

Company No.

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RHB ISLAMIC BANK BERHAD
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

CONDENSED BALANCE SHEET AS AT 31 MARCH 2009

| | Note | <u>Unaudited</u> <u>As at</u> <u>31.03.2009</u> RM'000 | <u>Audited</u> <u>As at</u> <u>31.12.2008</u> RM'000 |
|---|------|---|---|
| ASSETS | | | |
| Cash and short-term funds | 8 | 1,117,509 | 1,342,901 |
| Deposits and placements with banks and other financial institutions | 9 | 248,278 | - |
| Securities held for trading | 10 | 197,542 | 404,464 |
| Securities available-for-sale | 11 | 835,103 | 730,582 |
| Securities held-to-maturity | 12 | 1,313,146 | 1,147,357 |
| Financing and advances | 13 | 5,109,857 | 5,351,744 |
| Other assets | 14 | 57,203 | 114,907 |
| Deferred tax assets | | 20,350 | 19,960 |
| Tax recoverable | | 4,961 | 9,273 |
| Statutory deposits | | 62,840 | 199,440 |
| Property, plant and equipment | | 19,747 | 19,434 |
| Intangible assets | | 29,518 | 29,518 |
| TOTAL ASSETS | | <u>9,016,054</u> | <u>9,369,580</u> |
| LIABILITIES AND EQUITY | | | |
| Deposits from customers | 15 | 6,639,016 | 7,347,306 |
| Deposits and placements of banks and other financial institutions | 16 | 1,180,837 | 881,735 |
| Bills and acceptances payable | | 12,524 | 34,786 |
| Other liabilities | | 346,279 | 262,357 |
| | | <u>8,178,656</u> | <u>8,526,184</u> |
| Ordinary share capital | | 523,424 | 523,424 |
| Reserves | | 313,974 | 319,972 |
| TOTAL EQUITY | | <u>837,398</u> | <u>843,396</u> |
| TOTAL LIABILITIES AND EQUITY | | <u>9,016,054</u> | <u>9,369,580</u> |
| COMMITMENTS AND CONTINGENCIES | 21 | <u>1,975,553</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.

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RHB ISLAMIC BANK BERHAD
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UNAUDITED INTERIM FINANCIAL STATEMENTS

CONDENSED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2009

| | Note | Current Financial Quarter ended 31.03.2009 RM'000 | Preceding Corresponding Financial Quarter ended 31.03.2008 RM'000 |
|---|------|--|--|
| Income derived from investment of depositors' funds | 17 | 104,180 | 86,922 |
| Income derived from investment of shareholders' funds | 18 | 15,984 | 12,034 |
| Allowance for losses on financing and advances | 19 | (12,172) | 217 |
| Profit equalisation reserve | | (16,915) | (4,488) |
| Total distributable income | | 91,077 | 94,685 |
| Income attributable to depositors | 20 | (44,520) | (38,864) |
| | | 46,557 | 55,821 |
| Personnel expenses | | (13,783) | (8,469) |
| Other overheads and expenditures | | (22,722) | (20,217) |
| Profit before taxation | | 10,052 | 27,135 |
| Taxation | | (2,617) | (7,175) |
| Net profit for the financial period | | 7,435 | 19,960 |

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RHB ISLAMIC BANK BERHAD
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UNAUDITED INTERIM FINANCIAL STATEMENTS

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2009

| | <u>Non-distributable</u> | | <u>Distributable</u> | | <u>Total</u> <u>RM'000</u> |
|--|---|---|--|--|-------------------------------|
| | <u>Share</u> <u>Capital</u> <u>RM'000</u> | <u>Statutory</u> <u>Reserve</u> <u>RM'000</u> | <u>AFS</u> <u>Reserves</u> <u>RM'000</u> | <u>Retained</u> <u>Profits</u> <u>RM'000</u> | |
| Balance as at 1 January 2009 | 523,424 | 166,005 | 18,530 | 135,437 | 843,396 |
| Unrealised net (loss) / gain on revaluation of securities available-for-sale (±AFSØ) | - | - | (976) | - | (976) |
| AFS reserve realised on disposal of securities AFS | - | - | (9,521) | - | (9,521) |
| Deferred tax | - | - | (2,936) | - | (2,936) |
| Income and expenses recognised directly in equity | - | - | (13,433) | - | (13,433) |
| Net profit for the financial period | - | - | - | 7,435 | 7,435 |
| Total recognised income and expenses for the financial period | - | - | (13,433) | 7,435 | (5,998) |
| Balance as at 31 March 2009 | 523,424 | 166,005 | 5,097 | 142,872 | 837,398 |
| Balance as at 1 January 2008 | 523,424 | 123,062 | 454 | 92,494 | 739,434 |
| Unrealised net gain / (loss) on revaluation of securities available-for-sale | - | - | 272 | - | 272 |
| AFS reserve realised on disposal of securities AFS | - | - | (209) | - | (209) |
| Deferred tax | - | - | (16) | - | (16) |
| Income and expenses recognised directly in equity | - | - | 47 | - | 47 |
| Net profit for the financial period | - | - | - | 19,960 | 19,960 |
| Total recognised income and expenses for the financial period | - | - | 47 | 19,960 | 20,007 |
| Balance as at 31 March 2008 | 523,424 | 123,062 | 501 | 112,454 | 759,441 |

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RHB ISLAMIC BANK BERHAD
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UNAUDITED INTERIM FINANCIAL STATEMENTS

CONDENSED CASH FLOW STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2009

| | Note | Current Financial Quarter ended <u>31.03.2009</u> RM'000 | Preceding Corresponding Financial Quarter ended <u>31.03.2008</u> RM'000 |
|---|------|--|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 10,052 | 27,135 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | | 558 | 373 |
| Income from: | | | |
| - Investment on securities available-for-sale | | (8,271) | (1,121) |
| - Investment on securities held-to-maturity | | (9,447) | (3,316) |
| Net gain on sale of securities available-for-sale | | (9,522) | (4,647) |
| Accretion of discount less amortisation of premium | | (3,033) | (5,315) |
| Unrealised loss from securities held for trading | | 5,308 | 405 |
| Allowance for losses on financing and advances | | 12,172 | (217) |
| Allowance for profit equalisation reserve | | 16,915 | 4,488 |
| Operating profit before working capital changes | | 14,732 | 17,785 |
| (Increase)/Decrease in operating assets: | | | |
| Deposits and placements with financial institutions | | (248,278) | (365,730) |
| Financing and advances | | 229,715 | 29,209 |
| Investment on securities held for trading | | 201,614 | 9 |
| Other assets | | 60,864 | 17,220 |
| Statutory deposit with Bank Negara Malaysia | | 136,600 | 4,400 |
| | | 395,247 | (297,107) |
| Increase/(Decrease) in operating liabilities: | | | |
| Deposits from customers | | (708,290) | 96,860 |
| Deposits and placements of banks and other financial institutions | | 299,102 | (295,602) |
| Bills and acceptances payable | | (22,262) | (1,991) |
| Other liabilities | | 67,006 | (133,041) |
| Cash generated from / (used in) operating activities | | 30,803 | (630,881) |
| Taxation paid | | (1,632) | (13,370) |
| Net cash generated from / (used in) operating activities | | 29,171 | (644,251) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (871) | (1,434) |
| Income received from disposal of: | | | |
| - Investment on securities available-for-sale | | 6,326 | 109 |
| - Investment on securities held-to-maturity | | 8,233 | 1,585 |
| Net proceeds from: | | | |
| - Purchase of securities available-for-sale | | (105,495) | 18,340 |
| - Purchase of securities held-to-maturity | | (162,756) | (97) |
| Net cash (used in) / generated from investing activities | | (254,563) | 18,503 |
| ANALYSIS OF CASH AND CASH EQUIVALENT | | | |
| Net decrease in cash and cash equivalents | | (225,392) | (625,748) |
| Cash and cash equivalent at beginning of year | | 1,342,901 | 1,934,461 |
| Cash and cash equivalent at end of period | | 1,117,509 | 1,308,713 |

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RHB ISLAMIC BANK BERHAD
(Incorporated in Malaysia)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 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 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 three months ended 31 March 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 three months ended 31 March 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 three months period ended 31 March 2009.

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RHB ISLAMIC BANK BERHAD
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2009 (CONTINUED)

8 CASH AND SHORT-TERM FUNDS

| | <u>Unaudited</u> <u>As at</u> 31.03.2009 RM'000 | <u>Audited</u> <u>As at</u> 31.12.2008 RM'000 |
|---|---|--|
| Cash and balances with banks and other financial institutions | 8,559 | (7,470) |
| Money at call and deposit placements maturing within one month | <u>1,108,950</u> | <u>1,350,371</u> |
| | <u>1,117,509</u> | <u>1,342,901</u> |

9 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

| | <u>Unaudited</u> <u>As at</u> 31.03.2009 RM'000 | <u>Audited</u> <u>As at</u> 31.12.2008 RM'000 |
|----------------------|---|--|
| Bank Negara Malaysia | <u>248,278</u> | - |
| | <u>248,278</u> | <u>-</u> |

10 SECURITIES HELD FOR TRADING

| | <u>Unaudited</u> <u>As at</u> 31.03.2009 RM'000 | <u>Audited</u> <u>As at</u> 31.12.2008 RM'000 |
|--|---|--|
| At fair value | | |
| <u>Money market instruments:</u> | | |
| Malaysian Government Investment Issuance | 25,609 | 85,736 |
| Islamic Accepted Bills | 43,024 | - |
| <u>Unquoted Securities</u> <u>In Malaysia</u> | | |
| Private debt securities | <u>128,909</u> | <u>318,728</u> |
| | <u>197,542</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 to securities available-for-sale is 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 is RM6,140.00 for the financial year ended 31 December 2008.

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.

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RHB ISLAMIC BANK BERHAD
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2009 (CONTINUED)

11 SECURITIES AVAILABLE-FOR-SALE

| | <u>Unaudited</u> <u>As at</u> 31.03.2009 RM'000 | <u>Audited</u> <u>As at</u> 31.12.2008 RMø000 |
|---|---|--|
| At fair value | | |
| <u>Money market instruments:</u> | | |
| Malaysian Government Investment Issuance | 386,127 | 326,673 |
| <u>Unquoted securities:</u> <u>In Malaysia</u> | | |
| Private debt securities | 448,401 | 403,334 |
| | <u>834,528</u> | <u>730,007</u> |
| At cost | | |
| <u>Unquoted securities</u> <u>In Malaysia</u> | | |
| Shares | 575 | 575 |
| | <u>835,103</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 31 March 2009 is RM20.2 million (31.12.2008 : RM19.9 million)

12 SECURITIES HELD-TO-MATURITY

| | <u>Unaudited</u> <u>As at</u> 31.03.2009 RM'000 | <u>Audited</u> <u>As at</u> 31.12.2008 RMø000 |
|--|---|--|
| At amortised cost | | |
| <u>Money market instruments:</u> | | |
| Cagamas mudharabah bonds | 210,082 | 215,122 |
| Khazanah bonds | 284,490 | 281,839 |
| Malaysian Government Investment Issuance | 548,855 | 406,053 |
| <u>Unquoted</u> <u>In Malaysia</u> | | |
| Private debt securities | 269,719 | 244,343 |
| | <u>1,313,146</u> | <u>1,147,357</u> |

RHB ISLAMIC BANK BERHAD
(Incorporated in Malaysia)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2009 (CONTINUED)

13 FINANCING AND ADVANCES

| | <u>Unaudited</u> <u>As at</u> 31.03.2009 <u>RM'000</u> | <u>Audited</u> <u>As at</u> 31.12.2008 <u>RM'000</u> |
|---|--|---|
| (i) By type | | |
| Cashline | 33,469 | 36,530 |
| Term financing | | |
| - housing financing | 1,721,930 | 1,704,406 |
| - syndicated term financing | 374,823 | 555,504 |
| - hire purchase receivables | 988,616 | 807,349 |
| - other term financing | 1,364,522 | 1,349,326 |
| Claims on customers under acceptance credit | 463,338 | 677,058 |
| Trust receipts | 19,206 | 36,480 |
| Staff financing | 13,239 | 12,922 |
| Revolving financing | 447,431 | 502,942 |
| | <u>5,426,574</u> | <u>5,682,517</u> |
| Less: Unearned income | <u>(144,584)</u> | <u>(140,208)</u> |
| Gross financing and advances | <u>5,281,990</u> | <u>5,542,309</u> |
| Less : Allowance for bad and doubtful financing : | | |
| - general | (93,684) | (97,984) |
| - specific | (78,449) | (92,581) |
| Net financing and advances | <u>5,109,857</u> | <u>5,351,744</u> |
| (ii) By type of customer | | |
| Domestic non-bank financial institutions | | |
| - Others | 20,353 | 20,555 |
| Domestic business enterprises | | |
| - Small medium enterprises | 543,557 | 674,412 |
| - Others | 1,971,488 | 2,180,804 |
| Government and statutory bodies | 99,891 | 101,250 |
| Individuals | 2,302,118 | 2,231,902 |
| Other domestic entities | 9,195 | 10,220 |
| Foreign entities | 335,388 | 323,166 |
| | <u>5,281,990</u> | <u>5,542,309</u> |
| (iii) Financing and advances analysed by contract are as follows: | | |
| Bai' Bithaman Ajil | 2,212,547 | 2,213,143 |
| Al-Ijarah Muntahia Bittamlik / Al-Ijarah Thumma Al-Bai' (=AITABø) | 1,530,359 | 1,451,681 |
| Murabahah | 774,654 | 1,252,689 |
| Al-Istisnaø | 505,169 | 409,949 |
| Others | 259,261 | 214,847 |
| | <u>5,281,990</u> | <u>5,542,309</u> |

RHB ISLAMIC BANK BERHAD
(Incorporated in Malaysia)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2009 (CONTINUED)

13 FINANCING AND ADVANCES (CONTINUED)

| | <u>Unaudited</u> <u>As at</u> <u>31.03.2009</u> <u>RM'000</u> | <u>Audited</u> <u>As at</u> <u>31.12.2008</u> <u>RM'000</u> |
|---|--|--|
| (iv) By profit rate sensitivity | | |
| Fixed rate | | |
| - Housing financing | 1,600,344 | 1,620,753 |
| - Hire purchase receivables | 844,032 | 807,349 |
| - Other fixed rate financing | 1,388,106 | 1,513,692 |
| Variable rate | | |
| - BFR-plus | 172,376 | 157,135 |
| - Cost-plus | 1,277,132 | 1,443,380 |
| | <u>5,281,990</u> | <u>5,542,309</u> |
| (v) By purpose | | |
| Purchase of securities | 6,462 | 80,057 |
| Purchase of transport vehicles | 767,760 | 672,267 |
| Purchase of landed property: | | |
| - Residential | 1,751,251 | 1,703,170 |
| - Non-residential | 151,785 | 147,146 |
| Purchase of property, plant and equipment other than land and building | 397,941 | 441,098 |
| Personal use | 17,440 | 20,322 |
| Purchase of consumer durables | 142 | 159 |
| Construction | 337,528 | 289,809 |
| Working capital | 1,704,027 | 2,040,232 |
| Other purposes | 147,654 | 148,049 |
| | <u>5,281,990</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 | 167,151 | 272,830 |
| Reclassified as performing during the financial period/year | (51,807) | (215,781) |
| Amount recovered | (12,056) | (36,382) |
| Amount written off | (28,428) | (36,143) |
| Balance as at the end of financial period/year | <u>342,217</u> | <u>267,357</u> |
| Specific allowance | (78,449) | (92,581) |
| Net non-performing financing and advances | <u>263,768</u> | <u>174,776</u> |
| Ratio of net non-performing financing and advances as % of gross financing and advances, less specific allowances | <u>5.1%</u> | <u>3.3%</u> |

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RHB ISLAMIC BANK BERHAD
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 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>31.03.2009</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 | (4,300) | 15,036 |
| Balance as at the end of financial period/year | 93,684 | 97,984 |
| As % of gross financing and advances less specific allowance | 1.8% | 1.8% |
| <u>Specific allowance</u> | | |
| Balance as at the beginning of financial period/year | 92,581 | 93,336 |
| Allowance made during the financial period/year | 17,287 | 36,720 |
| Amount recovered | (448) | (11,590) |
| Amount written off | (30,971) | (25,885) |
| Balance as at the end of financial period/year | 78,449 | 92,581 |

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

| | | |
|--|----------------|---------|
| Purchase of transport vehicles | 4,872 | 1,043 |
| Purchase of landed property: | | |
| - Residential | 182,914 | 178,194 |
| - Non-residential | 5,662 | 3,889 |
| Purchase of property, plant and equipment other than land and building | 721 | - |
| Personal use | 3,518 | 5,959 |
| Construction | 1,157 | 1,896 |
| Working capital | 143,373 | 76,376 |
| | 342,217 | 267,357 |

14 OTHER ASSETS

| | | |
|--------------------------|---------------|---------|
| Income receivable | 20,340 | 18,756 |
| Deposits and prepayments | 14,113 | 15,390 |
| Sundry deposits debtors | 1,165 | 6,363 |
| Other debtors | 21,585 | 74,398 |
| | 57,203 | 114,907 |

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RHB ISLAMIC BANK BERHAD
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2009 (CONTINUED)

15 DEPOSITS FROM CUSTOMERS

| | <u>Unaudited</u> <u>As at</u> <u>31.03.2009</u> RM'000 | <u>Audited</u> <u>As at</u> <u>31.12.2008</u> RM'000 |
|--------------------------------------|---|---|
| <u>Non-Mudharabah Funds:</u> | | |
| Demand deposits | 1,674,641 | 1,535,447 |
| Savings deposits | 542,511 | 542,606 |
| Negotiable Islamic Debt Certificates | 60,450 | 59,850 |
| | <u>2,277,602</u> | <u>2,137,903</u> |
| <u>Mudharabah Funds:</u> | | |
| Demand deposits | 323,928 | 332,007 |
| General investment deposits | 1,571,065 | 1,512,965 |
| Special investment deposits | 2,466,421 | 3,364,431 |
| | <u>6,639,016</u> | <u>7,347,306</u> |

The deposits are sourced from the following classes of customers:

| | | |
|---------------------------------|------------------|------------------|
| Government and statutory bodies | 1,823,387 | 2,017,349 |
| Business enterprises | 3,173,662 | 3,758,692 |
| Individuals | 835,096 | 824,405 |
| Others | 806,871 | 746,860 |
| | <u>6,639,016</u> | <u>7,347,306</u> |

16 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

| | <u>Unaudited</u> <u>As at</u> <u>31.03.2009</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 | 408,230 | 414,568 |
| Licensed banks | 364,550 | 345,250 |
| Other financial institutions | - | 121,917 |
| | <u>772,780</u> | <u>881,735</u> |
| <u>Mudharabah Fund:</u> | | |
| Licensed Islamic banks | 208,000 | - |
| Other financial institutions | 200,057 | - |
| | <u>1,180,837</u> | <u>881,735</u> |

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RHB ISLAMIC BANK BERHAD
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2009 (CONTINUED)

17 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

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

| | Current Financial Quarter ended 31.03.2009 RM'000 | Preceding Corresponding Financial Quarter ended 31.03.2008 RM'000 |
|---|--|--|
| Income derived from investment of: | | |
| (i) General investment deposit | 19,890 | 24,718 |
| (ii) Other deposits | 84,290 | 62,204 |
| | 104,180 | 86,922 |
| (i) Income derived from investment of general investment deposits | | |
| <u>Finance income and hibah:</u> | | |
| Financing and advances | 13,166 | 16,541 |
| Securities held for trading | 684 | 1,075 |
| Securities available-for-sale | 1,482 | 296 |
| Securities held-to-maturity | 1,693 | 876 |
| Money at call and deposit with financial institutions | 1,502 | 4,222 |
| | 18,527 | 23,010 |
| Amortisation of premium less accretion of discount | 544 | 1,403 |
| Total finance income and hibah | 19,071 | 24,413 |
| Other operating income (note a-c) | 819 | 305 |
| | 19,890 | 24,718 |
| Other operating income comprise of: | | |
| a) Fee income : | | |
| Commission | 193 | 269 |
| Guarantee fees | 49 | 78 |
| | 242 | 347 |
| b) Net (loss) / gain from sale of : | | |
| - Securities held for trading | (178) | 10 |
| - Securities available-for-sale | 1,707 | 55 |
| | 1,529 | 65 |
| c) Net unrealised loss on revaluation of securities held for trading | (951) | (107) |
| | 819 | 305 |

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

| | Current Financial Quarter ended 31.03.2009 RM'000 | Preceding Corresponding Financial Quarter ended 31.03.2008 RM'000 |
|--|--|--|
| (ii) Income derived from investment of other deposits | | |
| <u>Finance income and hibah:</u> | | |
| Financing and advances | 55,794 | 41,626 |
| Securities held for trading | 2,897 | 2,706 |
| Securities available-for-sale | 6,281 | 745 |
| Securities held-to-maturity | 7,174 | 2,203 |
| Money at call and deposit with financial institutions | 6,365 | 10,624 |
| | <u>78,511</u> | <u>57,904</u> |
| Amortisation of premium less accretion of discount | 2,303 | 3,531 |
| Total finance income and hibah | <u>80,814</u> | 61,435 |
| Other operating income (note a-c) | 3,476 | 769 |
| | <u>84,290</u> | <u>62,204</u> |
| Other operating income comprise of: | | |
| a) Fee income : | | |
| Commission | 819 | 678 |
| Guarantee fees | 210 | 197 |
| | <u>1,029</u> | <u>875</u> |
| b) Net (loss) / gain from sale of : | | |
| - Securities held for trading | (753) | 24 |
| - Securities available-for-sale | 7,231 | 139 |
| | <u>6,478</u> | <u>163</u> |
| c) Net unrealised loss on revaluation of securities held for trading | (4,031) | (269) |
| | <u>3,476</u> | <u>769</u> |

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18 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

| | Current Financial Quarter ended 31.03.2009 RM'000 | Preceding Corresponding Financial Quarter ended 31.03.2008 RM'000 |
|--|--|--|
| <u>Finance income and hibah:</u> | | |
| Financing and advances | 4,509 | 4,483 |
| Securities held for trading | 234 | 291 |
| Securities available-for-sale | 508 | 80 |
| Securities held-to-maturity | 580 | 237 |
| Money at call and deposit with financial institutions | 514 | 1,144 |
| | <u>6,345</u> | <u>6,235</u> |
| Amortisation of premium less accretion of discount | 186 | 380 |
| Total finance income and hibah | <u>6,531</u> | <u>6,615</u> |
| Other operating income (note a-c) | <u>9,453</u> | <u>5,419</u> |
| | <u><u>15,984</u></u> | <u><u>12,034</u></u> |
| Other operating income comprise of: | | |
| a) Fee income : | | |
| Commission | 318 | 762 |
| Service charges and fees | 3,679 | 4,683 |
| Guarantee and underwriting fees | 17 | 27 |
| Placement fees | 5 | - |
| Other fee income | 671 | 26 |
| | <u>4,690</u> | <u>5,498</u> |
| b) Net gain / (loss) from sale of : | | |
| - Securities held for trading | 4,505 | (65) |
| - Securities available-for-sale | 584 | 15 |
| | <u>5,089</u> | <u>(50)</u> |
| c) Net unrealised loss on revaluation of securities held for trading | | |
| | (326) | (29) |
| | <u>9,453</u> | <u>5,419</u> |

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19 ALLOWANCES FOR LOSSES ON FINANCING AND ADVANCES

| | Current Financial Quarter ended 31.03.2009 RM'000 | Preceding Corresponding Financial Quarter ended 31.03.2008 RM'000 |
|--|--|--|
| Allowance for losses on financing and advances: | | |
| Specific allowance | | |
| - Made during the financial period | 17,287 | 3,090 |
| - Written back | (448) | (2,195) |
| General allowance | | |
| -(Written back) / Made during the financial period | (4,300) | (764) |
| Bad financing recovered | (367) | (348) |
| | <u>12,172</u> | <u>(217)</u> |

20 INCOME ATTRIBUTABLE TO DEPOSITORS

| | Current Financial Quarter ended 31.03.2009 | Preceding Corresponding Financial Quarter ended 31.03.2008 |
|---|---|--|
| Deposits from customers: | | |
| - Mudharabah funds | 34,409 | 32,275 |
| - Non-mudharabah funds | 3,055 | 4,918 |
| Deposits and placements of banks and other financial institutions: | | |
| - Mudharabah funds | 6,487 | 1,442 |
| - Non-mudharabah funds | 569 | 229 |
| | <u>44,520</u> | <u>38,864</u> |

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21 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 31.03.2009</u> | | |
|---|-----------------------------------|-----------------------------------|-----------------------|
| | Principal | Credit | Risk |
| | Amount | Equivalent | Weighted |
| | RM'000 | Amount * | Amount |
| | RM'000 | RM'000 | RM'000 |
| Transaction-related contingent items | 180,058 | 90,029 | 79,827 |
| Short-term self-liquidating trade-related contingencies | 125,018 | 25,004 | 25,004 |
| Obligations under underwriting agreements | 70,000 | 35,000 | 35,000 |
| Irrevocable commitments to extend credit : | | | |
| - maturity more than one year | 236,528 | 118,263 | 111,778 |
| - maturity less than one year | 1,363,949 | 272,790 | 272,790 |
| Total | <u>1,975,553</u> | <u>541,086</u> | <u>524,399</u> |
| | | <u>Audited as at 31.12.2008 *</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.

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22 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 31.03.2009</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 | 1,108,950 | - | - | - | - | 8,559 | - | 1,117,509 | 2.00 |
| Deposits and placements with financial institutions | - | 48,278 | 200,000 | - | - | - | - | 248,278 | 1.98 |
| Securities held for trading | - | - | - | - | - | - | 197,542 | 197,542 | 2.50 |
| Securities available-for-sale | - | - | - | 622,908 | 211,620 | 575 | - | 835,103 | 4.36 |
| Securities held-to-maturity | - | 75,088 | 379,325 | 466,846 | 391,887 | - | - | 1,313,146 | 4.15 |
| Financing and advances | | | | | | | | | |
| - performing | 390,714 | 255,873 | 677,005 | 404,179 | 3,212,002 | - | - | 4,939,773 | 5.81 |
| - non-performing | | | | | | 170,084 | - | 170,084 | |
| Other assets | - | - | - | - | - | 57,203 | - | 57,203 | |
| Deferred tax assets | - | - | - | - | - | 20,350 | - | 20,350 | |
| Tax recoverable | - | - | - | - | - | 4,961 | - | 4,961 | |
| Statutory deposits | - | - | - | - | - | 62,840 | - | 62,840 | |
| Property, plant and equipment | - | - | - | - | - | 19,747 | - | 19,747 | |
| Intangible assets | - | - | - | - | - | 29,518 | - | 29,518 | |
| Total assets | 1,499,664 | 379,239 | 1,256,330 | 1,493,933 | 3,815,509 | 373,837 | 197,542 | 9,016,054 | |

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

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FOR THE THREE MONTHS ENDED 31 MARCH 2009 (CONTINUED)

22 PROFIT RATE RISK (CONTINUED)

Unaudited as at 31.03.2009

| | ← 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 | 3,123,525 | 1,411,505 | 910,695 | 13,265 | 211 | 1,179,815 | - | 6,639,016 | 1.80 |
| Deposits and placements of banks and other financial institutions | 435,000 | 111,455 | 634,382 | - | - | - | - | 1,180,837 | 2.61 |
| Bills and acceptances payable | - | - | - | - | - | 12,524 | - | 12,524 | 3.24 |
| Other liabilities | - | - | - | - | - | 346,279 | - | 346,279 | |
| Total liabilities | 3,558,525 | 1,522,960 | 1,545,077 | 13,265 | 211 | 1,538,618 | - | 8,178,656 | |
| Total equity | - | - | - | - | - | 837,398 | - | 837,398 | |
| | 3,558,525 | 1,522,960 | 1,545,077 | 13,265 | 211 | 2,376,016 | - | 9,016,054 | |
| Total profit-sensitivity gap | (2,058,861) | (1,143,721) | (288,747) | 1,480,668 | 3,815,297 | | | | |

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22 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.

| Audited as at 31.12.2008 | 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.

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22 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 | | | | |
| | RMø000 | RMø000 | RMø000 | RMø000 | RMø000 | RMø000 | RMø000 | RMø000 | % |
| 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 | 3.75 |
| 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 | | | | |

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23 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 (-CAFIBø): Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk.

| | <u>31.03.2009</u> RM'000 | <u>31.12.2008</u> RMø000 |
|--|------------------------------------|------------------------------------|
| <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 | <u>(19,960)</u> | (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 | 93,684 | 97,984 |
| Total Tier II capital | <u>93,684</u> | <u>97,984</u> |
| Total capital base | <u>898,590</u> | <u>902,890</u> |
| <u>Capital ratios</u> | | |
| Core capital ratio (inclusive of market risk) | 12.21% | 12.07% |
| Risk-weighted capital ratio (inclusive of market risk) | <u>13.63%</u> | <u>13.54%</u> |

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24 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

25 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.

26 CHANGES IN PROFIT FOR THE QUARTER

The Bank recorded 73% lower profit before taxation of RM10.1 million for the current quarter as compared to the preceding quarter ended 31 December 2008 of RM36.7 million. The decrease was mainly due to higher allowance for losses on financing and advances resulting from increase in non performing accounts. In addition, profit equalisation reserve was higher during the quarter to ensure the Bank's deposit rates remain competitive following the change in market rates.

27 PERFORMANCE REVIEW

For the 3 months to 31 March 2009, the Bank posted 63% lower profit before taxation of RM10.1 million as compared to the preceding corresponding period ended 31 March 2008 of RM27.1 million. The decrease was mainly due to higher allowance for losses on financing and advances and profit equalisation reserve. Excluding profit equalisation reserve, profit before taxation would be RM27.0 million, 15% lower as compared with the preceding corresponding period at RM31.6 million.

28 PROSPECTS OF FINANCIAL YEAR ENDING 31 DECEMBER 2009

Despite the slowing economy, the banking sector will remain resilient contributed by its strong capitalisation, good asset quality management and robust risk management practices. With proactive measures undertaken by the Government and Bank Negara Malaysia in the form of stimulus packages and reductions in profit rates, the Bank is optimistic that there will be continued financing growth and demand for existing and new banking products and services, albeit at a slower rate. Keen competition is expected to continue amongst the various industry players and coupled with lower profit rates and demand, we expect that there will be further pressure on net profit margins. The Bank will remain focused on building its core businesses and will continue to look for opportunities to expand its market share during this more challenging period with improvements in its sales, service and support infrastructure to better serve our customers. Barring any unforeseen circumstances, the Bank expects to achieve a satisfactory performance in 2009.