

Company No.

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RHB ISLAMIC BANK BERHAD
(Incorporated in Malaysia)

UNAUDITED BALANCE SHEET AS AT 31 MARCH 2007

	Note	31.03.2007 RM'000	31.12.2006 RM'000
ASSETS			
Cash and short-term funds	2	2,395,035	1,314,283
Deposits and placements with banks and other financial institutions	3	323	1,220,000
Securities held for trading	4	336,358	314,620
Securities available-for-sale	5	89,790	18,781
Securities held-to-maturity	6	818,319	809,608
Financing and advances	7	4,289,092	4,147,573
Other assets	8	61,756	68,139
Deferred taxation assets		22,335	21,587
Statutory deposits	9	218,329	170,429
Property, plant and equipment		8,634	7,245
TOTAL ASSETS		<u>8,239,971</u>	<u>8,092,265</u>
LIABILITIES AND SHAREHOLDER'S EQUITY			
Deposits from customers	10	7,117,907	6,680,424
Deposits and placements of banks and other financial institutions	11	156,677	444,923
Bills and acceptances payable		18,546	16,542
Other liabilities		257,706	280,718
Provision for taxation and zakat		14,988	17,984
		<u>7,565,824</u>	<u>7,440,591</u>
Ordinary share capital		523,424	523,424
Reserves		150,723	128,250
Shareholder's equity		<u>674,147</u>	<u>651,674</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		<u>8,239,971</u>	<u>8,092,265</u>
COMMITMENTS AND CONTINGENCIES	16	<u>2,329,917</u>	<u>2,536,550</u>

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RHB ISLAMIC BANK BERHAD
(Incorporated in Malaysia)

UNAUDITED INCOME STATEMENT FOR THE INTERIM QUARTER ENDED 31 MARCH 2007

	Note	Current Quarter ended 31.03.2007 RM'000	Preceding Corresponding Quarter ended 31.03.2006 RM'000
Income derived from investment of depositors' funds	12	88,852	69,348
Income derived from investment of shareholder's funds	13	12,342	14,112
Allowance for losses on financing and advances	14	(3,280)	(1,649)
Profit equalisation reserve		(2,052)	(1,800)
Total distributable income		95,862	80,011
Income attributable to depositors	15	(42,586)	(34,934)
		53,276	45,077
Personnel expenses		(4,089)	(5,125)
Other overheads and expenditures		(18,264)	(14,801)
Profit before zakat and taxation		30,923	25,151
Taxation		(8,821)	(7,140)
Profit for the financial period		22,102	18,011

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RHB ISLAMIC BANK BERHAD
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UNAUDITED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE INTERIM QUARTER ENDED 31 MARCH 2007

	Share Capital RM'000	Statutory Reserve RM'000	AFS Reserves RM'000	Retained Profits RM'000	Total RM'000
<u>Current Quarter ended 31.03.2007</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	-	-	(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>
<u>Preceding corresponding Quarter ended 31.03.2006</u>					
Balance as at 31.12.2005	523,424	20,742	246	20,742	565,154
Deferred taxation	-	-	367	-	367
Profit for the financial period	-	-	-	18,011	18,011
Transfer to statutory reserves	-	-	-	-	-
Balance as at 31.03.2006	<u>523,424</u>	<u>20,742</u>	<u>613</u>	<u>38,753</u>	<u>583,532</u>

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RHB ISLAMIC BANK BERHAD

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UNAUDITED CASH FLOW STATEMENT
FOR THE INTERIM QUARTER ENDED 31 MARCH 2007

	Note	Current Quarter ended <u>31.03.2007</u> RM'000	Preceding Corresponding Quarter ended <u>31.03.2006</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation and zakat for the financial period		30,923	25,151
Adjustments for:			
Depreciation of property, plant and equipment		204	199
Income from:			
- Investment on securities available-for-sale		(1,058)	(2,223)
- Investment on securities held-to-maturity		(2,712)	-
Net gain on sale of securities available-for-sale		(3,165)	-
Accretion of discount less amortisation of premium		(5,492)	(5,466)
Unrealised gain from securities held for trading		(528)	-
Allowance for losses on financing and advances		3,280	(1,046)
Allowance for profit equalisation reserve		2,052	1,800
Operating profit before working capital changes		<u>23,504</u>	<u>18,415</u>
(Increase)/Decrease in operating assets:			
Deposits and placements with financial institutions		1,219,677	14,826
Financing and advances		(144,800)	(185,101)
Investment on securities held for trading		(21,210)	29,706
Other assets		7,922	(9,169)
Statutory deposit with Bank Negara Malaysia		(47,900)	1,500
		<u>1,037,193</u>	<u>(129,823)</u>
Increase/(Decrease) in operating liabilities:			
Deposits from customers		437,484	627,651
Deposits and placements of banks and other financial institutions		(288,246)	(153,326)
Bills and acceptances payable		2,003	(1,923)
Other liabilities		(25,065)	(182,762)
Cash generated from operating activities		<u>1,163,369</u>	<u>159,817</u>
Taxation paid		(12,701)	(10,250)
Zakat paid		-	(53)
Net cash generated from operating activities		<u>1,150,668</u>	<u>149,514</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,593)	(354)
Income received from disposal of:			
- Investment on securities available-for-sale		1,021	-
- Investment on securities held-to-maturity		1,211	30,416
Net proceeds from:			
- (Purchase)/disposal of securities available-for-sale		(67,336)	2,188
- Purchase of securities held-to-maturity		(3,219)	-
Net cash (used in)/generated from investing activities		<u>(69,916)</u>	<u>32,250</u>
ANALYSIS OF CASH AND CASH EQUIVALENT			
Net increase in cash and cash equivalents		1,080,752	181,764
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>2,395,035</u>	<u>2,121,362</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM QUARTER ENDED 31 MARCH 2007

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RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

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>31.03.2007</u> RM'000	<u>31.12.2006</u> RM'000
Cash and balances with banks and other financial institutions	35,035	21,283
Money at call and deposit placements maturing within one month	<u>2,360,000</u>	<u>1,293,000</u>
	<u>2,395,035</u>	<u>1,314,283</u>

3 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	<u>31.03.2007</u> RM'000	<u>31.12.2006</u> RM'000
Licensed banks and other financial institutions	323	120,000
Bank Negara Malaysia	-	1,100,000
	<u>323</u>	<u>1,220,000</u>

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RHB ISLAMIC BANK BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM QUARTER ENDED 31 MARCH 2007 (CONTINUED)

4 SECURITIES HELD FOR TRADING

<u>At fair value</u>	<u>31.03.2007</u> RM'000	<u>31.12.2006</u> RM'000
<u>Money market instruments:</u>		
<u>Quoted</u>		
Khazanah bonds	-	-
Government investment issues	-	-
<u>Unquoted</u>		
Malaysian government treasury bills	-	-
Bank Negara Malaysia negotiable notes	32,871	74,727
Islamic accepted bills	130,360	69,212
Private debt securities	173,127	170,681
Total securities held for trading	<u>336,358</u>	<u>314,620</u>

5 SECURITIES AVAILABLE-FOR-SALE

<u>At fair value</u>	<u>31.03.2007</u> RM'000	<u>31.12.2006</u> RM'000
<u>Money market instruments:</u>		
<u>Quoted</u>		
Cagamas mudharabah bonds	-	-
Khazanah bonds	9,502	5,058
Government investment issues	5,092	9,405
<u>Unquoted</u>		
Malaysian government treasury bills	29,502	3,743
Bank Negara Malaysia negotiable notes	29,563	-
Private debt securities	15,556	-
	<u>89,215</u>	<u>18,206</u>
<u>At cost</u>		
<u>Unquoted securities in Malaysia</u>		
Shares	575	575
Total securities available-for-sale	<u>89,790</u>	<u>18,781</u>

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RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM QUARTER ENDED 31 MARCH 2007 (CONTINUED)

6 SECURITIES HELD-TO-MATURITY

	<u>31.03.2007</u> RM'000	<u>31.12.2006</u> RM'000
<u>At amortised cost</u>		
<u>Money market instruments:</u>		
<u>Quoted</u>		
Cagamas mudharabah bonds	60,403	60,442
Khazanah bonds	501,649	521,752
Government Investment Issuance	81,402	80,964
<u>Unquoted</u>		
Private debt securities	174,865	146,450
Total securities held-to-maturity	<u>818,319</u>	<u>809,608</u>

7 FINANCING AND ADVANCES

	<u>31.03.2007</u> RM'000	<u>31.12.2006</u> RM'000
(i) By type		
Cashline	54,306	64,229
Term financing		
- housing financing	1,443,364	1,572,428
- syndicated term financing	515,988	521,264
- hire purchase receivables	367,133	296,126
- other term financing	1,164,227	979,774
Bills receivable	421,445	421,263
Trust receipts	10,681	20,776
Staff financing	5,766	5,305
Revolving financing	487,641	436,360
	<u>4,470,551</u>	<u>4,317,525</u>
Less: Unearned income	(53,606)	(44,071)
Gross financing and advances	4,416,945	4,273,454
Less : Allowance for bad and doubtful financing :		
- general	(78,479)	(77,059)
- specific	(49,374)	(48,822)
Net financing and advances	<u>4,289,092</u>	<u>4,147,573</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM QUARTER ENDED 31 MARCH 2007 (CONTINUED)

7 FINANCING AND ADVANCES (CONTINUED)

(ii) By type of customer

	<u>31.03.2007</u> RM'000	<u>31.12.2006</u> RM'000
Domestic non-bank financial institutions		
- Others	26,687	32,773
Domestic business enterprises		
- Small medium enterprises	529,190	548,509
- Others	2,122,293	1,948,256
Government and statutory bodies	99,752	101,153
Individuals	1,618,709	1,623,648
Other domestic entities	15,851	15,905
Foreign entities	4,463	3,210
	<u>4,416,945</u>	<u>4,273,454</u>

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

Bai' Bithaman Ajil	3,565,591	3,143,001
Al-Ijarah Muntahia Bittamlik / Al-Ijarah Thumma Al-Bai' ('AITAB')	366,494	252,055
Murabahah	484,860	878,398
	<u>4,416,945</u>	<u>4,273,454</u>

(iv) By profit rate sensitivity

Fixed rate		
- Housing financing	1,443,364	1,491,077
- Hire purchase receivables	313,528	252,055
- Other fixed rate financing	1,685,982	1,587,694
Variable rate		
- Others	974,071	942,628
	<u>4,416,945</u>	<u>4,273,454</u>

(v) By purpose

Purchase of securities	372,417	366,627
Purchase of transport vehicles	173,652	140,519
Purchase of landed property:		
- Residential	1,448,042	1,461,866
- Non-residential	91,440	81,351
Purchase of property, plant and equipment other than land and building	167,294	64,789
Personal use	33,115	36,612
Purchase of consumer durables	417	377
Construction	98,062	130,836
Working capital	1,932,232	1,813,327
Other purposes	100,274	102,062
	<u>4,416,945</u>	<u>4,273,454</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM QUARTER ENDED 31 MARCH 2007 (CONTINUED)

7 FINANCING AND ADVANCES (CONTINUED)

(vi) Movement in non-performing financing and advances	<u>31.03.2007</u>	<u>31.12.2006</u>
	RM'000	RM'000
At beginning of period	241,786	210,657
Amount vested over from RHB Delta Finance	-	661
Classified as non-performing during the period	89,363	359,651
Reclassified as performing during the period	(57,722)	(278,858)
Amount recovered	(4,789)	(26,918)
Amount written off	(4,589)	(23,407)
At end of period	<u>264,049</u>	<u>241,786</u>
Specific allowance	(49,373)	(48,822)
Net non-performing financing and advances	<u>214,676</u>	<u>192,964</u>
Ratio of net non-performing financing and advances to net financing and advances	<u>4.9%</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	1,420	3,354
At end of period	<u>78,479</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	48,822	50,270
Amount vested over from RHB Delta Finance	-	194
Allowance made during the period	6,093	22,086
Amount recovered	(1,569)	(3,142)
Amount written off	(3,972)	(20,586)
At end of period	<u>49,374</u>	<u>48,822</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM QUARTER ENDED 31 MARCH 2007 (CONTINUED)

7 FINANCING AND ADVANCES (CONTINUED)

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

	<u>31.03.2007</u> RM'000	<u>31.12.2006</u> RM'000
Purchase of securities	43	51
Purchase of transport vehicles	14,063	38
Purchase of landed property:		
- Residential	187,919	179,335
- Non-residential	3,957	2,807
Purchase of property, plant and equipment other than land and building	25,903	26,383
Personal use	5,589	7,705
Purchase of consumer durables	52	-
Construction	2,865	3,585
Working capital	23,658	21,882
	<u>264,049</u>	<u>241,786</u>

8 OTHER ASSETS

	<u>31.03.2007</u> RM'000	<u>31.12.2006</u> RM'000
Other debtors, deposits and prepayments	54,479	62,584
Income receivable	7,277	5,555
	<u>61,756</u>	<u>68,139</u>

9 STATUTORY DEPOSITS

	<u>31.03.2007</u> RM'000	<u>31.12.2006</u> RM'000
Statutory deposits with Bank Negara Malaysia	<u>218,329</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 INTERIM QUARTER ENDED 31 MARCH 2007 (CONTINUED)

10 DEPOSITS FROM CUSTOMERS

	<u>31.03.2007</u>	<u>31.12.2006</u>
	RM'000	RM'000
<u>Non-Mudharabah Funds:</u>		
Demand deposits	2,104,777	2,299,718
Savings deposits	491,160	486,224
Negotiable certificates of deposit	144,007	142,411
	<u>2,739,944</u>	<u>2,928,353</u>
<u>Mudharabah Funds:</u>		
Demand deposits	316,077	291,261
General investment deposits	1,533,215	1,208,792
Special investment deposits	2,528,671	2,252,018
Total deposits	<u>7,117,907</u>	<u>6,680,424</u>

The deposits are sourced from the following classes of customers:

Government and statutory bodies	1,739,362	1,664,822
Business enterprises	4,227,839	4,149,826
Individuals	742,524	723,189
Others	408,182	142,587
	<u>7,117,907</u>	<u>6,680,424</u>

11 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	<u>31.03.2007</u>	<u>31.12.2006</u>
	RM'000	RM'000
<u>Non-Mudharabah Fund:</u>		
Licensed Islamic banks	39,613	34,537
Licensed banks	27,977	52,280
Licensed merchant banks	29,280	68,786
Other financial institutions	29,807	149,320
	<u>126,677</u>	<u>304,923</u>
<u>Mudharabah Fund:</u>		
Licensed banks	30,000	140,000
	<u>156,677</u>	<u>444,923</u>

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RHB ISLAMIC BANK BERHAD

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM QUARTER ENDED 31 MARCH 2007 (CONTINUED)

12 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

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

	Current Quarter ended 31.03.2007 RM'000	Preceding Corresponding Quarter ended 31.03.2006 RM'000
Income derived from investment of:		
(i) General investment deposit	18,983	12,046
(ii) Other deposits	69,869	57,303
	<u>88,852</u>	<u>69,348</u>
 (i) Income derived from investment of general investment deposits		
<u>Finance income and hibah:</u>		
Financing and advances	12,113	8,119
Securities held for trading	942	777
Securities available-for-sale	210	89
Securities held-to-maturity	538	354
Money at call and deposit with financial institutions	3,616	1,870
	<u>17,419</u>	<u>11,209</u>
Amortisation of premium less accretion of discount	1,091	869
Total finance income and hibah	18,510	12,078
Other operating income (note a-c)	473	(33)
	<u>18,983</u>	<u>12,045</u>
a) Fee income :		
Commission	303	95
Guarantee fees	45	3
	<u>348</u>	<u>98</u>
b) Net gain from sale of :		
- Securities held for trading	1,473	33
- Securities available-for-sale	20	-
	<u>1,493</u>	<u>33</u>
c) Net unrealised gain on revaluation of securities held for trading	(1,368)	(164)
Total other operating income	<u>473</u>	<u>(33)</u>

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FOR THE INTERIM QUARTER ENDED 31 MARCH 2007 (CONTINUED)

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

	Current Quarter ended 31.03.2007 RM'000	Preceding Corresponding Quarter ended 31.03.2006 RM'000
(ii) Income derived from investment of other deposits		
<u>Finance income and hibah:</u>		
Financing and advances	44,582	38,625
Securities held for trading	3,468	3,697
Securities available-for-sale	773	422
Securities held-to-maturity	1,983	1,682
Money at call and deposit with financial institutions	13,309	8,899
	<u>64,115</u>	<u>53,325</u>
Amortisation of premium less accretion of discount	4,014	4,136
Total finance income and hibah	68,129	57,461
Other operating income (note a-c)	1,740	(158)
	<u>69,869</u>	<u>57,303</u>
a) Fee income :		
Commission	1,115	452
Guarantee fees	167	14
	<u>1,282</u>	<u>466</u>
b) Net gain from sale of :		
- Securities held for trading	5,422	156
- Securities available-for-sale	72	(1)
	<u>5,494</u>	<u>155</u>
c) Net unrealised gain on revaluation of securities held for trading	(5,036)	(779)
Total other operating income	<u>1,740</u>	<u>(158)</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM QUARTER ENDED 31 MARCH 2007 (CONTINUED)

13 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Current Quarter ended 31.03.2007 RM'000	Preceding Corresponding Quarter ended 31.03.2006 RM'000
<u>Finance income and hibah:</u>		
Financing and advances	4,305	4,304
Securities held for trading	335	412
Securities available-for-sale	75	47
Securities held-to-maturity	191	187
Money at call and deposit with financial institutions	<u>1,285</u>	<u>992</u>
	6,191	5,942
Amortisation of premium less accretion of discount	<u>388</u>	<u>461</u>
Total finance income and hibah	6,579	6,403
Other operating income (note a-c)	<u>5,763</u>	<u>7,709</u>
	12,342	14,112
a) Fee income :		
Commission	108	1,334
Service charges and fees	5,596	6,217
Guarantee and underwriting fees	16	50
Placement fees	(43)	175
Other fee income	<u>41</u>	<u>2</u>
	5,718	7,778
b) Net gain from sale of :		
- Securities held for trading	524	17
- Securities available-for-sale	<u>7</u>	<u>-</u>
	531	17
c) Net unrealised gain on revaluation of securities held for trading	(486)	(86)
Total other operating income	<u>5,763</u>	<u>7,709</u>

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RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM QUARTER ENDED 31 MARCH 2007 (CONTINUED)

14 ALLOWANCES FOR LOSSES ON FINANCING AND ADVANCES

	Current Quarter ended <u>31.03.2007</u> RM'000	Preceding Corresponding Quarter ended <u>31.03.2006</u> RM'000
Allowance for losses on financing and advances		
Specific allowance		
- Made during the financial period	6,093	1,656
- Written back	(1,569)	(306)
General allowance		
- Made during the financial period	1,420	300
Bad financing recovered	(2,664)	(1)
	<u>3,280</u>	<u>1,649</u>

15 INCOME ATTRIBUTABLE TO DEPOSITORS

	Current Quarter ended <u>31.03.2007</u>	Preceding Corresponding Quarter ended <u>31.03.2006</u>
Deposits from customers:		
- Mudharabah funds	34,562	20,015
- Non-mudharabah funds	5,194	3,212
Deposits and placements of banks and other financial institutions:		
- Mudharabah funds	1,049	803
- Non-mudharabah funds	1,781	5,904
	<u>42,586</u>	<u>34,934</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:

	Principal Amount RM'000	<u>31.03.2007</u> Credit Equivalent Amount * RM'000	Risk Weighted Amount RM'000
Transaction-related contingent items	86,533	43,266	42,066
Short-term self-liquidating trade-related contingencies	217,899	43,580	43,521
Obligations under underwriting agreements	50,000	25,000	25,000
Housing financing sold to Cagamas with recourse	40,240	40,240	20,120
Irrevocable commitments to extend credit :			
- maturity more than one year	1,655,552	130,692	114,669
- maturity less than one year	261,383	-	-
Miscellaneous	18,310	-	-
Total	<u>2,329,917</u>	<u>282,778</u>	<u>245,376</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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FOR THE INTERIM QUARTER ENDED 31 MARCH 2007 (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.

	← 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	%
31.03.2007									
Assets									
Cash and short term funds	2,360,000	-	-	-	-	35,035	-	2,395,035	3.6
Deposits and placements with financial institutions	-	-	323	-	-	-	-	323	6.46
Securities held for trading	53,403	189,496	77,903	-	15,556	-	336,358	336,358	3.59
Securities available-for-sale	-	-	59,065	14,594	15,556	575	-	89,790	3.50
Securities held-to-maturity	-	10,022	10,000	707,233	91,064	-	-	818,319	4.13
Financing and advances									
- performing	351,254	381,114	651,934	748,913	2,019,680	-	-	4,152,895	5.95
- non-performing	-	-	-	-	-	136,197 *	-	136,197	-
Other assets	-	-	-	-	-	61,756	-	61,756	-
Deferred taxation assets	-	-	-	-	-	22,335	-	22,335	-
Statutory deposits	-	-	-	-	-	218,329	-	218,329	-
Property, plant and equipment	-	-	-	-	-	8,634	-	8,634	-
Total assets	2,764,657	580,632	799,225	1,470,740	2,141,856	482,861	336,358	8,239,971	

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

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE INTERIM QUARTER ENDED 31 MARCH 2007 (CONTINUED)

17 PROFIT RATE RISK (CONTINUED)

31.03.2007

	← 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	%
Liabilities									
Deposits from customers	2,814,858	1,234,776	1,495,878	96,903	150	1,475,342	-	7,117,907	2.33
Deposits and placements of banks and other financial institutions	30,245	24,815	83,516	18,101	-	-	-	156,677	3.41
Bills and acceptances payable	-	-	-	-	-	18,546	-	18,546	3.89
Taxation	-	-	-	-	-	14,988	-	14,988	-
Other liabilities	-	-	-	-	-	257,706	-	257,706	-
Total liabilities	2,845,103	1,259,591	1,579,394	115,004	150	1,766,582	-	7,565,824	
Total shareholders equity	-	-	-	-	-	674,147	-	674,147	
	2,845,103	1,259,591	1,579,394	115,004	150	2,440,729	-	8,239,971	
Total profit-sensitivity gap	(80,446)	(678,959)	(780,168)	1,355,736	2,141,706	(1,957,868)	336,358		

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FOR THE INTERIM QUARTER ENDED 31 MARCH 2007 (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.

31.12.2006	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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FOR THE INTERIM QUARTER ENDED 31 MARCH 2007 (CONTINUED)

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			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
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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NOTES TO THE FINANCIAL STATEMENTS
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18 CAPITAL ADEQUACY

	<u>31.03.2007</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	63,923	63,923
Statutory reserve	63,923	63,923
	<u>651,270</u>	<u>651,270</u>
Less :		
Deferred tax assets	(21,587)	(21,587)
Total Tier I capital	<u>629,683</u>	<u>629,683</u>
<u>Tier II Capital</u>		
General allowance for bad and doubtful financing	78,479	77,059
Total Tier II capital	<u>78,479</u>	<u>77,059</u>
Total capital base	<u>708,162</u>	<u>706,742</u>
<u>Capital ratios</u>		
Inclusive of market risk :		
Core capital ratio (inclusive of market risk)	15.44%	15.84%
Risk-weighted capital ratio (inclusive of market risk)	<u>17.36%</u>	<u>17.78%</u>

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NOTES TO THE FINANCIAL STATEMENTS
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18 CAPITAL ADEQUACY (CONTINUED)

	<u>31.03.2007</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%	3,394,971	-
10%	60,403	6,040
20%	114,461	22,892
50%	1,315,779	657,890
100%	<u>3,359,951</u>	<u>3,359,951</u>
	8,245,565	4,046,773
(ii) Market Risk Capital Adequacy Framework #	-	32,360
	<u>8,245,565</u>	<u>4,079,133</u>

	<u>31.12.2006</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%	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.