

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Note	As at 30 June 2025 RM'000	As at 31 December 2024 RM'000
ASSETS			
Cash and short-term funds		784,279	1,221,961
Securities purchased under resale agreements	9	4,030,499	2,698,958
Deposits and placements with banks and other financial institutions	10	422,761	224,224
Financial assets at fair value through profit or loss ('FVTPL')	11	858,793	135,168
Financial assets at fair value through other comprehensive income ('FVOCI')	12	8,341,949	7,828,798
Financial investments at amortised cost	13	11,225,724	9,920,794
Financing and advances	14	93,540,571	90,125,549
Other assets	15	261,067	151,993
Derivative assets		654,883	602,317
Statutory deposits		820,000	1,582,000
Deferred tax assets		64,420	83,650
Right-of-use assets		-	1,070
Property, plant and equipment		4,274	4,739
Intangible assets		4,447	4,565
TOTAL ASSETS		121,013,667	114,585,786
LIABILITIES AND EQUITY			
Deposits from customers	16	90,852,319	88,606,492
Deposits and placements of banks and other financial institutions	17	8,215,272	7,573,936
Obligations on securities sold under repurchase agreements		236,226	-
Investment accounts	18	6,865,248	5,899,679
Bills and acceptances payable		1,082	2,705
Other liabilities	19	3,120,496	2,308,882
Derivative liabilities		805,372	444,374
Recourse obligation on financing sold to Cagamas Berhad ('Cagamas')		2,215,759	1,204,334
Provision for taxation and zakat		74,395	63,237
Lease liabilities		-	1,080
Borrowings		740,576	786,022
Subordinated obligations		763,592	757,152
TOTAL LIABILITIES		113,890,337	107,647,893
Share capital		1,673,424	1,673,424
Reserves		5,449,906	5,264,469
TOTAL EQUITY		7,123,330	6,937,893
TOTAL LIABILITIES AND EQUITY		121,013,667	114,585,786
COMMITMENTS AND CONTINGENCIES	28	66,708,734	63,432,984

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2024.

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Note	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
		<u>30 June 2025</u>	<u>30 June 2024</u>	<u>30 June 2025</u>	<u>30 June 2024</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Income derived from investment of depositors' funds	20	1,265,473	1,110,245	2,498,003	2,229,913
Income derived from investment of investment account funds	21	80,831	70,613	162,747	153,611
Income derived from investment of shareholders' funds	22	103,653	102,293	209,594	204,205
Allowance for credit losses on financial assets	23	(124,535)	(59,797)	(178,318)	(114,772)
Total distributable income		1,325,422	1,223,354	2,692,026	2,472,957
Income attributable to depositors	24	(862,804)	(756,462)	(1,715,160)	(1,527,563)
Profit distributed to investment account holders		(54,691)	(52,436)	(108,427)	(115,001)
		407,927	414,456	868,439	830,393
Personnel expenses	25	(6,815)	(6,400)	(13,683)	(10,723)
Other overheads and expenditures	26	(214,722)	(186,548)	(425,871)	(349,194)
Profit before taxation and zakat		186,390	221,508	428,885	470,476
Taxation and zakat		(48,531)	(55,871)	(109,362)	(118,396)
Net profit for the financial period		137,859	165,637	319,523	352,080
Basic earnings per share (sen)	27	8.24	9.90	19.09	21.04

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2024.

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2025

	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>30 June 2025</u>	<u>30 June 2024</u>	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Net profit for the financial period	<u>137,859</u>	<u>165,637</u>	<u>319,523</u>	<u>352,080</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 on revaluation	81,218	250	122,575	18,230
- Net transfer to income statement on disposal	(7,720)	(3,461)	(14,398)	(14,515)
- Changes in expected credit losses	745	238	656	(171)
Income tax relating to components of other comprehensive (income)/loss	<u>(17,640)</u>	<u>770</u>	<u>(25,963)</u>	<u>(892)</u>
Other comprehensive income/(loss), net of tax, for the financial period	<u>56,603</u>	<u>(2,203)</u>	<u>82,870</u>	<u>2,652</u>
Total comprehensive income for the financial period	<u>194,462</u>	<u>163,434</u>	<u>402,393</u>	<u>354,732</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 2024.

RHB ISLAMIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2025

	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 2025	1,673,424	(36,943)	533,757	1,775	4,765,880	6,937,893
Net profit for the financial period	-	-	-	-	319,523	319,523
Other comprehensive income/(loss):						
Debt instruments measured at FVOCI:						
- Unrealised net gain on revaluation	-	122,575	-	-	-	122,575
- Net transfer to income statement on disposal	-	(14,398)	-	-	-	(14,398)
- Changes in expected credit losses	-	656	-	-	-	656
Income tax relating to components of other comprehensive income	-	(25,963)	-	-	-	(25,963)
Other comprehensive income, net of tax, for the financial period	-	82,870	-	-	-	82,870
Total comprehensive income for the financial period	-	82,870	-	-	319,523	402,393
Dividend paid	-	-	-	-	(217,545)	(217,545)
Share-based payment expenses	-	-	-	589	-	589
Transfer from regulatory reserve	-	-	(1,784)	-	1,784	-
Balance as at 30 June 2025	1,673,424	45,927	531,973	2,364	4,869,642	7,123,330

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2025

	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 period	-	-	-	-	352,080	352,080
Other comprehensive income/(loss):						
Debt instruments measured at FVOCI:						
- Unrealised net gain on revaluation	-	18,230	-	-	-	18,230
- Net transfer to income statement on disposal	-	(14,515)	-	-	-	(14,515)
- Changes in expected credit losses	-	(171)	-	-	-	(171)
Income tax relating to components of other comprehensive income	-	(892)	-	-	-	(892)
Other comprehensive income, net of tax, for the financial period	-	2,652	-	-	-	2,652
Total comprehensive income for the financial period	-	2,652	-	-	352,080	354,732
Dividend paid	-	-	-	-	(217,545)	(217,545)
Share-based payment expenses	-	-	-	388	-	388
Transfer to regulatory reserve	-	-	110,303	-	(110,303)	-
Balance as at 30 June 2024	1,673,424	(33,523)	750,513	1,186	4,225,300	6,616,900

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RHB ISLAMIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Six Months Ended	
	30 June 2025	30 June 2024
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	428,885	470,476
Adjustments for non-cash items	(235,963)	(232,540)
Operating profit before changes in working capital	192,922	237,936
Changes in working capital:		
Net changes in operating assets	(4,567,796)	(460,326)
Net changes generated from/(used in) operating liabilities	6,303,581	(2,559,950)
Cash generated from/(used in) operations	1,928,707	(2,782,340)
Profit paid	(34,839)	(42,232)
Net tax and zakat paid	(104,937)	(95,271)
Net cash generated from/(used in) operating activities	1,788,931	(2,919,843)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment:		
- Purchase	(344)	(947)
- Proceeds from disposal	-	478
Intangible assets:		
- Purchase	(452)	(152)
Net purchase of financial assets at FVOCI and financial investments at amortised cost	(1,646,993)	(1,383,565)
Investment income received from financial assets at FVOCI and financial investments at amortised cost	308,817	227,563
Net cash used in investing activities	(1,338,972)	(1,156,623)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal lease payment	(1,080)	(499)
Dividend paid	(217,545)	(217,545)
Issuance of subordinated sukuk	-	500,000
Redemption of subordinated sukuk	-	(500,000)
Net cash used in financing activities	(218,625)	(218,044)
Net increase/(decrease) in cash and cash equivalents	231,334	(4,294,510)
Cash and cash equivalents at the beginning of the financial period	552,945	5,801,534
Cash and cash equivalents at the end of the financial period	784,279	1,507,024
Cash and cash equivalents comprise the following:		
- Cash and short-term funds	784,279	1,507,024
- Deposits and placements with banks and other financial institutions	-	-
	784,279	1,507,024
Less:		
- Cash and short-term funds and deposits and placements with banks and Other financial institutions with original maturity of more than one month	-	-
	784,279	1,507,024

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

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 2024.

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 2024, except for the adoption of the following 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 2025 during the current financial period:

- Amendments to MFRS 121 'Lack of Exchangeability'

The adoption of the above 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 2024 was not subject to any qualification.

3 SEASONAL OR CYCLICAL ITEMS

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

4 EXCEPTIONAL OR UNUSUAL ITEMS

There were no exceptional or unusual items for the six months ended 30 June 2025.

5 CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the six months ended 30 June 2025.

6 CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the six months ended 30 June 2025.

7 DIVIDEND PAID

During the six months ended 30 June 2025, 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 2024, amounting to RM217,545,000 on 26 March 2025.

The Board of Directors have declared a single-tier interim dividend of 8.0 sen per share in respect of the financial year ending 31 December 2025, amounting to RM133,874,000. The payment date for this interim dividend will be determined later.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 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 30 June 2025 RM'000	As at 31 December 2024 RM'000
At amortised cost		
Malaysian Government Investment Issues	1,442,455	967,507
Islamic Khazanah bonds	155,314	-
Corporate sukuk	2,432,730	1,731,451
	4,030,499	2,698,958

10 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2025 RM'000	As at 31 December 2024 RM'000
Licensed Islamic banks	-	224,224
Bank Negara Malaysia	422,761	-
	422,761	224,224

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

	As at 30 June 2025 RM'000	As at 31 December 2024 RM'000
Mandatory measured at fair value		
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	858,793	135,168

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

	As at 30 June 2025 RM'000	As at 31 December 2024 RM'000
At fair value		
Debt instruments	8,341,949	7,828,798
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	3,810,000	3,448,824
Islamic Cagamas bonds	410,245	559,401
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Corporate sukuk	4,121,704	3,820,573
	8,341,949	7,828,798

(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
30 June 2025				
Balance as at the beginning of the financial period	1,628	-	-	1,628
Changes in credit risk	636	-	-	636
Purchases and origination	304	-	-	304
Derecognition and disposal	(284)	-	-	(284)
Balance as at the end of the financial period	2,284	-	-	2,284
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	1,628	-	-	1,628

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Registration No. 200501003283 (680329-V)

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

13 FINANCIAL INVESTMENTS AT AMORTISED COST

	As at 30 June 2025 RM'000	As at 31 December 2024 RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	2,636,887	2,005,330
Islamic Cagamas bonds	410,856	466,251
Islamic Khazanah bonds	44,331	43,414
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Corporate sukuk	8,108,962	7,385,310
<u>Outside Malaysia</u>		
Corporate sukuk	30,397	30,408
	11,231,433	9,930,713
Fair value changes arising from fair value hedge	4,212	(2,458)
	11,235,645	9,928,255
Allowance for credit losses	(9,921)	(7,461)
	11,225,724	9,920,794

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 30 June 2025 is RM1,438,917,000 (31 December 2024: RM1,423,014,000), of which RM973,023,000 (31 December 2024: RM973,023,000) 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 RM498,942,000 as at 30 June 2025 (31 December 2024: RM534,533,000).

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

	As at 30 June 2025 RM'000	As at 31 December 2024 RM'000
Balance as at the beginning of the financial period/year	1,304,191	1,235,225
Purchases and origination	35,901	68,966
Balance as at the end of the financial period/year	1,340,092	1,304,191

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 RM600,070,000 (31 December 2024: RM740,022,000 and RM564,169,000) respectively.

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Registration No. 200501003283 (680329-V)

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

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
30 June 2025				
Balance as at the beginning of the financial period	7,461	-	-	7,461
Changes in credit risk	2,105	-	-	2,105
Purchases and origination	435	-	-	435
Derecognition and disposal	(80)	-	-	(80)
Balance as at the end of the financial period	<u>9,921</u>	<u>-</u>	<u>-</u>	<u>9,921</u>
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>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

14 FINANCING AND ADVANCES

30 June 2025	Bai' Bithaman Ajil ('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	-	-	1,683,837	-	33,409	-	1,717,246
Term financing:							
- Housing financing	162,847	-	21,987,624	17,114,478	-	458	39,265,407
- Syndicated term financing	-	-	1,913,921	-	-	-	1,913,921
- Hire purchase receivables	-	12,588,283	-	-	-	-	12,588,283
- Other term financing	99	91,855	33,715,413	-	-	67	33,807,434
Bills receivables	-	-	2,240,740	-	-	-	2,240,740
Trust receipts	-	-	39,863	-	-	-	39,863
Claims on customers under acceptance credits	-	-	6,042	-	-	-	6,042
Share margin financing	-	-	43,052	-	-	-	43,052
Staff financing	487	-	30,303	-	-	-	30,790
Credit/charge card receivables	-	-	-	-	-	489,418	489,418
Revolving financing	-	-	2,149,069	-	-	-	2,149,069
Gross financing and advances	163,433	12,680,138	63,809,864	17,114,478	33,409	489,943	94,291,265
Fair value changes arising from fair value hedge							(14,544)
							94,276,721
Allowance for credit losses							(736,150)
Net financing and advances							93,540,571

* 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 SIX MONTHS ENDED 30 JUNE 2025

14 FINANCING AND ADVANCES (CONTINUED)

31 December 2024	Bai'						
	Bithaman						
	Ajil ('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	-	-	1,577,552	-	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.

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

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 30 June 2025, gross exposure to RA financing funded by RHB Bank is RM4,407,380,000 (31 December 2024: RM3,559,192,000) and gross exposure to UA financing funded by the investors is RM744,691,000 (31 December 2024: RM685,100,000).

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 RM18,446,000 as at 30 June 2025 (31 December 2024: RM8,485,000).

- (b) Included in term financing is housing financing sold to Cagamas amounting to RM2,131,251,000 as at 30 June 2025 (31 December 2024: RM1,167,827,000).

- (c) Movement of Qard financing

	As at 30 June 2025 RM'000	As at 31 December 2024 RM'000
Balance as at the beginning of the financial period/year	32,880	40,286
New disbursement	23,117	25,610
Repayment	(22,588)	(33,016)
Balance as at the end of the financial period/year	33,409	32,880
Sources of Qard fund:		
- Depositors' fund	33,409	32,880
Uses of Qard fund:		
- Personal use	405	342
- Business purpose	33,004	32,538
	33,409	32,880

- (i) By type of customer

Domestic non-bank financial institutions	2,161,975	2,023,207
Domestic business enterprises:		
- Small and medium enterprises	10,723,916	10,370,679
- Others	9,918,535	10,608,539
Government and statutory bodies	6,427,567	6,868,830
Individuals	63,284,877	60,031,201
Other domestic entities	112,248	111,573
Foreign entities	1,662,147	776,030
	94,291,265	90,790,059

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

14 FINANCING AND ADVANCES (CONTINUED)

	As at 30 June 2025 RM'000	As at 31 December 2024 RM'000
(ii) By profit rate sensitivity		
Fixed rate:		
- Housing financing	30,303	27,448
- Hire-purchase receivables	221,147	190,269
- Other fixed rate financing	10,650,038	10,220,725
Variable rate:		
- Base financing rate-plus	70,963,835	66,722,057
- Cost-plus	12,425,942	13,629,560
	<u>94,291,265</u>	<u>90,790,059</u>
(iii) By economic sector		
Agriculture, hunting, forestry and fishing	1,721,962	1,777,543
Mining and quarrying	101,582	103,731
Manufacturing	2,740,525	2,954,530
Electricity, gas and water	235,662	222,392
Construction	2,592,569	3,663,746
Wholesale and retail trade and restaurant and hotel	4,851,234	4,815,320
Transport, storage and communication	1,991,597	2,468,511
Finance, insurance, real estate and business services	9,627,821	7,253,112
Education, health and others	6,758,549	7,131,013
Household sector	63,669,764	60,400,161
	<u>94,291,265</u>	<u>90,790,059</u>
(iv) By purpose		
Purchase of securities	5,618,802	5,341,379
Purchase of transport vehicles	12,616,386	12,073,179
Purchase of landed property:		
- Residential	37,823,222	35,804,145
- Non-residential	5,675,392	5,766,709
Purchase of property, plant and equipment other than land and building	150,867	258,525
Personal use	7,201,798	6,803,551
Credit card	489,418	451,784
Construction	1,728,174	1,467,639
Working capital	16,001,204	16,844,420
Merger and acquisition	97,529	87,273
Other purposes	6,888,473	5,891,455
	<u>94,291,265</u>	<u>90,790,059</u>

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

14 FINANCING AND ADVANCES (CONTINUED)

	As at 30 June 2025 RM'000	As at 31 December 2024 RM'000
(v) By geographical distribution		
In Malaysia	<u>94,291,265</u>	<u>90,790,059</u>
(vi) By remaining contractual maturities		
Maturing within one year	9,476,976	9,792,188
One year to three years	3,535,111	2,996,578
Three years to five years	7,174,784	8,238,889
Over five years	<u>74,104,394</u>	<u>69,762,404</u>
	<u>94,291,265</u>	<u>90,790,059</u>
(vii) Impaired financing and advances		
(a) Movement in impaired financing and advances		
Balance as at the beginning of the financial period/year	852,536	1,216,853
Transfer to 12-month ECL (Stage 1)	(20,953)	(40,799)
Transfer to lifetime ECL not credit impaired (Stage 2)	(91,608)	(529,333)
Transfer to lifetime ECL credit impaired (Stage 3)	406,208	441,457
Purchases and origination	34,254	81,400
Derecognition	(87,848)	(74,696)
Amount written off	(90,298)	(231,794)
Other movements	251	(10,552)
Balance as at the end of the financial period/year	<u>1,002,542</u>	<u>852,536</u>
(b) By economic sector		
Agriculture, hunting, forestry and fishing	-	3,892
Mining and quarrying	2,510	2,489
Manufacturing	46,133	26,436
Electricity, gas and water	52,346	6,123
Construction	26,232	15,663
Wholesale and retail trade and restaurant and hotel	116,696	96,755
Transport, storage and communication	8,919	20,681
Finance, insurance, real estate and business services	66,323	67,287
Education, health and others	90,583	88,742
Household sector	<u>592,800</u>	<u>524,468</u>
	<u>1,002,542</u>	<u>852,536</u>

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

14 FINANCING AND ADVANCES (CONTINUED)

(vii) Impaired financing and advances (continued)

	As at 30 June 2025 RM'000	As at 31 December 2024 RM'000
(c) By purpose		
Purchase of securities	843	888
Purchase of transport vehicles	51,034	55,109
Purchase of landed property:		
- Residential	477,902	412,048
- Non-residential	212,518	155,400
Purchase of property, plant and equipment other than land and building	-	6
Personal use	55,543	50,194
Credit card	4,660	4,149
Construction	1,334	-
Working capital	179,693	166,528
Merger and acquisition	107	108
Other purposes	18,908	8,106
	<u>1,002,542</u>	<u>852,536</u>
(d) By geographical distribution		
In Malaysia	<u>1,002,542</u>	<u>852,536</u>

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

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
30 June 2025					
Balance as at the beginning of the financial period		133,953	236,111	252,671	622,735
Changes due to financial assets recognised in the opening balance that have been:					
- Transferred to 12-month ECL (Stage 1)		38,398	(30,741)	(7,657)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)		(7,997)	37,338	(29,341)	-
- Transferred to lifetime ECL credit impaired (Stage 3)		(470)	(27,891)	28,361	-
		29,931	(21,294)	(8,637)	-
Changes in credit risk		(9,271)	21,820	158,415	170,964
Purchases and origination		23,789	1,252	278	25,319
Bad debts written off		-	-	(58,856)	(58,856)
Derecognition		(2,634)	(4,053)	(17,576)	(24,263)
Other movements		-	-	251	251
Balance as at the end of the financial period		175,768	233,836	326,546	736,150

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

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 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	<u>133,953</u>	<u>236,111</u>	<u>252,671</u>	<u>622,735</u>

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

15 OTHER ASSETS

	As at 30 June 2025 RM'000	As at 31 December 2024 RM'000
Prepayments	62,839	37,272
Deposits	914	914
Amount due from other related companies	288	116
Other receivables	197,026	113,691
	261,067	151,993

16 DEPOSITS FROM CUSTOMERS

	As at 30 June 2025 RM'000	As at 31 December 2024 RM'000
<u>Savings Deposits</u>		
Qard	1,326,240	1,309,272
Commodity Murabahah	1,631,022	1,561,607
<u>Demand Deposits</u>		
Qard	6,581,148	7,594,906
Commodity Murabahah	6,476,546	5,239,474
<u>Term Deposits</u>		
Commodity Murabahah	60,558,871	58,106,005
<u>Specific Investment Account</u>		
Commodity Murabahah	14,278,492	14,795,149
<u>General Investment Account</u>		
Mudharabah	-	79
	90,852,319	88,606,492

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

Due within six months	50,839,817	56,426,333
Six months to one year	22,836,864	14,977,133
One year to three years	1,094,015	1,440,593
Three years to five years	66,667	57,174
	74,837,363	72,901,233

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

Government and statutory bodies	18,898,550	17,386,619
Business enterprises	34,951,659	36,144,751
Individuals	36,156,219	34,488,381
Others	845,891	586,741
	90,852,319	88,606,492

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

17 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Note	As at 30 June 2025 RM'000	As at 31 December 2024 RM'000
<u>Non-Mudharabah Funds:</u>			
Licensed banks		6,849,265	6,391,214
BNM/Other central bank	(a)	<u>1,113,204</u>	<u>1,021,253</u>
		<u>7,962,469</u>	<u>7,412,467</u>
<u>Mudharabah Funds:</u>			
Other financial institutions		<u>252,803</u>	<u>161,469</u>
		<u>8,215,272</u>	<u>7,573,936</u>

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

18 INVESTMENT ACCOUNTS

	Note	As at 30 June 2025 RM'000	As at 31 December 2024 RM'000
Restricted Investment Account	(a)		
- Mudharabah		3,637,028	3,701,137
- Wakalah		<u>2,463,412</u>	<u>1,503,811</u>
		<u>6,100,440</u>	<u>5,204,948</u>
Unrestricted Investment Account	(b)		
- Wakalah		<u>764,808</u>	<u>694,731</u>
		<u>6,865,248</u>	<u>5,899,679</u>

(a) Restricted Investment Account

By type of counterparty:

Licensed banks	<u>6,100,440</u>	<u>5,204,948</u>
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Investment assets (principal):

Personal financing (Note 14(a))	1,600,000	1,500,000
Other term financing (Note 14(a))	2,807,379	2,059,192
Unquoted securities (Note 13)	<u>1,438,917</u>	<u>1,423,014</u>
	<u>5,846,296</u>	<u>4,982,206</u>

As at 30 June 2025, the amount of the restricted investment account placed by the holding company, RHB Bank, amounted to RM5,500,475,000 (31 December 2024: RM4,640,875,000).

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

18 INVESTMENT ACCOUNTS (CONTINUED)

	As at 30 June 2025	As at 31 December 2024
	RM'000	RM'000
(b) Unrestricted Investment Account		
<u>By type of counterparty:</u>		
Business enterprises	764,808	694,731
<u>Investment asset (principal):</u>		
Personal financing (Note 14(a))	595,753	548,080
Housing financing (Note 14(a))	148,938	137,020
	744,691	685,100

19 OTHER LIABILITIES

	As at 30 June 2025	As at 31 December 2024
	RM'000	RM'000
Sundry creditors	26,254	19,793
Amount due to holding company	1,565,748	1,035,533
Amount due to other related companies	13,034	761
Contract liability	12,107	22,624
Short-term employee benefits	2,044	5,126
Accrual for operational expenses	9,021	10,893
Cash collateral pledged for derivative transactions	20,490	32,893
Structured deposits (a)	952,586	999,420
Other accruals and payables	519,212	181,839
	3,120,496	2,308,882

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

- One year to three years	29,062	28,573
- More than three years	923,524	970,847
	952,586	999,420

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

20 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

	2nd Quarter Ended		Six Months Ended	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) General investment deposits	-	1	-	2
(ii) Other deposits	1,265,473	1,110,244	2,498,003	2,229,911
	1,265,473	1,110,245	2,498,003	2,229,913
(i) Income derived from investment of general investment deposits:				
Financing and advances	-	1	-	2
Total finance income and hibah	-	1	-	2
(ii) Income derived from investment of other deposits:				
Financing and advances	1,064,323	961,623	2,101,925	1,916,983
Securities purchased under resale agreements	18,074	6,812	39,322	17,736
Financial assets at FVTPL	4,772	5,803	7,797	7,773
Financial assets at FVOCI	67,911	59,573	135,828	114,366
Financial investments at amortised cost	82,341	62,303	159,095	124,649
Money at call and deposits with banks and other financial institutions	14,653	7,737	28,778	26,408
Total finance income and hibah	1,252,074	1,103,851	2,472,745	2,207,915
Other operating income (Note a)	13,399	6,393	25,258	21,996
	1,265,473	1,110,244	2,498,003	2,229,911
Of which:				
Financing income earned on impaired financing	10,975	8,578	19,844	16,594
(a) Other operating income comprise of:				
Fee income:				
- Commission	164	3,190	621	6,184
- Guarantee fees	3,422	(255)	6,983	1,345
	3,586	2,935	7,604	7,529
Net gain/(loss) on revaluation of financial assets at FVTPL	347	(122)	800	(298)
Net gain on disposal of financial assets at FVTPL	1,877	172	2,699	549
Net gain on disposal of debt instruments of financial assets at FVOCI	7,589	3,408	14,155	14,203
Net gain arising from derecognition of financial investments at amortised cost	-	-	-	13
	13,399	6,393	25,258	21,996

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

21 INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS

	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>30 June 2025</u>	<u>30 June 2024</u>	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Financing and advances	56,884	47,186	115,483	106,957
Financial investments at amortised cost	23,947	23,365	47,264	46,592
Money at call and deposits with banks and other financial institutions and other financial institutions	-	62	-	62
Total finance income and hibah	<u>80,831</u>	<u>70,613</u>	<u>162,747</u>	<u>153,611</u>

22 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>30 June 2025</u>	<u>30 June 2024</u>	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Financing and advances	18,348	19,097	36,150	42,064
Securities purchased under resale agreements	311	126	676	389
Financial assets at FVTPL	82	124	134	171
Financial assets at FVOCI	1,171	1,192	2,336	2,509
Financial investments at amortised cost	1,420	1,236	2,737	2,735
Money at call and deposits with banks and other financial institutions	253	130	495	579
Total finance income and hibah	21,585	21,905	42,528	48,447
Other operating income (Note a)	82,068	80,388	167,066	155,758
	<u>103,653</u>	<u>102,293</u>	<u>209,594</u>	<u>204,205</u>
Of which:				
Financing income earned on impaired financing	189	171	341	364

(a) Other operating income comprise of:

Fee income:				
- Commission	13,862	14,541	29,158	29,228
- Service charges and fees	26,615	26,336	58,506	49,767
- Guarantee fees	59	(8)	120	30
	<u>40,536</u>	<u>40,869</u>	<u>87,784</u>	<u>79,025</u>
Net gain/(loss) on revaluation of financial assets at FVTPL	6	(3)	14	(7)
Net gain on disposal of financial assets at FVTPL	32	3	46	12
Net gain on disposal of debt instruments of financial investments at FVOCI	131	53	243	312
Net gain on revaluation of derivatives	8,519	12,125	15,702	21,806
Net gain on fair value hedges	80	163	162	305
Other income:				
- Foreign exchange gain	37,896	29,921	73,481	59,468
- Gain on modification of right-of-use assets	10	-	10	-
- Other non-operating loss	(5,142)	(2,743)	(10,376)	(5,163)
	<u>82,068</u>	<u>80,388</u>	<u>167,066</u>	<u>155,758</u>

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

23 ALLOWANCE FOR CREDIT LOSSES ON FINANCIAL ASSETS

	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>30 June 2025</u>	<u>30 June 2024</u>	<u>30 June 2025</u>	<u>30 June 2024</u>
	RM'000	RM'000	RM'000	RM'000
<u>Charge/(Writeback)</u>				
Financing and advances:				
- Net charge	127,922	56,246	172,020	102,102
- Bad debts recovered	(15,900)	(10,579)	(28,705)	(25,116)
- Bad debts written off	15,200	12,487	31,837	35,567
	127,222	58,154	175,152	112,553
Financial assets at FVOCI	745	238	656	(171)
Financial investments at amortised cost	(3,354)	1,254	2,460	2,411
Other financial assets	(78)	151	50	(21)
	124,535	59,797	178,318	114,772

24 INCOME ATTRIBUTABLE TO DEPOSITORS

	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>30 June 2025</u>	<u>30 June 2024</u>	<u>30 June 2025</u>	<u>30 June 2024</u>
	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
- Mudharabah funds	13,220	10,485	25,497	19,995
- Non-Mudharabah funds	721,108	665,231	1,432,585	1,345,218
Deposits and placements of banks and other financial institutions:				
- Non-Mudharabah funds	76,280	38,870	162,874	82,497
Others:				
- Subordinated obligations	7,529	8,071	14,976	15,987
- Recourse obligation on financing sold to Cagamas	21,678	16,244	34,267	32,370
- Borrowings	9,549	12,873	19,656	26,081
- Obligations on securities sold under repurchase agreements	1,588	-	1,588	-
- Others	11,852	4,688	23,717	5,415
	862,804	756,462	1,715,160	1,527,563

25 PERSONNEL EXPENSES

		<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
	Note	<u>30 June 2025</u>	<u>30 June 2024</u>	<u>30 June 2025</u>	<u>30 June 2024</u>
		RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses		5,106	4,894	10,221	7,637
Contributions to Employees' Provident Fund		842	809	1,656	1,284
Share-based expenses	(a)	295	194	589	388
Other staff related costs		572	503	1,217	1,414
		6,815	6,400	13,683	10,723

- (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.

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

26 OTHER OVERHEADS AND EXPENDITURES

	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>30 June 2025</u>	<u>30 June 2024</u>	<u>30 June 2025</u>	<u>30 June 2024</u>
	RM'000	RM'000	RM'000	RM'000
<u>Establishment costs</u>				
Property, plant and equipment:				
- Depreciation	409	336	809	751
Computer software license:				
- Amortisation	287	274	570	555
Right-of-use assets:				
- Depreciation	62	254	271	508
Information technology expenses	246	313	548	636
Repair and maintenance	16	27	115	55
Rental of premises	175	172	338	357
Water and electricity	6	91	12	209
Rental of equipment	-	1	1	2
Printing and stationeries	1,682	995	2,832	2,060
Takaful	4,341	3,111	7,299	5,821
Others	890	439	1,709	800
	<u>8,114</u>	<u>6,013</u>	<u>14,504</u>	<u>11,754</u>
<u>Marketing expenses</u>				
Advertisement and publicity	201	227	583	395
Sales commission	6,299	4,796	12,069	9,475
Travelling expenses	62	42	93	95
Motor vehicle expenses	9	12	33	23
Others	3,793	2,685	8,116	5,141
	<u>10,364</u>	<u>7,762</u>	<u>20,894</u>	<u>15,129</u>
<u>Administration and general expenses</u>				
Communication expenses	2,390	2,003	4,310	3,963
Legal and professional fee	1,563	1,859	3,024	4,355
Management fee	184,980	166,498	372,623	307,429
Others	7,311	2,413	10,516	6,564
	<u>196,244</u>	<u>172,773</u>	<u>390,473</u>	<u>322,311</u>
	<u>214,722</u>	<u>186,548</u>	<u>425,871</u>	<u>349,194</u>

27 EARNINGS PER SHARE

	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>30 June 2025</u>	<u>30 June 2024</u>	<u>30 June 2025</u>	<u>30 June 2024</u>
Net profit for the financial period/year (RM'000)	<u>137,859</u>	<u>165,637</u>	<u>319,523</u>	<u>352,080</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,673,424</u>	<u>1,673,424</u>	<u>1,673,424</u>	<u>1,673,424</u>
Basic earnings per share (sen)	<u>8.24</u>	<u>9.90</u>	<u>19.09</u>	<u>21.04</u>

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

28 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to customers.

	As at 30 June 2025 RM'000	As at 31 December 2024 RM'000
Contingent liabilities		
Transaction-related contingent items	836,753	669,444
Short-term self-liquidating trade related contingencies	<u>288,035</u>	<u>268,789</u>
	<u>1,124,788</u>	<u>938,233</u>
Commitments		
Irrevocable commitments to extend credit:		
- Maturity less than one year	804,783	1,429,431
- Maturity more than one year	9,090,327	8,818,880
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	<u>2,961,496</u>	<u>2,882,091</u>
	<u>12,856,606</u>	<u>13,130,402</u>
Derivative financial instruments		
Foreign exchange related contracts [^] :		
- Less than one year	36,859,936	36,442,116
- One year to less than five years	547,443	997,803
Profit rate related contracts [^] :		
- Less than one year	1,380,000	655,000
- One year to less than five years	9,560,042	8,167,709
- More than five years	200,000	200,000
Commodity related contracts [^] :		
- Less than one year	76,309	36,080
- One year to less than five years	23,610	100,641
	<u>48,647,340</u>	<u>46,599,349</u>
Securities financing transactions *		
- Less than one year	4,080,000	2,765,000
	<u>66,708,734</u>	<u>63,432,984</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 30 June 2025 RM'000	As at 31 December 2024 RM'000
Capital expenditure for property, plant and equipment:		
- Authorised and contracted for	<u>4,864</u>	<u>4,513</u>

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

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>
30 June 2025				
<u>Financial assets</u>				
Financial assets at FVTPL:				
- money market instruments	-	858,793	-	858,793
Financial assets at FVOCI:	-	8,341,949	-	8,341,949
- money market instruments	-	4,220,245	-	4,220,245
- unquoted securities	-	4,121,704	-	4,121,704
Derivative assets	-	654,883	-	654,883
	-	9,855,625	-	9,855,625
<u>Financial liabilities</u>				
Derivative liabilities	-	805,372	-	805,372
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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

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.

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

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 30 June 2025	As at 31 December 2024
	RM'000	RM'000
<u>Common Equity Tier I ('CET I') Capital /Tier I Capital</u>		
Share capital	1,673,424	1,673,424
Retained profits	4,869,642	4,765,880
Other reserve	2,364	1,775
FVOCI reserve	43,644	(38,571)
	6,589,074	6,402,508
Less:		
Deferred tax assets	(79,070)	(72,134)
Intangible assets (include associated deferred tax liabilities)	(3,579)	(3,903)
55% of cumulative gains arising from change in value of FVOCI instruments	(24,004)	-
Other deductions*	(17,452)	(352)
Total CET I/Total Tier I Capital	6,464,969	6,326,119
<u>Tier II Capital</u>		
Subordinated obligations	749,786	749,761
Surplus eligible provisions over expected losses	180,138	170,789
General provisions^	94,593	86,689
Total Tier II Capital	1,024,517	1,007,239
Total Capital	7,489,486	7,333,358
<u>Capital Ratios</u>		
Before proposed dividends:		
CET I Capital Ratio	15.542%	16.028%
Tier I Capital Ratio	15.542%	16.028%
Total Capital Ratio	18.005%	18.580%
After proposed dividends:		
CET I Capital Ratio	15.220%	15.477%
Tier I Capital Ratio	15.220%	15.477%
Total Capital Ratio	17.683%	18.029%

* 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.

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

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 RM73,533,000 (31 December 2024: RM68,891,000).

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

	As at 30 June 2025 RM'000	As at 31 December 2024 RM'000
Credit risk	42,011,579	38,636,523
Credit risk absorbed by PSIA ⁺	(4,421,107)	(3,236,571)
Market risk	472,518	533,669
Operational risk	3,533,720	3,534,619
Total risk-weighted assets	41,596,710	39,468,240

Effective 1 January 2025, the Bank transitioned to the Basel III methodology for capital adequacy calculations, in line with Bank Negara Malaysia's (BNM) regulatory requirements. The total risk-weighted assets of the Bank are computed based on BNM's Capital Adequacy Framework for Islamic Banks ('CAFIB'): Internal Ratings Based Approach for Credit Risk and Standardised Approach for Market Risk (Basel II) and Operational Risk (Basel III), replacing the Basic Indicator Approach (BIA) previously used.

⁺ 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

Risk weighted assets at at 31 December 2024 have not been restated.

32 CREDIT EXPOSURES ARISING FROM TRANSACTIONS WITH CONNECTED PARTIES

	As at 30 June 2025 RM'000	As at 31 December 2024 RM'000
Outstanding credit exposures with connected parties (RM'000)	3,560,502	3,864,576
Percentage of outstanding credit exposures with connected parties as proportion of total credit exposures (%)	3.34	3.79
Percentage of outstanding credit exposures with connected parties which is impaired or in default (%)	-	-

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.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

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, other than as mentioned below:

- (a) On 1 August 2025, RHB Bank announced that RHB Bank and the Bank had on 1 August 2025, entered into a bancassurance/bancatakaful transaction (the ‘Transaction’) with Tokio Marine Life Insurance Malaysia Bhd (‘TMLM’) and its takaful partners namely Syarikat Takaful Malaysia Keluarga Berhad (‘STMKB’) and its wholly-owned subsidiary, Syarikat Takaful Malaysia Am Berhad (‘STMAB’).

The Transaction includes, in particular, the following:

- (i) bancassurance agreement between RHB Bank and TMLM in respect of the distribution of conventional life insurance products (‘Conventional Bancassurance Agreement’);
- (ii) bancatakaful agreement between the Bank and STMKB in respect of the distribution of family takaful products (‘Family Bancatakaful Agreement’);
- (iii) bancatakaful agreement between the Bank and STMAB in respect of the distribution of general takaful products (‘General Bancatakaful Agreement’); and
- (iv) framework agreement between RHB Bank and the Bank and the Insurers/Takaful Operators as part of the overall framework for the bancassurance/bancatakaful partnership (‘Framework Agreement’), for a total access fee of up to RM1,615.0 million (‘Total Access Fee’).

The Conventional Bancassurance Agreement, Family Bancatakaful Agreement and General Bancatakaful Agreement are collectively referred to as ‘Distribution Agreements’. The Distribution Agreements and Framework Agreement are shall be collectively referred to as ‘Transaction Documents’. TMLM, STMKB and STMAB shall be collectively referred to as the ‘Insurers/Takaful Operators’.

The Transaction involves the Distribution Agreements which are entered into separately between RHB Bank and TMLM, and between the Bank and STMKB and STMAB respectively, as well as the Framework Agreement entered into by the parties on 1 August 2025.

Under the Distribution Agreements, RHB Bank and the Bank shall exclusively sell, distribute, market and promote the conventional life insurance products, the family takaful products and the general takaful products developed by the Insurers/Takaful Operators in Malaysia, to the extent permitted by the applicable laws and regulatory requirements.

The Framework Agreement is entered into as part of the overall framework for the bancassurance/bancatakaful partnership and the RHB-facing one-stop-shop arrangements of the parties where each Insurer/Takaful Operators shall implement and coordinate with each other, the activities of the ONE Unified Banca Collective. For the avoidance of doubt, the ‘ONE Unified Banca Collective’ means TMLM, STMKB and STMAB collectively.

The salient terms of the Distribution Agreements are as follows:

- (i) **Term**
Subject to termination due to any termination grounds, the term of the Distribution Agreements is twenty (20) years from the commencement date of 1 August 2025 and shall mature on 31 July 2045.
- (ii) **Products**
All products solely capable of being written or manufactured under a conventional life insurance licence, family takaful licence and general takaful license in Malaysia.
- (iii) **Termination**
Each Party has the right to terminate the Distribution Agreements upon the occurrence of certain events and subject to varying termination fees as set out in the Distribution Agreements.

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

34 EVENTS SUBSEQUENT TO BALANCE SHEET DATE (CONTINUED)

There were no significant events subsequent to the balance sheet date that have not been reflected in the financial statements, other than as mentioned below (continued):

The salient Terms of the Framework Agreement are as follows:

(i) 'RHB-Facing One-Stop-Shop' Principle

Under the Framework Agreement, each Insurer/Takaful Operators shall coordinate with each other to implement the activities of the ONE Unified Banca Collective, including bancassurance/bancatakaful management to support distribution initiatives and ensuring timely implementation of the agreed operating model across the bancassurance/bancatakaful partnership. For the avoidance of doubt, TMLM will play a primary liaison role in communicating and coordinating between the Insurers/Takaful Operators to facilitate a seamless overall communication process between the Insurers/Takaful Operators and RHB Bank and the Bank.

The composition of the ONE Unified Banca Collective shall not be changed throughout the term without the prior written consent of RHB Bank and the Bank. RHB Bank and the Bank shall also have direct visibility and recourse in respect of actions of all members of the ONE Unified Banca Collective.

(ii) Term

Unless otherwise agreed by the parties, the Framework Agreement takes effect on 1 August 2025 and will continue in full force and effect until the date by which all Distribution Agreements expire or are terminated.

35 CHANGES IN PROFIT FOR THE QUARTER

The Bank reported a pre-tax profit of RM186.4 million for the current quarter, 23.1% lower as compared to the preceding quarter ended 31 March 2025 of RM242.5 million. The lower profit was mainly attributed to higher allowance for credit losses by RM70.8 million, higher overhead expenses by RM3.5 million and lower non funding income by RM1.4 million, offset by higher net funding income by RM19.6 million.

36 PERFORMANCE REVIEW

For the six months ended 30 June 2025, the Bank recorded a pre-tax profit of RM428.9 million, 8.8% lower than previous corresponding year of RM470.5 million. The lower profit was mainly due to higher overhead expenses by RM79.6 million and higher allowance for credit losses by RM63.5 million, partly offset by higher net funding income by RM87.0 million and higher non funding income by RM14.5 million.

37 PROSPECTS FOR FINANCIAL YEAR 2026

Malaysia's economic indicators signal resilience against a backdrop of global trade volatility underpinned by the US tariff negotiations and prolonged geopolitical tensions. Domestically, the tariff tensions pose potential risks to Malaysia's trade and growth outlook. In this regard, the recent change in Overnight Policy Rate (OPR) is expected to provide support to the economy in light of heightened external risk factors.

The banking sector is anticipated to remain resilient supported by its strong capital and liquidity positions. The OPR cut is expected to have a mild impact on the sector's net interest income cushioned by the reduction in Statutory Reserve Requirement ratio that has provided additional liquidity buffers.

Amid continued challenges in the operating environment, the Bank has performed well evidenced by its first half 2025 financial results. Nonetheless, we remain cautiously optimistic for the remainder of the year. The Bank remains focused on executing the PROGRESS27 3-year strategic roadmap, where we aspire to be the best in service, achieve high profitability as well as to be recognised as a responsible and purposeful bank.