

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

	Note	As at <b>30 June 2022</b> RM'000	As at 31 December 2021 RM'000
<b>ASSETS</b>			
Cash and short-term funds		<b>6,797,654</b>	8,061,808
Securities purchased under resale agreements	9	<b>2,585,751</b>	2,800,958
Deposits and placements with banks and other financial institutions	10	<b>1,901,489</b>	2,326,510
Financial assets at fair value through profit or loss ('FVTPL')	11	<b>138,450</b>	52,093
Financial assets at fair value through other comprehensive income ('FVOCI')	12	<b>5,154,853</b>	5,587,524
Financial investments at amortised cost	13	<b>5,826,074</b>	5,235,191
Financing and advances	14	<b>76,762,785</b>	74,259,901
Other assets	15	<b>371,196</b>	411,224
Derivative assets		<b>269,882</b>	125,320
Statutory deposits with Bank Negara Malaysia ('BNM')		<b>12,500</b>	20,000
Deferred tax assets		<b>158,108</b>	110,860
Right of use assets		<b>1,979</b>	2,528
Property, plant and equipment		<b>4,251</b>	3,452
Intangible assets		<b>4,025</b>	3,528
<b>TOTAL ASSETS</b>		<b>99,988,997</b>	99,000,897
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	16	<b>72,505,651</b>	71,661,203
Deposits and placements of banks and other financial institutions	17	<b>8,521,825</b>	8,026,615
Investment accounts	18	<b>10,033,847</b>	10,794,930
Bills and acceptances payable		<b>7,816</b>	8,287
Other liabilities	19	<b>1,539,385</b>	1,160,202
Derivative liabilities		<b>135,264</b>	134,410
Recourse obligation on financing sold to Cagamas Berhad ('Cagamas')		<b>753,535</b>	753,585
Provision for taxation and zakat		<b>154,335</b>	93,685
Lease liabilities		<b>2,039</b>	2,548
Subordinated obligations		<b>754,282</b>	754,573
<b>TOTAL LIABILITIES</b>		<b>94,407,979</b>	93,390,038
Share capital		<b>1,673,424</b>	1,673,424
Reserves		<b>3,907,594</b>	3,937,435
<b>TOTAL EQUITY</b>		<b>5,581,018</b>	5,610,859
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>99,988,997</b>	99,000,897
<b>COMMITMENTS AND CONTINGENCIES</b>	29	<b>32,717,716</b>	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**  
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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

	Note	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
		<u>30 June 2022</u>	<u>30 June 2021</u>	<u>30 June 2022</u>	<u>30 June 2021</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Income derived from investment of depositors' funds	20	<b>795,095</b>	751,885	<b>1,531,497</b>	1,467,934
Income derived from investment of investment account funds	21	<b>117,889</b>	89,698	<b>227,394</b>	174,992
Income derived from investment of shareholders' funds	22	<b>44,141</b>	52,456	<b>84,769</b>	101,414
Modification loss	23	-	-	-	(20,597)
Allowance for credit losses on financial assets	24	<b>(74,353)</b>	(89,413)	<b>(112,048)</b>	(121,125)
Total distributable income		<b>882,772</b>	804,626	<b>1,731,612</b>	1,602,618
Income attributable to depositors	25	<b>(397,955)</b>	(364,778)	<b>(772,176)</b>	(734,184)
Profit distributed to investment account holders		<b>(85,095)</b>	(74,100)	<b>(170,677)</b>	(140,419)
		<b>399,722</b>	365,748	<b>788,759</b>	728,015
Personnel expenses	26	<b>(6,377)</b>	(6,455)	<b>(14,023)</b>	(14,301)
Other overheads and expenditures	27	<b>(131,366)</b>	(97,588)	<b>(257,669)</b>	(196,650)
Profit before taxation and zakat		<b>261,979</b>	261,705	<b>517,067</b>	517,064
Taxation and zakat		<b>(88,725)</b>	(64,337)	<b>(178,088)</b>	(127,052)
Net profit for the financial period		<b>173,254</b>	197,368	<b>338,979</b>	390,012
Basic earnings per share (sen)	28	<b>10.35</b>	11.79	<b>20.26</b>	23.31

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**RHB ISLAMIC BANK BERHAD**  
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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>30 June 2022</u>	<u>30 June 2021</u>	<u>30 June 2022</u>	<u>30 June 2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Net profit for the financial period	<b>173,254</b>	197,368	<b>338,979</b>	390,012
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>(118,228)</b>	51,017	<b>(177,101)</b>	(163,116)
- Net transfer to income statement on disposal	<b>(810)</b>	(30,135)	<b>(5,269)</b>	(66,599)
- Changes in expected credit losses	<b>4,218</b>	(306)	<b>4,060</b>	(336)
Income tax relating to components of other comprehensive loss/(income)	<b>28,570</b>	(5,012)	<b>43,769</b>	55,131
Other comprehensive (loss)/income, net of tax, for the financial period	<b>(86,250)</b>	15,564	<b>(134,541)</b>	(174,920)
Total comprehensive income for the financial period	<b>87,004</b>	212,932	<b>204,438</b>	215,092

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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

	Share capital RM'000	Non distributable		Distributable	Total RM'000
		FVOCI reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000	
<b>Balance as at 1 January 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 period	-	-	-	<b>338,979</b>	<b>338,979</b>
Other comprehensive income/(loss):					
Debt instruments measured at FVOCI:					
- Unrealised net loss on revaluation	-	<b>(177,101)</b>	-	-	<b>(177,101)</b>
- Net transfer to income statement on disposal	-	<b>(5,269)</b>	-	-	<b>(5,269)</b>
- Changes in expected credit losses	-	<b>4,060</b>	-	-	<b>4,060</b>
Income tax relating to components of other comprehensive loss	-	<b>43,769</b>	-	-	<b>43,769</b>
Other comprehensive loss, net of tax, for the financial period	-	<b>(134,541)</b>	-	-	<b>(134,541)</b>
Total comprehensive income/(loss) for the financial period	-	<b>(134,541)</b>	-	<b>338,979</b>	<b>204,438</b>
Dividend paid	-	-	-	<b>(234,279)</b>	<b>(234,279)</b>
Transfer from regulatory reserve	-	-	<b>(62,125)</b>	<b>62,125</b>	-
<b>Balance as at 30 June 2022</b>	<b>1,673,424</b>	<b>(160,227)</b>	<b>184,994</b>	<b>3,882,827</b>	<b>5,581,018</b>

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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

	Share capital RM'000	Non distributable		Distributable	Total RM'000
		FVOCI reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000	
<b>Balance as at 1 January 2021</b>	1,673,424	226,849	327,805	2,896,031	5,124,109
Net profit for the financial period	-	-	-	390,012	390,012
Other comprehensive income/(loss):					
Debt instruments measured at FVOCI:					
- Unrealised net loss on revaluation	-	(163,116)	-	-	(163,116)
- Net transfer to income statement on disposal	-	(66,599)	-	-	(66,599)
- Changes in expected credit losses	-	(336)	-	-	(336)
Income tax relating to components of other comprehensive loss	-	55,131	-	-	55,131
Other comprehensive loss, net of tax, for the financial period	-	(174,920)	-	-	(174,920)
Total comprehensive income/(loss) for the financial period	-	(174,920)	-	390,012	215,092
Dividend paid	-	-	-	(50,203)	(50,203)
Transfer from regulatory reserve	-	-	(27,888)	27,888	-
<b>Balance as at 30 June 2021</b>	<b>1,673,424</b>	<b>51,929</b>	<b>299,917</b>	<b>3,263,728</b>	<b>5,288,998</b>

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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

	<u>30 June 2022</u>	<u>30 June 2021</u>
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation and zakat	517,067	517,064
Adjustments for non-cash items	<u>(42,919)</u>	<u>(76,487)</u>
Operating profit before changes in working capital	474,148	440,577
Changes in working capital:		
Net changes in operating assets	(2,194,230)	(1,911,653)
Net changes in operating liabilities	965,288	4,579,325
Cash (used in)/generated from operations	<u>(754,794)</u>	<u>3,108,249</u>
Profit paid	(16,908)	(16,745)
Net tax and zakat paid	(120,916)	(54,458)
Net cash (used in)/generated from operating activities	<u>(892,618)</u>	<u>3,037,046</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment		
- Purchase	(1,379)	(134)
- Proceeds from disposal	-	160
Purchase of intangible assets	(948)	(206)
Net purchase of financial assets at FVOCI and financial investments at amortised cost	(307,165)	(152,745)
Investment income received from financial assets at FVOCI and financial investments at amortised cost	173,016	221,607
Net cash (used in)/generated from investing activities	<u>(136,476)</u>	<u>68,682</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal lease payment	(781)	(2,635)
Dividend paid	(234,279)	(50,203)
Issuance of subordinated sukuk	250,000	-
Redemption of subordinated sukuk	(250,000)	-
Net cash used in financing activities	<u>(235,060)</u>	<u>(52,838)</u>
Net (decrease)/increase in cash and cash equivalents	(1,264,154)	3,052,890
Cash and cash equivalents at the beginning of the financial period	8,061,808	2,262,454
Cash and cash equivalents at the end of the financial period	<u>6,797,654</u>	<u>5,315,344</u>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Cash and short-term funds	<u>6,797,654</u>	<u>5,315,344</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 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 six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 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 RM250 million in nominal value of Subordinated Sukuk Murabahah issued on 27 April 2017.

**7 DIVIDEND PAID**

During the six months ended 30 June 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.

The Board of Directors have declared an interim single-tier cash dividend of 6.00 sen per share in respect of the financial year ending 31 December 2022, amounting to RM100,405,000. The payment date for this interim dividend will be determined later.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 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**

	<u>As at</u> <u>30 June 2022</u>	<u>As at</u> <u>31 December 2021</u>
	<u>RM'000</u>	<u>RM'000</u>
<b>At amortised cost</b>		
Malaysian Government Investment Issues	927,864	761,355
Corporate sukuk	1,657,887	2,039,603
	<u>2,585,751</u>	<u>2,800,958</u>

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

	<u>As at</u> <u>30 June 2022</u>	<u>As at</u> <u>31 December 2021</u>
	<u>RM'000</u>	<u>RM'000</u>
Licensed Islamic banks	-	125,020
BNM	1,901,489	2,001,467
Other financial institutions	-	200,023
	<u>1,901,489</u>	<u>2,326,510</u>



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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

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

	<b>As at 30 June 2022</b>	<b>As at 31 December 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Mandatory measured at fair value</b>		
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	<b>138,450</b>	52,093

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

	<b>As at 30 June 2022</b>	<b>As at 31 December 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
Debt instruments	<b>5,154,853</b>	5,587,524
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	1,874,708	1,539,960
Negotiable Islamic debt certificates	-	298,527
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Corporate sukuk	<b>3,280,145</b>	3,749,037
	<b>5,154,853</b>	5,587,524

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

	<b>12-month ECL (Stage 1)</b>	<b>Lifetime ECL not credit impaired (Stage 2)</b>	<b>Lifetime ECL credit impaired (Stage 3)</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 June 2022</b>				
Balance as at the beginning of the financial period	2,337	-	-	2,337
Changes in credit risk	2,635	-	-	2,635
Purchases and origination	2,055	-	-	2,055
Derecognition and disposal	(630)	-	-	(630)
Balance as at the end of the financial period	<b>6,397</b>	-	-	<b>6,397</b>
<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	<b>2,337</b>	-	-	<b>2,337</b>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

13 FINANCIAL INVESTMENTS AT AMORTISED COST

	<u>As at</u> <u>30 June 2022</u>	<u>As at</u> <u>31 December 2021</u>
	<u>RM'000</u>	<u>RM'000</u>
<b>At amortised cost</b>		
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	804,080	369,129
Sukuk Perumahan Kerajaan	10,054	10,047
Islamic Cagamas bonds	70,457	15,085
Islamic Khazanah bonds	125,787	123,966
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Corporate sukuk	4,795,296	4,723,053
<u>Outside Malaysia</u>		
Corporate sukuk	30,435	-
	<u>5,836,109</u>	<u>5,241,280</u>
Allowance for credit losses	<u>(10,035)</u>	<u>(6,089)</u>
	<u><u>5,826,074</u></u>	<u><u>5,235,191</u></u>

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

Gross exposure to RIA financing as at 30 June 2022 is RM1,370,982,000 (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 RM446,996,000 as at 30 June 2022 (31 December 2021: RM446,910,000).

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

	<u>As at</u> <u>30 June 2022</u>	<u>As at</u> <u>31 December 2021</u>
	<u>RM'000</u>	<u>RM'000</u>
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	15,452	496,948
Balance as at the end of the financial period/year	<u><u>1,120,476</u></u>	<u><u>1,105,024</u></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 RM361,876,000 (31 December 2021: RM741,106,000 and RM357,870,000) respectively.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 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>30 June 2022</b>				
Balance as at the beginning of the financial period	4,312	1,777	-	6,089
Changes in credit risk	1,614	34	-	1,648
Purchases and origination	2,419	252	-	2,671
Derecognition and disposal	(373)	-	-	(373)
Balance as at the end of the financial period	<u>7,972</u>	<u>2,063</u>	<u>-</u>	<u>10,035</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>30 June 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	-	-	1,125,291	-	21,985	-	1,147,276
Term financing:							
- Housing financing	257,413	-	12,852,689	13,519,762	-	181	26,630,045
- Syndicated term financing	-	-	4,675,000	-	-	19,181	4,694,181
- Hire purchase receivables	-	9,437,371	-	-	-	-	9,437,371
- Other term financing	621	91,095	31,052,652	-	-	25	31,144,393
Bills receivables	-	-	274,470	-	-	-	274,470
Trust receipts	-	-	40,375	-	-	-	40,375
Claims on customers under acceptance credits	-	-	1,353,558	-	-	-	1,353,558
Share margin financing	-	-	12,143	-	-	-	12,143
Staff financing	1,174	-	12,483	-	-	-	13,657
Credit/charge card receivables	-	-	-	-	-	277,358	277,358
Revolving financing	-	-	2,534,981	-	-	-	2,534,981
Gross financing and advances	<b>259,208</b>	<b>9,528,466</b>	<b>53,933,642</b>	<b>13,519,762</b>	<b>21,985</b>	<b>296,745</b>	<b>77,559,808</b>
Fair value changes arising from fair value hedge							<b>(105,548)</b>
							<b>77,454,260</b>
Allowance for credit losses on financing and advances							<b>(691,475)</b>
Net financing and advances							<b>76,762,785</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>Ajil ('BBA')</b>	<b>Ijarah *</b>	<b>Murabahah</b>	<b>Musyarakah</b>	<b>Qard</b>	<b>Others</b>	<b>Total</b>
<b>At amortised cost</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<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)
							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.

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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 30 June 2022, gross exposure to RIA financing funded by RHB Bank is RM7,440,434,000 (31 December 2021: RM8,564,457,000) and gross exposure to URIA financing funded by the investors is RM770,630,000 (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 RM42,940,000 (31 December 2021: RM143,209,000).

- (b) Included in term financing are housing financing sold to Cagamas amounting to RM731,070,000 as at 30 June 2022 (31 December 2021: RM741,384,000).

- (c) Movement of Qard financing

	<b>As at 30 June 2022</b>	<b>As at 31 December 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance as at the beginning of the financial period/year	28,178	30,384
New disbursement	12,229	1,537
Repayment	(18,422)	(3,743)
Balance as at the end of the financial period/year	<b>21,985</b>	<b>28,178</b>
Sources of Qard fund:		
- Depositors' fund	<b>21,985</b>	<b>28,178</b>
Uses of Qard fund:		
- Personal use	489	635
- Business purpose	21,496	27,543
	<b>21,985</b>	<b>28,178</b>

- (i) By type of customer

Domestic non-bank financial institutions	1,970,983	2,372,457
Domestic business enterprises:		
- Small medium enterprises	7,708,722	6,926,561
- Others	15,481,692	15,839,568
Government and statutory bodies	6,245,768	6,251,858
Individuals	45,755,551	43,090,990
Other domestic entities	132,975	131,026
Foreign entities	264,117	255,720
	<b>77,559,808</b>	<b>74,868,180</b>

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14 FINANCING AND ADVANCES (CONTINUED)

	<u>As at</u> <u>30 June 2022</u> RM'000	<u>As at</u> <u>31 December 2021</u> RM'000
(ii) By profit rate sensitivity		
Fixed rate:		
- Housing financing	13,657	13,183
- Hire-purchase receivables	844,654	1,107,076
- Other fixed rate financing	10,220,817	10,325,073
Variable rate:		
- Base financing rate-plus	47,629,715	43,909,955
- Cost-plus	18,744,748	19,348,696
- Other variable rates	106,217	164,197
	<u>77,559,808</u>	<u>74,868,180</u>
(iii) By economic sector		
Agriculture, hunting, forestry and fishing	1,738,759	1,483,104
Mining and quarrying	89,664	90,179
Manufacturing	2,728,737	2,480,299
Electricity, gas and water	802,908	571,169
Construction	4,858,177	5,208,674
Wholesale and retail trade and restaurant and hotel	3,496,382	3,026,885
Transport, storage and communication	5,592,380	6,416,740
Finance, insurance, real estate and business services	5,603,207	5,633,879
Government and government agencies	3,230,802	3,236,761
Education, health and others	3,388,897	3,363,859
Household sector	46,021,247	43,348,442
Others	8,648	8,189
	<u>77,559,808</u>	<u>74,868,180</u>
(iv) By purpose		
Purchase of securities	5,838,492	5,577,488
Purchase of transport vehicles	9,413,780	9,132,175
Purchase of landed property:		
- Residential	25,597,347	23,527,874
- Non-residential	5,563,085	5,394,504
Purchase of property, plant and equipment other than land and building	680,062	707,150
Personal use	4,951,489	4,875,001
Credit card	277,358	271,518
Construction	920,671	884,448
Working capital	17,583,222	16,518,876
Merger and acquisition	1,498,753	2,615,844
Other purposes	5,235,549	5,363,302
	<u>77,559,808</u>	<u>74,868,180</u>

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14 FINANCING AND ADVANCES (CONTINUED)

	<u>As at</u> <u>30 June 2022</u> RM'000	<u>As at</u> <u>31 December 2021</u> RM'000
(v) By geographical distribution		
In Malaysia	<u>77,559,808</u>	<u>74,868,180</u>
(vi) By remaining contractual maturities		
Maturing within one year	7,651,300	6,908,432
One year to three years	5,108,275	6,298,556
Three years to five years	5,626,543	5,730,552
Over five years	59,173,691	55,930,640
	<u>77,559,809</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)	(6,459)	(15,496)
Transfer to lifetime ECL not credit impaired (Stage 2)	(27,215)	(53,767)
Transfer to lifetime ECL credit impaired (Stage 3)	212,164	157,405
Purchases and origination	14,588	27,390
Derecognition	(101,701)	(72,445)
Amount written off	(39,461)	(101,293)
Modification of contractual cash flows	-	(12)
Other movements	15	8,811
Balance as at the end of the financial period/year	<u>437,731</u>	<u>385,800</u>
(b) By economic sector		
Agriculture, hunting, forestry and fishing	117	119
Mining and quarrying	4,708	-
Manufacturing	21,521	25,196
Electricity, gas and water	9,178	12,100
Construction	52,200	48,617
Wholesale and retail trade and restaurant and hotel	47,860	33,468
Transport, storage and communication	16,803	15,679
Finance, insurance, real estate and business services	39,247	33,259
Education, health and others	857	81
Household sector	245,240	217,281
	<u>437,731</u>	<u>385,800</u>



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14 FINANCING AND ADVANCES (CONTINUED)

(vii) Impaired financing and advances (continued)

	<u>As at</u> <u>30 June 2022</u>	<u>As at</u> <u>31 December 2021</u>
	<u>RM'000</u>	<u>RM'000</u>
 (c) By purpose		
Purchase of securities	1,476	621
Purchase of transport vehicles	30,971	34,283
Purchase of landed property:		
- Residential	185,187	164,115
- Non-residential	60,688	53,653
Purchase of property, plant and equipment other than land and building	3,223	3,234
Personal use	22,688	11,392
Credit card	2,714	2,201
Working capital	89,997	75,912
Other purposes	40,787	40,389
	<u>437,731</u>	<u>385,800</u>
 (d) By geographical distribution		
In Malaysia	<u>437,731</u>	<u>385,800</u>

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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>30 June 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 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)	36,997	(34,374)	(2,623)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(7,070)	16,282	(9,212)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(604)	(4,834)	5,438	-
	29,323	(22,926)	(6,397)	-
Changes in credit risk	(43,089)	107,291	49,965	114,167
Purchases and origination	15,211	1,537	99	16,847
Bad debts written off	-	-	(22,375)	(22,375)
Changes to model methodologies	(132)	(1,337)	(144)	(1,613)
Derecognition	(8,734)	(3,111)	(10,212)	(22,057)
Other movements	-	-	15	15
Balance as at the end of the financial period	<b>163,288</b>	<b>334,060</b>	<b>194,127</b>	<b>691,475</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) RM'000</b>	<b>Lifetime ECL not credit impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>31 December 2021</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 30 June 2022	As at 31 December 2021
	RM'000	RM'000
Prepayments	34,388	29,816
Deposits	1,088	1,088
Amount due to a related company	44	87
Other receivables	335,676	380,233
	<b>371,196</b>	<b>411,224</b>

16 DEPOSITS FROM CUSTOMERS

	As at 30 June 2022	As at 31 December 2021
	RM'000	RM'000
<u>Savings Deposits</u>		
Qard	2,723,930	2,574,440
<u>Demand Deposits</u>		
Qard	5,598,245	6,183,489
Commodity Murabahah	3,040,257	3,134,399
<u>Term Deposits</u>		
Commodity Murabahah	49,977,717	50,129,731
<u>Specific Investment Account</u>		
Commodity Murabahah	11,165,257	9,638,797
<u>General Investment Account</u>		
Mudharabah	245	347
	<b>72,505,651</b>	<b>71,661,203</b>

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

Due within six months	47,541,749	46,741,264
Six months to one year	12,047,650	11,918,392
One year to three years	676,304	1,086,493
Three years to five years	877,516	22,726
	<b>61,143,219</b>	<b>59,768,875</b>

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

Government and statutory bodies	13,381,587	13,071,677
Business enterprises	32,704,345	31,300,199
Individuals	25,483,811	26,283,229
Others	935,908	1,006,098
	<b>72,505,651</b>	<b>71,661,203</b>

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17 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Note	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000
<u>Non-Mudharabah Funds:</u>			
Licensed Islamic banks		449,526	1,296,903
Licensed banks		7,617,607	5,888,898
Licensed investment banks		150,388	501,236
BNM	(a)	165,876	151,883
		<b>8,383,397</b>	<b>7,838,920</b>
<u>Mudharabah Funds:</u>			
Other financial institutions		138,428	187,695
		<b>8,521,825</b>	<b>8,026,615</b>

(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 30 June 2022 RM'000	As at 31 December 2021 RM'000
Mudharabah Restricted Investment Account	(a)	9,257,973	10,574,159
Wakalah Unrestricted Investment Account	(b)	775,874	220,771
		<b>10,033,847</b>	<b>10,794,930</b>

**(a) Mudharabah Restricted Investment Account**

By type of counterparty:

Licensed banks	<b>9,257,973</b>	<b>10,574,159</b>
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Investment asset (principal):

Personal financing (Note 14(a))	1,500,000	1,500,000
Other term financing (Note 14(a))	5,940,434	7,064,457
Short-term funds	247,000	490,000
Unquoted securities (Note 13)	1,370,982	1,366,975
	<b>9,058,416</b>	<b>10,421,432</b>

As at 30 June 2022, the amount of the restricted investment account placed by the holding company, RHB Bank, amounted to RM8,878,371,000 (31 December 2021: RM10,213,639,000).

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18 INVESTMENT ACCOUNTS (CONTINUED)

	<b>As at 30 June 2022</b>	<b>As at 31 December 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(b) Wakalah Unrestricted Investment Account</b>		
<u>By type of counterparty:</u>		
Business enterprises	<b>775,874</b>	220,771
<u>Investment asset (principal):</u>		
Personal financing (Note 14(a))	<b>616,504</b>	176,536
Housing financing (Note 14(a))	<b>154,126</b>	44,134
	<b>770,630</b>	220,670

19 OTHER LIABILITIES

	<b>As at 30 June 2022</b>	<b>As at 31 December 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Sundry creditors	<b>75,425</b>	8,126
Amount due to holding company	<b>1,267,427</b>	934,414
Amount due to other related companies	<b>2,492</b>	12,162
Contract liability	<b>115,296</b>	129,683
Short term employee benefits	<b>3,033</b>	6,719
Accrual for operational expenses	<b>33,514</b>	34,201
Structured deposits	<b>40,102</b>	-
Other accruals and payables	<b>2,096</b>	34,897
	<b>1,539,385</b>	1,160,202

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20 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 June 2022</b>	30 June 2021	<b>30 June 2022</b>	30 June 2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Income derived from investment of:				
(i) General investment deposits	3	111	5	365
(ii) Other deposits	<b>795,092</b>	751,774	<b>1,531,492</b>	1,467,569
	<b>795,095</b>	751,885	<b>1,531,497</b>	1,467,934
(i) Income derived from investment of general investment deposits:				
Financing and advances	3	90	5	290
Securities purchased under resale agreements	-	2	-	6
Financial assets at FVOCI	-	7	-	27
Financial investments at amortised cost	-	5	-	16
Money at call and deposits with banks and other financial institutions	-	4	-	10
Total finance income and hibah	<b>3</b>	108	<b>5</b>	349
Other operating income (Note a)	-	3	-	16
	<b>3</b>	111	<b>5</b>	365
Of which:				
Financing income earned on impaired financing	-	1	-	2
(a) Other operating income comprise of:				
Fee income:				
- Commission	-	-	-	1
	-	-	-	1
Net gain on revaluation of financial assets at FVTPL	-	1	-	-
Net loss on disposal of financial assets at FVTPL	-	(1)	-	(1)
Net gain on disposal of debt instruments of financial assets at FVOCI	-	3	-	16
	-	3	-	16

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

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 June 2022</b>	30 June 2021	<b>30 June 2022</b>	30 June 2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
(ii) Income derived from investment of other deposits:				
Financing and advances	<b>656,830</b>	600,720	<b>1,256,502</b>	1,164,735
Securities purchased under resale agreements	<b>11,153</b>	12,764	<b>23,168</b>	23,906
Financial assets at FVTPL	<b>1,928</b>	429	<b>2,783</b>	1,273
Financial assets at FVOCI	<b>48,282</b>	50,230	<b>95,580</b>	106,704
Financial investments at amortised cost	<b>38,260</b>	33,693	<b>71,079</b>	65,316
Money at call and deposits with banks and other financial institutions	<b>33,076</b>	21,201	<b>69,145</b>	38,816
Total finance income and hibah	<b>789,529</b>	719,037	<b>1,518,257</b>	1,400,750
Other operating income (Note a)	<b>5,563</b>	32,737	<b>13,235</b>	66,819
	<b>795,092</b>	751,774	<b>1,531,492</b>	1,467,569
Of which:				
Financing income earned on impaired financing	<b>4,771</b>	3,395	<b>8,212</b>	6,274
(a) Other operating income comprise of:				
Fee income:				
- Commission	<b>4,312</b>	2,924	<b>7,064</b>	5,061
- Guarantee fees	<b>872</b>	379	<b>1,740</b>	1,586
	<b>5,184</b>	3,303	<b>8,804</b>	6,647
Net (loss)/gain on revaluation of financial assets at FVTPL	<b>(36)</b>	2,351	<b>(380)</b>	(1,669)
Net loss on disposal of financial assets at FVTPL	<b>(378)</b>	(2,364)	<b>(348)</b>	(3,204)
Net gain on disposal of debt instruments of financial assets at FVOCI	<b>793</b>	29,447	<b>5,159</b>	65,045
	<b>5,563</b>	32,737	<b>13,235</b>	66,819

21 INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 June 2022</b>	30 June 2021	<b>30 June 2022</b>	30 June 2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Financing and advances	<b>98,846</b>	73,317	<b>189,225</b>	147,752
Financial investments at amortised cost	<b>17,622</b>	16,381	<b>34,899</b>	27,240
Money at call and deposits with banks and other financial institutions	<b>1,421</b>	-	<b>3,270</b>	-
Total finance income and hibah	<b>117,889</b>	89,698	<b>227,394</b>	174,992



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22 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 June 2022</b>	30 June 2021	<b>30 June 2022</b>	30 June 2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Financing and advances	<b>13,983</b>	14,036	<b>26,788</b>	27,549
Securities purchased under resale agreements	<b>237</b>	298	<b>494</b>	565
Financial assets at FVTPL	<b>41</b>	10	<b>59</b>	30
Financial assets at FVOCI	<b>1,028</b>	1,171	<b>2,038</b>	2,524
Financial investments at amortised cost	<b>814</b>	787	<b>1,515</b>	1,545
Money at call and deposits with banks and other financial institutions	<b>704</b>	496	<b>1,474</b>	918
Total finance income and hibah	<b>16,807</b>	16,798	<b>32,368</b>	33,131
Other operating income (Note a)	<b>27,334</b>	35,658	<b>52,401</b>	68,283
	<b>44,141</b>	52,456	<b>84,769</b>	101,414
Of which:				
Financing income earned on impaired financing	<b>98</b>	79	<b>171</b>	148
(a) Other operating income comprise of:				
Fee income:				
- Commission	<b>10,571</b>	12,798	<b>22,465</b>	23,938
- Service charges and fees	<b>19,123</b>	9	<b>43,798</b>	38
- Guarantee fees	<b>18</b>	26,341	<b>37</b>	52,644
	<b>29,712</b>	39,148	<b>66,300</b>	76,620
Net (loss)/gain on revaluation of financial assets at FVTPL	-	57	<b>(8)</b>	(39)
Net loss on disposal of financial assets at FVTPL	<b>(8)</b>	(56)	<b>(7)</b>	(76)
Net gain on disposal of debt instruments of financial investments at FVOCI	<b>17</b>	685	<b>110</b>	1,538
Net loss on revaluation of derivatives	<b>(9,432)</b>	(10,423)	<b>(18,956)</b>	(20,745)
Net (loss)/gain on fair value hedges	<b>(800)</b>	414	<b>(588)</b>	962
Other income:				
- Foreign exchange gain	<b>8,434</b>	6,383	<b>6,643</b>	10,947
- Loss on disposal of property, plant and equipment	-	-	-	(32)
- Gain on modification of right of use	<b>1</b>	-	<b>1</b>	-
- Other non-operating loss	<b>(590)</b>	(550)	<b>(1,094)</b>	(892)
	<b>27,334</b>	35,658	<b>52,401</b>	68,283

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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>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>30 June 2022</u>	<u>30 June 2021</u>	<u>30 June 2022</u>	<u>30 June 2021</u>
<u>Charge/(Writeback)</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Financing and advances:				
- Net charge	73,029	88,331	107,344	121,550
- Bad debts recovered	(11,728)	(4,887)	(20,321)	(11,492)
- Bad debts written off	5,912	6,197	16,966	10,811
	<b>67,213</b>	89,641	<b>103,989</b>	120,869
Financial assets at FVOCI	4,218	(306)	4,060	(336)
Financial investments at amortised cost	2,994	(81)	3,946	555
Other financial assets	(72)	159	53	37
	<b>74,353</b>	89,413	<b>112,048</b>	121,125

25 INCOME ATTRIBUTABLE TO DEPOSITORS

	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>30 June 2022</u>	<u>30 June 2021</u>	<u>30 June 2022</u>	<u>30 June 2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Deposits from customers:				
- Mudharabah funds	4,535	4,164	8,760	7,766
- Non-Mudharabah funds	341,477	320,380	663,240	630,373
Deposits and placements of banks and other financial institutions:				
- Non-Mudharabah funds	38,992	13,751	74,335	32,884
Others:				
- Subordinated obligations	8,230	8,427	16,563	16,761
- Recourse obligation on financing sold to Cagamas	4,593	18,023	9,119	46,331
- Others	128	33	159	69
	<b>397,955</b>	364,778	<b>772,176</b>	734,184

26 PERSONNEL EXPENSES

	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>30 June 2022</u>	<u>30 June 2021</u>	<u>30 June 2022</u>	<u>30 June 2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Salaries, allowances and bonuses	5,209	5,174	11,340	11,618
Contributions to Employees' Provident Fund	854	854	1,876	1,806
Other staff related costs	314	427	807	877
	<b>6,377</b>	6,455	<b>14,023</b>	14,301

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27 OTHER OVERHEADS AND EXPENDITURES

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 June 2022</b>	30 June 2021	<b>30 June 2022</b>	30 June 2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b><u>Establishment costs</u></b>				
Property, plant and equipment:				
- Depreciation	291	227	580	482
Computer software license				
- Amortisation	233	185	451	412
Right of use assets:				
- Depreciation	385	422	796	1,136
Information technology expenses	534	652	1,096	1,380
Repair and maintenance	40	37	77	155
Rental of premises	60	115	137	223
Water and electricity	112	114	215	219
Rental of equipment	1	2	3	4
Printing and stationeries	1,073	640	1,918	1,184
Insurance	2,956	993	5,099	1,921
Others	474	416	885	1,312
	<b>6,159</b>	3,803	<b>11,257</b>	8,428
<b><u>Marketing expenses</u></b>				
Advertisement and publicity	131	1	372	5
Sales commission	3,369	3,197	6,718	6,284
Travelling expenses	35	27	55	43
Motor vehicle expenses	14	6	29	11
Others	284	763	677	856
	<b>3,833</b>	3,994	<b>7,851</b>	7,199
<b><u>Administration and general expenses</u></b>				
Communication expenses	1,379	2,303	3,410	4,451
Legal and professional fee	573	2,725	1,768	7,877
Management fee	117,248	83,328	229,056	165,387
Others	2,174	1,435	4,327	3,308
	<b>121,374</b>	89,791	<b>238,561</b>	181,023
	<b>131,366</b>	97,588	<b>257,669</b>	196,650

28 EARNINGS PER SHARE

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 June 2022</b>	30 June 2021	<b>30 June 2022</b>	30 June 2021
Net profit for the financial period (RM'000)	<b>173,254</b>	197,368	<b>338,979</b>	390,012
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>10.35</b>	11.79	<b>20.26</b>	23.31

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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.

	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000
<b>Contingent liabilities</b>		
Transaction-related contingent items	349,604	348,068
Short-term self-liquidating trade related contingencies	266,394	27,903
	<u>615,998</u>	<u>375,971</u>
<b>Commitments</b>		
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	159,540	-
Irrevocable commitments to extend credit:		
- Maturity less than one year	1,603,020	1,974,669
- Maturity more than one year	8,837,269	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	2,484,856	2,648,467
	<u>13,084,685</u>	<u>12,728,718</u>
<b>Derivative financial instruments</b>		
Foreign exchange related contracts <sup>^</sup> :		
- Less than one year	11,277,709	14,233,787
- One year to less than five years	990,670	962,825
Profit rate related contracts <sup>^</sup> :		
- Less than one year	2,720,000	2,910,000
- One year to less than five years	3,183,000	2,000,000
- More than five years	617,000	1,800,000
Commodity related contracts <sup>^</sup> :		
- Less than one year	100,140	-
- One year to less than five years	128,514	-
	<u>19,017,033</u>	<u>21,906,612</u>
	<u>32,717,716</u>	<u>35,011,301</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

	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000
Capital expenditure for property, plant and equipment:		
- Authorised and contracted for	5,171	3,442

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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>30 June 2022</u></b>				
<b><u>Financial assets</u></b>				
Financial assets at FVTPL:				
- money market instruments	-	138,450	-	138,450
Financial assets at FVOCI:				
- money market instruments	-	5,154,853	-	5,154,853
- unquoted securities	-	1,874,708	-	1,874,708
	-	3,280,145	-	3,280,145
Derivative assets	-	269,882	-	269,882
	-	5,563,185	-	5,563,185
<b><u>Financial liabilities</u></b>				
Derivative liabilities	-	135,264	-	135,264
<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:

	As at <b>30 June 2022</b>	As at 31 December 2021
	RM'000	RM'000
<b><u>Common Equity Tier-I ('CET-I') Capital /Tier-I Capital</u></b>		
Share capital	1,673,424	1,673,424
Retained profits	3,882,827	3,716,002
FVOCI reserve	<u>(166,624)</u>	<u>(28,023)</u>
	5,389,627	5,361,403
Less:		
Deferred tax assets	(106,048)	(102,565)
Intangible assets (include associated deferred tax liabilities)	(3,467)	(2,976)
Other deductions*	<u>(21)</u>	<u>(918)</u>
Total CET-I/Total Tier-I Capital	<u>5,280,091</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	138,056	134,679
General provisions^	<u>45,759</u>	<u>52,467</u>
Total Tier-II Capital	<u>933,815</u>	<u>937,146</u>
Total Capital	<u><u>6,213,906</u></u>	<u><u>6,192,090</u></u>
<b><u>Capital Ratios</u></b>		
Before proposed dividends:		
CET-I Capital Ratio	17.502%	17.635%
Tier-I Capital Ratio	17.502%	17.635%
Total Capital Ratio	<u>20.598%</u>	<u>20.780%</u>
After proposed dividends:		
CET-I Capital Ratio	17.170%	16.849%
Tier-I Capital Ratio	17.170%	16.849%
Total Capital Ratio	<u>20.265%</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 RM28,119,000 (31 December 2021: RM41,763,000).

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

	<b>As at</b> <b>30 June 2022</b> <b>RM'000</b>	<b>As at</b> <b>31 December 2021</b> <b>RM'000</b>
Credit risk	<b>33,044,536</b>	33,329,415
Credit risk absorbed by PSIA <sup>+</sup>	<b>(5,911,573)</b>	(6,318,180)
Market risk	<b>233,408</b>	201,515
Operational risk	<b>2,801,286</b>	2,585,628
Total risk-weighted assets	<b><u>30,167,657</u></b>	<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

	<b>As at</b> <b>30 June 2022</b>	<b>As at</b> <b>31 December 2021</b>
Outstanding credit exposures with connected parties (RM'000)	<b><u>4,423,644</u></b>	<u>4,216,124</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures (%)	<b><u>5.17</u></b>	<u>5.06</u>
Percentage of outstanding credit exposures with connected parties which is impaired or in default (%)	<b><u>-</u></b>	<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, other than as discussed below:

(a) Establishment of Share Grant Scheme ('SGS') at RHB Banking Group

RHB Bank, the holding company, has on 2 June 2022 implemented the SGS, which was approved by the shareholders of RHB Bank at an extraordinary general meeting ('EGM') held on 27 April 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 Share(s)') of up to 2% of the total number of issued shares of RHB Bank (excluding treasury shares, if any) at any point in time during the duration of the SGS for employees and Executive Directors of RHB Bank and its subsidiaries (excluding subsidiaries which are dormant) who fulfil the eligibility criteria ('Eligible Employees'). The SGS shall be in force for a period of nine years commencing from the effective date of implementation of the SGS.

RHB Bank has on 4 July 2022, made an offer to the Eligible Employees, which include certain employees of the Bank. The vesting period of the shares offered will be 3 years from 4 July 2022. The SGS related expenses will be recognised in the financial statements from the effective offer date in accordance with MFRS 2 'Share-based Payment'.

**36 CHANGES IN PROFIT FOR THE QUARTER**

The Bank reported a pre-tax profit of RM262.0 million for the current quarter, 2.7% higher as compared to the preceding quarter ended 31 March 2022 of RM255.1 million. The higher profit was mainly attributed to higher net funding income by RM47.2 million and higher non funding income by RM0.2 million, partly offset by higher allowance for credit losses by RM36.7 million and higher overhead expenses by RM3.8 million.

**37 PERFORMANCE REVIEW**

For the six months ended 30 June 2022, the Bank recorded a pre-tax profit of RM517.1 million, consistent with previous year corresponding period of RM517.1 million. The higher profit was mainly due to higher net funding income by RM100.5 million, lower modification loss by RM20.6 million and lower allowance for credit losses by RM9.1 million, partly offset by lower non funding income by RM69.5 million and higher overhead expenses by RM60.7 million.

**38 PROSPECTS FOR FINANCIAL YEAR 2022**

For 2022, Malaysia's economic outlook is expected to be anchored by resilient domestic demand following the reopening of the economy as strict containment measures are lifted. However, rising inflationary pressures, geopolitical conflicts, supply chain disruption and a slow-down in global growth are factors which could potentially slow the upward momentum in domestic demand towards end-2022.

Nevertheless, the banking sector is projected to remain robust underpinned by healthy capital and liquidity positions as well as adequate levels of provisioning. In addition, the Central Bank could raise overnight policy rate further.

The Group remains focused on its 3-year Strategy, TWP24 which aims at improving business performance by driving quality growth and service excellence where digitalisation and innovation will continue to be featured prominently in the execution of the strategy.