

RHB ISLAMIC BANK BERHAD (680329 – V)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2012

	Note	Unaudited As at 31.03.2012 RM'000	Restated As at 31.12.2011 RM'000	As at 01.01.2011 RM'000
ASSETS				
Cash and short-term funds		5,382,133	5,614,932	1,076,905
Deposits and placements with banks and other financial institutions		189,457	70,077	40,062
Financial assets held-for-trading	8	257,219	433,531	218,928
Financial investments available-for-sale	9	2,140,417	1,673,683	1,787,265
Financial investments held-to-maturity	10	1,376,147	1,398,138	1,073,159
Financing and advances	11	13,064,420	12,732,595	8,652,397
Other assets	12	27,391	87,194	42,830
Derivative assets		-	-	1,369
Statutory deposits with Bank Negara Malaysia		593,955	606,455	105,140
Tax recoverable		-	8,702	-
Deferred tax assets		-	3,769	46,195
Property, plant and equipment		21,231	21,241	21,547
TOTAL ASSETS		23,052,370	22,650,317	13,065,797
LIABILITIES AND EQUITY				
Deposits from customers	13	18,544,670	17,050,096	9,946,582
Deposits and placements of banks and other financial institutions	14	2,650,136	3,761,867	2,066,993
Bills and acceptances payable		13,503	13,773	12,124
Derivative liabilities		21,673	36,659	-
Recourses obligations financing sold to Cagamas		250,107	-	-
Other liabilities	15	143,087	446,781	101,286
Taxation		8,617	-	170
Deferred tax liabilities		2,948	-	-
TOTAL LIABILITIES		21,634,741	21,309,176	12,127,155
Ordinary share capital		773,424	773,424	523,424
Reserves		644,205	567,717	415,218
TOTAL EQUITY		1,417,629	1,341,141	938,642
TOTAL LIABILITIES AND EQUITY		23,052,370	22,650,317	13,065,797
COMMITMENTS AND CONTINGENCIES	20	7,593,146	7,283,588	3,519,220

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2011.

RHB ISLAMIC BANK BERHAD (680329 – V)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS
INCOME STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2012

	Note	Current Financial Quarter ended 31.03.2012 RM'000	Restated Preceding Corresponding Financial Quarter ended 31.03.2011 RM'000
Income derived from investment of depositors' funds	16	239,678	143,946
Income derived from investment of shareholder's funds	17	31,263	19,318
Allowance for impairment on financing and advances	18	15,142	(16,330)
Profit equalisation reserve		7,252	(4,441)
Total distributable income		293,335	142,493
Income attributable to depositors	19	(152,690)	(70,351)
		140,645	72,142
Personnel expenses		(15,890)	(15,778)
Other overheads and expenditures		(24,027)	(21,375)
Profit before taxation		100,728	34,989
Taxation		(25,109)	(8,950)
Net profit for the financial period		75,619	26,039
Basic earnings per share (sen)		9.78	4.97

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2011.

RHB ISLAMIC BANK BERHAD (680329 – V)
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UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2012

	Current Financial Quarter ended 31.03.2012 RM'000	Restated Preceding Corresponding Financial Quarter ended 31.03.2011 RM'000
Net profit for the financial period	<u>75,619</u>	<u>26,039</u>
Other comprehensive income/(loss):		
Financial investments available-for-sale		
- Unrealised net gain on revaluation	6,135	(4,573)
- Net transfer to income statement on disposal or impairment	(4,977)	(975)
Income tax relating to components of other comprehensive loss	(289)	1,352
Other comprehensive income/(loss) for the financial period	<u>869</u>	<u>(4,196)</u>
Total comprehensive income for the financial period	<u><u>76,488</u></u>	<u><u>21,843</u></u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2011.

RHB ISLAMIC BANK BERHAD (680329 – V)
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UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2012

	<u>Share capital</u> RM'000	<u>Non distributable</u>		<u>Distributable</u>	<u>Total</u> RM'000
		<u>Statutory reserve</u> RM'000	<u>AFS reserves</u> RM'000	<u>Retained profits</u> RM'000	
Balance as at 1 January 2012					
- As previously stated	773,424	280,411	7,103	271,298	1,332,236
- Effect of adoption of MFRS 139	-	-	-	8,905	8,905
- As restated	<u>773,424</u>	<u>280,411</u>	<u>7,103</u>	<u>280,203</u>	<u>1,341,141</u>
Net profit for the financial period	-	-	-	75,619	75,619
Other comprehensive income/(loss):					
Financial investments available-for-sale					
- Unrealised net profit on revaluation	-	-	6,135	-	6,135
- Net transfer to income statement on disposal or impairment	-	-	(4,977)	-	(4,977)
Income tax relating to components of other comprehensive loss	-	-	(289)	-	(289)
Total comprehensive income/(loss) for the financial period	-	-	869	75,619	76,488
Balance as at 31 March 2012	<u><u>773,424</u></u>	<u><u>280,411</u></u>	<u><u>7,972</u></u>	<u><u>355,822</u></u>	<u><u>1,417,629</u></u>

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RHB ISLAMIC BANK BERHAD (680329 – V)
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UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2012

	<u>Share capital</u> RM'000	<u>Non distributable</u>		<u>Distributable</u>	<u>Total</u> RM'000
		<u>Statutory reserve</u> RM'000	<u>AFS reserves</u> RM'000	<u>Retained profits</u> RM'000	
Balance as at 1 January 2011					
- As previously stated	523,424	231,484	7,386	222,371	984,665
- Effect of adoption of MFRS 139	-	-	-	(46,023)	(46,023)
- As restated	523,424	231,484	7,386	176,348	938,642
Net profit for the financial period	-	-	-	26,039	26,039
Other comprehensive income/(loss):					
Financial investments available-for-sale					
- Unrealised net profit on revaluation	-	-	(4,573)	-	(4,573)
- Net transfer to income statement on disposal or impairment	-	-	(975)	-	(975)
Income tax relating to components of other comprehensive loss	-	-	1,352	-	1,352
Total comprehensive (loss)/income for the financial period	-	-	(4,196)	26,039	21,843
Balance as at 31 March 2011	<u>523,424</u>	<u>231,484</u>	<u>3,190</u>	<u>202,387</u>	<u>960,485</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2011.

RHB ISLAMIC BANK BERHAD (680329 – V)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2012

	Three months ended	
	31.03.2012	Restated 31.03.2011
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	100,728	34,989
Adjustment for non-cash items	(40,692)	(13,750)
Operating profit before changes in working capital	60,036	21,239
Changes in working capital:		
Net changes in operating assets	(181,191)	(414,897)
Net changes in operating liabilities	299,314	1,050,702
	178,159	657,044
Taxation paid	(1,362)	(14,018)
Net cash generated from operating activities	176,797	643,025
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(435)	(1,244)
Net purchase of financial investments available-for-sale	(454,672)	5,424
Net redemption /(purchase) of financial investments held-to-maturity	20,487	(37,832)
Income received from financial investments available-for-sale	10,876	13,970
Income received from financial investments held-to-maturity	15,833	12,263
Net cash used in investing activities	(407,911)	(7,419)
Net (decrease)/increase in cash and cash equivalents	(231,114)	635,606
Cash and cash equivalents brought forward	5,614,932	1,076,905
Cash and cash equivalents carried forward	5,383,818	1,712,511
ANALYSIS OF CASH AND CASH EQUIVALENT		
Cash and short-term funds	5,383,818	1,712,511

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2011.

RHB ISLAMIC BANK BERHAD (680329 – V)
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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2012

1 BASIS OF PREPARATION

The Malaysian Accounting Standard Board ('MASB') has announced on 19 November 2011 that Malaysian reporting entities are required to comply with the new International Financial Reporting Standards ('IFRS') compliant framework, Malaysia Financial Reporting Standards ('MFRS') for financial year commencing on or after 1 January 2012.

The Bank revised its accounting policies on 1 January 2012 to enable the preparation of financial statements that comply with MFRS. This condensed financial statements is the Bank's first financial report prepared in accordance with MFRS and MFRS 1: 'First Time Adoption of MFRS', and has been applied retrospectively as if the requirements of MFRSs have always been applied by the Bank from transition date of 1 January 2011. The Bank does not take advantage on certain mandatory exceptions and optional exceptions provided in MFRS 1 for first time adoption of MFRS.

The interim financial statements are unaudited and has been prepared in compliance with Malaysian Financial Reporting Standard ('MFRS') 134, 'Interim Financial Reporting' issued by the MASB and should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2011.

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 2011, except for the adoption of the following relevant accounting standards, amendments to published accounting standards and interpretations to existing accounting standards which are effective from 1 January 2012:

- MFRS 1	First-Time Adoption of MFRS
- MFRS 139	Financial Instruments: Recognition and Measurement
- The revised MFRS 124	Related Party Disclosures
- Amendment to MFRS 112	Income Taxes
- Amendment to MFRS 1	First Time Adoption on Fixed Dates and Hyperinflation
- Amendment to MFRS 7	Financial Instruments: Disclosures on Transfers of Financial Assets
- Amendment to MFRS 101	Presentation of Items of Other Comprehensive Income
- IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of the above accounting standards, amendments to published accounting standards and interpretations to existing accounting standards does not give rise to any material financial effects to the Bank, except for the adoption of MFRS 139.

Previously, the Bank applied the Amendment to FRS 139, which included an additional transitional arrangement for financial sectors, whereby the BNM may prescribed the use of an alternative basis for collective assessment of impairments in financing and advances. This transitional arrangement is prescribed in BNM's Guidelines on Classification and Impairment Provisions for Loans/Financing issued on 8 January 2010 and subsequently updated on 26 January 2010 and 17 December 2010, whereby banking institutions are required to maintain collective allowances of at least 1.5% of total outstanding financing and advances, net of individual impairment allowances under the transitional provisions in the guidelines.

With effective from 1 January 2012, BNM has removed the transitional provision for banking institution on collective evaluation of financing impairment assessment and financing loss provisioning to comply with MFRS 139 requirements. Exposures not individually known to be impaired are placed into pools of similar assets with similar risk characteristics to be collectively assessed for losses that have been incurred but not identified yet. The required financing loss allowance is estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the collective pool. The historical loss experience is adjusted based on current observable data.

Previously, when a collectively assessed financing and receivable is deemed impaired, the Bank reversed out the profit income previously recognised in income statements and set off against the profit income receivable in the statements of financial position.

Upon the adoption of MFRS 139, with effect from 1 January 2012, once a collectively assessed financing and advances and receivables has been written down as a result of an impairment loss, profit income is thereafter recognised using the original effective profit rate in the income statements.

The change in accounting policies mentioned above have been accounted for retrospectively by re-measuring the relevant financial assets, as appropriate, and recording any adjustments to the previous carrying amounts to the Bank's opening retained profits. As such, comparatives have been restated to conform with current year's presentation. The principal effects of the changes in accounting policies arising from the adoption of MFRS 139 are disclosed in Note 28.

RHB ISLAMIC BANK BERHAD (680329 – V)
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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2012 (CONTINUED)**

2 AUDITORS' REPORT

The auditors' report for the financial year ended 31 December 2011 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 EXTRAORDINARY ITEMS

There were no exceptional or unusual items for the three months ended 31 March 2012.

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 three months ended 31 March 2012.

6 CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period under review.

7 DIVIDENDS PAID

No dividend has been paid during the three months ended 31 March 2012.

RHB ISLAMIC BANK BERHAD (680329 – V)
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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2012 (CONTINUED)**

8 FINANCIAL ASSETS HELD-FOR-TRADING

	Unaudited	Audited
	As at	As at
	31.03.2012	31.12.2011
	RM'000	RM'000
At fair value		
<u>Money market instruments:</u>		
Malaysian government investment issues	10,502	51,312
BNM monetary notes	98,930	306,912
Wakala Global Sukuk	19,545	16,495
Khazanah bonds	-	53,768
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Private debt securities	128,242	5,044
	257,219	433,531

9 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Unaudited	Audited
	As at	As at
	31.03.2012	31.12.2011
	RM'000	RM'000
At fair value		
<u>Money market instruments:</u>		
Malaysian government investment issues	1,038,039	869,507
Cagamas Bonds and Cagamas Mudharabah Bonds	249,886	-
Wakala Global Sukuk	19,158	23,510
Khazanah Bonds	54,564	-
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Private debt securities	778,195	780,091
	2,139,842	1,673,108
At cost		
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Shares in Islamic Bank and Financial Institutions of Malaysia ('IBFIM')	575	575
	2,140,417	1,673,683

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2012 (CONTINUED)

10 FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Unaudited	Audited
	As at	As at
	31.03.2012	31.12.2011
	RM'000	RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian government investment issues	802,717	795,980
Cagamas bonds and Cagamas Mudharabah bonds	272,356	193,776
Khazanah bonds	8,423	8,346
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Private debt securities	292,651	400,036
	<u>1,376,147</u>	<u>1,398,138</u>

RHB ISLAMIC BANK BERHAD (680329 – V)
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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2012 (CONTINUED)

11 FINANCING AND ADVANCES

(i) By type

	Unaudited	Restated
	As at	As at
	31.03.2012	31.12.2011
	RM'000	RM'000
At amortised cost		
Cashline	120,329	120,228
Term financing		
- housing financing	2,913,182	2,752,867
- syndicated term financing	540,704	337,578
- hire purchase receivables	3,692,716	3,548,299
- other term financing	5,034,605	5,347,288
Bills receivables	731,098	524,048
Trust receipts	19,025	19,708
Staff financing	9,950	10,067
Credit/charge cards receivables	74,403	47,904
Revolving financing	237,128	351,768
Gross financing and advances	13,373,140	13,059,755
Allowances for bad and doubtful financing:		
- individual impairment allowance	(127,857)	(130,724)
- collective impairment allowance	(180,863)	(196,436)
Net financing and advances	13,064,420	12,732,595

(ii) By type of customer

Domestic non-bank financial institutions		
- Others	58,258	57,842
Domestic business enterprise		
- Small medium enterprise	814,374	831,389
- Others	3,147,011	3,127,947
Government and statutory bodies	3,342,479	3,463,352
Individuals	5,750,329	5,311,200
Other domestic entities	401	281
Foreign entities	260,288	267,744
Gross financing and advances	13,373,140	13,059,755

RHB ISLAMIC BANK BERHAD (680329 – V)
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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2012 (CONTINUED)

11 FINANCING AND ADVANCES (CONTINUED)

	Unaudited	Restated
	As at	As at
	31.03.2012	31.12.2011
	RM'000	RM'000
(iii) By type of contract		
Bai' Bithaman Ajil ('BBA')	1,280,261	1,409,405
Ijarah	4,474,885	4,352,460
Murabahah	1,979,830	1,657,958
Musyarakah	1,861,903	1,658,224
Istisna'	231,820	340,447
Bai'Inah	3,436,022	3,550,837
Others	108,419	90,424
Gross financing and advances	<u>13,373,140</u>	<u>13,059,755</u>
(iv) By profit rate sensitivity		
Fixed rate		
- Housing financing	1,040,740	1,083,846
- Hire-purchase receivables	3,692,716	3,548,299
- Other fixed rate financing	4,586,839	4,142,517
Variable rate		
- BFR-plus	3,302,722	3,741,336
- Cost-plus	750,123	543,757
Gross financing and advances	<u>13,373,140</u>	<u>13,059,755</u>
(v) By purpose		
Purchase of securities	8,610	8,610
Purchase of transport vehicles	3,619,470	3,481,840
Purchase of landed property:		
- Residential	2,814,610	2,788,300
- Non-residential	214,670	199,920
Purchase of property, plant and equipment other than land and building	388,530	469,090
Personal use	299,860	234,650
Credit card	74,403	47,904
Purchase of consumer durables	40	50
Construction	541,990	478,800
Working capital	1,692,550	1,517,800
Other purposes	3,718,407	3,832,791
Gross financing and advances	<u>13,373,140</u>	<u>13,059,755</u>

Included in other purposes are financing to the Government of Malaysia ('GoM') and its related agency for the purpose of education and government's staff housing financing.

RHB ISLAMIC BANK BERHAD (680329 – V)
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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2012 (CONTINUED)

11 FINANCING AND ADVANCES (CONTINUED)

	Unaudited As at 31.03.2012 RM'000	Restated As at 31.12.2011 RM'000
(vi) The remaining contractual maturities		
Maturing within one year	1,417,886	1,452,637
One to three years	295,944	439,081
Three to five years	1,507,312	1,625,194
Over five years	10,151,998	9,542,843
Gross financing and advances	<u>13,373,140</u>	<u>13,059,755</u>
(viii) Impaired financing and advances		
(a) Movement in gross impaired financing and advances are as follows:		
Balance as at the beginning of the financial period/year		
- As previously stated	543,076	628,251
- Effect of full adoption of MFRS 139	17,541	30,502
- As restated	<u>560,617</u>	658,753
Classified as impaired during the financial period/year	78,639	280,102
Amount recovered	(75,737)	(81,975)
Amount written off	(3,510)	(57,649)
Reclassified as non-impaired during the financial period/year	<u>(63,750)</u>	(238,614)
Balance as at the end of the financial period/year	<u>496,259</u>	<u>560,617</u>

RHB ISLAMIC BANK BERHAD (680329 – V)
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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2012 (CONTINUED)

11 FINANCING AND ADVANCES (CONTINUED)

	Unaudited As at 31.03.2012 RM'000	Restated As at 31.12.2011 RM'000
(viii) Impaired financing and advances (continued)		
(b) By purpose		
Purchase of transport vehicles	35,809	21,890
Purchase of landed property:		
- Residential	153,729	171,805
- Non-residential	13,661	13,879
Purchase of property, plant and equipment other than land and building	12,241	68,610
Personal use	5,835	5,389
Credit card	793	157
Construction	1,385	1,409
Working capital	266,643	275,676
Other purposes	6,163	1,802
Gross impaired financing and advances	496,259	560,617
(c) Movement in allowance for impaired financing and advances		
<u>Individual impairment allowance</u>		
Balance as at the beginning of the financial period/year		
- As previously stated	130,724	163,440
- Effect of full adoption of MFRS 139	-	-
- As restated	130,724	163,440
Net allowance (recovered)/made during the financial period/year	(2,867)	10,226
Amount written off	-	(42,942)
Balance as at the end of the financial period/year	127,857	130,724
<u>Collective impairment allowance</u>		
Balance as at the beginning of the financial period/year		
- As previously stated	190,768	158,828
- Effect of full adoption of MFRS 139	5,668	91,864
- As restated	196,436	250,692
Net allowance (recovered)/made during the financial period/year	(12,117)	(26,472)
Amount written off	(3,456)	(27,785)
Balance as at the end of the financial period/year	180,863	196,436

RHB ISLAMIC BANK BERHAD (680329 – V)
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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2012 (CONTINUED)

12 OTHER ASSETS

	Unaudited As at 31.03.2012 RM'000	Audited As at 31.12.2011 RM'000
Deposits and prepayments	1,305	945
Sundry deposits debtors	1,240	1,240
Other debtors	24,846	85,009
	27,391	87,194

13 DEPOSITS FROM CUSTOMERS

	Unaudited As at 31.03.2012 RM'000	Audited As at 31.12.2011 RM'000
<u>Non-Mudharabah Funds</u>		
Demand deposits	1,703,173	1,635,227
Savings deposits	663,983	638,101
Commodity Murabahah	3,677,803	3,117,224
Wakalah Money Market Deposit	340,190	-
	6,385,149	5,390,552
<u>Mudharabah Funds:</u>		
Demand deposits	492,119	405,040
Savings deposits	16,070	12,712
General investment accounts	752,067	682,066
Special investment accounts	10,899,265	10,559,726
	18,544,670	17,050,096

(a) The maturity structure of investment accounts, commodity murabahah and negotiable Islamic debt certificates are as follows:

Due within six months	13,917,811	13,446,439
Six months to one year	1,703,432	874,109
One year to three years	41,430	34,707
Three years to five years	6,652	3,761
	15,669,325	14,359,016

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

Government and statutory bodies	4,897,937	5,332,891
Business enterprises	8,937,786	7,094,590
Individuals	1,190,220	1,171,292
Others	3,518,727	3,451,323
	18,544,670	17,050,096

RHB ISLAMIC BANK BERHAD (680329 – V)
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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2012 (CONTINUED)

14 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Unaudited As at 31.03.2012 RM'000	Audited As at 31.12.2011 RM'000
<u>Non-Mudharabah Funds:</u>		
Licensed Islamic banks	467,885	1,076,703
Licensed banks	269,761	721,154
Licensed investment banks	-	100,035
Bank Negara Malaysia	<u>702</u>	<u>35,263</u>
	738,348	1,933,155
<u>Mudharabah Funds:</u>		
Licensed Islamic banks	1,277,584	1,003,049
Licensed banks	515,012	725,572
Other financial institutions	<u>119,192</u>	<u>100,091</u>
	<u>2,650,136</u>	<u>3,761,867</u>

15 OTHER LIABILITIES

	Unaudited As at 31.03.2012 RM'000	Audited As at 31.12.2011 RM'000
Sundry creditors	17,404	11,511
Profit equalisation reserve	-	7,252
Amount due to holding company	98,044	386,227
Other accruals and payables	<u>27,639</u>	<u>41,791</u>
	<u>143,087</u>	<u>446,781</u>

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16 INCOME DERIVED FROM INVESTMENTS OF DEPOSITORS' FUNDS

	Current Financial Quarter ended 31.03.2012 RM'000	Restated Preceding Corresponding Financial Quarter ended 31.03.2011 RM'000
Income derived from investment of:		
(i) General investment deposit	7,972	15,335
(ii) Other deposits	<u>231,706</u>	<u>128,611</u>
	<u>239,678</u>	<u>143,946</u>
 (i) Income derived from investment of general investments deposits		
<u>Finance income and hibah</u>		
Financing and advances	5,212	11,445
Financial assets held-for-trading	82	47
Financial investments available-for-sale	542	1,702
Financial investments held-to-maturity	460	1,153
Money at call and deposit with financial institutions	<u>1,294</u>	<u>598</u>
Total finance income and hibah	<u>7,590</u>	<u>14,945</u>
Other operating income (note a to c)	<u>382</u>	<u>390</u>
	<u>7,972</u>	<u>15,335</u>
 Of which:		
Financing income earned on impaired financing	<u>355</u>	<u>623</u>
 Other operating income comprise of:		
(a) Fee income:		
Commission	41	134
Guarantee fees	<u>7</u>	<u>30</u>
	<u>48</u>	<u>164</u>
 (b) Net gain on disposal of financial assets held-for-trading	127	130
 (c) Net gain on disposal of financial investments available-for-sale	<u>207</u>	<u>96</u>
	<u>382</u>	<u>390</u>

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16 INCOME DERIVED FROM INVESTMENTS OF DEPOSITORS' FUNDS (CONTINUED)

	Current Financial Quarter ended 31.03.2012 RM'000	Restated Preceding Corresponding Financial Quarter ended 31.03.2011 RM'000
<p>(ii) Income derived from investment of other deposits:</p>		
<p><u>Finance income and hibah</u></p>		
Financing and advances	151,458	95,943
Financial assets held-for-trading	2,357	390
Financial investments available-for-sale	15,761	14,276
Financial investments held-to-maturity	13,363	9,672
Money at call and deposit with financial institutions	37,629	5,016
Total finance income and hibah	<u>220,568</u>	<u>125,297</u>
Other operating income (note a to c)	<u>11,138</u>	<u>3,314</u>
	<u>231,706</u>	<u>128,611</u>
<p>Of which:</p>		
Financing income earned on impaired financing	<u>8,435</u>	<u>5,202</u>
<p>Other operating income comprise of:</p>		
<p>(a) Fee income:</p>		
Commission	1,183	1,145
Guarantee fees	242	256
	<u>1,425</u>	<u>1,401</u>
(b) Net gain on disposal of financial assets held-for-trading	3,686	1,106
(c) Net gain on disposal of financial investment available-for-sale	6,027	807
	<u>11,138</u>	<u>3,314</u>

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17 INCOME DERIVED FROM INVESTMENTS OF SHAREHOLDERS' FUNDS

	Current Financial Quarter ended 31.03.2012 RM'000	Restated Preceding Corresponding Financial Quarter ended 31.03.2011 RM'000
<u>Finance income and hibah</u>		
Financing and advances	5,733	8,479
Financial assets held-for-trading	89	35
Financial investments available-for-sale	597	1,262
Financial investments held-to-maturity	506	855
Money at call and deposit with financial institutions	1,424	443
Total finance income and hibah	<u>8,349</u>	<u>11,074</u>
Other operating income (note a to e)	<u>22,914</u>	<u>8,244</u>
	<u>31,263</u>	<u>19,318</u>
Of which:		
Financing income earned on impaired financing	<u>259</u>	<u>459</u>
Other operating income comprise of:		
(a) Fee income:		
Commission	1,136	571
Service charges and fees	8,222	3,346
Guarantee and underwriting fees	325	332
	<u>9,683</u>	<u>4,249</u>
(b) Net gain on financial assets held-for-trading - net gain on disposal	141	99
(c) Net gain on revaluation of derivatives	11,960	4,214
(d) Net gain on disposal of financial investment available-for-sale	227	71
(e) Other income		
Foreign exchange gain/(loss)		
- realised	871	(389)
- unrealised	(19)	(17)
Gain on disposal of property, plant and equipment	40	17
Other non-operating income	11	-
	<u>13,231</u>	<u>3,995</u>
	<u>22,914</u>	<u>8,244</u>

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18 ALLOWANCES FOR IMPAIRMENT ON FINANCING AND ADVANCES

	Current Financial Quarter ended 31.03.2012 RM'000	Restated Preceding Corresponding Financial Quarter ended 31.03.2011 RM'000
Allowance for impairment on financing and advances:		
- Individual assessment allowance	(2,867)	(1,929)
- Collective assessment allowance	(12,117)	19,222
- Impaired financing recovered	(1,471)	(963)
- Impaired financing written off	1,313	-
	<u>(15,142)</u>	<u>16,330</u>

19 INCOME ATTRIBUTABLE TO DEPOSITORS

	Current Financial Quarter ended 31.03.2012 RM'000	Preceding Corresponding Financial Quarter ended 31.03.2011 RM'000
Deposits from customers:		
- Mudharabah funds	96,667	50,490
- Non-mudharabah funds	32,317	7,129
Deposits and placements of banks and financial institutions		
- Mudharabah funds	12,469	7,682
- Non-mudharabah funds	11,237	5,050
	<u>152,690</u>	<u>70,351</u>

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20 COMMITMENTS AND CONTINGENCIES

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

	Unaudited As at 31.03.2012			Audited As at 31.12.2011		
	Principal amount	Credit equivalent amount	Risk weighted amount	Principal amount	Credit equivalent amount	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	23	23	23	35	35	35
Transaction-related contingent items	81,611	40,805	29,140	94,558	47,279	35,465
Short term self-liquidating trade-related contingencies	47,481	9,496	1,002	42,424	8,485	967
Obligations under underwriting agreements	191,000	95,500	95,500	208,500	104,250	104,250
Assets sold with recourse	245,834	245,834	184,376	-	-	-
Irrevocable commitments to extend credit						
- maturity more than one year	2,239,209	899,506	797,723	2,280,366	456,073	394,697
- maturity less than one year	1,465,623	293,125	278,483	1,686,599	337,320	337,320
Foreign exchange related contracts:						
- less than one year	722,365	12,156	5,068	371,106	4,948	1,762
Profit rate related contracts:						
- one year to less than five years	2,600,000	47,250	23,625	2,600,000	49,500	24,750
Total	7,593,146	1,643,695	1,414,940	7,283,588	1,007,890	899,246

The credit equivalent and Risk Weighted Assets ('RWA') for the Bank are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks ('CAFIB'): Standardised Approach for Credit and Market Risk, and Basic Indicator Approach for Operational Risk ('Basel II') respectively.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
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21 CAPITAL ADEQUACY

With effect from 1 January 2008, the capital adequacy ratios of the Bank are computed in accordance with Bank Negara Malaysia Capital Adequacy Framework for Islamic Banks ('CAFIB'): Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk.

	Unaudited	Audited**
	As at	As at
	31.03.2012	31.12.2011
	RM'000	RM'000
<u>Tier I Capital</u>		
Paid-up ordinary share capital	773,424	773,424
Retained profits	271,298	271,298
Statutory reserve	280,411	280,411
	1,325,133	1,325,133
Less:		
Deferred tax assets	(9,105)	(9,105)
Total Tier I Capital	1,316,028	1,316,028
<u>Tier II Capital</u>		
Collective impairment / allowance for bad and doubtful financing [^]	103,099	135,113
Total Tier II Capital	103,099	135,113
Less:		
Other deduction*	(100)	(24)
Eligible Tier II capital	102,999	135,089
Total Capital Base	1,419,027	1,451,117
<u>Capital Ratios</u>		
Core capital ratio (inclusive of market risk)	11.92%	12.65%
Risk-weighted capital ratio (inclusive of market risk)	12.85%	13.95%
Risk-weighted assets by each major risk category are as follows:		
Credit risk-weighted assets	9,813,137	9,226,699
Market risk-weighted assets	593,362	565,103
Operational risk-weighted assets	636,571	608,028
Total risk-weighted assets	11,043,070	10,399,830

[^] Excludes collective assessment impairment allowance attributable to financing and advances classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on "Classification and Impairment Provisions for Loans/Financing" issued on 8 January 2010 and subsequently updated on 26 January 2010 and 17 December 2010.

* Pursuant to the Basel II Market Risk para 5.19 and 5.20 - Valuation Adjustments / Reserves, the RWCR computation shall account for the ageing, liquidity and holding back adjustments / reserves on its trading portfolio.

** The above capital adequacy ratios has not been adjusted for the effect of the adoption of MFRS 139.

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22 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

23 EVENTS SUBSEQUENT TO BALANCE SHEET DATE

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

24 CHANGES IN THE COMPOSITION OF THE BANK

There are no significant changes in the composition of the Bank for the three months ended 31 March 2012.

25 CHANGES IN PROFIT FOR THE QUARTER

The Bank recorded a pre-tax profit of RM100.7million, for the current quarter, more than 47% higher as compared to the preceding corresponding quarter ended 31 December 2011. The higher profit was mainly due to higher non funding income by RM22.4million, higher net writeback of impaired financing and advances by RM21.2million, lower overhead by RM0.7million offset with lower net funding income by RM17.1million and lower transfer to PER by RM2.8million.

26 PERFORMANCE REVIEW

For the three months ended 31 March 2012, the Bank recorded a pre-tax profit of RM100.7million, more than 100% higher than previous year corresponding period of RM40.5million. The higher profit was mainly due to higher net writeback of impaired financing and advances by RM31.5million, higher non funding income by RM22.5million, higher transfer to PER by RM11.7million, higher net funding income by RM2.8million offset with higher overhead expenses by RM2.7million.

27 PROSPECTS FOR 2012

Whilst external uncertainty has risen as the euro-debt crisis has flared up again, this is cushioned by the US economic recovery which is gradually building momentum. Malaysia's exports could experience slower growth, but this is mitigated by resilient consumer spending and the progress in the implementation of the Economic Transformation Programme. We envisage the country's economy to grow at 4% to 5% in 2012.

The Bank will continue to seek growth opportunities by strengthening our leadership position in targeted markets and product segments, as well as leveraging on the Bank's infrastructure and distribution network that has been established over the past three years. This is in line with the focus of the new financial sector blueprint to reinforce Malaysia's position as a global financial hub for Islamic finance services. The Bank expects to maintain a satisfactory performance in 2012.

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28 CHANGES IN ACCOUNTING POLICIES

(a) Impacts on the Bank's Statements of Financial Position

	<u>As previously reported</u> RM'000	<u>Effect on full adoption of MFRS 139</u> RM'000	<u>As restated</u> RM'000
As at 1 January 2011			
Assets			
Financing and advances			
- Gross financing and advances	9,036,029	30,502	9,066,531
- Collective impairment allowances	(158,828)	(91,864)	(250,692)
Deferred tax assets	30,854	15,341	46,195
Liabilities			
Deferred tax liabilities	-	-	-
Shareholder's fund	984,665	(46,023)	938,642
Retained profits	222,371	(46,023)	176,348
Financing and advances of which:			
- Impaired financing and advances	628,251	30,502	658,753
As at 31 December 2011			
Assets			
Financing and advances			
- Gross financing and advances	13,042,214	17,541	13,059,755
- Collective impairment allowances	(190,768)	(5,668)	(196,436)
Deferred tax assets	6,737	(2,968)	3,769
Tax recoverable	8,702	-	8,702
Liabilities			
Shareholder's fund	1,332,236	8,905	1,341,141
Retained profits	271,298	8,905	280,203
Financing and advances of which:			
- Impaired financing and advances	543,076	17,541	560,617

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28 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) Impacts on the Bank's Income Statements/ Statements of Comprehensive Income

	As previously reported	Effect on full adoption of MFRS 139	As restated
	RM'000	RM'000	RM'000
For the 3 months period ended 31 March 2011			
Income derived from investment of depositors' funds	145,736	(1,790)	143,946
Income derived from investment of shareholder's funds	19,459	(141)	19,318
Allowance for impairment on financing and advances and other losses	(16,110)	(220)	(16,330)
Transfer (to)/from profit equalisation reserves	(4,441)	-	(4,441)
Total distributable income	<u>144,644</u>	<u>(2,151)</u>	<u>142,493</u>
Income attributable to depositors	<u>(70,351)</u>	<u>-</u>	<u>(70,351)</u>
Total net income	74,293	(2,151)	72,142
Personnel expenses	(15,778)	-	(15,778)
Other operating expenses	(21,375)	-	(21,375)
Profit before taxation	<u>37,140</u>	<u>(2,151)</u>	<u>34,989</u>
Taxation	<u>(9,488)</u>	<u>538</u>	<u>(8,950)</u>
Net profit for the financial period	<u><u>27,652</u></u>	<u><u>(1,613)</u></u>	<u><u>26,039</u></u>
Earnings per share (sen) - basic	<u>5.28</u>		<u>4.97</u>