



RHB Capital Berhad 312952-H
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**ANNOUNCEMENT OF UNAUDITED RESULTS
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 nine months ended 30 September 2008 are as follows:

**CONDENSED CONSOLIDATED INCOME STATEMENT
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008**

	Note	3rd quarter ended		Nine months ended	
		30 Sept 2008	30 Sept 2007	30 Sept 2008	30 Sept 2007
		RM'000	RM'000	RM'000	RM'000
Group					
Interest income	A8	1,188,857	1,209,473	3,607,359	3,659,114
Interest expense	A9	(634,976)	(688,426)	(1,963,267)	(2,103,551)
Net interest income		553,881	521,047	1,644,092	1,555,563
Other operating income	A10	226,986	236,967	683,561	743,069
		780,867	758,014	2,327,653	2,298,632
Income from Islamic Banking business		73,653	54,363	200,353	238,466
		854,520	812,377	2,528,006	2,537,098
Other operating expenses	A11	(367,798)	(360,651)	(1,075,916)	(1,044,513)
Operating profit before allowances		486,722	451,726	1,452,090	1,492,585
Allowance for losses on loans and financing	A12	16,934	(119,266)	(288,736)	(524,133)
Impairment (loss)/written back		(14,808)	5,159	(3,271)	(15,189)
		488,848	337,619	1,160,083	953,263
Share of results of associates		(116)	36	412	104
Profit before Irredeemable Non-cumulative Convertible Preference Shares ('INCPS') dividends and taxation		488,732	337,655	1,160,495	953,367
INCPS dividends	A13	-	(27,839)	-	(82,609)
Profit after INCPS dividends and before taxation		488,732	309,816	1,160,495	870,758
Taxation	B5	(130,137)	(77,769)	(307,435)	(223,100)
Profit for the financial period		358,595	232,047	853,060	647,658
Attributable to:					
- Equity holders of the Company		358,344	231,229	851,835	539,750
- Minority interests		251	818	1,225	107,908
		358,595	232,047	853,060	647,658
Earnings per share					
- Basic (sen)	B13	16.6	10.7	39.6	27.9
- Diluted (sen)	B13	16.6	10.7	39.6	27.9

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 NINE MONTHS ENDED 30 SEPTEMBER 2008**

	Note	3rd quarter ended		Nine months ended	
		30 Sept 2008	30 Sept 2007	30 Sept 2008	30 Sept 2007
		RM'000	RM'000	RM'000	RM'000
<u>Company</u>					
Interest income	A8	207	3,472	1,366	46,845
Interest expense	A9	(39,500)	(25,083)	(109,729)	(68,402)
Net interest expense		<u>(39,293)</u>	<u>(21,611)</u>	<u>(108,363)</u>	<u>(21,557)</u>
Other operating income	A10	251,361	163,792	295,901	359,034
Net income		<u>212,068</u>	<u>142,181</u>	<u>187,538</u>	<u>337,477</u>
Other operating expenses	A11	(10,706)	(15,579)	(25,988)	(26,092)
Profit before taxation		<u>201,362</u>	<u>126,602</u>	<u>161,550</u>	<u>311,385</u>
Taxation	B5	(34,011)	(29,389)	(34,176)	(79,523)
Profit for the financial period		<u><u>167,351</u></u>	<u><u>97,213</u></u>	<u><u>127,374</u></u>	<u><u>231,862</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 30 SEPTEMBER 2008

	Note	As at <u>30 Sept 2008</u> RM'000	As at <u>31 Dec 2007</u> RM'000
Group			
ASSETS			
Cash and short term funds		15,123,383	19,048,148
Securities purchased under resale agreements		64,475	567,836
Deposits and placements with banks and other financial institutions		1,567,700	3,365,740
Securities held-for-trading	A14	5,063,227	5,761,145
Securities available-for-sale ('Securities AFS')	A15	4,936,522	7,674,258
Securities held-to-maturity	A16	9,938,987	7,041,480
Loans, advances and financing	A17	60,092,171	54,554,651
Clients' and brokers' balances		262,801	246,870
Other assets	A18	533,366	649,267
Derivative assets		231,154	109,157
Statutory deposits		1,795,665	1,673,865
Tax recoverable		106,925	52,887
Deferred tax assets		307,644	249,119
Investments in associates		11,125	15,533
Prepaid land lease		103,234	99,594
Property, plant and equipment		783,045	760,791
Goodwill		3,786,169	3,283,953
Total assets		<u>104,707,593</u>	<u>105,154,294</u>
LIABILITIES AND EQUITY			
Deposits from customers	A19/B9(a)	75,623,988	75,793,231
Deposits and placements of banks and other financial institutions	A20/B9(a)	7,444,017	8,670,331
Bills and acceptances payable		4,877,877	3,959,943
Clients' and brokers' balances		357,478	368,436
Other liabilities	A21	1,519,235	1,606,923
Derivative liabilities		227,512	129,242
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		1,225,478	1,854,873
Taxation		207,270	101,626
Deferred tax liabilities		393	593
Borrowings	B9(b)	3,430,891	1,925,677
Subordinated obligations	B9(c)	2,240,000	2,665,000
INCPS		-	1,004,431
Total liabilities		<u>97,154,139</u>	<u>98,080,306</u>
Share capital		2,153,475	2,153,475
Reserves		5,373,436	4,894,885
		7,526,911	7,048,360
Minority interests		26,543	25,628
Total equity		<u>7,553,454</u>	<u>7,073,988</u>
Total liabilities and equity		<u>104,707,593</u>	<u>105,154,294</u>
Commitments and contingencies	A26(a)	<u>61,894,898</u>	<u>56,608,914</u>
Net assets per share attributable to equity holders of the Company (RM)		<u>3.50</u>	<u>3.27</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 BALANCE SHEET AS AT 30 SEPTEMBER 2008

	Note	As at 30 Sept 2008 RM'000	As at 31 Dec 2007 RM'000
<u>Company</u>			
ASSETS			
Cash and short term funds		13,862	476,455
Deposits and placements with banks and other financial institutions		1,247	1,211
Other assets	A18	34,704	32,903
Amounts due from subsidiaries/related companies		21,071	9,677
Tax recoverable		59,427	28,297
Investments in subsidiaries		8,782,557	7,350,910
Property, plant and equipment		405	673
Total assets		<u>8,913,273</u>	<u>7,900,126</u>
LIABILITIES AND EQUITY			
Other liabilities	A21	22,463	37,727
Amounts due to subsidiaries/related companies		154,664	155,329
Deferred tax liabilities		16	16
Borrowings	B9(b)	2,777,148	1,594,977
Total liabilities		<u>2,954,291</u>	<u>1,788,049</u>
Share capital		2,153,475	2,153,475
Reserves		3,805,507	3,958,602
Total equity		<u>5,958,982</u>	<u>6,112,077</u>
Total liabilities and equity		<u>8,913,273</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 NINE MONTHS ENDED 30 SEPTEMBER 2008**

	Attributable to equity holders of the Company							Minority interests	Total equity	
	Share capital	Share premium	Reserve funds	Other reserves	AFS reserves	Translation reserves	Retained profits			
	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	-	-	-	-	-	5,202	-	5,202	-	5,202
Unrealised net loss on revaluation of securities AFS	-	-	-	-	(154,124)	-	-	(154,124)	(407)	(154,531)
Net transfer to income statement on disposal or impairment	-	-	-	-	19,666	-	-	19,666	(12)	19,654
Deferred tax	-	-	-	-	36,441	-	-	36,441	109	36,550
Income and expenses recognised directly in equity	-	-	-	-	(98,017)	5,202	-	(92,815)	(310)	(93,125)
Profit for the financial period	-	-	-	-	-	-	851,835	851,835	1,225	853,060
Total income and expenses recognised for the financial period	-	-	-	-	(98,017)	5,202	851,835	759,020	915	759,935
Transfer in respect of statutory requirements	-	-	107,504	-	-	-	(107,504)	-	-	-
Ordinary dividends	-	-	-	-	-	-	(280,469)	(280,469)	-	(280,469)
Balance as at 30 September 2008	2,153,475	2,352,093	1,775,518	8,563	(73,760)	(4,947)	1,315,969	7,526,911	26,543	7,553,454

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 NINE MONTHS ENDED 30 SEPTEMBER 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			Sub-total
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	-	-	-	-	-	-	(9,201)	-	(9,201)	(2,051)	(11,252)
Unrealised net loss on revaluation of securities AFS	-	-	-	-	-	(9,900)	-	-	(9,900)	(2,696)	(12,596)
Net transfer to income statement on disposal or impairment	-	-	-	-	-	(11,671)	-	-	(11,671)	3,978	(7,693)
Liquidation of a subsidiary	-	-	-	(18,280)	-	-	(7,275)	25,555	-	-	-
Additional investment in a subsidiary	-	-	-	-	-	-	-	-	-	(1,157,061)	(1,157,061)
Deferred tax	-	-	-	-	-	6,422	-	-	6,422	(237)	6,185
Income and expenses recognised directly in equity	-	-	-	(18,280)	-	(15,149)	(16,476)	25,555	(24,350)	(1,158,067)	(1,182,417)
Profit for the financial period	-	-	-	-	-	-	-	539,750	539,750	107,908	647,658
Total income and expenses recognised for the financial period	-	-	-	(18,280)	-	(15,149)	(16,476)	565,305	515,400	(1,050,159)	(534,759)
Transfer in respect of statutory requirements	-	-	88,055	-	-	-	-	(88,055)	-	-	-
Ordinary dividends	-	-	-	-	-	-	-	(158,470)	(158,470)	-	(158,470)
Dividends paid to minorities	-	-	-	-	-	-	-	-	-	(44,632)	(44,632)
Issue of ordinary shares	330,000	1,237,500	-	-	-	-	-	-	1,567,500	-	1,567,500
Balance as at 30 September 2007	2,153,475	2,352,093	1,531,852	(11,849)	8,563	14,441	(23,044)	826,938	6,852,469	28,892	6,881,361

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 STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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
Profit for the financial period	-	-	127,374	127,374
Ordinary dividends	-	-	(280,469)	(280,469)
Balance as at 30 September 2008	<u>2,153,475</u>	<u>2,352,093</u>	<u>1,453,414</u>	<u>5,958,982</u>
Balance as at 1 January 2007	1,823,475	1,114,593	830,184	3,768,252
Profit for the financial period	-	-	231,862	231,862
Ordinary dividends	-	-	(158,470)	(158,470)
Issue of ordinary shares	330,000	1,237,500	-	1,567,500
Balance as at 30 September 2007	<u>2,153,475</u>	<u>2,352,093</u>	<u>903,576</u>	<u>5,409,144</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 NINE MONTHS ENDED 30 SEPTEMBER 2008**

	9 months ended 30 Sept 2008	9 months ended 30 Sept 2007
	RM'000	RM'000
Group		
Operating activities		
Profit before INCPS dividends and taxation	1,160,495	953,367
Adjustments for investing and financing items and other items not involving the movement of cash and cash equivalents	123,217	(152,054)
Operating profit before working capital changes	1,283,712	801,313
Net changes in operating assets	(3,070,944)	2,048,467
Net changes in operating liabilities	(1,205,962)	1,045,799
Cash (used in)/generated from operations	(2,993,194)	3,895,579
Taxation paid	(282,246)	(224,445)
Taxation recovered	5,899	50,598
Net cash (used in)/generated from operating activities	(3,269,541)	3,721,732
Investing activities		
Increase in investment in subsidiaries	(1,506,647)	(3,223,484)
Increase in investments in an associate	-	(26)
Purchase of property, plant and equipment	(81,405)	(57,447)
Net (purchase)/sale of securities	(270,458)	2,176,426
Interest received from securities	385,922	536,553
Proceeds from disposal of an associate	7,069	-
Dividend income received from securities	9,252	5,039
Proceeds from disposal of property, plant and equipment	11	3,208
Capital repayment upon liquidation of a subsidiary	-	2,371
Net cash used in investing activities	(1,456,256)	(557,360)
Financing activities		
Drawdown of borrowings	1,983,875	645,820
Proceeds from issuance of subordinated obligations	70,000	-
Repayment of subordinated obligations	(479,100)	-
Dividends paid to equity holders of the Company	(280,469)	(158,470)
Repayment of borrowings	(492,976)	(204,040)
Payment to hire-purchase creditors	(280)	(266)
INCPS dividends paid	-	(40,203)
Dividends paid to minorities	-	(44,632)
Proceeds from issuance of share capital	-	1,567,500
Net cash generated from financing activities	801,050	1,765,709
Net (decrease)/increase in cash and cash equivalents	(3,924,747)	4,930,081
Cash and cash equivalents		
- at the beginning of the financial period	19,048,118	10,671,553
- at the end of the financial period	15,123,371	15,601,634
Cash and cash equivalents comprise the following:		
Cash and short term funds	15,123,383	15,601,663
Overdrafts	(12)	(29)
	15,123,371	15,601,634

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 NINE MONTHS ENDED 30 SEPTEMBER 2008**

	9 months ended 30 Sept 2008	9 months ended 30 Sept 2007
	RM'000	RM'000
<u>Company</u>		
Operating activities		
Profit before taxation	161,550	311,385
Adjustments for investing and financing items and other items not involving the movement of cash and cash equivalents	<u>(186,645)</u>	<u>(336,165)</u>
Operating loss before working capital changes	(25,095)	(24,780)
Net changes in operating assets	(1,871)	1,280,968
Net changes in operating liabilities	<u>(2,835)</u>	<u>944</u>
Cash (used in)/generated from operations	(29,801)	1,257,132
Taxation recovered	-	9,836
Net cash (used in)/generated from operating activities	<u>(29,801)</u>	<u>1,266,968</u>
Investing activities		
Increase in investment in subsidiaries	(1,506,647)	(3,223,484)
Capital repayment from a subsidiary	75,000	-
Purchase of property, plant and equipment	(138)	(34)
Dividend income received from subsidiaries	218,143	241,315
Interest income received	1,400	1,436
Proceeds from disposal of a subsidiary	-	152
Proceeds from disposal of property, plant and equipment	-	5
Capital repayment upon liquidation of a subsidiary	-	2,371
Net cash used in investing activities	<u>(1,212,242)</u>	<u>(2,978,239)</u>
Financing activities		
Drawdown of borrowings	1,639,800	577,640
Interest expense paid	(119,783)	(79,353)
Repayment of borrowings	(459,800)	(204,040)
Payment to hire-purchase creditors	(280)	(266)
Dividends paid to equity holders of the Company	(280,469)	(158,470)
Proceeds from issuance of share capital	-	1,567,500
Net cash generated from financing activities	<u>779,468</u>	<u>1,703,011</u>
Net decrease in cash and cash equivalents	(462,575)	(8,260)
Cash and cash equivalents		
- at the beginning of the financial period	476,425	13,398
- at the end of the financial period	<u>13,850</u>	<u>5,138</u>
Cash and cash equivalents comprise the following:		
Cash and short term funds	13,862	5,167
Overdrafts	<u>(12)</u>	<u>(29)</u>
	<u>13,850</u>	<u>5,138</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 NINE MONTHS ENDED 30 SEPTEMBER 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 nine months ended 30 September 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 other than as follows:

- a) 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.
- b) RHB Bank had fully redeemed the USD150 million Subordinated Notes 2002/2013 on 25 January 2008.
- c) RHB Investment Bank Berhad ('RHB Investment Bank') has issued RM45 million Subordinated Notes 2008/2018 on 21 April 2008.

A7. Dividends Paid

During the nine months ended 30 September 2008, the Company has paid the following dividends:

- a) A final dividend of 8.6% less 26% income tax amounting to RM137,047,129 in respect of the financial year ended 31 December 2007 on 18 June 2008.
- b) An interim dividend of 9.0% less 26% income tax amounting to RM143,421,415 in respect of the financial year ending 31 December 2008 on 30 September 2008.



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008

	3rd quarter ended		Nine months ended	
	30 Sept 2008	30 Sept 2007	30 Sept 2008	30 Sept 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 non-performing loans, advances and financing ('NPLs')	806,384	771,809	2,337,110	2,276,220
- recoveries from NPLs	39,940	49,574	149,649	147,760
Money at call, deposits and placements with financial institutions	185,693	197,587	617,695	518,798
Securities purchased under resale agreements	(465)	14,290	40,283	81,186
Securities held-for-trading	42,011	40,271	131,301	132,716
Securities AFS	55,744	82,819	173,142	288,448
Securities held-to-maturity	72,453	70,973	192,009	236,222
Others	4,043	5,763	12,754	51,767
	1,205,803	1,233,086	3,653,943	3,733,117
Accretion of discount less amortisation of premium	4,595	(2,601)	13,779	(2,599)
Interest suspended	(21,541)	(21,012)	(60,363)	(71,404)
	1,188,857	1,209,473	3,607,359	3,659,114
<u>Company</u>				
Money at call, deposits and placements with financial institutions	207	1,310	1,366	1,443
Others	-	2,162	-	45,402
	207	3,472	1,366	46,845
A9. Interest Expense				
<u>Group</u>				
Deposits and placements of banks and other financial institutions	58,227	72,604	199,104	331,558
Deposits from customers	475,491	387,518	1,469,618	1,281,140
Obligations on securities sold under repurchase agreements	2	132,570	2	211,843
Borrowings	45,211	31,913	122,500	84,328
Subordinated obligations	29,317	25,939	89,765	77,254
Recourse obligation on loans sold to Cagamas	17,881	27,919	58,232	88,489
Others	8,847	9,963	24,046	28,939
	634,976	688,426	1,963,267	2,103,551
<u>Company</u>				
Borrowings	39,339	24,569	108,976	67,390
Others	161	514	753	1,012
	39,500	25,083	109,729	68,402



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008

	3rd quarter ended		Nine months ended	
	30 Sept 2008	30 Sept 2007	30 Sept 2008	30 Sept 2007
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income				
<u>Group</u>				
Fee income				
- Service charges and fees	38,295	36,706	125,777	119,510
- Commission	31,324	32,070	87,437	95,521
- Guarantee fees	11,993	9,111	40,787	27,679
- Commitment fees	11,860	10,915	34,832	32,515
- Brokerage	11,171	26,989	52,184	91,434
- Fund management fees	5,084	2,767	16,069	10,605
- Corporate advisory fees	3,750	2,950	10,891	11,474
- Underwriting and arrangement fees	3,107	3,983	20,450	13,836
- Unit trust fee income	1,923	8,472	5,199	31,574
- Other fee income	9,412	2,580	17,855	15,049
	127,919	136,543	411,481	449,197
Net gain/(loss) arising from sale/ redemption of securities and derivatives				
- Net gain/(loss) from sale of				
- securities held-for-trading	14,980	10,272	38,433	79,152
- securities AFS	(3,165)	18,761	(4,440)	24,449
- Net gain from redemption of				
- securities held-to-maturity	126	-	2,124	103
- Derivatives	3,596	1,096	2,613	1,290
	15,537	30,129	38,730	104,994
Unrealised (loss)/gain on revaluation of securities and derivatives				
- Securities held-for-trading	7,746	(13,668)	(73,198)	(45,962)
- Derivatives	(20,964)	(1,918)	8,394	2,581
	(13,218)	(15,586)	(64,804)	(43,381)



RHB CAPITAL BERHAD (312952 – H)
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	3rd quarter ended		Nine months ended	
	30 Sept 2008	30 Sept 2007	30 Sept 2008	30 Sept 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	670	991	2,033	2,183
- Securities AFS	4,179	3,463	8,944	4,719
- Securities held-to-maturity	89	-	89	-
	<u>4,938</u>	<u>4,454</u>	<u>11,066</u>	<u>6,902</u>
Other income				
- Foreign exchange gain/(loss)				
- realised	84,764	55,863	188,572	202,417
- unrealised	(17,000)	2,928	10,795	(39,505)
- Underwriting surplus before management expenses	10,352	8,292	31,883	21,288
- Gain on disposal of an associate	-	-	2,249	-
- Rental income	748	934	2,517	2,593
- Net gain on disposal of property, plant and equipment	-	152	7	659
- Other operating income	11,640	9,698	39,981	29,081
- Other non-operating income	1,306	3,560	11,084	8,824
	<u>91,810</u>	<u>81,427</u>	<u>287,088</u>	<u>225,357</u>
	<u>226,986</u>	<u>236,967</u>	<u>683,561</u>	<u>743,069</u>
<u>Company</u>				
Gross dividend income from				
- Subsidiaries	251,178	136,499	294,944	330,570
Other income				
- Foreign exchange gain/(loss)				
- unrealised	246	(510)	470	119
- Net (loss)/gain on disposal of property, plant and equipment	-	-	-	2
- Property, plant and equipment written off	(4)	-	(4)	-
- Other operating income/(expenses)	(59)	276	491	816
- Other non-operating income	-	27,527	-	27,527
	<u>183</u>	<u>27,293</u>	<u>957</u>	<u>28,464</u>
	<u>251,361</u>	<u>163,792</u>	<u>295,901</u>	<u>359,034</u>



RHB CAPITAL BERHAD (312952 – H)
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	3rd quarter ended		Nine months ended	
	30 Sept	30 Sept	30 Sept	30 Sept
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses				
<u>Group</u>				
Personnel costs				
- Salaries, bonus, wages and allowances	162,643	146,735	505,435	434,794
- Defined contribution plan	24,433	22,762	74,480	64,262
- Other staff related costs	16,606	15,324	44,587	49,554
	203,682	184,821	624,502	548,610
Establishment costs				
- Information technology expenses	23,405	23,590	69,984	68,926
- Depreciation	19,456	22,240	60,996	70,204
- Repair and maintenance	12,434	12,452	35,872	35,160
- Rental of premises	9,044	8,014	26,061	23,745
- Water and electricity	4,847	4,161	12,801	11,798
- Rental of equipment	3,104	2,953	9,338	8,428
- Insurance	2,394	4,349	5,585	9,902
- Amortisation of prepaid land lease	128	134	382	365
- Others	825	2,148	4,900	6,911
	75,637	80,041	225,919	235,439
Marketing expenses				
- Sales commission	13,422	10,719	26,986	35,627
- Advertisements and publicity	7,278	11,062	20,927	27,578
- Dealers' handling fee	435	4,460	3,271	14,543
- Others	21,683	16,284	47,291	50,709
	42,818	42,525	98,475	128,457
Administration and general expenses				
- Communication expenses	20,074	20,986	54,494	55,053
- Legal and professional fee	4,091	11,021	9,872	19,362
- Others	21,496	21,257	62,654	57,592
	45,661	53,264	127,020	132,007
	367,798	360,651	1,075,916	1,044,513



RHB CAPITAL BERHAD (312952 – H)
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FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008

	3rd quarter ended		Nine months ended	
	30 Sept 2008	30 Sept 2007	30 Sept 2008	30 Sept 2007
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses (continued)				
<u>Company</u>				
Personnel costs				
- Salaries, bonus, wages and allowances	2,126	2,122	7,192	6,230
- Defined contribution plan	294	214	902	703
- Other staff related costs	346	477	965	1,175
	<u>2,766</u>	<u>2,813</u>	<u>9,059</u>	<u>8,108</u>
Establishment costs				
- Rental of premises	302	348	917	1,059
- Depreciation	58	167	402	496
- Repair and maintenance	55	81	250	307
- Rental of equipment	15	10	40	29
- Water and electricity	14	15	40	34
- Information technology expenses	3	47	9	67
- Insurance	2	1	2	2
	<u>449</u>	<u>669</u>	<u>1,660</u>	<u>1,994</u>
Marketing expenses				
- Advertisements and publicity	870	737	1,060	1,358
- Others	5,817	139	11,138	478
	<u>6,687</u>	<u>876</u>	<u>12,198</u>	<u>1,836</u>
Administration and general expenses				
- Communication expenses	64	138	202	304
- Legal and professional fee	665	9,604	2,657	12,224
- Others	75	1,479	212	1,626
	<u>804</u>	<u>11,221</u>	<u>3,071</u>	<u>14,154</u>
	<u>10,706</u>	<u>15,579</u>	<u>25,988</u>	<u>26,092</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008**

	3rd quarter ended		Nine months ended	
	30 Sept 2008	30 Sept 2007	30 Sept 2008	30 Sept 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	196,779	213,455	632,992	858,701
- specific allowance written back	(60,154)	(75,919)	(164,817)	(292,969)
- specific allowance (net)	136,625	137,536	468,175	565,732
- general allowance (net)	53,111	13,831	88,583	37,844
Bad debts written off	5	67	5	475
Bad debts recovered	(206,639)	(33,024)	(269,163)	(77,308)
Write back on amount recoverable from Danaharta	-	-	-	(3,167)
Specific allowance for other debtors	(36)	856	1,136	557
	(16,934)	119,266	288,736	524,133
A13. INCPS Dividends				
<u>Group</u>				
INCPS dividends paid and payable				
- 10% per annum (gross)	-	27,839	-	82,609



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008**

	Group	
	As at 30 Sept 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	206,423	200,497
Malaysian government investment issues	133,246	247,825
Khazanah bonds	44,115	202,813
Cagamas bonds	4,503	19,272
Singapore government stocks	-	103,306
Unquoted		
Private debt securities	1,909,979	2,079,537
Bank Negara Malaysia ('BNM') bills/notes	1,203,087	396,106
Negotiable instrument of deposits	453,066	1,278,675
Bankers' acceptances and Islamic accepted bills	363,943	800,263
Fixed rate notes	292,278	221,421
Malaysian government treasury bills	160,444	19,657
Structured notes	113,750	-
	4,884,834	5,569,372
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Shares	41,358	56,553
Unit trust	4,695	2,335
Outside Malaysia		
Malaysian government investment issues	107,618	105,256
Private debt securities	19,952	20,048
Shares	4,770	7,581
	5,063,227	5,761,145



**RHB CAPITAL BERHAD (312952 – H)
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	Group	
	As at 30 Sept 2008	As at 31 Dec 2007
	<u>RM'000</u>	<u>RM'000</u>
A15. Securities Available-for-sale		
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Quoted		
Malaysian government investment issues	380,002	18,257
Singapore government securities	288,512	81,010
Malaysian government securities	152,325	195,929
Private debt securities	144,074	137,548
Cagamas bonds and Cagamas Mudharabah bonds	117,184	410,370
Khazanah bonds	-	9,738
Unquoted		
Private debt securities	2,896,731	2,722,245
Structured notes	164,904	154,440
Singapore government treasury bills	131,834	285,910
Negotiable instrument of deposits	111,123	1,262,834
BNM notes	49,721	1,618,338
Bankers' acceptances and Islamic accepted bills	-	34,044
Malaysian government treasury bills	-	196,667
	<u>4,436,410</u>	<u>7,127,330</u>
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Corporate loan stocks	26,990	75,981
Malaysian government securities	23,914	24,043
Shares	6,099	9,957
Warrants	854	-
Outside Malaysia		
Floating rate notes	163	156
Shares	6	11
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Shares	168,499	167,979
Private debt securities	111,471	149,853
Corporate loan stocks	97,953	105,077
Outside Malaysia		
Private debt securities	61,794	11,556
Corporate loan stocks	2,369	2,315
	<u>4,936,522</u>	<u>7,674,258</u>



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	Group	
	As at 30 Sept 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	1,276,689	1,364,197
Cagamas bonds and Cagamas Mudharabah bonds	848,423	819,407
Khazanah bonds	587,680	570,490
Malaysian government investment issues	331,751	82,774
Singapore government stocks	120,142	-
Unquoted		
Prasarana bonds	1,976,278	1,978,309
Negotiable instrument of deposits	1,636,886	774,095
Private debt securities	1,316,925	846,826
BNM notes	894,657	-
Structured notes	450,742	100,000
Other government securities	245,321	247,568
	9,685,494	6,783,666
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	346,398	347,166
Corporate loan stocks	70,589	87,316
Bonds	27,201	27,201
Shares	2,700	2,700
Outside Malaysia		
Floating rate notes	39,047	37,370
	10,171,429	7,285,419
Accumulated impairment loss	(232,442)	(243,939)
	9,938,987	7,041,480



**RHB CAPITAL BERHAD (312952 – H)
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FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008**

	Group	
	As at 30 Sept 2008	As at 31 Dec 2007
	RM'000	RM'000
A17. Loans, Advances and Financing		
Overdrafts	6,397,669	6,259,416
Term loans/financing		
- housing loans/financing	12,900,169	12,608,753
- syndicated term loans/financing	2,617,818	2,128,744
- hire-purchase receivables	10,751,563	9,856,706
- lease receivables	262,093	264,807
- other term loans/financing	14,747,410	12,689,939
Bills receivable	2,723,736	2,282,049
Trust receipts	544,503	465,381
Claims on customers under acceptance credits	5,514,323	5,044,613
Staff loans/financing	380,903	391,729
Credit/charge cards receivables	1,986,774	1,630,493
Revolving credits	5,362,004	4,645,240
	64,188,965	58,267,870
Unearned interest and income	(1,563,160)	(1,453,768)
Gross loans, advances and financing	62,625,805	56,814,102
Allowance for bad and doubtful debts and financing		
- general	(1,090,564)	(999,186)
- specific	(1,443,070)	(1,260,265)
Net loans, advances and financing	60,092,171	54,554,651

(a) By type of customers

Domestic non-bank financial institutions		
- stockbroking companies	364	231
- others	616,835	717,257
Domestic business enterprises		
- small medium enterprises	10,832,714	8,991,279
- others	23,360,168	21,605,192
Government and statutory bodies	156,841	224,665
Individuals	26,307,115	24,543,987
Other domestic entities	111,496	89,503
Foreign entities	1,240,272	641,988
	62,625,805	56,814,102



**RHB CAPITAL BERHAD (312952 – H)
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FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008**

	Group	
	As at 30 Sept 2008	As at 31 Dec 2007
	RM'000	RM'000

A17. Loans, Advances and Financing (continued)

(b) By interest/profit rate sensitivity

Fixed rate		
- housing loans/financing	1,544,361	1,731,614
- hire-purchase receivables	9,215,739	8,430,436
- other fixed rate loans/financing	4,759,250	3,498,681
Variable rate		
- base lending rate plus	22,084,040	20,339,184
- cost-plus	19,163,901	17,337,990
- other variable rates	5,858,514	5,476,197
	<u>62,625,805</u>	<u>56,814,102</u>

(c) By purpose

Purchase of securities	2,106,659	2,268,943
Purchase of transport vehicles	7,328,717	6,567,105
Purchase of landed property:		
- residential	13,670,468	13,152,861
- non-residential	2,752,769	2,215,150
Purchase of property, plant and equipment other than land and building	4,099,196	2,773,449
Personal use	1,990,483	2,152,457
Credit card	1,986,774	1,630,493
Purchase of consumer durables	77,956	92,947
Construction	2,180,860	1,633,169
Working capital	24,742,019	21,904,612
Other purpose	1,689,904	2,422,916
	<u>62,625,805</u>	<u>56,814,102</u>



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

A17. Loans, Advances and Financing (continued)

(d) NPLs by purpose

Purchase of securities	41,275	55,513
Purchase of transport vehicles	227,051	270,881
Purchase of landed property:		
- residential	973,082	1,057,187
- non-residential	131,401	153,936
Purchase of property, plant and equipment other than land and building	82,338	68,441
Personal use	108,601	125,543
Credit card	48,868	44,725
Purchase of consumer durables	5,267	6,605
Construction	134,198	126,788
Working capital	1,137,324	1,234,212
Other purpose	7,992	21,462
	<u>2,897,397</u>	<u>3,165,293</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008**

	Group	
	As at 30 Sept 2008	As at 31 Dec 2007
	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	2,357,491	3,467,477
Amount recovered	(402,163)	(1,015,758)
Reclassified as performing during the financial period/year	(1,936,670)	(2,430,980)
Amount written off	(290,027)	(1,115,789)
Loans/financing converted to securities	-	(15,586)
Exchange difference	3,473	(1,108)
Balance as at the end of the financial period/year	<u>2,897,397</u>	<u>3,165,293</u>
Specific allowance	<u>(1,443,070)</u>	<u>(1,260,265)</u>
Net NPLs	<u><u>1,454,327</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>2.4%</u></u>	<u><u>3.4%</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	88,583	24,567
Exchange difference	2,795	(1,595)
Balance as at the end of the financial period/year	<u>1,090,564</u>	<u>999,186</u>
As % of gross loans, advances and financing less specific allowance	<u><u>1.8%</u></u>	<u><u>1.8%</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	632,992	1,061,428
Transferred to accumulated impairment loss in value of securities	-	(11,128)
Amount recovered	(164,817)	(409,575)
Amount written off	(286,999)	(1,135,450)
Exchange difference	1,629	(418)
Balance as at the end of the financial period/year	<u>1,443,070</u>	<u>1,260,265</u>



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	Group		Company	
	As at 30 Sept 2008 RM'000	As at 31 Dec 2007 RM'000	As at 30 Sept 2008 RM'000	As at 31 Dec 2007 RM'000
A18. Other Assets				
Other debtors, deposits and prepayments	368,930	462,091	34,686	32,851
Accrued interest receivable	164,436	187,176	18	52
	<u>533,366</u>	<u>649,267</u>	<u>34,704</u>	<u>32,903</u>
			Group	
			As at 30 Sept 2008 RM'000	As at 31 Dec 2007 RM'000
A19. Deposits from Customers				
(a) By type of deposits				
Demand deposits			17,349,143	17,106,591
Savings deposits			5,382,773	5,153,557
Fixed deposits			52,516,938	52,971,787
Negotiable instrument of deposits			375,134	561,296
			<u>75,623,988</u>	<u>75,793,231</u>
(b) By type of customers				
Government and statutory bodies			5,945,878	4,734,585
Business enterprises			42,708,874	45,436,540
Individuals			24,272,741	23,477,921
Others			2,696,495	2,144,185
			<u>75,623,988</u>	<u>75,793,231</u>
A20. Deposits and Placements of Banks and Other Financial Institutions				
Licensed banks			5,084,729	3,757,638
Licensed investment banks			-	458,605
BNM			979,291	2,205,622
Other financial institutions			1,379,997	2,248,466
			<u>7,444,017</u>	<u>8,670,331</u>



RHB CAPITAL BERHAD (312952 – H)
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	Group		Company	
	As at	As at	As at	As at
	30 Sept 2008	31 Dec 2007	30 Sept 2008	31 Dec 2007
	RM'000	RM'000	RM'000	RM'000
A21. Other Liabilities				
Accrued interest payable	430,870	469,417	18,173	30,416
Other creditors and accruals	409,268	434,736	3,864	6,605
Accruals for operational expenses	212,793	238,783	-	-
General insurance fund	177,867	157,972	-	-
Short term employee benefits	108,013	134,108	-	-
Lessee deposits	89,183	85,260	-	-
Prepaid instalment	79,067	71,352	-	-
Remisiers' trust deposits	9,949	12,761	-	-
Amount due to Danaharta	1,799	1,828	-	-
Hire-purchase creditors	426	706	426	706
	<u>1,519,235</u>	<u>1,606,923</u>	<u>22,463</u>	<u>37,727</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008**

A22. Segment Information

Revenue and Results

Nine months ended 30 September 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	1,451,009	1,430,923	1,263,145	200,353	14,808	81,492	23,204	26,339	-	4,491,273
Intersegment revenue	2,195	3,295	25,478	1,538	1,044	681	10,308	16,916	(61,455)	-
Segment revenue	<u>1,453,204</u>	<u>1,434,218</u>	<u>1,288,623</u>	<u>201,891</u>	<u>15,852</u>	<u>82,173</u>	<u>33,512</u>	<u>43,255</u>	<u>(61,455)</u>	<u>4,491,273</u>
Profit before unallocated expenses	777,109	247,417	226,162	120,632	1,882	4,355	8,212	159,163		1,544,932
Unallocated expenses										(384,849)
Profit after unallocated expenses										1,160,083
Share of results of associates	-	-	-	-	-	38	-	374		412
Profit before INCPS dividends and taxation										1,160,495
INCPS dividends										-
Profit after INCPS dividends and before taxation										1,160,495
Taxation										(307,435)
Profit for the financial period										<u>853,060</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008**

A22. Segment Information (continued)

Revenue and Results

Nine months ended 30 September 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	1,423,737	1,368,903	1,351,071	238,466	20,024	143,738	37,582	57,128	-	4,640,649
Intersegment revenue	3,020	1,610	25,964	157	2,621	315	10,502	19,569	(63,758)	-
Segment revenue	<u>1,426,757</u>	<u>1,370,513</u>	<u>1,377,035</u>	<u>238,623</u>	<u>22,645</u>	<u>144,053</u>	<u>48,084</u>	<u>76,697</u>	<u>(63,758)</u>	<u>4,640,649</u>
Profit before unallocated expenses	471,306	184,959	208,191	176,753	12,051	56,006	25,917	168,882		1,304,065
Unallocated expenses										<u>(350,802)</u>
Profit after unallocated expenses										953,263
Share of results of associates	-	-	-	-	-	127	-	(23)		<u>104</u>
Profit before INCPS dividends and taxation										953,367
INCPS dividends										<u>(82,609)</u>
Profit after INCPS dividends and before taxation										870,758
Taxation										<u>(223,100)</u>
Profit for the financial period										<u><u>647,658</u></u>



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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. Please refer to B8(a) '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 nine months ended 30 September 2008 are summarised below:

(a) 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 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 disposal of its entire equity interest in CMS Trust comprising of 3,315,000 ordinary shares of RM1.00 each in CMS Trust representing 49% of the total issued and paid-up share capital of CMS Trust for a total consideration of approximately RM7.069 million which was arrived at on a willing buyer-willing seller basis and is to be satisfied entirely by cash. The purchase consideration of RM7.069 million was received on 4 April 2008.

The disposal did not have any material effect on the consolidated earnings or net assets of the Group for the financial period ended 30 September 2008.

(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, which in turn is a wholly-owned subsidiary of 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 30 September 2008.



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A25. Changes in Composition of the Group (Continued)

- (c) **Dissolution of Kwong Yik Nominees (Tempatan) Sdn Bhd ('KYNT'), Kwong Yik Nominees (Asing) Sdn Bhd ('KYNA'), KYB Trust Management Sdn Bhd ('KYBTM'), RHB Bena Sdn Bhd ('RHB Bena') and RHB Dynamic Technologies Sdn Bhd ('RHBDT')**

The Company announced on 17 November 2008 that KYNT, KYNA, KYBTM, RHB Bena and RHBDT have been dissolved at the expiration of three months after the lodgement of the Return by Liquidator Relating To Final Meeting to the Companies Commission of Malaysia and the Official Receiver pursuant to Section 272(5) of the Companies Act, 1965.

KYNT, KYNA, KYBTM, RHB Bena and RHBDT have ceased to be wholly-owned subsidiaries of the Companies.

The dissolution of these subsidiaries does not have any material effect on the Group's performance for the financial period ended 30 September 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 30 Sept 2008			As at 31 Dec 2007		
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
Direct credit substitutes	2,366,065	2,366,065	1,998,018	1,934,342	1,934,342	1,735,900
Transaction-related contingent items	2,320,602	1,160,302	789,209	2,148,577	937,788	630,851
Short term self-liquidating trade-related contingencies	2,157,627	431,525	292,361	2,591,345	518,269	345,287
Obligations under underwriting agreements	549,900	274,950	237,865	577,900	213,620	213,620
Other assets sold with recourse and commitments with certain drawdown	54,576	54,576	10,915	2,514	-	-
Irrevocable commitments to extend credit						
- maturity not exceeding one year	25,291,756	281,843	280,996	25,146,610	-	-
- maturity exceeding one year	4,957,391	2,478,696	2,265,511	3,998,690	1,999,345	1,807,986
Foreign exchange related contracts						
- less than one year	9,939,474	238,935	103,994	9,267,919	163,635	46,240
- one year to less than five years	9,332	1,185	427	8,970	1,153	412
- more than five years	1,376,300	230,714	81,042	925,960	161,555	66,503
Interest rate related contracts						
- less than one year	2,156,748	4,882	1,125	2,867,590	5,174	1,185
- one year to less than five years	8,672,908	289,398	60,525	5,657,810	125,013	29,552
- more than five years	520,399	40,024	8,751	347,060	26,981	6,231
Others	1,521,820	3,665	3,665	1,133,627	-	-
	61,894,898	7,856,760	6,134,404	56,608,914	6,086,875	4,883,767

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



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

(a) Commitments and Contingencies (continued)

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.

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

(b) Guarantees Issued

As at balance sheet date, the Company has extended unsecured guarantees totalling RMNil (31 December 2007: RM24,500,000) and RM100,000,000 (31 December 2007: RM100,000,000) for borrowings and performance guarantees of its subsidiaries respectively. As at balance sheet date, RMNil (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 nine months ended 30 September 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.



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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)

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 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
30 Sept 2008	31 Dec 2007
RM'000	RM'000

A27. Capital Commitments

Capital expenditure for property, plant and equipment:

- authorised and contracted for	49,163	27,961
- authorised but not contracted for	87,869	77,565
	137,032	105,526



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A28. Interest/Profit Rate Risk

Group As at 30 September 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	13,457,984	-	-	-	-	1,665,399	-	15,123,383	3.76
Securities purchased under resale agreements	64,475	-	-	-	-	-	-	64,475	3.51
Deposits and placements with banks and other financial institutions	45,782	1,400,423	121,495	-	-	-	-	1,567,700	3.60
Securities									
- held-for-trading	-	-	-	-	-	21,214	5,042,013	5,063,227	4.27
- AFS	33,187	97,605	235,032	2,763,757	1,617,459	189,482	-	4,936,522	4.98
- held-to-maturity	128,021	1,593,323	3,147,108	3,403,248	1,897,006	(229,719)	-	9,938,987	4.13
Loans, advances and financing									
- performing	34,897,572	8,578,872	5,739,889	6,258,757	4,253,227	91	-	59,728,408	6.77
- non-performing*	-	-	-	-	-	363,763	-	363,763	
Clients' and brokers' balances	107,365	-	-	-	-	155,436	-	262,801	2.39
Other assets	1,895	-	393	391	476	530,211	-	533,366	3.01
Derivative assets	-	-	-	-	-	-	231,154	231,154	
Statutory deposits	-	-	-	-	-	1,795,665	-	1,795,665	
Tax recoverable	-	-	-	-	-	106,925	-	106,925	
Deferred tax assets	-	-	-	-	-	307,644	-	307,644	
Investments in associates	-	-	-	-	-	11,125	-	11,125	
Prepaid land lease	-	-	-	-	-	103,234	-	103,234	
Property, plant and equipment	-	-	-	-	-	783,045	-	783,045	
Goodwill	-	-	-	-	-	3,786,169	-	3,786,169	
Total assets	48,736,281	11,670,223	9,243,917	12,426,153	7,768,168	9,589,684	5,273,167	104,707,593	

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



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FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008

A28. Interest/Profit Rate Risk (continued)

Group As at 30 September 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	37,983,481	7,786,882	12,942,463	713,025	-	16,198,137	-	75,623,988	3.11
Deposits and placements of banks and other financial institutions	3,150,391	1,617,465	2,116,806	528,358	29,851	1,146	-	7,444,017	3.59
Bills and acceptances payable	1,612,116	2,096,034	849,219	-	-	320,508	-	4,877,877	3.73
Clients' and brokers' balances	-	-	-	-	-	357,478	-	357,478	
Other liabilities	32	64	296	34	-	1,518,809	-	1,519,235	5.40
Derivative liabilities	-	-	-	-	-	-	227,512	227,512	
Recourse obligation on loans sold to Cagamas	3,622	11,514	415,061	795,281	-	-	-	1,225,478	4.84
Taxation	-	-	-	-	-	207,270	-	207,270	
Deferred tax liabilities	-	-	-	-	-	393	-	393	
Borrowings	1,756,012	-	803,634	871,245	-	-	-	3,430,891	5.15
Subordinated obligations	-	-	-	1,540,000	700,000	-	-	2,240,000	5.19
Total liabilities	44,505,654	11,511,959	17,127,479	4,447,943	729,851	18,603,741	227,512	97,154,139	
Total equity	-	-	-	-	-	7,553,454	-	7,553,454	
Total liabilities and equity	44,505,654	11,511,959	17,127,479	4,447,943	729,851	26,157,195	227,512	104,707,593	
Total interest-sensitivity gap	4,230,627	158,264	(7,883,562)	7,978,210	7,038,317				



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FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008

A28. Interest/Profit Rate Risk (continued)

Company As at 30 September 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	12,970	-	-	-	-	892	-	13,862	3.25
Deposits and placements with banks and other financial institutions	-	744	503	-	-	-	-	1,247	3.40
Other assets	-	-	-	-	-	34,704	-	34,704	
Amounts due from subsidiaries/ related companies	-	-	-	-	-	21,071	-	21,071	
Tax recoverable	-	-	-	-	-	59,427	-	59,427	
Investments in subsidiaries	-	-	-	-	-	8,782,557	-	8,782,557	
Property, plant and equipment	-	-	-	-	-	405	-	405	
Total assets	12,970	744	503	-	-	8,899,056	-	8,913,273	
Liabilities and equity									
Other liabilities	32	64	296	34	-	22,037	-	22,463	5.40
Amounts due to subsidiaries/ related companies	-	-	-	-	-	154,664	-	154,664	
Deferred tax liabilities	-	-	-	-	-	16	-	16	
Borrowings	1,756,012	-	149,891	871,245	-	-	-	2,777,148	5.54
Total liabilities	1,756,044	64	150,187	871,279	-	176,717	-	2,954,291	
Total equity	-	-	-	-	-	5,958,982	-	5,958,982	
Total liabilities and equity	1,756,044	64	150,187	871,279	-	6,135,699	-	8,913,273	
Total interest-sensitivity gap	(1,743,074)	680	(149,684)	(871,279)	-				



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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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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	
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)	-				



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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
	30 Sept 2008	31 Dec 2007	30 Sept 2008	31 Dec 2007	30 Sept 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	263,646	338,646	523,424	523,424
Paid-up INCPS	-	1,368,099	-	-	-	-
Share premium	8,563	8,563	-	-	-	-
Retained profits	614,576	477,564	109,940	69,442	133,669	92,494
Other reserves (exclude AFS reserve)	1,975,133	1,894,070	278,549	278,549	123,062	123,062
Deferred tax (assets)/liabilities	(255,911)	(207,222)	(1,443)	376	(24,900)	(22,956)
Less: Goodwill	(905,519)	(905,519)	(159,280)	(159,280)	-	-
Total Tier I capital	4,754,927	4,585,541	491,412	527,733	755,255	716,024
Tier II capital						
Subordinated obligations	2,000,000	2,495,000	245,000	200,000	-	-
General allowance for bad and doubtful debts	975,043	893,728	8,791	15,278	101,683	82,948
Total Tier II capital	2,975,043	3,388,728	253,791	215,278	101,683	82,948



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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
	30 Sept 2008	31 Dec 2007	30 Sept 2008	31 Dec 2007	30 Sept 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 #	245,000	200,000	-	-
General allowance for bad and doubtful debts and financing	975,043	893,728	8,791	15,278	101,683	82,948
Maximum allowable total Tier II capital	2,975,043	3,186,499	253,791	215,278	101,683	82,948
Less:						
Investment in subsidiaries	(628,640)	(628,640)	(58,270)	(48,270)	-	-
Holdings of other financial institutions capital	-	(38,625)	-	(25,000)	-	-
Total capital base	7,101,330	7,104,775	686,933	669,741	856,938	798,972
<u>Before deducting proposed dividends</u>						
Core capital ratio	7.8%	8.3%	17.6%	14.6%	10.7%	16.0% *
Risk-weighted capital adequacy ratio ('RWCR')	11.7%	12.8%	24.6%	18.6%	12.1%	17.9%
<u>After deducting proposed dividends</u>						
Core capital ratio	7.8%	8.3%	17.6%	14.6%	10.7%	16.0%
Risk-weighted capital adequacy ratio	11.7%	12.8%	24.6%	18.6%	12.1%	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.

@ The capital adequacy ratios are computed in accordance with the Standardised Approach of BNM's revised Risk-Weighted Capital Adequacy Framework for Credit and Market Risk, and the Basic Indicator Approach for Operational Risk ('Basel II'). Had the Basel II framework been applied in previous financial year, the core capital ratio and RWCR for RHB Investment Bank as at 31 December 2007 would be 13.7% and 17.4% respectively while, the core capital ratio and RWCR for RHB Islamic Bank would be 12.8% and 14.3% respectively.

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.

RHB Bank's figure include the operations of RHB Bank (L) Ltd.



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B1. Review of Group Results

For the nine months ended 30 September 2008, the Group recorded a profit before taxation of RM1,160.5 million, 33% higher than that of the previous year corresponding period of RM870.8 million. The higher profit was mainly due to lower allowance for losses on loans and financing.

For the third quarter ended 30 September 2008, the Group recorded a profit before taxation of RM488.7 million, 58% higher than of the previous corresponding quarter of RM309.8 million. The higher profit was mainly due to higher recoveries on loans and financing.

B2. Changes in Profit for the Quarter

For the third quarter ended 30 September 2008, the Group recorded a profit before taxation of RM488.7 million as compared to the profit of RM361.9 million recorded in the preceding quarter ended 30 June 2008. The higher profit was mainly due to lower allowance for losses on loans and financing.

B3. Prospects for the Financial Year Ending 31 December 2008

We expect that the last quarter of the year will be challenging given the deepening financial crisis and weakening global economy. The Group however is better positioned to navigate the tougher conditions given the improved financial and operating platforms resulting from the Group's Transformation Program implemented over the past 1 year.

Against this backdrop, the Group is optimistic that its performance for the whole of 2008 should be better than 2007.

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.

	3rd quarter ended		Nine months ended	
	30 Sept 2008	30 Sept 2007	30 Sept 2008	30 Sept 2007
	RM'000	RM'000	RM'000	RM'000
B5. Taxation				
Group				
Income tax based on profit for the financial period				
- Malaysian income tax	137,575	95,399	329,761	273,092
- overseas tax	68	57	1,784	2,791
Deferred tax	(7,516)	(9,908)	(21,946)	(22,048)
Tax on INCPS dividends	-	(7,400)	-	(22,094)
	<u>130,127</u>	<u>78,148</u>	<u>309,599</u>	<u>231,741</u>
Under/(over) provision in respect of prior years	10	(379)	(2,164)	(8,641)
	<u>130,137</u>	<u>77,769</u>	<u>307,435</u>	<u>223,100</u>

The effective tax rate of the Group for the third quarter ended 30 September 2008 and for the nine months ended 30 September 2008 were higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes.



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	3rd quarter ended		Nine months ended	
	30 Sept 2008	30 Sept 2007	30 Sept 2008	30 Sept 2007
	RM'000	RM'000	RM'000	RM'000
B5. Taxation (continued)				
<u>Company</u>				
Income tax based on profit for the financial period				
- Malaysian income tax	34,011	29,389	34,176	79,523

The effective tax rate of the Company for the third quarter ended 30 September 2008 was lower than the statutory tax rate mainly due to the utilisation of allowable interest expense carried forward from previous quarter against dividend income received during the current quarter.

The effective tax rate of the Company for the nine months ended 30 September 2008 was lower than the statutory tax rate mainly due to the certain tax-exempt dividend income received.

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 nine months ended 30 September 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 nine months ended 30 September 2008.

B8. Status of Corporate Proposals

(a) 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 Securities Commission ('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.



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B8. Status of Corporate Proposals (continued)

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

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.

On 10 October 2008, the Company announced that the SC had, vide its letter dated 30 September 2008, granted approval for an extension of time up to 10 October 2009 for the implementation of the proposed issuance of HT1 Securities subject to the conditions as contained therein.

(b) 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.

On 10 September 2008, the Company announced that BNM had approved the Proposed Subscription, subject to RHB Investment Bank obtaining the necessary approvals from the Vietnam regulator(s) and shall fully comply with Vietnam's applicable laws and regulations.

On 13 October 2008, the Company announced that the SC had, vide its letter dated 7 October 2008, approved the Proposed Subscription subject to the conditions as contained therein. In the same announcement, the Company also announced that the State Securities Commission of Vietnam had, vide its letter dated 8 October 2008, approved 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, earnings 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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B8. Status of Corporate Proposals (continued)

(c) Proposed Issuance of up to RM600 million nominal value of Hybrid Tier 1 Capital Securities under Hybrid Tier 1 Capital Securities Programme by RHB Bank

The Company announced on 14 July 2008 that the SC had on 10 July 2008, approved the proposed issuance of up to RM600 million nominal value of Hybrid Tier 1 Capital Securities ('HT1 Capital Securities') under a Hybrid Tier 1 Capital Securities Programme ('HT1 Programme') by RHB Bank, a wholly-owned subsidiary of the Company. RHB Bank has yet to issue the said HT1 Capital Securities as at to date.

The HT1 Programme will not have any effect on the share capital, the shareholdings of the substantial shareholders and net assets per share of the Company, and is not expected to have any material effect on the earnings per share of the Company for the financial year 2008.

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

	Group	
	As at 30 Sept 2008 RM'000	As at 31 Dec 2007 RM'000
(a) Deposits from customers and placements of banks and other financial institutions		
Deposits from customers		
- one year or less (short term)	74,910,963	75,185,655
- more than one year (medium/long term)	713,025	607,576
	<u>75,623,988</u>	<u>75,793,231</u>
Deposits and placements of banks and other financial institutions		
- one year or less (short term)	6,885,808	7,891,741
- more than one year (medium/long term)	558,209	778,590
	<u>7,444,017</u>	<u>8,670,331</u>



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

	Group		Company	
	As at 30 Sept 2008 RM'000	As at 31 Dec 2007 RM'000	As at 30 Sept 2008 RM'000	As at 31 Dec 2007 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	443,000	-	443,000	-
Overdrafts	12	30	12	30
Term loans - RM	1,053,000	396,000	1,053,000	396,000
Term loan - USD	653,743	330,700	-	-
RM600 million 6 years Serial Fixed Rate Bonds	597,529	596,363	597,529	596,363
RM350 million Fixed Rate Bonds	343,607	342,584	343,607	342,584
RM150 million 7 years Commercial Papers/ Medium Term Notes	80,000	-	80,000	-
	3,430,891	1,925,677	2,777,148	1,594,977
Contractual maturity of borrowings:				
Within one year	1,284,310	689,099	1,249,903	656,029
One year to three years	1,224,064	364,884	1,103,638	298,744
Three years to five years	561,237	706,344	423,607	640,204
Over five years	361,280	165,350	-	-
	3,430,891	1,925,677	2,777,148	1,594,977

	Group	
	As at 30 Sept 2008 RM'000	As at 31 Dec 2007 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
5.5% RM45 million Tier II subordinated notes 2008/2018	45,000	-
6.625% USD150 million Tier II subordinated notes 2002/2013	-	495,000
	2,240,000	2,665,000

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 30 September 2008

Group

Items	Principal amount RM'000	1 month or less RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	> 5 years RM'000	Margin requirement RM'000
Foreign exchange related contracts								
- forwards	4,605,009	1,845,701	1,630,010	703,751	425,547	-	-	-
- swaps	4,131,285	2,523,001	910,144	593,565	104,575	-	-	-
- options	663,435	286,603	298,704	67,806	10,322	-	-	-
- spots	539,745	539,745	-	-	-	-	-	-
- cross-currency interest rate swaps	1,385,632	-	-	-	-	9,332	1,376,300	-
Interest rate related contracts								
- futures	2,600,000	-	290,000	280,000	560,000	1,470,000	-	3,096
- swaps	8,750,055	596,577	1,199,398	240,000	528,083	6,022,709	163,288	-
Total	22,675,161	5,791,627	4,328,256	1,885,122	1,628,527	7,502,041	1,539,588	3,096

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 third quarter ended 30 September 2008.

	3rd quarter ended		Nine months ended	
	30 Sept 2008	30 Sept 2007	30 Sept 2008	30 Sept 2007
B13. Earnings per Share				
Basic/diluted earnings per share				
Profit attributable to equity holders of the Company (RM'000)	<u>358,344</u>	<u>231,229</u>	<u>851,835</u>	<u>539,750</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,153,475</u>	<u>2,153,475</u>	<u>2,153,475</u>	<u>1,933,457</u>
Basic/diluted earnings per share (sen)	<u>16.6</u>	<u>10.7</u>	<u>39.6</u>	<u>27.9</u>

There were no dilutive potential ordinary shares outstanding as at 30 September 2008. The potential ordinary shares outstanding as at 30 September 2007 were anti-dilutive and excluded from the diluted earnings per share calculation. As a result, the diluted earnings per share was equal to the basic earnings per share for the nine months ended 30 September 2007.

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
(Licence No. LS0006901)

Company secretary

24 November 2008