

**RHB ISLAMIC BANK BERHAD**  
**(Incorporated in Malaysia)**  
**Registration No. 200501003283 (680329-V)**

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2021**

	Note	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
<b>ASSETS</b>			
Cash and short-term funds		7,920,725	2,262,454
Securities purchased under resale agreements	9	2,587,453	3,767,531
Deposits and placements with banks and other financial institutions	10	2,026,553	2,410,219
Financial assets at fair value through profit or loss ('FVTPL')	11	-	107,678
Financial assets at fair value through other comprehensive income ('FVOCI')	12	4,908,985	6,409,937
Financial investments at amortised cost	13	5,291,202	4,577,078
Financing and advances	14	70,840,072	66,788,344
Other assets	15	315,599	320,985
Derivative assets		109,856	215,979
Statutory deposits with Bank Negara Malaysia ('BNM')		20,000	12,000
Deferred tax assets		87,749	6,794
Right of use assets		2,141	4,750
Property, plant and equipment		3,229	3,944
Intangible assets		3,028	3,133
<b>TOTAL ASSETS</b>		<b>94,116,592</b>	<b>86,890,826</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	16	66,875,150	60,830,175
Deposits and placements of banks and other financial institutions	17	8,965,204	7,124,095
Investment account due to designated financial institutions	18	9,301,036	8,840,858
Bills and acceptances payable		8,350	12,182
Other liabilities	19	482,307	785,816
Derivative liabilities		139,513	337,929
Recourse obligation on financing sold to Cagamas Berhad ('Cagamas')		2,030,535	3,023,760
Provision for taxation and zakat		154,652	52,548
Lease liabilities		2,147	4,840
Subordinated obligations		763,118	754,514
<b>TOTAL LIABILITIES</b>		<b>88,722,012</b>	<b>81,766,717</b>
Share capital		1,673,424	1,673,424
Reserves		3,721,156	3,450,685
<b>TOTAL EQUITY</b>		<b>5,394,580</b>	<b>5,124,109</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>94,116,592</b>	<b>86,890,826</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	27	<b>31,045,707</b>	<b>34,732,978</b>

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

**RHB ISLAMIC BANK BERHAD**  
**(Incorporated in Malaysia)**  
**Registration No. 200501003283 (680329-V)**

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENT**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

	Note	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
		<u>30 September</u> <u>2021</u> <u>RM'000</u>	<u>30 September</u> <u>2020</u> <u>RM'000</u>	<u>30 September</u> <u>2021</u> <u>RM'000</u>	<u>30 September</u> <u>2020</u> <u>RM'000</u>
Income derived from investment of depositors' funds	20	<b>734,217</b>	663,379	<b>2,202,151</b>	2,086,721
Income derived from investment account funds	21	<b>87,854</b>	83,036	<b>262,846</b>	278,116
Income derived from investment of shareholders' funds	22	<b>38,868</b>	45,889	<b>140,282</b>	127,290
Net modification loss	23	<b>(73,492)</b>	-	<b>(94,089)</b>	(232,788)
Allowance for credit losses on financial assets	24	<b>(50,405)</b>	(63,970)	<b>(171,530)</b>	(123,978)
Total distributable income		<b>737,042</b>	728,334	<b>2,339,660</b>	2,135,361
Income attributable to depositors	25	<b>(364,789)</b>	(412,553)	<b>(1,098,973)</b>	(1,340,647)
Profit distributed to investment account holders		<b>(72,939)</b>	(64,293)	<b>(213,358)</b>	(217,804)
		<b>299,314</b>	251,488	<b>1,027,329</b>	576,910
Personnel expenses		<b>(6,110)</b>	(6,640)	<b>(20,411)</b>	(21,078)
Other overheads and expenditures		<b>(91,594)</b>	(92,958)	<b>(288,244)</b>	(271,277)
Profit before taxation and zakat		<b>201,610</b>	151,890	<b>718,674</b>	284,555
Taxation and zakat		<b>(49,982)</b>	(49,890)	<b>(177,034)</b>	(72,111)
Net profit for the financial period		<b>151,628</b>	102,000	<b>541,640</b>	212,444
Basic earnings per share (sen)	26	<b>9.06</b>	6.10	<b>32.37</b>	12.70

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

**RHB ISLAMIC BANK BERHAD**  
**(Incorporated in Malaysia)**  
**Registration No. 200501003283 (680329-V)**

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

	<b><u>3rd Quarter Ended</u></b>		<b><u>Nine Months Ended</u></b>	
	<b><u>30 September</u></b>	<b><u>30 September</u></b>	<b><u>30 September</u></b>	<b><u>30 September</u></b>
	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
Net profit for the financial period	<b><u>151,628</u></b>	102,000	<b><u>541,640</u></b>	212,444
Other comprehensive income/(loss) in respect of:				
Items that will be reclassified subsequently to profit or loss:				
Debt instruments measured at FVOCI:				
- Unrealised net (loss)/gain on revaluation	<b>(36,012)</b>	90,423	<b>(199,128)</b>	232,230
- Net transfer to income statement on disposal	<b>(25,115)</b>	(12,176)	<b>(91,714)</b>	(35,167)
- Changes in expected credit losses	<b>410</b>	371	<b>74</b>	(223)
Income tax relating to components of other comprehensive loss/(income)	<b><u>14,671</u></b>	<u>(18,779)</u>	<b><u>69,802</u></b>	<u>(47,296)</u>
Other comprehensive (loss)/income, net of tax, for the financial period	<b><u>(46,046)</u></b>	<u>59,839</u>	<b><u>(220,966)</u></b>	<u>149,544</u>
Total comprehensive income for the financial period	<b><u>105,582</u></b>	<u>161,839</u>	<b><u>320,674</u></b>	<u>361,988</u>

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

**RHB ISLAMIC BANK BERHAD**  
**(Incorporated in Malaysia)**  
**Registration No. 200501003283 (680329-V)**

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

	Share capital RM'000	Non distributable		Distributable	Total RM'000
		FVOCI reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000	
<b>Balance as at 1 January 2021</b>	<b>1,673,424</b>	<b>226,849</b>	<b>327,805</b>	<b>2,896,031</b>	<b>5,124,109</b>
Net profit for the financial period	-	-	-	<b>541,640</b>	<b>541,640</b>
Other comprehensive income/(loss):					
Debt instruments measured at FVOCI:					
- Unrealised net loss on revaluation	-	<b>(199,128)</b>	-	-	<b>(199,128)</b>
- Net transfer to income statement on disposal	-	<b>(91,714)</b>	-	-	<b>(91,714)</b>
- Changes in expected credit losses		<b>74</b>			<b>74</b>
Income tax relating to components of other comprehensive loss	-	<b>69,802</b>	-	-	<b>69,802</b>
Other comprehensive loss, net of tax, for the financial period	-	<b>(220,966)</b>	-	-	<b>(220,966)</b>
Total comprehensive income/(loss) for the financial period	-	<b>(220,966)</b>	-	<b>541,640</b>	<b>320,674</b>
Dividend paid	-	-	-	<b>(50,203)</b>	<b>(50,203)</b>
Transfer from regulatory reserve	-	-	<b>(47,052)</b>	<b>47,052</b>	-
<b>Balance as at 30 September 2021</b>	<b>1,673,424</b>	<b>5,883</b>	<b>280,753</b>	<b>3,434,520</b>	<b>5,394,580</b>

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

**RHB ISLAMIC BANK BERHAD**  
**(Incorporated in Malaysia)**  
**Registration No. 200501003283 (680329-V)**

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

	Share capital	Non distributable		Distributable	Total
	RM'000	FVOCI reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000	
<b>Balance as at 1 January 2020</b>	1,673,424	120,030	442,869	2,530,491	4,766,814
Net profit for the financial period	-	-	-	212,444	212,444
Other comprehensive income/(loss):					
Debt instruments measured at FVOCI:					
- Unrealised net gain on revaluation	-	232,230	-	-	232,230
- Net transfer to income statement on disposal	-	(35,167)	-	-	(35,167)
- Changes in expected credit losses	-	(223)	-	-	(223)
Income tax relating to components of other comprehensive income	-	(47,296)	-	-	(47,296)
Other comprehensive income, net of tax, for the financial period	-	149,544	-	-	149,544
Total comprehensive income for the financial period	-	149,544	-	212,444	361,988
Dividend paid	-	-	-	(89,863)	(89,863)
Transfer from regulatory reserve	-	-	(64,783)	64,783	-
<b>Balance as at 30 September 2020</b>	1,673,424	269,574	378,086	2,717,855	5,038,939

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

**RHB ISLAMIC BANK BERHAD**  
**(Incorporated in Malaysia)**  
**Registration No. 200501003283 (680329-V)**

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

	Nine months ended	
	30 September 2021	30 September 2020
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	718,674	284,555
Adjustments for non-cash items	(54,188)	137,407
Operating profit before changes in working capital	664,486	421,962
Changes in working capital:		
Net changes in operating assets	(2,586,952)	(6,329,542)
Net changes in operating liabilities	6,847,280	5,010,702
Cash generated from/(used in) operations	4,924,814	(896,878)
Profit paid	(16,677)	(16,952)
Net tax and zakat paid	(86,083)	(119,529)
Net cash generated from/(used in) operating activities	4,822,054	(1,033,359)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(185)	(493)
Purchase of intangible assets	(476)	(425)
Proceeds from disposal of property, plant and equipment	160	-
Net proceeds from/(purchase of) financial assets at FVOCI and financial investments at amortised cost	571,925	(1,285,231)
Investment income received from financial assets at FVOCI and financial investments at amortised cost	317,790	270,066
Net cash generated from/(used in) investing activities	889,214	(1,016,083)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal lease payment	(2,794)	(2,323)
Dividend paid	(50,203)	(89,863)
Net cash used in financing activities	(52,997)	(92,186)
Net increase/(decrease) in cash and cash equivalents	5,658,271	(2,141,628)
Cash and cash equivalents at the beginning of the financial period	2,262,454	4,052,396
Cash and cash equivalents at the end of the financial period	7,920,725	1,910,768
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Cash and short-term funds	7,920,725	1,910,768

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

**RHB ISLAMIC BANK BERHAD**  
**(Incorporated in Malaysia)**  
**Registration No. 200501003283 (680329-V)**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

**1 BASIS OF PREPARATION**

The interim financial statements are unaudited and have been prepared in compliance with Malaysian Financial Reporting Standard ('MFRS') 134, 'Interim Financial Reporting' issued by Malaysian Accounting Standards Board ('MASB') and should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2020.

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

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

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

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

(b) Changes in regulatory requirements - measures issued by BNM

On 6 July 2021, BNM announced that individuals, micro-enterprise borrowers and small and medium enterprises ('SMEs') affected by the COVID-19 pandemic may start applying for the 6-month moratorium from 7 July 2021 onwards, in line with the Government's Pakej Perlindungan Rakyat dan Pemulihan Ekonomi ('PEMULIH').

The moratorium applies to ringgit and foreign currency denominated financing approved on or before 30 June 2021, not in arrears exceeding 90 days and customers must not be adjudicated bankrupts or under bankruptcy proceedings. All individuals, SMEs and microenterprises may opt for 6-month deferment of instalment or 50% reduction in their monthly instalment payment for a period of 6 months. There will be no compounding profit and any penalty profit during the moratorium period.

The financial impact arising from the adoption of the above measures is as disclosed in Note 23.

**2 AUDITORS' REPORT**

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

**3 SEASONAL OR CYCLICAL ITEMS**

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

**4 EXCEPTIONAL OR UNUSUAL ITEMS**

There were no exceptional or unusual items for the nine months ended 30 September 2021, other than the impact of COVID-19 and net modification loss as disclosed in Note 23.

**5 CHANGES IN ESTIMATES**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the nine months ended 30 September 2021.

**6 CHANGES IN DEBT AND EQUITY SECURITIES**

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the nine months ended 30 September 2021.

**7 DIVIDEND PAID**

During the nine months ended 30 September 2021, the Bank has paid a single-tier interim dividend of 3.00 sen per share in respect of the financial year ended 31 December 2020, amounting to RM50,203,000 on 25 March 2021.

**RHB ISLAMIC BANK BERHAD**  
**(Incorporated in Malaysia)**  
**Registration No. 200501003283 (680329-V)**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

8 INVESTMENT ACCOUNT ('IA')

IA is defined by the application of Shariah contracts as investment with non-principal guarantee feature. Under the Islamic Financial Services Act 2013, the priority payment for IA upon liquidation of Islamic Financial Institution ('IFI') is treated separately from Islamic deposit, in accordance with the rights and obligations accrued to the investment account holders. IA is further categorised to Restricted Investment Account ('RIA') and Unrestricted Investment Account ('URIA').

RIA refers to a type of investment account where the Investment Account Holder ('IAH') provides a specific investment mandate to the IFI such as purpose, asset class, economic sector and period for investment while URIA refers to a type of investment account where the IAH provides the IFI with the mandate to make the ultimate investment decision without specifying any particular restrictions or conditions.

IA are contracts based on the Shariah concept below:

- Mudharabah between two parties, customer and the Bank, to finance a business venture where the customer provides capital and the business venture is managed solely by the Bank. The profit of the business venture will be shared based on pre-agreed ratios with the Bank as Mudharib (manager or manager of funds), and losses shall be borne solely by customers.
- Details of the IA are as disclosed in Note 18.

9 SECURITIES PURCHASED UNDER RESALE AGREEMENTS

	<b>As at 30 September 2021</b>	<b>As at 31 December 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
Malaysian Government Investment Issues	<b>2,587,453</b>	<b>3,767,531</b>

10 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	<b>As at 30 September 2021</b>	<b>As at 31 December 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed Islamic banks	<b>397,861</b>	478,762
BNM	<b>1,628,692</b>	1,931,457
	<b>2,026,553</b>	<b>2,410,219</b>

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

	<b>As at 30 September 2021</b>	<b>As at 31 December 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Mandatory measured at fair value</b>		
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	<b>-</b>	<b>107,678</b>



**RHB ISLAMIC BANK BERHAD**  
**(Incorporated in Malaysia)**  
**Registration No. 200501003283 (680329-V)**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

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

	<b>As at 30 September 2021</b>	<b>As at 31 December 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
Debt instruments	<b>4,908,985</b>	6,409,937
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	<b>1,163,271</b>	1,714,309
Islamic Cagamas bonds	-	10,156
Negotiable Islamic debt certificates	-	397,744
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Corporate sukuk	<b>3,745,714</b>	4,287,728
	<b>4,908,985</b>	6,409,937

(a) Movement in allowance for credit losses recognised in FVOCI reserve

	<b>12-month ECL (Stage 1)</b>	<b>Lifetime ECL not credit impaired (Stage 2)</b>	<b>Lifetime ECL credit impaired (Stage 3)</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 September 2021</b>				
Balance as at the beginning of the financial period	<b>2,001</b>	-	-	<b>2,001</b>
Allowance made during the financial period	<b>74</b>	-	-	<b>74</b>
Balance as at the end of the financial period	<b>2,075</b>	-	-	<b>2,075</b>
<b>31 December 2020</b>				
Balance as at the beginning of the financial year	2,395	-	-	2,395
Allowance written back during the financial year	(394)	-	-	(394)
Balance as at the end of the financial year	2,001	-	-	2,001

**RHB ISLAMIC BANK BERHAD**  
**(Incorporated in Malaysia)**  
**Registration No. 200501003283 (680329-V)**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

13 FINANCIAL INVESTMENTS AT AMORTISED COST

	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
<b>At amortised cost</b>		
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	370,616	389,129
Sukuk Perumahan Kerajaan	10,135	10,031
Islamic Cagamas bonds	15,003	-
Islamic Khazanah bonds	123,051	145,214
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Corporate sukuk	4,777,528	4,037,396
	<u>5,296,333</u>	<u>4,581,770</u>
Allowance for credit losses	(5,131)	(4,692)
	<u><u>5,291,202</u></u>	<u><u>4,577,078</u></u>

Included in financial investments at amortised cost are exposures to RIA as part of arrangement between the Bank and its holding company, RHB Bank Berhad ('RHB Bank') and other financial institutions.

Gross exposure to RIA financing as at 30 September 2021 is RM1,357,992,000 (31 December 2020: RM811,775,000). The portfolio expected credit losses for financial investments at amortised cost relating to RIA is borne solely by the investors and the amount recognised in the financial statements of RHB Bank is RM265,993,000 as at 30 September 2021 (31 December 2020: RM220,170,000).

(a) Movement in allowance for credit losses

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
<b>30 September 2021</b>				
Balance as at the beginning of the financial period	4,557	135	-	4,692
Allowance made/(written back) during the financial period	574	(135)	-	439
Balance as at the end of the financial period	<u>5,131</u>	<u>-</u>	<u>-</u>	<u>5,131</u>
<b>31 December 2020</b>				
Balance as at the beginning of the financial year	5,182	189	-	5,371
Allowance written back during the financial year	(625)	(54)	-	(679)
Balance as at the end of the financial year	<u>4,557</u>	<u>135</u>	<u>-</u>	<u>4,692</u>

**RHB ISLAMIC BANK BERHAD**  
**(Incorporated in Malaysia)**  
**Registration No. 200501003283 (680329-V)**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

14 FINANCING AND ADVANCES

<b>30 September 2021</b>	<b>Bai'</b>					
	<b>Bithaman</b>					
<b>At amortised cost</b>	<b>Ajil ('BBA')</b>	<b>Ijarah *</b>	<b>Murabahah</b>	<b>Musyarakah</b>	<b>Others</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>
Cashline	-	-	975,407	-	28,529	1,003,936
Term financing:						
- Housing financing	283,637	-	9,874,804	13,182,849	751	23,342,041
- Syndicated term financing	-	-	3,064,438	-	19,181	3,083,619
- Hire purchase receivables	-	8,741,247	-	-	60,656	8,801,903
- Other term financing	702	105,154	30,851,028	-	24	30,956,908
Bills receivables	-	-	458,873	-	-	458,873
Trust receipts	-	-	64,348	-	-	64,348
Claims on customers under acceptance credits	-	-	1,132,199	-	-	1,132,199
Share margin financing	-	-	2,897	-	-	2,897
Staff financing	1,402	-	10,180	-	-	11,582
Credit/charge card receivables	-	-	-	-	255,819	255,819
Revolving financing	-	-	2,353,477	-	-	2,353,477
Gross financing and advances	<u>285,741</u>	<u>8,846,401</u>	<u>48,787,651</u>	<u>13,182,849</u>	<u>364,960</u>	<u>71,467,602</u>
Fair value changes arising from fair value hedge						<u>24,000</u>
						<u>71,491,602</u>
Allowance for credit losses on financing and advances						<u>(651,530)</u>
Net financing and advances						<u><u>70,840,072</u></u>

\* The Bank is the owner of the asset throughout the tenure of the ijarah financing. The ownership of the asset will be transferred to the customer via sale at the end of the Ijarah financing.

**RHB ISLAMIC BANK BERHAD**  
**(Incorporated in Malaysia)**  
**Registration No. 200501003283 (680329-V)**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

14 FINANCING AND ADVANCES (CONTINUED)

<b>31 December 2020</b>	<b>Bai'</b>					
	<b>Bithaman</b>					
	<b>Ajil ('BBA')</b>	<b>Ijarah *</b>	<b>Murabahah</b>	<b>Musyarakah</b>	<b>Others</b>	<b>Total</b>
<b>At amortised cost</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>
Cashline	-	-	825,982	-	30,384	856,366
Term financing:						
- Housing financing	310,409	-	7,775,856	13,081,273	1,905	21,169,443
- Syndicated term financing	-	-	3,349,361	-	19,181	3,368,542
- Hire purchase receivables	-	8,539,853	-	-	58,646	8,598,499
- Other term financing	670	114,631	29,459,785	-	3,419	29,578,505
Bills receivables	-	-	386,964	-	-	386,964
Trust receipts	-	-	37,079	-	-	37,079
Claims on customers under acceptance credits	-	-	764,298	-	-	764,298
Share margin financing	-	-	2,546	-	-	2,546
Staff financing	1,521	-	9,420	-	-	10,941
Credit/charge card receivables	-	-	-	-	273,966	273,966
Revolving financing	-	-	2,162,771	-	-	2,162,771
Gross financing and advances	312,600	8,654,484	44,774,062	13,081,273	387,501	67,209,920
Fair value changes arising from fair value hedge						109,684
						67,319,604
Allowance for credit losses on financing and advances						(531,260)
Net financing and advances						66,788,344

\* The Bank is the owner of the asset throughout the tenure of the ijarah financing. The ownership of the asset will be transferred to the customer via sale at the end of the Ijarah financing.

**RHB ISLAMIC BANK BERHAD**  
**(Incorporated in Malaysia)**  
**Registration No. 200501003283 (680329-V)**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

14 FINANCING AND ADVANCES (CONTINUED)

- (a) Included in financing and advances are exposures to RIA as part of arrangement between the Bank and its holding company, RHB Bank.

As at 30 September 2021, the gross exposure to RIA financing is RM7,259,762,000 (31 December 2020: RM7,917,534,000) and the portfolio expected credit losses for financing and advances relating to RIA amounting to RM147,237,000 (31 December 2020: RM164,445,000) is recognised in the financial statements of RHB Bank.

- (b) Included in term financing are housing financing sold to Cagamas amounting to RM1,916,504,000 (31 December 2020: RM2,896,091,000).

(i) By type of customer	As at <u>30 September 2021</u> RM'000	As at <u>31 December 2020</u> RM'000
Domestic non-bank financial institutions	2,526,014	2,664,899
Domestic business enterprises:		
- Small medium enterprises	6,377,171	5,317,492
- Others	14,660,795	13,963,090
Government and statutory bodies	6,289,736	6,447,168
Individuals	41,251,493	38,441,528
Other domestic entities	128,719	121,727
Foreign entities	233,674	254,016
	<u>71,467,602</u>	<u>67,209,920</u>
 (ii) By profit rate sensitivity		
Fixed rate:		
- Housing financing	11,584	1,521
- Hire-purchase receivables	1,228,177	1,544,122
- Other fixed rate financing	10,310,997	10,764,142
Variable rate:		
- Base financing rate-plus	40,863,319	36,457,513
- Cost-plus	18,254,774	18,247,514
- Other variable rates	798,751	195,108
	<u>71,467,602</u>	<u>67,209,920</u>
 (iii) By economic sector		
Agriculture, hunting, forestry and fishing	1,509,702	1,447,001
Mining and quarrying	85,095	114,934
Manufacturing	2,481,678	2,079,858
Electricity, gas and water	557,416	226,175
Construction	4,933,429	4,853,654
Wholesale and retail trade and restaurant and hotel	2,847,994	2,177,615
Transport, storage and communication	4,990,964	5,212,091
Finance, insurance, real estate and business services	5,970,140	5,684,002
Government and government agencies	3,274,052	3,432,112
Education, health and others	3,330,915	3,330,492
Household sector	41,477,991	38,608,107
Others	8,226	43,879
	<u>71,467,602</u>	<u>67,209,920</u>

**RHB ISLAMIC BANK BERHAD**  
**(Incorporated in Malaysia)**  
**Registration No. 200501003283 (680329-V)**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

14 FINANCING AND ADVANCES (CONTINUED)

	<u>As at</u> <u>30 September 2021</u>	<u>As at</u> <u>31 December 2020</u>
	RM'000	RM'000
(iv) By purpose		
Purchase of securities	5,381,798	5,288,201
Purchase of transport vehicles	8,767,908	8,556,880
Purchase of landed property:		
- Residential	22,126,611	20,007,111
- Non-residential	5,388,821	5,101,564
Purchase of property, plant and equipment other than land and building	700,672	614,675
Personal use	4,768,079	4,607,262
Credit card	255,819	273,966
Construction	1,036,183	1,117,589
Working capital	16,184,407	14,660,736
Merger and acquisition	1,276,443	1,314,861
Other purposes	5,580,861	5,667,075
	<u>71,467,602</u>	<u>67,209,920</u>
(v) By geographical distribution		
In Malaysia	<u>71,467,602</u>	<u>67,209,920</u>
(vi) By remaining contractual maturities		
Maturing within one year	6,911,844	6,082,032
One year to three years	6,485,237	4,077,510
Three years to five years	3,836,013	7,105,019
Over five years	54,234,508	49,945,359
	<u>71,467,602</u>	<u>67,209,920</u>
(vii) Impaired financing and advances		
(a) Movement in impaired financing and advances		
Balance as at the beginning of the financial period/year	435,207	466,169
Transfer to 12-month ECL (Stage 1)	(11,818)	(15,918)
Transfer to lifetime ECL not credit impaired (Stage 2)	(49,229)	(42,625)
Transfer to lifetime ECL credit impaired (Stage 3)	181,004	176,565
Purchases and origination	20,663	26,127
Derecognition	(70,553)	(104,208)
Amount written off	(68,229)	(70,664)
Modification of contractual cash flows	(12)	(239)
Balance as at the end of the financial period/year	<u>437,033</u>	<u>435,207</u>

**RHB ISLAMIC BANK BERHAD**  
**(Incorporated in Malaysia)**  
**Registration No. 200501003283 (680329-V)**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

14 FINANCING AND ADVANCES (CONTINUED)

(vii) Impaired financing and advances (continued)

	<u>As at</u> <u>30 September 2021</u>	<u>As at</u> <u>31 December 2020</u>
	RM'000	RM'000
(b) By economic sector		
Agriculture, hunting, forestry and fishing	410	359
Mining and quarrying	4	13
Manufacturing	25,897	23,644
Electricity, gas and water	3,356	3,805
Construction	38,044	43,907
Wholesale and retail trade and restaurant and hotel	41,752	47,882
Transport, storage and communication	19,929	14,429
Finance, insurance, real estate and business services	35,251	33,676
Education, health and others	85	6,888
Household sector	272,305	260,518
Others	-	86
	<u>437,033</u>	<u>435,207</u>
(c) By purpose		
Purchase of securities	531	677
Purchase of transport vehicles	54,356	51,713
Purchase of landed property:		
- Residential	191,830	190,461
- Non-residential	59,555	64,686
Purchase of property, plant and equipment other than land and building	3,057	3,230
Personal use	21,871	7,485
Credit card	3,298	3,610
Working capital	69,829	78,506
Other purposes	32,706	34,839
	<u>437,033</u>	<u>435,207</u>
(d) By geographical distribution		
In Malaysia	<u>437,033</u>	<u>435,207</u>

**RHB ISLAMIC BANK BERHAD**  
(Incorporated in Malaysia)  
Registration No. 200501003283 (680329-V)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

14 FINANCING AND ADVANCES (CONTINUED)

(vii) Impaired financing and advances (continued)

(e) Movement in allowance for credit losses

	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
<b>30 September 2021</b>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Balance as at the beginning of the financial period	156,636	195,019	179,605	531,260
Changes due to financial assets recognised in the opening balance that have been:				
- Transferred to 12-month ECL (Stage 1)	36,534	(32,904)	(3,630)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(11,731)	28,243	(16,512)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(580)	(7,420)	8,000	-
	24,223	(12,081)	(12,142)	-
Allowance made/(written back) during the financial period	(19,674)	132,140	86,498	198,964
Changes in model methodologies	(547)	(1,230)	55	(1,722)
Bad debts written off	-	-	(42,516)	(42,516)
Derecognition	(3,673)	(10,683)	(20,100)	(34,456)
Balance as at the end of the financial period	<u>156,965</u>	<u>303,165</u>	<u>191,400</u>	<u>651,530</u>



**RHB ISLAMIC BANK BERHAD**  
**(Incorporated in Malaysia)**  
**Registration No. 200501003283 (680329-V)**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

14 FINANCING AND ADVANCES (CONTINUED)

(vii) Impaired financing and advances (continued)

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

	<b>12-month ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not credit impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>31 December 2020</b>				
Balance as at the beginning of the financial year	67,562	99,609	173,882	341,053
Changes due to financial assets recognised in the opening balance that have been:				
- Transferred to 12-month ECL (Stage 1)	29,383	(24,092)	(5,291)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(8,766)	21,718	(12,952)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(266)	(3,841)	4,107	-
	20,351	(6,215)	(14,136)	-
Allowance made during the financial year	77,605	107,516	91,163	276,284
Bad debts written off	-	-	(41,550)	(41,550)
Derecognition	(8,882)	(5,891)	(29,754)	(44,527)
Balance as at the end of the financial year	<u>156,636</u>	<u>195,019</u>	<u>179,605</u>	<u>531,260</u>

**RHB ISLAMIC BANK BERHAD**  
**(Incorporated in Malaysia)**  
**Registration No. 200501003283 (680329-V)**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

15 OTHER ASSETS

	<u>As at</u> <u>30 September 2021</u>	<u>As at</u> <u>31 December 2020</u>
	<u>RM'000</u>	<u>RM'000</u>
Prepayments	30,377	27,588
Deposits	1,519	1,535
Amount due to a related company	64	-
Other receivables	283,639	291,862
	<u>315,599</u>	<u>320,985</u>

16 DEPOSITS FROM CUSTOMERS

	<u>As at</u> <u>30 September 2021</u>	<u>As at</u> <u>31 December 2020</u>
	<u>RM'000</u>	<u>RM'000</u>
<u>Savings Deposits</u>		
Qard	2,574,772	2,094,100
<u>Demand Deposits</u>		
Qard	6,553,333	5,981,871
Commodity Murabahah	2,663,087	1,464,521
<u>Term Deposits</u>		
Commodity Murabahah	48,126,770	42,962,476
<u>Specific Investment Account</u>		
Commodity Murabahah	6,956,736	8,289,588
<u>General Investment Account</u>		
Mudharabah	452	37,619
	<u>66,875,150</u>	<u>60,830,175</u>

(a) The maturity structure of investment accounts and term deposits are as follows:

Due within six months	43,036,041	37,638,943
Six months to one year	10,603,798	12,325,774
One year to three years	1,420,466	909,096
Three years to five years	23,653	415,870
	<u>55,083,958</u>	<u>51,289,683</u>

(b) The deposits are sourced from the following classes of customers:

Government and statutory bodies	13,407,122	13,311,167
Business enterprises	26,966,470	26,275,936
Individuals	25,682,007	20,612,596
Others	819,551	630,476
	<u>66,875,150</u>	<u>60,830,175</u>

**RHB ISLAMIC BANK BERHAD**  
**(Incorporated in Malaysia)**  
**Registration No. 200501003283 (680329-V)**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

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

	Note	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
<u>Non-Mudharabah Funds:</u>			
Licensed Islamic banks		997,176	948,447
Licensed banks		7,021,084	5,882,079
Licensed investment banks		751,206	149,675
BNM	(a)	141,542	121,750
		<b>8,911,008</b>	7,101,951
<u>Mudharabah Funds:</u>			
Other financial institutions		54,196	22,144
		<b>8,965,204</b>	7,124,095

(a) Included in deposits and placements by BNM is an amount received under the Government scheme as part of the COVID-19 relief measures for the purpose of financing to SMEs at a concessionary rate and with a six-year maturity to be repaid in June 2026.

**18 INVESTMENT ACCOUNT DUE TO DESIGNATED FINANCIAL INSTITUTIONS**

	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
<u>Restricted Investment Account:</u>		
Mudharabah	<b>9,301,036</b>	8,840,858
<u>By type of counterparty:</u>		
Licensed banks	<b>9,301,036</b>	8,840,858
<u>Investment asset (principal):</u>		
Personal financing (Note 14(a))	1,000,000	1,000,000
Other term financing (Note 14(a))	6,259,762	6,917,534
Short-term funds	545,000	-
Unquoted securities (Note 13)	1,357,992	811,775
	<b>9,162,754</b>	8,729,309

As at 30 September 2021, the amount of the restricted investment account placed by the holding company, RHB Bank, amounted to RM8,952,070,000 (31 December 2020: RM8,840,858,000).

**19 OTHER LIABILITIES**

	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
Sundry creditors	9,960	7,959
Amount due to holding company	252,715	263,326
Amount due to other related companies	54	876
Contract liability	136,680	141,946
Short term employee benefits	4,301	5,306
Accrual for operational expenses	12,593	13,722
Other accruals and payables	66,004	352,681
	<b>482,307</b>	785,816

**RHB ISLAMIC BANK BERHAD**  
**(Incorporated in Malaysia)**  
**Registration No. 200501003283 (680329-V)**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

20 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	<u>30 September</u> <u>2021</u> <u>RM'000</u>	<u>30 September</u> <u>2020</u> <u>RM'000</u>	<u>30 September</u> <u>2021</u> <u>RM'000</u>	<u>30 September</u> <u>2020</u> <u>RM'000</u>
Income derived from investment of:				
(i) General investment deposits	<b>4</b>	773	<b>369</b>	3,128
(ii) Other deposits	<b>734,213</b>	662,606	<b>2,201,782</b>	2,083,593
	<u><b>734,217</b></u>	<u>663,379</u>	<u><b>2,202,151</b></u>	<u>2,086,721</u>
(i) Income derived from investment of general investment deposits:				
Financing and advances	<b>2</b>	639	<b>292</b>	2,602
Securities purchased under resale agreements	-	6	<b>6</b>	41
Financial assets at FVTPL	-	-	-	3
Financial assets at FVOCI	-	59	<b>27</b>	222
Financial investments at amortised cost	<b>1</b>	32	<b>17</b>	119
Money at call and deposits with banks and other financial institutions	<b>2</b>	10	<b>12</b>	70
Total finance income and hibah	<u><b>5</b></u>	<u>746</u>	<u><b>354</b></u>	<u>3,057</u>
Other operating income/(loss) (Note a)	<b>(1)</b>	27	<b>15</b>	71
	<u><b>4</b></u>	<u>773</u>	<u><b>369</b></u>	<u>3,128</u>
Of which:				
Financing income earned on impaired financing	<u>-</u>	<u>-</u>	<u><b>2</b></u>	<u>10</u>
(a) Other operating income comprise of:				
Fee income:				
- Commission	-	2	<b>1</b>	8
- Guarantee fees	-	-	-	2
	<u>-</u>	<u>2</u>	<u><b>1</b></u>	<u>10</u>
Net gain on revaluation of financial assets at FVTPL	-	10	-	1
Net (loss)/gain on disposal of financial assets at FVTPL	-	(1)	<b>(1)</b>	9
Net gain/(loss) on disposal of financial assets at FVOCI	<b>(1)</b>	16	<b>15</b>	51
	<u><b>(1)</b></u>	<u>27</u>	<u><b>15</b></u>	<u>71</u>

**RHB ISLAMIC BANK BERHAD**  
(Incorporated in Malaysia)  
Registration No. 200501003283 (680329-V)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

20 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS (CONTINUED)

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	<u>30 September</u>	30 September	<u>30 September</u>	30 September
	<u>2021</u>	2020	<u>2021</u>	2020
	<u>RM'000</u>	RM'000	<u>RM'000</u>	RM'000
(ii) Income derived from investment of other deposits:				
Financing and advances	<b>589,092</b>	548,371	<b>1,753,827</b>	1,733,080
Securities purchased under resale agreements	<b>8,885</b>	6,545	<b>32,791</b>	27,375
Financial assets at FVTPL	<b>2</b>	364	<b>1,275</b>	2,318
Financial assets at FVOCI	<b>45,478</b>	49,355	<b>152,182</b>	147,819
Financial investments at amortised cost	<b>34,505</b>	26,774	<b>99,821</b>	79,250
Money at call and deposits with banks and other financial institutions	<b>28,018</b>	10,113	<b>66,834</b>	46,382
Other income	<b>-</b>	-	<b>-</b>	16
Total finance income and hibah	<b>705,980</b>	641,522	<b>2,106,730</b>	2,036,240
Other operating income (Note a)	<b>28,233</b>	21,084	<b>95,052</b>	47,353
	<b>734,213</b>	662,606	<b>2,201,782</b>	2,083,593
Of which:				
Financing income earned on impaired financing	<b>7,660</b>	1,680	<b>13,934</b>	6,690
(a) Other operating income comprise of:				
Fee income:				
- Commission	<b>2,348</b>	1,374	<b>7,409</b>	5,095
- Guarantee fees	<b>889</b>	720	<b>2,475</b>	1,659
	<b>3,237</b>	2,094	<b>9,884</b>	6,754
Net gain on revaluation of financial assets at FVTPL	<b>1,699</b>	6,207	<b>30</b>	743
Net (loss)/gain on disposal of financial assets at FVTPL	<b>(1,256)</b>	(239)	<b>(4,460)</b>	5,711
Net gain on disposal of financial assets at FVOCI	<b>24,553</b>	13,022	<b>89,598</b>	34,145
	<b>28,233</b>	21,084	<b>95,052</b>	47,353

21 INCOME DERIVED FROM INVESTMENT ACCOUNT FUNDS

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	<u>30 September</u>	30 September	<u>30 September</u>	30 September
	<u>2021</u>	2020	<u>2021</u>	2020
	<u>RM'000</u>	RM'000	<u>RM'000</u>	RM'000
Financing and advances	<b>70,237</b>	71,840	<b>217,989</b>	243,329
Financial investments at amortised cost	<b>17,257</b>	11,196	<b>44,497</b>	34,761
Money at call and deposits with banks and other financial institutions	<b>360</b>	-	<b>360</b>	26
Total finance income and hibah	<b>87,854</b>	83,036	<b>262,846</b>	278,116

**RHB ISLAMIC BANK BERHAD**  
**(Incorporated in Malaysia)**  
**Registration No. 200501003283 (680329-V)**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

22 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	<u>30 September</u>	30 September	<u>30 September</u>	30 September
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Financing and advances	<b>13,578</b>	14,802	<b>41,127</b>	49,209
Securities purchased under resale agreements	<b>204</b>	172	<b>769</b>	777
Financial assets at FVTPL	<b>-</b>	9	<b>30</b>	66
Financial assets at FVOCI	<b>1,045</b>	1,337	<b>3,569</b>	4,197
Financial investments at amortised cost	<b>796</b>	726	<b>2,341</b>	2,250
Money at call and deposits with banks and other financial institutions	<b>649</b>	264	<b>1,567</b>	1,317
Total finance income and hibah	<b>16,272</b>	17,310	<b>49,403</b>	57,816
Other operating income (Note a)	<b>22,596</b>	28,579	<b>90,879</b>	69,474
	<b>38,868</b>	45,889	<b>140,282</b>	127,290
Of which:				
Financing income earned on impaired financing	<b>179</b>	48	<b>327</b>	193
(a) Other operating income comprise of:				
Fee income:				
- Commission	<b>8,681</b>	7,217	<b>32,619</b>	20,670
- Guarantee and underwriting fees	<b>20</b>	20	<b>58</b>	47
- Service charges and fees	<b>21,308</b>	22,177	<b>73,952</b>	54,899
	<b>30,009</b>	29,414	<b>106,629</b>	75,616
Net gain on revaluation of financial assets at FVTPL	<b>40</b>	180	<b>1</b>	21
Net (loss)/gain on disposal of financial assets at FVTPL	<b>(29)</b>	(11)	<b>(105)</b>	162
Net gain on disposal of financial investments at FVOCI	<b>563</b>	357	<b>2,101</b>	970
Net loss on revaluation of derivatives	<b>(5,194)</b>	(8,643)	<b>(25,939)</b>	(16,936)
Net (loss)/gain on fair value hedges	<b>(2,174)</b>	429	<b>(1,212)</b>	1,735
Other income:				
- Foreign exchange gain	<b>37</b>	7,027	<b>10,984</b>	8,789
- Loss on disposal of property, plant and equipment	<b>-</b>	-	<b>(32)</b>	-
- Other non-operating loss	<b>(656)</b>	(174)	<b>(1,548)</b>	(883)
	<b>22,596</b>	28,579	<b>90,879</b>	69,474

**RHB ISLAMIC BANK BERHAD**  
**(Incorporated in Malaysia)**  
**Registration No. 200501003283 (680329-V)**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

23 NET MODIFICATION LOSS

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

24 ALLOWANCE FOR CREDIT LOSSES ON FINANCIAL ASSETS

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	RM'000	RM'000	RM'000	RM'000
<u>Charge/(Writeback)</u>				
Financing and advances:				
- Net charge	41,236	63,890	162,786	126,046
- Bad debts recovered	(4,093)	(9,624)	(15,585)	(18,909)
- Bad debts written off	13,154	6,498	23,965	13,868
	<u>50,297</u>	<u>60,764</u>	<u>171,166</u>	<u>121,005</u>
Financial assets at FVOCI	410	371	74	(223)
Financial investments at amortised cost	(116)	2,844	439	2,946
Other financial assets	(186)	(9)	(149)	250
	<u>50,405</u>	<u>63,970</u>	<u>171,530</u>	<u>123,978</u>

25 INCOME ATTRIBUTABLE TO DEPOSITORS

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
- Mudharabah funds	4,126	3,752	11,892	13,232
- Non-Mudharabah funds	301,471	350,396	931,844	1,149,199
Deposits and placements of banks and other financial institutions:				
- Non-Mudharabah funds	32,478	25,513	65,362	79,956
Others:				
- Subordinated obligations	8,520	8,519	25,281	25,373
- Recourse obligation on financing sold to Cagamas	18,162	24,311	64,493	72,755
- Others	32	62	101	132
	<u>364,789</u>	<u>412,553</u>	<u>1,098,973</u>	<u>1,340,647</u>

26 EARNINGS PER SHARE

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Net profit for the financial period (RM'000)	<u>151,628</u>	<u>102,000</u>	<u>541,640</u>	<u>212,444</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,673,424</u>	<u>1,673,424</u>	<u>1,673,424</u>	<u>1,673,424</u>
Basic earnings per share (sen)	<u>9.06</u>	<u>6.10</u>	<u>32.37</u>	<u>12.70</u>

**RHB ISLAMIC BANK BERHAD**  
**(Incorporated in Malaysia)**  
**Registration No. 200501003283 (680329-V)**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

**27 COMMITMENTS AND CONTINGENCIES**

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to customers.

	<b>As at</b>	<b>As at</b>
	<b>30 September 2021</b>	<b>31 December 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Transaction-related contingent items	<b>322,654</b>	321,425
Short term self-liquidating trade-related contingencies	<b>24,623</b>	24,011
Irrevocable commitments to extend credit:		
- Maturity less than one year	<b>1,224</b>	705
- Maturity more than one year	<b>9,978,805</b>	8,829,638
Foreign exchange related contracts <sup>^</sup> :		
- Less than one year	<b>10,813,547</b>	13,436,013
- One year to less than five years	<b>419,788</b>	834,440
- More than five years	<b>545,400</b>	946,305
Profit rate related contracts <sup>^</sup> :		
- Less than one year	<b>2,660,000</b>	4,130,225
- One year to less than five years	<b>2,000,000</b>	1,685,000
- More than five years	<b>1,800,000</b>	2,115,000
Any commitments that are unconditionally cancelled at any time by the time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	<b>2,479,666</b>	2,410,216
	<b>31,045,707</b>	34,732,978

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

**28 CAPITAL COMMITMENTS**

	<b>As at</b>	<b>As at</b>
	<b>30 September 2021</b>	<b>31 December 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Capital expenditure for property, plant and equipment:		
- Authorised and contracted for	<b>2,929</b>	900



**RHB ISLAMIC BANK BERHAD**  
**(Incorporated in Malaysia)**  
**Registration No. 200501003283 (680329-V)**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

29 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Bank analyses its financial instruments measured at fair value into three categories as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuations derived from valuation techniques in which 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:

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<b><u>30 September 2021</u></b>				
Financial assets at FVOCI:	-	4,908,985	-	4,908,985
- money market instruments	-	1,163,271	-	1,163,271
- unquoted securities	-	3,745,714	-	3,745,714
Derivative assets	-	109,856	-	109,856
	-	<u>5,018,841</u>	-	<u>5,018,841</u>
<b><u>Financial liabilities</u></b>				
Derivative liabilities	-	<u>139,513</u>	-	<u>139,513</u>
<b><u>31 December 2020</u></b>				
<b><u>Financial assets</u></b>				
Financial assets at FVTPL:				
- money market instruments	-	107,678	-	107,678
Financial assets at FVOCI:	-	6,409,937	-	6,409,937
- money market instruments	-	2,122,209	-	2,122,209
- unquoted securities	-	4,287,728	-	4,287,728
Derivative assets	-	215,979	-	215,979
	-	<u>6,733,594</u>	-	<u>6,733,594</u>
<b><u>Financial liabilities</u></b>				
Derivative liabilities	-	<u>337,929</u>	-	<u>337,929</u>

**RHB ISLAMIC BANK BERHAD**  
**(Incorporated in Malaysia)**  
**Registration No. 200501003283 (680329-V)**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

29 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(i) Valuation techniques and sensitivity analysis

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. This would include quoted securities.

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 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 non-transferable and non-tradable perpetual sukuk and impaired securities.

**RHB ISLAMIC BANK BERHAD**  
**(Incorporated in Malaysia)**  
**Registration No. 200501003283 (680329-V)**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

30 CAPITAL ADEQUACY

BNM guidelines on capital adequacy requires 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.

Pursuant to Capital Adequacy Framework (Basel II – Risk Weighted Assets ('RWA')), the Bank will not apply prudential capital floors on RWA effective from 30 September 2021 upon completion of a three-year Internal Rating Based ('IRB') approach implementation.

The capital adequacy ratios of the Bank are as follows:

	As at <b>30 September 2021</b>	As at 31 December 2020
	RM'000	RM'000
<b><u>Common Equity Tier-I ('CET-I') Capital /Tier-I Capital</u></b>		
Share capital	1,673,424	1,673,424
Retained profits	3,282,892	2,896,031
FVOCI reserve	3,808	224,848
	<u>4,960,124</u>	<u>4,794,303</u>
Less:		
Deferred tax assets	(89,472)	(78,167)
Intangible assets (include associated deferred tax liabilities)	(2,508)	(2,767)
55% of cumulative gains arising from change in value of FVOCI instruments	(2,094)	(123,666)
Other deductions*	(707)	(2,643)
Total CET-I/Total Tier-I Capital	<u>4,865,343</u>	<u>4,587,060</u>
<b><u>Tier-II Capital</u></b>		
Subordinated obligations	750,000	750,000
Surplus eligible provisions over expected losses	134,632	137,002
General provisions <sup>^</sup>	66,239	69,026
Total Tier-II Capital	<u>950,871</u>	<u>956,028</u>
Total Capital	<u>5,816,214</u>	<u>5,543,088</u>
<b><u>Capital Ratios</u></b>		
Before proposed dividends:		
CET-I Capital Ratio	16.012%	14.877%
Tier-I Capital Ratio	16.012%	14.877%
Total Capital Ratio	<u>19.141%</u>	<u>17.977%</u>
After proposed dividends:		
CET-I Capital Ratio	16.012%	14.714%
Tier-I Capital Ratio	16.012%	14.714%
Total Capital Ratio	<u>19.141%</u>	<u>17.815%</u>

\* Pursuant to the Basel II Market Risk para 5.18 and 5.19 – Valuation Adjustments, the Capital Adequacy Framework for Islamic Banks (Basel II - Risk Weighted Assets) calculation shall account for the ageing, liquidity and holding back adjustments/reserves on its trading portfolio.

<sup>^</sup> Pursuant to BNM's policy document on Financial Reporting for Islamic Banking Institutions, general provision refers to loss allowance measured at an amount equal to 12-month and lifetime expected credit losses as defined under MFRS 9 'Financial Instruments' and regulatory reserve, to the extent they are ascribed to non-credit-impaired exposures, determined under standardised approach for credit risk.

Includes the qualifying regulatory reserve of the Bank of RM54,073,000 (31 December 2020: RM54,526,000).

**RHB ISLAMIC BANK BERHAD**  
**(Incorporated in Malaysia)**  
**Registration No. 200501003283 (680329-V)**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

30 CAPITAL ADEQUACY (CONTINUED)

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

	<b>As at</b> <b>30 September 2021</b>	<b>As at</b> <b>31 December 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit risk	<b>35,660,863</b>	35,557,840
Credit risk absorbed by PSIA <sup>+</sup>	<b>(7,869,560)</b>	(7,202,054)
Market risk	<b>112,871</b>	210,344
Operational risk	<b>2,481,612</b>	2,223,938
Additional RWA due to capital floor	<b>-</b>	43,510
Total risk-weighted assets	<b><u>30,385,786</u></b>	<b><u>30,833,578</u></b>

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

<sup>+</sup> In accordance with BNM's 'Guidelines on the Recognition and Measurement of Profit Sharing Investment Account ('PSIA') as Risk Absorbent', the credit risk of the assets funded by the Restricted Profit Sharing Investment account ('RPSIA') which qualifies as risk absorbent are excluded from the risk weighted capital ratio ('RWCR') calculation.

31 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

32 EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There are no material events subsequent to the balance sheet date that have not been reflected in the financial statements other than as mentioned below:

- (a) On 14 October 2021, BNM has announced that B50 individuals who continue to be affected by the COVID-19 pandemic and are under an existing repayment assistance program, may start applying for financial assistance under the Financial Management and Resilience Programme ('URUS') managed by Agensi Kaunseling dan Pengurusan Kredit ('AKPK') from 15 November 2021 until 31 January 2022. Under URUS, AKPK will provide the customer with a personalised financial plan that is developed holistically, taking into account the customer's financial circumstances and ability to afford repayment of all the customer's financing obligations. The financial plan will encompass options of either a profit waiver of three months or a profit waiver of three months together with reduced instalments of up to 24 months.

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

**RHB ISLAMIC BANK BERHAD**  
**(Incorporated in Malaysia)**  
**Registration No. 200501003283 (680329-V)**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

**33 CHANGES IN THE COMPOSITION OF THE BANK**

There are no significant changes in the composition of the Bank for the nine months ended 30 September 2021.

**34 CHANGES IN PROFIT FOR THE QUARTER**

The Bank reported a pre-tax profit of RM201.6 million for the current quarter, 23.0% lower as compared to the preceding quarter ended 30 June 2021 of RM261.7 million. The lower profit was mainly attributed to higher modification loss of RM73.5 million, lower non funding income by RM17.6 million and lower net funding income by RM14.3 million, partly offset by lower allowance for credit losses by RM39.0 million and lower overhead expenses by RM6.3 million.

**35 PERFORMANCE REVIEW**

For the nine months ended 30 September 2021, the Bank recorded a pre-tax profit of RM718.7 million, 152.6% higher than previous year corresponding period of RM284.6 million. The higher profit was mainly due to higher net funding income by RM290.2 million, lower modification loss by RM138.7 million and higher non funding income by RM69.0 million, partly offset by higher allowance for credit losses by RM47.5 million and higher overhead expenses by RM16.3 million.

**36 PROSPECTS FOR 2021**

As we enter the last quarter of the year, we expect the economy to be on a recovery path premised on the high vaccination rate nationwide, continued relaxation of MCO measures, including the lifting of the inter-state travel ban and reopening of more economic activities.

The Group will continue to extend financial relief to our affected customers who require assistance through our repayment assistance programme, whilst assistance package of URUS and FIRST will help affected borrowers to reduce their burden of making their financial commitments as they graduate towards normalisation of repayment on the back of improving economic and business activities. With the recovery expected to be uneven, we will continue to remain vigilant. Nevertheless, the banking sector is expected to remain resilient, supported by strong capital and liquidity levels, and the proactive provisioning that has been made since last year. On the monetary front, while MGS yield across all maturities has been trending upwards, we expect OPR to remain stable for the rest of the year.

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