



RHB Capital Berhad 312952-H
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**ANNOUNCEMENT OF UNAUDITED RESULTS
 FOR THE SIX MONTHS ENDED 30 JUNE 2009**

The Board of Directors of RHB Capital Berhad ('The Board') wishes to announce that the unaudited results of the Group and Company for the six months ended 30 June 2009 are as follows:

**CONDENSED CONSOLIDATED INCOME STATEMENT
 FOR THE SIX MONTHS ENDED 30 JUNE 2009**

	Note	2nd quarter ended		Six months ended	
		30 June 2009	30 June 2008	30 June 2009	30 June 2008
		RM'000	RM'000	RM'000	RM'000
Group					
Interest income	A8	1,004,223	1,214,825	2,084,627	2,418,502
Interest expense	A9	(409,871)	(654,901)	(916,748)	(1,328,291)
Net interest income		594,352	559,924	1,167,879	1,090,211
Other operating income	A10	232,220	213,232	445,363	456,575
		826,572	773,156	1,613,242	1,546,786
Income from Islamic Banking business		101,274	70,707	161,695	126,700
Net operating income		927,846	843,863	1,774,937	1,673,486
Other operating expenses	A11	(337,440)	(340,958)	(714,939)	(708,118)
Operating profit before allowances		590,406	502,905	1,059,998	965,368
Allowance for losses on loans and financing Impairment loss	A12	(192,303)	(153,556)	(367,181)	(305,670)
		1,838	12,532	21,967	11,537
		399,941	361,881	714,784	671,235
Share of results of associates		11	5	22	528
Share of results of joint venture		109	-	252	-
Profit before taxation		400,061	361,886	715,058	671,763
Taxation	B5	(96,254)	(90,010)	(181,030)	(177,298)
Net profit for the financial period		303,807	271,876	534,028	494,465
Attributable to:					
- Equity holders of the Company		301,529	271,069	530,170	493,491
- Minority interests		2,278	807	3,858	974
		303,807	271,876	534,028	494,465
Earnings per share					
- Basic (sen)	B13	14.0	12.6	24.6	22.9
- Diluted (sen)	B13	14.0	12.6	24.6	22.9

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008.



RHB CAPITAL BERHAD (312952 – H)

**CONDENSED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

	Note	2nd quarter ended		Six months ended	
		30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
<u>Company</u>					
Interest income		32	231	61	1,159
Interest expense	A9	(33,406)	(36,708)	(69,679)	(70,229)
Net interest expense		<u>(33,374)</u>	<u>(36,477)</u>	<u>(69,618)</u>	<u>(69,070)</u>
Other operating income	A10	295,278	43,998	295,026	44,540
Net operating income		<u>261,904</u>	<u>7,521</u>	<u>225,408</u>	<u>(24,530)</u>
Other operating expenses	A11	(5,004)	(8,542)	(9,352)	(15,282)
Profit/(Loss) before taxation		<u>256,900</u>	<u>(1,021)</u>	<u>216,056</u>	<u>(39,812)</u>
Taxation	B5	(63,797)	(165)	(54,769)	(165)
Net profit/(loss) for the financial period		<u><u>193,103</u></u>	<u><u>(1,186)</u></u>	<u><u>161,287</u></u>	<u><u>(39,977)</u></u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008.



RHB CAPITAL BERHAD (312952 – H)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2009

		Unaudited	Audited
		As at	As at
	Note	30 June 2009	31 Dec 2008
		RM'000	RM'000
Group			
ASSETS			
Cash and short term funds		12,696,952	14,346,451
Securities purchased under resale agreements		834,207	106,565
Deposits and placements with banks and other financial institutions		1,128,111	555,126
Securities held-for-trading	A13	969,336	5,325,966
Securities available-for-sale ('Securities AFS')	A14	9,419,875	6,212,714
Securities held-to-maturity	A15	11,093,129	9,616,812
Loans, advances and financing	A16	61,565,534	60,596,120
Clients' and brokers' balances		215,965	175,303
Other assets	A17	617,078	549,448
Derivative assets		273,940	380,161
Statutory deposits		640,792	1,579,678
Tax recoverable		92,309	94,929
Deferred tax assets		317,641	275,016
Investments in associates		11,159	11,137
Investments in joint venture		26,591	26,349
Prepaid land lease		103,502	102,779
Property, plant and equipment		803,205	792,046
Goodwill		3,786,169	3,786,169
Total assets		104,595,495	104,532,769
LIABILITIES AND EQUITY			
Deposits from customers	A18/B9(a)	77,860,838	73,962,224
Deposits and placements of banks and other financial institutions	A19/B9(a)	5,933,846	8,682,147
Bills and acceptances payable		4,062,371	4,935,512
Clients' and brokers' balances		364,950	289,053
Other liabilities	A20	1,489,300	1,498,770
Derivative liabilities		252,370	384,879
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		788,052	1,173,754
Taxation		75,609	91,196
Deferred tax liabilities		333	1,760
Borrowings	B9(b)	3,069,836	3,432,534
Subordinated obligations	B9(c)	2,240,000	2,240,000
Hybrid Tier-1 Capital Securities	B9(d)	366,887	-
Total liabilities		96,504,392	96,691,829
Share capital		2,153,475	2,153,475
Reserves		5,908,734	5,660,952
		8,062,209	7,814,427
Minority interests		28,894	26,513
Total equity		8,091,103	7,840,940
Total liabilities and equity		104,595,495	104,532,769
Commitments and contingencies	A25(a)	62,520,429	60,734,924
Net assets per share attributable to equity holders of the Company (RM)		3.74	3.63

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008.



RHB CAPITAL BERHAD (312952 – H)

CONDENSED BALANCE SHEET AS AT 30 JUNE 2009

	Note	Unaudited As at 30 June 2009 RM'000	Audited As at 31 Dec 2008 RM'000
<u>Company</u>			
ASSETS			
Cash and short term funds		194	20,619
Deposits and placements with banks and other financial institutions		1,276	1,253
Other assets	A17	33,513	33,806
Amounts due from subsidiaries		9,020	10,319
Tax recoverable		63,953	54,804
Investments in subsidiaries		8,782,439	8,782,439
Property, plant and equipment		293	373
Total assets		<u>8,890,688</u>	<u>8,903,613</u>
LIABILITIES AND EQUITY			
Other liabilities	A20	56,617	53,420
Amounts due to subsidiaries		154,623	153,093
Deferred tax liabilities		16	16
Borrowings	B9(b)	2,768,821	2,776,559
Total liabilities		<u>2,980,077</u>	<u>2,983,088</u>
Share capital		2,153,475	2,153,475
Reserves		3,757,136	3,767,050
Total equity		<u>5,910,611</u>	<u>5,920,525</u>
Total liabilities and equity		<u>8,890,688</u>	<u>8,903,613</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008.



RHB CAPITAL BERHAD (312952 – H)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

	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			Sub-total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Group										
Balance as at 1 January 2009	2,153,475	2,352,093	1,944,654	8,563	22,785	(10,875)	1,343,732	7,814,427	26,513	7,840,940
Currency translation differences	-	-	-	-	-	19,852	-	19,852	-	19,852
Unrealised net loss on revaluation of securities AFS	-	-	-	-	(155,409)	-	-	(155,409)	(109)	(155,518)
Net transfer to income statement on disposal or impairment	-	-	-	-	(19,269)	-	-	(19,269)	189	(19,080)
Deferred tax	-	-	-	-	43,639	-	-	43,639	(20)	43,619
Income and expenses recognised directly in equity	-	-	-	-	(131,039)	19,852	-	(111,187)	60	(111,127)
Net profit for the financial period	-	-	-	-	-	-	530,170	530,170	3,858	534,028
Total income and expenses recognised for the financial period	-	-	-	-	(131,039)	19,852	530,170	418,983	3,918	422,901
Transfer in respect of statutory requirements	-	-	122,374	-	-	-	(122,374)	-	-	-
Ordinary dividends	-	-	-	-	-	-	(171,201)	(171,201)	(1,537)	(172,738)
Balance as at 30 June 2009	2,153,475	2,352,093	2,067,028	8,563	(108,254)	8,977	1,580,327	8,062,209	28,894	8,091,103

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008.



RHB CAPITAL BERHAD (312952 – H)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

	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			Sub-total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Group										
Balance as at 1 January 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	-	-	-	-	-	(32,975)	-	(32,975)	-	(32,975)
Unrealised net loss on revaluation of securities AFS	-	-	-	-	(200,915)	-	-	(200,915)	(328)	(201,243)
Net transfer to income statement on disposal or impairment	-	-	-	-	24	-	-	24	(12)	12
Deferred tax	-	-	-	-	53,700	-	-	53,700	89	53,789
Income and expenses recognised directly in equity	-	-	-	-	(147,191)	(32,975)	-	(180,166)	(251)	(180,417)
Net profit for the financial period	-	-	-	-	-	-	493,491	493,491	974	494,465
Total income and expenses recognised for the financial period	-	-	-	-	(147,191)	(32,975)	493,491	313,325	723	314,048
Transfer in respect of statutory requirements	-	-	107,504	-	-	-	(107,504)	-	-	-
Ordinary dividends	-	-	-	-	-	-	(137,047)	(137,047)	-	(137,047)
Balance as at 30 June 2008	2,153,475	2,352,093	1,775,518	8,563	(122,934)	(43,124)	1,101,047	7,224,638	26,351	7,250,989

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008.



RHB CAPITAL BERHAD (312952 – H)

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

	<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 2009	2,153,475	2,352,093	1,414,957	5,920,525
Net profit for the financial period	-	-	161,287	161,287
Ordinary dividends	-	-	(171,201)	(171,201)
Balance as at 30 June 2009	<u>2,153,475</u>	<u>2,352,093</u>	<u>1,405,043</u>	<u>5,910,611</u>
Balance as at 1 January 2008	2,153,475	2,352,093	1,606,509	6,112,077
Net loss for the financial period	-	-	(39,977)	(39,977)
Ordinary dividends	-	-	(137,047)	(137,047)
Balance as at 30 June 2008	<u>2,153,475</u>	<u>2,352,093</u>	<u>1,429,485</u>	<u>5,935,053</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008.



RHB CAPITAL BERHAD (312952 – H)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

	Six months ended	
	30 June 2009	30 June 2008
	RM'000	RM'000
Group		
Operating activities		
Profit before taxation	715,058	671,763
Adjustments for investing and financing items and other items not involving the movement of cash and cash equivalents	<u>(8,481)</u>	104,249
Operating profit before working capital changes	706,577	776,012
Net changes in operating assets	838,163	(1,688,431)
Net changes in operating liabilities	<u>(51,953)</u>	(1,111,980)
Cash generated from/(used in) operations	1,492,787	(2,024,399)
Taxation paid	(219,908)	(186,368)
Taxation recovered	25,680	5,930
Net cash generated from/(used in) operating activities	<u>1,298,559</u>	<u>(2,204,837)</u>
Investing activities		
Increase in investments in subsidiaries	-	(1,506,647)
Purchase of property, plant and equipment	(51,494)	(41,769)
Net (purchase)/sale of securities	(3,058,513)	499,765
Interest received from securities	304,525	250,447
Proceeds from disposal of an associate	-	7,069
Investment income received from securities	34,659	-
Dividend income received from securities	715	4,554
Proceeds from disposal of property, plant and equipment	5,649	8
Net cash used in investing activities	<u>(2,764,459)</u>	<u>(786,573)</u>
Financing activities		
Proceeds from issuance of Hybrid Tier-1 Capital Securities	366,887	-
Drawdown of borrowings	108,180	1,530,225
Repayment of borrowings	(484,965)	(72,500)
Payment to hire-purchase creditors	(97)	(185)
Net proceeds from issuance of subordinated notes	-	70,000
Redemption of subordinated notes	-	(479,100)
Dividends paid to equity holders of the Company	(171,201)	(137,047)
Dividends paid to minority interests in a subsidiary company	<u>(1,537)</u>	-
Net cash (used in)/generated from financing activities	<u>(182,733)</u>	<u>911,393</u>
Net decrease in cash and cash equivalents	(1,648,633)	(2,080,017)
Cash and cash equivalents		
- at the beginning of the financial period	<u>14,345,581</u>	19,048,118
- at the end of the financial period	<u>12,696,948</u>	<u>16,968,101</u>
Cash and cash equivalents comprise the following:		
Cash and short term funds	12,696,952	16,968,321
Overdrafts	<u>(4)</u>	(220)
	<u>12,696,948</u>	<u>16,968,101</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008.



RHB CAPITAL BERHAD (312952 – H)

**CONDENSED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

	Six months ended	
	30 June 2009	30 June 2008
	RM'000	RM'000
Company		
Operating activities		
Profit/(Loss) before taxation	216,056	(39,812)
Adjustments for investing and financing items and other items not involving the movement of cash and cash equivalents	<u>(225,137)</u>	25,424
Operating loss before working capital changes	(9,081)	(14,388)
Net changes in operating assets	1,509	(816)
Net changes in operating liabilities	<u>(1,238)</u>	(3,758)
Cash used in operations	(8,810)	(18,962)
Tax recovered	10,000	-
Net cash generated from/(used in) operating activities	<u>1,190</u>	<u>(18,962)</u>
Investing activities		
Increase in investment in subsidiaries	-	(1,506,647)
Capital repayment from a subsidiary	-	75,000
Dividend income received from subsidiaries	221,755	32,271
Purchase of property, plant and equipment	(41)	(119)
Interest income received	<u>121</u>	1,204
Net cash generated from/(used in) investing activities	<u>221,835</u>	<u>(1,398,291)</u>
Financing activities		
Drawdown of borrowings	458,180	1,203,700
Repayment of borrowings	(466,380)	(56,500)
Dividends paid to equity holders of the Company	(171,201)	(137,047)
Interest expense paid	(63,086)	(68,238)
Payment to hire-purchase creditors	(97)	(185)
Net cash (used in)/generated from financing activities	<u>(242,584)</u>	<u>941,730</u>
Net decrease in cash and cash equivalents	(19,559)	(475,523)
Cash and cash equivalents		
- at the beginning of the financial period	<u>19,749</u>	476,425
- at the end of the financial period	<u>190</u>	<u>902</u>
Cash and cash equivalents comprise the following:		
Cash and short term funds	194	1,122
Overdrafts	(4)	(220)
	<u>190</u>	<u>902</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

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 2008.

The accounting policies and presentation adopted by the Group and the Company for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2008.

A2. Audit Report

The audit report for the financial year ended 31 December 2008 was not subject to any qualification.

A3. Seasonal or Cyclical Factors

The business operations of the Group and the Company 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 six months ended 30 June 2009.

A5. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the six months ended 30 June 2009.

A6. Changes in Debt and Equity Securities

There were no issuances and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period under review except for an issuance of RM370.0 million Hybrid Tier-1 Capital Securities by RHB Bank Berhad ('RHB Bank') on 31 March 2009.

A7. Dividends Paid

During the six months ended 30 June 2009, the Company has paid a final dividend of 10.6% less 25% income tax amounting to RM171,201,000 in respect of the financial year ended 31 December 2008 on 30 June 2009.



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2009	2008	2009	2008
	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')	749,413	764,087	1,531,635	1,530,726
- recoveries from NPLs	40,419	67,889	76,931	109,709
Money at call, deposits and placements with financial institutions	57,265	211,114	154,356	432,002
Securities purchased under resale agreements	239	18,193	470	40,748
Securities held-for-trading	5,333	43,427	42,635	89,290
Securities AFS	99,466	57,478	173,282	117,398
Securities held-to-maturity	81,298	63,017	165,733	119,556
Others	6,208	4,554	10,883	8,711
	1,039,641	1,229,759	2,155,925	2,448,140
Accretion of discount less amortisation of premium	(8,396)	3,483	(16,241)	9,184
Interest suspended	(27,022)	(18,417)	(55,057)	(38,822)
	1,004,223	1,214,825	2,084,627	2,418,502
<u>Company</u>				
Money at call, deposits and placements with financial institutions	32	231	61	1,159
A9. Interest Expense				
<u>Group</u>				
Deposits and placements of banks and other financial institutions	19,310	64,905	55,464	140,877
Deposits from customers	296,585	494,026	672,197	994,127
Borrowings	34,457	39,840	74,559	77,289
Subordinated obligations	28,998	28,862	57,677	60,448
Hybrid Tier-1 Capital Securities	7,432	-	7,514	-
Recourse obligation on loans sold to Cagamas	10,799	19,501	24,297	40,351
Others	12,290	7,767	25,040	15,199
	409,871	654,901	916,748	1,328,291
<u>Company</u>				
Borrowings	33,397	36,386	69,658	69,637
Others	9	322	21	592
	33,406	36,708	69,679	70,229



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income				
Group				
Fee income:				
- Service charges and fees	36,806	46,100	74,105	87,482
- Commission	28,881	29,100	58,625	56,113
- Guarantee fees	10,679	17,977	18,729	28,794
- Commitment fees	11,459	11,416	22,845	22,972
- Brokerage	23,073	16,958	31,880	41,013
- Fund management fees	4,261	6,722	8,015	10,985
- Corporate advisory fees	1,709	3,431	3,859	7,141
- Underwriting and arrangement fees	8,470	7,023	16,398	17,343
- Unit trust fee income	993	1,979	1,585	3,276
- Other fee income	6,871	4,769	11,311	8,443
	133,202	145,475	247,352	283,562
Net gain/(loss) arising from sale/ redemption of securities and derivatives:				
- Net gain/(loss) from sale of				
- securities held-for-trading	(3,216)	2,400	26,035	23,453
- securities AFS	610	(6,948)	2,062	(1,275)
- Net gain/(loss) from redemption of securities held-to-maturity	-	1,225	(58)	1,998
- Derivatives	(1,855)	(512)	(3,646)	(983)
	(4,461)	(3,835)	24,393	23,193
Unrealised gain/(loss) on revaluation of securities and derivatives:				
- Securities held-for-trading	22,503	(72,514)	22,037	(80,944)
- Derivatives	(5,333)	37,900	7,894	29,358
	17,170	(34,614)	29,931	(51,586)



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2009	2008	2009	2008
	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	459	642	821	1,363
- Securities AFS	-	3,463	63	4,765
	<u>459</u>	<u>4,105</u>	<u>884</u>	<u>6,128</u>
Other income:				
- Foreign exchange (loss)/gain				
- realised	102,382	33,850	66,559	103,808
- unrealised	(45,171)	36,389	17,572	27,795
- Underwriting surplus before management expenses	9,969	9,974	25,775	21,531
- Rental income	954	913	1,840	1,769
- Gain on disposal of an associate	-	2,248	-	2,248
- Net gain on disposal of property, plant and equipment	1,683	4	2,835	7
- Other operating income	13,848	17,204	25,308	28,342
- Other non-operating income	2,185	1,519	2,914	9,778
	<u>85,850</u>	<u>102,101</u>	<u>142,803</u>	<u>195,278</u>
	<u>232,220</u>	<u>213,232</u>	<u>445,363</u>	<u>456,575</u>
<u>Company</u>				
Gross dividend income from:				
- Subsidiaries	295,674	43,766	295,674	43,766
	<u>295,674</u>	<u>43,766</u>	<u>295,674</u>	<u>43,766</u>
Other income:				
- Foreign exchange (loss)/gain				
- unrealised	(546)	(38)	(798)	224
- Other operating income	150	270	150	550
	<u>(396)</u>	<u>232</u>	<u>(648)</u>	<u>774</u>
	<u>295,278</u>	<u>43,998</u>	<u>295,026</u>	<u>44,540</u>



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	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses				
<u>Group</u>				
Personnel costs				
- Salaries, bonus, wages and allowances	146,222	166,961	326,327	342,792
- Defined contribution plan	23,705	24,787	50,587	50,047
- Other staff related costs	15,282	13,687	29,518	27,981
	185,209	205,435	406,432	420,820
Establishment costs				
- Information technology expenses	8,563	23,697	33,827	46,579
- Depreciation	19,107	20,592	38,150	41,540
- Repair and maintenance	11,459	12,466	23,031	23,438
- Rental of premises	10,143	8,672	19,764	17,017
- Water and electricity	4,852	4,081	9,440	7,954
- Rental of equipment	2,564	3,134	5,951	6,234
- Insurance	3,808	632	9,117	3,191
- Amortisation of prepaid land lease	128	129	256	254
- Others	855	1,848	2,451	4,075
	61,479	75,251	141,987	150,282
Marketing expenses				
- Sales commission	13,375	6,876	19,739	13,564
- Advertisements and publicity	6,233	5,619	12,256	13,649
- Dealers' handling fee	2,667	(2,972)	4,943	2,836
- Others	18,474	6,284	34,367	25,608
	40,749	15,807	71,305	55,657
Administration and general expenses				
- Communication expenses	21,362	17,917	43,497	34,420
- Legal and professional fee	7,584	1,880	9,416	5,781
- Others	21,057	24,668	42,302	41,158
	50,003	44,465	95,215	81,359
	337,440	340,958	714,939	708,118



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	2nd quarter ended		Six months ended	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses (continued)				
<u>Company</u>				
Personnel costs				
- Salaries, bonus, wages and allowances	2,064	2,301	4,532	5,066
- Defined contribution plan	332	277	714	609
- Other staff related costs	82	231	614	618
	2,478	2,809	5,860	6,293
Establishment costs				
- Rental of premises	302	305	604	615
- Depreciation	61	176	121	344
- Repair and maintenance	58	108	93	195
- Rental of equipment	16	15	28	25
- Water and electricity	12	12	25	26
- Information technology expenses	4	3	5	6
- Insurance	1	-	1	-
	454	619	877	1,211
Marketing expenses				
- Advertisements and publicity	554	56	663	190
- Others	77	4,889	270	5,321
	631	4,945	933	5,511
Administration and general expenses				
- Communication expenses	62	65	126	138
- Legal and professional fee	1,307	33	1,429	1,992
- Others	72	71	127	137
	1,441	169	1,682	2,267
	5,004	8,542	9,352	15,282



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	2nd quarter ended		Six months ended	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	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	282,315	217,184	537,637	436,213
- specific allowance written back	(78,257)	(52,923)	(129,956)	(104,663)
- specific allowance (net)	204,058	164,261	407,681	331,550
- general allowance (net)	26,053	16,854	21,896	35,472
Bad debts recovered	(37,118)	(26,416)	(65,356)	(62,524)
Specific allowance for other debtors	(690)	(1,143)	2,960	1,172
	192,303	153,556	367,181	305,670



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	Group	
	Unaudited	Audited
	As at	As at
	30 June 2009	31 Dec 2008
	RM'000	RM'000
A13. Securities Held-for-trading		
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian government securities	-	1,039,468
Malaysian government treasury bills	19,293	156,842
Malaysian government investment issues	-	143,706
Bank Negara Malaysia ('BNM') monetary notes	264,360	856,920
Khazanah bonds	-	11,367
Bankers' acceptances and Islamic accepted bills	71,447	307,712
Negotiable instruments of deposits	323,120	829,367
Singapore government treasury bills	43,791	-
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Shares	35,800	32,615
Unit trust	670	3,929
Outside Malaysia		
Shares	4,059	3,189
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	171,497	1,862,000
Outside Malaysia		
Private debt securities	35,299	-
Structured notes	-	78,851
	969,336	5,325,966

The Group has reclassified certain securities held-for-trading to securities available-for-sale or held-to-maturity category in accordance with the amendment to revised BNM/GP8 Guidelines dated September 2008, which is effective from 1 July 2008 until 31 December 2009.



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A13. Securities Held-for-trading (continued)

The fair values of the reclassified securities held-for-trading as of the respective dates of reclassification are as follows:

	Group	
	Unaudited	Audited
	As at	As at
	30 June 2009	31 Dec 2008
	RM'000	RM'000
At fair value		
Amount reclassified from securities:		
- held-for-trading to securities available-for-sale	3,289,122	-
- held-for-trading to securities held-to-maturity	8,663	129,322
	<u>3,297,785</u>	<u>129,322</u>

The net gains/(losses) arising from changes in fair value recognised to income statement in respect of the transferred securities held-for-trading are as follows:

	Group	
	Unaudited	Audited
	As at	As at
	30 June 2009	31 Dec 2008
	RM'000	RM'000
Amount recognised to income statement		
- held-for-trading to securities available-for-sale	-	50,935
- held-for-trading to securities held-to-maturity	468	(2,257)
	<u>468</u>	<u>48,678</u>

As at the date of reclassification, the effective interest rates on the reclassified securities held-for-trading, based on the new cost, ranged from 2.63% to 10.16% per annum (31.12.2008: 3.71% to 5.44% per annum) with the expected recoverable cash flows of approximately RM3,759 million (31.12.2008: RM136.5 million).



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	Group	
	Unaudited	Audited
	As at	As at
	<u>30 June 2009</u>	<u>31 Dec 2008</u>
	RM'000	RM'000

A14. Securities Available-for-sale

At fair value

MONEY MARKET INSTRUMENTS:

Malaysian government securities	2,677,202	687,425
Malaysian government investment issues	699,484	428,666
BNM monetary notes	-	7,968
Cagamas bonds and Cagamas Mudharabah bonds	44,047	119,451
Khazanah bonds	10,797	-
Negotiable instruments of deposits	111,548	112,912
Singapore government securities	256,182	263,895
Singapore government treasury bills	218,741	143,996
Thailand government bonds	21,057	20,402

QUOTED SECURITIES:

In Malaysia

Corporate loan stocks	23,018	23,869
Shares	5,649	5,338
Warrants	1,012	695

Outside Malaysia

Shares	8	5
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UNQUOTED SECURITIES:

In Malaysia

Private debt securities	4,965,487	3,912,302
Shares	168,499	168,499
Corporate loan stocks	134,010	90,654

Outside Malaysia

Private debt securities	58,978	61,674
Corporate loan stocks	2,347	2,432
Structured notes	21,809	162,531
	<u>9,419,875</u>	<u>6,212,714</u>

During the financial period, the Group has reclassified certain securities available-for-sale to securities held-to-maturity category. The fair value of the reclassified securities available-for-sale as of the date of reclassification for the Group was RM149 million.

The carrying value of securities available-for-sale, which was transferred from securities held-for-trading, as at 30 June 2009 is RM2,885 million (31.12.2008: Nil).



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	Group	
	Unaudited	Audited
	As at	As at
	30 June 2009	31 Dec 2008
	RM'000	RM'000
A15. Securities Held-to-maturity		
At amortised cost		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian government securities	2,634,219	1,912,922
Malaysian government investment issues	954,985	592,585
Cagamas bonds and Cagamas Mudharabah bonds	798,877	848,571
Khazanah bonds	287,193	281,839
Negotiable instruments of deposits	1,925,131	2,116,307
Singapore government securities	121,209	119,660
Thailand government securities	247,985	225,603
Sukuk (Brunei) Incorporation	43,790	-
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	2,258,050	1,660,224
Corporate loan stocks	70,528	70,589
Bonds	27,201	27,201
Shares	2,700	2,700
Prasarana bonds	1,854,195	1,855,582
Outside Malaysia		
Floating rate notes	29,208	39,194
Private debt securities	20,918	20,601
Structured notes	33,231	74,964
	11,309,420	9,848,542
Accumulated impairment loss	(216,291)	(231,730)
	11,093,129	9,616,812

The carrying value of securities held-to-maturity, which was transferred from securities held-for-trading as at 30 June 2009 is RM29.6 million (31.12.2008: RM126.8 million). The fair value of these securities as at 30 June 2009 is RM29.7 million (31.12.2008: RM127.2 million).



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	Group	
	Unaudited	Audited
	As at	As at
	30 June 2009	31 Dec 2008
	RM'000	RM'000
A16. Loans, Advances and Financing		
Overdrafts	6,205,791	6,463,296
Term loans/financing		
- housing loans/financing	14,361,695	13,578,913
- syndicated term loans/financing	2,818,722	2,851,708
- hire-purchase receivables	11,166,584	10,853,474
- lease receivables	218,857	240,857
- other term loans/financing	16,208,807	14,467,930
Bills receivable	1,307,180	1,576,790
Trust receipts	402,869	504,202
Claims on customers under acceptance credits	4,994,045	6,074,089
Staff loans/financing	377,869	377,252
Credit/charge cards receivables	2,194,291	2,104,609
Revolving credits	5,702,119	5,668,471
	65,958,829	64,761,591
Unearned interest and income	(1,625,020)	(1,600,817)
Gross loans, advances and financing	64,333,809	63,160,774
Allowance for bad and doubtful debts and financing		
- general	(1,129,754)	(1,106,697)
- specific	(1,638,521)	(1,457,957)
Net loans, advances and financing	61,565,534	60,596,120

Included in term loans are loans sold to Cagamas with recourse amounting to RM788,052,000 (31.12.2008: RM1,173,754,000).

	Group	
	Unaudited	Audited
	As at	As at
	30 June 2009	31 Dec 2008
	RM'000	RM'000
(a) By type of customers		
Domestic non-bank financial institutions		
- others	609,256	623,891
Domestic business enterprises		
- small medium enterprises	10,800,033	10,559,463
- others	20,330,930	21,249,115
Government and statutory bodies	106,961	109,406
Individuals	27,562,647	26,020,910
Other domestic entities	31,640	29,320
Foreign entities	4,892,342	4,568,669
	64,333,809	63,160,774



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	Group	
	Unaudited	Audited
	As at	As at
	30 June 2009	31 Dec 2008
	RM'000	RM'000
A16. Loans, Advances and Financing (continued)		
(b) By interest/profit rate sensitivity		
Fixed rate		
- housing loans/financing	1,633,217	1,737,043
- hire-purchase receivables	9,561,391	9,419,595
- other fixed rate loans/financing	4,225,551	4,362,495
Variable rate		
- base lending rate plus	25,198,649	22,895,096
- cost-plus	18,489,731	19,167,016
- other variable rates	5,225,270	5,579,529
	<u>64,333,809</u>	<u>63,160,774</u>
(c) By purpose		
Purchase of securities	2,191,107	2,062,553
Purchase of transport vehicles	7,931,983	7,505,560
Purchase of landed property:		
- residential	14,905,003	14,089,035
- non-residential	3,322,637	3,003,469
Purchase of property, plant and equipment other than land and building	4,095,660	4,043,123
Personal use	2,018,181	1,998,894
Credit card	2,194,291	2,104,609
Purchase of consumer durables	70,223	74,569
Construction	2,215,911	2,077,193
Working capital	23,061,247	24,468,116
Other purpose	2,327,566	1,733,653
	<u>64,333,809</u>	<u>63,160,774</u>



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	Group	
	Unaudited	Audited
	As at	As at
	30 June 2009	31 Dec 2008
	RM'000	RM'000

A16. Loans, Advances and Financing (continued)

(d) NPLs by purpose

Purchase of securities	44,398	50,494
Purchase of transport vehicles	250,736	225,720
Purchase of landed property:		
- residential	1,114,600	1,048,642
- non-residential	168,006	140,924
Purchase of property, plant and equipment other than land and building	104,183	81,098
Personal use	96,813	105,419
Credit card	77,189	56,368
Purchase of consumer durables	4,110	4,403
Construction	92,599	114,410
Working capital	1,255,850	1,004,891
Other purpose	7,770	7,749
	<u>3,216,254</u>	<u>2,840,118</u>

(e) Movements in NPLs are as follows:

Balance as at the beginning of the financial period/year	2,840,118	3,165,293
Classified as non-performing during the financial period/year	2,075,130	3,206,526
Amount recovered	(161,272)	(504,970)
Reclassified as performing during the financial period/year	(1,346,851)	(2,564,643)
Amount written off	(193,180)	(465,166)
Exchange difference	2,309	3,078
Balance as at the end of the financial period/year	<u>3,216,254</u>	<u>2,840,118</u>
Specific allowance	(1,638,521)	(1,457,957)
Net NPLs	<u>1,577,733</u>	<u>1,382,161</u>
Ratio of net NPLs as % of gross loans, advances and financing less specific allowance	<u>2.52%</u>	<u>2.24%</u>



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	Group	
	Unaudited	Audited
	As at	As at
	30 June 2009	31 Dec 2008
	RM'000	RM'000

A16. Loans, Advances and Financing (continued)

(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	1,106,697	999,186
Net allowance made during the financial period/year	21,896	104,997
Exchange difference	1,161	2,514
Balance as at the end of the financial period/year	1,129,754	1,106,697
As % of gross loans, advances and financing less specific allowance	1.8%	1.8%

Specific allowance

Balance as at the beginning of the financial period/year	1,457,957	1,260,265
Allowance made during the financial period/year	537,637	937,219
Amount recovered	(129,956)	(214,613)
Amount written off	(199,551)	(526,468)
Transfer to accumulated impairment loss in value of securities	(28,298)	-
Exchange difference	732	1,554
Balance as at the end of the financial period/year	1,638,521	1,457,957



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	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	As at	As at	As at	As at
	30 June 2009	31 Dec 2008	30 June 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000

A17. Other Assets

Other debtors, deposits and prepayments	413,645	343,351	33,507	33,740
Accrued interest receivable	203,433	206,097	6	66
	<u>617,078</u>	<u>549,448</u>	<u>33,513</u>	<u>33,806</u>

	Group	
	Unaudited	Audited
	As at	As at
	30 June 2009	31 Dec 2008
	RM'000	RM'000

A18. Deposits from Customers

(a) By type of deposits

Demand deposits	18,133,653	17,241,377
Savings deposits	5,524,291	5,393,709
Fixed deposits	53,827,032	50,963,753
Negotiable instruments of deposits	375,862	363,385
	<u>77,860,838</u>	<u>73,962,224</u>

(b) By type of customers

Government and statutory bodies	6,044,420	5,419,837
Business enterprises	43,536,524	41,155,294
Individuals	25,246,010	24,644,304
Others	3,033,884	2,742,789
	<u>77,860,838</u>	<u>73,962,224</u>

A19. Deposits and Placements of Banks and Other Financial Institutions

Licensed banks	3,936,010	5,216,205
Licensed investment banks	148,200	262,650
BNM	750,896	888,472
Other financial institutions	1,098,740	2,314,820
	<u>5,933,846</u>	<u>8,682,147</u>



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	Group		Company	
	Unaudited As at 30 June 2009	Audited As at 31 Dec 2008	Unaudited As at 30 June 2009	Audited As at 31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
A20. Other Liabilities				
Accrued interest payable	397,810	446,528	54,317	49,052
Other creditors and accruals	627,932	511,556	2,251	4,222
General insurance fund	193,601	184,196	-	-
Short term employee benefits	101,127	182,654	-	-
Lessee deposits	76,601	79,704	-	-
Prepaid instalment	78,134	82,327	-	-
Remisiers' trust deposits	11,610	9,579	-	-
Amount due to Danaharta	1,824	1,782	-	-
Hire-purchase creditors	49	146	49	146
Amount payable for creation of units due to funds	612	298	-	-
	<u>1,489,300</u>	<u>1,498,770</u>	<u>56,617</u>	<u>53,420</u>



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A21. Segment Information

Revenue and Results

Six months ended 30 June 2009

	Corporate & Investment Banking	Retail Banking	Treasury and money market	Islamic Banking business	International Banking	Others	Intersegment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Group</u>								
External revenue	480,224	1,355,057	528,909	161,695	156,706	9,094	-	2,691,685
Intersegment revenue	10,897	8,747	10,550	1,434	1,558	11,654	(44,840)	-
Segment revenue	491,121	1,363,804	539,459	163,129	158,264	20,748	(44,840)	2,691,685
Profit before unallocated expenses	160,197	416,450	176,729	57,290	31,469	77,225	-	919,360
Unallocated expenses								(204,576)
Profit after unallocated expenses								714,784
Share of results of associates								22
Share of results of joint venture								252
Profit before taxation								715,058
Taxation								(181,030)
Net profit for the financial period								534,028



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A21. Segment Information (continued)

Revenue and Results

Six months ended 30 June 2008

	Corporate & Investment Banking	Retail Banking	Treasury and money market	Islamic Banking business	International Banking	Others	Intersegment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Group</u>								
External revenue	602,893	1,335,184	805,214	126,700	117,487	14,299	-	3,001,777
Intersegment revenue	2,656	8,950	12,848	830	1,539	11,537	(38,360)	-
Segment revenue	<u>605,549</u>	<u>1,344,134</u>	<u>818,062</u>	<u>127,530</u>	<u>119,026</u>	<u>25,836</u>	<u>(38,360)</u>	<u>3,001,777</u>
Profit before unallocated expenses	145,739	429,750	135,916	87,432	51,599	83,956	-	934,392
Unallocated expenses								<u>(263,157)</u>
Profit after unallocated expenses								671,235
Share of results of associates								528
Profit before taxation								<u>671,763</u>
Taxation								<u>(177,298)</u>
Net profit for the financial period								<u><u>494,465</u></u>



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A22. Valuation of Property, Plant and Equipment

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

A23. 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.

A24. Changes in Composition of the Group

The significant changes in the composition of the Group for the six months ended 30 June 2009 are summarised below:

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

On 22 January 2009, the following wholly-owned subsidiaries of RHB Bank, which in turn is a wholly-owned subsidiary of the Company, were deemed to be 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:-

- (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')

The dissolution of UBNT, USBN, USBNT, USBNA and INFB will not have any material effect on the performance of the Group for the six months ended 30 June 2009.

(b) Dissolution of PT Rashid Hussain Securities

On 23 June 2009, the Company announced that its indirect subsidiary in Indonesia, PT Rashid Hussain Securities, in which the Company via its wholly-owned subsidiary, RHB Capital (Jersey) Limited, holds 85% equity interest, has been formally dissolved.

The dissolution of PT Rashid Hussain Securities will not have any material effect on the performance of the Group and the Company for the six months ended 30 June 2009.



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A25. 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 condensed financial statements, no material losses are anticipated as a result of these transactions.

The commitments and contingencies comprise the following:

<u>Group</u>	Unaudited As at 30 June 2009			Audited As at 31 Dec 2008		
	Principal amount	Credit equivalent amount*	Risk weighted amount	Principal amount	Credit equivalent amount*	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	2,342,911	2,342,911	1,989,912	2,389,294	2,389,294	2,024,897
Transaction-related contingent items	2,268,860	1,134,431	865,763	2,119,930	1,059,966	766,891
Short term self-liquidating trade-related contingencies	2,010,028	402,005	285,005	1,694,141	338,829	221,320
Obligations under underwriting agreements	381,900	190,950	159,865	399,900	199,950	164,815
Other assets sold with recourse and commitments with certain drawdown	29,389	29,389	5,878	41,544	41,544	8,309
Irrevocable commitments to extend credit						
- maturity not exceeding one year	28,479,537	249,129	249,129	25,933,455	282,115	281,034
- maturity exceeding one year	4,759,696	2,379,820	1,859,705	4,958,351	2,479,176	2,250,946
Foreign exchange related contracts						
- less than one year	8,052,942	160,138	52,677	9,344,283	229,785	82,948
- one year to less than five years	123,202	7,539	2,768	9,364	1,063	396
- more than five years	1,407,600	204,040	70,977	1,381,000	204,225	71,014



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A25. Changes in Contingent Liabilities since the last Annual Balance Sheet Date (continued)

(a) Commitments and Contingencies (continued)

<u>Group</u>	Unaudited As at 30 June 2009			Audited As at 31 Dec 2008		
	Principal amount	Credit equivalent amount*	Risk weighted amount	Principal amount	Credit equivalent amount*	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest rate related contracts						
- less than one year	1,995,378	8,386	1,697	2,009,714	4,342	1,014
- one year to less than five years	8,553,427	386,221	84,131	8,625,522	438,681	90,956
- more than five years	606,163	55,446	15,331	449,215	48,583	10,463
Others	1,509,396	-	-	1,379,211	3,718	3,718
	<u>62,520,429</u>	<u>7,550,405</u>	<u>5,642,838</u>	<u>60,734,924</u>	<u>7,721,271</u>	<u>5,978,721</u>

* The credit equivalent amount is arrived at using the credit conversion factors as per BNM's guidelines. Foreign exchange and interest rate related contracts are subject to market risk and credit risk.

The credit equivalent amount ('CE') and risk weighted amount ('RWA') of the Group are an aggregate of CE and RWA of its commercial banking subsidiary, which is computed in accordance with BNM's Guidelines on Risk Weighted Capital Adequacy Framework for Credit and Market (Basel I), and the CE and RWA of its Islamic bank subsidiary and investment banking subsidiary, which is computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (CAFIB): Standardised Approach for Credit and Market Risk and BNM's Revised Capital Adequacy Framework: Standardised Approach for Credit and Market Risk (Basel II) respectively.



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A25. Changes in Contingent Liabilities since the last Annual Balance Sheet Date (continued)

(b) Guarantees Issued

As at balance sheet date, the Company has extended unsecured guarantees of RM100,000,000 (31.12.2008: RM100,000,000) for performance guarantees of one of its subsidiary 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 six months ended 30 June 2009.

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

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

This suit was initially filed against 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, a wholly-owned subsidiary of the Company, 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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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

A25. Changes in Contingent Liabilities since the last Annual Balance Sheet Date (continued)

(c) Other Contingent Liabilities (continued)

(ii) RHB Investment Bank Berhad ('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. The matter is fixed for mention on 20 October 2009.

Group	
Unaudited	Audited
As at	As at
30 June 2009	31 Dec 2008
RM'000	RM'000

A26. Capital Commitments

Capital expenditure for property, plant and equipment:

- authorised and contracted for	57,899	57,092
- authorised but not contracted for	73,738	68,660
	131,637	125,752



RHB CAPITAL BERHAD (312952 – H)
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A27. Interest/Profit Rate Risk

Group As at 30 June 2009	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	11,668,974	-	-	-	-	1,027,978	-	12,696,952	2.05
Securities purchased under resale agreements	634,219	199,988	-	-	-	-	-	834,207	1.99
Deposits and placements with banks and other financial institutions	69,541	779,452	270,772	8,346	-	-	-	1,128,111	2.15
Securities									
- held-for-trading	-	-	-	-	-	4,059	965,277	969,336	2.87
- AFS	174,892	239,224	602,017	4,812,962	3,388,498	202,282	-	9,419,875	4.70
- held-to-maturity	1,125,568	1,679,234	900,593	5,529,508	2,070,935	(212,709)	-	11,093,129	3.75
Loans, advances and financing									
- performing	37,823,148	7,440,848	4,729,897	5,895,005	5,228,657	-	-	61,117,555	5.89
- non-performing*	-	-	-	-	-	447,979	-	447,979	
Clients' and brokers' balances	75,825	-	-	-	-	140,140	-	215,965	1.98
Other assets	1,979	-	33	194	384	614,488	-	617,078	1.73
Derivative assets	-	-	-	-	-	-	273,940	273,940	
Statutory deposits	-	-	-	-	-	640,792	-	640,792	
Tax recoverable	-	-	-	-	-	92,309	-	92,309	
Deferred tax assets	-	-	-	-	-	317,641	-	317,641	
Investments in associates	-	-	-	-	-	11,159	-	11,159	
Investments in joint venture	-	-	-	-	-	26,591	-	26,591	
Prepaid land lease	-	-	-	-	-	103,502	-	103,502	
Property, plant and equipment	-	-	-	-	-	803,205	-	803,205	
Goodwill	-	-	-	-	-	3,786,169	-	3,786,169	
Total assets	51,574,146	10,338,746	6,503,312	16,246,015	10,688,474	8,005,585	1,239,217	104,595,495	

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



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NOTES TO THE INTERIM FINANCIAL STATEMENTS
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A27. Interest/Profit Rate Risk (continued)

Group As at 30 June 2009	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	39,068,408	7,446,272	13,881,274	691,305	-	16,773,579	-	77,860,838	2.03
Deposits and placements of banks and other financial institutions	2,323,878	2,357,382	596,713	640,183	14,736	954	-	5,933,846	2.35
Bills and acceptances payable	1,358,055	1,763,383	722,145	-	-	218,788	-	4,062,371	2.27
Clients' and brokers' balances	-	-	-	-	-	364,950	-	364,950	
Other liabilities	9,022	33	-	-	-	1,480,245	-	1,489,300	1.92
Derivative liabilities	-	-	-	-	-	-	252,370	252,370	
Recourse obligation on loans sold to Cagamas	-	43,761	162,732	581,559	-	-	-	788,052	5.06
Taxation	-	-	-	-	-	75,609	-	75,609	
Deferred tax liabilities	-	-	-	-	-	333	-	333	
Borrowings	1,625,604	651,015	149,782	643,435	-	-	-	3,069,836	4.54
Subordinated obligations	-	-	-	1,540,000	700,000	-	-	2,240,000	5.19
Hybrid Tier-1 Capital Securities	-	-	-	-	366,887	-	-	366,887	8.00
Total liabilities	44,384,967	12,261,846	15,512,646	4,096,482	1,081,623	18,914,458	252,370	96,504,392	
Total equity	-	-	-	-	-	8,091,103	-	8,091,103	
Total liabilities and equity	44,384,967	12,261,846	15,512,646	4,096,482	1,081,623	27,005,561	252,370	104,595,495	
On-balance sheet interest sensitivity gap	7,189,179	(1,923,100)	(9,009,334)	12,149,533	9,606,851				
Off-balance sheet interest sensitivity gap	288,663	1,091,504	78,454	454,524	193,937				
Total interest-sensitivity gap	7,477,842	(831,596)	(8,930,880)	12,604,057	9,800,788				



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A27. Interest/Profit Rate Risk (continued)

Company As at 30 June 2009	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	-	-	-	-	-	194	-	194	
Deposits and placements with banks and other financial institutions	-	903	373	-	-	-	-	1,276	2.40
Other assets	-	-	-	-	-	33,513	-	33,513	
Amounts due from subsidiaries	-	-	-	-	-	9,020	-	9,020	
Tax recoverable	-	-	-	-	-	63,953	-	63,953	
Investments in subsidiaries	-	-	-	-	-	8,782,439	-	8,782,439	
Property, plant and equipment	-	-	-	-	-	293	-	293	
Total assets	-	903	373	-	-	8,889,412	-	8,890,688	
Liabilities and equity									
Other liabilities	16	33	-	-	-	56,568	-	56,617	5.40
Amounts due to subsidiaries	-	-	-	-	-	154,623	-	154,623	
Deferred tax liabilities	-	-	-	-	-	16	-	16	
Borrowings	1,975,604	-	149,782	643,435	-	-	-	2,768,821	5.03
Total liabilities	1,975,620	33	149,782	643,435	-	211,207	-	2,980,077	
Total equity	-	-	-	-	-	5,910,611	-	5,910,611	
Total liabilities and equity	1,975,620	33	149,782	643,435	-	6,121,818	-	8,890,688	
Total interest-sensitivity gap	(1,975,620)	870	(149,409)	(643,435)	-				



RHB CAPITAL BERHAD (312952 – H)
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A27. Interest/Profit Rate Risk (continued)

Group As at 31 Dec 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	13,385,338	-	-	-	-	961,113	-	14,346,451	3.30
Securities purchased under resale agreements	106,565	-	-	-	-	-	-	106,565	3.51
Deposits and placements with banks and other financial institutions	36,732	451,414	58,634	8,346	-	-	-	555,126	3.37
Securities									
- held-for-trading	-	-	-	-	-	14,363	5,311,603	5,325,966	4.05
- AFS	542,617	130,108	354,283	2,879,845	2,110,041	195,820	-	6,212,714	5.07
- held-to-maturity	1,313,696	726,877	2,098,220	3,619,854	2,087,171	(229,006)	-	9,616,812	4.10
Loans, advances and financing									
- performing	36,365,436	7,868,907	5,107,229	6,159,217	4,819,786	81	-	60,320,656	6.64
- non-performing*	-	-	-	-	-	275,464	-	275,464	
Clients' and brokers' balances	107,037	-	-	-	-	68,266	-	175,303	3.78
Other assets	1,895	-	38	217	419	546,879	-	549,448	3.84
Derivative assets	-	-	-	-	-	-	380,161	380,161	
Statutory deposits	-	-	-	-	-	1,579,678	-	1,579,678	
Tax recoverable	-	-	-	-	-	94,929	-	94,929	
Deferred tax assets	-	-	-	-	-	275,016	-	275,016	
Investments in associates	-	-	-	-	-	11,137	-	11,137	
Investments in joint venture	-	-	-	-	-	26,349	-	26,349	
Prepaid land lease	-	-	-	-	-	102,779	-	102,779	
Property, plant and equipment	-	-	-	-	-	792,046	-	792,046	
Goodwill	-	-	-	-	-	3,786,169	-	3,786,169	
Total assets	51,859,316	9,177,306	7,618,404	12,667,479	9,017,417	8,501,083	5,691,764	104,532,769	

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



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FOR THE SIX MONTHS ENDED 30 JUNE 2009

A27. Interest/Profit Rate Risk (continued)

Group As at 31 Dec 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	35,121,857	7,631,696	14,362,490	688,176	-	16,158,005	-	73,962,224	3.01
Deposits and placements of banks and other financial institutions	5,642,071	1,591,100	854,550	571,268	22,037	1,121	-	8,682,147	3.31
Bills and acceptances payable	1,724,912	2,165,463	825,119	-	-	220,018	-	4,935,512	3.70
Clients' and brokers' balances	-	-	-	-	-	289,053	-	289,053	
Other liabilities	8,902	32	98	-	-	1,489,738	-	1,498,770	3.09
Derivative liabilities	-	-	-	-	-	-	384,879	384,879	
Recourse obligation on loans sold to Cagamas	87,146	-	372,367	714,241	-	-	-	1,173,754	4.87
Taxation	-	-	-	-	-	91,196	-	91,196	
Deferred tax liabilities	-	-	-	-	-	1,760	-	1,760	
Borrowings	1,904,670	735,975	-	791,889	-	-	-	3,432,534	5.18
Subordinated obligations	-	-	-	1,540,000	700,000	-	-	2,240,000	5.19
Total liabilities	44,489,558	12,124,266	16,414,624	4,305,574	722,037	18,250,891	384,879	96,691,829	
Total equity	-	-	-	-	-	7,840,940	-	7,840,940	
Total liabilities and equity	44,489,558	12,124,266	16,414,624	4,305,574	722,037	26,091,831	384,879	104,532,769	
On-balance sheet interest sensitivity gap	7,369,758	(2,946,960)	(8,796,220)	8,361,905	8,295,380				
Off-balance sheet interest sensitivity gap	(70,872)	(76,984)	(477,498)	(737,446)	127,592				
Total interest-sensitivity gap	7,298,886	(3,023,944)	(9,273,718)	7,624,459	8,422,972				



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FOR THE SIX MONTHS ENDED 30 JUNE 2009

A27. Interest/Profit Rate Risk (continued)

Company As at 31 Dec 2008	Non-trading book					Non-interest bearing	Trading book	Total	Effective interest rate
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets									
Cash and short term funds	20,000	-	-	-	-	619	-	20,619	3.15
Deposits and placements with banks and other financial institutions	-	750	503	-	-	-	-	1,253	3.34
Other assets	-	-	-	-	-	33,806	-	33,806	
Amounts due from subsidiaries	-	-	-	-	-	10,319	-	10,319	
Tax recoverable	-	-	-	-	-	54,804	-	54,804	
Investments in subsidiaries	-	-	-	-	-	8,782,439	-	8,782,439	
Property, plant and equipment	-	-	-	-	-	373	-	373	
Total assets	20,000	750	503	-	-	8,882,360	-	8,903,613	
Liabilities and equity									
Other liabilities	16	32	98	-	-	53,274	-	53,420	5.40
Amounts due to subsidiaries	-	-	-	-	-	153,093	-	153,093	
Deferred tax liabilities	-	-	-	-	-	16	-	16	
Borrowings	1,904,670	80,000	-	791,889	-	-	-	2,776,559	5.59
Total liabilities	1,904,686	80,032	98	791,889	-	206,383	-	2,983,088	
Total equity	-	-	-	-	-	5,920,525	-	5,920,525	
Total liabilities and equity	1,904,686	80,032	98	791,889	-	6,126,908	-	8,903,613	
Total interest-sensitivity gap	(1,884,686)	(79,282)	405	(791,889)	-				



RHB CAPITAL BERHAD (312952 – H)
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A28. 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 @	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	As at	As at	As at	As at	As at	As at
	30 June 2009	31 Dec 2008	30 June 2009	31 Dec 2008	30 June 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Tier I capital						
Paid-up ordinary share capital	3,318,085	3,318,085	263,646	263,646	523,424	523,424
Hybrid Tier-1 Capital Securities	366,887	-	-	-	-	-
Share premium	8,563	8,563	-	-	-	-
Retained profits	1,219,534	1,008,581	108,591	169,098	135,437	135,437
Other reserves (exclude AFS reserve)	2,258,228	2,121,478	278,549	278,549	166,005	166,005
Deferred tax assets	(260,943)	(233,116)	(1,210)	(1,210)	(19,960)	(19,960)
Less: Goodwill	(905,519)	(905,519)	(159,280)	(159,280)	-	-
Total Tier I capital	6,004,835	5,318,072	490,296	550,803	804,906	804,906
Tier II capital						
Subordinated obligations	2,000,000	2,000,000	245,000	245,000	-	-
General allowance for bad and doubtful debts	1,019,796	995,859	8,079	8,442	98,584	97,984
Total Tier II capital	3,019,796	2,995,859	253,079	253,442	98,584	97,984



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
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A28. 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 @	
	Unaudited As at 30 June 2009 RM'000	Audited As at 31 Dec 2008 RM'000	Unaudited As at 30 June 2009 RM'000	Audited As at 31 Dec 2008 RM'000	Unaudited As at 30 June 2009 RM'000	Audited As at 31 Dec 2008 RM'000
Less:						
Investment in subsidiaries	(622,666)	(628,640)	(58,270)	(58,270)	-	-
Investment in joint venture	-	-	(27,399)	(27,399)	-	-
Other deductions *	(3,816)	-	(497)	-	(152)	-
Total capital base	8,398,149	7,685,291	657,209	718,576	903,338	902,890
<u>Before deducting proposed dividends</u>						
Core capital ratio	9.78%	8.77%	23.33%	19.25%	12.46%	12.07%
Risk-weighted capital adequacy ratio ('RWCR')	13.68%	12.67%	31.27%	25.12%	13.99%	13.54%
<u>After deducting proposed dividends</u>						
Core capital ratio	9.78%	8.51%	23.33%	17.14%	12.46%	12.07%
Risk-weighted capital adequacy ratio	13.68%	12.42%	31.27%	23.00%	13.99%	13.54%

@ 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').

* Pursuant to the Basel II Market Risk para 5.19 & 5.20 - Valuation Adjustments/Reserves, the RWCR computation shall account for the ageing, liquidity and holding back adjustments/reserves on its trading portfolio.

Pursuant to BNM's circular, "Recognition of Deferred Tax Assets ('DTA') and Treatment of DTA for RWCR Purposes" dated 8 August 2003, deferred tax income/(expense) is excluded from the computation of Tier I capital and deferred tax assets are excluded from the calculation of risk weighted assets.



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A29. Operations of Islamic Banking

(a) Balance Sheet as at 30 June 2009

	Group	
	Unaudited	Audited
	As at	As at
	30 June 2009	31 Dec 2008
	RM'000	RM'000
ASSETS		
Cash and short-term funds	2,527,236	1,279,720
Deposits and placements with banks and other financial institutions	260,190	-
Securities held-for-trading	40,915	404,464
Securities available-for-sale	882,152	730,582
Securities held-to-maturity	1,241,695	1,147,357
Financing and advances	5,380,740	5,352,980
Other assets	137,474	102,741
Deferred tax assets	23,688	19,960
Tax recoverable	-	7,350
Statutory deposits	73,740	199,440
Property, plant and equipment	22,124	19,433
Intangible assets	29,518	29,518
Total assets	<u>10,619,472</u>	<u>9,293,545</u>
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits from customers	8,289,989	7,347,306
Deposits and placements of banks and other financial institutions	904,556	536,485
Bills and acceptances payable	10,917	34,786
Other liabilities	70,024	74,502
Provision for taxation	3,665	-
Total liabilities	<u>9,279,151</u>	<u>7,993,079</u>
Islamic Banking Funds	1,340,321	1,300,466
Total liabilities and Islamic Banking Funds	<u>10,619,472</u>	<u>9,293,545</u>
Commitments and contingencies	<u>1,856,149</u>	<u>1,863,813</u>



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A29. Operations of Islamic Banking (continued)

(b) Income Statement for the six months ended 30 June 2009

	2nd quarter ended		Six months ended	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	RM'000	RM'000	RM'000	RM'000
Group				
Income derived from investment of depositors' funds	102,395	90,548	210,848	177,435
Income derived from investment of shareholder's funds	11,278	12,145	21,951	24,211
Allowance for losses on financing and advances	(40,517)	(12,137)	(52,689)	(11,920)
Profit equalisation reserve	22,651	9,756	5,736	5,268
Total distributable income	95,807	100,312	185,846	194,994
Income attributable to depositors	(35,050)	(41,742)	(76,840)	(80,214)
	60,757	58,570	109,006	114,780
Personnel expenses	(13,951)	(10,535)	(27,733)	(19,004)
Other overheads and expenditures	(22,536)	(20,577)	(44,958)	(40,794)
Profit before taxation	24,270	27,458	36,315	54,982
Taxation	(16,801)	(5,111)	(19,418)	(12,286)
Net profit for the financial period	7,469	22,347	16,897	42,696



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A29. Operations of Islamic Banking (continued)

(c) Financing and Advances

	Group	
	Unaudited	Audited
	As at 30 June 2009	As at 31 Dec 2008
	RM'000	RM'000
Cashline	72,194	36,530
Term financing		
- housing financing	1,729,628	1,704,406
- syndicated term financing	377,820	555,504
- hire purchase receivables	1,047,933	807,349
- other term financing	1,411,914	1,349,326
Bills receivables	619,653	677,058
Trust receipts	34,379	36,480
Staff financing	13,268	12,922
Revolving financing	443,443	504,178
	<u>5,750,232</u>	<u>5,683,753</u>
Less: Unearned income	(151,922)	(140,208)
Gross financing and advances	<u>5,598,310</u>	<u>5,543,545</u>
Less: Allowance for bad and doubtful financing		
- general	(98,584)	(97,984)
- specific	(118,986)	(92,581)
Net financing and advances	<u><u>5,380,740</u></u>	<u><u>5,352,980</u></u>

(i) Movements in non-performing financing and advances

	Group	
	Unaudited	Audited
	As at 30 June 2009	As at 31 Dec 2008
	RM'000	RM'000
Balance as at the beginning of the financial period/year	267,357	282,833
Classified as non-performing during the financial period/year	248,780	272,830
Reclassified as performing during the financial period/year	(104,035)	(215,781)
Amount recovered	(23,074)	(36,382)
Amount written off	(28,428)	(36,143)
Balance as at the end of the financial period/year	<u>360,600</u>	<u>267,357</u>
Specific allowance	(118,986)	(92,581)
Net non-performing financing and advances	<u><u>241,614</u></u>	<u><u>174,776</u></u>
Ratio of net non-performing financing and advances as % of gross financing and advances, less specific allowances	<u><u>4.4%</u></u>	<u><u>3.3%</u></u>



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A29. Operations of Islamic Banking (continued)

(c) Financing and Advances (continued)

(ii) Movements in allowance for bad and doubtful financing and advances

	Group	
	Unaudited As at 30 June 2009 RM'000	Audited As at 31 Dec 2008 RM'000
General allowance		
Balance as at the beginning of the financial period/year	97,984	82,948
Net allowance made during the financial period/year	600	15,036
Balance as at the end of the financial period/year	<u>98,584</u>	<u>97,984</u>
As % of gross financing and advances less specific allowance	<u>1.8%</u>	<u>1.8%</u>

Specific allowance

Balance as at the beginning of the financial period/year	92,581	93,336
Allowance made during the financial period/year	73,424	36,720
Amount recovered	(19,620)	(11,590)
Amount written off	(27,399)	(25,885)
Balance as at the end of the financial period/year	<u>118,986</u>	<u>92,581</u>

(d) Other Assets

	Group	
	Unaudited As at 30 June 2009 RM'000	Audited As at 31 Dec 2008 RM'000
Income receivable	21,598	18,756
Deposits and prepayments	14,104	15,390
Sundry deposits debtors	10,035	6,363
Other debtors	91,737	62,232
	<u>137,474</u>	<u>102,741</u>



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A29. Operations of Islamic Banking (continued)

(e) Deposits from Customers

	Group	
	Unaudited	Audited
	As at	As at
	30 June 2009	31 Dec 2008
	RM'000	RM'000
<u>Non-Mudharabah Funds:</u>		
Demand deposits	1,893,662	1,535,447
Savings deposits	540,409	542,606
Negotiable Islamic Debt Certificates	61,057	59,850
	<u>2,495,128</u>	<u>2,137,903</u>
<u>Mudharabah Funds:</u>		
Demand deposits	312,075	332,007
General investment deposits	1,297,999	1,512,965
Special investment deposits	4,184,787	3,364,431
	<u>8,289,989</u>	<u>7,347,306</u>



**RHB CAPITAL BERHAD (312952 – H)
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B1. Review of Group Results

For the six months ended 30 June 2009, the Group recorded a pretax profit of RM715.1 million, 6% higher than that of the previous year corresponding period of RM671.8 million.

The higher profit was mainly due to higher net interest income by RM77.7 million, higher income from Islamic Banking business by RM35.0 million and higher reversal of impairment loss by RM10.4 million; partly offset by higher allowance for losses on loans and financing by RM61.5 million, lower other operating income by RM11.2 million and higher other operating expenses by RM6.8 million.

B2. Changes in Profit for the Quarter

For the second quarter ended 30 June 2009, the Group recorded a pretax of RM400.1 million, up 27% as compared to RM315.0 million recorded in the preceding quarter ended 31 March 2009. The higher profit was mainly due to higher net interest income by RM20.8 million, higher income from Islamic Banking business by RM40.8 million, higher other operating income by RM19.1 million and lower other operating expenses by RM40.1 million; partly offset by higher allowance for losses on loans and financing by RM17.4 million and lower reversal of impairment loss by RM18.3 million.

B3. Prospects for the Financial Year Ending 31 December 2009

The banking sector in Malaysia remained resilient despite a weak global economy in the 1st half of the year. With the continuing proactive action of Bank Negara Malaysia and the Government in the form of support for the SME sector, low interest rate environment and implementation of the economic stimulus packages, we are optimistic that there will be an improvement in the domestic economy towards the next half of the year.

In line with the anticipated improvement in the domestic economy and driven by the Group's strengthening performance in its Retail and Corporate Investment Bank Strategic Business Units, the Group expects to achieve a satisfactory performance in 2009.

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.

	2nd quarter ended		Six months ended	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	RM'000	RM'000	RM'000	RM'000
B5. Taxation				
Group				
Income tax based on profit for the financial period				
- Malaysian income tax	93,804	91,975	194,837	192,186
- overseas tax	753	1,632	853	1,716
Deferred tax	13,919	(3,536)	(374)	(14,430)
	108,476	90,071	195,316	179,472
Over provision in respect of prior years	(12,222)	(61)	(14,286)	(2,174)
	96,254	90,010	181,030	177,298

The effective tax rate of the Group for the second quarter and six months ended 30 June 2009 was higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes.



**RHB CAPITAL BERHAD (312952 – H)
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B5. Taxation (continued)

	2nd quarter ended		Six months ended	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	RM'000	RM'000	RM'000	RM'000
<u>Company</u>				
Income tax based on profit for the financial period				
- Malaysian income tax	63,797	165	54,769	165

B6. Purchase and Sale of Quoted Securities

There were no purchases or sales of quoted securities during the six months ended 30 June 2009 other than in the ordinary course of business.

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

There were no sales of unquoted investments and/or properties during the six months ended 30 June 2009 other than in the ordinary course of business.

B8. Status of Corporate Proposals

(a) Proposed corporate proposals by RHB Investment Bank

The Company announced on 16 October 2007 that RHB Investment Bank, has proposed among others to undertake the issuance of up to RM75.0 million nominal value of Hybrid Tier-1 Capital Securities ('HT1 Securities') as part of its capital management initiatives, with the objective of increasing the return to its shareholders and optimising the capital structure of RHB Investment Bank.

The Securities Commission ('SC') had, on 30 September 2008, granted an extension of time of up to 10 October 2009 for RHB Investment Bank to implement or issue such capital securities subject to the conditions as contained therein.

(b) 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 RHB Bank's 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. On 31 March 2009, RHB Bank made the first issuance of RM370.0 million nominal value of HT1 Capital Securities.



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B8. Status of Corporate Proposals (continued)

(c) Proposed issuance of up to RM1.1 billion in nominal value Commercial Papers and/or Medium Term Notes Under a Commercial Paper/Medium Term Note Programme ('CP/MTN Programme') by the Company

The Company announced on 11 December 2008 that the SC had on 2 December 2008, approved the proposed issuance of up to RM1.1 billion nominal value of commercial papers and/or medium term notes (collectively referred to as 'the Notes') under a CP/MTN Programme by the Company, subject to the terms and conditions stated therein.

On 17 December 2008, the Company announced that BNM, vide its letter dated 16 December 2008 had no objection for the Company to issue up to RM1.1 billion of the Notes under the CP/MTN Programme.

The CP/MTN Programme will not have any material effect on the earnings and net tangible assets of the Company for the financial period ending 31 December 2009.

The Company has yet to issue the said Commercial Papers and/or Medium Term Notes as at to date.

(d) Proposed Establishment Of An Exclusive Bancassurance Alliance Between RHB Bank Berhad and American International Assurance Berhad ('AIA')

On behalf of the Company, RHB Investment Bank had, on 2 March 2009 announced that RHB Bank had on even date executed a term sheet with AIA ('Term Sheet'), which constitutes the preliminary statement of the intentions of AIA and RHB Bank relating to the terms of the establishment of a 10-year mutually exclusive bancassurance relationship in Malaysia to:

- (i) sell conventional life insurance (individual and group) products developed by AIA for sale by RHB Bank ('Life Products') via the RHB Bank network of offices and branches and other channels which will include telemarketing, direct marketing and worksite marketing; and
- (ii) market, promote and sell the Life Products to RHB Bank's customers through or with the cooperation of RHB Bank.

The Term Sheet is not intended to be a legally binding document or agreement between RHB Bank and AIA. A legally binding agreement will result only from the execution by AIA and RHB Bank of a definite bancassurance agreement which shall be entered into within 14 days upon RHB Bank obtaining the requisite approval from BNM and all other applicable regulatory approvals.

None of the directors or major shareholders of the Company and/or persons connected to them has any interest, direct or indirect, in the bancassurance alliance.



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B8. Status of Corporate Proposals (continued)

- (e) **Proposed acquisition by the Company of 1,500,000 ordinary shares of RM1.00 each in RHB Kawal Sdn Bhd ('RHB Kawal'), representing the entire issued and fully paid-up share capital in RHB Kawal from Rashid Hussain Berhad (In Members' Voluntary Liquidation) ('RHB') ('Proposed Acquisition')**

On 16 April 2009, RHB Investment Bank had on behalf of the Company, announced that the Company had entered into a conditional share sale agreement with RHB to acquire the entire issued and paid-up share capital of RHB Kawal from RHB for a purchase consideration which shall be a sum equivalent to the net difference between:

- (a) the cash consideration of RM2,900,000; and
- (b) the total net amount owing between RHB Capital group of companies and RHB group of companies as at the cut off date, to be determined later.

RHB Kawal is in the business of providing security services to the RHB Capital group of companies.

None of the directors or major shareholders of the Company and/or persons connected with them have any interests, direct or indirect, in the Proposed Acquisition.

The Proposed Acquisition is subject to, inter-alia, the approvals of the relevant authorities.

- (f) **Members' voluntary winding-up of RHB Bank's wholly-owned subsidiary**

The Company had on 14 August 2009 announced the commencement of members' voluntary winding-up of RHB Delta Nominees (Tempatan) Sdn Bhd ("RHBDNT"), a wholly-owned subsidiary of RHB Bank, which in turn is a wholly-owned subsidiary of the Company pursuant to Section 254(1) of the Companies Act, 1965.

The winding-up of RHBDNT will not have any material effect on the RHB Capital Group's performance for the financial year ending 31 December 2009.



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B9. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings, Subordinated Obligations and Hybrid Tier-1 Capital Securities

	Group			
	Unaudited	Audited		
	As at 30 June 2009	As at 31 Dec 2008		
	RM'000	RM'000		
(a) Deposits from customers and placements of banks and other financial institutions				
Deposits from customers				
- one year or less	77,169,534	73,274,049		
- more than one year	691,304	688,175		
	<u>77,860,838</u>	<u>73,962,224</u>		
Deposits and placements of banks and other financial institutions				
- one year or less	5,278,927	8,088,842		
- more than one year	654,919	593,305		
	<u>5,933,846</u>	<u>8,682,147</u>		
	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	As at	As at	As at	As at
	30 June 2009	31 Dec 2008	30 June 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
(b) Borrowings				
Secured:				
Revolving credits	-	20,000	-	20,000
Term loans	-	240,000	-	240,000
Unsecured:				
Revolving credits	777,600	743,800	867,600	743,800
Overdrafts	4	870	4	870
Term loans - RM	800,000	750,000	1,060,000	750,000
Term loan - USD	651,015	655,975	-	-
RM600 million 6 years				
Serial Fixed Rate Bonds	448,526	597,927	448,526	597,927
RM350 million				
Fixed Rate Bonds	344,691	343,962	344,691	343,962
RM150 million 7 years				
Commercial Papers/Medium				
Term Notes	48,000	80,000	48,000	80,000
	<u>3,069,836</u>	<u>3,432,534</u>	<u>2,768,821</u>	<u>2,776,559</u>



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B9. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings, Subordinated Obligations and Hybrid Tier-1 Capital Securities (continued)

	Group		Company	
	Unaudited As at 30 June 2009 RM'000	Audited As at 31 Dec 2008 RM'000	Unaudited As at 30 June 2009 RM'000	Audited As at 31 Dec 2008 RM'000
(b) Borrowings (continued)				
Schedule repayment of borrowings:				
Within one year	511,576	230,195	476,387	195,670
One year to three years	1,738,504	2,277,764	1,947,743	2,156,927
Three years to five years	485,451	562,062	344,691	423,962
Over five years	334,305	362,513	-	-
	<u>3,069,836</u>	<u>3,432,534</u>	<u>2,768,821</u>	<u>2,776,559</u>

	Group	
	Unaudited As at 30 June 2009 RM'000	Audited As at 31 Dec 2008 RM'000
(c) Subordinated obligations		
5.0% RM1,300 million Tier II subordinated notes 2007/2017	1,300,000	1,300,000
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	45,000
	<u>2,240,000</u>	<u>2,240,000</u>

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

(d) Hybrid Tier-1 Capital Securities

On 31 March 2009, RHB Bank had completed the first issuance of RM370.0 million nominal value of HT1 Capital Securities out of its RM600.0 million Hybrid Tier-1 Capital Securities Programme. The RM370 million HT1 Capital Securities will mature in 2039 and is callable in 2019.

The HT1 Capital Securities bears interest at the rate of 8.0% per annum commencing from the first issue date and thereafter at a stepped-up rate of 9.0% per annum from 2019 if not called.



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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 June 2009

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
Foreign exchange related contracts							
- forwards	3,289,167	1,038,472	1,206,348	594,679	392,839	56,829	-
- swaps	3,835,479	1,415,878	1,301,491	709,790	351,491	56,829	-
- options	189,616	130,469	32,477	26,670	-	-	-
- spots	852,338	852,338	-	-	-	-	-
- cross-currency	1,417,144	-	-	-	-	9,544	1,407,600
Interest rate related contracts							
- futures	1,480,000	-	250,000	240,000	480,000	510,000	-
- swaps	9,674,968	84,535	100,000	171,114	761,378	7,972,892	585,049
Total	20,738,712	3,521,692	2,890,316	1,742,253	1,985,708	8,606,094	1,992,649

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)

Value of Contracts Classified by Remaining Period to Maturity/Next Re-pricing Date (whichever is earlier) as at latest practicable date, 18 August 2009

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
Foreign exchange related contracts							
- forwards	3,462,057	1,102,860	1,141,528	711,894	427,423	78,352	-
- swaps	3,346,002	1,236,786	814,668	839,111	377,085	78,352	-
- options	245,165	143,987	62,125	39,003	50	-	-
- spots	1,323,391	1,323,391	-	-	-	-	-
- cross-currency	1,424,594	-	-	-	-	9,594	1,415,000
Interest rate related contracts							
- futures	1,480,000	-	250,000	240,000	480,000	510,000	-
- swaps	10,197,668	170,906	171,225	220,000	632,199	8,057,361	945,977
Total	21,478,877	3,977,930	2,439,546	2,050,008	1,916,757	8,733,659	2,360,977



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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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FOR THE SIX MONTHS ENDED 30 JUNE 2009**

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. However, CBSB's claim for damages was dismissed.

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 decision.

Thereafter, both parties have filed their respective appeals to the Court of Appeal against the decision of the Learned High Court Judge (Please refer to A25(c)(i) 'Other Contingent Liabilities' for the Company's solicitors' opinion on the above suit and counterclaim). On 22 May 2009, the Court of Appeal had dismissed CBSB's appeal against the High Court decision in respect of the return of the Deposit and claim for damages. The Court of Appeal had also dismissed the Company's appeal in respect of the return of share certificates and transfer forms. Both CBSB and the Company had filed their respective applications for leave to appeal to the Federal Court. No hearing dates have been fixed for the applications yet.

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



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

B12. Dividends Declared

- (i) An interim dividend of 5.0% less 25% tax has been declared by the directors.
- (ii) Amount per share: 5.0 sen less 25% tax.
- (iii) Previous corresponding period: 9.0 sen per share less 26% tax.
- (iv) Entitlement date: 10 September 2009
- (v) Payment date: 30 September 2009

	2nd quarter ended		Six months ended	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
B13. Earnings per Share				
Basic/diluted earnings per share				
Profit attributable to equity holders of the Company (RM'000)	<u>301,529</u>	<u>271,069</u>	<u>530,170</u>	<u>493,491</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>2,153,475</u>
Basic/diluted earnings per share (sen)	<u>14.0</u>	<u>12.6</u>	<u>24.6</u>	<u>22.9</u>

There were no dilutive potential ordinary shares outstanding as at 30 June 2009. As a result, the diluted earnings per share was equal to the basic earnings per share for the six months ended 30 June 2009.

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
(Licence No. LS0006901)

Company secretary

24 August 2009