

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000
ASSETS			
Cash and short-term funds		5,420,412	8,061,808
Securities purchased under resale agreements	9	2,597,200	2,800,958
Deposits and placements with banks and other financial institutions	10	3,094,032	2,326,510
Financial assets at fair value through profit or loss ('FVTPL')	11	168,610	52,093
Financial assets at fair value through other comprehensive income ('FVOCI')	12	5,527,378	5,587,524
Financial investments at amortised cost	13	5,375,995	5,235,191
Financing and advances	14	75,843,796	74,259,901
Other assets	15	320,148	411,224
Derivative assets		145,583	125,320
Statutory deposits with Bank Negara Malaysia ('BNM')		15,000	20,000
Deferred tax assets		124,262	110,860
Right of use assets		2,390	2,528
Property, plant and equipment		3,981	3,452
Intangible assets		3,804	3,528
TOTAL ASSETS		98,642,591	99,000,897
LIABILITIES AND EQUITY			
Deposits from customers	16	70,133,782	71,661,203
Deposits and placements of banks and other financial institutions	17	8,769,250	8,026,615
Investment accounts	18	11,163,891	10,794,930
Bills and acceptances payable		7,724	8,287
Other liabilities	19	1,341,420	1,160,202
Derivative liabilities		93,031	134,410
Recourse obligation on financing sold to Cagamas Berhad ('Cagamas')		758,111	753,585
Provision for taxation and zakat		116,033	93,685
Lease liabilities		2,428	2,548
Subordinated obligations		762,907	754,573
TOTAL LIABILITIES		93,148,577	93,390,038
Share capital		1,673,424	1,673,424
Reserves		3,820,590	3,937,435
TOTAL EQUITY		5,494,014	5,610,859
TOTAL LIABILITIES AND EQUITY		98,642,591	99,000,897
COMMITMENTS AND CONTINGENCIES	29	33,536,247	35,011,301

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2021.

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2022

	Note	Three Months Ended	
		31 March 2022	31 March 2021
		RM'000	RM'000
Income derived from investment of depositors' funds	20	736,402	716,049
Income derived from investment of investment account funds	21	109,505	85,294
Income derived from investment of shareholders' funds	22	40,628	48,958
Modification loss	23	-	(20,597)
Allowance for credit losses on financial assets	24	(37,695)	(31,712)
Total distributable income		848,840	797,992
Income attributable to depositors	25	(374,221)	(369,406)
Profit distributed to investment account holders		(85,582)	(66,319)
		389,037	362,267
Personnel expenses	26	(7,646)	(7,846)
Other overheads and expenditures	27	(126,303)	(99,062)
Profit before taxation and zakat		255,088	255,359
Taxation and zakat		(89,363)	(62,715)
Net profit for the financial period		165,725	192,644
Basic earnings per share (sen)	28	9.90	11.51

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2021.

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2022

	<u>Three Months Ended</u>	
	<u>31 March 2022</u>	<u>31 March 2021</u>
	RM'000	RM'000
Net profit for the financial period	<u>165,725</u>	<u>192,644</u>
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 on revaluation	(58,873)	(214,133)
- Net transfer to income statement on disposal	(4,459)	(36,464)
- Changes in expected credit losses	(158)	(30)
Income tax relating to components of other comprehensive loss	<u>15,199</u>	<u>60,143</u>
Other comprehensive loss, net of tax, for the financial period	<u>(48,291)</u>	<u>(190,484)</u>
Total comprehensive income for the financial period	<u><u>117,434</u></u>	<u><u>2,160</u></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 2021.

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2022

	Share capital RM'000	Non distributable		Distributable	Total RM'000
		FVOCI reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000	
Balance as at 1 January 2022	1,673,424	(25,686)	247,119	3,716,002	5,610,859
Net profit for the financial period	-	-	-	165,725	165,725
Other comprehensive income/(loss):					
Debt instruments measured at FVOCI:					
- Unrealised net loss on revaluation	-	(58,873)	-	-	(58,873)
- Net transfer to income statement on disposal	-	(4,459)	-	-	(4,459)
- Changes in expected credit losses	-	(158)	-	-	(158)
Income tax relating to components of other comprehensive loss	-	15,199	-	-	15,199
Other comprehensive loss, net of tax, for the financial period	-	(48,291)	-	-	(48,291)
Total comprehensive income/(loss) for the financial period	-	(48,291)	-	165,725	117,434
Dividend paid	-	-	-	(234,279)	(234,279)
Transfer from regulatory reserve	-	-	(13,181)	13,181	-
Balance as at 31 March 2022	1,673,424	(73,977)	233,938	3,660,629	5,494,014

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2021.

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2022

	Share capital RM'000	Non distributable		Distributable	Total RM'000
		FVOCI reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000	
Balance as at 1 January 2021	1,673,424	226,849	327,805	2,896,031	5,124,109
Net profit for the financial period	-	-	-	192,644	192,644
Other comprehensive income/(loss):					
Debt instruments measured at FVOCI:					
- Unrealised net loss on revaluation	-	(214,133)	-	-	(214,133)
- Net transfer to income statement on disposal	-	(36,464)	-	-	(36,464)
- Changes in expected credit losses	-	(30)	-	-	(30)
Income tax relating to components of other comprehensive loss	-	60,143	-	-	60,143
Other comprehensive loss, net of tax, for the financial period	-	(190,484)	-	-	(190,484)
Total comprehensive income/(loss) for the financial period	-	(190,484)	-	192,644	2,160
Dividend paid	-	-	-	(50,203)	(50,203)
Transfer to regulatory reserve	-	-	18,770	(18,770)	-
Balance as at 31 March 2021	1,673,424	36,365	346,575	3,019,702	5,076,066

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2021.

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2022

	<u>Three Months Ended</u>	
	<u>31 March 2022</u>	<u>31 March 2021</u>
	<u>RM'000</u>	<u>RM'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	255,088	255,359
Adjustments for non-cash items	<u>(45,874)</u>	<u>(55,161)</u>
Operating profit before changes in working capital	209,214	200,198
Changes in working capital:		
Net changes in operating assets	(2,237,282)	(3,190,824)
Net changes in operating liabilities	<u>(270,719)</u>	<u>6,307,237</u>
Cash (used in)/generated from operations	(2,298,787)	3,316,611
Profit paid	(31)	(36)
Net tax and zakat paid	<u>(65,217)</u>	<u>(26,833)</u>
Net cash (used in)/generated from operating activities	<u>(2,364,035)</u>	<u>3,289,742</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Purchase	(818)	(94)
- Proceeds from disposal	-	160
Purchase of intangible assets	(494)	(163)
Net purchase of financial assets at FVOCI and financial investments at amortised cost	(144,841)	(1,209,529)
Investment income received from financial assets at FVOCI and financial investments at amortised cost	<u>103,463</u>	<u>103,526</u>
Net cash used in investing activities	<u>(42,690)</u>	<u>(1,106,100)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal lease payment	(392)	(529)
Dividend paid	<u>(234,279)</u>	<u>(50,203)</u>
Net cash used in financing activities	<u>(234,671)</u>	<u>(50,732)</u>
Net (decrease)/increase in cash and cash equivalents	(2,641,396)	2,132,910
Cash and cash equivalents at the beginning of the financial period	<u>8,061,808</u>	<u>2,262,454</u>
Cash and cash equivalents at the end of the financial period	<u>5,420,412</u>	<u>4,395,364</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and short-term funds	<u>5,420,412</u>	<u>4,395,364</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 2021.

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022

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 2021.

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 2021, 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 2022:

- Amendment to MFRS 16 'COVID-19 - Related Rent Concessions' beyond 30 June 2021
- Amendments to MFRS 116 'Proceeds Before Intended Use'
- Annual Improvements to Illustrative Example accompanying MFRS 16 'Leases: Lease Incentives'
- Annual Improvements to MFRS 9 'Fees in the '10 Percent' Test for Derecognition of Financial Liabilities'
- Amendments to MFRS 137 'Onerous Contracts - Cost of Fulfilling a Contract'

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

2 AUDITORS' REPORT

The auditors' report for the financial year ended 31 December 2021 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 three months ended 31 March 2022.

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 three months ended 31 March 2022.

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 three months ended 31 March 2022.

7 DIVIDEND PAID

During the three months ended 31 March 2022, the Bank has paid a single-tier interim dividend of 14.00 sen per share in respect of the financial year ended 31 December 2021, amounting to RM234,279,000 on 25 March 2022.

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022

8 INVESTMENT ACCOUNTS ('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.
- Wakalah, a trust-based contract in which a party (muwakkil) appoints another party as his agent (wakil) to perform a particular task, in matters that may be delegated, either voluntarily or with imposition of a fee. The fee shall be recognised based on agreement. Profit generated/losses incurred is based on net distributable income calculated. Net distributable income is derived after deducting Wakalah fee, direct expenses and provisions (if any). Losses (if any) will solely be borne by the investors unless such losses is due to the Bank's misconduct, negligence or breach of specified terms in the contract between the investors and the Bank.
- Details of the IA are as disclosed in Note 18.

9 SECURITIES PURCHASED UNDER RESALE AGREEMENTS

	As at	As at
	31 March 2022	31 December 2021
	RM'000	RM'000
At amortised cost		
Malaysian Government Investment Issues	750,086	761,355
Corporate sukuk	1,847,114	2,039,603
	<u>2,597,200</u>	<u>2,800,958</u>

10 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at	As at
	31 March 2022	31 December 2021
	RM'000	RM'000
Licensed Islamic banks	990,676	125,020
BNM	2,103,356	2,001,467
Other financial institutions	-	200,023
	<u>3,094,032</u>	<u>2,326,510</u>

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022

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

	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000
Mandatory measured at fair value		
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	168,610	52,093

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

	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000
At fair value		
Debt instruments	5,527,378	5,587,524
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	1,776,239	1,539,960
Negotiable Islamic debt certificates	299,701	298,527
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Corporate sukuk	3,451,438	3,749,037
	5,527,378	5,587,524

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

	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
31 March 2022				
Balance as at the beginning of the financial period	2,337	-	-	2,337
Changes in credit risk	2	-	-	2
Purchases and origination	400	-	-	400
Derecognition and disposal	(560)	-	-	(560)
Balance as at the end of the financial period	2,179	-	-	2,179
31 December 2021				
Balance as at the beginning of the financial year	2,001	-	-	2,001
Changes in credit risk	(26)	-	-	(26)
Purchases and origination	968	-	-	968
Derecognition and disposal	(606)	-	-	(606)
Balance as at the end of the financial year	2,337	-	-	2,337

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022

13 FINANCIAL INVESTMENTS AT AMORTISED COST

	<u>As at</u> <u>31 March 2022</u>	<u>As at</u> <u>31 December 2021</u>
	RM'000	RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	379,579	369,129
Sukuk Perumahan Kerajaan	10,142	10,047
Islamic Cagamas bonds	15,004	15,085
Islamic Khazanah bonds	124,868	123,966
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Corporate sukuk	4,853,443	4,723,053
	5,383,036	5,241,280
Allowance for credit losses	(7,041)	(6,089)
	<u>5,375,995</u>	<u>5,235,191</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 investors ('the investors').

Gross exposure to RIA financing as at 31 March 2022 is RM1,368,892,000 (31 December 2021: RM1,366,975,000), of which RM1,009,106,000 (31 December 2021: RM1,009,105,000) is funded by RHB Bank.

The portfolio expected credit losses for financial investments at amortised cost relating to RIA is borne solely by RHB Bank and the investors and the amount recognised in the financial statements of RHB Bank is RM446,913,000 as at 31 March 2022 (31 December 2021: RM446,910,000).

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

	<u>As at</u> <u>31 March 2022</u>	<u>As at</u> <u>31 December 2021</u>
	RM'000	RM'000
Balance as at the beginning of the financial period/year	1,105,024	-
Transferred to lifetime ECL credit impaired (Stage 3)	-	608,076
Purchases and origination	-	496,948
Derecognition	(4,078)	-
Balance as at the end of the financial period/year	<u>1,100,946</u>	<u>1,105,024</u>

The credit impaired financial investments at amortised cost relate to certain exposures to RIA, of which exposure with RHB Bank and the investor amounted to RM741,106,000 and RM359,786,000 (31 December 2021: RM741,106,000 and RM357,870,000) respectively.

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022

13 FINANCIAL INVESTMENTS AT AMORTISED COST (CONTINUED)

(b) 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
31 March 2022				
Balance as at the beginning of the financial period	4,312	1,777	-	6,089
Changes in credit risk	84	(289)	-	(205)
Purchases and origination	1,320	164	-	1,484
Derecognition and disposal	(327)	-	-	(327)
Balance as at the end of the financial period	<u>5,389</u>	<u>1,652</u>	<u>-</u>	<u>7,041</u>
31 December 2021				
Balance as at the beginning of the financial year	4,557	135	-	4,692
Transferred to 12-month ECL (Stage 1)	123	(123)	-	-
Transferred to lifetime ECL not credit impaired (Stage 2)	(238)	238	-	-
Changes in credit risk	(430)	804	-	374
Purchases and origination	1,650	735	-	2,385
Derecognition and disposal	(1,350)	(12)	-	(1,362)
Balance as at the end of the financial year	<u>4,312</u>	<u>1,777</u>	<u>-</u>	<u>6,089</u>

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022**

14 FINANCING AND ADVANCES

31 March 2022	Bai' Bithaman Ajil ('BBA')	Ijarah *	Murabahah	Musarakah	Qard	Others	Total
At amortised cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cashline	-	-	1,074,517	-	25,121	-	1,099,638
Term financing:							
- Housing financing	267,344	-	11,849,468	13,458,637	-	179	25,575,628
- Syndicated term financing	-	-	3,210,040	-	-	19,181	3,229,221
- Hire purchase receivables	-	9,285,943	-	-	-	-	9,285,943
- Other term financing	660	95,376	33,179,845	-	-	25	33,275,906
Bills receivables	-	-	254,829	-	-	-	254,829
Trust receipts	-	-	42,545	-	-	-	42,545
Claims on customers under acceptance credits	-	-	1,250,394	-	-	-	1,250,394
Share margin financing	-	-	11,627	-	-	-	11,627
Staff financing	1,307	-	12,125	-	-	-	13,432
Credit/charge card receivables	-	-	-	-	-	272,903	272,903
Revolving financing	-	-	2,208,049	-	-	-	2,208,049
Gross financing and advances	269,311	9,381,319	53,093,439	13,458,637	25,121	292,288	76,520,115
Fair value changes arising from fair value hedge							(47,033)
							76,473,082
Allowance for credit losses on financing and advances							(629,286)
Net financing and advances							75,843,796

* 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 THREE MONTHS ENDED 31 MARCH 2022

14 FINANCING AND ADVANCES (CONTINUED)

31 December 2021	Bai'						
	Bithaman						
	Ajil ('BBA')	Ijarah *	Murabahah	Musyarakah	Qard	Others	Total
At amortised cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cashline	-	-	992,380	-	28,178	-	1,020,558
Term financing:							
- Housing financing	276,125	-	10,906,924	13,354,042	-	155	24,537,246
- Syndicated term financing	-	-	3,238,693	-	-	19,181	3,257,874
- Hire purchase receivables	-	9,163,396	-	-	-	-	9,163,396
- Other term financing	696	103,223	32,721,179	-	-	25	32,825,123
Bills receivables	-	-	382,513	-	-	-	382,513
Trust receipts	-	-	40,694	-	-	-	40,694
Claims on customers under acceptance credits	-	-	1,017,087	-	-	-	1,017,087
Share margin financing	-	-	1,752	-	-	-	1,752
Staff financing	1,366	-	11,814	-	-	-	13,180
Credit/charge card receivables	-	-	-	-	-	271,518	271,518
Revolving financing	-	-	2,337,239	-	-	-	2,337,239
Gross financing and advances	278,187	9,266,619	51,650,275	13,354,042	28,178	290,879	74,868,180
Fair value changes arising from fair value hedge							(1,788)
							74,866,392
Allowance for credit losses on financing and advances							(606,491)
Net financing and advances							74,259,901

* 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 THREE MONTHS ENDED 31 MARCH 2022

14 FINANCING AND ADVANCES (CONTINUED)

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

As at 31 March 2022, gross exposure to RIA financing funded by RHB Bank is RM8,494,177,000 (31 December 2021: RM8,564,457,000) and gross exposure to URIA financing funded by the investors is RM767,052,000 (31 December 2021: RM220,670,000).

The portfolio expected credit losses for financing and advances relating to RIA and URIA is borne solely by RHB Bank and the investors and the amount recognised in the financial statements of RHB Bank is RM144,174,000 (31 December 2021: RM143,209,000).

- (b) Included in term financing are housing financing sold to Cagamas amounting to RM733,285,000 as at 31 March 2022 (31 December 2021: RM741,384,000).

- (c) Movement of Qard financing

	As at 31 March 2022	As at 31 December 2021
	RM'000	RM'000
Balance as at the beginning of the financial period/year	28,178	30,384
New disbursement	12,552	1,537
Repayment	(15,609)	(3,743)
Balance as at the end of the financial period/year	25,121	28,178
Sources of Qard fund:		
- Depositors' fund	25,121	28,178
Uses of Qard fund:		
- Personal use	579	635
- Business purpose	24,542	27,543
	25,121	28,178

- (i) By type of customer

Domestic non-bank financial institutions	2,272,101	2,372,457
Domestic business enterprises:		
- Small medium enterprises	7,313,564	6,926,561
- Others	15,838,634	15,839,568
Government and statutory bodies	6,284,253	6,251,858
Individuals	44,419,277	43,090,990
Other domestic entities	132,723	131,026
Foreign entities	259,563	255,720
	76,520,115	74,868,180

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022

14 FINANCING AND ADVANCES (CONTINUED)

	<u>As at</u> <u>31 March 2022</u> RM'000	<u>As at</u> <u>31 December 2021</u> RM'000
(ii) By profit rate sensitivity		
Fixed rate:		
- Housing financing	13,432	13,183
- Hire-purchase receivables	980,942	1,107,076
- Other fixed rate financing	10,342,272	10,325,073
Variable rate:		
- Base financing rate-plus	45,796,984	43,909,955
- Cost-plus	19,271,756	19,348,696
- Other variable rates	114,729	164,197
	<u>76,520,115</u>	<u>74,868,180</u>
(iii) By economic sector		
Agriculture, hunting, forestry and fishing	1,330,206	1,483,104
Mining and quarrying	87,756	90,179
Manufacturing	2,518,464	2,480,299
Electricity, gas and water	671,428	571,169
Construction	5,205,765	5,208,674
Wholesale and retail trade and restaurant and hotel	3,345,901	3,026,885
Transport, storage and communication	6,360,187	6,416,740
Finance, insurance, real estate and business services	5,651,778	5,633,879
Government and government agencies	3,268,576	3,236,761
Education, health and others	3,390,969	3,363,859
Household sector	44,680,827	43,348,442
Others	8,258	8,189
	<u>76,520,115</u>	<u>74,868,180</u>
(iv) By purpose		
Purchase of securities	5,754,663	5,577,488
Purchase of transport vehicles	9,258,200	9,132,175
Purchase of landed property:		
- Residential	24,551,700	23,527,874
- Non-residential	5,463,449	5,394,504
Purchase of property, plant and equipment other than land and building	673,190	707,150
Personal use	4,926,664	4,875,001
Credit card	272,903	271,518
Construction	926,186	884,448
Working capital	16,794,195	16,518,876
Merger and acquisition	2,503,383	2,615,844
Other purposes	5,395,582	5,363,302
	<u>76,520,115</u>	<u>74,868,180</u>

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022

14 FINANCING AND ADVANCES (CONTINUED)

	<u>As at</u> <u>31 March 2022</u> RM'000	<u>As at</u> <u>31 December 2021</u> RM'000
(v) By geographical distribution		
In Malaysia	<u>76,520,115</u>	<u>74,868,180</u>
(vi) By remaining contractual maturities		
Maturing within one year	7,456,596	6,908,432
One year to three years	5,962,509	6,298,556
Three years to five years	5,585,778	5,730,552
Over five years	57,515,232	55,930,640
	<u>76,520,115</u>	<u>74,868,180</u>
(vii) Impaired financing and advances		
(a) Movement in impaired financing and advances		
Balance as at the beginning of the financial period/year	385,800	435,207
Transfer to 12-month ECL (Stage 1)	(2,972)	(15,496)
Transfer to lifetime ECL not credit impaired (Stage 2)	(22,091)	(53,767)
Transfer to lifetime ECL credit impaired (Stage 3)	83,088	157,405
Purchases and origination	6,378	27,390
Derecognition	(52,427)	(72,445)
Amount written off	(22,156)	(101,293)
Modification of contractual cash flows	-	(12)
Other movements	-	8,811
Balance as at the end of the financial period/year	<u>375,620</u>	<u>385,800</u>
(b) By economic sector		
Agriculture, hunting, forestry and fishing	116	119
Manufacturing	19,924	25,196
Electricity, gas and water	9,003	12,100
Construction	44,475	48,617
Wholesale and retail trade and restaurant and hotel	41,149	33,468
Transport, storage and communication	14,283	15,679
Finance, insurance, real estate and business services	31,208	33,259
Education, health and others	83	81
Household sector	215,379	217,281
	<u>375,620</u>	<u>385,800</u>

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022

14 FINANCING AND ADVANCES (CONTINUED)

(vii) Impaired financing and advances (continued)

	As at	As at
	31 March 2022	31 December 2021
	RM'000	RM'000
(c) By purpose		
Purchase of securities	552	621
Purchase of transport vehicles	32,179	34,283
Purchase of landed property:		
- Residential	166,337	164,115
- Non-residential	55,984	53,653
Purchase of property, plant and equipment other than land and building	3,106	3,234
Personal use	10,800	11,392
Credit card	2,371	2,201
Working capital	63,683	75,912
Other purposes	40,608	40,389
	<u>375,620</u>	<u>385,800</u>
(d) By geographical distribution		
In Malaysia	<u>375,620</u>	<u>385,800</u>

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022

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
31 March 2022	RM'000	RM'000	RM'000	RM'000
Balance as at the beginning of the financial period	170,709	252,606	183,176	606,491
Changes due to financial assets recognised in the opening balance that have been:				
- Transferred to 12-month ECL (Stage 1)	7,719	(6,674)	(1,045)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(3,640)	12,368	(8,728)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(262)	(2,846)	3,108	-
	3,817	2,848	(6,665)	-
Changes in credit risk	(7,980)	22,120	21,237	35,377
Purchases and origination	6,068	795	-	6,863
Bad debts written off	-	-	(11,550)	(11,550)
Derecognition	(699)	(1,792)	(5,434)	(7,925)
Other movements	-	-	30	30
Balance as at the end of the financial period	<u>171,915</u>	<u>276,577</u>	<u>180,794</u>	<u>629,286</u>

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022

14 FINANCING AND ADVANCES (CONTINUED)

(vii) Impaired financing and advances (continued)

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

	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
31 December 2021				
Balance as at the beginning of the financial year	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)	43,835	(38,816)	(5,019)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(11,059)	29,202	(18,143)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(645)	(5,733)	6,378	-
	32,131	(15,347)	(16,784)	-
Changes in credit risk	(22,504)	88,658	91,679	157,833
Purchases and origination	16,667	5,372	6,106	28,145
Bad debts written off	-	-	(61,989)	(61,989)
Changes to model methodologies	(4,952)	(8,592)	55	(13,489)
Derecognition	(7,269)	(12,504)	(24,307)	(44,080)
Other movements	-	-	8,811	8,811
Balance as at the end of the financial year	<u>170,709</u>	<u>252,606</u>	<u>183,176</u>	<u>606,491</u>

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022

15 OTHER ASSETS

	As at 31 March 2022	As at 31 December 2021
	RM'000	RM'000
Prepayments	30,221	29,816
Deposits	1,088	1,088
Amount due to a related company	110	87
Other receivables	288,729	380,233
	<u>320,148</u>	<u>411,224</u>

16 DEPOSITS FROM CUSTOMERS

	As at 31 March 2022	As at 31 December 2021
	RM'000	RM'000
<u>Savings Deposits</u>		
Qard	2,586,545	2,574,440
<u>Demand Deposits</u>		
Qard	6,126,610	6,183,489
Commodity Murabahah	3,023,565	3,134,399
<u>Term Deposits</u>		
Commodity Murabahah	49,014,975	50,129,731
<u>Specific Investment Account</u>		
Commodity Murabahah	9,381,737	9,638,797
<u>General Investment Account</u>		
Mudharabah	350	347
	<u>70,133,782</u>	<u>71,661,203</u>

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

Due within six months	44,812,418	46,741,264
Six months to one year	12,807,343	11,918,392
One year to three years	759,335	1,086,493
Three years to five years	17,966	22,726
	<u>58,397,062</u>	<u>59,768,875</u>

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

Government and statutory bodies	13,393,995	13,071,677
Business enterprises	30,605,773	31,300,199
Individuals	25,223,065	26,283,229
Others	910,949	1,006,098
	<u>70,133,782</u>	<u>71,661,203</u>

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022

17 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Note	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000
<u>Non-Mudharabah Funds:</u>			
Licensed Islamic banks		749,364	1,296,903
Licensed banks		7,204,233	5,888,898
Licensed investment banks		501,054	501,236
BNM	(a)	156,066	151,883
		8,610,717	7,838,920
<u>Mudharabah Funds:</u>			
Other financial institutions		158,533	187,695
		8,769,250	8,026,615

(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 six-year maturity period.

18 INVESTMENT ACCOUNTS

	Note	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000
Mudharabah Restricted Investment Account	(a)	10,395,368	10,574,159
Wakalah Unrestricted Investment Account	(b)	768,523	220,771
		11,163,891	10,794,930

(a) Mudharabah Restricted Investment Account

By type of counterparty:

Licensed banks	10,395,368	10,574,159
----------------	-------------------	-------------------

Investment asset (principal):

Personal financing (Note 14(a))	1,500,000	1,500,000
Other term financing (Note 14(a))	6,994,177	7,064,457
Short-term funds	371,000	490,000
Unquoted securities (Note 13)	1,368,892	1,366,975
	10,234,069	10,421,432

As at 31 March 2022, the amount of the restricted investment account placed by the holding company, RHB Bank, amounted to RM10,035,498,000 (31 December 2021: RM10,213,639,000).

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022

18 INVESTMENT ACCOUNTS (CONTINUED)

	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000
(b) Wakalah Unrestricted Investment Account		
<u>By type of counterparty:</u>		
Business enterprises	768,523	220,771
<u>Investment asset (principal):</u>		
Personal financing (Note 14(a))	613,642	176,536
Housing financing (Note 14(a))	153,410	44,134
	767,052	220,670

19 OTHER LIABILITIES

	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000
Sundry creditors	10,765	8,126
Amount due to holding company	1,014,246	934,414
Amount due to other related companies	606	12,162
Contract liability	122,489	129,683
Short term employee benefits	2,047	6,719
Accrual for operational expenses	36,650	34,201
Other accruals and payables	154,617	34,897
	1,341,420	1,160,202

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022

20 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

	Three Months Ended	
	31 March 2022	31 March 2021
	RM'000	RM'000
Income derived from investment of:		
(i) General investment deposits	2	254
(ii) Other deposits	736,400	715,795
	736,402	716,049
(i) Income derived from investment of general investment deposits:		
Financing and advances	2	200
Securities purchased under resale agreements	-	4
Financial assets at FVOCI	-	20
Financial investments at amortised cost	-	11
Money at call and deposits with banks and other financial institutions	-	6
Total finance income and hibah	2	241
Other operating income (Note a)	-	13
	2	254
Of which:		
Financing income earned on impaired financing	1	1
(a) Other operating income comprise of:		
Fee income:		
- Commission	-	1
	-	1
Net loss on revaluation of financial assets at FVTPL	-	(1)
Net gain on disposal of debt instruments of financial assets at FVOCI	-	13
	-	13

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022

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

	Three Months Ended	
	31 March 2022	31 March 2021
	RM'000	RM'000
(ii) Income derived from investment of other deposits:		
Financing and advances	599,672	564,015
Securities purchased under resale agreements	12,015	11,142
Financial assets at FVTPL	855	844
Financial assets at FVOCI	47,298	56,474
Financial investments at amortised cost	32,819	31,623
Money at call and deposits with banks and other financial institutions	36,069	17,615
Total finance income and hibah	<u>728,728</u>	<u>681,713</u>
Other operating income (Note a)	<u>7,672</u>	<u>34,082</u>
	<u>736,400</u>	<u>715,795</u>
Of which:		
Financing income earned on impaired financing	<u>3,431</u>	<u>2,879</u>
(a) Other operating income comprise of:		
Fee income:		
- Commission	2,752	2,137
- Guarantee fees	868	1,207
	<u>3,620</u>	<u>3,344</u>
Net loss on revaluation of financial assets at FVTPL	(344)	(4,020)
Net gain/(loss) on disposal of financial assets at FVTPL	30	(840)
Net gain on disposal of debt instruments of financial assets at FVOCI	<u>4,366</u>	<u>35,598</u>
	<u>7,672</u>	<u>34,082</u>

21 INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS

	Three Months Ended	
	31 March 2022	31 March 2021
	RM'000	RM'000
Financing and advances	90,379	74,435
Financial investments at amortised cost	17,277	10,859
Money at call and deposits with banks and other financial institutions	1,849	-
Total finance income and hibah	<u>109,505</u>	<u>85,294</u>

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022

22 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Three Months Ended	
	31 March 2022	31 March 2021
	RM'000	RM'000
Financing and advances	12,805	13,513
Securities purchased under resale agreements	257	267
Financial assets at FVTPL	18	20
Financial assets at FVOCI	1,010	1,353
Financial investments at amortised cost	701	758
Money at call and deposits with banks and other financial institutions	770	422
Total finance income and hibah	15,561	16,333
Other operating income (Note a)	25,067	32,625
	40,628	48,958
Of which:		
Financing income earned on impaired financing	82	69
(a) Other operating income comprise of:		
Fee income:		
- Commission	11,894	11,140
- Service charges and fees	24,675	29
- Guarantee fees	19	26,303
	36,588	37,472
Net loss on revaluation of financial assets at FVTPL	(8)	(96)
Net gain/(loss) on disposal of financial assets at FVTPL	1	(20)
Net gain on disposal of debt instruments of financial investments at FVOCI	93	853
Net loss on revaluation of derivatives	(9,524)	(10,322)
Net gain on fair value hedges	212	548
Other income:		
- Foreign exchange (loss)/gain	(1,791)	4,564
- Loss on disposal of property, plant and equipment	-	(32)
- Other non-operating loss	(504)	(342)
	25,067	32,625

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022

23 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. 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

	Three Months Ended	
	31 March 2022	31 March 2021
<u>Charge/(Writeback)</u>	<u>RM'000</u>	<u>RM'000</u>
Financing and advances:		
- Net charge	34,315	33,219
- Bad debts recovered	(8,593)	(6,605)
- Bad debts written off	11,054	4,614
	36,776	31,228
Financial assets at FVOCI	(158)	(30)
Financial investments at amortised cost	952	636
Other financial assets	125	(122)
	37,695	31,712

25 INCOME ATTRIBUTABLE TO DEPOSITORS

	Three Months Ended	
	31 March 2022	31 March 2021
	<u>RM'000</u>	<u>RM'000</u>
Deposits from customers:		
- Mudharabah funds	4,225	3,602
- Non-Mudharabah funds	321,763	309,993
Deposits and placements of banks and other financial institutions:		
- Non-Mudharabah funds	35,343	19,133
Others:		
- Subordinated obligations	8,333	8,334
- Recourse obligation on financing sold to Cagamas	4,526	28,308
- Others	31	36
	374,221	369,406

26 PERSONNEL EXPENSES

	Three Months Ended	
	31 March 2022	31 March 2021
	<u>RM'000</u>	<u>RM'000</u>
Salaries, allowances and bonuses	5,531	6,444
Contributions to Employees' Provident Fund	1,022	952
Other staff related costs	1,093	450
	7,646	7,846

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022

27 OTHER OVERHEADS AND EXPENDITURES

	Three Months Ended	
	31 March 2022	31 March 2021
	RM'000	RM'000
<u>Establishment costs</u>		
Property, plant and equipment:		
- Depreciation	289	255
Computer software license		
- Amortisation	218	227
Right of use assets:		
- Depreciation	411	714
Information technology expenses	562	728
Repair and maintenance	37	118
Rental of premises	77	108
Water and electricity	103	105
Rental of equipment	2	2
Printing and stationeries	845	544
Insurance	2,143	928
Others	411	896
	5,098	4,625
<u>Marketing expenses</u>		
Advertisement and publicity	241	23
Sales commission	3,349	3,087
Travelling expenses	20	16
Motor vehicle expenses	15	5
Others	393	74
	4,018	3,205
<u>Administration and general expenses</u>		
Communication expenses	2,031	2,148
Legal and professional fee	1,195	5,152
Management fee	111,808	82,059
Others	2,153	1,873
	117,187	91,232
	126,303	99,062

28 EARNINGS PER SHARE

	Three Months Ended	
	31 March 2022	31 March 2021
Net profit for the financial period (RM'000)	165,725	192,644
Weighted average number of ordinary shares in issue ('000)	1,673,424	1,673,424
Basic earnings per share (sen)	9.90	11.51

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022

29 COMMITMENTS AND CONTINGENCIES

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

	As at <u>31 March 2022</u> RM'000	As at <u>31 December 2021</u> RM'000
Contingent liabilities		
Transaction-related contingent items	335,840	348,068
Short-term self-liquidating trade related contingencies	<u>16,217</u>	<u>27,903</u>
	<u>352,057</u>	<u>375,971</u>
Commitments		
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	15,207	-
Irrevocable commitments to extend credit:		
- Maturity less than one year	1,643,418	1,974,669
- Maturity more than one year	8,752,095	8,105,582
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	<u>2,917,882</u>	<u>2,648,467</u>
	<u>13,328,602</u>	<u>12,728,718</u>
Derivative financial instruments		
Foreign exchange related contracts [^] :		
- Less than one year	12,378,296	14,233,787
- One year to less than five years	967,292	962,825
Profit rate related contracts [^] :		
- Less than one year	2,710,000	2,910,000
- One year to less than five years	2,000,000	2,000,000
- More than five years	<u>1,800,000</u>	<u>1,800,000</u>
	<u>19,855,588</u>	<u>21,906,612</u>
	<u>33,536,247</u>	<u>35,011,301</u>

[^] 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.

30 CAPITAL COMMITMENTS

	As at <u>31 March 2022</u> RM'000	As at <u>31 December 2021</u> RM'000
Capital expenditure for property, plant and equipment:		
- Authorised and contracted for	<u>5,506</u>	<u>3,442</u>

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022

31 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>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
<u>31 March 2022</u>				
<u>Financial assets</u>				
Financial assets at FVTPL:				
- money market instruments	-	168,610	-	168,610
Financial assets at FVOCI:				
- money market instruments	-	5,527,378	-	5,527,378
- unquoted securities	-	3,451,438	-	3,451,438
Derivative assets	-	145,583	-	145,583
	<u>-</u>	<u>5,841,571</u>	<u>-</u>	<u>5,841,571</u>
<u>Financial liabilities</u>				
Derivative liabilities	-	93,031	-	93,031
	<u>-</u>	<u>93,031</u>	<u>-</u>	<u>93,031</u>
<u>31 December 2021</u>				
<u>Financial assets</u>				
Financial assets at FVTPL:				
- money market instruments	-	52,093	-	52,093
Financial assets at FVOCI:				
- money market instruments	-	5,587,524	-	5,587,524
- unquoted securities	-	1,838,487	-	1,838,487
	<u>-</u>	<u>3,749,037</u>	<u>-</u>	<u>3,749,037</u>
Derivative assets	-	125,320	-	125,320
	<u>-</u>	<u>5,764,937</u>	<u>-</u>	<u>5,764,937</u>
<u>Financial liabilities</u>				
Derivative liabilities	-	134,410	-	134,410
	<u>-</u>	<u>134,410</u>	<u>-</u>	<u>134,410</u>

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022

31 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 THREE MONTHS ENDED 31 MARCH 2022

32 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.

The capital adequacy ratios of the Bank are as follows:

	As at <u>31 March 2022</u> RM'000	As at <u>31 December 2021</u> RM'000
<u>Common Equity Tier-I ('CET-I') Capital /Tier-I Capital</u>		
Share capital	1,673,424	1,673,424
Retained profits	3,494,904	3,716,002
FVOCI reserve	<u>(76,156)</u>	<u>(28,023)</u>
	5,092,172	5,361,403
Less:		
Deferred tax assets	(100,853)	(102,565)
Intangible assets (include associated deferred tax liabilities)	(3,164)	(2,976)
Other deductions*	<u>(1,343)</u>	<u>(918)</u>
Total CET-I/Total Tier-I Capital	<u>4,986,812</u>	<u>5,254,944</u>
<u>Tier-II Capital</u>		
Subordinated obligations	750,000	750,000
Surplus eligible provisions over expected losses	137,170	134,679
General provisions^	<u>52,117</u>	<u>52,467</u>
Total Tier-II Capital	<u>939,287</u>	<u>937,146</u>
Total Capital	<u>5,926,099</u>	<u>6,192,090</u>
<u>Capital Ratios</u>		
Before proposed dividends:		
CET-I Capital Ratio	16.689%	17.635%
Tier-I Capital Ratio	16.689%	17.635%
Total Capital Ratio	<u>19.833%</u>	<u>20.780%</u>
After proposed dividends:		
CET-I Capital Ratio	16.689%	16.849%
Tier-I Capital Ratio	16.689%	16.849%
Total Capital Ratio	<u>19.833%</u>	<u>19.994%</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.

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022

32 CAPITAL ADEQUACY (CONTINUED)

[^] 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 RM36,307,000 (31 December 2021: RM41,763,000).

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

	As at	As at
	31 March 2022	31 December 2021
	RM'000	RM'000
Credit risk	33,666,869	33,329,415
Credit risk absorbed by PSIA ⁺	(6,603,878)	(6,318,180)
Market risk	134,191	201,515
Operational risk	2,683,312	2,585,628
Total risk-weighted assets	<u>29,880,494</u>	<u>29,798,378</u>

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).

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022

33 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

34 EVENTS SUBSEQUENT TO BALANCE SHEET DATE

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

- (a) The Bank, had on 21 April 2022 issued Subordinated Sukuk Murabahah of RM250 million in nominal value under a RM5.0 billion programme. The Subordinated Sukuk Murabahah is issued for a tenure of 10 non-callable 5 years with a fixed profit rate of 4.06% per annum, payable semi-annually in arrears throughout the entire tenure; and
- (b) The Bank, had on 27 April 2022 fully redeemed RM250 million in nominal value of Subordinated Sukuk Murabahah issued on 27 April 2017.

35 CHANGES IN PROFIT FOR THE QUARTER

The Bank reported a pre-tax profit of RM255.1 million for the current quarter, 18.2% lower as compared to the preceding quarter ended 31 December 2021 of RM311.8 million. The lower profit was mainly attributed to higher allowance for credit losses by RM63.3 million and lower net funding income by RM23.9 million, partly offset by lower modification loss by RM24.4 million, lower overhead expenses by RM5.4 million and higher non funding income by RM0.7 million.

36 PERFORMANCE REVIEW

For the three months ended 31 March 2022, the Bank recorded a pre-tax profit of RM255.1 million, 0.1% lower than previous year corresponding period of RM255.4 million. The lower profit was mainly due to lower non funding income by RM34.0 million, higher overhead expenses by RM27.0 million and higher allowance for credit losses by RM6.0 million, partly offset by higher net funding income by RM46.1 million and lower modification loss by RM20.6 million.

37 PROSPECTS FOR 2021

Economic recovery continues its positive momentum as Malaysia progressively transitions into the endemic phase following the reopening of international borders. However, geopolitical crisis, supply chain disruption, global inflationary pressures and potential emergence of new variants continue to pose downside risks to the overall growth outlook.

Financing growth is expected to expand this year led by demand from businesses and consumers. Overall, the banking sector is projected to remain resilient with healthy capital and liquidity positions, supported by the adequate level of provisioning made since the beginning of the pandemic. On the monetary front, the OPR is expected to further increase in the second half 2022 towards a more normalised level.

The Bank will continue to remain prudent and exercise vigilance as it strives to improve business performance amid continued uncertainty in the operating environment.