

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

CONDENSED BALANCE SHEET AS AT 30 JUNE 2009

	Note	<u>Unaudited</u> <u>As at</u> <u>30.06.2009</u> RM'000	<u>Audited</u> <u>As at</u> <u>31.12.2008</u> RM'000
ASSETS			
Cash and short-term funds	8	2,832,806	1,342,901
Deposits and placements with banks and other financial institutions	9	260,190	-
Securities held for trading	10	40,915	404,464
Securities available-for-sale	11	882,152	730,582
Securities held-to-maturity	12	1,241,695	1,147,357
Financing and advances	13	5,380,740	5,351,744
Other assets	14	138,544	114,907
Deferred tax assets		23,688	19,960
Tax recoverable		-	9,273
Statutory deposits		73,740	199,440
Property, plant and equipment		22,124	19,434
Intangible assets		29,518	29,518
TOTAL ASSETS		<u>10,926,112</u>	<u>9,369,580</u>
LIABILITIES AND EQUITY			
Deposits from customers	15	8,289,989	7,347,306
Deposits and placements of banks and other financial institutions	16	1,573,550	881,735
Bills and acceptances payable		10,917	34,786
Other liabilities	17	204,868	262,357
Provision for taxation		3,665	-
TOTAL LIABILITIES		<u>10,082,989</u>	<u>8,526,184</u>
Ordinary share capital		523,424	523,424
Reserves		319,699	319,972
TOTAL EQUITY		<u>843,123</u>	<u>843,396</u>
TOTAL LIABILITIES AND EQUITY		<u>10,926,112</u>	<u>9,369,580</u>
COMMITMENTS AND CONTINGENCIES	22	<u>1,856,149</u>	<u>1,863,813</u>

The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2008.

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

CONDENSED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Note	Current Financial Quarter ended 30.06.2009 RM'000	Preceding Corresponding Financial Quarter ended 30.06.2008 RM'000	Current Financial Half Year ended 30.06.2009 RM'000	Preceding Corresponding Financial Half Year ended 30.06.2008 RM'000
Income derived from investment of depositors' funds	18	102,395	90,548	210,915	177,435
Income derived from investment of shareholder's funds	19	11,278	12,145	22,920	24,211
Allowance for losses on financing and advances	20	(40,517)	(12,137)	(52,689)	(11,920)
Profit equalisation reserve		22,651	9,756	5,736	5,268
Total distributable income		95,807	100,312	186,882	194,994
Income attributable to depositors	21	(36,945)	(42,872)	(81,464)	(81,736)
		58,862	57,440	105,418	113,258
Personnel expenses		(13,951)	(10,535)	(27,733)	(19,004)
Other overheads and expenditures		(22,536)	(20,577)	(45,258)	(40,794)
Profit before taxation		22,375	26,328	32,427	53,460
Taxation		(16,801)	(5,111)	(19,418)	(12,286)
Net profit for the financial period		5,574	21,217	13,009	41,174

The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2008.

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2009

	<u>Non-distributable</u>			<u>Distributable</u>	Total RM'000
	Share Capital RM'000	Statutory Reserve RM'000	AFS Reserves RM'000	Retained Profits RM'000	
Balance as at 1 January 2009	523,424	166,005	18,530	135,437	843,396
Unrealised net loss on revaluation of securities available-for-sale ('AFS')	-	-	(8,598)	-	(8,598)
AFS reserve realised on disposal of securities AFS	-	-	(9,522)	-	(9,522)
Deferred tax	-	-	4,838	-	4,838
Income and expenses recognised directly in equity	-	-	(13,282)	-	(13,282)
Net profit for the financial period	-	-	-	13,009	13,009
Total recognised income and expenses for the financial period	-	-	(13,282)	13,009	(273)
Balance as at 30 June 2009	523,424	166,005	5,248	148,446	843,123
Balance as at 1 January 2008	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 securities AFS	-	-	(277)	-	(277)
Deferred tax	-	-	2,200	-	2,200
Income and expenses recognised directly in equity	-	-	(6,261)	-	(6,261)
Net 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 June 2008	523,424	123,062	(5,807)	133,668	774,347

The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2008.

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

CONDENSED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Current Financial Half Year ended 30.06.2009	Preceding Corresponding Financial Half Year ended 30.06.2008
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	32,427	53,460
Adjustment for non-cash items	965	(6,815)
Operating profit before changes in working capital	<u>33,392</u>	46,645
Changes in working capital:		
Net changes in operating assets	120,719	(733,981)
Net changes in operating liabilities	<u>1,558,877</u>	<u>(151,952)</u>
	<u>1,679,596</u>	<u>(885,933)</u>
Taxation paid	<u>(5,368)</u>	<u>(24,377)</u>
Net cash generated from/ (used in) operating activities	<u>1,707,620</u>	<u>(863,665)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,861)	(12,568)
Net purchase of securities available-for-sale	(160,169)	(90,507)
Net (purchase)/sale of securities held-to-maturity	(88,343)	124,832
Income received from securities available-for-sale	15,920	1,684
Income received from securities held-to-maturity	<u>18,738</u>	<u>6,654</u>
Net cash (used in)/generated from operating activities	<u>(217,715)</u>	<u>30,095</u>
Net decrease in cash and cash equivalents	1,489,905	(833,570)
Cash and cash equivalents brought forward	<u>1,342,901</u>	<u>1,934,461</u>
Cash and cash equivalents carried forward	<u>2,832,806</u>	<u>1,100,891</u>
ANALYSIS OF CASH AND CASH EQUIVALENT		
Cash and short-term funds	<u>2,832,806</u>	<u>1,100,891</u>

The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2008.

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

1 BASIS OF PREPARATION

The interim financial statements are unaudited and has been prepared in accordance with Financial Reporting Standard ('FRS') 134, 'Interim Financial Reporting' issued by the Malaysian Accounting Standards Board ('MASB') and should be read in conjunction with the audited financial statements of the Bank for the last financial year ended 31 December 2008.

The accounting policies and presentation adopted by the Bank for the interim financial statement are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2008

2 AUDIT REPORT

The audit report for the financial year ended 31 December 2008 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 cyclical factors.

4 EXCEPTIONAL OR UNUSUAL ITEMS

There were no exceptional or unusual items in the six months ended 30 June 2009.

5 CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the six months ended 30 June 2009.

6 CHANGES IN DEBT AND EQUITY SECURITIES

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

7 DIVIDENDS PAID

No dividend was paid during the six months period ended 30 June 2009.

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009 (CONTINUED)

8 CASH AND SHORT-TERM FUNDS

	<u>Unaudited</u> <u>As at</u> <u>30.06.2009</u> RM'000	<u>Audited</u> <u>As at</u> <u>31.12.2008</u> RM'000
Cash and balances with banks and other financial institutions	104,876	(7,470)
Money at call and deposit placements maturing within one month	<u>2,727,930</u>	<u>1,350,371</u>
	<u>2,832,806</u>	<u>1,342,901</u>

9 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	<u>Unaudited</u> <u>As at</u> <u>30.06.2009</u> RM'000	<u>Audited</u> <u>As at</u> <u>31.12.2008</u> RM'000
Bank Negara Malaysia	<u>260,190</u>	<u>-</u>

10 SECURITIES HELD FOR TRADING

	<u>Unaudited</u> <u>As at</u> <u>30.06.2009</u> RM'000	<u>Audited</u> <u>As at</u> <u>31.12.2008</u> RM'000
At fair value		
<u>Money market instruments:</u>		
Malaysian Government Investment Issuance	-	85,736
<u>Unquoted Securities</u> <u>In Malaysia</u>		
Private debt securities	<u>40,915</u>	<u>318,728</u>
	<u>40,915</u>	<u>404,464</u>

The Bank has reclassified certain securities held-for-trading to securities available-for-sale category in accordance with the amendment to revised BNM/GP8 Guidelines dated September 2008, which is effective from 1 July 2008 until 31 December 2009.

The fair values of the reclassified securities held-for-trading as of the date of reclassification was RM19.9 million.

The net loss arising from changes in fair value recognised to income statement in respect of the transferred securities held-for-trading for the financial year ended 31 December 2008 was RM6,140.00.

As at the date of reclassification, the effective profit rates on the reclassified securities held-for-trading, based on the new cost for the Bank, ranged from 4.70% to 5.84% per annum. The expected recoverable cash flows for the Bank approximately RM3.98 million.

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009 (CONTINUED)

11 SECURITIES AVAILABLE-FOR-SALE

	<u>Unaudited</u> <u>As at</u> <u>30.06.2009</u> RM'000	<u>Audited</u> <u>As at</u> <u>31.12.2008</u> RM'000
At fair value		
<u>Money market instruments:</u>		
Malaysian Government Investment Issuance	427,438	326,673
<u>Unquoted securities:</u> <u>In Malaysia</u>		
Private debt securities	454,139	403,334
	<u>881,577</u>	<u>730,007</u>
At cost		
<u>Unquoted securities</u> <u>In Malaysia</u>		
Shares	575	575
	<u>882,152</u>	<u>730,582</u>

The carrying value of securities available-for-sale, which was transferred from securities held-for-trading, for the Bank as at 30 June 2009 is RM20.3 million (31.12.2008 : NIL)

12 SECURITIES HELD-TO-MATURITY

	<u>Unaudited</u> <u>As at</u> <u>30.06.2009</u> RM'000	<u>Audited</u> <u>As at</u> <u>31.12.2008</u> RM'000
At amortised cost		
<u>Money market instruments:</u>		
Cagamas mudharabah bonds	210,040	215,122
Khazanah bonds	287,193	281,839
Malaysian Government Investment Issuance	499,580	406,053
<u>Unquoted</u> <u>In Malaysia</u>		
Private debt securities	244,882	244,343
	<u>1,241,695</u>	<u>1,147,357</u>

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009 (CONTINUED)

13 FINANCING AND ADVANCES

	<u>Unaudited</u> <u>As at</u> <u>30.06.2009</u> RM'000	<u>Audited</u> <u>As at</u> <u>31.12.2008</u> RM'000
(i) By type		
Cashline	72,194	36,530
Term financing		
- housing financing	1,729,628	1,704,406
- syndicated term financing	377,820	555,504
- hire purchase receivables	1,047,933	807,349
- other term financing	1,411,914	1,349,326
Bills receivables	619,653	677,058
Trust receipts	34,379	36,480
Staff financing	13,268	12,922
Revolving financing	443,443	502,942
	<u>5,750,232</u>	<u>5,682,517</u>
Less: Unearned income	(151,922)	(140,208)
Gross financing and advances	<u>5,598,310</u>	<u>5,542,309</u>
Less : Allowance for bad and doubtful financing :		
- general	(98,584)	(97,984)
- specific	(118,986)	(92,581)
Net financing and advances	<u>5,380,740</u>	<u>5,351,744</u>
(ii) By type of customer		
Domestic non-bank financial institutions		
- Others	20,605	20,555
Domestic business enterprises		
- Small medium enterprises	632,708	674,412
- Others	2,145,144	2,180,804
Government and statutory bodies	101,432	101,250
Individuals	2,365,564	2,231,902
Other domestic entities	6,903	10,220
Foreign entities	325,954	323,166
	<u>5,598,310</u>	<u>5,542,309</u>
(iii) Financing and advances analysed by contract are as follows:		
Bai' Bithaman Ajil	2,057,063	2,213,143
Al-Ijarah Muntahia Bittamlik / Al-Ijarah Thumma Al-Bai' ('AITAB')	1,649,173	1,451,681
Murabahah	1,156,668	1,252,689
Al-Istisna'	438,716	409,949
Others	296,690	214,847
	<u>5,598,310</u>	<u>5,542,309</u>

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009 (CONTINUED)

13 FINANCING AND ADVANCES (CONTINUED)

	<u>Unaudited</u> <u>As at</u> <u>30.06.2009</u> RM'000	<u>Audited</u> <u>As at</u> <u>31.12.2008</u> RM'000
(iv) By profit rate sensitivity		
Fixed rate		
- Housing financing	1,529,188	1,620,753
- Hire purchase receivables	896,011	807,349
- Other fixed rate financing	1,454,682	1,513,692
Variable rate		
- BFR-plus	907,365	157,135
- Cost-plus	811,064	1,443,380
	<u>5,598,310</u>	<u>5,542,309</u>
(v) By purpose		
Purchase of securities	18,730	80,057
Purchase of transport vehicles	820,810	672,267
Purchase of landed property:		
- Residential	1,768,880	1,703,170
- Non-residential	215,050	147,146
Purchase of property, plant and equipment other than land and building	436,690	441,098
Personal use	15,780	20,322
Purchase of consumer durables	140	159
Construction	318,890	289,809
Working capital	1,799,640	2,040,232
Other purposes	203,700	148,049
	<u>5,598,310</u>	<u>5,542,309</u>
(vi) Movement in non-performing financing and advances		
Balance as at the beginning of financial period/year	267,357	282,833
Classified as non-performing during the financial period/year	248,780	272,830
Reclassified as performing during the financial period/year	(104,035)	(215,781)
Amount recovered	(23,074)	(36,382)
Amount written off	(28,428)	(36,143)
Balance as at the end of financial period/year	<u>360,600</u>	<u>267,357</u>
Specific allowance	(118,986)	(92,581)
Net non-performing financing and advances	<u>241,614</u>	<u>174,776</u>
Ratio of net non-performing financing and advances as % of gross financing and advances, less specific allowances	<u>4.4%</u>	<u>3.3%</u>

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009 (CONTINUED)

13 FINANCING AND ADVANCES (CONTINUED)

(vii) Movement in allowance for bad and doubtful financing and advances

	<u>Unaudited</u> <u>As at</u> <u>30.06.2009</u> RM'000	<u>Audited</u> <u>As at</u> <u>31.12.2008</u> RM'000
<u>General allowance</u>		
Balance as at the beginning of financial period/year	97,984	82,948
Net allowance made during the financial period/year	600	15,036
Balance as at the end of financial period/year	<u>98,584</u>	<u>97,984</u>
As % of gross financing and advances less specific allowance	<u>1.8%</u>	<u>1.8%</u>
<u>Specific allowance</u>		
Balance as at the beginning of financial period/year	92,581	93,336
Allowance made during the financial period/year	73,424	36,720
Amount recovered	(19,620)	(11,590)
Amount written off	(27,399)	(25,885)
Balance as at the end of financial period/year	<u>118,986</u>	<u>92,581</u>

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

Purchase of transport vehicles	5,112	1,043
Purchase of landed property:		
- Residential	187,805	178,194
- Non-residential	9,170	3,889
Purchase of property, plant and equipment other than land and building	722	-
Personal use	2,815	5,959
Construction	1,169	1,896
Working capital	153,807	76,376
	<u>360,600</u>	<u>267,357</u>

14 OTHER ASSETS

Income receivable	21,598	18,756
Deposits and prepayments	14,104	15,390
Sundry deposits debtors	10,035	6,363
Other debtors	92,807	74,398
	<u>138,544</u>	<u>114,907</u>

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009 (CONTINUED)

15 DEPOSITS FROM CUSTOMERS

	<u>Unaudited</u> <u>As at</u> <u>30.06.2009</u> RM'000	<u>Audited</u> <u>As at</u> <u>31.12.2008</u> RM'000
<u>Non-Mudharabah Funds:</u>		
Demand deposits	1,893,662	1,535,447
Savings deposits	540,409	542,606
Negotiable Islamic Debt Certificates	61,057	59,850
	<u>2,495,128</u>	<u>2,137,903</u>
<u>Mudharabah Funds:</u>		
Demand deposits	312,075	332,007
General investment deposits	1,297,999	1,512,965
Special investment deposits	4,184,787	3,364,431
	<u>8,289,989</u>	<u>7,347,306</u>

The deposits are sourced from the following classes of customers:

Government and statutory bodies	2,147,542	2,017,349
Business enterprises	4,536,120	3,758,692
Individuals	845,879	824,405
Others	760,448	746,860
	<u>8,289,989</u>	<u>7,347,306</u>

16 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	<u>Unaudited</u> <u>As at</u> <u>30.06.2009</u> RM'000	<u>Audited</u> <u>As at</u> <u>31.12.2008</u> RM'000
<u>Non-Mudharabah Fund:</u>		
Licensed Islamic banks	294,572	414,568
Licensed banks	471,884	345,250
Other financial institutions	-	121,917
	<u>766,456</u>	<u>881,735</u>
<u>Mudharabah Fund:</u>		
Licensed Islamic banks	450,000	-
Other financial institutions	357,094	-
	<u>1,573,550</u>	<u>881,735</u>

17 OTHER LIABILITIES

Sundry creditors	18,852	11,286
Profit equalisation reserve	-	5,736
Amount due to holding company	119,518	172,393
Other accruals and payables	66,498	72,942
	<u>204,868</u>	<u>262,357</u>

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009 (CONTINUED)

18 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

	Current Financial Quarter ended <u>30.06.2009</u> RM'000	Preceding Corresponding Financial Quarter ended <u>30.06.2008</u> RM'000	Current Financial Half Year ended <u>30.06.2009</u> RM'000	Preceding Corresponding Financial Half Year ended <u>30.06.2008</u> RM'000
Income derived from investment of:				
(i) General investment deposit	17,066	26,681	37,572	51,382
(ii) Other deposits	85,329	63,867	173,343	126,053
	102,395	90,548	210,915	177,435
 (i) Income derived from investment of general investment deposits				
<u>Finance income and hibah:</u>				
Financing and advances	11,417	18,793	24,490	35,312
Securities held for trading	270	1,866	928	2,927
Securities available-for-sale	1,530	528	3,018	820
Securities held-to-maturity	1,595	908	3,285	1,784
Money at call and deposit with financial institutions	1,721	4,436	3,240	8,658
	16,533	26,531	34,961	49,501
Amortisation of premium less accretion of discount	466	1,449	1,006	2,853
Total finance income and hibah	16,999	27,980	35,967	52,354
Other operating income (note a-c)	67	(1,299)	1,605	(972)
	17,066	26,681	37,572	51,382
 Other operating income comprise of:				
a) Fee income :				
Commission	186	292	379	562
Guarantee fees	4	9	50	80
	190	301	429	642
b) Net (loss) / gain from sale of :				
- Securities held for trading	(25)	(25)	573	(15)
- Securities available-for-sale	-	19	1,598	75
	(25)	(6)	2,171	60
c) Net unrealised loss on revaluation of securities held for trading	(98)	(1,594)	(995)	(1,674)
	67	(1,299)	1,605	(972)

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009 (CONTINUED)

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

	Current Financial Quarter ended <u>30.06.2009</u> RM'000	Preceding Corresponding Financial Quarter ended <u>30.06.2008</u> RM'000	Current Financial Half Year ended <u>30.06.2009</u> RM'000	Preceding Corresponding Financial Half Year ended <u>30.06.2008</u> RM'000
(i) Income derived from investment of other deposits				
<u>Finance income and hibah:</u>				
Financing and advances	57,074	44,984	112,986	86,629
Securities held for trading	1,348	4,467	4,279	7,183
Securities available-for-sale	7,651	1,263	13,924	2,011
Securities held-to-maturity	7,980	2,173	15,158	4,376
Money at call and deposit with financial institutions	8,604	10,619	14,948	21,242
	82,657	63,506	161,295	121,441
Amortisation of premium less accretion of discount	2,332	3,469	4,640	7,000
Total finance income and hibah	84,989	66,975	165,935	128,441
Other operating income (note a-c)	340	(3,108)	7,408	(2,388)
	85,329	63,867	173,343	126,053
Other operating income comprise of:				
a) Fee income :				
Commission	930	700	1,750	1,378
Guarantee fees	20	22	232	195
	950	722	1,982	1,573
b) Net (loss) / gain from sale of :				
- Securities held for trading	(120)	(60)	2,647	(37)
- Securities available-for-sale	-	45	7,370	183
	(120)	(15)	10,017	146
c) Net unrealised loss on revaluation of securities held for trading				
	(490)	(3,815)	(4,591)	(4,107)
	340	(3,108)	7,408	(2,388)

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009 (CONTINUED)

19 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Current Financial Quarter ended <u>30.06.2009</u> RM'000	Preceding Corresponding Financial Quarter ended <u>30.06.2008</u> RM'000	Current Financial Half Year ended <u>30.06.2009</u> RM'000	Preceding Corresponding Financial Half Year ended <u>30.06.2008</u> RM'000
<u>Finance income and hibah:</u>				
Financing and advances	4,014	4,182	8,497	9,298
Securities held for trading	95	478	322	771
Securities available-for-sale	538	135	1,047	216
Securities held-to-maturity	561	232	1,140	470
Money at call and deposit with financial institutions	605	1,136	1,124	2,280
	5,813	6,793	12,130	13,035
Amortisation of premium less accretion of discount	164	371	349	749
Total finance income and hibah	5,977	7,164	12,479	13,784
Other operating income (note a-c)	5,301	4,981	10,441	10,427
	11,278	12,145	22,920	24,211
Other operating income comprise of:				
a) Fee income :				
Commission	524	1,027	844	1,821
Service charges and fees	4,309	2,481	7,988	7,164
Guarantee and underwriting fees	107	8	128	34
Other fee income	402	23	1,072	50
	5,342	3,539	10,032	9,069
b) Net (loss) / gain from sale of :				
- Securities held for trading	(7)	1,845	200	1,779
- Securities available-for-sale	-	5	554	20
	(7)	1,850	754	1,799
c) Net unrealised loss on revaluation of securities held for trading				
	(34)	(408)	(345)	(441)
	5,301	4,981	10,441	10,427

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009 (CONTINUED)

20 ALLOWANCES FOR LOSSES ON FINANCING AND ADVANCES

	Current Financial Quarter ended <u>30.06.2009</u> RM'000	Preceding Corresponding Financial Quarter ended <u>30.06.2008</u> RM'000	Current Financial Half Year ended <u>30.06.2009</u> RM'000	Preceding Corresponding Financial Half Year ended <u>30.06.2008</u> RM'000
Allowance for losses on financing and advances:				
Specific allowance				
- Made during the financial period	56,136	13,319	73,424	16,410
- Written back	(19,172)	(4,349)	(19,621)	(6,544)
General allowance				
-Made during the financial period	4,900	3,500	600	2,736
Bad financing recovered	(1,347)	(333)	(1,714)	(682)
	40,517	12,137	52,689	11,920

21 INCOME ATTRIBUTABLE TO DEPOSITORS

	Current Financial Quarter ended <u>30.06.2009</u> RM'000	Preceding Corresponding Financial Quarter ended <u>30.06.2008</u> RM'000	Current Financial Half Year ended <u>30.06.2009</u> RM'000	Preceding Corresponding Financial Half Year ended <u>30.06.2008</u> RM'000
Deposits from customers:				
- Mudharabah funds	27,543	32,885	61,951	65,160
- Non-mudharabah funds	2,854	5,177	5,909	10,095
Deposits and placements of banks and other financial institutions:				
- Mudharabah funds	6,176	4,547	13,081	5,989
- Non-mudharabah funds	372	263	523	492
	36,945	42,872	81,464	81,736

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009 (CONTINUED)

22 COMMITMENTS AND CONTINGENCIES

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

Risk weighted exposures of the Bank are as follows:

	<u>Unaudited as at 30.06.2009</u>		
	<u>Principal Amount RM'000</u>	<u>Credit Equivalent Amount * RM'000</u>	<u>Risk Weighted Amount RM'000</u>
Transaction-related contingent items	188,614	94,307	84,105
Short-term self-liquidating trade-related Contingencies	105,710	21,142	21,142
Obligations under underwriting Agreements	70,000	35,000	35,000
Irrevocable commitments to extend credit :			
- maturity more than one year	246,182	123,091	114,712
- maturity less than one year	1,245,643	249,129	249,129
Total	<u>1,856,149</u>	<u>522,669</u>	<u>504,088</u>
		<u>Audited as at 31.12.2008 *</u>	
	<u>Principal Amount RM'000</u>	<u>Credit Equivalent Amount * RM'000</u>	<u>Risk Weighted Amount RM'000</u>
Transaction-related contingent items	149,200	74,600	64,399
Short-term self-liquidating trade-related Contingencies	112,515	22,503	22,503
Obligations under underwriting Agreements	70,000	35,000	35,000
Irrevocable commitments to extend credit :			
- maturity more than one year	324,187	162,094	156,572
- maturity less than one year	1,207,911	241,582	241,582
Total	<u>1,863,813</u>	<u>535,779</u>	<u>520,056</u>

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

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009 (CONTINUED)**

23 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>Unaudited as at 30.06.2009</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	2,727,930	-	-	-	-	104,876	-	2,832,806	2.03
Deposits and placements with financial institutions	-	60,190	200,000	-	-	-	-	260,190	1.87
Securities held for trading	-	-	-	-	-	-	40,915	40,915	3.69
Securities available-for-sale	-	-	-	658,922	222,655	575	-	882,152	4.07
Securities held-to-maturity	297,957	-	119,682	530,294	293,762	-	-	1,241,695	4.31
Financing and advances									
- performing	402,042	338,499	694,099	386,700	3,416,370	-	-	5,237,710	5.50
- non-performing	-	-	-	-	-	143,030*	-	143,030	
Other assets	-	-	-	-	-	138,544	-	138,544	
Deferred tax assets	-	-	-	-	-	23,688	-	23,688	
Statutory deposits	-	-	-	-	-	73,740	-	73,740	
Property, plant and equipment	-	-	-	-	-	22,124	-	22,124	
Intangible assets	-	-	-	-	-	29,518	-	29,518	
Total assets	3,427,929	398,689	1,013,781	1,575,916	3,932,787	536,095	40,915	10,926,112	

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

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009 (CONTINUED)

23 PROFIT RATE RISK (CONTINUED)

Unaudited as at 30.06.2009

	← 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	4,767,042	1,123,208	1,488,393	13,167	-	898,179	-	8,289,989	1.47
Deposits and placements of banks and other financial institutions	370,168	937,099	266,283	-	-	-	-	1,573,550	2.11
Bills and acceptances payable	-	-	-	-	-	10,917	-	10,917	
Other liabilities	-	-	-	-	-	204,868	-	204,868	
Provision for taxation	-	-	-	-	-	3,665	-	3,665	
Total liabilities	5,137,210	2,060,307	1,754,676	13,167	-	1,117,629	-	10,082,989	
Total equity	-	-	-	-	-	843,123	-	843,123	
	5,137,210	2,060,307	1,754,676	13,167	-	1,960,752	-	10,926,112	
Total profit-sensitivity gap	(1,709,281)	(1,661,618)	(740,895)	1,562,749	3,932,787				

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2008 (CONTINUED)**

23 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.

<u>Audited as at 31.12.2008</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	1,350,371	-	-	-	-	(7,470)	-	1,342,901	3.28
Securities held for trading	-	-	-	-	-	-	404,464	404,464	4.20
Securities available-for-sale	-	-	-	399,190	330,817	575	-	730,582	5.39
Securities held-to-maturity	-	5,018	368,487	419,141	354,711	-	-	1,147,357	4.31
Financing and advances									
- performing	503,410	481,142	651,996	426,252	3,212,152	-	-	5,274,952	5.89
- non-performing	-	-	-	-	-	76,792*	-	76,792	
Other assets	-	-	-	-	-	114,907	-	114,907	
Deferred tax assets	-	-	-	-	-	19,960	-	19,960	
Tax recoverable	-	-	-	-	-	9,273	-	9,273	
Statutory deposits	-	-	-	-	-	199,440	-	199,440	
Property, plant and equipment	-	-	-	-	-	19,434	-	19,434	
Intangible asset	-	-	-	-	-	29,518	-	29,518	
Total assets	1,853,781	486,160	1,020,483	1,244,583	3,897,680	462,429	404,464	9,369,580	

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

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009 (CONTINUED)

23 PROFIT RATE RISK (CONTINUED)

Audited as at 31.12.2008

	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	3,530,826	1,144,522	1,749,847	13,818	-	908,293	-	7,347,306	2.51
Deposits and placements of banks and other financial institutions	221,916	-	314,569	-	345,250	-	-	881,735	3.35
Bills and acceptances payable	-	-	-	-	-	34,786	-	34,786	
Other liabilities	-	-	-	-	-	262,357	-	262,357	
Total liabilities	3,752,742	1,144,522	2,064,416	13,818	345,250	1,205,436	-	8,526,184	
Total equity	-	-	-	-	-	843,396	-	843,396	
	3,752,742	1,144,522	2,064,416	13,818	345,250	2,048,832	-	9,369,580	
Total profit-sensitivity gap	(1,898,961)	(658,362)	(1,043,933)	1,230,765	3,552,430				

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009 (CONTINUED)

24 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.

	<u>30.06.2009</u> RM'000	<u>31.12.2008</u> RM'000
<u>Tier I Capital</u>		
Paid-up ordinary share capital	523,424	523,424
Retained profits	135,437	135,437
Statutory reserve	<u>166,005</u>	<u>166,005</u>
	824,866	824,866
Less :		
Deferred tax assets	(19,960)	(19,960)
Total Tier I capital	<u>804,906</u>	<u>804,906</u>
<u>Tier II Capital</u>		
General allowance for bad and doubtful financing	98,584	97,984
Total Tier II capital	<u>98,584</u>	<u>97,984</u>
Less:		
Other deduction*	(152)	-
Total capital base	<u>903,338</u>	<u>902,890</u>
<u>Capital ratios</u>		
Core capital ratio (inclusive of market risk)	12.46%	12.07%
Risk-weighted capital ratio (inclusive of market risk)	<u>13.99%</u>	<u>13.54%</u>

* 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.

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009 (CONTINUED)

24 CAPITAL ADEQUACY (CONTINUED)

DISCLOSURE ON CAPITAL ADEQUACY UNDER THE STANDARDISED APPROACH

Unaudited as at 30.06.2009

Item	Exposure Class	Gross Exposure	Net Exposure	Risk Weighted Assets	Risk Weighted Assets Absorbed by PSIA	Total Risk Weighted Assets after effects of PSIA	Capital Requirements
1.0	<i>Credit Risk</i>						
	<i>On-Balance Sheet Exposures</i>						
	Sovereigns/Central Banks	3,402,571	3,402,571	-	-	-	-
	Public Sector Entities	-	-	-	-	-	-
	Banks, Development Financial Institutions & MDBs	646,931	646,931	129,386	-	129,386	10,351
	Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-
	Corporates	4,192,573	4,192,573	3,228,717	-	3,228,717	258,297
	Regulatory Retail	2,135,974	2,135,974	1,624,666	-	1,624,666	129,973
	Residential Mortgages	-	-	-	-	-	-
	Higher Risk Assets	-	-	-	-	-	-
	Other Assets	-	-	-	-	-	-
	Specialised	-	-	-	-	-	-
	Financing/Investment	-	-	-	-	-	-
	Equity Exposure	-	-	-	-	-	-
	Securitisation Exposures	-	-	-	-	-	-
	Other Assets	110,446	110,446	84,136	-	84,136	6,731
	Defaulted Exposures	269,191	269,191	333,718	-	333,718	26,698
	Total for On-Balance Sheet Exposures	10,757,686	10,757,686	5,400,623	-	5,400,623	432,050
	<i>Off-Balance Sheet Exposures</i>						
	OTC Derivatives	-	-	-	-	-	-
	Credit Derivatives	-	-	-	-	-	-
	Off balance sheet exposures other than OTC derivatives or credit derivatives	522,669	522,669	504,088	-	504,088	40,327
	Defaulted Exposures	-	-	-	-	-	-
	Total for Off-Balance Sheet Exposures	522,669	522,669	504,088	-	504,088	40,327
	Total On and Off-Balance Sheet Exposures	11,280,355	11,280,355	5,904,711	-	5,904,711	472,377
2.0	Large Exposures Risk Requirement	-	-	-	-	-	-
3.0	<u>Market Risk</u>						
		Long Position	Short Position				
	Interest Rate Risk	40,915	-	40,915	1,652	1,652	132
	Foreign Currency Risk	7,983	-	7,983	7,983	7,983	639
	Equity Risk	-	-	-	-	-	-
	Commodity Risk	-	-	-	-	-	-
	Inventory Risk	-	-	-	-	-	-
	Total Market Risk	48,898	-	48,898	9,635	9,635	771
4.0	Operational Risk			544,588	-	544,588	43,567
5.0	Total RWA and Capital Requirements			6,458,934	-	6,458,934	516,715

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009 (CONTINUED)

24 CAPITAL ADEQUACY (CONTINUED)

DISCLOSURE ON CAPITAL ADEQUACY UNDER THE STANDARDISED APPROACH

Audited as at 31.12.2008

Item	Exposure Class	Gross Exposure	Net Exposure	Risk Weighted Assets	Risk Weighted Assets Absorbed by PSIA	Total Risk Weighted Assets after effects of PSIA	Capital Requirements
1.0	<i>Credit Risk</i>						
	<i>On-Balance Sheet Exposures</i>						
	Sovereigns/Central Banks	2,210,916	2,210,916	-	-	-	-
	Public Sector Entities	-	-	-	-	-	-
	Banks, Development Financial Institutions & MDBs	95,517	95,517	19,103	-	19,103	1,528
	Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-
	Corporates	4,312,556	4,312,556	3,455,962	-	3,455,962	276,477
	Regulatory Retail	2,064,686	2,064,686	1,548,515	-	1,548,515	123,881
	Residential Mortgages	-	-	-	-	-	-
	Higher Risk Assets	-	-	-	-	-	-
	Other Assets	-	-	-	-	-	-
	Specialised	-	-	-	-	-	-
	Financing/Investment	-	-	-	-	-	-
	Equity Exposure	-	-	-	-	-	-
	Securitisation Exposures	-	-	-	-	-	-
	Other Assets	117,525	117,525	115,890	-	115,890	9,271
	Defaulted Exposures	233,288	233,288	328,899	-	328,899	26,312
	Total for On-Balance Sheet Exposures	9,034,488	9,034,488	5,468,369	-	5,468,369	437,469
	<i>Off-Balance Sheet Exposures</i>						
	OTC Derivatives	-	-	-	-	-	-
	Credit Derivatives	-	-	-	-	-	-
	Off balance sheet exposures other than OTC derivatives or credit derivatives	535,779	535,779	520,056	-	520,056	41,604
	Defaulted Exposures	-	-	-	-	-	-
	Total for Off-Balance Sheet Exposures	535,779	535,779	520,056	-	520,056	41,604
	Total On and Off-Balance Sheet Exposures	9,570,267	9,570,267	5,988,425	-	5,988,425	479,073
2.0	Large Exposures Risk Requirement	-	-	-	-	-	-
3.0	<u>Market Risk</u>						
		Long Position	Short Position				
	Interest Rate Risk	404,464	-	404,464	152,587	152,587	12,207
	Foreign Currency Risk	12,379	-	12,379	12,374	12,374	990
	Equity Risk	-	-	-	-	-	-
	Commodity Risk	-	-	-	-	-	-
	Inventory Risk	-	-	-	-	-	-
	Total Market Risk	416,843	-	416,843	164,961	164,961	13,197
4.0	Operational Risk			514,676	-	514,676	41,174
5.0	Total RWA and Capital Requirements			6,668,062	-	6,668,062	533,444

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009 (CONTINUED)

24 CAPITAL ADEQUACY (CONTINUED)

DISCLOSURE ON CREDIT RISK: DISCLOSURES ON RISK WEIGHTS

Unaudited as at 30.06.2009

Risk Weighted	Exposures after Netting and Credit Risk Mitigation												Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, MDBs and FDIs	Insurance Cos, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securitisation	Equity		
0%	3,402,571	-	-	-	62,529	3,268	-	-	-	-	-	-	3,468,368	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	-	646,931	-	1,265,856	-	-	-	1,468	-	-	-	1,914,255	382,851
35%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	50,414	2,951	-	-	-	-	-	-	53,365	26,682
75%	-	-	-	-	-	2,166,222	-	-	-	-	-	-	2,166,222	1,624,667
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	3,164,402	20,034	-	-	108,978	-	-	-	3,293,414	3,293,414
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	226,025	154,877	-	3,829	-	-	-	-	384,731	577,097
Total exposures	3,402,571	-	646,931	-	4,769,226	2,347,352	-	3,829	110,446	-	-	-	11,280,355	
Risk weighted assets by exposure	-	-	129,386	-	3,781,818	1,878,492	-	5,743	109,272	-	-	-		5,904,711
Average Risk Weight	0.0%	-	20.0%	-	79.3%	80.0%	-	150.0%	98.9%	-	-	-		52.4%
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009 (CONTINUED)

24 CAPITAL ADEQUACY (CONTINUED)

DISCLOSURE ON CREDIT RISK: DISCLOSURES ON RISK WEIGHTS

Audited as at 31.12.2008

Risk Weighted	Exposures after Netting and Credit Risk Mitigation												Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, MDBs and FDIs	Insurance Cos, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securitisation	Equity		
0%	2,210,916	-	-	-	-	-	-	-	-	-	-	-	2,210,916	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	-	95,517	-	1,142,303	-	-	-	2,043	-	-	-	1,239,863	247,972
35%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	12,289	2,156	-	-	-	-	-	-	14,445	7,223
75%	-	-	-	-	-	2,086,771	-	-	-	-	-	-	2,086,771	1,565,078
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	3,595,832	7,198	-	-	115,482	-	-	-	3,718,512	3,718,512
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	111,805	182,516	-	5,439	-	-	-	-	299,760	449,640
Total exposures	2,210,916	-	95,517	-	4,862,229	2,278,641	-	5,439	117,525	-	-	-	9,570,267	
Risk weighted assets by exposure	-	-	19,103	-	3,998,145	1,847,127	-	8,159	115,891	-	-	-		5,988,425
Average Risk Weight	0.0%	-	20.0%	-	82.2%	81.1%	-	150.0%	98.6%	-	-	-		62.6%
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009 (CONTINUED)

24 CAPITAL ADEQUACY (CONTINUED)

DISCLOSURE ON OFF BALANCE SHEET AND COUNTERPARTY CREDIT RISK

Unaudited as at 30.06.2009

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Assets
Direct Credit Substitutes				
Transaction related contingent items	188,614		94,307	84,105
Short Term Self Liquidating trade related contingencies	105,710		21,142	21,142
Assets sold with recourse	-		-	-
Forward Assets purchases	-		-	-
Obligations under an on-going underwriting agreement	70,000		35,000	35,000
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise				
Out of repo-style transactions. (i.e. repurchase / reverse repurchase and securities lending / borrowing transactions.	-		-	-
Foreign exchange related contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Interest/Profit rate related contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Equity related contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Gold and Other Precious Metal Contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Other Commodity Contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Credit Derivative Contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
OTC Derivative transactions and credit derivative contracts	-	-	-	-
Subject to valid bilateral netting agreements				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	246,182		123,091	114,712
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,245,643		249,129	249,129
Any commitments that are unconditionally cancelled at any Time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	-		-	-
Unutilised credit card lines	-		-	-
Off-balance sheet items for securitisation exposures	-		-	-
Total	1,856,149	-	522,669	504,088

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009 (CONTINUED)

24 CAPITAL ADEQUACY (CONTINUED)

DISCLOSURE ON OFF BALANCE SHEET AND COUNTERPARTY CREDIT RISK

Audited as at 31.12.2008

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Assets
Direct Credit Substitutes				
Transaction related contingent items	149,200		74,600	64,399
Short Term Self Liquidating trade related contingencies	112,515		22,503	22,503
Assets sold with recourse	-		-	-
Forward Assets purchases	-		-	-
Obligations under an on-going underwriting agreement	70,000		35,000	35,000
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise				
Out of repo-style transactions. (i.e. repurchase / reverse repurchase and securities lending / borrowing transactions.	-		-	-
Foreign exchange related contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Interest/Profit rate related contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Equity related contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Gold and Other Precious Metal Contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Other Commodity Contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Credit Derivative Contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
OTC Derivative transactions and credit derivative contracts				
Subject to valid bilateral netting agreements				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	324,187		162,094	156,572
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,207,911		241,582	241,582
Any commitments that are unconditionally cancelled at any Time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	-		-	-
Unutilised credit card lines	-		-	-
Off-balance sheet items for securitisation exposures	-		-	-
Total	1,863,813	-	535,779	520,056

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2009 (CONTINUED)

25 CREDIT EXPOSURES ARISING FROM TRANSACTIONS WITH CONNECTED PARTIES

Credit exposures with connected parties as per Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties are as follows:

	<u>Unaudited</u> <u>As At</u> <u>30.06.2009</u> RM'000	<u>Audited</u> <u>As At</u> <u>31.12.2008</u> RM'000
Outstanding credit exposures with connected parties	47,141	75,898
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	0.59%	0.97%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	-	-

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

Company No.

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

RHB ISLAMIC BANK BERHAD

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2009 (CONTINUED)

26 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

27 MATERIAL EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There were no material events subsequent to the balance sheet date that has not been reflected in the interim financial statements.

28 CHANGES IN PROFIT FOR THE QUARTER

The Bank recorded higher profit before taxation of RM22.4 million for the current quarter as compared to the preceding quarter ended 31 March 2009 of RM10.1 million. The increase was generally due to lower funding expenses and release of profit equalization reserve (PER) made vis-a-vis the previous quarter.

29 PERFORMANCE REVIEW

Given the present challenging global and local economic scenario, the first half of 2009 has been a challenging period as compared to the same period in 2008. For the 6 months ended 30 June 2009, the Bank posted 39% lower profit before taxation of RM32.4 million as compared to the preceding corresponding period ended 30 June 2008 of RM53.5 million. The decrease was largely contributed by the higher allowance for losses on financing and advances made during the period.

30 PROSPECTS OF FINANCIAL YEAR ENDING 31 DECEMBER 2009

The banking sector in Malaysia remained resilient despite a weak global and domestic economy in the first half of the year. With the continuing proactive action of Bank Negara Malaysia and the Government in the form of support for the SME sector, low interest rate environment and implementation of the economic stimulus packages, we are optimistic that there will be an improvement in the domestic economy towards the next half of the year.

In line with the anticipated improvement in the domestic economy, the Bank expects to maintain its positive growth in 2009.