,706
Changes due to financial assets recognised in the opening balance that have been:				
- Transferred to 12-month ECL (Stage 1)	145,689	(134,074)	(11,615)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(25,520)	52,232	(26,712)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(12,182)	(40,540)	52,722	-
	107,987	(122,382)	14,395	-
Changes in credit risk	(292,774)	(149,163)	772,689	330,752
Purchases and origination	81,556	113,587	21,784	216,927
Changes to model methodologies	(7,769)	(25,418)	(1,160)	(34,347)
Derecognition	(51,455)	(47,473)	(396,961)	(495,889)
Bad debts written off	-	-	(428,334)	(428,334)
Exchange differences	8,731	2,891	15,480	27,102
Other movements	-	-	(4,708)	(4,708)
Balance as at the end of the financial year	554,551	620,951	786,707	1,962,209



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A18. Other Assets

	Group			Bank	
	As at 30 June 2023	Restated As at 31 December 2022	Restated As at 1 January 2022	As at 30 June 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Other receivables	826,367	643,853	840,898	516,844	392,739
Cash collateral in relation to derivative transactions	609,997	514,797	417,368	621,227	514,797
Deposits	47,239	44,189	45,191	36,871	33,338
Prepayments	202,796	153,469	168,715	129,679	101,409
Amount receivable for release of units from funds	249,658	56,073	207,850	-	-
Amount due from subsidiaries	-	-	-	1,852,684	870,157
	1,936,057	1,412,381	1,680,022	3,157,305	1,912,440



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A19. Deposits from Customers

(a) By type of deposits

	Group		Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Demand deposits	49,518,825	51,933,661	39,665,051	42,284,487
Savings deposits	13,668,290	14,505,771	10,906,093	11,841,346
Fixed/investment deposits	165,840,296	160,212,605	87,677,919	81,455,913
Negotiable instruments of deposits	261,992	507,725	261,992	507,725
	<u>229,289,403</u>	<u>227,159,762</u>	<u>138,511,055</u>	<u>136,089,471</u>

(b) By type of customer

	Group		Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Government and statutory bodies	24,411,388	21,460,674	4,498,659	5,592,868
Business enterprises	105,221,457	117,592,692	68,852,301	72,798,795
Individuals	91,341,285	80,503,285	57,804,667	50,975,787
Others	8,315,273	7,603,111	7,355,428	6,722,021
	<u>229,289,403</u>	<u>227,159,762</u>	<u>138,511,055</u>	<u>136,089,471</u>

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

	Group		Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Due within six months	127,181,908	129,992,709	65,101,187	65,247,406
Six months to one year	33,439,319	26,159,154	19,188,645	14,083,157
One year to three years	4,240,367	3,120,220	3,379,912	2,323,733
Three years to five years	1,240,694	1,448,247	270,167	309,342
	<u>166,102,288</u>	<u>160,720,330</u>	<u>87,939,911</u>	<u>81,963,638</u>



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
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A20. Deposits and Placements of Banks and Other Financial Institutions

	Note	Group		Bank	
		As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
		RM'000	RM'000	RM'000	RM'000
Licensed banks		17,884,619	17,622,246	24,448,997	26,672,749
Licensed Islamic banks		185,021	1,538,161	3,824	3,623
Licensed investment banks		-	322,526	723,926	1,144,400
BNM/Other central banks	(a)	4,733,782	4,736,004	4,514,845	4,542,468
Other financial institutions		1,379,984	374,932	1,235,112	82,222
		24,183,406	24,593,869	30,926,704	32,445,462

(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.

A21. Investment Accounts

	Note	Group	
		As at 30 June 2023	As at 31 December 2022
		RM'000	RM'000
Mudharabah Restricted Investment Account	(a)	457,162	427,640
Wakalah Unrestricted Investment Account	(b)	315,073	818,386
		772,235	1,246,026

(a) Mudharabah Restricted Investment Account

By type of counterparty:

- Licensed banks	457,162	427,640
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Investment asset (principal):

- Unquoted securities	404,375	392,980
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(b) Wakalah Unrestricted Investment Account

By type of counterparty:

- Business enterprises	315,073	818,386
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Investment asset (principal):

- Personal financing	251,737	642,382
- Housing financing	62,934	160,596
	314,671	802,978



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
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A22. Other Liabilities

	Group			Bank	
	As at 30 June 2023 RM'000	Restated As at 31 December 2022 RM'000	Restated As at 1 January 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Other creditors and accruals	1,335,189	1,382,151	1,318,712	857,759	861,700
Amount payable for redemption units	316,204	82,211	348,404	-	-
Contract liabilities	128,378	147,368	205,971	31,500	42,000
Short term employee benefits	230,116	444,087	455,763	186,184	311,087
Accrual for operational expenses	220,298	246,929	265,925	160,023	191,828
Cash collateral pledged for derivative transactions	552,269	538,691	112,719	552,269	538,691
Structured deposits	1,307,281	958,666	771,311	1,265,355	917,646
Remisiers' trust deposits	89,882	94,266	97,828	-	-
Puttable financial instruments	9,961	-	-	-	-
Amount payable for creation of units due to funds	18,981	203,132	457,587	-	-
Amount due to subsidiaries	-	-	-	4,866	5,452
	4,208,559	4,097,501	4,034,220	3,057,956	2,868,404



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A23. 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.

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

(a) Group Community Banking ('GCB')

GCB comprise Group Retail Banking and Group Small and Medium Enterprises ('SME's) 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.

Group SME Banking focuses on providing financing solutions to SMEs and family-owned enterprises, as well as trade and cash management solutions for SMEs.

(b) Group Wholesale Banking ('GWB')

GWB comprise the following key business portfolio/functional group:

I. Group Treasury & Global Markets; and

II. Group Corporate Banking and Investment Banking ('Group CBIB') which consist of Group Corporate Banking, Group Investment Banking, Group Asset Management, Group Commercial Banking, Group Transaction Banking and Group Economics.

(i) Group Treasury and Global Markets offers a comprehensive suite of treasury products and solutions including foreign exchange ('FX'), derivatives, capital markets, structured products, money market investments and Islamic Treasury products catering to the hedging and investment needs of our diverse customers in Malaysia, Singapore and Thailand. This segment is also responsible for the overall management of the liquidity and funding needs of the Group as well as for investing excess capital and funds to enhance the returns for the Group.

(ii) Group Corporate Banking provides a comprehensive suite of conventional and Shariah-compliant financing solutions to corporate clients whose shares are listed on stock exchanges locally and/or abroad, multinational companies, government and government agencies and government-linked companies. Financial solutions provided include working capital funding, trade financing, foreign currency hedging, project financing and syndication, as well as funding of corporate exercises.

(iii) Group Investment Banking offers a full range of investment banking products and services covering primary markets, such as advisory (corporate and debt restructuring, mergers and acquisitions, takeovers), fundraising via both equity and debt instruments, and secondary markets including securities trading for both institutional and retail clients. This segment leverages on the Group's regional platforms to provide cross-border transactional services to clients across ASEAN.

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



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A23. Segmental Reporting (continued)

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

(b) Group Wholesale Banking ('GWB') (continued)

- (iv) Group Asset Management manages a full set of investment services and offerings including management of unit trust funds, investment management advisory, private mandates, product development and trustee services.
- (v) Group Commercial Banking offers a wide range of business solutions ranging from financing, deposits, cash management solutions, trade finance, FX and remittance among others for Commercial customers (Mid-size to Large-Size Private Companies).
- (vi) Group Transaction Banking offers a wide range of business solutions ranging from cash management solutions, trade finance and services including supply chain financing solutions among others for SME, Commercial & Large corporates.
- (vii) Group Economics which includes Foreign Exchange and Fixed Income Strategy, provides expert advice on Macroeconomic developments as well as local economic and sectoral trends. This segment is also responsible for engaging with corporate and institutional clients to provide advice on economic developments and trends.

(c) 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.

(d) Insurance

RHB Insurance Berhad provides general insurance for retail, SME, commercial and corporate customers.

(e) Support Center and Others

Support Center and Others comprise results from other business segments in the Group (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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A23. Segmental Reporting (continued)

Six months ended 30 June 2023

	Group Community Banking RM'000	Group Wholesale Banking RM'000	Group International Business RM'000	Insurance* RM'000	Support Center and Others RM'000	Inter- Segment Elimination RM'000	Total RM'000
External revenue	2,118,301	1,263,231	432,861	48,533	(75,741)	-	3,787,185
Inter-segment revenue	-	9,240	(385)	(6,038)	20,911	(23,728)	-
Segment revenue	2,118,301	1,272,471	432,476	42,495	(54,830)	(23,728)	3,787,185
Other operating expenses	(1,039,229)	(515,064)	(282,709)	(314)	13,638	23,728	(1,799,950)
Including:							
- Depreciation of property, plant and equipment	(47,111)	(15,238)	(10,261)	-	(119)	-	(72,729)
- Depreciation of right-of-use assets	(12,802)	(9,775)	(8,668)	-	(51)	-	(31,296)
- Amortisation of intangible assets	(52,112)	(21,210)	(10,796)	-	-	-	(84,118)
Allowance for credit losses on financial assets	(62,879)	273,622	(125,617)	344	-	-	85,470
Segment profit/(loss)	1,016,193	1,031,029	24,150	42,525	(41,192)	-	2,072,705
Share of results of associates							(4,433)
Profit before taxation and zakat							2,068,272
Taxation and zakat							(495,944)
Net profit for the financial period							1,572,328

* All depreciation and amortisation relating to Insurance are netted against revenue under MFRS 17.



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A23. Segmental Reporting (continued)

As at 30 June 2023

	Group Community Banking	Group Wholesale Banking	Group International Business	Insurance	Support Center and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	135,237,989	127,689,900	47,202,071	1,798,405	2,998,826	314,927,191
Investments in associates and joint venture						35,592
Tax recoverable						89,421
Deferred tax assets						504,190
Unallocated assets						662,754
Total assets						<u>316,219,148</u>
Segment liabilities	116,026,880	118,263,279	38,760,176	1,190,446	1,221,762	275,462,543
Provision for taxation and zakat						234,449
Deferred tax liabilities						7,646
Borrowings						1,388,467
Senior debt securities						5,554,681
Subordinated obligations						3,376,747
Unallocated liabilities						120,543
Total liabilities						<u>286,145,076</u>



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A23. Segmental Reporting (continued)

Restated

Six months ended 30 June 2022

	Group Community Banking RM'000	Group Wholesale Banking RM'000	Group International Business RM'000	Insurance* RM'000	Support Center and Others RM'000	Inter- Segment Elimination RM'000	Total RM'000
External revenue	1,948,846	1,441,502	371,335	16,577	(14,731)	-	3,763,529
Inter-segment revenue	-	6,966	708	9,255	9,314	(26,243)	-
Segment revenue	1,948,846	1,448,468	372,043	25,832	(5,417)	(26,243)	3,763,529
Other operating expenses	(978,960)	(476,384)	(249,565)	(469)	(11,509)	26,243	(1,690,644)
Including:							
- Depreciation of property, plant and equipment	(38,215)	(17,039)	(9,750)	-	(96)	-	(65,100)
- Depreciation of right-of-use assets	(16,269)	(9,143)	(9,520)	-	(54)	-	(34,986)
- Amortisation of intangible assets	(50,611)	(15,506)	(8,006)	-	-	-	(74,123)
Allowance for credit losses on financial assets	(26,555)	(222,499)	55,838	805	-	-	(192,411)
Profit/(Loss) before taxation and zakat	943,331	749,585	178,316	26,168	(16,926)	-	1,880,474
Taxation and zakat							(667,609)
Net profit for the financial period							<u>1,212,865</u>

* All depreciation and amortisation relating to Insurance are netted against revenue under MFRS 17.



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A23. Segmental Reporting (continued)

Restated

As at 31 December 2022

	Group Community Banking	Group Wholesale Banking	Group International Business	Insurance	Support Center and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	132,149,149	129,733,543	42,723,470	1,771,614	3,011,517	309,389,293
Investments in associates and joint venture						25
Tax recoverable						121,033
Deferred tax assets						619,508
Unallocated assets						641,403
Total assets						<u>310,771,262</u>
Segment liabilities	105,805,400	130,096,002	34,635,756	1,202,223	1,238,692	272,978,073
Provision for taxation and zakat						396,041
Deferred tax liabilities						3,598
Borrowings						1,476,185
Senior debt securities						3,841,190
Subordinated obligations						2,867,083
Unallocated liabilities						440,699
Total liabilities						<u>282,002,869</u>



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A24. Valuation of Property, Plant and Equipment

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

A25. 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) RHB GC-Millennium Capital Pte Ltd, an indirect joint venture of which RHB Investment Bank Berhad ('RHB Investment Bank') held a 40% equity interest has been dissolved on 2 August 2023 pursuant to Section 180(6) of the Insolvency, Restructuring and Dissolution Act 2018 (No. 40 of 2018); and
- (b) KE-ZAN Nominees Asing Sdn Bhd ('KE-ZAN'), a wholly-owned subsidiary of RHB Investment Bank, which in turn is wholly-owned by the Bank, has been dissolved on 11 August 2023 pursuant to Section 459(5) of the Companies Act 2016.

A26. Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the six months ended 30 June 2023, other than the following:

- (a) The Bank's 40% subscription into Boost Berhad as further explained in Note B6(a); and
- (b) RHB Asset Management Sdn Bhd ('RHBAM'), an indirect wholly-owned subsidiary of the Bank, has acquired effective control in RHB Dana Hazeem Fund and RHB Smart Income Fund (collectively known as 'Funds'), by virtue of its holdings in the units issued by the Funds. The Group has consolidated the Funds in accordance with MFRS 10 'Consolidated Financial Statements' with effective equity interest of 50.65% and 50.55% respectively as at the end of the financial period.



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A27. 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 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Contingent liabilities				
Direct credit substitutes	1,435,409	1,410,617	1,433,706	1,405,541
Transaction-related contingent items	2,259,845	2,788,293	1,834,613	2,387,653
Short term self-liquidating trade-related contingencies	1,027,962	984,888	832,401	730,635
	4,723,216	5,183,798	4,100,720	4,523,829
Commitments				
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	8,885,155	8,573,179	8,885,155	8,777,386
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	660,171	-	399,946	-
Irrevocable commitments to extend credit:				
- Maturity less than one year	4,328,276	8,480,483	3,167,182	7,136,645
- Maturity more than one year	33,029,212	27,241,322	21,968,421	16,986,025
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	17,054,349	16,329,254	14,383,447	13,695,272
	63,957,163	60,624,238	48,804,151	46,595,328
Derivative financial instruments				
Foreign exchange related contracts [^] :				
- Less than one year	67,068,574	62,316,756	69,778,934	65,135,214
- One year to less than five years	6,715,554	5,647,134	6,715,554	5,647,134
- More than five years	1,191,140	1,169,510	1,191,140	1,169,510
Commodity related contracts [^] :				
- Less than one year	269,531	267,363	271,055	267,486
- One year to less than five years	323,469	364,149	325,856	364,306
- More than five years	106,031	102,941	106,031	102,941
Equity related contracts [^] :				
- Less than one year	552,608	649,166	552,708	649,276
- One year to less than five years	104,252	3,090	104,252	3,090
Interest rate related contracts [^] :				
- Less than one year	41,676,030	18,684,828	42,336,030	19,774,828
- One year to less than five years	51,334,427	45,588,339	55,334,427	48,888,339
- More than five years	5,831,638	6,195,096	5,831,638	6,195,096
	175,173,254	140,988,372	182,547,625	148,197,220
	243,853,633	206,796,408	235,452,496	199,316,377

[^] These derivatives are revalued on gross position basis and the unrealised gains or losses have been reflected in the income statements and statements of financial position as derivative assets or derivative liabilities.



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A27. Changes In Contingent Liabilities Since The Last Annual Statements Of Financial Position (continued)

(b) Guarantees Issued by the Group and the Bank

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.

(c) Contingent Liabilities

As at 30 June 2023, the Group has contingent liabilities amounting to approximately RM65 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.

A28. Capital Commitments

	Group		Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Authorised and contracted for property, plant and equipment	<u>277,839</u>	<u>284,529</u>	<u>245,670</u>	<u>249,674</u>



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A29. 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 [@]	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Common Equity Tier I ('CET I')/Tier I Capital				
Share capital	8,330,324	8,145,585	8,330,324	8,145,585
Retained profits	18,966,410	19,196,884	14,434,642	14,479,618
Other reserves	1,063,478	836,784	744,278	610,659
FVOCI reserves	(201,323)	(599,020)	(193,854)	(517,256)
	28,158,889	27,580,233	23,315,390	22,718,606
Less:				
Goodwill	(2,638,198)	(2,638,198)	(1,714,913)	(1,714,913)
Intangible assets (include associated deferred tax liabilities)	(630,021)	(602,106)	(554,205)	(524,689)
Deferred tax assets	(386,579)	(384,052)	(285,137)	(271,633)
Investments in subsidiaries	(102,425)	(102,425)	(4,462,487)	(4,461,272)
Investments in associates and joint venture	(35,592)	(25)	(40,000)	-
Other deductions [†]	(37,360)	(30,313)	(37,137)	(29,388)
Total CET I Capital	24,328,714	23,823,114	16,221,511	15,716,711
Qualifying non-controlling interests recognised as Tier I Capital	184	159	-	-
Total Tier I Capital	24,328,898	23,823,273	16,221,511	15,716,711
Tier II Capital				
Subordinated obligations meeting all relevant criteria	2,499,250	1,999,353	2,499,250	1,999,353
Qualifying capital instruments of a subsidiary issued to third parties [‡]	435,117	393,975	-	-
Surplus eligible provisions over expected losses	531,482	513,764	379,278	373,005
General provisions [^]	443,505	404,754	323,495	271,763
Investment in capital instrument of financial and insurance/takaful entities	-	-	(93,258)	(88,116)
Total Tier II Capital	3,909,354	3,311,846	3,108,765	2,556,005
Total Capital	28,238,252	27,135,119	19,330,276	18,272,716



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A29. Capital Adequacy Ratio (continued)

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

	Group		Bank [@]	
	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	17.120%	17.593%	15.939%	16.036%
Tier I Capital Ratio	17.120%	17.593%	15.939%	16.036%
Total Capital Ratio	19.871%	20.039%	18.994%	18.644%
After proposed dividends and DRP:				
CET I Capital Ratio	16.667%	16.887% *	15.307%	15.061% *
Tier I Capital Ratio	16.667%	16.887% *	15.307%	15.061% *
Total Capital Ratio	19.418%	19.333% *	18.362%	17.669% *

[@] 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.

[#] 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.

⁺ Qualifying subordinated sukuk that are recognised as Tier II capital instruments held by third parties as prescribed under paragraph 18.6 of the BNM's Guideline on Capital Adequacy Framework (Capital Components) which are issued by a fully consolidated subsidiary of the Bank.

[^] 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 and the Bank of RM373,127,000 (31 December 2022: RM242,061,000) and RM224,642,000 (31 December 2022: RM155,937,000) respectively.

^{*} The Board of Directors have declared a second interim single-tier dividend of 25.0 sen per share in respect of the financial year ended 31 December 2022, amounting to RM1,061,843,000, consisting of cash portion of 20.0 sen per share and an electable portion of 5.0 sen per share. There is no irrevocable written undertaking from its shareholders, hence, the amount of the 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, in accordance with the Implementation Guidance on Capital Adequacy Framework (Capital Components) dated 9 December 2020.



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A29. 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 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
CET I/Tier I Capital				
Share capital	1,673,424	1,673,424	1,220,000	1,220,000
Retained profits	4,082,319	4,177,805	385,927	426,746
Other reserves	410	205	1,370	685
FVOCI reserves	(46,777)	(118,059)	38,215	35,060
	5,709,376	5,733,375	1,645,512	1,682,491
Less:				
Goodwill	-	-	(372,395)	(372,395)
Investments in subsidiaries, associates and joint venture	-	-	(704,342)	(704,352)
Intangible assets (include associated deferred tax liabilities)	(4,083)	(4,227)	(25,538)	(25,592)
Deferred tax assets	(89,276)	(100,598)	(14,585)	(13,300)
55% of cumulative gains arising from change in value of FVOCI instruments	-	-	(21,018)	(19,283)
Other deductions [#]	(204)	(941)	-	-
Total CET I Capital/Tier I Capital	5,615,813	5,627,609	507,634	547,569
Tier II Capital				
Subordinated sukuk	750,000	750,000	-	-
Subordinated obligations meeting all relevant criteria	-	-	100,000	100,000
Surplus eligible provisions over expected losses	152,242	140,835	-	-
General provisions [^]	65,030	55,462	9,448	7,933
Total Tier II Capital	967,272	946,297	109,448	107,933
Total Capital	6,583,085	6,573,906	617,082	655,502
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	16.441%	17.828%	27.480%	31.348%
Tier I Capital Ratio	16.441%	17.828%	27.480%	31.348%
Total Capital Ratio	19.273%	20.826%	33.405%	37.528%
After proposed dividends:				
CET I Capital Ratio	16.049%	17.033%	27.480%	29.058%
Tier I Capital Ratio	16.049%	17.033%	27.480%	29.058%
Total Capital Ratio	18.881%	20.031%	33.405%	35.238%



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A29. Capital Adequacy Ratio (continued)

(b) The capital adequacy ratios of RHB Islamic Bank and RHB Investment Bank are as follows (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 RM49,798,000 (31 December 2022: RM34,664,000) and RM9,351,000 (31 December 2022: RM7,850,000) respectively.

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

	Group	Bank[@]	RHB Islamic Bank	RHB Investment Bank
	RM'000	RM'000	RM'000	RM'000
30 June 2023				
Credit risk	124,060,675	89,092,543	30,576,037	755,821
Market risk	3,814,441	3,394,458	302,694	205,629
Operational risk	14,233,758	9,285,425	3,278,906	885,826
Total risk-weighted assets	<u>142,108,874</u>	<u>101,772,426</u>	<u>34,157,637</u>	<u>1,847,276</u>
31 December 2022				
Credit risk	118,007,600	85,761,518	28,280,645	634,603
Market risk	3,358,227	3,075,095	170,490	188,204
Operational risk	14,047,918	9,171,749	3,114,515	923,914
Total risk-weighted assets	<u>135,413,745</u>	<u>98,008,362</u>	<u>31,565,650</u>	<u>1,746,721</u>

[@] 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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A29. Capital Adequacy Ratio (continued)

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

	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Before proposed dividends:		
Solvency ratio	16.367%	16.581%
After proposed dividends:		
Solvency ratio	16.367%	16.581%

The Solvency Ratio of RHB Bank Cambodia is the nearest equivalent regulatory compliance ratio in Cambodia computed in accordance with Prakas No. 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%.

A30. Credit Exposures Arising from Transactions with Connected Parties

	Group		Bank	
	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
Outstanding credit exposures with connected parties (RM'000)	13,116,683	13,975,207	8,805,596	8,384,214
Percentage of outstanding credit exposures with connected parties as proportion of total credit exposures (%)	5.04	5.51	5.58	5.45
Percentage of outstanding credit exposures with connected parties which is impaired or in default (%)	-	-	-	-

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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A31. Operations of Islamic Banking

(a) Statement of Financial Position as at 30 June 2023

	Note	Group		Bank	
		As at	As at	As at	As at
		30 June 2023	31 December 2022	30 June 2023	31 December 2022
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		2,645,680	7,168,679	-	-
Financial assets at FVTPL		554,236	91,997	-	-
Financial assets at FVOCI		5,944,573	5,700,547	-	-
Financial investments at amortised cost		10,377,060	7,542,997	-	-
Financing and advances		82,395,143	81,616,202	698,833	674,093
Other assets		724,197	596,335	509,623	499,798
Derivative assets		230,797	18,181	-	-
Statutory deposits		1,453,000	1,426,500	-	-
Deferred tax assets		103,386	137,537	-	-
Right-of-use assets		763	1,264	-	-
Property, plant and equipment		6,151	6,204	-	-
Intangible assets		4,744	4,567	-	-
Total assets		<u>104,439,730</u>	<u>104,311,010</u>	<u>1,208,456</u>	<u>1,173,891</u>
LIABILITIES					
Deposits from customers		80,104,379	78,233,590	-	-
Deposits and placements of banks and other financial institutions		1,676,898	3,109,934	1,141,514	1,098,871
Investment accounts	A21	772,235	1,246,026	-	-
Bills and acceptances payable		8,745	7,421	-	-
Other liabilities		263,407	303,251	-	-
Derivative liabilities		34,185	210,543	-	-
Recourse obligation on financing sold to Cagamas		1,764,850	1,765,061	-	-
Provision for taxation and zakat		78,538	111,844	-	-
Lease liabilities		777	1,307	-	-
Subordinated obligations		754,230	754,428	-	-
Total liabilities		<u>85,458,244</u>	<u>85,743,405</u>	<u>1,141,514</u>	<u>1,098,871</u>
Islamic Banking Funds		18,981,486	18,567,605	66,942	75,020
Total liabilities and Islamic Banking Funds		<u>104,439,730</u>	<u>104,311,010</u>	<u>1,208,456</u>	<u>1,173,891</u>
Commitments and contingencies		<u>20,742,927</u>	<u>20,011,594</u>	<u>18,563</u>	<u>14,444</u>



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A31. Operations of Islamic Banking (continued)

(b) Income Statement for the Six Months Ended 30 June 2023

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Group				
Income derived from investment of depositors' funds	1,071,863	787,989	2,091,422	1,515,036
Income derived from investment account funds	115,935	117,889	241,001	227,394
Income derived from investment of shareholders' funds	228,167	81,511	300,638	117,549
Allowance for credit losses	37,952	(71,558)	15,339	(109,228)
Total distributable income	1,453,917	915,831	2,648,400	1,750,751
Income attributable to depositors	(730,245)	(372,667)	(1,378,385)	(726,228)
Profit distributed to investment account holders	(13,816)	(13,223)	(29,525)	(23,313)
	709,856	529,941	1,240,490	1,001,210
Personnel expenses	(5,987)	(6,377)	(16,836)	(14,023)
Other overheads and expenditures	(163,207)	(131,368)	(319,529)	(257,673)
Profit before taxation and zakat	540,662	392,196	904,125	729,514
Taxation and zakat	(71,333)	(88,725)	(136,722)	(178,088)
Net profit for the financial period	469,329	303,471	767,403	551,426

Statement of Comprehensive Income for the Six Months Ended 30 June 2023

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period	469,329	303,471	767,403	551,426
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 gain/(loss) on revaluation	27,968	(118,228)	102,933	(177,101)
- Net transfer to income statement on disposal	(5,087)	(810)	(9,141)	(5,269)
- Changes in expected credit losses	(3,708)	4,218	(3,463)	4,060
Income tax relating to components of other comprehensive (income)/loss	(5,491)	28,570	(22,510)	43,769
Other comprehensive income/(loss), net of tax, for the financial period	13,682	(86,250)	67,819	(134,541)
Total comprehensive income for the financial period	483,011	217,221	835,222	416,885



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A31. Operations of Islamic Banking (continued)

(b) Income Statement for the Six Months Ended 30 June 2023

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Bank				
Income derived from investment of depositors' funds	8,324	4,284	15,558	7,201
Allowance for credit losses	(801)	2,795	(794)	2,820
Total distributable income	7,523	7,079	14,764	10,021
Income attributable to depositors	(13,524)	(2,864)	(26,391)	(4,346)
(Loss)/Profit before taxation	(6,001)	4,215	(11,627)	5,675
Taxation	-	-	-	-
Net (loss)/profit for the financial period	(6,001)	4,215	(11,627)	5,675

Statement of Comprehensive Income for the Six Months Ended 30 June 2023

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Bank				
Net (loss)/profit for the financial period	(6,001)	4,215	(11,627)	5,675
Total comprehensive (loss)/income for the financial period	(6,001)	4,215	(11,627)	5,675



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A31. Operations of Islamic Banking (continued)

(c) Financing and Advances

	Group		Bank	
	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
Cashline	1,387,296	1,247,512	-	-
Term financing				
- Housing financing	30,590,234	28,799,725	-	-
- Syndicated term financing	5,162,210	5,228,649	-	-
- Hire purchase receivables	10,297,072	9,923,780	-	-
- Other term financing	31,229,636	32,506,288	699,936	674,389
Bills receivables	368,060	322,098	-	-
Trust receipts	85,258	67,708	-	-
Claims on customers under acceptance credits	1,286,383	1,399,155	-	-
Share margin financing	10,406	9,902	-	-
Staff financing	14,490	14,868	-	-
Credit/charge card receivables	316,636	302,280	-	-
Revolving financing	2,370,886	2,577,115	-	-
Gross financing and advances	83,118,567	82,399,080	699,936	674,389
Less: Allowance for credit losses	(723,424)	(782,878)	(1,103)	(296)
Net financing and advances	82,395,143	81,616,202	698,833	674,093

(i) Movements in impaired financing and advances

Balance as at the beginning of the financial year/period	600,488	389,489	-	3,689
Transfer to 12-month ECL (Stage 1)	(11,916)	(11,868)	-	-
Transfer to lifetime ECL not credit impaired (Stage 2)	(80,199)	(18,946)	-	-
Transfer to lifetime ECL credit impaired (Stage 3)	480,882	387,988	-	-
Purchases and origination	351,545	52,482	-	-
Derecognition	(142,163)	(90,088)	-	-
Amount written off	(65,566)	(109,365)	-	(3,899)
Other movements	583	586	-	-
Exchange differences	-	210	-	210
Balance as at the end of the financial year/period	1,133,654	600,488	-	-



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A31. Operations of Islamic Banking (continued)

(c) Financing and Advances (continued)

(ii) Movement in allowance for credit losses

Group	12-month	Lifetime ECL	Lifetime ECL	Total
	ECL	not credit	credit	
	(Stage 1)	(Stage 2)	(Stage 3)	
	RM'000	RM'000	RM'000	RM'000
Balance as at the beginning of the financial period	156,741	374,072	252,065	782,878
Changes due to financial assets recognised in the opening balance that have been:				
- Transferred to 12-month ECL (Stage 1)	45,974	(42,208)	(3,766)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(4,487)	26,788	(22,301)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(460)	(34,766)	35,226	-
	41,027	(50,186)	9,159	-
Changes in credit risk	(59,427)	(71,766)	145,708	14,515
Purchases and origination	5,817	1,583	277	7,677
Changes to model methodologies	(15,024)	(14,716)	6,141	(23,599)
Derecognition	(3,166)	(2,621)	(12,725)	(18,512)
Bad debts written off	-	-	(40,131)	(40,131)
Exchange differences	13	-	-	13
Other movements	-	-	583	583
Balance as at the end of the financial period	125,981	236,366	361,077	723,424
31 December 2022				
Balance as at the beginning of the financial year	174,674	252,606	186,960	614,240
Changes due to financial assets recognised in the opening balance that have been:				
- Transferred to 12-month ECL (Stage 1)	47,653	(42,848)	(4,805)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(5,976)	12,793	(6,817)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(2,965)	(6,699)	9,664	-
	38,712	(36,754)	(1,958)	-
Changes in credit risk	(66,122)	174,676	148,855	257,409
Purchases and origination	26,322	5,017	5,256	36,595
Changes to model methodologies	(4,079)	(16,222)	(143)	(20,444)
Derecognition	(12,994)	(5,251)	(21,285)	(39,530)
Bad debts written off	-	-	(66,421)	(66,421)
Exchange differences	228	-	215	443
Other movements	-	-	586	586
Balance as at the end of the financial year	156,741	374,072	252,065	782,878



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A31. Operations of Islamic Banking (continued)

(c) Financing and Advances (continued)

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

Bank	12-month	Lifetime ECL	Lifetime ECL	Total
	ECL	not credit	credit	
	(Stage 1)	impaired	impaired	
	RM'000	(Stage 2)	(Stage 3)	RM'000
30 June 2023		RM'000	RM'000	RM'000
Balance as at the beginning of the financial period	296	-	-	296
Changes in credit risk	794	-	-	794
Exchange differences	13	-	-	13
Balance as at the end of the financial period	1,103	-	-	1,103
31 December 2022				
Balance as at the beginning of the financial year	3,965	-	3,784	7,749
Changes in credit risk	(3,897)	-	-	(3,897)
Bad debts written off	-	-	(3,999)	(3,999)
Exchange differences	228	-	215	443
Balance as at the end of the financial year	296	-	-	296



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B1. Review of Group Results

(a) Current Financial Period vs Previous Financial Period

The Group reported a pre-tax profit of RM2,068.3 million for the first half year ended 30 June 2023, 10.0% higher from RM1,880.5 million recorded a year ago. The year-on-year improvement was mainly due to higher non-fund based income and higher allowances for credit losses written back, offset by lower net funding income and higher operating expenses.

Net fund based income declined by 10.4% to RM2,719.2 million from a year ago driven by higher funding expense.

Non-fund based income rose by 46.3% to RM1,068.0 million, contributed by higher net trading and investment income and higher net gain on foreign exchange and derivatives, partly offset by one-off gain on disposal of a subsidiary a year ago and lower capital market and wealth management fee income, brokerage income and net income from insurance business.

Operating expenses increased by 6.5% from a year ago to RM1,800.0 million. Cost-to-income ratio at 47.5% compared with 44.9% a year ago.

Net allowance for credit losses written back was at RM85.5 million, compared to charge of RM192.4 million recorded a year ago.

Total assets of the Group increased by 1.8% from December 2022 to RM316.2 billion as at 30 June 2023. Net assets per share was at RM7.01, with shareholders' equity stood at RM30.0 billion as at 30 June 2023.

The Group's gross loans and financing grew by 4.5% year-on-year to RM214.2 billion, mainly supported by growth in mortgage, auto finance, SME and Singapore.

Customer deposits increased by 1.5% to RM229.3 billion, with growth in fixed deposits and money market time deposits by 4.1%, offset by 4.7% decrease in CASA. CASA composition stood at 27.6% as at 30 June 2023.

Gross impaired loans was at RM3.5 billion as at 30 June 2023, with gross impaired loans ratio of 1.64% compared with RM3.3 billion and 1.62% at 30 June 2022.



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B1. Review of Group Results (continued)

(b) Performance by Operating Segment

(i) GCB

GCB reported a pre-tax profit of RM1,016.2 million for the first six months ended 30 June 2023, 7.7% higher than previous year. This was mainly attributed to higher net fund based income, partially offset by higher operating expenses, higher allowances for credit losses and lower non-fund based income.

Gross loans and financing was at RM136.1 billion, 5.9% higher year-on-year, primarily driven by growth in mortgages, SME and auto finance.

Total deposits increased by 8.1% year-on-year to RM112.3 billion as at 30 June 2023, contributed by growth in fixed deposits.

(ii) GWB

GWB recorded a pre-tax profit of RM1,031.0 million, an increase of 37.5% from previous year. This was on the back of higher non-fund based income and higher expected credit losses written back, partially offset by lower net fund based income and higher operating expenses.

Gross loans and financing decreased by 3.7% year-on-year to RM48.0 billion. Total deposits decreased by 11.5% to RM85.0 billion mainly due to decline in money market time deposits, partly offset by increase in fixed deposits and current account.

(iii) Group International Business

Group International Business posted a pre-tax profit of RM24.2 million as compared to RM178.3 million recorded a year ago. This was mainly due to higher allowances for credit losses and operating expenses, partly offset by higher net fund based income and non-fund based income.

Gross loans and advances grew 13.4% year-on-year to RM30.1 billion, while deposits increased 23.2% to RM32.0 billion.



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B2. Current Quarter vs Previous Quarter

Pre-tax profit of the Group increased by 5.8% to RM1,063.1 million from RM1,005.2 million recorded in the preceding quarter ended 31 March 2023. This was primarily due to higher allowances for credit losses written back, partly offset by lower net funding income and higher operating expenses.

B3. Prospects for Financial Year 2023

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

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

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

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 2023	Restated 30 June 2022	30 June 2023	Restated 30 June 2022
	RM'000	RM'000	RM'000	RM'000
Group				
Income tax based on profit for the financial period				
- Malaysian income tax	257,927	423,611	461,182	650,938
- Overseas tax	(2,206)	2,185	1,818	8,651
Deferred tax	(4,998)	(46,154)	27,051	3,323
	<u>250,723</u>	<u>379,642</u>	<u>490,051</u>	<u>662,912</u>
Under provision in respect of prior financial years	668	312	893	1,197
Tax expense	<u>251,391</u>	<u>379,954</u>	<u>490,944</u>	<u>664,109</u>
Zakat	2,000	1,750	5,000	3,500
	<u>253,391</u>	<u>381,704</u>	<u>495,944</u>	<u>667,609</u>

The effective tax rate of the Group for the second quarter and six months ended 30 June 2023 was lower than the statutory tax rate mainly due to certain income not subject to tax.

	2nd Quarter Ended		Six Months Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM'000	RM'000	RM'000	RM'000
Bank				
Income tax based on profit for the financial period				
- Malaysian income tax	176,176	324,312	286,989	472,030
- Overseas tax	469	814	469	814
Deferred tax	(17,134)	(46,130)	12,365	5,536
	<u>159,511</u>	<u>278,996</u>	<u>299,823</u>	<u>478,380</u>
Under provision in respect of prior financial years	691	311	691	311
	<u>160,202</u>	<u>279,307</u>	<u>300,514</u>	<u>478,691</u>

The effective tax rate of the Bank for the second quarter and six months ended 30 June 2023 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) 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 the following potential strategic collaboration opportunities:

- (i) to enhance the joint customer ecosystems offering bundled digital solutions to be mutually agreed;
- (ii) to jointly apply to BNM for a digital banking license; and
- (iii) to jointly explore other potential opportunities deemed suitable.

The term of the MOU shall be for a period of two years from its commencement date on 2 June 2021 and may be extended on terms to be mutually agreed by parties.

Following the signing of the MOU, the Bank had on the same day entered into a heads of agreement with Boost Holdings, a 75.36% subsidiary of Axiata for the purpose of regulating the terms for the joint application to BNM for a digital banking license. The joint application for the digital bank license was submitted to BNM on 30 June 2021.

On 29 April 2022, the Bank has received conditional approval from BNM for the joint application for a digital bank license by Boost Holdings and the Bank, subject to the condition that the proposed digital bank shall commence its banking operations within 24 months from 8 April 2022.

The Bank and Boost Holdings had on 1 March 2023 jointly incorporated a company called Boost Berhad, with a share capital of RM100 consisting of 100 ordinary shares of which 60 ordinary shares are held by Boost Holdings, with the balance 40 ordinary shares being held by the Bank. The intended principal activity of Boost Berhad is to set up a digital banking business under the Financial Services Act 2013 and the provision of related services. Subject to approval from BNM, Boost Berhad will be the legal entity to carry out the digital banking business ('Proposed Digital Bank').

The Bank, Boost Holdings and Boost Berhad had on 31 March 2023 entered into a share subscription agreement ('SSA') for the Bank and Boost Holdings to subscribe for 100 million new ordinary shares in Boost Berhad for a cash consideration of RM100 million for Boost Berhad to meet the minimum capital funds requirements for a digital bank ('Proposed Subscription'). Within 30-days from incorporation of Boost Berhad, Boost Holdings will subscribe for additional 60 million new ordinary shares in Boost Berhad for a cash consideration of RM60 million and the Bank will subscribe for additional 40 million new ordinary shares in Boost Berhad for a cash consideration of RM40 million. The source of funds for the Bank's portion of the Proposed Subscription amounting to RM40 million is from internally generated funds of the Bank. Upon completion of the Proposed Subscription, Boost Berhad will seek the approval of BNM to be designated as the legal entity for the Proposed Digital Bank.

Concurrently, the Bank, Boost Holdings and Boost Berhad had on 31 March 2023 entered into a shareholders' agreement ('SHA') to regulate the affairs of Boost Berhad as the Proposed Digital Bank, and the Bank and Boost Holdings' relationship between themselves as shareholders of Boost Berhad. The salient terms of the SHA are as follows:

(a) Target segment of Boost Berhad

The Parties agree that Boost Berhad shall focus on the segments of the market who are underserved, unserved and/or unbanked primarily within Malaysia with the aim of building a more inclusive financial sector in Malaysia.

(b) Shareholding structure of Boost Berhad

Boost Holdings and the Bank shall hold 60% and 40% respectively of the equity share capital of Boost Berhad.



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B6. Status of Corporate Proposals (continued)

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

Concurrently, the Bank, Boost Holdings and Boost Berhad had on 31 March 2023 entered into a shareholders' agreement ('SHA') to regulate the affairs of Boost Berhad as the Proposed Digital Bank, and the Bank and Boost Holdings' relationship between themselves as shareholders of Boost Berhad. The salient terms of the SHA are as follows (continued):

(c) Board composition of Boost Berhad

The Bank and Boost Holdings shall be entitled to nominate representatives to sit on the Board of Directors of Boost Berhad and representatives for key senior management positions in Boost Berhad based on the agreed parameters in the SHA.

(d) Restriction on transfer

For a period of three (3) years from the execution of the SHA, the Bank and Boost Holdings are not allowed to dispose their shares in Boost Berhad to a third party. However, the Bank and Boost Holdings are entitled to transfer their shares in Boost Berhad to an affiliate company of the Bank or Boost Holdings respectively.

(e) Termination

The SHA will automatically terminate under the following conditions:

- (i) The SHA is terminated by the written agreement of all shareholders of Boost Berhad;
- (ii) On the date on which Boost Berhad is wound up or liquidated, other than to effect a scheme of solvent reconstruction, reorganisation or amalgamation;
- (iii) On the date on which an initial public offer of the shares of Boost Berhad is completed;
- (iv) With respect to a particular shareholder only, upon that shareholder ceasing to hold any shares in Boost Berhad; or
- (v) If the Digital Bank Licence of Boost Berhad is revoked or if Boost Berhad surrenders its Digital Bank Licence in accordance with the directions or instructions of BNM.

Subject to satisfying the operational readiness requirements by BNM and barring any unforeseen circumstances, the Proposed digital Bank is targeted to be operational in the second half of 2023, and shall focus on the underserved, unserved and/or unbanked segment primarily within Malaysia with the aim of building a more inclusive financial sector in Malaysia.

The expiry of the MOU on 1 June 2023 will have no impact to the joint application for the digital bank license and the Bank and Boost Holdings Sdn Bhd ('Boost Holdings') will continue to work together on the partnership for the digital bank license.



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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 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Deposits from customers				
- One year or less	223,808,342	222,591,295	134,860,976	133,456,396
- More than one year	5,481,061	4,568,467	3,650,079	2,633,075
	<u>229,289,403</u>	<u>227,159,762</u>	<u>138,511,055</u>	<u>136,089,471</u>
Deposits and placements of banks and other financial institutions				
- Maturing within one year	19,480,674	19,884,995	26,426,720	27,913,185
- One year to three years	2,051,448	1,286,229	1,983,448	1,244,784
- Three years to five years	550,016	1,418,630	485,920	1,330,913
- Over five years	2,101,268	2,004,015	2,030,616	1,956,580
	<u>24,183,406</u>	<u>24,593,869</u>	<u>30,926,704</u>	<u>32,445,462</u>

(b) Borrowings

	Group		Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Secured				
Overdraft:				
- Vietnam Dong	-	7,312	-	-
Unsecured				
Overdraft:				
- Vietnam Dong	1,930	-	-	-
Term loan:				
- United States Dollar	469,001	442,422	469,001	442,422
- Singapore Dollar	862,463	821,154	862,463	821,154
Promissory note:				
- Indonesia Rupiah	15,639	28,304	-	-
- Thai Baht	39,434	176,993	-	-
	<u>1,388,467</u>	<u>1,476,185</u>	<u>1,331,464</u>	<u>1,263,576</u>
Scheduled repayment of borrowings:				
- Within one year	526,004	655,031	469,001	442,422
- One year to three years	862,463	821,154	862,463	821,154
	<u>1,388,467</u>	<u>1,476,185</u>	<u>1,331,464</u>	<u>1,263,576</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 2023 RM'000	As at 31 December 2022 RM'000
USD300 million 3.766% senior debt securities due in 2024	1,417,877	1,339,419
RM300 million 2.85% senior Sukuk Murabahah due in 2025	301,610	301,618
USD500 million 1.658% senior debt securities due in 2026	2,329,158	2,200,153
RM1,500 million 3.95% senior Sukuk Murabahah due in 2026	1,506,036	-
	5,554,681	3,841,190

(d) Subordinated obligations

	Group		Bank	
	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
4.32% RM500 million Tier II Subordinated Sukuk Murabahah 2019/2029	502,367	502,426	-	-
3.35% RM500 million Tier II Subordinated Notes 2020/2030	501,429	501,408	501,429	501,408
3.13% RM500 million Tier II Subordinated Notes 2020/2030	501,540	501,557	501,540	501,557
3.65% RM500 million Tier II Subordinated Notes 2021/2031	503,045	503,069	503,045	503,069
4.06% RM250 million Tier II Subordinated Sukuk Murabahah 2022/2032	251,863	252,002	-	-
4.40% RM500 million Tier II Subordinated Notes 2022/2032	505,543	505,524	505,543	505,524
4.45% RM100 million Tier II Subordinated Notes 2022/2032	101,085	101,097	-	-
4.51% RM500 million Tier II Subordinated Notes 2023/2033	509,875	-	509,875	-
	3,376,747	2,867,083	2,521,432	2,011,558

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 A29) 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 2023			As at 31 December 2022		
	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	64,894,744	1,334,158	529,041	61,412,057	626,384	1,027,880
- Options	516,232	13,765	656	67,140	5,104	1,633
- Cross-currency interest rate swaps	9,564,292	290,731	367,669	7,654,203	144,592	166,071
	<u>74,975,268</u>	<u>1,638,654</u>	<u>897,366</u>	<u>69,133,400</u>	<u>776,080</u>	<u>1,195,584</u>
Interest rate related contracts						
- Swaps	89,700,719	1,106,847	795,130	62,421,450	950,167	692,863
Commodity related contracts						
- Options	699,031	24,869	24,869	734,453	25,173	25,173
Equity related contracts						
- Options	656,860	1,659	1,375	652,256	728	697
Futures related contracts						
	48,393	328	207	78,180	559	301
Structured warrants						
	231,784	-	21,262	118,315	-	16,917
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	9,141,376	186,908	7,753	8,046,813	207,772	7,856
Total	<u>175,453,431</u>	<u>2,959,265</u>	<u>1,747,962</u>	<u>141,184,867</u>	<u>1,960,479</u>	<u>1,939,391</u>



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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 2023			As at 31 December 2022		
	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	67,068,867	1,337,815	560,431	63,723,851	646,548	1,010,057
- Options	516,232	13,765	656	67,140	5,104	1,633
- Cross-currency interest rate swaps	10,100,529	290,601	367,669	8,160,867	144,592	166,222
	<u>77,685,628</u>	<u>1,642,181</u>	<u>928,756</u>	<u>71,951,858</u>	<u>796,244</u>	<u>1,177,912</u>
Interest rate related contracts						
- Swaps	98,860,719	1,210,880	899,383	70,611,450	1,071,314	814,679
Commodity related contracts						
- Options	702,942	24,869	24,869	734,733	25,173	25,173
Equity related contracts						
- Options	656,960	1,659	1,375	652,366	728	697
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	4,641,376	90,089	539	4,246,813	94,017	464
Total	<u>182,547,625</u>	<u>2,969,678</u>	<u>1,854,922</u>	<u>148,197,220</u>	<u>1,987,476</u>	<u>2,018,925</u>



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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 2023			As at 31 December 2022		
	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
By remaining period to maturity/next re-pricing date						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than one year	67,068,574	1,454,638	588,250	62,316,756	686,501	1,066,161
- One year to three years	4,014,816	26,618	229,407	3,031,334	21,863	70,317
- More than three years	3,891,878	157,398	79,709	3,785,310	67,716	59,106
	<u>74,975,268</u>	<u>1,638,654</u>	<u>897,366</u>	<u>69,133,400</u>	<u>776,080</u>	<u>1,195,584</u>
Interest rate related contracts						
- Less than one year	41,046,030	242,888	222,157	18,184,828	70,522	68,977
- One year to three years	20,219,159	288,022	216,950	19,542,889	274,253	247,780
- More than three years	28,435,530	575,937	356,023	24,693,733	605,392	376,106
	<u>89,700,719</u>	<u>1,106,847</u>	<u>795,130</u>	<u>62,421,450</u>	<u>950,167</u>	<u>692,863</u>
Commodity related contracts						
- Less than one year	269,531	2,940	2,940	267,363	3,020	3,020
- One year to three years	165,803	3,995	3,995	173,756	5,712	5,712
- More than three years	263,697	17,934	17,934	293,334	16,441	16,441
	<u>699,031</u>	<u>24,869</u>	<u>24,869</u>	<u>734,453</u>	<u>25,173</u>	<u>25,173</u>
Equity related contracts						
- Less than one year	552,608	1,542	1,375	649,166	728	697
- One year to three years	104,252	117	-	3,090	-	-
	<u>656,860</u>	<u>1,659</u>	<u>1,375</u>	<u>652,256</u>	<u>728</u>	<u>697</u>
Futures related contracts						
- Less than one year	48,393	328	207	78,180	559	301
	<u>48,393</u>	<u>328</u>	<u>207</u>	<u>78,180</u>	<u>559</u>	<u>301</u>
Structured warrants						
- Less than one year	231,784	-	21,262	118,315	-	16,917
	<u>231,784</u>	<u>-</u>	<u>21,262</u>	<u>118,315</u>	<u>-</u>	<u>16,917</u>
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than one year	630,000	-	995	500,000	-	932
- One year to three years	4,471,331	51,462	6,758	4,105,000	64,187	4,317
- More than three years	4,040,045	135,446	-	3,441,813	143,585	2,607
	<u>9,141,376</u>	<u>186,908</u>	<u>7,753</u>	<u>8,046,813</u>	<u>207,772</u>	<u>7,856</u>
Total	<u>175,453,431</u>	<u>2,959,265</u>	<u>1,747,962</u>	<u>141,184,867</u>	<u>1,960,479</u>	<u>1,939,391</u>



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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 2023			As at 31 December 2022		
	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
By remaining period to maturity/next re-pricing date						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than one year	69,778,934	1,458,296	619,640	65,135,214	706,665	1,048,338
- One year to three years	4,014,816	26,557	229,407	2,922,549	21,863	70,317
- More than three years	3,891,878	157,328	79,709	3,894,095	67,716	59,257
	77,685,628	1,642,181	928,756	71,951,858	796,244	1,177,912
Interest rate related contracts						
- Less than one year	42,206,030	243,765	223,255	19,774,828	71,454	70,578
- One year to three years	23,219,159	306,748	235,675	21,912,889	294,265	267,791
- More than three years	33,435,530	660,367	440,453	28,923,733	705,595	476,310
	98,860,719	1,210,880	899,383	70,611,450	1,071,314	814,679
Commodity related contracts						
- Less than one year	271,055	2,940	2,940	267,486	3,020	3,020
- One year to three years	178,190	3,995	3,995	196,413	5,712	5,712
- More than three years	253,697	17,934	17,934	270,834	16,441	16,441
	702,942	24,869	24,869	734,733	25,173	25,173
Equity related contracts						
- Less than one year	552,708	1,542	1,375	649,276	728	697
- One year to three years	104,252	117	-	3,090	-	-
	656,960	1,659	1,375	652,366	728	697
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than one year	130,000	-	118	-	-	-
- One year to three years	2,971,331	39,072	421	2,920,000	48,028	464
- More than three years	1,540,045	51,017	-	1,326,813	45,989	-
	4,641,376	90,089	539	4,246,813	94,017	464
Total	182,547,625	2,969,678	1,854,922	148,197,220	1,987,476	2,018,925



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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:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30 June 2023				
<u>Financial assets</u>				
Financial assets at FVTPL:	160,608	3,943,846	776,580	4,881,034
- Money market instruments	-	2,509,513	-	2,509,513
- Quoted securities	160,608	-	-	160,608
- Unquoted securities	-	1,434,333	776,580	2,210,913
Financial assets at FVOCI:	2,631	41,965,188	770,723	42,738,542
- Money market instruments	-	15,757,109	-	15,757,109
- Quoted securities	2,631	-	-	2,631
- Unquoted securities	-	26,208,079	770,723	26,978,802
Derivative assets	-	2,959,265	-	2,959,265
	<u>163,239</u>	<u>48,868,299</u>	<u>1,547,303</u>	<u>50,578,841</u>
<u>Financial liabilities</u>				
Derivative liabilities	<u>21,262</u>	<u>1,726,700</u>	<u>-</u>	<u>1,747,962</u>
31 December 2022				
<u>Financial assets</u>				
Financial assets at FVTPL:	203,044	2,181,525	704,842	3,089,411
- Money market instruments	-	877,102	-	877,102
- Quoted securities	203,044	-	-	203,044
- Unquoted securities	-	1,304,423	704,842	2,009,265
Financial assets at FVOCI:	2,503	38,233,244	737,942	38,973,689
- Money market instruments	-	15,815,150	-	15,815,150
- Quoted securities	2,503	-	-	2,503
- Unquoted securities	-	22,418,094	737,942	23,156,036
Derivative assets	-	1,960,479	-	1,960,479
	<u>205,547</u>	<u>42,375,248</u>	<u>1,442,784</u>	<u>44,023,579</u>
<u>Financial liabilities</u>				
Derivative liabilities	<u>16,917</u>	<u>1,922,474</u>	<u>-</u>	<u>1,939,391</u>



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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):

Bank	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
30 June 2023				
<u>Financial assets</u>				
Financial assets at FVTPL:	1,398	2,283,059	15,661	2,300,118
- Money market instruments	-	1,955,277	-	1,955,277
- Quoted securities	1,398	-	-	1,398
- Unquoted securities	-	327,782	15,661	343,443
Financial assets at FVOCI:	-	35,850,302	729,778	36,580,080
- Money market instruments	-	13,562,441	-	13,562,441
- Unquoted securities	-	22,287,861	729,778	23,017,639
Derivative assets	-	2,969,678	-	2,969,678
	1,398	41,103,039	745,439	41,849,876
<u>Financial liabilities</u>				
Derivative liabilities	-	1,854,922	-	1,854,922
31 December 2022				
<u>Financial assets</u>				
Financial assets at FVTPL:	2,528	1,062,880	15,358	1,080,766
- Money market instruments	-	785,105	-	785,105
- Quoted securities	2,528	-	-	2,528
- Unquoted securities	-	277,775	15,358	293,133
Financial assets at FVOCI:	-	32,293,277	699,024	32,992,301
- Money market instruments	-	13,804,683	-	13,804,683
- Unquoted securities	-	18,488,594	699,024	19,187,618
Derivative assets	-	1,987,476	-	1,987,476
	2,528	35,343,633	714,382	36,060,543
<u>Financial liabilities</u>				
Derivative liabilities	-	2,018,925	-	2,018,925

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



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FOR THE SIX MONTHS ENDED 30 JUNE 2023**

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 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
Financial assets at FVTPL				
Balance as at the beginning of the financial period/year	704,842	641,145	15,358	14,482
Total net gain recognised in income statements	32,447	22,504	303	876
Purchases	19,562	8,971	-	-
Settlement/distribution	(21,303)	(3,915)	-	-
Exchange differences	41,032	36,137	-	-
Balance as at the end of the financial period/year	<u>776,580</u>	<u>704,842</u>	<u>15,661</u>	<u>15,358</u>
Financial assets at FVOCI				
Balance as at the beginning of the financial period/year	737,942	758,833	699,024	721,769
Total net gain/(loss) recognised in other comprehensive income	32,761	(19,877)	30,754	(21,725)
Settlement/disposal	-	(1,020)	-	(1,020)
Exchange differences	20	6	-	-
Balance as at the end of the financial period/year	<u>770,723</u>	<u>737,942</u>	<u>729,778</u>	<u>699,024</u>

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023****B10. Change in Accounting Policies****(1) Adoption of MFRS 17 'Insurance Contracts'**

The insurance subsidiary has adopted MFRS 17 'Insurance Contracts', issued by MASB effective 1 January 2023, replacing MFRS 4. The application of MFRS 17 is retrospective and has resulted in changes to the accounting policies for recognition, classification and measurement of insurance assets and liabilities, and adjustments to the amounts previously recognised in the financial statements.

The insurance subsidiary assessed historical information available on all contracts existing at transition date and determined that all reasonable and supportable information necessary for applying the full retrospective approach was not available for groups of insurance contracts issued prior to 2012. The insurance subsidiary elected to apply the modified retrospective approach, which was intended to achieve the closest possible outcome to the full retrospective application maximising the use of available information.

Set out below are the changes and impact arising from the adoption of MFRS 17 to the Group:

(a) Key types of insurance contracts issued and reinsurance contracts held

The insurance subsidiary issues general insurance contracts of property & casualty and medical & health with coverage of one year or less. These contracts are accounted for applying the Premium Allocation Approach ('PAA').

The insurance subsidiary also holds the following types of reinsurance contracts to mitigate risk exposure:

- Reinsurance policies (excluding excess of loss) accounted for by applying the General Measurement Model ('GMM'); and
- Excess of Loss reinsurance contracts accounted for by applying the PAA.

(b) Definition and classification

Products sold by the insurance subsidiary are classified as insurance contracts when the insurance subsidiary accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

This assessment is made on a contract-by-contract basis at the contract issue date. In making this assessment, the insurance subsidiary considers all its substantive rights and obligations, whether they arise from contract, law or regulation.

The insurance subsidiary determines whether a contract contains significant insurance risk by assessing if an insured event could cause the insurance subsidiary to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance even if the insured event is extremely unlikely or the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract.

(c) Combining a set or series of contracts

Sometimes, the insurance subsidiary enters into two or more contracts at the same time with the same or related counterparties to achieve an overall commercial effect. The insurance subsidiary accounts for such a set of contracts as a single insurance contract when this reflects the substance of the contracts. When making this assessment, the insurance subsidiary considers whether:

- The rights and obligations are different when looked at together compared to when looked at individually; or
- The insurance subsidiary is unable to measure one contract without considering the other.

(d) Separating components from insurance and reinsurance contracts

In addition to the provision of the insurance coverage service, some insurance contracts issued by the insurance subsidiary have other components such as an investment component, an embedded derivative or the provision of some other distinct goods or non-insurance services.

The insurance subsidiary assesses its products to determine whether some of these components are distinct and need to be separated and accounted for applying other MFRS Accounting Standards. When these non-insurance components are non-distinct, they are accounted for together with the insurance component applying MFRS 17.

The insurance subsidiary first considers the need to separate distinct embedded derivatives and investment components, before assessing the need to separate any goods and non-insurance services component.



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

B10. Change in Accounting Policies (continued)

(1) Adoption of MFRS 17 'Insurance Contracts' (continued)

Set out below are the changes and impact arising from the adoption of MFRS 17 to the Group (continued):

(e) Level of aggregation

The insurance subsidiary identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the insurance subsidiary considers the similarity of risks rather than the specific labelling of product lines. The insurance subsidiary has determined that all contracts within each product line, as defined for management purposes, have similar risks. Therefore, when contracts are managed together, they represent a portfolio of contracts.

At initial recognition, the insurance subsidiary segregates contracts based on when they were issued. A cohort contains all contracts that were issued within a 12-month period. Each cohort is then further disaggregated into three groups of contracts:

- Contracts that are onerous on initial recognition;
- Contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- Any remaining contracts.

For insurance contracts accounted under the PAA, the insurance subsidiary determines that contracts are not onerous on initial recognition, unless there are facts and circumstances indicating otherwise. The insurance subsidiary assesses the likelihood of changes in applicable facts and circumstances to determine whether contracts not onerous on initial recognition belong to a group with no significant possibility of becoming onerous in the future.

If facts and circumstances indicate that some contracts may be onerous at initial recognition or the group of contracts has become onerous, the insurance subsidiary performs a quantitative assessment to assess whether the carrying amount of the liability for remaining coverage determined under the PAA is less than the fulfilment cash flows related to remaining coverage determined under the GMM. If the fulfilment cash flows related to remaining coverage determined under the GMM exceed the PAA carrying amount of the liability for remaining coverage, the difference is recognised in profit or loss and the liability for remaining coverage is increased by the same amount.

(f) Recognition

The insurance subsidiary recognises insurance contracts issued from the earliest of the following dates:

- The beginning of the coverage period of the group of contracts;
- The date of first payment from a policyholder; or
- The date when a group of contracts becomes onerous.

The insurance subsidiary recognises only contracts issued within a one-year period meeting the recognition criteria by the reporting date. Subject to this limit, a group of insurance contracts can remain open after the end of the current reporting period. New contracts are included in the group when they meet the recognition criteria in subsequent reporting periods until such time that all contracts expected to be included within the group have been recognised.

(g) Contract boundaries

The measurement of a group of insurance contracts includes all future cash flows expected to arise within the boundary of each contract in the group.

In determining which cash flows fall within a contract boundary, the insurance subsidiary considers its substantive rights and obligations arising from the terms of the contract, and from applicable laws, regulations and customary business practices.

(h) Measurement of insurance contracts issued

The insurance revenue is measured at the amount allocated from the expected premium receipts, excluding any investment component. The allocation is done on the basis of the passage of time.

The insurance subsidiary applies the PAA to the measurement of insurance contracts with a coverage period of each contract in the group of one year or less. On initial recognition, the insurance subsidiary measures the liability for remaining coverage ('LRC') at the amount of premiums received in cash. All insurance acquisition cash flows are amortised over the contract's coverage period.



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

B10. Change in Accounting Policies (continued)

(1) Adoption of MFRS 17 'Insurance Contracts' (continued)

Set out below are the changes and impact arising from the adoption of MFRS 17 to the Group (continued):

(h) Measurement of insurance contracts issued (continued)

Premiums due to the insurance subsidiary for insurance contract services already provided in the period but not yet received at the end of the reporting period are included in the LRC. The carrying amount of the LRC at the end of each subsequent reporting period represents the carrying amount at the start of the reporting period adjusted for the premiums received in the period and the amount recognised as insurance revenue for insurance contract services provided in that period.

The insurance subsidiary also applies the PAA to its excess of loss reinsurance contracts held. The coverage period of such reinsurance contracts held is one year of less.

(i) Reinsurance contracts held

The insurance subsidiary measures the carrying amount of a group of insurance contracts at the end of each reporting period as the sum of:

- (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the contract service margin ('CSM') of the group at that date; and
- (ii) the liability for incurred claims for the insurance subsidiary comprising the fulfilment cash flows related to past service allocated to the group at that date.

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- Changes in the fulfilment cash flows are recognised in profit or loss if the related changes arising from the underlying ceded contracts have been recognised in profit or loss. Alternatively, changes in the fulfilment cash flows adjust the CSM; and
- Changes in the fulfilment cash flows that result from changes in the risk of non-performance by the issuer of a reinsurance contract held do not adjust the contractual service margin as they do not relate to future service.

Any change in the fulfilment cash flows of a retrospective reinsurance contract held due to the changes of the liability for incurred claims of the underlying contracts is taken to profit and loss and not the contractual service margin of the reinsurance contract held.

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts, the portion of income that has been recognised from related reinsurance contracts held is disclosed as a loss-recovery component.

Where the insurance subsidiary has established a loss-recovery component, the insurance subsidiary adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

A loss-recovery component reversals are consistent with reversal of the loss component of underlying groups of contracts issued, even when a reversal of the loss-recovery component is not a change in the fulfilment cash flows of the group of reinsurance contracts held. Reversals of the loss-recovery component that are not changes in the fulfilment cash flows of the group of reinsurance contracts held will be adjusted to the CSM.

(j) Modification and derecognition

The insurance subsidiary derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e. discharged, cancelled or expired); or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the insurance subsidiary derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the insurance subsidiary recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

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

B10. Change in Accounting Policies (continued)

(1) Adoption of MFRS 17 'Insurance Contracts' (continued)

Set out below are the changes and impact arising from the adoption of MFRS 17 to the Group (continued):

(k) Presentation

The insurance subsidiary has presented separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts are allocated to the carrying amount of the portfolios of insurance contracts that they relate to.

The insurance subsidiary disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The insurance subsidiary does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The insurance subsidiary separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

Insurance revenue

The insurance subsidiary recognises insurance revenue for the period based on the passage of time by allocating expected premium receipts including premium experience adjustments to each period of service. However, when the expected pattern of release from risk during the coverage period differs significantly from the passage of time, the premium receipts are allocated based on the expected pattern of incurred insurance service expenses.

At the end of each reporting period, the insurance subsidiary considers whether there was a change in facts and circumstances indicating a need to change, on a prospective basis, the premium receipt allocation due to changes in the expected pattern of claim occurrence.

Insurance service expenses

Insurance service expenses arising from a group of insurance contracts issued comprises:

- Changes in the liability for incurred claims ('LIC') related to claims and expenses incurred in the period excluding repayment of investment components;
- Changes in the LIC related to claims and expenses incurred in prior periods (related to past service);
- Other directly attributable insurance service expenses incurred in the period;
- Amortisation of insurance acquisition cash flows, which is recognised at the same amount in both insurance service expenses and insurance contract revenue;
- Loss component of onerous groups of contracts initially recognised in the period; and
- Changes in the LRC related to future service that do not adjust the CSM, because they are changes in the loss components of onerous groups of contracts.

Income or expenses from reinsurance contracts held

The Group presents income or expenses from a group of reinsurance contracts held and reinsurance finance income or expenses in profit or loss for the period separately. Income or expenses from reinsurance contracts held are split into the following two amounts:

- Amount recovered from reinsurers; and
- An allocation of the premiums paid.



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
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B10. Change in Accounting Policies (continued)

(1) Adoption of MFRS 17 'Insurance Contracts' (continued)

Set out below are the changes and impact arising from the adoption of MFRS 17 to the Group (continued):

(k) Presentation (continued)

Income or expenses from reinsurance contracts held (continued)

The insurance subsidiary presents cash flows that are contingent on claims as part of the amount recovered from reinsurers. Ceding commissions that are not contingent on claims of the underlying contracts are presented as a deduction in the premiums to be paid to the reinsurer which is then allocated to profit or loss.

The insurance subsidiary establishes a loss-recovery component of the asset for the remaining coverage for a group of reinsurance contracts held. This depicts the recovery of losses recognised on the initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group. The loss-recovery component adjusts the CSM of the group of reinsurance contracts held. The loss-recovery component is then adjusted to reflect:

- Changes in the fulfilment cash flows of the underlying insurance contracts that relate to future service and do not adjust the CSM of the respective groups to which the underlying insurance contracts belong to;
- Reversals of loss-recovery component to the extent those reversals are not changes in the fulfilment cash flows of the group of reinsurance contracts held; and
- Allocations of the loss-recovery component against the amounts recovered from reinsurers reported in line with the associated reinsured incurred claims or expenses.

Insurance finance income and expense

Insurance finance income or expenses present the effect and change of the time value of money, together with the effect of financial risk and changes in financial risk of a group of insurance contracts and a group of reinsurance contracts held.



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B10. Change in Accounting Policies (continued)

(2) Financial effects on adoption of MFRS 17

Summary of the financial effects on adoption of MFRS 17 are as follows:

(i) Financial position of the Group as at 31 December 2022 and 1 January 2022:

Group	As previously reported	Effect of MFRS 17	As restated
As at 31 December 2022	RM'000	RM'000	RM'000
ASSETS			
Cash and short-term funds	19,134,835	-	19,134,835
Securities purchased under resale agreements	101,258	-	101,258
Deposits and placements with banks and other financial institutions	652,365	-	652,365
Financial assets at FVTPL	3,089,411	-	3,089,411
Financial assets at FVOCI	38,973,689	-	38,973,689
Financial investments at amortised cost	27,006,708	-	27,006,708
Loans, advances and financing	208,378,584	-	208,378,584
Clients' and brokers' balances	741,140	-	741,140
Reinsurance assets	505,600	17,320	522,920
Other assets	1,441,036	(28,655)	1,412,381
Derivative assets	1,960,479	-	1,960,479
Statutory deposits	3,429,582	-	3,429,582
Tax recoverable	121,033	-	121,033
Deferred tax assets	625,092	(5,584)	619,508
Investments in associates and joint venture	25	-	25
Right-of-use assets	152,305	-	152,305
Property, plant and equipment	1,060,577	-	1,060,577
Goodwill	2,654,122	-	2,654,122
Intangible assets	760,340	-	760,340
TOTAL ASSETS	310,788,181	(16,919)	310,771,262
LIABILITIES			
Deposits from customers	227,159,762	-	227,159,762
Deposits and placements of banks and other financial institutions	24,593,869	-	24,593,869
Obligations on securities sold under repurchase agreements	7,298,911	-	7,298,911
Investment accounts	1,246,026	-	1,246,026
Bills and acceptances payable	249,679	-	249,679
Clients' and brokers' balances	776,789	-	776,789
General insurance contract liabilities	1,171,546	(62,080)	1,109,466
Other liabilities	4,075,904	21,597	4,097,501
Derivative liabilities	1,939,391	-	1,939,391
Recourse obligation on loans sold to Cagamas	4,786,746	-	4,786,746
Provision for taxation and zakat	396,041	-	396,041
Deferred tax liabilities	2,187	1,411	3,598
Lease liabilities	160,632	-	160,632
Borrowings	1,476,185	-	1,476,185
Senior debt securities	3,841,190	-	3,841,190
Subordinated obligations	2,867,083	-	2,867,083
TOTAL LIABILITIES	282,041,941	(39,072)	282,002,869
EQUITY			
Share capital	8,145,585	-	8,145,585
Reserves	20,569,508	20,979	20,590,487
Equity attributable to holders of the Bank	28,715,093	20,979	28,736,072
NCI	31,147	1,174	32,321
TOTAL EQUITY	28,746,240	22,153	28,768,393
TOTAL LIABILITIES AND EQUITY	310,788,181	(16,919)	310,771,262



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B10. Change in Accounting Policies (continued)

(2) Financial effects on adoption of MFRS 17 (continued)

Summary of the financial effects on adoption of MFRS 17 are as follows (continued):

(i) Financial position of the Group as at 31 December 2022 and 1 January 2022 (continued):

Group	As previously reported	Effect of MFRS 17	As restated
As at 1 January 2022	RM'000	RM'000	RM'000
ASSETS			
Cash and short-term funds	19,831,323	-	19,831,323
Deposits and placements with banks and other financial institutions	3,486,773	-	3,486,773
Financial assets at FVTPL	2,778,239	-	2,778,239
Financial assets at FVOCI	41,140,873	-	41,140,873
Financial investments at amortised cost	17,961,511	-	17,961,511
Loans, advances and financing	194,896,614	-	194,896,614
Clients' and brokers' balances	879,595	-	879,595
Reinsurance assets	435,342	2,873	438,215
Other assets	1,728,260	(48,238)	1,680,022
Derivative assets	718,615	-	718,615
Statutory deposits	635,012	-	635,012
Tax recoverable	131,283	-	131,283
Deferred tax assets	377,825	(3,271)	374,554
Investments in associates and joint venture	12	-	12
Right-of-use assets	174,482	-	174,482
Property, plant and equipment	1,016,824	-	1,016,824
Goodwill	2,654,122	-	2,654,122
Intangible assets	694,753	-	694,753
TOTAL ASSETS	289,541,458	(48,636)	289,492,822
LIABILITIES			
Deposits from customers	218,732,585	-	218,732,585
Deposits and placements of banks and other financial institutions	23,406,827	-	23,406,827
Obligations on securities sold under repurchase agreements	2,066,068	-	2,066,068
Investment accounts	581,291	-	581,291
Bills and acceptances payable	210,119	-	210,119
Clients' and brokers' balances	948,511	-	948,511
General insurance contract liabilities	1,068,687	(103,546)	965,141
Other liabilities	4,046,582	(12,362)	4,034,220
Derivative liabilities	887,926	-	887,926
Recourse obligation on loans sold to Cagamas	2,259,895	-	2,259,895
Provision for taxation and zakat	124,163	-	124,163
Deferred tax liabilities	55	11,628	11,683
Lease liabilities	182,607	-	182,607
Borrowings	127,380	-	127,380
Senior debt securities	3,646,369	-	3,646,369
Subordinated obligations	3,221,882	-	3,221,882
TOTAL LIABILITIES	261,510,947	(104,280)	261,406,667
EQUITY			
Share capital	7,612,612	-	7,612,612
Reserves	20,385,716	52,695	20,438,411
Equity attributable to holders of the Bank	27,998,328	52,695	28,051,023
NCI	32,183	2,949	35,132
TOTAL EQUITY	28,030,511	55,644	28,086,155
TOTAL LIABILITIES AND EQUITY	289,541,458	(48,636)	289,492,822



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
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B10. Change in Accounting Policies (continued)

(2) Financial effects on adoption of MFRS 17 (continued)

Summary of the financial effects on adoption of MFRS 17 are as follows (continued):

(ii) Income statement:

Group	As previously reported	Effect of MFRS 17	As restated
Six months ended 30 June 2022	RM'000	RM'000	RM'000
Interest income	3,265,937	-	3,265,937
Interest expense	(1,244,768)	95	(1,244,673)
Net interest income	2,021,169	95	2,021,264
Other operating income	717,783	(85,956)	631,827
Of which			
- Underwriting surplus before management expenses	120,367	(120,367)	-
- Insurance service result	-	39,776	39,776
- Net insurance finance expenses	-	(5,365)	(5,365)
Income from Islamic Banking business	1,110,438	-	1,110,438
Net income	3,849,390	(85,861)	3,763,529
Other operating expenses	(1,747,627)	56,983	(1,690,644)
Operating profit before allowances	2,101,763	(28,878)	2,072,885
Allowance for credit losses on financial assets	(192,411)	-	(192,411)
	1,909,352	(28,878)	1,880,474
Share of results of joint venture	-	-	-
Profit before taxation and zakat	1,909,352	(28,878)	1,880,474
Taxation and zakat	(672,517)	4,908	(667,609)
Net profit for the financial period	1,236,835	(23,970)	1,212,865
Attributable to:			
- Equity holders of the Bank	1,235,095	(22,700)	1,212,395
- Non-controlling interests	1,740	(1,270)	470
	1,236,835	(23,970)	1,212,865
Basic earnings per share (sen)	29.8	(0.6)	29.2

(iii) Reconciliation of retained earnings:

Group	As previously reported	Effect of MFRS 17	As restated
	RM'000	RM'000	RM'000
As at 31 December 2022	19,411,713	20,979	19,432,692
As at 1 January 2022	18,924,198	52,695	18,976,893



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

B11. Dividends

Dividend declared during the current financial period ended 30 June 2023:

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

B12. Earnings per Share ('EPS')

- (a) Basic earnings per share

The basic EPS of the Group is calculated by dividing the net profit for the period attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the period.

	2nd Quarter Ended		Six Months Ended	
	30 June	Restated	30 June	Restated
	2023	30 June	2023	30 June
		2022		2022
Profit attributable to equity holders of the Bank (RM'000)	<u>808,700</u>	<u>630,067</u>	<u>1,570,368</u>	<u>1,212,395</u>
Weighted average number of ordinary shares in issue ('000)	<u>4,267,503</u>	<u>4,154,318</u>	<u>4,257,494</u>	<u>4,148,650</u>
Basic earnings per share (sen)	<u>19.0</u>	<u>15.1</u>	<u>36.9</u>	<u>29.2</u>

- (b) Diluted earnings per share

The diluted EPS is equivalent to the basic EPS as the effect of the dilution from SGS is not material.

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN

(License No. LS0006901)

Company Secretary
29 August 2023