

RHB BANK BERHAD

Head Office

Towers Two & Three

RHB Centre

Jalan Tun Razak

50400 Kuala Lumpur

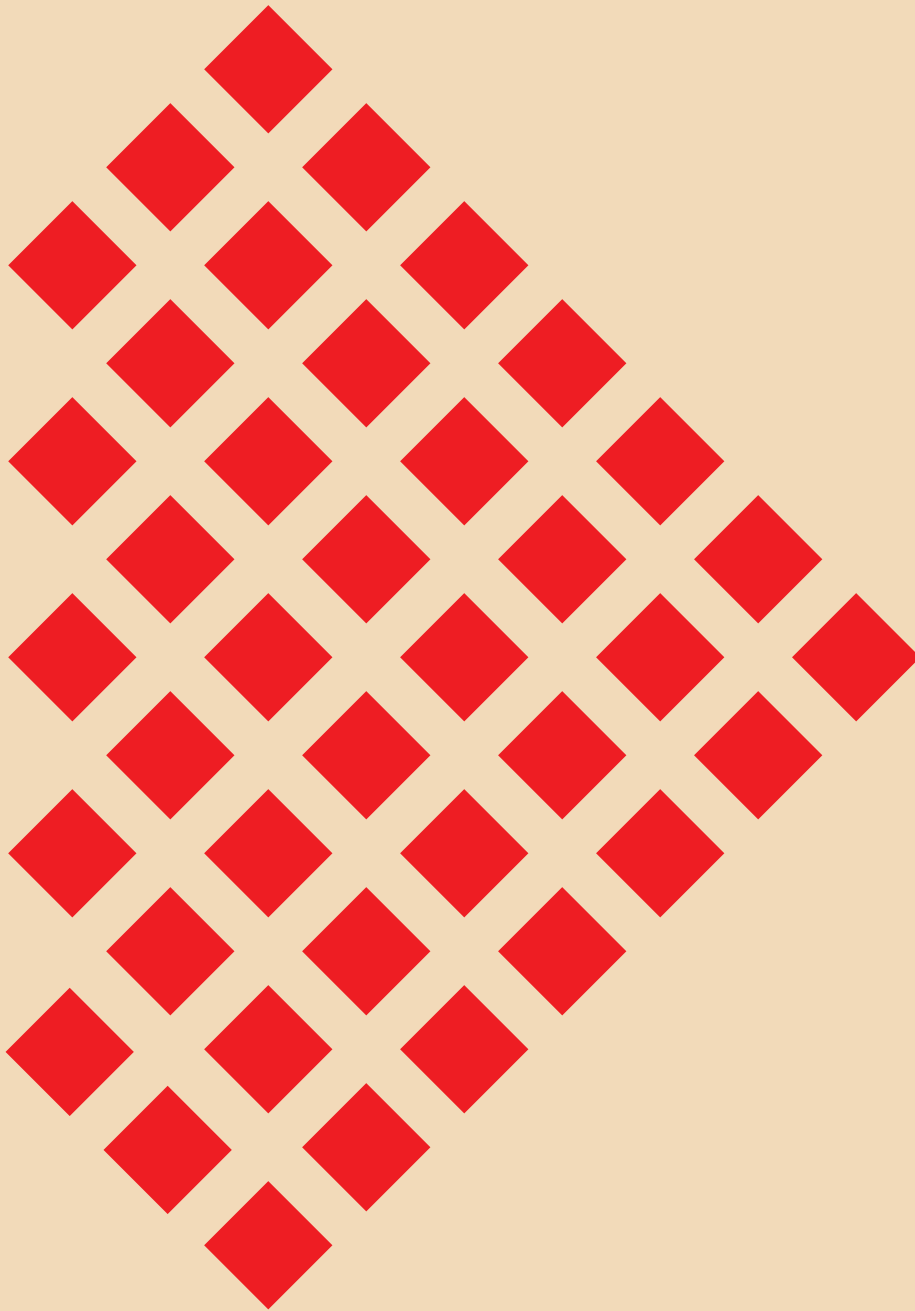
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rhb.com.my



RHB BANK BERHAD
ANNUAL REPORT **2008**



our core values



innovation

- “Innovation is the ability to see change as an opportunity – not a threat”
- Keep an open mind
- Ways to enhance the lives of our customers and those around us
- Apply “Start, Stop, Continue” in all we do



quality service

- “Service which exceeds the service expectation of our customers”
- Efficient, reliable and consistent
- Take ownership and accountability of what we do
- Have passion, commitment and drive to serve



teamwork

- “Serving one another to achieve a common objective”
- Lend a helping hand
- “One RHB team with one RHB face”
- Working together with each other



customer focus

- “Our Customers are No1: We shall understand their needs, build a strong and lasting relationship with them, and take all efforts to exceed their expectations”
- Provide best “Customer Service Experience”
- Simplified processes
- Walk that extra mile



respect

- “Treat others the way you would want to be treated”
- Be honest and sincere
- Take responsibility for your actions
- Express empathy and selflessness



The RHB Banking Group is **moving forward with confidence**

on the back of a successful transformation programme that has helped enhance the Group's standing and reputation, both locally and regionally. With our building blocks well in place, we are well on track to be one of the top three financial services providers in ASEAN by 2020.

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financial highlights

RHB BANK GROUP

	12 months Ended 31 Dec 2008	12 months Ended 31 Dec 2007	12 months Ended 31 Dec 2006	12 months Ended 31 Dec 2005	18 months Ended 31 Dec 2004
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INCOME (RM MILLION)

Operating Profit	1,992.61	1,794.56	1,548.97	1,203.10	1,446.95
Profit Before INCPS div, tax & zakat	1,445.82	1,170.69	845.56	624.06	730.36

BALANCE SHEET (RM MILLION)

Total Assets	94,938	94,484	95,124	84,756	77,087
Gross Loans and Advances	62,639	55,898	55,366	50,312	46,292
Total Deposits	77,765	78,360	65,662	59,302	55,622
Paid-up Capital	3,318	1,950	1,950	1,950	1,950
INCPS and Shareholders' Equity	6,828	5,976	6,065	5,705	5,477

ORDINARY DIVIDENDS (PAID)

Gross Dividend Rate (%)	3.79	60.70	8.60	11.50	10.13
Net Dividend (Paid) (RM Million)	185.87	863.45	120.26	161.46	142.22

Final gross dividend in respect of the current financial year 2008 of 3.12 sen less 25% tax amounting RM155,286,000 will be proposed for shareholder's approval at the forthcoming Annual General meeting.

Net Preference Dividends (Paid) (RM'Million)	32.15	99.87	98.50	98.50	127.80
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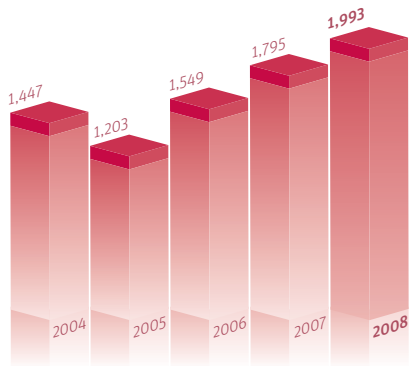
FINANCIAL RATIOS

Net Tangible Assets Backing per 50 Sen Ordinary Share (sen)	87.76	92.41	94.68	85.46	79.60
Return on Average Shareholders' Equity (%)	18.16	16.20	11.15	8.94	7.38 *
Earnings per 50 Sen Ordinary Share (Sen)	17.30	19.30	12.90	9.70	11.00

* Prorated to 12 months

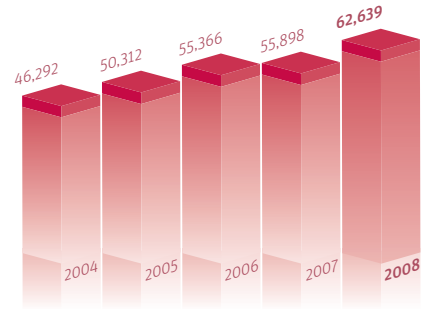
OPERATING PROFIT

RM Million



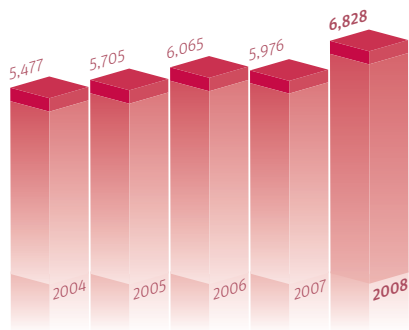
GROSS LOANS AND ADVANCES

RM Million



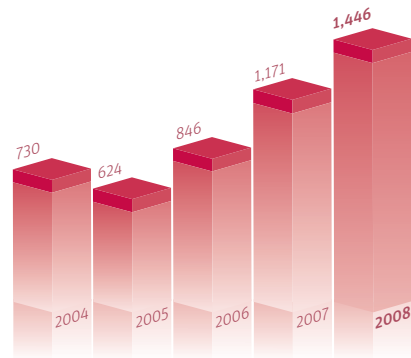
INCPS AND SHAREHOLDERS' EQUITY

RM Million



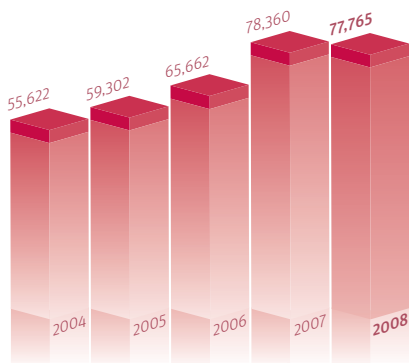
PROFIT BEFORE TAX

RM Million



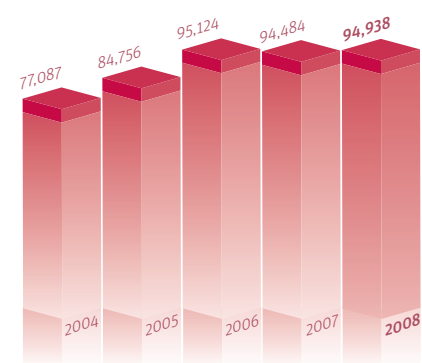
TOTAL DEPOSITS

RM Million



TOTAL ASSETS

RM Million



* Prorated to 12 months

corporate information

BOARD OF DIRECTORS

Datuk Azlan Zainol
Chairman
Non-Independent Non-Executive
Director

SECRETARY

Azman Shah Md Yaman

BOARD COMMITTEES

Group Audit Committee*

Ong Seng Pheow
Chairman

Dato' Mohd Salleh Hj Harun

Dato' Othman Jusoh

Patrick Chin Yoke Chung

Datuk Tan Kim Leong

Group Credit Committee*

(formerly known as CENTRAL LOANS
COMMITTEE)

Dato Abdullah Mat Noh
Chairman

Johari Abdul Muid

Dato' Mohamed Khadar Merican

Haji Khairuddin Ahmad

Group Risk Management Committee#

Dato' Mohd Salleh Hj Harun
Chairman

Datin Khamarzan Ahmed Meah

Datuk Tan Kim Leong

Haji Khairuddin Ahmad

Patrick Chin Yoke Chung

Group Nominating Committee#

Datuk Haji Faisal Siraj
Chairman

Datuk Azlan Zainol

Datuk Tan Kim Leong

Johari Abdul Muid

Ismael Fariz Ali

Group Remuneration And Human Resource Committee#

Datuk Tan Kim Leong
Chairman

Datuk Azlan Zainol

Datuk Faisal Siraj

Johari Abdul Muid

Ismael Fariz Ali

SENIOR MANAGEMENT

Michael Joseph Barrett
Group Managing Director

Dato' Tajuddin Atan
Managing Director, RHB Bank Berhad
(effective 1 May 2009)

Norazzah Sulaiman
Chief Operating Officer, RHB Capital Berhad

Kellee Kam Chee Khiong
Chief Financial Officer, RHB Capital Berhad

Chay Wai Leong
Head, Corporate & Investment Banking

Jamelah Jamaluddin
Head, Islamic Banking

Renzo Christopher Viegas
Head, Retail Banking

Michael Lim Kheng Boon
Chief Operating Officer, RHB Banking Group

Koh Heng Kong
Head, Insurance

Sharifatul Hanizah Said Ali
Head, Investment Management

Nik Hasniza Nik Ibrahim
Head, Group Human Resource

Dato Abdullah Mat Noh
Independent Non-Executive Director

Haji Khairuddin Ahmad
Independent Non-Executive Director

Dato' Mohd Salleh Hj Harun
Senior Independent Non-Executive Director

Dato' Othman Jusoh
Independent Non-Executive Director

Johari Abdul Muid
Non-Independent Non-Executive Director

Ong Seng Pheow
Independent Non-Executive Director

Dato' Tajuddin Atan
Managing Director

MANAGEMENT OF SUBSIDIARIES

RHB Islamic Bank Berhad

Jamelah Jamaluddin
Managing Director

RHB Bank (L) Ltd

Toh Ay Leng
General Manager

OVERSEAS LOCATIONS

Singapore

Lim Hun Joo
Country Head, Singapore

Brunei, Bandar Seri Begawan

Apandi Klompot
Head, Brunei Operations

Thailand, Bangkok

Simon Hollis
Head, Thailand Operations

Vietnam

Leh Thiam Guan
Head, Vietnam Rep. Office

Japanese Business Group Adviser

Akira Miyama
Executive Director for Japanese Business

REGISTERED OFFICE

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BUSINESS ADDRESS

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Malaysia

Or

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(General)
Telex : MA32813 RHBANK
MA31032 RHBANK
MA30437 RHBANK
Swift : RHBBMYKL
Call Centre : (03) 9206 8118
(Peninsular Malaysia –
24 hours)
(082) 276 118
(Sabah & Sarawak –
7 a.m. to 7 p.m.)

AUDITORS

PricewaterhouseCoopers
Chartered Accountants
Level 8-15, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
P.O. Box 10192
50706 Kuala Lumpur
Malaysia
Tel : (03) 2173 1188
Fax : (03) 2173 1288

* The Committee resides at RHB Bank Berhad and is shared with the relevant subsidiaries of the Group.

The Committee resides at RHB Capital Berhad and is shared with the relevant subsidiaries of the Group.

profile of the board of directors

DATUK AZLAN ZAINOL

(59 years of age – Malaysian)
Non-Independent Non-Executive Chairman

Datuk Azlan Zainol (Datuk Azlan) is currently the Chief Executive Officer of Employees Provident Fund Board (EPF). He has more than 28 years of experience in the financial sector, having been appointed as the Managing Director of AmBank Berhad and prior to that, as the Managing Director of AmFinance Berhad.

Datuk Azlan is a Fellow of the Institute of Chartered Accountants in England & Wales, Member of the Malaysian Institute of Accountants and Member of the Malaysian Institute of Certified Public Accountants.

Datuk Azlan's other directorships in public companies include Malaysian Resources Corporation Berhad (Chairman), Rashid Hussain Berhad (In Member's Voluntary Liquidation), RHB Capital Berhad, RHB Investment Bank Berhad, Jardine Cycle & Carriage Limited, MCL Land Limited, ASIA Ltd and Commonwealth Africa Investments Limited.

Datuk Azlan was appointed as a Director and formalised as Chairman of RHB Bank on 27 July 2005 and 29 July 2005, respectively, representing RHB Capital Berhad, the holding company of RHB Bank. He also serves as a Member of the Group Nominating Committee and Group Remuneration and Human Resource Committee.

DATO ABDULLAH MAT NOH

(68 years of age – Malaysian)
Independent Non-Executive Director

Dato Abdullah Mat Noh (Dato Abdullah) was formerly the President/Chief Executive Officer of Bank Utama (Malaysia) Berhad. Prior to joining Bank Utama in April 1999, he was attached to Standard Chartered Bank Malaysia Berhad for 36 years where his last position was the Senior Manager of its East Malaysia operations. Dato Abdullah is a Member of the Chartered Institute of Bankers and Chartered Institute of Secretaries.

Dato Abdullah's other directorships in public companies include RHB Investment Bank Berhad (Chairman) and RHB Islamic Bank Berhad.

Dato Abdullah was appointed as the Deputy Chairman of RHB Bank on 7 May 2003, representing RHB Capital Berhad, the holding company of RHB Bank. Dato Abdullah was re-designated as Independent Non-Executive Director of RHB Bank on 6 September 2007 after Utama Banking Group Berhad ceased to be a substantial shareholder of Rashid Hussain Berhad (In Member's Voluntary Liquidation) on 22 May 2007. Dato Abdullah had further relinquished his Deputy Chairmanship and remained as an Independent Non-Executive Director of RHB Bank on 1 January 2008. Dato Abdullah also serves as the Chairman of the Group Credit Committee (formerly known as Central Loans Committee).

HAJI KHAIRUDDIN AHMAD

(66 years of age – Malaysian)
Independent Non-Executive Director

Haji Khairuddin Ahmad (Haji Khairuddin) began his career in the banking industry and was previously with Citibank N.A., Southern Bank Berhad, Bank of Commerce Berhad and Arab Malaysian Finance Berhad. He attended the Advance Management Course at Columbia Business School in New York, USA.

Haji Khairuddin's other directorships in public companies include RHB Insurance Berhad.

Haji Khairuddin was appointed as a Director of RHB Bank on 6 September 2001, representing Danamodal Nasional Berhad (Danamodal). Haji Khairuddin was re-designated from Non-Independent Non-Executive Director to Independent Non-Executive Director on 18 March 2008, after Danamodal ceased to be a substantial Irredeemable Non-Cumulative Convertible Preference Shareholder of RHB Bank in January 2008. He also serves as a Member of the Group Credit Committee (formerly known as Central Loans Committee) and Group Risk Management Committee.

DATO' MOHD SALLEH HJ HARUN

(64 years of age – Malaysian)
Senior Independent Non-Executive Director

Dato' Mohd Salleh Hj Harun (Dato' Salleh) has 34 years of experience in banking and financial sector, having held various senior positions in Aseambankers Malaysia Berhad and Malayan Banking Berhad. He was the Executive Director of Malayan Banking Berhad from 1994 to 2000 prior to joining Bank Negara Malaysia, whereat he served as Deputy Governor from 2000 to 2004. He is a Fellow of the Institute of Bankers and a Member of the Malaysian Institute of Certified Public Accountants.

Dato' Salleh's other directorships in public companies include RHB Insurance Berhad (Chairman), RHB Islamic Bank Berhad, Titan Chemical Corp Berhad and Scicom MSC Berhad.

Dato' Salleh was appointed as a Director of RHB Bank on 20 August 2004. He also serves as the Chairman of the Group Risk Management Committee as well as a member of Group Audit Committee.

profile of the board of directors

DATO' OTHMAN JUSOH

(60 years of age – Malaysian)
Independent Non-Executive Director

Dato' Othman Jusoh (Dato' Othman) has held various senior positions in the Ministry of Finance until his retirement in June 2004. He has also served as the Group Chief Executive of Malaysian Kuwaiti Investment Co. Sdn Bhd from 1995 to 1998 and as the Executive Director of Asian Development Bank from August 2000 to July 2003. He was also the Chief Executive Officer of Perbadanan Tabung Pendidikan Tinggi Nasional from August 2004 to August 2006. He is currently the Chairman of TH Technologies Sdn Bhd since 1 June 2005. He holds a Bachelor of Economics (Honours) in Analytical Economics from the University of Malaya and a Masters in Business Administration from the University of Oregon, USA.

Dato' Othman's current directorship in public company is with BI Credit & Leasing Berhad.

Dato' Othman was appointed as a Director of RHB Bank on 23 August 2004, representing Khazanah Nasional Berhad (Khazanah). Dato' Othman has ceased to be the representative of Khazanah since 30 June 2006 and accordingly he was re-designated from Non-Independent Non-Executive Director to Independent Non-Executive Director on 21 July 2006. He also serves as a Member of Group Audit Committee.

JOHARI ABDUL MUID

(51 years of age - Malaysian)
Non-Independent Non-Executive Director

Johari Abdul Muid (Encik Johari) has more than 28 years of experience in the financial sector. He started his career as a Money Market Dealer with Asian International Merchant Bankers Berhad in 1981. From 1983 to 1994, he was with Commerce International Merchant Bankers Berhad, working in the Treasury Division and was made the Head of Treasury in 1988. He became the Senior Vice President of Institutional Sales in 1995, within a year of joining CIMB Securities Sdn Bhd (CIMB Securities), where he was responsible in setting up the Institutional Sales Team of CIMB Securities. Prior to joining Employees Provident Fund Board (EPF) in August 2004, he was the Chief Investment Officer of ValueCap Sdn Bhd which he joined in February 2003. He is currently the Deputy Chief Executive Officer of EPF. He is an Associate Member of the Chartered Institute of Management Accountants, United Kingdom.

Encik Johari's other directorships in public companies include Rashid Hussain Berhad (In Member's Voluntary Liquidation), RHB Capital Berhad, RHB Islamic Bank Berhad and Iskandar Investment Berhad (formerly known as South Johor Investment Corporation Berhad).

Encik Johari was appointed as a Director of RHB Bank on 1 April 2005, representing RHB Capital Berhad, the holding company of RHB Bank. He also serves as a member of the Group Credit Committee (formerly known as Central Loans Committee), Group Remuneration and Human Resource Committee as well as Group Nominating Committee.

ONG SENG PHEOW

(60 years of age – Malaysian)
Independent Non-Executive Director

Ong Seng Pheow (Mr Ong) has over 34 years of audit and accounting experience. He is a Member of the Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants. He was a partner of Ernst & Young from 1984 to 2003. His last held position in Ernst & Young was the National Director of Assurance and Advisory Business Services. He has served on committees and working groups of MICPA.

Mr Ong's current directorships in public companies include RHB Insurance Berhad, Daiman Development Berhad, LCTH Corporation Berhad, George Kent (Malaysia) Berhad and HELP International Corporation Berhad.

Mr Ong was appointed as a Director of RHB Bank on 20 November 2006. He also serves as the Chairman of the Group Audit Committee.

DATO' TAJUDDIN ATAN

(50 years of age – Malaysian)
Managing Director

Dato' Tajuddin Atan (Dato' Tajuddin) has 25 years' experience in the financial sector, with his most recent position being the President/Group Managing Director of Bank Pembangunan Malaysia Berhad. Prior to that, he was General Manager/Chief Executive Officer of Bank Simpanan Nasional. He holds a Bachelor of Science in Agribusiness from University Putra Malaysia and a Masters in Business Administration from Ohio University, whereat he was awarded the Beta Gamma Sigma in recognition of high scholastic achievement.

Dato' Tajuddin is also a Director on the Board of Bursa Malaysia Berhad.

Dato' Tajuddin was appointed as the Chief Executive Officer/Managing Director of RHB Bank on 1 May 2009.

RHB Banking Group corporate structure

as at 15 April 2009



RHB CAPITAL BERHAD

Commercial Banking Group

RHB Bank Berhad

- ◆ RHB Islamic Bank Berhad
 - ◆ RHB Bank (L) Ltd
 - ◆ RHB International Trust (L) Ltd
 - ◆ RHB Corporate Services Sdn Bhd
 - ◆ RHB Leasing Sdn Bhd
 - ◆ RHB Capital Nominees (Tempatan) Sdn Bhd
 - ◆ RHB Capital Nominees (Asing) Sdn Bhd
 - ◆ RHB Capital Properties Sdn Bhd
 - ◆ Utama Assets Sdn Bhd
 - ◆ RHB Bank Nominees Pte Ltd (*Singapore*)
 - ◆ Banfora Pte Ltd (*Singapore*)
 - ◆ RHB Investment Ltd (*Singapore*)
 - ◆ RHB Trade Services Limited (*Hong Kong*)
- ◆ Utama Gilang Sdn Bhd
 - ◆ UMBC Sdn Bhd
 - ◆ RHB Delta Sdn Bhd
 - ◆ RHB Delta Nominees (Tempatan) Sdn Bhd

Investment Banking Group

RHB Investment Bank Berhad

- ◆ RHB Investment Management Sdn Bhd
- ◆ RHB Research Institute Sdn Bhd
- ◆ RHB Merchant Nominees (Tempatan) Sdn Bhd
 - ◆ RHB Merchant Nominees (Asing) Sdn Bhd
- ◆ RHB Private Equity Holdings Sdn Bhd
 - ◆ RHB Private Equity Management Ltd
 - ◆ RHB Private Equity Fund Ltd (*Cayman Islands*)
- ◆ RHB Nominees Sdn Bhd
- ◆ RHB Nominees (Tempatan) Sdn Bhd
- ◆ RHB Nominees (Asing) Sdn Bhd
- ◆ RHB Excel Sdn Bhd
- ◆ RHB Progressive Sdn Bhd
- ◆ RHB Marketing Services Sdn Bhd
- ◆ RHB Venture Capital Sdn Bhd
- ◆ RHB Unit Trust Management Berhad
- ◆ Vietnam Securities Corporation (*Vietnam*) (49%)

Others

RHB Insurance Berhad (79.5%)

- ◆ RHB Equities Sdn Bhd ⁽¹⁾
- ◆ KYB Sdn Bhd
- ◆ RHB Capital (Jersey) Limited (*Jersey Island*)
 - ◆ Rashid Hussain Securities (Philippines), Inc. (*Philippines*) ⁽²⁾
 - ◆ PT Rashid Hussain Securities (*Indonesia*) (85%) ⁽³⁾
- ◆ RHB Hartanah Sdn Bhd
 - ◆ Positive Properties Sdn Bhd (50%)
- ◆ Straits Asset Holdings Sdn Bhd
- ◆ SSSB Services (Melaka) Sdn Bhd
- ◆ SFSB Services (Melaka) Sdn Bhd
- ◆ RHBF Sdn Bhd
- ◆ KYF Sdn Bhd

Notes:

The subsidiary companies are wholly-owned unless otherwise stated.

Dormant company

Associate company

Jointly Controlled Entity

(1) With effect from 1 July 2001, the company's activities relate primarily to recovery of outstanding debts.

(2) The company has ceased operations from the close of business on 10 December 2001.

(3) The company has ceased operations on 31 July 2001 and commenced proceedings for members' voluntary dissolution.

Country of incorporation is in Malaysia unless otherwise indicated in italics.

statement on corporate governance

The Board of Directors (“Board”) of RHB Bank Berhad (“RHB Bank” or “the Bank”) believes that good corporate governance is the foundation of a successful organization. Therefore, the Board continuously strives to ensure that best practices are adopted in establishing accountability and integrity of the Board and the Management. The corporate governance structure of RHB Bank is principally based on the Malaysian Code on Corporate Governance (“the Code”) as well as the Guidelines on Corporate Governance for Licensed Institutions (“Revised BNM/GP1”) issued by Bank Negara Malaysia (“BNM”).

In driving the objectives, the Board takes cognizance that by advocating good corporate governance and upholding ethical standards, the Bank could maintain its competitive advantage which is crucial for the long-term success of the Bank. In addition thereto, realizing that the business is not only responsible to its shareholder but also to its stakeholders, the Board constantly reviews its corporate responsibility initiatives in ensuring positive social impact as well as long term sustainability and growth.

The Board has developed a charter that sets out the key corporate governance principles adopted by the Board (“Charter”). In adhering to the responsibilities set out in the Charter, the Members of the Board are expected to perform their duties with integrity, honesty and in a professional manner in accordance with the law in serving the interest of its shareholder and stakeholders. The Charter addresses among others, the following matters:

- Responsibilities of the Board;
- Board Meetings;
- Supply of Information;
- Maintaining Board Independence and Board Balance;
- Remuneration levels of Directors;
- Re-election, retirement and resignation of Directors;
- Continuous education by Directors;
- Responsibilities of Directors;
- Responsibilities of Senior Independent Non-Executive Director;
- Responsibility of the Chairperson;
- Financial Reporting;
- Investor relations and shareholder communication; and
- Relationship with other stakeholders.

BOARD OF DIRECTORS

Duties And Responsibilities Of The Board

Core responsibilities of the Board include the following:

- review, approve and monitor the implementation of the Bank’s strategic business plans and fundamental policies;
- maintain an effective system of internal controls as well as identifying and managing principal risks in ensuring efficient operations and stable financial environment;
- providing guardianship of the Bank’s corporate values and ethical principles in parallel with the goal to enhance shareholder’s value;
- monitor as well as evaluate the performance of the Management to ensure that the performance criteria remains dynamic; and
- formulate a succession plan for the Bank in ensuring long-term business continuity.

The day-to-day management of the Bank is delegated to the Managing Director (“MD”) who is responsible to among others, ensure the successful implementation of the Board’s decisions. The distinct and separate duties and responsibilities of the MD and other Non-Executive Directors (“NEDs”) ensure a balance of power and authority towards the establishment of an effective Board.

In addition thereto, the MD of RHB Bank is also a member of RHB Banking Group's Central Management Committee (CMC) which comprises of Key Management Personnel of the Group. Among the objectives of the CMC are as follows:

- (i) to provide strategic guidance to the Strategic Business Units and Strategic Functional Units;
- (ii) to recommend to the Board of the holding Company and other entities within the Group in respect of the implementation of key strategic business plans and policies; and
- (iii) to assist the Board of the holding Company and other entities in reviewing performances and business efficiencies of the Group.

The CMC is governed by its own terms of reference.

Board Composition And Balance

The Board currently comprises one (1) Non-Independent Non-Executive Chairman, five (5) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and the MD. The composition is in compliance with the Revised BNM/GP1. Being a financial services group, the Board recognizes that its Members must have the appropriate mix of skills as well as the necessary knowledge, experience and commitment to effectively contribute towards the growth and expansion of the Bank. Furthermore, being on the Board of a bank would require the Members to be responsive to the constantly changing and challenging global financial landscape.

The Chairman ensures the orderly conduct of the Board and that issues presented to the Board are adequately discussed and assessed before a decision is taken. To further increase the effectiveness of the Board, the independent directors bring with them independent and objective judgement to the decision making process and is responsible to protect the interests of the shareholder/stakeholders.

The Board periodically reviews its size and composition in maintaining the right mix of skills experience and expertise.

A brief profile of each Director is presented on pages 6 to 9 of this Annual Report.

Code Of Ethics And Business Conduct

The Board had adopted a Code of Ethics and Business Conduct for Directors ("Code of Ethics"). The Code of Ethics was formulated to enhance the standard of corporate governance and promote ethical conduct of Directors with a view to achieving the following objectives:

- (i) establish the appropriate ethical standards for Directors based on acceptable beliefs and values;
- (ii) uphold the spirit of corporate responsibility and accountability in line with the governing laws, regulations and guidelines; and
- (iii) document and emphasise to the Directors, the integral obligation of each Director in performing his duty to act in a manner that is lawful, honest, ethical and free from any conflict of interest situations or perceived conflict of interest.

The Group had also implemented a Group Code of Ethics and Conduct that is applicable to all its employees with the objective to maintain a high standard of ethical and professional conduct of its employees.

Board Meetings and Access to Information

The Board meets monthly with special meetings held where any direction or decisions are required expeditiously from the Board between the scheduled meetings. Scheduled Board meetings are structured with a pre-set agenda.

The Board is provided with meeting papers in advance of the meeting dates, in allowing the Members of the Board to digest the issues at hand, seek clarification from the Management, if required and, formulate opinion on matters to be deliberated at the meetings. In line with the best practices, Board materials/papers are circulated to Members of the Board at least seven (7) days prior to the scheduled Board Meeting date. At each Meeting, the Board receives updates from the respective Chairmen/representatives of the Group Audit Committee and Group Risk Management Committee on matters that have been deliberated at both committees, as well as on matters that require attention. This practice also applies



statement on corporate governance

for the rest of the entities of the Group. The Board also receives regular management reports and information on corporate and business issues in enabling reviews to be conducted on performance against business targets and objectives.

Each Member of the Board is required to apply independent judgement to decision making in their capacity as a Director. Where appropriate, decisions are also taken by way of Directors' Circular Resolution in accordance with the Bank's Articles of Association.

The Board has direct access to the information of the Bank through the Senior Management as well as the advice and services of the Company Secretary. In addition, Directors may also seek independent professional advice, at the Bank's expense, when deemed necessary for the proper discharge of their duties.

The Board convened eighteen (18) meetings for the financial year ended 31 December 2008. The attendance of each Director in office at the end of the financial year at the aforesaid Board meetings are set out below:

Name of Director	Total Meetings Attended	Percentage of Attendance (%)
Datuk Azlan Zainol	18/18	100
Dato Abdullah Mat Noh	17/18	94
Haji Khairuddin Ahmad	17/18	94
Dato' Mohd Salleh Hj Harun	16/18	89
Dato' Othman Jusoh	16/18	89
Johari Abdul Muid	15/18	83
Ong Seng Pheow	17/18	94
Eirvin Bee Knox ^{1*}	3/3	100
Michael Joseph Barrett ²	18/18	100

Notes:

- 1 Appointed as a Director on 24 October 2008 and resigned on 2 March 2009.
- 2 Ceased as the Managing Director on 1 May 2009.
- * Based on the number of Board meetings held since his appointment to the Board.

Dato' Tajuddin Atan was appointed as the CEO/MD of RHB Bank on 1 May 2009.

Appointments And Re-election To The Board

RHB Bank is governed by the Revised BNM/GP1 in respect of the appointment of new Directors and the re-appointment of its existing Directors upon the expiry of their respective tenures of office as approved by BNM.

The Group Nominating Committee will review and assess the proposed re-appointments of Directors. The result of the individual assessment conducted via the Board Effective Evaluation ("BEE") exercise will be highlighted to the Board. Upon the approval by the Board, the application for the re-appointment will be submitted to BNM for approval.

The Board had also adopted an internal guideline on the Tenure of Appointment and Re-appointment of Independent Directors with the main objective of preserving the Independence of Independent Directors and address long serving Directors of the Group.

Article 100 of the Bank's Articles of Association provides that at least one-third of the Board is subject to retirement by rotation at each Annual General Meeting. Retiring Directors can offer themselves for re-election. Directors who are appointed during the financial year are subject to re-election by shareholder at the next Annual General Meeting held following their appointments.

Directors' Training

The Directors continuously participate in various seminars, conferences and training programs and in-house workshops to keep themselves abreast with the relevant regulatory framework, financial sector issues as well as current and future market developments.

Conferences, seminars and training programs attended by the Directors of the Bank in 2008 encompassed various topics on Board & Corporate Governance, Islamic Banking and Finance, Banking & Finance, Investment Banking, Risk Management and other related issues.

The Non-Executive Directors of the Bank also attend local and/or overseas training programs organized by credible training organizations under the Board High Performance Program ("BHPP") which serves as a platform to equip the Directors with the necessary knowledge and tools to effectively discharge their duties and responsibilities as well as provide the Directors with global business perspectives and skills that would engender organizational excellence.

Board Performance Evaluation

The Board had continuously conducted the BEE exercise on the Board and Board Committees with the objective of assessing the effectiveness of the Board and Board Committees as a whole, as well as the individual directors. The BEE is based on a combination of self and peer assessment methodologies performed via a customised questionnaire. The results of the BEE are presented to the Group Nominating Committee as well as the Board of the Bank for notation. Overall, the 2008 assessment produced satisfactory results.

Apart from the BEE exercise, during the year, the Board also engaged an external consultant to perform a Board Performance Improvement Program ("BPIP") which is an enhancement of the BEE. Among the objective of the

BPIP is to conduct an independent review of the structure, processes and documentation with regards to the Board in governing the Bank. The findings and results from the work performed by the external consultant as well as the recommendations thereof in addressing the gaps and issues identified were tabled to the Group Nominating Committee and the Board of the Bank for deliberation and Management's further action.

Board Committees

Following the Group-wide transformation exercise undertaken in late 2007, the various Board Committees within the Group were consolidated to form Group Board Committees residing either at RHB Capital Berhad (RHB Capital) or at RHB Bank's level. The objective is to promote better efficiency and effectiveness in implementing holistic strategies for the benefit of the Group as a whole. The Group Board Committees currently residing at RHB Capital are as follows:-

- Group Nominating Committee;
- Group Remuneration and Human Resource Committee; and
- Group Risk Management Committee.

The Group Audit Committee and Group Credit Committee (formerly known as Central Loans Committee) were formed at RHB Bank for the Bank and other entities of the Group.

The functions and terms of reference of the Group Board Committees are clearly defined and comply with the relevant governing laws, regulations and guidelines among others the Code and the Revised BNM/GP1. The members of the Group Board Committees also comprise Directors of the Bank and that of the operating entities within the Group to ensure a fair representation across the entities in pursuing the interest of the entities concerned.

The relevant minutes/extract minutes of meetings of all Group Board Committees are tabled to the Board for notation.

statement on corporate governance

Group Nominating Committee

The Group Nominating Committee comprises NEDs, a majority of whom are independent.

Meetings of the Group Nominating Committee are held as and when required and at least once a year. The Group Nominating Committee met 9 times during financial year 2008.

The composition of the Group Nominating Committee and the attendance of the members at meetings held in 2008 are as follows:

	Attendance at Meetings
Datuk Haji Faisal Siraj (Independent Non-Executive Director/Chairman)	9/9 (100%)
Datuk Azlan Zainol (Non-Independent Non-Executive Director)	8/9 (89%)
Datuk Tan Kim Leong (Independent Non-Executive Director)	9/9 (100%)
Johari Abdul Muid (Non-Independent Non-Executive Director)	7/9 (78%)
Ismael Fariz Ali (Independent Non-Executive Director)	8/9 (89%)

The salient terms of reference of the Group Nominating Committee are as follows:

- To provide a documented, formal and transparent procedure for the appointment of directors, board committee members, Group Shariah Committee members, chief executive officers and key senior management officers as well as assessment of effectiveness of individual directors, the board as a whole and the various committees of the board, the chief executive officers and key senior management officers of the Group;
- To assist the Board in ensuring that appointments are made on merit against an agreed specification;
- To assist the Board in identifying and reviewing, on an annual basis, the required mix of skills, experience and other qualities, including core competencies which directors should bring to the Board and which the Board requires for it to function completely and efficiently;
- To examine the size of the Board with a view of determining the impact of the number upon its effectiveness.

Group Audit Committee

The Group Audit Committee comprises NEDs, all of whom are independent.

The Group Audit Committee meets regularly with the internal auditors. Whenever deemed necessary, the Group Audit Committee together with the senior management of the respective companies in the Group meet with the external auditors in reviewing the Bank's and the Group's financial reporting, the nature, scope and results of audit reviews and the effectiveness of the system of internal controls. During the financial year, a total of 10 Group Audit Committee meetings were held.

The Group Audit Committee also meets twice a year with the external auditors without the presence of the Management pursuant to the requirement of the terms of reference.

The composition of the Group Audit Committee and the attendance of the members thereof together with the terms of reference and activities of the Group Audit Committee during the financial year are set out in the Group Audit Committee Report at page 23 to page 29 of this Annual Report.

Group Remuneration and Human Resource Committee

The Group Remuneration and Human Resource Committee comprises NEDs, a majority of whom are independent.

Meetings of the Group Remuneration and Human Resource Committee are held as and when required and at least once a year. The Committee met 12 times during the financial year 2008.

The composition of the Group Remuneration and Human Resource Committee and the attendance of the members at meetings held in 2008 are as follows:

	Attendance at Meetings
Datuk Tan Kim Leong (Independent Non-Executive Director/Chairman)	12/12 (100%)
Datuk Azlan Zainol (Non-Independent Non-Executive Director)	10/12 (83%)
Datuk Haji Faisal Siraj (Independent Non-Executive Director)	12/12 (100%)
Johari Abdul Muid (Non-Independent Non-Executive Director)	9/12 (75%)
Ismael Fariz Ali (Independent Non-Executive Director)	9/12 (75%)

The salient Terms of Reference of the Committee are as follows:

- To provide a formal and transparent procedure for developing the remuneration policy for directors, board committee members, chief executive officers, Group Shariah Committee members and key senior management officers of the Group and ensuring that their compensation is competitive and consistent with the Group's culture, objectives and strategy;
- To recommend to the Board on the policies, strategies and framework for the RHB Capital Group in relation to staff remuneration, rewards and benefits;
- To oversee and review the scope and quality of human resource projects/programs of the Group; and
- To oversee the disciplinary procedures, regulations and preventive measures as well as to ensure implementation and adherence to the disciplinary procedures.



statement on corporate governance

Group Risk Management Committee

The Group Risk Management Committee comprises NEDs, all of whom are independent.

The Committee met 12 times during the financial year 2008.

The composition of the Committee and the attendance of the members at meetings held in 2008 are as follows:

	Attendance at Meetings
Dato' Mohd Salleh Hj Harun (Independent Non-Executive Director/Chairman)	12/12 (100%)
Datin Khamarzan Ahmed Meah (Independent Non-Executive Director)	9/12 (75%)
Datuk Tan Kim Leong (Independent Non-Executive Director)	11/12 (92%)
Haji Khairuddin Ahmad (Independent Non-Executive Director)	12/12 (100%)
Patrick Chin Yoke Chung (Independent Non-Executive Director)	12/12 (100%)

The salient terms of reference of the Committee are as follows:

- to provide oversight and governance of risks at the Group;
- to oversee senior management's activities in managing credit, market, liquidity, operational, legal and other risk and to ensure that the risk management process of each entity in the Group is in place and functioning;
- to promote the management of the Group's risk in accordance with a risk-return performance management framework;
- to deliberate and make recommendations to the Board of Directors of each relevant entity within the Group in respect of risk management matters of the respective entities.

Group Credit Committee (formerly known as Central Loans Committee)

The Group Credit Committee comprises NEDs, a majority of whom are independent.

The Committee met 27 times during the financial year 2008.

The composition of the Committee and the attendance of the members at meetings held in 2008 are as follows:

	Attendance at Meetings
Dato Abdullah Mat Noh (Independent Non-Executive Director/Chairman)	27/27 (100%)
Johari Abdul Muid (Non-Independent Non-Executive Director)	16/27 (59%)
Dato' Mohamed Khadar Merican (Independent Non-Executive Director)	24/27 (89%)
Haji Khairuddin Ahmad ^{1*} (Independent Non-Executive Director)	23/24 (96%)
Previous Member:	
Dato' Othman Jusoh ² (Independent Non-Executive Director)	2/3 (67%)
Ismael Fariz Ali ³ (Independent Non-Executive Director)	3/7 (43%)

Notes:

- 1 Appointed as a Member on 1 March 2008.
 - 2 Resigned as a Member on 1 March 2008.
 - 3 Resigned as a Member on 29 April 2008.
- * Based on the number of meetings held since his appointment to the Committee.

The salient terms of reference of the Committee are as follows:

- To affirm, veto or impose additional conditions on credits/debts and equity underwriting (excluding applications from Loan Recovery) for amounts above the defined thresholds of the Central Credit Committee;
- To ensure that credits and underwriting approved by Central Credit Committee adhere to the Group Credit Policy and the underwriting Policy, Guidelines and Procedures of RHB Bank, RHB Bank (L) Ltd, RHB Investment Bank Bhd and RHB Islamic Bank Bhd; and
- To endorse all policy loans/financing and loans/financing required by Bank Negara Malaysia to be referred to the respective Boards for approval.



statement on corporate governance

DIRECTORS' REMUNERATION

The remuneration of Directors is determined at levels which enable the Bank to attract and retain Directors with the relevant experience and expertise required to navigate the Bank effectively. For the NEDs, the level of remuneration reflects the level of responsibilities undertaken by the particular NED concerned in the Bank.

All NEDs are paid directors' fees as well as attendance allowances for Board and Board Committee meetings that they attend. The directors' fees payable to the NEDs are subject to the approval of the shareholder.

Under the existing remuneration framework, the annual directors' fees for NEDs is RM80,000.00 per director. Apart from the abovementioned, meeting attendance allowances are paid for Board Committee Members at the rate between RM1,000.00 and RM1,500.00 per meeting per director depending on the nature of the meeting. NEDs who hold memberships on the Board Committees are also entitled to Board Committee allowances payable on annual basis at the end of each financial year. The Board Committees allowance payable to NEDs are reflective of the duties and functions of the Board Committees in the Bank and of the Group.

The remuneration strategy for the MDs within the Group is to pay competitively, and through the use of an integrated pay and benefits structure, to reward corporate and individual performance in line with their contribution to the organization. The MD is not paid a Director's fee nor is he entitled to receive any meeting attendance allowance for any of the Board and Board Committee meetings that he attends. His remuneration is solely derived from RHB Bank.

Further details on Directors' remuneration are disclosed under Note 30 of the Notes to the Financial Statements in this Annual Report.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

RHB Bank believes in maintaining an effective and open line of communication with its shareholder, RHB Capital or employees who have direct interest in RHB Bank, or customers whose interests are paramount for any business.

Information on new products and services is communicated to customers and shareholders through various media. The Bank receives wide media coverage for its notable business activities and product launches.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board ensures that the shareholder is provided with a clear, balanced and meaningful assessment of the Bank's financial performance, position and its future prospect through the Annual Audited Financial Statements and quarterly report.

A Directors' Responsibility Statement for the Annual Audited Financial Statements of the Bank is set out on page 30 of this Annual Report.

Internal Control

An overview of the Bank's systems of internal control is contained in the Statement on Internal Control set out on pages 21 and 22 of this Annual Report.

Relationship with External Auditors

The Board maintains a formal and transparent professional relationship with the External Auditors via the Group Audit Committee. The role of the Group Audit Committee in relation to the External Auditors is disclosed in the Group Audit Committee Report set out on pages 23 to 29 of this Annual Report.

statement on internal control

INTRODUCTION

Pursuant to paragraph 15.27(b) of the Bursa Malaysia Securities Berhad's Listing Requirements, a listed issuer must ensure that its Board of Directors ("Board") includes in its annual report a statement about the state of its internal control. The revised Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investments and the Group's assets.

Although RHB Bank Berhad (the "Bank") is not a listed company, the Board has endeavoured to prepare its Internal Control Statement. Set out below is the Board's Statement on Internal Control, which has been prepared in accordance with the "Guidance for Directors of Public Listed Companies" issued by Bursa Malaysia Securities Berhad.

RESPONSIBILITY

The Board acknowledges its overall responsibility for the Bank's system of internal controls and for reviewing its adequacy and integrity. Such system covers not only financial controls but also controls relating to operations, risk management and compliance with applicable laws, regulations, rules, directives and guidelines.

Whilst the Board further acknowledges that total elimination of risks is not possible, the system of internal controls in place is designed to manage risks in meeting the Bank's business objectives, and can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

KEY INTERNAL CONTROL PROCESSES

Risk Management Framework

The Group has in place an ongoing process for identifying, evaluating, managing and reporting on the significant risks that may affect the achievement of its business objectives throughout the financial year under review and up to the date of this report. This process is regularly reviewed by the Board through its Group Risk Management Committee to ensure proper management of risks and appropriate measures are timely taken to mitigate any identified weaknesses in the control environment.

The Group Risk Management Committee is delegated with risk management oversight authority by the Boards of the Group. In discharging its overall duties and responsibilities, the Group Risk Management Committee is supported by the Group Risk Management function which monitors and evaluates the effectiveness of the Group's risk management system on an ongoing basis.

Amongst the other committees set up at major subsidiaries in the Group to manage specific areas of risk are the Group Assets & Liabilities Committee, Underwriting and Credit Committee, Securities Credit Committee, Central Loans Committee, Central Credit Committee and Group Basel II Steering Committee.

In line with regulatory guidance and industry best practices, the Group has instilled the risk management principle that risk management is first and foremost a core responsibility of the respective business and operating units of the Group. This is enshrined in the risk management frameworks of the group subsidiaries and implemented in practice. To support and promote the achievement of accountability and ownership of risk management, a Risk and Control Self-Assessment framework has been implemented at all key operating companies in the Group as part of the risk management process. These companies are required to identify as well as document the controls and processes for managing the risks arising from their business activities, and assess their effectiveness.

Internal Audit

The Group Internal Auditors perform regular reviews of the Bank's operational processes and system of internal controls. Group Internal Audit adopts a risk-based approach to determine the auditable units and frequency of audit, and the annual audit plans are reviewed and approved by the Group Audit Committee ("Group AC"). Results of the audits conducted by the Group Internal Auditors are reported to the Group AC while follow-up and review of the status of actions taken on the auditors' recommendations are carried out by the management via the Management Audit Committee ("MAC") which comprises senior management. The minutes of the MAC meetings are tabled to the Group AC for notation.



statement on internal control

The Group AC holds regular meetings to deliberate on findings and recommendations for improvement highlighted by both the internal and external auditors as well as regulatory authorities on the state of the Bank's internal control system. The minutes of the Group AC meetings are subsequently tabled to the Board for notation.

Further details of the activities undertaken by the Group AC of the Bank are set out in the Group AC Report.

Compliance

The compliance function established at Group level is to monitor the compliance with the regulatory requirements among others, Bursa Malaysia Securities Berhad's Listing Requirements. In addition, a centralised compliance unit established at subsidiary level is for the purpose of monitoring operational compliance of the relevant subsidiaries.

Compliance reporting to the Board is done on a monthly basis for both Group and operational compliance to keep the Board apprised of the Group's state of compliance with laws, regulations, policies and procedures, and internal codes.

Other Key Elements Of Internal Control

The other key elements of the Bank's internal control system which have been reviewed by the Board are described below:

- The Group Managing Director oversees the operations of the Strategic Business Units ("SBU") and Strategic Functional Units ("SFU") within the Group. In addition to that, the Central Management Committee (comprising key management personnel of the Group) manages the Group's strategic direction and provides strategic guidance to the SBUs and SFUs. Appointment of the key management personnel of the Group requires the approval of their respective Boards and relevant regulatory authorities, where applicable;
- Specific responsibilities have been delegated to the relevant Board committees, all of which have written terms of references. These committees have the authority to examine all matters within their scope of responsibilities and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters however lies with the Board;
- Delegation of authority including authorisation limits at various levels of management and those requiring the Board's approval are documented and designed to ensure accountability and responsibility;
- Policies and procedures manuals for key processes are documented and regularly updated for application across the Group. These are supplemented by operating standards set by the individual company, as required for the type of business or geographical location of each company;
- There is clear procedure for investment appraisal including equity investment or divestment and capital expenditure;
- There are proper guidelines for hiring and termination of staff, formal training programmes for staff, annual performance appraisal and other relevant procedures in place to ensure that staff are adequately trained and competent in carrying out their duties and responsibilities;
- Regular and comprehensive information is provided to the management for monitoring of performance against the strategic plan approved by the Board, covering all key financial and operational indicators; and
- A detailed budgeting process is established requiring all key operating companies in the Group to prepare budgets annually which are discussed and approved by the Board. A reporting system on actual performance against approved budgets is in place and significant variances are followed up by Management and reported at the Board.

To complement the Group's system of internal controls, a comprehensive incident reporting and incident management framework has been rolled out across the Group to ensure proper escalation and management of incidents that had occurred as well as ensuring necessary steps are taken to effectively mitigate any potential risks that may arise.

group audit committee report

ACTIVITIES OF THE AUDIT COMMITTEE/GROUP AUDIT COMMITTEE AND THE INTERNAL AUDIT FUNCTION DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

On 1 July 2008, a Group Audit Committee (“Group AC”) was formally established at RHB Bank Berhad to undertake the roles and responsibilities of the Audit Committees of RHB Bank Berhad, RHB Islamic Bank Berhad, RHB Investment Bank Berhad and RHB Insurance Berhad. Accordingly, the Audit Committee (AC) of RHB Bank Berhad was dissolved on 18 July 2008 following the first Group AC meeting held on the same date.

Audit Committee – Composition And Attendance Of Meetings

Up to 18 July 2008, a total of 7 AC meetings were held. The AC comprised the following members and details of attendance of each member at the AC meetings held up to 18 July 2008 are as follows:

Composition Of The AC	No. Of Meetings Attended Whilst In Office
1. Ong Seng Pheow – ceased to be Chairman on 18 July 2008 (Chairman/Independent Non-Executive Director)	7 out of 7 meetings
2. Dato’ Mohd Salleh Hj Harun – ceased to be member on 18 July 2008 (Member/Independent Non-Executive Director)	7 out of 7 meetings
3. Dato’ Othman Jusoh – appointed as member on 1 March 2008 and ceased to be member on 18 July 2008 (Member/Independent Non-Executive Director)	4 out of 5 meetings
4. Haji Khairuddin Ahmad – ceased to be member on 1 March 2008 (Member/Non-Independent Non-Executive Director)	2 out of 2 meetings

On 1 March 2008, Haji Khairuddin Ahmad, a Non-Independent Non-Executive Director, ceased to be a member of the AC. On the same day, Dato’ Othman Jusoh, an Independent Non-Executive Director was appointed as member of the AC.

group audit committee report

Group Audit Committee – Composition And Attendance Of Meetings

The Group AC presently comprises directors from RHB Bank Berhad, RHB Islamic Bank Berhad, RHB Investment Bank Berhad and RHB Insurance Berhad. From 18 July 2008 to 31 December 2008, a total of 10 Group AC meetings were held. The Group AC comprises the following members and details of attendance of each member at the Group AC meetings held from 18 July 2008 to 31 December 2008 are as follows:

Composition Of The Group AC	No. Of Meetings Attended Whilst In Office
1. Ong Seng Pheow (Chairman/Independent Non-Executive Director)	10 out of 10 meetings
2. Dato' Mohd Salleh Hj Harun (Member/Independent Non-Executive Director)	10 out of 10 meetings
3. Dato' Othman Jusoh (Member/Independent Non-Executive Director)	9 out of 10 meetings
4. Datuk Tan Kim Leong (Member/Independent Non-Executive Director)	9 out of 10 meetings
5. Patrick Chin Yoke Chung (Member/Independent Non-Executive Director)	9 out of 10 meetings

The main activities undertaken by the AC/Group AC during the year are summarised as follows:

- Reviewed the unaudited quarterly and half-year financial results and the annual audited financial statements of the Bank and the Group prior to their approval by the Board. It also considered the accounting standards applicable in the preparation of the consolidated financial statements;
- Reviewed the related party transactions entered into by the Bank and its subsidiaries;
- Reviewed with the external auditors, their audit plan, audit strategy and scope of work for the year, as well as the results of their annual audit;
- Met twice with the external auditors for discussion without the presence of the Management;
- Reviewed the non-audit services rendered by the external auditors and the related fees;
- Evaluated the performance of the external auditors and made recommendations to the Board on their appointment and audit fees;
- Reviewed and approved the annual internal audit plan to ensure adequacy of scope and coverage of the identified auditable areas including staffing requirements;
- Reviewed the status of completion of the internal audit plan, the internal audit reports, audit recommendations made and Management's response to these recommendations as well as actions taken to improve the system of internal controls and procedures;
- Reviewed the new Terms of Reference of the Group AC and recommended the same for approval by the Board;
- Reviewed the new Group Internal Audit Charter of the group internal audit function and recommended the same for approval by the Board;
- Reviewed the inspection and examination reports issued by the regulatory authorities and the appropriate remedial actions taken in respect of any findings to satisfy itself that all matters highlighted in these reports have been adequately and promptly addressed by management; and
- Tabled the minutes of each AC/Group AC meeting to the Board for notation, and for further direction by the Board, where necessary.

During the year, the AC/Group AC members have attended relevant training programmes, conferences and seminars on the following areas:

- (a) Banking and Finance
 - Financial Institutions Directors Education program
- (b) Board and Corporate Governance
 - Effective governance the way forward
 - Director's duties, liabilities and governance reform 2008
- (c) Risk Management
 - Risk and capital management
- (d) Investment Banking
 - The Malaysian capital market - Capital Markets and Services Act 2007 and regulation of the securities market

Internal Audit Function

The Group has an in-house group internal audit function which is guided by its Group Internal Audit Charter and reports to the AC/Group AC. Its primary role is to assist the AC/Group AC to discharge its duties and responsibilities by independently reviewing and reporting on the adequacy and integrity of the Group's risk management, internal control and governance processes.

The AC/Group AC approves the annual internal audit plan at the beginning of each financial year. The group internal auditors adopt a risk-based approach towards the planning and conduct of audits, which is consistent with the Group's framework in designing, implementing and monitoring its internal control system.

Upon completion of the audits, the group internal auditors have closely monitored the implementation progress of their audit recommendations in order to obtain assurance that all major risk and control concerns have been duly addressed by Management. All audit reports on the results of work undertaken together with the recommended action plans and their implementation status were presented to Management and the AC/Group AC.

The group internal auditors work closely with the external auditors to resolve any control issues as raised by them to ensure that significant issues are duly acted upon by Management.

TERMS OF REFERENCE OF THE GROUP AUDIT COMMITTEE

Objectives

1. To provide independent oversight over the management of the financial reporting and internal control system and ensuring checks and balances for entities within RHB Banking Group ("the Group"), namely RHB Bank Berhad, RHB Investment Bank Berhad, RHB Islamic Bank Berhad and RHB Insurance Berhad.
2. To review the financial condition and performance of the Group.
3. To assist the Boards of the respective entities in the discharge of their responsibilities by reviewing the effectiveness, adequacy and integrity of the Group's internal control systems and management information systems, including systems for risk management, governance processes and compliance with applicable laws, regulations, rules, directives and guidelines.
4. To reinforce the independence of the external auditors and thereby help assure that they will have free rein in the audit activities.
5. To provide, by way of regular meetings, a line of communication between the respective Boards and the external auditors.
6. To provide emphasis on the internal audit function by ensuring the objectivity and independence of the internal auditors and provide a forum for discussion that is among others independent of the management.

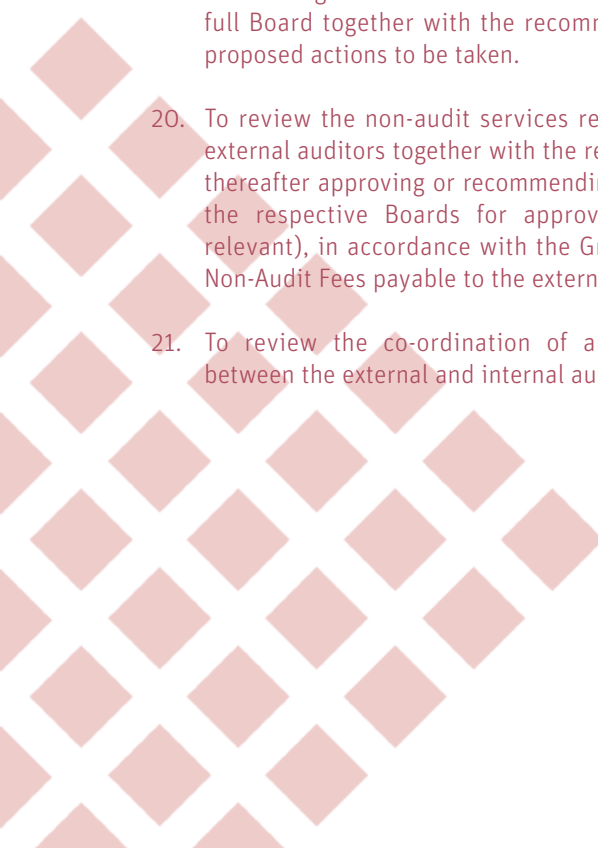


group audit committee report

7. To review the quality of the audits conducted by the internal and external auditors.
8. To enhance the perceptions held by stakeholders (including shareholders, regulators, creditors and employees) of the credibility and objectivity of financial reports.

Duties and Responsibilities

1. The Group AC is directly accountable to the Boards of the respective entities and the Boards will continue to be accountable for all matters relating to their respective entities.
2. To ensure that the internal audit department is distinct and has the appropriate status within the overall organizational structure for the internal auditors to effectively accomplish their audit objectives.
3. To review the effectiveness of internal controls and risk management processes, including the scope of the internal audit programme and the appropriateness of the risk assessment methodology employed to determine the frequency and scope of audits.
4. To ensure that the reporting relationships of the internal audit staff do not impede the exercise of independent judgement by the internal auditors. In particular, the reports of internal auditors should not be subject to the clearance of the managing director/chief executive officer or any executive directors.
5. To ensure that all findings and recommendations are resolved effectively and in a timely manner.
6. To make appropriate public disclosure of the terms of reference and the activities of the Group AC in the respective licensed entities' financial statements.
7. To review the respective entities' quarterly results and year-end financial statements and to recommend the same to the respective Boards for approval whilst ensuring that they are prepared in a timely and accurate manner complying with all applicable accounting and regulatory requirements and are promptly published.
8. To review regularly the adequacy of provisions made and to recommend the same to the respective Boards for approval.
9. To review any related party transaction and conflict of interest situation that may arise within the Group, including any transaction, procedure or course of conduct that raises questions of management integrity.
10. To review with the external and internal auditors whether the employees of the Group have given them appropriate assistance in discharging their duties.
11. To review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work.
12. To review and approve the internal audit plan, audit charter and the budget for the audit plan.
13. To ensure that internal audit staff receives necessary training to perform audit work. There shall be a programme of continuing education and training to enable the internal auditors to keep abreast of business trends and latest developments at both the institution and industry levels, as well as to enhance technical skills required to effectively support the audit function.
14. To appraise the performance of the head of internal audit and to review the appraisals of senior staff members of the internal audit function.

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15. To approve any appointment or termination of the head of internal audit and senior staff members of the internal audit function and to review any resignations of internal audit staff members and provide resigning staff members an opportunity to submit reasons for resigning, where necessary.
 16. To review with the external auditors, the nature and scope of their audit plan, their evaluation of the system of internal controls and their management letter and discuss any matter that the external auditors may wish to raise in the absence of management, where necessary.
 17. To recommend to the respective Boards on the appointment and the annual reappointment of the external auditors and assessing their audit fee, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit.
 18. To discuss and review with the external auditors any proposal from them to resign as auditors.
 19. To investigate reasons for any request made by management to dismiss the external auditors, or any resignation by the external auditors. The results of the investigation shall be disclosed to the respective full Board together with the recommendations on proposed actions to be taken.
 20. To review the non-audit services rendered by the external auditors together with the related fees and thereafter approving or recommending the same to the respective Boards for approval (whichever relevant), in accordance with the Group Policy on Non-Audit Fees payable to the external auditors.
 21. To review the co-ordination of audit activities between the external and internal auditors.
 22. To review the effectiveness of the infrastructure for ensuring Shariah compliance.
 23. To review inspection and examination reports issued by any regulatory authority and to ensure prompt and appropriate actions are taken in respect of any findings.
 24. To review the following pertaining to RHB Insurance Berhad:
 - (i) The Chairman's statement, interim financial reports and preliminary announcements;
 - (ii) Corporate governance disclosures made in the Directors' Report pursuant to the requirement in JPI/GPI 25: Prudential Framework of Corporate Governance for Insurers; and
 - (iii) All representation letters signed by management, and be satisfied that the information provided is complete and appropriate.
 25. To ensure that RHB Insurance Berhad complies with Section 95 of the Insurance Act which requires the Company to publish its accounts within fourteen (14) days of the laying of its accounts at its annual general meeting.
 26. To perform any other functions as authorised by the respective Boards.

Authority

1. The Chairman of the Group AC should engage on a continuous basis with senior management, such as the managing director / chief executive officer, the chief operating officer, the chief financial officer, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Group.



group audit committee report

2. The Group AC is authorised by the respective Boards to investigate any matter within its terms of reference, to obtain the resources which it needs, and to have full and unrestricted access to relevant information. It is also authorised to seek any information it requires from any employee of the Group and all employees are directed to co-operate with any request made by the Group AC.
3. The Group AC shall have direct communication channels with the external and internal auditors.
4. The Group AC is authorised by the respective Boards to obtain independent professional or other advice and to invite outsiders with relevant experience and expertise to attend meetings, if it considers this necessary.
4. At least twice a year, the Group AC shall meet with the external auditors without the presence of the Management or any executive Board members and upon the request of the external auditors, the Chairman of the Group AC shall convene a meeting to consider any matter which the external auditors believe should be brought to the attention of the respective Boards or shareholders.
5. The Company Secretary shall act as Secretary of the Group AC and shall be responsible for drawing up the agenda with the concurrence of the Chairman and circulating it, supported by explanatory documentation, to Group AC members within a reasonable timeframe prior to each meeting.

Meetings

1. Meetings shall be held at least four (4) times a year and the frequency of meetings shall reflect the wider and increased responsibilities assumed. Meetings shall convene with a minimum quorum of two-thirds of the members and the majority of members present shall be independent non-executive directors.
2. The Group AC should not convene any meeting to discuss specific issues of a particular entity without the presence of the representative of the said entity.
3. The head of internal audit shall be in attendance at meetings of the Group AC. The Group AC may invite the external auditors, the managing director / chief executive officer, the chief operating officer, the chief financial officer, any other directors or members of the management and employees of the Group to be in attendance during meetings to assist in its deliberations.
6. The Company Secretary shall also be responsible for keeping the minutes of meetings of the Group AC, their timely circulation to Group AC members and other members of the Boards, and following up on outstanding matters in relation to the meetings.
7. The Chairman of the Group AC shall provide reports to the respective Boards on the deliberations of the Group AC on a regular basis. In addition, the Chairman shall also present summary of all significant matters (highlighting the risks and implications) and resolutions made by the Group AC at the Board meetings.
8. The minutes of each Group AC meeting shall be tabled to the respective Boards. Thereafter, a copy of the minutes of the Group AC meeting pertaining to RHB Investment Bank Berhad shall be submitted to Bursa Malaysia Securities Berhad within thirty (30) days from the date of the minutes having been adopted by the Board.

Membership

1. The membership of the Group AC, including the position of Chairman shall be approved by the respective Boards based on the recommendation made by the Group Nominating Committee.
2. The Group AC shall comprise at least three (3) members and there should be a fair representation on the Group AC, from each entity within the Group. All members of the Group AC should be non-executive directors with majority of whom are independent.
3. The Chairman of the Group AC shall be an independent non-executive director.
4. No Group AC member shall be employed in an executive position in the Group, or otherwise have a relationship which in the opinion of the respective Boards will interfere with the exercise of independent judgment in carrying out the functions of the Group AC. In addition, members of the Group AC shall not be directly responsible for, or part of any committee involved in, the management functions within the Group.
5. No alternate director shall be appointed as a member of the Group AC.
6. Disclosure of customers information to the members of the Group AC to be strictly on need to know basis and the members are to provide undertaking to preserve the confidentiality of the customers' information.
7. Collectively, the Group AC shall have a wide range of necessary skills to undertake its duties and responsibilities and are expected to be familiar with the areas included in the scope of internal audit, including the area of risk management.
8. All members of the Group AC shall be financially literate and at least one member shall be a member of an accounting association or body.
9. Details of the activities of the Group AC, the number of audit meetings held in a year, details of attendance of each member in respect of meetings, and the details of relevant training attended by each member should be documented in an informative way.
10. The term of office and performance of the Group AC and each of its members must be reviewed by the respective Boards at least once every two (2) years.
11. If a member of the Group AC resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the respective Board shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.



responsibility statement by the board of directors

In the course of preparing the annual financial statements of the Group and of the Bank, the Directors are collectively responsible in ensuring that these financial statements are drawn up in accordance with Financial Reporting Standards ('FRS'), the Malaysian Accounting Standards Board approved accounting standards in Malaysia for entities other than private entities, Bank Negara Malaysia Guidelines and the provisions of the Companies Act, 1965.

It is the responsibility of the Directors to ensure that the financial reporting of the Group and of the Bank present a true and fair view of the state of affairs of the Group and of the Bank as of the end of the financial year and the results and cash flows for the financial year ended 31 December 2008.

The Directors have applied the appropriate and relevant accounting policies on a consistent basis and made judgements and estimates that are reasonable and fair in preparing the financial statements of the Group and of the Bank.

The financial statements are prepared on the going concern basis and the Directors have ensured that proper accounting records are kept so as to enable the preparation of the financial statements with reasonable accuracy.

The Directors have also taken the necessary steps to ensure that appropriate systems are in place for the assets of the Group and of the Bank to be properly safeguarded for the prevention and detection of fraud and other irregularities. The systems, by their nature, can only provide reasonable and not absolute assurance against material misstatements, loss and fraud.

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out in page 146 of the audited financial statements.

statutory financial statements

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directors' report

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2008.

PRINCIPAL ACTIVITIES

RHB Bank Berhad ('the Bank'), is a limited liability bank incorporated and domiciled in Malaysia.

The principal activities of the Bank are commercial banking and finance related business and the provision of related services. The Group is involved in commercial banking and finance related business, Islamic Banking business, leasing, offshore banking, offshore trust services, nominee services and property investment.

There have been no significant changes in these principal activities during the financial year.

RESULTS

	Group RM'000	Bank RM'000
Profit before Irredeemable Non-Cumulative Convertible Preference Shares ('INCPS') dividends and taxation	1,445,823	1,317,150
INCPS dividends	(32,146)	(32,146)
Profit after INCPS dividends but before taxation	1,413,677	1,285,004
Taxation	(375,524)	(348,548)
Net profit for the financial year	1,038,153	936,456

ORDINARY SHARES DIVIDENDS

The dividends proposed and paid by the Bank since 31 December 2007 were as follows:

	RM'000
In respect of the financial year ended 31 December 2008:	
First interim dividend of 3.79 sen less 26% tax paid on 17 September 2008	185,872

At the forthcoming Annual General Meeting, a final gross dividend in respect of the current financial year of 3.12 sen less 25% tax amounting to RM155,286,000 will be proposed for shareholder's approval. These financial statements do not reflect this final dividend which will be accounted for in the shareholder's equity as an appropriation of retained profits in the financial year ending 31 December 2009 when approved by the shareholder.

directors' report (continued)

IRREDEEMABLE NON-CUMULATIVE CONVERTIBLE PREFERENCE SHARES ('INCPS') DIVIDENDS

The dividends paid by the Bank since 31 December 2007 were as follows:

	RM'000
Dividend of 10%, tax exempt, paid on 30 May 2008	32,146

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUE OF SHARES

During the financial year ended 31 December 2008, the issued and paid-up share capital of the Bank was increased as follows:

	Number of ordinary shares of RM0.50 each
As at 1 January 2008	3,899,971,952
Issued upon conversion of 1,368,099,145 INCPS of RM1.00 each to new ordinary shares of RM0.50 each	2,736,198,290
As at 31 December 2008	6,636,170,242

The newly issued share rank *pari passu* in all respects with the existing ordinary share of the Bank.

BAD AND DOUBTFUL DEBTS AND FINANCING

Before the financial statements of the Group and the Bank were made out, the directors took reasonable steps to ascertain that proper actions had been taken in relation to the writing off of bad debts and the making of allowance for non-performing debts and financing, and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for non-performing debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for non-performing debts and financing in the financial statements of the Group and the Bank inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and the Bank were made out, the directors took reasonable steps to ensure that any current assets, other than debts and financing, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and the Bank, had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and the Bank misleading.

directors' report (continued)

VALUATION METHOD

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and the Bank misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group or the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group or the Bank which has arisen since the end of the financial year other than in the ordinary course of business.

No contingent or other liability of the Group and the Bank has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or the Bank to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group or the Bank, which would render any amount stated in the financial statements misleading or inappropriate.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and the Bank for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Bank for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 45 to the financial statements.

directors' report (continued)

DIRECTORS OF THE BANK

The directors of the Bank who have held office since the date of the last report are:

Datuk Azlan Zainol	Non-Independent Non-Executive Chairman
Dato Abdullah Mat Noh ^	Independent Non-Executive Director
Tuan Haji Khairuddin Ahmad ^	Independent Non-Executive Director
Dato' Mohd Salleh Haji Harun	Independent Non-Executive Director
Dato' Othman Jusoh	Independent Non-Executive Director
Johari Abdul Muid	Non-Independent Non-Executive Director
Ong Seng Pheow	Independent Non-Executive Director
Michael Joseph Barrett	Managing Director
Eirvin Bee Knox	Non-Independent Non-Executive Director (appointed on 24 October 2008 and resigned on 2 March 2009)
Ismael Fariz Ali ^	Independent Non-Executive Director (resigned on 29 April 2008)

^ Re-designated to Independent Director on 18 March 2008.

In accordance with Article 100 of the Bank's Articles of Association, Tuan Haji Khairuddin Ahmad, Dato' Mohd Salleh Haji Harun and Mr Ong Seng Pheow retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS IN SECURITIES

According to the register of directors' shareholding, the directors in office at the end of the financial year holding securities of the Bank and its related corporations are as follows:

	← Number of Ordinary Shares of RM1.00 each →			
	As at 1.1.2008	Bought	Sold	As at 31.12.2008
Holding Company RHB Capital Berhad				
Tuan Haji Khairuddin Ahmad - Direct	22,000	-	-	22,000
Dato' Mohd Salleh Haji Harun - Direct	15,000	15,000	-	30,000

Other than the above, none of the other directors holding office at the end of the financial year had any interest in the shares of the Bank or its related corporations during the financial year.

directors' report (continued)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than directors' remuneration as disclosed in the financial statements) by reason of a contract made by the Bank or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

During and at the end of the financial year, no arrangements subsisted to which the Bank or its subsidiaries is a party, being arrangements with the object or objects of enabling the directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

CORPORATE GOVERNANCE STATEMENT

Introduction

The Board of Directors ('Board') of RHB Bank Berhad ('RHB Bank' or 'the Bank') continuously supports the institution of relevant framework and designs in upholding the principles and best practices of corporate governance.

We set out below the abridged Corporate Governance as required under Bank Negara Malaysia's ('BNM') requirements. The full version of the Corporate Governance Statement will be included in the Annual Report.

(A) BOARD OF DIRECTORS

Composition of the Board

The Board currently has eight (8) members, comprising a Non-Independent Non-Executive Chairman, one (1) Non-Independent Non-Executive Director, five (5) Independent Non-Executive Directors and a Managing Director, details of which are as follows:

Name of Director	Designation
Datuk Azlan Zainol	Non-Independent Non-Executive Chairman
Dato Abdullah Mat Noh	Independent Non-Executive Director
Haji Khairuddin Ahmad	Independent Non-Executive Director
Dato' Mohd Salleh Hj Harun	Independent Non-Executive Director
Dato' Othman Jusoh	Independent Non-Executive Director
Johari Abdul Muid	Non-Independent Non-Executive Director
Ong Seng Pheow	Independent Non-Executive Director
Michael Joseph Barrett	Managing Director

Ismael Fariz Ali resigned as an Independent Non-Executive Director on 29 April 2008.

Eirvin Bee Knox who was appointed as a Non-Independent Non-Executive Director on 24 October 2008 has resigned on 2 March 2009.

Duties And Responsibilities Of The Board

The Board's core responsibilities included among others, the review and approval of the Group's strategic directions, fundamental policies, monitoring financial performance and overseeing as well as evaluating the performance of the Management. In discharging its responsibilities, the Board always ensures that best practices in governance are subscribed to and ethical standards are upheld. Realising that the business is not only responsible to its shareholders but also to its stakeholders, the Board continuously review its corporate responsibility initiatives in ensuring positive social impact as well as long term sustainability and growth.

directors' report (continued)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

The day-to-day management of the Bank is delegated to the Managing Director ('MD') who is responsible to among others, ensure the successful implementation of the Board's decision. The distinct and separate duties and responsibilities of the MD and the other Non-Executive Directors ensure a balance of power and authority towards the establishment of an effective Board.

In addition thereto, pursuant to the transformation exercise undertaken by the Group in November 2007, the MD of the Bank is also now overseeing the day-to-day management of the Group in his capacity as the Group MD of RHB Banking Group. As the Group MD, he is further responsible in steering and leading the Group's Strategic Business Units ('SBUs') and Strategic Functional Units ('SFUs') towards achieving the Group's objectives and goals. In carrying out these tasks, the Group MD is supported by a Central Management Committee ('CMC') which comprises of key management personnel of the Group. The objectives of the CMC are among others, as follows:

- to provide strategic guidance to the SBUs and SFUs;
- to recommend to the Board of the Bank and other entities within the Group the implementation of key strategic business plans and policies; and
- to assist the Board of the Bank and other entities in reviewing performances and business efficiencies of the Group

Board Meetings

The Board meets monthly with special meetings held where any direction or decisions are required expeditiously from the Board between the scheduled meetings. Scheduled Board meetings are structured with a pre-set agenda.

The Board is provided with the meeting papers in advance of meetings to enable it to request for clarifications from the Management on issues at hand, if required and, formulate opinion on matters to be deliberated at the meetings. In line with the best practices, the Management will deliver Board materials/papers to Board Members at least seven (7) days prior to the scheduled Board Meeting date. At each Meeting, the Board receives updates from the respective Chairman/representatives of the Group Audit Committee and Group Risk Management Committee on matters that have been deliberated at both committees as well as on matters that require attention. The Board also receives regular management reports and information on corporate and business issues to enable reviews of performance against business targets and objectives.

Each member of the Board is required to apply independent judgement to decision making in their capacity as a Director. Where appropriate, decisions are also taken by way of Directors' Circular Resolution in accordance with the Bank's Articles of Association.

The Board has direct access to information of the Bank and the Group through the Senior Management as well as the advice and services of the Company Secretaries. In addition, Directors may also seek independent professional advice, at the Bank's expense, when deemed necessary for the proper discharge of their duties.

directors' report (continued)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

The Board convened eighteen (18) meetings for the financial year ended 31 December 2008. The attendance of each Director in office at the end of the financial year at the aforesaid Board meetings are set out below:

Name of Director	Total Meetings Attended	Percentage of Attendance (%)
Datuk Azlan Zainol	18/18	100
Dato Abdullah Mat Noh	17/18	94
Haji Khairuddin Ahmad	17/18	94
Dato' Mohd Salleh Harun	16/18	89
Dato' Othman Jusoh	16/18	89
Johari Abdul Muid	15/18	83
Ong Seng Pheow	17/18	94
Michael Joseph Barrett (MD)	18/18	100
Eirvin Bee Knox ^{(1)*}	3/3	100

Notes:

⁽¹⁾ Appointed on 24 October 2008 and resigned on 2 March 2009

* Based on the number of meetings held since he was appointed to the Board

Pursuant to the Revised BNM/GP1, individual directors must attend 75% of the board meetings held in each financial year. For the year under review, all Directors complied with the attendance requirement as stipulated by BNM.

BOARD COMMITTEES

Group Audit Committee

The Board has established an Audit Committee ('AC') since 13 December 1984. On 1 July 2008, the Group Audit Committee ('Group AC') was formally established at RHB Bank to undertake the roles and responsibilities of the ACs within the RHB Banking Group (comprising RHB Bank Berhad, RHB Investment Bank Berhad, RHB Islamic Bank Berhad and RHB Insurance Berhad). Accordingly, the AC of the Bank has been dissolved on 18 July 2008.

Currently, the Group AC comprises directors within RHB Bank Berhad, RHB Investment Bank Berhad, RHB Islamic Bank Berhad and RHB Insurance Berhad i.e. five (5) Independent Non-Executive Directors of whom one (1) is the Chairman. During the period from 1 July 2008 to 31 December 2008, a total of 10 meetings were held and the details of attendance of each member at the Group AC Meetings held during the financial year ended 31 December 2008 are as follows:

Name of Member	Total Meetings Attended	Percentage of Attendance (%)
Ong Seng Pheow (Chairman)	10/10	100
Dato' Mohd Salleh Harun	10/10	100
Dato' Othman Jusoh	9/10	90
Patrick Chin Yoke Chung	9/10	90
Datuk Tan Kim Leong	9/10	90

directors' report (continued)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

The Group AC meets regularly to provide independent oversight over the management of the financial reporting and internal control system and ensuring checks and balances for entities within RHB Banking Group. The Management, Head of Central Finance, internal auditors as well as the external auditors are invited to these meetings as and when necessary.

To ensure the independence and objectivity of the external auditors, the Group AC meets with the external auditors without the presence of the Management at least once a year.

Group Nominating Committee

The Board has established the Nominating Committee ('NC') since 5 September 2002. On 1 January 2008, the Group Nominating Committee ('Group NC') was formally established at RHB Capital Berhad to undertake the roles and responsibilities of the NCs within the RHB Banking Group. Accordingly, the NC of the Bank has been dissolved on the same date.

The Group NC presently comprises directors within the RHB Banking Group i.e. three (3) Independent Non-Executive Directors of whom one (1) is the Chairman, and two (2) Non-Independent Non-Executive Directors. During the financial year ended 31 December 2008, a total of 9 meetings were held and the details of attendance of each member at the Group NC Meetings held during the financial year ended 31 December 2008 are as follows:

Name of Member	Total Meetings Attended	Percentage of Attendance (%)
Datuk Faisal Siraj (Chairman)	9/9	100
Datuk Azlan Zainol	8/9	89
Datuk Tan Kim Leong	9/9	100
Johari Abdul Muid	7/9	78
Ismael Fariz Ali	8/9	89

Apart from identifying and selecting candidates for new appointments, the Group NC is also responsible for assessing the effectiveness of individual Directors, Board as a whole and the various committees of the Board, Group Shariah Committee members, chief executive officers and key senior management officers of the relevant companies in the Group. The Group NC reviews annually the required mix of skills, experience and other qualities including core competencies which directors should bring to the Board and which the Board requires for it to function completely and efficiently.

As a tool to assist the Group NC in its yearly assessment on the effectiveness of an individual director within the Group, the Bank and its major operating subsidiaries have adopted the Board Effectiveness Evaluation methodology for its Board, Board Committees and the individual directors, in line with the Corporate Governance Standards.

The Company Secretary complements the functions of the Group NC by ensuring all regulatory requirements are strictly adhered to and all relevant records and returns are updated regularly.

Group Remuneration and Human Resource Committee

The Board has established the Remuneration and Human Resource Committee ('RHRC') since 4 May 2000. On 1 January 2008, the Group Remuneration and Human Resource Committee ('Group RHRC') has also been established at RHB Capital Berhad to undertake the roles and responsibilities of the RHRCs within the RHB Banking Group. Arising there from, the RHRC of the Bank has been dissolved.

directors' report (continued)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

The Group RHRC presently comprises directors within the RHB Banking Group i.e. three (3) Independent Non-Executive Directors of whom one (1) is the Chairman, and two (2) Non-Independent Non-Executive Directors. During the financial year ended 31 December 2008, a total of 12 meetings were held and the details of attendance of each member at the Group RHRC Meetings held during the financial year ended 31 December 2008 are as follows:

Name of Member	Total Meetings Attended	Percentage of Attendance (%)
Datuk Tan Kim Leong (Chairman)	12/12	100
Datuk Azlan Zainol	10/12	83
Datuk Faisal Siraj	12/12	100
Johari Abdul Muid	9/12	75
Ismael Fariz Ali	9/12	75

The Group RHRC assists the Board in ensuring that the directors and senior management of the Bank and the relevant subsidiaries are fairly rewarded for their individual contributions to the Group's overall performance and the levels of the remuneration are sufficient to attract and retain the best directors and senior management to manage the Group successfully.

Group Risk Management Committee

The Board has established the Risk Management Committee ('RMC') since 30 January 2001. The Group Risk Management Committee ('Group RMC') for RHB Capital Group has been established at RHB Capital Berhad effective 1 November 2007. Accordingly, the RMC of the Bank has been dissolved on the same date.

The Group RMC presently comprises directors within the RHB Banking Group i.e. five (5) Independent Non-Executive Directors of whom one (1) is the Chairman. During the financial year ended 31 December 2008, a total of 12 meetings were held and the details of attendance of each member at the Group RMC Meetings held during the financial year ended 31 December 2008 are as follows:

Name of Member	Total Meetings Attended	Percentage of Attendance (%)
Dato' Mohd Salleh Hj Harun (Chairman)	12/12	100
Haji Khairuddin Ahmad	12/12	100
Patrick Chin Yoke Chung	12/12	100
Datin Khamarzan Ahmed Meah	9/12	75
Datuk Tan Kim Leong ⁽¹⁾	11/12	92

Note:

⁽¹⁾ Appointed on 1 January 2008

The Group RMC monitors in-depth the governance of risks for each of the key operating subsidiaries as previously discharged by the individual RMCs i.e. RHB Capital Berhad, RHB Bank Berhad, RHB Investment Bank Berhad, RHB Islamic Bank Berhad and RHB Insurance Berhad.

directors' report (continued)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

Central Loans Committee

The Board has established the Loans Committee ('LC') since 4 July 2001. The LC has been renamed as Central Loans Committee ('CLC') in June 2007 to reflect its functions of affirming, imposing additional covenants or vetoing credits of RHB Banking Group (comprising RHB Bank Berhad, RHB Bank (L) Ltd, RHB Islamic Bank Berhad and RHB Investment Bank Berhad) which were duly approved by the Central Credit Committee.

Currently, the CLC comprises directors within RHB Bank Berhad, RHB Bank (L) Ltd, RHB Islamic Bank Berhad and RHB Investment Bank Berhad i.e. three (3) Independent Non-Executive Directors of whom one (1) is the Chairman, and a Non-Independent Non-Executive Director. During the financial year ended 31 December 2008, a total of 27 meetings were held and the details of attendance of each member at the CLC Meetings held during the financial year ended 31 December 2008 are as follows:

Name of Member	Total Meetings Attended	Percentage of Attendance (%)
Dato Abdullah Mat Noh (Chairman)	27/27	100
Johari Abdul Muid	16/27	59
Dato' Mohamed Khadar Merican	24/27	89
Tuan Haji Khairuddin Ahmad ^{(1)*}	23/24	96
Previous Member		
Dato' Othman Jusoh ^{(2)*}	2/3	67
Ismael Fariz Ali ^{(3)*}	3/7	43

Notes:

⁽¹⁾ Appointed on 1 March 2008

⁽²⁾ Resigned on 1 March 2008

⁽³⁾ Resigned on 29 April 2008

* Based on the number of meetings held since he was appointed to the CLC

(B) RISK MANAGEMENT FRAMEWORK

The RHB Banking Group has put in place a Group Risk Management Framework which governs the management of risks in the banking group. The Framework operates on two interlocking layers. Firstly, it provides a holistic overview of the risk and control environment with the risk management going towards loss minimisation and protection against losses which may occur through, principally, the failure of effective checks and balances in the organisation, as well as deficiencies in risk management culture. Secondly, it sets out the strategic progression of risk management towards becoming a value creation enterprise. This is effected through building up capabilities and infrastructure in risk management sophistication, and using the improvement in risk quantification to optimise risk-adjusted (or economic) returns.

directors' report (continued)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

(B) RISK MANAGEMENT FRAMEWORK (CONTINUED)

The Framework enshrines five fundamental principles that drive the philosophy of risk management. They are:

- (i) Risk governance from the Board of Directors;
- (ii) Clear understanding of risk management ownership;
- (iii) Institutionalisation of a risk focused organization;
- (iv) Alignment of risk management to business strategies; and
- (v) Optimisation of risk adjusted economic and financial returns

The Board of Directors ensures that an effective risk management strategy is in place and uniformly understood across the Bank. The structured framework supports the Board's oversight responsibilities. Risk management processes are a collective responsibility and cooperation of business and functional units, risk management functions, top management and the Board.

The business and functional units have a clear segregation of duties with sufficient check and balance to ensure that business processes are functioning effectively. There is appropriate accountability delegated to the appropriate authority to execute their respective authorities in meeting the business strategies without compromising the risk management strategies.

The Banking Group's Asset and Liabilities Committee ('ALCO') performs a critical role in the management of assets and liabilities. The ALCO meets regularly and is the forum where strategic and tactical decisions are made. Global and domestic economic data, information and events are synthesized at the ALCO which enables the Banking Group to determine its actions and reactions in the capital markets.

For effective control of operations, defined management action triggers and risk limits are established and actively monitored. Breaches of limits are not allowed. Should exposures or transactions set off pre-established triggers, management will deliberate and determine on course of actions required (whether remedial or otherwise) on a timely basis. Triggers and limits are determined based on the Bank's risk appetite and is advised by appropriate risk measures and attendant stress testing exercises.

The financial risk management objectives and policies of the Bank are set out in Note 41 to the Financial Statements.

(C) INTERNAL AUDIT AND INTERNAL CONTROL ACTIVITIES

The Group has an in-house group internal audit function which is guided by its Group Audit Charter and reports to the Group Audit Committee of RHB Bank Berhad. Its primary role is to assist the Group Audit Committee in the discharge of their duties and responsibilities by independently reviewing and reporting on the adequacy and effectiveness of the Group's risk management, internal control and governance processes.

The Group Internal Auditors perform regular reviews of the Bank's operational processes and system of internal controls. Auditable units of priority and frequency of review are determined by adopting a risk-based approach, and the annual internal audit plan is reviewed and approved by the Group Audit Committee. Results of the audits conducted by the Group Internal Auditors are reported to the Group Audit Committee while follow-up and review of the status of actions taken on the auditors' recommendations are carried out by the Management via the Management Audit Committee which comprises senior management. The minutes of the Management Audit Committee meetings are tabled to the Group Audit Committee for notation.

The Group Audit Committee holds regular meetings to deliberate on findings and recommendations for improvement highlighted by both the internal and external auditors as well as regulatory authorities on the state of the Bank's internal control system. The minutes of the Group Audit Committee meetings are subsequently tabled to the Board for notation.

directors' report (continued)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

(C) INTERNAL AUDIT AND INTERNAL CONTROL ACTIVITIES (CONTINUED)

In addition to audit assignments, the Group Internal Audit is invited to participate on a consultative basis in the development of new products and systems, and information technology related initiatives as well as in the review of operational manuals and guidelines.

(D) MANAGEMENT REPORTS

Annual business plans and financial budgets are prepared by the Bank's strategic business units and operating subsidiaries and are reviewed and approved by the Board. The performance of business units and operating subsidiaries are assessed and monitored against the approved budget and any significant variances are explained to the Board.

The Board also receives and reviews monthly financial accounts, financial information reports and monthly progress reports from management on a regular basis. In addition, matters such as key business strategies and business plans, major capital expenditure, material contracts, new operational guidelines and new policies and guidelines are approved by the Board prior to it being implemented. Furthermore, minutes of meeting of various Board Committees of the Bank and changes on regulatory requirements, are also tabled for the Board's notation.

IMMEDIATE AND ULTIMATE HOLDING COMPANY/BODY

The directors regard RHB Capital Berhad, a company incorporated in Malaysia and the Employees Provident Fund Board ('EPF'), a statutory body established in Malaysia, as the immediate holding company and ultimate holding body respectively.

2009 BUSINESS PLAN AND OUTLOOK

2009 is expected to be a challenging year for the banking industry given the prospects of a sharper and more prolonged global economic downturn leading to potential threats to asset quality and demand for banking products and services. The Group expects a GDP growth for Malaysia in 2009 to be lower than the growth recorded in 2008. In addition, domestic demand is expected to weaken in 2009 as the decline in external demand for the country's exports threatens to hurt business and consumer confidence. As a result, consumer spending is envisaged to slow down and business spending will likely drop. However, with the proactive measures undertaken by the Government and Bank Negara in the introduction of a stimulus package to cushion the downturn as well as reduction in the interest rates, we are optimistic that there will be continued loan growth and demand for banking products and services, albeit at a slower rate.

The Group will focus on 3 key areas in 2009 to maintain the momentum of its financial performance and compete effectively in the more challenging operating conditions in 2009.

Firstly, the Group will continue to keep close with our customers and continue to deliver relevant products and services to meet their changing needs. We are cognizant of the fact that the changes in the economic environment impact our customers in a variety of ways and we must keep pace with the changing needs to meet their expectations.

Secondly, we shall increase focus on the quality of assets and the repayment ability of our customers, putting greater emphasis on monitoring and prevention as well as restructuring of loans, if viable, to better match the changes in our customer's cashflows. The Group has invested significant amount of resources directed to provide a robust risk management framework and effective collection capabilities. These efforts are expected to keep rises in delinquencies under control and cushion the Group from significant deterioration in asset quality. The focus on loans would be on seeking quality customers from both the retail and business segments.

directors' report (continued)

2009 BUSINESS PLAN AND OUTLOOK (CONTINUED)

Thirdly, we shall implement effective cost containment and improvements in efficiency by leveraging on the Group's scale, technology and effective expense management. The creation of centralized shared services pursuant to the Transformation Program allows the Group to leverage on its scale and introduce greater transparency and control in expenses throughout the Group.

Overall, we expect the banking sector to remain resilient and the Group expects the operating conditions to be challenging yet manageable in 2009. We believe that the Group Transformation Program introduced in 2007 and the adoption of the Universal Banking Structure will allow the Group to better navigate the more challenging operating environment expected in 2009.

RATINGS ACCORDED BY THE RATING AGENCIES

During the financial year, the Bank was rated by the following external rating agencies:

Agencies	Date Accorded	Ratings
RAM Rating Services Berhad	27 August 2008	Long Term Rating – AA3 Short Term Rating – P1
Standard & Poor's	21 December 2008	Long Term Counterparty Credit Rating – BBB Short Term Counterparty Credit Rating – A-2 Bank Fundamental Strength Rating – C
Moody's Investors Service	23 December 2008	Long Term Bank Deposits Rating – A3 Short Term Bank Deposits Rating – P-1 Bank Financial Strength – D

DESCRIPTION OF THE RATING ACCORDED

RAM Rating Services Berhad

Long term rating (Financial institutions)

AA Financial Institution ('FI') rated in this category are adjudged to offer high safety for timely payments of financial obligations. This level of rating indicates corporate entities with sound credit profiles and without significant problems. Entities rated in this category are, however, considered to be somewhat more vulnerable to adverse changes in economic conditions than those entities rated in the highest category.

For long-term ratings, RAM applies subscripts 1, 2 or 3 in each rating category from AA to C. The subscript 1 indicates that the FI ranks at the higher end of its generic rating category; the subscript 2 indicates a mid-ranking; and the subscript 3 indicates that the FI ranks at the lower end of its generic rating category.

Short term rating (Financial institutions)

P1 FI in this category has superior capacities for timely payments of obligations.

directors' report (continued)

DESCRIPTION OF THE RATING ACCORDED (CONTINUED)

Standard and Poor's

Long term issue credit rating

BBB An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show the relative standing within the major rating categories.

Short term issue credit rating

A-2 An obligor rated 'A-2' has satisfactory capacity to meet its financial commitments. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in the highest rating category.

Bank fundamental strength rating ('BFSR')

C A bank or financial institution, in the absence of extraordinary assistance or interference from its corporate group, regulator or government, assigned a BFSR of 'C' has adequate fundamental strength. However, the bank or financial institution is more sensitive to uncertainties and adverse circumstances to a greater degree than higher-rated entities.

Moody's Investors Service

Long term bank deposit rating

A Banks rated A for deposits offer good credit quality. However, elements may be present that suggest a susceptibility to impairment over the long term.

Moody's appends the numerical modifiers 1, 2 and 3 to each generic rating category from 'Aa' to 'Caa'. The modifier 1 indicates that the bank is in the higher end of its letter-rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates that the bank is in the lower end of its letter-ranking category.

Short term bank deposit rating

P-1 Banks rated Prime-1 for deposits offer superior credit quality and a very strong capacity for timely payment of short term deposit obligations.

Moody's appends the numerical modifiers 1, 2 and 3 to each generic rating category from 'Aa' to 'Caa'. The modifier 1 indicates that the obligation ranks in the higher end of its letter-rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of its generic rating category.

directors' report (continued)

DESCRIPTION OF THE RATING ACCORDED (CONTINUED)

Bank financial strength rating ('BFSR')

D Banks rated D display modest intrinsic financial strength, potentially requiring some outside support at times. Such institutions may be limited by one or more of the following factors: a weak business franchise, financial fundamentals that are deficient in one or more respects; or an unpredictable and unstable operating environment.

Where appropriate, a "+" modifier will be appended to ratings below the 'A' category and a "-" modifier will be appended to ratings above the 'E' category to distinguish those banks that fall in intermediate categories.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors.

DATUK AZLAN ZAINOL

Non-Independent Non-Executive
Chairman

MICHAEL JOSEPH BARRETT

Managing Director

Kuala Lumpur
11 March 2009

balance sheets

as at 31 December 2008

	Note	Group		Bank	
		31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
ASSETS					
Cash and short-term funds	2	13,451,945	17,244,585	11,963,560	15,309,821
Securities purchased under resale agreements		106,565	567,836	106,565	567,836
Deposits and placements with banks and other financial institutions	3	439,237	3,291,891	848,371	2,964,499
Securities held-for-trading	4	2,634,600	1,842,218	2,230,136	1,354,023
Securities available-for-sale	5	4,584,413	7,026,381	3,846,603	6,871,139
Securities held-to-maturity	6	9,394,159	6,734,841	8,054,523	5,822,417
Loans, advances and financing	7	60,127,875	53,703,107	52,600,047	47,470,523
Other assets	8	421,244	516,324	494,535	801,595
Derivative assets	9	344,916	105,401	344,595	102,102
Tax recoverable		9,215	2,572	-	-
Deferred tax assets	10	268,159	247,852	233,116	207,222
Statutory deposits	11	1,521,442	1,604,379	1,321,902	1,416,350
Investment in subsidiaries	12	-	-	828,956	828,956
Investment in an associate	13	-	4,963	-	-
Property, plant and equipment	14	527,711	488,545	439,165	420,314
Prepaid land lease	15	102,139	98,946	20,940	21,263
Goodwill	16	1,004,017	1,004,017	905,519	905,519
TOTAL ASSETS		94,937,637	94,483,858	84,238,533	85,063,579

The accompanying accounting policies and notes form an integral part of these financial statements.

balance sheets

as at 31 December 2008 (continued)

	Note	Group		Bank	
		31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
LIABILITIES AND EQUITY					
Deposits from customers	17	71,011,263	72,703,479	61,592,948	64,315,697
Deposits and placements of banks and other financial institutions	18	6,753,576	5,656,676	6,255,207	5,277,349
Bills and acceptances payable		4,935,512	3,959,943	4,900,726	3,949,841
Recourse obligation on loans sold to Cagamas Berhad		1,173,754	1,854,873	1,173,754	1,854,873
Other liabilities	19	1,150,268	1,291,264	974,138	1,082,183
Derivative liabilities	9	338,011	117,820	331,809	109,427
Provision for taxation		91,149	98,146	87,877	94,973
Deferred tax liabilities	10	15	17	-	-
Long term borrowings	20	655,975	330,700	655,975	330,700
Subordinated obligations	21	2,000,000	2,495,000	2,000,000	2,495,000
Irredeemable Non-Cumulative Convertible Preference Shares ('INCPS')	22	-	1,368,099	-	1,368,099
TOTAL LIABILITIES		88,109,523	89,876,017	77,972,434	80,878,142
Ordinary share capital	23	3,318,085	1,949,986	3,318,085	1,949,986
Reserves	24	3,510,029	2,657,855	2,948,014	2,235,451
TOTAL EQUITY		6,828,114	4,607,841	6,266,099	4,185,437
TOTAL LIABILITIES AND EQUITY		94,937,637	94,483,858	84,238,533	85,063,579
COMMITMENTS AND CONTINGENCIES	38	56,721,605	51,098,106	53,851,570	47,599,365

The accompanying accounting policies and notes form an integral part of these financial statements.

income statements

for the financial year ended 31 December 2008

	Note	Group		Bank	
		Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000
Interest income	25	4,474,369	4,504,354	4,364,682	4,360,755
Interest expense	26	(2,192,859)	(2,440,517)	(2,134,199)	(2,358,060)
Net interest income		2,281,510	2,063,837	2,230,483	2,002,695
Other operating income	27	755,160	687,725	781,264	748,356
Income from Islamic Banking business	28	3,036,670 281,309	2,751,562 328,617	3,011,747 -	2,751,051 -
Other operating expenses	29	3,317,979 (1,325,367)	3,080,179 (1,285,621)	3,011,747 (1,199,452)	2,751,051 (1,166,258)
Operating profit before allowances		1,992,612	1,794,558	1,812,295	1,584,793
Allowance for losses on loans and financing	31	(536,463)	(576,547)	(484,862)	(515,111)
Impairment losses	32	(10,364)	(47,605)	(10,283)	(47,605)
Share of results of an associate		1,445,785 38	1,170,406 280	1,317,150 -	1,022,077 -
Profit before INCPS dividends and taxation		1,445,823	1,170,686	1,317,150	1,022,077
INCPS dividends	33	(32,146)	(136,810)	(32,146)	(136,810)
Profit after INCPS dividends but before taxation		1,413,677	1,033,876	1,285,004	885,267
Taxation	34	(375,524)	(280,329)	(348,548)	(239,874)
Net profit for the financial year		1,038,153	753,547	936,456	645,393
Earnings per share	35				
- Basic earnings per 50 sen share		17.3 sen	19.3 sen	15.6 sen	16.5 sen
- Diluted earnings per 50 sen share		17.3 sen	18.4 sen	15.6 sen	15.9 sen

The accompanying accounting policies and notes form an integral part of these financial statements.

statements of changes in shareholders' equity

for the financial year ended 31 December 2008

GROUP	Note	Attributable to equity holders of the Bank					Retained profits	Total
		Share capital	Share premium	Statutory reserves	Translation reserves	AFS reserves		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2008		1,949,986	8,563	2,010,114	(17,815)	16,770	640,223	4,607,841
Currency translation differences		-	-	-	444	-	-	444
Unrealised net loss on revaluation of securities available-for-sale ('AFS')		-	-	-	-	(34,958)	-	(34,958)
Net transfer to income statement on disposal or impairment of securities AFS		-	-	-	-	32,315	-	32,315
Deferred tax		-	-	-	-	2,092	-	2,092
Income and expenses recognised directly in equity		-	-	-	444	(551)	-	(107)
Net profit for the financial year		-	-	-	-	-	1,038,153	1,038,153
Total recognised income and expenses for the financial year		-	-	-	444	(551)	1,038,153	1,038,046
Conversion of INCPS to ordinary shares	23	1,368,099	-	-	-	-	-	1,368,099
Transfer to statutory reserves		-	-	276,639	-	-	(276,639)	-
Ordinary dividends	36	-	-	-	-	-	(185,872)	(185,872)
Balance as at 31 December 2008		3,318,085	8,563	2,286,753	(17,371)	16,219	1,215,865	6,828,114
Balance as at 1 January 2007		1,949,986	8,563	1,789,503	(20,663)	(1,466)	970,739	4,696,662
Currency translation differences		-	-	-	2,848	-	-	2,848
Unrealised net loss on revaluation of securities AFS		-	-	-	-	(28,150)	-	(28,150)
Net transfer to income statement on disposal or impairment of securities AFS		-	-	-	-	54,001	-	54,001
Deferred tax		-	-	-	-	(7,615)	-	(7,615)
Income recognised directly in equity		-	-	-	2,848	18,236	-	21,084
Net profit for the financial year		-	-	-	-	-	753,547	753,547
Total recognised income for the financial year		-	-	-	2,848	18,236	753,547	774,631
Transfer to statutory reserves		-	-	220,611	-	-	(220,611)	-
Ordinary dividends	36	-	-	-	-	-	(863,452)	(863,452)
Balance as at 31 December 2007		1,949,986	8,563	2,010,114	(17,815)	16,770	640,223	4,607,841

The accompanying accounting policies and notes form an integral part of these financial statements.

statements of changes in shareholders' equity

for the financial year ended 31 December 2008 (continued)

BANK	Note	Non-distributable				Distributable		Total RM'000
		Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Translation reserves RM'000	AFS reserves RM'000	Retained profits RM'000	
Balance as at 1 January 2008		1,949,986	8,563	1,886,928	31,023	19,473	289,464	4,185,437
Currency translation differences		-	-	-	(15,064)	-	-	(15,064)
Unrealised net loss on revaluation of securities AFS		-	-	-	-	(66,988)	-	(66,988)
Net transfer to income statement on disposal or impairment of securities AFS		-	-	-	-	35,605	-	35,605
Deferred tax		-	-	-	-	8,426	-	8,426
Expenses recognised directly in equity		-	-	-	(15,064)	(22,957)	-	(38,021)
Net profit for the financial year		-	-	-	-	-	936,456	936,456
Total recognised income and expenses for the financial year		-	-	-	(15,064)	(22,957)	936,456	898,435
Conversion of INCPS to ordinary shares	23	1,368,099	-	-	-	-	-	1,368,099
Transfer to statutory reserves		-	-	234,114	-	-	(234,114)	-
Ordinary dividends	36	-	-	-	-	-	(185,872)	(185,872)
Balance as at 31 December 2008		3,318,085	8,563	2,121,042	15,959	(3,484)	805,934	6,266,099
Balance as at 1 January 2007		1,949,986	8,563	1,725,580	5,585	(1,015)	668,871	4,357,570
Currency translation differences		-	-	-	25,438	-	-	25,438
Unrealised net loss on revaluation of securities AFS		-	-	-	-	(26,974)	-	(26,974)
Net transfer to income statement on disposal or impairment of securities AFS		-	-	-	-	55,059	-	55,059
Deferred tax		-	-	-	-	(7,597)	-	(7,597)
Income recognised directly in equity		-	-	-	25,438	20,488	-	45,926
Net profit for the financial year		-	-	-	-	-	645,393	645,393
Total recognised income for the financial year		-	-	-	25,438	20,488	645,393	691,319
Transfer to statutory reserves		-	-	161,348	-	-	(161,348)	-
Ordinary dividends	36	-	-	-	-	-	(863,452)	(863,452)
Balance as at 31 December 2007		1,949,986	8,563	1,886,928	31,023	19,473	289,464	4,185,437

The accompanying accounting policies and notes form an integral part of these financial statements.

cash flow statements

for the financial year ended 31 December 2008

GROUP	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after INCPS dividends but before taxation	1,413,677	1,033,876
Adjustments for:		
INCPS dividend	32,146	136,810
Share of results of an associate	(38)	(280)
Property, plant and equipment:		
– Depreciation	66,424	76,129
– Gain on disposal	(36)	(665)
– Written off	77	44
– Allowance for impairment losses	188	–
Gain on disposal of associate company	(2,068)	–
Amortisation of prepaid land lease	502	490
Net loss on sale of securities available-for-sale	9,204	4,628
Net gain from redemption of securities held-to-maturity	–	(103)
Interest income from securities available-for-sale	(169,709)	(341,288)
Investment income from securities available-for-sale	(14,066)	(4,028)
Interest income from securities held-to-maturity	(271,847)	(300,507)
Investment income from securities held-to-maturity	(21,495)	(13,481)
Allowance for impairment losses of securities available-for-sale	27,313	75,505
Allowance for impairment losses of securities held-to-maturity	–	14,500
Write back of allowance for impairment loss of securities available-for-sale	(4,201)	(26,133)
Write back of allowance for impairment loss of securities held-to-maturity	(13,029)	(16,267)
Dividend income from securities available-for-sale	(9,277)	(5,978)
Allowance for losses on loans and financing	832,359	679,812
Interest suspended clawback	110,481	97,911
Accretion of discount less amortisation of premium	(26,276)	(7,549)
Amortisation of discount for subordinated obligations	1,039	217
Unrealised loss on revaluation of derivatives	(2,133)	(47)
Unrealised exchange (gain)/loss	(14,686)	35,842
	1,944,549	1,439,438
(Increase)/Decrease in operating assets:		
Deposits and placements with banks and other financial institutions	2,852,675	1,777,610
Securities purchased under resale agreements	463,667	2,124,327
Securities held-for-trading	(777,446)	104,411
Loans, advances and financing	(7,287,676)	(1,700,561)
Other assets	129,844	(70,657)
Statutory deposits	86,666	231,622
	(4,532,270)	2,466,752
Increase/(Decrease) in operating liabilities:		
Deposits from customers	(1,809,371)	16,889,958
Deposits and placements of banks and other financial institutions	1,068,752	(4,236,732)
Obligations on securities sold under repurchase agreements	–	(13,364,811)
Bills and acceptances payable	975,251	181,137
Recourse obligation on loans sold to Cagamas Berhad	(681,119)	(1,024,411)
Other liabilities	(161,933)	(259,261)
Long term borrowings	312,072	48,300
	(296,348)	(1,765,820)

cash flow statements

for the financial year ended 31 December 2008 (continued)

GROUP	Note	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000
Cash (used in)/generated from operations		(2,884,069)	2,140,370
Taxation paid		(403,000)	(304,132)
Net cash (used in)/generated from operating activities		(3,287,069)	1,836,238
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(104,331)	(70,208)
Proceeds from disposal of property, plant and equipment		39	5,150
Proceeds from sale of an associate		7,069	-
Net sale/(purchase) of securities available-for-sale		2,449,372	(1,327,962)
Net (purchase)/redemption of securities held-to-maturity		(2,641,639)	6,323,304
Interest received from securities available-for-sale		166,324	320,113
Investment income received from securities available-for-sale		9,159	4,132
Interest received from securities held-to-maturity		258,022	333,122
Investment income received from securities held-to-maturity		15,046	12,569
Dividend income from securities available-for-sale		8,558	4,652
Investment in subsidiaries		-	(114)
Net cash generated from investing activities		167,619	5,604,758
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of RM Subordinated Notes		-	2,000,000
Repayment of Subordinated Bonds		(479,100)	(800,000)
Dividends paid:			
- INCPS		(43,766)	(99,871)
- Ordinary shares		(185,872)	(863,452)
Net cash (used in)/generated from financing activities		(708,738)	236,677
Net (decrease)/increase in cash and cash equivalents		(3,828,188)	7,677,673
Effects of exchange rate differences		35,548	(56,408)
Cash and cash equivalents brought forward		17,244,585	9,623,320
Cash and cash equivalents carried forward		13,451,945	17,244,585
ANALYSIS OF CASH AND CASH EQUIVALENTS:			
Cash and short-term funds	2	13,451,945	17,244,585

The accompanying accounting policies and notes form an integral part of these financial statements.

cash flow statements

for the financial year ended 31 December 2008 (continued)

BANK	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after INCPS dividends but before taxation	1,285,004	885,267
Adjustments for:		
INCPS dividend	32,146	136,810
Property, plant and equipment:		
– Depreciation	63,895	74,337
– Gain on disposal	(36)	(646)
– Written off	6	44
Amortisation of prepaid land lease	323	324
Net loss on sale of securities available-for-sale	12,386	5,687
Net gain from redemption of securities held-to-maturity	–	(103)
Interest income from securities available-for-sale	(169,293)	(338,002)
Interest income from securities held-to-maturity	(267,140)	(291,547)
Allowance for impairment loss of securities available-for-sale	27,313	75,505
Allowance for impairment loss of securities held-to-maturity	–	14,500
Write back of allowance for impairment loss of securities available-for-sale	(4,094)	(26,133)
Write back of allowance for impairment loss of securities held-to-maturity	(13,029)	(16,267)
Dividend income from securities available-for-sale	(9,277)	(5,978)
Dividend income from subsidiary companies	(39,725)	(62,435)
Allowance for losses on loans and financing	765,671	614,055
Interest suspended clawback	83,459	90,852
Accretion of discount less amortisation of premium	(8,747)	15,767
Amortisation of discount for subordinated obligations	1,039	217
Unrealised (gain)/loss on revaluation of derivatives	(5,425)	262
Unrealised exchange (gain)/loss	(14,686)	35,842
	1,739,790	1,208,358
(Increase)/Decrease in operating assets:		
Deposits and placements with banks and other financial institutions	2,116,129	1,039,952
Securities purchased under resale agreements	463,667	2,124,061
Securities held-for-trading	(861,177)	64,816
Loans, advances and financing	(5,898,724)	(1,257,452)
Other assets	332,865	(285,846)
Statutory deposits	98,177	249,122
	(3,749,063)	1,934,653
Increase/(Decrease) in operating liabilities:		
Deposits from customers	(2,839,904)	16,496,394
Deposits and placements of banks and other financial institutions	949,710	(4,072,402)
Obligations on securities sold under repurchase agreements	–	(13,364,811)
Bills and acceptances payable	950,567	187,577
Recourse obligation on loans sold to Cagamas Berhad	(681,119)	(1,024,411)
Other liabilities	(127,871)	(215,924)
Long term borrowings	312,072	48,300
	(1,436,545)	(1,945,277)

cash flow statements

for the financial year ended 31 December 2008 (continued)

BANK	Note	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000
Cash (used in)/generated from operations		(3,445,818)	1,197,734
Taxation paid		(363,624)	(227,791)
Net cash (used in)/generated from operating activities		(3,809,442)	969,943
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(82,104)	(46,771)
Proceeds from disposal of property, plant and equipment		39	2,992
Net purchase/(sale) of securities available-for-sale		2,999,620	(1,278,455)
Net (purchase)/redemption of securities held-to-maturity		(2,231,667)	6,194,735
Interest received from securities available-for-sale		165,908	316,828
Interest received from securities held-to-maturity		253,315	324,161
Dividend income from securities available-for-sale		8,558	4,652
Dividend income from subsidiary companies		34,641	48,429
Net cash generated from investing activities		1,148,310	5,566,571
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of RM Subordinated Notes		-	2,000,000
Repayment of Subordinated Bonds		(479,100)	(800,000)
Principal repayment of finance lease		(547)	(506)
Dividends paid:			
– INCPS		(43,766)	(99,871)
– Ordinary shares		(185,872)	(863,452)
Net cash (used in)/generated from financing activities		(709,285)	236,171
Net (decrease)/increase in cash and cash equivalents		(3,370,417)	6,772,685
Effects of exchange rate differences		24,156	(34,660)
Cash and cash equivalents brought forward		15,309,821	8,571,796
Cash and cash equivalents carried forward		11,963,560	15,309,821
ANALYSIS OF CASH AND CASH EQUIVALENTS:			
Cash and short-term funds	2	11,963,560	15,309,821

The accompanying accounting policies and notes form an integral part of these financial statements.

summary of significant accounting policies and critical accounting estimates and assumptions

for the financial year ended 31 December 2008

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and the Bank have been prepared under the historical cost convention (unless otherwise indicated in this summary of significant accounting policies) and are in accordance with Financial Reporting Standards ('FRS'), the Malaysian Accounting Standards Board ('MASB') Approved Accounting Standards in Malaysia for Entities Other than Private Entities, together with directives and guidelines issued by Bank Negara Malaysia ('BNM') and comply with the provisions of the Companies Act, 1965.

The financial statements of the Group incorporate those activities relating to the Islamic Banking business which have been undertaken by the Group in compliance with Shariah principles. Islamic Banking generally refers to the acceptance of deposits and granting of financing under the Shariah principles.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires directors to exercise their judgement in the process of applying the Group's and the Bank's accounting policies. Although these estimates are based on the directors' best knowledge of current events and actions, actual results may differ from those estimates.

Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a certain degree of judgement and complexity are disclosed in Section (B).

(a) Standards, amendments to published standards and interpretations to existing standards that are effective.

During the financial year, the Group and the Bank adopted the following revised FRS issued by MASB that are relevant and effective for financial periods beginning 1 January 2008. The revised FRS that is relevant to the Group and the Bank are as follows:

- FRS 107 Cash Flows Statements
- FRS 112 Income Taxes
- FRS 118 Revenue
- FRS 121 The Effects of Changes in Foreign Exchange Rates
- FRS 134 Interim Financial Reporting
- FRS 137 Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above revised FRS does not have any significant financial impact on the results of the Group and the Bank.

summary of significant accounting policies and critical accounting estimates and assumptions

for the financial year ended 31 December 2008 (continued)

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

- (b) Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted are as follows:

The new accounting standards and interpretations to existing standards that are relevant and mandatory for the Group and the Bank for financial periods beginning 1 January 2009 or later periods, but which the Group and the Bank have not early adopted, are as follows:

- FRS 8 Operating Segments (effective for accounting periods beginning on or after 1 July 2009). FRS 8 replaces FRS 114₂₀₀₄ Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of FRS 8 will require additional disclosure requirements in the Group's financial statements.
- IC Interpretation 9 Reassessment of Embedded Derivatives (effective for accounting periods beginning on or after 1 January 2010). IC Interpretation 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The adoption of IC 9 does not have any significant financial impact on the results of the Group and the Bank.
- IC Interpretation 10 Interim Financial Reporting and Impairment (effective for accounting periods beginning on or after 1 January 2010). IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. The adoption of IC 10 does not have any significant financial impact on the results of the Group and the Bank.
- FRS 139 Financial Instruments: Recognition and Measurement (effective for accounting periods beginning on or after 1 January 2010). FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group and the Bank will apply this standard when effective. Nevertheless, the accounting policies of the Group and the Bank incorporate requirements of the Revised Guidelines on Financial Reporting for Licensed Institutions ('BNM/GP8') which includes selected principles of FRS 139.
- FRS 7 Financial Instruments: Disclosure (effective for accounting periods beginning on or after 1 January 2010). FRS 7 replaces the disclosures requirements currently in FRS 132: Financial Instruments: Disclosures and Presentation. FRS 7 requires disclosure of quantitative and qualitative information about exposure to risks arising from financial instruments, including minimum disclosures about credit risk, market risk and liquidity risk. The adoption of FRS 7 will require additional disclosure requirements in the Group's and the Bank's financial statements.

In respect of FRS 139 and FRS 7, the Group and the Bank have applied the transitional provision in the respective standards which exempts the Group and the Bank from disclosing the possible impact arising from the initial application of the standard on the Group's and the Bank's financial statements.

summary of significant accounting policies and critical accounting estimates and assumptions

for the financial year ended 31 December 2008 (continued)

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2 BASIS OF CONSOLIDATION

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Bank and all its subsidiaries, made up to the end of the financial year.

Subsidiaries are consolidated using the purchase method of accounting except for certain business combination which were accounted for using the merger method as follows:

- Internal group reorganisations, as defined in FRS 122₂₀₀₄ consolidated on/after 1 July 2001 but with agreement dates before 1 January 2006 where:
 - the ultimate shareholders remain the same, and the rights of each such shareholder, relative to the others, are unchanged; and
 - the minorities' share of net assets of the Group is not altered by the transfer; and
- Business combinations involving entities or businesses under common control with agreement dates on/after 1 January 2006.

The Group has taken advantage of the exemption provided by FRS 122₂₀₀₄ and FRS 3 to apply these Standards prospectively. Accordingly, business combinations entered into prior to the respective effective dates have not been restated to comply with these Standards.

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases. The cost of an acquisition is measured as fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the net fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities at the date of acquisition is reflected as goodwill. See the accounting policy Note 5 on goodwill. If the cost of acquisition is less than the net fair value of the Group's share of identifiable assets, liabilities and contingent liabilities at the acquisition date, the difference is recognised directly in the income statement.

All material inter-company and intra-group transactions and balances have been eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

The gain or loss on disposal of a subsidiary, which is the difference between net disposal proceeds and the Group's share of its net assets together with the carrying amount of goodwill on the date of disposal, is recognised in the consolidated income statement.

(ii) Associates

Investments in associates are accounted for in the consolidated financial statements by using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment, which include goodwill identified on date of acquisition less accumulated impairment loss.

summary of significant accounting policies and critical accounting estimates and assumptions

for the financial year ended 31 December 2008 (continued)

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2 BASIS OF CONSOLIDATION (CONTINUED)

(ii) Associates (continued)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

3 INVESTMENT IN SUBSIDIARIES

Subsidiaries are those corporations or other entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights.

Investment in subsidiaries are stated at cost less accumulated impairment loss. At each balance sheet date, the Bank assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 25 on impairment of non-financial assets.

4 INVESTMENT IN ASSOCIATES

Associates are those corporations or other entities in which the Group exercises significant influence but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in financial and operating policy decisions through representation on the Board but not the power to exercise control over those policies.

Investment in associates are stated at cost less accumulated impairment loss. At each balance sheet date, the Bank assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 25 on impairment of non-financial assets.

5 GOODWILL

Goodwill arising on consolidation represents the excess of the purchase price over the Group's share of the fair value of the identifiable assets, liabilities and contingent liabilities of subsidiaries and associates at the date of acquisition.

Goodwill is stated at cost less accumulated impairment loss and is tested at least annually for impairment. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of a subsidiary or an associate include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ('CGU') for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the synergies of the business combination in which the goodwill arose. See accounting policy Note 25 on impairment of non-financial assets.

summary of significant accounting policies and critical accounting estimates and assumptions

for the financial year ended 31 December 2008 (continued)

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6 SECURITIES

The Group and the Bank classify its securities portfolio into the following categories: held-for-trading securities, held-to-maturity securities or available-for-sale securities. Classification of the securities is determined at initial recognition.

(i) Held-for-trading securities

Securities are classified as held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or it is part of a portfolio of identified securities that are managed together and for which there is evidence of a recent actual pattern of short term profit taking. Securities held-for-trading are measured at fair value at initial recognition and subsequently carried at fair value. Any gain or loss arising from a change in the fair value or arising from derecognition of such securities is recognised in the income statement.

Pursuant to amendments to BNM Revised Guidelines on Financial Reporting for Licensed Institutions ('BNM/GP8'), the Bank and the banking subsidiaries are now permitted by BNM for the period from 1 July 2008 to 31 December 2009 to reclassify non-derivatives held-for-trading securities into held-to-maturity securities or available-for-sale securities.

Reclassifications are made at fair value as of the reclassification. The fair value of the securities on the date of reclassification becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. The effective interest rates for the securities reclassified to securities held-to-maturity are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

(ii) Held-to-maturity securities

Held-to-maturity securities are securities with fixed or determinable payments and fixed maturity that the Group and the Bank have the positive intention and ability to hold to maturity. Securities held-to-maturity are measured at fair value at initial recognition and subsequently carried at amortised cost using the effective interest method less accumulated impairment loss. Any gain or loss is recognised in the income statement when the securities are derecognised or impaired and through the amortisation process. See accounting policy Note 24 on impairment of securities.

Interest calculated using the effective interest method is recognised in the income statement.

If the Group and the Bank sold or reclassified more than an insignificant amount of the HTM securities portfolio before maturity (other than under those conditions specified in BNM/GP8) during the current financial year or the last two preceding financial years, the entire category would be tainted and reclassified as available-for-sale securities at fair value. The difference between the carrying value and fair value at the date of reclassification is recognised directly in equity.

(iii) Available-for-sale securities

Securities available-for-sale are financial assets that are not classified as held-for-trading or held-to-maturity securities. Securities available-for-sale are measured at fair value at initial recognition and subsequently carried at fair value less accumulated impairment loss. Any gain or loss arising from a change in fair value, net of income tax, is recognised directly in equity, except for impairment losses and foreign exchange gains and losses. See accounting policy Note 24 on impairment of securities.

summary of significant accounting policies and critical accounting estimates and assumptions

for the financial year ended 31 December 2008 (continued)

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6 SECURITIES (CONTINUED)

(iii) Available-for-sale securities (continued)

Until the securities AFS are derecognised or impaired, at which time the cumulative gains or losses previously recognised in equity shall be transferred to the income statement.

Equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost less any impairment loss.

Interest calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the right to receive payment is established.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group and the Bank establish fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

For loans converted into debt or equity instrument/impaired securities, the Group and the Bank shall assess whether there is any objective evidence that the securities or group of securities arising from conversion scheme/other securities are impaired, and the impairment rules shall be applied. See accounting policy Note 24 on impairment of securities.

7 REPURCHASE AGREEMENTS

Securities purchased under resale agreements are securities which the Group and the Bank have purchased with a commitment to resell at a future date. The commitment to resell the securities is reflected as an asset on the balance sheet.

Conversely, obligations on securities sold under repurchase agreements are securities which the Group and the Bank have sold from its portfolio, with a commitment to repurchase at a future date. Such financing and the obligation to repurchase the securities is reflected as a liability on the balance sheet.

8 LOANS, ADVANCES AND FINANCING

Loans, advances and financing are recognised when cash is advanced to borrowers. They are initially recorded at fair value, which is the cash given to originate the loans and advances, and subsequently are carried at amortised cost, which is represented by the outstanding balance, net of allowances for bad and doubtful debts and unearned interest. They are derecognised when either borrowers repay their obligations, or the loans are sold or written off, or substantially all the risks and rewards of ownership are transferred. See accounting policy Note 23 on allowances for losses on loans, advances and financing.

9 OTHER RECEIVABLES

Other receivables are carried at cost, net of allowance for bad and doubtful debts (anticipated realisable values). An estimate is made for allowance for bad and doubtful debts based on the review of all outstanding amounts at the end of the financial year. Bad debts are written off during the financial year in which they are identified.

summary of significant accounting policies and critical accounting estimates and assumptions

for the financial year ended 31 December 2008 (continued)

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10 FORECLOSED PROPERTIES

Foreclosed properties are stated at lower of cost or net realisable value. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 25 on impairment of non-financial assets.

11 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

Freehold land, buildings in progress and renovations in progress are not depreciated. Other property, plant and equipment are depreciated on a straight-line basis to write down their cost to their residual values over the estimated useful lives. The principal annual rates of depreciation are as follows:

Buildings	2% to 3 1/3%
Renovations	7.5% to 10%
Office equipment and furniture	7.5% to 20%
Computer equipment	33 1/3%
Motor vehicles	20%

The asset's residual values and useful lives are reviewed and adjusted if appropriate at each balance sheet date.

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

At each balance sheet date, the Group and the Bank assess whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 25 on impairment of non-financial assets.

12 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair values. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group and the Bank recognise profits on day one.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group and the Bank designate certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge); or, (2) hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge). Hedge accounting is used for derivatives designated in this way provided certain criterias are met.

summary of significant accounting policies and critical accounting estimates and assumptions

for the financial year ended 31 December 2008 (continued)

A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

12 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONTINUED)

The Group and the Bank document, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group and the Bank also document its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity. The adjustment to the carrying amount of a hedged equity security remains in retained earnings until the disposal of the equity security.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item will affect profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

13 BILLS AND ACCEPTANCES PAYABLE

Bills and acceptances payable represent the Group's and the Bank's own bills and acceptances rediscounted and outstanding in the market.

summary of significant accounting policies and critical accounting estimates and assumptions

for the financial year ended 31 December 2008 (continued)

A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14 RECOURSE OBLIGATION ON LOANS SOLD TO CAGAMAS BERHAD ('CAGAMAS')

In the normal course of banking operations, the Group and the Bank sell loans to Cagamas but undertake to administer the loans on behalf of Cagamas and to buy back any loans which are regarded as defective based on prudence. Such financing transactions and the obligation to buy back the loans are reflected as a liability on the balance sheet.

For Islamic banking, the sale of Islamic debts to Cagamas is deemed as a sale and purchase transaction from Shariah point of view. Such financing transactions are net-off with the assets sold on the balance sheet and the obligations to buy back the loans are reflected as assets sold with recourse in the commitment and contingencies.

15 LEASES – WHERE THE GROUP IS LESSEE

(i) Operating lease

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The up-front payments made for leasehold land represent prepaid lease rentals and are amortised on straight-line basis over the lease term.

Where an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period when termination takes place.

(ii) Finance lease

Leases of assets where the Group and the Bank assume substantially all the risks and benefits of ownership of the assets are classified as finance leases. The assets are capitalised under property, plant and equipment and subject to depreciation consistent with that of depreciable assets which are owned. The assets and the corresponding lease obligations are recorded at the lower of present value of the minimum lease payments or the fair value of the leased asset at the beginning of the lease term. Each lease payment is allocated between the liability and finance charges using effective yield basis. The corresponding rental obligations, net of finance charges, are included in the liabilities. The interest element of the finance charges is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance lease is depreciated over the shorter of the estimated useful life of the asset and the lease term.

16 LEASES – WHERE THE GROUP IS LESSOR

(i) Operating lease

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

(ii) Finance lease

When assets are leased out under a finance lease, the present value of the lease payment is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the 'sum-of-digits' method so as to reflect a constant periodic rate of return on the balance outstanding.

summary of significant accounting policies and critical accounting estimates and assumptions

for the financial year ended 31 December 2008 (continued)

A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

17 OTHER PROVISIONS

Provisions other than for non-performing debts are recognised when the Group and the Bank has a present legal or constructive obligation, as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

18 BORROWINGS

Borrowings are initially recognised based on the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

Preference shares which carry a mandatory coupon, or are redeemable on a specific date or at the option of the shareholder, are classified as financial liabilities and are presented in other borrowed funds. The dividends on these preference shares are recognised in the income statement on an amortised cost basis using the effective interest method.

19 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group and the Bank do not recognise a contingent liability but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or the Bank or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Bank. The Group and the Bank do not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

20 DIVIDENDS PAYABLE

Dividends on ordinary shares are recognised as liabilities when shareholders' right to receive the dividends is established.

21 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and bank balances and short term deposits maturing within one month.

22 INCOME RECOGNITION

(i) Interest income is recognised on an accruals basis. Income earned on hire purchase, block discounting and leasing business is recognised on the 'sum-of-digits' method.

Where a loan becomes non-performing, interest accrued and recognised as income prior to the date the loans are classified as non-performing are reversed out of income statement and set off against the accrued interest receivable account in the balance sheet. Subsequently the interest earned on non-performing loans shall be recognised as income on a cash basis instead of being accrued and suspended at the same time as prescribed previously.

summary of significant accounting policies and critical accounting estimates and assumptions

for the financial year ended 31 December 2008 (continued)

A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

22 INCOME RECOGNITION (CONTINUED)

- (ii) Dividends from all investments are recognised when the shareholders' right to receive payment is established.
- (iii) Loan arrangement fees and commissions are recognised as income when all conditions precedent is fulfilled.
- (iv) Guarantee fees are recognised as income upon issuance of the guarantees. Commitment fees are recognised as income based on time apportionment.
- (v) Income from the Islamic Banking is recognised on an accruals basis in accordance with the principles of Shariah.

23 ALLOWANCE FOR LOSSES ON LOANS, ADVANCES AND FINANCING

Specific allowances are made for non-performing debts and financing which have been individually reviewed and specifically identified as bad, doubtful or substandard.

A general allowance based on a percentage of the loan portfolio is also made to cover possible losses which are not specifically identified. These percentages are reviewed annually in the light of past experience and prevailing circumstances and an adjustment is made on the overall general allowance, if necessary.

An uncollectible loan or portion of a loan classified as bad is written off after taking into consideration the realisable value of collateral, if any, when in the judgement of the management, there is no prospect of recovery.

The basis for classification of non-performing debts and financing follows the period of default for non-performing loans of 3 months. In line with the classification of non-performing debts and financing, the Group's and the Bank's basis for specific allowance is also from default period of 3 months.

The Group's and the Bank's allowance for non-performing debts and financing is in conformity with the minimum requirements of revised BNM's 'Guidelines on the Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts (Revised BNM/GP3)'. BNM has granted indulgence to the Group and the Bank from complying with the requirement on the impairment of loans under the revised BNM/GP3 which states that impaired credit facilities should be measured at their estimated recoverable amount (present value of estimated future cash flows discounted at original effective interest rate). This requirement superseded the loan impairment requirement previously in the BNM/GP8.

24 IMPAIRMENT OF SECURITIES

The Group and the Bank assess at each balance sheet date whether there is objective evidence that a security is impaired. A security is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the security that can be reliably estimated.

(i) Securities carried at amortised cost

If there is objective evidence that an impairment loss on held-to-maturity securities carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a held-to-maturity security has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

summary of significant accounting policies and critical accounting estimates and assumptions

for the financial year ended 31 December 2008 (continued)

A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

24 IMPAIRMENT OF SECURITIES (CONTINUED)

(i) Securities carried at amortised cost (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

(ii) Securities carried at fair value

In the case of investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale securities, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

25 IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount is the higher of a non-financial assets' fair value less costs to sell and value in use. For the purpose of assessing impairment, non-financial assets are grouped at the lowest levels for which there is separately identifiable cash flow/CGU. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the income statement. Impairment losses on goodwill are not reversed. In respect of other non-financial assets, any subsequent increase in recoverable amount is recognised in the income statement.

26 EMPLOYEE BENEFITS

(i) Short-term employee benefits

Wages, salaries, bonuses, paid annual leave and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group and the Bank.

(ii) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions to the national pension scheme, Employees' Provident Fund ('EPF'). The Group's and the Bank's contributions to defined contribution plans are charged to the income statement in the year to which they relate. Once the contributions have been paid, the Group and the Bank have no further payment obligations.

summary of significant accounting policies and critical accounting estimates and assumptions

for the financial year ended 31 December 2008 (continued)

A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

26 EMPLOYEE BENEFITS (CONTINUED)

(iii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

27 INCOME TAXES

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group and the Bank operate and include all taxes based upon the taxable profits, including withholding taxes payable by foreign subsidiaries and arising from distribution of retained earnings to companies in the Group.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit and loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences or unused tax losses can be utilised.

Deferred tax related to the fair value measurement of securities AFS, which are charged or credited directly to equity, is also charged or credited directly to equity and is subsequently recognised in the income statement together with deferred gain or loss.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is determined using tax rate (and tax laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

28 CURRENCY CONVERSION AND TRANSLATION

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Ringgit Malaysia, which is the Bank's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transaction at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

summary of significant accounting policies and critical accounting estimates and assumptions

for the financial year ended 31 December 2008 (continued)

A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

28 CURRENCY CONVERSION AND TRANSLATION (CONTINUED)

(ii) Transactions and balances (continued)

Changes in the fair value of monetary securities denominated in foreign currency classified as AFS are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held-for-trading are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as AFS are included in AFS reserve in equity.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (b) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of transactions); and
- (c) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowing and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

29 SEGMENT REPORTING

Segment reporting is presented for enhanced assessment of the Group's risks and returns. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those components.

Segment revenue, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

summary of significant accounting policies and critical accounting estimates and assumptions

for the financial year ended 31 December 2008 (continued)

(B) CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group and the Bank make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Allowance for losses on loans, advances and financing

The Group and the Bank make allowance for losses based on assessment of recoverability. Whilst management's judgement is guided by the relevant BNM guidelines, judgement is made about the future and other key factors in respect of the recoverability of loans, advances and financing. Among the factors considered are the Group's and the Bank's aggregate exposure to the borrower, the net realisable value of the underlying collateral value, the viability of the customer's business model and the capacity to generate sufficient cash flow to service debt obligations and the aggregate amount and ranking of all other creditor claims.

(b) Impairment of goodwill

The Group and the Bank perform impairment review on an annual basis to ensure that the carrying value of the goodwill does not exceed its recoverable amount from the CGU unit to which the goodwill is allocated. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercise judgement in estimating the future cash flows, growth rate and discount rate.

(c) Impairment of securities

Assessment of impairment of securities is made in accordance with the guidance in the revised BNM/GP8 in determining when the investment is impaired. Management judgement is required to evaluate the duration and extent to which the fair value of the investment is below its carrying value and when there is indication of impairment in the carrying value of the securities.

(d) Fair value of financial instruments

The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The degree of management judgement involved in determining the fair value of a financial instrument is dependent upon the availability of quoted market prices or observable market parameters. For financial instruments that are traded actively and have quoted market prices or parameters readily available, there is little-to-no subjectivity in determining fair value. When observable market prices and parameters do not exist, management judgement is necessary to estimate fair value. The fair value of financial instruments that are not traded in an active market are determined using valuation techniques based on assumptions of market conditions existing at the balance sheet date, including reference to quoted market prices and independent dealer quotes for similar securities and discounted cash flow method.

notes to the financial statements

for the financial year ended 31 December 2008

1 GENERAL INFORMATION

RHB Bank Berhad ('the Bank'), is a limited liability bank incorporated and domiciled in Malaysia.

The principal activities of the Bank are commercial banking and finance related business and the provision of related services. The Group is involved in commercial banking and finance related business, Islamic Banking business, leasing, offshore banking, offshore trust services, nominee services and property investment.

There have been no significant changes in 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.

2 CASH AND SHORT-TERM FUNDS

	Group		Bank	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Cash and balances with banks and other financial institutions	946,446	961,686	953,841	959,933
Money at call and deposit placements maturing within one month	12,505,499	16,282,899	11,009,719	14,349,888
	13,451,945	17,244,585	11,963,560	15,309,821

3 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Licensed banks	139,237	1,891,891	548,371	1,864,499
Licensed investment banks	-	200,000	-	200,000
Bank Negara Malaysia	300,000	1,200,000	300,000	900,000
	439,237	3,291,891	848,371	2,964,499

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

4 SECURITIES HELD-FOR-TRADING

	Group		Bank	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	845,487	78,538	845,487	78,538
Malaysian Government Investment Issues	96,011	205,204	-	99,948
Malaysian Government Treasury Bills	156,842	19,657	156,842	19,657
Bank Negara monetary notes	856,920	396,106	856,920	342,793
Khazanah bonds	-	30,893	-	30,893
Cagamas bonds	-	19,272	-	19,272
Singapore Government Securities	-	103,306	-	103,306
Unquoted securities:				
In Malaysia				
Private debt securities	600,489	747,773	292,036	438,195
Outside Malaysia				
Private debt securities	-	20,048	-	-
Fixed rate notes	-	221,421	-	221,421
Structured notes	78,851	-	78,851	-
	2,634,600	1,842,218	2,230,136	1,354,023

During the financial year, RHB Bank (L) Ltd, subsidiary of the Bank, has reclassified certain securities held-for-trading to securities held-to-maturity category. The reclassification has been accounted for based on the amendment to revised BNM/GP8 Guidelines dated September 2008, which is effective from 1 July 2008 until 31 December 2009.

The table below sets out the financial assets reclassified and their carrying value:

	Group	
	31.12.2008 RM'000	31.12.2007 RM'000
At fair value		
Reclassified from trading to securities held-to-maturity	129,322	-

The net losses arising from changes in fair value recognised to income statement in respect of the transferred securities held-for-trading are as follows:

	Group	
	31.12.2008 RM'000	31.12.2007 RM'000
Amount recognised during the financial year	(1,852)	(1,615)

As at the date of reclassification, the effective interest rates on the reclassified securities held-for-trading, based on the new cost, ranged from 3.71% to 5.44% per annum with the expected recoverable cash flows of approximately RM136,500,000 (2007: No such reclassification permitted).

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

5 SECURITIES AVAILABLE-FOR-SALE

	Group		Bank	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	396,120	100,385	396,120	100,385
Malaysian Government Investment Issues	364,170	18,257	37,497	-
Malaysian Government Treasury Bills	-	196,667	-	157,834
Bank Negara monetary notes	-	1,618,338	-	1,560,962
Khazanah bonds	-	9,738	-	-
Cagamas bonds and Cagamas Mudharabah bonds	119,451	410,370	119,451	410,370
Negotiable instruments of deposits	112,912	1,262,834	112,912	1,262,834
Bankers' acceptances and Islamic accepted bills	-	34,044	-	34,044
Singapore Government Treasury Bills	143,996	285,910	143,996	285,910
Singapore Government Securities	263,894	81,010	263,894	81,010
Thailand Government Bonds	20,402	-	20,402	-
Quoted securities:				
In Malaysia				
Corporate loan stocks	17,328	68,744	17,328	68,744
Shares	5,266	9,045	4,149	5,825
Outside Malaysia				
Floating rate notes	-	156	-	-
Shares	5	11	-	-
Unquoted securities:				
In Malaysia				
Corporate loan stocks	90,654	105,077	84,548	98,390
Shares	166,299	165,779	165,724	165,204
Private debt securities	2,660,602	2,357,119	2,257,268	2,336,730
Outside Malaysia				
Private debt securities	60,783	148,457	60,783	148,457
Structured notes	162,531	154,440	162,531	154,440
	4,584,413	7,026,381	3,846,603	6,871,139

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

6 SECURITIES HELD-TO-MATURITY

	Group		Bank	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
At amortised cost				
Money market instruments:				
Malaysian Government Securities	1,868,393	1,309,707	1,868,393	1,309,707
Malaysian Government Investment Issues	592,585	82,774	35,648	-
Cagamas bonds and Cagamas Mudharabah bonds	848,571	819,407	633,449	769,123
Khazanah bonds	281,839	516,481	-	-
Negotiable instruments of deposits	2,116,307	774,095	2,116,307	774,095
Singapore Government Securities	119,660	-	119,660	-
Thailand Government Securities	225,603	247,568	225,603	247,568
Unquoted securities:				
In Malaysia				
Bonds	27,178	27,178	860	860
Prasarana bonds	1,756,730	1,879,776	1,756,730	1,879,776
Private debt securities	1,503,756	1,017,192	1,304,131	817,994
Corporate loan stocks	70,589	87,316	70,589	87,316
Shares	500	500	500	500
Outside Malaysia				
Private debt securities	20,601	-	-	-
Floating rate notes	39,194	37,369	-	-
Structured notes	74,964	100,000	74,964	100,000
	9,546,470	6,899,363	8,206,834	5,986,939
Accumulated impairment losses	(152,311)	(164,522)	(152,311)	(164,522)
	9,394,159	6,734,841	8,054,523	5,822,417

Included in unquoted shares in Malaysia is RM500,000 of a third party redeemable preference shares with a nominal value of RM1.00 each which were charged to another third party as part of a financing transaction facilitated by the Bank.

The carrying value of securities held-to-maturity, which was transferred from securities held-for-trading as at 31 December 2008 is RM126,767,000 (2007: Nil). The fair value of these securities as at 31 December 2008 is RM127,162,000 (2007: Nil).

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

7 LOANS, ADVANCES AND FINANCING

	Group		Bank	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Overdrafts	6,463,296	6,259,416	6,426,766	6,210,439
Term loans/financing				
– housing loans/financing	13,578,913	12,608,753	11,874,758	10,990,141
– syndicated term loans/financing	2,766,425	2,081,830	1,030,237	933,452
– hire purchase receivables	10,853,474	9,856,706	9,926,434	8,990,511
– lease receivables	240,857	264,807	–	–
– other term loans/financing	14,300,222	12,291,016	12,550,499	10,975,439
Bills receivable	1,576,790	2,282,049	1,491,722	1,488,514
Trust receipts	504,201	465,381	467,721	455,756
Claims on customers under acceptance credits	6,074,079	5,032,339	5,397,021	5,032,339
Staff loans/financing	373,149	386,351	359,899	376,847
Credit card receivables	2,104,609	1,630,493	2,104,609	1,630,493
Revolving credit	5,399,751	4,185,900	4,643,821	3,673,456
Floor stocking	4,374	6,816	4,374	6,816
	64,240,140	57,351,857	56,277,861	50,764,203
Unearned interest and income	(1,600,817)	(1,453,768)	(1,442,495)	(1,335,500)
Gross loans, advances and financing	62,639,323	55,898,089	54,835,366	49,428,703
Allowance for bad and doubtful debts and financing:				
– general	(1,098,400)	(984,181)	(956,085)	(861,815)
– specific	(1,413,048)	(1,210,801)	(1,279,234)	(1,096,365)
Net loans, advances and financing	60,127,875	53,703,107	52,600,047	47,470,523

Included in term loans are housing loans and hire purchase receivables sold to Cagamas with recourse amounting to RM1,173,754,000 (31.12.2007: RM1,854,873,000) for the Group and the Bank.

The remaining maturities of gross loans, advances and financing are as follows:

	Group		Bank	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Maturing within one year	18,368,965	17,606,964	16,520,278	16,624,973
One year to three years	6,330,855	5,582,249	4,606,517	3,956,764
Three years to five years	5,690,198	5,043,619	4,620,298	3,995,236
Over five years	32,249,305	27,665,257	29,088,273	24,851,730
	62,639,323	55,898,089	54,835,366	49,428,703

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
(i) Loans, advances and financing analysed by type of customers are as follows:				
Domestic non-bank financial institutions				
– Others	528,718	601,898	497,642	573,953
Domestic business enterprises				
– Small medium enterprises	10,559,463	8,556,034	9,560,564	7,492,719
– Others	20,875,322	19,932,387	17,320,831	16,951,622
Government and statutory bodies	109,406	224,665	8,156	123,512
Individuals	25,969,287	23,413,794	23,717,135	21,451,721
Other domestic entities	29,320	21,204	19,100	6,782
Foreign entities				
– Malaysian operations	1,151,371	549,085	301,662	229,452
– Singapore operations	2,968,173	2,224,271	2,968,173	2,224,271
– Thailand operations	301,795	249,332	295,634	249,252
– Brunei operations	146,468	125,419	146,469	125,419
	62,639,323	55,898,089	54,835,366	49,428,703
(ii) Loans, advances and financing analysed by interest/profit rate sensitivity are as follows:				
Fixed rate				
– Housing loans/financing	1,737,043	1,731,613	116,054	113,262
– Hire purchase receivables	9,419,595	8,430,436	8,497,153	7,666,882
– Other fixed rate loans/financing	4,295,830	3,492,899	2,369,673	1,875,971
Variable rate				
– Base Lending Rate plus	22,895,096	20,339,184	22,895,096	20,339,184
– Cost plus	18,712,232	16,550,007	17,454,158	15,763,123
– Other variable rates	5,579,527	5,353,950	3,503,232	3,670,281
	62,639,323	55,898,089	54,835,366	49,428,703

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
(iii) Loans, advances and financing analysed by purpose are as follows:				
Purchase of securities	1,944,316	1,990,459	1,839,928	1,805,279
Purchase of transport vehicles	7,504,410	6,564,938	6,525,374	5,965,893
Purchase of landed property:				
– Residential	14,086,086	13,149,678	12,379,831	11,530,002
– Non-residential	3,000,602	2,199,437	2,970,408	2,219,292
Purchase of property, plant and equipment other than land and building	4,039,641	2,757,686	2,918,576	2,005,476
Personal use	1,998,890	2,152,428	1,978,539	2,128,582
Credit card	2,104,609	1,630,493	2,104,609	1,630,493
Purchase of consumer durables	74,568	92,947	74,409	92,623
Construction	1,967,084	1,517,401	1,338,606	1,314,001
Working capital	24,313,036	21,623,876	21,344,787	19,792,446
Other purposes	1,606,081	2,218,746	1,360,299	944,616
	62,639,323	55,898,089	54,835,366	49,428,703

(iv) Non-performing loans, advances and financing analysed by purpose are as follows:

Purchase of securities	16,926	21,781	16,926	21,781
Purchase of transport vehicles	225,721	270,881	223,391	267,767
Purchase of landed property:				
– Residential	1,048,348	1,056,921	870,154	886,465
– Non-residential	139,558	146,271	135,379	142,207
Purchase of property, plant and equipment other than land and building	81,098	68,441	57,739	47,534
Personal use	105,419	125,543	99,459	120,244
Credit card	56,368	44,725	56,368	44,725
Purchase of consumer durables	4,402	6,605	4,402	6,604
Construction	113,195	120,605	100,130	118,435
Working capital	974,908	1,158,761	867,535	1,104,770
Other purposes	7,750	21,176	7,750	7,540
	2,773,693	3,041,710	2,439,233	2,768,072

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
(v) Movement in non-performing loans, advances and financing are as follows:				
Balance as at the beginning of financial year	3,041,710	4,080,226	2,768,072	3,774,831
Classified as non-performing during the financial year	3,203,130	3,467,477	2,818,950	3,070,763
Reclassified as performing during the financial year	(2,515,683)	(2,430,980)	(2,278,804)	(2,123,643)
Loans/financing converted to securities	-	(15,586)	-	(15,586)
Amount recovered	(499,884)	(981,653)	(453,070)	(943,697)
Amount written off	(458,658)	(1,076,665)	(418,145)	(1,029,424)
Amount novated from RHB Bank (L) Ltd	-	-	-	33,070
Exchange difference	3,078	(1,109)	2,230	1,758
Balance as at the end of financial year	2,773,693	3,041,710	2,439,233	2,768,072
Specific allowance	(1,413,048)	(1,210,801)	(1,279,234)	(1,096,365)
Net non-performing loans, advances and financing	1,360,645	1,830,909	1,159,999	1,671,707
Ratio of net non-performing loans, advances and financing as % of gross loans, advances and financing less specific allowances	2.2%	3.3%	2.2%	3.5%
(vi) Movement in allowance for bad and doubtful debts and financing accounts are as follows:				
General allowance				
Balance as at the beginning of financial year	984,181	965,782	861,815	843,614
Net allowance made during the financial year	111,705	19,994	93,173	17,630
Exchange difference	2,514	(1,595)	1,097	571
Balance as at the end of financial year	1,098,400	984,181	956,085	861,815
As % of gross loans, advances and financing less specific allowance	1.8%	1.8%	1.8%	1.8%
Specific allowance				
Balance as at the beginning of financial year	1,210,801	1,658,949	1,096,365	1,561,079
Allowance made during the financial year	933,490	1,060,741	872,515	987,958
Transferred to accumulated impairment loss for securities	-	(11,128)	-	(11,128)
Amount recovered	(212,836)	(401,004)	(200,017)	(391,533)
Amount written off	(519,960)	(1,096,339)	(489,704)	(1,051,844)
Exchange difference	1,553	(418)	75	1,833
Balance as at the end of financial year	1,413,048	1,210,801	1,279,234	1,096,365

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

8 OTHER ASSETS

	Note	Group		Bank	
		31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Other debtors, deposits and prepayments		249,227	360,588	164,537	302,343
Accrued interest receivable		168,018	151,818	146,082	142,427
Amount due from subsidiaries	(i)	-	-	179,917	352,907
Amount due from related companies	(i)	3,999	3,918	3,999	3,918
		421,244	516,324	494,535	801,595

(i) Amounts due from subsidiaries/related companies are unsecured, interest free and have no fixed terms of repayment.

9 DERIVATIVE ASSETS/(LIABILITIES)

Derivative financial instruments are off-balance sheet financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates, interest rates and security prices) of the underlying instruments. These instruments are used by the Group and the Bank for economic hedges and also transacted in these instruments for proprietary trading purposes. The default classification for derivative financial instruments is trading, unless designated in a hedge relationship and are in compliance with the stringent requirements of hedge accounting mentioned in the Group's and Bank's accounting policies.

The table below shows the Group's and the Bank's derivative financial instruments as at the balance sheet date. The contractual or underlying principal amounts of these derivative financial instruments and their corresponding gross positive (derivative financial asset) and gross negative (derivative financial liability) fair values at balance sheet date are analysed below.

	Group		Bank	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Derivative assets	344,916	105,401	344,595	102,102
Derivative liabilities	(338,011)	(117,820)	(331,809)	(109,427)
	6,905	(12,419)	12,786	(7,325)

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

9 DERIVATIVE ASSETS/(LIABILITIES) (CONTINUED)

Group	Contract or underlying principal amount RM'000	Year-end positive fair value RM'000	Year-end negative fair value RM'000
31.12.2008			
Foreign exchange related contracts:			
– forwards/swaps	9,222,647	155,679	(150,776)
– options	121,636	3,076	(2,175)
– cross currency interest rate swaps	1,390,364	23,660	(21,172)
Interest rate related contracts:			
– swaps	7,954,451	162,501	(163,888)
		344,916	(338,011)
31.12.2007			
Foreign exchange related contracts:			
– forwards/swaps	8,637,933	74,092	(83,297)
– options	596,946	599	(275)
– cross currency interest rate swaps	934,930	2,047	(1,634)
Interest rate related contracts:			
– swaps	4,617,460	28,663	(32,614)
		105,401	(117,820)
Bank			
31.12.2008			
Foreign exchange related contracts:			
– forwards/swaps	9,222,647	155,679	(150,776)
– options	121,636	3,076	(2,175)
– cross currency interest rate swaps	1,390,364	23,660	(21,172)
Interest rate related contracts:			
– swaps	7,829,211	162,180	(157,686)
		344,595	(331,809)
31.12.2007			
Foreign exchange related contracts:			
– forwards/swaps	8,637,933	74,092	(83,297)
– options	596,946	599	(275)
– cross currency interest rate swaps	934,930	2,047	(1,634)
Interest rate related contracts:			
– swaps	4,299,553	25,364	(24,221)
		102,102	(109,427)

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

10 DEFERRED TAX ASSETS/LIABILITIES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same authority. The following amount determined after appropriate offsetting, are shown in the balance sheet:

	Group		Bank	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Deferred tax assets	268,159	247,852	233,116	207,222
Deferred tax liabilities	(15)	(17)	-	-
	268,144	247,835	233,116	207,222

The deferred tax assets and liabilities have been adjusted to take into account the reduction in tax rate to 25% in Year of Assessment 2009 and thereafter, adjustments are made based on amounts of temporary differences expected to be reversed in the prospective years.

The movements in deferred tax assets and liabilities during the financial year comprise the following:

Group	Property, plant & equipment RM'000	Securities available- for-sale RM'000	Leasing business RM'000	Tax losses RM'000	General allowance on loans, advances and financing RM'000	Other temporary differences RM'000	Total RM'000
31.12.2008							
Balance as at the beginning of the financial year	(11,941)	(7,377)	15,469	4,535	238,067	9,082	247,835
Transfer (to)/from income statement	(6,055)	-	(1,885)	-	26,740	(792)	18,008
Transfer to equity	-	2,092	-	-	-	-	2,092
Exchange difference	-	-	-	209	-	-	209
Balance as at the end of the financial year	(17,996)	(5,285)	13,584	4,744	264,807	8,290	268,144
31.12.2007							
Balance as at the beginning of the financial year	(21,201)	238	16,516	4,544	241,918	9,688	251,703
Transfer from/(to) income statement	9,260	-	(1,047)	-	(3,851)	(606)	3,756
Transfer from equity	-	(7,615)	-	-	-	-	(7,615)
Exchange difference	-	-	-	(9)	-	-	(9)
Balance as at the end of the financial year	(11,941)	(7,377)	15,469	4,535	238,067	9,082	247,835

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

10 DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)

Bank	Property, plant & equipment RM'000	Securities available- for-sale RM'000	Tax losses RM'000	General allowance on loans, advances and financing RM'000	Other temporary differences RM'000	Total RM'000
31.12.2008						
Balance as at the beginning of the financial year	(11,738)	(7,202)	4,535	215,454	6,173	207,222
Transfer (to)/from income statement	(6,055)	-	-	23,568	(254)	17,259
Transfer to equity	-	8,426	-	-	-	8,426
Exchange difference	-	-	209	-	-	209
Balance as at the end of the financial year	(17,793)	1,224	4,744	239,022	5,919	233,116

31.12.2007

Balance as at the beginning of the financial year	(20,444)	395	4,544	219,340	6,912	210,747
Transfer from/(to) income statement	8,706	-	-	(3,886)	(739)	4,081
Transfer from equity	-	(7,597)	-	-	-	(7,597)
Exchange difference	-	-	(9)	-	-	(9)
Balance as at the end of the financial year	(11,738)	(7,202)	4,535	215,454	6,173	207,222

Deferred income tax assets have not been recognised on the following as it is not probable that the relevant subsidiaries will generate sufficient future taxable profits available against which the deductible temporary differences can be utilised:

	Group		Bank	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Unabsorbed tax losses carried forward	2,536,486	2,551,494	264,414	279,421
Unabsorbed capital allowances carried forward	38,691	38,691	-	-
	2,575,177	2,590,185	264,414	279,421

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

11 STATUTORY DEPOSITS

	Group		Bank	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Statutory deposits with BNM	1,410,940	1,523,129	1,211,500	1,335,200
Statutory deposits with Monetary Authority of Singapore	104,064	76,531	104,064	76,531
Statutory deposits with Ministry of Finance, Brunei	6,338	4,619	6,338	4,619
Statutory deposits with Labuan Offshore Financial Services Authority	100	100	-	-
	1,521,442	1,604,379	1,321,902	1,416,350

The non-interest bearing statutory deposits are maintained with BNM in compliance with Section 37(1) (c) of the Central Bank of Malaysia Act, 1958 (revised-1994), with the Ministry of Finance, Negara Brunei Darussalam in compliance with Section 6A of the Banking Act, with the Monetary Authority of Singapore in compliance with Banking Act, Cap. 19, Singapore Finance Companies Act, Cap. 108 and with Labuan Offshore Financial Services Authority in accordance with the Labuan Trust Companies (Amendment) Act, 2002. The amounts are determined by the respective authorities.

12 INVESTMENT IN SUBSIDIARIES

	Bank	
	31.12.2008 RM'000	31.12.2007 RM'000
Unquoted shares, at cost		
– in Malaysia	817,212	817,212
– outside Malaysia	12,807	12,807
	830,019	830,019
Accumulated impairment losses	(1,063)	(1,063)
	828,956	828,956

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The following are the subsidiaries of the Bank:

	Paid-up capital	Effective interest		Principal activities
		31.12.2008	31.12.2007	
		%	%	
RHB Bank (L) Ltd	US\$54,000,000	100	100	Offshore banking
– RHB International Trust (L) Ltd	US\$40,000	100	100	Offshore trust company
– RHB Corporate Services Sdn Bhd	RM150,000	100	100	Corporate secretarial services
RHB Islamic Bank Berhad	RM523,424,002	100	100	Islamic Banking
RHB Capital Nominees (Tempatan) Sdn Bhd	RM10,000	100	100	Nominee services for Malaysian beneficial shareholders
– RHB Capital Nominees (Asing) Sdn Bhd	RM10,000	100	100	Nominee services for foreign beneficial shareholders
UMBC Sdn Bhd	RM499,999,818	100	100	Dormant company
RHB Delta Sdn Bhd	RM175,000,000	100	100	Dormant company
RHB Delta Nominees (Tempatan) Sdn Bhd	RM10,000	100	100	Dormant company
RHB Leasing Sdn Bhd	RM10,000,000	100	100	Leasing
RHB Capital Properties Sdn Bhd	RM21,800,000	100	100	Property investment
Utama Gilang Sdn Bhd	RM800,000,000	100	100	Dormant company
Utama Assets Sdn Bhd	RM2,300,000	100	100	Property investment
RHB Investment Ltd *	S\$19,000,000	100	100	Property investment and rental
Banfora Pte Ltd *	S\$25,000,000	100	100	Property investment and rental
RHB Bank Nominees Pte Ltd *	S\$100,000	100	100	Nominee services
RHB Trade Services Limited #	HK\$2.00	100	100	Processing of letters of credit reissuance favouring Hong Kong beneficiaries
USB Nominees Sdn Bhd @	RM10,000	100	100	Dormant company
USB Nominees (Tempatan) Sdn Bhd @	RM10,000	100	100	Dormant company
USB Nominees (Asing) Sdn Bhd @	RM10,000	100	100	Dormant company
INFB Jaya Sdn Bhd @	RM50,000,000	100	100	Dormant company
U.B. Nominees (Tempatan) Sdn Bhd @	RM10,000	100	100	Dormant company

* Subsidiaries audited by overseas firms associated with PricewaterhouseCoopers, Malaysia.

Subsidiary not audited by PricewaterhouseCoopers.

@ The Company has commenced Members' Voluntary Winding-Up on 25 March 2008 and the final meeting was held on 22 October 2008. The Company is deemed to be dissolved 3 months from 22 October 2008, i.e 22 January 2009. The liquidation of these subsidiaries is not expected to have any significant financial impact on the Group and the Bank.

All of the subsidiaries are incorporated in Malaysia except for RHB Investment Ltd, Banfora Pte Ltd and RHB Bank Nominees Pte Ltd which are incorporated in Singapore, and RHB Trade Services Limited which is incorporated in Hong Kong.

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

13 INVESTMENT IN AN ASSOCIATE

	Group	
	31.12.2008	31.12.2007
	RM'000	RM'000
Unquoted shares, at cost	-	3,315
Share of post acquisition profit	-	1,648
	<hr/>	<hr/>
	-	4,963
	<hr/>	<hr/>
Represented by:		
Share of net assets	-	6,988
Negative goodwill arising from acquisition	-	(2,025)
	<hr/>	<hr/>
	-	4,963
	<hr/>	<hr/>

The details of the associate are as follows:

Name of company	Country of incorporation	Paid-up share capital RM	Effective equity interest		Principal activity
			31.12.2008	31.12.2007	
			%	%	
CMS Trust Management Berhad	Malaysia	6,765,300	-	49	Management of unit trust funds

The investment in associate was held by a wholly-owned subsidiary company, Utama Gilang Sdn Bhd. On 10 March 2008, Utama Gilang Sdn Bhd has disposed its entire equity interest in CMS Trust Management Berhad for a total consideration of approximately RM7,069,000. Gain arising from the disposal of an associate amounted to RM2,068,000.

Based on effective equity interest as of 31 December 2007, the financial position of the associate was as follows:

Name of company	Assets RM'000	Liabilities RM'000	Revenue RM'000	Profit after taxation RM'000
31.12.2007				
CMS Trust Management Berhad	19,460	14,497	7,090	280

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

14 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Buildings	Renovations	Office equipment and furniture	Computer equipment and software	Motor vehicles	Total
31.12.2008	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost							
Balance as at the beginning of financial year	86,204	252,381	147,751	182,289	705,426	11,039	1,385,090
Additions	-	44	27,308	2,814	73,708	457	104,331
Disposals/written off	-	-	(372)	(2,610)	(2,710)	(354)	(6,046)
Reclassification	-	(379)	(1,257)	1,257	-	-	(379)
Exchange difference	67	2,298	485	327	508	(12)	3,673
Balance as at the end of financial year	86,271	254,344	173,915	184,077	776,932	11,130	1,486,669
Accumulated depreciation							
Balance as at the beginning of financial year	-	46,695	101,144	169,444	565,447	8,366	891,096
Charge for the year	-	5,072	7,012	7,150	46,238	952	66,424
Disposals/written off	-	-	(371)	(2,533)	(2,708)	(354)	(5,966)
Reclassification	-	(106)	-	-	-	-	(106)
Exchange difference	-	573	373	306	580	7	1,839
Balance as at the end of financial year	-	52,234	108,158	174,367	609,557	8,971	953,287
Impairment loss							
Balance as at the beginning of financial year	1,136	4,313	-	-	-	-	5,449
Charge for the year	188	-	-	-	-	-	188
Exchange difference	-	34	-	-	-	-	34
Balance as at the end of financial year	1,324	4,347	-	-	-	-	5,671
Net book value as at the end of financial year	84,947	197,763	65,757	9,710	167,375	2,159	527,711

Included in property, plant and equipment of the Group are assets held-for-sale amounting to RM1,356,626 (31.12.2007: Nil). The fair value of these assets as at 31 December 2008 is RM2,578,002 (31.12.2007: Nil).

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Buildings RM'000	Renovations RM'000	Office equipment and furniture RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Total RM'000
31.12.2007							
Cost							
Balance as at the beginning of financial year	86,207	255,617	139,950	181,088	658,085	11,951	1,332,898
Amount arising from acquisition of subsidiaries	-	-	-	7	10	-	17
Additions	-	2,107	8,072	3,809	55,265	955	70,208
Disposals/written off	-	(5,181)	(178)	(2,770)	(7,991)	(1,943)	(18,063)
Exchange difference	(3)	(162)	(93)	155	57	76	30
Balance as at the end of financial year	86,204	252,381	147,751	182,289	705,426	11,039	1,385,090
Accumulated depreciation							
Balance as at the beginning of financial year	-	42,712	94,669	164,140	517,819	8,888	828,228
Amount arising from acquisition of subsidiaries	-	-	-	4	9	-	13
Charge for the year	-	5,050	6,612	7,909	55,477	1,081	76,129
Disposals/written off	-	(1,035)	(56)	(2,764)	(7,970)	(1,628)	(13,453)
Exchange difference	-	(32)	(81)	155	112	25	179
Balance as at the end of financial year	-	46,695	101,144	169,444	565,447	8,366	891,096
Impairment loss							
Balance as at the beginning of financial year	1,136	4,335	-	-	-	-	5,471
Exchange difference	-	(22)	-	-	-	-	(22)
Balance as at the end of financial year	1,136	4,313	-	-	-	-	5,449
Net book value as at the end of financial year	85,068	201,373	46,607	12,845	139,979	2,673	488,545

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Bank	Freehold land	Buildings	Renovations	Office equipment and furniture	Computer equipment and software	Motor vehicles	Total
31.12.2008	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost							
Balance as at the beginning of financial year	82,854	208,105	141,089	177,804	678,620	9,898	1,298,370
Additions	-	44	21,258	2,446	58,352	4	82,104
Disposals/written off	-	-	(372)	(2,359)	(2,640)	(354)	(5,725)
Reclassification	-	-	(205)	205	-	-	-
Exchange difference	63	988	429	193	472	(16)	2,129
Balance as at the end of financial year	82,917	209,137	162,199	178,289	734,804	9,532	1,376,878
Accumulated depreciation							
Balance as at the beginning of financial year	-	40,947	99,748	165,864	561,822	7,981	876,362
Charge for the year	-	4,663	6,817	6,635	45,097	683	63,895
Disposals/written off	-	-	(371)	(2,352)	(2,639)	(354)	(5,716)
Exchange difference	-	441	319	179	534	5	1,478
Balance as at the end of financial year	-	46,051	106,513	170,326	604,814	8,315	936,019
Impairment loss							
Balance as at the beginning of financial year	-	1,694	-	-	-	-	1,694
Balance as at the end of financial year	-	1,694	-	-	-	-	1,694
Net book value as at the end of financial year	82,917	161,392	55,686	7,963	129,990	1,217	439,165

Included in property, plant and equipment of the Bank are assets held-for-sale amounting to RM1,356,626 (31.12.2007: Nil). The fair value of these assets as at 31 December 2008 is RM2,578,002 (31.12.2007: Nil).

Included in the net book value of office equipment and furniture of the Bank is an amount of RM80,920 (31.12.2007: RM561,373) which is acquired under finance lease from subsidiaries.

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Bank	Freehold land	Buildings	Renovations	Office equipment and furniture	Computer equipment and software	Motor vehicles	Total
31.12.2007	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost							
Balance as at the beginning of financial year	82,856	208,093	134,766	176,919	651,900	11,119	1,265,653
Additions/transfer	-	2,101	6,421	3,328	34,378	543	46,771
Disposals/written off	-	(2,045)	(80)	(2,663)	(7,784)	(1,846)	(14,418)
Exchange difference	(2)	(44)	(18)	220	126	82	364
Balance as at the end of financial year	82,854	208,105	141,089	177,804	678,620	9,898	1,298,370
Accumulated depreciation							
Balance as at the beginning of financial year	-	36,374	93,197	160,750	514,699	8,632	813,652
Charge for the year	-	4,588	6,596	7,554	54,710	889	74,337
Transfer	-	-	-	-	2	-	2
Disposals/written off	-	-	(39)	(2,659)	(7,766)	(1,565)	(12,029)
Exchange difference	-	(15)	(6)	219	177	25	400
Balance as at the end of financial year	-	40,947	99,748	165,864	561,822	7,981	876,362
Impairment loss							
Balance as at the beginning of financial year	-	1,694	-	-	-	-	1,694
Balance as at the end of financial year	-	1,694	-	-	-	-	1,694
Net book value as at the end of financial year	82,854	165,464	41,341	11,940	116,798	1,917	420,314

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Group		Bank	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Accumulated depreciation and impairment loss				
Balances as at the beginning of financial year	896,545	833,699	878,056	815,346
Balances as at the end of financial year	958,958	896,545	937,713	878,056

The above property, plant and equipment includes the following assets under construction/progress:

	Group		Bank	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Cost				
Renovations	34,773	14,455	27,242	9,494
Computer equipment and software	55,869	34,392	21,332	12,612
	90,642	48,847	48,574	22,106

15 PREPAID LAND LEASE

Group	Less than 50 years RM'000	Leasehold land 50 years or more RM'000	Total RM'000
31.12.2008			
Cost			
Balance as at the beginning of financial year	1,047	124,846	125,893
Exchange difference	–	4,340	4,340
Reclassification	379	–	379
Balance as at the end of financial year	1,426	129,186	130,612
Accumulated amortisation			
Balance as at the beginning of financial year	467	4,561	5,028
Charge for the financial year	36	466	502
Exchange difference	–	9	9
Reclassification	106	–	106
Balance as at the end of financial year	609	5,036	5,645
Impairment loss			
Balance as at the beginning of financial year	–	21,919	21,919
Exchange difference	–	909	909
Balance as at the end of financial year	–	22,828	22,828
Net book value as at the end of financial year	817	101,322	102,139

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

15 PREPAID LAND LEASE (CONTINUED)

Group	Less than 50 years RM'000	Leasehold land 50 years or more RM'000	Total RM'000
31.12.2007			
Cost			
Balance as at the beginning of financial year	1,047	125,039	126,086
Exchange difference	-	(193)	(193)
Balance as at the end of financial year	1,047	124,846	125,893
Accumulated amortisation			
Balance as at the beginning of financial year	440	4,096	4,536
Charge for the financial year	27	463	490
Exchange difference	-	2	2
Balance as at the end of financial year	467	4,561	5,028
Impairment loss			
Balance as at the beginning of financial year	-	21,960	21,960
Exchange difference	-	(41)	(41)
Balance as at the end of financial year	-	21,919	21,919
Net book value as at the end of financial year	580	98,366	98,946

Bank	Less than 50 years RM'000	Leasehold land 50 years or more RM'000	Total RM'000
31.12.2008			
Cost			
Balance as at the beginning of financial year	879	26,005	26,884
Balance as at the end of financial year	879	26,005	26,884
Accumulated amortisation			
Balance as at the beginning of financial year	378	3,083	3,461
Charge for the financial year	23	300	323
Balance as at the end of financial year	401	3,383	3,784
Impairment loss			
Balance as at the beginning of financial year	-	2,160	2,160
Balance as at the end of financial year	-	2,160	2,160
Net book value as at the end of financial year	478	20,462	20,940

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

15 PREPAID LAND LEASE (CONTINUED)

Bank	Less than 50 years RM'000	Leasehold land 50 years or more RM'000	Total RM'000
31.12.2007			
Cost			
Balance as at the beginning of financial year	879	26,005	26,884
Balance as at the end of financial year	879	26,005	26,884
Accumulated amortisation			
Balance as at the beginning of financial year	354	2,783	3,137
Charge for the financial year	24	300	324
Balance as at the end of financial year	378	3,083	3,461
Impairment loss			
Balance as at the beginning of financial year	-	2,160	2,160
Balance as at the end of financial year	-	2,160	2,160
Net book value as at the end of financial year	501	20,762	21,263

Future amortisation of prepaid land lease are as follows:

Group	31.12.2008		31.12.2007	
	Less than 50 years RM'000	50 years or more RM'000	Less than 50 years RM'000	50 years or more RM'000
- Not later than 1 year	35	466	28	463
- Later than 1 year and not later than 5 years	141	1,866	111	1,855
- Later than 5 years	641	121,818	441	117,967
	817	124,150	580	120,285

Bank	31.12.2008		31.12.2007	
	Less than 50 years RM'000	50 years or more RM'000	Less than 50 years RM'000	50 years or more RM'000
- Not later than 1 year	24	300	23	300
- Later than 1 year and not later than 5 years	94	1,198	94	1,198
- Later than 5 years	360	21,124	384	21,424
	478	22,622	501	22,922

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for the financial year ended 31 December 2008 (continued)

16 GOODWILL

	Group		Bank	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Balance as at the beginning/end of financial year	1,004,017	1,004,017	905,519	905,519

The carrying amount of goodwill allocated to the Group's and the Bank's cash generating units ('CGUs') are as follows:

	Group		Bank	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
CGUs				
Corporate and Investment Banking	200,859	375,636	182,461	357,238
Retail banking	482,696	307,919	467,614	292,837
Treasury and money market	268,600	268,600	255,444	255,444
Islamic banking business	51,862	51,862	-	-
	1,004,017	1,004,017	905,519	905,519

Due to the Group Transformation Programme undertaken by RHB Banking Group during the financial year:-

- (i) Commercial banking business units which formed part of wholesale banking business in previous financial year has been re-organised into retail banking business. As such, the amount of goodwill allocated to commercial banking of RM174,777,000 has been re-allocated to retail banking CGU during the financial year.
- (ii) Wholesale banking has been re-named as Corporate and Investment banking business during the financial year.

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets/forecasts approved by directors covering a three-year (2007: three-year) period. Cash flows beyond the three-year period are assumed to grow at 3.0% (2007: 2.5%) to infinity.

The cash flow projection is derived based on a number of key factors including the past performance and the management's expectations of the market developments. The discount rate used in determining the recoverable amount of all CGUs within the business segment is 8.1% (2007: 9.8%). The discount rate used is pre-tax and is computed based on industry information to reflect the risks of the CGUs.

Impairment was not required for goodwill arising from all the business segments. Management believes that any reasonable possible change to the assumptions applied is not likely to cause the recoverable amount of all the business segments to be lower than its carrying amount.

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

17 DEPOSITS FROM CUSTOMERS

	Group		Bank	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Demand deposits	17,269,380	17,146,686	15,340,752	14,888,417
Savings deposits	5,393,710	5,153,557	4,851,104	4,632,954
Fixed/investment deposits	47,984,789	49,841,940	41,097,558	44,324,326
Negotiable instrument of deposits	363,384	561,296	303,534	470,000
	71,011,263	72,703,479	61,592,948	64,315,697

(i) The maturity structure of the fixed/investment deposits and negotiable instrument of deposits is as follows:

	Group		Bank	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Due within six months	40,132,861	43,259,510	33,893,501	38,123,326
Six months to one year	7,514,137	6,736,150	6,819,106	6,329,207
One year to three years	693,983	189,541	683,335	131,534
Three years to five years	7,192	218,035	5,150	210,259
	48,348,173	50,403,236	41,401,092	44,794,326

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

	Group		Bank	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Government and statutory bodies	4,999,837	4,477,888	3,172,030	2,764,671
Business enterprises	38,624,834	42,607,484	32,638,830	36,931,481
Individuals	24,644,304	23,473,921	23,785,076	22,668,519
Others	2,742,288	2,144,186	1,997,012	1,951,026
	71,011,263	72,703,479	61,592,948	64,315,697

18 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Licensed banks	5,216,204	3,087,638	4,737,405	2,912,351
Licensed investment banks	628,850	328,605	628,850	158,895
BNM	888,472	2,205,622	888,472	2,205,622
Other financial institutions	20,050	34,811	480	481
	6,753,576	5,656,676	6,255,207	5,277,349

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

19 OTHER LIABILITIES

	Note	Group		Bank	
		31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Accrued interest payable		377,684	418,034	328,966	360,095
Amount due to holding company	(i)	786	339	660	256
Amount due to subsidiaries	(i)	-	-	29,251	24,195
Amount due to related companies	(i)	5,701	2,061	5,652	1,938
Amount due to Danaharta	(ii)	1,782	1,828	1,782	1,828
Finance lease	(iii)	-	-	119	666
Prepaid instalment		82,327	71,352	82,327	71,352
Lessee deposits		79,704	85,260	460	1,405
Short term employee benefits		154,332	110,811	140,163	98,612
Other creditors and accruals		447,952	601,579	384,758	521,836
		1,150,268	1,291,264	974,138	1,082,183

(i) Amount due to holding company, subsidiaries and related companies are unsecured, interest free and have no fixed terms of repayment.

(ii) Amount due to Danaharta mainly comprises collections on ex-Sime Bank's overseas branches non-performing loans sold to Danaharta which is managed by the overseas branches.

(iii) The minimum lease payments of the Bank:

	Bank	
	31.12.2008 RM'000	31.12.2007 RM'000
Not later than 1 year	120	579
Later than 1 year and not later than 5 years	-	120
	120	699
Future finance charges	(1)	(33)
Present value	119	666

Finance lease are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

The effective interest rates of the finance leases at balance sheet date is 7.67% (31.12.2007: 7.67%) per annum.

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

20 LONG TERM BORROWINGS

	Group and Bank	
	31.12.2008	31.12.2007
	RM'000	RM'000
Unsecured:		
Term loans	655,975	330,700
<hr/>		
Schedule repayment of long term borrowings are as follows:		
Repayable within one year	34,525	33,070
One year to three years	120,838	66,140
Three years to five years	138,100	66,140
Over five years	362,512	165,350
	655,975	330,700

On 7 April 2006, the Bank entered into an agreement with Japan Bank for International Cooperation (JBIC), to obtain an unsecured Untied Loan facility of USD100 million for a tenure of 11 years. Disbursement of USD50 million and USD30 million were done on 29 June 2006 and 20 October 2006 respectively. Final disbursement of USD20 million was done on 31 January 2007. The said loan is repayable on 8 March and 8 September each year for 20 equal instalments commencing on 8 March 2008 until 8 September 2017 and bears a floating interest rate of British Bankers Association Interest Settlement Rate in USD (BBA LIBOR) plus 0.395% per annum. The average interest rates range from 3.17% to 5.96% (31.12.2007: 5.69% to 5.96%) per annum.

On 24 March 2008, the Bank entered into another agreement with JBIC to obtain an unsecured Untied Loan facility of USD100 million for a tenure of 10 years. Disbursement of USD100 million was done on 30 May 2008. The said loan is repayable on 8 March and 8 September each year for 20 equal instalments commencing 8 September 2010 to 8 March 2020 and bears a floating interest rate of BBA LIBOR plus 0.315% per annum. The average interest rate range from 3.17% to 5.96% per annum.

21 SUBORDINATED OBLIGATIONS

	Note	Group and Bank	
		31.12.2008	31.12.2007
		RM'000	RM'000
5.0% RM1,300 million Subordinated Notes 2007/2017	(i)	1,300,000	1,300,000
5.5% RM700 million Subordinated Notes 2007/2022	(i)	700,000	700,000
6.625% USD150 million Subordinated Notes 2002/2013	(ii)	-	496,050
		2,000,000	2,496,050
Less: Unaccreted discount		-	(1,050)
		2,000,000	2,495,000

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

21 SUBORDINATED OBLIGATIONS (CONTINUED)

- (i) 5.0% RM1,300 million Subordinated Notes 2007/2017
5.5% RM700 million Subordinated Notes 2007/2022

On 30 November 2007, the Bank issued redeemable unsecured subordinated notes amounting to RM2,000 million in nominal value as follows:

Tranche	Principal (RM'million)	Maturity Date	Interest Rate	Interest Payment
2007/2017	1,300	30 November 2017 (Callable with step-up on 2012)	5.0 % per annum chargeable to 30 November 2012 (but exclusive of payment date), thereafter on step-up coupon rate at 0.5% per annum	Accrued and payable semi-annually in arrears
2007/2022	700	30 November 2022 (Callable with step-up on 2017)	5.5% per annum chargeable to 30 November 2017 (but exclusive of payment date), thereafter on step-up coupon rate at 0.5% per annum	Accrued and payable semi-annually in arrears

The RM Subordinated Notes constitute direct unsecured obligations of the Bank, subordinated in right and priority of payment, to the extent and in the manner provided for in the RM Subordinated Notes, to all deposit liabilities and other liabilities of the Bank except all other present and future unsecured and subordinated obligations of the Bank which by their terms rank *pari passu* in right of and priority of payment with or subordinated to the RM Subordinated Notes.

- (ii) 6.625% USD150 million Subordinated Notes 2002/2013

On 27 December 2002, the Bank issued a USD150 million nominal value (RM570 million equivalent) 10 year Subordinated Notes ('USD Sub-Notes') due 2013, callable with step-up in 2008 at 6.625% maturing on 25 January 2013. The Bank may at its option, subject to prior written approval of Bank Negara Malaysia, redeem the USD Sub-Notes on 25 January 2008 at their principal amount plus accrued interest. In addition, the Bank may at its option, subject to prior written approval as aforesaid, redeem the USD Sub-Notes at any time at their principal amount plus accrued interest in the event of certain changes affecting taxation in Malaysia as described under the "Terms and Conditions of the Notes – Redemption and Purchase".

Interest on the USD Sub-Notes shall be accrued at 6.625% per annum from issue date to, but excluding 25 January 2008 and, thereafter, at rate per annum equal to the US Treasury Rate (as defined under "Terms and Conditions of the Notes – Interest") plus 6.475%. Interest is payable in arrears on 25 July and 25 January in each year, commenced on 25 July 2003.

The USD Sub-Notes constitute direct, unsecured and subordinated obligations of the Bank, and will rank *pari passu* without any preference among themselves.

The Bank has exercised its option to fully redeem the USD Sub-Notes on 25 January 2008.

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

22 IRREDEEMABLE NON-CUMULATIVE CONVERTIBLE PREFERENCE SHARES ('INCPS')

	Number of shares		31.12.2008 RM'000	31.12.2007 RM'000
	31.12.2008 '000	31.12.2007 '000		
Group and Bank				
Authorised:				
Irredeemable non-cumulative convertible preference shares of RM1 each				
Balance as at the beginning/end of financial year	2,000,000	2,000,000	2,000,000	2,000,000
Issued and fully paid:				
Irredeemable non-cumulative convertible preference shares of RM1 each				
Balance as at the beginning of financial year	1,368,099	1,368,099	1,368,099	1,368,099
Conversion of INCPS to ordinary shares	(1,368,099)	-	(1,368,099)	-
Balance as at the end of financial year	-	1,368,099	-	1,368,099

The salient features of the Irredeemable Non-Cumulative Convertible Preference Shares ('INCPS') were:

- (i) A non-cumulative preferential dividend (less tax) at the following rates:
 - (a) for the period from the date of issue of INCPS to the day preceding the fifth anniversary date of issue of the INCPS, a non-cumulative preferential dividend at the rate of 8% (less tax) per annum; and
 - (b) thereafter, a non-cumulative preferential dividend at the rate of 10% (less tax) per annum.
- (ii) Save and except that the INCPS shall rank in priority to the Bank ordinary shares with regards to the preferential dividend, and with regards to the return of capital in the event of winding-up, the INCPS have no right to participate in the surplus assets and profits of the Bank.
- (iii) The INCPS carry no right to attend and vote at general meetings of the Bank unless the dividends on the INCPS are in arrears for more than 3 months or the general meeting is:
 - (a) for any resolution which varies or is deemed to vary the rights and privileges of such INCPS; or
 - (b) for any resolution for winding-up of the Bank.
- (iv) Holders of the INCPS have the option of converting the INCPS into new Bank ordinary shares in the first 5 years from the date of issue of the INCPS (Conditional Conversion Period) should:
 - (a) the Bank ceases to be a subsidiary of RHB Capital Berhad; or
 - (b) the risk weighted capital adequacy ratio of the Bank fall to a level at or below 8.5% and this is not remedied within 3 months from the occurrence of such event; or

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

22 IRREDEEMABLE NON-CUMULATIVE CONVERTIBLE PREFERENCE SHARES ('INCPS') (CONTINUED)

- (c) at any time the aggregate of dividends which are missed and not paid exceed 4% of the par value of the INCPS, or
- (d) at any time after the Conditional Conversion Period, at the Optional Conversion Price. The Optional Conversion Price means the consolidated net assets per Bank ordinary share based on its consolidated management financial statements immediately preceding the date of conversion multiplied by 1.2 times. The Optional Conversion Price is subject to adjustments under certain circumstances in accordance with the terms of the INCPS.
- (v) In the event the Bank undertakes an initial public offering of shares for the purpose of seeking a listing on the Bursa Malaysia Securities Berhad, the outstanding INCPS will be mandatorily converted based on a specified price which would yield a return of 12% per annum on the INCPS.

The Bank has converted 1,368,099 INCPS of RM1.00 each to new ordinary shares of RM0.50 each during the year (see Note 23).

23 ORDINARY SHARE CAPITAL

	Note	Number of shares		31.12.2008 RM'000	31.12.2007 RM'000
		31.12.2008 '000	31.12.2007 '000		
Group and Bank					
Ordinary shares of 50 sen each					
Authorised:					
Balance as at the beginning/end of financial year		8,000,000	8,000,000	4,000,000	4,000,000
Issued and fully paid:					
Balance as at the beginning of financial year		3,899,972	3,899,972	1,949,986	1,949,986
Issued during the financial year	(i)	2,736,198	-	1,368,099	-
Balance as at the end of financial year		6,636,170	3,899,972	3,318,085	1,949,986

- (i) These ordinary shares were issued upon conversion of 1,368,099,145 INCPS of RM1.00 each to new ordinary shares of RM0.50 each. The newly issued share rank *pari passu* in all respects with the existing ordinary share of the Bank.

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

24 RESERVES

The statutory reserves are maintained in compliance with Section 36 of the Banking and Financial Institutions Act, 1989, and Section 18 of the Singapore Finance Companies (Amendment) Act, 1994, and are not distributable as cash dividends.

The translation reserves comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and subsidiaries.

Available-for-sale reserves arise from a change in the fair value of securities classified as available-for-sale. The unrealised gains or losses are transferred to the income statement upon disposal, derecognition or impairment of such securities.

A single tier company tax was introduced effective 1 January 2008. Under this single tier system, tax on a company's profits is a final tax, and dividends distributed to shareholders will be exempted from tax. Companies with Section 108 tax credit balance are given an option to elect to move to a single tier system immediately or allowed to use the Section 108 credit balance for the purpose of dividend distribution during a transitional period of 6 years until 31 December 2013.

The Bank has elected to use its Section 108 credit balance for the purpose of dividend distribution during a transitional period of 6 years until 31 December 2013. The Section 108 balance of the Bank as at 31 December 2007 will be frozen and can only be adjusted downwards for any tax discharged, remitted or refunded during the 6 years period.

Subject to agreement by the Inland Revenue Board, the Bank has sufficient tax credits under Section 108(6) of the Income Tax Act, 1967 and tax exempt income under Section 12 of the Income Tax (Amendment) Act, 1999 to pay dividends out of its entire retained profits as at 31 December 2008.

25 INTEREST INCOME

	Group		Bank	
	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000
Loans, advances and financing				
– Interest income other than recoveries from NPLs	3,140,779	3,003,838	3,031,066	2,873,029
– Recoveries from NPLs	182,982	191,043	181,095	186,382
Money at call and deposit placements with banks and other financial institutions	687,712	613,728	693,926	624,053
Securities purchased under resale agreement	37,932	105,592	37,932	105,592
Securities held-for-trading	52,057	44,803	48,847	35,235
Securities available-for-sale	169,709	341,288	169,293	338,002
Securities held-to-maturity	271,847	300,507	267,140	291,547
Others	10,095	13,534	10,095	13,534
	4,553,113	4,614,333	4,439,394	4,467,374
Accretion of discount less amortisation of premium	6,135	(15,767)	8,747	(15,767)
Interest suspended	(84,879)	(94,212)	(83,459)	(90,852)
	4,474,369	4,504,354	4,364,682	4,360,755

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

26 INTEREST EXPENSE

	Group		Bank	
	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000
Deposits and placements of banks and other financial institutions	169,554	311,068	161,157	301,291
Deposits from customers	1,798,586	1,652,815	1,748,291	1,580,066
Subordinated obligations	106,989	97,432	106,989	97,432
Recourse obligation on loans sold to Cagamas	72,982	111,900	72,982	111,900
Obligation on securities sold under repurchase agreements	9	211,843	9	211,843
Borrowings	19,500	19,893	19,500	19,893
Others	25,239	35,566	25,271	35,635
	2,192,859	2,440,517	2,134,199	2,358,060

27 OTHER OPERATING INCOME

	Group		Bank	
	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000
Fee income:				
Commission	120,929	123,381	118,290	120,394
Service charges and fees	162,382	154,461	152,285	151,703
Guarantee fees	48,867	41,753	48,867	41,753
Commitment fees	46,383	43,473	46,383	43,473
Underwriting fees	784	1,066	784	1,066
Other fees	10,291	11,325	10,771	11,769
	389,636	375,459	377,380	370,158
Gain arising from sale/redemption of securities and derivatives:				
Net gain/(loss) from sale of:				
– Securities held-for-trading	43,319	42,921	43,319	49,443
– Securities available-for-sale	(12,386)	(5,687)	(12,386)	(5,687)
Net gain from redemption of securities held-to-maturity	–	103	–	103
Derivatives	2,431	–	–	–
	33,364	37,337	30,933	43,859

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

27 OTHER OPERATING INCOME (CONTINUED)

	Group		Bank	
	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000
Unrealised gain/(loss) on revaluation of securities and derivatives:				
Securities held-for-trading	(15,605)	2,032	(13,753)	3,646
Derivatives	2,133	47	5,425	(262)
	(13,472)	2,079	(8,328)	3,384
Gross dividend income from:				
Securities available-for-sale	9,277	5,978	9,277	5,978
Subsidiaries	-	-	39,725	62,435
	9,277	5,978	49,002	68,413
Other income:				
Foreign exchange gain/(loss)				
– Realised	260,979	255,721	262,334	252,869
– Unrealised	14,686	(35,842)	14,686	(35,842)
Gain from disposal of an associate	2,068	-	-	-
Gain on disposal of property, plant and equipment	36	665	36	646
Other operating income	44,077	37,535	43,315	36,847
Other non-operating income	14,509	8,793	11,906	8,022
	336,355	266,872	332,277	262,542
	755,160	687,725	781,264	748,356

28 INCOME FROM ISLAMIC BANKING BUSINESS

	Group	
	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000
Income derived from investment of depositors' funds	399,972	372,443
Income derived from investment of shareholder's funds	55,266	107,023
Transfer from profit equalisation reserve	2,163	10,943
Total distributable income	457,401	490,409
Income attributable to depositors	(176,092)	(161,792)
	281,309	328,617

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

29 OTHER OPERATING EXPENSES

	Note	Group		Bank	
		Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000
Personnel cost					
- Salaries, allowances and bonuses		619,472	543,688	572,886	510,371
- Contributions to EPF		91,125	79,789	84,053	75,052
- Other staff related cost		61,106	88,278	56,619	83,908
		771,703	711,755	713,558	669,331
Establishment cost					
- Property, plant and equipment					
- Depreciation		66,424	76,129	63,895	74,337
- Written off		77	44	6	44
- Amortisation of prepaid land lease		502	490	323	324
- Rental of premises		45,147	40,877	43,818	40,317
- Rental equipment		12,627	11,349	12,290	11,115
- Insurance		18,113	20,491	17,637	18,973
- Water and electricity		17,334	15,333	16,044	14,450
- Repair and maintenance		43,677	43,374	40,402	42,226
- Information technology expenses		82,903	87,848	77,043	83,307
- Others		1,841	2,241	-	-
		288,645	298,176	271,458	285,093
Marketing expenses					
- Sales commission		39,070	28,632	38,964	28,592
- Advertisement and publicity		34,293	37,786	30,963	33,837
- Dealers' handling and warranty fees		6,244	24,416	5,176	24,412
- Others		42,324	53,968	43,232	45,186
		121,931	144,802	118,335	132,027
Administration and general expenses					
- Communication expenses		68,148	62,695	63,559	58,859
- Auditors' remuneration	(i)	2,330	2,553	1,903	2,161
- Legal and professional fee		7,734	8,128	6,324	7,207
- Others		64,876	57,512	24,315	11,580
		143,088	130,888	96,101	79,807
		1,325,367	1,285,621	1,199,452	1,166,258

Included in the personnel cost of the Group and the Bank are Managing Director's remuneration (exclude benefits-in-kind) totalling RM3,944,000 (31.12.2007: RM3,434,000), as disclosed in Note 30 to the financial statements.

Included in administration and general expenses of the Group and the Bank are other director's remuneration (exclude benefits-in-kind) totalling RM1,608,000 (31.12.2007: RM2,306,000) and RM936,000 (31.12.2007: RM1,486,000) respectively, as disclosed in Note 30 to the financial statements.

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

29 OTHER OPERATING EXPENSES (CONTINUED)

	Group		Bank	
	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000
(i) Auditors' remuneration				
– Statutory audit				
– Malaysia	932	1,162	730	920
– Overseas	517	621	462	554
– Limited reviews	285	280	250	250
– Non-audit				
– Malaysia	450	288	357	253
– Overseas	146	202	104	184
	2,330	2,553	1,903	2,161

30 DIRECTORS REMUNERATION

Forms of remuneration in aggregate for all directors charged to the income statement during the financial year are as follows:

	Group		Bank	
	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000
Managing Director				
– Salary and other remuneration, including meeting allowance	2,009	1,934	2,009	1,934
– Benefits-in-kind (based on an estimated money value)	222	142	222	142
– Bonus	1,935	1,500	1,935	1,500
	4,166	3,576	4,166	3,576
Non-Executive Directors				
– Fees	1,023	1,251	643	853
– Benefits-in-kind (based on an estimated money value)	17	65	17	65
– Others	585	1,055	293	633
	1,625	2,371	953	1,551
	5,791	5,947	5,119	5,127

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

30 DIRECTORS REMUNERATION (CONTINUED)

The Directors of the Bank in office since the date of the last report are as follows:

Managing Director

Michael Joseph Barrett

Non-Executive Directors

Datuk Azlan Zainol	(Chairman)
Dato Abdullah Mat Noh	
Tuan Haji Khairuddin Ahmad	
Dato' Mohd Salleh Haji Harun	
Dato' Othman Jusoh	
Johari Abdul Muid	
Ong Seng Pheow	
Eirvin Bee Knox	(Appointed on 24 October 2008 and resigned on 2 March 2009)
Ismael Fariz Ali	(Resigned on 29 April 2008)
Dato' Mohamed Khadar Merican	(Ceased on 9 January 2008)

The remuneration including benefits-in-kind of all directors is within the following bands:

	Group		Bank	
	2008 Number of Directors	2007 Number of Directors	2008 Number of Directors	2007 Number of Directors
RM				
Managing Director and CEO				
4,150,001 – 4,200,000	1	–	1	–
3,550,001 – 3,600,000	–	1	–	1
Non-Executive				
0 – 50,000	2	–	3	1
50,001 – 100,000	–	–	–	–
100,001 – 150,000	2	4	6	5
150,001 – 200,000	1	3	1	4
200,001 – 250,000	4	1	–	1
250,001 – 300,000	1	–	–	–
300,001 – 350,000	–	2	–	–
350,001 – 400,000	–	–	–	–
400,001 – 450,000	–	–	–	–
450,001 – 500,000	–	1	–	–

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

31 ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

	Group		Bank	
	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000
Allowance for losses on loans and financing				
Specific allowance				
– Made during the financial year	933,490	1,060,755	872,515	987,958
– Written back	(212,836)	(401,004)	(200,017)	(391,533)
	720,654	659,751	672,498	596,425
General allowance				
– Made during the financial year	111,705	19,994	93,173	17,630
Bad debts on loans and financing				
– Recovered	(295,896)	(103,265)	(280,809)	(98,944)
– Written off	–	67	–	–
	536,463	576,547	484,862	515,111

The Group and the Bank have evaluated its portfolio of non-performing debts that had been in default and remained uncollected for more than 7 years and also those non-performing debts in default for more than 5 years but less than 7 years. For the debts in default for more than 7 years, no value is assigned as the realisable value of collateral. For the debts in default for more than 5 years but less than 7 years, 50% of the realisable value of asset held has been assigned as collateral value. The effect of this exercise amounted to RM130,064,000 (31.12.2007: RM106,604,000) and RM127,974,000 (31.12.2007: RM104,682,000) for the Group and the Bank respectively.

32 IMPAIRMENT LOSSES

	Group		Bank	
	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000
Charged for the financial year				
– Securities available-for-sale	27,313	75,505	27,313	75,505
– Securities held-to-maturity	–	14,500	–	14,500
– Foreclosed property	93	–	93	–
– Property, plant and equipment	188	–	–	–
Reversal for the financial year				
– Securities available-for-sale	(4,201)	(26,133)	(4,094)	(26,133)
– Securities held-to-maturity	(13,029)	(16,267)	(13,029)	(16,267)
	10,364	47,605	10,283	47,605

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

33 INCPS DIVIDENDS

	Group and Bank	
	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000
INCPS dividends paid and payable 10% (2007:10%) per annum (gross)	32,146	136,810

The INCPS dividends are paid in accordance with the terms of the INCPS as disclosed in Note 22 to the financial statements.

The Bank has converted 1,368,099 INCPS of RM1.00 each to new ordinary shares of RM0.50 each during the year (see Note 23).

34 TAXATION

	Group		Bank	
	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000
Malaysian income tax:				
- Current year	388,354	318,386	359,049	284,016
- Under/(over) provision in prior years	3,656	(6,513)	3,253	(9,966)
Overseas taxation:				
- Current year	4,116	5,900	3,756	5,638
- (Over)/under provision in prior years	(2,594)	3,251	(251)	1,206
Deferred taxation (Note 10)	(18,008)	(3,756)	(17,259)	(4,081)
Tax on INCPS dividends	-	(36,939)	-	(36,939)
	375,524	280,329	348,548	239,874

	Group		Bank	
	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000
Current tax				
Current year	392,470	324,286	362,805	289,654
Under/(over) provision in prior years	1,062	(3,262)	3,002	(8,760)
Tax on INCPS dividends	-	(36,939)	-	(36,939)
	393,532	284,085	365,807	243,955
Deferred tax				
Origination and reversal of temporary differences	(18,008)	(13,054)	(17,259)	(11,796)
Change in tax rate	-	9,298	-	7,715
	(18,008)	(3,756)	(17,259)	(4,081)
	375,524	280,329	348,548	239,874

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

34 TAXATION (CONTINUED)

The numerical reconciliation between the average effective tax rate and the applicable tax rate are as follows:

	Group		Bank	
	Year ended 31.12.2008 %	Year ended 31.12.2007 %	Year ended 31.12.2008 %	Year ended 31.12.2007 %
Tax at Malaysia statutory tax rate	26.0	27.0	26.0	27.0
Tax effects in respect of:-				
Non allowable expenses	1.1	1.2	1.4	1.3
Non-taxable income	(0.1)	(0.1)	(0.4)	(0.3)
Effect of different tax rates in Labuan/other countries	(0.7)	(1.1)	(0.1)	(0.2)
Utilisation of unabsorbed business losses brought forward previously not recognised	(0.2)	(0.5)	(0.2)	(0.6)
Changes in tax rates	-	0.9	-	0.9
Other temporary differences not recognised in prior years	0.3	-	0.2	-
Under/(over) provision in prior years	0.1	(0.3)	0.2	(1.0)
Average effective tax rate	26.5	27.1	27.1	27.1
	RM'000	RM'000	RM'000	RM'000
Tax losses:				
Tax savings as a result of the utilisation of tax losses brought forward from previous year for which the related credit is recognised during the financial year	2,701	5,128	2,701	5,128

35 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	Group		Bank	
	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000
Net profit for the financial year	1,038,153	753,547	936,456	645,393
Weighted average number of ordinary shares in issue ('000)	5,998,973	3,899,972	5,998,973	3,899,972
Basic earnings per share (sen)	17.3	19.3	15.6	16.5

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

35 EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share

31.12.2008

There is no diluted earnings per share as at 31 December 2008 as the Group and the Bank have no category of dilutive potential ordinary shares.

31.12.2007

For the diluted earnings per share calculation in 2007, the weighted average number of ordinary shares in issue was adjusted to assume conversion of all dilutive potential ordinary shares. The Group and the Bank had one category of dilutive potential ordinary shares which was INCPS.

The INCPS was assumed to have been converted into ordinary shares and net profit for the financial year was adjusted to eliminate the applicable dividend less the associated tax effect.

Diluted earnings per share was calculated as follows:

	Group RM'000	Bank RM'000
Profit attributable to equity holders	853,418	745,264
Weighted average number of ordinary shares (diluted) ('000)	4,644,004	4,700,595
Diluted earnings per share (sen)	18.4	15.9

36 ORDINARY DIVIDENDS

Dividend declared and proposed are as follows:

	Year ended 31.12.2008		Year ended 31.12.2007	
	Gross dividend per share sen	Amount of dividends, net of tax RM'000	Gross dividend per share sen	Amount of dividends, net of tax RM'000
Ordinary Shares				
First interim dividend	3.79	185,872	3.50	99,644
Special dividend	-	-	22.13	630,000
Final dividend – proposed	3.12	155,286	-	-
	6.91	341,158	25.63	729,644

At the forthcoming Annual General Meeting, a final gross dividend in respect of the current financial year of 3.12 sen less 25% tax amounting to RM155,286,000 will be proposed for shareholder's approval. These financial statements do not reflect this final dividend which will be accounted for in the shareholder's equity as an appropriation of retained profits in the financial year ending 31 December 2009 when approved by the shareholder.

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

36 ORDINARY DIVIDENDS (CONTINUED)

Dividend recognised as distribution to ordinary equity holders of the Bank:

	Year ended 31.12.2008		Year ended 31.12.2007	
	Gross dividend per share sen	Amount of dividends, net of tax RM'000	Gross dividend per share sen	Amount of dividends, net of tax RM'000
Ordinary Shares				
Final dividend for 2007 and 2006	-	-	4.70	133,808
First interim dividend	3.79	185,872	3.50	99,644
Special dividend	-	-	22.13	630,000
	3.79	185,872	30.33	863,452

37 SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Related parties and relationships

The related parties of, and their relationship with the Bank are as follows:

Related parties	Relationship
EPF	Ultimate holding body
RHB Capital Berhad	Immediate holding company
Subsidiaries and associates of EPF as disclosed in its financial statements	Subsidiary and associated companies of the ultimate holding body
Subsidiaries and associates of RHB Capital Berhad as disclosed in its financial statements	Subsidiary and associated companies of the holding company
Subsidiaries of the Bank as disclosed in Note 12	Subsidiaries
Key management personnel	The key management personnel of the Group and the Bank consists of: <ul style="list-style-type: none"> - All Directors of the Bank, its key subsidiaries and RHB Capital Berhad - RHB Capital Berhad Central Management Committee members - Key management personnel of EPF who are in charge of the RHB Capital Group
Related parties of key management personnel (deemed as related to the Bank)	(i) Close family members and dependents of key management personnel (ii) Entities that are controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly by key management personnel or its close family members

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

37 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(b) Significant related party balances and transactions

In addition to related party disclosures mentioned in Notes 8 and 19, set out below are other significant related party transactions and balances.

Other related companies comprise the other companies in the EPF Group and RHB Capital Berhad Group.

Group	Ultimate holding body RM'000	Immediate holding company RM'000	Key management personnel RM'000	Other related companies RM'000
31.12.2008				
Income				
Interest on deposits and placements with other financial institutions	-	-	-	5,143
Interest on loans, advances and financing	-	-	124	1
Other income	-	-	-	(5,643)
	-	-	124	(499)
Expenditure				
Interest on deposits and placements of banks and other financial institutions	-	-	-	3,125
Interest on deposits from customers	110,976	1,423	113	3,253
Rental of premises	-	-	-	10,492
Management fee	-	-	-	3,192
Other expenses	-	-	-	17,730
	110,976	1,423	113	37,792
Amount due from				
Money at call and deposits placements	-	-	-	24,168
Derivative assets	-	-	-	2,839
Loans, advances and financing	-	-	5,593	293
Other assets	-	-	-	3,999
	-	-	5,593	31,299
Amount due to				
Deposits from customers	2,563,698	20,802	9,809	151,486
Deposits and placements of banks and other financial institutions	-	-	-	366,200
Derivative liabilities	-	-	-	12,645
Other liabilities	-	786	-	5,701
	2,563,698	21,588	9,809	536,032

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

37 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(b) Significant related party balances and transactions (continued)

Group	Ultimate holding body RM'000	Immediate holding company RM'000	Key management personnel RM'000	Other related companies RM'000
31.12.2007				
Income				
Interest on deposits and placements with other financial institutions	-	-	-	260
Income on securities available-for-sale	-	-	-	1,768
Income on securities held-to-maturity	-	-	-	4,190
Interest on loans, advances and financing	-	-	21	3
Other income	-	635	-	6,373
	-	635	21	12,594
Expenditure				
Interest on deposits and placements of banks and other financial institutions	-	-	-	1,378
Interest on deposits from customers	34,230	1,371	55	27,526
Interest on securities sold under repurchased agreements	-	113	-	507
Rental of premises	-	-	-	9,945
Management fee	-	-	-	928
Other expenses	-	-	-	20,135
	34,230	1,484	55	60,419
Amount due from				
Deposits and placements of banks and other financial institutions	-	-	-	200,000
Loans, advances and financing	-	-	812	-
Other assets	-	-	-	3,925
	-	-	812	203,925
Amount due to				
Deposits from customers	1,735,561	476,944	5,964	1,415,278
Bills and acceptances payable	-	-	-	410,023
Other liabilities	1,309	339	-	4,356
Subordinated obligations	-	-	-	25,000
	1,736,870	477,283	5,964	1,854,657

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

37 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(b) Significant related party balances and transactions (continued)

Bank	Ultimate holding body RM'000	Immediate holding company RM'000	Subsidiaries RM'000	Key management personnel RM'000	Other related companies RM'000
31.12.2008					
Income					
Interest on deposits and placements with other financial institutions	-	-	20,509	-	5,143
Interest on loans, advances and financing	-	-	11,139	120	1
Other income	-	-	45,010	-	(6,190)
	-	-	76,658	120	(1,046)
Expenditure					
Interest on deposits and placements of banks and other financial institutions	-	-	3,529	-	3,125
Interest on deposits from customers	110,967	1,423	279	96	3,253
Interest on finance lease	-	-	32	-	-
Rental of premises	-	-	3,687	-	10,362
Management fee	-	-	-	-	3,192
Reimbursement of operating expenses from a subsidiary	-	-	(51,009)	-	-
Other expenses	-	-	433	-	17,693
	110,967	1,423	(43,049)	96	37,625
Amount due from					
Money at call and deposit placements	-	-	103,575	-	24,168
Deposits and placements with banks and other financial institutions	-	-	548,370	-	-
Derivative assets	-	-	5,581	-	2,839
Loans, advances and financing	-	-	322,846	5,469	293
Other assets	-	-	179,917	-	3,999
	-	-	1,160,289	5,469	31,299
Amount due to					
Deposits from customers	2,350,478	20,802	26,169	8,228	149,893
Deposits and placements of banks and other financial institutions	-	-	211,542	-	366,200
Finance lease	-	-	119	-	-
Derivative liabilities	-	-	-	-	12,645
Other liabilities	-	660	29,251	-	5,652
Bank guarantee	-	-	60,000	-	-
	2,350,478	21,462	327,081	8,228	534,390

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

37 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(b) Significant related party balances and transactions (continued)

	Ultimate holding body RM'000	Immediate holding company RM'000	Subsidiaries RM'000	Key management personnel RM'000	Other related companies RM'000
31.12.2007					
Income					
Interest on deposits and placements with other financial institutions	-	-	27,215	-	260
Income on securities available-for-sale	-	-	-	-	1,768
Income on securities held-to-maturity	-	-	-	-	4,190
Interest on loans, advances and financing	-	-	19,004	21	3
Other income	-	635	64,522	-	5,797
	-	635	110,741	21	12,018
Expenditure					
Interest on deposits and placements of banks and other financial institutions	-	-	1,955	-	1,378
Interest on deposits from customers	34,230	1,371	355	43	27,494
Interest on securities sold under repurchased agreements	-	113	81	-	506
Rental of premises	-	-	2,962	-	9,663
Management fee	-	-	387	-	916
Reimbursement of operating expenses from a subsidiary	-	-	(54,366)	-	-
Other expenses	-	-	51	-	20,059
	34,230	1,484	(48,575)	43	60,016
Amount due from					
Money at call and deposit placements	-	-	198,420	-	-
Deposits and placements with banks and other financial institutions	-	-	204,564	-	200,000
Loans, advances and financing	-	-	481,019	812	-
Other assets	-	-	352,908	-	3,925
	-	-	1,236,911	812	203,925
Amount due to					
Current account and fixed deposits	1,368,230	476,944	31,298	5,427	1,410,225
Deposits and placements of banks and other financial institutions	-	-	130,993	-	-
Finance lease	-	-	666	-	-
Bills and acceptances payable	-	-	-	-	410,023
Other liabilities	1,309	256	22,093	-	4,232
Subordinated obligations	-	-	-	-	25,000
	1,369,539	477,200	185,050	5,427	1,849,480

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

37 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(b) Significant related party balances and transactions (continued)

	Group and Bank	
	31.12.2008	31.12.2007
	RM'000	RM'000
The approved limit on loans, advances and financing for key management personnel	7,979	2,421

(c) Key management personnel

The remuneration of key management personnel are as follows:

	Group		Bank	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits				
– Fees	1,023	1,251	643	853
– Salary and other remuneration	8,184	6,940	6,411	6,097
– Benefits-in-kind	275	248	239	248
	9,482	8,439	7,293	7,198

(d) 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:

	Group	Bank
	31.12.2008	31.12.2008
	RM'000	RM'000
Outstanding credit exposures with connected parties	5,858,767	5,089,711
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	8.13%	8.10%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	0.04%	0.03%

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.

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

38 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to customers.

Risk weighted exposures of the Group are as follows:

	31.12.2008			31.12.2007		
	Principal Amount RM'000	Credit Equivalent Amount * RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount * RM'000	Risk Weighted Amount RM'000
Direct credit substitutes	2,227,027	2,227,027	1,956,620	1,723,675	1,723,675	1,525,233
Transaction-related contingent items	1,979,017	989,509	758,306	1,805,531	902,765	595,828
Short-term self-liquidating trade-related contingencies	1,694,141	338,828	221,319	2,591,345	518,269	345,287
Obligations under underwriting agreements	283,240	141,620	141,620	427,240	213,620	213,620
Irrevocable commitments to extend credit:						
– maturity more than one year	4,757,666	2,378,834	2,150,746	3,768,029	1,884,015	1,692,804
– maturity less than one year	25,712,205	237,865	237,865	24,861,390	–	–
Foreign exchange related contracts:						
– less than one year	9,344,283	229,785	82,948	9,234,879	162,134	45,940
– one year to less than five years	9,364	1,063	396	8,970	1,153	412
– more than five years	1,381,000	204,225	71,014	925,960	161,555	66,503
Interest rate related contracts:						
– less than one year	1,009,714	2,617	669	1,457,590	4,923	1,135
– one year to less than five years	6,715,522	350,977	73,415	2,967,810	113,966	27,342
– more than five years	229,215	23,487	5,444	192,060	13,775	3,589
Miscellaneous	1,379,211	3,718	3,718	1,133,627	–	–
Total	56,721,605	7,129,555	5,704,080	51,098,106	5,699,850	4,517,693

For the previous financial year, the credit equivalent amount ('CE') and risk weighted amount ('RWA') of the Group were computed in accordance with BNM's Guidelines on Risk Weighted Capital Adequacy Framework for Credit and Market (Basel I). For the current financial year, the CE and RWA of the Group are an aggregate of CE and RWA of the Bank, which is computed in accordance with Basel I, and the CE and RWA of its Islamic bank subsidiary, which is 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.

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

38 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Risk weighted exposures of the Bank are as follows:

	31.12.2008			31.12.2007		
	Principal Amount RM'000	Credit Equivalent Amount * RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount * RM'000	Risk Weighted Amount RM'000
Direct credit substitutes	1,950,898	1,950,898	1,680,491	1,449,613	1,449,613	1,251,171
Transaction-related contingent items	1,829,817	914,909	683,706	1,699,032	849,516	546,833
Short-term self-liquidating trade-related contingencies	1,575,968	315,194	197,685	2,392,176	478,435	305,629
Obligations under underwriting agreements	213,240	106,620	106,620	213,240	106,620	106,620
Irrevocable commitments to extend credit:						
– maturity more than one year	4,003,353	2,001,677	1,773,589	3,007,788	1,503,894	1,327,835
– maturity less than one year	24,353,813	–	–	23,252,668	–	–
Foreign exchange related contracts:						
– less than one year	9,344,283	229,785	82,948	9,234,879	162,134	45,940
– one year to less than five years	9,364	1,063	396	8,970	1,153	412
– more than five years	1,381,000	204,225	71,014	925,960	161,555	66,503
Interest rate related contracts:						
– less than one year	905,659	2,357	539	1,457,590	4,923	1,135
– one year to less than five years	6,715,148	350,645	70,849	2,669,745	101,722	21,220
– more than five years	208,404	22,239	4,820	172,218	12,386	2,895
Miscellaneous	1,360,623	–	–	1,115,486	–	–
Total	53,851,570	6,099,612	4,672,657	47,599,365	4,831,951	3,676,193

* The credit equivalent amount is arrived at using the credit conversion factors as per Bank Negara Malaysia guidelines. Foreign exchange and interest rate related contracts are subject to market risk and credit risk.

The CE and RWA of the Bank are computed in accordance with Basel I.

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

38 COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Bank has given a continuing guarantee to Bank Negara Malaysia to meet the liabilities and financial obligations and requirements of its subsidiary, RHB Bank (L) Ltd, arising from its offshore banking business in the Federal Territory of Labuan.

The Bank has also given a guarantee to Ministry of Finance of Negara Brunei Darussalam to undertake any liabilities which may be incurred in respect of its branch in Brunei. In addition, the Bank has issued a guarantee to Bangkok Branch to undertake any liabilities which may arise from Bank Guarantees issued by the branch for its customers. The guarantee is a continuing guarantee and is irrevocable and to remain in full force and effect until the obligations and liabilities of Bangkok Branch for the said Bank Guarantees are discharged and satisfied.

39 OPERATING LEASE COMMITMENTS

The Group and the Bank have lease commitments in respect of rented premises which are classified as operating leases. A summary of the non-cancellable long-term commitments, net of sub-leases, is as follows:

	Group		Bank	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Year				
Within one year	33,314	20,555	36,328	20,555
Between one to five years	19,764	16,359	19,764	16,359
More than five years	3,415	9	3,415	9
	56,493	36,923	59,507	36,923

40 CAPITAL COMMITMENTS

	Group		Bank	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Capital expenditure for property, plant and equipment:				
Authorised and contracted for	53,282	26,675	49,476	26,675
Authorised but not contracted for	68,660	77,032	47,830	45,332
	121,942	103,707	97,306	72,007

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

OVERVIEW AND ORGANISATION

Risk is inherent in banking business and sound risk management is the cornerstone of prudent and successful banking.

In compliance with best practices under the Malaysian Code of Corporate Governance, the Board of Directors ('Board' or 'BOD') through the Group Risk Management function ('GRM function') and Group Risk Management Committee ('GRMC'), is responsible for identifying principal risks and ensuring that there is an ongoing process to continuously manage the Bank's risks actively.

The GRMC provides oversight and management of all risks in an integrated way. The GRM function is independent and reports directly to this Committee. The GRM function assists the GRMC and Board in formulating risk related policies, advises the Board on the risk impact of business strategies, and reviews compliance by the management to the risk policy framework that is approved by the Board.

The GRMC comprises non-executive directors with at least five (5) members. Members of the GRMC are directors who are exclusively non-executive in all of their directorships in the RHB Capital Berhad group.

Overriding Objectives of the GRMC:

- (i) To provide oversight and governance of risks of the RHB Banking Group ('Group');
- (ii) To oversee senior management's activities in managing credit, market, liquidity, operational, legal and other risks and to ensure that the risk management process of each entity in the Group is in place and functioning;
- (iii) To deliberate and make recommendations to the BODs of each relevant entity within the Group in respect of risk management matters of the respective entities.

Primary responsibility for managing risks, however, rests with business managers. They are best equipped to ensure that risk management and control are continuously focused on the way business is conducted. There is a continuous review of business activities and processes to identify significant risk areas and implement control procedures to operate within established corporate policies and limits. Additionally, the management of risks associated with financial instruments is continuously carried out in the organisation. The Board has set up policies and procedures to manage the risks that may arise in connection with the use of financial instruments.

Major Areas of Risk

As a banking institution covering activities including retail, commercial and corporate banking and treasury products and services, the Bank is subject to business risks which are inherent in the financial services industry. Generally, these business risks can be broadly classified as follows:

- (i) *Market risk* – the risk of potential loss resulting from adverse movements in the level of market prices, interest rate and foreign currency exchange.
- (ii) *Liquidity risk* – the risk of the Bank being unable to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost.
- (iii) *Credit risk* – the risk of potential loss due to changes in the quality of counter-parties and the market price for credit risk (collateral).
- (iv) *Operational risk* – the risk of loss resulting from inadequate or failed internal processes, people, systems or external events as well as the risk of breaches of applicable laws and regulatory requirements.

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

To counter the following business risks the Bank faces, it has put in place the following:

(a) Market Risk

- A framework of approved risk policies, measurement methodologies and limits, as approved by the Board, controls financial market activities as well as identifies potential risk areas early to mitigate any adverse effects from market volatility.
- The GRM function plays an independent role in the monitoring and assessing of risk exposures arising from these, and reports independently to the GRMC.
- Advanced risk measurement techniques and stress testing regimes are applied to the Bank's portfolio on a regular basis.
- For Currency Risk:
 - Approved position limits are applied for each currency and there is also an overall total limit. Trading loss limits are imposed on each trading desk and on each individual dealer. The levels of these exposures (including off-balance sheet items), by currency and overall total for both intra-day and overnight positions, are monitored daily for compliance with the approved limits. These limits are reviewed regularly and are in line with strategies set by the Asset and Liability Committee ('ALCO').
 - Foreign and overseas investments, which are funded by purchases with resultant open foreign exchange positions, are monitored and appropriate hedging strategies are undertaken in line with market trends.
- For Interest Rate Risk:
 - The ALCO monitors the balance sheet position and assesses it for profit and loss impacts arising from sensitivity to interest rate movements.
 - The ALCO also sets and reviews limits on the level of mismatch of interest rate re-pricing that may be undertaken. Likewise, fixed rate assets, especially long term assets, are subject to various limit parameters.

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market Risk (continued)

Interest/Profit Rate Risk

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

Group	Non-trading book						Trading book RM'000	Total RM'000	Effective interest/ profit rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
31.12.2008									
Assets									
Cash and short-term funds	12,505,499	-	-	-	-	946,446	-	13,451,945	3.30
Securities purchased under resale agreements	106,565	-	-	-	-	-	-	106,565	0.81
Deposits and placements with banks and other financial institutions	-	439,237	-	-	-	-	-	439,237	3.32
Securities held-for-trading	-	-	-	-	-	-	2,634,600	2,634,600	3.68
Securities available-for-sale	542,617	120,167	260,947	2,486,988	1,002,124	171,570	-	4,584,413	4.92
Securities held-to-maturity	1,313,696	726,877	1,971,412	3,466,595	2,067,390	(151,811)#	-	9,394,159	4.03
Loans, advances and financing									
- performing	36,074,137	7,709,285	5,107,229	6,158,062	4,816,917	-	-	59,865,630	6.64
- non-performing	-	-	-	-	-	262,245*	-	262,245	
Other assets	-	-	-	-	-	421,244	-	421,244	-
Derivative assets	-	-	-	-	-	-	344,916	344,916	-
Tax recoverable	-	-	-	-	-	9,215	-	9,215	-
Deferred taxation assets	-	-	-	-	-	268,159	-	268,159	-
Statutory deposits	-	-	-	-	-	1,521,442	-	1,521,442	-
Property, plant and equipment	-	-	-	-	-	527,711	-	527,711	-
Prepaid land lease	-	-	-	-	-	102,139	-	102,139	-
Goodwill	-	-	-	-	-	1,004,017	-	1,004,017	-
Total assets	50,542,514	8,995,566	7,339,588	12,111,645	7,886,431	5,082,377	2,979,516	94,937,637	

Consist of equity instruments less impairment loss.

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

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market Risk (continued)

Interest/Profit Rate Risk (continued)

Group	Non-trading book						Trading book RM'000	Total RM'000	Effective interest/ profit rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
31.12.2008									
Liabilities									
Deposits from customers	32,916,641	7,108,661	14,098,778	701,175	-	16,186,008	-	71,011,263	2.99
Deposits and placements of banks and other financial institutions	4,279,585	1,305,302	577,394	568,137	22,037	1,121	-	6,753,576	3.26
Bills and acceptances payable	1,724,912	2,165,463	825,119	-	-	220,018	-	4,935,512	3.70
Recourse obligation on loans sold to Cagamas Berhad	87,146	-	372,367	714,241	-	-	-	1,173,754	4.87
Other liabilities	-	-	-	-	-	1,150,268	-	1,150,268	-
Derivative liabilities	-	-	-	-	-	-	338,011	338,011	-
Provision for taxation	-	-	-	-	-	91,149	-	91,149	-
Deferred taxation liabilities	-	-	-	-	-	15	-	15	-
Long term borrowing	-	655,975	-	-	-	-	-	655,975	3.47
Subordinated obligations	-	-	-	1,300,000	700,000	-	-	2,000,000	5.18
	39,008,284	11,235,401	15,873,658	3,283,553	722,037	17,648,579	338,011	88,109,523	
Total equity	-	-	-	-	-	6,828,114	-	6,828,114	
Total liabilities and equity	39,008,284	11,235,401	15,873,658	3,283,553	722,037	24,476,693	338,011	94,937,637	
On-balance sheet interest sensitivity gap	11,534,230	(2,239,835)	(8,534,070)	8,828,092	7,164,394	(19,394,316)	2,641,505	-	
Off-balance sheet interest sensitivity gap	74,741	392,237	262,502	252,554	127,592	-	-	1,109,626	
Total interest-sensitivity gap	11,608,971	(1,847,598)	(8,271,568)	9,080,646	7,291,986	(19,394,316)	2,641,505	1,109,626	

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for the financial year ended 31 December 2008 (continued)

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market Risk (continued)

Interest/Profit Rate Risk (continued)

Group	Non-trading book					Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest/ profit rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000				
31.12.2007									
Assets									
Cash and short-term funds	16,282,899	–	–	–	–	961,686	–	17,244,585	3.55
Securities purchased under resale agreements	540,418	27,418	–	–	–	–	–	567,836	3.23
Deposits and placements with banks and other financial institutions	–	3,209,424	82,467	–	–	–	–	3,291,891	4.03
Securities held-for-trading	–	–	–	–	–	–	1,842,218	1,842,218	4.39
Securities available-for-sale	1,190,504	1,150,537	1,584,784	1,846,730	1,078,835	174,991	–	7,026,381	4.09
Securities held-to-maturity	156,192	209,471	813,011	4,212,111	1,508,078	(164,022)#	–	6,734,841	4.13
Loans, advances and financing									
– performing	31,865,603	6,287,921	4,978,156	7,121,171	2,603,422	106	–	52,856,379	6.86
– non-performing	–	–	–	–	–	846,728 *	–	846,728	
Other assets	–	–	–	–	–	516,324	–	516,324	–
Derivative assets	–	–	–	–	–	–	105,401	105,401	–
Tax recoverable	–	–	–	–	–	2,572	–	2,572	–
Deferred taxation assets	–	–	–	–	–	247,852	–	247,852	–
Statutory deposits	–	–	–	–	–	1,604,379	–	1,604,379	–
Investment in an associate	–	–	–	–	–	4,963	–	4,963	–
Property, plant and equipment	–	–	–	–	–	488,545	–	488,545	–
Prepaid land lease	–	–	–	–	–	98,946	–	98,946	–
Goodwill	–	–	–	–	–	1,004,017	–	1,004,017	–
Total assets	50,035,616	10,884,771	7,458,418	13,180,012	5,190,335	5,787,087	1,947,619	94,483,858	

Consist of equity instruments less impairment loss.

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

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for the financial year ended 31 December 2008 (continued)

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market Risk (continued)

Interest Rate Risk (continued)

Group	Non-trading book						Trading book	Total	Effective interest/profit rate %
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-interest sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
31.12.2007									
Liabilities									
Deposits from customers	35,752,597	8,533,871	11,905,749	407,575	–	16,103,687	–	72,703,479	3.56
Deposits and placements of banks and other financial institutions	3,473,360	1,127,333	369,211	622,957	62,587	1,228	–	5,656,676	4.36
Bills and acceptances payable	1,480,031	1,544,020	722,161	2,523	–	211,208	–	3,959,943	3.74
Recourse obligation on loans sold to Cagamas Berhad	–	90,974	429,085	1,334,814	–	–	–	1,854,873	4.65
Other liabilities	–	–	–	–	–	1,291,264	–	1,291,264	–
Derivative liabilities	–	–	–	–	–	–	117,820	117,820	–
Provision for taxation	–	–	–	–	–	98,146	–	98,146	–
Deferred taxation liabilities	–	–	–	–	–	17	–	17	–
Long term borrowing	330,700	–	–	–	–	–	–	330,700	5.96
Subordinated obligations	495,000	–	–	–	2,000,000	–	–	2,495,000	5.46
	41,531,688	11,296,198	13,426,206	2,367,869	2,062,587	17,705,550	117,820	88,507,918	
INCPs	–	–	–	1,368,099	–	–	–	1,368,099	Effective dividend rate 10.00
Total equity	–	–	–	–	–	4,607,841	–	4,607,841	–
Total liabilities and equity	41,531,688	11,296,198	13,426,206	3,735,968	2,062,587	22,313,391	117,820	94,483,858	
On-balance sheet interest sensitivity gap	8,503,928	(411,427)	(5,967,788)	9,444,044	3,127,748	(16,526,304)	1,829,799	–	
Off-balance sheet interest sensitivity gap	(1,412,381)	1,079,120	(41,499)	(140,651)	69,578	–	–	(445,833)	
Total interest-sensitivity gap	7,091,547	667,693	(6,009,287)	9,303,393	3,197,326	(16,526,304)	1,829,799	(445,833)	

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for the financial year ended 31 December 2008 (continued)

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market Risk (continued)

Interest Rate Risk (continued)

Bank	Non-trading book						Trading book	Total	Effective interest/profit rate %
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-interest sensitive			
31.12.2008	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Assets									
Cash and short-term funds	11,009,719	-	-	-	-	953,841	-	11,963,560	3.30
Securities purchased under resale agreements	106,565	-	-	-	-	-	-	106,565	0.81
Deposits and placements with banks and other financial institutions	-	330,496	-	-	517,875	-	-	848,371	3.32
Securities held-for-trading	-	-	-	-	-	-	2,230,136	2,230,136	3.58
Securities available-for-sale	542,617	120,167	260,947	2,081,692	671,307	169,873	-	3,846,603	4.77
Securities held-to-maturity	1,313,696	693,070	1,484,189	3,023,301	1,692,078	(151,811)#	-	8,054,523	4.00
Loans, advances and financing									
- performing	34,794,172	6,164,960	4,230,145	5,462,603	1,744,253	-	-	52,396,133	6.72
- non-performing	-	-	-	-	-	203,914 *	-	203,914	
Other assets	-	-	-	-	-	494,535	-	494,535	-
Derivative assets	-	-	-	-	-	-	344,595	344,595	-
Deferred taxation assets	-	-	-	-	-	233,116	-	233,116	-
Statutory deposits	-	-	-	-	-	1,321,902	-	1,321,902	-
Investment in subsidiaries	-	-	-	-	-	828,956	-	828,956	-
Property, plant and equipment	-	-	-	-	-	439,165	-	439,165	-
Prepaid land lease	-	-	-	-	-	20,940	-	20,940	-
Goodwill	-	-	-	-	-	905,519	-	905,519	-
Total assets	47,766,769	7,308,693	5,975,281	10,567,596	4,625,513	5,419,950	2,574,731	84,238,533	

Consist of equity instruments less impairment loss.

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

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for the financial year ended 31 December 2008 (continued)

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market Risk (continued)

Interest Rate Risk (continued)

Bank	Non-trading book						Trading book RM'000	Total RM'000	Effective interest/ profit rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
31.12.2008									
Liabilities									
Deposits from customers	28,085,483	5,929,545	11,605,331	688,485	-	15,284,104	-	61,592,948	3.05
Deposits and placements of banks and other financial institutions	4,196,047	1,205,040	262,825	568,137	22,037	1,121	-	6,255,207	3.25
Bills and acceptances payable	1,724,912	2,165,463	821,303	-	-	189,048	-	4,900,726	3.70
Recourse obligation on loans sold to Cagamas Berhad	87,146	-	372,367	714,241	-	-	-	1,173,754	4.87
Other liabilities	-	-	-	-	-	974,138	-	974,138	-
Derivative liabilities	-	-	-	-	-	-	331,809	331,809	-
Provision for taxation	-	-	-	-	-	87,877	-	87,877	-
Long term borrowings	-	655,975	-	-	-	-	-	655,975	3.47
Subordinated obligations	-	-	-	1,300,000	700,000	-	-	2,000,000	5.18
	34,093,588	9,956,023	13,061,826	3,270,863	722,037	16,536,288	331,809	77,972,434	
Total equity	-	-	-	-	-	6,266,099	-	6,266,099	
Total liabilities and equity	34,093,588	9,956,023	13,061,826	3,270,863	722,037	22,802,387	331,809	84,238,533	
On-balance sheet interest sensitivity gap	13,673,181	(2,647,330)	(7,086,545)	7,296,733	3,903,476	(17,382,437)	2,242,922	-	
Off-balance sheet interest sensitivity gap	(87,623)	308,066	(21,911)	414,772	148,403	-	-	761,707	
Total interest-sensitivity gap	13,585,558	(2,339,264)	(7,108,456)	7,711,505	4,051,879	(17,382,437)	2,242,922	761,707	

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for the financial year ended 31 December 2008 (continued)

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market Risk (continued)

Interest Rate Risk (continued)

Bank	← Non-trading book →						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest/ profit rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000					
31.12.2007										
Assets										
Cash and short-term funds	14,349,888	–	–	–	–	959,933	–	15,309,821	3.55	
Securities purchased under resale agreements	540,418	27,418	–	–	–	–	–	567,836	3.23	
Deposits and placements with banks and other financial institutions	–	2,717,149	82,000	–	165,350	–	–	2,964,499	4.08	
Securities held-for-trading	–	–	–	–	–	–	1,354,023	1,354,023	4.58	
Securities available-for-sale	1,190,503	1,150,537	1,478,838	1,816,804	1,063,428	171,029	–	6,871,139	4.10	
Securities held-to-maturity	156,192	182,023	511,410	3,747,301	1,389,513	(164,022)#	–	5,822,417	4.13	
Loans, advances and financing										
– performing	31,223,772	4,850,338	3,941,948	5,788,700	855,873	–	–	46,660,631	6.97	
– non-performing	–	–	–	–	–	809,892 *	–	809,892		
Other assets	–	–	–	–	–	801,595	–	801,595	–	
Derivative assets	–	–	–	–	–	–	102,102	102,102	–	
Deferred taxation assets	–	–	–	–	–	207,222	–	207,222	–	
Statutory deposits	–	–	–	–	–	1,416,350	–	1,416,350	–	
Investment in subsidiaries	–	–	–	–	–	828,956	–	828,956	–	
Property, plant and equipment	–	–	–	–	–	420,314	–	420,314	–	
Prepaid land lease	–	–	–	–	–	21,263	–	21,263	–	
Goodwill	–	–	–	–	–	905,519	–	905,519	–	
Total assets	47,460,773	8,927,465	6,014,196	11,352,805	3,474,164	6,378,051	1,456,125	85,063,579		

Consist of equity instruments less impairment loss.

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

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for the financial year ended 31 December 2008 (continued)

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market Risk (continued)

Interest Rate Risk (continued)

Bank	← Non-trading book →							Trading book RM'000	Total RM'000	Effective interest/ profit rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000				
31.12.2007										
Liabilities										
Deposits from customers	31,206,934	7,192,557	10,710,593	341,791	–	14,863,822	–	64,315,697	3.69	
Deposits and placements of banks and other financial institutions	3,178,904	1,061,193	369,211	604,226	62,587	1,228	–	5,277,349	4.40	
Bills and acceptances payable	1,480,031	1,544,020	715,276	2,523	–	207,991	–	3,949,841	3.74	
Recourse obligation on loans sold to Cagamas Berhad	–	90,974	429,085	1,334,814	–	–	–	1,854,873	4.65	
Other liabilities	–	–	–	–	–	1,082,183	–	1,082,183	–	
Derivative liabilities	–	–	–	–	–	–	109,427	109,427	–	
Provision for taxation	–	–	–	–	–	94,973	–	94,973	–	
Long term borrowings	330,700	–	–	–	–	–	–	330,700	5.96	
Subordinated obligations	495,000	–	–	–	2,000,000	–	–	2,495,000	5.46	
	36,691,569	9,888,744	12,224,165	2,283,354	2,062,587	16,250,197	109,427	79,510,043		
INCPs	–	–	–	1,368,099	–	–	–	1,368,099	Effective dividend rate 10.00	
Total equity	–	–	–	–	–	4,185,437	–	4,185,437	–	
Total liabilities and equity	36,691,569	9,888,744	12,224,165	3,651,453	2,062,587	20,435,634	109,427	85,063,579		
On-balance sheet interest sensitivity gap	10,769,204	(961,279)	(6,209,969)	7,701,352	1,411,577	(14,057,583)	1,346,698	–		
Off-balance sheet interest sensitivity gap	(1,611,376)	966,308	(494,207)	157,414	89,420	–	–	(892,441)		
Total interest-sensitivity gap	9,157,828	5,029	(6,704,176)	7,858,766	1,500,997	(14,057,583)	1,346,698	(892,441)		

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity Risk

- ALCO plays a fundamental role in the asset/liability management of the Bank, and establishes strategies that assist in controlling and reducing any potential exposures to liquidity risk.
- Limits on the minimum portion of maturing funds available to meet obligations and the minimum level of inter-bank and other borrowing facilities are set to ensure adequate cover for withdrawals at unexpected levels of demand.
- Defined liquidity management ratios are maintained and monitored on an active basis.
- The Bank's liquidity framework is subject to periodic stress tests and the results are constantly reviewed to ensure constant compliance with BNM's Liquidity Framework.
- The Bank has established a comprehensive Group Liquidity Policy Statement. In addition, detailed plans to manage any potential adverse liquidity incidences have also been put in place; and can be implemented on a timely basis so that appropriate actions can be taken to remedy any unexpected market developments.

(c) Credit Risk

- The Bank abides strictly by a Board approved credit policy which supports the development of a strong credit culture with the objectives of maintaining a well diversified, evaluated and current portfolio, that is fully satisfied for credit risk, and which gives no concern for unexpected losses, and which ensures a reliable and satisfactory risk weighted return. Market best practices are incorporated into this policy.
- The Bank ensures that stringent measures and processes are in place before credit proposals are approved. All credit proposals are first evaluated by the originating business units before being independently evaluated by an independent credit evaluation and management function. The Central Credit Committee and the Central Loans Committee sanction credits beyond well established prudential threshold. The strict adherence to the discretionary powers sanctioned by the Board is monitored by the Central Compliance function.
- A risk rating system is used to categorize the risk of individual credits and determine whether the Bank is adequately compensated. Clients' accounts are reviewed at regular intervals and weakening credits are transferred to Loan Recovery for more effective management.
- Counter-party, industry and product exposure limits/directions are set and risk reward relationships are mapped with the aim of maintaining a diverse credit profile and track changing risk concentrations in response to market changes and external events.
- The Bank is moving towards the advanced Basel II approaches by implementing key program components which includes (i) enhancing the economic returns of the Bank using established and proven credit risk framework and methodologies, (ii) implementing and using empirical credit scoring models for consumer financing and credit grading models for business loans, and (iii) designing and implementing modelling of expected and unexpected losses. In addition, an economic capital management framework incorporating advanced risk based pricing and funds transfer pricing has been developed, which also facilitates the Bank in meeting the Pillar II requirements of the Basel II Accord Internal Ratings Based Approach.

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit Risk (continued)

Credit risk exposure analysed by industry in respect of the Group's and the Bank's financial assets, including off-balance sheet financial instruments, are set out below:

Group	Cash and short-term funds and deposits and placements with financial institutions	Securities purchased under resale agreements	Securities held-for-trading	Securities available-for-sale@	Securities held-to-maturity	Loans, advances and financing#	Other financial assets*	On balance sheet total	Commitments and contingencies
31.12.2008	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture	-	-	-	27,231	7,878	2,727,046	-	2,762,155	1,048,814
Mining and quarrying	-	-	-	-	-	136,007	-	136,007	114,282
Manufacturing	-	-	-	133,752	106,724	10,799,293	219	11,039,988	12,030,483
Electricity, gas and water	-	-	83,225	182,298	70,572	501,995	123	838,213	262,272
Construction	-	-	-	121,342	45,961	3,389,635	-	3,556,938	5,215,233
Real estate	-	-	-	40,731	-	1,225,051	147	1,265,929	987,559
Purchase of landed property	-	-	-	52,685	16,236	16,803,821	-	16,872,742	1,364,527
General commerce	-	-	-	46,504	70,962	6,600,217	-	6,717,683	5,656,701
Transport, storage and communication	-	-	342,039	331,623	2,048,795	3,205,060	-	5,927,517	2,449,565
Finance, insurance and business services	1,718,352	-	223,146	2,014,630	3,726,358	3,223,142	2,306	10,907,934	15,502,174
Government and government agencies	11,563,982	106,565	1,986,190	1,462,047	3,300,673	26,037	445	18,445,939	445
Purchase of securities	-	-	-	-	-	1,659,713	-	1,659,713	568,950
Purchase of transport vehicles	-	-	-	-	-	5,407,065	-	5,407,065	386,579
Consumption credit	-	-	-	-	-	4,248,178	-	4,248,178	6,400,696
Others	-	-	-	-	-	1,274,015	698,112	1,972,127	4,733,325
	13,282,334	106,565	2,634,600	4,412,843	9,394,159	61,226,275	701,352	91,758,128	56,721,605

Excludes general allowance amounting to RM1,098,400,000.

@ Excludes equity instrument amounting to RM171,570,000.

* Other financial assets comprise other receivables.

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit Risk (continued)

Group	Cash and short-term funds and deposits and placements with financial institutions	Securities purchased under resale agreements	Securities held-for-trading	Securities available-for-sale@	Securities held-to-maturity	Loans, advances and financing#	Other financial assets*	On balance sheet total	Commitments and contingencies
31.12.2007	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture	–	–	–	48,227	18,900	2,578,788	–	2,645,915	1,081,266
Mining and quarrying	–	–	–	–	–	160,691	–	160,691	257,078
Manufacturing	–	–	146,035	159,688	80,935	10,309,725	228	10,696,611	12,519,368
Electricity, gas and water	–	–	106,025	88,559	50,548	315,561	173	560,866	628,291
Construction	–	–	–	242,060	–	2,827,978	–	3,070,038	5,289,199
Real estate	–	–	–	29,662	–	907,834	290	937,786	874,992
Purchase of landed property	–	–	–	–	–	15,181,143	–	15,181,143	1,097,051
General commerce	–	–	–	36,676	70,962	6,073,724	–	6,181,362	5,510,629
Transport, storage and communication	–	–	471,073	403,095	2,088,197	2,108,737	–	5,071,102	3,188,785
Finance, insurance and business services	6,884,066	515,735	275,513	3,522,363	2,030,000	3,392,560	2,848	16,623,085	11,645,827
Government and government agencies	13,098,987	52,101	843,572	2,310,307	2,147,731	28,927	596	18,482,221	–
Purchase of securities	–	–	–	10,909	247,568	1,210,618	–	1,469,095	235,055
Purchase of transport vehicles	–	–	–	–	–	4,847,831	–	4,847,831	421,211
Consumption credit	–	–	–	–	–	3,804,118	–	3,804,118	5,160,259
Others	–	–	–	–	–	939,053	563,626	1,502,679	3,189,095
	19,983,053	567,836	1,842,218	6,851,546	6,734,841	54,687,288	567,761	91,234,543	51,098,106

Excludes general allowance amounting to RM984,181,000.

@ Excludes equity instrument amounting to RM174,835,000.

* Other financial assets comprise other receivables.

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit Risk (continued)

Bank	Cash and short-term funds and deposits and placements with financial institutions	Securities purchased under resale agreements	Securities held-for-trading	Securities available-for-sale [@]	Securities held-to-maturity	Loans, advances and financing [#]	Other financial assets [*]	On balance sheet total	Commitments and contingencies
31.12.2008	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture	-	-	-	27,231	7,878	2,262,601	-	2,297,710	879,923
Mining and quarrying	-	-	-	-	-	131,936	-	131,936	114,080
Manufacturing	-	-	-	133,752	106,724	9,548,572	-	9,789,048	11,311,902
Electricity, gas and water	-	-	-	182,298	-	197,244	-	379,542	229,741
Construction	-	-	-	121,342	45,961	2,973,801	-	3,141,104	4,710,629
Real estate	-	-	-	34,625	-	955,650	-	990,275	808,042
Purchase of landed property	-	-	-	-	-	14,957,263	-	14,957,263	1,260,884
General commerce	-	-	-	46,504	70,962	5,926,416	-	6,043,882	5,311,946
Transport, storage and communication	-	-	271,120	316,536	2,038,872	2,027,080	-	4,653,608	2,112,247
Finance, insurance and business services	1,902,072	-	99,767	1,952,532	3,348,568	2,716,924	175,639	10,195,502	15,327,473
Government and government agencies	10,302,571	106,565	1,859,249	861,911	2,435,558	-	-	15,565,854	445
Purchase of securities	-	-	-	-	-	1,579,655	-	1,579,655	568,950
Purchase of transport vehicles	-	-	-	-	-	5,407,050	-	5,407,050	386,579
Consumption credit	-	-	-	-	-	4,248,178	-	4,248,178	6,392,837
Others	-	-	-	-	-	623,762	614,390	1,238,152	4,435,892
	12,204,643	106,565	2,230,136	3,676,731	8,054,523	53,556,132	790,029	80,618,759	53,851,570

Excludes general allowance amounting to RM956,085,000.

@ Excludes equity instruments amounting to RM169,872,000.

* Other financial assets comprise other receivables.

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit Risk (continued)

Bank	Cash and short-term funds and deposits and placements with financial institutions	Securities purchased under resale agreements	Securities held-for-trading	Securities available-for-sale@	Securities held-to-maturity	Loans, advances and financing#	Other financial assets*	On balance sheet total	Commitments and contingencies
31.12.2007	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture	–	–	–	48,227	18,900	2,097,544	–	2,164,671	915,857
Mining and quarrying	–	–	–	–	–	158,606	–	158,606	256,886
Manufacturing	–	–	–	159,531	80,935	8,772,351	–	9,012,817	11,762,375
Electricity, gas and water	–	–	–	88,559	–	154,679	–	243,238	459,422
Construction	–	–	–	242,060	–	2,565,747	–	2,807,807	4,790,472
Real estate	–	–	–	22,975	–	805,286	–	828,261	697,284
Purchase of landed property	–	–	–	–	–	13,411,438	–	13,411,438	1,024,041
General commerce	–	–	–	36,676	70,962	5,580,792	–	5,688,430	5,123,165
Transport, storage and communication	–	–	433,316	403,095	1,965,863	1,635,583	–	4,437,857	2,751,805
Finance, insurance and business services	6,850,881	515,735	245,572	3,501,974	1,966,261	2,718,825	344,315	16,143,563	11,062,686
Government and government agencies	10,865,977	52,101	675,135	2,186,104	1,471,928	–	–	15,251,245	–
Purchase of securities	–	–	–	10,909	247,568	1,210,618	–	1,469,095	235,055
Purchase of transport vehicles	–	–	–	–	–	4,847,786	–	4,847,786	421,211
Consumption credit	–	–	–	–	–	3,804,118	–	3,804,118	5,148,895
Others	–	–	–	–	–	568,965	515,450	1,084,415	2,950,211
	17,716,858	567,836	1,354,023	6,700,110	5,822,417	48,332,338	859,765	81,353,347	47,599,365

Excludes general allowance amounting to RM861,815,000.

@ Excludes equity instruments amounting to RM171,029,000.

* Other financial assets comprise other receivables.

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Operational Risk

- The GRM function is responsible for the development of bank-wide operational risk policies, frameworks and methodologies, and providing inputs to the business units on operational risk areas. The respective business units are primarily responsible for managing operational risk on a day-to-day basis.
- The Bank uses an operational risk management system. This system has integrated applications for supporting the entire operational risk management process for loss event data collection and management, loss event analysis, assessment and monitoring of the quality of the internal control environment, risk scenario analysis and measurement, comprehensive reporting of operational risks and internal control quality and tracking of risk mitigation and control improvement actions. This system facilitates the Bank's capabilities for the Advanced Measurement Approach of the Basel II Framework.
- The Bank has an ongoing and actively managed Business Continuity Planning ('BCP') programme for its major critical business operations and activities at the Head Office, data centre, and branches locations. The BCP programme is subject to regular testing to ensure efficacy, reliability and functionality.
- The Bank continually refines and strengthens existing policies, procedures and internal controls measures; and continually conduct internal reviews, compliance monitoring, and comprehensive audits to prevent or minimize unexpected losses.

42 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments comprise financial assets, financial liabilities and also off-balance sheet financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale. The information presented herein represents estimates of fair values as at the balance sheet date.

Quoted and observable market prices, where available, are used as the measure of fair values. However, for a significant portion of the financial instruments, including loans and advances to customers, such market prices do not exist as there is currently no ready market wherein exchanges between willing parties occur.

Accordingly, various methodologies have been used to estimate what the approximate fair values of such instruments might be. These methodologies involve uncertainties and are significantly affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experience and other factors. Changes in the uncertainties and assumptions could significantly affect these estimates and the resulting fair value estimates. Where these methodologies are not able to estimate the approximate fair values, such instruments are stated at carrying amount.

In addition, fair value information is not provided for non-financial instruments and financial instruments that are excluded from the scope of FRS 132 which requires fair value information to be disclosed. These include property, plant and equipment, investment in subsidiary and associated companies and intangibles.

Therefore, for a significant portion of the Group's and the Bank's financial instruments, including loans and advances to customers, their respective fair value estimates do not purport to represent, nor should they be construed to represent, the amount that the Group and the Bank could have realised in a sales transaction at the balance sheet date. The fair value information presented herein should also in no way be construed as representative of the Group's and the Bank's underlying value as a going concern.

Furthermore, it is the Group's and the Bank's intention to hold most of its financial instruments to maturity and, therefore, it is not probable that the fair value estimates shown will be realised.

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

42 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The fair values are based on the following methodologies and assumptions:

(i) Cash and short-term funds and deposits and placements with financial institutions

For cash and short-term funds and deposits and placements with financial institutions with maturities of less than six months, the carrying value is a reasonable estimate of fair value. For deposits and placements with maturities six months and above, estimated fair value is based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

(ii) Securities purchased under resale agreements

The fair values of securities purchased under resale agreements with maturities of less than six months approximate the carrying values. For securities purchased under resale agreements with maturities of six months and above, the estimated fair values are based on discounted cash flows using market rates for the remaining term to maturity.

(iii) Securities held-for-trading, available-for-sale and held-to-maturity

The estimated fair value is generally based on quoted and observable market prices. Where there is no ready market in certain securities, fair values have been assessed by reference to market indicative interest yields or net tangible asset backing of the investee. Where discounted cash flow technique is used, the estimated future cash flows are discounted using the prevailing market rates for a similar instrument at the balance sheet date.

(iv) Loans, advances and financing

For floating rate loans, the carrying value is generally a reasonable estimate of fair value.

For fixed rate loans, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risk and maturities.

The fair values of impaired floating and fixed rates loans are represented by their carrying value, net of specific allowance being the expected recoverable amount.

(v) Other assets and liabilities

The carrying value less any estimated allowance for financial assets and liabilities included in "other assets and liabilities" are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

(vi) Deposits from customers

For deposits from customers with maturities of less than six months, the carrying amounts are reasonable estimates of their fair values. For deposits with maturities of six months and above, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

42 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(vii) Deposits and placements of banks and other financial institutions, obligations on securities held under repurchase agreements ('repos'), bills and acceptances payable

The estimated fair values of deposits and placements of banks and other financial institutions, repos, bills and acceptances payable with maturities of less than six months approximate the carrying values. For the items with maturities six months and above, the fair values are estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturities.

(viii) Recourse obligation on loans sold to Cagamas Berhad

For amount due to Cagamas with maturities of less than one year, the carrying amounts are a reasonable estimate of their fair values. For amount due to Cagamas with maturities of more than one year, fair value is estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturity.

(ix) Long term borrowings

The estimated fair values of other borrowings with maturities of less than six months approximate the carrying values. For other borrowings with maturities six months or more, the fair values are estimated based on discounted cash flows using prevailing market rates for borrowings with similar risk profile.

(x) Subordinated obligations

The estimated fair value of subordinated bonds is generally based on quoted and observable market prices at the balance sheet date.

(xi) INCPS

The estimated fair value of the INCPS is based on comparable fixed income instruments as well as relevant equity valuation methods and also take into consideration recent transaction price.

(xii) Credit related commitments and contingencies

The net fair value of these items was not calculated as estimated fair values are not readily ascertainable. These financial instruments generally relate to credit risks and attract fees in line with market prices for similar arrangements. They are not presently sold nor traded. The fair value may be represented by the present value of fees expected to be received, less associated costs.

(xiii) Foreign exchange and interest rate related contracts

The fair values of foreign exchange and interest rate related contracts are the estimated amounts the Group or the Bank would receive or pay to terminate the contracts at the balance sheet date.

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

42 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The above mentioned range of methodologies and assumptions had been used in deriving the fair values of the Group's and the Bank's financial instruments at balance sheet date. The total fair value at each financial instrument approximates the total carrying value, except for the following:

31.12.2008	Group		Bank	
	Carrying value RM'000	Estimated fair value RM'000	Carrying value RM'000	Estimated fair value RM'000
Financial assets				
Securities held-to-maturity	9,394,159	9,482,764	8,054,523	8,118,272
Loans, advances and financing	60,127,875	59,926,821@	52,600,047	52,475,079@
Financial liabilities				
Deposits from customers	71,011,263	70,924,896	61,592,948	61,490,484
Deposits and placements of banks and other financial institutions	6,753,576	6,725,201	6,255,207	6,223,525
Recourse obligation on loans sold to Cagamas Berhad	1,173,754	1,160,235	1,173,754	1,160,235
Subordinated obligations	2,000,000	1,927,440	2,000,000	1,927,440
31.12.2007				
	Carrying value RM'000	Estimated fair value RM'000	Carrying value RM'000	Estimated fair value RM'000
Financial assets				
Securities held-to-maturity	6,734,841	6,689,362	5,822,417	5,810,625
Loans, advances and financing	53,703,107	53,572,083@	47,470,523	47,349,786@
Financial liabilities				
Deposits from customers	72,703,479	72,496,072	64,315,697	64,122,701
Deposits and placements of banks and other financial institutions	5,656,676	5,655,578	5,277,349	5,277,349
Recourse obligation on loans sold to Cagamas Berhad	1,854,873	1,908,707	1,854,873	1,908,707
Subordinated obligations	2,495,000	2,497,264	2,495,000	2,497,264
INCPS	1,368,099	2,052,149	1,368,099	2,052,149

@ Loans, advances and financing are stated at cost and not at fair value but are subject to impairment in accordance with BNM/GP3. The Group and the Bank are of the view that there is no further impairment other than that already provided for.

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

43 CAPITAL ADEQUACY

BNM guidelines on capital adequacy requires the Bank and RHB Islamic Bank to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations. The capital adequacy ratio is computed based on the eligible capital in relation to the total risk-weighted assets as determined by BNM.

The capital ratios of the Bank for year 2008 and 2007 are computed based on BNM's Guidelines on Risk Weighted Capital Adequacy Framework for Credit and Market (Basel I).

Previous year capital ratios for RHB Islamic Bank were computed based on Basel I. With effect from 1 January 2008, the capital ratio of RHB Islamic Bank is computed based on 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).

	RHB Bank *		RHB Islamic Bank	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Tier I Capital				
Paid-up ordinary share capital	3,318,085	1,949,986	523,424	523,424
Paid-up INCPS	-	1,368,099	-	-
Share premium	8,563	8,563	-	-
Retained profits	1,008,581	477,564	135,437	92,494
Other reserves	2,121,478	1,894,070	166,005	123,062
	6,456,707	5,698,282	824,866	738,980
Less: Goodwill	(905,519)	(905,519)	-	-
Deferred tax assets	(233,116)	(207,222)	(19,960)	(22,956)
Total Tier I capital	5,318,072	4,585,541	804,906	716,024
Tier II Capital				
Subordinated obligations	2,000,000	2,495,000	-	-
General allowance for bad and doubtful debts and financing	995,859	893,728	97,984	82,948
Total computed Tier II capital before restriction	2,995,859	3,388,728	97,984	82,948
Maximum allowable subordinated obligations#	2,000,000	2,292,771	-	-
General allowance for bad and doubtful debts and financing	995,859	893,728	97,984	82,948
Maximum allowable total Tier II capital	2,995,859	3,186,499	97,984	82,948
Less: Investment in subsidiaries	(628,640)	(628,640)	-	-
Holdings of other financial institutions capital instruments	-	(38,625)	-	-
Total capital base	7,685,291	7,104,775	902,890	798,972
Capital ratios				
Before proposed dividends:				
Core capital ratio	8.77%	8.32%	12.07%	16.03%
Risk-weighted capital ratio	12.67%	12.89%	13.54%	17.89%
After proposed dividends:				
Core capital ratio	8.51%	8.32%	12.07%	16.03%
Risk-weighted capital ratio	12.42%	12.89%	13.54%	17.89%

* The Bank's figures include the operations of RHB Bank (L) Ltd.

Pursuant to BNM's guidelines on capital base for capital adequacy ratios, the maximum allowed for subordinated obligations is not more than 50% of Tier I capital.

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

43 CAPITAL ADEQUACY (CONTINUED)

31.12.2008	RHB Bank		RHB Islamic Bank	
	Principal* RM'000	Risk Weighted RM'000	Principal RM'000	Risk Weighted RM'000
The breakdown of risk-weighted assets in the various categories of risk-weights are as follows:				
(i) Credit Risk				
0%	20,412,336	-	2,210,916	-
10%	28,776	2,878	-	-
20%	8,137,470	1,627,494	1,239,863	247,972
50%	11,644,573	5,822,287	14,445	7,223
75%	-	-	2,086,771	1,565,078
100%	51,106,096	51,106,096	3,718,512	3,718,512
150%	-	-	299,760	449,640
	91,329,251	58,558,755	9,570,267	5,988,425
(ii) Market Risk Capital Adequacy Framework		2,053,446		164,961
(iii) Basic Indicator Operational Risk Capital Charge		-		515,713
Total risk-weighted assets		60,612,201		6,669,099

31.12.2007	RHB Bank		RHB Islamic Bank	
	Principal* RM'000	Risk Weighted RM'000	Principal RM'000	Risk Weighted RM'000
The breakdown of risk-weighted assets in the various categories of risk-weights are as follows:				
(i) Credit Risk				
0%	21,716,460	-	3,177,098	-
10%	58,812	5,881	50,284	5,028
20%	12,576,396	2,515,279	126,731	25,346
50%	10,654,657	5,327,329	1,411,313	705,656
100%	45,699,685	45,699,685	3,640,729	3,640,729
	90,706,010	53,548,174	8,406,155	4,376,759
(ii) Market Risk Capital Adequacy Framework		1,533,761		89,414
Total risk-weighted assets		55,081,935		4,466,173

* The Bank's figures include the operations of RHB Bank (L) Ltd.

Pursuant to BNM circular, "Recognition of Deferred Tax Assets ('DTA') and Treatment of DTA for RWCR Purposes" dated 8 August 2003, deferred tax income/(expense) is excluded from the computation of Tier I capital and deferred tax assets are excluded from the calculation of risk weighted assets.

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

44 SEGMENT INFORMATION

Segment information is presented in respect of the Group's business segment and geographical segment.

All inter-segment transactions are conducted on an arm's length basis and on normal commercial terms not more favourable than those generally available to the public.

(i) Primary reporting format – by business segment

The Group's business segments can be organised into the following main segments reflecting the Group's internal reporting structure:

(a) Corporate and Investment banking

Corporate and Investment banking caters to funding or lending needs of corporate customers including public listed corporations and its related entities, multinational corporations (including Japanese), financial institutions and Government and state owned entities. Included under Corporate Banking are offshore banking activities carried out by RHB Bank (L) Ltd whose borrowing and lending facilities are offered in major currencies mainly to corporate customers.

(b) Retail banking

Retail banking focuses on providing products and services to individual customers and small and medium sized enterprises. The products and services offered to customers include credit facilities (mortgages, hire purchase financing, study loans and personal loans), credit cards, remittance services, deposit collection and investment products. This segment also includes lease financing activities carried out by RHB Leasing Sdn Bhd which is predominantly middle market customers.

(c) Treasury and money market

Treasury and money market operations is involved in proprietary trading in fixed income and foreign exchange, derivatives trading and structuring, managing customer-based foreign exchange and money market transactions, funding and investment in ringgit and foreign currencies. This segment also includes Funding Centre of the Bank.

(d) Islamic banking

Islamic banking focuses on providing a full range of commercial banking products and services in accordance with the principles of Shariah to individual customers, corporate clients, Government and state owned entities and small and medium sized enterprises.

(e) International banking

International banking focuses on providing banking related products & services tailored to the specific needs in foreign countries. Currently, the Group has established foreign operations in Singapore, Brunei and Thailand.

(f) Others

Other business segments in the Group include nominee services, property investment and rental, dormant operations and other related financial services, whose results are not material to the Group and therefore do not render separate disclosure in the financial statements and have been reported in aggregate.

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

44 SEGMENT INFORMATION (CONTINUED)

Group	Corporate and Investment Banking RM'000	Retail Banking RM'000	Treasury & Money Market RM'000	Islamic Banking RM'000	International Banking RM'000	Others RM'000	Elimination RM'000	Total RM'000
31.12.2008								
External revenue	932,760	2,718,381	1,333,255	281,309	225,954	19,179	-	5,510,838
Inter-segment revenue	2,757	10	20,560	2,015	2,999	1,141	(29,482)	-
Total revenue	935,517	2,718,391	1,353,815	283,324	228,953	20,320	(29,482)	5,510,838³
Segment results	242,538	800,931	492,551	171,441	29,409	17,876	-	1,754,746
Subordinated obligations								(106,989)
Unallocated expenses								(201,972) ¹
Profit from operations								1,445,785
Share of results of an associate								38
Profit before INCPS dividends and taxation								1,445,823
INCPS dividends								(32,146)
Taxation								(375,524)
Net profit for the financial year								1,038,153
31.12.2007								
External revenue	867,664	2,657,660	1,386,804	328,618	261,212	18,739	-	5,520,697
Inter-segment revenue	3,159	-	27,371	-	2,421	1,262	(34,213)	-
Total revenue	870,823	2,657,660	1,414,175	328,618	263,633	20,001	(34,213)	5,520,697³
Segment results	155,678	767,215	330,905	211,839	95,641	18,692	-	1,579,970
Subordinated obligations								(97,432)
Unallocated expenses								(312,132) ¹
Profit from operations								1,170,406
Share of results of an associate								280
Profit before INCPS dividends and taxation								1,170,686
INCPS dividends								(136,810)
Taxation								(280,329)
Net profit for the financial year								753,547

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

44 SEGMENT INFORMATION (CONTINUED)

Group	Corporate and Investment Banking RM'000	Retail Banking RM'000	Treasury & Money Market RM'000	Islamic Banking RM'000	International Banking RM'000	Others RM'000	Elimination RM'000	Total RM'000
31.12.2008								
Other information								
Segment assets	18,204,018	36,638,849	24,833,154	9,290,702	6,322,715	40,928	(1,078,123)	94,252,243
Deferred tax assets								268,159
Tax recoverable								9,215
Unallocated assets								408,020
Total assets								<u>94,937,637</u>
Segment liabilities	16,350,601	30,746,755	24,836,440	8,451,581	5,281,670	2,489	(1,240,772)	84,428,764
Deferred tax liabilities								15
Provision for taxation								91,149
Subordinated obligations								2,000,000
Unallocated liabilities								1,589,595
								<u>88,109,523</u>
Other segment items								
Capital expenditure	5,883	66,273	8,215	21,185	2,767	8	-	104,331
Amortisation of prepaid land lease	30	285	9	-	112	66	-	502
Depreciation	3,212	51,993	4,274	1,868	4,905	172	-	66,424
Impairment loss	2,732	61	7,384	-	-	187	-	10,364
Other non-cash expenses other than depreciation and impairment loss	164,406	406,428	-	34,470	6,238	7	-	611,549 ²

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

44 SEGMENT INFORMATION (CONTINUED)

Group	Corporate and Investment Banking RM'000	Retail Banking RM'000	Treasury & Money Market RM'000	Islamic Banking RM'000	International Banking RM'000	Others RM'000	Elimination RM'000	Total RM'000
31.12.2007								
Other information								
Segment assets	15,721,137	34,343,664	30,647,157	8,413,278	5,089,299	40,767	(724,325)	93,530,977
Investment in an associate								4,963
Deferred tax assets								247,852
Tax recoverable								2,572
Unallocated assets								697,494
Total assets								94,483,858
Segment liabilities	12,657,063	29,522,891	31,734,048	7,668,769	4,387,705	2,383	(1,059,954)	84,912,905
Deferred tax liabilities								17
Provision for taxation								98,146
Subordinated obligations								2,495,000
Unallocated liabilities								1,001,850
INCPS								1,368,099
Total liabilities								89,876,017
Other segment items								
Capital expenditure	4,064	36,681	2,615	23,392	3,456	-	-	70,208
Amortisation of prepaid land lease	29	283	11	-	109	58	-	490
Depreciation	4,944	60,494	4,433	1,002	4,989	267	-	76,129
Impairment loss	35,605	-	12,000	-	-	-	-	47,605
Other non-cash expenses other than depreciation and impairment loss	134,787	467,040	17,475	57,111	13,842	-	-	690,255 ²

Notes:

1. Unallocated expenses are expenses incurred by Head Office Support Divisions which are not directly attributed to the business segments and cannot be allocated on a reasonable basis.
2. Included in other non-cash expense other than depreciation and impairment loss are loan loss and provisioning, interest-in-suspense and accretion of discount less amortisation of premium.
3. Revenue consists of interest income (net), other operating income and income from Islamic Banking Business.

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

44 SEGMENT INFORMATION (CONTINUED)

(ii) Secondary reporting format – by geographical segment

The geographical information is prepared based on the location of the assets.

Group

	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000
Total revenue		
Malaysia	5,285,275	5,259,770
Outside Malaysia	225,563	260,927
Total	5,510,838	5,520,697
	As at 31.12.2008 RM'000	As at 31.12.2007 RM'000
Total assets		
Malaysia	88,593,666	89,317,141
Outside Malaysia	6,343,971	5,166,717
Total	94,937,637	94,483,858
	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000
Capital expenditure		
Malaysia	101,564	66,751
Outside Malaysia	2,767	3,457
Total	104,331	70,208

notes to the financial statements

for the financial year ended 31 December 2008 (continued)

45 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) Disposal of the entire equity interest in CMS Trust Management Berhad ('CMS Trust') to CMS Capital Sdn Bhd ('CMS Capital')

On 10 March 2008, Utama Gilang Sdn Bhd, a wholly-owned subsidiary of the Bank had entered into a sale and purchase agreement with CMS Capital for the disposal of its entire equity interest in CMS Trust comprising of 3,315,000 ordinary shares of RM1.00 each in CMS Trust representing 49% of the total issued and paid-up share capital of CMS Trust for a total consideration of approximately RM7.069 million which was arrived at on a willing buyer-willing seller basis and is to be satisfied entirely by cash. The purchase consideration of RM7.069 million was received on 4 April 2008.

- (ii) Proposed issuance of up to RM600 million nominal value of Hybrid Tier I Capital Securities under Hybrid Tier I Capital Securities Programme by the Bank.

On 10 July 2008, Securities Commission had approved the proposed issuance of up to RM600 million nominal value of Hybrid Tier I Capital Securities ('HT1 Capital Securities') under a Hybrid Tier I Capital Securities Programme by the Bank. The Bank has yet to issue the said HT1 Capital Securities as at to date.

46 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors.

statement by directors

pursuant to Section 169(15) of the Companies Act, 1965

We, Datuk Azlan Zainol and Michael Joseph Barrett, being two of the directors of RHB Bank Berhad state that, in the opinion of the directors, the financial statements set out on pages 47 to 148 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Bank as at 31 December 2008 and of the results and cash flows of the Group and of the Bank for the financial year ended on that date in accordance with the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities, Bank Negara Malaysia Guidelines and the provisions of the Companies Act, 1965.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors.

DATUK AZLAN ZAINOL

Chairman

MICHAEL JOSEPH BARRETT

Managing Director

Kuala Lumpur

11 March 2009

statutory declaration

pursuant to Section 169(15) of the Companies Act, 1965

I, Yap Choi Foong, the officer primarily responsible for the financial management of RHB Bank Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 47 to 148 are, in my opinion correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

YAP CHOI FOONG

Subscribed and solemnly declared by the abovenamed Yap Choi Foong at Kuala Lumpur in Wilayah Persekutuan on 11 March 2009.

before me :

COMMISSIONER FOR OATHS

Kuala Lumpur

independent auditors' report

to the member of RHB BANK BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of RHB Bank Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Bank, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Bank for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 47 to 148.

Directors' Responsibility for the Financial Statements

The directors of the Bank are responsible for the preparation and fair presentation of these financial statements in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities, Bank Negara Malaysia Guidelines and the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities, Bank Negara Malaysia Guidelines and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Bank as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

independent auditors' report

to the member of RHB BANK BERHAD

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Bank and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 12 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Bank's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the member of the Bank, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS

(No. AF-1146)

Chartered Accountants

SOO HOO KHOON YEAN

(No. 2682/10/09 (J))

Chartered Accountant

Kuala Lumpur

11 March 2009

RHB Bank branches

NORTHERN REGION

- 1) **Air Tawar**
33A & B, Jalan Besar
32400 Air Tawar, Perak
Tel : (05) 672 2385/4148
Fax : (05) 672 2168
- 2) **Bagan Serai**
243, Jalan Besar
34300 Bagan Serai, Perak
Tel : (05) 721 5715/5716
Fax : (05) 721 2486
- 3) **Gopeng**
Ground Floor
67 & 69, High Street
31600 Gopeng, Perak
Tel : (05) 359 1169/4524/1291
Fax : (05) 359 3291
- 4) **Gunung Rapat**
57 & 59, Medan Gopeng 1
Jalan Gopeng, Gunung Rapat
31350 Ipoh, Perak
Tel : (05) 312 3599/3851
Fax : (05) 312 6570
- 5) **Ipoh Garden South**
12 & 14 Tingkat, Taman Ipoh 6
Ipoh Garden South
31400 Ipoh, Perak
Tel : (05) 548 2532, 547 7888
Fax : (05) 547 8899
- 6) **Jalan Tun Sambanthan, Ipoh**
Lot 2, 4, 6 & 8, Jalan Tun
Sambanthan
30000 Ipoh
Perak
Tel : (05) 254 2135/2136
Fax : (05) 255 0050
- 7) **Jelapang**
433 & 435, Jalan Silibin
Taman Silibin
30760 Ipoh, Perak
Tel : (05) 526 6515/8518
Fax : (05) 526 2418
- 8) **Kampar**
81, 83 & 85, Jalan Gopeng
31900 Kampar, Perak
Tel : (05) 466 6202/6203
Fax : (05) 465 2216
- 9) **Kuala Kangsar**
6 & 7, Jalan Daeng Selili
33000 Kuala Kangsar, Perak
Tel : (05) 776 3772/1762
Fax : (05) 776 6836
- 10) **Kuala Kurau**
Ground & First Floor
19, Jalan Besar
34350 Kuala Kurau, Perak
Tel : (05) 727 7953/0939/7952
Fax : (05) 727 7155
- 11) **Menglembu**
Ground & First Floor
50 & 52, Jalan Besar
31450 Menglembu, Perak
Tel : (05) 281 6011/6017
Fax : (05) 281 6010
- 12) **Parit Buntar**
44, Jalan Teh Peh Kong
34200 Parit Buntar, Perak
Tel : (05) 716 1626/1627
Fax : (05) 716 2019
- 13) **Persiarian Greenhill, Ipoh**
62, Persiarian Greenhill
30450 Ipoh, Perak
Tel : (05) 253 3355, 255 4195
Fax : (05) 253 5053
- 14) **Simpang Empat, Hutan Melintang**
Lots P.T 1374 & 1375
Jalan Hutan Melintang
Taman Seri Perak, Simpang Empat
36400 Hutan Melintang, Perak
Tel : (05) 641 2363/2362
Fax : (05) 641 3310
- 15) **Sitiawan**
25C, Jalan Datuk Ahmad Yunus
32000 Sitiawan
Perak
Tel : (05) 691 1411/1412/4669
Fax : (05) 691 9012
- 16) **Sungai Siput**
139 & 140, Jalan Besar
31100 Sungai Siput, Perak
Tel : (05) 598 2233/2234/8922
Fax : (05) 598 4094
- 17) **Sungkai**
18 & 19, Jalan Besar
35600 Sungkai, Perak
Tel : (05) 438 6708/6710
Fax : (05) 438 6720
- 18) **Taiping**
68 & 70, Jalan Kota
34000 Taiping, Perak
Tel : (05) 807 3276/3257/4749
Fax : (05) 806 3275
- 19) **Tasek**
699 & 701, Jalan Tasek
Taman Musim Bunga
31400 Ipoh, Perak
Tel : (05) 546 7363/7386/7370
Fax : (05) 548 7566
- 20) **Teluk Intan**
31 & 33, Jalan Intan 2
Bandar Baru Teluk Intan
36000 Teluk Intan, Perak
Tel : (05) 622 1654/1655
Fax : (05) 621 1228
- 21) **2784 & 2785, Jln Chain Ferry, Prai**
Ground Floor, 2784 & 2785
Jalan Chain Ferry
Taman Inderawasih
13600 Prai, Pulau Pinang
Tel : (04) 390 9255/9257/9258
Fax : (04) 390 3976
- 22) **Bukit Mertajam**
1244 & 1246
Jalan Padang Lallang
Taman Desa Damai
14000 Bukit Mertajam, Pulau
Pinang
Tel : (04) 539 1171/1176
Fax : (04) 539 4148
- 23) **Butterworth**
6774, 6775 & 6776
Jalan Kg Gajah
12200 Butterworth, Pulau Pinang
Tel : (04) 331 5871/5872
Fax : (04) 332 3328

RHB Bank branches (continued)

NORTHERN REGION (CONTINUED)

24) **Jalan Raja Uda, Penang**
Ground & Mezzanine Floor
6957 & 6958, Jalan Raja Uda
Raja Uda Light Industrial Park
12300 Butterworth, Pulau Pinang
Tel : (04) 332 4937/4860/4837
Fax : (04) 332 4946

25) **Sungai Bakap**
1433-1434, Jalan Besar
Sungai Bakap
Seberang Prai Selatan
14200 Sungai Jawi, Pulau Pinang
Tel : (04) 582 3629/3630
Fax : (04) 582 3580

26) **Ayer Itam**
15, Jalan Pasar
11500 Ayer Itam, Pulau Pinang
Tel : (04) 828 3522/5168
Fax : (04) 828 8554

27) **Bayan Baru**
42 A, B, C, Jalan Tengah
11950 Bayan Baru, Pulau Pinang
Tel : (04) 642 1880/1882
Fax : (04) 642 1884
Including:
Penang International Airport
Lot CM 18
Penang International Airport
11900 Bayan Lepas
Pulau Pinang
Tel : (04) 6434769
Fax : (04) 6435093

28) **Burmah House, Penang**
Ground & Mezzanine Floor
Suite G-02, Burmah House
405, Jalan Burmah, Pulau Tikus
10350 Pulau Pinang
Tel : (04) 227 4367/4364
Fax : (04) 227 4361

29) **Jelutong**
112 & 114
Jalan Tan Sri Teh Ewe Lim
11600, Pulau Pinang
Tel : (04) 282 6922/6921
Fax : (04) 282 6930

30) **Lebuh Pantai, Penang**
44, Lebuh Pantai
Georgetown, 10300 Pulau Pinang
Tel : (04) 262 1144/1109
Fax : (04) 261 8019

31) **Sungai Dua**
4H & 4J
Desa Universiti Comm Complex
Jalan Sungai Dua
11700 Gelugor, Pulau Pinang
Tel : (04) 658 5617/5620/5621
Fax : (04) 658 5609

32) **Jalan Bakar Arang, Sungai Petani**
27 & 28, Jalan Bakar Arang
08000 Sungai Petani, Kedah
Tel : (04) 422 2151/2152
Fax : (04) 421 6632

33) **Jalan Tunku Ibrahim, Alor Setar**
1519, Jalan Tunku Ibrahim
05700 Alor Setar
Kedah
Tel : (04) 731 6066/6144
Fax : (04) 733 3843

34) **Kuala Kedah**
Ground & First Floor
262 & 263, Block C
Bangunan Peruda
06600 Kuala Kedah, Kedah
Tel : (04) 762 5367/5366
Fax : (04) 762 5393

35) **Mergong, Alor Setar**
97J, Seberang Jalan Putra
05150 Alor Setar, Kedah
Tel : (04) 733 9279/9304
Fax : (04) 731 6059

36) **Padang Serai**
11 & 12, Lorong Berkat Satu
Taman Berkat
09400 Padang Serai, Kedah
Tel : (04) 485 5951/5952
Fax : (04) 485 0982

37) **Pulau Langkawi**
13 & 15, Jalan Pandak Mayah Satu
07000 Langkawi, Kedah
Tel : (04) 966 7511/512
Fax : (04) 966 7513

38) **Taman Pekan Baru, Sg Petani**
104, 105 & 106, Jalan Pengkalan
Tmn Pekan Baru, Sg Petani Baru
08000 Sungai Petani, Kedah
Tel : (04) 421 0786/9090
Fax : (04) 421 3401, 4230485

39) **Taman Semarak, Kulim**
43, Lorong Semarak 1
Taman Semarak
09000 Kulim, Kedah
Tel : (04) 491 5912/5913
Fax : (04) 491 5916

40) **Kangar**
41 & 43, Persiaran Jubli Emas
Taman Suriani
01000 Kangar, Perlis
Tel : (04) 977 6864/6867
Fax : (04) 977 6863

CENTRAL REGION

1) **75 Jalan Tun H.S. Lee, KL**
75, Jalan Tun H.S. Lee
50000 Kuala Lumpur
Tel : (03)2070 0233/6869
Fax : (03)2072 7591
Including:
Kota Raya Complex
Lot G17, Ground Floor
Kota Raya Complex
Jalan Cheng Lock
50000 Kuala Lumpur
Tel : (03) 2072 0881
Fax : (03) 2074 1910

2) **Bangsar Shopping Complex, KL**
G129 Ground Floor
Bangsar Shopping Centre
285, Jalan Ma'arof, Bangsar
59100 Kuala Lumpur
Tel : (03) 2284 6870/6872/6875
Fax : (03) 2284 6896

3) **Damansara Heights, KL**
Lots C9 - C12, Block C
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : (03) 2095 7068/7069/7088
Fax : (03) 2093 7515

RHB Bank branches (continued)

CENTRAL REGION (CONTINUED)

- 4) **Desa Sri Hartamas, KL**
6, Jalan 24/ 70A
Desa Sri Hartamas
50480 Kuala Lumpur
Tel : (03) 2300 2360/1754
Fax : (03) 2300 2358
- 5) **Jalan Bukit Bintang, KL**
58 - 60, Jalan Bukit Bintang
55100 Kuala Lumpur
Tel : (03) 2148 0901/2144 0875
Fax : (03) 21430645
- 6) **Jalan Ipoh, KL**
14 - 16, Jalan Ipoh
51200 Kuala Lumpur
Tel : (03) 4042 8068/8601/2573
Fax : (03) 4041 1411/4043 0653
- 7) **Jalan Maharajalela, KL**
Unit 1, Ground Floor
Bangunan Cheong Wing Chan
41 - 51, Jalan Maharajalela
50150 Kuala Lumpur
Tel : (03) 2274 9820/0475
Fax : (03) 2274 9843
Including:
KL Sentral (Service Center) & BdC
Unit 7, Level 1 (Arrival Hall)
City Air Terminal
KL Sentral Station
50470 Kuala Lumpur
Tel : (03) 2273 5000
Fax : (03) 2274 7000
- 8) **Jalan Pasar, KL**
50 - 52, Jalan Pasar
55100 Kuala Lumpur
Tel : (03) 2141 4167, 2148 7301
Fax : (03) 2142 8390, 2148 8967
- 9) **Jinjang Utara, KL**
Ground Floor
No. 3471-A, Jalan Besar
Jinjang Utara
52000 Kuala Lumpur
Tel : (03) 6257 7053/7808
Fax : (03) 6252 7158
- 10) **Kepong, KL**
321, Batu 7, Jalan Kepong
Kepong Baru
52100 Kuala Lumpur
Tel : (03) 6274 0022/0593/0463
Fax : (03) 6272 6521
- 11) **KLCC**
Lot G 34, Ground Level
Petronas Twin Towers
Kuala Lumpur City Centre
50088 Kuala Lumpur
Tel : (03) 2164 4423/4125/4128
Fax : (03) 2164 6213
- 12) **Kuala Lumpur Main**
Level 1, Tower Two
RHB Centre
426, Jalan Tun Razak
50400 Kuala Lumpur
Tel : (03) 9281 3030/6010
Fax : (03) 9287 4173
Including:
**Menara Yayasan Tun Razak,
Kuala Lumpur Service Centre**
Ground Floor
Menara Yayasan Tun Razak
200, Jalan Bkt Bintang
55100 Kuala Lumpur
Tel : (03) 2162 5068
Fax : (03) 2162 1609
- 13) **Mid Valley, KL**
17-G and 17-1, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : (03) 2284 4339/4360/4353
Fax : (03) 2284 4350
- 14) **Overseas Union Garden, KL**
140 & 142 Jalan Mega Mendung
Bandar Complex, Batu 41/2
Jalan Kelang Lama
58200 Kuala Lumpur
Tel : (03) 7983 9863/9864/9861
Fax : (03) 7980 8081
- 15) **Pasar Borong, Selayang, KL**
53 & 55, Jalan 2/3A
Off KM 12, Jalan Ipoh
68100 Batu Caves, Kuala Lumpur
Tel : (03) 6136 3284/3169/8975
Fax : (03) 6136 3243
- 16) **Plaza OSK, KL**
Ground and Mezzanine Floor
Podium Block, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel : (03) 2164 4326/4315/4339
Fax : (03) 2161 2972/2164 3679
- 17) **Salak South, KL**
178-180, Main Street
Salak South
57100 Kuala Lumpur
Tel : (03) 7983 9177/9458/9306
Fax : (03) 7981 3357
- 18) **Segambut, KL**
42 & 42A, Jalan Segambut Tengah
Segambut
51200 Kuala Lumpur
Tel : (03) 6257 8777/8999/6888
Fax : (03) 6252 2801
- 19) **Setapak, KL**
257 & 259, Jalan Genting Kelang
53300 Setapak Kuala Lumpur
Tel : (03) 4023 7444/7476
Fax : (03)4024 1353
- 20) **Taman Midah, KL**
18 & 20, Jalan Midah Satu
Taman Midah
56000 Kuala Lumpur
Tel : (03) 9131 2826/2898
Fax : (03) 9130 0588
- 21) **Taman Shamelin, KL**
38-1-5, Shamelin Business Center
Jalan 4/91
Taman Shamelin Perkasa
56100 Kuala Lumpur
Tel : (03) 9282 7385/7386/7382
Fax : (03) 9282 7380
- 22) **Taman Sungai Besi, KL**
30, Ground & First Floor
Jalan 7/108C
Taman Sungai Besi
57100 Kuala Lumpur
Tel : (03) 7983 2105, 7984 3014
Fax : (03) 7981 8875
- 23) **Taman Tun Dr. Ismail, KL**
15 & 17, Jalan Tun Mohd Fuad 3
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Tel : (03) 7722 1284, 7726 8995
Fax : (03) 7729 4077

RHB Bank branches (continued)

CENTRAL REGION (CONTINUED)

- 24) **Wisma UOA**
Unit 50-G-02
Wisma UOA Damansara
50 Jalan Dungun
Damansara Heights
50490 Kuala Lumpur
Tel : (03) 2094 9840/2643
Fax : (03) 2094 9107
- 25) **Putrajaya (Precinct 8)**
Blok C - T.00 - U.02 & U.03
1, Jalan P 8 D
62250 Putrajaya
Tel : (03) 8889 2546/2548/2549
Fax : (03) 8889 2900
- 26) **`1' Utama, Petaling Jaya**
Lot F38 & F39 (1st Floor)
`1' Utama Shopping Centre
Lebuh Bandar Utama
47800 Petaling Jaya, Selangor
Tel : (03) 7728 3454/3470
Fax : (03) 7728 3496
- 27) **48-50, Jalan SS15/4D Subang Jaya**
Lot 48-50 Jalan SS15/4D
Subang Jaya
47500 Selangor
Tel : (03) 5634 4970/4976/4973
Fax : (03) 5634 4848
- 28) **Ampang Point**
37 & 38, Jalan Memanda 7
Taman Dato' Ahmad Razali
Jalan Ampang
68000 Ampang Selangor
Tel : (03) 4252 1753/1907
Fax : (03) 4252 1898
- 29) **Bandar Baru Ampang, Selangor**
27G - 29G Ground Floor &
29A First Floor
Jalan Wawasan Ampang 2/3
Bandar Baru Ampang
68000 Ampang, Selangor
Tel : (03) 4270 2069/2068
Fax : (03) 4270 2060
- 30) **Bandar Baru Sungai Buloh**
391 & 392, Jalan 1A/1
Bandar Baru Sungai Buloh
47000 Sungai Buloh, Selangor
Tel : (03) 6156 1712/1713/1711
Fax : (03) 6156 7803
- 31) **Bandar Sri Damansara**
1 & 2, Jalan Tanjung SD 13/1
52200 Bandar Sri Damansara
Selangor
Tel : (03) 6274 5287/5532/5576
Fax : (03) 6274 2917
- 32) **Damansara Jaya**
22 & 24, Jalan SS 22/25
Damansara Jaya
47400 Petaling Jaya, Selangor
Tel : (03) 7729 5132/5137/3853
Fax : (03) 7729 9169
- 33) **IOI Mall, Puchong**
Lot G18A Grd Floor, IOI Mall
Batu 9, Jalan Puchong
Bandar Puchong Jaya
47100 Puchong, Selangor
Tel : (03) 5882 0870/0874/0875
Fax : (03) 5882 0871
including:
TESCO PUCHONG (Service Centre)
Lot 4A, Tingkat 1, Tesco Puchong
Jalan Bandar 3
Pusat Bandar Puchong
47100 Selangor
Tel : (03) 8075 7980/8196
Fax : (03) 8075 8361
- 34) **Jalan Meru, Kelang**
147 & 149
1 1/2 Miles, Jalan Meru
41050 Kelang, Selangor
Tel : (03) 3344 2751/2750
Fax : (03) 3344 2755
- 35) **Jalan Niaga, Shah Alam**
11, 13 & 15, Jalan Niaga 16/3A
Section 16
40000 Shah Alam, Selangor
Tel : (03) 5510 3131/3135/6289
Fax : (03) 5519 6166
- 36) **Jalan SS21/39, Damansara Utama**
2M & 2G Jalan SS 21/39
Damansara Utama
47400 Petaling Jaya, Selangor
Tel : (03) 7726 2306/2307/ 2308
Fax : (03) 7726 2305
- 37) **Jalan Stesen, Kelang**
24 & 26, Jalan Stesen
41000 Kelang, Selangor
Tel : (03) 3371 9669/9652,
Fax : (03) 3372 9613
- 38) **Jalan T. Amp Zabedah Shah Alam**
16 & 18, Ground & First Floor
Jalan T. Amp Zabedah D9/D
Section 9
40100 Shah Alam, Selangor
Tel : (03) 5510 0559, 5511 4127
Fax : (03) 5513 1834
including:
Giant Shah Alam (Service Center)
Lot B26 - B27
Giant Hypermarket, Shah Alam
2, Persiaran Sukan, Seksyen 13
40100 Shah Alam, Selangor
Tel : (03) 5511 9085/1515
Fax : (03) 5512 8899
- 39) **Jenjarom**
M38 & M40, Jalan Besar
42600 Jenjarom, Selangor
Tel : (03) 3191 3422/3433/3477
Fax : (03) 3191 4328
- 40) **Kajang**
25, Jalan Raja Harun
Taman Hijau
43000 Kajang, Selangor
Tel : (03) 8736 0599/0177/2050
Fax : (03) 8733 8570
- 41) **Kampung Baru Sungai Buloh**
25, Jalan Public
Kampung Baru Sungai Buloh
47000 Sungai Buloh, Selangor
Tel : (03) 6156 9301/9302/9344
Fax : (03) 6156 8645
- 42) **KLIA**
Unit 2A & 2B Block D3
Jalan KLIA S3
Southern Common Facilities
KLIA Selatan
64000 KLIA, Selangor
Tel : (03) 8787 4799/4801
Fax : (03) 8787 4802

RHB Bank branches (continued)

CENTRAL REGION (CONTINUED)

42) **KLIA (CONTINUED)**

KL International Airport (Arrival)

Lot No: ARR 5A, Arrival Level
Main Terminal Building
Kuala Lumpur International
Airport
64000 KLIA
Selangor
Tel : (03) 8787 1562
Fax : (03) 8787 3479
&

KL International Airport (Departure)

Lot 13a, Departure Level
Main Terminal Building
Kuala Lumpur International
Airport
64000 KLIA, Selangor
Tel : (03) 8787 3257
Fax : (03) 8787 3255
&

Low Cost Carrier Terminal (LCCT) - KLIA

Lot LCIA 01
International Arrival Hall
Low Cost Carrier Terminal
KLIA, Selangor
Tel : (03) 8787 4351
Fax : (03) 8787 4352

43) **Meru**

1, Lorong Pepauh 1A
Taman Pekan Meru
41050 Kelang, Selangor
Tel : (03) 3392 4501,/4502/4503
Fax : (03) 3392 4504

44) **Mines Shopping Fair, Selangor**

G20, The Mines Shopping Fair
Jalan Dulang, Off Jalan Balakong
Mines Resort City
43300 Seri Kembangan, Selangor
Tel : (03) 8942 5055/5157
Fax : (03) 8942 5218

45) **New Town, Petaling Jaya**

1, 3 & 5, Jalan 52/18
New Town Centre
46200 Petaling Jaya, Selangor
Tel : (03) 7956 9611/9612/1994
Fax : (03) 7957 8984

46) **Pandan Indah, Selangor**

Ground & Mezzanine Floor
7 & 9, Jalan Pandan Indah 4/2
55100 Pandan Indah, Selangor
Tel : (03) 4295 0981/2260
Fax : (03) 4295 7127

47) **Persiaran Sultan Ibrahim, Kelang**

33, Persiaran Sultan Ibrahim
41300 Kelang, Selangor
Tel : (03) 3342 0433/0434 /0435
Fax : (03) 33446405

48) **Port Klang**

Persiaran Raja Muda Musa
42000 Pelabuhan Kelang
Selangor
Tel : (03) 3165 6720
Fax : (03) 3166 1351
(Grd - Operations)
including:
Giant Bukit Tinggi, (Service Centre)
(Formerly Pandamaran Branch)
Lot A22 & A2
Persiaran Batu Nilam
Bandar Bukit Tinggi 1
Jalan Langat
41200 Klang
Tel : (03) 3323 6682/6684/7278
Fax : (03) 3323 7957

49) **Rawang**

Ground, First & Second Floor
10 & 11, Jalan Maxwell
48000 Rawang, Selangor
Tel : (03) 6092 5035/5036
Fax : (03) 6092 4788

50) **Section 14, Petaling Jaya**

1, Jalan 14/20
46100 Petaling Jaya, Selangor
Tel : (03) 7957 4742/4460
Fax : (03) 7955 6219

51) **Seri Kembangan, Selangor**

Lot 1484A & B, Jalan Besar
43300 Seri Kembangan, Selangor
Tel : (03) 8943 1455/1357/0276
Fax : (03) 8943 0441

52) **SS2, PJ**

157 & 159, Jalan SS2/24
Sg Way/Subang
47300 Petaling Jaya, Selangor
Tel : (03) 7875 3724/7895/3259
Fax : (03) 7875 6600
including:

Giant Kelana Jaya (Service Centre)

Lot F1- F3, Tingkat 1
Giant Hypermarket
No 33 Jalan SS 6/12
SS 6 Kelana Jaya
47301 Petaling Jaya, Selangor
Tel : (03) 7804 3658
Fax : (03) 7804 4048

53) **Sungai Pelek**

76 & 77, Jalan Besar
43950 Sungai Pelek, Selangor
Tel : (03) 3141 1176/1394
Fax : (03) 3141 1100

54) **Taman Indah, Selangor**

7 & 9, Jalan SS 2/1
Off Jalan Balakong
Taman Indah, Batu 11
43200 Cheras, Selangor
Tel : (03) 9074 0998/0997/1000
Fax : (03) 9074 1344

55) **Taman Megah, Petaling Jaya**

11 - 15, Jalan SS 24/11
Taman Megah
47301 Petaling Jaya, Selangor
Tel : (03) 7804 1258/7481/7090
Fax : (03) 7804 1629

56) **Taman Permata, Selangor**

Lot 6 & 7, Ground Floor
Giant Hypermarket Complex
Jalan Changkat Permata
Taman Permata
53300 Selangor
Tel : (03) 4106 9726, 9308, 9832
Fax : (03) 4106 9810

57) **Taman Suntex, Selangor**

5 & 6, Jalan Kijang 1
Taman Suntex, Batu 9
43200 Cheras, Selangor
Tel : (03) 9074 7888/7804
Fax : (03) 9074 7879

RHB Bank branches (continued)

CENTRAL REGION (CONTINUED)

58) **Taman Taming Jaya, Selangor**
1, Jalan Taming Kanan 2
Taman Taming Jaya
43300 Balakong, Selangor
Tel : (03) 8961 1194/1195/1164
Fax : (03) 8961 1197

59) **Tanjong Karang**
Lot 1 & 3, Jalan Satu
Taman Tanjong Karang Baru
45500 Tanjong Karang, Selangor
Tel : (03) 3269 5039/8171/1812
Fax : (03) 3269 8078

60) **Tanjung Sepat**
1 & 3, Jalan Senangin Satu
Taman Tanjung
42809 Tanjung Sepat, Selangor
Tel : (03) 3197 4035/4235/4788
Fax : (03) 3197 4568

61) **UEP Subang Jaya**
47 & 49, Jalan USJ 10/1
UEP Subang Jaya
47620 Petaling Jaya, Selangor
Tel : (03) 5637 3592/3593/3594
Fax : (03) 5637 3941

62) **Bahau**
Ground & First Floor
Lot 982 & 983
Wisma UMNO Jempol
Jalan Gurney
72100 Bahau, Negeri Sembilan
Tel : (06) 454 1305/2722
Fax : (06) 454 4015

63) **Bandar Baru Nilai**
PT 7460 & 7461
Jalan Bandar Baru Nilai 1/1A
Putra Point, Bandar Baru Nilai
71800 Nilai, Negeri Sembilan
Tel : (06) 794 1006/1007/1008
Fax : (06) 799 6095

64) **Kuala Pilah**
Lots P.T. 9 & 10, Jalan Melewar
72000 Kuala Pilah
Negeri Sembilan
Tel : (06) 481 1442/1513
Fax : (06) 481 6478

65) **Rantau**
158 & 159, Jalan Besar
71200 Rantau
Negeri Sembilan
Tel : (06) 694 1969/1589
Fax : (06) 694 2690

66) **Simpang Pertang**
15, Jalan Helang
Taman Sri Pertang
72300 Simpang Pertang
Negeri Sembilan
Tel : (06) 492 9520/9550/9540
Fax : (06) 492 9190

67) **Seremban**
10 & 11
Jalan Dato' Abdul Rahman
70000 Seremban
Negeri Sembilan
Tel : (06) 763 8623/8555
Fax : (06) 762 0192

68) **Taipan Senawang**
No. 163 G & 164 G
Taipan Senawang
Jalan Taman Komersil Senawang 1
Taman Komersil Senawang
70450 Seremban
Negeri Sembilan
Tel : (06) 678 1320/1318
Fax : (06) 678 1477
Including:
Giant Senawang (Sales Kiosk)
Lot B42-B44
Giant Hypermarket Senawang
1571, Jalan Senawang
70450 Senawang
Negeri Sembilan
Tel : (06) 678 7369/7618
Fax : (06) 678 7658

EAST COAST REGION

1) **Bentong**
Lot 13 & 14, Jalan Loke Yew
28700 Bentong, Pahang
Tel : (09) 222 1648/1649
Fax : (09) 222 5944

2) **Jalan Telok Sisek, Kuantan**
45, Jalan Telok Sisek
25000 Kuantan, Pahang
Tel : (09) 516 4475/4517/3763
Fax : (09) 513 9554
Including:

East Coast Mall (Sales Kiosk)

Lot GF-02 & 02 Alfresco
Ground Floor
East Coast Mall, Kuantan
Tel : (09) 560 9599/9699
Fax : (09) 560 9499

3) **Jerantut**
Lot 4360 & 4361, Jalan Kuantan
27000 Jerantut, Pahang
Tel : (09) 266 5900/5901
Fax : (09) 266 5899

4) **Mentakab**
Lot 94 & 95, Jalan Temerloh
28400 Mentakab, Pahang
Tel : (09) 278 1976, 2781971
Fax : (09) 278 2034

5) **Raub**
Lot PT 16477 & 16478
Pusat Perniagaan Indrapura
Jalan Tras
27600 Raub, Pahang
Tel : (09) 355 5077/5155
Fax : (09) 355 2929

6) **Jln Kebun Sultan, Kota Bharu**
Lot 1182-1183, Jln Kebun Sultan
15350 Kota Bharu, Kelantan
Tel : (09) 744 1776/1654
Fax : (09) 748 1788

7) **Kemaman**
K-156C, Jalan Sulaimani
24000 Chukai, Terengganu
Tel : (09) 859 2825/2824
Fax : (09) 859 3771

8) **Kerteh**
10B, Bandar Baru Kerteh
24300 Kerteh, Terengganu
Tel : (09) 826 1644/1645
Fax : (09) 826 2171

RHB Bank branches (continued)

EAST COAST REGION (CONTINUED)

- 9) **Kuala Dungun**
K231, Jalan Besar, Kuala Dungun
23000 Dungun, Terengganu
Tel : (09) 848 1416/1575
Fax : (09) 848 2996
- 10) **Kuala Terengganu**
59, Jalan Sultan Ismail
20200 Kuala Terengganu,
Terengganu
Tel : (09) 622 1478/6478
Fax : (09) 622 9379
- 11) **Ketereh**
Lot PT 383 & PT 384
Kedai Ketereh, Bandar Ketereh
16450 Ketereh, Kelantan
Tel : (09) 788 6377/6376
Fax : (09) 788 8721
- 12) **Pasir Mas**
18A, Jalan Tengku Ahmad
17000 Pasir Mas, Kelantan
Tel : (09) 790 9088/8066
Fax : (09) 790 2292
- 4) **Batu Pahat**
89, Jalan Rahmat
83000 Batu Pahat, Johor
Tel : (07) 431 7011/7022
Fax : (07) 431 1077
- 5) **Bekok**
G34 & G36, Jalan Wijaya
86500 Bekok
Johor
Tel : (07) 922 1639/1643
Fax : (07) 922 1525
- 6) **Jalan Abdullah, Muar**
9, Jalan Abdullah
84000 Muar, Johor
Tel : (06) 952 2234, 951 9080
Fax : (06) 952 9503
- 7) **Jalan Bandar, Pasir Gudang**
10A, Pusat Perdagangan
Jalan Bandar
81700 Pasir Gudang, Johor
Tel : (07) 251 1578 /1573/6292
Fax : (07) 251 1584, 2527719
- 12) **Kulai**
4 & 5, Taman Seraya
Kulai Besar
81000 Kulai, Johor
Tel : (07) 663 1911/1912
Fax : (07) 663 2159
- 13) **Permas Jaya, Johor**
Ground Floor, 35 & 37 Jalan
Permas 10/2
Bandar Baru Permas Jaya
81750 Johor Bahru, Johor
Tel : (07) 388 6741/6744/6746
Fax : (07) 388 6749
- 14) **Plentong, Johor**
Lot A17, Ground Floor
Giant Hypermarket
3, Jalan Masai Lama, Plentong
81750 Johor Bahru, Johor
Tel : (07) 352 7684, 358 2715/2716
Fax : (07) 352 7689

SOUTHERN REGION

- 1) **Bukit Baru, Melaka**
Ground Floor, 5 & 6, Jalan DR 1
Taman Delima Raya
Bukit Baru, 75150 Melaka
Tel : (06) 232 1302/1298
Fax : (06) 232 1319
- 2) **Jalan Hang Tuah, Melaka**
477, Plaza Melaka
Jalan Hang Tuah
75300 Melaka
Tel : (06) 284 0473/0476
Fax : (06) 284 4699
including:
Tesco Melaka (Sales Kiosk)
Lot 7, Tingkat Bawah
No. 1, Jalan Tun Razak
75400 Peringgit Melaka
Tel : (06) 283 5533
Fax : (06) 283 9555
- 3) **Kota Melaka**
No. 57 & 59, Prime Square
Taman Melaka Raya
75000 Melaka
Tel : (06) 282 5030/5029
Fax : (06) 282 5076
- 8) **Jalan Dato' Rauf, Kluang**
18 & 20, Jalan Dato' Rauf
86000 Kluang, Johor
Tel : (07) 772 4111/4112
Fax : (07) 772 4094
- 9) **Jalan Dedap, Taman Johor Jaya**
7 & 9, Jalan Dedap 18
Taman Johor Jaya
81100 Johor Bahru, Johor
Tel : (07) 355 5226/5327/0844
Fax : (07) 355 5004
- 10) **Jementah**
Ground Floor, MCA Building
Jalan Muar
85200 Jementah, Johor
Tel : (07) 947 1578/1353
Fax : (07) 947 2404
- 11) **Johor Bahru City Square**
Lot J1-22 & J2-31, Level 1 & 2
Johor Bahru City Square
106 & 108, Jalan Wong Ah Fook
80000 Johor Bahru, Johor
Tel : (07) 224 5333/0333, 223 0573
Fax : (07) 224 1264,
- 15) **Pontian Kechil**
192, Jalan Bakek
Pontian Kechil
82000 Pontian, Johor
Tel : (07) 687 8368/8369/8123
Fax : (07) 687 9107
- 16) **Segamat**
110 & 111, Jalan Genuang
85000 Segamat, Johor
Tel : (07) 931 1366/1367/5442
Fax : (07) 932 3901
- 17) **Senai**
180 & 181, Jalan Belimbing 1
81400 Senai, Johor
Tel : (07) 599 6960/6546
Fax : (07) 599 6913
- 18) **Simpang Renggam**
8 & 9, Jalan Kijang
86200 Simpang Renggam
Johor
Tel : (07) 755 8531/8532/7366
Fax : (07) 755 8262

RHB Bank branches (continued)

SOUTHERN REGION (CONTINUED)

- 19) **Taman Molek, Johor**
56 & 58, Jalan Molek 2/2
Taman Molek
81100 Johor Bahru, Johor
Tel : (07) 351 4641/4642/4643
Fax : (07) 351 4649
- 20) **Taman Pelangi, Johor**
Suite 1-2, Level 1, Menara Pelangi
2, Jalan Kuning, Taman Pelangi
80400 Johor Bahru, Johor
Tel : (07) 334 3476/3481
Fax : (07) 334 3482
- 21) **Taman Sentosa, Johor**
9 & 11, Jalan Sutera
Taman Sentosa
80150 Johor Bahru, Johor
Tel : (07) 332 2243/2244/2246
Fax : (07) 334 9441, 332 7251
- 22) **Taman Ungku Tun Aminah**
62, 64 & 66, Jalan Bendahara 12
Taman Ungku Tun Aminah
81300 Sekudai, Johor
Tel : (07) 557 1477/1097/9926
Fax : (07) 557 1553
- 23) **Tampoi**
3, 3-01, 5, 5-01
Jalan Pembangunan
Desa Rahmat, Tampoi
81200 Johor Bahru, Johor
Tel : (07) 234 0678/0729
Fax : (07) 234 0680
- 24) **Tangkak**
351 & 352, Jalan Muar
84900 Tangkak, Johor
Tel : (06) 978 6588/6591
Fax : (06) 978 6592
- 25) **Ulu Tiram**
1 & 2, Jalan Raya
81800 Ulu Tiram, Johor
Tel : (07) 861 3002/7609/3003
Fax : (07) 861 4088
- 26) **Yong Peng**
106, Jalan Besar
83700 Yong Peng, Johor
Tel : (07) 467 1006/1146
Fax : (07) 467 5137

SABAH REGION

- 1) **1-Borneo Hypermall**
Lot No: G-203, Ground Floor
1-Borneo Hypermall
Jalan Sulaman
88450 Kota Kinabalu
Tel : (088) 488 677/982/986
Fax : (088) 488 678
- 2) **Bandar Pasaraya, Sandakan**
Lot 59 Ground Floor
Bandar Pasaraya, Mile 4
90000 Sandakan, Sabah
Tel : (089) 208 101/102/104/100
Fax : (089) 228101
- 3) **Inanam, Sabah**
Ground & First Floor
Lot 20 & 22, Block E
Inanam New Township, Phase II
89350 Inanam, Sabah
Tel : (088) 422 883
Fax : (088) 423 011
- 4) **Jalan Gaya, Kota Kinabalu**
81/83, Jalan Gaya
88000 Kota Kinabalu, Sabah
Tel : (088) 216 188, 213 982
Fax : (088) 235 871
- 5) **Jalan Tun Mustapha, Labuan**
Lot 1 & 2, Jati Shop Houses
Off Jalan Tun Mustapha
87007 Labuan
Wilayah Persekutuan Labuan
Tel : (087) 414 822/810
Fax : (087) 414 449
- 6) **Lahad Datu, Sabah**
Lot 1 & 2, Block A
Metro Commercial Complex
91100 Lahad Datu, Sabah
Tel : (089) 886 159/418
Fax : (089) 886 163
- 7) **Lintas Station Complex
Kota Kinabalu**
Lot No. 6-19, Ground Floor
Lintas Station Complex
Jalan Lintas, Luyang
88300 Kota Kinabalu, Sabah
Tel : (088) 244 698, 230 693
Fax : (088) 233 690

- 8) **Tawau, Sabah**
Ground & First Floor
Lot 5 Block 27, Fajar Complex
Jalan Mahkamah, Town Extension II
91000 Tawau, Sabah
Tel : (089) 777 355/233
Fax : (089) 764 684, 765 254
- 9) **Wisma Khoo, Sandakan**
Sub Lot 1 - 7, Ground Floor
Wisma Khoo Siak Chiew
Lebuh Tiga, Jalan Sim Sim
90009 Sandakan, Sabah
Tel : (089) 218 777
Fax : (089) 271 246

SARAWAK REGION

- 1) **Batu Kawah , Kuching**
Bd 104/204 & 105/205
Batu Kawah New Township
Jalan Batu Kawa
93250 Kuching Sarawak
Tel : (082) 455 650, 450 487
Fax : (082) 459 790
- 2) **Boulevard Centre, Miri**
Ground Floor, Lot 2469 & 2470
Boulevard Commercial Centre
Jalan Boulevard Utama
98000 Miri, Sarawak
Tel : (085) 429 880
Fax : (085) 429 881
- 3) **Dalat, Sarawak**
Ground Floor
Pejabat Daerah Dalat
96300 Dalat, Sarawak
Tel : (084) 864 841/842
Fax : (084) 864 824
- 4) **Jalan Kulas, Kuching**
Ground Floor Lot 363
Section Jalan Kulas
93740 Kuching, Sarawak
Tel : (082) 419 050/426 586
Fax : (082) 426 160
- 5) **Jalan Masjid, Bintulu**
Ground Floor & 1st Floor
258 Taman Sri Dagang
Jalan Masjid
97000 Bintulu, Sarawak
Tel : (086) 331 133
Fax : (086) 331 692

RHB Bank branches (continued)

SARAWAK REGION

- 6) **Jalan Nakhoda Gampar, Miri**
Lot 362, Block 9
Jln Nakhoda Gampar
98008 Miri, Sarawak
Tel : (085) 411 882
Fax : (085) 415 682
- 7) **Jalan Padungan, Kuching**
256, Jalan Padungan
93100 Kuching, Sarawak
Tel : (082) 423 216, 252 088
Fax : (082) 415 453, 428 717
- 8) **31, Jln Tunku Osman, Sibü**
No 31, Jln Tuanku Osman
96007 Sibü, Sarawak
Tel : (084) 314 455
Fax: (084) 310 546
- 9) **Kanowit, Sarawak**
Lots 127 & 128
No 65-66 Jalan Kubu
Kanowit Town District
96700 Kanowit, Sarawak
Tel : (084) 752 700
Fax : (084) 752 711
- 10) **Kapit, Sarawak**
Lot 504 Jalan Temenggong Jugah,
96800, Kapit
Sarawak
Tel : (084) 797 771
Fax : (084) 797 775
- 11) **Lawas, Sarawak**
Lot No 355
Jalan Punang
98850 Lawas
Tel : (085) 285657/659
Fax : (085) 285529
- 12) **Limbang, Sarawak**
Lot 1563 Jalan Buangsiol
98700 Limbang, Sarawak
Tel : (085) 212 398/399
Fax : (085) 211 022
- 13) **Lundu, Sarawak**
Lot 249-250
Jalan Blacksmith
Pekan Lundu
94500 Lundu, Sarawak
Tel : (082) 735 611
Fax : (082) 735 220
- 14) **Marudi, Sarawak**
Lot 29, Jalan Kapitan Lim Ching
Kiat, Marudi
98050, Baram, Sarawak
Tel : (085) 756 721, 756 722
Fax : (085) 756 724
- 15) **Medan Raya, Kuching**
Lot 4, Tgkt Bawah
Bangunan MASJA
Medan Raya, Petrajaya
93050 Kuching, Sarawak
Tel : (082) 442 741/449 135
/445611
Fax : (082) 443 926
- 16) **Sarikei, Sarawak**
Lot 1468
Repok Road
96108 Sarikei, Sarawak
Tel : (084) 657 030
Fax : (084) 657 036
- 17) **Siburan, Sarawak**
No 2, Siburan Bazaar
17th Mile, Kuching Serian Road
94200 Siburan, Sarawak
Tel : (082) 862 808
Fax : (082) 862 880
- 18) **Simpang Tiga, Kuching**
No 11, Jln Simpang Tiga
93758 Kuching, Sarawak
Tel : (082) 417 817, 411 817
Fax : (082) 420 975
Including:
Kuching International Airport
Arrival Hall
93722 Kuching, Sarawak
Tel : (082) 463 768
Fax : (082) 464 355
- 19) **Sri Aman, Sarawak**
Lot 839, Jalan Sabu
95000 Sri Aman, Sarawak
Tel : (083) 320 979/980
Fax : (083) 320 975
- 20) **Tabuan Jaya, Sarawak**
891-892, Lorong Bayor Bukit 2A
Tabuan Jaya, Shopping Centre
Jalan Wan Alwi
93350 Kuching, Sarawak
Tel : (082) 366 823/828
Fax : (082) 366 826
- 21) **UNIMAS**
Bangunan Hal Ehwal Pelajar
Campus Tetap Unimas
KM 17, Kuching
Kota Samarahan Expressway
93400 Kota Samarahan, Sarawak
Tel : (082) 665 622/288
Fax : (082) 665 261
- 22) **Wisma Mahmud, Kuching**
Level 1, Wisma Mahmud
Jalan Sungei Sarawak
93100 Kuching, Sarawak
Tel : (082) 345 345/610
Fax : (082) 338 358/342 327

RHB BUREAU DE CHANGE

- Taman Sentosa**
9 & 11, Jalan Sutera
Taman Sentosa
80150 Johore Bahru
Johor
Tel : (07) 332 2243/2244/2246
Fax : (07) 334 9441
- Low Cost Carrier Terminal, (LCCT)-KLIA**
Lot LCIA 01
International Arrival Hall
Lost Cost Carrier Terminal, KLIA
Tel : (03) 8787 4351
Fax : (03) 8787 4352
- KLCC**
Lot G 34, Ground Level
Petronas Twin Towers
Kuala Lumpur City Centre
50000 Kuala Lumpur
Tel : (03) 2164 4423/4125/128
Fax : (03) 2164 6213
- KL International Airport (Departure)**
Lot 13a Departure Level
Main Terminal Building
Kuala Lumpur International Airport
64000, Selangor
Tel : (03) 8787 3257
Fax : (03) 8787 3255

RHB Bank branches (continued)

RHB BUREAU DE CHANGE (CONTINUED)

5. **KL International Airport (Arrival)**
Lot No. ARR 5A, Arrival Level
Main Terminal Building
Kuala Lumpur International Airport
64000, Selangor
Tel : (03) 8787 1562
Fax : (03) 8787 3479

6. **KLIA Satellite Building**
Lot SATP G04, East Zone
Passenger Level
Satellite Building
Kuala Lumpur International
Airport
Sepang
Tel : (03) 8787 4998
Fax : (03) 8787 4981

7. **KL Sentral**
Unit 7, Level 1 (Arrival Hall)
City Air Terminal
KL Sentral Station
50470, W.P.Kuala Lumpur
Tel : (03) 2273 5000
Fax : (03) 2274 7000

8. **Penang International Airport**
Lot CM 18 Penang International
Airport
11900, Bayan Lepas
Pulau Pinang
Tel : (04) 643 4769
Fax : (04) 643 5093

9. **1-Borneo Hypermall**
Lot No. G-203 Ground Floor
1-Borneo Hypermall
Jalan Sulaman
88450 Kota Kinabalu
Sabah
Tel : (088) 488 677/982/986
Fax : (088) 488178

10. **Kuching International Airport**
Arrival Hall
93722, Kuching
Sarawak
Tel : (082) 463 768
Fax : (082) 464 355

11. **Kota Raya Complex**
Lot G17, Ground Floor
Kota Raya Complex
Jalan Cheng Lock
50000 Kuala Lumpur
Tel : (03) 2072 0881
Fax : (03) 2074 1910

LIST OF OVERSEAS BRANCHES

1) **Brunei**
RHB Bank Bhd,
Bandar Seri Begawan Branch
Unit G.02, Ground Floor, Block D
Kompleks Yayasan Sultan Haji
Hassanal Bolkiah, Jalan Pretty
Bandar Ser Begawan BS 8711
Negara Brunei Darussalam
Tel : (673) 223 1325
Fax : (673) 2237 487

2) **Thailand**
RHB Bank Bhd, Bangkok Branch
Level 10, Liberty Square, 287 Silom
Road, Bangrak, Bangkok 10500,
Thailand
Tel : (662) 631 2000
Fax : (662) 631 2018

3) **Singapore**
Executive Office, #05-00, 90 Cecil
Street, Singapore
Tel : (02) 6220 2736
Fax : (02) 6221 6446

SINGAPORE OPERATIONS

1) **Cecil Street Branch**
90 Cecil Street Singapore, #01-00
Singapore 069531
Tel : (02) 6222 1059

2) **Bukit Merah Branch**
Blk 131, Jalan Bukit Merah
#01-1577/1579, Singapore
Tel : (02) 6273 9168

3) **Bukit Timah Branch**
440/442 Upper Bukit Timah Road
The Rail Mall
Singapore 678064
Tel : (02) 6765 1678

4) **Geylang Branch**
537 Geylang Road
Singapore 389492
Tel : (02) 6747 8969

5) **Jalan Besar Branch**
10 Jalan Besar
#01-03, Sim Lim Tower
Singapore 208787
Tel : (02) 6296 5842

6) **Katong Branch**
14-18 East Coast Road
Singapore 428741
Tel : (02) 6344 5353

7) **Upper Serangoon Branch**
1 Yio Chu Kang Road
Singapore 545506
Tel : (02) 6288 8054