

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

INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	As at 31 December 2024 RM'000	As at 31 December 2023 RM'000
ASSETS			
Cash and short-term funds		1,221,961	5,801,534
Securities purchased under resale agreements	9	2,698,958	1,445,151
Deposits and placements with banks and other financial institutions	10	224,224	92,225
Financial assets at fair value through profit or loss ('FVTPL')	11	135,168	167,678
Financial assets at fair value through other comprehensive income ('FVOCI')	12	7,828,798	5,937,797
Financial investments at amortised cost	13	9,920,794	8,978,775
Financing and advances	14	90,125,549	83,320,127
Other assets	15	151,993	119,974
Derivative assets		602,317	187,192
Statutory deposits		1,582,000	1,526,500
Deferred tax assets		83,650	82,137
Right-of-use assets		1,070	1,188
Property, plant and equipment		4,739	5,728
Intangible assets		4,565	5,186
TOTAL ASSETS		114,585,786	107,671,192
LIABILITIES AND EQUITY			
Deposits from customers	16	88,606,492	82,184,511
Deposits and placements of banks and other financial institutions	17	7,573,936	6,989,306
Investment accounts	18	5,899,679	6,766,604
Bills and acceptances payable		2,705	9,842
Other liabilities	19	2,308,882	1,877,747
Derivative liabilities		444,374	146,434
Recourse obligation on financing sold to Cagamas Berhad ('Cagamas')		1,204,334	1,611,741
Provision for taxation and zakat		63,237	40,885
Lease liabilities		1,080	1,186
Borrowings		786,022	809,238
Subordinated obligations		757,152	754,373
TOTAL LIABILITIES		107,647,893	101,191,867
Share capital		1,673,424	1,673,424
Reserves		5,264,469	4,805,901
TOTAL EQUITY		6,937,893	6,479,325
TOTAL LIABILITIES AND EQUITY		114,585,786	107,671,192
COMMITMENTS AND CONTINGENCIES	28	63,432,984	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
AUDITED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	<u>4th Quarter Ended</u>		<u>Twelve Months Ended</u>	
		31 December	31 December	31 December	31 December
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	20	1,196,819	1,129,619	4,591,855	4,299,467
Income derived from investment of investment account funds	21	86,599	85,094	319,118	428,658
Income derived from investment of shareholders' funds	22	109,520	101,726	429,267	342,829
Allowance for credit losses on financial assets	23	(20,627)	18,936	(161,296)	6,356
Total distributable income		1,372,311	1,335,375	5,178,944	5,077,310
Income attributable to depositors	24	(830,650)	(786,078)	(3,141,556)	(2,958,219)
Profit distributed to investment account holders		(56,229)	(64,448)	(229,151)	(322,775)
		485,432	484,849	1,808,237	1,796,316
Personnel expenses	25	(8,419)	(6,258)	(25,340)	(29,479)
Other overheads and expenditures	26	(187,044)	(163,529)	(719,363)	(639,350)
Profit before taxation and zakat		289,969	315,062	1,063,534	1,127,487
Taxation and zakat		(59,816)	(77,434)	(253,756)	(283,032)
Net profit for the financial period/year		230,153	237,628	809,778	844,455
Basic earnings per share (sen)	27	13.75	14.20	48.39	50.46

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RHB ISLAMIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	<u>4th Quarter Ended</u>		<u>Twelve Months Ended</u>	
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Net profit for the financial period/year	<u>230,153</u>	<u>237,628</u>	<u>809,778</u>	<u>844,455</u>
Other comprehensive income/(loss) in respect of:				
Items that will be reclassified subsequently to profit or loss:				
Debt instruments measured at FVOCI:				
- Unrealised net gain/(loss) on revaluation	(33,929)	48,083	19,800	133,723
- Net transfer to income statement on disposal	(4,709)	(12,136)	(20,115)	(28,819)
- Changes in expected credit losses	(309)	(221)	(529)	(4,122)
Income tax relating to components of other comprehensive loss/(income)	<u>9,274</u>	<u>(8,627)</u>	<u>76</u>	<u>(25,177)</u>
Other comprehensive (loss)/income, net of tax, for the financial period/year	<u>(29,673)</u>	<u>27,099</u>	<u>(768)</u>	<u>75,605</u>
Total comprehensive income for the financial period/year	<u><u>200,480</u></u>	<u><u>264,727</u></u>	<u><u>809,010</u></u>	<u><u>920,060</u></u>

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RHB ISLAMIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Non distributable			Capital contribution by holding company	Distributable	
	Share capital	FVOCI reserve	Regulatory reserve	by holding company	Retained profits	Total
	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 year	-	-	-	-	809,778	809,778
Other comprehensive income/(loss):						
Debt instruments measured at FVOCI:						
- Unrealised net gain on revaluation	-	19,800	-	-	-	19,800
- Net transfer to income statement on disposal	-	(20,115)	-	-	-	(20,115)
- Changes in expected credit losses	-	(529)	-	-	-	(529)
Income tax relating to components of other comprehensive loss	-	76	-	-	-	76
Other comprehensive loss, net of tax, for the financial year	-	(768)	-	-	-	(768)
Total comprehensive income/(loss) for the financial year	-	(768)	-	-	809,778	809,010
Dividend paid	-	-	-	-	(351,419)	(351,419)
Share-based payment expenses	-	-	-	977	-	977
Transfer from regulatory reserve	-	-	(106,453)	-	106,453	-
Balance as at 31 December 2024	1,673,424	(36,943)	533,757	1,775	4,765,880	6,937,893

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INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Non distributable			Capital contribution by holding company	Distributable	
	Share capital	FVOCI reserve	Regulatory reserve	by holding company	Retained profits	Total
	RM'000	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 year	-	-	-	-	844,455	844,455
Other comprehensive income/(loss):						
Debt instruments measured at FVOCI:						
- Unrealised net gain on revaluation	-	133,723	-	-	-	133,723
- Net transfer to income statement on disposal	-	(28,819)	-	-	-	(28,819)
- Changes in expected credit losses	-	(4,122)	-	-	-	(4,122)
Income tax relating to components of other comprehensive income	-	(25,177)	-	-	-	(25,177)
Other comprehensive income, net of tax, for the financial year	-	75,605	-	-	-	75,605
Total comprehensive income for the financial year	-	75,605	-	-	844,455	920,060
Dividend paid	-	-	-	-	(384,888)	(384,888)
Share-based payment expenses	-	-	-	593	-	593
Transfer to regulatory reserve	-	-	436,304	-	(436,304)	-
Balance as at 31 December 2023	1,673,424	(36,175)	640,210	798	4,201,068	6,479,325

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RHB ISLAMIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Twelve Months Ended	
	31 December	31 December
	2024	2023
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	1,063,534	1,127,487
Adjustments for non-cash items	(418,979)	(601,505)
Operating profit before changes in working capital	644,555	525,982
Changes in working capital:		
Net changes in operating assets	(9,501,611)	(3,518,418)
Net changes in operating liabilities	6,474,140	2,513,533
Cash used in operations	(2,382,916)	(478,903)
Profit paid	(78,424)	(31,853)
Net tax and zakat paid	(232,841)	(323,768)
Net cash used in operating activities	(2,694,181)	(834,524)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment:		
- Purchase	(1,091)	(1,526)
- Proceeds from disposal	502	60
Intangible assets:		
- Purchase	(494)	(1,737)
- Proceeds from disposal	9	-
Net purchase of financial assets at FVOCI and financial investments at amortised cost	(2,709,245)	(1,377,362)
Investment income received from financial assets at FVOCI and financial investments at amortised cost	508,334	416,208
Net cash used in investing activities	(2,201,985)	(964,357)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of borrowings	-	819,280
Principal lease payment	(1,004)	(1,704)
Dividend paid	(351,419)	(384,888)
Issuance of subordinated sukuk	500,000	-
Redemption of subordinated sukuk	(500,000)	-
Net cash (used in)/generated financing activities	(352,423)	432,688
Net decrease in cash and cash equivalents	(5,248,589)	(1,366,193)
Cash and cash equivalents at the beginning of the financial year	5,801,534	7,167,727
Cash and cash equivalents at the end of the financial year	552,945	5,801,534

Cash and cash equivalents for the financial year comprise cash and short-term funds of RM1,221,961,000, excluding cash and short-term funds with original maturity of more than one month of RM669,016,000.

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NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1 BASIS OF PREPARATION

The interim financial statements are audited and have been prepared in compliance with Malaysian Financial Reporting Standard ('MFRS') 134, 'Interim Financial Reporting' issued by Malaysian Accounting Standards Board ('MASB') and should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 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 year:

(a) Accounting standards, annual improvements and amendments to MFRS which are effective and applicable for the Bank for financial year 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 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 financial year ended 31 December 2024.

5 CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial years that have a material effect the financial year ended 31 December 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 financial year ended 31 December 2024, other than as disclosed below:

- (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 its existing RM500 million in nominal value of Subordinated Sukuk Murabahah issued on 21 May 2019.

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NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

7 DIVIDEND PAID/DECLARED

- (a) 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 was paid on 27 March 2024;
- (b) A single-tier interim dividend of 8.0 sen per share in respect of the financial year ended 31 December 2024, amounting to RM133,874,000 was paid on 26 September 2024; and
- (c) The Directors declared a second single-tier interim dividend of 13.0 sen per share amounting to RM217,545,000 in respect of the financial year ended 31 December 2024. The financial statements for the current financial year do not reflect this second single-tier interim dividend. This dividend payment will be accounted for in the shareholder's equity as an appropriation of retained profits in the financial year ending 31 December 2025.

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 31 December 2024 RM'000	As at 31 December 2023 RM'000
At amortised cost		
Malaysian Government Investment Issues	967,507	287,477
Corporate sukuk	1,731,451	1,157,674
	2,698,958	1,445,151

10 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December 2024 RM'000	As at 31 December 2023 RM'000
Licensed Islamic banks	224,224	92,225

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NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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

	As at 31 December 2024	As at 31 December 2023
	RM'000	RM'000
Mandatory measured at fair value		
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	135,168	165,042
Bank Negara Malaysia ('BNM') Monetary Notes	-	2,636
	<u>135,168</u>	<u>167,678</u>

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

	As at 31 December 2024	As at 31 December 2023
	RM'000	RM'000
At fair value		
Debt instruments	<u>7,828,798</u>	<u>5,937,797</u>
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	3,448,824	2,028,223
Islamic Cagamas bonds	559,401	560,095
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Corporate sukuk	3,820,573	3,349,479
	<u>7,828,798</u>	<u>5,937,797</u>

(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 December 2024				
Balance as at the beginning of the financial year	2,157	-	-	2,157
Changes in credit risk	(315)	-	-	(315)
Purchases and origination	450	-	-	450
Derecognition and disposal	(664)	-	-	(664)
Balance as at the end of the financial year	<u>1,628</u>	<u>-</u>	<u>-</u>	<u>1,628</u>
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	<u>2,157</u>	<u>-</u>	<u>-</u>	<u>2,157</u>

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NOTES TO THE AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

13 FINANCIAL INVESTMENTS AT AMORTISED COST

	As at 31 December 2024 RM'000	As at 31 December 2023 RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	2,005,330	1,659,548
BNM Monetary Notes	-	853,733
Islamic Cagamas bonds	466,251	503,848
Islamic Khazanah bonds	43,414	41,617
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Corporate sukuk	7,385,310	5,898,402
<u>Outside Malaysia</u>		
Corporate sukuk	30,408	30,417
	9,930,713	8,987,565
Fair value changes arising from fair value hedge	(2,458)	(3,276)
	9,928,255	8,984,289
Allowance for credit losses	(7,461)	(5,514)
	9,920,794	8,978,775

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 December 2024 is RM1,423,014,000 (2023: RM1,425,189,000), of which RM973,023,000 (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 RM534,533,000 as at 31 December 2024 (2023: RM534,516,000).

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

	As at 31 December 2024 RM'000	As at 31 December 2023 RM'000
Balance as at the beginning of the financial year	1,235,225	1,168,813
Purchases and origination	68,966	66,412
Balance as at the end of the financial year	1,304,191	1,235,225

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 RM449,991,000 (2023: RM740,022,000 and RM421,166,000) respectively.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 December 2024				
Balance as at the beginning of the financial year	5,514	-	-	5,514
Changes in credit risk	1,182	-	-	1,182
Purchases and origination	2,056	-	-	2,056
Derecognition and disposal	(1,291)	-	-	(1,291)
Balance as at the end of the financial year	<u>7,461</u>	<u>-</u>	<u>-</u>	<u>7,461</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 AUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

14 FINANCING AND ADVANCES

31 December 2024	Bai' Bithaman Ajil ('BBA')	Ijarah *	Murabahah	Musarakah	Qard	Others	Total
At amortised cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cashline	-	-	1,577,552	-	32,880	-	1,610,432
Term financing:							
- Housing financing	176,958	-	20,905,321	16,110,327	-	539	37,193,145
- Syndicated term financing	-	-	2,203,832	-	-	-	2,203,832
- Hire purchase receivables	-	12,063,031	-	-	-	-	12,063,031
- Other term financing	99	90,397	32,320,488	-	-	10	32,410,994
Bills receivables	-	-	1,540,862	-	-	-	1,540,862
Trust receipts	-	-	41,318	-	-	-	41,318
Claims on customers under acceptance credits	-	-	412,398	-	-	-	412,398
Share margin financing	-	-	21,803	-	-	-	21,803
Staff financing	532	-	27,448	-	-	-	27,980
Credit/charge card receivables	-	-	-	-	-	451,784	451,784
Revolving financing	-	-	2,812,480	-	-	-	2,812,480
Gross financing and advances	177,589	12,153,428	61,863,502	16,110,327	32,880	452,333	90,790,059
Fair value changes arising from fair value hedge							(41,775)
							90,748,284
Allowance for credit losses							(622,735)
Net financing and advances							90,125,549

* 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)

31 December 2023	Bai'						
	Bithaman						
	Ajl ('BBA')	Ijarah *	Murabahah	Musyarakah	Qard	Others	Total
At amortised cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cashline	-	-	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)
							83,962,840
Allowance for credit losses							(642,713)
Net financing and advances							83,320,127

* 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 December 2024, gross exposure to RA financing funded by RHB Bank is RM3,559,192,000 (2023: RM5,037,480,000) and gross exposure to UA financing funded by the investors is RM685,100,000 (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 RM8,485,000 as at 31 December 2024 (2023: RM15,229,000).

- (b) Included in term financing is housing financing sold to Cagamas amounting to RM1,167,827,000 as at 31 December 2024 (2023: RM1,659,523,000).

- (c) Movement of Qard financing

	As at 31 December 2024 RM'000	As at 31 December 2023 RM'000
Balance as at the beginning of the financial year	40,286	27,963
New disbursement	25,610	33,556
Repayment	(33,016)	(21,233)
Balance as at the end of the financial year	<u>32,880</u>	<u>40,286</u>
Sources of Qard fund:		
- Depositors' fund	<u>32,880</u>	<u>40,286</u>
Uses of Qard fund:		
- Personal use	342	327
- Business purpose	<u>32,538</u>	<u>39,959</u>
	<u>32,880</u>	<u>40,286</u>

- (i) By type of customer

Domestic non-bank financial institutions	2,023,207	1,895,851
Domestic business enterprises:		
- Small and medium enterprises	10,370,679	10,038,789
- Others	10,608,539	11,823,727
Government and statutory bodies	6,868,830	6,479,612
Individuals	60,031,201	53,339,326
Other domestic entities	111,573	131,556
Foreign entities	<u>776,030</u>	<u>311,303</u>
	<u>90,790,059</u>	<u>84,020,164</u>

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14 FINANCING AND ADVANCES (CONTINUED)

	As at 31 December 2024 RM'000	As at 31 December 2023 RM'000
(ii) By profit rate sensitivity		
Fixed rate:		
- Housing financing	27,448	15,821
- Hire-purchase receivables	190,269	363,604
- Other fixed rate financing	10,220,725	10,191,424
Variable rate:		
- Base financing rate-plus	66,722,057	57,948,698
- Cost-plus	13,629,560	15,500,617
	90,790,059	84,020,164
(iii) By economic sector		
Agriculture, hunting, forestry and fishing	1,777,543	1,971,479
Mining and quarrying	103,731	105,333
Manufacturing	2,954,530	2,814,974
Electricity, gas and water	222,392	1,415,797
Construction	3,663,746	2,329,913
Wholesale and retail trade and restaurant and hotel	4,815,320	4,341,983
Transport, storage and communication	2,468,511	3,733,236
Finance, insurance, real estate and business services	7,253,112	7,014,469
Education, health and others	7,131,013	6,642,350
Household sector	60,400,161	53,640,393
Others	-	10,237
	90,790,059	84,020,164
(iv) By purpose		
Purchase of securities	5,341,379	5,358,476
Purchase of transport vehicles	12,073,179	10,723,066
Purchase of landed property:		
- Residential	35,804,145	31,446,805
- Non-residential	5,766,709	5,604,458
Purchase of property, plant and equipment other than land and building	258,525	652,851
Personal use	6,803,551	5,938,503
Credit card	451,784	366,999
Construction	1,467,639	1,028,438
Working capital	16,844,420	17,153,276
Merger and acquisition	87,273	709,162
Other purposes	5,891,455	5,038,130
	90,790,059	84,020,164

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14 FINANCING AND ADVANCES (CONTINUED)

	As at 31 December 2024 RM'000	As at 31 December 2023 RM'000
(v) By geographical distribution		
In Malaysia	<u>90,790,059</u>	<u>84,020,164</u>
(vi) By remaining contractual maturities		
Maturing within one year	9,792,188	10,171,561
One year to three years	2,996,578	2,336,742
Three years to five years	8,238,889	6,490,165
Over five years	69,762,404	65,021,696
	<u>90,790,059</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 year	1,216,853	600,488
Transfer to 12-month ECL (Stage 1)	(40,799)	(20,603)
Transfer to lifetime ECL not credit impaired (Stage 2)	(529,333)	(71,883)
Transfer to lifetime ECL credit impaired (Stage 3)	441,457	562,957
Purchases and origination	81,400	408,648
Derecognition	(74,696)	(81,645)
Amount written off	(231,794)	(187,218)
Other movements	(10,552)	6,109
Balance as at the end of the financial year	<u>852,536</u>	<u>1,216,853</u>
(b) By economic sector		
Agriculture, hunting, forestry and fishing	3,892	-
Mining and quarrying	2,489	5,248
Manufacturing	26,436	22,571
Electricity, gas and water	6,123	5,781
Construction	15,663	53,955
Wholesale and retail trade and restaurant and hotel	96,755	67,882
Transport, storage and communication	20,681	460,777
Finance, insurance, real estate and business services	67,287	64,751
Education, health and others	88,742	94,787
Household sector	524,468	441,101
	<u>852,536</u>	<u>1,216,853</u>

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14 FINANCING AND ADVANCES (CONTINUED)

(vii) Impaired financing and advances (continued)

	As at 31 December 2024 RM'000	As at 31 December 2023 RM'000
(c) By purpose		
Purchase of securities	888	1,235
Purchase of transport vehicles	55,109	61,988
Purchase of landed property:		
- Residential	412,048	337,861
- Non-residential	155,400	162,904
Purchase of property, plant and equipment other than land and building	6	2,796
Personal use	50,194	36,116
Credit card	4,149	3,700
Working capital	166,528	567,633
Merger and acquisition	108	-
Other purposes	8,106	42,620
	<u>852,536</u>	<u>1,216,853</u>
(d) By geographical distribution		
In Malaysia	<u>852,536</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

	Note	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
31 December 2024					
Balance as at the beginning of the financial year		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)		68,856	(53,885)	(14,971)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)		(10,017)	120,866	(110,849)	-
- Transferred to lifetime ECL credit impaired (Stage 3)		(1,176)	(18,013)	19,189	-
		57,663	48,968	(106,631)	-
Changes in credit risk		(55,876)	16,499	191,794	152,417
Purchases and origination		27,029	8,107	7,074	42,210
Bad debts written off		-	-	(158,884)	(158,884)
Derecognition		(5,029)	(8,946)	(31,194)	(45,169)
Other movements		-	-	(10,552)	(10,552)
Balance as at the end of the financial year		133,953	236,111	252,671	622,735

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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
	RM'000	RM'000	RM'000	RM'000
31 December 2023				
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 31 December 2024 RM'000	As at 31 December 2023 RM'000
Prepayments	37,272	29,303
Deposits	914	912
Amount due from other related companies	116	112
Other receivables	113,691	89,647
	151,993	119,974

16 DEPOSITS FROM CUSTOMERS

	As at 31 December 2024 RM'000	As at 31 December 2023 RM'000
<u>Savings Deposits</u>		
Qard	1,309,272	1,381,073
Commodity Murabahah	1,561,607	1,264,636
<u>Demand Deposits</u>		
Qard	7,594,906	6,867,723
Commodity Murabahah	5,239,474	4,082,360
<u>Term Deposits</u>		
Commodity Murabahah	58,106,005	55,031,898
<u>Specific Investment Account</u>		
Commodity Murabahah	14,795,149	13,556,744
<u>General Investment Account</u>		
Mudharabah	79	77
	88,606,492	82,184,511

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

Due within six months	56,426,333	55,243,958
Six months to one year	14,977,133	11,716,121
One year to three years	1,440,593	611,876
Three years to five years	57,174	1,016,764
	72,901,233	68,588,719

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

Government and statutory bodies	17,386,619	14,985,261
Business enterprises	36,144,751	34,722,633
Individuals	34,488,381	31,760,604
Others	586,741	716,013
	88,606,492	82,184,511

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17 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Note	As at 31 December 2024 RM'000	As at 31 December 2023 RM'000
<u>Non-Mudharabah Funds:</u>			
Licensed banks		6,391,214	6,407,500
BNM/Other central bank	(a)	<u>1,021,253</u>	<u>507,538</u>
		<u>7,412,467</u>	6,915,038
<u>Mudharabah Funds:</u>			
Other financial institutions		<u>161,469</u>	74,268
		<u><u>7,573,936</u></u>	<u><u>6,989,306</u></u>

(a) Included in deposits and placements by BNM is an amount received under the Government scheme as part of the COVID-19 relief measures for the purpose of financing to SMEs at a concessionary rate and with six-year maturity period.

18 INVESTMENT ACCOUNTS

	Note	As at 31 December 2024 RM'000	As at 31 December 2023 RM'000
Restricted Investment Account	(a)		
- Mudharabah		3,701,137	5,751,416
- Wakalah		1,503,811	1,001,588
Unrestricted Investment Account	(b)		
- Wakalah		<u>694,731</u>	13,600
		<u><u>5,899,679</u></u>	<u><u>6,766,604</u></u>

(a) Restricted Investment Account

By type of counterparty:

Licensed banks	<u><u>5,204,948</u></u>	<u><u>6,753,004</u></u>
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Investment assets (principal):

Personal financing (Note 14(a))	1,500,000	1,000,000
Other term financing (Note 14(a))	2,059,192	4,037,480
Short-term funds	-	129,000
Unquoted securities (Note 13)	<u>1,423,014</u>	1,425,189
	<u><u>4,982,206</u></u>	<u><u>6,591,669</u></u>

As at 31 December 2024, the amount of the restricted investment account placed by the holding company, RHB Bank, amounted to RM4,640,875,000 (2023: RM6,258,830,000).

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18 INVESTMENT ACCOUNTS (CONTINUED)

	As at 31 December 2024 RM'000	As at 31 December 2023 RM'000
(b) Unrestricted Investment Account		
<u>By type of counterparty:</u>		
Business enterprises	<u>694,731</u>	<u>13,600</u>
<u>Investment asset (principal):</u>		
Personal financing (Note 14(a))	548,080	2,700
Housing financing (Note 14(a))	<u>137,020</u>	<u>10,800</u>
	<u>685,100</u>	<u>13,500</u>

19 OTHER LIABILITIES

	As at 31 December 2024 RM'000	As at 31 December 2023 RM'000
	Note	
Sundry creditors	19,793	14,353
Amount due to holding company	1,035,533	1,641,546
Amount due to other related companies	761	4,144
Contract liability	22,624	58,656
Short-term employee benefits	5,126	5,221
Accrual for operational expenses	10,893	26,601
Cash collateral pledged for derivative transactions	32,893	-
Structured deposits	(a) 999,420	53,023
Other accruals and payables	<u>181,839</u>	<u>74,203</u>
	<u>2,308,882</u>	<u>1,877,747</u>

(a) The maturity structure of structured deposits are as follows:

- One year to three years	28,573	4,029
- More than three years	<u>970,847</u>	<u>48,994</u>
	<u>999,420</u>	<u>53,023</u>

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20 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

	<u>4th Quarter Ended</u>		<u>Twelve Months Ended</u>	
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) General investment deposits	1	1	3	3
(ii) Other deposits	1,196,818	1,129,618	4,591,852	4,299,464
	1,196,819	1,129,619	4,591,855	4,299,467
(i) Income derived from investment of general investment deposits:				
Financing and advances	1	1	3	3
Total finance income and hibah	1	1	3	3
(ii) Income derived from investment of other deposits:				
Financing and advances	1,025,084	944,909	3,943,113	3,613,614
Securities purchased under resale agreements	7,029	5,348	36,176	9,965
Financial assets at FVTPL	2,284	3,316	13,550	10,614
Financial assets at FVOCI	69,243	53,242	250,484	209,738
Financial investments at amortised cost	70,920	68,287	259,956	254,514
Money at call and deposits with banks and other financial institutions and other financial institutions	16,196	37,433	49,962	151,363
Total finance income and hibah	1,190,756	1,112,535	4,553,241	4,249,808
Other operating income (Note a)	6,062	17,083	38,611	49,656
	1,196,818	1,129,618	4,591,852	4,299,464
Of which:				
Financing income earned on impaired financing	7,950	6,584	32,456	23,973
(a) Other operating income comprise of:				
Fee income:				
- Commission	784	3,183	11,083	14,182
- Guarantee fees	2,967	1,081	9,191	4,415
	3,751	4,264	20,274	18,597
Net (loss)/gain on revaluation of financial assets at FVTPL	(577)	1,984	(508)	(399)
Net (loss)/gain on disposal of financial assets at FVTPL	(1,762)	(1,067)	(908)	3,182
Net gain on disposal of debt instruments of financial assets at FVOCI	4,650	11,902	19,740	28,261
Net gain arising from derecognition of financial investments at amortised cost	-	-	13	15
	6,062	17,083	38,611	49,656

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21 INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS

	<u>4th Quarter Ended</u>		<u>Twelve Months Ended</u>	
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Financing and advances	62,808	60,722	223,180	330,925
Financial investments at amortised cost	23,791	23,419	94,109	91,413
Money at call and deposits with banks and other financial institutions	-	953	1,829	6,320
Total finance income and hibah	86,599	85,094	319,118	428,658

22 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	<u>4th Quarter Ended</u>		<u>Twelve Months Ended</u>	
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Financing and advances	13,860	18,518	74,888	71,287
Securities purchased under resale agreements	77	106	687	197
Financial assets at FVTPL	21	65	257	209
Financial assets at FVOCI	967	1,044	4,757	4,138
Financial investments at amortised cost	983	1,339	4,937	5,021
Money at call and deposits with banks and other financial institutions	243	733	949	2,986
Total finance income and hibah	16,151	21,805	86,475	83,838
Other operating income (Note a)	93,369	79,921	342,792	258,991
	109,520	101,726	429,267	342,829

Of which:

Financing income earned on impaired financing	103	129	616	473
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(a) Other operating income comprise of:

Fee income:

- Commission	18,782	12,841	59,046	58,433
- Service charges and fees	30,138	34,998	107,051	102,034
- Guarantee fees	45	21	175	87
	48,965	47,860	166,272	160,554

Net (loss)/gain on revaluation of financial assets at FVTPL	(12)	39	(10)	(8)
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Net (loss)/gain on disposal of financial assets at FVTPL	(35)	(21)	(17)	63
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Net gain on disposal of debt instruments of financial investments at FVOCI	59	235	375	558
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Net gain on revaluation of derivatives	6,893	8,262	37,212	23,717
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Net gain/(loss) on fair value hedges	74	(2,530)	780	(1,214)
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Net gain on derecognition of hedging	192	-	468	-
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Other income:

- Foreign exchange gain	41,570	27,796	151,536	81,327
- Gain on disposal of property, plant and equipment	-	-	-	60
- Loss on modification of right-of-use assets	-	-	-	(10)
- Other non-operating loss	(4,337)	(1,720)	(13,824)	(6,056)
	93,369	79,921	342,792	258,991

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23 ALLOWANCE FOR CREDIT LOSSES ON FINANCIAL ASSETS

	<u>4th Quarter Ended</u>		<u>Twelve Months Ended</u>	
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<u>Charge/(Writeback)</u>				
Financing and advances:				
- Net charge/(writeback)	20,767	(25,391)	149,458	(18,878)
- Bad debts recovered	(16,490)	(8,147)	(53,899)	(27,506)
- Bad debts written off	17,988	17,122	64,481	57,439
	22,265	(16,416)	160,040	11,055
Financial assets at FVOCI	(309)	(221)	(529)	(4,122)
Financial investments at amortised cost	(1,190)	(2,302)	1,947	(13,312)
Other financial assets	(139)	3	(162)	23
	20,627	(18,936)	161,296	(6,356)

24 INCOME ATTRIBUTABLE TO DEPOSITORS

	<u>4th Quarter Ended</u>		<u>Twelve Months Ended</u>	
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
- Mudharabah funds	11,647	8,869	43,164	29,940
- Non-Mudharabah funds	702,769	684,928	2,717,391	2,624,197
Deposits and placements of banks and other financial institutions:				
- Non-Mudharabah funds	74,324	67,444	214,760	209,573
Others:				
- Subordinated obligations	7,612	8,003	31,211	31,750
- Recourse obligation on financing sold to Cagamas	10,523	11,436	57,025	55,921
- Borrowings	11,459	4,839	48,972	4,839
- Others	12,316	559	29,033	1,999
	830,650	786,078	3,141,556	2,958,219

25 PERSONNEL EXPENSES

	<u>4th Quarter Ended</u>		<u>Twelve Months Ended</u>	
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	6,808	4,711	18,944	23,179
Contributions to Employees' Provident Fund	952	780	2,965	3,527
Share-based expenses	294	194	977	593
Other staff related costs	365	573	2,454	2,180
	8,419	6,258	25,340	29,479

- (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>4th Quarter Ended</u>		<u>Twelve Months Ended</u>	
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<u>Establishment costs</u>				
Property, plant and equipment:				
- Depreciation	422	409	1,578	2,002
Computer software license:				
- Amortisation	281	284	1,106	1,118
Right-of-use assets:				
- Depreciation	254	248	1,016	1,151
Information technology expenses	785	330	1,734	1,706
Repair and maintenance	30	26	111	377
Rental of premises	158	157	690	812
Water and electricity	11	117	330	468
Rental of equipment	1	-	3	4
Printing and stationeries	1,725	1,615	5,850	7,966
Takaful	2,927	2,714	11,627	10,912
Others	918	476	2,628	1,893
	7,512	6,376	26,673	28,409
<u>Marketing expenses</u>				
Advertisement and publicity	1,299	2,079	1,670	2,876
Sales commission	5,742	4,457	20,357	16,155
Travelling expenses	89	76	268	275
Motor vehicle expenses	29	23	80	72
Others	1,651	2,390	10,070	12,018
	8,810	9,025	32,445	31,396
<u>Administration and general expenses</u>				
Communication expenses	2,700	1,743	9,019	8,001
Legal and professional fee	3,159	2,830	9,879	6,036
Management fee	161,844	140,510	629,708	553,623
Others	3,019	3,045	11,639	11,885
	170,722	148,128	660,245	579,545
	187,044	163,529	719,363	639,350

27 EARNINGS PER SHARE

	<u>4th Quarter Ended</u>		<u>Twelve Months Ended</u>	
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
Net profit for the financial period/year (RM'000)	230,153	237,628	809,778	844,455
Weighted average number of ordinary shares in issue ('000)	1,673,424	1,673,424	1,673,424	1,673,424
Basic earnings per share (sen)	13.75	14.20	48.39	50.46

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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 31 December 2024 RM'000	As at 31 December 2023 RM'000
Contingent liabilities		
Transaction-related contingent items	669,444	354,714
Short-term self-liquidating trade related contingencies	268,789	264,074
	<u>938,233</u>	<u>618,788</u>
Commitments		
Irrevocable commitments to extend credit:		
- Maturity less than one year	1,429,431	695,930
- Maturity more than one year	8,818,880	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	2,882,091	2,503,444
	<u>13,130,402</u>	<u>12,413,815</u>
Derivative financial instruments		
Foreign exchange related contracts [^] :		
- Less than one year	36,442,116	14,410,642
- One year to less than five years	997,803	1,816,829
Profit rate related contracts [^] :		
- Less than one year	655,000	500,000
- One year to less than five years	8,167,709	3,912,400
- More than five years	200,000	122,573
Commodity related contracts [^] :		
- Less than one year	36,080	56,144
- One year to less than five years	100,641	86,544
	<u>46,599,349</u>	<u>20,905,132</u>
Securities financing transactions *		
- Less than one year	2,765,000	1,540,000
	<u>63,432,984</u>	<u>35,477,735</u>

[^] These derivatives are revalued on gross position basis and the unrealised gains or losses has been reflected in the income statement and statement of financial position as derivative assets or derivative liabilities.

* In accordance with BNM's Capital Adequacy Framework for Islamic Banks (Basel II – Risk Weighted Assets) ('CAFIB-RWA'), securities under a Sell and Buy Back Agreement ('SBBA') are undertaken based on outright purchase and sale transactions. Positions held under both SBBA and Reverse SBBA shall be subject to capital requirements based on the risk profile incurred by the parties involved, as outlined in Appendix XVIII of CAFIB-RWA.

29 CAPITAL COMMITMENTS

	As at 31 December 2024 RM'000	As at 31 December 2023 RM'000
Capital expenditure for property, plant and equipment:		
- Authorised and contracted for	4,513	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>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
31 December 2024				
<u>Financial assets</u>				
Financial assets at FVTPL:				
- money market instruments	-	135,168	-	135,168
Financial assets at FVOCI:	-	7,828,798	-	7,828,798
- money market instruments	-	4,008,225	-	4,008,225
- unquoted securities	-	3,820,573	-	3,820,573
Derivative assets	-	602,317	-	602,317
	-	8,566,283	-	8,566,283
<u>Financial liabilities</u>				
Derivative liabilities	-	444,374	-	444,374
31 December 2023				
<u>Financial assets</u>				
Financial assets at FVTPL:				
- money market instruments	-	167,678	-	167,678
Financial assets at FVOCI:	-	5,937,797	-	5,937,797
- money market instruments	-	2,588,318	-	2,588,318
- unquoted securities	-	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 December 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	4,765,880	4,201,068
Other reserve	1,775	798
FVOCI reserve	(38,571)	(38,332)
	<u>6,402,508</u>	<u>5,836,958</u>
Less:		
Deferred tax assets	(72,134)	(70,560)
Intangible assets (include associated deferred tax liabilities)	(3,903)	(4,661)
Other deductions*	(352)	(595)
Total CET-I/Total Tier-I Capital	<u>6,326,119</u>	<u>5,761,142</u>
<u>Tier-II Capital</u>		
Subordinated obligations	749,761	750,000
Surplus eligible provisions over expected losses	170,789	154,065
General provisions^	86,689	80,942
Total Tier-II Capital	<u>1,007,239</u>	<u>985,007</u>
Total Capital	<u>7,333,358</u>	<u>6,746,149</u>
<u>Capital Ratios</u>		
Before proposed dividends:		
CET-I Capital Ratio	16.028%	16.125%
Tier-I Capital Ratio	16.028%	16.125%
Total Capital Ratio	<u>18.580%</u>	<u>18.882%</u>
After proposed dividends:		
CET-I Capital Ratio	15.477%	15.516%
Tier-I Capital Ratio	15.477%	15.516%
Total Capital Ratio	<u>18.029%</u>	<u>18.273%</u>

* Pursuant to the Basel II Market Risk para 5.18 and 5.19 – Valuation Adjustments, the Capital Adequacy Framework for Islamic Banks (Basel II - Risk Weighted Assets) calculation shall account for the ageing, liquidity and holding back adjustments/reserves on its trading portfolio.

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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 RM68,891,000 (2023: RM68,476,000).

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

	As at 31 December 2024 RM'000	As at 31 December 2023 RM'000
Credit risk	38,636,523	35,235,833
Credit risk absorbed by PSIA ⁺	(3,236,571)	(3,082,919)
Market risk	533,669	187,131
Operational risk	3,534,619	3,387,790
Total risk-weighted assets	<u>39,468,240</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.

32 CREDIT EXPOSURES ARISING FROM TRANSACTIONS WITH CONNECTED PARTIES

	As at 31 December 2024 RM'000	As at 31 December 2023 RM'000
Outstanding credit exposures with connected parties (RM'000)	<u>3,864,576</u>	<u>3,437,938</u>
Percentage of outstanding credit exposures with connected parties as proportion of total credit exposures (%)	<u>3.79</u>	<u>3.69</u>
Percentage of outstanding credit exposures with connected parties which is impaired or in default (%)	<u>-</u>	<u>0.01</u>

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

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33 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

34 EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There were no significant events subsequent to the balance sheet date that have not been reflected in the financial statements.

35 CHANGES IN PROFIT FOR THE QUARTER

The Bank reported a pre-tax profit of RM290.0 million for the current quarter, 4.3% lower as compared to the preceding quarter ended 30 September 2024 of RM303.1 million. The lower profit was mainly attributed to lower net funding income by RM7.5 million, higher overhead expenses by RM6.1 million and lower non funding income by RM4.8 million, offset by lower allowance for credit losses by RM5.3 million.

36 PERFORMANCE REVIEW

For the financial year ended 31 December 2024, the Bank recorded a pre-tax profit of RM1,063.5 million, 5.7% lower than previous corresponding year of RM1,127.5 million. The lower profit was mainly due to higher allowance for credit losses by RM167.7 million and higher overhead expenses by RM75.9 million, partly offset by higher net funding income by RM106.8 million and higher non funding income by RM72.8 million.

37 PROSPECTS FOR FINANCIAL YEAR 2025

Global economic growth is expected to stay resilient in 2025, albeit with potential global economic headwinds. Malaysia remains well-positioned to grow against the cautiously optimistic landscape, underpinned by ongoing multi-year infrastructure projects and a favourable policy environment which will benefit sectors such as technology, tourism and export-oriented industries. Nonetheless, we remain cognisant of uncertainties surrounding US policy direction and geopolitical tensions that could impact our base case outlook.

Against this backdrop, the banking sector is projected to remain resilient bolstered by strong capital and liquidity positions. On the monetary policy front, the Overnight Policy Rate will be dependent on the extent of inflationary pressures and how supportive it remains towards economic growth.

The Bank remains committed in maintaining its strong fundamentals through its newly launched 3-year strategy, PROGRESS27, with an aspiration to be a leader in the areas of profitability and attentiveness to customer services respectively.