

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

	Note	As at 30 September 2024 RM'000	As at 31 December 2023 RM'000
ASSETS			
Cash and short-term funds		1,695,901	5,801,534
Securities purchased under resale agreements	9	1,585,216	1,445,151
Deposits and placements with banks and other financial institutions	10	-	92,225
Financial assets at fair value through profit or loss ('FVTPL')	11	821,009	167,678
Financial assets at fair value through other comprehensive income ('FVOCI')	12	7,743,077	5,937,797
Financial investments at amortised cost	13	9,222,213	8,978,775
Financing and advances	14	86,576,950	83,320,127
Other assets	15	508,918	119,974
Derivative assets		1,405,658	187,192
Statutory deposits		1,532,000	1,526,500
Deferred tax assets		69,289	82,137
Right-of-use assets		1,324	1,188
Property, plant and equipment		5,091	5,728
Intangible assets		4,774	5,186
TOTAL ASSETS		111,171,420	107,671,192
LIABILITIES AND EQUITY			
Deposits from customers	16	86,139,479	82,184,511
Deposits and placements of banks and other financial institutions	17	6,804,373	6,989,306
Investment accounts	18	5,205,674	6,766,604
Bills and acceptances payable		7,537	9,842
Other liabilities	19	1,705,167	1,877,747
Derivative liabilities		1,777,070	146,434
Recourse obligation on financing sold to Cagamas Berhad ('Cagamas')		1,215,879	1,611,741
Provision for taxation and zakat		90,217	40,885
Lease liabilities		1,333	1,186
Borrowings		725,702	809,238
Subordinated obligations		761,870	754,373
TOTAL LIABILITIES		104,434,301	101,191,867
Share capital		1,673,424	1,673,424
Reserves		5,063,695	4,805,901
TOTAL EQUITY		6,737,119	6,479,325
TOTAL LIABILITIES AND EQUITY		111,171,420	107,671,192
COMMITMENTS AND CONTINGENCIES	28	60,117,773	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
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INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

	Note	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
		<u>30 September</u>	<u>30 September</u>	<u>30 September</u>	<u>30 September</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>
Income derived from investment of depositors' funds	20	1,162,609	1,089,276	3,395,036	3,169,848
Income derived from investment of investment account funds	21	78,908	102,563	232,519	343,564
Income derived from investment of shareholders' funds	22	118,056	83,946	319,747	241,103
Allowance for credit losses on financial assets	23	(25,897)	(28,713)	(140,669)	(12,580)
Total distributable income		1,333,676	1,247,072	3,806,633	3,741,935
Income attributable to depositors	24	(783,343)	(742,543)	(2,310,906)	(2,172,141)
Profit distributed to investment account holders		(57,921)	(77,796)	(172,922)	(258,327)
		492,412	426,733	1,322,805	1,311,467
Personnel expenses	25	(6,198)	(6,385)	(16,921)	(23,221)
Other overheads and expenditures	26	(183,125)	(156,297)	(532,319)	(475,821)
Profit before taxation and zakat		303,089	264,051	773,565	812,425
Taxation and zakat		(75,544)	(68,876)	(193,940)	(205,598)
Net profit for the financial period		227,545	195,175	579,625	606,827
Basic earnings per share (sen)	27	13.60	11.66	34.64	36.26

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RHB ISLAMIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	227,545	195,175	579,625	606,827
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	35,499	(17,293)	53,729	85,640
- Net transfer to income statement on disposal	(891)	(7,542)	(15,406)	(16,683)
- Changes in expected credit losses	(49)	(438)	(220)	(3,901)
Income tax relating to components of other comprehensive (income)/loss	(8,306)	5,960	(9,198)	(16,550)
Other comprehensive income/(loss), net of tax, for the financial period	26,253	(19,313)	28,905	48,506
Total comprehensive income for the financial period	253,798	175,862	608,530	655,333

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RHB ISLAMIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

	Non distributable			Distributable		Total RM'000
	Share capital RM'000	FVOCI reserve RM'000	Regulatory reserve RM'000	Capital contribution by holding company RM'000	Retained profits RM'000	
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	-	-	-	-	579,625	579,625
Other comprehensive income/(loss):						
Debt instruments measured at FVOCI:						
- Unrealised net gain on revaluation	-	53,729	-	-	-	53,729
- Net transfer to income statement on disposal	-	(15,406)	-	-	-	(15,406)
- Changes in expected credit losses	-	(220)	-	-	-	(220)
Income tax relating to components of other comprehensive income	-	(9,198)	-	-	-	(9,198)
Other comprehensive income, net of tax, for the financial period	-	28,905	-	-	-	28,905
Total comprehensive income for the financial period	-	28,905	-	-	579,625	608,530
Dividend paid	-	-	-	-	(351,419)	(351,419)
Share-based payment expenses	-	-	-	683	-	683
Transfer to regulatory reserve	-	-	143,233	-	(143,233)	-
Balance as at 30 September 2024	1,673,424	(7,270)	783,443	1,481	4,286,041	6,737,119

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

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

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RHB ISLAMIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

	<u>Nine Months Ended</u>	
	<u>30 September</u>	<u>30 September</u>
	<u>2024</u>	<u>2023</u>
	<u>RM'000</u>	<u>RM'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	773,565	812,425
Adjustments for non-cash items	(357,901)	(401,150)
Operating profit before changes in working capital	<u>415,664</u>	<u>411,275</u>
Changes in working capital:		
Net changes in operating assets	(5,748,143)	(3,184,896)
Net changes in operating liabilities	<u>3,325,009</u>	<u>3,338,685</u>
Cash (used in)/generated from operations	(2,007,470)	565,064
Profit paid	(54,330)	(15,980)
Net tax and zakat paid	<u>(140,958)</u>	<u>(296,392)</u>
Net cash (used in)/generated from operating activities	<u>(2,202,758)</u>	<u>252,692</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment:		
- Purchase	(997)	(1,453)
- Proceeds from disposal	478	60
Intangible assets:		
- Purchase	(422)	(1,316)
- Proceeds from disposal	9	-
Net purchase of financial assets at FVOCI and financial investments at amortised cost	<u>(1,927,000)</u>	<u>(1,982,668)</u>
Investment income received from financial assets at FVOCI and financial investments at amortised cost	377,225	285,086
Net cash used in investing activities	<u>(1,550,707)</u>	<u>(1,700,291)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal lease payment	(749)	(1,445)
Dividend paid	(351,419)	(384,888)
Issuance of subordinated sukuk	500,000	-
Redemption of subordinated sukuk	<u>(500,000)</u>	<u>-</u>
Net cash used in financing activities	<u>(352,168)</u>	<u>(386,333)</u>
Net decrease in cash and cash equivalents	<u>(4,105,633)</u>	<u>(1,833,932)</u>
Cash and cash equivalents at the beginning of the financial period	<u>5,801,534</u>	<u>7,167,727</u>
Cash and cash equivalents at the end of the financial period	<u>1,695,901</u>	<u>5,333,795</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and short-term funds	<u>1,695,901</u>	<u>5,333,795</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

1 BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in compliance with Malaysian Financial Reporting Standard ('MFRS') 134, 'Interim Financial Reporting' issued by Malaysian Accounting Standards Board ('MASB') and should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2023.

The accounting policies and presentation adopted by the Bank for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2023, except for the adoption of the following accounting standards, annual improvements and amendments to MFRS during the current financial period:

(a) Accounting standards, annual improvements and amendments to MFRS which are effective and applicable for the Bank for financial period beginning on or after 1 January 2024:

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

The adoption of the above accounting standards, annual improvements and amendments do not give rise to any material financial impact to the Bank.

2 AUDITORS' REPORT

The auditors' report for the financial year ended 31 December 2023 was not subject to any qualification.

3 SEASONAL OR CYCLICAL ITEMS

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

4 EXCEPTIONAL OR UNUSUAL ITEMS

There were no exceptional or unusual items for the nine months ended 30 September 2024.

5 CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the nine months ended 30 September 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 nine months ended 30 September 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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FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

7 DIVIDEND PAID

During the nine months ended 30 September 2024, the Bank has paid the following dividend:

(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 on 27 March 2024; and

(b) A single-tier interim dividend of 8.0 sen per share in respect of the financial year ending 31 December 2024, amounting to RM133,874,000 on 26 September 2024.

8 INVESTMENT ACCOUNTS ('IA')

IA is defined by the application of Shariah contracts as investment with non-principal guaranteed feature. Under the Islamic Financial Services Act 2013, the priority payment for IA upon liquidation of Islamic Financial Institution ('IFI') is treated separately from Islamic deposit, in accordance with the rights and obligations accrued to the investment account holders. IA is further categorised to Restricted Investment Account ('RA') and Unrestricted Investment Account ('UA').

RA refers to a type of investment account where the Investment Account Holder ('IAH') provides a specific investment mandate to the IFI such as purpose, asset class, economic sector and period for investment, while UA refers to a type of investment account where the IAH provides the IFI with the mandate to make the ultimate investment decision without specifying any particular restrictions or conditions.

IA are contracts based on the Shariah concept below:

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

9 SECURITIES PURCHASED UNDER RESALE AGREEMENTS

	As at 30 September 2024	As at 31 December 2023
	RM'000	RM'000
At amortised cost		
Malaysian Government Investment Issues	545,044	287,477
Corporate sukuk	1,040,172	1,157,674
	1,585,216	1,445,151

10 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 September 2024	As at 31 December 2023
	RM'000	RM'000
Licensed Islamic banks	-	92,225

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

	As at 30 September 2024	As at 31 December 2023
	RM'000	RM'000
Mandatory measured at fair value		
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	821,009	165,042
Bank Negara Malaysia ('BNM') Monetary Notes	-	2,636
	821,009	167,678

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

	As at 30 September 2024	As at 31 December 2023
	RM'000	RM'000
At fair value		
Debt instruments	7,743,077	5,937,797
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	3,290,739	2,028,223
Islamic Cagamas bonds	563,284	560,095
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Corporate sukuk	3,889,054	3,349,479
	7,743,077	5,937,797

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

	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 September 2024				
Balance as at the beginning of the financial period	2,157	-	-	2,157
Changes in credit risk	(68)	-	-	(68)
Purchases and origination	413	-	-	413
Derecognition and disposal	(565)	-	-	(565)
Balance as at the end of the financial period	1,937	-	-	1,937
31 December 2023				
Balance as at the beginning of the financial year	6,279	-	-	6,279
Changes in credit risk	(2,565)	-	-	(2,565)
Purchases and origination	813	-	-	813
Changes to model methodologies	(1,189)	-	-	(1,189)
Derecognition and disposal	(1,181)	-	-	(1,181)
Balance as at the end of the financial year	2,157	-	-	2,157

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

13 FINANCIAL INVESTMENTS AT AMORTISED COST

	As at 30 September 2024	As at 31 December 2023
	RM'000	RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	2,110,860	1,659,548
BNM Monetary Notes	-	853,733
Islamic Cagamas bonds	324,341	503,848
Islamic Khazanah bonds	42,955	41,617
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Corporate sukuk	6,722,101	5,898,402
<u>Outside Malaysia</u>		
Corporate sukuk	30,819	30,417
	9,231,076	8,987,565
Fair value changes arising from fair value hedge	(212)	(3,276)
	9,230,864	8,984,289
Allowance for credit losses	(8,651)	(5,514)
	9,222,213	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 30 September 2024 is RM1,446,559,000 (31 December 2023: RM1,425,189,000), of which RM1,004,023,000 (31 December 2023: RM1,004,023,000) is funded by RHB Bank.

The portfolio expected credit losses for financial investments at amortised cost relating to RA is borne solely by RHB Bank and the investors and the amount recognised in the financial statements of RHB Bank is RM534,585,000 as at 30 September 2024 (31 December 2023: RM534,516,000).

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

	As at 30 September 2024	As at 31 December 2023
	RM'000	RM'000
Balance as at the beginning of the financial period/year	1,235,225	1,168,813
Purchases and origination	51,435	66,412
Balance as at the end of the financial period/year	1,286,660	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 RM442,536,000 (31 December 2023: RM740,022,000 and RM421,166,000) respectively.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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
30 September 2024				
Balance as at the beginning of the financial period	5,514	-	-	5,514
Changes in credit risk	2,618	-	-	2,618
Purchases and origination	1,422	-	-	1,422
Derecognition and disposal	(903)	-	-	(903)
Balance as at the end of the financial period	<u>8,651</u>	<u>-</u>	<u>-</u>	<u>8,651</u>
31 December 2023				
Balance as at the beginning of the financial year	16,673	2,153	-	18,826
Transferred to 12-month ECL (Stage 1)	2,153	(2,153)	-	-
Changes in credit risk	(10,421)	614	-	(9,807)
Purchases and origination	2,608	-	-	2,608
Changes to model methodologies	(2,652)	(614)	-	(3,266)
Derecognition and disposal	(2,847)	-	-	(2,847)
Balance as at the end of the financial year	<u>5,514</u>	<u>-</u>	<u>-</u>	<u>5,514</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

14 FINANCING AND ADVANCES

30 September 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	-	-	1,553,881	-	38,001	-	1,591,882
Term financing:							
- Housing financing	183,814	-	20,203,160	15,642,151	-	549	36,029,674
- Syndicated term financing	-	-	2,245,000	-	-	19,251	2,264,251
- Hire purchase receivables	-	11,767,397	-	-	-	-	11,767,397
- Other term financing	99	92,610	30,726,256	-	-	10	30,818,975
Bills receivables	-	-	766,996	-	-	-	766,996
Trust receipts	-	-	43,645	-	-	-	43,645
Claims on customers under acceptance credits	-	-	1,376,656	-	-	-	1,376,656
Share margin financing	-	-	17,265	-	-	-	17,265
Staff financing	554	-	24,512	-	-	-	25,066
Credit/charge card receivables	-	-	-	-	-	412,943	412,943
Revolving financing	-	-	2,114,715	-	-	-	2,114,715
Gross financing and advances	<u>184,467</u>	<u>11,860,007</u>	<u>59,072,086</u>	<u>15,642,151</u>	<u>38,001</u>	<u>432,753</u>	<u>87,229,465</u>
Fair value changes arising from fair value hedge							<u>(47,441)</u>
							<u>87,182,024</u>
Allowance for credit losses							<u>(605,074)</u>
Net financing and advances							<u><u>86,576,950</u></u>

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

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024**

14 FINANCING AND ADVANCES (CONTINUED)

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

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

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14 FINANCING AND ADVANCES (CONTINUED)

- (a) Included in financing and advances are exposures to RA and UA as part of arrangement between the Bank and its holding company, RHB Bank and other investors ('the investors').

As at 30 September 2024, gross exposure to RA financing funded by RHB Bank is RM3,026,392,000 (31 December 2023: RM5,037,480,000) and gross exposure to UA financing funded by the investors is RM523,992,000 (31 December 2023: RM13,500,000).

The portfolio expected credit losses for financing and advances relating to RA and UA is borne solely by RHB Bank and the investors and the amount recognised in the financial statements of RHB Bank is RM5,713,000 as at 30 September 2024 (31 December 2023: RM15,229,000).

- (b) Included in term financing is housing financing sold to Cagamas amounting to RM1,197,373,000 as at 30 September 2024 (31 December 2023: RM1,659,523,000).
- (c) Movement of Qard financing

	As at 30 September 2024	As at 31 December 2023
	RM'000	RM'000
Balance as at the beginning of the financial period/year	40,286	27,963
New disbursement	29,576	33,556
Repayment	(31,861)	(21,233)
Balance as at the end of the financial period/year	38,001	40,286
Sources of Qard fund:		
- Depositors' fund	38,001	40,286
Uses of Qard fund:		
- Personal use	342	327
- Business purpose	37,659	39,959
	38,001	40,286

- (i) By type of customer

Domestic non-bank financial institutions	1,605,578	1,895,851
Domestic business enterprises:		
- Small and medium enterprises	10,284,835	10,038,789
- Others	9,905,931	11,823,727
Government and statutory bodies	6,506,501	6,479,612
Individuals	58,053,761	53,339,326
Other domestic entities	113,596	131,556
Foreign entities	759,263	311,303
	87,229,465	84,020,164

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14 FINANCING AND ADVANCES (CONTINUED)

	As at 30 September 2024 RM'000	As at 31 December 2023 RM'000
(ii) By profit rate sensitivity		
Fixed rate:		
- Housing financing	24,512	15,821
- Hire-purchase receivables	225,754	363,604
- Other fixed rate financing	10,101,230	10,191,424
Variable rate:		
- Base financing rate-plus	63,196,750	57,792,784
- Cost-plus	12,936,772	15,500,617
- Other variable rates	744,447	155,914
	87,229,465	84,020,164
(iii) By economic sector		
Agriculture, hunting, forestry and fishing	1,785,313	1,971,479
Mining and quarrying	105,951	105,333
Manufacturing	2,910,441	2,814,974
Electricity, gas and water	223,499	1,415,797
Construction	2,995,454	2,329,913
Wholesale and retail trade and restaurant and hotel	4,840,662	4,341,983
Transport, storage and communication	2,605,264	3,733,236
Finance, insurance, real estate and business services	6,607,938	7,014,469
Education, health and others	6,742,504	6,642,350
Household sector	58,403,186	53,640,393
Others	9,253	10,237
	87,229,465	84,020,164
(iv) By purpose		
Purchase of securities	5,172,887	5,358,476
Purchase of transport vehicles	11,770,037	10,723,066
Purchase of landed property:		
- Residential	34,716,804	31,446,805
- Non-residential	5,651,040	5,604,458
Purchase of property, plant and equipment other than land and building	293,556	652,851
Personal use	6,462,517	5,938,503
Credit card	412,943	366,999
Construction	1,403,739	1,028,438
Working capital	15,748,169	17,153,276
Merger and acquisition	87,679	709,162
Other purposes	5,510,094	5,038,130
	87,229,465	84,020,164

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14 FINANCING AND ADVANCES (CONTINUED)

	As at 30 September 2024 RM'000	As at 31 December 2023 RM'000
(v) By geographical distribution		
In Malaysia	<u>87,229,465</u>	<u>84,020,164</u>
(vi) By remaining contractual maturities		
Maturing within one year	8,271,471	10,171,561
One year to three years	2,373,058	2,336,742
Three years to five years	6,815,251	6,490,165
Over five years	69,769,685	65,021,696
	<u>87,229,465</u>	<u>84,020,164</u>
(vii) Impaired financing and advances		
(a) Movement in impaired financing and advances		
Balance as at the beginning of the financial period/year	1,216,853	600,488
Transfer to 12-month ECL (Stage 1)	(25,832)	(20,603)
Transfer to lifetime ECL not credit impaired (Stage 2)	(88,625)	(71,883)
Transfer to lifetime ECL credit impaired (Stage 3)	413,313	562,957
Purchases and origination	399,091	408,648
Derecognition	(436,444)	(81,645)
Amount written off	(137,536)	(187,218)
Other movements	232	6,109
Balance as at the end of the financial period/year	<u>1,341,052</u>	<u>1,216,853</u>
(b) By economic sector		
Agriculture, hunting, forestry and fishing	913	-
Mining and quarrying	8,013	5,248
Manufacturing	30,580	22,571
Electricity, gas and water	5,775	5,781
Construction	51,626	53,955
Wholesale and retail trade and restaurant and hotel	103,025	67,882
Transport, storage and communication	474,101	460,777
Finance, insurance, real estate and business services	68,764	64,751
Education, health and others	94,563	94,787
Household sector	503,314	441,101
Others	378	-
	<u>1,341,052</u>	<u>1,216,853</u>

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14 FINANCING AND ADVANCES (CONTINUED)

(vii) Impaired financing and advances (continued)

	As at 30 September 2024	As at 31 December 2023
	RM'000	RM'000
(c) By purpose		
Purchase of securities	1,074	1,235
Purchase of transport vehicles	51,092	61,988
Purchase of landed property:		
- Residential	401,236	337,861
- Non-residential	165,580	162,904
Purchase of property, plant and equipment other than land and building	2,838	2,796
Personal use	45,596	36,116
Credit card	3,750	3,700
Working capital	627,569	567,633
Merger and acquisition	109	-
Other purposes	42,208	42,620
	<u>1,341,052</u>	<u>1,216,853</u>
(d) By geographical distribution		
In Malaysia	<u>1,341,052</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
30 September 2024					
Balance as at the beginning of the financial period		110,166	171,483	361,064	642,713
Changes due to financial assets recognised in the opening balance that have been:					
- Transferred to 12-month ECL (Stage 1)		58,051	(48,313)	(9,738)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)		(9,305)	38,422	(29,117)	-
- Transferred to lifetime ECL credit impaired (Stage 3)		(892)	(18,292)	19,184	-
		47,854	(28,183)	(19,671)	-
Changes in credit risk		(47,238)	26,220	158,257	137,239
Purchases and origination		23,299	4,114	1,633	29,046
Bad debts written off		-	-	(91,663)	(91,663)
Derecognition		(4,105)	(6,132)	(27,357)	(37,594)
Transfer to deferred income	(a)	-	-	(81,789)	(81,789)
Other movements		6,890	-	232	7,122
Balance as at the end of the financial period		<u>136,866</u>	<u>167,502</u>	<u>300,706</u>	<u>605,074</u>

(a) The transfer of allowance for credit losses relates to RA arrangement entered into with RHB Bank during the current financial period and this is included under other accruals and payables in Note 19.

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14 FINANCING AND ADVANCES (CONTINUED)

(vii) Impaired financing and advances (continued)

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

	12-month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
31 December 2023	RM'000	RM'000	RM'000	RM'000
Balance as at the beginning of the financial year	156,445	374,072	252,065	782,582
Changes due to financial assets recognised in the opening balance that have been:				
- Transferred to 12-month ECL (Stage 1)	59,298	(52,584)	(6,714)	-
- Transferred to lifetime ECL not credit impaired (Stage 2)	(6,750)	27,317	(20,567)	-
- Transferred to lifetime ECL credit impaired (Stage 3)	(921)	(40,271)	41,192	-
	51,627	(65,538)	13,911	-
Changes in credit risk	(97,305)	(120,055)	229,378	12,018
Purchases and origination	22,689	4,983	3,987	31,659
Bad debts written off	-	-	(127,100)	(127,100)
Changes to model methodologies	(15,024)	(14,716)	6,141	(23,599)
Derecognition	(8,266)	(7,263)	(23,427)	(38,956)
Other movements	-	-	6,109	6,109
Balance as at the end of the financial year	<u>110,166</u>	<u>171,483</u>	<u>361,064</u>	<u>642,713</u>

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15 OTHER ASSETS

	As at 30 September 2024 <u>RM'000</u>	As at 31 December 2023 <u>RM'000</u>
Prepayments	34,709	29,303
Deposits	913	912
Amount due from holding company	313,078	-
Amount due from other related companies	87	112
Other receivables	<u>160,131</u>	<u>89,647</u>
	<u>508,918</u>	<u>119,974</u>

16 DEPOSITS FROM CUSTOMERS

	As at 30 September 2024 <u>RM'000</u>	As at 31 December 2023 <u>RM'000</u>
<u>Savings Deposits</u>		
Qard	1,332,028	1,381,073
Commodity Murabahah	1,564,700	1,264,636
<u>Demand Deposits</u>		
Qard	8,673,339	6,867,723
Commodity Murabahah	5,017,012	4,082,360
<u>Term Deposits</u>		
Commodity Murabahah	55,686,435	55,031,898
<u>Specific Investment Account</u>		
Commodity Murabahah	13,865,886	13,556,744
<u>General Investment Account</u>		
Mudharabah	<u>79</u>	<u>77</u>
	<u>86,139,479</u>	<u>82,184,511</u>

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

Due within six months	56,088,714	55,243,958
Six months to one year	11,805,739	11,716,121
One year to three years	1,338,074	611,876
Three years to five years	319,873	1,016,764
	<u>69,552,400</u>	<u>68,588,719</u>

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

Government and statutory bodies	18,434,505	14,985,261
Business enterprises	33,335,498	34,722,633
Individuals	33,705,527	31,760,604
Others	663,949	716,013
	<u>86,139,479</u>	<u>82,184,511</u>

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17 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Note	As at 30 September 2024 RM'000	As at 31 December 2023 RM'000
<u>Non-Mudharabah Funds:</u>			
Licensed banks		5,799,550	6,407,500
BNM/Other central bank	(a)	857,725	507,538
		<u>6,657,275</u>	<u>6,915,038</u>
<u>Mudharabah Funds:</u>			
Other financial institutions		147,098	74,268
		<u>6,804,373</u>	<u>6,989,306</u>

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

18 INVESTMENT ACCOUNTS

	Note	As at 30 September 2024 RM'000	As at 31 December 2023 RM'000
Mudharabah Restricted Investment Account	(a)	4,677,378	6,753,004
Wakalah Unrestricted Investment Account	(b)	528,296	13,600
		<u>5,205,674</u>	<u>6,766,604</u>

(a) Mudharabah Restricted Investment Account

By type of counterparty:

Licensed banks	<u>4,677,378</u>	<u>6,753,004</u>
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Investment assets (principal):

Personal financing (Note 14(a))	1,000,000	1,000,000
Other term financing (Note 14(a))	2,026,392	4,037,480
Short-term funds	-	129,000
Unquoted securities (Note 13)	1,446,559	1,425,189
	<u>4,472,951</u>	<u>6,591,669</u>

As at 30 September 2024, the amount of the restricted investment account placed by the holding company, RHB Bank, amounted to RM4,131,776,000 (31 December 2023: RM6,258,830,000).

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18 INVESTMENT ACCOUNTS (CONTINUED)

	As at	As at
	30 September	31 December
	2024	2023
	RM'000	RM'000
(b) Wakalah Unrestricted Investment Account		
<u>By type of counterparty:</u>		
Business enterprises	528,296	13,600
<u>Investment asset (principal):</u>		
Personal financing (Note 14(a))	419,194	2,700
Housing financing (Note 14(a))	104,798	10,800
	523,992	13,500

19 OTHER LIABILITIES

	As at	As at
	30 September	31 December
	2024	2023
	RM'000	RM'000
Sundry creditors	25,608	14,353
Amount due to holding company	-	1,641,546
Amount due to other related companies	1,544	4,144
Contract liability	32,320	58,656
Short-term employee benefits	2,366	5,221
Accrual for operational expenses	11,929	26,601
Cash collateral pledged for derivative transactions	391,392	-
Structured deposits	1,048,726	53,023
Other accruals and payables	191,282	74,203
	1,705,167	1,877,747

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20 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) General investment deposits	-	-	2	2
(ii) Other deposits	1,162,609	1,089,276	3,395,034	3,169,846
	1,162,609	1,089,276	3,395,036	3,169,848
(i) Income derived from investment of general investment deposits:				
Financing and advances	-	-	2	2
Total finance income and hibah	-	-	2	2
(ii) Income derived from investment of other deposits:				
Financing and advances	1,001,046	936,337	2,918,029	2,668,705
Securities purchased under resale agreements	11,411	-	29,147	4,617
Financial assets at FVTPL	3,493	3,930	11,266	7,298
Financial assets at FVOCI	66,875	51,490	181,241	156,496
Financial investments at amortised cost	64,387	66,231	189,036	186,227
Money at call and deposits with banks and other financial institutions	7,358	21,250	33,766	113,930
Total finance income and hibah	1,154,570	1,079,238	3,362,485	3,137,273
Other operating income (Note a)	8,039	10,038	32,549	32,573
	1,162,609	1,089,276	3,395,034	3,169,846
Of which:				
Financing income earned on impaired financing	7,912	5,089	24,506	17,389
(a) Other operating income comprise of:				
Fee income:				
- Commission	2,648	3,270	10,299	10,999
- Guarantee fees	3,832	1,078	6,224	3,334
	6,480	4,348	16,523	14,333
Net gain/(loss) on revaluation of financial assets at FVTPL	367	(1,800)	69	(2,383)
Net gain on disposal of financial assets at FVTPL	305	68	854	4,249
Net gain on disposal of debt instruments of financial assets at FVOCI	887	7,395	15,090	16,359
Net gain arising from derecognition of financial investments at amortised cost	-	27	13	15
	8,039	10,038	32,549	32,573

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21 INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	RM'000	RM'000	RM'000	RM'000
Financing and advances	53,415	77,631	160,372	270,203
Financial investments at amortised cost	23,726	23,361	70,318	67,994
Money at call and deposits with banks and other financial institutions	1,767	1,571	1,829	5,367
Total finance income and hibah	78,908	102,563	232,519	343,564

22 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	RM'000	RM'000	RM'000	RM'000
Financing and advances	18,964	18,695	61,028	52,769
Securities purchased under resale agreements	221	-	610	91
Financial assets at FVTPL	65	78	236	144
Financial assets at FVOCI	1,281	1,029	3,790	3,094
Financial investments at amortised cost	1,219	1,322	3,954	3,682
Money at call and deposits with banks and other financial institutions	127	430	706	2,253
Total finance income and hibah	21,877	21,554	70,324	62,033
Other operating income (Note a)	96,179	62,392	249,423	179,070
	118,056	83,946	319,747	241,103

Of which:

Financing income earned on impaired financing	149	102	513	344
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(a) Other operating income comprise of:

Fee income:

- Commission	13,572	19,185	40,264	45,592
- Service charges and fees	27,146	22,452	76,913	67,036
- Guarantee fees	78	22	130	66
	40,796	41,659	117,307	112,694

Net gain/(loss) on revaluation of financial assets at FVTPL

9 (36) 2 (47)

Net gain on disposal of financial assets at FVTPL

6 2 18 84

Net gain on disposal of debt instruments of
financial investments at FVOCI

4 147 316 323

Net gain on revaluation of derivatives

8,513 4,349 30,319 15,455

Net gain/(loss) on fair value hedges

401 (763) 706 1,316

Net gain on derecognition of hedging

276 - 276 -

Other income:

- Foreign exchange gain	50,498	18,662	109,966	53,531
- Gain on disposal of property, plant and equipment	-	60	-	60
- Loss on modification of right-of-use assets	-	-	-	(10)
- Other non-operating loss	(4,324)	(1,688)	(9,487)	(4,336)
	96,179	62,392	249,423	179,070

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23 ALLOWANCE FOR CREDIT LOSSES ON FINANCIAL ASSETS

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	30 September	30 September	30 September	30 September
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<u>Charge/(Writeback)</u>				
Financing and advances:				
- Net charge	26,589	27,226	128,691	6,513
- Bad debts recovered	(12,293)	(6,656)	(37,409)	(19,359)
- Bad debts written off	10,926	14,740	46,493	40,317
	25,222	35,310	137,775	27,471
Financial assets at FVOCI	(49)	(438)	(220)	(3,901)
Financial investments at amortised cost	726	(6,169)	3,137	(11,010)
Other financial assets	(2)	10	(23)	20
	<u>25,897</u>	<u>28,713</u>	<u>140,669</u>	<u>12,580</u>

24 INCOME ATTRIBUTABLE TO DEPOSITORS

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	30 September	30 September	30 September	30 September
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
- Mudharabah funds	11,522	7,819	31,517	21,071
- Non-Mudharabah funds	669,404	679,730	2,014,622	1,939,269
Deposits and placements of banks and other financial institutions:				
- Non-Mudharabah funds	57,939	31,446	140,436	142,129
Others:				
- Subordinated obligations	7,612	8,002	23,599	23,747
- Recourse obligation on financing sold to Cagamas	14,132	15,040	46,502	44,485
- Borrowings	11,432	-	37,513	-
- Others	11,302	506	16,717	1,440
	<u>783,343</u>	<u>742,543</u>	<u>2,310,906</u>	<u>2,172,141</u>

25 PERSONNEL EXPENSES

	Note	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
		30 September	30 September	30 September	30 September
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses		4,499	4,734	12,136	18,468
Contributions to Employees' Provident Fund		729	781	2,013	2,747
Share-based expenses	(a)	295	194	683	399
Other staff related costs		675	676	2,089	1,607
		<u>6,198</u>	<u>6,385</u>	<u>16,921</u>	<u>23,221</u>

- (a) The Share Grant Scheme ('SGS') was established and implemented by the holding company, RHB Bank in June 2022. The SGS is intended to motivate employees, attract talents and retain key employees through the grant of the ordinary shares in RHB Bank for eligible employees, which include certain employees of the Bank. The SGS shall be in force for a period of nine years commencing from the effective implementation date of the SGS, and the vesting period for each grant offered will be 3 years from the offer date.

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26 OTHER OVERHEADS AND EXPENDITURES

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<u>Establishment costs</u>				
Property, plant and equipment:				
- Depreciation	405	441	1,156	1,593
Computer software license:				
- Amortisation	270	282	825	834
Right-of-use assets:				
- Depreciation	254	265	762	903
Information technology expenses	313	686	949	1,376
Repair and maintenance	26	280	81	351
Rental of premises	175	245	532	655
Water and electricity	110	122	319	351
Rental of equipment	-	1	2	4
Printing and stationeries	2,065	(1,150)	4,125	6,351
Takaful	2,879	2,707	8,700	8,198
Others	910	474	1,710	1,417
	7,407	4,353	19,161	22,033
<u>Marketing expenses</u>				
Advertisement and publicity	(24)	347	371	797
Sales commission	5,140	4,012	14,615	11,698
Travelling expenses	84	58	179	199
Motor vehicle expenses	28	25	51	49
Others	3,278	3,408	8,419	9,628
	8,506	7,850	23,635	22,371
<u>Administration and general expenses</u>				
Communication expenses	2,356	2,647	6,319	6,258
Legal and professional fee	2,365	926	6,720	3,206
Management fee	160,435	138,507	467,864	413,176
Others	2,056	2,014	8,620	8,777
	167,212	144,094	489,523	431,417
	183,125	156,297	532,319	475,821

27 EARNINGS PER SHARE

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2024	2023	2024	2023
Net profit for the financial period (RM'000)	227,545	195,175	579,625	606,827
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)	13.60	11.66	34.64	36.26

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28 COMMITMENTS AND CONTINGENCIES

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

	As at 30 September 2024	As at 31 December 2023
	<u>RM'000</u>	<u>RM'000</u>
Contingent liabilities		
Transaction-related contingent items	453,697	354,714
Short-term self-liquidating trade related contingencies	<u>276,466</u>	<u>264,074</u>
	<u>730,163</u>	<u>618,788</u>
Commitments		
Irrevocable commitments to extend credit:		
- Maturity less than one year	1,822,040	695,930
- Maturity more than one year	9,209,840	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		
	<u>2,502,785</u>	<u>2,503,444</u>
	<u>13,534,665</u>	<u>12,413,815</u>
Derivative financial instruments		
Foreign exchange related contracts [^] :		
- Less than one year	32,879,829	14,410,642
- One year to less than five years	1,679,502	1,816,829
Profit rate related contracts [^] :		
- Less than one year	2,605,000	2,040,000
- One year to less than five years	7,955,218	3,912,400
- More than five years	600,000	122,573
Commodity related contracts [^] :		
- Less than one year	34,673	56,144
- One year to less than five years	<u>98,723</u>	<u>86,544</u>
	<u>45,852,945</u>	<u>22,445,132</u>
	<u>60,117,773</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.

29 CAPITAL COMMITMENTS

	As at 30 September 2024	As at 31 December 2023
	<u>RM'000</u>	<u>RM'000</u>
Capital expenditure for property, plant and equipment:		
- Authorised and contracted for	<u>4,059</u>	<u>4,728</u>

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30 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>30 September 2024</u>				
<u>Financial assets</u>				
Financial assets at FVTPL:				
- money market instruments	-	821,009	-	821,009
Financial assets at FVOCI:				
- money market instruments	-	7,743,077	-	7,743,077
- unquoted securities	-	3,854,023	-	3,854,023
	-	3,889,054	-	3,889,054
Derivative assets	-	1,405,658	-	1,405,658
	-	9,969,744	-	9,969,744
<u>Financial liabilities</u>				
Derivative liabilities	-	1,777,070	-	1,777,070
<u>31 December 2023</u>				
<u>Financial assets</u>				
Financial assets at FVTPL:				
- money market instruments	-	167,678	-	167,678
Financial assets at FVOCI:				
- money market instruments	-	5,937,797	-	5,937,797
- unquoted securities	-	2,588,318	-	2,588,318
	-	3,349,479	-	3,349,479
Derivative assets	-	187,192	-	187,192
	-	6,292,667	-	6,292,667
<u>Financial liabilities</u>				
Derivative liabilities	-	146,434	-	146,434

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30 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(i) Valuation techniques and sensitivity analysis

Financial instruments are classified as Level 1 if their values are observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices are readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. This would include quoted securities.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Bank then determines fair value based upon valuation techniques that use market parameters including but not limited to yield curves, volatilities and foreign exchange rates as inputs. The majority of valuation techniques employ only observable market data. These would include certain bonds, government bonds, corporate debt securities and derivatives.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). This category includes non-transferable and non-tradable perpetual sukuk and impaired securities.

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31 CAPITAL ADEQUACY

BNM guidelines on capital adequacy requires the Bank to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations. The capital adequacy ratio is computed based on the eligible capital in relation to the total risk-weighted assets as determined by BNM.

The capital adequacy ratios of the Bank are as follows:

	As at 30 September 2024	As at 31 December 2023
	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	4,058,496	4,201,068
Other reserve	1,481	798
FVOCI reserve	(9,207)	(38,332)
	5,724,194	5,836,958
Less:		
Deferred tax assets	(67,227)	(70,560)
Intangible assets (include associated deferred tax liabilities)	(3,929)	(4,661)
Other deductions*	-	(595)
Total CET-I/Total Tier-I Capital	5,653,038	5,761,142
<u>Tier-II Capital</u>		
Subordinated obligations	749,749	750,000
Surplus eligible provisions over expected losses	164,714	154,065
General provisions^	87,641	80,942
Total Tier-II Capital	1,002,104	985,007
Total Capital	6,655,142	6,746,149
<u>Capital Ratios</u>		
Before proposed dividends:		
CET-I Capital Ratio	14.690%	16.125%
Tier-I Capital Ratio	14.690%	16.125%
Total Capital Ratio	17.294%	18.882%
After proposed dividends:		
CET-I Capital Ratio	14.690%	15.516%
Tier-I Capital Ratio	14.690%	15.516%
Total Capital Ratio	17.294%	18.273%

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

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31 CAPITAL ADEQUACY (CONTINUED)

[^] Pursuant to BNM's policy document on Financial Reporting for Islamic Banking Institutions, general provision refers to loss allowance measured at an amount equal to 12-month and lifetime expected credit losses as defined under MFRS 9 'Financial Instruments' and regulatory reserve, to the extent they are ascribed to non-credit-impaired exposures, determined under standardised approach for credit risk.

Includes the qualifying regulatory reserve of the Bank of RM71,820,000 (31 December 2023: RM68,476,000).

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

	As at 30 September 2024 RM'000	As at 31 December 2023 RM'000
Credit risk	36,838,871	35,235,833
Credit risk absorbed by PSIA ⁺	(2,375,372)	(3,082,919)
Market risk	505,365	187,131
Operational risk	3,512,563	3,387,790
Total risk-weighted assets	<u>38,481,427</u>	<u>35,727,835</u>

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

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

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32 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

33 EVENTS SUBSEQUENT TO BALANCE SHEET DATE

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

34 CHANGES IN PROFIT FOR THE QUARTER

The Bank reported a pre-tax profit of RM303.1 million for the current quarter, 36.8% higher as compared to the preceding quarter ended 30 June 2024 of RM221.5 million. The higher profit was mainly attributed to lower allowance for credit losses by RM33.9 million, higher net funding income by RM26.6 million, higher non funding income by RM17.5 million and lower overhead expenses by RM3.6 million.

35 PERFORMANCE REVIEW

For the nine months ended 30 September 2024, the Bank recorded a pre-tax profit of RM773.6 million, 4.8% lower than previous corresponding period of RM812.4 million. The lower profit was mainly due to higher allowance for credit losses by RM128.0 million and higher overhead expenses by RM50.2 million, partly offset by higher non funding income by RM70.3 million and higher net funding income by RM69.1 million.

36 PROSPECTS FOR FINANCIAL YEAR 2024

Malaysia's economic landscape is expected to remain encouraging, with robust growth momentum extending into Q4 2024. We expect both external and internal drivers to fuel the growth, with further acceleration in trade and manufacturing activities alongside with resilient domestic demand. Our optimistic outlook is reinforced by recent developments, such as healthy trade and industrial production data and positive outcomes from investment activities. On the domestic front, private consumption will be supported by healthy labour market conditions, while inflationary pressures remain manageable. Investment spending is projected to stay resilient, driven by business-friendly policies and the implementation of initiatives under national master plans. The steady foreign direct investment inflows positions Malaysia favourably as a key market for global companies and investors

Banking industry is expected to remain resilient amid positive economic and market prospects, supported by robust capital and liquidity positions. On the monetary policy front, the OPR is projected to remain conducive to support Malaysia's economy.

The Bank will continue to drive business growth prudently in our preferred segments. The asset quality in our regional operations are diligently managed with sequential lower quarterly provisions underpinned by sustained recoveries. We continue to maintain our strong fundamentals by prioritising customer service excellence and operational efficiency.