

Company No.

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RHB ISLAMIC BANK BERHAD
(Incorporated in Malaysia)

UNAUDITED BALANCE SHEET AS AT 30 JUNE 2007

	Note	<u>30.06.2007</u> RM'000	<u>31.12.2006</u> RM'000
ASSETS			
Cash and short-term funds	2	1,076,708	1,314,283
Deposits and placements with banks and other financial institutions	3	323	1,220,000
Securities held for trading	4	416,222	314,620
Securities available-for-sale	5	142,571	18,781
Securities held-to-maturity	6	846,357	809,608
Financing and advances	7	4,638,458	4,147,573
Other assets	8	54,597	68,139
Deferred taxation assets		23,604	21,587
Statutory deposits	9	171,429	170,429
Property, plant and equipment		24,102	7,245
TOTAL ASSETS		<u>7,394,371</u>	<u>8,092,265</u>
LIABILITIES AND SHAREHOLDER'S EQUITY			
Deposits from customers	10	6,308,958	6,680,424
Deposits and placements of banks and other financial institutions	11	102,538	444,923
Bills and acceptances payable		22,802	16,542
Other liabilities		189,783	280,718
Provision for taxation and zakat		33,829	17,984
		<u>6,657,910</u>	<u>7,440,591</u>
Ordinary share capital		523,424	523,424
Reserves		213,037	128,250
Shareholder's equity		<u>736,461</u>	<u>651,674</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		<u>7,394,371</u>	<u>8,092,265</u>
COMMITMENTS AND CONTINGENCIES	16	<u>2,036,026</u>	<u>2,536,550</u>

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RHB ISLAMIC BANK BERHAD
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UNAUDITED INCOME STATEMENT FOR THE HALF YEAR ENDED 30 JUNE 2007

	Note	Current Half Year ended 30.06.2007 RM'000	Preceding Corresponding Half Year ended 30.06.2006 RM'000
Income derived from investment of depositors' funds	12	185,964	144,621
Income derived from investment of shareholders' funds	13	82,391	28,474
Allowance for losses on financing and advances	14	(18,212)	(3,634)
Profit equalisation reserve		(156)	(617)
Total distributable income		249,987	168,844
Income attributable to depositors	15	(83,939)	(79,280)
		166,048	89,564
Personnel expenses		(10,637)	(10,870)
Other overheads and expenditures		(38,361)	(28,404)
Profit before zakat and taxation		117,050	50,290
Zakat		-	920
Taxation		(32,131)	(14,310)
Profit for the financial period		84,919	36,900

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RHB ISLAMIC BANK BERHAD
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UNAUDITED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2007

	Share Capital RM'000	Statutory Reserve RM'000	AFS Reserves RM'000	Retained Profits RM'000	Total RM'000
<u>Current Half year ended 30.06.2007</u>					
Balance as at 31.12.2006	523,424	63,923	404	63,923	651,674
Unrealised net gain on revaluation of securities available-for-sale	-	-	1,028	-	1,028
AFS reserve realised on disposal of AFS securities	-	-	(1,025)	-	(1,025)
Deferred taxation	-	-	(135)	-	(135)
Income and expenses recognised directly in equity	-	-	(132)	-	(132)
Profit for the financial period	-	-	-	84,919	84,919
Total recognised income and expenses for the financial year	-	-	(132)	84,919	84,787
Transfer to statutory reserves	-	42,460	-	(42,460)	-
Balance as at 30.06.2007	<u>523,424</u>	<u>106,383</u>	<u>272</u>	<u>106,382</u>	<u>736,461</u>
<u>Preceding corresponding Half year ended 30.06.2006</u>					
Balance as at 31.12.2005	523,424	20,742	246	20,742	565,154
Unrealised net gain on revaluation of securities available-for-sale	-	-	748	-	748
Deferred taxation	-	-	-	-	367
Profit for the financial period	-	-	-	36,900	36,900
Transfer to statutory reserves	-	-	-	-	-
Balance as at 30.06.2006	<u>523,424</u>	<u>20,742</u>	<u>994</u>	<u>57,642</u>	<u>602,802</u>

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RHB ISLAMIC BANK BERHAD
(Incorporated in Malaysia)

UNAUDITED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 30 JUNE 2007

	Note	Current Half Year ended <u>30.06.2007</u> RM'000	Preceding Corresponding Half Year ended <u>30.06.2006</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation and zakat for the financial period		117,050	50,290
Adjustments for:			
Depreciation of property, plant and equipment		436	398
Income from:			
- Investment on securities available-for-sale		(1,880)	-
- Investment on securities held-to-maturity		(6,107)	-
Net gain on sale of securities available-for-sale		(1,025)	-
Accretion of discount less amortisation of premium		(10,683)	(11,110)
Unrealised gain from securities held for trading		(9,900)	-
Allowance for losses on financing and advances		18,212	3,634
Allowance for profit equalisation reserve		156	617
Operating profit before working capital changes		<u>106,259</u>	<u>43,829</u>
(Increase)/Decrease in operating assets:			
Deposits and placements with financial institutions		1,219,677	350,000
Financing and advances		(509,092)	(460,900)
Investment on securities held for trading		(91,702)	110,558
Other assets		15,362	(63,189)
Statutory deposit with Bank Negara Malaysia		(1,000)	(6,300)
		<u>739,504</u>	<u>(26,002)</u>
Increase/(Decrease) in operating liabilities:			
Deposits from customers		(371,466)	1,211,654
Deposits and placements of banks and other financial institutions		(342,385)	166,620
Bills and acceptances payable		6,260	8,960
Other liabilities		(91,091)	(249,081)
Cash (used in) / generated from operating activities		<u>(59,178)</u>	<u>1,112,151</u>
Taxation paid		(18,440)	(17,000)
Zakat paid		-	(53)
Net cash (used in) / generated from operating activities		<u>(77,618)</u>	<u>1,095,098</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(17,293)	(573)
Income received from disposal of:			
- Investment on securities available-for-sale		333	-
- Investment on securities held-to-maturity		5,835	-
Net proceeds from:			
- Purchase of securities available-for-sale		(122,766)	(14,148)
- Purchase of securities held-to-maturity		(26,066)	(19,772)
Net cash used in investing activities		<u>(159,957)</u>	<u>(34,493)</u>
ANALYSIS OF CASH AND CASH EQUIVALENT			
Net (decrease)/ increase in cash and cash equivalents		(237,575)	1,060,605
Cash and cash equivalent at beginning of year		<u>1,314,283</u>	<u>1,939,598</u>
Cash and cash equivalent at end of period		<u>1,076,708</u>	<u>3,000,203</u>

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RHB ISLAMIC BANK BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2007

1 GENERAL INFORMATION

RHB Islamic Bank Berhad (the Bank), is a licensed Islamic Bank under the Islamic Banking Act 1983, a limited liability company domiciled in Malaysia, and is principally engaged in Islamic banking business and the provision of related services.

There have been no significant changes in the nature of these principal activities during the financial year.

The directors regard RHB Bank Berhad (RHBB), RHB Capital Berhad (RHBC) and Rashid Hussain Berhad (RHB), companies incorporated in Malaysia as the holding company, immediate parent of holding company and parent of immediate parent of holding company respectively. The registered office of RHBB, RHBC and RHB is similar to the Bank.

The address of the registered office of the Bank is Level 10, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur.

2 CASH AND SHORT-TERM FUNDS

	<u>30.06.2007</u> RM'000	<u>31.12.2006</u> RM'000
Cash and balances with banks and other financial institutions	49,708	21,283
Money at call and deposit placements maturing within one month	<u>1,027,000</u>	<u>1,293,000</u>
	<u>1,076,708</u>	<u>1,314,283</u>

3 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	<u>30.06.2007</u> RM'000	<u>31.12.2006</u> RM'000
Licensed banks and other financial institutions	-	120,000
Bank Negara Malaysia	323	1,100,000
	<u>323</u>	<u>1,220,000</u>

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RHB ISLAMIC BANK BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2007 (CONTINUED)

4 SECURITIES HELD FOR TRADING

	<u>30.06.2007</u>	<u>31.12.2006</u>
<u>At fair value</u>	RM'000	RM000
<u>Money market instruments:</u>		
<u>Quoted</u>		
Government investment issues	15,311	-
<u>Unquoted</u>		
Bank Negara Malaysia negotiable notes	49,724	74,727
Islamic accepted bills	63,935	69,212
Private debt securities	287,252	170,681
Total securities held for trading	<u>416,222</u>	<u>314,620</u>

5 SECURITIES AVAILABLE-FOR-SALE

	<u>30.06.2007</u>	<u>31.12.2006</u>
<u>At fair value</u>	RM'000	RM000
<u>Money market instruments:</u>		
<u>Quoted</u>		
Khazanah bonds	9,599	5,058
Government investment issues	-	9,405
<u>Unquoted</u>		
Malaysian government treasury bills	19,714	3,743
Bank Negara Malaysia negotiable notes	92,664	-
Private debt securities	20,019	-
	<u>141,996</u>	<u>18,206</u>
<u>At cost</u>		
<u>Unquoted securities in Malaysia</u>		
Shares	575	575
Total securities available-for-sale	<u>142,571</u>	<u>18,781</u>

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RHB ISLAMIC BANK BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2007 (CONTINUED)

6 SECURITIES HELD-TO-MATURITY

<u>At amortised cost</u>	<u>30.06.2007</u> RM'000	<u>31.12.2006</u> RM'000
<u>Money market instruments:</u>		
<u>Quoted</u>		
Cagamas mudharabah bonds	60,364	60,442
Khazanah bonds	506,398	521,752
Government Investment Issuance	81,810	80,964
<u>Unquoted</u>		
Private debt securities	197,785	146,450
Total securities held-to-maturity	<u>846,357</u>	<u>809,608</u>

7 FINANCING AND ADVANCES

(i) By type	<u>30.06.2007</u> RM'000	<u>31.12.2006</u> RM'000
Cashline	54,194	64,229
Term financing		
- housing financing	1,561,283	1,572,428
- syndicated term financing	525,965	521,264
- hire purchase receivables	447,344	296,126
- other term financing	1,073,446	979,774
Bills receivable	694,066	421,263
Trust receipts	25,342	20,776
Staff financing	6,376	5,305
Revolving financing	457,889	436,360
	<u>4,845,905</u>	<u>4,317,525</u>
Less: Unearned income	(65,099)	(44,071)
Gross financing and advances	<u>4,780,806</u>	<u>4,273,454</u>
Less : Allowance for bad and doubtful financing :		
- general	(84,879)	(77,059)
- specific	(57,469)	(48,822)
Net financing and advances	<u>4,638,458</u>	<u>4,147,573</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2007 (CONTINUED)

7 FINANCING AND ADVANCES (CONTINUED)

(ii) By type of customer

	<u>30.06.2007</u> RM'000	<u>31.12.2006</u> RM'000
Domestic non-bank financial institutions		
- Others	29,460	32,773
Domestic business enterprises		
- Small medium enterprises	598,744	548,509
- Others	2,268,952	1,948,256
Government and statutory bodies	101,108	101,153
Individuals	1,757,103	1,623,648
Other domestic entities	15,800	15,905
Foreign entities	9,639	3,210
	<u>4,780,806</u>	<u>4,273,454</u>

(iii) Financing and advances analysed by contract are as follows:

Bai' Bithaman Ajil	3,062,175	3,143,001
Al-Ijarah Muntahia Bittamlik / Al-Ijarah Thumma Al-Bai' (=AITAB)	519,774	252,055
Murabahah	958,463	878,398
Al-Istisna'	240,394	-
	<u>4,780,806</u>	<u>4,273,454</u>

(iv) By profit rate sensitivity

Fixed rate		
- Housing financing	1,561,283	1,491,077
- Hire purchase receivables	382,245	252,055
- Other fixed rate financing	1,605,787	1,587,694
Variable rate		
- Cost-plus	1,231,491	942,628
	<u>4,780,806</u>	<u>4,273,454</u>

(v) By purpose

Purchase of securities	378,285	366,627
Purchase of transport vehicles	211,316	140,519
Purchase of landed property:		
- Residential	1,561,628	1,461,866
- Non-residential	107,016	81,351
Purchase of property, plant and equipment other than land and building	217,572	64,789
Personal use	34,890	36,612
Purchase of consumer durables	350	377
Construction	139,658	130,836
Working capital	2,017,061	1,813,327
Other purposes	113,030	102,062
	<u>4,780,806</u>	<u>4,273,454</u>

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RHB ISLAMIC BANK BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2007 (CONTINUED)

7 FINANCING AND ADVANCES (CONTINUED)

(vi) Movement in non-performing financing and advances	<u>30.06.2007</u>	<u>31.12.2006</u>
	RM'000	RM'000
At beginning of period/year	241,786	210,657
Amount vested over from RHB Delta Finance	-	661
Classified as non-performing during the period/year	147,009	359,651
Reclassified as performing during the period/year	(113,572)	(278,858)
Amount recovered	(9,756)	(26,918)
Amount written off	(7,254)	(23,407)
At end of period/year	<u>258,213</u>	<u>241,786</u>
Specific allowance	(57,469)	(48,822)
Net non-performing financing and advances	<u>200,744</u>	<u>192,964</u>
Ratio of net non-performing financing and advances to net financing and advances	<u>4.3%</u>	<u>4.6%</u>
(vii) Movement in allowance for bad and doubtful financing and advances		
<u>General allowance</u>		
At beginning of period	77,059	73,692
Amount vested over from RHB Delta Finance	-	13
Net allowance made during the period/year	7,820	3,354
At end of period/year	<u>84,879</u>	<u>77,059</u>
As % of gross financing and advances less specific allowance	<u>1.8%</u>	<u>1.8%</u>
<u>Specific allowance</u>		
At beginning of period/year	48,822	50,270
Amount vested over from RHB Delta Finance	-	194
Allowance made during the period/year	17,192	22,086
Amount recovered	(3,120)	(3,142)
Amount written off	(5,425)	(20,586)
At end of period/year	<u>57,469</u>	<u>48,822</u>

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RHB ISLAMIC BANK BERHAD
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FOR THE HALF YEAR ENDED 30 JUNE 2007 (CONTINUED)

7 FINANCING AND ADVANCES (CONTINUED)

(viii) Non-performing financing and advances analysed by purpose:

	<u>30.06.2007</u> RM'000	<u>31.12.2006</u> RM'000
Purchase of securities	40	51
Purchase of transport vehicles	1,277	38
Purchase of landed property:		
- Residential	186,760	179,335
- Non-residential	4,239	2,807
Purchase of property, plant and equipment other than land and building	28,412	26,383
Personal use	2,899	7,705
Construction	2,758	3,585
Working capital	31,828	21,882
	<u>258,213</u>	<u>241,786</u>

8 OTHER ASSETS

	<u>30.06.2007</u> RM'000	<u>31.12.2006</u> RM'000
Other debtors, deposits and prepayments	50,580	62,584
Income receivable	4,017	5,555
	<u>54,597</u>	<u>68,139</u>

9 STATUTORY DEPOSITS

	<u>30.06.2007</u> RM'000	<u>31.12.2006</u> RM'000
Statutory deposits with Bank Negara Malaysia	<u>171,429</u>	<u>170,429</u>

The statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 37(1) (c) of the Central Bank of Malaysia Act, 1958 (revised-1994), the amount which are determined at 4% of total eligible liabilities.

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RHB ISLAMIC BANK BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2007 (CONTINUED)

10 DEPOSITS FROM CUSTOMERS

	<u>30.06.2007</u> RM'000	<u>31.12.2006</u> RM'000
<u>Non-Mudharabah Funds:</u>		
Demand deposits	2,066,570	2,299,718
Savings deposits	499,872	486,224
Negotiable certificates of deposit	114,223	142,411
	<u>2,680,665</u>	<u>2,928,353</u>
<u>Mudharabah Funds:</u>		
Demand deposits	309,879	291,261
General investment deposits	1,865,459	1,208,792
Special investment deposits	1,452,955	2,252,018
Total deposits	<u>6,308,958</u>	<u>6,680,424</u>

The deposits are sourced from the following classes of customers:

Government and statutory bodies	1,693,418	1,664,822
Business enterprises	3,566,551	4,149,826
Individuals	758,873	723,189
Others	290,116	142,587
	<u>6,308,958</u>	<u>6,680,424</u>

11 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	<u>30.06.2007</u> RM'000	<u>31.12.2006</u> RM'000
<u>Non-Mudharabah Fund:</u>		
Licensed Islamic banks	44,453	34,537
Licensed banks	28,274	52,280
Licensed merchant banks	-	68,786
Other financial institutions	29,808	149,320
	<u>102,535</u>	<u>304,923</u>
<u>Mudharabah Fund:</u>		
Licensed banks	3	140,000
	<u>102,538</u>	<u>444,923</u>

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RHB ISLAMIC BANK BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2007 (CONTINUED)

12 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

Income derived from investment of depositors' funds are as follows:

	Current Half Year ended 30.06.2007 RM'000	Preceding Corresponding Half Year ended 30.06.2006 RM'000
Income derived from investment of:		
(i) General investment deposit	44,278	26,458
(ii) Other deposits	141,686	118,163
	<u>185,964</u>	<u>144,621</u>
 (i) Income derived from investment of general investment deposits		
<u>Finance income and hibah:</u>		
Financing and advances	27,580	17,556
Securities held for trading	1,757	1,140
Securities available-for-sale	415	197
Securities held-to-maturity	1,348	763
Money at call and deposit with financial institutions	7,907	4,819
	<u>39,007</u>	<u>24,475</u>
Amortisation of premium less accretion of discount	2,358	1,852
Total finance income and hibah	41,365	26,327
Other operating income (note a-c)	2,913	131
	<u>44,278</u>	<u>26,458</u>
a) Fee income :		
Commission	324	321
Guarantee fees	178	15
	<u>502</u>	<u>336</u>
b) Net gain from sale of :		
- Securities held for trading	1,684	(130)
- Securities available-for-sale	226	(206)
	<u>1,910</u>	<u>(336)</u>
c) Net unrealised gain on revaluation of securities held for trading	501	131
Total other operating income	<u>2,913</u>	<u>131</u>

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RHB ISLAMIC BANK BERHAD
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FOR THE HALF YEAR ENDED 30 JUNE 2007 (CONTINUED)

12 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS (CONTINUED)

	Current Half Year ended 30.06.2007 RM'000	Preceding Corresponding Half Year ended 30.06.2006 RM'000
(ii) Income derived from investment of other deposits		
<u>Finance income and hibah:</u>		
Financing and advances	88,253	78,474
Securities held for trading	5,620	5,230
Securities available-for-sale	1,328	878
Securities held-to-maturity	4,313	3,407
Money at call and deposit with financial institutions	25,301	21,351
	<u>124,815</u>	<u>109,340</u>
Amortisation of premium less accretion of discount	7,545	8,287
Total finance income and hibah	132,360	117,627
Other operating income (note a-c)	9,326	536
	<u>141,686</u>	<u>118,163</u>
a) Fee income :		
Commission	1,038	1,405
Guarantee fees	571	66
	<u>1,609</u>	<u>1,471</u>
b) Net gain from sale of :		
- Securities held for trading	5,390	(532)
- Securities available-for-sale	724	(868)
	<u>6,114</u>	<u>(1,400)</u>
c) Net unrealised gain on revaluation of securities held for trading	1,603	465
	<u>1,603</u>	<u>465</u>
Total other operating income	<u>9,326</u>	<u>536</u>

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RHB ISLAMIC BANK BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2007 (CONTINUED)

13 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Current Half Year ended 30.06.2007 RM'000	Preceding Corresponding Half Year ended 30.06.2006 RM'000
<u>Finance income and hibah:</u>		
Financing and advances	9,123	9,202
Securities held for trading	581	600
Securities available-for-sale	137	103
Securities held-to-maturity	447	399
Money at call and deposit with financial institutions	<u>2,615</u>	<u>2,522</u>
	12,903	12,826
Amortisation of premium less accretion of discount	<u>780</u>	971
Total finance income and hibah	13,683	13,797
Other operating income (note a-c)	<u>68,708</u>	14,677
	82,391	<u>28,474</u>
a) Fee income :		
Commission	1,315	1,451
Service charges and fees	5,635	13,039
Guarantee and underwriting fees	117	495
Other fee income	<u>47</u>	(200)
	<u>7,114</u>	<u>14,785</u>
b) Net gain from sale of :		
- Securities held for trading	61,353	(68)
- Securities available-for-sale	<u>75</u>	(107)
	<u>61,428</u>	<u>(175)</u>
c) Net unrealised gain on revaluation of securities held for trading	166	67
Total other operating income	<u>68,708</u>	<u>14,677</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2007 (CONTINUED)

14 ALLOWANCES FOR LOSSES ON FINANCING AND ADVANCES

	Current Half Year ended 30.06.2007 RM'000	Preceding Corresponding Half Year ended 30.06.2006 RM'000
Allowance for losses on financing and advances		
Specific allowance		
- Made during the financial period	17,192	4,245
- Written back	(3,120)	(1,055)
General allowance		
- Made during the financial period	7,820	476
Bad financing recovered	(3,680)	(32)
	<u>18,212</u>	<u>3,634</u>

15 INCOME ATTRIBUTABLE TO DEPOSITORS

	Current Half Year ended 30.06.2007	Preceding Corresponding Half Year ended 30.06.2006
Deposits from customers:		
- Mudharabah funds	67,856	55,393
- Non-mudharabah funds	10,643	8,752
Deposits and placements of banks and other financial institutions:		
- Mudharabah funds	2,538	4,104
- Non-mudharabah funds	2,902	11,031
	<u>83,939</u>	<u>79,280</u>

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16 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to customers. No material losses are anticipated as a result of this transaction, which needs to be adjusted.

Risk weighted exposures of the Bank are as follows:

	<u>Principal Amount</u> RM'000	<u>30.06.2007 Credit Equivalent Amount *</u> RM'000	<u>Risk Weighted Amount</u> RM'000
Transaction-related contingent items	87,922	43,961	42,709
Short-term self-liquidating trade-related contingencies	150,304	30,061	29,803
Obligations under underwriting agreements	50,000	25,000	25,000
Housing financing sold to Cagamas with recourse	38,745	38,745	19,373
Irrevocable commitments to extend credit :			
- maturity more than one year	214,293	107,146	87,416
- maturity less than one year	1,474,164	-	-
Miscellaneous	20,598	-	-
Total	<u>2,036,026</u>	<u>244,913</u>	<u>204,301</u>
		<u>31.12.2006</u>	
Transaction-related contingent items	94,141	47,071	46,259
Short-term self-liquidating trade-related Contingencies	205,560	41,112	40,790
Obligations under underwriting Agreements	50,000	25,000	25,000
Housing financing sold to Cagamas with recourse	41,064	41,064	20,532
Irrevocable commitments to extend credit :			
- maturity more than one year	335,794	167,897	147,109
- maturity less than one year	1,792,447	-	-
Miscellaneous	17,544	-	-
Total	<u>2,536,550</u>	<u>322,144</u>	<u>279,690</u>

* The credit equivalent amount is arrived at using credit conversion factors as per Bank Negara Malaysia's guidelines.

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17 PROFIT RATE RISK

The table below summarises the Bank's exposure to profit rate risk. The assets and liabilities at carrying amount are categorised by the earlier of contractual repricing or maturity dates.

	← Non-trading book →						Trading book	Total	Effective profit rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-profit sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
30.06.2007									
Assets									
Cash and short term funds	1,027,000	-	-	-	-	49,708	-	1,076,708	3.56
Deposits and placements with financial institutions	323	-	-	-	-	-	-	323	6.46
Securities held for trading	127,079	181,822	17,766	4,779	84,776	-	416,222	416,222	3.80
Securities available-for-sale	-	92,671	19,702	19,206	10,417	575	-	142,571	3.56
Securities held-to-maturity	10,000	-	120,383	590,217	125,757	-	-	846,357	4.20
Financing and advances									
- performing	443,968	699,773	991,136	583,664	1,804,052	-	-	4,522,593	5.84
- non-performing	-	-	-	-	-	115,865 *	-	115,865	-
Other assets	-	-	-	-	-	54,597	-	54,597	-
Deferred taxation assets	-	-	-	-	-	23,604	-	23,604	-
Statutory deposits	-	-	-	-	-	171,429	-	171,429	-
Property, plant and equipment	-	-	-	-	-	24,102	-	24,102	-
Total assets	1,608,370	974,266	1,148,987	1,197,866	2,025,002	439,880	416,222	7,394,371	

* This represents outstanding non-performing financing after deducting specific allowance and general allowance

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FOR THE HALF YEAR ENDED 30 JUNE 2007 (CONTINUED)

17 PROFIT RATE RISK (CONTINUED)

30.06.2007

	← Non-trading book →					Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Liabilities									
Deposits from customers	3,003,565	724,337	1,429,878	96,640	7	1,054,531	-	6,308,958	2.40
Deposits and placements of banks and other financial institutions	3	54,704	29,522	18,309	-	-	-	102,538	3.77
Bills and acceptances payable	-	-	-	-	-	22,802	-	22,802	3.69
Taxation	-	-	-	-	-	33,829	-	33,829	-
Other liabilities	-	-	-	-	-	189,783	-	189,783	-
Total liabilities	3,003,568	779,041	1,459,400	114,949	7	1,300,945	-	6,657,910	-
Total shareholders equity	-	-	-	-	-	736,461	-	736,461	-
	3,003,568	779,041	1,459,400	114,949	7	2,037,406	-	7,394,371	-
Total profit-sensitivity gap	(1,395,198)	195,225	(310,413)	1,082,917	2,051,995	(1,597,527)	416,222	-	

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17 PROFIT RATE RISK (CONTINUED)

The table below summarises the Bank's exposure to profit rate risk. The assets and liabilities at carrying amount are categorised by the earlier of contractual repricing or maturity dates.

31.12.2006	← Non-trading book →						Trading book	Total	Effective profit rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-profit sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets									
Cash and short term funds	1,293,000	-	-	-	-	21,283	-	1,314,283	3.49
Deposits and placements with financial institutions	-	1,220,000	-	-	-	-	-	1,220,000	3.61
Securities held for trading	92,595	166,745	19,427	-	35,853	-	314,620	314,620	3.94
Securities available-for-sale	3,743	-	-	14,463	-	575	-	18,781	3.59
Securities held-to-maturity	-	24,832	20,055	702,411	62,310	-	-	809,608	3.97
Financing and advances									
- performing	418,003	436,596	658,305	743,898	1,774,866	-	-	4,031,668	5.73
- non-performing	-	-	-	-	-	115,905 *	-	115,905	-
Other assets	-	-	-	-	-	68,139	-	68,139	-
Deferred taxation assets	-	-	-	-	-	21,587	-	21,587	-
Statutory deposits	-	-	-	-	-	170,429	-	170,429	-
Property, plant and equipment	-	-	-	-	-	7,245	-	7,245	-
Total assets	1,807,341	1,848,173	697,787	1,460,772	1,873,029	405,164	-	8,092,265	

* This represents outstanding non-performing financing after deducting specific allowance and general allowance.

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17 PROFIT RATE RISK (CONTINUED)

31.12.2006

	Non-trading book						Trading book	Total	Effective profit rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-profit sensitive			
	RMø000	RMø000	RMø000	RMø000	RMø000	RMø000	RMø000	%	
Liabilities									
Deposits from customers	3,409,145	1,063,863	870,685	97,034	200	1,239,497	-	6,680,424	2.40
Deposits and placements of banks and other financial institutions	240,134	79,484	78,370	46,935	-	-	-	444,923	3.71
Bills and acceptances payable	-	-	-	-	-	16,542	-	16,542	3.63
Taxation and zakat	-	-	-	-	-	17,984	-	17,984	-
Other liabilities	-	-	-	-	-	280,718	-	280,718	-
Total liabilities	3,649,279	1,143,347	949,055	143,969	200	1,554,743	-	7,440,591	
Total shareholders equity	-	-	-	-	-	651,675	-	651,674	
	3,649,279	1,143,347	949,055	143,969	200	2,206,418	-	8,092,265	
Total profit-sensitivity gap	(1,841,788)	905,760	(122,326)	1,316,803	1,872,831	(1,801,254)	314,620	-	

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18 CAPITAL ADEQUACY

	<u>30.06.2007</u> RM'000	<u>31.12.2006</u> RM'000
<u>Tier I Capital</u>		
Paid-up ordinary share capital	523,424	523,424
Retained profits	106,382	63,923
Statutory reserve	<u>106,383</u>	<u>63,923</u>
	736,189	651,270
Less :		
Deferred tax assets	<u>(23,604)</u>	<u>(21,587)</u>
Total Tier I capital	<u><u>712,585</u></u>	<u><u>629,683</u></u>
<u>Tier II Capital</u>		
General allowance for bad and doubtful financing	84,879	77,059
Total Tier II capital	<u><u>84,879</u></u>	<u><u>77,059</u></u>
Total capital base	<u><u>797,464</u></u>	<u><u>706,742</u></u>
<u>Capital ratios</u>		
Inclusive of market risk :		
Core capital ratio (inclusive of market risk)	16.08%	15.84%
Risk-weighted capital ratio (inclusive of market risk)	<u><u>17.99%</u></u>	<u><u>17.78%</u></u>

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18 CAPITAL ADEQUACY (CONTINUED)

	<u>30.06.2007</u>	
	<u>Principal</u>	<u>Risk</u>
	RM'000	RM'000
The breakdown of risk-weighted assets in the various categories of risk-weights are as follows:		
(i) Credit Risk		
0%	2,271,224	-
10%	60,363	6,036
20%	119,767	23,953
50%	1,405,078	702,539
100%	<u>3,608,150</u>	<u>3,608,150</u>
	7,646,582	4,340,679
(ii) Market Risk Capital Adequacy Framework #		
	-	91,590
	<u>7,646,582</u>	<u>4,432,269</u>

	<u>31.12.2006</u>	
	<u>Principal</u>	<u>Risk</u>
	RM'000	RM'000
The breakdown of risk-weighted assets in the various categories of risk-weights are as follows:		
(i) Credit Risk		
0%	3,364,968	-
10%	60,442	6,044
20%	230,397	46,079
50%	1,310,241	655,121
100%	<u>3,216,935</u>	<u>3,216,935</u>
	8,182,983	3,924,179
(ii) Market Risk Capital Adequacy Framework #		
	-	51,458
	<u>8,182,983</u>	<u>3,975,637</u>

The capital adequacy ratios have incorporated market risk pursuant to BNM's guideline on Market Risk Capital Adequacy Framework, which is effective from 1 April 2005.

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19 DIVIDENDS

Interim dividends proposed in respect of the half year ended 30 June 2007 are as follows:

	Gross dividend per share (sen)	<u>30.06.2007</u> Amount of dividends net of tax RM'000	Gross dividend per share (sen)	<u>31.12.2006</u> Amount of dividends net of tax RM'000
Proposed interim dividends	8	<u>30,568</u>	-	<u>-</u>

The Directors now recommend a proposed interim dividends of 8 sen per share on 523,424,002 ordinary shares, less income tax of 27%, amounting RM30,568,000 for the interim half year ended 30 June 2007.