

Company No.

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RHB ISLAMIC BANK BERHAD
(Incorporated in Malaysia)

UNAUDITED BALANCE SHEET AS AT 30 JUNE 2008

	Note	<u>30.06.2008</u> RM'000	<u>31.12.2007</u> RM'000
ASSETS			
Cash and short-term funds	2	1,100,891	1,934,461
Deposits and placements with banks and other financial institutions	3	790,504	300,000
Securities held for trading	4	440,347	362,892
Securities available-for-sale	5	227,491	145,167
Securities held-to-maturity	6	734,509	848,737
Financing and advances	7	4,668,516	4,514,812
Other assets	8	57,166	55,752
Deferred taxation assets		24,900	22,956
Tax recoverable		14,441	2,096
Statutory deposits	9	182,029	187,929
Property, plant and equipment		24,071	12,371
Intangible assets		17,263	17,263
TOTAL ASSETS		<u>8,282,128</u>	<u>8,404,436</u>
LIABILITIES AND SHAREHOLDER'S EQUITY			
Deposits from customers	10	6,685,123	6,849,686
Deposits and placements of banks and other financial institutions	11	539,956	378,041
Bills and acceptances payable		13,524	10,102
Other liabilities		269,178	427,173
		<u>7,507,781</u>	<u>7,665,002</u>
Ordinary share capital		523,424	523,424
Reserves		250,923	216,010
Shareholder's equity		<u>774,347</u>	<u>739,434</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		<u>8,282,128</u>	<u>8,404,436</u>
COMMITMENTS AND CONTINGENCIES	16	<u>1,659,348</u>	<u>2,077,585</u>

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RHB ISLAMIC BANK BERHAD
(Incorporated in Malaysia)

UNAUDITED INCOME STATEMENT FOR THE HALF YEAR ENDED 30 JUNE 2008

		Current Half Year ended <u>30.06.2008</u> RM'000	Preceding Corresponding Half Year ended <u>30.06.2007</u> RM'000
	Note		
Income derived from investment of depositors' funds	12	177,435	185,964
Income derived from investment of shareholder's funds	13	24,211	82,391
Allowance for losses on financing and advances	14	(11,920)	(18,212)
Profit equalisation reserve		5,268	(156)
Total distributable income		194,994	249,987
Income attributable to depositors	15	(81,736)	(83,939)
		113,258	166,048
Personnel expenses		(19,004)	(10,637)
Other overheads and expenditures		(40,794)	(38,361)
Profit before zakat and taxation		53,460	117,050
Taxation		(12,286)	(32,131)
Profit for the financial period		41,174	84,919

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RHB ISLAMIC BANK BERHAD
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UNAUDITED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2008

	Share Capital RM'000	Statutory Reserve RM'000	AFS Reserves RM'000	Retained Profits RM'000	Total RM'000
<u>Current Half year ended 30.06.2008</u>					
Balance as at 31.12.2007	523,424	123,062	454	92,494	739,434
Unrealised net loss on revaluation of securities available-for-sale	-	-	(8,184)	-	(8,184)
AFS reserve realised on disposal of AFS securities	-	-	(277)	-	(277)
Deferred taxation	-	-	2,200	-	2,200
Expenses recognised directly in equity	-	-	(6,261)	-	(6,261)
Profit for the financial period	-	-	-	41,174	41,174
Total recognised income and expenses for the financial period	-	-	(6,261)	41,174	34,913
Balance as at 30.06.2008	<u>523,424</u>	<u>123,062</u>	<u>(5,807)</u>	<u>133,668</u>	<u>774,347</u>
<u>Preceding corresponding Half year ended 30.06.2007</u>					
Balance as at 31.12.2006	523,424	63,923	404	63,923	651,674
Unrealised net gain on revaluation of securities available-for-sale	-	-	1,028	-	1,028
AFS reserve realised on disposal of AFS securities	-	-	(1,025)	-	(1,025)
Deferred taxation	-	-	(135)	-	(135)
Expenses recognised directly in equity	-	-	(132)	-	(132)
Profit for the financial period	-	-	-	84,919	84,919
Total recognised income and expenses for the financial period	-	-	(132)	84,919	84,787
Transfer to statutory reserves	-	42,460	-	(42,460)	-
Balance as at 30.06.2007	<u>523,424</u>	<u>106,383</u>	<u>272</u>	<u>106,382</u>	<u>736,461</u>

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RHB ISLAMIC BANK BERHAD

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UNAUDITED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 30 JUNE 2008

	Current Half Year ended 30.06.2008 RM'000	Preceding Corresponding Half Year ended 30.06.2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat for the financial period	53,460	117,050
Adjustments for:		
Depreciation of property, plant and equipment	868	436
Income from:		
- Investment on securities available-for-sale	(3,047)	(1,880)
- Investment on securities held-to-maturity	(6,629)	(6,107)
Net gain on sale of securities available-for-sale	(277)	(1,025)
Accretion of discount less amortisation of premium	(10,604)	(10,683)
Unrealised loss / (gain) from securities held for trading	6,222	(9,900)
Allowance for losses on financing and advances	11,920	18,212
Profit equalisation reserve	(5,268)	156
Operating profit before working capital changes	<u>46,645</u>	<u>106,259</u>
(Increase)/Decrease in operating assets:		
Deposits and placements with financial institutions	(490,504)	1,219,677
Financing and advances	(165,624)	(509,092)
Investment on securities held for trading	(83,677)	(91,702)
Other assets	(76)	15,362
Statutory deposit with Bank Negara Malaysia	5,900	(1,000)
	<u>(687,336)</u>	<u>739,504</u>
Increase/(Decrease) in operating liabilities:		
Deposits from customers	(164,563)	(371,466)
Deposits and placements of banks and other financial institutions	161,915	(342,385)
Bills and acceptances payable	3,422	6,260
Other liabilities	(152,726)	(91,091)
Cash used in operating activities	<u>(839,288)</u>	<u>(59,178)</u>
Taxation paid	(24,377)	(18,440)
Net cash used in operating activities	<u>(863,665)</u>	<u>(77,618)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(12,568)	(17,293)
Income received from disposal of:		
- Investment on securities available-for-sale	1,684	333
- Investment on securities held-to-maturity	6,654	5,835
Net proceeds from:		
- Purchase of securities available-for-sale	(90,507)	(122,766)
- Disposal / (Purchase) of securities held-to-maturity	124,832	(26,066)
Net cash generated from / (used in) investing activities	<u>30,095</u>	<u>(159,957)</u>
ANALYSIS OF CASH AND CASH EQUIVALENT		
Net decrease in cash and cash equivalents	(833,570)	(237,575)
Cash and cash equivalent at beginning of period	<u>1,934,461</u>	<u>1,314,283</u>
Cash and cash equivalent at end of period	<u>1,100,891</u>	<u>1,076,708</u>

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RHB ISLAMIC BANK BERHAD

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 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 address of the registered office of the Bank is Level 10, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur.

The address of the Bank's principal place of business is Level 11, Menara Yayasan Tun Razak, 200 Jalan Bukit Bintang, 55100 Kuala Lumpur.

2 CASH AND SHORT-TERM FUNDS

	<u>30.06.2008</u> RM'000	<u>31.12.2007</u> RM'000
Cash and balances with banks and other financial institutions	261,911	1,451
Money at call and deposit placements maturing within one month	<u>838,980</u>	<u>1,933,010</u>
	<u>1,100,891</u>	<u>1,934,461</u>

3 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	<u>30.06.2008</u> RM'000	<u>31.12.2007</u> RM'000
Bank Negara Malaysia	<u>790,504</u>	<u>300,000</u>

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RHB ISLAMIC BANK BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2008 (CONTINUED)

4 SECURITIES HELD FOR TRADING

	<u>30.06.2008</u>	<u>31.12.2007</u>
<u>At fair value</u>	RM'000	RM'000
<u>Money market instruments:</u>		
<u>Quoted</u>		
Government investment issues	39,136	9,869
<u>Unquoted</u>		
Bank Negara Malaysia negotiable notes	9,872	53,313
Islamic accepted bills	-	-
Private debt securities	391,339	299,710
Total securities held for trading	<u>440,347</u>	<u>362,892</u>

5 SECURITIES AVAILABLE-FOR-SALE

	<u>30.06.2008</u>	<u>31.12.2007</u>
<u>At fair value</u>	RM'000	RM'000
<u>Money market instruments:</u>		
<u>Quoted</u>		
Khazanah bonds	9,915	9,738
Government investment issues	70,083	18,257
<u>Unquoted</u>		
Malaysian government treasury bills	-	38,833
Bank Negara Malaysia negotiable notes	-	57,375
Private debt securities	146,918	20,389
	<u>226,916</u>	<u>144,592</u>
<u>At cost</u>		
<u>Unquoted securities in Malaysia</u>		
Shares	575	575
Total securities available-for-sale	<u>227,491</u>	<u>145,167</u>

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RHB ISLAMIC BANK BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2008 (CONTINUED)

6 SECURITIES HELD-TO-MATURITY

<u>At amortised cost</u>	<u>30.06.2008</u> RM'000	<u>31.12.2007</u> RM'000
<u>Money market instruments:</u>		
<u>Quoted</u>		
Cagamas mudharabah bonds	50,204	50,284
Khazanah bonds	401,195	516,703
Government Investment Issuance	83,701	82,552
<u>Unquoted</u>		
Private debt securities	199,409	199,198
Total securities held-to-maturity	<u>734,509</u>	<u>848,737</u>

7 FINANCING AND ADVANCES

<u>(i) By type</u>	<u>30.06.2008</u> RM'000	<u>31.12.2007</u> RM'000
Cashline	42,356	49,615
Term financing		
- housing financing	1,591,310	1,610,779
- syndicated term financing	242,840	319,793
- hire purchase receivables	752,206	506,009
- other term financing	1,147,072	1,131,094
Bills receivable	696,997	775,920
Trust receipts	38,669	9,625
Staff financing	11,491	8,908
Revolving financing	427,891	363,582
	<u>4,950,832</u>	<u>4,775,325</u>
Less: Unearned income	<u>(108,456)</u>	<u>(84,229)</u>
Gross financing and advances	4,842,376	4,691,096
Less : Allowance for bad and doubtful financing :		
- general	(85,684)	(82,948)
- specific	(88,176)	(93,336)
Net financing and advances	<u>4,668,516</u>	<u>4,514,812</u>

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2008 (CONTINUED)

7 FINANCING AND ADVANCES (CONTINUED)

(ii) By type of customer		
	<u>30.06.2008</u>	<u>31.12.2007</u>
	RM'000	RM'000
Domestic non-bank financial institutions		
- Others	20,582	25,133
Domestic business enterprises		
- Small medium enterprises	643,183	557,394
- Others	1,829,200	2,038,887
Government and statutory bodies	101,117	101,153
Individuals	2,080,667	1,942,677
Other domestic entities	12,363	14,422
Foreign entities	155,264	11,430
	<u>4,842,376</u>	<u>4,691,096</u>
(iii) Financing and advances analysed by contract are as follows:		
Bai' Bithaman Ajil	2,323,106	2,652,618
Al-Ijarah Muntahia Bittamlik / Al-Ijarah Thumma Al-Bai' ('AITAB')	803,724	632,305
Murabahah	1,238,477	1,044,896
Al-Istisna'	372,565	311,258
Others	104,504	50,019
	<u>4,842,376</u>	<u>4,691,096</u>
(iv) By profit rate sensitivity		
Fixed rate		
- Housing financing	1,591,310	1,610,779
- Hire purchase receivables	651,954	507,096
- Other fixed rate financing	1,286,435	1,374,724
Variable rate		
- Cost-plus	1,312,677	1,198,497
	<u>4,842,376</u>	<u>4,691,096</u>
(v) By purpose		
Purchase of securities	399	185,180
Purchase of transport vehicles	515,660	359,898
Purchase of landed property:		
- Residential	1,613,650	1,610,779
- Non-residential	126,134	121,664
Purchase of property, plant and equipment other than land and building	230,542	204,634
Personal use	22,125	23,838
Purchase of consumer durables	183	324
Construction	195,285	125,895
Working capital	2,023,982	1,944,903
Other purposes	114,416	113,981
	<u>4,842,376</u>	<u>4,691,096</u>

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RHB ISLAMIC BANK BERHAD

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2008 (CONTINUED)

7 FINANCING AND ADVANCES (CONTINUED)

(vi) Movement in non-performing financing and advances	<u>30.06.2008</u>	<u>31.12.2007</u>
	RM'000	RM'000
At beginning of period/year	282,833	241,786
Classified as non-performing during the period/year	143,397	355,315
Reclassified as performing during the period/year	(120,263)	(272,723)
Amount recovered	(23,239)	(27,898)
Amount written off	<u>(22,821)</u>	<u>(13,647)</u>
At end of period/year	259,907	282,833
Specific allowance	<u>(88,176)</u>	<u>(93,336)</u>
Net non-performing financing and advances	<u><u>171,731</u></u>	<u><u>189,497</u></u>
Ratio of net non-performing financing and advances to net financing and advances	<u><u>3.6%</u></u>	<u><u>4.1%</u></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 allowance made during the period/year	<u>2,736</u>	<u>5,889</u>
At end of period/year	<u><u>85,684</u></u>	<u><u>82,948</u></u>
As % of gross financing and advances less specific allowance	<u><u>1.8%</u></u>	<u><u>1.8%</u></u>
<u>Specific allowance</u>		
At beginning of period/year	93,336	48,822
Allowance made during the period/year	16,410	61,089
Amount recovered	(6,544)	(5,682)
Amount written off	<u>(15,026)</u>	<u>(10,893)</u>
At end of period/year	<u><u>88,176</u></u>	<u><u>93,336</u></u>

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FOR THE HALF YEAR ENDED 30 JUNE 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	1,156	27
Purchase of landed property:		
- Residential	160,878	170,456
- Non-residential	6,654	3,788
Personal use	5,887	5,299
Purchase of consumer durables	-	2
Construction	2,162	2,170
Working capital	83,170	101,091
	<u>259,907</u>	<u>282,833</u>

8 OTHER ASSETS

	<u>30.06.2008</u> RM'000	<u>31.12.2007</u> RM'000
Other debtors, deposits and prepayments	48,339	50,460
Income receivable	8,827	5,292
	<u>57,166</u>	<u>55,752</u>

9 STATUTORY DEPOSITS

	<u>30.06.2008</u> RM'000	<u>31.12.2007</u> RM'000
Statutory deposits with Bank Negara Malaysia	<u>182,029</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.

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RHB ISLAMIC BANK BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2008 (CONTINUED)

10 DEPOSITS FROM CUSTOMERS

	<u>30.06.2008</u> RM'000	<u>31.12.2007</u> RM'000
<u>Non-Mudharabah Funds:</u>		
Demand deposits	1,987,459	1,901,638
Savings deposits	530,524	520,602
Negotiable certificates of deposit	93,283	91,297
	<u>2,611,266</u>	<u>2,513,537</u>
<u>Mudharabah Funds:</u>		
Demand deposits	333,974	321,276
General investment deposits	1,534,000	1,956,256
Special investment deposits	2,205,883	2,058,617
Total deposits	<u>6,685,123</u>	<u>6,849,686</u>

The deposits are sourced from the following classes of customers:

Government and statutory bodies	2,124,164	1,713,217
Business enterprises	3,529,206	4,222,990
Individuals	817,983	770,047
Others	213,770	143,432
	<u>6,685,123</u>	<u>6,849,686</u>

11 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	<u>30.06.2008</u> RM'000	<u>31.12.2007</u> RM'000
<u>Non-Mudharabah Fund:</u>		
Licensed banks	19,148	18,731
	<u>19,148</u>	<u>18,731</u>
<u>Mudharabah Fund:</u>		
Licensed Islamic banks	500,808	174,000
Licensed merchant banks	20,000	169,710
Other financial institutions	-	15,600
	<u>539,956</u>	<u>378,041</u>

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RHB ISLAMIC BANK BERHAD

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2008 (CONTINUED)

12 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

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

	Current Half Year ended 30.06.2008 RM'000	Preceding Corresponding Half Year ended 30.06.2007 RM'000
Income derived from investment of:		
(i) General investment deposit	51,382	44,278
(ii) Other deposits	126,053	141,686
	<u>177,435</u>	<u>185,964</u>
 (i) Income derived from investment of general investment deposits		
<u>Finance income and hibah:</u>		
Financing and advances	35,312	27,580
Securities held for trading	2,927	1,757
Securities available-for-sale	820	415
Securities held-to-maturity	1,784	1,348
Money at call and deposit with financial institutions	8,658	7,907
	<u>49,501</u>	<u>39,007</u>
Amortisation of premium less accretion of discount	2,853	2,358
Total finance income and hibah	52,354	41,365
Other operating (loss) / income (note a-c)	(972)	2,913
	<u>51,382</u>	<u>44,278</u>
a) Fee income :		
Commission	562	324
Guarantee fees	80	178
	<u>642</u>	<u>502</u>
b) Net gain from sale of :		
- Securities held for trading	(15)	1,684
- Securities available-for-sale	75	226
	<u>60</u>	<u>1,910</u>
c) Net unrealised (loss) / gain on revaluation of securities held for trading	(1,674)	501
	<u>(972)</u>	<u>2,913</u>
Total other operating (loss) / income	<u>(972)</u>	<u>2,913</u>

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FOR THE HALF YEAR ENDED 30 JUNE 2008 (CONTINUED)

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

	Current Half Year ended 30.06.2008 RM'000	Preceding Corresponding Half Year ended 30.06.2007 RM'000
(ii) Income derived from investment of other deposits		
<u>Finance income and hibah:</u>		
Financing and advances	86,629	88,253
Securities held for trading	7,183	5,620
Securities available-for-sale	2,011	1,328
Securities held-to-maturity	4,376	4,313
Money at call and deposit with financial institutions	21,242	25,301
	<u>121,441</u>	<u>124,815</u>
Amortisation of premium less accretion of discount	7,000	7,545
Total finance income and hibah	<u>128,441</u>	<u>132,360</u>
Other operating (loss) / income (note a-c)	<u>(2,388)</u>	<u>9,326</u>
	<u>126,053</u>	<u>141,686</u>
a) Fee income :		
Commission	1,378	1,038
Guarantee fees	195	571
	<u>1,573</u>	<u>1,609</u>
b) Net gain from sale of :		
- Securities held for trading	(37)	5,390
- Securities available-for-sale	183	724
	<u>146</u>	<u>6,114</u>
c) Net unrealised (loss)/gain on revaluation of securities held for trading	(4,107)	1,603
Total other operating (loss) / income	<u>(2,388)</u>	<u>9,326</u>

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RHB ISLAMIC BANK BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2008 (CONTINUED)

13 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Current Half Year ended 30.06.2008 RM'000	Preceding Corresponding Half Year ended 30.06.2007 RM'000
<u>Finance income and hibah:</u>		
Financing and advances	9,298	9,123
Securities held for trading	771	581
Securities available-for-sale	216	137
Securities held-to-maturity	470	447
Money at call and deposit with financial institutions	<u>2,280</u>	<u>2,615</u>
	13,035	12,903
Amortisation of premium less accretion of discount	<u>749</u>	<u>780</u>
Total finance income and hibah	13,784	13,683
Other operating income (note a-c)	<u>10,427</u>	<u>68,708</u>
	<u>24,211</u>	<u>82,391</u>
a) Fee income :		
Commission	1,821	1,315
Service charges and fees	7,164	5,635
Guarantee and underwriting fees	34	117
Other fee income	<u>50</u>	<u>47</u>
	<u>9,069</u>	<u>7,114</u>
b) Net gain from sale of :		
- Securities held for trading	1,779	61,353
- Securities available-for-sale	<u>20</u>	<u>75</u>
	<u>1,799</u>	<u>61,428</u>
c) Net unrealised (loss)/gain on revaluation of securities held for trading	(441)	166
Total other operating income	<u>10,427</u>	<u>68,708</u>

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NOTES TO THE FINANCIAL STATEMENTS
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14 ALLOWANCES FOR LOSSES ON FINANCING AND ADVANCES

	Current Half Year ended 30.06.2008 RM'000	Preceding Corresponding Half Year ended 30.06.2007 RM'000
Allowance for losses on financing and advances		
Specific allowance		
- Made during the financial period	16,410	17,192
- Written back	(6,544)	(3,120)
General allowance		
- Made during the financial period	2,736	7,820
Bad financing recovered	(682)	(3,680)
	11,920	18,212

15 INCOME ATTRIBUTABLE TO DEPOSITORS

	Current Half Year ended 30.06.2008	Preceding Corresponding Half Year ended 30.06.2007
Deposits from customers:		
- Mudharabah funds	65,160	67,856
- Non-mudharabah funds	10,095	10,643
Deposits and placements of banks and other financial institutions:		
- Mudharabah funds	5,989	2,538
- Non-mudharabah funds	492	2,902
	81,736	83,939

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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>30.06.2008</u> Credit Equivalent Amount * RM'000	Risk Weighted Amount RM'000
Transaction-related contingent items	99,795	49,898	49,898
Short-term self-liquidating trade-related contingencies	111,289	22,258	22,258
Obligations under underwriting agreements	214,000	107,000	107,000
Irrevocable commitments to extend credit :			
- maturity more than one year	217,167	108,583	102,714
- maturity less than one year	997,595	199,519	199,519
Miscellaneous	19,502	3,900	3,900
Total	<u>1,659,348</u>	<u>491,158</u>	<u>485,289</u>
		<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
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	-	-
Total	<u>2,077,585</u>	<u>312,430</u>	<u>292,781</u>

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

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17 PROFIT RATE RISK

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

<u>30.06.2008</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	
Assets									
Cash and short term funds	838,980	-	-	-	-	261,911	-	1,100,891	3.61
Deposits and placements with financial institutions	141,852	648,652	-	-	-	-	-	790,504	4.44
Securities held for trading	70,843	85,424	24,676	210,429	48,975	-	440,347	440,347	4.90
Securities available-for-sale	-	9,914	-	91,965	125,037	575	-	227,491	4.19
Securities held-to-maturity	-	39,670	162,865	444,014	87,960	-	-	734,509	4.17
Financing and advances									
- performing	364,351	455,383	847,586	586,477	2,328,672	-	-	4,582,469	5.81
- non-performing	-	-	-	-	-	86,047	-	86,047	-
Other assets	-	-	-	-	-	57,166	-	57,166	-
Deferred taxation assets	-	-	-	-	-	24,900	-	24,900	-
Statutory deposits	-	-	-	-	-	182,029	-	182,029	-
Tax recoverable	-	-	-	-	-	14,441	-	14,441	-
Property, plant and equipment	-	-	-	-	-	24,071	-	24,071	-
Intangible assets	-	-	-	-	-	17,263	-	17,263	-
Total assets	1,416,026	1,239,043	1,035,127	1,332,885	2,590,644	668,403	440,347	8,282,128	

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

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FOR THE HALF YEAR ENDED 30 JUNE 2008 (CONTINUED)

17 PROFIT RATE RISK (CONTINUED)

30.06.2008

	← 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	RM'000	
Liabilities									
Deposits from customers	3,160,433	1,343,809	969,714	67,104	-	1,144,063	-	6,685,123	2.38
Deposits and placements of banks and other financial institutions	80,000	114,284	-	19,149	326,523	-	-	539,956	3.44
Bills and acceptances payable	-	-	-	-	-	13,524	-	13,524	4.00
Other liabilities	-	-	-	-	-	269,178	-	269,178	-
Total liabilities	3,240,433	1,458,093	969,714	86,253	326,523	1,426,765	-	7,507,781	
Total shareholders equity	-	-	-	-	-	774,347	-	774,347	
	3,240,433	1,458,093	969,714	86,253	326,523	2,201,112	-	8,282,128	
Total profit-sensitivity gap	(1,824,407)	(219,050)	65,413	1,246,632	2,264,121				

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 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.

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FOR THE HALF YEAR ENDED 30 JUNE 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				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
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	
	3,691,280	1,042,045	1,177,908	65,784	-	2,427,419	-	8,404,436	
Total profit-sensitivity gap	(987,419)	(576,159)	(75,586)	1,378,127	1,918,622				

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18 CAPITAL ADEQUACY

	<u>30.06.2008</u> RM'000	<u>31.12.2007</u> RM'000
<u>Tier I Capital</u>		
Paid-up ordinary share capital	523,424	523,424
Retained profits	133,668	92,494
Statutory reserve	123,062	123,062
	780,154	738,980
Less :		
Deferred tax assets	(24,900)	(22,956)
Total Tier I capital	755,254	716,024
<u>Tier II Capital</u>		
General allowance for bad and doubtful financing	85,684	82,948
Total Tier II capital	85,684	82,948
Total capital base	840,938	798,972
<u>Capital ratios</u>		
Core capital ratio	12.71%	12.79%
Risk-weighted capital ratio	14.15%	14.28%

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18 CAPITAL ADEQUACY (CONTINUED)

	<u>30.06.2008</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%	1,984,367	-
20%	884,234	176,847
35%	7,774	2,721
50%	6,749	3,374
75%	1,919,302	1,439,476
100%	3,419,566	3,419,566
150%	171,732	257,598
	<u>8,393,724</u>	<u>5,299,582</u>
(ii) Market Risk Capital Adequacy Framework #	-	167,974
	<u>8,393,724</u>	<u>5,467,556</u>
(iii) Basic Indicator Operational Risk Capital Charge ^	-	473,991
	<u>8,393,724</u>	<u>5,941,547</u>

31.12.2007

	<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.

^ 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2008 (CONTINUED)

19 DIVIDENDS

The Directors do not propose any interim dividend in respect of the current half year ended 30 June 2008 (30.06.2007: 8 sen per share less income tax of 27% amounting to RM30,568,000).