

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

**INTERIM FINANCIAL STATEMENTS**  
**AUDITED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	Note	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
<b>ASSETS</b>			
Cash and short-term funds		7,167,727	8,061,808
Securities purchased under resale agreements	9	577,051	2,800,958
Deposits and placements with banks and other financial institutions	10	-	2,326,510
Financial assets at fair value through profit or loss ('FVTPL')	11	91,997	52,093
Financial assets at fair value through other comprehensive income ('FVOCI')	12	5,700,547	5,587,524
Financial investments at amortised cost	13	7,542,997	5,235,191
Financing and advances	14	80,850,262	74,259,901
Other assets	15	96,628	411,224
Derivative assets		324,762	125,320
Statutory deposits with Bank Negara Malaysia ('BNM')		1,426,500	20,000
Deferred tax assets		137,537	110,860
Right of use assets		1,264	2,528
Property, plant and equipment		6,204	3,452
Intangible assets		4,567	3,528
<b>TOTAL ASSETS</b>		<b>103,928,043</b>	<b>99,000,897</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	16	78,233,590	71,661,203
Deposits and placements of banks and other financial institutions	17	6,125,353	8,026,615
Investment accounts	18	9,597,262	10,794,930
Bills and acceptances payable		7,421	8,287
Other liabilities	19	1,131,965	1,160,202
Derivative liabilities		256,252	134,410
Recourse obligation on financing sold to Cagamas Berhad ('Cagamas')		1,765,061	753,585
Provision for taxation and zakat		111,844	93,685
Lease liabilities		1,307	2,548
Subordinated obligations		754,428	754,573
<b>TOTAL LIABILITIES</b>		<b>97,984,483</b>	<b>93,390,038</b>
Share capital		1,673,424	1,673,424
Reserves		4,270,136	3,937,435
<b>TOTAL EQUITY</b>		<b>5,943,560</b>	<b>5,610,859</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>103,928,043</b>	<b>99,000,897</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	29	<b>32,971,582</b>	<b>35,011,301</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 2021.

**RHB ISLAMIC BANK BERHAD**  
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**INTERIM FINANCIAL STATEMENTS**  
**AUDITED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
		<b>31 December</b>	31 December	<b>31 December</b>	31 December
		<b>2022</b>	2021	<b>2022</b>	2021
		<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Income derived from investment of depositors' funds	20	<b>1,073,074</b>	768,395	<b>3,467,619</b>	2,970,546
Income derived from investment of investment account funds	21	<b>134,030</b>	94,851	<b>481,503</b>	357,697
Income derived from investment of shareholders' funds	22	<b>73,148</b>	45,324	<b>215,983</b>	185,606
Modification loss	23	<b>-</b>	(24,432)	<b>-</b>	(118,521)
Allowance for credit losses on financial assets	24	<b>(99,509)</b>	25,651	<b>(261,052)</b>	(145,879)
Total distributable income		<b>1,180,743</b>	909,789	<b>3,904,053</b>	3,249,449
Income attributable to depositors	25	<b>(565,956)</b>	(381,348)	<b>(1,809,725)</b>	(1,480,321)
Profit distributed to investment account holders		<b>(94,425)</b>	(77,300)	<b>(333,267)</b>	(290,658)
		<b>520,362</b>	451,141	<b>1,761,061</b>	1,478,470
Personnel expenses	26	<b>(6,660)</b>	(13,328)	<b>(27,456)</b>	(33,739)
Other overheads and expenditures	27	<b>(173,282)</b>	(125,972)	<b>(594,241)</b>	(414,216)
Profit before taxation and zakat		<b>340,420</b>	311,841	<b>1,139,364</b>	1,030,515
Taxation and zakat		<b>(114,803)</b>	(63,993)	<b>(386,089)</b>	(241,027)
Net profit for the financial period/year		<b>225,617</b>	247,848	<b>753,275</b>	789,488
Basic earnings per share (sen)	28	<b>13.48</b>	14.81	<b>45.01</b>	47.18

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**RHB ISLAMIC BANK BERHAD**  
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**INTERIM FINANCIAL STATEMENTS**  
**AUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	<u>4th Quarter Ended</u>		<u>Twelve Months Ended</u>	
	<u>31 December</u>	31 December	<u>31 December</u>	31 December
	<u>2022</u>	2021	<u>2022</u>	2021
	<u>RM'000</u>	RM'000	<u>RM'000</u>	RM'000
Net profit for the financial period/year	<u>225,617</u>	247,848	<u>753,275</u>	789,488
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>89,902</b>	(41,883)	<b>(104,528)</b>	(241,011)
- Net transfer to income statement on disposal	-	-	<b>(13,940)</b>	(91,714)
- Changes in expected credit losses	<b>2,645</b>	262	<b>3,942</b>	336
Income tax relating to components of other comprehensive loss/(gain)	<b>(21,577)</b>	10,052	<b>28,432</b>	79,854
Other comprehensive (loss)/gain, net of tax, for the financial period/year	<b>70,970</b>	(31,569)	<b>(86,094)</b>	(252,535)
Total comprehensive income for the financial period/year	<b>296,587</b>	216,279	<b>667,181</b>	536,953

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**INTERIM FINANCIAL STATEMENTS**  
**AUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Non distributable			Distributable		Total RM'000
	Share capital RM'000	FVOCI reserve RM'000	Regulatory reserve RM'000	Capital contribution by holding company RM'000	Retained profits RM'000	
<b>Balance as at 1 January 2022</b>	<b>1,673,424</b>	<b>(25,686)</b>	<b>247,119</b>	-	<b>3,716,002</b>	<b>5,610,859</b>
Net profit for the financial year	-	-	-	-	<b>753,275</b>	<b>753,275</b>
Other comprehensive income/(loss):						
Debt instruments measured at FVOCI:						
- Unrealised net loss on revaluation	-	<b>(104,528)</b>	-	-	-	<b>(104,528)</b>
- Net transfer to income statement on disposal	-	<b>(13,940)</b>	-	-	-	<b>(13,940)</b>
- Changes in expected credit losses	-	<b>3,942</b>	-	-	-	<b>3,942</b>
Income tax relating to components of other comprehensive loss	-	<b>28,432</b>	-	-	-	<b>28,432</b>
Other comprehensive loss, net of tax, for the financial year	-	<b>(86,094)</b>	-	-	-	<b>(86,094)</b>
Total comprehensive income/(loss) for the financial year	-	<b>(86,094)</b>	-	-	<b>753,275</b>	<b>667,181</b>
Dividend paid	-	-	-	-	<b>(334,685)</b>	<b>(334,685)</b>
Share-based payment expense	-	-	-	<b>205</b>	-	<b>205</b>
Transfer from regulatory reserve	-	-	<b>(43,213)</b>	-	<b>43,213</b>	-
<b>Balance as at 31 December 2022</b>	<b>1,673,424</b>	<b>(111,780)</b>	<b>203,906</b>	<b>205</b>	<b>4,177,805</b>	<b>5,943,560</b>

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**INTERIM FINANCIAL STATEMENTS**  
**AUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	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 2021</b>	1,673,424	226,849	327,805	2,896,031	5,124,109
Net profit for the financial year	-	-	-	789,488	789,488
Other comprehensive income/(loss):					
Debt instruments measured at FVOCI:					
- Unrealised net loss on revaluation	-	(241,011)	-	-	(241,011)
- Net transfer to income statement on disposal	-	(91,714)	-	-	(91,714)
- Changes in expected credit losses		336			336
Income tax relating to components of other comprehensive loss	-	79,854	-	-	79,854
Other comprehensive loss, net of tax, for the financial year	-	(252,535)	-	-	(252,535)
Total comprehensive income/(loss) for the financial year	-	(252,535)	-	789,488	536,953
Dividend paid	-	-	-	(50,203)	(50,203)
Transfer from regulatory reserve	-	-	(80,686)	80,686	-
<b>Balance as at 31 December 2021</b>	<u>1,673,424</u>	<u>(25,686)</u>	<u>247,119</u>	<u>3,716,002</u>	<u>5,610,859</u>

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**INTERIM FINANCIAL STATEMENTS**  
**AUDITED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>Twelve Months Ended</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation and zakat	1,139,364	1,030,515
Adjustments for non-cash items	(72,642)	(131,378)
Operating profit before changes in working capital	<u>1,066,722</u>	<u>899,137</u>
Changes in working capital:		
Net changes in operating assets	(3,675,045)	(6,701,117)
Net changes in operating liabilities	4,583,439	11,591,568
Cash generated from operations	<u>1,975,116</u>	<u>5,789,588</u>
Profit paid	(32,805)	(33,885)
Net tax and zakat paid	(366,175)	(224,102)
Net cash generated from operating activities	<u>1,576,136</u>	<u>5,531,601</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment		
- Purchase	(4,005)	(655)
- Proceeds from disposal	-	162
Purchase of intangible assets	(1,986)	(1,153)
Net purchase of financial assets at FVOCI and financial investments at amortised cost	(2,446,702)	(91,896)
Investment income received from financial assets at FVOCI and financial investments at amortised cost	318,752	415,516
Net cash (used in)/generated from investing activities	<u>(2,133,941)</u>	<u>321,974</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal lease payment	(1,591)	(4,018)
Dividend paid	(334,685)	(50,203)
Issuance of subordinated sukuk	250,000	-
Redemption of subordinated sukuk	(250,000)	-
Net cash used in financing activities	<u>(336,276)</u>	<u>(54,221)</u>
Net (decrease)/increase in cash and cash equivalents	(894,081)	5,799,354
Cash and cash equivalents at the beginning of the financial year	8,061,808	2,262,454
Cash and cash equivalents at the end of the financial year	<u>7,167,727</u>	<u>8,061,808</u>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Cash and short-term funds	<u>7,167,727</u>	<u>8,061,808</u>

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**NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**1 BASIS OF PREPARATION**

The interim financial statements are audited 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 year:

- (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.

- (b) MFRS 2 'Share-based Payment' in line with the establishment of Share Grant Scheme ('SGS') by the holding company, RHB Bank Berhad ('RHB Bank'), as further disclosed in Note 26.

**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 financial year ended 31 December 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 financial year ended 31 December 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 financial year ended 31 December 2022, 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 its existing RM250 million in nominal value of Subordinated Sukuk Murabahah issued on 27 April 2017.

**7 DIVIDEND PAID/DECLARED**

- (a) 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; and
- (b) A single-tier interim dividend of 6.00 sen per share in respect of the financial year ended 31 December 2022, amounting to RM100,406,000 on 23 September 2022.
- (c) The Directors declared a second single-tier interim dividend of 15.00 sen per share amounting to RM251,014,000 in respect of the financial year ended 31 December 2022. The financial statements for the current financial year do not reflect this second single-tier interim dividend. This dividend payment will be accounted for in the shareholder's equity as an appropriation of retained profits in the financial year ending 31 December 2023.

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**NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 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**

	<b>As at</b>	<b>As at</b>
	<b>31 December</b>	31 December
	<b>2022</b>	2021
	<b>RM'000</b>	RM'000
<b>At amortised cost</b>		
Malaysian Government Investment Issues	<b>199,093</b>	761,355
Corporate sukuk	<b>377,958</b>	2,039,603
	<b>577,051</b>	2,800,958

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

	<b>As at</b>	<b>As at</b>
	<b>31 December</b>	31 December
	<b>2022</b>	2021
	<b>RM'000</b>	RM'000
Licensed Islamic banks	-	125,020
BNM	-	2,001,467
Other financial institutions	-	200,023
	-	2,326,510



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**NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS**  
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11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ('FVTPL')

	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
<b>Mandatory measured at fair value</b>		
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	91,997	52,093

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

	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
<b>At fair value</b>		
Debt instruments	5,700,547	5,587,524
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	1,840,246	1,539,960
Negotiable Islamic debt certificates	-	298,527
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Corporate sukuk	3,860,301	3,749,037
	5,700,547	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
<b>31 December 2022</b>				
Balance as at the beginning of the financial year	2,337	-	-	2,337
Changes in credit risk	2,588	-	-	2,588
Purchases and origination	1,984	-	-	1,984
Derecognition and disposal	(630)	-	-	(630)
Balance as at the end of the financial year	6,279	-	-	6,279
<b>31 December 2021</b>				
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

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**NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS**  
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13 FINANCIAL INVESTMENTS AT AMORTISED COST

	<b>As at 31 December 2022 RM'000</b>	<b>As at 31 December 2021 RM'000</b>
<b>At amortised cost</b>		
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	2,217,425	369,129
Sukuk Perumahan Kerajaan	10,064	10,047
Islamic Cagamas bonds	338,771	15,085
Islamic Khazanah bonds	127,665	123,966
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Corporate sukuk	4,837,478	4,723,053
<u>Outside Malaysia</u>		
Corporate sukuk	30,420	-
	<b>7,561,823</b>	5,241,280
Allowance for credit losses	(18,826)	(6,089)
	<b>7,542,997</b>	5,235,191

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

Gross exposure to RIA financing as at 31 December 2022 is RM1,401,085,000 (2021: RM1,366,975,000), of which RM1,008,105,000 (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 RM534,632,000 as at 31 December 2022 (2021: RM446,910,000).

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

	<b>As at 31 December 2022 RM'000</b>	<b>As at 31 December 2021 RM'000</b>
Balance as at the beginning of the financial year	1,105,024	-
Transferred to lifetime ECL credit impaired (Stage 3)	-	608,076
Purchases and origination	63,789	496,948
Balance as at the end of the financial year	<b>1,168,813</b>	1,105,024

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 RM392,980,000 (2021: RM741,106,000 and RM357,870,000) respectively.

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**NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 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
<b>31 December 2022</b>				
Balance as at the beginning of the financial year	4,312	1,777	-	6,089
Changes in credit risk	9,694	(119)	-	9,575
Purchases and origination	4,538	495	-	5,033
Derecognition and disposal	(1,871)	-	-	(1,871)
Balance as at the end of the financial year	<u>16,673</u>	<u>2,153</u>	<u>-</u>	<u>18,826</u>
<b>31 December 2021</b>				
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>

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14 FINANCING AND ADVANCES

<b>31 December 2022</b>	<b>Bai'</b>						
<b>At amortised cost</b>	<b>Bithaman</b>	<b>Ijarah *</b>	<b>Murabahah</b>	<b>Musyarakah</b>	<b>Qard</b>	<b>Others</b>	<b>Total</b>
	<b>Ajil ('BBA')</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	-	-	1,219,549	-	27,963	-	1,247,512
Term financing:							
- Housing financing	239,585	-	14,892,595	13,667,347	-	198	28,799,725
- Syndicated term financing	-	-	5,209,468	-	-	19,181	5,228,649
- Hire purchase receivables	-	9,923,780	-	-	-	-	9,923,780
- Other term financing	579	88,070	31,743,225	-	-	25	31,831,899
Bills receivables	-	-	322,098	-	-	-	322,098
Trust receipts	-	-	67,708	-	-	-	67,708
Claims on customers under acceptance credits	-	-	1,399,155	-	-	-	1,399,155
Share margin financing	-	-	9,902	-	-	-	9,902
Staff financing	1,093	-	13,775	-	-	-	14,868
Credit/charge card receivables	-	-	-	-	-	302,280	302,280
Revolving financing	-	-	2,577,115	-	-	-	2,577,115
Gross financing and advances	<b>241,257</b>	<b>10,011,850</b>	<b>57,454,590</b>	<b>13,667,347</b>	<b>27,963</b>	<b>321,684</b>	<b>81,724,691</b>
Fair value changes arising from fair value hedge							<b>(91,847)</b>
							<b>81,632,844</b>
Allowance for credit losses on financing and advances							<b>(782,582)</b>
Net financing and advances							<b>80,850,262</b>

\* 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.

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14 FINANCING AND ADVANCES (CONTINUED)

<b>31 December 2021</b>	<b>Bai'</b>						
	<b>Bithaman</b>						
<b>At amortised cost</b>	<b>Ajil ('BBA')</b>	<b>Ijarah *</b>	<b>Murabahah</b>	<b>Musarakah</b>	<b>Qard</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>	<b>RM'000</b>
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)
Allowance for credit losses on financing and advances							(606,491)
Net financing and advances							<u>74,259,901</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.

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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 December 2022, gross exposure to RIA financing funded by RHB Bank is RM7,238,222,000 (2021: RM8,564,457,000) and gross exposure to URIA financing funded by the investors is RM802,978,000 (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 RM20,852,000 (2021: RM143,209,000).

- (b) Included in term financing are housing financing sold to Cagamas amounting to RM1,820,766,000 as at 31 December 2022 (2021: RM741,384,000).

- (c) Movement of Qard financing

	<b>As at 31 December 2022 RM'000</b>	<b>As at 31 December 2021 RM'000</b>
Balance as at the beginning of the financial year	28,178	30,384
New disbursement	19,874	1,537
Repayment	<u>(20,089)</u>	<u>(3,743)</u>
Balance as at the end of the financial year	<u><b>27,963</b></u>	<u><b>28,178</b></u>
Sources of Qard fund:		
- Depositors' fund	<u><b>27,963</b></u>	<u><b>28,178</b></u>
Uses of Qard fund:		
- Personal use	<b>614</b>	635
- Business purpose	<u><b>27,349</b></u>	<u>27,543</u>
	<u><b>27,963</b></u>	<u><b>28,178</b></u>

- (i) By type of customer

Domestic non-bank financial institutions	1,878,937	2,372,457
Domestic business enterprises:		
- Small and medium enterprises	8,295,698	6,926,561
- Others	16,247,314	15,839,568
Government and statutory bodies	6,139,471	6,251,858
Individuals	48,743,314	43,090,990
Other domestic entities	135,061	131,026
Foreign entities	<u>284,896</u>	<u>255,720</u>
	<u><b>81,724,691</b></u>	<u><b>74,868,180</b></u>

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14 FINANCING AND ADVANCES (CONTINUED)

	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
(ii) By profit rate sensitivity		
Fixed rate:		
- Housing financing	14,868	13,183
- Hire-purchase receivables	674,513	1,107,076
- Other fixed rate financing	9,953,873	10,325,073
Variable rate:		
- Base financing rate-plus	51,617,837	43,909,955
- Cost-plus	19,369,819	19,348,696
- Other variable rates	93,781	164,197
	<b>81,724,691</b>	<b>74,868,180</b>
(iii) By economic sector		
Agriculture, hunting, forestry and fishing	1,879,454	1,483,104
Mining and quarrying	108,058	90,179
Manufacturing	2,729,512	2,480,299
Electricity, gas and water	1,062,196	571,169
Construction	4,642,441	5,208,674
Wholesale and retail trade and restaurant and hotel	3,660,055	3,026,885
Transport, storage and communication	5,953,005	6,416,740
Finance, insurance, real estate and business services	6,079,740	5,633,879
Education, health and others	6,582,020	6,600,620
Household sector	49,018,402	43,348,442
Others	9,808	8,189
	<b>81,724,691</b>	<b>74,868,180</b>
(iv) By purpose		
Purchase of securities	5,955,084	5,577,488
Purchase of transport vehicles	9,873,672	9,132,175
Purchase of landed property:		
- Residential	27,707,282	23,527,874
- Non-residential	5,606,685	5,394,504
Purchase of property, plant and equipment other than land and building	710,750	707,150
Personal use	5,156,803	4,875,001
Credit card	302,280	271,518
Construction	941,953	884,448
Working capital	18,838,276	16,518,876
Merger and acquisition	1,471,708	2,615,844
Other purposes	5,160,198	5,363,302
	<b>81,724,691</b>	<b>74,868,180</b>

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14 FINANCING AND ADVANCES (CONTINUED)

	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
(v) By geographical distribution		
In Malaysia	<u>81,724,691</u>	<u>74,868,180</u>
(vi) By remaining contractual maturities		
Maturing within one year	8,457,670	6,908,432
One year to three years	5,420,536	6,298,556
Three years to five years	6,386,156	5,730,552
Over five years	<u>61,460,329</u>	<u>55,930,640</u>
	<u>81,724,691</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 year	385,800	435,207
Transfer to 12-month ECL (Stage 1)	(11,868)	(15,496)
Transfer to lifetime ECL not credit impaired (Stage 2)	(18,946)	(53,767)
Transfer to lifetime ECL credit impaired (Stage 3)	387,988	157,405
Purchases and origination	52,482	27,390
Derecognition	(90,088)	(72,445)
Amount written off	(105,466)	(101,293)
Modification of contractual cash flows	-	(12)
Other movements	586	8,811
Balance as at the end of the financial year	<u>600,488</u>	<u>385,800</u>
(b) By economic sector		
Agriculture, hunting, forestry and fishing	729	119
Mining and quarrying	4,833	-
Manufacturing	21,122	25,196
Electricity, gas and water	9,954	12,100
Construction	58,085	48,617
Wholesale and retail trade and restaurant and hotel	47,800	33,468
Transport, storage and communication	14,284	15,679
Finance, insurance, real estate and business services	39,879	33,259
Education, health and others	82,623	81
Household sector	<u>321,179</u>	<u>217,281</u>
	<u>600,488</u>	<u>385,800</u>



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14 FINANCING AND ADVANCES (CONTINUED)

(vii) Impaired financing and advances (continued)

	<b>As at 31 December 2022</b>	<b>As at 31 December 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(c) By purpose</b>		
Purchase of securities	1,673	621
Purchase of transport vehicles	46,276	34,283
Purchase of landed property:		
- Residential	236,701	164,115
- Non-residential	154,347	53,653
Purchase of property, plant and equipment other than land and building	2,803	3,234
Personal use	29,837	11,392
Credit card	3,216	2,201
Working capital	85,086	75,912
Other purposes	40,549	40,389
	<b>600,488</b>	<b>385,800</b>
<b>(d) By geographical distribution</b>		
In Malaysia	<b>600,488</b>	<b>385,800</b>

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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>31 December 2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance as at the beginning of the financial year	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)	47,653	(42,848)	(4,805)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(5,976)	12,793	(6,817)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(2,965)	(6,699)	9,664	-
	38,712	(36,754)	(1,958)	-
Changes in credit risk	(62,225)	174,676	148,855	261,306
Purchases and origination	26,322	5,017	5,256	36,595
Bad debts written off	-	-	(62,422)	(62,422)
Changes to model methodologies	(4,079)	(16,222)	(143)	(20,444)
Derecognition	(12,994)	(5,251)	(21,285)	(39,530)
Other movements	-	-	586	586
Balance as at the end of the financial year	<b>156,445</b>	<b>374,072</b>	<b>252,065</b>	<b>782,582</b>

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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)</b>	<b>Lifetime ECL not credit impaired (Stage 2)</b>	<b>Lifetime ECL credit impaired (Stage 3)</b>	<b>Total</b>
<b>31 December 2021</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance as at the beginning of the financial year	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>

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15 OTHER ASSETS

	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
Prepayments	26,241	29,816
Deposits	1,104	1,088
Amount due to a related company	91	87
Other receivables	69,192	380,233
	<b>96,628</b>	<b>411,224</b>

16 DEPOSITS FROM CUSTOMERS

	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
<u>Savings Deposits</u>		
Qard	2,505,812	2,574,440
<u>Demand Deposits</u>		
Qard	5,982,666	6,183,489
Commodity Murabahah	3,448,658	3,134,399
<u>Term Deposits</u>		
Commodity Murabahah	54,237,696	50,129,731
<u>Specific Investment Account</u>		
Commodity Murabahah	12,058,549	9,638,797
<u>General Investment Account</u>		
Mudharabah	209	347
	<b>78,233,590</b>	<b>71,661,203</b>

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

Due within six months	52,809,960	46,741,264
Six months to one year	11,569,333	11,918,392
One year to three years	778,256	1,086,493
Three years to five years	1,138,905	22,726
	<b>66,296,454</b>	<b>59,768,875</b>

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

Government and statutory bodies	15,717,516	13,071,677
Business enterprises	33,781,777	31,300,199
Individuals	27,925,437	26,283,229
Others	808,860	1,006,098
	<b>78,233,590</b>	<b>71,661,203</b>

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17 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Note	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
<u>Non-Mudharabah Funds:</u>			
Licensed Islamic banks		-	1,296,903
Licensed banks		5,652,451	5,888,898
Licensed investment banks		-	501,236
BNM	(a)	193,536	151,883
		<u>5,845,987</u>	<u>7,838,920</u>
<u>Mudharabah Funds:</u>			
Other financial institutions		279,366	187,695
		<u>6,125,353</u>	<u>8,026,615</u>

(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 December 2022 RM'000	As at 31 December 2021 RM'000
Mudharabah Restricted Investment Account	(a)	8,778,876	10,574,159
Wakalah Unrestricted Investment Account	(b)	818,386	220,771
		<u>9,597,262</u>	<u>10,794,930</u>

**(a) Mudharabah Restricted Investment Account**

By type of counterparty:

Licensed banks	<u>8,778,876</u>	<u>10,574,159</u>
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Investment asset (principal):

Personal financing (Note 14(a))	1,000,000	1,500,000
Other term financing (Note 14(a))	6,238,222	7,064,457
Short-term funds	33,000	490,000
Unquoted securities (Note 13)	1,401,085	1,366,975
	<u>8,672,307</u>	<u>10,421,432</u>

As at 31 December 2022, the amount of the restricted investment account placed by the holding company, RHB Bank, amounted to RM8,351,236,000 (2021: RM10,213,639,000).

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18 INVESTMENT ACCOUNTS (CONTINUED)

	As at 31 December <u>2022</u> RM'000	As at 31 December <u>2021</u> RM'000
<b>(b) Wakalah Unrestricted Investment Account</b>		
<u>By type of counterparty:</u>		
Business enterprises	<u><b>818,386</b></u>	<u>220,771</u>
<u>Investment asset (principal):</u>		
Personal financing (Note 14(a))	<b>642,382</b>	176,536
Housing financing (Note 14(a))	<u><b>160,596</b></u>	<u>44,134</u>
	<u><b>802,978</b></u>	<u>220,670</u>

19 OTHER LIABILITIES

	As at 31 December <u>2022</u> RM'000	As at 31 December <u>2021</u> RM'000
Sundry creditors	<b>14,869</b>	8,126
Amount due to holding company	<b>828,560</b>	934,414
Amount due to other related companies	<b>598</b>	12,162
Contract liability	<b>99,411</b>	129,683
Short term employee benefits	<b>4,447</b>	6,719
Accrual for operational expenses	<b>34,272</b>	34,201
Structured deposits	<b>41,020</b>	-
Other accruals and payables	<u><b>108,788</b></u>	<u>34,897</u>
	<u><b>1,131,965</b></u>	<u>1,160,202</u>

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20 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

	<u>4th Quarter Ended</u>		<u>Twelve Months Ended</u>	
	31 December 2022 RM'000	31 December 2021 RM'000	31 December 2022 RM'000	31 December 2021 RM'000
Income derived from investment of:				
(i) General investment deposits	3	1	11	370
(ii) Other deposits	<u>1,073,071</u>	<u>768,394</u>	<u>3,467,608</u>	<u>2,970,176</u>
	<u>1,073,074</u>	<u>768,395</u>	<u>3,467,619</u>	<u>2,970,546</u>
(i) Income derived from investment of general investment deposits:				
Financing and advances	2	5	9	297
Securities purchased under resale agreements	-	-	-	6
Financial assets at FVOCI	-	-	1	27
Financial investments at amortised cost	-	-	-	17
Money at call and deposits with banks and other financial institutions	<u>1</u>	<u>-</u>	<u>1</u>	<u>12</u>
Total finance income and hibah	<u>3</u>	<u>5</u>	<u>11</u>	<u>359</u>
Other operating income/(loss) (Note a)	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>11</u>
	<u>3</u>	<u>1</u>	<u>11</u>	<u>370</u>
Of which:				
Financing income earned on impaired financing	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
(a) Other operating income comprise of:				
Fee income:				
- Commission	-	-	-	1
Net loss on disposal of financial assets at FVTPL	-	-	-	(1)
Net gain/(loss) on disposal of debt instruments of financial assets at FVOCI	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>11</u>
	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>11</u>

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

	<u>4th Quarter Ended</u>		<u>Twelve Months Ended</u>	
	31 December 2022 RM'000	31 December 2021 RM'000	31 December 2022 RM'000	31 December 2021 RM'000
(ii) Income derived from investment of other deposits:				
Financing and advances	908,420	640,156	2,891,439	2,393,983
Securities purchased under resale agreements	6,094	11,503	40,925	44,294
Financial assets at FVTPL	889	139	3,880	1,414
Financial assets at FVOCI	51,432	46,187	197,620	198,369
Financial investments at amortised cost	46,318	33,972	131,270	133,793
Money at call and deposits with banks and other financial institutions	54,295	33,055	170,348	99,889
Total finance income and hibah	1,067,448	765,012	3,435,482	2,871,742
Other operating income (Note a)	5,623	3,382	32,126	98,434
	<u>1,073,071</u>	<u>768,394</u>	<u>3,467,608</u>	<u>2,970,176</u>
Of which:				
Financing income earned on impaired financing	4,454	2,194	17,744	12,003
(a) Other operating income comprise of:				
Fee income:				
- Commission	3,039	2,132	13,105	9,541
- Guarantee fees	1,522	1,215	4,224	3,690
	<u>4,561</u>	<u>3,347</u>	<u>17,329</u>	<u>13,231</u>
Net gain/(loss) on revaluation of financial assets at FVTPL	1,041	(26)	836	4
Net gain/(loss) on disposal of financial assets at FVTPL	18	(2)	306	(4,462)
Net gain on disposal of debt instruments of financial assets at FVOCI	3	41	13,655	89,639
Net gain arising from derecognition of financial investments at amortised cost	-	22	-	22
	<u>5,623</u>	<u>3,382</u>	<u>32,126</u>	<u>98,434</u>

21 INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS

	<u>4th Quarter Ended</u>		<u>Twelve Months Ended</u>	
	31 December 2022 RM'000	31 December 2021 RM'000	31 December 2022 RM'000	31 December 2021 RM'000
Financing and advances	111,970	75,282	401,942	293,271
Financial investments at amortised cost	21,387	17,354	74,379	61,851
Money at call and deposits with banks and other financial institutions	673	2,215	5,182	2,575
Total finance income and hibah	<u>134,030</u>	<u>94,851</u>	<u>481,503</u>	<u>357,697</u>



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22 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
	<b>31 December</b>	31 December	<b>31 December</b>	31 December
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Financing and advances	<b>18,595</b>	13,988	<b>60,428</b>	55,115
Securities purchased under resale agreements	<b>120</b>	251	<b>855</b>	1,020
Financial assets at FVTPL	<b>18</b>	3	<b>81</b>	33
Financial assets at FVOCI	<b>1,046</b>	998	<b>4,130</b>	4,567
Financial investments at amortised cost	<b>952</b>	739	<b>2,744</b>	3,080
Money at call and deposits with banks and other financial institutions	<b>1,112</b>	733	<b>3,560</b>	2,300
Total finance income and hibah	<b>21,843</b>	16,712	<b>71,798</b>	66,115
Other operating income (Note a)	<b>51,305</b>	28,612	<b>144,185</b>	119,491
	<b>73,148</b>	45,324	<b>215,983</b>	185,606
Of which:				
Financing income earned on impaired financing	<b>91</b>	46	<b>371</b>	276
(a) Other operating income comprise of:				
Fee income:				
- Commission	<b>12,298</b>	11,469	<b>48,054</b>	44,088
- Service charges and fees	<b>24,045</b>	23,529	<b>91,757</b>	97,481
- Guarantee fees	<b>31</b>	27	<b>88</b>	85
	<b>36,374</b>	35,025	<b>139,899</b>	141,654
Net gain/(loss) on revaluation of financial assets at FVTPL	<b>21</b>	(1)	<b>17</b>	-
Net gain/(loss) on disposal of financial assets at FVTPL	<b>-</b>	2	<b>6</b>	(103)
Net gain/(loss) on disposal of debt instruments of financial investments at FVOCI	<b>(3)</b>	(37)	<b>285</b>	2,064
Net gain arising from derecognition of financial investments at amortised cost	<b>-</b>	1	<b>-</b>	1
Net (loss)/gain on revaluation of derivatives	<b>198</b>	(14,278)	<b>(24,617)</b>	(40,217)
Net (loss)/gain on fair value hedges	<b>217</b>	3,664	<b>(812)</b>	2,452
Other income:				
- Foreign exchange gain	<b>15,468</b>	4,826	<b>32,321</b>	15,810
- (Loss)/Gain on disposal of property, plant and equipment	<b>-</b>	2	<b>-</b>	(30)
- Gain on modification of right of use	<b>-</b>	38	<b>1</b>	38
- Other non-operating loss	<b>(970)</b>	(630)	<b>(2,915)</b>	(2,178)
	<b>51,305</b>	28,612	<b>144,185</b>	119,491

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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

	<u>4th Quarter Ended</u>		<u>Twelve Months Ended</u>	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
<u>Charge/(Writeback)</u>				
Financing and advances:				
- Net charge/(writeback)	82,591	(34,377)	237,927	128,409
- Bad debts recovered	(7,551)	(6,447)	(36,502)	(22,032)
- Bad debts written off	11,858	13,946	42,878	37,911
	<b>86,898</b>	<b>(26,878)</b>	<b>244,303</b>	<b>144,288</b>
Financial assets at FVOCI	2,645	262	3,942	336
Financial investments at amortised cost	9,880	958	12,737	1,397
Other financial assets	86	7	70	(142)
	<b>99,509</b>	<b>(25,651)</b>	<b>261,052</b>	<b>145,879</b>

25 INCOME ATTRIBUTABLE TO DEPOSITORS

	<u>4th Quarter Ended</u>		<u>Twelve Months Ended</u>	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
- Mudharabah funds	5,461	4,403	19,311	16,295
- Non-Mudharabah funds	487,311	320,646	1,552,172	1,252,490
Deposits and placements of banks and other financial institutions:				
- Non-Mudharabah funds	51,539	38,770	174,749	104,132
Others:				
- Subordinated obligations	8,002	8,519	32,568	33,800
- Recourse obligation on financing sold to Cagamas	13,165	8,967	29,810	73,460
- Others	478	43	1,115	144
	<b>565,956</b>	<b>381,348</b>	<b>1,809,725</b>	<b>1,480,321</b>

26 PERSONNEL EXPENSES

	Note	<u>4th Quarter Ended</u>		<u>Twelve Months Ended</u>	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
		RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses		5,040	6,099	21,726	22,626
Contributions to Employees' Provident Fund		820	910	3,558	3,524
Share-based expenses	(a)	103	-	205	-
Other staff related costs		697	6,319	1,967	7,589
		<b>6,660</b>	<b>13,328</b>	<b>27,456</b>	<b>33,739</b>

- (a) The Share Grant Scheme ('SGS') was implemented by the holding company, RHB Bank in June 2022. The SGS is intended to motivate employees, attract talents and retain key employees through the grant of the ordinary shares in RHB Bank. RHB Bank has on 4 July 2022, made an offer to the eligible employees, which include certain employees of the Bank. The SGS related expenses is recognised in the financial statements of the Bank from the effective offer date in accordance with MFRS 2 'Share-based Payment'.

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27 OTHER OVERHEADS AND EXPENDITURES

	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
	<b>31 December</b>	31 December	<b>31 December</b>	31 December
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<u>Establishment costs</u>				
Property, plant and equipment:				
- Depreciation	372	247	1,253	955
Computer software license:				
- Amortisation	256	177	947	758
Right of use assets:				
- Depreciation	399	443	1,594	2,136
Information technology expenses	563	2,067	2,223	4,065
Repair and maintenance	36	55	146	211
Rental of premises	117	108	346	440
Water and electricity	128	105	464	422
Rental of equipment	1	1	7	7
Printing and stationeries	4,569	935	8,272	2,574
Insurance	2,528	1,518	10,137	4,487
Others	539	141	1,857	1,485
	<b>9,508</b>	5,797	<b>27,246</b>	17,540
<u>Marketing expenses</u>				
Advertisement and publicity	239	11	634	253
Sales commission	4,121	3,708	14,353	13,285
Travelling expenses	92	12	209	64
Motor vehicle expenses	30	15	80	46
Others	3,271	2,835	5,283	4,583
	<b>7,753</b>	6,581	<b>20,559</b>	18,231
<u>Administration and general expenses</u>				
Communication expenses	4,140	1,798	8,825	7,568
Legal and professional fee	1,148	1,263	5,028	10,293
Management fee	147,538	93,146	522,875	338,392
Others	3,195	17,387	9,708	22,192
	<b>156,021</b>	113,594	<b>546,436</b>	378,445
	<b>173,282</b>	125,972	<b>594,241</b>	414,216

28 EARNINGS PER SHARE

	<b>4th Quarter Ended</b>		<b>Twelve Months Ended</b>	
	<b>31 December</b>	31 December	<b>31 December</b>	31 December
	<b>2022</b>	2021	<b>2022</b>	2021
Net profit for the financial period/year (RM'000)	<b>225,617</b>	247,848	<b>753,275</b>	789,488
Weighted average number of ordinary shares in issue ('000)	<b>1,673,424</b>	1,673,424	<b>1,673,424</b>	1,673,424
Basic earnings per share (sen)	<b>13.48</b>	14.81	<b>45.01</b>	47.18

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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.

	<b>As at 31 December 2022</b>	<b>As at 31 December 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Contingent liabilities</b>		
Transaction-related contingent items	381,269	348,068
Short-term self-liquidating trade related contingencies	<u>264,229</u>	<u>27,903</u>
	<u><b>645,498</b></u>	<u><b>375,971</b></u>
<b>Commitments</b>		
Irrevocable commitments to extend credit:		
- Maturity less than one year	207,642	1,974,669
- Maturity more than one year	<u>10,024,361</u>	<u>8,105,582</u>
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>2,681,811</u>	<u>2,648,467</u>
	<u><b>12,913,814</b></u>	<u><b>12,728,718</b></u>
<b>Derivative financial instruments</b>		
Foreign exchange related contracts <sup>^</sup> :		
- Less than one year	13,763,168	14,233,787
- One year to less than five years	<u>990,489</u>	<u>962,825</u>
Profit rate related contracts <sup>^</sup> :		
- Less than one year	1,130,000	2,910,000
- One year to less than five years	<u>3,300,000</u>	<u>2,000,000</u>
- More than five years	-	1,800,000
Commodity related contracts <sup>^</sup> :		
- Less than one year	100,122	-
- One year to less than five years	<u>128,491</u>	<u>-</u>
	<u><b>19,412,270</b></u>	<u><b>21,906,612</b></u>
	<u><b>32,971,582</b></u>	<u><b>35,011,301</b></u>

<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.

30 CAPITAL COMMITMENTS

	<b>As at 31 December 2022</b>	<b>As at 31 December 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Capital expenditure for property, plant and equipment:		
- Authorised and contracted for	<u>5,233</u>	<u>3,442</u>

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**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> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<b><u>31 December 2022</u></b>				
<b><u>Financial assets</u></b>				
Financial assets at FVTPL:				
- money market instruments	-	91,997	-	91,997
Financial assets at FVOCI:				
- money market instruments	-	5,700,547	-	5,700,547
- unquoted securities	-	1,840,246	-	1,840,246
	-	3,860,301	-	3,860,301
Derivative assets	-	324,762	-	324,762
	-	6,117,306	-	6,117,306
<b><u>Financial liabilities</u></b>				
Derivative liabilities	-	256,252	-	256,252
<b><u>31 December 2021</u></b>				
<b><u>Financial assets</u></b>				
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
	-	3,749,037	-	3,749,037
Derivative assets	-	125,320	-	125,320
	-	5,764,937	-	5,764,937
<b><u>Financial liabilities</u></b>				
Derivative liabilities	-	134,410	-	134,410

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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.

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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:

	<b>As at 31 December 2022 RM'000</b>	<b>As at 31 December 2021 RM'000</b>
<b><u>Common Equity Tier-I ('CET-I') Capital /Tier-I Capital</u></b>		
Share capital	1,673,424	1,673,424
Retained profits	4,177,805	3,716,002
Other reserve	205	-
FVOCI reserve	<u>(118,059)</u>	<u>(28,023)</u>
	5,733,375	5,361,403
Less:		
Deferred tax assets	(100,598)	(102,565)
Intangible assets (include associated deferred tax liabilities)	(4,227)	(2,976)
Other deductions*	<u>(941)</u>	<u>(918)</u>
Total CET-I/Total Tier-I Capital	<u>5,627,609</u>	<u>5,254,944</u>
<b><u>Tier-II Capital</u></b>		
Subordinated obligations	750,000	750,000
Surplus eligible provisions over expected losses	140,835	134,679
General provisions^	<u>55,462</u>	<u>52,467</u>
Total Tier-II Capital	<u>946,297</u>	<u>937,146</u>
Total Capital	<u><u>6,573,906</u></u>	<u><u>6,192,090</u></u>
<b><u>Capital Ratios</u></b>		
Before proposed dividends:		
CET-I Capital Ratio	17.828%	17.635%
Tier-I Capital Ratio	17.828%	17.635%
Total Capital Ratio	<u>20.826%</u>	<u>20.780%</u>
After proposed dividends:		
CET-I Capital Ratio	17.033%	16.849%
Tier-I Capital Ratio	17.033%	16.849%
Total Capital Ratio	<u>20.031%</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.

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32 CAPITAL ADEQUACY (CONTINUED)

<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 RM34,664,000 (2021: RM41,763,000).

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

	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
Credit risk	33,635,942	33,329,415
Credit risk absorbed by PSIA <sup>+</sup>	(5,355,297)	(6,318,180)
Market risk	170,490	201,515
Operational risk	3,114,515	2,585,628
Total risk-weighted assets	<u>31,565,650</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).

<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 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.

33 CREDIT EXPOSURES ARISING FROM TRANSACTIONS WITH CONNECTED PARTIES

	As at 31 December 2022	As at 31 December 2021
Outstanding credit exposures with connected parties (RM'000)	<u>5,257,433</u>	<u>4,216,124</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures (%)	<u>5.81</u>	<u>5.06</u>
Percentage of outstanding credit exposures with connected parties which is impaired or in default (%)	<u>-</u>	<u>0.12</u>

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective from 1 January 2008.



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**34 VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

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

**35 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.

**36 CHANGES IN PROFIT FOR THE QUARTER**

The Bank reported a pre-tax profit of RM340.4 million for the current quarter, 20.8% higher as compared to the preceding quarter ended 30 September 2022 of RM281.9 million. The higher profit was mainly attributed to higher net funding income by RM115.2 million and higher non funding income by RM3.2 million, partly offset by higher allowance for credit losses by RM50.0 million and higher overhead expenses by RM9.9 million.

**37 PERFORMANCE REVIEW**

For the financial year ended 31 December 2022, the Bank recorded a pre-tax profit of RM1,139.4 million, 10.6% higher than previous year corresponding year of RM1,030.5 million. The higher profit was mainly due to higher net funding income by RM320.9 million and lower modification loss by RM118.5 million, partly offset by higher overhead expenses by RM173.7 million, higher allowance for credit losses by RM115.2 million and lower non funding income by RM41.6 million.

**38 PROSPECTS FOR FINANCIAL YEAR 2023**

Global economic growth is expected to slow down in 2023 as the outlook remains uncertain on the back of continued monetary policy prudence in the US, inflationary pressure, geopolitical tensions and trade protectionism. Domestically, GDP is still expected to grow, albeit at a moderate pace of 4.5%, supported mainly by resilient domestic demand with private consumption remaining as the primary driver of the economic growth for the year.

For the banking sector, financing growth is projected to sustain at 5% in 2023 in tandem with softer GDP growth, whilst interest rate is expected to normalise further to pre-pandemic level. Nevertheless, the banking industry is anticipated to remain resilient with robust capital and liquidity positions, supported by adequate level of provisioning.

As the operating environment continues to be challenging, the Group remains vigilant and committed to maintaining its strong fundamentals through its TWP24 strategy, focusing on achieving quality growth and driving service excellence.