

RHB INVESTMENT BANK BERHAD
UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED BALANCE SHEETS AS AT 31 MARCH 2009

	Note	Group		Bank	
		Unaudited	Audited	Unaudited	Audited
		As at 31.03.2009 RM'000	As at 31.12.2008 RM'000	As at 31.03.2009 RM'000	As at 31.12.2008 RM'000
Assets					
Cash and short term funds		1,087,628	1,354,445	1,041,821	1,317,411
Deposits and placements with banks and other financial institutions		120	120	120	120
Securities held-for-trading	8	851,977	2,655,100	851,469	2,651,634
Securities available-for-sale	9	3,096,549	1,522,877	3,094,007	1,520,445
Securities held-to-maturity	10	222,293	222,653	222,293	222,653
Loans and advances	11	499,773	468,244	499,773	468,244
Clients' and brokers' balances		216,462	175,303	216,462	175,303
Other assets	12	90,590	67,575	79,965	58,611
Derivative assets		45,858	50,538	45,858	50,538
Tax recoverable		27,678	24,625	27,979	25,103
Deferred tax assets		3,107	54	3,053	-
Statutory deposit with Bank Negara Malaysia		22,861	58,236	22,861	58,236
Investments in subsidiaries		-	-	58,270	58,270
Investments in joint venture		26,953	26,349	27,399	27,399
Property, plant and equipment		11,575	11,197	9,552	9,090
Goodwill		172,844	172,844	159,280	159,280
Total assets		6,376,268	6,810,160	6,360,162	6,802,337
Liabilities and equity					
Deposits from customers	13	3,104,691	3,106,487	3,104,691	3,106,487
Deposits and placements of banks and other financial institutions	14	1,866,610	2,318,958	1,866,610	2,318,958
Clients' and brokers' balances		319,240	289,053	319,240	289,053
Other liabilities	15	60,078	68,698	44,038	60,157
Derivative liabilities		60,923	62,291	60,923	62,291
Taxation		-	14	-	-
Deferred tax liabilities		140	1,559	-	1,367
Subordinated obligations		245,000	245,000	245,000	245,000
Total liabilities		5,656,682	6,092,060	5,640,502	6,083,313
Share capital		263,646	263,646	263,646	263,646
Reserves		455,940	454,454	456,014	455,378
Total equity		719,586	718,100	719,660	719,024
Total liabilities and equity		6,376,268	6,810,160	6,360,162	6,802,337
Commitments and Contingencies	23	4,396,829	4,583,319	4,396,829	4,583,319

(The Unaudited Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Investment Bank for the financial year ended 31 December 2008).

**UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED INCOME STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2009**

	Note	Group		Bank	
		3 months ended	3 months ended	3 months ended	3 months ended
		31.03.2009	31.03.2008	31.03.2009	31.03.2008
		RM'000	RM'000	RM'000	RM'000
Interest income	16	68,728	81,251	68,602	81,091
Interest expense	17	(44,474)	(61,691)	(44,474)	(61,691)
Net interest income		24,254	19,560	24,128	19,400
Other operating income	18	26,067	53,770	19,653	48,907
		50,321	73,330	43,781	68,307
Other operating expenses	19	(32,306)	(36,317)	(25,591)	(31,405)
Operating profit before allowances		18,015	37,013	18,190	36,902
Allowances for losses on loans and other losses	20	(179)	(3,107)	(179)	(3,107)
Impairment loss	21	519	(3,635)	519	(3,635)
		18,355	30,271	18,530	30,160
Share of results of joint venture		143	-	-	-
Profit before taxation		18,498	30,271	18,530	30,160
Taxation		(4,568)	(8,222)	(4,633)	(7,842)
Net profit for the financial period		13,930	22,049	13,897	22,318
Basic earnings per share (sen)		5.3	6.5	5.3	6.6

(The Unaudited Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Investment Bank for the financial year ended 31 December 2008).

**UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2009**

Group	Share capital	Non-distributable		Distributable	Total	
	Statutory reserve	Revaluation reserve	Translation reserve	Retained profits		
	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2009	263,646	278,549	7,731	(1,542)	169,716	718,100
Currency translation differences	-	-	-	817	-	817
Unrealised net gain on revaluation of AFS securities	-	-	(16,604)	-	-	(16,604)
Net transfer to income statement on disposal or impairment of AFS securities	-	-	(1,078)	-	-	(1,078)
Deferred tax	-	-	4,421	-	-	4,421
Income and expense recognised directly in equity	-	-	(13,261)	817	-	(12,444)
Net profit for the financial period	-	-	-	-	13,930	13,930
Total recognised income and expenses for the financial period	-	-	(13,261)	817	13,930	1,486
Balance as at 31 March 2009	<u>263,646</u>	<u>278,549</u>	<u>(5,530)</u>	<u>(725)</u>	<u>183,646</u>	<u>719,586</u>
Balance as at 1 January 2008	338,646	278,549	8,113	(1,092)	72,474	696,690
Currency translation differences	-	-	-	(331)	-	(331)
Unrealised net gain on revaluation of AFS securities	-	-	(369)	-	-	(369)
Net transfer to income statement on disposal or impairment of AFS securities	-	-	(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 March 2008	<u>338,646</u>	<u>278,549</u>	<u>5,932</u>	<u>(1,423)</u>	<u>94,523</u>	<u>716,227</u>

(The Unaudited Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Investment Bank for the financial year ended 31 December 2008).

**UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2009
(CONTINUED)**

Bank	Share capital RM'000	Non-distributable		Distributable	Total RM'000
		Statutory reserve RM'000	Revaluation reserve RM'000	Retained profits RM'000	
Balance as at 1 January 2009	263,646	278,549	7,731	169,098	719,024
Unrealised net gain on revaluation of AFS securities	-	-	(16,604)	-	(16,604)
Net transfer to income statement on disposal or impairment of AFS securities	-	-	(1,078)	-	(1,078)
Deferred tax	-	-	4,421	-	4,421
Income and expense recognised directly in equity	-	-	(13,261)	-	(13,261)
Net profit for the financial period	-	-	-	13,897	13,897
Total recognised income and expenses for the financial period	-	-	(13,261)	13,897	636
Balance as at 31 March 2009	<u>263,646</u>	<u>278,549</u>	<u>(5,530)</u>	<u>182,995</u>	<u>719,660</u>
Balance as at 1 January 2008	338,646	278,549	8,113	69,442	694,750
Unrealised net gain on revaluation of AFS securities	-	-	(369)	-	(369)
Net transfer to income statement on disposal or impairment of AFS securities	-	-	(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 March 2008	<u>338,646</u>	<u>278,549</u>	<u>5,932</u>	<u>91,760</u>	<u>714,887</u>

(The Unaudited Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Investment Bank for the financial year ended 31 December 2008).

**UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED CASH FLOW STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2009**

	Group		Bank	
	3 months ended 31.03.2009 RM'000	3 months ended 31.03.2008 RM'000	3 months ended 31.03.2009 RM'000	3 months ended 31.03.2008 RM'000
Profit before taxation	18,498	30,271	18,530	30,160
Adjustments for items not involving movement of cash and cash equivalents	(20,977)	(5,697)	(21,009)	(6,675)
Operating profit before changes in working capital	(2,479)	24,574	(2,479)	23,485
Changes in working capital:				
Net changes in operating assets	609,800	461,986	607,686	459,305
Net changes in operating liabilities	(437,257)	(232,595)	(444,756)	(228,371)
	172,543	229,391	162,930	230,934
Tax paid	(7,687)	(14,612)	(7,507)	(14,035)
Tax recovered	2	3,542	-	3,542
Net cash generated from operating activities	162,379	242,895	152,944	243,926
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceed from sale of securities held-to-maturity (net)	483	14,947	483	14,947
Purchase of securities available-for-sale (net)	(429,484)	(150,664)	(429,484)	(150,744)
Interest received from security held-to-maturity	1,113	1,889	1,113	1,889
Interest received from securities available-for-sale	758	9,335	758	9,335
Property, plant and equipment:				
- purchase	(1,612)	(370)	(1,520)	(329)
- proceeds from disposal	2	1	1	1
Dividend income received	5	-	5	-
Net cash used in investing activities	(428,735)	(124,862)	(428,534)	(124,901)
Net change in cash and cash equivalents	(266,356)	118,033	(275,590)	119,025
Cash and cash equivalents at beginning of financial period	1,354,445	1,870,982	1,317,411	1,838,232
Effect of currency translation	(461)	-	-	-
Cash and cash equivalents at end of financial period	1,087,628	1,989,015	1,041,821	1,957,257
Analysis of cash and cash equivalents:				
Cash and short term funds	1,087,628	1,989,015	1,041,821	1,957,257

(The Unaudited Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Investment Bank for the financial year ended 31 December 2008).



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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2009**

1. Basis Of Preparation

The interim financial statements are unaudited and has been prepared in compliance with Financial Reporting Standard ('FRS') 134, 'Interim Financial Reporting' issued by the Malaysian Accounting Standards Board ('MASB') and should be read in conjunction with the audited financial statements of the Group and the Investment Bank for the last financial year ended 31 December 2008.

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

2. Audit Report

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

3. Seasonal or Cyclical Factors

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

4. Exceptional or Unusual Items

There were no exceptional or unusual items in the three months ended 31 March 2009.

5. Changes In Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the three months ended 31 March 2009.

6. Changes In Debt and Equity Securities

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

7. Dividends Paid

No dividend was paid by the Investment Bank during the three months ended 31 March 2009.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2009 (CONTINUED)**

8. Securities held-for-trading

	Group		Bank	
	Unaudited As at 31.03.2009 RM'000	Audited As at 31.12.2008 RM'000	Unaudited As at 31.03.2009 RM'000	Audited As at 31.12.2008 RM'000
At fair value				
Money market instruments:				
Khazanah bonds	-	11,367	-	11,367
Malaysian Government Investment Issue	-	47,695	-	47,695
Malaysian Government Securities	-	193,981	-	193,981
Bankers' acceptance	231,433	307,712	231,433	307,712
Negotiable certificates of deposit	429,734	829,367	429,734	829,367
Quoted securities:				
<u>In Malaysia</u>				
Unit trust	-	3,103	-	-
<u>Outside Malaysia</u>				
Shares	508	363	-	-
Unquoted securities:				
<u>In Malaysia</u>				
Private debt securities	190,302	1,261,512	190,302	1,261,512
	<u>851,977</u>	<u>2,655,100</u>	<u>851,469</u>	<u>2,651,634</u>

During the financial period, the Group and the Investment Bank have reclassified certain securities held-for-trading to securities available-for-sale category. These reclassification have been accounted for based on the amendment to revised BNM/GP8 Guidelines on September 2008, which is effective from 1 July 2008 until 31 December 2009.

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

	Group and Bank	
	Unaudited As at 31.03.2009 RM'000	Audited As at 31.12.2008 RM'000
At fair value		
Amount reclassified from securities: - held-for-trading to available-for-sale	<u>1,533,498</u>	<u>-</u>

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

	Group and Bank	
	Unaudited As at 31.03.2009 RM'000	Audited As at 31.12.2008 RM'000
Amount recognised to income statements - held-for- trading to available-for-sale	<u>-</u>	<u>46,289</u>

As at the date of reclassification, the effective interest rates on the reclassified securities held-for-trading, based on the new cost for the Group and the Investment Bank, ranged from 3.18% to 10.16% per annum (2008: nil), with expected recoverable cash flows for the Group and the Investment Bank approximating RM1,852 million (2008: nil).

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2009 (CONTINUED)

9. Securities available-for-sale

	Group		Bank	
	Unaudited As at 31.03.2009 RM'000	Audited As at 31.12.2008 RM'000	Unaudited As at 31.03.2009 RM'000	Audited As at 31.12.2008 RM'000
At fair value				
Money market instruments:				
Malaysian Government Investment Issue	124,117	64,497	124,117	64,497
Malaysian Government securities	673,021	266,995	673,021	266,995
Khazanah bonds	11,085	-	11,085	-
Quoted securities:				
<u>In Malaysia</u>				
Shares	29	72	29	72
Loan stocks	7,617	6,542	7,617	6,542
Warrants	695	695	695	695
Unquoted securities:				
<u>In Malaysia</u>				
Shares	2,200	2,200	2,200	2,200
Private debt securities	2,275,243	1,179,444	2,275,243	1,179,444
<u>Outside Malaysia</u>				
Loan stocks	2,542	2,432	-	-
	<u>3,096,549</u>	<u>1,522,877</u>	<u>3,094,007</u>	<u>1,520,445</u>

Included in the securities available-for-sale are transferred from securities held-for-trading in the 1st quarter of 2009, with carrying value of RM1,389 million and fair value of RM1,385 million as at 31 March 2009 (2008: nil).

10. Securities held-to-maturity

	Group and Bank	
	Unaudited As at 31.03.2009 RM'000	Audited As at 31.12.2008 RM'000
At amortised cost		
Money market instruments:		
Malaysian Government securities	44,559	44,529
Unquoted securities:		
<u>In Malaysia</u>		
Shares	2,200	2,200
Bonds	23	23
Prasarana bonds	98,933	98,852
Private debt securities	155,476	156,466
	<u>301,191</u>	<u>302,070</u>
Accumulated Impairment losses	(78,898)	(79,417)
	<u>222,293</u>	<u>222,653</u>

Included in unquoted shares is RM1,000,000 (2008: RM1,000,000) of a third party redeemable preference shares with a nominal value of RM1.00 each which were charged to a third party as part of a financing facilitated by the Group and the Investment Bank.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2009 (CONTINUED)**

11. Loans and advances

	Group and Bank	
	Unaudited As at 31.03.2009 RM'000	Audited As at 31.12.2008 RM'000
Term loans	243,171	248,616
Share margin financing	55,132	62,544
Claims on customers under acceptance credits	-	10
Revolving credit	250,378	206,176
Staff loans	4,000	4,103
Gross loans and advances	<u>552,681</u>	<u>521,449</u>
Allowance for bad and doubtful debts		
- Specific	(43,955)	(44,909)
- General	(8,953)	(8,296)
Net loans and advances	<u>499,773</u>	<u>468,244</u>

(a) Loans and advances analysed by type of customers are as follows:

Domestic non-bank financial institution	142,313	95,173
Domestic business enterprises		
- others	359,666	373,793
Individuals	49,811	51,622
Foreign entities	891	861
	<u>552,681</u>	<u>521,449</u>

(b) Loans and advances analysed by type of interest rate sensitivity are as follows:

Fixed rate		
- other fixed rate loan	59,148	66,664
Variable rate		
- cost plus	493,533	454,785
	<u>552,681</u>	<u>521,449</u>

(c) Loans and advances analysed by purpose are as follows:

Purchase of securities	110,736	118,236
Purchase of transport vehicles	960	1,150
Purchase of landed property:		
- residential	3,038	2,949
- non-residential	2,663	2,868
Purchase of property, plant and equipment other than land and building	2,750	3,482
Personal use	2	5
Construction	109,376	110,109
Working capital	150,109	155,080
Others	173,047	127,570
	<u>552,681</u>	<u>521,449</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2009 (CONTINUED)

11. Loans and advances (continued)

(d) Non-performing loans and advances analysed by purpose are as follows:

	Group and Bank	
	Unaudited As at 31.03.2009 RM'000	Audited As at 31.12.2008 RM'000
Purchase of securities	33,344	33,568
Purchase of landed property:		
- residential	294	294
- non-residential	1,365	1,365
Purchase of property, plant and equipment other than land and building	2,750	-
Construction	1,193	1,214
Working capital	29,984	29,984
	68,930	66,425

(e) Movements in non-performing loans and advances are as follows:

Balance as at the beginning of the financial period/year	66,425	123,582
Classified as non-performing during the period/year	3,150	3,396
Reclassified as performing during the financial year	-	(48,960)
Amount recovered	(645)	(5,085)
Amount written off	-	(6,508)
Balance as at the end of financial period/year	68,930	66,425
Specific allowance	(43,955)	(44,909)
Net non-performing loans and advances	24,975	21,516
Ratio of net non-performing loans and advances as % of gross loans and advances, less specific allowance	4.91%	4.52%

(f) Movements in allowance for bad and doubtful debts

General allowance		
Balance as at the beginning of the financial period/year	8,296	15,005
Allowance made/(write-back) during the period/year	657	(6,709)
Balance as at the end of the financial period/year	8,953	8,296
% of total gross loans and advances less specific allowance	1.76%	1.74%
Specific allowance		
Balance as at the beginning of the financial period/year	44,909	49,463
Allowance (write-back)/made during the period/year	(56)	3,730
Amount recovered	(898)	(1,776)
Amount written off	-	(6,508)
Balance as at the end of the financial period/year	43,955	44,909

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2009 (CONTINUED)**

12. Other Assets

	Group		Bank	
	Unaudited As at 31.03.2009 RM'000	Audited As at 31.12.2008 RM'000	Unaudited As at 31.03.2009 RM'000	Audited As at 31.12.2008 RM'000
Amounts due from immediate holding company	21	-	21	-
Amounts due from subsidiaries	-	-	1,642	1,061
Amounts due from related companies	6,454	4,482	2,709	274
Other debtors, deposits and prepayments	32,270	27,337	26,933	21,520
Accrued interest receivable	48,660	35,756	48,660	35,756
Manager's stock	3,185	-	-	-
	90,590	67,575	79,965	58,611

The other debtors, deposits and prepayments balances of the Group and the Investment Bank are stated net of allowance for bad and doubtful debts of RM1,102,000 (2008: RM555,000)

13. Deposits from customers

(i) By type of deposit

	Group and Bank	
	Unaudited As at 31.03.2009 RM'000	Audited As at 31.12.2008 RM'000
Call money	21,409	30,670
Fixed deposits	2,381,019	1,962,047
Short term deposits	702,263	1,113,770
	3,104,691	3,106,487

(ii) By type of customers

Federal Government and statutory bodies	420,100	420,000
Business enterprises	2,684,591	2,685,987
Others	-	500
	3,104,691	3,106,487

14. Deposits and placements of banks and other financial institutions

	Group and Bank	
	Unaudited As at 31.03.2009 RM'000	Audited As at 31.12.2008 RM'000
Licensed banks	107,332	24,187
Other financial institutions	1,759,278	2,294,771
	1,866,610	2,318,958

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2009 (CONTINUED)

15. Other Liabilities

	Group		Bank	
	Unaudited As at 31.03.2009 RM'000	Audited As at 31.12.2008 RM'000	Unaudited As at 31.03.2009 RM'000	Audited As at 31.12.2008 RM'000
Accrued interest payable	21,633	19,843	21,633	19,843
Amount due to related companies	754	433	665	340
Amount due to immediate holding company	691	769	-	62
Amount due to subsidiaries	-	-	-	1,213
Amount payable for creation of units due to funds	10,121	298	-	-
Amount payable for redemption units	1,052	503	-	-
Remisiers' trust deposits	7,840	8,886	7,840	8,886
Accrued personnel costs	5,213	22,076	4,165	17,961
Other accruals and payables	12,774	15,890	9,735	11,852
	60,078	68,698	44,038	60,157

16. Interest income

	Group		Bank	
	3 months ended 31.03.2009 RM'000	3 months ended 31.03.2008 RM'000	3 months ended 31.03.2009 RM'000	3 months ended 31.03.2008 RM'000
Loans and advances				
- interest income other than recoveries from NPLs	6,314	13,193	6,314	13,193
- recoveries from NPLs	1,025	132	1,025	132
Money at call and deposit placements with banks and other financial institutions	7,308	21,958	7,182	21,798
Securities held-for-trading	22,372	30,273	22,372	30,273
Securities available-for-sale	27,023	8,705	27,023	8,705
Securities held-to-maturity	1,608	2,173	1,608	2,173
Others	3,297	1,597	3,297	1,597
	68,947	78,031	68,821	77,871
Amortisation of premium less accretion of discount	(181)	3,294	(181)	3,294
Interest suspended clawback	(38)	(74)	(38)	(74)
	68,728	81,251	68,602	81,091

17. Interest expense

	Group and Bank	
	3 months ended 31.03.2009 RM'000	3 months ended 31.03.2008 RM'000
Deposits and placements from banks and other financial institutions	15,892	25,815
Deposits from customers	22,418	32,208
Subordinated bonds	3,224	2,643
Others	2,940	1,025
	44,474	61,691

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2009 (CONTINUED)**

18. Other operating income

	Group		Bank	
	3 months ended 31.03.2009 RM'000	3 months ended 31.03.2008 RM'000	3 months ended 31.03.2009 RM'000	3 months ended 31.03.2008 RM'000
(a) Fee income				
Brokerage	8,807	24,055	8,807	24,055
Fund management fees	4,010	4,262	-	-
Fee on loans and advances	491	617	491	617
Corporate advisory fees	2,150	4,710	2,150	4,710
Guarantee fees	728	544	728	544
Underwriting fees	4,930	397	4,930	397
Unit trust fee income	591	1,297	-	-
Other fee income	6,434	10,858	4,726	10,807
	<u>28,141</u>	<u>46,740</u>	<u>21,832</u>	<u>41,130</u>
(b) Gain/(loss) arising from sale/redemption of securities and derivatives				
Net gain from sale of				
- securities held-for-trading	7,362	7,893	7,362	7,903
- securities available-for-sale	1,078	2,578	1,078	2,578
Net (loss)/gain from redemption of				
- securities held-to-maturity	(58)	774	(58)	774
Derivatives	(1,791)	(496)	(1,791)	(496)
	<u>6,591</u>	<u>10,749</u>	<u>6,591</u>	<u>10,759</u>
(c) Unrealised gain/(loss) on revaluation of				
- securities held-for-trading	(4,152)	1,685	(4,281)	2,446
- derivatives	(3,312)	(4,874)	(3,312)	(4,874)
	<u>(7,464)</u>	<u>(3,189)</u>	<u>(7,593)</u>	<u>(2,428)</u>
(d) Gross dividend income from				
- securities held-for-trading	6	105	6	105
- securities available-for-sale	-	97	-	97
	<u>6</u>	<u>202</u>	<u>6</u>	<u>202</u>
(e) Other income				
Foreign exchange loss	(1,272)	(1,074)	(1,247)	(1,098)
Gain on disposal of property, plant and equipment	4	-	3	-
Others	61	342	61	342
	<u>(1,207)</u>	<u>(732)</u>	<u>(1,183)</u>	<u>(756)</u>
	<u>26,067</u>	<u>53,770</u>	<u>19,653</u>	<u>48,907</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2009 (CONTINUED)

19. Other operating expenses

	Group		Bank	
	3 months ended 31.03.2009 RM'000	3 months ended 31.03.2008 RM'000	3 months ended 31.03.2009 RM'000	3 months ended 31.03.2008 RM'000
<u>Personnel costs</u>				
Salaries, bonus and allowances	16,069	16,858	12,096	13,552
Defined contribution plan	2,521	2,596	1,897	2,072
Other staff related costs	1,478	2,999	1,443	2,748
	<u>20,068</u>	<u>22,453</u>	<u>15,436</u>	<u>18,372</u>
<u>Establishment costs</u>				
Depreciation	1,232	1,902	1,057	1,685
Rental of premises	2,347	2,241	1,944	1,862
Information technology expenses	947	877	846	727
Others	966	1,989	856	1,923
	<u>5,492</u>	<u>7,009</u>	<u>4,703</u>	<u>6,197</u>
<u>Marketing expenses</u>				
Sales commission	486	812	-	-
Advertisement and publicity	418	121	369	88
Others	1,169	3,010	1,063	2,925
	<u>2,073</u>	<u>3,943</u>	<u>1,432</u>	<u>3,013</u>
<u>Administration and general expenses</u>				
Communication expenses	1,527	1,316	1,402	1,213
Legal and professional fees	343	246	257	334
Others	2,803	1,350	2,361	2,276
	<u>4,673</u>	<u>2,912</u>	<u>4,020</u>	<u>3,823</u>
	<u>32,306</u>	<u>36,317</u>	<u>25,591</u>	<u>31,405</u>

20. Allowance for losses on loans and other losses

	Group and Bank	
	3 months ended 31.03.2009 RM'000	3 months ended 31.03.2008 RM'000
Allowance for losses on loans		
Specific allowance		
- (reversal)/made during the financial period	(56)	5,000
- written back	(898)	(426)
	<u>(954)</u>	<u>4,574</u>
General allowance made/(write-back) during the financial period	657	(2,861)
Allowance for losses on clients' and brokers' balances		
Specific allowance		
- (reversal)/made during the financial period	(74)	1,372
General allowance made/(write-back) during the financial period	25	(27)
Bad debts		
- Recovered	(22)	(86)
Specific allowance made for other debtors	547	135
	<u>179</u>	<u>3,107</u>



NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2009 (CONTINUED)

21. Impairment loss

	Group and Bank	
	3 months ended 31.03.2009	3 months ended 31.03.2008
	RM'000	RM'000
(Reversal)/charge for the financial period		
- Securities held-to-maturity	(519)	3,635

22. Capital adequacy

The capital adequacy ratios of the Investment Bank are computed in accordance with Bank Negara Malaysia's revised Risk-Weighted Capital Adequacy Framework: Standardised Approach for Credit and Market Risk, and Basic Indicator Approach for Operational Risk (Basel II).

The capital adequacy ratios of the Investment Bank are as follows:

	Bank	
	Unaudited As at 31.03.2009	Audited As at 31.12.2008
	RM'000	RM'000
Tier I capital		
Paid-up share capital	263,646	263,646
Statutory reserve	278,549	278,549
Retained profits	169,098	169,098
	711,293	711,293
Deferred tax assets	(1,210)	(1,210)
Goodwill	(159,280)	(159,280)
Total Tier I capital	550,803	550,803
Tier II capital		
General allowance for bad and doubtful debts	9,124	8,442
Subordinated bonds	245,000	245,000
Total Tier II capital	254,124	253,442
Total capital	804,927	804,245
Less: Investment in subsidiaries	(58,270)	(58,270)
Investment in joint venture	(27,399)	(27,399)
Total capital base	719,258	718,576
Before deducting proposed dividends		
Core capital ratio	24.93%	19.25%
Risk-weighted capital adequacy ratio	32.55%	25.12%
After deducting proposed dividends		
Core capital ratio	22.19%	17.14%
Risk-weighted capital adequacy ratio	29.81%	23.00%

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2009 (CONTINUED)**

23. 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. No material losses are anticipated as a result of these transactions.

	Group and Bank					
	Unaudited As at 31.03.2009			Audited As at 31.12.2008		
	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 substitutions	142,459	142,459	48,311	162,267	162,267	68,277
Transaction-related contingent items	141,200	70,600	8,698	140,913	70,457	8,585
Other assets sold with recourse	21,903	21,903	5,374	18,792	18,792	3,758
Forward asset purchases	19,854	19,854	3,971	22,752	22,752	4,550
Obligations under an on-going underwriting agreements	88,660	44,330	15,745	116,660	58,330	23,195
Foreign exchange-related contracts:						
- less than one year	1,094	-	-	-	-	-
Interest rate related contracts:						
- less than one year	1,008,000	1,760	352	1,000,000	1,725	345
- one to less than five years	2,375,000	101,217	20,243	2,420,000	100,643	20,129
- five years and above	280,000	24,829	4,966	280,000	26,895	5,379
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	150,483	75,242	75,147	200,684	100,342	100,200
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	48,770	9,754	9,754	221,251	44,250	43,169
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provides for automatic cancellation due to deterioration in a borrower's creditworthiness	119,406	-	-	-	-	-
	4,396,829	511,948	192,561	4,583,319	606,453	277,587

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2009 (CONTINUED)

24. Interest rate risk

	Group								Effective interest rate
	31.03.2009								
	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	1,021,066	-	-	-	-	66,562	-	1,087,628	1.98
Deposits and placements with financial institutions	-	-	120	-	-	-	-	120	3.70
Securities held-for-trading	-	-	-	-	-	508	851,469	851,977	3.72
Securities available-for-sale	-	25,057	198,139	943,222	1,908,976	21,155	-	3,096,549	5.55
Securities held-to-maturity	-	297	126,515	152,370	19,786	(76,675)	-	222,293	6.33
Loans and advances									
- performing	421,899	57,852	-	962	3,038	-	-	483,751	5.56
- non-performing	-	-	-	-	-	16,022	-	16,022	-
Clients' and brokers' balances	81,386	-	-	-	-	135,076	-	216,462	0.95
Other assets	1,896	-	33	137	316	88,208	-	90,590	1.60
Derivative assets	-	-	-	-	-	-	45,858	45,858	-
Tax recoverable	-	-	-	-	-	27,678	-	27,678	-
Deferred tax assets	-	-	-	-	-	3,107	-	3,107	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	22,861	-	22,861	-
Investments in joint venture	-	-	-	-	-	26,953	-	26,953	-
Property, plant and equipment	-	-	-	-	-	11,575	-	11,575	-
Goodwill	-	-	-	-	-	172,844	-	172,844	-
Total assets	1,526,247	83,206	324,807	1,096,691	1,932,116	515,874	897,327	6,376,268	
Liabilities									
Deposits from customers	1,928,972	600,965	574,754	-	-	-	-	3,104,691	2.30
Deposits and placements of banks and other financial institutions	1,624,166	76,345	162,968	3,131	-	-	-	1,866,610	2.27
Clients' and brokers' balances	-	-	-	-	-	319,240	-	319,240	-
Other liabilities	-	-	-	-	-	60,078	-	60,078	-
Derivative liabilities	-	-	-	-	-	-	60,923	60,923	-
Taxation	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	140	-	140	-
Subordinated obligations	-	-	-	245,000	-	-	-	245,000	5.34
Total liabilities	3,553,138	677,310	737,722	248,131	-	379,458	60,923	5,656,682	
Total Equity	-	-	-	-	-	719,586	-	719,586	
Total liabilities and equity	3,553,138	677,310	737,722	248,131	-	1,099,044	60,923	6,376,268	
On-balance sheet interest sensitivity gap	(2,026,891)	(594,104)	(412,915)	848,560	1,932,116				
Off-balance sheet interest sensitivity gap	5,000	(260,000)	15,000	(717,000)	(750,000)				
Net interest rate gap	(2,021,891)	(854,104)	(397,915)	131,560	1,182,116				

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2009 (CONTINUED)**

24. Interest rate risk (continued)

	Group								Effective interest rate %
	31.12.2008								
	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	1,326,350	-	-	-	-	28,095	-	1,354,445	3.23
Deposits and placements with financial institutions	-	-	120	-	-	-	-	120	3.70
Securities held-for-trading	-	-	-	-	-	11,538	2,643,562	2,655,100	4.46
Securities available-for-sale	-	9,941	71,179	336,524	1,093,291	11,942	-	1,522,877	5.49
Securities held-to-maturity	-	-	126,808	153,259	19,781	(77,195)	-	222,653	6.30
Loans and advances									
- performing	291,299	159,622	-	1,155	2,948	-	-	455,024	6.82
- non-performing	-	-	-	-	-	13,220	-	13,220	-
Clients' and brokers' balances	87,944	-	-	-	-	87,359	-	175,303	2.21
Other assets	1,895	-	34	147	336	65,163	-	67,575	2.61
Derivative assets	-	-	-	-	-	-	50,538	50,538	-
Tax recoverable	-	-	-	-	-	24,625	-	24,625	-
Deferred tax assets	-	-	-	-	-	54	-	54	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	58,236	-	58,236	-
Investments in joint venture	-	-	-	-	-	26,349	-	26,349	-
Property, plant and equipment	-	-	-	-	-	11,197	-	11,197	-
Goodwill	-	-	-	-	-	172,844	-	172,844	-
Total assets	1,707,488	169,563	198,141	491,085	1,116,356	433,427	2,694,100	6,810,160	
Liabilities									
Deposits from customers	2,295,884	531,655	278,948	-	-	-	-	3,106,487	3.40
Deposits and placements of banks and other financial institutions	1,752,873	285,798	277,156	3,131	-	-	-	2,318,958	3.44
Clients' and brokers' balances	-	-	-	-	-	289,053	-	289,053	-
Other liabilities	-	-	-	-	-	68,698	-	68,698	-
Derivative liabilities	-	-	-	-	-	-	62,291	62,291	-
Taxation	-	-	-	-	-	14	-	14	-
Deferred tax liabilities	-	-	-	-	-	1,559	-	1,559	-
Subordinated obligations	-	-	-	245,000	-	-	-	245,000	5.34
Total liabilities	4,048,757	817,453	556,104	248,131	-	359,324	62,291	6,092,060	
Total Equity	-	-	-	-	-	718,100	-	718,100	
Total liabilities and equity	4,048,757	817,453	556,104	248,131	-	1,077,424	62,291	6,810,160	
On-balance sheet interest sensitivity gap									
On-balance sheet interest sensitivity gap	(2,341,269)	(647,890)	(357,963)	242,954	1,116,356	-	-	-	-
Off-balance sheet interest sensitivity gap									
Off-balance sheet interest sensitivity gap	(155,000)	(255,000)	(740,000)	(990,000)	-	-	-	-	-
Net interest rate gap	(2,496,269)	(902,890)	(1,097,963)	(747,046)	1,116,356	-	-	-	-

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2009 (CONTINUED)

24. Interest rate risk (continued)

	Bank								Effective interest rate %
	31.03.2009								
	Non-trading book						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	Non-interest sensitive RM'000				
Assets									
Cash and short term funds	996,841	-	-	-	-	44,980	-	1,041,821	2.01
Deposits and placements with financial institutions	-	-	120	-	-	-	-	120	3.70
Securities held-for-trading	-	-	-	-	-	-	851,469	851,469	3.72
Securities available-for-sale	-	25,057	198,139	943,222	1,908,976	18,613	-	3,094,007	5.55
Securities held-to-maturity	-	297	126,515	152,370	19,786	(76,675)	-	222,293	6.33
Loans and advances - performing	421,899	57,852	-	962	3,038	-	-	483,751	5.56
- non-performing	-	-	-	-	-	16,022	-	16,022	-
Clients' and brokers' balances	81,386	-	-	-	-	135,076	-	216,462	0.95
Other assets	1,896	-	-	-	-	78,069	-	79,965	0.95
Derivative assets	-	-	-	-	-	-	45,858	45,858	-
Tax recoverable	-	-	-	-	-	27,979	-	27,979	-
Deferred tax assets	-	-	-	-	-	3,053	-	3,053	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	22,861	-	22,861	-
Investments in subsidiaries	-	-	-	-	-	58,270	-	58,270	-
Investments in joint venture	-	-	-	-	-	27,399	-	27,399	-
Property, plant and equipment	-	-	-	-	-	9,552	-	9,552	-
Goodwill	-	-	-	-	-	159,280	-	159,280	-
Total assets	1,502,022	83,206	324,774	1,096,554	1,931,800	524,479	897,327	6,360,162	
Liabilities									
Deposits from customers	1,928,972	600,965	574,754	-	-	-	-	3,104,691	2.30
Deposits and placements of banks and other financial institutions	1,624,166	76,345	162,968	3,131	-	-	-	1,866,610	2.27
Clients' and brokers' balances	-	-	-	-	-	319,240	-	319,240	-
Other liabilities	-	-	-	-	-	44,038	-	44,038	-
Derivative liabilities	-	-	-	-	-	-	60,923	60,923	-
Taxation	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-
Subordinated obligations	-	-	-	245,000	-	-	-	245,000	5.34
Total liabilities	3,553,138	677,310	737,722	248,131	-	363,278	60,923	5,640,502	
Total Equity	-	-	-	-	-	719,660	-	719,660	
Total liabilities and equity	3,553,138	677,310	737,722	248,131	-	1,082,938	60,923	6,360,162	
On-balance sheet interest sensitivity gap									
Off-balance sheet interest sensitivity gap	(2,051,116)	(594,104)	(412,948)	848,423	1,931,800				
On-balance sheet interest sensitivity gap	5,000	(260,000)	15,000	(717,000)	(750,000)				
Net interest rate gap	(2,046,116)	(854,104)	(397,948)	131,423	1,181,800				

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
 FOR THE THREE MONTHS ENDED 31 MARCH 2009 (CONTINUED)**
24. Interest rate risk (continued)

	Bank						Trading book RM'000	Total RM'000	Effective interest rate %
	31.12.2008								
	Non-trading book					Non- interest sensitive 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	1,299,345	-	-	-	-	18,066	-	1,317,411	3.27
Deposits and placements with financial institutions	-	-	120	-	-	-	-	120	3.70
Securities held-for-trading	-	-	-	-	-	8,072	2,643,562	2,651,634	4.46
Securities available-for-sale	-	9,941	71,179	336,524	1,093,291	9,510	-	1,520,445	5.49
Securities held-to-maturity	-	-	126,808	153,259	19,781	(77,195)	-	222,653	6.30
Loans and advances									
- performing	291,299	159,622	-	1,155	2,948	-	-	455,024	6.82
- non-performing	-	-	-	-	-	13,220	-	13,220	-
Clients' and brokers' balances	87,944	-	-	-	-	87,359	-	175,303	2.21
Other assets	1,895	-	-	-	-	56,716	-	58,611	2.21
Derivative assets	-	-	-	-	-	-	50,538	50,538	-
Tax recoverable	-	-	-	-	-	25,103	-	25,103	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	58,236	-	58,236	-
Investments in subsidiaries	-	-	-	-	-	58,270	-	58,270	-
Investments in joint venture	-	-	-	-	-	27,399	-	27,399	-
Property, plant and equipment	-	-	-	-	-	9,090	-	9,090	-
Goodwill	-	-	-	-	-	159,280	-	159,280	-
Total assets	1,680,483	169,563	198,107	490,938	1,116,020	453,126	2,694,100	6,802,337	
Liabilities									
Deposits from customers	2,295,884	531,655	278,948	-	-	-	-	3,106,487	3.40
Deposits and placements of banks and other financial institutions	1,752,873	285,798	277,156	3,131	-	-	-	2,318,958	3.44
Clients' and brokers' balances	-	-	-	-	-	289,053	-	289,053	-
Other liabilities	-	-	-	-	-	60,157	-	60,157	-
Derivative liabilities	-	-	-	-	-	-	62,291	62,291	-
Deferred tax liabilities	-	-	-	-	-	1,367	-	1,367	-
Subordinated bonds	-	-	-	245,000	-	-	-	245,000	5.34
Total liabilities	4,048,757	817,453	556,104	248,131	-	350,577	62,291	6,083,313	
Total Equity	-	-	-	-	-	719,024	-	719,024	
Total liabilities and equity	4,048,757	817,453	556,104	248,131	-	1,069,601	62,291	6,802,337	
On-balance sheet interest sensitivity gap	(2,368,274)	(647,890)	(357,997)	242,807	1,116,020				
Off-balance sheet interest sensitivity gap	(115,000)	(255,000)	(740,000)	(990,000)	-				
Net interest rate gap	(2,523,274)	(902,890)	(1,097,997)	(747,193)	1,116,020				



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

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2009 (CONTINUED)**

25. Review of the performance

The Group's pre-tax profit for the three months period ended 31 March 2009 was RM18.5 million compared to RM30.3 million for the corresponding period ended 31 March 2008.

The Group's pre-tax profit for the current period was lower due mainly to lower other operating income. Brokerage income for the current period was lower by RM15.2 million due to the lower average volume traded at the equity market. In the debt capital market, the Group registered a net loss of RM0.9 million for the current period compared to a net profit of RM7.8 million for the corresponding period on sales and revaluation of securities and derivatives. However, the above were partly offset by a higher net interest income, lower other operating expenses, allowances for losses on loans and other losses, and impairment loss.

The Group's pre-tax profit for the current period was also lower compared to the preceding period ended 31 December 2008 of RM34.7 million. The Group registered a net profit of RM24.6 million on sales and revaluation of securities and derivatives and a net write-back of RM12.1 million for allowances and losses on loans and other losses in the preceding period compared to a net loss of RM0.9 million and a net allowance of RM0.2 million for the current period.

The Investment Bank's main subsidiary, RHB Investment Management Sdn Bhd, recorded current three months pre-tax loss of RM0.4 million (31.03.2008: pre-tax profit of RM0.7 million).

26. Prospects for the current financial year ending 31 December 2009

Due to the slowing economy, the Group expects the capital market to continue to be inactive. With proactive measures undertaken by the Government and the Bank Negara Malaysia in the form of stimulus packages and reductions in interest rates, the Investment Bank is optimistic that there will be continued demand for investment banking product and services, albeit at a slower rate. There will also be an increased level of competition amongst the investment banks as market players demand for lower cost in raising funds and improved levels of services.

The Investment Bank will continue to employ its expertise and strength in the equity and bond market to capture headline deals, which will in turn further enhance market presence. The Investment Bank is also committed towards enhancing a greater Return on Equity by focusing on activities that generate greater margins whilst exercising prudent cost management.

Barring any unforeseen circumstances, the Group expects to achieve a satisfactory performance in 2009 despite challenging market conditions.