



RHB INVESTMENT BANK BERHAD
UNAUDITED CONSOLIDATED RESULTS
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008

UNAUDITED CONDENSED BALANCE SHEETS AS AT 30 SEPTEMBER 2008

	Group		Bank	
	As at 30.09.2008 RM'000	As at 31.12.2007 RM'000	As at 30.09.2008 RM'000	As at 31.12.2007 RM'000
Assets				
Cash and short term funds	1,165,311	1,870,982	1,123,640	1,838,232
Deposits and placements with banks and other financial institutions	120	183,320	120	183,320
Securities held-for-trading	2,447,382	3,855,830	2,442,986	3,852,457
Securities available-for-sale ('AFS')	1,062,107	566,636	1,059,738	564,321
Securities held-to-maturity	222,795	306,639	222,795	306,639
Loans and advances	490,924	851,544	490,924	851,544
Clients' and brokers' balances	262,801	246,870	262,801	246,870
Other assets	111,430	74,008	76,186	60,536
Tax recoverable	33,423	22,017	33,880	23,832
Deferred tax assets	8,086	67	8,031	-
Statutory deposit with Bank Negara Malaysia	82,636	69,486	82,636	69,486
Investment in subsidiaries	-	-	58,270	48,270
Property, plant and equipment	10,374	13,555	8,155	10,849
Goodwill	172,844	172,844	159,280	159,280
Total assets	6,070,233	8,233,798	6,029,442	8,215,636
Liabilities and shareholder's equity				
Deposits from customers	3,013,039	3,658,780	3,013,039	3,658,780
Deposits and placements of banks and other financial institutions	1,684,241	3,213,655	1,684,241	3,213,655
Clients' and brokers' balances	357,478	368,436	357,478	368,436
Other liabilities	103,570	95,696	63,800	79,639
Taxation	13	152	-	-
Deferred tax liabilities	192	389	-	376
Subordinated notes	245,000	200,000	245,000	200,000
Total liabilities	5,403,533	7,537,108	5,363,558	7,520,886
Share capital	263,646	338,646	263,646	338,646
Reserves	403,054	358,044	402,238	356,104
Shareholder's equity	666,700	696,690	665,884	694,750
Total liabilities and shareholder's equity	6,070,233	8,233,798	6,029,442	8,215,636
Commitments and Contingencies	5,191,932	5,510,807	5,191,932	5,510,807

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2007).



RHB INVESTMENT BANK BERHAD
(19663-P) Incorporated in Malaysia

**UNAUDITED CONDENSED INCOME STATEMENTS
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008**

	Group			
	3 months ended	3 months ended	9 months ended	9 months ended
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	RM'000	RM'000	RM'000	RM'000
Interest income	75,832	86,515	234,439	238,792
Interest expense	(57,076)	(67,587)	(179,618)	(185,011)
Net interest income	18,756	18,928	54,821	53,781
Other operating income	33,634	63,113	128,181	183,670
Net income	52,390	82,041	183,002	237,451
Other operating expenses	(31,787)	(39,678)	(110,987)	(122,967)
Operating profit before allowances	20,603	42,363	72,015	114,484
Allowances for losses on loans and other losses	22,112	(8,227)	27,096	(17,254)
Allowances for impairment loss	-	5,037	-	5,203
Profit before taxation	42,715	39,173	99,111	102,433
Taxation	(11,077)	(10,688)	(27,463)	(27,932)
Net profit for the period	31,638	28,485	71,648	74,501
Basic earnings per share (sen)	12.0	8.4	24.8	22.0

	Bank			
	3 months ended	3 months ended	9 months ended	9 months ended
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	RM'000	RM'000	RM'000	RM'000
Interest income	75,632	86,312	233,896	238,185
Interest expense	(57,076)	(67,587)	(179,618)	(185,011)
Net interest income	18,556	18,725	54,278	53,174
Other operating income	26,497	51,490	107,208	140,337
Net income	45,053	70,215	161,486	193,511
Other operating expenses	(23,514)	(29,998)	(88,542)	(88,735)
Operating profit before allowances	21,539	40,217	72,944	104,776
Allowances for losses on loans and other losses	22,111	(8,227)	27,095	(17,254)
Allowances for impairment loss	-	5,037	-	5,123
Profit before taxation	43,650	37,027	100,039	92,645
Taxation	(11,151)	(10,016)	(27,041)	(25,057)
Net profit for the period	32,499	27,011	72,998	67,588
Basic earnings per share (sen)	12.3	8.0	25.2	20.0

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2007)

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008**

Group	Non-distributable				Distributable	Total
	Share capital	Statutory reserve	Revaluation reserve	Translation reserve	Retained profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 31.12.07	338,646	278,549	8,113	(1,092)	72,474	696,690
Currency translation differences	-	-	-	226	-	226
Unrealised loss arising in fair value of AFS securities	-	-	(27,501)	-	-	(27,501)
AFS reserve realised on disposal	-	-	(8,801)	-	-	(8,801)
Deferred tax	-	-	9,438	-	-	9,438
Income and expense recognised directly in equity	-	-	(26,864)	226	-	(26,638)
Net profit for the financial period	-	-	-	-	71,648	71,648
Total recognised income and expenses for the financial period	-	-	(26,864)	226	71,648	45,010
Capital repayment	(75,000)	-	-	-	-	(75,000)
Balance as at 30.09.08	<u>263,646</u>	<u>278,549</u>	<u>(18,751)</u>	<u>(866)</u>	<u>144,122</u>	<u>666,700</u>
Balance as at 31.12.06	338,646	255,402	30,223	69	85,661	710,001
Currency translation differences	-	-	-	(69)	-	(69)
Unrealised loss arising in fair value of AFS securities	-	-	2,546	-	-	2,546
AFS reserve realised on disposal	-	-	(21,159)	-	-	(21,159)
AFS reserve realised on impairment	-	-	(4,191)	-	-	(4,191)
Deferred tax	-	-	6,577	-	-	6,577
Income and expense recognised directly in equity	-	-	(16,227)	(69)	-	(16,296)
Net profit for the financial period	-	-	-	-	74,501	74,501
Total recognised income and expenses for the financial period	-	-	(16,227)	(69)	74,501	58,205
Dividend for year ended 31.12.06	-	-	-	-	(21,000)	(21,000)
Balance as at 30.09.07	<u>338,646</u>	<u>255,402</u>	<u>13,996</u>	<u>-</u>	<u>139,162</u>	<u>747,206</u>

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008 (CONTINUED)**

Bank	Share capital	Non-distributable		Distributable	Total
	RM'000	Statutory reserve RM'000	Revaluation reserve RM'000	Retained profits RM'000	
Balance as at 31.12.07	338,646	278,549	8,113	69,442	694,750
Unrealised loss arising in fair value of AFS securities	-	-	(27,501)	-	(27,501)
AFS reserve realised on disposal	-	-	(8,801)	-	(8,801)
Deferred tax	-	-	9,438	-	9,438
Income and expense recognised directly in equity	-	-	(26,864)	-	(26,864)
Net profit for the financial period	-	-	-	72,998	72,998
Total recognised income and expenses for the financial period	-	-	(26,864)	72,998	46,134
Capital repayment	(75,000)	-	-	-	(75,000)
Balance as at 30.09.08	<u>263,646</u>	<u>278,549</u>	<u>(18,751)</u>	<u>142,440</u>	<u>665,884</u>
Balance as at 31.12.06	338,646	255,402	30,223	73,910	698,181
Unrealised loss arising in fair value of AFS securities	-	-	2,546	-	2,546
AFS reserve realised on disposal	-	-	(21,159)	-	(21,159)
AFS reserve realised on impairment	-	-	(4,191)	-	(4,191)
Deferred tax	-	-	6,577	-	6,577
Income and expense recognised directly in equity	-	-	(16,227)	-	(16,227)
Net profit for the financial period	-	-	-	67,588	67,588
Total recognised income and expenses for the financial period	-	-	(16,227)	67,588	51,361
Dividend for year ended 31.12.06	-	-	-	(21,000)	(21,000)
Balance as at 30.09.07	<u>338,646</u>	<u>255,402</u>	<u>13,996</u>	<u>120,498</u>	<u>728,542</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2007).

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008**

	Group		Bank	
	9 months ended 30.09.2008 RM'000	9 months ended 30.09.2007 RM'000	9 months ended 30.09.2008 RM'000	9 months ended 30.09.2007 RM'000
Profit before taxation	99,111	102,433	100,039	92,645
Adjustments for items not involving movement of cash and cash equivalents	(63,893)	(29,229)	(64,503)	(29,796)
Operating profit before changes in working capital	35,218	73,204	35,536	62,849
Changes in working capital:				
Net changes in operating assets	1,901,297	(133,277)	1,923,866	(141,035)
Net changes in operating liabilities	(2,178,238)	1,007,786	(2,201,952)	991,199
Tax paid	(41,300)	(16,035)	(39,572)	(14,883)
Tax recovered	3,542	5,868	3,542	5,868
Net cash generated from operating activities	(279,481)	937,546	(278,580)	903,998
Net cash (used in)/generated from investing activities	(396,190)	23,116	(406,012)	25,489
Net cash used in financing activities	(30,000)	(21,000)	(30,000)	(21,000)
Net change in cash and cash equivalents	(705,671)	939,662	(714,592)	908,487
Cash and cash equivalents at beginning of financial period	1,870,982	1,111,241	1,838,232	1,085,102
Cash and cash equivalents at end of financial period	1,165,311	2,050,903	1,123,640	1,993,589
Analysis of cash and cash equivalents:				
Cash and short term fund	1,165,311	2,050,903	1,123,640	1,993,589

(The Condensed Consolidated Cash Flow Statement should be read in Conjunction with the Annual Financial Report for the financial year ended 31December 2007)

**NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008**

1. Basis Of Preparation

The unaudited interim financial statements for the nine months ended 30 September 2008 have been prepared in accordance with Financial Reporting Standard ('FRS') 134, 'Interim Financial Reporting' issued by the Malaysian Accounting Standards Board ('MASB'). The interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2007.

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

2. Audit Report

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

3. Seasonal or Cyclical Factors

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

4. Exceptional or Unusual Items

There were no exceptional or unusual items in the nine months ended 30 September 2008.

5. Changes In Estimates

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

6. Changes In Debt and Equity Securities

There were no issuance and repayment of share buy-backs, shares held as treasury shares and resale of treasury shares for the period under review except for issuance of debt and share cancellations:

(a) Cancellation of RM75.0 million of paid-up share capital

In accordance with Section 64 of the Companies Act, 1965, the Bank has on 4 April 2008 cancelled RM75.0 million, comprising 75.0 million ordinary shares of RM1.00 each, being its existing issued and paid-up share capital and returning the same to its shareholder. Accordingly, the Bank's issued and paid-up share capital has been reduced from RM338,646,000 comprising 338,646,000 shares to RM263,646,000 comprising 263,646,000 shares.

(b) Issuance of the remaining RM45.0 million nominal value of Subordinated Notes 2008/2018 ("Sub Notes")

During the financial year ended 31 December 2007, the Bank has proposed the issuance of up to RM245.0 million nominal value of Sub Notes under a Subordinated Note Programme. The Bank has issued an aggregate nominal value of RM200.0 million of the Sub Notes at par on 10 December 2007 that qualified as Tier II Capital of the Bank for the purpose of Bank Negara Malaysia's capital adequacy requirements.

On 21 April 2008, the Bank has successfully issued the remaining RM45.0 million nominal value of the Sub Notes at par.

7. Dividends Paid

There were no dividends paid or declared in respect of financial year ending 31 December 2008 in the nine months ended 30 September 2008.

**NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008 (CONTINUED)**

8. Review of the performance

The Group's pre-tax profit for the nine months ended 30 September 2008 was RM71.6 million compared to RM74.5 million for the corresponding period ended 30 September 2007.

The Group's pre-tax profit for the current nine months was lower due mainly to lower other operating income. Brokerage income for the current nine months was lower due to the lower average volume traded at the equity market. The unit trust fee income was also lower due to the delay in launching of new funds by the Bank's main subsidiary, RHB Investment Management Sdn Bhd ("RHBIM") (formerly known as RHB Asset Management Sdn Bhd). RHBIM recorded current nine months pre-tax profit of RM0.1 million (2007: RM8.9 million*).

The other operating expenses of the Group for the current nine months decreased by RM12.0 million compared to the corresponding period. Allowances for losses on loan and other losses recorded a net write-back of RM27.1 million compared to a net charge of RM17.3 million for corresponding period ended 30 September 2007.

* Consolidated pre-tax profit for RHB Investment Management Sdn Bhd ("RHBIM") and RHB Unit Trust Management Berhad ("RHBUT"). Effective 1 January 2008, the unit trust business, assets and liabilities of RHBUT have been transferred to RHBIM pursuant to the vesting order granted by the High Court of Malaya on 19 December 2007.

9. Prospects for the current financial year ending 31 December 2008

The last quarter of the year will be challenging given the deepening financial crisis and weakening global economy.

Against this backdrop, the Group does not expect the results for 2008 to be better than 2007.

10. Securities portfolio

(i) Securities held-for-trading

	Group		Bank	
	As at 30.09.2008 RM'000	As at 31.12.2007 RM'000	As at 30.09.2008 RM'000	As at 31.12.2007 RM'000
At market value				
Money market instruments:				
Khazanah bonds	44,115	171,920	44,115	171,920
Government investment issue	52,713	147,877	52,713	147,877
Malaysian Government securities	162,398	121,958	162,398	121,958
Bankers' acceptance	363,943	800,263	363,943	800,263
Bank Negara monetary notes	99,535	-	99,535	-
Negotiable certificates of deposit	453,066	1,278,675	453,066	1,278,675
Private debt securities	1,267,216	1,331,764	1,267,216	1,331,764
Quoted securities:				
<u>In Malaysia</u>				
Unit trust	3,582	1,025	-	-
<u>Outside Malaysia</u>				
Shares	814	2,348	-	-
	<u>2,447,382</u>	<u>3,855,830</u>	<u>2,442,986</u>	<u>3,852,457</u>

NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008 (CONTINUED)

10. Securities portfolio (continued)

(ii) Securities available-for-sale

	Group		Bank	
	As at 30.09.2008 RM'000	As at 31.12.2007 RM'000	As at 30.09.2008 RM'000	As at 31.12.2007 RM'000
At market value				
Money market instruments:				
Malaysian Government securities	52,873	95,544	52,873	95,544
Private debt securities	996,343	458,428	996,343	458,428
Quoted securities:				
<u>In Malaysia</u>				
Shares	105	43	105	43
Loan stocks	7,363	7,237	7,363	7,237
Warrants	854	869	854	869
Unquoted securities:				
<u>In Malaysia</u>				
Shares	2,200	2,200	2,200	2,200
<u>Outside Malaysia</u>				
Loan stocks	2,369	2,315	-	-
	<u>1,062,107</u>	<u>566,636</u>	<u>1,059,738</u>	<u>564,321</u>

(iii) Securities held-to-maturity

	Group and Bank	
	As at 30.09.2008 RM'000	As at 31.12.2007 RM'000
At amortised cost		
Money market instruments:		
Malaysian Government securities	44,501	54,490
Khazanah bonds	-	54,009
Prasarana bonds	98,772	98,534
Private debt securities	156,716	176,800
Unquoted securities:		
<u>In Malaysia</u>		
Shares	2,200	2,200
Bonds	23	23
Accumulated Impairment losses	302,212	386,056
	(79,417)	(79,417)
	<u>222,795</u>	<u>306,639</u>

**NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008 (CONTINUED)**

11. Loans and advances

i) By type

	Group and Bank	
	As at 30.09.2008	As at 31.12.2007
	RM'000	RM'000
Term loans	247,512	439,021
Claims on customers under acceptance credits	11,563	12,273
Revolving credit	201,721	337,093
Margin financing	76,947	122,247
Staff loans	4,186	5,378
	541,929	916,012
Less : Unearned interest	(87)	-
Gross loans and advances	541,842	916,012
Less: Allowance for bad and doubtful debts		
- General	(8,597)	(15,005)
- Specific	(42,321)	(49,463)
Total net loans and advances	490,924	851,544

ii) By type of customer

	Group and Bank	
	As at 30.09.2008	As at 31.12.2007
	RM'000	RM'000
Domestic business enterprises		
- Small Medium enterprise	230	714
- Others	405,079	697,536
Domestic non-bank financial institution	70,139	115,358
Individuals	65,609	100,249
Foreign entities	785	2,155
	541,842	916,012

iii) By interest/profit rate sensitivity

	Group and Bank	
	As at 30.09.2008	As at 31.12.2007
	RM'000	RM'000
Fixed rate		
Other fixed rate loan	81,149	5,782
Variable rate		
Cost plus	460,693	787,983
Other variable rates	-	122,247
	541,842	916,012

iv) By purpose

	Group and Bank	
	As at 30.09.2008	As at 31.12.2007
	RM'000	RM'000
Purchase of securities	135,904	278,485
Purchase of transport vehicles	1,284	2,167
Purchase of landed property	2,893	3,182
Purchase of non-residential property	2,868	15,713
Purchase of fixed assets other than land & building	3,757	15,762
Personal use	9	29
Construction	113,171	115,768
Working capital	177,243	280,736
Others	104,713	204,170
	541,842	916,012

**NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008 (CONTINUED)**

12. Non-performing loans (NPL)

i) Movements in non-performing loans

	Group and Bank	
	As at 30.09.2008 RM'000	As at 31.12.2007 RM'000
At beginning of period/year	123,582	196,814
Classified as non-performing during the period/year	3,185	-
Amount recovered	(4,178)	(34,108)
Amount written off	(6,300)	(39,124)
At end of period/year	116,289	123,582
Specific allowance	(42,321)	(49,463)
Net non-performing loans	73,968	74,119
Ratio of net non-performing loans to net loans	14.81%	8.55%

ii) Movements in allowance for bad and doubtful debts

	Group and Bank	
	As at 30.09.2008 RM'000	As at 31.12.2007 RM'000
General allowance		
At beginning of period/year	15,005	10,432
Allowance (written back)/made during the period/year	(6,408)	4,573
At end of period/year	8,597	15,005
As % of gross loans and advances less specific allowance	1.72%	1.73%
Specific allowance		
At beginning of period/year	49,463	96,458
Allowance made during the period/year	26	687
Amount recovered	(868)	(8,571)
Amount written off	(6,300)	(39,111)
At end of period/year	42,321	49,463

iii) Non-performing loans by purpose

	Group and Bank	
	As at 30.09.2008 RM'000	As at 31.12.2007 RM'000
Purchase of securities	33,430	33,730
Purchase of landed property	294	266
Purchase of non-residential property	1,365	7,666
Construction	6,135	6,183
Working capital	75,065	75,452
Others	-	285
	116,289	123,582

**NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008 (CONTINUED)**

13. Other Assets

	Group		Bank	
	As at 30.09.2008 RM'000	As at 31.12.2007 RM'000	As at 30.09.2008 RM'000	As at 31.12.2007 RM'000
Amounts due from immediate holding company	-	348	-	348
Amounts due from subsidiaries	-	-	155	544
Amounts due from related companies	1,055	1,210	493	89
Other debtors, deposits and prepayments	57,313	35,665	22,476	22,770
Derivative assets	17,397	3,756	17,397	3,756
Accrued interest receivable	35,665	33,029	35,665	33,029
	111,430	74,008	76,186	60,536

14. Deposits from customers

(i) By type of deposit

	Group and Bank	
	As at 30.09.2008 RM'000	As at 31.12.2007 RM'000
Call money	8,936	3,000
Fixed deposits	1,829,044	2,694,588
Short term deposits	1,175,059	961,192
	3,013,039	3,658,780

(ii) By type of customers

	Group and Bank	
	As at 30.09.2008 RM'000	As at 31.12.2007 RM'000
Federal Government and statutory bodies	205,000	256,697
Business enterprises	2,808,039	3,398,083
Others	-	4,000
	3,013,039	3,658,780

15. Deposits and placements of banks and other financial institutions

	Group and Bank	
	As at 30.09.2008 RM'000	As at 31.12.2007 RM'000
Licensed banks	324,084	1,000,000
Other financial institutions	1,360,157	2,213,655
	1,684,241	3,213,655

**NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008 (CONTINUED)**

16. Other Liabilities

	Group		Bank	
	3 months ended 30.09.2008 RM'000	3 months ended 30.09.2007 RM'000	9 months ended 30.09.2008 RM'000	9 months ended 30.09.2007 RM'000
Accrued interest payable	18,636	20,968	18,636	20,968
Amount due to related companies	803	936	18	754
Amount due to immediate holding company	2	741	2	-
Amount due to subsidiaries	-	-	-	3,260
Amount payable for creation of units due to funds	403	4,053	-	-
Amount payable for redemption units	31,874	3,135	-	-
Derivative liabilities	15,642	11,422	15,642	11,422
Remisiers' trust deposits	9,106	11,150	9,106	11,150
Accrued personnel costs	9,483	24,152	9,483	17,368
Other accruals and payables	17,621	19,139	10,913	14,717
	103,570	95,696	63,800	79,639

17. Interest income

	Group			
	3 months ended 30.09.2008 RM'000	3 months ended 30.09.2007 RM'000	9 months ended 30.09.2008 RM'000	9 months ended 30.09.2007 RM'000
Loans and advances				
- interest income other than recoveries from NPLs	8,366	13,342	31,926	35,316
- recoveries from NPLs	471	182	810	3,582
Money at call and deposit placements with banks and other financial institutions	16,388	27,894	57,433	62,526
Securities held-for-trading	29,246	31,337	91,426	97,521
Securities available-for-sale	15,835	6,083	35,778	17,994
Securities held-to-maturity	1,717	2,318	5,997	6,782
Others	2,022	1,379	4,593	3,739
	74,045	82,535	227,963	227,460
Amortisation of premium less accretion of discount	1,787	3,980	7,057	11,332
Interest suspended	-	-	(581)	-
Total interest income	75,832	86,515	234,439	238,792

**NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008 (CONTINUED)**

17. Interest income (continued)

	Bank			
	3 months ended 30.09.2008	3 months ended 30.09.2007	9 months ended 30.09.2008	9 months ended 30.09.2007
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- interest income other than recoveries from NPLs	8,366	13,342	31,926	35,316
- recoveries from NPLs	471	182	810	3,582
Money at call and deposit placements with banks and other financial institutions	16,188	27,691	56,890	61,919
Securities held-for-trading	29,246	31,337	91,426	97,521
Securities available-for-sale	15,835	6,083	35,778	17,994
Securities held-to-maturity	1,717	2,318	5,997	6,782
Others	2,022	1,379	4,593	3,739
	73,845	82,332	227,420	226,853
Amortisation of premium less accretion of discount	1,787	3,980	7,057	11,332
Interest suspended	-	-	(581)	-
Total interest income	75,632	86,312	233,896	238,185

18. Interest expense

	Group			
	3 months ended 30.09.2008	3 months ended 30.09.2007	9 months ended 30.09.2008	9 months ended 30.09.2007
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from banks and other financial institutions	22,383	13,190	72,593	69,366
Deposits from customers	29,919	50,073	94,233	103,376
Subordinated bonds	3,296	3,410	9,063	10,120
Others	1,478	914	3,729	2,149
	57,076	67,587	179,618	185,011

	Bank			
	3 months ended 30.09.2008	3 months ended 30.09.2007	9 months ended 30.09.2008	9 months ended 30.09.2007
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from banks and other financial institutions	22,383	13,190	72,593	69,366
Deposits from customers	29,919	50,073	94,233	103,376
Subordinated bonds	3,296	3,410	9,063	10,120
Others	1,478	914	3,729	2,149
	57,076	67,587	179,618	185,011

NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008 (CONTINUED)

19. Other operating income

	Group			
	3 months ended 30.09.2008 RM'000	3 months ended 30.09.2007 RM'000	9 months ended 30.09.2008 RM'000	9 months ended 30.09.2007 RM'000
Fee income				
Brokerage	11,171	26,989	52,184	91,434
Fund management fees	5,182	1,923	16,375	10,920
Fee on loans and advances	1,018	1,036	2,883	4,721
Corporate advisory fees	3,750	3,472	11,935	14,096
Guarantee fees	830	1,317	1,845	2,842
Underwriting fees	738	757	4,796	2,447
Unit trust fee income	1,923	8,226	5,199	31,574
Other fee income	9,029	4,475	24,665	17,739
	<u>33,641</u>	<u>48,195</u>	<u>119,882</u>	<u>175,773</u>
Gain/(loss) arising from sale/redemption of securities and derivatives				
Net gain from sale of				
- securities held-for-trading	6,401	(79)	16,408	26,714
- securities available-for-sale	1,573	18,562	8,801	21,159
Net gain from redemption of				
- securities held-to-maturity	126	1,478	2,124	1,897
Derivatives	1,882	(381)	848	(922)
Unrealised gain/(loss) on revaluation of				
- securities held-for-trading	17,476	(9,604)	(28,860)	(43,651)
- derivatives	(27,832)	2,573	9,421	(352)
Net gain from sale of a subsidiary	-	69	-	69
Gross dividend income from				
- securities held-for-trading	60	-	166	-
- securities held-for-maturity	89	-	89	-
- securities available-for-sale	4	192	101	402
	<u>(221)</u>	<u>12,810</u>	<u>9,098</u>	<u>5,316</u>
Other income				
Foreign exchange gain/(loss)	98	(235)	(1,411)	(1,793)
Gain on disposal of property, plant and equipment	-	(1)	-	127
Others	116	2,344	612	4,247
	<u>214</u>	<u>2,108</u>	<u>(799)</u>	<u>2,581</u>
Other operating income	<u>33,634</u>	<u>63,113</u>	<u>128,181</u>	<u>183,670</u>

NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008 (CONTINUED)

19. Other operating income (continued)

	Bank			
	3 months ended 30.09.2008	3 months ended 30.09.2007	9 months ended 30.09.2008	9 months ended 30.09.2007
	RM'000	RM'000	RM'000	RM'000
Brokerage	11,171	26,989	52,184	91,434
Fee on loans and advances	1,018	1,036	2,883	4,721
Corporate advisory fees	3,750	3,472	11,935	14,096
Guarantee fees	829	1,317	1,845	2,842
Underwriting fees	738	757	4,796	2,447
Other fee income	8,594	3,341	23,795	17,309
	26,100	36,912	97,438	132,849
Gain/(loss) arising from sale/redemption of securities and derivatives				
Net gain from sale of				
- securities held-for-trading	6,539	(79)	16,556	26,714
- securities available-for-sale	1,573	18,562	8,801	21,159
Net gain from redemption of				
- securities held-to-maturity	126	1,478	2,124	1,897
Derivatives	1,882	(381)	848	(922)
Unrealised gain/(loss) on revaluation of				
- securities held-for-trading	17,793	(9,604)	(27,455)	(43,651)
- derivatives	(27,832)	2,573	9,421	(352)
Gross dividend income from				
- securities held-for-trading	-	192	105	402
- securities held-for-maturity	89	-	89	-
- securities available-for-sale	4	-	101	-
	174	12,741	10,590	5,247
Other income				
Foreign exchange loss	107	(235)	(1,426)	(1,793)
Gain on disposal of property, plant and equipment	-	-	-	128
Others	116	2,072	606	3,906
	223	1,837	(820)	2,241
Other operating income	26,497	51,490	107,208	140,337

NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008 (CONTINUED)

20. Other operating expenses

	Group			
	3 months ended	3 months ended	9 months ended	9 months ended
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Salaries, bonus and allowances	14,100	15,369	51,213	44,931
Defined contribution plan	2,440	2,861	8,073	6,893
Other staff related costs	1,284	3,800	6,073	11,848
Establishment costs				
Depreciation	1,326	2,032	5,221	5,955
Rental of premises	2,132	2,459	6,748	7,018
Information technology expenses	950	766	2,519	2,779
Others	1,356	2,371	4,892	6,168
Marketing expenses				
Sales commission	1,222	3,061	3,385	14,755
Advertisement and publicity	252	135	805	893
Others	1,757	1,259	6,867	4,686
Administration and general expenses				
Communication expenses	920	1,745	4,102	4,775
Legal and professional fees	303	166	1,176	1,379
Others	3,745	3,654	9,913	10,887
	31,787	39,678	110,987	122,967

	Bank			
	3 months ended	3 months ended	9 months ended	9 months ended
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Salaries, bonus and allowances	10,137	12,432	39,195	35,659
Defined contribution plan	1,862	1,790	6,361	5,138
Other staff related costs	925	3,464	5,218	10,842
Establishment costs				
Depreciation	1,143	1,822	4,611	5,317
Rental of premises	1,735	2,042	5,590	5,850
Information technology expenses	810	684	2,309	2,333
Others	1,130	2,355	4,484	5,890
Marketing expenses				
Advertisement and publicity	185	114	659	828
Others	1,465	768	6,493	2,326
Administration and general expenses				
Communication expenses	868	1,512	3,651	4,190
Legal and professional fees	113	83	905	1,246
Others	3,141	2,932	9,066	9,116
	23,514	29,998	88,542	88,735

NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008 (CONTINUED)

21. Allowance for losses on loans and other losses

	Group and Bank			
	3 months ended	3 months ended	9 months ended	9 months ended
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	RM'000	RM'000	RM'000	RM'000
Allowance for losses on loans				
Specific allowance				
- made in the financial period	7	6,363	26	19,717
- written back	(143)	(1,303)	(868)	(7,329)
General allowance	(2,337)	2,600	(6,407)	5,121
Allowance for losses on clients' and brokers' balances				
- general allowance	2	(104)	(79)	(884)
- specific allowance	(569)	686	(176)	296
Bad debts				
- recovered	(19,304)	-	(19,641)	(3)
- written off	5	-	5	408
Specific allowance for other debtors	228	(15)	45	(72)
	(22,111)	8,227	(27,095)	17,254

22. Allowance for impairment loss

	Group			
	3 months ended	3 months ended	9 months ended	9 months ended
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	RM'000	RM'000	RM'000	RM'000
Written back for the financial period				
- Securities available-for-sale	-	(4,025)	-	(4,191)
- Securities held-to-maturity	-	(1,012)	-	(1,012)
	-	(5,037)	-	(5,203)
	Bank			
3 months ended	3 months ended	9 months ended	9 months ended	
30.09.2008	30.09.2007	30.09.2008	30.09.2007	
RM'000	RM'000	RM'000	RM'000	
(Written back)/Charge for the financial period				
- Securities available-for-sale	-	(4,025)	-	(4,191)
- Securities held-to-maturity	-	(1,012)	-	(1,012)
- Investment in subsidiary	-	-	-	80
	-	(5,037)	-	(5,123)

**NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008 (CONTINUED)**

23. Capital adequacy

	Bank	
	As at 30.09.2008 RM'000	As at 31.12.2007 RM'000
Tier I capital		
Paid-up share capital	263,646	338,646
Statutory reserve	278,549	278,549
Retained profits	109,941	69,442
	<u>652,136</u>	<u>686,639</u>
Deferred tax (assets)/liabilities	(1,443)	376
Goodwill	(159,280)	(159,280)
Total Tier I capital	<u>491,413</u>	<u>527,733</u>
Tier II capital		
General allowance for bad and doubtful debts	8,790	15,278
Subordinated notes	245,000	200,000
Total Tier II capital	<u>253,790</u>	<u>215,278</u>
Total capital	745,203	743,011
Less: Investment in subsidiaries	(58,270)	(48,270)
Holding of other financial institutions subordinated instruments	-	(25,000)
Total capital base	<u>686,933</u>	<u>669,741</u>
Core capital ratio	17.58%	14.61%
Risk-weighted capital ratio	24.58%	18.55%

24. Commitments and contingencies

	Group and Bank					
	As at 30.09.2008			As at 31.12.2007		
	Principal Amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000	Principal Amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
Direct credit substitutes	169,222	169,222	71,602	210,667	210,667	210,667
Transaction-related contingent items	258,891	129,445	20,391	343,046	35,023	35,023
Other assets sold with recourse and commitment with certain drawdown	54,576	54,576	10,915	2,514	-	-
Obligations under underwriting agreements	122,660	61,330	24,245	150,660	-	-
Irrevocable commitments to extend credit:						
- maturity not exceeding one year	345,691	69,138	68,291	285,220	-	-
- maturity exceeding one year	180,892	90,446	90,286	230,660	115,330	115,182
Foreign exchange-related contracts:						
- less than one year	-	-	-	33,040	1,501	300
Interest rate related contracts:						
- less than one year	1,160,000	2,068	413	1,410,000	251	50
- one to less than five years	2,650,000	71,051	14,210	2,690,000	11,046	2,209
- five years and above	250,000	20,169	4,034	155,000	13,206	2,641
	<u>5,191,932</u>	<u>667,445</u>	<u>304,387</u>	<u>5,510,807</u>	<u>387,024</u>	<u>366,072</u>

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

NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008 (CONTINUED)

25. Interest rate risk

	Group								Effective interest rate %
	30.09.2008								
	Non-trading book					Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	
Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000					
Assets									
Cash and short term funds	1,081,784	-	-	-	-	83,527	-	1,165,311	3.50
Deposits and placements with financial institutions	-	-	120	-	-	-	-	120	3.70
Securities held-for-trading	-	-	-	-	-	17,258	2,430,124	2,447,382	4.59
Securities available-for-sale	-	-	74,261	209,823	765,131	12,892	-	1,062,107	5.97
Securities held-to-maturity	-	-	293	279,922	19,775	(77,195)	-	222,795	6.30
Loans and advances									
- performing	292,528	128,839	-	1,293	2,894	-	-	425,554	6.99
- non-performing	-	-	-	-	-	65,370	-	65,370	-
Clients' and brokers' balances	107,365	-	-	-	-	155,436	-	262,801	2.39
Other assets	1,895	-	387	306	399	91,046	17,397	111,430	3.00
Tax recoverable	-	-	-	-	-	8,086	-	8,086	-
Deferred tax assets	-	-	-	-	-	33,423	-	33,423	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	82,636	-	82,636	-
Property, plant and equipment	-	-	-	-	-	10,374	-	10,374	-
Goodwill	-	-	-	-	-	172,844	-	172,844	-
Total assets	1,483,572	128,839	75,061	491,344	788,199	655,697	2,447,521	6,070,233	
Liabilities									
Deposits from customers	2,130,978	585,001	297,060	-	-	-	-	3,013,039	3.58
Deposits and placements of banks and other financial institutions	1,265,611	260,515	158,115	-	-	-	-	1,684,241	3.57
Clients' and brokers' balances	-	-	-	-	-	357,478	-	357,478	-
Other liabilities	-	-	-	-	-	87,928	15,642	103,570	-
Taxation	-	-	-	-	-	13	-	13	-
Deferred tax liabilities	-	-	-	-	-	192	-	192	-
Subordinated bonds	-	-	-	245,000	-	-	-	245,000	5.34
Total liabilities	3,396,589	845,516	455,175	245,000	-	445,611	15,642	5,403,533	
Net interest rate gap	(1,913,017)	(716,677)	(380,114)	246,344	788,199				

NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008 (CONTINUED)

25. Interest rate risk (continued)

	Group								Effective interest rate %
	31.12.2007								
	Non-trading book					Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000				
Assets									
Cash and short term funds	1,659,902	-	-	-	-	211,080	-	1,870,982	3.52
Deposits and placements with financial institutions	-	84,000	99,320	-	-	-	-	183,320	3.92
Securities held-for-trading	-	-	-	-	-	16,235	3,839,595	3,855,830	4.30
Securities available-for-sale	-	-	-	135,570	418,402	12,664	-	566,636	7.01
Securities held-to-maturity	-	10,074	54,010	275,450	44,300	(77,195)	-	306,639	5.70
Loans and advances									
- performing	418,390	368,928	-	2,196	2,916	-	-	792,430	7.83
- non-performing	-	-	-	-	-	59,114	-	59,114	-
Clients' and brokers' balances	28,700	-	-	-	-	218,170	-	246,870	2.46
Other assets	1,833	-	87	591	665	67,076	3,756	74,008	3.11
Tax recoverable	-	-	-	-	-	22,017	-	22,017	-
Deferred tax assets	-	-	-	-	-	67	-	67	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	69,486	-	69,486	-
Property, plant and equipment	-	-	-	-	-	13,555	-	13,555	-
Goodwill	-	-	-	-	-	172,844	-	172,844	-
Total assets	2,108,825	463,002	153,417	413,807	466,283	785,113	3,843,351	8,233,798	
Liabilities									
Deposits from customers	2,945,993	424,500	88,287	200,000	-	-	-	3,658,780	3.54
Deposits and placements of banks and other financial institutions	2,222,885	709,135	188,589	93,046	-	-	-	3,213,655	3.56
Clients' and brokers' balances	-	-	-	-	-	368,436	-	368,436	-
Other liabilities	-	-	-	-	-	84,274	11,422	95,696	-
Taxation	-	-	-	-	-	152	-	152	-
Deferred tax liabilities	-	-	-	-	-	389	-	389	-
Subordinated bonds	-	-	-	-	200,000	-	-	200,000	5.30
Total liabilities	5,168,878	1,133,635	276,876	293,046	200,000	453,251	11,422	7,537,108	
Net interest rate gap	(3,060,053)	(670,633)	(123,459)	120,761	266,283				

NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008 (CONTINUED)

25. Interest rate risk (continued)

	Bank								Effective interest rate %
	30.09.2008								
	Non-trading book					Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	
Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000					
Assets									
Cash and short term funds	1,058,039	-	-	-	-	65,601	-	1,123,640	3.50
Deposits and placements with financial institutions	-	-	120	-	-	-	-	120	3.70
Securities held-for-trading	-	-	-	-	-	12,862	2,430,124	2,442,986	4.59
Securities available-for-sale	-	-	74,261	209,823	765,131	10,523	-	1,059,738	5.97
Securities held-to-maturity	-	-	293	279,922	19,775	(77,195)	-	222,795	6.30
Loans and advances - performing	292,528	128,839	-	1,293	2,894	-	-	425,554	6.99
- non-performing	-	-	-	-	-	65,370	-	65,370	-
Clients' and brokers' balance	107,365	-	-	-	-	155,436	-	262,801	2.39
Other assets	1,895	-	-	-	-	56,894	17,397	76,186	2.39
Tax recoverable	-	-	-	-	-	33,880	-	33,880	-
Deferred tax assets	-	-	-	-	-	8,031	-	8,031	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	82,636	-	82,636	-
Investment in subsidiary companies	-	-	-	-	-	58,270	-	58,270	-
Property, plant and equipment	-	-	-	-	-	8,155	-	8,155	-
Goodwill	-	-	-	-	-	159,280	-	159,280	-
Total assets	1,459,827	128,839	74,674	491,038	787,800	639,743	2,447,521	6,029,442	
Liabilities									
Deposits from customers	2,130,978	585,001	297,060	-	-	-	-	3,013,039	3.58
Deposits and placements of banks and other financial institutions	1,265,611	260,515	158,115	-	-	-	-	1,684,241	3.57
Clients' and brokers' balances	-	-	-	-	-	357,478	-	357,478	-
Other liabilities	-	-	-	-	-	48,158	15,642	63,800	-
Subordinated notes	-	-	-	245,000	-	-	-	245,000	5.34
Total liabilities	3,396,589	845,516	455,175	245,000	-	405,636	15,642	5,363,558	
Net interest rate gap	(1,936,762)	(716,677)	(380,501)	246,038	787,800				

**NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2008 (CONTINUED)**

25. Interest rate risk (continued)

	Bank								Effective interest rate %
	31.12.2007								
	Non-trading book					Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	
Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000					
Assets									
Cash and short term funds	1,643,600	-	-	-	-	194,632	-	1,838,232	3.52
Deposits and placements with financial institutions	-	84,000	99,320	-	-	-	-	183,320	3.92
Securities held-for-trading	-	-	-	-	-	12,862	3,839,595	3,852,457	4.30
Securities available-for-sale	-	-	-	135,570	418,402	10,349	-	564,321	7.01
Securities held-to-maturity	-	10,074	54,010	275,450	44,300	(77,195)	-	306,639	5.70
Loans and advances									
- performing	418,390	368,928	-	2,196	2,916	-	-	792,430	7.83
- non-performing	-	-	-	-	-	59,114	-	59,114	-
Clients' and brokers' balances	28,700	-	-	-	-	218,170	-	246,870	2.46
Other assets	1,833	-	-	-	-	54,947	3,756	60,536	2.46
Tax recoverable	-	-	-	-	-	23,832	-	23,832	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	69,486	-	69,486	-
Investment in subsidiary companies	-	-	-	-	-	48,270	-	48,270	-
Property, plant and equipment	-	-	-	-	-	10,849	-	10,849	-
Goodwill	-	-	-	-	-	159,280	-	159,280	-
Total assets	2,092,523	463,002	153,330	413,216	465,618	784,596	3,843,351	8,215,636	
Liabilities									
Deposits from customers	2,945,993	424,500	88,287	200,000	-	-	-	3,658,780	3.54
Deposits and placements of banks and other financial institutions	2,222,885	709,135	188,589	93,046	-	-	-	3,213,655	3.56
Clients' and brokers' balances	-	-	-	-	-	368,436	-	368,436	-
Other liabilities	-	-	-	-	-	68,217	11,422	79,639	-
Deferred tax liabilities	-	-	-	-	-	376	-	376	-
Subordinated bonds	-	-	-	-	200,000	-	-	200,000	5.30
Total liabilities	5,168,878	1,133,635	276,876	293,046	200,000	437,029	11,422	7,520,886	
Net interest rate gap	(3,076,355)	(670,633)	(123,546)	120,170	265,618				

**NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008 (CONTINUED)**

26. Valuation of Property, Plant and Equipment

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

27. Significant event during the financial period

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

RHB Capital Berhad ("RHB Capital"), the Bank's holding company, announced on 28 March 2008 that the Bank has 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 : VND 4,986.22) 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.

The Bank has also entered into a First Right of Refusal Agreement with the existing Vietnamese shareholders, granting the 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.

Established on 27 November 2006 in Hanoi, The Socialist Republic of Vietnam ("Vietnam"), VSEC is a securities company licensed under the laws of Vietnam to engage in the business of securities brokerage, securities financial and investment consultancy, securities investment portfolio management and securities depository services ("Business").

VSEC was issued its Business Operation Licence by the Vietnam State Securities Commission on 8 December 2006. In 2007, VSEC was approved as a member of the Vietnam Securities Depository, and accepted as a member of the Hanoi Securities Trading Centre ("HASTC") and the Ho Chi Minh Stock Exchange ("HOSE"). VSEC commenced trading activities on 6 March 2007.

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

On 10 September 2008, RHB Capital announced that Bank Negara Malaysia had, vide its letter dated 8 September 2008, approved the Proposed Subscription, subject to the Bank obtaining the necessary approvals from the Vietnam regulator(s) and shall fully comply with Vietnam's applicable laws and regulations.

28. Event subsequent to Balance Sheet Date

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

On 13 October 2008, RHB Capital further announced that the Securities Commission ("SC") and the State Securities Commission of Vietnam had, vide their letters dated 7 October 2008 and 8 October 2008 respectively, approved the Proposed Subscription.

(b) Hybrid Tier 1 Capital Securities ('HT1 Securities')

The Bank has on 16 October 2007 proposed to issue up to RM75.0 million nominal value of Hybrid Tier 1 Capital Securities. On 10 October 2008 RHB Capital announced that the Securities Commission 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.

29. Changes in the Composition of the Group

There were no significant changes in the composition of the Group in the nine months period ended 30 September 2008 that has not been disclosed in the unaudited interim financial statements.