



RHB Capital Berhad 312952-H
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**ANNOUNCEMENT OF UNAUDITED RESULTS
 FOR THE THREE MONTHS ENDED 31 MARCH 2008**

The Board of Directors of RHB Capital Berhad ("The Board") wishes to announce that the unaudited results of the Group and Company for the three months ended 31 March 2008 are as follows:

**CONDENSED CONSOLIDATED INCOME STATEMENT
 FOR THE THREE MONTHS ENDED 31 MARCH 2008**

	Note	1st quarter ended		Three months ended	
		31 Mar 2008	31 Mar 2007	31 Mar 2008	31 Mar 2007
		RM'000	RM'000	RM'000	RM'000
Group					
Interest income	A8	1,203,677	1,207,794	1,203,677	1,207,794
Interest expense	A9	(673,390)	(705,744)	(673,390)	(705,744)
Net interest income		530,287	502,050	530,287	502,050
Other operating income	A10	243,343	245,558	243,343	245,558
		773,630	747,608	773,630	747,608
Income from Islamic Banking business		55,993	55,822	55,993	55,822
		829,623	803,430	829,623	803,430
Other operating expenses	A11	(367,160)	(342,342)	(367,160)	(342,342)
Operating profit before allowances		462,463	461,088	462,463	461,088
Allowance for losses on loans and financing	A12	(152,114)	(156,238)	(152,114)	(156,238)
Impairment loss		(995)	(4,161)	(995)	(4,161)
		309,354	300,689	309,354	300,689
Share of results of associates		523	46	523	46
Profit before Irredeemable					
Non-cumulative Convertible					
Preference Shares ('INCPS')					
dividends and taxation					
INCPS dividends	A13	-	(27,234)	-	(27,234)
		309,877	300,735	309,877	300,735
Profit after INCPS dividends and					
before taxation					
Taxation	B5	(87,288)	(73,307)	(87,288)	(73,307)
Profit for the financial period		222,589	200,194	222,589	200,194
Attributable to:					
- Equity holders of the Company		222,422	146,323	222,422	146,323
- Minority interests		167	53,871	167	53,871
		222,589	200,194	222,589	200,194
Earnings per share					
- Basic (sen)	B13	10.3	8.0	10.3	8.0
- Fully diluted (sen)		n/a	n/a	n/a	n/a

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007.



RHB CAPITAL BERHAD (312952 – H)

CONDENSED INCOME STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2008

		1st quarter ended		Three months ended	
	Note	31 Mar 2008	31 Mar 2007	31 Mar 2008	31 Mar 2007
		RM'000	RM'000	RM'000	RM'000
Company					
Interest income	A8	928	21,680	928	21,680
Interest expense	A9	(33,521)	(22,162)	(33,521)	(22,162)
Net interest expense		<u>(32,593)</u>	<u>(482)</u>	<u>(32,593)</u>	<u>(482)</u>
Other operating income	A10	542	755	542	755
Net income		<u>(32,051)</u>	<u>273</u>	<u>(32,051)</u>	<u>273</u>
Other operating expenses	A11	(6,740)	(4,306)	(6,740)	(4,306)
Loss for the financial period		<u><u>(38,791)</u></u>	<u><u>(4,033)</u></u>	<u><u>(38,791)</u></u>	<u><u>(4,033)</u></u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007.



RHB CAPITAL BERHAD (312952 – H)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2008

	Note	As at 31 Mar 2008 RM'000	As at 31 Dec 2007 RM'000
Group			
ASSETS			
Cash and short term funds		22,828,021	19,048,148
Securities purchased under resale agreements		1,756,270	567,836
Deposits and placements with banks and other financial institutions		4,358,749	3,365,740
Securities held-for-trading	A14	4,762,186	5,761,145
Securities available-for-sale ('Securities AFS')	A15	5,151,235	7,674,258
Securities held-to-maturity	A16	6,799,308	7,041,480
Loans, advances and financing	A17	55,636,909	54,554,651
Clients' and brokers' balances		962,288	246,870
Other assets	A18	662,211	649,267
Derivative assets		143,791	109,157
Statutory deposits		1,634,912	1,673,865
Tax recoverable		60,366	52,887
Deferred tax assets		257,762	249,119
Investments in associates		16,056	15,533
Prepaid land lease		100,000	99,594
Property, plant and equipment		752,135	760,791
Goodwill		3,786,169	3,283,953
Total assets		109,668,368	105,154,294
LIABILITIES AND EQUITY			
Deposits from customers	A19/B9(a)	79,378,594	75,793,231
Deposits and placements of banks and other financial institutions	A20/B9(a)	8,480,992	8,670,331
Bills and acceptances payable		4,838,090	3,959,943
Clients' and brokers' balances		1,074,856	368,436
Other liabilities	A21	1,457,571	1,606,923
Derivative liabilities		179,903	129,242
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		1,701,709	1,854,873
Taxation		109,222	101,626
Deferred tax liabilities		395	593
Borrowings	B9(b)	2,984,632	1,925,677
Subordinated obligations	B9(c)	2,195,000	2,665,000
INCPS		-	1,004,431
Total liabilities		102,400,964	98,080,306
Share capital		2,153,475	2,153,475
Reserves		5,088,098	4,894,885
		7,241,573	7,048,360
Minority interests		25,831	25,628
Total equity		7,267,404	7,073,988
Total liabilities and equity		109,668,368	105,154,294
Commitments and contingencies	A26(a)	59,726,244	56,608,914
Net assets per share attributable to equity holders of the Company (RM)		3.36	3.27

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007.



RHB CAPITAL BERHAD (312952 – H)

CONDENSED BALANCE SHEET AS AT 31 MARCH 2008

	Note	As at 31 Mar 2008 RM'000	As at 31 Dec 2007 RM'000
<u>Company</u>			
ASSETS			
Cash and short term funds		760	476,455
Deposits and placements with banks and other financial institutions		1,217	1,211
Other assets	A18	33,166	32,903
Amounts due from subsidiaries/related companies		9,523	9,677
Tax recoverable		28,297	28,297
Investments in subsidiaries		8,857,557	7,350,910
Property, plant and equipment		543	673
Total assets		<u>8,931,063</u>	<u>7,900,126</u>
LIABILITIES AND EQUITY			
Other liabilities	A21	20,489	37,727
Amounts due to subsidiaries/related companies		156,070	155,329
Deferred tax liabilities		16	16
Borrowings	B9(b)	2,681,202	1,594,977
Total liabilities		<u>2,857,777</u>	<u>1,788,049</u>
Share capital		2,153,475	2,153,475
Reserves		3,919,811	3,958,602
Total equity		<u>6,073,286</u>	<u>6,112,077</u>
Total liabilities and equity		<u>8,931,063</u>	<u>7,900,126</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007.



RHB CAPITAL BERHAD (312952 – H)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2008

	Attributable to equity holders of the Company								Minority interests	Total equity	
	Share capital	Share premium	Reserve funds	Merger reserves	Other reserves	AFS reserves	Translation reserves	Retained profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			RM'000
Group											
Balance as at											
1 January 2008	2,153,475	2,352,093	1,668,014	-	8,563	24,257	(10,149)	852,107	7,048,360	25,628	7,073,988
Currency translation differences	-	-	-	-	-	-	(40,837)	-	(40,837)	-	(40,837)
Unrealised net gain on revaluation of securities AFS	-	-	-	-	-	17,463	-	-	17,463	49	17,512
Net transfer to income statement on disposal or impairment	-	-	-	-	-	(3,763)	-	-	(3,763)	-	(3,763)
Deferred tax	-	-	-	-	-	(2,072)	-	-	(2,072)	(13)	(2,085)
Income and expenses recognised directly in equity	-	-	-	-	-	11,628	(40,837)	-	(29,209)	36	(29,173)
Profit for the financial period	-	-	-	-	-	-	-	222,422	222,422	167	222,589
Total income and expenses recognised for the financial period	-	-	-	-	-	11,628	(40,837)	222,422	193,213	203	193,416
Transfer in respect of statutory requirements	-	-	(124)	-	-	-	-	124	-	-	-
Balance as at											
31 March 2008	2,153,475	2,352,093	1,667,890	-	8,563	35,885	(50,986)	1,074,653	7,241,573	25,831	7,267,404

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007.



RHB CAPITAL BERHAD (312952 – H)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2008

	Attributable to equity holders of the Company									Minority interests RM'000	Total equity RM'000
	Share capital	Share premium	Reserve funds	Merger reserves	Other reserves	AFS reserves	Translation reserves	Retained profits	Sub-total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Group											
Balance as at											
1 January 2007	1,823,475	1,114,593	1,443,797	6,431	8,563	29,590	(6,568)	508,158	4,928,039	1,123,683	6,051,722
Currency translation differences	-	-	-	-	-	-	(5,977)	-	(5,977)	(2,417)	(8,394)
Unrealised net loss on revaluation of securities AFS	-	-	-	-	-	(4,232)	-	-	(4,232)	790	(3,442)
Net transfer to income statement on disposal or impairment	-	-	-	-	-	1,517	-	-	1,517	1,286	2,803
Deferred tax	-	-	-	-	-	1,695	-	-	1,695	(329)	1,366
Fair value adjustment on assets acquired in previous financial year	-	-	-	-	-	-	-	-	-	2,990	2,990
Income and expenses recognised directly in equity	-	-	-	-	-	(1,020)	(5,977)	-	(6,997)	2,320	(4,677)
Profit for the financial period	-	-	-	-	-	-	-	146,323	146,323	53,871	200,194
Total income and expenses recognised for the financial period	-	-	-	-	-	(1,020)	(5,977)	146,323	139,326	56,191	195,517
Balance as at											
31 March 2007	1,823,475	1,114,593	1,443,797	6,431	8,563	28,570	(12,545)	654,481	5,067,365	1,179,874	6,247,239

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RHB CAPITAL BERHAD (312952 – H)

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2008**

	<u>Share capital</u> RM'000	<u>Non- distributable Share premium</u> RM'000	<u>Distributable Retained profits</u> RM'000	<u>Total</u> RM'000
<u>Company</u>				
Balance as at 1 January 2008	2,153,475	2,352,093	1,606,509	6,112,077
Loss for the financial period	-	-	(38,791)	(38,791)
Balance as at 31 March 2008	<u>2,153,475</u>	<u>2,352,093</u>	<u>1,567,718</u>	<u>6,073,286</u>
Balance as at 1 January 2007	1,823,475	1,114,593	830,184	3,768,252
Loss for the financial period	-	-	(4,033)	(4,033)
Balance as at 31 March 2007	<u>1,823,475</u>	<u>1,114,593</u>	<u>826,151</u>	<u>3,764,219</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007.



RHB CAPITAL BERHAD (312952 – H)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2008**

	3 months ended 31 Mar 2008	3 months ended 31 Mar 2007
	RM'000	RM'000
Group		
Operating activities		
Profit before INCPS dividends, taxation and zakat	309,877	300,735
Adjustments for investing and financing items and other items not involving the movement of cash and cash equivalents	27,023	1,755
Operating profit before working capital changes	336,900	302,490
Net changes in operating assets	(3,174,987)	(1,493,015)
Net changes in operating liabilities	4,677,644	5,138,680
Cash generated from operations	1,839,557	3,948,155
Taxation and zakat paid	(103,573)	(77,001)
Taxation recovered	5,857	34,839
Net cash generated from operating activities	1,741,841	3,905,993
Investing activities		
Net sale/(purchase) of securities	2,936,926	(1,007,641)
Interest received from securities	2,768	185,765
Proceeds from disposal of property, plant and equipment	4	2,567
Dividend income received from securities	1,847	258
Purchase of property, plant and equipment	(12,211)	(14,194)
Increase in investment in subsidiaries	(1,506,647)	-
Net cash generated from/(used in) investing activities	1,422,687	(833,245)
Financing activities		
Drawdown of borrowings	1,069,530	97,150
Payment to hire-purchase creditors	(92)	(88)
Proceeds from disposal of subordinated notes	25,000	-
Redemption of subordinated notes	(479,100)	-
Net cash generated from financing activities	615,338	97,062
Net increase in cash and cash equivalents	3,779,866	3,169,810
Cash and cash equivalents		
- at the beginning of the financial period	19,048,118	10,671,553
- at the end of the financial period	22,827,984	13,841,363
Cash and cash equivalents comprise the following:		
Cash and short term funds	22,828,021	13,844,455
Overdrafts	(37)	(3,092)
	22,827,984	13,841,363

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007.



RHB CAPITAL BERHAD (312952 – H)

**CONDENSED CASH FLOW STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2008**

	3 months ended 31 Mar 2008	3 months ended 31 Mar 2007
	RM'000	RM'000
Company		
Operating activities		
Loss before taxation	(38,791)	(4,033)
Adjustments for investing and financing items and other items not involving the movement of cash and cash equivalents	<u>32,498</u>	160
Operating loss before working capital changes	(6,293)	(3,873)
Net changes in operating assets	(152)	84
Net changes in operating liabilities	<u>(437)</u>	<u>(1,672)</u>
Net cash used in operating activities	<u>(6,882)</u>	<u>(5,461)</u>
Investing activities		
Interest income received	965	20
Increase in investment in subsidiaries	(1,506,647)	-
Proceeds from disposal of property, plant and equipment	-	5
Purchase of property, plant and equipment	<u>(38)</u>	<u>(12)</u>
Net cash (used in)/generated from investing activities	<u>(1,505,720)</u>	<u>13</u>
Financing activities		
Drawdown of borrowings	1,085,500	28,000
Interest expense paid	(48,508)	(38,384)
Payment to hire-purchase creditors	<u>(92)</u>	<u>(88)</u>
Net cash generated from/(used in) financing activities	<u>1,036,900</u>	<u>(10,472)</u>
Net decrease in cash and cash equivalents	(475,702)	(15,920)
Cash and cash equivalents		
- at the beginning of the financial period	<u>476,425</u>	13,398
- at the end of the financial period	<u>723</u>	<u>(2,522)</u>
Cash and cash equivalents comprise the following:		
Cash and short term funds	760	570
Overdrafts	<u>(37)</u>	<u>(3,092)</u>
	<u>723</u>	<u>(2,522)</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2008**

A1. Basis of Preparation

The interim financial statements are unaudited and has been prepared in compliance with the Financial Reporting Standards ('FRS') 134, 'Interim Financial Reporting' issued by the Malaysian Accounting Standards Board ('MASB') and paragraph 9.22 of the Bursa Malaysia Securities Berhad's Listing Requirements and should be read in conjunction with the audited financial statements of the Group and the Company for the last financial year ended 31 December 2007.

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

A2. Audit Report

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

A3. Seasonal or Cyclical Factors

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

A4. Exceptional or Unusual Items

There were no exceptional or unusual items for the three months ended 31 March 2008.

A5. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the current financial period.

A6. Changes in Debt and Equity Securities

There were no issuances 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 conversion of RHB Bank Berhad's ('RHB Bank') 1,368,099,145 INCPS of RM1.00 each into 2,736,198,290 new ordinary shares of RM0.50 each of RHB Bank by the Company on 27 March 2008. The exercise was financed by a drawdown of RM1,053.0 million bridging loan.

A7. Dividends Paid

No dividend was paid during the three months ended 31 March 2008.



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2008

	1st quarter ended		Three months ended	
	31 Mar	31 Mar	31 Mar	31 Mar
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
A8. Interest Income				
<u>Group</u>				
Loans, advances and financing				
- interest income other than recoveries from NPLs	766,639	741,947	766,639	741,947
- recoveries from NPLs	41,820	46,429	41,820	46,429
Money at call, deposits and placements with financial institutions	220,888	157,966	220,888	157,966
Securities purchased under resale agreements	22,555	30,981	22,555	30,981
Securities held-for-trading	45,863	49,242	45,863	49,242
Securities AFS	59,920	85,423	59,920	85,423
Securities held-to-maturity	56,539	95,569	56,539	95,569
Others	4,157	23,184	4,157	23,184
	1,218,381	1,230,741	1,218,381	1,230,741
Amortisation of premium less accretion of discount	5,701	868	5,701	868
Interest suspended	(20,405)	(23,815)	(20,405)	(23,815)
	1,203,677	1,207,794	1,203,677	1,207,794
<u>Company</u>				
Money at call, deposits and placements with financial institutions	928	21	928	21
Others	-	21,659	-	21,659
	928	21,680	928	21,680
A9. Interest Expense				
<u>Group</u>				
Deposits and placements of banks and other financial institutions	75,972	125,360	75,972	125,360
Deposits from customers	500,101	443,012	500,101	443,012
Obligations on securities sold under repurchase agreements	-	44,270	-	44,270
Borrowings	33,251	21,943	33,251	21,943
Subordinated obligations	31,586	25,632	31,586	25,632
Recourse obligation on loans sold to Cagamas	20,850	31,166	20,850	31,166
Others	11,630	14,361	11,630	14,361
	673,390	705,744	673,390	705,744
<u>Company</u>				
Borrowings	33,251	21,941	33,251	21,941
Others	270	221	270	221
	33,521	22,162	33,521	22,162



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2008**

	1st quarter ended		Three months ended	
	31 Mar	31 Mar	31 Mar	31 Mar
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income				
Group				
Fee income				
- Service charges and fees	41,382	44,306	41,382	44,306
- Commission	27,013	30,087	27,013	30,087
- Brokerage	24,055	35,816	24,055	35,816
- Commitment fees	11,556	11,215	11,556	11,215
- Guarantee fees	10,817	7,849	10,817	7,849
- Underwriting and arrangement fees	10,320	4,324	10,320	4,324
- Fund management fees	4,263	1,699	4,263	1,699
- Corporate advisory fees	3,710	2,960	3,710	2,960
- Unit trust fee income	1,297	14,112	1,297	14,112
- Other fee income	3,674	9,131	3,674	9,131
	138,087	161,499	138,087	161,499
Net gain/(loss) arising from sale/ redemption of securities and derivatives				
- Net gain from sale of				
- securities held-for-trading	21,053	19,959	21,053	19,959
- securities AFS	5,673	3,360	5,673	3,360
- Net gain from redemption of				
- securities held-to-maturity	773	26	773	26
- Derivatives	(471)	(227)	(471)	(227)
	27,028	23,118	27,028	23,118
Unrealised loss on revaluation of securities and derivatives				
- Securities held-for-trading	(8,430)	(7,969)	(8,430)	(7,969)
- Derivatives	(8,542)	(597)	(8,542)	(597)
	(16,972)	(8,566)	(16,972)	(8,566)



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2008

	1st quarter ended		Three months ended	
	31 Mar	31 Mar	31 Mar	31 Mar
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income (continued)				
<u>Group (continued)</u>				
Gross dividend income from				
- Securities held-for-trading	721	352	721	352
- Securities AFS	1,302	2	1,302	2
	<u>2,023</u>	<u>354</u>	<u>2,023</u>	<u>354</u>
Other income				
- Foreign exchange gain/(loss)				
- realised	69,958	78,711	69,958	78,711
- unrealised	(8,594)	(31,740)	(8,594)	(31,740)
- Underwriting surplus before management expenses	11,557	7,274	11,557	7,274
- Rental income	856	789	856	789
- Net gain on disposal of property, plant and equipment	3	344	3	344
- Gain on liquidation of a subsidiary	-	69	-	69
- Other operating income	11,138	11,743	11,138	11,743
- Other non-operating income	8,259	1,963	8,259	1,963
	<u>93,177</u>	<u>69,153</u>	<u>93,177</u>	<u>69,153</u>
	<u>243,343</u>	<u>245,558</u>	<u>243,343</u>	<u>245,558</u>
<u>Company</u>				
Other income				
- Foreign exchange gain				
- unrealised	262	484	262	484
- Other operating income	280	270	280	270
- Other non-operating income	-	1	-	1
	<u>542</u>	<u>755</u>	<u>542</u>	<u>755</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2008

	1st quarter ended		Three months ended	
	31 Mar 2008	31 Mar 2007	31 Mar 2008	31 Mar 2007
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses				
<u>Group</u>				
Personnel costs				
- Salaries, bonus, wages and allowances	175,831	143,976	175,831	143,976
- Defined contribution plan	25,260	20,415	25,260	20,415
- Other staff related costs	14,294	16,474	14,294	16,474
	215,385	180,865	215,385	180,865
Establishment costs				
- Information technology expenses	22,882	22,779	22,882	22,779
- Depreciation	20,948	25,786	20,948	25,786
- Repair and maintenance	10,972	11,410	10,972	11,410
- Rental of premises	8,345	7,771	8,345	7,771
- Water and electricity	3,873	3,681	3,873	3,681
- Rental of equipment	3,100	2,653	3,100	2,653
- Insurance	2,559	2,522	2,559	2,522
- Amortisation of prepaid land lease	125	98	125	98
- Others	2,227	2,338	2,227	2,338
	75,031	79,038	75,031	79,038
Marketing expenses				
- Advertisements and publicity	8,030	6,480	8,030	6,480
- Sales commission	6,688	15,755	6,688	15,755
- Dealers' handling fee	5,808	5,155	5,808	5,155
- Others	19,324	17,446	19,324	17,446
	39,850	44,836	39,850	44,836
Administration and general expenses				
- Communication expenses	16,503	16,624	16,503	16,624
- Legal and professional fee	3,901	3,898	3,901	3,898
- Others	16,490	17,081	16,490	17,081
	36,894	37,603	36,894	37,603
	367,160	342,342	367,160	342,342



**RHB CAPITAL BERHAD (312952 – H)
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	1st quarter ended		Three months ended	
	31 Mar	31 Mar	31 Mar	31 Mar
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses (continued)				
<u>Company</u>				
Personnel costs				
- Salaries, bonus, wages and allowances	2,765	2,138	2,765	2,138
- Defined contribution plan	332	257	332	257
- Other staff related costs	387	447	387	447
	<u>3,484</u>	<u>2,842</u>	<u>3,484</u>	<u>2,842</u>
Establishment costs				
- Rental of premises	310	346	310	346
- Depreciation	168	164	168	164
- Repair and maintenance	87	80	87	80
- Water and electricity	14	10	14	10
- Information technology expenses	3	16	3	16
- Rental of equipment	10	9	10	9
	<u>592</u>	<u>625</u>	<u>592</u>	<u>625</u>
Marketing expenses				
- Advertisements and publicity	134	38	134	38
- Others	432	208	432	208
	<u>566</u>	<u>246</u>	<u>566</u>	<u>246</u>
Administration and general expenses				
- Legal and professional fee	1,959	429	1,959	429
- Communication expenses	73	99	73	99
- Others	66	65	66	65
	<u>2,098</u>	<u>593</u>	<u>2,098</u>	<u>593</u>
	<u><u>6,740</u></u>	<u><u>4,306</u></u>	<u><u>6,740</u></u>	<u><u>4,306</u></u>



RHB CAPITAL BERHAD (312952 – H)
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FOR THE THREE MONTHS ENDED 31 MARCH 2008

	1st quarter ended		Three months ended	
	31 Mar 2008	31 Mar 2007	31 Mar 2008	31 Mar 2007
	RM'000	RM'000	RM'000	RM'000
A12. Allowance for Losses on Loans and Financing				
<u>Group</u>				
Allowance for bad and doubtful debts				
- specific allowance made	219,029	306,786	219,029	306,786
- specific allowance written back	(51,740)	(139,789)	(51,740)	(139,789)
- specific allowance (net)	167,289	166,997	167,289	166,997
- general allowance (net)	18,618	8,535	18,618	8,535
Bad debts written off	-	394	-	394
Bad debts recovered	(36,108)	(19,588)	(36,108)	(19,588)
Specific allowance for other debtors	2,315	(100)	2,315	(100)
	152,114	156,238	152,114	156,238
A13. INCPS Dividends				
<u>Group</u>				
INCPS dividends paid and payable				
- 10% per annum (gross)	-	27,234	-	27,234



**RHB CAPITAL BERHAD (312952 – H)
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	Group	
	As at 31 Mar 2008	As at 31 Dec 2007
	RM'000	RM'000
A14. Securities Held-for-trading		
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Quoted		
Malaysian government securities	441,825	200,497
Khazanah bonds	102,309	202,813
Malaysian government investment issues	55,382	247,825
Cagamas bonds	9,523	19,272
Singapore government stocks	-	103,306
Unquoted		
Private debt securities	1,852,789	2,079,537
Bankers' acceptances and Islamic accepted bills	817,870	800,263
Bank Negara Malaysia ('BNM') bills/notes	425,969	396,106
Negotiable instrument of deposits	353,649	1,278,675
Fixed rate notes	215,607	221,421
Singapore government treasury bills	173,476	-
Structured notes	103,995	-
Malaysian government treasury bills	28,970	19,657
Fixed rate foreign currency bonds	6,429	-
	<u>4,587,793</u>	<u>5,569,372</u>
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Shares	44,704	56,553
Unit trust	1,822	2,335
Warrants	9	-
Outside Malaysia		
Other government securities	102,022	105,256
Bonds	20,012	20,048
Shares	5,824	7,581
	<u>4,762,186</u>	<u>5,761,145</u>



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	Group	
	As at	As at
	31 Mar 2008	31 Dec 2007
	RM'000	RM'000
A15. Securities Available-for-sale ('Securities AFS')		
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Quoted		
Cagamas bonds and Cagamas Mudharabah bonds	411,116	410,370
Malaysian government securities	160,044	195,929
Private debt securities	136,003	137,548
Malaysian government investment issues	43,429	18,257
Singapore government stocks	28,651	81,010
Khazanah bonds	9,841	9,738
Unquoted		
Private debt securities	2,979,991	2,722,245
Singapore government treasury bills	270,950	285,910
Structured notes	234,240	154,440
Negotiable instrument of deposits	212,738	1,262,834
BNM notes	57,387	1,618,338
Malaysian government treasury bills	39,800	196,667
Bankers' acceptances and Islamic accepted bills	5,079	34,044
	4,589,269	7,127,330
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Corporate loan stocks	72,885	75,981
Malaysian government securities	24,165	24,043
Shares	8,353	9,957
Warrants	664	-
Outside Malaysia		
Floating rate notes	151	156
Shares	12	11
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Shares	167,979	167,979
Private debt securities	141,502	149,853
Corporate loan stocks	105,351	105,077
Outside Malaysia		
Private debt securities	38,669	11,556
Corporate loan stocks	2,235	2,315
	5,151,235	7,674,258



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	Group	
	As at 31 Mar 2008	As at 31 Dec 2007
	RM'000	RM'000
A16. Securities Held-to-maturity		
At amortised cost		
<u>MONEY MARKET INSTRUMENTS:</u>		
Quoted		
Malaysian government securities	1,328,172	1,364,197
Cagamas bonds and Cagamas Mudharabah bonds	679,391	819,407
Khazanah bonds	575,906	570,490
Government investment issues	83,234	82,774
Unquoted		
Prasarana bonds	1,977,641	1,978,309
Private debt securities	886,420	846,826
Negotiable instrument of deposits	678,282	774,095
Other government securities	235,102	247,568
Structured notes	100,000	100,000
	<u>6,544,148</u>	<u>6,783,666</u>
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	344,615	347,166
Corporate loan stocks	86,386	87,316
Bonds	27,201	27,201
Shares	2,700	2,700
Outside Malaysia		
Floating rate notes	36,030	37,370
	<u>7,041,080</u>	<u>7,285,419</u>
Accumulated impairment loss	(241,772)	(243,939)
	<u><u>6,799,308</u></u>	<u><u>7,041,480</u></u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
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	Group	
	As at	As at
	<u>31 Mar 2008</u>	<u>31 Dec 2007</u>
	RM'000	RM'000

A17. Loans, Advances and Financing

Overdrafts	6,301,948	6,259,416
Term loans/financing		
- housing loans/financing	12,625,038	12,608,753
- syndicated term loans/financing	2,284,259	2,128,744
- hire-purchase receivables	9,993,632	9,856,706
- lease receivables	256,261	264,807
- other term loans/financing	12,750,099	12,689,939
Bills receivable	2,398,664	2,282,049
Trust receipts	461,576	465,381
Claims on customers under acceptance credits	5,160,713	5,044,613
Staff loans/financing	385,230	391,729
Credit/charge cards receivables	1,654,227	1,630,493
Revolving credits	5,184,013	4,645,240
	<u>59,455,660</u>	<u>58,267,870</u>
Unearned interest and income	(1,450,463)	(1,453,768)
Gross loans, advances and financing	<u>58,005,197</u>	<u>56,814,102</u>
Allowance for bad and doubtful debts and financing		
- general	(1,016,509)	(999,186)
- specific	(1,351,779)	(1,260,265)
Net loans, advances and financing	<u><u>55,636,909</u></u>	<u><u>54,554,651</u></u>

(a) By type of customers

Domestic non-bank financial institutions		
- stockbroking companies	627	231
- others	633,978	717,257
Domestic business enterprises		
- small medium enterprises	9,051,290	8,991,279
- others	22,330,649	21,605,192
Government and statutory bodies	159,889	224,665
Individuals	24,797,642	24,543,987
Other domestic entities	94,426	89,503
Foreign entities	936,696	641,988
	<u><u>58,005,197</u></u>	<u><u>56,814,102</u></u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2008**

	Group	
	As at	As at
	31 Mar 2008	31 Dec 2007
	RM'000	RM'000
A17. Loans, Advances and Financing (continued)		
(b) By interest/profit rate sensitivity		
Fixed rate		
- housing loans/financing	1,723,593	1,731,614
- hire-purchase receivables	8,568,441	8,430,436
- other fixed rate loans/financing	3,347,886	3,498,681
Variable rate		
- base lending rate plus	20,614,550	20,339,184
- cost-plus	18,266,889	17,337,990
- other variable rates	5,483,838	5,476,197
	<u>58,005,197</u>	<u>56,814,102</u>
(c) By purpose		
Purchase of securities	2,359,044	2,268,943
Purchase of transport vehicles	6,666,054	6,567,105
Purchase of landed property:		
- residential	13,161,162	13,152,861
- non-residential	2,358,993	2,215,150
Purchase of property, plant and equipment other than land and building	2,982,906	2,773,449
Personal use	1,998,058	2,152,457
Credit card	1,654,227	1,630,493
Purchase of consumer durables	89,051	92,947
Construction	1,771,256	1,633,169
Working capital	23,142,571	21,904,612
Other purpose	1,821,875	2,422,916
	<u>58,005,197</u>	<u>56,814,102</u>



RHB CAPITAL BERHAD (312952 – H)
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Group	
As at	As at
31 Mar 2008	31 Dec 2007
RM'000	RM'000

A17. Loans, Advances and Financing (continued)

(d) NPLs by purpose

Purchase of securities	56,237	55,513
Purchase of transport vehicles	276,599	270,881
Purchase of landed property:		
- residential	1,045,481	1,057,187
- non-residential	135,985	153,936
Purchase of property, plant and equipment other than land and building	81,162	68,441
Personal use	121,789	125,543
Credit card	49,031	44,725
Purchase of consumer durables	5,944	6,605
Construction	133,088	126,788
Working capital	1,269,960	1,234,212
Other purpose	8,181	21,462
	<u>3,183,457</u>	<u>3,165,293</u>



**RHB CAPITAL BERHAD (312952 – H)
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	Group	
	As at	As at
	<u>31 Mar 2008</u>	<u>31 Dec 2007</u>
	RM'000	RM'000

A17. Loans, Advances and Financing (continued)

(e) Movements in NPLs are as follows:

Balance as at the beginning of the financial period/year	3,165,293	4,277,037
Classified as non-performing during the financial period/year	827,421	3,467,477
Amount recovered	(99,299)	(1,015,758)
Reclassified as performing during the financial period/year	(628,254)	(2,430,980)
Amount written off	(80,962)	(1,115,789)
Loans/financing converted to securities	-	(15,586)
Exchange difference	(742)	(1,108)
Balance as at the end of the financial period/year	<u>3,183,457</u>	<u>3,165,293</u>
Specific allowance	<u>(1,351,779)</u>	<u>(1,260,265)</u>
Net NPLs	<u><u>1,831,678</u></u>	<u><u>1,905,028</u></u>
Ratio of net NPLs as % of gross loans, advances and financing less specific allowance	<u><u>3.23%</u></u>	<u><u>3.43%</u></u>

(f) Movements in allowance for bad and doubtful debts and financing accounts are as follows:

General allowance

Balance as at the beginning of the financial period/year	999,186	976,214
Net allowance made during the financial period/year	18,618	24,567
Exchange difference	(1,295)	(1,595)
Balance as at the end of the financial period/year	<u>1,016,509</u>	<u>999,186</u>
As % of gross loans, advances and financing less specific allowance	<u><u>1.79%</u></u>	<u><u>1.79%</u></u>

Specific allowance

Balance as at the beginning of the financial period/year	1,260,265	1,755,408
Allowance made during the financial period/year	219,029	1,061,428
Transferred to accumulated impairment loss in value of securities	-	(11,128)
Amount recovered	(51,740)	(409,575)
Amount written off	(74,906)	(1,135,450)
Exchange difference	(869)	(418)
Balance as at the end of the financial period/year	<u>1,351,779</u>	<u>1,260,265</u>



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	Group		Company	
	As at	As at	As at	As at
	<u>31 Mar 2008</u>	<u>31 Dec 2007</u>	<u>31 Mar 2008</u>	<u>31 Dec 2007</u>
	RM'000	RM'000	RM'000	RM'000
A18. Other Assets				
Other debtors, deposits and prepayments	484,922	462,091	33,151	32,851
Accrued interest receivable	177,289	187,176	15	52
	<u>662,211</u>	<u>649,267</u>	<u>33,166</u>	<u>32,903</u>

	Group	
	As at	As at
	<u>31 Mar 2008</u>	<u>31 Dec 2007</u>
	RM'000	RM'000

A19. Deposits from Customers

(a) By type of deposits

Demand deposits	17,826,830	17,106,591
Savings deposits	5,262,033	5,153,557
Fixed deposits	55,987,442	52,971,787
Negotiable instrument of deposits	302,289	561,296
	<u>79,378,594</u>	<u>75,793,231</u>

(b) By type of customers

Government and statutory bodies	5,784,024	4,734,585
Business enterprises	47,783,045	45,436,540
Individuals	23,475,395	23,477,921
Others	2,336,130	2,144,185
	<u>79,378,594</u>	<u>75,793,231</u>

A20. Deposits and Placements of Banks and Other Financial Institutions

Licensed banks	3,176,341	3,757,638
Licensed investment banks	323,320	458,605
BNM	2,560,371	2,205,622
Other financial institutions	2,420,960	2,248,466
	<u>8,480,992</u>	<u>8,670,331</u>



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	Group		Company	
	As at 31 Mar 2008	As at 31 Dec 2007	As at 31 Mar 2008	As at 31 Dec 2007
	RM'000	RM'000	RM'000	RM'000
A21. Other Liabilities				
Accrued interest payable	455,470	469,417	14,711	30,416
Other creditors and accruals	355,432	434,736	5,164	6,605
Accruals for operational expenses	254,627	238,783	-	-
General insurance fund	162,592	157,972	-	-
Lessee deposits	85,037	85,260	-	-
Prepaid instalment	71,815	71,352	-	-
Short term employee benefits	57,711	134,108	-	-
Remisiers' trust deposits	12,517	12,761	-	-
Amount due to Danaharta	1,756	1,828	-	-
Hire-purchase creditors	614	706	614	706
	<u>1,457,571</u>	<u>1,606,923</u>	<u>20,489</u>	<u>37,727</u>



**RHB CAPITAL BERHAD (312952 – H)
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A22. Segment Information

Revenue and Results

Three months ended 31 March 2008

	Wholesale banking	Retail banking	Treasury and money market	Islamic Banking business	Financial advisory and underwriting	Stockbroking and other securities related business	Insurance	Others	Intersegment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group										
External revenue	481,483	469,257	456,281	55,993	2,906	32,804	6,174	(1,885)	-	1,503,013
Intersegment revenue	553	1,098	6,091	80	1,000	-	3,394	6,656	(18,872)	-
Segment revenue	<u>482,036</u>	<u>470,355</u>	<u>462,372</u>	<u>56,073</u>	<u>3,906</u>	<u>32,804</u>	<u>9,568</u>	<u>4,771</u>	<u>(18,872)</u>	<u>1,503,013</u>
Profit before unallocated expenses	221,796	102,245	102,247	42,030	(850)	6,467	1,143	(6,767)		468,311
Unallocated expenses										(158,957)
Profit after unallocated expenses										309,354
Share of results of associates	-	-	-	-	-	65	-	458		523
Profit before INCPS dividends and taxation										309,877
INCPS dividends										-
Profit after INCPS dividends and before taxation										309,877
Taxation										(87,288)
Profit for the financial period										<u>222,589</u>



**RHB CAPITAL BERHAD (312952 – H)
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A22. Segment Information (continued)

Revenue and Results

Three months ended 31 March 2007

	Wholesale banking	Retail banking	Treasury and money market	Islamic Banking business	Financial advisory and underwriting	Stockbroking and other securities related business	Insurance	Others	Intersegment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group										
External revenue	478,538	444,950	429,880	55,822	5,688	54,962	14,816	24,518	-	1,509,174
Intersegment revenue	1,355	1,166	9,278	-	-	103	3,526	6,651	(22,079)	-
Segment revenue	<u>479,893</u>	<u>446,116</u>	<u>439,158</u>	<u>55,822</u>	<u>5,688</u>	<u>55,065</u>	<u>18,342</u>	<u>31,169</u>	<u>(22,079)</u>	<u>1,509,174</u>
Profit before unallocated expenses	168,898	69,282	87,713	39,891	3,907	32,647	10,481	21,660		434,479
Unallocated expenses										<u>(133,790)</u>
Profit after unallocated expenses										300,689
Share of results of associates	-	-	-	-	-	51	-	(5)		<u>46</u>
Profit before INCPS dividends and taxation										300,735
INCPS dividends										<u>(27,234)</u>
Profit after INCPS dividends and before taxation										273,501
Taxation										<u>(73,307)</u>
Profit for the financial period										<u><u>200,194</u></u>



**RHB CAPITAL BERHAD (312952 – H)
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A23. Valuation of Property, Plant and Equipment

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

A24. Material Events Subsequent to the Balance Sheet Date

There are no material events subsequent to the balance sheet date that have not been reflected in the financial statements, except for the proposed corporate proposals by RHB Investment Bank Berhad ('RHB Investment Bank'), a wholly-owned subsidiary of the Company. Please refer to B8(b) 'Status of Corporate Proposals' for further details.

A25. Changes in Composition of the Group

The significant changes in the composition of the Group for the three months ended 31 March 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')

The Company announced on 10 March 2008 that Utama Gilang Sdn Bhd, a wholly-owned subsidiary of RHB Bank which in turn is a wholly-owned subsidiary of the Company, 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 Company for the financial period ending 31 March 2008. None of the Directors or substantial shareholders of the Company or persons connected to them has any interest, direct or indirect, in the Proposed Disposal.

(b) Members' voluntary winding up of RHB Bank's wholly-owned subsidiaries

The Company announced on 25 March 2008 that the following wholly-owned subsidiaries of RHB Bank, a company that is wholly-owned by the Company, have commenced members' voluntary winding-up on 25 March 2008 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 31 March 2008.



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A26. Changes in Contingent Liabilities since the last Annual Balance Sheet Date

(a) Commitments and Contingencies

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. Apart from the allowance for commitments and contingencies already made in the interim financial statements, no material losses are anticipated as a result of these transactions.

The commitments and contingencies comprise the following:

	← Group →					
	As at 31 Mar 2008			As at 31 Dec 2007		
	Principal amount RM'million	Credit equivalent amount* RM'million	Risk weighted amount RM'million	Principal amount RM'million	Credit equivalent amount* RM'million	Risk weighted amount RM'million
Direct credit substitutes	2,091	2,091	1,887	1,934	1,934	1,736
Transaction-related contingent items	2,091	909	640	2,149	938	631
Short term self-liquidating trade-related contingencies	2,450	490	319	2,591	518	345
Obligations under underwriting agreements	600	214	214	578	214	214
Other assets sold with recourse and commitments with certain drawdown	40	-	-	3	-	-
Irrevocable commitments to extend credit						
- maturity not exceeding one year	24,490	-	-	25,147	-	-
- maturity exceeding one year	4,008	2,004	1,820	3,999	1,999	1,808
Foreign exchange related contracts						
- less than one year	12,560	204	65	9,268	164	46
- one year to less than five years	24	2	1	9	1	-
- more than five years	1,278	232	80	926	162	67
Interest rate related contracts						
- less than one year	1,741	1	-	2,868	5	1
- one year to less than five years	6,759	173	40	5,657	125	30
- more than five years	360	25	6	347	27	6
Others	1,234	-	-	1,133	-	-
	<u>59,726</u>	<u>6,345</u>	<u>5,072</u>	<u>56,609</u>	<u>6,087</u>	<u>4,884</u>

* The credit equivalent amount is arrived at using the credit conversion factors as per BNM's circulars.



**RHB CAPITAL BERHAD (312952 – H)
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A26. Changes in Contingent Liabilities since the last Annual Balance Sheet Date (continued)

(b) Guarantees Issued

As at balance sheet date, the Company has extended unsecured guarantees totalling RM20,000,000 (31 December 2007: RM24,500,000) and RM100,000,000 (31 December 2007: RM100,000,000) for borrowings and performance of its subsidiaries respectively. As at balance sheet date, RM1,000,000 (31 December 2007: RM1,000,000) of the borrowings were utilised by the subsidiaries of the Company.

(c) Other Contingent Liabilities

(i) The Company

On 19 October 2001, the Company filed a suit against Carta Bintang Sdn Bhd ('CBSB'), the vendor of SJ Securities Sdn Bhd ('SJ Securities'), for the recovery of the deposit of RM32,800,000 ('Deposit') paid by the Company pursuant to the sale and purchase agreement dated 7 November 2000 between CBSB and the Company for the sale and purchase of 60 million shares in SJ Securities. CBSB subsequently filed a counterclaim of RM258,688,153.42 together with interest thereon and costs (Please refer to B11(a) 'Material Litigation' for further details).

The suit is still ongoing and the solicitors for the Company are of the opinion that the chances of successfully recovering the Deposit are good. In addition, the solicitors for the Company are also of the opinion that the prospects of successfully defending the counterclaim filed by CBSB against the Company are good and that the said counterclaim is unlikely to succeed.

In view of the above, the Company has not made any provision in relation to the said counterclaim, in the interim financial statements for the three months ended 31 March 2008.

(ii) RHB Investment Bank and RHB Equities Sdn Bhd ('RHB Equities')

- Claim by Dato' Haji Iqbal Kuppai Pitchai Rawther ('Plaintiff')

This suit was initially filed by RHB Securities Sdn Bhd ('RHB Securities'). With effect from 30 December 2006, the assets and liabilities of RHB Securities including this suit have been vested into RHB Investment Bank pursuant to a vesting order of the High Court. Subsequently, RHB Securities was renamed as RHB Excel Sdn Bhd ('RHB Excel') on 9 January 2007.

The following is a summary of the litigation from commencement of the suit:

RHB Excel, a wholly owned subsidiary of RHB Investment Bank and RHB Equities, a wholly owned subsidiary of the Company, are parties, as the first and second defendants, to a suit for damages and for the return of shares pledged by the Plaintiff as third party collateral for margin finance facilities initially provided by RHB Equities, which were subsequently transferred to RHB Excel together with the third party collateral. The Plaintiff claimed that the transfer was made without the Plaintiff's consent and has obtained an interim injunction to restrain disposal of the collateral. RHB Excel and RHB Equities have filed a defence and counterclaim against the said suit.

Plaintiff's suit against RHB Excel and RHB Equities was dismissed with costs on 19 May 2005. Plaintiff filed Notice of Appeal against the dismissal on 30 May 2005. With the dismissal, the injunction previously obtained against RHB Excel to deal with the collateral lapses. On 14 June 2005, the Plaintiff filed an application for a stay of execution.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
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A26. Changes in Contingent Liabilities since the last Annual Balance Sheet Date (continued)

(c) Other Contingent Liabilities (continued)

(ii) RHB Investment Bank and RHB Equities Sdn Bhd ('RHB Equities') (continued)

RHB Excel won in its counterclaim against the Plaintiff with costs on 24 June 2005. On 4 August 2005, the Plaintiff's stay application was allowed with costs. As such, RHB Excel is prohibited from disposing the shares until the hearing and disposal of the Appeal to the Court of Appeal.

Group	
As at	As at
31 Mar 2008	31 Dec 2007
RM'000	RM'000

A27. Capital Commitments

Capital expenditure for property, plant and equipment:

- authorised and contracted for	36,302	27,961
- authorised but not contracted for	89,122	77,565
	<u>125,424</u>	<u>105,526</u>



RHB CAPITAL BERHAD (312952 – H)
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A28. Interest/Profit Rate Risk

Group As at 31 Mar 2008	Non-trading book					Non-interest bearing	Trading book	Total	Effective interest rate
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets									
Cash and short term funds	20,979,653	-	-	-	-	1,848,368	-	22,828,021	3.55
Securities purchased under resale agreements	693,714	1,062,556	-	-	-	-	-	1,756,270	3.49
Deposits and placements with banks and other financial institutions	41,229	3,666,771	650,749	-	-	-	-	4,358,749	3.56
Securities									
- held-for-trading	-	-	-	-	-	19,267	4,742,919	4,762,186	4.31
- AFS	118,566	397,267	449,797	2,180,180	1,818,400	187,025	-	5,151,235	4.90
- held-to-maturity	69,187	278,437	1,014,754	4,257,343	1,418,636	(239,049)	-	6,799,308	5.17
Loans, advances and financing									
- performing	33,876,610	6,590,991	4,843,866	6,814,477	2,695,701	95	-	54,821,740	6.77
- non-performing*	-	-	-	-	-	815,169	-	815,169	
Clients' and brokers' balances	84,375	-	-	-	-	877,913	-	962,288	2.22
Other assets	1,894	-	154	517	966	658,680	-	662,211	3.02
Derivative assets	-	-	-	-	-	-	143,791	143,791	
Statutory deposits	-	-	-	-	-	1,634,912	-	1,634,912	
Tax recoverable	-	-	-	-	-	60,366	-	60,366	
Deferred tax assets	-	-	-	-	-	257,762	-	257,762	
Investments in associates	-	-	-	-	-	16,056	-	16,056	
Prepaid land lease	-	-	-	-	-	100,000	-	100,000	
Property, plant and equipment	-	-	-	-	-	752,135	-	752,135	
Goodwill	-	-	-	-	-	3,786,169	-	3,786,169	
Total assets	55,865,228	11,996,022	6,959,320	13,252,517	5,933,703	10,774,868	4,886,710	109,668,368	

* This is arrived at after deducting the general allowance and specific allowance from the outstanding NPLs.



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FOR THE THREE MONTHS ENDED 31 MARCH 2008

A28. Interest/Profit Rate Risk (continued)

Group As at 31 Mar 2008	← Non-trading book →					Non-interest bearing	Trading book	Total	Effective interest rate %
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Liabilities and equity									
Deposits from customers	41,552,375	8,505,568	12,014,254	586,817	4	16,719,576	-	79,378,594	2.94
Deposits and placements of banks and other financial institutions	4,656,458	1,169,246	2,000,681	600,544	53,559	504	-	8,480,992	3.49
Bills and acceptances payable	1,685,155	2,165,487	750,466	-	-	236,982	-	4,838,090	3.74
Clients' and brokers' balances	-	-	-	-	-	1,074,856	-	1,074,856	
Other liabilities	31	62	288	233	-	1,456,957	-	1,457,571	5.42
Derivative liabilities	-	-	-	-	-	-	179,903	179,903	
Recourse obligation on loans sold to Cagamas	-	13,166	584,672	1,103,871	-	-	-	1,701,709	4.71
Taxation	-	-	-	-	-	109,222	-	109,222	
Deferred tax liabilities	-	-	-	-	-	395	-	395	
Borrowings	2,044,967	-	149,677	789,988	-	-	-	2,984,632	5.36
Subordinated obligations	-	-	-	-	2,195,000	-	-	2,195,000	5.18
Total liabilities	49,938,986	11,853,529	15,500,038	3,081,453	2,248,563	19,598,492	179,903	102,400,964	
Total equity	-	-	-	-	-	7,267,404	-	7,267,404	
Total liabilities and equity	49,938,986	11,853,529	15,500,038	3,081,453	2,248,563	26,865,896	179,903	109,668,368	
Total interest-sensitivity gap	5,926,242	142,493	(8,540,718)	10,171,064	3,685,140				



RHB CAPITAL BERHAD (312952 – H)
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A28. Interest/Profit Rate Risk (continued)

Company As at 31 Mar 2008	Non-trading book					Non-interest bearing	Trading book	Total	Effective interest rate
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets									
Cash and short term funds	-	-	-	-	-	760	-	760	
Deposits and placements with banks and other financial institutions	-	1,079	138	-	-	-	-	1,217	3.44
Other assets	-	-	-	-	-	33,166	-	33,166	
Amounts due from subsidiaries/ related companies	-	-	-	-	-	9,523	-	9,523	
Tax recoverable	-	-	-	-	-	28,297	-	28,297	
Investments in subsidiaries	-	-	-	-	-	8,857,557	-	8,857,557	
Property, plant and equipment	-	-	-	-	-	543	-	543	
Total assets	-	1,079	138	-	-	8,929,846	-	8,931,063	
Liabilities and equity									
Other liabilities	31	62	288	233	-	19,875	-	20,489	5.42
Amounts due to subsidiaries	-	-	-	-	-	156,070	-	156,070	
Deferred tax liabilities	-	-	-	-	-	16	-	16	
Borrowings	1,741,537	-	149,677	789,988	-	-	-	2,681,202	5.59
Total liabilities	1,741,568	62	149,965	790,221	-	175,961	-	2,857,777	
Total equity	-	-	-	-	-	6,073,286	-	6,073,286	
Total liabilities and equity	1,741,568	62	149,965	790,221	-	6,249,247	-	8,931,063	
Total interest-sensitivity gap	(1,741,568)	1,017	(149,827)	(790,221)	-	-	-	-	



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2008

A28. Interest/Profit Rate Risk (continued)

Group As at 31 Dec 2007	Non-trading book					Non-interest bearing	Trading book	Total	Effective interest rate
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets									
Cash and short term funds	17,906,099	-	-	-	-	1,142,049	-	19,048,148	3.55
Securities purchased under resale agreements	540,418	27,418	-	-	-	-	-	567,836	3.23
Deposits and placements with banks and other financial institutions	27,231	3,103,390	235,119	-	-	-	-	3,365,740	4.01
Securities									
- held-for-trading	-	-	-	-	-	21,468	5,739,677	5,761,145	4.33
- AFS	1,190,504	1,150,537	1,585,786	2,061,826	1,497,305	188,300	-	7,674,258	4.32
- held-to-maturity	156,192	219,545	867,021	4,487,561	1,552,378	(241,217)	-	7,041,480	4.21
Loans, advances and financing									
- performing	32,283,993	6,656,849	4,978,156	7,123,367	2,606,338	106	-	53,648,809	6.87
- non-performing*	-	-	-	-	-	905,842	-	905,842	
Clients' and brokers' balances	28,700	-	-	-	-	218,170	-	246,870	2.46
Other assets	1,833	-	87	700	958	645,689	-	649,267	3.17
Derivative assets	-	-	-	-	-	-	109,157	109,157	
Statutory deposits	-	-	-	-	-	1,673,865	-	1,673,865	
Tax recoverable	-	-	-	-	-	52,887	-	52,887	
Deferred tax assets	-	-	-	-	-	249,119	-	249,119	
Investments in associates	-	-	-	-	-	15,533	-	15,533	
Prepaid land lease	-	-	-	-	-	99,594	-	99,594	
Property, plant and equipment	-	-	-	-	-	760,791	-	760,791	
Goodwill	-	-	-	-	-	3,283,953	-	3,283,953	
Total assets	52,134,970	11,157,739	7,666,169	13,673,454	5,656,979	9,016,149	5,848,834	105,154,294	

* This is arrived at after deducting the general allowance and specific allowance from the outstanding NPLs.



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FOR THE THREE MONTHS ENDED 31 MARCH 2008

A28. Interest/Profit Rate Risk (continued)

Group As at 31 Dec 2007	← Non-trading book →					Non-interest bearing	Trading book	Total	Effective interest rate
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years				
Liabilities and equity									
Deposits from customers	38,183,106	8,953,994	11,984,964	607,575	-	16,063,592	-	75,793,231	3.56
Deposits and placements of banks and other financial institutions	5,696,245	1,636,468	557,800	716,003	62,587	1,228	-	8,670,331	4.08
Bills and acceptances payable	1,480,031	1,544,020	722,161	2,523	-	211,208	-	3,959,943	3.74
Clients' and brokers' balances	-	-	-	-	-	368,436	-	368,436	
Other liabilities	31	61	284	330	-	1,606,217	-	1,606,923	5.42
Derivative liabilities	-	-	-	-	-	-	129,242	129,242	
Recourse obligation on loans sold to Cagamas	-	90,974	429,085	1,334,814	-	-	-	1,854,873	4.65
Taxation	-	-	-	-	-	101,626	-	101,626	
Deferred tax liabilities	-	-	-	-	-	593	-	593	
Borrowings	986,730	-	-	938,947	-	-	-	1,925,677	6.33
Subordinated obligations	495,000	-	-	-	2,170,000	-	-	2,665,000	5.44
									Effective dividend rate
									%
INCPS	-	-	-	1,004,431	-	-	-	1,004,431	10.00
Total liabilities	46,841,143	12,225,517	13,694,294	4,604,623	2,232,587	18,352,900	129,242	98,080,306	
Total equity	-	-	-	-	-	7,073,988	-	7,073,988	
Total liabilities and equity	46,841,143	12,225,517	13,694,294	4,604,623	2,232,587	25,426,888	129,242	105,154,294	
Total interest-sensitivity gap	5,293,827	(1,067,778)	(6,028,125)	9,068,831	3,424,392				



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A28. Interest/Profit Rate Risk (continued)

Company As at 31 Dec 2007	← Non-trading book →					Non-interest bearing	Trading book	Total	Effective interest rate
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets									
Cash and short term funds	475,920	-	-	-	-	535	-	476,455	3.15
Deposits and placements with banks and other financial institutions	-	726	485	-	-	-	-	1,211	3.44
Other assets	-	-	-	-	-	32,903	-	32,903	
Amounts due from subsidiaries/ related companies	-	-	-	-	-	9,677	-	9,677	
Tax recoverable	-	-	-	-	-	28,297	-	28,297	
Investments in subsidiaries	-	-	-	-	-	7,350,910	-	7,350,910	
Property, plant and equipment	-	-	-	-	-	673	-	673	
Total assets	475,920	726	485	-	-	7,422,995	-	7,900,126	
Liabilities and equity									
Other liabilities	31	62	283	330	-	37,021	-	37,727	5.40
Amounts due to subsidiaries/ related companies	-	-	-	-	-	155,329	-	155,329	
Deferred tax liabilities	-	-	-	-	-	16	-	16	
Borrowings	656,030	-	-	938,947	-	-	-	1,594,977	6.41
Total liabilities	656,061	62	283	939,277	-	192,366	-	1,788,049	
Total equity	-	-	-	-	-	6,112,077	-	6,112,077	
Total liabilities and equity	656,061	62	283	939,277	-	6,304,443	-	7,900,126	
Total interest-sensitivity gap	(180,141)	664	202	(939,277)	-				



RHB CAPITAL BERHAD (312952 – H)
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A29. Capital Adequacy Ratio

BNM guidelines on capital adequacy requires RHB Bank, RHB Investment Bank and RHB Islamic Bank Berhad ('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.

Currently, the Group is not required to maintain any capital adequacy ratio requirements.

(a) The capital adequacy ratios of RHB Bank, RHB Investment bank and RHB Islamic Bank are as follows:

	RHB Bank		RHB Investment Bank		RHB Islamic Bank	
	As at	As at	As at	As at	As at	As at
	31 Mar 2008	31 Dec 2007	31 Mar 2008	31 Dec 2007	31 Mar 2008	31 Dec 2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Tier I capital						
Paid-up ordinary share capital	3,318,085	1,949,986	338,646	338,646	523,424	523,424
Paid-up INCPS	-	1,368,099	-	-	-	-
Share premium	8,563	8,563	-	-	-	-
Retained profits	477,564	477,564	69,442	69,442	92,494	92,494
Other reserves	1,894,070	1,894,070	278,549	278,549	123,062	123,062
Deferred tax (assets)/liabilities	(207,222)	(207,222)	376	376	(22,956)	(22,956)
Less: Goodwill	(905,519)	(905,519)	(159,280)	(159,280)	-	-
Total Tier I capital	4,585,541	4,585,541	527,733	527,733	716,024	716,024
Tier II capital						
Subordinated obligations	2,000,000	2,495,000	200,000	200,000	-	-
General allowance for bad and doubtful debts	915,599	893,728	12,390	15,278	82,184	82,948
Total Tier II capital	2,915,599	3,388,728	212,390	215,278	82,184	82,948



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2008

A29. Capital Adequacy Ratio (continued)

(a) The capital adequacy ratios of RHB Bank, RHB Investment bank and RHB Islamic Bank are as follows: (continued)

	RHB Bank		RHB Investment Bank		RHB Islamic Bank	
	As at	As at	As at	As at	As at	As at
	31 Mar 2008	31 Dec 2007	31 Mar 2008	31 Dec 2007	31 Mar 2008	31 Dec 2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Maximum allowable subordinated obligations	2,000,000	2,292,771 #	200,000	200,000	-	-
General allowance for bad and doubtful debts and financing	915,599	893,728	12,390	15,278	82,184	82,948
Maximum allowable total Tier II capital	<u>2,915,599</u>	<u>3,186,499</u>	<u>212,390</u>	<u>215,278</u>	<u>82,184</u>	<u>82,948</u>
Less:						
Investment in subsidiaries	(628,640)	(628,640)	(48,270)	(48,270)	-	-
Holdings of other financial institutions capital	-	(38,625)	-	(25,000)	-	-
Total capital base	<u>6,872,500</u>	<u>7,104,775</u>	<u>691,853</u>	<u>669,741</u>	<u>798,208</u>	<u>798,972</u>
<u>Before deducting proposed dividends</u>						
Core capital ratio	8.2%	8.3%	13.2%	14.6%	16.1%	16.0%
Risk-weighted capital adequacy ratio	12.3%	12.8%	17.3%	18.6%	17.9%	17.9%
<u>After deducting proposed dividends</u>						
Core capital ratio	8.2%	8.3%	13.2%	14.6%	16.1%	16.0%
Risk-weighted capital adequacy ratio	12.3%	12.8%	17.3%	18.6%	17.9%	17.9%

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.



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A29. Capital Adequacy Ratio (continued)

	RHB Bank		RHB Investment Bank		RHB Islamic Bank	
	As at	As at	As at	As at	As at	As at
	31 Mar 2008	31 Dec 2007	31 Mar 2008	31 Dec 2007	31 Mar 2008	31 Dec 2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(b) Breakdown of risk-weighted assets in the various categories of risk-weights are as follows:						
<u>Principal</u>						
0%	26,184,716	21,716,460	2,708,200	1,769,516	2,902,192	3,177,098
10%	48,799	58,812	-	-	50,244	50,284
20%	9,682,262	12,576,396	316,804	661,921	128,577	126,731
50%	10,697,357	10,654,657	3,260	3,478	1,415,249	1,411,313
100%	46,928,074	45,699,685	2,848,311	2,129,834	3,631,293	3,640,729
	<u>93,541,208</u>	<u>90,706,010</u>	<u>5,876,575</u>	<u>4,564,749</u>	<u>8,127,555</u>	<u>8,406,155</u>
<u>Risk-weighted</u>						
0%	-	-	-	-	-	-
10%	4,880	5,881	-	-	5,024	5,028
20%	1,936,452	2,515,279	63,361	132,385	25,715	25,346
50%	5,348,679	5,327,329	1,630	1,739	707,625	705,656
100%	46,928,074	45,699,685	2,848,311	2,129,834	3,631,293	3,640,729
	<u>54,218,085</u>	<u>53,548,174</u>	<u>2,913,302</u>	<u>2,263,958</u>	<u>4,369,657</u>	<u>4,376,759</u>
Total risk-weighted assets for market risk*	1,869,962	1,533,761	1,098,239	1,347,353	84,364	89,414
Counterparty risk	-	-	7	6	-	-
	<u>56,088,047</u>	<u>55,081,935</u>	<u>4,011,548</u>	<u>3,611,317</u>	<u>4,454,021</u>	<u>4,466,173</u>

* The capital adequacy ratios have incorporated market risk pursuant to BNM's guideline on Market Risk Capital Adequacy Framework which is effective from 1 April 2005.

Pursuant to BNM'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 are excluded from the calculation of risk weighted assets.



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B1. Review of Group Results

For the first quarter ended 31 March 2008, the Group recorded a profit after INCPS dividends and before taxation of RM309.9 million, 13.3% higher than that of the previous year corresponding quarter of RM273.5 million. The higher profit was mainly due to higher net interest income by RM28.2 million, lower allowance for losses on loans, financing and other losses by RM4.1 million and lower impairment loss by RM3.2 million, partly offset higher other operating expenses by RM24.8 million and lower other operating income by RM2.2 million.

B2. Changes in Profit for the Quarter

For the first quarter ended 31 March 2008, the Group recorded a profit after INCPS dividends and before taxation of RM309.9 million as compared to the profit of RM266.2 million recorded in the preceding quarter ended 31 December 2007. The higher profit was mainly due to lower operating expenses by RM94.0 million, lower impairment loss by RM46.1 million, higher other operating income by RM25.2 million, partly offset by higher allowance for losses on loans, financing and other losses by RM102.1 million, lower income from Islamic Banking business by RM33.9 million and lower net interest income by RM13.1 million.

B3. Prospects for the Financial Year Ending 31 December 2008

The Group expects to begin to realise the benefits of the RHB Banking Group transformation exercise implemented at the end of the previous financial year and see improvement in product quality and customer service. The Group is also expected to benefit from the corporate and debt restructuring exercises that have been implemented in the latter part of 2007 and early 2008.

These developments are expected to place the Group in a better position to further improve on its financial performance in 2008.

B4. Variance of Actual Profit from Forecast Profit and Profit Guarantee

There were no profit forecast or profit guarantee issued by the Group and the Company.

	1st quarter ended		Three months ended	
	31 Mar 2008	31 Mar 2007	31 Mar 2008	31 Mar 2007
	RM'000	RM'000	RM'000	RM'000
Group				
Income tax based on profit for the financial period				
- Malaysian income tax	100,211	87,593	100,211	87,593
- overseas tax	84	64	84	64
Deferred tax	(10,894)	(7,493)	(10,894)	(7,493)
Tax on INCPS dividends	-	(7,353)	-	(7,353)
	89,401	72,811	89,401	72,811
(Over)/Under provision in respect of prior years	(2,113)	496	(2,113)	496
	87,288	73,307	87,288	73,307

The effective tax rate of the Group for the first quarter and three months ended 31 March 2008 was higher than statutory tax rate mainly due to the certain expenses not deductible for tax purposes.



**RHB CAPITAL BERHAD (312952 – H)
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B6. Purchase and Sale of Quoted Securities

Other than in the ordinary course of business, there were no purchases or sales of quoted securities during the three months ended 31 March 2008.

B7. Profit on Sale of Unquoted Investments and/or Properties

Other than in the ordinary course of business, there were no sales of unquoted investments and/or properties during the three months ended 31 March 2008.

B8. Status of Corporate Proposals

- (a) **Proposed offer to purchase the remaining 1,104,469,561 INCPS of RM1.00 each in RHB Bank representing 80.73% of the issued and paid-up INCPS of RHB Bank not already held by the Company ('Proposed Purchase of INCPS')**

The Company had, on 28 September 2007 via RHB Investment Bank announced the Proposed Purchase of INCPS for a total consideration of RM1,656,704,342, representing an offer price of RM1.50 per INCPS to be satisfied in cash.

The shareholders of the Company had, at the EGM of the Company held on 20 November 2007, approved the Proposed Purchase of INCPS.

On 7 December 2007, the Company announced that the approval from BNM for the Proposed Purchase of INCPS has been obtained via a letter dated 6 December 2007.

Subsequent to BNM's approval, the Company had on 10 December 2007, issued the offer documents to the holders of the INCPS.

On 9 January 2008, the Company received valid acceptances from holders of the Offer INCPS ('Accepting Holders'), resulting the Company holding not less than 90% of the Offer INCPS and 99.69% of the total issued paid up capital of the INCPS.

The Company intends to invoke the provisions of Section 180 of the Companies Act, 1965 to compulsorily acquire all outstanding Offer INCPS from the holders of the Offer INCPS whose acceptances have not been received under the Offer ('Dissenting Holders').

The Company had, on 7 March 2008, announced that the Company has completed the purchase of the Offer INCPS. Upon completion of the purchase Offer INCPS, The Company will own 100% of RHB Bank's INCPS amounting to 1,368,099,145 INCPS of RM1.00 each inclusive of its existing 263,629,584 INCPS of RM1.00 each.

On 18 March 2008, the Company informed RHB Bank that the Company wishes to convert its entire 1,368,099,145 INCPS into new ordinary shares of RM0.50 each in RHB Bank. The conversion was completed on 27 March 2008.



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B8. Status of Corporate Proposals (continued)

(b) Proposed corporate proposals by RHB Investment Bank, a wholly-owned subsidiary of the Company

The Company announced on 16 October 2007 that RHB Investment Bank has proposed to undertake the following proposals:

- (i) proposed full redemption of its existing RM165.0 million nominal value of Redeemable Unsecured Subordinated Bonds ('Sub-Bonds') on its optional redemption date i.e. 10 December 2007;
- (ii) proposed issuance of up to RM245.0 million nominal value of Subordinated Notes ('Notes') under a Subordinated Note Programme ('Sub-Note Programme');
- (iii) proposed issuance of up to RM75.0 million nominal value of Hybrid Tier 1 Capital Securities ('HT1 Securities'); and
- (iv) proposed cancellation of RM75.0 million of its existing issued and paid-up share capital and returning the same to its shareholders ('Proposed Capital Repayment').

(The above are collectively referred to as 'the Proposals')

BNM has on 12 September 2007 approved the Proposals, whilst the SC had on 11 October 2007, approved the Sub-Note Programme and the HT1 Securities, subject to the terms and conditions stated therein.

The Proposals form part of RHB Investment Bank's capital management initiatives, with the objective of increasing the return to its shareholders and optimising the capital structure of RHB Investment Bank.

On 10 December 2007, the Company announced that RHB Investment Bank had fully redeemed its existing RM165.0 million Sub-Bonds and issued RM200.0 million nominal value of Notes under the Sub-Note Programme on the same date. In furtherance thereto, RHB Investment Bank had on 21 April 2008, issued the balance of RM45.0 million nominal value of Notes under the Sub-Note Programme.

The Proposals will not have any effect on the share capital and substantial shareholding structure of the Company and are not expected to have any material effect on the net assets, consolidated earnings and dividend policy of the Company. However, the Proposals are expected to contribute positively to the future earnings of the Company and its group of companies as the Sub-Note Programme will carry a lower interest rate than the existing Sub-Bonds.

Subsequent thereto, the Company had, on 4 April 2008, announced that the order of the High Court of Malaya, Kuala Lumpur confirming the Proposed Capital Repayment has been lodged with the Registrar of Companies on 4 April 2008. Accordingly, the Proposed Capital Repayment has been completed.

Further to that, the Company had also announced on 14 April 2008 that the SC had, vide its letter dated 10 April 2008 (which was received on 11 April 2008), granted approval for an extension of time up to 10 October 2008 for the implementation of the proposed issuance of HT1 Securities subject to the conditions as contained therein.

(c) Redemption of RHB Bank's USD 150.0 million 6.625% subordinated notes due 2013 callable with step-up in 2008

The Company announced on 25 January 2008 that RHB Bank has exercised its option to fully redeem its existing USD150.0 million 6.625% subordinated notes due 2013 callable with step-up in 2008.



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B8. Status of Corporate Proposals (continued)

(d) Proposed disposal by the Employees Provident Fund Board ('EPF') of part of its equity stake in the Company to one or more investors

The Company has been notified by EPF through a letter dated 3 March 2008 that the Ministry of Finance through Bank Negara Malaysia, had via a letter dated 29 February 2008, granted its approval for EPF to dispose off its 25% equity interest in RHB Capital to Abu Dhabi Commercial Bank ('ADCB').

On 8 May 2008, the Company has been notified by EPF that EPF and ADCB has entered into a Sale and Purchase Agreement to seal ADCB's acquisition of 25% equity stake in the Company based on the purchase price of RM7.20 per share, the deal of which is valued at RM3.876 billion.

On 9 May 2008, ADCB has become a substantial shareholder of the Company, holding 25% equity stake in the Company. As a result thereof, EPF's stake in the Company has been reduced to 57.23%.

(e) Proposed acquisition of a 49.0% stake in Vietnam Securities Corporation ('VSEC')

On 28 March 2008, the Company announced that RHB Investment Bank had on even date entered into a Share Subscription Agreement ('SSA') with VSEC for the subscription of new common shares in VSEC, representing 49.0% of the total enlarged issued and paid-up share capital for a total consideration of VND66,150,000,000 or equivalent to approximately RM13,266,563 (at the prevailing exchange rate of RM1:VND4,986.22, and this exchange rate shall be used throughout this announcement, where applicable) to be satisfied entirely by cash ('Proposed Subscription'). The Proposed Subscription is conditional upon, among others, the approvals of the relevant regulatory authorities in Malaysia and Vietnam.

RHB Investment Bank has also entered into a First Right of Refusal Agreement with the existing Vietnamese shareholders, granting RHB Investment Bank the right to arrange for the sale of VSEC Shares held by the existing shareholders to permitted prospective purchasers under the applicable Vietnamese laws after the Proposed Subscription.

The Proposed Subscription will not have any effect on both the substantial shareholders' shareholding, and the issued and paid-up share capital of the Company. It is also not expected to have any material effect on the net assets per share, earning per share and gearing of the Group.

None of the Directors or major shareholders of the Company and persons connected to them are deemed to have any interest, direct or indirect, in the Proposed Subscription.

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B9. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings and Subordinated Obligations

	Group	
	As at	As at
	31 Mar 2008	31 Dec 2007
	RM'000	RM'000
(a) Deposits from customers and placements of banks and other financial institutions		
Deposits from customers		
- one year or less (short term)	78,789,713	75,185,655
- more than one year (medium/long term)	588,881	607,576
	<u>79,378,594</u>	<u>75,793,231</u>
Deposits and placements of banks and other financial institutions		
- one year or less (short term)	7,733,844	7,891,741
- more than one year (medium/long term)	747,148	778,590
	<u>8,480,992</u>	<u>8,670,331</u>

	Group		Company	
	As at	As at	As at	As at
	31 Mar 2008	31 Dec 2007	31 Mar 2008	31 Dec 2007
	RM'000	RM'000	RM'000	RM'000
(b) Borrowings				
Secured:				
Revolving credits	20,000	20,000	20,000	20,000
Term loans	240,000	240,000	240,000	240,000
Unsecured:				
Revolving credits	32,500	-	32,500	-
Overdrafts	37	30	37	30
Term loans	1,752,430	726,700	1,449,000	396,000
RM600 million 6 years				
Serial Fixed Rate Bonds	596,747	596,363	596,747	596,363
RM350 million				
Fixed Rate Bonds	342,918	342,584	342,918	342,584
	<u>2,984,632</u>	<u>1,925,677</u>	<u>2,681,202</u>	<u>1,594,977</u>
Maturity period of borrowings:				
Repayable within one year	1,891,214	656,029	1,891,214	656,029
One year to three years	447,070	298,744	447,070	298,744
Three years to five years	342,918	640,204	342,918	640,204
Over five years	303,430	330,700	-	-
	<u>2,984,632</u>	<u>1,925,677</u>	<u>2,681,202</u>	<u>1,594,977</u>



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B9. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings and Subordinated Obligations (continued)

	Group	
	As at 31 Mar 2008	As at 31 Dec 2007
	RM'000	RM'000
(c) Subordinated obligations		
5.0% RM1,300 million Tier II subordinated notes 2007/2017	1,300,000	1,275,000
5.5% RM700 million Tier II subordinated notes 2007/2022	700,000	700,000
5.3% RM200 million Tier II subordinated notes 2007/2017	195,000	195,000
6.625% USD150 million Tier II subordinated notes 2002/2013	-	495,000
	<u>2,195,000</u>	<u>2,665,000</u>

The subordinated obligations constitute unsecured liabilities of the commercial bank and investment bank subsidiaries and are subordinated to the senior indebtedness in accordance with their respective terms and conditions of issue and qualify as Tier II capital for the purpose of determining the capital adequacy ratios of the respective banking subsidiaries.



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B10. Off-Balance Sheet Financial Instruments

Value of Contracts Classified by Remaining Period to Maturity/Next Re-pricing Date (whichever is earlier) as at 31 March 2008

Group

Items	Principal amount RM'million	1 month or less RM'million	> 1 – 3 months RM'million	> 3 – 6 months RM'million	> 6 – 12 months RM'million	> 1 – 5 years RM'million	> 5 years RM'million	Margin requirement RM'million
Foreign exchange related contracts								
- forwards	4,208	1,723	1,093	798	578	16	-	-
- swaps	6,625	3,757	1,704	898	266	-	-	-
- options	616	395	190	24	7	-	-	-
- spots	1,126	1,126	-	-	-	-	-	-
- cross-currency interest rate swaps	1,287	-	-	-	-	9	1,278	-
Interest rate related contracts								
- futures	3,270	-	360	310	570	2,030	-	2,177
- swaps	5,590	533	550	74	165	4,082	186	-
Total	22,722	7,534	3,897	2,104	1,586	6,137	1,464	2,177

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

Other than the above, there were no other off-balance sheet transactions in the Group which were not in the ordinary course of business.

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B10. Off-Balance Sheet Financial Instruments (continued)

Related accounting policies

Derivative financial instruments and hedge accounting

Derivative financial instruments are initially recognised at fair values on the date on which derivative contracts are entered into and are subsequently remeasured at their fair values. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative.

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 designates 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).

(a) 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 assets or liabilities that are attributable to the hedged risk.

(b) 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 and 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 and loss (for example, when the forecast sale that is hedged takes place).

(c) 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.



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B11. Material Litigation

(a) Carta Bintang Sdn Bhd

On 19 October 2001, the Company filed a Writ of Summons at the High Court of Malaya in Kuala Lumpur ('High Court') against CBSB, the vendor of SJ Securities, for the recovery of the deposit of RM32,800,000 ('Deposit') paid by the Company pursuant to the sale of shares agreement dated 7 November 2000 in respect of 60 million shares in SJ Securities ('Sale Shares').

On 26 November 2001, CBSB's solicitors served the Defence and Counterclaim on the Company's solicitors. The overall amount claimed by CBSB in the Counterclaim is RM258,688,153.42 together with interest thereon and costs. The Company filed its reply to the Defence and a Defence to the Counterclaim on 19 December 2001.

On 22 November 2002, the Deputy Registrar of the High Court granted a summary judgment in favour of the Company for CBSB to return the Deposit to the Company and a summary judgment in favour of CBSB for the Company to return the share certificates and transfer forms in respect of the Sale Shares to CBSB.

Both parties had subsequently filed their respective appeals against the decision of the Deputy Registrar and on 7 August 2003, the Learned High Court Judge dismissed the respective appeals of the Company and CBSB and affirmed the Deputy Registrar's summary judgment orders.

Both parties have filed their respective appeals to the Court of Appeal against the decisions of the Learned High Court Judge (Please refer to A26(c)(i) 'Other Contingent Liabilities' for the Company's solicitors' opinion on the above suit and counterclaim).

Hearing date for the appeals have yet to be fixed.

The above material litigation is not expected to have any material adverse effect on the financial results of the Group.



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B12. Dividends Declared

No dividend has been declared for the three months ended 31 March 2008.

	1st quarter ended		Three months ended	
	31 Mar 2008	31 Mar 2007	31 Mar 2008	31 Mar 2007
B13. Earnings per Share				
Basic earnings per share				
Profit attributable to equity holders of the Company (RM'000)	<u>222,422</u>	<u>146,323</u>	<u>222,422</u>	<u>146,323</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,153,475</u>	<u>1,823,475</u>	<u>2,153,475</u>	<u>1,823,475</u>
Basic earnings per share (sen)	<u>10.3</u>	<u>8.0</u>	<u>10.3</u>	<u>8.0</u>

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
(Licence No. LS0006901)

Company secretary

20 May 2008