

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED BALANCE SHEETS AS AT 30 SEPTEMBER 2009

Note	Group		Bank	
	Unaudited	Audited	Unaudited	Audited
	As at 30.09.2009 RM'000	As at 31.12.2008 RM'000	As at 30.09.2009 RM'000	As at 31.12.2008 RM'000
ASSETS				
Cash and short-term funds	897,235	1,354,445	853,526	1,317,411
Deposits and placements with banks and other financial institutions	100,120	120	100,120	120
Securities held-for-trading	8 784,633	2,655,100	782,833	2,651,634
Securities available-for-sale	9 2,775,749	1,522,877	2,773,316	1,520,445
Securities held-to-maturity	10 207,270	222,653	207,270	222,653
Loans and advances	11 478,434	468,244	478,434	468,244
Clients' and brokers' balances	288,978	175,303	288,978	175,303
Other assets	13 68,159	67,575	59,501	58,611
Derivative assets	29,765	50,538	29,765	50,538
Tax recoverable	7,505	24,625	7,401	25,103
Deferred tax assets	5,585	54	5,531	-
Statutory deposit with Bank Negara Malaysia	30,091	58,236	30,091	58,236
Investments in subsidiaries	-	-	58,270	58,270
Investments in joint venture	26,446	26,349	27,399	27,399
Property, plant and equipment	13,116	11,197	11,085	9,090
Goodwill	172,844	172,844	159,280	159,280
TOTAL ASSETS	5,885,930	6,810,160	5,872,800	6,802,337
LIABILITIES AND EQUITY				
Deposits from customers	14 2,650,811	3,106,487	2,650,811	3,106,487
Deposits and placements of banks and other financial institutions	15 1,782,557	2,318,958	1,782,557	2,318,958
Clients' and brokers' balances	399,557	289,053	399,557	289,053
Other liabilities	16 58,719	68,698	45,921	60,157
Derivative liabilities	40,278	62,291	40,278	62,291
Taxation	19	14	-	-
Deferred tax liabilities	140	1,559	-	1,367
Subordinated obligations	245,000	245,000	245,000	245,000
TOTAL LIABILITIES	5,177,081	6,092,060	5,164,124	6,083,313
Ordinary share capital	263,646	263,646	263,646	263,646
Reserves	445,203	454,454	445,030	455,378
TOTAL EQUITY	708,849	718,100	708,676	719,024
TOTAL LIABILITIES AND EQUITY	5,885,930	6,810,160	5,872,800	6,802,337
COMMITMENTS AND CONTINGENCIES	24 3,859,015	4,583,319	3,859,015	4,583,319

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

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED INCOME STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

<u>Group</u>	<u>Note</u>	<u>Individual Quarter</u>		<u>Cumulative Nine Months</u>	
		<u>Current</u>	<u>Preceding</u>	<u>Current</u>	<u>Preceding</u>
		<u>Financial</u>	<u>Corresponding</u>	<u>Financial</u>	<u>Corresponding</u>
		<u>Quarter Ended</u>	<u>Quarter Ended</u>	<u>Nine Months Ended</u>	<u>Nine Months Ended</u>
		<u>30.09.2009</u>	<u>30.09.2008</u>	<u>30.09.2009</u>	<u>30.09.2008</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Interest income	17	61,523	75,832	193,417	234,439
Interest expense	18	(35,050)	(57,076)	(113,148)	(179,618)
Net interest income		26,473	18,756	80,269	54,821
Other operating income	19	46,523	33,634	116,180	128,181
		72,996	52,390	196,449	183,002
Other operating expenses	20	(36,458)	(31,787)	(101,787)	(110,987)
Operating profit before allowances		36,538	20,603	94,662	72,015
Allowance for losses on loans and other losses	21	238	22,112	397	27,096
Impairment losses	22	-	-	519	-
		36,776	42,715	95,578	99,111
Share of results of joint venture		106	-	358	-
Profit before taxation		36,882	42,715	95,936	99,111
Taxation		(9,044)	(11,077)	(23,715)	(27,463)
Net profit for the financial period		27,838	31,638	72,221	71,648
Earnings per share					
- basic		10.6	12.0	27.4	24.8

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

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED INCOME STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

	Note	Individual Quarter		Cumulative Nine Months	
		Current Financial Quarter Ended 30.09.2009 RM'000	Preceding Corresponding Quarter Ended 30.09.2008 RM'000	Current Financial Nine Months Ended 30.09.2009 RM'000	Preceding Corresponding Nine Months Ended 30.09.2008 RM'000
Bank					
Interest income	17	61,385	75,632	193,001	233,896
Interest expense	18	(35,050)	(57,076)	(113,148)	(179,618)
Net interest income		26,335	18,556	79,853	54,278
Other operating income	19	39,872	26,497	96,644	107,208
Other operating expenses	20	66,207	45,053	176,497	161,486
		(30,656)	(23,515)	(82,941)	(88,542)
Operating profit before allowances		35,551	21,538	93,556	72,944
Allowance for losses on loans and other losses	21	238	22,112	397	27,096
Impairment losses	22	-	-	519	-
Profit before taxation		35,789	43,650	94,472	100,040
Taxation		(8,947)	(11,151)	(23,618)	(27,041)
Net profit for the financial period		26,842	32,499	70,854	72,999
Earnings per share - basic		10.2	12.3	26.9	25.2

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

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

Group	← Attributable to equity holder of the Bank →					Total
	Share capital	Statutory reserves	AFS reserves	Translation reserves	Retained profits	
	RM'000	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	-	-	-	(270)	-	(270)
Unrealised net loss on revaluation of securities available-for-sale ('AFS')	-	-	(23,317)	-	-	(23,317)
Net transfer to income statement on disposal or impairment of securities AFS	-	-	(4,276)	-	-	(4,276)
Deferred tax	-	-	6,898	-	-	6,898
Income and expenses recognised directly in equity	-	-	(20,695)	(270)	-	(20,965)
Net profit for the financial period	-	-	-	-	72,221	72,221
Total recognised income and expenses for the financial period	-	-	(20,695)	(270)	72,221	51,256
Ordinary dividend	-	-	-	-	(60,507)	(60,507)
Balance as at 30 September 2009	263,646	278,549	(12,964)	(1,812)	181,430	708,849
Balance as at 1 January 2008	338,646	278,549	8,113	(1,092)	72,474	696,690
Currency translation differences	-	-	-	226	-	226
Unrealised net loss on revaluation of securities AFS	-	-	(27,501)	-	-	(27,501)
Net transfer to income statement on disposal or impairment of securities AFS	-	-	(8,801)	-	-	(8,801)
Deferred tax	-	-	9,438	-	-	9,438
Income and expenses recognised directly in equity	-	-	(26,864)	226	-	(26,638)
Net profit for the financial period	-	-	-	-	71,648	71,648
Total recognised income and expenses for the financial period	-	-	(26,864)	226	71,648	45,010
Capital repayment	(75,000)	-	-	-	-	(75,000)
Balance as at 30 September 2008	263,646	278,549	(18,751)	(866)	144,122	666,700

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

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

Bank	← Non-distributable →		Distributable		Total
	Share capital	Statutory reserves	AFS reserves	Retained profits	
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2009	263,646	278,549	7,731	169,098	719,024
Unrealised net loss on revaluation of securities AFS	-	-	(23,317)	-	(23,317)
Net transfer to income statement on disposal or impairment of securities AFS	-	-	(4,276)	-	(4,276)
Deferred tax	-	-	6,898	-	6,898
Income and expenses recognised directly in equity	-	-	(20,695)	-	(20,695)
Net profit for the financial period	-	-	-	70,854	70,854
Total recognised income and expenses for the financial period	-	-	(20,695)	70,854	50,159
Ordinary dividend	-	-	-	(60,507)	(60,507)
Balance as at 30 September 2009	263,646	278,549	(12,964)	179,445	708,676
Balance as at 1 January 2008	338,646	278,549	8,113	69,442	694,750
Unrealised net gain on revaluation of securities AFS	-	-	(27,501)	-	(27,501)
Net transfer to income statement on disposal or impairment of securities AFS	-	-	(8,801)	-	(8,801)
Deferred tax	-	-	9,438	-	9,438
Income and expenses recognised directly in equity	-	-	(26,864)	-	(26,864)
Net profit for the financial period	-	-	-	72,998	72,998
Total recognised income and expenses for the financial period	-	-	(26,864)	72,998	46,134
Capital repayment	(75,000)	-	-	-	(75,000)
Balance as at 30 September 2008	263,646	278,549	(18,751)	142,440	665,884

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

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED CASH FLOW STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

	Nine months ended	
	30.09.2009	30.09.2008
	RM '000	RM '000
Group		
Profit before taxation	95,936	99,111
Adjustment for items not involving movement of cash and cash equivalent	(106,061)	(63,893)
Operating profit before working capital changes	(10,125)	35,218
Net changes in operating assets	550,613	1,901,297
Net changes in operating liabilities	(913,565)	(2,178,238)
Cash used in operations	(362,952)	(276,941)
Tax paid	(24,347)	(41,300)
Tax refund	17,712	3,542
Net cash used in operating activities	(379,712)	(279,481)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net sale of securities held-to-maturity	20,586	93,025
Net purchase of securities available-for-sale	(115,397)	(522,972)
Interest received from securities held-to-maturity	4,265	5,703
Interest received from securities available-for-sale	78,944	29,829
Property, plant and equipment:		
- Purchase	(5,817)	(2,041)
- Proceeds from disposal	2	1
Dividend income	165	265
Net cash used in investing activities	(17,252)	(396,190)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital repayment to shareholder	-	(75,000)
Net proceeds received from issuance of subordinated notes	-	45,000
Dividend paid to shareholder	(60,507)	-
Net cash used in financing activities	(60,507)	(30,000)
Net decrease in cash and cash equivalents	(457,471)	(705,671)
Effects of exchange rate differences	261	-
Cash and cash equivalents brought forward	1,354,445	1,870,982
Cash and cash equivalents carried forward	897,235	1,165,311
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short-term funds	897,235	1,165,311

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

RHB INVESTMENT BANK BERHAD (19663-P)
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UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED CASH FLOW STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

	Nine months ended	
	30.09.2009	30.09.2008
	RM '000	RM '000
Bank		
Profit before taxation	94,472	100,039
Adjustment for items not involving movement of cash and cash equivalent	(106,280)	(64,503)
Operating profit before working capital changes	(11,808)	35,536
Net changes in operating assets	547,670	1,923,866
Net changes in operating liabilities	(916,581)	(2,201,952)
Cash used in operations	(368,911)	(278,086)
Tax paid	(23,619)	(39,572)
Tax refund	17,709	3,542
Net cash used in operating activities	(386,629)	(278,580)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net sale of securities held-to-maturity	20,586	93,025
Net purchase of securities available-for-sale	(115,397)	(522,917)
Interest received from securities held-to-maturity	4,265	5,703
Interest received from securities available-for-sale	78,944	29,829
Property, plant and equipment:		
- Purchase	(5,313)	(1,918)
- Proceeds from disposal	1	1
Dividend income	165	265
Subscription of shares in subsidiary	-	(10,000)
Net cash used in investing activities	(16,749)	(406,012)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital repayment to shareholder	-	(75,000)
Net proceeds received from issuance of subordinated notes	-	45,000
Dividend paid to shareholder	(60,507)	-
Net cash generated used in financing activities	(60,507)	(30,000)
Net decrease in cash and cash equivalents	(463,885)	(714,592)
Cash and cash equivalents brought forward	1,317,411	1,838,232
Cash and cash equivalents carried forward	853,526	1,123,640
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short-term funds	853,526	1,123,640

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

RHB INVESTMENT BANK BERHAD (19663-P)
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 Bank for the last financial year ended 31 December 2008.

The accounting policies and presentation adopted by the Group and the Bank for the interim financial statements are consistent with those reported in the audited 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 Bank have not been affected by any material seasonal cyclical factors.

4 Exceptional or Extraordinary Items

There were no exceptional or extraordinary items in the nine months ended 30 September 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 nine months ended 30 September 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

During the nine months ended 30 September 2009, the Bank has paid a final dividend of 30.6% less 25% income tax amounting to RM60,506,757 in respect of the financial year ended 31 December 2008 on 25 June 2009.

RHB INVESTMENT BANK BERHAD (19663-P)
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (cont'd)

8 Securities Held-For-Trading

	Group		Bank	
	Unaudited	Audited	Unaudited	Audited
	As at 30.09.2009	As at 31.12.2008	As at 30.09.2009	As at 31.12.2008
At fair value	RM'000	RM'000	RM'000	RM'000
<u>Money market instruments:</u>				
Khazanah bonds	-	11,367	-	11,367
Malaysian Government Investment Issue	-	47,695	-	47,695
Malaysian Government Securities	44,421	193,981	44,421	193,981
Bankers' acceptance	-	307,712	-	307,712
Negotiable certificates of deposits	537,603	829,367	537,603	829,367
<u>Quoted securities:</u>				
<u>In Malaysia</u>				
Unit trust	-	3,103	-	-
<u>Outside Malaysia</u>				
Shares	1,800	363	-	-
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Private debt securities	200,809	1,261,512	200,809	1,261,512
	784,633	2,655,100	782,833	2,651,634

The Group and the Bank have reclassified certain securities held-for-trading to securities available-for-sale 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.

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

	Group and Bank	
	Unaudited	Audited
	As at 30.09.2009	As at 31.12.2008
At fair value	RM'000	RM'000
Amount reclassified from securities:		
- held-for-trading to securities available-for-sale	1,533,498	-

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

	Group and Bank	
	30.09.2009	31.12.2008
	RM'000	RM'000
Amount recognised to income statement		
- held-for-trading to securities available-for-sale	-	46,289

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 Bank, ranged from 3.18% to 10.16% per annum (2008: nil) with expected recoverable cash flows for the Group and the Bank of approximating RM1,852,034,765 (2008: nil).

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (cont'd)

9 Securities Available-For-Sale

	Group		Bank	
	Unaudited As at 30.09.2009	Audited As at 31.12.2008	Unaudited As at 30.09.2009	Audited As at 31.12.2008
At fair value	RM'000	RM'000	RM'000	RM'000
<u>Money market instruments:</u>				
Malaysian Government Investment Issue	121,526	64,497	121,526	64,497
Malaysian Government Securities	655,306	266,995	655,306	266,995
Khazanah bonds	11,146	-	11,146	-
<u>Quoted securities:</u>				
<u>In Malaysia</u>				
Shares	28	72	28	72
Corporate loan stocks	1,122	6,542	1,122	6,542
Warrants	-	695	-	695
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Shares	2,200	2,200	2,200	2,200
Private debt securities	1,961,326	1,179,444	1,961,326	1,179,444
Corporate loan stocks	20,662	-	20,662	-
<u>Outside Malaysia</u>				
Corporate loan stocks	2,433	2,432	-	-
	2,775,749	1,522,877	2,773,316	1,520,445

The carrying value of securities available-for-sale as at 30 September 2009, which was transferred from securities held-for-trading, for the Group and the Bank are RM1,220,197,468 (2008:Nil).

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (cont'd)

10 Securities Held-To-Maturity

	Group and Bank	
	Unaudited	Audited
	As at	As at
	30.09.2009	31.12.2008
	RM'000	RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government Securities	44,618	44,529
<u>Unquoted Securities:</u>		
<u>In Malaysia</u>		
Shares	2,200	2,200
Bonds	23	23
Prasarana bonds	99,076	98,852
Private debt securities	140,251	156,466
	286,168	302,070
Accumulated impairment losses	(78,898)	(79,417)
	207,270	222,653

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 a part of a financing facilitated by the Group and the Bank.

RHB INVESTMENT BANK BERHAD (19663-P)
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (cont'd)

11 Loans and advances

(i) By type

	Group and Bank	
	Unaudited	Audited
	As at	As at
	30.09.2009	31.12.2008
	RM'000	RM'000
Term loans	228,861	248,616
Share margin financing	52,006	62,544
Claims on customers under acceptance credits	-	10
Revolving credit	217,290	206,176
Staff loans	3,545	4,103
	501,702	521,449
Gross loans and advances		
Allowance for bad and doubtful debts:		
- specific	(15,578)	(44,909)
- general	(7,690)	(8,296)
Net loans and advances	478,434	468,244

(ii) By type of customers

	Group and Bank	
	Unaudited	Audited
	As at	As at
	30.09.2009	31.12.2008
	RM'000	RM'000
Domestic non-bank financial institutions	150,227	95,173
Domestic business enterprises		
- others	304,062	373,793
Individuals	46,536	51,622
Foreign entities	877	861
	501,702	521,449

RHB INVESTMENT BANK BERHAD (19663-P)
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (cont'd)

11 Loans and advances (cont'd)

(iii) By interest rate sensitivity

	Group and Bank	
	Unaudited As at 30.09.2009	Audited As at 31.12.2008
	-	RM'000
Fixed rate		
- Other fixed rate loans/financing	55,551	66,664
Variable rate		
- Cost plus	446,151	454,785
	501,702	521,449

(iv) By Purpose

	Group and Bank	
	Unaudited As at 30.09.2009	Audited As at 31.12.2008
	RM'000	RM'000
Purchase of securities	111,967	118,236
Purchase of transport vehicles	577	1,150
Purchase of landed property:		
- Residential	2,967	2,949
- Non-residential	1,365	2,868
Purchase of property, plant and equipment other than land and building	2,750	3,482
Personal use	-	5
Construction	105,212	110,109
Working capital	102,518	155,080
Other purposes	174,346	127,570
	501,702	521,449

RHB INVESTMENT BANK BERHAD (19663-P)
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (cont'd)

12 Non-Performing Loans and advances (NPL)

(i) Movement in non-performing loans and advances

	Group and Bank	
	Unaudited	Audited
	As at	As at
	30.09.2009	31.12.2008
	RM'000	RM'000
Balance as at the beginning of financial period/year	66,425	123,582
Classified as non-performing during the financial period/year	3,150	3,396
Reclassified as performing during the financial period/year	-	(48,960)
Amount recovered	(830)	(5,085)
Amount written off	-	(6,508)
Balance as at the end of financial period/year	68,745	66,425
Specific allowance	(15,578)	(44,909)
Net non-performing loans and advances	53,167	21,516
Ratio of net non-performing loans and advances as % of gross loans and advances specific allowances	10.94%	4.52%

(ii) Movement in allowance for bad and doubtful debts

	Group and Bank	
	Unaudited	Audited
	As at	As at
	30.09.2009	31.12.2008
	RM'000	RM'000
General allowance		
Balance as at the beginning of financial period/year	8,296	15,005
Allowance write-back during the financial period/year	(606)	(6,709)
Balance as at the end of financial period/year	7,690	8,296
As % of gross loans and advances less specific allowance	1.58%	1.74%
Specific allowance		
Balance as at the beginning of financial period/year	44,909	49,463
Allowance (write-back)/made during the period/year	(55)	3,730
Transfer to accumulated impairment loss in value of securities	(28,298)	-
Amount recovered	(978)	(1,776)
Amount written off	-	(6,508)
Balance as at the end of financial period/year	15,578	44,909

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (cont'd)

12 Non-Performing Loans and advances (NPL) (cont'd)

(iii) NPL by purpose

	Group and Bank	
	Unaudited As at 30.09.2009 RM'000	Audited As at 31.12.2008 RM'000
Purchase of securities	33,285	33,568
Purchase of landed property:		
- Residential	199	294
- Non-residential	1,365	1,365
Purchase of property, plant and equipment other than land and building	2,750	-
Construction	1,162	1,214
Working capital	29,984	29,984
	68,745	66,425

13 Other Assets

	Group		Bank	
	Unaudited As at 30.09.2009 RM'000	Audited As at 31.12.2008 RM'000	Unaudited As at 30.09.2009 RM'000	Audited As at 31.12.2008 RM'000
Amounts due from immediate holding company	1,524	-	1,524	-
Amounts due from subsidiaries	-	-	525	1,061
Amounts due from related companies	1,104	4,482	20	274
Other debtors, deposits and prepayments	22,476	27,337	17,413	21,520
Accrued interest receivable	40,019	35,756	40,019	35,756
Manager's stock	3,036	-	-	-
	68,159	67,575	59,501	58,611

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (cont'd)

14 Deposits From Customers

(i) By type of deposits

	Group and Bank	
	Unaudited	Audited
	As at	As at
	30.09.2009	31.12.2008
	RM'000	RM'000
Call money	88,856	30,670
Fixed deposits	1,966,193	1,962,047
Short term deposits	595,762	1,113,770
	2,650,811	3,106,487

(ii) By type of customers

	Group and Bank	
	Unaudited	Audited
	As at	As at
	30.09.2009	31.12.2008
	RM'000	RM'000
Federal government and statutory bodies	201,600	420,000
Business enterprises	2,449,211	2,685,987
Others	-	500
	2,650,811	3,106,487

15 Deposits And Placements Of Banks And Other Financial Institutions

	Group and Bank	
	Unaudited	Audited
	As at	As at
	30.09.2009	31.12.2008
	RM'000	RM'000
Licensed banks	223,255	24,187
Licensed investment banks	30,000	-
Other financial institutions	1,529,302	2,294,771
	1,782,557	2,318,958

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (cont'd)

16 Other Liabilities

	Group		Bank	
	Unaudited As at 30.09.2009 RM'000	Audited As at 31.12.2008 RM'000	Unaudited As at 30.09.2009 RM'000	Audited As at 31.12.2008 RM'000
Accrued interest payable	15,865	19,843	15,865	19,843
Amounts due to related companies	980	433	850	340
Amounts due to immediate holding company	686	769	-	62
Amounts due to subsidiaries	-	-	376	1,213
Amount payable for creation of units due to funds	4,583	298	-	-
Amount payable for redemption units	1,373	503	-	-
Remisiers' trust deposits	8,312	8,886	8,312	8,886
Accrued personnel costs	10,576	22,076	7,385	17,961
Other creditors and accruals	16,344	15,890	13,133	11,852
	58,719	68,698	45,921	60,157

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (cont'd)

17 Interest Income

	<u>Individual Quarter</u>		<u>Cumulative Nine Months</u>	
	Current Financial Quarter Ended 30.09.2009 RM'000	Preceding Corresponding Quarter Ended 30.09.2008 RM'000	Current Financial Nine Months Ended 30.09.2009 RM'000	Preceding Corresponding Nine Months Ended 30.09.2008 RM'000
Group				
Loans, advances and financing				
- Interest income other than recoveries from NPLs	6,406	8,366	19,188	31,926
- Recoveries from NPLs	870	471	3,988	810
Money at call and deposit placements with banks and other financial institutions	5,870	16,388	17,401	57,433
Securities held-for-trading	4,762	29,246	32,085	91,426
Securities available-for-sale	35,695	15,835	100,286	35,778
Securities held-to-maturity	1,537	1,717	4,771	5,997
Others	5,680	2,022	14,562	4,593
	60,820	74,045	192,281	227,963
Amortisation of premium less accretion of discount	703	1,787	1,174	7,057
Interest suspended	-	-	(38)	(581)
	61,523	75,832	193,417	234,439

	<u>Individual Quarter</u>		<u>Cumulative Nine Months</u>	
	Current Financial Quarter Ended 30.09.2009 RM'000	Preceding Corresponding Quarter Ended 30.09.2008 RM'000	Current Financial Nine Months Ended 30.09.2009 RM'000	Preceding Corresponding Nine Months Ended 30.09.2008 RM'000
Bank				
Loans, advances and financing				
- Interest income other than recoveries from NPLs	6,406	8,366	19,188	31,926
- Recoveries from NPLs	870	471	3,988	810
Money at call and deposit placements with banks and other financial institutions	5,747	16,188	17,011	56,890
Securities held-for-trading	4,762	29,246	32,086	91,426
Securities available-for-sale	35,679	15,835	100,259	35,778
Securities held-to-maturity	1,537	1,717	4,771	5,997
Others	5,681	2,022	14,562	4,593
	60,682	73,845	191,865	227,420
Amortisation of premium less accretion of discount	703	1,787	1,174	7,057
Interest suspended	-	-	(38)	(581)
	61,385	75,632	193,001	233,896

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (cont'd)

18 Interest Expense

	<u>Individual Quarter</u>		<u>Cumulative Nine Months</u>	
	Current Financial Quarter Ended 30.09.2009	Preceding Corresponding Quarter Ended 30.09.2008	Current Financial Nine Months Ended 30.09.2009	Preceding Corresponding Nine Months Ended 30.09.2008
	RM'000	RM'000	RM'000	RM'000
<u>Group and Bank</u>				
Deposits and placements of banks and other financial institutions	7,715	22,383	31,474	72,593
Deposits from customers	18,756	29,919	58,670	94,233
Subordinated obligations	3,295	3,296	9,779	9,063
Others	5,284	1,478	13,225	3,729
	35,050	57,076	113,148	179,618

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (cont'd)

19 Other Operating Income

	<u>Individual Quarter</u>		<u>Cumulative Nine Months</u>	
	Current Financial Quarter Ended 30.09.2009 RM'000	Preceding Corresponding Quarter Ended 30.09.2008 RM'000	Current Financial Nine Months Ended 30.09.2009 RM'000	Preceding Corresponding Nine Months Ended 30.09.2008 RM'000
Group				
a) Fee Income:				
Brokerage	19,239	11,171	51,119	52,184
Fund management fees	4,790	5,182	13,396	16,375
Fee on loans and advances	519	1,018	1,961	2,883
Corporate advisory fees	4,297	3,750	8,156	11,935
Guarantee fees	1,058	830	1,869	1,845
Underwriting fees	802	738	7,481	4,796
Unit trust fee income	233	1,923	1,818	5,199
Other fee income	3,342	9,029	20,417	24,665
	34,280	33,641	106,217	119,882
b) Net gain/(loss) arising from sale/redemption of securities and derivatives:				
Net gain from sale of				
- Securities held-for-trading	216	6,401	7,748	16,408
- Securities available-for-sale	3,327	1,573	4,276	8,801
Net gain from redemption of				
- Securities held-to-maturity	6,435	126	6,377	2,124
Derivatives	(1,788)	1,882	(5,434)	848
	8,190	9,982	12,967	28,181
c) Gross dividend income from:				
Securities held-for-trading	(9)	60	35	166
Securities held-for-maturity	135	89	135	89
Securities available-for-sale	-	4	1	101
	126	153	171	356
d) Unrealised gain/(loss) on revaluation of:				
Securities held-for-trading	69	17,476	(5,268)	(28,860)
Derivatives	3,033	(27,832)	1,241	9,421
	3,102	(10,356)	(4,027)	(19,439)
e) Other income:				
Foreign exchange gain/(loss)				
- Realised	256	98	426	(1,411)
- Unrealised	414	-	25	-
Net gain on disposal of property, plant and equipment	-	-	39	-
Other non-operating income	155	116	362	612
	825	214	852	(799)
	46,523	33,634	116,180	128,181

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (cont'd)

19 Other Operating Income (cont'd)

	<u>Individual Quarter</u>		<u>Cumulative Nine Months</u>	
	Current Financial Quarter Ended 30.09.2009 RM'000	Preceding Corresponding Quarter Ended 30.09.2008 RM'000	Current Financial Nine Months Ended 30.09.2009 RM'000	Preceding Corresponding Nine Months Ended 30.09.2008 RM'000
Bank				
a) Fee Income:				
Brokerage	19,239	11,171	51,119	52,184
Fee on loans and advances	519	1,018	1,961	2,883
Corporate advisory fees	4,297	3,750	8,156	11,935
Guarantee fees	1,058	829	1,869	1,845
Underwriting fees	802	738	7,481	4,796
Other fee income	2,697	8,594	17,672	23,795
	<u>28,612</u>	<u>26,100</u>	<u>88,258</u>	<u>97,438</u>
b) Net (loss)/gain arising from sale/redemption of securities and derivatives:				
Net gain from sale of				
- Securities held-for-trading	153	6,539	7,685	16,556
- Securities available-for-sale	3,327	1,573	4,276	8,801
Net gain from redemption of				
- Securities held-to-maturity	6,435	126	6,377	2,124
Derivatives	(1,788)	1,882	(5,434)	848
	<u>8,127</u>	<u>10,120</u>	<u>12,904</u>	<u>28,329</u>
c) Gross dividend income from:				
Securities held-for-trading	(9)	-	35	105
Securities held-for-maturity	135	89	135	89
Securities available-for-sale	-	4	1	101
	<u>126</u>	<u>93</u>	<u>171</u>	<u>295</u>
d) Unrealised gain/(loss) on revaluation of:				
Securities held-for-trading	(843)	17,793	(6,720)	(27,455)
Derivatives	3,033	(27,832)	1,241	9,421
	<u>2,190</u>	<u>(10,039)</u>	<u>(5,479)</u>	<u>(18,034)</u>
e) Other income:				
Foreign exchange gain/(loss)				
- Realised	256	107	426	(1,426)
- Unrealised	414	-	7	-
Net gain on disposal of property, plant and equipment	-	-	3	-
Other non-operating income	147	116	354	606
	<u>817</u>	<u>223</u>	<u>790</u>	<u>(820)</u>
	<u>39,872</u>	<u>26,497</u>	<u>96,644</u>	<u>107,208</u>

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (cont'd)

20 Other Operating Expenses

	<u>Individual Quarter</u>		<u>Cumulative Nine Months</u>	
	Current Financial Quarter Ended 30.09.2009 RM'000	Preceding Corresponding Quarter Ended 30.09.2008 RM'000	Current Financial Nine Months Ended 30.09.2009 RM'000	Preceding Corresponding Nine Months Ended 30.09.2008 RM'000
Group				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	16,564	14,100	48,437	51,213
- Contributions to Employees Provident Fund	2,561	2,440	7,505	8,073
- Other staff related cost	2,269	1,284	5,657	6,073
	21,394	17,824	61,599	65,359
<u>Establishment costs</u>				
- Depreciation	1,392	1,326	3,895	5,221
- Rental of premises	2,360	2,132	7,065	6,748
- Information technology expenses	1,115	950	3,064	2,519
- Others	1,748	1,356	4,388	4,892
	6,615	5,764	18,412	19,380
<u>Marketing expenses</u>				
- Sales commission	172	1,222	1,335	3,385
- Advertisement and publicity	770	252	1,493	805
- Others	2,476	1,757	4,941	6,867
	3,418	3,231	7,769	11,057
<u>Administration and general expenses</u>				
- Communication expenses	1,548	920	4,624	4,102
- Legal and professional fees	387	303	913	1,176
- Others	3,096	3,745	8,470	9,913
	5,031	4,968	14,007	15,191
	36,458	31,787	101,787	110,987

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (cont'd)

20 Other Operating Expenses (cont'd)

	<u>Individual Quarter</u>		<u>Cumulative Nine Months</u>	
	Current Financial Quarter Ended 30.09.2009 RM'000	Preceding Corresponding Quarter Ended 30.09.2008 RM'000	Current Financial Nine Months Ended 30.09.2009 RM'000	Preceding Corresponding Nine Months Ended 30.09.2008 RM'000
Bank				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	12,387	10,137	36,187	39,195
- Contributions to Employees Provident Fund	1,915	1,862	5,615	6,361
- Other staff related cost	2,171	925	5,145	5,218
	<u>16,473</u>	<u>12,924</u>	<u>46,947</u>	<u>50,774</u>
<u>Establishment costs</u>				
- Depreciation	1,188	1,143	3,318	4,611
- Rental of premises	1,921	1,735	5,834	5,590
- Information technology expenses	1,015	810	2,692	2,309
- Others	1,593	1,130	4,022	4,484
	<u>5,717</u>	<u>4,818</u>	<u>15,866</u>	<u>16,994</u>
<u>Marketing expenses</u>				
- Advertisement and publicity	754	185	1,419	659
- Others	2,503	1,465	4,752	6,493
	<u>3,257</u>	<u>1,650</u>	<u>6,171</u>	<u>7,152</u>
<u>Administration and general expenses</u>				
- Communication expenses	1,407	868	4,210	3,651
- Legal and professional fees	331	113	746	905
- Others	3,471	3,142	9,001	9,066
	<u>5,209</u>	<u>4,123</u>	<u>13,957</u>	<u>13,622</u>
	<u>30,656</u>	<u>23,515</u>	<u>82,941</u>	<u>88,542</u>

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (cont'd)

21 Allowances For Losses On Loans And Other Losses

	<u>Individual Quarter</u>		<u>Cumulative Nine Months</u>	
	Current Financial Quarter Ended 30.09.2009 RM'000	Preceding Corresponding Quarter Ended 30.09.2008 RM'000	Current Financial Nine Months Ended 30.09.2009 RM'000	Preceding Corresponding Nine Months Ended 30.09.2008 RM'000
<u>Group and Bank</u>				
Allowance for losses on loans and financing:				
Specific allowance				
- Made/(reversal) during the financial period	1	7	(55)	26
- Written back	(40)	(143)	(978)	(868)
General allowance				
- Write-back during the financial period	(163)	(2,337)	(606)	(6,407)
Allowance for losses on clients' and brokers' balances:				
Specific allowance				
- (Reversal)/made during the financial period	(177)	(569)	676	(176)
General allowance				
- Made/(write-back) during the financial period	23	2	103	(79)
Bad debts				
- Recovered	(150)	(19,304)	(178)	(19,641)
- Written off	-	5	-	5
Specific allowance made for other debtors				
	268	227	641	44
	(238)	(22,112)	(397)	(27,096)

22 Impairment Losses

	<u>Individual Quarter</u>		<u>Cumulative Nine Months</u>	
	Current Financial Quarter Ended 30.09.2009 RM'000	Preceding Corresponding Quarter Ended 30.09.2008 RM'000	Current Financial Nine Month Ended 30.09.2009 RM'000	Preceding Corresponding Nine Month Ended 30.09.2008 RM'000
<u>Group and Bank</u>				
Written back for the financial period				
- Securities held-to-maturity	-	-	(519)	-

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (cont'd)

23 Capital Adequacy

The capital adequacy ratios of RHB Investment Bank Berhad 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 Bank are as follows:

	Bank	
	Unaudited	Audited
	As at	As at
	30.09.2009	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	108,591	169,098
	650,786	711,293
Less: Deferred tax assets	(1,210)	(1,210)
Goodwill	(159,280)	(159,280)
Total Tier I capital	490,296	550,803
Tier II Capital		
Subordinated obligations	245,000	245,000
General allowance for bad and doubtful debts	7,939	8,442
Total Tier II capital	252,939	253,442
Less Investment in subsidiaries	(58,270)	(58,270)
Investment in joint venture	(27,399)	(27,399)
Other deductions *	(500)	-
Total capital base	657,066	718,576
<u>Capital ratios</u>		
Before proposed dividends:		
Core capital ratio	21.51%	19.25%
Risk-weighted capital adequacy ratio	28.83%	25.12%
After proposed dividends:		
Core capital ratio	21.51%	17.14%
Risk-weighted capital adequacy ratio	28.83%	23.00%

* 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 hold back adjustments/reserves on its trading portfolio.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (cont'd)

23 Capital Adequacy (cont'd)

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 1 capital and deferred tax assets are excluded from the calculation

Total risk weighted assets and capital requirements as at 30 September 2009:

<u>Exposure Class</u>	<u>Gross exposures</u> RM'000	<u>Net exposures</u> RM'000	<u>Risk Weighted</u> RM'000	<u>Capital requirements</u> RM'000
(a) Credit Risk				
On-balance sheet exposures				
Sovereigns/central banks	1,665,729	1,665,729	-	-
Banks, development financial institutions & MDBs	642,091	642,091	128,418	10,273
Corporates	2,175,359	2,175,359	1,104,430	88,354
Regulatory retail	4,672	4,672	3,504	281
Residential mortgages	1,719	1,719	691	55
Other assets	259,806	259,806	64,678	5,174
Defaulted exposures	121,291	121,291	141,244	11,300
Total on-balance sheet exposures	<u>4,870,667</u>	<u>4,870,667</u>	<u>1,442,965</u>	<u>115,437</u>
Off-balance sheet exposures				
Off balance sheet exposures other than credit derivatives	495,668	495,668	206,045	16,484
Total off-balance sheet exposures	<u>495,668</u>	<u>495,668</u>	<u>206,045</u>	<u>16,484</u>
Total on and off-balance sheet exposures	5,366,335	5,366,335	1,649,010	131,921
(b) Market Risk				
	<u>Long Position</u>	<u>Short Position</u>		
Interest rate risk	3,986,604	3,170,000	-	145,875
Foreign currency risk	53	-	-	53
Options risk	-	-	-	13,051
			471,273	37,702
(c) Operational Risk				
Total risk weighted assets and capital requirements			<u>2,279,262</u>	<u>182,341</u>

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (cont'd)

23 Capital Adequacy (cont'd)

Total risk weighted assets and capital requirements as at 31 December 2008:

<u>Exposure Class</u>	<u>Gross exposures</u> RM'000	<u>Net exposures</u> RM'000	<u>Risk Weighted</u> <u>assets</u> RM'000	<u>Capital</u> <u>requirements</u> RM'000
(a) <u>Credit Risk</u>				
On-balance sheet exposures				
Sovereigns/central banks	1,316,558	1,316,558	-	-
Banks, development financial institutions & MDBs	576,944	576,944	115,389	9,231
Corporates	1,656,531	1,656,531	851,841	68,147
Regulatory retail	6,258	6,258	4,694	376
Residential mortgages	1,241	1,241	488	39
Other assets	220,621	220,621	73,746	5,899
Defaulted exposures	134,751	134,751	161,384	12,911
Total on-balance sheet exposures	<u>3,912,904</u>	<u>3,912,904</u>	<u>1,207,542</u>	<u>96,603</u>
Off-balance sheet exposures				
Off balance sheet exposures other than credit derivatives	606,453	606,453	277,587	22,207
Total off-balance sheet exposures	<u>606,453</u>	<u>606,453</u>	<u>277,587</u>	<u>22,207</u>
Total on and off-balance sheet exposures	4,519,357	4,519,357	1,485,129	118,810
(b) <u>Market Risk</u>				
	<u>Long Position</u>	<u>Short Position</u>		
Interest rate risk	3,662,937	717,264	-	953,319
Foreign currency risk	1,322	-	-	1,322
Options risk	-	-	-	20,095
			400,971	32,078
(c) <u>Operational Risk</u>				
Total risk weighted assets and capital requirements			<u>2,860,836</u>	<u>228,868</u>

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (cont'd)

24 Commitments And Contingencies

In the normal course of business, the Group and the Bank makes various commitments and incur certain contingent liabilities with legal recourse to customers. No material losses are anticipated as a result of these transactions.

	← 30.09.2009 →			← 31.12.2008 →		
	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
Group and Bank						
Direct credit substitutes	137,459	137,459	37,269	162,267	162,267	68,277
Transaction-related contingent items	56,612	28,306	5,176	140,913	70,457	8,585
Other assets sold with recourse	90,836	90,836	66,814	18,792	18,792	3,758
Forward asset purchases	40,772	40,772	8,154	22,752	22,752	4,550
Obligations under an on-going underwriting agreements	103,697	51,849	19,245	116,660	58,330	23,195
Interest rate related contracts:						
- less than one year	1,010,000	1,805	361	1,000,000	1,725	345
- one year to less than five years	1,965,000	77,580	15,516	2,420,000	100,643	20,129
- more than five years	195,000	16,836	3,367	280,000	26,895	5,379
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	100,450	50,225	50,143	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	-	-	-	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 the borrowers' creditworthiness	159,189	-	-	-	-	-
Total	3,859,015	495,668	206,045	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.

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (cont'd)

25 Interest/Profit Rate Risk

Group

30.09.2009

	← Non-trading book →						Trading book RM'000	Total RM'000	Effective interest rate %
	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	843,874	-	-	-	-	53,361	-	897,235	1.95
Deposits and placements with banks and other financial institutions	-	100,000	120	-	-	-	-	100,120	2.11
Securities held-for-trading	-	-	-	-	-	-	784,633	784,633	3.08
Securities available-for-sale	-	130,128	49,972	1,136,007	1,445,787	13,855	-	2,775,749	5.26
Securities held-to-maturity	-	126,515	-	137,636	19,794	(76,675) #	-	207,270	6.57
Loans and advances									
- performing	375,021	54,392	-	578	2,966	-	-	432,957	6.10
- non-performing	-	-	-	-	-	45,477 *	-	45,477	-
Clients' and brokers' balances	80,613	-	-	-	-	208,365	-	288,978	3.81
Other assets	2,009	-	107	138	298	65,607	-	68,159	1.70
Derivative assets	-	-	-	-	-	-	29,765	29,765	-
Tax recoverable	-	-	-	-	-	7,505	-	7,505	-
Deferred taxation assets	-	-	-	-	-	5,585	-	5,585	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	30,091	-	30,091	-
Investment in joint venture	-	-	-	-	-	26,446	-	26,446	-
Property, plant and equipment	-	-	-	-	-	13,116	-	13,116	-
Goodwill	-	-	-	-	-	172,844	-	172,844	-
Total assets	1,301,517	411,035	50,199	1,274,359	1,468,845	565,577	814,398	5,885,930	
Liabilities									
Deposits from customers	1,947,286	692,766	10,759	-	-	-	-	2,650,811	2.19
Deposits and placements of banks and other financial institutions	1,365,802	293,678	119,946	3,131	-	-	-	1,782,557	2.19
Clients' and brokers' balances	-	-	-	-	-	399,557	-	399,557	-
Other liabilities	8,312	-	-	-	-	50,407	-	58,719	1.90
Derivative liabilities	-	-	-	-	-	-	40,278	40,278	-
Taxation	-	-	-	-	-	19	-	19	-
Deferred tax liabilities	-	-	-	-	-	140	-	140	-
Subordinated obligations	-	-	-	245,000	-	-	-	245,000	5.34
Total liabilities	3,321,400	986,444	130,705	248,131	-	450,123	40,278	5,177,081	
Total equity	-	-	-	-	-	708,849	-	708,849	
Total liabilities and equity	3,321,400	986,444	130,705	248,131	-	1,158,972	40,278	5,885,930	
On-balance sheet interest sensitivity gap	(2,019,883)	(575,409)	(80,506)	1,026,228	1,468,845	-	-	-	-
Off-balance sheet interest sensitivity gap	(5,000)	285,000	(50,000)	(185,000)	(45,000)	-	-	-	-
Total interest-sensitivity gap	(2,024,883)	(290,409)	(130,506)	841,228	1,423,845	-	-	-	-

Consist of equity instruments less impairment loss.

* This represents outstanding non-performing loans after deducting specific allowance and general allowance.

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (cont'd)

25 Interest/Profit Rate Risk (cont'd)

Group

31.12.2008

	← Non-trading book →					Non-interest sensitive	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	%
Cash and short term funds	1,326,350	-	-	-	-	28,095	-	1,354,445	3.23
Deposits and placements with banks and other 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	107,037	-	-	-	-	68,266	-	175,303	3.78
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 taxation assets	-	-	-	-	-	54	-	54	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	58,236	-	58,236	-
Investment in joint venture	-	-	-	-	-	26,349	-	26,349	-
Property, plant and equipment	-	-	-	-	-	11,197	-	11,197	-
Goodwill	-	-	-	-	-	172,844	-	172,844	-
Total assets	1,726,581	169,563	198,141	491,085	1,116,356	414,334	2,694,100	6,810,160	
Liabilities									
Deposits from customers	2,295,884	531,655	278,948	-	-	-	-	3,106,487	2.99
Deposits and placements of banks and other financial institutions	1,752,873	285,798	277,156	3,131	-	-	-	2,318,958	3.26
Clients' and brokers' balances	-	-	-	-	-	289,053	-	289,053	-
Other liabilities	8,886	-	-	-	-	59,812	-	68,698	3.00
Derivative liabilities	-	-	-	-	-	-	62,291	62,291	-
Provision for taxation	-	-	-	-	-	14	-	14	-
Deferred taxation liabilities	-	-	-	-	-	1,559	-	1,559	-
Subordinated obligations	-	-	-	245,000	-	-	-	245,000	5.18
Total liabilities	4,057,643	817,453	556,104	248,131	-	350,438	62,291	6,092,060	
Total equity	-	-	-	-	-	718,100	-	718,100	
Total liabilities and equity	4,057,643	817,453	556,104	248,131	-	1,068,538	62,291	6,810,160	
On-balance sheet interest sensitivity gap	(2,331,062)	(647,890)	(357,963)	242,954	1,116,356	-	-	-	-
Off-balance sheet interest sensitivity gap	(155,000)	(255,000)	(740,000)	(990,000)	-	-	-	-	-
Total interest-sensitivity gap	(2,486,062)	(902,890)	(1,097,963)	(747,046)	1,116,356	-	-	-	-

Consist of equity instruments less impairment loss.

* This represents outstanding non-performing loans after deducting specific allowance and general allowance.

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (cont'd)

25 Interest Rate Risk (cont'd)

Bank

30.09.2009

	← Non-trading book →					Non-interest sensitive	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	819,399	-	-	-	-	34,127	-	853,526	1.99
Deposits and placements with banks and other financial institutions	-	100,000	120	-	-	-	-	100,120	2.11
Securities held-for-trading	-	-	-	-	-	-	782,833	782,833	3.08
Securities available-for-sale	-	130,128	49,972	1,136,007	1,445,787	11,422	-	2,773,316	5.26
Securities held-to-maturity	-	126,515	-	137,636	19,794	(76,675) #	-	207,270	6.57
Loans and advances									
- performing	375,021	54,392	-	578	2,966	-	-	432,957	6.10
- non-performing	-	-	-	-	-	45,477 *	-	45,477	-
Clients' and brokers' balances	80,613	-	-	-	-	208,365	-	288,978	3.81
Other assets	2,009	-	-	-	-	57,492	-	59,501	1.01
Derivative assets	-	-	-	-	-	-	29,765	29,765	-
Tax recoverable	-	-	-	-	-	7,401	-	7,401	-
Deferred taxation assets	-	-	-	-	-	5,531	-	5,531	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	30,091	-	30,091	-
Investment in subsidiaries	-	-	-	-	-	58,270	-	58,270	-
Investment in joint venture	-	-	-	-	-	27,399	-	27,399	-
Property, plant and equipment	-	-	-	-	-	11,085	-	11,085	-
Goodwill	-	-	-	-	-	159,280	-	159,280	-
Total assets	1,277,042	411,035	50,092	1,274,221	1,468,547	579,265	812,598	5,872,800	
Liabilities									
Deposits from customers	1,947,286	692,766	10,759	-	-	-	-	2,650,811	2.19
Deposits and placements of banks and other financial institutions	1,365,802	293,678	119,946	3,131	-	-	-	1,782,557	2.19
Clients' and brokers' balances	-	-	-	-	-	399,557	-	399,557	-
Other liabilities	8,312	-	-	-	-	37,609	-	45,921	1.90
Derivative liabilities	-	-	-	-	-	-	40,278	40,278	-
Subordinated obligations	-	-	-	245,000	-	-	-	245,000	5.34
Total liabilities	3,321,400	986,444	130,705	248,131	-	437,166	40,278	5,164,124	
Total equity	-	-	-	-	-	708,676	-	708,676	
Total liabilities and equity	3,321,400	986,444	130,705	248,131	-	1,145,842	40,278	5,872,800	
On-balance sheet interest sensitivity gap	(2,044,358)	(575,409)	(80,613)	1,026,090	1,468,547	-	-	-	-
Off-balance sheet interest sensitivity gap	(5,000)	285,000	(50,000)	(185,000)	(45,000)	-	-	-	-
Total interest-sensitivity gap	(2,049,358)	(290,409)	(130,613)	841,090	1,423,547	-	-	-	-

Consist of equity instruments less impairment loss.

* This represents outstanding non-performing loans after deducting specific allowance and general allowance.

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (cont'd)

25 Interest Rate Risk (cont'd)

Bank

31.12.2008

	← Non-trading book →					Non-interest sensitive	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	1,299,345	-	-	-	-	18,066	-	1,317,411	3.27
Deposits and placements with banks and other 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	107,037	-	-	-	-	68,266	-	175,303	3.78
Other assets	1,895	-	-	-	-	56,716	-	58,611	2.21
Derivative assets	-	-	-	-	-	-	50,538	50,538	-
Tax recoverable	-	-	-	-	-	25,103	-	25,103	-
Deferred taxation assets	-	-	-	-	-	-	-	-	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	58,236	-	58,236	-
Investment in subsidiaries	-	-	-	-	-	58,270	-	58,270	-
Investment in joint venture	-	-	-	-	-	27,399	-	27,399	-
Property, plant and equipment	-	-	-	-	-	9,090	-	9,090	-
Goodwill	-	-	-	-	-	159,280	-	159,280	-
Total assets	1,699,576	169,563	198,107	490,938	1,116,020	434,033	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	8,886	-	-	-	-	51,271	-	60,157	3.00
Derivative liabilities	-	-	-	-	-	-	62,291	62,291	-
Deferred taxation liabilities	-	-	-	-	-	1,367	-	1,367	-
Subordinated obligations	-	-	-	245,000	-	-	-	245,000	5.34
Total liabilities	4,057,643	817,453	556,104	248,131	-	341,691	62,291	6,083,313	
Total equity	-	-	-	-	-	719,024	-	719,024	
Total liabilities and equity	4,057,643	817,453	556,104	248,131	-	1,060,715	62,291	6,802,337	
On-balance sheet interest sensitivity gap	(2,358,067)	(647,890)	(357,997)	242,807	1,116,020	-	-	-	-
Off-balance sheet interest sensitivity gap	(155,000)	(255,000)	(740,000)	(990,000)	-	-	-	-	-
Total interest-sensitivity gap	(2,513,067)	(902,890)	(1,097,997)	(747,193)	1,116,020	-	-	-	-

Consist of equity instruments less impairment loss.

* This represents outstanding non-performing loans after deducting specific allowance and general allowance.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (cont'd)

26 Credit exposures arising from transactions with connected parties

There is no credit exposures with connected parties as per Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

27 Changes in Profit for the Quarter

For the third quarter ended 30 September 2009, the Group recorded a pre-tax profit of RM36.9 million, 9% lower as compared to the previous quarter. The lower profit was mainly due to higher other operating expenses by RM3.4 million and lower net interest income by RM3.1 million, partly offset by higher other operating income by RM2.9 million.

28 Performance Review

For the 9 months ended 30 September 2009, the Group recorded a pre-tax profit of RM95.9 million, 3% lower as compared to the previous corresponding period of RM99.1 million. This was mainly due to lower bad debt recovered by RM19.5 million, lower write back of general allowance by RM5.8 million, and lower other operating income by RM12.0 million, partly offset by higher net interest income by RM25.4 million and lower other operating expenses by RM9.2 million.

29 Prospects for the Financial Year Ending 31 December 2009

The banking sector in Malaysia is expected to grow positively and will remain resilient. Keen competition is expected as the industry continue to pursue competitive pricing policies in low financing cost environment, for market share. With the consistently proactive action taken by BNM and Government in the implementation of economic stimulus packages, we are optimistic that there will be further improvement in the domestic economy towards the end of 2009.

The Investment Bank has performed satisfactorily in line with the improving market sentiment and expects the momentum to continue for the rest of the year.