

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2023**

	Note	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
<b>ASSETS</b>			
Cash and short-term funds		5,333,795	7,167,727
Securities purchased under resale agreements	9	-	577,051
Deposits and placements with banks and other financial institutions	10	1,189,922	-
Financial assets at fair value through profit or loss ('FVTPL')	11	343,043	91,997
Financial assets at fair value through other comprehensive income ('FVOCI')	12	5,656,071	5,700,547
Financial investments at amortised cost	13	9,799,212	7,542,997
Financing and advances	14	83,079,419	80,850,262
Other assets	15	123,262	96,628
Derivative assets		293,115	324,762
Statutory deposits		1,474,500	1,426,500
Deferred tax assets		102,937	137,537
Right-of-use assets		845	1,264
Property, plant and equipment		6,074	6,204
Intangible assets		5,049	4,567
<b>TOTAL ASSETS</b>		<b>107,407,244</b>	<b>103,928,043</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	16	81,455,732	78,233,590
Deposits and placements of banks and other financial institutions	17	7,865,500	6,125,353
Investment accounts	18	7,640,347	9,597,262
Bills and acceptances payable		10,613	7,421
Other liabilities	19	1,498,583	1,131,965
Derivative liabilities		185,888	256,252
Recourse obligation on financing sold to Cagamas Berhad ('Cagamas')		1,770,091	1,765,061
Provision for taxation and zakat		3,000	111,844
Lease liabilities		853	1,307
Subordinated obligations		762,233	754,428
<b>TOTAL LIABILITIES</b>		<b>101,192,840</b>	<b>97,984,483</b>
Share capital		1,673,424	1,673,424
Reserves		4,540,980	4,270,136
<b>TOTAL EQUITY</b>		<b>6,214,404</b>	<b>5,943,560</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>107,407,244</b>	<b>103,928,043</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	28	<b>34,819,507</b>	<b>32,971,582</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 2022.

**RHB ISLAMIC BANK BERHAD**  
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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENT**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023**

	Note	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
		<u>30 September</u>	30 September	<u>30 September</u>	30 September
		<u>2023</u>	2022	<u>2023</u>	2022
		<u>RM'000</u>	RM'000	<u>RM'000</u>	RM'000
Income derived from investment of depositors' funds	20	<b>1,089,276</b>	863,048	<b>3,169,848</b>	2,394,545
Income derived from investment of investment account funds	21	<b>102,563</b>	120,079	<b>343,564</b>	347,473
Income derived from investment of shareholders' funds	22	<b>83,946</b>	58,066	<b>241,103</b>	142,835
Allowance for credit losses on financial assets	23	<b>(28,713)</b>	(49,495)	<b>(12,580)</b>	(161,543)
Total distributable income		<b>1,247,072</b>	991,698	<b>3,741,935</b>	2,723,310
Income attributable to depositors	24	<b>(742,543)</b>	(471,593)	<b>(2,172,141)</b>	(1,243,769)
Profit distributed to investment account holders		<b>(77,796)</b>	(68,165)	<b>(258,327)</b>	(238,842)
		<b>426,733</b>	451,940	<b>1,311,467</b>	1,240,699
Personnel expenses	25	<b>(6,385)</b>	(6,773)	<b>(23,221)</b>	(20,796)
Other overheads and expenditures	26	<b>(156,297)</b>	(163,290)	<b>(475,821)</b>	(420,959)
Profit before taxation and zakat		<b>264,051</b>	281,877	<b>812,425</b>	798,944
Taxation and zakat		<b>(68,876)</b>	(93,198)	<b>(205,598)</b>	(271,286)
Net profit for the financial period		<b>195,175</b>	188,679	<b>606,827</b>	527,658
Basic earnings per share (sen)	27	<b>11.66</b>	11.27	<b>36.26</b>	31.53

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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023**

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	<u>30 September</u>	30 September	<u>30 September</u>	30 September
	<u>2023</u>	2022	<u>2023</u>	2022
	<u>RM'000</u>	RM'000	<u>RM'000</u>	RM'000
Net profit for the financial period	<u>195,175</u>	188,679	<u>606,827</u>	527,658
Other comprehensive income/(loss) in respect of:				
Items that will be reclassified subsequently to profit or loss:				
Debt instruments measured at FVOCI:				
- Unrealised net gain/(loss) on revaluation	(17,293)	(17,329)	85,640	(194,430)
- Net transfer to income statement on disposal	(7,542)	(8,671)	(16,683)	(13,940)
- Changes in expected credit losses	(438)	(2,763)	(3,901)	1,297
Income tax relating to components of other comprehensive (income)/loss	<u>5,960</u>	6,240	<u>(16,550)</u>	50,009
Other comprehensive income/(loss), net of tax, for the financial period	<u>(19,313)</u>	(22,523)	<u>48,506</u>	(157,064)
Total comprehensive income for the financial period	<u>175,862</u>	166,156	<u>655,333</u>	370,594

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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023**

	Non distributable			Distributable		Total
	Share capital	FVOCI reserve	Regulatory reserve	Capital contribution by holding company	Retained profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 1 January 2023</b>	1,673,424	(111,780)	203,906	205	4,177,805	5,943,560
Net profit for the financial period	-	-	-	-	606,827	606,827
Other comprehensive income/(loss):						
Debt instruments measured at FVOCI:						
- Unrealised net gain on revaluation	-	85,640	-	-	-	85,640
- Net transfer to income statement on disposal	-	(16,683)	-	-	-	(16,683)
- Changes in expected credit losses	-	(3,901)	-	-	-	(3,901)
Income tax relating to components of other comprehensive income	-	(16,550)	-	-	-	(16,550)
Other comprehensive income, net of tax, for the financial period	-	48,506	-	-	-	48,506
Total comprehensive income for the financial period	-	48,506	-	-	606,827	655,333
Dividend paid	-	-	-	-	(384,888)	(384,888)
Share-based payment expense	-	-	-	399	-	399
Transfer to regulatory reserve	-	-	334,765	-	(334,765)	-
<b>Balance as at 30 September 2023</b>	<b>1,673,424</b>	<b>(63,274)</b>	<b>538,671</b>	<b>604</b>	<b>4,064,979</b>	<b>6,214,404</b>

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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023**

	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>	1,673,424	(25,686)	247,119	-	3,716,002	5,610,859
Net profit for the financial period	-	-	-	-	527,658	527,658
Other comprehensive income/(loss):						
Debt instruments measured at FVOCI:						
- Unrealised net loss on revaluation	-	(194,430)	-	-	-	(194,430)
- Net transfer to income statement on disposal	-	(13,940)	-	-	-	(13,940)
- Changes in expected credit losses	-	1,297	-	-	-	1,297
Income tax relating to components of other comprehensive loss	-	50,009	-	-	-	50,009
Other comprehensive loss, net of tax, for the financial period	-	(157,064)	-	-	-	(157,064)
Total comprehensive income/(loss) for the financial period	-	(157,064)	-	-	527,658	370,594
Dividend paid	-	-	-	-	(334,685)	(334,685)
Share-based payment expense	-	-	-	102	-	102
Transfer from regulatory reserve	-	-	(36,757)	-	36,757	-
<b>Balance as at 30 September 2022</b>	<b>1,673,424</b>	<b>(182,750)</b>	<b>210,362</b>	<b>102</b>	<b>3,945,732</b>	<b>5,646,870</b>

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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023**

	<b><u>Nine Months Ended</u></b>	
	<b>30 September 2023</b>	<b>30 September 2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation and zakat	<b>812,425</b>	798,944
Adjustments for non-cash items	<b>(401,150)</b>	(81,107)
Operating profit before changes in working capital	<b>411,275</b>	717,837
Changes in working capital:		
Net changes in operating assets	<b>(3,184,896)</b>	(3,307,096)
Net changes in operating liabilities	<b>3,338,685</b>	1,986,955
Cash generated from/(used in) operations	<b>565,064</b>	(602,304)
Profit paid	<b>(15,980)</b>	(16,928)
Net tax and zakat paid	<b>(296,392)</b>	(229,925)
Net cash generated from/(used in) operating activities	<b>252,692</b>	(849,157)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment		
- Purchase	<b>(1,453)</b>	(2,036)
- Proceeds from disposal	<b>60</b>	-
Purchase of intangible assets	<b>(1,316)</b>	(1,605)
Net purchase of financial assets at FVOCI and financial investments at amortised cost	<b>(1,982,668)</b>	(2,612,780)
Investment income received from financial assets at FVOCI and financial investments at amortised cost	<b>285,086</b>	267,288
Net cash used in investing activities	<b>(1,700,291)</b>	(2,349,133)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal lease payment	<b>(1,445)</b>	(1,184)
Dividend paid	<b>(384,888)</b>	(334,685)
Issuance of subordinated sukuk	<b>-</b>	250,000
Redemption of subordinated sukuk	<b>-</b>	(250,000)
Net cash used in financing activities	<b>(386,333)</b>	(335,869)
Net decrease in cash and cash equivalents	<b>(1,833,932)</b>	(3,534,159)
Cash and cash equivalents at the beginning of the financial period	<b>7,167,727</b>	8,061,808
Cash and cash equivalents at the end of the financial period	<b>5,333,795</b>	4,527,649
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Cash and short-term funds	<b>5,333,795</b>	4,527,649

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023**

**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 2022.

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 2022, except for the adoption of the following accounting standards, annual improvements and amendments to MFRS 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 2023:

- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates
- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'

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 2022 was not subject to any qualification.

**3 SEASONAL OR CYCLICAL ITEMS**

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

**4 EXCEPTIONAL OR UNUSUAL ITEMS**

There were no exceptional or unusual items for the nine months ended 30 September 2023.

**5 CHANGES IN ESTIMATES**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the nine months ended 30 September 2023.

**6 CHANGES IN DEBT AND EQUITY SECURITIES**

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the nine months ended 30 September 2023.

**7 DIVIDEND PAID**

During the nine months ended 30 September 2023, the Bank has paid the following dividend:

- (a) A second single-tier interim dividend of 15.0 sen per share in respect of the financial year ended 31 December 2022, amounting to RM251,014,000 on 27 March 2023; and
- (b) A single-tier interim dividend of 8.0 sen per share in respect of the financial year ending 31 December 2023, amounting to RM133,874,000 on 26 September 2023.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023**

**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 30 September 2023</b>	<b>As at 31 December 2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
Malaysian Government Investment Issues	-	199,093
Corporate sukuk	-	377,958
	<u>-</u>	<u>577,051</u>

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

	<b>As at 30 September 2023</b>	<b>As at 31 December 2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed Islamic banks	<b>687,077</b>	-
Other financial institutions	<b>502,845</b>	-
	<u><b>1,189,922</b></u>	<u>-</u>



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

	<b>As at 30 September 2023</b>	<b>As at 31 December 2022</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	288,107	91,997
Bank Negara Malaysia ('BNM') Monetary Notes	54,936	-
	<b>343,043</b>	<b>91,997</b>

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

	<b>As at 30 September 2023</b>	<b>As at 31 December 2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
Debt instruments	<b>5,656,071</b>	<b>5,700,547</b>
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	1,869,072	1,840,246
Islamic Cagamas bonds	190,741	-
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Corporate sukuk	3,596,258	3,860,301
	<b>5,656,071</b>	<b>5,700,547</b>

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

	<b>12-month ECL (Stage 1)</b>	<b>Lifetime ECL not credit impaired (Stage 2)</b>	<b>Lifetime ECL credit impaired (Stage 3)</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 September 2023</b>				
Balance as at the beginning of the financial period	6,279	-	-	6,279
Changes in credit risk	(3,240)	-	-	(3,240)
Purchases and origination	527	-	-	527
Changes to model methodologies	(1,188)	-	-	(1,188)
Balance as at the end of the financial period	<b>2,378</b>	<b>-</b>	<b>-</b>	<b>2,378</b>
<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	<b>6,279</b>	<b>-</b>	<b>-</b>	<b>6,279</b>

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

	<b>As at 30 September 2023</b>	<b>As at 31 December 2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	2,507,594	2,217,425
BNM Monetary Notes	1,158,463	-
Islamic Cagamas bonds	338,694	338,771
Sukuk Perumahan Kerajaan	-	10,064
Islamic Khazanah bonds	-	127,665
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Corporate sukuk	5,771,454	4,837,478
<u>Outside Malaysia</u>		
Corporate sukuk	30,823	30,420
	<b>9,807,028</b>	7,561,823
Allowance for credit losses	<b>(7,816)</b>	(18,826)
	<b>9,799,212</b>	7,542,997

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 30 September 2023 is RM1,418,055,000 (31 December 2022: RM1,401,085,000), of which RM1,007,022,000 (31 December 2022: RM1,008,105,000) 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 RM534,510,000 as at 30 September 2023 (31 December 2022: RM534,632,000).

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

	<b>As at 30 September 2023</b>	<b>As at 31 December 2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance as at the beginning of the financial period/year	1,168,813	1,105,024
Purchases and origination	46,122	63,789
Balance as at the end of the financial period/year	<b>1,214,935</b>	1,168,813

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 RM740,022,000 and RM411,033,000 (31 December 2022: RM741,106,000 and RM392,980,000) respectively.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
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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 September 2023</b>				
Balance as at the beginning of the financial period	16,673	2,153	-	18,826
Changes in credit risk	(7,864)	(217)	-	(8,081)
Purchases and origination	1,956	251	-	2,207
Changes to model methodologies	(2,652)	(614)	-	(3,266)
Derecognition and disposal	(1,870)	-	-	(1,870)
Balance as at the end of the financial period	<u>6,243</u>	<u>1,573</u>	<u>-</u>	<u>7,816</u>
<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>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023**

14 FINANCING AND ADVANCES

<b>30 September 2023</b>	<b>Bai'</b>						
	<b>Bithaman</b>						
<b>At amortised cost</b>	<b>Ajil ('BBA')</b>	<b>Ijarah *</b>	<b>Murabahah</b>	<b>Musyarakah</b>	<b>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	-	-	1,404,351	-	30,749	-	1,435,100
Term financing:							
- Housing financing	213,017	-	17,303,152	14,083,026	-	323	31,599,518
- Syndicated term financing	-	-	5,022,721	-	-	19,252	5,041,973
- Hire purchase receivables	-	10,458,309	-	-	-	-	10,458,309
- Other term financing	132	89,656	30,608,833	-	-	10	30,698,631
Bills receivables	-	-	423,384	-	-	-	423,384
Trust receipts	-	-	91,419	-	-	-	91,419
Claims on customers under acceptance credits	-	-	1,359,254	-	-	-	1,359,254
Share margin financing	-	-	9,814	-	-	-	9,814
Staff financing	773	-	13,702	-	-	-	14,475
Credit/charge card receivables	-	-	-	-	-	337,613	337,613
Revolving financing	-	-	2,399,089	-	-	-	2,399,089
Gross financing and advances	<b>213,922</b>	<b>10,547,965</b>	<b>58,635,719</b>	<b>14,083,026</b>	<b>30,749</b>	<b>357,198</b>	<b>83,868,579</b>
Fair value changes arising from fair value hedge							<b>(81,426)</b>
							<b>83,787,153</b>
Allowance for credit losses on financing and advances							<b>(707,734)</b>
Net financing and advances							<b>83,079,419</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 2022</b>	<b>Bai'</b>						
	<b>Bithaman</b>						
<b>At amortised cost</b>	<b>Ajil ('BBA')</b>	<b>Ijarah *</b>	<b>Murabahah</b>	<b>Musyarakah</b>	<b>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	-	-	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	241,257	10,011,850	57,454,590	13,667,347	27,963	321,684	81,724,691
Fair value changes arising from fair value hedge							(91,847)
Allowance for credit losses on financing and advances							(782,582)
Net financing and advances							<u>80,850,262</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 30 September 2023, gross exposure to RIA financing funded by RHB Bank is RM5,812,945,000 (31 December 2022: RM7,238,222,000) and gross exposure to URIA financing funded by the investors is RM131,559,000 (31 December 2022: RM802,978,000).

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 RM15,429,000 (31 December 2022: RM20,852,000).

- (b) Included in term financing are housing financing sold to Cagamas amounting to RM1,772,679,000 as at 30 September 2023 (31 December 2022: RM1,820,766,000).

- (c) Movement of Qard financing

	<b>As at 30 September 2023 RM'000</b>	<b>As at 31 December 2022 RM'000</b>
Balance as at the beginning of the financial period/year	27,963	28,178
New disbursement	21,229	19,874
Repayment	(18,443)	(20,089)
Balance as at the end of the financial period/year	<b>30,749</b>	<b>27,963</b>
Sources of Qard fund:		
- Depositors' fund	<b>30,749</b>	<b>27,963</b>
Uses of Qard fund:		
- Personal use	340	614
- Business purpose	30,409	27,349
	<b>30,749</b>	<b>27,963</b>

- (i) By type of customer

Domestic non-bank financial institutions	1,692,623	1,878,937
Domestic business enterprises:		
- Small and medium enterprises	9,632,757	8,295,698
- Others	13,769,777	16,247,314
Government and statutory bodies	6,517,130	6,139,471
Individuals	51,826,228	48,743,314
Other domestic entities	130,837	135,061
Foreign entities	299,227	284,896
	<b>83,868,579</b>	<b>81,724,691</b>

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14 FINANCING AND ADVANCES (CONTINUED)

	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
(ii) By profit rate sensitivity		
Fixed rate:		
- Housing financing	13,703	14,868
- Hire-purchase receivables	428,438	674,513
- Other fixed rate financing	10,373,258	9,953,873
Variable rate:		
- Base financing rate-plus	55,877,305	51,617,837
- Cost-plus	16,988,984	19,369,819
- Other variable rates	186,891	93,781
	<b>83,868,579</b>	<b>81,724,691</b>
(iii) By economic sector		
Agriculture, hunting, forestry and fishing	2,234,963	1,879,454
Mining and quarrying	112,870	108,058
Manufacturing	2,866,818	2,729,512
Electricity, gas and water	1,385,744	1,062,196
Construction	4,022,023	4,642,441
Wholesale and retail trade and restaurant and hotel	4,193,705	3,660,055
Transport, storage and communication	5,054,913	5,953,005
Finance, insurance, real estate and business services	5,217,174	6,079,740
Education, health and others	6,654,914	6,582,020
Household sector	52,115,001	49,018,402
Others	10,454	9,808
	<b>83,868,579</b>	<b>81,724,691</b>
(iv) By purpose		
Purchase of securities	5,260,959	5,955,084
Purchase of transport vehicles	10,455,965	9,873,672
Purchase of landed property:		
- Residential	30,436,502	27,707,282
- Non-residential	5,522,552	5,606,685
Purchase of property, plant and equipment other than land and building	661,427	710,750
Personal use	5,759,909	5,156,803
Credit card	337,613	302,280
Construction	972,569	941,953
Working capital	17,739,423	18,838,276
Merger and acquisition	1,452,869	1,471,708
Other purposes	5,268,791	5,160,198
	<b>83,868,579</b>	<b>81,724,691</b>

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14 FINANCING AND ADVANCES (CONTINUED)

	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
(v) By geographical distribution		
In Malaysia	<b>83,868,579</b>	81,724,691
(vi) By remaining contractual maturities		
Maturing within one year	<b>10,658,200</b>	8,457,670
One year to three years	<b>2,322,699</b>	5,420,536
Three years to five years	<b>7,505,528</b>	6,386,156
Over five years	<b>63,382,152</b>	61,460,329
	<b>83,868,579</b>	81,724,691
(vii) Impaired financing and advances		
(a) Movement in impaired financing and advances		
Balance as at the beginning of the financial period/year	<b>600,488</b>	385,800
Transfer to 12-month ECL (Stage 1)	<b>(17,824)</b>	(11,868)
Transfer to lifetime ECL not credit impaired (Stage 2)	<b>(71,960)</b>	(18,946)
Transfer to lifetime ECL credit impaired (Stage 3)	<b>523,388</b>	387,988
Purchases and origination	<b>376,521</b>	52,482
Derecognition	<b>(102,658)</b>	(90,088)
Amount written off	<b>(123,409)</b>	(105,466)
Other movements	<b>519</b>	586
Balance as at the end of the financial period/year	<b>1,185,065</b>	600,488
(b) By economic sector		
Agriculture, hunting, forestry and fishing	<b>214</b>	729
Mining and quarrying	<b>5,047</b>	4,833
Manufacturing	<b>23,217</b>	21,122
Electricity, gas and water	<b>5,777</b>	9,954
Construction	<b>67,900</b>	58,085
Wholesale and retail trade and restaurant and hotel	<b>55,304</b>	47,800
Transport, storage and communication	<b>452,455</b>	14,284
Finance, insurance, real estate and business services	<b>61,177</b>	39,879
Education, health and others	<b>92,263</b>	82,623
Household sector	<b>421,711</b>	321,179
	<b>1,185,065</b>	600,488



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14 FINANCING AND ADVANCES (CONTINUED)

(vii) Impaired financing and advances (continued)

	<b>As at 30 September 2023</b>	<b>As at 31 December 2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(c) By purpose</b>		
Purchase of securities	<b>1,669</b>	1,673
Purchase of transport vehicles	<b>68,344</b>	46,276
Purchase of landed property:		
- Residential	<b>308,057</b>	236,701
- Non-residential	<b>159,109</b>	154,347
Purchase of property, plant and equipment other than land and building	<b>2,777</b>	2,803
Personal use	<b>41,800</b>	29,837
Credit card	<b>3,498</b>	3,216
Working capital	<b>556,316</b>	85,086
Other purposes	<b>43,495</b>	40,549
	<b><u>1,185,065</u></b>	<u>600,488</u>
<b>(d) By geographical distribution</b>		
In Malaysia	<b><u>1,185,065</u></b>	<u>600,488</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 September 2023</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	156,445	374,072	252,065	782,582
Changes due to financial assets recognised in the opening balance that have been:				
- Transferred to 12-month ECL (Stage 1)	53,099	(46,982)	(6,117)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(5,796)	25,723	(19,927)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(841)	(39,612)	40,453	-
	46,462	(60,871)	14,409	-
Changes in credit risk	(69,710)	(84,736)	196,102	41,656
Purchases and origination	12,764	2,574	1,802	17,140
Bad debts written off	-	-	(81,880)	(81,880)
Changes to model methodologies	(15,024)	(14,716)	6,140	(23,600)
Derecognition	(4,349)	(4,472)	(19,862)	(28,683)
Other movements	-	-	519	519
Balance as at the end of the financial period	<b>126,588</b>	<b>211,851</b>	<b>369,295</b>	<b>707,734</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 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	<u>156,445</u>	<u>374,072</u>	<u>252,065</u>	<u>782,582</u>

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15 OTHER ASSETS

	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
Prepayments	33,354	26,241
Deposits	906	1,104
Amount due to related companies	81	91
Other receivables	88,921	69,192
	<b>123,262</b>	<b>96,628</b>

16 DEPOSITS FROM CUSTOMERS

	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
<u>Savings Deposits</u>		
Qard	1,413,659	1,510,397
Commodity Murabahah	1,257,788	995,415
<u>Demand Deposits</u>		
Qard	7,347,498	5,982,666
Commodity Murabahah	3,961,272	3,448,658
<u>Term Deposits</u>		
Commodity Murabahah	56,362,331	54,237,696
<u>Specific Investment Account</u>		
Commodity Murabahah	11,113,108	12,058,549
<u>General Investment Account</u>		
Mudharabah	76	209
	<b>81,455,732</b>	<b>78,233,590</b>

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

Due within six months	55,142,345	52,809,960
Six months to one year	10,775,744	11,569,333
One year to three years	576,224	778,256
Three years to five years	981,202	1,138,905
	<b>67,475,515</b>	<b>66,296,454</b>

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

Government and statutory bodies	16,991,240	15,717,516
Business enterprises	31,859,122	33,781,777
Individuals	31,822,293	27,925,437
Others	783,077	808,860
	<b>81,455,732</b>	<b>78,233,590</b>

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17 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Note	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
<u>Non-Mudharabah Funds:</u>			
Licensed banks		7,371,900	5,652,451
BNM	(a)	<u>359,428</u>	<u>193,536</u>
		<u>7,731,328</u>	<u>5,845,987</u>
<u>Mudharabah Funds:</u>			
Other financial institutions		<u>134,172</u>	<u>279,366</u>
		<u><b>7,865,500</b></u>	<u><b>6,125,353</b></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 30 September 2023 RM'000	As at 31 December 2022 RM'000
Mudharabah Restricted Investment Account	(a)	7,508,478	8,778,876
Wakalah Unrestricted Investment Account	(b)	<u>131,869</u>	<u>818,386</u>
		<u><b>7,640,347</b></u>	<u><b>9,597,262</b></u>

**(a) Mudharabah Restricted Investment Account**

By type of counterparty:

Licensed banks	<u><b>7,508,478</b></u>	<u><b>8,778,876</b></u>
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Investment asset (principal):

Personal financing (Note 14(a))	1,000,000	1,000,000
Other term financing (Note 14(a))	4,812,945	6,238,222
Short-term funds	129,000	33,000
Unquoted securities (Note 13)	<u>1,418,055</u>	<u>1,401,085</u>
	<u><b>7,360,000</b></u>	<u><b>8,672,307</b></u>

As at 30 September 2023, the amount of the restricted investment account placed by the holding company, RHB Bank, amounted to RM7,034,519,000 (31 December 2022: RM8,351,236,000).

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18 INVESTMENT ACCOUNTS (CONTINUED)

	<b>As at</b>	<b>As at</b>
	<b>30 September</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</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>131,869</b>	818,386
<u>Investment asset (principal):</u>		
Personal financing (Note 14(a))	<b>26,312</b>	642,382
Housing financing (Note 14(a))	<b>105,247</b>	160,596
	<b>131,559</b>	802,978

19 OTHER LIABILITIES

	<b>As at</b>	<b>As at</b>
	<b>30 September</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Sundry creditors	<b>20,003</b>	14,869
Amount due to holding company	<b>1,069,211</b>	828,560
Amount due to other related companies	<b>869</b>	598
Contract liability	<b>74,457</b>	99,411
Short term employee benefits	<b>4,553</b>	4,447
Accrual for operational expenses	<b>25,957</b>	34,272
Structured deposits	<b>44,473</b>	41,020
Other accruals and payables	<b>259,060</b>	108,788
	<b>1,498,583</b>	1,131,965

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20 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) General investment deposits	-	3	2	8
(ii) Other deposits	<u>1,089,276</u>	<u>863,045</u>	<u>3,169,846</u>	<u>2,394,537</u>
	<u>1,089,276</u>	<u>863,048</u>	<u>3,169,848</u>	<u>2,394,545</u>
(i) Income derived from investment of general investment deposits:				
Financing and advances	-	2	2	7
Financial assets at FVOCI	-	1	-	1
Total finance income and hibah	<u>-</u>	<u>3</u>	<u>2</u>	<u>8</u>
(ii) Income derived from investment of other deposits:				
Financing and advances	936,337	726,517	2,668,705	1,983,019
Securities purchased under resale agreements	-	11,663	4,617	34,831
Financial assets at FVTPL	3,930	208	7,298	2,991
Financial assets at FVOCI	51,490	50,608	156,496	146,188
Financial investments at amortised cost	66,231	13,873	186,227	84,952
Money at call and deposits with banks and other financial institutions	<u>21,250</u>	<u>46,908</u>	<u>113,930</u>	<u>116,053</u>
Total finance income and hibah	<u>1,079,238</u>	<u>849,777</u>	<u>3,137,273</u>	<u>2,368,034</u>
Other operating income (Note a)	<u>10,038</u>	<u>13,268</u>	<u>32,573</u>	<u>26,503</u>
	<u>1,089,276</u>	<u>863,045</u>	<u>3,169,846</u>	<u>2,394,537</u>
Of which:				
Financing income earned on impaired financing	<u>5,089</u>	<u>5,078</u>	<u>17,389</u>	<u>13,290</u>
(a) Other operating income comprise of:				
Fee income:				
- Commission	3,270	3,002	10,999	10,066
- Guarantee fees	<u>1,078</u>	<u>962</u>	<u>3,334</u>	<u>2,702</u>
	<u>4,348</u>	<u>3,964</u>	<u>14,333</u>	<u>12,768</u>
Net (loss)/gain on revaluation of financial assets at FVTPL	(1,800)	175	(2,383)	(205)
Net gain on disposal of financial assets at FVTPL	68	636	4,249	288
Net gain on disposal of debt instruments of financial assets at FVOCI	7,395	8,493	16,359	13,652
Net gain arising from derecognition of financial investments at amortised cost	<u>27</u>	<u>-</u>	<u>15</u>	<u>-</u>
	<u>10,038</u>	<u>13,268</u>	<u>32,573</u>	<u>26,503</u>

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21 INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
Financing and advances	77,631	100,747	270,203	289,972
Financial investments at amortised cost	23,361	18,093	67,994	52,992
Money at call and deposits with banks and other financial institutions	1,571	1,239	5,367	4,509
<b>Total finance income and hibah</b>	<b>102,563</b>	<b>120,079</b>	<b>343,564</b>	<b>347,473</b>

22 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
Financing and advances	18,695	15,045	52,769	41,833
Securities purchased under resale agreements	-	241	91	735
Financial assets at FVTPL	78	4	144	63
Financial assets at FVOCI	1,029	1,046	3,094	3,084
Financial investments at amortised cost	1,322	277	3,682	1,792
Money at call and deposits with banks and other financial institutions	430	974	2,253	2,448
<b>Total finance income and hibah</b>	<b>21,554</b>	<b>17,587</b>	<b>62,033</b>	<b>49,955</b>
<b>Other operating income (Note a)</b>	<b>62,392</b>	<b>40,479</b>	<b>179,070</b>	<b>92,880</b>
	<b>83,946</b>	<b>58,066</b>	<b>241,103</b>	<b>142,835</b>

Of which:

Financing income earned on impaired financing	102	109	344	280
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(a) Other operating income comprise of:

Fee income:				
- Commission	19,185	13,291	45,592	35,756
- Service charges and fees	22,452	23,914	67,036	67,712
- Guarantee fees	22	20	66	57
	<b>41,659</b>	<b>37,225</b>	<b>112,694</b>	<b>103,525</b>
Net (loss)/gain on revaluation of financial assets at FVTPL	(36)	4	(47)	(4)
Net gain on disposal of financial assets at FVTPL	2	13	84	6
Net gain on disposal of debt instruments of financial investments at FVOCI	147	178	323	288
Net gain/(loss) on revaluation of derivatives	4,349	(5,859)	15,455	(24,815)
Net gain/(loss) on fair value hedges	(763)	(441)	1,316	(1,029)
Other income:				
- Foreign exchange gain	18,662	10,210	53,531	16,853
- Gain on disposal of property, plant and equipment	60	-	60	-
- (Loss)/Gain on modification of right-of-use	-	-	(10)	1
- Other non-operating loss	(1,688)	(851)	(4,336)	(1,945)
	<b>62,392</b>	<b>40,479</b>	<b>179,070</b>	<b>92,880</b>



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23 ALLOWANCE FOR CREDIT LOSSES ON FINANCIAL ASSETS

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<u>Charge/(Writeback)</u>				
Financing and advances:				
- Net charge	27,226	47,992	6,513	155,336
- Bad debts recovered	(6,656)	(8,630)	(19,359)	(28,951)
- Bad debts written off	14,740	14,054	40,317	31,020
	35,310	53,416	27,471	157,405
Financial assets at FVOCI	(438)	(2,763)	(3,901)	1,297
Financial investments at amortised cost	(6,169)	(1,089)	(11,010)	2,857
Other financial assets	10	(69)	20	(16)
	<u>28,713</u>	<u>49,495</u>	<u>12,580</u>	<u>161,543</u>

24 INCOME ATTRIBUTABLE TO DEPOSITORS

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
- Mudharabah funds	7,819	5,090	21,071	13,850
- Non-Mudharabah funds	679,730	401,621	1,939,269	1,064,861
Deposits and placements of banks and other financial institutions:				
- Non-Mudharabah funds	31,446	48,875	142,129	123,210
Others:				
- Subordinated obligations	8,002	8,003	23,747	24,566
- Recourse obligation on financing sold to Cagamas	15,040	7,526	44,485	16,645
- Others	506	478	1,440	637
	<u>742,543</u>	<u>471,593</u>	<u>2,172,141</u>	<u>1,243,769</u>

25 PERSONNEL EXPENSES

	Note	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
		30 September	30 September	30 September	30 September
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses		4,734	5,346	18,468	16,686
Contributions to Employees' Provident Fund		781	862	2,747	2,738
Share-based expenses	(a)	194	102	399	102
Other staff related costs		676	463	1,607	1,270
		<u>6,385</u>	<u>6,773</u>	<u>23,221</u>	<u>20,796</u>

- (a) The Share Grant Scheme ('SGS') was established and 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 for eligible employees, which include certain employees of the Bank. The SGS shall be in force for a period of nine years commencing from the effective implementation date of the SGS, and the vesting period for each grant offered will be 3 years from the offer date.

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26 OTHER OVERHEADS AND EXPENDITURES

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<u>Establishment costs</u>				
Property, plant and equipment:				
- Depreciation	441	301	1,593	881
Computer software license:				
- Amortisation	282	240	834	691
Right-of-use assets:				
- Depreciation	265	399	903	1,195
Information technology expenses	686	564	1,376	1,660
Repair and maintenance	280	33	351	110
Rental of premises	245	92	655	229
Water and electricity	122	121	351	336
Rental of equipment	1	3	4	6
Printing and stationeries	(1,150)	1,785	6,351	3,703
Insurance	2,707	2,510	8,198	7,609
Others	474	433	1,417	1,318
	<u>4,353</u>	<u>6,481</u>	<u>22,033</u>	<u>17,738</u>
<u>Marketing expenses</u>				
Advertisement and publicity	347	23	797	395
Sales commission	4,012	3,514	11,698	10,232
Travelling expenses	58	62	199	117
Motor vehicle expenses	25	21	49	50
Others	3,408	1,335	9,628	2,012
	<u>7,850</u>	<u>4,955</u>	<u>22,371</u>	<u>12,806</u>
<u>Administration and general expenses</u>				
Communication expenses	2,647	1,275	6,258	4,685
Legal and professional fee	926	2,112	3,206	3,880
Management fee	138,507	146,281	413,176	375,337
Others	2,014	2,186	8,777	6,513
	<u>144,094</u>	<u>151,854</u>	<u>431,417</u>	<u>390,415</u>
	<u>156,297</u>	<u>163,290</u>	<u>475,821</u>	<u>420,959</u>

27 EARNINGS PER SHARE

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
Net profit for the financial period (RM'000)	<u>195,175</u>	<u>188,679</u>	<u>606,827</u>	<u>527,658</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,673,424</u>	<u>1,673,424</u>	<u>1,673,424</u>	<u>1,673,424</u>
Basic earnings per share (sen)	<u>11.66</u>	<u>11.27</u>	<u>36.26</u>	<u>31.53</u>

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28 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 September 2023 <u>RM'000</u>	As at 31 December 2022 <u>RM'000</u>
<b>Contingent liabilities</b>		
Transaction-related contingent items	387,239	381,269
Short-term self-liquidating trade related contingencies	<u>317,299</u>	<u>264,229</u>
	<u>704,538</u>	<u>645,498</u>
<b>Commitments</b>		
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	-	-
Irrevocable commitments to extend credit:		
- Maturity less than one year	207,012	207,642
- Maturity more than one year	10,459,033	10,024,361
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	<u>2,312,722</u>	<u>2,681,811</u>
	<u>12,978,767</u>	<u>12,913,814</u>
<b>Derivative financial instruments</b>		
Foreign exchange related contracts <sup>^</sup> :		
- Less than one year	15,069,199	13,763,168
- One year to less than five years	1,023,931	990,489
Profit rate related contracts <sup>^</sup> :		
- Less than one year	500,000	1,130,000
- One year to less than five years	4,398,800	3,300,000
Commodity related contracts <sup>^</sup> :		
- Less than one year	56,768	100,122
- One year to less than five years	87,504	128,491
	<u>21,136,202</u>	<u>19,412,270</u>
	<u>34,819,507</u>	<u>32,971,582</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.

29 CAPITAL COMMITMENTS

	As at 30 September 2023 <u>RM'000</u>	As at 31 December 2022 <u>RM'000</u>
Capital expenditure for property, plant and equipment:		
- Authorised and contracted for	<u>4,817</u>	<u>5,233</u>

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30 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

The table below analyses financial instruments carried at fair value analysed by level within the fair value hierarchy:

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<b><u>30 September 2023</u></b>				
<b><u>Financial assets</u></b>				
Financial assets at FVTPL:				
- money market instruments	-	343,043	-	343,043
Financial assets at FVOCI:				
- money market instruments	-	5,656,071	-	5,656,071
- unquoted securities	-	2,059,813	-	2,059,813
	-	3,596,258	-	3,596,258
Derivative assets	-	293,115	-	293,115
	-	6,292,229	-	6,292,229
<b><u>Financial liabilities</u></b>				
Derivative liabilities	-	185,888	-	185,888
<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

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30 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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31 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 30 September 2023</b>	<b>As at 31 December 2022</b>
	<b>RM'000</b>	<b>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	3,869,804	4,177,805
Other reserve	604	205
FVOCI reserve	(65,654)	(118,059)
	<b>5,478,178</b>	<b>5,733,375</b>
Less:		
Deferred tax assets	(82,798)	(100,598)
Intangible assets (include associated deferred tax liabilities)	(4,456)	(4,227)
Other deductions*	(593)	(941)
Total CET-I/Total Tier-I Capital	<b>5,390,331</b>	<b>5,627,609</b>
<b><u>Tier-II Capital</u></b>		
Subordinated obligations	750,000	750,000
Surplus eligible provisions over expected losses	155,774	140,835
General provisions^	71,646	55,462
Total Tier-II Capital	<b>977,420</b>	<b>946,297</b>
Total Capital	<b>6,367,751</b>	<b>6,573,906</b>
<b><u>Capital Ratios</u></b>		
Before proposed dividends:		
CET-I Capital Ratio	<b>15.246%</b>	17.828%
Tier-I Capital Ratio	<b>15.246%</b>	17.828%
Total Capital Ratio	<b>18.010%</b>	20.826%
After proposed dividends:		
CET-I Capital Ratio	<b>15.246%</b>	17.033%
Tier-I Capital Ratio	<b>15.246%</b>	17.033%
Total Capital Ratio	<b>18.010%</b>	20.031%

\* 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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31 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 RM61,257,000 (31 December 2022: RM34,664,000).

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

	<b>As at 30 September 2023</b>	<b>As at 31 December 2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit risk	<b>35,458,965</b>	33,635,942
Credit risk absorbed by PSIA <sup>+</sup>	<b>(3,764,977)</b>	(5,355,297)
Market risk	<b>292,312</b>	170,490
Operational risk	<b>3,370,041</b>	3,114,515
Total risk-weighted assets	<b><u>35,356,341</u></b>	<b><u>31,565,650</u></b>

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

<sup>+</sup> In accordance with BNM's "Guidelines on the Recognition and Measurement of Profit Sharing Investment Account ('PSIA') as Risk Absorbent", the credit risk 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.

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

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

**33 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.

**34 CHANGES IN PROFIT FOR THE QUARTER**

The Bank reported a pre-tax profit of RM264.0 million for the current quarter, 8.5% lower as compared to the preceding quarter ended 30 June 2023 of RM288.7 million. The lower profit was mainly attributed to higher allowance for credit losses by RM67.5 million, partly offset by higher net funding income by RM33.2 million, lower overhead expenses by RM6.5 million and higher non funding income by RM3.1 million.

**35 PERFORMANCE REVIEW**

For the nine months ended 30 September 2023, the Bank recorded a pre-tax profit of RM812.4 million, 1.7% higher than previous year corresponding period of RM798.9 million. The higher profit was mainly due to lower allowance for credit losses by RM149.0 million and higher non funding income by RM92.3 million, partly offset by lower net funding income by RM170.5 million and higher overhead expenses by RM57.3 million.

**36 PROSPECTS FOR 2023**

Domestic demand is expected to sustain for the rest of the year, supported by continued resilience in both private and public investments. Private investment activities are expected to be buoyed by further progress in construction projects and continued capacity expansion, whilst public investment is projected to expand further with the continuation of large-scale transport-related projects. The initiatives under 2024 Budget and the Economy MADANI framework, which include key plans such as the National Energy Transition Roadmap, the New Industrial Master Plan 2030, and the Mid-Term Review of the 12th Malaysia Plan, are expected to spur economic growth. However, the Bank remains vigilant as risk from external factors heightens, such as recent development in geopolitical tensions, which may dampen global growth.

The banking sector is expected to remain strong with robust capital and liquidity positions, as well as sufficient level of provisioning to withstand any potential shock and support credit intermediation growth in the economy. At the current OPR level, the monetary policy stance remains conducive and supportive of economic growth.

The Bank will remain vigilant and prudent in light of the continued challenging operating environment, resolving to stay the course as per our TWP24 strategy, prioritising on initiatives centred around achieving quality growth, driving service excellence and improving efficiency.