

Company No.

680329	V
--------	---

**RHB ISLAMIC BANK BERHAD**  
(Incorporated in Malaysia)

UNAUDITED BALANCE SHEET AS AT 31 March 2008

	Note	<u>31.03.2008</u> RM'000	<u>31.12.2007</u> RM'000
<b>ASSETS</b>			
Cash and short-term funds	2	<b>1,308,713</b>	1,934,461
Deposits and placements with banks and other financial institutions	3	<b>665,730</b>	300,000
Securities held for trading	4	<b>362,477</b>	362,892
Securities available-for-sale	5	<b>131,537</b>	145,167
Securities held-to-maturity	6	<b>854,148</b>	848,737
Financing and advances	7	<b>4,485,820</b>	4,514,812
Other assets	8	<b>52,669</b>	55,752
Deferred taxation assets		<b>24,324</b>	22,956
Tax recoverable		<b>6,909</b>	2,096
Statutory deposits	9	<b>183,529</b>	187,929
Property, plant and equipment		<b>13,431</b>	12,371
Intangible assets		<b>17,263</b>	17,263
<b>TOTAL ASSETS</b>		<b><u>8,106,550</u></b>	<b><u>8,404,436</u></b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>			
Deposits from customers	10	<b>6,951,062</b>	6,849,686
Deposits and placements of banks and other financial institutions	11	<b>220,772</b>	378,041
Bills and acceptances payable		<b>8,111</b>	10,102
Other liabilities		<b>167,164</b>	427,173
		<b><u>7,347,109</u></b>	<b><u>7,665,002</u></b>
Ordinary share capital		<b>523,424</b>	523,424
Reserves		<b>236,017</b>	216,010
Shareholder's equity		<b><u>759,441</u></b>	<b><u>739,434</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b><u>8,106,550</u></b>	<b><u>8,404,436</u></b>
<b>COMMITMENTS AND CONTINGENCIES</b>	16	<b><u>2,035,199</u></b>	<b><u>2,077,585</u></b>

Company No.

680329	V
--------	---

**RHB ISLAMIC BANK BERHAD**  
(Incorporated in Malaysia)

UNAUDITED INCOME STATEMENT FOR THE INTERIM QUARTER ENDED 31 MARCH 2008

	Note	<b>Current Quarter ended 31.03.2008 RM'000</b>	Preceding Corresponding Quarter ended 31.03.2007 RMø000
Income derived from investment of depositors' funds	12	<b>86,922</b>	88,852
Income derived from investment of shareholders' funds	13	<b>12,034</b>	12,342
Allowance for losses on financing and advances	14	<b>217</b>	(3,280)
Profit equalisation reserve		<b>(4,488)</b>	(2,052)
Total distributable income		<b>94,685</b>	95,862
Income attributable to depositors	15	<b>(38,864)</b>	(42,586)
		<b>55,821</b>	53,276
Personnel expenses		<b>(8,469)</b>	(4,089)
Other overheads and expenditures		<b>(20,217)</b>	(18,264)
Profit before taxation		<b>27,135</b>	30,923
Taxation		<b>(7,175)</b>	(8,821)
Profit for the financial period		<b>19,960</b>	22,102

Company No.

680329	V
--------	---

**RHB ISLAMIC BANK BERHAD**  
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY  
FOR THE INTERIM QUARTER ENDED 31 MARCH 2008

	Share Capital RM'000	Statutory Reserve RM'000	AFS Reserves RM'000	Retained Profits RM'000	Total RM'000
<b><u>Current Quarter ended 31.03.2008</u></b>					
Balance as at 31.12.2007	523,424	123,062	454	92,494	739,434
Unrealised net gain on revaluation of securities available-for-sale	-	-	272	-	272
AFS reserve realised on disposal of AFS securities	-	-	(209)	-	(209)
Deferred taxation	-	-	(16)	-	(16)
Income and expenses recognised directly in equity	-	-	47	-	47
Profit for the financial period	-	-	-	19,960	19,960
Total recognised income and expenses for the financial year	-	-	47	19,960	20,007
Transfer to statutory reserves	-	-	-	-	-
Dividends paid during the period	-	-	-	-	-
Balance as at 31.03.2008	<u>523,424</u>	<u>123,062</u>	<u>501</u>	<u>112,454</u>	<u>759,441</u>
	Share Capital RM'000	Statutory Reserve RM'000	AFS Reserves RM'000	Retained Profits RM'000	Total RM'000
<b><u>Preceding corresponding Quarter ended 31.03.2007</u></b>					
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	-	-	(99)	-	(99)
AFS reserve realised on disposal of AFS securities	-	-	606	-	606
Deferred taxation	-	-	(136)	-	(136)
Income and expenses recognised directly in equity	-	-	371	-	371
Profit for the financial period	-	-	-	22,102	22,102
Total recognised income and expenses for the financial year	-	-	371	22,102	22,473
Transfer to statutory reserves	-	-	-	-	-
Balance as at 31.03.2007	<u>523,424</u>	<u>63,923</u>	<u>775</u>	<u>86,025</u>	<u>674,147</u>

Company No.

680329	V
--------	---

**RHB ISLAMIC BANK BERHAD**  
(Incorporated in Malaysia)

UNAUDITED CASH FLOW STATEMENT  
FOR THE INTERIM QUARTER ENDED 31 MARCH 2008

	Note	Current Quarter ended <u>31.03.2008</u> RM'000	Preceding Corresponding Quarter ended <u>31.03.2007</u> RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation and zakat for the financial period		27,135	30,923
Adjustments for:			
Depreciation of property, plant and equipment		373	204
Income from:			
- Investment on securities available-for-sale		(1,121)	(1,058)
- Investment on securities held-to-maturity		(3,316)	(2,712)
Net gain on sale of securities available-for-sale		(4,647)	(3,165)
Accretion of discount less amortisation of premium		(5,315)	(5,492)
Unrealised gain from securities held for trading		405	(528)
Allowance for losses on financing and advances		(217)	3,280
Allowance for profit equalisation reserve		4,488	2,052
Operating profit before working capital changes		<u>17,785</u>	<u>23,504</u>
(Increase)/Decrease in operating assets:			
Deposits and placements with financial institutions		(365,730)	1,219,677
Financing and advances		29,209	(144,800)
Investment on securities held for trading		9	(21,210)
Other assets		17,220	7,922
Statutory deposit with Bank Negara Malaysia		4,400	(47,900)
		<u>(297,107)</u>	<u>1,037,193</u>
Increase/(Decrease) in operating liabilities:			
Deposits from customers		96,860	437,484
Deposits and placements of banks and other financial institutions		(295,602)	(288,246)
Bills and acceptances payable		(1,991)	2,003
Other liabilities		(133,041)	(25,065)
Cash (used in) / generated from operating activities		<u>(630,881)</u>	<u>1,163,369</u>
Taxation paid		(13,370)	(12,701)
Net cash (used in) / generated from operating activities		<u>(644,251)</u>	<u>1,150,668</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(1,434)	(1,593)
Income received from disposal of:			
- Investment on securities available-for-sale		109	1,021
- Investment on securities held-to-maturity		1,585	1,211
Net proceeds from:			
- Purchase of securities available-for-sale		18,340	(67,336)
- Purchase of securities held-to-maturity		(97)	(3,219)
Net cash generated from / (used in) investing activities		<u>18,503</u>	<u>(69,916)</u>
<b>ANALYSIS OF CASH AND CASH EQUIVALENT</b>			
Net (decrease)/ increase in cash and cash equivalents		(625,748)	1,080,752
Cash and cash equivalent at beginning of year		1,934,461	1,314,283
Cash and cash equivalent at end of period		<u>1,308,713</u>	<u>2,395,035</u>

Company No.

680329	V
--------	---

**RHB ISLAMIC BANK BERHAD**  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM QUARTER ENDED 31 MARCH 2008

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>31.03.2008</u> RM'000	<u>31.12.2007</u> RM'000
Cash and balances with banks and other financial institutions	88,353	1,451
Money at call and deposit placements maturing within one month	<u>1,220,360</u>	<u>1,933,010</u>
	<u>1,308,713</u>	<u>1,934,461</u>

3 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	<u>31.03.2008</u> RM'000	<u>31.12.2007</u> RM'000
Bank Negara Malaysia	<u>665,730</u>	<u>300,000</u>

Company No.

680329	V
--------	---

**RHB ISLAMIC BANK BERHAD**  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM QUARTER ENDED 31 MARCH 2008 (CONTINUED)

4 SECURITIES HELD FOR TRADING

<u>At fair value</u>	<u>31.03.2008</u> RM'000	<u>31.12.2007</u> RM'000
<u>Money market instruments:</u>		
<u>Quoted</u>		
Government investment issues	10,093	9,869
<u>Unquoted</u>		
Bank Negara Malaysia negotiable notes	164,946	53,313
Islamic accepted bills	11,678	-
Private debt securities	175,760	299,710
Total securities held for trading	<u>362,477</u>	<u>362,892</u>

5 SECURITIES AVAILABLE-FOR-SALE

<u>At fair value</u>	<u>31.03.2008</u> RM'000	<u>31.12.2007</u> RM'000
<u>Money market instruments:</u>		
<u>Quoted</u>		
Khazanah bonds	9,841	9,738
Government investment issues	43,429	18,257
<u>Unquoted</u>		
Malaysian government treasury bills	-	38,833
Bank Negara Malaysia negotiable notes	57,387	57,375
Private debt securities	20,305	20,389
	<u>130,962</u>	<u>144,592</u>
<u>At cost</u>		
<u>Unquoted securities in Malaysia</u>		
Shares	575	575
Total securities available-for-sale	<u>131,537</u>	<u>145,167</u>

Company No.

680329	V
--------	---

**RHB ISLAMIC BANK BERHAD**  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM QUARTER ENDED 31 MARCH 2008 (CONTINUED)

6 SECURITIES HELD-TO-MATURITY

<u>At amortised cost</u>	<u>31.03.2008</u> RM'000	<u>31.12.2007</u> RM'000
<u>Money market instruments:</u>		
<u>Quoted</u>		
Cagamas mudharabah bonds	50,244	50,284
Khazanah bonds	521,366	516,703
Government Investment Issuance	83,234	82,552
<u>Unquoted</u>		
Private debt securities	199,304	199,198
Total securities held-to-maturity	<u>854,148</u>	<u>848,737</u>

7 FINANCING AND ADVANCES

(i) By type	<u>31.03.2008</u> RM'000	<u>31.12.2007</u> RM'000
Cashline	48,479	49,615
Term financing		
- housing financing	1,608,690	1,610,779
- syndicated term financing	270,538	319,793
- hire purchase receivables	669,518	506,009
- other term financing	1,042,653	1,131,094
Bills receivable	712,178	775,920
Trust receipts	14,728	9,625
Staff financing	10,152	8,908
Revolving financing	367,295	363,582
	<u>4,744,231</u>	<u>4,775,325</u>
Less: Unearned income	(95,581)	(84,229)
Gross financing and advances	<u>4,648,650</u>	<u>4,691,096</u>
Less : Allowance for bad and doubtful financing :		
- general	(82,184)	(82,948)
- specific	(80,646)	(93,336)
Net financing and advances	<u>4,485,820</u>	<u>4,514,812</u>

**RHB ISLAMIC BANK BERHAD**  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM QUARTER ENDED 31 MARCH 2008 (CONTINUED)

7 FINANCING AND ADVANCES (CONTINUED)

(ii) By type of customer		
	<b><u>31.03.2008</u></b>	<b><u>31.12.2007</u></b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic non-bank financial institutions		
- Others	23,477	25,133
Domestic business enterprises		
- Small medium enterprises	499,179	557,394
- Others	1,857,631	2,038,887
Government and statutory bodies	99,765	101,153
Individuals	2,004,033	1,942,677
Other domestic entities	13,392	14,422
Foreign entities	151,173	11,430
	<b><u>4,648,650</u></b>	<b><u>4,691,096</u></b>
(iii) Financing and advances analysed by contract are as follows:		
Bai' Bithaman Ajil	2,390,149	2,652,618
Al-Ijarah Muntahia Bittamlik / Al-Ijarah Thumma Al-Bai' (=AITAB)	709,653	632,305
Murabahah	1,155,716	1,044,896
Al-Istisna'	321,297	311,258
Others	71,835	50,019
	<b><u>4,648,650</u></b>	<b><u>4,691,096</u></b>
(iv) By profit rate sensitivity		
Fixed rate		
- Housing financing	1,608,690	1,610,779
- Hire purchase receivables	573,938	507,096
- Other fixed rate financing	1,216,578	1,374,724
Variable rate		
- Cost-plus	1,249,444	1,198,497
	<b><u>4,648,650</u></b>	<b><u>4,691,096</u></b>
(v) By purpose		
Purchase of securities	31,837	185,180
Purchase of transport vehicles	431,087	359,898
Purchase of landed property:		
- Residential	1,616,225	1,610,779
- Non-residential	130,700	121,664
Purchase of property, plant and equipment other than land and building	224,542	204,634
Personal use	22,366	23,838
Purchase of consumer durables	297	324
Construction	149,562	125,895
Working capital	1,929,331	1,944,903
Other purposes	112,703	113,981
	<b><u>4,648,650</u></b>	<b><u>4,691,096</u></b>



Company No.

680329	V
--------	---

**RHB ISLAMIC BANK BERHAD**  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM QUARTER ENDED 31 MARCH 2008 (CONTINUED)

7 FINANCING AND ADVANCES (CONTINUED)

( vi ) Movement in non-performing financing and advances	<b><u>31.03.2008</u></b>	<b><u>31.12.2007</u></b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of period/year	282,833	241,786
Classified as non-performing during the period/year	56,356	355,315
Reclassified as performing during the period/year	(52,208)	(272,723)
Amount recovered	(19,794)	(27,898)
Amount written off	<u>(21,335)</u>	<u>(13,647)</u>
At end of period/year	245,852	282,833
Specific allowance	<u>(80,646)</u>	<u>(93,336)</u>
Net non-performing financing and advances	<u>165,206</u>	<u>189,497</u>
Ratio of net non-performing financing and advances to net financing and advances	<u>3.7%</u>	<u>4.1%</u>
( vii ) Movement in allowance for bad and doubtful financing and advances		
<u>General allowance</u>		
At beginning of period	82,948	77,059
Net (reversal)/allowance made during the period/year	<u>(764)</u>	<u>5,889</u>
At end of period/year	<u>82,184</u>	<u>82,948</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	93,336	48,822
Allowance made during the period/year	3,090	61,089
Amount recovered	(2,195)	(5,682)
Amount written off	<u>(13,585)</u>	<u>(10,893)</u>
At end of period/year	<u>80,646</u>	<u>93,336</u>

Company No.

680329	V
--------	---

**RHB ISLAMIC BANK BERHAD**  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM QUARTER ENDED 31 MARCH 2008 (CONTINUED)

7 FINANCING AND ADVANCES (CONTINUED)

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

	<u>31.03.2008</u> RM'000	<u>31.12.2007</u> RM'000
Purchase of transport vehicles	307	27
Purchase of landed property:		
- Residential	165,529	170,456
- Non-residential	2,289	3,788
Personal use	5,184	5,299
Purchase of consumer durables	-	2
Construction	2,197	2,170
Working capital	70,346	101,091
	<u>245,852</u>	<u>282,833</u>

8 OTHER ASSETS

	<u>31.03.2008</u> RM'000	<u>31.12.2007</u> RM'000
Other debtors, deposits and prepayments	45,213	50,460
Income receivable	7,456	5,292
	<u>52,669</u>	<u>55,752</u>

9 STATUTORY DEPOSITS

	<u>31.03.2008</u> RM'000	<u>31.12.2007</u> RM'000
Statutory deposits with Bank Negara Malaysia	<u>183,529</u>	<u>187,929</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.

Company No.

680329	V
--------	---

**RHB ISLAMIC BANK BERHAD**  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM QUARTER ENDED 31 MARCH 2008 (CONTINUED)

10 DEPOSITS FROM CUSTOMERS

	<u>31.03.2008</u> RM'000	<u>31.12.2007</u> RM'000
<u>Non-Mudharabah Funds:</u>		
Demand deposits	2,222,551	1,901,638
Savings deposits	531,825	520,602
Negotiable certificates of deposit	92,290	91,297
	<u>2,846,666</u>	<u>2,513,537</u>
<u>Mudharabah Funds:</u>		
Demand deposits	328,957	321,276
General investment deposits	1,669,074	1,956,256
Special investment deposits	2,106,365	2,058,617
Total deposits	<u>6,951,062</u>	<u>6,849,686</u>

The deposits are sourced from the following classes of customers:

Government and statutory bodies	1,886,065	1,713,217
Business enterprises	3,967,180	4,222,990
Individuals	798,935	770,047
Others	298,882	143,432
	<u>6,951,062</u>	<u>6,849,686</u>

11 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	<u>31.03.2008</u> RM'000	<u>31.12.2007</u> RM'000
<u>Non-Mudharabah Fund:</u>		
Licensed banks	18,939	18,731
	<u>18,939</u>	<u>18,731</u>
<u>Mudharabah Fund:</u>		
Licensed Islamic banks	201,833	174,000
Licensed merchant banks	-	169,710
Other financial institutions	-	15,600
	<u>220,772</u>	<u>378,041</u>

Company No.

680329	V
--------	---

**RHB ISLAMIC BANK BERHAD**  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM QUARTER ENDED 31 MARCH 2008 (CONTINUED)

12 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

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

	<b>Current Quarter ended 31.03.2008 RM'000</b>	Preceding Corresponding Quarter ended 31.03.2007 RM'000
Income derived from investment of:		
(i) General investment deposit	24,718	18,983
(ii) Other deposits	<u>62,204</u>	<u>69,869</u>
	<u><b>86,922</b></u>	<u><b>88,852</b></u>
 (i) Income derived from investment of general investment deposits		
<u>Finance income and hibah:</u>		
Financing and advances	16,541	12,113
Securities held for trading	1,075	942
Securities available-for-sale	296	210
Securities held-to-maturity	876	538
Money at call and deposit with financial institutions	<u>4,222</u>	<u>3,616</u>
	23,010	17,419
Amortisation of premium less accretion of discount	<u>1,403</u>	<u>1,091</u>
Total finance income and hibah	24,413	18,510
Other operating income (note a-c)	<u>305</u>	<u>473</u>
	<u><b>24,718</b></u>	<u><b>18,983</b></u>
a) Fee income :		
Commission	269	303
Guarantee fees	<u>78</u>	<u>45</u>
	<u><b>347</b></u>	<u><b>348</b></u>
b) Net gain from sale of :		
- Securities held for trading	10	1,473
- Securities available-for-sale	<u>55</u>	<u>20</u>
	<u><b>65</b></u>	<u><b>1,493</b></u>
c) Net unrealised loss on revaluation of securities held for trading	<u>(107)</u>	<u>(1,368)</u>
Total other operating income	<u><b>305</b></u>	<u><b>473</b></u>

Company No.

680329	V
--------	---

**RHB ISLAMIC BANK BERHAD**  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM QUARTER ENDED 31 MARCH 2008 (CONTINUED)

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

	<b>Current Quarter ended 31.03.2008 RM'000</b>	Preceding Corresponding Quarter ended 31.03.2007 RM'000
(ii) Income derived from investment of other deposits		
<u>Finance income and hibah:</u>		
Financing and advances	41,626	44,582
Securities held for trading	2,706	3,468
Securities available-for-sale	745	773
Securities held-to-maturity	2,203	1,983
Money at call and deposit with financial institutions	10,624	13,309
	<u>57,904</u>	<u>64,115</u>
Amortisation of premium less accretion of discount	3,531	4,014
Total finance income and hibah	61,435	68,129
Other operating income (note a-c)	769	1,740
	<u>62,204</u>	<u>69,869</u>
a) Fee income :		
Commission	678	1,115
Guarantee fees	197	167
	<u>875</u>	<u>1,282</u>
b) Net gain from sale of :		
- Securities held for trading	24	5,422
- Securities available-for-sale	139	72
	<u>163</u>	<u>5,494</u>
c) Net unrealised loss on revaluation of securities held for trading	(269)	(5,036)
Total other operating income	<u>769</u>	<u>1,740</u>

Company No.

680329	V
--------	---

**RHB ISLAMIC BANK BERHAD**  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM QUARTER ENDED 31 MARCH 2008 (CONTINUED)

13 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	<b>Current Quarter ended 31.03.2008 RM'000</b>	<b>Preceding Corresponding Quarter ended 31.03.2007 RM'000</b>
<u>Finance income and hibah:</u>		
Financing and advances	4,483	4,305
Securities held for trading	291	335
Securities available-for-sale	80	75
Securities held-to-maturity	237	191
Money at call and deposit with financial institutions	<u>1,144</u>	<u>1,285</u>
	6,235	6,191
Amortisation of premium less accretion of discount	<u>380</u>	<u>388</u>
Total finance income and hibah	6,615	6,579
Other operating income (note a-c)	<u>5,419</u>	<u>5,763</u>
	<u><u>12,034</u></u>	<u><u>12,342</u></u>
a) Fee income :		
Commission	762	108
Service charges and fees	4,683	5,596
Guarantee and underwriting fees	27	16
Placement fees	-	(43)
Other fee income	<u>26</u>	<u>42</u>
	<u>5,498</u>	<u>5,719</u>
b) Net (loss)/gain from sale of :		
- Securities held for trading	(65)	524
- Securities available-for-sale	<u>15</u>	<u>7</u>
	<u>(50)</u>	<u>531</u>
c) Net unrealised loss on revaluation of securities held for trading	(29)	(487)
Total other operating income	<u>5,419</u>	<u>5,763</u>

Company No.

680329	V
--------	---

**RHB ISLAMIC BANK BERHAD**  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM QUARTER ENDED 31 MARCH 2008 (CONTINUED)

14 ALLOWANCES FOR LOSSES ON FINANCING AND ADVANCES

	<b>Current Quarter ended 31.03.2008 RM'000</b>	<b>Preceding Corresponding Quarter ended 31.03.2007 RM'000</b>
Allowance for losses on financing and advances:		
Specific allowance		
- Made during the financial period	3,090	6,093
- Written back	(2,195)	(1,569)
General allowance		
- Made during the financial period	(764)	1,420
Bad financing recovered	(348)	(2,664)
	<u>(217)</u>	<u>3,280</u>

15 INCOME ATTRIBUTABLE TO DEPOSITORS

	<b>Current Quarter ended 31.03.2008</b>	<b>Preceding Corresponding Quarter ended 31.03.2007</b>
Deposits from customers:		
- Mudharabah funds	32,275	34,562
- Non-mudharabah funds	4,918	5,194
Deposits and placements of banks and other financial institutions:		
- Mudharabah funds	1,442	1,049
- Non-mudharabah funds	229	1,781
	<u>38,864</u>	<u>42,586</u>

Company No.

680329	V
--------	---

**RHB ISLAMIC BANK BERHAD**  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM QUARTER ENDED 31 MARCH 2008 (CONTINUED)

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:

	<b>Principal Amount RM'000</b>	<b><u>31.03.2008</u> Credit Equivalent Amount * RM'000</b>	<b>Risk Weighted Amount RM'000</b>
Transaction-related contingent items	109,909	54,954	45,482
Short-term self-liquidating trade-related contingencies	182,898	36,580	36,386
Obligations under underwriting agreements	214,000	107,000	107,000
Irrevocable commitments to extend credit :			
- maturity more than one year	266,156	133,078	119,556
- maturity less than one year	1,239,706	-	-
Miscellaneous	22,530	-	-
<b>Total</b>	<b><u>2,035,199</u></b>	<b><u>331,612</u></b>	<b><u>308,424</u></b>
		<u>31.12.2007</u>	
Transaction-related contingent items	101,306	50,653	46,332
Short-term self-liquidating trade-related Contingencies	131,568	26,314	26,138
Obligations under underwriting Agreements	215,000	107,500	107,500
Housing financing sold to Cagamas with recourse	-	-	-
Irrevocable commitments to extend credit :			
- maturity more than one year	255,926	127,963	112,811
- maturity less than one year	1,355,644	-	-
Miscellaneous	18,141	-	-
<b>Total</b>	<b><u>2,077,585</u></b>	<b><u>312,430</u></b>	<b><u>292,781</u></b>

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



Company No.

680329	V
--------	---

**RHB ISLAMIC BANK BERHAD**

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM QUARTER ENDED 31 MARCH 2008 (CONTINUED)

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.

<u>31.03.2008</u>	← 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	%
<b>Assets</b>									
Cash and short term funds	1,220,360	-	-	-	-	88,353	-	1,308,713	3.58
Deposits and placements with financial institutions	665,730	-	-	-	-	-	-	665,730	3.59
Securities held for trading	31,661	54,632	164,946	73,206	38,034	-	362,477	362,477	3.75
Securities available-for-sale	-	-	67,214	28,389	35,359	575	-	131,537	3.62
Securities held-to-maturity	-	124,029	175,458	443,865	110,795	-	-	854,148	4.31
Financing and advances									
- performing	331,143	566,811	680,698	598,082	2,224,463	-	-	4,401,198	5.26
- non-performing	-	-	-	-	-	84,622 *	-	84,622	-
Other assets	-	-	-	-	-	52,669	-	52,669	-
Deferred taxation assets	-	-	-	-	-	24,324	-	24,324	-
Tax recoverable	-	-	-	-	-	6,909	-	6,909	-
Statutory deposits	-	-	-	-	-	183,529	-	183,529	-
Property, plant and equipment	-	-	-	-	-	13,431	-	13,431	-
Intangible assets	-	-	-	-	-	17,263	-	17,263	-
<b>Total assets</b>	<b>2,248,894</b>	<b>745,472</b>	<b>1,088,316</b>	<b>1,143,542</b>	<b>2,408,651</b>	<b>471,675</b>	<b>362,477</b>	<b>8,106,550</b>	

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

Company No.

680329	V
--------	---

**RHB ISLAMIC BANK BERHAD**

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE INTERIM QUARTER ENDED 31 MARCH 2008 (CONTINUED)

17 PROFIT RATE RISK (CONTINUED)

**31.03.2008**

	← 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		
<b>Liabilities</b>									
Deposits from customers	3,294,860	1,171,331	903,287	67,418	4	1,514,162	-	6,951,062	2.27
Deposits and placements of banks and other financial institutions	201,833	-	-	18,939	-	-	-	220,772	3.45
Bills and acceptances payable	-	-	-	-	-	8,111	-	8,111	3.70
Other liabilities	-	-	-	-	-	167,164	-	167,164	-
Total liabilities	3,496,693	1,171,331	903,287	86,357	4	1,689,437	-	7,347,109	-
Total shareholders equity	-	-	-	-	-	759,441	-	759,441	-
	3,496,693	1,171,331	903,287	86,357	4	2,448,878	-	8,106,550	-
<b>Total profit-sensitivity gap</b>	<b>(1,247,799)</b>	<b>(425,859)</b>	<b>185,029</b>	<b>1,057,185</b>	<b>2,080,647</b>				

Company No.

680329	V
--------	---

**RHB ISLAMIC BANK BERHAD**

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM QUARTER ENDED 31 MARCH 2008 (CONTINUED)

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.

31.12.2007	← 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	1,933,010	-	-	-	-	1,451	-	1,934,461	3.57
Deposits and placements with financial institutions	300,000	-	-	-	-	-	-	300,000	3.54
Securities held for trading	-	-	-	-	-	-	362,892	362,892	3.84
Securities available-for-sale	-	-	105,946	23,239	15,407	575	-	145,167	3.57
Securities held-to-maturity	-	-	291,680	438,492	118,565	-	-	848,737	4.25
Financing and advances									
- performing	470,851	465,886	704,696	982,180	1,784,650	-	-	4,408,263	5.78
- non-performing	-	-	-	-	-	106,549 *	-	106,549	-
Other assets	-	-	-	-	-	55,752	-	55,752	-
Deferred taxation assets	-	-	-	-	-	22,956	-	22,956	-
Tax recoverable	-	-	-	-	-	2,096	-	2,096	-
Statutory deposits	-	-	-	-	-	187,929	-	187,929	-
Property, plant and equipment	-	-	-	-	-	12,371	-	12,371	-
Intangible asset	-	-	-	-	-	17,263	-	17,263	-
Total assets	2,703,861	465,886	1,102,322	1,443,911	1,918,622	406,942	362,892	8,404,436	

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

Company No.

680329	V
--------	---

**RHB ISLAMIC BANK BERHAD**

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM QUARTER ENDED 31 MARCH 2008 (CONTINUED)

17 PROFIT RATE RISK (CONTINUED)

31.12.2007

	← 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				
	RMø000	RMø000	RMø000	RMø000	RMø000	RMø000	RMø000	RMø000	%
Liabilities									
Deposits from customers	3,313,239	1,042,045	1,177,908	65,784	-	1,250,710	-	6,849,686	2.38
Deposits and placements of banks and other financial institutions	378,041	-	-	-	-	-	-	378,041	3.84
Bills and acceptances payable	-	-	-	-	-	10,102	-	10,102	3.75
Other liabilities	-	-	-	-	-	427,173	-	427,173	-
Total liabilities	3,691,280	1,042,045	1,177,908	65,784	-	1,687,985	-	7,665,002	
Total shareholders equity	-	-	-	-	-	739,434	-	739,434	
	<u>3,691,280</u>	<u>1,042,045</u>	<u>1,177,908</u>	<u>65,784</u>	<u>-</u>	<u>2,427,419</u>	<u>-</u>	<u>8,404,436</u>	
Total profit-sensitivity gap	<u>(987,419)</u>	<u>(576,159)</u>	<u>(75,586)</u>	<u>1,378,127</u>	<u>1,918,622</u>				

Company No.

680329	V
--------	---

**RHB ISLAMIC BANK BERHAD**  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM QUARTER ENDED 31 MARCH 2008 (CONTINUED)

18 CAPITAL ADEQUACY

	<u><b>31.03.2008</b></u> RM'000	<u><b>31.12.2007</b></u> RM'000
<u>Tier I Capital</u>		
Paid-up ordinary share capital	523,424	523,424
Retained profits	92,494	92,494
Statutory reserve	<u>123,062</u>	<u>123,062</u>
	<b>738,980</b>	738,980
Less :		
Deferred tax assets	<b>(22,956)</b>	(22,956)
Total Tier I capital	<u><b>716,024</b></u>	<u>716,024</u>
<u>Tier II Capital</u>		
General allowance for bad and doubtful financing	<b>82,184</b>	82,948
Total Tier II capital	<u><b>82,184</b></u>	<u>82,948</u>
Total capital base	<u><b>798,208</b></u>	<u><b>798,972</b></u>
<u>Capital ratios</u>		
Core capital ratio	<b>12.55%</b>	12.79%
Risk-weighted capital ratio	<u><b>13.99%</b></u>	<u>14.28%</u>

Company No.	
680329	V

**RHB ISLAMIC BANK BERHAD**  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM QUARTER ENDED 31 MARCH 2008 (CONTINUED)

18 CAPITAL ADEQUACY (CONTINUED)

	<u>31.03.2008</u>	
	<u>Principal</u>	<u>Risk</u>
	RM'000	Weighted RM'000
The breakdown of risk-weighted assets in the various categories of risk-weights are as follows:		
(i) Credit Risk		
0%	2,370,985	-
20%	589,957	117,991
75%	1,868,721	1,401,541
100%	3,383,533	3,383,533
150%	166,805	250,208
	<u>8,380,001</u>	<u>5,153,273</u>
(ii) Market Risk Capital Adequacy Framework #	-	84,364
	<u>8,380,001</u>	<u>5,237,637</u>
(iii) Basic Indicator Operational Risk Capital Charge ^	-	467,001
	<u>8,380,001</u>	<u>5,704,638</u>

	<u>31.12.2007</u>	
	<u>Principal</u>	<u>Risk</u>
	RM'000	Weighted RM'000
The breakdown of risk-weighted assets in the various categories of risk-weights are as follows:		
(i) Credit Risk		
0%	2,650,879	-
20%	703,234	140,647
75%	1,551,864	1,163,898
100%	3,774,935	3,774,935
150%	-	-
	<u>8,680,912</u>	<u>5,079,480</u>
(ii) Market Risk Capital Adequacy Framework #	-	89,414
	<u>8,680,912</u>	<u>5,168,894</u>
(iii) Basic Indicator Operational Risk Capital Charge ^	-	429,444
	<u>8,680,912</u>	<u>5,598,338</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.

^ The capital adequacy ratios have incorporated operational risk pursuant to BNM's guideline on Capital Adequacy Framework for Islamic Banks (-CAFIB), which is effective from 31 January 2008.