

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	Note	As at 31 March 2024 RM'000	As at 31 December 2023 RM'000
ASSETS			
Cash and short-term funds		3,809,554	5,801,534
Securities purchased under resale agreements	9	1,715,093	1,445,151
Deposits and placements with banks and other financial institutions	10	-	92,225
Financial assets at fair value through profit or loss ('FVTPL')	11	264,659	167,678
Financial assets at fair value through other comprehensive income	12	6,763,314	5,937,797
Financial investments at amortised cost	13	8,531,649	8,978,775
Financing and advances	14	83,780,386	83,320,127
Other assets	15	103,502	119,974
Derivative assets		189,416	187,192
Statutory deposits		1,552,500	1,526,500
Deferred tax assets		77,829	82,137
Right-of-use assets		1,207	1,188
Property, plant and equipment		6,233	5,728
Intangible assets		4,967	5,186
TOTAL ASSETS		106,800,309	107,671,192
LIABILITIES AND EQUITY			
Deposits from customers	16	85,888,240	82,184,511
Deposits and placements of banks and other financial institutions	17	4,613,362	6,989,306
Investment accounts	18	5,771,641	6,766,604
Bills and acceptances payable		8,959	9,842
Other liabilities	19	691,642	1,877,747
Derivative liabilities		108,445	146,434
Recourse obligation on financing sold to Cagamas Berhad ('Cagamas')		1,618,071	1,611,741
Provision for taxation and zakat		51,182	40,885
Lease liabilities		1,206	1,186
Borrowings		832,000	809,238
Subordinated obligations		762,289	754,373
TOTAL LIABILITIES		100,347,037	101,191,867
Share capital		1,673,424	1,673,424
Reserves		4,779,848	4,805,901
TOTAL EQUITY		6,453,272	6,479,325
TOTAL LIABILITIES AND EQUITY		106,800,309	107,671,192
COMMITMENTS AND CONTINGENCIES	28	38,469,271	35,477,735

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2023.

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2024

	Note	<u>Three Months Ended</u>	
		<u>31 March 2024</u>	<u>31 March 2023</u>
		RM'000	RM'000
Income derived from investment of depositors' funds	20	1,120,794	1,015,728
Income derived from investment of investment account funds	21	82,998	125,066
Income derived from investment of shareholders' funds	22	100,786	78,810
Allowance for credit losses on financial assets	23	(54,975)	(22,620)
Total distributable income		1,249,603	1,196,984
Income attributable to depositors	24	(771,101)	(678,112)
Profit distributed to investment account holders		(62,565)	(92,041)
		415,937	426,831
Personnel expenses	25	(4,323)	(10,849)
Other overheads and expenditures	26	(162,646)	(156,320)
Profit before taxation and zakat		248,968	259,662
Taxation and zakat		(62,525)	(65,389)
Net profit for the financial period		186,443	194,273
Basic earnings per share (sen)	27	11.14	11.61

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2023.

RHB ISLAMIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2024

	<u>Three Months Ended</u>	
	<u>31 March 2024</u>	<u>31 March 2023</u>
	RM'000	RM'000
Net profit for the financial period	186,443	194,273
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 on revaluation	17,980	74,965
- Net transfer to income statement on disposal	(11,054)	(4,054)
- Changes in expected credit losses	(409)	245
Income tax relating to components of other comprehensive income	(1,662)	(17,019)
Other comprehensive income, net of tax, for the financial period	4,855	54,137
Total comprehensive income for the financial period	191,298	248,410

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2023.

RHB ISLAMIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2024

	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
Balance as at 1 January 2024	1,673,424	(36,175)	640,210	798	4,201,068	6,479,325
Net profit for the financial period	-	-	-	-	186,443	186,443
Other comprehensive income/(loss):						
Debt instruments measured at FVOCI:						
- Unrealised net gain on revaluation	-	17,980	-	-	-	17,980
- Net transfer to income statement on disposal	-	(11,054)	-	-	-	(11,054)
- Changes in expected credit losses	-	(409)	-	-	-	(409)
Income tax relating to components of other comprehensive income	-	(1,662)	-	-	-	(1,662)
Other comprehensive income, net of tax, for the financial period	-	4,855	-	-	-	4,855
Total comprehensive income for the financial period	-	4,855	-	-	186,443	191,298
Dividend paid	-	-	-	-	(217,545)	(217,545)
Share-based payment expenses	-	-	-	194	-	194
Transfer to regulatory reserve	-	-	6,822	-	(6,822)	-
Balance as at 31 March 2024	1,673,424	(31,320)	647,032	992	4,163,144	6,453,272

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2024

	Non distributable			Distributable		Total RM'000
	Share capital	FVOCI reserve	Regulatory reserve	Capital contribution by holding company	Retained profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2023	1,673,424	(111,780)	203,906	205	4,177,805	5,943,560
Net profit for the financial period	-	-	-	-	194,273	194,273
Other comprehensive income/(loss):						
Debt instruments measured at FVOCI:						
- Unrealised net gain on revaluation	-	74,965	-	-	-	74,965
- Net transfer to income statement on disposal	-	(4,054)	-	-	-	(4,054)
- Changes in expected credit losses	-	245	-	-	-	245
Income tax relating to components of other comprehensive income	-	(17,019)	-	-	-	(17,019)
Other comprehensive income, net of tax, for the financial period	-	54,137	-	-	-	54,137
Total comprehensive income for the financial period	-	54,137	-	-	194,273	248,410
Dividend paid	-	-	-	-	(251,014)	(251,014)
Share-based payment expenses	-	-	-	102	-	102
Transfer to regulatory reserve	-	-	22,404	-	(22,404)	-
Balance as at 31 March 2023	1,673,424	(57,643)	226,310	307	4,098,660	5,941,058

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RHB ISLAMIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2024

	Three Months Ended	
	31 March 2024	31 March 2023
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	248,968	259,662
Adjustments for non-cash items	<u>(42,523)</u>	<u>(103,349)</u>
Operating profit before changes in working capital	206,445	156,313
Changes in working capital:		
Net changes in operating assets	(846,474)	(1,577,586)
Net changes in operating liabilities	<u>(851,978)</u>	<u>1,341,785</u>
Cash used in operations	(1,492,007)	(79,488)
Profit paid	(13,239)	(17)
Net tax and zakat paid	<u>(49,582)</u>	<u>(88,899)</u>
Net cash used in operating activities	<u>(1,554,828)</u>	<u>(168,404)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Purchase	(920)	(504)
Purchase of intangible assets	(62)	(424)
Net purchase of financial assets at FVOCI and financial investments at amortised cost	<u>(311,881)</u>	<u>(1,618,133)</u>
Investment income received from financial assets at FVOCI and financial investments at amortised cost	93,508	95,097
Net cash used in investing activities	<u>(219,355)</u>	<u>(1,523,964)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal lease payment	(252)	(853)
Dividend paid	<u>(217,545)</u>	<u>(251,014)</u>
Net cash used in financing activities	<u>(217,797)</u>	<u>(251,867)</u>
Net decrease in cash and cash equivalents	<u>(1,991,980)</u>	<u>(1,944,235)</u>
Cash and cash equivalents at the beginning of the financial period	<u>5,801,534</u>	<u>7,167,727</u>
Cash and cash equivalents at the end of the financial period	<u>3,809,554</u>	<u>5,223,492</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and short-term funds	<u>3,809,554</u>	<u>5,223,492</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2023.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2024

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 2023.

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 2023, 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 2024:
- Amendments to MFRS 101 'Presentation of Financial Statements' - (i) Classification of liabilities as current or non-current; and (ii) Non-current liabilities with covenants
 - Amendments to MFRS 107 'Statement of Cash Flows' and MFRS 7 'Financial Instruments: Disclosures' - Supplier Finance Arrangements
 - Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback'

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 2023 was not subject to any qualification.

3 SEASONAL OR CYCLICAL ITEMS

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

4 EXCEPTIONAL OR UNUSUAL ITEMS

There were no exceptional or unusual items for the three months ended 31 March 2024.

5 CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the three months ended 31 March 2024.

6 CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the three months ended 31 March 2024.

7 DIVIDEND PAID

During the three months ended 31 March 2024, the Bank has paid a second single-tier interim dividend of 13.0 sen per share in respect of the financial year ended 31 December 2023, amounting to RM217,545,000 on 27 March 2024.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2024

8 INVESTMENT ACCOUNTS ('IA')

IA is defined by the application of Shariah contracts as investment with non-principal guaranteed 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 ('RA') and Unrestricted Investment Account ('UA').

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

9 SECURITIES PURCHASED UNDER RESALE AGREEMENTS

	As at	As at
	31 March 2024	31 December 2023
	RM'000	RM'000
At amortised cost		
Malaysian Government Investment Issues	804,765	287,477
Corporate sukuk	910,328	1,157,674
	<u>1,715,093</u>	<u>1,445,151</u>

10 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at	As at
	31 March 2024	31 December 2023
	RM'000	RM'000
Licensed Islamic banks	-	92,225

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2024**

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

	As at 31 March 2024	As at 31 December 2023
	RM'000	RM'000
Mandatory measured at fair value		
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	114,712	165,042
Bank Negara Malaysia ('BNM') Monetary Notes	149,947	2,636
	264,659	167,678

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

	As at 31 March 2024	As at 31 December 2023
	RM'000	RM'000
At fair value		
Debt instruments	6,763,314	5,937,797
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	2,725,428	2,028,223
Islamic Cagamas bonds	562,464	560,095
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Corporate sukuk	3,475,422	3,349,479
	6,763,314	5,937,797

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

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
31 March 2024				
Balance as at the beginning of the financial period	2,157	-	-	2,157
Changes in credit risk	(70)	-	-	(70)
Purchases and origination	107	-	-	107
Derecognition and disposal	(446)	-	-	(446)
Balance as at the end of the financial period	1,748	-	-	1,748
31 December 2023				
Balance as at the beginning of the financial year	6,279	-	-	6,279
Changes in credit risk	(2,565)	-	-	(2,565)
Purchases and origination	813	-	-	813
Changes to model methodologies	(1,189)	-	-	(1,189)
Derecognition and disposal	(1,181)	-	-	(1,181)
Balance as at the end of the financial year	2,157	-	-	2,157

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2024

13 FINANCIAL INVESTMENTS AT AMORTISED COST

	<u>As at</u> 31 March 2024	<u>As at</u> 31 December 2023
	<u>RM'000</u>	<u>RM'000</u>
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	1,936,975	1,659,548
BNM Monetary Notes	-	853,733
Islamic Cagamas bonds	505,304	503,848
Islamic Khazanah bonds	42,057	41,617
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Corporate sukuk	6,028,199	5,898,402
<u>Outside Malaysia</u>		
Corporate sukuk	30,821	30,417
	<u>8,543,356</u>	<u>8,987,565</u>
Fair value changes arising from fair value hedge	(5,036)	(3,276)
	<u>8,538,320</u>	<u>8,984,289</u>
Allowance for credit losses	(6,671)	(5,514)
	<u><u>8,531,649</u></u>	<u><u>8,978,775</u></u>

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

Gross exposure to RA financing as at 31 March 2024 is RM1,432,175,000 (31 December 2023: RM1,425,189,000), of which RM1,004,023,000 (31 December 2023: RM1,004,023,000) is funded by RHB Bank.

The portfolio expected credit losses for financial investments at amortised cost relating to RA is borne solely by RHB Bank and the investors and the amount recognised in the financial statements of RHB Bank is RM534,518,000 as at 31 March 2024 (31 December 2023: RM534,516,000).

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

	<u>As at</u> 31 March 2024	<u>As at</u> 31 December 2023
	<u>RM'000</u>	<u>RM'000</u>
Balance as at the beginning of the financial period/year	1,235,225	1,168,813
Purchases and origination	16,959	66,412
Balance as at the end of the financial period/year	<u><u>1,252,184</u></u>	<u><u>1,235,225</u></u>

The credit impaired financial investments at amortised cost relate to certain exposures to RA, of which exposure with RHB Bank and the investor amounted to RM740,022,000 and RM428,152,000 (31 December 2023: RM740,022,000 and RM421,166,000) respectively.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2024

13 FINANCIAL INVESTMENTS AT AMORTISED COST (CONTINUED)

(b) 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
	RM'000	RM'000	RM'000	RM'000
31 March 2024				
Balance as at the beginning of the financial period	5,514	-	-	5,514
Changes in credit risk	1,281	-	-	1,281
Purchases and origination	10	-	-	10
Derecognition and disposal	(134)	-	-	(134)
Balance as at the end of the financial period	<u>6,671</u>	<u>-</u>	<u>-</u>	<u>6,671</u>
31 December 2023				
Balance as at the beginning of the financial year	16,673	2,153	-	18,826
Transferred to 12-month ECL (Stage 1)	2,153	(2,153)	-	-
Changes in credit risk	(10,421)	614	-	(9,807)
Purchases and origination	2,608	-	-	2,608
Changes to model methodologies	(2,652)	(614)	-	(3,266)
Derecognition and disposal	(2,847)	-	-	(2,847)
Balance as at the end of the financial year	<u>5,514</u>	<u>-</u>	<u>-</u>	<u>5,514</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2024

14 FINANCING AND ADVANCES

31 March 2024	Bai'						
	Bithaman						
At amortised cost	Ajil ('BBA')	Ijarah *	Murabahah	Musyarakah	Qard	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cashline	-	-	1,495,976	-	28,577	-	1,524,553
Term financing:							
- Housing financing	197,591	-	18,767,575	14,698,943	-	454	33,664,563
- Syndicated term financing	-	-	3,395,252	-	-	19,251	3,414,503
- Hire purchase receivables	-	11,087,240	-	-	-	-	11,087,240
- Other term financing	99	91,179	30,272,455	-	-	10	30,363,743
Bills receivables	-	-	588,329	-	-	-	588,329
Trust receipts	-	-	47,277	-	-	-	47,277
Claims on customers under acceptance credits	-	-	1,252,660	-	-	-	1,252,660
Share margin financing	-	-	10,404	-	-	-	10,404
Staff financing	706	-	18,162	-	-	-	18,868
Credit/charge card receivables	-	-	-	-	-	374,824	374,824
Revolving financing	-	-	2,148,163	-	-	-	2,148,163
Gross financing and advances	198,396	11,178,419	57,996,253	14,698,943	28,577	394,539	84,495,127
Fair value changes arising from fair value hedge							(58,451)
							84,436,676
Allowance for credit losses on financing and advances							(656,290)
Net financing and advances							83,780,386

* The Bank is the owner of the assets throughout the tenure of the Ijarah financing. The ownership of the assets will be transferred to the customers via sale at the end of the Ijarah financing.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2024

14 FINANCING AND ADVANCES (CONTINUED)

31 December 2023	Bai'						
	Bithaman						
At amortised cost	Ajil ('BBA')	Ijarah *	Murabahah	Musyarakah	Qard	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cashline	-	-	1,446,887	-	40,286	-	1,487,173
Term financing:							
- Housing financing	205,436	-	18,048,304	14,378,395	-	391	32,632,526
- Syndicated term financing	-	-	3,657,145	-	-	19,251	3,676,396
- Hire purchase receivables	-	10,729,885	-	-	-	-	10,729,885
- Other term financing	99	90,423	31,526,415	-	-	10	31,616,947
Bills receivables	-	-	425,249	-	-	-	425,249
Trust receipts	-	-	85,560	-	-	-	85,560
Claims on customers under acceptance credits	-	-	1,311,712	-	-	-	1,311,712
Share margin financing	-	-	9,431	-	-	-	9,431
Staff financing	739	-	15,821	-	-	-	16,560
Credit/charge card receivables	-	-	-	-	-	366,999	366,999
Revolving financing	-	-	1,661,726	-	-	-	1,661,726
Gross financing and advances	206,274	10,820,308	58,188,250	14,378,395	40,286	386,651	84,020,164
Fair value changes arising from fair value hedge							(57,324)
Allowance for credit losses on financing and advances							83,962,840
Net financing and advances							(642,713)
							<u>83,320,127</u>

* The Bank is the owner of the assets throughout the tenure of the Ijarah financing. The ownership of the assets will be transferred to the customers 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 RA and UA as part of arrangement between the Bank and its holding company, RHB Bank and other investors ('the investors').

As at 31 March 2024, gross exposure to RA financing funded by RHB Bank is RM4,147,422,000 (31 December 2023: RM5,037,480,000) and gross exposure to UA financing funded by the investors is RM15,665,000 (31 December 2023: RM13,500,000).

The portfolio expected credit losses for financing and advances relating to RA and UA is borne solely by RHB Bank and the investors and the amount recognised in the financial statements of RHB Bank is RM14,549,000 as at 31 March 2024 (31 December 2023: RM15,229,000).

- (b) Included in term financing is housing financing sold to Cagamas amounting to RM1,644,855,000 as at 31 March 2024 (31 December 2023: RM1,659,523,000).

- (c) Movement of Qard financing

	<u>As at</u> <u>31 March 2024</u>	<u>As at</u> <u>31 December 2023</u>
	<u>RM'000</u>	<u>RM'000</u>
Balance as at the beginning of the financial period/year	40,286	27,963
New disbursement	19,033	33,556
Repayment	<u>(30,742)</u>	<u>(21,233)</u>
Balance as at the end of the financial period/year	<u>28,577</u>	<u>40,286</u>
Sources of Qard fund:		
- Depositors' fund	<u>28,577</u>	<u>40,286</u>
Uses of Qard fund:		
- Personal use	333	327
- Business purpose	<u>28,244</u>	<u>39,959</u>
	<u>28,577</u>	<u>40,286</u>

- (i) By type of customer

Domestic non-bank financial institutions	1,916,176	1,895,851
Domestic business enterprises:		
- Small and medium enterprises	9,776,551	10,038,789
- Others	11,309,336	11,823,727
Government and statutory bodies	6,512,408	6,479,612
Individuals	54,529,025	53,339,326
Other domestic entities	130,224	131,556
Foreign entities	321,407	311,303
	<u>84,495,127</u>	<u>84,020,164</u>

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14 FINANCING AND ADVANCES (CONTINUED)

	As at 31 March 2024	As at 31 December 2023
	RM'000	RM'000
(ii) By profit rate sensitivity		
Fixed rate:		
- Housing financing	18,163	15,821
- Hire-purchase receivables	308,827	363,604
- Other fixed rate financing	10,091,385	10,191,424
Variable rate:		
- Base financing rate-plus	59,269,374	57,792,784
- Cost-plus	14,512,533	15,500,617
- Other variable rates	294,845	155,914
	<u>84,495,127</u>	<u>84,020,164</u>
(iii) By economic sector		
Agriculture, hunting, forestry and fishing	2,073,857	1,971,479
Mining and quarrying	101,042	105,333
Manufacturing	2,778,940	2,814,974
Electricity, gas and water	225,785	1,415,797
Construction	2,408,471	2,329,913
Wholesale and retail trade and restaurant and hotel	4,674,191	4,341,983
Transport, storage and communication	3,571,100	3,733,236
Finance, insurance, real estate and business services	7,133,119	7,014,469
Education, health and others	6,678,189	6,642,350
Household sector	54,839,907	53,640,393
Others	10,526	10,237
	<u>84,495,127</u>	<u>84,020,164</u>
(iv) By purpose		
Purchase of securities	5,082,634	5,358,476
Purchase of transport vehicles	11,092,460	10,723,066
Purchase of landed property:		
- Residential	32,441,778	31,446,805
- Non-residential	5,651,257	5,604,458
Purchase of property, plant and equipment other than land and building	631,202	652,851
Personal use	6,032,471	5,938,503
Credit card	374,824	366,999
Construction	1,088,144	1,028,438
Working capital	16,274,798	17,153,276
Merger and acquisition	709,909	709,162
Other purposes	5,115,650	5,038,130
	<u>84,495,127</u>	<u>84,020,164</u>

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14 FINANCING AND ADVANCES (CONTINUED)

	As at 31 March 2024	As at 31 December 2023
	RM'000	RM'000
(v) By geographical distribution		
In Malaysia	<u>84,495,127</u>	<u>84,020,164</u>
(vi) By remaining contractual maturities		
Maturing within one year	9,361,113	10,171,561
One year to three years	2,430,822	2,336,742
Three years to five years	6,797,982	6,490,165
Over five years	65,905,210	65,021,696
	<u>84,495,127</u>	<u>84,020,164</u>
(vii) Impaired financing and advances		
(a) Movement in impaired financing and advances		
Balance as at the beginning of the financial period/year	1,216,853	600,488
Transfer to 12-month ECL (Stage 1)	(10,752)	(20,603)
Transfer to lifetime ECL not credit impaired (Stage 2)	(81,228)	(71,883)
Transfer to lifetime ECL credit impaired (Stage 3)	237,961	562,957
Purchases and origination	354,368	408,648
Derecognition	(410,650)	(81,645)
Amount written off	(55,339)	(187,218)
Other movements	83	6,109
Balance as at the end of the financial period/year	<u>1,251,296</u>	<u>1,216,853</u>
(b) By economic sector		
Agriculture, hunting, forestry and fishing	132	-
Mining and quarrying	5,196	5,248
Manufacturing	32,528	22,571
Electricity, gas and water	5,778	5,781
Construction	52,142	53,955
Wholesale and retail trade and restaurant and hotel	83,786	67,882
Transport, storage and communication	465,317	460,777
Finance, insurance, real estate and business services	65,999	64,751
Education, health and others	95,403	94,787
Household sector	445,015	441,101
	<u>1,251,296</u>	<u>1,216,853</u>

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14 FINANCING AND ADVANCES (CONTINUED)

(vii) Impaired financing and advances (continued)

	As at	As at
	31 March 2024	31 December 2023
	RM'000	RM'000
(c) By purpose		
Purchase of securities	1,464	1,235
Purchase of transport vehicles	53,802	61,988
Purchase of landed property:		
- Residential	344,573	337,861
- Non-residential	159,836	162,904
Purchase of property, plant and equipment other than land and building	2,793	2,796
Personal use	39,806	36,116
Credit card	3,791	3,700
Working capital	600,504	567,633
Other purposes	44,727	42,620
	<u>1,251,296</u>	<u>1,216,853</u>
(d) By geographical distribution		
In Malaysia	<u>1,251,296</u>	<u>1,216,853</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
31 March 2024	RM'000	RM'000	RM'000	RM'000
Balance as at the beginning of the financial period	110,166	171,483	361,064	642,713
Changes due to financial assets recognised in the opening balance that have been:				
- Transferred to 12-month ECL (Stage 1)	25,550	(21,826)	(3,724)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(6,438)	32,395	(25,957)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(192)	(14,195)	14,387	-
	18,920	(3,626)	(15,294)	-
Changes in credit risk	(22,709)	8,621	70,790	56,702
Purchases and origination	5,682	776	14	6,472
Bad debts written off	-	-	(32,362)	(32,362)
Derecognition	(1,660)	(1,619)	(14,039)	(17,318)
Other movements	-	-	83	83
Balance as at the end of the financial period	110,399	175,635	370,256	656,290

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14 FINANCING AND ADVANCES (CONTINUED)

(vii) Impaired financing and advances (continued)

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

	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
31 December 2023	RM'000	RM'000	RM'000	RM'000
Balance as at the beginning of the financial year	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)	59,298	(52,584)	(6,714)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(6,750)	27,317	(20,567)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(921)	(40,271)	41,192	-
	51,627	(65,538)	13,911	-
Changes in credit risk	(97,305)	(120,055)	229,378	12,018
Purchases and origination	22,689	4,983	3,987	31,659
Bad debts written off	-	-	(127,100)	(127,100)
Changes to model methodologies	(15,024)	(14,716)	6,141	(23,599)
Derecognition	(8,266)	(7,263)	(23,427)	(38,956)
Other movements	-	-	6,109	6,109
Balance as at the end of the financial year	<u>110,166</u>	<u>171,483</u>	<u>361,064</u>	<u>642,713</u>

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15 OTHER ASSETS

	As at	As at
	31 March 2024	31 December 2023
	RM'000	RM'000
Prepayments	29,402	29,303
Deposits	912	912
Amount from a related companies	29	112
Other receivables	73,159	89,647
	103,502	119,974

16 DEPOSITS FROM CUSTOMERS

	As at	As at
	31 March 2024	31 December 2023
	RM'000	RM'000
<u>Savings Deposits</u>		
Qard	1,394,609	1,381,073
Commodity Murabahah	1,457,501	1,264,636
<u>Demand Deposits</u>		
Qard	10,580,832	6,867,723
Commodity Murabahah	4,679,759	4,082,360
<u>Term Deposits</u>		
Commodity Murabahah	57,794,320	55,031,898
<u>Specific Investment Account</u>		
Commodity Murabahah	9,981,141	13,556,744
<u>General Investment Account</u>		
Mudharabah	78	77
	85,888,240	82,184,511

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

Due within six months	52,898,534	55,243,958
Six months to one year	13,210,443	11,716,121
One year to three years	637,800	611,876
Three years to five years	1,028,762	1,016,764
	67,775,539	68,588,719

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

Government and statutory bodies	18,709,847	14,985,261
Business enterprises	33,757,295	34,722,633
Individuals	32,768,491	31,760,604
Others	652,607	716,013
	85,888,240	82,184,511

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17 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Note	As at <u>31 March 2024</u> RM'000	As at 31 December 2023 RM'000
<u>Non-Mudharabah Funds:</u>			
Licensed banks		4,098,995	6,407,500
BNM/Other central bank	(a)	<u>436,868</u>	<u>507,538</u>
		4,535,863	6,915,038
<u>Mudharabah Funds:</u>			
Other financial institutions		<u>77,499</u>	74,268
		<u>4,613,362</u>	<u>6,989,306</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 <u>31 March 2024</u> RM'000	As at 31 December 2023 RM'000
Mudharabah Restricted Investment Account	(a)	5,755,903	6,753,004
Wakalah Unrestricted Investment Account	(b)	<u>15,738</u>	<u>13,600</u>
		<u>5,771,641</u>	<u>6,766,604</u>

(a) Mudharabah Restricted Investment Account

By type of counterparty:

Licensed banks	<u>5,755,903</u>	<u>6,753,004</u>
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Investment assets (principal):

Personal financing (Note 14(a))	1,000,000	1,000,000
Other term financing (Note 14(a))	3,147,422	4,037,480
Short-term funds	-	129,000
Unquoted securities (Note 13)	<u>1,432,175</u>	<u>1,425,189</u>
	<u>5,579,597</u>	<u>6,591,669</u>

As at 31 March 2024, the amount of the restricted investment account placed by the holding company, RHB Bank, amounted to RM5,244,769,000 (31 December 2023: RM6,258,830,000).

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18 INVESTMENT ACCOUNTS (CONTINUED)

	As at	As at
	31 March 2024	31 December 2023
	RM'000	RM'000
(b) Wakalah Unrestricted Investment Account		
<u>By type of counterparty:</u>		
Business enterprises	15,738	13,600
<u>Investment asset (principal):</u>		
Personal financing (Note 14(a))	3,133	2,700
Housing financing (Note 14(a))	12,532	10,800
	15,665	13,500

19 OTHER LIABILITIES

	As at	As at
	31 March 2024	31 December 2023
	RM'000	RM'000
Sundry creditors	26,325	14,353
Amount due to holding company	391,126	1,641,546
Amount due to other related companies	1,168	4,144
Contract liability	50,140	58,656
Short-term employee benefits	800	5,221
Accrual for operational expenses	25,496	26,601
Structured deposits	101,727	53,023
Other accruals and payables	94,860	74,203
	691,642	1,877,747

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20 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

	Three Months Ended	
	31 March 2024	31 March 2023
	RM'000	RM'000
Income derived from investment of:		
(i) General investment deposits	1	1
(ii) Other deposits	1,120,793	1,015,727
	1,120,794	1,015,728
(i) Income derived from investment of general investment deposits:		
Financing and advances	1	1
Total finance income and hibah	1	1
(ii) Income derived from investment of other deposits:		
Financing and advances	955,360	843,109
Securities purchased under resale agreements	10,924	3,336
Financial assets at FVTPL	1,970	1,336
Financial assets at FVOCI	54,793	52,297
Financial investments at amortised cost	62,346	51,597
Money at call and deposits with banks and other financial institutions	18,671	53,004
Total finance income and hibah	1,104,064	1,004,679
Other operating income (Note a)	16,729	11,048
	1,120,793	1,015,727
Of which:		
Financing income earned on impaired financing	8,016	6,292
(a) Other operating income comprise of:		
Fee income:		
- Commission	4,459	4,275
- Guarantee fees	1,261	935
	5,720	5,210
Net loss on revaluation of financial assets at FVTPL	(176)	(1,495)
Net gain on disposal of financial assets at FVTPL	377	3,358
Net gain on disposal of debt instruments of financial assets at FVOCI	10,795	3,975
Net gain arising from derecognition of financial investments at amortised cost	13	-
	16,729	11,048

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21 INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS

	Three Months Ended	
	31 March 2024	31 March 2023
	RM'000	RM'000
Financing and advances	59,771	101,760
Financial investments at amortised cost	23,227	21,595
Money at call and deposits with banks and other financial institutions	-	1,711
Total finance income and hibah	82,998	125,066

22 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Three Months Ended	
	31 March 2024	31 March 2023
	RM'000	RM'000
Financing and advances	22,967	16,755
Securities purchased under resale agreements	263	66
Financial assets at FVTPL	47	27
Financial assets at FVOCI	1,317	1,039
Financial investments at amortised cost	1,499	1,025
Money at call and deposits with banks and other financial institutions	449	1,053
Total finance income and hibah	26,542	19,965
Other operating income (Note a)	74,244	58,845
	100,786	78,810
Of which:		
Financing income earned on impaired financing	193	125
(a) Other operating income comprise of:		
Fee income:		
- Commission	13,569	11,043
- Service charges and fees	23,431	23,650
- Guarantee fees	30	19
	37,030	34,712
Net loss on revaluation of financial assets at FVTPL	(4)	(30)
Net gain on disposal of financial assets at FVTPL	9	67
Net gain on disposal of debt instruments of financial investments at FVOCI	259	79
Net gain on revaluation of derivatives	9,681	5,536
Net gain on fair value hedges	142	1,137
Other income:		
- Foreign exchange gain	29,547	18,540
- Loss on modification of right-of-use assets	-	(10)
- Other non-operating loss	(2,420)	(1,186)
	74,244	58,845

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23 ALLOWANCE FOR CREDIT LOSSES ON FINANCIAL ASSETS

	Three Months Ended	
	31 March 2024	31 March 2023
	RM'000	RM'000
<u>Charge/(Writeback)</u>		
Financing and advances:		
- Net charge	45,856	20,888
- Bad debts recovered	(14,537)	(6,136)
- Bad debts written off	23,080	8,877
	54,399	23,629
Financial assets at FVOCI	(409)	245
Financial investments at amortised cost	1,157	(1,177)
Other financial assets	(172)	(77)
	54,975	22,620

24 INCOME ATTRIBUTABLE TO DEPOSITORS

	Three Months Ended	
	31 March 2024	31 March 2023
	RM'000	RM'000
Deposits from customers:		
- Mudharabah funds	9,510	6,304
- Non-Mudharabah funds	679,987	586,220
Deposits and placements of banks and other financial institutions:		
- Non-Mudharabah funds	43,627	62,738
Others:		
- Subordinated obligations	7,916	7,829
- Recourse obligation on financing sold to Cagamas	16,126	14,555
- Borrowings	13,208	-
- Others	727	466
	771,101	678,112

25 PERSONNEL EXPENSES

	Note	Three Months Ended	
		31 March 2024	31 March 2023
		RM'000	RM'000
Salaries, allowances and bonuses		2,743	9,108
Contributions to Employees' Provident Fund		475	1,184
Share-based expenses	(a)	194	102
Other staff related costs		911	455
		4,323	10,849

- (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

	Three Months Ended	
	31 March 2024	31 March 2023
	RM'000	RM'000
<u>Establishment costs</u>		
Property, plant and equipment:		
- Depreciation	415	749
Computer software license:		
- Amortisation	281	276
Right-of-use assets:		
- Depreciation	254	347
Information technology expenses	323	350
Repair and maintenance	28	43
Rental of premises	185	201
Water and electricity	118	107
Rental of equipment	1	1
Printing and stationeries	1,065	3,656
Takaful	2,710	2,518
Others	361	471
	5,741	8,719
<u>Marketing expenses</u>		
Advertisement and publicity	168	341
Sales commission	4,679	3,850
Travelling expenses	53	80
Motor vehicle expenses	11	15
Others	2,456	3,519
	7,367	7,805
<u>Administration and general expenses</u>		
Communication expenses	1,960	3,104
Legal and professional fee	2,496	999
Management fee	140,931	132,262
Others	4,151	3,431
	149,538	139,796
	162,646	156,320

27 EARNINGS PER SHARE

	Three Months Ended	
	31 March 2024	31 March 2023
Net profit for the financial period (RM'000)	186,443	194,273
Weighted average number of ordinary shares in issue ('000)	1,673,424	1,673,424
Basic earnings per share (sen)	11.14	11.61

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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	As at
	31 March 2024	31 December 2023
	RM'000	RM'000
Contingent liabilities		
Transaction-related contingent items	371,741	354,714
Short-term self-liquidating trade related contingencies	274,070	264,074
	645,811	618,788
Commitments		
Irrevocable commitments to extend credit:		
- Maturity less than one year	828,396	695,930
- Maturity more than one year	9,315,044	9,214,441
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	2,535,614	2,503,444
	12,679,054	12,413,815
Derivative financial instruments		
Foreign exchange related contracts [^] :		
- Less than one year	15,948,229	14,410,642
- One year to less than five years	1,854,577	1,816,829
Profit rate related contracts [^] :		
- Less than one year	2,260,000	2,040,000
- One year to less than five years	4,160,823	3,912,400
- More than five years	726,029	122,573
Commodity related contracts [^] :		
- Less than one year	56,955	56,144
- One year to less than five years	137,793	86,544
	25,144,406	22,445,132
	38,469,271	35,477,735

[^] 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	As at
	31 March 2024	31 December 2023
	RM'000	RM'000
Capital expenditure for property, plant and equipment:		
- Authorised and contracted for	4,574	4,728

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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 significant inputs are not based on observable market data.

The table below shows 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
<u>31 March 2024</u>				
<u>Financial assets</u>				
Financial assets at FVTPL:				
- money market instruments	-	264,659	-	264,659
Financial assets at FVOCI:				
- money market instruments	-	6,763,314	-	6,763,314
- unquoted securities	-	3,287,892	-	3,287,892
	-	3,475,422	-	3,475,422
Derivative assets	-	189,416	-	189,416
	-	7,217,389	-	7,217,389
<u>Financial liabilities</u>				
Derivative liabilities	-	108,445	-	108,445
<u>31 December 2023</u>				
<u>Financial assets</u>				
Financial assets at FVTPL:				
- money market instruments	-	167,678	-	167,678
Financial assets at FVOCI:				
- money market instruments	-	5,937,797	-	5,937,797
- unquoted securities	-	2,588,318	-	2,588,318
	-	3,349,479	-	3,349,479
Derivative assets	-	187,192	-	187,192
	-	6,292,667	-	6,292,667
<u>Financial liabilities</u>				
Derivative liabilities	-	146,434	-	146,434

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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 values are 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:

	As at 31 March 2024 RM'000	As at 31 December 2023 RM'000
<u>Common Equity Tier-I ('CET-I') Capital /Tier-I Capital</u>		
Share capital	1,673,424	1,673,424
Retained profits	3,976,701	4,201,068
Other reserve	992	798
FVOCI reserve	(33,068)	(38,332)
	5,618,049	5,836,958
Less:		
Deferred tax assets	(68,250)	(70,560)
Intangible assets (include associated deferred tax liabilities)	(4,103)	(4,661)
Other deductions*	(1,244)	(595)
Total CET-I/Total Tier-I Capital	5,544,452	5,761,142
<u>Tier-II Capital</u>		
Subordinated obligations	750,000	750,000
Surplus eligible provisions over expected losses	152,948	154,065
General provisions^	81,441	80,942
Total Tier-II Capital	984,389	985,007
Total Capital	6,528,841	6,746,149
<u>Capital Ratios</u>		
Before proposed dividends:		
CET-I Capital Ratio	15.550%	16.125%
Tier-I Capital Ratio	15.550%	16.125%
Total Capital Ratio	18.311%	18.882%
After proposed dividends:		
CET-I Capital Ratio	15.550%	15.516%
Tier-I Capital Ratio	15.550%	15.516%
Total Capital Ratio	18.311%	18.273%

* 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)

[^] 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 RM67,448,000 (31 December 2023: RM68,476,000).

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

	As at 31 March 2024	As at 31 December 2023
	RM'000	RM'000
Credit risk	34,834,381	35,235,833
Credit risk absorbed by PSIA ⁺	(2,827,860)	(3,082,919)
Market risk	210,542	187,131
Operational risk	3,438,853	3,387,790
Total risk-weighted assets	<u>35,655,916</u>	<u>35,727,835</u>

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

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

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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, other than the following:

- (a) The Bank had on 15 May 2024 issued Subordinated Sukuk Murabahah of RM500 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 4.00% per annum, payable semi-annually in arrears throughout the entire tenure; and
- (b) The Bank had on 21 May 2024 fully redeemed RM500 million in nominal value of Subordinated Sukuk Murabahah issued on 21 May 2019.

34 CHANGES IN PROFIT FOR THE QUARTER

The Bank reported a pre-tax profit of RM249.0 million for the current quarter, 21.0% lower as compared to the preceding quarter ended 31 December 2023 of RM315.1 million. The lower profit was mainly attributed to higher allowance for credit losses by RM73.9 million and lower non funding income by RM6.0 million, partly offset by higher net funding income by RM11.0 million and lower overhead expenses by RM2.8 million.

35 PERFORMANCE REVIEW

For the three months ended 31 March 2024, the Bank recorded a pre-tax profit of RM249.0 million, 4.1% lower than previous corresponding period of RM259.7 million. The lower profit was mainly due to higher allowance for credit losses by RM32.4 million, partly offset by higher non funding income by RM21.1 million, higher net funding income by RM0.4 million and lower overhead expenses by RM0.2 million .

36 PROSPECTS FOR FINANCIAL YEAR 2024

Growth in regional economies is expected to improve in 2024. Correspondingly, Malaysia's economy is projected to be supported by improvement in external demand and manufacturing activities, as well as continued resilience in domestic demand arising from increased consumer and investment spending. Nevertheless, downside risks remain, emanating mainly from prolonged high profit rates in advanced economies and escalation of geopolitical conflicts.

For the banking industry, financing growth is expected to remain healthy, supported by robust capital and liquidity positions with strong provisioning levels. Additionally, the monetary policy is expected to remain conducive and supportive of the economy.

Against this backdrop, the Bank will continue to focus on growing its business, exercising cost discipline and maintaining its prudent stance. The Bank is committed to upholding its strong fundamentals and through its TWP24 strategy, aims at achieving quality growth, driving service excellence and improving efficiency.