



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

INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2023	Restated 30 September 2022	30 September 2023	Restated 30 September 2022
Group		RM'000	RM'000	RM'000	RM'000
Interest income	A8	2,432,232	1,937,891	6,979,551	5,203,828
Interest expense	A9	(1,516,618)	(835,498)	(4,287,195)	(2,080,171)
Net interest income		915,614	1,102,393	2,692,356	3,123,657
Other operating income	A10	435,887	461,148	1,221,179	1,092,975
Income from Islamic Banking business	A30(b)	607,703	593,237	1,832,854	1,703,675
Net income		1,959,204	2,156,778	5,746,389	5,920,307
Other operating expenses	A11	(908,441)	(932,188)	(2,708,391)	(2,622,832)
Operating profit before allowances		1,050,763	1,224,590	3,037,998	3,297,475
Allowance for credit losses on financial assets	A12	(156,883)	(192,349)	(71,413)	(384,760)
Impairment losses made on other non-financial assets		-	(12)	-	(12)
		893,880	1,032,229	2,966,585	2,912,703
Share of results of associates		(14,562)	-	(18,995)	-
Share of results of joint venture		-	-	-	-
Profit before taxation and zakat		879,318	1,032,229	2,947,590	2,912,703
Taxation and zakat	B5	(228,432)	(336,338)	(724,376)	(1,003,947)
Net profit for the financial period		650,886	695,891	2,223,214	1,908,756
Attributable to:					
- Equity holders of the Bank		649,949	695,408	2,220,317	1,907,803
- Non-controlling interests		937	483	2,897	953
		650,886	695,891	2,223,214	1,908,756
Earnings per share (sen):					
- Profit attributable to equity holders of the Bank					
- Basic	B12	15.16	16.51	52.03	45.75
- Diluted	B12	15.13	16.49	51.91	45.70

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 NINE MONTHS ENDED 30 SEPTEMBER 2023**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2023	Restated 30 September 2022	30 September 2023	Restated 30 September 2022
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period	650,886	695,891	2,223,214	1,908,756
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	2	-	(522)	91
(b) Equity instruments designated at fair value through other comprehensive income ('FVOCI')				
- Net loss on disposal	-	-	(270)	-
- Unrealised net gain/(loss) on revaluation	235	2,057	33,106	(17,928)
(ii) Items that will be reclassified subsequently to profit or loss:				
(a) Foreign currency translation reserves				
- Currency translation differences	(7,625)	121,930	212,444	238,027
- Realisation of translation reserves	-	-	-	(347)
(b) Debt instruments measured at FVOCI				
- Unrealised net gain/(loss) on revaluation	(136,724)	(256,994)	390,883	(1,840,356)
- Net transfer to income statements on disposal	(35,491)	(15,867)	(83,278)	(59,010)
- Changes in expected credit losses and exchange differences	(2,526)	(3,320)	(12,851)	9,319
Income tax relating to components of other comprehensive (income)/loss	41,180	66,064	(74,192)	456,655
Other comprehensive income/(loss), net of tax, for the financial period	(140,949)	(86,130)	465,320	(1,213,549)
Total comprehensive income for the financial period	509,937	609,761	2,688,534	695,207
Total comprehensive income attributable to:				
- Equity holders of the Bank	509,242	609,216	2,685,688	694,164
- Non-controlling interests	695	545	2,846	1,043
	509,937	609,761	2,688,534	695,207

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2023	30 September 2022	30 September 2023	30 September 2022
		RM'000	RM'000	RM'000	RM'000
Bank					
Interest income	A8	2,401,875	1,889,551	6,954,420	5,154,529
Interest expense	A9	(1,467,002)	(811,031)	(4,162,348)	(2,019,058)
Net interest income		934,873	1,078,520	2,792,072	3,135,471
Other operating income	A10	472,446	439,324	1,381,466	1,258,576
Income from Islamic Banking business	A30(b)	(3,948)	734	(14,781)	3,589
Net income		1,403,371	1,518,578	4,158,757	4,397,636
Other operating expenses	A11	(606,192)	(603,483)	(1,860,231)	(1,747,063)
Operating profit before allowances		797,179	915,095	2,298,526	2,650,573
Allowance for credit losses on financial assets	A12	(112,424)	(111,939)	(89,934)	1,063
Profit before taxation		684,755	803,156	2,208,592	2,651,636
Taxation	B5	(144,504)	(238,838)	(445,018)	(717,529)
Net profit for the financial period		540,251	564,318	1,763,574	1,934,107

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Registration No. 196501000373 (6171-M)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

	3rd Quarter Ended		Nine Months Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
Bank				
Net profit for the financial period	540,251	564,318	1,763,574	1,934,107
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	140	1,949	30,895	(19,926)
(ii) Items that will be reclassified subsequently to profit or loss:				
(a) Foreign currency translation reserves				
- Currency translation differences	430	30,225	88,054	65,296
(b) Debt instruments measured at FVOCI				
- Unrealised net gain/(loss) on revaluation	(119,182)	(241,391)	304,551	(1,639,020)
- Net transfer to income statements on disposal	(27,949)	(7,196)	(66,595)	(45,070)
- Changes in expected credit losses and exchange differences	(2,086)	(592)	(9,134)	8,615
Income tax relating to components of other comprehensive (income)/loss	35,312	59,661	(57,109)	404,182
Other comprehensive income/(loss), net of tax, for the financial period	(113,335)	(157,344)	290,662	(1,225,923)
Total comprehensive income for the financial period	426,916	406,974	2,054,236	708,184

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RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

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

	Note	Group			Bank	
		As at	Restated	Restated	As at	As at
		30 September	31 December	1 January	30 September	31 December
		2023	2022	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
Cash and short-term funds		12,686,692	19,134,835	19,831,323	9,245,392	11,494,906
Securities purchased under resale agreements		-	101,258	-	-	890,539
Deposits and placements with banks and other financial institutions		2,668,740	652,365	3,486,773	9,987,779	6,740,026
Investment account due from designated financial institutions	A13	-	-	-	7,034,519	8,351,236
Financial assets at fair value through profit or loss ('FVTPL')	A14	4,680,441	3,089,411	2,778,239	2,231,345	1,080,766
Financial assets at fair value through other comprehensive income ('FVOCI')	A15	42,510,352	38,973,689	41,140,873	36,163,449	32,992,301
Financial investments at amortised cost	A16	28,617,944	27,006,708	17,961,511	17,761,719	18,264,654
Loans, advances and financing	A17	216,343,338	208,378,584	194,896,614	125,959,897	121,101,501
Clients' and brokers' balances		914,097	741,140	879,595	-	-
Reinsurance assets		525,330	522,920	438,215	-	-
Other assets	A18	2,085,165	1,412,381	1,680,022	2,815,801	1,912,440
Derivative assets	B8	2,536,597	1,960,479	718,615	2,529,638	1,987,476
Statutory deposits		3,843,782	3,429,582	635,012	1,929,056	1,686,475
Tax recoverable		87,120	121,033	131,283	-	-
Deferred tax assets		549,528	619,508	374,554	435,571	472,759
Investments in subsidiaries		-	-	-	4,664,103	4,661,589
Investments in associates and joint venture		21,030	25	12	40,000	-
Right-of-use assets		140,481	152,305	174,482	91,445	92,372
Property, plant and equipment		1,073,469	1,060,577	1,016,824	812,106	811,414
Goodwill		2,654,122	2,654,122	2,654,122	1,714,913	1,714,913
Intangible assets		806,961	760,340	694,753	699,019	647,903
TOTAL ASSETS		322,745,189	310,771,262	289,492,822	224,115,752	214,903,270
LIABILITIES						
Deposits from customers	A19/B7(a)	236,135,151	227,159,762	218,732,585	143,724,227	136,089,471
Deposits and placements of banks and other financial institutions	A20/B7(a)	22,526,445	24,593,869	23,406,827	29,464,300	32,445,462
Obligations on securities sold under repurchase agreements		8,278,762	7,298,911	2,066,068	8,278,762	7,875,962
Investment accounts	A21	605,828	1,246,026	581,291	-	-
Bills and acceptances payable		623,750	249,679	210,119	613,137	242,258
Clients' and brokers' balances		960,174	776,789	948,511	-	-
General insurance contract liabilities		1,145,589	1,109,466	965,141	-	-
Other liabilities	A22	4,798,409	4,097,501	4,034,220	3,659,579	2,868,404
Derivative liabilities	B8	1,873,478	1,939,391	887,926	1,918,403	2,018,925
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		4,798,727	4,786,746	2,259,895	3,028,636	3,021,685
Provision for taxation and zakat		15,597	396,041	124,163	1,104	261,391
Deferred tax liabilities		23,350	3,598	11,683	-	-
Lease liabilities		147,949	160,632	182,607	90,651	93,974
Borrowings	B7(b)	1,884,401	1,476,185	127,380	1,807,080	1,263,576
Senior debt securities	B7(c)	5,594,770	3,841,190	3,646,369	5,594,770	3,841,190
Subordinated obligations	B7(d)	3,387,532	2,867,083	3,221,882	2,523,091	2,011,558
TOTAL LIABILITIES		292,799,912	282,002,869	261,406,667	200,703,740	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 SEPTEMBER 2023

	Note	Group			Bank	
		As at 30 September 2023 RM'000	Restated As at 31 December 2022 RM'000	Restated As at 1 January 2022 RM'000	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
EQUITY						
Share capital		8,330,324	8,145,585	7,612,612	8,330,324	8,145,585
Reserves		21,579,786	20,590,487	20,438,411	15,081,688	14,723,829
Equity attributable to holders of the Bank		29,910,110	28,736,072	28,051,023	23,412,012	22,869,414
Non-controlling interests ('NCI')		35,167	32,321	35,132	-	-
TOTAL EQUITY		29,945,277	28,768,393	28,086,155	23,412,012	22,869,414
TOTAL LIABILITIES AND EQUITY		322,745,189	310,771,262	289,492,822	224,115,752	214,903,270
COMMITMENTS AND CONTINGENCIES	A27(a)	240,837,628	206,796,408	157,777,145	231,055,641	199,316,377
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK (RM)		6.98	6.77	6.77		

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RHB BANK BERHAD

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**INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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												
-		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
-	B10	-	-	-	-	-	-	-	20,979	20,979	1,174	22,153
-		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
		-	-	-	-	-	-	-	2,220,317	2,220,317	2,897	2,223,214
Foreign currency translation reserves:												
-		-	7,218	-	-	205,252	-	12	-	212,482	(38)	212,444
Financial assets measured at FVOCI:												
-		-	-	-	-	-	-	-	(270)	(270)	-	(270)
-		-	-	-	33,106	-	-	-	-	33,106	-	33,106
-		-	-	-	390,883	-	-	-	-	390,883	-	390,883
-		-	-	-	(83,278)	-	-	-	-	(83,278)	-	(83,278)
-		-	-	-	(12,851)	-	-	-	-	(12,851)	-	(12,851)
		-	-	-	-	-	-	-	(511)	(511)	(11)	(522)
		-	-	-	(73,953)	-	-	-	(237)	(74,190)	(2)	(74,192)
		-	7,218	-	253,907	205,252	-	12	(1,018)	465,371	(51)	465,320
		-	7,218	-	253,907	205,252	-	12	2,219,299	2,685,688	2,846	2,688,534
		-	-	-	-	-	-	-	(1,704,796)	(1,704,796)	-	(1,704,796)
		184,739	-	-	-	-	-	-	-	184,739	-	184,739
		-	-	-	-	-	-	8,407	-	8,407	-	8,407
		-	-	655,051	-	-	-	-	(655,051)	-	-	-
		-	-	-	-	-	2,644	-	(2,644)	-	-	-
		8,330,324	118,421	1,537,196	(292,805)	888,743	25,975	12,756	19,289,500	29,910,110	35,167	29,945,277

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RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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	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		-	-	-	-	-	-	-	1,907,803	1,907,803	953	1,908,756
Foreign currency translation reserves:												
- Currency translation differences		-	11,800	-	-	226,140	-	-	-	237,940	87	238,027
- Realisation of translation reserves		-	-	-	-	(347)	-	-	-	(347)	-	(347)
Financial assets measured at FVOCI:												
- Equity instruments												
- Unrealised net loss on revaluation		-	-	-	(17,928)	-	-	-	-	(17,928)	-	(17,928)
- Debt instruments												
- Unrealised net loss on revaluation		-	-	-	(1,840,356)	-	-	-	-	(1,840,356)	-	(1,840,356)
- Net transfer to income statements on disposal		-	-	-	(59,010)	-	-	-	-	(59,010)	-	(59,010)
- Changes in expected credit losses and exchange differences		-	-	-	9,319	-	-	-	-	9,319	-	9,319
Actuarial gain on defined benefit plan of subsidiaries		-	-	-	-	-	-	-	90	90	1	91
Income tax relating to components of other comprehensive loss		-	-	-	456,425	-	-	-	228	456,653	2	456,655
Other comprehensive (loss)/income, net of tax, for the financial period		-	11,800	-	(1,451,550)	225,793	-	-	318	(1,213,639)	90	(1,213,549)
Total comprehensive income/(loss) for the financial period		-	11,800	-	(1,451,550)	225,793	-	-	1,908,121	694,164	1,043	695,207
Dividends paid		-	-	-	-	-	-	-	(1,035,730)	(1,035,730)	(5,300)	(1,041,030)
Shares issued pursuant to DRP		357,550	-	-	-	-	-	-	-	357,550	-	357,550
Share-based payment expenses		-	-	-	-	-	-	2,217	-	2,217	-	2,217
Transfer to regulatory reserves		-	-	178,413	-	-	-	-	(178,413)	-	-	-
Disposal of a subsidiary		-	-	-	-	-	-	-	-	-	(25)	(25)
Balance as at 30 September 2022		7,970,162	116,445	506,542	(1,008,547)	788,203	23,331	2,217	19,670,871	28,069,224	30,850	28,100,074

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RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

	← Non-Distributable →				Distributable		Total Equity
	Share Capital	Regulatory Reserves	FVOCI Reserves	Translation Reserves	Share-Based Payment Reserves	Retained Profits	
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	-	-	-	-	-	1,763,574	1,763,574
Foreign currency translation reserves:							
- Currency translation differences	-	-	-	88,054	-	-	88,054
Financial assets measured at FVOCI:							
- Equity instruments							
- Unrealised net gain on revaluation	-	-	30,895	-	-	-	30,895
- Debt instruments							
- Unrealised net gain on revaluation	-	-	304,551	-	-	-	304,551
- Net transfer to income statements on disposal	-	-	(66,595)	-	-	-	(66,595)
- Changes in expected credit losses and exchange differences	-	-	(9,134)	-	-	-	(9,134)
Income tax relating to components of other comprehensive income	-	-	(57,109)	-	-	-	(57,109)
Other comprehensive income, net of tax, for the financial period	-	-	202,608	88,054	-	-	290,662
Total comprehensive income for the financial period	-	-	202,608	88,054	-	1,763,574	2,054,236
Dividends paid/payable	-	-	-	-	-	(1,704,796)	(1,704,796)
Shares issued pursuant to DRP	184,739	-	-	-	-	-	184,739
Share-based payment expenses	-	-	-	-	8,419	-	8,419
Transfer to regulatory reserves	-	212,918	-	-	-	(212,918)	-
Balance as at 30 September 2023	8,330,324	774,572	(268,557)	509,187	12,756	14,053,730	23,412,012

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INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

	← Non-Distributable →				Distributable		Total Equity
	Share Capital	Regulatory Reserves	FVOCI Reserves	Translation Reserves	Share-Based Payment Reserves	Retained Profits	
Bank	RM'000	RM'000	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	-	-	-	-	-	1,934,107	1,934,107
Foreign currency translation reserves:							
- Currency translation differences	-	-	-	65,296	-	-	65,296
Financial assets measured at FVOCI:							
- Equity instruments							
- Unrealised net loss on revaluation	-	-	(19,926)	-	-	-	(19,926)
- Debt instruments							
- Unrealised net loss on revaluation	-	-	(1,639,020)	-	-	-	(1,639,020)
- Net transfer to income statements on disposal	-	-	(45,070)	-	-	-	(45,070)
- Changes in expected credit losses and exchange differences	-	-	8,615	-	-	-	8,615
Income tax relating to components of other comprehensive loss	-	-	404,182	-	-	-	404,182
Other comprehensive (loss)/income, net of tax, for the financial period	-	-	(1,291,219)	65,296	-	-	(1,225,923)
Total comprehensive income/(loss) for the financial period	-	-	(1,291,219)	65,296	-	1,934,107	708,184
Dividends paid	-	-	-	-	-	(1,035,730)	(1,035,730)
Shares issued pursuant to DRP	357,550	-	-	-	-	-	357,550
Share-based payment expenses	-	-	-	-	2,217	-	2,217
Transfer to regulatory reserves	-	103,516	-	-	-	(103,516)	-
Balance as at 30 September 2022	7,970,162	330,805	(861,675)	418,364	2,217	14,521,136	22,381,009

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 CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023**

	Nine Months Ended	
	30 September 2023	Restated 30 September 2022
Group	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation and zakat	2,947,590	2,912,703
Adjustments for:		
Allowance for credit losses on loans, advances and financing	347,331	666,739
Allowance for credit losses on other financial assets	(11,112)	(6,244)
Property, plant and equipment:		
- Depreciation	109,389	100,460
- Gain on disposal	(964)	(416)
- Written off	66	166
Intangible assets:		
- Amortisation	131,462	114,401
- Written off	668	-
Right-of-use assets:		
- Depreciation	48,143	53,984
- Gain on modification	(225)	(7)
Impairment losses on investment in a joint venture	-	12
Share-based payment expenses	8,407	2,217
Net allowance (written back)/made on financial assets at FVOCI and financial investments at amortised cost	(36,288)	16,699
Share of results of associates and joint venture	18,995	-
Gain on disposal of a subsidiary	-	(24,595)
Net gain on financial instruments	(379,061)	(124,879)
Dividend income from financial assets at FVTPL and financial assets at FVOCI	(62,618)	(33,725)
Interest expense on borrowings, senior debt securities, subordinated obligations and lease liabilities	247,967	175,252
Other non-cash items	(1,736,525)	(1,336,333)
Operating profit before working capital changes	<u>1,633,225</u>	<u>2,516,434</u>
Decrease/(Increase) in operating assets:		
Securities purchased under resale agreements	101,258	(106,979)
Deposits and placements with banks and other financial institutions	(1,992,209)	1,061,190
Financial assets at FVTPL	(1,452,344)	(203,570)
Loans, advances and financing	(7,962,617)	(10,995,220)
Clients' and brokers' balances	(168,250)	100,391
Other assets	(1,055,033)	(2,626,268)
Statutory deposits	(395,620)	39,876
	<u>(12,924,815)</u>	<u>(12,730,580)</u>
Increase/(Decrease) in operating liabilities:		
Deposits from customers	8,552,893	6,283,477
Deposits and placements of banks and other financial institutions	(2,099,499)	3,246,984
Obligations on securities sold under repurchase agreements	977,225	2,586,375
Investment accounts	(640,198)	768,188
Bills and acceptances payable	373,777	(30,130)
Clients' and brokers' balances	183,385	(110,892)
Other liabilities	11,286	1,284,249
Recourse obligation on loans sold to Cagamas	11,981	1,523,857
	<u>7,370,850</u>	<u>15,552,108</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.



RHB BANK BERHAD

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INTERIM FINANCIAL STATEMENTS

**UNAUDITED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023**

	Nine Months Ended	
	30 September 2023	Restated 30 September 2022
Group	RM'000	RM'000
Cash flows from operating activities (continued)		
Cash (used in)/generated from operations	(3,920,740)	5,337,962
Interest/Profit paid	(198,448)	(156,174)
Net tax and zakat paid	(1,016,672)	(554,707)
Net cash (used in)/generated from operating activities	<u>(5,135,860)</u>	<u>4,627,081</u>
Cash flows from investing activities		
Net purchase of financial assets at FVOCI and financial investments at amortised cost	(4,150,781)	(9,899,268)
Property, plant and equipment:		
- Purchase	(109,274)	(149,636)
- Proceeds from disposal	1,326	423
Intangible assets:		
- Purchase	(177,362)	(136,449)
Financial assets at FVOCI and financial investments at amortised cost:		
- Interest income received	1,337,383	1,136,675
- Investment income received	285,086	267,288
Dividend income received from financial assets at FVTPL and financial assets at FVOCI	62,618	33,725
Net cash inflow from disposal of a subsidiary	-	26,652
Capital injection in an associate	(40,000)	-
Net cash used in investing activities	<u>(2,791,004)</u>	<u>(8,720,590)</u>
Cash flows from financing activities		
Net drawdown of borrowings	323,570	77,452
Proceeds from issuance of subordinated notes/sukuk	500,000	750,000
Redemption of subordinated notes/sukuk	-	(1,000,000)
Proceeds from issuance of senior debt securities	1,500,000	-
Dividends paid to equity holders of the Bank	(877,105)	(678,180)
Dividends paid to NCI	-	(5,300)
Principal lease payments	(55,247)	(59,775)
Net cash generated from/(used in) financing activities	<u>1,391,218</u>	<u>(915,803)</u>
Net decrease in cash and cash equivalents	(6,535,646)	(5,009,312)
Effects of exchange rate differences	87,503	157,834
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>12,686,692</u>	<u>14,979,845</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>12,686,692</u>	<u>14,979,845</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.



RHB BANK BERHAD

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

	Nine Months Ended	
	30 September 2023	30 September 2022
	<u>RM'000</u>	<u>RM'000</u>
Bank		
Cash flows from operating activities		
Profit before taxation	2,208,592	2,651,636
Adjustments for:		
Allowance for credit losses on loans, advances and financing	318,175	245,778
Allowance for credit losses on other financial assets	(4,255)	138
Property, plant and equipment:		
- Depreciation	90,794	82,869
- Gain on disposal	(2)	(416)
- Written off	25	44
Intangible assets:		
- Amortisation	111,307	97,527
- Written off	431	-
Right-of-use assets:		
- Depreciation	39,005	42,305
- Gain on modification	(231)	-
Share-based payment expenses	5,890	1,563
Net allowance (written back)/made on financial assets at FVOCI and financial investments at amortised cost	(20,871)	12,210
Net gain on financial instruments	(244,088)	(174,257)
Loss on liquidation of subsidiaries	14	6
Dividend income from financial assets at FVOCI	(3,346)	(3,673)
Dividend income from subsidiaries	(435,888)	(529,385)
Interest expense on borrowings, senior debt securities, subordinated obligations and lease liabilities	215,407	138,253
Other non-cash items	(1,305,805)	(959,288)
Operating profit before working capital changes	<u>975,154</u>	<u>1,605,310</u>
(Increase)/Decrease in operating assets:		
Securities purchased under resale agreements	890,539	(885,275)
Deposits and placements with banks and other financial institutions	(3,213,627)	2,219,709
Investment account due from designated financial institutions	1,316,717	834,555
Financial assets at FVTPL	(1,073,149)	(166,559)
Loans, advances and financing	(3,957,541)	(4,405,744)
Other assets	(1,291,655)	(2,306,508)
Statutory deposits	(236,231)	50,850
	<u>(7,564,947)</u>	<u>(4,658,972)</u>
Increase/(Decrease) in operating liabilities:		
Deposits from customers	6,183,746	(827,658)
Deposits and placements of banks and other financial institutions	(3,225,690)	7,237,271
Obligations on securities sold under repurchase agreements	365,714	1,603,465
Bills and acceptances payable	367,623	(31,746)
Other liabilities	(163,648)	1,451,732
Recourse obligation on loans sold to Cagamas	6,951	1,016,381
	<u>3,534,696</u>	<u>10,449,445</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.



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

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

	Nine Months Ended	
	30 September 2023	30 September 2022
	RM'000	RM'000
Bank		
Cash flows from operating activities (continued)		
Cash (used in)/generated from operations	(3,055,097)	7,395,783
Interest paid	(176,785)	(132,304)
Net tax paid	(683,203)	(247,171)
Net cash (used in)/generated from operating activities	<u>(3,915,085)</u>	<u>7,016,308</u>
Cash flows from investing activities		
Net purchase of financial assets at FVOCI and financial investments at amortised cost	(1,485,428)	(7,229,374)
Property, plant and equipment:		
- Purchase	(87,346)	(121,009)
- Proceeds from disposal	14	419
Intangible assets:		
- Purchase	(163,499)	(124,646)
Interest received from financial assets at FVOCI and financial investments at amortised cost	1,319,747	1,123,056
Dividend income received from subsidiaries	436,860	530,585
Dividend income received from financial assets at FVOCI	3,346	3,673
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>(16,305)</u>	<u>(5,828,980)</u>
Cash flows from financing activities		
Net drawdown of borrowings	464,141	-
Proceeds from issuance of subordinated notes	500,000	500,000
Redemption of subordinated notes	-	(750,000)
Proceeds from issuance of senior debt securities	1,500,000	-
Dividends paid to equity holders of the Bank	(877,105)	(678,180)
Principal lease payments	(44,093)	(44,625)
Net cash generated from/(used in) financing activities	<u>1,542,943</u>	<u>(972,805)</u>
Net (decrease)/increase in cash and cash equivalents	(2,388,447)	214,523
Effects of exchange rate differences	138,933	130,922
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>9,245,392</u>	<u>10,755,068</u>
Cash and cash equivalents comprise the following:		
- Cash and short term funds	<u>9,245,392</u>	<u>10,755,068</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 NINE MONTHS ENDED 30 SEPTEMBER 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 nine months ended 30 September 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 nine months ended 30 September 2023.



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 nine months ended 30 September 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.

(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/Payable

- (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 RM877,105,000 was paid on 15 May 2023; and
- (b) The Bank had declared a single-tier interim dividend of 15.0 sen per share in respect of the financial year ending 31 December 2023, amounting to RM642,952,000. This interim dividend has been accounted for in the shareholders' equity as an appropriation of retained profits for the financial period ended 30 September 2023, and actual payment is made on 12 October 2023.



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023**

A8. Interest Income

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
Loans and advances	1,784,664	1,430,898	5,109,170	3,829,829
Money at call and deposits and placements with banks and other financial institutions	70,907	62,115	237,293	139,444
Securities purchased under resale agreements	470	654	1,643	982
Financial assets at FVTPL	28,415	11,586	48,998	42,564
Financial assets at FVOCI - debt instruments	336,897	273,429	959,868	795,707
Financial investments at amortised cost	197,552	153,261	587,716	385,271
Others	13,327	5,948	34,863	10,031
	2,432,232	1,937,891	6,979,551	5,203,828
Of which:				
Interest income accrued on impaired financial assets	21,825	22,446	63,880	52,423
Bank				
Loans and advances	1,653,881	1,301,997	4,738,063	3,527,591
Money at call and deposits and placements with banks and other financial institutions	124,278	101,861	413,272	237,245
Investment account due from designated financial institutions	65,094	54,245	216,100	201,609
Securities purchased under resale agreements	3,383	5,264	11,906	7,357
Financial assets at FVTPL	28,114	11,586	48,469	42,549
Financial assets at FVOCI - debt instruments	332,500	270,453	951,856	784,094
Financial investments at amortised cost	183,955	139,923	547,533	347,960
Others	10,670	4,222	27,221	6,124
	2,401,875	1,889,551	6,954,420	5,154,529
Of which:				
Interest income accrued on impaired financial assets	21,673	17,425	63,346	45,732



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023**

A9. Interest Expense

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2023	Restated 30 September 2022	30 September 2023	Restated 30 September 2022
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	205,586	108,576	582,301	224,016
Deposits from customers	1,093,404	619,211	3,097,971	1,591,862
Obligations on securities sold under repurchase agreements	78,766	25,923	232,037	40,761
Recourse obligation on loans sold to Cagamas	27,185	16,497	80,669	39,710
Subordinated obligations	25,175	24,309	73,590	72,365
Senior debt securities	40,176	24,672	95,052	71,648
Borrowings	19,700	828	51,482	2,210
Others	26,626	15,482	74,093	37,599
	1,516,618	835,498	4,287,195	2,080,171
Bank				
Deposits and placements of banks and other financial institutions	298,187	141,823	873,156	272,158
Deposits from customers	954,125	554,080	2,686,852	1,459,916
Obligations on securities sold under repurchase agreements	78,766	37,827	236,745	76,327
Recourse obligation on loans sold to Cagamas	27,185	16,497	80,669	39,710
Subordinated obligations	24,053	21,839	70,259	65,035
Senior debt securities	40,176	24,672	95,052	71,648
Borrowings	18,804	-	48,189	-
Others	25,706	14,293	71,426	34,264
	1,467,002	811,031	4,162,348	2,019,058



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023**

A10. Other Operating Income

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2023	Restated 30 September 2022	30 September 2023	Restated 30 September 2022
	RM'000	RM'000	RM'000	RM'000
Fee income				
- Service charges and fees	52,037	51,338	130,458	127,609
- Commission	48,484	45,043	138,353	142,762
- Guarantee fees	8,558	8,537	27,064	25,089
- Commitment fees	9,864	10,330	29,459	30,384
- Brokerage income	48,348	42,565	133,933	147,359
- Fund management fees	56,937	58,868	169,717	182,447
- Unit trust fee income	7,369	11,273	21,150	30,055
- Corporate advisory fees	4,952	8,532	18,246	15,892
- Underwriting and arrangement fees	2,628	3,162	5,386	4,647
- Other fee income	17,530	20,155	48,126	57,545
	<u>256,707</u>	<u>259,803</u>	<u>721,892</u>	<u>763,789</u>
- Fee and commission expenses	(33,397)	(32,978)	(92,821)	(104,067)
	<u>223,310</u>	<u>226,825</u>	<u>629,071</u>	<u>659,722</u>
Net gain/(loss) arising from financial assets at FVTPL				
- Net gain/(loss) on disposal	20,132	(14,930)	43,773	(68,584)
- Unrealised net gain/(loss) on revaluation	949	12,663	40,254	(47,872)
- Dividend income	11,821	11,775	56,213	29,515
	<u>32,902</u>	<u>9,508</u>	<u>140,240</u>	<u>(86,941)</u>
Net gain on revaluation of derivatives	42,625	98,320	195,868	206,681
Net (loss)/gain on fair value hedges	(653)	184	(121)	(774)
Net gain on derecognition of hedging	-	86	-	86
Net (loss)/gain arising from derecognition of financial investments at amortised cost	(1,993)	633	(2,014)	839
Net gain arising from financial assets at FVOCI				
- Net gain on debt instruments on disposal	28,050	7,228	67,246	45,379
- Dividend income	3,384	1,216	6,405	4,210
	<u>31,434</u>	<u>8,444</u>	<u>73,651</u>	<u>49,589</u>
Other income				
Net foreign exchange gain	85,220	98,146	128,807	160,029
Insurance service result	11,180	5,808	32,513	45,584
Net insurance finance expenses	(1,237)	1,763	(4,973)	(3,602)
Gain on disposal of property, plant and equipment	32	249	904	416
Gain on disposal of a subsidiary	-	-	-	24,595
Gain on modification of right-of-use assets	10	2	235	6
Rental income	758	1,474	1,830	1,591
Other operating income	10,753	6,443	19,156	22,002
Other non-operating income	1,546	3,263	6,012	13,152
	<u>108,262</u>	<u>117,148</u>	<u>184,484</u>	<u>263,773</u>
	<u>435,887</u>	<u>461,148</u>	<u>1,221,179</u>	<u>1,092,975</u>



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023**

A10. Other Operating Income (continued)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
Bank	RM'000	RM'000	RM'000	RM'000
Fee income				
- Service charges and fees	48,802	48,466	119,717	116,935
- Commission	52,262	53,197	152,579	160,900
- Guarantee fees	8,543	8,322	26,781	24,792
- Commitment fees	9,390	9,757	28,345	29,245
- Corporate advisory fees	517	907	2,634	1,526
- Underwriting and arrangement fees	833	16	1,676	266
- Other fee income	4,327	4,528	13,959	14,644
	124,674	125,193	345,691	348,308
Net gain/(loss) arising from financial assets at FVTPL				
- Net gain/(loss) on disposal	11,301	(3,631)	44,267	(36,646)
- Unrealised net (loss)/gain on revaluation	(12,162)	8,708	(18,979)	(14,823)
	(861)	5,077	25,288	(51,469)
Net gain on revaluation of derivatives	37,715	89,627	154,392	181,193
Net loss on fair values hedges	(591)	(418)	(173)	(1,376)
Net gain on derecognition of hedging	-	86	-	86
Net (loss)/gain arising from derecognition of financial investments at amortised cost	(1,993)	633	(2,014)	839
Net gain arising from financial assets at FVOCI				
- Net gain on debt instruments on disposal	27,949	7,196	66,595	45,070
- Dividend income	586	913	3,346	3,673
	28,535	8,109	69,941	48,743
Dividend income from subsidiaries	133,874	100,406	435,888	529,385
Other income				
Net foreign exchange gain	147,280	97,525	333,421	159,756
Gain on disposal of property, plant and equipment	-	249	2	416
Gain on modification of right-of-use assets	40	-	231	-
Rental income	3,113	2,892	9,095	8,543
Loss on liquidation of subsidiaries	-	-	(14)	(6)
Other operating income	60	6,771	5,760	20,642
Other non-operating income	600	3,174	3,958	13,516
	151,093	110,611	352,453	202,867
	472,446	439,324	1,381,466	1,258,576



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A11. Other Operating Expenses

Group	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2023	Restated 30 September 2022	30 September 2023	Restated 30 September 2022
		RM'000	RM'000	RM'000	RM'000
Personnel costs					
- Salaries, allowances and bonuses		446,399	458,069	1,301,606	1,300,437
- Defined contribution plan		62,679	61,042	193,998	180,866
- Share-based expenses	(a)	4,071	2,153	8,129	2,153
- Other staff related costs		50,886	47,418	144,687	125,429
		<u>564,035</u>	<u>568,682</u>	<u>1,648,420</u>	<u>1,608,885</u>
Establishment costs					
- Property, plant and equipment:					
- Depreciation		35,550	33,854	108,279	98,954
- Written off		52	26	66	138
- Intangible assets:					
- Amortisation		43,775	37,261	127,893	111,384
- Written off		668	-	668	-
- Right-of-use assets:					
- Depreciation		15,015	17,204	46,311	52,190
- Rental of premises		6,868	7,239	17,355	19,709
- Rental of equipment		3,197	2,692	9,549	7,569
- Insurance		10,744	9,932	30,919	29,375
- Water and electricity		7,097	6,894	20,022	18,920
- Repair and maintenance		9,258	10,108	26,632	27,046
- Security and escorting expenses		13,692	11,656	39,134	33,343
- Information technology expenses		60,793	69,461	211,002	202,263
- Others		1,721	1,396	4,600	4,708
		<u>208,430</u>	<u>207,723</u>	<u>642,430</u>	<u>605,599</u>
Marketing expenses					
- Sales commission		23,825	25,214	61,931	69,946
- Advertisement and publicity		13,567	14,264	32,947	31,156
- Others		25,279	19,061	67,463	49,515
		<u>62,671</u>	<u>58,539</u>	<u>162,341</u>	<u>150,617</u>
Administration and general expenses					
- Communication expenses		36,120	36,980	120,493	107,735
- Legal and professional fees		10,562	17,444	32,992	42,091
- Others		26,623	42,820	101,715	107,905
		<u>73,305</u>	<u>97,244</u>	<u>255,200</u>	<u>257,731</u>
		<u>908,441</u>	<u>932,188</u>	<u>2,708,391</u>	<u>2,622,832</u>



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A11. Other Operating Expenses (continued)

Bank	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2023	30 September 2022	30 September 2023	30 September 2022
		RM'000	RM'000	RM'000	RM'000
Personnel costs					
- Salaries, allowances and bonuses		367,878	349,891	1,128,165	1,036,164
- Defined contribution plan		54,265	52,703	167,467	155,953
- Share-based expenses	(a)	2,926	1,563	5,890	1,563
- Other staff related costs		38,618	37,670	116,498	95,290
		<u>463,687</u>	<u>441,827</u>	<u>1,418,020</u>	<u>1,288,970</u>
Establishment costs					
- Property, plant and equipment:					
- Depreciation		29,888	28,471	90,794	82,869
- Written off		18	18	25	44
- Intangible assets:					
- Amortisation		38,079	32,495	111,307	97,527
- Written off		431	-	431	-
- Right-of-use assets:					
- Depreciation		13,230	13,900	39,005	42,305
- Rental of premises		5,752	6,273	14,491	16,991
- Rental of equipment		3,174	2,678	9,503	7,527
- Insurance		9,947	9,885	29,492	29,470
- Water and electricity		4,814	4,742	13,602	13,347
- Repair and maintenance		6,969	8,087	20,523	21,639
- Security and escorting expenses		14,206	12,420	41,677	36,103
- Information technology expenses		43,524	54,676	162,642	158,195
		<u>170,032</u>	<u>173,645</u>	<u>533,492</u>	<u>506,017</u>
Marketing expenses					
- Sales commission		19,557	21,412	49,659	51,595
- Advertisement and publicity		11,270	12,205	26,250	25,934
- Others		20,972	16,335	53,944	42,245
		<u>51,799</u>	<u>49,952</u>	<u>129,853</u>	<u>119,774</u>
Administration and general expenses					
- Communication expenses		28,761	26,075	87,632	78,510
- Legal and professional fees		11,846	29,046	36,841	55,982
- Others		24,527	33,390	79,862	84,252
		<u>65,134</u>	<u>88,511</u>	<u>204,335</u>	<u>218,744</u>
Operating expenses allocated to subsidiaries		(144,460)	(150,452)	(425,469)	(386,442)
		<u><u>606,192</u></u>	<u><u>603,483</u></u>	<u><u>1,860,231</u></u>	<u><u>1,747,063</u></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

	3rd Quarter Ended		Nine Months Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
Group	RM'000	RM'000	RM'000	RM'000
<u>Charge/(Writeback)</u>				
Loans, advances and financing:				
- Net charge	185,236	246,928	177,031	552,931
- Bad debts recovered	(74,171)	(89,397)	(228,518)	(292,434)
- Bad debts written off	55,081	52,162	170,300	113,808
	166,146	209,693	118,813	374,305
Financial assets at FVOCI	(2,545)	(3,494)	(13,205)	8,755
Financial investments at amortised cost	(6,731)	(5,824)	(23,083)	7,944
Other financial assets	13	(8,026)	(11,112)	(6,244)
	156,883	192,349	71,413	384,760
Bank				
<u>Charge/(Writeback)</u>				
Loans, advances and financing:				
- Net charge	141,051	162,729	188,311	166,320
- Bad debts recovered	(66,013)	(78,318)	(203,115)	(259,189)
- Bad debts written off	40,332	35,349	129,864	79,458
	115,370	119,760	115,060	(13,411)
Financial assets at FVOCI	(2,105)	(766)	(9,488)	8,051
Financial investments at amortised cost	(563)	(4,721)	(11,383)	4,159
Other financial assets	(278)	(2,334)	(4,255)	138
	112,424	111,939	89,934	(1,063)



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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 September 2023	As at 31 December 2022
	RM'000	RM'000
<u>Principal</u>		
Personal financing	1,000,000	1,000,000
Other term financing	4,812,945	6,238,222
Short-term funds	129,000	33,000
Unquoted securities	1,007,022	1,008,105
	6,948,967	8,279,327

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

	Group		Bank	
	As at 30 September 2023	As at 31 December 2022	As at 30 September 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
Mandatory measured at fair value				
<u>Money market instruments:</u>				
Malaysian Government Securities	246,868	49,879	246,865	49,879
Malaysian Government Investment Issues	1,005,835	803,720	717,723	711,723
Singapore Housing Development Board	-	23,503	-	23,503
Other foreign government securities	94,392	-	94,392	-
Bank Negara Malaysia Monetary Notes	901,612	-	846,676	-
<u>Quoted securities:</u>				
<u>In Malaysia</u>				
Shares, exchange traded funds and warrants	124,725	36,970	-	-
Unit trusts	35,936	36,921	-	-
Corporate bond/sukuk	1,406	2,270	1,406	2,270
<u>Outside Malaysia</u>				
Shares, exchange traded funds and warrants	57,606	102,034	-	258
Unit trusts	-	24,849	-	-
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Corporate bond/sukuk	118,675	199,474	101,220	199,472
Unit trusts	1,098,319	1,026,646	-	-
Commercial paper	84,759	-	84,759	-
<u>Outside Malaysia</u>				
Corporate bond/sukuk	138,304	93,661	138,304	93,661
Private equity funds	772,004	689,484	-	-
	4,680,441	3,089,411	2,231,345	1,080,766



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

	Group		Bank	
	As at 30 September 2023	As at 31 December 2022	As at 30 September 2023	As at 31 December 2022
At fair value	RM'000	RM'000	RM'000	RM'000
(a) Debt instruments	41,734,501	38,233,244	35,433,530	32,293,277
(b) Equity instruments	775,851	740,445	729,919	699,024
	42,510,352	38,973,689	36,163,449	32,992,301
(a) Debt instruments				
<u>Money market instruments:</u>				
Malaysian Government Securities	3,510,898	3,300,948	3,450,316	3,241,592
Malaysian Government Investment Issues	8,570,022	8,434,385	6,660,681	6,554,541
Cagamas bonds	1,213,856	770,075	1,023,115	770,075
Khazanah bonds	70,252	63,909	70,252	63,909
Negotiable instruments of deposits	-	999,506	-	998,876
Other foreign government investment issues	93,978	90,272	93,978	90,272
Sukuk Perumahan Kerajaan	-	70,637	-	-
Other foreign government securities	349,846	7,245	349,846	7,245
Singapore Government Securities	962,564	990,127	962,564	990,127
Thailand Government Securities	610,722	593,194	610,722	593,194
Singapore Housing Development Board	496,783	494,852	496,783	494,852
<u>Unquoted securities:</u>				
In Malaysia				
Corporate bond/sukuk	16,033,322	16,186,552	11,893,015	12,257,052
Outside Malaysia				
Corporate bond/sukuk	9,822,258	6,231,542	9,822,258	6,231,542
	41,734,501	38,233,244	35,433,530	32,293,277
(b) Equity instruments				
<u>Quoted securities:</u>				
Outside Malaysia				
Shares	2,755	2,503	-	-
<u>Unquoted securities:</u>				
In Malaysia				
Shares	770,440	737,539	729,917	699,022
Outside Malaysia				
Shares	2,656	403	2	2
	775,851	740,445	729,919	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 RM3,668,000,000 (31 December 2022: RM2,841,000,000) and RM3,668,000,000 (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 September 2023	As at 31 December 2022
	RM'000	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	<u>-</u>	<u>-</u>

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

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 September 2023				
Balance as at the beginning of the financial period	48,615	3,376	-	51,991
Transfer to 12-month ECL (Stage 1)	3,376	(3,376)	-	-
Changes in credit risk	(7,259)	724	-	(6,535)
Purchases and origination	5,977	-	-	5,977
Changes to model methodologies	(6,952)	(664)	-	(7,616)
Derecognition and disposal	(5,031)	-	-	(5,031)
Exchange differences	354	-	-	354
Balance as at the end of the financial period	<u>39,080</u>	<u>60</u>	<u>-</u>	<u>39,140</u>
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	<u>48,615</u>	<u>3,376</u>	<u>-</u>	<u>51,991</u>



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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 September 2023				
Balance as at the beginning of the financial period	42,517	3,376	-	45,893
Transfer to 12-month ECL (Stage 1)	3,376	(3,376)	-	-
Changes in credit risk	(4,018)	724	-	(3,294)
Purchases and origination	5,450	-	-	5,450
Changes to model methodologies	(5,764)	(664)	-	(6,428)
Derecognition and disposal	(5,216)	-	-	(5,216)
Exchange differences	354	-	-	354
Balance as at the end of the financial period	<u>36,699</u>	<u>60</u>	<u>-</u>	<u>36,759</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 September 2023	As at 31 December 2022	As at 30 September 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	4,209,308	3,725,255	3,792,433	3,310,259
Malaysian Government Investment Issues	4,973,560	5,447,600	2,305,343	3,111,955
Malaysian Government Treasury Bills	-	246,410	-	246,410
Cagamas bonds	1,455,342	1,581,202	1,116,648	1,242,431
Khazanah bonds	62,188	163,108	47,710	21,382
Bank Negara Malaysia Monetary Notes	1,358,445	-	199,982	-
Sukuk Perumahan Kerajaan	-	110,947	-	100,883
Singapore Government Treasury Bills	1,742,216	2,050,250	1,742,216	2,050,250
Singapore Government Securities	65,710	127,532	65,710	127,532
Singapore Central Bank Bills	2,539,033	1,143,713	2,539,033	1,143,713
Thailand Government Bonds	101,865	99,126	101,865	99,126
Sukuk (Brunei) Incorporation	28,717	32,529	28,717	32,529
Brunei Central Bank Bills	24,121	16,409	24,121	16,409
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Corporate bond/sukuk	12,656,726	12,885,413	6,372,379	7,347,688
Corporate loan stocks	22,652	22,652	-	-
<u>Outside Malaysia</u>				
Corporate bond/sukuk	56,756	55,714	25,933	25,294
	29,296,639	27,707,860	18,362,090	18,875,861
Allowance for credit losses	(678,695)	(701,152)	(600,371)	(611,207)
	28,617,944	27,006,708	17,761,719	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 RM4,603,000,000 (31 December 2022: RM4,419,000,000) and RM4,603,000,000 (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 September 2023, gross exposure to RIA financing funded by investors at the Group is RM411,033,000 (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 September 2023	As at 31 December 2022	As at 30 September 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	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	46,122	63,789	-	-
Derecognition	(106)	(6,231)	(94)	(4,244)
Exchange differences	546	453	546	453
Balance as at the end of the financial period/year	1,341,211	1,294,649	56,493	56,041

The credit impaired financial investments at amortised cost relate to certain exposures to RIA, of which exposure with other investors amounted to RM411,033,000 (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	
30 September 2023				
Balance as at the beginning of the financial period	35,582	5,371	660,199	701,152
Changes in credit risk	(14,255)	(963)	(106)	(15,324)
Purchases and origination	2,036	251	-	2,287
Changes to model methodologies	(5,232)	(1,705)	-	(6,937)
Derecognition	(3,033)	(76)	-	(3,109)
Exchange differences	79	-	547	626
Balance as at the end of the financial period	15,177	2,878	660,640	678,695
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) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
30 September 2023				
Balance as at the beginning of the financial period	17,587	3,217	590,403	611,207
Changes in credit risk	(5,713)	(745)	(94)	(6,552)
Purchases and origination	80	-	-	80
Changes to model methodologies	(2,579)	(1,092)	-	(3,671)
Derecognition	(1,164)	(76)	-	(1,240)
Exchange differences	-	-	547	547
Balance as at the end of the financial period	<u>8,211</u>	<u>1,304</u>	<u>590,856</u>	<u>600,371</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 September 2023 RM'000	As at 31 December 2022 RM'000	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
At amortised cost				
Overdrafts	5,859,976	5,682,506	4,077,310	4,093,249
Term loans/financing:				
- Housing loans/financing	82,731,679	78,216,973	50,275,448	48,658,350
- Syndicated term loans/financing	17,192,832	15,544,484	11,225,711	8,909,063
- Hire purchase receivables/financing	10,733,268	10,315,968	274,959	392,188
- Other term loans/financing	76,905,404	77,332,120	43,087,526	42,640,686
Bills receivables	4,668,462	3,892,128	4,245,078	3,570,030
Trust receipts	1,131,980	807,390	1,040,561	739,682
Claims on customers under acceptance credits	4,959,248	5,432,419	3,599,994	4,033,264
Share margin financing	2,209,057	2,382,860	337,142	489,720
Staff loans/financing	85,459	92,367	66,667	73,934
Credit/charge card receivables	2,229,470	2,069,207	1,891,857	1,766,927
Revolving credits/financing	10,687,920	10,431,720	7,774,624	7,716,326
Gross loans, advances and financing	219,394,755	212,200,142	127,896,877	123,083,419
Fair value changes arising from fair value hedges	(104,389)	(111,556)	(22,962)	(19,709)
	219,290,366	212,088,586	127,873,915	123,063,710
Less: Allowance for credit losses	(2,947,028)	(3,710,002)	(1,914,018)	(1,962,209)
Net loans, advances and financing	216,343,338	208,378,584	125,959,897	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 RM4,606,037,000 (31 December 2022: RM4,728,898,000) and RM2,833,358,000 (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 September 2023, gross exposure to URIA financing funded by investors at the Group is RM131,559,000 (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 September 2023	As at 31 December 2022	As at 30 September 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
Domestic non-bank financial institutions	3,288,602	3,193,617	1,401,085	1,064,672
Domestic business enterprises:				
- Small and medium enterprises	32,735,881	31,041,237	22,851,909	22,500,959
- Others	29,252,773	32,799,509	15,446,534	16,418,947
Government and statutory bodies	6,517,130	6,144,478	-	5,007
Individuals	110,460,185	106,201,343	57,688,125	56,641,963
Other domestic entities	156,624	163,611	25,787	28,550
Foreign entities	36,983,560	32,656,347	30,483,437	26,423,321
	219,394,755	212,200,142	127,896,877	123,083,419

(c) By geographical distribution

	Group		Bank	
	As at 30 September 2023	As at 31 December 2022	As at 30 September 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
Malaysia	184,234,416	181,129,401	99,094,714	98,180,685
Labuan Offshore	2,219,619	2,277,954	-	-
Singapore	26,957,150	23,087,482	26,957,150	23,087,482
Thailand	1,874,244	1,967,516	1,631,931	1,620,513
Brunei	213,082	194,739	213,082	194,739
Cambodia	3,654,028	3,334,856	-	-
Lao	86,114	73,585	-	-
Indonesia	139,488	118,223	-	-
Vietnam	16,614	16,386	-	-
	219,394,755	212,200,142	127,896,877	123,083,419



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A17. Loans, Advances and Financing (continued)

(d) By interest/profit rate sensitivity

	Group		Bank	
	As at 30 September 2023	As at 31 December 2022	As at 30 September 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
Fixed rate:				
- Housing loans/financing	127,252	142,068	74,601	93,267
- Hire purchase receivables/financing	703,397	1,066,701	274,959	392,188
- Other fixed rate loans/financing	21,815,464	21,893,082	9,776,142	10,356,895
Variable rate:				
- Base lending/financing rate/base rate plus	128,689,331	123,950,398	72,659,967	72,089,432
- Cost-plus	49,496,336	49,315,685	28,299,731	26,105,488
- Other variable rates	18,562,975	15,832,208	16,811,477	14,046,149
	219,394,755	212,200,142	127,896,877	123,083,419

(e) By economic sector

	Group		Bank	
	As at 30 September 2023	As at 31 December 2022	As at 30 September 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
Agriculture, hunting, forestry and fishing	4,787,300	4,629,560	2,442,230	2,631,062
Mining and quarrying	240,727	249,354	127,748	141,146
Manufacturing	11,980,649	11,602,869	8,305,803	8,085,739
Electricity, gas and water	2,131,312	1,541,379	580,908	361,740
Construction	12,721,439	13,347,956	8,405,827	8,447,916
Wholesale and retail trade and restaurant and hotel	24,082,581	21,842,273	18,559,699	17,007,796
Transport, storage and communication	6,839,341	7,843,641	1,555,835	1,659,637
Finance, insurance, real estate and business services	28,749,427	26,757,642	21,656,374	19,252,052
Education, health and others	8,947,486	9,754,308	2,177,808	2,390,554
Household sector	118,305,439	114,176,607	63,769,122	62,875,805
Others	609,054	454,553	315,523	229,972
	219,394,755	212,200,142	127,896,877	123,083,419



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A17. Loans, Advances and Financing (continued)

(f) By purpose

	Group		Bank	
	As at 30 September 2023	As at 31 December 2022	As at 30 September 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	11,663,736	12,976,360	4,540,115	5,126,878
Purchase of transport vehicles	10,735,017	10,234,231	203,598	282,646
Purchase of landed property:				
- Residential	81,871,294	77,404,367	50,234,766	48,663,045
- Non-residential	27,263,652	25,399,348	21,050,248	19,161,912
Purchase of property, plant and equipment other than land and building	1,385,678	1,595,020	718,775	857,259
Personal use	12,559,069	12,019,969	6,799,160	6,863,166
Credit card	2,229,470	2,069,207	1,891,857	1,766,927
Purchase of consumer durables	6,750	7,279	6,750	7,279
Construction	6,589,548	6,567,401	5,289,071	5,303,859
Working capital	54,732,558	54,064,715	34,975,858	32,569,534
Merger and acquisition	1,629,014	1,648,237	176,145	176,529
Other purposes	8,728,969	8,214,008	2,010,534	2,304,385
	219,394,755	212,200,142	127,896,877	123,083,419

(g) By remaining contractual maturities

	Group		Bank	
	As at 30 September 2023	As at 31 December 2022	As at 30 September 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
Maturity within one year	40,820,570	38,104,568	27,632,624	27,351,711
One year to three years	11,706,459	12,108,274	8,081,423	5,947,184
Three years to five years	21,584,449	19,327,578	12,801,933	10,728,433
Over five years	145,283,277	142,659,722	79,380,897	79,056,091
	219,394,755	212,200,142	127,896,877	123,083,419



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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 September 2023 RM'000	As at 31 December 2022 RM'000	As at 30 September 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)	(70,718)	(61,383)	(44,025)	(49,481)
Transfer to lifetime ECL not credit impaired (Stage 2)	(162,153)	(100,346)	(90,182)	(81,400)
Transfer to lifetime ECL credit impaired (Stage 3)	1,641,179	1,256,207	1,078,601	765,463
Purchases and origination	666,408	601,612	248,437	483,641
Derecognition	(326,816)	(784,107)	(176,443)	(630,564)
Amount written off	(1,196,601)	(683,842)	(390,413)	(567,466)
Exchange differences	72,679	66,889	6,567	21,598
Other movements	18,593	43,194	8,073	(4,708)
Balance as at the end of the financial period/year	<u>3,931,302</u>	<u>3,288,731</u>	<u>2,322,330</u>	<u>1,681,715</u>

(ii) By economic sector

	Group		Bank	
	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
Agriculture, hunting, forestry and fishing	25,627	12,112	21,850	6,912
Mining and quarrying	21,372	20,471	16,325	15,638
Manufacturing	351,776	215,294	298,204	179,477
Electricity, gas and water	5,995	9,965	206	-
Construction	629,518	421,948	511,872	327,228
Wholesale and retail trade and restaurant and hotel	565,251	355,838	394,020	217,473
Transport, storage and communication	492,251	37,677	36,156	23,393
Finance, insurance, real estate and business services	471,495	334,117	391,603	277,813
Education, health and others	239,416	892,141	40,985	52,882
Household sector	1,075,669	937,738	611,109	580,899
Others	52,932	51,430	-	-
	<u>3,931,302</u>	<u>3,288,731</u>	<u>2,322,330</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 September 2023	As at 31 December 2022	As at 30 September 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	19,338	31,136	17,669	17,749
Purchase of transport vehicles	75,510	55,148	7,166	8,872
Purchase of landed property:				
- Residential	833,960	733,496	491,121	478,779
- Non-residential	711,085	610,074	395,121	331,844
Purchase of property, plant and equipment other than land and building	28,105	19,906	25,328	16,640
Personal use	161,582	153,747	119,782	123,910
Credit card	25,501	21,407	22,003	18,191
Purchase of consumer durables	569	595	569	595
Construction	128,348	51,858	123,995	51,728
Working capital	1,696,556	1,417,245	965,531	531,368
Other purposes	250,748	194,119	154,045	102,039
	3,931,302	3,288,731	2,322,330	1,681,715

(iv) By geographical distribution

	Group		Bank	
	As at 30 September 2023	As at 31 December 2022	As at 30 September 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
Malaysia	2,964,653	2,007,232	1,779,588	1,406,744
Labuan Offshore	106,169	756,636	-	-
Singapore	176,053	198,679	176,053	198,679
Thailand	360,283	82,032	360,283	70,319
Brunei	6,406	5,973	6,406	5,973
Cambodia	311,723	234,447	-	-
Lao	6,015	3,732	-	-
	3,931,302	3,288,731	2,322,330	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 September 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)	145,592	(125,711)	(19,881)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(31,255)	79,150	(47,895)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(8,490)	(116,984)	125,474	-
	105,847	(163,545)	57,698	-
Changes in credit risk	(273,515)	(80,250)	545,446	191,681
Purchases and origination	90,659	99,776	36,487	226,922
Changes to model methodologies	(49,488)	(20,304)	761	(69,031)
Derecognition	(32,030)	(57,268)	(83,243)	(172,541)
Bad debts written off	-	-	(1,013,178)	(1,013,178)
Exchange differences	3,606	3,402	47,572	54,580
Other movements	-	-	18,593	18,593
Balance as at the end of the financial period	691,180	837,338	1,418,510	2,947,028
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 September 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)	90,730	(77,189)	(13,541)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(25,263)	53,231	(27,968)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(7,632)	(74,631)	82,263	-
	57,835	(98,589)	40,754	-
Changes in credit risk	(151,587)	(5,895)	350,124	192,642
Purchases and origination	71,174	61,639	30,805	163,618
Changes to model methodologies	(31,090)	(5,465)	(5,379)	(41,934)
Derecognition	(24,787)	(38,627)	(62,601)	(126,015)
Bad debts written off	-	-	(248,519)	(248,519)
Exchange differences	3,979	128	(163)	3,944
Other movements	-	-	8,073	8,073
Balance as at the end of the financial period	480,075	534,142	899,801	1,914,018
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 September 2023	Restated As at 31 December 2022	Restated As at 1 January 2022	As at 30 September 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Other receivables	1,109,261	643,853	840,898	904,950	392,739
Cash collateral in relation to derivative transactions	669,931	514,797	417,368	669,931	514,797
Deposits	41,544	44,189	45,191	31,134	33,338
Prepayments	171,988	153,469	168,715	104,920	101,409
Amount receivable for release of units from funds	92,441	56,073	207,850	-	-
Amount due from subsidiaries	-	-	-	1,104,866	870,157
	2,085,165	1,412,381	1,680,022	2,815,801	1,912,440



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A19. Deposits from Customers

(a) By type of deposits

	Group		Bank	
	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
Demand deposits	50,262,129	51,933,661	38,717,940	42,284,487
Savings deposits	13,299,534	14,505,771	10,482,922	11,841,346
Fixed/investment deposits	172,309,954	160,212,605	94,259,831	81,455,913
Negotiable instruments of deposits	263,534	507,725	263,534	507,725
	<u>236,135,151</u>	<u>227,159,762</u>	<u>143,724,227</u>	<u>136,089,471</u>

(b) By type of customer

	Group		Bank	
	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
Government and statutory bodies	22,701,238	21,460,674	5,508,873	5,592,868
Business enterprises	112,341,546	117,592,692	71,748,139	72,798,795
Individuals	92,673,819	80,503,285	58,899,181	50,975,787
Others	8,418,548	7,603,111	7,568,034	6,722,021
	<u>236,135,151</u>	<u>227,159,762</u>	<u>143,724,227</u>	<u>136,089,471</u>

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

	Group		Bank	
	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
Due within six months	136,427,389	129,992,709	72,330,436	65,247,406
Six months to one year	30,753,839	26,159,154	18,492,584	14,083,157
One year to three years	4,134,742	3,120,220	3,424,030	2,323,733
Three years to five years	1,257,518	1,448,247	276,315	309,342
	<u>172,573,488</u>	<u>160,720,330</u>	<u>94,523,365</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	As at	As at	As at
		30 September 2023	31 December 2022	30 September 2023	31 December 2022
		RM'000	RM'000	RM'000	RM'000
Licensed banks		16,370,252	17,622,246	23,700,712	26,672,749
Licensed Islamic banks		145,898	1,538,161	5,100	3,623
Licensed investment banks		-	322,526	252,251	1,144,400
BNM/Other central banks	(a)	4,916,274	4,736,004	4,556,846	4,542,468
Other financial institutions		1,094,021	374,932	949,391	82,222
		<u>22,526,445</u>	<u>24,593,869</u>	<u>29,464,300</u>	<u>32,445,462</u>

(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	As at
		30 September 2023	31 December 2022
		RM'000	RM'000
Mudharabah Restricted Investment Account	(a)	473,959	427,640
Wakalah Unrestricted Investment Account	(b)	131,869	818,386
		<u>605,828</u>	<u>1,246,026</u>

(a) Mudharabah Restricted Investment Account

By type of counterparty:

- Licensed banks	<u>473,959</u>	<u>427,640</u>
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Investment asset (principal):

- Unquoted securities	<u>411,033</u>	<u>392,980</u>
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(b) Wakalah Unrestricted Investment Account

By type of counterparty:

- Business enterprises	<u>131,869</u>	<u>818,386</u>
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Investment asset (principal):

- Personal financing	26,312	642,382
- Housing financing	105,247	160,596
	<u>131,559</u>	<u>802,978</u>



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A22. Other Liabilities

	Group			Bank	
	As at 30 September 2023 RM'000	Restated As at 31 December 2022 RM'000	Restated As at 1 January 2022 RM'000	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
Other creditors and accruals	1,382,821	1,382,151	1,318,712	784,252	861,700
Amount payable for redemption units	195,363	82,211	348,404	-	-
Contract liabilities	106,303	147,368	205,971	26,250	42,000
Short term employee benefits	309,295	444,087	455,763	250,592	311,087
Accrual for operational expenses	177,549	246,929	265,925	121,138	191,828
Cash collateral pledged for derivative transactions	330,625	538,691	112,719	330,625	538,691
Structured deposits	1,543,194	958,666	771,311	1,498,721	917,646
Remisiers' trust deposits	90,484	94,266	97,828	-	-
Puttable financial instruments	9,240	-	-	-	-
Dividend payable	642,952	-	-	642,952	-
Amount payable for creation of units due to funds	10,583	203,132	457,587	-	-
Amount due to subsidiaries	-	-	-	5,049	5,452
	4,798,409	4,097,501	4,034,220	3,659,579	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)

Nine months ended 30 September 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	3,133,985	2,015,272	663,310	50,357	(116,535)	-	5,746,389
Inter-segment revenue	-	12,475	918	8,598	11,234	(33,225)	-
Segment revenue	3,133,985	2,027,747	664,228	58,955	(105,301)	(33,225)	5,746,389
Other operating expenses	(1,567,411)	(779,904)	(436,812)	(727)	43,238	33,225	(2,708,391)
Including:							
- Depreciation of property, plant and equipment	(70,126)	(22,476)	(15,462)	-	(215)	-	(108,279)
- Depreciation of right-of-use assets	(18,502)	(16,228)	(11,505)	-	(76)	-	(46,311)
- Amortisation of intangible assets	(79,110)	(32,295)	(16,488)	-	-	-	(127,893)
Allowance for credit losses on financial assets	(201,621)	321,557	(191,475)	126	-	-	(71,413)
Segment profit/(loss)	1,364,953	1,569,400	35,941	58,354	(62,063)	-	2,966,585
Share of results of associates							(18,995)
Profit before taxation and zakat							2,947,590
Taxation and zakat							(724,376)
Net profit for the financial period							2,223,214

* 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 September 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	137,655,651	129,172,833	49,329,301	1,877,902	2,981,105	321,016,792
Investments in associates and joint venture						21,030
Tax recoverable						87,120
Deferred tax assets						549,528
Unallocated assets						1,070,719
Total assets						<u>322,745,189</u>
Segment liabilities	116,116,136	120,819,273	41,532,482	1,255,768	1,284,266	281,007,925
Provision for taxation and zakat						15,597
Deferred tax liabilities						23,350
Borrowings						1,884,401
Senior debt securities						5,594,770
Subordinated obligations						3,387,532
Unallocated liabilities						886,337
Total liabilities						<u>292,799,912</u>



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A23. Segmental Reporting (continued)

Restated

Nine months ended 30 September 2022

	Group Community Banking	Group Wholesale Banking	Group International Business	Insurance *	Support Center and Others	Inter- Segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	2,986,925	2,296,330	607,629	23,094	6,329	-	5,920,307
Inter-segment revenue	-	11,980	1,697	13,417	13,319	(40,413)	-
Segment revenue	2,986,925	2,308,310	609,326	36,511	19,648	(40,413)	5,920,307
Other operating expenses	(1,496,426)	(728,445)	(390,428)	(716)	(47,230)	40,413	(2,622,832)
Including:							
- Depreciation of property, plant and equipment	(66,686)	(16,830)	(15,283)	-	(155)	-	(98,954)
- Depreciation of right-of-use assets	(23,069)	(14,538)	(14,503)	-	(80)	-	(52,190)
- Amortisation of intangible assets	(75,500)	(23,361)	(12,523)	-	-	-	(111,384)
Allowance for credit losses on financial assets	(129,091)	(279,628)	23,372	587	-	-	(384,760)
Impairment losses made on other non-financial assets	-	(12)	-	-	-	-	(12)
Profit/(Loss) before taxation and zakat	1,361,408	1,300,225	242,270	36,382	(27,582)	-	2,912,703
Taxation and zakat							(1,003,947)
Net profit for the financial period							<u>1,908,756</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 RM'000	Group Wholesale Banking RM'000	Group International Business RM'000	Insurance RM'000	Support Center and Others RM'000	Total 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) RHBFB Sdn Bhd, a wholly-owned subsidiary of the Bank, had been dissolved on 1 November 2023 pursuant to Section 459(5) of the Companies Act 2016;
- (b) Subscription of additional shares in Boost Berhad in relation to the Proposed Digital Bank as further explained in Note B6(a); and
- (c) The Bank had on 17 November 2023 completed its third 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 5 years with a fixed coupon rate of 4.38% per annum, payable semi-annually in arrears.

A26. Changes in the Composition of the Group

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

- (a) The Bank's 40% subscription into Boost Berhad as further explained in Note B6(a);
- (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 53.50% and 56.38% respectively as at the end of the financial period;
- (c) 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);
- (d) KE-ZAN Nominees Asing Sdn Bhd, 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;
- (e) RHB Corporate Services Sdn Bhd, an indirect wholly-owned subsidiary of the Bank has convened its Extraordinary General Meeting on 15 September 2023, to approve the Member's Voluntary Winding Up pursuant to Section 257 of the Companies Act 2016; and
- (f) RHB Futures Hong Kong Limited, an indirect wholly-owned subsidiary of the Bank, had been dissolved on 15 September 2023 pursuant to The Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong.



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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 September 2023	As at 31 December 2022	As at 30 September 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
Contingent liabilities				
Direct credit substitutes	1,452,469	1,410,617	1,450,695	1,405,541
Transaction-related contingent items	2,254,718	2,788,293	1,839,726	2,387,653
Short term self-liquidating trade-related contingencies	1,006,923	984,888	690,658	730,635
	4,714,110	5,183,798	3,981,079	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	8,885,533	8,573,179	8,885,533	8,777,386
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	553,414	-	172,283	-
Irrevocable commitments to extend credit:				
- Maturity less than one year	3,998,346	8,480,483	2,644,070	7,136,645
- Maturity more than one year	32,511,376	27,241,322	21,750,312	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	17,681,682	16,329,254	15,402,766	13,695,272
	63,630,351	60,624,238	48,854,964	46,595,328
Derivative financial instruments				
Foreign exchange related contracts [^] :				
- Less than one year	67,413,006	62,316,756	68,634,896	65,135,214
- One year to less than five years	7,023,200	5,647,134	7,023,200	5,647,134
- More than five years	988,655	1,169,510	988,655	1,169,510
Commodity related contracts [^] :				
- Less than one year	226,292	267,363	228,023	267,486
- One year to less than five years	561,761	364,149	564,469	364,306
- More than five years	106,436	102,941	106,436	102,941
Equity related contracts [^] :				
- Less than one year	621,430	649,166	621,532	649,276
- One year to less than five years	168,117	3,090	168,117	3,090
Interest rate related contracts [^] :				
- Less than one year	33,555,297	18,684,828	34,055,297	19,774,828
- One year to less than five years	56,017,240	45,588,339	60,017,240	48,888,339
- More than five years	5,811,733	6,195,096	5,811,733	6,195,096
	172,493,167	140,988,372	178,219,598	148,197,220
	240,837,628	206,796,408	231,055,641	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 September 2023, the Group has contingent liabilities amounting to approximately RM63 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 September 2023	As at 31 December 2022	As at 30 September 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
Authorised and contracted for property, plant and equipment	250,643	284,529	219,837	249,674



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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 September 2023 RM'000	As at 31 December 2022 RM'000	As at 30 September 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	18,090,901	19,196,884	13,777,012	14,479,618
Other reserves	1,060,317	836,784	754,878	610,659
FVOCI reserves	(331,964)	(599,020)	(305,525)	(517,256)
	<u>27,149,578</u>	<u>27,580,233</u>	<u>22,556,689</u>	<u>22,718,606</u>
Less:				
Goodwill	(2,638,198)	(2,638,198)	(1,714,913)	(1,714,913)
Intangible assets (include associated deferred tax liabilities)	(644,923)	(602,106)	(570,454)	(524,689)
Deferred tax assets	(376,734)	(384,052)	(296,845)	(271,633)
Investments in subsidiaries	(102,425)	(102,425)	(4,463,786)	(4,461,272)
Investments in associates and joint venture	(21,030)	(25)	(40,000)	-
Other deductions [†]	(39,374)	(30,313)	(38,944)	(29,388)
Total CET I Capital	<u>23,326,894</u>	<u>23,823,114</u>	<u>15,431,747</u>	<u>15,716,711</u>
Qualifying non-controlling interests recognised as Tier I Capital	<u>155</u>	<u>159</u>	<u>-</u>	<u>-</u>
Total Tier I Capital	<u>23,327,049</u>	<u>23,823,273</u>	<u>15,431,747</u>	<u>15,716,711</u>
Tier II Capital				
Subordinated obligations meeting all relevant criteria	2,499,308	1,999,353	2,499,308	1,999,353
Qualifying capital instruments of a subsidiary issued to third parties [‡]	465,286	393,975	-	-
Surplus eligible provisions over expected losses	543,390	513,764	387,589	373,005
General provisions [^]	436,701	404,754	318,919	271,763
Investment in capital instrument of financial and insurance/takaful entities	-	-	(93,932)	(88,116)
Total Tier II Capital	<u>3,944,685</u>	<u>3,311,846</u>	<u>3,111,884</u>	<u>2,556,005</u>
Total Capital	<u>27,271,734</u>	<u>27,135,119</u>	<u>18,543,631</u>	<u>18,272,716</u>



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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 September 2023	As at 31 December 2022	As at 30 September 2023	As at 31 December 2022
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	16.209%	17.593%	14.947%	16.036%
Tier I Capital Ratio	16.209%	17.593%	14.947%	16.036%
Total Capital Ratio	18.950%	20.039%	17.961%	18.644%
After proposed dividends and DRP:				
CET I Capital Ratio	16.209%	16.887% *	14.947%	15.061% *
Tier I Capital Ratio	16.209%	16.887% *	14.947%	15.061% *
Total Capital Ratio	18.950%	19.333% *	17.961%	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 RM427,955,000 (31 December 2022: RM242,061,000) and RM223,074,000 (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 September 2023 RM'000	As at 31 December 2022 RM'000	As at 30 September 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	3,869,804	4,177,805	382,382	426,746
Other reserves	604	205	2,103	685
FVOCI reserves	(65,654)	(118,059)	38,001	35,060
	5,478,178	5,733,375	1,642,486	1,682,491
Less:				
Goodwill	-	-	(372,395)	(372,395)
Investments in subsidiaries, associates and joint venture	-	-	(700,372)	(704,352)
Intangible assets (include associated deferred tax liabilities)	(4,456)	(4,227)	(25,547)	(25,592)
Deferred tax assets	(82,798)	(100,598)	(14,781)	(13,300)
55% of cumulative gains arising from change in value of FVOCI instruments	-	-	(20,901)	(19,283)
Other deductions [#]	(593)	(941)	-	-
Total CET I Capital/Tier I Capital	5,390,331	5,627,609	508,490	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	155,774	140,835	-	-
General provisions [^]	71,646	55,462	6,758	7,933
Total Tier II Capital	977,420	946,297	106,758	107,933
Total Capital	6,367,751	6,573,906	615,248	655,502
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	15.246%	17.828%	33.333%	31.348%
Tier I Capital Ratio	15.246%	17.828%	33.333%	31.348%
Total Capital Ratio	18.010%	20.826%	40.332%	37.528%
After proposed dividends:				
CET I Capital Ratio	15.246%	17.033%	33.333%	29.058%
Tier I Capital Ratio	15.246%	17.033%	33.333%	29.058%
Total Capital Ratio	18.010%	20.031%	40.332%	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 RM61,257,000 (31 December 2022: RM34,664,000) and RM6,679,000 (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 September 2023				
Credit risk	125,501,178	90,111,715	31,693,988	540,628
Market risk	4,068,227	3,738,208	292,312	137,506
Operational risk	14,343,746	9,393,594	3,370,041	847,336
Total risk-weighted assets	<u>143,913,151</u>	<u>103,243,517</u>	<u>35,356,341</u>	<u>1,525,470</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 September 2023 RM'000	As at 31 December 2022 RM'000
Before proposed dividends:		
Solvency ratio	16.729%	16.581%
After proposed dividends:		
Solvency ratio	16.729%	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%.



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A30. Operations of Islamic Banking

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

	Note	Group		Bank	
		As at	As at	As at	As at
		30 September 2023	31 December 2022	30 September 2023	31 December 2022
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		5,331,484	7,168,679	-	-
Deposits and placements with banks and other financial institutions		1,189,922	-	-	-
Financial assets at FVTPL		343,043	91,997	-	-
Financial assets at FVOCI		5,656,071	5,700,547	-	-
Financial investments at amortised cost		9,799,212	7,542,997	-	-
Financing and advances		84,231,340	81,616,202	697,843	674,093
Other assets		869,806	596,335	746,625	499,798
Derivative assets		145,158	18,181	-	-
Statutory deposits		1,474,500	1,426,500	-	-
Deferred tax assets		102,937	137,537	-	-
Right-of-use assets		845	1,264	-	-
Property, plant and equipment		6,074	6,204	-	-
Intangible assets		5,049	4,567	-	-
Total assets		<u>109,155,441</u>	<u>104,311,010</u>	<u>1,444,468</u>	<u>1,173,891</u>
LIABILITIES					
Deposits from customers		81,455,732	78,233,590	-	-
Deposits and placements of banks and other financial institutions		2,020,797	3,109,934	1,381,299	1,098,871
Investment accounts	A21	605,828	1,246,026	-	-
Bills and acceptances payable		10,613	7,421	-	-
Other liabilities		428,976	303,251	-	-
Derivative liabilities		41,473	210,543	-	-
Recourse obligation on financing sold to Cagamas		1,770,091	1,765,061	-	-
Provision for taxation and zakat		3,000	111,844	-	-
Lease liabilities		853	1,307	-	-
Subordinated obligations		762,233	754,428	-	-
Total liabilities		<u>87,099,596</u>	<u>85,743,405</u>	<u>1,381,299</u>	<u>1,098,871</u>
Islamic Banking Funds		22,055,845	18,567,605	63,169	75,020
Total liabilities and Islamic Banking Funds		<u>109,155,441</u>	<u>104,311,010</u>	<u>1,444,468</u>	<u>1,173,891</u>
Commitments and contingencies		<u>21,126,421</u>	<u>20,011,594</u>	<u>20,685</u>	<u>14,444</u>



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A30. Operations of Islamic Banking (continued)

(b) Income Statement for the Nine Months Ended 30 September 2023

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Group				
Income derived from investment of depositors' funds	1,096,519	860,259	3,187,941	2,375,295
Income derived from investment account funds	103,974	117,800	344,975	345,194
Income derived from investment of shareholders' funds	147,127	70,841	447,765	188,390
Allowance for credit losses	(31,911)	(48,776)	(16,572)	(158,004)
Total distributable income	1,315,709	1,000,124	3,964,109	2,750,875
Income attributable to depositors	(727,215)	(441,743)	(2,105,600)	(1,167,971)
Profit distributed to investment account holders	(12,702)	(13,920)	(42,227)	(37,233)
	575,792	544,461	1,816,282	1,545,671
Personnel expenses	(6,385)	(6,773)	(23,221)	(20,796)
Other overheads and expenditures	(156,299)	(163,317)	(475,828)	(420,990)
Profit before taxation and zakat	413,108	374,371	1,317,233	1,103,885
Taxation and zakat	(68,876)	(93,198)	(205,598)	(271,286)
Net profit for the financial period	344,232	281,173	1,111,635	832,599

Statement of Comprehensive Income for the Nine Months Ended 30 September 2023

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period	344,232	281,173	1,111,635	832,599
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	(17,293)	(17,329)	85,640	(194,430)
- Net transfer to income statement on disposal	(7,542)	(8,671)	(16,683)	(13,940)
- Changes in expected credit losses	(438)	(2,763)	(3,901)	1,297
Income tax relating to components of other comprehensive (income)/loss	5,960	6,240	(16,550)	50,009
Other comprehensive income/(loss), net of tax, for the financial period	(19,313)	(22,523)	48,506	(157,064)
Total comprehensive income for the financial period	324,919	258,650	1,160,141	675,535



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A30. Operations of Islamic Banking (continued)

(b) Income Statement for the Nine Months Ended 30 September 2023

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Bank				
Income derived from investment of depositors' funds	8,487	6,884	24,045	14,085
Allowance for credit losses	7	719	(787)	3,539
Total distributable income	8,494	7,603	23,258	17,624
Income attributable to depositors	(12,435)	(6,150)	(38,826)	(10,496)
(Loss)/Profit before taxation	(3,941)	1,453	(15,568)	7,128
Taxation	-	-	-	-
Net (loss)/profit for the financial period	(3,941)	1,453	(15,568)	7,128

Statement of Comprehensive Income for the Nine Months Ended 30 September 2023

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Bank				
Net (loss)/profit for the financial period	(3,941)	1,453	(15,568)	7,128
Total comprehensive (loss)/income for the financial period	(3,941)	1,453	(15,568)	7,128



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A30. Operations of Islamic Banking (continued)

(c) Financing and Advances

	Group		Bank	
	As at 30 September 2023	As at 31 December 2022	As at 30 September 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
Cashline	1,435,100	1,247,512	-	-
Term financing				
- Housing financing	31,599,518	28,799,725	-	-
- Syndicated term financing	5,041,973	5,228,649	-	-
- Hire purchase receivables	10,458,309	9,923,780	-	-
- Other term financing	31,397,574	32,506,288	698,943	674,389
Bills receivables	423,384	322,098	-	-
Trust receipts	91,419	67,708	-	-
Claims on customers under acceptance credits	1,359,254	1,399,155	-	-
Share margin financing	9,814	9,902	-	-
Staff financing	14,475	14,868	-	-
Credit/charge card receivables	337,613	302,280	-	-
Revolving financing	2,774,957	2,577,115	-	-
Gross financing and advances	84,943,390	82,399,080	698,943	674,389
Less: Allowance for credit losses	(712,050)	(782,878)	(1,100)	(296)
Net financing and advances	84,231,340	81,616,202	697,843	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)	(17,824)	(11,868)	-	-
Transfer to lifetime ECL not credit impaired (Stage 2)	(71,960)	(18,946)	-	-
Transfer to lifetime ECL credit impaired (Stage 3)	523,388	387,988	-	-
Purchases and origination	376,521	52,482	-	-
Derecognition	(102,658)	(90,088)	-	-
Amount written off	(123,409)	(109,365)	-	(3,899)
Other movements	519	586	-	-
Exchange differences	-	210	-	210
Balance as at the end of the financial year/period	1,185,065	600,488	-	-



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**NOTES TO UNAUDITED INTERIM FINANCIAL
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A30. 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
30 September 2023				
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)	53,099	(46,982)	(6,117)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(5,796)	25,723	(19,927)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(841)	(39,612)	40,453	-
	46,462	(60,871)	14,409	-
Changes in credit risk	(68,923)	(84,736)	196,102	42,443
Purchases and origination	15,980	2,574	1,802	20,356
Changes to model methodologies	(15,024)	(14,716)	6,140	(23,600)
Derecognition	(4,349)	(4,472)	(19,862)	(28,683)
Bad debts written off	-	-	(81,880)	(81,880)
Exchange differences	17	-	-	17
Other movements	-	-	519	519
Balance as at the end of the financial period	130,904	211,851	369,295	712,050
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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**NOTES TO UNAUDITED INTERIM FINANCIAL
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A30. 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 September 2023		RM'000	RM'000	RM'000
Balance as at the beginning of the financial period	296	-	-	296
Changes in credit risk	787	-	-	787
Exchange differences	17	-	-	17
Balance as at the end of the financial period	1,100	-	-	1,100
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 RM2,947.6 million for the nine months ended 30 September 2023, 1.2% higher from RM2,912.7 million recorded a year ago. The year-on-year improvement was mainly due to lower allowances for credit losses and higher non-fund based income, offset by lower net funding income, higher operating expenses and share of loss in associate.

Net fund based income declined by 11.9% to RM4,106.9 million from a year ago driven by higher funding expense.

Non-fund based income rose by 30.3% to RM1,639.5 million, contributed by higher net trading and investment income and higher net gain on foreign exchange and derivative, 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 3.3% from a year ago to RM2,708.4 million. Cost-to-income ratio was at 47.1% compared to 44.3% a year ago.

Allowance for credit losses was at RM71.4 million, 81.4% lower than previous year. Annualised credit charge ratio was at 0.07% compared to 0.24% last year.

Total assets of the Group increased by 3.9% from December 2022 to RM322.7 billion as at 30 September 2023. Net assets per share was at RM6.98, with shareholders' equity at RM29.9 billion as at 30 September 2023.

The Group's gross loans and financing grew by 4.6% year-on-year to RM219.4 billion, mainly supported by growth in mortgage, auto finance, SME and Singapore.

Customer deposits increased by 4.7% to RM236.1 billion, with growth in fixed deposits and money market time deposits by 9.4%, offset by 5.9% decrease in CASA. CASA composition stood at 26.9% as at 30 September 2023.

Gross impaired loans was at RM3.9 billion as at 30 September 2023, with gross impaired loans ratio of 1.79% compared with RM3.3 billion and 1.57% as at 30 September 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 RM1,365.0 million for the nine months ended 30 September 2023, 0.3% higher than previous year. This was mainly attributed to higher net fund based income, partially offset by higher allowances for credit losses, higher operating expenses and lower non-fund based income.

Gross loans and financing was at RM138.5 billion, 5.6% higher year-on-year, primarily driven by growth in mortgages, SME and auto finance.

Total deposits increased by 10.4% year-on-year to RM112.2 billion as at 30 September 2023, contributed by growth in fixed deposits.

(ii) GWB

GWB recorded a pre-tax profit of RM1,569.4 million, an increase of 20.7% 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 5.0% year-on-year to RM48.4 billion. Total deposits decreased by 6.1% to RM91.3 billion mainly due to decline in money market time deposits and fixed deposits, partly offset by increase in current account.

(iii) Group International Business

Group International Business posted a pre-tax profit of RM35.9 million as compared to RM242.3 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 17.4% year-on-year to RM32.5 billion, while deposits increased 22.0% to RM32.7 billion.



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B2. Current Quarter vs Previous Quarter

Pre-tax profit of the Group decreased by 17.3% to RM879.3 million from RM1,063.1 million recorded in the preceding quarter ended 30 June 2023. This was primarily due to higher allowances for credit losses, partly offset by higher net funding income and non-fund based income, and lower operating expenses.

B3. Prospects for Financial Year 2023

Domestic demand is expected to sustain for the rest of the year, supported by continued resilience in both private and public investments. Private investment activities are expected to be buoyed by further progress in construction projects and continued capacity expansion, whilst public investment is projected to expand further with the continuation of large-scale transport-related projects. The initiatives under 2024 Budget and the Economy MADANI framework, which include key plans such as the National Energy Transition Roadmap, the New Industrial Master Plan 2030, and the Mid-Term Review of the 12th Malaysia Plan, are expected to spur economic growth. However, the Group remains vigilant as risk from external factors heightens, such as recent development in geopolitical tensions, which may dampen global growth.

The banking sector is expected to remain strong with robust capital and liquidity positions, as well as sufficient level of provisioning to withstand any potential shock and support credit intermediation growth in the economy. At the current OPR level, the monetary policy stance remains conducive and supportive of economic growth.

The Group will remain vigilant and prudent in light of the continued challenging operating environment, resolving to stay the course as per our TWP24 strategy, prioritising on initiatives centred around 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

	3rd Quarter Ended		Nine Months Ended	
	30 September 2023	Restated 30 September 2022	30 September 2023	Restated 30 September 2022
	RM'000	RM'000	RM'000	RM'000
Group				
Income tax based on profit for the financial period				
- Malaysian income tax	234,892	328,606	696,074	979,544
- Overseas tax	(6,005)	7,108	(4,187)	15,759
Deferred tax	(13,915)	8,631	13,136	11,954
	<u>214,972</u>	<u>344,345</u>	<u>705,023</u>	<u>1,007,257</u>
Under/(Over) provision in respect of prior financial years	10,960	(9,757)	11,853	(8,560)
Tax expense	<u>225,932</u>	<u>334,588</u>	<u>716,876</u>	<u>998,697</u>
Zakat	2,500	1,750	7,500	5,250
	<u>228,432</u>	<u>336,338</u>	<u>724,376</u>	<u>1,003,947</u>

The effective tax rate of the Group for the third quarter ended 30 September 2023 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.

The effective tax rate of the Group for the nine months ended 30 September 2023 was lower than the statutory tax rate mainly due to certain income not subject to tax.

	3rd Quarter Ended		Nine Months Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
Bank				
Income tax based on profit for the financial period				
- Malaysian income tax	155,912	239,031	442,901	711,061
- Overseas tax	-	1,138	469	1,952
Deferred tax	(20,749)	2,763	(8,384)	8,299
	<u>135,163</u>	<u>242,932</u>	<u>434,986</u>	<u>721,312</u>
Under/(Over) provision in respect of prior financial years	9,341	(4,094)	10,032	(3,783)
	<u>144,504</u>	<u>238,838</u>	<u>445,018</u>	<u>717,529</u>

The effective tax rate of the Bank for the third quarter and nine months ended 30 September 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.

Following the signing of the MOU, the Bank had on the same day entered into a heads of agreement with Boost Holdings Sdn Bhd ('Boost Holdings'), a 75.43% 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.

The Bank had on 3 November 2023 subscribed for 34 million new ordinary shares in Boost Berhad ('Boost Berhad Shares') for a cash consideration of RM34 million ('Additional RHB Subscription'). The source of funds for the Additional RHB Subscription is from internally generated funds of the Bank. On even date, Boost Holdings had also subscribed for 51 million new Boost Berhad Shares for a cash consideration of RM51 million ('Additional Boost Holdings Subscription'). The Additional RHB Subscription and the Additional Boost Holdings Subscription are collectively referred to as 'Additional Subscription'. The purpose of the Additional Subscription is for Boost Berhad to continue meeting the minimum capital funds requirements for a digital bank of RM100 million unimpaired by losses. Upon completion of the Additional Subscription, the paid-up capital of Boost Berhad is RM185 million comprising 185 million Boost Berhad Shares.

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.



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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 September 2023 RM'000	As at 31 December 2022 RM'000	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
Deposits from customers				
- One year or less	230,742,891	222,591,295	140,023,882	133,456,396
- More than one year	5,392,260	4,568,467	3,700,345	2,633,075
	<u>236,135,151</u>	<u>227,159,762</u>	<u>143,724,227</u>	<u>136,089,471</u>
Deposits and placements of banks and other financial institutions				
- Maturing within one year	17,756,827	19,884,995	24,921,425	27,913,185
- One year to three years	1,948,874	1,286,229	1,879,819	1,244,784
- Three years to five years	641,477	1,418,630	571,448	1,330,913
- Over five years	2,179,267	2,004,015	2,091,608	1,956,580
	<u>22,526,445</u>	<u>24,593,869</u>	<u>29,464,300</u>	<u>32,445,462</u>

(b) Borrowings

	Group		Bank	
	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
Secured				
Overdraft:				
- Vietnam Dong	-	7,312	-	-
Unsecured				
Term loan:				
- United States Dollar	942,004	442,422	942,004	442,422
- Singapore Dollar	865,076	821,154	865,076	821,154
Promissory note:				
- Indonesia Rupiah	-	28,304	-	-
- Thai Baht	77,321	176,993	-	-
	<u>1,884,401</u>	<u>1,476,185</u>	<u>1,807,080</u>	<u>1,263,576</u>
Scheduled repayment of borrowings:				
- Within one year	549,507	655,031	472,186	442,422
- One year to three years	1,334,894	821,154	1,334,894	821,154
	<u>1,884,401</u>	<u>1,476,185</u>	<u>1,807,080</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 September 2023	As at 31 December 2022
	RM'000	RM'000
USD300 million 3.766% senior debt securities due in 2024	1,414,972	1,339,419
RM300 million 2.85% senior Sukuk Murabahah due in 2025	303,774	301,618
USD500 million 1.658% senior debt securities due in 2026	2,355,931	2,200,153
RM1,500 million 3.95% senior Sukuk Murabahah due in 2026	1,520,093	-
	<u>5,594,770</u>	<u>3,841,190</u>

(d) Subordinated obligations

	Group		Bank	
	As at 30 September 2023	As at 31 December 2022	As at 30 September 2023	As at 31 December 2022
	RM'000	RM'000	RM'000	RM'000
4.32% RM500 million Tier II Subordinated Sukuk Murabahah 2019/2029	507,812	502,426	-	-
3.35% RM500 million Tier II Subordinated Notes 2020/2030	505,662	501,408	505,662	501,408
3.13% RM500 million Tier II Subordinated Notes 2020/2030	505,498	501,557	505,498	501,557
3.65% RM500 million Tier II Subordinated Notes 2021/2031	507,658	503,069	507,658	503,069
4.06% RM250 million Tier II Subordinated Sukuk Murabahah 2022/2032	254,422	252,002	-	-
4.40% RM500 million Tier II Subordinated Notes 2022/2032	499,948	505,524	499,948	505,524
4.45% RM100 million Tier II Subordinated Notes 2022/2032	102,207	101,097	-	-
4.51% RM500 million Tier II Subordinated Notes 2023/2033	504,325	-	504,325	-
	<u>3,387,532</u>	<u>2,867,083</u>	<u>2,523,091</u>	<u>2,011,558</u>

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 September 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	64,670,668	827,373	490,594	61,412,057	626,384	1,027,880
- Options	546,054	10,437	995	67,140	5,104	1,633
- Cross-currency interest rate swaps	10,208,139	313,790	437,017	7,654,203	144,592	166,071
	75,424,861	1,151,600	928,606	69,133,400	776,080	1,195,584
Interest rate related contracts						
- Swaps	86,368,654	1,107,703	802,694	62,421,450	950,167	692,863
Commodity related contracts						
- Options	894,489	43,554	43,528	734,453	25,173	25,173
Equity related contracts						
- Options	789,547	36,682	62,569	652,256	728	697
Futures related contracts						
	52,305	421	923	78,180	559	301
Structured warrants						
	16,586	-	30,144	118,315	-	16,917
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	9,015,616	196,637	5,014	8,046,813	207,772	7,856
Total	172,562,058	2,536,597	1,873,478	141,184,867	1,960,479	1,939,391



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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 September 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	65,352,452	822,138	491,743	63,723,851	646,548	1,010,057
- Options	546,054	10,437	995	67,140	5,104	1,633
- Cross-currency interest rate swaps	10,748,245	313,670	437,017	8,160,867	144,592	166,222
	<u>76,646,751</u>	<u>1,146,245</u>	<u>929,755</u>	<u>71,951,858</u>	<u>796,244</u>	<u>1,177,912</u>
Interest rate related contracts						
- Swaps	95,368,654	1,219,081	914,072	70,611,450	1,071,314	814,679
Commodity related contracts						
- Options	898,928	43,554	43,528	734,733	25,173	25,173
Equity related contracts						
- Options	789,649	30,882	30,669	652,366	728	697
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Swaps	4,515,616	89,876	379	4,246,813	94,017	464
Total	<u>178,219,598</u>	<u>2,529,638</u>	<u>1,918,403</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 September 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	67,413,006	952,156	596,482	62,316,756	686,501	1,066,161
- One year to three years	4,202,801	69,027	233,102	3,031,334	21,863	70,317
- More than three years	3,809,054	130,417	99,022	3,785,310	67,716	59,106
	<u>75,424,861</u>	<u>1,151,600</u>	<u>928,606</u>	<u>69,133,400</u>	<u>776,080</u>	<u>1,195,584</u>
Interest rate related contracts						
- Less than one year	32,958,584	123,760	127,976	18,184,828	70,522	68,977
- One year to three years	23,322,676	330,892	241,374	19,542,889	274,253	247,780
- More than three years	30,087,394	653,051	433,344	24,693,733	605,392	376,106
	<u>86,368,654</u>	<u>1,107,703</u>	<u>802,694</u>	<u>62,421,450</u>	<u>950,167</u>	<u>692,863</u>
Commodity related contracts						
- Less than one year	226,292	5,885	5,853	267,363	3,020	3,020
- One year to three years	196,531	5,539	5,545	173,756	5,712	5,712
- More than three years	471,666	32,130	32,130	293,334	16,441	16,441
	<u>894,489</u>	<u>43,554</u>	<u>43,528</u>	<u>734,453</u>	<u>25,173</u>	<u>25,173</u>
Equity related contracts						
- Less than one year	621,430	33,515	59,617	649,166	728	697
- One year to three years	168,117	3,167	2,952	3,090	-	-
	<u>789,547</u>	<u>36,682</u>	<u>62,569</u>	<u>652,256</u>	<u>728</u>	<u>697</u>
Futures related contracts						
- Less than one year	52,305	421	923	78,180	559	301
	<u>52,305</u>	<u>421</u>	<u>923</u>	<u>78,180</u>	<u>559</u>	<u>301</u>
Structured warrants						
- Less than one year	16,586	-	30,144	118,315	-	16,917
	<u>16,586</u>	<u>-</u>	<u>30,144</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	596,713	1,249	526	500,000	-	932
- One year to three years	5,183,903	80,664	4,488	4,105,000	64,187	4,317
- More than three years	3,235,000	114,724	-	3,441,813	143,585	2,607
	<u>9,015,616</u>	<u>196,637</u>	<u>5,014</u>	<u>8,046,813</u>	<u>207,772</u>	<u>7,856</u>
Total	<u>172,562,058</u>	<u>2,536,597</u>	<u>1,873,478</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 September 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	68,634,896	946,921	597,631	65,135,214	706,665	1,048,338
- One year to three years	4,202,801	68,977	233,102	2,922,549	21,863	70,317
- More than three years	3,809,054	130,347	99,022	3,894,095	67,716	59,257
	76,646,751	1,146,245	929,755	71,951,858	796,244	1,177,912
Interest rate related contracts						
- Less than one year	33,958,584	124,210	128,427	19,774,828	71,454	70,578
- One year to three years	26,322,676	346,651	257,133	21,912,889	294,265	267,791
- More than three years	35,087,394	748,220	528,512	28,923,733	705,595	476,310
	95,368,654	1,219,081	914,072	70,611,450	1,071,314	814,679
Commodity related contracts						
- Less than one year	228,023	5,885	5,853	267,486	3,020	3,020
- One year to three years	210,372	5,539	5,545	196,413	5,712	5,712
- More than three years	460,533	32,130	32,130	270,834	16,441	16,441
	898,928	43,554	43,528	734,733	25,173	25,173
Equity related contracts						
- Less than one year	621,532	27,715	27,717	649,276	728	697
- One year to three years	168,117	3,167	2,952	3,090	-	-
	789,649	30,882	30,669	652,366	728	697
<u>Fair Value Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than one year	96,713	1,249	75	-	-	-
- One year to three years	3,683,903	69,089	304	2,920,000	48,028	464
- More than three years	735,000	19,538	-	1,326,813	45,989	-
	4,515,616	89,876	379	4,246,813	94,017	464
Total	178,219,598	2,529,638	1,918,403	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 September 2023				
<u>Financial assets</u>				
Financial assets at FVTPL:	219,673	3,688,764	772,004	4,680,441
- Money market instruments	-	2,248,707	-	2,248,707
- Quoted securities	219,673	-	-	219,673
- Unquoted securities	-	1,440,057	772,004	2,212,061
Financial assets at FVOCI:	2,755	41,734,501	773,096	42,510,352
- Money market instruments	-	15,878,921	-	15,878,921
- Quoted securities	2,755	-	-	2,755
- Unquoted securities	-	25,855,580	773,096	26,628,676
Derivative assets	-	2,536,597	-	2,536,597
	<u>222,428</u>	<u>47,959,862</u>	<u>1,545,100</u>	<u>49,727,390</u>
<u>Financial liabilities</u>				
Derivative liabilities	<u>30,144</u>	<u>1,843,334</u>	<u>-</u>	<u>1,873,478</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 September 2023				
<u>Financial assets</u>				
Financial assets at FVTPL:	1,406	2,229,939	-	2,231,345
- Money market instruments	-	1,905,656	-	1,905,656
- Quoted securities	1,406	-	-	1,406
- Unquoted securities	-	324,283	-	324,283
Financial assets at FVOCI:	-	35,433,531	729,918	36,163,449
- Money market instruments	-	13,718,257	-	13,718,257
- Unquoted securities	-	21,715,274	729,918	22,445,192
Derivative assets	-	2,529,638	-	2,529,638
	<u>1,406</u>	<u>40,193,108</u>	<u>729,918</u>	<u>40,924,432</u>
<u>Financial liabilities</u>				
Derivative liabilities	-	1,918,403	-	1,918,403
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
	<u>2,528</u>	<u>35,343,633</u>	<u>714,382</u>	<u>36,060,543</u>
<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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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 September 2023	As at 31 December 2022	As at 30 September 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	54,234	23,380	16,531	876
Purchases	19,713	8,095	-	-
Settlement/distribution	(53,347)	(3,915)	(31,889)	-
Exchange differences	46,562	36,137	-	-
Balance as at the end of the financial period/year	<u>772,004</u>	<u>704,842</u>	<u>-</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	32,901	(19,877)	30,894	(21,725)
Settlement/disposal	2,238	(1,020)	-	(1,020)
Exchange differences	15	6	-	-
Balance as at the end of the financial period/year	<u>773,096</u>	<u>737,942</u>	<u>729,918</u>	<u>699,024</u>



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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.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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.



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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

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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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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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
Nine months ended 30 September 2022	RM'000	RM'000	RM'000
Interest income	5,203,828	-	5,203,828
Interest expense	(2,080,299)	128	(2,080,171)
Net interest income	3,123,529	128	3,123,657
Other operating income	1,215,804	(122,829)	1,092,975
Of which			
- <i>Underwriting surplus before management expenses</i>	164,811	(164,811)	-
- <i>Insurance service result</i>	-	45,584	45,584
- <i>Net insurance finance expenses</i>	-	(3,602)	(3,602)
Income from Islamic Banking business	1,703,675	-	1,703,675
Net income	6,043,008	(122,701)	5,920,307
Other operating expenses	(2,709,594)	86,762	(2,622,832)
Operating profit before allowances	3,333,414	(35,939)	3,297,475
Allowance for credit losses on financial assets	(384,760)	-	(384,760)
Impairment losses made on other non-financial assets	(12)	-	(12)
	2,948,642	(35,939)	2,912,703
Share of results of joint venture	-	-	-
Profit before taxation and zakat	2,948,642	(35,939)	2,912,703
Taxation and zakat	(1,010,562)	6,615	(1,003,947)
Net profit for the financial period	1,938,080	(29,324)	1,908,756
Attributable to:			
- Equity holders of the Bank	1,935,573	(27,770)	1,907,803
- Non-controlling interests	2,507	(1,554)	953
	1,938,080	(29,324)	1,908,756
Basic earnings per share (sen)	46.42	(0.67)	45.75

(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

B11. Dividends

No dividend has been declared for the third quarter ended 30 September 2023.



RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023**

B12. Earnings per Share ('EPS')

(a) Basic EPS

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.

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
Profit attributable to equity holders of the Bank (RM'000)	<u>649,949</u>	<u>695,408</u>	<u>2,220,317</u>	<u>1,907,803</u>
Weighted average number of ordinary shares in issue ('000)	<u>4,286,348</u>	<u>4,212,077</u>	<u>4,267,218</u>	<u>4,170,025</u>
Basic EPS (sen)	<u>15.16</u>	<u>16.51</u>	<u>52.03</u>	<u>45.75</u>

(b) Diluted EPS

The diluted 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, which has been adjusted for the number of ordinary shares that could have been issued under the SGS. In the diluted EPS calculation, it is assumed that certain number of ordinary shares under the SGS are vested and awarded to employees through issuance of additional ordinary shares, and all performance conditions are achieved. A calculation is done to determine the number of ordinary shares that could have been issued at fair value based on the monetary value of the SGS entitlement granted. This calculation serves to determine the number of dilutive shares to be added to the weighted average ordinary shares in issue for the purpose of computing the dilution. No adjustment was made to the net profit for the period.

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
Profit attributable to equity holders of the Bank (RM'000)	<u>649,949</u>	<u>695,408</u>	<u>2,220,317</u>	<u>1,907,803</u>
Weighted average number of ordinary shares in issue ('000)	<u>4,286,348</u>	<u>4,212,077</u>	<u>4,267,218</u>	<u>4,170,025</u>
Effect of dilution ('000)	<u>9,657</u>	<u>4,660</u>	<u>9,657</u>	<u>4,660</u>
Adjusted weighted average number of ordinary shares in issue ('000)	<u>4,296,005</u>	<u>4,216,737</u>	<u>4,276,875</u>	<u>4,174,685</u>
Diluted EPS (sen)	<u>15.13</u>	<u>16.49</u>	<u>51.91</u>	<u>45.70</u>

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN

(License No. LS0006901)

Company Secretary

27 November 2023