

RHB BANK BERHAD

UNAUDITED INTERIM FINANCIAL STATEMENTS  
CONDENSED BALANCE SHEETS AS AT 30 JUNE 2008

Note	Group		Bank	
	As At	As At	As At	As At
	30 June 2008	31 Dec 2007	30 June 2008	31 Dec 2007
	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>				
Cash and short-term funds	15,534,760	17,244,585	14,414,116	15,309,821
Securities purchased under resale agreements	1,958,084	567,836	1,958,084	567,836
Deposits and placements with banks and other financial institutions	1,661,807	3,291,891	1,539,150	2,964,499
Securities held for trading	8 1,927,721	1,842,218	1,365,565	1,354,023
Securities available-for-sale	9 4,402,800	7,026,381	4,166,190	6,871,139
Securities held-to-maturity	10 8,280,029	6,734,841	7,482,284	5,822,417
Loans, advances and financing	11 56,231,813	53,703,107	49,664,020	47,470,523
Other assets	13 471,331	516,324	600,107	801,595
Derivative assets	196,815	105,401	196,656	102,102
Tax recoverable	14,825	2,572	-	-
Deferred taxation assets	297,917	247,852	255,911	207,222
Statutory deposits	1,644,492	1,604,379	1,462,364	1,416,350
Investment in subsidiaries	-	-	828,956	828,956
Investment in an associate	-	4,963	-	-
Property, plant and equipment	495,291	488,545	415,030	420,314
Prepaid land lease	102,388	98,946	21,101	21,263
Goodwill	1,004,017	1,004,017	905,519	905,519
<b>TOTAL ASSETS</b>	<b>94,224,090</b>	<b>94,483,858</b>	<b>85,275,053</b>	<b>85,063,579</b>
<b>LIABILITIES, INCPS AND SHAREHOLDERS' EQUITY</b>				
Deposits from customers	14 71,473,010	72,703,479	63,610,361	64,315,697
Deposits and placements of banks and other financial institutions	15 6,219,782	5,656,676	5,821,956	5,277,349
Bills and acceptances payable	4,443,963	3,959,943	4,430,439	3,949,841
Recourse obligation on loans sold to Cagamas Berhad	1,637,455	1,854,873	1,637,455	1,854,873
Other liabilities	16 1,153,887	1,291,264	962,138	1,082,183
Derivative liabilities	187,795	117,820	182,612	109,427
Provision for taxation	139,619	98,146	136,399	94,973
Deferred taxation liabilities	15	17	-	-
Long term borrowings	636,724	330,700	636,724	330,700
Subordinated obligations	2,000,000	2,495,000	2,000,000	2,495,000
	87,892,250	88,507,918	79,418,084	79,510,043
Irredeemable Non-Cumulative Convertible Preference Shares (INCPS)	-	1,368,099	-	1,368,099
	87,892,250	89,876,017	79,418,084	80,878,142
Ordinary Share Capital	3,318,085	1,949,986	3,318,085	1,949,986
Reserves	3,013,755	2,657,855	2,538,884	2,235,451
Shareholders' equity	6,331,840	4,607,841	5,856,969	4,185,437
<b>TOTAL LIABILITIES, INCPS AND SHAREHOLDERS' EQUITY</b>	<b>94,224,090</b>	<b>94,483,858</b>	<b>85,275,053</b>	<b>85,063,579</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>25 57,123,180</b>	<b>51,098,106</b>	<b>54,452,734</b>	<b>47,599,365</b>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007

RHB BANK BERHAD

UNAUDITED INTERIM FINANCIAL STATEMENTS  
CONDENSED INCOME STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Note	Individual Quarter		Cumulative Six months	
		Current Financial Quarter Ended 30 June 2008 RM'000	Preceding Corresponding Quarter Ended 30 June 2007 RM'000	Current Financial Half Year Ended 30 June 2008 RM'000	Preceding Corresponding Half Year Ended 30 June 2007 RM'000
<b>Group</b>					
Interest income	17	1,136,577	1,143,777	2,259,643	2,257,984
Interest expense	18	(559,197)	(632,916)	(1,141,261)	(1,263,461)
Net interest income		577,380	510,861	1,118,382	994,523
Other operating income	19	158,739	177,630	347,052	362,973
Income from Islamic banking business	20	736,119 70,774	688,491 128,438	1,465,434 126,846	1,357,496 184,260
Other operating expenses	21	806,893 (287,639)	816,929 (294,325)	1,592,280 (611,054)	1,541,756 (590,224)
Operating profit before allowances		519,254	522,604	981,226	951,532
Allowance for losses on loans and financing	22	(161,437)	(243,325)	(309,611)	(394,911)
Allowance for impairment losses	23	8,897	(16,007)	11,537	(20,168)
Share of results of an associate		366,714 -	263,272 39	683,152 38	536,453 112
Profit before INCPS dividends and taxation		366,714	263,311	683,190	536,565
INCPS dividends		-	(34,109)	(23,788)	(67,843)
Profit after INCPS dividends but before taxation		366,714	229,202	659,402	468,722
Taxation		(90,811)	(56,743)	(168,878)	(121,805)
Net profit for the financial period		275,903	172,459	490,524	346,917
Earnings per ordinary share					
- Basic earnings per 50 sen share		4.16	4.42	9.18	8.90

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007

RHB BANK BERHAD

UNAUDITED INTERIM FINANCIAL STATEMENTS  
CONDENSED INCOME STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Note	Individual Quarter		Cumulative Six months	
		Current Financial Quarter Ended 30 June 2008 RM'000	Preceding Corresponding Quarter Ended 30 June 2007 RM'000	Current Financial Half Year Ended 30 June 2008 RM'000	Preceding Corresponding Half Year Ended 30 June 2007 RM'000
<b>Bank</b>					
Interest income	17	1,113,263	1,108,676	2,204,759	2,186,013
Interest expense	18	(548,048)	(612,046)	(1,112,474)	(1,221,392)
Net interest income		565,215	496,630	1,092,285	964,621
Other operating income	19	162,150	190,796	356,711	374,797
		727,365	687,426	1,448,996	1,339,418
Other operating expenses	21	(259,852)	(265,641)	(552,987)	(533,744)
Operating profit before allowances		467,513	421,785	896,009	805,674
Allowance for losses on loans and financing	22	(146,806)	(219,667)	(294,288)	(368,354)
Allowance for impairment losses	23	9,085	(16,007)	11,725	(20,168)
Profit before INCPS dividends and taxation		329,792	186,111	613,446	417,152
INCPS dividends		-	(34,109)	(23,788)	(67,843)
Profit after INCPS dividends but before taxation		329,792	152,002	589,658	349,309
Taxation		(87,945)	(32,511)	(159,146)	(88,764)
Net profit for the financial period		241,847	119,491	430,512	260,545
Earnings per ordinary share					
- Basic earnings per 50 sen share		3.64	3.06	8.06	6.68

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007

RHB BANK BERHAD

UNAUDITED INTERIM FINANCIAL STATEMENTS  
CONDENSED CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2008

<u>Group</u>	<u>Share capital</u> <u>RM'000</u>	<u>Share premium</u> <u>RM'000</u>	<u>Statutory reserves</u> <u>RM'000</u>	<u>Translation reserves</u> <u>RM'000</u>	<u>AFS reserves</u> <u>RM'000</u>	<u>Retained profits</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
Balance as at 01.01.2008	1,949,986	8,563	2,010,114	(17,815)	16,770	640,223	4,607,841
Currency translation differences	-	-	-	(32,489)	-	-	(32,489)
Unrealised net loss on revaluation of securities available-for-sale	-	-	-	-	(147,309)	-	(147,309)
AFS reserve realised on disposal of AFS securities	-	-	-	-	8,284	-	8,284
Net transfer to income statement on impairment	-	-	-	-	(986)	-	(986)
Deferred tax	-	-	-	-	37,876	-	37,876
Expenses recognised directly in equity	-	-	-	(32,489)	(102,135)	-	(134,624)
Net profit for the financial period	-	-	-	-	-	490,524	490,524
Total recognised income and expenses for the financial period	-	-	-	(32,489)	(102,135)	490,524	355,900
Conversion of INCPS to ordinary shares	1,368,099	-	-	-	-	-	1,368,099
Transfer to statutory reserves	-	-	107,504	-	-	(107,504)	-
<b>Balance as at 30.06.2008</b>	<b>3,318,085</b>	<b>8,563</b>	<b>2,117,618</b>	<b>(50,304)</b>	<b>(85,365)</b>	<b>1,023,243</b>	<b>6,331,840</b>
Balance as at 31.12.2006	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 available-for-sale	-	-	-	-	(28,150)	-	(28,150)
AFS reserve realised on disposal of AFS securities	-	-	-	-	4,629	-	4,629
Net transfer to income statement on impairment	-	-	-	-	49,372	-	49,372
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 paid during the year	-	-	-	-	-	(863,452)	(863,452)
Balance as at 31.12.2007	1,949,986	8,563	2,010,114	(17,815)	16,770	640,223	4,607,841

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007

RHB BANK BERHAD

UNAUDITED INTERIM FINANCIAL STATEMENTS  
CONDENSED CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2008

Bank	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 01.01.2008	1,949,986	8,563	1,886,928	31,023	19,473	289,464	4,185,437
Currency translation differences	-	-	-	(26,566)	-	-	(26,566)
Unrealised net loss on revaluation of securities available-for-sale	-	-	-	-	(143,764)	-	(143,764)
AFS reserve realised on disposal of AFS securities	-	-	-	-	8,561	-	8,561
Net transfer to income statement on impairment	-	-	-	-	(986)	-	(986)
Deferred tax	-	-	-	-	35,676	-	35,676
Expenses recognised directly in equity	-	-	-	(26,566)	(100,513)	-	(127,079)
Net profit for the financial period	-	-	-	-	-	430,512	430,512
Total recognised income and expenses for the financial period	-	-	-	(26,566)	(100,513)	430,512	303,433
Transfer to statutory reserves	-	-	107,628	-	-	(107,628)	-
Conversion of INCPS to ordinary shares	1,368,099	-	-	-	-	-	1,368,099
<b>Balance as at 30.06.2008</b>	<b>3,318,085</b>	<b>8,563</b>	<b>1,994,556</b>	<b>4,457</b>	<b>(81,040)</b>	<b>612,348</b>	<b>5,856,969</b>
Balance as at 31.12.2006	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 available-for-sale	-	-	-	-	(26,974)	-	(26,974)
AFS reserve realised on disposal of AFS securities	-	-	-	-	5,687	-	5,687
Net transfer to income statement on impairment	-	-	-	-	49,372	-	49,372
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 paid during the year	-	-	-	-	-	(863,452)	(863,452)
Balance as at 31.12.2007	1,949,986	8,563	1,886,928	31,023	19,473	289,464	4,185,437

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007

**RHB BANK BERHAD**

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
CONDENSED CASH FLOW STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008**

	<b>30 June 2008</b>	<b>31 Dec 2007</b>
	<b>RM '000</b>	<b>RM '000</b>
<b><u>Group</u></b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash (used in)/generated from operations	<b>(2,209,427)</b>	2,140,370
Taxation paid	<b>(151,367)</b>	(304,132)
Net cash (used in)/generated from operating activities	<b><u>(2,360,794)</u></b>	<u>1,836,238</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(39,346)</b>	(70,208)
Proceeds from disposal of property, plant and equipment	<b>7</b>	5,150
Proceeds from sale of an associate	<b>7,069</b>	-
Net sale/(purchase) of securities available-for-sale	<b>2,521,901</b>	(1,327,962)
Net (purchase)/sale of securities held-to-maturity	<b>(1,549,163)</b>	6,323,304
Interest received from securities available-for-sale	<b>103,468</b>	320,113
Investment income received from securities available-for-sale	<b>1,684</b>	4,132
Interest received from securities held-to-maturity	<b>116,482</b>	333,122
Investment income received from securities held-to-maturity	<b>6,654</b>	12,569
Dividend income from securities available-for-sale	<b>4,652</b>	4,652
Investment income in subsidiaries	<b>-</b>	(114)
Net cash generated from investing activities	<b><u>1,173,408</u></b>	<u>5,604,758</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of USD/RM Subordinated Bonds	<b>(479,100)</b>	(800,000)
Proceeds from issuance of RM Subordinated Notes	<b>-</b>	2,000,000
Dividends paid:		
- INCPS	<b>(32,271)</b>	(99,871)
- Ordinary shares	<b>-</b>	(863,452)
Net cash (used in)/generated from financing activities	<b><u>(511,371)</u></b>	<u>236,677</u>
Net (decrease)/increase in cash and cash equivalents	<b>(1,698,757)</b>	7,677,673
Effects of exchange rate differences	<b>(11,068)</b>	(56,408)
Cash and cash equivalents brought forward	<b><u>17,244,585</u></b>	<u>9,623,320</u>
Cash and cash equivalents carried forward	<b><u>15,534,760</u></b>	<u>17,244,585</u>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS:</b>		
Cash and short-term funds	<b><u>15,534,760</u></b>	<u>17,244,585</u>

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007*

**RHB BANK BERHAD**

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
CONDENSED CASH FLOW STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008**

	<b>30 June 2008</b>	<b>31 Dec 2007</b>
	<b>RM '000</b>	<b>RM '000</b>
<b><u>Bank</u></b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash (used in)/generated from operations	(1,400,796)	1,197,734
Taxation paid	(127,749)	(227,791)
Net cash (used in)/generated from operating activities	<u>(1,528,545)</u>	<u>969,943</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(26,765)	(46,768)
Proceeds from disposal of property, plant and equipment	7	2,992
Net sale/(purchase) of securities available-for-sale	2,606,982	(1,278,458)
Net (purchase)/sale of securities held-to-maturity	(1,674,614)	6,194,735
Interest received from securities available-for-sale	103,230	316,828
Interest received from securities held-to-maturity	115,345	324,161
Dividend income from securities available-for-sale	4,652	4,652
Dividend income from subsidiary companies	16,694	48,429
Net cash generated from investing activities	<u>1,145,531</u>	<u>5,566,571</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of USD/RM Subordinated Bonds	(479,100)	(800,000)
Proceeds from issuance of RM Subordinated Notes	-	2,000,000
Principal repayment of finance lease	(269)	(506)
Dividends paid:		
- INCPS	(32,271)	(99,871)
- Ordinary shares	-	(863,452)
Net cash (used in)/generated from financing activities	<u>(511,640)</u>	<u>236,171</u>
Net (decrease)/increase in cash and cash equivalents	(894,654)	6,772,685
Effects of exchange rate differences	(1,051)	(34,660)
Cash and cash equivalents brought forward	15,309,821	8,571,796
Cash and cash equivalents carried forward	<u>14,414,116</u>	<u>15,309,821</u>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS:</b>		
Cash and short-term funds	<u>14,414,116</u>	<u>15,309,821</u>

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007*

## RHB BANK BERHAD

### NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

#### 1 Basis Of Preparation

The interim financial statements for the six months ended 30 June 2008 have been prepared in accordance with FRS134 issued by the Malaysian Accounting Standards Board (MASB). The interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2007.

The accounting policies and presentation adopted by the Group for the interim financial report are consistent with those reported in the financial statements for the financial year ended 31 December 2007.

#### 2 Audit Report

The audit report for the financial year ended 31 December 2007 was not subject to any qualification.

#### 3 Seasonal or Cyclical Factors

The business operations of the Group have not been affected by any material seasonal cyclical factors.

#### 4 Exceptional or Extraordinary Items

There were no exceptional or extraordinary items in the six months ended 30 June 2008.

#### 5 Changes In Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the six months ended 30 June 2008.

#### 6 Changes In Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period under review except for the full redemption of the USD150 million Subordinated Notes 2002/2013 on 25 January 2008 and conversion of 1,368,099,145 INCPS of RM1.00 each to 2,736,198,290 new ordinary shares of RM0.50 each on 27 March 2008.

On 10 July 2008, Securities Commission had approved the proposed issuance of up to RM600 million nominal value of Hybrid Tier 1 Capital Securities under a Hybrid Tier 1 Capital Securities Programme by the Bank. The Bank is still yet to issue the said Hybrid Tier 1 Capital Securities as at todate.

#### 7 Dividends Paid

There was no dividend paid by the Bank during the period under review.



RHB BANK BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (cont'd)

8 Securities Held For Trading

	Group		Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000	30 June 2008 RM'000	31 Dec 2007 RM'000
<b>At fair value</b>				
<u>Money market instruments:</u>				
<u>Quoted</u>				
Malaysian government securities	28,902	78,538	28,902	78,538
Cagamas bonds	4,405	19,272	4,405	19,272
Khazanah bonds	-	30,893	-	30,893
Malaysian government investment issues	449,943	99,948	449,943	99,948
Singapore government securities	-	103,306	-	103,306
<u>Unquoted</u>				
Malaysian government treasury bills	19,232	19,657	19,232	19,657
Fixed rate notes	216,253	221,421	216,253	221,421
BNM notes	203,929	396,106	194,057	342,793
Structured notes	91,635	-	91,635	-
Private debts securities	791,613	747,773	361,138	438,195
<u>Quoted securities:</u>				
<u>Outside Malaysia</u>				
Malaysian government investment issues	102,420	105,256	-	-
Private debt securities	19,389	20,048	-	-
<b>Total securities held for trading</b>	<b>1,927,721</b>	<b>1,842,218</b>	<b>1,365,565</b>	<b>1,354,023</b>

RHB BANK BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (cont'd)

9 Securities Available-For-Sale

	Group		Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000	30 June 2008 RM'000	31 Dec 2007 RM'000
<b>At fair value</b>				
<u>Money market instruments:</u>				
<u>Quoted</u>				
Malaysian government securities	98,038	100,385	98,038	100,385
Cagamas bonds and Cagamas Mudharabah bonds	265,858	410,370	265,858	410,370
Malaysian government investment issues	70,083	18,257	-	-
Singapore government securities	262,267	81,010	262,267	81,010
Khazanah bonds	9,915	9,738	-	-
Private debt securities	137,532	137,548	137,532	137,548
<u>Unquoted</u>				
Malaysian government treasury bills	-	196,667	-	157,834
Singapore government treasury bills	168,035	285,910	168,035	285,910
Negotiable instruments of deposits	109,084	1,262,834	109,084	1,262,834
Bankers' acceptances & Islamic accepted bills	29,276	34,044	29,276	34,044
Private debt securities	2,088,940	2,288,803	1,942,022	2,268,414
Structured notes	159,885	154,440	159,885	154,440
BNM notes	596,981	1,618,338	596,981	1,560,962
	<b>3,995,894</b>	<b>6,598,344</b>	<b>3,768,978</b>	<b>6,453,751</b>
<u>Quoted securities:</u>				
<u>In Malaysia</u>				
Corporate loan stocks	21,448	68,744	21,448	68,744
Shares	7,047	9,045	5,042	5,825
<u>Outside Malaysia</u>				
Floating rate notes	155	156	-	-
Shares	7	11	-	-
	<b>28,657</b>	<b>77,956</b>	<b>26,490</b>	<b>74,569</b>
<u>Unquoted Securities:</u>				
<u>In Malaysia</u>				
Corporate loan stocks	101,647	105,077	94,695	98,390
Shares	165,774	165,779	165,199	165,204
Private debt securities	74,229	68,316	74,229	68,316
<u>Outside Malaysia</u>				
Private debt securities	36,599	10,909	36,599	10,909
<b>Total securities available-for-sale</b>	<b>4,402,800</b>	<b>7,026,381</b>	<b>4,166,190</b>	<b>6,871,139</b>

RHB BANK BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (cont'd)

10 Securities Held-To-Maturity

	Group		Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000	30 June 2008 RM'000	31 Dec 2007 RM'000
<b>At amortised cost</b>				
<u>Money market instruments:</u>				
<u>Quoted</u>				
Malaysian government securities	1,282,963	1,309,707	1,282,963	1,309,707
Cagamas bonds and Cagamas Mudharabah bonds	793,285	819,407	743,081	769,123
Khazanah bonds	447,678	516,481	-	-
Malaysian government investment issues	37,218	82,774	-	-
<u>Unquoted</u>				
Negotiable instruments of deposits	1,182,551	774,095	1,182,551	774,095
Prasarana bonds	1,878,276	1,879,776	1,878,276	1,879,776
Private debt securities	1,004,994	670,026	805,584	470,828
Structured notes	399,505	100,000	399,505	100,000
BNM notes	698,289	-	698,289	-
Other government securities	220,949	247,568	220,949	247,568
	<b>7,945,708</b>	<b>6,399,834</b>	<b>7,211,198</b>	<b>5,551,097</b>
<u>Unquoted Securities:</u>				
<u>In Malaysia</u>				
Bonds	27,178	27,178	860	860
Privates debt securities	344,475	347,166	344,475	347,166
Corporate loan stocks	78,503	87,316	78,503	87,316
Shares	500	500	500	500
<u>Outside Malaysia</u>				
Floating rate notes	36,917	37,369	-	-
	<b>8,433,281</b>	<b>6,899,363</b>	<b>7,635,536</b>	<b>5,986,939</b>
Accumulated impairment losses	(153,252)	(164,522)	(153,252)	(164,522)
<b>Total securities held-to-maturity</b>	<b>8,280,029</b>	<b>6,734,841</b>	<b>7,482,284</b>	<b>5,822,417</b>

RHB BANK BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (cont'd)

11 Loans, Advances and Financing

(i) By type

	Group		Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000	30 June 2008 RM'000	31 Dec 2007 RM'000
Overdrafts	6,348,258	6,259,416	6,305,901	6,210,439
Term Loans/financing				
Housing loans/financing	12,766,876	12,608,753	11,175,379	10,990,141
Syndicated term loans/financing	2,343,267	2,081,830	992,873	933,452
Hire purchase receivables	10,329,581	9,856,706	9,383,518	8,990,511
Lease receivables	257,160	264,807	-	-
Other term loans/financing	13,158,229	12,291,016	11,767,161	10,975,439
Bills receivable	2,416,253	2,282,049	1,651,065	1,488,514
Trust receipts	501,396	465,381	462,727	455,756
Claims on customers under acceptance credits	5,305,726	5,032,339	5,305,726	5,032,339
Staff loans/financing	375,680	386,351	363,842	376,847
Credit card receivables	1,803,489	1,630,493	1,803,489	1,630,493
Revolving credit	4,510,546	4,185,900	3,965,715	3,673,456
Floor stocking	7,929	6,816	7,929	6,816
	<b>60,124,390</b>	57,351,857	<b>53,185,325</b>	50,764,203
Less: Unearned interest and income	<b>(1,492,318)</b>	(1,453,768)	<b>(1,358,253)</b>	(1,335,500)
Gross loans, advances and financing	<b>58,632,072</b>	55,898,089	<b>51,827,072</b>	49,428,703
Less: Allowance for bad and doubtful debts and financing:				
- General	<b>(1,024,348)</b>	(984,181)	<b>(901,323)</b>	(861,815)
- Specific	<b>(1,375,911)</b>	(1,210,801)	<b>(1,261,729)</b>	(1,096,365)
Net loans, advances and financing	<b>56,231,813</b>	53,703,107	<b>49,664,020</b>	47,470,523

(ii) By type of customer

	Group		Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000	30 June 2008 RM'000	31 Dec 2007 RM'000
Domestic non-bank financial institutions				
- Stock broking companies	362	231	362	231
- Others	640,975	601,898	617,992	573,953
Domestic business enterprises				
- Small medium enterprises	9,166,137	8,990,565	8,118,547	7,927,251
- Others	22,217,759	20,907,657	19,318,906	17,926,891
Government and statutory bodies	159,377	224,665	58,260	123,512
Individuals	25,368,171	24,443,737	23,268,969	22,481,664
Other domestic entities	106,720	89,503	94,357	75,081
Foreign entities	972,571	639,833	349,679	320,120
	<b>58,632,072</b>	55,898,089	<b>51,827,072</b>	49,428,703

RHB BANK BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (cont'd)

11 Loans, Advances and Financing (cont'd)

(iii) By interest/profit rate sensitivity

	Group		Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000	30 June 2008 RM'000	31 Dec 2007 RM'000
Fixed rate				
- Housing loans/financing	1,707,836	1,731,613	116,266	113,262
- Hire purchase receivables	8,862,701	8,430,436	8,035,983	7,666,882
- Other fixed rate loans/financing	3,560,705	3,492,899	2,031,742	1,875,971
Variable rate				
- Base Lending Rate plus	21,131,795	20,339,184	21,131,795	20,339,184
- Cost-plus	17,917,983	16,550,007	16,871,122	15,763,123
- Other variable rates	5,451,052	5,353,950	3,640,164	3,670,281
	<b>58,632,072</b>	<b>55,898,089</b>	<b>51,827,072</b>	<b>49,428,703</b>

(iv) By Purpose

	Group		Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000	30 June 2008 RM'000	31 Dec 2007 RM'000
Purchase of securities	1,820,264	1,990,459	1,796,306	1,805,279
Purchase of transport vehicles	6,943,998	6,564,938	6,201,464	5,965,893
Purchase of landed property:				
- Residential	13,320,883	13,149,678	11,706,787	11,530,002
- Non-residential	2,546,524	2,199,437	2,561,920	2,219,292
Purchase of property, plant and equipment other than land and building	3,697,247	2,757,686	2,719,456	2,005,476
Personal use	1,984,126	2,152,428	1,961,999	2,128,582
Credit card	1,803,489	1,630,493	1,803,489	1,630,493
Purchase of consumer durables	83,036	92,947	82,853	92,623
Construction	1,893,571	1,517,401	1,392,688	1,314,001
Merger and acquisition	21,325	-	-	-
Working capital	23,136,575	21,623,876	20,406,508	19,792,446
Other purposes	1,381,034	2,218,746	1,193,602	944,616
	<b>58,632,072</b>	<b>55,898,089</b>	<b>51,827,072</b>	<b>49,428,703</b>

RHB BANK BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (cont'd)

12 Non-Performing Loans/Financing (NPL/NPF)

(i) Movement in non-performing loans, advances and financing

	Group		Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000	30 June 2008 RM'000	31 Dec 2007 RM'000
At beginning of period/year	3,041,710	4,080,226	2,768,072	3,774,831
Classified as non-performing during the period/year	1,587,891	3,467,477	1,376,261	3,070,763
Reclassified as performing during the period/year	(1,281,113)	(2,430,980)	(1,148,210)	(2,123,643)
Loans/financing converted to securities	-	(15,586)	-	(15,586)
Amount recovered	(286,333)	(981,653)	(257,455)	(943,697)
Amount written off	(171,401)	(1,076,665)	(148,509)	(1,029,424)
Amount novated from RHB Bank (L) Ltd	-	-	-	33,070
Exchange difference	1,830	(1,109)	2,040	1,758
At end of period/year	2,892,584	3,041,710	2,592,199	2,768,072
Specific allowance	(1,375,911)	(1,210,801)	(1,261,729)	(1,096,365)
Net non-performing loans, advances and financing	1,516,673	1,830,909	1,330,470	1,671,707
Ratio of net non-performing loans and financing to net loans, advances and financing	2.6%	3.3%	2.6%	3.5%

(ii) Movement in allowance for bad and doubtful debts

	Group		Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000	30 June 2008 RM'000	31 Dec 2007 RM'000
<b>General allowance</b>				
At beginning of period/year	984,181	965,782	861,815	843,614
Allowance made during the period/year	39,542	19,994	38,496	17,630
Exchange difference	625	(1,595)	1,012	571
At end of period/year	1,024,348	984,181	901,323	861,815
As % of gross loans, advances and financing less specific allowance	1.8%	1.8%	1.8%	1.8%
<b>Specific allowance</b>				
At beginning of period/year	1,210,801	1,658,949	1,096,365	1,561,079
Allowance made during the period/year	436,194	1,060,741	414,294	987,958
Transferred to accumulated impairment losses for securities	-	(11,128)	-	(11,128)
Amount recovered	(103,938)	(401,004)	(97,040)	(391,533)
Amount written off	(167,014)	(1,096,339)	(151,918)	(1,051,844)
Exchange difference	(132)	(418)	28	1,833
At end of period/year	1,375,911	1,210,801	1,261,729	1,096,365

RHB BANK BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (cont'd)

12 Non-Performing Loans/Financing (NPL/NPF) (cont'd)

(iii) NPL/NPF by sector

	Group		Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000	30 June 2008 RM'000	31 Dec 2007 RM'000
Purchase of securities	21,088	21,781	21,088	21,781
Purchase of transport vehicles	254,945	270,881	251,225	267,767
Purchase of landed property:				
- Residential	1,027,361	1,056,921	866,482	886,465
- Non-residential	138,105	146,271	131,178	142,207
Purchase of property, plant and equipment other than land and building	86,039	68,441	62,039	47,534
Personal use	114,936	125,543	109,049	120,244
Credit card	48,083	44,725	48,083	44,725
Purchase of consumer durables	5,947	6,605	5,947	6,604
Construction	130,933	120,605	118,377	118,435
Working capital	1,057,241	1,158,761	970,825	1,104,770
Other purposes	7,906	21,176	7,906	7,540
	<b>2,892,584</b>	<b>3,041,710</b>	<b>2,592,199</b>	<b>2,768,072</b>

13 Other Assets

	Group		Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000	30 June 2008 RM'000	31 Dec 2007 RM'000
Other debtors, deposits and prepayments	321,322	360,541	273,270	302,296
Accrued interest receivable	146,189	151,818	133,537	142,427
Amount due from immediate holding company	56	47	56	47
Amounts due from subsidiaries	-	-	189,480	352,907
Amounts due from related companies	3,764	3,918	3,764	3,918
	<b>471,331</b>	<b>516,324</b>	<b>600,107</b>	<b>801,595</b>

RHB BANK BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (cont'd)

14 Deposits From Customers

(i) By type of deposits

	Group		Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000	30 June 2008 RM'000	31 Dec 2007 RM'000
Demand deposits	17,497,993	17,146,686	15,127,959	14,888,417
Savings deposits	5,299,897	5,153,557	4,769,373	4,632,954
Fixed/Investment deposits	48,341,188	49,841,940	43,472,380	44,324,326
Negotiable instrument of deposits	333,932	561,296	240,649	470,000
	<b>71,473,010</b>	<b>72,703,479</b>	<b>63,610,361</b>	<b>64,315,697</b>

(ii) By type of customer

	Group		Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000	30 June 2008 RM'000	31 Dec 2007 RM'000
Government and statutory bodies	5,788,391	4,477,888	3,664,227	2,764,671
Business enterprises	39,427,347	42,607,484	34,756,067	36,931,481
Individuals	24,004,571	23,473,921	23,151,137	22,668,519
Others	2,252,701	2,144,186	2,038,930	1,951,026
	<b>71,473,010</b>	<b>72,703,479</b>	<b>63,610,361</b>	<b>64,315,697</b>

15 Deposits And Placements Of Banks And Other Financial Institutions

	Group		Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000	30 June 2008 RM'000	31 Dec 2007 RM'000
Licensed banks	2,897,687	3,087,638	2,539,009	2,912,351
Licensed investment banks	713,300	328,605	693,300	158,895
Bank Negara Malaysia	2,525,567	2,205,622	2,525,567	2,205,622
Other financial institutions	83,228	34,811	64,080	481
	<b>6,219,782</b>	<b>5,656,676</b>	<b>5,821,956</b>	<b>5,277,349</b>

16 Other Liabilities

	Group		Bank	
	30 June 2008 RM'000	31 Dec 2007 RM'000	30 June 2008 RM'000	31 Dec 2007 RM'000
Accrued interest payable	360,920	418,034	328,545	360,095
Accruals for operational expenses	202,315	212,589	195,333	206,031
Amount due to holding company	421	339	341	256
Amounts due to subsidiaries	-	-	26,765	24,195
Amounts due to related companies	1,778	2,061	1,674	1,938
Amount due to Danaharta	1,764	1,828	1,764	1,828
Finance lease	-	-	397	666
Prepaid instalment	74,301	71,352	74,301	71,352
Lessee deposits	86,465	85,260	596	1,405
Short term employee benefits	68,041	110,811	59,863	98,612
Other accruals and charges	357,882	388,990	272,559	315,805
	<b>1,153,887</b>	<b>1,291,264</b>	<b>962,138</b>	<b>1,082,183</b>



RHB BANK BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (cont'd)

17 Interest Income

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<b>Current Financial Quarter Ended 30 June 2008</b>	<b>Preceding Corresponding Quarter Ended 30 June 2007</b>	<b>Current Financial Half Year Ended 30 June 2008</b>	<b>Preceding Corresponding Half Year Ended 30 June 2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans, advances and financing				
- Interest income other than recoveries from NPLs	<b>753,720</b>	750,878	<b>1,507,166</b>	1,482,440
- Recoveries from NPLs	<b>67,682</b>	49,658	<b>109,370</b>	94,786
Money at call and deposit placements with banks and other financial institutions	<b>192,319</b>	144,531	<b>392,899</b>	288,170
Securities purchased under resale agreements	<b>18,193</b>	35,915	<b>40,748</b>	66,896
Securities held for trading	<b>11,521</b>	11,148	<b>27,111</b>	26,260
Securities available-for-sale	<b>45,020</b>	113,564	<b>95,206</b>	192,147
Securities held-to-maturity	<b>60,912</b>	67,126	<b>115,277</b>	161,403
Others	<b>3,574</b>	915	<b>6,130</b>	1,950
	<b>1,152,941</b>	1,173,735	<b>2,293,907</b>	2,314,052
Amortisation of premium less accretion of discount	<b>1,547</b>	(3,381)	<b>3,978</b>	(5,676)
Interest suspended clawback	<b>(17,911)</b>	(26,577)	<b>(38,242)</b>	(50,392)
	<b>1,136,577</b>	1,143,777	<b>2,259,643</b>	2,257,984

<u>Bank</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<b>Current Financial Quarter Ended 30 June 2008</b>	<b>Preceding Corresponding Quarter Ended 30 June 2007</b>	<b>Current Financial Half Year Ended 30 June 2008</b>	<b>Preceding Corresponding Half Year Ended 30 June 2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans, advances and financing				
- Interest income other than recoveries from NPLs	<b>730,597</b>	717,623	<b>1,455,873</b>	1,416,276
- Recoveries from NPLs	<b>67,322</b>	48,723	<b>108,554</b>	93,237
Money at call and deposit placements with banks and other financial institutions	<b>194,365</b>	147,944	<b>394,216</b>	295,626
Securities purchased under resale agreements	<b>18,193</b>	35,915	<b>40,748</b>	66,896
Securities held for trading	<b>9,991</b>	8,771	<b>23,826</b>	20,690
Securities available-for-sale	<b>44,922</b>	113,135	<b>94,969</b>	190,335
Securities held-to-maturity	<b>60,413</b>	63,646	<b>114,140</b>	154,825
Others	<b>3,573</b>	915	<b>6,130</b>	1,950
	<b>1,129,376</b>	1,136,672	<b>2,238,456</b>	2,239,835
Amortisation of premium less accretion of discount	<b>1,547</b>	(3,381)	<b>3,978</b>	(5,676)
Interest suspended clawback	<b>(17,660)</b>	(24,615)	<b>(37,675)</b>	(48,146)
	<b>1,113,263</b>	1,108,676	<b>2,204,759</b>	2,186,013

RHB BANK BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (cont'd)

18 Interest Expense

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<b>Current Financial Quarter Ended 30 June 2008</b>	<b>Preceding Corresponding Quarter Ended 30 June 2007</b>	<b>Current Financial Half Year Ended 30 June 2008</b>	<b>Preceding Corresponding Half Year Ended 30 June 2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
Deposits and placements of banks and other financial institutions	41,389	108,074	93,801	207,123
Deposits from customers	462,831	368,563	932,289	714,912
Short term borrowings	-	59	-	59
Subordinated obligations	25,804	22,310	54,814	44,606
Recourse obligation on loans sold to Cagamas	19,502	29,404	40,352	60,569
Obligations on securities sold under repurchase agreements	-	90,328	-	207,863
Others	9,671	14,178	20,005	28,329
	<b>559,197</b>	<b>632,916</b>	<b>1,141,261</b>	<b>1,263,461</b>

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<b>Current Financial Quarter Ended 30 June 2008</b>	<b>Preceding Corresponding Quarter Ended 30 June 2007</b>	<b>Current Financial Half Year Ended 30 June 2008</b>	<b>Preceding Corresponding Half Year Ended 30 June 2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Bank</b>				
Deposits and placements of banks and other financial institutions	39,186	105,087	89,736	203,599
Deposits from customers	453,876	350,737	907,547	676,387
Subordinated obligations	25,804	22,310	54,814	44,606
Recourse obligation on loans sold to Cagamas	19,502	29,404	40,352	60,569
Obligations on securities sold under repurchase agreements	-	90,328	-	207,863
Others	9,680	14,180	20,025	28,368
	<b>548,048</b>	<b>612,046</b>	<b>1,112,474</b>	<b>1,221,392</b>

RHB BANK BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (cont'd)

19 Other Operating Income

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<b>Current Financial Quarter Ended 30 June 2008</b>	Preceding Corresponding Quarter Ended 30 June 2007	<b>Current Financial Half Year Ended 30 June 2008</b>	Preceding Corresponding Half Year Ended 30 June 2007
	RM'000	RM'000	RM'000	RM'000
a) Fee income				
Commission	<b>30,281</b>	33,709	<b>58,390</b>	64,950
Service charges and fees	<b>45,758</b>	37,523	<b>86,659</b>	78,958
Guarantee fees	<b>17,504</b>	9,826	<b>27,778</b>	17,043
Commitment fees	<b>11,387</b>	10,404	<b>22,929</b>	21,634
Underwriting fees	-	88	<b>80</b>	548
Other fees	<b>2,621</b>	2,901	<b>5,201</b>	6,197
	<b>107,551</b>	94,451	<b>201,037</b>	189,330
b) Gain/(Loss) arising from sale/redemption of securities:				
Net gain from sale of:				
- Securities held for trading	<b>(97)</b>	22,672	<b>11,943</b>	37,139
- Securities available-for-sale	<b>(11,656)</b>	735	<b>(8,561)</b>	2,470
Net gain from redemption of securities held-to-maturity	-	103	-	103
Derivatives	<b>27</b>	288	<b>52</b>	315
	<b>(11,726)</b>	23,798	<b>3,434</b>	40,027
c) Gain from disposal of an associate	<b>2,042</b>	-	<b>2,069</b>	-
	<b>2,042</b>	-	<b>2,069</b>	-
d) Gross dividend income from securities available-for-sale	<b>3,463</b>	1,254	<b>4,668</b>	1,256
	<b>3,463</b>	1,254	<b>4,668</b>	1,256
e) Unrealised gain/(loss) on revaluation of:				
Securities held for trading	<b>(21,438)</b>	(14,961)	<b>(21,752)</b>	(3,698)
Derivatives	<b>(4,239)</b>	4,643	<b>(7,907)</b>	7,423
	<b>(25,677)</b>	(10,318)	<b>(29,659)</b>	3,725
f) Other income				
Foreign exchange gain/(loss)				
- Realised	<b>33,829</b>	68,212	<b>103,775</b>	148,110
- Unrealised	<b>36,848</b>	(10,996)	<b>29,363</b>	(42,983)
Gain on disposal of property, plant and equipment	<b>3</b>	147	<b>7</b>	362
Negative Goodwill	-	563	-	563
Other operating income	<b>10,549</b>	8,327	<b>21,244</b>	17,839
Other non-operating income	<b>1,857</b>	2,192	<b>11,114</b>	4,744
	<b>83,086</b>	68,445	<b>165,503</b>	128,635
	<b>158,739</b>	177,630	<b>347,052</b>	362,973

RHB BANK BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (cont'd)

19 Other Operating Income (cont'd)

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<b>Current Financial Quarter Ended 30 June 2008</b>	Preceding Corresponding Quarter Ended 30 June 2007	<b>Current Financial Half Year Ended 30 June 2008</b>	Preceding Corresponding Half Year Ended 30 June 2007
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
a) Fee income				
Commission	29,461	32,506	57,064	63,400
Service charges and fees	42,012	36,762	81,013	77,705
Guarantee fees	17,504	9,826	27,778	17,043
Commitment fees	11,387	10,404	22,929	21,634
Underwriting fees	-	88	80	548
Other fees	2,752	2,976	5,434	6,351
	<b>103,116</b>	<b>92,562</b>	<b>194,298</b>	<b>186,681</b>
b) Gain/(Loss) arising from sale/redemption of securities:				
Net gain from sale of:				
- Securities held for trading	(97)	29,574	11,943	44,041
- Securities available-for-sale	(11,656)	735	(8,561)	2,470
Net gain from redemption of securities held-to-maturity	-	103	-	103
	<b>(11,753)</b>	<b>30,412</b>	<b>3,382</b>	<b>46,614</b>
c) Gross dividend income from:				
Securities available-for-sale	3,463	1,254	4,668	1,256
Subsidiary companies	9,299	10,561	19,178	10,561
	<b>12,762</b>	<b>11,815</b>	<b>23,846</b>	<b>11,817</b>
d) Unrealised gain/(loss) on revaluation of:				
Securities held for trading	(18,280)	(12,975)	(19,846)	(1,086)
Derivatives	(6,748)	1,466	(7,994)	4,808
	<b>(25,028)</b>	<b>(11,509)</b>	<b>(27,840)</b>	<b>3,722</b>
e) Other income				
Foreign exchange gain/(loss)				
- Realised	34,639	68,423	102,964	147,151
- Unrealised	36,848	(10,996)	29,363	(42,983)
Gain on disposal of property, plant and equipment	4	147	7	362
Other operating income	10,368	8,143	20,874	17,524
Other non-operating income	1,194	1,799	9,817	3,909
	<b>83,053</b>	<b>67,516</b>	<b>163,025</b>	<b>125,963</b>
	<b>162,150</b>	<b>190,796</b>	<b>356,711</b>	<b>374,797</b>

RHB BANK BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (cont'd)

20 Income from Islamic Banking Business

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<b>Current Financial Quarter Ended 30 June 2008</b> RM'000	Preceding Corresponding Quarter Ended 30 June 2007 RM'000	<b>Current Financial Half Year Ended 30 June 2008</b> RM'000	Preceding Corresponding Half Year Ended 30 June 2007 RM'000
<b>Group</b>				
Income derived from investment of depositors' funds	<b>90,513</b>	98,187	<b>177,435</b>	187,039
Income derived from investment of shareholders' funds	<b>12,177</b>	69,708	<b>24,211</b>	81,316
Transfer from/(to) profit equalisation reserve	<b>9,757</b>	1,896	<b>5,268</b>	(156)
Total distributable income	<b>112,447</b>	169,791	<b>206,914</b>	268,199
Income attributable to depositors	<b>(41,673)</b>	(41,353)	<b>(80,068)</b>	(83,939)
Income from Islamic Banking Business	<b>70,774</b>	128,438	<b>126,846</b>	184,260

RHB BANK BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (cont'd)

21 Other Operating Expenses

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<b>Current Financial Quarter Ended 30 June 2008 RM'000</b>	Preceding Corresponding Quarter Ended 30 June 2007 RM'000	<b>Current Financial Half Year Ended 30 June 2008 RM'000</b>	Preceding Corresponding Half Year Ended 30 June 2007 RM'000
<u>Personnel cost</u>				
- Salaries, allowances and bonuses	<b>140,604</b>	123,510	<b>293,291</b>	247,737
- Contributions to Employees Provident Fund	<b>20,868</b>	18,243	<b>42,648</b>	35,936
- Other staff related cost	<b>13,900</b>	15,465	<b>26,713</b>	29,243
	<b>175,372</b>	157,218	<b>362,652</b>	312,916
<u>Establishment cost</u>				
- Property, plant and equipment				
- Depreciation	<b>16,702</b>	18,450	<b>33,887</b>	40,246
- Written off	-	-	<b>5</b>	-
- Amortisation of prepaid land lease	<b>127</b>	131	<b>250</b>	227
- Rental of premises	<b>11,161</b>	10,283	<b>21,897</b>	20,366
- Rental equipment	<b>3,118</b>	2,806	<b>6,208</b>	5,444
- Insurance	<b>2,611</b>	5,143	<b>7,138</b>	9,736
- Water and electricity	<b>3,996</b>	3,876	<b>7,784</b>	7,499
- Repair and maintenance	<b>11,489</b>	10,872	<b>21,540</b>	21,619
- Information technology expenses	<b>22,719</b>	20,773	<b>44,374</b>	42,768
- Others	<b>515</b>	529	<b>989</b>	1,009
	<b>72,438</b>	72,863	<b>144,072</b>	148,914
<u>Marketing expenses</u>				
- Sales commission	<b>6,108</b>	5,816	<b>12,257</b>	13,795
- Advertisement and publicity	<b>4,797</b>	8,902	<b>12,285</b>	14,550
- Dealers' handling and warranty fees	<b>(3,921)</b>	6,500	<b>3,374</b>	12,857
- Others	<b>(513)</b>	12,163	<b>13,250</b>	27,016
	<b>6,471</b>	33,381	<b>41,166</b>	68,218
<u>Administration and general expenses</u>				
- Communication expenses	<b>15,514</b>	15,294	<b>30,143</b>	30,052
- Others	<b>17,844</b>	15,569	<b>33,021</b>	30,124
	<b>33,358</b>	30,863	<b>63,164</b>	60,176
	<b>287,639</b>	294,325	<b>611,054</b>	590,224

RHB BANK BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (cont'd)

21 Other Operating Expenses (cont'd)

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<b>Current Financial Quarter Ended 30 June 2008 RM'000</b>	Preceding Corresponding Quarter Ended 30 June 2007 RM'000	<b>Current Financial Half Year Ended 30 June 2008 RM'000</b>	Preceding Corresponding Half Year Ended 30 June 2007 RM'000
<b><u>Bank</u></b>				
<u>Personnel cost</u>				
- Salaries, allowances and bonuses	129,278	116,520	273,134	235,891
- Contributions to Employees Provident Fund	19,205	17,172	39,639	34,726
- Other staff related cost	13,071	14,525	25,133	27,073
	<b>161,554</b>	148,217	<b>337,906</b>	297,690
<u>Establishment cost</u>				
- Property, plant and equipment				
- Depreciation	16,033	18,012	32,668	39,406
- Written off	-	-	5	-
- Amortisation of prepaid land lease	81	81	162	162
- Rental of premises	10,827	9,973	21,369	20,107
- Rental equipment	3,059	2,737	6,082	5,325
- Insurance	2,356	4,639	6,694	9,051
- Water and electricity	3,686	3,654	7,207	7,050
- Repair and maintenance	10,592	10,633	19,959	21,098
- Information technology expenses	21,704	19,726	42,380	40,626
	<b>68,338</b>	69,455	<b>136,526</b>	142,825
<u>Marketing expenses</u>				
- Sales commission	6,050	5,809	12,154	13,783
- Advertisement and publicity	4,363	7,834	11,482	12,582
- Dealers' handling and warranty fees	(4,156)	6,500	2,947	12,856
- Others	3,404	10,765	16,161	20,403
	<b>9,661</b>	30,908	<b>42,744</b>	59,624
<u>Administration and general expenses</u>				
- Communication expenses	14,294	13,929	27,700	28,550
- Others	6,005	3,132	8,111	5,055
	<b>20,299</b>	17,061	<b>35,811</b>	33,605
	<b>259,852</b>	265,641	<b>552,987</b>	533,744

RHB BANK BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (cont'd)

22 Allowance For Losses On Loans And Financing

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<b>Current Financial Quarter Ended 30 June 2008</b> RM'000	Preceding Corresponding Quarter Ended 30 June 2007 RM'000	<b>Current Financial Half Year Ended 30 June 2008</b> RM'000	Preceding Corresponding Half Year Ended 30 June 2007 RM'000
<b><u>Group</u></b>				
Allowance for losses on loans and financing				
Specific allowance				
- Made during the financial period	<b>222,165</b>	331,782	<b>436,194</b>	631,891
- Written back	<b>(52,625)</b>	(76,251)	<b>(103,938)</b>	(211,024)
General allowance				
- Made during the financial period	<b>18,063</b>	15,653	<b>39,542</b>	21,492
Bad debts on loans and financing				
- Recovered	<b>(26,166)</b>	(24,692)	<b>(62,187)</b>	(44,281)
	<b>161,437</b>	246,492	<b>309,611</b>	398,078
Writeback on amount recovered from Danaharta during the financial period	-	(3,167)	-	(3,167)
	<b>161,437</b>	243,325	<b>309,611</b>	394,911

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<b>Current Financial Quarter Ended 30 June 2008</b> RM'000	Preceding Corresponding Quarter Ended 30 June 2007 RM'000	<b>Current Financial Half Year Ended 30 June 2008</b> RM'000	Preceding Corresponding Half Year Ended 30 June 2007 RM'000
<b><u>Bank</u></b>				
Allowance for losses on loans and financing				
Specific allowance				
- Made during the financial period	<b>205,294</b>	310,409	<b>414,294</b>	603,134
- Written back	<b>(48,012)</b>	(74,124)	<b>(97,040)</b>	(206,370)
General allowance				
- Made during the financial period	<b>15,330</b>	10,220	<b>38,496</b>	15,340
Bad debts on loans and financing				
- Recovered	<b>(25,806)</b>	(23,671)	<b>(61,462)</b>	(40,583)
	<b>146,806</b>	222,834	<b>294,288</b>	371,521
Writeback on amount recovered from Danaharta during the financial period	-	(3,167)	-	(3,167)
	<b>146,806</b>	219,667	<b>294,288</b>	368,354



RHB BANK BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (cont'd)

23 Allowance For Impairment Losses

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<b>Current Financial Quarter Ended 30 June 2008</b>	<b>Preceding Corresponding Quarter Ended 30 June 2007</b>	<b>Current Financial Half Year Ended 30 June 2008</b>	<b>Preceding Corresponding Half Year Ended 30 June 2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Group</u></b>				
Charged for the financial period				
- Securities available-for-sale	-	17,607	2,119	30,007
- Securities held-to-maturity	-	8,625	-	13,250
- Property, plant and equipment	188	-	188	-
Reversal for the financial period				
- Securities available-for-sale	(3,105)	(6,664)	(3,105)	(12,802)
- Securities held-to-maturity	(5,980)	(3,561)	(10,739)	(10,287)
	<b>(8,897)</b>	<b>16,007</b>	<b>(11,537)</b>	<b>20,168</b>

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<b>Current Financial Quarter Ended 30 June 2008</b>	<b>Preceding Corresponding Quarter Ended 30 June 2007</b>	<b>Current Financial Half Year Ended 30 June 2008</b>	<b>Preceding Corresponding Half Year Ended 30 June 2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Bank</u></b>				
Charged for the financial period				
- Securities available-for-sale	-	17,607	2,119	30,007
- Securities held-to-maturity	-	8,625	-	13,250
Reversal for the financial period				
- Securities available-for-sale	(3,105)	(6,664)	(3,105)	(12,802)
- Securities held-to-maturity	(5,980)	(3,561)	(10,739)	(10,287)
	<b>(9,085)</b>	<b>16,007</b>	<b>(11,725)</b>	<b>20,168</b>

RHB BANK BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (cont'd)

24 Capital Adequacy

	Group		Bank	
	30/06/2008 RM'000	31/12/2007 RM'000	30/06/2008 RM'000	31/12/2007 RM'000
<b>Tier I Capital</b>				
Paid-up ordinary share capital	3,318,085	1,949,986	3,318,085	1,949,986
Paid-up INCPS	-	1,368,099	-	1,368,099
Share premium	8,563	8,563	8,563	8,563
Retained profits	1,004,404	640,223	800,448	477,564
Other reserves	2,073,238	1,992,299	1,975,133	1,894,070
	<u>6,404,290</u>	<u>5,959,170</u>	<u>6,102,229</u>	<u>5,698,282</u>
Less : Goodwill	(1,004,017)	(1,004,017)	(905,519)	(905,519)
Deferred tax assets	(298,468)	(247,835)	(255,911)	(207,222)
Total Tier I capital	<u>5,101,805</u>	<u>4,707,318</u>	<u>4,940,799</u>	<u>4,585,541</u>
<b>Tier II Capital</b>				
Subordinated obligations	2,000,000	2,495,000	2,000,000	2,495,000
General allowance for bad and doubtful debts and financing	1,024,348	984,181	932,850	893,728
Total computed Tier II capital before restriction	<u>3,024,348</u>	<u>3,479,181</u>	<u>2,932,850</u>	<u>3,388,728</u>
Maximum allowable subordinated obligations	2,000,000	2,353,659 #	2,000,000	2,292,771 #
Generated allowance for bad and doubtful debts and financing	1,024,348	984,181	932,850	893,728
Maximum allowable total Tier II capital	<u>3,024,348</u>	<u>3,337,840</u>	<u>2,932,850</u>	<u>3,186,499</u>
Less : Investment in subsidiaries	-	-	(628,640)	(628,640)
Holdings of other banking institutions' capital instruments	-	(38,625)	-	(38,625)
<b>Total capital base</b>	<u>8,126,153</u>	<u>8,006,533</u>	<u>7,245,009</u>	<u>7,104,775</u>
<u>Capital ratios</u>				
Before proposed dividends:				
Core capital ratio	8.0%	7.8%	8.6%	8.3%
Risk-weighted capital ratio	12.8%	13.4%	12.6%	12.8%
After proposed dividends:				
Core capital ratio	7.8%	7.8%	8.3%	8.3%
Risk-weighted capital ratio	12.6%	13.4%	12.3%	12.8%

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

Persuant to Bank Negara Malaysia's 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

# 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 1 capital.

RHB BANK BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (cont'd)

25 Commitments And Contingencies

<u>Group</u>	← 30/06/2008 →			← 31/12/2007 →		
	Principal amount	Credit equivalent amount *	Risk weighted amount	Principal amount	Credit equivalent amount *	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	2,122,373	2,122,373	1,854,276	1,723,675	1,723,675	1,525,233
Transaction-related contingent items	1,767,849	883,925	627,017	1,805,531	902,765	595,828
Short-term self-liquidating trade related contingencies	2,419,919	483,984	344,187	2,591,345	518,269	345,287
Obligations under underwriting agreements	427,240	213,620	213,620	427,240	213,620	213,620
Irrevocable commitments to extend credit:						
- maturity more than one year	3,988,613	1,994,307	1,804,157	3,768,029	1,884,015	1,692,804
- maturity less than one year	24,303,346	199,519	199,519	24,861,390	-	-
Foreign exchange related contracts:						
- less than one year	13,101,927	232,903	91,993	9,234,879	162,134	45,940
- one year to less than five years	8,856	1,195	404	8,970	1,153	412
- more than five years	1,306,100	233,821	80,956	925,960	161,555	66,503
Interest rate related contracts:						
- less than one year	949,749	2,856	733	1,457,590	4,923	1,135
- one year to less than five years	5,106,533	244,634	50,713	2,967,810	113,966	27,342
- more than five years	239,784	7,195	1,792	192,060	13,775	3,589
Miscellaneous	1,380,891	3,900	3,900	1,133,627	-	-
<b>Total</b>	<b>57,123,180</b>	<b>6,624,232</b>	<b>5,273,267</b>	<b>51,098,106</b>	<b>5,699,850</b>	<b>4,517,693</b>

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

RHB BANK BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (cont'd)

25 Commitments And Contingencies (cont'd)

<u>Bank</u>	← 30/06/2008 →			← 31/12/2007 →		
	Principal amount	Credit equivalent amount *	Risk weighted amount	Principal amount	Credit equivalent amount *	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	1,848,823	1,848,823	1,580,725	1,449,613	1,449,613	1,251,171
Transaction-related contingent items	1,668,054	834,027	577,119	1,699,032	849,516	546,833
Short-term self-liquidating trade related contingencies	2,282,667	456,533	316,736	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	3,348,366	1,674,183	1,489,902	3,007,788	1,503,894	1,327,835
- maturity less than one year	23,134,905	-	-	23,252,668	-	-
Foreign exchange related contracts:						
- less than one year	13,101,927	232,903	91,993	9,234,879	162,134	45,940
- one year to less than five years	8,856	1,195	404	8,970	1,153	412
- more than five years	1,306,100	233,821	80,956	925,960	161,555	66,503
Interest rate related contracts:						
- less than one year	851,739	2,611	611	1,457,590	4,923	1,135
- one year to less than five years	5,106,486	244,473	48,955	2,669,745	101,722	21,220
- more than five years	220,182	6,019	1,204	172,218	12,386	2,895
Miscellaneous	1,361,389	-	-	1,115,486	-	-
<b>Total</b>	<b>54,452,734</b>	<b>5,641,208</b>	<b>4,295,225</b>	<b>47,599,365</b>	<b>4,831,951</b>	<b>3,676,193</b>

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

RHB BANK BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (cont'd)

26 Off-Balance Sheet Financial Instruments

Value of contracts classified by remaining period to maturity/next re-pricing date (whichever earlier).

Group

Items	Principal Amount	1 month or less	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	> 1 - 5 years	> 5 years
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Foreign exchange related contract							
- forwards	4,983,190	1,848,209	1,623,477	919,683	591,821	-	-
- swaps	6,081,375	3,568,381	1,595,845	730,994	186,155	-	-
- options	968,854	322,492	307,550	308,772	30,040	-	-
- spots	1,068,508	1,068,508	-	-	-	-	-
- cross currency interest rate swaps	1,314,956	-	-	-	-	8,856	1,306,100
Interest rate related contracts							
- swaps	6,296,066	102,311	59,000	242,612	652,739	5,019,222	220,182
<b>Total</b>	<b>20,712,949</b>	<b>6,909,901</b>	<b>3,585,872</b>	<b>2,202,061</b>	<b>1,460,755</b>	<b>5,028,078</b>	<b>1,526,282</b>

Bank

Items	Principal Amount	1 month or less	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	> 1 - 5 years	> 5 years
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Foreign exchange related contract							
- forwards	4,983,190	1,848,209	1,623,477	919,683	591,821	-	-
- swaps	6,081,375	3,568,381	1,595,845	730,994	186,155	-	-
- options	968,854	322,492	307,550	308,772	30,040	-	-
- spots	1,068,508	1,068,508	-	-	-	-	-
- cross currency interest rate swaps	1,314,956	-	-	-	-	8,856	1,306,100
Interest rate related contracts							
- swaps	6,178,407	15,000	59,000	125,000	652,739	5,106,486	220,182
<b>Total</b>	<b>20,595,290</b>	<b>6,822,590</b>	<b>3,585,872</b>	<b>2,084,449</b>	<b>1,460,755</b>	<b>5,115,342</b>	<b>1,526,282</b>

The Group does not have any transaction in respect of equity and commodity related contracts.

## RHB BANK BERHAD

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (cont'd)

#### 26 Off-Balance Sheet Financial Instruments (cont'd)

Foreign exchange and interest rate related contracts are subject to market and credit risk.

##### Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on off-balance sheet positions. As at 30 June 2008, the amount of contracts which were not hedged and hence, exposed to market risk was RM303,008,975 (31.12.2007: RM379,622,858).

##### Credit Risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Bank has a gain position. As at 30 June 2008, the amount of credit risk, measured in terms of the cost to replace the profitable contracts, was RM198,316,300 (31.12.2007: RM168,256,215). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

##### Related accounting policies

##### Forward exchange related contracts

Unmatured forward exchange contracts are valued at forward rates as at the balance sheet date, applicable to their respective dates of maturity, and unrealised losses and gains are recognised in the income statements for the year. Positive fair value are carried as assets and negative fair value are carried as liabilities.

##### Interest rate related contracts

The Group and the Bank act as an intermediary with counter parties who wish to swap their interest obligations. The Group and the Bank also use interest rate swaps, futures and forward and option contracts in its trading account activities and in overall interest rate risk management.

RHB BANK BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (cont'd)

27 Interest/Profit Rate Risk

Group

30.06.2008

	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	%
<b>Assets</b>									
Cash and short term funds	14,377,256	-	-	-	-	1,157,504	-	15,534,760	3.56
Securities purchased under resale agreements	1,958,084	-	-	-	-	-	-	1,958,084	3.51
Deposits and placements with banks and other financial institutions	-	1,433,204	65,340	-	163,263	-	-	1,661,807	3.47
Securities held for trading	-	-	-	-	-	-	1,927,721	1,927,721	4.73
Securities available-for-sale	37,861	926,439	269,692	2,244,249	751,576	172,983	-	4,402,800	4.41
Securities held-to-maturity	505,858	969,490	997,418	4,036,372	1,923,642	(152,751) #	-	8,280,029	4.10
Loans, advances & financing									
- performing	33,315,502	7,655,646	5,105,066	6,348,186	3,314,996	92	-	55,739,488	6.35
- non-performing	-	-	-	-	-	492,325 *	-	492,325	-
Other assets	-	-	-	-	-	471,331	-	471,331	-
Derivative assets	-	-	-	-	-	-	196,815	196,815	-
Tax recoverable	-	-	-	-	-	14,825	-	14,825	-
Deferred taxation assets	-	-	-	-	-	297,917	-	297,917	-
Statutory deposits	-	-	-	-	-	1,644,492	-	1,644,492	-
Property, plant and equipment	-	-	-	-	-	495,291	-	495,291	-
Prepaid land lease	-	-	-	-	-	102,388	-	102,388	-
Goodwill	-	-	-	-	-	1,004,017	-	1,004,017	-
<b>Total assets</b>	<b>50,194,561</b>	<b>10,984,779</b>	<b>6,437,516</b>	<b>12,628,807</b>	<b>6,153,477</b>	<b>5,700,414</b>	<b>2,124,536</b>	<b>94,224,090</b>	
<b>Liabilities</b>									
Deposits from customers	34,232,252	8,231,371	12,327,654	430,546	-	16,251,187	-	71,473,010	3.05
Deposits and placements of banks & other financial institutions	3,341,934	1,905,693	382,938	546,334	42,095	788	-	6,219,782	3.50
Bills and acceptances payable	1,533,433	2,004,508	678,628	-	-	227,394	-	4,443,963	3.77
Recourse obligation on loans sold to Cagamas Berhad	-	365,982	406,302	865,171	-	-	-	1,637,455	4.72
Other liabilities	-	-	-	-	-	1,153,887	-	1,153,887	-
Derivative liabilities	-	-	-	-	-	-	187,795	187,795	-
Provision for taxation	-	-	-	-	-	139,619	-	139,619	-
Deferred taxation liabilities	-	-	-	-	-	15	-	15	-
Long term borrowings	636,724	-	-	-	-	-	-	636,724	3.23
Subordinated obligations	-	-	-	-	2,000,000	-	-	2,000,000	5.18
	39,744,343	12,507,554	13,795,522	1,842,051	2,042,095	17,772,890	187,795	87,892,250	
Shareholders' equity	-	-	-	-	-	6,331,840	-	6,331,840	-
<b>Total liabilities and shareholders' equity</b>	<b>39,744,343</b>	<b>12,507,554</b>	<b>13,795,522</b>	<b>1,842,051</b>	<b>2,042,095</b>	<b>24,104,730</b>	<b>187,795</b>	<b>94,224,090</b>	
<b>Total interest-sensitivity gap</b>	<b>10,450,218</b>	<b>(1,522,775)</b>	<b>(7,358,006)</b>	<b>10,786,756</b>	<b>4,111,382</b>				

# Consist of equity instruments less impairment loss.

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

RHB BANK BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (cont'd)

27 Interest/Profit Rate Risk (cont'd)

Group

31.12.2007

	← 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	%
<b>Assets</b>									
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 & 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	-
<b>Total assets</b>	<b>50,035,616</b>	<b>10,884,771</b>	<b>7,458,418</b>	<b>13,180,012</b>	<b>5,190,335</b>	<b>5,787,087</b>	<b>1,947,619</b>	<b>94,483,858</b>	
<b>Liabilities</b>									
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 & 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 borrowings	330,700	-	-	-	-	-	-	330,700	5.96
Subordinated obligations	495,000	-	-	-	2,000,000	-	-	2,495,000	5.46
<b>Total liabilities</b>	<b>41,531,688</b>	<b>11,296,198</b>	<b>13,426,206</b>	<b>2,367,869</b>	<b>2,062,587</b>	<b>17,705,550</b>	<b>117,820</b>	<b>88,507,918</b>	
INCPs	-	-	-	1,368,099	-	-	-	1,368,099	10.00
Shareholders' equity	-	-	-	-	-	4,607,841	-	4,607,841	-
<b>Total liabilities and shareholders' equity</b>	<b>41,531,688</b>	<b>11,296,198</b>	<b>13,426,206</b>	<b>3,735,968</b>	<b>2,062,587</b>	<b>22,313,391</b>	<b>117,820</b>	<b>94,483,858</b>	
<b>Total interest-sensitivity gap</b>	<b>8,503,928</b>	<b>(411,427)</b>	<b>(5,967,788)</b>	<b>9,444,044</b>	<b>3,127,748</b>				

# Consist of equity instruments less impairment loss.

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



RHB BANK BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (cont'd)

27 Interest Rate Risk (cont'd)

**Bank**

**30.06.2008**

	← Non-trading book →						Trading book RM'000	Total RM'000	Effective interest 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			
<b>Assets</b>									
Cash and short term funds	13,521,914	-	-	-	-	892,202	-	14,414,116	3.56
Securities purchased under resale agreements	1,958,084	-	-	-	-	-	-	1,958,084	3.51
Deposits and placements with banks and other financial institutions	-	1,049,362	-	-	489,788	-	-	1,539,150	3.09
Securities held for trading	-	-	-	-	-	-	1,365,565	1,365,565	4.65
Securities available-for-sale	37,861	916,524	269,692	2,145,332	626,539	170,242	-	4,166,190	4.42
Securities held-to-maturity	505,858	902,703	824,752	3,566,040	1,835,682	(152,751) #	-	7,482,284	4.10
Loans, advances & financing									
- performing	32,461,584	6,115,027	4,111,088	5,481,075	1,066,099	-	-	49,234,873	6.40
- non-performing	-	-	-	-	-	429,147 *	-	429,147	-
Other assets	-	-	-	-	-	600,107	-	600,107	-
Derivative assets	-	-	-	-	-	-	196,656	196,656	-
Deferred taxation assets	-	-	-	-	-	255,911	-	255,911	-
Statutory deposits	-	-	-	-	-	1,462,364	-	1,462,364	-
Investment in subsidiaries	-	-	-	-	-	828,956	-	828,956	-
Property, plant and equipment	-	-	-	-	-	415,030	-	415,030	-
Prepaid land lease	-	-	-	-	-	21,101	-	21,101	-
Goodwill	-	-	-	-	-	905,519	-	905,519	-
<b>Total assets</b>	<b>48,485,301</b>	<b>8,983,616</b>	<b>5,205,532</b>	<b>11,192,447</b>	<b>4,018,108</b>	<b>5,827,828</b>	<b>1,562,221</b>	<b>85,275,053</b>	
<b>Liabilities</b>									
Deposits from customers	30,048,643	6,734,520	11,348,088	363,631	-	15,115,479	-	63,610,361	3.13
Deposits and placements of banks & other financial institutions	3,319,110	1,631,514	301,263	527,186	42,095	788	-	5,821,956	3.50
Bills and acceptances payable	1,533,433	2,004,508	671,174	-	-	221,324	-	4,430,439	3.77
Recourse obligation on loans sold to Cagamas Berhad	-	365,982	406,302	865,171	-	-	-	1,637,455	4.72
Other liabilities	-	-	-	-	-	962,138	-	962,138	-
Derivative liabilities	-	-	-	-	-	-	182,612	182,612	-
Provision for taxation	-	-	-	-	-	136,399	-	136,399	-
Long term borrowings	636,724	-	-	-	-	-	-	636,724	3.23
Subordinated obligations	-	-	-	-	2,000,000	-	-	2,000,000	5.18
<b>Total liabilities</b>	<b>35,537,910</b>	<b>10,736,524</b>	<b>12,726,827</b>	<b>1,755,988</b>	<b>2,042,095</b>	<b>16,436,128</b>	<b>182,612</b>	<b>79,418,084</b>	
Shareholders' equity	-	-	-	-	-	5,856,969	-	5,856,969	-
<b>Total liabilities and shareholders' equity</b>	<b>35,537,910</b>	<b>10,736,524</b>	<b>12,726,827</b>	<b>1,755,988</b>	<b>2,042,095</b>	<b>22,293,097</b>	<b>182,612</b>	<b>85,275,053</b>	
<b>Total interest-sensitivity gap</b>	<b>12,947,391</b>	<b>(1,752,908)</b>	<b>(7,521,295)</b>	<b>9,436,459</b>	<b>1,976,013</b>				

# Consist of equity instruments less impairment loss.

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

RHB BANK BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (cont'd)

27 Interest Rate Risk (cont'd)

**Bank**

**31.12.2007**

	Non-trading book						Trading book RM'000	Total RM'000	Effective interest 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			
<b>Assets</b>									
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 & 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	-
<b>Total assets</b>	<b>47,460,773</b>	<b>8,927,465</b>	<b>6,014,196</b>	<b>11,352,805</b>	<b>3,474,164</b>	<b>6,378,051</b>	<b>1,456,125</b>	<b>85,063,579</b>	
<b>Liabilities</b>									
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 & 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
<b>Total liabilities</b>	<b>36,691,569</b>	<b>9,888,744</b>	<b>12,224,165</b>	<b>2,283,354</b>	<b>2,062,587</b>	<b>16,250,197</b>	<b>109,427</b>	<b>79,510,043</b>	
INCPs	-	-	-	1,368,099	-	-	-	1,368,099	10.00
Shareholders' equity	-	-	-	-	-	4,185,437	-	4,185,437	-
<b>Total liabilities and shareholders' equity</b>	<b>36,691,569</b>	<b>9,888,744</b>	<b>12,224,165</b>	<b>3,651,453</b>	<b>2,062,587</b>	<b>20,435,634</b>	<b>109,427</b>	<b>85,063,579</b>	
<b>Total interest-sensitivity gap</b>	<b>10,769,204</b>	<b>(961,279)</b>	<b>(6,209,969)</b>	<b>7,701,352</b>	<b>1,411,577</b>				

# Consist of equity instruments less impairment loss.

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

**RHB BANK BERHAD**

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

**28 Segmental Reporting On Revenue And Profit**

**Group - 6 months ended 30 June 2008**

	Wholesale Banking	Retail Banking	Treasury & Money Market	Islamic	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	939,562	940,811	716,465	126,846	9,857	-	2,733,541
Inter-segment revenue	1,219	-	9,041	684	2,081	(13,025)	-
<b>Total revenue</b>	<b>940,781</b>	<b>940,811</b>	<b>725,506</b>	<b>127,530</b>	<b>11,938</b>	<b>(13,025)</b>	<b>2,733,541</b>
Segment results	400,606	171,296	121,219	87,432	90,353	-	870,906
Subordinated obligations							(54,814)
Unallocated expenses							(132,940)
Profit from operations							683,152
Share of results of an associate							38
Profit before INCPs dividend and taxation							683,190
INCPs dividend							(23,788)
Taxation							(168,878)
<b>Net profit for the period</b>							<b>490,524</b>

**Group - 6 months ended 30 June 2007**

	Wholesale Banking	Retail Banking	Treasury & Money Market	Islamic	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	913,580	902,340	800,611	184,260	4,426	-	2,805,217
Inter-segment revenue	2,042	-	16,613	-	1,927	(20,582)	-
<b>Total revenue</b>	<b>915,622</b>	<b>902,340</b>	<b>817,224</b>	<b>184,260</b>	<b>6,353</b>	<b>(20,582)</b>	<b>2,805,217</b>
Segment results	231,664	147,431	194,693	140,929	3,837	-	718,554
Subordinated obligations							(44,606)
Unallocated expenses							(137,495)
Profit from operations							536,453
Share of results of an associate							112
Profit before INCPs dividend and taxation							536,565
INCPs dividend							(67,843)
Taxation							(121,805)
<b>Net profit for the period</b>							<b>346,917</b>

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (cont'd)

**29 Valuation of Property, Plant and Equipment**

The Group's property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. There was no change in the valuation of property, plant and equipment that were brought forward from the previous audited annual financial statements.

**30 Events subsequent to Balance Sheet Date**

There were no material events subsequent to the balance sheet date that require disclosure or adjustments to the interim financial statements.

**31 Changes in the Composition of the Group**

The significant changes in the composition of the Group for the six months ended 30 June 2008 are summarised below:

**(a) Proposed 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 proposed 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 ('Proposed Disposal'). The purchase consideration of RM7.069 million was received on 4 April 2008.

The Proposed Disposal is not expected to have any material effect on the consolidated earnings or net assets of the Bank for the financial period ended 30 June 2008. None of the Directors or substantial shareholders of the Bank or persons connected to them has any interest, direct or indirect, in the Proposed Disposal.

**(b) Members' voluntary winding up of wholly-owned subsidiaries of the Bank**

On 25 March 2008, the following wholly-owned subsidiaries of the Bank have commenced members' voluntary winding-up pursuant to Section 254 (1) of the Companies Act, 1965:

- (i) U.B. Nominees (Tempatan) Sdn Bhd ('UBNT')
- (ii) USB Nominees Sdn Bhd ('USBN')
- (iii) USB Nominees (Tempatan) Sdn Bhd ('USBNT')
- (iv) USB Nominees (Asing) Sdn Bhd ('USBNA')
- (v) INFB Jaya Sdn Bhd ('INFB')

UBNT, USBN, USBNT, USBNA and INFB are companies incorporated in Malaysia and are presently dormant.

The winding-up of UBNT, USBN, USBNT, USBNA and INFB will not have any material effect on the Group's performance for the financial period ended 30 June 2008.

**32 Changes in Profit for the Quarter**

The Group recorded 15.9% higher profit before INCPS dividends and taxation of RM366,714K for the current quarter as compared to the preceding quarter ended 31 March 2008 of RM316,477K. The increase in the profit was mainly due to lower operating expenses and higher net interest income partly offset by lower other operating income.

**33 Performance Review**

For the 6 months to 30 June 2008, the Group recorded a 27.3% higher profit before INCPS dividends and taxation of RM683,190K as compared to the corresponding period last year of RM536,565K, mainly as a result of higher net interest income and lower allowance for losses on loans and financing, partly offset by lower income from Islamic banking business.

**RHB BANK BERHAD**

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

**34 Prospects for the Current Financial Year**

Despite a resilient Malaysian economy in the first half of the year which recorded a GDP growth of 6.5%, we expect that the second half of the year will be challenging given the current operating environment underpinned by increased external uncertainties, rising inflation and intensive competition. The Group however is better positioned to navigate the tougher conditions given the improved financial and operating platforms brought about by the Group's Transformation Program implemented over the past 12 months.

Under this backdrop, the Group is cautiously optimistic that its improved performance for the first half of 2008 could be sustained for the whole of 2008.

**35 Proposed Dividends**

The Directors proposed an interim dividend of 7.57% less tax in respect of current financial period amounting to RM185,872,000.