



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

RHB INVESTMENT BANK BERHAD
UNAUDITED CONSOLIDATED RESULTS
FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2008

UNAUDITED CONDENSED BALANCE SHEETS AS AT 31 MARCH 2008

	Group		Bank	
	As at 31.03.2008 RM'000	As at 31.12.2007 RM'000	As at 31.03.2008 RM'000	As at 31.12.2007 RM'000
Assets				
Cash and short term funds	1,989,015	1,870,982	1,957,257	1,838,232
Deposits and placements with banks and other financial institutions	66,400	183,320	66,400	183,320
Securities held-for-trading	2,949,501	3,855,830	2,947,455	3,852,457
Securities available-for-sale ('AFS')	716,931	566,636	714,696	564,321
Securities held-to-maturity	292,125	306,639	292,125	306,639
Loans and advances	689,020	851,544	689,020	851,544
Clients' and brokers' balances	962,288	246,870	962,288	246,870
Other assets	70,456	74,008	59,430	60,536
Tax recoverable	24,942	22,017	26,511	23,832
Deferred tax assets	445	67	390	-
Statutory deposit with Bank Negara Malaysia	79,286	69,486	79,286	69,486
Investment in subsidiaries	-	-	48,270	48,270
Property, plant and equipment	12,021	13,555	9,492	10,849
Goodwill	172,844	172,844	159,280	159,280
Total assets	8,025,274	8,233,798	8,011,900	8,215,636
Liabilities and shareholder's equity				
Deposits from customers	3,499,429	3,658,780	3,499,429	3,658,780
Deposits and placements of banks and other financial institutions	2,451,541	3,213,655	2,451,541	3,213,655
Clients' and brokers' balances	1,074,856	368,436	1,074,856	368,436
Other liabilities	83,019	95,696	71,187	79,639
Taxation	10	152	-	-
Deferred tax liabilities	192	389	-	376
Subordinated debts	200,000	200,000	200,000	200,000
Total liabilities	7,309,047	7,537,108	7,297,013	7,520,886
Share capital	338,646	338,646	338,646	338,646
Reserves	377,581	358,044	376,241	356,104
Shareholder's equity	716,227	696,690	714,887	694,750
Total liabilities and shareholder's equity	8,025,274	8,233,798	8,011,900	8,215,636
Commitments and Contingencies	5,281,310	5,510,807	5,281,310	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 THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2008**

	Group		Bank	
	3 months ended 31.03.2008 RM'000	3 months ended 31.03.2007 RM'000	3 months ended 31.03.2008 RM'000	3 months ended 31.03.2007 RM'000
Interest income	81,251	74,231	81,091	74,031
Interest expense	(61,691)	(57,931)	(61,691)	(57,931)
Net interest income	19,560	16,300	19,400	16,100
Other operating income	53,770	47,551	48,907	31,413
Net income	73,330	63,851	68,307	47,513
Other operating expenses	(36,317)	(41,592)	(31,405)	(27,976)
Operating profit before allowances	37,013	22,259	36,902	19,537
Allowances for losses on loans and other losses	(3,107)	(3,610)	(3,107)	(3,610)
Allowances for impairment loss	(3,635)	-	(3,635)	(80)
Profit before taxation	30,271	18,649	30,160	15,847
Taxation	(8,222)	(5,136)	(7,842)	(4,304)
Net profit for the period	22,049	13,513	22,318	11,543
Basic earnings per share (sen)	6.5	4.0	6.6	3.4

(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 THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2008**

Group	Share capital RM'000	Statutory reserve RM'000	AFS revaluation reserve RM'000	Translation reserve RM'000	Distributable retained profits RM'000	Total RM'000
Balance as at 31.12.07	338,646	278,549	8,113	(1,092)	72,474	696,690
Currency translation differences	-	-	-	(331)	-	(331)
Unrealised loss arising in fair value of AFS securities	-	-	(369)	-	-	(369)
AFS reserve realised on disposal	-	-	(2,578)	-	-	(2,578)
Deferred tax	-	-	766	-	-	766
Income and expense recognised directly in equity	-	-	(2,181)	(331)	-	(2,512)
Net profit for the financial period	-	-	-	-	22,049	22,049
Total recognised income and expenses for the financial period	-	-	(2,181)	(331)	22,049	19,537
Balance as at 31.03.08	<u>338,646</u>	<u>278,549</u>	<u>5,932</u>	<u>(1,423)</u>	<u>94,523</u>	<u>716,227</u>
Balance as at 31.12.06	338,646	255,402	30,223	69	85,661	710,001
Currency translation differences	-	-	-	(69)	-	(69)
Unrealised gain arising in fair value of AFS securities	-	-	(6,107)	-	-	(6,107)
AFS reserve realised on disposal	-	-	(1,418)	-	-	(1,418)
Deferred tax	-	-	2,452	-	-	2,452
Income and expense recognised directly in equity	-	-	(5,073)	(69)	-	(5,142)
Net profit for the financial period	-	-	-	-	13,513	13,513
Total recognised income and expenses for the financial period	-	-	(5,073)	(69)	13,513	8,371
Balance as at 31.03.07	<u>338,646</u>	<u>255,402</u>	<u>25,150</u>	<u>-</u>	<u>99,174</u>	<u>718,372</u>



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

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2008 (CONTINUED)**

Bank	Share capital RM'000	Statutory reserve RM'000	AFS revaluation reserve RM'000	Distributable retained profits RM'000	Total 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	-	-	(369)	-	(369)
AFS reserve realised on disposal	-	-	(2,578)	-	(2,578)
Deferred tax	-	-	766	-	766
Income and expense recognised directly in equity	-	-	(2,181)	-	(2,181)
Net profit for the financial period	-	-	-	22,318	22,318
Total recognised income and expenses for the financial period	-	-	(2,181)	22,318	20,137
Balance as at 31.03.08	338,646	278,549	5,932	91,760	714,887
Balance as at 31.12.06	338,646	255,402	30,223	73,909	698,180
Unrealised loss arising in fair value of AFS securities	-	-	(6,107)	-	(6,107)
AFS reserve realised on disposal	-	-	(1,418)	-	(1,418)
Deferred tax	-	-	2,452	-	2,452
Income and expense recognised directly in equity	-	-	(5,073)	-	(5,073)
Net profit for the financial period	-	-	-	11,543	11,543
Total recognised income and expenses for the financial period	-	-	(5,073)	11,543	6,470
Balance as at 31.03.07	338,646	255,402	25,150	85,452	704,650

(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).



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

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2008**

	Group		Bank	
	3 months ended 31.03.2008 RM'000	3 months ended 31.03.2007 RM'000	3 months ended 31.03.2008 RM'000	3 months ended 31.03.2007 RM'000
Profit before taxation	30,271	18,649	30,160	15,847
Adjustments for items not involving movement of cash and cash equivalents	(5,697)	13,349	(6,675)	13,222
Operating profit before changes in working capital	24,574	31,998	23,485	29,069
Changes in working capital:				
Net changes in operating assets	461,986	212,963	459,305	198,742
Net changes in operating liabilities	(232,595)	428,922	(228,371)	437,203
Tax paid	(14,612)	(5,086)	(14,035)	(4,894)
Tax recovered	3,542	(5)	3,542	-
Net cash generated from operating activities	242,895	668,792	243,926	660,120
Net cash (used in)/generated from investing activities	(124,862)	(3,262)	(124,901)	3,089
Net increase in cash and short term fund	118,033	665,530	119,025	663,209
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	1,989,015	1,776,771	1,957,257	1,748,311
Analysis of cash and cash equivalents:				
Cash and short term fund	1,989,015	1,776,771	1,957,257	1,748,311

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2008**

1. Review of the performance

The Group's pre-tax profit for the three months ended 31 March 2008 was RM30.3 million compared to RM18.6 million for the corresponding quarter ended 31 March 2007.

Net interest income for the three months ended 31 March 2008 was higher by RM3.3 million and other operating income increased by RM6.2 million compared to the corresponding quarter ended 31 March 2007. The increase in net interest income was mainly due to additional interest received from higher placement at money market. The increase in other operating income was mainly due to lower unrealised loss on revaluation of securities held-for-trading and derivatives.

The other operating expenses for the current quarter decreased by RM5.3 million compared to the corresponding quarter.

No dividend has been recommended for the three months financial period ended 31 March 2008 (31 March 2007: nil).

The main subsidiary of the Bank, RHB Investment Management Sdn Bhd (formerly known as RHB Asset Management Sdn Bhd), recorded current quarter pre-tax profit of RM0.7 million (2007: RM2.1 million*).

* Consolidated profit before tax 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.

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

With slowing global economic growth brought on by deepening losses from the US sub-prime mortgage and credit derivatives markets as well as other structured investment vehicles, 2008 will be a more challenging year compared to 2007. Competition within the investment banking industry will remain intense as the industry players will strive to increase their profits.

Despite the challenges, we remain positive that the momentum to increase our market position in capital markets, M&A advisory and stockbroking will continue. We are also building up our presence in Singapore and Vietnam, where we see good growth potential in the long term.

We expect to also benefit from the RHB Banking Group transformation exercise implemented at the end of the previous financial year and see improvements in product quality and customer service. These developments are expected to put the Group in a better position to further improve on its financial performance in 2008.

3. Deposits from customers

(i) By type of deposit

	Group and Bank	
	As at 31.03.2008	As at 31.12.2007
	RM'000	RM'000
Call money	7,536	3,000
Fixed deposits	2,304,725	2,694,588
Short term deposits	1,187,168	961,192
	<u>3,499,429</u>	<u>3,658,780</u>

(ii) By type of customers

	Group and Bank	
	As at 31.03.2008	As at 31.12.2007
	RM'000	RM'000
Federal Government and statutory bodies	377,494	256,697
Business enterprises	3,117,935	3,398,083
Others	4,000	4,000
	<u>3,499,429</u>	<u>3,658,780</u>

NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2008 (CONTINUED)

4. Deposits and placements of banks and other financial institutions

	Group and Bank	
	As at 31.03.2008 RM'000	As at 31.12.2007 RM'000
Licensed banks	50,000	1,000,000
Other financial institutions	2,401,541	2,213,655
	2,451,541	3,213,655

5. Securities portfolio

(i) Securities held-for-trading

	Group		Bank	
	As at 31.03.2008 RM'000	As at 31.12.2007 RM'000	As at 31.03.2008 RM'000	As at 31.12.2007 RM'000
At market value				
Money market instruments:				
Khazanah bonds	102,309	171,920	102,309	171,920
Bank Negara bills	24,701	-	24,701	-
Government investment issue	55,382	147,877	55,382	147,877
Malaysian Government securities	285,452	121,958	285,452	121,958
Bankers' acceptance	806,192	800,263	806,192	800,263
Negotiable certificates of deposit	353,649	1,278,675	353,649	1,278,675
Private debt securities	1,319,761	1,331,764	1,319,761	1,331,764
Quoted securities:				
<u>In Malaysia</u>				
Shares	9	-	9	-
Unit trust	581	1,025	-	-
<u>Outside Malaysia</u>				
Shares	1,465	2,348	-	-
	2,949,501	3,855,830	2,947,455	3,852,457

(ii) Securities available-for-sale

	Group		Bank	
	As at 31.03.2008 RM'000	As at 31.12.2007 RM'000	As at 31.03.2008 RM'000	As at 31.12.2007 RM'000
At market value				
Money market instruments:				
Malaysian Government securities	58,495	95,544	58,495	95,544
Private debt securities	646,226	458,428	646,226	458,428
Quoted securities:				
<u>In Malaysia</u>				
Shares	791	912	791	912
Loan stocks	6,984	7,237	6,984	7,237
Unquoted securities:				
<u>In Malaysia</u>				
Shares	2,200	2,200	2,200	2,200
<u>Outside Malaysia</u>				
Loan stocks	2,235	2,315	-	-
	716,931	566,636	714,696	564,321

NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2008 (CONTINUED)

5. Securities portfolio (continued)

(iii) Securities held-to-maturity

	Group and Bank	
	As at 31.03.2008 RM'000	As at 31.12.2007 RM'000
At amortised cost		
Money market instruments:		
Malaysian Government securities	44,445	54,490
Khazanah bonds	54,541	54,009
Prasarana bonds	98,613	98,534
Private debt securities	175,356	176,800
Unquoted securities:		
<u>In Malaysia</u>		
Shares	2,200	2,200
Bonds	23	23
	375,178	386,056
Accumulated Impairment losses	(83,053)	(79,417)
	292,125	306,639

6. Loans and advances

(i) By type

	Group and Bank	
	As at 31.03.2008 RM'000	As at 31.12.2007 RM'000
Term loans	372,320	439,021
Claims on customers under acceptance credits	12,143	12,273
Revolving credit	261,140	337,093
Margin financing	98,775	122,247
Staff loans	4,641	5,378
Less: Unearned interest	(118)	-
Gross loans and advances	748,901	916,012
Less: Allowance for bad and doubtful debts		
- General	(12,144)	(15,005)
- Specific	(47,737)	(49,463)
Total net loans and advances	689,020	851,544

(ii) By type of customer

	Group and Bank	
	As at 31.03.2008 RM'000	As at 31.12.2007 RM'000
Domestic business enterprises		
- Small Medium enterprise	627	714
- Others	589,752	697,536
Domestic non-bank financial institution	70,156	115,358
Individuals	86,731	100,249
Foreign entities	1,635	2,155
	748,901	916,012

**NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2008 (CONTINUED)**

6. Loans and advances (continued)

(iii) By interest/profit rate sensitivity

	Group and Bank	
	As at	As at
	31.03.2008	31.12.2007
	RM'000	RM'000
Fixed rate		
Other fixed rate loan	4,822	5,782
Variable rate		
Cost plus	645,304	787,983
Other variable rates	98,775	122,247
	748,901	916,012

(iv) By Purpose

	Group and Bank	
	As at	As at
	31.03.2008	31.12.2007
	RM'000	RM'000
Purchase of securities	255,390	278,485
Purchase of transport vehicles	1,728	2,167
Purchase of landed property	2,892	3,182
Purchase of non-residential property	9,414	15,713
Purchase of fixed assets other than land & building	5,012	15,762
Personal use	21	29
Construction	117,694	115,768
Working capital	202,888	280,736
Others	153,862	204,170
	748,901	916,012

7. Non-performing Loans (NPL)

(i) Movements in non-performing loans

	Group and Bank	
	As at	As at
	31.03.2008	31.12.2007
	RM'000	RM'000
At beginning of period/year	123,582	196,814
Classified as non-performing during the period/year	3,183	-
Amount recovered	(3,769)	(34,108)
Amount written off	(6,300)	(39,124)
At end of period	116,696	123,582
Specific allowance	(47,737)	(49,463)
Net non-performing loans	68,959	74,119
Ratio of net non-performing loans to net loans	9.83%	8.55%

**NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2008 (CONTINUED)**

7. Non-performing Loans (NPL) (continued)

(ii) Movements in allowance for bad and doubtful debts

	Group and Bank	
	As at 31.03.2008 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	(2,861)	4,573
At end of period/year	12,144	15,005
As % of gross loans and advances less specific allowance	1.73%	1.73%
Specific allowance		
At beginning of period/year	49,463	96,458
Allowance made during the period/year	5,000	687
Amount recovered	(426)	(8,571)
Amount written off	(6,300)	(39,111)
At end of period/year	47,737	49,463

(iii) Non-performing Loans by purpose

	Group and Bank	
	As at 31.03.2008 RM'000	As at 31.12.2007 RM'000
Purchase of securities	33,684	33,730
Purchase of landed property	246	266
Purchase of non-residential property	1,365	7,666
Construction	6,172	6,183
Working capital	75,229	75,452
Others	-	285
	116,696	123,582

8. Interest income

	Group		Bank	
	3 months ended 31.03.2008 RM'000	3 months ended 31.03.2007 RM'000	3 months ended 31.03.2008 RM'000	3 months ended 31.03.2007 RM'000
Loans and advances				
- interest income other than recoveries from NPLs	13,193	10,385	13,193	10,385
- recoveries from NPLs	132	1,302	132	1,302
Money at call and deposit placements with banks and other financial institutions	21,958	15,367	21,798	15,167
Securities held-for-trading	30,273	34,129	30,273	34,129
Securities available-for-sale	8,705	6,157	8,705	6,157
Securities held-to-maturity	2,173	2,217	2,173	2,217
Others	1,597	658	1,597	658
	78,031	70,215	77,871	70,015
Amortisation of premium less accretion of discount	3,294	4,016	3,294	4,016
Interest suspended clawback	(74)	-	(74)	-
Total interest income	81,251	74,231	81,091	74,031

**NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2008 (CONTINUED)**

9. Interest expense

	Group		Bank	
	3 months ended 31.03.2008 RM'000	3 months ended 31.03.2007 RM'000	3 months ended 31.03.2008 RM'000	3 months ended 31.03.2007 RM'000
Deposits and placements from banks and other financial institutions	25,815	29,168	25,815	29,168
Deposits from customers	32,208	25,235	32,208	25,235
Subordinated bonds	2,643	3,336	2,643	3,336
Others	1,025	192	1,025	192
	61,691	57,931	61,691	57,931

10. Other operating income

	Group		Bank	
	3 months ended 31.03.2008 RM'000	3 months ended 31.03.2007 RM'000	3 months ended 31.03.2008 RM'000	3 months ended 31.03.2007 RM'000
Fee income	24,055	35,816	24,055	35,816
Brokerage	4,262	1,803	-	-
Fund management fees	617	2,428	617	2,428
Fee on loans and advances	4,710	2,960	4,710	2,960
Corporate advisory fees	544	631	544	632
Guarantee fees	397	463	397	463
Underwriting fees	1,297	14,111	-	-
Unit trust fee income	10,858	9,722	10,807	9,599
Other fee income	46,740	67,934	41,130	51,898
Gain/(loss) arising from sale/redemption of securities and derivatives				
Net gain from sale of				
- securities held-for-trading	7,893	3,008	7,903	3,008
- securities available-for-sale	2,578	1,418	2,578	1,418
Net gain from redemption of				
- securities held-to-maturity	774	-	774	-
Derivatives	(496)	(227)	(496)	(227)
Unrealised gain/(loss) on revaluation of				
- securities held-for-trading	1,685	(21,834)	2,446	(21,834)
- derivatives	(4,874)	(3,377)	(4,874)	(3,377)
Gross dividend income from				
- securities held-for-trading	105	-	105	-
- securities available-for-sale	97	-	97	-
	7,762	(21,012)	8,533	(21,012)
Other income				
Foreign exchange gain/(loss)	(1,074)	(1,189)	(1,098)	(1,189)
Gain on disposal of property, plant and equipment	-	128	-	128
Others	342	1,690	342	1,588
	(732)	629	(756)	527
Other operating income	53,770	47,551	48,907	31,413

NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2008 (CONTINUED)

11. Other operating expenses

	Group		Bank	
	3 months ended 31.03.2008 RM'000	3 months ended 31.03.2007 RM'000	3 months ended 31.03.2008 RM'000	3 months ended 31.03.2007 RM'000
Personnel costs				
Salaries, bonus and allowances	16,858	14,279	13,552	11,443
Defined contribution plan	2,596	1,943	2,072	1,625
Other staff related costs	2,999	4,012	2,748	3,695
Establishment costs				
Depreciation	1,902	2,109	1,685	1,900
Rental of premises	2,241	2,326	1,862	1,944
Information technology expenses	877	492	727	323
Others	1,989	2,101	1,923	2,012
Marketing expenses				
Sales commission	812	8,281	-	-
Advertisement and publicity	121	455	88	102
Others	3,010	752	2,925	684
Administration and general expenses				
Communication expenses	1,316	1,393	1,213	1,220
Legal and professional fees	246	480	334	460
Others	1,350	2,969	2,276	2,568
	36,317	41,592	31,405	27,976

12. Allowance for losses on loans and other losses

	Group and Bank	
	3 months ended 31.03.2008 RM'000	3 months ended 31.03.2007 RM'000
Allowance for losses on loans		
Specific allowance		
- made in the financial period	5,000	6,505
- written back	(426)	(5,808)
	4,574	697
General allowance	(2,861)	2,696
Allowance for losses on clients' and brokers' balances		
Specific allowance		
- made in the financial period	1,372	688
General allowance	(27)	(822)
Bad debts		
- Recovered	(86)	-
- Written off	-	394
Specific allowance for other debtors	135	(43)
	3,107	3,610

13. Allowance for impairment loss

	Group		Bank	
	3 months ended 31.03.2008 RM'000	3 months ended 31.03.2007 RM'000	3 months ended 31.03.2008 RM'000	3 months ended 31.03.2007 RM'000
Charge for the financial period				
- Securities held-to-maturity	3,635	-	3,635	-
- Investment in subsidiary	-	-	-	80
	3,635	-	3,635	80

**NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2008 (CONTINUED)**

14. Capital adequacy

	Bank	
	As at 31.03.2008 RM'000	As at 31.12.2007 RM'000
Tier I capital		
Paid-up share capital	338,646	338,646
Other reserve	356,104	356,104
	694,750	694,750
AFS revaluation reserve	(8,113)	(8,113)
Deferred tax liabilities	376	376
Goodwill	(159,280)	(159,280)
Total Tier I capital	527,733	527,733
Tier II capital		
General allowance for bad and doubtful debts	12,390	15,278
Subordinated bonds	200,000	200,000
Total Tier II capital	212,390	215,278
Total capital	740,123	743,011
Less: Investment in subsidiaries	(48,270)	(48,270)
Holding of other financial institutions subordinated instruments	-	(25,000)
Total capital base	691,853	669,741
Core capital ratio	13.16%	14.61%
Risk-weighted capital ratio	17.25%	18.55%

15. Commitments and contingencies

	Group and Bank					
	As at 31.03.2008			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	198,136	198,136	198,136	210,667	210,667	210,667
Transaction-related contingent items	342,887	34,944	34,944	343,046	35,023	35,023
Other assets sold with recourse and commitment with certain drawdown	39,993	-	-	2,514	-	-
Obligations under underwriting agreements	172,660	-	-	150,660	-	-
Irrevocable commitments to extend credit:						
- maturity not exceeding one year	375,585	-	-	285,220	-	-
- maturity exceeding one year	225,074	112,537	112,353	230,660	115,330	115,182
Foreign exchange-related contracts:						
- less than one year	31,975	2,412	482	33,040	1,501	300
Interest rate related contracts:						
- less than one year	1,340,000	175	35	1,410,000	251	50
- one to less than five years	2,400,000	10,300	2,060	2,690,000	11,046	2,209
- five years and above	155,000	11,326	2,265	155,000	13,206	2,641
	5,281,310	369,830	350,275	5,510,807	387,024	366,072

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



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

NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2008 (CONTINUED)

16. Interest/profit rate risk

	Group								Effective interest rate %
	31.03.2008								
	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	1,885,435	-	-	-	-	103,580	-	1,989,015	3.52
Deposits and placements with financial institutions	-	66,280	120	-	-	-	-	66,400	3.63
Securities held-for-trading	-	-	-	-	-	14,908	2,934,593	2,949,501	4.40
Securities available-for-sale	-	-	-	123,879	580,841	12,211	-	716,931	6.36
Securities held-to-maturity	-	54,540	-	298,651	19,764	(80,830)	-	292,125	5.74
Loans and advances - performing	558,201	65,236	4,126	1,749	2,893	-	-	632,205	8.01
- non-performing	-	-	-	-	-	56,815	-	56,815	-
Clients' and brokers' balances	84,375	-	-	-	-	877,913	-	962,288	2.22
Tax recoverable	-	-	-	-	-	24,942	-	24,942	-
Deferred tax assets	-	-	-	-	-	445	-	445	-
Other assets	1,894	-	154	416	680	64,338	2,974	70,456	2.95
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	79,286	-	79,286	-
Property, plant and equipment	-	-	-	-	-	12,021	-	12,021	-
Goodwill	-	-	-	-	-	172,844	-	172,844	-
Total assets	2,529,905	186,056	4,400	424,695	604,178	1,338,473	2,937,567	8,025,274	
Liabilities									
Deposits from customers	2,890,317	405,112	4,000	200,000	-	-	-	3,499,429	3.54
Deposits and placements of banks and other financial institutions	2,026,404	197,590	227,547	-	-	-	-	2,451,541	3.55
Clients' and brokers' balances	-	-	-	-	-	1,074,856	-	1,074,856	-
Other liabilities	-	-	-	-	-	67,504	15,515	83,019	-
Taxation	-	-	-	-	-	10	-	10	-
Deferred tax liabilities	-	-	-	-	-	192	-	192	-
Subordinated bonds	-	-	-	-	200,000	-	-	200,000	5.30
Total liabilities	4,916,721	602,702	231,547	200,000	200,000	1,142,562	15,515	7,309,047	
Net interest rate gap	(2,388,710)	(416,646)	(227,147)	224,695	404,178				



NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2008 (CONTINUED)

16. Interest/profit 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				



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

NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2008 (CONTINUED)

16. Interest/profit rate risk (continued)

	Bank								Effective interest rate %
	31.03.2008								
	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	1,868,362	-	-	-	-	88,895	-	1,957,257	3.52
Deposits and placements with financial institutions	-	66,280	120	-	-	-	-	66,400	3.63
Securities held-for-trading	-	-	-	-	-	12,862	2,934,593	2,947,455	4.40
Securities available-for-sale	-	-	-	123,879	580,841	9,976	-	714,696	6.36
Securities held-to-maturity	-	54,540	-	298,651	19,764	(80,830)	-	292,125	5.74
Loans and advances - performing	558,201	65,236	4,126	1,749	2,893	-	-	632,205	8.01
- non-performing	-	-	-	-	-	56,815	-	56,815	-
Clients' and brokers' balance	84,375	-	-	-	-	877,913	-	962,288	2.22
Tax recoverable	-	-	-	-	-	26,511	-	26,511	-
Deferred tax assets	-	-	-	-	-	390	-	390	-
Other assets	1,894	-	-	-	-	54,562	2,974	59,430	2.22
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	79,286	-	79,286	-
Investment in subsidiary companies	-	-	-	-	-	48,270	-	48,270	-
Property, plant and equipment	-	-	-	-	-	9,492	-	9,492	-
Goodwill	-	-	-	-	-	159,280	-	159,280	-
Total assets	2,512,832	186,056	4,246	424,279	603,498	1,343,422	2,937,567	8,011,900	
Liabilities									
Deposits from customers	2,890,317	405,112	4,000	200,000	-	-	-	3,499,429	3.54
Deposits and placements of banks and other financial institutions	2,026,404	197,590	227,547	-	-	-	-	2,451,541	3.55
Clients' and brokers' balance	-	-	-	-	-	1,074,856	-	1,074,856	-
Other liabilities	-	-	-	-	-	55,672	15,515	71,187	-
Subordinated bonds	-	-	-	-	200,000	-	-	200,000	5.30
Total liabilities	4,916,721	602,702	231,547	200,000	200,000	1,130,528	15,515	7,297,013	
Net interest rate gap	(2,403,889)	(416,646)	(227,301)	224,279	403,498				



NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2008 (CONTINUED)

16. Interest/profit 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 THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2008 (CONTINUED)

17. Significant event during the financial period

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.

18. Significant events after the financial period

(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 2007/2017 ("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.