

**RHB INVESTMENT BANK BERHAD**

(Incorporated in Malaysia)

Registration No. 197401002639 (19663-P)

**STATUTORY FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

**RHB INVESTMENT BANK BERHAD**

(Incorporated in Malaysia)

Registration No. 197401002639 (19663-P)

**CORPORATE INFORMATION**

**BOARD OF DIRECTORS**

Tan Sri Ong Leong Huat @ Wong Joo Hwa  
Chin Yoong Kheong  
Yap Chee Meng  
Dato' Siow Kim Lun @ Siow Kim Lin  
Datuk Seri Dr Govindan A/L Kunchambo  
Datuk Iain John Lo  
Ganesaratnam A/L M.K. Sabaratnam

**SECRETARY**

Azman Shah bin Md Yaman

**REGISTERED OFFICE**

Level 10, Tower One  
RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur  
Malaysia

**AUDITORS**

PricewaterhouseCoopers PLT  
Chartered Accountants  
Level 10, 1 Sentral  
Jalan Rakyat  
Kuala Lumpur Sentral  
P.O. Box 10192  
50706 Kuala Lumpur  
Malaysia

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

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## **DIRECTORS' REPORT**

The Directors hereby submit their report together with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2021.

## **PRINCIPAL ACTIVITIES**

The principal activities of the Bank include merchant banking business, dealing in securities, stock, debt and derivatives, stock-broking business and the business of brokers and dealers in futures and options contracts.

The Group is involved in merchant banking business, dealing in securities, stock, debt and derivatives, stock-broking business and the business of brokers and dealers in futures and options contracts, investment management services, Islamic investment management services, management of unit trust funds and Islamic unit trust funds, management of private retirement schemes, provision of investment advisory services, research services and provision of nominee services.

There have been no significant changes in these principal activities during the financial year.

## **FINANCIAL RESULTS**

|  | <u>Group</u><br>RM'000 | <u>Bank</u><br>RM'000 |
|--|------------------------|-----------------------|
| Net profit for the financial year attributable to: |                        |                       |
| - Equity holder of the Bank                        | 337,839                | 246,121               |
| - Non-controlling interests                        | 1,290                  | -                     |
| Net profit for the financial year                  | <u>339,129</u>         | <u>246,121</u>        |

## **DIVIDENDS**

The dividend paid by the Bank since 31 December 2020 was as follows:

|  | RM'000         |
|--|----------------|
| In respect of the financial year ended 31 December 2021:                                 |                |
| Single-tier interim dividend of 125.00 sen per ordinary share, paid on 15 September 2021 | <u>100,000</u> |

The Directors proposed a second interim single-tier dividend of 125.00 sen per ordinary share, amounting to RM100,000,000 in respect of the current financial year ended 31 December 2021, which was approved by the Board of Directors on 24 January 2022.

The financial statements for the current financial year do not reflect this second interim single-tier dividend. This dividend payment will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2022.

The Directors do not propose any final dividend for the financial year ended 31 December 2021.

## **RESERVES AND PROVISIONS**

All material transfers to or from reserves and provisions during the financial year are disclosed in the financial statements.

## **DIRECTORS' REPORT (CONTINUED)**

### **ISSUE OF SHARES**

There were no issue of shares in the Bank during the financial year.

### **BAD AND DOUBTFUL DEBTS AND FINANCING**

Before the financial statements of the Group and the Bank were made out, the Directors took reasonable steps to ascertain that proper actions have been taken in relation to the writing off of bad debts and financing and the making of allowance for impaired debts, and satisfied themselves that all known bad debts and financing have been written off and that adequate allowance had been made for impaired debts and financing.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for impaired debts and financing in the financial statements of the Group and the Bank inadequate to any substantial extent.

### **CURRENT ASSETS**

Before the financial statements of the Group and the Bank were made out, the Directors took reasonable steps to ensure that any current assets, other than debts and financing, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and the Bank, had been written down to an amount which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and the Bank misleading.

### **VALUATION METHOD**

At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and the Bank misleading or inappropriate.

### **CONTINGENT AND OTHER LIABILITIES**

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and the Bank which has arisen since the end of the financial year other than in the ordinary course of business.

No contingent or other liability of the Group and the Bank has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and the Bank to meet their obligations as and when they fall due.

## **DIRECTORS' REPORT (CONTINUED)**

### **CHANGE OF CIRCUMSTANCES**

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and the Bank which would render any amount stated in the financial statements misleading or inappropriate.

### **ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Group and the Bank for the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in Note 49 to the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group or the Bank for the financial year in which this report is made.

### **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

Significant events during the financial year are disclosed in Note 49 to the financial statements.

### **SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR**

Subsequent events after the financial year is disclosed in Note 51 to the financial statements.

## **DIRECTORS**

The Directors of the Bank in office during the financial year and during the period from the end of the financial year to the date of this report are:

|                                       |   |
|---------------------------------------|---|
| Tan Sri Ong Leong Huat @ Wong Joo Hwa | (Appointed as Chairman on 22 April 2021)                                |
| Chin Yoong Kheong                     |   |
| Yap Chee Meng                         |   |
| Dato' Siow Kim Lun @ Siow Kim Lin     |   |
| Datuk Seri Dr Govindan A/L Kunchambo  |   |
| Datuk Iain John Lo                    | (Appointed on 1 April 2021)   |
| Ganesaratnam A/L M.K. Sabaratnam      | (Appointed as Managing Director/Chief Executive Officer on 1 July 2021) |
| Tan Sri Azlan bin Mohd Zainol         | (Resigned on 28 February 2021)  |
| Sharifatu Laila binti Syed Ali        | (Resigned on 31 March 2021)   |

Pursuant to Clause 97 of the Bank's Constitution, Datuk Iain John Lo and Mr. Ganesaratnam A/L M.K. Sabaratnam shall retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Pursuant to Clause 95 of the Bank's Constitution, Dato' Siow Kim Lun @ Siow Kim Lin and Mr. Yap Chee Meng shall retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

**DIRECTORS' REPORT (CONTINUED)**

**DIRECTORS' INTERESTS IN SECURITIES**

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the Director in office at the end of the financial year holding securities of the Bank and its related corporations are as follows:

| Ultimate Holding Company<br>RHB Bank Berhad | <u>Number of ordinary shares</u> |              |        |      | As at<br>31.12.2021 |
|---|----------------------------------|--------------|--------|------|---------------------|
|   | As at<br>01.01.2021              | DRP          | Bought | Sold |                     |
| Tan Sri Ong Leong Huat @<br>Wong Joo Hwa    |                                  |              |        |      |                     |
| - Indirect *                                | 31,431                           | 1,147 ^      | -      | -    | 32,578              |
| - Indirect #                                | 406,171,518                      | 15,544,239 ^ | -      | -    | 421,715,757         |
| Chin Yoong Kheong                           |                                  |              |        |      |                     |
| - Indirect *                                | -                                | -            | 6,000  | -    | 6,000               |

Notes:

\* The interest is held through family members.

# Deemed interest in RHB Bank Berhad pursuant to Section 8 of the Companies Act 2016 by virtue of shares held through OSK Holdings Berhad.

^ These ordinary shares were acquired pursuant to the Dividend Reinvestment Plan ('DRP') of RHB Bank Berhad.

| Ultimate Holding Company<br>RHB Bank Berhad       | <u>Debentures held</u>         |                   |                    | As at<br>31.12.2021<br>USD'000 |
|---|--------------------------------|-------------------|--------------------|--------------------------------|
|   | As at<br>01.01.2021<br>USD'000 | Bought<br>USD'000 | Matured<br>USD'000 |                                |
| - USD500 Million 2.503% Senior<br>Debt Securities |                                |                   |                    |                                |
| Yap Chee Meng                                     | 200                            | -                 | (200)              | -                              |

Other than the above, none of the other Directors holding office at the end of the financial year had any interest in the securities of the Bank or its related corporations during the financial year.

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive any benefit (other than Directors' remuneration and benefits-in-kind as disclosed in Note 34 to the financial statements) by reason of a contract made by the Bank or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

During and at the end of the financial year, no arrangements subsisted to which the Bank or its subsidiaries is a party, being arrangements with the object or objects of enabling the Directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

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## **DIRECTORS' REPORT (CONTINUED)**

### **IMMEDIATE AND ULTIMATE HOLDING COMPANY**

The Directors regard RHB Bank Berhad, a listed company incorporated in Malaysia, as the immediate and ultimate holding company.

### **SUBSIDIARIES**

Details of subsidiaries are set out in Note 13 to the financial statements.

### **AUDITORS' REMUNERATION**

Details of auditors' remuneration are set out in Note 33 to the financial statements.

### **AUDITORS**

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 22 February 2022. Signed on behalf of the Board of Directors.



**TAN SRI ONG LEONG HUAT @ WONG JOO HWA**  
**CHAIRMAN**



**GANESARATNAM A/L M.K. SABARATNAM**  
**MANAGING DIRECTOR**

Kuala Lumpur  
22 February 2022



**RHB INVESTMENT BANK BERHAD**  
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## **REPORT OF THE SHARIAH ADVISOR**

In the name of Allah, The Most Gracious, The Most Merciful

In compliance with the Best Practices in Islamic Stockbroking Services Undertaken by Participating Organisation and other relevant guidelines issued by relevant regulators, we, Dr. Ahmad Basri Ibrahim, Assoc. Prof. Dr. Kamaruzaman Noordin, Mohd Fadhly Md. Yusoff, Wan Abdul Rahim Kamil Wan Mohamed Ali, Shabnam Mohamad Mokhtar and Dr. Md. Nurdin Bin Ngadimon, being six members of the Shariah Committee of RHB Islamic Bank Berhad being appointed as the Shariah Advisor of RHB Investment Bank Berhad (the 'Bank'), do hereby confirm the following:

We have reviewed the principles and the contracts relating to the transactions and applications introduced by the Bank during the financial year ended 31 December 2021.

We have also conducted our review to form an opinion as to whether the Bank has complied with Shariah rulings, resolutions and guidelines issued by the Shariah Advisory Council ('SAC') of Securities Commission Malaysia, Bursa Malaysia, and SAC of Bank Negara Malaysia (where applicable), as well as the specific rulings and decisions issued by us.

The Bank's management is responsible for ensuring that the financial institution conducts its Islamic stockbroking services in accordance with Shariah rules and principles. It is our responsibility to form an independent opinion, based on our review of the operations of the Bank, and to report to you.

We have periodically assessed the work carried out by Shariah compliance review and Shariah audit, as presented to us, which included examining, on a test basis, each type of transaction, the relevant documentation and procedures adopted by the Bank.

The said Shariah compliance reviews and audits have been planned and performed to ensure that all necessary information and explanations have been obtained to provide sufficient evidence that would give us reasonable assurance that the Bank has complied with Shariah rules and principles.

In our opinion:

- (a) the main sources of income of the Bank, in relation to the Islamic stockbroking services, during the financial year ended 31 December 2021 that we have reviewed are in compliance with the Shariah rules and principles;
- (b) all earnings, in relation to the Islamic stockbroking services, that have been realised from sources or by means prohibited by the Shariah principles have been considered for disposal to charitable causes;
- (c) the contracts and legal documents of the products, relating to the Islamic stockbroking services, used by the Bank that we reviewed are in compliance with the Shariah rules and principles;
- (d) the Islamic stockbroking products proposals including concept used by the Bank which have been reviewed and advised by us are in compliance with the Shariah rules and principles; and
- (e) nothing has come to our attention that causes us to believe that the Islamic stockbroking services and operations of the Bank involves any material Shariah non-compliances.

We also confirm that every incident of Shariah non-compliance that has been brought to our attention has been properly noted and that the corrective as well as preventive measures have been taken by management of RHB Investment Bank Berhad to avoid the same from occurring in the future. Any Shariah non-compliant income has also been disposed of to charitable causes upon approval by us.

To the best of our knowledge based on the information provided and disclosed to us during discussions and meetings, we hereby confirm that the operations of the Bank, in relation to the Islamic stockbroking services, for the financial year ended 31 December 2021 have been conducted in conformity with the Shariah rules and principles.

We pray Allah, The Almighty to grant us success and lead us on the right path.

*Wassalamu 'Alaikum Wa Rahmatullahi Wa Barakatuh*

On behalf of the Shariah Committee.



DR. AHMAD BASRI IBRAHIM  
CHAIRMAN OF THE COMMITTEE



MOHD FADHLY MD. YUSOFF  
MEMBER OF THE COMMITTEE

Kuala Lumpur  
22 February 2022

**STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021**

|   | Note  | 2021<br>RM'000   | Group<br>2020<br>RM'000 | 2021<br>RM'000   | Bank<br>2020<br>RM'000 |
|---|-------|------------------|-------------------------|------------------|------------------------|
| <b>ASSETS</b>   |       |                  |                         |                  |                        |
| Cash and short-term funds   | 2     | 2,403,096        | 2,422,065               | 1,518,663        | 1,793,368              |
| Deposits and placements with banks<br>and other financial institutions              | 3     | 196,780          | 214,766                 | -                | -                      |
| Financial assets at fair value through<br>profit or loss ('FVTPL')                  | 4     | 851,797          | 1,034,843               | 116,690          | 258,837                |
| Financial assets at fair value through<br>other comprehensive income<br>(('FVOCI')) | 5     | 597,672          | 623,525                 | 595,235          | 615,488                |
| Financial investments at amortised costs  | 6     | 1,486,708        | 1,009,646               | 1,486,708        | 1,009,646              |
| Loans and advances  | 7     | 1,681,479        | 1,817,874               | 1,348,177        | 1,496,483              |
| Clients' and brokers' balances  | 8     | 879,595          | 1,339,568               | 641,119          | 946,680                |
| Other assets  | 9     | 324,725          | 144,430                 | 85,529           | 65,629                 |
| Derivative assets   | 10    | 928              | 1,017                   | 17               | 122                    |
| Statutory deposits  | 11    | 13,090           | 16,977                  | 9,000            | 13,000                 |
| Tax recoverable   |       | 7,294            | 1,781                   | 3,841            | -                      |
| Deferred tax assets   | 12    | 32,651           | 28,392                  | 22,684           | 17,985                 |
| Investments in subsidiaries   | 13    | -                | -                       | 712,127          | 715,398                |
| Investments in associates<br>and joint ventures                                     | 14    | 4,644            | 4,611                   | 5,028            | 5,028                  |
| Right-of-use assets   | 15    | 23,013           | 23,034                  | 9,860            | 6,733                  |
| Property, plant and equipment   | 16    | 36,486           | 38,374                  | 19,471           | 19,272                 |
| Goodwill and other intangible assets  | 17    | 496,272          | 487,392                 | 402,578          | 396,691                |
|   |       | <b>9,036,230</b> | 9,208,295               | <b>6,976,727</b> | 7,360,360              |
| Non-current assets held for sale  | 49(d) | 12,521           | -                       | -                | -                      |
| <b>TOTAL ASSETS</b>   |       | <b>9,048,751</b> | 9,208,295               | <b>6,976,727</b> | 7,360,360              |

The accompanying accounting policies and notes form an integral part of these financial statements.

**STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021 (CONTINUED)**

|  | Note  | 2021<br>RM'000   | Group<br>2020<br>RM'000 | 2021<br>RM'000   | Bank<br>2020<br>RM'000 |
|--|-------|------------------|-------------------------|------------------|------------------------|
| <b>LIABILITIES AND EQUITY</b>  |       |                  |                         |                  |                        |
| Deposits from customers  | 18    | 1,560,040        | 1,252,094               | 1,560,040        | 1,252,094              |
| Deposits and placements of banks and<br>other financial institutions | 19    | 2,428,314        | 2,773,193               | 2,428,314        | 2,773,193              |
| Clients' and brokers' balances                                       | 20    | 948,511          | 1,171,930               | 722,891          | 824,677                |
| Other liabilities  | 21    | 1,187,487        | 813,038                 | 270,780          | 331,179                |
| Derivative liabilities   | 10    | 21,941           | 71,748                  | 21,567           | 71,732                 |
| Tax liabilities  |       | 8,753            | 15,481                  | -                | 6,646                  |
| Lease liabilities  | 22    | 22,871           | 22,739                  | 9,999            | 6,881                  |
| Borrowings   | 23    | 531,588          | 717,427                 | -                | -                      |
| Subordinated obligations   | 24    | 202,175          | 202,148                 | 202,175          | 202,148                |
|  |       | <b>6,911,680</b> | 7,039,798               | <b>5,215,766</b> | 5,468,550              |
| Non-current liabilities held for sale                                | 49(d) | 6,003            | -                       | -                | -                      |
| <b>TOTAL LIABILITIES</b>   |       | <b>6,917,683</b> | 7,039,798               | <b>5,215,766</b> | 5,468,550              |
| Share capital  | 25    | 1,220,000        | 1,487,773               | 1,220,000        | 1,487,773              |
| Reserves   | 26    | 900,801          | 670,486                 | 540,961          | 404,037                |
|  |       | <b>2,120,801</b> | 2,158,259               | <b>1,760,961</b> | 1,891,810              |
| Non-controlling interests  | 27    | 10,267           | 10,238                  | -                | -                      |
| <b>TOTAL EQUITY</b>  |       | <b>2,131,068</b> | 2,168,497               | <b>1,760,961</b> | 1,891,810              |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                  |       | <b>9,048,751</b> | 9,208,295               | <b>6,976,727</b> | 7,360,360              |
| <b>COMMITMENTS AND<br/>CONTINGENCIES</b>                             | 42    | <b>941,817</b>   | 1,157,647               | <b>707,601</b>   | 786,858                |

The accompanying accounting policies and notes form an integral part of these financial statements.

**INCOME STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

|   | <b>Note</b>  | <b>2021</b>      | <b>Group</b>  | <b>2021</b>      | <b>Bank</b>   |
|---|--------------|------------------|---------------|------------------|---------------|
|   |              | <b>RM'000</b>    | <b>2020</b>   | <b>RM'000</b>    | <b>2020</b>   |
|   |              |                  | <b>RM'000</b> | <b>RM'000</b>    | <b>RM'000</b> |
| Interest income   | <b>28</b>    | <b>222,266</b>   | 223,163       | <b>179,154</b>   | 179,838       |
| Interest expense  | <b>29</b>    | <b>(102,724)</b> | (126,291)     | <b>(86,936)</b>  | (104,502)     |
| Net interest income   |              | <b>119,542</b>   | 96,872        | <b>92,218</b>    | 75,336        |
| Fee and commission income   | <b>30</b>    | <b>998,446</b>   | 942,809       | <b>400,097</b>   | 452,347       |
| Fee and commission expense  | <b>31</b>    | <b>(369,587)</b> | (310,037)     | <b>(41,300)</b>  | (58,529)      |
| Other operating income  | <b>32</b>    | <b>196,278</b>   | 175,578       | <b>163,789</b>   | 169,638       |
|   |              | <b>944,679</b>   | 905,222       | <b>614,804</b>   | 638,792       |
| Other operating expenses  | <b>33</b>    | <b>(539,377)</b> | (555,860)     | <b>(312,015)</b> | (313,101)     |
| Operating profit before allowances  |              | <b>405,302</b>   | 349,362       | <b>302,789</b>   | 325,691       |
| Allowance written back/(made) for<br>expected credit losses                 | <b>35</b>    | <b>13,027</b>    | (20,130)      | <b>6,372</b>     | (2,627)       |
| Impairment loss on other<br>non-financial assets                            | <b>36</b>    | <b>(314)</b>     | (24,300)      | <b>(3,042)</b>   | (168,741)     |
|   |              | <b>418,015</b>   | 304,932       | <b>306,119</b>   | 154,323       |
| Share of results of associates  |              | <b>33</b>        | 30            | -                | -             |
| Profit before taxation  |              | <b>418,048</b>   | 304,962       | <b>306,119</b>   | 154,323       |
| Taxation  | <b>37</b>    | <b>(78,919)</b>  | (78,914)      | <b>(59,998)</b>  | (64,875)      |
| Profit from continuing operations   |              | <b>339,129</b>   | 226,048       | <b>246,121</b>   | 89,448        |
| Profit from discontinued operation<br>attributable to equity holder         | <b>49(g)</b> | -                | 32,073        | -                | -             |
| Net profit for the financial year   |              | <b>339,129</b>   | 258,121       | <b>246,121</b>   | 89,448        |
| Profit attributable to:   |              |                  |               |                  |               |
| - Equity holder of the Bank   | <b>38</b>    | <b>337,839</b>   | 257,014       | <b>246,121</b>   | 89,448        |
| - Non-controlling interests   |              | <b>1,290</b>     | 1,107         | -                | -             |
|   |              | <b>339,129</b>   | 258,121       | <b>246,121</b>   | 89,448        |
| Basic earnings per share (sen)<br>attributable to equity holder of the Bank |              |                  |               |                  |               |
| - Continuing operations   | <b>38</b>    | <b>397.5</b>     | 224.9         | <b>289.6</b>     | 89.4          |
| - Discontinued operation  | <b>38</b>    | -                | 32.1          | -                | -             |
|   |              | <b>397.5</b>     | 257.0         | <b>289.6</b>     | 89.4          |

The accompanying accounting policies and notes form an integral part of these financial statements.

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

|  | Note  | 2021<br>RM'000 | Group<br>2020<br>RM'000 | 2021<br>RM'000 | Bank<br>2020<br>RM'000 |
|--|-------|----------------|-------------------------|----------------|------------------------|
| Net profit for the financial year  |       | 339,129        | 258,121                 | 246,121        | 89,448                 |
| Other comprehensive (loss)/income:   |       |                |                         |                |                        |
| (a) Items that will not be reclassified to income statements:                            |       |                |                         |                |                        |
| (i) Actuarial gain on defined benefit plan of subsidiaries                               |       | 751            | 3,274                   | -              | -                      |
| (ii) Financial assets at FVOCI, equity instruments:                                      |       |                |                         |                |                        |
| - Unrealised net gain on revaluation   |       | 1,361          | 2,001                   | 1,716          | 2,223                  |
| (b) Items that will be reclassified subsequently to income statements:                   |       |                |                         |                |                        |
| (i) Foreign currency translation reserves:   |       |                |                         |                |                        |
| - Currency translation differences   |       | 1,906          | (22,364)                | -              | -                      |
| - Disposal of a subsidiary   | 49(g) | -              | (50,895)                | -              | -                      |
| (ii) Financial assets at FVOCI, debt instruments:  |       |                |                         |                |                        |
| - Unrealised net (loss)/gain on revaluation  |       | (14,359)       | 8,236                   | (14,359)       | 8,236                  |
| - Net transfer to income statements on disposal  |       | -              | (4)                     | -              | (4)                    |
| Income tax relating to components of other comprehensive loss/(income)                   | 39    | 2,756          | (2,368)                 | 3,446          | (1,976)                |
| Other comprehensive (loss)/income, net of tax, for the financial year                    |       | (7,585)        | (62,120)                | (9,197)        | 8,479                  |
| Total comprehensive income for the financial year  |       | <u>331,544</u> | <u>196,001</u>          | <u>236,924</u> | <u>97,927</u>          |
| Total comprehensive income attributable to:  |       |                |                         |                |                        |
| - Equity holder of the Bank  |       | 330,315        | 194,971                 | 236,924        | 97,927                 |
| - Non-controlling interests  |       | 1,229          | 1,030                   | -              | -                      |
|  |       | <u>331,544</u> | <u>196,001</u>          | <u>236,924</u> | <u>97,927</u>          |
| Total comprehensive income/(loss) attributable to equity holder of the Bank arises from: |       |                |                         |                |                        |
| - Continuing operations  |       | 330,315        | 213,793                 | 236,924        | 97,927                 |
| - Discontinued operation   | 49(g) | -              | (18,822)                | -              | -                      |
|  |       | <u>330,315</u> | <u>194,971</u>          | <u>236,924</u> | <u>97,927</u>          |

The accompanying accounting policies and notes form an integral part of these financial statements.

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

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

| Group  | Note  | Attributable to Equity Holder of the Bank |                    |                |                      |                     |                  | Total            | Non-controlling interests | Total            |
|--|-------|---|--------------------|----------------|----------------------|---------------------|------------------|------------------|---------------------------|------------------|
|  |       | Share capital                             | Statutory reserves | FVOCI reserves | Translation reserves | Regulatory reserves | Retained profits |                  |                           |                  |
|  |       | RM'000                                    | RM'000             | RM'000         | RM'000               | RM'000              | RM'000           | RM'000           | RM'000                    |                  |
| Balance as at 1 January 2021   |       | 1,487,773                                 | 515                | 50,380         | 61,582               | 35,282              | 522,727          | 2,158,259        | 10,238                    | 2,168,497        |
| Net profit for the financial year                                      |       | -   | -                  | -              | -                    | -                   | 337,839          | 337,839          | 1,290                     | 339,129          |
| Foreign currency translation reserve:                                  |       |   |                    |                |                      |                     |                  |                  |                           |                  |
| - Currency translation differences                                     |       | -   | -                  | -              | 1,878                | -                   | -                | 1,878            | 28                        | 1,906            |
| Financial assets at FVOCI:   |       |   |                    |                |                      |                     |                  |                  |                           |                  |
| - Equity instruments   |       |   |                    |                |                      |                     |                  |                  |                           |                  |
| - Unrealised net gain/(loss) on revaluation                            |       | -   | -                  | 1,432          | -                    | -                   | -                | 1,432            | (71)                      | 1,361            |
| - Net (loss)/gain on disposal  |       | -   | -                  | (1,950)        | -                    | -                   | 1,950            | -                | -                         | -                |
| - Debt instruments   |       |   |                    |                |                      |                     |                  |                  |                           |                  |
| - Unrealised net loss on revaluation                                   |       | -   | -                  | (14,359)       | -                    | -                   | -                | (14,359)         | -                         | (14,359)         |
| Actuarial gain/(loss) on defined benefit plan of subsidiaries          |       | -   | -                  | -              | -                    | -                   | 767              | 767              | (16)                      | 751              |
| Income tax relating to components of other comprehensive loss/(income) | 39    | -   | -                  | 3,446          | -                    | -                   | (688)            | 2,758            | (2)                       | 2,756            |
| Other comprehensive (loss)/income, net of tax, for the financial year  |       | -   | -                  | (11,431)       | 1,878                | -                   | 2,029            | (7,524)          | (61)                      | (7,585)          |
| Total comprehensive (loss)/income for the financial year               |       | -   | -                  | (11,431)       | 1,878                | -                   | 339,868          | 330,315          | 1,229                     | 331,544          |
| Capital cancellation   | 49(b) | (267,773)                                 | -                  | -              | -                    | -                   | -                | (267,773)        | -                         | (267,773)        |
| Transfer from regulatory reserves                                      | 26(d) | -   | -                  | -              | -                    | (4,811)             | 4,811            | -                | -                         | -                |
| Dividend paid  | 40    | -   | -                  | -              | -                    | -                   | (100,000)        | (100,000)        | -                         | (100,000)        |
| Dividends to non-controlling interests                                 | 40    | -   | -                  | -              | -                    | -                   | -                | -                | (1,200)                   | (1,200)          |
| Total transactions with owner  |       | (267,773)                                 | -                  | -              | -                    | (4,811)             | (95,189)         | (367,773)        | (1,200)                   | (368,973)        |
| <b>Balance as at 31 December 2021</b>                                  |       | <b>1,220,000</b>                          | <b>515</b>         | <b>38,949</b>  | <b>63,460</b>        | <b>30,471</b>       | <b>767,406</b>   | <b>2,120,801</b> | <b>10,267</b>             | <b>2,131,068</b> |

The accompanying accounting policies and notes form an integral part of these financial statements.

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

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

| Group   | Note  | Attributable to Equity Holder of the Bank |                    |                |                      |                     |                  | Total            | Non-controlling interests | Total            |
|---|-------|---|--------------------|----------------|----------------------|---------------------|------------------|------------------|---------------------------|------------------|
|   |       | Share capital                             | Statutory reserves | FVOCI reserves | Translation reserves | Regulatory reserves | Retained profits |                  |                           |                  |
|   |       | RM'000                                    | RM'000             | RM'000         | RM'000               | RM'000              | RM'000           | RM'000           | RM'000                    |                  |
| Balance as at 1 January 2020  |       | 1,487,773                                 | 517                | 41,918         | 134,778              | 32,004              | 587,298          | 2,284,288        | 10,208                    | 2,294,496        |
| Net profit for the financial year                                     |       | -   | -                  | -              | -                    | -                   | 257,014          | 257,014          | 1,107                     | 258,121          |
| Foreign currency translation reserve:                                 |       |   |                    |                |                      |                     |                  |                  |                           |                  |
| - Currency translation differences                                    |       | -   | -                  | (1)            | (22,301)             | -                   | -                | (22,302)         | (62)                      | (22,364)         |
| - Recycled to income statements on disposal of a subsidiary           | 49(g) | -   | -                  | -              | (50,895)             | -                   | -                | (50,895)         | -                         | (50,895)         |
| Financial assets at FVOCI:  |       |   |                    |                |                      |                     |                  |                  |                           |                  |
| - Equity instruments  |       |   |                    |                |                      |                     |                  |                  |                           |                  |
| - Unrealised net gain/(loss) on revaluation                           |       | -   | -                  | 2,045          | -                    | -                   | -                | 2,045            | (44)                      | 2,001            |
| - Derecognition   |       | -   | -                  | 162            | -                    | -                   | (162)            | -                | -                         | -                |
| - Debt instruments  |       |   |                    |                |                      |                     |                  |                  |                           |                  |
| - Unrealised net gain on revaluation                                  |       | -   | -                  | 8,236          | -                    | -                   | -                | 8,236            | -                         | 8,236            |
| - Net transfer to income statements on disposal                       |       | -   | -                  | (4)            | -                    | -                   | -                | (4)              | -                         | (4)              |
| Actuarial gain on defined benefit plan of subsidiaries                |       | -   | -                  | -              | -                    | -                   | 3,241            | 3,241            | 33                        | 3,274            |
| Income tax relating to components of other comprehensive income       | 39    | -   | -                  | (1,976)        | -                    | -                   | (388)            | (2,364)          | (4)                       | (2,368)          |
| Other comprehensive income/(loss), net of tax, for the financial year |       | -   | -                  | 8,462          | (73,196)             | -                   | 2,691            | (62,043)         | (77)                      | (62,120)         |
| Total comprehensive income/(loss) for the financial year              |       | -   | -                  | 8,462          | (73,196)             | -                   | 259,705          | 194,971          | 1,030                     | 196,001          |
| Transfer from statutory reserves                                      | 26(a) | -   | (2)                | -              | -                    | -                   | 2                | -                | -                         | -                |
| Transfer to regulatory reserves                                       | 26(d) | -   | -                  | -              | -                    | 3,278               | (3,278)          | -                | -                         | -                |
| Dividends paid  | 40    | -   | -                  | -              | -                    | -                   | (321,000)        | (321,000)        | -                         | (321,000)        |
| Dividends to non-controlling interests                                | 40    | -   | -                  | -              | -                    | -                   | -                | -                | (1,000)                   | (1,000)          |
| Total transactions with owner   |       | -   | (2)                | -              | -                    | 3,278               | (324,276)        | (321,000)        | (1,000)                   | (322,000)        |
| <b>Balance as at 31 December 2020</b>                                 |       | <b>1,487,773</b>                          | <b>515</b>         | <b>50,380</b>  | <b>61,582</b>        | <b>35,282</b>       | <b>522,727</b>   | <b>2,158,259</b> | <b>10,238</b>             | <b>2,168,497</b> |

The accompanying accounting policies and notes form an integral part of these financial statements.

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

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

|   | Note  | Non-distributable |                | Distributable       | Total          |                  |
|---|-------|-------------------|----------------|---------------------|----------------|------------------|
|   |       | Share capital     | FVOCI reserves | Regulatory reserves |                | Retained profits |
| Bank  |       | RM'000            | RM'000         | RM'000              | RM'000         |                  |
| Balance as at 1 January 2021                                  |       | 1,487,773         | 47,839         | 24,937              | 331,261        | 1,891,810        |
| Net profit for the financial year                             |       | -                 | -              | -                   | 246,121        | 246,121          |
| Financial assets at FVOCI:                                    |       |                   |                |                     |                |                  |
| - Equity instruments  |       |                   |                |                     |                |                  |
| - Unrealised net gain on revaluation                          |       | -                 | 1,716          | -                   | -              | 1,716            |
| - Debt instruments  |       |                   |                |                     |                |                  |
| - Unrealised net loss on revaluation                          |       | -                 | (14,359)       | -                   | -              | (14,359)         |
| Income tax relating to components of other comprehensive loss | 39    | -                 | 3,446          | -                   | -              | 3,446            |
| Other comprehensive loss, net of tax, for the financial year  |       | -                 | (9,197)        | -                   | -              | (9,197)          |
| Total comprehensive (loss)/income for the financial year      |       | -                 | (9,197)        | -                   | 246,121        | 236,924          |
| Capital cancellation  | 49(b) | (267,773)         | -              | -                   | -              | (267,773)        |
| Transfer from regulatory reserves                             | 26(d) | -                 | -              | (3,907)             | 3,907          | -                |
| Dividend paid   | 40    | -                 | -              | -                   | (100,000)      | (100,000)        |
| Total transactions with owner                                 |       | (267,773)         | -              | (3,907)             | (96,093)       | (367,773)        |
| <b>Balance as at 31 December 2021</b>                         |       | <b>1,220,000</b>  | <b>38,642</b>  | <b>21,030</b>       | <b>481,289</b> | <b>1,760,961</b> |

The accompanying accounting policies and notes form an integral part of these financial statements.



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

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

|   | Note  | Non-distributable |                | Distributable       | Total          |                  |
|---|-------|-------------------|----------------|---------------------|----------------|------------------|
|   |       | Share capital     | FVOCI reserves | Regulatory reserves |                | Retained profits |
| Bank  |       | RM'000            | RM'000         | RM'000              | RM'000         |                  |
| Balance as at 1 January 2020                                    |       | 1,487,773         | 39,360         | 20,557              | 567,193        | 2,114,883        |
| Net profit for the financial year                               |       | -                 | -              | -                   | 89,448         | 89,448           |
| Financial assets at FVOCI:                                      |       |                   |                |                     |                |                  |
| - Equity instruments  |       |                   |                |                     |                |                  |
| - Unrealised net gain on revaluation                            |       | -                 | 2,223          | -                   | -              | 2,223            |
| - Debt instruments  |       |                   |                |                     |                |                  |
| - Unrealised net gain on revaluation                            |       | -                 | 8,236          | -                   | -              | 8,236            |
| - Net transfer to income statement on disposal                  |       | -                 | (4)            | -                   | -              | (4)              |
| Income tax relating to components of other comprehensive income | 39    | -                 | (1,976)        | -                   | -              | (1,976)          |
| Other comprehensive income, net of tax, for the financial year  |       | -                 | 8,479          | -                   | -              | 8,479            |
| Total comprehensive income for the financial year               |       | -                 | 8,479          | -                   | 89,448         | 97,927           |
| Transfer to regulatory reserves                                 | 26(d) | -                 | -              | 4,380               | (4,380)        | -                |
| Dividends paid  | 40    | -                 | -              | -                   | (321,000)      | (321,000)        |
| Total transactions with owner                                   |       | -                 | -              | 4,380               | (325,380)      | (321,000)        |
| <b>Balance as at 31 December 2020</b>                           |       | <b>1,487,773</b>  | <b>47,839</b>  | <b>24,937</b>       | <b>331,261</b> | <b>1,891,810</b> |

The accompanying accounting policies and notes form an integral part of these financial statements.

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

|   | Note  | 2021<br>RM'000 | Group<br>2020<br>RM'000 |
|---|-------|----------------|-------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |       |                |                         |
| Profit before taxation  |       |                |                         |
| - Continuing operations   |       | 418,048        | 304,962                 |
| - Discontinued operation  | 49(g) | -              | 30,542                  |
|   |       | <b>418,048</b> | <b>335,504</b>          |
| Adjustments for non-operating and non-cash items:   |       |                |                         |
| Depreciation of right-of-use assets   | 15    | 11,283         | 15,227                  |
| Property, plant and equipment:  |       |                |                         |
| - Depreciation  | 16    | 11,903         | 12,170                  |
| - Gain on disposal  | 32    | (74)           | (94)                    |
| - Written off   | 16    | 7              | 24                      |
| Other intangible assets:  |       |                |                         |
| - Amortisation  | 17(b) | 9,883          | 11,027                  |
| - Written off   | 17(b) | -              | 4,761                   |
| Interest income from financial assets at FVTPL, FVOCI and financial investments at amortised costs                                  | 28    | (61,479)       | (63,392)                |
| Subordinated obligations interest expense   | 29    | 9,800          | 12,702                  |
| Borrowings interest expense   |       | 13,846         | 19,819                  |
| Lease interest  |       | 1,348          | 1,511                   |
| Net gain from sale/redemption of financial assets at FVTPL and FVOCI  |       | (33,584)       | (131,700)               |
| Net unrealised gain on revaluation of financial instruments at FVTPL and derivatives  |       | (55,338)       | (70,066)                |
| Gross dividend income from financial assets at FVTPL and FVOCI  | 32    | (11,962)       | (9,189)                 |
| Gain on modification of right-of-use assets   | 32    | -              | (13)                    |
| Gain on disposal of a subsidiary  | 49(g) | -              | (30,309)                |
| Gain arising from business transfer   | 49(g) | -              | (17,046)                |
| Net (gain)/loss from sale of derivatives  |       | (16,264)       | 122,971                 |
| Unrealised foreign exchange loss/(gain)   |       | 3,270          | (1,733)                 |
| Allowance (written back)/made for expected credit losses on loan and advances, other receivables and clients' and brokers' balances |       | (5,320)        | 20,751                  |
| Bad debts written off   |       | -              | 52                      |
| Allowance written back for expected credit losses on financial investments at amortised costs                                       | 35    | (5,665)        | -                       |
| Allowance (written back)/made for expected credit losses on other financial assets  |       | (67)           | 367                     |
| Impairment losses made on investment in an associate  | 36    | -              | 9,500                   |
| Impairment losses made on right-of-use assets   | 36    | 121            | -                       |
| Impairment losses made on property, plant and equipment   | 36    | 193            | -                       |
| Impairment losses made on goodwill  | 36    | -              | 14,800                  |
| Share of results of associates  |       | (33)           | (30)                    |
| Operating profit before working capital changes   |       | <b>289,916</b> | <b>257,614</b>          |
| Decrease/(Increase) in operating assets:  |       |                |                         |
| Deposits and placements with banks and other financial institutions   |       | 14,914         | (12,985)                |
| Financial assets at FVTPL   |       | 292,664        | (35,061)                |
| Loans and advances  |       | 133,955        | (15,393)                |
| Clients' and brokers' balances  |       | 470,112        | (686,820)               |
| Other assets  |       | (178,970)      | 2,940                   |
| Derivative assets   |       | 226            | 2,058                   |
| Statutory deposits  |       | 3,680          | 49,254                  |
|   |       | <b>736,581</b> | <b>(696,007)</b>        |

The accompanying accounting policies and notes form an integral part of these financial statements.

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

|   | <b>Note</b>  | <b>2021</b>      | <b>Group</b>  |
|---|--------------|------------------|---------------|
|   |              | <b>RM'000</b>    | <b>2020</b>   |
|   |              |                  | <b>RM'000</b> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)</b>   |              |                  |               |
| Increase/(Decrease) in operating liabilities:   |              |                  |               |
| Deposits from customers   |              | <b>307,946</b>   | (158,890)     |
| Deposits and placements of banks and other financial institutions   |              | <b>(344,879)</b> | 758,555       |
| Bills and acceptances payable   |              | -                | (31,276)      |
| Clients' and brokers' balances  |              | <b>(231,980)</b> | 473,758       |
| Other liabilities   |              | <b>378,591</b>   | 175,723       |
| Derivative liabilities  |              | <b>(39,831)</b>  | (43,045)      |
|   |              | <b>69,847</b>    | 1,174,825     |
| Cash generated from operations  |              | <b>1,096,344</b> | 736,432       |
| Lease interest  |              | <b>(1,348)</b>   | (1,511)       |
| Net tax paid  |              | <b>(93,897)</b>  | (65,210)      |
| Net cash generated from operating activities  |              | <b>1,001,099</b> | 669,711       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |              |                  |               |
| Property, plant and equipment:  |              |                  |               |
| - Purchases   | <b>16</b>    | <b>(11,067)</b>  | (11,782)      |
| - Proceeds from disposal  |              | <b>78</b>        | 101           |
| Purchase of other intangible assets   | <b>17(b)</b> | <b>(19,186)</b>  | (7,760)       |
| Net (purchases of)/proceeds from financial assets at FVOCI and financial investments at amortised costs     |              | <b>(454,747)</b> | 46,346        |
| Net gain/(loss) on disposal of financial assets at FVOCI, equity instruments                                |              | <b>5,234</b>     | (162)         |
| Interest income received from financial assets at FVTPL, FVOCI and financial investments at amortised costs |              | <b>52,771</b>    | 58,537        |
| Dividend income received from financial assets at FVTPL and FVOCI   | <b>32</b>    | <b>11,962</b>    | 9,189         |
| Dividend income received from an associate  |              | -                | 2,002         |
| Proceeds from disposal of a subsidiary, net of cash and cash equivalents received                           | <b>49(g)</b> | -                | 136,201       |
| Contingent consideration received arising from disposal of a subsidiary                                     |              | <b>1,256</b>     | 15,961        |
| Net cash inflow from business transfer  | <b>49(g)</b> | -                | 62,798        |
| Net cash (used in)/generated from investing activities  |              | <b>(413,699)</b> | 311,431       |

The accompanying accounting policies and notes form an integral part of these financial statements.

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

|   | <b>Note</b>  | <b>2021</b>      | <b>Group</b>  |
|---|--------------|------------------|---------------|
|   |              | <b>RM'000</b>    | <b>2020</b>   |
|   |              |                  | <b>RM'000</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>               |              |                  |               |
| Capital repayment to shareholder                          | <b>49(b)</b> | <b>(267,773)</b> | -             |
| Redemption of subordinated obligations                    |              | -                | (200,000)     |
| Subordinated obligations interest paid                    |              | <b>(9,773)</b>   | (14,817)      |
| Net repayment of borrowings                               |              | <b>(194,826)</b> | (138,523)     |
| Borrowings interest paid                                  |              | <b>(13,870)</b>  | (20,085)      |
| Lease principal payment                                   |              | <b>(10,571)</b>  | (14,602)      |
| Dividends paid to shareholder                             | <b>40</b>    | <b>(100,000)</b> | (321,000)     |
| Dividends paid to non-controlling interests               | <b>40</b>    | <b>(1,200)</b>   | (1,000)       |
| Net cash used in financing activities                     |              | <b>(598,013)</b> | (710,027)     |
| Net (decrease)/increase in cash and cash equivalents      |              | <b>(10,613)</b>  | 271,115       |
| Effects of exchange rate differences                      |              | <b>(186)</b>     | 4,874         |
| Cash and cash equivalents:                                |              |                  |               |
| - At the beginning of the financial year                  |              | <b>2,422,584</b> | 2,146,595     |
| - Assets classified as held for sale                      |              | <b>(8,212)</b>   | -             |
| - At the end of the financial year                        |              | <b>2,403,573</b> | 2,422,584     |
| Cash and cash equivalents comprise the following:         |              |                  |               |
| - Cash and short-term funds before expected credit losses | <b>2</b>     | <b>2,403,573</b> | 2,422,584     |
| Cash flows of discontinued operation                      | <b>49(g)</b> | -                | 14,435        |

The accompanying accounting policies and notes form an integral part of these financial statements.

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**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

Changes in liabilities arising from financing activities as following:

| Group                    | As at<br>01.01.2021 | Cash Changes                                      |   | Non-cash Changes   |                                 |               |                             | As at<br>31.12.2021 |                     |
|--------------------------|---------------------|---|---|--|---------------------------------|---------------|-----------------------------|---------------------|---------------------|
|                          |                     | Net Cash<br>Flows from<br>Operating<br>Activities | Net Cash<br>Flows from<br>Financing<br>Activities | Transfer to<br>Non-current<br>Liabilities<br>Held for Sale | Foreign<br>Exchange<br>Movement | Addition      | Reversal/<br>Charged<br>Out |                     | Interest<br>Expense |
| 2021                     | RM'000              | RM'000  | RM'000  | RM'000   | RM'000                          | RM'000        | RM'000                      | RM'000              |                     |
| Lease liabilities        | 22,739              | (1,348)   | (10,571)  | (1,129)  | (26)                            | 11,858        | -                           | 1,348               | 22,871              |
| Borrowings               | 717,427             | -   | (208,696)   | -  | 9,011                           | -             | -                           | 13,846              | 531,588             |
| Subordinated obligations | 202,148             | -   | (9,773)   | -  | -                               | -             | -                           | 9,800               | 202,175             |
|                          | <b>942,314</b>      | <b>(1,348)</b>                                    | <b>(229,040)</b>                                  | <b>(1,129)</b>   | <b>8,985</b>                    | <b>11,858</b> | <b>-</b>                    | <b>24,994</b>       | <b>756,634</b>      |

| Group                    | As at<br>01.01.2020 | Cash Changes                                      |   | Non-cash Changes   |                                 |               |                             | As at<br>31.12.2020 |   |
|--------------------------|---------------------|---|---|--|---------------------------------|---------------|-----------------------------|---------------------|---|
|                          |                     | Net Cash<br>Flows from<br>Operating<br>Activities | Net Cash<br>Flows from<br>Financing<br>Activities | Transfer to<br>Non-current<br>Liabilities<br>Held for Sale | Foreign<br>Exchange<br>Movement | Addition      | Reversal/<br>Charged<br>Out |                     | Interest<br>Expense/<br>Other<br>Income |
| 2020                     | RM'000              | RM'000  | RM'000  | RM'000   | RM'000                          | RM'000        | RM'000                      | RM'000              |   |
| Lease liabilities        | 29,567              | (1,511)   | (14,602)  | -  | (1,210)                         | 12,831        | (3,847)                     | 1,511               | 22,739                                  |
| Borrowings               | 882,036             | -   | (158,608)   | -  | (19,643)                        | -             | (6,177)                     | 19,819              | 717,427                                 |
| Subordinated obligations | 404,263             | -   | (214,817)   | -  | -                               | -             | -                           | 12,702              | 202,148                                 |
|                          | <b>1,315,866</b>    | <b>(1,511)</b>                                    | <b>(388,027)</b>                                  | <b>-</b>   | <b>(20,853)</b>                 | <b>12,831</b> | <b>(10,024)</b>             | <b>34,032</b>       | <b>942,314</b>                          |

The accompanying accounting policies and notes form an integral part of these financial statements.

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

|  | <b>Note</b> | <b>2021</b>     | <b>Bank</b>   |
|--|-------------|-----------------|---------------|
|  |             | <b>RM'000</b>   | <b>2020</b>   |
|  |             |                 | <b>RM'000</b> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |             |                 |               |
| Profit before taxation   |             | <b>306,119</b>  | 154,323       |
| Adjustments for non-operating and non-cash items:  |             |                 |               |
| Depreciation of right-of-use assets  | <b>33</b>   | <b>4,938</b>    | 5,102         |
| Property, plant and equipment:   |             |                 |               |
| - Depreciation   | <b>33</b>   | <b>6,053</b>    | 5,558         |
| - Gain on disposal   | <b>32</b>   | <b>(74)</b>     | -             |
| Amortisation of other intangible assets  | <b>33</b>   | <b>6,526</b>    | 5,955         |
| Interest income from financial assets at FVTPL, FVOCI and financial investments at amortised costs                   | <b>28</b>   | <b>(61,479)</b> | (63,116)      |
| Subordinated obligations interest expense  | <b>29</b>   | <b>9,800</b>    | 12,702        |
| Lease interest   |             | <b>308</b>      | 318           |
| Net loss/(gain) from sale/redemption of financial assets at FVTPL and FVOCI  | <b>32</b>   | <b>9,675</b>    | (181,657)     |
| Net unrealised loss/(gain) on revaluation of financial instruments at FVTPL and derivatives                          |             | <b>413</b>      | (4,657)       |
| Gross dividend income from financial assets at FVTPL and FVOCI   | <b>32</b>   | <b>(3,014)</b>  | (3,301)       |
| Gross dividend income from subsidiaries  | <b>32</b>   | <b>(44,200)</b> | (68,800)      |
| Gross dividend income from an associate  | <b>32</b>   | <b>-</b>        | (2,002)       |
| Gain on modification of right-of-use assets  | <b>32</b>   | <b>-</b>        | (2)           |
| Net (gain)/loss from sale of derivatives   |             | <b>(48,815)</b> | 166,921       |
| Loss on disposal of a subsidiary   | <b>32</b>   | <b>-</b>        | 7,685         |
| Unrealised foreign exchange loss/(gain)  |             | <b>3,402</b>    | (1,555)       |
| Allowance made for expected credit losses on loan and advances, other receivables and clients' and brokers' balances | <b>35</b>   | <b>513</b>      | 2,990         |
| Allowance written back for expected credit losses on financial investments at amortised costs                        | <b>35</b>   | <b>(5,665)</b>  | -             |
| Allowance made/(written back) for expected credit losses on other financial assets                                   | <b>35</b>   | <b>62</b>       | (270)         |
| Impairment losses made on investments in subsidiaries  | <b>36</b>   | <b>3,042</b>    | 168,741       |
| Operating profit before working capital changes  |             | <b>187,604</b>  | 204,935       |
| Decrease/(Increase) in operating assets:   |             |                 |               |
| Financial assets at FVTPL  |             | <b>139,538</b>  | (45,764)      |
| Loans and advances   |             | <b>148,306</b>  | (90,753)      |
| Clients' and brokers' balances   |             | <b>305,709</b>  | (480,226)     |
| Other assets   |             | <b>(20,370)</b> | 2,257         |
| Derivative assets  |             | <b>172</b>      | 2,939         |
| Statutory deposits   |             | <b>4,000</b>    | 49,000        |
|  |             | <b>577,355</b>  | (562,547)     |

The accompanying accounting policies and notes form an integral part of these financial statements.

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

|   | <u>Note</u> | <u>2021</u><br>RM'000 | <u>Bank</u><br><u>2020</u><br>RM'000 |
|---|-------------|-----------------------|--------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)</b>   |             |                       |                                      |
| Increase/(Decrease) in operating liabilities:   |             |                       |                                      |
| Deposits from customers   |             | 307,946               | (158,890)                            |
| Deposits and placements of banks and other financial institutions   |             | (344,879)             | 758,555                              |
| Clients' and brokers' balances  |             | (106,181)             | 282,124                              |
| Other liabilities   |             | (60,449)              | 155,861                              |
| Derivative liabilities  |             | (9,521)               | (81,986)                             |
|   |             | <u>(213,084)</u>      | <u>955,664</u>                       |
| Cash generated from operations  |             | 551,875               | 598,052                              |
| Lease interest  |             | (308)                 | (318)                                |
| Net tax paid  |             | (71,738)              | (52,802)                             |
| Net cash generated from operating activities  |             | <u>479,829</u>        | <u>544,932</u>                       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |             |                       |                                      |
| Property, plant and equipment:  |             |                       |                                      |
| - Purchases   | 16          | (6,252)               | (4,113)                              |
| - Proceeds from disposal  |             | 74                    | -                                    |
| Purchase of other intangible assets   | 17(b)       | (12,413)              | (4,341)                              |
| Net (purchases of)/proceeds from financial assets at FVOCI and financial investments at amortised costs     |             | (454,908)             | 46,217                               |
| Interest income received from financial assets at FVTPL, FVOCI and financial investments at amortised costs |             | 52,771                | 58,261                               |
| Dividend income received from financial assets at FVTPL and FVOCI   | 32          | 3,014                 | 3,301                                |
| Dividend income received from subsidiaries  |             | 44,200                | 75,800                               |
| Dividend income received from an associate  | 32          | -                     | 2,002                                |
| Additional investment in a subsidiary   | 49(a)       | -                     | (80,775)                             |
| Subscription of redeemable preference shares issued by a subsidiary   | 49(f)       | -                     | (20,000)                             |
| Proceeds from disposal of a subsidiary  | 49(g)       | -                     | 253,273                              |
| Capital distribution from the winding up subsidiaries   |             | 229                   | -                                    |
| Contingent consideration received arising from disposal of a subsidiary                                     |             | 1,256                 | 15,961                               |
| Net cash (used in)/generated from investing activities  |             | <u>(372,029)</u>      | <u>345,586</u>                       |

The accompanying accounting policies and notes form an integral part of these financial statements.

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

|   | <u>Note</u>  | <u>2021</u><br>RM'000 | <u>Bank</u><br><u>2020</u><br>RM'000 |
|---|--------------|-----------------------|--------------------------------------|
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>               |              |                       |                                      |
| Capital repayment to shareholder                          | <b>49(b)</b> | <b>(267,773)</b>      | -                                    |
| Redemption of subordinated obligations                    |              | -                     | (200,000)                            |
| Subordinated obligations interest paid                    |              | <b>(9,773)</b>        | (14,817)                             |
| Lease principal payment                                   |              | <b>(4,947)</b>        | (5,117)                              |
| Dividends paid to shareholder                             | <b>40</b>    | <b>(100,000)</b>      | (321,000)                            |
| Net cash used in financing activities                     |              | <b>(382,493)</b>      | (540,934)                            |
| Net (decrease)/increase in cash and cash equivalents      |              | <b>(274,693)</b>      | 349,584                              |
| Cash and cash equivalents:                                |              |                       |                                      |
| - At the beginning of the financial year                  |              | <b>1,793,383</b>      | 1,443,799                            |
| - At the end of the financial year                        |              | <b>1,518,690</b>      | 1,793,383                            |
| Cash and cash equivalents comprise the following:         |              |                       |                                      |
| - Cash and short-term funds before expected credit losses | <b>2</b>     | <b>1,518,690</b>      | 1,793,383                            |

The accompanying accounting policies and notes form an integral part of these financial statements.



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

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

Changes in liabilities arising from financing activities as following:

|                          | Cash Changes                  |   |   | Non-cash Changes   |                                    |                               | As at<br>31.12.2021<br>RM'000 |
|--------------------------|-------------------------------|---|---|--------------------|------------------------------------|-------------------------------|-------------------------------|
|                          | As at<br>01.01.2021<br>RM'000 | Net Cash<br>Flows from<br>Operating<br>Activities<br>RM'000 | Net Cash<br>Flows from<br>Financing<br>Activities<br>RM'000 | Addition<br>RM'000 | Reversal/<br>Charged Out<br>RM'000 | Interest<br>Expense<br>RM'000 |                               |
| <b>Bank<br/>2021</b>     |                               |   |   |                    |                                    |                               |                               |
| Lease liabilities        | 6,881                         | (308)   | (4,947)   | 8,065              | -                                  | 308                           | 9,999                         |
| Subordinated obligations | 202,148                       | -   | (9,773)   | -                  | -                                  | 9,800                         | 202,175                       |
|                          | <b>209,029</b>                | <b>(308)</b>  | <b>(14,720)</b>   | <b>8,065</b>       | <b>-</b>                           | <b>10,108</b>                 | <b>212,174</b>                |

|                          | Cash Changes                  |   |   | Non-cash Changes   |                                    |                               | As at<br>31.12.2020<br>RM'000 |
|--------------------------|-------------------------------|---|---|--------------------|------------------------------------|-------------------------------|-------------------------------|
|                          | As at<br>01.01.2020<br>RM'000 | Net Cash<br>Flows from<br>Operating<br>Activities<br>RM'000 | Net Cash<br>Flows from<br>Financing<br>Activities<br>RM'000 | Addition<br>RM'000 | Reversal/<br>Charged Out<br>RM'000 | Interest<br>Expense<br>RM'000 |                               |
| <b>Bank<br/>2020</b>     |                               |   |   |                    |                                    |                               |                               |
| Lease liabilities        | 7,203                         | (318)   | (5,117)   | 4,886              | (91)                               | 318                           | 6,881                         |
| Subordinated obligations | 404,263                       | -   | (214,817)   | -                  | -                                  | 12,702                        | 202,148                       |
|                          | <b>411,466</b>                | <b>(318)</b>  | <b>(219,934)</b>  | <b>4,886</b>       | <b>(91)</b>                        | <b>13,020</b>                 | <b>209,029</b>                |

The accompanying accounting policies and notes form an integral part of these financial statements.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements. These accounting policies have been consistently applied to all the financial years presented, unless otherwise stated.

**1) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements of the Group and the Bank have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRS'), International Financial Reporting Standards ('IFRS') and the requirements of the Companies Act 2016, in Malaysia.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at FVOCI, financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires Directors to exercise their judgement in the process of applying the Group's and the Bank's accounting policies. Although these estimates and judgements are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Section B.

- (a) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank and are effective

The relevant new accounting standards, annual improvements and amendments to published standards and interpretations to existing accounting standards that are effective for the Group's and the Bank's financial year beginning on or after 1 January 2021 are as follows:

- (i) Amendments to MFRS 9, MFRS 139, MFRS 7 and MFRS 16 - 'Interest Rate Benchmark Reform - Phase 2'

The Phase 1 amendments, which were effective on 1 January 2020, provided temporary relief from applying specific hedge accounting requirements to relationships affected by uncertainties arising as a result of interbank offered rate ('IBOR') reform.

The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide practical expedient allowing entities to update the effective interest rate (for instruments measured at amortised cost, lessees and insurers applying the temporary exemption from MFRS 9) to account for any required changes in contractual cash flows that is a direct consequence of IBOR reform. This results in no immediate gain or loss recognised in the income statements.

The Phase 2 amendments require entities to update the hedge documentation to reflect the changes required by the IBOR replacement. These amendments also provide reliefs that enable and require entities to continue hedge accounting in circumstances when changes in hedged items and hedging instruments are solely due to IBOR reform.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)**

- (a) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank and are effective (continued)

The relevant new accounting standards, annual improvements and amendments to published standards and interpretations to existing accounting standards that are effective for the Group's and the Bank's financial year beginning on or after 1 January 2021 are as follows: (continued)

- (ii) Amendment to MFRS 16 'COVID-19-Related Rent Concessions'

In 2020, MFRS 16 'Leases' was amended to provide an optional practical expedient to the lessees on accounting for COVID-19-related rent concessions, such as rent holidays and temporary rent reductions of which payments are originally due on or before 30 June 2021.

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.

- (b) Standards, amendments to published Standards and interpretations to existing Standards that are applicable to the Group and the Bank but not yet effective

- (i) Amendment to MFRS 16 'COVID-19 related Rent Concessions' - beyond 30 June 2021 - effective 1 April 2022

The 2021 amendment extends the applicable period of the practical expedient by one year to cover rent concessions that reduce lease payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The amendments shall be applied retrospectively.

- (ii) Amendments to MFRS 116 'Proceeds Before Intended Use' - effective 1 January 2022

The amendments prohibit an entity from deducting from the cost of a property, plant and equipment ('PPE') the proceeds received from selling items produced by the PPE before it is ready for its intended use. The sales proceeds should instead be recognised in the income statements.

The amendments shall be applied retrospectively.

- (iii) Amendments to MFRS 3 'Reference to the Conceptual Framework' - effective 1 January 2022

The amendments replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. To qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the 2018 Conceptual Framework.

The amendments are not expected to change the current accounting for business combinations on acquisition date. In replacing all references to the Framework with the 2018 Conceptual Framework, the IASB did not intend to make significant changes to the requirements of IFRS Standards containing those references. Hence, the IASB introduced the new exception to the recognition principle for liabilities falling within the scope of IAS 37 and IC 21.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)**

- (b) Standards, amendments to published Standards and interpretations to existing Standards that are applicable to the Group and the Bank but not yet effective (continued)

- (iii) Amendments to MFRS 3 'Reference to the Conceptual Framework' - effective 1 January 2022 (continued)

Liabilities and contingent liabilities (whose existence could only be confirmed by an uncertain future event) that are within the scope of MFRS 137 or IC 21 shall be recognised as part of the business combination in accordance with the principles in the respective MFRS/IC. Accordingly, these liabilities and levies would not be recognised on acquisition date even though these would have met the definition of a liability according to the 2018 Conceptual Framework.

The amendments shall be applied prospectively.

- (iv) Annual Improvements to MFRS 1 'Subsidiary as First-time Adopter' - effective 1 January 2022

The amendments provide subsidiaries that adopt MFRS later than the parent an optional exemption to measure the cumulative translation differences for all their foreign operations which are aligned to the carrying amounts included in the parent's consolidated financial statements (adjusted for consolidation adjustments).

An entity shall apply the amendments retrospectively for annual periods beginning on or after 1 January 2022. Earlier application is permitted.

- (v) Annual Improvements to Illustrative Example accompanying MFRS 16 'Leases: Lease Incentives' - effective 1 January 2022

The amendments removed the illustration on the reimbursement relating to leasehold improvements by the lessor to avoid potential confusion as the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in MFRS 16.

- (vi) Annual Improvements to MFRS 9 'Fees in the '10 Percent' Test for Derecognition of Financial Liabilities' - effective 1 January 2022

When entities restructure their loans with the existing lenders, MFRS 9 requires management to quantitatively assess the significance of the difference between cash flows of the existing and new loans (commonly known as the '10% test').

This amendment to MFRS 9 clarifies that only fees paid or received between the borrower and the lender are included in the 10% test. Any fees paid to third parties should be excluded. This amendment will impact the result of the 10% test and accordingly affect the amount of gain or loss recognised in the income statements.

An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021  
(CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)**

- (b) Standards, amendments to published Standards and interpretations to existing Standards that are applicable to the Group and the Bank but not yet effective (continued)

- (vii) Amendments to MFRS 137 'Onerous Contracts – Cost of Fulfilling a Contract' - effective 1 January 2022

The amendments clarify that direct cost of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

The amendments shall be applied to contracts for which the entity has yet to fulfil all its obligations at the beginning of annual reporting period in which the amendments are first applied.

Comparative information is not restated.

- (viii) Amendments to MFRS 101 'Classification of Liabilities as Current or Non-current' - effective 1 January 2023

Amendments to MFRS 101 'Classification of Liabilities as Current or Non-current' clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. If the right to defer settlement of a liability is subject to the entity complying with specified conditions (for example, debt covenants), the right exists at the end of the reporting period only if the entity complies with those conditions at that date. The amendments further clarify that the entity must comply with the conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The assessment of whether an entity has the right to defer settlement of a liability at reporting date is not affected by expectations of the entity or events after the reporting date.

In addition, the amendments clarify that when a liability could be settled by the transfer of an entity's own equity instruments (e.g. a conversion option in a convertible bond), conversion option that is not an equity instrument as defined in MFRS 132 'Financial Instruments: Presentation' is considered in the current or non-current classification of the convertible instrument.

These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2023. Earlier application is permitted. If an entity applies those amendments for an earlier period, it should disclose that fact.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021  
(CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)**

- (b) Standards, amendments to published Standards and interpretations to existing Standards that are applicable to the Group and the Bank but not yet effective (continued)
- (ix) Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates - effective 1 January 2023

**Amendments on disclosure of accounting policies**

The amendments to MFRS 101 require companies to disclose material accounting policies rather than significant accounting policies. Entities are expected to make disclosure of accounting policies specific to the entity and not generic disclosures on MFRS applications. The amendment explains an accounting policy is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Also, accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements.

Accordingly, immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. MFRS Practice Statement 2 was amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

**Amendments on definition of accounting estimates**

The amendments to MFRS 108, redefined accounting estimates as 'monetary amounts in financial statements that are subject to measurement uncertainty'. To distinguish from changes in accounting policies, the amendments clarify that effects of a change in an input or measurement technique used to develop an accounting estimate is a change in accounting estimate, if they do not arise from prior period errors. Examples of accounting estimates include expected credit losses; net realisable value of inventory; fair value of an asset or liability; depreciation for property, plant and equipment; and provision for warranty obligations.

- (x) Amendments to MFRS 112 on 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' - effective 1 January 2023

The amendments clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, companies are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

The adoption of the accounting standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective above are not expected to give rise to any material financial impact to the Group and the Bank.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)**

(c) Changes in regulatory requirements - measures issued by Bank Negara Malaysia ('BNM')

On 24 March 2020 and 24 July 2020, BNM announced that the following measures which are aimed to ensure that the financial intermediation function of the financial sector remains intact, access to financing continues to be available and banking institutions remain focused on supporting the economy during the COVID-19 pandemic:

(i) Drawdown of prudential buffers

Banking institutions are given the following relaxation of the prudential buffers, which will need to be restored to the minimum regulatory requirements by 30 September 2021:

- Drawdown of capital conservation buffer of 2.5%;
- Operate below the minimum liquidity coverage ratio ('LCR') of 100%; and
- Reduce the regulatory reserves held against expected credit losses to 0%.

During the financial year, the Group and the Bank have not drawn down any of the prudential buffers.

(ii) The implementation of the Net Stable Funding Ratio ('NSFR') took place as scheduled on 1 July 2020. However, the minimum NSFR will be lowered to 80% and banking institutions will be required to comply with the requirement of 100% from 30 September 2021.

The adoption of the above additional measures gave rise to the following observations and financial impact:

- (i) Forward-looking information used must be reasonable and supportable including reflecting the impact of COVID-19 pandemic and fully accounting for the mitigating effects of the economic and financial measures announced; and
- (ii) The Group and the Bank have continued to maintain in aggregate the loss allowance for non-credit impaired exposures and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

**2) BASIS OF CONSOLIDATION**

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

(i) Acquisition accounting

The Group applies the acquisition method to account for business combination. The consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2) BASIS OF CONSOLIDATION (CONTINUED)**

(a) Subsidiaries (continued)

(i) Acquisition accounting (continued)

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to the Group or the Bank. Non-controlling interest is measured either at fair value or proportionate share of the acquiree's identifiable net assets at the acquisition date, determined on a case by case basis. At the end of a reporting period, non-controlling interest consists of the amount calculated on the date of combination and its share of changes in the subsidiary's equity since the date of combination.

Acquisition-related costs are expensed as incurred.

In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition date fair value and the resulting gain or loss is recognised in income statements.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in income statements. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, the gain is recognised in income statements. Refer to accounting policy Section A(6) on goodwill.

(ii) Predecessor accounting

The Group and the Bank apply predecessor accounting to account for business combinations under common control. Under the predecessor accounting, assets and liabilities acquired are not restated to their respective fair values but at the carrying amounts from the consolidated financial statements of the ultimate holding company of the Group and adjusted to ensure uniform accounting policies of the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities (as of the date of the transaction) of the acquired entity is recorded as an adjustment to retained profits. No additional goodwill is recognised.

The acquired entity's results, assets and liabilities are consolidated as if both the acquirer and acquiree had always been combined. Consequently, the consolidated financial statements reflect both entities' full year results. The corresponding amounts for the previous year are restated to reflect the combined results of both entities.

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attributed to non-controlling interest for prior years is not restated.

All material inter-company and intra-group transactions and balances are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.



**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2) BASIS OF CONSOLIDATION (CONTINUED)**

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity attributable to owners of the Group.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in income statements. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to income statements.

Gain or loss on disposal of subsidiaries included the carrying amount of goodwill relating to subsidiaries sold.

(d) Joint ventures

A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. The Group's interest in a joint venture is accounted for in the financial statements by the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses in income statements and the Group's share of movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in income statements. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to income statements.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to income statements where appropriate.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2) BASIS OF CONSOLIDATION (CONTINUED)**

(e) Associates

Associates are those corporations or other entities in which the Group exercises significant influence, but which it does not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policies through representation on the Board but not power to exercise control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are initially recognised at cost. Equity accounting involves recognising the Group's share of its associates' post-acquisition profits or losses in income statements, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition changes are adjusted against the cost of investment and include goodwill on acquisition, less accumulated impairment loss.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its amount.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its shares of further losses. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Dilution gains and losses arising in investments in associates are recognised in the income statements.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method of accounting, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

**3) INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

In the Bank's separate financial statements, investments in subsidiaries, associates and joint ventures are stated at cost less accumulated impairment losses. At the end of each reporting period, the Group and the Bank assess whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Refer to accounting policy Section A(19) on impairment of non-financial assets.

On disposal of investments in subsidiaries, associates and joint ventures, the difference between disposal proceeds and the carrying amount of the investments is recognised in income statements.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4) FINANCIAL ASSETS**

(a) Classification

The Group and the Bank classify their financial assets into the following measurement categories:

- Those to be measured at fair value either through other comprehensive income ('OCI'), or through profit or loss; and
- Those to be measured at amortised cost.

The classification of debt instruments depend on the Group and the Bank's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets:

(i) Business model assessment

The Group and the Bank conduct assessment of the objective of a business model to align with how an asset held within a portfolio is being managed. Factors that are being considered include the key objectives of a portfolio whether the business strategy is to earn contractual interest revenue, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising a portfolio through sale of assets. Other factors considered also include the frequency and volume of sales in prior periods, how the asset's performance is evaluated and reported to key management personnel.

(ii) Assessment whether contractual cash flows are solely payments of principal and interest ('SPPI')

Where the business model is to hold the financial assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Group and the Bank assess whether the financial assets' contractual cash flows represent solely payment of principal and interest. In applying the SPPI test, the Group and the Bank consider whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

(b) Recognition and derecognition

(i) Recognition

A financial asset is recognised in the statement of financial position when the Group and the Bank become parties to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group and the Bank commit to purchase and sell the assets.

(ii) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Bank have transferred substantially all the risks and rewards of ownership.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4) FINANCIAL ASSETS (CONTINUED)**

(b) Recognition and derecognition (continued)

(iii) Derecognition due to modification of terms and conditions

The Group and the Bank sometimes renegotiate or otherwise modify the contractual cash flows of loans to customers. When this happens, the Group and the Bank assess whether or not the new terms are substantially different to the original terms. The Group and the Bank do this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- Whether any substantial new terms are introduced, such as a profit share or equity-based return that substantially affects the risk profile of the loan;
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency the loan is denominated in; and
- Insertion of collaterals, other securities or credit enhancements that significantly affect the credit risk associated with the loan.

(c) Measurement

At initial recognition, the Group and the Bank measure a financial asset at fair value plus transaction costs that are directly attributable to acquisition of the financial asset in the case of a financial asset not FVTPL. Transaction costs of financial assets carried at FVTPL are expensed in the income statements.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

(i) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Subsequent measurement of debt instruments depends on the Group's and the Bank's business model for managing the financial asset and the cash flow characteristics of the financial asset. There are three measurement categories into which the Group and the Bank classify its debt instruments:

(1) Financial investments at amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated as FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted for any expected credit losses that are recognised into income statements. The interest income is recognised into income statements using the effective interest rate method. Upon derecognition, any gain or loss will be recognised in income statements and presented under 'other operating income'.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4) FINANCIAL ASSETS (CONTINUED)**

(c) Measurement (continued)

(i) Debt instruments (continued)

(2) Financial assets through other comprehensive income

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVOCI. Changes in the fair value of these assets are recognised in OCI, except for recognition of interest, foreign exchange gains or losses and expected credit losses which are recognised in income statements.

When these financial assets are derecognised, the cumulative gains or losses previously recognised in OCI is reclassified from equity to income statements and recognised in 'other operating income'. The interest income is recognised into income statements using the effective interest rate method. Foreign exchange gains or losses are recognised in 'other operating income' and impairment credit losses are presented separately under 'allowance for credit losses'.

(3) Financial assets at FVTPL

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in income statements within 'net gain/(loss) arising from financial assets FVTPL' in the period in which it arises. The interest income is recognised into income statements using the effective interest rate method.

(ii) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuers' perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuers' net assets.

The Group and the Bank subsequently measure all equity instruments at FVTPL, except where the management has elected, at initial recognition, to irrevocably designate an equity instrument as FVOCI. The Group and the Bank's policy is to designate equity instruments as FVOCI when those instruments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to income statements, including on disposal. Dividend, when representing a return on such investments, continue to be recognised in income statements as dividend income when the Group and the Bank's right to receive payments is established.

Gains and losses on equity instruments at FVTPL are included in the 'net gain/(loss) arising from financial assets FVTPL' in the income statements.

(d) Reclassification policy

Reclassification of financial assets is required when, and only when, the Group and the Bank change their business model for managing the assets. In such cases, the Group and the Bank are required to reclassify all affected financial assets.

However, it will be inappropriate to reclassify financial assets that have been designated at FVTPL, or equity instruments that have been designated as at FVOCI even when there is a change in business model. Such designations are irrevocable.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021  
(CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**5) 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 at the end of each reporting period. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in the income statements. Cash collateral held in relation to derivative transactions are carried at amortised cost.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group and the Bank recognise profits on day one.

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) hedges of a net investment in a foreign operation (net investment hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

The Group and the Bank document at the inception of the hedging transaction, the risk management objective and strategy and the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 10 to the financial statements.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**5) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONTINUED)**

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 10 to the financial statements. (continued)

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualified 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.

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.

(b) 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 or 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 or subsidiaries, the cumulative value of any such gains or losses recognised in equity is transferred to the income statements.

(c) 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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**6) GOODWILL**

Goodwill arising on the acquisition of subsidiaries represents the excess of consideration transferred over the Group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of non-controlling interest in the acquiree.

Goodwill is stated at cost less accumulated impairment loss and is tested impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Impairment loss on goodwill (inclusive of impairment losses recognised in a previous interim period) is not reversed. Gains and losses on the disposal of a subsidiary include the carrying amount of goodwill relating to the subsidiary sold. Refer to accounting policy Section A(19) on impairment of non-financial assets.

Goodwill is allocated to Cash-Generating-Units ('CGUs') for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the synergies of the business combination in which the goodwill arose, identified according to operating segment. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

**7) INTANGIBLE ASSETS**

Intangible assets comprise separately identifiable intangible items arising from business combinations, computer software licenses and other intangible assets. Intangible assets are recognised at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Intangible assets with a definite useful life are amortised using the straight-line method over their estimated useful economic life. Intangible assets with an indefinite useful life are not amortised. Generally, the identified intangible assets of the Group and the Bank have a definite useful life. At each date of the consolidated statements of financial position, intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exists, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount. Intangible assets with indefinite useful life are annually tested for impairment and whenever there is an indication that the asset may be impaired. Refer to accounting policy Section A(19) on impairment of non-financial assets.



**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**7) INTANGIBLE ASSETS (CONTINUED)**

(a) Computer software licences

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software licenses are subsequently carried at cost less accumulated amortisation and impairment losses. These costs are amortised over the estimated useful lives of 3 to 10 years.

(b) Other intangible assets

Other intangible assets consist of customer relationship, brands, trading rights and memberships. Other intangible assets are initially recognised when they are separable or arose from contractual or other legal rights, and when the cost can be measured reliably and, in the case of intangible assets not acquired in a business combination, it is recognised where it is probable that future economic benefits attributable to the assets will flow from their use. The value of intangible assets which are acquired in a business combination is generally determined using income approach methodologies such as the discounted cash flow method.

Other intangible assets with definite life are stated at cost less amortisation and allowance for impairment, if any, plus reversals of impairment, if any. They are amortised over their useful lives in a manner that reflects the pattern to which they contribute to future cash flows, generally over the following useful lives:

|                       |               |
|-----------------------|---------------|
| Customer relationship | 10 years      |
| Brand                 | 3 to 10 years |

**8) PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are recognised as expense in income statements during the financial period in which they are incurred.

Renovations in progress are not depreciated. Other property, plant and equipment are depreciated on a straight-line basis to write down their costs to their residual values over their estimated useful lives. The principal annual depreciation rates are as follows:

|                                |                |
|--------------------------------|----------------|
| Renovations                    | 10% to 33 1/3% |
| Office equipment and furniture | 10% to 33 1/3% |
| Computer equipment             | 10% to 33 1/3% |
| Motor vehicles                 | 15% to 25%     |

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. There are no material adjustments arising from the review that would require disclosure in the financial statements.

Gains or losses on disposals are determined by comparing proceeds with carrying amounts and are included in other operating income in income statements.

At the end of the reporting period, the Group and the Bank assess whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the asset is written down to its recoverable amount. Refer to accounting policy Section A(19) on impairment of non-financial assets.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**9) FINANCIAL LIABILITIES**

Financial liabilities are measured at amortised cost, except for trading liabilities designated at fair value, which are held at FVTPL. Financial liabilities are initially recognised at fair value plus transaction costs for all financial liabilities not carried at FVTPL. Financial liabilities at FVTPL are initially recognised at fair value, and transaction costs are expensed in income statements. Financial liabilities are derecognised when extinguished.

(a) Financial liabilities at FVTPL

This category comprises two sub-categories: financial liabilities as held-for-trading, and financial liabilities designated at FVTPL upon initial recognition.

A financial liability is classified as held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held-for-trading unless they are designated as hedges. Refer to accounting policy Section A(5) on hedge accounting.

The financial liabilities measured at fair value through profit or loss upon initial recognition are trading derivatives and financial liabilities designated at fair value.

(b) Other financial liabilities measured at amortised cost

Other financial liabilities are initially recognised at fair value plus transaction costs. Subsequently, other financial liabilities are remeasured at amortised cost using the effective interest rate.

Other financial liabilities measured at amortised cost are deposits from customers, deposits and placements of banks and other financial institutions, bills and acceptances payable, clients' and brokers' balances, lease liabilities and other liabilities.

(c) Borrowings measured at amortised cost

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between initial recognised amount and the redemption value is recognised in income statements over the period of the borrowings using the effective interest method.

All other borrowing costs are recognised in income statements in the period in which they are incurred.

Borrowings measured at amortised cost are long-term and short-term borrowings from financial institutions and subordinated obligations.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021  
(CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**10) LEASES – WHERE THE GROUP AND THE BANK ARE THE LESSEE**

The Group and the Bank recognise leases as right-of-use assets, with a corresponding liability at the date on which the leased asset is available for use (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Bank allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

(a) Lease term

In determining the lease term, the Group and the Bank consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Bank reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Bank, and affects whether the Group and the Bank are reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities (refer to accounting policy Section A(10)(d)).

(b) Right-of-use assets

Right-of-use assets are initially measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentive received;
- any initial direct costs; and
- decommissioning or restoration costs.

Right-of-use assets are subsequently measured at cost, less accumulated depreciation and impairment loss, if any. The right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Bank are reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. In addition, the right-of-use assets are adjusted for certain remeasurement of the lease liabilities.

The Group and the Bank present the right-of-use assets as a separate line item in the statements of financial position.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**10) LEASES – WHERE THE GROUP AND THE BANK ARE THE LESSEE (CONTINUED)**

(c) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group and the Bank under residual value guarantees;
- the exercise price of a purchase and extension options if the Group and the Bank are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group and the Bank exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Bank, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to income statements over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in income statements in the period in which the condition that triggers those payments occurs.

The Group and the Bank present the lease liabilities as a separate line item in the statements of financial position. Interest expense on the lease liability is presented within the other interest expenses in the income statements.

(d) Reassessment of lease liabilities

The Group and the Bank are also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the right-of-use assets.

(e) Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise equipment and vehicles. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in income statements.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**10) LEASES – WHERE THE GROUP AND THE BANK ARE THE LESSEE (CONTINUED)**

(f) Operating lease

Leases of assets where a significant portion of the risks and rewards of ownership retained by the lessor were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to income statements on a straight-line basis over the period of the lease.

The upfront payments made for leasehold land represented prepaid lease rentals and were amortised on a straight-line basis over the lease term.

Where an operating lease was terminated before the lease period had expired, any payment required to be made to the lessor by way of penalty was recognised as an expense in the period when termination took place.

(g) Finance lease

Leases of assets where the Group and the Bank assumed substantially all the risks and rewards of ownership of the assets were classified as finance leases. The assets were capitalised under property, plant and equipment and subjected to depreciation consistent with that of depreciable assets which were owned. The assets and the corresponding lease obligations were recorded at the lower of present value of the minimum lease payments and the fair value of the leased assets at the beginning of the lease term. Each lease payment was allocated between the liability and finance charges using effective yield basis. The corresponding rental obligations, net of finance charges, were included in liabilities. The interest element of the finance charges was charged to income statements over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases were depreciated over the shorter of the estimated useful life of the asset and the lease term.

**11) PROVISIONS**

Provisions are recognised when the Group and the Bank have a present legal or constructive obligation, as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

Where the Group and the Bank expect a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**11) PROVISIONS (CONTINUED)**

(a) Onerous contracts

The Group and the Bank recognise a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

(b) Restructuring

Restructuring provisions mainly comprise lease termination penalties and employee termination payments and are recognised in the period in which the Group becomes legally or constructively committed to payment. Future operating costs are not provided for.

**12) FINANCIAL GUARANTEE CONTRACTS**

Financial guarantee contracts are contracts that require the Group or the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued.

The fair value of financial guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 'Financial Instruments' and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 'Revenue from Contracts with Customers', where appropriate.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Group and the Bank for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

**13) GOVERNMENT GRANTS**

Financing under a government scheme is recognised and measured in accordance with MFRS 9 'Financial Instruments', with the benefit at a below market rate, which is measured as the difference between the initial carrying amount or fair value of the financing and the amount received.

Financial contribution under a government scheme is measured in accordance with the amount received. The benefit of a financing under a government scheme or a financial contribution under a government scheme that addresses identified costs or expenses incurred by the Group and the Bank is recognised in the income statements in the same financial period when the costs or expenses are recognised, when the required conditions are fulfilled in accordance with MFRS 120 'Accounting for Government Grants and Disclosure of Government Assistance'.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**14) CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

The Group and the Bank do not recognise contingent assets and liabilities other than those arising from business combinations, but disclose their existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or the Bank or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Bank. The Group and the Bank do not recognise contingent assets but disclose their existence where inflows of economic benefits are probable, but not virtually certain.

The Group recognises separately the contingent liabilities of the acquiree as part of allocating the cost of a business combination where their fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions and the information about the contingent liabilities acquired are disclosed in the financial statements.

Subsequent to the initial recognition, the Group and the Bank measure the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provision of MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less when appropriate, cumulative amortisation recognised in accordance with MFRS 15 'Revenue from Contracts with Customers'.

**15) SHARE CAPITAL**

(a) Classification

Ordinary shares are classified as equity. Other shares, if issued, are classified as equity and/or liability according to the economic substance of the particular instrument.

(b) Share issue cost

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(c) Dividend distribution

Distributions to holders of an equity instrument are debited directly to equity, and the corresponding liability is recognised in the period in which the shareholders' right to receive the dividends are established or the dividends are approved.

**16) CASH AND CASH EQUIVALENTS**

For the purpose of the statements of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of one month or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021  
(CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**17) REVENUE RECOGNITION**

- (a) Interest income is recognised using the effective interest method. The effective interest rate is the rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period to its carrying amount. The calculation includes significant fees and transaction costs that are integral to the effective interest rate, as well as premiums or discounts. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial asset that subsequently becomes credit-impaired. For credit-impaired financial asset, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).
- (b) Loan arrangement fees, commissions and placement fees are recognised as income when all conditions precedent are fulfilled.
- (c) Brokerage commission is recognised when services are rendered. Interest income from margin financing, clients' overdue outstanding and contra losses are recognised using effective interest method.
- (d) Corporate advisory fees are recognised as income based on fulfilment of the performance obligation.
- (e) Management fees of the unit trust management company are recognised based on point over time over the period of services. Sales value of trust units is recognised on the approval of a unit holder's application. Value from the cancellation of trust units is recognised upon approval of the trustee.
- (f) Dividends are recognised when the shareholders' right to receive payment is established. This applies even if they are paid out of the pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence. Dividend income received from subsidiaries, financial assets FVTPL and at FVOCI are recognised as other operating income in income statements.

Dividend that clearly represents a recovery of part of the cost of an investment is recognised in other comprehensive income if it relates to an investment in equity investment measured at fair value through other comprehensive income.



**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**18) IMPAIRMENT OF FINANCIAL ASSETS**

Under MFRS 9, impairment model requires the recognition of expected credit loss ('ECL') for all financial assets, except for financial assets classified or designated as FVTPL and equity securities classified under FVOCI, which are not subject to impairment assessment. Off-balance sheet items that are subject to ECL include financial guarantees and undrawn loan commitments.

There are two approaches adopted by the Group and the Bank:

(1) General approach

ECL will be assessed using an approach which classifies financial assets into three stages which reflects the change in credit quality of the financial assets since initial recognition:

(i) Stage 1: 12 months ECL – not credit impaired

For credit exposures where there has not been a significant increase in credit risk since initial recognition or which has low credit risk at reporting date and that are not credit impaired upon origination, the ECL associated with the probability of default events occurring within the next 12 months will be recognised.

(ii) Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, the ECL associated with the probability of default events occurring within the lifetime ECL will be recognised.

Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when 30 days past due.

(iii) Stage 3: Lifetime ECL – credit impaired

Financial assets are assessed as credit impaired when one or more objective evidence of defaults that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL will be recognised.

Generally, all financial assets that are 90 days past due or more are classified under Stage 3. The Group and the Bank consider the following as constituting an event of default:

(1) Quantitative criteria

- The borrower is past due more than 90 days on any material credit obligation to the Group and the Bank; and
- Margin of financing shall be classified as impaired where the force selling ratio is triggered and after a period of time after force selling has commenced or where margin of finance exceeds a set threshold above the force selling ratio.

(2) Qualitative criteria

- Legal action has been initiated by the Group and the Bank for recovery purposes;
- Borrower is a bankrupt; and
- Borrower has been assigned to external collection agency.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**18) IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)**

There are two approaches adopted by the Group and the Bank: (continued)

(1) General approach (continued)

Significant increase in credit risk ('SICR')

- (i) The Group and the Bank consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Bank compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.
- (ii) Among the indicators incorporated in ascertaining SICR are:
- Internal credit rating;
  - External credit rating (as far as available);
  - Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
  - Actual or expected significant changes in the operating results of the borrower;
  - Significant increase in credit risk on other financial instruments of the same borrower;
  - Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
  - Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrower in the group and changes in the operating results of the borrower.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

The assessment of credit risk, as well as the estimation of ECL, are required to be unbiased, probability-weighted and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. The measurement of ECL is based on the discounted products of the Probability of Default model ('PD'), Loss Given Default model ('LGD') and Exposure at Default model ('EAD'). Certain ECL models are leveraging on the existing Group and the Bank's Basel II Internal Ratings-Based ('IRB') model, where feasible or available, with necessary adjustment to meet MFRS 9 requirements. The changes in ECL between two-periods will be recognised in income statements.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**18) IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)**

(1) General approach (continued)

Significant increase in credit risk ('SICR') (continued)

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-months ECL. Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Group's and the Bank's investment grade criteria, or which are less than 30 days past due, are considered to have a low credit risk. The provision for doubtful debts for these financial assets is based on a 12-months ECL. When an asset is uncollectible, it is written off against the related provision. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the income statements.

The Group and the Bank leverages on the model, segments and credit related factors implemented under the Basel II IRB framework where feasible or available, with calibration to meet MFRS 9 requirements. For portfolio without Basel model, other relevant historical information, loss experience or proxies will be utilised if deemed feasible.

In determining the ECL, management will evaluate a range of possible outcomes, taking into account past events, current conditions or trends and economic outlooks. Additional considerations that are assessed to have been adequately addressed by the ECL model estimates, a structured management overlay, which is subject to robust review and governance process, will be applied consistently.

Generally, all financial assets are considered to have experienced a significant increase in credit risk if the exposures is more than 30 days past due on its contractual payments.

(2) Simplified approach

The Group and the Bank apply the MFRS 9 simplified approach to measure ECL which uses a lifetime expected loss allowance for clients' and brokers' balances, fee receivables and other assets. The expected loss allowance is based on provision matrix.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**19) IMPAIRMENT OF NON-FINANCIAL ASSETS**

Non-financial assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. The Group also assesses goodwill, other intangible assets with indefinite useful life and other assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the non-financial assets exceeds its recoverable amount.

The recoverable amount is the higher of a non-financial assets' fair value less costs to sell and value in use. For the purpose of assessing impairment, non-financial assets are grouped at the lowest levels for which there is separately identifiable cash flows or CGU. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

The impairment loss is charged to income statements. Impairment losses on goodwill are not reversed. In respect of other non-financial assets, any subsequent increase in recoverable amount is recognised in income statements.

**20) EMPLOYEE BENEFITS**

(a) Short-term employee benefits

The Group and the Bank recognise a liability and an expense for bonuses. The Group and the Bank recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and the Bank.

(b) Defined contribution plans

A defined contribution plan is a pension plan under which the Group and the Bank pay fixed contributions to the national pension scheme. The Group's and the Bank's contributions to defined contribution plans are charged to income statements in the period to which they relate. Once the contributions have been paid, the Group and the Bank have no further legal or constructive obligations.

(c) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates:

- (i) when the Group can no longer withdraw the offer of those benefits; and
- (ii) when the entity recognises costs for a restructuring that is within the scope of MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets' and involves the payment of termination benefits.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**21) CURRENT AND DEFERRED INCOME TAXES**

The tax expense for the period comprises current and deferred tax. Tax is recognised in income statements, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group and the Bank operate and include all taxes based upon the taxable profits, including withholding taxes payable by foreign subsidiaries, associates and joint ventures and arising from distributions of retained profits to companies in the Group.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures except where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the date of statements of financial position and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**22) CURRENCY CONVERSION AND TRANSLATION**

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Ringgit Malaysia, which is the Bank's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statements, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses are presented in income statements within other operating income.

Changes in the fair value of monetary securities denominated in foreign currency classified as debt instruments under FVOCI are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in income statements, and other changes in carrying amount are recognised in OCI.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at FVTPL are recognised in income statements as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as FVOCI, are recognised in OCI.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each statements of financial position presented are translated at the closing rate at the date of that statements of financial position;
- (ii) Income and expenses for each statements of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of transactions); and
- (iii) All resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign operations, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is partially disposed of or sold, a proportionate share of such exchange differences is recognised in income statements as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**23) SEGMENT REPORTING**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources to and assessing performance of the operating segments of an entity. The Group has determined RHB Bank Group's Management Committee as its chief operating decision-maker.

All transactions between operating segments are conducted based on mutually agreed allocation basis, with intra-segment revenue and costs being eliminated. Income and expenses directly associated with each segment are included in determining business segment performance.

**24) TRUST ACTIVITIES**

The Group and the Bank act as trustees and in other fiduciary capacities that result in holding or placing of assets on behalf of individuals, trust and other institutions. These assets and income arising thereon are not recognised as assets of the Group and the Bank.

**25) NON-CURRENT ASSETS HELD FOR SALE (OR DISPOSAL GROUPS) AND DISCONTINUED OPERATIONS**

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less cost to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write-down of the assets to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statements of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statements of financial position.

A discontinued operation is a component of the entity that has been disposed of, or is classified as held for sale and that represents a separate major line of business. Classification as a discontinued operation occur upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statements and statements of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**(B) CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The Group and the Bank make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets within the next financial year are outlined below:

(a) Fair value measurement

A significant portion of financial instruments are carried on the statements of financial position at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where the classification of a financial asset or liability results in it being measured at fair value, wherever possible, the fair value is determined by reference to the quoted bid or offer price in the most advantageous active market to which the Group and the Bank have immediate access. An adjustment for credit risk is also incorporated into the fair value as appropriate.

Fair value for a net open position that is a financial liability quoted in an active market is the current offer price, and for a financial asset the bid price, multiplied by the number of units of the instrument held or issued.

Where no active market exists for a particular asset or liability, the Group and the Bank use a valuation technique to arrive at the fair value, including the use of transaction prices obtained in recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques, based on market conditions and risks existing at reporting date. In doing so, fair value is estimated using a valuation technique that makes maximum use of observable market inputs and places minimal reliance upon entity-specific inputs.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group and the Bank recognise the difference between the transaction price and the fair value in income statements on initial recognition (i.e. on day one).

The valuation techniques are further disclosed in Note 45(g) to the financial statements.

(b) Allowance for expected credit losses ('ECL')

The measurement of the ECL for financial assets measured at amortised costs is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

MFRS 9 introduces the use of macroeconomic factors and requires an evaluation of both the current and forecast direction of the economic cycle. Incorporating forward looking information increases the level of judgement as to how changes in these macroeconomic factors will affect ECL. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.



**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021  
(CONTINUED)**

**(B) CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)**

The Group and the Bank make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets within the next financial year are outlined below: (continued)

(b) Allowance for expected credit losses ('ECL') (continued)

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- (i) Determining criteria for significant increase in credit risk;
- (ii) Choosing appropriate models and assumptions for the measurement of ECL;
- (iii) Establishing the number and relative weightings of forward-looking scenarios for each type of product, market and the associated ECL;
- (iv) Establishing groups of similar financial assets for the purposes of measuring ECL; and
- (v) Identifying and calculating adjustments to model output (model overlay adjustments).

The impact of the COVID-19 pandemic remains uncertain and represents a material downside risk to the economy. While the methodologies and assumptions applied in the base ECL calculations remained unchanged, the Group and the Bank have incorporated the following estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of ECL:

- Forward looking macro-economic information and assumptions relating to the COVID-19 pandemic have been considered, including potential impacts of the COVID-19 pandemic, recognising uncertainty still exists in relation to the duration of the COVID-19 pandemic-related restrictions, the anticipated impact of government stimulus and regulatory actions; and
- When determining whether the risk of default has increased significantly since initial recognition, both quantitative and qualitative information is considered, including expert credit assessment, forward looking information and analysis based on the Group's and the Bank's historical loss experience.

(c) Goodwill impairment

Goodwill is tested at least annually for impairment. Impairment is measured by comparing the carrying amount of the investments with its recoverable amount. The recoverable amount is determined based on higher of value in use ('VIU') and fair value less cost of disposal ('FVLCD'). Testing of goodwill for impairment involves a significant amount of estimation. This includes the identification of independent CGUs and the allocation of goodwill to these units based on which units are expected to benefit from the acquisition. Estimating the value in use require the Group and the Bank to make an estimate of the expected future cash flow from the CGUs. Determining both the expected pre-tax cash flows and the risk adjusted discount rate appropriate to the CGUs also require the exercise of judgement. The variables are subject to fluctuations in external market rates and economic conditions beyond management control and are subject to uncertainty and require the exercise of significant judgement. The detailed disclosures on the assessment of impairment of goodwill are disclosed in Note 17 to the financial statements.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021  
(CONTINUED)**

**(B) CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)**

The Group and the Bank make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets within the next financial year are outlined below: (continued)

(d) Impairment of investments in subsidiaries, associates and joint ventures

The Bank assesses whether there is any indication that investments in subsidiaries, associates and joint ventures are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of the investments with its recoverable amount. The recoverable amount is determined based on higher of VIU and FVLCD.

Management has assessed the recoverable amount of the investments based on net assets of the subsidiaries and the higher of VIU calculations and FVLCD, which approximates fair value as at year end. The impairment charge has been recognised due to the carrying amount of the investments in the separate financial statements exceeding the carrying amount of the subsidiaries' net assets in their financial statements and recoverable amounts. The impairment charge during the financial year is shown in Note 36 to the financial statements.

(e) Income tax and deferred tax

The Group and the Bank are subject to income tax in many jurisdictions and significant judgement is required in estimating the provision for income tax. There are many transactions and interpretations of tax law for which the final outcome will not be established until a later date. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking advice on the tax treatment where appropriate. Where the final liability for taxation is different from the amounts that were initially recorded, the differences will affect the income tax and deferred tax provisions in the period in which the estimate is revised or the final liability is established.

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

**1 GENERAL INFORMATION**

RHB Investment Bank Berhad ('the Bank'), is a limited liability bank incorporated and domiciled in Malaysia.

The principal activities of the Bank include merchant banking business, dealing in securities, stock, debt and derivatives, stock-broking business and the business of brokers and dealers in futures and options contracts.

The Group is involved in merchant banking business, dealing in securities, stock, debt and derivatives, stock-broking business and the business of brokers and dealers in futures and options contracts, investment management services, Islamic investment management services, management of unit trust funds and Islamic unit trust funds, management of private retirement schemes, provision of investment advisory services, research services and provision of nominee services.

There have been no significant changes in these principal activities during the financial year.

The address of the registered office of the Bank is Level 10, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur.

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 22 February 2022.

**2 CASH AND SHORT-TERM FUNDS**

|  | <b>Note</b> | <b>2021</b>      | <b>Group</b>  | <b>2021</b>      | <b>Bank</b>   |
|--|-------------|------------------|---------------|------------------|---------------|
|  |             | <b>RM'000</b>    | <b>2020</b>   | <b>RM'000</b>    | <b>2020</b>   |
|  |             |                  | <b>RM'000</b> |                  | <b>RM'000</b> |
| Cash and balances with banks and other financial institutions  | <b>(a)</b>  | <b>918,950</b>   | 1,287,413     | <b>158,096</b>   | 734,149       |
| Money at call and deposit placements maturing within one month | <b>(b)</b>  | <b>1,484,623</b> | 1,135,171     | <b>1,360,594</b> | 1,059,234     |
|  |             | <b>2,403,573</b> | 2,422,584     | <b>1,518,690</b> | 1,793,383     |
| Less: Allowance for ECL  |             | <b>(477)</b>     | (519)         | <b>(27)</b>      | (15)          |
|  |             | <b>2,403,096</b> | 2,422,065     | <b>1,518,663</b> | 1,793,368     |

(a) Included in the Group's cash and balances with banks and other financial institutions are monies amounting to RM249,540,000 (2020: RM277,463,000) held in trust for the purpose of the funds managed by the asset management subsidiaries; and

(b) Included in the Group's and the Bank's money at call and deposit placements are account held in trust for remisers amounting to RM97,828,000 (2020: RM92,060,000).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**3 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS**

|                         | 2021           | Group<br>2020 | 2021   | Bank<br>2020 |
|-------------------------|----------------|---------------|--------|--------------|
|                         | RM'000         | RM'000        | RM'000 | RM'000       |
| Licensed banks          | 189,758        | 190,774       | -      | -            |
| Licensed Islamic banks  | 7,114          | 24,097        | -      | -            |
|                         | <b>196,872</b> | 214,871       | -      | -            |
| Less: Allowance for ECL | (92)           | (105)         | -      | -            |
|                         | <b>196,780</b> | 214,766       | -      | -            |

**4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ('FVTPL')**

|                                    | 2021           | Group<br>2020 | 2021           | Bank<br>2020 |
|------------------------------------|----------------|---------------|----------------|--------------|
|                                    | RM'000         | RM'000        | RM'000         | RM'000       |
| <b>At fair value</b>               |                |               |                |              |
| <b><u>Quoted securities:</u></b>   |                |               |                |              |
| <b>In Malaysia</b>                 |                |               |                |              |
| Shares and exchange traded funds   | 74,375         | 209,292       | 74,375         | 209,292      |
| Unit trusts                        | 28,076         | 58,077        | 8,261          | 8,218        |
| <b>Outside Malaysia</b>            |                |               |                |              |
| Shares                             | 94,878         | 205,677       | 6,249          | 12,958       |
| Unit trusts                        | 24,386         | 25,676        | 24,386         | 25,676       |
| <b><u>Unquoted securities:</u></b> |                |               |                |              |
| <b>In Malaysia</b>                 |                |               |                |              |
| Prasarana bonds                    | -              | 25            | -              | 25           |
| Corporate bonds/Sukuk              | 3,419          | 1,412         | 3,419          | 1,412        |
| <b>Outside Malaysia</b>            |                |               |                |              |
| Private equity funds               | 626,663        | 533,428       | -              | -            |
|                                    | <b>851,797</b> | 1,033,587     | <b>116,690</b> | 257,581      |
| <b>Contingent consideration</b>    |                |               |                |              |
|                                    | -              | 1,256         | -              | 1,256        |
|                                    | <b>851,797</b> | 1,034,843     | <b>116,690</b> | 258,837      |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**5 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI')**

|                      | <b>Note</b> | <b>2021</b>    | <b>Group</b>  | <b>2021</b>    | <b>Bank</b>   |
|----------------------|-------------|----------------|---------------|----------------|---------------|
|                      |             | <b>RM'000</b>  | <b>2020</b>   | <b>RM'000</b>  | <b>2020</b>   |
|                      |             |                | <b>RM'000</b> |                | <b>RM'000</b> |
| <b>At fair value</b> |             |                |               |                |               |
| Debt instruments     | <b>(a)</b>  | <b>558,565</b> | 580,534       | <b>558,565</b> | 580,534       |
| Equity instruments   | <b>(b)</b>  | <b>39,107</b>  | 42,991        | <b>36,670</b>  | 34,954        |
|                      |             | <b>597,672</b> | 623,525       | <b>595,235</b> | 615,488       |

**(a) Debt instruments**

**Money market instruments:**

|  |                |         |                |         |
|--|----------------|---------|----------------|---------|
| Malaysian Government Securities        | <b>132,908</b> | 138,165 | <b>132,908</b> | 138,165 |
| Malaysian Government Investment Issues | <b>61,291</b>  | 21,072  | <b>61,291</b>  | 21,072  |
| Khazanah bonds                         | <b>49,368</b>  | 48,408  | <b>49,368</b>  | 48,408  |
| Sukuk Perumahan Kerajaan ('SPK')       | <b>71,888</b>  | 73,100  | <b>71,888</b>  | 73,100  |

**Unquoted securities:**

**In Malaysia**

|                       |                |         |                |         |
|-----------------------|----------------|---------|----------------|---------|
| Corporate bonds/Sukuk | <b>178,020</b> | 273,620 | <b>178,020</b> | 273,620 |
| Prasarana bonds       | <b>65,090</b>  | 26,169  | <b>65,090</b>  | 26,169  |
|                       | <b>558,565</b> | 580,534 | <b>558,565</b> | 580,534 |

There are no allowance for ECL on FVOCI debt instruments as all investments are guaranteed by the Government of Malaysia.

**(b) Equity instruments**

**Quoted securities:**

**Outside Malaysia**

|        |              |       |   |   |
|--------|--------------|-------|---|---|
| Shares | <b>2,146</b> | 1,866 | - | - |
|--------|--------------|-------|---|---|

**Unquoted securities:**

**In Malaysia**

|        |               |        |               |        |
|--------|---------------|--------|---------------|--------|
| Shares | <b>36,670</b> | 40,823 | <b>36,670</b> | 34,954 |
|--------|---------------|--------|---------------|--------|

**Outside Malaysia**

|        |               |        |               |        |
|--------|---------------|--------|---------------|--------|
| Shares | <b>291</b>    | 302    | -             | -      |
|        | <b>39,107</b> | 42,991 | <b>36,670</b> | 34,954 |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**5 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI')  
(CONTINUED)**

(b) Equity instruments (continued)

The Group and the Bank designated certain investments shown in the following tables as equity securities under FVOCI. The FVOCI designation was made because these investments are not held for trading purposes.

List of these investments are as follows:

|                                      | <b>Group</b>      |   | <b>Bank</b>       |   |
|--------------------------------------|-------------------|---|-------------------|---|
|                                      | <b>Fair value</b> | <b>Dividend income recognised during the financial year</b> | <b>Fair value</b> | <b>Dividend income recognised during the financial year</b> |
|                                      | <b>RM'000</b>     | <b>RM'000</b>   | <b>RM'000</b>     | <b>RM'000</b>   |
| <b><u>Unquoted Securities:</u></b>   |                   |   |                   |   |
| <b>2021</b>                          |                   |   |                   |   |
| Malaysian Rating Corporation Berhad  | 2,902             | 196   | 2,902             | 196   |
| Cagamas Holdings Bhd                 | 33,768            | 240   | 33,768            | 240   |
| Bond Pricing Agency Malaysia Sdn Bhd | -                 | 89  | -                 | -   |
| Others                               | 2,437             | 76  | -                 | -   |
|                                      | <b>39,107</b>     | <b>601</b>  | <b>36,670</b>     | <b>436</b>  |
| <b>2020</b>                          |                   |   |                   |   |
| Malaysian Rating Corporation Berhad  | 2,866             | 196   | 2,866             | 196   |
| Cagamas Holdings Bhd                 | 32,088            | 240   | 32,088            | 240   |
| Bond Pricing Agency Malaysia Sdn Bhd | 5,869             | 178   | -                 | -   |
| Others                               | 2,168             | 81  | -                 | -   |
|                                      | <b>42,991</b>     | <b>695</b>  | <b>34,954</b>     | <b>436</b>  |

Dividend income from financial assets at FVOCI equity instruments is disclosed in Note 32 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**6 FINANCIAL INVESTMENTS AT AMORTISED COSTS**

|   | <b>Group and Bank</b> |               |
|---|-----------------------|---------------|
|   | <b>2021</b>           | <b>2020</b>   |
| <b>At amortised cost</b>                | <b>RM'000</b>         | <b>RM'000</b> |
| <b><u>Money market instruments:</u></b> |                       |               |
| Malaysian Government Securities         | <b>92,757</b>         | 92,878        |
| Malaysian Government Investment Issues  | <b>300,603</b>        | 369,222       |
| Khazanah Bonds                          | <b>13,522</b>         | 13,003        |
| Wakala Global Sukuk                     | <b>-</b>              | 8,262         |
| Negotiable Instruments of Deposit       | <b>500,596</b>        | -             |
| <b><u>Unquoted Securities:</u></b>      |                       |               |
| <b><u>In Malaysia</u></b>               |                       |               |
| Corporate bonds/Sukuk                   | <b>596,600</b>        | 507,075       |
| Loan stocks                             | <b>23,835</b>         | 25,853        |
| Prasarana bonds                         | <b>30,577</b>         | 70,800        |
|   | <b>1,558,490</b>      | 1,087,093     |
| Allowance for ECL                       | <b>(71,782)</b>       | (77,447)      |
|   | <b>1,486,708</b>      | 1,009,646     |

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

|   |                |        |
|---|----------------|--------|
| Balance as at the beginning of the financial year | <b>77,447</b>  | 77,447 |
| Amount recovered                                  | <b>(5,665)</b> | -      |
| Balance as at the end of the financial year       | <b>71,782</b>  | 77,447 |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**6 FINANCIAL INVESTMENTS AT AMORTISED COSTS (CONTINUED)**

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

| <b>Group and Bank</b>                                    | <b>Note</b> | <b>12-month<br/>ECL<br/>(Stage 1)<br/>RM'000</b> | <b>Lifetime ECL<br/>not credit<br/>impaired<br/>(Stage 2)<br/>RM'000</b> | <b>Lifetime<br/>ECL credit<br/>impaired<br/>(Stage 3)<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|-------------|--|--|--|-------------------------|
| <b>2021</b>  |             |  |  |  |                         |
| Balance as at the beginning of<br>the financial year     |             | -  | -  | 77,447   | 77,447                  |
| Net allowance written back                               | 35          | -  | -  | (5,665)  | (5,665)                 |
| Balance as at the end of the<br>financial year           |             | -  | -  | 71,782   | 71,782                  |
| <b>Group and Bank</b>                                    |             |  |  |  |                         |
| <b>2020</b>  |             |  |  |  |                         |
| Balance as at the beginning/end of<br>the financial year |             | -  | -  | 77,447   | 77,447                  |



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**7 LOANS AND ADVANCES**

|   | 2021<br>RM'000   | Group<br>2020<br>RM'000 | 2021<br>RM'000   | Bank<br>2020<br>RM'000 |
|---|------------------|-------------------------|------------------|------------------------|
| <b>(a) By type</b>                      |                  |                         |                  |                        |
| <b>At amortised cost</b>                |                  |                         |                  |                        |
| Term loans                              | 2                | 2                       | 2                | 2                      |
| Share margin financing                  | 1,691,779        | 1,826,512               | 1,347,893        | 1,496,171              |
| Staff loans                             | 283              | 311                     | 283              | 311                    |
| Other loans                             | 399              | -                       | -                | -                      |
| Gross loans and advances                | <b>1,692,463</b> | 1,826,825               | <b>1,348,178</b> | 1,496,484              |
| Less: Allowance for ECL                 | <b>(10,984)</b>  | (8,951)                 | <b>(1)</b>       | (1)                    |
| Net loans and advances                  | <b>1,681,479</b> | 1,817,874               | <b>1,348,177</b> | 1,496,483              |
| <b>(b) By type of customer</b>          |                  |                         |                  |                        |
| Domestic business enterprises:          |                  |                         |                  |                        |
| - Small and medium enterprises          | <b>206,970</b>   | 190,074                 | <b>206,970</b>   | 190,074                |
| - Others                                | <b>228,527</b>   | 201,109                 | <b>228,527</b>   | 201,109                |
| Individuals                             | <b>870,950</b>   | 1,079,583               | <b>870,950</b>   | 1,079,583              |
| Foreign entities                        | <b>386,016</b>   | 356,059                 | <b>41,731</b>    | 25,718                 |
|   | <b>1,692,463</b> | 1,826,825               | <b>1,348,178</b> | 1,496,484              |
| <b>(c) By geographical distribution</b> |                  |                         |                  |                        |
| In Malaysia                             | <b>1,348,178</b> | 1,496,484               | <b>1,348,178</b> | 1,496,484              |
| Outside Malaysia:                       |                  |                         |                  |                        |
| - Thailand operations                   | <b>210,201</b>   | 141,358                 | -                | -                      |
| - Indonesia operations                  | <b>131,127</b>   | 188,983                 | -                | -                      |
| - Vietnam operations                    | <b>2,957</b>     | -                       | -                | -                      |
|   | <b>1,692,463</b> | 1,826,825               | <b>1,348,178</b> | 1,496,484              |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**7 LOANS AND ADVANCES (CONTINUED)**

|  | 2021<br>RM'000   | Group<br>2020<br>RM'000 | 2021<br>RM'000   | Bank<br>2020<br>RM'000 |
|--|------------------|-------------------------|------------------|------------------------|
| <b>(d) By interest rate sensitivity</b>                  |                  |                         |                  |                        |
| Fixed rate:  |                  |                         |                  |                        |
| - Other fixed rate loans                                 | 1,482,260        | 1,685,465               | 1,348,176        | 1,496,482              |
| Variable rate:   |                  |                         |                  |                        |
| - Base rate plus   | 210,203          | 141,360                 | 2                | 2                      |
|  | <u>1,692,463</u> | <u>1,826,825</u>        | <u>1,348,178</u> | <u>1,496,484</u>       |
| <b>(e) By purpose</b>                                    |                  |                         |                  |                        |
| Purchase of securities                                   | 1,692,178        | 1,826,512               | 1,347,893        | 1,496,171              |
| Purchase of landed property:                             |                  |                         |                  |                        |
| - Residential  | 285              | 313                     | 285              | 313                    |
|  | <u>1,692,463</u> | <u>1,826,825</u>        | <u>1,348,178</u> | <u>1,496,484</u>       |
| <b>(f) By economic sector</b>                            |                  |                         |                  |                        |
| Agriculture, hunting, forestry and fishing               | -                | 105                     | -                | 105                    |
| Mining and quarrying                                     | 86               | 91                      | 86               | 91                     |
| Manufacturing  | 3,369            | 3,180                   | 3,369            | 3,180                  |
| Construction   | 5,156            | 5,974                   | 5,156            | 5,974                  |
| Wholesale and retail trade and restaurant<br>and hotel   | 1,926            | 1,670                   | 1,582            | 1,670                  |
| Transport, storage and communication                     | 4,992            | 4,253                   | 4,992            | 4,253                  |
| Finance, insurance, real estate and<br>business services | 420,457          | 387,219                 | 419,434          | 378,667                |
| Education, health and others                             | 2,499            | -                       | 2,499            | -                      |
| Household sector   | 1,253,978        | 1,424,333               | 911,060          | 1,102,544              |
|  | <u>1,692,463</u> | <u>1,826,825</u>        | <u>1,348,178</u> | <u>1,496,484</u>       |
| <b>(g) By remaining contractual maturities</b>           |                  |                         |                  |                        |
| Maturity within one year                                 | 1,692,182        | 1,826,512               | 1,347,897        | 1,496,171              |
| One year to three years                                  | -                | 8                       | -                | 8                      |
| Three years to five years                                | 17               | 21                      | 17               | 21                     |
| Over five years  | 264              | 284                     | 264              | 284                    |
|  | <u>1,692,463</u> | <u>1,826,825</u>        | <u>1,348,178</u> | <u>1,496,484</u>       |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**7 LOANS AND ADVANCES (CONTINUED)**

**(h) By stages**

| <b>Group</b>   | <b>Note</b> | <b>12-month<br/>ECL<br/>(Stage 1)<br/>RM'000</b> | <b>Lifetime ECL<br/>not credit<br/>impaired<br/>(Stage 2)<br/>RM'000</b> | <b>Lifetime<br/>ECL credit<br/>impaired<br/>(Stage 3)<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|-------------|--|--|--|-------------------------|
| <b>2021</b>  |             |  |  |  |                         |
| Balance as at the beginning of the financial year      |             | 1,816,035  | 1,123  | 9,667  | 1,826,825               |
| Transfer to 12-month ECL (Stage 1)                     |             | 11,001   | (8,817)  | (2,184)  | -                       |
| Transfer to Lifetime ECL not credit impaired (Stage 2) |             | (7,979)  | 7,979  | -  | -                       |
| Transfer to Lifetime ECL credit impaired (Stage 3)     |             | (1,477)  | -  | 1,477  | -                       |
| Addition and origination                               |             | 12,321,037                                       | -  | -  | 12,321,037              |
| Derecognition  |             | (12,454,716)                                     | (276)  | -  | (12,454,992)            |
| Exchange differences and other movements               |             | (2,462)  | 7  | 2,048  | (407)                   |
| Balance as at the end of the financial year            |             | <u>1,681,439</u>                                 | <u>16</u>  | <u>11,008</u>  | <u>1,692,463</u>        |
| <b>2020</b>  |             |  |  |  |                         |
| Balance as at the beginning of the financial year      |             | 1,852,148  | 29   | 23,313   | 1,875,490               |
| Transfer to 12-month ECL (Stage 1)                     |             | 86,370   | (82,179)   | (4,191)  | -                       |
| Transfer to Lifetime ECL not credit impaired (Stage 2) |             | (91,243)   | 91,243   | -  | -                       |
| Transfer to Lifetime ECL credit impaired (Stage 3)     |             | (5,850)  | -  | 5,850  | -                       |
| Addition and origination                               |             | 15,822,794                                       | -  | -  | 15,822,794              |
| Derecognition  |             | (15,779,111)                                     | (7,970)  | (4,632)  | (15,791,713)            |
| Amount written off                                     |             | -  | -  | (8,381)  | (8,381)                 |
| Disposal of a subsidiary                               | 49(g)       | (61,240)   | -  | (1,874)  | (63,114)                |
| Exchange differences and other movements               |             | (7,833)  | -  | (418)  | (8,251)                 |
| Balance as at the end of the financial year            |             | <u>1,816,035</u>                                 | <u>1,123</u>   | <u>9,667</u>   | <u>1,826,825</u>        |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**7 LOANS AND ADVANCES (CONTINUED)**

**(h) By stages (continued)**

| <b>Bank</b>   | <b>12-month<br/>ECL<br/>(Stage 1)</b> | <b>Lifetime ECL<br/>not credit<br/>impaired<br/>(Stage 2)</b> | <b>Lifetime<br/>ECL credit<br/>impaired<br/>(Stage 3)</b> | <b>Total</b>     |
|---|---------------------------------------|---|---|------------------|
| <b>2021</b>   | <b>RM'000</b>                         | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>    |
| Balance as at the beginning of<br>the financial year      | 1,495,682                             | 802   | -   | 1,496,484        |
| Transfer to 12-month ECL (Stage 1)                        | 7,322                                 | (6,983)   | (339)   | -                |
| Transfer to Lifetime ECL not credit<br>impaired (Stage 2) | (6,471)                               | 6,471   | -   | -                |
| Transfer to Lifetime ECL credit<br>impaired (Stage 3)     | (364)                                 | -   | 364   | -                |
| Addition and origination                                  | 4,819,769                             | -   | -   | 4,819,769        |
| Derecognition   | (4,967,800)                           | (275)   | -   | (4,968,075)      |
| Balance as at the end of<br>the financial year            | <b>1,348,138</b>                      | <b>15</b>   | <b>25</b>   | <b>1,348,178</b> |
| <b>Bank</b>   |                                       |   |   |                  |
| <b>2020</b>   |                                       |   |   |                  |
| Balance as at the beginning of<br>the financial year      | 1,405,664                             | 29  | -   | 1,405,693        |
| Transfer to 12-month ECL (Stage 1)                        | 70,003                                | (69,301)  | (702)   | -                |
| Transfer to Lifetime ECL not credit<br>impaired (Stage 2) | (77,853)                              | 77,853  | -   | -                |
| Transfer to Lifetime ECL credit<br>impaired (Stage 3)     | (896)                                 | -   | 896   | -                |
| Addition and origination                                  | 6,807,780                             | -   | -   | 6,807,780        |
| Derecognition   | (6,710,104)                           | (7,779)   | (194)   | (6,718,077)      |
| Exchange differences                                      | 1,088                                 | -   | -   | 1,088            |
| Balance as at the end of<br>the financial year            | <b>1,495,682</b>                      | <b>802</b>  | <b>-</b>  | <b>1,496,484</b> |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**7 LOANS AND ADVANCES (CONTINUED)**

**(i) Impaired loans and advances**

|   | <b>2021</b>   | <b>Group<br/>2020</b> | <b>2021</b>   | <b>Bank<br/>2020</b> |
|---|---------------|-----------------------|---------------|----------------------|
|   | <b>RM'000</b> | <b>RM'000</b>         | <b>RM'000</b> | <b>RM'000</b>        |
| <b>(i) By purpose</b>                     |               |                       |               |                      |
| Purchase of securities                    | <b>11,008</b> | 9,667                 | <b>25</b>     | -                    |
| <b>(ii) By economic sector</b>            |               |                       |               |                      |
| Household sector                          | <b>11,008</b> | 9,667                 | <b>25</b>     | -                    |
| <b>(iii) By geographical distribution</b> |               |                       |               |                      |
| In Malaysia                               | <b>25</b>     | -                     | <b>25</b>     | -                    |
| Outside Malaysia:                         |               |                       |               |                      |
| - Thailand                                | <b>10,983</b> | 8,951                 | -             | -                    |
| - Indonesia                               | -             | 716                   | -             | -                    |
|   | <b>11,008</b> | 9,667                 | <b>25</b>     | -                    |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**7 LOANS AND ADVANCES (CONTINUED)**

**(i) Impaired loans and advances (continued)**

**(iv) Movement in allowance for ECL**

| <b>Group</b>   | <b>Note</b> | <b>12-month<br/>ECL<br/>(Stage 1)<br/>RM'000</b> | <b>Lifetime ECL<br/>not credit<br/>impaired<br/>(Stage 2)<br/>RM'000</b> | <b>Lifetime<br/>ECL credit<br/>impaired<br/>(Stage 3)<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|-------------|--|--|--|-------------------------|
| <b>2021</b>  |             |  |  |  |                         |
| Balance as at the beginning<br>of the financial year     |             | 1  | -  | 8,950  | 8,951                   |
| Exchange differences and<br>other movements              |             | -  | -  | 2,033  | 2,033                   |
| Balance as at the end of the<br>financial year           |             | 1  | -  | 10,983   | 10,984                  |
| <b>Group<br/>2020</b>                                    |             |  |  |  |                         |
| Balance as at the beginning<br>of the financial year     |             | 1  | -  | 19,616   | 19,617                  |
| Net allowance written back                               |             | -  | -  | (298)  | (298)                   |
| Amount written off                                       |             | -  | -  | (8,381)  | (8,381)                 |
| Disposal of a subsidiary                                 | 49(g)       | -  | -  | (1,560)  | (1,560)                 |
| Exchange differences and<br>other movements              |             | -  | -  | (427)  | (427)                   |
| Balance as at the end of the<br>financial year           |             | 1  | -  | 8,950  | 8,951                   |
| <b>Bank<br/>2021</b>                                     |             |  |  |  |                         |
| Balance as at the beginning/end<br>of the financial year |             | 1  | -  | -  | 1                       |
| <b>Bank<br/>2020</b>                                     |             |  |  |  |                         |
| Balance as at the beginning/end<br>of the financial year |             | 1  | -  | -  | 1                       |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**8 CLIENTS' AND BROKERS' BALANCES**

|   | <b>2021</b>     | <b>Group<br/>2020</b> | <b>2021</b>    | <b>Bank<br/>2020</b> |
|---|-----------------|-----------------------|----------------|----------------------|
|   | <b>RM'000</b>   | <b>RM'000</b>         | <b>RM'000</b>  | <b>RM'000</b>        |
| Amounts owing by clients                                | <b>507,679</b>  | 1,084,974             | <b>360,827</b> | 743,519              |
| Less: Allowance for ECL                                 | <b>(23,545)</b> | (30,067)              | <b>(2,946)</b> | (4,465)              |
|   | <b>484,134</b>  | 1,054,907             | <b>357,881</b> | 739,054              |
| Amounts owing by brokers                                | <b>138,381</b>  | 151,220               | <b>138,375</b> | 150,831              |
| Amounts owing by clearing<br>houses and stock exchanges | <b>257,080</b>  | 133,441               | <b>144,863</b> | 56,795               |
|   | <b>879,595</b>  | 1,339,568             | <b>641,119</b> | 946,680              |

**Movement in allowance for ECL**

**(a) Non-credit impaired**

|  |            |       |            |      |
|--|------------|-------|------------|------|
| Balance as at the beginning of<br>the financial year | 2          | 107   | 2          | 1    |
| Transferred to credit impaired                       | -          | (340) | -          | -    |
| Allowance for credit loss                            | <b>50</b>  | 850   | <b>50</b>  | 17   |
| Derecognition  | <b>(5)</b> | (446) | <b>(5)</b> | (16) |
| Disposal of a subsidiary                             | -          | (169) | -          | -    |
| Balance as at the end of<br>the financial year       | <b>47</b>  | 2     | <b>47</b>  | 2    |

**(b) Credit impaired**

|  |                |         |                |       |
|--|----------------|---------|----------------|-------|
| Balance as at the beginning of<br>the financial year | <b>30,065</b>  | 20,665  | <b>4,463</b>   | 4,635 |
| Transferred from non-credit impaired                 | -              | 340     | -              | -     |
| Allowance for credit loss                            | <b>2,074</b>   | 19,003  | <b>575</b>     | 429   |
| Derecognition  | <b>(7,157)</b> | (2,228) | <b>(768)</b>   | (600) |
| Amount written off                                   | <b>(1,371)</b> | (4,058) | <b>(1,371)</b> | (1)   |
| Disposal of a subsidiary                             | -              | (3,335) | -              | -     |
| Exchange differences                                 | <b>(113)</b>   | (322)   | -              | -     |
| Balance as at the end of<br>the financial year       | <b>23,498</b>  | 30,065  | <b>2,899</b>   | 4,463 |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**9 OTHER ASSETS**

|  | <b>Note</b> | <b>2021</b>    | <b>Group<br/>2020</b> | <b>2021</b>   | <b>Bank<br/>2020</b> |
|--|-------------|----------------|-----------------------|---------------|----------------------|
|  |             | <b>RM'000</b>  | <b>RM'000</b>         | <b>RM'000</b> | <b>RM'000</b>        |
| Other receivables                                    | <b>(a)</b>  | <b>45,859</b>  | 59,303                | <b>19,154</b> | 18,129               |
| Unit trust fee receivables                           |             | <b>33,359</b>  | 25,147                | -             | -                    |
| Management fee receivables                           |             | <b>3,855</b>   | 3,237                 | -             | -                    |
| Deposits   |             | <b>6,707</b>   | 7,506                 | <b>2,642</b>  | 2,952                |
| Prepayments  |             | <b>14,672</b>  | 10,307                | <b>9,992</b>  | 4,630                |
| Amount receivable for release of<br>units from funds |             | <b>207,850</b> | 36,355                | -             | -                    |
| Transferable memberships                             |             | <b>262</b>     | 262                   | <b>262</b>    | 262                  |
| Amount due from holding company                      | <b>(b)</b>  | -              | 1,557                 | -             | -                    |
| Amount due from subsidiaries                         | <b>(b)</b>  | -              | -                     | <b>41,344</b> | 38,937               |
| Amount due from related companies                    | <b>(b)</b>  | <b>12,161</b>  | 756                   | <b>12,135</b> | 719                  |
|  |             | <b>324,725</b> | 144,430               | <b>85,529</b> | 65,629               |

(a) Other receivables of the Group and the Bank are stated at net of allowance for ECL of RM15,723,000 (2020: RM17,161,000) and RM14,341,000 (2020: RM15,833,000) respectively. During the financial year, there was write off against allowance for ECL of the Group and the Bank of RM1,191,000 (2020: RM2,332,000) and RM1,098,000 (2020: RM NIL) respectively.

(b) Amounts due from holding company/subsidiaries/related companies are unsecured, interest free and repayable on demand. The amounts due from subsidiaries are net of allowance for ECL of RM4,118,000 (2020: RM2,983,000).



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**10 DERIVATIVE ASSETS/(LIABILITIES)**

Derivative financial instruments are financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates, interest rates and security prices) of the underlying instruments. These instruments are used by the Group and the Bank for economic hedges. The default classification for derivative financial instruments is trading, unless designated in a hedge relationship and are in compliance with the stringent requirements of hedge accounting mentioned in the Group's and the Bank's accounting policies.

The table below shows the Group's and the Bank's derivative financial instruments as at the date of statements of financial position. The contractual or underlying principal amounts of these derivative financial instruments and their corresponding gross positive (derivative asset) and gross negative (derivative liability) fair values at the date of statements of financial position are analysed below.

|                        | <u>2021</u>     | <u>Group</u><br><u>2020</u> | <u>2021</u>     | <u>Bank</u><br><u>2020</u> |
|------------------------|-----------------|-----------------------------|-----------------|----------------------------|
|                        | RM'000          | RM'000                      | RM'000          | RM'000                     |
| Derivative assets      |                 |                             |                 |                            |
| - Trading derivatives  | 928             | 1,017                       | 17              | 122                        |
| Derivative liabilities |                 |                             |                 |                            |
| - Trading derivatives  | <u>(21,941)</u> | <u>(71,748)</u>             | <u>(21,567)</u> | <u>(71,732)</u>            |
|                        | <u>(21,013)</u> | <u>(70,731)</u>             | <u>(21,550)</u> | <u>(71,610)</u>            |

| <b>Group</b>                        | <b>Contract or</b> | <b>Year-end</b>   | <b>Year-end</b>   |
|-------------------------------------|--------------------|-------------------|-------------------|
| <b>2021</b>                         | <b>underlying</b>  | <b>positive</b>   | <b>negative</b>   |
|                                     | <b>principal</b>   | <b>fair value</b> | <b>fair value</b> |
|                                     | <b>amount</b>      | <b>RM'000</b>     | <b>RM'000</b>     |
|                                     | <b>RM'000</b>      |                   |                   |
| <u>Trading derivatives</u>          |                    |                   |                   |
| Foreign exchange related contracts: |                    |                   |                   |
| - Swaps/Spot                        | 24,496             | 17                | 18                |
| Futures related contracts           | 93,016             | 911               | 374               |
| Structured warrants                 | 284,760            | -                 | 21,549            |
|                                     | <u>402,272</u>     | <u>928</u>        | <u>21,941</u>     |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**10 DERIVATIVE ASSETS/(LIABILITIES) (CONTINUED)**

| <b>Group<br/>2020</b>               | <b>Contract or<br/>underlying<br/>principal<br/>amount</b> | <b>Year-end<br/>positive<br/>fair value</b> | <b>Year-end<br/>negative<br/>fair value</b> |
|-------------------------------------|--|---|---|
|                                     | <b>RM'000</b>  | <b>RM'000</b>                               | <b>RM'000</b>                               |
| <u>Trading derivatives</u>          |  |   |   |
| Foreign exchange related contracts: |  |   |   |
| - Swaps/Spot                        | 44,538   | 46  | 45  |
| Equity related contracts:           |  |   |   |
| - Options                           | 7,082  | 76  | -   |
| Futures related contracts:          |  |   |   |
|                                     | 200,537  | 895   | -   |
| Structured warrants                 | 456,101  | -   | 71,703                                      |
|                                     | <u>708,258</u>   | <u>1,017</u>                                | <u>71,748</u>                               |
| <br>                                |  |   |   |
| <b>Bank<br/>2021</b>                |  |   |   |
| <u>Trading derivatives</u>          |  |   |   |
| Foreign exchange related contracts: |  |   |   |
| - Swaps/Spot                        | 24,496   | 17  | 18  |
| Structured warrants                 | 284,760  | -   | 21,549                                      |
|                                     | <u>309,256</u>   | <u>17</u>                                   | <u>21,567</u>                               |
| <br>                                |  |   |   |
| <b>Bank<br/>2020</b>                |  |   |   |
| <u>Trading derivatives</u>          |  |   |   |
| Foreign exchange related contracts: |  |   |   |
| - Swaps/Spot                        | 44,538   | 46  | 45  |
| Equity related contracts:           |  |   |   |
| - Options                           | 7,082  | 76  | -   |
| Structured warrants                 | 455,966  | -   | 71,687                                      |
|                                     | <u>507,586</u>   | <u>122</u>                                  | <u>71,732</u>                               |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**10 DERIVATIVE ASSETS/(LIABILITIES) (CONTINUED)**

The Group's and the Bank's hedge accounting policy only allow for effective hedge relationship to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessment to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group and the Bank determine whether an economic relationship exists between hedged item and the hedging instrument by considering qualitative characteristics of these items and wherever necessary, supported by quantitative analysis. Under qualitative assessment, the Group and Bank will perform assessment by comparing the changes in the fair value of the hedge to changes in the fair value of the hypothetical derivative.

The Group and the Bank establish the hedge ratio by aligning the principal amount of the hedged instrument to the extent of its hedged item.

The Group and the Bank have identified the possible sources of ineffectiveness for mismatches in terms of the hedged items and hedging instruments such as voluntary discontinuance, maturity date and disposal of hedged item.

**(a) Fair value hedge**

Fair value hedge is used by the Bank for protection against the changes in fair value of financial assets and financial liabilities due to movements in foreign exchange rates. The Bank uses non-derivatives financial liability to hedge against foreign exchange risk of investment in a subsidiary. For designated and qualifying fair value hedge, the changes in fair value of hedging instrument and hedged item in relation to the hedged risk are recognised in the income statements.

Included in the other operating income is the net gains and losses arising from fair value hedges during the financial year as follows:

|  | <u>2021</u>   | <u>Bank</u><br><u>2020</u> |
|--|---------------|----------------------------|
|  | <u>RM'000</u> | <u>RM'000</u>              |
| Loss on hedging instruments *                            | -             | (1,317)                    |
| Gain on the hedged items attributable to the hedged risk | -             | 1,317                      |
|  | <u>-</u>      | <u>-</u>                   |

\* Hedging instrument includes non-derivative financial liabilities used to hedge foreign exchange risk from investment in a subsidiary.

**(b) Net investment hedge**

The Group's statements of financial position is affected by gains and losses as a result of the revaluation of net assets of its subsidiary companies denominated in currencies other than its functional currency. The Group hedges its exposures to foreign exchange risk via the designation of foreign currency denominated interbank borrowings. The hedging relationship was fully effective for the total hedging period and as of the reporting date.

The fair value hedge and net investment hedge accounting have been terminated in previous financial year following the disposal of the hedged items. The details are disclosed in Note 49(g) to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**11 STATUTORY DEPOSITS**

|   | <b>Note</b> | <b>2021</b>   | <b>Group<br/>2020</b> | <b>2021</b>   | <b>Bank<br/>2020</b> |
|---|-------------|---------------|-----------------------|---------------|----------------------|
|   |             | <b>RM'000</b> | <b>RM'000</b>         | <b>RM'000</b> | <b>RM'000</b>        |
| Statutory deposits with BNM                               | <b>(a)</b>  | <b>9,000</b>  | 13,000                | <b>9,000</b>  | 13,000               |
| Statutory deposits with National Bank of Cambodia ('NBC') | <b>(b)</b>  | <b>4,090</b>  | 3,977                 | -             | -                    |
|   |             | <b>13,090</b> | 16,977                | <b>9,000</b>  | 13,000               |

(a) Non-interest bearing statutory deposits are maintained with BNM in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act 2009, the amount of which is determined as a set percentage of total eligible liabilities.

(b) Non-interest bearing statutory deposits maintained with NBC as capital guarantee deposits in compliance with Securities and Exchange Commission of Cambodia ('SECC')'s Prakas No. 009 on the Licensing of Securities Firms and Securities Representatives for operating as a securities underwriter in Cambodia.

The statutory deposits amount and reserve requirement mentioned above are determined by the respective authorities.

**12 DEFERRED TAX ASSETS/(LIABILITIES)**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same authority. The following amounts determined after appropriate set off, are shown in the statements of financial position:

|                     | <b>2021</b>   | <b>Group<br/>2020</b> | <b>2021</b>   | <b>Bank<br/>2020</b> |
|---------------------|---------------|-----------------------|---------------|----------------------|
|                     | <b>RM'000</b> | <b>RM'000</b>         | <b>RM'000</b> | <b>RM'000</b>        |
| Deferred tax assets | <b>32,651</b> | 28,392                | <b>22,684</b> | 17,985               |

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

|                               |                |         |                |         |
|-------------------------------|----------------|---------|----------------|---------|
| Deferred tax assets           |                |         |                |         |
| - Settled more than 12 months | <b>12,275</b>  | 9,210   | <b>6,963</b>   | 657     |
| - Settled within 12 months    | <b>33,618</b>  | 34,437  | <b>26,314</b>  | 27,280  |
| Deferred tax liabilities      |                |         |                |         |
| - Settled more than 12 months | <b>(8,694)</b> | (6,205) | <b>(7,086)</b> | (5,147) |
| - Settled within 12 months    | <b>(4,548)</b> | (9,050) | <b>(3,507)</b> | (4,805) |
|                               | <b>32,651</b>  | 28,392  | <b>22,684</b>  | 17,985  |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**12 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)**

The movements in deferred tax assets and liabilities during the financial year comprise the following:

| <b>Group</b>                                      | <b>Note</b> | <b>Property, plant<br/>and equipment<br/>and other<br/>intangible assets</b> | <b>Financial assets<br/>at FVOCI</b> | <b>Tax losses</b> | <b>Other<br/>liabilities</b> | <b>Other temporary<br/>differences</b> | <b>Total</b>  |
|---|-------------|--|--------------------------------------|-------------------|------------------------------|--|---------------|
| <b>2021</b>                                       |             | <b>RM'000</b>  | <b>RM'000</b>                        | <b>RM'000</b>     | <b>RM'000</b>                | <b>RM'000</b>                          | <b>RM'000</b> |
| Balance as at the beginning of the financial year |             | (3,557)  | (4,352)                              | 1,750             | 30,565                       | 3,986                                  | 28,392        |
| Transfer (to)/from income statements              | 37          | (4,720)  | -                                    | (1,291)           | 4,794                        | 3,547                                  | 2,330         |
| Transfer from/(to) equity                         | 39          | -  | 3,446                                | -                 | (477)                        | (213)                                  | 2,756         |
| Transfer to non-current assets held for sale      | 49(d)       | (83)   | -                                    | -                 | (182)                        | (655)                                  | (920)         |
| Exchange differences                              |             | (7)  | -                                    | (39)              | (41)                         | 180                                    | 93            |
| Balance as at the end of the financial year       |             | <b>(8,367)</b>   | <b>(906)</b>                         | <b>420</b>        | <b>34,659</b>                | <b>6,845</b>                           | <b>32,651</b> |
| <b>Group</b>                                      |             |  |                                      |                   |                              |  |               |
| <b>2020</b>                                       |             |  |                                      |                   |                              |  |               |
| Balance as at the beginning of the financial year |             | (4,474)  | (2,376)                              | 1,764             | 20,222                       | 2,743                                  | 17,879        |
| Transfer from income statements                   | 37          | 972  | -                                    | 75                | 10,441                       | 1,610                                  | 13,098        |
| Transfer to equity                                | 39          | -  | (1,976)                              | -                 | -                            | (392)                                  | (2,368)       |
| Exchange differences                              |             | (55)   | -                                    | (89)              | (98)                         | 25                                     | (217)         |
| Balance as at the end of the financial year       |             | <b>(3,557)</b>   | <b>(4,352)</b>                       | <b>1,750</b>      | <b>30,565</b>                | <b>3,986</b>                           | <b>28,392</b> |

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**12 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)**

The movements in deferred tax assets and liabilities during the financial year comprise the following: (continued)

| <b>Bank</b>                                       | <b>Note</b> | <b>Property, plant<br/>and equipment<br/>and other<br/>intangible assets</b> | <b>Financial assets<br/>at FVOCI</b> | <b>Other<br/>liabilities</b> | <b>Other temporary<br/>differences</b> | <b>Total</b>  |
|---|-------------|--|--------------------------------------|------------------------------|--|---------------|
| <b>2021</b>                                       |             | <b>RM'000</b>  | <b>RM'000</b>                        | <b>RM'000</b>                | <b>RM'000</b>                          | <b>RM'000</b> |
| Balance as at the beginning of the financial year |             | (3,986)  | (4,349)                              | 26,241                       | 79                                     | 17,985        |
| Transfer (to)/from income statements              | 37          | (3,071)  | -                                    | 4,603                        | (279)                                  | 1,253         |
| Transfer from equity                              | 39          | -  | 3,446                                | -                            | -                                      | 3,446         |
| Balance as at the end of the financial year       |             | <u>(7,057)</u>   | <u>(903)</u>                         | <u>30,844</u>                | <u>(200)</u>                           | <u>22,684</u> |
| <br>  |             |  |                                      |                              |  |               |
| <b>Bank</b>                                       |             |  |                                      |                              |  |               |
| <b>2020</b>                                       |             |  |                                      |                              |  |               |
| Balance as at the beginning of the financial year |             | (3,403)  | (2,373)                              | 15,774                       | 108                                    | 10,106        |
| Transfer (to)/from income statements              | 37          | (583)  | -                                    | 10,467                       | (29)                                   | 9,855         |
| Transfer to equity                                | 39          | -  | (1,976)                              | -                            | -                                      | (1,976)       |
| Balance as at the end of the financial year       |             | <u>(3,986)</u>   | <u>(4,349)</u>                       | <u>26,241</u>                | <u>79</u>                              | <u>17,985</u> |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**13 INVESTMENTS IN SUBSIDIARIES**

|                               | <u>2021</u>             | <u>Bank</u><br><u>2020</u> |
|-------------------------------|-------------------------|----------------------------|
|                               | <u>RM'000</u>           | <u>RM'000</u>              |
| Unquoted shares, at cost      |                         |                            |
| - In Malaysia                 | <b>326,973</b>          | 327,202                    |
| - Outside Malaysia            | <b>887,459</b>          | 887,459                    |
|                               | <u><b>1,214,432</b></u> | <u>1,214,661</u>           |
| Accumulated impairment losses | <u><b>(502,305)</b></u> | <u>(499,263)</u>           |
|                               | <u><b>712,127</b></u>   | <u>715,398</u>             |

During the financial year, impairment losses of RM3,042,000 (2020: RM168,741,000) arising from investments were made in certain subsidiaries as the recoverable amount of the investments was less than the carrying value of the investments. The recoverable amount of the investments are based on higher of VIU and FVLCD.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**13 INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

The details of the subsidiaries are as follows:

| Name of company   | Country of incorporation | Share capital<br>(in RM unless<br>otherwise<br>stated) | Effective<br>equity interest<br>held by the<br>Group |           | Effective<br>equity interest<br>held by the<br>non-controlling<br>interest |           | Principal<br>activities  |
|---|--------------------------|--|--|-----------|--|-----------|--|
|   |                          |  | 2021<br>%  | 2020<br>% | 2021<br>%  | 2020<br>% |  |
| RHB Merchant<br>Nominees<br>(Tempatan) Sdn Bhd                | Malaysia                 | 10,000   | 100  | 100       | -  | -         | To act as nominee<br>services for Malaysian<br>beneficial<br>shareholders  |
| RHB Merchant<br>Nominees (Asing)<br>Sdn Bhd                   | Malaysia                 | 10,000   | 100  | 100       | -  | -         | Provision of nominee<br>services for foreign<br>beneficial<br>shareholders   |
| RHB Nominees<br>Sdn Bhd                                       | Malaysia                 | 25,000   | 100  | 100       | -  | -         | Nominee and<br>custodian services  |
| RHB Nominees<br>(Asing) Sdn Bhd                               | Malaysia                 | 25,000   | 100  | 100       | -  | -         | Nominee and<br>custodian services<br>for foreign<br>beneficial<br>shareholders   |
| RHB Nominees<br>(Tempatan) Sdn Bhd                            | Malaysia                 | 25,000   | 100  | 100       | -  | -         | Nominee and<br>custodian services<br>for Malaysian<br>beneficial<br>shareholders   |
| RHB Asset<br>Management Sdn Bhd                               | Malaysia                 | 10,000,000   | 100  | 100       | -  | -         | Rendering of<br>investment<br>management<br>services,<br>management of<br>unit trust funds and<br>private retirement<br>schemes and<br>provision of<br>investment<br>advisory services |
| RHB Islamic<br>International<br>Asset<br>Management<br>Berhad | Malaysia                 | 13,000,000   | 100  | 100       | -  | -         | Rendering of Islamic<br>fund management<br>services and<br>management of<br>Islamic unit trust funds<br>and Islamic wholesale<br>fund  |



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**13 INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

The details of the subsidiaries are as follows: (continued)

| Name of company                                    | Country of incorporation | Share capital<br>(in RM unless<br>otherwise<br>stated) | Effective<br>equity interest<br>held by the<br>Group |           | Effective<br>equity interest<br>held by the<br>non-controlling<br>interest |           | Principal<br>activities  |
|--|--------------------------|--|--|-----------|--|-----------|--|
|  |                          |  | 2021<br>%  | 2020<br>% | 2021<br>%  | 2020<br>% |  |
| RHB Private Equity Holdings Sdn Bhd <sup>7</sup>   | Malaysia                 | 130,000,002  | 100  | 100       | -  | -         | Investment holding   |
| RHB Private Equity Management Ltd                  | Malaysia                 | USD1   | 100  | 100       | -  | -         | Pure equity investment holding company   |
| RHB Private Equity Fund Ltd <sup>3</sup>           | Cayman Islands           | USD69,329  | 100  | 100       | -  | -         | Investment company   |
| RHB International Investments Pte Ltd <sup>1</sup> | Singapore                | SGD12,000,000  | 100  | 100       | -  | -         | Investment holding   |
| RHB Asset Management Pte Ltd <sup>1</sup>          | Singapore                | SGD12,100,000  | 100  | 100       | -  | -         | Fund management  |
| RHB Hong Kong Limited <sup>2,8</sup>               | Hong Kong                | HKD450,000,000   | 100  | 100       | -  | -         | Investment holding   |
| RHB Securities Hong Kong Limited <sup>2</sup>      | Hong Kong                | HKD340,000,000   | 100  | 100       | -  | -         | Securities dealing and provision of securities margin financing and advising on securities |
| RHB Futures Hong Kong Limited <sup>2</sup>         | Hong Kong                | HKD35,000,000  | 100  | 100       | -  | -         | Dealing in futures and options contracts   |
| RHB Finance Hong Kong Limited <sup>9,12</sup>      | Hong Kong                | -  | -  | 100       | -  | -         | Dissolved  |
| RHB Capital Hong Kong Limited <sup>11,14</sup>     | Hong Kong                | -  | -  | 100       | -  | -         | Dissolved  |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**13 INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

The details of the subsidiaries are as follows: (continued)

| Name of company   | Country of incorporation | Share capital<br>(in RM unless<br>otherwise<br>stated) | Effective<br>equity interest<br>held by the<br>Group |           | Effective<br>equity interest<br>held by the<br>non-controlling<br>interest |           | Principal<br>activities   |
|---|--------------------------|--|--|-----------|--|-----------|---|
|   |                          |  | 2021<br>%  | 2020<br>% | 2021<br>%  | 2020<br>% |   |
| RHB Asset Management Limited <sup>11, 14</sup>                | Hong Kong                | -  | -  | 100       | -  | -         | Dissolved   |
| RHB Wealth Management Hong Kong Limited <sup>11, 16</sup>     | Hong Kong                | HKD5,000,000   | 100  | 100       | -  | -         | Dormant   |
| PT RHB Sekuritas Indonesia <sup>1</sup>                       | Indonesia                | IDR204,082 million                                     | 99   | 99        | 1  | 1         | Securities brokerage and underwriting   |
| PT RHB Asset Management Indonesia <sup>1</sup>                | Indonesia                | IDR50,000 million                                      | 98.62  | 98.62     | 1.38   | 1.38      | Investment manager  |
| RHB Securities (Thailand) Public Company Limited <sup>1</sup> | Thailand                 | THB819,171,600   | 99.95  | 99.95     | 0.05   | 0.05      | Provision of stock and derivatives broking services   |
| RHB Securities (Cambodia) Plc. <sup>1</sup>                   | Cambodia                 | USD12,500,000  | 100  | 100       | -  | -         | Securities underwriting, dealing, brokerage and investment advisory service   |
| RHB Securities Vietnam Company Limited <sup>1</sup>           | Vietnam                  | VND135,000 million                                     | 100  | 100       | -  | -         | Securities brokerage, securities investment, consultancy and self-trading   |
| RHB Trustees Berhad   | Malaysia                 | 6,000,000  | 80   | 80        | 20   | 20        | Professional retail trustee services (will writing, estate planning and private trustees) and corporate trustees services (collective investment schemes) |
| Malaysian Trustees Berhad                                     | Malaysia                 | 550,000  | 80   | 80        | 20   | 20        | Engage in the business of trustee agents, executors and administrators pursuant to the Trust Companies Act 1949   |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**13 INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

The details of the subsidiaries are as follows: (continued)

| Name of company  | Country of incorporation | Share capital<br>(in RM unless<br>otherwise<br>stated) | Effective<br>equity interest<br>held by the<br>Group |           | Effective<br>equity interest<br>held by the<br>non-controlling<br>interest |           | Principal<br>activities   |
|--|--------------------------|--|--|-----------|--|-----------|---|
|  |                          |  | 2021<br>%  | 2020<br>% | 2021<br>%  | 2020<br>% |   |
| <b>Dormant subsidiaries</b>                                    |                          |  |  |           |  |           |   |
| RHB Excel Sdn Bhd <sup>5</sup>                                 | Malaysia                 | 200,000,000  | 100  | 100       | -  | -         | Dormant   |
| RHB Progressive<br>Sdn Bhd <sup>5</sup>                        | Malaysia                 | 13,500,000   | 100  | 100       | -  | -         | Dormant   |
| RHB Marketing<br>Services Sdn Bhd <sup>4</sup>                 | Malaysia                 | 100,000  | 100  | 100       | -  | -         | Dormant   |
| RHB Unit Trust<br>Management Berhad <sup>5</sup>               | Malaysia                 | 5,000,000  | 100  | 100       | -  | -         | Dormant   |
| RHB Futures and<br>Options Sdn Bhd                             | Malaysia                 | 10,000,000   | 100  | 100       | -  | -         | Dormant   |
| RHB Research<br>Sdn Bhd <sup>6</sup>                           | Malaysia                 | 500,000  | 100  | 100       | -  | -         | Dormant   |
| RHB International<br>Asset Management<br>Sdn Bhd <sup>15</sup> | Malaysia                 | 7,000,000  | 100  | 100       | -  | -         | Activities of holding<br>companies and the<br>company has since<br>been dormant |
| RHBIB Nominees<br>(Tempatan) Sdn Bhd <sup>6</sup>              | Malaysia                 | 3,670,000  | 100  | 100       | -  | -         | Dormant   |
| RHBIB Nominees<br>(Asing) Sdn Bhd <sup>6,13</sup>              | Malaysia                 | -  | -  | 100       | -  | -         | Dissolved   |
| RHB Islamic Asset<br>Management Sdn Bhd <sup>15</sup>          | Malaysia                 | 4,000,000  | 100  | 100       | -  | -         | Investment advisory<br>services and the<br>company has since<br>been dormant    |
| TCL Nominees<br>(Tempatan) Sdn Bhd <sup>6</sup>                | Malaysia                 | 644,000  | 100  | 100       | -  | -         | Dormant   |
| TCL Nominees<br>(Asing) Sdn Bhd <sup>6</sup>                   | Malaysia                 | 4,000  | 100  | 100       | -  | -         | Dormant   |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**13 INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

The details of the subsidiaries are as follows: (continued)

| Name of company                                    | Country of incorporation | Share capital<br>(in RM unless<br>otherwise<br>stated) | Effective<br>equity interest<br>held by the<br>Group |           | Effective<br>equity interest<br>held by the<br>non-controlling<br>interest |           | Principal<br>activities   |
|--|--------------------------|--|--|-----------|--|-----------|---|
|  |                          |  | 2021<br>%  | 2020<br>% | 2021<br>%  | 2020<br>% |   |
| <b>Dormant subsidiaries<br/>(continued)</b>        |                          |  |  |           |  |           |   |
| KE-ZAN Nominees<br>(Tempatan) Sdn Bhd <sup>6</sup> | Malaysia                 | 650,000  | 100  | 100       | -  | -         | Dormant   |
| KE-ZAN Nominees<br>(Asing) Sdn Bhd <sup>6</sup>    | Malaysia                 | 10,000   | 100  | 100       | -  | -         | Dormant   |
| RHBIM Berhad <sup>15</sup>                         | Malaysia                 | 10,000,000   | 100  | 100       | -  | -         | Management of unit<br>trust funds and the<br>investment<br>management of<br>discretionary mandates<br>and the company has<br>since been dormant |
| RHB Research<br>Institute Sdn Bhd <sup>10</sup>    | Malaysia                 | 500,000  | 100  | 100       | -  | -         | Dormant   |

**Notes:**

- 1 Subsidiaries audited by a member firm of PricewaterhouseCoopers which is a separate and independent legal entity from PricewaterhouseCoopers PLT, Malaysia.
- 2 Subsidiaries audited by a firm other than member firm of PricewaterhouseCoopers.
- 3 Subsidiary not audited pursuant to Companies Law (2013 Revision), in Cayman Islands.
- 4 The companies have commenced member's voluntary winding up on 16 February 2011.
- 5 The companies have commenced member's voluntary winding up on 28 March 2012.
- 6 The companies have commenced member's voluntary winding up on 30 June 2017.
- 7 The Bank had on 28 January 2020, subscribed for 10 million redeemable preference shares of RM2.00 each in RHB Private Equity Holdings Berhad amounting to RM20,000,000 for additional working capital purpose.
- 8 The Bank had on 14 February 2020, subscribed for 150 million new ordinary shares in RHB Hong Kong Limited amounting to HKD150,000,000.
- 9 The company has commenced member's voluntary winding up on 21 August 2020.
- 10 The company has commenced member's voluntary winding up on 30 September 2020.
- 11 The companies have commenced member's voluntary winding up on 22 December 2020.
- 12 The company has dissolved on 17 March 2021.
- 13 The company has dissolved on 15 July 2021.
- 14 The company has dissolved on 15 October 2021.
- 15 The companies have commenced member's voluntary winding up on 27 December 2021.
- 16 The company has dissolved on 4 January 2022.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES**

|                                       | Note | 2021<br>RM'000 | Group<br>2020<br>RM'000 | 2021<br>RM'000 | Bank<br>2020<br>RM'000 |
|---------------------------------------|------|----------------|-------------------------|----------------|------------------------|
| Share of net assets of associates     | (a)  | 39,782         | 39,749                  | 5,028          | 5,028                  |
| Less: Allowance for impairment losses |      | (35,150)       | (35,150)                | -              | -                      |
|                                       |      | <b>4,632</b>   | 4,599                   | <b>5,028</b>   | 5,028                  |
| Share of net assets of joint ventures | (b)  | 12             | 12                      | -              | -                      |
|                                       |      | <b>4,644</b>   | 4,611                   | <b>5,028</b>   | 5,028                  |

(a) Share of net assets of associates

The details of the associates are as follows:

| Name of company  | Country of incorporation | Paid-up share capital (in RM unless otherwise stated) | Effective equity interest 2021 % | 2020 % | Principal activities  |
|--|--------------------------|---|----------------------------------|--------|---|
| RHB Finexasia.Com Sdn Bhd ('Finexasia')                      | Malaysia                 | 11,361,111  | 40.05                            | 40.05  | Dormant   |
| Prostar Capital (Asia-Pacific) Ltd. <sup>1</sup> ('Prostar') | Cayman Islands           | USD60   | 33.33                            | 33.33  | Investment holding with subsidiaries involved in investment advisory and management of private equity funds |
| Satin Straits Sdn Bhd <sup>2</sup> ('Satin Straits')         | Malaysia                 | 5,000,000   | -                                | -      | Investment holding  |

**Notes:**

1 Held through RHB Private Equity Management Ltd, a subsidiary of RHB Private Equity Holdings Sdn Bhd.

As the Group's share of cumulative losses of RM2,819,000 (2020: RM2,038,000) as at 31 December 2021 had exceeded its interest in Prostar, the Group did not recognise further losses in its financial statements.

2 Held through RHB Private Equity Holdings Sdn Bhd, a subsidiary of RHB Investment Bank Berhad. The Group is deemed to have significant influence via its rights under the shareholder's agreement.

As the Group subscribed for RM45,000,000 of Redeemable Convertible Preference Shares ('RCPS') and the Group is entitled for full principal repayment upon maturity and with upside potential upon the trade sales or listing of the underlying investment, the Group will only share the profits of the Company.

There are no capital commitments or contingent liabilities relating to the Group's interest in the associates as at 31 December 2021.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)**

(a) Share of net assets of associates (continued)

Summarised financial information of material associates which are accounted for using the equity method is as follows:

(i) Summarised statement of financial position

|                                 | Finexasia      |                | Prostar        |                | Satin Straits               |                             | Total          |                |
|---------------------------------|----------------|----------------|----------------|----------------|-----------------------------|-----------------------------|----------------|----------------|
|                                 | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 | 2021 <sup>^</sup><br>RM'000 | 2020 <sup>^</sup><br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| <b>Assets</b>                   |                |                |                |                |                             |                             |                |                |
| Cash and cash equivalents       | 11,572         | 4,441          | 11             | -              | 36                          | 36                          | 11,619         | 4,477          |
| Other current assets            | -              | 7,071          | 32             | 31             | -                           | -                           | 32             | 7,102          |
| Non-current assets              | -              | -              | 149            | 132            | 32,581                      | 32,581                      | 32,730         | 32,713         |
| Total assets                    | 11,572         | 11,512         | 192            | 163            | 32,617                      | 32,617                      | 44,381         | 44,292         |
| <b>Liabilities</b>              |                |                |                |                |                             |                             |                |                |
| Financial liabilities           | -              | -              | (8,650)        | (6,279)        | (93)                        | (93)                        | (8,743)        | (6,372)        |
| Other current liabilities       | (7)            | (30)           | -              | -              | (61)                        | (61)                        | (68)           | (91)           |
| Total liabilities               | (7)            | (30)           | (8,650)        | (6,279)        | (154)                       | (154)                       | (8,811)        | (6,463)        |
| <b>Net Assets/(Liabilities)</b> | 11,565         | 11,482         | (8,458)        | (6,116)        | 32,463                      | 32,463                      | 35,570         | 37,829         |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)**

(a) Share of net assets of associates (continued)

Summarised financial information of material associates which are accounted for using the equity method is as follows: (continued)

(ii) Summarised statement of comprehensive income

|  | Finexasia      |                | Prostar        |                | Satin Straits               |                             | Total          |                |
|--|----------------|----------------|----------------|----------------|-----------------------------|-----------------------------|----------------|----------------|
|  | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 | 2021 <sup>^</sup><br>RM'000 | 2020 <sup>^</sup><br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Interest income                          | 124            | 157            | -              | -              | -                           | -                           | 124            | 157            |
| Other operating income                   | -              | -              | 11,397         | 13,914         | -                           | -                           | 11,397         | 13,914         |
| Net operating income                     | 124            | 157            | 11,397         | 13,914         | -                           | -                           | 11,521         | 14,071         |
| Other operating expenses                 | (4)            | (44)           | (13,544)       | (15,682)       | -                           | -                           | (13,548)       | (15,726)       |
| Including:                               |                |                |                |                |                             |                             |                |                |
| Depreciation and amortisation            | -              | (16)           | -              | -              | -                           | -                           | -              | (16)           |
| Profit/(Loss) before taxation            | 120            | 113            | (2,147)        | (1,768)        | -                           | -                           | (2,027)        | (1,655)        |
| Taxation                                 | (37)           | (38)           | -              | -              | -                           | -                           | (37)           | (38)           |
| Net profit/(loss) for the financial year | 83             | 75             | (2,147)        | (1,768)        | -                           | -                           | (2,064)        | (1,693)        |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)**

(a) Share of net assets of associates (continued)

Summarised financial information of material associates which are accounted for using the equity method is as follows: (continued)

(iii) Reconciliation of summarised financial information presented to the carrying amount of its interest in associates

|  | Finexasia      |                | Prostar        |                | Satin Straits               |                             | Total          |                |
|--|----------------|----------------|----------------|----------------|-----------------------------|-----------------------------|----------------|----------------|
|  | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 | 2021 <sup>^</sup><br>RM'000 | 2020 <sup>^</sup><br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Balance as at the beginning<br>of the financial year | 11,482         | 16,407         | (6,116)        | (4,427)        | 32,463                      | 32,463                      | 37,829         | 44,443         |
| Net profit/(loss) for the financial year             | 83             | 75             | (2,147)        | (1,768)        | -                           | -                           | (2,064)        | (1,693)        |
| Dividend paid  | -              | (5,000)        | -              | -              | -                           | -                           | -              | (5,000)        |
| Translation reserves                                 | -              | -              | (195)          | 79             | -                           | -                           | (195)          | 79             |
| Balance as at the end of the financial year          | <u>11,565</u>  | <u>11,482</u>  | <u>(8,458)</u> | <u>(6,116)</u> | <u>32,463</u>               | <u>32,463</u>               | <u>35,570</u>  | <u>37,829</u>  |
| Equity interest attributable to net assets           | 4,632          | 4,599          | - *            | - *            | 32,500 #                    | 32,500 #                    | 37,132         | 37,099         |
| Goodwill   | 2,650          | 2,650          | -              | -              | -                           | -                           | 2,650          | 2,650          |
| Accumulated impairment losses                        | (2,650)        | (2,650)        | -              | -              | (32,500)                    | (32,500)                    | (35,150)       | (35,150)       |
| Carrying value                                       | <u>4,632</u>   | <u>4,599</u>   | <u>-</u>       | <u>-</u>       | <u>-</u>                    | <u>-</u>                    | <u>4,632</u>   | <u>4,599</u>   |

\* Kindly refer to Note 1 of Note 14(a) to the financial statements.

# Kindly refer to Note 2 of Note 14(a) to the financial statements.

<sup>^</sup> No financial information available for financial year ended 31 December 2021. The last financial information received from associates was for financial year ended 31 December 2019.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)**

(b) Share of net assets of joint ventures

The details of the joint ventures are as follows:

| Name of company  | Country of incorporation | Share capital<br>(in RM unless<br>otherwise<br>stated) | Effective<br>equity interest |           | Principal activities  |
|--|--------------------------|--|------------------------------|-----------|-----------------------|
|  |                          |  | 2021<br>%                    | 2020<br>% |                       |
| RHB GC-<br>Millennium<br>Capital Pte. Ltd.<br>(‘RHB GC’) | Singapore                | SGD10,000  | 40                           | 40        | Investment activities |

There are no capital commitments or contingent liabilities relating to the Group’s interest in the joint ventures as at 31 December 2021.

Summarised financial information of material joint ventures which are accounted for using the equity method is as follows:

(i) Summarised statements of financial position

|                           | RHB GC         |                |
|---------------------------|----------------|----------------|
|                           | 2021<br>RM’000 | 2020<br>RM’000 |
| <b>Asset</b>              |                |                |
| Other current assets      | 200            | 169            |
| <b>Liabilities</b>        |                |                |
| Financial liabilities     | (150)          | (117)          |
| Other current liabilities | (20)           | (22)           |
| Total liabilities         | (170)          | (139)          |
| <b>Net Assets</b>         | <b>30</b>      | <b>30</b>      |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)**

(b) Share of net assets of joint ventures (continued)

Summarised financial information of material joint ventures which are accounted for using the equity method is as follows: (continued)

(ii) Summarised statements of comprehensive income

|                                   | <b>RHB GC</b> |               |
|-----------------------------------|---------------|---------------|
|                                   | <b>2021</b>   | <b>2020</b>   |
|                                   | <b>RM'000</b> | <b>RM'000</b> |
| Other operating income            | 31            | 36            |
| Other operating expenses          | (31)          | (36)          |
| Net profit for the financial year | <u>-</u>      | <u>-</u>      |

(iii) Reconciliation of summarised financial information presented to the carrying amount of its interest in joint ventures

|   | <b>RHB GC</b> |               |
|---|---------------|---------------|
|   | <b>2021</b>   | <b>2020</b>   |
|   | <b>RM'000</b> | <b>RM'000</b> |
| Balance as at the beginning/end of the financial year | <u>30</u>     | <u>30</u>     |
| Equity interest attributable to net assets            | <u>12</u>     | <u>12</u>     |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**15 RIGHT-OF-USE ASSETS**

| <b>Group</b>                                      | <b>Note</b> | <b>Properties</b> | <b>Equipment</b> | <b>Motor</b>    | <b>Total</b>  |
|---|-------------|-------------------|------------------|-----------------|---------------|
| <b>2021</b>                                       |             | <b>RM'000</b>     | <b>RM'000</b>    | <b>vehicles</b> | <b>RM'000</b> |
|   |             |                   |                  | <b>RM'000</b>   |               |
| Balance as at the beginning of the financial year |             | 22,698            | 267              | 69              | 23,034        |
| Depreciation charge for the financial year        | 33          | (11,055)          | (155)            | (73)            | (11,283)      |
| Additions   |             | 12,308            | -                | 51              | 12,359        |
| Allowance for impairment loss                     | 36          | (121)             | -                | -               | (121)         |
| Transfer to non-current assets held for sale      | 49(d)       | (1,029)           | (13)             | -               | (1,042)       |
| Exchange differences                              |             | 69                | (3)              | -               | 66            |
| Balance as at the end of the financial year       |             | <u>22,870</u>     | <u>96</u>        | <u>47</u>       | <u>23,013</u> |

**Group**  
**2020**

|   |       |               |            |           |               |
|---|-------|---------------|------------|-----------|---------------|
| Balance as at the beginning of the financial year |       | 29,169        | 574        | 219       | 29,962        |
| Depreciation charge for the financial year        |       | (14,862)      | (234)      | (131)     | (15,227)      |
| Additions   |       | 11,643        | 169        | 39        | 11,851        |
| Modification                                      |       | (430)         | (5)        | (51)      | (486)         |
| Business transfer                                 | 49(g) | -             | (55)       | -         | (55)          |
| Disposal of a subsidiary                          | 49(g) | (3,289)       | (177)      | -         | (3,466)       |
| Exchange differences                              |       | 467           | (5)        | (7)       | 455           |
| Balance as at the end of the financial year       |       | <u>22,698</u> | <u>267</u> | <u>69</u> | <u>23,034</u> |

**Bank**  
**2021**

|   |    |              |          |          |              |
|---|----|--------------|----------|----------|--------------|
| Balance as at the beginning of the financial year |    | 6,733        | -        | -        | 6,733        |
| Depreciation charge for the financial year        | 33 | (4,938)      | -        | -        | (4,938)      |
| Additions   |    | 8,065        | -        | -        | 8,065        |
| Balance as at the end of the financial year       |    | <u>9,860</u> | <u>-</u> | <u>-</u> | <u>9,860</u> |

**Bank**  
**2020**

|   |    |              |          |          |              |
|---|----|--------------|----------|----------|--------------|
| Balance as at the beginning of the financial year |    | 7,038        | -        | -        | 7,038        |
| Depreciation charge for the financial year        | 33 | (5,102)      | -        | -        | (5,102)      |
| Additions   |    | 4,886        | -        | -        | 4,886        |
| Modification                                      |    | (89)         | -        | -        | (89)         |
| Balance as at the end of the financial year       |    | <u>6,733</u> | <u>-</u> | <u>-</u> | <u>6,733</u> |

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**16 PROPERTY, PLANT AND EQUIPMENT**

| <b>Group<br/>2021</b>                                       | <b>Note</b> | <b>Renovations<br/>RM'000</b> | <b>Office<br/>equipment<br/>and furniture<br/>RM'000</b> | <b>Computer<br/>equipment<br/>RM'000</b> | <b>Motor<br/>vehicles<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|-------------|-------------------------------|--|--|--------------------------------------|-------------------------|
| <u>Cost</u>   |             |                               |  |  |                                      |                         |
| Balance as at the beginning of the financial year           |             | 80,805                        | 71,293   | 111,483                                  | 8,143                                | 271,724                 |
| Additions   |             | 1,542                         | 812  | 8,579                                    | 134                                  | 11,067                  |
| Disposals   |             | -                             | -  | (244)                                    | (845)                                | (1,089)                 |
| Written off   |             | -                             | (2,403)  | (4,405)                                  | -                                    | (6,808)                 |
| Transfer to non-current assets held for sale                | 49(d)       | (1,282)                       | (338)  | (639)                                    | (115)                                | (2,374)                 |
| Exchange differences  |             | 186                           | (718)  | (455)                                    | 12                                   | (975)                   |
| Balance as at the end of the financial year                 |             | <u>81,251</u>                 | <u>68,646</u>  | <u>114,319</u>                           | <u>7,329</u>                         | <u>271,545</u>          |
| <u>Less: Accumulated depreciation</u>                       |             |                               |  |  |                                      |                         |
| Balance as at the beginning of the financial year           |             | 60,711                        | 68,636   | 96,901                                   | 7,102                                | 233,350                 |
| Charge for the financial year                               | 33          | 4,556                         | 1,228  | 5,936                                    | 183                                  | 11,903                  |
| Disposals   |             | -                             | -  | (240)                                    | (845)                                | (1,085)                 |
| Written off   |             | -                             | (2,401)  | (4,400)                                  | -                                    | (6,801)                 |
| Transfer to non-current assets held for sale                | 49(d)       | (563)                         | (331)  | (571)                                    | (114)                                | (1,579)                 |
| Exchange differences  |             | 79                            | (692)  | (323)                                    | 23                                   | (913)                   |
| Balance as at the end of the financial year                 |             | <u>64,783</u>                 | <u>66,440</u>  | <u>97,303</u>                            | <u>6,349</u>                         | <u>234,875</u>          |
| <u>Less: Accumulated impairment loss</u>                    |             |                               |  |  |                                      |                         |
| Balance as at the beginning of the financial year           |             | -                             | -  | -  | -                                    | -                       |
| Allowance for impairment loss                               | 36          | -                             | 193  | -  | -                                    | 193                     |
| Exchange differences  |             | -                             | (9)  | -  | -                                    | (9)                     |
| Balance as at the end of the financial year                 |             | <u>-</u>                      | <u>184</u>   | <u>-</u>                                 | <u>-</u>                             | <u>184</u>              |
| <b>Carrying amounts as at the end of the financial year</b> |             | <u><b>16,468</b></u>          | <u><b>2,022</b></u>                                      | <u><b>17,016</b></u>                     | <u><b>980</b></u>                    | <u><b>36,486</b></u>    |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

| <b>Group<br/>2020</b>                                | <b>Note</b> | <b>Renovations<br/>RM'000</b> | <b>Office<br/>equipment<br/>and furniture<br/>RM'000</b> | <b>Computer<br/>equipment<br/>RM'000</b> | <b>Motor<br/>vehicles<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|-------------|-------------------------------|--|--|--------------------------------------|-------------------------|
| <u>Cost</u>  |             |                               |  |  |                                      |                         |
| Balance as at the beginning of the financial year    |             | 84,988                        | 85,967   | 139,801                                  | 10,492                               | 321,248                 |
| Additions  |             | 2,508                         | 554  | 8,600                                    | 120                                  | 11,782                  |
| Disposals  |             | -                             | (16)   | (101)                                    | (452)                                | (569)                   |
| Reclassification                                     | 17(b)       | (103)                         | 103  | (404)                                    | -                                    | (404)                   |
| Written off  |             | (538)                         | (4,147)  | (15,340)                                 | -                                    | (20,025)                |
| Business transfer                                    | 49(g)       | -                             | (60)   | (306)                                    | (1,897)                              | (2,263)                 |
| Disposal of a subsidiary                             | 49(g)       | (5,856)                       | (10,404)   | (19,906)                                 | -                                    | (36,166)                |
| Exchange differences                                 |             | (194)                         | (704)  | (861)                                    | (120)                                | (1,879)                 |
| Balance as at the end of the financial year          |             | <u>80,805</u>                 | <u>71,293</u>  | <u>111,483</u>                           | <u>8,143</u>                         | <u>271,724</u>          |
| <u>Less: Accumulated depreciation</u>                |             |                               |  |  |                                      |                         |
| Balance as at the beginning of the financial year    |             | 60,599                        | 81,497   | 127,197                                  | 9,354                                | 278,647                 |
| Charge for the financial year                        |             | 4,995                         | 2,078  | 4,902                                    | 195                                  | 12,170                  |
| Disposals  |             | -                             | (16)   | (94)                                     | (452)                                | (562)                   |
| Reclassification                                     | 17(b)       | -                             | -  | (298)                                    | -                                    | (298)                   |
| Written off  |             | (520)                         | (4,141)  | (15,340)                                 | -                                    | (20,001)                |
| Business transfer                                    | 49(g)       | -                             | (51)   | (282)                                    | (1,897)                              | (2,230)                 |
| Disposal of a subsidiary                             | 49(g)       | (4,320)                       | (10,084)   | (18,485)                                 | -                                    | (32,889)                |
| Exchange differences                                 |             | (43)                          | (647)  | (699)                                    | (98)                                 | (1,487)                 |
| Balance as at the end of the financial year          |             | <u>60,711</u>                 | <u>68,636</u>  | <u>96,901</u>                            | <u>7,102</u>                         | <u>233,350</u>          |
| Carrying amounts as at the end of the financial year |             | <u>20,094</u>                 | <u>2,657</u>   | <u>14,582</u>                            | <u>1,041</u>                         | <u>38,374</u>           |

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**16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

| <b>Bank<br/>2021</b>  | <b>Note</b> | <b>Renovations<br/>RM'000</b> | <b>Office<br/>equipment<br/>and furniture<br/>RM'000</b> | <b>Computer<br/>equipment<br/>RM'000</b> | <b>Motor<br/>vehicles<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|-------------|-------------------------------|--|--|--------------------------------------|-------------------------|
| <u>Cost</u>   |             |                               |  |  |                                      |                         |
| Balance as at the beginning of the financial year           |             | 69,187                        | 50,230   | 70,502                                   | 3,055                                | 192,974                 |
| Additions   |             | 142                           | 125  | 5,985                                    | -                                    | 6,252                   |
| Disposals   |             | -                             | -  | -  | (845)                                | (845)                   |
| Written off   |             | -                             | -  | (1,131)                                  | -                                    | (1,131)                 |
| Balance as at the end of the financial year                 |             | 69,329                        | 50,355   | 75,356                                   | 2,210                                | 197,250                 |
| <u>Less: Accumulated depreciation</u>                       |             |                               |  |  |                                      |                         |
| Balance as at the beginning of the financial year           |             | 55,751                        | 48,763   | 66,539                                   | 2,649                                | 173,702                 |
| Charge for the financial year                               | 33          | 2,796                         | 566  | 2,583                                    | 108                                  | 6,053                   |
| Disposals   |             | -                             | -  | -  | (845)                                | (845)                   |
| Written off   |             | -                             | -  | (1,131)                                  | -                                    | (1,131)                 |
| Balance as at the end of the financial year                 |             | 58,547                        | 49,329   | 67,991                                   | 1,912                                | 177,779                 |
| <b>Carrying amounts as at the end of the financial year</b> |             | <b>10,782</b>                 | <b>1,026</b>   | <b>7,365</b>                             | <b>298</b>                           | <b>19,471</b>           |

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**16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

| <b>Bank<br/>2020</b>                                 | <b>Note</b> | <b>Renovations<br/>RM'000</b> | <b>Office<br/>equipment<br/>and furniture<br/>RM'000</b> | <b>Computer<br/>equipment<br/>RM'000</b> | <b>Motor<br/>vehicles<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|-------------|-------------------------------|--|--|--------------------------------------|-------------------------|
| <u>Cost</u>  |             |                               |  |  |                                      |                         |
| Balance as at the beginning of the financial year    |             | 68,390                        | 52,980   | 82,657                                   | 2,935                                | 206,962                 |
| Additions  |             | 920                           | 341  | 2,732                                    | 120                                  | 4,113                   |
| Reclassification                                     | 17(b)       | -                             | -  | (7)                                      | -                                    | (7)                     |
| Written off  |             | (123)                         | (3,091)  | (14,880)                                 | -                                    | (18,094)                |
| Balance as at the end of the financial year          |             | 69,187                        | 50,230   | 70,502                                   | 3,055                                | 192,974                 |
| <u>Less: Accumulated depreciation</u>                |             |                               |  |  |                                      |                         |
| Balance as at the beginning of the financial year    |             | 52,746                        | 51,255   | 79,684                                   | 2,555                                | 186,240                 |
| Charge for the financial year                        | 33          | 3,128                         | 599  | 1,737                                    | 94                                   | 5,558                   |
| Reclassifications                                    | 17(b)       | -                             | -  | (2)                                      | -                                    | (2)                     |
| Written off  |             | (123)                         | (3,091)  | (14,880)                                 | -                                    | (18,094)                |
| Balance as at the end of the financial year          |             | 55,751                        | 48,763   | 66,539                                   | 2,649                                | 173,702                 |
| Carrying amounts as at the end of the financial year |             | 13,436                        | 1,467  | 3,963                                    | 406                                  | 19,272                  |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**17 GOODWILL AND OTHER INTANGIBLE ASSETS**

|                                | <b>Note</b> | <b>2021</b>    | <b>Group<br/>2020</b> | <b>2021</b>    | <b>Bank<br/>2020</b> |
|--------------------------------|-------------|----------------|-----------------------|----------------|----------------------|
|                                |             | <b>RM'000</b>  | <b>RM'000</b>         | <b>RM'000</b>  | <b>RM'000</b>        |
| Goodwill on consolidation      | (a)         | 449,978        | 449,978               | 372,395        | 372,395              |
| <u>Other intangible assets</u> | (b)         |                |                       |                |                      |
| Customer relationship          |             | 473            | 1,039                 | 471            | 1,037                |
| Trading rights                 |             | 1,164          | 1,223                 | -              | -                    |
| Computer software license      |             | 44,657         | 35,152                | 29,712         | 23,259               |
|                                |             | <b>496,272</b> | <b>487,392</b>        | <b>402,578</b> | <b>396,691</b>       |

(a) Goodwill on consolidation

|   | <b>Note</b> | <b>2021</b>    | <b>Group<br/>2020</b> | <b>2021</b>    | <b>Bank<br/>2020</b> |
|---|-------------|----------------|-----------------------|----------------|----------------------|
|   |             | <b>RM'000</b>  | <b>RM'000</b>         | <b>RM'000</b>  | <b>RM'000</b>        |
| Balance as at the beginning of the financial year |             | 449,978        | 511,221               | 372,395        | 372,395              |
| Less: Business transfer                           | 49(g)       | -              | (46,443)              | -              | -                    |
| Less: Allowance for impairment losses             | 36          | -              | (14,800)              | -              | -                    |
| Balance as at the end of the financial year       |             | <b>449,978</b> | <b>449,978</b>        | <b>372,395</b> | <b>372,395</b>       |

The carrying amount of goodwill allocated to the Group's and the Bank's cash generating units ('CGUs') are as follows:

|                      | <b>2021</b>    | <b>Group<br/>2020</b> | <b>2021</b>    | <b>Bank<br/>2020</b> |
|----------------------|----------------|-----------------------|----------------|----------------------|
|                      | <b>RM'000</b>  | <b>RM'000</b>         | <b>RM'000</b>  | <b>RM'000</b>        |
| <b>CGUs</b>          |                |                       |                |                      |
| Investment Banking   | 242,591        | 242,591               | 229,028        | 229,028              |
| Asset Management     | 143,367        | 143,367               | 143,367        | 143,367              |
| Securities Indonesia | 59,205         | 59,205                | -              | -                    |
| Securities Vietnam   | 4,815          | 4,815                 | -              | -                    |
|                      | <b>449,978</b> | <b>449,978</b>        | <b>372,395</b> | <b>372,395</b>       |

The recoverable amount of a CGU is determined based on higher of VIU and FVLCD. The VIU calculations use pre-tax cash flow projections based on financial budgets or forecasts approved by the Directors covering four years (2020: four-years). Cash flows beyond the four-years (2020: four-years) period are extrapolated using the estimated growth rates and discounted using pre-tax discount rates which reflect the specific risks relating to the CGU. The FVLCD uses the indicative Price to Book Value ('PBV') from the listed stockbroking companies, net of cost of disposal.

The cash flow projections are derived based on a number of key factors including the past performance and the management's expectations of the market developments.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**17 GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)**

(a) Goodwill on consolidation (continued)

The discount rates used are pre-tax and reflect specific risks relating to the relevant CGUs.

|                      | Discount rate |      | Growth rate |      |
|----------------------|---------------|------|-------------|------|
|                      | 2021          | 2020 | 2021        | 2020 |
|                      | %             | %    | %           | %    |
| Investment Banking   | <b>8.3</b>    | 7.6  | <b>4.9</b>  | 4.3  |
| Asset Management     | <b>8.3</b>    | 7.6  | <b>4.9</b>  | 4.3  |
| Securities Indonesia | -             | -    | -           | -    |
| Securities Vietnam   | <b>5.0</b>    | 5.5  | <b>6.4</b>  | 6.2  |

The Group has performed sensitivity analysis on the key assumptions for each CGU's recoverable amount. The key assumption used in the impairment test was compounded annual growth rate ('CAGR') in fee income used for discounting the projected cash flows or FVLCD, which based on comparable indicative PBV from the listed stockbroking companies and a control premium from selling the equity stakes with adjusted discount for lack of marketability ('DLOM'). In each case, the Group believes that a reasonably possible change in CAGR, indicative PBV and control premium would not cause the carrying amount to materially exceed its recoverable amount.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**17 GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)**

(b) Other intangible assets

| <b>Group</b>  | <b>Note</b> | <b>Customer<br/>relationship</b> | <b>Trading<br/>rights</b> | <b>Computer<br/>software<br/>license</b> | <b>Total</b>         |
|---|-------------|----------------------------------|---------------------------|--|----------------------|
| <b>2021</b>   |             | <b>RM'000</b>                    | <b>RM'000</b>             | <b>RM'000</b>                            | <b>RM'000</b>        |
| <u>Cost</u>   |             |                                  |                           |  |                      |
| Balance as at the beginning<br>of the financial year            |             | 5,659                            | 2,209                     | 148,753                                  | 156,621              |
| Additions   |             | -                                | -                         | 19,186                                   | 19,186               |
| Written off   |             | -                                | -                         | (285)                                    | (285)                |
| Transfer to non-current assets<br>held for sale                 | 49(d)       | -                                | -                         | (744)                                    | (744)                |
| Exchange differences  |             | -                                | (106)                     | (293)                                    | (399)                |
| Balance as at the end<br>of the financial year                  |             | <u>5,659</u>                     | <u>2,103</u>              | <u>166,617</u>                           | <u>174,379</u>       |
| <u>Less: Accumulated amortisation</u>                           |             |                                  |                           |  |                      |
| Balance as at the beginning<br>of the financial year            |             | 4,620                            | 986                       | 113,601                                  | 119,207              |
| Charge for the financial year                                   | 33          | 566                              | -                         | 9,317                                    | 9,883                |
| Written off   |             | -                                | -                         | (285)                                    | (285)                |
| Transfer to non-current assets<br>held for sale                 | 49(d)       | -                                | -                         | (375)                                    | (375)                |
| Exchange differences  |             | -                                | (47)                      | (298)                                    | (345)                |
| Balance as at the end<br>of the financial year                  |             | <u>5,186</u>                     | <u>939</u>                | <u>121,960</u>                           | <u>128,085</u>       |
| <b>Carrying amounts as at the end<br/>of the financial year</b> |             | <u><u>473</u></u>                | <u><u>1,164</u></u>       | <u><u>44,657</u></u>                     | <u><u>46,294</u></u> |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**17 GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)**

(b) Other intangible assets (continued)

| <b>Group</b>                          | <b>Note</b> | <b>Customer<br/>relationship</b> | <b>Brand</b>  | <b>Trading<br/>rights</b> | <b>Computer<br/>software<br/>license</b> | <b>Total</b>  |
|---------------------------------------|-------------|----------------------------------|---------------|---------------------------|--|---------------|
| <b>2020</b>                           |             | <b>RM'000</b>                    | <b>RM'000</b> | <b>RM'000</b>             | <b>RM'000</b>                            | <b>RM'000</b> |
| <u>Cost</u>                           |             |                                  |               |                           |  |               |
| Balance as at the beginning           |             |                                  |               |                           |  |               |
| of the financial year                 |             | 22,333                           | 4,945         | 2,301                     | 157,969                                  | 187,548       |
| Additions                             |             | -                                | -             | -                         | 7,760                                    | 7,760         |
| Disposals                             |             | -                                | -             | -                         | (2)                                      | (2)           |
| Reclassification                      | 16          | -                                | -             | -                         | 404                                      | 404           |
| Written off                           |             | (16,674)                         | (4,945)       | -                         | (2,401)                                  | (24,020)      |
| Business transfer                     | 49(g)       | -                                | -             | -                         | (4)                                      | (4)           |
| Disposal of a subsidiary              | 49(g)       | -                                | -             | -                         | (14,437)                                 | (14,437)      |
| Exchange differences                  |             | -                                | -             | (92)                      | (536)                                    | (628)         |
| Balance as at the end                 |             |                                  |               |                           |  |               |
| of the financial year                 |             | 5,659                            | -             | 2,209                     | 148,753                                  | 156,621       |
| <u>Less: Accumulated amortisation</u> |             |                                  |               |                           |  |               |
| Balance as at the beginning           |             |                                  |               |                           |  |               |
| of the financial year                 |             | 16,004                           | 3,546         | 1,027                     | 118,639                                  | 139,216       |
| Charge for the financial year         |             | 1,678                            | 330           | -                         | 9,019                                    | 11,027        |
| Disposals                             |             | -                                | -             | -                         | (2)                                      | (2)           |
| Reclassification                      | 16          | -                                | -             | -                         | 298                                      | 298           |
| Written off                           |             | (13,062)                         | (3,876)       | -                         | (2,321)                                  | (19,259)      |
| Business transfer                     | 49(g)       | -                                | -             | -                         | (1)                                      | (1)           |
| Disposal of a subsidiary              | 49(g)       | -                                | -             | -                         | (11,654)                                 | (11,654)      |
| Exchange differences                  |             | -                                | -             | (41)                      | (377)                                    | (418)         |
| Balance as at the end                 |             |                                  |               |                           |  |               |
| of the financial year                 |             | 4,620                            | -             | 986                       | 113,601                                  | 119,207       |
| Carrying amounts as at the end        |             |                                  |               |                           |  |               |
| of the financial year                 |             | 1,039                            | -             | 1,223                     | 35,152                                   | 37,414        |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**17 GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)**

(b) Other intangible assets (continued)

| <b>Bank<br/>2021</b>  | <b>Note</b> | <b>Customer<br/>relationship<br/>RM'000</b> | <b>Computer<br/>software<br/>license<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|-------------|---|---|-------------------------|
| <u>Cost</u>   |             |   |   |                         |
| Balance as at the beginning of the financial year           |             | 5,659                                       | 116,925   | 122,584                 |
| Additions   |             | -   | 12,413  | 12,413                  |
| Written off   |             | -   | (285)   | (285)                   |
| Balance as at the end of the financial year                 |             | <u>5,659</u>                                | <u>129,053</u>                                      | <u>134,712</u>          |
| <u>Less: Accumulated amortisation</u>                       |             |   |   |                         |
| Balance as at the beginning of the financial year           |             | 4,622                                       | 93,666  | 98,288                  |
| Charge for the financial year                               | 33          | 566   | 5,960   | 6,526                   |
| Written off   |             | -   | (285)   | (285)                   |
| Balance as at the end of the financial year                 |             | <u>5,188</u>                                | <u>99,341</u>                                       | <u>104,529</u>          |
| <b>Carrying amounts as at the end of the financial year</b> |             | <u><u>471</u></u>                           | <u><u>29,712</u></u>                                | <u><u>30,183</u></u>    |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**17 GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)**

(b) Other intangible assets (continued)

| <b>Bank<br/>2020</b>                                 | <b>Note</b> | <b>Customer<br/>relationship<br/>RM'000</b> | <b>Computer<br/>software<br/>license<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|-------------|---|---|-------------------------|
| <u>Cost</u>  |             |   |   |                         |
| Balance as at the beginning of the financial year    |             | 5,659                                       | 114,898   | 120,557                 |
| Additions  |             | -   | 4,341   | 4,341                   |
| Reclassification                                     | 16          | -   | 7   | 7                       |
| Written off  |             | -   | (2,321)   | (2,321)                 |
| Balance as at the end of the financial year          |             | <u>5,659</u>                                | <u>116,925</u>                                      | <u>122,584</u>          |
| <u>Less: Accumulated amortisation</u>                |             |   |   |                         |
| Balance as at the beginning of the financial year    |             | 4,056                                       | 90,596  | 94,652                  |
| Charge for the financial year                        | 33          | 566   | 5,389   | 5,955                   |
| Reclassification                                     | 16          | -   | 2   | 2                       |
| Written off  |             | -   | (2,321)   | (2,321)                 |
| Balance as at the end of the financial year          |             | <u>4,622</u>                                | <u>93,666</u>                                       | <u>98,288</u>           |
| Carrying amounts as at the end of the financial year |             | <u><u>1,037</u></u>                         | <u><u>23,259</u></u>                                | <u><u>24,296</u></u>    |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**18 DEPOSITS FROM CUSTOMERS**

|  | <b>Group and Bank</b> |               |
|--|-----------------------|---------------|
|  | <b>2021</b>           | <b>2020</b>   |
|  | <b>RM'000</b>         | <b>RM'000</b> |
| <b>(a) By type of deposits</b>                   |                       |               |
| Short-term deposits                              | <b>1,560,040</b>      | 1,252,094     |
| <b>(b) By type of customer</b>                   |                       |               |
| Government and statutory bodies                  | <b>305,808</b>        | 215,262       |
| Business enterprises                             | <b>1,254,232</b>      | 1,036,832     |
|  | <b>1,560,040</b>      | 1,252,094     |
| <b>(c) By maturity structure of the deposits</b> |                       |               |
| Due within six months                            | <b>1,560,040</b>      | 1,252,094     |

**19 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

|                           | <b>Group and Bank</b> |               |
|---------------------------|-----------------------|---------------|
|                           | <b>2021</b>           | <b>2020</b>   |
|                           | <b>RM'000</b>         | <b>RM'000</b> |
| Licensed banks            | <b>2,428,314</b>      | 2,722,491     |
| Licensed investment banks | -                     | 50,702        |
|                           | <b>2,428,314</b>      | 2,773,193     |

**20 CLIENTS' AND BROKERS' BALANCES**

|                                       | <b>2021</b>    | <b>Group</b>  | <b>2021</b>    | <b>Bank</b>   |
|---------------------------------------|----------------|---------------|----------------|---------------|
|                                       | <b>RM'000</b>  | <b>2020</b>   | <b>RM'000</b>  | <b>2020</b>   |
|                                       | <b>RM'000</b>  | <b>RM'000</b> | <b>RM'000</b>  | <b>RM'000</b> |
| Amounts due to:                       |                |               |                |               |
| - Clients                             | <b>823,304</b> | 1,086,126     | <b>659,341</b> | 791,448       |
| - Brokers                             | <b>63,811</b>  | 33,229        | <b>63,550</b>  | 33,229        |
| - Clearing houses and stock exchanges | <b>61,396</b>  | 52,575        | -              | -             |
|                                       | <b>948,511</b> | 1,171,930     | <b>722,891</b> | 824,677       |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**21 OTHER LIABILITIES**

|   | <b>Note</b> | <b>2021</b>      | <b>Group</b>  | <b>2021</b>    | <b>Bank</b>   |
|---|-------------|------------------|---------------|----------------|---------------|
|   |             | <b>RM'000</b>    | <b>2020</b>   | <b>RM'000</b>  | <b>2020</b>   |
|   |             |                  | <b>RM'000</b> | <b>RM'000</b>  | <b>RM'000</b> |
| Other creditors and accruals                      |             | <b>166,923</b>   | 262,092       | <b>90,426</b>  | 166,551       |
| Contract liabilities                              | <b>(a)</b>  | <b>5,940</b>     | 5,691         | <b>1,769</b>   | 1,981         |
| Remisiers' trust deposits                         |             | <b>97,828</b>    | 92,060        | <b>97,828</b>  | 92,060        |
| Amount payable for creation of units due to funds |             | <b>457,587</b>   | 296,396       | -              | -             |
| Amount payable for redemption units               |             | <b>348,404</b>   | 58,430        | -              | -             |
| Short-term employee benefits                      |             | <b>70,200</b>    | 69,357        | <b>48,425</b>  | 49,468        |
| Amount due to holding company                     | <b>(b)</b>  | <b>39,182</b>    | 27,078        | <b>32,157</b>  | 20,757        |
| Amount due to subsidiaries                        | <b>(b)</b>  | -                | -             | <b>26</b>      | 20            |
| Amount due to related companies                   | <b>(b)</b>  | <b>235</b>       | 529           | <b>149</b>     | 342           |
| Provision for restructuring costs                 |             | <b>1,188</b>     | 1,405         | -              | -             |
|   |             | <b>1,187,487</b> | 813,038       | <b>270,780</b> | 331,179       |

(a) Contract liabilities for the Group and the Bank were reduced by RM5,638,000 (2020: RM7,217,000) and RM1,815,000 (2020: RM3,119,000) respectively as a result of recognition of the fee income that were included in the contract liabilities balance at the beginning of the year.

As at the financial year end, advances received but not yet recognised as revenue for the Group and the Bank amounts to RM5,940,000 (2020: RM5,691,000) and RM1,769,000 (2020: RM1,981,000) respectively. Advances received and recognised as revenue for the Group and the Bank amounts to RM5,887,000 (2020: RM5,505,000) and RM1,603,000 (2020: RM1,826,000) respectively.

(b) Amount due to holding company/subsidiaries/related companies are unsecured, interest free and repayable on demand.

**22 LEASE LIABILITIES**

|  | <b>2021</b>   | <b>Group</b>  | <b>2021</b>   | <b>Bank</b>   |
|--|---------------|---------------|---------------|---------------|
|  | <b>RM'000</b> | <b>2020</b>   | <b>RM'000</b> | <b>2020</b>   |
|  |               | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b> |
| Lease liabilities                          | <b>22,871</b> | 22,739        | <b>9,999</b>  | 6,881         |
| Scheduled repayments of lease liabilities: |               |               |               |               |
| - Within one year                          | <b>9,496</b>  | 8,917         | <b>4,487</b>  | 4,142         |
| - One year to three years                  | <b>11,385</b> | 10,210        | <b>5,441</b>  | 2,562         |
| - More than three years                    | <b>1,990</b>  | 3,612         | <b>71</b>     | 177           |
|  | <b>22,871</b> | 22,739        | <b>9,999</b>  | 6,881         |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**23 BORROWINGS**

|                                | <u>Note</u>    | <u>2021</u><br>RM'000 | <u>Group</u><br><u>2020</u><br>RM'000 |
|--------------------------------|----------------|-----------------------|---------------------------------------|
| <b>Unsecured</b>               |                |                       |                                       |
| Term loans:                    |                |                       |                                       |
| - United States Dollar ('USD') | <b>(a)(i)</b>  | <b>415,209</b>        | -                                     |
| Promissory notes:              |                |                       |                                       |
| - Indonesia Rupiah ('IDR')     | <b>(b)(i)</b>  | <b>14,619</b>         | 150,665                               |
| - Thai Baht ('THB')            | <b>(b)(ii)</b> | <b>101,760</b>        | 171,498                               |
| Revolving credits:             |                |                       |                                       |
| - United States Dollar ('USD') | <b>(c)(i)</b>  | -                     | 395,264                               |
|                                |                | <b>531,588</b>        | <b>717,427</b>                        |

The borrowings of the Group are as follows:

(a) Term loans

(i) USD term loan

The unsecured USD term loan of the Group bears interest at rates ranging from 2.59% to 2.60% per annum.

(b) Promissory notes

(i) IDR promissory notes

The unsecured IDR promissory notes of the Group bears interest at rates ranging from 5.00% to 7.03% (2020: 6.50% to 7.55%) per annum and repayable on demand.

(ii) THB promissory notes

The unsecured THB promissory notes of the Group bears interest at rates ranging from 0.85% to 2.00% (2020: 0.85% to 2.70%) per annum and repayable on demand.

(c) Revolving credits

(i) USD revolving credits

The unsecured USD revolving credits of the Group bear interest at rates ranging from 2.14% to 5.15% per annum.

On 27 September 2021, the revolving credit had been converted into 5-year term loan, to align with the investment tenure of the private equity fund.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**23 BORROWINGS (CONTINUED)**

**IBOR reform**

Following the financial crisis, the reform and replacement of benchmark interest rates such as Kuala Lumpur Interbank Offered Rate ('KLIBOR'), London Interbank Offered Rate denominated in USD ('USD LIBOR') and other inter-bank offered rates ('IBORs') has become a priority for global regulators. There is currently uncertainty around the timing and precise nature of these changes.

As part of the reforms noted above:

- BNM introduced the Malaysia Overnight Rate ('MYOR') as the new alternative reference rate, which will run in parallel with the existing KLIBOR, providing the market with the flexibility to choose either MYOR or KLIBOR as the reference rate for pricing of financial instruments. BNM will also discontinue the publication of the 2- and 12-month KLIBOR tenors, which are the least reference rates in the market for financial contracts, on 1 January 2023. The remaining one-, three- and six-month KLIBOR tenors, which continue to reflect an active underlying market, will be reviewed in the second half of 2022. The Financial Markets Committee ('FMC') will engage the International Swaps and Derivatives Association ('ISDA') to ensure continuity of KLIBOR derivatives contracts in the event of a temporary or permanent discontinuation of KLIBOR publication.
- the UK Financial Conduct Authority ('FCA') has decided to no longer compel panel banks to participate in the USD LIBOR submission process after the end of 2021 and to cease oversight of these benchmark interest rates.

The secured overnight financing rate ('SOFR') is expected to replace the USD LIBOR, and regulatory authorities and private sector working groups, continue to discuss alternative benchmark rates for USD LIBOR.

The Group has established a Group Asset and Liability committee to oversee the Group's IBOR transition plan. The transition plan considers changes to systems, processes, risk management and valuation models, as well as managing tax and accounting implications. The Group continues to monitor market developments in relation to the transition and their impact on the Group's and the Bank's financial assets and liabilities to ensure that there are no unexpected consequences or disruptions from the transition.

As at 31 December 2021, the Group holds the following financial liabilities which are referenced to the current benchmark interest rates and have yet to transition to an alternative interest rate benchmark:

| <b>Group</b>   | <b>Of which contract yet to transition to an alternative interest rate</b> |                    |
|--|--|--------------------|
|  | <b>Asset</b>   | <b>Liabilities</b> |
| <b>2021</b>  | <b>RM'000</b>  | <b>RM'000</b>      |
| London Interbank Offered Rate denominated in USD ('USD LIBOR') | -  | 415,209            |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**24 SUBORDINATED OBLIGATIONS**

|  | <b>Group and Bank</b> |               |
|--|-----------------------|---------------|
|  | <b>2021</b>           | <b>2020</b>   |
|  | <b>RM'000</b>         | <b>RM'000</b> |
| 4.90% RM200 million Tier II Subordinated Notes 2017/2027 | <b>202,175</b>        | 202,148       |

On 11 October 2017, the Bank issued RM200 million nominal value of Subordinated Notes, being part of its RM1 billion Multi-Currency Medium Term Note ('MCMTN') Programme.

| <b>Tranche</b> | <b>Principal<br/>RM'million</b> | <b>Maturity date</b>                     | <b>Interest rate</b>                             | <b>Interest payment</b>                          |
|----------------|---------------------------------|--|--|--|
| 2017/2027      | 200                             | 11 October 2027<br>(Callable in<br>2022) | 4.90% per annum chargeable to<br>11 October 2027 | Accrued and payable semi-<br>annually in arrears |

**25 SHARE CAPITAL**

|  | <b>Note</b>  | <b>Group and Bank</b>                |                          |                                      |                          |
|--|--------------|--------------------------------------|--------------------------|--------------------------------------|--------------------------|
|  |              | <b>2021</b>                          |                          | <b>2020</b>                          |                          |
|  |              | <b>Number of<br/>shares<br/>'000</b> | <b>Amount<br/>RM'000</b> | <b>Number of<br/>shares<br/>'000</b> | <b>Amount<br/>RM'000</b> |
| Issued and fully paid:                               |              |                                      |                          |                                      |                          |
| Balance as at the beginning of the<br>financial year |              | <b>100,000</b>                       | <b>1,487,773</b>         | 100,000                              | 1,487,773                |
| Capital cancellation                                 | <b>49(b)</b> | <b>(20,000)</b>                      | <b>(267,773)</b>         | -                                    | -                        |
| Balance as at the end of the<br>financial year       |              | <b>80,000</b>                        | <b>1,220,000</b>         | 100,000                              | 1,487,773                |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**26 RESERVES**

|                      | <b>Note</b> | <b>2021</b>    | <b>Group<br/>2020</b> | <b>2021</b>    | <b>Bank<br/>2020</b> |
|----------------------|-------------|----------------|-----------------------|----------------|----------------------|
|                      |             | <b>RM'000</b>  | <b>RM'000</b>         | <b>RM'000</b>  | <b>RM'000</b>        |
| Retained profits     |             | <b>767,406</b> | 522,727               | <b>481,289</b> | 331,261              |
| Statutory reserves   | <b>(a)</b>  | <b>515</b>     | 515                   | -              | -                    |
| FVOCI reserves       | <b>(b)</b>  | <b>38,949</b>  | 50,380                | <b>38,642</b>  | 47,839               |
| Translation reserves | <b>(c)</b>  | <b>63,460</b>  | 61,582                | -              | -                    |
| Regulatory reserves  | <b>(d)</b>  | <b>30,471</b>  | 35,282                | <b>21,030</b>  | 24,937               |
|                      |             | <b>900,801</b> | 670,486               | <b>540,961</b> | 404,037              |

(a) The statutory reserves represent non-distributable profits held by:

- (i) the Thailand's stockbroking subsidiary in compliance with Section 116 of the Public Limited Company Act B.E. 2535 in Thailand; and
- (ii) the Vietnam's stockbroking subsidiary in compliance with the Circular No. 146/2014/TT-BTC issued by the Ministry of Finance.

(b) FVOCI reserves arise from a change in the fair value of financial assets classified as FVOCI. The unrealised gains or losses for debt instruments are transferred to the income statements upon disposal, derecognition or impairment of such securities. For equity instruments elected irrevocably to designate at FVOCI, the fair value gains and losses are not subsequently reclassified to income statements upon disposal.

(c) Translation reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries and joint ventures, and the effect of the effective portion of the net investment hedges.

(d) Regulatory reserves represent the Group's and the Bank's compliance with BNM's Revised Policy Documents on Financial Reporting with effect from 1 January 2018, whereby the Bank and its domestic banking subsidiaries must maintain, in aggregate, loss allowance for non-credit impaired exposures and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**27 NON-CONTROLLING INTERESTS**

|  | <b>2021</b>    | <b>Group<br/>2020</b> |
|--|----------------|-----------------------|
|  | <b>RM'000</b>  | <b>RM'000</b>         |
| Balance as at the beginning of the financial year        | <b>10,238</b>  | 10,208                |
| Share of the profit for the financial year               | <b>1,290</b>   | 1,107                 |
| Share of other comprehensive loss for the financial year | <b>(61)</b>    | (77)                  |
| Dividends to non-controlling interests                   | <b>(1,200)</b> | (1,000)               |
| Balance as at the end of the financial year              | <b>10,267</b>  | 10,238                |

**28 INTEREST INCOME**

|   | <b>2021</b>    | <b>Group<br/>2020</b> | <b>2021</b>    | <b>Bank<br/>2020</b> |
|---|----------------|-----------------------|----------------|----------------------|
|   | <b>RM'000</b>  | <b>RM'000</b>         | <b>RM'000</b>  | <b>RM'000</b>        |
| Loans and advances  | <b>99,174</b>  | 86,271                | <b>70,551</b>  | 66,378               |
| Money at call and deposit placements with<br>banks and other financial institutions | <b>48,444</b>  | 58,364                | <b>37,344</b>  | 43,238               |
| Financial assets at FVTPL   | <b>137</b>     | 300                   | <b>137</b>     | 24                   |
| Financial assets at FVOCI, debt instruments   | <b>20,830</b>  | 24,206                | <b>20,830</b>  | 24,206               |
| Financial investments at amortised costs  | <b>40,512</b>  | 38,886                | <b>40,512</b>  | 38,886               |
| Others  | <b>13,169</b>  | 15,136                | <b>9,780</b>   | 7,106                |
|   | <b>222,266</b> | 223,163               | <b>179,154</b> | 179,838              |
| Of which:   |                |                       |                |                      |
| Interest income accrued on<br>impaired financial assets                             | <b>3,588</b>   | 709                   | <b>7</b>       | 6                    |

**29 INTEREST EXPENSE**

|  | <b>2021</b>    | <b>Group<br/>2020</b> | <b>2021</b>   | <b>Bank<br/>2020</b> |
|--|----------------|-----------------------|---------------|----------------------|
|  | <b>RM'000</b>  | <b>RM'000</b>         | <b>RM'000</b> | <b>RM'000</b>        |
| Deposits and placements of banks and<br>other financial institutions | <b>53,725</b>  | 65,397                | <b>53,725</b> | 65,397               |
| Deposits from customers  | <b>23,032</b>  | 26,080                | <b>23,032</b> | 26,080               |
| Subordinated obligations   | <b>9,800</b>   | 12,702                | <b>9,800</b>  | 12,702               |
| Borrowings   | <b>13,846</b>  | 19,155                | <b>-</b>      | -                    |
| Others   | <b>2,321</b>   | 2,957                 | <b>379</b>    | 323                  |
|  | <b>102,724</b> | 126,291               | <b>86,936</b> | 104,502              |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**30 FEE AND COMMISSION INCOME**

|   | 2021           | Group<br>2020 | 2021           | Bank<br>2020 |
|---|----------------|---------------|----------------|--------------|
|   | RM'000         | RM'000        | RM'000         | RM'000       |
| <b>(a) By type of fee income</b>                |                |               |                |              |
| Brokerage income                                | 381,823        | 450,836       | 301,466        | 380,540      |
| Fund management fees                            | 293,615        | 256,901       | -              | -            |
| Unit trust fee income                           | 175,169        | 127,694       | -              | -            |
| Corporate advisory fees                         | 29,912         | 19,019        | 17,775         | 16,514       |
| Arrangement fees and underwriting               | 12,341         | 11,214        | 6,417          | 2,513        |
| Placement fees                                  | 12,282         | 6,915         | 12,085         | 6,915        |
| Rollover fees                                   | 4,513          | 4,978         | 4,513          | 4,978        |
| Commission                                      | 3,665          | 3,524         | 1,159          | 1,260        |
| Service charges and fees                        | 1,489          | 1,400         | 844            | 916          |
| Other fee income                                | 83,637         | 60,328        | 55,838         | 38,711       |
|   | <b>998,446</b> | 942,809       | <b>400,097</b> | 452,347      |
| <b>(b) By geographical market of fee income</b> |                |               |                |              |
| Malaysia  | 868,919        | 831,950       | 400,097        | 452,347      |
| Thailand  | 55,033         | 53,181        | -              | -            |
| Indonesia                                       | 53,853         | 38,118        | -              | -            |
| Singapore                                       | 19,654         | 15,463        | -              | -            |
| Cambodia  | 788            | 646           | -              | -            |
| Vietnam   | 50             | 8             | -              | -            |
| Hong Kong                                       | 149            | 3,443         | -              | -            |
|   | <b>998,446</b> | 942,809       | <b>400,097</b> | 452,347      |
| <b>(c) By timing of fee income recognition</b>  |                |               |                |              |
| At a point in time                              | 688,031        | 671,883       | 395,641        | 448,959      |
| Over time                                       | 310,415        | 270,926       | 4,456          | 3,388        |
|   | <b>998,446</b> | 942,809       | <b>400,097</b> | 452,347      |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**31 FEE AND COMMISSION EXPENSE**

|                           | <b>2021</b>    | <b>Group<br/>2020</b> | <b>2021</b>   | <b>Bank<br/>2020</b> |
|---------------------------|----------------|-----------------------|---------------|----------------------|
|                           | <b>RM'000</b>  | <b>RM'000</b>         | <b>RM'000</b> | <b>RM'000</b>        |
| Fund management fees      | <b>136,497</b> | 112,044               | -             | -                    |
| Unit trust fees           | <b>175,007</b> | 128,179               | -             | -                    |
| Commission and incentives | <b>58,083</b>  | 69,814                | <b>41,300</b> | 58,529               |
|                           | <b>369,587</b> | 310,037               | <b>41,300</b> | 58,529               |

**32 OTHER OPERATING INCOME**

| <b>Note</b>   | <b>2021</b>    | <b>Group<br/>2020</b> | <b>2021</b>     | <b>Bank<br/>2020</b> |
|---|----------------|-----------------------|-----------------|----------------------|
|   | <b>RM'000</b>  | <b>RM'000</b>         | <b>RM'000</b>   | <b>RM'000</b>        |
| Net gain arising from financial assets at FVTPL                   |                |                       |                 |                      |
| - net gain/(loss) on disposal                                     | <b>33,200</b>  | 131,236               | <b>(10,059)</b> | 181,216              |
| - unrealised net gain/(loss) on revaluation                       | <b>61,625</b>  | 57,477                | <b>7,758</b>    | (12,419)             |
| - gross dividend income   | <b>11,361</b>  | 8,494                 | <b>2,578</b>    | 2,865                |
|   | <b>106,186</b> | 197,207               | <b>277</b>      | 171,662              |
| Net gain/(loss) arising from derivatives                          | <b>9,977</b>   | (110,382)             | <b>40,644</b>   | (149,845)            |
| Net gain arising from financial assets at FVOCI, debt instruments |                |                       |                 |                      |
| - net gain on disposal  | <b>384</b>     | 441                   | <b>384</b>      | 441                  |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**32 OTHER OPERATING INCOME (CONTINUED)**

|  | <b>Note</b>  | <b>2021</b>    | <b>Group<br/>2020</b> | <b>2021</b>    | <b>Bank<br/>2020</b> |
|--|--------------|----------------|-----------------------|----------------|----------------------|
|  |              | <b>RM'000</b>  | <b>RM'000</b>         | <b>RM'000</b>  | <b>RM'000</b>        |
| Dividend income from financial assets at FVOCI, equity instruments | <b>5(b)</b>  | <b>601</b>     | 695                   | <b>436</b>     | 436                  |
| Gross dividend income from subsidiaries in Malaysia                |              | -              | -                     | <b>44,200</b>  | 68,800               |
| Gross dividend income from an associate in Malaysia                |              | -              | -                     | -              | 2,002                |
| Other income   |              |                |                       |                |                      |
| - Net foreign exchange gain  |              | <b>26,699</b>  | 17,177                | <b>27,362</b>  | 16,298               |
| - Net gain on disposal of property, plant and equipment            |              | <b>74</b>      | 94                    | <b>74</b>      | -                    |
| - Gain on modification of right-of-use assets                      |              | -              | 13                    | -              | 2                    |
| - Loss on disposal of a subsidiary                                 | <b>49(g)</b> | -              | -                     | -              | (7,685)              |
| - Fair value changes to sales consideration                        |              | <b>1,251</b>   | -                     | <b>1,251</b>   | (938)                |
| - Other operating income   | <b>(a)</b>   | <b>51,106</b>  | 70,333                | <b>49,161</b>  | 68,465               |
|  |              | <b>79,130</b>  | 87,617                | <b>77,848</b>  | 76,142               |
|  |              | <b>196,278</b> | 175,578               | <b>163,789</b> | 169,638              |

(a) Included in other operating income of the Group is wage support provided by the Singapore Government to employers amounting to RM NIL (2020: RM1,065,000), in helping them to retain and protect the local employees during the period of economic uncertainty.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**33 OTHER OPERATING EXPENSES**

|  | <b>2021</b>    | <b>Group</b>  | <b>2021</b>    | <b>Bank</b>   |
|--|----------------|---------------|----------------|---------------|
|  | <b>RM'000</b>  | <b>2020</b>   | <b>RM'000</b>  | <b>2020</b>   |
|  |                | <b>RM'000</b> |                | <b>RM'000</b> |
| <u>Personnel costs</u>                     |                |               |                |               |
| - Salaries, bonus, wages and allowances    | <b>266,283</b> | 272,193       | <b>147,753</b> | 156,323       |
| - Defined contribution plan                | <b>30,602</b>  | 29,871        | <b>23,153</b>  | 22,742        |
| - Other staff related costs                | <b>24,851</b>  | 26,034        | <b>10,636</b>  | 10,303        |
|  | <b>321,736</b> | 328,098       | <b>181,542</b> | 189,368       |
| <u>Establishment costs</u>                 |                |               |                |               |
| - Property, plant and equipment            |                |               |                |               |
| - Depreciation                             | <b>11,903</b>  | 11,192        | <b>6,053</b>   | 5,558         |
| - Written off                              | <b>7</b>       | 24            | <b>-</b>       | -             |
| - Amortisation of other intangible assets  | <b>9,883</b>   | 8,777         | <b>6,526</b>   | 5,955         |
| - Depreciation of right-of-use assets      | <b>11,283</b>  | 11,426        | <b>4,938</b>   | 5,102         |
| - Information technology expenses          | <b>52,524</b>  | 60,970        | <b>35,761</b>  | 39,112        |
| - Security and escorting charges           | <b>572</b>     | 541           | <b>451</b>     | 471           |
| - Repair and maintenance                   | <b>2,763</b>   | 3,440         | <b>1,662</b>   | 1,703         |
| - Rental of premises                       | <b>11,042</b>  | 17,104        | <b>5,549</b>   | 6,844         |
| - Water and electricity                    | <b>3,069</b>   | 3,974         | <b>2,287</b>   | 2,896         |
| - Rental of equipment                      | <b>50</b>      | 17            | <b>27</b>      | 57            |
| - Insurance                                | <b>3,710</b>   | 4,449         | <b>2,316</b>   | 2,793         |
| - Others                                   | <b>12,664</b>  | 15,659        | <b>12,664</b>  | 15,656        |
|  | <b>119,470</b> | 137,573       | <b>78,234</b>  | 86,147        |
| <u>Marketing expenses</u>                  |                |               |                |               |
| - Advertisement and publicity              | <b>2,732</b>   | 3,800         | <b>455</b>     | 550           |
| - Sales commission                         | <b>2,652</b>   | 2,765         | <b>446</b>     | 694           |
| - Others                                   | <b>6,656</b>   | 13,990        | <b>2,913</b>   | 5,749         |
|  | <b>12,040</b>  | 20,555        | <b>3,814</b>   | 6,993         |
| <u>Administration and general expenses</u> |                |               |                |               |
| - Communication expenses                   | <b>25,255</b>  | 27,712        | <b>12,684</b>  | 14,559        |
| - Auditors' remuneration (Note (a))        | <b>1,559</b>   | 2,092         | <b>540</b>     | 948           |
| - Legal and professional fee               | <b>13,569</b>  | 14,881        | <b>2,735</b>   | 4,393         |
| - Others                                   | <b>45,748</b>  | 24,949        | <b>32,466</b>  | 10,693        |
|  | <b>86,131</b>  | 69,634        | <b>48,425</b>  | 30,593        |
|  | <b>539,377</b> | 555,860       | <b>312,015</b> | 313,101       |



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**33 OTHER OPERATING EXPENSES (CONTINUED)**

|                              | <b>2021</b>   | <b>Group</b>  | <b>2021</b>   | <b>Bank</b>   |
|------------------------------|---------------|---------------|---------------|---------------|
|                              | <b>RM'000</b> | <b>2020</b>   | <b>RM'000</b> | <b>2020</b>   |
|                              |               | <b>RM'000</b> |               | <b>RM'000</b> |
| (a) Auditors' remuneration * |               |               |               |               |
| (i) Audit                    |               |               |               |               |
| Statutory audit              |               |               |               |               |
| - Malaysia                   | <b>592</b>    | 674           | <b>408</b>    | 482           |
| - Overseas                   | <b>835</b>    | 952           | -             | -             |
| Limited review               | <b>50</b>     | 50            | <b>50</b>     | 50            |
|                              | <b>1,477</b>  | 1,676         | <b>458</b>    | 532           |
| (ii) Non-audit               |               |               |               |               |
| - Malaysia                   | <b>82</b>     | 416           | <b>82</b>     | 416           |
|                              | <b>1,559</b>  | 2,092         | <b>540</b>    | 948           |

Included in the personnel costs is the Managing Director's and Chief Executive Officer's remuneration for the Group and the Bank, as disclosed in Note 34.

Included in administration and general expenses of the Group and the Bank are non-executive directors' remuneration, as disclosed in Note 34.

\* There was no indemnity given to or insurance effected for the Group and the Bank during the financial year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**34 CHIEF EXECUTIVE OFFICER AND DIRECTORS' REMUNERATION**

The remuneration of the Managing Director and Chief Executive Officer of the Group and the Bank are as follows:

| ← Group and Bank →  |                                     |  |        |        |
|---|-------------------------------------|--|--------|--------|
|   | Salary<br>and other<br>remuneration | Benefits-in-kind<br>(based on an<br>estimated<br>monetary value) | Bonus  | Total  |
|   | RM'000                              | RM'000   | RM'000 | RM'000 |
| <b>2021</b>   |                                     |  |        |        |
| <b><u>Managing Director/<br/>Chief Executive Officer</u></b>            |                                     |  |        |        |
| Ganesaratnam A/L<br>M.K. Sabaratnam<br>(Appointed on 1 July 2021)       | 1,068                               | 8  | 353    | 1,429  |
| <b><u>Chief Executive Officer</u></b>                                   |                                     |  |        |        |
| Robert Angelo Hendro<br>Santoso Huray<br>(Resigned on 28 February 2021) | 336                                 | -  | -      | 336    |
| ← Group and Bank →  |                                     |  |        |        |
|   | Salary<br>and other<br>remuneration | Benefits-in-kind<br>(based on an<br>estimated<br>monetary value) | Bonus  | Total  |
|   | RM'000                              | RM'000   | RM'000 | RM'000 |
| <b>2020</b>   |                                     |  |        |        |
| <b><u>Chief Executive Officer</u></b>                                   |                                     |  |        |        |
| Robert Angelo Hendro<br>Santoso Huray                                   | 2,339                               | 7  | 1,200  | 3,546  |

In addition to the above, for the financial year ended 31 December 2020, the Chief Executive Officer who led the achievement of the Group's short and long term business objectives, was awarded a sum of RM154,000 as a Cash Deferred Scheme.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**34 CHIEF EXECUTIVE OFFICER AND DIRECTORS' REMUNERATION (CONTINUED)**

The remuneration of the Directors of the Group and the Bank are as follows:

|  | Group          |   |                              |                 | Bank           |   |                              |                 |
|--|----------------|---|------------------------------|-----------------|----------------|---|------------------------------|-----------------|
|  | Fees<br>RM'000 | Benefits-in-kind (based on an estimated monetary value)<br>RM'000 | Other remuneration<br>RM'000 | Total<br>RM'000 | Fees<br>RM'000 | Benefits-in-kind (based on an estimated monetary value)<br>RM'000 | Other remuneration<br>RM'000 | Total<br>RM'000 |
| <b>2021</b>  |                |   |                              |                 |                |   |                              |                 |
| <b><u>Non-executive Directors</u></b>  |                |   |                              |                 |                |   |                              |                 |
| Tan Sri Ong Leong Huat<br>@ Wong Joo Hwa<br>(Appointed as Chairman on 22 April 2021) | 151            | -   | 61                           | 212             | 151            | -   | 61                           | 212             |
| Chin Yoong Kheong  | 294            | -   | 161                          | 455             | 128            | -   | 118                          | 246             |
| Yap Chee Meng  | 313            | -   | 81                           | 394             | 128            | -   | 19                           | 147             |
| Dato' Siow Kim Lun @ Siow Kim Lin  | 185            | -   | 54                           | 239             | 128            | -   | 44                           | 172             |
| Datuk Seri Dr Govindan A/L Kunchambo   | 242            | -   | 62                           | 304             | 128            | -   | 43                           | 171             |
| Datuk Iain John Lo<br>(Appointed on 1 April 2021)                                    | 95             | -   | 56                           | 151             | 95             | -   | 56                           | 151             |
| Tan Sri Azlan bin Mohd Zainol<br>(Resigned on 28 February 2021)                      | 27             | -   | 3                            | 30              | 27             | -   | 3                            | 30              |
| Sharifatu Laila binti Syed Ali<br>(Resigned on 31 March 2021)                        | 33             | -   | 43                           | 76              | 33             | -   | 31                           | 64              |
|  | <b>1,340</b>   | <b>-</b>  | <b>521</b>                   | <b>1,861</b>    | <b>818</b>     | <b>-</b>  | <b>375</b>                   | <b>1,193</b>    |

During the financial year, Directors of the Group and the Bank are covered under the Directors' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors of the Group and the Bank subject to the term of the policy. The total amount of Directors' Liability Insurance effected for the Group and the Bank was RM212 million (2020: RM216 million) and RM200 million (2020: RM200 million) respectively. The total amount of premium paid for the Directors' Liability Insurance by the Group and the Bank was RM137,203 (2020: RM143,588) and RM80,878 (2020: RM75,062) respectively.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**34 CHIEF EXECUTIVE OFFICER AND DIRECTORS' REMUNERATION (CONTINUED)**

The remuneration of the Directors of the Group and the Bank are as follows: (continued)

|  | Group          |   |                              |                 | Bank           |   |                              |                 |
|--|----------------|---|------------------------------|-----------------|----------------|---|------------------------------|-----------------|
|  | Fees<br>RM'000 | Benefits-in-kind (based on an estimated monetary value)<br>RM'000 | Other remuneration<br>RM'000 | Total<br>RM'000 | Fees<br>RM'000 | Benefits-in-kind (based on an estimated monetary value)<br>RM'000 | Other remuneration<br>RM'000 | Total<br>RM'000 |
| <b>2020</b>  |                |   |                              |                 |                |   |                              |                 |
| <b><u>Non-executive Directors</u></b>                                  |                |   |                              |                 |                |   |                              |                 |
| Tan Sri Azlan bin Mohd Zainol  | 195            | -   | 22                           | 217             | 170            | -   | 20                           | 190             |
| Chin Yoong Kheong  | 358            | -   | 169                          | 527             | 135            | -   | 125                          | 260             |
| Tan Sri Ong Leong Huat<br>@ Wong Joo Hwa                               | 135            | -   | 62                           | 197             | 135            | -   | 62                           | 197             |
| Yap Chee Meng  | 343            | -   | 92                           | 435             | 135            | -   | 21                           | 156             |
| Sharifatu Laila binti Syed Ali   | 192            | -   | 115                          | 307             | 135            | -   | 94                           | 229             |
| Dato' Siow Kim Lun @ Siow Kim Lin                                      | 135            | -   | 39                           | 174             | 135            | -   | 38                           | 173             |
| Datuk Seri Dr Govindan A/L Kunchambo<br>(Appointed on 20 October 2020) | 52             | -   | 16                           | 68              | 27             | -   | 13                           | 40              |
| Dato' Darawati Hussain<br>(Retired on 28 May 2020)                     | 163            | -   | 43                           | 206             | 55             | -   | 15                           | 70              |
|  | <b>1,573</b>   | <b>-</b>  | <b>558</b>                   | <b>2,131</b>    | <b>927</b>     | <b>-</b>  | <b>388</b>                   | <b>1,315</b>    |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**35 ALLOWANCE (WRITTEN BACK)/MADE FOR EXPECTED CREDIT LOSSES**

|  | <b>Note</b> | <b>2021</b>     | <b>Group</b>  | <b>2021</b>    | <b>Bank</b>   |
|--|-------------|-----------------|---------------|----------------|---------------|
|  |             | <b>RM'000</b>   | <b>2020</b>   | <b>RM'000</b>  | <b>2020</b>   |
|  |             |                 | <b>RM'000</b> |                | <b>RM'000</b> |
| Net allowance written back on loans and advances   |             | -               | (90)          | -              | -             |
| Allowance (written back)/made for expected credit losses on other receivables and clients' and brokers' balances |             | (5,320)         | 19,948        | 513            | 2,990         |
| Bad debts recovered  |             | (1,100)         | (93)          | (407)          | (93)          |
| Other recovery   |             | (875)           | -             | (875)          | -             |
| Financial investments at amortised costs   | <b>6(b)</b> | (5,665)         | -             | (5,665)        | -             |
| Other financial assets   |             | (67)            | 365           | 62             | (270)         |
|  |             | <b>(13,027)</b> | <b>20,130</b> | <b>(6,372)</b> | <b>2,627</b>  |

**36 IMPAIRMENT LOSS ON OTHER NON-FINANCIAL ASSETS**

|                               | <b>Note</b>  | <b>2021</b>   | <b>Group</b>  | <b>2021</b>   | <b>Bank</b>    |
|-------------------------------|--------------|---------------|---------------|---------------|----------------|
|                               |              | <b>RM'000</b> | <b>2020</b>   | <b>RM'000</b> | <b>2020</b>    |
|                               |              |               | <b>RM'000</b> |               | <b>RM'000</b>  |
| Investments in subsidiaries   | <b>13</b>    | -             | -             | 3,042         | 168,741        |
| Investment in an associate    |              | -             | 9,500         | -             | -              |
| Right-of-use assets           | <b>15</b>    | 121           | -             | -             | -              |
| Property, plant and equipment | <b>16</b>    | 193           | -             | -             | -              |
| Goodwill                      | <b>17(a)</b> | -             | 14,800        | -             | -              |
|                               |              | <b>314</b>    | <b>24,300</b> | <b>3,042</b>  | <b>168,741</b> |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**37 TAXATION**

|   | <b>Note</b>  | <b>2021</b>    | <b>Group</b>  | <b>2021</b>    | <b>Bank</b>   |
|---|--------------|----------------|---------------|----------------|---------------|
|   |              | <b>RM'000</b>  | <b>2020</b>   | <b>RM'000</b>  | <b>2020</b>   |
|   |              |                | <b>RM'000</b> |                | <b>RM'000</b> |
| Income tax based on profit for the financial year |              |                |               |                |               |
| - Malaysian income tax                            |              | <b>77,361</b>  | 90,924        | <b>60,211</b>  | 74,409        |
| - Overseas tax                                    |              | <b>2,320</b>   | 157           | -              | -             |
| Deferred tax                                      | <b>12</b>    | <b>(2,473)</b> | (12,173)      | <b>(1,396)</b> | (8,930)       |
|   |              | <b>77,208</b>  | 78,908        | <b>58,815</b>  | 65,479        |
| Under/(Over) provision in prior years             |              |                |               |                |               |
| - Income tax                                      |              | <b>1,568</b>   | (600)         | <b>1,040</b>   | 321           |
| - Deferred tax                                    | <b>12</b>    | <b>143</b>     | (925)         | <b>143</b>     | (925)         |
|   |              | <b>1,711</b>   | (1,525)       | <b>1,183</b>   | (604)         |
| Income tax expense                                |              | <b>78,919</b>  | 77,383        | <b>59,998</b>  | 64,875        |
| Income tax expense is attributable to:            |              |                |               |                |               |
| - Continuing operations                           |              | <b>78,919</b>  | 78,914        | <b>59,998</b>  | 64,875        |
| - Discontinued operation                          | <b>49(g)</b> | -              | (1,531)       | -              | -             |
|   |              | <b>78,919</b>  | 77,383        | <b>59,998</b>  | 64,875        |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**37 TAXATION (CONTINUED)**

The numerical reconciliation between the tax expense and the product of accounting profit/(loss) multiplied by the statutory rate is as follows:

|   | <b>Note</b> | <b>2021</b>  | <b>Group</b> | <b>2021</b>  | <b>Bank</b> |
|---|-------------|--------------|--------------|--------------|-------------|
|   |             | %            | 2020         | %            | 2020        |
|   |             |              | %            |              | %           |
| Tax at Malaysian statutory applicable tax rate                  |             | <b>24.0</b>  | 24.0         | <b>24.0</b>  | 24.0        |
| Tax effects in respect of:                                      |             |              |              |              |             |
| - Effects of different tax rates in other countries             |             | <b>(0.1)</b> | (0.5)        | -            | -           |
| - Effects of increase in tax rate on deferred tax               | <b>(a)</b>  | <b>(1.4)</b> | -            | <b>(1.9)</b> | -           |
| - Income not subject to tax                                     |             | <b>(5.0)</b> | (6.1)        | <b>(3.8)</b> | (11.6)      |
| - Expenses not deductible for tax purposes                      |             | <b>1.3</b>   | 5.3          | <b>1.0</b>   | 29.4        |
| - Utilisation of previously unrecognised tax losses             |             | <b>(0.4)</b> | (0.6)        | -            | -           |
| - Current year tax losses not recognised as deferred tax assets |             | <b>0.2</b>   | 1.2          | -            | -           |
| - Under/(Over) provision in prior years                         |             | <b>0.4</b>   | (0.2)        | <b>0.3</b>   | 0.2         |
| Effective tax rate  |             | <b>19.0</b>  | 23.1         | <b>19.6</b>  | 42.0        |

(a) In order to support the Government's initiative to assist parties affected by the pandemic, it has been proposed in Budget 2022 that for year of assessment ('YA') 2022, a special one-off tax which is called 'Cukai Makmur' will be imposed on non-micro, small and medium enterprise companies which generate high profits during the period of the pandemic. Chargeable income in excess of RM100.0 million will be charged at the income tax rate of 33% for YA 2022.

Deferred tax assets have not been recognised on the following amounts as it is not probable that the relevant subsidiaries will generate sufficient future taxable profits available against which the deductible temporary differences can be utilised:

|   | <b>2021</b>    | <b>Group</b> | <b>2021</b> | <b>Bank</b> |
|---|----------------|--------------|-------------|-------------|
|   | RM'000         | 2020         | RM'000      | 2020        |
|   |                | RM'000       |             | RM'000      |
| Unabsorbed tax losses carried forward         | <b>270,068</b> | 267,333      | -           | -           |
| Unabsorbed capital allowances carried forward | <b>622</b>     | 408          | -           | -           |

For Malaysia, the deductible temporary differences have an expiry date of 10 years (previously 7 years subsequent to the changes in the Finance Act 2021 gazetted on 31 December 2021) which is in line with Section 44(5F) of the Income Tax Act 1967 that comes into operation from YA 2019 and subsequent years of assessment. For overseas, the deductible temporary differences which can only be carried forward to deduct against future taxable profits for a period of 5 years, except for Hong Kong and Singapore have no expiry date.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**38 EARNINGS PER SHARE**

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holder of the Group by the weighted average number of outstanding ordinary shares at during of the financial year.

|  | <b>Note</b>  | <b>2021</b>     | <b>Group<br/>2020</b> | <b>2021</b>     | <b>Bank<br/>2020</b> |
|--|--------------|-----------------|-----------------------|-----------------|----------------------|
| Net profit attributable to equity holder (RM'000)          |              |                 |                       |                 |                      |
| - Continuing operations                                    |              | <b>337,839</b>  | 224,941               | <b>246,121</b>  | 89,448               |
| - Discontinued operation                                   | <b>49(g)</b> | -               | 32,073                | -               | -                    |
|  |              | <b>337,839</b>  | 257,014               | <b>246,121</b>  | 89,448               |
| Weighted average number of ordinary shares in issue ('000) |              |                 |                       |                 |                      |
| - Issued ordinary shares at 1 January                      |              | <b>100,000</b>  | 100,000               | <b>100,000</b>  | 100,000              |
| - Effect of capital cancellation                           | <b>49(b)</b> | <b>(15,014)</b> | -                     | <b>(15,014)</b> | -                    |
|  |              | <b>84,986</b>   | 100,000               | <b>84,986</b>   | 100,000              |
| Basic earnings per share (sen)                             |              |                 |                       |                 |                      |
| - Continuing operations                                    |              | <b>397.5</b>    | 224.9                 | <b>289.6</b>    | 89.4                 |
| - Discontinued operation                                   |              | -               | 32.1                  | -               | -                    |
|  |              | <b>397.5</b>    | 257.0                 | <b>289.6</b>    | 89.4                 |

(b) Diluted earnings per share

There were no dilutive potential ordinary shares outstanding as at 31 December 2021 and 31 December 2020. As a result, the diluted earnings per share equal to the basic earnings per share.

**39 INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE LOSS/(INCOME)**

| <b>Group<br/>2021</b>   | <b>Before<br/>tax<br/>RM'000</b> | <b>Tax<br/>expense<br/>RM'000</b> | <b>Net of tax<br/>RM'000</b> |
|---|----------------------------------|-----------------------------------|------------------------------|
| Financial assets at FVOCI, debt instruments                             |                                  |                                   |                              |
| - net fair value loss and amount transfer to other comprehensive income | <b>(14,359)</b>                  | <b>3,446</b>                      | <b>(10,913)</b>              |
| Actuarial gain on defined benefit plan of subsidiaries                  |                                  |                                   |                              |
| - net fair value gain and amount transfer to other comprehensive income | <b>751</b>                       | <b>(690)</b>                      | <b>61</b>                    |
|   | <b>(13,608)</b>                  | <b>2,756</b>                      | <b>(10,852)</b>              |



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**39 INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE LOSS/(INCOME) (CONTINUED)**

| <b>Group</b>  | <b>Before</b>   | <b>Tax</b>     | <b>Net of tax</b> |
|---|-----------------|----------------|-------------------|
| <b>2020</b>   | <b>tax</b>      | <b>expense</b> | <b>RM'000</b>     |
|   | <b>RM'000</b>   | <b>RM'000</b>  | <b>RM'000</b>     |
| Financial assets at FVOCI, debt instruments                             |                 |                |                   |
| - net fair value gain and amount transfer to other comprehensive income | 8,236           | (1,976)        | 6,260             |
| Actuarial gain on defined benefit plan of subsidiaries                  |                 |                |                   |
| - net fair value gain and amount transfer to other comprehensive income | 3,274           | (392)          | 2,882             |
|   | <u>11,510</u>   | <u>(2,368)</u> | <u>9,142</u>      |
| <br>  |                 |                |                   |
| <b>Bank</b>   |                 |                |                   |
| <b>2021</b>   |                 |                |                   |
| Financial assets at FVOCI, debt instruments                             |                 |                |                   |
| - net fair value loss and amount transfer to other comprehensive income | <u>(14,359)</u> | <u>3,446</u>   | <u>(10,913)</u>   |
| <br>  |                 |                |                   |
| <b>Bank</b>   |                 |                |                   |
| <b>2020</b>   |                 |                |                   |
| Financial assets at FVOCI, debt instruments                             |                 |                |                   |
| - net fair value gain and amount transfer to other comprehensive income | <u>8,236</u>    | <u>(1,976)</u> | <u>6,260</u>      |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**40 DIVIDENDS**

Dividends recognised as distribution to ordinary equity holder of the Bank:

|                         | <b>Group and Bank</b>         |                           |                               |                           |
|-------------------------|-------------------------------|---------------------------|-------------------------------|---------------------------|
|                         | <b>2021</b>                   |                           | <b>2020</b>                   |                           |
|                         | <b>Dividend<br/>per share</b> | <b>Total<br/>dividend</b> | <b>Dividend<br/>per share</b> | <b>Total<br/>dividend</b> |
|                         | <b>sen</b>                    | <b>RM'000</b>             | <b>sen</b>                    | <b>RM'000</b>             |
| <u>Ordinary shares</u>  |                               |                           |                               |                           |
| Interim dividend - 2019 | -                             | -                         | 143.00                        | 143,000                   |
| Interim dividend - 2020 | -                             | -                         | 178.00                        | 178,000                   |
| Interim dividend - 2021 | <b>125.00</b>                 | <b>100,000</b>            | -                             | -                         |

The Directors proposed a second interim single-tier dividend of 125.00 sen per ordinary share, amounting to RM100,000,000 in respect of the current financial year ended 31 December 2021, which was approved by the Board of Directors on 24 January 2022.

The financial statements for the current financial year do not reflect this second interim single-tier dividend. This dividend payment will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2022.

The Directors do not propose any final dividend for the financial year ended 31 December 2021.

Dividends payable by the Bank's subsidiaries to the non-controlling interest amounting to RM1,200,000 (2020: RM1,000,000) during the financial year ended 31 December 2021.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**41 SIGNIFICANT RELATED PARTY DISCLOSURES**

(a) Related parties and relationships

The related parties of, and their relationship with the Bank are as follows:

| <b>Related parties</b>  | <b>Relationships</b>  |
|---|---|
| RHB Bank Berhad   | Holding company   |
| Subsidiaries of RHB Bank Berhad as disclosed in its financial statements                    | Subsidiaries of the holding company   |
| Employee Provident Fund ('EPF')   | Substantial shareholder of the holding company, a fund body that is significantly influenced by the government  |
| Subsidiaries, associates and joint ventures of EPF as disclosed in its financial statements | Reporting entities that EPF has control or significant influence  |
| Subsidiaries of the Bank as disclosed in Note 13  | Subsidiaries  |
| Key management personnel  | The key management personnel of the Group and the Bank consists of: <ul style="list-style-type: none"> <li>- all Directors of the Bank and its key subsidiaries; and</li> <li>- members of the Group Management Committee ('GMC')</li> </ul>  |
| Related parties of key management personnel (deemed as related to the Bank)                 | (i) Close family members and dependents of key management personnel; and<br><br>(ii) Entities that are controlled, jointly controlled or significant influenced, by or for which significant voting power in such entity resides with, directly or indirectly by key management personnel or its close family members |

(b) Significant related party balances and transactions

In addition to related party disclosures mentioned in Notes 9 and 21, set out below are other significant related party transactions and balances.

Transactions or balances with newly acquired subsidiaries during the financial year are reported as related party transactions or balances from the date of the Group and the Bank are deemed to have control over the subsidiaries.

Other related parties of the Bank comprise of transactions and balances with RHB Bank's subsidiaries.

All related party transactions are entered into in the normal course of business at agreed terms between the related parties.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**41 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)**

(b) Significant related party balances and transactions (continued)

| <b>Group<br/>2021</b>  | <b>Holding<br/>company</b> | <b>EPF and<br/>EPF Group<br/>of companies</b> | <b>Key<br/>management<br/>personnel</b> | <b>Other related<br/>companies</b> |
|--|----------------------------|---|---|------------------------------------|
|  | <b>RM'000</b>              | <b>RM'000</b>                                 | <b>RM'000</b>                           | <b>RM'000</b>                      |
| <u>Income</u>  |                            |   |   |                                    |
| Interest income on deposits  | 12,370                     | -   | -                                       | 2,768                              |
| Fee income   | 14,323                     | 12,120  | 1,439                                   | 13,428                             |
| Brokerage income   | -                          | 3,419   | 351                                     | -                                  |
| Other operating income   | 37,698                     | 43  | 232                                     | 8,140                              |
|  | <b>64,391</b>              | <b>15,582</b>                                 | <b>2,022</b>                            | <b>24,336</b>                      |
| <u>Expenses</u>  |                            |   |   |                                    |
| Insurance premium  | -                          | -   | -                                       | 2,572                              |
| Interest expense on deposits and<br>placements                         | 52,757                     | -   | -                                       | -                                  |
| Interest expense on deposits from<br>customers                         | -                          | 1,985   | -                                       | 123                                |
| Interest expense on borrowings   | 61                         | -   | -                                       | 9,211                              |
| Fee and commission expense   | 41,579                     | -   | -                                       | -                                  |
| Rental of premises   | 5,926                      | -   | -                                       | -                                  |
| Personnel costs  | 70                         | -   | -                                       | 199                                |
| Establishment costs  | 102                        | -   | -                                       | 1,210                              |
| Administration and general expenses                                    | 15,818                     | -   | -                                       | 334                                |
|  | <b>116,313</b>             | <b>1,985</b>                                  | <b>-</b>                                | <b>13,649</b>                      |
| <u>Amounts due from</u>  |                            |   |   |                                    |
| Cash and short-term funds  | 613,526                    | -   | -                                       | 69,675                             |
| Deposits and placements with banks<br>and other financial institutions | 135,195                    | -   | -                                       | 7,997                              |
| Clients' and brokers' balances *                                       | -                          | 82,289  | -                                       | -                                  |
| Derivative assets  | 17                         | -   | -                                       | -                                  |
| Other assets   | -                          | 2,293   | 55                                      | 12,161                             |
|  | <b>748,738</b>             | <b>84,582</b>                                 | <b>55</b>                               | <b>89,833</b>                      |
| <u>Amounts due to</u>  |                            |   |   |                                    |
| Deposits from customers  | -                          | 100,140                                       | -                                       | 11,472                             |
| Deposits and placements of banks<br>and other financial institutions   | 2,428,314                  | -   | -                                       | -                                  |
| Clients' and brokers' balances *                                       | -                          | 210   | -                                       | -                                  |
| Derivative liabilities   | 18                         | -   | -                                       | -                                  |
| Borrowings   | -                          | -   | -                                       | 415,209                            |
| Other liabilities  | 39,182                     | 80  | 31                                      | 235                                |
|  | <b>2,467,514</b>           | <b>100,430</b>                                | <b>31</b>                               | <b>426,916</b>                     |

\* Clients' and brokers' balances mainly comprised interbroking commission.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**41 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)**

(b) Significant related party balances and transactions (continued)

| <b>Group<br/>2020</b>   | <b>Holding<br/>company</b> | <b>EPF and<br/>EPF Group<br/>of companies</b> | <b>Key<br/>management<br/>personnel</b> | <b>Other related<br/>companies</b> |
|---|----------------------------|---|---|------------------------------------|
|   | <b>RM'000</b>              | <b>RM'000</b>                                 | <b>RM'000</b>                           | <b>RM'000</b>                      |
| <u>Income</u>   |                            |   |   |                                    |
| Interest income on deposits   | 21,085                     | -   | -                                       | 4,277                              |
| Fee income  | 9,242                      | 12,152  | 664                                     | 5,579                              |
| Brokerage income  | -                          | 7,028   | 421                                     | -                                  |
| Other operating income  | 66,053                     | 99  | 191                                     | 868                                |
|   | <u>96,380</u>              | <u>19,279</u>                                 | <u>1,276</u>                            | <u>10,724</u>                      |
| <u>Expenses</u>   |                            |   |   |                                    |
| Insurance premium   | -                          | -   | -                                       | 2,758                              |
| Interest expense on deposits and placements                         | 57,582                     | -   | -                                       | -                                  |
| Interest expense on deposits from customers                         | -                          | 3,371   | -                                       | 157                                |
| Interest expense on borrowings                                      | 612                        | -   | -                                       | 12,972                             |
| Fee and commission expense  | 31,300                     | -   | -                                       | -                                  |
| Rental of premises  | 7,984                      | -   | -                                       | -                                  |
| Personnel costs   | 305                        | -   | -                                       | 208                                |
| Establishment costs   | 18                         | -   | -                                       | 1,587                              |
| Administration and general expenses                                 | 2,118                      | -   | -                                       | 318                                |
|   | <u>99,919</u>              | <u>3,371</u>                                  | <u>-</u>                                | <u>18,000</u>                      |
| <u>Amounts due from</u>   |                            |   |   |                                    |
| Cash and short-term funds   | 1,129,648                  | -   | -                                       | 56,365                             |
| Deposits and placements with banks and other financial institutions | 126,437                    | -   | -                                       | 24,909                             |
| Clients' and brokers' balances *                                    | -                          | -   | 96                                      | -                                  |
| Derivative assets   | 122                        | -   | -                                       | -                                  |
| Other assets  | 1,557                      | 2,739   | 159                                     | 756                                |
|   | <u>1,257,764</u>           | <u>2,739</u>                                  | <u>255</u>                              | <u>82,030</u>                      |
| <u>Amounts due to</u>   |                            |   |   |                                    |
| Deposits from customers   | -                          | 100,132                                       | -                                       | 4,328                              |
| Deposits and placements of banks and other financial institutions   | 2,722,491                  | -   | -                                       | -                                  |
| Clients' and brokers' balances *                                    | -                          | 20,161  | 391                                     | -                                  |
| Derivative liabilities  | 45                         | -   | -                                       | -                                  |
| Borrowings  | 26,384                     | -   | -                                       | 395,264                            |
| Other liabilities   | 27,078                     | 80  | 41                                      | 529                                |
|   | <u>2,775,998</u>           | <u>120,373</u>                                | <u>432</u>                              | <u>400,121</u>                     |

\* Clients' and brokers' balances mainly comprised interbroking commission.

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**41 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)**

(b) Significant related party balances and transactions (continued)

| <b>Bank<br/>2021</b>                        | <b>Holding<br/>company<br/>RM'000</b> | <b>EPF and<br/>EPF Group<br/>of companies<br/>RM'000</b> | <b>Subsidiaries<br/>RM'000</b> | <b>Key<br/>management<br/>personnel<br/>RM'000</b> | <b>Other related<br/>companies<br/>RM'000</b> |
|---|---------------------------------------|--|--------------------------------|--|---|
| <u>Income</u>                               |                                       |  |                                |  |   |
| Interest income on deposits                 | 9,482                                 | -  | -                              | -  | 194   |
| Interest on loans and advances              | -                                     | -  | 1                              | -  | -   |
| Fee income                                  | 13,764                                | 687  | 2,089                          | 1,209  | 13,012  |
| Brokerage income                            | -                                     | 3,419  | 13                             | 351  | -   |
| Rental income                               | -                                     | -  | 135                            | -  | -   |
| Other operating income                      | 37,578                                | 43   | 44,200                         | 232  | 8,140   |
|   | <b>60,824</b>                         | <b>4,149</b>   | <b>46,438</b>                  | <b>1,792</b>                                       | <b>21,346</b>                                 |
| <u>Expenses</u>                             |                                       |  |                                |  |   |
| Insurance premium                           | -                                     | -  | -                              | -  | 1,620   |
| Interest expense on deposits and placements | 52,757                                | -  | -                              | -  | -   |
| Interest expense on deposits from customers | -                                     | 1,985  | -                              | -  | 123   |
| Fee and commission expense                  | -                                     | -  | 225                            | -  | -   |
| Rental of premises                          | 5,042                                 | -  | -                              | -  | -   |
| Personnel costs                             | 66                                    | -  | -                              | -  | 144   |
| Establishment costs                         | -                                     | -  | -                              | -  | 1,127   |
| Administration and general expenses         | 13,519                                | -  | 387                            | -  | 218   |
|   | <b>71,384</b>                         | <b>1,985</b>   | <b>612</b>                     | <b>-</b>   | <b>3,232</b>                                  |

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**41 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)**

(b) Significant related party balances and transactions (continued)

| <b>Bank<br/>2021</b>   | <b>Holding<br/>company</b> | <b>EPF and<br/>EPF Group<br/>of companies</b> | <b>Subsidiaries</b> | <b>Key<br/>management<br/>personnel</b> | <b>Other related<br/>companies</b> |
|--|----------------------------|---|---------------------|---|------------------------------------|
|  | <b>RM'000</b>              | <b>RM'000</b>                                 | <b>RM'000</b>       | <b>RM'000</b>                           | <b>RM'000</b>                      |
| <u>Amounts due from</u>  |                            |   |                     |   |                                    |
| Cash and short-term funds  | 530,561                    | -   | -                   | -                                       | -                                  |
| Clients' and brokers' balances                                       | -                          | 82,289  | -                   | -                                       | -                                  |
| Derivative assets  | 17                         | -   | -                   | -                                       | -                                  |
| Other assets   | -                          | 240   | 41,344              | 55                                      | 12,135                             |
|  | <b>530,578</b>             | <b>82,529</b>                                 | <b>41,344</b>       | <b>55</b>                               | <b>12,135</b>                      |
| <u>Amounts due to</u>  |                            |   |                     |   |                                    |
| Deposit from customers   | -                          | 100,140                                       | -                   | -                                       | -                                  |
| Deposits and placements of banks<br>and other financial institutions | 2,428,314                  | -   | -                   | -                                       | -                                  |
| Clients' and brokers' balances                                       | -                          | 210   | -                   | -                                       | -                                  |
| Derivative liabilities   | 18                         | -   | -                   | -                                       | -                                  |
| Other liabilities  | 32,157                     | -   | 26                  | -                                       | 149                                |
|  | <b>2,460,489</b>           | <b>100,350</b>                                | <b>26</b>           | <b>-</b>                                | <b>149</b>                         |

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**41 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)**

(b) Significant related party balances and transactions (continued)

| <b>Bank<br/>2020</b>                        | <b>Holding<br/>company</b> | <b>EPF and<br/>EPF Group<br/>of companies</b> | <b>Subsidiaries</b> | <b>Key<br/>management<br/>personnel</b> | <b>Other related<br/>companies</b> |
|---|----------------------------|---|---------------------|---|------------------------------------|
|   | <b>RM'000</b>              | <b>RM'000</b>                                 | <b>RM'000</b>       | <b>RM'000</b>                           | <b>RM'000</b>                      |
| <u>Income</u>                               |                            |   |                     |   |                                    |
| Interest income on deposits                 | 17,000                     | -   | -                   | -                                       | 1,747                              |
| Interest on loans and advances              | -                          | -   | 348                 | -                                       | -                                  |
| Fee income                                  | 8,452                      | 2,213   | 4,368               | 443                                     | 5,460                              |
| Brokerage income                            | -                          | 7,028   | 254                 | 421                                     | -                                  |
| Rental income                               | -                          | -   | 143                 | -                                       | -                                  |
| Other operating income                      | 65,844                     | 99  | 68,213              | 191                                     | 868                                |
|   | <u>91,296</u>              | <u>9,340</u>                                  | <u>73,326</u>       | <u>1,055</u>                            | <u>8,075</u>                       |
| <u>Expenses</u>                             |                            |   |                     |   |                                    |
| Insurance premium                           | -                          | -   | -                   | -                                       | 1,567                              |
| Interest expense on deposits and placements | 57,582                     | -   | -                   | -                                       | -                                  |
| Interest expense on deposits from customers | -                          | 3,371   | -                   | -                                       | 157                                |
| Rental of premises                          | 6,764                      | -   | -                   | -                                       | -                                  |
| Personnel costs                             | 292                        | -   | -                   | -                                       | 150                                |
| Establishment costs                         | -                          | -   | -                   | -                                       | 1,535                              |
| Administration and general expenses         | 475                        | -   | 384                 | -                                       | 221                                |
|   | <u>65,113</u>              | <u>3,371</u>                                  | <u>384</u>          | <u>-</u>                                | <u>3,630</u>                       |



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**41 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)**

(b) Significant related party balances and transactions (continued)

| <b>Bank<br/>2020</b>   | <b>Holding<br/>company</b> | <b>EPF and<br/>EPF Group<br/>of companies</b> | <b>Subsidiaries</b> | <b>Key<br/>management<br/>personnel</b> | <b>Other related<br/>companies</b> |
|--|----------------------------|---|---------------------|---|------------------------------------|
|  | <b>RM'000</b>              | <b>RM'000</b>                                 | <b>RM'000</b>       | <b>RM'000</b>                           | <b>RM'000</b>                      |
| <u>Amounts due from</u>  |                            |   |                     |   |                                    |
| Cash and short-term funds  | 1,106,014                  | -   | -                   | -                                       | -                                  |
| Clients' and brokers' balances                                       | -                          | -   | -                   | 96                                      | -                                  |
| Derivative assets  | 122                        | -   | -                   | -                                       | -                                  |
| Other assets   | -                          | 532   | 38,937              | 159                                     | 719                                |
|  | <u>1,106,136</u>           | <u>532</u>                                    | <u>38,937</u>       | <u>255</u>                              | <u>719</u>                         |
| <u>Amounts due to</u>  |                            |   |                     |   |                                    |
| Deposits from customers  | -                          | 100,132                                       | -                   | -                                       | -                                  |
| Deposits and placements of banks<br>and other financial institutions | 2,722,491                  | -   | -                   | -                                       | -                                  |
| Clients' and brokers' balances                                       | -                          | 20,161  | -                   | 391                                     | -                                  |
| Derivative liabilities   | 46                         | -   | -                   | -                                       | -                                  |
| Other liabilities  | 20,757                     | -   | 20                  | -                                       | 342                                |
|  | <u>2,743,294</u>           | <u>120,293</u>                                | <u>20</u>           | <u>391</u>                              | <u>342</u>                         |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**41 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)**

(c) Key management personnel

The remuneration of key management personnel are as follows:

|                                 | <b>Note</b> | <b>2021</b>   | <b>Group<br/>2020</b> | <b>2021</b>   | <b>Bank<br/>2020</b> |
|---------------------------------|-------------|---------------|-----------------------|---------------|----------------------|
|                                 |             | <b>RM'000</b> | <b>RM'000</b>         | <b>RM'000</b> | <b>RM'000</b>        |
| Short-term employee benefits    |             |               |                       |               |                      |
| - Fees                          |             | <b>1,340</b>  | 1,573                 | <b>818</b>    | 927                  |
| - Salary and other remuneration | <b>(i)</b>  | <b>2,278</b>  | 4,097                 | <b>2,132</b>  | 3,927                |
| - Benefits-in-kind              |             | <b>8</b>      | 7                     | <b>8</b>      | 7                    |
|                                 |             | <b>3,626</b>  | <b>5,677</b>          | <b>2,958</b>  | <b>4,861</b>         |

The above remuneration includes Directors' remuneration as disclosed in Note 34.

**Note:**

(i) The Managing Director/Chief Executive Officer who led the achievement of the Group's short and long term business objectives, was awarded a sum of RM Nil (2020: RM154,000) as a Cash Deferred Scheme.

(d) Credit exposures arising from transactions with connected parties

Credit exposures with connected parties as per Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties are as follows:

|   | <b>Group and Bank</b> |             |
|---|-----------------------|-------------|
|   | <b>2021</b>           | <b>2020</b> |
| Outstanding credit exposure with connected parties (RM'000)   | <b>278,165</b>        | 213,766     |
| Percentage of outstanding credit exposures with connected parties as proportion of total credit exposures | <b>4.70%</b>          | 3.47%       |
| Percentage of outstanding credit exposures with connected parties which is impaired or in default         | -                     | -           |

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**41 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)**

(e) Intercompany charges

Breakdown of intercompany charges by type of services received and geographical distribution as per BNM's Guidelines on Financial Reporting issued on 2 February 2018 are as follows:

| <b>Group</b>   | <b>Interest<br/>expense on<br/>deposits,<br/>placements<br/>and borrowings</b> | <b>Interest<br/>expense on<br/>deposits from<br/>customers</b> | <b>Rental of<br/>premises</b> | <b>Other<br/>expenses</b> |
|----------------|--|--|-------------------------------|---------------------------|
| <b>2021</b>    | <b>RM'000</b>  | <b>RM'000</b>  | <b>RM'000</b>                 | <b>RM'000</b>             |
| Malaysia       | 52,757   | 123  | 5,926                         | 61,188                    |
| Singapore      | -  | -  | -                             | 404                       |
| Thailand       | 61   | -  | -                             | 80                        |
| Indonesia      | -  | -  | -                             | 188                       |
| United Kingdom | 9,211  | -  | -                             | 24                        |
|                | <b>62,029</b>  | <b>123</b>   | <b>5,926</b>                  | <b>61,884</b>             |
| <b>Group</b>   |  |  |                               |                           |
| <b>2020</b>    |  |  |                               |                           |
| Malaysia       | 57,582   | 157  | 7,957                         | 36,954                    |
| Singapore      | -  | -  | 27                            | 1,644                     |
| Thailand       | 861  | -  | -                             | -                         |
| Hong Kong      | 585  | -  | -                             | -                         |
| United Kingdom | 12,138   | -  | -                             | 14                        |
|                | <b>71,166</b>  | <b>157</b>   | <b>7,984</b>                  | <b>38,612</b>             |
| <b>Bank</b>    |  |  |                               |                           |
| <b>2021</b>    |  |  |                               |                           |
| Malaysia       | 52,757   | 123  | 5,042                         | 17,150                    |
| Thailand       | -  | -  | -                             | 76                        |
| Indonesia      | -  | -  | -                             | 80                        |
|                | <b>52,757</b>  | <b>123</b>   | <b>5,042</b>                  | <b>17,306</b>             |
| <b>Bank</b>    |  |  |                               |                           |
| <b>2020</b>    |  |  |                               |                           |
| Malaysia       | 57,582   | 157  | 6,764                         | 4,624                     |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**42 COMMITMENTS AND CONTINGENCIES**

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to customers. Apart from the allowance for commitments and contingencies already made in the financial statements, no material losses are anticipated as a result of these transactions.

The commitments and contingencies comprise the following:

|   | <b>2021</b>    | <b>Group<br/>2020</b> | <b>2021</b>    | <b>Bank<br/>2020</b> |
|---|----------------|-----------------------|----------------|----------------------|
| <b>Principal amount</b>                   | <b>RM'000</b>  | <b>RM'000</b>         | <b>RM'000</b>  | <b>RM'000</b>        |
| Direct credit substitutes #               | -              | -                     | <b>35,265</b>  | 16                   |
| Forward assets purchases                  | -              | 5,843                 | -              | 5,843                |
| Irrevocable commitments to extend credit: |                |                       |                |                      |
| - maturity not exceeding one year         | <b>917,299</b> | 1,100,162             | <b>647,818</b> | 729,357              |
| - maturity exceeding one year             | <b>22</b>      | 22                    | <b>22</b>      | 22                   |
| Equity related contracts: ^               |                |                       |                |                      |
| - less than one year                      | -              | 7,082                 | -              | 7,082                |
| Foreign exchange related contracts: ^     |                |                       |                |                      |
| - less than one year                      | <b>24,496</b>  | 44,538                | <b>24,496</b>  | 44,538               |
|   | <b>941,817</b> | 1,157,647             | <b>707,601</b> | 786,858              |

# Included in direct credit substitutes is financial guarantee contract of RM35,265,000 (2020: RM16,000) to external parties for subsidiaries.

^ These derivatives are revalued on gross position basis and the unrealised gains or losses have been reflected in Note 10 as derivatives assets or derivative liabilities.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**43 NON-CANCELLABLE OPERATING LEASE COMMITMENTS**

Summary of the lease commitments, net of sub-leases, which are scope-out of MFRS 16 is as follows:

|                           | <b>2021</b>   | <b>Group<br/>2020</b> | <b>2021</b>   | <b>Bank<br/>2020</b> |
|---------------------------|---------------|-----------------------|---------------|----------------------|
|                           | <b>RM'000</b> | <b>RM'000</b>         | <b>RM'000</b> | <b>RM'000</b>        |
| Within one year           | <b>3,888</b>  | 3,671                 | <b>13</b>     | 7                    |
| Between one to five years | <b>4,447</b>  | 6,013                 | <b>21</b>     | 1                    |
| More than five years      | <b>178</b>    | 194                   | <b>-</b>      | -                    |
|                           | <b>8,513</b>  | 9,878                 | <b>34</b>     | 8                    |

**44 CAPITAL AND OTHER COMMITMENTS**

|                                 | <b>2021</b>   | <b>Group<br/>2020</b> | <b>2021</b>   | <b>Bank<br/>2020</b> |
|---------------------------------|---------------|-----------------------|---------------|----------------------|
|                                 | <b>RM'000</b> | <b>RM'000</b>         | <b>RM'000</b> | <b>RM'000</b>        |
| Authorised and contracted for:  |               |                       |               |                      |
| - Property, plant and equipment | <b>28,192</b> | 21,005                | <b>22,004</b> | 13,899               |
| - Investment securities         | <b>-</b>      | 13,266                | <b>-</b>      | -                    |
|                                 | <b>28,192</b> | 34,271                | <b>22,004</b> | 13,899               |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT**

**(a) Financial Risk Management Objectives and Policies**

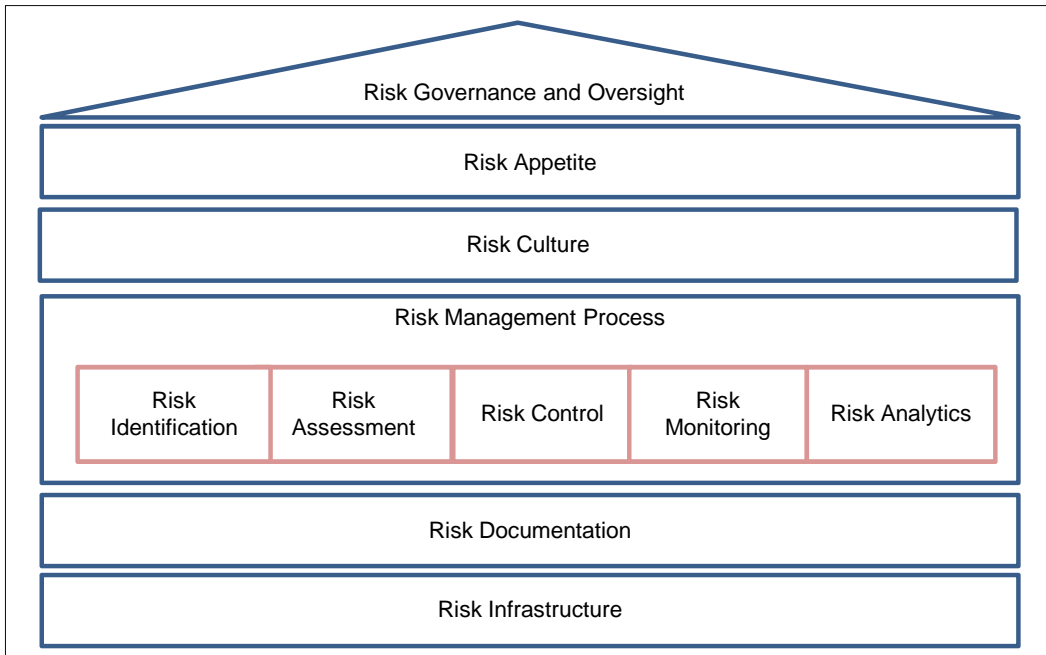
Risk is inherent in the Group's activities and is managed through a process of on-going identification, measurement and monitoring, subject to limits and other controls. Besides credit risk, the Group is exposed to a range of other risk types such as market, liquidity, operational, legal, Shariah, strategic and cross-border, as well as other forms of risk inherent to its strategy, product range and geographical coverage.

Effective risk management is fundamental to being able to drive sustainable growth and shareholders' value, while maintaining competitive advantage, and is thus a central part of the proactive risk management of the Group's operating environment.

The Group Risk Management Framework governs the management of risks in the Group, as follows:

- It provides a holistic overview of the risk and control environment of the Group, with risk management aimed towards loss minimisation and protection against losses which may occur through, principally, the failure of effective checks and controls in the organisation.
- It sets out the strategic progression of risk management towards becoming a value creation enterprise. This is realised through building up capabilities and infrastructure in risk management sophistication, and enhanced risk quantification to optimise risk adjusted returns.

The Group Risk Management Framework is represented in the following diagram:



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(a) Financial Risk Management Objectives and Policies (continued)**

Key features of the framework are:

**Risk Governance and Oversight**

The Board of Directors sits at the apex of the risk governance structure and is ultimately responsible for the Group's/respective entities' risk management strategy, appetite, framework and oversight of risk management activities.

In order to manage the businesses and risks across all subsidiaries in an integrated basis, Group level committees are established to ensure consistency in practices. However, the Group maintains entity-specific committees to allow for greater flexibility and agility in managing specific regulatory and business requirements. Each Board Risk Committee which reports directly to the respective Boards provides oversight and assists the respective Boards to review the Group's overall risk management philosophy, frameworks, policies and models, and risk issues relevant and unique to its business.

The responsibility for the supervision of the day-to-day management of enterprise risk and capital matters is delegated to the Group Capital and Risk Committee ('GCRC') comprising senior management of the Group and which reports to the relevant board committees and the Group Management Committee ('GMC'). The Investment Bank Risk Management Committee ('IBRMC') is responsible for oversight of risk management matters relating to RHB Investment Bank Group's business whilst the Group Asset and Liability Committee ('Group ALCO') oversees market risk, liquidity risk and balance sheet management.

The Group Chief Risk Officer ('GCRO') who reports directly to the Group Managing Director; is responsible for the risk management function. The main roles and responsibilities of GCRO are:

1. Facilitating the setting of the strategic direction and overall policy on management and control of risks of the Group;
2. Ensuring industry best practices in risk management are adopted across the Group, including the setting of risk management parameters and risk models;
3. Developing proactive, balanced and risk attuned culture within the Group; and
4. Advising senior management, management level committees, board level risk committees and Board of Directors of the Group's entities on risk issues and their possible impact on the Group in the achievement of its objectives and strategies.

GCRO is supported by the entities chief risk officers and various teams within risk management function:

1. The entities' chief risk officers main function is to assess and manage the enterprise risk and liaise with regulators in the respective country/entity under his/her purview. They are supported by their respective risk management teams with support from the risk management function from the Group.
2. The risk management function are teams who specialise in the respective risks and responsible for the active oversight of Group-wide functional risk management and support the respective entities/chief risk officers. Group Risk and Credit Management consist of Group Credit Risk Management, Group Market Risk Management, Group Asset and Liability Management, Group Operational Risk Management, Group Technology and Cyber Risk Management, Group Risk Operations, Group Credit Management, Regional Risk and IB Risk Management.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(a) Financial Risk Management Objectives and Policies (continued)**

Key features of the framework are: (continued)

**Risk Appetite**

The Board of Directors sets the risk appetite and tolerance level that are consistent with the Group and each entity's overall business objectives and desired risk profile. It describes the types and level of risks the Group is prepared to accept in delivering its business strategies, and reported through various metrics that enable the Group to manage capital resources and shareholders' expectations.

The alignment of the Group's business strategy with its risk strategy, and vice-versa is articulated through the risk appetite setting and the Group's annual business and financial budgetary plan, which is facilitated by the integration of risk measures in capital management.

**Risk Culture**

The Group subscribes to the principle of 'Risk and Compliance is Everyone's Responsibility' and risk management is managed via a 'three lines of defence' model. Business/functional units of the respective operating entities in the Group are collectively responsible for identifying, managing and reporting risk.

The approach is based on the 'three lines of defence' model as depicted below:

|   |  |
|---|--|
| FIRST LINE  | <ul style="list-style-type: none"> <li>• Responsible for managing day-to-day risks and compliance issues</li> <li>• Business Risk and Compliance Officer is to assist business/functional unit in day-to-day risks and compliance matters</li> </ul> |
| Business/Functional Level                           |  |
| -----   |  |
| SECOND LINE   | <ul style="list-style-type: none"> <li>• Responsible for oversight, establishing governance and providing support to business/functional unit on risk and compliance matters</li> </ul>  |
| Group Risk and Credit Management & Group Compliance |  |
| -----   |  |
| THIRD LINE  | <ul style="list-style-type: none"> <li>• Provide independent assurance to the Board that risk and compliance management functions effectively as designed</li> </ul>   |
| Group Internal Audit                                |  |



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(a) Financial Risk Management Objectives and Policies (continued)**

Key features of the framework are: (continued)

**Risk Management Process**

The risk management process identifies, assesses and measures, controls, monitors and reports/analyses risk. This ensures that risk exposures are adequately managed and that the expected return compensates for the risk taken.

- Identification: The identification and analysis of the existing and potential risks is a continuing process, in order to facilitate and proactive and timely identification of risk within the Group's business operations. This ensures that risks can be managed and controlled within the risk appetite of the Group and specific entity, where necessary.
- Assessment and Measurement: Risks are measured, assessed and aggregated using comprehensive qualitative and quantitative risk measurement methodologies, and the process also serves as an important tool as it provides an assessment of capital adequacy and solvency.
- Controlling: Risks identified during the risk identification process must be adequately managed and mitigated to control the risk of loss. This is also to ensure risk exposures are managed within the Group's or entity's risk appetite.
- Monitoring: Effective monitoring process ensures that the Group is aware of the condition of its exposures vis-à-vis its approved appetite and to facilitate early identification of potential problem on a timely basis by using continuous and on-going monitoring of risk exposures and risk control/mitigation measures.
- Analytics and Reporting: Risk analysis and reports are prepared at the respective entities and consolidated level as well as business level are regularly escalated to the senior management and relevant Boards of the Group's entities to ensure that the risks identified remain within the established appetite and to support an informed decision-making process.

In addition, risk management seeks to ensure that risk decisions are consistent with strategic business objectives and within the risk appetite.

**Risk Documentation**

The Group recognises that effective implementation of the risk management system and process must be supported by a robust set of documentation. Towards this end, the Group has established frameworks, policies and other relevant control documents to ensure clearly defined practices and processes are effected consistently across the Group.

**Risk Infrastructure**

The Group has organised its resources and talents into specific functions, and invested in the technology, including data management to support the Group's risk management activities.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(a) Financial Risk Management Objectives and Policies (continued)**

**Major Areas of Risk**

As a banking institution with key activities covering retail, business banking, corporate banking and advisory services, treasury products and services, and securities and futures related business, the Group is subject to business risks which are inherent in the financial services industry. Generally, these business risks can be broadly classified as follows:

- (i) Credit risk – the risk of loss arising from customers' or counterparties' failure to fulfil their financial and contractual obligations in accordance to the agreed terms. It stems primarily from the Group's and the Bank's lending/financing, trade finance and its placement, underwritings, investment, hedging and trading activities from both on- and off-balance sheet transactions. Credit risk does not happen in isolation as certain risk event (e.g. fluctuation of interest rate and foreign exchange) may give rise to both market and credit risks.
- (ii) Market risk – the risk of losses arising from adverse movements in market drivers, such as interest rates, credit spreads, equity prices, currency exchange rates and commodity prices. Under this definition, market risk will constitute:
  - the interest rate and equity risks pertaining to financial instruments in the trading book; and
  - foreign exchange risk and commodities risk in the trading and banking books.
- (iii) Liquidity risk – the risk of the Group and the Bank being unable to maintain sufficient liquidity to meet its financial commitments and obligations when they fall due and transact at a reasonable cost. Liquidity risk also arises from the inability to manage unplanned decreases or changes in funding sources.
- (iv) Operational risk – the risk of loss resulting from inadequate or failed internal processes, people, systems and/or external events, which also includes information technology ('IT'), legal and Shariah non-compliance risk but excludes strategic and reputational risk.
- (v) Technology and Cyber risk – Technology risk is the business risk associated with the use, ownership, operation, involvement, influence and adoption of IT within an enterprise while Cyber risk refers to threats or vulnerabilities emanating from the connectivity of internal infrastructure to external networks such as the Internet.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(a) Financial Risk Management Objectives and Policies (continued)**

To mitigate the various business risks of the Group and the Bank, the following has been put in place:

**Credit Risk**

- The Group and the Bank abide to the Board approved credit policy which supports the development of a strong credit culture and with the objective of maintaining a well-diversified portfolio that addresses credit risk, and mitigates concern for unexpected losses.
- Regulatory requirement and industry best practices are incorporated into the approved policy.
- Group Credit Committee ('GCC') is responsible for ensuring adherence to the Board approved credit risk appetite as well as the effectiveness of credit risk management. GCC is the senior management committee empowered to approve or reject all financial investments, counterparty credit and lending/financing up to the defined threshold limits.
- Group Investment Underwriting Committee ('GIUC') deliberates, approves and rejects stockbroking, equities, futures business related proposals such as equity underwriting, equity derivatives and structured products, and share margin financing.
- GCC and GIUC submit to the Board Credit Committee ('BCC') for affirmation or veto if the financing facilities exceed a pre-defined threshold.
- The Group and the Bank also ensure that internal processes and credit underwriting standards are adhered to before credit proposals are approved. All credit proposals are first evaluated by the originating business units before being evaluated by Group Credit Management prior to submission to the relevant committees for approval. With the exception of credit applications for consumer and approved products under program lending or business units' supervisors, all other credit facilities are subject to independent assessment by a team of dedicated and experienced credit evaluators in Head Office. For proper checks and controls, joint or escalated approval is required for all discretionary lending between business and independent credit underwriters, except for end-financing which can only be singly assessed by independent credit underwriter. Loans which are beyond the delegated lending authority limits will be escalated to the relevant committees for approval.
- Internal credit rating models are an integral part of the Group's and the Bank's credit risk management, decision-making process, and regulatory capital calculations.
- Clients' accounts are reviewed at regular intervals and weakening credits are transferred to Loan Recovery for more effective management.
- Counterparty, industry and product exposure limits/directions are set and risk reward relationships are mapped with the aim of maintaining a diverse credit profile and track the changing risk concentrations in response to market changes and external events.
- The Bank applies the standardised approach for credit risk.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(a) Financial Risk Management Objectives and Policies (continued)**

To mitigate the various business risks of the Group and the Bank, the following has been put in place: (continued)

**Market Risk**

- A framework of risk policies, measurement methodologies and limits, as approved by the Board, which controls the Group's and the Bank's financial market activities as well as to identify potential risk areas early in order to mitigate against any adverse effects arising from market volatility.
- The senior management committees; namely Group Asset and Liability Committee ('Group ALCO'), the GCRC and IBRMC performs a critical role in the oversight of the management of market risk and supports the board risk committees in the overall market risk management.
- The Group Risk Management function forms a centralised function to support senior management to operationalise the processes and methods, to ensure adequate risk control and oversight are in place.
- The Group and the Bank apply risk monitoring and assessment tools to measure trading book positions and market risk factors. Statistical and non-statistical risk assessment tools applied include Value-at-Risk ('VaR'), sensitivity analysis and stress testing.
- Market risk is primarily monitored and controlled via a structure of limits and triggers i.e. cut loss, VaR, trading and notional limit set in accordance with the size of positions and risk tolerance appetites.
- Periodic stress testing are applied to ascertain market risk under abnormal market conditions.

**Liquidity Risk**

- The Group ALCO plays a fundamental role in the asset and liability management of the Group and the Bank, and establishes strategies to assist in controlling and reducing any potential exposures to liquidity risk.
- The liquidity risk management process involves establishing liquidity risk management policies and limits, regular monitoring against liquidity risk limits, regular stress testing, and establishing contingency funding plans. These processes are subject to regular reviews to ensure that they remain relevant in the context of prevailing market conditions.
- Minimum liquid assets buffer, capping on large depositor concentration and sufficient long term funding are available to meet obligations and aligned to Liquidity Coverage Ratio and Net Stable Funding Ratio to ensure adequate cover for withdrawals arising from unexpected levels of demand.
- Defined liquidity management ratios are maintained and monitored.
- The Group and the Bank have established a Liquidity Incident Management Procedure to manage any potential adverse liquidity incidences, and which can be implemented on a timely basis so that appropriate actions can be taken to mitigate against any unexpected market developments.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(a) Financial Risk Management Objectives and Policies (continued)**

To mitigate the various business risks of the Group and the Bank, the following has been put in place: (continued)

**Operational Risk**

- The Group Operational Risk Management function is responsible for the development of group-wide operational risk policies, framework and methodologies, and providing guidance and information to the business units on operational risk areas. The respective business units are primarily responsible for managing operational risk on a day-to-day basis. Some of the operational risk tools used include Risk and Control Self-Assessment, Key Risk Indicators, Key Control Testing, Incident Management and Loss Data Collection and Scenario Analysis.
- The Group's and the Bank's operational risk management system has integrated applications to support the operational risk management process (i.e. assessment, reporting, database/library).
- The Group and the Bank have Business Continuity Management ('BCM') programme for the major critical business operations and activities at the Head Office, data centre, and branches' locations. The BCM programme is subject to regular testing to ensure efficacy, reliability and functionality.
- There is continuous refinement of existing policies, procedures and internal control measures; and regular internal review, compliance monitoring, and audits are performed to prevent and/or minimise unexpected losses.
- Regular operational risk reporting is made to senior management, relevant committees and board to facilitate the identification of adverse operational lapses, taking of prompt corrective actions, and ensuring appropriate risk mitigation decision making and action plans.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(a) Financial Risk Management Objectives and Policies (continued)**

To mitigate the various business risks of the Group and the Bank, the following has been put in place: (continued)

**Technology and Cyber Risk**

- The Group Technology & Cyber Risk function is responsible for the development of group-wide technology and cyber risk policies, framework and methodologies, and providing guidance and consultation to the business units on technology and cyber risk areas.
- There is a continuous enhancement of existing policies, procedures and internal control measures; with regular independent assessment on areas pertaining to technology and cyber risks to prevent and/or minimise unexpected losses.
- Development of policies and mitigating controls are made reference to industry standards such as ISO/IEC:27001:2013, COBIT 5 and the NIST Cyber Security Framework.
- Regular technology and cyber risk reporting is made to senior management, relevant senior management and board committees to facilitate a risk informed decision by proactively identifying emerging cyber threats, assessment on the effectiveness of the controls implemented and the recommendation of new appropriate controls.
- Subscription to threat intelligence service providers for the latest cyber threats, and modus operandi in compromising an organisation. The information shall be shared with business units in improving their controls.
- Continuous education and awareness on technology and cyber risks to Board, business units, new recruits and third party service providers via Computer Based Training, classroom training and regular email broadcast communication.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(b) Financial instruments by category**

| <b>Group<br/>2021</b>   | <b>At<br/>amortised<br/>costs<br/>RM'000</b> | <b>At<br/>FVTPL<br/>RM'000</b> | <b>At<br/>FVOCI<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|--|--------------------------------|--------------------------------|-------------------------|
| <b><u>Financial assets</u></b>  |  |                                |                                |                         |
| Cash and short-term funds   | 2,403,096                                    | -                              | -                              | 2,403,096               |
| Deposits and placements<br>with banks and other<br>financial institutions | 196,780                                      | -                              | -                              | 196,780                 |
| Financial assets at FVTPL   | -  | 851,797                        | -                              | 851,797                 |
| Financial assets at FVOCI   |  |                                |                                |                         |
| - Debt instruments  | -  | -                              | 558,565                        | 558,565                 |
| - Equity instruments  | -  | -                              | 39,107                         | 39,107                  |
| Financial investments at<br>amortised costs                               | 1,486,708                                    | -                              | -                              | 1,486,708               |
| Loans and advances  | 1,681,479                                    | -                              | -                              | 1,681,479               |
| Clients' and brokers' balances  | 879,595                                      | -                              | -                              | 879,595                 |
| Other financial assets  | 310,053                                      | -                              | -                              | 310,053                 |
| Derivative assets   | -  | 928                            | -                              | 928                     |
|   | <b>6,957,711</b>                             | <b>852,725</b>                 | <b>597,672</b>                 | <b>8,408,108</b>        |
| <b><u>Financial liabilities</u></b>                                       |  |                                |                                |                         |
| Deposits from customers   | 1,560,040                                    | -                              | -                              | 1,560,040               |
| Deposits and placements of banks<br>and other financial institutions      | 2,428,314                                    | -                              | -                              | 2,428,314               |
| Clients' and brokers' balances  | 948,511                                      | -                              | -                              | 948,511                 |
| Other liabilities   | 1,181,547                                    | -                              | -                              | 1,181,547               |
| Derivative liabilities  | -  | 21,941                         | -                              | 21,941                  |
| Lease liabilities   | 22,871                                       | -                              | -                              | 22,871                  |
| Borrowings  | 531,588                                      | -                              | -                              | 531,588                 |
| Subordinated obligations  | 202,175                                      | -                              | -                              | 202,175                 |
|   | <b>6,875,046</b>                             | <b>21,941</b>                  | <b>-</b>                       | <b>6,896,987</b>        |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(b) Financial instruments by category (continued)**

| <b>Group<br/>2020</b>   | <b>At<br/>amortised<br/>costs<br/>RM'000</b> | <b>At<br/>FVTPL<br/>RM'000</b> | <b>At<br/>FVOCI<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|--|--------------------------------|--------------------------------|-------------------------|
| <b><u>Financial assets</u></b>  |  |                                |                                |                         |
| Cash and short-term funds   | 2,422,065                                    | -                              | -                              | 2,422,065               |
| Deposits and placements<br>with banks and other<br>financial institutions | 214,766                                      | -                              | -                              | 214,766                 |
| Financial assets at FVTPL   | -  | 1,034,843                      | -                              | 1,034,843               |
| Financial assets at FVOCI   |  |                                |                                |                         |
| - Debt instruments  | -  | -                              | 580,534                        | 580,534                 |
| - Equity instruments  | -  | -                              | 42,991                         | 42,991                  |
| Financial investments at<br>amortised costs                               | 1,009,646                                    | -                              | -                              | 1,009,646               |
| Loans and advances  | 1,817,874                                    | -                              | -                              | 1,817,874               |
| Clients' and brokers' balances  | 1,339,568                                    | -                              | -                              | 1,339,568               |
| Other financial assets  | 134,123                                      | -                              | -                              | 134,123                 |
| Derivative assets   | -  | 1,017                          | -                              | 1,017                   |
|   | <b>6,938,042</b>                             | <b>1,035,860</b>               | <b>623,525</b>                 | <b>8,597,427</b>        |
| <b><u>Financial liabilities</u></b>                                       |  |                                |                                |                         |
| Deposits from customers   | 1,252,094                                    | -                              | -                              | 1,252,094               |
| Deposits and placements of banks<br>and other financial institutions      | 2,773,193                                    | -                              | -                              | 2,773,193               |
| Clients' and brokers' balances  | 1,171,930                                    | -                              | -                              | 1,171,930               |
| Other liabilities   | 807,347                                      | -                              | -                              | 807,347                 |
| Derivative liabilities  | -  | 71,748                         | -                              | 71,748                  |
| Lease liabilities   | 22,739                                       | -                              | -                              | 22,739                  |
| Borrowings  | 717,427                                      | -                              | -                              | 717,427                 |
| Subordinated obligations  | 202,148                                      | -                              | -                              | 202,148                 |
|   | <b>6,946,878</b>                             | <b>71,748</b>                  | <b>-</b>                       | <b>7,018,626</b>        |



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(b) Financial instruments by category (continued)**

| <b>Bank<br/>2021</b>   | <b>At<br/>amortised<br/>costs<br/>RM'000</b> | <b>At<br/>FVTPL<br/>RM'000</b> | <b>At<br/>FVOCI<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|--|--------------------------------|--------------------------------|-------------------------|
| <b><u>Financial assets</u></b>                                       |  |                                |                                |                         |
| Cash and short-term funds  | 1,518,663                                    | -                              | -                              | 1,518,663               |
| Financial assets at FVTPL  | -  | 116,690                        | -                              | 116,690                 |
| Financial assets at FVOCI  |  |                                |                                |                         |
| - Debt instruments   | -  | -                              | 558,565                        | 558,565                 |
| - Equity instruments   | -  | -                              | 36,670                         | 36,670                  |
| Financial investments at<br>amortised costs                          | 1,486,708                                    | -                              | -                              | 1,486,708               |
| Loans and advances   | 1,348,177                                    | -                              | -                              | 1,348,177               |
| Clients' and brokers' balances                                       | 641,119                                      | -                              | -                              | 641,119                 |
| Other financial assets   | 75,537                                       | -                              | -                              | 75,537                  |
| Derivative assets  | -  | 17                             | -                              | 17                      |
|  | <b>5,070,204</b>                             | <b>116,707</b>                 | <b>595,235</b>                 | <b>5,782,146</b>        |
| <b><u>Financial liabilities</u></b>                                  |  |                                |                                |                         |
| Deposits from customers  | 1,560,040                                    | -                              | -                              | 1,560,040               |
| Deposits and placements of banks<br>and other financial institutions | 2,428,314                                    | -                              | -                              | 2,428,314               |
| Clients' and brokers' balances                                       | 722,891                                      | -                              | -                              | 722,891                 |
| Other liabilities  | 269,011                                      | -                              | -                              | 269,011                 |
| Derivative liabilities   | -  | 21,567                         | -                              | 21,567                  |
| Lease liabilities  | 9,999  | -                              | -                              | 9,999                   |
| Subordinated obligations   | 202,175                                      | -                              | -                              | 202,175                 |
|  | <b>5,192,430</b>                             | <b>21,567</b>                  | <b>-</b>                       | <b>5,213,997</b>        |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(b) Financial instruments by category (continued)**

| <b>Bank<br/>2020</b>   | <b>At<br/>amortised<br/>costs<br/>RM'000</b> | <b>At<br/>FVTPL<br/>RM'000</b> | <b>At<br/>FVOCI<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|--|--------------------------------|--------------------------------|-------------------------|
| <b><u>Financial assets</u></b>                                       |  |                                |                                |                         |
| Cash and short-term funds  | 1,793,368                                    | -                              | -                              | 1,793,368               |
| Financial assets at FVTPL  | -  | 258,837                        | -                              | 258,837                 |
| Financial assets at FVOCI  |  |                                |                                |                         |
| - Debt instruments   | -  | -                              | 580,534                        | 580,534                 |
| - Equity instruments   | -  | -                              | 34,954                         | 34,954                  |
| Financial investments at<br>amortised costs                          | 1,009,646                                    | -                              | -                              | 1,009,646               |
| Loans and advances   | 1,496,483                                    | -                              | -                              | 1,496,483               |
| Clients' and brokers' balances                                       | 946,680                                      | -                              | -                              | 946,680                 |
| Other financial assets   | 60,999                                       | -                              | -                              | 60,999                  |
| Derivative assets  | -  | 122                            | -                              | 122                     |
|  | <b>5,307,176</b>                             | <b>258,959</b>                 | <b>615,488</b>                 | <b>6,181,623</b>        |
| <b><u>Financial liabilities</u></b>                                  |  |                                |                                |                         |
| Deposits from customers  | 1,252,094                                    | -                              | -                              | 1,252,094               |
| Deposits and placements of banks<br>and other financial institutions | 2,773,193                                    | -                              | -                              | 2,773,193               |
| Clients' and brokers' balances                                       | 824,677                                      | -                              | -                              | 824,677                 |
| Other liabilities  | 329,198                                      | -                              | -                              | 329,198                 |
| Derivative liabilities   | -  | 71,732                         | -                              | 71,732                  |
| Lease liabilities  | 6,881  | -                              | -                              | 6,881                   |
| Subordinated obligations   | 202,148                                      | -                              | -                              | 202,148                 |
|  | <b>5,388,191</b>                             | <b>71,732</b>                  | <b>-</b>                       | <b>5,459,923</b>        |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Market risk**

Market risk sensitivity assessment is based on the changes in key variables, such as interest rates and foreign currency rates, while all other variables remain unchanged. The sensitivity factors used are assumptions based on parallel shifts in the key variables to project the impact on the assets and liabilities position of the Group and the Bank.

The scenarios used are based on the assumption that all key variables for all maturities move at the same time and by the same magnitude and do not incorporate actions that would be otherwise taken by the business units and risk management to mitigate the effect of this movement in key variables. The Group and the Bank seek to ensure that the interest rate risk profile is managed to minimise losses and optimise net revenues.

**(i) Interest rate sensitivity analysis**

The interest rate sensitivity results below shows the impact on profit after tax and equity of financial assets and financial liabilities bearing floating interest rates and fixed rate financial assets and financial liabilities, while other variable remain constant:

|             | <b>Impact on<br/>profit after tax<br/>RM'000</b> | <b>Group<br/>Impact<br/>on equity<br/>RM'000</b> | <b>Impact on<br/>profit after tax<br/>RM'000</b> | <b>Bank<br/>Impact<br/>on equity<br/>RM'000</b> |
|-------------|--|--|--|---|
| <b>2021</b> |  |  |  |   |
| +100 bps    | (7,156)  | (6,868)  | (7,300)  | (6,868)   |
| -100 bps    | 7,169  | 7,369  | 7,314  | 7,369   |
| <b>2020</b> |  |  |  |   |
| +100 bps    | (11,536)   | (7,727)  | (10,284)   | (7,727)   |
| -100 bps    | 11,544   | 8,226  | 10,291   | 8,226   |

The results above represent financial assets and liabilities that have been prepared on the following basis:

- (a) Impact on the profit after tax is the sum of valuation changes on fixed income instruments held in the trading portfolio and earnings movement for all short term interest rate sensitive assets and liabilities (with maturity or re-pricing tenure of up to one year) that is not held in the trading portfolio. Earnings movement for the short term interest rate sensitive assets and liabilities uses a set of risk weights with its respective time band to simulate the 100 bps (2020: 100 bps) interest rate change impact. For assets and liabilities with non-fixed maturity e.g. current and savings accounts, certain assumptions are made to reflect the actual sensitivity behaviour of these interest bearing assets and liabilities.
- (b) Impact on equity represents the changes in fair values of fixed income instruments held in the FVOCI portfolio arising from the shift in the interest rate.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Market risk (continued)**

(ii) Foreign currency sensitivity analysis

The foreign currency sensitivity represents the effect of the appreciation or depreciation of the foreign currency rates (mainly consists of United States Dollar and Singapore Dollar) on the consolidated currency position, while other variables remain constant.

|             | <b>Group<br/>Impact on<br/>profit after tax<br/>RM'000</b> | <b>Bank<br/>Impact on<br/>profit after tax<br/>RM'000</b> |
|-------------|--|---|
| <b>2021</b> |  |   |
| +10%        | <b>9,090</b>   | <b>6,212</b>  |
| -10%        | <b>(9,090)</b>   | <b>(6,212)</b>  |
|             | <hr/> <hr/>  | <hr/> <hr/>   |
| <b>2020</b> |  |   |
| +10%        | 11,811   | 9,099   |
| -10%        | (11,811)   | (9,099)   |
|             | <hr/> <hr/>  | <hr/> <hr/>   |

Impact on the profit after taxation is estimated on the assumption that foreign exchange move by the same amount and all other variables are held constant and are based on a constant reporting date position.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Market risk (continued)**

Interest rate risk

The table below summarises the Group's exposure to interest rate risk. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual repricing or maturity dates:

| Group   | Non-trading book |                |                |                |                |                | Trading book     | Total          |                        |
|---|------------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|------------------------|
|   | Up to 1 month    | >1-3 months    | >3-6 months    | >6-12 months   | >1-3 years     | Over 3 years   |                  |                | Non-interest sensitive |
| 2021  | RM'000           | RM'000         | RM'000         | RM'000         | RM'000         | RM'000         | RM'000           | RM'000         |                        |
| <b>ASSETS</b>   |                  |                |                |                |                |                |                  |                |                        |
| Cash and short-term funds   | 1,488,536        | -              | -              | -              | -              | -              | 922,765          | -              | 2,411,301              |
| Deposits and placements with banks and other financial institutions | -                | 95,851         | 54,223         | 45,627         | -              | -              | 1,079            | -              | 196,780                |
| Financial assets at FVTPL   | -                | -              | -              | -              | -              | -              | 672,819          | 178,978        | 851,797                |
| Financial assets at FVOCI   | 20,031           | 50,145         | 85,691         | 155,874        | 81,752         | 160,829        | 43,350           | -              | 597,672                |
| Financial investments at amortised costs                            | 500,000          | 100,005        | 285,057        | 29,937         | 275,837        | 284,994        | 10,878           | -              | 1,486,708              |
| Loans and advances  | 1,681,170        | -              | -              | 4              | -              | 280            | 25               | -              | 1,681,479              |
| Clients' and brokers' balances                                      | 15,374           | -              | -              | -              | -              | -              | 864,221          | -              | 879,595                |
| Other assets  | -                | 7,729          | 1,462          | 100            | -              | -              | 316,346          | -              | 325,637                |
| Derivative assets   | -                | -              | -              | -              | -              | -              | -                | 928            | 928                    |
| Statutory deposits  | -                | -              | -              | -              | -              | -              | 13,090           | -              | 13,090                 |
| Tax recoverable   | -                | -              | -              | -              | -              | -              | 7,572            | -              | 7,572                  |
| Deferred tax assets   | -                | -              | -              | -              | -              | -              | 33,571           | -              | 33,571                 |
| Investments in associates and joint ventures                        | -                | -              | -              | -              | -              | -              | 4,644            | -              | 4,644                  |
| Right-of-use assets   | -                | -              | -              | -              | -              | -              | 24,055           | -              | 24,055                 |
| Property, plant and equipment                                       | -                | -              | -              | -              | -              | -              | 37,281           | -              | 37,281                 |
| Goodwill and other intangible assets                                | -                | -              | -              | -              | -              | -              | 496,641          | -              | 496,641                |
| <b>TOTAL ASSETS</b>   | <b>3,705,111</b> | <b>253,730</b> | <b>426,433</b> | <b>231,542</b> | <b>357,589</b> | <b>446,103</b> | <b>3,448,337</b> | <b>179,906</b> | <b>9,048,751</b>       |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Market risk (continued)**

Interest rate risk (continued)

The table below summarises the Group's exposure to interest rate risk. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual repricing or maturity dates: (continued)

| Group   | Non-trading book |                    |                |                  |                |                | Non-interest sensitive | Trading book  | Total            |
|---|------------------|--------------------|----------------|------------------|----------------|----------------|------------------------|---------------|------------------|
|   | Up to 1 month    | >1-3 months        | >3-6 months    | >6-12 months     | >1-3 years     | Over 3 years   |                        |               |                  |
| 2021  | RM'000           | RM'000             | RM'000         | RM'000           | RM'000         | RM'000         | RM'000                 | RM'000        | RM'000           |
| <b>LIABILITIES</b>  |                  |                    |                |                  |                |                |                        |               |                  |
| Deposits from customers   | 1,020,874        | 537,750            | -              | -                | -              | -              | 1,416                  | -             | 1,560,040        |
| Deposits and placements of banks and other financial institutions | 301,107          | 1,716,562          | 200,000        | 200,000          | -              | -              | 10,645                 | -             | 2,428,314        |
| Clients' and brokers' balances                                    | -                | -                  | -              | -                | -              | -              | 948,511                | -             | 948,511          |
| Other liabilities   | -                | -                  | -              | -                | -              | -              | 1,192,341              | -             | 1,192,341        |
| Derivative liabilities  | -                | -                  | -              | -                | -              | -              | -                      | 21,941        | 21,941           |
| Tax liabilities   | -                | -                  | -              | -                | -              | -              | 8,773                  | -             | 8,773            |
| Lease liabilities   | 660              | 1,938              | 2,497          | 4,776            | 12,140         | 1,989          | -                      | -             | 24,000           |
| Borrowings  | 531,407          | -                  | -              | -                | -              | -              | 181                    | -             | 531,588          |
| Subordinated obligations  | -                | -                  | -              | 200,000          | -              | -              | 2,175                  | -             | 202,175          |
| <b>TOTAL LIABILITIES</b>  | <b>1,854,048</b> | <b>2,256,250</b>   | <b>202,497</b> | <b>404,776</b>   | <b>12,140</b>  | <b>1,989</b>   | <b>2,164,042</b>       | <b>21,941</b> | <b>6,917,683</b> |
| Shareholders' funds   | -                | -                  | -              | -                | -              | -              | 2,120,801              | -             | 2,120,801        |
| Non-controlling interests   | -                | -                  | -              | -                | -              | -              | 10,267                 | -             | 10,267           |
| <b>TOTAL LIABILITIES AND EQUITY</b>                               | <b>1,854,048</b> | <b>2,256,250</b>   | <b>202,497</b> | <b>404,776</b>   | <b>12,140</b>  | <b>1,989</b>   | <b>4,295,110</b>       | <b>21,941</b> | <b>9,048,751</b> |
| On-balance sheet interest sensitivity gap                         | 1,851,063        | (2,002,520)        | 223,936        | (173,234)        | 345,449        | 444,114        | -                      | -             | -                |
| Off-balance sheet interest sensitivity gap                        | -                | -                  | -              | -                | -              | -              | -                      | -             | -                |
| <b>TOTAL INTEREST SENSITIVITY GAP</b>                             | <b>1,851,063</b> | <b>(2,002,520)</b> | <b>223,936</b> | <b>(173,234)</b> | <b>345,449</b> | <b>444,114</b> | <b>-</b>               | <b>-</b>      | <b>-</b>         |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Market risk (continued)**

Interest rate risk (continued)

The table below summarises the Group's exposure to interest rate risk. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual repricing or maturity dates: (continued)

| Group   | Non-trading book |                |                |                |                  |                | Non-interest sensitive | Trading book   | Total            |
|---|------------------|----------------|----------------|----------------|------------------|----------------|------------------------|----------------|------------------|
|   | Up to 1 month    | >1-3 months    | >3-6 months    | >6-12 months   | >1-3 years       | Over 3 years   |                        |                |                  |
| 2020  | RM'000           | RM'000         | RM'000         | RM'000         | RM'000           | RM'000         | RM'000                 | RM'000         |                  |
| <b>ASSETS</b>   |                  |                |                |                |                  |                |                        |                |                  |
| Cash and short-term funds   | 1,145,118        | -              | -              | -              | -                | -              | 1,276,947              | -              | 2,422,065        |
| Deposits and placements with banks and other financial institutions | -                | 118,186        | 46,168         | 48,389         | -                | -              | 2,023                  | -              | 214,766          |
| Financial assets at FVTPL   | -                | -              | -              | -              | -                | -              | 617,256                | 417,587        | 1,034,843        |
| Financial assets at FVOCI   | -                | 35,117         | -              | 76,072         | 393,512          | 70,794         | 48,030                 | -              | 623,525          |
| Financial investments at amortised costs                            | -                | 10,005         | 160,244        | 88,134         | 625,757          | 115,214        | 10,292                 | -              | 1,009,646        |
| Loans and advances  | 1,816,846        | -              | -              | -              | 8                | 304            | 716                    | -              | 1,817,874        |
| Clients' and brokers' balances                                      | 32,316           | -              | -              | -              | -                | -              | 1,307,252              | -              | 1,339,568        |
| Other assets  | -                | 5,579          | 3,007          | -              | -                | -              | 135,844                | -              | 144,430          |
| Derivative assets   | -                | -              | -              | -              | -                | -              | -                      | 1,017          | 1,017            |
| Statutory deposits  | -                | -              | -              | -              | -                | -              | 16,977                 | -              | 16,977           |
| Tax recoverable   | -                | -              | -              | -              | -                | -              | 1,781                  | -              | 1,781            |
| Deferred tax assets   | -                | -              | -              | -              | -                | -              | 28,392                 | -              | 28,392           |
| Investments in associates and joint ventures                        | -                | -              | -              | -              | -                | -              | 4,611                  | -              | 4,611            |
| Right-of-use assets   | -                | -              | -              | -              | -                | -              | 23,034                 | -              | 23,034           |
| Property, plant and equipment                                       | -                | -              | -              | -              | -                | -              | 38,374                 | -              | 38,374           |
| Goodwill and other intangible assets                                | -                | -              | -              | -              | -                | -              | 487,392                | -              | 487,392          |
| <b>TOTAL ASSETS</b>   | <b>2,994,280</b> | <b>168,887</b> | <b>209,419</b> | <b>212,595</b> | <b>1,019,277</b> | <b>186,312</b> | <b>3,998,921</b>       | <b>418,604</b> | <b>9,208,295</b> |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Market risk (continued)**

Interest rate risk (continued)

The table below summarises the Group's exposure to interest rate risk. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual repricing or maturity dates: (continued)

| Group   | Non-trading book |                    |                |                |                |                | Non-interest sensitive | Trading book  | Total            |
|---|------------------|--------------------|----------------|----------------|----------------|----------------|------------------------|---------------|------------------|
|   | Up to 1 month    | >1-3 months        | >3-6 months    | >6-12 months   | >1-3 years     | Over 3 years   |                        |               |                  |
| 2020  | RM'000           | RM'000             | RM'000         | RM'000         | RM'000         | RM'000         | RM'000                 | RM'000        | RM'000           |
| <b>LIABILITIES</b>  |                  |                    |                |                |                |                |                        |               |                  |
| Deposits from customers   | 1,066,861        | 184,000            | -              | -              | -              | -              | 1,233                  | -             | 1,252,094        |
| Deposits and placements of banks and other financial institutions | 963,327          | 1,600,000          | -              | -              | 200,000        | -              | 9,866                  | -             | 2,773,193        |
| Clients' and brokers' balances                                    | -                | -                  | -              | -              | -              | -              | 1,171,930              | -             | 1,171,930        |
| Other liabilities   | -                | -                  | -              | -              | -              | -              | 813,038                | -             | 813,038          |
| Derivative liabilities  | -                | -                  | -              | -              | -              | -              | -                      | 71,748        | 71,748           |
| Tax liabilities   | -                | -                  | -              | -              | -              | -              | 15,481                 | -             | 15,481           |
| Lease liabilities   | 869              | 853                | 1,273          | 2,051          | 17,516         | 177            | -                      | -             | 22,739           |
| Borrowings  | 566,646          | 150,360            | -              | -              | -              | -              | 421                    | -             | 717,427          |
| Subordinated obligations  | -                | -                  | -              | -              | 200,000        | -              | 2,148                  | -             | 202,148          |
| <b>TOTAL LIABILITIES</b>  | <b>2,597,703</b> | <b>1,935,213</b>   | <b>1,273</b>   | <b>2,051</b>   | <b>417,516</b> | <b>177</b>     | <b>2,014,117</b>       | <b>71,748</b> | <b>7,039,798</b> |
| Shareholders' funds   | -                | -                  | -              | -              | -              | -              | 2,158,259              | -             | 2,158,259        |
| Non-controlling interests   | -                | -                  | -              | -              | -              | -              | 10,238                 | -             | 10,238           |
| <b>TOTAL LIABILITIES AND EQUITY</b>                               | <b>2,597,703</b> | <b>1,935,213</b>   | <b>1,273</b>   | <b>2,051</b>   | <b>417,516</b> | <b>177</b>     | <b>4,182,614</b>       | <b>71,748</b> | <b>9,208,295</b> |
| On-balance sheet interest sensitivity gap                         | 396,577          | (1,766,326)        | 208,146        | 210,544        | 601,761        | 186,135        | -                      | -             | -                |
| Off-balance sheet interest sensitivity gap                        | -                | -                  | -              | -              | -              | -              | -                      | -             | -                |
| <b>TOTAL INTEREST SENSITIVITY GAP</b>                             | <b>396,577</b>   | <b>(1,766,326)</b> | <b>208,146</b> | <b>210,544</b> | <b>601,761</b> | <b>186,135</b> | <b>-</b>               | <b>-</b>      | <b>-</b>         |



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Market risk (continued)**

Interest rate risk (continued)

The table below summarises the Bank's exposure to interest rate risk. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual repricing or maturity dates:

| Bank   | Non-trading book |                |                |                |                |                | Non-interest sensitive | Trading book  | Total            |
|--|------------------|----------------|----------------|----------------|----------------|----------------|------------------------|---------------|------------------|
|  | Up to 1 month    | >1-3 months    | >3-6 months    | >6-12 months   | >1-3 years     | Over 3 years   |                        |               |                  |
| 2021   | RM'000           | RM'000         | RM'000         | RM'000         | RM'000         | RM'000         | RM'000                 | RM'000        |                  |
| <b>ASSETS</b>                                |                  |                |                |                |                |                |                        |               |                  |
| Cash and short-term funds                    | 1,359,055        | -              | -              | -              | -              | -              | 159,608                | -             | 1,518,663        |
| Financial assets at FVTPL                    | -                | -              | -              | -              | -              | -              | 32,647                 | 84,043        | 116,690          |
| Financial assets at FVOCI                    | 20,031           | 50,145         | 85,691         | 155,874        | 81,752         | 160,829        | 40,913                 | -             | 595,235          |
| Financial investments at amortised costs     | 500,000          | 100,005        | 285,057        | 29,937         | 275,837        | 284,994        | 10,878                 | -             | 1,486,708        |
| Loans and advances                           | 1,347,868        | -              | -              | 4              | -              | 280            | 25                     | -             | 1,348,177        |
| Clients' and brokers' balances               | 15,374           | -              | -              | -              | -              | -              | 625,745                | -             | 641,119          |
| Other assets                                 | -                | 3,809          | 1,462          | -              | -              | -              | 80,258                 | -             | 85,529           |
| Derivative assets                            | -                | -              | -              | -              | -              | -              | -                      | 17            | 17               |
| Statutory deposits                           | -                | -              | -              | -              | -              | -              | 9,000                  | -             | 9,000            |
| Tax recoverable                              | -                | -              | -              | -              | -              | -              | 3,841                  | -             | 3,841            |
| Deferred tax assets                          | -                | -              | -              | -              | -              | -              | 22,684                 | -             | 22,684           |
| Investments in subsidiaries                  | -                | -              | -              | -              | -              | -              | 712,127                | -             | 712,127          |
| Investments in associates and joint ventures | -                | -              | -              | -              | -              | -              | 5,028                  | -             | 5,028            |
| Right-of-use assets                          | -                | -              | -              | -              | -              | -              | 9,860                  | -             | 9,860            |
| Property, plant and equipment                | -                | -              | -              | -              | -              | -              | 19,471                 | -             | 19,471           |
| Goodwill and other intangible assets         | -                | -              | -              | -              | -              | -              | 402,578                | -             | 402,578          |
| <b>TOTAL ASSETS</b>                          | <b>3,242,328</b> | <b>153,959</b> | <b>372,210</b> | <b>185,815</b> | <b>357,589</b> | <b>446,103</b> | <b>2,134,663</b>       | <b>84,060</b> | <b>6,976,727</b> |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Market risk (continued)**

Interest rate risk (continued)

The table below summarises the Bank's exposure to interest rate risk. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual repricing or maturity dates: (continued)

| Bank<br>2021   | Non-trading book           |                          |                          |                           |                         |                           | Non-interest<br>sensitive<br>RM'000 | Trading<br>book<br>RM'000 | Total<br>RM'000  |
|--|----------------------------|--------------------------|--------------------------|---------------------------|-------------------------|---------------------------|-------------------------------------|---------------------------|------------------|
|  | Up to 1<br>month<br>RM'000 | >1-3<br>months<br>RM'000 | >3-6<br>months<br>RM'000 | >6-12<br>months<br>RM'000 | >1-3<br>years<br>RM'000 | Over 3<br>years<br>RM'000 |                                     |                           |                  |
| <b>LIABILITIES</b>   |                            |                          |                          |                           |                         |                           |                                     |                           |                  |
| Deposits from customers  | 1,020,874                  | 537,750                  | -                        | -                         | -                       | -                         | 1,416                               | -                         | 1,560,040        |
| Deposits and placements of banks<br>and other financial institutions | 301,107                    | 1,716,562                | 200,000                  | 200,000                   | -                       | -                         | 10,645                              | -                         | 2,428,314        |
| Clients' and brokers' balances                                       | -                          | -                        | -                        | -                         | -                       | -                         | 722,891                             | -                         | 722,891          |
| Other liabilities  | -                          | -                        | -                        | -                         | -                       | -                         | 270,780                             | -                         | 270,780          |
| Derivative liabilities   | -                          | -                        | -                        | -                         | -                       | -                         | -                                   | 21,567                    | 21,567           |
| Lease liabilities  | 405                        | 794                      | 1,143                    | 2,145                     | 5,441                   | 71                        | -                                   | -                         | 9,999            |
| Subordinated obligations   | -                          | -                        | -                        | 200,000                   | -                       | -                         | 2,175                               | -                         | 202,175          |
| <b>TOTAL LIABILITIES</b>   | <b>1,322,386</b>           | <b>2,255,106</b>         | <b>201,143</b>           | <b>402,145</b>            | <b>5,441</b>            | <b>71</b>                 | <b>1,007,907</b>                    | <b>21,567</b>             | <b>5,215,766</b> |
| Total equity   | -                          | -                        | -                        | -                         | -                       | -                         | 1,760,961                           | -                         | 1,760,961        |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                  | <b>1,322,386</b>           | <b>2,255,106</b>         | <b>201,143</b>           | <b>402,145</b>            | <b>5,441</b>            | <b>71</b>                 | <b>2,768,868</b>                    | <b>21,567</b>             | <b>6,976,727</b> |
| On-balance sheet interest sensitivity gap                            | 1,919,942                  | (2,101,147)              | 171,067                  | (216,330)                 | 352,148                 | 446,032                   | -                                   | -                         | -                |
| Off-balance sheet interest sensitivity gap                           | -                          | -                        | -                        | -                         | -                       | -                         | -                                   | -                         | -                |
| <b>TOTAL INTEREST SENSITIVITY GAP</b>                                | <b>1,919,942</b>           | <b>(2,101,147)</b>       | <b>171,067</b>           | <b>(216,330)</b>          | <b>352,148</b>          | <b>446,032</b>            | <b>-</b>                            | <b>-</b>                  | <b>-</b>         |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Market risk (continued)**

Interest rate risk (continued)

The table below summarises the Bank's exposure to interest rate risk. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual repricing or maturity dates: (continued)

| Bank<br>2020                                 | Non-trading book |                |                |                 |                  |                 | Non-interest<br>sensitive | Trading<br>book | Total            |
|--|------------------|----------------|----------------|-----------------|------------------|-----------------|---------------------------|-----------------|------------------|
|  | Up to 1<br>month | >1-3<br>months | >3-6<br>months | >6-12<br>months | >1-3<br>years    | Over 3<br>years |                           |                 |                  |
|  | RM'000           | RM'000         | RM'000         | RM'000          | RM'000           | RM'000          | RM'000                    | RM'000          | RM'000           |
| <b>ASSETS</b>                                |                  |                |                |                 |                  |                 |                           |                 |                  |
| Cash and short-term funds                    | 1,057,958        | -              | -              | -               | -                | -               | 735,410                   | -               | 1,793,368        |
| Financial assets at FVTPL                    | -                | -              | -              | -               | -                | -               | 35,150                    | 223,687         | 258,837          |
| Financial assets at FVOCI                    | -                | 35,117         | -              | 76,072          | 393,512          | 70,794          | 39,993                    | -               | 615,488          |
| Financial investments at amortised costs     | -                | 10,005         | 160,244        | 88,134          | 625,757          | 115,214         | 10,292                    | -               | 1,009,646        |
| Loans and advances                           | 1,496,171        | -              | -              | -               | 8                | 304             | -                         | -               | 1,496,483        |
| Clients' and brokers' balances               | 32,316           | -              | -              | -               | -                | -               | 914,364                   | -               | 946,680          |
| Other assets                                 | -                | 3,309          | 1,443          | -               | -                | -               | 60,877                    | -               | 65,629           |
| Derivative assets                            | -                | -              | -              | -               | -                | -               | -                         | 122             | 122              |
| Statutory deposits                           | -                | -              | -              | -               | -                | -               | 13,000                    | -               | 13,000           |
| Deferred tax assets                          | -                | -              | -              | -               | -                | -               | 17,985                    | -               | 17,985           |
| Investments in subsidiaries                  | -                | -              | -              | -               | -                | -               | 715,398                   | -               | 715,398          |
| Investments in associates and joint ventures | -                | -              | -              | -               | -                | -               | 5,028                     | -               | 5,028            |
| Right-of-use assets                          | -                | -              | -              | -               | -                | -               | 6,733                     | -               | 6,733            |
| Property, plant and equipment                | -                | -              | -              | -               | -                | -               | 19,272                    | -               | 19,272           |
| Goodwill and other intangible assets         | -                | -              | -              | -               | -                | -               | 396,691                   | -               | 396,691          |
| <b>TOTAL ASSETS</b>                          | <b>2,586,445</b> | <b>48,431</b>  | <b>161,687</b> | <b>164,206</b>  | <b>1,019,277</b> | <b>186,312</b>  | <b>2,970,193</b>          | <b>223,809</b>  | <b>7,360,360</b> |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Market risk (continued)**

Interest rate risk (continued)

The table below summarises the Bank's exposure to interest rate risk. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual repricing or maturity dates: (continued)

| Bank<br>2020   | Non-trading book           |                          |                          |                           |                         |                           | Non-interest<br>sensitive<br>RM'000 | Trading<br>book<br>RM'000 | Total<br>RM'000  |
|--|----------------------------|--------------------------|--------------------------|---------------------------|-------------------------|---------------------------|-------------------------------------|---------------------------|------------------|
|  | Up to 1<br>month<br>RM'000 | >1-3<br>months<br>RM'000 | >3-6<br>months<br>RM'000 | >6-12<br>months<br>RM'000 | >1-3<br>years<br>RM'000 | Over 3<br>years<br>RM'000 |                                     |                           |                  |
| <b>LIABILITIES</b>   |                            |                          |                          |                           |                         |                           |                                     |                           |                  |
| Deposits from customers  | 1,066,861                  | 184,000                  | -                        | -                         | -                       | -                         | 1,233                               | -                         | 1,252,094        |
| Deposits and placements of banks<br>and other financial institutions | 963,327                    | 1,600,000                | -                        | -                         | 200,000                 | -                         | 9,866                               | -                         | 2,773,193        |
| Clients' and brokers' balances                                       | -                          | -                        | -                        | -                         | -                       | -                         | 824,677                             | -                         | 824,677          |
| Other liabilities  | -                          | -                        | -                        | -                         | -                       | -                         | 331,179                             | -                         | 331,179          |
| Derivative liabilities   | -                          | -                        | -                        | -                         | -                       | -                         | -                                   | 71,732                    | 71,732           |
| Tax liabilities  | -                          | -                        | -                        | -                         | -                       | -                         | 6,646                               | -                         | 6,646            |
| Lease liabilities  | 394                        | 790                      | 1,178                    | 1,858                     | 2,484                   | 177                       | -                                   | -                         | 6,881            |
| Subordinated obligations   | -                          | -                        | -                        | -                         | 200,000                 | -                         | 2,148                               | -                         | 202,148          |
| <b>TOTAL LIABILITIES</b>   | <b>2,030,582</b>           | <b>1,784,790</b>         | <b>1,178</b>             | <b>1,858</b>              | <b>402,484</b>          | <b>177</b>                | <b>1,175,749</b>                    | <b>71,732</b>             | <b>5,468,550</b> |
| Total equity   | -                          | -                        | -                        | -                         | -                       | -                         | 1,891,810                           | -                         | 1,891,810        |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                  | <b>2,030,582</b>           | <b>1,784,790</b>         | <b>1,178</b>             | <b>1,858</b>              | <b>402,484</b>          | <b>177</b>                | <b>3,067,559</b>                    | <b>71,732</b>             | <b>7,360,360</b> |
| On-balance sheet interest sensitivity gap                            | 555,863                    | (1,736,359)              | 160,509                  | 162,348                   | 616,793                 | 186,135                   | -                                   | -                         | -                |
| Off-balance sheet interest sensitivity gap                           | -                          | -                        | -                        | -                         | -                       | -                         | -                                   | -                         | -                |
| <b>TOTAL INTEREST SENSITIVITY GAP</b>                                | <b>555,863</b>             | <b>(1,736,359)</b>       | <b>160,509</b>           | <b>162,348</b>            | <b>616,793</b>          | <b>186,135</b>            | <b>-</b>                            | <b>-</b>                  | <b>-</b>         |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(d) Liquidity risk**

Liquidity obligations arise from withdrawals of deposits, repayments of purchased funds upon maturity, extensions of credit and working capital needs. The Group and the Bank have adopted the BNM's liquidity standard on Liquidity Coverage Ratio, to ensure maintenance of adequate stock of unencumbered high-quality liquid assets to survive the liquidity needs for 30 calendar day under liquidity stress condition. In July 2019, BNM has issued the final Net Stable Funding Ratio (NSFR) policy document, which will be effective from 1 July 2020 and banking institutions are expected to maintain a minimal NSFR of 100% at the consolidated level i.e. at RHB Banking Group level.

On 24 March 2020, BNM issued a letter on Additional Measures to Assist Borrowers/Customers Affected by the COVID-19 Outbreak which includes the relaxation on LCR and NSFR. Banking institutions were allowed to operate below the minimum LCR of 100% and the NSFR minimum requirement was lowered to 80%, and will be restored to minimum 100% by 30 September 2021. Notwithstanding this, the LCR and NSFR at RHB Banking Group level have been maintained at above 100%. The Group and the Bank seek to project, monitor and manage its liquidity needs under normal as well as adverse circumstances.

The Group and the Bank did not have any defaults of principal and interest or other breaches with respect to its borrowings, senior debt securities and subordinated obligations during the financial years ended 31 December 2021 and 2020.

The table below analyses the carrying amount of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturity:

| Group  | Up to 1<br>week  | 1 week to<br>1 month | 1 to 3<br>months | 3 to 6<br>months | 6 to 12<br>months | Over 1<br>year | No specific<br>maturity | Total            |
|--|------------------|----------------------|------------------|------------------|-------------------|----------------|-------------------------|------------------|
| 2021   | RM'000           | RM'000               | RM'000           | RM'000           | RM'000            | RM'000         | RM'000                  | RM'000           |
| <b>ASSETS</b>  |                  |                      |                  |                  |                   |                |                         |                  |
| Cash and short-term funds  | 1,774,864        | 636,437              | -                | -                | -                 | -              | -                       | 2,411,301        |
| Deposits and placements with banks<br>and other financial institutions | -                | -                    | 96,746           | 54,340           | 45,694            | -              | -                       | 196,780          |
| Financial assets at FVTPL  | -                | -                    | -                | -                | -                 | -              | 851,797                 | 851,797          |
| Financial assets at FVOCI  | -                | 20,404               | 50,881           | 85,985           | 157,080           | 244,215        | 39,107                  | 597,672          |
| Financial investments at amortised costs                               | -                | 500,596              | 101,477          | 287,363          | 30,379            | 566,893        | -                       | 1,486,708        |
| Loans and advances   | 1,681,170        | 3                    | 6                | 9                | 17                | 249            | 25                      | 1,681,479        |
| Clients' and brokers' balances   | 826,204          | 45,512               | -                | -                | -                 | -              | 7,879                   | 879,595          |
| Other assets   | 226,719          | 70,043               | 8,476            | 1,013            | 896               | 212            | 18,278                  | 325,637          |
| Derivative assets  | 928              | -                    | -                | -                | -                 | -              | -                       | 928              |
| Statutory deposits   | -                | -                    | -                | -                | -                 | -              | 13,090                  | 13,090           |
| Tax recoverable  | -                | -                    | -                | -                | -                 | -              | 7,572                   | 7,572            |
| Deferred tax assets  | -                | -                    | -                | -                | -                 | -              | 33,571                  | 33,571           |
| Investments in associates and<br>joint ventures                        | -                | -                    | -                | -                | -                 | -              | 4,644                   | 4,644            |
| Right-of-use assets  | -                | -                    | -                | -                | -                 | -              | 24,055                  | 24,055           |
| Property, plant and equipment  | -                | -                    | -                | -                | -                 | -              | 37,281                  | 37,281           |
| Goodwill and other intangible assets                                   | -                | -                    | -                | -                | -                 | -              | 496,641                 | 496,641          |
| <b>TOTAL ASSETS</b>  | <b>4,509,885</b> | <b>1,272,995</b>     | <b>257,586</b>   | <b>428,710</b>   | <b>234,066</b>    | <b>811,569</b> | <b>1,533,940</b>        | <b>9,048,751</b> |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(d) Liquidity risk (continued)**

The table below analyses the carrying amount of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturity: (continued)

| <b>Group</b>  | <b>Up to 1 week</b> | <b>1 week to 1 month</b> | <b>1 to 3 months</b> | <b>3 to 6 months</b> | <b>6 to 12 months</b> | <b>Over 1 year</b> | <b>No specific maturity</b> | <b>Total</b>     |
|---|---------------------|--------------------------|----------------------|----------------------|-----------------------|--------------------|-----------------------------|------------------|
| <b>2021</b>   | <b>RM'000</b>       | <b>RM'000</b>            | <b>RM'000</b>        | <b>RM'000</b>        | <b>RM'000</b>         | <b>RM'000</b>      | <b>RM'000</b>               | <b>RM'000</b>    |
| <b>LIABILITIES</b>  |                     |                          |                      |                      |                       |                    |                             |                  |
| Deposits from customers   | 306,636             | 715,152                  | 538,252              | -                    | -                     | -                  | -                           | 1,560,040        |
| Deposits and placements of banks and other financial institutions | 1,107               | 302,067                  | 1,724,335            | 200,011              | 200,794               | -                  | -                           | 2,428,314        |
| Clients' and brokers' balances                                    | 690,058             | 258,453                  | -                    | -                    | -                     | -                  | -                           | 948,511          |
| Other liabilities   | 853,383             | 180,943                  | 148,083              | 18                   | 2,962                 | 1,013              | 5,939                       | 1,192,341        |
| Derivative liabilities  | 19                  | 938                      | 9,751                | 6,429                | 4,804                 | -                  | -                           | 21,941           |
| Tax liabilities   | -                   | -                        | -                    | -                    | -                     | -                  | 8,773                       | 8,773            |
| Lease liabilities   | 55                  | 605                      | 1,938                | 2,497                | 4,776                 | 14,129             | -                           | 24,000           |
| Borrowings  | 116,379             | 415,209                  | -                    | -                    | -                     | -                  | -                           | 531,588          |
| Subordinated obligations  | -                   | -                        | -                    | 2,175                | 200,000               | -                  | -                           | 202,175          |
| <b>TOTAL LIABILITIES</b>  | <b>1,967,637</b>    | <b>1,873,367</b>         | <b>2,422,359</b>     | <b>211,130</b>       | <b>413,336</b>        | <b>15,142</b>      | <b>14,712</b>               | <b>6,917,683</b> |
| Total equity  | -                   | -                        | -                    | -                    | -                     | -                  | 2,131,068                   | 2,131,068        |
| <b>TOTAL LIABILITIES AND EQUITY</b>                               | <b>1,967,637</b>    | <b>1,873,367</b>         | <b>2,422,359</b>     | <b>211,130</b>       | <b>413,336</b>        | <b>15,142</b>      | <b>2,145,780</b>            | <b>9,048,751</b> |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(d) Liquidity risk (continued)**

The table below analyses the carrying amount of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturity: (continued)

| <b>Group</b>   | <b>Up to 1<br/>week</b> | <b>1 week to<br/>1 month</b> | <b>1 to 3<br/>months</b> | <b>3 to 6<br/>months</b> | <b>6 to 12<br/>months</b> | <b>Over 1<br/>year</b> | <b>No specific<br/>maturity</b> | <b>Total</b>     |
|--|-------------------------|------------------------------|--------------------------|--------------------------|---------------------------|------------------------|---------------------------------|------------------|
| <b>2020</b>  | <b>RM'000</b>           | <b>RM'000</b>                | <b>RM'000</b>            | <b>RM'000</b>            | <b>RM'000</b>             | <b>RM'000</b>          | <b>RM'000</b>                   | <b>RM'000</b>    |
| <b>ASSETS</b>  |                         |                              |                          |                          |                           |                        |                                 |                  |
| Cash and short-term funds  | 1,932,609               | 489,456                      | -                        | -                        | -                         | -                      | -                               | 2,422,065        |
| Deposits and placements with banks<br>and other financial institutions | -                       | -                            | 119,837                  | 46,465                   | 48,464                    | -                      | -                               | 214,766          |
| Financial assets at FVTPL  | -                       | -                            | -                        | -                        | -                         | -                      | 1,034,843                       | 1,034,843        |
| Financial assets at FVOCI  | -                       | -                            | 35,681                   | -                        | 77,250                    | 467,603                | 42,991                          | 623,525          |
| Financial investments at amortised costs                               | -                       | -                            | 10,164                   | 161,332                  | 89,022                    | 749,128                | -                               | 1,009,646        |
| Loans and advances   | 1,816,846               | 3                            | 7                        | 10                       | 20                        | 272                    | 716                             | 1,817,874        |
| Clients' and brokers' balances   | 1,241,966               | 83,935                       | -                        | -                        | -                         | -                      | 13,667                          | 1,339,568        |
| Other assets   | 58,996                  | 30,043                       | 6,500                    | 1,009                    | 3,266                     | 16,005                 | 28,611                          | 144,430          |
| Derivative assets  | 1,017                   | -                            | -                        | -                        | -                         | -                      | -                               | 1,017            |
| Statutory deposits   | -                       | -                            | -                        | -                        | -                         | -                      | 16,977                          | 16,977           |
| Tax recoverable  | -                       | -                            | -                        | -                        | -                         | -                      | 1,781                           | 1,781            |
| Deferred tax assets  | -                       | -                            | -                        | -                        | -                         | -                      | 28,392                          | 28,392           |
| Investments in associates and<br>joint ventures                        | -                       | -                            | -                        | -                        | -                         | -                      | 4,611                           | 4,611            |
| Right-of-use assets  | -                       | -                            | -                        | -                        | -                         | -                      | 23,034                          | 23,034           |
| Property, plant and equipment  | -                       | -                            | -                        | -                        | -                         | -                      | 38,374                          | 38,374           |
| Goodwill and other intangible assets                                   | -                       | -                            | -                        | -                        | -                         | -                      | 487,392                         | 487,392          |
| <b>TOTAL ASSETS</b>  | <b>5,051,434</b>        | <b>603,437</b>               | <b>172,189</b>           | <b>208,816</b>           | <b>218,022</b>            | <b>1,233,008</b>       | <b>1,721,389</b>                | <b>9,208,295</b> |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(d) Liquidity risk (continued)**

The table below analyses the carrying amount of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturity: (continued)

| <b>Group</b>   | <b>Up to 1<br/>week</b> | <b>1 week to<br/>1 month</b> | <b>1 to 3<br/>months</b> | <b>3 to 6<br/>months</b> | <b>6 to 12<br/>months</b> | <b>Over 1<br/>year</b> | <b>No specific<br/>maturity</b> | <b>Total</b>     |
|--|-------------------------|------------------------------|--------------------------|--------------------------|---------------------------|------------------------|---------------------------------|------------------|
| <b>2020</b>  | <b>RM'000</b>           | <b>RM'000</b>                | <b>RM'000</b>            | <b>RM'000</b>            | <b>RM'000</b>             | <b>RM'000</b>          | <b>RM'000</b>                   | <b>RM'000</b>    |
| <b>LIABILITIES</b>   |                         |                              |                          |                          |                           |                        |                                 |                  |
| Deposits from customers  | 280,054                 | 787,743                      | 184,297                  | -                        | -                         | -                      | -                               | 1,252,094        |
| Deposits and placements of banks<br>and other financial institutions | 64,030                  | 903,526                      | 1,603,599                | -                        | -                         | 202,038                | -                               | 2,773,193        |
| Clients' and brokers' balances                                       | 989,384                 | 182,546                      | -                        | -                        | -                         | -                      | -                               | 1,171,930        |
| Other liabilities  | 445,146                 | 289,490                      | 71,544                   | 936                      | 183                       | 48                     | 5,691                           | 813,038          |
| Derivative liabilities   | 45                      | 8,061                        | 8,232                    | 33,326                   | 22,084                    | -                      | -                               | 71,748           |
| Tax liabilities  | -                       | -                            | -                        | -                        | -                         | -                      | 15,481                          | 15,481           |
| Lease liabilities  | -                       | 869                          | 853                      | 1,273                    | 2,051                     | 17,693                 | -                               | 22,739           |
| Borrowings   | 171,498                 | 395,264                      | 150,665                  | -                        | -                         | -                      | -                               | 717,427          |
| Subordinated obligations   | -                       | -                            | -                        | 2,148                    | -                         | 200,000                | -                               | 202,148          |
| <b>TOTAL LIABILITIES</b>   | <b>1,950,157</b>        | <b>2,567,499</b>             | <b>2,019,190</b>         | <b>37,683</b>            | <b>24,318</b>             | <b>419,779</b>         | <b>21,172</b>                   | <b>7,039,798</b> |
| Total equity   | -                       | -                            | -                        | -                        | -                         | -                      | 2,168,497                       | 2,168,497        |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                  | <b>1,950,157</b>        | <b>2,567,499</b>             | <b>2,019,190</b>         | <b>37,683</b>            | <b>24,318</b>             | <b>419,779</b>         | <b>2,189,669</b>                | <b>9,208,295</b> |



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(d) Liquidity risk (continued)**

The table below analyses the carrying amount of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturity: (continued)

| <b>Bank</b>                                  | <b>Up to 1</b>   | <b>1 week to</b> | <b>1 to 3</b>  | <b>3 to 6</b>  | <b>6 to 12</b> | <b>Over 1</b>  | <b>No specific</b> | <b>Total</b>     |
|--|------------------|------------------|----------------|----------------|----------------|----------------|--------------------|------------------|
| <b>2021</b>                                  | <b>week</b>      | <b>1 month</b>   | <b>months</b>  | <b>months</b>  | <b>months</b>  | <b>year</b>    | <b>maturity</b>    |                  |
|  | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>  | <b>RM'000</b>  | <b>RM'000</b>  | <b>RM'000</b>  | <b>RM'000</b>      | <b>RM'000</b>    |
| <b>ASSETS</b>                                |                  |                  |                |                |                |                |                    |                  |
| Cash and short-term funds                    | 978,549          | 540,114          | -              | -              | -              | -              | -                  | 1,518,663        |
| Financial assets at FVTPL                    | -                | -                | -              | -              | -              | -              | 116,690            | 116,690          |
| Financial assets at FVOCI                    | -                | 20,404           | 50,881         | 85,985         | 157,080        | 244,215        | 36,670             | 595,235          |
| Financial investments at amortised costs     | -                | 500,596          | 101,477        | 287,363        | 30,379         | 566,893        | -                  | 1,486,708        |
| Loans and advances                           | 1,347,868        | 3                | 6              | 9              | 17             | 249            | 25                 | 1,348,177        |
| Clients' and brokers' balances               | 629,769          | 3,471            | -              | -              | -              | -              | 7,879              | 641,119          |
| Other assets                                 | 53,479           | 18,722           | 388            | 44             | -              | -              | 12,896             | 85,529           |
| Derivative assets                            | 17               | -                | -              | -              | -              | -              | -                  | 17               |
| Statutory deposits                           | -                | -                | -              | -              | -              | -              | 9,000              | 9,000            |
| Tax recoverable                              | -                | -                | -              | -              | -              | -              | 3,841              | 3,841            |
| Deferred tax assets                          | -                | -                | -              | -              | -              | -              | 22,684             | 22,684           |
| Investments in subsidiaries                  | -                | -                | -              | -              | -              | -              | 712,127            | 712,127          |
| Investments in associates and joint ventures | -                | -                | -              | -              | -              | -              | 5,028              | 5,028            |
| Right-of-use assets                          | -                | -                | -              | -              | -              | -              | 9,860              | 9,860            |
| Property, plant and equipment                | -                | -                | -              | -              | -              | -              | 19,471             | 19,471           |
| Goodwill and other intangible assets         | -                | -                | -              | -              | -              | -              | 402,578            | 402,578          |
| <b>TOTAL ASSETS</b>                          | <b>3,009,682</b> | <b>1,083,310</b> | <b>152,752</b> | <b>373,401</b> | <b>187,476</b> | <b>811,357</b> | <b>1,358,749</b>   | <b>6,976,727</b> |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(d) Liquidity risk (continued)**

The table below analyses the carrying amount of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturity: (continued)

| <b>Bank</b>  | <b>Up to 1</b> | <b>1 week to</b> | <b>1 to 3</b>    | <b>3 to 6</b>  | <b>6 to 12</b> | <b>Over 1</b> | <b>No specific</b> | <b>Total</b>     |
|--|----------------|------------------|------------------|----------------|----------------|---------------|--------------------|------------------|
| <b>2021</b>  | <b>week</b>    | <b>1 month</b>   | <b>months</b>    | <b>months</b>  | <b>months</b>  | <b>year</b>   | <b>maturity</b>    |                  |
|  | <b>RM'000</b>  | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>  | <b>RM'000</b>  | <b>RM'000</b> | <b>RM'000</b>      | <b>RM'000</b>    |
| <b>LIABILITIES</b>   |                |                  |                  |                |                |               |                    |                  |
| Deposits from customers  | 306,636        | 715,152          | 538,252          | -              | -              | -             | -                  | 1,560,040        |
| Deposits and placements of banks<br>and other financial institutions | 1,107          | 302,067          | 1,724,335        | 200,011        | 200,794        | -             | -                  | 2,428,314        |
| Clients' and brokers' balances                                       | 464,438        | 258,453          | -                | -              | -              | -             | -                  | 722,891          |
| Other liabilities  | 39,887         | 167,254          | 58,274           | -              | 2,640          | 956           | 1,769              | 270,780          |
| Derivative liabilities   | 18             | 938              | 9,705            | 6,387          | 4,519          | -             | -                  | 21,567           |
| Lease liabilities  | -              | 405              | 794              | 1,143          | 2,145          | 5,512         | -                  | 9,999            |
| Subordinated obligations   | -              | -                | -                | 2,175          | 200,000        | -             | -                  | 202,175          |
| <b>TOTAL LIABILITIES</b>   | <b>812,086</b> | <b>1,444,269</b> | <b>2,331,360</b> | <b>209,716</b> | <b>410,098</b> | <b>6,468</b>  | <b>1,769</b>       | <b>5,215,766</b> |
| Total equity   | -              | -                | -                | -              | -              | -             | 1,760,961          | 1,760,961        |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                  | <b>812,086</b> | <b>1,444,269</b> | <b>2,331,360</b> | <b>209,716</b> | <b>410,098</b> | <b>6,468</b>  | <b>1,762,730</b>   | <b>6,976,727</b> |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(d) Liquidity risk (continued)**

The table below analyses the carrying amount of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturity: (continued)

| <b>Bank</b>                                  | <b>Up to 1</b>   | <b>1 week to</b> | <b>1 to 3</b> | <b>3 to 6</b>  | <b>6 to 12</b> | <b>Over 1</b>    | <b>No specific</b> | <b>Total</b>     |
|--|------------------|------------------|---------------|----------------|----------------|------------------|--------------------|------------------|
| <b>2020</b>                                  | <b>week</b>      | <b>1 month</b>   | <b>months</b> | <b>months</b>  | <b>months</b>  | <b>year</b>      | <b>maturity</b>    | <b>RM'000</b>    |
|  | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b> | <b>RM'000</b>  | <b>RM'000</b>  | <b>RM'000</b>    | <b>RM'000</b>      | <b>RM'000</b>    |
| <b>ASSETS</b>                                |                  |                  |               |                |                |                  |                    |                  |
| Cash and short-term funds                    | 1,358,067        | 435,301          | -             | -              | -              | -                | -                  | 1,793,368        |
| Financial assets at FVTPL                    | -                | -                | -             | -              | -              | -                | 258,837            | 258,837          |
| Financial assets at FVOCI                    | -                | -                | 35,681        | -              | 77,250         | 467,603          | 34,954             | 615,488          |
| Financial investments at amortised costs     | -                | -                | 10,164        | 161,332        | 89,022         | 749,128          | -                  | 1,009,646        |
| Loans and advances                           | 1,496,171        | 3                | 7             | 10             | 20             | 272              | -                  | 1,496,483        |
| Clients' and brokers' balances               | 922,030          | 10,983           | -             | -              | -              | -                | 13,667             | 946,680          |
| Other assets                                 | 38,769           | 6,240            | 1,410         | 305            | -              | -                | 18,905             | 65,629           |
| Derivative assets                            | 122              | -                | -             | -              | -              | -                | -                  | 122              |
| Statutory deposits                           | -                | -                | -             | -              | -              | -                | 13,000             | 13,000           |
| Deferred tax assets                          | -                | -                | -             | -              | -              | -                | 17,985             | 17,985           |
| Investments in subsidiaries                  | -                | -                | -             | -              | -              | -                | 715,398            | 715,398          |
| Investments in associates and joint ventures | -                | -                | -             | -              | -              | -                | 5,028              | 5,028            |
| Right-of-use assets                          | -                | -                | -             | -              | -              | -                | 6,733              | 6,733            |
| Property, plant and equipment                | -                | -                | -             | -              | -              | -                | 19,272             | 19,272           |
| Goodwill and other intangible assets         | -                | -                | -             | -              | -              | -                | 396,691            | 396,691          |
| <b>TOTAL ASSETS</b>                          | <b>3,815,159</b> | <b>452,527</b>   | <b>47,262</b> | <b>161,647</b> | <b>166,292</b> | <b>1,217,003</b> | <b>1,500,470</b>   | <b>7,360,360</b> |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(d) Liquidity risk (continued)**

The table below analyses the carrying amount of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturity: (continued)

| <b>Bank<br/>2020</b>   | <b>Up to 1<br/>week</b> | <b>1 week to<br/>1 month</b> | <b>1 to 3<br/>months</b> | <b>3 to 6<br/>months</b> | <b>6 to 12<br/>months</b> | <b>Over 1<br/>year</b> | <b>No specific<br/>maturity</b> | <b>Total</b>     |
|--|-------------------------|------------------------------|--------------------------|--------------------------|---------------------------|------------------------|---------------------------------|------------------|
|  | <b>RM'000</b>           | <b>RM'000</b>                | <b>RM'000</b>            | <b>RM'000</b>            | <b>RM'000</b>             | <b>RM'000</b>          | <b>RM'000</b>                   | <b>RM'000</b>    |
| <b>LIABILITIES</b>   |                         |                              |                          |                          |                           |                        |                                 |                  |
| Deposits from customers  | 280,054                 | 787,743                      | 184,297                  | -                        | -                         | -                      | -                               | 1,252,094        |
| Deposits and placements of banks<br>and other financial institutions | 64,030                  | 903,526                      | 1,603,599                | -                        | -                         | 202,038                | -                               | 2,773,193        |
| Clients' and brokers' balances                                       | 707,685                 | 116,992                      | -                        | -                        | -                         | -                      | -                               | 824,677          |
| Other liabilities  | 84,815                  | 244,383                      | -                        | -                        | -                         | -                      | 1,981                           | 331,179          |
| Derivative liabilities   | 45                      | 8,061                        | 8,216                    | 33,326                   | 22,084                    | -                      | -                               | 71,732           |
| Tax liabilities  | -                       | -                            | -                        | -                        | -                         | -                      | 6,646                           | 6,646            |
| Lease liabilities  | -                       | 394                          | 790                      | 1,178                    | 1,858                     | 2,661                  | -                               | 6,881            |
| Subordinated obligations   | -                       | -                            | -                        | 2,148                    | -                         | 200,000                | -                               | 202,148          |
| <b>TOTAL LIABILITIES</b>   | <b>1,136,629</b>        | <b>2,061,099</b>             | <b>1,796,902</b>         | <b>36,652</b>            | <b>23,942</b>             | <b>404,699</b>         | <b>8,627</b>                    | <b>5,468,550</b> |
| Total equity   | -                       | -                            | -                        | -                        | -                         | -                      | 1,891,810                       | 1,891,810        |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                  | <b>1,136,629</b>        | <b>2,061,099</b>             | <b>1,796,902</b>         | <b>36,652</b>            | <b>23,942</b>             | <b>404,699</b>         | <b>1,900,437</b>                | <b>7,360,360</b> |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(d) Liquidity risk (continued)**

The following table presents the cash outflows for the Group's financial liabilities by remaining contractual maturities on an undiscounted basis. The balances in the table below will not agree to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments:

| <b>Group</b>   | <b>Up to</b>     | <b>1 to 6</b>    | <b>6 to 12</b> | <b>1 to 3</b> | <b>3 to 5</b> | <b>Over 5</b> | <b>Total</b>     |
|--|------------------|------------------|----------------|---------------|---------------|---------------|------------------|
| <b>2021</b>  | <b>1 month</b>   | <b>months</b>    | <b>months</b>  | <b>years</b>  | <b>years</b>  | <b>years</b>  | <b>RM'000</b>    |
|  | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>  | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>    |
| <b>LIABILITIES</b>   |                  |                  |                |               |               |               |                  |
| Deposits from customers  | 1,022,589        | 539,858          | -              | -             | -             | -             | 1,562,447        |
| Deposits and placements of banks<br>and other financial institutions | 303,474          | 1,933,853        | 204,167        | -             | -             | -             | 2,441,494        |
| Clients' and brokers' balances                                       | 948,511          | -                | -              | -             | -             | -             | 948,511          |
| Other financial liabilities  | 1,040,265        | 148,101          | 2,962          | 963           | -             | 50            | 1,192,341        |
| Derivative liabilities:  |                  |                  |                |               |               |               |                  |
| - Gross settled derivatives  |                  |                  |                |               |               |               |                  |
| - Inflow   | (12,448)         | -                | -              | -             | -             | -             | (12,448)         |
| - Outflow  | 12,467           | -                | -              | -             | -             | -             | 12,467           |
| - Net settled derivatives  | 938              | 16,180           | 4,804          | -             | -             | -             | 21,922           |
| Lease liabilities  | 690              | 4,570            | 4,899          | 12,307        | 362           | 1,629         | 24,457           |
| Borrowings   | 531,588          | -                | -              | -             | -             | -             | 531,588          |
| Subordinated obligations   | -                | 4,887            | 204,913        | -             | -             | -             | 209,800          |
| <b>TOTAL FINANCIAL LIABILITIES</b>                                   | <b>3,848,074</b> | <b>2,647,449</b> | <b>421,745</b> | <b>13,270</b> | <b>362</b>    | <b>1,679</b>  | <b>6,932,579</b> |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(d) Liquidity risk (continued)**

The following table presents the cash outflows for the Group's financial liabilities by remaining contractual maturities on an undiscounted basis. The balances in the table below will not agree to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments: (continued)

| <b>Group</b>   | <b>Up to</b>     | <b>1 to 6</b>    | <b>6 to 12</b> | <b>1 to 3</b>  | <b>3 to 5</b> | <b>Over 5</b> | <b>Total</b>     |
|--|------------------|------------------|----------------|----------------|---------------|---------------|------------------|
| <b>2020</b>  | <b>1 month</b>   | <b>months</b>    | <b>months</b>  | <b>years</b>   | <b>years</b>  | <b>years</b>  | <b>RM'000</b>    |
|  | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>  | <b>RM'000</b>  | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>    |
| <b>LIABILITIES</b>   |                  |                  |                |                |               |               |                  |
| Deposits from customers  | 1,068,836        | 184,732          | -              | -              | -             | -             | 1,253,568        |
| Deposits and placements of banks<br>and other financial institutions | 968,469          | 1,608,473        | -              | 207,233        | -             | -             | 2,784,175        |
| Clients' and brokers' balances                                       | 1,171,930        | -                | -              | -              | -             | -             | 1,171,930        |
| Other financial liabilities  | 740,327          | 72,480           | 183            | 48             | -             | -             | 813,038          |
| Derivative liabilities:  |                  |                  |                |                |               |               |                  |
| - Gross settled derivatives  |                  |                  |                |                |               |               |                  |
| - Inflow   | (21,685)         | -                | -              | -              | -             | -             | (21,685)         |
| - Outflow  | 21,731           | -                | -              | -              | -             | -             | 21,731           |
| - Net settled derivatives  | 8,061            | 41,557           | 22,084         | -              | -             | -             | 71,702           |
| Lease liabilities  | 476              | 576              | 2,263          | 16,969         | 2,748         | 184           | 23,216           |
| Borrowings   | 566,762          | 150,665          | -              | -              | -             | -             | 717,427          |
| Subordinated obligations   | -                | 4,887            | 4,887          | 209,800        | -             | -             | 219,574          |
| <b>TOTAL FINANCIAL LIABILITIES</b>                                   | <b>4,524,907</b> | <b>2,063,370</b> | <b>29,417</b>  | <b>434,050</b> | <b>2,748</b>  | <b>184</b>    | <b>7,054,676</b> |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(d) Liquidity risk (continued)**

The following table presents the cash outflows for the Bank's financial liabilities by remaining contractual maturities on an undiscounted basis. The balances in the table below will not agree to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments:

| <b>Bank</b>  | <b>Up to</b>     | <b>1 to 6</b>    | <b>6 to 12</b> | <b>1 to 3</b> | <b>3 to 5</b> | <b>Over 5</b> | <b>Total</b>     |
|--|------------------|------------------|----------------|---------------|---------------|---------------|------------------|
| <b>2021</b>  | <b>1 month</b>   | <b>months</b>    | <b>months</b>  | <b>years</b>  | <b>years</b>  | <b>years</b>  | <b>RM'000</b>    |
|  | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>  | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>    |
| <b>LIABILITIES</b>   |                  |                  |                |               |               |               |                  |
| Deposits from customers  | 1,022,589        | 539,858          | -              | -             | -             | -             | 1,562,447        |
| Deposits and placements of banks<br>and other financial institutions | 303,474          | 1,933,853        | 204,167        | -             | -             | -             | 2,441,494        |
| Clients' and brokers' balances                                       | 722,891          | -                | -              | -             | -             | -             | 722,891          |
| Other financial liabilities  | 208,910          | 58,274           | 2,640          | 906           | -             | 50            | 270,780          |
| Derivative liabilities:  |                  |                  |                |               |               |               |                  |
| - Gross settled derivatives  |                  |                  |                |               |               |               |                  |
| - Inflow   | (12,448)         | -                | -              | -             | -             | -             | (12,448)         |
| - Outflow  | 12,467           | -                | -              | -             | -             | -             | 12,467           |
| - Net settled derivatives  | 938              | 16,092           | 4,518          | -             | -             | -             | 21,548           |
| Lease liabilities  | 435              | 2,066            | 2,262          | 5,603         | 72            | -             | 10,438           |
| Subordinated obligations   | -                | 4,887            | 204,913        | -             | -             | -             | 209,800          |
| <b>TOTAL FINANCIAL LIABILITIES</b>                                   | <b>2,259,256</b> | <b>2,555,030</b> | <b>418,500</b> | <b>6,509</b>  | <b>72</b>     | <b>50</b>     | <b>5,239,417</b> |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(d) Liquidity risk (continued)**

The following table presents the cash outflows for the Bank's financial liabilities by remaining contractual maturities on an undiscounted basis. The balances in the table below will not agree to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments: (continued)

| <b>Bank<br/>2020</b>   | <b>Up to<br/>1 month</b> | <b>1 to 6<br/>months</b> | <b>6 to 12<br/>months</b> | <b>1 to 3<br/>years</b> | <b>3 to 5<br/>years</b> | <b>Over 5<br/>years</b> | <b>Total</b>     |
|--|--------------------------|--------------------------|---------------------------|-------------------------|-------------------------|-------------------------|------------------|
|  | <b>RM'000</b>            | <b>RM'000</b>            | <b>RM'000</b>             | <b>RM'000</b>           | <b>RM'000</b>           | <b>RM'000</b>           | <b>RM'000</b>    |
| <b>LIABILITIES</b>   |                          |                          |                           |                         |                         |                         |                  |
| Deposits from customers  | 1,068,836                | 184,732                  | -                         | -                       | -                       | -                       | 1,253,568        |
| Deposits and placements of banks<br>and other financial institutions | 968,469                  | 1,608,473                | -                         | 207,233                 | -                       | -                       | 2,784,175        |
| Clients' and brokers' balances                                       | 824,677                  | -                        | -                         | -                       | -                       | -                       | 824,677          |
| Other financial liabilities  | 331,179                  | -                        | -                         | -                       | -                       | -                       | 331,179          |
| Derivative liabilities:  |                          |                          |                           |                         |                         |                         |                  |
| - Gross settled derivatives  |                          |                          |                           |                         |                         |                         |                  |
| - Inflow   | (21,685)                 | -                        | -                         | -                       | -                       | -                       | (21,685)         |
| - Outflow  | 21,730                   | -                        | -                         | -                       | -                       | -                       | 21,730           |
| - Net settled derivatives  | 8,061                    | 41,542                   | 22,084                    | -                       | -                       | -                       | 71,687           |
| Lease liabilities  | -                        | 418                      | 2,070                     | 1,937                   | 2,748                   | 184                     | 7,357            |
| Subordinated obligations   | -                        | 4,887                    | 4,887                     | 209,800                 | -                       | -                       | 219,574          |
| <b>TOTAL FINANCIAL LIABILITIES</b>                                   | <b>3,201,267</b>         | <b>1,840,052</b>         | <b>29,041</b>             | <b>418,970</b>          | <b>2,748</b>            | <b>184</b>              | <b>5,492,262</b> |



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(d) Liquidity risk (continued)**

The following table presents the contractual expiry by maturity of the Group's commitments and contingencies:

| <b>Group</b>                               | <b>Less than</b> | <b>Over</b>   | <b>Total</b>     |
|--|------------------|---------------|------------------|
| <b>2021</b>                                | <b>1 year</b>    | <b>1 year</b> | <b>RM'000</b>    |
|  | <b>RM'000</b>    | <b>RM'000</b> | <b>RM'000</b>    |
| Irrevocable commitments to extend credit   | <b>917,299</b>   | <b>22</b>     | <b>917,321</b>   |
| <b>TOTAL COMMITMENTS AND CONTINGENCIES</b> | <b>917,299</b>   | <b>22</b>     | <b>917,321</b>   |
|  |                  |               |                  |
| <b>Group</b>                               |                  |               |                  |
| <b>2020</b>                                |                  |               |                  |
| Forward assets purchases                   | 5,843            | -             | 5,843            |
| Irrevocable commitments to extend credit   | 1,100,162        | 22            | 1,100,184        |
| <b>TOTAL COMMITMENTS AND CONTINGENCIES</b> | <b>1,106,005</b> | <b>22</b>     | <b>1,106,027</b> |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(d) Liquidity risk (continued)**

The following table presents the contractual expiry by maturity of the Bank's commitments and contingencies:

| <b>Bank</b>                                | <b>Less than</b> | <b>Over</b>   | <b>Total</b>   |
|--|------------------|---------------|----------------|
| <b>2021</b>                                | <b>1 year</b>    | <b>1 year</b> | <b>Total</b>   |
|  | <b>RM'000</b>    | <b>RM'000</b> | <b>RM'000</b>  |
| Direct credit substitutes                  | -                | 35,265        | 35,265         |
| Irrevocable commitments to extend credit   | 647,818          | 22            | 647,840        |
| <b>TOTAL COMMITMENTS AND CONTINGENCIES</b> | <b>647,818</b>   | <b>35,287</b> | <b>683,105</b> |
|  |                  |               |                |
| <b>Bank</b>                                |                  |               |                |
| <b>2020</b>                                |                  |               |                |
| Direct credit substitutes                  | 16               | -             | 16             |
| Forward assets purchases                   | 5,843            | -             | 5,843          |
| Irrevocable commitments to extend credit   | 729,357          | 22            | 729,379        |
| <b>TOTAL COMMITMENTS AND CONTINGENCIES</b> | <b>735,216</b>   | <b>22</b>     | <b>735,238</b> |

Undrawn loans and financing commitments are recognised at activation stage and include commitments which are unconditionally cancellable by the Group and the Bank. The Group and the Bank expect that not all of the contingent liabilities and undrawn loan and financing commitments will be drawn before expiry.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Credit risk**

(i) Maximum exposure to credit risk

The maximum exposure to credit risk at the statements of financial position is the amounts on the statements of financial position as well as off-balance sheet financial instruments, without taking into account of any collateral held or other credit enhancements. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Group and the Bank would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

The table below shows the credit exposure of the Group that are subject to impairment:

|   | <b>2021</b>      | <b>Group<br/>2020</b> |
|---|------------------|-----------------------|
|   | <b>RM'000</b>    | <b>RM'000</b>         |
| Credit risk exposure relating to on-balance sheet assets:                 |                  |                       |
| Short-term funds (exclude cash in hand)                                   | <b>2,411,194</b> | 2,421,954             |
| Deposits and placements with banks and other financial institutions       | <b>196,780</b>   | 214,766               |
| Financial assets and investments portfolios (exclude equity instruments): |                  |                       |
| - FVOCI   | <b>558,565</b>   | 580,534               |
| - Amortised costs   | <b>1,486,708</b> | 1,009,646             |
| Loans and advances  | <b>1,681,479</b> | 1,817,874             |
| Clients' and brokers' balances  | <b>879,595</b>   | 1,339,568             |
| Other financial assets  | <b>307,142</b>   | 130,095               |
|   | <b>7,521,463</b> | 7,514,437             |
| Credit risk exposure relating to off-balance sheet items:                 |                  |                       |
| Commitments and contingencies   | <b>917,321</b>   | 1,106,027             |
| Total maximum credit risk exposure that are subject to impairment         | <b>8,438,784</b> | 8,620,464             |

The table below shows the financial instruments of the Group that are not subject to impairment:

Financial assets and investments portfolios:

|                        |                |           |
|------------------------|----------------|-----------|
| FVTPL                  | <b>851,797</b> | 1,034,843 |
| FVOCI                  | <b>39,107</b>  | 42,991    |
| Derivative assets      | <b>928</b>     | 1,017     |
| Other financial assets | <b>3,651</b>   | 4,028     |
|                        | <b>895,483</b> | 1,082,879 |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Credit risk (continued)**

(i) Maximum exposure to credit risk (continued)

The table below shows the credit exposure of the Bank that are subject to impairment:

|   | <b>2021</b>      | <b>Bank</b>   |
|---|------------------|---------------|
|   | <b>RM'000</b>    | <b>2020</b>   |
|   |                  | <b>RM'000</b> |
| Credit risk exposure relating to on-balance sheet assets:                 |                  |               |
| Short-term funds (exclude cash in hand)                                   | <b>1,518,592</b> | 1,793,299     |
| Financial assets and investments portfolios (exclude equity instruments): |                  |               |
| - FVOCI   | <b>558,565</b>   | 580,534       |
| - Amortised costs   | <b>1,486,708</b> | 1,009,646     |
| Loans and advances  | <b>1,348,177</b> | 1,496,483     |
| Clients' and brokers' balances  | <b>641,119</b>   | 946,680       |
| Other financial assets  | <b>75,238</b>    | 59,285        |
|   | <b>5,628,399</b> | 5,885,927     |
| Credit risk exposure relating to off-balance sheet items:                 |                  |               |
| Commitments and contingencies   | <b>683,105</b>   | 735,238       |
| Total maximum credit risk exposure that are subject to impairment         | <b>6,311,504</b> | 6,621,165     |

The below shows the financial instruments of the Bank that are not subject to impairment:

Financial assets and investments portfolios:

|                        |                |         |
|------------------------|----------------|---------|
| FVTPL                  | <b>116,690</b> | 258,837 |
| FVOCI                  | <b>36,670</b>  | 34,954  |
| Derivative assets      | <b>17</b>      | 122     |
| Other financial assets | <b>299</b>     | 1,714   |
|                        | <b>153,676</b> | 295,627 |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Credit risk (continued)**

(ii) Collaterals

The main types of collateral obtained by the Group and the Bank are as follows:

- (a) Fixed deposits, negotiable instrument of deposits, foreign currency deposits and cash deposits/margin
- (b) Land and/or buildings
- (c) Quoted shares, unit trusts, government bonds and securities and private debt securities

The Group and the Bank also accept non-tangible securities such as support, guarantees from individuals, corporates and institutions, bank guarantees, which are subject to internal guidelines on eligibility.

The financial effect of collateral (quantification of the extent to which collateral and other credit enhancements mitigate credit risk) held for loans and advances as at 31 December 2021 for the Group and the Bank are 100.0% (2020: 100.0%) and 100.0% (2020: 100.0%) respectively and clients' and brokers' balances as at 31 December 2021 for the Group and the Bank are 98.3% (2020: 98.4%) and 97.7% (2020: 97.9%) respectively. The financial effect of collateral held for the other financial assets are insignificant.

(iii) Credit exposure by stage

Financial assets of the Group and the Bank are classified into three stages as below:

| <b><u>Stages</u></b>                           | <b><u>Description</u></b>   |
|--|---|
| - Stage 1: 12 months ECL - not credit impaired | For credit exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the ECL associated with the probability of default events occurring within the next 12 months will be recognised.        |
| - Stage 2: Lifetime ECL - not credit impaired  | For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, the ECL associated with the probability of default events occurring within the lifetime ECL will be recognised.                               |
| - Stage 3: Lifetime ECL - credit impaired      | Financial assets are assessed as credit impaired when one or more objective evidence of defaults that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL will be recognised. |

For further details on the stages, refer to accounting policy Section A(18).

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Credit risk (continued)**

(iv) Credit quality

The Group and the Bank assess credit quality of loans and advances using internal rating techniques tailored to the various categories of products and counterparties. These techniques have been developed internally and combine statistical analysis with credit officers' judgement.

Credit quality description is summarised as follows:

| <b><u>Credit Quality</u></b> | <b><u>Description</u></b>   |
|------------------------------|---|
| - Sovereign                  | Exposures directly from government bodies including exposure guaranteed by government   |
| - Good                       | Exposures exhibit strong capacity to meet financial commitments with no cause of concern to the Group and the Bank              |
| - Fair                       | Exposures exhibit strong capacity to meet financial commitments with no cause of concern to the Group and the Bank              |
| - No Rating                  | Counterparties which do not satisfy the criteria to be rated based on internal credit rating system                             |
| - Credit impaired            | When one or more objective evidence of defaults that have a detrimental impact on the estimated future cash flows have occurred |

The credit quality of financial assets other than loans and advances are determined based on the ratings of counterparties as defined by Moody's or equivalent ratings of other international rating agencies as defined below:

| <b><u>Credit Quality</u></b> | <b><u>Ratings</u></b>   |
|------------------------------|-------------------------|
| - Sovereign                  | Sovereign credit rating |
| - Good                       | Aaa to A3               |
| - Fair                       | Baa1 to Baa3            |
| - No Rating                  | Unrated                 |
| - Credit impaired            | Default                 |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

45 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Credit risk (continued)

(iv) Credit quality (continued)

(a) The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision:

| Group<br>2021   | Gross Carrying Amount |                  |                |                     |                               |                  | Provision<br>for Credit<br>Losses<br>RM'000 |
|---|-----------------------|------------------|----------------|---------------------|-------------------------------|------------------|---|
|   | Sovereign<br>RM'000   | Good<br>RM'000   | Fair<br>RM'000 | No rating<br>RM'000 | Credit-<br>Impaired<br>RM'000 | Total<br>RM'000  |   |
| <b>General Approach</b>   |                       |                  |                |                     |                               |                  |   |
| Cash and short-term funds   | 100,873               | 2,120,368        | 40,212         | 150,216             | -                             | 2,411,669        | (484)                                       |
| - Stage 1   | 100,873               | 2,120,368        | 40,212         | 150,216             | -                             | 2,411,669        | (484)                                       |
| - Stage 2   | -                     | -                | -              | -                   | -                             | -                | -   |
| - Stage 3   | -                     | -                | -              | -                   | -                             | -                | -   |
| Deposits and placements with banks and other financial institutions | -                     | 142,310          | -              | 54,562              | -                             | 196,872          | (92)  |
| - Stage 1   | -                     | 142,310          | -              | 54,562              | -                             | 196,872          | (92)  |
| - Stage 2   | -                     | -                | -              | -                   | -                             | -                | -   |
| - Stage 3   | -                     | -                | -              | -                   | -                             | -                | -   |
| Financial assets at FVOCI   | 558,565               | -                | -              | -                   | -                             | 558,565          | -   |
| - Stage 1   | 558,565               | -                | -              | -                   | -                             | 558,565          | -   |
| - Stage 2   | -                     | -                | -              | -                   | -                             | -                | -   |
| - Stage 3   | -                     | -                | -              | -                   | -                             | -                | -   |
| Financial investments at amortised costs                            | 986,112               | 500,596          | -              | -                   | 71,782                        | 1,558,490        | (71,782)                                    |
| - Stage 1   | 986,112               | 500,596          | -              | -                   | -                             | 1,486,708        | -   |
| - Stage 2   | -                     | -                | -              | -                   | -                             | -                | -   |
| - Stage 3   | -                     | -                | -              | -                   | 71,782                        | 71,782           | (71,782)                                    |
| Loans and advances  | -                     | 1,347,735        | 118            | 333,602             | 11,008                        | 1,692,463        | (10,984)                                    |
| - Stage 1   | -                     | 1,347,735        | 118            | 333,586             | -                             | 1,681,439        | (1)   |
| - Stage 2   | -                     | -                | -              | 16                  | -                             | 16               | -   |
| - Stage 3   | -                     | -                | -              | -                   | 11,008                        | 11,008           | (10,983)                                    |
|   | <u>1,645,550</u>      | <u>4,111,009</u> | <u>40,330</u>  | <u>538,380</u>      | <u>82,790</u>                 | <u>6,418,059</u> | <u>(83,342)</u>                             |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

45 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Credit risk (continued)

(iv) Credit quality (continued)

(a) The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision: (continued)

| Group<br>2020   | Gross Carrying Amount |                  |                |                     |                               |                  | Provision<br>for Credit<br>Losses<br>RM'000 |
|---|-----------------------|------------------|----------------|---------------------|-------------------------------|------------------|---|
|   | Sovereign<br>RM'000   | Good<br>RM'000   | Fair<br>RM'000 | No rating<br>RM'000 | Credit-<br>Impaired<br>RM'000 | Total<br>RM'000  |   |
| <b>General Approach</b>   |                       |                  |                |                     |                               |                  |   |
| Cash and short-term funds   | 2,204                 | 2,369,017        | 9,849          | 41,403              | -                             | 2,422,473        | (519)                                       |
| - Stage 1   | 2,204                 | 2,369,017        | 9,849          | 41,403              | -                             | 2,422,473        | (519)                                       |
| - Stage 2   | -                     | -                | -              | -                   | -                             | -                | -   |
| - Stage 3   | -                     | -                | -              | -                   | -                             | -                | -   |
| Deposits and placements with banks and other financial institutions | -                     | 214,050          | -              | 821                 | -                             | 214,871          | (105)                                       |
| - Stage 1   | -                     | 214,050          | -              | 821                 | -                             | 214,871          | (105)                                       |
| - Stage 2   | -                     | -                | -              | -                   | -                             | -                | -   |
| - Stage 3   | -                     | -                | -              | -                   | -                             | -                | -   |
| Financial assets at FVOCI   | 580,534               | -                | -              | -                   | -                             | 580,534          | -   |
| - Stage 1   | 580,534               | -                | -              | -                   | -                             | 580,534          | -   |
| - Stage 2   | -                     | -                | -              | -                   | -                             | -                | -   |
| - Stage 3   | -                     | -                | -              | -                   | -                             | -                | -   |
| Financial investments at amortised costs                            | 1,009,646             | -                | -              | -                   | 77,447                        | 1,087,093        | (77,447)                                    |
| - Stage 1   | 1,009,646             | -                | -              | -                   | -                             | 1,009,646        | -   |
| - Stage 2   | -                     | -                | -              | -                   | -                             | -                | -   |
| - Stage 3   | -                     | -                | -              | -                   | 77,447                        | 77,447           | (77,447)                                    |
| Loans and advances  | -                     | 1,495,680        | -              | 321,478             | 9,667                         | 1,826,825        | (8,951)                                     |
| - Stage 1   | -                     | 1,495,680        | -              | 320,355             | -                             | 1,816,035        | (1)   |
| - Stage 2   | -                     | -                | -              | 1,123               | -                             | 1,123            | -   |
| - Stage 3   | -                     | -                | -              | -                   | 9,667                         | 9,667            | (8,950)                                     |
|   | <u>1,592,384</u>      | <u>4,078,747</u> | <u>9,849</u>   | <u>363,702</u>      | <u>87,114</u>                 | <u>6,131,796</u> | <u>(87,022)</u>                             |



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

45 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Credit risk (continued)

(iv) Credit quality (continued)

(a) The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision: (continued)

| Bank<br>2021                             | Gross Carrying Amount |                  |                |                     |                               |                  | Provision<br>for Credit<br>Losses<br>RM'000 |
|--|-----------------------|------------------|----------------|---------------------|-------------------------------|------------------|---|
|  | Sovereign<br>RM'000   | Good<br>RM'000   | Fair<br>RM'000 | No rating<br>RM'000 | Credit-<br>Impaired<br>RM'000 | Total<br>RM'000  |   |
| <b>General Approach</b>                  |                       |                  |                |                     |                               |                  |   |
| Cash and short-term funds                | 100,873               | 1,310,665        | -              | 107,081             | -                             | 1,518,619        | (27)  |
| - Stage 1                                | 100,873               | 1,310,665        | -              | 107,081             | -                             | 1,518,619        | (27)  |
| - Stage 2                                | -                     | -                | -              | -                   | -                             | -                | -   |
| - Stage 3                                | -                     | -                | -              | -                   | -                             | -                | -   |
| Financial assets at FVOCI                | 558,565               | -                | -              | -                   | -                             | 558,565          | -   |
| - Stage 1                                | 558,565               | -                | -              | -                   | -                             | 558,565          | -   |
| - Stage 2                                | -                     | -                | -              | -                   | -                             | -                | -   |
| - Stage 3                                | -                     | -                | -              | -                   | -                             | -                | -   |
| Financial investments at amortised costs | 986,112               | 500,596          | -              | -                   | 71,782                        | 1,558,490        | (71,782)                                    |
| - Stage 1                                | 986,112               | 500,596          | -              | -                   | -                             | 1,486,708        | -   |
| - Stage 2                                | -                     | -                | -              | -                   | -                             | -                | -   |
| - Stage 3                                | -                     | -                | -              | -                   | 71,782                        | 71,782           | (71,782)                                    |
| Loans and advances                       | -                     | 1,347,735        | 118            | 300                 | 25                            | 1,348,178        | (1)   |
| - Stage 1                                | -                     | 1,347,735        | 118            | 285                 | -                             | 1,348,138        | (1)   |
| - Stage 2                                | -                     | -                | -              | 15                  | -                             | 15               | -   |
| - Stage 3                                | -                     | -                | -              | -                   | 25                            | 25               | -   |
|  | <b>1,645,550</b>      | <b>3,158,996</b> | <b>118</b>     | <b>107,381</b>      | <b>71,807</b>                 | <b>4,983,852</b> | <b>(71,810)</b>                             |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

45 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Credit risk (continued)

(iv) Credit quality (continued)

(a) The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision: (continued)

| Bank<br>2020                             | Gross Carrying Amount |                  |                |                     |                               |                  | Provision<br>for Credit<br>Losses<br>RM'000 |
|--|-----------------------|------------------|----------------|---------------------|-------------------------------|------------------|---|
|  | Sovereign<br>RM'000   | Good<br>RM'000   | Fair<br>RM'000 | No rating<br>RM'000 | Credit-<br>Impaired<br>RM'000 | Total<br>RM'000  |   |
| <b>General Approach</b>                  |                       |                  |                |                     |                               |                  |   |
| Cash and short-term funds                | 2,204                 | 1,787,435        | 2              | 3,673               | -                             | 1,793,314        | (15)  |
| - Stage 1                                | 2,204                 | 1,787,435        | 2              | 3,673               | -                             | 1,793,314        | (15)  |
| - Stage 2                                | -                     | -                | -              | -                   | -                             | -                | -   |
| - Stage 3                                | -                     | -                | -              | -                   | -                             | -                | -   |
| Financial assets at FVOCI                | 580,534               | -                | -              | -                   | -                             | 580,534          | -   |
| - Stage 1                                | 580,534               | -                | -              | -                   | -                             | 580,534          | -   |
| - Stage 2                                | -                     | -                | -              | -                   | -                             | -                | -   |
| - Stage 3                                | -                     | -                | -              | -                   | -                             | -                | -   |
| Financial investments at amortised costs | 1,009,646             | -                | -              | -                   | 77,447                        | 1,087,093        | (77,447)                                    |
| - Stage 1                                | 1,009,646             | -                | -              | -                   | -                             | 1,009,646        | -   |
| - Stage 2                                | -                     | -                | -              | -                   | -                             | -                | -   |
| - Stage 3                                | -                     | -                | -              | -                   | 77,447                        | 77,447           | (77,447)                                    |
| Loans and advances                       | -                     | 1,495,682        | -              | 802                 | -                             | 1,496,484        | (1)   |
| - Stage 1                                | -                     | 1,495,682        | -              | -                   | -                             | 1,495,682        | (1)   |
| - Stage 2                                | -                     | -                | -              | 802                 | -                             | 802              | -   |
| - Stage 3                                | -                     | -                | -              | -                   | -                             | -                | -   |
|  | <u>1,592,384</u>      | <u>3,283,117</u> | <u>2</u>       | <u>4,475</u>        | <u>77,447</u>                 | <u>4,957,425</u> | <u>(77,463)</u>                             |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Credit risk (continued)**

(iv) Credit quality (continued)

(a) The following table shows an analysis of the credit exposure, together with the ECL allowance provision:  
(continued)

| Simplified Approach              | Current          | Current<br>to less<br>than<br>90 days<br>past due | More<br>than<br>90 days<br>past due | Total            | Provision<br>for Credit<br>Losses |
|----------------------------------|------------------|---|-------------------------------------|------------------|-----------------------------------|
|                                  | RM'000           | RM'000  | RM'000                              | RM'000           | RM'000                            |
| <b>Group<br/>2021</b>            |                  |   |                                     |                  |                                   |
| Gross carrying amount            |                  |   |                                     |                  |                                   |
| - Clients' and brokers' balances | 871,716          | 7,228   | 24,196                              | 903,140          | (23,545)                          |
| - Other receivables              | 9,182            | 1,683   | 15,716                              | 26,581           | (15,649)                          |
|                                  | <u>880,898</u>   | <u>8,911</u>                                      | <u>39,912</u>                       | <u>929,721</u>   | <u>(39,194)</u>                   |
| <b>Group<br/>2020</b>            |                  |   |                                     |                  |                                   |
| Gross carrying amount            |                  |   |                                     |                  |                                   |
| - Clients' and brokers' balances | 1,325,901        | 13,828  | 29,906                              | 1,369,635        | (30,067)                          |
| - Other receivables              | 9,032            | 1,870   | 17,684                              | 28,586           | (17,086)                          |
|                                  | <u>1,334,933</u> | <u>15,698</u>                                     | <u>47,590</u>                       | <u>1,398,221</u> | <u>(47,153)</u>                   |
| <b>Bank<br/>2021</b>             |                  |   |                                     |                  |                                   |
| Gross carrying amount            |                  |   |                                     |                  |                                   |
| - Clients' and brokers' balances | 633,241          | 7,228   | 3,596                               | 644,065          | (2,946)                           |
| - Other receivables              | 8,615            | 713   | 14,385                              | 23,713           | (14,341)                          |
|                                  | <u>641,856</u>   | <u>7,941</u>                                      | <u>17,981</u>                       | <u>667,778</u>   | <u>(17,287)</u>                   |
| <b>Bank<br/>2020</b>             |                  |   |                                     |                  |                                   |
| Gross carrying amount            |                  |   |                                     |                  |                                   |
| - Clients' and brokers' balances | 934,970          | 11,870  | 4,305                               | 951,145          | (4,465)                           |
| - Other receivables              | 4,708            | 1,410   | 16,112                              | 22,230           | (15,833)                          |
|                                  | <u>939,678</u>   | <u>13,280</u>                                     | <u>20,417</u>                       | <u>973,375</u>   | <u>(20,298)</u>                   |

Other assets for the Group and the Bank of RM296,210,000 (2020: RM118,595,000) and RM65,866,000 (2020: RM52,888,000) respectively are non-rated and short-term in nature, of which no provision for credit loss is provided, with the exception of the amount due from subsidiaries, of which allowance for ECL of RM4,118,000 (2020: RM2,983,000) is provided.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Credit risk (continued)**

(iv) Credit quality (continued)

(b) Credit risk exposure analysed by industry in respect of the Group's financial assets, including commitments and contingencies, are set out below:

| Group   | Short-term funds and deposits with banks and other financial institutions <sup>^</sup> | Financial assets at FVOCI | Financial investments at amortised costs | Loans and advances <sup>#</sup> | Clients' and brokers' balances <sup>*</sup> | Other financial assets | Commitments and contingencies | Total            |
|---|--|---------------------------|--|---------------------------------|---|------------------------|-------------------------------|------------------|
| 2021  | RM'000   | RM'000                    | RM'000                                   | RM'000                          | RM'000                                      | RM'000                 | RM'000                        | RM'000           |
| Agriculture, hunting, forestry and fishing            | -  | 15,153                    | -  | -                               | -   | -                      | 879                           | 16,032           |
| Mining and quarrying                                  | -  | -                         | -  | 86                              | -   | -                      | -                             | 86               |
| Manufacturing   | -  | -                         | -  | 3,369                           | -   | 363                    | 5,459                         | 9,191            |
| Electricity, gas and water                            | -  | -                         | 35,249                                   | -                               | -   | -                      | -                             | 35,249           |
| Construction  | -  | -                         | 40,311                                   | 5,156                           | -   | 680                    | 1,479                         | 47,626           |
| Purchase of landed property                           | -  | -                         | -  | -                               | -   | -                      | 18                            | 18               |
| Wholesale & retail trade and restaurants & hotel      | -  | -                         | -  | 1,926                           | -   | -                      | 3,089                         | 5,015            |
| Transport, storage and communication                  | -  | 65,089                    | 30,577                                   | 4,992                           | -   | 3,654                  | 8                             | 104,320          |
| Finance, insurance, real estate and business services | 2,507,670  | 161,354                   | 865,673                                  | 420,457                         | -   | -                      | 69,731                        | 4,024,885        |
| Government and government agencies                    | 100,873  | 316,969                   | 514,898                                  | -                               | -   | -                      | -                             | 932,740          |
| Purchase of securities                                | -  | -                         | -  | 1,242,995                       | 879,642                                     | -                      | 836,657                       | 2,959,294        |
| Education, health & others                            | -  | -                         | -  | 2,499                           | -   | -                      | 1                             | 2,500            |
| Others  | -  | -                         | -  | -                               | -   | 302,445                | -                             | 302,445          |
|   | <b>2,608,543</b>   | <b>558,565</b>            | <b>1,486,708</b>                         | <b>1,681,480</b>                | <b>879,642</b>                              | <b>307,142</b>         | <b>917,321</b>                | <b>8,439,401</b> |

<sup>^</sup> Excludes Stage 1 expected credit losses amounting to RM569,000.

<sup>#</sup> Excludes Stage 1 expected credit losses amounting to RM1,000.

<sup>\*</sup> Excludes Stage 1 expected credit losses amounting to RM47,000.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Credit risk (continued)**

(iv) Credit quality (continued)

(b) Credit risk exposure analysed by industry in respect of the Group's financial assets, including commitments and contingencies, are set out below: (continued)

| Group  | Short-term funds<br>and deposits<br>and placements<br>with banks and<br>other financial<br>institutions <sup>^</sup> | Financial<br>assets at<br>FVOCI | Financial<br>investments<br>at amortised<br>costs | Loans<br>and<br>advances <sup>#</sup> | Clients'<br>and brokers'<br>balances <sup>*</sup> | Other<br>financial<br>assets | Commitments<br>and<br>contingencies | Total            |
|--|--|---------------------------------|---|---------------------------------------|---|------------------------------|-------------------------------------|------------------|
| 2020   | RM'000   | RM'000                          | RM'000  | RM'000                                | RM'000  | RM'000                       | RM'000                              | RM'000           |
| Agriculture, hunting, forestry and fishing               | -  | 15,429                          | -   | 105                                   | -   | -                            | 1,198                               | 16,732           |
| Mining and quarrying                                     | -  | -                               | -   | 91                                    | -   | -                            | 9                                   | 100              |
| Manufacturing  | -  | -                               | -   | 3,180                                 | -   | 229                          | 2,849                               | 6,258            |
| Electricity, gas and water                               | -  | 5,100                           | 45,362  | -                                     | -   | 218                          | 1                                   | 50,681           |
| Construction   | -  | -                               | -   | 5,974                                 | -   | 7                            | 17,650                              | 23,631           |
| Purchase of landed property                              | -  | -                               | -   | -                                     | -   | -                            | 18                                  | 18               |
| Wholesale & retail trade<br>and restaurants & hotel      | -  | -                               | -   | 1,670                                 | -   | -                            | 1,604                               | 3,274            |
| Transport, storage and communication                     | -  | 26,169                          | 70,800  | 4,253                                 | -   | 106                          | 331                                 | 101,659          |
| Finance, insurance, real estate and<br>business services | 2,635,140  | 218,984                         | 291,370   | 387,219                               | -   | 653                          | 108,471                             | 3,641,837        |
| Government and government agencies                       | 2,204  | 314,852                         | 593,852   | -                                     | -   | -                            | -                                   | 910,908          |
| Purchase of securities                                   | -  | -                               | -   | 1,415,383                             | 1,339,570   | -                            | 973,896                             | 3,728,849        |
| Others   | -  | -                               | 8,262   | -                                     | -   | 128,882                      | -                                   | 137,144          |
|  | <u>2,637,344</u>   | <u>580,534</u>                  | <u>1,009,646</u>                                  | <u>1,817,875</u>                      | <u>1,339,570</u>                                  | <u>130,095</u>               | <u>1,106,027</u>                    | <u>8,621,091</u> |

<sup>^</sup> Excludes Stage 1 expected credit losses amounting to RM624,000.

<sup>#</sup> Excludes Stage 1 expected credit losses amounting to RM1,000.

<sup>\*</sup> Excludes Stage 1 expected credit losses amounting to RM2,000.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Credit risk (continued)**

(iv) Credit quality (continued)

(b) Credit risk exposure analysed by industry in respect of the Bank's financial assets, including commitments and contingencies, are set out below:

| <b>Bank</b>   | <b>Short-term funds and deposits and placements with banks and other financial institutions</b> <sup>^</sup> | <b>Financial assets at FVOCI</b> | <b>Financial investments at amortised costs</b> | <b>Loans and advances</b> <sup>#</sup> | <b>Clients' and brokers' balances</b> <sup>*</sup> | <b>Other financial assets</b> | <b>Commitments and contingencies</b> | <b>Total</b>     |
|---|--|----------------------------------|---|--|--|-------------------------------|--------------------------------------|------------------|
| <b>2021</b>   | <b>RM'000</b>  | <b>RM'000</b>                    | <b>RM'000</b>                                   | <b>RM'000</b>                          | <b>RM'000</b>                                      | <b>RM'000</b>                 | <b>RM'000</b>                        | <b>RM'000</b>    |
| Agriculture, hunting, forestry and fishing            | -  | 15,153                           | -   | -                                      | -  | -                             | 879                                  | 16,032           |
| Mining and quarrying                                  | -  | -                                | -   | 86                                     | -  | -                             | -                                    | 86               |
| Manufacturing   | -  | -                                | -   | 3,369                                  | -  | 363                           | 5,459                                | 9,191            |
| Electricity, gas and water                            | -  | -                                | 35,249  | -                                      | -  | -                             | -                                    | 35,249           |
| Construction  | -  | -                                | 40,311  | 5,156                                  | -  | 680                           | 1,212                                | 47,359           |
| Purchase of landed property                           | -  | -                                | -   | -                                      | -  | -                             | 18                                   | 18               |
| Wholesale & retail trade and restaurants & hotel      | -  | -                                | -   | 1,582                                  | -  | -                             | 793                                  | 2,375            |
| Transport, storage and communication                  | -  | 65,089                           | 30,577  | 4,992                                  | -  | 3,654                         | 8                                    | 104,320          |
| Finance, insurance, real estate and business services | 1,417,746  | 161,354                          | 865,673   | 419,434                                | -  | -                             | 104,997                              | 2,969,204        |
| Government and government agencies                    | 100,873  | 316,969                          | 514,898   | -                                      | -  | -                             | -                                    | 932,740          |
| Purchase of securities                                | -  | -                                | -   | 911,060                                | 641,166  | -                             | 569,738                              | 2,121,964        |
| Education, health & others                            | -  | -                                | -   | 2,499                                  | -  | -                             | 1                                    | 2,500            |
| Others  | -  | -                                | -   | -                                      | -  | 70,541                        | -                                    | 70,541           |
|   | <b>1,518,619</b>   | <b>558,565</b>                   | <b>1,486,708</b>                                | <b>1,348,178</b>                       | <b>641,166</b>                                     | <b>75,238</b>                 | <b>683,105</b>                       | <b>6,311,579</b> |

<sup>^</sup> Excludes Stage 1 expected credit losses amounting to RM27,000.

<sup>#</sup> Excludes Stage 1 expected credit losses amounting to RM1,000.

<sup>\*</sup> Excludes Stage 1 expected credit losses amounting to RM47,000.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Credit risk (continued)**

(iv) Credit quality (continued)

(b) Credit risk exposure analysed by industry in respect of the Bank's financial assets, including commitments and contingencies, are set out below: (continued)

| <b>Bank</b>   | <b>Short-term funds and deposits and placements with banks and other financial institutions</b> <sup>^</sup> | <b>Financial assets at FVOCI</b> | <b>Financial investments at amortised costs</b> | <b>Loans and advances</b> <sup>#</sup> | <b>Clients' and brokers' balances</b> <sup>*</sup> | <b>Other financial assets</b> | <b>Commitments and contingencies</b> | <b>Total</b>     |
|---|--|----------------------------------|---|--|--|-------------------------------|--------------------------------------|------------------|
| <b>2020</b>   | <b>RM'000</b>  | <b>RM'000</b>                    | <b>RM'000</b>                                   | <b>RM'000</b>                          | <b>RM'000</b>                                      | <b>RM'000</b>                 | <b>RM'000</b>                        | <b>RM'000</b>    |
| Agriculture, hunting, forestry and fishing            | -  | 15,429                           | -   | 105                                    | -  | -                             | 1,198                                | 16,732           |
| Mining and quarrying                                  | -  | -                                | -   | 91                                     | -  | -                             | 9                                    | 100              |
| Manufacturing   | -  | -                                | -   | 3,180                                  | -  | 229                           | 2,849                                | 6,258            |
| Electricity, gas and water                            | -  | 5,100                            | 45,362  | -                                      | -  | 218                           | 1                                    | 50,681           |
| Construction  | -  | -                                | -   | 5,974                                  | -  | 7                             | 350                                  | 6,331            |
| Purchase of landed property                           | -  | -                                | -   | -                                      | -  | -                             | 18                                   | 18               |
| Wholesale & retail trade and restaurants & hotel      | -  | -                                | -   | 1,670                                  | -  | -                             | 1,604                                | 3,274            |
| Transport, storage and communication                  | -  | 26,169                           | 70,800  | 4,253                                  | -  | 106                           | 331                                  | 101,659          |
| Finance, insurance, real estate and business services | 1,791,110  | 218,984                          | 291,370   | 378,667                                | -  | 653                           | 108,446                              | 2,789,230        |
| Government and government agencies                    | 2,204  | 314,852                          | 593,852   | -                                      | -  | -                             | -                                    | 910,908          |
| Purchase of securities                                | -  | -                                | -   | 1,102,544                              | 946,682  | -                             | 620,432                              | 2,669,658        |
| Others  | -  | -                                | 8,262   | -                                      | -  | 58,072                        | -                                    | 66,334           |
|   | <b>1,793,314</b>   | <b>580,534</b>                   | <b>1,009,646</b>                                | <b>1,496,484</b>                       | <b>946,682</b>                                     | <b>59,285</b>                 | <b>735,238</b>                       | <b>6,621,183</b> |

<sup>^</sup> Excludes Stage 1 expected credit losses amounting to RM15,000.

<sup>#</sup> Excludes Stage 1 expected credit losses amounting to RM1,000.

<sup>\*</sup> Excludes Stage 1 expected credit losses amounting to RM2,000.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Credit risk (continued)**

(iv) Credit quality (continued)

(c) Credit risk exposure analysed by geographical in respect of the Group's financial assets, including commitments and contingencies, are set out below:

| <b>Group</b>    | <b>Short-term funds and deposits with banks and other financial institutions</b> | <b>Financial assets at FVOCI</b> | <b>Financial investments at amortised costs</b> | <b>Loans and advances</b> | <b>Clients' and brokers' balances</b> | <b>Other financial assets</b> | <b>Commitments and contingencies</b> | <b>Total</b>     |
|-----------------|--|----------------------------------|---|---------------------------|---------------------------------------|-------------------------------|--------------------------------------|------------------|
| <b>2021</b>     | <b>RM'000</b>  | <b>RM'000</b>                    | <b>RM'000</b>                                   | <b>RM'000</b>             | <b>RM'000</b>                         | <b>RM'000</b>                 | <b>RM'000</b>                        | <b>RM'000</b>    |
| South East Asia |  |                                  |   |                           |                                       |                               |                                      |                  |
| - Malaysia      | 2,428,956  | 558,565                          | 1,486,708                                       | 1,348,178                 | 641,166                               | 270,735                       | 647,840                              | 7,382,148        |
| - Singapore     | 14,429   | -                                | -   | -                         | -                                     | 11,252                        | -                                    | 25,681           |
| - Thailand      | 10,267   | -                                | -   | 199,218                   | 98,113                                | 17,612                        | 143,094                              | 468,304          |
| - Indonesia     | 67,040   | -                                | -   | 131,127                   | 140,134                               | 6,632                         | 126,205                              | 471,138          |
| - Cambodia      | 40,459   | -                                | -   | -                         | -                                     | 477                           | -                                    | 40,936           |
| - Vietnam       | 26,413   | -                                | -   | 2,957                     | 227                                   | 114                           | 182                                  | 29,893           |
| East Asia       | 14,003   | -                                | -   | -                         | 2                                     | 320                           | -                                    | 14,325           |
| Middle East     | -  | -                                | -   | -                         | -                                     | -                             | -                                    | -                |
| Europe          | 747  | -                                | -   | -                         | -                                     | -                             | -                                    | 747              |
| North America   | 6,229  | -                                | -   | -                         | -                                     | -                             | -                                    | 6,229            |
|                 | <b>2,608,543</b>   | <b>558,565</b>                   | <b>1,486,708</b>                                | <b>1,681,480</b>          | <b>879,642</b>                        | <b>307,142</b>                | <b>917,321</b>                       | <b>8,439,401</b> |

^ Excludes Stage 1 expected credit losses amounting to RM569,000.

# Excludes Stage 1 expected credit losses amounting to RM1,000.

\* Excludes Stage 1 expected credit losses amounting to RM47,000.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Credit risk (continued)**

(iv) Credit quality (continued)

(c) Credit risk exposure analysed by geographical in respect of the Group's financial assets, including commitments and contingencies, are set out below: (continued)

| <b>Group</b>    | <b>Short-term funds<br/>and deposits<br/>with banks and<br/>other financial<br/>institutions</b> | <b>Financial<br/>assets at<br/>FVOCI</b> | <b>Financial<br/>investments<br/>at amortised<br/>costs</b> | <b>Loans<br/>and<br/>advances</b> | <b>Clients'<br/>and brokers'<br/>balances</b> | <b>Other<br/>financial<br/>assets</b> | <b>Commitments<br/>and<br/>contingencies</b> | <b>Total</b>     |
|-----------------|--|--|---|-----------------------------------|---|---------------------------------------|--|------------------|
| <b>2020</b>     | <b>RM'000</b>  | <b>RM'000</b>                            | <b>RM'000</b>   | <b>RM'000</b>                     | <b>RM'000</b>                                 | <b>RM'000</b>                         | <b>RM'000</b>                                | <b>RM'000</b>    |
| South East Asia |  |  |   |                                   |   |                                       |  |                  |
| - Malaysia      | 2,364,966  | 580,534                                  | 1,009,646   | 1,496,483                         | 946,681                                       | 85,518                                | 735,222                                      | 7,219,050        |
| - Singapore     | 10,729   | -  | -   | -                                 | -   | 4,706                                 | -  | 15,435           |
| - Thailand      | 38,678   | -  | -   | 132,409                           | 149,365                                       | 30,108                                | 167,878                                      | 518,438          |
| - Indonesia     | 123,583  | -  | -   | 188,983                           | 243,173                                       | 7,137                                 | 202,927                                      | 765,803          |
| - Cambodia      | 38,550   | -  | -   | -                                 | -   | 144                                   | -  | 38,694           |
| - Vietnam       | 30,215   | -  | -   | -                                 | -   | 513                                   | -  | 30,728           |
| East Asia       | 27,773   | -  | -   | -                                 | 351   | 1,969                                 | -  | 30,093           |
| Middle East     | -  | -  | -   | -                                 | -   | -                                     | -  | -                |
| Europe          | 2,590  | -  | -   | -                                 | -   | -                                     | -  | 2,590            |
| North America   | 260  | -  | -   | -                                 | -   | -                                     | -  | 260              |
|                 | <u>2,637,344</u>   | <u>580,534</u>                           | <u>1,009,646</u>  | <u>1,817,875</u>                  | <u>1,339,570</u>                              | <u>130,095</u>                        | <u>1,106,027</u>                             | <u>8,621,091</u> |

^ Excludes Stage 1 expected credit losses amounting to RM624,000.

# Excludes Stage 1 expected credit losses amounting to RM1,000.

\* Excludes Stage 1 expected credit losses amounting to RM2,000.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Credit risk (continued)**

(iv) Credit quality (continued)

(c) Credit risk exposure analysed by geographical in respect of the Bank's financial assets, including commitments and contingencies, are set out below:

| <b>Bank</b>     | <b>Short-term funds and deposits and placements with banks and other financial institutions</b> | <b>Financial assets at FVOCI</b> | <b>Financial investments at amortised costs</b> | <b>Loans and advances</b> | <b>Clients' and brokers' balances</b> | <b>Other financial assets</b> | <b>Commitments and contingencies</b> | <b>Total</b>     |
|-----------------|---|----------------------------------|---|---------------------------|---------------------------------------|-------------------------------|--------------------------------------|------------------|
| <b>2021</b>     | <b>RM'000</b>   | <b>RM'000</b>                    | <b>RM'000</b>                                   | <b>RM'000</b>             | <b>RM'000</b>                         | <b>RM'000</b>                 | <b>RM'000</b>                        | <b>RM'000</b>    |
| South East Asia |   |                                  |   |                           |                                       |                               |                                      |                  |
| - Malaysia      | 1,501,231   | 558,565                          | 1,486,708                                       | 1,348,178                 | 641,166                               | 75,238                        | 683,105                              | 6,294,191        |
| - Singapore     | 3,239   | -                                | -   | -                         | -                                     | -                             | -                                    | 3,239            |
| - Thailand      | 2,093   | -                                | -   | -                         | -                                     | -                             | -                                    | 2,093            |
| - Indonesia     | 2   | -                                | -   | -                         | -                                     | -                             | -                                    | 2                |
| East Asia       | 5,078   | -                                | -   | -                         | -                                     | -                             | -                                    | 5,078            |
| Middle East     | -   | -                                | -   | -                         | -                                     | -                             | -                                    | -                |
| Europe          | 747   | -                                | -   | -                         | -                                     | -                             | -                                    | 747              |
| North America   | 6,229   | -                                | -   | -                         | -                                     | -                             | -                                    | 6,229            |
|                 | <b>1,518,619</b>  | <b>558,565</b>                   | <b>1,486,708</b>                                | <b>1,348,178</b>          | <b>641,166</b>                        | <b>75,238</b>                 | <b>683,105</b>                       | <b>6,311,579</b> |

^ Excludes Stage 1 expected credit losses amounting to RM27,000.

# Excludes Stage 1 expected credit losses amounting to RM1,000.

\* Excludes Stage 1 expected credit losses amounting to RM47,000.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Credit risk (continued)**

(iv) Credit quality (continued)

(c) Credit risk exposure analysed by geographical in respect of the Bank's financial assets, including commitments and contingencies, are set out below: (continued)

| <b>Bank</b>     | <b>Short-term funds and deposits with banks and other financial institutions</b> | <b>Financial assets at FVOCI</b> | <b>Financial investments at amortised costs</b> | <b>Loans and advances</b> | <b>Clients' and brokers' balances</b> | <b>Other financial assets</b> | <b>Commitments and contingencies</b> | <b>Total</b>     |
|-----------------|--|----------------------------------|---|---------------------------|---------------------------------------|-------------------------------|--------------------------------------|------------------|
| <b>2020</b>     | <b>RM'000</b>  | <b>RM'000</b>                    | <b>RM'000</b>                                   | <b>RM'000</b>             | <b>RM'000</b>                         | <b>RM'000</b>                 | <b>RM'000</b>                        | <b>RM'000</b>    |
| South East Asia |  |                                  |   |                           |                                       |                               |                                      |                  |
| - Malaysia      | 1,768,655  | 580,534                          | 1,009,646                                       | 1,496,484                 | 946,682                               | 59,285                        | 735,238                              | 6,596,524        |
| - Singapore     | 3,677  | -                                | -   | -                         | -                                     | -                             | -                                    | 3,677            |
| - Thailand      | 1,944  | -                                | -   | -                         | -                                     | -                             | -                                    | 1,944            |
| - Indonesia     | 2  | -                                | -   | -                         | -                                     | -                             | -                                    | 2                |
| - Vietnam       | 2  | -                                | -   | -                         | -                                     | -                             | -                                    | 2                |
| East Asia       | 16,184   | -                                | -   | -                         | -                                     | -                             | -                                    | 16,184           |
| Middle East     | -  | -                                | -   | -                         | -                                     | -                             | -                                    | -                |
| Europe          | 2,590  | -                                | -   | -                         | -                                     | -                             | -                                    | 2,590            |
| North America   | 260  | -                                | -   | -                         | -                                     | -                             | -                                    | 260              |
|                 | <u>1,793,314</u>   | <u>580,534</u>                   | <u>1,009,646</u>                                | <u>1,496,484</u>          | <u>946,682</u>                        | <u>59,285</u>                 | <u>735,238</u>                       | <u>6,621,183</u> |

^ Excludes Stage 1 expected credit losses amounting to RM15,000.

# Excludes Stage 1 expected credit losses amounting to RM1,000.

\* Excludes Stage 1 expected credit losses amounting to RM2,000.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Credit risk (continued)**

(v) Write off policy

The Group and the Bank write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's and the Bank's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

A write-off constitutes a derecognition event. The Group and the Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's and the Bank's enforcement activities will be written back as bad debts recovered in the income statements.

The contractual amount outstanding on loans and advances and clients' and brokers' balances that were written off during the financial year ended 31 December 2021, and not subject to enforcement activities.

(vi) Modification of contractual cash flow

Where the original contractual terms of a financial asset have been modified for credit reasons and the instrument has not been derecognised, the resulting modification loss is recognised within impairment in the income statements with a corresponding decrease in the gross carrying value of the asset. If the modification involved a concession that the Group and the Bank would not otherwise consider, the instrument is considered to be credit impaired and is considered forborne.

ECL for modified financial assets that have not been derecognised and are not considered to be credit-impaired will be recognised on a 12-month basis, or a lifetime basis, if there is a significant increase in credit risk. These assets are assessed to determine whether there has been a significant increase in credit risk subsequent to the modification.

Although loans and financing may be modified for non-credit reasons, a significant increase in credit risk may occur. The Group and the Bank may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from stage 3 or stage 2 to stage 1. This is only the case for assets which have been monitored for consecutive six months observation period or more. During the current financial year, there was no modification of contractual cash flows for loans and advances.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(f) Offsetting financial assets and financial liabilities**

The Group and the Bank report financial assets and financial liabilities on a net basis on the balance sheet only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The following table shows the impact of netting arrangement on:

- i. all financial assets and liabilities that are reported on the statements of financial position; and
- ii. all derivative financial instruments (offsetting arrangement and financial collateral) but do not qualify for netting.

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements:

|                              | <u>Effects of offsetting on the statements of financial position</u> |   | <u>Related amounts not offset</u> |                             | <u>Net amount</u> |
|------------------------------|--|---|-----------------------------------|-----------------------------|-------------------|
|                              | <u>Gross amounts</u>   | <u>Net amounts reported on statements of financial position</u> | <u>Financial instruments</u>      | <u>Financial collateral</u> |                   |
| <b>Group</b>                 | <b>RM'000</b>  | <b>RM'000</b>   | <b>RM'000</b>                     | <b>RM'000</b>               | <b>RM'000</b>     |
| <b>2021</b>                  |  |   |                                   |                             |                   |
| <b>Financial assets</b>      |  |   |                                   |                             |                   |
| Derivative assets            | 928  | 928   | (17)                              | -                           | 911               |
| <b>Financial liabilities</b> |  |   |                                   |                             |                   |
| Derivative liabilities       | 21,941   | 21,941  | (17)                              | -                           | 21,924            |
| <b>Group</b>                 |  |   |                                   |                             |                   |
| <b>2020</b>                  |  |   |                                   |                             |                   |
| <b>Financial assets</b>      |  |   |                                   |                             |                   |
| Derivative assets            | 1,017  | 1,017   | (45)                              | -                           | 972               |
| <b>Financial liabilities</b> |  |   |                                   |                             |                   |
| Derivative liabilities       | 71,748   | 71,748  | (45)                              | -                           | 71,703            |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(f) Offsetting financial assets and financial liabilities (continued)**

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements: (continued)

|                              | <u>Effects of offsetting on the statements of financial position</u> |   | <u>Related amounts not offset</u> |                             | <u>Net amount</u> |
|------------------------------|--|---|-----------------------------------|-----------------------------|-------------------|
|                              | <u>Gross amounts</u>   | <u>Net amounts reported on statements of financial position</u> | <u>Financial instruments</u>      | <u>Financial collateral</u> |                   |
| <b>Bank</b>                  | <b>RM'000</b>  | <b>RM'000</b>   | <b>RM'000</b>                     | <b>RM'000</b>               | <b>RM'000</b>     |
| <b>2021</b>                  |  |   |                                   |                             |                   |
| <b>Financial assets</b>      |  |   |                                   |                             |                   |
| Derivative assets            | 17   | 17  | (17)                              | -                           | -                 |
| <b>Financial liabilities</b> |  |   |                                   |                             |                   |
| Derivative liabilities       | 21,567   | 21,567  | (17)                              | -                           | 21,550            |
| <b>Bank</b>                  |  |   |                                   |                             |                   |
| <b>2020</b>                  |  |   |                                   |                             |                   |
| <b>Financial assets</b>      |  |   |                                   |                             |                   |
| Derivative assets            | 122  | 122   | (45)                              | -                           | 77                |
| <b>Financial liabilities</b> |  |   |                                   |                             |                   |
| Derivative liabilities       | 71,732   | 71,732  | (45)                              | -                           | 71,687            |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(g) Fair value of financial instruments**

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

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

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

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

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

| <b>Group<br/>2021</b>        | <b>Level 1<br/>RM'000</b> | <b>Level 2<br/>RM'000</b> | <b>Level 3<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|------------------------------|---------------------------|---------------------------|---------------------------|-------------------------|
| <b>Financial assets</b>      |                           |                           |                           |                         |
| Financial assets at FVTPL    | 221,715                   | 3,419                     | 626,663                   | 851,797                 |
| - quoted securities          | 221,715                   | -                         | -                         | 221,715                 |
| - unquoted securities        | -                         | 3,419                     | 626,663                   | 630,082                 |
| Financial assets at FVOCI    | 2,146                     | 558,565                   | 36,961                    | 597,672                 |
| - money market instruments   | -                         | 315,455                   | -                         | 315,455                 |
| - quoted securities          | 2,146                     | -                         | -                         | 2,146                   |
| - unquoted securities        | -                         | 243,110                   | 36,961                    | 280,071                 |
| Derivative assets            | -                         | 928                       | -                         | 928                     |
|                              | <b>223,861</b>            | <b>562,912</b>            | <b>663,624</b>            | <b>1,450,397</b>        |
| <b>Financial liabilities</b> |                           |                           |                           |                         |
| Derivative liabilities       | 21,549                    | 392                       | -                         | 21,941                  |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

45 FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Fair value of financial instruments (continued)

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

| <b>Group</b>                 | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>     |
|------------------------------|----------------|----------------|----------------|------------------|
| <b>2020</b>                  | <b>RM'000</b>  | <b>RM'000</b>  | <b>RM'000</b>  | <b>RM'000</b>    |
| <b>Financial assets</b>      |                |                |                |                  |
| Financial assets at FVTPL    | 498,722        | 1,437          | 534,684        | 1,034,843        |
| - quoted securities          | 498,722        | -              | -              | 498,722          |
| - unquoted securities        | -              | 1,437          | 533,428        | 534,865          |
| - contingent consideration   | -              | -              | 1,256          | 1,256            |
| Financial assets at FVOCI    | 1,866          | 580,534        | 41,125         | 623,525          |
| - money market instruments   | -              | 280,745        | -              | 280,745          |
| - quoted securities          | 1,866          | -              | -              | 1,866            |
| - unquoted securities        | -              | 299,789        | 41,125         | 340,914          |
| Derivative assets            | -              | 1,017          | -              | 1,017            |
|                              | <u>500,588</u> | <u>582,988</u> | <u>575,809</u> | <u>1,659,385</u> |
| <b>Financial liabilities</b> |                |                |                |                  |
| Derivative liabilities       | 71,703         | 45             | -              | 71,748           |
|                              | <u>71,703</u>  | <u>45</u>      | <u>-</u>       | <u>71,748</u>    |
| <b>Bank</b>                  |                |                |                |                  |
| <b>2021</b>                  | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>     |
| <b>2021</b>                  | <b>RM'000</b>  | <b>RM'000</b>  | <b>RM'000</b>  | <b>RM'000</b>    |
| <b>Financial assets</b>      |                |                |                |                  |
| Financial assets at FVTPL    | 113,271        | 3,419          | -              | 116,690          |
| - quoted securities          | 113,271        | -              | -              | 113,271          |
| - unquoted securities        | -              | 3,419          | -              | 3,419            |
| Financial assets at FVOCI    | -              | 558,565        | 36,670         | 595,235          |
| - money market instruments   | -              | 315,455        | -              | 315,455          |
| - unquoted securities        | -              | 243,110        | 36,670         | 279,780          |
| Derivative assets            | -              | 17             | -              | 17               |
|                              | <u>113,271</u> | <u>562,001</u> | <u>36,670</u>  | <u>711,942</u>   |
| <b>Financial liabilities</b> |                |                |                |                  |
| Derivative liabilities       | 21,549         | 18             | -              | 21,567           |
|                              | <u>21,549</u>  | <u>18</u>      | <u>-</u>       | <u>21,567</u>    |



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(g) Fair value of financial instruments (continued)**

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

| <b>Bank<br/>2020</b>                | <b>Level 1<br/>RM'000</b> | <b>Level 2<br/>RM'000</b> | <b>Level 3<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|-------------------------------------|---------------------------|---------------------------|---------------------------|-------------------------|
| <b><u>Financial assets</u></b>      |                           |                           |                           |                         |
| Financial assets at FVTPL           | 256,144                   | 1,437                     | 1,256                     | 258,837                 |
| - quoted securities                 | 256,144                   | -                         | -                         | 256,144                 |
| - unquoted securities               | -                         | 1,437                     | -                         | 1,437                   |
| - contingent consideration          | -                         | -                         | 1,256                     | 1,256                   |
| Financial assets at FVOCI           | -                         | 580,534                   | 34,954                    | 615,488                 |
| - money market instruments          | -                         | 280,745                   | -                         | 280,745                 |
| - unquoted securities               | -                         | 299,789                   | 34,954                    | 334,743                 |
| Derivative assets                   | -                         | 122                       | -                         | 122                     |
|                                     | <u>256,144</u>            | <u>582,093</u>            | <u>36,210</u>             | <u>874,447</u>          |
| <b><u>Financial liabilities</u></b> |                           |                           |                           |                         |
| Derivative liabilities              | 71,687                    | 45                        | -                         | 71,732                  |

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

Valuation techniques

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices are readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include quoted securities and unit trusts.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determines fair value based upon valuation techniques that use market parameters including but not limited to yield curves, volatilities and foreign exchange rates as inputs. The majority of valuation techniques employ only observable market data. These would include certain bonds, government bonds, corporate debt securities and derivatives.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). This category includes unquoted shares held for socio-economic reasons and private equity funds. Fair values for shares held for socio-economic reasons are based on the net tangible assets of the affected companies. Fair value for private equity funds are based on enterprise valuation method where the main input include earnings before interest, taxes, depreciation and amortisation ('EBITDA') and adjusted for contingent receivable.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**45 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(g) Fair value of financial instruments (continued)**

Reconciliation of fair value measurements in Level 3

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

|   | <b>2021</b>    | <b>Group<br/>2020</b> | <b>2021</b>   | <b>Bank<br/>2020</b> |
|---|----------------|-----------------------|---------------|----------------------|
|   | <b>RM'000</b>  | <b>RM'000</b>         | <b>RM'000</b> | <b>RM'000</b>        |
| <b><u>Financial assets at FVTPL</u></b>             |                |                       |               |                      |
| Balance as at the beginning of the financial year   | 534,684        | 492,717               | 1,256         | -                    |
| Total gain/(loss) recognised in income statements   | 66,813         | 55,877                | 1,251         | (938)                |
| Additions   | 34,175         | 24,006                | -             | 17,217               |
| Settlements/Distributions                           | (28,184)       | (27,272)              | (2,510)       | (15,023)             |
| Exchange differences                                | 19,175         | (10,644)              | 3             | -                    |
| Balance as at the end of the financial year         | <b>626,663</b> | 534,684               | -             | 1,256                |
| <b><u>Financial assets at FVOCI</u></b>             |                |                       |               |                      |
| Balance as at the beginning of the financial year   | 41,125         | 38,968                | 34,954        | 32,731               |
| Total gain recognised in other comprehensive income | 1,716          | 2,170                 | 1,716         | 2,223                |
| Disposals   | (5,869)        | -                     | -             | -                    |
| Exchange differences                                | (11)           | (13)                  | -             | -                    |
| Balance as at the end of the financial year         | <b>36,961</b>  | 41,125                | <b>36,670</b> | 34,954               |

Sensitivity for Private Equity Funds - Unquoted (Level 3)

Investments classified within Level 3 have significant unobservable inputs, as they are traded infrequently. As observable prices are not available for this investment, the fair value of the unquoted investment is derived based on enterprise valuation method.

The main input into the enterprise valuation method for this unquoted investment include EBITDA, comparable companies earning multiple and marketability discount. For unquoted private equity funds, its current fair value of RM626,663,000 (2020: RM533,428,000) is based on multiply of 11.3x to 12.9x (2020: 11.9x to 13.9x). A possible shift of 5% in the multiple will change the valuation by RM59,743,000 (2020: RM60,936,000).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**46 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES**

The fair value of each financial assets and liabilities presented on the statements of financial position of the Group and the Bank approximates the carrying amounts as at the reporting date, except for the following:

|  | Group            |                  | Bank             |                  |
|--|------------------|------------------|------------------|------------------|
|  | Carrying value   | Fair value       | Carrying value   | Fair value       |
| 2021   | RM'000           | RM'000           | RM'000           | RM'000           |
| <b>Financial assets</b>  |                  |                  |                  |                  |
| Financial investments at amortised costs                             | 1,486,708        | 1,491,109        | 1,486,708        | 1,491,109        |
| Loans and advances   | 1,681,479        | 1,681,479        | 1,348,177        | 1,348,177        |
|  | <b>3,168,187</b> | <b>3,172,588</b> | <b>2,834,885</b> | <b>2,839,286</b> |
| <b>Financial liabilities</b>   |                  |                  |                  |                  |
| Deposits from customers  | 1,560,040        | 1,560,040        | 1,560,040        | 1,560,040        |
| Deposits and placements of banks<br>and other financial institutions | 2,428,314        | 2,428,378        | 2,428,314        | 2,428,378        |
| Subordinated obligations   | 202,175          | 203,128          | 202,175          | 203,128          |
|  | <b>4,190,529</b> | <b>4,191,546</b> | <b>4,190,529</b> | <b>4,191,546</b> |
| <b>2020</b>  |                  |                  |                  |                  |
| <b>Financial assets</b>  |                  |                  |                  |                  |
| Financial investments at amortised costs                             | 1,009,646        | 1,039,896        | 1,009,646        | 1,039,896        |
| Loans and advances   | 1,817,874        | 1,817,874        | 1,496,483        | 1,496,483        |
|  | <b>2,827,520</b> | <b>2,857,770</b> | <b>2,506,129</b> | <b>2,536,379</b> |
| <b>Financial liabilities</b>   |                  |                  |                  |                  |
| Deposits from customers  | 1,252,094        | 1,252,094        | 1,252,094        | 1,252,094        |
| Deposits and placements of banks<br>and other financial institutions | 2,773,193        | 2,773,109        | 2,773,193        | 2,773,109        |
| Subordinated obligations   | 202,148          | 206,614          | 202,148          | 206,614          |
|  | <b>4,227,435</b> | <b>4,231,817</b> | <b>4,227,435</b> | <b>4,231,817</b> |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**46 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**

The following table analyses within the fair value hierarchy the Group's and the Bank's assets and liabilities not measured at fair value at 31 December 2021 but for which fair value is disclosed:

| <b>Group<br/>2021</b>  | <b>Level 1<br/>RM'000</b> | <b>Level 2<br/>RM'000</b> | <b>Level 3<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|---------------------------|---------------------------|---------------------------|-------------------------|
| <b><u>Financial assets</u></b>                                       |                           |                           |                           |                         |
| Financial investments at amortised costs                             | -                         | 1,491,109                 | -                         | 1,491,109               |
| Loans and advances   | -                         | 1,681,479                 | -                         | 1,681,479               |
|  | -                         | <b>3,172,588</b>          | -                         | <b>3,172,588</b>        |
| <b><u>Financial liabilities</u></b>                                  |                           |                           |                           |                         |
| Deposits from customers  | -                         | 1,560,040                 | -                         | 1,560,040               |
| Deposits and placements of banks<br>and other financial institutions | -                         | 2,428,378                 | -                         | 2,428,378               |
| Subordinated obligations   | -                         | 203,128                   | -                         | 203,128                 |
|  | -                         | <b>4,191,546</b>          | -                         | <b>4,191,546</b>        |
| <b>2020</b>  |                           |                           |                           |                         |
| <b><u>Financial assets</u></b>                                       |                           |                           |                           |                         |
| Financial investments at amortised costs                             | -                         | 1,039,896                 | -                         | 1,039,896               |
| Loans and advances   | -                         | 1,817,874                 | -                         | 1,817,874               |
|  | -                         | <b>2,857,770</b>          | -                         | <b>2,857,770</b>        |
| <b><u>Financial liabilities</u></b>                                  |                           |                           |                           |                         |
| Deposits from customers  | -                         | 1,252,094                 | -                         | 1,252,094               |
| Deposits and placements of banks<br>and other financial institutions | -                         | 2,773,109                 | -                         | 2,773,109               |
| Subordinated obligations   | -                         | 206,614                   | -                         | 206,614                 |
|  | -                         | <b>4,231,817</b>          | -                         | <b>4,231,817</b>        |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**46 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**

The following table analyses within the fair value hierarchy the Group's and the Bank's assets and liabilities not measured at fair value at 31 December 2021 but for which fair value is disclosed: (continued)

| <b>Bank<br/>2021</b>   | <b>Level 1<br/>RM'000</b> | <b>Level 2<br/>RM'000</b> | <b>Level 3<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|---------------------------|---------------------------|---------------------------|-------------------------|
| <b><u>Financial assets</u></b>                                       |                           |                           |                           |                         |
| Financial investments at amortised costs                             | -                         | 1,491,109                 | -                         | 1,491,109               |
| Loans and advances   | -                         | 1,348,177                 | -                         | 1,348,177               |
|  | -                         | 2,839,286                 | -                         | 2,839,286               |
| <b><u>Financial liabilities</u></b>                                  |                           |                           |                           |                         |
| Deposits from customers  | -                         | 1,560,040                 | -                         | 1,560,040               |
| Deposits and placements of banks<br>and other financial institutions | -                         | 2,428,378                 | -                         | 2,428,378               |
| Subordinated obligations   | -                         | 203,128                   | -                         | 203,128                 |
|  | -                         | 4,191,546                 | -                         | 4,191,546               |
| <b>2020</b>  |                           |                           |                           |                         |
| <b><u>Financial assets</u></b>                                       |                           |                           |                           |                         |
| Financial investments at amortised costs                             | -                         | 1,039,896                 | -                         | 1,039,896               |
| Loans and advances   | -                         | 1,496,483                 | -                         | 1,496,483               |
|  | -                         | 2,536,379                 | -                         | 2,536,379               |
| <b><u>Financial liabilities</u></b>                                  |                           |                           |                           |                         |
| Deposits from customers  | -                         | 1,252,094                 | -                         | 1,252,094               |
| Deposits and placements of banks<br>and other financial institutions | -                         | 2,773,109                 | -                         | 2,773,109               |
| Subordinated obligations   | -                         | 206,614                   | -                         | 206,614                 |
|  | -                         | 4,231,817                 | -                         | 4,231,817               |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**46 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**

The fair values are based on the following methodologies and assumptions:

(i) Cash and short-term funds and deposits and placements with financial institutions

For cash and short-term funds, deposits and placements with financial institutions with maturities of less than six months, the carrying value is a reasonable estimate of fair value. For deposits and placements with maturities of six months and above, estimated fair value is based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

(ii) Financial assets at FVTPL, FVOCI and financial investments at amortised costs

The estimated fair value of financial assets at FVTPL, FVOCI and financial investments at amortised costs is based on quoted and observable market prices. Where there is no ready market in certain securities, fair values have been assessed by reference to market indicative yield or net tangible asset backing of the investee. Where discounted cash flow technique is used, the estimated future cash flows are discounted using the prevailing market rates for similar instrument at the date of statement of financial position.

(iii) Loans and advances

For floating rate loans, the carrying value is generally a reasonable estimate of fair value.

For fixed rate loans, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risk and maturities.

The fair values of impaired loans are represented by their carrying value, net of allowance for ECL.

(iv) Other assets and liabilities

The carrying value less any estimated allowance for ECL for financial assets and liabilities included in 'other assets and liabilities' are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

(v) Deposits from customers

For deposits from customers with maturities of less than six months, the carrying amounts are reasonable estimates of their fair values. For deposits with maturities of six months and above, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.

(vi) Deposits and placements of banks and other financial institutions

The estimated fair values of deposits and placements of banks and other financial institutions with maturities of less than six months approximate the carrying values. For the items with maturities of six months and above, the fair values are estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturity.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**46 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**

The fair values are based on the following methodologies and assumptions: (continued)

(vii) Lease liabilities

The estimated fair value of lease liabilities with maturities of less than six months approximate the carrying values. For other lease liabilities with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing market rates of incremental borrowings.

(viii) Borrowings

For floating rate borrowings, the carrying value is generally a reasonable estimate of fair value.

The estimated fair values of other borrowings with maturities of less than six months approximate the carrying values. For other borrowings with maturities six months or more, the fair values are estimated based on discounted cash flows using prevailing market rates for borrowings with similar risk profile.

(ix) Subordinated obligations

The estimated fair value of subordinated obligations is generally based on quoted and observable market prices at the date of statements of financial position.

(x) Credit related commitments and contingencies

The net fair value of these items was not calculated as estimated fair values are not readily ascertainable. These financial instruments generally relate to credit risks and attract fees in line with market prices for similar arrangements. They are not presently sold nor traded. The fair value may be represented by the present value of fees expected to be received, less associated costs.

(xi) Foreign exchange and interest rate related contracts

The fair values of foreign exchange and interest rate related contracts are the estimated amounts the Group or the Bank would receive to sell or pay to transfer the contracts at the date of statements of financial position.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**47 CAPITAL ADEQUACY RATIO**

BNM guidelines on capital adequacy requires the Group and the Bank to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations. The capital adequacy ratio is computed based on the eligible capital in relation to the total risk-weighted assets as determined by BNM.

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

|  | 2021             | Group<br>2020 | 2021             | Bank<br>2020 |
|--|------------------|---------------|------------------|--------------|
|  | RM'000           | RM'000        | RM'000           | RM'000       |
| <b><u>Common Equity Tier I ('CET I')/Tier I Capital</u></b>                              |                  |               |                  |              |
| Share capital  | 1,220,000        | 1,487,773     | 1,220,000        | 1,487,773    |
| Retained profits   | 767,406          | 522,727       | 481,289          | 331,261      |
| Other reserves   | 63,975           | 62,097        | -                | -            |
| FVOCI reserves   | 38,949           | 50,380        | 38,642           | 47,839       |
|  | <b>2,090,330</b> | 2,122,977     | <b>1,739,931</b> | 1,866,873    |
| Less:  |                  |               |                  |              |
| - Goodwill   | (449,978)        | (449,978)     | (372,395)        | (372,395)    |
| - Investments in subsidiaries  | -                | -             | (712,127)        | (715,398)    |
| - Investments in associates and joint ventures   | (4,644)          | (4,611)       | (5,028)          | (5,028)      |
| - Other intangible assets  | (46,663)         | (37,414)      | (30,183)         | (24,296)     |
| - 55% of cumulative gains arising from change<br>in value of FVOCI financial instruments | (21,422)         | (27,709)      | (21,253)         | (26,311)     |
| - Other deductions #   | (71)             | -             | (71)             | -            |
| - Deferred tax assets  | (33,571)         | (28,392)      | (22,684)         | (17,985)     |
| <b>Total CET I Capital</b>   | <b>1,533,981</b> | 1,574,873     | <b>576,190</b>   | 705,460      |
| Qualifying non-controlling interests<br>recognised as Tier I Capital                     | 1,187            | 2,060         | -                | -            |
| <b>Total Tier I Capital</b>  | <b>1,535,168</b> | 1,576,933     | <b>576,190</b>   | 705,460      |
| <b><u>Tier II Capital</u></b>  |                  |               |                  |              |
| Subordinated obligations meeting<br>all relevant criteria                                | 200,000          | 200,000       | 200,000          | 200,000      |
| Qualifying non-controlling interests<br>recognised as Tier II Capital                    | 98               | 231           | -                | -            |
| General provisions ^   | 29,480           | 26,003        | 10,428           | 9,921        |
| <b>Total Tier II Capital</b>   | <b>229,578</b>   | 226,234       | <b>210,428</b>   | 209,921      |
| <b>Total Capital</b>   | <b>1,764,746</b> | 1,803,167     | <b>786,618</b>   | 915,381      |



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**47 CAPITAL ADEQUACY RATIO (CONTINUED)**

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

|                            | <b>2021</b>    | <b>Group<br/>2020</b> | <b>2021</b>    | <b>Bank<br/>2020</b> |
|----------------------------|----------------|-----------------------|----------------|----------------------|
| <u>Capital ratios</u>      |                |                       |                |                      |
| Before proposed dividends: |                |                       |                |                      |
| CET I Capital Ratio        | <b>35.348%</b> | 38.246%               | <b>29.319%</b> | 36.116%              |
| Tier I Capital Ratio       | <b>35.376%</b> | 38.296%               | <b>29.319%</b> | 36.116%              |
| Total Capital Ratio        | <b>40.666%</b> | 43.790%               | <b>40.027%</b> | 46.862%              |
| After proposed dividends:  |                |                       |                |                      |
| CET I Capital Ratio        | <b>33.044%</b> | 38.246%               | <b>24.231%</b> | 36.116%              |
| Tier I Capital Ratio       | <b>33.071%</b> | 38.296%               | <b>24.231%</b> | 36.116%              |
| Total Capital Ratio        | <b>38.361%</b> | 43.790%               | <b>34.938%</b> | 46.862%              |

# Pursuant to Basel II Market Risk Para 5.19 & 5.20 - Valuation Adjustments, the Capital Adequacy Framework (Basel II - Risk Weighted Assets) calculation shall account for the ageing, liquidity and holding back adjustments on its trading portfolio.

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

Includes the qualifying regulatory reserves of the Group and the Bank of RM28,903,000 (2020: RM25,377,000) and RM10,400,000 (2020: RM9,903,000) respectively.

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

|                                   | <b>2021</b>      | <b>Group<br/>2020</b> | <b>2021</b>      | <b>Bank<br/>2020</b> |
|-----------------------------------|------------------|-----------------------|------------------|----------------------|
|                                   | <b>RM'000</b>    | <b>RM'000</b>         | <b>RM'000</b>    | <b>RM'000</b>        |
| Credit risk                       | <b>2,358,408</b> | 2,080,268             | <b>834,269</b>   | 793,669              |
| Market risk                       | <b>285,276</b>   | 457,113               | <b>162,040</b>   | 300,706              |
| Operational risk                  | <b>1,695,946</b> | 1,580,409             | <b>968,930</b>   | 858,966              |
| <b>Total risk-weighted assets</b> | <b>4,339,630</b> | 4,117,790             | <b>1,965,239</b> | 1,953,341            |

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

**NOTES TO THE FINANCIAL STATEMENTS  
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**48 SEGMENT REPORTING**

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

The business segment results are prepared based on the Group's internal management reporting, which reflects the organisation's management reporting structure. Internal allocation of costs for example back office support, centralised cost, funding centre and the application of transfer pricing, where appropriate, has been used in preparing the segmental reporting.

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

(a) Investment Banking

Investment banking provides services for advisory, fund raising in the structuring and issuance of debt securities and capital market instruments, mergers and acquisitions, private placements, underwriting, initial public offerings of equity related instruments, private placements and underwriting. This segment also covers facilities for equity share trading in local and foreign markets, share margin financing, futures broking products and services and custodian and nominees services.

Included in Investment Banking are Stockbroking and Investment Banking products and services to RHB regional customers in Indonesia, Thailand, Cambodia and Vietnam.

Stockbroking business in Singapore was disposed on 11 September 2020. The details are disclosed in Note 49(g).

(b) Treasury

Treasury and money market operations are involved in non-proprietary trading of various financial products that include short-term money market instruments, long-term securities and foreign exchange and derivatives products, as well as funding centre.

Treasury includes treasury operations in Malaysia, Indonesia and Thailand.

(c) Asset Management

Asset Management business focuses on providing investment management services, unit trust fund management services, Islamic funds management services, wills and trustee services.

Asset Management consists of the Group's Asset Management and Trustee businesses, which includes overseas business operations in Singapore and Indonesia.

During the financial year, no one group of related customers accounted for more than 10% of the Group's revenue.

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**48 SEGMENT REPORTING (CONTINUED)**

(a) Segment analysis

| <b>Group<br/>2021</b>                           | <b>Investment<br/>Banking</b> | <b>Treasury</b> | <b>Asset<br/>Management</b> | <b>Others and<br/>Elimination</b> | <b>Total</b>  |
|---|-------------------------------|-----------------|-----------------------------|-----------------------------------|---------------|
|   | <b>RM'000</b>                 | <b>RM'000</b>   | <b>RM'000</b>               | <b>RM'000</b>                     | <b>RM'000</b> |
| External revenue                                | 665,929                       | 89,381          | 189,369                     | -                                 | 944,679       |
| Inter-segment revenue                           | 5,206                         | -               | (1,377)                     | (3,829)                           | -             |
| Segment revenue                                 | 671,135                       | 89,381          | 187,992                     | (3,829)                           | 944,679       |
| Other operating expenses:<br>Including:         | (426,065)                     | (10,150)        | (106,991)                   | 3,829                             | (539,377)     |
| Depreciation of property, plant and equipment   | (10,480)                      | (64)            | (1,359)                     | -                                 | (11,903)      |
| Depreciation of right-of-use assets             | (9,786)                       | (83)            | (1,414)                     | -                                 | (11,283)      |
| Amortisation of other intangible assets         | (8,174)                       | (205)           | (1,504)                     | -                                 | (9,883)       |
| Allowance written back/(made) for credit losses | 13,060                        | 42              | (75)                        | -                                 | 13,027        |
| Impairment losses on other non-financial assets | (314)                         | -               | -                           | -                                 | (314)         |
|   | 257,816                       | 79,273          | 80,926                      | -                                 | 418,015       |
| Share of results of associates                  |                               |                 |                             |                                   | 33            |
| Profit before taxation                          |                               |                 |                             |                                   | 418,048       |
| Taxation  |                               |                 |                             |                                   | (78,919)      |
| Net profit for the financial year               |                               |                 |                             |                                   | 339,129       |

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**48 SEGMENT REPORTING (CONTINUED)**

(a) Segment analysis (continued)

| <b>Group<br/>2021</b>                        | <b>Investment<br/>Banking</b> | <b>Treasury</b> | <b>Asset<br/>Management</b> | <b>Others and<br/>Elimination</b> | <b>Total</b>     |
|--|-------------------------------|-----------------|-----------------------------|-----------------------------------|------------------|
|  | <b>RM'000</b>                 | <b>RM'000</b>   | <b>RM'000</b>               | <b>RM'000</b>                     | <b>RM'000</b>    |
| Segment assets                               | 3,344,902                     | 4,721,327       | 1,260,608                   | (772,653)                         | 8,554,184        |
| Goodwill                                     | 306,611                       | -               | 143,367                     | -                                 | 449,978          |
| Investments in associates and joint ventures |                               |                 |                             |                                   | 4,644            |
| Tax recoverable                              |                               |                 |                             |                                   | 7,294            |
| Deferred tax assets                          |                               |                 |                             |                                   | 32,651           |
| Total assets                                 |                               |                 |                             |                                   | <u>9,048,751</u> |
| Segment liabilities                          | 1,321,448                     | 3,971,775       | 936,416                     | (54,472)                          | 6,175,167        |
| Tax liabilities                              |                               |                 |                             |                                   | 8,753            |
| Borrowings                                   |                               |                 |                             |                                   | 531,588          |
| Subordinated obligations                     |                               |                 |                             |                                   | 202,175          |
| Total liabilities                            |                               |                 |                             |                                   | <u>6,917,683</u> |
| <u>Other segment items</u>                   |                               |                 |                             |                                   |                  |
| Capital expenditure                          | 38,136                        | -               | 4,476                       | -                                 | 42,612           |

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**NOTES TO THE FINANCIAL STATEMENTS  
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**48 SEGMENT REPORTING (CONTINUED)**

(a) Segment analysis (continued)

| Group<br>2020                                   | Continuing Operations           |                    |                               |                                     | Discontinued<br>Operation |                                 |                 |
|---|---------------------------------|--------------------|-------------------------------|-------------------------------------|---------------------------|---------------------------------|-----------------|
|   | Investment<br>Banking<br>RM'000 | Treasury<br>RM'000 | Asset<br>Management<br>RM'000 | Others and<br>Elimination<br>RM'000 | Total<br>RM'000           | Investment<br>Banking<br>RM'000 | Total<br>RM'000 |
| External revenue                                | 632,655                         | 104,967            | 167,600                       | -                                   | 905,222                   | 94,264                          | 999,486         |
| Inter-segment revenue                           | 2,468                           | -                  | (1,457)                       | (1,011)                             | -                         | -                               | -               |
| Segment revenue                                 | 635,123                         | 104,967            | 166,143                       | (1,011)                             | 905,222                   | 94,264                          | 999,486         |
| Other operating expenses:<br>Including:         | (432,890)                       | (17,375)           | (106,606)                     | 1,011                               | (555,860)                 | (62,785)                        | (618,645)       |
| Depreciation of property, plant and equipment   | (10,061)                        | (65)               | (1,066)                       | -                                   | (11,192)                  | (978)                           | (12,170)        |
| Depreciation of right-of-use assets             | (10,494)                        | (83)               | (849)                         | -                                   | (11,426)                  | (3,801)                         | (15,227)        |
| Amortisation of other intangible assets         | (7,294)                         | (219)              | (1,264)                       | -                                   | (8,777)                   | (2,250)                         | (11,027)        |
| Allowance impairment for expected credit losses | (19,943)                        | (66)               | (121)                         | -                                   | (20,130)                  | (937)                           | (21,067)        |
| Impairment losses on other non-financial assets | (24,300)                        | -                  | -                             | -                                   | (24,300)                  | -                               | (24,300)        |
|   | 157,990                         | 87,526             | 59,416                        | -                                   | 304,932                   | 30,542                          | 335,474         |
| Share of results of associates                  |                                 |                    |                               |                                     | 30                        | -                               | 30              |
| Profit before taxation                          |                                 |                    |                               |                                     | 304,962                   | 30,542                          | 335,504         |
| Taxation  |                                 |                    |                               |                                     | (78,914)                  | 1,531                           | (77,383)        |
| Net profit for the financial year               |                                 |                    |                               |                                     | 226,048                   | 32,073                          | 258,121         |

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**48 SEGMENT REPORTING (CONTINUED)**

(a) Segment analysis (continued)

| <b>Group<br/>2020</b>                        | <b>Investment<br/>Banking<br/>RM'000</b> | <b>Treasury<br/>RM'000</b> | <b>Asset<br/>Management<br/>RM'000</b> | <b>Others and<br/>Elimination<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|--|----------------------------|--|--|-------------------------|
| Segment assets                               | 4,452,854                                | 4,224,514                  | 771,520                                | (725,355)                                    | 8,723,533               |
| Goodwill                                     | 306,611                                  | -                          | 143,367                                | -  | 449,978                 |
| Investments in associates and joint ventures |  |                            |  |  | 4,611                   |
| Tax recoverable                              |  |                            |  |  | 1,781                   |
| Deferred tax assets                          |  |                            |  |  | 28,392                  |
| Total assets                                 |  |                            |  |  | <u>9,208,295</u>        |
| Segment liabilities                          | 1,655,816                                | 4,026,200                  | 458,398                                | (35,672)                                     | 6,104,742               |
| Tax liabilities                              |  |                            |  |  | 15,481                  |
| Borrowings                                   |  |                            |  |  | 717,427                 |
| Subordinated obligations                     |  |                            |  |  | 202,148                 |
| Total liabilities                            |  |                            |  |  | <u>7,039,798</u>        |
| <u>Other segment items</u>                   |  |                            |  |  |                         |
| Capital expenditure                          | 29,439                                   | -                          | 1,370                                  | -  | 30,809                  |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**48 SEGMENT REPORTING (CONTINUED)**

(b) The geographical information is prepared based on the location of the assets:

| <b>Group</b>                           | <b>Revenue</b> | <b>Non-current</b> | <b>Segment</b>   | <b>Capital</b>     |
|--|----------------|--------------------|------------------|--------------------|
| <b>2021</b>                            | <b>RM'000</b>  | <b>Assets</b>      | <b>assets</b>    | <b>expenditure</b> |
|  | <b>RM'000</b>  | <b>RM'000</b>      | <b>RM'000</b>    | <b>RM'000</b>      |
| Attributed to the country of domicile: |                |                    |                  |                    |
| - Malaysia                             | 790,099        | 520,143            | 7,613,716        | 30,948             |
| Attributed to foreign countries:       |                |                    |                  |                    |
| - Singapore                            | 20,850         | 2,825              | 22,857           | 3,374              |
| - Thailand                             | 69,174         | 11,825             | 415,327          | 2,464              |
| - Indonesia                            | 60,440         | 18,268             | 354,829          | 4,291              |
| - Hong Kong                            | 121            | -                  | 9,340            | -                  |
| - Cambodia                             | 2,518          | 2,422              | 44,930           | 311                |
| - Vietnam                              | 1,477          | 2,494              | 29,775           | 1,224              |
|  | <b>944,679</b> | <b>557,977</b>     | <b>8,490,774</b> | <b>42,612</b>      |
| <b>Group</b>                           |                |                    |                  |                    |
| <b>2020</b>                            |                |                    |                  |                    |
| <u>Continuing operations</u>           |                |                    |                  |                    |
| Attributed to the country of domicile: |                |                    |                  |                    |
| - Malaysia                             | 769,587        | 509,507            | 7,443,138        | 15,897             |
| Attributed to foreign countries:       |                |                    |                  |                    |
| - Singapore                            | 16,030         | 185                | 11,981           | 66                 |
| - Thailand                             | 63,833         | 15,796             | 544,872          | 9,662              |
| - Indonesia                            | 47,830         | 19,482             | 572,407          | 3,556              |
| - Hong Kong                            | 3,218          | -                  | 13,962           | -                  |
| - Cambodia                             | 2,527          | 2,284              | 42,373           | 653                |
| - Vietnam                              | 2,197          | 1,546              | 30,762           | 975                |
|  | <b>905,222</b> | <b>548,800</b>     | <b>8,659,495</b> | <b>30,809</b>      |
| <u>Discontinued operation</u>          |                |                    |                  |                    |
| Attributed to foreign country:         |                |                    |                  |                    |
| - Singapore                            | 94,264         | -                  | -                | -                  |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**49 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND PRECEDING FINANCIAL YEAR**

**Current Year**

(a) Cessation of Business Operations of Subsidiaries in Hong Kong

On 5 December 2019, RHB Bank announced that RHB Hong Kong Limited ('RHB Hong Kong') and its subsidiaries (collectively known as 'RHB Hong Kong Group') had on 4 December 2019 decided to cease business operations ('Cessation').

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

Pursuant to the Cessation, RHB Hong Kong Group has discontinued offering financial services to its existing and potential clients. The Bank being the shareholder of RHB Hong Kong Group has provided the requisite support to ensure an orderly winding down of their business operations.

As part of the Cessation of Business Operations:

- (i) The Bank has on 14 February 2020 subscribed for 150 million new ordinary shares in RHB Hong Kong amounting to HKD150,000,000 (equivalent to RM80,775,000). The issued and paid-up share capital of RHB Hong Kong increased from HKD300,000,000 to HKD450,000,000.
- (ii) On 31 March 2020, RHB (China) Investment Advisory Co Ltd ('RHBCIA'), an indirect wholly-owned subsidiary of the Bank, commenced the application for dissolution pursuant to Article 180(ii) of the Company Law of the People's Republic of China. An application for dissolution had been submitted to Shanghai Tax Bureau and Shanghai Municipal Administration of Industry and Commerce accordingly.

RHBCIA had on 17 June 2020 received a final notice of deregistration as a legal entity from Shanghai Municipal Administration of Industry and Commerce.

- (iii) The following indirect wholly-owned subsidiaries of the Bank had commenced the application for Member's Voluntary Winding Up and dissolved pursuant to The Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong as summarised below:

|   | Date of<br>Commencement<br>of Member's<br>Voluntary<br>Winding Up | Date of<br>Dissolution |
|---|---|------------------------|
| RHB Finance Hong Kong Limited           | 21 August 2020  | 17 March 2021          |
| RHB Asset Management Limited            | 22 December 2020  | 15 October 2021        |
| RHB Capital Hong Kong Limited           | 22 December 2020  | 15 October 2021        |
| RHB Wealth Management Hong Kong Limited | 22 December 2020  | 4 January 2022         |

The commencement of Member's Voluntary Winding Up and dissolution of the indirect wholly-owned subsidiaries do not have any material effect on the earnings and net assets of the Group for the financial year.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**49 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND PRECEDING FINANCIAL YEAR (CONTINUED)**

**Current Year (continued)**

(b) Capital Repayment

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

- i) cancellation of 20,000,000 ordinary shares in the Bank which are held by RHB Bank Berhad resulting in the total number of issued ordinary shares in the Bank being reduced from 100,000,000 ordinary shares to 80,000,000 ordinary shares; and
- ii) reduction of the Bank's share capital from RM1,487,773,000 to RM1,220,000,000 by repaying the surplus capital of the amount of RM267,773,000 to RHB Bank Berhad.

(c) Dissolution of RHBIB Nominees (Asing) Sdn Bhd ('RHBIBNA')

On 30 June 2017, RHBIBNA, a direct wholly-owned subsidiary of the Bank, had commenced Member's Voluntary Winding Up pursuant to Section 439(1)(b) of the Companies Act 2016 ('CA 2016').

RHBIBNA has been subsequently dissolved on 15 July 2021 pursuant to Section 459(5) of the CA 2016. Arising therefrom, RHBIBNA is no longer a direct wholly-owned subsidiary of the Bank.

The dissolution of RHBIBNA do not have any material effect on the earnings and net assets of the Group for the financial year ending 31 December 2021.

(d) Proposed Disposal by PT RHB Sekuritas Indonesia ('RSI') of Its Entire 99.62% Equity Interest in PT RHB Asset Management Indonesia ('RAMI') ('Proposed Disposal')

On 26 July 2021, RHB Bank announced that RSI, a 99% subsidiary of the Bank, had on 23 July 2021, entered into Conditional Share Purchase Agreement ('CSPA') with Allianz Global Investors Asia Pacific Limited ('AllianzGI') and PT Asuransi Allianz Life Indonesia ('Allianz Life Indonesia') in respect of the Proposed Disposal.

RAMI, a company incorporated in Indonesia, is a 99.62% subsidiary of RSI. The remaining 0.38% equity interest is held by Daniel Budiman. The principal activity of RAMI is rendering of investment management services in Indonesia.

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

The Proposed Disposal is conditional upon of inter-alia, the approval of the Financial Services Authority of Indonesia or Otoritas Jasa Keuangan for the fit and proper test of AllianzGI as the new controlling shareholder of RAMI and the candidate for new member(s) of Board of Commissioners of RAMI as proposed by AllianzGI. The last date to fulfil all the conditions precedent for the Proposed Disposal is 8 months from the date of the CSPA which can be mutually extended.

This exercise is part of the Group's strategic plan to reprioritise its overseas businesses to focus on niche markets, leveraging on the key strengths of its investment banking team in order to meet its customers' needs. Accordingly, RHB Bank has decided to exit from the asset management business and to focus on its stock broking and investment banking business in Indonesia.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**49 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND PRECEDING FINANCIAL YEAR (CONTINUED)**

**Current Year (continued)**

- (d) Proposed Disposal by PT RHB Sekuritas Indonesia ('RSI') of Its Entire 99.62% Equity Interest in PT RHB Asset Management Indonesia ('RAMI') ('Proposed Disposal') (continued)

The Group has accounted for the Proposed Disposal as non-current assets/(liabilities) held for sale in accordance with MFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. The assets and liabilities of RAMI as at 31 December 2021 are as follows:

|   | <u>Note</u> | <u>Group<br/>2021<br/>RM'000</u> |
|---|-------------|----------------------------------|
| <b><u>Non-current assets held for sale</u></b>      |             |                                  |
| Cash and short-term funds (Net of ECL)              |             | 8,205                            |
| Other assets  |             | 912                              |
| Tax recoverable                                     |             | 278                              |
| Deferred tax assets                                 | 12          | 920                              |
| Right-of-use assets                                 | 15          | 1,042                            |
| Property, plant and equipment                       | 16          | 795                              |
| Other intangible assets                             | 17(b)       | 369                              |
|   |             | <u>12,521</u>                    |
| <b><u>Non-current liabilities held for sale</u></b> |             |                                  |
| Other liabilities                                   |             | 4,854                            |
| Lease liabilities                                   |             | 1,129                            |
| Tax liabilities                                     |             | 20                               |
|   |             | <u>6,003</u>                     |

- (e) Commencement of Member's Voluntary Winding Up of RHB Islamic Asset Management Sdn Bhd, RHB International Asset Management Sdn Bhd and RHBIM Berhad

On 27 December 2021, the following direct and indirect subsidiaries have commenced Member's Voluntary Winding Up pursuant to Section 439(1)(b) of the Companies Act 2016.

Direct subsidiaries

RHBIM Berhad  
RHB International Asset Management Sdn Bhd

Indirect subsidiary

RHB Islamic Asset Management Sdn Bhd

The Member's Voluntary Winding Up of the subsidiaries do not have any material effect on the earnings and net assets of the Group for the financial year ended 31 December 2021.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**49 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND PRECEDING FINANCIAL YEAR (CONTINUED)**

**Prior Year**

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

On 28 January 2020, the Bank subscribed for 10 million RPS of RM2.00 each in RHBPEH amounted to RM20,000,000 for additional working capital purpose. Upon completion of the subscription, the equity interest held by the Bank in RHBPEH remained the same.

- (g) Disposal of RHB Securities Singapore Pte Ltd ('RHBS')

On 29 June 2020, the Bank entered into a conditional share purchase agreement with Phillip Securities Pte. Ltd. ('Purchaser') in respect of the disposal of its entire equity interest in RHBS, a wholly owned subsidiary of the Bank ('Disposal').

Prior to the completion of the Disposal, RHBS undertook a corporate exercise to transfer the following business and assets to RHB Bank Berhad ('Business Transfer'):

- (i) entire equity interests of RHBS's wholly-owned subsidiaries, which comprised RHB Nominees Singapore Pte Ltd, Summit Nominees Singapore Pte Ltd and RHB Research Institute Singapore Pte Ltd;
- (ii) the client coverage team, research and advisory services in relation to corporate finance, mergers and acquisitions, equity capital markets and institutional equities sales (collectively referred to as the ('Capital Market Services Business'); and
- (iii) other assets and liabilities in respect of item (i) above.

The Disposal was conditional upon the completion of the Business Transfer but not vice versa.

With the Disposal, the Bank is in a position to better serve its wholesale clients in Singapore with the transfer of the Capital Market Services Business to RHB Bank Singapore. The increasingly competitive broking environment has made it no longer viable for RHBS to continue its stock broking business.

The Business Transfer and the Disposal were completed on 31 August 2020 and 11 September 2020 respectively, following approvals from the relevant regulatory authorities in Malaysia and Singapore.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**49 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND PRECEDING FINANCIAL YEAR (CONTINUED)**

**Prior Year (continued)**

(g) Disposal of RHB Securities Singapore Pte Ltd ('RHBSS') (continued)

(i) Effects of Business Transfer

The Business Transfer which was based on the respective carrying value of the identified business, assets and liabilities of SGD20,572,000 (equivalent to RM62,798,000).

The cash flows and net assets in relation to the Business Transfer as below:

|                                     | <b>Note</b> | <b>2020</b>   |
|-------------------------------------|-------------|---------------|
|                                     |             | <b>RM'000</b> |
| Other assets                        |             | 709           |
| Right-of-use assets                 | 15          | 55            |
| Property, plant and equipment       | 16          | 33            |
| Other intangible assets             | 17(b)       | 3             |
| Other liabilities                   |             | (1,320)       |
| Lease liabilities                   |             | (56)          |
| Goodwill                            | 17(a)       | 46,443        |
| Total net assets derecognised       |             | 45,867        |
| Gain arising from business transfer |             | 17,046        |
| Exchange differences                |             | (115)         |
| Cash inflow from Business Transfer  |             | <u>62,798</u> |

(ii) Effect of Disposal

The Disposal consideration which was based on the net tangible assets of RHBSS preceding the completion date and adjustments mutually agreed between the Bank and the Purchaser, was settled partially via cash and a set-off against intercompany balances owing by the Bank to RHBSS arising from the Business Transfer.

Following the completion of disposal of the entire equity interest in RHBSS, the Bank recorded a loss on disposal of RM7,685,000 as disclosed in Note 32.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**49 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND PRECEDING FINANCIAL YEAR (CONTINUED)**

**Prior Year (continued)**

(g) Disposal of RHB Securities Singapore Pte Ltd ('RHBSS') (continued)

(ii) Effect of Disposal (continued)

The Group had accounted for the Disposal of RHBSS as a discontinued operation in accordance with MFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. Financial information relating to the discontinued operation as follows:

(a) Cash flows and net assets of RHBSS on completion date

|  | <b>Note</b> | <b>2020</b>   |
|--|-------------|---------------|
|  |             | <b>RM'000</b> |
| Cash and short-term funds  |             | 37,327        |
| Loans and advances   | 7(h),7(i)   | 61,554        |
| Net clients' and brokers' balances                                     |             | 82,344        |
| Other assets   |             | 115,436       |
| Derivative assets  |             | 23            |
| Right-of-use assets  | 15          | 3,466         |
| Property, plant and equipment  | 16          | 3,277         |
| Other intangible assets  | 17(b)       | 2,783         |
| Other liabilities  |             | (9,585)       |
| Lease liabilities  |             | (3,598)       |
| Borrowings   |             | (6,177)       |
| Total net assets derecognised  |             | 286,850       |
| Less: Realisation of foreign exchange reserve and net investment hedge |             | (50,895)      |
| Gain on disposal of a subsidiary                                       |             | 30,309        |
| Sales consideration  |             | 266,264       |
| Less: Contingent consideration   |             | (17,228)      |
| Less: Non cash consideration   |             | (12,991)      |
| Less: Deed of Set-Off on proceeds from Business Transfer               |             | (62,798)      |
| Sales consideration received in cash                                   |             | 173,247       |
| Less: Cash and short-term fund of the subsidiary disposed              |             | (37,327)      |
| Exchange differences   |             | 281           |
| Cash inflow on disposal of a subsidiary                                |             | 136,201       |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**49 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND PRECEDING FINANCIAL YEAR (CONTINUED)**

**Prior Year (continued)**

(g) Disposal of RHB Securities Singapore Pte Ltd ('RHBSS') (continued)

(ii) Effect of Disposal (continued)

The Group had accounted for the Disposal of RHBSS as a discontinued operation in accordance with MFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. Financial information relating to the discontinued operation as follows: (continued)

(b) Income Statements of discontinued operation

|  | <u>Note</u> | <u>2020</u><br><u>RM'000</u> |
|--|-------------|------------------------------|
| Interest income                                  |             | 4,348                        |
| Interest expense                                 |             | (709)                        |
| Net interest income                              |             | 3,639                        |
| Fee and commission income                        |             | 35,938                       |
| Fee and commission expense                       |             | (937)                        |
| Other operating income                           |             | 25,315                       |
|  |             | <u>63,955</u>                |
| Other operating expenses                         |             | (62,785)                     |
| Operating profit before allowances               |             | 1,170                        |
| Allowance made for expected credit losses        |             | (937)                        |
| Profit before taxation of discontinued operation |             | 233                          |
| Taxation   | 37          | 1,531                        |
| Gain on disposal of a subsidiary                 |             | 30,309                       |
| Profit after tax from discontinued operation     |             | <u><u>32,073</u></u>         |

(c) Statements of Comprehensive Income

|  | <u>2020</u><br><u>RM'000</u> |
|--|------------------------------|
| Profit from discontinued operation   | 32,073                       |
| Other comprehensive loss in respect of:  |                              |
| Items that will be reclassified subsequently to income statement                               |                              |
| - Realisation of foreign exchange reserve and net investment hedge from discontinued operation | (50,895)                     |
| Other comprehensive loss, net of tax for the financial year                                    | (50,895)                     |
| Total comprehensive loss for discontinued operation for the financial year                     | <u><u>(18,822)</u></u>       |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**49 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND PRECEDING FINANCIAL YEAR (CONTINUED)**

**Prior Year (continued)**

(g) Disposal of RHB Securities Singapore Pte Ltd ('RHBSS') (continued)

(ii) Effect of Disposal (continued)

The Group had accounted for the Disposal of RHBSS as a discontinued operation in accordance with MFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. Financial information relating to the discontinued operation as follows: (continued)

(d) Statements of Cash Flows

|  | <b>2020</b>   |
|--|---------------|
|  | <b>RM'000</b> |
| Net cash inflow from operating activities  | 27,134        |
| Net cash inflow from investing activities  | 62,213        |
| Net cash outflow from financing activities | (74,912)      |
| Net increase in cash generated             | <u>14,435</u> |

**50 CONTINGENT LIABILITIES**

- (a) The Bank has given a corporate guarantee to Securities and Exchange Commission of Thailand ('SECT') on behalf of RHB Securities (Thailand) Public Company Limited, a subsidiary of the Bank for the issuance of warrants on the SECT.
- (b) As at 31 December 2021, the Group has contingent liabilities amounting to approximately RM73,299,000 in respect of litigation. As the cases are still preliminary and cannot estimate the reliable exposure, no provision is recognised in the financial statements at this juncture.
- (c) The Bank has given a corporate guarantee amounting to EUR7,471,000 (equivalent to RM35,265,000) in favour of Allianz Global Investors Asia Pacific Limited and PT Asuransi Allianz Life Indonesia in relation to disposal of 99.62% of the issued share capital of PT RHB Asset Management Indonesia for PT RHB Sekuritas Indonesia. The liability will be lifted 7 years after the completion date.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

**51 SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR**

- (a) RHB Wealth Management Hong Kong Limited ('RHBWMHK'), an indirect wholly-owned subsidiary of the Bank, has been dissolved on 4 January 2022 pursuant to The Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong.

Arising therefrom, RHBWMHK is no longer an indirect wholly-owned subsidiary of the Bank.

- (b) RHB Bank announced that RSI had on 31 January 2022, completed the Proposed Disposal as disclosed in Note 49(d).

The approval of the Financial Services Authority of Indonesia or Otoritas Jasa Keuangan ('OJK') for AllianzGI as the new controlling shareholder of RAMI was obtained on 6 January 2022 and the approval of OJK for the new Board of Commissioners of RAMI as proposed by AllianzGI were obtained on 29 December 2021 and 27 December 2021.

With the completion of the Proposed Disposal, RAMI is no longer an indirect subsidiary of the Bank.

**52 CLIENT TRUST ACCOUNTS**

In accordance with Financial Reporting Standards Implementation Committee Consensus 18 'Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad' ('FRSIC 18'), the cash held in trust for clients by the Group and the Bank amounted to RM2,951,342,000 (2020: RM3,129,512,000) and RM2,553,551,000 (2020: RM2,765,490,000) respectively, are not recognised in the financial statements as the Group and the Bank held them in a fiduciary capacity.

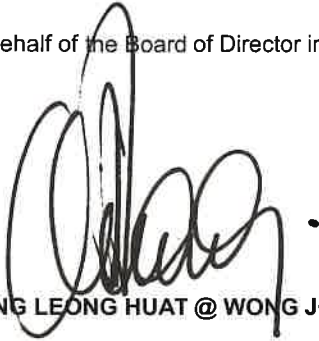


**RHB INVESTMENT BANK BERHAD**  
(Incorporated in Malaysia)  
Registration No. 197401002639 (19663-P)

**STATEMENT BY DIRECTORS  
PURSUANT TO SECTION 251 (2) OF THE COMPANIES ACT 2016**

We, Tan Sri Ong Leong Huat @ Wong Joo Hwa and Ganesaratnam A/L M.K. Sabaratnam, two of the Directors of RHB Investment Bank Berhad do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 7 to 213 are drawn up so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2021 and financial performance of the Group and of the Bank for the financial year ended 31 December 2021 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Director in accordance with a resolution of the Directors dated 22 February 2022.



**TAN SRI ONG LEONG HUAT @ WONG JOO HWA  
CHAIRMAN**



**GANESARATNAM A/L M.K. SABARATNAM  
MANAGING DIRECTOR**

Kuala Lumpur  
22 February 2022

**STATUTORY DECLARATION  
PURSUANT TO SECTION 251 (1) OF THE COMPANIES ACT 2016**

I, Chan Sam Soon, the Officer primarily responsible for the financial management of RHB Investment Bank Berhad, do solemnly and sincerely declare that, the financial statements set out on pages 7 to 213 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.



**CHAN SAM SOON**

Subscribed and solemnly declared by the abovenamed Chan Sam Soon at Kuala Lumpur in Wilayah Persekutuan on 22 February 2022.

**COMMISSIONER FOR OATHS**  
Kuala Lumpur  
22 February 2022



No. 190, Jalan Tun Sambanthan,  
Brickfields, 50470 Kuala Lumpur.



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF RHB INVESTMENT BANK BERHAD  
(Incorporated in Malaysia)  
Registration No. 197401002639 (19663-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of RHB Investment Bank Berhad (“the Bank”) and its subsidiaries (“the Group”) give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Bank, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Bank, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 7 to 213.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence and other ethical responsibilities*

We are independent of the Group and of the Bank in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF RHB INVESTMENT BANK BERHAD (CONTINUED)  
(Incorporated in Malaysia)  
Registration No. 197401002639 (19663-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Bank are responsible for the other information. The other information comprises the Directors' Report and Report of the Shariah Advisor, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Bank are responsible for the preparation of the financial statements of the Group and of the Bank that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the Directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Bank or to cease operations, or have no realistic alternative but to do so.



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF RHB INVESTMENT BANK BERHAD (CONTINUED)  
(Incorporated in Malaysia)  
Registration No. 197401002639 (19663-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Bank's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF RHB INVESTMENT BANK BERHAD (CONTINUED)  
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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF RHB INVESTMENT BANK BERHAD (CONTINUED)  
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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 13 to the financial statements.

OTHER MATTERS

This report is made solely to the member of the Bank, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

*Pricewaterhousecoopers PLT*

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

*Lee Tze Woon Kelvin*

LEE TZE WOON KELVIN  
03482/01/2024 J  
Chartered Accountant

Kuala Lumpur  
22 February 2022